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USD	EUR	GBP	JPY
88.27	103.39	119.38	0.60

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INTERNATIONAL NEWS

Labor Day Blues: US Consumers Say Tariffs, Inflation 'Erasing' Their Hard Work

While the Department of Labor defines Labor Day as “an annual celebration of the social and economic achievements of American workers,” consumers are feeling like their hard work is far from being exalted. Instead, it’s being undercut by inflation and tariffs.

That’s according to new data from personal finance platform WalletHub, which recently surveyed 200 American shoppers about their fiscal health and spending habits. While 70 percent of respondents said they’re working harder this year than they did in 2024, more than half (55 percent) believe rising prices resulting from the administration’s tariff regime are “erasing” that effort, in that they’re ending up with less in their bank accounts despite doing more.

With holiday sales revving up early, consumers copped to scanning sites and stores for promotions as they usually do. But while the majority (59 percent) believe Labor Day sales offer good deals, 57 percent said they don’t have a budget for spending.

Thirty-seven percent said Labor Day sales often cause them to overextend themselves financially, and as a result, 52 percent of respondents said they plan to spend less this holiday weekend than they did last year. According to the survey results, 94 percent believe they’re owed a raise in order to keep up with the mounting cost pressures.

U.S. consumers are worried about more than rising prices at retail—they’re also worried about their livelihoods. Nearly 60 percent said it isn’t easy to find work right now, and notably, a large contingent (40 percent) are afraid that artificial intelligence (AI) will render their positions obsolete and take their jobs.

Federal Reserve chairman Jerome Powell addressed some of these concerns in a speech at a central banking forum in Wyoming last week, validating the strain shoppers are feeling as a result of shifts in the economic landscape.

“Overall, while the labor market appears to be in balance, it is a curious kind of balance that results from a marked slowing in both the supply of and demand for workers,” Powell said. “This unusual situation suggests that downside risks to employment are rising. And if those risks materialize, they can do so quickly in the form of sharply higher layoffs and rising unemployment.” Concurrently, gross domestic product (GDP) growth has decelerated “notably” during the first half of 2025—to roughly half the pace of growth seen last year. “The decline in growth has largely reflected a slowdown in consumer spending,” Powell said, noting that higher tariffs have begun to elevate prices in some product categories.

“The effects of tariffs on consumer prices are now clearly visible. We expect those effects to accumulate over coming months, with high uncertainty about timing and amounts,” the Fed chairman observed. “The question that matters for monetary policy is whether these price increases are likely to materially raise the risk of an ongoing inflation problem.” Powell said the effects of tariff-based inflation could be short-lived—a “one-time shift” in pricing (though that shift won’t happen all at once, as it takes time for tariffs to work their way through supply chains). What’s more, tariff rates and relationships with trading partners are evolving on a near-weekly basis, “potentially prolonging the adjustment process.”

Powell also acknowledged that a “more lasting inflation dynamic” could take hold. “One possibility is that workers, who see their real incomes decline because of higher prices, demand and get higher wages from employers, setting off adverse wage–price dynamics,” he said, touching on the attitude of many WalletHub survey takers who believe they deserve a raise. However, Powell said that outcome doesn’t appear likely.

“Another possibility is that inflation expectations could move up, dragging actual inflation with them,” he said—a self-fulfilling prophecy of sorts. “Inflation has been above our target for more than four years and remains a prominent concern for households and businesses,” he acknowledged.

“Putting the pieces together, what are the implications for monetary policy? In the near term, risks to inflation are tilted to the upside, and risks to employment to the downside—a challenging situation,” Powell said.

Source: sourcingjournal.com– Aug 27, 2025

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Appeals Court Rules Trump Overstepped Presidential Authority With Sweeping Tariff Regime

Labor Day weekend kicked off with a bang as a Washington-based United States Court of Appeals for the Federal Circuit ruled many of President Donald Trump's sweeping global tariffs illegal.

In a decision handed down Friday afternoon, a panel of 11 judges ruled seven to four that the president overstepped his authority by leveraging the International Emergency Economic Powers Act (IEEPA) to levy "reciprocal" duties on a multitude of United States trading partners.

The tariffs faced sharp scrutiny last month from the panel, which expressed skepticism about the president's unprecedented application of the law. Established in 1977, IEEPA allows the president to regulate international commerce in the face of a national emergency characterized by the presence of an "unusual and extraordinary threat."

"The core Congressional power to impose taxes such as tariffs is vested exclusively in the legislative branch by the Constitution," the Friday decision read. "Tariffs are a core Congressional power."

The Court concluded that Congress "did not give the president wide-ranging authority to impose tariffs."

The ruling affirmed a May decision from a New York-based Court of International Trade, which said that "The Worldwide and Retaliatory Tariff Orders exceed any authority granted to the President by IEEPA to regulate importation by means of tariffs."

The trade court complaints stemmed from lawsuits filed by small businesses and American companies, as well as 15 complaints from states including California, New York and Oregon that were consolidated into a single suit known as V.O.S. Selections v. Trump.

Without leveraging IEEPA, Trump will still be able to impose tariffs—but not without limitations, and not indefinitely. "These tariffs apply to nearly all articles imported into the United States (and, in the case of the Reciprocal Tariffs, apply to almost all countries), impose high rates which are ever-changing and exceed those set out in the [U.S. trade laws], and are not limited in duration."

“Both the Trafficking Tariffs and the Reciprocal Tariffs are unbounded in scope, amount, and duration,” the majority of the panel ruled.

The Appeals Court implemented a stay on its ruling until Oct. 14, giving the administration a window to appeal the decision with the Supreme Court—a course of action it will almost certainly pursue.

If upheld, the decision would invalidate the recently announced country-specific punitive tariffs, along with the 10 percent universal baseline tariff announced this spring. It would not impact sector-specific tariffs on steel and aluminum, which were imposed using different trade laws.

Lambasting the decision as “Highly Partisan,” Trump on Friday afternoon underscored that the tariffs are still in effect. The president Truthed that removing the new duties would be a “total disaster” for the country, weakening it financially and preventing the remediation of persistent trade deficits with other countries.

“At the start of this Labor Day weekend, we should all remember that TARIFFS are the best tool to help our Workers, and support Companies that produce great MADE IN AMERICA products,” he said. “Now, with the help of the United States Supreme Court, we will use them to the benefit of our Nation, and Make America Rich, Strong, and Powerful Again!”

Source: sourcingjournal.com– Aug 29, 2025

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G20 merchandise trade sees modest growth in Q2 2025: OECD

G20 merchandise trade, measured in current US dollars, delivered mixed results in Q2 2025 compared to Q1, according to the OECD. Exports grew by 2.6 per cent, while imports remained broadly unchanged, largely due to a sharp contraction in US imports following a surge in Q1.

Preliminary estimates indicate robust growth in G20 services trade, with exports up 4.7 per cent and imports rising 2.9 per cent. Trade outcomes were influenced by a depreciating US dollar and rising uncertainty due to newly announced tariffs.

In the US, merchandise exports rose 2.7 per cent, driven by sales of finished metal shapes and non-monetary gold. However, imports fell sharply by 18.4 per cent, following an 18.9 per cent rise in Q1, as purchases of industrial supplies declined. In contrast, Canada's exports contracted 9.7 per cent due to weaker oil prices, while imports stayed flat.

Across Asia and Europe, merchandise trade showed solid growth. China's exports and imports rose by 2.5 per cent and 4.7 per cent, respectively, fuelled by semiconductors and high-tech goods. Korea's exports surged 7.1 per cent, led by semiconductors and high-bandwidth memory chips.

In the EU, exports and imports increased by 4.7 per cent and 6.3 per cent. Germany, France, and Italy saw strong export growth (7.4 per cent, 6.0 per cent, and 5.9 per cent, respectively).

The UK recorded a 1.3 per cent export rise, while imports jumped 8.5 per cent due to higher pharmaceutical and automobile purchases. Argentina and Brazil both saw export declines of 3.6 per cent. Australia's exports grew 1.8 per cent, while imports rose sharply by 9.3 per cent.

Source: fibre2fashion.com– Aug 30, 2025

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Turkiye's apparel exports slide 7% to \$9.4 bn in Jan-July 2025

Turkiye's apparel exports declined by 7.01 per cent year-on-year (YoY) during January–July 2025, totalling \$9.409 billion compared to \$10.118 billion in the same period of 2024, according to data from the Turkish Statistical Institute and the Ministry of Trade. Exports also recorded a drop in July 2025. This decline reflects the continued slowdown in global demand, with Türkiye's apparel sector—heavily reliant on EU and US markets—feeling the pressure of weaker orders.

Exports of knitted and crocheted clothing and accessories (HS Chapter 61) dipped by 5 per cent to \$5,405.387 million, down from \$5,689.506 million in January–July 2024. Non-knitted apparel and accessories (HS Chapter 62) experienced a 9.6 per cent decline, falling to \$4,004.702 million from \$4,429.723 million during the same period last year, as per the trade report on the top twenty chapters. The sharper fall in woven apparel highlights a stronger impact on higher-value categories, while knitwear showed relatively better resilience.

In July 2025, Türkiye's garment exports eased by 7.36 per cent to \$1,471.599 million. Exports of knitted and crocheted clothing and accessories decreased by 7.5 per cent to \$861.615 million, compared to \$931.301 million in July 2024.

Non-knitted apparel and accessories saw a 7.2 per cent decline, falling from \$657.509 million in July 2024 to \$609.984 million in July 2025. The July contraction signals that seasonal exports—typically stronger in summer—also weakened, pointing towards ongoing headwinds in the global retail market.

Among the top twenty chapters in Türkiye's imports, no product segment is featured in the monthly report of July 2025. However, cotton, cotton yarn, and cotton textiles (HS Chapter 52) were featured in the June 2025 report.

The country's imports under this chapter rose by 2.6 per cent to \$1,387.374 million in the first six months of the current year, up from \$1,351.762 million in the same period last year. During June 2025, imports edged up to \$253.517 million, compared to \$240.330 million in June 2024.

In 2024, Türkiye's apparel exports fell by 4.47 per cent to \$17.494 billion, compared to \$18.314 billion in 2023. Shipments of knitted and crocheted clothing and accessories (HS Chapter 61) declined by 1.6 per cent to \$10,109.110 million, down from \$10,277.566 million in 2023.

Non-knitted apparel and accessories (HS Chapter 62) experienced an 8.1 per cent decline, falling to \$7,385.592 million from \$8,037.378 million in 2023. The sharper decline in woven goods underscores structural competitiveness challenges, such as rising labour costs and increasing competition from South Asia.

In 2023, Türkiye's apparel exports had declined by 5.86 per cent to \$18.321 billion, compared to \$19.463 billion in 2022, following \$18.294 billion in 2021.

Source: fibre2fashion.com– Sep 01, 2025

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The dual economies behind MAGA

What began as a campaign slogan has become one of the most recognisable merchandising machines in American politics. The ‘Make America Great Again’ brand moves millions of dollars in goods, from the familiar MAGA red cap to T-shirts, flags and novelty items.

The supply chain behind it, however, is split. Official merchandise is promoted as American-made and channels revenue to campaign and party structures, while a parallel, largely unregulated market produces low-cost alternatives in China and ships them through global e-commerce platforms.

Official and unofficial pipelines

The official merchandise pipeline is straightforward. The Trump campaign has long advertised caps as ‘Proudly Made in America’, with production centred at Cali-Fame in California and fulfilment managed by Ace Specialties in Louisiana. By mid-2016, the campaign had already paid the Los Angeles-based hat maker about \$1.5 million. Caps sold through the Trump Store or WinRed are priced at a premium, typically between \$30 and \$55, reinforcing their status as sanctioned items. Scrutiny has nonetheless followed. The Federal Trade Commission requires that products marketed as ‘Made in USA’ meet an “all or virtually all” domestic standard, and questions have arisen over whether imported inputs such as textiles or dyes can fully meet that bar.

Running alongside this channel is a vast unofficial market. Independent sellers source merchandise from Chinese factories where hats wholesale for as little as \$2 and printed T-shirts appear on platforms within hours of major political events. Reuters has documented banners on Chinese production lines and analysts have found that China-based sellers dominate online political paraphernalia listings. This system is fast, opportunistic and largely outside formal oversight.

Parallel economies

The economics differ sharply. Official caps, retailing at \$45 or more, feed directly into campaign and party fundraising. By 2019, about one million had been sold. Trump Organization sales of political merchandise grew

from roughly \$520,000 in 2018 to more than \$3 million in 2023, illustrating how campaign branding blurred into a retail operation.

Unofficial products, by contrast, sustain networks of roadside vendors, wholesalers and global online sellers. Vendors in the US travel between rallies to set up temporary stalls, while wholesalers such as MAGA Mall supply conservative groups nationwide. These tiers create a parallel economy with its own logistics and margins. Precise figures are elusive, but customs seizures and marketplace tracking suggest that unofficial sales may rival, or even surpass official volumes.

Labour and materials highlight the contradictions. Many official caps are stitched in California by Latino immigrant workers, while unofficial products flow from Chinese workshops where production is driven by order volume, not politics. The rhetoric of economic nationalism sits uneasily atop these global realities, though this tension has little impact on sales. Research suggests that for consumers, the symbolic value of the MAGA red cap outweighs concern over inputs, origins or labour conditions.

Monetising identity

Policy frameworks shape this ecosystem indirectly. There are no bespoke subsidies for MAGA manufacturers, but broad tax changes under the 2017 Tax Cuts and Jobs Act and subsequent legislation have reduced effective rates for US producers. Tariffs on Chinese goods function as a form of protection, raising costs for foreign-made merchandise. Yet they also increase prices for US buyers and for domestic manufacturers reliant on imported textiles, dyes or hardware. Intellectual property enforcement presents another layer—while official channels rely on trademark protection, counterfeit or unofficial goods continue to appear at roadside stalls and online marketplaces with limited effective deterrence.

The durability of this merchandise economy points to broader trends. Political movements increasingly monetise identity through retail, converting loyalty into product sales. Similar dynamics were seen in Barack Obama's 2008 campaign and Bernie Sanders' 2016 run, but the scale and longevity of MAGA's retail arm are exceptional. Whether it can sustain momentum in a post-Trump era is an open question. Brand loyalty may persist, but much of the ecosystem depends on Trump as a living political figure and on news-driven demand.

Lessons to be learned

For the wider apparel sector, the case is instructive. It shows how ‘Made in USA’ claims are difficult to guarantee in multi-tiered supply chains, how tariffs can protect and penalise simultaneously and how consumer demand can transform political identity into merchandise at speed. The MAGA brand is therefore less an anomaly than a particularly vivid case study in how politics, retail and global supply chains intersect.

Source: fibre2fashion.com– Aug 30, 2025

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UK's revamped DCTS boost to Sri Lanka's apparel industry

Sri Lanka's apparel industry is witnessing some positive developments of late. Following a softening of the proposed US tariff hike, a new trade development with the United Kingdom has now sent ripples of optimism amongst the readymade garment exporters of the island nation.

It all began with cautious relief. The United States, which had initially proposed a steep 44 per cent tariff hike on imports from Sri Lanka, dialled it back, first to 30 per cent, and eventually to 20 per cent. This revision helped level the playing field for Sri Lankan exporters in comparison to the regional competitors and now follows the revamped Developing Countries Trading Scheme (DCTS) from the United Kingdom.

Starting in early 2026, Sri Lanka will benefit from significantly expanded access to the UK market under the DCTS. Classified as an 'Enhanced Preference' country, Sri Lanka stands to gain from liberalised trade terms—specifically, the removal of sourcing restrictions that had long constrained the flexibility of its apparel manufacturers.

Under the current rules, garments eligible for duty-free access to the UK had to be manufactured using inputs sourced within the South Asian region. This means restricted procurement options. However, the newly announced policy change will allow Sri Lankan garment manufacturers to source up to 100 per cent of their inputs from anywhere in the world—and still qualify for zero tariffs upon entry into the UK, as per reports.

This change effectively puts Sri Lanka on par with countries like Bangladesh that benefit from 'Comprehensive Preferences' under the same scheme.

This reform marks a pivotal shift in trade dynamics. Industry insiders are already hailing it as a "breakthrough". According to the Joint Apparel Association Forum (JAAF), the move represents a strategic recognition of Sri Lanka's global standing as a responsible and resilient sourcing destination. JAAF Secretary General Yohan Lawrence reportedly noted that by removing barriers to input sourcing, the UK has created a more equitable playing field for Sri Lankan exporters, allowing them to offer better value to international brands and British consumers alike.

The implications go beyond mere convenience or cost-cutting. For a country still recovering from one of its most turbulent economic periods in recent memory, the timing of this development could not be more crucial. The apparel sector is one of Sri Lanka's largest foreign exchange earners, employing hundreds of thousands of people and supporting numerous ancillary industries. By simplifying access to a high-value market like the UK and easing production constraints, the policy shift is expected to fuel export growth and bolster competitiveness.

Additional policy upgrades add to the good news. As per reports, under the Asia Regional Cumulation Group—a new mechanism introduced within the DCTS—Sri Lanka can now source garment inputs from 18 partner countries, including India, Pakistan, and Indonesia, while still having those materials recognised as Sri Lankan-origin for trade purposes.

Mark Surgenor, President of the Council for Business with Britain, reportedly called the DCTS reform a “success story” for Sri Lanka's export economy. He emphasised the growing percentage of garments that will now qualify for zero tariffs and reaffirmed the council's continued support for fostering trade relations between the two nations.

The global apparel market is incredibly competitive, and for Sri Lanka, which is charting a course out of economic turbulence, the strengthened trade relationship with the UK offers more than short-term relief—it provides a viable pathway to sustainable growth. The reforms could help the nation's apparel industry to attract higher-value orders and elevate its global profile.

Expectedly, there is now a renewed sense of purpose among the Sri Lankan garment exporters.

Source: fibre2fashion.com— Aug 30, 2025

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Mexico Suspends Package Deliveries to US, Prepares to Raise Tariffs on China

Mexico has become the latest country to suspend shipments to the United States market as the de minimis provision winds down this week.

Correos de México, the country's postal service, follows in the freshly trodden footsteps of European carriers like Germany's Deutsche Post and DHL Parcel Germany, U.K.-based postal service Royal Mail, Norwegian postal group Posten Bring, Swedish-Danish group PostNord, Belgium's Bpost and Austrian Post, which announced they were suspending service to the U.S. last week.

Japan and Australia, too, have announced that their postal carriers will halt shipments of parcels worth \$800 or less, which have historically been able to enter the U.S. duty-free under de minimis.

In a statement Wednesday, Mexico's government espoused hopes that the decision to stop service will not be permanent, and that ongoing negotiations with the U.S. will yield a fruitful outcome for the shippers and importers of small, low-value packages on either side of the border.

"Mexico continues its dialogue with U.S. authorities and international postal organizations to define mechanisms that will allow for the orderly resumption of services, providing certainty to users and avoiding setbacks in the delivery of goods," it wrote.

The move won't just impact businesses trying to ship goods to customers, but average Mexican citizens looking to send parcels to friends and relatives in the U.S. The announcement comes just hours before the trade provision is due to expire on Aug. 29.

China, the most prolific user of the duty-free "loophole," saw its access revoked on May 2. President Donald Trump then set his sights on restricting access for the rest of the world, with an eye trained specifically on Mexico and Canada due to his perception that porous borders and a free flow of commercial goods were allowing drugs like fentanyl to be trafficked into the U.S.

He signed an executive order officially ending de minimis treatment on July 30. Now, packages that would have once sailed through customs with ease will be subject to more stringent formal entry requirements along with tariffs and fees.

Reactions from U.S. brands, retailers and producers have been mixed, with small businesses and drop-shippers fulfilling orders from overseas feeling vexed that their products, now subject to import duties, will be rendered less competitive.

The National Council of Textile Organizations (NCTO), a longtime proponent of de minimis reform, believes on the contrary that de minimis has undercut American manufacturers by allowing millions of packages containing impossibly cheap wares into the country unchecked.

“Those addicted to the profits of de minimis have been raising alarms about the change to the status quo perpetuating false information, but the fact remains that consumers will still receive their online orders,” NCTO president and CEO Kim Glas said Thursday.

“These packages—over 90 percent of which enter the United States as express shipments—will now come in under a system that is fair, transparent, and enforceable. U.S. Customs and Border Protection (CBP) is equipped to handle this change and has the systems in place,” she added. “The U.S. Postal Service is ready and has the systems in place. The U.S. is not stopping international mail.”

Amid the continued confusion surrounding tariffs and de minimis, Mexico appears to be attempting to curry favor with the U.S. by limiting the domestic access and influence of its biggest competitor: China.

According to reporting from Bloomberg, the Mexican government is gearing up to boost tariffs on Chinese imports including textiles, plastics and cars as a part of a 2026 budget proposal that will be submitted to the country’s Congress in September.

The outlet wrote that Mexican President Claudia Sheinbaum may also see the move as a means of raising government revenue and offsetting the country’s budget deficit.

“China firmly opposes moves that are taken under coercion to constrain China or undermine China’s legitimate rights and interests under any pretext,” he said, saying “unilateralism, protectionism and discriminatory and exclusive measures” have no place in dealings between the two nations.

In a press conference Thursday, China Foreign Ministry spokesperson Guo Jiakun decried the rumored move.

“Mexico is China’s second largest trading partner in Latin America, and China is Mexico’s third largest export destination. Our trade and economic cooperation benefits both sides,” he said.

“China firmly opposes moves that are taken under coercion to constrain China or undermine China’s legitimate rights and interests under any pretext,” he added, saying “unilateralism, protectionism and discriminatory and exclusive measures” have no place in dealings between the two nations.

Guo’s criticism of protectionism to was likely a reference to Trump, who has pedaled rhetoric about Chinese products entering the U.S. market via Mexico for months. The American president has put pressure on his Mexican counterpart since taking office, urging her to put a stop to transshipment of China-originating goods and to limit China’s influence on Mexico’s manufacturing sector.

Sheinbaum, for her part, has acquiesced in many instances to Trump’s requests, almost certainly with the goal of safeguarding Mexico’s relationship with its biggest export market, along with protecting Mexico’s burgeoning apparel industry from competition from Chinese operators.

In January, Sheinbaum signed an executive order upping duties on certain categories of China-made apparel by 15 percent or 35 percent, effectively restricting the flow of duty-free clothing imports for several months.

Meanwhile, earlier this month, the country raised duties on low-value shipments worth \$2,500 or less from countries that aren’t part of free trade agreements from 19 percent to 33.5 percent.

Source: sourcingjournal.com– Aug 28, 2025

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US Upland cotton sales 70% up, Pima exports also rise: USDA

Net sales of Upland cotton in the US totalled 179,300 running bales (RB), each weighing 226.8 kg (500 pounds), for the 2025-26 marketing year during the week ending August 21, 2025. This was 70 per cent higher than the previous week's 105,400 bales.

According to the US Department of Agriculture's (USDA) weekly export sales report, sales were mainly to Vietnam (88,400 RB, including 200 RB switched from Japan), Bangladesh (37,800 RB), Pakistan (13,300 RB), Mexico (7,500 RB), and Nicaragua (7,300 RB), offset by reductions for Peru (1,700 RB) and El Salvador (100 RB).

Export shipments of 112,700 RB were slightly lower than the previous week's 123,300 RB. Shipments were primarily to Vietnam (41,000 RB), Bangladesh (11,500 RB), India (10,900 RB), Mexico (7,600 RB), and Turkiye (6,500 RB).

Net sales of Pima cotton totalled 3,900 RB for 2025-26, compared to 1,000 RB in the previous week. The main buyers were India (1,800 RB), Peru (1,100 RB), Bangladesh (600 RB), Vietnam (300 RB), and Japan (100 RB).

Export shipments of Pima cotton reached 14,000 RB, primarily to India (6,700 RB), Vietnam (3,100 RB), Pakistan (1,300 RB), Costa Rica (900 RB), and Peru (900 RB).

Source: fibre2fashion.com– Aug 29, 2025

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Global supply chains scramble in 2025 as US tariffs drive frontloading and sourcing shifts

Year 2025 has seen the global textile and apparel industry facing unprecedented volatility, largely because of the unpredictable US tariff policies. While the World Trade Organization (WTO) has revised its 2025 global trade forecast upwards, this seemingly positive news masks a complex reality: a rise in US imports due to its frontloading ahead of new tariffs, and a supply chain in flux as brands and manufacturers grapple with uncertainty.

The textile and apparel sector, a major contributor to international trade is at the epicenter of this disruption. Data from the first half of the year reveals a short-term scramble for goods, but long-term shifts are proving difficult to implement, creating a 'wait and see' environment that is having a significant impact on exporting nations and their workers. Is it a temporary respite for global trade?

The WTO's revised forecast, predicting a 0.9 per cent increase in global merchandise trade for 2025 (up from a previous forecast of a 0.2 per cent decline), is a direct result of US import behavior.

This increase, however, is not a sign of a strong, stable market. Instead, it is an artifact of companies rushing to import goods before new and heavier tariffs take effect. The WTO warns these tariffs could negatively impact trade in the latter half of 2025 and into 2026. This is particularly concerning for the textile and apparel sector, which is highly reliant on global supply chains.

The broader economic picture remains fragile. According to KPMG, global GDP is expected to slow from 3.2 per cent in 2024 to 2.7 per cent in 2025, and then to 2.8 per cent in 2026. This fragile demand, coupled with the unpredictability of trade policy, is forcing companies to put major investment decisions on hold.

US imports, the race against time

US import data for the textile and apparel industry confirms this trend of frontloading.

First Half 2025: As per the US Office of Textiles and Apparel (OTEXA), total US textile and apparel imports rose by 5.88 per cent in the first half of 2025 compared to the same period in the previous year. This was a direct result of inventory restocking and purchasing to get ahead of the anticipated tariff hikes.

Shifting sourcing patterns: The data shows a clear shift in global sourcing patterns. While China remains a major supplier, its market share is rapidly eroding. The new tariff regime has catapulted China's average tariff rate to 69.1 per cent, far exceeding other major suppliers. This widening tariff gap is a powerful motivator for brands to diversify their sourcing.

Countries like Vietnam, Bangladesh, Cambodia, and India have seen a rise in exports to the US as brands look to mitigate the impact of tariffs on Chinese goods. For example, Bangladesh reported a 25.13 per cent increase in apparel export volume to the US in the first half of 2025. Conversely, countries like Pakistan and Canada have seen a decline in their textile and apparel exports to the US.

Impact on supply chain

The tariff-led instability has created a ripple effect throughout the global textile and apparel supply chain. Faced with higher costs from tariffs and supply chain disruptions, brands and retailers are absorbing a major portion of these costs rather than passing them on entirely to price-sensitive consumers.

This is impacting profit margins. Meanwhile, to reduce the financial burden, US importers are negotiating with their suppliers to share the tariff costs. This has led to a decline in the unit price of apparel imports from major exporting nations. For instance, the unit price of apparel imports from mainland China fell by 4.1 per cent between February and May 2025 as a result of these negotiations.

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Source: fashionatingworld.com– Aug 29, 2025

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Yarn Expo Autumn 2025 to be the ‘Most Comprehensive Edition Yet’

Asia’s premier platform for the yarn and fiber industry, Yarn Expo Autumn will commence on September 2, 2025, at the National Exhibition and Convention Center in Shanghai. With nearly 580 exhibitors from 16 countries and regions, this year’s event is being hailed as the ‘most comprehensive edition yet,’ featuring seven dedicated zones and a robust fringe program.

The three-day fair will serve as a vital hub for global industry exchange, innovation, and sustainability. Spanning 27,000 sq m in Hall 8.2, the event will provide buyers with a wide array of sourcing options. The show will introduce a new Taiwan Zone and see the return of the popular India Pavilion and Pakistan Zone.

Yarn Expo Autumn 2025 is the most comprehensive edition yet, says Wilmet Shea, General Manager, Messe Frankfurt (HK). Time and again, this fair proves to be one of the most vital sourcing hubs for thousands of diverse buyers, while the platform is essential for suppliers looking to get international business and penetrate the Asian and Chinese markets. Shanghai is an industry hub in its own right, but during this show it really serves as the global industry’s gathering point.

Featured product zones

The expo's six product zones will highlight key segments of the domestic industry:

- **Chemical Fiber Zone:** Over 240 exhibitors will display the latest trends in high-quality Chinese synthetic fibers. Key producers include Fujian Eversun Jinjiang Co Ltd, Huaфон Chemical Co, and Shandong Nanshan Fashion Sci-Tech Co.
- **Fancy Yarn Zone:** More than 120 exhibitors will showcase their latest, on-trend fancy yarns for the autumn season. Participants include Fortune Tech Co Ltd and Jiangyin Tianhe Printing and Dyeing Co.
- **Linen Yarn, Silk Yarn, and Wool Yarn Zones:** Nearly 30 suppliers will present the latest innovations in natural fibers. Featured exhibitors include Dashiqiao Silk Spinning Factory and Hubei Jinghua Textile Group Co.

- **Cotton Yarn Zone:** With a focus on sustainability, technology, and fashion, this zone will host over 70 quality cotton spinning exhibitors. Highlights include Suzhou City Yishuang New Material Co Ltd and Wuhu Fuchun Dye and Weave Co Ltd.

International presence and key pavilions

Yarn Expo will serve as a key sourcing hub for high-quality products from around the world. The International Yarn Zone will feature suppliers from 16 countries and regions, including standalone exhibitors like Haksa Iplik Sanayi AS (Türkiye), Rutex GmbH (Germany), and The Movement Amsterdam B.V. (Netherlands).

The fair will also feature several country-specific zones:

- **India Pavilion:** Organized by The Cotton Textiles Export Promotion Council (TEXPROCIL), this pavilion will showcase a wide range of cotton yarn from nearly 20 notable suppliers.
- **Pakistan Zone:** Well-known exhibitors like Abtex International (Pvt) Ltd and Xiamen Naseem Trade Co will showcase various blended yarns and cotton single and double yarn, including organic cotton.
- **Taiwan Zone:** Organized by the Taiwan Spinners' Association, this debuting zone will feature suppliers showcasing a diverse array of open-end yarns, including cotton, CVC, and TC.

Informative fringe events

In addition to the extensive exhibition, a series of seminars and display areas will provide insights into new industry developments:

- **Tongkun • China Fiber Fashion Trends Display Zone:** This area will feature over 300 samples of new fiber products, highlighting the latest fashion trends.
- **New Fiber New World – Textile Materials Innovation Forum:** University professors and industry experts will discuss the development of intelligent textiles and new fiber trends.
- **Product launches:** The event will hold 11 new products launches, with leading exhibitors explaining the benefits of their latest yarns and fibers.

Yarn Expo Autumn will be held concurrently with three other major fairs - Intertextile Shanghai Apparel Fabrics, CHIC, and PH Value—to create a synergistic event covering the entire textile and fashion supply chain. The show also coincides with Cinte Techtextil China, a dedicated event for technical textiles.

Source: fashionatingworld.com– Aug 29, 2025

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South Africa's textile imports inch up 1.8% in Jan–Jul 2025

South Africa's imports of textiles and textile articles (under Chapters 50–63) totalled 37,310.8 million rand (~\$2.1 billion) during January–July 2025, according to preliminary data released by the South African Revenue Service in its July 2025 report. This represents a 1.8 per cent increase compared to the same period last year. The trade figures include transactions with Botswana, Eswatini, Lesotho, and Namibia (BELN).

Official merchandise trade statistics show that during the same period in 2024, the country imported textiles and textile articles worth 36,657.4 million rand. South Africa continues to be a net importer in this product segment.

Exports of textiles and related products rose by 5.8 per cent, reaching 14,055.5 million rand (~\$739.64 million) in the first seven months of 2025, compared to 13,286 million rand in the corresponding period of 2024.

In July 2025, South Africa's imports of textiles and textile articles under Chapters 50–63 stood at 6,084.2 million rand (~\$343.54 million), reflecting a 23.8 per cent increase from imports of 4,916.2 million rand in June 2025.

Exports under the same chapters fell by 11.8 per cent to 1,908.0 million rand (~\$107.74 million) in July 2025, down from 2,163.3 million rand in June 2025.

In 2024, the country's imports of textiles and textile articles reached 65,476 million rand (~\$3,551.95 million), up 10 per cent from 59,528.9 million rand in 2023. Exports of textiles and related products edged up by 1.8 per cent, amounting to 23,578.8 million rand (~\$1,279.11 million) in 2024, compared to 23,155.9 million rand in 2023.

Source: fibre2fashion.com– Aug 31, 2025

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Bangladesh: RMG risks losing orders after 2029 over rights issues, says expert

Bangladesh's readymade garment (RMG) sector risks losing orders after 2029 if garments factories don't implement HREDD and unless workers' rights are ensured, an expert warned at an event in Dhaka today.

HREDD stands for Human Rights and Environmental Due Diligence.

It is a structured process that helps businesses identify, prevent, mitigate, and remediate negative impacts on human rights and the environment throughout their operations and supply chains.

Germany and other European countries have already introduced stronger legal safeguards to uphold human rights in supply chains, said Motaher Hossain, chief executive officer of TELL Consulting Limited, during his presentation.

"Therefore, the government and factory owners must be vigilant about this from now on," he added.

The Bangladesh Institute of Labour Studies (BILS), with support from Mondiaal FNV, organised a two-day capacity-building training at Asia Hotel & Resorts in the capital for journalists on human rights due diligence in the RMG sector.

The garment industry accounts for about 85 percent of the country's export earnings, 11.5 percent of gross domestic product, and provides jobs for over four million workers, most of whom are women.

Shahinur Rahman, external consultant at Mondiaal FNV Bangladesh, said that in the European Union and other countries, due diligence laws primarily hold brands accountable.

"However, brands often try to shift the responsibility onto local suppliers," he said.

"Workers' rights must be ensured at every stage of the supply chain, from cotton cultivation to delivering products to consumers. This includes timely payment of wages, adequate rest, a safe and healthy working environment, and maternity leave," he said.

He also said human rights due diligence can play a key role in ensuring accountability of brands and buyers to prevent violations in the supply chain.

"As part of this chain, factories must prevent activities that violate human and labour rights. This will help reduce workplace unrest and conflicts between employers and workers," he added.

BILS Advisory Council member Naimul Ahsan Jewel said the training aimed to enhance journalists' skills so they can highlight these issues more effectively, thereby contributing to improving workers' living standards. He also stressed the need for specific laws to protect human rights in supply chains.

Source: thedailystar.net– Aug 31, 2025

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NATIONAL NEWS

India's real GDP grows 7.8% in Q1 FY26: NSO estimates

India's real gross domestic product (GDP) grew by an estimated 7.8 per cent in the first quarter (Q1) of fiscal 2025-26 (FY26) compared to a growth of 6.5 per cent during Q1 FY25, according to the National Statistics Office (NSO) under the Ministry of Statistics and Programme Implementation.

Nominal GDP grew at an estimated 8.8 per cent in Q1 FY26.

The manufacturing sector grew at an estimated 7.7 per cent year on year (YoY) at constant prices in Q1 FY26.

Government final consumption expenditure bounced back, registering 9.7 per cent growth in nominal terms during Q1 FY26 compared to a growth of 4 per cent in Q1 FY25.

Real private final consumption expenditure saw 7-per cent growth during the quarter compared to a growth of 8.3 per cent in the corresponding period of the previous fiscal, a release from the ministry said.

Gross fixed capital formation recorded a growth of 7.8 per cent at constant prices compared to 6.7 per cent in Q1 FY25.

Source: fibre2fashion.com– Sep 01, 2025

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Relief to Textile Exporters through Extension of Export Obligation Period under Advance Authorisation

The Textiles Industry welcomes the important step taken by the Directorate General of Foreign Trade (DGFT) vide Notification No. 28 dated 28.08.2025, extending the Export Obligation (EO) period under Advance Authorisation for products subjected to mandatory Quality Control Orders (QCOs) issued by the Department of Chemicals & Petrochemicals (DCPC). The EO period has been enhanced from 6 months to 18 months.

In respect of QCOs notified by the Ministry of Textiles, the EO period under Advance Authorisation had already been extended from 6 months to 18 months. Together, these measures provide timely and much-needed relief to exporters of man-made fibre (MMF) textiles and technical textiles. These measures will improve ease of doing business as well as improve competitiveness of Indian products. Under the Advance Authorisation Scheme, duty-free imports of inputs are permitted for use in physical exports, without the mandatory requirement of compliance with QCOs for such imports. This flexibility ensures continued availability of critical raw materials for the textile industry and facilitates uninterrupted export performance. Notably, around 18% of all Advance Authorisations are issued for the textile sector, underlining the significance of this facilitation measure.

Further, the import duty on cotton (HS 5201) has been exempted till 31st December, 2025, which will additionally strengthen raw material availability for the sector. The Government of India through PLI, NTM extend and interventions as above continues to support the , textiles and technical textiles which together constitute a key growth segment for textile production. India's exports under the entire MMF value chain were valued at USD 8.46 billion in 2024-25, including USD 401 million of MMF fibre exports. These decisions will help ease input cost pressures, ensure raw material security, and support the global competitiveness of Indian textile exports. The measures and interventions by Department of Chemicals & Petrochemicals (DCPC) and DGFT are proactive and forward-looking.

Source: pib.gov.in– Aug 30, 2025

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US tariffs: Govt to provide short, medium, long-term support to industry

The Commerce Department has framed a three-tiered action plan, focusing on short, medium and long-term measures, to respond to the fallout of tariff escalation by the US, official sources said.

“The measures focus on providing immediate liquidity and compliance relief to exporters, including SEZ flexibility, maintaining order levels and employment in vulnerable sectors, building resilience in supply chains through structural reforms and leveraging existing trade agreements and new market access opportunities,” an official source told businessline.

Export boost

Supporting exporters with non-financial enablers like market access and branding initiatives, support for export compliance, export logistics and capacity building, is also being considered, the official added.

Exporters across sectors have sought help from the government after the Trump administration imposed 25 per cent reciprocal tariffs on Indian exports on August 7 and then doubled it to 50 per cent twenty days later as punishment for India for buying Russian oil.

The tariffs are expected to hit about \$60 billion of India’s exports to the US, of the \$86.5 billion exported in FY25. “A critical risk is a drop in order levels, particularly in SEZ-based units which contribute significantly to labour-intensive exports,” the official said.

To cushion this, the Export Promotion Mission, currently being appraised by the Expenditure Finance Committee, will provide short-term support through trade finance access with schemes such as interest subvention, factoring, e-commerce export cards and collateral support.

Export compliance support, branding and packaging support, logistics and warehousing assistance, trade intelligence and skilling will also be extended, the official said.

In the medium term, the focus will shift towards leveraging India’s FTAs, including ones with the UK, UAE, and Australia, intensifying buyer–seller outreach, and strengthening GST reforms to enhance competitiveness, per the action plan.

In the long term, the government is committed to building a resilient, diversified, and globally competitive export base, anchored in the Export Promotion Mission, SEZ reforms, and supply chain resilience initiatives.

Source: thehindubusinessline.com– Aug 31, 2025

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India's textile export to UK under FTA may offset US losses: CareEdge Ratings

The loss incurred due to the imposition of reciprocal tariffs on Indian textile exports to the United States (US) may be offset by a surge in exports to the United Kingdom (UK), buoyed by the recently concluded India-UK Free Trade Agreement (FTA), said CareEdge Ratings in a report.

The report said that the ongoing FTA negotiations with the European Union are expected to open additional avenues, signalling a strategic realignment of India's textile trade landscape.

The India-UK FTA is a game changer for India's Readymade garments (RMG) and home textile sectors, creating a level-playing field vis-a-vis key competing nations for accessing the nearly USD 23 billion UK import market, the report added.

"India's textile export is expected to decline by 9-10 per cent in CY26. With expected loss of revenue and partial tariff absorption, PBILDT margin of Indian RMG and home-textile exporters is expected to decline by 300-500 bps," stated Akshay Morbiya, Assistant Director at CareEdge Ratings.

However, the degree of decline will ultimately hinge on how effectively Indian exporters can negotiate pricing with their US customers to retain volumes, he added.

"The Government of India has removed 10 per cent import duty on cotton till December 31, 2025. Additionally, expected support from the Government in the form of expanding export markets through its dedicated outreach programme to 40 nations, as well as export incentives and interest subsidies, can support the competitiveness and profitability of Indian textile exporters," said Krunal Modi, Director at CareEdge Ratings.

"Moreover, the export loss of RMG and home-textile products is likely to be compensated by growth in exports of cotton yarn and fabric as the competing nations lack backwards integration in these products. Extent of benefit from India-UK FTA and potential trade agreement with EU remain key monitorable," Modi added.

The USA has been the largest export market for Indian textile and apparel, accounting for 28-29 per cent of exports over the last four years ended CY24. India primarily exports cotton-based textile products to the USA, predominantly home textiles and apparel, which together accounted for 90 per cent of Indian textile exports to the USA in CY24. Besides the USA, the other key export markets for India's textile sector are Bangladesh (7 per cent), the UK (6 per cent), the UAE (5 per cent), and Germany (4 per cent), among others.

The steep 50 per cent tariffs imposed by the United States on Indian goods came into effect from 27 August.

Reacting to the imposition of tariffs, the Commerce Ministry on August 28 said the recent imposition of tariffs by the US will have a short-term impact on India's exports, particularly in sectors such as textiles, chemicals, and machinery. However, it asserted that the long-term effect on overall trade and GDP will remain limited.

Source: economictimes.com– Aug 31, 2025

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India's government plans relief measures for exporters amidst 50% US tariffs

The government is working on short-, medium- and long-term plans to help exporters cope with the steep 50% tariffs on Indian goods entering the US, with easing of the special economic zone (SEZ) norms also under consideration, an official said.

The idea is to provide immediate liquidity relief to exporters, help maintain order levels and employment in vulnerable sectors, build resilient supply chains through structural reforms, and increase market access by leveraging existing trade pacts and tapping new markets.

Officials said a well-calibrated, multi-tiered strategy is being designed not only to safeguard Indian exporters but also to strengthen India's long-term competitiveness in global markets. The government is also operationalising ecommerce export hubs with simplified return logistics, easier interstate movement and faster GST refunds.

Third-party facilitators will be allowed to manage compliance and logistics for e-commerce exports under a new inventory model. According to the official cited above, "This would ease the burden on MSMEs and enable them to focus on quality and branding."

The relief measures come after the US imposed 50% tariffs on Indian goods from August 27. This is expected to hit around \$48.2 billion worth of goods exports, or over 55% of India's total shipments to the US. Exporters may see delayed payments, stretched receivable cycles, and cancelled orders due to the tariff hit.

To prevent working-capital stress and protect jobs, the government is considering several steps. Non-financial support being discussed includes branding initiatives, reducing compliance requirements, and measures to bring down logistics costs.

"While exports are critical, India remains a domestically anchored economy, with merchandise exports at \$438 billion accounting for a moderate 10.4% share of GDP (\$4.12 trillion), and with limited value addition in some sectors," the official said.

While the US accounts for about 18-20% of India's overall merchandise exports, some sub-sectors are highly dependent on the US. For example, 60% of carpet exports, 50% of made-ups, 30% of gems and jewellery, and 40% of apparel exports go to the US.

Source: economictimes.com– Aug 31, 2025

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Govt should consider Rs 2,500 cr to exporters for participation in global exhibitions: GTRI

Expressing concern over decline in export promotion funding, economic think tank GTRI said on Saturday said the government should consider allocating Rs 2,500 crore for exporters to participate in global exhibitions under the Market Access Initiative (MAI), which has not received any funds this fiscal.

It said that exporters have missed critical opportunities between April and August to participate in overseas fairs.

"With a modest budget of only Rs 250 crore in past years, the scheme was already too small for a USD 440 plus billion export economy. It must be revived with a scaled-up budget of Rs 2,500 crore annually, with funds released at least a year in advance to allow Indian firms to secure high-visibility slots at global fairs," Global Trade Research Initiative (GTRI) Founder Ajay Srivastava said.

He also called for resumption of Interest Equalisation Scheme (IES), immediate roll out of the Export Promotion Mission (EPM), and E-commerce Export Hubs to boost exports amid 50 per cent tariffs imposed by the US on Indian goods.

Further, Srivastava recommended speeding up of Customs clearance, making the Remission of Duties and Taxes on Exported Products scheme benefits predictable, and simplification of advance authorisation scheme.

"The MAI, which helped exporters participate in overseas exhibitions, has not received any funds in FY2025, the first such lapse in decades. As a result, exporters missed critical opportunities between April and August, and even if funds are released later, prime exhibition spaces booked 1-2 years in advance will no longer be available," he said.

He added that the suspension of the Interest Equalisation Scheme (IES) since April 2025 has left MSME exporters struggling with high financing costs compared to the 5-7 per cent lower rates they previously enjoyed under the scheme.

"This has eroded competitiveness for labour-intensive sectors such as textiles, leather, handicrafts, and engineering goods," he said adding to restore their cost advantage and ensure predictability, IES must be reinstated to cover all exports and with an expanded annual budget of Rs 15,000 crore and a five-year commitment.

Further the policy to establish E-commerce Export Hubs, announced in February 2023, has not progressed, with no infrastructure or guidelines in place to allow shipments, GTRI said.

Urgently, operationalizing hubs could unlock USD 10-15 billion in additional annual exports in just a few years, it said.

On the customs front, he said, exporters continue to face serious inefficiencies at ports.

Independent year-round monitoring could reduce logistics costs by 5-7 per cent of export value, he said.

Expressing concern, Srivastava said export promotion funding has steadily declined, weakening support for small and mid-sized exporters.

The earlier MEIS scheme had a Rs 45,000 crore outlay benefitting 40,000 exporters, but it was abolished in 2020 and replaced by RoDTEP and RoSCTL with barely Rs 20,000 crore, he said.

"The bulk of funds were shifted to the PLI scheme, which has benefitted fewer than 100 firms, with limited disbursements. To restore balance, India must allocate higher amounts annually to broad-based export schemes, ensuring widespread support for MSMEs, while continuing PLI for large-scale sectors," he suggested.

Source: economictimes.com– Aug 30, 2025

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US tariffs bring back into focus India's market distortions; exporters plan workarounds, relocation strategies

* A mid-sized clothing export house on the outskirts of the national capital landed a sizable order from a Texas-based American retailer. The sheer size of the order meant sourcing fabric from one textile mill, that too from a single lot, in order to ensure shade consistency.

Not one mill in India qualified, given the relatively small size of operations of individual units that entrepreneurs deliberately limit for easier labour-related compliances. A supplier in Bangladesh was identified, who, in turn, contracted to source the fabric from China.

The new QCO (quality control order) norms on man-made fabric in India meant the shipment was stuck for an extended period of time before landing at the export house, resulting in the order eventually getting pared down by the buyer.

* Gurugram-based Pearl Global Industries' diversification strategy of expanding its operations to Vietnam, Indonesia, and Bangladesh is suddenly paying dividends in the face of the American tariffs.

As the company is able to continue executing orders with American clients while using its location advantage and the relative duty arbitrage, other larger players are now looking to follow suit. While Bangladesh has been a destination for Indian exporters, others such as Indonesia and Vietnam are being explored, industry players said.

The US tariffs have brought back sharply into focus the hurdles India's structural anomalies and market distortions end up placing on manufacturers, especially exporters.

Some of the larger entities, especially garment exporters, have started moving part of their manufacturing base out of India to mitigate some of the emergent risks and also get around the multiple contradictions in regulations that work at cross-purposes and weigh down entrepreneurs. While garment exporters are following Pearl Global's lead, others such as jewellery makers are looking at West Asia.

Market distortions

In the country's textiles and the clothing segment, for instance, there are two lingering contradictions:

One, India is perhaps unique in encouraging competition on finished garments, while at the same time protecting the raw materials and the inputs – a complete reversal of economic logic. Ideally, raw material should be made available to manufacturers and exporters at the lowest level of price through active competition, including the permission to import inputs that we are lacking in. The entire effort should be to boost exports of the finished goods. But it is the other way around.

Second, around 70 per cent of the garments sold the world over are non-cotton, essentially synthetics, sportswear, and man-made fabric-based dresses, while cotton comprises just 30 per cent. India's clothing exports are exactly the reverse – around 70 per cent is cotton while only 30 per cent is synthetics.

This is primarily because imports of man-made fibre has been made cumbersome and expensive by the imposition of tariffs and non-tariff barriers such as the Quality Control Orders or QCOs, which end up making raw material imports prohibitive for most exporters who have no option but to buy local material at an over 20-25 per cent markup. India's exports are weighed down by these market distortions.

"These are self-inflicted wounds. Part of the reason why India continues to be out of sync with the world and the country is losing market share," said Ajay Srivastava, the founder of Delhi-based Global Trade Research Initiative (GTRI) and a former Indian Trade Service officer with experience in trade policy making, WTO and FTA negotiations.

A representative with an industry body that works with the government on policy issues said that while the inverted tax (earlier VAT and now GST) regime is a lingering concern for the textile sector, the fact that restricted competition in sectoral inputs, particularly man made fibre such as polyester staple fibre and viscose staple fibre, is a policy flaw that continues to fester. This drains the competitiveness of Indian manufacturers and exporters.

Bangladesh and Vietnam have succeeded because they allowed open trade policies on inputs, given that both countries do not have a substantial cotton or man-made fibre base. So exporters can import inputs from any geography at relatively lower duties. In India, it is exactly the reverse. Competition is allowed at the final stage of the garmenting value chain, but the input stages are tightly controlled to protect some domestic man-made fibre players at the cost of exporters.

“Those who have diversified their export manufacturing base now attest to the benefits of moving out of India and are now at a significant advantage after the US tariffs have come into play. The ones impacted the most are smaller exporters who are unable to shift bases or can lobby the government for cheaper access to inputs,” the industry representative quoted above said.

A government representative that The Indian Express spoke to on the issue said that inverted duty structure is a problem that has existed for decades and that in the last ten years, the NDA government has tried addressing the inversion issue across sectors. “The new GST rate rationalisation exercise would further ease some of these anomalies,” the official said.

Trump tariff Impact

The Centre is exploring the possibility of a stop-gap package, including cheaper credit. The problem is that it is not known how long this pain will last and if there is no visibility into how the demand itself will be impacted, credit sops can only solve a small part of this problem.

The Federation of Indian Export Organisations said Tuesday that textiles and apparel manufacturers in Tirupur, Noida, and Surat have halted production amid worsening cost competitiveness and uncertainties over flow of fresh orders.

In terms of interventions to counter the impact of the Trump tariffs, another official linked to the EAC-PM said that there is an expectation that the 25 per cent secondary tariffs will get removed over time. The post-pandemic interventions would be a template this time around too, given that the American tariffs threaten a demand shock.

The challenge for the government is that whatever measures are announced, they are not US-specific. They have to be general measures, since an incremental sop for a particular market such as the US could lead to the imposition of a corresponding countervailing duty by Washington — something that has happened in the past.

There has been a demand from industry to restore the Interest Equalisation scheme (IES), one of the most effective instruments to remove cost disability of Indian exports, that was inexplicably wound up by the central government last year. This scheme provided much needed competitiveness to India's exports, particularly to the MSMEs, as the interest costs in India are much higher than in competitors' countries. It was a relatively small scheme, with some Rs 2,500 crore annual expenditure available mostly to the MSMEs, and not to the larger firms.

“That scheme was withdrawn last year, and needs to be reintroduced. The allocation may have to be increased now,” GTRI's Srivastava said.

Some of the bigger exporters have started talks with big domestic retailers such as Reliance Retail and the Aditya Birla Group for an entry into the domestic market, at least to ride out the secondary tariffs. Exporters have also asked the government for facilitating access to big domestic buyers, including the Indian Railways and procurement by various government departments and undertakings.

Meanwhile, downstream synthetic textile manufacturers are among those petitioning the government to make imports cheaper and withdraw QCOs on man-made fibres, which have distorted the competitiveness of the MMF supply chain by limiting access to specialised raw materials at competitive prices. QCOs on polyester and viscose inputs have exacerbated the woes of a sector already plagued by a demand shock.

Some action on easing cotton imports has already commenced. A top CII representative said some of the QCOs were initiated after representations were made by domestic industry, including MSMEs.

Other industry bodies contend that MSMEs have been rallying for the removal of these QCOs, which have been brought in singularly after lobbying by big industry players, who have a literal monopoly in sectors such as man-made fibres.

On companies looking to relocate out, what could be key for them is to meet 'rules of origin' criteria and avoid getting labelled as transshippers. Companies typically need to demonstrate 35-40 per cent local value addition, as per US norms.

This means that a meaningful portion of manufacturing, assembly, or finishing must take place in these external markets that they're increasingly relocating to.

Source: indianexpress.com– Sep 01, 2025

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Over Rs 14,000 crore loss to TN textile hub after US tariff, shows report

CHENNAI: Guidance Tamil Nadu, the apex government body for investment promotion in the state, has pegged the potential loss for TN in 2025-26 due to the 50% US tariff on imports across sectors at \$3.93 billion (Rs 34,642 crore). Of this, the potential loss to textile industry, which is the worst-hit, could be \$ 1.62 billion (Rs 14,280 crore), a release from the state government said on Saturday.

Citing these concerns, CM MK Stalin has once again appealed to the union government to swiftly act to protect industries dependent on exports, particularly the textiles sector. The release on Saturday also pointed out that while US makes up 20% of the total value of India's exports, the US accounted for 32% of the value of exports from Tamil Nadu in 2024-25.

Hence, the adverse impact on Tamil Nadu due to the 50% tariff disruption would be far higher, the release added. The job losses faced by various industries, including textiles, diamonds and jewellery, machineries, and auto parts, could range from 13% to 36% of the existing workforce in these industries. The state government had earlier said that about 30 lakh people may lose employment because of the increase in import tariff.

Highlighting that Tamil Nadu accounted for 28% of the country's textile exports, the release said Tiruppur, which has led the industry for decades, alone contributed to roughly Rs 40,000 crore of foreign exchange earnings last year. Women would be worst affected since 65% of the workforce in Tiruppur are women, who work in both textiles and related industries, the release said.

Recalling the letter he wrote to Prime Minister Narendra Modi on August 16, seeking specific and urgent interventions, Chief Minister MK Stalin, in his latest appeal, thanked the union government for the suspension of 11% of customs duty on cotton till December 31.

However, he said that this is only a temporary relief, which cannot be of help until either the new tariff imposed by the US gets revoked or other measures are taken to offset the losses due to these tariffs.

Source: [newindianexpress.com](https://www.newindianexpress.com)– Aug 31, 2025

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CCI to start bulk discount scheme from Monday to trim its stocks ahead of new harvest season

The Cotton Corporation of India (CCI) is launching a bulk quantity discount scheme from September 1, which is expected to help the state-run entity to liquidate its stocks ahead of the new harvest season.

CCI is offering a discount of ₹400 per candy (356 kg of ginned cotton) for buyers such as KVIC Units, Co-operative spinning mills, MSME spinning mills and institutional mills purchasing a minimum quantity of 2,500-4,999 bales per day. The same discount of ₹400 is applicable for private textile mills purchasing 5,000-9,999 bales and traders purchasing 10,000 bales to 24,999 bales, CCI said on its website.

CCI is offering a higher discount of ₹600 per candy for the KVIC Units, Co-operative spinning mills, MSME spinning mills and institutional spinning mills purchasing over 5,000 bales. Private textile mills purchasing over 10,000 bales and traders purchasing over 25,000 bales will get a discount of ₹600 per candy. The discount scheme will be applicable for purchases made during the fortnight of September 1-15, 2025 for the crop year 2024-25.

CCI is having a stock of over 27 lakh bales. For the 2024-25 season, CCI had procured about 1 crore bales of 170 kg each at minimum support price (MSP) from the farmers, and till August 14 this year, it had sold about 72 lakh bales of the procured quantity.

To help the Indian textiles sector deal with the US tariff of 50 per cent, the government had recently removed the 11 per cent import duty on cotton till the year-end, making them access cheaper fibre crop from countries such as Brazil, US, Australia and Africa among others. The global prices of cotton are lower by 10-12 per cent compared to the Indian prices.

Following the removal of import duty, CCI had reduced its prices by a total of ₹1,700 per candy since August 19 to make its stocks attractive to the spinning mills. The discount being offered from Monday is in addition to the price correction carried out recently.

The new cotton harvest is expected to start from middle of September and the domestic prices are seen coming under pressure following the removal of the import duty. Cotton imports for the season ending September 2025

are seen at a record 40 lakh bales, more than double the previous year's 15 lakh bales. Trade expects the imports to touch around 20 lakh bales during the October-December quarter.

Recently, CCI chairman, Lalit Kumar Gupta had told businessline that the state-run entity was all geared up for the market intervention for the new season starting October, amidst concerns that domestic prices come under pressure following the removal of import duty. "We are there. We are geared up completely to meet any eventuality of higher operations," Gupta had said.

Farmers and farmer groups have voiced concerns over the removal of duty, which will hurt their realisations. Cotton acreages till August 22 stood lower at 108.47 lakh hectares compared to same period last year's 111.39 lakh ha with a section of farmers in the key producing states of Gujarat, Maharashtra and Madhya Pradesh shifting other remunerative crops like maize, pulses and oilseeds.

Source: thehindubusinessline.com– Aug 31, 2025

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India's garment share in Japan stays below 2% in H1 2025

Indian Prime Minister Narendra Modi is visiting Japan at a crucial time, as the country's exports are on the brink of decline due to the 50 per cent US tariff amid current geopolitical upheaval. India is exploring new markets to reduce its dependence on the US, but it has not been able to tap into Japan's vast textile and apparel market in recent years. India holds the ninth position in Japan's garment imports, with a market share of less than two per cent.

Japan imports apparel worth around \$22–25 billion annually, but India has only a negligible presence. In the first six months of the current year, Japan imported apparel worth \$11.400 billion, of which imports from India were valued at \$171.432 million, accounting for 1.50 per cent of the total, according to sourcing intelligence tool TexPro.

Japan's imports from India grew 13 per cent in the first half of the current year compared to \$151.711 million in the same period last year. India's rank did not improve from ninth position, though its share rose slightly from 1.46 per cent in the first half of last year.

India's share in Japan's apparel market has seen a gradual rise over recent years. In 2022, its share was just 0.95 per cent of Japan's apparel imports worth \$25.001 billion. Japan's garment imports totalled \$23.712 billion in 2023 and \$22.907 billion in 2024, while India's share stood at 0.99 per cent in 2023 and 1.02 per cent in 2024. Despite this, India's rank remained ninth. Japan's imports from India were valued at \$238.607 million in 2022, \$234.061 million in 2023, and \$234.398 million in 2024, TexPro data showed.

In home textiles, Japan's imports from India were worth \$46.605 million in January–June 2025, accounting for 2.27 per cent of its total home textile imports of \$2,049.593 million. India ranked as the third-largest supplier in this category. In fabrics, however, India was ranked tenth, with exports valued at \$10.178 million, making up 2.27 per cent of Japan's total fabric imports of \$448.821 million during the same period.

Source: fibre2fashion.com– Aug 30, 2025

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