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| Currency Watch | | | |
|---|---|---|---|
| USD | EUR | GBP | JPY |
| 88.05 | 103.71 | 119.92 | 0.60 |

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**NATIONAL NEWS**

# INTERNATIONAL NEWS

## Global economy to expand 2.4% in 2025; Fitch warns of US slowdown

The global growth is forecast to be 2.4 per cent in 2025, up 0.2 percentage points (pps) since June but a sizeable slowdown from 2.9 per cent last year and below trend, according to Fitch Ratings. China's forecast has been raised to 4.7 per cent from 4.2 per cent, the eurozone's to 1.1 per cent from 0.8 per cent and the US' to 1.6 per cent from 1.5 per cent. World growth for 2026 is 0.1 pp higher at 2.3 per cent.

Fitch Ratings raised its world growth forecasts for 2025 moderately since the June Global Economic Outlook (GEO) on better-than-expected incoming data for Q2 2025. But there is now evidence of an underlying US slowdown in 'hard' economic data and positive surprises on eurozone growth have partly reflected US tariff front-running. It still expects world GDP to slow significantly this year, Fitch Ratings said in its latest report titled, 'Global Economic Outlook – September 2025.'

There has been a reduction in uncertainty over US tariff policy after a flurry of announcements. Its latest estimate of the average US effective tariff rate (ETR) is 16 per cent, very close to the rate assumed in June. Mexico and Canada face lower ETRs, due to better United States–Mexico–Canada Agreement (USMCA) compliance and Europe's ETR is also slightly lower, but this is offset by higher-than-expected rates for Asia excluding China.

"Greater clarity about US tariff hikes does not alter the fact that they are huge and will reduce global growth. And evidence of a slowdown in the US is now appearing in the hard data; it's no longer just in the sentiment surveys," said Brian Coulton, chief economist at Fitch.

Pass-through from this huge jump in the ETR to US CPI inflation has so far been modest. There is some evidence in the US national accounts that the tariff shock has been absorbed partly by downward pressures on corporate profits, but Fitch expects pass-through to accelerate later this year.

Higher inflation will dampen real wage growth and weigh on US consumer spending, which has already slowed notably in 2025. Job growth has also decelerated markedly, partly reflecting the impact of the immigration squeeze on labour force growth. A widening fiscal deficit should support demand in 2026, but Fitch expects the US annual average GDP growth rate to remain well below trend at 1.6 per cent next year.

China's export growth has held up well in the face of the US tariff shock as a depreciating nominal effective exchange rate and falling export prices have helped a redirection of foreign sales. Fiscal easing is supporting growth, but private domestic demand growth seems to be weakening, and deflation is increasingly entrenched.

Eurozone exports are unlikely to sustain their H1 2025 pace, and, with the consumer recovery fading, it does not expect GDP to expand in H2 2025. German fiscal easing will provide more support next year.

The weakening in the US job market should persuade the Federal Reserve to cut rates more quickly than previously anticipated. It expects cuts of 25bp in September and December, with three more in 2026, added the release.

With the European Central Bank (ECB) now looking unlikely to lower rates again, Fitch sees little prospect of a rebound in the dollar after the broad-based depreciation in H1 2025. Long-term 30-year government bond yields in the US, UK, Germany and Japan continue to see upward pressure, possibly reflecting concerns about supply.

Source: fibre2fashion.com– Sep 16, 2025

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# Central & South American apparel imports jump 12.9% in H1 2025

Apparel imports by Central and South American countries rose 12.86 per cent to $4,885.686 million in the first half (H1) of 2025. China remained the largest supplier, accounting for 54.04 per cent of total imports during the period.

Central America includes Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama, while South America comprises Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Suriname, Uruguay, Venezuela, and French Guiana.

According to sourcing intelligence tool TexPro, the region imported apparel worth $4,328.381 million in H1 2024. Imports during July–December 2024 totalled $4,818.794 million, indicating a 1.39 per cent increase in January–June 2025 over the previous half-year, suggesting a modest but steady upward trajectory in trade volumes.

In 2024, apparel imports stood at $9.147 billion, a decline of 3.93 per cent compared to $9.522 billion in 2023. Imports had peaked at $10.930 billion in 2022, before dropping 12.88 per cent the following year. The market is still recovering from the post-pandemic demand slowdown and currency fluctuations that affected purchasing power in several economies.

The top five suppliers—China, Bangladesh, Vietnam, Cambodia, and Honduras—contributed over 72 per cent of total apparel imports in H1 2025, showing high supplier concentration and limited sourcing diversification.

China's shipments were valued at $2,645.711 million (54.04 per cent), followed by Bangladesh at $442.819 million (9.04 per cent), Vietnam at $202.650 million (4.14 per cent), Cambodia at $135.319 million (2.76 per cent), and Honduras at $130.142 million (2.66 per cent), as per TexPro. This indicates that Asian suppliers continue to dominate, but nearshoring opportunities exist for regional players like Honduras and Nicaragua.

Source: fibre2fashion.com– Sep 16, 2025

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# Global cotton output, use & trade raised in 2025-26; stocks cut: WASDE

The world cotton outlook for 2025–26 has been revised to reflect expectations for higher production, consumption, and trade, along with lower beginning and ending stocks, according to the September 2025 World Agricultural Supply and Demand Estimates (WASDE) report released by the US Department of Agriculture (USDA).

Global cotton production is projected to exceed the previous estimate by over 1 million bales, as increases for China, India, and Australia more than offset declines in Turkiye, Mexico, and several West African nations. Total global production is now forecast at 117.68 million bales of 480 pounds (217.7 kg) each.

The report indicates that world consumption has been raised by nearly 850,000 bales, driven mainly by increases in China and Vietnam, partially offset by a reduction in Turkiye and minor changes in several other countries. Global consumption is now pegged at 118.83 million bales, up from 117.99 million bales in the previous report.

World trade is projected to rise by just over 100,000 bales, with increases for India and Australia partly offset by declines in several West African nations. Global exports are now expected at 43.70 million bales, compared to 43.59 million bales earlier.

Beginning stocks for 2025–26 have been reduced by nearly 1 million bales to 74.06 million bales, down from 75.05 million last month, largely reflecting higher 2024–25 consumption in China. Consequently, ending stocks for 2025–26 have been lowered by almost 800,000 bales to 73.14 million bales, the lowest level in four years, compared to 73.91 million bales previously.

For the US, the September outlook shows slightly higher production compared to last month, with no changes to exports, consumption, imports, or ending stocks. The US crop is projected 10,000 bales higher at 13.2 million bales, supported by unchanged to slightly higher planted and harvested areas across all regions. However, the national average yield has been lowered by 1 pound to 861 pounds per harvested acre.

With no revisions to consumption, exports, or ending stocks, the stocks-to-use ratio remains unchanged at just over 26 per cent. The projected season-average upland cotton price for 2025–26 is steady at 64 cents per pound.

Source: fibre2fashion.com– Sep 15, 2025

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## UK clothing exports down 2.7% YoY in July, textiles stay steady

The United Kingdom's clothing exports fell by 2.70 per cent year-on-year (YoY) to £252 million (~$341.32 million) in July 2025, down from £259 million in July 2024, according to the UK's Office for National Statistics (ONS).

The decline reflects subdued demand, particularly from Europe—a key market for UK clothing—and highlights ongoing challenges for the sector amid inflationary pressures, rising production costs, and competitive pricing from Asian suppliers. However, exports were slightly higher than the £251 million recorded in June 2025.

Textile fabric exports in July 2025 edged up to £222 million (~$300.68 million) from £221 million in July 2024 but were lower month-on-month, down from £226 million in June 2025. Textile fibre exports dropped to £43 million (~$58.13 million) in July 2025 from £69 million a year earlier but remained steady compared to the previous month.

In Q2 2025, clothing exports totalled £718 million (~$970.61 million), down from £837 million in Q2 2024 but slightly up from £712 million in Q1 2025, signalling persistent weakness despite some resilience in textile fabrics. Textile fabric exports stood at £700 million (~$946.28 million), compared to £713 million in Q2 2024 and £666 million in Q1 2025. Fibre exports reached £143 million (~$193.31 million), down from £173 million in Q2 2024 and £192 million in Q1 2025.

For full-year 2024, the UK's clothing exports declined by 11.74 per cent to £3,320 million (~$4,186.53 million). Textile fabric exports were stable at £2,733 million, while fibre exports rose to £707 million.

In 2023, clothing exports fell to £3.772 billion (~$4.88 billion) from £3.931 billion in 2022 and £4.263 billion in 2021. Textile fabric exports totalled £2.737 billion, and fibre exports £667 million, compared to £2.716 billion and £616 million, respectively, in 2022.

Overall, the long-term trend shows the UK struggling to regain pre-2021 export momentum. Clothing exports have consistently declined over the past three years, reflecting structural shifts in global sourcing and post-Brexit trade frictions. While textile fabrics and fibres have remained relatively stable, growth is muted, underscoring the need for diversification and value-added strategies to sustain the UK's export performance.

Source: fibre2fashion.com– Sep 12, 2025

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# Nomura Report: Asian exporters absorb tariffs, rethink supply chains

As global trade enters a period of recalibration, Asian exporters are bearing the brunt of escalating US tariffs while simultaneously rethinking their supply chain strategies. Nomura's latest report reveals a telling picture: Asian exporters are absorbing nearly 20 per cent of US tariff costs, while passing on the remainder to American consumers. The implications stretch far beyond balance sheets, shaking the foundations of global supply chains, particularly in the apparel and textile industry.

The tariff shockwave

The US-China trade war of the late 2010s set the stage for today's tariff regime, but the geopolitical climate of 2024-25 has intensified the disruption. Tariffs have become a tool of political negotiation as much as economic strategy. For Asian exporters, many of whom serve as critical nodes in global manufacturing networks the immediate question is how much of these tariffs they can afford to absorb without eroding competitiveness. As per Nomura's findings, exporters across Asia are responding differently depending on the nature of their exports, cost structures, and market strategies.

Singapore, leveraging value over volume

The reports reveals Singapore's high-tech and high-value manufacturing base has allowed it to absorb over 20 per cent of tariff costs, cushioning the impact for US buyers. "Singapore's export ecosystem is less price-sensitive and more quality-driven," notes the Nomura report. As a result, sectors like semiconductors, precision engineering, and medical devices remain resilient despite tariff pressures.

China, playing the long game
China, still the world's factory floor, has absorbed less than 10 per cent of tariff costs a deliberate move to protect margins. Instead, it is doubling down on technological differentiation and economies of scale, offsetting tariff shocks through efficiency gains. This strategy is making Chinese textiles and apparel increasingly competitive compared to ASEAN peers, where tariffs are raising costs. As Wei Zhang, Trade Economist, Beijing University says, "China has the scale and the technological base to blunt

tariff impacts, unlike smaller economies that rely purely on low-cost labor.”

Vietnam, Cambodia, Thailand, consumers pay the price

In Southeast Asia, labor-intensive economies such as Vietnam, Cambodia, and Thailand have no room to absorb tariffs. With razor-thin margins in garments and footwear, exporters have passed on the full burden to US consumers. This has caused export prices to increase, undermining the competitiveness of ASEAN-made apparel.

India, struggling, focusing on relief

India presents a more complex picture. Facing 50 per cent tariffs pushed up by a 25 per cent penalty on imports of Russian oil, exporters are under acute pressure. India’s textile exports, worth $17.6 billion in FY25, are vulnerable. Apparel and textile exporters are already squeezed by high raw material costs and global competition. To offset this, the government is charting a multi-pronged response. The focus now is on diversification of export markets targeting Africa, Latin America, and the Middle East. Various incentives for exporters are also being offered including subsidies, interest relief, and duty drawback schemes. Relief packages are being given in the form of fiscal cushion for export-oriented industries, especially textiles and garments.

Click here for more details

Source: fashionatingworld.com– Sep 15, 2025

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# Global air freight grows in Aug, yet pricing pressures deepen

Global air cargo volumes sustained their unexpected momentum through August 2025, with demand rising 5 per cent year-on-year (YoY) for the second consecutive month, according to Xeneta. However, falling spot rates and persistent trade uncertainties raise doubts over the market's resilience in the months ahead.

Despite steady growth in demand, accompanied by a 4 per cent YoY increase in available capacity, global average spot rates fell for the fourth straight month, slipping 3 per cent to $2.55 per kg in August. The decline is likely sharper once currency effects are considered, with the US dollar losing 4 per cent against other currencies in the past year, Xeneta said in a press release.

Shift in trade flows may also be weighing on rates. For example, China–US air cargo was priced at $4.3 per kg in August, but many e-commerce shipments were re-directed to the China–Europe corridor due to US de minimis bans, where rates stood at $3.65 per kg. Such reallocation drags down the global average. A 7 per cent drop in jet-fuel prices may also have helped ease airlines' costs, muting pressure on rates for now.

The rate decline extended across most major trade lanes, with Southeast Asia–North America and Europe routes seeing the sharpest falls, down over 20 per cent YoY to $4.8 and $3.05 per kg, respectively, as capacity pressures eased. Northeast Asia performed slightly better, with rates to North America down 8 per cent YoY at $4.76 per kg and to Europe holding steady at $4.01 per kg, though backhaul prices slipped 13 per cent on continued trade imbalances. The Transatlantic corridor was the only exception, recording a 5 per cent YoY rise to $1.82 per kg, albeit a marked slowdown from July's near 20 per cent surge.

"It is often said that airfreight is a bellwether for macroeconomics, but I don't think it is at the moment," said Niall van de Wouw, chief airfreight officer at Xeneta. "Right now, volumes are certainly not as bad as people feared, but also not as good as people hoped. In our April data, on the back on the US administration's 'Liberation Day' tariffs announcement, we asked 'how bad will it get?' for air cargo demand. We still cannot answer that question."

"More than ever, shippers are falling into three categories right now," added van de Wouw. "There are those who will always say 'no way' to airfreight because their products simply cannot justify the higher cost of air versus ocean freight. Then there are traditional air cargo customers who always ship goods by air because of its speed and value for their high-priced or more perishable or time-sensitive products. Between these two views sits a bigger group of shippers who will use ocean to move their goods if they can, and airfreight if they must. It is this segment of the market which is driving the upturn in airfreight demand we are seeing."

E-commerce has been a stabilising force since 2023, driving double-digit monthly growth in 2024. But the removal of the US de minimis threshold for duty-free imports is reshaping flows. While aimed at large Chinese platforms, the changes affect B2B shipments significantly, adding administrative burdens and costs.

"Many SMEs are reacting to these changes, and while B2C may remain resilient, B2B flows will face greater challenges," van de Wouw observed.

Looking ahead, Xeneta warns that falling purchasing managers' indices in major exporting economies, weakening US consumer sentiment, and the end of de minimis exemptions will continue to add volatility.

"Uncertainty seems set to remain with so many questions unanswered. The predictions are concerning but, because of this uncertainty, the hurt for airfreight has been softened and delayed. For how much longer anyone's guess," van de Wouw concluded.

Source: fibre2fashion.com– Sep 16, 2025

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## Australia's home textile imports dip, India defies trend in H1

Australia's home textile imports declined slightly to $944.496 million during the first six months of 2025. Imports from its largest supplier, China, also fell marginally during this period. However, among the top three suppliers, shipments from India increased, helping it gain a larger share of the Australian market.

Overall, Australia's home textile imports dropped 2.40 per cent in H1 2025 compared with $968.080 million in the same period last year. Imports from China, which accounts for 59 per cent of the market, declined 2.76 per cent to $563.070 million, down from $579.003 million in H1 2024, According to sourcing intelligence tool TexPro. This slight drop reflects weaker consumer demand and possibly inventory adjustments by retailers. China's market share also slipped slightly to 59.62 per cent from 59.81 per cent.

In contrast, Australia's imports from India rose 6.30 per cent to $134.863 million in H1 2025, compared with $126.610 million last year. This growth helped India capture 14.28 per cent of the market, up from 13.08 per cent, underlining its growing importance as a preferred sourcing destination.

Among the top three suppliers, Pakistan's share fell to 4.59 per cent from 6 per cent in the same period last year. Imports from Pakistan dropped to $43.337 million in H1 2025 from $58.095 million in H1 2024. This marks a sharp decline and suggests that Pakistan may be losing competitiveness in Australia's home textile market.

By product category, bedding textiles led Australia's home textile imports with a value of $283.127 million, representing 28.97 per cent of total imports.

This was followed by made-ups at $197.653 million (20.22 per cent), floor coverings at $180.993 million (18.52 per cent), bathroom and kitchen textiles at $72.144 million (7.38 per cent), and camping textiles at $66.327 million (6.79 per cent) during January–June 2025. The dominance of bedding indicates a sustained demand for core home products despite the overall import slowdown, as per TexPro.

In 2024, Australia imported $2,003.585 million worth of home textiles, including $1,180.216 million (58.91 per cent) from China, $271.390 million (13.55 per cent) from India, and $115.775 million (5.78 per cent) from Pakistan. This historical data shows that 2025 continues the pattern of China losing share gradually, while India consolidates its presence.

Total imports were valued at $1,875.625 million in 2023 and $2,506.720 million in 2022. The steady decline since 2022 highlights a cooling market environment, possibly tied to post-pandemic normalisation and weaker discretionary spending.

Source: fibre2fashion.com– Sep 14, 2025

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# Kenya faces major threat as AGOA set to expire this September

Kenya faces a major threat with the expiry of AGOA this September, and buyers taking advantage of the duty-free access before it ends. The looming expiration could lead to business disruptions and job losses for the over 66,000 workers directly tied to AGOA.

Adding to the problem is a new 10 per cent flat reciprocal tariff on Kenyan imports from the US, which undermines the years of preferential treatment and adds costs for exporters. This change in market access terms puts years of investment in skills and logistics at risk. In response, Kenya has reportedly stepped up its lobbying efforts in Washington to secure a favorable trade deal that could extend or replace AGOA. Without a clear path forward, Kenya's textile industry and the thousands of livelihoods it supports are at a critical crossroads.

For centuries, Kenyan communities have been making textiles, but in recent decades, the country has transformed into a major force in global apparel manufacturing. This shift was largely driven by the Export Processing Zones Authority (EPZA), which attracted manufacturers with tax breaks and business-friendly policies. As a result, Kenya has seen a significant rise in foreign investment and exports, establishing itself as a key player in the textile industry.

A major reason for this growth was the African Growth and Opportunity Act (AGOA), a US law from 2000 that gave eligible African nations duty-free access to the American market. Kenya became the second-largest exporter of textiles and apparel to the US among all AGOA participants, fueling explosive export growth and job creation, especially for women and young workers.

According to the 2025 Economic Survey by the Kenya National Bureau of Statistics (KNBS), employment in AGOA-accredited firms increased by 15.18 per cent in 2024, reaching 66,804 workers, up from 58,002 the previous year. Over 70 per cent of Kenya's textile and apparel exports go to the US market, highlighting the direct link between trade preferences and job creation.

Source: fashionatingworld.com– Sep 15, 2025

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# UK production output down 1.3% QoQ during May-Jul 2025, ONS estimates

UK production output was estimated to have decreased by 1.3 per cent quarter on quarter (QoQ) during the three months to July this year, according to the Office of National Statistics (ONS).

This is the weakest quarterly growth since December 2023, when it was down by 1.3 per cent.

The largest negative contributor to the quarterly fall in July came from manufacturing, whose output was down by 1.1 per cent QoQ.

With nine of the 13 sub-sectors falling, this was the first three-monthly decline for the manufacturing sector since January 2025, an ONS release said.

Production output was estimated to have decreased by 0.9 per cent month on month (MoM) in July, following a MoM rise of 0.7 per cent in June and a fall of 1.3 per cent in May.

The fall in monthly production output in July resulted from decreases in manufacturing (down by 1.3 per cent MoM) and mining and quarrying (down by 2 per cent MoM).

Nine of the 13 manufacturing sub-sectors saw a monthly decline in July.

Source: fibre2fashion.com– Sep 13, 2025

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# Mexico targets over 1,400 products from Asia with tariffs up to 50%

The recently-announced import taxes by Mexico on over 1,400 products from China and other Asian countries will be as high as 50 per cent and are aimed at countering the effects of US tariffs on some products from Mexico, President Claudia Sheinbaum has said.

The products include textiles, shoes, plastics, light vehicles and auto parts.

China will be the most hit as Mexico imported $130 billion worth of products from there in 2024, next only to what it imported from the United States. Other top countries hit will be South Korea, Thailand, India, Turkiye, Thailand, Philippines and Indonesia, the country's Economy Ministry said in a document.

The taxes were announced in the budget, which is expected to pass easily through Mexico's Congress, where the ruling party holds majorities in both the houses. The plan will affect 8.6 per cent of all imports, the document said, and will protect 325,000 industrial and manufacturing jobs that were at risk. Textiles will see levies between 10 per cent and 50 per cent.

Mexico has been under pressure from the US administration to limit Chinese imports, some of which, the United States alleged, use Mexico as a backdoor to the US market. However, Sheinbaum, who met with US secretary of state Marco Rubio last week in Mexico City, said the tariffs are not the result of US pressure, but rather are aimed at spurring domestic production, according to global newswires.

Mexico's Secretary of Economy Marcelo Ebrard said the measures, which come just within limits imposed by the World Trade Organization, are aimed at protecting domestic jobs as Chinese cars were entering the domestic market "below what we call reference prices". China firmly opposes being coerced by others, and restrictions imposed under 'various pretexts', its Foreign Ministry said.

Source: fibre2fashion.com– Sep 15, 2025

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# Vietnam: Garment and textile firms eye exports and domestic market for growth

Talking to VIR, Pham Xuan Hong, chairman of Ho Chi Minh City Association of Garment Textile Embroidery-Knitting (AGTEK), noted that Vietnamese businesses still maintain a competitive edge thanks to product quality, delivery reliability, and a stable business environment. However, rising costs and a shortage of skilled labour in yarn production and design are major challenges.

“Beyond tariff barriers, the sector is facing increased risks of trade fraud investigations and safeguard measures from major markets. This compels firms to raise localisation rates, strictly comply with rules of origin, and fully leverage preferential terms under Free Trade Agreements (FTAs), particularly those with the EU, Japan, and Australia,” he said.

As the year-end approaches with anticipated market volatility, businesses are prioritising order retention, workforce stability, and proactive upgrades in equipment and production lines to meet evolving international standards. The domestic market, long considered a 'backyard', is now emerging as a promising frontier.

Nguyen Thi Tuyet Mai, deputy secretary general of Vietnam Textile and Apparel Association (VITAS), reported that Vietnam’s domestic textile apparel sales exceeded $5 billion in 2024, growing 8–10 per cent annually from 2018 to 2023.

“A new consumer segment with higher incomes is reshaping demand structures by prioritising sustainability. Today’s consumers don’t just compare prices – they care about material origins and production processes. This is an advantage Vietnamese businesses can capitalise on, given their deep understanding of local culture and preferences,” she noted.

The domestic landscape, however, is also fiercely competitive. Low-cost products continue to dominate online platforms, while imported high-end items hold sway in premium segments.

This presents a steep challenge for local brands aiming to reclaim market share at home.

Given the current climate, Hong from AGTEK emphasised that renegotiating export contracts to share cost burdens with partners is a necessary first step to preserve orders. Additionally, firms must increase localisation rates, adhere rigorously to origin regulations, and leverage FTA tax incentives to broaden their market reach.

“We must transition from a pure outsourcing model to developing our own products, targeting high-end and niche markets, and simultaneously accelerate automation to boost productivity and reduce long-term costs,” he stressed.

Many firms are already shifting direction. Nguyen Tran Thien Thanh, director of Thien Thanh Binh Co., Ltd. Based in Ho Chi Minh City, shared VIR that by the end of the third quarter (Q3), the company’s order placement faces a pause. In Q4, orders are arriving more slowly due to tariff pressures.

To adapt, Thien Thanh Binh has diversified its market presence into Japan, Taiwan, and the EU.

Simultaneously, the company is sourcing domestically to increase localisation and developing a roadmap for environmental, social, and governance policies, ensuring supply chain transparency and compliance with origin rules to enhance competitiveness in potential markets.

“Domestic raw material supply remains insufficient. The auxiliary manufacturing sector is small, with limited orders and high capital recovery risks, discouraging investment. We hope to see broader access to manufacturing machinery and tools, so that even the smallest production steps can be localised,” said Thanh.

In the domestic market, Mai from VITAS believes that winning back local consumers requires a complete mindset shift.

“We cannot continue with just contract manufacturing. Businesses must control their own brands, invest in design, and position their products strategically. E-commerce and social media should serve as strategic pillars – not just sales channels,” she noted.

She added,“Understanding Vietnamese consumer preferences and the growing ‘Vietnamese use Vietnamese products’ movement can be powerful if leveraged wisely. Still, intense price competition online from low-cost imports is putting local brands under significant pressure. Therefore, the government should establish specific exhibition and promotion centres for domestic textile products – to enhance national brand identity and connect local businesses with foreign partners and investors."

According to the latest data from National Statistics Office under Ministry of Finance, Vietnam's garments and textiles sector posted over $26.4 billion in total export value in the first eight months of 2025, an increase of $2.1 billion or 10.8 per cent on-year.

Source: vir.com.vn – Sep 15, 2025

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# Banking woes threaten Bangladesh's RMG export momentum

Bangladesh's readymade garments (RMG) sector, a cornerstone of its economy and global trade identity, has found itself in a paradox. On one hand, it has managed to secure a somewhat favourable US reciprocal tariff, which industry analysts believe could serve as a tailwind for export growth amid shifting sourcing patterns, especially from China and India.

On the other hand, the very backbone of the country's apparel export ecosystem—its banking system—has been exhibiting severe structural failures, paralysing operations, and threatening future growth prospects.

With Western retailers increasingly seeking alternatives to Chinese suppliers amid geopolitical and cost considerations, Bangladesh has emerged as a key beneficiary. Reports of order diversions from China and even India were already fuelling optimism across the textile-exporting community.

However, just as factories began preparing to absorb the expected surge in orders, the sector was blindsided by a systemic banking failure—one that has reportedly affected production in around 400 garment manufacturing units recently.

The crisis is rooted in the sector's heavy reliance on Letters of Credit (LCs) for procurement and production continuity.

Typically, in export-based business models, foreign buyers open LCs through internationally recognised banks, ensuring payment to the supplier upon shipment. Bangladeshi exporters, however, operate within a more constrained framework. They commonly utilise back-to-back LCs provided by local banks to finance the procurement of raw materials. These back-to-back LCs are settled once export proceeds are realised.

The model worked efficiently—until liquidity dried up.

Reports indicate banking problems escalated sharply during the COVID-19 pandemic period. Since then, a cascading series of alleged financial missteps, rising non-performing loans (NPLs), and widespread governance issues have only deepened the cracks, as per reports.

Exporters have complained that even when export dollars are repatriated into the country, banks have been delaying or withholding the disbursement of funds. This has not only hindered the settlement of back-to-back LCs but has also jeopardised the ability of factories to pay worker wages—a particularly sensitive issue in Bangladesh, where the RMG sector directly employs over four million people and indirectly supports the livelihoods of many more.

According to data from the central bank—Bangladesh Bank—non-performing loans in the country's banking sector reportedly jumped by Taka 74,570 crore in the January–March 2025 quarter, pushing the cumulative figure beyond Taka 4.20 lakh crore.

Several financial institutions are reportedly teetering under the weight of these bad loans, many of which are the result of alleged politically backed fraudulent lending practices and regulatory inertia.

Among the most vulnerable are five Islamic banks, facing critical liquidity shortages.

Recognising the systemic risk, the Bangladesh Bank has now proposed a merger of these five crisis-hit Islamic banks into a single entity—'United Islami Bank.' With the approval of the interim government, the central bank has reportedly pledged a capital infusion of Taka 20,200 crore to stabilise the merged institution.

This restructuring, though vital, may take time to translate into functional liquidity relief for the export sector, especially given the urgent cash flow needs of factories already struggling to stay operational.

In the meantime, industry representatives have been lobbying hard for immediate intervention. A BGMEA delegation, led by its president, met with the governor of the Bangladesh Bank to raise urgent concerns about the banking bottleneck. During the meeting, the BGMEA highlighted the inability of multiple banks to release repatriated export proceeds or issue new LCs—both of which are essential for maintaining production cycles and meeting international shipment deadlines.

According to reports, the BGMEA president made it clear that these delays are not just hurting domestic business continuity but are also inflicting reputational damage on Bangladesh's credibility in the global arena.

In an industry where timeliness and trust are paramount, any perception of systemic risk—particularly around payment and financing—can result in order migration to more stable sourcing destinations.

That a sector contributing about 85 per cent of the country's export revenues and powering nearly four million direct jobs finds itself at the mercy of banking dysfunction signals a deep policy failure, feels many.

The government, aware of the criticality of the situation, started taking steps to provide liquidity support, if reports are to be believed.

On September 4, the BGMEA issued a statement confirming that Bangladesh Bank had released Taka 886 crore in export proceeds via two distressed banks—Exim Bank and Social Islami Bank Ltd (SIBL). The disbursement has reportedly enabled nearly 250 garment factories to pay workers' wages and allowances for August and September.

While such temporary injections could provide some breathing space, such measures are far from being a sustainable solution.

Compounding the challenge is the psychological effect the crisis is having on foreign buyers and financial markets. Order volumes and investment flows, after all, are heavily influenced by perceptions of political and financial stability.

So, even if the US imposed a somewhat favourable 20 per cent tariff on Bangladeshi goods, effective from August 7, the banking turmoil could end up eroding those competitive gains. If international buyers begin to question the reliability quotient, especially due to financial transaction risks, the consequences could be long-lasting.

The scenario unfolding at a time when many global brands are actively diversifying their sourcing bases, Bangladesh has an open runway to seize a larger share of the global apparel export pie, but for the liquidity crisis, which many fear, could become a roadblock to capitalising on the opportunities on offer.

Source: fibre2fashion.com– Sep 15, 2025

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# NATIONAL NEWS

## India's goods exports rise 6.7% in August to $35.10 billion, trade deficit narrows

India's goods exports increased 6.7 per cent (year-on-year) in August 2025 to $35.10 billion, fuelled by sectors such as gem & jewellery, engineering, electronics and petroleum products. Shipments to Washington continued to be front-loaded by exporters to avoid the brunt of US tariffs, but there was a slowdown compared to the previous months, per data released by the Commerce & Industry Ministry on Monday.

Trade deficit narrowed significantly to $26.49 billion in August 2025, from $35.64 billion in August 2024, as imports during the month declined 10.12 per cent to $61.59 billion. In July 2025, trade deficit was at $27.35 billion.

Major contributor to the drop in imports in August 2025 was gold, whose shipments declined 56 per cent to $5.4 billion from $12.55 billion in the same month last year.

**Outbound gains**

Trade during August 2025*

| | | Aug 2025 (US$ billion) | Aug 2024 (US$ billion) |
|---|---|---|---|
| Merchandise | Exports | 35.1 | 32.89 |
| | Imports | 61.59 | 68.53 |
| Services* | Exports | 34.06 | 30.36 |
| | Imports | 17.45 | 16.46 |
| **Total Trade (Merchandise +Services)*** | **Exports** | **69.16** | **63.25** |
| | **Imports** | **79.04** | **84.99** |
| | Trade Balance | -9.88 | -21.73 |

Source: Commerce Ministry

Good show

"Despite global uncertainty and trade policy uncertainty, Indian exports have done well. It shows the government's policies have paid off," Commerce Secretary Sunil Barthwal said at a media briefing on Monday.

India's exports to the US in August 2025 increased 7.15 per cent to $6.86 billion as exporters continued their effort to send off shipments before US tariffs took effect. The US implemented 25 per cent reciprocal tariffs on most Indian imports on August 7 and another 25 per cent penal tariff on August 27.

Despite the year-on-year increase in exports to the US in August 2025, there was a slowdown as shipments declined from $8 billion exported in July 2025. There are apprehensions that US exports may plunge in the following months as the full blow of the tariffs are felt.

"While the increase in shipments in August shows the industry's resilience, there are early signs of stress, also due to the punitive tariffs imposed by the US. When compared with July export numbers, engineering exports have recorded a nearly 5 per cent decline. Given that nearly $20 billion of engineering exports are exposed to the US tariff, the sector remains vulnerable," said Pankaj Chadha, Chairman, EEPC India.

The government must enhance support for MSMEs and make sure export incentives are disbursed timely to ensure exports remain globally competitive especially at a time when the world was facing a tariff crisis, according to exporters' body FIEO.

In August 2025, India's exports to the UAE, the Netherlands and China – the top three global markets after the US – also increased.

In April-August 2025, goods exports increased 2.52 per cent to $184.13 billion, while imports rose 2.14 per cent to $306.52 billion. Trade deficit during April-August 2025 was $ 122.39 billion ($120.52 billion).

Source: thehindubusinessline.com– Sep 15, 2025

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# US team in India on Tuesday to try and break logjam in trade talks

A US team of trade officials, led by chief negotiator Brendan Lynch, will be in New Delhi for day-long talks with their Indian counterparts on Tuesday in an attempt to break the logjam in the proposed India-US Bilateral Trade Agreement (BTA).

“Based on these discussions, the future course of action will be decided. Overall there is a positive frame of mind for both countries,” Commerce Secretary Sunil Barthwal said.

Lynch’s one-day visit to India could be crucial for the future of the talks as the US has been continuing to push India for market access in sensitive agriculture products, including soybean and corn, that New Delhi has not been able to agree to because of economic and political compulsions.

Hardcore negotiations for the BTA had stalled some time back as US President Donald Trump imposed 25 per cent reciprocal tariffs on most Indian products on August 7 and added another 25 per cent tariffs as penalty for buying Russian oil on August 27.

The Trump administration postponed the visit of the US trade team earlier scheduled on August 25 with US officials blaming India for buying Russian oil and helping Moscow carry on with its war on Ukraine.

“The meeting with the US team on Tuesday will not be a formal negotiating round. It is not the sixth round of negotiations but it is definitely discussions on the trade talks and trying to see how we can reach an agreement between India and the US, said Rajesh Agarwal, India’s chief negotiator for the BTA. Agarwal added that virtual talks between the two sides had been on for some time.

A decision on whether Commerce & Industry Minister Piyush Goyal will head to Washington for the next round of talks with US Trade Representative Jamieson Greer is also likely to be decided after Tuesday’s meeting.

While the two countries had been talking virtually, talks were not progressing much because the environment was not conducive, another official tracking the matter said.

Last week, Trump chose to break the ice and make amends with India and posted on social media that he looked forward to his good friend Prime Minister Narendra Modi, in the upcoming weeks.

“I feel certain that there will be no difficulty in coming to a successful conclusion for both of our great countries!” he said.

Source: thehindubusinessline.com– Sep 15, 2025

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# India pushes for tariff cuts on textiles, leather, and gems in EU trade talks

India is pushing for tariff reductions on labour-intensive exports such as textiles, leather and gems and jewellery as part of the talks for a free trade agreement with the European Union (EU), a government official said.

The EU imposes an average tariff of 15-25 percent on Indian gems and jewellery exports, while leather products can attract a duty of high as 17 percent and for textiles it is at 10-12 percent.

"India is interested in labour-intensive products like textiles, leather, gems and jewellery, we are pushing for it (tariff cuts). That is why talks take time because we have to converge to get the best deal mutually," this official said.

On the other hand, the 27-nation bloc is keen to secure reductions in tariff rates on automobiles and wines.

"EU has 27 countries and each and every country has a different concern, like auto is a major concern for some of their large countries, while wine is also a concern for other large countries in the bloc," the official said.

India currently levies a 150 percent tariff on wines from the European bloc, while the import duty on completely built-up (CBU) passenger vehicles is 110 percent for cars costing over $40,000, and 70 percent for cars costing up to $40,000.

In 2023-2024, the EU exported $416 million worth of wines to India. Its automobile and auto parts exports exceeded $2 billion, including $416 million in fully built-up (CBU) vehicles.

Most EU car exports to India come in completely knocked-down (CKD) form, attracting a 15 percent tariff for local assembly and sale. Such exports to India, including auto components, totalled over $1.4 billion.

India and EU held the 13th round of talks for the proposed trade deal from 8-12 September in which significant convergences were achieved in many areas, the commerce ministry said on September 15.

The next round of talks will be held in Brussels from October 6-10 as both sides aim to conclude negotiations at the earliest.

In February 2025, India and the EU decided to ramp up talks for the proposed free trade agreement, targeting to close it by the end of 2025 to tide over ongoing disruptions from volatile trade policies.

The EU is India's largest trading partner, accounting for 12.2 percent of Indian trade, ahead of the US (10.8 percent) and China (10.5 percent). The 27-nation bloc is the second-largest destination for Indian exports after the United States.

Source: moneycontrol.com– Sep 15, 2025

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# Shed the 'tariff king' crown

US President Donald Trump has given India the moniker of "tariff king". Is this mere rhetoric or reality? We examine here the tariff structures of G20 countries that account for roughly 85% of global GDP, 75% of global trade, and two-thirds of the population. We look specifically at simple averages, and trade weighted tariffs (TWTs) on all goods, but also separately for agriculture and non-agriculture goods. The numbers tell an interesting story.

India's Tariff Standing in the G20

For all goods, Türkiye has the highest simple average tariff (SAT) (17.3%), followed by India (16.2%). But if one takes the TWT of all goods, India is undoubtedly the tariff king with 12%. The US, by contrast, stands at 3.3% for simple average and 2.2% for TWT on all goods (see graphic). It is thus no wonder that it points to India and many other countries, including allies, for having high tariff walls.

Lower tariffs are a sign of the inherent competitive strength of the economy. So, if India wants to be a superpower, it must develop its trade competitiveness and lower tariffs well below 10% for all goods. But it cannot be done overnight, although there is ample scope. For that, we look at tariffs on agriculture and non-agriculture goods separately.

In agriculture, there is no doubt that India is the tariff king with a TWT of 64.3%, although South Korea tops the list for SAT with 57%, compared to India's 36.7%. Meanwhile, the US has a TWT of just 4.2%.

In case of non-agriculture products, India may not be the king, but is certainly a step behind. Argentina leads with TWT at 11.6%, followed by India at 9.2%.

So, overall, India does have higher TWTs, especially for agriculture, which makes India somewhat an outlier amongst G20 countries. But India is protective about its agriculture as it has the highest share of its labour force engaged in agriculture (46%) and the biggest population (1.45 billion) to feed, with an average holding size of just around 1 hectare. By contrast, the US has just 2% of its workforce in agriculture, the European Union has 4%, and even China has 22%.

Interestingly, China is the largest net importer of agri-products (over $100 billion in 2024). The US, which is the biggest agricultural exporter ($182.8 billion), too is a net importer ($59 billion). If the world's two biggest economies can thrive by being net importers of agriculture, India should evaluate its comparative advantage, produce what we do best, and import what others can do more efficiently. The notion of imports being bad ignores the theory that underpins global trade.

Why India Must Reform Its Tariff Regime

Does it mean India has no scope to lower its agri-tariffs, which is holding back its trade negotiations with the US? We don't think so. India's agri-tariff regime is not just high, but it is riddled with irrationalities. Edible oils, one-third of India's agri-imports, face just 10% duty.

Cotton duties are slashed to zero, and yellow peas face negligible tariffs. Almonds attract below 15% duty, while walnuts and chicken legs face duties above 100%. Apples attract 50% and blueberries 30%, but skimmed milk powder is at 60%.

Food preparations such as soft drink concentrates, custard powder, and lactose syrups face 150%. The paradox is the most stark for rice—India is the world's largest exporter, yet it has an import duty of 70%. Such irrational duties cannot be justified to "protect farmers".

The 50% tariff imposed by the US on Indian goods is a wake-up call. India must reform, not retreat. First, we must rationalise tariffs, independent of Washington's pressure. We feel no duty should exceed 50%. Raw materials should have the lowest import duty (0-10%), non-sensitive goods 10-20%, sensitive goods 20-35%, and luxury items 35-50%.

In case of sensitive agri-commodities, it is better to adopt tariff rate quotas to protect farmers. Second, domestic reforms should be implemented to raise productivity. India must double agri-R&D to at least 1% of agri-GDP, focussing on precision agriculture.

Fertiliser subsidy should be at top of the reform agenda—it is time to rationalise it by giving direct benefit transfer to farmers, freeing up fertiliser prices. Third, value chains must be strengthened. Competitiveness is not just about yields, but how efficiently produce moves from farm to fork.

India has already shown the capacity to reform goods and services Tax rates. Why not tariffs? The principle is similar—a clean, logical structure fosters efficiency, competitiveness, and credibility. India protects agriculture for livelihoods, but excessive protection driven by lobbies and undue caution is ultimately self-defeating.

India truly wants to claim its place as a global superpower, it must shed the tariff king crown. Imports are not enemies—they are partners in growth. Comparative advantage remains as relevant today as when David Ricardo wrote of it two centuries ago.

India can either cling to its fortress of tariffs, inviting retaliation and stifling competitiveness; or it can embrace reform, rationalise tariffs, invest in innovation, and build efficient value chains. The former leads to irrelevance; the latter to resilience. India must move from being a protector of inefficiency to a competitiveness champion for the sake of its farmers, consumers, and global standing.

Source: financialexpress.com– Sep 15, 2025

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## US tariffs to shear 5-10% off home textile industry revenue: Crisil Ratings

Indian home textile manufacturers anticipate a 5-10% revenue decline due to the recent 50% US tariffs, effective August 27. Crisil Ratings suggests strong frontloading of sales, limited competition, and a shift to alternative markets like the EU and UK may cushion the impact. Operating profitability is expected to fall, though deleveraged balance sheets offer some offset.

Home textile manufacturers are bracing for a 5-10 per cent decline in revenue, apart from reduction in operating profitability, as the 50 per cent tariffs imposed by the US came into effect on August 27, Crisil Ratings said in a report.

Exports of home textiles account for about three quarters of the industry's revenue.

The report noted that three key factors could help cushion the impact: strong frontloading of sales between April and August 2025; limited export capacity in competing countries like China, Pakistan, and Turkey--especially in product categories where India benefits from lower tariffs; and the expected shift of Indian manufacturers towards alternative global markets.

Additionally, deleveraged balance sheets will partly offset the impact on credit profiles.

Manish Gupta, Deputy Chief Rating Officer, Crisil Ratings, said, "Home textiles are discretionary products and their exports to the US grew a modest 2-3 per cent in the first quarter of this fiscal as retailers remained cautious of demand amid inflationary concerns. But prior to the implementation of higher tariffs from August 27, exports had spiked because of some frontloading of orders."

"Additionally, with competing countries having limited capacity to make cotton-based home textile products, India should be able to maintain its competitive position in the US market over the near term. That should limit the overall revenue decline for the industry to 5-10 per cent this fiscal," Gupta added.

The report added that the impact is expected to be more pronounced for companies that generate more than half of their revenue from the US. To offset the lower offtake in the US, Indian manufacturers would try to increase trade with the European Union (EU) and the United Kingdom (UK), the Crisil rating added in the report. These geographies together accounted for 13 per cent of India's home textile exports last fiscal.

Domestic exporters are expected to sharpen focus on the UK, where the gates have opened after the recent free trade agreement, and the EU, the report added.

Gautam Shahi, Director, Crisil Ratings, said, "Scaling up of revenue from the alternative export destinations will take time. Meanwhile, operating profitability on exports to the US over the remainder of this fiscal may decline sharply.

This will be a result of the Indian exporters absorbing part of the higher tariffs and some expected reduction in demand from the US due to inflation. The potential oversupply may also affect the profitability of exports to other destinations as well as in the domestic market. Consequently, operating profitability at the industry level could fall 200-250 bps this fiscal from last fiscal."

Source: economictimes.com– Sep 13, 2025

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# India-to-US Air Cargo Plunges as Tariffs Double

Air cargo exports from India to the U.S. have sunk since the Trump administration doubled tariffs on the country's goods in late August.

In the week the new 50 percent duties took effect, cargo volumes slumped 12 percent, before falling another 14 percent in the first week of September, according to data from air cargo market data provider WorldACD.

The U.S. had previously levied a 25 percent tariff on India as part of its "reciprocal" duties on trade partners, which went into effect on Aug. 7. President Donald Trump upped the ante to 50 percent by Aug. 27 as a penalty for India's continued purchases of Russian oil.

The declines followed a sharp, but brief uptick in air freight from India to the U.S. as exporters sought to ship product out of the country ahead of the tariffs in week 34 (Aug. 18-24). Air cargo flowing in that direction increased 28 percent week over week, representing a year-over-year increase of 35 percent.

"India-to-U.S. air cargo tonnages have generally been up, year on year, in recent months, in part due to pressure on U.S. importers to seek alternatives to Chinese suppliers," World ACD said. "But India-to-U.S. tonnages dipped slightly in the first half of last month after Washington imposed 25 percent 'reciprocal' tariffs on imports from India from Aug. 7."

Reduced volumes are having a stark impact on air freight rates on the trade lane. Spot rates from India to the U.S. have also dropped below $4 per kilogram for the first time in several months, to $3.99 per kilogram in week 36 (Sept. 1-7), or roughly 22 percent below their elevated levels this time last year.

Regardless of transportation mode, the declines correlate with a wider plunge in exports to the U.S. India's exports to the U.S. fell 14.4 percent to $6.86 billion in August from $8.01 billion in July, trade ministry data released on Monday showed.

The tariffs have hampered India's textile and apparel exports, which contracted by 2.7 percent in August to $2.9 billion, according to the Confederation of Indian Textile Industry. The number is down from the 5.4 percent annual increase in July to $3.1 billion, attributed to efforts to front-load the goods into the U.S. ahead of the original Aug. 1 trade negotiation deadline imposed by the Trump administration.

When accounting for separate most-favored nation (MFN) duties, apparel sees an even higher tariff than the current 50 percent rate, complicating matters further. Knitted apparel has a 13.9 percent additional MFN tariff, while woven apparel tacks on another 10.3 percent.

As these tariffs—and the Aug. 29 suspension of the duty-free de minimis provision for parcels from all countries—put a dent in India's air cargo flow out of the U.S., freight is instead moving elsewhere globally.

Air cargo volumes from India to Europe have been rising steadily in the past three weeks to fill some of the void, said WorldACD, with the Sept. 1-7 week's freight coming in 8 percent higher than the year prior.

Notably, volumes from nearby Sri Lanka to the U.S. have increased "significantly" since the start of August, noting a 13 percent year-over-year jump over to kick off September 2025 based on the more than 500,000 weekly transactions covered by WorldACD's data. Sri Lanka's Bandaranaike International Airport in Colombo serves as a transshipment hub for cargo exiting India to other markets.

For the Sept. 1-7 week, worldwide air cargo tonnages were down 3 percent from the week prior. Approximately half of that was due to lower volumes from North America origins, mostly attributable to Labor Day.

WorldACD also highlighted several other emerging air cargo traffic patterns in recent weeks.

Across the past 10 weeks, overall year-over-year tonnages from Asia Pacific to the U.S. are up roughly 5 percent, despite lower volumes from China and Hong Kong, which are down by an average of 5 percent to 10 percent. Additionally, volumes from South Korea have been consistently down by between 20 percent and 30 percent in that time frame.

Taiwan, Vietnam and Thailand are among the markets propping up air freight demand, with tonnages across the three countries on average increasing 40 percent annually.

China and Hong Kong are mirroring India's shifts, with more products headed toward Europe last month. While China/Hong Kong-to-U.S. volumes in August were flat compared with July, those tonnages were down 5 percent from 2024. In comparison, product flown from those markets to Europe dipped 1 percent month-over-month, but jumped 12 percent on an annual basis.

"Those figures back up reports from multiple sources of freighter capacity being shifted from China/H.K.-U.S. markets to other markets, and particularly to China/H.K.-Europe destinations, in response to the changes in U.S. 'de minimis' rules for China/H.K., and higher tariffs," said WorldACD.

Source: sourcingjournal.com– Sep 15, 2025

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# India eyes $250 billion domestic textile market by 2030

Currently valued at $179 billion with exports of $37.75 billion, India's textile sector aims to increase the value of the domestic market to $250 billion and boost exports to $100 billion by 2030.

Highlighting the sector's importance in the country during a meeting with micro, small, and medium (MSME) exporters, Giriraj Singh, Textile Minister, called it a symbol of India's economic strength and cultural heritage. The industry contributes nearly 2 per cent to India's GDP and ranks as the sixth-largest global exporter with a 4.1 per cent share of world trade, he added.

With exports reaching over 220 countries and activity spanning more than 520 districts, Indian textiles truly embody the vision of 'Atmanirbhar Bharat' (self-reliant India) and the spirit of 'Swadeshi; (self-sufficiency), Singh noted.

Despite facing global instability and steep tariffs from some trading partners, India's textile exports have shown resilience. In July 2025, India's textile exports grew by 5.37 per cent to reach $3.10 billion. For the April-July 2025 period, exports increased by 3.87 per cent Y-o-Y to $12.18 billion.

Certain segments are performing particularly well, with ready-made garments increasing by 7.87per cent, carpets growing by 3.57 per cent, and jute products rising by 15.78 per cent. Handicrafts and man-made fiber (MMF) textiles are also maintaining steady performance.

Singh emphasized, positive trends in countries with which India has free trade agreements (FTAs) prove the country's ability to capture a larger share of the $590 billion global textile market. To achieve this, he stressed the urgent need for strategic diversification into 40 new global markets while simultaneously strengthening domestic demand.

Source: fashionatingworld.com– Sep 15, 2025

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# CCI sells over 15 lakh bales through bulk discount scheme

The Cotton Corporation of India (CCI) has sold over 15 lakh bales (170 kg each) under the bulk discount scheme over the past fortnight. The bulk discount scheme that started on September 1 ended on Monday. CCI held a stock of 27 lakh bales before the start of this scheme.

“We have sold over 15 lakh bales through this bulk discount scheme. We have a stock of less than 12 lakh bales now” said Lalit Kumar Gupta, Chairman, CCI.

The State run CCI, which procured one crore bales at minimum support price (MSP) during the 2024-25 cotton season, had reduced its floor price by ₹2,000 per candy (356 kg of ginned cotton) after the government removed the import duty of 11 per cent on August 19.

CCI had launched a bulk discount scheme to liquidate its stocks ahead of the new procurement season starting October 1. It had offered a discount of ₹400 to ₹600 per candy for various category of bulk buyers.
Record purchasing centres

For the kharif marketing season 2025-26 beginning October, CCI has set up a record 550 procurement centres across major cotton-producing States. “Procurement will start from October 1 in Haryana, Punjab and Rajasthan, and from October 15 in Madhya Pradesh, Gujarat, Maharashtra and Orissa,” Gupta said.

Procurement in Telangana, Andhra Pradesh, Karnataka and Tamil Nadu will start from October 21, he added.

The government has announced an MSP of ₹7,710 per quintal for the medium staple and ₹8,110 per quintal for long staple cotton. Farmers have planted cotton in about 109.64 lakh hectares across the country as of September 15, down from 112.48 lakh ha in the same period last year.

Trade body Cotton Association of India recently said estimated that the carry-forward stocks for the new season 2025-26 starting October will be at a five year high of 60.59 lakh bales against 39.19 lakh bales.

The higher carry forward stocks are on account of rise in imports due to the removal of import duty. The imports for 2024-25 are estimated at 41 lakh bales over previous year's 15 lakh bales.

Trade expects the cotton imports to touch around 20 lakh bales during the October-December quarter.

Source: thehindubusinessline.com– Sep 15, 2025

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# Exporters to take price cuts but hopeful on US-India trade agreement

In the last few days, I have talked with many exporters regarding the impact of high US tariffs on Indian goods. Here are some responses.

“We hope the two governments will sort out the matter in the next 2-3 months, and we will end up with tariffs of about 20 per cent. Till then, we have to keep the shipments going by taking a price cut of about 8-10 per cent. Rupee depreciation has helped. The US buyers are willing to share some burden and pass on some burden to the consumers. Right now, they are well stocked and we have also frontloaded the shipments and so, we have some capacity to hold out for the next 3-4 months.”

“Our buyers are large retailers who usually finalise their yearly indents by February-March. This April, imports from China faced 145 per cent tariffs in the US. So, they moved away from China and we also benefited. They are not in a great hurry to disturb the arrangements immediately, except that they want some price cuts that we are willing to give. However, if tariffs for our goods do not come down by this December, we may lose orders for next year. Diversifying export markets is easier said than done. It takes years to develop a buyer. “

“Our precision engineering goods involve considerable design and tooling expertise developed over the years. So, it is not easy for the buyers to move elsewhere quickly. Our buyers are mostly original equipment manufacturers and our items constitute only a small part of their overall costs. They are continuing with us for now but they will look for options, if the landed costs of our goods continue to be higher than what they can get for the same quality goods from elsewhere.”

“Whether the US tariffs go down or not, we are looking to establish a manufacturing base outside India, preferably in Dubai or thereabouts. Any higher labour or other costs will be more than offset by cheaper access to inputs (especially steel) and lower tariffs in the US.

The free trade agreement has made accessing Indian markets from Dubai easier. The transport costs from say Jebel Ali to Delhi via Mundhra might be lesser than the road transport costs from say Coimbatore to Delhi.”

"Our pharmaceutical products attract zero duties in the US for now. Some of our formulations have high import content of active pharmaceutical ingredients (API) from China. Certain rulings in the US allow determination of origin on the basis of where substantial transformation occurred. Whether the US Customs will bring these rulings to determine the origin of our goods is a question mark. Till recently, their focus was more on border protection and drug smuggling rather than revenues. They don't have much expertise on the finer points of valuation, classification, rules of origin etc. In any case, the buyers are not much bothered about higher duties on our low-priced generics and the patients in the US need our medicines."

Thus, the exporters I talked to are hopeful that they can manage for 3-4 months with some price cuts because the buyers and bankers are willing to support them, keeping in view their track record but they expect the government to finalise a US-India trade deal by then. They will cut production, if the export orders dry up.

Source: business-standard.com– Sep 15, 2025

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# US tariff impact: Export Promotion Mission Scheme to be placed before Cabinet soon

The inter-ministerial consultations for the Export Promotion Mission have concluded and the proposal will soon be sent to the Union Cabinet seeking its approval, sources said.

The government is considering support measures worth about Rs 25,000 crore for exporters under the Export Promotion Mission, announced in the Budget, for six financial years (2025-2031), PTI had reported citing sources last month.

The mission, if approved, can help insulate domestic exporters from global trade uncertainties arising from Trump tariffs. The US has imposed a hefty 50 per cent tariff on Indian goods, starting August 27.

"So export promotion mission, you know, the inter-ministerial consultations have happened, and soon we will be going to cabinet. Already in the Budget, there was an announcement, and it would be a kind of a scheme which would be fungible," sources said. PTI

Source: economictimes.com– Sep 15, 2025

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# Stakeholders in T&A, retail weigh in on India's GST 2.0 reform

The 56th meeting of the GST Council held recently has culminated in a landmark restructuring of India's indirect tax regime, with far-reaching implications across key sectors.

The earlier five-tier GST structure—comprising 0 per cent, 5 per cent, 12 per cent, 18 per cent, and 28 per cent slabs—has been replaced by a more streamlined framework featuring just two principal rates of 5 per cent and 18 per cent, supplemented by a new "sin and luxury" rate of 40 per cent for a narrow band of goods.

The revised GST rates are scheduled to take effect from September 22.

For the apparel and textile sector, the council has fixed a uniform 5 per cent GST rate on readymade garments and made ups, excluding items under HS codes 63053200, 63053300, and 6309.

In a significant rationalisation, the GST on manmade fibres has been slashed from 18 per cent to 5 per cent, while yarns have been brought down from 12 per cent to 5 per cent. This alignment effectively corrects the long-standing inverted duty structure (IDS) across the MMF value chain—fibre, yarn, and fabric—removing a key distortion that had undermined manufacturing competitiveness and locked up working capital.

Given that a substantial portion of MMF production takes place in the MSME segment, the rate cuts are expected to alleviate cost burdens, enhance liquidity, and improve cash flow efficiency.

More importantly, the move bolsters the global price competitiveness of Indian MMF-based garments, reinforcing the country's strategic objective of becoming a dominant hub for synthetic textiles and MMF-based apparel.

The timing of the GST overhaul is particularly crucial, offering timely relief to an industry reeling from the impact of US President Donald Trump's steep 50 per cent tariff on Indian goods.

While the Government has maintained that the GST reform has been in the works for over a year and is not a reactionary policy move to US tariffs, the revised GST structure is nonetheless seen as a much-needed support mechanism for export-oriented industries navigating severe external shocks.

Industry stakeholders largely welcomed the reform, viewing it as a long-overdue rationalisation of what many felt was an irrational tax structure.

S.K. Sundararaman, Chairman of the Southern India Mills Association (SIMA), reportedly noted that the prior tax regime—where MMF inputs were taxed higher than outputs—effectively made affordable clothing more expensive for end consumers. The rectification is expected not only to enhance affordability but also to reduce import dependency by promoting domestic value addition.

Rakesh Mehra, Chairman of the Confederation of Indian Textile Industry, echoed similar sentiments, emphasising that the alignment of tax rates across the MMF value chain is a critical step toward resolving longstanding working capital constraints faced by thousands of spinners and weavers.

Mehra reportedly also pointed out that over 70 per cent to 80 per cent of the textile and apparel ecosystem is comprised of MSMEs, many of which operate on tight margins and limited cash reserves. For them, any measure that eases input cost burdens and streamlines refunds has a direct bearing on operational viability and market competitiveness.

Some concerns have, however, emerged centring on the move to impose an 18 per cent GST on garments priced above ₹2,500.

The Clothing Manufacturers Association of India (CMAI), while fully endorsing the revised GST rate structure and commending the Government for accepting two key industry demands—the elimination of the inverted duty structure by applying a uniform 5 per cent GST across the entire value chain from fibre onward, and the adoption of a fibre-neutral approach by aligning MMF and cotton fibre chains—has urged the GST Council to address one anomaly: the imposition of 18 per cent GST on garments priced above ₹2,500.

CMAI stressed that this higher tax rate undermines affordability and creates an unnecessary burden on consumers, despite the broader positive intent of the reform.

The Retailers Association of India (RAI), while supportive of the move towards a simpler dual-rate GST system, also flagged the structural shortcomings of price-based tax slabs. The RAI has recommended the adoption of a uniform GST rate across product categories, cautioning that the 18 per cent GST on apparel items priced above ₹2,500 could distort consumer behaviour and suppress demand in key segments of the fashion retail market.

Some industry insiders also believe that the differential tax treatment based on price bands may inadvertently fuel the growth of the grey market, leading to an uptick in counterfeit and substandard goods as consumers seek cheaper alternatives.

Others have highlighted that apparel brands and retailers typically operate on razor-thin margins and may have no option but to pass on the higher tax burden to the consumers.

In such a scenario, the anticipated growth in domestic fashion retail could be impacted.

Notwithstanding the apprehensions, the on-ground impact of the new GST structure will become more apparent in the quarters following its implementation, most stakeholders felt, while underlining that with any policy overhaul of this magnitude, one cannot completely rule out transitional friction.

However, the broader consensus within the industry suggests that the benefits, particularly in terms of ease of doing business and improved cost efficiencies, might very well outweigh the short-term disruptions, if any.

Source: fibre2fashion.com– Sep 15, 2025

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# Cotton import duty cuts: The farms versus firms debate

The Indian government's removal of the 11% import duty on cotton has drawn protests from farmer unions. The textile industry, however, has welcomed the move, as it faces the burden of punitive 50% tariffs imposed by the Trump administration. The textile sector, being one of the biggest employers, is witnessing retrenchment of women garment workers as global apparel brands shift the burden of higher tariffs onto supply chains in the Global South. Aside from geopolitics, the issue must be understood in the context of structural changes in India's cotton trade and the blind spots in cotton research and development. It also highlights the need to revitalise farm to firm linkages in the domestic supply chain.

Trends in Indian cotton trade

India's rise as a global cotton player is linked to production changes, especially after 200405.

Postindependence, India emphasised raising cotton output, having lost major producing regions during Partition. The Intensive Cotton Production Programme initiated this growth, followed by the introduction of hybrid varieties in the 1970s. The Technology Mission on Cotton (19992000 to 201314) gave a strong boost to productivity and quality. Bt cotton or Bollgard II variety received approval in 2002 for western and southern zones and in 2006 for the north.

Traditionally, India exported Bengal desi and shortstaple cotton. Exports of medium and longstaple varieties later grew modestly. After 200405, exports surged exponentially.

Until then, demand came mainly from Indian mills, but since then, international demand has driven additional growth of exports and expansion of market.

Additionally, increase in domestic supply reduced the textile industry's import dependency and boosted local ginning. For instance, in Gujarat's Saurashtra, many groundnut oil mills converted to cotton ginning and cottonseed oil production. Strong farm to firm linkages in India's cotton supply chain took shape after 200405s.

Issue of price parity

Despite previous progress, raw cotton imports are rising. In 202425, imports touched 5,25,158 tonnes — a 77% jump from the previous year, even with the import duty in place. The main reason is declining price parity: domestic cotton is costlier, while global prices are falling.

The Indian cotton supply chain begins with farmers and extends through ginners, spinners, textile mills, and the garment industry, eventually linking to major multinational brands. Over time, this chain has become increasingly integrated with global markets, making it vulnerable to international price fluctuations. Domestic spot market prices are influenced by global commodity indices and cottonseed rates, with the Minimum Support Price (MSP) serving as a benchmark. As parity declines, ginning mills and brokers seek to acquire cotton at lower prices from farmers.

The Cotton Corporation of India (CCI) procures only when market prices fall below MSP, and its procurement signals inefficiencies in supply demand balance. By June 2025, CCI had procured 34% of the production, among the highest in seven years.

High domestic costs are linked to falling production, declining acreage, stagnating productivity, and a weak cotton to lint ratio. Cultivation costs have also risen. Provisional estimates for 202425 show an 8.7% decline in cotton acreage, with north Indian farmers shifting to paddy and Gujarat farmers to soyabean and groundnut.

In terms of productivity, Indian cotton took big leaps in the per hectare lint output ratio, especially in the post 200405 period. Average lint yield rose from 207 kg/hectare (19972002) to 481 kg/ hectare (201217). The current yield of 437 kg/hectare, although above pre2000 levels, lags considerably behind the world average of 833 kg/hectare, Brazil’s 1,903, and China’s 2,257.

Bt hybrids now cover over 95% of cotton acreage. Initially meant to tackle the persistent pink bollworm attacks and reduce insecticide use, the technology is over two decades old — a long time for any crop technology to become more susceptible to pest resistance. Bt hybrids soon spread to drylands, leading to loss of potency and other episodes of ineffectiveness and crop failures.

Research and investment

Globally, innovation and technology adoption has advanced further: major cotton exporters Brazil and Australia have adopted BollgardIII, while China, the largest cotton producer, is using CRISPR based gene editing. Indian debates have rightfully focused on corporate control of Bt technology; however, contemporary cotton production has fallen behind. In the present moment, advanced seed technology with adaptability to diverse agroclimatic conditions, higher lint output, and sustainable resource management require a targeted public research response.

India's R&D spending is among the lowest in the developing world.

Correcting falling price parity does not mean retreating to a time of weak domestic and international demand of Indian cotton. Instead, India must envision a future where public investments in cotton strengthen farmtofirm linkages by focusing on both quantity and quality.

Source: pressreader.com– Sep 15, 2025

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## North India cotton yarn steady; home textiles demand remains weak

North India's cotton yarn prices have remained unchanged over the past couple of days. Delhi and Ludhiana markets continue to face payment constraints amid slow domestic demand. However, spinning mills are showing positive sentiment following recent export orders from China.

Market sources said mills are quoting cotton yarn prices ₹1–2 per kg higher, but domestic buyers have stayed away from purchasing despite the price increase. Traders noted that while lower cotton prices may benefit spinning mills, domestic cotton yarn demand is unlikely to improve in the near term. Panipat's home textile hub is also experiencing very slow demand, with recycled cotton yarn prices easing by ₹2 per kg, although recycled PC yarn remained steady.

In Ludhiana, prices held steady at previous levels. Local demand from the consuming industry was average, but confidence among spinning mills has improved due to new export orders from China. A Ludhiana-based trader told Fibre2Fashion, "Spinning mills expect that lower cotton prices will enhance the viability of Indian cotton yarn. If Indian garment orders from the US are diverted to other countries, they will need more cotton fabric and yarn."

In Ludhiana, 30 count cotton combed yarn was sold at ₹250-260 (~$2.83-2.95) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹240-250 (~$2.72-2.83) per kg and ₹245-255 (~$2.78-2.89) per kg, respectively; and carded yarn of 30 count was noted at ₹230-235 (~$2.61-2.66) per kg today, according to trade sources.

The Delhi market also continued to face payment constraints in cotton yarn trade due to weak domestic demand. Traders reported that although domestic demand was not supportive, spinning mills remained confident owing to export orders. Domestic cotton yarn demand is unlikely to improve soon.

In Delhi, 30 count combed knitting yarn was traded at ₹253-254 (~$2.87-2.88) per kg (GST extra), 40 count combed at ₹280-281 (~$3.18-3.19) per kg, 30 count carded at ₹227-229 (~$2.57-2.60) per kg, and 40 count carded at ₹252-254 (~$2.86-2.88) per kg today.

India's home textile hub Panipat is facing very weak demand, with neither export nor local demand supporting recycled yarn and raw material trade. A trader said that the pre-winter, i.e., Christmas season, is usually a bumper sale season for home textiles, but exporters have not received sufficient orders from US buyers due to tariff uncertainty. This has dealt a major blow to the recycled yarn market. Recycled cotton yarn prices eased by ₹2 per kg for finer counts, while recycled PC yarn remained steady.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹73-76 (~$0.83-0.86) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹55-58 (~$0.62-0.66) per kg, 20s recycled PC yarn (Grey) at ₹97-100 (~$1.10-1.13) per kg and 30s recycled PC yarn (Grey) at ₹127-132 (~$1.44-1.50) per kg. Meanwhile, 10s recycled cotton yarn were traded at ₹107-108 (~$1.21-1.22) per kg and 18s recycled cotton yarn ₹135-136 (~$1.53-1.54) per kg. Cotton comber prices were noted at ₹107-108 (~$1.21-1.22) per kg and recycled polyester fibre (PET bottle fibre) at ₹78-83 (~$0.88-0.94) per kg today.

In north India, new cotton has come into focus due to negligible stock of old cotton. Although new cotton arrivals remain limited and quality is not attractive for buyers, full-September delivery forward trading has picked up in Haryana, Punjab, and upper Rajasthan. Market sources said higher moisture content and poor quality were discouraging factors, and selling was limited across the region. Rain and flooding have damaged cotton crops in some northern areas. Total new cotton arrivals were estimated at 600 bales in Punjab, Haryana, and upper Rajasthan.

September delivery new cotton prices were noted at ₹5,490–5,500 (~$62.26–63.37) per maund of 37.2 kg in Haryana. Full-September delivery new cotton was traded at ₹5,510–5,520 (~$62.48–62.60) per bale in Punjab and ₹5,550–5,560 (~$62.94–63.05) per bale in upper Rajasthan. Last season's cotton is still traded in lower Rajasthan at ₹52,200–54,200 (~$592.29–614.98) per candy of 356 kg. Seed cotton was sold between ₹6,400–7,400 (~$72.97–83.91) per quintal of 100 kg.

Source: fibre2fashion.com– Sep 15, 2025

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