

**IBTEX No. 117 of 2025**

**September 23, 2025**

<b>Currency Watch</b>			
<b>USD</b>	<b>EUR</b>	<b>GBP</b>	<b>JPY</b>
<b>88.57</b>	<b>104.49</b>	<b>119.64</b>	<b>0.60</b>

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## **INTERNATIONAL NEWS**

### **Global export growth eases in Q2 2025 amid US tariff pressures: Fitch**

The global trade volumes slowed noticeably in the second quarter (Q2) of 2025, reversing the sharp increase recorded in the first quarter (Q1) of 2025, a move which had been triggered by importers front-loading ahead of the implementation of US tariffs, according to Fitch Ratings, a company of S&P Global.

An example of this trade volatility is shown by US imports in Q1 2025 and Q2 2025, when volumes increased 30 per cent year-over-year (YoY) in March but then contracted to -2.8 per cent YoY by June, as highlighted in the latest 'Fitch-20 Economic Monitor'.

With an average US effective tariff rate of 16 per cent, it expects global trade to slow further in the coming months. At a regional level, export volumes in the two months to June slowed in advanced economies and China but recovered in Korea and Australia. Exports from Mexico, a major trading partner of the US, were flat in Q2, Fitch said in its non-rating action commentary.

Import growth slowed sharply in Brazil from 16 per cent in Q1 2025 to 4 per cent in Q2 2025, as past monetary tightening continues to weigh on domestic demand. In India, import volume growth rebounded from almost -13 per cent YoY in Q1 2025 to 11 per cent YoY in Q2 2025, while in Mexico it was flat.

Source: fibre2fashion.com– Sep 23, 2025

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## **Tariffs Sink India-US Trade: Ocean Freight Rates, Air Cargo Plummet Under 50% Duties**

High U.S. tariffs on Indian goods are not just slowing down air freight volumes entering the U.S. The 50-percent duties are driving down demand on the ocean trade, thus collapsing freight rates on the India-to-U.S. shipping route.

According to data from Platts, a part of S&P Global Commodity Insights, ocean freight rates for cargo carried from the Indian subcontinent to East Coast North America averaged \$2,000 per 40-foot equivalent (FEU) as of Sept. 4., down 33 percent from \$3,000 per FEU on July 3.

A Journal of Commerce report Friday indicated that these rates could weaken to \$1,500 to \$1,600 per 40-foot container by mid-October if a new trade deal is not struck.

Capacity utilization for sailings out of West Indian ports destined for the U.S. East Coast have fallen significantly, according to the Journal of Commerce report. While levels for major carrier networks exiting ports like Nhava Sheva and Mundra normally range between 80 percent to 90 percent, this reported range has now fallen to between 60 percent and 70 percent.

Carriers on the trade lane are working around the contracting utilization by blanking sailings and adjusting schedules. Platts reported that Ocean Network Express (ONE), CMA CGM and Hapag-Lloyd have all blanked sailings out of India in September, with shipping companies expecting to bring smaller vessels into the trade lane to compensate for the lower volumes.

As ocean carriers adapt to the changes in India, air freight keeps nosediving.

According to weekly figures and analysis from WorldACD Market Data released Saturday, chargeable weight from India to the U.S. dropped 8 percent in the week of Sept. 8-14. The weekly decline came after two straight weeks of double-digit demand declines, in which the volumes slumped by 12 percent and 11 percent, respectively.

The downturn followed a 28 percent spike the week prior, when the U.S. doubled its tariff rate on imports from India to 50 percent.

The latest declines take weekly tonnages from India to the U.S. to 14 percent below their average of the last three months.

Air cargo tonnages from India to the U.S. had generally been up, year over year, in recent months, according to WorldACD, in part due to pressure on U.S. importers to seek alternatives to Chinese suppliers.

But the first two weeks of September have swung annual numbers to declines. When compared to the equivalent weeks last year, tonnage is down 13 percent and 10 percent, respectively.

Although air cargo volumes from India to Europe had increased over the three-week stretch since the U.S. tariffs were put in place, they dipped 1 percent in the week to Sept. 14.

Like the ocean rates, air freight rates out of the region have fallen in kind. According to the Freightos Air Index, South Asia to North America rates have fallen 13 percent since July to \$4.18 per kg while prices to Europe have dipped just 2 percent to \$2.92 per kg.

Regardless of how these goods were getting to the U.S., the tariffs did a number on India's export economy throughout August.

India's total exports to the U.S. have deteriorated 22.3 percent from May to August, from \$8.8 billion to \$6.9 billion. On a one-month basis, exports declined 14.3 percent from July, when importers had rushed goods out of the country ahead of the Aug. 1 deadline for countries to negotiate a new trade deal with the U.S.

Exports out of the textiles and readymade garments (RMG) sector fell 9.3 percent to \$943.7 million over the summer, with different subsectors seeing varied impacts.

Apparel exports, including knitted and crocheted garments as well as woven fabrics, plunged 14.3 percent to \$441.9 million. Knitted apparel decreased 6.7 percent, while non-knitted apparel fell 22.2 percent.

More specific items saw even larger declines, as highlighted by India-based Global Trade and Research Initiative, which noted that exports of girls' suits tanked 45.4 percent and cotton dresses plummeted 66.7 percent.

As the numbers continue their decline, apparel goods have an even higher tariff rate than most products due to separately applied most-favored nation (MFN) duties. Knitted apparel has a 63.9 percent tariff when including the MFN duty, while woven apparel holds a 60.3 percent rate.

Beyond India, the tariffs are impacting trade for other garment producing countries, including Thailand, which exports 40 percent of its apparel to the U.S.

Yosthon Kitkuson, president of the Thai Garment Manufacturers Association (TGMA) and chair of the Textile and Garment Trade Association under the Thai Chamber of Commerce, urged the country's new government to accelerate negotiations for a Thailand-European Union Free Trade Agreement.

Garment exporters in the Southeast Asian country argue such a deal would help mitigate their competitive disadvantage against Vietnam, which already has an agreement in place with the E.U.

Thailand's exports to the U.S. have a 29 percent tariff as of August, while exporters face E.U. tariffs ranging from 10 percent to 20 percent.

The chair also called for a pause on minimum wage hikes, noting that garments remain a labor-intensive sector employing 600,000 to 800,000 workers. According to Kitkuson, wage increases throughout 2025 that accelerated to as much as 400 baht (\$12.60) per day disproportionately affect new and unskilled workers whose productivity remains low, increasing costs for employers.

Source: [sourcingjournal.com](http://sourcingjournal.com)– Sep 22, 2025

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## **Trump Administration Laying Groundwork for \$550B Japan Investment in US Manufacturing**

The Trump administration plans to jumpstart the construction of factories and industrial infrastructure as a part of its bid to revitalize the country's manufacturing sector using the \$550 billion windfall promised by Japan as a part of its recent trade deal with the United States.

A report from the Wall Street Journal citing individuals familiar with the dealings revealed that the government plans to funnel the cash infusion into developing production capabilities for goods like semiconductors, pharmaceuticals, energy, minerals, ships and quantum computing. The plan could involve giving companies leases for access to federal land and water.

The sources told the Journal that the implementation specifics are still being considered. White House spokesman Kush Desai told the outlet that the capital, which was promised to the U.S. during negotiations for a trade agreement that President Donald Trump called "the largest deal ever made," will be "key to fueling America's next Golden Age."

The president and Commerce Secretary Howard Lutnick, according to the sources, are mulling the creation of facilities that would make generic pharmaceuticals and gas turbines, and they've talking about investing in nuclear power plants and pipelines as well. The collaborative construction of a liquefied natural gas pipeline in Alaska was announced following the Japan trade negotiations.

In early September, the White House released more details about the landmark trade agreement, which was brokered in late July.

Japan saw its "reciprocal" duty rate cut from 25 percent to 15 percent, while U.S. producers will gain greater access to the country's food and energy markets. Japan agreed to purchase \$8 billion in farmed products like soybeans, corn, rice and fertilizers, along with bioethanol and sustainable aviation fuel, along with long-term purchases of liquefied natural gas worth about \$7 billion annually.

But the deal's crown jewel was the unorthodox addition of the \$550 billion investment fund for projects that the White House said would be selected personally by the president, with funding provided through 2029. The



federal government will establish an Investment Committee chaired by Lutnick to devise funding ideas. A Consultation Committee made up of designees from both countries will be established to help the Investment Committee work through any strategic and legal considerations before bringing the plans to the president.

Costs per project will be evenly split between the countries, while the U.S. will reap 90 percent of the profits, with 10 percent going to Japan. Should Japan decline to fully fund a project, Trump could further ding its profits—or, if it refuses to fund an initiative entirely, it could face heightened duties.

Lutnick provided more color on the deal recently, saying that the U.S. and Japan would actually split profits evenly until Japan recouped on its investment, and then the country would go back to receiving just 10 percent. “For their country’s perspective, it’s a good deal,” the Commerce Secretary said this month on CNBC.

The focus on infrastructure and manufacturing will create hundreds of thousands of jobs with the goal of bolstering the capacity for domestic production, the administration said.

In turn, pushing trade partners to lower trade barriers will give the U.S. a leg up on exports, the memo said. “Since Day One, President Trump challenged the assumption that American workers and businesses must tolerate unfair trade practices that have disadvantaged them for decades and contributed to our historic trade deficit,” the White House memo read.

Shortly after the deal with Japan was finalized, Trump went on to broker a similarly structured agreement with the European Union, which agreed to buy \$750 billion in U.S. energy and allocate \$600 billion for investments in the U.S. by 2028. Like Japan, the 27-member trade bloc will face 15 percent tariffs while lowering its own trade barriers to U.S. businesses.

But the fate of those 15 percent duties, along with double-digit tariffs on dozens of U.S. trade partners, hangs in the balance pending a looming Supreme Court decision on the legality of Trump’s use of the International Emergency Economic Powers Act (IEEPA) to leverage them.



On Thursday, the high court released changes to its fall schedule, including oral arguments on the legality of the tariffs to be heard on Nov. 5. Should the justices affirm the decisions of the lower courts, the administration has said it plans to pursue other avenues to impose the duties. And if those options don't pan out, it could be on the hook for up to \$1 trillion in refunds to American businesses.

Source: fibre2fashion.com– Sep 21, 2025

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## **Denmark's apparel imports fall 6.5% in Jan–Jul, China regains top spot**

Apparel imports by Denmark slightly eased to \$2.735 billion in the first seven months of 2025, with China regaining its top position by marginally surpassing Bangladesh during the same period. Both countries continue to face tough competition in the key European market.

Denmark's apparel imports declined 6.55 per cent in January–July 2025 compared to \$2.927 billion in the same period last year, according to sourcing intelligence tool TexPro. This fall can largely be attributed to muted retail sales across Europe amid inflationary pressures and cautious consumer sentiment.

Imports from China rose to \$547.707 million from \$540.091 million last year, making China the largest apparel supplier with a 20.02 per cent market share, up from 18.45 per cent a year ago. China overtook Bangladesh to claim the top spot in Denmark's apparel market, as imports from Bangladesh fell three per cent to \$546.649 million from \$563.129 million in the same period last year. Bangladesh's drop could be linked to rising production costs, labour wage hikes, and lingering shipping challenges, making its products slightly less competitive.

Both nations continue to compete fiercely in this market. In 2024, China held a 20.92 per cent share of Denmark's apparel imports, valued at \$5.281 billion, with imports from China at \$1.104 billion and from Bangladesh at \$951.833 million (18.02 per cent share).

Germany, Sweden, and Turkiye remained the third, fourth, and fifth largest suppliers, respectively. In the first seven months of 2025, Denmark imported apparel worth \$219.198 million (8.01 per cent) from Germany, \$188.998 million (6.91 per cent) from Sweden, and \$176.795 million (6.46 per cent) from Turkiye, TexPro data showed. Germany and Sweden mainly supply high-value apparel, while Turkiye benefits from geographical proximity and shorter lead times, allowing faster replenishment for Danish retailers. Danish apparel imports were valued at \$6.121 billion in 2022 but dipped 14.36 per cent to \$5.242 billion in 2023 before rebounding in 2024.

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## **Cambodia's exports of garments up 19% YoY in Jan-Aug 2025**

Cambodia exported garments, textiles, shoes, and travel goods worth \$10.97 billion in the first eight months this year—up by 19 per cent year on year (YoY), according to the Commerce Ministry.

Garments worth \$7.73 billion were exported during the period—a YoY increase of 19 per cent, while textiles worth \$449 million were shipped abroad—up by almost 35 per cent YoY.

Footwear worth \$1.4 billion were exported in the period—up by 28 per cent YoY, while travel goods and bags were exported worth \$1.39 billion—up nearly 6 per cent YoY, as per the ministry.

Cambodian Prime Minister Hun Manet announced last week that the monthly minimum wage for the garment, textile, footwear and travel goods industry would be raised to \$210 in 2026 from \$208 now.

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## **ASEAN on the Rise: A new horizon for textile and apparel investment**

In a powerful display of regional collaboration, representatives from five Southeast Asian nations came together at the Intertextile Shanghai Apparel Fabrics, Autumn Edition (September 2-4, 2025) to spotlight the immense investment opportunities within ASEAN's changing trade environment. The session, titled "Opportunities in ASEAN in Changing Trade Environment," brought together textile and apparel association leaders from Cambodia, Malaysia, Myanmar, Thailand, and Vietnam, along with key industry figures from China and Germany.

The forum's central message was clear: ASEAN is no longer just a manufacturing hub but a strategic, integrated ecosystem primed for growth, innovation, and sustainability. As global supply chains recalibrate amidst geopolitical tensions and rising costs, the region is positioning itself as a reliable and competitive alternative for global textile and apparel brands.

### **A shifting global landscape**

The session was opened by Xu Yingxin, Vice President of the China National Textile and Apparel Council (CCPIT-TEX), who highlighted the growing trade relationship between China and ASEAN. "For four consecutive years, the East China Sea [ASEAN] has become China's largest trading partner in the textile industry," Xu said. He noted that in 2024, China and ASEAN's textile trade reached a total of \$596.5 billion, a 6.7% growth rate. From 2013, China's textile industry has accumulated over \$5.6 billion in direct investment in the region.

Olaf Schmidt, Vice President of Messe Frankfurt, echoed this sentiment, emphasizing the company's role in fostering these connections. He pointed to the launch of VIATT event in Vietnam in 2024, an exhibition aimed at connecting the entire textile supply chain, which has seen a 20% increase in exhibition space for its third edition.

Dato' Shri Tan, a chief delegate from the ASEAN Federation of Textile Industries (AFTEX), presented a compelling case for ASEAN as a comprehensive ecosystem. He cited the region's strategic location, providing access to 670 million consumers, competitive manufacturing costs, world-class infrastructure, and a business-friendly regulatory

environment. Dato' Shri Tan urged companies to see the region as a gateway to new markets and a partner for innovation, especially in the areas of sustainability and technology.

### Key Country Spotlights: Data and opportunities

Regina Leong, Permanent Secretary General of AFTEC, introduced and invited presentations from the represented nations offering a detailed look at their individual strengths, showcasing a diverse range of investment opportunities.

**Cambodia:** As a 'Least Developed Country (LDC)', Cambodia offers significant trade preferences for exports to major developed countries. The country's textile and apparel sector employs nearly 1 million workers, with a competitive minimum wage of \$100 per month. Exports in 2024 reached \$13.7 billion, with the U.S. and EU being the largest markets. The government provides attractive tax incentives, including a three-year income tax exemption for new investors, and a commitment to not increase electricity prices. The country boasts a young workforce, with 60% of the population under 35.

**Malaysia:** With a population of 35 million and a projected GDP growth of 4-4.5% in 2025, Malaysia is positioning itself as a gateway to the broader Asia-Pacific market. The country has a long history in the textile industry, dating back to the 1970s, with a complete value chain from fiber to finished garments. While the textile industry contributes only 0.3% to its GDP, its political stability and advanced infrastructure make it an attractive location for high-quality, quick-delivery manufacturing. The total export in 2024 was \$3.45 billion.

**Myanmar:** Chin Foo from the Myanmar Garment Manufacturer Association (MGMA) highlighted the country's cost-effectiveness and skilled workforce.

With a minimum wage of \$100 per month, Myanmar offers a competitive pricing structure. The country's garment sector is a key driver of economic development, and while facing some challenges, it presents a new market opportunity for buyers looking to diversify their supply chains. The majority of factories work with the EU, with only 4% impacted by U.S. tariffs.

Thailand: Thailand's representative, Nutra Uttamapinant from the Federation of Thai Textile Industry, emphasized the country's dual economic structure, with strong manufacturing and a growing service and retail sector. Thailand is attracting investment in BCG (Bio-Circular-Green) and Digital Creative industries, with government incentives for new technologies like textile-to-textile recycling. The country is also making a push to attract skilled labor and long-term residents with its new "Smart Visa" and "Global Citizen Visa" programs. The top export markets for Thai textile clothing are the U.S., Japan, and Vietnam.

Nguyen Thi Tuyet Mai, Vice General Secretary, the representative from the Vietnam Textile & Apparel Association (VITAS), described Vietnam as a "dynamic and interesting nation." With a politically stable environment, a GDP growing at 5-6% annually, and a population of over 100 million, Vietnam is a major player. It is one of the world's top three garment exporters, with an annual turnover of over \$40 billion. Vietnam's extensive network of Free Trade Agreements, including the CPTPP and EVFTA, provides significant tariff advantages. A critical challenge and opportunity remains the country's dependence on imported raw materials, making it a prime location for investment in green dyeing, fabric production, and recycling initiatives.

### An integrated future

The forum concluded with a unified call to action. The ASEAN Federation of Textile Industries (AFTEX) and its member associations are committed to fostering deeper business-to-business partnerships and creating an integrated, digital value chain.

As Dato' Shri Tan eloquently stated, "The future of textile is being written right here, right now. Join us, invest with us, grow with us." This collective vision of a sustainable, innovative, and collaborative future positions ASEAN as a formidable force in the global textile and apparel industry, ready to pioneer the next wave of transformation.

Source: [fashionatingworld.com](https://fashionatingworld.com)– Sep 22, 2025

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## **Hardest-hit Vietnam risks losing \$25 billion from US tariffs, UN estimates**

US tariffs imposed in August risk slashing up to one-fifth of Vietnam's exports to the United States, making it the worst-hit country in Southeast Asia, according to estimates by the United Nations Development Programme.

Vietnam was the world's sixth-largest exporter to America last year with \$136.5 billion worth of shipped goods, US trade data show. Those goods are largely produced in factories run by US and foreign multinational companies or their suppliers.

In a worst-case scenario of very high tariff-driven US inflation, the 20 percent duties levied on Vietnamese goods could cause its US exports to fall "over time by more than 25 billion dollars, nearly one fifth of the yearly total," Philip Schellekens, UNDP chief economist for the Asia-Pacific region, told Reuters.

Vietnam's finance and industry ministries did not immediately reply to requests for comment.

The first comprehensive Vietnamese data released since tariffs took effect on August 7 show Vietnam's exports to the United States, its biggest market, fell by 2 percent in August from July, with a 5.5 percent drop for footwear, of which Vietnam is the world's second-largest supplier, according to the customs department. That followed a surge in exports before tariffs.

The World Bank revised down Vietnam's growth forecasts for this year after the US tariffs took effect.

Nike, Adidas and Puma, which produce a large part of their global output of shoes through suppliers in Vietnam, declined to comment.

The 19.2 percent potential fall in Vietnamese exports to America would be nearly twice as high as the average 9.7 percent possible drop in exports from Southeast Asia, the most impacted region in the continent and a major industrial hub, according to a UNDP report released last week, one of the first public estimates of the hit on trade flows since the tariffs took effect.



"No country in Southeast Asia is more exposed to US tariff hikes than Vietnam," said Schellekens, noting only China in East Asia would be hit harder in dollar terms.

Among large Southeast Asian nations, Thailand's US exports could fall 12.7 percent, Malaysia's 10.4 percent and Indonesia's 6.4 percent, the UNDP report said.

The estimated fall of US exports would shave roughly 5 percent from Vietnam's Gross Domestic Product, although the tariff impact could take years to fully materialise, and was likely to be mitigated by exporters' absorption of some costs, Vietnam's diversification to other regions and bigger domestic spending.

The UNDP estimates are based on a scenario in which duties would be entirely passed through to US consumers, damping demand, which so far has not happened as the impact on US inflation has been moderate.

The UNDP did not take into account either the possible effect of 40 percent tariffs on goods transhipped through Vietnam, which could have a devastating impact if Washington decided to set strict limits on foreign components used in exported items, given Vietnam's goods highly rely on Chinese input.

The UNDP data did not factor in current tariff exemptions on consumer electronics which account for about 28 percent of Vietnam's total exports to America. However, even if Washington upheld those waivers, Vietnam's US exports could still fall by \$18 billion, Schellekens said.

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## **Vietnam and APAC Rocked By Tariff Impacts, United Nations Says**

While countries across the globe are facing hardships due to the double-digit duties imposed by the Trump administration, they've been particularly detrimental to the American fashion industry's leading China alternatives. According to new data from the United Nations Development Programme (UNDP), shocks caused by tariffs are pummeling Southeast and East Asia with ferocity, rivaled narrowly in impact by South Asia and the Pacific. The group's data, released last week, showed that Cambodia's exports to the U.S. could fall by 24 percent, Vietnam and Fiji by more than 19 percent, and Sri Lanka by about 15 percent.

Vietnam, America's premier footwear supplier outside of China, could see one-fifth of its export volume evaporate because of the 20 percent tariffs it now faces. While that rate is less than half of the 46 percent President Donald Trump originally threatened earlier this spring, the country (which was the No. 6 exporter to the U.S. last year with volumes of goods worth \$136.5 billion flowing through ports of entry) now stands to see its exports fall over time by over \$25 billion.

Its own export data showed that exports fell 2 percent month-over-month in August, with shoes alone seeing a 5.5 percent decrease. Vietnam produces products for Nike, Adidas, Timberland, Puma, Skechers, Dr. Martens and dozens of other household name brands, and is the second largest footwear supplier in the world.

According to the UNDP, the potential hit to one-fifth of Vietnam's export business is almost twice as high as the 9.7 percent average decrease being felt across other Southeast Asian production hubs. "Exporters are adjusting, but resilience depends on market exposure and product mix," analysts wrote.

And while the longtime target of the president's ire—China—also faces new tariffs, they currently stand at just 10 percent while officials from Beijing and Washington work toward a long-term bilateral trade agreement. That pause on much higher 30 percent duties expires Nov. 10, and there are signs that it has given China time to adapt its strategy, allowing for export growth rather than the dwindling exports its neighbors have faced.

Between April and August, China's exports grew 5.9 percent from the same period the year prior, with a 25 percent fall in exports to the U.S. worth \$57 billion offset by 11 percent gains in exports across the rest of the world, amounting to \$146 billion in new business. Cambodia's losses stand to be great, too, due to its dependence on the U.S. as an export market, though they pale in comparison to Vietnam in value and volume. As one of the most vulnerable nations to Trump's tariff regime, the Southeast Asian nation could see its overall exports to the U.S. tumble 23.9 percent. Last year, Cambodia exported \$2.79 billion in apparel to the U.S., and \$933.8 million in footwear.

When considering that 58 percent of the country's exports are destined for American shores, the country's exposure to tariff impacts is substantial. "In effect, Cambodia could lose more than half of its U.S.-oriented exports, translating into a contraction of over one-third of its total export sector," the UNDP report said. "Such a shock is deeply consequential for an economy so dependent on trade."

The social toll to the Asia-Pacific region could be "severe," it added, as only 54 percent of its people have social protections, and 1.3 billion are employed informally, meaning there's no safety net should they lose their jobs. UNDP wrote that the small enterprises that make up many export-led sectors are often "the first to fall" in the event of trade shakeups, like an aggressive new tariff policy from a primary export market.

More than 60 percent of the countries in the region are seeing stagnation or backsliding when it comes to social progress, and the tariffs could drive that number down to new lows. For example, last week, the Cambodian government approved a new minimum wage significantly lower than the nation's nearly 1 million garment, footwear, textile and travel goods workers were demanding.

"The global economy is entering a new chapter of rising protectionism, shifting trade alliances, and deepening uncertainty," said Kanni Wignaraja, UN Assistant Secretary-General and UNDP Regional Director for Asia and the Pacific. "For Asia-Pacific, one of the most trade-dependent regions, this turbulence is seismic. It is also a moment of choice for economic and social reform."

Source: [sourcingjournal.com](https://sourcingjournal.com)– Sep 22, 2025

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## **Bangladesh's garment exports to Japan rise 15.6%, highlighting untapped potential**

Japan is emerging as an increasingly important export destination for Bangladesh's ready-made garment (RMG) sector, with exports rising by 15.61% in the fiscal year 2024–25 to reach US \$ 1.18 billion, according to data from the Export Promotion Bureau (EPB).

This performance has established Japan as Bangladesh's largest “non-traditional” market, underscoring growing demand among Japanese buyers for Bangladeshi apparel. Exports to other non-traditional markets also climbed by 10.44% during the same period, reaching US \$ 1.15 billion and accounting for 16.11% of Bangladesh's total garment exports.

Despite this growth, Japan remains largely underutilised. Figures from the International Trade Centre (ITC) show that the country imported apparel worth US \$ 22.86 billion in 2024, of which Bangladesh supplied only US \$ 1.26 billion — just 5.5% of Japan's total imports.

Mohiuddin Rubel, managing director of Bangladesh Apparel Exchange and former director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the gap between Japan's overall import volume and Bangladesh's share highlighted significant untapped potential. He noted that Japan was a fashion-conscious, quality-driven, and premium market, where competition depended not only on sales but also on value, design, and product quality.

Rubel further stated that diversifying markets beyond Europe and North America was now critical, pointing out that Japan's demand for high fashion, fast fashion, premium pricing, and superior quality should make it a strategic priority for Bangladesh's exporters.

Industry observers added that Japanese buyers typically prioritise sustainable production, technical precision, and long-term supplier relationships. Bangladesh has made progress in these areas, with more than 50 local garment exporters already supplying products such as outerwear, loungewear, denim, and knitwear to Japan.

However, sector stakeholders believe that consolidating Bangladesh's position will require improved trade facilitation, quicker supply-chain management, and stronger international branding.

At a time when exporters are grappling with reduced demand and pricing pressures in Western markets, Japan is being viewed as a stable, high-value destination offering long-term opportunities for Bangladesh's apparel industry.

Source: apparelresources.com– Sep 22, 2025

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## NATIONAL NEWS

### **GST & IT cuts along with benign monsoon to help domestic demand remain strong: S&P Global**

S&P Global on Tuesday maintained India's economic forecast at 6.5 per cent for Fiscal Year 2025-26. It expects rate cuts in GST and Income Tax to boost domestic demand.

"We expect domestic demand to remain strong, supported by a largely benign monsoon season, cuts in the income and the goods and services tax, and accelerating government investment," the agency said in its latest quarterly Asia-Pacific economic commentary. Further it said that GDP growth in the June quarter was better than expected at 7.8 per cent.

India has implemented rate cuts for Goods and Services Tax with effect from September 22. With revision in around 400 goods and services, the expectation is that there will be some impact on retail inflation based on Consumer Price Index (CPI).

S&P Global too had similar opinion. "For India, we have revised our inflation forecast down to 3.2 per cent for this fiscal year after a sharper than expected decrease in food inflation. This leaves room for further monetary policy adjustments and we anticipate a 25 bps rate cut by the Reserve Bank of India this fiscal year," the agency said.

The agency noted that Investment has been particularly buoyant in India, and Malaysia and Taiwan posted growth rates of up to 16 per cent in the first half of 2025.

However, "in India that strength stems from government investment, as private capex remains sluggish," it said.

Talking about U.S. tariffs, it said that impact on imports from different Asian economies will shape both their export outlook and their role in regional supply chains. Relative to June assumptions on U.S. tariffs, China has so far fared somewhat better than other Asian economies, and Southeast Asian emerging markets somewhat worse.

"India has been hit much harder than expected, and the region's developed economies broadly as expected," the agency said.

Compared to the situation prior to the Trump administration's tariffs, all Asia-Pacific economies face much higher effective U.S. tariffs.

The rise is higher for China than for Southeast Asian emerging markets and developed economies, and currently even higher for India. But "we think the risk of further changes in U.S. tariffs, and thus these relative positions, is high," the agency said.

Further it estimated the increase in the effective tariff on China compared to the pre-Trump administration situation is higher than for Southeast Asian emerging markets, but not drastically.

"In our view, this suggests that relative price competitiveness in the U.S. market may not have shifted enough to warrant major supply-chain adjustments--particularly given the ongoing uncertainty around U.S. tariff policy and the U.S. administration's plan to curb what it describes as "trans-shipment", or a re-routing of shipments to evade applicable duties," it said.

That said, companies will continue to shift manufacturing operations because of other reasons, such as diversification. "Using the same benchmark--relative to the pre-Trump administration situation--we estimate that India's effective U.S. tariff has increased quite a bit more than that on the rest of Asia, challenging its plans to expand its role in export-oriented manufacturing," the agency said.

Source: thehindubusinessline.com– Sep 23, 2025

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## **India's merchandise exports to the US crashed more than 22% from May to August: GTRI report**

New Delhi: India's merchandise exports to the US, its largest trading partner, fell by a massive 22.2% from \$8.8 billion to \$6.9 billion between May and August 2025, according to a new report by the Global Trade Research Initiative (GTRI). US tariffs on Indian goods rose from 10% in early August to 25% from 7 August, and finally to a record 50% by the end of the month.

The GTRI analysis showed that the impact of tariffs has been uneven across sectors. Surprisingly, tariff-exempt exports, which accounted for 28.5% of India's August shipments, saw the biggest contraction, declining 41.9% from \$3.37 billion in May to \$1.96 billion in August.

Smartphone exports — India's largest category to the US — plummeted 58% to just \$965 million despite facing no duty. Pharmaceutical shipments fell 13.3% to \$ 647 million, raising questions about production shifts, component shortages, and supply-chain disruptions affecting Indian assembly units. Goods such as smartphones, pharmaceuticals, APIs, and petroleum products are classified as 'category A' items and are exempt from steep US tariffs.

Products in category B, which include iron, steel, aluminium, copper and auto components, face a 50% tariff but saw only a 4% decline from \$630 million to \$600 million, reflecting weaker industrial demand rather than a unique loss of competitiveness for India.

Category C, which includes textiles, gems and jewellery, agriculture, machinery, chemicals, and other products, is the largest segment, accounting for 62.7% of US imports from India. These goods also face a 50% tariff.

Seafood exports more than halve

Labour-intensive exports such as textiles, gems & jewellery, shrimp, and chemicals have been hit the hardest. Jewellery exports fell 9.1% to \$228 million, with diamond-studded gold jewellery dropping 25.5% and cut and polished diamonds down 15.2%. Conversely, lab-grown diamonds rose 40.7%, indicating a shift in U.S. consumer preference toward more affordable and sustainable options, the GTRI report said.

Textiles and garments fell 9.3%, with non-knitted apparel declined 22.2% and cotton dresses crashed 66.7%, reflecting weakening demand in US fashion retail. While home textiles remained resilient, rising 14.2% to \$263 million, technical textiles, carpets and fabrics saw sharp declines, signaling significant revenue loss in high-value and specialised exports.

Seafood exports, particularly Vannamei shrimp, plunged 52.2% to \$98.6 million, posing a threat to jobs in coastal processing clusters. Solar panels slid 34.6%, risking further loss of market share to China and Vietnam, which face lower tariffs. Agrochemicals fell 26.7% and edible oils dropped 69.7%, highlighting the vulnerability of agricultural exports under high US tariffs. September is expected to reflect the first full month of 50% tariffs for all category C exports, likely deepening the declines in labour-intensive sectors. The GTRI report warned that the ongoing slide in exports, especially in tariff-free categories, poses a risk to India's flagship production-linked incentive (PLI) schemes and may undermine policy efforts to boost manufacturing and global competitiveness.

### Calls for help

Industry bodies have called on the government to provide targeted export relief, including faster duty remission, interest subsidies under the interest equalisation scheme, and enhanced liquidity support. While GST cuts have boosted domestic consumption, export-specific relief is still missing.

“We are raising our demand and have asked for support through interest subvention, resolution of issues related to the Merchandise Exports from India Scheme (MEIS) for MSMEs, and RoDTEP (remission of duties and taxes on exported products scheme) benefits for steel exports as per the rates fixed by the Pillai Committee. The government should act quickly and provide relief,” said Pankaj Chadha, chairman, Engineering Export Promotion Council. “There is an urgent need to stabilise exports, maintain India's market share in the US, and safeguard jobs in critical sectors like textiles, gems & jewellery, seafood, and pharmaceuticals. Without swift intervention, the steep tariffs risk creating longer-term setbacks for India's export growth,” said Ajay Srivastava, founder, GTRI.

Source: [livemint.com](https://www.livemint.com)– Sep 22, 2025

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## **India seeks WTO consultations with Indonesia over proposed duty on cotton fabric**

India on Monday sought consultations with Indonesia under the World Trade Organisation's (WTO) safeguard agreement over Jakarta's proposal to impose import duty on cotton fabric.

New Delhi told the WTO that it has a substantial trade interest in the export of this fabric.

"India would like to propose that consultations mentioned above take place virtually on 23 September to 26 September 2025 or on a mutually convenient date and time," India told the multilateral trade watchdog.

The Committee on Safeguards has circulated to WTO members a notification dated September 16, 2025 by Indonesia concerning finding of serious injury or threat thereof to the domestic industries producing cotton fabric and a notification of proposed safeguard measure in the form of specific duty against the importation of these goods.

India exported cotton fabrics worth \$8.73 million in 2024 as against \$6.73 million in 2023.

In June, India sought consultations with Indonesia under the WTO rules on the extension of its safeguard measures on cotton yarn.

Source: [economictimes.com](https://economictimes.com) - Sep 22, 2025

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## **US will rue Trump's trade war on India**

The 50 per cent tariffs that US President Donald Trump imposed on imports of Indian goods last month may inflict short-term pain on India, but they will most likely cause longer-term damage to the US. By undermining a key strategic partner, fuelling inflation, and accelerating a shift away from the dollar, Trump risks weakening America's economic clout and the Indo-Pacific strategy that both Republican and Democratic presidents have pursued as a security hedge against China.

Indians have understandably responded to the tariff with anger and anguish, partly because of its severity, but also because they feel singled out. Trump tacked on an extra 25 per cent as a penalty for purchasing Russian oil at discounted prices and thereby “bankrolling” Russia's war in Ukraine — a fate that China and the European Union have avoided, despite continuing to rely on Russian energy imports.

As a result, the Indian economy will suffer in the short run. America is India's largest trading partner, accounting for 20 per cent of exports and more than 2 per cent of GDP. Even with exemptions for pharmaceuticals and electronics, around two-thirds of the goods shipped to the US are now subject to a 50 per cent tariff. Textiles, shrimp, diamonds, and auto components — all labour-intensive sectors clustered in small towns — are expected to be among the worst-affected. Job losses will make it even harder for young Indians to find productive employment.

### **Growth impact**

Analysts estimate that US tariffs will reduce India's GDP growth by 30-80 basis points. This comes at a time when the Indian economy has been a rare global bright spot, growing at an average annual rate of above 6 per cent in recent decades, despite weak trade.

America has been central to that story both as a market for goods and services and as a source of investment and technology. At the same time, US firms have come to rely on India's competitive supplier base. Trump's tariffs threaten to disrupt this symbiotic relationship.

Ultimately, higher duties on Indian goods that are vital to US supply chains — from leather to precision engineering — will raise costs and prices for American producers and consumers. Given that Trump's return to the White House was fuelled partly by voter anger over inflation during

Joe Biden's presidency, such a policy is likely to be self-defeating. Tariff-induced price pressures could erode Trump's political capital.

Equally shortsighted is the penalty for purchases of Russian oil. India's imports of discounted Russian crude have moderated global oil prices, indirectly benefiting Western economies. The sudden halt of these purchases would likely trigger price spikes that OPEC and US shale producers could not rapidly offset. Rising energy costs would ripple through supply chains, boosting inflation worldwide — including in the US, further undermining Trump's economic agenda.

The Trump administration's ire at America's bilateral trade deficit with India ignores broader gains. When factoring in investment income, defense sales, royalties, and education services, the balance tilts toward the US. Indian students — now the largest foreign student group in the US — contribute billions of dollars annually to the US economy.

Moreover, US tech firms depend on a steady influx of Indian talent, while India has become a hub for multinationals' global capability centres, which boost corporate profits by providing low-cost IT support, design, accounting, customer service, and other functions. Tariffs threaten to destabilise this interdependent ecosystem.

Perhaps most importantly, losing access to India's expanding middle class, a fast-growing consumer market that is expected to exceed 800 million people by 2030, will be costly for America in the long run.

Geopolitical risks

Lastly, there are profound geopolitical risks to alienating India with steep tariffs. For two decades, successive US administrations have cultivated India as a strategic counterweight to China through initiatives like the Quad, increased intelligence-sharing, and promoting India's role in supply-chain diversification.

That hard-won progress is now in jeopardy. At the recent Shanghai Cooperation Organization summit, Prime Minister Narendra Modi met with Russian President Vladimir Putin (who is scheduled to visit New Delhi later this year) and Chinese President Xi Jinping, demonstrating India's commitment to pursuing multi-alignment.

Pushing India closer to China is precisely the opposite of what America hoped to achieve with its Indo-Pacific strategy.

As former US Ambassador to the United Nations Nikki Haley recently warned, “To face China, the United States must have a friend in India.”

Meanwhile, the first five BRICS members — Brazil, Russia, India, China, and South Africa — are beginning to align around a shared mission of combating US hegemony.

Trump’s heavy-handed policies, including tariffs, have prompted intensified efforts to develop alternative payment systems and other arrangements that bypass the dollar and enable trade in local currencies.

Even making partial headway on this front could have a far-reaching impact. The dollar’s status as the world’s reserve currency bestows on the US the ability to borrow cheaply and to sanction freely. By weaponising tariffs and antagonising emerging powers, America risks accelerating de-dollarisation and weakening its grip on global trade and capital flows.

For India, Trump’s tariffs must be met by diversifying export markets and bolstering domestic industry. The necessary reforms might be painful, but they will help India achieve greater self-reliance, strengthen Asian trade ties, and expand partnerships in Europe and Africa.

But it will be much harder for the US to repair trust with India. Unlike smaller economies, which can be pressured into concessions without geopolitical fallout, India has a population of 1.46 billion and ambitions to be a major power in a multipolar world. It is unlikely to forget Trump’s punitive tariffs any time soon.

Nor are Americans. Trump’s tariffs on India may deliver short-term political gains, but they undermine long-term US interests by alienating a rising trade partner, encouraging alternatives to the dollar, disrupting supply chains, and jeopardizing access to a critical market. India will adapt and emerge more resilient, but the US will most likely find that it has squandered a partnership central to advancing its economic and geopolitical interests.

Source: thehindubusinessline.com - Sep 23, 2025

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## **India-EU FTA talks focussed on carbon tax impact on industry as mechanism pans out**

India is in discussions with the EU on minimising the impact of its carbon border tax on the country's industry and would consider incorporating appropriate provisions in the India-EU Free Trade Agreement to safeguard interests, sources have said.

“In the ongoing negotiations on the India-EU FTA, India is continuously discussing the impact of the EU's carbon border adjustment mechanism (CBAM) on the Indian industry as it pans out. The bloc is still in the process of finalising the methodology for calculating and imposing the carbon taxes. Wherever interests are getting affected, the government is ready to step in,” a source told businessline.

The CBAM is a system introduced by the EU to ensure that a price has been paid for the embedded carbon emissions generated in the production of certain goods imported into the EU. The idea is to create a level playing field with EU companies which account for their carbon emission through the bloc's Emission Trading System (ETS).

Exports may be hit

The carbon tax, to be imposed in the first phase on six items including steel, aluminium, cement, fertilizer, hydrogen and electricity from January 1, 2026, could serve a blow to India's exports of the items to the bloc. Meeting the regulatory norms and the compliance costs under the CBAM is also proving difficult for Indian MSMEs.

The EU has already announced that it will simplify the regulatory norms for its MSME importers and much of it is already underway.

“India has been consistently expressing its concern on effect of the CBAM regime on MSMEs, and there is an effort on the EU's side to address it. They have done some exemptions for MSMEs.

They have done some simplification in terms of reporting requirement. And they have also given an undertaking that given the feed back from their own industry, they would do further,” the source said.



## Awaiting fineprint

As the EU is yet to come out with the details of the CBAM methodology, India is waiting for the final fineprint. “The basic formula for calculating carbon emissions is available. But within the formula, there is a need for detailing and the EU is still working on that. After they come out with the finer rules, we will do a final assessment of its impact on Indian industry and act accordingly,” the source said.

New Delhi is apprehensive that the benefits of the India-EU FTA, once the ongoing negotiations conclude and the pact is in place, may get partly nullified due to the effect of the CBAM taxes and is, therefore, watchful. “We do not yet know how the CBAM is going to manifest. But in the FTA talks, the matter is being discussed regularly as the mechanism is panning out. Action may be taken within the FTA framework if required,” the source said.

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## **In new geopolitical context of US Tariffs, Brazil calls for closer ties with India**

With US tariffs reshaping global trade patterns, Brazil has pitched for deeper economic and agricultural cooperation with India, calling the moment an "opportunity" for the two emerging powers to align their strengths.

Brazil's Ambassador to India, Kenneth Felix Haczynski da Nobrega, said both countries must work "even more closely together" to counter challenges and create new avenues for growth.

"Brazil and India are trusted partners. We have been conducting diplomatic relations almost for the last eight years now. So, in this new geopolitical context (of US tariffs), what are Brazil and India doing? Let's work even more closer together. Let's look for complementarities of our economies, of our agricultural sectors. So, we are on positive side. We see this as an opportunity," Nobrega told ANI on the sidelines of Maitri 2.0 Cross Border Agri-Tech event, a five-day programme between September 22 to September 26 designed to foster collaboration between scientists and researchers from both countries.

The envoy stressed the importance of joint research to tackle climate change, extreme weather, and food security.

"I think the focus of this five-day event is teaming together. Brazilian scientists and researchers and Indian scientists and researchers, to find new ways to develop new ways of agricultural resilience to climate change, to extreme weather events and also to boost the productivity of both of our agricultures. India and Brazil are agriculture powerhouses. We are always among the top three or four largest producers in the world every year," he said.

Nobrega also linked the initiative to Prime Minister Narendra Modi's state visit to Brazil in July, during which both nations laid down a 10-year roadmap for cooperation under five pillars.

He said the two of those pillars are being implemented here today at Maitri 2.0-- One is food security, meaning agricultural cooperation; and the second is science, technology and innovation cooperation.

The Ambassador mentioned both the countries We are now hands-on implementing what our leaders told us to implement.

"...PM Modi made a very important State Visit to Brazil, back in July. I was there when the two leaders discussed and set five pillars as a chartering course for our future partnership in the next 10 years. Two of them are being implemented here today at Maitri 2.0. One is food security, meaning agricultural cooperation. Second is science, technology and innovation cooperation. So, we are very glad that less than 2 months after that important State Visit, we are now hands on implementing what our leaders told us to implement."

The Ambassador underlined that India and Brazil are among the world's largest agricultural producers, often ranking in the top three or four globally. He said joint research would focus on building agricultural resilience to climate change and extreme weather, while enhancing productivity to meet global food security challenges.

The Maitri 2.0 initiative not only strengthens bilateral ties in agri-tech but also positions both nations as leading voices in global discussions on sustainable agriculture and climate resilience.

The Indian Council of Agricultural Research (ICAR) today inaugurated Maitri 2.0: India-Brazil Cross Border Agri-tech Incubators' program. The five-day event builds on the momentum of the successful Maitri-1.0 program held during 2019-2020 and aims to expand the horizons of India-Brazil cooperation in agricultural innovation and entrepreneurship.

Officials said while the first edition of Maitri established a strong foundation for international collaboration in agri-tech, the second edition, Maitri 2.0, takes this partnership further by focusing specifically on incubators.

As per the officials, these incubators are the backbone of the start-up ecosystem and the event seeks to deepen linkages between Indian and Brazilian incubation centres, providing a platform for co-incubation, cross-border start-up exchanges and collaborative innovation.

Through this initiative, ICAR aims to demonstrate how India's policy-driven ecosystem has nurtured agri-tech start-ups and explore how similar models could be adapted in Brazil.

The event will bring together leading\_ agri-tech incubators, early-stage and growth-stage start-ups, venture investors, corporate innovators, policymakers and academic experts from both countries. The collaboration will not only strengthen institutional partnerships but also promote knowledge-sharing, joint ventures and global access to new agricultural technologies.

Source: [economictimes.com](http://economictimes.com)- Sep 22, 2025

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## **The pros and cons of India's revised GST**

India's 'GST 2.0' is being termed as the biggest reset since the goods and services tax (GST) was first rolled out in 2017, a reform centred on a two-rate structure of 5 and 18 per cent and the long-promised correction of the inverted duty structure that has plagued man-made fibres.

For the textile value chain, the headline shift is clear—GST on man-made fibres has been cut from 18 to 5 per cent and on man-made yarns from 12 to 5 per cent.

The change is real, and process reforms such as risk-based provisional refunds are being operationalised. Yet the question of whether this reform will reduce India's textile and apparel imports is more complex, because GST by design is largely a pass-through on imports for registered businesses. The levers that truly alter import appetite remain basic customs duty, quality control orders and trade policy shocks—most dramatically the recent US tariff hike that pushed duties on some Indian exports to as high as 50 per cent.

### **Simplification**

The essence of the GST Council's decision at its 56th meeting on September 3 in New Delhi was to simplify the system to a merit rate of 5 per cent, a standard rate of 18 per cent and a 40 per cent de-merit rate on a narrow band of products, while rationalising treatment across sectors.

For synthetics, the breakthrough was the flat 5 per cent rate on both fibres and yarns, which corrected years of distortion and eased a chronic burden of refund claims. By tying this to a commitment to grant 90 per cent provisional refunds for inverted duty based on data and risk analysis, the government signalled that it intends to free up working capital and restore liquidity to the spinning and weaving sectors. For producers of man-made fibres, this is a genuine competitiveness boost.

### **Easing cash flow**

There is, however, a catch. Imports are treated as inter-state supplies, which means integrated GST at the border mirrors the domestic GST and is creditable for registered buyers. The tax paid at customs usually comes back as input credit and does not stick in the landed cost the way basic

customs duty does. Lowering GST therefore eases cash flow for both domestic producers and importers. It makes the domestic system more efficient but does not, by itself, tilt the price balance against imported goods. The rate cut creates breathing space, but the wall against imports is still built elsewhere.

To understand what is at stake, it helps to consider the baseline. According to Directorate General of Commercial Intelligence and Statistics (DGCI&S) data, India's textile and apparel imports fell by about 15 per cent in 2023-24 to \$8.95 billion, down from \$10.48 billion the year before. Within that figure synthetics and certain fabrics, particularly from China and Bangladesh, still dominate. This composition matters because GST 2.0 primarily changes cash-flow dynamics rather than tariff protection, meaning the structural drivers of imports remain untouched.

### Cotton comparison

Cotton policy, meanwhile, is pulling in a different direction. New Delhi suspended the 11 per cent cotton import duty in August and extended the waiver through the end of 2025 to stabilise raw material supply for exporters. That extension actively encourages cotton inflows in the near term. By contrast, the synthetic side benefits directly from the GST cut and the refund reforms, which should relieve working-capital drag and sharpen domestic pricing. Yet because IGST on imported man-made fibres remains creditable, the relative price gap does not shift much. Real substitution will depend on capacity, logistics and non-tariff filters rather than on the GST rate itself.

For fabrics and apparel, the story is similar. A flatter 5 per cent upstream tax and faster refunds give domestic weavers and knitters the ability to quote more aggressively, particularly in polyester filament-based products where India already has scale. Still, since IGST is reclaimable for business buyers, the protection derives from basic customs duty, not from GST. Any substitution will show up in niches where local suppliers can win on lead times, minimum order sizes and responsiveness. In finished garments, the decisive forces are end-market demand, customs duty, logistics rules and the trade diplomacy that governs inflows from Bangladesh and beyond. The fact that Bangladeshi exporters, despite new land-port restrictions, have already rerouted shipments through seaports and continued growing their exports into India is a reminder that logistics policy and relative cost competitiveness often outweigh tweaks to the GST rate.

## Quality standards

Where the government has been more assertive is in its use of quality control orders and Bureau of Indian Standards certification. These measures have begun to reshape the landscape for fibres such as viscose, prompting formal challenges from Indonesia and Thailand at WTO forums but also pushing overseas suppliers to invest in compliance. Exemptions for export-linked inputs under Advance Authorisation have helped keep supply pipelines moving, but the direction is clear—standards enforcement, rather than tax rates, is now doing the heavy lifting in reshaping import regimes.

Beyond that lies the global shock that could prove far more important than GST. The US's sudden move in August to double tariffs on many Indian imports has already disrupted order books in the labour-intensive categories that power India's textile and apparel export engine. Should exporters pivot capacity back towards the domestic market to cushion the blow, Indian brands may find a deeper pool of local suppliers able to match price and speed, indirectly reducing reliance on imported finished goods. Until that tariff storm eases, it will loom larger than any change to IGST at the border.

## Competitiveness reform

GST 2.0 is not a protectionist measure but a competitiveness reform, designed to fix distortions in man-made fibres, deliver faster refunds and simplify the rate structure. It strengthens the business case for investment in domestic synthetic value chains and gives Indian manufacturers a clearer lane in which to compete. Whether imports will actually decline will depend less on the rate card than on cotton duty policy, the enforcement of quality standards, the evolving logistics regime with Bangladesh and the aftershocks of US trade policy. Any future decline in synthetic fabric imports should be read as evidence of stronger domestic capacity and sharper competitiveness, not as the automatic effect of GST 2.0. The reform lays the groundwork, but it is the industry's ability to drive into that open lane that will decide the outcome.

Source: fibre2fashion.com– Sep 22, 2025

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## **Cotton yarn stays stable in north India amid GST changes**

North India's cotton yarn market continued to witness subdued demand from the consumer industry, with prices remaining stable in Delhi and Ludhiana. Traders were divided on the impact of the GST rate cut on cotton yarn and its value chain, as lower tax rates came into effect today. Panipat's home textile hub is also seeing weak demand from the consumer industry. On the GST front, the hub witnessed a contradictory impact, as producers increased prices of recycled polyester fibre after the announcement of the GST cut.

Ludhiana reported average demand from the consumer industry, with prices holding at previous levels. Traders believed the GST cut had no immediate impact on cotton yarn, though they expect a positive effect in the long term. A Ludhiana-based trader told Fibre2Fashion, "Cotton yarn prices were stable due to a lack of support from the consumer industry, but spinning mills are expecting better export demand in the coming weeks. GST cuts may boost cotton yarn demand only if the benefits cascade through the entire textile value chain."

In Ludhiana, 30 count cotton combed yarn was sold at ₹250-260 (~\$2.83-2.94) 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 (~\$2.77-2.89) per kg, respectively; and carded yarn of 30 count was noted at ₹230-235 (~\$2.60-2.66) per kg today, according to trade sources.

Delhi saw thin trading today as the auspicious Navratri festival began, keeping buyers out of the market. Traders reported limited enquiries and warned that any negative impact may overshadow the positive outlook. Since cotton textiles were already taxed at 5 per cent, there was no direct rate change for the value chain. However, traders said indirect benefits could boost demand for cotton yarn and its products over the long term. Lower tax rates on non-cotton textiles, however, could shift demand towards man-made fibre products.

In Delhi, 30 count combed knitting yarn was traded at ₹253-254 (~\$2.86-2.88) per kg (GST extra), 40 count combed at ₹280-281 (~\$3.17-3.18) per kg, 30 count carded at ₹227-229 (~\$2.57-2.59) per kg, and 40 count carded at ₹252-254 (~\$2.85-2.88) per kg today.

Panipat's home textile hub saw sluggish demand from the consumer industry, with recycled yarn prices holding steady. A trader said GST cuts should have reduced raw material costs, but manufacturers raised prices before the rate reduction came into effect. Recycled polyester fibre prices have risen by ₹3 per kg since the GST cut was announced, indicating that upstream suppliers have not passed on the benefit.

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 (~\$1.44-1.49) 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 ₹108-111 (~\$1.22-1.25) per kg and recycled polyester fibre (PET bottle fibre) at ₹78-83 (~\$0.88-0.94) per kg today.

In north India, new cotton prices declined amid rising arrivals and weak demand, losing ₹20-30 per maund of 37.2 kg. Traders said the cotton marketing season will formally begin on October 1, but arrivals have already started at a slow pace. Prices softened as arrivals gradually increased. Market participants added that duty-free imports, selling pressure from Cotton Corporation of India (CCI) stocks, and muted spinning mill buying further dragged prices.

New cotton was priced at ₹5,460-5,470 (~\$61.83-61.94) per maund in Punjab, ₹5,450-5,455 (~\$61.71-61.77) per maund in Haryana, and ₹5,450-5,500 (~\$61.71-62.25) per maund in upper Rajasthan. Lower Rajasthan has yet to receive new arrivals. Last year's cotton was traded at ₹52,200-₹54,200 (~\$591.08-613.72) per candy of 356 kg, while seed cotton was sold between ₹6,400-7,500 (~\$72.47-84.92) per quintal of 100 kg.

Source: fibre2fashion.com- Sep 22, 2025

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