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|---|---|---|---|
| USD | EUR | GBP | JPY |
| 88.67 | 104.17 | 119.31 | 0.60 |

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# INTERNATIONAL NEWS

## Tariff uncertainty expected to slow global economic growth this year

PARIS: President Donald Trump's efforts to reshape global trade with punitive tariff policies are pushing the United States and major economies toward slower economic growth, increasing uncertainty, and cooling investment and trade, according to projections released Tuesday.

The full impact of the higher U.S. tariffs is still playing out, but effects are beginning to be felt by American consumers, who are starting to curb spending, and in labor markets in countries where the duties have led companies to shed workers or decrease hiring, the Organisation for Economic Cooperation and Development, an intergovernmental group based in Paris, said in its latest outlook.

The global economy is forecast to grow 3.2% this year, compared with 3.3% in 2024. The estimate is a touch larger than previously expected because America's trading partners ramped up manufacturing to get their goods across the U.S. border before the tariffs kicked in, the organisation said.

Trump imposed tariffs, including duties of up to 50% on foreign steel and aluminium, on once-close trading partners like the European Union, Canada and India, as well as on longtime rivals like China.

The new overall effective U.S. tariff rate -- now at an estimated 19.5%, the highest since 1933 -- has slowed economic and trade activity.

As the full brunt of the tariffs ricochets through supply chains and labor markets and changes consumer behaviour, global growth will slow to 2.9% in 2026, the economic organisation said.

"The global economy was more resilient than anticipated in the first half of 2025, but downside risks loom large as higher barriers to trade and geopolitical and policy uncertainty continue to weigh on activity in many economies," the report said.

Europe is expected to grow just 1.2% this year and 1% in 2026, amid "increased trade frictions and geopolitical uncertainty," the organisation said.

In China, which has been hit hard by Trump's trade war and punitive tariffs, growth is projected to slow to 4.9% this year, from 5% last year, and to 4.4% in 2026.

Source: economictimes.com– Sep 24, 2025

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# 'Full Effects' of Trump Tariff Hikes Will Be Felt in 2026, OECD Says

With President Donald Trump's "reciprocal" tariffs hitting more than 90 U.S. trading partners, the overall average American duty rate rose to about 19.5 percent in August, the highest seen since 1933.

The administration's trade strategy is having ripple effects worldwide; it's a drag on gross domestic product (GDP) growth in countries around the world, and an even greater weight on the United States' GDP.

International GDP is set to decrease in this year as compared to 2024, and that slowdown will extend into the following 12-month period, according to the Organisation for Econonomic Development (OECD). The intergovernmental organization with 38 member countries released its interim report this week, showing that global GDP will decrease from 3.3. percent last year to 3.2 percent this year—and stands to fall to 2.9 percent in 2026.

The United States, which inflicted punishing duties on many of its trade partners this year, stands to see its GDP growth fall even further, from 2.8 percent in 2024 to 1.8 percent in 2025 and 1.5 percent in 2026. OECD attributed much of that loss to the heightened tariff rates, along with a contraction in net immigration.

The falling value of America's goods and services this year will stand in contrast to global growth, which was "more resilient than anticipated" during the first half of 2025. Emerging market economies saw some buoyancy likely because trade was bolstered by a front-loading of orders by American companies.

China, once the singular target of Trump's tariff campaign, is expected to see 4.9 percent GDP growth this year and a softer rate of 4.4 percent in 2026 as the front-loading phenomenon subsides and the true impacts of higher duties are realized.

"The full effects of tariff increases have yet to be felt—with many changes being phased in over time and companies initially absorbing some tariff increases through margins—but are becoming increasingly visible in spending choices, labour [sic] markets and consumer prices," OECD analysts wrote.

The most evident signs of softening are showing themselves now through the labor market, with unemployment rates rising and job openings falling in certain markets—including the U.S. What's more, a resurgence of goods inflation has food prices rising along with the MSRPs of other products.

A recently released study from Duke University and the Federal Reserve Banks of Richmond and Atlanta showed that tariffs remain the most pressing of firms' concerns in the U.S., with chief financial officers across sectors attributing around one-third of their companies' price increases to the changes in trade policy. Those same CFOs said tariffs will be responsible for about one-quarter of price hikes in 2026 as well.

According to OECD, though, advanced and emerging-market economies are bucking the trend, with financial market conditions already easing. And inflation is expected to decline in most of the G20 economies as growth moderates along with labor market pressures. Headline inflation, which includes a range of goods as well as expenditures like food and energy, is projected to fall from 3.4 percent in 2025 to 2.9 percent in 2026 in G20 economies, while core inflation (which excludes food and energy, which are often volatile in pricing), will hold steady at 2.6 percent this year, dropping slightly to 2.5 percent in 2026.

However, "Significant risks to the economic outlook remain," analysts wrote. "Further increases in bilateral tariff rates, a resurgence of inflationary pressures, increased concern about fiscal risks, or substantial risk repricing in financial markets could all lower economic growth relative to the baseline." Bright spots for growth could include potential drawdowns in trade restrictions (Trump's tariffs are being challenged in the Supreme Court, with hearings set for early November, and trade negotiations with a number of nations are ongoing), along with quicker development and adoption of AI technologies, the group said.

But in order to pull back from the brink of lingering widespread inflation and GDP stagnation or backsliding, "Countries need to find ways of engaging co-operatively within the global trading system and working together to make trade policy more transparent and predictable while addressing economic security concerns."

Source: sourcingjournal.com– Sep 24, 2025

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# Australia inflation hits 3% in August, garments up 2.1%

Australia's monthly CPI indicator rose 3 per cent in the 12 months to August, up from 2.8 per cent in July. Clothing and footwear added to inflationary pressures, rising 3 per cent in August 2025 from a year earlier, following 2.3 per cent in July and 1.4 per cent in June. Within this group, garments rose 2.1 per cent in August, compared with 1.2 per cent in both June and July.

Electricity costs soared 24.6 per cent, as households used up state government rebates introduced last year.

Underlying inflation showed mixed trends. The CPI excluding volatile items and holiday travel rose 3.4 per cent in August, compared with 3.2 per cent in July. The annual trimmed mean, which smooths irregular changes, eased slightly to 2.6 per cent from 2.7 per cent, Australian Bureau of Statistics (ABS) said in a press release.

In monthly terms, electricity prices fell 6.3 per cent in August due to the rollout of extended Commonwealth Energy Bill Relief Fund rebates in New South Wales and the Australian Capital Territory (ACT). Still, excluding rebate impacts, electricity prices climbed 5.9 per cent annually.

Revisions to July 2025 data lifted the annual rise in electricity prices to 13.6 per cent, from 13.1 per cent earlier. Quarterly results remain unaffected.

Source: fibre2fashion.com– Sep 25, 2025

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# APAC must not let trade turmoil distract from development goals: UNDP

The trade landscape in Asia and the Pacific (APAC) is being reshaped by a wave of US tariffs and broader shifts in global trade policy, with the impact felt through three defining forces: disruption, diversification and divergence, according to a new UNDP report.

Tariff shocks are hitting Southeast and East Asia the hardest, followed by South Asia and the Pacific. Exports of Cambodia, Vietnam, Fiji, Sri Lanka, Thailand and Malaysia to the United States may fall by 23.9 per cent, 19.2 per cent, 19.6 per cent, 15 per cent, 12.7 per cent and 10.4 per cent, respectively.

Exporters are adjusting, but resilience depends on market exposure and product mix, the report titled 'Disruption, Diversification, and Divergence: Adapting development strategy to a shifting trade landscape in Asia and the Pacific' said.

It was released by the UNDP regional bureau for the Asia and the Pacific.

China shows how adaptation can work. Between April and August this year, its total exports grew by 5.9 per cent year on year (YoY), masking a 25-per cent fall in exports to the United States ($57 billion) offset by an 11 per cent gain to the rest of the world ($146 billion).

Not all countries can shift at the same speed or scale, the report noted. Export growth differentials to the rest of the world versus the United States climbed above 4 per cent in China by August and stayed positive throughout in Japan, South Korea and New Zealand.

These turned positive only recently in Malaysia and Singapore, while remaining negative in Indonesia, Pakistan, Thailand and Vietnam, reflecting continued dependence on the United States and more limited capacity to recalibrate.

The shifting trade landscape should be seen as an opportunity to reimagine development strategy through a dual-track approach, noted the report.

Competing globally in this new context means diversifying, upgrading and digitising, it noted. The region cannot rely on old markets alone. Countries need to forge new trade relationships, strengthen regional ties and climb higher up value chains.

Countries like Vietnam, Malaysia and Singapore are repositioning themselves through targeted incentives, supply chain strategies and artificial intelligence-enabled trade systems. However, challenges like infrastructure gaps and non-tariff barriers continue to hold back broader regional progress, the report observed.

Competitiveness abroad means little without resilience at home. This calls for stronger engines of domestic growth, wider social protection, and a workforce ready for the future. The report highlights adaptive safety nets, reskilling and digital access for small businesses. Such measures can turn trade shocks into momentum for inclusive development. Indonesia, Cambodia and Bangladesh offer relevant models.

The report cautions APAC economies to focus long-term development goals and not get distracted by the negative effects of trade turbulence. It urged countries to boost external competitiveness, protect the vulnerable, stay anchored in their national development strategies and the Sustainable Development Goals (SDGs) and deepen regional and global collaboration to confront challenges collectively.

“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, in a press release.

“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,” he added. “Countries that keep their eyes on the horizon, while adapting outward and reinforcing resilience at home, will emerge stronger, fairer and more future-ready,” said Philip Schellekens, chief economist for Asia-Pacific at UNDP.

Source: fibre2fashion.com– Sep 25, 2025

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# Eurozone GDP growth to stay subdued at 1.1% in 2025: S&P

Eurozone gross domestic product (GDP) is expected to remain subdued this year growing at 1.1 per cent, as multiple uncertainties weigh on domestic demand while higher US tariffs start to weaken foreign demand, according to S&P Global Ratings.

After 2025, the growth is expected to accelerate above the potential, reaching 1.4 per cent in 2027. Lower policy rates, strong private balance sheets that translate into a resilient labour market, and expansive fiscal policies will provide medium-term tailwinds.

"Our forecasts have only changed slightly since our last update in June 2025. The US and EU administrations' trade deal has not altered the macroeconomic picture much. Our higher GDP growth forecasts for 2025 reflect a larger GDP carryover at the end of 2024 due to data revisions in some countries," S&P Global Ratings said in its latest report titled, 'Economic Outlook Eurozone Q4 2025: Recovery Continues Despite Consumer Hesitancy.'

The eurozone economy remained resilient in the second quarter (Q2) of 2025. However, this is largely because exports to the US—which were front run ahead of tariffs in the first quarter—were slow to reverse in the second quarter. The report believes this reversal will extend into the third quarter.

The euro has appreciated more quickly than expected, largely owing to market concerns about the independence of US monetary policy. While this has given European consumers an extra boost via lower energy prices, it has not prompted a downward revision of inflation forecasts.

Strong labour-market conditions are expected to keep real wage growth above productivity for some time, sustaining inflationary pressure over the medium term.

S&P Global Ratings projects inflation to ease to 1.8 per cent in 2026 and 1.9 per cent in 2027, aligning closely with the European Central Bank's (ECB) 2 per cent target. Barring external shocks, the ECB deposit facility rate is considered to have bottomed out at 2 per cent in the current ratecutting cycle. Quantitative tightening is also nearing completion, which may ease long-term yields on euro-denominated government bonds.

Key risks to the baseline growth outlook include heightened tariffs, geopolitical tensions, and weak consumer confidence in certain European economies. Additional spillover effects may emerge from slower growth among Europe's major trading partners, particularly the US, added the report.

Inflation risks remain two-sided: it could rise further in the event of escalating trade tensions, fiscal stimulus overlapping with labour-market bottlenecks, or geopolitical shocks disrupting commodity markets. Conversely, it could fall if trade diversions favour Europe or the euro appreciates more sharply than expected.

Following the recent EU–US trade announcement, baseline assumptions now include a maximum US tariff of 15 per cent on most manufactured goods. This compares with June 2025 assumptions of 10 per cent on all goods.

Despite these changes, the macroeconomic implications remain largely unchanged. At the aggregate EU level, the direct trade impact is estimated at around -0.4 per cent of GDP, only slightly lower than the -0.5 per cent implied by the April 2 announcement. Nevertheless, tariffs are now about eight times higher than they were before April, when the US levied an average tariff of less than 2 per cent on European imports.

Importantly, the tariff burden will vary across countries. Ireland and Belgium face fewer negative impacts. In contrast, Switzerland—though not an EU member—has seen its outlook deteriorate sharply after the US imposed 39 per cent tariffs, significantly affecting its growth prospects.

Source: fibre2fashion.com– Sep 25, 2025

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# Indonesia's fabric imports up 5.4% in H1 2025, China leads

Indonesia imported fabric worth $2,171.478 million in the first six months (H1) of this year, 5.43 per cent higher than imports during the same period last year.

The rise reflects stronger demand from Indonesia's garment industry as production rebounds post-2023 slowdown. The average import price also increased to $6.51 per kg in H1 2025, partly due to higher raw material costs and a shift to premium fabrics.

The country's fabric imports stood at $2,059.664 million in the first half of 2024, with full-year imports reaching $4.380 billion—9.36 per cent more than $4,005.097 million in 2023, according to sourcing intelligence tool TexPro. This steady rise highlights sustained domestic apparel manufacturing growth and greater reliance on imported fabrics.

Indonesia's fabric imports had witnessed a steep 16.17 per cent decline in 2023 compared to 2022, when imports were valued at $4.778 billion.

The fall was driven by weaker global demand, high inventory levels, and currency pressures. As a result, imports bounced back in 2024, indicating industry restocking and revival of export-oriented production.

During January–June 2025, China supplied 57.27 per cent of Indonesia's total fabric imports by value, amounting to $1,243.671 million. Imports from Vietnam stood at $206.917 million (9.53 per cent), South Korea at $186.266 million (8.58 per cent), Hong Kong at $171.739 million (7.91 per cent), and Taiwan at $156.008 million (7.18 per cent). China's dominance reflects its competitive pricing and wide product range, making it the preferred source.

In 2024, imports from China were $2,565.838 million (58.57 per cent), South Korea $417.814 million (9.54 per cent), Vietnam $389.441 million (8.89 per cent), Hong Kong $352.833 million (8.05 per cent), and Taiwan $297.895 million (6.80 per cent), TexPro data showed. This consistent sourcing pattern underscores Indonesia's dependence on East Asian suppliers for its textile needs.

Last year, the country imported 690.976 million kg of fabric at an average price of $6.34 per kg. In 2023, the average price was higher at $6.63 per kg, with total imports at 604.367 million kg.

The lower average price in 2024 suggests softer global fabric prices and a preference for cost-effective sourcing to support competitiveness.

Source: fibre2fashion.com– Sep 25, 2025

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# Poland retail sales rise 3.1% in August, textiles lead gains

Retail sales at constant prices in August 2025 were 3.1 per cent higher than a year ago, up from 2.6 per cent growth in August 2024. Month-on-month (MoM), sales fell 0.4 per cent. For January–August 2025, sales rose 3.6 per cent year-on-year (YoY), nearly matching last year's 3.7 per cent increase.

After seasonal adjustment, retail sales in August were 4.7 per cent higher YoY and up 0.7 per cent compared with July.

Textiles, clothing, and footwear led category growth with an 18.9 per cent surge, followed by fuels, up 6.1 per cent, and pharmaceuticals, cosmetics, and orthopaedic equipment which rose 3.3 per cent, Statistics Poland said in a release.

Online sales grew 4.9 per cent YoY, with their share in total sales inching up from 8 to 8.1 per cent. Textiles, clothing, and footwear also saw a notable jump in online share from 21 to 22.7 per cent, signalling strong digital demand.

Source: fibre2fashion.com– Sep 25, 2025

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## S&P sees China growth slowing to 4% in H2 amid tariffs, weak demand

China's economy is expected to slow sharply, with real GDP growth projected at about 4 per cent year-on-year (YoY) in the second half of 2025 and through 2026, down from 5.3 per cent in the first half of this year, according to S&P Global Ratings. The deceleration is driven by weakening exports, sluggish organic domestic demand, and only modest macroeconomic stimulus.

China's overall exports held up through August despite a steep 33 per cent YoY fall in shipments to the US, due to robust growth to ASEAN markets. However, exports are expected to slow in the coming months due to higher US tariffs, slowing global demand, and rising Mexican import duties on economies without free trade agreements, which also cover China.

Uncertainty is amplified by the 90-day review mechanism under which China's trade status with the US can be reset based on bilateral politics, leaving exporters vulnerable, S&P Global said in a release.

Domestic demand, which began the year strongly, is losing momentum as consumption and investment soften, dragged down by a persistent housing slump, weaker confidence, and fading impact of earlier trade-in schemes. Fiscal support has so far been limited given robust headline GDP in H1 2025, where net trade contributed 1.7 percentage points, but this boost will fade.

Some fiscal measures could emerge later this year, though their impact on 2025 growth would be modest and felt more in 2026. Persistent downward pressure on prices highlights structural overcapacity and muted demand, with profit margins across industries squeezed and nominal GDP growth slipping to 3.9 per cent in Q2, the weakest since the 2020 pandemic shock.

Beijing's efforts to curb 'involution'—cut-throat competition pushing down prices—have only partly slowed producer price declines, and the fundamental demand-supply imbalance remains unresolved.

Across Asia-Pacific, growth has held up in H1 2025 thanks to resilient domestic demand and strong exports, particularly of tech products and components from Southeast Asia and Taiwan, fuelled by global AI-related investment in data centres and equipment.

Domestic consumption has been robust in most emerging markets, supported by healthy labour markets, low inflation, and policy easing, while investment has been buoyant in India, Malaysia, and Taiwan. India's growth is projected to hold at 6.5 per cent in FY25, supported by a benign monsoon, GST and income tax cuts, and accelerating government capex, though private investment remains subdued.

In Southeast Asia, GDP growth is expected to ease to an average of 4.5 per cent in 2025, with similar below-trend levels likely in 2026 as the impact of US tariffs deepens.

US tariffs remain a key external headwind, weighing on trade, investment, and growth both within the US and globally. The latest tariff schedule has left China slightly better off relative to earlier expectations but still facing much higher effective US tariffs compared to the pre-2018 period. Southeast Asian emerging markets are experiencing somewhat higher effective tariffs, while India is facing much sharper increases than anticipated, potentially undermining its manufacturing export ambitions.

Developed Asia's exposure remains broadly in line with projections. The risk of further tariff adjustments is significant, particularly with Washington's plans to curb transshipment and re-routing of shipments to avoid duties.

Monetary conditions are becoming more supportive across the region. Inflation has been easing since early 2024, helped by softer commodity and energy prices, allowing regional central banks to cut policy rates by an average of 55 basis points so far in 2025.

Currency appreciation against the US dollar has been strong for most Asia-Pacific economies since late 2024, particularly for the Malaysian ringgit and Thai baht, though some currencies softened slightly in Q3. With US policy rates expected to fall further, S&P anticipates additional rate cuts in Asia, particularly where inflation is below target.

In India, inflation has dropped faster than expected, to 3.2 per cent for FY25, creating space for a 25 bps rate cut by the Reserve Bank of India. Japan is expected to continue gradually raising rates as inflation converges toward the BOJ's 2 per cent target, supported by narrowing wage-price gaps.

As a region heavily exposed to external trade, Asia-Pacific will feel the negative impact of rising trade barriers. Still, relatively solid domestic demand should cushion the blow.

Source: fibre2fashion.com– Sep 24, 2025

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# Threshold EAEU safeguard measures on some Vietnamese textile-RMG items

The Eurasian Economic Commission (EEC) recently announced its decision to apply threshold safeguard measures on two groups of Vietnamese textile and garment products exported to the Eurasian Economic Union (EAEU).

The import turnover of these two groups into the EAEU exceeds the 2024 threshold under the free trade agreement between Vietnam and the EAEU.

The two groups include women's or girls' clothing, long dresses, skirts and some other types of apparel. The validity period of the threshold safeguard measure is six months. The decision will take effect 30 days after its publication.

The Vietnam's Ministry of Industry and Trade has sent a document to textile and garment industry associations informing them that member businesses should promptly adjust production and business activities accordingly, domestic media outlets reported.

Source: fibre2fashion.com– Sep 24, 2025

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# Vietnamese exporters brace for Turkish trade twists

Turkish trade turbulence is testing Vietnamese exporters as Ankara increasingly deploys trade defence measures, prompting businesses to strengthen readiness and reduce potential losses.

This month, Turkey imposed anti-dumping duties on thick steel imports from South Korea after a year-long investigation covering January to December 2023. The measure aims to protect Turkey's domestic steel industry from unfair competition and demonstrates the country's proactive market management.

Recently, Turkey also applied safeguard measures on ethyl acetate imports, including those from Việt Nam, as trade volumes were considered significant.

According to the Trade Remedies Authority (TRA) under the Ministry of Industry and Trade, Turkey has applied 26 trade defence measures involving Vietnamese exports to date. These measures are legal and can be more severe than normal tariffs, with high rates, long durations, specific scope and flexible adjustments.

Frequent investigations are not unusual in global trade but highlight the need for exporters to be well-prepared, TRA said.

Despite these risks, Turkey remains an attractive market with nearly 84 million people, a dynamic economy and a strategic location connecting the Middle East and serving as a gateway to the European Union.

Key Vietnamese exports, including rice, dairy products, pepper, wood, rubber, tea, textiles, garments, footwear and electronics, have strong growth potential.

To navigate these challenges, TRA advises Vietnamese businesses to monitor early warnings, share information with industry associations and study local trade defence laws and practices.

Companies should build export strategies for each stage, establish direct communication channels with importers and enhance product quality rather than compete only on price. Using domestic or non-restricted materials can also raise the added value of Vietnamese products and reduce the risk of investigations.

According to TRA, before signing contracts, exporters should carefully assess potential risks and prepare unified response plans.

Exporters should allocate sufficient resources, consider hiring legal advisors and coordinate closely with industry associations and government agencies. These steps can help minimise losses, protect legal rights and maintain a stable presence in the Turkish market.

Source: vietnamnews.vn– Sep 24, 2025

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# Bangladesh: Export diversification project gets delayed again, cost rises 34%

The long-awaited Export Competitiveness for Jobs (EC4J) project, designed to diversify the country's export basket, has been delayed for a second time, with its deadline now pushed to June next year and costs revised upward.

Initially approved in 2017 with a budget of Tk 941 crore, the World Bank-funded project was intended to strengthen competitiveness in leather, footwear, light engineering and plastics, while creating an estimated 90,000 jobs.

Costs have since climbed to Tk 1,264 crore, a 34 percent increase, according to planning ministry documents.

The delay comes as Bangladesh faces mounting pressure to expand its exports ahead of graduation from the Least Developed Country group in November next year.

Despite years of pledges to diversify, the country still depends heavily on ready-made garments, which account for nearly 82 percent of total merchandise shipments.

Earlier this month, the Executive Committee of the National Economic Council approved the third extension for the EC4J project.

The project, which is about 70-78 percent complete in eight years, is expected to establish four technology centres in Kaliakair and Kashimpur of Gazipur, Mirsharai of Chattogram, and Sirajdikhan of Munshiganj to provide local enterprises access to modern machinery, skills training, and business development services.

However, delays in acquiring land and procuring equipment stalled progress.

Speaking about the slow implementation, Md Abdur Rahim Khan, additional secretary of the commerce ministry and project director, said land acquisition for the technology centres consumed a lot of time as they couldn't work for about three months last year, which ultimately delayed construction.

When asked about project documents showing that the commerce ministry could not collect the necessary machinery for the centres on time, he said, "If construction isn't finished, where would you keep the machinery after purchasing?"

"Now that construction is almost finished, tenders will be prepared for procurement. Hopefully, it will be floated this month. Once that happens, we'll directly move into building installation along with procurement," he said, adding that exchange rate fluctuations, not fresh spending, had driven cost increases.

Regarding cost escalation, he said, "There is no extra money required. All of the money is going for equipment, machinery, software, and the remaining construction work. The cost increase actually happened because of the exchange rate difference.

"When the project was taken up, the exchange rate was probably around Tk 80–90. Now it's around Tk 122-124."

Although the project aims to diversify the export basket, the export data over the years since the project was taken up does not offer much hope.

In the fiscal year 2016-17, readymade garments accounted for 81.23 percent of total exports of $34.6 billion. By FY25, the share of readymade garments to total exports rose to 81.49 percent, according to export data compiled by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

The export market has also remained stuck with the European Union and the United States.

These two markets together account for over two-thirds of Bangladesh's exports, reflecting a slight change in reality, despite policymakers and businesses having discussed diversifying exports and destinations over the years.

Preferring anonymity, some Planning Commission officials described the project as "poorly designed" and cautioned against any further extensions.

"Due to the delays, Bangladesh will end up paying more in local currency against World Bank loans," one senior official said on condition of anonymity.

M Abu Eusuf, executive director of the Research and Policy Integration for Development (RAPID), said the project must be completed by the latest deadline to realise its benefits as LDC graduation is approaching.

"This is a very important project, but progress has been extremely slow. It must be given far greater priority. We may still have some time before LDC graduation, and perhaps even an extension, but that may not always be the case," he noted

In this context, projects aimed at export diversification beyond RMG need to be fast-tracked.

"We should particularly focus on sectors with untapped potential that we have not yet been able to harness," he said.

Source: thedailystar.net– Sep 25, 2025

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# NATIONAL NEWS

## India wants trade pact with US to give itself tariff advantage over competing nations

India is focussed on gaining tariff advantage over competing nations, such as Vietnam, Bangladesh and Indonesia, in the bilateral trade agreement (BTA) it is negotiating with the US, sources said.

Commerce and Industry Minister Piyush Goyal and his negotiating team are engaged with their counterparts in the US this week to iron out contentious areas, such as penal tariffs on India and its red lines in agriculture, in order to put the BTA talks in the fast lane. Meetings continue for the third consecutive day, a source tracking the matter told businessline.

"The US is in no mood to bring down tariffs below the MFN (standard import duties) for any country. So India's focus is on complete rollback of the penal tariff of 25 per cent and reduction of the reciprocal tariffs of 25 per cent to the extent that it has a tariff advantage over its competitors in the American market," the source said.

Reciprocal tariffs

On August 7, the US imposed 25 per cent reciprocal tariffs on all Indian goods (except those covered by exceptions) while tariffs on competing countries including Vietnam, Indonesia, Bangladesh and the Philippines was in the range of 19-20 per cent. An additional penal tariff of 25 per cent was imposed on Indian goods on August 27 as punishment for buying Russian oil and allegedly fuelling the Ukraine war.

India has been arguing that the penal tariffs should be rolled back as its decision to purchase Russian oil was guided by its economic needs and market conditions and the EU and the US, too, were continuing to trade with Moscow.

"If the penal tariffs are removed and the reciprocal tariffs are brought down below other Asian competing countries, Indian would gain an advantage in the US market. That is what the focus of our BTA negotiations is," the source said.

Interestingly, Chief Economic Advisor V Anantha Nageswaran recently commented that he personally believed that the US may soon roll back the penal tariffs on India and bring down reciprocal tariffs to 10-15 per cent.

Market access

New Delhi, however, will try to continue to protect its red lines in agriculture and dairy, and may not be able to give market access in sensitive items or allow genetically modified (GM) soyabean and corn, despite sustained US pressure.

"Both economic and political sensitivities do not allow India to give market access to the US for certain agricultural items. Even for some manufactured goods, like automobiles, tariff cuts can't be as steep as the US wants," the source said.

Depending on how the meetings unfold between the two sides, a decision may be taken on the sixth round of negotiations for the BTA.

"The negotiations have to move fast to meet the October-November deadline for finalising the first tranche of the BTA as decided by Prime Minister Narendra Modi and US President Donald Trump in February this year," the source said.

The last round of negotiations between India and the US took place on July 14-17, which was largely focussed on avoiding Trump's reciprocal tariffs on August 1. It failed to result in a mini-deal and the tariffs were imposed.

Recently, more issues have cropped up with the US that need to be dealt with, such as the H-1B visa fee increase and the US' withdrawal of exemptions for Chabahar investments in Iran.

Source: thehindubusinessline.com– Sep 24, 2025

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# India, Australia sign agreement to promote organic products' trade

India and Australia on Wednesday signed an agreement to facilitate trade of organic products including wine and agri produce in each other's countries, the commerce ministry said on Wednesday.

Under the mutual recognition arrangements (MRA), both will recognise each other's organic standards and certification systems.

"The MRA...is expected to boost India's organic exports further by reducing barriers, ensuring certification equivalence, and supporting more organic products and producers," it said.

The implementing agencies for the MRA are India's Agricultural and Processed Food Products Export Development Authority (APEDA), and the Department of Agriculture, Fisheries and Forestry (DAFF), Government of Australia.

The arrangement covers organic products that are grown and processed in the two countries. It includes unprocessed plant products, processed foods and wine, it said.

With organic produce commanding 30-40 per cent higher prices, farmers benefit from improved livelihoods, it added.

Sunil Barthwal, Secretary Commerce, emphasised the role of the National Programme for Organic Production (NPOP) in setting rigorous standards for India's organic ecosystem and keeping India's organic sector transparent and credible.

He further stressed the need for labelling, penalties and regulatory measures to ensure strict separation of organic from non-organic produce, while also calling for greater capacity building, training and advisory support for farmers.

Tom Black, First Assistant Secretary, Department of Agriculture, Fisheries and Forestry, Australia, noted that Australia leads with 53 million hectares of organic farmland and highlighted trade opportunities in cereals, tea, spices, beverages and wines.

India's organic exports to Australia reached USD 8.96 million in 2024-25 with a total export volume of 2,781.58 metric tonnes, led by psyllium husk, coconut milk and rice.

Source: business-standard.com– Sep 24, 2025

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# Trump tariffs and India's options: Shield exports, clean up domestic act

American shoppers may soon feel the pinch of Donald Trump's tariffs. High tariffs on consumer goods imported into the United States (US) will lead to inflation. Over time, this will affect most US citizens, and economic growth may stagnate if demand declines. Also, as the prices of intermediate goods increase, the cost of domestic manufacturing — and ultimately the prices of domestically produced goods — will rise.

Even so, domestic producers in the US are content to give Donald Trump political mileage, as this is largely a consumers' problem. They may benefit from reduced competition.

Although higher prices of imported intermediates may incentivise domestic production, it is unclear how long this will take. During the Second World War, Olivetti reconfigured its typewriter plants to produce machine guns for the Italian army in just three months. But that was under wartime patriotic fervour and Mussolini's dictates. Can Mr Trump inspire the same response among US manufacturers?

The additional 25 per cent tariff on all our exports to the US due to our import of Russian crude oil puts a huge burden on India. We import around 600 million barrels of oil per year from Russia. If we stop doing this and other countries don't step in to absorb Russian oil, the demand for other oil suppliers in the international oil markets will increase, and prices of crude oil will shoot up since India is the third-largest oil importer.

Shifting imports from Russia to the international market will increase demand in the global market by 4 to 5 per cent. Say it goes up by $20/barrel. India's total crude oil imports are around 1,680 million barrels per year.

Our annual oil import bill will go up by $34 billion per year. Currently, the price advantage of Russian crude is $2/barrel. If we lose that, the additional burden on India could be $1.2 billion. Apart from not giving in to a bully, there is thus an economic argument for resisting Mr Trump's arm-twisting over importing Russian oil.

How will the US benefit from this? Its net exports of petroleum products in 2023 were 1.64 million barrels per day, or around 600 million barrels per year. With a $20/barrel increase in price, it would gain an additional $12 billion in annual revenues. From the US perspective, Mr Trump's tariffs may therefore make some sense.

Policy choices

India should take steps to protect its exports. For example, the wholesale price of Basmati is around ₹50/kg, while the landed price in the US is about ₹100/kg. With a 50 per cent tariff, the landed price would rise to around ₹150/kg. In comparison, Basmati from Pakistan, facing only a 19 per cent tariff, would cost about ₹120/kg. The current retail price at Walmart in the US is around ₹400/kg.

A subsidy of around ₹20/kg to Indian exporters would make our Basmati competitive against Pakistan in the US market. We are exporting around 235 million kg of rice. A subsidy of ₹20-25 per kg will cost the government around $50 million. The subsidy can be given in a variety of ways, such as cash transfer on actual export shipment, rolling over debt, and tax rebate against earning from exports to the US. Unfortunately, subsidies once given are often difficult to withdraw. So, it should be in the form that is self-liquidating. One option is to link the subsidy amount to the additional tariff imposed on India for the product, compared with other major exporters to the US.

A similar subsidy could be provided for shrimp exports to protect farmers and fishermen. Such subsidies could be financed using the savings from importing oil from Russia rather than the international market. At the same time, import tariffs should be selectively lowered for large-scale manufacturing sectors. Tariffs and import restrictions were initially introduced to protect infant industries. However, as pointed out, once introduced, they were difficult to remove. As a result, we found ourselves with many senile infants!

The cost of logistics for industries has been reduced but much still needs to be done. While the government is collecting more taxes, it almost harasses honest taxpayers to the point of discouraging them. I had got a goods and services tax (GST) number when my consulting income exceeded ₹20 lakh. However, I kept receiving reminders about filing GST returns. Feeling harassed, I decided to forego consulting assignments in excess of ₹20 lakh a year, and gave up my GST number.

A report by TeamLease RegTech points out that a standalone solar energy producing plant must comply with 2,735 total annual tasks, with 83 carrying prison sentences. No wonder, many industrialists prefer to invest abroad rather than in India. We should take Trump Tariffs as an opportunity to clean up our act.

Source: business-standard.com- Sep 24, 2025

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# India-EU FTA talks: 13th round sees little progress on farm, auto sectors

India and the European Union did not make much progress in sensitive areas such as automotives and agricultural products in the 13th round of negotiations for a proposed free trade agreement (FTA), the EU said in a statement on Tuesday.

The latest round took place in New Delhi on September 8-12 wherein negotiators reached clarity on their respective interests in market access for both industrial and agriculture goods. "While some progress was made in certain outstanding areas, in particular on rules of origin, Sanitary and Phytosanitary Measures (SPS) and investment, no additional chapter could be closed this time," the EU said.

While in depth discussions were held based on the market access offers for services and investment exchanged in July, the EU said in the rules of origin chapter, sectors including agriculture, chemicals, machinery, steel and cars are yet to be agreed upon.

The EU's Commissioner for Trade and Economic Security Maros Sefcovic and Christophe Hansen, Commissioner for Agriculture and Food visited India for the talks.

High-level interventions of the EU trade negotiators team with Indian authorities were "useful to better understand each side's position but did not allow to make sufficient progress in sensitive areas such as automotives and agricultural products" as of September 11, per the statement.

The 14th round of negotiations will take place in Brussels in the week starting October 6 even as intense intersessional engagements have started to prepare for the round. On trade in goods, the EU said both sides indicated their priority requests that would require high-level interventions.

"Discussions will continue at the next round with the aim to make further progress on all remaining issues," it said. Discussions were held on trade facilitating measures to address quality control orders, one of the remaining open provisions but an "acceptable compromise solution" couldn't be reached, according to the statement.

Negotiators also discussed the automotive and pharma annexes, on which both sides are still far apart. Although some progress was achieved on a possible mechanism to avoid duplication of tests for some automotive standards, negotiators did not manage to agree on a concrete solution. In services, only a few issues remain to be resolved though they are critical for the EU.

Source: economictimes.com- Sep 24, 2025

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# India, US trade talks on at different levels: Official

India-US talks are happening at different levels covering both trade and non-trade issues, an official said.

Commerce and Industry Minister Piyush Goyal is in the US for trade talks. He is accompanied by senior officials of the ministry, including special secretary and India's chief negotiator Rajesh Agrawal.

"Talks are happening at different levels," the official said, adding the minister led team is expected to return from the US later this week.

Goyal has held discussions with his US counterpart.

This visit comes in the backdrop of recently concluded day-long discussions in New Delhi between US Chief Negotiator Brendan Lynch and Agrawal on the proposed bilateral trade agreement.

On September 16, the commerce ministry stated that the day-long discussions with the visiting US team on a bilateral trade deal were positive, and both sides agreed to push for an early and mutually beneficial conclusion of the agreement.

The visit of the high-ranking US trade officials came for the first time after the imposition of a 25 per cent tariff and an additional 25 per cent penalty on Indian goods entering the American market for buying Russian crude oil.

In February this year, leaders of the two countries directed officials to negotiate a proposed Bilateral Trade Agreement (BTA).

It was planned to conclude the first tranche of the pact by the fall (October-November) of 2025. So far, five rounds of negotiations have been held. The pact is aimed at more than doubling the bilateral trade to USD 500 billion by 2030 from the current USD 191 billion.

Goyal visited Washington earlier in May for the trade talks. He held deliberations with US Commerce Secretary Howard Lutnick in Washington.

The US remained India's largest trading partner for the fourth consecutive year in 2024-25, with bilateral trade valued at USD 131.84 billion (USD 86.5 billion exports).

Source: economictimes.com- Sep 24, 2025

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## Reduce GST on all readymade, made-ups to 5%: TG textile trade body

Voicing concern over GST Council's decision imposing an 18% levy on garments priced above ₹2,500, the Telangana State Federation of Textile Associations has appealed for a 5% levy on all readymade and made-ups irrespective of their cost.

"We request the Council to impose 5% GST on all products irrespective of cost considering," Federation president Ammanabolu Prakash said. In support, he cited how the textile and apparel sector contributes about 2.3% of the GDP, accounts for around 13% of India's industrial production and directly employs more than 45 million people, including a large number of women and rural workers.

The decision to levy a higher rate of GST on garments priced above ₹2,500 creates a "sharp tax discontinuity between affordable and mid-priced garments, is price shock for consumers and may lead to [lower sales] volumes for the labour-intensive sector that employees millions," he said in a release.

The steep 13 percentage-point additional tax burden on consumers will influence buying decisions in the mid and upper-mid income segments, thus impacting the textile industry, Mr. Prakash said. India's readymade garments market is estimated around $103.5 billion (2024) and expected to grow – making the domestic sales economically significant.

Volume reduction in domestic sales would translate quickly into lower capacity utilisation, layoffs and drop in income for millions of seamstresses, machinists and allied workers.

Source: thehindu.com- Sep 24, 2025

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## India's DGTR recommends ADD on MEG; yarn industry opposes move

India's Directorate General of Trade Remedies (DGTR) has recommended an anti-dumping duty (ADD) of $102–173 per ton on Mono Ethylene Glycol (MEG) imported from Gulf nations and Singapore. However, the downstream industry has cautioned the government against accepting the recommendation, warning that it would hamper the growth of the manmade fibre (MMF) textile and garment sectors. The recent GST cut on the MMF value chain has boosted prospects for industry expansion.

DGTR concluded that imports of MEG from Kuwait, Saudi Arabia, and Singapore were being dumped in the Indian market, causing injury to domestic producers. The findings follow a year-long investigation initiated at the request of the Chemicals and Petrochemicals Manufacturers Association of India (CPMA), primarily supported by Reliance Industries Limited (RIL).

The investigation began in September last year, following allegations that exporters from Kuwait, Saudi Arabia, and Singapore were selling MEG in India at unfairly low prices. MEG is a key raw material for polyester yarns, PET resins, and antifreeze, making it critical for India's textile and packaging industries. RIL, which accounts for over 70–80 per cent of domestic production, argued that low-priced imports had depressed local prices and hurt profitability.

DGTR determined that exporters from these countries sold MEG at prices significantly below the normal value, with dumping margins ranging from 20–50 per cent. It found that, despite increased domestic capacity, unfairly priced imports had undercut prices and eroded profitability for Indian producers.

RIL, supported by CPMA, claimed that government intervention in Gulf markets distorted raw material costs, giving exporters an unfair advantage. Exporters, however, argued that their prices reflected true market conditions and attributed the decline to global price trends rather than dumping.

According to DGTR's recommendations, ADD should be imposed on MEG, ranging from $102–173 per ton or ₹9–15 per kg.

Following the recommendations, R K Vij, secretary general of the Polyester Textile Apparel Industry Association (PTAIA), told Fibre2Fashion: “Indian MEG is already costlier by ₹4–5 per kg. The proposed duty will further increase the price by another ₹4–5 per kg. The government should not accept the recommendations as it will hamper the growth of the entire textile value chain.”

“Rationalised GST has brightened prospects for the MMF textile industry. India can expect rapid growth in the MMF segment after the GST cut. But the proposed duty will nullify these benefits. If the government accepts the recommendations, yarn and fabric imports will rise from China and other countries, and the Indian MMF textile and garment industry will struggle to compete globally,” he added.

Vij said that industry representatives will meet Finance Minister Nirmala Sitharaman to urge the government not to impose ADD as recommended. MEG manufacturers have attempted to push for ADD earlier, but the government had rejected such measures.

Source: fibre2fashion.com- Sep 23, 2025

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# Maharashtra to establish six new technical textile parks

Maharashtra is set to establish six new technical textile parks, one in each revenue division, as a part of a strategic push to become a major hub for advanced textiles. This announcement was made by Sanjay Savkare, State Textile Minister at the TAG 2025 Annual Textile Conference.

Savkare emphasized, the state government is focused on attracting both domestic and foreign investment while boosting its capacity for R&D, infrastructure, and skilled labor. It has also created a task force to gather feedback from stakeholders and enhance Maharashtra's export competitiveness, he informed. Anshu Sinha, Principal Secretary, Textiles, emphasized on the importance of collaboration between industry, academia, and government to maintain the state's leading position.

The conference also released the the FICCI–Wazir Advisors Annual Textile Industry Report that provided key insights into the global textile and apparel (T&A) market. According to this report, the worldwide T&A trade increased by 5 per cent to $893 billion in 2024. Meanwhile, currently valued at $1.8 trillion, the global apparel market is projected to grow to $2.3 trillion by 2030. Despite India’s strong domestic T&A market, which stood at $184 billion in FY25 with $37 billion in exports, the industry faces significant challenges due to the recently imposed 50 per cent US tariffs on Indian goods.

To overcome this, the report recommends garment-led investments as the anchor for India's growth. It suggests, moving into apparel manufacturing through foreign direct investment (FDI), global partnerships, and government schemes like PLI and PM MITRA Parks can improve value addition, create jobs, and make India a more competitive sourcing hub.

The report also emphasizes on the importance of innovation and sustainability, flagging weak R&D and the lack of Free Trade Agreements (FTAs) with key markets as major bottlenecks. Industry leaders at the conference expressed a shared belief that a combination of strategic investments, a focus on sustainability, and global alliances will help India withstand tariff challenges and emerge as a leading sourcing destination by 2030.

Source: fashionatingworld.com– Sep 24, 2025

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## Indian garment exporters relocate production to East Africa to mitigate high US tariffs

Indian garment exporters are increasingly relocating their production to East African nations, with prominent companies like Gokaldas Exports and Raymond Lifestyle leading the charge. This strategic shift is a direct response to recent changes in global trade policies, most notably the imposition of high tariffs by the United States on goods from India.

The primary reason for this move is a reported 50 per cent US tariff on Indian exports, allegedly a penalty for India's continued purchase of Russian oil.

This steep tariff has made Indian garments significantly less competitive in the American market, forcing exporters to find alternative manufacturing locations to maintain profitability and service their US clients.

East African countries such as Ethiopia and Kenya have become appealing alternatives. They offer a significant advantage through trade agreements like the US African Growth and Opportunity Act (AGOA), which provides them with duty-free or low-tariff access to the US market. This offers a substantial cost benefit compared to the high tariffs faced by Indian goods.

In addition to trade benefits, East Africa presents other attractive factors. Wages in some of these countries are considerably lower than in India - reportedly as low as one-third of Indian labor costs - which helps reduce overall production expenses.

Furthermore, African governments are actively working to attract foreign investment by offering incentives like tax breaks, land concessions, and streamlined regulations. The region also boasts a young and growing workforce, providing a large labor pool for the labor-intensive garment industry.

However, logistics can be a major hurdle, especially for landlocked countries like Ethiopia, where transporting goods to and from ports can be both time-consuming and expensive. The lack of a robust local upstream industry means manufacturers must often import raw materials like fabrics, which can increase lead times and costs.

Indian companies also need to renegotiate terms with their American buyers, some of whom may be wary of receiving products from new, less-familiar locations due to potential disruptions or quality control issues.

Political instability in some parts of East Africa adds another layer of risk for foreign investors.

Source: fibre2fashion.com– Sep 23, 2025

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