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USD	EUR	GBP	JPY
88.76	103.14	118.56	0.58

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INTERNATIONAL NEWS

Trump's Fires Back at China With Massive Nov. 1 Tariff Hike

The industry has a new tariff headache, courtesy of U.S. President Donald J. Trump.

Trump early Friday threatened a round of “massive increase” of tariffs on Chinese imports to the U.S., according to a Truth Social post. The new threat centers on a dispute regarding rare earth minerals. Trump says that China wants to impose export controls, calling the move “Trade hostility” in the post. Following the close of market Friday Trump made good on that threat. Beginning Nov. 1, the President said the United States would impose a new tariff of 100 percent on imports from China “over and above any Tariff that they are currently paying.”

He also noted in the post that America’s relationship with China over the past six months has been a “very good one,” saying this new move on trade was a “surprising one.” Trump said he was to meet with China’s President Xi Jinping in two weeks, but now suggest that the meeting might be cancelled.

Trump’s new threat sent the equity markets reeling on Friday over fears of a new tariff hike. At the close, the Dow Jones Industrial Average fell 878.82 points, or 1.9 percent, while the S&P 500 was down 182.60 points, or 2.7 percent.

Footwear stocks also fell on Friday, joining the overall market decline. Shoe stocks posting the largest declines were Caleres Inc., down 10.7 percent, or \$1.42, to \$11.85; Genesco Inc., off nearly 7 percent, or \$1.95, to \$26.08; Allbirds Inc., down 5.8 percent, or 36 cents, to \$5.90, Steve Madden Inc., declining 5.1 percent, or \$1.74, to \$32.25 and Crocs, declining nearly 5 percent, or \$3.69, to \$76.70.

Among the retailers, shares of Shoe Carnival fell 6.8 percent, or \$1.36, to \$18.59, Academy Sports and Outdoors Inc. was down 6.1 percent, or \$3.22, to \$49.38, and Dick’s Sporting Goods Inc. declined 5.5 percent, or \$12.20, to \$211.62.

The U.S. and China in August agreed to a second 90-day extension for ongoing bilateral trade talks. That gave footwear firms, and even consumers, a bit of breathing room for the holiday season. The first pause began in May.

Under the temporary pause, tariffs remain at 30 percent, down from 55 percent, but could have risen to as high as 145 percent for some goods if the pause had not been extended. As recently as late last month, one source told Footwear News that talks between the U.S. and other countries — including China and Vietnam, where much of the footwear industry produces its shoes — continue to be ongoing. And the thinking was that when the current extension is set to end mid-November, the two countries would agree to yet another 90-day extension.

What happens next is anyone's guess.

“This news poses a significant threat to U.S. retailers and brands that still rely heavily on China for footwear production. China remains a dominant source for shoes imported into the U.S. Any disruption—whether tariffs, trade tensions, or logistics shocks—can quickly drive-up costs and create uncertainty for consumers,” said Matt Priest, president and CEO of the Footwear Distributors and Retailers of America.

Priest emphasized that while shoe firms have “learned from past challenges” and have become more resilient through shifts in their sourcing networks, the footwear supply chains are still highly complex and that china's scale and efficiency would be difficult to replace.

Steve Madden Ltd.'s chairman and CEO Edward Rosenfeld noted as much when the company posted second quarter earnings results in July.

Earlier this year, the company made some quick moves to exit China when Trump got re-elected, knowing that tariffs would be high on his agenda. That shifted for all companies, not just footwear, when Trump disclosed on April 2 that he was implementing reciprocal tariffs.

In the second quarter conference call, Madden's CEO said the company moved some production for fall back to China where it was deemed to be too difficult to ensure on-time delivery, product quality and/or reasonable pricing in an alternative country.

Madden had moved a lot of product out of China to Brazil, but that was before Trump in July added a 40 percent levy on Brazilian imports on top of the existing 10 percent tariff, bringing the total duty rate to 50 percent. The Trump administration justified the high rate on the criminal prosecution of former President Jair Bolsonaro, saying that reflected an economic emergency. There are now reports that Brazilian President Luis Inácio Lula da Silva earlier this week had asked Trump to lift the 40 percent duty.

All this tariff uncertainty makes it hard for shoe companies to plan their business and cost infrastructure. And shoe firms that don't have the flexibility and extensive sourcing and supply chain that Madden has have many tough challenges ahead.

Trump says that tariffs are good, with the benefits including both reduced trade deficits and increased revenue. But tariffs also cause inflation for consumers due to higher prices when companies pass along those cost increases. And consumers might end up with fewer options along the way.

Vietnam saw footwear exports to the U.S. fall in September, one month after the new tariff increase was implemented in August. The country is also the dominant producer of athletic performance shoes, becoming the beneficiary when firms moved out of China during Trump's first term after he began hiking tariff rates on Chinese imports. Vietnam's customs data from the Ministry of Finance showed that exports fell 27.3 percent to \$611 million from \$840 million in August.

The current tariff rate is 40 percent, comprised of the new 20 percent rate on top of the existing 20 percent rate. A preliminary trade deal between the U.S. and Vietnam was disclosed in July, but the finer points of the agreement still need to be ironed out. One source told Footwear News last month that those talks remain "ongoing."

Source: sourcingjournal.com– Oct 10, 2025

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Supply chain scrutiny set to ramp up in Europe

Europe's upcoming due diligence law may be narrowing its formal reach, but for the textile and apparel sector, the compliance net is only getting tighter.

On October 9, 2025, major political groups in the European Parliament backed a scaled-back version of the Corporate Sustainability Due Diligence Directive (CSDDD), setting much higher entry thresholds than originally planned. The directive will now apply only to companies with at least 5,000 employees and €1.5 billion in global turnover—up sharply from 1,000 employees and €450 million.

A plenary vote later in October is expected to confirm Parliament's position before the file moves into negotiations with the Council, which has already indicated support for similar limits.

Supply chain wide

The shift concentrates the heaviest legal duties on the largest multinationals, but it does little to loosen the grip of compliance on the wider industry. Through contracts, buyer codes and audit programmes, due diligence requirements continue to cascade down the supply chain, leaving few textile manufacturers untouched.

The CSDDD officially entered into force in July 2024, although a 'Stop-the-Clock' measure passed this year delayed national transposition until July 2027 and the first wave of application until July 2028. The coming vote will confirm whether those timings remain, but in practice, brands are already adjusting their compliance structures in anticipation of full enforcement.

Contractual assurances

For textiles, the direction of travel is clear—traceability, documentation and verification are now business as usual. Under Directive (EU) 2024/1760, in-scope companies must obtain and verify contractual assurances from their direct partners and where relevant, indirect ones. That keeps the familiar machinery of supply-chain oversight running—questionnaires, audit cycles, remediation follow-ups and documentation reviews remain firmly in place.

At the same time, evidence expectations are rising. The new Digital Product Passport for textiles will soon require product-level data linking every garment to its raw materials and production sites. This will push brands and manufacturers to maintain traceable, verifiable records that connect facility practices to finished goods.

Within the textile sector, compliance has already become a layered and continuous process. Brands are standardising self-assessments, re-auditing key facilities and tightening contractual terms with suppliers. Cotton sourcing and wet-processing remain high-risk focal points, with OECD (Organisation for Economic Co-operation and Development) guidance and ZDHC (Zero Discharge of Hazardous Chemicals) wastewater standards shaping the benchmarks for acceptable practice. Routine wastewater testing, corrective-action tracking and evidence of closure are now fundamental components of audit programmes.

Procurement and legal teams are busily rewriting master supply agreements to embed due diligence duties, audit cooperation and remediation timelines.

Suppliers, for their part, are developing centralised compliance dossiers containing facility lists with OAR (Open Apparel Registry) IDs, codified policies, incident registers and environmental data such as wastewater and emissions tests. SMETA (Sedex Members Ethical Trade Audit) audits and Higg Facility Environmental Module scores often form the backbone of these records, while platforms like the Social and Labor Convergence Program (SLCP) help streamline how information is shared across buyers.

Responsible conduct

The cost of compliance is also reshaping commercial dynamics. The Common Framework for Responsible Purchasing Practices and the Better Buying initiative both call for prices that reflect the real cost of responsible conduct.

The CSDDD follows the same logic, requiring contractual assurances with independent verification and placing verification costs squarely on companies—particularly when small or medium-sized suppliers are involved. As a result, price negotiations increasingly factor in verification scope, timing and expense alongside delivery schedules and margins.

Even with the narrower thresholds, overlapping regulations mean the compliance drive is far from easing and the EU's new forced-labour ban, expected to take effect by late 2027, will also block goods made with forced labour from entering the single market.

For textile manufacturers and brands alike, the focus now turns to Parliament's October vote and the subsequent trilogue discussions that will finalise the law's scope and timing. Whatever the outcome, the trajectory is unmistakable—a steady rhythm of documentation, verification and contractual alignment will define the years ahead. In practical terms, that means keeping evidence ready, audits current and traceability data complete—because even as the letter of the law narrows, the expectations on the textile supply chain continue to expand.

Source: fibre2fashion.com– Oct 12, 2025

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NextGenerationEU drives sustainable growth across EU

As a cornerstone of NextGenerationEU, the Recovery and Resilience Facility (RRF) has disbursed €367 billion (~\$423.9?billion) across member states, contributing to key goals such as economic and social resilience, and the green and digital transitions, according to the fourth annual report by the European Commission (EC). The report highlights the facility's progress and calls for further action to maximise its benefits.

According to the report, the RRF has boosted public investment—which is expected to rise to 3.8 per cent of GDP in 2025, up from 3.2 per cent in 2019—by supporting initiatives such as the decarbonisation and digitalisation of industrial production and services. It has also helped deploy over 900,000 clean vehicle recharging stations and connect 16 million households to high-speed internet.

The facility has also supported a wide range of structural reforms, also aimed at boosting long-term growth and economic and social resilience. They include speeding up planning and permitting, digitalising public services, addressing labour market vulnerabilities or enhancing quality of education across member states.

The combination of reforms and investments has helped to maximise their impact and has led to improvements in public services and the business environment, as well as the quality of life for citizens in areas such as healthcare, education or infrastructure.

In addition to its positive impact on production and employment in each member state, the RRF generates strong spillover effects across borders. When demand rises in one member state, it fuels demand for imports from other member states, supporting growth and employment throughout the EU.

All member states benefit, and for some, the overall economic impact is more than double the size of their national RRF envelope thanks to these cross-border spillovers. This reflects the deep economic integration within the EU.

Protecting the financial interests of the Union remains central in the RRF implementation. The commission continued to constructively engage with the European Court of Auditors (ECA) over the last year, swiftly acting on

its recommendations. While conducting its own audits, the commission supported the ECA's scrutiny on all grant payments and several RRF-related performance audits. Drawing on its audit findings, the commission has strengthened audits and reinforced controls to ensure transparency and accountability.

The pace of implementation differs among member states. With the RRF coming to an end in 2026 (a total financial envelope of €650 billion), the commission urges them to accelerate the implementation of their Recovery and Resilience Plans (RRPs).

Member states must meet all milestones and targets by August 31, 2026, with the commission making the final payments by December 31, 2026. In its June Communication NextGenerationEU – The Road to 2026, the commission provided guidance to support member states in planning ahead for the submission of the last payment requests in 2026, emphasising the importance of streamlining and simplifying RRP.

By ensuring that the measures in the plans are clear and implementable, member states can deliver on the agreed objectives without compromising on the plans' ambition. In this context, the commission is currently reviewing a number of payment requests and revised RRP submitted by several member states.

Source: fibre2fashion.com– Oct 12, 2025

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US import volumes set to dip below 2 mn TEUs in 2025 amid high tariffs

With most holiday merchandise already stocked and tariffs continuing to climb, monthly import cargo volume at major US container ports is projected to drop below 2 million twenty-foot equivalent units (TEUs) for the rest of the year, according to the Global Port Tracker report by the National Retail Federation (NRF) and Hackett Associates.

The latest tariffs—25 per cent on upholstered furniture regardless of country and the same rate on kitchen cabinets and bathroom vanities—are set to take effect next week and increase in January. And a tariff increases on imports from China that was delayed by 90 days in August is scheduled to go into effect November 10, unless a deal is reached or President Donald Trump decides on another delay, NRF said in a press release.

“This year’s peak season has come and gone, largely due to retailers frontloading imports ahead of reciprocal tariffs taking effect,” said Jonathan Gold, vice president for supply chain and customs policy at NRF. “New sectoral tariffs continue to be announced, but most retailers are well-stocked for the holiday season and doing as much as they can to shield their customers from the costs of tariffs for as long as they can.”

“Ongoing volatility in US tariff policy is creating significant economic uncertainty, with trade volumes expected to see unpredictable shifts over the next four to six months,” said Ben Hackett founder of Hackett Associates. “Many large companies pre-emptively imported goods to build up inventories, but as those stockpiles are depleted, the full inflationary impact of the tariffs will become apparent.”

US ports covered by Global Port Tracker handled 2.32 million TEU—one 20-foot container or its equivalent—in August. That was down 2.9 per cent from July’s 2.39 million TEU—the peak month for the year—but up 0.1 per cent year over year (YoY).

Ports have not yet reported numbers for September, but Global Port Tracker projected the month at 2.12 million TEU, down 6.8 per cent year over year.

October is forecast at 1.97 million TEU, down 12.3 per cent YoY, and November at 1.75 million TEU, down 19.2 per cent. December is forecast at 1.72 million TEU, down 19.4 per cent YoY for the slowest month since 1.62 million TEU in March 2023.

While the falling monthly totals are related to tariffs, the YoY percentage declines are both because of this year's early peak season and because imports in late 2024 were elevated by concerns over port strikes, added the release.

The first half of 2025 totalled 12.53 million TEU, up 3.7 per cent year over year. The full year is forecast at 24.79 million TEU, down 2.9 per cent from 25.5 million TEU in 2024.

January 2026 is forecast at 1.87 million TEU, down 16.1 per cent year over year, and February 2026 is forecast at 1.77 million TEU, down 12.8 per cent.

Source: fibre2fashion.com– Oct 11, 2025

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U.S. Cotton Industry Optimistic About Economic Assistance

Tariffs, the global economic condition, and geopolitical situations are influencing the demand and export of commodity products. Likewise, macroeconomic situations, coupled with rising input costs and less spending on nonessentials, are putting stress on the global cotton and textile industries.

The United States cotton industry is hopeful of economic support as part of the Trump Administration's support package for U.S. agriculture. Economic distress in the U.S. soybean industry has been in the spotlight due to China not buying U.S. soybeans at previous import levels. According to U.S. Treasury Secretary Scott Bessent, the support package may be in the range of \$10-14 billion, and an announcement of the package may be coming soon.

Tas Smith, Vice President for Producer Affairs at the National Cotton Council, says, "We anticipate cotton to be included in any economic assistance for the U.S. farmers." The National Cotton Council is working with the Trump Administration to enable economic support for cotton producers and has provided data backing the need for assistance.

Tariffs on imports of textile products from nations importing U.S. cotton such as China, Vietnam, Pakistan, and Bangladesh has been ranging from 15% to 50%. Although India, which is tariffed at 50%, imports less cotton from the United States, there are opportunities for the U.S. cotton industry to create more market there as India and the U.S. are working towards a win-win trade deal for both countries. It is hoped that a trade deal will be reached by late November.

The United States is negotiating to open the Indian market for U.S. agricultural and dairy products. India has already opened its market for U.S. cotton at a zero import tariff level temporarily until Dec. 31, 2025, which is welcomed by the Indian textile industry.

Strategic discussions may help in reaching a favorable tariff level — if not eliminate it all together for U.S. cotton and other agricultural products in India.

While China has been the largest market for U. S. cotton — and due to the need to counter China in economic and geopolitical terms — the United States will have policies that may have some level of tariffs towards imports from China, which will lead to retaliatory tariffs by China and lowering imports from the United States.

India is an emerging market opportunity for American cotton provided the tariff levels are at lower levels. This year's U.S. cotton crop is expected to be better than those from the last few years, making it imperative for the U.S. cotton industry to work on building relationships with India and the Indian textile industry.

The timely economic support for the U.S. agricultural industry from the Administration will help boost grower confidence and interest to plant cotton in 2026. If the United States is looking to broaden its export market in India, it needs to sustain at least its current level of acres dedicated to cotton going forward.

Source: cottongrower.com— Oct 10, 2025

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Australia's apparel imports dip 2% as textile imports edge higher

Australia's apparel imports declined by 2.18 per cent to Au\$2.192 billion (~\$1.437 billion) during the first two months of fiscal 2025–26 (July–June), according to the latest data from the Australian Bureau of Statistics (ABS). The country had imported apparel and clothing accessories worth Au\$2.241 billion during the same period in 2024–25. The slowdown reflects subdued consumer spending and cautious retailer restocking amid inflationary pressures and economic uncertainty.

There was also a month-on-month (MoM) ease in apparel imports in August 2025, down by 1 per cent to Au\$1.083 billion compared to Au\$1.094 billion in August 2024. Analysts suggest that cooler consumer sentiment and a shift towards value-driven fashion purchases have led to softer import demand.

Conversely, imports of textile yarn, fabrics, and made-up articles (classified under code 65) rose by 2.19 per cent to Au\$793 million (~\$520.10 million) during July–August 2025, compared to Au\$776 million in the same period of fiscal 2024–25. The uptick indicates steady activity in Australia's textile manufacturing and furnishing sectors. Fibre imports (classified under code 26) inched up to Au\$21 million, from Au\$20 million during the same period.

In August 2025 alone, imports of textile yarn, fabrics, made-up articles, and related products climbed to Au\$406 million, up from Au\$379 million in August 2024, signalling stable demand from domestic manufacturers. Fibre imports remained steady at Au\$10 million, unchanged from a year earlier.

Meanwhile, Australia's exports of textile fibres (code 26) were valued at Au\$1.413 billion (~\$0.926 billion) during July–August 2025, marking a 7.03 per cent decline from Au\$1.520 billion in the corresponding period of the previous year.

Exports in August 2025 dropped by 5.75 per cent to Au\$704 million compared to Au\$747 million in August 2024, reflecting weaker global demand and lower prices for raw materials such as wool and cotton.

In fiscal 2023–24, Australia’s apparel and clothing imports totalled Au\$12.231 billion (~\$7.748 billion), a decline of 5.2 per cent from Au\$12.903 billion recorded in 2022–23. Similarly, imports of textile yarn and fabrics fell by 9.40 per cent from Au\$4.825 billion in 2022–23 to Au\$4.371 billion (~\$2.767 billion) in 2023–24.

Australia exported textile fibres worth Au\$7.053 billion (~\$4.465 billion) in 2023–24, representing a decline of 13.97 per cent from Au\$8.199 billion in 2022–23. The contraction reflects falling global fibre prices, inventory adjustments in key markets such as China and Vietnam, and ongoing freight cost challenges affecting export competitiveness.

Source: fibre2fashion.com– Oct 11, 2025

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Yarn Expo Autumn 2025: A premier international platform for the yarn industry

Yarn Expo Autumn 2025 concluded a highly successful run, firmly establishing its position as the premier international platform for the yarn and fiber industry. The event successfully united over 22,000 visitors from 111 countries and regions with nearly 580 exhibitors, creating an unparalleled sourcing hub in Shanghai.

Held concurrently with three other major textile fairs - Intertextile Shanghai Apparel Fabrics, CHIC, and PH Value - the exhibition offered a comprehensive, all-in-one marketplace. This synergy allowed international and domestic buyers to efficiently source a vast spectrum of products, from raw fibers and fabrics to finished garments, maximizing cross-sector collaboration.

The fair strongly emphasized the industry's crucial transition toward sustainability and innovation. Numerous exhibitors showcased groundbreaking eco-friendly materials, fulfilling a rising global demand for traceable and environmentally responsible products. This commitment was highlighted by Wilmet Shea, General Manager, Messe Frankfurt (HK), who noted, the event's vitality lies in how it 'connects sustainability-driven solutions with worldwide demand,' reinforcing the textile industry's progress with resilience and creativity.

Sourcing depth and global exchange

Yarn Expo Autumn provided impressive depth across its floor plan, featuring six specialized product zones and an International Yarn Zone. Suppliers presented a versatile mix that included:

- Natural fibers: With a heightened focus on quality and traceability.
- Innovative synthetics and specialty yarns: Catering to technical and functional fabric needs.
- Sustainable options: Addressing the growing shift toward a circular economy.

Notable exhibitors like Docotton Group AS (Turkiye), PT Dan Liris (Indonesia), and Rutex GmbH (Germany) attracted significant attention with their market-relevant innovations. Further enriching the fair's global

profile were dedicated showcases, including the India Pavilion, Pakistan Zone, and Taiwan Zone, which offered concentrated access to each region's textile expertise and fostered new opportunities for cross-border trade.

The visitor profile was equally diverse, spanning spinners, knitters, fashion brands, and trade professionals from every part of the upstream and downstream value chain. This breadth ensures that the industry's latest trends and developments, from vortex-spun polyester to ultra-high-count compact-spun cotton, can be identified and sourced efficiently.

Exhibitor and visitor endorsements

The value of the platform was consistently echoed by the participants. Jimad Khan, International Sales & Marketing Manager, Perino by Woolyarns (New Zealand), said, the experience has been positive, with strong interest, enquiries, and sample requests. The fair is important for connecting with the entire supply chain.

Pradip Debnath, Business Head, Yajur Fibres (India), emphasized, by leveraging the platform helped the company connect with buyers and potential clients from over ten countries simultaneously

Ashwin Jaju, General Manager, Dricomfort (Optimer) in the US, noted, this year, the fair feels more crowded and has a more international presence. Overall, it offers great opportunities for networking and discovering new materials.

Huang Xianglun, Procurement Manager, Lite Trading Co (China), affirmed, as a VIP buyer, the company greatly benefitted from the clear guidance provided by the organizers, which significantly enhanced our procurement efficiency.

The combination of a world-class exhibitor lineup, a strong visitor base, and innovation-focused fringe events - such as the Textile Materials Innovation Forum- cemented Yarn Expo Autumn 2025's role as a vital platform that cultivates fresh ideas and drives the global textile industry forward. The next edition, Yarn Expo Spring, is scheduled for March 11–13, 2026.

Source: fashionatingworld.com– Oct 10, 2025

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Egypt's apparel exports rise 25% in H1, trims US market reliance

Egypt has not only achieved strong growth in its apparel exports but also diversified its global market presence. The country's apparel exports surged by 25 per cent in the first six months of the current year, with shipments to its top five markets surpassing 70 per cent of total exports. The rise reflects Egypt's improved competitiveness, preferential trade access, and stable raw material supply. Egypt has also reduced its dependence on its top market, the United States, whose share in total shipments declined.

Egypt exported apparel worth \$1,607.532 million during January–June 2025, compared with \$1,284.788 million in the same period of 2024. This marks a strong rebound following global retail recovery and better utilisation of production capacities within Egypt's textile clusters, according to the sourcing intelligence tool TexPro.

The country exported 73.16 per cent of its apparel, in value terms, to its top five markets. The US remained the largest destination despite a decline in its share.

Egypt's apparel exports to the US were valued at \$622.270 million (38.71 per cent) in the first half of 2025, down from \$537.935 million (41.87 per cent) in the same period of 2024, indicating reduced reliance on this market. The lower US share is partly due to slower American apparel imports and Egypt's strategic push towards regional diversification.

Egypt's dependence on the US decreased as shipments to its second- and third-largest markets—Turkiye and Saudi Arabia—doubled. Exports to Turkiye rose to \$192.856 million from \$98.763 million in H1 2024, increasing its share from 7.69 per cent to 12 per cent.

Stronger trade ties with Turkiye, supported by shared regional value chains and competitive freight costs, contributed to this growth. Shipments to Saudi Arabia surged to \$151.670 million (9.43 per cent) in H1 2025, from \$75.641 million (5.89 per cent) a year earlier. Rising Gulf retail demand and proximity advantages also drove Egyptian exports higher in this market.

During the first half of 2025, Egypt's apparel exports to the Netherlands stood at \$107.669 million (6.70 per cent) and to Spain at \$101.653 million (6.32 per cent). In the same period of 2024, shipments to the Netherlands were \$55.401 million (4.31 per cent) and to Spain \$68.543 million (5.33 per cent), according to TexPro. Egypt's growing footprint in the EU reflects benefits from the EU–Egypt Association Agreement, which ensures duty-free access for apparel.

Egypt's total apparel exports reached \$2,854.403 million in 2024, compared with \$2,435.591 million in 2023 and \$2,837.872 million in 2022. The consistent year-on-year growth underscores the resilience of Egypt's garment sector, supported by government-led export incentives, investment in industrial zones, and strategic regional market expansion.

Source: fibre2fashion.com– Oct 13, 2025

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Sri Lanka's apparel sector cements positions as global sustainability leader

Sri Lanka's apparel sector is cementing its reputation as a global leader in sustainability, with top manufacturers like Brandix, Teejay Lanka, Hirdaramani, Hayleys Fabric, and MAS Holdings showcasing major strides in climate action, circularity, ethical practices, and community impact.

These manufacturers are at the forefront of the Net Zero movement. Brandix has cut emissions by 84 per cent and achieved Net Zero certification at five facilities, aiming for a Net Zero status across all its global locations by 2030. Hirdaramani is the country's first company to get SBTi approval for Net Zero targets.

The industry is also heavily invested in the circular economy. MAS diverted an impressive 99 per cent of its waste from landfills, and Brandix achieved a 90 per cent recycling and recovery rate. Teejay reused or recycled 3,900 tons of material and was appointed the patron company for the Sustainable Supply Chain Working Group by the UN Global Compact Sri Lanka. Hirdaramani is furthering its commitment with 'Mihila Tex,' a new sustainable textile mill.

Powering this push is a growing commitment to renewables. MAS Holdings reported that 397 per cent of its energy comes from renewable sources, contributing to a 24.04 per cent reduction in Scope 1 and 2 emissions from a 2019 baseline. Teejay Lanka has also expanded its renewable energy footprint to 14 per cent of its total consumption.

The social impact extends well beyond the factory. MAS created 2.1 million opportunities through community initiatives and increased women's participation in management to 26 per cent. Brandix awarded over 1,000 scholarships and facilitated 47,000 pints of employee-donated blood. Hirdaramani's decade-old 'Wonders of Well-being (WOW)' program has even gained global recognition, including case studies from Harvard University's T.H. Chan School of Public Health.

Sustainability is being driven by innovation, not just compliance. MAS saw a notable 40 per cent of its revenue generated from sustainable products, while Teejay approved 410 new, sustainable fabrics in the last fiscal year.

Hirdaramani also won a Silver Award at the Global Chemical Leasing Award 2024 for its innovative natural detergent using soapberries.

Underpinning these efforts are strong governance and transparency practices. All four companies adhere to rigorous global standards, with Teejay aligning its reporting to GRI and IFRS S1 & S2, and Brandix reaffirming its zero-tolerance policy on wage violations and corruption.

Collectively, these milestones solidify Sri Lanka's apparel sector as a responsible sourcing destination, illustrating how the industry is successfully shaping a future where fashion and responsibility go hand in hand.

Source: fashionatingworld.com– Oct 11, 2025

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Turkiye, Cambodia sign deal on using international transport corridors

Turkiye and Cambodia recently signed a cooperation deal on using international transport corridors.

The deal aims at enhancing bilateral ties and boost cooperation between the two sides, especially in transport connectivity along the Central and TRACECA (Transport Corridor Europe-Caucasus-Asia) corridors.

It also envisions transforming Cambodia and Turkiye into regional logistics hubs for the Association of Southeast Asian Nations (ASEAN) bloc and East Asia-Europe respectively.

Cambodian Minister of Public Works and Transport Peng Ponea and Turkish ambassador extraordinary and plenipotentiary Ulku Kocaefe signed the deal, according to Cambodian media reports.

Ponea said the corridor will serve as a vital link between Asia, the Middle East, North Africa and the Mediterranean, creating new opportunities for trade and investment.

Source: fibre2fashion.com– Oct 12, 2025

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Weak demand drags Hong Kong apparel imports down 33% in Jan–Aug

Hong Kong's apparel imports fell sharply by 32.85 per cent to \$4.17 billion during January–August 2025 compared to the same period last year. The decline reflects subdued consumer demand, reduced re-exports, and inventory correction by retailers. Additionally, a global trade slowdown and direct sourcing from manufacturing hubs like Mainland China, Vietnam, and Bangladesh have further weighed on import volumes.

The special administrative region of China had imported apparel worth \$6.206 billion during January–August 2024, according to sourcing intelligence tool TexPro.

Hong Kong has not fully recovered from the economic impact of COVID-19 in 2019. Post-pandemic recovery has been slow, with retail sales and tourism still below pre-COVID levels. The city's apparel shipments to Mainland China and other markets have also dropped amid weak global demand. Many global buyers are now directly sourcing from production bases such as Mainland China, Vietnam, or Bangladesh, bypassing Hong Kong intermediaries—a shift driven by cost efficiency, supply-chain digitalisation, and faster turnaround times.

A stronger US dollar and elevated logistics costs have further squeezed import margins, while cautious consumer sentiment has reduced discretionary spending. Retailers are cutting back on imports to manage excess stock accumulated during 2024, when post-pandemic optimism led to over-ordering.

Trade data shows that Hong Kong recorded apparel imports worth \$10.464 billion in 2019 — the last pre-COVID year. Even after six years, the region has yet to regain that level. Imports dropped to \$7.240 billion in the COVID year 2020, recovered modestly to \$7.962 billion in 2021, but slipped again to \$7.032 billion in 2022 and \$6.912 billion in 2023.

Apparel imports had surged 24.33 per cent to \$8.206 billion in 2024 due to restocking and renewed tourism expectations. However, the momentum could not be sustained in 2025 as the sector faced slowing consumption and weakening regional re-export demand.

During the first eight months of 2025, knitted garments accounted for 50.44 per cent of total apparel imports at \$2.101 billion, while woven garments made up 49.56 per cent at \$2.065 billion, according to TexPro. Women's apparel dominated imports with a 43.82 per cent share, followed by unisex apparel at 35.04 per cent, men's garments at 20.72 per cent, and babywear contributing just 0.42 per cent of total imports.

Source: fibre2fashion.com– Oct 12, 2025

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Vietnam's garment industry moves beyond low-cost outsourcing

Vietnam's textile and garment industry is generating high added value, leaving behind the era of low-cost outsourcing, said Vu Duc Giang, chairman of the Vietnam Textile and Apparel Association (VITAS).

The industry's total exports reached \$34.75 billion in the first nine months of this year, up 7.7% from a year earlier, signaling a clear recovery after a period of slowdown, VITAS statistics show.

"Vietnam's stable political environment is a major advantage, and the country now ranks as the world's third-largest textile and garment exporter," Giang told a Thursday conference on the industry and value chain held by Asia Commercial Bank (ACB) in Ho Chi Minh City.

Vietnam has signed and implemented 16 new-generation free trade agreements, with the government aiming to bring the total to 22 in 2027, the VITAS chairman said, noting the expanded network offers a major opportunity to boost exports. Vietnamese textile and garment products are now available in around 138 markets worldwide, including new destinations such as the Middle East and Africa, with designs tailored to local cultural preferences, he added.

Once overlooked by local manufacturers, the Middle Eastern market, particularly Muslim-majority countries, brought in \$1 billion in revenue in 2024 and \$700 million in the first seven months of 2025, according to Giang. Moreover, Vietnam's labor productivity is now considered higher than that of many regional peers. Although wages in Indonesia and Myanmar are 40% to 45% lower than in Vietnam, their productivity lags by about 40%. Vietnamese workers are regarded as more skilled and efficient, he added.

Vietnam's textile and garment industry is also rapidly embracing technology, automation, and green production, ranking second only to China in the region in terms of manufacturing modernization, Giang told the conference.

From a banking perspective, Ngo Tan Long, ACB deputy CEO, said lenders were concerned earlier this year about the potential impact of new U.S. tariff policies on textile and garment businesses.

However, this is no longer a concern for lenders, he said, explaining that the rate imposed on Vietnam (20%) is now comparable to that of countries such as Bangladesh (20%) and Indonesia (19%), and even lower than those applied to India (25%).

“ACB plans to expand its financing portfolio for the textile and garment sector over the next two to three years,” Long said. “For the logistics industry, the bank offers working capital loans of up to VND8 billion (\$303,721) with terms of up to 10 years.”

For coordination between banks and businesses, Giang said lenders and enterprises should be seen as playing on the same field and sharing challenges. Payment terms have shifted toward telegraphic transfers (T/T), with many buyers now requesting deferred payments of three to six months, creating financial strain for producers.

Giang suggested banks adopt more flexible lending and credit assessment practices instead of rigidly adhering to existing principles. He pointed out that the textile and garment industry still faces multiple challenges, including reliance on foreign supply chains and raw materials, rising costs driven by higher minimum wages, varying standards set by international organizations, along with market and regulatory risks.

Giang also cited statistics showing that imports of raw materials and accessories remain high at \$16 billion, including \$11 billion worth of fabric, underscoring Vietnam’s continued dependence on foreign inputs.

Regarding logistics, Dang Minh Phuong, chairwoman of the Ho Chi Minh City Logistics Association, said Vietnam’s textile and garment companies are facing tremendous opportunities, but their ability to seize them depends on how well they understand supply chains and logistics. Logistics costs in Vietnam remain high, she added.

“High costs are eroding businesses’ competitiveness, even as we are seeing a strong flow of orders. This directly affects product pricing and may force companies to accept lower profits in the short term,” she said.

Source: theinvestor.vn– Oct 11, 2025

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Bangladesh wants study, data-based trade deal with EU

Bangladesh wants to sign an Economic Partnership Agreement (EPA) with the European Union (EU), albeit after conducting a feasibility study and reviewing bilateral trade data, Commerce Adviser Sk Bashir Uddin said yesterday.



The adviser made the statement following a meeting with Michael Miller, ambassador and head of the delegation of the EU in Bangladesh, at the commerce ministry in Dhaka.

Miller said that signing an EPA with the EU could offer

significant benefits for Bangladesh, as the EU remains the country's largest trading partner.

He also noted that there is a significant gap in bilateral trade between Bangladesh and the EU, as the former exports more goods than it imports. Both Bangladesh and the EU have the opportunity to grow together by increasing trade and investment, he said.

Bangladesh has been negotiating with major trading partners to sign preferential trade deals such as EPAs, Comprehensive Economic Partnership Agreements (CEPAs), and Free Trade Agreements (FTAs).

The deals are aimed at securing zero-duty trade benefits once Bangladesh graduates from the least developed country (LDC) category to a developing one in November next year. The EU is the largest trading bloc for Bangladesh, where goods worth more than \$25 billion are exported annually — accounting for over 60 percent of the country's total merchandise exports.

Concurrently, Bangladesh has also been negotiating with the EU to secure GSP Plus status to enjoy zero-duty trade benefits after LDC graduation.

This is because the current tenure of the GSP status enjoyed by Bangladesh under the LDC category will come to an end in 2029.

The EU provides duty-free trade benefits for an additional three years after a country graduates, allowing a grace period to ensure a smooth transition. If Bangladesh, however, wants to avail itself of the GSP Plus status, it will have to sign 32 international conventions, including four core ones covering human rights, environmental protection, labour rights, and good governance.

So, Bangladesh prefers signing a trade deal to avail itself of GSP Plus status for the long term alongside sustainable trade benefits. However, Bangladesh's record of signing trade deals is poor. So far, the country has managed to sign only one preferential trade agreement — with Bhutan in December 2020.

"We want to sign the EPA with the EU, and we are ready to start negotiations if the EU responds to our call for the EPA," Commerce Secretary Mahbubur Rahman told The Daily Star over the phone after the meeting.

During yesterday's meeting, the EU ambassador also mentioned some non-tariff issues, including those involving Chattogram port and the sourcing of pharmaceutical products from Bangladesh, the secretary said. Almost all the issues raised by the EU ambassador and ambassadors of a few other EU countries accompanying Miller to the meeting are related to other ministries, Rahman added.

At present, Bangladesh enjoys duty-free access to the EU. The EU has already granted the country a three-year extension of zero-duty facilities until 2029. After that, exporters will face tariffs of about 12 percent in the absence of an agreement. The country's major competitors in exports, such as India and Vietnam, have already signed FTAs with the bloc.

Garments are the main export item to the EU. Currently, around 64 percent of Bangladesh's annual garment exports are destined for the EU. If the country cannot secure either GSP Plus status or an EPA, the garment sector will face serious challenges after LDC graduation.

Source: thedailystar.net— Oct 13, 2025

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NATIONAL NEWS

Union Cabinet may take up proposal for export promotion mission next week

The long-awaited export promotion mission (EPM) may soon be announced with the Union Cabinet expected to take up the proposal for clearance next week, sources have said. The scheme is focussed on providing financial and logistical support to exporters struggling to compete in the unpredictable global market and those hit hardest by the US tariffs.

“The inter-ministerial consultations are all done. There is more or less agreement on most issues, but the Cabinet has to take a call on a couple of sensitive matters such as resuming the interest equalisation scheme for exporters and its scope,” a source tracking the matter told businessline. ₹2,250 crore outlay

Finance Minister Nirmala Sitharaman announced the EPM in the Union Budget 2025-26, with an outlay of ₹2,250 crore, to address challenges related to export credit accessibility, factoring for cross-border trade and overcoming non-tariff barriers. The scheme aims to particularly support MSMEs.

“The annual outlay of the scheme is limited given its vast canvass. The Commerce Department is, however, hopeful that if the Cabinet decides to announce the EPM for a 3-5 year period, the outlay would be much more,” the source said.

The EPM will largely have two components. One component would be Niryat Protsahan (export promotion) where the focus would be on providing ample liquidity to exporters.

Measures such as the interest equalisation scheme, alternative financing options, credit card for e-commerce exporters and assistance for cross-border factoring are all under consideration. “It is the Union Cabinet that will take a call on export promotion schemes given the amount it wants to spend,” the source added.

With the government discontinuing the popular interest equalisation scheme from December 31 last year, there is a strong demand from exporters for its extension. The scheme provides interest subsidies on pre- and post-shipment export credit. “The Commerce Department has been for long trying to convince the Finance Ministry on the usefulness of the scheme as it lowers the cost of borrowing for exporters in India bringing it at par with competing countries. The Finance Ministry, however, has its reservations. It is the Union Cabinet which may now take a call,” the source said.

Export strategies

The second component of the EPM is Niryat Disha or export direction. The government seeks to extend measures to support exporters’ strategies for entering new overseas markets and participating in trade fairs, facilitate export logistics and overseas warehousing, provide funds for branding exports and assist exporters in complying with international quality standards and non-tariff barriers.

While the EPM was not planned with the US tariffs in mind, but it has been finetuned to give some support to labour-intensive sectors hit hardest by the 50 per cent tariffs imposed by Washington, the source added.

Source: thehindubusinessline.com– Oct 10, 2025

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Indian exporters likely to gain from US-China trade war escalation: Experts

The escalating trade war between the US and China is expected to benefit Indian exporters in increasing their shipments to the American market, according to experts.

Federation of Indian Export Organisations (PTI) President S C Ralhan said that imposition of higher tariffs by the US on China will shift demand towards India, which exported goods worth \$86 billion to the US in 2024-25.

"We may gain from this escalation," Ralhan said.

The US has announced an additional 100 per cent tariff on Chinese goods starting November 1, 2025, raising the overall tariff rate on Chinese imports to about 130 per cent.

The move came in response to Beijing's October 9, 2025 decision to impose sweeping new controls on rare earth exports, which are indispensable for US defence, electric vehicles and clean-energy industries.

At present, US tariffs on Indian goods are 50 per cent, more than that of China's 30 per cent.

"Now this 100 per cent additional tariff on Chinese goods will give us an upper edge," a textile exporter said, adding the imposition of higher customs duties by the US on imports from China provides huge export opportunities for India to America.

The tariffs would affect exports from China to the US as they would push prices of their goods in the American market, making them less competitive, another exporter said.

Toy exporter Manu Gupta too said that high duties on Chinese goods will help attract buyers from both these nations.

"It will help us. High duty will create a parity and will give us a level playing field," Gupta said, adding American buyers like retail giant Target have reached out to them for new products.

America depends heavily on China for electronics, textiles, footwear, white goods and solar panels, it said.

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

The US accounts for about 18 per cent of India's total goods exports, 6.22 per cent in imports, and 10.73 per cent in the country's total merchandise trade. India and the US are negotiating a bilateral trade agreement.

Source: thehindubusinessline.com– Oct 11, 2025

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The end of fair trade?

The global trading system faces a crisis. Anchored so far by the World Trade Organization (WTO) and a rules-based multilateral order, it is now being reshaped by geopolitics and contestation, search for economic security and regulatory defences, and shock remedies for trade imbalances. The three trade majors — the US, European Union (EU) and China — together accounting for over 40 per cent of world merchandise trade are acting very differently pursuing their narrow interests while seriously undermining the global trading system. Stability and predictability which are key for world trade to thrive, are eroding.

The US, the standard-bearer of free trade, has turned decisively unilateral. Any partner with a trade surplus, friend or foe alike, faces adverse tariff treatment. Even FTA partners are not exempt.

“Reciprocal tariffs” are now deployed not only to curb deficits and bolster domestic manufacturing but also as leverage on issues far beyond trade — from trafficking to sanctions on Russian oil. Additionally, tariffs already applied or potentially, on “national security” grounds, have multiplied: from steel and aluminium under Trump-1 administration to now 15 sectors, extending to such unlikely products as kitchen cabinets.

Washington’s trade deals now demand that partners cut tariffs and non-tariff barriers for US goods and digital services, allow import of goods as per American standards, commit to investments in the US, purchase US energy or defence equipment, and open resource markets to American firms.

In return, the US offers only token tariff relief. Elements in the Japan deal is illustrative of the one-sided nature: 90 per cent of profits from Japanese investments in the US will flow to Washington, and just 10 per cent to the investor.

A three-tier tariff regime has emerged: the lowest 10 per cent for partners running surpluses with the US, a higher level of 15 per cent for those with deficits but a deal, and the highest, mostly above 20 per cent, for countries without a deal. India, figuring in the last category presently, on top of 25 per cent reciprocal tariff is faced with an additional levy of 25 per cent on account of Russian oil purchases.

Undermining the WTO

By discriminating between countries, Washington breaches the WTO's most-favoured-nation principle. Its tariffs, often far above bound levels, openly flout multilateral commitments. By drawing partners into bilateral deals that do not conform to FTA requirements, the US effectively makes them complicit in WTO illegality. Former USTR Robert Lighthizer and current incumbent Jamieson Greer have made clear: the goal is a new two-tier trading order where “rebalancing” takes priority and tariff, a “formidable stick”.

China's dissembling approach

China, meanwhile, professes support for multilateralism, inclusivity and globalisation even as it bends WTO norms to its advantage. When it joined in 2001, many expected a shift towards a market economy. Instead, Beijing has enshrined its “socialist market economy with Chinese characteristics” — an opaque system blending state control with market mechanisms.

Its strategy is deliberate: build industrial overcapacity, dominate global markets including through cheap exports and create dependencies. China's dominance in rare earths, magnets, semiconductors and renewable sector is getting leveraged. There is price to pay for those seen acting not in conformity with its interests.

Through the Belt and Road Initiative, the Asian Infrastructure Investment Bank, and currency swapping arrangements China has built a web of economic linkages that bind countries to its orbit.

Its participation in RCEP, expanding FTA network, and application to join CPTPP point to an ambitious bid for economic leadership. Yet this approach carries risks to partners — of debt dependency, supply chain overreach, and pressure to accept China's ever-expanding “core interests”.

Europe, in contrast, has turned regulation-heavy, using climate and social goals as veiled tools of industrial protection. The Carbon Border Adjustment Mechanism (CBAM) effectively imposes extra tariffs on imports from countries that do not meet EU emissions targets — ignoring the tenet of ‘common but differentiated responsibilities and respective capabilities’ under the Paris agreement. Other initiatives, such as the “Competitiveness Compass”, reveal a new industrial policy mindset. The

EU also boasts the world's largest network of FTAs, with over 45 agreements concluded and more under negotiation.

Notwithstanding its professed commitment to multilateralism and WTO rules, Europe too has compromised. Outraged initially by Trump's tariffs, it later struck a transactional deal with Washington, pledging investment and purchase commitments in return for tariff relief. Its moral high ground has become harder to defend. Even so it has talked about building EU-CPTPP structural cooperation as a way of weathering ongoing trade policy storms.

India's balancing act

Committed to multilateralism and wary of great-power pressures, India prefers adherence to WTO norms. Yet with only 2.3 per cent of world trade its leverage is limited. A persistent and wide goods trade deficit is an added constraint. While it has trade surplus with both the US and the EU it has a ballooning trade deficit with China of around \$100 billion that also poses a strategic vulnerability.

New Delhi's four-pronged self-reliance push involves: filtering high-risk investments and apps; strengthening domestic manufacturing through production-linked incentives in import dependent and emerging sectors including semiconductors; forging supply chain and critical minerals partnerships with trusted countries; and expanding its FTA portfolio — with the UAE, Australia, EFTA and the UK already in place, and ongoing negotiations with the EU and a few others.

All this is work in progress whose urgency and importance cannot be overemphasised.

Meanwhile, US has remained India's top trading partner. However its present 50 per cent tariff complicates the relationship. Negotiations on the bilateral trade agreement (BTA) are however continuing. It is important the two sides agree on a good deal soon. An early conclusion of the FTA with the EU will also be crucial.

The multilateral road ahead

The WTO's future looks uncertain amidst all this. The very powers that built the system are now weakening its foundations. Some argue that reform, not nostalgia, is the path forward. WTO rulebook certainly needs updating: subsidies, industrial policy, state-enterprises and transparency

must all be disciplined anew. Emerging issues — digital trade, technology controls, the overreach of “national security” exceptions and the environment-trade nexus — demand addressing. While a full fledged dispute settlement system needs revival, members must first agree on the rules such a system will adjudicate.

Whether the WTO Ministerial in Cameroon in March 2026 can produce a meaningful way forward looks doubtful. Competing visions loom large:

A US-led two-tier system, dividing the world into “friendly” and “adversarial” camps under differing tariff regimes.

A WTO-minus-US approach, where others uphold multilateral rules while bypassing Washington — though this would not curb distortions from non-market economies.

EU-CPTPP cooperation opening outwards, spanning a new architecture built on high-standard trade norms but may be a tall order for developing countries.

A surge in bi-lateralism, as countries hedge through selective deals while awaiting calmer times.

The rules-based order that once powered globalisation is fraying. Let us hope what replaces it may not be raw power dressed in the language of fairness.

Source: thehindubusinessline.com– Oct 11, 2025

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India, EU conclude 14th round of talks for free trade agreement in Brussels

Senior officials of India and the 27-nation European Union (EU) concluded the 14th round of talks for a proposed free trade agreement in Brussels, an official said. The five-day talks began on October 6 to iron out differences on different issues related to goods and services for the early conclusion of the negotiations, the official said.

The Indian negotiators were later joined by Commerce Secretary Rajesh Agrawal in the closing days of the round for providing a push to the negotiations. Agrawal held discussions with European Commission Director General for Trade Sabine Weyand during the visit.

Commerce and Industry Minister Piyush Goyal recently expressed hope that the two sides will sign the agreement soon. The minister is also expected to visit Brussels to meet his EU counterpart Maros Sefcovic to review the progress.

Both sides have targeted to conclude negotiations by December.

In June 2022, India and the EU bloc resumed negotiations for a comprehensive FTA, an investment protection agreement and a pact on geographical indications after a gap of over eight years. It was stalled in 2013 due to differences on the level of opening up markets.

Besides demanding significant duty cuts in automobiles and medical devices, the EU wants tax reduction in other products like wine, spirits, meat, poultry, and a strong intellectual property regime.

Indian goods' exports to the EU, such as ready-made garments, pharmaceuticals, steel, petroleum products, and electrical machinery, can become more competitive if the pact sails through.

The India-EU trade pact negotiations cover 23 policy areas or chapters, including trade in goods, trade in services, investment, sanitary and phytosanitary measures, technical barriers to trade, trade remedies, rules of origin, customs and trade facilitation, competition, trade defence, government procurement, dispute settlement, intellectual property rights, geographical indications, and sustainable development.

India's bilateral trade in goods with the EU was USD 136.53 billion in 2024-25 (exports worth USD 75.85 billion and imports worth USD 60.68 billion), making it the largest trading partner for goods.

The EU market accounts for about 17 per cent of India's total exports, and the bloc's exports to India constitute 9 per cent of its total overseas shipments.

In addition, the bilateral trade in services between India and the EU was estimated at USD 51.45 billion in 2023.

Source: business-standard.com– Oct 12, 2025

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India must seize strategic geopolitical opening US-China face-off offers

The global order, based on rules, is being systematically subverted by China. Its state-led economic model relies on practices that contravene the principles of the World Trade Organization, including extensive industrial subsidies that create global overcapacity, pervasive non-tariff barriers, state-sponsored intellectual property theft, and forced technology transfer. In the security domain, Beijing openly disregards international law, exemplified by its rejection of the 2016 Permanent Court of Arbitration's ruling on the South China Sea. It undermines regional stability with military coercion against Taiwan and provides a crucial economic lifeline to Russia helping in the invasion of Ukraine. In response, the new United States (US) administration, under Donald Trump, has initiated a policy of imposing high, broadbased tariffs, aiming to force fundamental changes in China's behaviour.

This confrontation is a geopolitical game of chicken. The game theory model is simple: Two drivers accelerate towards each other on a single-lane road. The first to swerve is the "chicken"; if neither swerves, the result is a catastrophic collision. The high-stakes standoff between Washington and Beijing is of this nature. Each side is projecting strength, but a closer look reveals significant internal weaknesses that pressure both to find an off-ramp.

On the Chinese side, the economy is afflicted by severe structural weaknesses. The collapse of the over-leveraged property sector is the epicentre of the crisis. This has triggered a solvency crisis for developers and for local governments that depend on land sales for a significant portion of their revenue. The contagion has, in turn, placed the banking system under severe stress, given its exposure to both property developers and local government financing vehicles. The government has ratcheted up economic nationalism, crushing private-sector confidence and fuelling record-high youth unemployment.

Decades of state-directed industrial policy have created chronic overcapacity in one industry after another, from steel to solar panels to electric vehicles. These sectors now depend on exporting their surplus production to remain financially viable, making them acutely vulnerable to tariffs and trade barriers.

The combination of the failures of central planning, a collapsing property bubble, and a demographic decline invites a historical parallel with the Union of Soviet Socialist Republics (USSR) of the mid-1980s: A seemingly mighty, centrally planned economy quietly crumbling from within. Beijing's dilemma is acute. In 2023, China's exports of goods to a broad bloc of advanced economies totalled approximately \$1.85 trillion, of which the US was at \$427 billion. The Chinese government is torn between nationalist pride vs the pragmatic necessity of ending the trade war to stabilise its economy.

On the American side, for all the rhetoric about protectionism, the economic reality is also challenging. Imposing high, broadbased tariffs is a self-defeating policy that inflicts significant harm on the domestic economy. The tariffs disrupt supply chains, raise input costs for American manufacturers, and ultimately act as a tax on consumers. Apart from a capital-investment boom in artificial intelligence, underlying American economic growth has stalled. The tariffs are feeding inflationary pressures. Reflecting a global retreat from American assets amid policy uncertainty, the dollar has weakened significantly; the dollar/euro exchange rate has dropped by approximately 11 per cent in 2025 alone.

Both protagonists are engaged in the high-stakes game of chicken from positions of surprising vulnerability. There is tremendous pressure on both sides to step back from the brink. Each leader wants to project strength and extract concessions, but each is captaining a ship that is listing badly. Both would prefer to end the trade war and tend to their domestic problems.

This suggests that while the rhetoric will remain heated, the most extreme protectionist measures may prove temporary. For Indian policymakers and firms, this volatile environment creates a strategic opportunity. The optimal path is a strategy of deep and pragmatic global integration.

First, India must prioritise concluding a comprehensive trade and investment agreement with the United States. Such a deal would stabilise a critical foreign-policy relationship and unlock economic complementarities in technology, finance, and services. Progress remains stalled by tariff and non-tariff barriers on both sides, from complex rules of origin to restrictions on services, capital flows, and government procurement.

Frictions over visas, tax complexities, and data localisation rules have also impeded progress. Systematically dismantling these obstacles would deepen India's integration with the world's largest market and reinforce our participation in strategic frameworks like the Quad and the Initiative on Critical and Emerging Technologies.

Second, this alignment reinforces India's positioning as the natural "China +1" alternative. Seizing this opportunity demands a renewed commitment to domestic structural reforms. This requires a fundamental overhaul of regulation and the functioning of regulators. It requires deepening indirect tax reforms and an orthodox goods and services tax. It means tackling foundational problems like slow judicial enforcement, and restrictive labour and land laws. The goal is to create an environment where foreign and domestic firms can operate with confidence, unlocking the private investment needed for sustained growth.

Third, India should accelerate its integration with other advanced economies through deep and comprehensive free-trade agreements (FTAs) with high-trust partners like the European Union, the United Kingdom, Japan, and Taiwan. These FTAs are more than just trade documents; they are vehicles for institutional spillovers that can elevate the quality of domestic governance. This outward orientation fundamentally alters firm-level incentives. As economists Jagdish Bhagwati and Anne Krueger observed decades ago, firms that compete globally tend to rent-seeking less and innovate more.

Finally, the strategic mandate for Indian firms is unambiguous: Globalise. The imperative is to learn at the global frontier. As multinationals bring advanced technical and managerial know-how into India, domestic firms must engage deeply with foreign capital, technology, and skilled personnel. A firm's degree of internationalisation serves as a powerful indicator of its quality. Competing in global markets derisks firms from domestic business cycles and regulatory vagaries. It forces a reliance on genuine competitiveness over state patronage. In this new era, firms must be deliberate in choosing partners, favouring jurisdictions with low geopolitical and regulatory risk — the high-trust liberal democracies.

Source: business-standard.com– Oct 12, 2025

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India taking up export barriers with Russia

India has identified more than 65 non-tariff barriers faced by its marine exports to Russia as well as the hurdles that its agricultural exports are subject to, as it aims to lower the trade deficit with the country, said officials.

"India is taking up with Russia the issue of non-tariff barriers. Most are in agriculture and marine," said one of the officials, who did not wish to be identified.

While Russia has opened up to some varieties of Indian mango and bananas in the past few years, one key concern pertains to the approval of marine product units from India for shrimp exports. India's goods exports to Russia in 2024-25 totalled \$4.88 billion, of which frozen shrimp and prawns exports amounted to \$123 million.

An early settlement of the non-tariff hurdles is crucial for India as it had a \$59 billion trade deficit with Russia in 2024-25.

"Only registered entities can supply shrimp to Russia and we have been trying to get the issue resolved. The EU has also given registration for many of our units," the official said.

Moreover, Russia, as part of the Eurasian Economic Union (EAEU), has firmed up the framework for a trade agreement with India. The EAEU comprises Russia, Belarus, Kazakhstan, Kyrgyzstan and Armenia.

India and the EAEU have signed the terms of reference to launch negotiations on a free trade agreement, establishing the framework and priorities for talks aimed at boosting trade and investment.

"Early resolution of the non-tariff barriers is important as it will also be a good background for the trade deal negotiations and Russia is the largest member of the bloc," the official said.

Fixing the issue is key for diversifying India's shrimp exports, which have been hit hard by a steep 50% tariff imposed by the US.

India also sees an opportunity in exporting more frozen fish meat, frozen rock lobster, sea crawfish, cuttlefish and squid to Russia, where Vietnam, Ecuador and Indonesia are some of the key suppliers.

In a move to reduce the trade gap, the commerce and industry ministry has reached out to industry on customs clearance and documentation challenges, freight issues in reaching Russia and banking-related difficulties, especially payment mechanisms, besides key product segments for export expansion and the possibility of joint ventures.

Source: economictimes.com– Oct 12, 2025

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India's merchandise trade deficit likely widens to USD 28 billion in September amid gold imports surge: UBI Report

New Delhi: India's merchandise trade deficit is expected to have widened to USD 28.0 billion in September 2025, up from USD 26.5 billion in August, according to a report by Union Bank of India.

The increase in the trade gap is driven primarily by a sharp rise in gold imports, which nearly doubled month-on-month despite record-high prices.

The report stated, "India's merchandise trade deficit likely widened to USD 28.0bln in Sep'25, compared to USD 26.5bln in Aug'25, driven primarily by a surge in gold imports."

The report noted that the surge in gold demand was largely fueled by the onset of the festive and wedding season, which typically boosts bullion purchases.

This increase occurred even as global commodity prices saw only a modest rise, with the CRY Index edging up to 301.78 in September from 296.64 the previous month.

In addition to gold imports, overall trade dynamics were likely affected by a delay in the US-India trade deal. The United States accounts for roughly 20 per cent of India's goods exports, and a slowdown in bilateral trade momentum could weigh on outbound shipments.

Looking ahead, the trade deficit is expected to remain elevated in the near term. Strong gold imports ahead of the festive season, firm energy demand, and continued reliance on electronics and capital goods imports are likely to keep the deficit high.

While some relief may come from softening global commodity prices and ongoing import substitution initiatives, export growth remains muted amid weak global demand and tariff-related challenges.

On the trade negotiations front, India and the US are making progress toward a potential first-phase trade agreement, with discussions expected to continue through November 2025.

Commerce Minister Piyush Goyal and External Affairs Minister S. Jaishankar highlighted the importance of constructive engagement but emphasised the need to protect India's core interests.

Once implemented, reduced tariff barriers under the agreement could support a recovery in exports to the US, India's key trading partner.

So the report outlined that India's trade deficit is poised to remain under pressure in the near term due to strong import demand and limited export growth. In contrast, ongoing trade talks with the U.S. offer a potential pathway for future improvement.

Source: economictimes.com– Oct 12, 2025

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EFTA TEPA to lead to \$100 bn in investments, 1 mn direct jobs: India

The Trade and Economic Partnership Agreement (TEPA) signed between India and the European Free Trade Association (EFTA) on March 10, 2024, officially came into effect on October 1 this year.

India's first free trade agreement (FTA) with four developed European nations: Switzerland, Norway, Iceland and Liechtenstein, the deal promises to bring in \$100 billion in investments and create a million direct jobs over the next 15 years, an Indian government release said.

Under the agreement, the EFTA nations have pledged to attract \$50 billion in investments within the first ten years and an additional \$50 billion over the next five years. These investments are expected to focus on sectors such as renewable energy, life sciences, digital transformation and engineering.

To facilitate these, a dedicated India-EFTA Desk has been set up as a single-window platform for investors.

EFTA has offered tariff concessions on 92.2 per cent of tariff lines, covering 99.6 per cent of India's exports. In return, India has granted access on 82.7 per cent of tariff lines, representing 95.3 per cent of EFTA's exports, while protecting sensitive sectors like dairy, soyabean, coal and select agricultural products.

The agreement's intellectual property provisions reaffirm both sides' commitment to innovation while maintaining India's flexibility to protect affordable medicines.

Agriculture, marine products and manufacturing are expected to experience significant growth under the agreement, the release noted.

Engineering, textiles, electronics and chemical industries will also benefit from improved market access and simplified trade procedures.

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