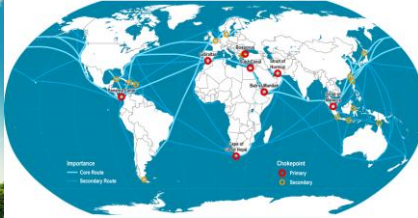


ASSOCIATION FOR GLOBAL ECONOMIC DEVELOPMENT

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Mumbai-India

Modi, Xi agree on need for 'dragon and elephant' to come together amidst Trump tariffs



Attempting to shake off over five years of mistrust and strained ties following the Galwan valley clashes, Prime Minister Narendra Modi and Chinese President Xi Jinping reinforced the need for the two countries to be "good friends" and advance relations based on "mutual trust" amidst tariff woes unleashed by US President Donald Trump.

"The Kailash Mansarovar Yatra has resumed. Direct flights are also being resumed between the two countries. Our cooperation is linked to the interests of 2.8 billion people of our two countries," Modi said during his bilateral meeting with Xi in Tianjin on Sunday, his first visit to China in seven years as relations soured after the Galwan confrontation in 2020.

In his speech, Xi pointed out that the world was undergoing transformation and China and India were two of the most civilizational countries, populous nations and key members of the Global South. "It is essential to be friends, good neighbours, and for the dragon and the elephant to come together," the Chinese President said in his speech. Modi is visiting China on Xi's invitation to attend the Shanghai Cooperation Organisation Summit.

He is also scheduled to hold a bilateral meeting with Russian President Vladimir Putin. With Trump targetting all three — India, China, Russia — with his tariffs and sanctions, the meeting between the top leaders of the countries is being watched with interest as together they would wield formidable power.



The three countries account for almost one-fourth of the world's GDP, with a combined nominal output of around \$25.5 trillion out of a world total of \$113.8 trillion. In terms of GDP based on purchasing power parity (PPP), which provides a more accurate representation of the actual purchasing power of an economy, the three account for \$53.9 trillion, which is about a third of the total global output.

Modi mentioned the “productive discussions” with Xi in Kazan last year at the BRICS summit that resulted in a breakthrough agreement to resolve a four-year military standoff on their border. “Last year in Kazan, we had very productive discussions, which gave a positive direction to our relations. After the disengagement at the border, an atmosphere of peace and stability is now in place. Our special representatives have also reached an agreement on border management,” he said.

Beijing has been recently showing signs of warming up to India by addressing its key concerns related to supplies of essentials such as rare earths and fertilisers. Chinese Foreign Minister Wang Yi recently visited New Delhi and assured External Affairs Minister S Jaishankar that China was addressing India's needs of fertilisers, rare earths and tunnel boring machines.



Trump recently doubled tariffs on **Indian products to 50 per cent as penalty for purchasing Russian oil** and allegedly fuelling Moscow's war against Ukraine. The move has threatened to bring exports of a number of labour-intensive products such as garments, leather, shrimps and jewellery to a near-stop.

The US President also **imposed 30 per cent tariffs on Beijing** and has warned of more tariffs if trade talks don't result in decisions favouring Washington.

India's FTA

Modi discusses early conclusion of FTA talks with EU leaders

Narendra Modi spoke with European Council President Antonio Costa and European Commission President Ursula von der Leyen. They talked about the Free Trade Agreement and the Ukraine situation. They stressed the importance of the India-EU partnership. They also discussed progress in trade, technology and other sectors. The leaders want to finalize the India-EU FTA soon.

Prime Minister Narendra Modi on Thursday held a joint telephone call with President of the European Council Antonio Costa and President of the European Commission Ursula von der Leyen, during which he discussed, among other issues, the early conclusion of a Free Trade Agreement (FTA) and the situation in Ukraine.

The leaders underlined the importance of the India-EU Strategic Partnership in jointly addressing global challenges, fostering stability, and promoting a rules-based international order for mutual prosperity.

They also welcomed progress in bilateral ties across critical sectors such as trade, technology, investment, innovation, sustainability, defence, security, and supply chain resilience. The leaders reaffirmed their shared commitment towards an early conclusion of the India-EU FTA negotiations and the effective implementation of the India-Middle East-Europe Economic Corridor (IMEEC).



Indian Economy

Opportunities for U.S. Companies in India

There is a shift in the focus of Indian industry to more automated and process driven manufacturing. Companies previously dependent on labor intensive practices are now looking towards increased automation to minimize uncertainties and maximize productivity. The need to reduce the competitive gap and to gain from shifting dynamics of developing manufacturing supply chains in India has led India on the path towards adopting more technology in its manufacturing processes.

The opportunities outweigh the challenges as India is poised for substantial growth driven by technological advancements, increasing demand across various sectors, and supportive policies by the government that will help bolster and develop its manufacturing infrastructure and competitiveness.

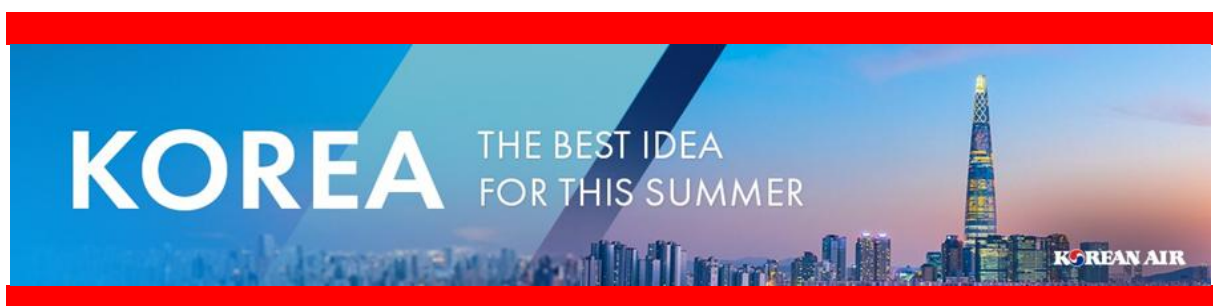
The government and private sectors' consistent investment in skill development and innovation will help U.S. companies harness the potential of this dynamic industry in India. India churns out a million engineering graduates every year, in addition to technically qualified workers. Integrating this talent into the existing 27.3 million strong manufacturing sector workforce will help bridge the skills gap and support the country's industrial transformation.

India harbors a strong and diverse presence of end-use industries. Among those utilizing, investing, interested in robotics and automation to boost production in their market include industries such as automotive, aerospace and defense, information and communication technology, electronics and electricals, metals and machinery, plastic and chemicals, food and beverages, pharmaceuticals, and cosmetics.

The integration of artificial intelligence and emerging demand for industrial robots, such as articulated robots, Selective Compliance Assembly Robot Arm (SCARA) robots, cartesian robots, Autonomous Mobile Robots (AMR), and Collaborative Robots (Cobots), further support the demand for smart manufacturing solutions in India.

U.S. companies entering the Indian market should identify quality reliable local partners with deep market knowledge, have a strong distribution network, and experience in procurement practice. Long term strategic planning, due diligence, and consistent follow-ups are essential for doing business successfully in India.

The U.S. Commercial Service team in India can help with your market entry strategies. If you wish to pursue market opportunities in this region, please connect with your nearest local [U.S. Commercial Service office in the U.S.](#) to schedule an appointment for a consultation or contact the advanced manufacturing team at the [U.S. Commercial Service in India](#).



India's higher tax on clothing threatens setback for global fashion brands

- **India overhauls consumer tax, making daily goods cheaper**
- **Pricey SUVs will also get cheap; garment makers face high taxes**
- **India is big market for clothes priced above \$29**
- **Taxes will slow growth, one Indian CEO warns**

NEW DELHI, Sept 4 (Reuters) - India's overhaul of [consumer tax](#) stands to make everything from soaps to luxury SUVs cheaper, but global fashion brands such as Zara, Levi Strauss ([LEVI.N](#)), [opens new tab](#) and Lacoste have been spooked by higher levies on all apparel priced at more than \$29.

The premium wear segment accounts for about 18% of an apparel industry worth \$70 billion, says Datum Intelligence, spurred by a growing number of nouveau riche and brand-conscious youngsters in India.

The biggest tax reform in eight years by Prime Minister Narendra Modi's government cuts levies to 5% on garments costing less than 2,500 rupees (\$29), but items priced above that figure now face a higher levy of 18%.

That will pile pressure on the likes of PVH Corp ([PVH.N](#)), [opens new tab](#), Marks and Spencer ([MKS.L](#)), [opens new tab](#), Gap Inc , Under Armour ([UAA.N](#)), [opens new tab](#), Nike ([NKE.N](#)), [opens new tab](#), H&M ([HMB.ST](#)), [opens new tab](#) and Japan's Uniqlo ([9983.T](#)), [opens new tab](#).

Fashion companies worry about the impact of higher taxes on sales, since aspirational young people consider such purchases as a lifestyle upgrade, but remain sensitive to price, said two Indian garment executives dealing in foreign brands.

Retail works on wafer-thin margins, and overheads like rents are extremely high," said the chief executive of a foreign garment brand operating in India, who sought anonymity for fear of government reprisal. "Growth that we were expecting earlier won't come now."

The official added, "This is not a luxury. The 2,500-rupee price point is basic now."

The higher taxes are also a double whammy for domestic garment makers whose thriving U.S. exports business is also reeling from President Donald Trump's tariffs of 50%.

India's reform has not only [drastically cut](#) consumption levies on daily essentials and consumer electronics, but dealt a surprise win on Wednesday for pricey SUVs, reducing their tax rate to a flat 40%, versus up to 50% earlier.

Carmaker Mercedes-Benz has been reporting [record sales](#) in recent months, as consumption surges.

International Business

India-Singapore relations go far beyond diplomacy: PM Modi after bilateral meeting with Singapore PM Wong

Prime Minister Narendra Modi characterized India-Singapore ties as a 'partnership with purpose,' emphasizing that their connection transcends mere diplomacy. He highlighted the shared values, mutual interests, and common vision driving their collaboration towards peace, progress, and prosperity. Singapore stands as India's largest partner in Southeast Asia, marked by significant investments flowing from Singapore to India.

Prime Minister Narendra Modi termed India-Singapore relations as 'partnership with purpose' saying "our relations go far beyond diplomacy". Our relations go far beyond diplomacy. This is a partnership with purpose, rooted in shared values, guided by mutual interests and driven by a common vision for peace, progress and prosperity," he said during a joint statement with Singapore Prime Minister Lawrence Wong.

Singapore is India's largest partner in the South East Asia region, as large-scale investments take place from Singapore to India. In a world marked by uncertainty and turbulence, the partnership between India and Singapore becomes even more important, he added.

India plans relief package for exporters hit by US tariffs

Nirmala Sitharaman announced India's plan to aid exporters affected by increased U.S. tariffs. The new duties included levies on Indian goods, impacting sectors like textiles and jewellery. The government will offer credit guarantees for small businesses and exporters. Labour-intensive industries face significant challenges, leading to job losses. The tariffs have strained relations between India and the U.S.

The new U.S. duties slapped on Indian goods last month included a 25% punitive levy over New Delhi's Russian oil purchases - taking overall duties as high as 50% on a wide range of items from garments and jewellery to footwear and chemicals.

Government will come out with something to handhold those who have been hit by 50% tariffs," Sitharaman told CNBC TV18, without going into further detail.

The government plans to offer credit guarantees on loans overdue by up to 90 days for small businesses and exporters, Reuters reported earlier, citing government sources.

Exporters said labour-intensive sectors such as textiles, jewellery and seafood, particularly shrimp - which all operate on margins of just 3%-5% - have been hit hardest, causing job losses in industrial hubs in Tamil Nadu and Prime Minister Narendra Modi's home state of Gujarat.

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India's Foreign Trade

India poised to step up food exports to the Philippines



New Delhi, (IANS) With the Philippines having liberalised food imports from India, a delegation of rice exporters will be visiting the Southeast Asian country next month as part of a move to step up exports. The Philippines has agreed to remove restrictions on the import of Basmati rice.

This move is expected to significantly boost India's high-quality rice exports to the country and eventually lead to higher incomes for Indian farmers, a senior official said. A high-level delegation from the Philippines, led by Secretary of Agriculture Francisco P. Tiu Laurel Jr. visited India earlier this month and held discussions with officials of the Agricultural and Processed Food Products Export Development Authority (APEDA) and the Indian Rice Exporters Federation to pursue this goal.

The Philippines delegation, headed by Secretary of Agriculture Francisco P. Tiu Laurel Jr. agreed to increase imports of key Indian food products, including rice, buffalo meat, vegetables, fruits, and peanuts.

The discussions resulted in a commitment to prioritise imports from India, helping diversify the Philippines' supply base amid global trade uncertainties. The decision to lift restrictions on Basmati exports was also taken at these discussions.

The deal marks a key development in Indo-Philippine relations and reflects both nations' intent to work together in agriculture, trade, and economic growth. With global supply chains facing uncertainty due to geopolitical shifts, such partnerships are becoming increasingly vital.

The Philippines aims to reduce dependence on Chinese products, enhance food security, and foster stronger Indo-Philippine economic relations. The agreement would contribute to "improved food security, economic expansion, and diversified trade" between the two nations India exported agricultural products worth \$ 413 million to the Philippines in 2024, which forms a mere 2 per cent of the Philippines' total agricultural imports.

As part of the stepped-up efforts to enhance bilateral trade, a delegation of the Philippines' food importers will also participate in 'World Food India' from September 25-28, which is India's largest food trade fair, and the International Rice Conference on October 30-31.

New Zealand Rouge apples arrive in India for very first time



Yesterday was a historic day for New Zealand – India fresh produce trade. APMC Vashi from Navi Mumbai unveiled the Rouge Apple from New Zealand for the very first time in India. "This moment will remain etched in the history of our fresh produce trade," says Rohan Satish Ursal of Purander Highlights Farmers Producer Company.

This launch comes at the perfect time. A few months ago, Hon. Prime Minister Christopher Luxon of New Zealand visited India and engaged in extensive discussions with Hon. Prime Minister of India Shri. Narendra Modi where agriculture was placed at the forefront of bilateral cooperation. "This launch is a living example of how the vision shared by both the Prime Ministers — to strengthen agricultural trade between our nations — is already becoming reality."

This journey began earlier this year when Satish Ursal was honored to be part of the Asia New Zealand Foundation's first India delegation to New Zealand. "During those 15 days, I experienced first-hand the incredible potential of Indo-NZ collaboration." With the guidance of New Zealand Trade & Enterprise (NZTE) — led by Hon. Mr. Graham Rouse, Consul General of New Zealand in India and Trade Commissioner for South Asia & India, and supported by Mr. Irfan Jaffer and Ms. Vrunda Sonawane — deep connections were forged with New Zealand growers.



India's duty-free cotton imports may double by December 2025



- *India's duty-free cotton imports are set to more than double by December 2025, reaching 50–70 lakh bales, driven by cheaper Brazilian supply and government duty relief.*
- *Imports touched 33 lakh bales by July.*
- *With ICE December futures possibly falling to 63 cents, Brazilian cotton could land in India at ₹49,000–50,000 per candy, compared to domestic prices of ₹54,000–55,000.*

Duty-free cotton imports in India may more than double by the end of December 2025 as cheaper Brazilian cotton attracts the Indian textile industry. Imports had reached 33 lakh bales of 170 kg each by the end of July 2025. Import duty exemptions made imported cotton 11 per cent cheaper for Indian buyers, while lower Brazilian prices provided an additional advantage. If imported cotton prices remain low, imports may reach 70 lakh bales by the end of this season.

ICE cotton for October 2025 delivery is hovering around 65 US cents per pound. The December contract is trading at 66.54 cents, but could drop to 63 cents, which would pressure the global market. Meanwhile, Brazilian exporters are offering cotton 4–6 cents cheaper than US cotton, supported by a bumper new crop expected at 235 lakh bales, according to market sources.

In contrast, Indian cotton is hovering at ₹54,000–55,000 per candy. As a result, Indian textile mills are expected to favour Brazilian imports. Total imports may reach 50–70 lakh bales by year-end. India's cotton marketing season begins in October, but the government has allowed duty-free imports until December 2025, covering the first quarter of the 2025–26 season.

He explained that the government has already raised the minimum support price (MSP) to ₹7,710 per quintal for the next season. Ginned cotton will cost around ₹63,000 per candy of 356 kg based on this MSP, with 35 per cent fibre recovery and an average seed price of ₹3,000 per quintal. Such high costs make Indian cotton unviable compared to cheaper imports. This will also discourage private ginning, as the Cotton Corporation of India (CCI) will procure seed cotton at the MSP when the new season begins.

The Cotton Association of India (CAI), in its latest report, estimated cotton imports for the 2024–25 season at 39 lakh bales, 23.80 lakh bales higher than last season's 15.20 lakh bales. By the end of July 2025, about 33 lakh bales were estimated to have arrived at Indian ports. (Source: Fibre2Fashion News Desk)

India, UAE set \$100 bn non-oil trade goal by 2030

India and the UAE have set a target of \$100 billion in bilateral trade by 2030, focusing on non-oil sectors. The goal was established during a recent meeting to enhance cooperation in emerging industries and improve trade data sharing under the CEPA.

New Delhi: India and the United Arab Emirates are targeting \$100 billion in trade by 2030, excluding oil and precious metals, India's commerce ministry said in a statement on Monday.

The target was decided during a meeting between Union commerce and industry minister Piyush Goyal and the UAE's minister of foreign trade, Dr. Thani bin Ahmed Al Zeyoudi, in New Delhi last week. They were reviewing bilateral trade between the two countries under the Comprehensive Economic Partnership Agreement (CEPA) that came into effect in 2022.

Both leaders stressed deeper cooperation in emerging sectors such as renewable energy, digital infrastructure, supply chain, and healthcare, charting the next phase of bilateral economic engagement, according to the commerce ministry.

The meeting highlighted collaboration opportunities in renewable energy, digital technologies, logistics, and healthcare, it added.

The two ministers underlined the need for timely sharing of trade data for effective CEPA monitoring and agreed that the sub-committee on services will meet within two months.

On pharmaceuticals, Goyal welcomed the creation of the Emirates Drug Establishment as a positive step in addressing the regulatory concerns of Indian drugmakers, while the UAE assured faster registration processes and facilitation for healthcare products.

India also pressed for deeper market access in food exports, with the Agricultural and Processed Food Products Export Development Authority launching the Bharati Scheme to support more than 100 food and agritech startups. According to the commerce ministry, bilateral goods trade between India and the UAE nearly doubled from \$43.3 billion in 2020-21 to \$83.7 billion in FY24. Non-oil exports alone touched \$27.4 billion in FY24, clocking a growth rate of 25.6% annually since CEPA took effect, Mint [reported](#) on 8 April. (Source: Mint)

Compiled by Dr. Sham Choughule through various sources for private circulation

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