

India-US Trade Agreement Rewrites the Playbook for Indian Textile Exports

By Our Special Correspondent

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The trade agreement between India and the United States is set to give fresh direction to India's textile and apparel exports, strengthening a relationship that already underpins a significant share of the country's overseas shipments. At a time when global buyers are reassessing sourcing strategies, the agreement provides Indian exporters with a clearer and more competitive pathway into their largest market.

The US is India's biggest destination for textiles and apparel, with exports valued at around USD 10.5 billion. Apparel accounts for close to 70 percent of this trade, while made-ups contribute about 15 percent. Against this backdrop, access to the US import market for textiles, apparel, and made-ups, estimated at nearly USD 118 billion annually, assumes critical importance for the Indian industry.

The agreement is also closely linked to India's longer-term export ambitions. As the country works toward a target of USD 100 billion in textile and apparel exports by 2030, the US is expected to account for more than one-fifth of this value. Improved access and better pricing competitiveness in the US market could therefore play a decisive role in helping Indian exporters scale volumes and expand their presence across product categories.

A central outcome of the agreement is the introduction of an 18 percent reciprocal tariff on textile products, including apparel and made-ups. This narrows the gap between India and competing supplier nations and removes a disadvantage that Indian exporters have faced for years. In comparison, key competitors such as Bangladesh, China, Pakistan, and Vietnam continue to operate under higher tariff regimes. The revised tariff structure is likely to influence sourcing decisions by large international buyers, many of whom are expected to reassess India's cost position more favourably.

The improved tariff environment also creates room for Indian exporters to move beyond price-led competition. With better realisations in the US market, manufacturers can place greater

emphasis on value-added segments such as specialised fabrics, technical textiles, performance apparel, and premium home textiles. This shift can support investments in product development, process upgrades, and compliance, strengthening India's standing as a quality-driven supplier.

The agreement further reinforces India's role as an alternative sourcing base as buyers diversify away from concentrated supply chains. India's scale, depth across fibres and fabrics, and growing alignment with buyer compliance requirements make it well placed to attract longer-term sourcing commitments from US brands seeking reliability and continuity.

The impact of the agreement is expected to be felt across the entire textile value chain. Higher demand from the US market can improve capacity utilisation not only for garment and made-ups exporters but also for fibre producers, spinners, weavers, and processors, spreading the benefits more evenly across the domestic industry.

In addition, the agreement allows Indian manufacturers to diversify sourcing of certain intermediates from the US, improving supply chain resilience. Access to specialised fibres, yarns, and technical inputs can support higher value manufacturing in India and reduce dependence on a narrow set of supplier countries.

Sustainability and compliance considerations also work in India's favour. US buyers are increasingly focused on traceability, environmental standards, and responsible production. India's growing emphasis on sustainable fibres, recycled materials, and improved manufacturing practices aligns well with these expectations and can help exporters build deeper, longer-term relationships with global brands.

Smaller exporters and traditional textile clusters are likely to benefit as well. With improved market access and the right support in financing and compliance, MSMEs can plug into larger export supply chains and participate more actively in growth driven by the US

market.

Taken together, the India-US trade agreement provides the textile industry with a timely opportunity to strengthen exports, improve value addition, and broaden its global footprint. More than a tariff adjustment, it offers a platform for sustained growth and positions India to play a larger role in global textile and apparel supply chains in the years ahead.

WOOLTEXPRO WELCOMES INDIA-US TRADE DEAL

The key positive outcome of the talks resulting in reduction of tariff levels on Indian textile exports to the US at 18%, as compared to the earlier levels of up to 50%, is expected to significantly enhance price competitiveness, encourage higher export volumes, and strengthen long-term sourcing partnerships with US buyers, according to Wool Industry Export Promotion Council (WOOLTEXPRO).

Mr. Akhil Khanna, Chairman, WOOLTEXPRO, along with Mr. Jasvinder Kataria, Vice Chairman, and Past Chairmen Mr. Ravikant Kapur and Mr. Harish Chatterjee, said that the wool and woollen sector stands to benefit considerably from the proposed tariff concessions. Indian exports of woollen yarns, fabrics, blankets, carpets, shawls and winter garments are expected to gain improved access to the US market, supporting value-added manufacturing and MSME-led exports.

Growing global demand for natural and sustainable fibres further enhances prospects for Indian woollen products, they said.

Meanwhile, WOOLTEXPRO reaffirms its commitment to working closely with the Ministries concerned to leverage the emerging opportunities and promote Indian wool exports.

The India-USA tariff concession and FTA talks represent a timely and strategic step toward deeper economic partnership, with the textile sector—and particularly the wool and woollen segment—poised for sustainable growth, they added.