LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

28th

July

2026

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Indian textile exporters divided over Trump's latest tariff move; industry seeks faster trade pact, policy support

India's $190-billion textile and **apparel industry** is divided over the 10% Section 301 tariff imposed by the US on Indian goods over "forced labour" concerns. While some exporters fear the move could divert sourcing orders and create fresh uncertainty, others believe it will strengthen India's competitive position against several rival manufacturing nations.

The latest US action follows investigations conducted by the **Office of the US Trade Representative** (**USTR**) into the enforcement of prohibitions on imports made using forced labour. While Washington lowered the proposed tariff on Indian goods to 10% from 12.5%, it also announced tariff-rate quota (TRQ) benefits for Bangladesh, Cambodia, Indonesia, and Malaysia, allowing specified textile and apparel exports from those countries to enter the US without the additional Section 301 duty. The TRQ benefit is not available to India.

Reacting to the development, the **Confederation of Indian Textile Industry** (CITI) cautioned that the tariff, unlike a temporary trade measure, carries no defined sunset clause and could pose reputational risks for Indian exporters. "The tariff imposition on the issue of forced labour is deeply unfortunate, as it does not indicate an expiry date and causes reputational risks, and CITI looks forward to the Indian government taking up this issue with the US, given the detrimental impact it could have on textile and apparel exports from India," CITI Chairman Ashwin Chandran said.

India's exclusion from the tariff-rate quota (TRQ) framework could put domestic exporters at a disadvantage, as competing suppliers from Bangladesh, Cambodia, Indonesia, and Malaysia will ship specified textile and apparel products to the US without the additional Section 301 tariff, potentially diverting sourcing orders away from India, he said.

Notably, the US is India's largest export destination for textiles and apparel, with annual shipments typically valued at around $11 billion. Yet several industry leaders argued that the bigger concern is not the tariff but the uncertainty it creates for global buyers.

Vikas Singh Chauhan, Director of the Home Textile Welfare Association (HEWA), said frequent changes in US trade policy often prompt overseas buyers to postpone procurement decisions until there is greater clarity. “Orders either get put on hold or buyers move into a wait-and-watch mode. That uncertainty hurts exporters more than the tariff percentage itself,” he said. It disrupts production planning and order flows, he added.

Chauhan urged the government to expedite trade negotiations with Washington to prevent future tariff actions on Indian goods. He also called on the government to extend the Rebate of State and Central Taxes and Levies (RoSCTL) scheme, scheduled to expire on September 30, by at least one year. According to him, an extension would allow exporters to capitalise on Christmas season demand, improve production planning and secure export orders before any further changes in US tariff policy.

Industry opinion, however, remains divided over the implications of the latest US action.

Sanjay K. Jain, Chairman of the ICC National Textiles Committee and Managing Director of TT Ltd, described the announcement as a “modest positive” for India, highlighting that the effective tariff burden has been lowered from the previously proposed 12.5% to 10%. “It’s not an earth-shattering development, but India does gain at the margin,” Jain said, adding that the lower tariff is particularly meaningful for labour-intensive industries such as textiles and leather, where margins remain thin.

He said India’s relative position has improved, as competitors such as China and Vietnam continue to face higher tariff levels. Jain also suggested that India’s absence from the TRQ framework could be linked to the ongoing bilateral trade agreement (BTA) negotiations between New Delhi and Washington, under which market-access issues may eventually be addressed.

The Federation of Indian Export Organisations (FIEO) also expressed a relatively optimistic view, saying the impact of the additional 10% duty should be viewed in the context of competing countries’ tariff treatment rather than in isolation. FIEO President S.C. Ralhan said India has been placed in the lowest tariff bracket under the latest Section 301 action, giving it a relative advantage over several competing exporting nations facing higher duties. At the same time, he noted that many of India’s direct competitors in labour-intensive sectors, such as textiles and garments, continue to face the same 10% tariff, allowing Indian exporters to broadly retain their competitive positions.

The latest US action follows investigations conducted under Section 301 of the Office of the US Trade Representative (USTR) into the enforcement of prohibitions on imports produced using forced labour. CITI pointed out that India has recently strengthened its domestic legal framework through a Directorate General of Foreign Trade (DGFT) notification banning imports produced with forced labour, alongside the implementation of four Labour Codes aimed at strengthening workers' rights.

Trade policy experts, however, believe the latest move signals a broader shift in US trade policy.

Ajay Srivastava, founder of the Global Trade Research Initiative (GTRI), said the reduction in the proposed tariff from 12.5% to 10% should not be interpreted as tariff relief because the temporary Section 122 tariff has effectively been replaced with a more durable Section 301 duty. According to Srivastava, a large share of India's exports to the US, including engineering goods, textiles & garments, chemicals, machinery, plastics, leather, furniture, and gems and jewellery, will continue to attract an additional 10% duty over and above normal US tariffs. He also pointed out that India's exclusion from the textile tariff-rate quota exemption framework extended to Bangladesh, Cambodia, Indonesia, and Malaysia.

Srivastava said the broader message is that higher US tariffs are increasingly becoming part of a long-term trade strategy rather than temporary trade actions. He cautioned that Indian exporters should prepare for a business environment where elevated US duties could remain in place for an extended period, with the possibility of further Section 301 tariffs on industrial products if ongoing US investigations lead to additional trade measures.

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Indian hubs turn textile waste to resource

Read more at : https://www.ecotextile.com/2026072764398/news/materials-production-news/indian-hubs-turn-textile-waste-to-resource/

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Indian textile exporters may lose competitiveness despite lower US tariff as rival countries get quota exemptions: Report

Indian textile and apparel exporters could lose some of their competitive edge in the US market despite India being placed in a relatively favourable tariff bracket under the new US Section 301 measures, as competing countries have secured tariff-rate quota (TRQ) exemptions, according to an Emkay Research report.

The report said India has been subjected to a 10 per cent Section 301 tariff, lower than the 12.5 per cent imposed on countries such as China, Vietnam, Brazil and Thailand. However, it noted that Indian textile exporters did not receive TRQ exemptions that were extended to several competing nations. "Indian textile and apparel exports have not received tariff-rate quota (TRQ) exemptions under the Section 301 tariffs, which were awarded to the likes of Bangladesh, Cambodia, Indonesia, and Malaysia," the report said.

It added that the exemptions apply to specified volumes of textile and apparel imports made using US-origin cotton and fibre. "Hence, while the tariff burden remains at 10 per cent, there will be a relative loss of competitiveness for Indian textile exporters vs key competitors," Emkay said.

The report noted that India remains one of the relative beneficiaries of the new US tariff regime overall. It estimated India's effective tariff rate in the US at around 12 per cent, lower than Bangladesh at around 25 per cent, China at around 22 per cent, and Vietnam and Indonesia at around 14 per cent each. According to the report, nearly 55 per cent of India's exports to the US will attract the additional 10 per cent tariff, while the remaining 45 per cent are either exempt, including products such as generic pharmaceuticals and smartphones, or are already covered under separate Section 232 tariffs applicable to sectors such as steel, aluminium and auto parts.

Emkay said India's exports to the US have already shown a marked recovery after the earlier IEEPA tariffs were struck down earlier this year. "India's exports to the US saw a marked improvement after the IEEPA tariffs were ruled unlawful... India's monthly exports to the US have averaged $8.4 billion in the four months since, vs $6.5 billion in the prior six months," the report said..

The brokerage expects the new Section 301 tariffs to have only a limited impact on India's overall export trajectory in the near term, with the country's relatively lower tariff rate potentially offering marginal benefits over some competing exporters. However, it cautioned that further Section 301 investigations by the US into excess manufacturing capacity could result in additional tariffs on India."In this context, ongoing negotiations on the India-US bilateral trade deal will be crucial to ensure a lower tariff rate and preferential access for Indian exports in the US market," the report said.

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India's Cotton output sees declining trend as some farmers have diversified to other remunerative crops

Domestic Cotton production during the recent cotton seasons has ranged to 290.91 lakh bales (Provisional) in 2025-26 from 352.48 lakh bales in 2020-21. The variation in production is primarily attributable to changes in cotton acreage, as some farmers have diversified to other remunerative crops. Cotton productivity remained broadly stable in the range of 428-451 kg/hectare during this period. Cotton prices have reflected prevailing domestic and international market conditions. During the recent period, international cotton prices increased by about 19%, while domestic cotton prices (S-6 variety) increased by about 18%. To augment domestic availability, imports of raw cotton and cotton yarn are undertaken whenever required.

The overall cotton availability in the country including imports, meets the requirements of the domestic textile industry. The estimated production, carry-over stocks and imports meet the projected consumption and the cotton situation is continuously monitored. The Government has taken timely measures to support the textile industry, including exemption of the 11% import duty on cotton imports from 01.06.2026 to 31.10.2026 to facilitate adequate availability of raw cotton at competitive prices. The Government has also continued the exemption from import duty on Extra Long Staple (ELS) cotton (ITC HS

Code 52010025), effective from 20.02.2024, to facilitate the availability of quality cotton for the textile industry. Further, the Government has approved the five-year Mission for Cotton Productivity (Kapas Kanti) (202627 to 203031), with an outlay of Rs 5,659.22 crore to increase productivity & improve the quality of the cotton.

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Indian cotton yarn makers' revenue to rise 9-11% in FY27: Crisil

Cotton yarn makers are expected to see stronger revenue prospects this fiscal (FY27) as higher exports and improved realisations support the segment, while polyester yarn producers face volume pressure from cost increases linked to the West Asia conflict, acccording to the Crisil Ratings.

Cotton yarn makers' revenue is expected to rise 9-11 per cent in FY27 on higher exports and better realisations, Crisil Ratings said in a press release.

The rating agency said operating margin is expected to expand on improved spreads, while credit profiles are seen healthy.

Cotton yarn spreads are expected to improve by ₹10-15 per kg (~$0.12-0.17 per kg) to around ₹108–110 per kg (~$1.25–1.28 per kg) this fiscal,

The downstream segment referred to in the note mainly includes readymade garments and home textiles. Exports form around 25-30 per cent and around 70-75 per cent, respectively, for these industries.

West Asia conflict is expected to raise costs and dent polyester yarn volumes by 2-3 per cent.

The note further cited 3-4 months of inventory holding at the start of FY27, a detail relevant for buyers and manufacturers assessing yarn procurement and production planning.

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US' 10% duty under Section 301; India looking quota for T&A under BTA

India is looking for textile and apparel market-access benefits in the United States, comparable to those proposed for Bangladesh, Cambodia and other beneficiary countries, as New Delhi continues negotiations with Washington for an early conclusion of the India-US Bilateral Trade Agreement (BTA). The discussions assume greater significance after the US imposed an additional 10 per cent tariff on a range of Indian imports under its Section 301 measures.

A key issue for India's textile industry is access to the proposed US textile mechanism based on tariff-rate quotas (TRQs), which could provide zero-duty access for specified quantities of eligible textile and apparel products. Bangladesh, Cambodia, Indonesia and Malaysia have been included in the proposed mechanism, while India has been left out.

India is now engaging with the US on its textile exports as part of the ongoing BTA negotiations, with the industry looking for benefits comparable to those available to competing Asian suppliers under the quota mechanism.

Recently, the Ministry of Commerce and Industry said the government would remain engaged with the US to secure an early conclusion of the India-US BTA while continuing discussions on sector-specific issues, including textiles.

Washington has imposed an additional 10 per cent tariff on Indian imports covered by its Section 301 investigation into forced labour-related trade practices. The final rate is lower than the 12.5 per cent initially proposed by the Office of the United States Trade Representative (USTR) in June, following consultations and submissions by India.

India was placed in the lower tariff tier under the final Section 301 measures announced by the USTR on July 23. The government said the outcome provides Indian exporters with a relative advantage over several other economies covered by the investigation.

However, India's exclusion from the textile-specific mechanism has emerged as a concern for the domestic textile and apparel industry. Under the final measures, the USTR provided for establishing a textile mechanism through TRQs for Bangladesh, Cambodia, Indonesia and Malaysia. The arrangement is intended to encourage these countries to import US cotton and textile goods and reduce their reliance on inputs from sources considered more likely to contain forced-labour inputs.

The quota mechanism could become particularly important for sourcing competitiveness if eligible textile and apparel shipments within prescribed quotas receive zero-duty access to the US market. Indian exporters are therefore looking for comparable treatment to prevent a tariff disadvantage against competing suppliers such as Bangladesh and Cambodia.

The Confederation of Indian Textile Industry (CITI) has also raised concerns that Indian exporters could lose competitiveness against regional rivals because India has not been included in the proposed textile quota mechanism.

The Ministry, however, highlighted that the textile-specific mechanism referred to in the final US measures is yet to be established and operationalised. "India continues to engage with the US on this matter as part of the ongoing negotiations for the India-US Bilateral Trade Agreement (BTA)," the Ministry said.

The government also reiterated that it "remains committed" to working with the US towards an early conclusion of the BTA.

Securing access comparable to Bangladesh, Cambodia and other countries covered by the textile mechanism could become an important negotiating priority for India's textile and garment sector. Zero-duty access within an agreed quota could help offset the impact of the additional 10 per cent tariff and preserve India's competitiveness in the US market.

The final benefit, however, will depend on the structure and eligibility conditions of the US textile mechanism and the outcome of India-US BTA negotiations, as the quota system is yet to become operational.

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GLOBAL

Ecuador and Canada sign free trade deal

Ecuador and Canada signed a free trade agreement on Friday, Reuters reported, citing Ecuador's government. The deal will allow 99.6% of its exportable goods to enter Canada duty-free once it takes effect.

The agreement covers trade in goods and services, investment, e-commerce, labor, environmental issues, Indigenous peoples and dispute resolution.

More than 600 Ecuadorian products will gain tariff-free access, including bananas, cacao, shrimp, tropical fruits and vegetables.

The deal gives preferential access to sectors including flowers, tuna preparations, textiles, footwear and cosmetics.

It excludes or protects 227 sensitive agricultural products, including rice, corn, milk, meat and sugar.

Ecuador said the deal matches terms already achieved by regional competitors Colombia and Peru.

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Intertextile to showcase A/W 2027-28 trends in Shanghai this August

In an era marked by constant alertness and growing disillusionment with the future, Intertextile Shanghai Apparel Fabrics – Autumn Edition invites the industry to rethink how security can be built amid uncertainty – by investing in emotional skills, developing flexibility, and strengthening social networks. Through the lens of the Intertextile Directions Trends for Autumn / Winter 2027-28, titled A QUEST FOR ESSENCE, the season reflects a conscious and positive mindset. It highlights humanity's ability to cultivate alternative creativity, integrate technology and craftsmanship, and use materials as tools for sensory exploration; rejecting sameness in pursuit of authenticity and meaning. Beyond its trend-inspired textile samples, the Intertextile Directions Trend Forum will further this pursuit through a scent-infused collaboration between Intertextile Apparel and Notes Shanghai, a premium niche fragrance fair in Messe Frankfurt's portfolio.

From 25 – 27 August, through an inspiring display of fabrics and accessories, the Trend Forum will give voice to uniqueness, experimenting with new combinations adapted to the essence of materials across three key themes: FEEL YOUR SERENITY, LIVE YOUR EMOTIONS, and PLAY YOUR ROLE. With a new sense now added to their creative arsenal, Intertextile Directions Trend Committee member MUSEATIVE has been charged with designing and curating the installation. Exhibitors from across the show floor will submit samples that illustrate each theme, allowing visitors to browse a concentrated selection of on-trend fabrics, and then intentionally connect with suitable suppliers.

Conceived by ELEMENTI MODA (Milan), MUSEATIVE (New York), NellyRodi Agency (Paris), and Sachiko Inoue (Tokyo), the trend directions serve as a primary form of expression inspired by global fashion insights, inviting designers to remain free to embrace fantasy and creativity, escape from neutrality, and infuse the everyday with excitement and exceptionalism.

To fully capture the spirit of A / W 2027-28 and deepen the sensory exploration at the heart of A QUEST FOR ESSENCE, this edition’s Trend Forum will move beyond the visual and tactile to incorporate olfactory elements, transforming the display into a more immersive and emotional experience. This autumn, the fair presents a first-of-its-kind, scent-infused collaboration between Intertextile Apparel, the textile hub that shapes the fashion world, and Notes Shanghai, a premier international fragrance exhibition, with fragrances supplied by world-renowned fragrance house dsm-firmenich. As visitors enter the space, fabrics come to life within a multi-sensory environment, where the interplay of tone and fragrance heightens perceptions of colour psychology.

Feel your serenity

This theme rethinks urban life as a space for mobility, performance and well-being, and reflects a softer resistance to excess in a more balanced way of living. Tinted whites and veiled neutrals evoke calmness and comfort, while future-forward cozy tones subtly transform the routine winter palettes.

Fabrics evoke experimental minimalism and therapeutic functionality, while emotion is released in high-energy surreal traits. Within this direction, second-skin stretch jersey provides comforting softness, while rubberised peach skin, techno taffetas, and iridescent nylon embrace playfully fun and experimental forms. Plush blanket and cozy fleece bring a sense of softness and protection. The theme’s fragrance pairing is Peach Fuzz, a soft-focus cocoon of peachy musks and creamy florals.

Live your emotions

This trend draws power from the quiet beauty of everyday objects, finding meaning in simplicity and restraint, favouring comfort, function and timeless essentials. It features a palette of natural colours capturing a poetic blend of memory, imagination and quiet optimism – timeless familiar shades that renew the desire to reconnect with the land and with a contemporary still life.

Key materials include felted worsted wools and Shetlands that evoke the passage of time imbued with the tenderness of memories. These include a vibrant, authentic exploration of classic patterns and nostalgic craftsmanship through tweeds, corduroy, and workwear denim, while performance jersey, outdoor rainproof, waxed, oiled, coated canvas and nylon help revive simple, real-life pleasures. Paired with Nanaland, a bold, playful scent of banana and spices layered over gourmand, the theme captures youthful energy.

Play your role

Experiencing the ambiguity of an unpredictable world, people long for emotional satisfaction and a freedom to embrace theatricality, fantasy or a couture spirit, infusing fashion with a newfound sense of mysterious opulence. Rich and vivid couture hues evoke a sensual elegance and contrast with softer essential shades in a mix that makes the everyday exceptional.

Driven by a spirit of exploration, fabrics gain value through appearance and the use of precious fibres and decorations, rediscovering traditional materials such as suiting twills, dense cashmere-silk blends, stiff organza, and patinated brocades, alongside bohemian luxury elements such as voile, plumetis and tapestry-inspired jacquards. This theme is matched with Sandal Whisper, a refined, aromatic interplay of luminous saffron and deep oud, softened by florals and anchored in creamy sandalwood.

The fair is co-organised by Messe Frankfurt (HK) Ltd; the Sub-Council of Textile Industry, CCPIT; and the China Textile Information Center. It will take place alongside Yarn Expo Autumn, CHIC and PH Value at the National Exhibition and Convention Center (Shanghai), with the venue playing host to the entire apparel textile value chain.

Intertextile Shanghai Apparel Fabrics – Autumn Edition will be held from 25 – 27 August 2026.

Other upcoming shows:

Notes Shanghai 2026AW

14 – 17 October 2026, Shanghai

Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies

24 – 26 February 2027, Ho Chi Minh City

Intertextile Shanghai Apparel Fabrics – Spring Edition / Yarn Expo Spring / Intertextile Shanghai Home Textiles – Spring Edition

10 – 12 March 2027, Shanghai

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