Press Release

US Tariff Decision Puts Indian Textile & Apparel Exporters at Competitive Disadvantage, Raises Reputational Risk | CITI

New Delhi, July 24, 2026: The Confederation of Indian Textile Industry (CITI) expresses grave concern over the United States imposing a 10% tariff on Indian goods following investigations conducted under Section 301 by the Office of the US Trade Representative (USTR). The investigations relate to the enforcement of prohibitions on imports of goods produced with forced labour.

"The tariff imposition on the issue of forced labour is deeply unfortunate as it does not indicate an expiry date, 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 Shri Ashwin Chandran said.

"What could raise a serious challenge for Indian textile and apparel exporters is the fact that although many key competitors of ours have also been subject to the same tariff rate, a window has been opened for textile and apparel exports from these countries to enter the United States free of the Section 301 tariffs. This differential treatment risks diverting sourcing orders for textile and apparel items away from India," Shri Chandran pointed out.

Shri Chandran said the US tariff imposed on India on the issue of "forced labour" could also affect exports of intermediate textile items from India to other nations. The US is the single-largest market for India's textile and apparel items. Exports of textile and apparel products from India to the US are usually close to $11 billion.

The US Federal Register Notice mentions:

"As soon as the Trade Representative determines that it is feasible, the Trade Representative shall: (i) establish TRQs for Bangladesh, Cambodia, Indonesia, and Malaysia, with an initial duration of 3 years, to encourage the importation by each of these economies of U.S. textile goods, in order to reduce reliance on inputs from other sources that are more likely to contain forced labor inputs; and

(ii) structure the TRQs for Bangladesh, Cambodia, Indonesia, and Malaysia to allow for a certain volume of specific textiles and apparel, based on that economy's importation of U.S. inputs, to enter the United States free of the section 301 tariffs provided for in section 1(a) of this memorandum."

TRQs refer to Tariff-Rate Quotas.

Shri Chandran said India's textile and apparel industry operates under a robust national legal and institutional framework that prohibits forced labour. He added that the industry maintains a zero-tolerance approach, backed by active enforcement measures and compliance mechanisms. On July 13, the Directorate General of Foreign Trade (DGFT) had issued a notification inserting new paragraphs into the Foreign Trade Policy (FTP) regarding the prohibition on the import of goods produced using forced labour. India has also implemented four Labour Codes to protect workers' rights.

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