

EU FTA: India for zero duty on textiles

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NEW DELHI: India is advocating for labour-intensive textiles and apparel products to be classified as non-tariff items in the ongoing negotiations for a free-trade agreement (FTA) with the European Union.

EU nations impose higher import duties, typically ranging 10-12%, on textile products, placing India at a disadvantage compared to China, the EU's leading supplier of apparel and textiles, said two people seeking anonymity.

The seventh round of negotiations with the 27-nation bloc, which started on 19 February, is significant for the Indian textiles and apparel sector, considering that the EU, the US and West Asian countries, are the major export destinations for Indian garments.

"The issue of bringing textiles

under the non-tariff barrier category was prominently raised during the seventh round of discussions. The talks are still on, and we are positive about it," the first person said.

India's textile exports to the EU fell from \$44.43 billion in 2021-22 to \$36.68 billion in FY23.

In the first 10 months of the current fiscal year, India exported textiles worth \$27.69 billion globally, including products valued at \$7.67 billion to the EU. This merchandise included readymade garments worth \$4.30 billion and handicrafts worth \$330 million.

India is emerging as a preferred destination for sourcing textiles, with better quality products, adhering to global standards, driving exports growth. The elimination of import duties will further stimulate growth, the second person said.

Emailed queries to the Union commerce ministry remained unanswered till press time.

The European Commission's press officer refused to comment.

However, experts hold differing views on the proposal for zero duty on textile exports. Mere signing of an FTA may not result in a rise in export of India's labour-intensive goods, said Ajay Srivastava, founder, Global Trade Research Initiative (GTRI).

Eliminating duties in the EU or the UK may benefit Indian exports, but for a significant increase, we need to strengthen our product profile, Srivastava, a former Indian trade service officer, added. "India's export of apparel to Japan is an example. Even after eliminating duties on all apparels from day one of the India-Japan FTA, which came in force in August 2011, the expected gains did not happen."