

New India-US Trade Deal Could Open Zero-Duty Access for Textiles

Published on 13 Feb 2026 | By IFI Correspondent



India's textile and apparel industry is poised to receive **similar US trade benefits** to those currently enjoyed by Bangladesh under a proposed interim trade agreement between New Delhi and Washington, senior officials have confirmed. This development could enhance India's competitiveness in the world's largest textiles market, according to government representatives and trade analysts.

Speaking at a press briefing, **Commerce and Industry Minister Piyush Goyal** said the draft deal with the United States includes provisions for **concessional or duty-free access** for Indian textile and garment exports that are manufactured using American yarn or cotton. This approach mirrors the arrangement Bangladeshi exporters recently secured under their own pact with Washington.

Under this structure — often called a “*yarn forward*” or “*cotton forward*” rule of origin — textiles exported to the US would qualify for **zero reciprocal tariffs** if significant portions of the production chain use raw materials sourced from the United States. Bangladeshi firms have benefited from this model, which has helped reduce trade costs for garments and bolster exports.

The inclusion of similar terms for India marks a diplomatic and economic milestone, coming amid ongoing efforts to deepen bilateral trade ties. Officials emphasised that the parity approach aims to ensure India's exporters are not placed at a disadvantage compared with competitors in South Asia, particularly given Bangladesh's strong presence in the US apparel market.

Industry voices welcomed the potential boost, noting that **access to duty-free or lower-duty entry into the US** — a key destination for Indian-made garments — could strengthen the textile sector's global positioning. India's manufacturing ecosystem, with its large spinning capacity, could allow exporters to make significant use of imported US fibres, potentially translating into higher export volumes.

Addressing concerns from textile stakeholders, Goyal also stated that the broader trade framework has been crafted to protect sensitive sectors, including Indian cotton farmers. He noted that 90–95% of agricultural products remain outside the scope of the trade deal, mitigating risks to domestic farming interests.

The interim trade pact — expected to be finalised in the coming weeks — follows a period of adjustment for Indian exporters, who have faced fluctuating tariffs and increased competition from other Asian producers. With this pact, authorities aim to stabilise export conditions and provide new incentives for growth in the textile value chain.

If implemented as outlined, the agreement could help India capture a greater share of global textile demand, reinforcing its ambition to become an even more significant player in the international fashion and garment industry.

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