

FAQ

US Tariffs

14.04.2025

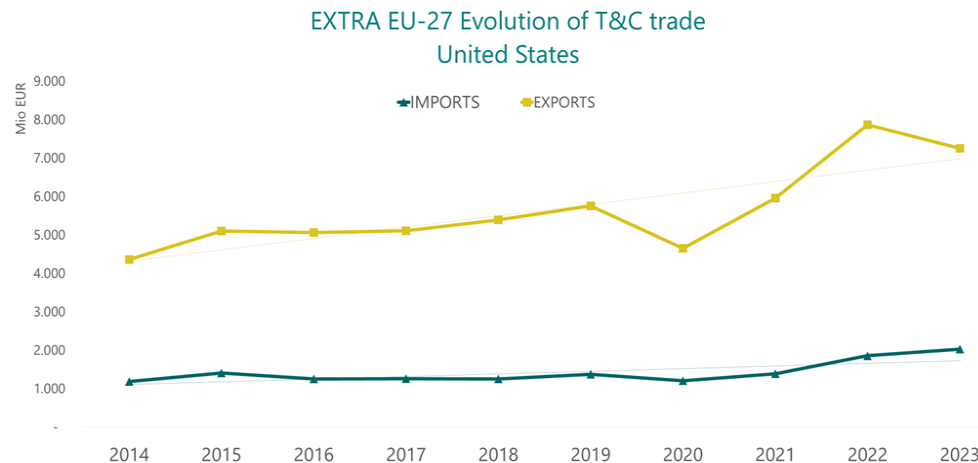


What does the US administration's 'reciprocal tariff plan' mean?

On April 5th, the US introduced a 10% baseline tariff on existing import duties from all countries and a 20% “reciprocal tariff” on 57 key partners, including the EU should be put into place on April 9th. These higher tariffs aim to mirror the trade barriers these countries impose on US goods. On April 9, 2025, the US announced a 90-day pause on the additional tariffs (except for China) due to economic backlash and international pressure. However, the 20% tariffs are not cancelled—they could be reinstated or even expanded later this year.

What is the current tariff situation for the European T&C sector exporting to the US?

EU textile and clothing exports currently face an additional 10% baseline tariff. The planned 20% reciprocal tariff is paused until early July 2025. If reinstated, EU products would become significantly more expensive for US buyers, risking a loss of competitiveness in one of the EU's top markets for T&C exports.



EXAMPLE: IMPACT OF NEW U.S. TARIFFS ON EUROPEAN COTTON T-SHIRTS (HTS 6109.10)

1. New 10% Baseline Tariff (Effective April 5, 2025)

Applies to all EU textile imports, including cotton T-shirts (HTS 6109.10).

Adds 10% to the existing duty rate (previously 16.5% for most cotton apparel).

Total duty now: 26.5% (16.5% + 10%) for standard EU shipments.

2. EU-Specific Tariff (Paused for 90 days from April 9, 2025)

The EU faces a 20% country-specific tariff, replacing the 10% baseline.

New total duty: 36.5% (16.5% existing + 20% new).

3. De Minimis Rule Still Applies (For Now)

Unlike China, EU shipments under \$800 still qualify for duty-free entry (if sent via postal services).

What is the Tariff rate applied when the production occurs in multiple countries?

The U.S. applies specific rules of origin to determine whether textile products qualify for preferential tariff treatment:

- **Wholly Obtained:** Made entirely in one country from local materials.
- **Substantial Transformation:** Final major processing (e.g. sewing, weaving) sets origin when production occurs in multiple countries.
- **Tariff Shift:** Must change tariff classification under HTS to qualify.
- **De Minimis:** Small % (usually $\leq 7\%$) of non-originating materials allowed.
- **Yarn-Forward/Fabric-Forward:** Inputs (yarn or fabric) must be from FTA partner country.

What is the Tariff rate applied when the production occurs in multiple countries?

If the U.S. applies universal or multi-country tariffs, switching the country of origin won't help avoid them. Unless covered by a trade deal like USMCA, the U.S. typically uses **substantial transformation** to decide origin—based on where the final major processing occurs.

Example: Cotton yarn from India → fabric woven in China → T-shirt cut & sewn in Vietnam = Country of Origin (COO) = Vietnam

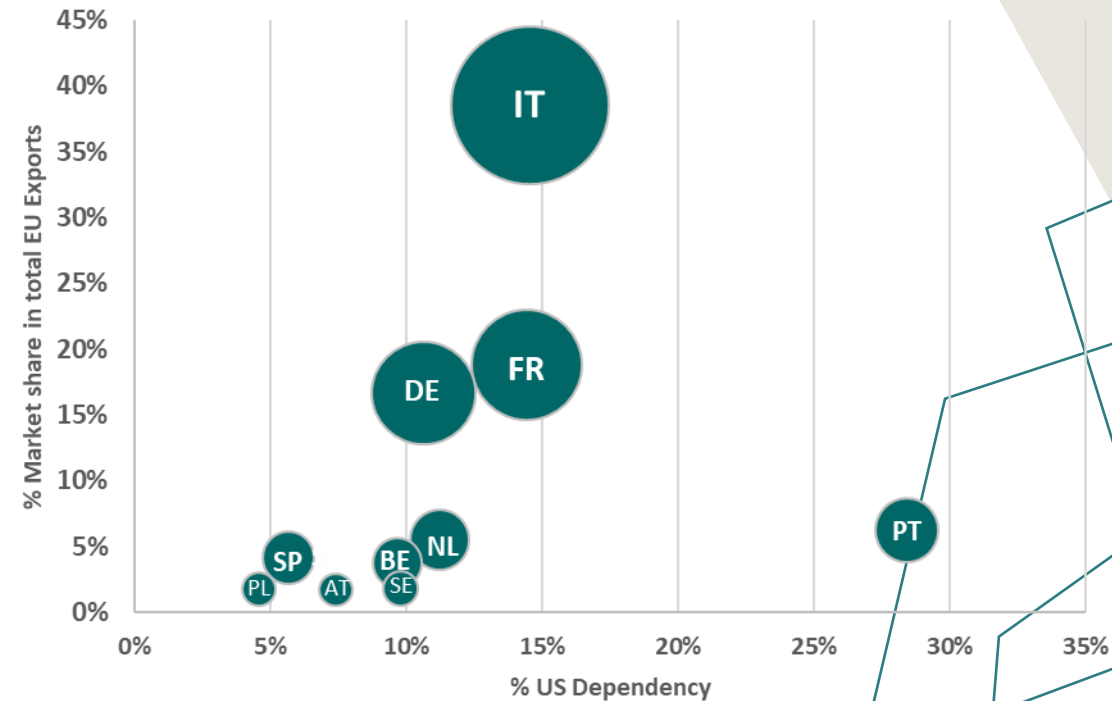
Every textile product has its own HS code with a unique classification, use the following portal to check which tariff applies to your product by using the HS code: [Harmonized Tariff Schedule](#)

| Product | Material | HS Code | Base MFN Tariff | Recirpocal Tariff +20% |
|---------------|------------------|------------|-----------------|---------------------------|
| Women's dress | Cotton | 6204.42.30 | 8.4% | 28.4% |
| Women's dress | Synthetic fibers | 6204.43.40 | 16.0% | 36% |
| Men's sweater | Wool | 6110.11.00 | 16.0% | 26% |
| T-shirt | Cotton | 6109.10.00 | 16.5% | 26.5% |

What would be the tariff impact for the European T&C sector exporting to the US?

Combining dependence with US and share in EU exports did show that only some of the EU-27 member states concentrate **higher risks**: Belgium, France, Germany, Italy, the Netherlands and Portugal. This does not mean that other Member States like Austria, the Czech R., Poland, Spain, Sweden or Romania, to name a few, would not be also highly impacted, but in a more limited and/or concentrated number of product categories.

EU T&C exports to the US – Top10 exporters

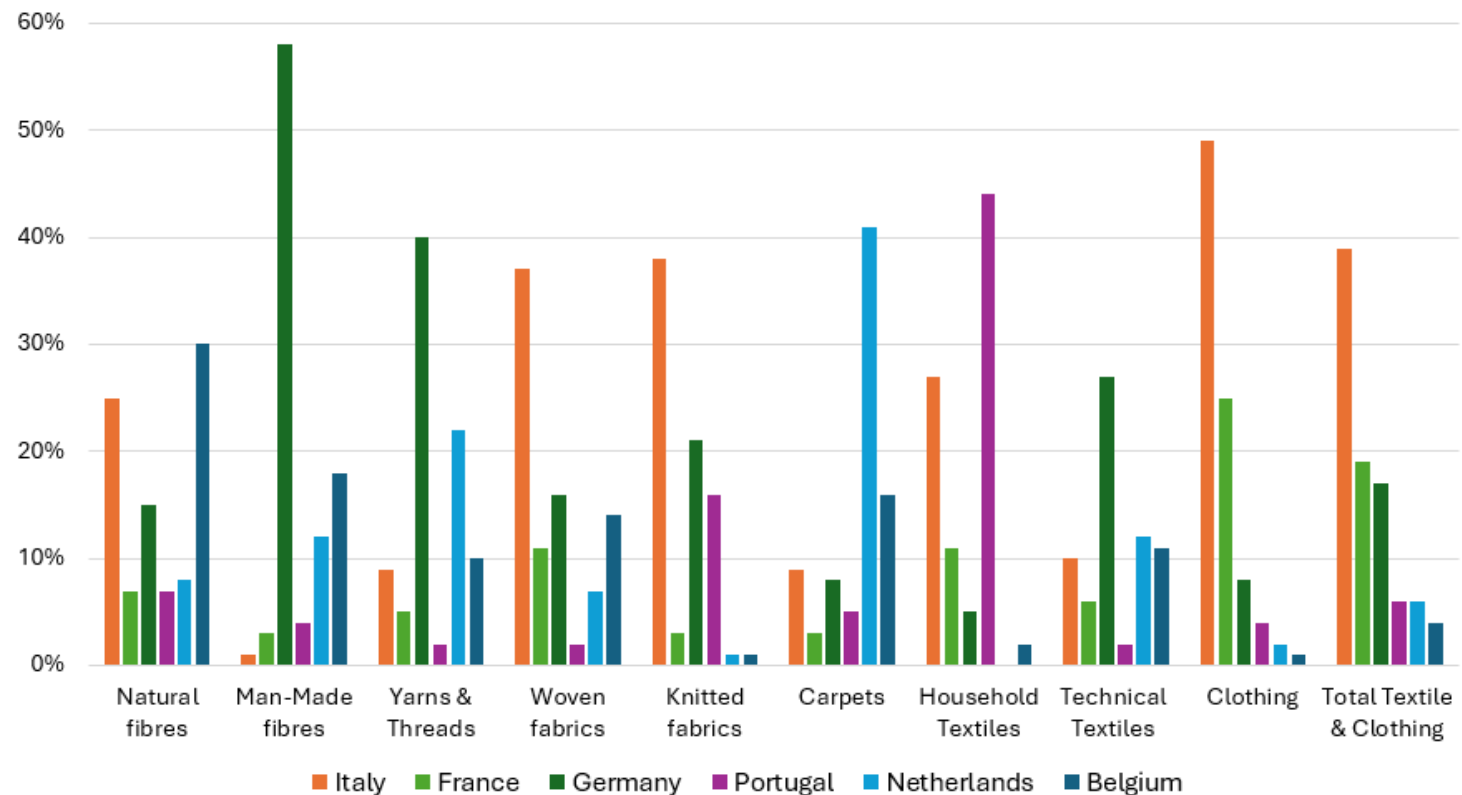


The top-10 exporters account for 99% of the total EU exports to the US.

This highlights a strong concentration of export activity among a limited number of member states. Within the product mix, clothing represents the largest segment (63% of T&C exports), followed by technical textiles. The distribution of export shares among EU member states reveals notable national specializations in key segments:

Italy plays a leading role in exports of clothing to the US, with more than half of EU clothing exports originating from Italy. **Germany** stands out as the dominant exporter of man-made fibers within the EU, accounting for 58% of total EU exports in this category. Other countries also demonstrate significant market strengths in specific segments (i.e. **France**, **Portugal**, **Netherlands**, **Belgium**).

Top10 exporters to the US – by product category
(% market share in total EU exports)

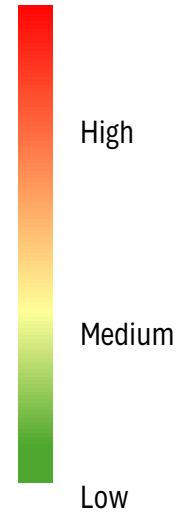


When focusing on the product categories for the ten main EU-27 exporters to the United States, it is possible to identify strong trade dependence as well as high risks of negative impacts for several textile and clothing products.

Level of risk due to high dependency from US market

Share of country's exports to the US in total World (excluding Intra-EU trade)

| Country | Total Textile & clothing | Natural fibres | Man-Made fibres | Yarns & Threads | Woven fabrics | Knitted fabrics | Carpets | Home textiles | Technical textiles | Clothing |
|-------------------------|--------------------------|----------------|-----------------|-----------------|---------------|-----------------|------------|---------------|--------------------|------------|
| Belgium | 10% | 2% | 9% | 14% | 21% | 4% | 10% | 28% | 22% | 8% |
| Portugal | 28% | 46% | 18% | 13% | 8% | 39% | 30% | 52% | 18% | 28% |
| Germany | 11% | 23% | 24% | 19% | 10% | 9% | 9% | 6% | 19% | 6% |
| Italy | 15% | 9% | 10% | 4% | 7% | 8% | 18% | 42% | 17% | 16% |
| France | 14% | 0% | 12% | 16% | 7% | 2% | 7% | 17% | 14% | 17% |
| Netherlands | 11% | 19% | 27% | 20% | 10% | 3% | 17% | 5% | 25% | 5% |
| Austria | 7% | 0% | 34% | 24% | 2% | 7% | 2% | 5% | 27% | 5% |
| Sweden | 10% | 11% | 4% | 2% | 6% | 31% | 6% | 11% | 13% | 9% |
| Spain | 6% | 1% | 1% | 6% | 2% | 2% | 14% | 8% | 9% | 7% |
| Poland | 5% | 0% | 0% | 0% | 3% | 2% | 11% | 3% | 9% | 5% |
| TOP-10 exporters | 12% | 2% | 18% | 12% | 7% | 7% | 13% | 25% | 18% | 13% |



Estimated tariffs' impact on principal EU exporters to the US (in euros)

The EU textile and clothing industry will face extra costs of around 800 million euros once the 10% tariff is applied

Assumption 1: Additional value if **10%** tariffs

| Reporter | Natural fibers | Man-made fibers | Yarns & Threads | Woven fabrics | Knitted fabrics | Carpets | Home textiles | Technical textiles | Clothing | Textile & Clothing |
|-------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Italy | 832.122 | 221.695 | 2.569.051 | 15.501.132 | 4.148.900 | 1.925.666 | 8.778.919 | 25.868.522 | 219.348.426 | 268.382.858 |
| France | 217.561 | 557.463 | 1.450.702 | 4.471.375 | 363.692 | 655.563 | 3.589.544 | 14.817.070 | 110.666.885 | 131.148.127 |
| Germany | 476.739 | 9.858.292 | 11.072.835 | 6.655.189 | 2.296.219 | 1.606.617 | 1.571.394 | 70.560.570 | 35.206.786 | 116.138.413 |
| Portugal | 233.024 | 655.103 | 488.212 | 1.041.019 | 1.694.085 | 1.159.876 | 14.276.542 | 5.806.990 | 18.347.066 | 43.524.253 |
| Netherlands | 275.895 | 2.068.629 | 6.010.007 | 2.752.899 | 60.597 | 8.724.506 | 137.212 | 30.682.705 | 7.239.015 | 38.440.605 |
| Spain | 45.789 | 7.913 | 543.804 | 2.290.760 | 557.556 | 701.152 | 885.758 | 6.491.017 | 19.260.313 | 28.925.875 |
| Belgium | 976.352 | 2.129.460 | 2.661.774 | 5.854.732 | 100.195 | 3.497.333 | 568.499 | 29.588.331 | 4.912.570 | 26.141.084 |
| Sweden | 13.462 | 474 | 42.994 | 111.347 | 300.671 | 457.678 | 451.438 | 4.547.279 | 8.883.652 | 12.892.219 |
| Poland | 338 | 1 | 20.250 | 238.408 | 76.996 | 540.524 | 186.376 | 6.593.816 | 7.766.111 | 12.179.428 |
| Austria | 167 | 714.326 | 457.998 | 962.874 | 256.498 | 48.554 | 83.883 | 9.078.813 | 1.110.996 | 11.958.456 |
| EU | 3.272.395 | 16.907.717 | 27.601.583 | 42.098.888 | 10.888.294 | 21.315.786 | 32.412.337 | 257.636.652 | 446.843.959 | 736.343.493 |

Estimated tariffs' impact on principal EU exporters to the US (in euros)

The EU textile and clothing industry will face extra costs of around 1.5 billion euros once the 20% "reciprocal tariffs" are applied.

Assumption 2: Additional value if 20% tariffs

| Reporter | Natural fibers | Man-made fibers | Yarns & Threads | Woven fabrics | Knitted fabrics | Carpets | Home textiles | Technical textiles | Clothing | Textile & Clothing |
|-------------|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|----------------------|
| Italy | 1.664.243 | 443.391 | 5.138.101 | 31.002.263 | 8.297.800 | 3.851.333 | 17.557.838 | 51.737.044 | 438.696.852 | 536.765.715 |
| France | 435.123 | 1.114.925 | 2.901.404 | 8.942.750 | 727.383 | 1.311.126 | 7.179.087 | 29.634.140 | 221.333.770 | 262.296.254 |
| Germany | 953.478 | 19.716.584 | 22.145.671 | 13.310.379 | 4.592.438 | 3.213.233 | 3.142.788 | 141.121.141 | 70.413.573 | 232.276.826 |
| Portugal | 466.048 | 1.310.206 | 976.424 | 2.082.037 | 3.388.169 | 2.319.751 | 28.553.083 | 11.613.979 | 36.694.132 | 87.048.505 |
| Netherlands | 551.790 | 4.137.259 | 12.020.015 | 5.505.798 | 121.194 | 17.449.012 | 274.424 | 61.365.409 | 14.478.030 | 76.881.209 |
| Spain | 91.578 | 15.825 | 1.087.609 | 4.581.519 | 1.115.113 | 1.402.304 | 1.771.516 | 12.982.034 | 38.520.625 | 57.851.750 |
| Belgium | 1.952.704 | 4.258.920 | 5.323.549 | 11.709.463 | 200.390 | 6.994.666 | 1.136.997 | 59.176.662 | 9.825.140 | 52.282.168 |
| Sweden | 26.925 | 948 | 85.988 | 222.695 | 601.342 | 915.356 | 902.876 | 9.094.557 | 17.767.305 | 25.784.438 |
| Poland | 676 | 1 | 40.501 | 476.816 | 153.991 | 1.081.047 | 372.753 | 13.187.632 | 15.532.222 | 24.358.856 |
| Austria | 333 | 1.428.652 | 915.995 | 1.925.748 | 512.996 | 97.108 | 167.765 | 18.157.626 | 2.221.993 | 23.916.911 |
| EU | 6.544.790 | 33.815.434 | 55.203.166 | 84.197.776 | 21.776.588 | 42.631.573 | 64.824.673 | 515.273.304 | 893.687.917 | 1.472.686.986 |

What countries are exempt from US administration's reciprocal tariff?

Countries like Turkey, Morocco, and Egypt face only the 10% baseline tariff, avoiding the steeper reciprocal rates. These exemptions reward countries that did not retaliate and signaled openness to negotiating broader trade terms with the US.

What is the effect of US administration's new trade policies on global scale?

Markets reacted sharply to the uncertainty. Analysts, including JPMorgan, raised the probability of a global recession from 40% to 60%, citing risks of supply chain disruption, lower consumer demand, and falling investment. The US pause on reciprocal tariffs helped calm markets, but volatility remains high and could flare up again if tariffs are reintroduced.

What is the EU's political response to the US tariffs?

In response, the EU proposed a zero-to-zero tariff agreement on industrial goods—rejected by the US. The EU also plans retaliatory tariffs, set to take effect April 15, targeting US exports. The European Commission has published a draft implementing regulation which include tariff increases that will affect key apparel and footwear categories.

Affected product codes:

- +10%: 5606, 5607, 5911
- +25%: 6109, 6203–6205, 6301, 6302

These tariffs might increase again of 25% on May 16 if the U.S. administration is following its plan of reciprocal tariffs (codes 61-63).

EU member States have in favor of this measures on April 9th as reaction of the reciprocal tariff announcement form the U.S. administration before knowing about the tariff pause that was announced later that day.

How do high U.S. tariffs impact smaller economies and major textile-exporting countries?

High U.S. tariffs severely reduce the competitiveness of smaller economies like Bangladesh (37%) and Sri Lanka (44%), threatening millions of jobs in their vital textile and clothing (T&C) sectors. Other key exporters, including Vietnam (46%), Cambodia (49%), Pakistan (30%), and China (125%), face steep costs that disrupt global supply chains, force factory relocations, and risk long-term economic instability for workers and businesses dependent on T&C exports. Companies are struggling to find alternative suppliers with enough capacity, which leads to shipping delays, higher prices, and supply chain instability.

Are there other regions gaining a competitive advantage from these changes?

Mediterranean countries like Turkey, Morocco, and Egypt only face a 10% tariff, making their exports more price-competitive in the U.S. This can boost their market share, especially in textiles and apparel. India with a lower 27% tariff compared to other Asian countries can gain advantages in the US market given also its skilled workforce and strong textile production capacity. This situation could help advance ongoing free trade negotiations between the EU and India, as well as with MERCOSUR, potentially opening new markets for EU businesses.

Does fast fashion remain a cheaper alternative for US consumers?

The U.S. removed the "de minimis" exemption for packages under \$800 from China. Now, even small e-commerce shipments face tariffs. This increases costs for platforms like Shein and Temu. Due to the ongoing trade war between the U.S. and China (125% tariffs) it is not predictable which percent rate will apply to these exports.

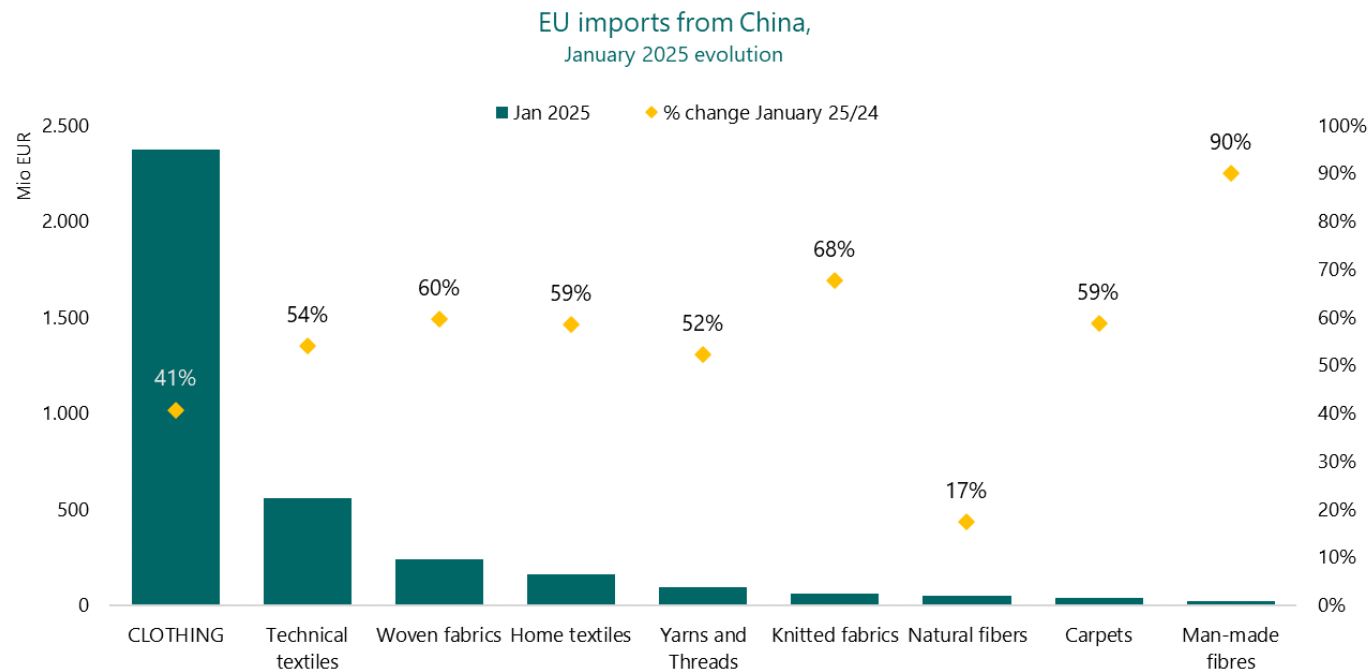
Could this new US administration lead to long-term shifts in global sourcing?

Yes. Rising tariffs and policy instability are driving a structural shift in sourcing strategies. Brands are moving away from China and Southeast Asia, exploring regional sourcing in India, North Africa, and Eastern Europe. A more diversified, resilient supply chain is becoming a top priority.

On the other hand, one possible outcome is that Chinese brands pivot their products to Europe, Latin America, Africa, and Southeast Asia. Many will slash prices to remain competitive and reduce surplus. This could spark a wave of low-cost competition in European markets, intensifying price pressure on local players.

EU imports from China rose by 45% in value in January 2025, as compared with the same period of the previous year.

This evolution was driven by a rise in imports across the entire textile and clothing value chain, with a particularly strong contribution from clothing articles, which alone grew by 41% (+ € 700 million), as compared with January 2024.



EURATEX Political Recommendations

Importance of Unity

- Europe must remain unified in its trade approach to maintain negotiating strength.
- Avoid bilateral negotiations with the U.S. to prevent fragmentation of the EU's position.

Concerns About U.S. Tariffs

- Rapid implementation has caused confusion for businesses.
- Supply chain shifts are slow, complicated by reciprocal tariffs on ASEAN countries.

Risks of Retaliatory Measures

- Retaliatory tariffs on textiles could harm EU exports and provoke stronger U.S. actions.
- Focus countermeasures on sectors with significant trade flows for meaningful impact.

Recommendations

- Prioritize de-escalation efforts through negotiations before retaliatory measures take effect.
- Exclude textiles from countermeasures to avoid exacerbating trade conflicts.
- Collaborate with the U.S. on shared global challenges like Chinese market distortions and overcapacity.



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