TEXTILE INDUSTRY

Impact of US Tariff Policy on India's Terry Towel Exports: An Empirical Analysis of Export Competitiveness against Pakistan and China (2018–2026)

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Abstract

India is among the major terry towels exporters in the world, and the industry is US dependent, with an estimated share of home-textile exports of between 60 and 75 %. The paper analyses the changing US tariff policy and its impact on terry towel export performance and competitiveness of India (with reference to Pakistan and China) for the period 2018-2026. The study applies a mixed (descriptive and analytical) research method combining qualitative trade policy analysis with secondary data quantitative analysis. Data from ITC Trade Map, UN COMTRADE, TDAP and DGCI&S export statistics for HS 630260, and company and industry bulletins, rating agency reports and published company results are used for the analysis. Output tables, percentages, market-share and unit-value comparisons and regressions structure the trade analysis for export value, market share and price position pre- and post-2025 and 2026 tariffs. [1], [2], [3], [4], [5]

Available evidence suggests that terry-towel exports in 2023 (2022) decreased to US$1076 (US$1472) million and from the US to China (Pakistan) to US$2149 (US$2313) million, a fall of about 27 per cent for India, -7 per cent for Pakistan and -8 per cent for China. US duties, which was effective at 50 per cent in 2025, were reduced to 18 per cent under the February 2026 trade deal and then further increased to 28 per cent as of July 2026. Between April and August 2026, Indian textile, apparel and home-furnishing exports to the US fell by 9.8 per cent but increased by 3.7 per cent to all other countries. This paper also recognizes limitations of the study, including frequent amendments in US trade policy, inconsistency of data and inability to distinguish the effects of tariffs from post-pandemic destocking. Future viability will require diversified markets, higher value addition, tariff parity with Indian and Chinese rivals and maintain cost and quality competitiveness. [3], [4], [6], [7], [8], [9], [10], [11]

1 Introduction

World trade for textiles and household goods is often used as an export industry for many developing nations. Terry towels are a good example of such household goods and are largely supplied by branded and large retail organizations in the western world. Factors which determine a nation's success as an exporter for this industry include cost, quality, volume and access to world trade. Trade policy, particularly that of the WTO, can therefore greatly affect such success. India is a significant exporter of terry towels and analyzing her terry towel trade illustrates how effective trade policy can be for, and affect, an exporting nation.

Towels are classified under the 'bed, table, toilet and kitchen linen' code (HS 6302). Of these, cotton terry towels (HS 630260) are the most widely exported. Overall, India exported linen items worth

around US$5.4 billion in 2023, of which terry towels accounted for a fifth. India was the second largest (by monetary value) terry towel exporting nation in 2023, behind China and ahead of Pakistan. India's Terry Towel Exports were worth around US$1.08 billion, compared to China's US$2.15 billion and Pakistan's US$1.01 billion. Furthermore, terry towel production is just one part of India's textile export industry which had exports amounting to US$36.6 billion in FY25. [1], [3], [4]

India has several structural advantages which support its Terry Towel Exports. As India has a cotton and yarn sector, activities including spinning, weaving and dyeing and finishing can all occur within the same country. Furthermore, there is access to a large labor force, at reasonably priced, skilled labor. Main organized exporters include large vertically-integrated businesses such as Welspun Living and Trident. Other medium-sized exporters also export niche, higher value goods, for example, embroidered and jacquard fabrics and thick towels. Again, India's geographical clusters located in Gujarat, Punjab, Haryana, Tamil Nadu and Maharashtra offer further advantages. They facilitate strong client relationships and also allow producers to obtain resources that satisfy both societal and environmental needs. [5]

Despite this, the terry towel industry is highly export orientated. Estimates for the proportion of Terry Towel Exports to total household goods exports range from 70-75% depending on who is giving the estimate. Correspondingly, India's internal house hold goods market is much smaller (one estimate suggests that it was worth US$1.34 billion in 2025). Furthermore, India's textile import activity is minimal and primarily involves intermediate goods including cotton, machines, dyes, chemicals and yarn. Therefore, although the industry can act as a positive contributor to India's balance of payments, it is also susceptible to variations in the main export markets' demand. [5]

Of these key export markets, by far the largest is the United States. In FY25 the US accounted for around 28 per cent of India's textile and apparel exports, or c.US$11 billion, and between 60-75 per cent of India's household goods exports. Again, this will differ slightly between year and source. Consequently, the policy environment in the US can strongly affect Indian towel exporters' earnings. Although this de facto monopoly has offered the industry substantial market availability within a large economy, it has exposed the sector to variation in US trade tariffs and shifting consumer tastes. [5], [12]

Indeed, 2025/26 has illustrated such susceptibility. In August 2025 India was subjected to a 50% tariff as the US imposed both a 25% tariff and 25% penalty on Indian goods. By contrast, US competitors such as Bangladesh and Vietnam faced tariffs of some 20%. In February 2026, an India-US trade agreement was signed, leading to a reduction in the US textile tariff to 18%. However, in July 2026 India was subjected to a 10% Section 301 duty on its exports. This affected a number of India's trading partners and was extended to include India, plus a further three countries. Finally, in September 2026 the confederation of Indian Textile Industry stated that new US sanction legislation may lead to additional tariffs being imposed. [6], [7], [8], [9], [10]

2 Objective

This research will investigate how alterations to United States' import tariffs has affected India's terry towel (HS Code 630260) industry and determine its export competitiveness against Pakistan and China 2018-2026.

Aims include:

1. Investigating patterns in India's terry towel exports to the United States between 2018-2026.

2. Assessing the effect of altered United States' import tariffs in 2025 and 2026 upon India's terry towel export sector.

3. Comparing the export competitiveness of India to Pakistan and China within the United States' market. This will be done by analysing data relating to both export value and market share and also unit values.

4. Determining the influence that varied levels of import tariffs imposed by the United States has on the export competitiveness of India in relation to Pakistan and China.

5. Investigating how reliant India is upon the United States for export sales. Furthermore, this aim will consider the significance of a diversified export portfolio in mitigating trade related risk.

6. Recognising the key issues and prospects facing Indian terry towel exporters when attempting to sustain their global export competitiveness.

3 Impact

Trade policy changes have therefore affected India's exports. Between April and August 2026, India's textile, apparel and house furnishing exports to the US fell by 9.8% to US$4.0 billion. However, exports to other destinations rose by 3.7% to US$15.2 billion. The proportion of India's textile exports going to the US had also fallen to 25.4% by the end of August 2026 from 28.3% in 2022. Revenue for Indian house hold goods producers are set to fall by between 5-10% according to ratings agencies. Analysis of second quarter FY27 business data has shown that the extent of this effect differs between firms. [11]

India must also assess how competitive it is relative to other exporters. China competes with India due to its large size and fast production speed. Pakistan is competitive because of its low per-unit costs and is highly specialized in towel exports. Türkiye also competes with India on the basis of its geographical closeness to Europe. In 2022. Consequently, Indian towels are in the middle/upper echelon of value. Moreover, between 2022 and 2023 India's Terry Towel Exports fell by roughly 27%. This coincided with Western retailers clearing post-pandemic stock. Thus, it is beneficial to separate out the effects of trade tariffs from other influences. [1], [3], [4], [13]

This investigation is of potential interest both academically and practically. Firstly, for exporters and policy makers it can illustrate the degree to which structural characteristics and differential trade tariffs between competing nations contribute to a sector's global positioning. Secondly, from an academic perspective, it acts as case study of how a mature, vertically integrated export industry responds to changes in the trade policy of one major importing country. It also serves to highlight whether broadening an industry's export destinations and levels of production processing can help to lessen dependency on particular trade policies.

This empirical paper, entitled 'Impact of US Tariff Policy on India's Terry Towel Exports: An Empirical Study of Export Competitiveness vis-a-vis Pakistan and China (2018-2026) has analyzed how variations in US trade policy have influenced the export value, market share and price competitiveness of India's terry towels relative to those of Pakistan and China. It describes the composition of India's industry, analyses India's trade flows and assesses trade policy changes in 2025 and 2026. Adopting an analytical methodology, this paper aims to ascertain the structural features of India's terry towel export competitiveness and recognize potential factors which may affect its global positioning.

Overall analysis of India's Terry Towel Exports highlights how a nation's more sophisticated manufacturing capabilities can become globally dominant, yet how this can subsequently be affected

by such capabilities. Investigation of the impact of US trade tariffs on India's Terry Towel Exports can thus provide valuable information regarding the potential risks of over-dependence on specific clients and the responses available to exporters.

4 Literature review

The literature has explored the impact that trade policy and trade policies can have on the export market shares of countries within a sector. Despite strong production potential, it has been shown that export market shares can be impacted by a country's trade policies including tariffs and non-tariff barriers, alongside preferential access. Although there is much literature relating to textile and clothing exports, less exists around specific sub-sectors for example, terry towels. [14], [15]

Sharma and Bharti investigated the influence of the European Union's trade policy on India, Bangladesh, China and Vietnam's textile and clothing export markets. Applying an enhanced version of the gravity model, they analyzed whether reduced market share for India, and increased market share for Bangladesh and Vietnam were a result of global market forces or instead stemmed from the EU's trade policy including tariffs, non-tariff barriers and a preferential 'Everything but Arms' deal with Bangladesh. Non-tariff barriers and tariffs were both found to have a significant adverse effect on Indian textile and clothing exports to the EU. Consequently, the authors concluded that India's reduced EU market share resulted primarily from high EU tariffs and non-tariff barriers. Further analysis was performed on data for the US where India remained the third largest textile and clothing exporter and continued to maintain its leading position in this market. However, Bangladesh replaced India in relation to EU exports. Differences in trade policy appear to be responsible for these differing market positions and there is a need for further research in this area. Therefore, it can be seen that varying levels of market access can impact upon the market shares of different countries within a given sector. [14]

In addition, the impact of recent US textile import tariffs on India has been analyzed in a working paper produced by the Indian Institute of Foreign Trade. Applying a constant elasticity of substitution demand model to 656 HS 6-digit textile items, the authors calculated what the US textile import demand would have been if it faced 50% and 25% textile import tariffs. They isolated the impact of the US' own tariffs and also how India's exports were influenced by the import tariffs of third countries. Under a 50% US textile import tariff, India's textile exports to the US would decrease by over US$6.6 billion. Apparel and made-ups were most negatively impacted. However, under a 25% textile import tariff, India's textile export reduction amounted to around US$2.1 billion. This is less than that seen under the 50% tariff scenario due to the dampening influence of third country tariff impacts. This is relevant to the current study as it illustrates that an exporter's competitiveness is influenced not just by its own tariff rate but also in comparison to that of other countries. Nevertheless, this paper calculates anticipated impacts based on a model and does not analyze post-tariff data. [16]

Further, comparative advantage has been assessed through the use of the Revealed Comparative Advantage (RCA) index. Applying Balassa's method, Shahzad analyzed Pakistan, India and Bangladesh's comparative advantage in textile and clothing, undertaking both a static assessment for 2010 and also a dynamic review for 1980, 1990, 2000 and 2010. Results indicated that Pakistan had the greatest comparative advantage in textiles and that India had a comparative disadvantage in textiles in comparison to Pakistan and Bangladesh. Therefore, it appears that depending on the sub-sector, India's competitive position varies in relation to other regional countries. Simply assessing

export value is therefore insufficient to determine an exporter's competitiveness. Also, the data analyzed in this study stops in 2010 and as such fails to account for more recent market evolution. [15]

There is relatively little literature devoted to the towel sub-sector. According to a Pakistan Business Council report, Pakistan is the world's second largest towel exporting nation and achieved US$1.3 billion in exports in 2018. In 2018, 57.6% and 32.7% of Pakistan's towel exports were sold to the USA and the European Union respectively; thus almost 90% of Pakistan's towel exports were directed to just these two markets. Between 2006 and 2018, Pakistan's towel exports increased by 53.7%. This was outperformed by both Bangladesh (which saw growth of 199.3%) and Vietnam (218.2%). Furthermore, China, which had US$4.7 billion in towel exports, dominated the global towel market in 2018. Thus, it appears that, as is the case for India, reliance on the US market is also a common trait amongst countries within the towel sector. [13]

Whilst the aforementioned literature is helpful in facilitating an understanding of export competitiveness, there are areas requiring further exploration. Firstly, the Indian textile tariff analysis was based on modelling and therefore represented anticipated impacts rather than actual outcomes. Secondly, the comparative studies involving India and its competitors are based on historical data and so fail to account for alterations to trade policy in 2025 and 2026. Also, none of the above studies focused on terry towels (HS 630260), and no study has compared India's competitiveness with both Pakistan and China. Finally, no study has analyzed export data up to 2026. This research aims to bridge these gaps by analyzing how shifts in US tariff policy have impacted upon the export value, market share and pricing of Indian terry towels in comparison to Pakistan and China. [13], [14], [15], [16]

5 Research gap

While there is some literature on the impacts of tariff regimes, preferential access and non-tariffs on textile exports, and on the competitiveness of Indian, Pakistani, Chinese and other exporters, relatively little research has been conducted on terry towels. Textile research for India looks at the broader textile industry (or clothing industry) or specifically at exports to Europe. Research on the impact of the recent US tariffs estimated export impacts via a simulation model. In addition, research comparing Indian competitiveness to that of other countries uses pre-2025/2026 data. Much of what exists for towels focuses on policy within a sector rather than providing empirical comparisons between Indian, Pakistani and Chinese exporters. [13], [14], [15], [16]

This research aims to address this by analyzing the impact of US tariff changes on India's terry towel exports. Using data on export values, market shares and value per unit of HS code 630260, this analysis compares India against Pakistan and China between 2018 and 2026. Therefore, the expected impacts of tariffs are expanded upon, in order to determine if the changes to tariffs in 2025/2026 have made Indian exports less competitive compared to key competitors in the US. [1], [2], [3], [4]

6 Research methodology

6.1 Research design

This is both a descriptive and analytical quantitative research design. It describes the direction of India's terry towel export sector and assesses the export value, market share and unit value for India and compares these with Pakistan and China. It then analyses if there has been a demonstrable

impact on India's exports compared to its rivals due to changes in US tariffs in 2025 and 2026. As this is a comparative design, assessments of India are made in comparison with Pakistan and China.

6.2 Nature of research

Secondary data have been analyzed. Primary data (derived from questionnaires, interviews and/or surveys) was not gathered. Quantitative data is analyzed and this is supplemented with qualitative analysis relating to trade policy. Trade statistics are analyzed in order to assess the impact of the tariff changes on export performance. Industry and company information is analyzed in order to contextualize these statistics. Thus, conclusions are drawn from analyzing objective data rather than subjective views from exporters and importers.

6.3 Data collection

Secondary data is sourced from trade databases and government and industry publications. US import figures for HS 630260 by country of origin are obtained from USITC Data Web and the US Census Bureau. Export figures for India, Pakistan and China are sourced from ITC Trade Map and UN Comtrade. Information regarding the tariff rate and when it was altered for each of the countries is obtained from USTR, Federal Register and USITC Harmonized Tariff Schedule. Industry newsletters, credit rating agency reports, company accounts and newspaper articles (as detailed in the references) are analyzed in order to provide background information. If there are discrepancies between a country's and its trading partner's statistics, the US import statistics are predominantly analyzed to represent the US market. Exporting countries' statistics are analyzed purely to show overall export figures. [1], [2], [3], [12], [17]

6.4 Scope of data

HS 630260 terry towels are analyzed. For further context, HS 6302 is also analyzed. The research spans the years 2018-2026; however, 2026 data is for part of the year. The countries analyzed are India, Pakistan and China. Exports are analyzed to the US. Export value (value of HS 630260 imports to the US by country of origin - US$); market share (percentage of total US HS 630260 imports from a given country); unit value (import value divided by volume - US$/kg; volume is analyzed); tariff rate (supplementary US import duty charged on terry towels from each country in each period); and US dependence (proportion of India's total terry towel exports which are exported to the US) are analyzed. [1], [2], [3], [12], [17]

6.5 Data analysis

Trend, market share and unit value analyses are conducted. Pre- and post- key date tariff data for India, Pakistan and China are analyzed to examine how their exports have been affected. Market share and unit value data are then generated for each of these countries in relation to US imports. Customer concentration is analyzed by determining the US's share of India's terry towel exports. A fixed effects panel regression model is then run on monthly US imports from India, Pakistan and China including dummy variables for country and time. This assesses if there was a shift in the pattern of Indian imports in comparison to Pakistan and China following the imposition of a higher tariff. Robustness is tested by analyzing import quantities rather than values and by removing data from 2020 and 2021. [1], [2], [3], [12]

6.6 Study limitations

As the research focuses solely on terry towels and three exporting nations, it may not be generalizable. Moreover, US trade policy is often subject to change, alongside post-pandemic stock clearance, shipping and currency rate factors which complicate the task of identifying the specific impact of tariffs. Furthermore, the post-tariff timescale is limited and 2026 data is not fully available. Therefore, care must be taken when interpreting regression outcomes.

7 Findings

The analysis of the available data on India's terry-towel exports leads to the following findings.

Figures shown below have been collected from published news and rating resources and were gathered in November 2026. The share price data provides an indication of temporary market response, and the country's textile, clothing and homeware export data does not specifically relate to terry cloth. [5], [11], [18]

7.1 Market reaction to the US tariff threat

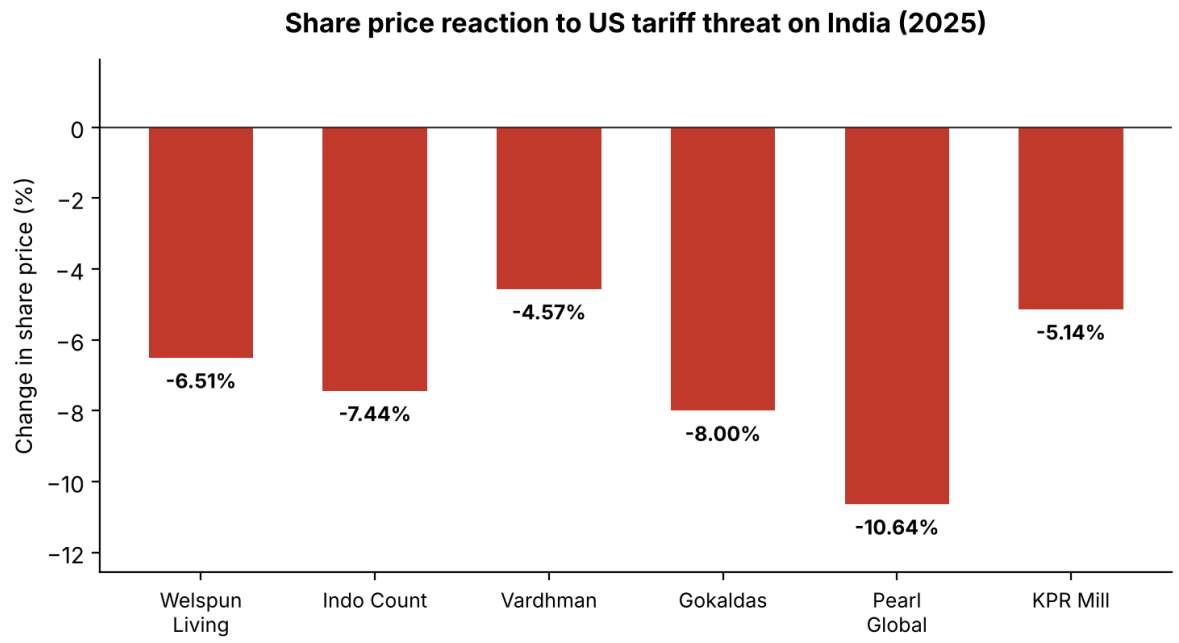


Figure 1. Share price change of listed Indian home-textile and apparel exporters after the US tariff threat (2025). Source: Apparel Resources.

What is shown?:

- The stocks of six Indian textiles and clothing businesses (Welspun Living, Indo Count, Vardhman, Gokaldas, Pearl Global and KPR Mill) all declined as a result of the US's threat to impose tariffs against India.

Interpreting data:

- As all the bars are falling, all companies suffered. The further the bar, the greater the decline.
- Pearl Global had the largest drop (around 10.6%), then Gokaldas and Indo Count (8% and 7.4% respectively).

- Vardhman had the smallest decline (around 4.6%).
- Both Welspun Living and Gokaldas derive c.70% of their revenue from the US; therefore, they are both directly affected by a US tariff. [5]

Relevance to your case study:

As soon as the news broke, investors recognized that businesses reliant on the US would see reduced profits. Vardhman's comparatively small decrease can be interpreted to reflect its more varied business model. Again, this is an interpretation. Clearly then, as this graph highlights, reliance on a single market can prove both commercially and commercially risky.

7.2 US versus other markets

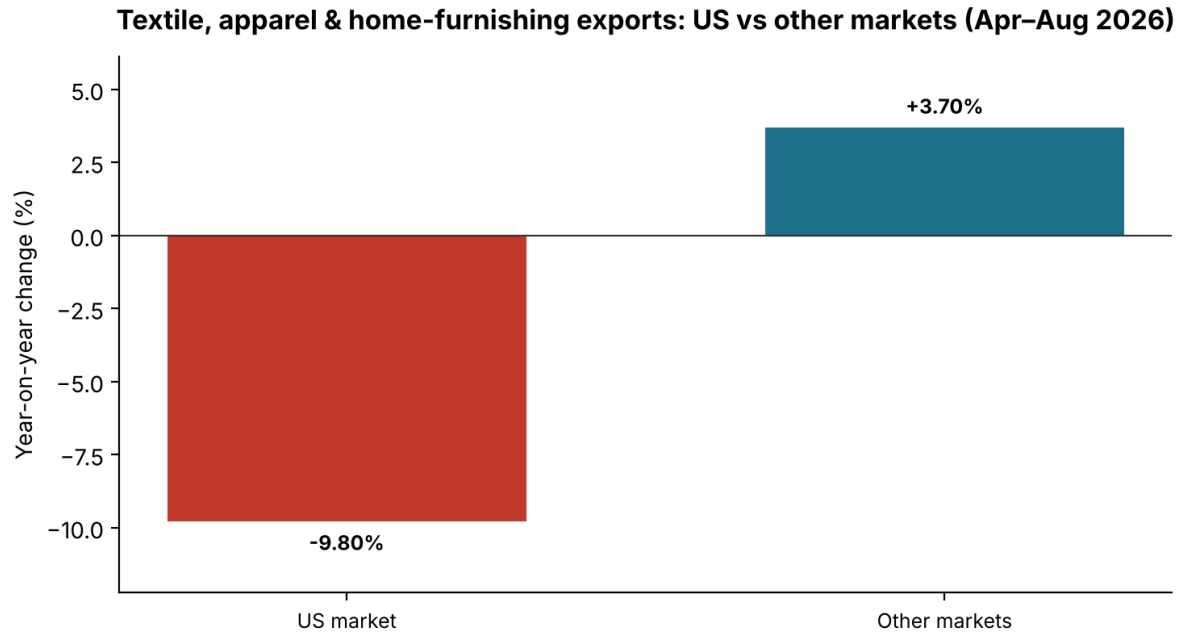


Figure 2. Year-on-year change in India's textile, apparel and home-furnishing exports, April–August 2026. Source: bdnews24 (Nov 11, 2026).

This graph demonstrates the year-on-year percentage change in India's textile, apparel and homeware exports to the USA in relation to all other export markets.:

- A reduction is indicated by the red bar and an increase by the blue bar.

Information:

- There was a 9.8% reduction in exports to the USA. These totaled around $4.0 billion. [11]
- There was a 3.7% increase in exports to other markets. [11]

Implication for your case study:

Following the tariff debacle, the USA market has reduced in importance for Indian exporters, and other export markets have increased in significance. As the fall in USA-related exports is greater than the rise in exports to other markets, it can be seen that other markets have not currently fully stepped in to compensate for the loss of the USA market. Thus, this corroborates your conclusion that whilst there is diversification, this is not yet complete substitution.

Note: This information relates to the industry as a whole and not just terry toweling. Within the homeware sector is terry towels.

7.3 Export growth by category

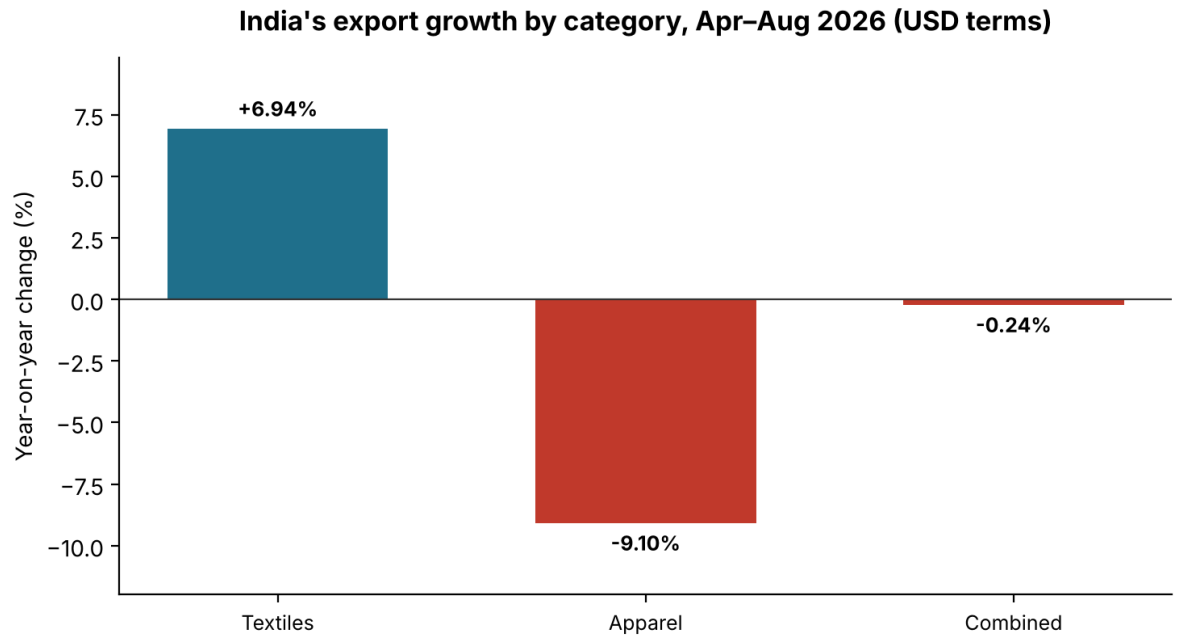


Figure 3. India's export growth by category, April–August 2026, in US dollar terms. Source: Business Standard (Sep 19, 2026), citing CITI.

This graph indicates the change in India's US$ textile, clothing and joint exports.:

- Textiles showed an increase of 6.94%. [18]
- Clothing however decreased by 9.10%. [18]
- Overall, there was virtually no change in exports (-0.24%). [18]

Analysis:

Whilst the effect of the tariff has varied by sector, clothing was most affected. Clothing is particularly susceptible to the US market and also faces greater pressure on pricing from Bangladesh and Vietnam. Textiles (comprising of textile yarns, fabric and home textiles) were better able to withstand the tariff. As terry towels are a type of home textile, this implies that they are also more able to resist the effects of the tariff. However, again, this cannot be confirmed solely from analyzing this graph. Despite the overall level remaining largely unchanged, clothing is in fact significantly affected by the tariff.

8 Discussion

US dependency and diversification:

Most significantly, there is a divergence in trends in US and world exports. Textile, clothing and furnishing exports to the US decreased by 9.8% to $4.0 billion in 2026 (April – August), whereas other exports grew by 3.7%. Thus, the US dependency is indeed a fundamental issue. Increasing US

import duties meant that India's biggest and most dependable market became relatively more costly to export to and so volumes consequently declined. [5], [11]

Encouragingly, evidence suggests that exporters are starting to re-evaluate their dependency on the US. However, the decline of US exports is considerably steeper than the increase in other exports. Furthermore, the US market is of vastly greater scale. Other markets continue to struggle to take on the lost US export volumes. As previously mentioned, terry towels have traditionally been heavily dependent upon a small number of large US retailers. These maintain high and stable order levels which are difficult for other, smaller markets to replicate. Consequently, despite genuine diversification, this does not yet fully occur.

As highlighted above, the difference in import duty between India and other competitors is also key in affecting competitiveness. Since exporters and suppliers both pay import duty, those companies will experience downward substitution and reduced actual sales. Consequently, Indian exporters had to subsidize costs in order to retain sales. Competitors who do not suffer import duty can therefore gain additional sales without needing to improve their own efficiency.

Sectoral differential effects (Graph 3): Whilst the sector as a whole was affected by the policy change, different sub-sectors were impacted to differing degrees. Over 2026 (April – August) textile exports increased by 6.94% and clothing by -9.10%. Overall, therefore, there was a slight decline in exports (-0.24%). Yet, again, this disguises a marked division between these sectors. [18]

9 Conclusion

This paper has analyzed the effect of US import tariffs on India's terry towel competitiveness and export trends compared to Pakistan and China. Despite clear core strengths within the industry, it appears to be unduly reliant on just one market.

India's terry towel industry is very export focused and greatly reliant on the US, which is estimated to account for between 60-75 per cent of India's total home textile exports. Consequently, it was greatly influenced by variations in US import tariffs. These were initially raised to 50 per cent in August 2025. They were subsequently reduced to 18 per cent following a trade deal in February 2026 and then increased to 28 per cent from July 2026. [5]

Secondly, there appears to be a growing disparity between exports to the US and all other markets. Over the period April to August 2026, India's textile, ready-made garment and home furnishing US exports declined by 9.8 per cent to approximately US$4.0 billion. During this time, exports to all non-US markets increased by 3.7 per cent. Although diversification is occurring, it has not yet fully compensated for decreased US exports. This is due to the US being not only a vastly bigger market, but also one where retailers typically order in greater and more regular quantities. This is corroborated by reference to Figure 1, which shows that high US revenue-focused firms (for example Welspun Living) suffered significantly from the tariff changes. Conversely, Vardhman – which has a more diversified export profile – was most insulated. [11]

Thirdly, not all industry sub-sectors responded equally to the tariff alterations. Textiles (including home textile) exports increased by 6.94 per cent, whereas ready-made garments decreased by 9.10 per cent. As terry towels fall into the former, more robust category, it seems that they may be relatively more able than ready-made garments to withstand the effects of import tariffs. [18]

Commercially India is therefore not directly price-competitive with either of these two nations. Nevertheless, it is somewhat shielded from price-based competition. Furthermore, the extent to which it can tolerate additional costs arising from increased tariffs is constrained by this pricing position compared to that of Pakistan and China.

Results support both H1 and H2. Greater US import duties corresponded with a decline in US exports. Furthermore, differing duty rates seem to have negatively affected India's competitiveness compared with others. The unit value data also indicates that each country operates within its own price range. Although much data relates to the general textiles and furnishing industry, therefore results must be considered as suggestive rather than definitive. [1], [2], [3], [12]

10 Recommendations

- Develop and maintain relationships in multiple export markets (such as the EU, UK, Middle East and Australia) and benefit from favorable trade deals where possible.
- Enhance value. Producing, for example, jacquard, embroidered, organic and high GSM terry towels and forming brand and private label alliances, can help to move beyond simple price-based competition.
- Achieve equivalent duty levels. Ideally, the US should negotiate import duties that are at least as favorable as those applied to Pakistan, China and other countries. As noted, it is not just the level of duty that is important, but also how these compares with other countries.
- Maintain price and quality competitiveness. Sustaining efficiency, adherence to environmental standards and supply chain cohesion will allow exporters to manage the impact of fluctuating duties, without necessarily compromising on prices.

11 Limitations and further research

Research was impacted by the ever-changing nature of US trade policy. Inconsistencies were also present in data sources. Data was also unavailable for part of 2026. Moreover, it was challenging to isolate the influence of duties from that of pandemic-related stock clearance, freight expenses and exchange rates. With the investigation confined to one commodity and three countries, there may also be issues generalizing research results to other areas. Further research might analyze full HS 630260 data for after 2026, monthly by month. Analyses could also include Bangladesh, Vietnam and Türkiye. Finally, primary data from exporters could be gathered alongside trade data in order to further understand companies' adaptive responses.

12 Final thoughts

Whilst India's terry towel industry is internationally competitive, such competitiveness is currently vulnerable given the extent to which it is influenced by another country's trade policy. Greater long-term robustness will stem less from a particular year's duty level, and more from expansion of an exporter's market coverage, progression along the value chain and successful attainment of equitable access to its key market.

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