

India–EU FTA Raises Serious Alarm for Pakistan’s Textile & Apparel Exports to Europe
Islamabad, 27th January 2026 — Chairman Pakistan Textile Council (PTC), **Mr. Fawad Anwar**, has expressed serious concern over the implications of the recently concluded **India–European Union Free Trade Agreement (FTA)** for Pakistan’s export-oriented textile and apparel sector, warning that **Pakistan’s already fragile competitiveness in the EU market now faces an existential threat.**

Mr. Anwar stated that Pakistan currently exports **approximately US\$ 9 billion worth of goods to the European Union**, of which nearly **65 percent consists of value-added textile and apparel products.** “Even before the India–EU FTA, Pakistan’s edge over India in the EU market was extremely thin and largely preference-driven. That narrow margin is now at serious risk,” he said.

According to recent trade data, Pakistan’s total textile and apparel exports to the EU stood at **US\$ 6.2 billion in 2024**, only marginally higher than India’s **US\$ 5.6 billion.** “This gap was never structural,” Mr. Anwar noted. “It existed mainly because Pakistan enjoyed preferential access under GSP Plus, while India faced tariffs of up to 12 percent on apparel.”

“With the India–EU FTA granting **zero-duty access to Indian garments across all tariff lines**, that advantage has effectively disappeared,” he warned. “At the same time, Pakistan’s **GSP Plus status is under intense scrutiny**, with the possibility of stricter conditions or even withdrawal. The combination of these two developments places Pakistan’s EU exports in a highly vulnerable position.”

Mr. Anwar emphasized that **India is now expected to rapidly expand its market share in the EU**, supported not only by tariff elimination but also by **lower energy costs, more competitive wage structures, strong support for man-made fibres, and aggressive industrial incentive schemes.** “In contrast, Pakistan’s exporters are being squeezed by **uncompetitive energy tariffs, escalating minimum wages disconnected from productivity, and a heavy and complex tax burden,**” he said.

He cautioned that unless immediate corrective action is taken, Pakistan risks **losing hard-won EU market share**, particularly in **value-added segments such as knitwear, woven apparel, and made-ups**, which are the backbone of industrial employment and foreign exchange earnings.

“The Government must recognize that this is no longer a future risk — it is a present danger,” Mr. Anwar stressed. “If critical cost-of-doing-business issues are not urgently resolved, Pakistan’s **US\$ 9 billion export relationship with the EU could erode rapidly**, with severe consequences for jobs, investment, and external account stability.”

The Chairman called upon the Government to immediately:

- Reduce **tax incidence on export-oriented manufacturing**
- Revisit **wage policies** to align them with productivity and competitiveness
- Rationalize **industrial energy tariffs** to regional benchmarks
- Adopt an **export emergency approach** focused on retaining EU market share

“Preferential access alone cannot sustain exports,” Mr. Anwar concluded. “Without decisive domestic reforms, Pakistan will struggle to compete in a post-FTA EU market where efficiency, scale, and cost competitiveness — not sympathy — will determine sourcing decisions.”