

COMPARISON INDIA & Key EU Sourcing Countries

| Parameter | India (Post FTA) | Bangladesh | Vietnam |
|----------------------|-------------------|------------|-------------------|
| EU Import Duty | Zero | Zero (LDC) | Zero (FTA) |
| Raw Material Base | Strong Domestic | Limited | Import- Dependent |
| Manufacturing Scale | High & Expanding | Medium | High |
| Compliance Readiness | Improving Rapidly | Mixed | Strong |
| Product Breadth | Very Broad | Limited | Footwear-Centric |

Bangladesh: From Tariff Advantage to Direct Competition

Bangladesh's leather and footwear exports benefitted for years from zero-duty access under **Least Developed Countries (LDCs)** preferences, enabling aggressive pricing in the EU market. The India-EU FTA effectively neutralises this advantage.

While Bangladesh continues to benefit from low labour costs, India now competes on equal tariff terms while offering:

- A larger raw material base
- Stronger domestic tanning and finishing capacity
- Greater scalability for large EU orders

For buyers, sourcing decisions will increasingly hinge on quality consistency, compliance, and delivery reliability rather than tariffs alone.

Vietnam: Matching an Established Export Powerhouse

Vietnam has built a strong foothold in the EU footwear market through efficient factories, integrated supply chains, and early trade agreements. India's FTA now places it on **equal tariff footing**, reducing Vietnam's price advantage.

While Vietnam retains strengths in logistics and speed-to-market, India's expanding manufacturing capacity and skilled workforce make it an increasingly credible alternative—particularly for buyers seeking volume diversification.

Pakistan and Sri Lanka: Narrowing Preference Gaps

Pakistan's preferential access under GSP+ and Sri Lanka's niche positioning previously provided limited advantages in the EU. The India-EU FTA narrows these gaps, especially as Indian exporters offer broader product ranges, higher volumes, and stronger cluster ecosystems.

Compliance and Sustainability: The New Competitive Frontier

While tariffs are no longer a barrier, **EU regulatory compliance** has emerged as the defining competitive factor. Exporters must align with European norms on:

- Environmental management
- Restricted substances and chemical compliance
- Labour standards and traceability
- Sustainable sourcing

For the Indian leather and footwear industry, this represents both a challenge and an opportunity. Firms that invest in compliance, transparency, and sustainability will not only secure EU orders but also enhance competitiveness across other global markets.



Strategic Implications for Indian Exporters

For manufacturers and exporters, the FTA calls for a strategic shift:

- Focus on long-term buyer relationships rather than spot orders
- Invest in compliance infrastructure and certifications
- Strengthen design, sampling, and development capabilities
- Move up the value chain in footwear and leather goods

Those who adapt early stand to gain disproportionately from increased EU sourcing.

For India's leather and footwear industry, the India-EU Free Trade Agreement is a structural turning point. By eliminating tariff disadvantages which persisted for decades, the agreement restores competitiveness, improves export economics, and repositions India as a serious long-term sourcing partner for European buyers.

While regional competitors remain strong, the FTA shifts competition away from tariff arbitrage toward efficiency, quality, and compliance—areas where India possesses significant latent strengths. With the right industry response, the agreement has the potential to usher in a new era of export growth, value addition, and global relevance for India's leather and footwear sector.



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**"YOU DON'T LIVE ON EARTH,
YOU ARE PASSING THROUGH."**

- RUMI