

**Quote by Kanishk Maheshwari, Co-Founder & Managing Director, Primus Partners**

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## **Trump tariffs: Exporters in Kolkata mull 'Made in Europe' tag for leather exports**



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#### **Synopsis**

**For leather exporters in Kolkata, the current situation is especially challenging given the eastern region's expertise and strength in this category.**

The announcement of a 25% tariff by US President Donald Trump on imports from India has dealt a severe blow to India's leather sector, a major labour-intensive industry with annual exports totalling \$4.1 billion. An additional 25% tariff for the purchase of Russian oil, which is scheduled to take effect on August 27, 2025, is expected to exacerbate the challenges faced by the local industry.

As per government data, India exported approximately \$4.1 billion worth of leather and leather products during April 2024-February 2025, with the US alone accounting for \$870 million. The US market accounts for 20% of India's total leather and leather products' exports.

Leather exporters in Kolkata, a major hub for leather goods in the country, are facing a particularly challenging situation, given the eastern region's expertise and strength in this sector. West Bengal accounts for 50% of India's total exports in this category. Of the total 2020 tanneries in the country, 538 are in West Bengal. The state also has 230 leather footwear units and 436 leather goods units.

Exporters say the industry is worried about making ends meet due to the sudden and steep rise in levies. Kolkata-based Ramesh Juneja, Vice Chairman, Council for Leather Exports, says that everything is currently on hold. "The industry is in a wait-and-watch mode. We are unable to offer any discounts to buyers either. Right now, we are just waiting for some clarity to emerge. Last year, the leather industry did Rs 50,000 crore business in leather and leather product exports and footwear. The US market is a significant geography for us," he states.

Arjun Mukund Kulkarni, President of the Indian Leather Products Association (ILPA), an industry body

representing manufacturers and exporters of leather and leather products across the country with its head office in Kolkata, outlines the duties that will apply in the case of the additional tariff. "If it sticks to where it is now, we will have about an 8.5% MFN tax; 25% would be the reciprocal tax, and then the 25% extra tariff for the oil trade with Russia. This is going to have an impact on the price and cost at which the American importer imports the product from this country," he says.

Additionally, there will also be an impact on goods sold to Europe, he says, as brands in Europe eventually sell these products in the American markets, with India serving as the source. "So, it is going to be a challenge, and we will have to figure out ways and means around this situation."

In order to navigate such complexities, exporters are strategising in advance in case the additional levies persist. For example, a product could be partly made in India and partly in Europe. "A lot of people are thinking on these lines, and it could then be labelled as a 'Made in Europe' product, or from any other country where the final production takes place before being sold to the US. So, people are looking at such ideas where the final product can have a 'Made in Europe' stamp," Kulkarni reveals.

Experts anticipate footwear will be the most affected category within leather products, accounting for 40% of leather and leather products worldwide.

Kanishk Maheshwari, Co-founder and Managing Director, Primus Partners India, says that footwear accounts for almost half of the shipments to the US in all leather exports. "In 2024-25, leather footwear exports to the US were close to \$500 million, which had been growing steadily over the last four years. With this new tariff, a pair of shoes that landed at \$100 in US retail will now face almost 10 times more duty (from 5-8% to 50% now) and add an extra \$50 to the price, while Vietnamese or Indonesian footwear competes at a duty of just 19-20%. This cost gap alone explains why US buyers are already pivoting orders away from the Agra and Kanpur clusters," he says.

In the case of international counterparts, Vietnam, Indonesia and China are also subject to tariffs; however, their rates remain lower than India's. "Vietnam is at 20%, China at 30%, and Bangladesh at 35%. Only India and Brazil are subject to a 50% US tariff. This has instantly wiped the competitiveness that India had worked to build through various schemes like rebates under RoDTEP and various export incentives. India's 1% share in the \$100-billion US leather import market is about to shrink further," Maheshwari highlights.

While initiatives such as market diversification, product repositioning, and a consistent effort to upgrade quality can help enhance India's leather exports, experts say subsidies from the government are essential to advance this narrative. "The government needs to come up with some revolutionary ideas, subsidising or supporting the industry. The Brazilian government, for instance, has reached out and is giving subsidies. The Indian government will also have to think about something to keep the exporters afloat amid such high tariffs. The US is the largest market and a growing market. The growth in the US is the largest compared to Europe, even though our exposure in Europe is far more than in the US. But the European markets are saturated, so the growth potential in the US market is more," Kulkarni adds.