

# GHERZI INFO BULLETIN 2025/3

## Impact of New U.S. Tariffs on German Textile and Apparel Exports

Recent U.S. trade policy changes introduce significant import tariffs—ranging from 10% to 50%—on products from nearly 200 countries. The European Union, including Germany, will face a 20% tariff on textiles and apparel. This development threatens current trade flows and forces a strategic reassessment for export-oriented manufacturers.

### Germany's Exposure

- The U.S. is the **leading non-EU market** for German textile and apparel exports, with **€1.78 billion** exported in 2023.
- Germany's trade balance in this sector is traditionally import-heavy, but exports still account for **over 40%** of total trade volume (€52 billion in 2023).
- Key export products include **outerwear, workwear, technical fabrics, hosiery, and shoes**.

### Scenario Analysis: Two Possible Futures

#### Scenario 1: Full Tariff Implementation (EU at 20%)

- **German exports to the U.S. decline by 16%**, equivalent to a loss of **€282 million**.
- Trade with **Canada and Mexico** also shrinks due to supply chain interlinkages.
- However, **European markets absorb much of the loss**, with an estimated **€500 million increase** in intra-European exports.
- Export gains are also expected in **South America and some Asian countries**, driven by global price shifts and redirected trade flows.
- Increased global availability of German products could **lower average prices**, enhancing competitiveness in new markets.

## Scenario 2: Tariffs Reduced to 15% for EU

- **U.S. exports increase slightly by 4%** due to improved competitiveness against Asian suppliers, who face tariffs up to 46%.
- **Quality-driven differentiation** benefits German producers.
- Key EU markets (e.g., Poland) would import significantly more, with Poland alone adding **€70 million** in demand.
- **South American markets** continue to grow modestly, while **Asian demand softens** due to limited access to the U.S. market.

## Strategic Outlook

### Short-Term Actions

- Closely monitor trade policy shifts and consumer behavior.
- Conduct **customs impact assessments** and explore ways to optimize tariff classification and pricing structures.
- Consider accelerating imports or rerouting supply chains before new tariffs take effect.

### Mid- to Long-Term Measures

- Strengthen **market diversification**, especially outside North America.
- Explore participation in **free trade zones** and preferential trade agreements.
- Review **transfer pricing and supply chain tax exposure** to protect margins.

## Conclusion

While U.S. tariffs present real risks to German textile and apparel exporters, companies with flexible, scenario-driven strategies can not only reduce disruption but potentially tap into new, previously underutilized markets. Early planning and global supply chain adaptation are essential.

## Disclaimer

This information bulletin has been prepared by Gherzi Germany to the best of our knowledge and professional judgment. It is intended to provide general strategic guidance for the textile industry during the ongoing PFAS transition.

However, Gherzi Germany assumes no liability for business, commercial, or strategic decisions made solely based on this document. All guidance provided herein should be viewed as directional support and does not substitute for a detailed, company-specific evaluation.

More detailed assessments, including operational feasibility, financial implications, and technical implementation, can be developed within the framework of a joint project tailored to the respective stakeholder's role in the textile supply chain.

## About Gherzi:

Gherzi Germany is a subsidiary of the Gherzi Textile Organization AG, founded in Zurich in 1929. With over 90 years of experience, Gherzi has become a global leader in strategic development and transformation across the textile value chain.

From polymer production to the recycling of textile components, Gherzi provides end-to-end consulting services to companies, innovators, research institutions, NGOs, start-ups, and investors. We help our partners navigate change, manage risk, and unlock new opportunities—especially in the context of digitalization and sustainability, the two driving forces of the Fourth Industrial Revolution.

Gherzi remains committed to shaping the future of textiles through innovation, collaboration, and a deep-rooted understanding of the global industry ecosystem.

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