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US cotton-made RMG to get duty-free access

Govt explains: Bangladesh gains 2,500 duty-free items, US over 7,000



The interim government has disclosed parts of the recently signed trade agreement with the United States, under which the reciprocal tariff on Bangladeshi goods was reduced from 20 percent to 19 percent after nine months of negotiation.

According to an official statement issued last night, garments produced in Bangladesh using imported US cotton and synthetic fibres will enter the American market duty-free. About 80 percent of Bangladesh's total exports to the United States consist of apparel.

Bangladesh will also have zero-tariff access to 2,500 products, while the United States will gain duty-free entry for more than 7,000 tariff lines in Bangladesh. Tariffs for many of these products will be reduced in phases, a provision that, according to the statement, places Bangladesh in an advantageous position.

Overall, the government expects the Bangladesh-US trade agreement to strengthen Dhaka's competitive position in the American market, expand global trade, attract investment, and deliver economic benefits.

On April 2, 2025, Washington imposed reciprocal tariffs on most countries, including Bangladesh. In response, Bangladesh's chief adviser and commerce adviser wrote to US authorities seeking talks to reduce or withdraw the tariffs. Following negotiations, the rate for Bangladesh was set at 20 percent on August 30.

"After nine months of structured discussions led by the Ministry of Commerce, supported by the National Board of Revenue, other ministries, and the Bangladesh Embassy in Washington, Dhaka successfully bargained the mutual tariff down to 19 percent," the statement said.

The agreement covers a wide range of areas, including goods, services, customs procedures, trade facilitation, rules of origin, SPS measures, technical barriers, investment, e-commerce, government procurement, labour, environment, competition, and transparency.

The statement noted that Bangladesh's prior commitments under WTO and ILO conventions meant no new conditions were imposed.

Special provisions were included for the textile and apparel sector, under which garments produced in Bangladesh using US cotton and synthetic fibres will enjoy duty-free entry into the US market.

The deal also grants Bangladesh duty-free access for roughly 2,500 products, including medicines, agricultural goods, plastics, and wood products.

In return, the US will receive duty-free access to 7,132 tariff lines in Bangladesh, phased in over five to ten years.

Bangladesh has a total of 7,458 tariff lines, and all but 326 U.S. products will receive duty-free treatment.

Of the 7,132 products, 4,922 tariff lines became duty-free immediately upon signing, including 441 items that already enjoyed zero tariffs.

For another 1,538 products, tariffs will be reduced to zero within five years, with half slashed in the first year and the remainder proportionately over the following four years.

A further 672 products will see tariffs phased out over ten years, beginning with a 50 percent cut in the first year and the rest gradually removed over the next nine years.

The statement highlights that unlike agreements with Malaysia and Cambodia, the Bangladesh-US pact does not impose restrictions on digital trade negotiations.

It also mentions a phased tariff-reduction schedule, absent in other US trade deals.

The agreement further addresses paperless trade, IPR enforcement, e-commerce, SPS recognition, conformity assessment, anti-corruption measures, environmental safeguards, labour law updates, and investment liberalisation in sectors such as energy and telecom.

Bangladesh also secured a withdrawal clause, allowing exit from the agreement -- a feature not present in other US bilateral trade pacts.