

US cuts Bangladesh tariff to 19%, grants duty-free access for US cotton-based RMG

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Dhaka: The United States has reduced the reciprocal tariff on Bangladeshi exports to 19% following the signing of a bilateral trade agreement, under which Bangladesh's ready-made garment (RMG) exports made with US-origin cotton and synthetic fibers will enjoy zero duty.

Commerce Secretary Mahbubur Rahman confirmed the development on Monday, February 9, saying the agreement was signed in Washington at around 22:00 Bangladesh time.

Commerce Adviser Sk Bashir Uddin and US Trade Representative Jamieson Greer signed the deal on behalf of their respective governments. National Security Adviser Khalilur Rahman, Special Envoy Lutfey Siddiqi, and the commerce adviser joined the signing ceremony virtually from Bangladesh.

Under the revised arrangement, Bangladesh's tariff rate now stands at par with Pakistan, Cambodia, and Indonesia, all of which face a 19% reciprocal tariff. Vietnam, Bangladesh's closest competitor in the US apparel market, is subject to a 20% tariff, while India has secured a slightly lower rate of 18%.

China remains the largest apparel exporter to the US, followed by Vietnam. Bangladesh currently ranks third, with India in fourth position.

Since August 2025, the US had been imposing a 20% reciprocal tariff on Bangladeshi goods, prompting Dhaka to enter negotiations for a reduction. While policymakers had earlier indicated the rate could be lowered to 15%, the final outcome fell short of that target.

The commerce secretary said the US has not offered a 15% tariff to any country in the region, adding that the recently concluded US-India trade deal may have influenced Bangladesh's result due to broader geopolitical considerations.

Former WTO Cell Director General Md Hafizur Rahman said Bangladesh would remain competitive despite the 19% tariff, citing lower labor and production costs compared with India.

As part of the broader agreement, Bangladesh has committed to purchasing 25 aircraft from US aerospace manufacturer Boeing, valued at BDT 300-350 billion, equivalent to 2.46-2.87 billion. The deal also includes increased imports of US cotton, wheat, soybeans, and LNG.

Additional provisions cover refraining from imposing tariffs on e-commerce, complying with US-mandated intellectual property standards, and supporting US-led proposals for reforming the World Trade Organization.

The US remains Bangladesh's largest export destination. In the last fiscal year, exports to the US totaled USD 8.69 billion, led by woven garments, knitwear, and home textiles.

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