

# Trump’s ‘reciprocal tariffs’ and the impending risk for Bangladesh



**Dr Selim Raihan**  
is professor in the Department of Economics at the University of Dhaka, and executive director of the South Asian Network on Economic Modeling (SANEM).  
He can be reached at selim.raihan@econdu.ac.bd.

SELIM RAIHAN

US President Donald Trump has once again stirred the global trade landscape with his latest announcement on February 13, unveiling plans to impose “reciprocal tariffs” on US trading partners. His declaration—“Whatever countries charge the United States of America, we will charge them”—signals a new phase of economic protectionism that could have wide-ranging consequences. While the move is primarily targeted at China, other major economies, including the European Union, India and Mexico, are also likely to face trade pressures. This policy shift has already triggered concerns among global financial markets, with stock indices reacting to potential disruptions in trade flows. Additionally, several trade analysts argue that such tariffs could escalate trade disputes, leading to retaliatory measures that might further strain international economic relations.

For Bangladesh, the warning signs are evident. In 2023, the US had trade deficits of at least \$1 billion with 48 countries, with China leading the list at \$279 billion, followed by Mexico at \$152 billion and Vietnam at \$104 billion. Trade deficit with India was around \$43.5 billion, ranking the country at the 11th position. Bangladesh, ranked 25th, had a trade surplus of over \$6 billion with the US. While this is a relatively modest figure compared to larger economies, the country’s export dependence on the US makes it vulnerable to any potential tariff hikes.

Among these 48 countries, Bangladesh and

Cambodia are the only two least developed countries (LDCs). Cambodia, already facing some US sanctions and with a trade surplus exceeding \$11 billion, is a likely easy target for additional tariffs. Though Bangladesh does not currently enjoy duty-free privileges in the US market—with the Generalised System of Preferences (GSP) being suspended in 2013 following the Rana Plaza disaster—its anticipated graduation from the LDC status by 2026 places it at further risk. Any adverse tariff action could significantly impact Bangladesh’s exports, particularly in the ready-made garment (RMG) sector, which is the backbone of the economy.

The RMG sector accounts for more than 80 percent of Bangladesh’s total exports, with the US being one of its largest markets. A tariff increase on apparel exports from Bangladesh could result in higher costs for US buyers, potentially leading to reduced orders and shifting sourcing patterns. Given the already competitive nature of the global apparel industry, US importers may opt for alternative suppliers in countries that benefit from preferential trade agreements, thereby threatening Bangladesh’s market share.

Beyond RMG, some other manufacturing and emerging sectors are also at risk. Industries such as leather, footwear, and pharmaceuticals have increasingly relied on US markets. Any tariff hikes could slow down their expansion and make them less competitive compared to other exporters with lower trade barriers. For example,

Bangladesh’s pharmaceutical exports, which have shown promising growth in recent years, may face setbacks if additional duties are imposed, limiting access to the lucrative US market.

Furthermore, foreign direct investment (FDI) and trade partnerships may suffer due to the uncertainty surrounding US trade policies. Investors seeking stable trade environments may reconsider expanding

growth, as multinational corporations seek out alternative investment destinations with more predictable trade relations.

In light of these developments, policymakers in Bangladesh must act swiftly to mitigate potential trade risks. Three key measures should be prioritised. First, a data-driven risk assessment is crucial to identifying the precise impact of potential tariffs. Conducting an in-depth analysis

This assessment should be conducted in collaboration with industry associations and trade experts to ensure a comprehensive strategy.

Second, diplomatic engagement is an essential tool. Active and meaningful dialogue with US policymakers, trade representatives and stakeholders is necessary. Both the Bangladeshi mission in Washington, DC and the US diplomatic presence in Dhaka should proactively engage with their counterparts to preempt and negotiate any unfavourable trade measures. Furthermore, leveraging regional trade alliances and organisations, such as the World Trade Organization (WTO), could provide additional avenues for advocacy. Strengthening ties with other key trade partners could also help diversify Bangladesh’s export destinations.

Third, strengthening economic resilience through structural reforms in taxation, trade policy and industrial strategy is essential. Bangladesh must accelerate efforts to expand its export base beyond the RMG sector to reduce vulnerabilities to external shocks. Special emphasis should be placed on enhancing productivity and competitiveness in non-RMG industries, encouraging investment in high-value manufacturing and services, and improving trade logistics to ensure seamless business operations.

The global trade environment is becoming increasingly uncertain, and Bangladesh cannot afford to be complacent. The government must adopt a proactive and strategic approach to navigate the looming challenges posed by Trump’s “reciprocal tariffs” policy. A well-coordinated response involving the government, trade bodies and the private sector is essential to ensure that Bangladesh remains competitive in the global market. As the US policy direction unfolds in the coming months, Bangladesh must stay agile and prepared to safeguard its economic interests.



Any adverse tariff action by the US can significantly impact Bangladesh’s exports, particularly in the RMG sector.  
FILE PHOTO: ANISUR RAHMAN

their operations in Bangladesh, particularly in export-oriented industries. As global supply chains evolve to adapt to new trade barriers, Bangladesh may struggle to maintain its competitive edge. This could have long-term implications for job creation and industrial

at the six-digit Harmonised System (HS) code level will help pinpoint the product categories most vulnerable to tariff hikes. Businesses and policymakers must work together to strategise alternative market access and explore avenues for cost reduction.

## How Bangladesh can navigate the geopolitical crossroads



**Selim Jahan**  
is former director of the Human Development Report Office under the United Nations Development Programme and lead author of the Human Development Report.

SELIM JAHAN

In recent times, the geopolitical landscape of the world has changed quite fast. The Ukraine war a few years ago, followed by the Israel-Palestine conflict, and the rise of right-wing governments in different European countries have changed the geopolitical panorama a lot. The ouster of Bashar al-Assad in Syria and that of Sheikh Hasina in Bangladesh have also added new dynamics at least to the respective regional geopolitics. Very recently, the election of Donald Trump as the newest US president has also added a lot to the changing scenario. Undoubtedly, the world is now at a geopolitical crossroads. One may wonder: what are the implications of all these for Bangladesh? In this context, some observations may be pertinent.

First, traditionally, the term “geopolitics” has a specific connotation. This concept has a “geographical” dimension as well as “political.” But it must also be recognised that economic interests remain behind it as an important aspect. In fact, most of the time, economic interests of nations drive the global geopolitical dynamic. Since geopolitical phenomena reflect international relations, it is obvious that one of these relations would be economic. The bottom line is, it is wrong to keep the geopolitical concerns only to the arenas of geography and politics; it is necessary to recognise that “geoeconomics” and “political economy” of nations are equally crucial in the broader context of geopolitics.

Second, given that geoeconomics and political economy are important in geopolitics, the world in recent years has moved more and more to what is known as “economic nationalism,” which implies economic isolation of nations in order to unilaterally protect each country’s own economic interests. Economic nationalism has two implications. One, it demands and requires relatively closed economies, and inward-looking economic policies and strategies. And two, when needed, it may go up at best to bilateral relations from a unilateral position, but economic nationalism will not opt for multilateral interactions. People may think that economic nationalism is more anchored in ideas of the newly elected US president, but in reality, such nationalism was the by-product of the Covid pandemic. With the global



VISUAL: SIFAT AFRIN SHAMS

outbreak of the pandemic in 2020, each country was set to protect its own people and to guard its economic interests in terms of trade, financial investments, and resource flows, including grants and aid. Economic nationalism is a characteristic of the current geopolitical structure.

Third, the present geopolitical system is characterised by inequality, instability, and unsustainability. We live in a world that is unequal on many planes—economic, social, political, cultural, etc. There are economic disparities among nations and within nation-states. In many societies, social exclusion is the norm, rather than an exception. At the global level, the political space is dominated by developed nations, and within countries, by the rich and the powerful. Voice and autonomy of those who are poor and marginalised are still more of an idea than a reality. Inequalities are manifested not only in outcomes such as income or wealth, but also in opportunities, such as access to education and healthcare services, entry into information and technology (ICT), etc. Conflicts, violence and intolerance have made the global

order unstable and complex. Climate change, deforestation, desertification, salinisation, and loss of biodiversity have not only affected the lives of the present generation, but also are reducing the opportunities for future generations.

How do all of these affect Bangladesh? First of all, economic nationalism would affect its external trade, as well as the aid and foreign investment flows into the

those countries. Similarly, there may not be a regional approach to the Rohingya crisis and different environmental issues that concern more than one country. All these may impact the regional public goods scenario in South Asia.

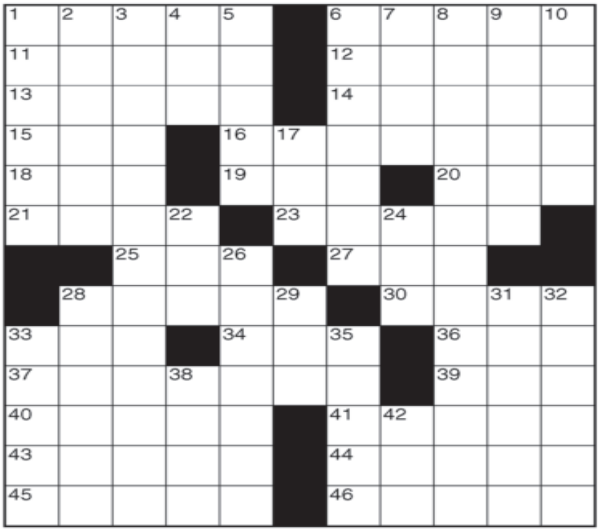
Third, in the new geopolitical order, there will be disparities in global economic opportunities. It will be important for Bangladesh to seize them. For example, the digital revolution around the world would provide numerous openings for Bangladeshi youths and entrepreneurs. The challenge would be whether Bangladesh is prepared in terms of educational standards, skill sets, and human resource development. This is crucial as some of the other countries would be moving faster than Bangladesh. At the same time, the country will have to be aware of the global risks, which may range from economic recession to some pandemics. Given the differences in the state of development, the countries will neither be equally prepared nor equally equipped to overcome the risks. Bangladesh needs forward planning to remain ahead of the game.

Fourth, one of the major milestones that Bangladesh will have to pass in its development process is its graduation from the LDC (Least Developed Country) status in 2026. The event is prestigious. Graduating from the LDC status will boost the nation’s morale and aspire the people to reach a higher goal. But at the same time, such a graduation entails some challenges. For example, with the graduation, Bangladesh may lose its preferential treatment status in international trade; it may no longer be a candidate for grants from multilateral organisations. The changed global geopolitical structure may impact the LDC graduation scenario of Bangladesh. The country must be planning ahead of time to address the issues associated with the LDC graduation.

Finally, in the changed geopolitical scenario, it is not only global institutions but also regional groupings that are becoming relevant and effective. Yes, the South Asian Association for Regional Cooperation (SAARC) exists, but it needs strengthening and must be made more effective. It can be a useful platform for regional negotiations and decision-making. However, Bangladesh must look beyond SAARC. It should explore how it can be linked to platforms such as G15, G20, and BRICS (Brazil, Russia, India, China, and South Africa). Bangladesh should also use the platform of South-South cooperation to get the best out of the changed global geopolitical situation.

### CROSSWORD BY THOMAS JOSEPH

- ACROSS**  
1 Gold hue  
6 Elephant of stories  
11 Too trusting  
12 Skirt  
13 Change  
14 Turning tool  
15 Back muscle, for short  
16 Anticipated  
18 Have debts  
19 D.C. baseballer  
20 Hosp. parts  
21 Young miss  
23 Movie category  
25 Twisty fish  
27 Bashful pal  
28 Pig part  
30 Coyote call  
33 Serving feat  
34 Scot’s cap  
36 Cry of insight  
37 Halloween costume choice  
39 Family  
40 Spring sign  
41 Paris divider  
43 Fragrance
- 44 Tottering  
45 Battery makeup  
46 Fresh  
**DOWN**  
1 Counterpart  
2 Neighbor of Zambia  
3 Archfoes  
4 Seth’s mother  
5 Showed over  
6 Like some birthday cards  
7 Jai—  
8 Danish sweets  
9 Stick  
10 Oboe parts  
17 Funny fellow  
22 Summer sign  
24 Japanese drama  
26 Some minstrels  
28 Uncommon  
29 La Brea stuff  
31 Acts spoiled  
32 Desolate  
33 Sailor’s cry  
35 Monument Valley sights  
38 Cooped (up)  
42 Hurler’s stat



5-5

### MONDAY’S ANSWERS

P	O	L	S		D	E	U	C	E
O	M	I	T		R	E	A	S	O
M	A	M	A		E	A	R	N	E
P	R	A	Y	T	E	L	L		
			S	O	F	T	S	E	L
S	T	R	U	T	S			M	O
C	O	O	P	S		W	A	I	V
A	G	O			H	A	L	T	E
R	A	K	E	H	E	L	L		
			F	U	E	L	C	E	L
R	E	F	I	L	L		A	R	E
A	T	O	L	L	S		P	I	N
T	A	X	E	S			S	C	A

WRITE FOR US. SEND US YOUR OPINION PIECES TO  
[dsopinion@gmail.com](mailto:dsopinion@gmail.com).