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Govt to scrap tariffs on 4,500 US products

Tariffs on additional 2,210 products to be eliminated within 10 years

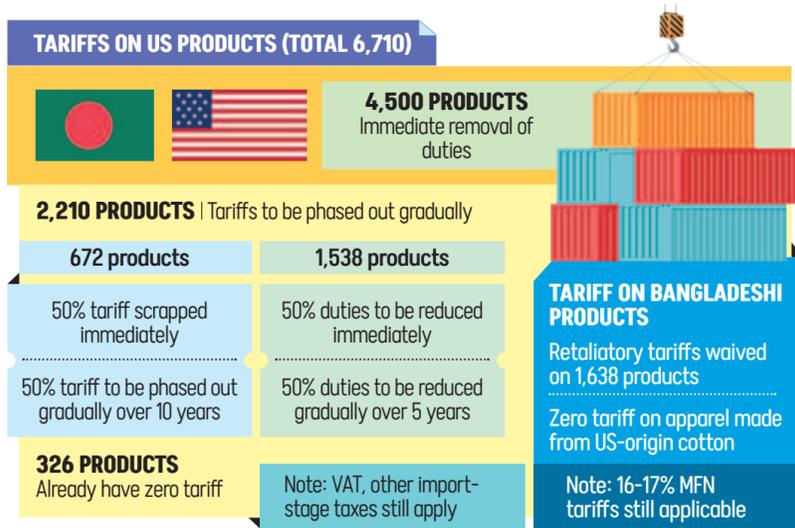
MOHAMMAD SUMAN

Bangladesh has agreed to eliminate customs duties, supplementary duties, and regulatory duties on approximately 4,500 products from the United States as part of the newly signed reciprocal trade agreement, marking one of the most significant tariff reduction measures in recent years.

Besides, tariffs on another 2,210 products will be phased out over varying timelines.

In return, the US has waived retaliatory tariffs on 1,638 Bangladeshi products, including cane and natural fibre, iron and steel, minerals, pharmaceuticals, chemicals, plastics, wood, and apparel made from US cotton. However, the regular most-favoured-nation (MFN) tariffs averaging 16 to 17 percent will still apply on these goods.

Most crucially, the US has reduced the reciprocal tariff rate on Bangladeshi exports by one percent to 19 percent under the deal signed on Monday and later published by the Office of the United States Trade Representative (USTR). The document contains detailed schedules of concessions based on HS (Harmonized System) codes.



The agreement comes against the backdrop of evolving trade tensions. On April 2, 2025, US President Donald Trump announced retaliatory tariffs on exports from 100 countries. Bangladesh initially faced a 37 percent rate, later reduced to 35 percent in July and to 20 percent in August following negotiations.

As part of this deal, the US has cut its reciprocal tariff on Bangladeshi exports from 20 percent. Including previous duties, the overall tariff burden on Bangladeshi exports to the US currently stands at about 34 percent.

Md Hafizur Rahman, former director general of the WTO Cell at the Ministry of Commerce, said the proposed measure could offer notable tariff advantages for Bangladesh's garment sector.

"If garments are produced using US raw materials, the existing 19 percent reciprocal duty could be reduced to zero. That would be a major benefit for us," he said, adding that it could strengthen Bangladesh's position against competitors.

"Our key competitors, India and Pakistan, have their own cotton. If they import and instead rely on local cotton, domestic prices there may fall, and their farmers could suffer. From that perspective, this is a very positive sign for Bangladesh. It may lead to an increase in our RMG exports," he said.

However, he cautioned that the benefits would come with significant obligations.

"Bangladesh will have to sign 13 new intellectual property rights agreements and conventions for implementation. Enforcement will have to be much stricter, which may limit the flexibilities we enjoyed during the LDC transition period," he said.

Rahman warned that failure to comply could lead to losses and noted concerns over pricing rules.

"If a foreign investor sets up operations in Bangladesh and exports at prices lower than the market rate, and that leads to export losses of US to Bangladesh or any other country, then action may be required. However, it is not entirely clear which 'market price' would be used as a benchmark," he noted.

"In such cases, the United States would inform Bangladesh, and the government would need to take measures. This may create uncertainty for export-oriented investors, as companies will have to consider whether they can price their products below prevailing market rates without triggering complications," he said.

Rahman noted that while US companies generally operate in high-value segments, price competition could still become an issue.

"There are also several additional compliance requirements that Bangladesh will have to fulfil," he added.

US TRADE DEAL IN FOCUS

The tariff waiver on 4,500 goods is effective from the date the deal was signed.

Out of the other 2,210 products where tariffs will be phased out, duties on 1,538 goods have already been reduced by 50 percent from the day the deal was signed. The other 50 percent of the duties will be withdrawn in equal instalments over four years and fully eliminated from January 1 of the fifth year.

In case of the other 672 products, half of the existing tariff will be scrapped initially, while

the remainder will be phased out gradually over nine years and brought down to zero in the tenth year.

Apart from a total of 6,710 products (4,500 and 2,210), Bangladesh already does not impose any tariff on 422 products imported from the US, and that will remain unchanged.

Meanwhile, Bangladesh will continue to apply tariffs on an additional 326 products as per the current tariff schedule.

Despite the sweeping duty cuts, the agreement does not provide exemptions from value-added tax (VAT), advance income tax, or advance tax at the import stage.

Importers will continue to pay these taxes, meaning that while customs-related duties will be withdrawn, revenue collection from other import-stage taxes will remain in place.

According to National Board of Revenue (NBR) data, Bangladesh imported goods worth about \$2.5 billion from the United States in the fiscal year (FY) 2024-25. From these imports, the government collected Tk 762 crore in customs-related duties and Tk 1,220 crore in VAT and advance taxes. Customs, supplementary, and regulatory duties account for roughly 38 percent of total revenue collected from US-origin goods.

The US products covered under the

recently signed agreement span a broad range of sectors.

In agriculture and food, the list includes wheat, corn, soybeans and soybean oil, raw cotton, dairy products, processed foods, animal feed, fruits, and nuts.

In energy and minerals, it covers liquefied natural gas (LNG), mineral fuels, coal, and petrochemical products.

Other key sectors include textiles and industrial raw materials such as yarn and specialised fabrics; chemicals and pharmaceuticals, including industrial chemicals, plastics, fertilisers, and medicines; machinery and industrial equipment such as electrical machinery, agricultural equipment, generators, turbines, and aircraft parts; and iron, steel, and other metal products.

Technology and high-value goods, including electronic components, telecommunications equipment, and scientific instruments, are also covered, alongside consumer goods such as wood and paper products, furniture and household items.

In return, the US has waived retaliatory tariffs on 1,638 Bangladeshi products. These include cane and natural fibre products, iron and steel goods, graphite and mineral items, pharmaceuticals, chemicals, plastics and wood-based products. Apparel made from US-origin cotton will also qualify for zero retaliatory duty, although MFN tariffs – averaging 16 to 17 percent – will remain applicable.

US meat, dairy and biotech to enter on easier terms

Bangladesh will adopt US regulatory standards for food safety, agri-biotechnology

SUKANTA HALDER

Bangladesh has long imported agricultural commodities from abroad. Last year, it became the eighth-largest market for US wheat. Under a reciprocal trade agreement signed on February 9, American dairy, meat and poultry products will get sweeping access to Bangladesh's market.

It also widens the door to agricultural biotechnology products without requiring labelling for genetically modified organisms, a provision that has alarmed Fisheries and Livestock Adviser Farida Akhter.

Domestic producers, already struggling to compete, fear they will be overwhelmed.

US MEAT, MILK AND MORE

The agreement represents a sweeping deregulation of Bangladesh's food-import regime. Bangladesh will recognise America's dairy safety system as providing protection "at least equivalent" to its own domestic standards.

The country will allow imports of American dairy products from cattle (for instance, buffalo), sheep and goats when accompanied by an Agricultural Marketing Service (AMS) certificate of the US Department of Agriculture (USDA), and has committed not to impose facility registration requirements.

The recognition extends to meat and poultry, including offal, processed products, catfish and egg items.

Bangladesh will accept oversight by the USDA's Food Safety and Inspection Service (FSIS) of

American production facilities. The FSIS directory will serve as the official list of eligible establishments, eliminating the need for individual American plants to seek separate Bangladeshi approval.

The agreement stipulates that Bangladesh shall "impose no additional product registration or facility registration requirements" on American meat and poultry. It will recognise the USDA's Animal and Plant Health Inspection Service as the sole authority to determine disease-free statuses.

Additionally, the agriculture ministry will fast-track market access requests for US plant products.

In effect, Bangladesh is outsourcing significant elements of its food-safety regulation to American agencies.

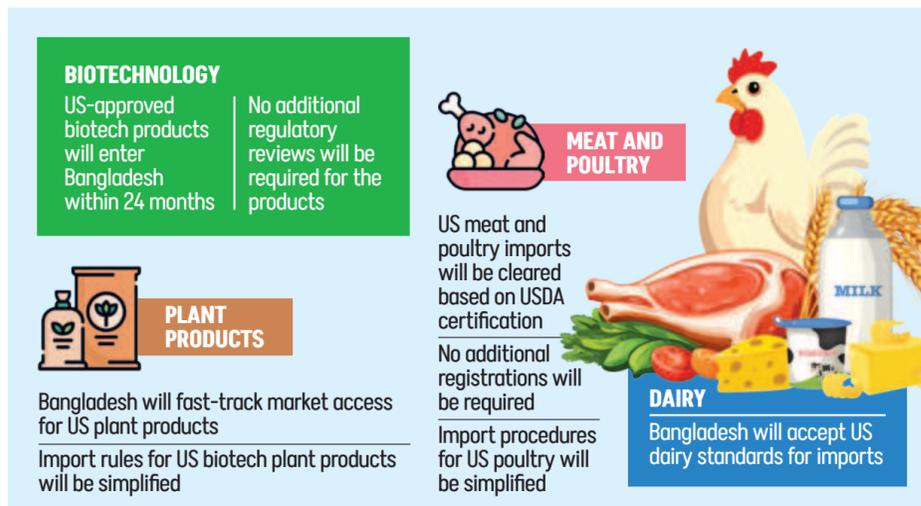
LOCAL FEARS

The agreement has provoked alarm among domestic producers.

US TRADE DEAL IN FOCUS

Mohammad Shah Emran, general secretary of the Bangladesh Dairy Farmers' Association, argued that the introduction of foreign products on a big scale "could undermine the growth of our domestic dairy sector, which is already struggling to remain competitive."

"We urge the government to provide necessary support, including incentives and infrastructure development, so that local dairy



farmers can improve production standards and compete effectively," he said.

Adviser Farida also warned of a potential influx of cheaper meat products that could disrupt local industries.

Not all industry figures are pessimistic. Tanvir Ahmed, managing director of Sheltech Group, which operates Bengal Meat, sees opportunity in American technology, particularly large breed cattle such as Brahma, that could improve yields.

"While we are in the early stages, there is a clear opportunity to

improve meat production through better breeding techniques and advanced farming practices," he said.

"With the right support, we can reduce our reliance on imports and strengthen our domestic meat production," he added.

Whether such support will materialise remains an open question.

Bapon Dey, a professor of poultry science at Bangladesh Agricultural University, said the trade agreement with the US offers significant opportunities for the poultry industry, but it also presents

considerable challenges.

Bangladesh must upgrade its poultry management systems, improve biosecurity and meet international standards. The lack of coordination between the government, the private sector and research institutions is a key barrier.

"If these gaps are bridged," he added, "Bangladesh's poultry sector can unlock the full potential of such an agreement."

BIOTECH WITHOUT BORDERS
Perhaps the most significant shift concerns agricultural biotechnology.

Bangladesh will recognise the effectiveness of America's regulatory system in ensuring the safety of agricultural biotechnology products. Within 24 months, it must frame a policy allowing the import and marketing of American agricultural biotech products legally approved in the US.

Bangladesh will not require any separate pre-market review, additional labelling or local approval.

Products that have completed American pre-market processes will face no additional scrutiny in Bangladesh.

The agreement clarifies that processed food and agricultural products derived from biotechnology, including those subjected to heat treatment or grinding, do not contain living modified organisms and are exempt from local authority approval.

In other words, Bangladesh is adopting American regulatory standards wholesale.

The absence of labelling requirements is particularly contentious.

Adviser Farida pointed out that biotechnology products such as soybeans and oil are already being imported without proper labels.

"The absence of genetically modified organisms' labels on these products raises concerns, as consumers are not fully informed about what they are consuming," she said. The demand for proper labelling would provide transparency and allow consumers to make informed decisions.



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