

Bangladesh-US trade deal and the test of strategic autonomy



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With the emergence of the Bangladesh-US reciprocal trade agreement, there has been an evident increase in interpretations of the process in terms of Bangladesh's strategic autonomy. Where trade, geopolitics, and regulatory alignment were once distinct processes, their interconnections are now tightening, leaving Bangladesh with a critical choice in the years ahead.

The nature of the ongoing talks does not resemble that of a usual free trade agreement. Commentaries published by analysts in international policy outlets and research-based institutions, as well as official declarations by the White House, clearly show that this is an attempt to establish a framework for a reciprocal trade agreement. The latter would focus on easing selected tariffs and non-tariff barriers, increasing regulatory predictability, and fostering trade facilitation in specific areas such as garments, agriculture, technology transfer, digital trade, and intellectual property rights.

It appears that the structure of this agreement is determined by the new economic strategy adopted by the US in its dealings with the Indo-Pacific region. The American state no longer views free trade agreements as mere exchanges of products and services. Instead, it sees them as a means of setting common

standards and establishing regulatory ecosystems for the benefit of the American economy.

Consequently, the relationship between the two nations has become less asymmetrical. While the US previously supplied mainly energy, machinery, and agricultural products to the Bangladeshi market, Bangladesh has exported billions of dollars' worth of ready-made garments to the American market. However, the Office of the United States Trade Representative has repeatedly raised concerns about certain tariffs, customs clearance procedures, and non-tariff barriers in Bangladesh affecting agriculture and services. From the Bangladeshi perspective, the US continues to play a crucial role in employment-driven export growth as the country prepares to graduate from least developed country status.

The proposed reciprocal trade framework aims to address the above concerns, but not by introducing a traditional tariff-reduction scheme. Rather, it concentrates on regulatory convergence, transparency, and the facilitation of trade flows in select industries. Nevertheless, the document's structure appears to remain highly advantageous to the US and its interests across industries such as labour compliance, environmental standards, intellectual property rights, and the digital economy.

Apart from economic matters, the trade agreement has recently begun to take on a distinctly political flavour. As policy commentaries and local media analyses have highlighted, the discussion is now taking place in the context of conditional cooperation. Even though this aspect was not officially included in the talks, the list of topics discussed during the

negotiations has expanded significantly beyond the economic dimension.

The above trend raises a serious question about balancing economic cooperation with safeguarding Bangladesh's policy autonomy. In general, Bangladesh has been known for maintaining balanced relations with all its main trading partners, including the US, China, India, and Europe. However, with the advent of the contemporary era of intense geopolitical rivalry, achieving this becomes increasingly difficult, especially when economic agreements impose additional, implicit

However, as mentioned before, this is a very delicate matter for Bangladesh, as it could be perceived as military alignment.

In addition to the above, the ongoing negotiations have generated considerable internal debate among Bangladesh's policy and business elites. While some believe that closer integration with the US economy is the key to securing Bangladesh's export competitiveness and maintaining it in the face of a significant reorganisation of global value chains, others fear that the framework might introduce

While Bangladesh's ability to negotiate trade-related issues has grown significantly, it still lacks the necessary experience and institutional capabilities to draft complex deals covering sectors such as digital trade and services, and to ensure consistent policy continuity throughout the process. Think tanks in Bangladesh have repeatedly emphasised the importance of developing more sophisticated, evidence-based negotiations in this area and fostering wider public participation in them.

The geopolitical situation makes Bangladesh's position even more complicated. With the US seeking to diversify its economy and supply chains away from China, Bangladesh is becoming a potentially valuable partner for Washington. However, this places Bangladesh in an extremely complex situation, since it already has strong economic ties and infrastructure connections with China.

Thus, in the new environment, the negotiation process is turning into something much bigger than a simple trade agreement. It is becoming a way to recalibrate Bangladesh's external economic relations in a multipolar world, where economic partnerships are increasingly intertwined with the strategic interests of all actors involved.

As mentioned earlier, the central question for Bangladesh here will be how it can engage with another nation without sacrificing its ability to act independently in other areas. Dhaka's ability to accomplish this task successfully will largely determine what the future holds for Bangladesh.

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geopolitical obligations on the parties involved.

Parallel to the trade discussion, it has become clear that both sides are interested in establishing cooperation in defence and security-related areas. For example, logistics support and information exchange are currently under discussion, even though these aspects are not covered in the current trade agreement framework. The idea of introducing a reciprocal agreement akin to GSOMIA or ACSA agreements in Bangladesh is also gaining traction in strategic and defence policy circles.

regulations that Bangladeshi companies may find too expensive and not necessarily helpful in increasing exports.

Moreover, many doubt whether the country's negotiating position will enable it to receive meaningful concessions in politically sensitive areas such as agriculture or services. Lastly, concerns persist over whether Bangladeshi agencies and departments responsible for trade policy possess sufficient negotiation expertise to engage effectively in complex, high-stakes agreements.

Why Bangladesh doesn't need to pick sides for energy security



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The standoff between the US and Iran on the Strait of Hormuz has settled into a form of maritime trench warfare, in which each side is betting that economic pressure will eventually persuade the other to yield. Tehran has also demanded tolls of more than a million dollars per vessel for safe passage — an innovation that risks setting a precedent for every chokepoint the world has long treated as free. The latest US naval blockade has upped the ante, resulting in a situation where neither side can agree to end this war without having to give something up. This is a classic example of a zero-sum game, preventing anyone from coming to a resolution.

The Islamabad talks ended without agreement, and the likely endgame is not a clean peace deal but a patchwork of partial deals across the major issues at stake. The current stalemate has begun to shift expectations across the world's capitals. Governments and energy ministries are no longer planning around a brief disruption; they are preparing for a war that may last considerably longer than first imagined, with the Strait remaining contested for many months. As that assumption hardens, multilateral coordination becomes the casualty. Every nation begins finding its own way, and the cooperative instruments that might have shortened the crisis are quietly set aside in favour of national contingency planning.

When we examine how countries have responded, a clear pattern emerges. NATO declined to help reopen the Strait. The most consequential development is the UAE's decision to walk out of OPEC and OPEC+ on May 1, after 59 years of membership. Although the cartel had been throttling Abu Dhabi's production levels, the deeper signal is that no multilateral framework was able to withstand the situation. Every nation is now negotiating for itself, and the UAE is simply the first to admit it openly.

The countries with capital are already adapting in defence of their own national security. Saudi Arabia is rerouting its exports through the East-West pipeline to the Red Sea, allowing Yanbu to absorb a

substantial share of what Hormuz can no longer carry. The UAE, in parallel, is pushing crude through Fujairah on the Gulf of Oman, with stated plans to reduce its Hormuz exposure from 50 percent to zero over the next three years. Beyond infrastructure, governments are drawing on strategic petroleum reserves to cushion their domestic markets, accelerating the diversification of supply contracts towards the US, Australia and the African producers, and arranging precautionary credit lines with multilateral lenders. The instinct of the prepared state has been to assume the worst and to act early. That leaves Bangladesh to fend for itself.

After many rounds of discussion in recent years about energy security and the energy transition, the structural answers are familiar enough: a strategic petroleum reserve, a more diversified renewables base, and meaningful refinery upgrades. All of these are worth pursuing, but none of them can be built during the war. The sovereignty argument is a lesson for the next decade, not a solution for the next two quarters.

The solution for this war is diplomacy, and specifically diplomacy with the Global South, where Bangladesh has both standing and unused leverage. The shape of the problem is shared by at least nine other vulnerable importers, including Pakistan, Sri Lanka, Egypt, the Philippines, Kenya, Senegal, Jordan, Morocco and Tunisia. None of these countries holds a meaningful strategic reserve, and none of them was included in the IEA's 400-million-barrel coordinated stock release on March 11, which was restricted to OECD members. That leaves roughly 80 percent of the world's population without an emergency backstop, and no coalition has yet formed to ask for one.

The first move is the institution Bangladesh already chairs. We hold the chairmanship of BIMSTEC, the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation, until 2027, and the secretariat is in Dhaka. All seven member states are net energy importers, and all seven receive their crude and LNG through the same chokepoint. Yet BIMSTEC has issued no statement on the war or the blockade. Within Dhaka's authority to convene sits an emergency BIMSTEC energy ministers' meeting, focused on joint LNG procurement and a coordinated call for the Strait to be reopened. India, Sri Lanka, Nepal and Thailand are all rationing energy in some form, and there is strength in numbers, so none would likely refuse the invitation.

The diplomatic ceiling is also higher

than the current narrative suggests. The Foreign Minister is presently campaigning for the presidency of the UN General Assembly, with the vote scheduled for June 2. A campaign of that nature benefits from an agenda larger than itself. A Bangladesh-led Vulnerable Importers' Caucus, asking the IMF, the IEA and the World Bank Coordination Group for a non-OECD emergency stock mechanism and concessional energy financing, is the kind of agenda that earns votes and continues to deliver well after the war ends. It positions Bangladesh as a convener of the Global South rather

for food and medicine. Bangladesh is pharmaceutically self-sufficient, and nine of its firms hold FDA and EMA approvals, which suggests that a pharma-for-petroleum arrangement could be a workable idea worth exploring.

The supplier conversations are already in motion, although they remain tactical rather than strategic. Petrobangla has secured diesel from Malaysia, Singapore and India, taken delivery of a Saudi crude cargo loaded at Yanbu via the East-West pipeline, and received a Nigerian LNG cargo at Moheshkhali on April 22. These are

60 days than any reserve we could plausibly build in five years.

What is most encouraging is that each of these moves lies well within the capacity that Bangladesh already possesses, and none of them obliges us to choose a side we cannot afford to choose. We maintain functional working relationships with Washington, Beijing, Delhi, Riyadh, Abu Dhabi and Tehran, which is leverage that few countries can claim, and which we have rarely priced into our foreign policy. The countries that emerged from the 1973 oil shock in better shape than they entered it were



Energy security is a lesson for the next decade, but diplomacy and unconventional ideas could see us through.

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than a recipient of its sympathies. The architecture for payments in non-dollar trade already exists, and Bangladesh is inside it. The Asian Clearing Union, headquartered in Tehran with members including Bangladesh, India, Pakistan, Iran and Sri Lanka, can clear sanction-exempt food and medical trade outside the dollar system. Sri Lanka has, in recent years, paid down Iranian oil debt with Ceylon tea, and Pakistan operates a barter framework with Iran

sensible moves made under pressure, but they do not yet amount to a framework. The UAE's exit from OPEC gives ADNOC the freedom to negotiate bilaterally on price and counter in ways it could not last month, and that window opens this week, which means Dhaka should aim to be present in Abu Dhabi soon. A Pakistan-style deferred-payment facility, structured government-to-government deals with both Riyadh and Abu Dhabi, would deliver more for the government in

not the ones with the largest reserves; they were the ones that converted vulnerability into diplomacy quickly and deliberately. The instruments are already in our hands, and the question now is whether we are prepared to use them with the seriousness the moment deserves.

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