



BGMEA Plans to Boost Use of US Cotton to Avoid 20% Tariff Burden



Collected picture

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is moving forward with a strategy to incorporate more US cotton into garment production, aiming to bypass the newly enforced 20% retaliatory tariff on exports to the United States. Announcing this initiative at a press conference held at the BGMEA office on Saturday, BGMEA President Mahmud Hasan Khan Babu said, “The 20% tariff waiver is a big amount. We already started the process to use US raw materials to get tariff waiver. We need to grab this opportunity. We will do every necessary thing to avail this opportunity.”

He pointed out that nearly three-fourths of Bangladesh’s apparel shipments to the US are cotton-made, and the executive order stipulates that garments containing a minimum of 20% US-origin cotton would be exempt from the additional 20% duty.

Babu explained that Bangladesh’s edge lies in the fact that many of its competitors rely on locally-produced cotton rather than sourcing from the US. “To a large extent, our main competitors don’t use US cotton as they produce themselves,” he said. “We need to confirm who will certify the use of US cotton and how it will be executed.”

Recounting the evolution of the US-imposed tariffs, Babu mentioned that the duty initially stood at 37%, was then reduced to 35%, and has now been adjusted to 20% after negotiations.

Addressing the issue of value addition, Babu responded to a query by saying, “We don’t know under which conditions the tariff was lowered from 35% to 20%. We will discuss with the negotiators whether there is a condition for value addition or not.” Earlier, the US had set a 40% value addition requirement for garments to qualify for a “Made in Bangladesh” label.

Babu emphasized the importance of continuous engagement with the US authorities, noting that some countries are still in active discussions with the Trump administration over trade and security deals that could result in even lower tariffs. “So, Bangladesh must stay engaged,” he added.

He also provided an update on buyer behavior following the tariff adjustments, stating, “Many buyers halted RMG orders following the 35% reciprocal tariff but one member informed us that buyers are now placing orders again following the latest outcome on tariff.”

Expressing gratitude for the interim government’s handling of the issue, Babu said, “For nearly four months, this issue has been a matter of concern for us. Now that the additional duty on Bangladesh’s exports has been revised down to 20%, we are on more equal footing with key competitors — lower than China’s 30% and India’s 25%.”

BGMEA leaders including Senior Vice President Inamul Haq Khan, Vice Presidents Md Rezwan Selim, Miyanur Rahman (Finance), and Md Shehab Udduza Chowdhury were also present at the briefing.