



## US tariff brings opportunities amid operational challenges

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Since the US administration's counter-tariff came into effect, Bangladeshi garment factories are seeing a surge in interest from American buyers. Many US retailers and brands are negotiating to move additional orders to Bangladesh, as rising tariffs in India and China make sourcing from those countries less competitive. Industry insiders report that some Indian exporters, aiming to secure their US market foothold, are approaching top Bangladeshi manufacturers to produce on their behalf. Chinese investors are also entering the scene, with two companies signing agreements in the past two weeks to set up apparel factories in Bangladesh.

### **Rising Demand, but concentrated orders**

Apparel leaders note that inquiries from US buyers have increased sharply, with some previously suspended orders being reinstated. Most of these new orders, however, are flowing to Bangladeshi factories with long-standing relationships with American clients, particularly orders redirected from India.

Md. Hatem, President of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) said, "The Trump tariff—should we see it as a challenge or an opportunity? I believe it has created a significant new opportunity for us. Our trade advisers and their teams have worked tirelessly to make this happen. Compared to competing countries, we are in a strong position, but the key question is: how effectively can we capitalize on it?"

Inamul Haq Khan, Senior Vice President of BGMEA and Managing Director of Ananta Companies, added:

*"Bangladesh's current tariff position is strategically favorable. Since July 7, a new 20% tariff has been added to the existing 16.5%, bringing the effective rate to around 36.5%. While high, competitors face similar conditions—Vietnam also has a 20% tariff. This levels the playing field and opens opportunities for Bangladesh to strengthen its US market presence. With the right approach, we can capture more orders and secure better pricing in the future."*

He cautioned, however, that higher tariffs may raise US consumer prices, potentially affecting demand. Currently, Bangladesh holds 9.3% of the US apparel market, compared to Vietnam's 18.9%, largely due to Vietnam's specialization in performance fabrics like synthetics, polyester, and nylon.

### **Operational bottlenecks remain**

Despite these opportunities, significant challenges persist. Logistics are a major concern, with Chattogram Port taking 12 days for turnaround versus the international standard of 2 days. Bureaucratic delays and technical issues slow operations further, highlighting the urgent need to modernize Mongla Port as an efficient alternative.

Energy supply is also critical. While electricity has slightly improved, gas shortages continue, sometimes lasting over a week, threatening production capacity. Many factories have invested in solar power, but natural gas remains essential for sustained growth.

### **Optimism amid challenges**

Between August and June, 163 factories temporarily closed, though most are operationally ready. With timely government and banking support, these units could quickly meet rising demand. Industry leaders stress that infrastructure improvements and effective policy action could turn current challenges into long-term advantages for Bangladesh.

Shehab Udduza Chowdhury, Vice President of BGMEA and Managing Director of Amity Design Ltd., emphasized caution: *"This tariff relief is positive, but temporary. Competitors will respond, and tariffs may change. Buyers are shifting orders from China and India to Bangladesh, but sustaining this requires urgent focus on port efficiency, banking reforms, and policy support. NBR and Customs must act as facilitators, not just regulators."*



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### Diversifying opportunities

Shah Rayeed Chowdhury, Director of BGMEA and Evince Group, highlighted the potential for value-added products: *"Previously, Bangladesh was seen mainly as a basic manufacturing hub, while China, Cambodia, and Vietnam handled value-added products. Now, buyers are diversifying. Capturing these orders requires flexibility, training, and updated production lines."*

"Buyers have already started negotiating. I even have direct emails saying, we will shift orders from China. And I am meeting buyers regularly for such orders. We have always believed that crisis brings opportunity, especially being a resilient nation. We entrepreneurs in Bangladesh never see challenges in a negative way. Rather, we always think about how to accept challenges positively and move forward. That's why, Alhamdulillah, our garment sector is still growing, and we still dream big," Shah Rayeed Chowdhury added.

Quamar Alam, Director of BGMEA and Managing Director of Florence Group, added:

*"Opportunities exist, but to capitalize on them, we need strong supporting infrastructure. Current challenges like gas supply, labor unrest, and operational inefficiencies in ports and airports must be addressed. Committees formed by BGMEA are actively engaging with the government, but coordinated action is essential."*

AKM Saifur Rahman Farhad, Vice President of the Bangladesh Garment Buying House Association (BGBA), noted:

*"While Bangladesh enjoys a tariff advantage, over-reliance on apparel leaves the economy vulnerable. Urgent upgrades in infrastructure and diversification into sectors like jute, leather, and pharmaceuticals are needed for sustainable growth."*

Bangladesh's apparel sector stands at a crossroads. The US tariff creates real opportunities, but operational inefficiencies, energy shortages, and infrastructure bottlenecks pose risks. Industry leaders agree: with timely government action, infrastructure modernization, and policy support, Bangladesh can convert this period of challenge into long-term growth and strengthened global competitiveness.

*Sayed Abdullah*