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## India-US deal to offer zero-duty access for garments on Bangladesh-US model: Indian commerce minister

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Taking a cue from the Bangladesh-US trade deal for concessional duty on garment exports with American yarn and cotton inputs, India said it would seek a similar facility under the India-US bilateral agreement expected to be signed in March.

Indian Commerce and Industry Minister Piyush Goyal told reporters in New Delhi that the deal would include provisions similar to the Bangladesh-US accord, allowing a certain yet-to-be-fixed quantity of Indian textiles and garments to be exported to the US at zero reciprocal duty.

"Bangladesh ko jo mila hai, woh Bharat ko bhi milne wala hai final agreement mein (Whatever Bangladesh has got, India will also get the same in the final agreement)," Goyal said.

His remarks came amid concerns from Indian garment manufacturers and exporters that Indian products could face an 18% disadvantage compared to Bangladeshi exports after Dhaka struck its accord with the US this week.

India and the US are expected to finalise the interim trade deal framework by the end of March.

"Bangladesh has received

a benefit under its trade deal with the US of exporting textiles and garments [in quota] at zero reciprocal duty if they purchase raw materials from the US. India has a similar benefit. The fine print of the India-US deal will have details," Goyal said.

Under the zero reciprocal duty provision, the volume of duty-free textile and apparel exports from Bangladesh to the US is determined based on Dhaka's imports of "US-produced cotton and man-made fibre textile inputs."

Bangladesh is the second-largest exporter of textiles and apparel to the US after China.

Officials said the India-US zero-duty provision could give Indian textiles a bigger advantage than Bangladesh, as India's much larger spinning capacity allows higher utilisation of US cotton and potentially a bigger quota.

India's spinning industry is among the largest globally, and Bangladesh is a key importer of Indian yarn.

Indian textile exporters such as Gokuldas Exports, KPR Mills and Arvind Ltd, which saw shares slip up to 7% on Monday following the Bangladesh-US joint statement, recovered and closed up to 4% higher after Goyal's comments.



## Bangladesh-US trade deal: prospects and pitfalls

The signing of a trade deal with the United States at the fag-end of the interim government's tenure has understandably raised many eyebrows, particularly because of its non-disclosure clauses. The limited information released so far suggests a mixed picture—one that promises new opportunities but also poses significant questions about long-term gains for Bangladesh. What is publicly known is that the agreement reduces U.S. tariffs on Bangladeshi goods from an initially proposed 37 per cent—later revised to 20 per cent—to a flat rate of 19 per cent. More notably, it offers zero-duty access to select textiles and apparel produced from American cotton or fibres. In return, Bangladesh has committed to granting significant market access to a range of U.S. industrial and agricultural products. Tariffs on items such as poultry, seafood, corn and certain machinery and medical devices will be cut to zero, while duties on others will be phased out over five to ten years. Additionally, as per media report, Bangladesh will be required to import agricultural products from USA such as soybean, wheat, cotton to the tune of around \$ 3.50 billion annually.

In the absence of full disclosure, assessing whether the agreement represents a genuine win-win outcome is difficult. Officials in the commerce ministry are optimistic, arguing that the deal could be transformative, given that nearly 86 per cent of Bangladesh's exports to the U.S. consist of ready-made garments (RMG). A large portion of these exports could potentially

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benefit from duty-free access, provided they meet the condition of using U.S.-sourced raw materials. The Bangladesh Garment Manufacturers and Exporters Association (BGMEA), in its immediate reaction, has welcomed the agreement. It has pointed out that tariff exemptions for

garments made of U.S. cotton and man-made fibres could enhance Bangladesh's competitiveness in the American market. At the same time, BGMEA has rightly emphasised the importance of traceability mechanisms to ensure compliance with rules of origin.

Spinners in the country, however, have reacted more cautiously. They highlight the higher cost of US cotton and the long lead times required for import. From their perspective, supportive infrastructure—such as warehousing at Chittagong Port—will be critical to ensure smooth valuation, storage, and traceability of raw materials of US origin. Without such facilities, the benefits promised by the agreement may remain largely theoretical.

Ultimately, the long-term impact of this trade deal will depend on several external and internal factors. Competition from other major exporters to the U.S., including Vietnam, Cambodia and India, remains intense. These countries are also negotiating preferential access and investing heavily in supply-chain efficiency. For Bangladesh, the agreement could serve as a strategic stepping stone towards deeper integration into the US market—but only if complemented by domestic reforms, infrastructure development, and transparent implementation. Whether this deal proves to be a turning point or a missed opportunity will depend less on the headline tariff cuts and more on how effectively Bangladesh positions itself in an increasingly competitive global trade landscape.

