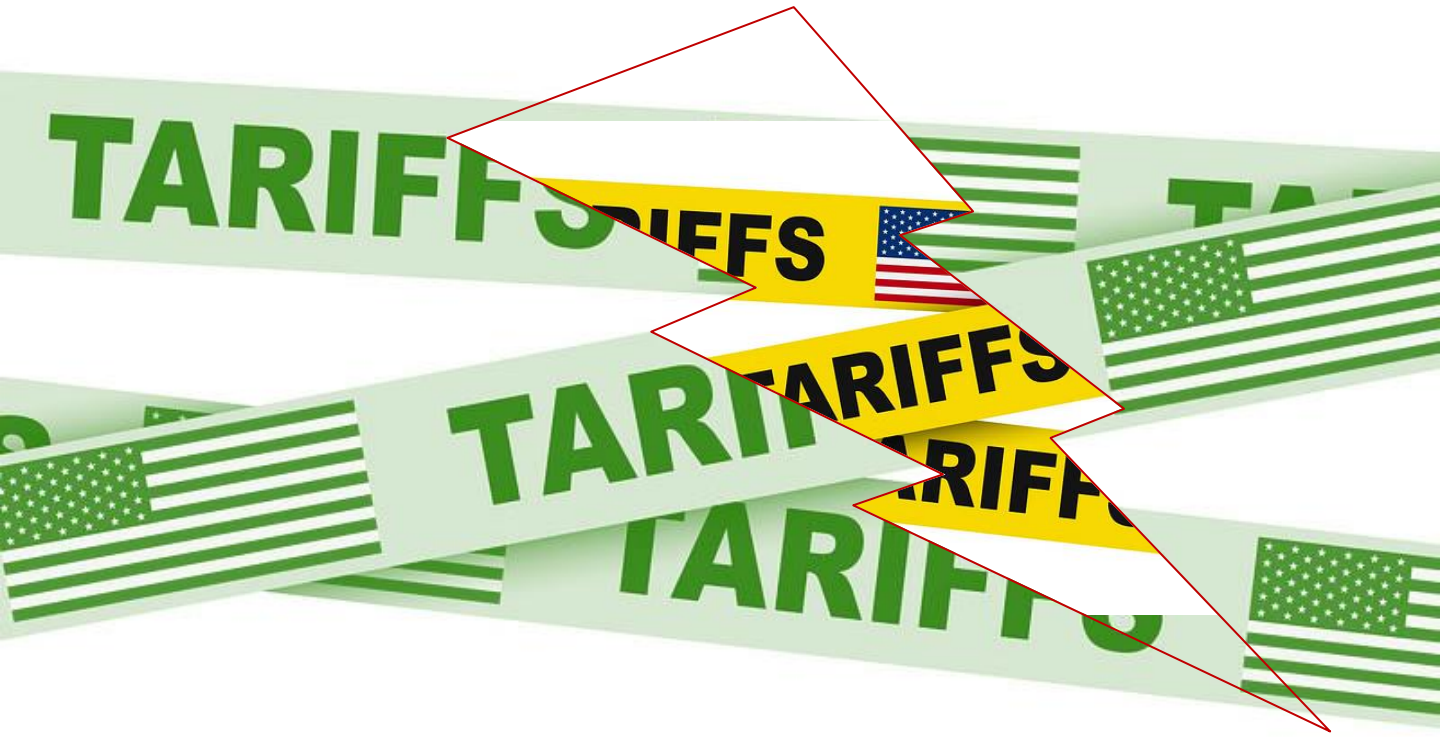
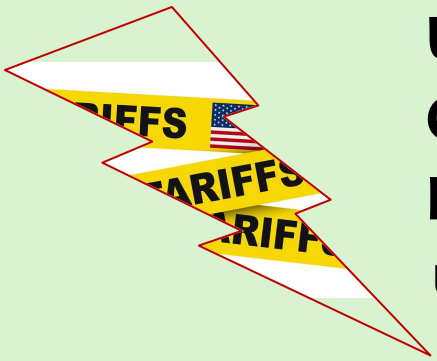


U.S. Tariffs: A Major Blow or Opportunity for Bangladesh's Leather and Footwear Industry?

Unpacking US Tariffs: A First Look at the Impact

Version 1
5 April 2025

Footwear Exchange
www.footwearexchange.com

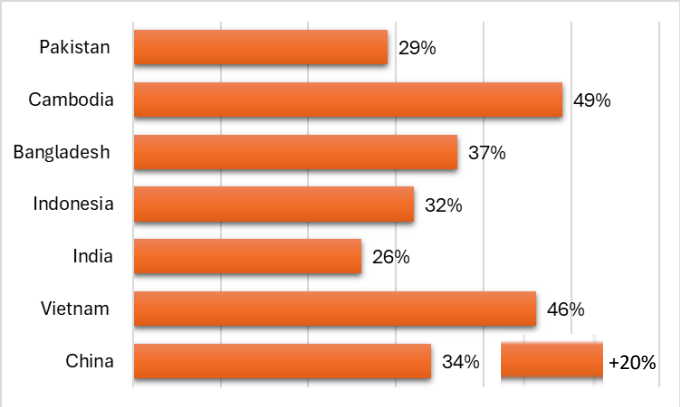


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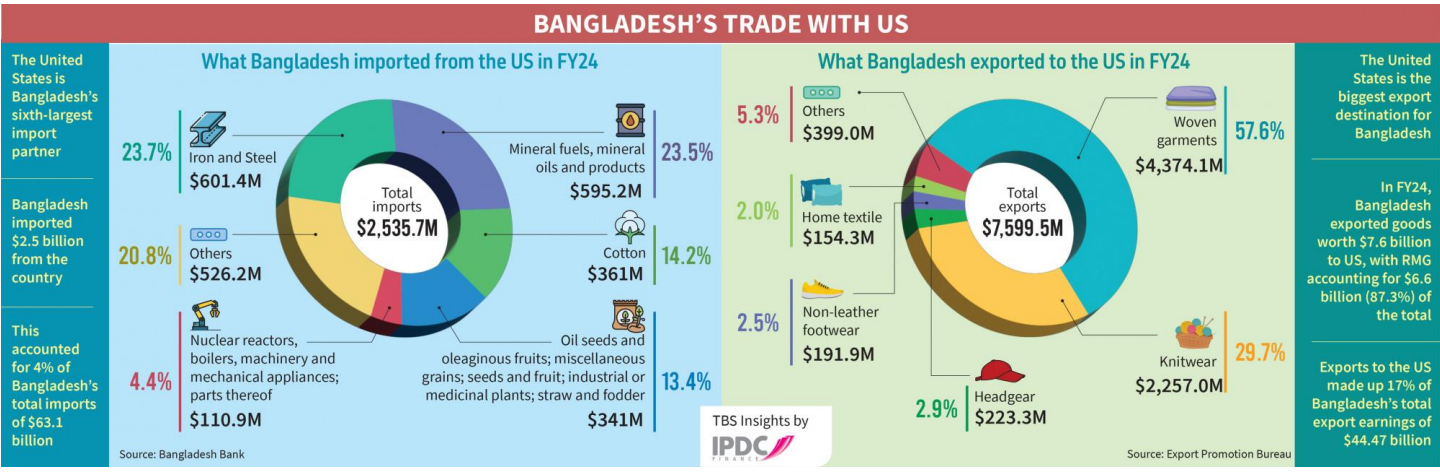
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How Does Bangladesh Compare with Competitors for Tariffs?



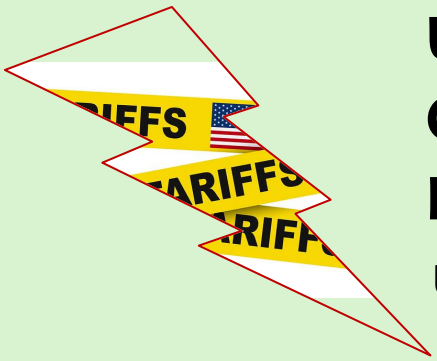
Countries like India, Pakistan and Indonesia are emerging leaders in leather and footwear exports, the tariffs stand lower than Bangladesh, gives them an immediate competitive edge of nearly 10% over Bangladesh. Other countries like China, Vietnam and Cambodia who is among top 5 exporters to USA imposed higher tariffs, gives Bangladesh a competitive advantages.

Bangladesh's Trade with the U.S.A.!



Source: The Business Standard,

Zahid Hussain, former lead economist at the World Bank's Dhaka Office, is convinced that the United States' new tariff policy will severely damage Bangladesh's export sector as American demand shrinks. His concern runs even deeper: with tariffs pushing up prices across the board, a slowdown in the US economy appears inevitable. "As a result, there is a risk of a decline in exports from Bangladesh," he told TBS.



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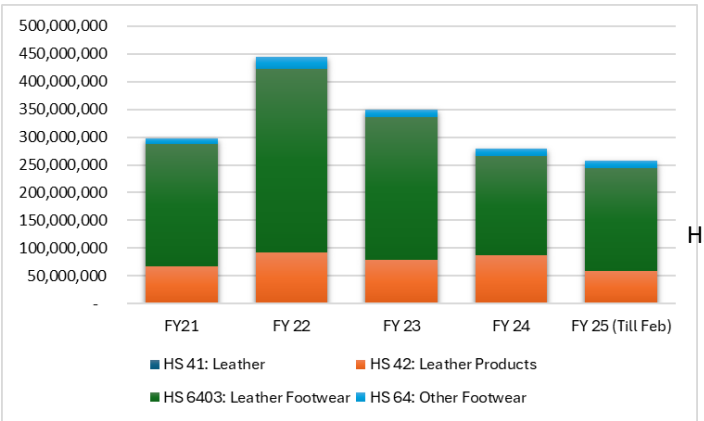
Leather & Footwear Export to the U.S.A.

In 2022, the top partner countries from which United States Imports Footwear include **China, Vietnam, Indonesia, Italy and Cambodia.**

United States imports Leather Apparel primarily from: **India ($205M), Italy ($186M), China ($174M), Pakistan ($149M), and Vietnam ($96.2M).** The fastest growing import markets in Leather Apparel for United States between 2022 and 2023 were France ($4.87M), United Kingdom ($1.24M), and Portugal ($713k).

Source: OEC World

Bangladesh Leather & Footwear Export to the U.S.A.



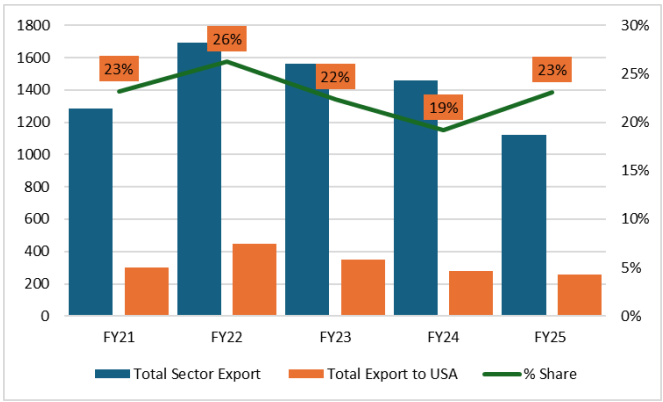
Million USD

	FY21	FY 22	FY 23	FY 24	FY 25 (Till Feb)
HS 41: Leather	0.4	0.2	0.2	0.1	0.1
HS 42: Leather Products	67.4	92.1	79.0	86.9	58.9
HS 6403: Leather Footwear	220	330.5	256.5	179.0	185.9
HS 64: Other Footwear	10	22.4	13.6	12.9	13.4
Total	298	445.2	349.2	278.9	258.3
YoY Evolution		49%	-22%	-20%	-7%

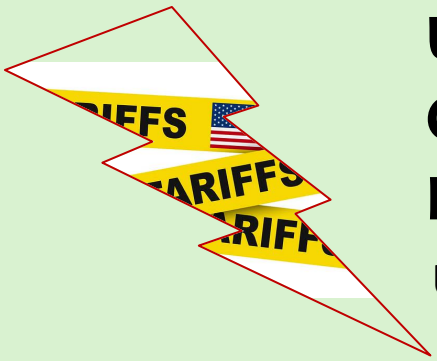
Source: Export Promotion Bureau

20-23%

Share % of Total Leather & Footwear Export to USA



Source: Export Promotion Bureau



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What These Tariffs Mean for Bangladesh Leather & Footwear Industry

- **Export Opportunity or Shutdown?**

The U.S. higher tariffs on China, Vietnam and Cambodian leather and footwear products could create an opportunity for Bangladesh to capture market share if it can offer competitive pricing and quality. Conversely, as India, Pakistan and Indonesia imposed lower tariffs, there could have order move to those country.

- **Factory and Job Risks**

If buyers shift orders from China to tariff-free or lower-tariff countries like Bangladesh, factories could see an increase in production, leading to job creation. If Bangladesh fails to meet compliance standards (especially regarding LWG-certified tanneries), international buyers might shift orders to Pakistan, Indonesia, or India instead.

- **Rising Costs & Supply Chain Challenges**

Bangladesh imports a large portion of its raw materials for footwear production. If global supply chain costs rise due to the U.S.-China trade war, Bangladesh's production costs could increase, reducing its price competitiveness.

How Should Bangladesh Respond

Immediate Actions

- Call for urgent negotiations with US officials
- The reduction of tariffs on imports from the US,
- Bangladeshi exporters must avoid undercutting each other in a desperate race to secure orders.

Medium & Long-Term Actions

- Bangladesh must focus on boosting productivity
- Reducing business costs,
- Expanding regional markets as a core strategies to cushion against future trade shocks.
- Bangladesh must pursue a stronger bilateral trade agreement with the USA and other countries.