



SIPG POLICY BRIEF 35

The Significance of the July Revolution
for Bangladesh–US Relations:
Looking Back, Looking Forward



SIPG

Executive Summary

The month of July 2024 in Bangladesh saw a youth-led movement demanding democratic accountability and participatory governance, marking a pivotal turning point in Bangladesh's political history. As the country seeks a new arrangement for nation-building and advancement, this epoch-making domestic development is bound to have ramifications for Bangladesh's external relations with major external stakeholders. Therefore, the Bangladesh–U.S. bilateral relationship also stands at a crossroad. Drawing from the seminar held by the South Asian Institute of Policy and Governance (SIPG) at North South University (NSU) on 28 July 2025, this policy brief discusses emerging opportunities and risks in the bilateral relationship and identifies elements for a path forward based on trust, shared values, and mutual strategic interests.

Background and Context

The U.S.–Bangladesh relationship has been shaped by a complex trajectory, beginning with opposition during the Liberation War of 1971, and evolving into multifaceted cooperation over the last five decades. Today, the United States remains Bangladesh's largest export destination, a significant development partner, top source of foreign direct investment, and a strategic actor in the Indo-Pacific region. There have however been divergences attached by the two sides on preferences and priorities, which became pronounced during the last fifteen years of Awami League rule. The July Revolution of 2024—sparked by students and amplified by citizens protesting against arbitrary governance—has opened new opportunities for much-needed reforms in almost all areas of social-political-economic interactions within and beyond Bangladesh. Such changes and reforms may create options for reducing differences and strengthening areas of convergences with countries in the neighborhood and global powers, particularly the United States.

The SIPG seminar brought together experienced diplomats, academics, private sector leaders, and civil society actors to examine the current contours of the US-Bangladesh relations and explore various aspects for a robust bilateral relation, in a fast-changing global landscape.

Key Issues for Discussion

The July Revolution has fundamentally shifted Bangladesh's internal political dynamics and global image, presenting both challenges and opportunities in its engagement with international partners, especially the United States. The immediate aftermath has opened space for democratic realignment, prompting recalibration in bilateral relations. The interim government's efforts to engage constructively with the U.S., and the latter's encouraging diplomatic signals, demonstrate a moment of potential reset. However, time available for the Interim Government ahead of the elections slated for early 2026 is inadequate for charting a future trajectory which logically should be a top priority for the future elected Government. A key area of focus remains economic interdependence and enhanced trade and investment at a time when the US suffers significant trade imbalance vis-à-vis Bangladesh.

The imposition of retaliatory tariffs by the U.S., combined with regulatory expectations on non-tariff conditions such as standards, labor rights, intellectual property, and digital commerce, thus require Bangladesh to respond swiftly to avoid prohibitive tariffs threatened by the Trump Administration so as to sustain competitiveness in American markets. The business community has expressed concerns about the potential ramifications on trade, employment and economic growth, particularly within the readymade garments (RMG) sector.

Additionally, the geopolitical environment continues to evolve rapidly. The China factor—exemplified through Bangladesh’s engagement with the Belt and Road Initiative—and India’s strategic dominance in regional affairs influence the way U.S. policy is shaped toward South Asia. These power dynamics complicate the formulation of a clear, independent Bangladeshi foreign policy. Bangladesh always confronts challenges to navigating this complexity without compromising its strategic autonomy. The US expectation, if not demand, to reduce reliance on China on trade and infrastructure as well as to stay clear from various Chinese initiatives like GDI, GSI and GCI significantly diminishes hedging options for Bangladesh.

The US has always been keen in expanding defense and security collaboration with Bangladesh. While Bangladesh has been interested in defense training, counter-terrorism, cyber security, joint-exercises, she avoided signing instruments and agreements to enhance inter-operability, to provide port services to US forces, and to buy US defense supplies. The US has recently been factoring in preferences of India, a member of the QUAD, in formulating its policies in the Indo-Pacific.

Development cooperation and humanitarian assistance have been the bedrock for US engagements in Bangladesh for decades. Here also the relationship has to negotiate entry into a new phase. With the closure of USAID operations under the U.S. government’s restructuring, Bangladesh-US need to redefine development partnerships through institutional collaborations, research alliances, and co-financed initiatives, especially in climate resilience, education, and healthcare. How Bangladesh could board-base interactions in non-security sectoral areas remained a focus.

Finally, academic interactions and people-to-people engagement emerged as central themes during the seminar. With misinformation on the U.S.’s alleged involvement in the July Revolution dispelled by credible voices, both sides have an opportunity to build mutual understanding through exchange programs, scholarly collaboration, and policy-relevant research.

Brief Program Schedule

Program	Speaker
Moderation	Professor Sk. Tawfique M. Haque , <i>Director, SIPG</i>
Welcome Speech	Dr. Noor Mohammad Sarker , <i>Assistant Professor, PSS, NSU</i>
Keynote Presentation	Mohammad Sufiur Rahman , <i>Senior Research Fellow, SIPG</i>
Discussant 1	Faisal Samad , <i>Ex Senior VP, BGMEA & Managing Director, Surma Garments Ltd.</i>
Discussant 2	Professor (Retd.) Shahiduzzaman , <i>International Relations, Dhaka University</i>
Discussant 3	Dr. AKM Waresul Karim , <i>Professor & Dean, SBE, NSU</i>
Special Guest Remarks	Jon F. Danilowicz , <i>Former Diplomat, U.S. State Department</i>
Q & A Session	—
Speech by Session Chair	Prof. Abdul Hannan Chowdhury , <i>Vice-Chancellor, North South University</i>

Salient Points from the Keynote Presentation by Ambassador Mohammad Sufiur Rahman (Retd.)

- While the US was opposed to an independent Bangladesh in 1971, it quickly accorded recognition to Bangladesh, despite being on the opposite side of the geo-political divide of 1970s. Beginning with humanitarian support and social development, the relationship grew fast to cover all major sectoral areas.
- Despite longstanding development and humanitarian cooperation—including over \$8 billion in USAID assistance over the last five decades, significant sectoral engagements, and support for Rohingya refugees—the U.S.–Bangladesh relationship was strained in the last decade for recurring concerns over labor rights, human rights violations, and non-participatory elections from the US side as well as constant accusation from the AL-government side on US involvement in the developments of August 1975 and tendency to interfere in Bangladesh's domestic affairs.
- The United States' recognition of the Interim Government and President Biden's congratulatory message to Professor Yunus marked a diplomatic pivot, signaling conditional optimism from Washington tied to democratic transition and governance reform in Bangladesh.
- The imposition of retaliatory tariffs, non-tariff requirements and regulatory demands—including on IP standards, digital governance, and procurement preferences—underscores a shift in U.S. trade policy toward conditionality and away from rules-based trade order, raising concerns about instability of trade policies, coercive approach to bring non-trade matters, possibilities of erosion of competitiveness for Bangladesh etc.
- Bangladesh's engagement with China through BRI projects and the strategic deepening of Indo-U.S. ties have brought in externalities and have complicated the bilateral calculus. The U.S. has grown increasingly uneasy with Dhaka's warming up of relations with Beijing while continuing to be influenced by New Delhi's "non-interference" posture with the view to singularly protect the AL government from criticism and keep it in power.
- Despite irritants and divergences, the US and Bangladesh held regular dialogues on security issues, partnership and defence collaboration that reflected mature approach from both sides.
- Defence and security cooperation, such as participation in military exercise and counter-terrorism dialogues, remains robust—yet Bangladesh has avoided signing key defense agreements (SOFA, ACSA, GSOMIA) that US wanted to deepen military alignment. Absence of such agreements come in the way of delivery of high-end military equipment and technology to Bangladesh.

Bangladesh's measured response comes from her persistent policy of hedging, avoiding countering major powers in particular, the US, China and India and bandwagoning with either of them.

- A strategic window of opportunity has emerged post-July Revolution to reset the bilateral relationship on the basis of mutual respect, calibrated engagement, and balanced partnerships—free from the AL-Hasina factor, and geopolitical considerations and coercion to advance Bangladesh's long-term democratic and developmental aspirations.

Key Quotes from Speakers

Jon F. Danilowicz: *“There is no credible evidence of U.S. involvement in the July Revolution. It was entirely organic and rooted in the aspirations of the Bangladeshi people.”*



Prof. Abdul Hannan Chowdhury: *“We must adopt good practices on workplace safety, and invest more on technology, and remuneration to enhance productivity and stay competitive.”*

Professor Sk. Tawfique M. Haque: *“This seminar comes at a critical juncture—when the global geopolitical landscape is evolving rapidly, and Bangladesh’s foreign relations, particularly with the United States, are witnessing both new opportunities and emerging challenges.”*



Mohammad Sufiur Rahman: *“The July Revolution was not just a domestic upheaval—it reflected a national desire for justice and dignity. The challenge now is to ensure that our foreign policy reflects that same spirit in our external engagements in particular with a superpower like the US.”*

Faisal Samad: *“This isn’t just an \$8 billion trade issue—it will have a much broader, multibillion-dollar impact on our economy... Bangladesh needs more trade, not aid.”*



Professor Shahiduzzaman: *“Bangladesh should continue engaging with China to benefit from high-quality infrastructure—without compromising our sovereignty and explain to the US compulsions for geo-economic and geopolitical engagements with the Chinese. The US ought to realize Indian threats to Bangladesh’s security and appreciate Bangladesh-China engagements on security and defense.”*

Dr. AKM Waresul Karim: *“While charting our path forward, Bangladesh ought to realise that no real progress is possible without good governance and democratic practice.”*



Dr. Noor Mohammad Sarker: *“Beyond trade, the relationship between the U.S. and Bangladesh is multifaceted and deeply interconnected, spanning economic, political, strategic, and development cooperation.”*

Key Findings, Views and Observations

- **Room for resetting bilateral relations:** in the post-Hasina era, irritants like extra-judicial killings, rights of minorities, freedom of expression and the Cyber Security Act, violations of labour rights etc. are expected not to overshadow possibilities of complementarities in Bilateral relations.
- **Democratic Reawakening:** The July Revolution catalyzed domestic momentum for electoral reform, participatory democracy, transparency, good governance, public accountability and human rights, and has generated goodwill among international partners.
- **Greater keenness for enhanced engagement by the U.S.:** Expressions of support for Professor Yunus and the Interim Government underscore a recalibrated American posture, contingent on visible democratic reform and electoral credibility.
- **Strategic Cooperation Amid Political Strains:** Defense, security and counterterrorism collaboration continues via exercises like Tiger Lightning 2025, even as bilateral irritants remain.
- **Fragile Trade Architecture:** Regardless of the US aim of creating new trade order or reshape trade architectures, U.S. tariff hikes, digital trade standards, and IP compliance demands are bound to erode competitiveness, to create huge unemployment and to face significant economic hurdles. Bangladesh's efforts to negotiate wheat and cotton imports as well as orders for aircrafts from the U.S. demonstrate a desire to avoid a conflict with the US, to reduce trade imbalance and to further mutual trade growth.
- **Geopolitical Complexity:** The China factor, India's strategic dominance, and the legacy of mistrust with the U.S. (Killing of President Sheikh Mujib, corruption on Padma Bridge project, labor rights, etc.) require Bangladesh to adopt a multi-dimensional engagement strategy.
- **Abandoning of Development Aid Model:** With USAID's role disappearing, it will require a new architecture to advance collaboration in the humanitarian domain and social areas.
- **Finding durable solution for the Rohingya:** The US has been the largest donor to the Rohingya refugees and an ardent supporter of international accountability of atrocity crimes committed on them. It is imperative to secure US support towards improving conditions in camps, creating conducive atmosphere in Rakhine, economic and security stabilization of Rakhine for sustainable return.
- **Confusion surrounding humanitarian assistance for Rakhine:** The humanitarian corridor debate that seems to have its root in a campaign founded on over-analysis of US strategic interests in Myanmar, Rakhine and the neighbourhood has been unhelpful. Any UNSC endorsed initiative on humanitarian supplies to Rakhine would have allowed China and Russia to get clarifications on any aspect that they might not have been comfortable and to ensure that their concerns were addressed.
- US approach to Bangladesh ought to be founded on long term mutual interests and mutual benefits, as excessive pressure in the near term on furthering US geopolitical interests. Using coercion as a tool may not be conducive for creating trust.

Policy Recommendations

Broader Policy Priorities

To capitalize on the window of opportunity created by the July Revolution, Bangladesh must pursue a set of comprehensive policy goals that integrate democratic values with pragmatic strategic thinking. These priorities should guide not only its bilateral engagements with the U.S., but also shape its broader foreign policy posture.

- **Rebuild bilateral trust post-July Revolution through sustained dialogue, transparency, and diplomatic signaling:** Bangladesh should take the lead in initiating structured dialogues with diplomatic, academic, and civil society counterparts in the United States to restore confidence and credibility. Efforts must include consistent communication from the highest levels of government, regular bilateral consultations, and symbolic as well as substantive gestures to reinforce commitment to shared values.
- **Push for tariff reform and equitable trade arrangements with the U.S. through multi-stakeholder economic diplomacy:** A coordinated approach involving government ministries and departments, private sector actors (such as BGMEA, BKMEA), academic institutions, and development partners is essential to assuage impacts of retaliatory US tariffs. Bangladesh should develop data-driven proposals, evidence-based trade impact assessments, and use them for sustained lobbying.
- **Take advantages of recent developments on agreed and ongoing reforms in the domains of labor rights, human rights, and democratic practices and reforms into a single national action framework for foreign policy coherence:** The Interim Government has been pushing reforms in major areas of national importance and should seek to articulate comprehensive, time-bound action plan which could be used as a template for engagements with external actors such as the US.
- **Diversify development partnerships toward collaborative research, innovation, and public sector reform:** With traditional development aid models in transition as evident with the closure of the USAID, Bangladesh may continue to seek partnerships that deliver technical assistance and long-term capacity building and social sector advancements.
- **Retain strategic neutrality in balancing ties with China and India, avoiding entanglement in great power rivalry:** Bangladesh ought to retain her “strategic autonomy”—engaging constructively with all major powers while avoiding military alliances or geopolitical competition. In navigating the Indo-Pacific tensions, Bangladesh should remain focused on peaceful multilateralism, infrastructure cooperation, and maritime security, without aligning too closely with competing U.S. or Chinese-led strategic visions.



Specific Priorities

- **Strengthen Bilateral Mechanisms and Trust-Building** – Take full advantages of existing strategic dialogue, security dialogue and defense dialogues to deepen understanding of each other's priorities and room for complementarities on geo-economics and geopolitical considerations. Reinvigorate forums like TICFA with clearly defined mandates and sectoral working groups.
- **Enhance discussion on Bangladesh**- as there are inadequate deliberation on Bangladesh in the US public and private circles, determined efforts must be made to commence substantive discussion on Bangladesh at various policy forums in the US and in the media to spread Bangladesh's growing economic importance, its value for the US as a possible manufacturing hub and source of talents, and its possible role in the everchanging geopolitical landscape in the Indian Ocean region .
- **Research, Innovation, and Educational Ties** - Establish institutionalized arrangements among academic institutions for graduate and higher study, research and innovation in areas of mutual interests. As an example, the U.S.–Bangladesh Center for Strategic Futures at NSU to jointly study AI governance, climate resilience, and regional security. - Increase Fulbright and Hubert H. Humphrey Fellowships specifically for governance, public health, and innovation policy.

Conclusion

The July Revolution has reignited Bangladesh's democratic spirit, created space for advancing reforms where the US has been exhibiting keen interests and reopened opportunities for review of its foreign policy orientation. There is ample room for greater economic interdependence and strategic alignment based on mutual interests, not influenced too much by factors like China and India.

This policy brief is prepared by **Riyasad Iqbal** and **Mahmud Bin Morshad** under the supervision of **Mohammad Sufiur Rahman**, Senior Research Fellow of SIPG.



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