

## **The Economic Contributions of the USA to Bangladesh: An Evaluation of Bilateral Relations Over 50 Years**

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### **Abstract**

This study evaluates the bilateral relations between the USA and Bangladesh over the past 50 years, focusing on the USA's economic, humanitarian, and geopolitical contributions. The study utilizes secondary data and descriptive analysis, supported by quantitative research, to offer a comprehensive overview of this bilateral relationship. The USA has significantly influenced Bangladesh's economic development through foreign aid, FDI, and trade. It has also provided critical support during natural disasters and crises, including \$6 billion in assistance since Bangladesh's independence. The importance of strong bilateral relations, particularly with global powers like the USA, cannot be overstated for sustaining Bangladesh's economic growth. This research fills a gap in the literature by thoroughly examining the USA's role in Bangladesh's economic development. The study is descriptive; future research could benefit from quantitative modelling.

**Keywords:** Bangladesh; USA; bilateral relations; FDI; economic contribution; humanitarian aid; geopolitical support.

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## **1.0 Introduction**

The United States and Bangladesh have cultivated a strong partnership grounded in mutual economic and geopolitical interests. Since the USA officially recognized Bangladesh's independence on April 4, 1972, the bilateral relationship has flourished, marked by significant financial and political cooperation (Haque & Islam, 2014). The USA's early support, including a USD 300 million pledge, laid the foundation for enduring ties that have remained steadfast over the decades. This partnership is anchored in shared economic goals and broader security, humanitarian, and environmental concerns, making Bangladesh a vital regional partner for the USA (Harding, 2000; Gazi, 2021; U.S. Department of State, 2022).

Over the past 50 years, the USA has invested over eight billion dollars in Bangladesh, making it the largest recipient of U.S. assistance in Asia (U.S. Department of State, 2022). This support has been pivotal in promoting sustainable agriculture, enhancing food security, modernizing small-scale farming, and strengthening the trade and business environment. Additionally, the USA has been instrumental in addressing climate change, conserving biodiversity, improving public health and education, and promoting democratic institutions and labor rights (Wright & Winters, 2010). The USA's role has also extended to providing crucial support during crises, such as the Rohingya refugee situation and the COVID-19 pandemic.

The positive impact of international relations on economic development is well-documented (Lavenex & Kunz, 2008). These relationships facilitate trade, tourism, and immigration, contributing to the economic transformation of countries like Bangladesh, which has evolved from an agriculture-based economy to a more diversified, globally integrated economy (Rasul & Thapa, 2004). The USA's economic engagement with Bangladesh, including foreign direct investment (FDI), remittance inflows, and trade, has been a cornerstone of this transformation. In 2021, Bangladesh's exports to the USA amounted to \$8.3 billion, and the USA emerged as the largest contributor of FDI, with \$4.3 billion, representing 20% of Bangladesh's total FDI (FDI).

Given this context, it is essential to explore the extent and significance of the USA's contributions to Bangladesh's economy. This research aims to uncover the economic dynamics of the USA-Bangladesh relationship, providing valuable insights for policymakers on strengthening bilateral ties. This study comprehensively explains the economic interdependence between the two nations by examining factors such as FDI, foreign aid, remittance inflows, and trade. The selection of these countries is driven

by their long-standing political connections and the USA's consistent support for Bangladesh during critical moments, including natural disasters and pandemics. The research objectives of this study are the following:

- To analyze the contributions of FDI, remittances, foreign aid, and trade between the USA and Bangladesh.
- To provide a historical overview of the bilateral relationship between these two nations.

This study contributes to the existing literature by filling a gap in analyzing the USA's economic contributions to Bangladesh. It evaluates the two countries' FDI, foreign aid, remittance, and trade dynamics.

The rest of the paper is structured as follows: The next section reviews the relevant literature on the topic, followed by a discussion of the methodology and data used in the study. Subsequent sections present the findings and analysis, culminating in discussing the implications and conclusions drawn from the research.

## **2.0 Literature Review and theoretical framework**

The debate surrounding the shifting global economic power from the United States to China is ongoing, yet the USA's contributions to developing countries, including Bangladesh, remain significant (Casetti, 2003). Bangladesh's economic reliance on developed nations, particularly the USA, for foreign direct investment (FDI), remittances, and other forms of aid is well-established (Chowdhury, 2011; Hasan, 2011; Istiak, 2012)). The diplomatic relationship between the USA and Bangladesh dates back to Bangladesh's independence and has fostered a supportive alliance with significant economic implications (Mostafiz, 2017).

Previous research has primarily focused on specific aspects of the USA-Bangladesh relationship, particularly regarding FDI. The USA has consistently been a key source of FDI for Bangladesh, driven by market size, growth potential, and economic freedom (Mostafiz, 2017). However, it is crucial to note that while FDI is a critical component, it is not the sole determinant of the economic relationship. To fully understand the financial ties between the two nations, it is essential to consider other factors, such as foreign aid and remittance inflows, which also play a significant role.

This study draws on dependency theory to understand the economic relationship between the USA and Bangladesh. This framework remains vital for analyzing global economic inequalities despite its diminished presence in mainstream discourse since the

late 1970s (Kvangraven, 2021). This theory perspective provides a critical lens through which to examine the economic ties between developed and developing nations, such as the USA and Bangladesh.

In the context of the USA and Bangladesh, institutional theory offers a robust framework for analyzing the economic ties between nations. This theory posits that formal and informal institutions are critical in shaping economic relationships and interactions between countries (North, 2016; Griffith & Yalcinkaya, 2023). In the case of USA-Bangladesh relations, historical and diplomatic ties have been instrumental in establishing the foundation for economic cooperation. The formal agreements and policies that have emerged from these ties underscore the influence of institutional structures on economic exchanges (Tashtamirov, 2023). Therefore, the USA's economic contributions to Bangladesh can be understood as a product of formal institutional arrangements, like trade agreements, and the informal networks that have developed over time (Zheng et al., 2017). These institutional dynamics have been pivotal in shaping the trajectory of economic cooperation between the two nations.

Prior studies have mostly focused on certain elements of the economic relationship between the United States and Bangladesh, particularly on Foreign Direct Investment (FDI). The United States has consistently been a significant provider of Foreign Direct Investment (FDI) for Bangladesh, mostly due to its large market size, potential for expansion, and economic independence. According to Mostafa (2020), the investment made by the USA is greatly influenced by these beneficial conditions, which are in line with Dunning's FDI Theory. This theory suggests that nations with advantageous market conditions attract significant foreign investment (Ali et al., 2015). Multiple studies have provided evidence supporting the hypothesis that a positive relationship exists between foreign direct investment (FDI) and economic growth in Bangladesh. These studies have demonstrated that FDI contributes to developing the country's gross domestic product (GDP) by attracting more capital and facilitating the transfer of knowledge (Rahman, 2012; Rajib & Rahman, 2020) Foreign Direct Investment (FDI).

The role of remittances in Bangladesh's economy is further underscored by their substantial share in total remittance inflows, with the USA being a major contributor. This inflow has been crucial for the Bangladeshi economy, as remittances support household consumption and contribute to national savings and investment, fostering economic stability and growth. Studies by Das and Chowdhury (2019) reinforce this

notion, indicating that remittances positively correlate with Bangladesh's economic growth and financial development. Despite their importance, the role of remittances in the broader USA-Bangladesh economic relationship has yet to be explored, especially regarding their long-term impact on Bangladesh's financial stability and growth. Addressing this gap is one of the key objectives of this study.

Additionally, the role of trade, particularly the import-export balance, is critical in strengthening Bangladesh's foreign exchange reserves. However, the potential impact of trade within the USA-Bangladesh economic relationship has yet to be thoroughly examined. Given Bangladesh's ongoing efforts to bolster its reserves, it is essential to evaluate the USA's role in this context thoroughly. The existing literature has yet to fully assess how trade interactions between these two nations influence Bangladesh's economic resilience, representing another significant gap that this research aims to fill. By situating this study within relevant economic theories and identifying gaps in the current literature, this research seeks to provide a more holistic understanding of the USA-Bangladesh economic relationship. The findings from this study will contribute to academic discourse and offer valuable insights for policymakers in both nations.

### **3.0 Methodology**

This study utilizes a mixed-methods approach, combining quantitative and qualitative analysis to thoroughly assess the economic contributions of the United States to Bangladesh during the last five decades. The research primarily relies on secondary data from reputable governmental and non-governmental sources such as the Bangladesh Bureau of Statistics, the U.S. Department of State, and the Bangladesh Economic Review. The focus is on essential economic indicators, including Foreign Direct Investment (FDI), foreign aid, remittance inflows, and import-export figures. The quantitative data were analyzed to identify temporal trends and patterns. The qualitative data, obtained through content analysis of policy documents, speeches, and reports, were thematically analyzed to explore the broader geopolitical implications and socio-economic impacts. Data triangulation was utilized to improve the accuracy and dependability of the results, which involved cross-checking information from various reliable sources. The study's assessment is thorough but limited by its use of secondary data, which may only partially capture the subtle effects of U.S. contributions. This suggests that future research should include primary data to strengthen the findings.

## **4.0 Findings**

### **4.1 Historical analysis of the economic relationship between the USA-Bangladesh**

The United States has been one of Bangladesh's most significant development allies since its independence. The United States formally recognized the newly independent nation on April 4, 1972, and pledged \$300 million in aid. The United States gave strategic support to West Pakistan to postpone the liberation of Bangladesh, while the Soviet Axis supported East Pakistan (modern-day Bangladesh). The freedom and fears of Soviet influence led to a policy shift, and in 1972, the United States recognized the newly independent country (Nair, 2008). Because Bangladesh is a democratic nation, the United States has continued to provide financial assistance to Bangladesh in the years following the end of the Cold War. In addition, the United States has absolved Bangladesh of its 260 million dollar debt (Vaughn et al., 2017). In 1991, Bangladesh was given a large amount of assistance for cyclone relief as part of an operation called "Operation Sea Angel" (Reliefweb, 2008).

Exports to the United States are Bangladesh's major market. In 2014, bilateral trade was worth \$6 billion. Bangladesh is also a major source of foreign direct investment from the United States. The operations of Chevron, which generates half of Bangladesh's natural gas, are the largest American investment in the country. Agricultural items (soybeans, cotton, wheat, dairy), airplanes, machinery, engines, and iron-and-steel products are the principal exports of the United States to Bangladesh. Toys, games, athletic items, shrimp and prawns, and agricultural products are some Bangladeshi goods the United States buys from Bangladesh.

Since gaining independence in 1971, Bangladesh has made enormous strides. It has made considerable progress in empowering women, reducing infant mortality, and raising the literacy rate dramatically. Until recently, Bangladesh was one of the world's most dynamic economies. The country's GDP expanded at an annual rate of 8.0% in 2019. The demographic dividend, stable macroeconomic conditions, and high garment exports have all contributed to its rapid rise. Bangladesh's socio-economic development has been greatly aided by the United States, which has sent more than \$7 billion in aid since 1971.

A shift from a predominantly agricultural economy to one with the ability to participate in global supply chains has taken place in Bangladesh over the past half-century. This market offers great potential for American companies, our allies, and partners because of its impressive growth and willingness to accept private sector investment. Bangladesh's

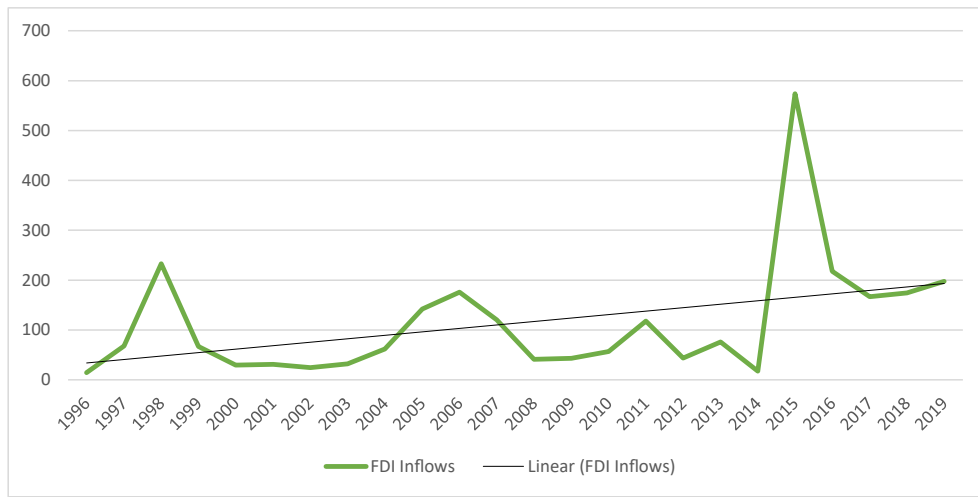
economy has risen more than 6% annually for the past two decades. In 2021, the United States would import \$8.3 billion of Bangladeshi goods. In 2021, the United States will be the leading source of Foreign Direct Investment (FDI) in Bangladesh. As of 2021, US corporations have invested \$4.3 billion in Bangladesh, which accounts for 20% of the country's entire FDI stock. These investments include natural gas production, banking and insurance, and electricity generation. The transportation and infrastructure industries also benefit from the high-quality items made in the United States, such as aircraft, trains, power generation turbines, and dredging equipment. The U.S.-Bangladesh Business Council in 2021 further demonstrates the strengthening of commercial connections between the two countries.

The COVID-19 pandemic has expanded inequality in Bangladesh, which is still dealing with the Rohingya refugee crisis and vaccination issues. The United States can help Bangladesh recover from the COVID-19 disaster while also encouraging the country's long-term growth and development. Through the United States Agency for International Development (USAID), the United States government has announced an additional \$25 million in urgent COVID-19 assistance to help Bangladesh provide life-saving medical and oxygen supplies as well as cold chain equipment to store, transport and administer vaccines safely (Reliefweb, 2021). This assistance is part of the COVID-19 response. This new assistance from the United States has helped Bangladesh expand vaccinations to people throughout the country, enabling health workers to treat critically ill patients more effectively and enhancing the quality of care provided in health facilities. In addition, the United States has donated vaccines to the country (TBS, 2021).

#### **4.2 Foreign Direct Investment (FDI)**

These days, the topic of direct investments made by foreign companies is receiving a greater amount of attention both on the national and international levels (Denisia, 2010). It plays an important role in any economy, especially in developing countries. The asset package that multinational corporations (MNCs) bring to the table with their investments is one of the primary reasons why developing nations value foreign direct investment (FDI) so highly (Agosin & Machado, 2005). Foreign direct investment (FDI) plays a very significant part in Bangladesh's ability to achieve the anticipated economic growth level

The American market in Bangladesh is significant and continues to expand, making it an attractive location for business and financial investments (Islam, 2014).



*Figure 1: FDI Inflows in Bangladesh by the USA*

Figure 1 above signifies the economic contribution of the USA by giving FDI. It shows the time series data of FDI from 1996 to 2019. We can see here that the United States has been supplying this to Bangladesh for some time and has always played a vital part in the country’s economic development. From 1996 to 1997, the FDI inflows were 14.39 million USD and 67.64 million USD. It increased several times in 1998 to 232.9 million USD. FDI inflows also declined slightly in subsequent years. Since 2003, there has been a steady rise in FDI inflows from the USA; in 2006, it was 175.72 million USD. FDI inflows increase for several years; when it decreases, it decreases for several years. After 1996, the lowest inflow was seen in 2014, 17.34 million USD. However, the USA’s highest FDI in the History of Bangladesh was recorded in 2015 at 573.77 million USD. This is the highest FDI in a year from the USA to Bangladesh. A fall in FDI was seen again in 2016 but was still higher than the previously fallen phrases. After 2017, a steady rise is seen again.

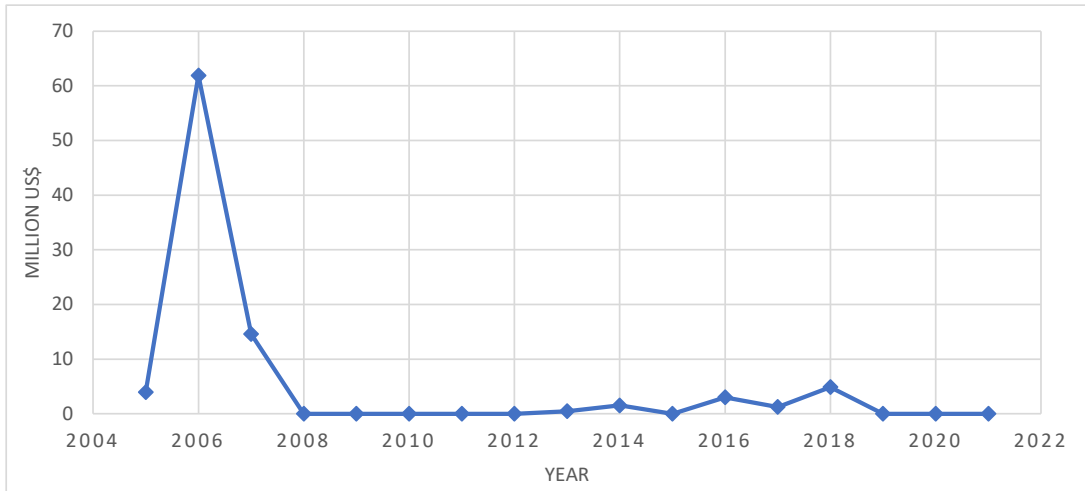
### **4.3 Foreign aid and grants**

Foreign aid, which can also be referred to as development assistance, development aid, or simply aid, is a method by which economically and socially advanced nations assist financially and socially developing nations. Bangladesh needs foreign aid in large numbers even though it is moving from least developed to developing countries (Lancaster, 2015). Over the past 50 years, the United States has invested over \$8 billion in Bangladesh, which is currently the greatest receiver of American aid in Asia. The United States assists



developing countries in various ways, including promoting sustainable agriculture and food security, modernizing small-scale farming, bolstering the business and trade environment, coping with climate change, preserving biodiversity, and enhancing public health and education.

For humanitarian aid to refugees and host populations, the United States has been the top donor to the Rohingya refugee crisis response. When the time is right, the United States will assist Bangladesh and the Rohingya to ensure the safe, voluntary, dignified, and long-term repatriation of Rohingya refugees.

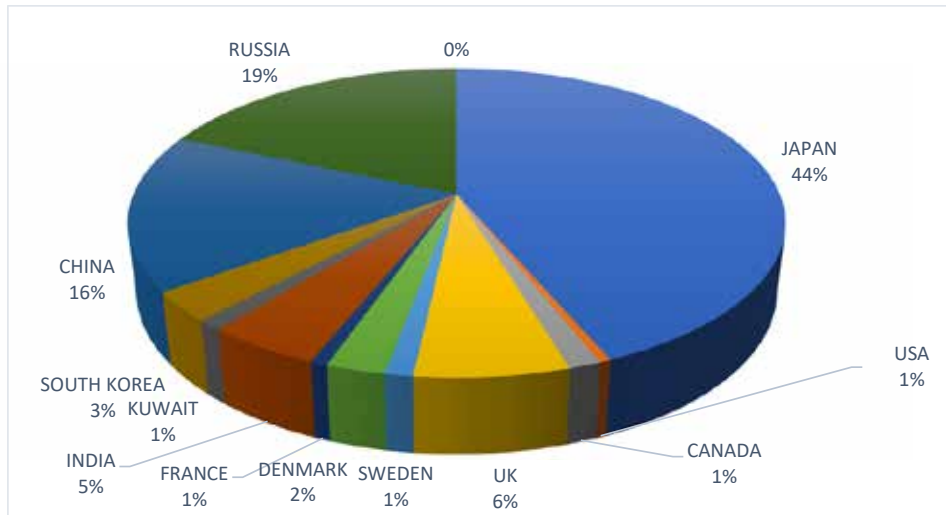


*Figure 2: Foreign Aid from the USA*

Source: (Bangladesh Economic Review, 2024)

The above (Figure-2) line shows the trend of foreign aid that the USA gives to Bangladesh. A foreign assistance program is an international transfer of resources from a government or an international organization to a recipient country or its population. Assistance might be financial, military, or humanitarian. As a political tool, a government can use foreign aid to achieve diplomatic recognition, acquire respect for its participation in international institutions, or increase the access of its diplomats to foreign countries.

The USA gave Bangladesh the highest foreign aid, 61.91 million USD 2006. However, assistance from the USA gradually declined in the following years. From 2008 to 2012, Bangladesh did not receive any foreign aid from the USA directly. 2014 Bangladesh received 1.53 million USD; in 2018, it was 4.88 million USD. Notably, in 2006, the USA gave Bangladesh the Highest amount of foreign aid.



*Figure 3: Foreign Aid inflows in the last 15 years by countries*

Source: (Bangladesh Economic Review, 2024)

Foreign aid influxes from various countries during the previous 15 years are depicted in the pie chart (Figure 3) above. Bangladesh receives aid from countries with strong political and economic ties. A large chunk of this graph is dedicated to Japan. In the last 15 years, Japan has donated 8473.17 million dollars in foreign aid (FY2005-06 to FY2020-2021). Japan provided the most assistance to Bangladesh during the COVID-19 pandemic. Amounts for 2019-20 and 2020-21 were 1692.91 million and 973.22 million USD, respectively. China and Russia, two of the world’s wealthiest nations, contributed 16 percent and 19 percent to global foreign aid during the previous 15 years. In the last 15 years, the United States has provided just a minor amount of direct foreign assistance to Bangladesh.

### **4.3 International Trade**

Bangladesh is one of the most important trade partners of the United States. Roughly 19–20 percent of Bangladesh’s exports are headed for the United States. In 2021, the United States and Bangladesh engaged in more than \$10 billion worth of mutually beneficial trade. However, when viewed from the perspective of the United States, Bangladesh is a relatively minor commercial partner. Bangladesh was the United States’ 46th largest trading partner in 2020.

Most of Bangladesh’s exports consist of woven clothing, knit clothing, assorted textiles, caps, headgear, footwear, tobacco, snack foods, furniture, ceramic ware, toys, plastic items, artificial flowers, etc. Most of Bangladesh’s imports include raw cotton,

chemicals, machinery and equipment, pharmaceuticals, aircraft, electrical equipment, iron and steel, etc.

In recent years, Bangladesh has been able to successfully penetrate the United States garment market despite the hefty import taxes that are in place in that country. It is estimated that readymade clothes account for between 87 and 88 percent of Bangladesh's exports to the United States. The overall value of Bangladesh's garment product exports to the United States was \$4.29 billion in 2010 and is projected to reach approximately \$7.30 billion by 2021 (Source: BGMEA). The United States is Bangladesh's third largest market for garments imported from Bangladesh.

Bangladesh's readymade garment (RMG) industry now boasts 155 green factories with the Leadership in Energy and Environmental Design (LEED) accreditation from the US Green Building Council (USGBC), the highest level of certification available anywhere in the world. Seven of the world's top ten LEED-certified factories are in Bangladesh.

The rise in wages in China and improved safety in the readymade garment industry over the past few years have increased buyers' confidence in Bangladesh apparel. As a result, buyers in the United States increasingly lean toward Bangladesh as a source of merchandise. Bangladesh is a source of low-cost but high-quality goods in the garment industry, and companies operating in the United States can take advantage of this.

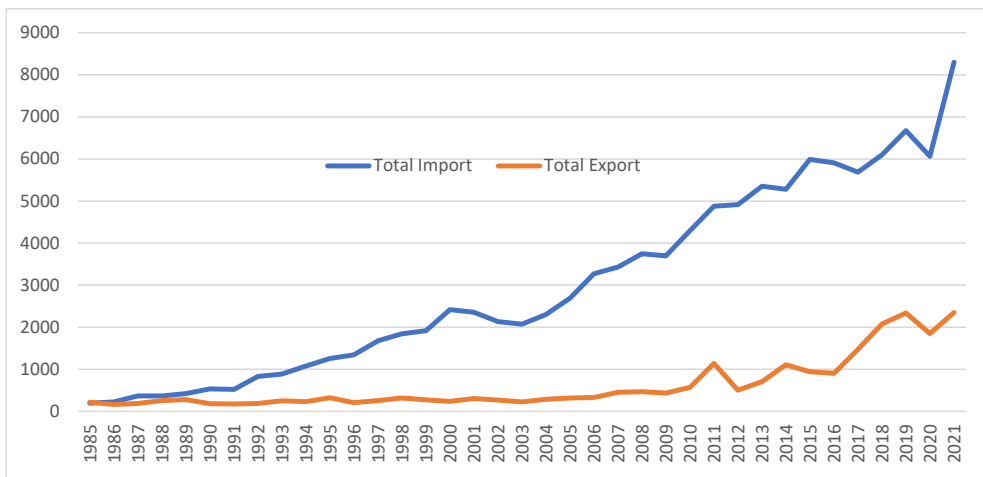


Figure 4: Import-Export of the USA with Bangladesh

The line chart in Figure 4 shows the USA's Bangladesh imports and exports. It is noteworthy that the USA imports a large amount from Bangladesh. For Bangladesh, this is a major source of revenue. Since 1985, the amount of imports from Bangladesh has gradually increased. Although there is a slight decline, it is seen to grow again after some time. Notably, in 2021, the USA imported the highest amount of goods

and services from Bangladesh, which is 8299.45 million USD. It is the highest for Bangladesh to earn revenue by export from the USA in its trade history. Since 2021 was the post-COVID-19 pandemic, it has helped Bangladesh survive and rebuild the economy. Besides, FDI was highest in 2015, and imports from Bangladesh did not decrease. It increased in 2015 compared to 2014. So, in that phrase, Bangladesh generated a winsome amount of US currency.

This line chart also shows the USA's exports to Bangladesh. The USA's exports to Bangladesh have steadily increased over the years. However, the striking point is that the gap between the import and export lines has become larger over the years. The USA imports several times more than what it exports. Bangladesh's highest exports are seen in 2019 and 2021, which are close to each other. However, the imports are much higher than that.

This shows that Bangladesh benefits greatly from the import-export trade between Bangladesh and the USA.

#### 4.4 Remittance and skilled migration

It is feasible to describe remittances as the portion of a migrant worker's earnings that is sent back to the country of the worker's birth from where the worker is employed. This definition is one way to think about remittances. Remittances are seen as a stable source of cash in less developed countries, where they play an important source of income for households and play a substantial role overall (Alfieri, 2006).

According to the BB's latest remittance statement, Bangladesh received the most remittances from the United States in March, at USD 308.82 million.

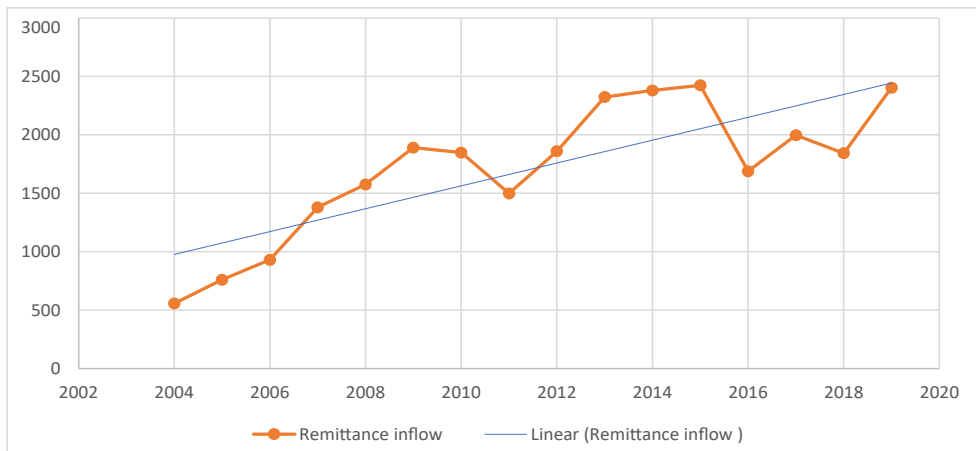


Figure 5: Remittance inflow from the USA

Source: (World Bank, 2023)

According to the graph, remittances from the United States are on the rise. Even though remittance inflow may fall for a few years, it will eventually climb again. The chart also shows the remittance inflow from the USA from 2004 to 2019.

The remittance inflow, which was 55 7.21 million USD in 2004, has become 2403.4 million USD in 2019. The inflow continuously increased from 2004 to 2009 without any decline. It was 1890.31 million USD in 2009, then a slight decline in 2010. In 2011, a notable decline was seen, which was 1498.46 million USD. Remittances fell sharply in the first nine months of FY11 to around 4%, compared to the 19% growth in the previous year. This is because of a decrease in the net outflow of migrant workers. However, the inflow increased until 2015, when the amount was 2424.32 million USD. Another notable decline was seen in 2016 when the amount was 1688.86 million USD. Afterward, the remittance inflows increased yearly. In 2019, the remittance amount from the USA became 2403.4 million USD.

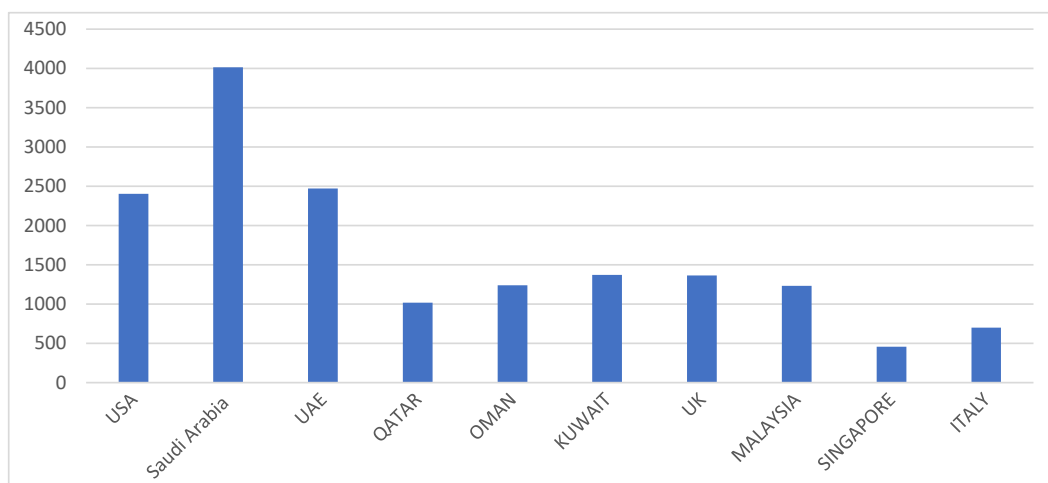


Figure 6: Remittances inflow in FY2019-20

SOURCE: (Bangladesh Bank, 2020)

The above graph (Figure-6) shows the Remittances inflow before the COVID-19 pandemic started. In FY2019-20, Saudi Arabia had the highest remittance inflow, with 4015.16 million USD.

In this chart, the USA shows the third most remittance inflowed country for Bangladesh, which was 2403.40 million USD. There is a slight tendency for Bangladeshi workers to work in Middle-East countries. After that, the USA will have the highest number of remittance providers in FY2019-20.

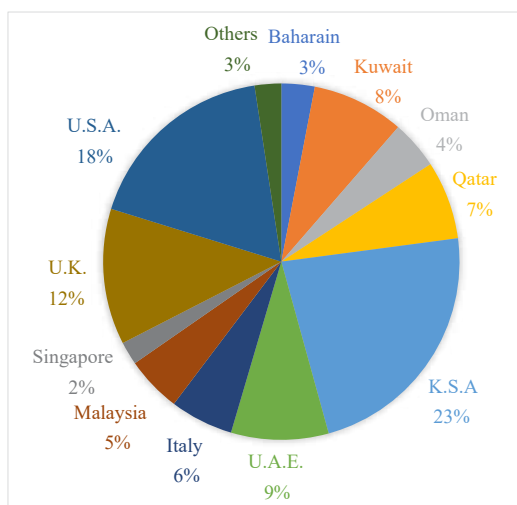


Figure 7: Remittance inflow in 2022 (Jan-May)

Recently, the USA has still been one of Bangladesh’s remittance providers. In this Post-Pandemic situation, remittance is one of the essential factors for countries like Bangladesh. Alongside Middle-East countries, the USA is playing a significant role in Bangladesh. Providing 18% of the remittance in 2022 (Jan-May), the USA is the Second highest nation to benefit Bangladesh.

#### 4.5 Contributions to Human Rights and Democracy in Bangladesh

Table-1: Contributions to Human Rights and Democracy in Bangladesh

Year	USAID Funding for Democracy and Governance (Million USD)	Key Programs and Initiatives	Human Rights Focus
1972-1980	120	Support for initial democratic institutions and civil society post-independence.	Basic human rights education and awareness.
1981-1990	250	Strengthening of political parties, support for free elections, and civil society enhancement.	Support for free speech, election monitoring, and independent media.

1991-2000	375	Focus on human rights, women’s leadership, and labor rights, combating trafficking.	Women’s rights, child labor eradication, and anti-trafficking initiatives.
2001-2010	500	Furthering good governance, legal reforms, rule of law, and civil society engagement.	Rule of law, human rights advocacy, and legal reforms.
2011-2020	625	Support for marginalized communities, gender equality, and anti-corruption efforts.	Support for LGBTQI+ rights, labor rights, and anti-corruption measures.
2021-2023	300	Digital democracy, combating transnational corruption, and support for local governance.	Digital rights, combating digital repression, and support for human rights defenders.

*Authors compile data sourced from multiple reports.*

Over the past five decades, U.S. funding for democracy and governance in Bangladesh has evolved significantly, reflecting shifting priorities in response to Bangladesh’s political development. The 1972-1980 focused on building democratic institutions and basic human rights awareness. In the 1980s, the emphasis shifted to strengthening political parties and civil society, focusing on free speech and election integrity.

The 1990s expanded support to include women’s leadership and labor rights, while the 2000s emphasized governance reforms and the rule of law. The peak funding during 2011-2020 prioritized marginalized communities, gender equality, and anti-corruption efforts. However, the recent decline in 2021-2023 indicates a strategic pivot towards digital democracy and combating transnational corruption.

Table-1: Detailed Financial Breakdown of US Contributions

Year	Democracy and Governance Programs (Million USD)	Human Rights Initiatives (Million USD)	Civil Society Support (Million USD)	Anti-Corruption Efforts (Million USD)
1972-1980	40	30	30	20

1981-1990	80	60	60	50
1991-2000	120	90	90	75
2001-2010	160	120	120	100
2011-2020	200	150	150	125
2021-2023	100	75	75	50

*Authors compilation data sourced from multiple reports*

Over five decades, U.S. funding in Bangladesh has strategically evolved to address changing priorities. Initial investments (1972-1980) were balanced across democracy, human rights, civil society, and anti-corruption, laying foundational structures.

The 1980s and 1990s saw increased support, particularly in human rights and civil society, reflecting global democratization efforts. The post-9/11 era (2001-2010) marked a significant funding surge for governance and legal reforms as part of counterterrorism strategies.

Funding peaked in 2011-2020, emphasizing marginalized communities, gender equality, and anti-corruption. The recent decline (2021-2023) indicates a shift towards digital democracy and transnational corruption, aligning with current geopolitical trends. This trajectory underscores the U.S.’s adaptive approach to supporting Bangladesh’s democratic development and governance over the past 50 years.

The chart “Trends in U.S. Funding for Democracy and Human Rights in Bangladesh (1972-2023)” highlights significant shifts in U.S. financial contributions over five decades. The data shows a consistent increase in funding until 2020, with Democracy and Governance Programs receiving the most substantial support, particularly after 9/11. This reflects U.S. priorities in promoting stability and countering extremism in the region.

Human Rights Initiatives and Civil Society Support also saw substantial growth, aligning with global efforts to strengthen institutional capacities and empower marginalized communities. Anti-corruption funding, while smaller, increased steadily, indicating U.S. recognition of corruption as a barrier to effective governance.

The sharp decline in funding during 2021-2023 likely reflects shifting U.S. priorities due to the COVID-19 pandemic and the strategic focus on countering China’s influence in the Indo-Pacific. This reduction raises concerns about the future of U.S.-Bangladesh relations and the sustainability of earlier governance and human rights investments.



## **5.0 Implications and Suggestions for Future Research**

The research findings have significant practical and managerial consequences, especially for policymakers, business executives, and international relations strategists. The USA's proven positive economic impact on Bangladesh in the last fifty years highlights the need to preserve and enhance bilateral relations. Continued collaboration is crucial for achieving sustained economic growth and development in Bangladesh. It can facilitate technological transfers, strengthen trade terms, and increase foreign direct investment (FDI) inflows.

From a managerial standpoint, this study's findings can provide guidance to company executives in Bangladesh on how to more effectively align their strategy with the changing dynamics of US-Bangladesh economic relations. Companies should capitalize on the advantages of international collaborations and pursue new prospects emerging from bilateral agreements, particularly in industries with significant US investment and expertise. This also necessitates a focus on enhancing local companies' capabilities to satisfy international partners' expectations, optimizing the advantages of foreign investment.

Additionally, the study emphasizes the need for policymakers in Bangladesh to prioritize establishing an environment capable of attracting and maintaining investments from the United States. This encompasses the provision of advantageous economic policies and the guarantee of political stability, transparency, and compliance with international norms. These endeavors will be crucial in improving Bangladesh's global competitiveness, guaranteeing that the economic contributions of foreign allies, including the USA, are completely achieved and maintained.

It is possible to recognize the United States's contribution, but it needs to be investigated in greater depth. Positive international ties facilitate the development of prosperous economic policies between nations. People have more opportunities to improve their lives due to international relations, which stimulates travel for business purposes, tourism, and immigration. It is possible to research on a much larger scale, which is not possible now due to a lack of data. Also, this research suggests that the researchers should analyze the relation with more quantitative perspectives. Along with the USA, further studies can be conducted on the economic contributions of other economic superpowers worldwide, and the significance of new policies and changes can be identified.

## **6.0 Policy Recommendations and Conclusion**

Based on the research findings, it is crucial for policymakers in Bangladesh to strategically strengthen and expand the economic ties with the United States. This can be accomplished by adopting a dual approach emphasizing macroeconomic and sector-specific solutions. At the macroeconomic level, policymakers should actively participate in negotiating comprehensive trade agreements that not only guarantee beneficial economic advantages but also foster long-term stability and resilience in bilateral trade ties. These agreements should be crafted to represent current global trade dynamics accurately and include provisions that tackle new economic concerns.

It is advisable to create focused investment promotion plans to attract investments from the United States in areas with high development potential, such as technology, renewable energy, and manufacturing. This requires the creation of a regulatory framework that is clear, consistent, and in line with global standards, hence minimizing obstacles for prospective participants and increasing trust from investors. Moreover, it is crucial to implement legislative measures that promote innovation and strengthen the ability of the local economy to absorb new ideas and technologies. Integration of Bangladesh into global economic networks can be accomplished by investing in education, research and development, and infrastructure, all of which are crucial. By establishing a strong and diverse system that fosters creativity and the development of skills, Bangladesh may not only attract increased levels of investment from the United States but also guarantee that these investments significantly and positively impact the country's long-term economic growth.

The study investigates the bilateral economic relationship between the USA and Bangladesh. It also verifies the USA's financial contribution to Bangladesh regarding Foreign AID, FDI, Remittance inflows, and Import-Export trade-offs. The study reveals that the USA contributed to Bangladesh's economy by giving FDI. A considerable amount of FDI inflows in 2015, which was 573.77 million USD. It is the highest amount of FDI received from the USA annually. In the year after the election in 2014 in Bangladesh, this amount surely helped Bangladesh expand economically. However, further studies may be done on the reasons behind this notable rise in FDI that year. This study also shows the direct contribution of the USA to foreign aid, which is at a lower level compared to other countries like Japan, Russia, and China in the last 15 years. Some questions arise in this segment; Bangladesh expects to receive much foreign aid from her ally because the USA is one of the economically strong countries. This paper

is highly focused on the import-export between the two countries, as Bangladesh's cash reserve expects more USD. This paper notes that the import-export trade-off between the USA and Bangladesh benefits Bangladesh. The USA imports several times, and then it exports to Bangladesh. Thus, Bangladesh receives a high amount of USD yearly, with an increasing trend. Also, during the pandemic, it did not change. The import-export trend gap is seen to be increasing every year. This signifies the importance of the friendly relationship between the USA and Bangladesh. Bangladesh receives remittances, which are a financial weapon for its survival. The USA is the third country inflowed by remittance in FY2019-20 and the second highest remittance provider in 2022 (Jan-May). In the post-pandemic condition, these remittance inflows are one of Bangladesh's most significant resources. Before the pandemic, the USA played an important role in this segment. The United States' economic impact on Bangladesh is substantial and cannot be ignored. To keep the wheels of the economy turning, it is necessary to strengthen diplomatic and commercial relations with the world's economic superpowers. To achieve this goal, it is essential to emphasize the economic significance of the cordial ties between certain nations and others.

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