

PROSPECTS AND CHALLENGES FOR BANGLADESH-CHINA COMPREHENSIVE ECONOMIC PARTNERSHIP: A BANGLADESH PERSPECTIVE

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Abstract

Currently, Bangladesh and China have an all weather friendship despite Chinese opposition to Bangladesh's liberation war in 1971. Strong political will, deep mutual economic interests, strategic location of Bangladesh and also cultural linkage since ancient period have contributed to take this relationship to a new height; they declared to form a 'closer comprehensive partnership' in 2011. To become a middle income country, Bangladesh badly needs inclusive economic development, and evidently China, a 100 mile away neighbour, has a keen interest to accelerate Bangladesh's development, of course not without her self-interests. China pursues 'neighbourhood policy', an innovative idea through which it wants to maintain the future economic growth, and achieve a win-win economic cooperation to build a common destiny with its neighbours. There are vast prospects for a robust economic partnership between Bangladesh and China. Nevertheless, the prospects are not without challenges; external and internal challenges impediment smooth sailing of the partnership. China's increasing sphere of influence in the Bay of Bengal has been a concern for other great powers particularly for India. They apprehend that Chinese growing influence can jeopardise their security and strategic interests and vice versa. This paper argues that being a small economy, Bangladesh has no better option but to maintain a good relation with all the big powers/development partners. It can gain more if it maintains a balanced relation with both India and China. Considering the future development of Bangladesh, a robust economic partnership with China should be given more priority than the military/strategic one.

INTRODUCTION

Bangladesh and China celebrated the 40th anniversary of the establishment of their diplomatic relations in October 2015. The last four decades witnessed robust political, economic and cultural relations between these two countries. In 2011, they declared to establish a "closer comprehensive partnership." Since then, many new agreements and MoUs have been signed in various fields

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including infrastructural development. It is well known that China did not support Bangladesh during the liberation war in 1971 and took almost four years to recognise the latter. Yet, once they established diplomatic relation in October 1975, strong political will, deep mutual economic interests and also cultural linkage since ancient time have contributed to build today's all weather friendship.¹ For reinforcing Bangladesh-China relations, frequent high level mutual visits and vast economic cooperation in various fields have been evident. The Prime Minister of Bangladesh, Sheikh Hasina visited China in September 2014 to strengthen existing ties. In exchange, the Chinese Premier Li Keqiang is expected to visit Bangladesh in near future to enhance the relations.

Since independence Bangladesh has increased her per capita income four-fold and cut poverty by more than half despite having various external and internal challenges.² The current Awami league government seems determined to make Bangladesh a middle income country by 2021. The country is already recognised as a lower-middle income country by the World Bank.³ For increasing GDP and improving the living standard of the people, Bangladesh badly needs vast investments in communication, energy, textiles, blue economy and many other potential areas, and to earn more foreign currency by expanding the volume of exports. According to Shado Shima, the former Japanese Ambassador in Dhaka, Bangladesh has the potential to become a business hub in South Asia.⁴ The country is located at the top of Bay of Bengal of the Indian Ocean. It is said that the water of the Indian Ocean will determine the fate of nations in the 21st Century.⁵ Therefore, it has emerged as a vital littoral for regional and extra-regional powers and can play an important role in geo-economic and geo-strategic affairs.

China, a neighbour of only 100 kilometres away, and being the largest economy in the entire world, has a huge capacity and zeal to accelerate the current development in Bangladesh. It has been the largest trade partner of Bangladesh since 2006. The total bilateral trade between them already crossed US\$ 11 billion in 2014.⁶ Although the growth rate of their bilateral trade is

¹ In international relations, based on mutual interests, geo-economics and geo-politics, countries change their previous policies and stances, and enemy become friends, e.g., Japan-US relations and India-US relations could be two specific cases to be mentioned.

² Mirza Hassan, "Political Settlement Dynamics in a Limited-Access Order: The Case of Bangladesh," *Working Paper*, no. 20, May 2014, BRAC University, Dhaka, p.1.

³ *Dhaka Tribune*, "Bangladesh achieves lower-middle income status," July 02, 2015.

⁴ See, "Japan Urge Dhaka to tap into 'Strategic Advantage,'" *The Financial Express*, October 22, 2014.

⁵ Robert D. Kaplan, *Monsoon: The Indian Ocean and the Future of American Power*, New York: Random House Publishing Group, 2011.

⁶ The figure is greater according to Ma Mingqiang, the current Chinese Ambassador to Bangladesh. See, the lecture given by him on "Booming Chinese Economy: Prospects for

encouraging, it is largely in favour of China, and Bangladesh shares merely 0.2 percent of China's total global trade.⁷ However, China is enthusiastic for increasing Bangladesh's share in her global trade and investing massively for infrastructural development in Bangladesh. Through its neighbourhood policy, China wants to strengthen economic cooperation with neighbouring countries including Bangladesh. Chinese leaders view that unless China enhances its economic cooperation and connectivity with neighbours, it will be difficult for her to keep up the current economic growth. Thus, being a neighbour and close partner of today's largest economy, Bangladesh should not miss the opportunity of receiving huge Chinese investments and needs to negotiate further to increase her export to the vast Chinese market, ultimately lessen the existing trade gap, and magnify Chinese public and private investments.

However, all these prospects are not without challenges. From one angle, Chinese geo-political interests in the Indian Ocean and the Bay of Bengal have been a concern for other regional and extra-regional powers such as India, Japan and the US. They apprehend that Chinese increasing sphere of influence in the Bay of Bengal jeopardise their security and strategic interests and vice versa. Particularly, India is increasingly worried about the rising economic and strategic profile of China as it has begun to emerge as one of the largest trading partners of its neighbours including India. Thus, as a whole, China's increasing engagement in this region is indeed worrying for India, Japan and the US who are concerned for the so-called 'String of Pearls': China's plans to build ports and, other maritime infrastructures in the Bay of Bengal, from Gwadar in Pakistan to Hambantota in Sri Lanka to Sittwe in Burma and Chittagong in Bangladesh has rung alarm bells in New Delhi. Sood, an Indian scholar, argues that China with her massive economic capacity has effectively been able to exploit India's poor relations with its immediate neighbours by establishing economic ties with them—creating what he terms 'reverse entrapment' of India, a strategy of trying to restrict India's power to the Asian subcontinent.⁸

Although there are vast prospects for economic development in Bangladesh, these strategic games and calculations of major powers generate anxiety and perhaps put policymakers in the country into difficulty about how to proceed with and implement desired and necessary development particularly some mega projects like building deep seaport. Considering the great powers' strategic

Bangladesh," at Bangladesh Institute of International and Strategic Studies (BIISS) on October 01, 2015.

⁷ Lecture by Li Jun, the former Chinese Ambassador to Bangladesh, on "China's Development and China-Bangladesh Bilateral Relations," at Bangladesh Institute of International and Strategic Studies (BIISS) Auditorium, April 23, 2014.

⁸ Quoted in Alyssa Ayres, "Introduction," in Alyssa Ayres and C Raja Mohan (eds.), *Power Realignments in Asia: China, India and the United States*, California: Sage Publication Inc, 2009, p.17.