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SINO-BANGLADESH RELATIONS: AN APPRAISAL

Abstract

Since the establishment of diplomatic relations, Bangladesh and China have developed robust bilateral cooperation based on mutual trust and interests. The most inspiring feature of Sino-Bangladesh relationship is its relative stability and continuity. Nevertheless, the trade deficit between the two countries has been a key concern for Bangladesh. From a different perspective, the Indian apprehension about the growing Sino-Bangladesh cooperation also worries Bangladesh. Bangladesh's efforts to promote relations with China are viewed by some Indians as unsettling for Indian interests in this region. Such apprehensions may put a kind of psychological pressure on Bangladesh to follow a cautious approach while dealing with China. This paper argues that both China and Bangladesh need to work together to implement various strategies to reduce the existing trade gap. It also argues that Bangladesh should not pursue any policy for promoting its friendly relations with India at the cost of its relations with China and vice versa. It is in this backdrop, this paper attempts to explore the existing Sino-Bangladesh bilateral relations, potential areas for further cooperation and also the Indian perceptions of the relations.

1. Introduction

Bangladesh and China are very close neighbours. China, a rising global power, is only 100 miles away from Bangladesh, separated by the Himalayas. Since China recognised Bangladesh in October 1975, the countries have persistently promoted and deepen their political, economic, diplomatic and military relations. The main bases of these relations are mutual trust and interests. The Sino-Bangladesh relationship has been termed by a Chinese expert

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as being a “trusted friendship” or “all weather friendship”.¹ As a reliable partner, China has provided political, economic and diplomatic supports to Bangladesh since the beginning of the relations.² Bangladesh also supported China in political and diplomatic arena. The frequent visits of heads of governments and opposition leaders of Bangladesh to China indicate the priority of China in Bangladesh’s foreign policy. One significant feature of the relations is that China has not yet changed its policies with the change of regime in Bangladesh. According to Sreeradha Datta, “the determination of China to strictly follow non-interference in the domestic affairs of Bangladesh resulted in a bipartisan support for a closer relationship with Beijing.”³

Both the countries have already concluded a wide range of agreements regarding agriculture, trade, transport and communications, energy, science and technology, and military cooperation. Concerning the bilateral relations, during their meeting on the sidelines of the UN Conference on the World Financial and Economic Crisis in June 2009, Chinese Foreign Minister Yang Jiechi assured his Bangladeshi counterpart Dipu Moni that it was China’s policy to “strengthen and develop the relations of friendship and cooperation with Bangladesh.” For her part, Dipu Moni also said that “Bangladesh sees China as its close friend and cooperation partner.”⁴

China has made significant contributions especially in the areas of infrastructure development, trade and economy of Bangladesh. The country has already emerged as the third largest trading partner of China in South Asia.⁵ On the other hand, China has emerged as the largest trading partner of Bangladesh overtaking India.⁶ Sino-Bangladesh trade volume reached US\$3 billion from US\$100 million just within three years (from 2002 to 2005). However, the balance of trade has been heavily tilted in favour of China.⁷ Hence, how to reduce the trade-deficit persists as a big concern for Bangladesh.

¹ Hong Songmei, “China and Bangladesh: A time tested friendship”, *China Daily*, 26 March 2009.

² China has provided significant support to the economic development of Bangladesh. Regarding Chinese political and diplomatic cooperation to Bangladesh, its support to the admission of Bangladesh membership in the UN Security Council (UNSC), and to the entry of Bangladesh into the World Health Organization (WHO) are two good examples.

³ Sreeradha Datta, “Bangladesh’s Relations with China and India: A Comparative Study”, *Strategic Analysis*, Vol. 32, Issue. 5. p. 770, September 2008.

⁴ *Xinhua News Agency*, 26 June 2009.

⁵ Song Hongmei, “China and Bangladesh: A Time-tested Friendship”, *China Daily*, 26 March 2009.

⁶ Sreeradha Datta, p. 765., *op. cit.*

⁷ Rezaul Karim, “China keen to boost ties with South Asian countries”, *The Daily Star*, 7 July 2008.

From another perspective while Bangladesh is trying to promote its relations with China, some Indians apprehend that a robust Sino-Bangladesh relationship could disrupt Indian interests in this region. For example, an Indian scholar, Anand Kumar, was critical of the latest visit of Bangladeshi Prime Minister Sheikh Hasina to China, and expressed his concern that India's enthusiasm dampened after Hasina's visit to China, mainly because similar transit facilities were offered to China as well and Bangladesh also sought Chinese assistance for building a highway from Chittagong to Kunming. He also added that "Bangladesh went out of the way to persuade China to further develop and use the Chittagong port and develop a deep sea port at Sonadia Island."⁸ India seems concerned about the Chinese involvement in the Chittagong port. But from a Bangladeshi perspective, if Bangladesh develops its relations with China, especially for its economic interests such as the road link connecting Chittagong and Kunming, or building a deep seaport etc., why should India feel threatened? Vijay Sakhuja, an Indian writer, argued that "among the South Asian states, Bangladesh is an important player in Beijing's political-military calculus and provides China with added leverage to check Indian forces."⁹

Under this milieu, the objective of this paper is to explore the Sino-Bangladesh existing relations to identify the challenges, and examine the potential areas that still remain untapped for promoting further cooperation. This paper also attempts to explore the Indian perception of Sino-Bangladesh relations as it is important and interesting to know why the Indians perceive the growing Sino-Bangladesh relations negatively, and if there is any impact of the Indian apprehension on Sino-Bangladesh bilateral relations.

The paper consists of five sections including introduction and concluding remarks. The second section focuses on the rise of China as a global power. In the next section, some lights are shed on Sino-Bangladesh relations from historical, political, economic and military perspectives. Section four provides a critical assessment of the existing relations, potential areas, and how India perceives Sino-Bangladesh relations. Some concluding remarks with policy recommendations are provided in the final section.

2. The Rise of China as a Global Power

Before focusing on Sino-Bangladesh relations, and providing an assessment of those relations, it may be wise to provide a brief on China and its rise as a global power at the beginning.¹⁰ China is a great civilisation with a long history

⁸ Anand Kumar, "Chinese puzzle in India-Bangladesh relations, *IDS Comment*, 19 April 2010.

⁹ Vijay Sakhuja, "China-Bangladesh Relations and Potential for Regional Tensions.", *China Brief*, Vol. 9, Issue. 15, 23 July 2009.

¹⁰ The authors consider that the readers will be interested in knowing about China and how it is rising as a global power: its cultural, economic, military and diplomatic strength

and rich culture. Since ancient time, it has had a great influence on East and Southeast Asia. Korea and Vietnam used Chinese Characters (Kanji) for writing their own languages for centuries, and Japan still does. In addition, the Chinese have spread throughout the Southeast Asia and established “Chinatowns” in many big cities in the world, signifying Chinese presence. Since the end of the Cold War and the fall of the Soviet Union, China has gradually emerged from a regional power to a global one. During the Cold War days, Chinese political and security interest was mainly confined to East and Southeast Asia, but in the post-Cold War era, China’s rise as a potential rival to the US, has helped it gradually enhance its influence worldwide. And the vacuum of the balance of power in the international politics provided China with the opportunity to do so. The key contributing factors to the rise of China as a global power are its: i) permanent membership in the United Nations Security Council (UNSC); ii) emergence as the second largest economic power and the largest exporting country in the world; iii) being the largest military power in Asia; iv) increasing influence of China’s soft power in the Asia-Pacific, South America, Africa, Central Asia and the Middle East.

In recent years, China’s phenomenal rise as a global economic power has drawn attention of the international community. China has already replaced Japan as the second largest economy of the world.¹¹ It has been the fastest-growing nation for the past quarter of a century with an average annual GDP growth rate above 10 per cent.¹² China’s economy has grown to such an extent that it is now the second biggest loan giving country to the US after Japan. In a report, the United States Congressional Research Service (CRS) noted, “Since the initiation of economic reforms in 1979, China has become one of the world’s fastest-growing economies. Many economists speculate that China could become the world’s largest economy at some point in the near future.”¹³ On the other hand, China’s trade balance with the US is often in its favour.¹⁴ The EU has

in today’s world, and why Bangladesh needs to maintain a good relation with this rising power.

¹¹ David Barboza, “China passes Japan as second largest economy”, *The New York Times*, 15 August 2010.

¹² “World Economies: China”, available at <http://www.dawn.com/2011/03/21/world-economies-15.html>, accessed on 22 March 2011.

¹³ Wayne M. Morrison, “China’s Economic Conditions,” *CRS Issue Brief for Congress* 1 July 2005; available at <http://www.fas.org/sgp/crs/row/IB98014.pdf>, accessed on 10 February, 2011. Also see, M. Shahidul Islam, “Achieving Economic growth in China and India— At What Environment Cost? *ISAS Brief*, No. 10, Singapore National University, 7 June 2007.

¹⁴ Graeme Wearden, “US-China trade deficit grows to record \$270 billion”, *The Guardian*, 11 February 2011.

become the largest trade partner for China.¹⁵ China has maintained good relations with Saudi Arabia and Iran, two very important countries of the Middle East. This region has been crucial for China as around 30 per cent of China's necessary oil comes from here. By 2008, China became the second largest trade partner for Africa,¹⁶ and established significant influence on several countries in Africa.

Oil is a vital component in world politics and there have been wars for controlling oilfields in the Middle East.¹⁷ In recent years, the significant economic growth of China has seen the country's energy (especially oil) demands growing considerably. These demands deepened security concerns as they influence global oil prices; from another point of view, the growing demands of China will put strain on oil supply for the consumption of the other major powers.¹⁸ To secure uninterrupted supply of oil, China has signed deals with Russia, Kazakhstan and Myanmar. As a result, China has the option for not using the sea routes for securing supplies as they can be received through land based ones instead. As far as the supplies from Myanmar are concerned, the China-Myanmar pipeline will help China to avoid the Malacca Strait while importing oil from Middle Eastern and African states. It is predicted that when the pipelines with Russia, Kazakhstan and Myanmar are completed and go into full-scale operation, China will receive 1.1 million barrels of petroleum daily, around 14 per cent of the country's estimated imports in 2015.¹⁹

On the other hand, according to the defence White Paper, China has reached 'a historic turning point' and also been playing a major role in the international security order.²⁰ With a huge economic growth, the Chinese have been able to invest significant amount of money in military modernisation. Since the late 1990s, Chinese defence budget has constantly been rising. According to *The Military Balance 2011*, in 2010-11, Chinese Defence budget was US\$76.4 billion

¹⁵ "EU replaces U.S. as biggest trading partner of China (09/15/06)", china-embassy.org.; see also, Stefan Theil, "China's New Best Partner", *Newsweek*, 18 September 2010.

¹⁶ Zhang Hongming, "China is growing with African nations", *China Daily*, 8 September 2010.

¹⁷ Many view that the first and second gulf wars occurred for controlling oilfields in Iraq by the West especially the US.

¹⁸ Kenneth Lieberthal and Mikal Herberg, "China's Search for Energy Security: Implications for US Policy", *NBR Analysis*, Vol.17, No.1, April 2006, pp. 19-20; Also see, "China's New Energy-Security Debate" by Andrew B. Kennedy in *Survival*, Vol. 52, No. 3, June-July 2010, pp. 137-138.

¹⁹ Andrew B. Kennedy, "China's New Energy-Security Debate", *Survival*, Vol. 52, No. 3, June-July 2010, p. 140.

²⁰ *The Military Balance 2010*, The International Institute for Strategic Studies (IISS), Routledge, London, February 2010, p. 377.

which was 1.3 per cent of its total GDP of US\$5733 billion.²¹ With 2,285,000 persons in uniform, China has the largest number of active military personnel in the world. In recent years, China has made significant developments in its armed forces. It now plans to turn its military from an army based on Mao Zedong's principles of mass-oriented, infantry-heavy "People's War" into an agile, high-tech force capable of projecting power throughout the Asia-Pacific.²² The country is now increasing the number as well as equipment of its armed forces. At present, the People's Liberation Army (PLA) has a doctrine based on the ability to fight "Limited Local Wars under Conditions of Informatization"²³, i.e. conflicts will be short time and highly intense; there will also be mobility, speed and long-range attacks. The PLA will use high-tech and highly lethal weapons and conduct joint operations through land, air, marine and electromagnetic battlegrounds.²⁴ It also pays substantial attention to pre-emption, shock and surprise tactics as it believes that initial stages of a conflict are important in deciding the ultimate result.²⁵

Simultaneously, China has also become much more active diplomatically and multilaterally. China is a member of ASEAN Regional Forum (ARF) It is the host and convener of the six-party talks designed to bring an end to the North Korean nuclear programme. One cannot conceive of China playing this role a few years back. The Shanghai Cooperation Organisation (SCO) comprised of Russia, Kazakhstan, China, Kyrgyzstan and Uzbekistan, has its headquarters in China and Chinese involvement in this organisation is a good example of the country's increasing multilateral involvement. In addition, China became an observer of SAARC in 2005. Chinese opposition to the US led Western powers' interference in many international incidents has achieved it a good image in some parts of the world.

3. Sino-Bangladesh Relations

Bangladesh is one of the small countries in South Asia. It borders four South Asian states, namely India, Pakistan, Nepal, and Bhutan. As said earlier, the Bangladesh border is not very far from the Chinese one. Many in the small South Asian countries view that the role of China in South Asia is very important for

²¹ "Comparative Major Defense Statistics," in Chapter Two, *The Military Balance 2011*, The International Institute for Strategic Studies (IISS), Routledge, London, March 2011, p. 32.

²² Richard A. Bitzinger and Barry Desker, "Why East Asian War is Unlikely", *Survival*, Vol. 50, No.6, December 2008-January 2009, p. 114.

²³ 'Chapter II: National Defense Policy', *China's National Defense Policy in 2004* (Beijing: Information Office of the State Council of the People's Republic of China, 2004), referred to in Richard A. Bitzinger and Barry Desker, *Ibid.*

²⁴ *Ibid.*

²⁵ *Ibid.*

regional peace and stability. Apart from rising as a global power, China's influence as a regional power is also noteworthy. It attaches great importance to its relations with regional neighbours.

The relationship between Bangladesh and China is vital for both countries. They established their formal diplomatic relations in 1975. Since then, their friendship has witnessed gradual development in various spheres. During his visit to Dhaka in 2010, the Chinese Vice President Xi Jinping noted that the Sino-Bangladesh relations would always remain healthy and well, no matter how the domestic and international situation would change.²⁶ Prime Minister of Bangladesh, Sheikh Hasina, on the other hand, termed China as a trusted friend of Bangladesh and noted that Bangladesh attached highest importance to its relationship with China in their greater mutual interest.²⁷ To explain more, Sino-Bangladesh historical, political, economic and military relations will be discussed in the following.

3.1 A Brief Historical Overview of Sino-Bangladesh Relations

Sino-Bangladesh relations date back about two millennia. Trade relations and cultural exchanges have been in existence for a long time. A great Bangladeshi monk and scholar, Atisha Dipankar Srigyan traveled to Tibet and introduced Buddhism there during the great Buddhist Pala Empire (750-1174 AD) in 1038 AD.²⁸ Since then, the teachings of this faith spread to ancient China and other parts of East Asia. Simultaneously, Chinese scholars, monks and travelers also visited Bangladesh many times and their writings provided valuable information on the bilateral relations. During the Muslim rule in Bengal, relations continued to go well. The earliest recorded literature work of Bengali language is the *Charyapada*, whose language used to be the official language in Tibet.²⁹ Renowned Chinese scholar and traveler Fa Xian traveled Bangladesh during the rule of King Shashanka of the Gupta Empire in 399 AD. Another traveler, Xuan Zang visited the country in the 7th century and stayed here for a long time. During the Muslim rule, Chinese admiral Zheng He visited Bangladesh at the Chittagong port more than once.³⁰ Ma Huan visited Bangladesh in the 15th century. These visits greatly enhanced the relations between the two countries.

²⁶ *Xinhua*, 16 June 2010.

²⁷ "China pledges free market access", *The Daily Star*, 19 March 2010.

²⁸ Zhang Xianyi, "History and legend of Sino-Bangla contacts", *The News Today*, 28 September 2010.

²⁹ "Sino-Bangladesh Relations", available at www.scribd.com › School Work › Essays & Theses - Cached, accessed on 01 October 2011.

³⁰ "History and Legend of Sino-Bangla Contacts", available at bd.china-embassy.org › Home › Bilateral Relations - Cached, accessed on 7 February, 2011; see also, Zhang Xianyi, "History and legend of Sino-Bangla contacts", *The News Today*, 28 September 2010.

When Pakistan achieved independence from the British rule, today's Bangladesh was known as East Pakistan. In the 1950s, Chinese Premier Zhou Enlai visited Bangladesh (then East Pakistan) and Bangabandhu Sheikh Mujibur Rahman, who would later become the founder of independent Bangladesh, visited China in 1953 and 1957. In 1963, a Buddhist delegation from the erstwhile East Pakistan visited the tomb of Atish Dipankar in China.

When Bengali people started their liberation war against Pakistan military rulers in 1971, China did not support them as it did not want the breakup of the former united Pakistan, and asked the military rulers of Pakistan to try to reach a political solution on East Pakistan issue; it also urged them not to wage brutal torture on East Pakistani people.³¹ The Pakistani rulers expected that China would intervene in the war in favour of them against India. But China did not, as India and the former USSR had a 25 year friendship treaty and China was reluctant to go into any confrontation with the former USSR.³² After the independence, China did not recognise Bangladesh. It even blocked the new country's entry into the United Nation (UN). The two countries had no relations up to 1975. However, in October 1975, China recognised Bangladesh and thus ended its opposition. Since then, Sino-Bangladesh relations have been going very well. China has helped Bangladesh enormously in various sectors by every means possible and Bangladesh has also stood firmly by its "One China Policy".

3.2 Sino-Bangladesh Relations: Political, Economic and Military Perspectives

3.2.1 Political Relations

The bilateral political relations between China and Bangladesh have gradually grown stronger. The frequent mutual visits of the top leaders from both countries have contributed to build a strong friendship between the two countries. Most of the top political leaders of Bangladesh have visited China. The first visit from independent Bangladesh was by the Late President Ziaur Rahman in 1977. The Chinese Deputy Prime Minister Li Xiannian's visit to Bangladesh in 1978 was the first visit of any Chinese leader to independent Bangladesh. President Ershad visited China several times. The trend of mutual visits continued in the eighties. In 1989, when Chinese Premier Li Peng visited Bangladesh, the two countries signed an agreement on mutual exemption of visas and another agreement on trade. Bangladesh returned to democracy in the early 1990s. In June 1991, the then Prime Minister and the current leader of opposition, Khaleda Zia visited China on a goodwill mission. She expressed her gratitude to China for its assistance to Bangladesh in the hurricane of 1991. In 1996, Bangladeshi Prime Minister Sheikh Hasina (also the current Premier of Bangladesh), visited China

³¹ Ibne Golam Samad, "Bishwa Raajneetite Chin (China in World Politics)", *The Daily Naya Diganta*, 27 December 2010.

³² *Ibid.*

on a similar mission. In the new millennium, Sino-Bangladesh relations have been going well. In January 2002, the Chinese Premier Wen JiaBao visited Bangladesh, and subsequently, in December of that year, the then Prime Minister Khaleda Zia's visit to China helped to deepen the Sino-Bangladesh relations. The year 2005 was declared as the "China-Bangladesh Friendship Year". In the same year, Bangladesh also supported China to become an observer of SAARC. The year 2010 has been celebrated as the 35th anniversary of the two countries' friendship. In the new decade, Bangladeshi leaders continue their efforts to maintain good relations with China. Prime Minister Sheikh Hasina's 5-day visit to China in March 2010 was a remarkable one as this visit followed her visit to India two months earlier in the same year. Experts view that the China visit was necessary to maintain a balance between the two big powers in Asia. Through this visit, Bangladesh tried to further improve its bilateral relations with China with a view to securing its assistance for constructing a deep sea-port, implementation of the Kunming initiative, and many other projects. After Sheikh Hasina's visit, leader of the opposition, Khaleda Zia, also visited China during 19-23 December, 2010 and discussed many issues of mutual interest.³³

3.2.2 Economic Relations

Bangladesh has already become the third largest trade partner of China in South Asia. In 2009, the trade volume of Bangladesh and China increased to US\$4.5 billion.³⁴ According to the International Monetary Fund (IMF) Direction of Trade Statistics Yearbook-2007, the bilateral trade shows a trend of gradual growth. Table 1 indicates that both import and exports were on the rise between 2002 and 2006. Nevertheless, Bangladesh's exports to China were lower than its imports from China. The table also indicates that in 2006, the imports from China were about twenty times higher than exports to that country. This huge difference between export and import continues to contribute to the growing trade deficit.

Table 1: Bangladesh's Export to and Import China (2002-2006)

| Million US Dollars | | |
|--------------------|--------|-----------|
| Year | Export | Import |
| 2002 | 113.4 | 1332.09 |
| 2003 | 100.24 | 1528.67 |
| 2004 | 125.05 | 1963.82 |
| 2005 | 151.83 | 2437.06 |
| 2006 | 192.86 | 3905.02 |
| Total | 683.38 | 11,166.66 |

Source: International Monetary Fund: *Direction of Trade Statistics Yearbook*, 2007, p. 76.

³³ *Ibid.*

³⁴ Zhang Lei, Chief of Political section of Embassy of China in Bangladesh mentioned the figure in his speech titled "Presentation on Chinese Perspective for Political and Economic Development of Bangladesh", in a roundtable discussion organized by BISS on 14 March 2010. The speech is available at <http://www.biiss.org/lei.pdf>.

For reducing the existing trade gap, China granted duty-free access for 84 Bangladeshi products under the Asia Pacific Trade Agreement (APTA) in January 2006.³⁵ Nonetheless, according to Bangladesh Bureau of Statistics, as of June 2009, the trade gap between Bangladesh and China was US\$3.8 billion.³⁶ Therefore, the measures by China did not improve the scenario. Upon Bangladesh's request, China increased the number of zero-tariff goods to about 4721 up to 2010.³⁷ However, it is still not clear how this latest measure will contribute to reduce the trade imbalance. It is to be noted that Bangladesh's major export to China includes raw materials - leather, cotton and others while the major imports from China are textiles, machinery, electronic products, cement, fertiliser and others.

China has provided considerable monetary assistance on easy conditions in building infrastructure in Bangladesh. It has helped construct six "China-Bangladesh Friendship" bridges, Boropukuria power plant and others. The Bangabandhu International Convention Centre built at Sher-e-Bangla Nagar in Dhaka was a 'gift' of the Chinese people to Bangladesh. This is the largest international convention centre in Bangladesh, and has been used for numerous purposes.

In April 2008, Chinese Minister for Foreign Affairs visited Bangladesh. During his visit, China donated Bangladesh six million taka as a free aid and another five million taka as a token gift.³⁸ When Prime Minister Sheikh Hasina visited China in March 2010, Bangladesh signed two agreements for establishing a fertiliser factory, and telecommunications network systems, which would be set up with a massive US\$770 million loan from China with an interest rate of two per cent, payable within a timeframe of 20 years.³⁹ This visit also included talks with China for assistance in building the Chittagong-Kunming railroad and road connections through Myanmar, the Second Padma Bridge, the 8th Bangladesh-China Friendship Bridge, assistance in agricultural sector and also for development of solar energy to meet the increasing need of energy.⁴⁰ The visit also included talks on securing Chinese grants for construction of Chinese

³⁵ Xiao Wang, "Neighborly relationship bonds China, Bangladesh", *China Daily*, 26 March 2008.

³⁶ Qin, Jize, "Beijing to help Dhaka to better its infrastructure", *China Daily*, 19 March 2010.

³⁷ Zhang Lei, Chief of Political Section of the Embassy of the People's Republic of China in Bangladesh, stated the figure in his speech titled "Presentation on Chinese Perspective for Political and Economic Development of Bangladesh." in a roundtable discussion organised by BISS on 14 March 2011 available at www.biiss.org/lei.pdf, accessed on 27 April 2011.

³⁸ Harun ur Rashid, "Sheikh Hasina goes to China", *The Daily Star*, 15 March 2010.

³⁹ Rezaul Karim Byron, "\$ 770 million Chinese loan tied with conditions", *The Daily Star*, 28 September 2010.

⁴⁰ "PM reaches Beijing", *The Daily Star*, 18 March 2010.

Exhibition Centre with car parking facilities, water purification project in Pagla, strengthening organisational cooperation between China National Hybrid Rice Research Centre and Bangladesh Rice Research Institute, and waiving Chinese loan. Sheikh Hasina also requested for Chinese assistance in modernising flood forecasting and warning centre, river dredging projects, satellite launching and setting up remote sensing satellite, increasing stipend for Bangladeshi students up to 150, and also providing scholarship facilities to the foreign service officials. In a joint statement on 19 March, 2010, the two countries pledged to establish a closer comprehensive partnership of cooperation from the strategic perspective and on the basis of the principles of longstanding friendship, equality, and mutual benefit. The two sides signed the Agreement on Economic and Technical Cooperation, the Framework Agreement on Providing Preferential Loan, the Protocol on Remitting the Bangladesh Interest-free Loan due 2008 and the Exchange of Letters on the Construction of the seventh Bangladesh-China Friendship Bridge at Kajirtek.⁴¹

3.2.3 Military Relations

The military cooperation between Bangladesh and China dates back to mid-1970s, and since then, it has been sound and strong. China is the largest and most important provider of military hardware and training to the Bangladesh Armed Forces. The Armed forces of Bangladesh use Chinese manufactured weaponry. China helped Bangladesh in building its only arms factory in Joydebpur, Dhaka. A defence agreement was signed between the two countries in 2002 to meet Bangladesh's defence requirements during the then Prime Minister Khaleda Zia's visit to China. After the treaty was signed, Morshed Khan, the then Minister for Foreign Affairs said that "I must make it clear that it's not a security pact, but one on expanding cooperation only. The deal aims to modernise the armed forces of Bangladesh. Training of the troops is its main focus."⁴² In March 2006, China donated police equipments to Bangladesh as part of the cooperative efforts between the Ministry of Home Affairs of Bangladesh and the Public Security Ministry of China.⁴³

In 2006, Bangladesh also received 65 artillery guns and 114 missiles and related systems from China.⁴⁴ Most of the tanks (T-59, T-62, T-69, and T-79), a large number of armoured personnel carriers (APCs), artillery pieces and small arms and personal weapons in the Bangladesh Army are of Chinese origin. Moreover, the Bangladeshi Navy also received the 053-H1 Jianghu I class

⁴¹ "Dhaka, Beijing joint statement outlines closer cooperation", *The Daily Star*, 20 March 2010.

⁴² Nazmul Ashraf, "Dhaka-Beijing deal no threat to India" *Gulf News*, 29 December 2002.

⁴³ "China donates police equipment to Bangladesh", *People's Daily*, 23 March 2006.

⁴⁴ *The Assam Tribune*, 9 October 2007.

frigates with 4 x HY2 missiles, Huang Feng class missile boats, Type-024 missile boats, Huchuan and P-4 class torpedo boats, Hainan class sub chasers, Shanghai class gun boats and Yuchin class LCUs. The BNS Khalid Bin Walid has been equipped with HQ-7 SAM from China. In 2008, BNS Osman successfully test fired a C-802 ASM in the presence of the Chinese Defence Attaché Senior Colonel Ju Dewu.⁴⁵ China began supplying fighter aircraft to the Bangladesh Air Force in 1977 and, over the years, has delivered F-7 and Q-5 fighter aircraft and PT 6 Trainers. In 2005, 16 F-7BG were ordered and the deliveries began in 2006.⁴⁶ According to a report, Dhaka already tops China's list of weapons importers.⁴⁷ In addition, every year around seventy personnel of Bangladesh armed forces are sent to China for training. Members of Chinese armed forces also take part in various international training courses in Bangladesh. The two countries are planning to extend cooperation to further complement their respective contributions to UN Peacekeeping Missions.⁴⁸

4. Sino-Bangladesh Relations: An Appraisal

Sino-Bangladesh relations are mutually beneficial for both countries. Since the establishment of diplomatic relations between Bangladesh and China, there have been multifaceted exchange and cooperation in the fields of politics, economy, military and culture. In recent years, the trade relations between China and Bangladesh have considerably developed. Bangladesh has already become the third largest trading partner for China in South Asia. A warm relation with Bangladesh is in the interests of China as geo-political location of the former is strategically important for the latter. Bangladesh supported China in its attempt for securing positions in several international organisations including the United Nations Committee against Torture and the Council of International Maritime Organization.⁴⁹ Regarding the economic issues, Bangladesh has already become a good market for Chinese goods in South Asia. However, Sino-Bangladesh balance of trade is already in favour of China. The better quality and cheaper

⁴⁵ *The Daily Star*, 13 May, 2008; see also, Zhang Xianyi, "Founding Day of the People's Republic of China : 35 years of China-Bangladesh Concord" *Weekly Holiday*, 1 October 2010.

⁴⁶ "China-Bangladesh Relations and Potential for Regional Tensions" , URL: http://www.jamestown.org/programs/chinabrief/single/?tx_ttnews%5Btt_news%5D=35310&tx_ttnews%5BbackPid%5D=459&no_cache=1, accessed on 13 October 2011

⁴⁷ "Breaking 10-year silence, China reveals it's now No. 1 arms supplier to Bangladesh," See, www.indianexpress.com/news/breaking-10year-silence-china-reveals-its/215320, accessed on 9 April 2010.

⁴⁸ "Bilateral Political Relations", Embassy of the People's Republic of Bangladesh, available at <http://www.bangladeshembassy.com.cn/em/gxgx.asp>, accessed on 16 March 2011.

⁴⁹ "China and Bangladesh", www.mfa.gov.cn > ... > Countries in the Region > Bangladesh - Cached - Similar, accessed on 7 February 2011.

price of Chinese machineries and equipment than the Bangladeshi and Indian ones has provided China with a good opportunity to expand its market in Bangladesh. Bangladeshi people have a trend to purchase Chinese products which are quite within the reach of purchasing power of the common mass, and this trend will continue in the future. Bangladesh has a great potential to become a good market for China to invest in various sectors as the labour cost is cheaper than many other countries in the world.

Bangladesh, on the other hand, is also benefited from the relations. Keeping a strong relation with a rising super power certainly benefits Bangladesh in diplomatic, economic and security affairs at both regional and global levels. For a small economy like Bangladesh, achieving economic development is the most important goal. China, as a reliable development partner has been contributing generously to that end.

Nevertheless, the trade-deficit with China remains a major concern for Bangladesh despite various measures taken by the latter. China has already granted zero-tariff on about 4721 products from Bangladesh. However, it is not clear how much Bangladesh will be benefited from the offer, and it should be examined that which of these products have demand in the Chinese market. Although Bangladesh has received some Chinese trade concessions, it needs to push China to provide duty free access to more products especially those having good demand in the Chinese markets for reducing the existing trade gap. It should diversify its export baskets and remove its structural barriers. Another strategy could be to explore Chinese markets to learn about highly demanded products in China itself and produce those goods in Bangladesh even in joint venture with Chinese companies. The Bangladesh mission in China can arrange more and more trade fairs and exhibitions for Bangladeshi products in China, involving business communities from both countries.

Regarding Chinese Foreign Direct Investment (FDI) in Bangladesh, it should be noted that up to November 2009, China invested about US\$ 88 million in Bangladesh, which was not very significant. Therefore, Bangladesh should seek for greater amount of Chinese investment to promote its trade capacity and engage all its efforts to obtain more and more advantages. Bangladesh must provide Chinese investors with basic infrastructural facilities. In this regard, Chinese assistance may be sought as well. Both countries should further their cooperation in the areas of connectivity, deep sea-port, energy, textile and readymade garments sector, pharmaceuticals, tourism, seafood and others.

4.1 Potential Areas for Strengthening Sino-Bangladesh Relations

4.1.1 Building a Deep Sea-Port in Bangladesh

Foreign exchange earnings from export greatly contribute to the economy of Bangladesh. The logistic facilities of Chittagong port, the main sea-port of

Bangladesh, are vital for ensuring the export growth of Bangladesh. Although exports from Bangladesh have been hampered by *Hartal* (strike), labour unrests, corrupt practice by the trade unions in the ports, fire incidents in the factories from time to time, it is believed that exports including Readymade Garments (RMG) will be even higher in the coming years.⁵⁰ Nevertheless, the facilities in the Chittagang port are not adequate for managing increasing number of cargos. The port is very often hit by severe overloading and agitation by the workers, raising the average turnaround time for a container from five to six days.⁵¹ And the situation is likely to worsen as exports continue to increase especially garment shipments rise an average of 30 per cent a year.⁵² In addition, mother vessels or large ships cannot enter into the harbour. Therefore, a deep sea-port in the Bay of Bengal is a need of the time to meet the increasing demand. However, it is not possible for Bangladesh alone to build the sea-port, as it requires huge funding. The port can serve not only the interests of Bangladesh but also those of the other regional countries. It is believed that the port will become the main shipping hub for northeastern India, China's Yunnan province, Myanmar and landlocked Nepal and Bhutan.⁵³

With the cooperation of China and other development partners, Bangladesh plans to build the multibillion-dollar deep sea-port near the south-eastern island of Sonadia. Prime Minister Sheikh Hasina discussed the plan with the Chinese Vice President Xi Jinping in June 2010 and Chinese initial response was positive. During a briefing on the outcome of Sheikh Hasina's visit to China in March 2010, Bangladeshi Foreign Minister Dipu Moni informed the reporters that China agreed to provide US\$ 8.7 billion for building a deep sea-port in Bangladesh.⁵⁴ The Chinese assistance could be in the form of grants, concessional loans or technical assistance to build the new port. If the project can be successfully implemented, the Chittagong port's annual cargo handling capacities will be greatly increased than those of the present, which are 30.5 million tonnes of bulk cargo and 1.1million twenty-foot equivalent units (TEUs) respectively. When completed, the deep sea-port will have the capacity to handle 100 million tonnes of bulk cargo and 3.0 million TEU containers annually.⁵⁵

⁵⁰ Shahiduzzaman Khan, "Export of RMG products expanding to more overseas destinations", *The Financial Express*, 29 August 2010.

⁵¹ Jasim Uddin Khan, "Old ghosts haunt Chittagong port", *The Daily Star*, 29 July 2010.

⁵² "Bangladesh exports soar as orders shift from China: industry", *Terra Daily*, 8 September 2010.

⁵³ "Bangladesh plans deep sea port eyeing East, South Asian neighbours: Moni", 27 March 2010, available at www.bssnews.net/newsDetails.php?cat=0&id=96269&date... - Cached, accessed on 22 March 2011.

⁵⁴ "China agrees to help in port expansion", *Gulf Times*, 22 March 2010.

⁵⁵ *Ibid.*

Although costly, the project would benefit several countries. Prime Minister of Bangladesh agreed to allow India, Nepal and Bhutan to use the Chittagong port with a view to enhancing regional cooperation and promote trade. However, Bangladesh's decision to request for Chinese assistance is likely to raise eyebrows in India, which is concerned about the growing Chinese influence in its backyard in South Asia. China is also developing port facilities in Sri Lanka, Myanmar and Pakistan, and has plans for rail projects in Nepal and Sri Lanka.⁵⁶

4.1.2 Chittagong-Kunming Connectivity

The Chittagong-Kunming link is believed to bring in ample opportunities for boosting Bangladesh's trade with China, Southeast Asia and other regional countries. For a greater regional connectivity, the civil society organisations of Bangladesh, China, India, and Myanmar (BCIM)⁵⁷ took an initiative at Kunming, the provincial capital of Yunnan, China in 1999, which is popularly known as the "Kunming Initiative". According to Professor Rehman Sobhan, the Chairman of the Bangladeshi think tank, Center for Policy Dialogue (CPD), the objective of this initiative was to explore opportunities for mutually beneficial cooperation among four neighbours who remain linked by "the inheritance of history and compulsion of geography".⁵⁸ Since 1999, nine conferences of the BCIM have been held in four cities of the member countries by turn—Kunming, New Delhi, Yangon (currently Nay Pyi Taw), and Dhaka. They identified a number of potential areas of cooperation among the countries of the region, such as trade facilitation, investment, culture, connectivity and tourism. Bangladesh's interest in the forum lies in the benefit it may reap from cooperation in each of these areas.

To materialise these prospects, discussions over the issue of establishing Chittagong-Kunming land route have been going on. Bangladesh is discussing the issue of building a highway connecting Chittagong with Kunming with the Chinese and Myanmar governments. Bangladesh and Myanmar signed a deal in July 2007 to construct a 25km road connecting the neighbours to boost trade and people-to-people interaction. Designed to start at Gundum in Cox's Bazar, 2 kms inside the border, and then run over 23 kms through the Myanmar territory to Bawlibazar, the road could be stretching up to Kunming, China as a part of broader tripartite scheme. According to Foreign Minister of Bangladesh Dipu Moni, China also pledged assistance in building a road and rail link between

⁵⁶ Fazle Rashid, "China developing port facilities in Bangladesh, Pakistan, Myanmar" *The Financial Express*, 17 February 2010; see also Vikas Bajaj, "India Worries as China Builds Ports in South Asia", *The New York Times*, 15 February 2010.

⁵⁷ BCIM is an international forum on regional economic cooperation among these four countries.

⁵⁸ Anisatul Fatema Yousuf, "Commitments at Kunming", *The Daily Star*, 11 February 2011.

Kunming and Chittagong via Myanmar.⁵⁹ During his visit to Bangladesh, Qin Guangrong, the Governor of Yunnan province, expressed his government's pledge to extend necessary cooperation for building the proposed 111 km long line connecting Bangladesh, China and Myanmar.⁶⁰ Bangladesh needs to work actively for establishing these communication systems, since it will be a big boost for the country to implement its Look East Policy. The launching of Dhaka-Kunming flight has been an example of the positive results brought in by developed communication systems. In the past, flights from Bangladesh used to follow the Bangkok-Hong Kong-Beijing route to reach Kunming but at present, they fly straight to Kunming. Both Southwest China and South Asia are big markets. The newly established connection between these two regions will benefit both.⁶¹

The 9th Conference of the BCIM Forum, held at Kunming, China on 17-19 January, 2011 focused on the need to improve the cooperation mechanism, which would feature a multi-track initiative with track I coordination, to promote regional prosperity and harmony.⁶² This should be seen as a major initiative towards sub-regional cooperation in this region. Concerning the connectivity, Foreign Minister of Bangladesh, Dipu Moni expressed her firm optimism that China would materialise the Kunming Initiative and take quick steps for physically linking Bangladesh and China by road and rail networks.⁶³ The 9th Forum was particularly important for Bangladesh in view of the communiqué issued during the visit of Prime Minister Shiekh Hasina to China in March 2010. The joint communiqué mentioned taking the BCIM process forward and establishing greater connectivity among the countries of the region.

4.1.3 Cooperation in Energy Sector

Bangladesh suffers from electricity deficit and the shortfalls reach 2,000 MW in the summer. Only about 47 per cent of households have access to electricity. The age-old gas-based power plants struggle to generate enough electricity to meet the country's huge demand.⁶⁴ Therefore, the country is planning to meet the shortages by setting up nuclear power plants. As a signatory to the NPT, Bangladesh has every right to use nuclear energy for peaceful purposes. Thus, the International Atomic Energy Agency (IAEA) has approved of the

⁵⁹“China agrees to help in port expansion”, *Gulf Times*, 22 March 2010.

⁶⁰ “China keen on road, rail links”, *The Daily Star*, 30 August 2010.

⁶¹ Interview with Ambassador Ashfaqur Rahman on 21 February 2011.

⁶² Sushanta Talukdar, “BCIM forum to focus on regional connectivity”, *The Hindu*, 20 January 2011.

⁶³ “Dipu Moni for quick execution for Kunming Initiatives”, *The Financial Express*, 22 November 2010.

⁶⁴ Malladi Rama Rao, “Bangladesh: Russia edges out China in Hasina's quest for N-power deal”, *The South Asian Tribune*, 7 March 2011.

construction of a nuclear power plant in Rooppur in Pabna, Bangladesh. The country plans to set up a 600-1000 MW nuclear power plant by 2015, which might cost between US\$1 billion and US\$1.5 billion.⁶⁵ In April 2005, Bangladesh signed an agreement on nuclear cooperation with China, under which it is to receive Chinese assistance for exploring nuclear materials and construction of a nuclear power plant. Regarding this, the then Chinese Ambassador to Bangladesh, Zheng Qing Dian said “China and Bangladesh signed agreement on peaceful use of nuclear power in 2005, which clears the way for our civil nuclear cooperation.”⁶⁶ However, the present government of Bangladesh signed a framework agreement with Russia for this purpose in May, 2010 and a primary deal in February 2011.⁶⁷ Even then, China remains a viable option for Bangladesh to extend cooperation in building further power plants in the future.

4.1.4 Joint Venture in Textile and RMG Sectors

Trade plays an important role in the development of a country’s economy. Bangladesh is not an exception to this. Foreign currency earning from export has become one of the life lines of Bangladesh economy. China is the largest supplier of apparels in the world. However, it does not get the benefits accorded to the least developed countries (LDCs). Therefore, here the idea of *China+1* can be added, which means placing Chinese production facilities in a place where China can produce goods at much lower prices than in China itself as labour cost is rising therein. For this purpose, Bangladesh can be a good place. If China does so, then it will be able to produce goods at cheaper cost and subsequently receive the benefits that an LDC receives. Also, Bangladesh will be benefited from Chinese investments; but to secure those, public and private sectors in Bangladesh must take effective measures. To understand the Chinese market, Bangladeshi entrepreneurs need to hire Chinese interpreters for better communication.

It is claimed that Bangladesh receives foreign orders for RMG, mainly due to international buyers shifting their attention to Bangladesh from China. In this regard, Abdullah Al-Mahmud, the managing director of Mahin Group, a leading garment maker noted that the higher growth of garment exports would continue in near future, as the buyers were flocking to Bangladesh for higher costs of production in China.⁶⁸ Bangladesh’s sweater manufacturers also received large numbers of orders from international buyers due to rise in labour cost in

⁶⁵ *Ibid.*

⁶⁶ “China offers to help build nuclear power plant”, *The Financial Express*, February 16 2009.

⁶⁷ Malladi Rama Rao, *op. cit.*

⁶⁸ Refayet Ullah Mirdha, “Garments exports to go big”, *The Daily Star*, 19 February 2011.

countries like China and Indonesia; European nations placed the majority of orders. They said that because of the so-called Wal-Mart effect which would mean the gradual shifting of global sourcing to cheaper destinations, Bangladesh could become the world's top sweater exporter in a matter of five years.⁶⁹

Moreover, Bangladesh is a lucrative market for garments machinery. China is a substantial supplier of machineries to Bangladesh. In this case, Bangladesh-China joint venture can be profitable for both the nations. Sales of textile machinery are rising in Bangladesh because of the growing demands from the garments manufactures of the country.⁷⁰ There are good news for Bangladesh's garments manufacturers especially, denim producers, as the Generalised System of Preference (GSP) trade rules have been relaxed than earlier and China is now shifting its attention to other industries. Bangladesh is a good place for international buyers for its relatively lower production cost.⁷¹ According to the Chinese ambassador in Dhaka, Zhang Xianyi, Bangladesh might very soon see a rise in Chinese investments in its industrial sector. He added that Chinese investors were focusing on investing in Bangladesh's power generation, IT, readymade garments, textiles and home appliance manufacturing sectors.⁷²

4.2 Sino-Bangladesh Relations: The India Factor

This section will focus on the Indian perception of Sino-Bangladesh relations. India is the largest country in South Asia and closest neighbour of Bangladesh. Naturally, Bangladesh foreign policy attaches high importance to India. The 'India factor' influences the Sino-Bangladesh relations and, thus, it is important to analyse the Indian perception of these relations. Before discussing how India views Sino-Bangladesh relations, some lights will be shed on Indo-Bangladesh relations, and Sino-India relations. Despite having a shared colonial history, ethno-religious and cultural ties, and geographical compulsion, Bangladesh-India relations have been complicated since the inception of Bangladesh. The external threats to Bangladesh come from the complex bilateral relations with neighbouring countries and the absence of a peaceful regional security environment. Bangladesh has a perceived security threat from India, which helped liberate the country in 1971. Several ground realities determine this perception. The following issues have been major obstacles to build a strong relation between the two neighbours: the power asymmetry between India and

⁶⁹ Jasim Uddin Haroon, "Sweater plants see investment surge as China gets costlier", *The Daily Star*, 24 January 2011.

⁷⁰ Star Business Report, "Textile machinery sales rise", *The Daily Star*, 15 February 2011.

⁷¹ "Denim makers on a roll as new rules fall into place", *The Daily Star*, 12 January 2011.

⁷² Chinese investments in Bangladesh industrial sector to grow", *The New Age*, 17 January 2011.

Bangladesh; territorial and maritime disputes, Indian allegation about illegal migration from Bangladesh to India and frequent killings of Bangladeshi people in border areas by the Indian border security forces; India's allegation against Bangladesh to allow the insurgent groups like United Liberation Front of Assam (ULFA) to use Bangladeshi soil for continuing insurgency in India's north-eastern states especially during the BNP-led four party alliance regime; and conflict over natural resources including India's mega river-linking project. However, the recent political developments have given a new momentum to the Bangladesh-India ties. Since Prime Minister Sheikh Hasina's visit to India in January in 2010, both countries have been trying to intensify their cooperation in several areas including trade, combating terrorism, and developing connectivity.

On the other hand, China and India have had a peculiar relationship since the Sino-India border conflict in 1962. The authors use the term 'peculiar' as the countries have now both rivalry and strategic relationship.⁷³ Although India always indicates that Chinese military and nuclear ability is a threat to India, China is reluctant to reveal that India or Indian nuclear weapons stand as a concern for China. In Chinese strategic calculations, India is not as big a concern as the US or Japan in the Asia Pacific region. Zhu Feng, a Chinese scholar at Beijing University, noted that during the Cold War Period, the United States and China were hostile to India and friendly to Pakistan. After the end of the Cold War, China has maintained friendly relations with Pakistan, and at the same time, has taken a more balanced approach to India.⁷⁴ However, the Sino-Pakistani security and strategic nexus has remained a central issue in Sino-India relations ever since Pakistan and China signed a historic border agreement in March 1963, ceding a section of territory of Pakistan-controlled Kashmir to China.⁷⁵ At the same time, from an Indian perspective, China's growing presence in Myanmar and strategic relationships with the other small countries in South Asia are some reasons for India's suspicion towards Chinese intentions in the region. However, the visit of the Indian Prime Minister Atal Bihari Vajpayee to China in 2003 and Chinese recognition of Sikkim as a part of India, improved the bilateral relations.⁷⁶ Both countries pledged to resolve the bilateral disputes through dialogue. Their bilateral trade volume has already surpassed US\$60 billion in 2010.⁷⁷ Recently, China also hinted that it would support India for a permanent seat at the UN Security Council.⁷⁸

⁷³ Zhao Huanxin, "China, India forging Strategic Partnership," *China Daily*, 12 April 2005.

⁷⁴ Tim Luard, "China Keeps Pakistan Guessing," *BBC News*, 4 November 2003.

⁷⁵ Allen S. Whiting, "The Future of Chinese Foreign Policy," in Samuel S. Kim, ed., *China and the World, Chinese Foreign relations in the post Cold War Era* (San Francisco: Boulder, Oxford: Westview Press, 1994), p. 264.

⁷⁶ "India and China Boost Relations," *BBC, News.com*. 23 June 2003.

⁷⁷ Ananth Krishnan, "India-China trade surpasses target", *The Hindu*, 27 January 2011.

⁷⁸ "China backs India's aspirations for UNSC", *India Today*, 27 May 2010.

However, at this stage, this paper briefly focuses on Indian perspectives of Sino-Bangladesh relations. From Indian point of view, China's partnership with smaller South Asian states is driven by her long-term political, economic and strategic interests in this region. Some Indians view that Sino-Bangladesh political and military relations are aimed at containing/undermining Indian military might. According to them, Bangladesh is a major recipient of Chinese arms and China includes this country along with Pakistan and Myanmar on its larger game plan to encircle India.⁷⁹ According to an Indian scholar, "Bangladesh's tilt towards China needs to be understood in terms of the psychological threat Bangladesh perceives from India so that closer ties with China provide Bangladesh with a sense of security against India."⁸⁰ This is also evident from the regular political exchanges and enhanced military cooperation between the two countries. They are also concerned that Chinese leaders encourage Bangladesh to pursue an independent foreign policy and move away from India's sphere of influence. Some retired officers of the Indian army suspect that Bangladesh may even have received assurance from Chinese leaders that China would stand by Bangladesh, in case Bangladesh faces any security threat from India.⁸¹

Some of the Indian concerns are addressed below:

I) China has emerged as a major supplier of arms to Bangladesh. It has provided tanks, frigates, missiles, missile boats, torpedo boats and fighter aircrafts.

II) Concern arises from India's vulnerability in the Siliguri corridor, often referred to as the '*chicken neck*'. The corridor which is 200 kilometers (km) long and 40 kms wide, links the rest of India by rail, road and air with the Northeast region, a part of which (90,000 sq km in Arunachal Pradesh) is claimed by China and is a significant source of tension for bilateral relations. At present, both countries have maintained their armed forces along the borders. The Siliguri corridor figures prominently in the Sino-Bangladesh friendship and the two sides, according to Indian military experts, have a sophisticated strategy aimed at severing India from the Northeast region.⁸²

III) Indian military establishment fears that China may receive facilities from Bangladesh to build military bases which will complicate India's security in the

⁷⁹ Subhash Kapila, "Bangladesh-China Defence Co-operation Agreement's Strategic Implication: An Analysis", available at <http://www.saag.org/papers6/paper582.html>, accessed on 5 February 2010.

⁸⁰ Urvashi Aneja, "China-Bangladesh Relations: An Emerging Strategic Partnership?", *IPCS special Report*, 2006.

⁸¹ Vijay Sakhujia, *op. cit.*

⁸² "Why Assam Bleeds", available at www.sify.com, 10 November, 2008, accessed on 10 January 2011.

Northeast. If this happens, China could monitor Indian military movements, particularly of the Indian Army deployed in that region. Several strategic Indian Air Force bases such as Bagdogra (with MiG-21 fighter jets), Hashimara (with MiG-27 fighter jets), and Tezpur (with Su-30 fighter jets) could easily come under a Sino-Bangladesh electronic and radar surveillance network during a crisis.

IV) India is also concerned that Bangladesh's proposed deep sea-port could be used not only for commercial purposes, but also for facilitating Chinese naval presence. China has built deep sea-ports in Gwadar in Pakistan and Hambantota port in Sri Lanka and planning to build another in Kyaukphyu in Myanmar. There is an Indian fear that China would encircle India by its String of Pearls. Moreover, it will be able to monitor Indian missile testing conducted at Chandipur-at-sea near Balasore, Orissa, and also naval activity in the Andaman and Nicobar Islands in the Bay of Bengal.

V) India is concerned about the growing Chinese presence in the Bay of Bengal area. A South Korean company awarded by Myanmar started exploring the oil and gas in a disputed bloc in the Bay of Bengal in November 2008. Both Bangladesh and Myanmar deployed their navies to challenge each other. However, China played a mediatory role in settling the dispute.⁸³

India may have skepticism about the growing Sino-Bangladesh relations. However, from a Bangladeshi point of view, the two countries have maintained a close friendship for their mutual interests. Over the years, they have signed a plethora of bilateral agreements that range from economic engagements, soft loans, cultural exchanges, academic interactions, infrastructure development, to military cooperation. In the introduction of this paper, Anand Kumar's concern about the Sino-Bangladesh cooperation for constructing the Chittagong-Kunming road link, and the deep seaport was mentioned. Like Kumar, many Indians may view that China would secure a foothold in the Bay of Bengal if it constructs the deep seaport.

But, building such a highway and deep seaport is crucial for Bangladesh economy and it will increase regional trade activities and connectivity where India and the other regional countries will also be benefited. One may raise question: in this era of connectivity and economic diplomacy, why should India feel threatened if Bangladesh goes for connectivity with China and building port for greater trade? The Bangladesh government has already planned and been going to implement connectivity with India. Therefore, why should there be a hue and cry when Bangladesh does the same with China?

Bangladesh, on the other hand, does not have any defence pact or security treaty with China, and there is no evidence or activity that the existing bilateral

⁸³ Vijay Sakhuja, *op. cit.*

military cooperation is aimed at threatening India. Therefore, any Indian apprehension that Sino-Bangladesh economic and military cooperation is Indo-centric is a misperception. Defence cooperation between and among nations is a normal phenomenon as India also has defence cooperation and agreements with several countries. Purchasing necessary military hardware for the Bangladesh Armed forces from China at cheap prices is frequently mentioned by the Indians, but can any country other than China, provide Bangladesh the military hardware at such cheap prices?

China has consistently showed keen interest to develop economic and regional cooperation with South Asian countries. According to He Yafei, Chinese Assistant Minister for Foreign Affairs, China and South Asia have long historical links; he expressed China's interest in helping to build a peaceful and stable South Asia, and thus foster long term mutual relations. As said earlier, China is a rising economic and military power. If Bangladesh's relations with China suffer any damage, then it risks losing a trusted friend and in turn, all the benefits it continues to reap. Bangladesh is a sovereign nation. Therefore, it must be very careful in maintaining balance in its bilateral relations. China-Bangladesh relations are often viewed as a matter of concern by India but in reality, this fear has proved to be unfounded. Bangladesh should maintain good relations with India as well as with China. Due to India's suspicion of Sino-Bangladesh relations, Bangladesh follows a cautious approach for closer dealings with China. Concerning the defence cooperation between Bangladesh and China, from another perspective, the authors argue that even if the policymakers of Bangladesh consider that such cooperation between the two countries can provide security assurance for Bangladesh in case of any real military threat from India, they need to be very realistic as China, Pakistan's very close ally, did not come forward with military aid for Pakistan during Indo-Pak wars in 1965 and 1971.

5. Concluding Remarks

Bangladesh and China have been benefited from their relations based on mutual trust. Considering the overall relationship, it is not an exaggeration to say that these two countries have enjoyed an all weather friendship. In many bilateral relations, there are many stakes and conditions attached, e.g. when a small country has relations with a big and powerful country, often the smaller one may feel a kind of inferiority complex in the negotiations. However, Sino-Bangladesh relations are an exception in this regard. There have been observed no conditions attached in their relations. Unlike some other major powers, China never intervened into the internal affairs of Bangladesh. On the other hand, Bangladesh also stood firmly by the "One China Policy" on the China-Taiwan issue.

The trade-deficit with China is the key concern for Bangladesh. Bangladesh should diversify its export baskets and remove its structural problems as the

Chinese market is quite diversified and competitive. At the same time, Bangladesh should seek for greater amount of Chinese investment to diversify its export items to China.⁸⁴ Bangladesh has shown far sightedness by offering China to build a deep sea-port which is expected to bring in opportunities for greater regional connectivity and increased trade. Regarding this, a former Bangladeshi diplomat noted that more and more Chinese stakes in Bangladesh could bring more and more Chinese assistance to Bangladesh.⁸⁵ The economies of China and Bangladesh complement with each other. Bangladesh has plenty of cheap labour and rich raw materials, and China, on the other hand, has technology and can provide fund.⁸⁶ There is enough room for both countries to fully tap the potential and make it a win-win situation.

To reduce the existing trade-deficit, and strengthen the overall economic relations, some measures could be taken as follows: i) expanding Bangladeshi export into Chinese market, especially producing goods that have good demand therein; ii) attracting more Chinese investment in Bangladesh and to this end, the basic infrastructure should be ensured for the investors; iii) ensuring more Chinese aid and grants for the development of Bangladesh; iv) enhancing bilateral cooperation in the fields of non-traditional security, human development, and science and technology.

On the other hand, concerning the Indian skepticism on the Sino-Bangladesh partnership, it can be argued that such skepticism has not proved real. Indian apprehension that the Sino-Bangladesh military relations are targeting India could be considered as an exaggeration. Bangladesh-China relations are pretty old. These relations are based on mutual trust and interests. Since China has been a reliable development partner and already contributed significantly in the infrastructural development of Bangladesh, all the governments attach quite high priority to Bangladesh's relations with that country.

Indians showed their concern for the growing Sino-Bangladesh relations, but in reality, India itself is developing its bilateral relations with China which is evident in their bilateral trade crossing US\$60 billion in 2010. However, China does not show any concern or reaction when India tries to expand its own relations with Bangladesh, e.g., when Bangladesh recently granted India the transit facilities, China did not react or show any concern so far. Due to Indian's suspicion of Sino-Bangladesh relations, Bangladesh feels a kind of unease and therefore, follows a cautious approach for closer dealings with China. Steven Hoffmann referring to the works of Islam (1995), Ghosh (1994), and Hussain (1995) comments that India demanded Bangladesh to maintain some sort of

⁸⁴ Rehman Sobhan, "Round-table Discussion on Bangladesh-China Dialogue", 14 March 2010 at BISS Auditorium.

⁸⁵ Interview with Ambassador Ashfaqur Rahman, 21 February 2011.

⁸⁶ Sreeradha Datta, *op. cit.*

distance from China.⁸⁷ India may have tensions with China, but that does not mean that Bangladesh will have to refrain from expanding its own relations with China.

Bangladesh has already entered into a new chapter of friendship and cooperation with India. By developing further close ties with China, Bangladesh expects to strengthen and intensify its developmental efforts. There is no denial that bilateral relations with both China and India are of great importance for Bangladesh. Both countries are achieving phenomenal economic progress. They share the vast Himalaya mountain ranges which still remain largely unexploited. If they can give up or reduce their rivalries, the South Asian region can see more prosperity. The Himalaya region can serve as a useful source for meeting the growing energy needs of Bangladesh, India and China. To materialise this, India and China have to change their policies from being strategic competitors to emerging as strategic partners.⁸⁸ China, India and Bangladesh share some common rivers. They can go for collective management and use of these rivers. The geographical proximity among these three countries can also be useful for targeting the huge markets in each of them.

As a relatively small economy, Bangladesh has no better option but maintaining a balanced relation with these two major powers. In any case, Bangladesh needs to consider its territorial integrity, sovereignty, national interests including economic development when dealing with these two countries. It should not pursue any policy which attempts to secure its relations with India at the cost of its relations with China or *vice versa*. These two countries have their own national, economic and strategic interests in Bangladesh as it has its own legitimate interests in them. To reduce any suspicion or misperception, there is no alternative to constructive dialogue among the countries. In the 21st century, economic diplomacy and strategic relations are given priority in making foreign policy. Bangladesh is not an exception. It needs to consider seriously on how to promote bargaining capacity and negotiation strategies to secure more economic benefits from these two big neighbours.

⁸⁷ See, Steven A. Hoffmann, "The International Politics of South Asia", *Journal of Asian and African Studies*, Vol. 33. No. 1, February 1998.

⁸⁸ Ashfaqur Rahman, "Rising together: India, China and Bangladesh", *The Daily Star*, 28 March 2011.