

S M Shafiuddin Ahmed

BANGLADESH-CHINA RELATIONS: SCOPES FOR ATTAINING NEW HEIGHTS

Abstract

Bangladesh and China are partners in the new Asian Age. Both countries enjoy time tested, all weather relations and friendship. Though this relationship is rooted in history, but like all relationships between states, it also has to be renewed and reinvigorated from time to time. Therefore, it has become imperative to analyse this relationship in order to find out ways to improve this excellent relationship even further. Considering political, economic, diplomatic and geo-strategic perspectives, mutual interests of both countries are overlapped leading them to strengthen their friendship regardless of any domestic or international circumstances. Taking into account the significance of both countries to each other, this paper attempts to analyse the present state of relations and the importance of Bangladesh-China relations from the perspective of both the countries finally, putting forward some suggestions for enhancing mutual benefits.

1. Introduction

China is the most talked about country in the world today. The unprecedented economic growth for last thirty-eight years has raised the international profile of China.¹ Bangladesh, being a developing country, can benefit from China's rise. Bangladesh and China enjoy time tested, all weather relations and friendship. Since establishing diplomatic ties in 1975, the understanding between the two countries remained very cordial. In the last thirty eight years, all successive Heads of Governments of Bangladesh visited China, some even on several occasions, to pave the way for broad based cooperation developed through years with added depth and dimension. The top-level state visits, both by the ruling party and the opposition leaders to China have always

S M Shafiuddin Ahmed, ndu, psc is Major General in Bangladesh Army currently serving as Director General of Bangladesh Institute of International and Strategic Studies (BIISS). His e-mail address is: shafi2496@yahoo.com

© Bangladesh Institute of International and Strategic Studies (BIISS), 2013.

¹ 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 and assumed that it could become the world's largest economy at some point in the future. 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. Currently, it is the largest manufacturing and exporter country in the world. For the rapid development, every year more than 10 million people are becoming urban population in China. See, David Barboza, "China passes Japan as Second Largest Economy", *The New York Times*, 15 August 2010; "World Economies: China", available at <http://www.dawn.com/2011/03/21/world-economies-15.html>, accessed on 22 July 2013. Also see, M. Jashim Uddin, "Bangladesh-China Relations: The Way Forward", Paper presented at a Roundtable Discussion on *Bangladesh-China & Bangladesh-Myanmar Relations: Political and Economic Dimensions*, organised by BIISS on 01 September 2013.

been on the foreign policy priority of Bangladesh.² Similarly, the Communist Party of China (CPC) has traditionally maintained close working relations with major political parties in Bangladesh. Often analysts look at Bangladesh-China bilateral relations in the light of Sino-Indian and Sino-US complexity in South Asia.³ However, Bangladesh sees China as a close friend as well as maintains strong ties with her largest neighbour India with respect to political, economic, security and strategic issues. Therefore, Bangladesh seems to have developed a more independent course of foreign policy, which is balanced in nature, with regard to China and India. Notably, China and Bangladesh have not even established a strategic partnership and have kept their relationship “unarticulated and flexible” thus allowing Dhaka to reap the benefits of a strategic partnership with a nuclear power without involving itself in any formal defence arrangement.⁴

The Sino-Bangladesh relation is equally important for China. The nurturing and promoting diplomatic linkages with Bangladesh provide China with a number of strategic advantages in addition to economic gains. Bangladesh and China are partners in the new Asian Age and should look for every opportunity to further strengthen this relationship. Bangladesh has painstakingly built its relations with China over decades starting when China was a developing country. Though this relationship is rooted in history, but like all relationships between states, it also has to be renewed and reinvigorated from time to time. Owing to the foregoing, the paper aims to analyse the significance of the Bangladesh-China relationship in the perspectives of both the countries and put forward some suggestions for enhancing mutual benefits.

Bangladesh-China relation is a very open and vast subject as such to be reasonable and specific, the scope of the paper is limited to aspects like bilateral history, highlighting the present state of the relations and thereafter, highlighting the importance of this relation to each other. Finally, the paper also makes some suggestions for future mutual benefits thereby enhancing Bangladesh-China relationship towards attaining new heights.

2. Overview of the Bangladesh-China Relations

China and Bangladesh are close neighbours and after years of bilateral interactions they have emerged into traditional friends to each other. Bangladesh and China’s friendship has overcome the problems of the past and do not face any conflicts at present. Their commonality of interests strengthens their cooperation and with concerted efforts, they have made every opportunity available in transforming their bilateral potentials into reality.

² Sreeradha Datta, “Bangladesh’s Relations with China and India: A Comparative Study”, *Strategic Analysis*, Vol. 32, No.5, September 2008, p. 761.

³ Vijay Sakhuja, “China-Bangladesh Relations and Potential for Regional Tensions”, *China Brief*, Vol. 9, Issue 15, 2009.

⁴ *Ibid.*

2.1 Background

In 1971, China was not in favour of Bangladesh's Liberation War. In fact, up to August 1975, there were no official relations between the two countries. The underlying cause lay in Bangladesh's close relations with India and the former USSR and the stand of China-Pakistan-US axis regarding the Liberation War of Bangladesh. The global politics of US vs. USSR and regional politics of India vs. Pakistan during the 1970s directed the position of China against the liberation of Bangladesh. During the regime of Bangabandhu Sheikh Mujibur Rahman, China exercised its veto power while Bangladesh was trying to obtain United Nations (UN) membership. Though China did not agree to give formal recognition to Bangladesh during that time, it stopped opposing Bangladesh's membership to the UN after a treaty was signed between Bangladesh, Pakistan and India on 28 April 1974.⁵ It officially established diplomatic relations with Bangladesh on 04 October 1975.

Interestingly, China's move towards a more open foreign policy coincided with Bangladesh's eagerness to get closer to Beijing. By the mid-1980s, China had forged close commercial and cultural ties with Bangladesh and also supplied it with military aid and equipment. On 04 October 2000, Bangladesh issued a postal stamp marking the 25th anniversary of the establishment of Bangladesh-China diplomatic relations. In 2002, the Chinese Premier Wen Jiabao made an official visit to Bangladesh and both countries declared 2005 as the "Bangladesh-China Friendship Year,"⁶ reaffirming a time-honoured friendship between the two countries. In the wake of the twin floods that submerged two thirds of Bangladesh and the devastating tropical cyclone that wreaked havoc on the coastal belt of the country in 2007, China offered emergency and long term assistance to assuage plight of the victims.⁷ In November 2008, China even acted as a mediator in the Bangladesh's disputes over Exclusive Economic Zone (EEZ) with Myanmar.⁸ On the other hand, Bangladesh provided full political and diplomatic support to hold the Beijing Olympic.

2.2 State of Relations since 2009

Since 2009, when Sheikh Hasina took over as Prime Minister for the second time, the comprehensive and cooperative partnership between Bangladesh and China began to achieve steady growth. During this time, a number of high level visits took place including at the level of heads of government to strengthen this relation. The visit of Bangladeshi Premier Sheikh Hasina to China in March and China's the then

⁵ Kazi Ihtesham and Mohammad Mahabubur Rahman, "Sino-Bangla Relations and Bangladesh's Look East Policy", *The Daily Star*, 23 May 2005.

⁶ *Ibid.*

⁷ In 2007, China donated US\$ 1 million for relief and reconstruction in cyclone-hit areas. See, "China donates US\$ 1m to Bangladesh", *cctv.com*, 21 November 2007, available at <http://www.cctv.com/english/20071121/102321.shtml>, accessed on 10 December 2013.

⁸ Bangladesh and Myanmar deployed their navies in a standoff in the Bay of Bengal over Myanmar's decision to issue licenses to oil companies to undertake survey activity in disputed waters.

Vice President Xi Jinping's visit to Bangladesh in early June 2010 were most significant among those. The military of both countries also continued high level of visits to cement this relation.⁹ The economic cooperation between two countries has grown from strength to strength. Investments by Chinese entrepreneurs have gradually increased in various fields. The 12th meeting of the Joint Economic Commission (JEC) between the two countries took place in Beijing on 28 July 2009 after a long hiatus of four years.¹⁰ The 13th meeting of JEC was scheduled to be held in September 2013 but due to some unavoidable reason it did not take place.

Bangladesh has also offered to set up Special Economic Zone for Chinese investors to boost Chinese investment in the country whereas China expressed its intention to relocate labour-intensive industries to Bangladesh.¹¹ Dhaka-Beijing relations reached new heights as China became the largest trading partner of Bangladesh overtaking India in 2009-2010. But the bilateral trade between them is highly tilted in favour of Beijing. Bilateral trade volume in 2011 reached US\$ 6.26 billion, with an increase of 17 per cent compared to 2010. Trade between Bangladesh and China surpassed US\$ 8 billion in 2013. The Bangladeshi export to China reached US\$ 449 million, an increase of 67.5 per cent. With the implementation of duty-free treatment provided by China and China's ongoing economic structural adjustment, the growth rate of Bangladesh's export to China is 4 point higher than the general growth rate. Still trade deficit remains significant. During 2012-13, Bangladesh exported goods worth US\$ 458.12 million to China while imported goods worth US\$ 6307.2 million from China.¹² During the first quarter of 2013, trade volume reached US\$ 3.3 billion with a year-on-year increase of 36 per cent.¹³ Chinese investment in Bangladesh is also increasing. The total amount of FDI from China doubled in 2013, reaching nearly US\$ 1 billion. However, there are many new potential areas where China can invest heavily. Therefore, Bangladesh can and should engage all its efforts to obtain more and more advantages from the second largest economy in the world.

Grants and soft loans from Chinese side are also quickly increasing. All the China-assisted projects in Bangladesh made positive progress since 2009. Bangladesh was designated as the 'theme country' in the first China-South Asia Expo held in Kunming in June 2013. In addition, China is playing a responsible role by making

⁹ Vice Admiral Jia Ting'an, Deputy Chief of the General Political Department of the PLA, visited Bangladesh in April. Lieutenant General Wang Chaotian, Vice President of the PLA NDU, visited Bangladesh. Chiefs of Staff of Bangladesh Navy and Bangladesh Air Force went to China in 2009 for the parades and celebrations marking the 60th anniversary of the Chinese Navy and Air Force. Later, during 2012-13, all the Chiefs of Staff – Army, Navy and Air Force – of Bangladesh visited China.

¹⁰ Embassy of the People's Republic of Bangladesh, *Annual Report-2010*, Beijing.

¹¹ Ministry of Foreign Affairs, "Press Release", available at <http://www.mofa.gov.bd/PressRelease/PRDetails.php?txtUserId=&PRid=618>, accessed on 03 November 2013.

¹² Dan Steinbock, "Bangladesh Plays Key role in China's Rebalancing of Southeast Asia", available at <http://www.scmp.com/comment/insight-opinion/article/1345375/bangladesh-plays-key-role-chinas-rebalancing-southeast-asia>, accessed on 03 November 2013.

¹³ *Ibid.*

a contribution of US\$133 million as loan for decentralisation of government of Bangladesh. China has helped Bangladesh build six bridges and one conference centre, which have become symbols of friendship between the two countries. The seventh Bangladesh-China Friendship Bridge (Kazirtack Bridge) of 1,063.36 metres of length over Arial Kha River is ongoing signalling pragmatic cooperation of the two countries. Consultation over the construction of 8th bridge (2nd Meghna Bridge) and 2nd China-Bangladesh Friendship Exhibition Centre is also going on. Beijing has also been cooperating with Dhaka regarding upgrading of airport at Cox's Bazar. China has increased the number of scholarship for the Bangladeshi students from 80 to 160 from 2012.¹⁴

With regard to cultural exchanges, Dhaka held Beijing Night Art Performance and Charming Beijing Photo Exhibition in the city in 2011. The Executive Programme of the Cultural Exchange between China and Bangladesh for the Year 2009-2012 was signed in December 2008. The Bangladesh Shilpakala Academy attended the 11th Asian Arts Festival in China in August 2009. The Confucius Institute in Bangladesh continued to contribute in spreading Chinese language and culture. The two countries also maintain close cooperation in Asia Pacific Space Cooperation Organization (APSCO) and International Network for Bamboo and Rattan (INBAR), which are headquartered in Beijing.¹⁵

3. Significance of Bangladesh-China Relations

The Bangladesh-China relation is quite significant for each other. Considering, political, economic, diplomatic and geo-strategic perspectives, mutual interests of both countries are overlapped leading them to strengthen their friendship regardless of any domestic or international circumstances. Both the countries mutually benefit from each other's development. Each country's importance to another is appended below:

3.1 Importance of China to Bangladesh

China as a good friend welcomes a prosperous, stable and united Bangladesh and continues to take active part in Bangladesh's social and economic development. In recent years, China has provided Bangladesh valuable support in gaining observer status in ASEAN Regional Forum (ARF). Besides getting all sorts of diplomatic cooperation, Bangladesh looks at China from the following perspectives:

- Economic opportunities
- Strategic considerations
- Defence cooperation

¹⁴China to help Bangladesh become middle-income country by 2021; Bangladesh Sangbad Sangstha (BSS), available at <http://www1.bssnews.net/newsDetails.php?cat=0&id=287976&date=2012-10-21&dateCurrent=2012-10-29>.

¹⁵ Embassy of the People's Republic of Bangladesh, *op.cit.*

3.1.1 *Economic Opportunities*

First, economy is the guarantee clause for national security. China is the second largest economy in the world and has the potential to be the largest economy in future. It is expected that, China's GDP will be 25 per cent of the global economy by 2020. The growth of Chinese economy has captured the attention of Bangladesh as means to grow its own economy. Bangladesh wants to capitalise on this opportunity and benefit from the exceptional economic rise of China. Chinese investments in Bangladesh are rising. In 2011, it amounted about US\$ 200 million.¹⁶ In 2013, it reached US\$ 1 billion. The two countries have agreed to boost investment cooperation in technology, agriculture and infrastructural development. Bangladesh made an agreement with China to set up Shahjalal Fertiliser Company in 2011 with the credit-assistance of Tk. 3,987-crore (US\$ 500 million) from the latter. About 35 per cent of the construction work of the Tk. 5,409-crore (US\$ 670 million) factory has been completed by June 2013.¹⁷ The factory is expected to go into operation in February 2015.

The two countries are also working closely on expansion of 2.5G and 3G networks. China is providing US\$ 133 million in loan to Bangladesh for developing the country's Information and Communication Technology (ICT) infrastructure network that will not only bring all government offices at the district and upazilla level under a single network but will also carry out maintenance of about 100,000 km of rural road. China is also providing concessional loan to Bangladesh Shipping Corporation for buying six ships that will cost about US\$ 171 million.¹⁸ This is likely to increase bilateral and regional coastal trade for Bangladesh. Recently, China has expressed its intention to invest in building power plant in Bangladesh. A Chinese firm, Wuhuan Engineering Company Limited, has showed interest in establishing liquefied natural gas (LNG) based power plant in Maheshkhali Island in Cox's Bazar. Discussion of Chinese delegations with Prime Minister Sheikh Hasina about a joint venture project with S. Alam group in Bangladesh to install coal-based power plant worth producing 1,320 MW of electricity at Pekua, Cox's Bazar is also going on.¹⁹ The Premier has already accepted a proposal by Chinese team to implement the country's first LNG-based power project at Cox's Bazar with capacity to generate 760 MW of electricity.²⁰ It reflects the fact that investment cooperation between the two countries is on the rise. In addition, Beijing is also assisting Dhaka by providing soft loan of US\$ 200 million in developing airport in Cox's Bazar.²¹ This is expected to have widespread implications for the tourism sector in Bangladesh.

¹⁶ Statistics Department of Bangladesh Bank and Statistics and Research Division of Export Promotion Bureau, available at <http://www.epb.gov.bd/details.php?page=4>, accessed on 01 December, 2013.

¹⁷ "Construction of Shahjalal Fertilizer Factory Progressing Fast", *Bangladesh Sangbad Sangstha*, 29 June 2013.

¹⁸ Ministry of Foreign Affairs (MOFA), "Foreign Office Briefing Notes: October Issue", available at <http://www.mofa.gov.bd/Docx/FOBN%20October%20Issue.pdf>, accessed on 01 November 2013.

¹⁹ "Prime Minister Welcomes Chinese Investors to Install Power Plant", *The Daily Samakal*, 29 January 2014.

²⁰ "Chinese firm Offers to Build LNG-fired Power Plant", *The Daily Sun*, 29 January 2014.

²¹ *Ibid.*

Second, China has already become the largest trading partner of Bangladesh. The country may be a good option for Bangladesh in dealing with its trade deficit with neighbouring countries.²² Bangladesh's bilateral trade deficit with India has been increasing rapidly on average at about 9.5 per cent annually and now stands at US\$ 4 billion.²³ Therefore, increasing export to China and increasing Chinese investment in Bangladesh, in the potentially emerging sectors of cooperation can be a powerful way to further deepen the relations as well as develop economically. During an official bilateral meeting between Bangladesh and China on 26 June 2013, the Chinese delegation mentioned that China had already offered zero tariffs to 95 per cent of Bangladeshi goods that are being exported to China. In order to reduce the existing trade deficit, the Bangladesh delegation, however, urged the Chinese government to grant further duty free access to a list of 17 major Bangladeshi items. In response, China assured to consider the Bangladeshi request.²⁴ According to a Chinese estimate, if the preferential trading arrangements between Bangladesh and China continue in the coming years, Bangladeshi RMG export to China will increase to US\$ 1 billion from the current US\$ 100 million in the next 3 to 5 years. China's own RMG market is over US\$ 200 billion and given China's sky-rocketing labour costs, this projection is very much attainable by Bangladesh.

Third, China and Bangladesh have the prospect to build the 900 km Kunming Highway linking Chittagong with Kunming through Myanmar to facilitate greater trade. The mutual transit will give Bangladesh a much shorter route to China and an initiative to link Chinese province of Yunnan with Bangladesh. Kunming, the capital of Yunnan province is a gateway for Bangladesh to Chinese market and a bridge with Southeast Asian countries. In addition, the Bangladesh-China-India-Myanmar (BCIM) corridor offers Bangladesh an exposure to make utmost use of its geo-strategic location as the centre point of the region. The BCIM Forum, which took off as a Track-II initiative with the focus of transport connectivity has now transformed into a BCIM Economic Corridor with the objective of greater economic integration in this region receiving tremendous impetus from the government of the respective countries. Moreover, the Chittagong port has the potential to become a modern busy port like Singapore. The deal between Bangladesh and China regarding upgrading the Cox's Bazar Airport, the fourth international airport, has been signed on 25 October 2013.²⁵

Fourth, in October 2010, Bangladesh formally sought Chinese assistance to build a deep water sea port in the Bay of Bengal near the southeastern island of Sonadia. Such a port could become a key shipping hub for northeast India and China's Yunnan Province, as well as for Nepal, Bhutan and Myanmar.²⁶ Since Chinese enterprise has shown willingness to invest in this project in a commercial manner, it is evident that this will provide both sides with significant economic and security benefits.

²² Kazi Ihtesham and Mohammad Mahabubur Rahman, *op.cit.*

²³ According to Bangladesh Bank, in the FY 2012-13, trade deficit is US\$ 4 billion.

²⁴ M. Jashim Uddin, *op.cit.*

²⁵ "Cox's Bazar airport awaits Chinese Credit", available at *bdnews24.com*, accessed on 19 April 2013.

²⁶ K. Alan Kronstadt, Paul K. Kerr, Michael F. Martin, Bruce Vaughn, "India-U.S. Relations", *Congressional Research Report*, 27 October 2010.

Fifth, there are some potential areas where China can play an important role in bringing opportunities for Bangladesh. Bangladesh has huge unexplored offshore gas and oil which can contribute to its economy enormously if properly explored and used. As a trusted friend and having advancement in maritime technology, Chinese support can be useful for exploring those valuable resources. Bangladesh has already sought Chinese support for exploring resources under sea-bed. The Chinese side suggested exchanging mutual delegations and also signing a Memorandum of Understanding (MoU) on maritime affairs.²⁷

Bangladesh has some reputed pharmaceutical companies including the Square Group of Bangladesh and the Incepta Pharmaceuticals, which export medicine worldwide.²⁸ The Incepta Pharmaceuticals is now planning to establish a raw material company with the Chinese assistance. This company believes that China and the US will be very important for contributing to its growth.²⁹ Since both countries realise that Bangladesh needs to increase its export to China to reduce the trade deficit, China with a huge population, can be a potential market for Bangladeshi medicines/pharmaceutical products. During Chinese Premier Li Keqiang's recent visit to India, China agreed to open its market for importing Indian medicine. Therefore, Bangladesh can explore the same opportunity.

With China's rapid economic development, the labour costs therein are going up. To maintain the pace of economic development, China is now restructuring its economy and planning to relocate its labour-intensive industries in foreign countries. Therefore, the idea of China+1 can be proposed, which means placing Chinese production facilities in a place where China can produce goods at much lower prices than in China itself. For this purpose, Bangladesh can be a good choice as the labour costs are cheap in this country. Chinese retailers of the apparel industry can purchase readymade garment (RMG) products from Bangladesh and sell those in Chinese markets. The annual outbound Chinese investment has been around US\$ 100 billion in the last few years. Bangladesh can be one of their best destinations. For an even easier access for the Chinese investors, an exclusive EPZ for China will be much helpful. It can help Bangladesh raise its export of RMG to China thereby generating more employments for garments workers.

Due to the availability of cheap labour, investment-friendly government regulations, good quality and low production costs, the shipbuilding industry in Bangladesh has good prospects. The country has already received orders from and also exported some ships to countries like Japan, Germany and Denmark. It is claimed that shipbuilding is 15 per cent cheaper in Bangladesh than China.³⁰ As the largest

²⁷ M. Jashim Uddin, 2013, *op.cit.*

²⁸ In 2012, the export earnings of the Square Group and the Incepta Pharmaceuticals stood at around 47 and 48 crores taka respectively. See "Bangladesh pharmaceutical export business 2012", SlideShare, available at www.slideshare.net/197/bangladesh-pharmaceutical-export-business-2012, accessed on 05 June 2013.

²⁹ "Bangladesh Seeks Capital Investment," *The China Daily*, 20 August 2012.

³⁰ "Prospects of Shipbuilding Industry in Bangladesh," *The Daily Sun*, 11 February 2013.

trading partner of Bangladesh, China can be an important source of investment in this sector to build ships in joint venture and import from Bangladesh.

3.1.2 *Strategic Considerations*

Bangladesh maintains a very balanced approach with regard to India, China and the United States. Currently, the Bangladesh-China relations are regarded as within “acceptable bounds” by both India and the United States.³¹ Increasing US and Chinese interests in South Asia and Pacific region has offered Bangladesh with a unique opportunity to get involved actively with all crucial players of the region. Beijing’s engagement in massive infrastructural development in Bangladesh, particularly, planning to build a deep sea port could bring enormous economic benefits for Bangladesh. It can also increase strategic depth of the country and raise its bargaining capability. For India, Bangladesh is the entry to its often turbulent Northeast region as well as a support in dealing with insurgency there. Hence, Bangladesh falls within the internal security matrix of India³², and India cannot ignore the necessity of Bangladesh in dealing with its less developed northeast region. Although there remains some irritants between Bangladesh and India regarding various bilateral issues like water sharing, land border demarcation and killings in the border, mutual cooperation in the last few years in trade, investment, power and counter-terrorism has increased. The political will of both sides has continued to play a vital role in this regard. On the other front, the US also wants a stable South Asia and China looks into the possibility of Bangladesh connecting Southwest China to South Asia and an access to Indian Ocean, thus, to the future of Asian century. Therefore, the geo-political dynamics of South Asia demand the regional players to engage with Bangladesh. Bangladesh, being a centrally located country in South Asia would have to play such a role to satisfy its long-term interests keeping these geo-political considerations in mind.

3.1.3 *Defence Cooperation*

The defence cooperation between Bangladesh and China has traditionally been very strong. A Defence Co-operation Agreement was signed between Bangladesh and China in December 2002 to enhance cooperation in training, maintenance and some areas in production. Military to military cooperation is an important part of overall bilateral relations between Bangladesh and China.³² The tanks and artillery guns of Bangladesh Army are mostly of Chinese origin. Beside, its navy has Chinese frigates and missile boats and the Bangladesh Air Force flies mainly Chinese fighter jets. Bangladesh is emerging as a major buyer of weapons made in China. In the continuous changing global political and security situations, it has become important for Bangladesh to modernise her defence forces further. This was also made clear by the Bangladesh’s Prime Minister Sheikh Hasina during her speech on the Armed

³¹ Ruksana Kibria, “Strategic Implications of Bangladesh–China Relations”, available at <http://wakeupbd.wordpress.com/2011/02/14/strategic-implications-of-bangladesh-china-relations/>, accessed on 01 November 2013.

³² Vijay Sakhuja, *op.cit.*

³² Chinese Foreign Minister Yang Jiechi, “China Keen to Build Rooppur Nuclear Power Plant”, *Bangladesh News*, 27 April 2008.

Forces Day on 21 November 2013 where she mentioned that her government was determined to do whatever necessary for building an efficient, strong and modern Armed Force in Bangladesh.³³ As part of a broader plan to that end, Bangladesh has finalised a deal to purchase submarines from China to develop a three-dimensional navy. The deal will cost Bangladesh US\$ 203.3 million.³⁴ Recently, two newly procured 053H2 Frigate ships from China has joined Bangladesh navy fleet.³⁵

Military exchanges between the two countries are also signalling friendly success. In 2011, Air Chief Marshal Ma Xiaotian, Deputy Chief of the General Staff of People's Liberation Army and Vice Admiral Ding Yiping, Deputy Commander of Navy of People's Liberation Army visited Bangladesh. During 2012-13, all the Chiefs of Staff – Army, Navy and Air Force – of Bangladesh visited China.³⁶ Chinese PLA Chief of the General Staff is scheduled to visit Bangladesh in 2014 at a mutually convenient time. Most importantly, China provides interest free loans to Bangladesh for buying weapons. Therefore, maintaining stable relations with China is crucial for Bangladesh.

3.2 *Importance of Bangladesh to China*

Bangladesh has proved to be the calmest country in the region and is also emerging as a responsible international actor. Bangladesh also emerges as an important member of the developing world. It plays a unique role in safeguarding the legitimate rights of developing countries, in maintaining world peace and advancing counter-terrorism and anti-extremism initiatives thereby presenting itself as a crucial partner for China in the South Asian region. The Chinese approach of systematically nurturing and promoting diplomatic linkages with Bangladesh, however, provides it with a number of strategic advantages:

First, India and China together account for one-third of the world's population and are seen as rising 21st century powers and strategic rivals and remain so for foreseeable future.³⁷ As analysts note, India has sought to expand its strategic horizons in recent years—eyeing influence over a vast region from Iran and the Persian Gulf states in the west to the Straits of Malacca and Gulf of Thailand in the east—it increasingly finds itself in a discomfortingly conflicting position to a rapidly

³³ "AL govt never used Armed Forces in its interest: PM," 21 November 2013, available at <http://unbconnect.com/pm-senakunja/#&panel1-6>, accessed on 10 December 2013.

³⁴ "BD to Purchase two Submarines," *banglanews24.com*, 22 December 2013, available at <http://www.banglanews24.com/English/detailsnews.php?nssl=ef62047ee19cf5571e075049e313bc7b&nttl=2212201383539>, accessed on 25 December 2013.

³⁵ Tarek Mahmud, "BNS Abu Bakar, BNS Ali Haider De-commissioned," *Dhaka Tribune*, 22 January 2014.

³⁶ Chief of Army Staff General Iqbal Karim Bhuiyan visited China from 27-30 August 2013, Chief of Navy Staff visited from 05-12 January 2013 and Chief of Air Staff visited China from 02-07 September 2012.

³⁷ It is contended that regardless of the thrust and pace of mutual engagement (Cooperation), a relationship between the two largest Asian countries will inevitably have strong undercurrents of contest and rivalry as they seek the same economic and political space for future interaction. More so, India is the only country with whom China is yet to solve land border problem on which they fought war in 1962.

spreading Chinese presence in the same area.³⁸ This, in turn, raises the importance of Bangladesh in Beijing's political-military calculus.³⁹

Second, Bangladesh commands natural road and railway links between Southeast Asia and Central Asia and other parts of South Asia. Bangladesh can play a crucial role in connecting South-Western China with South Asia by a land route. This link will have enormous economic and connectivity opportunities. Bangladesh is a key player in the proposed Bangladesh–China–India–Myanmar Forum for Regional Cooperation and Economic Corridor (BCIM-EC) that will link the four Eastern South Asian countries and expand trade, investment and people-to-people contact among these countries. The BCIM can be seen as a nodal point of three emerging regional blocs: South, East and Southeast Asia.⁴⁰ In her latest visit to China in October 2013, the then Foreign Minister of Bangladesh reinforced the discussion on the BCIM-EC. The BCIM first Joint Study Group Meeting of high-level officials held on 18-19 December 2013 in Kunming, China was a landmark progress in this regard where all involved parties agreed to start joint research to settle on ways to establish the economic corridor. The first joint working group meeting of BCIM-EC, represented by senior level officials of the four countries, held in December 2013 anticipates that construction of a highway from Kunming in China to Kolkata through Myanmar, northeast India and Bangladesh, will turn it into a gateway for boosting trade and investment in South and Southeast Asia.

Third, Bangladesh is in a position to provide China with access to the Bay of Bengal and through it, the much-coveted access to the Indian Ocean. For China, the 'Irrawaddy Corridor' that links Kunming in Yunnan to the Bay of Bengal through Myanmar and Bangladesh offers land-based maritime access that is critical for the development of its Western and Southern regions. The corridor also gains salience in terms of transporting gas from Myanmar's offshore platforms to Yunnan as well as in overcoming the vulnerability of its shipping in the strategic Southeast Asian choke points. In strategic terms, access arrangements particularly in Chittagong and in Myanmar's ports in the Bay of Bengal ensure a strategic initiative of China.⁴¹ In addition, Dhaka offers Beijing with an easy access to the energy houses in Middle East, Africa and Iran through Indian Ocean. As a growing economy, China has a vast demand for energy and Bangladesh is its link to ensure security of hydrocarbon as it provides access to Indian Ocean via the Bay of Bengal.⁴² The potential deep seaport at Sonadia holds special strategic significance to China. On that equation, Bangladesh has been an obvious choice for partnership.

Fourth, good relations with Bangladesh are an urgent requirement for China since in case of a conflict between India and China, the Siliguri corridor, will turn out to be a determining factor. Indian analysts often bring forward the possibility of the

³⁸ K. Alan Kronstadt et al., *op.cit.*

³⁹ Vijay Sakhuja, *op.cit.*

⁴⁰ Dan Steinbock, *op.cit.*

⁴¹ Vijay Sakhuja, *op.cit.*

⁴² Bhasker Roy, "The Dragon comes to Bangladesh," available at <http://www.sify.com/news/the-dragon-comes-to-bangladesh-news-columns-kgxpUagehbe.html>, accessed on 01 November 2013.

emergence of Assam as the second Muslim-majority state within the Indian Union. In such a scenario, China may adopt a strategy to get Tawang, an administrative district of Arunachal Pradesh of India to come closer to the Siliguri corridor so that it can establish link with Bangladesh from the north.⁴³ Such a possibility may be an underlying factor for Bangladesh's significance to China.

Figure 1: Bangladesh's strategic location between siliguri corridor of India and access to Bay of Bengal for China



Fifth, Bangladesh is strategically situated between South and Southeast Asia and is located in proximity to both India and China. Bangladesh's natural gas deposits, estimated at between 32 trillion and 80 trillion cubic feet, increase Bangladesh's strategic importance. Besides, Bangladesh's geographic proximity with Myanmar makes these reserves accessible to China. India's access to Myanmar's gas reserves also hinges on Dhaka's willingness to allow a passage for laying a gas pipeline – a fact not lost on Beijing.⁴⁴

Sixth, Bangladesh, a pro-active member in the UN having served the UN Security Council twice in 30 years, is a major player in the war against global terrorism. It is party to some notable UN Human Rights and Disarmament Conventions and

⁴³ "Why Assam Bleeds", available at sify.com, accessed on 10 November 2008..

⁴⁴ Tarique Niazi, "China's March on South Asia", *China Brief*, 26 April 2005.

also the leading troops contributing country in UN Peace Keeping Operations. Despite the global economic downturn, Bangladesh continued to post impressive economic growth rates. In September 2010, Bangladesh's Premier Sheikh Hasina was presented an award by the United Nations for exceptional progress towards meeting the Millennium Development Goals. The success of receiving international awards continued for Bangladesh in 2013. In August 2013, the United Nations Educational, Scientific and Cultural Organization (UNESCO) awarded the Dhaka Ahsania Mission with the Confucius Literacy Prize 2013 for promoting adult literacy in the country.⁴⁵ On the other hand, Premier Sheikh Hasina brought home two prestigious awards. In June 2013, she won the Rotary Peace Prize and in September 2013, she received the International Organisation for South-South Cooperation (IOSSC) Award for her contribution particularly in poverty reduction.⁴⁶ All these validate that Bangladesh's respect in the international community is well deserved.

Seventh, Bangladesh has exhibited impressive economic performance in recent years. It has maintained 6 per cent plus GDP growth rate in the past decades and successfully transformed itself into an export-oriented economy. With more than US\$ 20 billion foreign reserve, Bangladesh has now emerged as the second largest foreign currency reserve country in South Asia after India. The geographic location of Bangladesh and the abundant labour forces suggest that the nation has huge potential for further development. Moreover, the country also possesses a gigantic 40 million middle class population i.e., the consumers. All these factors have the potential to enable Bangladesh transpire as a vast market for China.⁴⁷

Eighth, Bangladesh's role in the South Asian Association for Regional Cooperation (SAARC), BIMSTEC and its impending membership in the ARF have made Bangladesh critically important for any country which wishes to engage in South and South East Asia. In view of China's eagerness to join the SAARC, Bangladesh supported for Beijing's entry into the SAARC.⁴⁸ Today, China stands as an observer in SAARC owing much to Bangladesh's support.

Ninth, as one of the world's largest functioning democracies and a moderate Muslim country, Bangladesh has considerable influence among the Islamic countries. Closer tie with the third largest Muslim nation can be an aiding tool to China as a proven friend of Muslims which will assist it to solve its current religious problem with Uighur Muslims.⁴⁹

Tenth, China has also benefited diplomatically from its growing relation with Bangladesh. Bangladesh is committed to the "One China" principle and continued to

⁴⁵ "Hasina becomes first Bangladeshi to receive Rotary Peace Award", *The Independent*, 10 June 2013.

⁴⁶ "PM received Int'l award for poverty reduction," *The Daily Star*, 25 September 2013.

⁴⁷ Bangladesh is the 3rd largest trading partner of China in whole South Asia.

⁴⁸ Tarique Niazi, *op.cit.*

⁴⁹ Major Momtazur Rahman, "China-Myanmar Relationship and Impact on Defence Policy of Bangladesh", *NDC Journal*, Dhaka, December 2010.

firmly support China on vital issues concerning Taiwan, Tibet, Xinjiang and human rights.⁵⁰ Bangladesh supported China on running for positions in many international organisations, including the United Nations Committee against Torture and the Council of International Maritime Organisation. Bangladesh played a very supportive role behind China's entry into the World Trade Organisation.

Finally, Asia is considered as China's neighbourhood and China appears determined to build an Asian community of common interests, common destiny and common responsibility. A friendly Bangladesh is crucial for China since it is deeply committed to friendly relations with its neighbouring countries. China believes in Chinese saying: water afar cannot put out a fire at hand. Meaning, a distant relative is not as helpful as a near neighbour. To follow through this dictum and to achieve the overarching goal of common development, China needs Bangladesh. In the age of economic globalisation, no Asian countries can achieve development in isolation, still less they can pursue development as a "zero-sum" game. Rather, with their interests closely entwined, Bangladesh and China, both the Asian countries need to seek mutually beneficial cooperation.

4. Suggestions for Enhancing Mutual Benefits

Stronger Bangladesh-China relationship will boost the effectiveness of China in playing its role in the region. Beijing's move to play effective role in 2014 post-election politics of Dhaka and its message to 'join hands' to 'advance the Sino-Bangla comprehensive and cooperative partnership to a new height' is indicative of the fact that China is eager to rephrase its relations with India and Bangladesh and play greater role in the geopolitics of the Asian region.⁵¹ It is believed, China always pursues her independent foreign policy of peace, advocating that all countries are equals. It will persist in building good-neighbourly relationships and partnership and continue pursuing the policy of bringing harmony, security and prosperity to neighbours. Both should do everything possible to maintain these painstakingly built relations. China may actively support Chinese enterprises in expanding investment in Bangladesh thereby increasing interdependency. Tariff-free access to 4,721 Bangladeshi products certainly has helped trimming down the trade deficit and created better investment environment.⁵² As a bigger economy, leverage is always expected from China. Speedy completion of ongoing projects and submission of details for new projects by Bangladesh government would fetch more Chinese investments in various big projects in Bangladesh.

⁵⁰ The Department of Asian Affairs, People's Republic of China, "China and Bangladesh", available at <http://www.mfa.gov.cn/eng/wjb/zjg/yzs/gjlb/2681/t15842.htm>, accessed on 18 January 2010.

⁵¹ Subir Bhaumik, "A Difficult Victory", *The Telegraph* (Calcutta, India), 26 January 2014, available at http://www.telegraphindia.com/1140126/jsp/opinion/story_17864058.jsp#.Uuh18PtxVWG, accessed on 28 January 2014.

⁵² Tariff-free access to 4,721 Bangladeshi products to China has been permitted from July 2010.

China and Bangladesh should promote tourism, cultural and educational exchanges beyond the public sector to increase people to people exchanges in order to further cement the already existing bond of friendship. While engaging in the political spectrum, China needs to pursue policy that connects with the people of Bangladesh. The CPC needs to continue giving utmost considerations to the interests of the people of Bangladesh as the party has always done in the past.

Growing Bangladesh-China relationship on the other hand, is often reckoned by some analysts with heightened concerns affecting India's strategic interests in the South Asian region. It is to be noted that, India-China relations in recent years is growing too. Since 2008, China emerged as India's largest trading partner and in 2010, the two countries exceeded their US\$ 60 billion bilateral trade target driven largely by increasing Indian imports from China. Bangladesh, therefore, needs to strike a balance between its relations with China and India, and make every effort possible to enhance India's confidence enabling our mutual growth all-together. Bangladesh should be careful not to escalate tension with India. Maintaining good relations with both the countries are crucial for Bangladesh.

Bangladesh and China should fight terrorism and transnational crimes, share information, exchange intelligence and cooperate in law enforcement to ensure peace and stability in the region. Over the years, the two sides have signed a plethora of bilateral agreements including economic engagements, soft loans, social contracts, cultural exchanges, academic interactions, infrastructural development and military sales at "friendship" prices.⁵³ Both the countries should be sincere in materialising all the agreements specially those affecting scientific, technological and agricultural development cooperation. The two countries may consider cooperating in export of pharmaceutical products and promotion of joint oceanographic research activities. Further cooperation in the areas of shipping may include joint investment in shipbuilding sector in Bangladesh.

Due to the lengthy process for obtaining Chinese visa, the business community of Bangladesh sometimes faces difficulties to visit China. Hence, Bangladesh should pursue the regular exchange of consular consultation for easing the visa procedure. More FDI on part of China towards Bangladesh to compensate trade deficit can be another option. Opening up of new consulates in major commercial cities like Shanghai and Guangzhou, for further bolstering of economic relations with provinces in China can be another good option. Both the countries can also think of cooperating in dealing with climate insecurities. In Bangladesh's security calculus, China plays a vital role as the main supplier of military hardware and resources. Defence structure of Bangladesh is evolved around Chinese military hardware, technology and resources. Bangladesh, therefore, also needs to strengthen defence cooperation with China.

⁵³ Vijay Sakhuja, *op.cit.*

Moreover, Bangladesh and China should also promote bilateral security dialogue and consultation, strengthen cooperation on non-traditional security issues, including disaster management, maritime search and rescue, counter-terrorism and combating transnational crimes and actively explore the establishment of a regional security cooperation framework in Asia.

The BCIM-EC should emerge as a regional arrangement for the member countries and an engine of growth pulling Bangladesh-China cooperation into a new height. The Economic Corridor, however, must not be confined in transportation only, although, transportation connectivity will lay an important foundation. The EC can be a connectivity of development policy, market, industrial layout as well as cultural and people-to-people exchanges. In brief, BCIM needs to transform itself into a connectivity of relative advantages and a dynamic industrial production and supply chain for the regional countries. Both Bangladesh and China needs to play decisive roles in this regard. Again, due to its location, Bangladesh can serve as a bar of dumbbell that connects the two weights – Chinese market and the Indian market.

5. Conclusion

The bitterness of history, in terms of China's opposing Bangladesh's Liberation War and also holding up Bangladesh's UN candidature for quite a while at a time when it was extremely needed for Bangladesh, has gradually faded away. Ever since China and Bangladesh established diplomatic relations in 1975, the bilateral relations between the two countries have grown very rapidly covering a wide spectrum of affairs. The relationship is characterised by its comparative stability and continuity setting it as an example of good inter-state relations. The Chinese principle of non-intervention in Bangladesh's internal affairs has helped develop closer relations and mutual trust between the two nations.

All prominent state and political leaders of Bangladesh have visited China as a priority on their foreign policy agenda (see Annex A). A series of high level visits are also on schedule in the year 2014. From Bangladeshi side, the Honourable President is to go to Shanghai in the end of May 2014 for Asia Confidence Building Summit. The Honourable Prime Minister and political Party leaders are also invited to visit China in a mutually convenient time. From Chinese side, Vice Chairpersons of China's National Congress and National Military Commission will successively come to Bangladesh in the mid-2014. A very high level military delegation will also visit Bangladesh in May 2014. Vice Minister of China's Ministry for Water Conservancy is planned to visit Bangladesh in 2014 for renewing the agreement of hydrological data and information exchanges between the two governments. People to people exchanges have also crossed 70 thousands in 2013 and the number is still increasing.

The CPC has traditionally maintained close working relations with the major political parties in Bangladesh. The economic cooperation between the two countries has grown from strength to strength. The defence cooperation between two countries is also getting stronger. Bangladesh has always maintained its unequivocal support to “One-China” policy and hoped for peaceful reunification of Taiwan with the mainland. It has consistently stood by China on the question of Dalai Lama and Tibet. The two countries have always maintained sound working relations within the UN framework and also in other international and regional forums. Bangladesh looks to China for economic prosperity and strategic necessities. On the other hand, Bangladesh offers China a strategic foothold in shaping the future of the South Asian region.

It is quite evident that Bangladesh and China will remain as reliable friends and good neighbours for the foreseeable future. And it is expected that their bilateral relations will grow and the “Comprehensive Partnership of Cooperation” will deepen and expand over time to serve each other’s interest. Bangladesh and China can become partners in the new Asian Age and the mutual cooperation would further cement this relationship. Bangladesh-China relations, although have a deep-rooted history, need to be re-energised from time to time. Therefore, it is imperative that the two countries work together to ensure continuous development of their friendly relations through generations.

ANNEX: A

LIST OF HIGH-LEVEL VISITS DURING 2009-2013

Dignitaries visited from Bangladesh side:*

Date	Visiting Personalities	Occasion
2009 09-14 Mar.	Jahangir Kabir Nanok, State Minister for LGRD & Cooperatives	At the invitation of the Communist Party of China (CPC).
2010 08-15 Apr.	Syed Abul Hossain, Communications Minister	To attend the BOAO Forum for Asia Annual Conference
2010 17-21 Mar.	Sheikh Hasina, Prime Minister of Bangladesh.	At the invitation of Chinese Premier Wen Jiabao.
2010 17-19 May	Abdul Mannan Khan, State Minister for Housing & Public Works	Led a 5-member delegation
2010 23-30 May	Abul Kalam Azad, Minister for Information & Cultural Affairs	To attend the 7 th Asia Media Summit
2010 15-21 Jun.	Rezaul Karim Hira, Minister for Land	Led a 12-member high-level delegation
2010 25-27 Jul.	Syed Abul Hossain, Communication Minister	Led a 10-member high-level delegation to attend the 1 st Annual Meeting of DIANCHI Cooperation for Opening Asia (DCOA)
2010 18-22 Sept.	Muhammad Faruk Khan, Commerce Minister	To attend the Shanghai World Expo
2010 26-30 Sept.	Dr. AFM Ruhul Haque, Minister for Health and Family Welfare	To attend the International Symposium on Population and Development
2010 14-20 Oct.	Syed Abul Hossain, Communication Minister	To promote issues of bilateral interests.
2010 17-20 Oct.	Begum Matia Chowdhury, Minister for Agriculture	To attend second session of Joint Agricultural Committee between Bangladesh and China.
2010 17-22 Oct.	Dilip Barua, Minister for Industries	To promote Chinese investments.
2010 19-23 Oct.	Dr. Hasan Mahmud, State Minister for Environment and Forests	Led a six-member delegation to China.
2010 04-08 Nov.	Dr. Muhammad Abdur Razzaque, Minister for Food and Disaster Management	To discuss bilateral issues.

2010 12-17 Nov.	Ahad Ali Sarker, State Minister for Youth & Sports	To attend the opening ceremony of 16 th Asian Games
2011 15-20 Jun.	Dr. Dipu Moni, Foreign Minister	Official visit
2011 11-16 Oct.	Abdul Hamid, Speaker of the National Assembly	As guest of Wu Bangguo, Chairman of the NPC Standing Committee
2011 15-20 Oct.	Khaleda Zia, leader of the Opposition	At the invitation of the Communist Party of China (CPC)
2013 26 Jun-01 Jul	Md. Shahidul Haque, Foreign Secretary	Led a delegation for bilateral consultation
2013 19-22 Oct.	Dr. Dipu Moni, Foreign Minister	At the invitation of Chinese Foreign Minister

***List is not conclusive**

Dignitaries visited from Chinese Side:*

Date	Visiting Personalities	Occasion
2009 14-15 June	Xi Jinping, Vice President and Member of the Standing Committee of the CPC Central Committee Politburo	Official visit.
2010 24-27 Jan.	Tong Zhiyan, Deputy Secretary General of Yunnan Province	Led a 20 member delegation
2010 31 Jan.-7 Feb.	Cai Jianhua, Director General, Training and Communications Centre of NPFFC	Led a 04 member delegation
2010 09-10 Feb.	Huang Xiaoxiang, Deputy Governor of Sichuan Province	To promote Bangladesh-China relations.
2010 28 Feb.-02 Mar.	Liu Jieyi, Vice Minister, Department of International Cooperation of the Communist Party of China	Led a 06 member delegation
2010 June	Xi Jinping, Vice President	At the invitation of Bangladesh Prime Minister Sheikh Hasina.
2012 20-22 October	Li Changchun, member of the Standing Committee of the Political Bureau of the Central Committee of the Communist Party of China (CPC)	At the invitation of Bangladesh Awami League
2013 March	Dr. Zhang Wei of Asia Pacific Space Cooperation Organisation (APSCO) and his delegation	To discuss potential for cooperation in space research with SPARRSO of Bangladesh.

***List is not conclusive**

ANNEX: B

Bangladesh-China Trade Statistics (2003-2013)

Figures in Million Tk (in Million US\$)

Year	Export	Import	Total Trade	Trade Ratio
2002-03	1129.15 (19.50)	45211.00 (779.50)	46340.15 (799)	1:41.79
2003-04	2692.05 (45.65)	66762.83 (1132.72)	69454.88 (1178.37)	1:24.81
2004-05	3448.85 (56.07)	101092.00 (1643.77)	104540.85 (1699.84)	1:28.58
2005-06	4324.96 (64.35)	139458.90 (2078.99)	143783.86 (2143.34)	1:32.31
2006-07	6420.35 (92.97)	177587.9 (2572.62)	184008.25 (2665.59)	1:27.67
2007-08	7336.49 (106.95)	215178 (3136.70)	222514.49 (3243.65)	1: 29.33
2008-09	6677.73 (97.06)	237461 (3451.47)	244138.73 (3548.53)	1: 35.56
2009-10	12357.9 (178.63)	264217.9 (3819.28)	276575.8 (3997.91)	1:21.38
2010-11	22750.06 (319.66)	420796 (5912.55)	443546.06 (6232.21)	1: 18.49
2011-12	31793.45 (401.94)	508867 (6433.21)	540660.45 (6835.15)	1:16
2012-13	36612.95 (458.12)	505460 (6324)	542072.95 (6782.12)	1:13.8

Source: Dhaka Chamber of Commerce and Industries (DCCI), "Bangladesh and China Bilateral Trade Statistics", available at <http://www.dcci.org.bd/Bilateral/China-Bangladesh%20Bilateral%20Trade%20Statistics.pdf>, accessed on 17 October 2013.