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REFLECTION OF ECONOMIC DIPLOMACY IN BANGLADESH FOREIGN POLICY: AN ASSESSMENT

Abstract

Economic diplomacy and foreign policy are interlinked concepts. While assessing the reflection of economic diplomacy in Bangladesh's foreign policy, this paper, looking at existing literatures and analysing interview transcripts, finds that economic diplomacy of Bangladesh has scope to be adequately reflected in Bangladesh's foreign policy. Besides negotiating quality aid, increasing foreign trade, manpower export and inflow of foreign direct investment, promoting infrastructure diplomacy, strengthening energy diplomacy, capitalising maritime diplomacy and practising effective climate diplomacy will be significant for Bangladesh's future foreign policy directions. These will help address Bangladesh's LDC graduation and achieve its vision 2041 goals.

Keywords: Economic Diplomacy, Foreign Policy, LDC Graduation, Vision 2041

1. Introduction

Foreign policy and diplomacy are inherently interlinked. Foreign policy refers to the actions and decisions made by a country, whereas diplomacy refers to the methods and strategies employed by a government to carry out its foreign policy goals. Economic diplomacy, on the other hand, focuses on a country's international economic interactions with other governments to accomplish its foreign policy

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objectives.¹ Taking geopolitics and economic aspects into considerations vital objectives of Bangladesh's foreign policy are maintaining friendly bilateral relations with all countries of the world, securing national interests at multiple platforms, and expanding markets of goods and services in diverse destinations. Among others, it primarily prioritises few issues including: (a) increasing regional and sub-regional cooperation and multimodal connectivity to boost global trade; (b) active participations at different international organisations on global contemporary issues like climate change, international migration, and in achieving SDGs; and (c) making efforts to create overseas employment opportunities in different countries of the world, besides middle east and other traditional labour markets.

Several theories of economic diplomacy describe how states conduct their policies. Notable among these is the 'Commercial Diplomacy' framework proposed by P J Katzenstein, which emphasises the interplay between economic and political factors in shaping diplomatic strategies.² Additionally, the 'State-Directed Capitalism' theory articulated by Peter Gourevitch underscores the role of the state in leveraging economic resources for diplomatic influence.³ These theories and related literature describe several analytical tools of a varied range. These tools involving the likes of trade negotiations, market access strategies, economic intelligence, industrial policies, State-Owned Enterprises (SOEs), and trade regulations, among others, taken from the literature on International Relations theories and discussions of international political economy (IPE), can be used to identify key factors shaping economic diplomacy. These key factors encompass three systemic factors, two domestic factors, and an ideational factor. The systemic factors within the international system play a significant role in shaping economic diplomacy.⁴ First, relative economic power is crucial, as it often determines negotiation outcomes, although its impact depends on the context in which it is exercised. International organisations and regimes form the second systemic factor, facilitating cooperative solutions to economic problems. Third, global markets, unlike other diplomatic forms, are integral to economic diplomacy. In contrast, the two domestic factors delve into the complex structure of individual states. Interests and bargaining highlight how the differing interests of societal groups influence a nation's stance on economic issues. Governments act

¹ School of International and Public Affairs, *Exploring Public and Economic Diplomacy* (New York: Columbia University, 2012); "Exploring the Current Competitive Landscape in Public Diplomacy," School of International and Public Affairs, Columbia University, last modified 2012, <https://www.sipa.columbia.edu/exploring-current-competitive-landscape-public-diplomacy>; Christopher Hill, *The Changing Politics of Foreign Policy*, (New York: Palgrave Macmillan, 2003):1; James Rosenau, *The Scientific Study of Foreign Policy*, (New York: The Free Press, 1971): 67.

² Peter J Katzenstein, "International Relations and Domestic Structures: Foreign Economic Policies of Advanced Industrial States," *International Organization* 30, no. 1 (1976): 1-45.

³ Peter Gourevitch, "The Second Image Reversed: the International Sources of Domestic Politics," *International Organization* 32, no. 4 (1978): 881-912.

⁴ Katzenstein, "International Relations and Domestic Structures;" Gourevitch, "The Second Image Reversed."

as agents representing these interests internationally. Institutions and the two-level game emphasise that governments must navigate internal pressures and reconcile conflicting interests, with Bob Putnam's two-level game metaphor offering insight into this interaction.⁵ While systemic and domestic factors are vital, they alone cannot explain diplomatic outcomes. Ideational factors are also crucial. Ideas and persuasion recognise that negotiators have their convictions based on various worldviews. Negotiation involves both persuasion and bargaining, and this process is illuminated by constructivist theories.⁶

Bangladesh's understanding of economic diplomacy is not very new rather economic diplomacy has been practised immediately after independence. Bangladesh's foreign policy has evolved significantly for more than five decades since 1971. During the period, particularly until a decade ago, economic diplomacy evolved with redirecting focus from aid to trade, diversifying destination for exports of goods and services (i.e., manpower exports) and showcasing Bangladesh as a destination for Foreign Direct Investment (FDI). Considering the geopolitical and geo-strategic landscape, with a view to mobilising resources from external sources for easing the transformation of Bangladesh, from middle-income country⁷ to a developed one, the foreign policy of the country has been and will continue to be comprehensive, where economic diplomacy has been blended with multi-modal and multi-sectoral connectivity (e.g., energy, maritime, etc.) and emerging areas of diplomacy (e.g., climate diplomacy, digital diplomacy to foster transfer of technology).

The existing literature highlights the ongoing efforts in Bangladesh to promote foreign trade, export labour, and attract foreign direct investment, acknowledging their significance in shaping the country's economic landscape. However, a discernible gap persists in understanding the extent to which economic diplomacy is explicitly reflected in Bangladesh's foreign policy. This study addresses this gap by aiming to elaborate upon the manifestation of economic diplomacy within the broader framework of Bangladesh's foreign policy. The motivation behind undertaking this research lies in the need to comprehensively assess the role of economic diplomacy in the country's strategic initiatives, recognising its potential impact beyond conventional approaches. The selection of the research questions

⁵ Maaïke Okano-Heijmans, "Conceptualizing Economic Diplomacy: The Crossroads of International Relations, Economics, IPE and Diplomatic Studies," *The Hague Journal of Diplomacy* 6, no. 1-2 (2011): 7-36, https://brill.com/view/journals/hjd/6/1-2/article-p7_2.xml.

⁶ Jan Melissen, Maaïke Okano-Heijmans, and Peter A.G. van Bergeijk, "Economic Diplomacy: The Issues," *The Hague Journal of Diplomacy* 6, no. 1-2 (2011): 1-6, https://brill.com/view/journals/hjd/6/1-2/article-p1_1.xml.

⁷ Mahfuz Kabir, Mohammad Jasim Uddin and Md Rafid Abrar Miah, "Economic Diplomacy of Bangladesh: From Basket Case to Middle Income Country," *Journal of Bangladesh and Global Affairs* 1, no. 1 (2022): 59-76.

stems from the need to provide insights into the nuanced intersections of economic and diplomatic strategies are:

(i) What are the reflection of Bangladesh's economic diplomacy (ED) in its foreign policy?

(ii) What are the issues beyond the traditional dimensions that should be prioritised in Bangladesh's foreign policy?

By articulating these research questions, this study endeavours to contribute to the existing literature by addressing a critical gap in understanding the specific developments of economic diplomacy in shaping Bangladesh's foreign policy landscape.

The paper looks at existing literatures and key informant interviews (KIIs) taken to answer the questions. Qualitative data used in this study typically originates from a range of sources, including academic research, government documents, newspaper op-eds and articles, records from various organisations, etc. It uses semi-structured interviews, topic guides, and purposeful selection of respondents. Interviewees with competence in Bangladesh Foreign Policy (BFP) and international economic interactions are well-known on the world stage. The data published on or before June 30, 2023, are used in this paper.

The structure of the paper is as follows. Section one is the 'Introduction', followed by a 'conceptualisation' part that is added in section two. In section three, 'reflection of economic diplomacy in Bangladesh's foreign policy' is discussed while section four deals with 'an assessment of the reflection'. In section five, 'future priority issues of BFP and its ED, issues on LDC graduation and vision 2041' are discussed in detail. Section six identifies the instruments of economic diplomacy for achieving the future priorities of Bangladesh foreign policy followed by a conclusion.

2. Foreign Policy and Economic Diplomacy: The Interlinked Concepts in Bangladesh's Context

Foreign policy and diplomacy are interconnected in terms of their conceptual structure. A country's actions can be categorised in two ways: the former is its manner of acting, and the latter is the specific actions it takes.⁸ The idea of foreign policy is as old as the idea of states interacting with one another. As sovereign actors, states must interact with one another for foreign policy to be formed⁹ and the way

⁸ Donna Lee and David Hudson, "The Old and New Significance of Political Economy in Diplomacy," *Review of International Studies*, 30, no. 3 (2004): 343-360.

⁹ Sadia Mushtaq and Ishtiaq Ahmed Choudhury, "Conceptualization of Foreign Policy: An Analytical Analysis," *Berkley Journal of Social Science* 3, (Spring 2013).

of communication is what we label as diplomacy. Diplomacy has several forms and economic diplomacy is one of the major forms of it. A state uses economic diplomacy to guide its foreign policy decisions in order to advance its trade (in products and services), FDI, and ODA—in particular—interests.¹⁰ Given that its frontiers are expanding, conceptualising economic diplomacy is not an easy task. A nation's economic diplomacy depends heavily on the roles of the actors, the nations with whom the actors are to negotiate, the issues at different levels, and the tools the actors use to facilitate the issues in their favour.¹¹ Despite the fact that non-state entities are powerful today, states remain the core of economic diplomacy. As a result, it refers to interactions between trade and the economy at several levels and is more than a strategy or a model.¹² It values establishing connections with international trade and business groups, as well as regional and multilateral organisations, to advance the external economic affairs of the home country. International cooperation, communication, and negotiation make it easier to reconcile domestic economic concerns with foreign policy goals.

Given the connection between economic diplomacy and foreign policy, it is important to frame how the former affects the latter. According to a body of literature,¹³ factors such as the growth of global trade, the degree of global integration, the number of preferential free-trade agreements (FTAs) and bilateral investment treaties (BITs) signed, trade fairs and exhibitions, investment promotion road shows already planned, among other arrangements, may indicate whether or not a state's economic diplomacy has had an impact on its foreign policy. Another body of research demonstrates how the degree to which a country's economic diplomacy has been reflected in its foreign policy can be determined by looking at informal and formal agreements, negotiations, regulations, cooperation, and interaction; level of influence on decision-making on regional and global economic affairs; and host country's commercial and economic approaches in line with home country's international economic interests. Combining these, this study offers a framework that explains how a state's economic diplomacy can be represented in its foreign policy through various agreements and acts.¹⁴

¹⁰ Kishan S. Rana, "Economic Diplomacy: What Might Best Serve A Developing Country," *International Journal of Diplomacy and Economy* X, no. Y (2013): 232-47; A K Abdul Momen, "Economic Diplomacy: A Conduit for Bangladesh's Vision 2041," *The Financial Express*, June 18, 2022, <https://thefinancialexpress.com.bd/views/economic-diplomacy-a-conduit-for-bangladeshs-vision-2041-1655474039>.

¹¹ Mohammad Jasim Uddin, "Conceptualizing Economic Diplomacy," *BIISS Journal* 36, no. 2 (2015): 133-150.

¹² Ministry of Foreign Affairs (MoFA), *Diplomatic Initiatives and Activities of the MoFA in 2009* (Dhaka: MoFA, 2009).

¹³ Uddin, "Conceptualizing Economic Diplomacy"; Melissen, Okano-Heijmans, and Bergeijk, "Economic Diplomacy"; Rana, "Economic Diplomacy"; Kabir, Uddin and Miah, "Economic Diplomacy of Bangladesh"; Melissen, Okano-Heijmans, and Bergeijk, "Economic Diplomacy"; Okano-Heijmans, "Conceptualizing Economic Diplomacy"; Gourevitch, "The Second Image Reversed."

¹⁴ Mushtaq and Choudhury, "Conceptualization of Foreign Policy"; Kabir, Uddin and Miah, "Economic Diplomacy of Bangladesh."

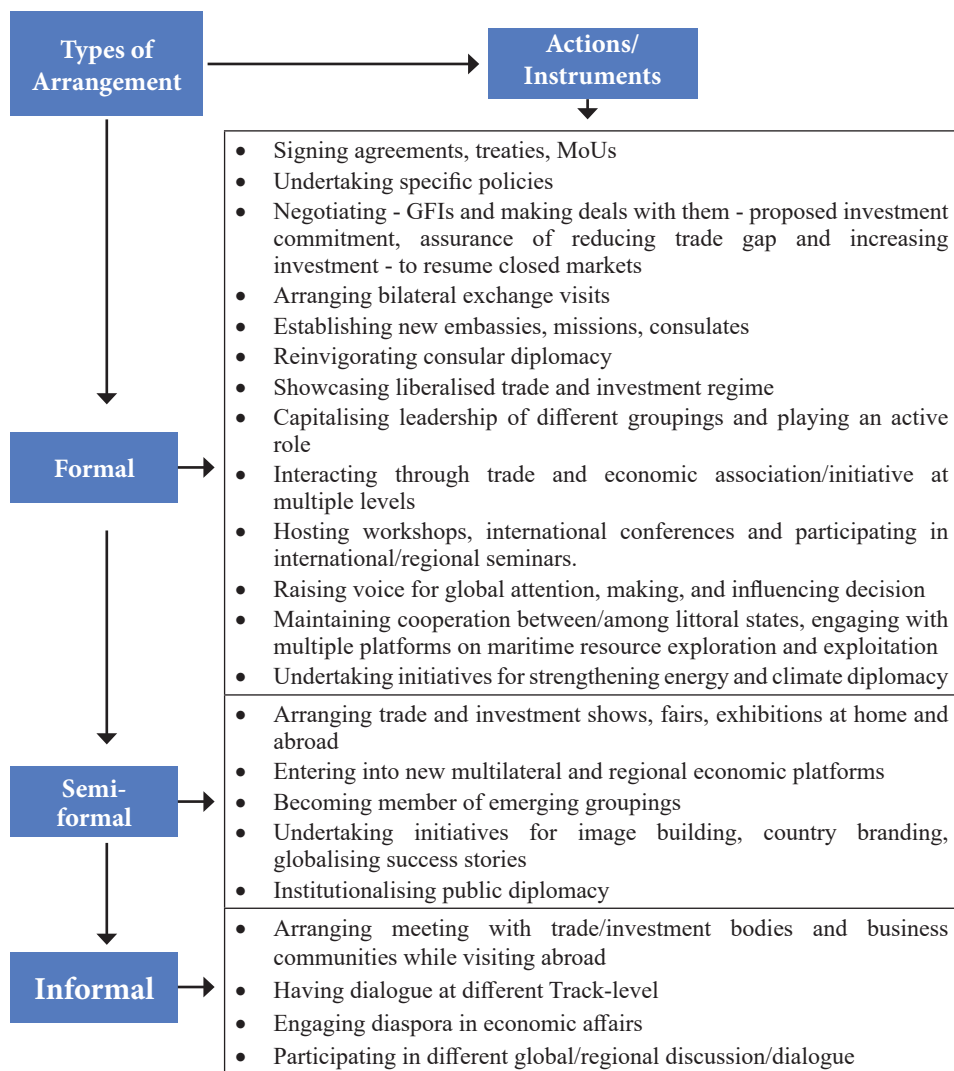
In the notion of formal arrangements, signing agreements, treaties and Memorandum of Understanding (MoU), e.g., making comprehensive economic partnership agreement, bilateral agreement on energy and maritime cooperation, BITs, Preferential Trade Agreements (PTAs), FTAs, treaties on avoiding double taxation, MoUs on economic and technical cooperation are significant actions. Therefore, interacting through trade and economic association/initiative at regional level like South Asian Free Trade Area (SAFTA), Asia-Pacific Trade Agreement (APTA), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation Free Trade Area (BIMSTEC-FTA), Bangladesh, China, India and Myanmar Economic Corridor (BCIM-EC), Bangladesh, Bhutan, India and Nepal Motor Vehicle Agreement (BBIN-MVA), Developing-8 (D-8), and Group of Eight (G-8); interacting through trade and economic association/initiative at multilateral level like WTO, UNCTAD, ECOSOC, ESCAP, UNFCCC, IMF, WB, IDB, and ADB; raising voice for global attention; making and influencing decision; and pursuing summit diplomacy are indispensable.¹⁵ Undertaking specific outlook, policies or strategies, e.g., Bangladesh's Indo-Pacific Outlook (IPO) in regard to the US's Indo-Pacific Strategy (IPS), India's Look East Policy, Bangladesh's Look Africa Policy or looking at Latin America are vital actions. In that regard, economic salesmanship, dispatching fact-finding mission to realise a cost benefit analysis on the policy undertaken, establishing new embassies and missions, and reinvigorating consular diplomacy have been vital.

Negotiating to resume closed markets for both goods and services, to include issues of overseas migration in global documents, negotiating proposed investment commitment of a country or its assurance of reducing trade gap and increasing investment, negotiating with Global Financial Institutions (GFIs) and Development Partners (DPs) on terms and conditionalities or loan wavering and making deals with them for quality loans or Line of Credits (LoCs), i.e., practicing effective aid diplomacy for external resource mobilisation are termed as critical actions of economic diplomacy.

For a lucid understanding of the interlink between economic diplomacy and foreign policy, a framework is developed by the authors which discusses actions or instruments based on the nature of arrangements. In this framework, three types of arrangements are mentioned i.e., (a) formal, (b) semi-formal, and (c) informal.

¹⁵ M. Morshed Khan, "Foreign Policy Dimension: Issues, Options and Directions," in *Bangladesh in the New Millennium*, ed. Abul Kalam (Dhaka: The University Press Limited, 2004), 59.

Figure 1: Framework on Type of Arrangement with Actions and/or Instruments



Source: Authors' compilation.¹⁶

¹⁶ The *formal arrangements* are part of track 1 diplomacy, which refers to official, government-to-government negotiations and interactions. It encompasses high-level diplomatic dialogues, formal treaties, and agreements conducted at the state level. The *semi-formal arrangements* are primarily applicable within the context of Track 1 and Track 1.5 diplomacy. Track 1.5 diplomacy represents a hybrid approach that includes both official government representatives (Track 1) and non-governmental actors, such as academics, experts, or members of think tanks (Track 2). This form of diplomacy aims to bridge the gap between purely governmental interactions and informal, non-state engagements, often providing a more holistic perspective on diplomatic issues. The *informal arrangements* involve track 1.5 and track 2 diplomacies. Track 2 diplomacy pertains to informal, non-governmental diplomatic efforts. It involves interactions among private individuals, experts, civil society organisations, and other non-state actors who engage in dialogue and negotiations on diplomatic issues.

Crucial measure involves organising workshops and international conferences, as well as actively engaging in international and regional seminars, to present a country's liberalised trade and investment policies to a worldwide audience. Occasionally, the effort can be made easier by making use of leadership positions including becoming a chair, coordinator, vice-president, or president of various groups like Least Developed Countries (LDCs), Vulnerable Twenty (V20), Climate Vulnerable Forum (CVF) etc. and actively participating in those roles. Nevertheless, the most impactful measure still involves organising reciprocal visits between high-ranking officials and maintaining Foreign Office Consultation (FOC) meetings with nations that are given priority in bilateral economic matters. These efforts aim to encourage states to invest in and enhance their commercial relations.

Similarly, formal arrangements include practicing blue diplomacy by maintaining cooperation between or among littoral states, engaging with multiple platforms (e.g., Indian Ocean Naval Symposium (IONS), Indian Ocean Rim Association (IORA)) and bilateral initiative (e.g., Bay of Bengal Industrial Growth Belt (BIG-B)) on maritime resource exploration and exploitation. Undertaking bilateral (e.g., with Russia, China, India, Japan, Qatar, Brunei) agreements on energy, implementing sub-regional transport connectivity (BBIN-MVA) and energy initiatives, negotiating any large-scale fuel supply agreements with OPEC countries (the oil-producing countries in the Middle East), diversifying sources of primary energy, integrating global energy policy are some of the significant actions that to be ensured through energy diplomacy.¹⁷ Climate diplomacy, which frames climate change as an external action policy topic and emphasises the need to integrate climate objectives and addresses climate-related risks at the highest diplomatic level and across all policy areas, is one of the most significant actions amalgamated with economic diplomacy today.

From a semi-formal perspective, organising trade and investment shows (road shows), fairs, and exhibitions, and participating in similar events both domestically and internationally, are important practices in economic diplomacy. These activities help identify specific areas of interest in different countries, where they can be attracted to trade and invest in. A complete survey is necessary to determine the products that could be traded and the kind of outward investments they are considering. Entering into new multilateral and regional pacts and taking steps to be a member of emerging groupings, that are economic in nature, is a vital indication of economic diplomacy.

¹⁷ Energy diplomacy refers to the practices and norms by which political institutions and large companies at different platforms cooperate to promote energy trade.

Being a part of the BRICS¹⁸ (Brazil, Russia, India, China, and South Africa) group or the Regional Comprehensive Economic Partnership (RCEP) can be advantageous. A nation must prove the widespread acceptance of its concept, the authenticity of its product, the expansion of its resource-capability-opportunity horizon, and its readiness to become a more significant global participant. All of these actions are necessary for enhancing the image of a country, establishing its brand, and promoting its success stories on a global scale. Indeed, in order to enhance economic promotion, a country needs to establish public diplomacy as an institutionalised practice, which has now become an integral component of economic diplomacy.

Informal arrangements involving meetings between trade and investment bodies, business communities, and important state representatives during visits abroad, as well as organising similar events when an important state representative visits a specific country, are crucial components of economic diplomacy. In addition, having dialogue at different track levels, whether it is track-1 (G-2-G), or 1.5 (a blend of government and autonomous or independent government think tank), or 2 (among civil societies who are economic in nature – B2B) is equally significant. Assigning diaspora in specific and prospective destinations with the task of expanding trade, increasing FDI inflow,¹⁹ and at the same time, liberalising FDI regime, making favourable inducements and pre-investment information available for diaspora, easing diaspora-investment-oriented terms and conditions, offering special and differential treatments (S&D treatments) for them are important steps of economic diplomacy. Besides, active participation in different global and regional discussion and dialogue, e.g., in the World Economic Forum (WEF) and Qatar Economic Forum (QEF), by highlighting a country’s prospective economic sectors, and meeting with the Multinational Corporations (MNCs) are significant steps of economic diplomacy.

The conceptual understanding discussed so far are extended in the following sections from a more practical perspective which discusses how economic diplomacy has been reflected in Bangladesh’s foreign policy involving the appropriate tools.

¹⁸ “The BRICs: The Trillion-Dollar Club,” *The Economist*, April 15, 2010; “Why is South Africa Included in the BRICS?,” *The Economist*, March 29, 2013.

¹⁹ Mingming Pan, “Three Essays on FDI in China,” Dissertation Presented to the Faculty of the Graduate College at the University of Nebraska, in Partial Fulfilment of Requirement for the Degree of Doctor of Philosophy, accessed June 27, 2023, <chrome-extension://efaidnbmninnibpcapjpeglclefindmkaj/https://digital-commons.unl.edu/cgi/viewcontent.cgi?article=1023&context=businessdiss>.

3. Economic Diplomacy in Bangladesh Foreign Policy

Bangladesh's foreign policy has evolved significantly since 1971. In its first ten years, foreign policy was centred on establishing relationships with international organisations in order to obtain foreign aid, as well as with the wealthy Arab nations and then-politico-economic superpowers. Multilateralism as well as regional collaboration were encouraged. Despite the modest beginnings of commodities and services exports, foreign policy throughout this decade needed pursuing recognition diplomacy and was guided by the reality of the nation's economic survival, hence the involvement in aid diplomacy. During the Bangabandhu era, Bangladesh's economic diplomacy mostly concentrated on aid, trade, and infrastructure collaboration.²⁰ In the 1980s, Bangladesh's foreign policy was driven by the country's need for development and focused on strengthening its economic ties with the West, the East, and the Middle East in order to increase its trade and export of labour as well as secure enough foreign aid.²¹ The decade, with the enthusiasm for regionalism within South Asia, was an effort to solidify Bangladesh's foreign policy endeavours that began in the 1970s.

Bangladesh's foreign policy throughout the 1990s started experiencing two shifts: practicing network diplomacy along with club diplomacy and moving towards practicing economic diplomacy alongside conventional diplomacy.²² Kochanek²³ stated that "The then government has been very active on the foreign policy front in attempting to improve its bilateral relations in the region, advancing its economic diplomacy, and promoting new forms of multilateral relations." Economic diplomacy became the key foreign policy tool and diplomatic strategy under the period, 1996-2001.²⁴ The Ministry of Foreign Affairs (MoFA) and others concerned were directed to prioritise economic diplomacy in Bangladesh's foreign policy formulations and executions.²⁵ Economic diplomacy was centred on trade and economic promotion. In that, economic priorities were crucial to Bangladesh's foreign policy. GoB focused on capitalising on several politico-economic techniques to reach the priorities e.g., joining the WTO to gain benefits from liberal trading arrangements; undertaking

²⁰ Delwar Hossain and Md. Shariful Islam, "The Five Decades of Making, Unmaking, and Remaking of Bangladesh Foreign Policy," *Journal of Bangladesh and Global Affairs* 1, no. 1, (2022).

²¹ Nagendra Kr Singh, *Bangladesh: Diplomacy and Foreign Policy* (New Delhi: Ammol Publications Pvt. Ltd., 2003).

²² Wali ur Rahman, "Normative Trends, Values, and Bangladesh Foreign Policy: A Framework," *Journal of International Affairs* 12, no. 1&2 (2008): 49-56.

²³ Stanley A. Kochanek, "Bangladesh in 1996: The 25th Year of Independence," *Asian Survey* 37, no. 2 (1997): 136-42.

²⁴ Harun ur Rashid, "An Overview of Bangladesh Foreign Policy during the Last 40 Years," *Dhaka Courier* (March 25, 2011): 13.

²⁵ Mohammad Jasim Uddin, "Economic Diplomacy and Foreign Policy," *The Daily Star*, February 28, 2013.

comprehensive trade reform strategy; reforming policies, arranging seminars, Track-I level discussion and circulating policy-briefings to attract FDI inflow.²⁶ In effect, Bangladesh's trade integration increased globally and FDI inflow accelerated.

In the twenty-first century, economic diplomacy—which was connected to foreign policy in the late 1990s—was centred on Southeast and East Asia²⁷ with a “Look East” policy. With a view to deepening economic relations with the Association of Southeast Asian Nations (ASEAN) members, regional economic partnership guided Bangladesh to take the policy. Some vital steps in this decade were promoting regionalism, growing Bangladesh-India relations, developing sub-regional and regional connectivity, complying with the Asian Highway agreement, addressing summit, climate, consular and aid diplomacy; and arranging trade shows and road shows for FDI. Throughout the fourth decade of foreign policy, Bangladesh focused on signing MoUs and agreements on bilateral trade, accessing potential markets and boosting exports,²⁸ engaging with several trading blocs, increasing overseas job opportunities, investment promotion and protection, avoidance of double taxation, mobilising FDI inflow and ODA suited for development requirements, and practicing regional, multiparty and public diplomacy.

Foreign policy was expanded to include Latin America as well as Africa with a ‘Look Africa’ policy in the early stages of the fifth decade (2011–2020). Engaging with Latin American states, sending a ‘fact-finding mission’ to the region, and reopening the foreign mission in Brazil were all significant steps in that direction. A specific MoFA wing dedicated to Africa was also established, a ‘fact-finding mission’ was sent there, and diplomatic relations with the continent (South Africa, Egypt, Kenya, etc.) were strengthened. The two policies were focused on ‘trade creation’ and ‘trade diversification’ as well as ‘investment creation’ and ‘investment diversification,’ albeit a detailed Cost-Benefit Analysis (CBA) must still be completed before moving on with new foreign policy initiatives.

Major aspects in the decade were becoming a partner of BBIN-MVA and BCIM-EC,²⁹ associating with PTA of Indian Ocean Rim Association for Regional

²⁶ Akmal Hussain, “Bangladesh’s New Foreign Policy Direction in Southeast and East Asia: Perspective and Goals,” *Journal of International Development and Cooperation* 12, no. 1 (2005): 1-14.

²⁷ M N Shikha, “Economic Diplomacy Between Bangladesh and East Asia,” *The Daily Star*, May 19, 2012.

²⁸ Amitendu Palit, “Bangladesh’s Future Export Challenges and the Need for a FTA Strategy,” in *Bangladesh at 50: Development and Challenges*, eds. S. Narayan and Sreeradha Datta (Orient Blackswan Pvt. Ltd., Hyderabad, India, 2020), 36-56.

²⁹ For establishing physical connectivity, increasing sub-regional cooperation and enhancing economic development.

Cooperation (IORARC), becoming a founding member of Asian Infrastructure Investment Bank (AIIB) and joining New Development Bank (NDB), signing ‘Partnership Agreement’ and Trade and Investment Cooperation Forum Agreement (TICFA) with the US, signing of PTA with Bhutan, opening up of sending workers legally from Bangladesh to Italy, participating in different trade shows held in European countries to increase exports – particularly RMG;³⁰ increasing association with states of Commonwealth of Independent States (CIS), ex-Soviet Union, signing six MoUs and three agreements with Russia,³¹ working on easing/flexibility on Trade-Related Aspects of Intellectual Property Rights agreement (TRIPS) oriented conditionalities by playing an active role in WTO and the United Nations Conference on Trade and Development (UNCTAD). Others include: participating actively in WEF, having opportunity of changing Iqama (provided by the Kingdom of Saudi Arabia) for the Bangladeshis, maritime dispute settlement with Myanmar and India,³² launching a view on direction of economic cooperation to be pursued under BIG-B made by Japan, undertaking initiatives and signing economic agreements and MoUs for increasing trade,³³ business and investment relations with India and others in South and Southeast Asia, signing of Framework Agreement on Cooperation and Development with India, having LoC of US\$ 8 billion from India, having several mega commitments from China³⁴ for Bangladesh’s developmental needs and establishing strategic partnership with China, eyeing increased trade and investment, intensive connectivity, and energy cooperation to be an effective bridge between the two regions – BBIN (South) and BCIM-EC (Southeast), etc.

With a mission – to pursue a ‘competitive foreign policy’, and a strategic objective – ‘increasing global partnership of Bangladesh and its active and successful participation in multiple platforms in different global issues, e.g., climate change and migration, including SDGs – Agenda 2030, in ongoing international mechanism’, foreign policy of 2011-2020 continued practicing public diplomacy, summit and multilateral diplomacy.³⁵ Eyeing to intensify economic promotion, the programme

³⁰ Selim Raihan, “The Challenges of the Readymade Garment (RMG) Industry in Bangladesh,” in *Bangladesh at 50: Development and Challenges*, eds. S. Narayan and Sreeradha Datta (Orient Blackswan Pvt. Ltd., Hyderabad, India, 2020), 57-77.

³¹ Noticeable agreement was the loan to the preparatory work of Rooppur Nuclear Power Plant.

³² With a view to increasing offshore capability in exploring gas and oil from the BoB and economic opportunities from the sea.

³³ With DFQF access for Bangladeshi goods in Indian market (except SAFTA negative list and 25 items), Bangladesh’s goods exports in the Indian market have increased.

³⁴ Xi’s visit to Bangladesh in 2016 resulted in signing of 27 agreements and MoUs, involving an amount of over US\$ 25 billion, waving off US\$ 24 billion worth of loans for Bangladesh; Sheikh Hasina’s visit to China in 2019 resulted in further agreements covering infrastructure, energy, trade and defence.

³⁵ The information is collected from different Annual Performance Agreement of MoFA, Bangladesh.

‘Visit Bangladesh’ rationalises the growing image and branding of Bangladesh abroad. Being the chair of CVF two times, and president of V20 and Global Forum on Migration and Development (GFMD) was notable as it increased global awareness so that economic, technical and technological assistance to fight against climate vulnerability and issues of migration are legally framed. In 2016, the United Nations General Assembly (UNGA) adopted the New York Declaration for Refugees and Migrants, which included Bangladesh’s proposal to work toward the adoption of a global compact on refugees and a global compact for safe, orderly, and regular migration. This helped bring attention to the issue and encourage developed countries to fulfil their commitments to allocate funds and make them easily accessible to address Loss and Damage (L&D) while pursuing adaptation and mitigation measures.

The decade observed major focus on maritime, water and energy diplomacy. In that, significant aspects were signing MoU with India (on blue economy) and China (on cooperation for developing maritime sector),³⁶ organising international workshop on the blue economy and participating in different global arrangements on maritime economy in order to increasing educational, technical and technological capability and for increasing capability in resource exploration and exploitation from the Bay of Bengal (BoB). On the other hand, Bangladesh actively participated in different water-related global initiatives and activities. Budapest Water Summit, Special Meeting of High-Level Panels on Water in the 71st session of UNGA, and taking the Chairmanship of Delta Coalition from the Netherlands, were some of the examples, through which, Bangladesh advanced its water diplomacy.³⁷ Again, cooperation among Bangladesh, India, Nepal and Bhutan (through BBIN, for making possibility of inter-regional cooperation into reality) for trading power and energy, beginning of electricity trade between Bangladesh and India were remarkable steps for energy cooperation. The issues of energy diplomacy and geopolitics of energy thus started to get immense priority in the decade.³⁸

It is to be noted that in 2018, Bangladesh was awarded the status of a developing country and was recognised by the UN. It has been a result of steady macroeconomic stability and the strengthening of Bangladesh’s economic diplomacy. However, existing markets for manpower export were sometimes squeezed, whereas new destinations were not available much. The pace of goods’ exports and inward FDI increased, though considered as not substantial. Also crucial was huge gap

³⁶ Interview with Dr. Delwar Hossain, Professor, Department of International Relations, University of Dhaka, 2023.

³⁷ The information is collected from different Annual Performance Agreement of MoFA, Bangladesh.

³⁸ The exploration, control, distribution, and utilisation of energy resources often dictate power relations between nations, shaping the course of international politics as well as impacting global economics.

between ODA commitment and its disbursement. It was a result of club diplomacy still existing and due to inadequate inter-ministerial coordination in practicing ED.

The golden anniversary of Bangladesh's independence was commemorated in 2021. By 2041, the nation expects to have graduated from the LDC status and will be a developed nation. The opportunities that will no longer be accessible (ISMs, notably aid for trade, loss of privileged market access, S&D treatment, concession loans) as a result of LDC graduation should be supported by new initiatives, including changes in foreign policy.³⁹ Bangladesh is eager to pursue an effective and coordinated foreign policy in order to strengthen economic, trade, and political-diplomatic ties on a bilateral, regional, and global scale. In that respect, important strategic objectives have already been set, strengthening economic diplomacy for increasing foreign trade,⁴⁰ developing blue economy, practicing comprehensive public diplomacy and continuing strong external activities to represent Bangladesh's image abroad. Consequently, some functions have also been identified: participating in increasing numbers of economic cooperation oriented different global forums/arrangements (e.g., Bangladesh recently joined G20 with new G20 plus 8 arrangement), signing FTAs with different countries (PM has wished for signing BFTAs with 11 countries) for increasing export of goods,⁴¹ expanding labour market (for increasing overseas employment with skilled basket), diversifying the energy mix and pursuing active energy diplomacy. Since the Russia-Ukraine war, energy as a lifeline of development has gained new attention in Bangladesh's foreign policy and so new initiatives have been taken: signing India-Bangladesh friendship pipeline within the BBIN framework, signing MoU with Brunei to import energy, having a high-level bilateral meeting between Qatar and Bangladesh on energy cooperation, etc.

Assembling diplomatic briefings, publishing, and carrying out various promotional (publicity, advertising - for instance, the new monthly newsletter 'Bangladesh Rising'⁴² aims to promote success stories of Bangladesh on the global stage) activities to uphold Bangladesh's image at a global level are additional important tasks.⁴³ The MoFA is currently reiterating its emphasis on public diplomacy

³⁹ Momen, "Economic Diplomacy."

⁴⁰ Already Bangladesh has reached exports of more than US\$ 50 billion; Vision 2041 has target of increasing the volume of trade manifold.

⁴¹ Selected Speeches of Prime Minister, 2009-2018, *Ministry of Foreign Affairs (MoFA)*, Bangladesh.

⁴² Ministry of Foreign Affairs, *Bangladesh Rising* (Dhaka: MoFA, 2022), <https://mofa.gov.bd/site/page/8b099a6e-24ff-40da-a6c1-5068d7b14834/Bangladesh-Rising>.

⁴³ Ministry of Foreign Affairs, *Foreign Office Briefing* (Dhaka: MoFA, 2023), <https://mofa.portal.gov.bd/site/page/bc5359e0-442e-4c9a-90fd-cef4364db987>.

and economic diplomacy.⁴⁴ The first-ever ‘Economic Diplomacy Week’ was held in Dhaka in June 2022 to highlight Bangladesh’s enormous potential and garner attention from around the world.

As part of strengthening economic diplomacy, Bangladesh has increased diplomatic amity and strengthened diplomatic ties with different countries through the diplomatic missions, and by increasing new missions abroad and providing all kinds of support for opening up new embassies at home (e.g., the Embassy of Argentina in Bangladesh). Newer missions are being opened to seek new opportunities for business engagement in order to broaden the breadth of quality service and extend diplomatic functions.⁴⁵ The rights of migrant Bangladeshi workers have been elevated, consular services have been provided directly at the doorstep, social programs have been launched globally, and the Bangladeshi Diaspora has been connected to Bangladeshi society. With the BoB assuming greater salience and the Indian Ocean becoming a focal point for the jostling of major powers, Bangladesh’s ability to effectively use its geographical position has contributed to its foreign policy decision. Bangladesh with its geographical landscape is now being considered a strategic partner of several countries; besides India and China, recently it has earned a strategic partnership with Japan, and both countries have also signed an Economic Partnership Agreement. Sheikh Hasina’s tri-nation visit to Japan, the US and the UK is an instance of how significantly Bangladesh is pursuing economic diplomacy, as a foreign policy tool. Most importantly, it has unveiled its IPO, thereby wanting to steadily increase relations with the US. To pursue the foreign policy of “friendship to all, malice towards none”, to gain geo-economic benefits from the geo-strategic position and to keep developmental requirements available (e.g., understanding the gravity of supply chain resilience), Bangladesh has effectively accelerated economic diplomacy, resulting in greater foreign trade and investment, labour market development, and transfer of cutting-edge technology to best utilise resources, providing quality services to diaspora and others, capitalising benefits of 4IR and facilitating Bangladesh’s journey⁴⁶ (while avoiding possible MI trap) and easing the way of transformation (the journey to be sustained and infused with momentum) from the LDC to MIC and then a developed nation.

⁴⁴ Ministry of Foreign Affairs, *Annual Report (July 2021-June 2022)* (Dhaka; MoFA, 2022), <https://mofa.portal.gov.bd/site/publications/2e89d88f-011c-41d3-a4b5-983763151a64/Annual-Report-July-2021--June-2022>; Ministry of Foreign Affairs, *Annual Performance Agreement (APA) (2018-2019 to 2022-2023)* (Dhaka; MoFA, 2023).

⁴⁵ Ministry of Foreign Affairs, *Annual Report (July 2021-June 2022)*.

⁴⁶ Mustafizur Rahman, “Bangladesh: A Journey of Dual Graduation and the Attendant Challenges,” in *Bangladesh at 50: Development and Challenges*, eds. S. Narayan and Sreeradha Datta (Orient Blackswan Pvt. Ltd.: Hyderabad, India, 2020), 9-35.

3.1 *Key Drivers Shaping the Economic Diplomacy of Bangladesh*

Bangladesh's economic diplomacy is profoundly influenced by key drivers such as manpower export, ODA, trade, and FDI. Firstly, manpower export serves as a significant driver, reflecting Bangladesh's proactive approach to leveraging its abundant labour force as a strategic asset. The country engages in bilateral agreements and collaborations to facilitate the overseas employment of its citizens, particularly in Middle Eastern and Southeast Asian countries.⁴⁷ This export of manpower not only alleviates domestic unemployment but also generates substantial remittances, contributing to the nation's foreign exchange reserves. Moreover, fostering strong diplomatic ties with host countries through effective negotiations and labour agreements is crucial to ensure the welfare and protection of Bangladeshi workers abroad. This diplomatic effort not only showcases Bangladesh's commitment to its citizens but also enhances its reputation and influence in the international arena.⁴⁸

Another driver is ODA which plays a pivotal role in Bangladesh's economic diplomacy, reinforcing its development endeavours. The nation actively engages with international organizations, bilateral partners, and multilateral agencies to access financial assistance, technical expertise, and knowledge sharing. ODA is channelled towards critical sectors such as infrastructure, education, healthcare, and disaster resilience,⁴⁹ aligning with Bangladesh's sustainable development goals. Collaborations with organisations like the World Bank, Asian Development Bank, and bilateral partners such as Japan and the European Union (EU) are instrumental in funding projects that catalyse socio-economic progress. Leveraging ODA effectively, Bangladesh not only addresses its development challenges but also amplifies its voice on global platforms, advocating for its development priorities and fostering stronger ties with the international community.

Furthermore, trade forms a fundamental driver shaping Bangladesh's economic diplomacy, underpinned by the country's commitment to enhancing its global trade relations. Bangladesh actively pursues bilateral and multilateral trade agreements, aiming to expand market access for its goods and diversify its export base. Engaging in regional trade blocs, such as the South Asian Association for Regional

⁴⁷ Meherun Nesa, "Bridging Two Asias: Bangladesh's Diplomacy of Regional Cooperation and Bilateral Engagements," *Journal of Bangladesh and Global Affairs* 1, no. 1 (2022).

⁴⁸ Lailufar Yasmin and Mohammad Atique Rahman, "Linking Development and Diplomacy in the Context of Bangladesh in the 21st Century," *Mirpur Papers* 25, no. 29 (2019): 1-16.

⁴⁹ Debapriya Bhattacharya and Sarah Sabin Khan, "Rethinking Development Effectiveness: Perspectives from the Global South," *Southern Voice Occasional Paper Series* no. 59, (2020).

Cooperation (SAARC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), underscores Bangladesh's commitment to regional economic integration and cooperation. Additionally, participation in global trade negotiations and adherence to trade-related agreements, including those under the World Trade Organization (WTO), reflects the country's determination to align its trade policies with international standards. This strategic approach to trade diplomacy positions Bangladesh as a competitive player in the global trade landscape, advancing its economic interests and fostering mutually beneficial partnerships.

Following the trade, FDI stands as another crucial driver guiding Bangladesh's economic diplomacy. The nation actively seeks to attract FDI through investment-friendly policies, special economic zones, and sector-specific incentives. Strategic engagements with foreign investors and business delegations, coupled with promotional activities and roadshows, demonstrate Bangladesh's commitment to being an attractive investment destination. Collaborations with key investment partners, including countries in Southeast Asia, Europe, and North America, facilitate the flow of foreign capital into critical sectors such as manufacturing, information technology, and infrastructure development. Attracting FDI not only accelerates economic growth and technological advancements but also fosters stronger diplomatic ties with investor nations, enhancing Bangladesh's standing on the global stage. Overall, these four key drivers of manpower export, ODA, trade, and FDI collectively shape Bangladesh's economic diplomacy, strategically positioning the nation for sustained economic development and prosperity.

4. Assessing Reflection of Economic Diplomacy in Bangladesh Foreign Policy

As has often been pointed out, Bangladesh has pursued "foreign relations, not foreign policies."⁵⁰ Even sometimes, it seems that "There was limited scope and space to plan and formulate ideas to enhance its foreign relations."⁵¹ The statements, however, are contested. The foreign policy of Bangladesh has attempted over the years to shift its emphasis from aid to trade, although the world markets for exports (including of labour) have not yet been broadened. On the other hand, promoting Bangladesh as a location for FDI while projecting a positive picture of the nation is far from adequate. Likewise, discussions over the usefulness of aid and how it is

⁵⁰ Sreeradha Datta, "Bangladesh's Foreign Policy: Acquiring New Relevance," in *Bangladesh at 50: Development and Challenges*, eds. S. Narayan and Sreeradha Datta (Orient Blackswan Pvt. Ltd., Hyderabad, India, 2020), 242-63.

⁵¹ Datta, "Bangladesh's Foreign Policy: Acquiring New Relevance."

distributed and capitalised continue. Critics claim that the roles of decision-makers in domestic and international policy and those who engage in economic diplomacy are not adequately integrated. Bangladesh's foreign policy - which has been and will continue to be comprehensive in nature - and economic diplomacy - which has been blended with emerging diplomacy such as energy, climate, maritime and water diplomacy - are yet to be substantially realised by Bangladesh's embassies, consulates or diaspora.⁵² Inadequate coordination among the actors and understanding of future trends of global economic governance would be major concerns for Bangladesh's economic diplomacy, and its foreign policy.

On the other hand, some contend that Bangladesh has been engaging in economic diplomacy and that, since gaining independence, economic diplomacy has been somewhat visible in the country's foreign policy. To bolster their arguments, they refer to the following: Bangladesh's growing share of global trade, the degree of global integration, the number of BITs and preferential FTAs signed, trade shows and exhibits, the already scheduled roadshows for investment promotion, etc. They assert that Bangladesh's foreign policy must prioritise its external economic promotion in order to take advantage of the multilateral regime and bilateral diplomacy,⁵³ which essentially requires practical functioning of instruments (what should be done and how, considering current and upcoming crucial issues) by the actors of the country's economic diplomacy.

Based on the analysis of previous discussions, insights can be formulated regarding the priority sectors of Bangladesh's economic diplomacy and its foreign policy, until a decade ago. These sectors include increasing trade in goods, expansion of foreign employment, receiving sufficient inflows of FDI, and effective and quality ODA being the priority sectors. Considering the geo-political and geo-strategic landscape, along with mobilising resources from external sources, multi-modal connectivity, energy connectivity, hydro-diplomacy, blue economy, water diplomacy, transfer of technology and eyeing benefits of 4IR are to be prioritised in the upcoming economic diplomacy practices. And foreign policy has been and should continue to be comprehensive in that light. Though attempts to receive foreign aid (negotiating blended finance with terms and conditions, diversifying loan portfolio with new sources of finance will be critical in the future), increase foreign trade (by several

⁵² Interview with Dr Abdur Rob Khan, Professor and Dean, School of Humanities and Social Sciences, North South University, and Former Research Director, Bangladesh Institute of International and Strategic Studies (BISS), 2023.

⁵³ Interview with High Official from Ministry of Foreign Affairs, Bangladesh, 2023.

means⁵⁴), manpower export⁵⁵ and inflow of FDI⁵⁶ have been and would be crucial, this paper finds that economic diplomacy, in the issues aforementioned, has scope to be adequately reflected in Bangladesh foreign policy.

There are several new challenges Bangladesh's foreign policy must address as it strives to become an upper middle-income country by 2030 and a developed one by 2041. These challenges range from socio-political to economic, environmental, and security-related issues that have remained from previous years despite strong attempts and initiatives to address them.⁵⁷ Bangladesh recently moved from a low-income to a lower-middle-income country.⁵⁸ The globe is in transition, and recent

⁵⁴ Maintaining market access and S&D treatment even from regional trading arrangements (*the example of Maldives from SAFTA, the instance of Sri Lanka from APTA); product and market diversification; negotiating a package of support like ISMs from WTO; eyeing benefits of Trade Facilitation Agreement (TFA) of WTO; capitalising EBA of EU; negotiating GSP+ from EU and country-specific (12) GSP that Bangladesh receives; LDC-specific DFQF schemes; non-reciprocal GSPs; granting of reciprocal access; identifying potential (China, **India, Singapore) FTA partners, focusing on greater engagement with ME, Asian and African markets for FTA, etc.

* Article 12 of SAFTA provides a special provision for Maldives - "Notwithstanding the potential or actual graduation of Maldives from the status of LDC, it shall be accorded in this Agreement and in any subsequent contractual undertakings thereof treatment no less favourable than that provided for Least Developed Contracting States". On the other hand, even under APTA fourth round negotiations. "Sri Lanka, a non-LDC, was allowed greater flexibility (to commit lower levels of commitment in tariff liberalization) than other non-LDC members". It is essential for Bangladesh to explore possibility of negotiating extension of LDC treatment under SAFTA and APTA.

** Thinking of PTA or BFTA or CEPA-type bi-agreement, taking discourse beyond bilateral trade deficit to areas of trade creation in realising potential opportunities, and advantages of preferential market access. If FTA is conceived as CEPA, not confined to a narrow range of subjects like tariffs and trade in goods, considers main source of imports, with several ideas mainly to pursue balanced trade relations through deeper market access for its goods, Bangladesh will be well-off pursuing FTA with India.

⁵⁵ Interview with Dr Rozana Rashid, Professor, Department of International Relations, University of Dhaka, 2023.

⁵⁶ What type of FDI (natural resource [gas, petroleum], market [in infrastructure – power generation and telecommunication, banking], and efficiency [in garments, textile and apparel, leather and leather products, food, chemicals and pharmaceuticals, agriculture and fishing – producing in a country and then selling in other country], seeking FDI) Bangladesh is likely to get in near future and how consistent it (they) would be with the country's needs and development goals? Investment decisions of foreign investors - whether to invest in a country and, if so, in what sectors – [is to know] - are shaped by their own motivations. The role of public policy in the recipient country is to steer FDI towards activities that are desirable from the view of the country. In most cases, some policy intervention is required to create the match. Bangladesh must have data on where investments are going, or likely to go. BIDA or BEZA needs to go beyond just talking about investor roadshows, general meetings with investors or about economic zones being developed for investors from specific countries. To help diversify exports (export-oriented industry) and to shift towards more skills [i.e., efficiency seeking is required]. China and India, till now, are concentrating more on market seeking, less to efficiency seeking, Hong Kong and South Korea are on efficiency seeking. Bangladesh must have granular data (granularity across multiple dimensions) on where FDI is going or likely to go. Interview with Dr Kazi Maruful Islam, Professor, Department of International Relations, University of Dhaka, 2023.

⁵⁷ Imtiaz Ahmed, "Bangladesh Foreign Policy: Constraints, Compulsions and Choices," *BIISS Journal* 32, no. 3 (2011): 207-18.

⁵⁸ Momen, "Economic Diplomacy."

years have seen significant shifts in modern international relations that are, in many ways, unparalleled in nature. Consequently, it is very challenging for nations like Bangladesh to determine the objectives for their foreign policy.⁵⁹ Bangladesh has been actively pursuing a foreign policy that is eager to promote its national interests and image, as well as its economic development and self-ideology.⁶⁰ Without a doubt, economic imperatives have always played a major role in determining the nation's foreign policy priorities.⁶¹ Bangladesh's foreign policy has evolved through time, and as a result, many concerns have become more important, such as tackling climate vulnerabilities, pursuing marine diplomacy and the blue economy, promoting regional connectivity, and guaranteeing secure and sustainable energy resources.

One essential component of national interests is the promotion of economic interests. States must contend with established and evolving global economic structures. As a result, national interests have tended to be more economic than political, and economic rather than political considerations are increasingly used to steer foreign policy. The core of economic diplomacy in foreign policy and its forthcoming difficulties can be found here. Dealing with energy shortages and lowering physical barriers to building regional connections are two new problems in economic diplomacy. Energy scarcity is a major problem. It is the foundation of geopolitics and can lead to conflict or collaboration on many different levels. As a result, the topic of energy diplomacy is brought to light, and maintaining energy security continues to be a growing concern for foreign policy.⁶² The issue of regional connectivity influences Bangladesh's foreign policy as a difficult additional component. It is understandable how trade, commerce and economic promotion are tied to regional transportation connectivity. However, issues with hard infrastructure (such as a lack of physical infrastructure) and soft infrastructure (such as regulatory restrictions, a lack of efficient institutions, mechanisms, and processes) still exist. Negotiating the matter at many levels is crucial.

From a geographic perspective, some key concepts, such as water diplomacy, marine diplomacy, and climate diplomacy, fundamentally alter national interest and

⁵⁹ Interview with Dr Shahab Enam Khan, Professor, Department of International Relations, Jahangirnagar University, 2023.

⁶⁰ Sajid Karim and Mohammad Jasim Uddin, "Foreign Policy of Bangladesh: Emerging Challenges," *BISS Journal* 37, no. 4 (2016): 339-62.

⁶¹ Shamsher M Chowdhury, "Five Decades of Bangladesh-India Relations," in *Bangladesh at 50: Development and Challenges*, eds. S. Narayan and Sreeradha Datta (Orient Blackswan Pvt. Ltd., Hyderabad, India, 2020), 222-41.

⁶² Interview with Dr Delwar Hossain.

foreign policy. Water diplomacy is a difficult component of Bangladeshi foreign policy since common water resource management or water politics is a key to conflict between or among governments. Deep sea water, which includes the occurrences of marine resources, maritime security, and maritime connectivity, is at the centre of geopolitical conflict; as a result, maritime diplomacy and the idea of a blue economy emerge in the core aspects of Bangladeshi foreign policy.⁶³ A relatively recent area of attention for foreign policy is the rise in extreme climate events, environmental change, and its negative effects. This necessitates cooperation and multi-stakeholder consultation. Herein lies difficulties of climate diplomacy, such as L&D negotiations, negotiating compensations, agreement and commitment to global climate finance, etc.⁶⁴ Bangladesh has to continue eyeing and efficiently practicing climate diplomacy.

5. Future Priorities of Bangladesh Foreign Policy

To excel at the current pace of growth and development momentum to a higher level, besides traditional issues-oriented (trade, FDI, manpower export and ODA-centric ED), there is a need to set some other priorities in BFP in the future. These will be exclusive for addressing the challenges emanating from different transitions in the future like LDC graduation. Given the context, there are certain priorities BFP may require. Among those, some pivotal ones are discussed here.

5.1 *Connections of the New Avenues of Foreign Policy with Economic Diplomacy of Bangladesh*

In the realm of economic diplomacy, these multifaceted dimensions of Bangladesh's evolving foreign policy play a pivotal role. Transport connectivity initiatives, as highlighted through bilateral agreements and participation in multilateral projects, not only bolster regional economic integration but also facilitate the movement of goods and people, fostering trade and economic growth. The strategic emphasis on maritime connectivity underscores Bangladesh's intent to harness its maritime geography for economic development, augmenting trade links and regional cooperation, thus promoting economic diplomacy through enhanced connectivity. In the context of maritime diplomacy, initiatives related to maritime boundary agreements and regional cooperation further underline Bangladesh's commitment to securing maritime interests, which is essential for promoting maritime trade and economic activities.

⁶³ Interview with Dr Abul Kalam Azad, Professor, Department of International Relations, Jahangirnagar University, 2023.

⁶⁴ Interview with Dr Saleemul Huq, Director, International Centre for Climate Change and Development (ICCCAD), 2023.

Likewise, energy diplomacy initiatives, involving collaborations and agreements on renewable energy development, showcase Bangladesh's proactive efforts to secure its energy needs. By engaging in energy trade and infrastructure development, Bangladesh aims to ensure energy sufficiency, a critical factor for sustainable economic growth and a significant determinant of economic diplomacy. Additionally, climate diplomacy, with its focus on climate change mitigation, resilience, and international collaboration, is intrinsically linked to economic diplomacy. The proactive engagement in international climate forums and capacity-building efforts demonstrate Bangladesh's commitment to fostering a sustainable environment, vital for long-term economic development and thus intricately tied to economic diplomacy endeavours. Overall, these aspects collectively underscore Bangladesh's strategic alignment of its evolving foreign policy with economic diplomacy objectives, aimed at fostering economic growth, sustainability, and prosperity in the global arena.

5.2 *Four Priority Issues of Bangladesh Foreign Policy and Detailing the Related Economic Diplomacy*

The following discussion elaborates on the four future priority issues of Bangladesh's foreign policy and its related instruments of economic diplomacy.

5.2.1 *Promoting Transport Connectivity*

In addressing transport connectivity, Bangladesh has employed multiple instruments. Through bilateral agreements on infrastructure development, the nation has strengthened ties with neighbouring countries to enhance road and rail connectivity. Notable examples include the India-Bangladesh connectivity projects within BBIN, showcasing the commitment to mutual growth and facilitating efficient trade and people-to-people exchange. Another example includes active participation in connectivity initiatives, that have been a key strategy for Bangladesh's foreign policy on issues of transport connectivity.⁶⁵ By engaging in multilateral connectivity projects, Bangladesh aims to foster economic cooperation and integration across the region. Lastly, maritime connectivity projects have garnered attention, emphasising the strategic importance of coastal areas. These initiatives underline Bangladesh's ambition to utilise its maritime geography for economic development, enhancing trade links and regional cooperation. This proactive stance underscores Bangladesh's endeavour to integrate itself into the global community, establishing stronger ties for mutual prosperity.

⁶⁵ Interview with Dr Kazi Maruful Islam.

5.2.2 *Strengthening Energy Cooperation*

In the landscape of Bangladesh’s evolving foreign policy, a critical facet demanding strategic attention is energy diplomacy, manifesting a discernible shift in policy paradigms. Bangladesh, recognising energy as a vital pillar for economic growth, seeks to secure its energy needs through proactive engagement and collaboration. Employing bilateral agreements on renewable energy development, Bangladesh actively collaborates with neighbouring nations to foster energy trade and cooperation. A notable illustration of this strategy is the India-Bangladesh energy cooperation, where both nations forge agreements to enhance their renewable energy infrastructure and exchange energy resources. Furthermore, collaboration on regional energy infrastructure development takes precedence, aligning with the nation’s aspirations for regional energy stability. This entails engaging neighbouring countries to collectively bolster energy infrastructure, fortifying the energy landscape and promoting regional cooperation. These instrumental strategies underscore Bangladesh’s cognisance of energy diplomacy’s strategic imperative, articulating a purposeful approach towards energy sufficiency and sustainable economic growth in alignment with evolving global paradigms. As far as further developments are concerned, Bangladesh is currently updating its energy guidelines based on the existing framework of the Paris Agreement. However, regarding the updates on Bangladesh’s energy diplomacy, currently there are commitments on “net zero emissions”.⁶⁶ Currently, Bangladesh has commitments on importing natural gas from other countries, and will be importing coal, oil, and LPG (i.e., Liquefied Petroleum Gas) in the very near future.⁶⁷ As Bangladesh is not an exporter of energy yet and only imports energy, the options for energy diplomacy are not as extensive at the moment. However, developments are taking place to expand the energy options of Bangladesh.

5.2.3 *Capitalising Maritime Cooperation*

Within the dynamic framework of Bangladesh’s evolving foreign policy, the domain of maritime diplomacy constitutes another concern, involving a complex interplay of relationships. A paradigm shift is discernible in Bangladesh’s approach in this regard, which is firmly centred on its maritime interests and the Bay of Bengal’s

⁶⁶ Interview with High Official from Sustainable And Renewable Energy Development Authority (SREDA), Bangladesh, 2023.

⁶⁷ Interview with Dr. Ijaz Hossain, Professor, Bangladesh University of Engineering and Technology (BUET), 2023.

extensive regional scope. One instrumental facet of this is regional cooperation and maritime boundary agreements, showcasing the nation's concerted effort to cultivate good relationships with neighbouring states. This entails active engagement with neighbouring countries in the BoB to foster sustainable utilisation and management of maritime resources, indicative of Bangladesh's commitment to regional cohesion and resource sustainability. Complementing this is the indispensable aspect of maritime boundary agreements, serving as an imperative instrument to affirm sovereignty and safeguard maritime interests. Noteworthy examples include maritime boundary settlements with Myanmar and India, showcasing Bangladesh's dedication to delineating clear territorial boundaries and securing its maritime domain. These strategic instruments highlight Bangladesh's careful and deliberate navigation of maritime diplomacy, reflecting a capable adaptation of the evolving global maritime dynamics and a profound acknowledgment of its maritime imperatives.

5.2.4 *Practicing Effective Climate Diplomacy*

For Bangladesh's evolving foreign policy landscape, the dimension of climate diplomacy has emerged as another pressing concern. This addition and the resulting shift in Bangladesh's foreign policy involvements underscores Bangladesh's proactive approach towards confronting the multifaceted challenges posed by climate change. Central to this approach are two vital instruments: multilateral engagement on climate change mitigation and capacity building coupled with knowledge sharing on climate justice. The former, epitomised by Bangladesh's active participation in international climate forums and agreements such as the United Nations Framework Convention on Climate Change (UNFCCC), serves as a testament to the nation's commitment to combating climate change on the global stage. Complementing this, the latter instrument signifies Bangladesh's resolve in enhancing its resilience against climate change impacts. This entails a deep-seated commitment to not only reduce greenhouse gas emissions but also implement climate resilience strategies, diligently seeking international support and fostering collaboration for sustainable development initiatives. These strategic instruments illuminate a nuanced and proactive trajectory in the climate diplomacy of Bangladesh.

5.3 *LDC Graduation and Vision 2041: Some Directions*

LDC graduation is one of the most significant achievements Bangladesh has earned since its inception. Likewise, vision 2041 and its agenda,⁶⁸ and the idea of a

⁶⁸ A plan to develop socio-economic standing, achieve high income status, expand manufacturing capacity and investment in human capital development, attain a poverty-free and advanced economy.

smart economy⁶⁹ require continuous efforts to be achieved. Bangladesh foreign policy has to pay a special attention in these regards. However, the milestones come, and will lead to, along with some challenges that require interventions through foreign policy directives and economic diplomacy. These challenges are required to be dealt with by some prudent actions that involve effective economic diplomacy practices.

There are three considerations that are critical for Bangladesh in this context i.e., (i) smooth graduation, which involves being able to move towards final graduation by maintaining an adequate comfort zone; (ii) graduation with momentum, which involves accelerating the pace of achievement in terms of the various graduation criteria to embed momentum in the graduation journey, and (iii) sustainable graduation, involving harnessing the needed capacities to ensure that once graduated, Bangladesh is able to maintain the status in going forward. Bangladesh will need to do the needful so that her graduation is smooth, sustainable, and is attained by embedding momentum. Given this, it is reckoned that initiatives will be required in several areas on a priority basis.

While the dual graduation testifies to Bangladesh's significant achievements in the economic and social arena, two key considerations need to be taken into cognisance, moving forward. First, dual graduation refers to the performance of the country according to selected indicators and sub-indicators. A country's readiness for graduation is assessed and measured only against these. Important indicators such as competitive strength, domestic resource mobilisation capacity, distribution and inequality, state of governance and accountability, and environmental sustainability, to name a few, are not included among these criteria. However, these are critically important factors from the perspective of sustainable graduation and sustainable development. Second, the two graduations will entail important implications in the areas of market access, the special and differential treatment enjoyed by Bangladesh as an LDC (originating from LDC graduation), and in terms of foreign borrowings (originating from the middle-income graduation). A graduating country will need to be cognisant of these factors and be ready to address the associated challenges.

LDC-graduation will mean that Bangladesh will not be eligible for the 'International Support Measures (ISMs)' in place for the LDCs.⁷⁰ Opinions, however, vary regarding the extent to which the ISMs have been able to effectively address the challenges facing the LDCs. The ISMs, however, can be criticised as being

⁶⁹ Economy based on technological innovation, resource efficiency, sustainability and high social welfare, as engines for success.

⁷⁰ Interview with High Official from Ministry of Foreign Affairs, Bangladesh, 2023.

inefficient and insufficient. Nevertheless, to the extent that LDCs have been able to take advantage of the ISMs, they will no longer be available to these countries once they graduate. In the case of Bangladesh, this would mean loss of preferential and non-reciprocal duty-free, quota-free market access and non-eligibility of derogation from trade-related intellectual property rights (TRIPS) and trade-related investment measures (TRIMS) obligations; flexibilities enjoyed under the WTO decision on TRIPS and pharmaceuticals, aid for trade for the LDCs; and a host of other measures.

Of crucial importance to Bangladesh is the adverse impact originating from the loss of preferential market access. Bangladesh could lose around three billion dollars of exports in the 40 countries where she currently enjoys preferential market access. Implications of LDC-graduation for the country's flagship RMG sector, accounting for about 83 per cent of her export, will be quite significant. Preference erosion will also adversely affect the market access it enjoyed as an LDC as part of regional trading arrangements such as SAFTA. Bangladesh needs to undertake appropriate measures to raise export competitiveness. Important are raising productivity, upgrading human resource capabilities and skills, attracting FDI to export oriented sectors, improving the cost of doing business, and raising efficacy of trade logistics and trade facilitation. In the case of WTO, Bangladesh must pursue a proactive policy in view of LDC-graduation. The purpose has to be: (a) to ensure that ISMs favouring the LDCs are delivered to make the best use of time in the run-up to 2024; (b) to negotiate a package of support for graduating LDCs; and (c) pursuing negotiations taking cognisance of the country's future as a developing country.

For a renewed emphasis on regional cooperation, Bangladesh should do its best to take advantage of emerging opportunities at regional and sub-regional levels. These relate to recent developments concerning BBIN MVA, BRI, the regional energy grid, and a joint exploration of hydro-resources of the Himalayan-Ganges-Brahmaputra basins and the potential of the blue economy.⁷¹ Opportunities for PPPs, issuance of sovereign bonds, and access to credit from AIIB, NDB, and other potential sources will have to be explored. And so, Bangladesh requires deepening cooperation given SAFTA and BIMSTEC-FTA. Besides, South-South cooperation and integration with South and Southern Asian economies would be vital for Bangladesh foreign policy and its economic diplomacy. In the absence of preferential market access as an LDC, Bangladesh requires exploring greater market access by negotiating BFTAs with important trading partners. Also, it requires thinking of negotiating CEPA type of bilateral agreements. As, it would envisage cooperation not only in areas of trade in goods, but also trade in services in the areas of investment, technology, transport,

⁷¹ Interview with Ambassador Humayun Kabir, President, Bangladesh Enterprise Institute (BEI), 2023.

logistics and finance, and undertaking joint initiatives to establish value chains and production networks, strengthen skills endowment, enhance productivity and raise competitiveness capacity towards a strengthened global integration of her economy. Effective operation of SEZs will be crucial in the initiatives to be undertaken.

LDC graduation does not include some key dimensions of development, including technological upgradation and preparedness for the new economy. According to WEF, 2018, Bangladesh's position belongs to the lowest stage of the technological preparedness hierarchy, which is as follows: leading, high potential, legacy and nascent. Bangladesh requires designing its policy incentive structure to promote technological upgradation, upskilling labour force, enhancing productivity and raising competitiveness. These are linked with the concept of smart economy.⁷² Competitiveness depends on the ability to transform from a 'factor-driven' to a 'productivity-driven' economy. Low productivity will undermine competitiveness, even for RMG. A challenge is to be able to make the transition sustainably. Diversification of the economy, creation of supply-side capacities, structural transformation of the economy and taking advantage of new market opportunities are recommended in these respects.

6. Instruments of Economic Diplomacy for Achieving the Future Priorities of Bangladesh Foreign Policy

Given the future priority issues of BFP and their related economic diplomacy, based on existing literature, transcripts of interviewees' opinions and study findings, include ED for transport connectivity, maritime diplomacy, energy diplomacy and very importantly, climate diplomacy. These will help address challenges (in trade and economic aspects) emanating from LDC graduation and suggest some recommendations for achieving Vision 2041.

Transport connections on a bilateral, sub-regional, and regional level will be given more importance since they are expected to encourage cooperation in trade and investment as well as interpersonal interactions. Transport connectivity between Bangladesh and Myanmar and Bangladesh and India would be essential on a bilateral level. Bangladesh is anticipated to become a transportation hub for connected regions due to its potential and strategic geographic location. Taking these factors into consideration, Bangladesh has already participated in several connectivity

⁷² Interview with High Official from Ministry of Foreign Affairs, Bangladesh, 2023.

initiatives, including the BBIN Motor Vehicle Agreement (MVA), Bangladesh China India Myanmar Economic Corridor (BCIM-EC), Trans Asian Highway (TAH) and Trans Asian Railway (TAR) initiatives, as well as the proposed SAARC MVA and BIMSTEC-led thinking, respectively. Developing hard and soft infrastructure at the bilateral level will continue to be difficult, as will putting national interests and development needs above politics in regard to perceived security threats. Other challenges include agreeing on common routes in the BBIN MVA and BCIM-EC and making an all-out effort to operationalise these agreements; signing the SAARC MVA; and putting the TAH and TAR initiatives led by UNESCAP into action. Implementing large-scale projects in Bangladesh, such as the proposed deep seaports Payra and Matarbari, economic zone projects, further modernising Chittagong and Mongla ports, etc., is a difficult challenge in addition to participating in regional connectivity initiatives. Most critically, it will be crucial to coordinate and harmonize several projects of regional connectivity.⁷³ Additionally, because Bangladesh is a significant actor in the Bay of Bengal and the Indian Ocean, enhancing maritime connectivity through various initiatives (such as the BRI, the Maritime Silk Route (MSR) by China, or Indian projects like Mausum, Spice Route Project, and Sagar Mala, etc.) will be a difficult task for the nation's foreign policy and ED.

The modern economy depends on energy, which is thus a crucial component of economic diplomacy.⁷⁴ Bangladesh must consistently have economic growth of at least 8 per cent to achieve development status by 2041. Bangladesh needs an adequate level of energy supplies to maintain this expansion. It lacks a wealth and diversity of energy sources and resources. Therefore, Bangladesh is to maintain a vigorous energy diplomacy strategy to promote regional collaboration in order to meet its current energy demand and ensure the sustainability of its energy supply in the future.⁷⁵ Multilateral regional collaboration in the energy industry will lower the danger of dependence on a single energy source and cost-effectively develop regional long-term energy potential. Everyone involved can gain from that. In order to leverage bilateral and multilateral energy cooperation with neighbours and other governments, Bangladesh is increasingly concentrating on incorporating energy security considerations into decision-making about foreign policy.⁷⁶

⁷³ Interview with Ambassador Munshi Faiz Ahmed, Former Chairman, Bangladesh Institute of International and Strategic Studies (BISS), 2023.

⁷⁴ Mohammad Jasim Uddin, "Economic Diplomacy and Bangladesh Foreign Policy: A Discourse," *BISS Journal* 19, no. 1&2 (2015): 1-18.

⁷⁵ Interview with Dr Ijaz Hossain.

⁷⁶ Interview with Farzana Mamtaz.

A significant problem will be finding energy at the best prices. Bangladesh should consider alternatives to coal and oil and be open to using peaceful nuclear technologies. Considering inter-grid connectivity and energy trading within BBIN countries, planning to lay a 6900 km gas pipeline (to carry gas, LPG, and diesel) between BIM countries, looking into international oil companies to extract energy resources from the BoB, starting to implement mega energy projects, etc. are some of the energy-related initiatives that Bangladesh and India are involved in. Bangladesh and Singapore, and Bangladesh and Russia in regard to energy cooperation will be crucial. A coordinated plan for the development of energy infrastructure is required for energy cooperation and sufficiency, and this will continue to be a major obstacle for Bangladesh's foreign policy and economic diplomacy. Bangladesh concentrates on the discovery and development of oil and gas resources in the shallow and deep waters of the BoB after settling maritime border issues with India and Myanmar. It is looking into the potential in the offshore regions between Myanmar's Rakhine Basin and India's productive Bengal Basin. Bangladesh's maritime border was established and ownership disputes involving offshore territories were settled in two separate arbitrations conducted in accordance with the UN Convention on the Law of the Sea. Thus, energy and marine diplomacy have played crucial roles in the nation's foreign policy.

Bangladesh is currently concentrating on establishing its legal rights over its newly delimited maritime boundaries for transportation, the investigation of bio-vital material, and marine and fisheries resources. This is being done with the use of maritime diplomacy. The nation, an Indian Ocean littoral state with strategic interests, has participated vocally and actively in a variety of multilateral forums, such as IORA and IONS, among others. These projects aim to actualise and embody the idea of the 'blue economy' as a BFP priority area. Like before, managing shared water resources between/among the affected countries would be a major problem for BFP. The resolution of the maritime dispute between the BIM nations has enabled Bangladesh the opportunity to enter into legal agreements with foreign businesses to explore marine resources (both living and non-living) from the BoB. While China has introduced its BRI or 21st Century MSR, Japan is eager to work with Bangladesh through the BIG-B initiative. These two expressions are Bay-derived. It is essential to have maritime access to the Indian Ocean and South China Sea through the Bay.

The geopolitical significance of Bangladesh has risen as a result of its location on the BoB, the entrance to the Indian Ocean. Through the BoB, which several littoral governments are rapidly militarising, Bangladesh faces the Indian Ocean. Many

coastal countries' navies now perform very different tasks during peacetime. It is not limited to territorial defence. To protect the shipping channels used for moving oil from the Middle East to the Far East and fostering trade, navies patrol far-off waters. As a result, the blue economy or BoB is becoming more important. Bangladesh now has an opportunity to develop into a maritime power and a regional power. However, issues with ocean governance, administration of marine resources, monitoring, and participating in security related activities continue. These have long term implications.

Working on climate diplomacy, in order to address a key developmental concern - the adverse effects of global warming and climate change - would be another crucial area of Bangladeshi foreign policy and economic diplomacy. The melting of glaciers and the rise in sea level, two of the most striking effects of climate change, will provide Bangladesh with additional challenges. Rising sea levels are a threat to coastal areas, especially the Sundarbans mangrove forests, while Himalayan glaciers that provide water to Bangladesh rivers are progressively melting. Majority of the issues have their roots in or are a result of outside forces in Bangladesh. As a result, Bangladesh is now actively engaging in climate diplomacy to align with nations that are also struggling with related issues brought on by global warming and climate change, and to create a joint initiative so that their voices are aligned in regard to the four major aspects of climate change (adaptation, mitigation, technology transfer, and funding) at all regional and international forums. Through its active involvement and diplomatic advocacy, Bangladesh has continued to highlight its vulnerabilities to the international community. Due to Bangladesh's persistent efforts in climate diplomacy, the country is currently in the forefront of global discussions on the issue.

Bangladesh is already at the top of the Global Climate Risk Index due to the severe conditions of marginalised people caused by environmental issues, particularly global warming. Climate change's long-term repercussions are anticipated to impede efforts toward sustainable development and damage Bangladesh's development achievements. Coastal poor populations numbering in the hundreds of thousands have already been uprooted and plunged into abject poverty without any means of support or shelter. If the inland saline water intrusion and sea level rise continue to rise, millions more will follow. Not only will a 45 cm rise in sea level have an impact on the extensive coastal ecology and hinder food and agricultural output, but it also has the ability to uproot roughly 38 million people from 20 coastal districts. Climate diplomacy will undoubtedly rise to the top of Bangladesh's foreign policy agenda because this is a problem that can only be solved via regional and international

cooperation. Climate-related displacements will bring forth new issues with housing, livelihood, and settlement. The struggle and conflict over limited resources, such as land, water, fisheries, and forests, will increase. Cross-border migration and migration from rural to urban areas will continue to be expensive. Separating climate change issues so that they might be discussed at different levels would be problematic. It will continue to be difficult for stakeholders and policymakers to be well-versed in climate talks and to profit from climate diplomacy. It will be essential to mobilise resources (financial funds) from both domestic and GFIs or other international agreements. Bangladesh’s foreign policy will be heavily dependent on negotiations on the subjects of adaptation, mitigation, technology transfer, and the global climate fund. Therefore, it is crucial to combine politics, economic diplomacy, and diplomacy focused on combating climate change. The following table lists four crucial BFP priority aspects along with possible economic diplomacy tools that could help with each issue. A discussion on the identified four priority areas is made in the section 5.2.

Table 1: Future Priority Issues of Bangladesh Foreign Policy and Instruments of Economic Diplomacy⁷⁷

| Issue 1: Harmonising Regional Transport Connectivity Initiatives | |
|--|--|
| Instruments | <ul style="list-style-type: none"> • Concluding and updating legally binding contracts, • Strengthening the role of bangladesh’s missions abroad, • Exercising consular and commercial diplomacy, • Amalgamating trade diplomacy and ed of transport connectivity, • Promoting regionalism and pursuing look east policy, • Realising realpolitik in the geo-strategic and geo-economic context. |
| Detailing the Instruments | <ul style="list-style-type: none"> • The focus should be regional and bilateral estimating nuanced long-term economic potentials (not at the cost of the home country’s national interest), • Increasing multi-modal and multi-sectoral transport connectivity at multiple levels, • Implementing and operationalising sub-regional (BBIN-MVA) transport connectivity, • Having legally binding contract for BIMSTEC-led thinking, • Harmonising regional connectivity and strengthening economic diplomacy for mobilising funds for the initiatives etc. |

⁷⁷ Authors’ findings from the interviews.

| Issue 2: Strengthening Energy Cooperation | |
|---|---|
| Instruments | <ul style="list-style-type: none"> • Leveraging energy cooperation at multiple levels with neighbours and other states, • Making the bilateral agreement, • Natural resources (gas, petroleum) and market (power generation) seeking FDI to negotiate. |
| Detailing the Instruments | <ul style="list-style-type: none"> • Focus should be regional and bilateral, • Undertaking and pursuing bilateral (e.g., with Russia, Singapore, China, India, Japan, Qatar, MoU with Brunei) agreements on energy, • Energy trading (e.g., electricity, diesel, etc.) With potential countries like India, • Thinking beyond oil and coal and keeping all options, including peaceful nuclear energy, open (diversifying energy mix - sources of energy), • Thinking of inter-grid connectivity, implementing sub-regional initiatives and energy trading within BBIN, • Planning to lay a 6900-km gas pipeline (to carry gas, LPG and diesel) between BIM, examining iocs to extract energy resources from Bay of Bengal, • Negotiating any large-scale fuel supply agreements with OPEC countries - the oil-producing countries in Middle East, • Having supply chain resilience (import of LNG, coal, diesel or farness oil to be sustainable even in dollar crisis), • Integrating global energy policy with BD’s energy diplomacy etc. |
| Issue 3: Capitalising Maritime Cooperation | |
| Instruments | <ul style="list-style-type: none"> • Maintaining cooperation between/among littoral states, • Engaging with multi-level platforms on maritime resource exploration and exploitation, • Organising an international workshop on blue economy and participating in different global arrangements on maritime economy and diplomacy |

| | |
|--|---|
| <p>Detailing the Instruments</p> | <ul style="list-style-type: none"> • The focus should be on plurilateral (still confined to networking diplomacy) and bilateral platforms, • Making a bilateral agreement (with India and China that Bangladesh already has) and bilateral initiative (BIG-B of Japan), • Continuing to explore areas of maritime cooperation, • Pursuing blue diplomacy e.g., effective utilisation of maritime connectivity for goods’ transportation and transshipment, exploration of bio-vital material, marine and fisheries resources, • Increasing skills, technical and technological capacity in resource exploration and exploitation from Bay of Bengal and for that eyeing 4IR and transfer of technology blended with ED. |
| <p>Issue 4: Practicing Effective Climate Action</p> | |
| <p>Instruments</p> | <ul style="list-style-type: none"> • Signing (and working as a pressure group) for legally binding contracts at multiple levels, • strengthening the role of negotiators and negotiation skills, • understanding politics behind climate diplomacy, • segregating climate funds from traditional aid; globalising success stories. |
| <p>Detailing the Instruments</p> | <ul style="list-style-type: none"> • The focus should be multilateral and bilateral, • MoFA to provide regular briefings on climate negotiations to its missions abroad, • placing it at the highest diplomatic level and across all policy areas, • play a leadership role at LDC group, G77 and China, and other regional groups, • negotiating common issues (L&D fund) at multilateral platform (CoP), • making a core issue of bilateral discussion with developed countries, • advocacy is to continue putting pressure on them to fulfil their pledges made in Paris Agreement in developing countries, • to explore South-South collaboration, • engaging MoF in accessing global climate fund, turning it into a positive brand for BD, which could even lead to income from exporting local knowledge on LLA, • bidding global projects for having funds from global north, • investing in building capacity of negotiators etc. |

7. Conclusion

The paper, in response to the first research question, discovers that Bangladesh has been engaging in economic diplomacy and that, since independence, there has been some evidence of an economic diplomacy-influenced foreign policy. For the next ten years or so, Bangladesh must prioritise its foreign policy goals and plans in accordance with the main focuses of its economic diplomacy. By engaging in effective economic diplomacy, the nation will be able to mobilise resources from a variety of sources and pursue a competitive, comprehensive, coordinated, and effective foreign policy. Though attempts to receive foreign aid, increase foreign trade, manpower export and inflow of FDI have been and would be crucial, this paper finds that economic diplomacy, in the issues will have a broader scope to be adequately reflected in the foreign policy of Bangladesh. And for that, trade, FDI, manpower export and aid-centric instruments of economic diplomacy are to be devised.

Possible factors contributing to a decrease in FDI include political instability, corruption, bureaucratic delays, and inefficient governance. However, the authors contend that the primary requirement is to operationalise the FDI-focused policies in Bangladesh. It is crucial to include Bangladesh in the list of nations that receive FDI and to encourage investors to focus on specific areas for FDI in Bangladesh. These efforts would delineate the FDI-focused economic diplomacy of Bangladesh.

On the other hand, the expansion of the export basket is associated with the diversity of products and the diversification of markets. The primary factor is whether a country's product diversification is focused on high-end or low-end goods. This will determine the country's ability to extend its range of exported products. In the era of the Fourth Industrial Revolution (4IR), market diversification necessitates the production and export of high-quality and well-presented goods and services. The political economy of Bangladesh and its economic diplomacy should be synchronised with the issues stated above.

Since independence, the critical aspects of Bangladesh's relationship with the development partners have been multifaceted. But the most significant issue here is that the relationship is not at all vulnerable as it was in earlier decades. Even though, external resource mobilisation, in addition to mobilising resources for new issues like climate funding, requires support from the development partners – whether from bilateral donors or multilateral platforms. The development diplomacy is to be enlisted in the donors' (whether country or institution) priority list from where

Bangladesh wants development finance. That will be the ODI-oriented economic diplomacy of Bangladesh.

Concluding and updating legally binding contracts, strengthening the role of Bangladesh's missions abroad, delinking trade diplomacy at multiple levels, exercising consular and commercial diplomacy, marketing 'brand Bangladesh' with its product image, increasing the efficiency of negotiators and engaging Bangladeshi diaspora in prospective countries and regions to enhance Bangladesh's international trade are important instruments. Implementing both G2G and B2B systems, collaborating intensively with labour-importing states, sending fact-finding mission in different regions and assigning professional diplomats in overseas missions of Bangladesh to realise export potentials of manpower, appointing capable diaspora by MoFA, effective and consistent diplomatic manoeuvring and drive,⁷⁸ engaging with diversified functions of global agencies on migration, requesting foreign ambassadors or honorary consuls in Bangladesh to facilitate overseas employment of the country, are some important instruments for manpower export specific economic diplomacy. For FDI centric instruments, vital is signing legal contracts, intensifying the role of commercial diplomats assigned by MoFA, trying to include the home country in the list of the host country's time specific outward FDI plans, marketing and branding the home country with positive strengths and success stories, liberalising home country's FDI regime in line with requirements of existing and potential investors. Important ODA-centric tools for Bangladesh's economic diplomacy include negotiating with DPs on aid conditionalities and their flexibilization, understanding outbound aid priorities and donors' psychology, assigning aid diplomats to important foreign embassies of Bangladesh, advocating for organisations and actors governing ODA, segregating climate aid, and using the current system of global aid commitment (and disbursement).

While addressing the second research question, this paper finds that recent and future priority issues of BFP and their related economic diplomacy include harmonising regional transport connectivity initiatives, strengthening energy diplomacy, capitalising maritime diplomacy and practicing effective climate diplomacy. As foreign policy of Bangladesh has by now been and will continue to be wide-ranging, BFP and its ED have been amalgamated with new four priorities. This paper has identified regional transport connectivity, energy, maritime and climate centric instruments of economic diplomacy, where a key issue is and will be understanding and practicing 'hedging' between several parties, national interests

⁷⁸ Interview with Dr Syeda Rozana Rashid.

and initiatives at multiple levels. As a result, the Ministry of Foreign Affairs of Bangladesh must adapt its diplomatic networks to the evolving nature of international economic diplomacy. Bangladesh should be aware that different forms of economic diplomacy depend on the knowledge and abilities of the diplomats taking part in these conversations. Otherwise, it would be difficult to consolidate Bangladesh's foreign relations, policies, and efforts to advance its economy.