INDIA'S ENGAGEMENT WITH BANGLADESH: IS CHINA A DETERRENT?

SHANTANU ROY-CHAUDHURY

Over the past decade, China has swiftly increased its presence and engagement with India's eastern neighbour, Bangladesh. An important aspect of these inroads has been Beijing's success in cultivating a perception of political neutrality and non-interference, claiming that the crux of the relationship is purely economic in nature.

There is no doubt that economic ties have been a formative pillar of the relationship. China is Bangladesh's largest trading partner and source of imports. Bilateral trade grew from \$12 billion in 2014 to \$18 billion in 2019. With the advent of the Belt and Road Initiative (BRI) into the country in 2016, China has also become Bangladesh's largest investor. This is in n sharp contrast to the \$250 million in bilateral trade between 1977 and 2010.¹ The trade, however, is heavily skewed in favour of China, and the deficit has been increasing.

On the development front, Bangladesh has seen an influx of Chinese investments since joining the BRI in 2016, with total approved investments

Mr Shantanu Roy-Chaudhury is Research Associate at the Centre for Air Power Studies, New Delhi.

Sudha Ramachandran, "How Bangladesh Learned to Love the Belt and Road", *The Diplomat*, July 22, 2019, at https://thediplomat.com/2019/07/how-bangladesh-learned-to-love-the-beltand-road/. Accessed on February 4, 2021.

Defence relations between China and Bangladesh are also an important component of the overall bilateral ties. Dhaka has also emerged as a key consumer of Chinese armaments, owing to several high-level military visits, military assistance, training and logistic support, and the willingness on both sides to enhance cooperation. exceeding \$28 billion.² Bangladesh has welcomed the BRI with the Prime Ministers International Affairs Adviser, Gowher Rizvi, stating that the "establishment of [the] BRI along with other initiatives is an important opportunity for development of the region and the country is proud to be a part of this initiative."³ The majority of these have been in the energy (\$8.1 billion), transport (\$6.6 billion), real estate (\$2.4 billion), metals (\$2.1 billion), utilities (\$870 million), and chemicals (\$400 million) sectors.

Defence relations between China and Bangladesh are also an important component of the overall bilateral ties. Dhaka has also emerged as a key consumer of Chinese armaments, owing to several high-level military visits, military assistance, training and logistic support, and the willingness on both sides to enhance cooperation. In terms of the military equipment, Bangladesh is the second-largest market for China's arms after Pakistan, accounting for 17 per cent of overall Chinese exports in 2020.⁴

Having briefly outlined China's relations with Bangladesh, this article examines the nuances of Beijing's inroads, with a focus on New Delhi's engagement with Dhaka. The first section of this article discusses Bangladeshi concerns about China's engagement with the country—an aspect that is often overlooked when compared to Beijing's investments. The second section

Derek Scissors, "The China Global Investment Tracker", American Enterprise Institute and the Heritage Foundation, at https://www.aei.org/china-global-investment-tracker/. Accessed on February 5, 2021.

Staff Correspondent, "'Foreign policy saw spectacular success'", *The Daily Star*, April 21, 2019, at https://www.thedailystar.net/city/news/foreign-policy-saw-spectacular-success-1732660. Accessed on February 11, 2021.

Pieter D. Wezeman, Alexandra Kuimova and Siemon T. Wezeman, "Trends in International Arms Transfers, 2020", SIPRI, March 15, 2021, at https://www.sipri.org/sites/default/ files/2021-03/fs_2103_at_2020.pdf. Accessed on March 16, 2021.

examines Dhaka's cautious approach towards China. Despite the deepening of bilateral relations, has been careful in its involvement with China, ensuring they do not take on more than they can handle in terms of debt, cancelling investments and safeguarding their strategic and economic autonomy. The third section outlines Bangladesh's overall foreign policy perspective towards its larger neighbours, where Dhaka has followed a balanced Ultimately, the Chinese shadow over Bangladesh is unlikely to be a temporary phenomenon. It is therefore imperative for India to bolster its engagement with the country it helped liberate to further develop the subcontinent, and also ensure New Delhi's strategic interests are not compromised.

foreign policy. The fourth and fifth sections examine India's engagement with Bangladesh and suggests policy recommendations that revolve around diversifying bilateral engagement in a way that integrates development efforts with Dhaka's interests in the pursuit of not only connecting and developing India's Northeast region with the mainland but also creating a sub-region in which Bangladesh can become the lynchpin of economic growth benefiting citizens across borders.

Ultimately, the Chinese shadow over Bangladesh is unlikely to be a temporary phenomenon. It is therefore imperative for India to bolster its engagement with the country it helped liberate to further develop the subcontinent, and also ensure New Delhi's strategic interests are not compromised.

Bangladeshi Concerns

While there are benefits to China's economic engagement with Bangladesh, it is equally necessary to consider the potential negatives. China is diversifying its investments in the country and assuming "a larger role in Bangladesh's future."⁵ This includes acquiring equity stakes through joint

 [&]quot;What the Belt and Road Initiative Means for Business in Bangladesh", Standard Chartered, October 9, 2018, at https://www.sc.com/en/feature/what-the-belt-and-road-initiativemeans-for-business-in-bangladesh/. Accessed on February 11, 2021.

ventures and investments in critical transport infrastructure. Although China has heavily invested in Bangladesh's energy sector, a majority of these are in coal-based power plants. Bangladesh has gone ahead with 23,000 megawatts of coal-powered plants in the pipeline despite growing opposition and local protests.⁶

Tensions have risen between workers from both countries in Bangladesh. In June 2019, hundreds of Chinese and Bangladeshi workers clashed at the construction site of a Chinese-funded power plant, necessitating the presence of more than 1,000 officers to manage the situation. This clash began after a Bangladeshi worker fell to his death and the Chinese were accused of trying to cover up the incident.⁷ At another Chinese-funded power plant in April 2021, five people were killed at a protest by Bangladeshi workers alleging discrimination and demanding unpaid wages—leading them to attack and set fire to installations. These tensions, whether between the workers from either nation or against Chinese-funded projects, are not new; in April 2016, the Bangladeshi police opened fire on villagers protesting the construction of two Chinese-funded power plants.

In terms of other protests, several Islamist groups, civil society groups and NGOs in Bangladesh have held anti-China protests in response to China's persecution of the Uyghur Muslim community in China's Xinjiang Autonomous Region. Apart from holding protests and observing Doppa Day in solidarity with the Uyghur community on May 5, leaders of several Islamist groups have called Bangladesh to boycott Chinese goods unless the persecution of Uyghurs is stopped.

Coming back to China's investments in Bangladesh, there are also problems with ongoing projects. The Payra Power Plant is more likely to become a burden rather than help solve the country's power problems. With transmission facilities not in place as it nears commercial operation, Bangladesh will have to pay monthly capacity charges of \$19 million "as half

Syful Islam, "Bangladesh Set to Pursue Coal-power Push Despite Opposition", Reuters, April 14, 2016, at https://www.reuters.com/article/us-bangladesh-power-coal-idUSKCN0XB1QD. Accessed on February 5, 2021.

^{7. &}quot;Bangladesh and China Power Plant Workers in Deadly Mass Brawl", BBC, June 19, 2019, at https://www.bbc.com/news/world-asia-48689943. Accessed on May 11, 2021.

of the generation capacity of the plant will remain unused."⁸ Belayet Hossain, Chairman of the Power Development Board, has stated that if transmission lines were not built before operations begin, "the Payra power plant is going to be a burden and would only increase the government's power subsidy."⁹ Therefore, without adequate transmission facilities, capacity payments will continue to rise as the BRI coal power plants become operational. To add to its woes, the first instalment of repaying the loan is due 6 months after the plant begins commercial operation.

Dhaka's Cautious Approach

Although the possibility of falling into a debt trap associated with Chinese investments around the world remains a concern, Dhaka is unlikely to find itself in that position. Officials believe the nations external debt, which was at 14.3 per cent of its GDP in 2018, is under control and will become a concern only if the total debt surpasses 40 per cent of the country's GDP.¹⁰ Additionally, even after the impact of COVID-19, the International Monetary Fund believes the country's debt is "sustainable," attributing it to "sound economic and fiscal policies implemented in recent years."¹¹

Overall, Dhaka has taken a cautious and astute approach when engaging with Chinese overtures that limits the economic concerns as compared to the other countries in India's neighbourhood where China has made significant investments. According to Gowher Rizvi, "[Bangladesh's] relationship with China is very much confined to investments and development projects ...However, even then, we have been very mindful. We do not want to create a situation where we have borrowed more than we can

^{8.} Emran Hossain, "Payra power plant set to become economic burden on Bangladesh", *New Age*, March 14, 2020, at https://www.newagebd.net/article/102134/payra-power-plant-set-to-become-economic-burden. Accessed on February 11, 2021.

^{9.} Ibid.

Zafar Ahmed, "Bangladesh's per capita external debt is Tk 17,000 but not alarming: Govt", BD News, January 18, 2019, at https://bdnews24.com/economy/2019/01/18/bangladeshs-percapita-external-debt-is-tk-17000-but-not-alarming-govt. Accessed on February 5, 2021.

 [&]quot;Helping Bangladesh Recover from COVID-19", International Monetary Fund, June 12, 2020, at https://www.imf.org/en/News/Articles/2020/06/11/na-06122020-helping-bangladeshrecover-from-covid-19. Accessed on February 5, 2021.

In January 2018, Bangladesh cancelled a project with the China Harbor Engineering Company (CHEC) to expand the Dhaka-Sylhet highway after CHEC allegedly attempted to bribe Bangladeshi officials for diverting project funds. Dhaka has since decided to self-fund the expansion. repay."¹² Dhaka also seemed to have learnt from the experiences of others, which has resulted in their balanced posturing towards Beijing and so far successfully navigating most of their concerns. By analysing their approach, it appears that two primary reasons have influenced their decision making.

First, Bangladesh is an experienced recipient of bilateral and multilateral funds. Having dealt extensively with

the Asian Development Bank (ADB), the World Bank and other American, and Japanese development agencies over the years, the country has "ample experience in selecting the right type and quality of international funding."¹³ This has led to a greater understanding of international finance, as well as an awareness of the consequences of over reliance on one partner. In this light, Bangladesh's Minister of State for Foreign Affairs, Mohammed Shahriar Alam, stated in April 2019 that his country was looking to diversify its sources of funding from the BRI for future development along with exploring other models of financing.¹⁴

Second, the government has also rejected Chinese loans and cancelled projects on numerous occasions when they are not economically or politically viable. In January 2018, Bangladesh cancelled a project with the China Harbor Engineering Company (CHEC) to expand the Dhaka-Sylhet highway after CHEC allegedly attempted to bribe Bangladeshi officials for diverting project

Harsh V. Pant, "A damning revelation of how Beijing weaponizes aid", *Livemint*, April 5, 2021, at https://www.livemint.com/opinion/online-views/a-damning-revelation-of-how-beijingweaponizes-aid-11617641180834.html. Accessed on April 6, 2021.

Abdullah Ar Rafee, "Bangladesh's Tryst with China's BRI: Economic Boom or Debt Trap?", South Asian Voices, May 1, 2019, at https://southasianvoices.org/bangladeshs-tryst-withchinas-bri-economic-boom-or-debt-trap/. Accessed on February 5, 2021.

Phila Siu, "Bangladesh Eyes Alternatives to China's Belt and Road Loans as it Seeks to Fund Future Development", *South China Morning Post*, April 23, 2019, at https://www.scmp.com/ week-asia/economics/article/3007190/bangladesh-eyes-alternatives-chinas-belt-and-roadloans-it. Accessed on February 5, 2021.

funds.¹⁵ Dhaka has since decided to self-fund the expansion. According to Bangladeshi media, CHEC had previously also tried to bribe officials and paid the son of a former Shipping Minister in order to gain a port project, and the company's agents "regularly Bangladesh is also building a deep-sea port in Matarbari, which is 25 km to the north, with Japanese help. This port will facilitate trade through the Chittagong port.

visit ministries and meet officials," trying to woo them.¹⁶ The Bangladesh government also blacklisted the company from conducting future ventures in the country. CHEC, incidentally, is the same firm that built the Hambantota Port in Sri Lanka, the Sinamalé bridge in the Maldives and the Gwadar Port in Pakistan.

To add to China's opaque model of conducting business, Chinese enterprises attempted to renegotiate the original investment amounts agreed upon during Xi Jinping's visit when discussing the specifics of projects signed during his visit. Subsequently, when this displeasure was brought to the notice of the Chinese government, they "did not take any constructive action."¹⁷ China also withdrew funding from three railway infrastructure projects in the country after allegations of the embezzlement of funds, resulting in a rise in the total cost of the projects. In September 2020, after years of Bangladeshi officials stating the project has been scrapped, the government officially cancelled the development of the Sonadia Deep-Sea Port, citing environmental concerns.¹⁸ Bangladeshi is also building a deep-sea port in Matarbari, which is 25 km to the north, with Japanese help. This port will facilitate trade through the Chittagong port. This was seen as a

ANI, "Bangladesh Cancels Chinese Road Construction Project on Corruption Charges", ANI, January 24, 2018, at https://www.aninews.in/news/world/asia/bangladesh-cancels-chineseroad-construction-project-on-corruption-charges201801240954010001/. Accessed on February 11, 2021.

^{16.} Staff Correspondent, "No job for China Harbour in Future", *The Daily Star*, January 17, 2018, at https://www.thedailystar.net/frontpage/no-job-china-harbour-future-1520917. Accessed on February 11, 2021.

^{17.} ANI, n. 15.

Rejaul Karim Byron, "Plans for a deep seaport at Sonadia nixed", *The Daily Star*, September 1, 2020, at https://www.thedailystar.net/business/news/plans-deep-seaport-sonadianixed-1953857. Accessed on February 11, 2021.

more attractive project that would also include four coal-fired power plants and an LNG terminal.¹⁹ Although environmental concerns may have been one of the factors, there is no doubt that the geopolitical angle and New Delhi's anxieties also played a role in this decision. Due to the location of the port, a Chinese presence would have been established relatively close to the Andaman and Nicobar Islands and Beijing "could pressure Dhaka to hand over strategic infrastructure should it be unable to repay loans," resulting in security concerns for India.²⁰

It is difficult to ignore the country with which you share all your land borders, but Dhaka has been conscious of Indian concerns and has pursued a balanced foreign policy, with the cancellation of Sonadia being "clearly a strategic decision by Bangladesh, doubtlessly helped along by India, Japan and the U.S."²¹ Additionally, Bangladesh has prioritised its own interests, with no single country financing an entire port, a strategy that has been followed in other projects as well. Regarding the development projects of the Payra Port, Bangladesh has divided them into 19 components, "of which the port authority will implement two components, related ministries seven components, and private investors will implement the others."²²

Bangladesh's careful borrowing and fiscal navigation are well known. The Economist Intelligence Unit in 2016 stated that the country "has an admirable track record of fiscal prudence. It is unlikely that it will take on so much debt unless the government is able to access concessional lending rates that are on a par with those that the government can access through

Sudha Ramachandran, "China's Sinking Port Plans in Bangladesh", The Jamestown Foundation, June 21, 2016, at https://jamestown.org/program/chinas-sinking-port-plans-in-bangladesh/. Accessed on February 11, 2021.

Sudha Ramachandran, "Bangladesh Buries the Sonadia Deep-Sea Port Project," *The Diplomat*, October 12, 2020, at https://thediplomat.com/2020/10/bangladesh-buries-the-sonadia-deepsea-port-project/. Accessed on February 11, 2021.

Indrani Bagchi, "Dhaka cancels port to be built by China, India eyes another", *The Times of India*, February 8, 2016, at https://timesofindia.indiatimes.com/india/Dhaka-cancels-port-to-be-builtby-China-India-eyes-another/articleshow/50894554.cms. Accessed on February 11, 2021.

JICA, "Preparatory Survey on Matabari Port Development Project in the People's Republic of Bangladesh", JICA, at https://www.jica.go.jp/english/our_work/social_environmental/ id/asia/south/bangladesh/c8h0vm0000bikdzb-att/c8h0vm0000dqx3lj.pdf. Accessed on February 11, 2021.

multilateral lenders."²³ This approach has also led to only a fraction of projects being implemented, and when dealing with China, the government has taken calculated risks to fuel their country's growth. This has limited Beijing's influence in the country and allowed strategic autonomy.

It is equally important to note that China, from its end, has invested much less than what has been promised so far to the government, with only \$5.4 billion worth of loan agreements (the last step before funds are released) being signed for seven projects, and only \$981 million being disbursed by July 2019—less than 5 per cent of the promised amount.²⁴ Furthermore, with original agreements expiring in 2020, the "total financing floated in 2016 appears unlikely to materialize if the projects are not renegotiated."²⁵ Consequently, both countries have experienced delays. In February 2021, Bangladeshi media reported that four major railway projects under the BRI had suffered delays over loan processing problems with Bangladeshi implementing agencies and bureaucratic complexities in Beijing.²⁶ Ranging from \$900 million to \$2.7 billion, the projects were to be funded by Chinese loans proposed between 2015 and 2020. Additionally, with the loan agreement only being signed in the case of the Padma Bridge rail-link project, progress has not been satisfactory and is facing issues.

Taken together, despite collaborating closely with China on the BRI, Dhaka's cautious infrastructure development strategy ensures they are not

 [&]quot;Bangladesh signs US\$13.6bn investment package with China", The Economist Intelligence Unit, October 20, 2016, at https://country.eiu.com/article. aspx?articleid=1544727338&Country=Bangladesh&topic=Economy. Accessed on February 11, 2021.

^{24.} Rejaul Karim Byron, "China-funded Projects: Joint body to probe slow pace", *The Daily Star*, July 18, 2019, at https://www.thedailystar.net/frontpage/news/china-funded-projects-slow-progress-be-probed-1773067. Accessed on February 11, 2021.

^{25.} Adam Pitman, "China's Stake in Bangladesh Is Overplayed", The Diplomat, August 8, 2020, at https://thediplomat.com/2020/08/chinas-stake-in-bangladesh-is-overplayed/#:~:text=China%20and%20Bangladesh%20signed%2027,)%2C%20valued%20 at%20%2413.6%20billion.&text=Meanwhile%2C%20by%20July%202019%2C%20China,of%20 the%20promised%20%2424%20billion. Accessed on February 11, 2021.

^{26.} Mir Mostafizur Rahaman, "Bangladesh's Four Railway Mega Projects under Belt and Road Initiative Suffer Delay", *The Financial Express*, March 3, 2021, at https://thefinancialexpress. com.bd/trade/bangladeshs-four-railway-mega-projects-under-belt-and-road-initiativesuffer-delay-1614228138. Accessed on March 5, 2021.

dependent on a single nation. Thus, by "partnering with several China-wary countries ... to limit Beijing's influence," China's economic footprint and influence in the country are often overstated.²⁷ Bangladesh's responsible engagement with China, therefore, may offer other BRI countries a model to follow.

Bangladeshi Perspective

For Dhaka, the government seems to have understood the intricacies of following a balanced foreign policy towards Beijing and New Delhi and the need for caution in navigating the increasingly complex world and the rapidly changing geopolitical landscape where strategic autonomy is "fundamental to maintaining economic competitiveness and economic freedom."28 Thus, Dhaka pursues a balanced policy to manage external competition and advance its interests.²⁹ At the same time, Gowher Rizvi stated that relations with India are deeper and more friendly than ever while continuing to be of primary importance.³⁰ Observations have also been made on the increasing role geopolitics occupies over bilateral cooperation, with former Bangladeshi ambassador M. Humayun Kabir stating that "geopolitics is getting mixed up in projects like Sylhet's airport expansion project," and voicing concern that the wider Indo-China rivalry will become a hurdle for Bangladesh as the country moves ahead to develop more connectivity and blue economy projects.³¹ Subsequently, "the trajectory of geopolitical competition between New Delhi and Beijing would be a determining factor that needs to be taken into account while evaluating whether the BRI would

^{27.} Ramachandran, n. 20.

Diplomatic Correspondent, "Indo-China Row may Harm Co-op in the Region", *The Daily Star*, October 30, 2020, at https://www.thedailystar.net/backpage/news/indo-china-row-mayharm-co-op-the-region-1986477. Accessed on March 9, 2021.

^{29.} Bhumitra Chakma, "The BRI and Sino-Indian Geo-Economic Competition in Bangladesh: Coping Strategy of a Small State", *Strategic Analysis* vol. 43, no. 3, 2019, pp. 227–39.

^{30.} The International Institute for Strategic Studies, "India-Bangladesh Relations: Prospects and Challenges", YouTube, March 23, 2021, at https://www.youtube.com/ watch?app=desktop&v=hiD0n1HUAAU&feature=youtu.be. Accessed on March 24, 2021.

AKM Moinuddin, "Bangladesh amid a Rapidly Changing Strategic Landscape", Dhaka Courier, October 30, 2020, at http://www.dhakacourier.com.bd/news/Featured-2/bangladesh-amida-rapidly-changing-strategic-landscape/2907. Accessed on March 9, 2021.

succeed in Bangladesh as well as in the broader South Asia."³²

Despite the close defence relations and dependence on Chinese arms, Bangladesh has shown that they are avoiding economic dependency on China, by discerningly seeking to diversify economic entanglement from China. Subsequently, despite the irritants in bilateral relations, while prioritising political relations with New Delhi over Beijing, the Sheikh Hasina government has emphasised the importance of India to Bangladesh's Despite the close defence relations and dependence on Chinese arms, Bangladesh has shown that they are avoiding economic dependency on China, by discerningly seeking to diversify economic entanglement from China. Sheikh Hasina government has emphasised the importance of India to Bangladesh's overall development.

overall development and has been cognizant of Indian security concerns.

Concerning the BRI, views in Bangladesh resonate towards understanding the wider significance of the initiative as a geopolitical concept, the challenges that other countries have faced in repaying loans, and realising that Bangladesh has to be patient to reap the benefits of the BRI. Md Touhid Hossain, a former Bangladeshi foreign secretary, has stated that the "BRI is not going to immediately bring substantial change for Bangladesh as the effectiveness of this strategy depends on the combined effort of the partners in the region," alluding to India's approach towards it and the importance of New Delhi's cooperation for the success of the BCIM economic corridor, and calling for his country to be "more practical on the connectivity routes and their benefits."³³

At the same time, there is a growing consensus on the need for Chinese overtures towards Bangladesh's development, albeit cautiously. On the

^{32.} Rubiat Saimum, "The Prospect of Belt and Road Initiative in the Context of Bangladesh", *China Report*, vol. 56, no. 4, 2020, pp. 464-83.

 [&]quot;Belt and Road Initiative: Perspective from Bangladesh", *The Daily Star*, August 7, 2019, at https://www.thedailystar.net/round-tables/news/belt-and-road-initiative-perspectivebangladesh-1782928. Accessed on March 8, 2021.

If Dhaka can continue its policy of strengthening ties with both India and China, albeit on different fronts, while also taking into account New Delhi's security concerns, Bangladesh will serve as a model for other countries facing similar challenges in managing relations with competing larger powers. wider bilateral relations with India when compared to China, many Bangladeshis believe that media speculations both sides on on deteriorating ties is an overhyped analysis of the ground realities as ties with India are not at the expense of China.34 Additionally, Humayun Kabir, a former Bangladeshi diplomat who had served in India, believes that New Delhi has become increasingly "sensitive about its neighbourhood,"

with clear indications of being overprotective of its ties with Dhaka.³⁵ The diplomat added that with "two close neighbors with multi-level and multi-layered relationships, we need to be sensitive about each other's priorities, needs and expectations."³⁶ Subsequently, Bangladesh is willing to accept Chinese investment, but does not want China to interfere in anything that India sees as a threat to its national security. Bangladesh also realises that the BRI and the US-driven Indo-Pacific strategy are competing projects, both of which have provisions for important Bangladeshi participation.

Ultimately, if Dhaka can continue its policy of strengthening ties with both India and China, albeit on different fronts, while also taking into account New Delhi's security concerns, Bangladesh will serve as a model for other countries facing similar challenges in managing relations with competing larger powers.

Masum Billah, "Is Bangladesh Growing Closer to China at the Expense of Its Relations with India?" *The Diplomat*, September 23, 2020, at https://thediplomat.com/2020/09/isbangladesh-growing-closer-to-china-at-the-expense-of-its-relations-with-india/. Accessed on March 8, 2021.

^{35.} Ibid.

^{36.} Ibid.

India's Engagement with Bangladesh

Being the first country to recognize independent Bangladesh, "Indo-Bangladesh cooperation began in the battlefield of 1971."³⁷ The foundation for bilateral relations was laid during Bangladesh's struggle for independence and are "based on sovereignty, equality, trust, understanding and [a] winwin partnership that goes far beyond a strategic partnership."³⁸ Having established more than 50 bilateral institutional mechanisms, cooperation is multi-faceted and all-encompassing across the political, economic and security domains where developmental gains and concerns are mutually linked. India's Deputy National Security Advisor, Pankaj Saran, has also stated that the relationship rests on principles based on a mutually beneficial contract that has impacted the lives of common people and is not aimed at nor influenced by another country.³⁹ This, however, was not always the norm and relations have been chequered in the past-especially after the 1975 coup in Bangladesh when an anti-Indian military regime took power, and during periods when the Bangladesh Nationalist Party was in power in Dhaka.⁴⁰ The understanding of maintaining a strong partnership led to the two countries resolving their historical maritime and land boundary disputes amicably in 2014 and 2015 respectively.

Economic and Development Engagement

On the economic and development front, Bangladesh is not only India's biggest trade partner in South Asia, but is also the largest development partner, with India extending lines of credit worth more than \$8 billion over the last decade focused on various infrastructure development projects—the most offered to any country.⁴¹ Additionally, several grant projects across

Syed Muazzem Ali, "The Current and Future State of India-Bangladesh Relations," Strategic Analysis 42, no. 5 (2018): 529-37.

 [&]quot;India-Bangladesh Relations," Ministry of External Affairs, September 2017, at https:// www.mea.gov.in/Portal/ForeignRelation/Bangladesh_September_2017_en.pdf. Accessed on March 15, 2021.

^{39.} The International Institute for Strategic Studies, n. 30.

^{40.} Founded in 1978 by General Ziaur Rahman, the Bangladesh Nationalist Party is currently led by his wife Begum Khaleda Zia, and is perceived as being anti-Indian.

^{41.} Ibid.

sectors are also being undertaken in Bangladesh. Bilateral projects in the energy sector have also seen considerable progress, with many Indian public sector units working with their counterparts in Bangladesh's oil and gas sector. With connectivity becoming an increasing sphere of cooperation and a priority from New Delhi's side in a bid to "take Dhaka into its strategic embrace" under the Indo-Pacific cooperation framework, the two Prime Ministers virtually inaugurated the 'Maitri Setu' bridge across the Feni River in March 2021.⁴² The 1.9-km bridge will connect Sabroom in the Indian state of Tripura with Ramgarh in Bangladesh and will allow India's landlocked Northeast states to access the Chittagong Port, which is only 80 km away. Although these are small steps, Bangladesh's former High Commissioner to India stated that the building of infrastructure like this would be "game changers" for the region.⁴³ Similarly, five of the existing railway ties between the two countries that were closed after the India-Pakistan war of 1965 have been restored in a bid to improve freight and passenger connections. These railway lines, even after partition used to travel through East Pakistan connecting the Indian states of West Bengal and Assam. The final rail link to be restored, between Agartala in India and Akhaura in Bangladesh is slated to open by the end of 2021 (Figure 1).⁴⁴ India is also playing a role in developing and modernising the transport infrastructure within Bangladesh. In September 2021, the two governments signed an agreement to develop a new rail link that would connect the cities of Bogura to Sirajganj under a Government of India Line of Credit. Apart from boosting the potential for trade and movement of people between India and Bangladesh, this will also facilitate connectivity to countries in Southeast Asia. According to a World Bank report, increased cross-border connectivity

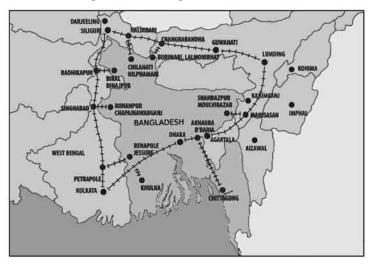
^{42.} Nayanima Basu, "India, Bangladesh Build Stronger Connectivity as Delhi Looks to Embrace Dhaka in Indo-Pacific", The Print, March 12, 2021, at https://theprint.in/diplomacy/ india-bangladesh-build-stronger-connectivity-as-delhi-looks-to-embrace-dhaka-in-indopacific/620146/. Accessed on March 15, 2021.

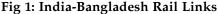
^{43.} Åli, n. 37.

^{44.} Oliver Cuenca, "India and Bangladesh Restore Haldibari-Chilahati Rail Link", *International Railway Journal*, December 21, 2020, at https://www.railjournal.com/regions/asia/india-and-bangladesh-restore-haldibari-chilahati-rail-link/#:~:text=THE%20restored%203.5km%20 Haldibari,was%20opened%20on%20December%2017. Accessed on March 16, 2021.

"could increase exports even further, yielding a 297 per cent increase in Bangladesh's exports to India and a 172 increase in India's exports to Bangladesh."⁴⁵ Additionally, this is one of many projects that will enhance New Delhi's 'Neighbourhood First Policy' and the 'Act East Policy.' There is also close cooperation between the India is not only engaged in Bangladesh's nuclear energy sector, but is also building a 1,320 megawatt power plant at Ramphal and also provides Bangladesh with 1,160 megawatts of electricity through grid connectivity.

two countries in the power sector. India is not only engaged in Bangladesh's nuclear energy sector, but is also building a 1,320 megawatt power plant at Ramphal and also provides Bangladesh with 1,160 megawatts of electricity through grid connectivity.





Source: Dhaka Tribune⁴⁶

- 45. Matías Herrera Dappe, Charles Kunaka, "Overview", in *Connecting to Thrive: Challenges and Opportunities of Transportation Integration in Eastern South Asia*, Matías Herrera Dappe and Charles Kunaka (eds.) (World Bank Group, 2021), p. 4.
- 46. "Govt to Restore Rail Links to India, Nepal, Bhutan", Dhaka Tribune, April 5, 2017, at https:// www.dhakatribune.com/bangladesh/foreign-affairs/2017/04/05/govt-restore-rail-linksindia-nepal-bhutan. Accessed on April 23, 2021.

2019 was an important year for bilateral defence cooperation, which saw highlevel exchanges of service chiefs, the inaugural tri-service staff talks, and service-specific talks between the Navies and Air Forces'.

Defence and Security Engagement

On the defence and security front, bilateral relations have been expanding over the past decade. Notwithstanding the role played by the Indian armed forces during the war of liberation, the Bangladeshi officers and their historical connection to the Pakistani Army had been sceptical

about relations with India.⁴⁷ A lesser-known but important indicator of this trend is the Bangladesh Army's decision, to stop treating India as a threat in their training war games for the first time in 2014.⁴⁸

Before 2017, bilateral defence cooperation took place in the absence of any formal mechanisms. During Prime Minister Hasina's 2017 visit, five MoUs relating to defence cooperation were signed signalling a structured intent to develop defence ties. Subsequently, 2019 was an important year for bilateral defence cooperation, which saw high-level exchanges of service chiefs, the inaugural tri-service staff talks, and service-specific talks between the Navies and Air Forces'. Furthermore, in December 2019, India extended a \$500 million line of credit to Bangladesh for defence-related procurement and signed an MoU for setting up a coastal surveillance system radar in Bangladesh.⁴⁹On the multilateral front, Bangladesh will become a full member of the Colombo Security Conclave along with Mauritius and Seychelles at the national security advisor-level meeting scheduled to take place at the end of 2021. India, Sri Lanka, and Maldives first formed the group to examine

^{47.} Post-liberation, around 28,000 officers were repatriated to the Bangladesh Army from the Pakistan Army, bringing with them values that were cynical about India.

Devirupa Mitra, "India not 'Enemy' in Bangla Wargames", *The New Indian Express*, February 10, 2014, at https://www.newindianexpress.com/nation/2014/feb/10/India-not-Enemy-in-Bangla-Wargames-574094.html. Accessed on March 16, 2021.

PTI, "Exim Bank provides USD 500 mn Credit to Bangladesh for Defence Procurement", The Economic Times, December 6, 2020, at https://economictimes.indiatimes.com/news/ defence/exim-bank-provides-usd-500-mn-credit-to-bangladesh-for-defence-procurement/ articleshow/72401580.cms?from=mdr. Accessed on March 16, 2021.

security cooperation in areas such as maritime security, human trafficking, counterterrorism, and cybersecurity.

In terms of joint military exercises, the border forces on both sides conducted a three-day *Mainamati Maitree* Exercise in February 2019 as a confidence-building measure for the border guards.⁵⁰ A year later in February 2020, the ninth edition of the *Sampriti* exercise was held to strengthen interoperability between the two armies with a focus on counter-terrorism operations.⁵¹ The two countries are also close strategic partners in counter-terrorism. Bangladesh, especially under Sheikh Hasina, has also been conducive to Indian concerns about cross border insurgency to the Northeast and the insurgent safe havens in Bangladesh. Over the years, Bangladesh has handed over leaders of the United Liberation Front of Asom (ULFA) including one of its founding leaders in 2015, Anup Chetia, who was arrested in 1997.⁵²

Under President Trump's leadership, the United States also tried to strengthen ties with Bangladesh and coordinate their Indo-Pacific Strategy. Former Deputy Secretary of State, Stephen Beigun's visit to Dhaka in October 2020 signalled the Americans' active pursuit to reduce Beijing's influence in the Indo-Pacific and the important role Bangladesh could play.⁵³ A month earlier, Secretary of Defence, Mark Esper, spoke with Sheikh Hasina to explore further cooperation within the Indo-Pacific Strategy framework. With Bangladesh looking at buying Apache helicopters and American missile systems, Bangladesh requires skilful diplomatic manoeuvring

Debraj Deb, "India, Bangladesh hold Joint Exercise to Boost Confidence on Tripura Border", *The Indian Express*, February 28, 2019, at https://indianexpress.com/article/north-eastindia/tripura/bsf-bgb-joint-mainamati-exercise-tripura-border-rohingyas-refugees-5605517/. Accessed on April 23, 2021.

^{51.} Ankit Panda, "Armies of India, Bangladesh Begin Military Exercise in Indian Northeast," *The Diplomat*, February 4, 2020, at https://thediplomat.com/2020/02/armies-of-india-bangladesh-begin-military-exercise-in-indian-northeast/. Accessed on March 16, 2021.

Haroon Habib and Vijaita Singh, "Dhaka Hands Over Top ULFA Leader to India", *The Hindu*, November 11, 2015, at https://www.thehindu.com/news/national/ulfa-leader-anup-chetiahanded-over-to-india-by-bangladesh/article7865894.ece. Accessed on April 23, 2021.

Kallol Bhattacherjee, "U.S. turns Focus on Bangladesh for Indo-Pacific Strategy", The Hindu, October 12, 2020, at https://www.thehindu.com/news/national/us-turns-focus-onbangladesh-for-indo-pacific-strategy/article32828837.ece. Accessed on February 17, 2021.

to avoid being inadvertently drawn into the wider Sino-US rivalry. The United States also wants Dhaka to sign two defence accords, the Acquisition Cross-Servicing Agreement (ACSA) and the General Security of Military Information Agreement (GSOMIA), to increase bilateral collaboration and coordination between the two forces, as well as to facilitate easier weapons sales.⁵⁴

Apprehensive of Dhaka tilting towards the 'West' and interfering in internal affairs of the country by seeking to directly influence Bangladesh's foreign policy, China's ambassador in Dhaka, Li Jiming, stated in May 2021 that bilateral relations would be "substantially damaged" if Bangladesh were to engage with the Quadrilateral Security Dialogue (Quad) in any capacity, going on to say that "We do not want any form of participation of Bangladesh in this alliance."⁵⁵ This message was also conveyed to Prime Minister Hasina during Chinese Defence Minister Wei Fenghe's visit a month earlier where he stated that China and Bangladesh should jointly oppose efforts against extra-regional powers from establishing a "military alliance in South Asia and practising hegemonism."⁵⁶ Reflecting upon Beijing's assertive diplomacy, C. Raja Mohan states "India's neighbours have long resented the imperious style of the Indian ambassadors often dubbed as 'pro-consuls'. Chinese envoys now seem eager to inherit the dubious mantle."⁵⁷

 [&]quot;US wants 2 Defence Deals with Bangladesh", *The Daily Star*, October 18, 2019, at https:// www.thedailystar.net/frontpage/us-wants-2-defence-deals-bangladesh-1815466. Accessed on February 17, 2021.

^{55.} Indrani Bagchi, "China threatens Bangladesh, says Ties will be Hit if it Joins Quad", The Times of India, May 11, 2021, at https://timesofindia.indiatimes.com/india/china-threatensbangladesh-says-ties-will-be-hit-if-it-joins-quad/articleshow/82538736.cms. Accessed on May 11, 2021.

^{56.} PTI, "China, Bangladesh should Oppose Powers from Outside the Region Forming 'Military Alliance' in South Asia: Chinese Defence Minister", *The Economic Times*, April 29, 2021, at https://economictimes.indiatimes.com/news/defence/china-bangladesh-should-opposepowers-from-outside-the-region-forming-militsary-alliance-in-south-asia-chinese-defenceminister/articleshow/82289339.cms. Accessed on May 11, 2021.

C. Raja Mohan, "Quad: How China's New Diplomatic Swagger is Hitting India's Neighbours", *The Indian Express*, May 18, 2021, at https://indianexpress.com/article/opinion/columns/ chinese-envoy-beijing-dhaka-relationship-quad-point-7319220/. Accessed on May 26, 2021.

Bangladeshi Foreign Minister, A.K. Abdul Momen, responded sharply to the comment, stating that he did not expect such a statement from China and reaffirmed Dhaka's balanced foreign policy by telling reporters that they are an independent and sovereign state that decide their own foreign policy and takes decisions "considering the interest of the people and the country."58 With the Quad countries having stated that there are no immediate plans to expand the membership, no invitation having gone out to Bangladesh, and no inclinations from Dhaka to join, it is likely Beijing wanted to convey a wider message to India's neighbours and assess Dhaka's position under the wider India-China relationship-as it views the group as an 'Asian NATO' and "an exclusive clique against China."59 According to one analyst, "Beijing mistakenly read Bangladesh's friendship as compliance", which was a "fundamental mistake especially about a nation that has not only a history of standing up to repression but also has overcome a difficult journey for celebrating many landmark economic and political achievements over the course of 50 years."60 Dhaka, therefore, is maintaining a neutral foreign policy, in contrast to Sri Lanka's bandwagoning foreign policy as stated by Foreign Secretary, Jayanath Colombage: "We are observing the rise of [the] Quad as an exclusive military alliance. That is the problem. If [the] Quad is aiming at economic revival, there are no issues."61 However, Beijing's want of clarity on understanding whether other countries are looking towards joining the Quad are not constrained to India's neighbourhood. According to reports,

Syful Islam, "Bangladesh hits back after China Envoy Warns against Joining Quad", Nikkei Asia, May 11, 2021, https://asia.nikkei.com/Politics/International-relations/Bangladesh-hitsback-after-China-envoy-warns-against-joining-Quad. Accessed on May 12, 2021.

Ananth Krishnan, "Bangladesh rebuffs China on Quad Warning", *The Hindu*, May 12, 2021, https://www.thehindu.com/news/international/bangladesh-rebuffs-china-on-quad-warning/article34542373.ece. Accessed on May 13, 2021.

Sreeradha Datta, "Surely not a Faux Pas-China warns Bangladesh against Joining the Quad", *Vivekananda International Foundation*, June 1, 2021, https://www.vifindia.org/2021/june/01/ surely-not-a-faux-pas-china-warns-bangladesh-against-joining-the-quad. Accessed on June 1, 2021.

Devirupa Mitra, "Sri Lanka Worried About Indian Ocean's Securitisation, Impact of Quad Military Alliance", The Wire, October 30, 2020, https://thewire.in/diplomacy/sri-lankaworried-about-indian-oceans-securitisation-impact-of-quad-military-alliance. Accessed on May 14, 2021.

Despite India's robust engagement with Bangladesh, there continue to be bilateral issues and irritants on India's CAA law, the stalled Teesta water-sharing agreement, and numerous cross-border security issues, which include violent incidents that affect Bangladeshi sentiments and create animosity. Seoul has been repeatedly asked by Chinese officials whether South Korea will join the Quad.⁶²

Ultimately, political stability and policy continuity on both sides, concerns for mutual security, and depoliticising issues of national economic interest have allowed New Delhi and Dhaka to cultivate relations and move closer towards realising the full potential of the bilateral relationship.⁶³ Nevertheless, despite

India's robust engagement with Bangladesh, there continue to be bilateral issues and irritants on India's CAA law, the stalled Teesta water-sharing agreement,⁶⁴ and numerous cross-border security issues, which include violent incidents that affect Bangladeshi sentiments and create animosity.

What Can India Do?

To take relations further, New Delhi's primary objective should be diversifying its engagement with Bangladesh and opening up the relationship to more avenues by interlocking development efforts with Dhaka's interests in the pursuit of not only connecting and developing India's Northeast region with the mainland but also creating a sub-region in which Bangladesh can become the lynchpin of economic growth for the benefit of citizens across borders.

Rachel Zhang, Jun Mai, "China checks if Seoul still Cool on Joining US-led Quad Alliance", South China Morning Post, April 24, 2021, https://www.scmp.com/news/china/diplomacy/ article/3130775/china-checks-if-seoul-still-cool-joining-us-led-quad-alliance. Accessed on June 14, 2021.

C. Raja Mohan, "Indo-Pak and Indo-Bangladesh: a Tale of Two Relationships", *The Indian Express*, March 23, 2020, https://indianexpress.com/article/opinion/columns/india-pakistan-bangladesh-relations-kashmir-issue-foreign-policy-7240325/. Accessed on March 23, 2021.

^{64.} After the two countries failed to sign the Teesta water-sharing deal, New Delhi and Dhaka began water-sharing talks in August 2019 on seven other rivers—the Feni, Manu, Muhuri, Khowai, Gumti, Dharla and the Dudhkumar.

According to a senior Indian policy India's foreign analyst, strategy of instilling fear of China in its neighbours and discouraging interaction is counterproductive. This just serves to tarnish New Delhi's image. An example of this was the Indian Foreign Secretary's visit to Bangladesh in August 2020, during which he ensured that Bangladesh did not co-fund China's vaccine programme at a time when the race for a COVID-19 vaccine was still ongoing, and assured the Bangladeshi

Apart from continuing to enhance connectivity between the two countries and building on and expanding the current initiatives, New Delhi should prioritise programmes like the Bangladesh, Bhutan, India, Nepal (BBIN) initiative that would improve connectivity and make cross-border transport more efficient between the four nations.

leadership that India would supply the vaccines. However, due to the deteriorating situation of the pandemic within India, New Delhi was unable to deliver and "ended up losing face."⁶⁵ To make matters worse, in May 2021, Bangladesh sent consignments of medical assistance to India and placed an order for 15 million vaccines from China.⁶⁶

India has increasingly emphasised economic diplomacy when it comes to Bangladesh. Apart from continuing to enhance connectivity between the two countries and building on and expanding the current initiatives, New Delhi should prioritise programmes like the Bangladesh, Bhutan, India, Nepal (BBIN) initiative that would improve connectivity and make cross-border transport more efficient between the four nations, while also allowing them to integrate more effectively with the global economy. In the light of this, the BBIN Motor Vehicle Agreement (MVA), which has been ratified by all except Bhutan, would allow vehicles with BBIN permits to travel unobstructed across borders. Although this potential has yet to be realised, an increasing

^{65.} Author interview with Senior Indian Foreign Policy Analyst, New Delhi, May 21, 2021.

^{66. &}quot;Bangladesh sends Second Consignment of Medicines to India," *The Hindu*, May 18, 2021, https://www.thehindu.com/news/national/bangladesh-sends-second-consignment-of-medicines-to-india/article34590277.ece. Accessed on May 26, 2021.

interest in Bhutan and Nepal is emerging for expanding economic integration with Bangladesh that has hopes for increasing the pace of implementing the initiative.⁶⁷ Despite Bhutan's reluctance to ratify the BBIN MVA, delegations from Bangladesh, India, and Nepal met in February 2020 to discuss an enabling MoU to implement the MVA amongst the three countries, keeping in mind that consent provided by the Bhutanese government is a promising development for the sub-region.⁶⁸

Another way to strengthen relations that benefits the region economically is to assist Bangladesh's Blue Economy Initiative—which has become a priority for Dhaka after the maritime border issue was resolved in 2014 and will influence Bangladesh's development in the years to come. Dhaka has identified 26 potential Blue Economy sectors for development, and it is imperative that India supports this initiative, invests where possible, and creates an environment conducive for both nations to jointly exploit marine resources in a sustainable manner while preserving the ecology of the bay. Currently, the blue economy contributes over \$6 billion to Bangladesh's GDP, and an enormous gap exists between the current reality and the potential.⁶⁹

There is also scope for India to further its support to Bangladesh by extending its expertise in its nuclear energy programme and aspirations. In March 2018, a tripartite agreement was signed with Bangladesh and Russia to work on the country's first nuclear reactor, the Rooppur Nuclear Power Plant. During Prime Minister Modi's visit to Bangladesh in March 2021, it was stated that a significant part of the third line of credit extended by India would go towards civil nuclear cooperation, and Indian companies would

^{67.} C. Raja Mohan, "Bangladesh's Rise in an Opportunity for India, but is Overshadowed by Negative Domestic Politics," *The Indian Express*, December 20, 2020, https://indianexpress. com/article/opinion/columns/international-monetary-fund-world-economic-outlook-gdpbangladesh-india-economy-coronavirus-6792444/. Accessed on May 11, 2021.

^{68. &}quot;Joint Press Release on the Meeting of Bangladesh, Bhutan, India and Nepal on the Motor Vehicles Agreement (BBIN MVA)", *Ministry of External Affairs, Government of India*, February 8, 2020, at https://www.mea.gov.in/press-releases.htm?dtl/32383/Joint_Press_Release_on_ the_Meeting_of_Bangladesh_Bhutan_India_and_Nepal_on_the_Motor_Vehicles_Agreement_ BBIN_MVA. Accessed on May 11, 2021.

^{69.} Tariq Karim, "The Importance of the Bay of Bengal as a Causeway between the Indian and Pacific Oceans", Asia Pacific Bulletin, no. 557, East-West Center, May 12, 2021.

develop the transmission lines of the Rooppur plant, which would be worth over \$1 billion. India is already training Bangladeshi nuclear scientists at the Kudankulam Nuclear Power Plant in Tamil Nadu. Bangladesh has targeted 9 per cent of its electricity to be generated by nuclear power by the next decade, in a move that would both meet the growing energy demands along with reducing emissions.⁷⁰ For a nation looking to diversify into alternative energy options, nuclear power and support from India and Russia can go a long way.

Human capital development has been an important pillar of India's global outreach, and while India already contributes to the education and health sectors in Bangladesh, there is potential to do much more. New Delhi should increase the number of Bangladeshi government official it trains across the civil, judicial and police services and similarly seek to increase the number of scholarships given to Bangladeshi students (currently the ICCR awards 200 annual scholarships to Bangladesh). Although it can be argued that the existing number of Bangladeshis is relatively significant, it is in India's interest to increase cross-border personal exchanges. In the health sector, although collaboration exists, the pandemic has showed us the need to increase the priority of public health collaboration between the two countries. On the security front, it is imperative the Navies and Coast Guards of India and Bangladesh enhance cooperation and operational ability in the Bay of Bengal.

Ultimately, it is clear that China is there to stay and will continue striving to enhance bilateral relations for their benefit. The dramatic shift of relations from the Bangladesh war of independence to the country becoming a part of the BRI and President Xi Jinping's visit to Dhaka in 2016 underscores the importance of Bangladesh in China's wider ambitions in the region and the restructuring of Beijing's strategic alignments. China's strategy will continue to focus on establishing political trust and be driven by economic and defence-related opportunities, seeking to capitalise on the size of the market and

Laura Gil, "Construction Progresses on Bangladesh's First Nuclear Power Plant," International Atomic Energy Agency, January 31, 2019, https://www.iaea.org/newscenter/news/ construction-progresses-on-bangladeshs-first-nuclear-power-plant. Accessed on June 1, 2021.

Although Bangladesh has managed India's expectations so far by not tilting too much in Beijing's favour, China's inroads into the country, especially in sensitive areas, would immediately exacerbate tensions with India. the requirements of the Bangladeshi armed forces, while keeping New Delhi unnerved about developments.

If Dhaka is not cautious in its engagements and veers away from calculating the risk and taking decisions based on national interests, Beijing will be the first to take advantage of strategic openings. As

of now, China is not a deterrent for India's engagement with Bangladesh. Although Bangladesh has managed India's expectations so far by not tilting too much in Beijing's favour, China's inroads into the country, especially in sensitive areas, would immediately exacerbate tensions with India, fuel New Delhi's existing national security concerns in the Bay of Bengal region, and most importantly, drive a wider wedge between India and Bangladesh—all aspects of the China factor that are currently overstated but could easily become a bleak reality.