

Bangladesh at 50: Navigating Strategic Survival

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Commentary



Bangladesh gained independence 50 years ago. The country emerged from a brutal liberation war against Pakistan — Bangladesh was part of Pakistan from 1947 to 1971 — and faced nearly insurmountable challenges. Despite the odds, Bangladesh has survived for a half-century and increasingly represents an economic success story. At the time of independence in 1971, over 80 percent of the population was living in extreme poverty. Today, 80 percent live above the poverty line. With a gross domestic product of over \$352 billion, Bangladesh currently has the 41st largest economy in the world and the second largest in South Asia, only behind India. Bangladesh is projected to have the world's 28th largest economy by 2030. While economic growth has presented its own challenges — particularly in terms of tremendous wealth inequality — the economic trajectory of Bangladesh remains positive.

However, Bangladesh faces diplomatic and strategic challenges associated with this economic success. As the country grew economically and its productive capacity and market expanded, so did its engagement with other countries. Exports, remittances, and foreign direct investment are driving economic growth, which has increasingly tied Bangladesh to two Asian giants — China and India.

The biggest geopolitical challenge for Bangladesh is leveraging close economic ties with China while maintaining a stable relationship with its closest neighbor, India. In recent years, Dhaka's relationship with Beijing has yielded dividends. China is now Bangladesh's largest source of foreign direct investment and its top trading partner. Roughly 97 percent of Bangladeshi products are granted duty-free access to the Chinese market. While Bangladesh insists its engagement with China is purely economic, India views it with suspicion and worries closer Sino-Bangladeshi ties could threaten Indian interests in South Asia. India's discomfort creates a strategic dilemma for Bangladesh that puts at risk its badly needed economic development. To keep its growth on pace, therefore, Bangladesh must astutely utilize its strategic leverage with China and India, while assuaging Indian concerns over its burgeoning relations with China.

Historical Paradox

Bangladesh's ties with China and India have come a long way in 50 years. China initially opposed Bangladesh's independence, while India staunchly supported the country during its liberation war. But today, China's economic clout and apparent non-interference in Bangladesh's domestic affairs makes it a desired partner. This is in contrast to India, which has historically ignored core bilateral issues with Bangladesh. In short, Bangladesh often feels threatened by India, while China takes care to respect Bangladeshi sensitivities.

Following Bangladeshi independence in 1971, China refused to extend diplomatic recognition to the new country until 1975. In addition, as a permanent member of the United Nations Security Council, China used its veto power to deny UN membership to Bangladesh in 1972. However, bilateral relations have improved steadily since then, and the countries upgraded their relationship to a strategic partnership in 2016 during President Xi Jinping's Dhaka visit, when the two countries signed a Belt and Road agreement. The total proposed Chinese investment is \$38 billion — roughly 10 percent of Bangladesh's gross domestic product — the largest sum ever pledged to Bangladesh by a single country.

On the other hand, the cornerstone of modern Bangladesh-India bilateral relations was the birth of Bangladesh. The deep-rooted connection between the two countries' people and culture — as well as its own self-interests — led India to support Bangladesh's aspiration for independence in its 1971 war with Pakistan. India intervened as an ally, playing an instrumental role in the success of the liberation war. However, in the post-liberation period, India's policy towards Bangladesh did not always reflect the role it played during the liberation war. Instead, India adopted a hegemonic posture and engaged in occasional bullying, in contrast with China's practice of non-interference in Bangladesh's domestic

affairs coupled with lavish support for infrastructural development. China's non-interference policy in Bangladesh, however, is not replicated elsewhere, particularly in Africa. It is a well-calibrated and customized approach for Bangladeshis who are increasingly upset with India's perceived interference and looking for alternatives that provide economic support but don't interfere in domestic affairs.

Though the two countries still maintain robust bilateral relations, many Bangladeshis increasingly perceive the relationship with India as unequal, disrespectful, and less beneficial than relations with China. The most contentious dispute between Dhaka and New Delhi involves the shared 4,096-kilometer border, the fifth longest land border in the world. Each year, Indian border patrol kills hundreds of Bangladeshis. India surrounds Bangladesh on three sides, amplifying the sense that India's influence is smothering Bangladesh.

India, for its part, is concerned about the history of separatist movements in the "seven sisters." The "seven sisters" of India refers to the seven geographically isolated northeastern states that are connected with mainland India only via the narrow Siliguri Corridor. China's potential involvement in arming separatists and the fact that some separatist leaders have been harbored in Bangladesh worries India that Sino-Bangladeshi ties could cause further turmoil along the border. In terms of economics, China delivers where India seems only to engage in negotiations. For example, little progress occurred in a decade-long negotiation with India on the Teesta water-sharing pact, while China has offered financing for a \$1 billion water-management project. In short, from the perspective of Bangladeshis, India too often represents challenges while China represents opportunities.

Bangladesh's increasing ties with China, however, are not aimed at upsetting India. Doing so, after all, would not be in Bangladesh's interests. Instead, Bangladesh views closer ties with China as essential to its much-needed economic development, and Bangladesh would welcome a partnership with any other country offering such support. Like most countries in the region, Bangladesh prefers not to align with either China or India, as this would set-up a zero-sum game detrimental to Bangladeshi interests. Dhaka sees close bilateral relations with both states to be in its national interest.

Navigating Strategic Survival

To create strategic leverage vis-à-vis China and India, Bangladesh needs to start addressing problems at home. Islamic radicalism, economic inequality, and an increasingly polarized political culture are imminent challenges. In addition, shortcomings in the democratic process in Bangladesh contribute to increasing intolerance, which will further divide the nation. Politically isolated groups may embrace violence as a result. Also, the dividend of economic growth has been distributed unequally. For example, between 2010 and 2016 the richest households saw their income rise by nearly a quarter, while the poorest households saw theirs decline by a third. Corruption is another predominate issue that knocks two percentage points off economic growth each year. In addition, COVID-19 has exacerbated inequality by pushing millions who had escaped poverty back into it.

The country's external environment poses an even greater challenge to a stable and prosperous Bangladesh. Officials in New Delhi view the growing relationship between Bangladesh and China to be at India's expense. These conclusions often miss the mark. Western policymakers have also misread Bangladesh's position on the international stage since its inception. Henry Kissinger once infamously concurred with ambassador U. Alexis Johnson's assessment that Bangladesh was "an international basket case." Many continue to see Bangladesh either through the lens of India, Pakistan, or now China. Analysts often fail to grasp that Bangladesh, as a flourishing independent country of 165 million people, is fully capable of acting in its own self-interest. Though not without its challenges, Bangladesh's economy is booming, it is hungry for investment, infrastructure, and export markets, and it is eager to play a rightful role in regional affairs. Bangladesh seeks partners able to complement these needs, including China, the European Union, and the United States. The last two are its chief export markets.

Bangladesh is an important state in South Asian geopolitics. Geographically, Bangladesh almost severs India from its northeastern seven sister states, with the circuitous Siliguri Corridor link at one point narrowing to just 14 miles between Nepal and Bangladesh. The Northeast, accounting for eight percent of India's territory, has been a restive area that hosted numerous separatist movements. Northeast India also borders China, which maintains a claim to part of the region. In the past, India's main concern was that Bangladesh was not doing enough to contain separatists' activities in border areas. The current Bangladeshi government has addressed these issues to New Delhi's satisfaction. Bangladeshi officials always stress that Bangladesh will never allow any separatists to launch attacks against neighboring states from its territory. India would like Bangladesh to maintain this hands-off policy and also seeks Bangladesh's cooperation to encourage its economic development by providing easy transit of goods from the seven sisters through Bangladesh to Indian ports.

Meanwhile, China has its own agenda in Bangladesh. Beyond economic opportunities, China's access to the Indian Ocean is restricted through the narrow Straits of Malacca, one reason it has sought port facilities in the Indian Ocean/Bay of Bengal and overland connections to them, for example, through Myanmar and Pakistan. Although China shares no border with Bangladesh, the distance between two countries is only about 100 kilometers. As a result, China considers ports on the Bay of Bengal to have strategic value. In addition, the Bangladesh-China-India-Myanmar (BCIM) Economic Corridor — one of the six proposed economic corridors of China's BRI — relies on Bangladesh as a central location. Bangladesh can leverage China's offers to build a wide array of highways, bridges, and ports to improve its infrastructure. Bangladesh can also attract investment and labor opportunities from China to revitalize its garment sector, since its lower labor costs now provide a cheaper alternative for Chinese companies. However, these economic exchanges should be measured and well calibrated as overreliance on Chinese investment has posed a debt-burden risk in elsewhere in South Asia.

Looking Forward

Bangladesh has so far tried to balance the tensions inherent in close economic ties with China and stable strategic relations with India. However, this balancing act may grow more challenging in the future as great-power competition in the region grows increasingly intense and ties between Beijing and New Delhi get worse.

The role of other world powers will also shape Bangladesh's security environment. The United States and Japan both play a critical role in the country's development and security. The United States is Bangladesh's second-largest export destination — primarily for products of its garments industry, which is Bangladesh's main export. The Bangladeshi diaspora in the United States is also one of the country's largest sources of remittances. Japan is the largest donor to Bangladesh and was the main actor for infrastructure development until China's entry through BRI. So long as the Quad countries — Australia, India, Japan, and the United States — maintain their defensive capabilities and cooperate in areas like vaccine development, the Quad may be beneficial to Bangladesh.

As Bangladesh celebrates its economic achievements at 50, it confronts both a strategic and economic environment that may be less favorable over the coming decades. Competition between China and India will pose a strategic dilemma for Bangladesh. China remains an undeniable economic opportunity for Bangladesh. At the same time, geography demands that Dhaka maintain stable relations with New Delhi. A foresighted strategy based on national unity, pragmatic realism, and its own vision of the future can maximize Bangladesh's freedom of action on the international stage, but miscalculation and polarization at home may imperil the country's hard-earned achievements. The next fifty years of Bangladesh's independence will be determined by how well it manages ties with China and India.

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Image: Xinhua (Photo by Zhang Ling)

Commentary