

# Prime Minister Sheikh Hasina in China: Bilateral, Regional and Global Implications

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## Summary

*Bangladesh's Prime Minister Sheikh Hasina concluded a visit to China in the first week of July 2019. By all accounts, it was a successful visit. Bangladesh committed itself to the Belt and Road Initiative, as well as to the strategic partnership, at which level the Bangladesh-China relationship had been raised. The Chinese reciprocated with comparable assurances of support. At the same time, as a result of the visit, the need for Bangladesh to navigate carefully between the cooperation with China and the relations with India and the United States came into broader relief. This calls for skilful diplomacy in the times ahead.*

## Introduction

This visit of Prime Minister Sheikh Hasina to China from 1 to 5 July 2019 was a watershed moment in Bangladesh-China relations. It was a very substantive reciprocation of President Xi Jinping's 2016 trip to Bangladesh during which the bilateral relations were raised to, in Chinese political parlance, a "strategic partnership of cooperation", perhaps a notch below the "all-weather friendship" with Pakistan, but one at a very high pecking order, nevertheless.

There were two parts to the visit – the first, attending the annual meeting of the New Champions, or 'Summer Davos' as it is also known, in Dalian, between 1 and 3 July 2019 and, the second, time spent in meetings with the Chinese leadership in Beijing. It included one with her formal counterpart, Premier Li Keqiang and, importantly, a key one-on-one discussion with Xi. A number of significant memoranda of understanding were signed, mainly focussed on the power sector, though agreements on other issues such as broad economic and technical cooperation, the setting up of an investment collaboration working group, cultural and tourism programmes and an implementation plan on information sharing on the Brahmaputra river also featured.

Five major deals inked were: one, a framework agreement on the expansion and strengthening of the power-system network under the Dhaka Power Distribution Company (DPDC); two, a government concessional loan agreement of the expansion and strengthening of the power-system network under the DPDC area project; three, preferential buyer's credit loan agreement of the expansion and strengthening of the power-system network under the DPDC area project; four, a framework agreement of a power-grid network strengthening project under the Power Grid Company of Bangladesh project; and five, an agreement on bilateral economic and technical cooperation. Furthermore, understandings were also signed on the establishment of an investment cooperative working group, on hydrological

information sharing of the Yalu Zhangbo and the Brahmaputra River and another one on cultural exchanges and tourism.

It was in her meeting with Li that Hasina reiterated the willingness of Bangladesh to participate in the Belt and Road Initiative (BRI) of China. Also, recognising the moribund status of the South Asian Association for Regional Cooperation (SAARC), the Chinese were going for what they considered the second best, that is, the Bangladesh-China-India-Myanmar (BCIM) entity. Li underscored the importance of a BCIM Economic Corridor which he said would connect nearly three billion people, though the Bangladesh side might need to reflect more on how India would view such a China-driven objective. The Bangladesh side, doubtless pleased not to have been pushed to continue sponsoring the SAARC, was happy to go along, and still give the BCIM the necessary endorsement. In fact, a major deep sea port under construction, Payra, which was originally a BRI project, has been brought under the BCIM umbrella, with an Indian participatory component, projecting a new model of cooperation between India and China in a venture largely funded by BRI. Li assured Hasina of China's preparedness to better synergise the BRI with Bangladesh's development strategy. This is in sync with the Chinese position that the BRI is not an idea in which one size fits all. Li also pushed for a free trade agreement (FTA) which he said would facilitate access of high grade Bangladeshi products into the Chinese market, but Bangladesh at this time is examining the pros and cons of FTAs as a principle.

The most significant discussions, as to be expected, were the ones between her and Xi. Deeper understandings of interactions such as these with the Chinese require careful parsing of every statement, as these tend to be heavily nuanced. Xi let it be known that the elevation of ties to a "strategic partnership of relations" was a signal of marked positive change. In his remarks, he assured that the support by Bangladesh on issues of China's 'core interests', would be duly reciprocated by assistance to "safeguarding [Bangladesh's] sovereignty", and also "exploring [together] a development path suitable for its national condition and maintaining political and social stability". It can be read as meaning that while Bangladesh's security will be a focus of the Chinese, they were prepared to tweak the BRI and other partnerships to conform to Bangladesh's unique requirements. The mention of the maintenance of "political and social stability" was seen as implying an endorsement of the continuation of the Awami League-led government in Bangladesh. Specific areas for focus were noted to be trade, investment, production capacity, energy, transport, telecom, agriculture, infrastructure construction, the digital Silk Road, education, culture, youth and media. Additionally, from the Bangladeshi side, active participation in the BRI and in the BCIM Economic Corridor were reiterated.

Even earlier, Bangladesh's Foreign Minister Abdul Momen had stressed the priority his side accorded to the Rohingya issue, which was also the case. The possible impact on the resolution of that intractable dispute as a result of the talks was unclear. While an outright Chinese declaration of support for Bangladesh was not forthcoming, it was also not expected. However, the Chinese registered Bangladesh's concerns. It was obvious that they would be prepared to use their leverage to work behind the scenes to work towards a solution. The fact that Dhaka was, consequently, unwilling to unnecessary irk Naypidaw came through at the press conference that Hasina gave on her return to Dhaka. A United States (US) Congressman Bradley Sherman had recently suggested the hiving off of the

Rakhine State (home of the Rohingyas) from Myanmar and adding it to Bangladesh. This uncalled for plan, rather than being seen as support for Bangladesh, was viewed as a ‘kiss of death’ by Dhaka and Hasina dismissed it as an “attempt” (by the US) to “create anarchy”.

During a brief visit to Singapore, on his way back from China, Bangladesh’s Foreign Secretary Shahidul Huq mentioned at a public symposium organised by the Institute of South Asian Studies that a very positive offshoot of the visit was also the talks of the Bangladesh delegation with Professor Klaus Schwartz, the head of the World Economic Forum (WEF). It was agreed that a major concentration of the next conference of the WEF in Davos would be prospect of investments and the general economic growth and development of Bangladesh. Indeed, a number of key Bangladeshi private sectors would also be participating there to engender enthusiasm on Bangladesh among their peers in other countries. The fact that the Chinese are poised to put over US\$30 billion (S\$40.8 billion) into that country would, it was hoped, serve as an inspiration to others.

It is interesting to watch how quickly Bangladesh-China relations have evolved. Initially China dragged its feet in recognising Bangladesh. But it was careful to couch it in terms of not objecting to the birth of Bangladesh per se, but as Ambassador Huang Hua, a Chinese diplomat-turned-Minister, put it in the United Nations in a phrase that was quintessentially Chinese *diplomatese*, in opposing “the singing in a duet of Soviet socialist imperialism and Indian expansionism”. To the credit of Bangabandhu Sheikh Mujibur Rahman and his diplomatic astuteness, he took every advantage of past sentiments to repair these fences. After all, it was the Bengalis in Pakistan who were instrumental in forging close relations between Pakistan and China, whose numbers included Prime Minister Shaheed Suhrawardy, Mowlana Abdul Hamid Khan Bhashani and Sheikh Mujibur himself. Indeed, on the establishment of diplomatic links, Bangladesh retained the same Pakistani Ambassador to Beijing, K M Kaiser, a diplomat from Dhaka with close ties to Chinese senior politicians. The bilateral relationship grew under every government in both countries and probably reached its peak after Xi Jinping’s historic visit to Bangladesh in 2016. Following that event, Bangladesh joined the Chinese mega-project of the BRI, an offshoot of Xi’s ‘China Dream’ (*Zhang Guomeng*), with promises of Chinese investments exceeding US\$30 billion (S\$40.8 billion), give or take.<sup>1</sup>

Important elements of the Bangladeshi government also saw key benefits accruing from the relationship. First there was the business community. Understandably, enormous interest was shown by trade circles in the BRI investments. Bilateral trade exceeded US\$16 billion (S\$21.8 billion), rising by nearly six per cent annually in recent times, with China now as the number one trading partner. It should be noted that the business community plays a lead role in national politics and in the parliament of Bangladesh. Second, there is the armed forces. They procure equipment and training massively from China. Recently, two submarines were purchased, which required a modicum of mollification of Indian concerns. Third, the intellectuals and the politically active Bangladeshi student groups whose predilections have traditionally veered towards China. Sometimes, in Bangladesh, the relationship with China appears to be seen as akin motherhood, which all tend to praise and none to decry.

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<sup>1</sup> ‘China Dream’ is an idea that is attributed to President Xi Jinping which refers to a set of policies designed to transform China into a major global power by 2030.

However, practical regional politics would not allow for a lack of restraint in this near-strategic relationship. There is the India factor to be mindful of. India would be chary of a burgeoning Chinese influence in its own backyard. Bangladesh is, indeed, ‘India-locked’, and not just geographically. Careful navigation between the two relationships of Bangladesh, with India and with China, will call for deft diplomacy on the part of Dhaka. At present it appears India is pleased with the security relationship it has with Bangladesh which takes an extremely strong negative view of Indian insurgents taking any advantage of its territory in carrying out their activities. In return, it appears as of now, that India is happy to allow China to play a larger role in the economic sphere since it simply does not possess the requisite matching funds. At the same time India would be understandably keen to deny China the kind of influence in this country, which is almost India’s underbelly, which Beijing currently enjoys in Pakistan.

Then there is the global scenario. The impact on the larger global US-China spat on Bangladesh-China relations. For now, it seems that US President Donald Trump’s withdrawal into isolationist unilateralism has eroded the US presence on Bangladesh’s political screen. But at the same time America and the West will continue to be of significance to Bangladesh. It is not just, though also, a view that with the sanctions on China, the relocation of affected industries to Bangladesh might be advantageous to this country just as it has been, say to Vietnam. However, Bangladeshis seem to understand the dangers involved in taking overt advantages from the China-US spat. Bangladeshis note that a sudden spike in a favourable balance of trade for Vietnam via-a-vis the US – now to the extent of US\$40 billion (S\$54.4 billion) has drawn Trump’s ire who has threatened to slap tariffs on Vietnam’s exports to America. Dhaka may find it more useful to concentrate on a sustainable policy like welcoming the relocation of Chinese industries to Bangladesh and, at the same time, framing the long-term market access understanding with the US, rather than attempting a temporary breakthrough in trading fortunes at this period of the crisis.

The inscrutability of politics is an abiding phenomenon of the annals of humanity. So on Dhaka’s part, a focus on Washington will be ever-present. Nonetheless, it will not be lost in Dhaka that China is increasingly poised to play a pivotal role globally, is likely to deepen its interest in a Bangladesh that is also said to be ‘on the rise, and rise’, though at a very different level.

Bangladesh does have its work in future negotiations with key global players cut out for it. It will need to navigate carefully between the US and China, India and China, as both sets of relations tend to put it at times between a rock and a hard place. The challenge of Bangladeshi diplomacy will be to try find its sweet spot between the two as that may be critical to its future.

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