

Bangladesh the Much-Coveted Neighbour

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Summary

Bangladesh's growth trajectory, along with its geographic location, makes it an extremely attractive neighbour. As one of the leaders in the global textile industry, it has chartered a distinct path for itself and has become a favoured destination for foreign investment. Many states in the region are vying for its attention and are keen to strengthen their bilateral ties with Dhaka. The cross-border transport systems that Bangladesh is developing with India will enable it to play a significant role in regional trade and commerce. Economic reasons apart, political and strategic considerations have led to India and China forming close partnership with Bangladesh. Nepal and Bhutan, the smaller states in South Asia, are also reaching out to Bangladesh. In recent times, Pakistan has also made some overtures. Indeed, Bangladesh is emerging as a key partner in the Asian neighbourhood.

While Bangladesh struggles to cope with the ongoing pandemic crises at home along with the rest of the world, it has also been the recipient of a fair amount of attention, especially from some of its Asian neighbours. Indeed, one of the fastest growing nations in Asia till just before the COVID-19 struck, Bangladesh appears poised to maximise its locational advantage. Its neighbours seem keen to establish closer bilateral and regional ties invariably leading to not only greater regional connectivity with Dhaka, but also increasing political and economic relevance for this Bay of Bengal state. For a variety of reasons, including its access to the sea lanes of communication, its growth story with a growing market and young workforce, and a leading global player in readymade garment industry has proven attractive enough to be coveted by not only by its immediate neighbours, India, Nepal and Bhutan, but also by Pakistan and China.

Arguably for Bangladesh, India and China both have been close developmental partners, although the nature and essence of the two bilateral relations is varied. Although Dhaka and Islamabad have not been able to overcome their troubled past, anchored in the birth of Bangladesh, Pakistan now seems to be attempting to revisit the state of bilateral ties. Clearly, several of developments in the recent past have pointed towards Bangladesh's growing significance in the region.

Cross-border Multimodal Transport Corridors

Ever since Bangladesh signed the broad framework of agreement in 2010 with India, amongst other plans, the two countries set out to create cross border linkages that would enable India not only access its northeastern states through Bangladesh, thereby circumventing the long circuitous route, but also provide the Himalayan states of Bhutan and Nepal access to Bangladeshi ports and land borders for better facilitation of their trade and commerce. Bangladesh allowing for transit the development of the transport corridors, which is underway, will lead to an integrated sub-region, thereby ensuring corresponding

benefits for all. Indeed, as planned, the motor vehicle agreement amongst the tri-nations of Bangladesh, India and Nepal would also soon lead to a successful and seamless cargo movement in the sub-region.

Despite the domestic preoccupation with the pandemic, the transshipment of cargo through a multimodal system, including railways, surface and waterways, as well as coastal shipping between India and Bangladesh, has gained momentum in the recent months. Progress has been evident in all the sectors, including the signing of a memorandum of understanding on inland water transport that would complement the existing bilateral inland waterway agreement and, in the process, increase the proposed inland river ports to five locations. This latest agreement (20 May 2020), enabling India to access its northeastern state of Tripura was followed up with the announcement of the near readiness of the inland water protocol route from the lower segment on the Gomati river between Sonamura (Tripura, India) and Daudkandi (Comilla, Bangladesh). This proposed inland water route between the Ashuganj river port in eastern Bangladesh and Sonamura in Sipahijala district of Tripura through Gomati and Meghna rivers will facilitate cargo movement between Tripura and Bangladesh through a short distance of 60 kilometres, skirting the long route via Siliguri. Additionally, the successful trial run of the first transshipment cargo between the neighbours took place at the Agartala (Tripura, India) Integrated Check Post on 23 July 2020. The Indo-Bangladesh Coastal Shipment Agreement, signed in 2018, led to the cargo movement on the first trial container ship, which started from Kolkata on 16 July 2020 and reached Chittagong Port (Bangladesh) before travelling via road on Bangladeshi trucks to Agartala. Both the northeastern states of Tripura and Assam would be serviced through this route.¹ Apart from this, the first cross-border train with 50 containers of fast moving consumer goods and fabrics took place several weeks ago and Bangladesh also recently received 10 railway broad gauge diesel locomotives from India.²

Energy trade was one of the first tangible initiatives between Bangladesh and India post the 2010 agreement. Now, the likelihood of it developing into a regional grid seems imminent. A 500-megawatt hydropower plant in Nepal is under construction for the export of electricity to Bangladesh, using Indian transmission lines within the next five years. The three neighbours, however, will need to resolve the trading and tariff modalities. Earlier this year, Bangladesh and Nepal agreed to use the Saidpur airport and Bangladesh's Prime Minister Sheikh Hasina had suggested that Nepal and Bhutan using the Saidpur airport as well as Chattogram and Mongla seaports.³ The potentials of developing an integrated trade and transport corridor seem real now. Not only has the volume of Indo-Bangladeshi trade grown, but, more importantly, there is also a greater balance of trade between the two in

¹ "First-ever container cargo from Kolkata via Bangladesh port reaches Agartala: MEA", *Economic Times*, 24 July 2020. https://economictimes.indiatimes.com/news/economy/foreign-trade/first-ever-container-cargo-from-kolkata-via-bangladesh-port-reaches-agartala-mea/articleshow/77131421.cms?utm_source=content_ofinterest&utm_medium=text&utm_campaign=cppst.

² Rezaul H Laskar, "In a push to 'neighbourhood first' policy, India to send 10 railway locomotives to Bangladesh", *Hindustan Times*, 26 July 2020. <https://www.hindustantimes.com/india-news/in-a-push-to-neighbourhood-first-policy-india-to-send-10-railway-locomotives-to-bangladesh/story-TZ2enN1ZZH2OULNP9yNtLL.html>.

³ "PM Sheikh Hasina offers airport, seaport facilities to Nepal", *The Dhaka Tribune*, 20 February 2020. <https://www.dhakatribune.com/bangladesh/dhaka/2020/02/20/pm-sheikh-hasina-offers-airport-seaport-facilities-to-nepal>.

the wake of trade concessions provided by India, which is also leading to the emergence of greater value chains in some sectors.

While the physical gap between the neighbours is closing through such infrastructure development, some quarters seems to be being driven to the point of a political cleavage, most recently, over the inability of the outgoing Indian High Commissioner to find an audience with Bangladesh's Prime Minister, who perhaps prefers to be isolated during these COVID-19 pandemic times. Not unexpectedly, there has been much attention drawn to developments surrounding China and Pakistan vis-à-vis Bangladesh.

China a Welcome Partner

China has been a developmental partner for Bangladesh over the past four decades and the relationship has, since Beijing's recognition of Bangladesh post-1975, broadened to include economic, military and comprehensive strategic partnership. Bangladesh joining China's Belt Road Initiative (BRI) was a natural extension of the existing special ties. Unlike its ties with India, Bangladesh's relationship with China is much less controversial.

The Bangladeshi-Chinese relations are all pervasive and comprehensive and China's negative attitude regarding recognition in the aftermath of Bangladesh's Liberation War was quickly forgotten, attributing the Chinese behaviour to 'Cold War politics' by Bangladeshi scholars. Such prudence invariably led to the upward swing of the bilateral relations. Normalisation of ties, which took place when the military junta was in power, flourished under Ziaur Rahman (1977-81) and, over the years, there emerged a national consensus with the Bangladesh Nationalist Party and the Awami League, the two largest political parties, keen to promote closer ties with China. In short, within the context of China, nationalist credentials would mean Bangladeshi parties seeking closer ties with Beijing, while in the Indian context, being a nationalist, however, would imply adopting positions that are in opposition to New Delhi.⁴

While criticism of Beijing dumping weapons that are not battle-tested on Dhaka, mostly based on stolen western technology, continues to be raised, China has emerged as the major arms supplier to Bangladesh. The large-scale procurement of weapons from China includes fighter planes, helicopters, coastal patrol boats, artillery systems, tanks and submarines. However, this is not without significant costs to Bangladesh, which has to pay heavily for the annual repairs of these weapons, ships and aircrafts. While there is some domestic dissonance, not much is perceptible in the public domain. As last heard, the Durjoy battle tank upgrade project undertaken by China North Industries Group Corporation Limited is running much behind schedule. In addition, the recently purchased ships and submarines are unable to provide the desired combat capabilities. That China has been kept out of the prestigious Multi-role Combat Aircraft project did not merit much mention either.⁵

⁴ Sreeradha Datta, "Bangladesh's Relations with China and India: A Comparative Study", *Strategic Analysis*, 32:5, 755-772.

⁵ Shahidul Islam Chowdhury, "France, Italy eye Bangladesh market", *The Independent*, 9 March 2020. <https://www.newagebd.net/article/101697/france-italy-eye-bangladesh-market>.

The news of China granting duty free access to 97 per cent of Bangladeshi products⁶ has found reverberations across media platforms, although a similar Indian gesture in 2012 seemed to have been forgotten. Evidently, China had declared this concession in 2015 for all least developed countries, but it only became effective for Bangladesh in July 2020. Under this arrangement, a total of 8,256 goods will be exempted from the Chinese tariffs as against the earlier tariff-exemption for 3,095 items under the Asia Pacific Trade Agreement.⁷ China exported goods worth US\$17.8 billion (S\$24.49 billion) to Bangladesh in 2018 while its imports stood at less than US\$1 billion (S\$1.38 billion) contrasted against Indian imports from Bangladesh stood at over US\$1.2 billion (S\$1.66 billion) in the first 11 months of FY2020, while exports touched US\$7.5 billion (S\$10.32 billion).⁸ Bangladesh enjoys a far greater trade balance with India than with China, a point that is often overlooked.

While India has extended a credit facility of nearly US\$10 billion (S\$13.8 billion), China has delivered around US\$1 billion (S\$1.38 billion) under its BRI project which came with a promised US\$38 billion (S\$52.29 billion). Recently, Bangladesh has requested for an infrastructure fund worth US\$6.4 billion (S\$8.81 billion) for nine new projects from China.⁹ Interestingly, China has been very forthcoming with its support and medical supplies¹⁰ to Bangladesh during the pandemic but it came with a price tag – Bangladesh had to agree to form sister city alliances with Chinese cities.¹¹ Dhaka has also been assured that as ‘an important friend’, Bangladesh will be a priority should Chinese researchers develop a vaccine against the Coronavirus.¹² Bangladesh undoubtedly appreciates the very persistent wooing done by China. However, Dhaka seems less forthcoming when it involves its relations with Pakistan.

Uneasy Ties

As in the past, Bangladesh’s relationship with Pakistan continues to be rocky. However, the recent bilateral development has created much stir and raised speculations about a possible sustainable bilateral engagement. Pakistan reaching out to Bangladesh is significant, especially given the timing.¹³

⁶ “China woos Bangladesh, provides tariff exemption for 97% of exports from Dhaka,” *The Economic Times*, 20 June 2020. <https://economictimes.indiatimes.com/news/defence/nepal-on-its-side-china-now-woos-bangladesh/articleshow/76477205.cms>

⁷ “Chinese Market: No tariff for 5,161 more Bangladeshi products”, *Daily Star*, 20 June 2020. <https://www.thedailystar.net/backpage/news/chinese-market-no-tariff-5161-more-bangladeshi-products-1917389>.

⁸ Banikinkar Pattanayak, “China’s answer to India crackdown: Dragon eyes Bangladesh, Nepal with better trade deals”, *Financial Express*, 23 June 2020. <https://www.financialexpress.com/economy/friction-with-india-china-lures-bangladesh-nepal-with-trade-sops/2000076/>.

⁹ Mir Mostafizur Rahman, “BD seeks \$6.4b Chinese fund for new projects, Nine schemes, including Bhola-Barishal Bridge, on the list”, *The Financial Express*, 29 June 2020. <https://thefinancialexpress.com.bd/economy/bd-seeks-64b-chinese-fund-for-new-projects-1593400758>.

¹⁰ “China govt-donated medical supplies arrive in Dhaka,” *The Business Standard*, 26 March 2020. <https://tbsnews.net/coronavirus-chronicle/coronavirus-bangladesh/medical-supplies-china-arrive-dhaka-today-61252>

¹¹ Ali Asif Sawon, “China wants ‘sister cities’ in Bangladesh”, *Dhaka Tribune*, 19 May 2020. <https://www.dhakatribune.com/bangladesh/2020/05/19/china-wants-sister-cities-in-bangladesh>.

¹² Mozammil Ahmad, “Bangladesh and the China-India Conflict,” *The Diplomat*, 8 July 2020. <https://the-diplomat.com/2020/07/bangladesh-and-the-china-india-conflict/>.

¹³ India was in the throes of bilateral border disputes with both China and Nepal.

In early July 2020, Pakistan's High Commissioner in Dhaka Imran Ahmed Siddiqui met Bangladesh's Foreign Minister A K Abdul Momen which was cited as a 'courtesy call', one that possibly cleared the way to a phone call between Hasina and Pakistan Prime Minister Imran Khan on 22 July 2020.¹⁴ On an earlier occasion, prior to Hasina's trip to Delhi in October 2019, Khan had called her.¹⁵ Evidently, for nearly two years, Pakistan did not have a High Commissioner in Dhaka, and the new envoy, after presenting his credentials in February 2020, was hoping to usher in a qualitative change in their relations. Additionally, the recent row over the non-issuance of visa to Pakistani citizens wishing travel to Bangladesh was just another refection of the vexed bilateral ties. For the past several months, there was no visa officer at the High Commission and Pakistan delayed the issuance of visa to a Bangladeshi official.

History continues to cloud the relations between these two neighbours. Islamabad accused Dhaka of violating the 1974 trilateral agreement among Pakistan, India and Bangladesh, when Hasina initiated the trial for the war criminals. According to Pakistan, under the agreement, all countries, including Bangladesh, had agreed not to pursue cases against people involved in the 1971 events.¹⁶ Relationship between the two countries had little scope for improvement with the Pakistan National Assembly in 2016 passing a unanimous resolution condemning the execution of *Jamaat I Islami* leaders and accusing the Bangladeshi government of undertaking politically motivated trials.¹⁷

As it stands now, the Bangladesh government remains firm in its demand of an official apology from Pakistan for the events of 1971 war. This sentiment was reiterated by Momen post his meeting the Pakistani diplomat, "I told the Pakistani envoy that you have not yet formally apologised for the genocide in 1971" and recorded that Siddiqui "did not reply, but said he would relay this to his government."¹⁸ Bangladesh-Pakistan official contacts have been minimal. The last official visit by a Pakistan leader to Dhaka was by then-President General Pervez Musharraf in 2002 and by then-Bangladeshi Prime Minister Khaleda Zia in 2006.¹⁹ There are several outstanding issues between the two sides. These include property repatriation, unresolved status of Biharis in Bangladesh, and many legacies of the past which a few phone calls are not likely to settle. While Pakistan's need to engage is clear, its understanding of the sentiments and resolve of Hasina, daughter of Bangabandhu Mujibur Rahman, is clearly limited.

¹⁴ Humayun Kabir Bhuiyan, "Bangladesh stops issuing visas to Pakistanis", *Dhaka Tribune*, 20 May 2019. <https://www.dhakatribune.com/bangladesh/foreign-affairs/2019/05/20/bangladesh-stops-issuing-visas-to-pakistanis>.

¹⁵ "Pakistan PM Imran Khan phones PM Sheikh Hasina", *Dhaka Tribune*, 2 October 2019. <https://www.dhaka.tribune.com/bangladesh/foreign-affairs/2019/10/02/pakistan-pm-imran-khan-phones-pm-sheikh-hasina>.

¹⁶ Kamran Yousaf, "Pakistan, Bangladesh rapprochement?", *The Express Tribune*, 27 July 2020. <https://tribune.com.pk/story/2256808/pakistan-bangladesh-rapprochement>.

¹⁷ "Dhaka fumes as Pak assembly passes resolution", *Business Standard*, 7 September 2016. https://www.business-standard.com/article/news-ani/dhaka-fumes-as-pak-assembly-passes-resolution-116090701259_1.html.

¹⁸ Porimol Malma, "Improving Bangladesh-Pakistan Ties: Apology is a must to heal wounds", *Daily Star*, 25 July 2020. <https://www.thedailystar.net/frontpage/news/improving-bangladesh-pakistan-ties-apology-must-heal-wounds-1935777>.

¹⁹ Harun ur Rashid, "Bangla-Pak relations and the PM's trip to Pakistan", *Daily Star*, 8 February 2006. <http://archive.thedailystar.net/2006/02/08/d60208020327.htm>.

Conclusion

In spite of the deep engagement with Beijing, Dhaka would be mindful of the relationship with India and Indian interests. China may not openly acknowledge it, but it is probably cognisant of this reality too. Undoubtedly, at present, Bangladesh is enjoying an enviable position where regional and extra regional players are seeking its attention as never before. And for a nation that had mooted the idea for the first regional organisation in South Asia, the South Asian Association for Regional Cooperation, the present attention surely poses an opportunity to assume the significance it had always aspired for itself in the region and beyond.

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