BELT AND ROAD INITIATIVE OF CHINA: PERSPECTIVE OF BANGLADESH

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ABSTRACT: China’s economy currently shifts its development pattern from investment/export-led to consumption/domestic demand-led growth. It is no longer just a means to obtain foreign currency and technology but for China as an economic superpower to enhance its role in global governance. This article aims to explore the potential of Belt and Road Initiative for Bangladesh. The primary objective of this research is to mainly find an answer how BRI is perceived in Bangladesh and how BRI contributed to the improvement of Chinese soft power. The theoretical part defines the Bangladeshi perception of China in the framework of the Bangladesh-China relations. In this context, the global phenomenon BRI is defined. This description of the actions of the ground addresses to narrate what new brought BRI into the image of China. The practical part deals with analysis on how the perceptions and attitudes of Bangladesh government and its people towards Belt and Road Initiative.

Keywords: Bangladesh, Bangladesh-China Relations, Foreign Policy, Development.

1. INTRODUCTION

China’s rapid growth onto the international stage and its expanding influence is extraordinary. In 2013, China launched the Belt and Road Initiative (BRI) during President Xi’s visits to Central and Southeast Asia (Gibson and Li, 2018; Sarker et al., 2018e). The BRI is a strategic vision for trade and investment flows based on the concept of connectivity, as epitomized by the old Silk Road. China’s rise in the international environment and its opening to the world, both in the economic and political terms, has brought significant attention worldwide (Dunford and Liu, 2019; Sarker et al., 2018c). Retrospectively, it seems to be clear that dramatic change of transforming China’s relationship to the world has occurred. How the right position towards a new player set on the international scene and what procedural mechanisms choose in cooperation with the most populous state of the world – it was one of the most challenging tasks for the then Bangladesh in negotiating possible bilateral cooperation with China (Colombage and Edirisinghe, 2018). Despite the support of most countries in the world, Bangladesh’s UN membership was vetoed by China until 1974. The situation dramatically changed after military coups in Bangladesh began in 1975, causing Bangladesh to distance itself from the Indo-Soviet Cold War axis in South Asia. China and Bangladesh established diplomatic relations in January 1976.

However, at present, Bangladesh is an important member of BRI and has signed several MoUs for infrastructure construction and economic cooperation totaling USD 40 billion during the visit of President Xi Jinping to Dhaka in October 2016. As Bangladesh is a key maritime nation in an important geostrategic location along the Belt and Road, China has been trying to influence Bangladesh to play a major role in this geo-economic and geo-connectivity vision called the BRI. One of the six economic corridors of BRI, the old BCIM (Bangladesh, China, India, and Myanmar) corridor which began with the Kunming initiative will become a major BRI economic corridor. In fact, it will become one of the two major maritime economic corridors of BRI (Sarker et al., 2018a). With its key theme of connectivity, the BRI aims at integrating regions not only physically, but also economically, socially and digitally. It attempts to provide an encompassing platform for coordinating the development strategies of participating countries, seeking complementary advantages and establishing a dialogue between converging interests (Sarker et al., 2018f). This article aims to explore the potential of Belt and Road Initiative for Bangladesh.
2. METHODOLOGY OF THE STUDY

This paper has been prepared on the basis of secondary data. The pertinent secondary information was accumulated from relevant articles, books, newspapers, different position papers and action plans of the government. This is an empirical study. A significant portion of the information has been gathered from literature review. Important publications of the government of Bangladesh & China and government websites of the both countries including other countries have been gone through.

3. RESULTS AND DISCUSSION

3.1. The Belt and Road Initiative (BRI) and Its Dimensions

In 2013, the BRI is geared towards encouraging connectivity, economic flow, job opportunities, investment and consumption, cultural exchanges and the spirit of regional cooperation between Asia, Europe and Africa by creating jointly built trade routes emulating the ancient Silk Road (Haggai, 2016). The Silk Road Economic Belt connects China, Central Asia, Russia and Europe, and the 21st Century Maritime Silk Road runs along China’s coast towards Europe in one direction and from China’s coast, cutting through the South China Sea and the South Pacific. The overland path will leverage existing international transport routes and key economic industrial parks as springboards for cooperation, while the sea route aims to build transport routes bridging major sea ports across the BRI. The project will be multilaterally funded by the Chinese-led Asian Infrastructure Investment Bank (AIIB), the Brazil, Russia, India, China announced plans to build a Silk Road Economic Belt and a 21st-Century Maritime Silk Road, which have come to be known as the Belt and Road Initiative (previously known as ‘One Belt South Africa (BRICS) New Development Bank and private institutions, so running parallel to the infrastructure development are initiatives aimed at promoting financial integration and cooperation (Du, 2016).

Overall, 65 countries across the BRI will have a stake in the ambitious project. These are: China, Mongolia, Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Timor-Leste, Vietnam, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, Bahrain, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, Palestine, Syria, United Arab Emirates, Yemen, Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, Sri Lanka, Albania, Armenia, Azerbaijan, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Estonia, Georgia, Hungary, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia, Turkey and Ukraine.

The project connects two main areas Silk Road Economic Belt and 21st Century Maritime Silk Road. More importantly, there is no final destination of BRI. The construction of BRI is considered as a project which is open to all countries which would like to contribute to this global vision. Another principle of the BRI is mutual benefits in other words win-win situation and universal cooperation and discussion. Nowadays, there are no longer only two roads. Where it comes to the definition of connectivity, the BRI also covers digital belt which is nowadays essential part of the project. The numerous misinterpretations have occurred. According to some observers, BRI is described as something more than just an economic initiative. BRI is seen as a strategic project of China’s foreign policy with strong diplomatic efforts to strengthen Beijing’s public diplomacy (Sarker et al., 2018c; Sarker et al., 2019a; Yu, 2017). Beyond the infrastructure projects, China invests and spends significant resources for promotion BRI to spread its global awareness. The perspectives of BRI cover political, economic, infrastructure, geopolitical as well as security aspects which are going to be presented in the next sub-chapters.

3.1.1. BRI and Its Political Dimension

One of the international views of BRI is through its political dimension. The BRI became a significant element of Chinese foreign policy. In 7th EU-China Workshop in Kazakhstan, the BRI is officially of the Xi Jinping leadership. From the political dimension, the increasing number of official policy documents show that the BRI is no longer only about infrastructure and connectivity. The progress in the BRI constitutes the critical focus for China’s diplomacy (Hout et al., 2013). Core political interest for China in foreign policy – BRI as a result of two core interest in foreign policy attitudes. Promotion of mutual exchanges and dialogues – it can shape the partnership in a long run.

3.1.2. BRI and Its Economic Dimension

BRI is seen through the economic lenses as an attempt of economic cooperation and tighten economic links with considerable opportunities and potential economic concerns as well. The scope of the
economic dimension of BRI is seen as a key and the most frequently discussed element. It covers deeper integration of China to the global economy, opening new markets and new economic opportunities for countries which are part of the BRI (Ouyang, 2017). BRI serves as a tool for promoting economic development and international trade. On the other side of the coin, the BRI is discussed in terms of one-way cooperation with main benefits for China. As well as trade deficits and openings of the market only in one way. Every project requires funds, and a massive amount of money is being used to finance this global initiative (Cao et al., 2019). China launched Asian Infrastructure and Investment Bank (AIIB) and Silk Road Fund for this purpose. Moreover, China tries to find new institutional investors as well as non-governmental capital to finance the BRI. One of the least understood aspects of BRI is China’s reaction to economic globalization.

3.1.3. BRI and Its Infrastructures Dimension

The central pillar of the BRI is improving connectivity—connects the regions where the infrastructure is missing between China and its trading partners. Infrastructure can help to support growth. Shepard (2017) claims that there is not only one maritime route and a single land belt, the BRI supposes to connect Asia, Europe, and Africa along at least via five routes. The shortcomings come with less transparent project cycle, lack of information and China-centric effort. Practically speaking, the projects which were announced as a part of BRI in Europe consists, for instance, Greek port Piraeus or railway corridor from Belgrade to Budapest or direct railway connection Madrid-Yiwu. Eventually, BRI has not brought what a country has expected so far.

3.1.4. BRI and Its Geopolitical Dimension

From the broader global perspective, many authors see BRI as a frame of geopolitical perspective. Some scholars defined BRI as a strategy to strengthen China’s regional diplomacy and spread its influence in the region and became truly global economic and military power. In a looking at the impact of BRI, it offers domination in regional affairs of drawing its own map of influence and a mean of strengthening China’s political influence and security situation along its strategically important periphery (Hossin et al., 2018). The BRI was announced at the time, when China and its foreign policy started to behave more assertively (Yu, 2017). That could be one of the reasons why is BRI often interpreted as a geopolitical plan.

3.1.5. BRI and its security dimension

Another aspect of BRI describes that China is not only growing economically. Its military influence is on the rise ever since 2008 China has evolved into the world’s second highest military spender (Haiquan, 2017). China’s military and economic power generates a fundamental shift in the global distribution of power. This transition constituted uncertainty and higher risk within the international area. In this context, some authors consider BRI as a tool to increase Chinese influence in Central Asia region and it is also considered as a tool also within security dimension. Other explanations see BRI as a vivid example of rising dominance of hard power. In the context of BRI, military dialogues are often mentioned as well as an issue of South Asia Sea.

3.2. The Perception of China within Bangladesh: Historical Context

It is important to look further ahead and grasp the understanding of the changing context of the EU-China relations. The EU and China are two very dissimilar actors without shared cultural roots, values or language. So do different political background makes this relationship unusually unique. Right from the beginning of their diplomatic ties in October 1975, China and Bangladesh have been maintaining a close relationship, often entitled as “trusted friendship” or “all-weather friendship”. While, for decades, their bilateral relations have primarily been focused on trade and defense cooperation, the ongoing pattern projects a gradual extension of this mutual cooperation to political, social, cultural, and maritime sectors as well (Aris, 2016). If we take a brief look at the background of China-Bangladesh bilateral relations, it can be assumed that their traditional relations were based on trade and military cooperation. Since 1975, China-Bangladesh bilateral relations significantly started with developing trade and economic cooperation between the two countries. China became Bangladesh's principle trade partner in 2005 in terms of imports, most notably trade in defiance sectors, including the supply of armaments, military hardware, and other special equipment. The Sino-Bangladesh closer military cooperation was finely tuned by the signing of the “Defense Cooperation Agreement” in 2002 in the area of military training and defense production, which was the first of its kind for Bangladesh. In the course of time, Bangladesh now stands as the world's
second largest importer of Chinese military equipment after Pakistan. The future to be more likely to be shaped by Asia and China in particular. Nowadays, power shift of China, and its influence in the world is more evident than ever, China’s rise and its power affecting Europe’s position and as well the global distribution of forces in multiple areas of international relations before.

3.2.1. BRI and Bangladesh

Chinese President Xi Jinping's announcements about the “Belt and Road Initiative” in the late 2013 has paved a new dimension in China-Bangladesh relations, where Bangladesh stands as an important partner in both the Silk Road Economic Belt and the 21st Century Maritime Silk Road. Bangladesh has emerged as one of the important hubs of maritime as well as overland connectivity between the Indian Ocean and the landlocked provinces of China, especially Yunnan, which turned this bilateral relationship into a larger win-win context. China-Bangladesh traditional relationship reached a new height with China's President Xi Jinping's two-day landmark visit to Bangladesh in October, 2016, which was widely dubbed as a “historic state visit”, beginning of a “new horizon”, or “a new historical starting point” of China-Bangladesh relations. Though both countries witnessed several state-level visits by senior officials from both sides in the previous 42 years of their diplomatic relations, a Chinese president's visit to Bangladesh eventually marked a watershed in the bilateral relations of these two countries. During this visit, both the countries have agreed upon furthering their cooperation in various areas, such as, overland and maritime connectivity, infrastructure development, industrial capacity cooperation, energy and power, transportation, information and communication technology, agriculture, and so on (Hossin et al., 2018; Sarker et al., 2018f; Sarker et al., 2019b).

3.3. An Analysis on Bangladesh Government and People’s Attitudes on BRI

Bilateral relations between Bangladesh and China are currently in very good shape. One of the key changing dimensions of China-Bangladesh relations in the twenty-first century is the cooperation in regional as well as sub-regional connectivity. Though the two countries' cooperation in the area of connectivity began as well in 1999 following the initiation of the Kunming Initiative that was later renamed the China-Bangladesh-India-Myanmar Economic Corridor (BCIM-EC), the inauguration of the “Belt and Road Initiative” (BRI) in 2013 attaches greater importance to the enhancement of China-Bangladesh bilateral relations in that regard. Bangladesh officially joined BRI during President Xi's visit in 2016. Bangladesh perceives the BRI as an enormous opportunity to attain its national development goals of becoming a middle-income country by 2021 and a developed country by 2041. Moreover, under the BRI framework, both sides have agreed to work upon realizing sustainable development and common prosperity (Sarker et al., 2018g). The visit also renders the development of China-Bangladesh relations through cultural exchanges and people-to-people connectivity (Sarker et al., 2018b).

3.4. Opportunities for Bangladesh in the BRI Initiative

China’s Belt and Road Initiative is a game-changing initiative. It is the biggest initiative of its kind taken by any single nation in recorded of world history, and, if implemented properly, could change the geo-political landscape of Eurasia. BRI was unveiled by the Chinese government with an aim to connect the Eurasian landmass with the Chinese mainland. It is basically an initiative of several infrastructural mega-projects to revive the ancient Silk Road, comprising two trade routes and six trade corridors. As we know Bangladesh officially became part of BRI in 2016 after a visit by Chinese President Xi Jinping when the two countries signed several deals worth $21.5 billion. China has already shown interest in developing a deep sea-port in Bangladesh under the 21st century maritime Silk Road initiative. Memoranda of Understanding (MoUs) were signed for cooperation, maritime cooperation, joint feasibility study on a free-trade area, new ICT framework, counter-terrorism collaboration, capacity building and sharing of information, tackling climate change risks, regional and international cooperation, and cooperation on power and energy sectors (Khan et al., 2018; Nasrin et al., 2019; Sarker et al., 2018d). But Bangladesh should see BRI as offering much more opportunity than just tackling our infrastructure deficit, important though that is. An excellent reference and resource for seeing the larger opportunities is to look at the “Visions and Actions” white paper published by the Chinese government in 2015. It makes clear that BRI was always intended to be a broader vision from the outset, and not simply an infrastructure connectivity program. BRI regional connectivity for Bangladesh is focused on an extension of the BCIM (Bangladesh, China, India, and Myanmar) economic corridor, or what began as the Kunming initiative, proposed by Professor Rehman Sobhan as far back as 1999. However, the Indian opposition to BRI has been evident with suspicions about the geopolitical ambitions of China in South Asia, as well as
sensitivity about CPEC (China Pakistan Economic Corridor) running through disputed Kashmir. More recently, the Rohingya crisis has soured Bangladesh-Myanmar relations, posing another problem for the initiative, particularly for physical connectivity, since Bangladesh does not share a common border with China and hence is reliant on transit via either India or Myanmar. Hopefully, over time, India will find that the economic benefits of better relations with China. Given that the latter will soon become the largest economy in the world—outweighs other considerations. Similarly, Myanmar’s economic progress will be reliant on greater global integration, which only seems possible once a solution to the Rohingya crisis that is acceptable to both countries, and the refugees themselves, is found (Rahman et al., 2018; Sultan et al., 2017).

Bangladesh should accelerate the development of a “Twin Trade and Financial Corridor “between Bangladesh and China. Regarding trade, while China has become the largest trading partner of Bangladesh accounting for 26% of imports, Bangladesh also have a $10.9 billion trade deficit with China. The imbalance is somewhat exaggerated by the fact that imports from China are dominated by industrial machinery and raw materials needed for Bangladesh’s RMG export sector, which has grown to be the second largest in the world. Nonetheless there remains substantial scope for expanding our exports to China itself, which is already the largest consumer sector in Asia.

3.4.1. Leveraging BRI

The rapid growth of the spending power in China offers a significant opportunity for Chinese companies to invest here. With the development of dedicated economic zones, Bangladesh is becoming an attractive investment destination as a low-cost re-export hub to the huge Chinese domestic market as well as to neighboring India and ASEAN countries, and with duty free access to the EU. BRI is offering an opportunity for Bangladesh to integrate with the international market. Bangladesh must embrace reforms in economic and policy aspects in order to successfully achieve the objectives of OBOR. By establishing this project in Bangladesh many Chinese companies have started business in Bangladesh, as a result so many Bangladesh and Chinese people are getting jobs in those companies, especially the student who graduated from the Chinese universities, because the Chinese companies need Chinese speaking person in their company. This project is a blessing for the region. Geographically, Bangladesh can be a connecting corridor between semi-industrialized ASEAN countries and the highly populated South Asia. It is strategically located between South Asia and South-East Asia which makes it an important player in trans-regional integration. Physical infrastructure is key but financial sector and capital markets infrastructure development is also important. In this context, it is worth noting that China now has the second largest equity and third largest bond markets in the world (Zhou and Esteban, 2018).

Construction and infrastructure work on the China-backed Karnaphuli Multi-Channel Tunnel Project in southern Bangladesh is now well under way. The tunnel is seen as a key component in several projects related to the Belt and Road Initiative, the international infrastructure development and trade facilitation program run by Beijing. Once completed, the tunnel will connect the port city of Chittagong, second-biggest city of Bangladesh, to the far side of the Karnaphuli River, the site of a new Chinese economic zone. Due to be completed in 2020, the tunnel will reduce the travel time between Chittagong and Cox’s Bazar, one of the country’s leading tourist area destinations, and ease the heavy congestion on the existing two bridges across the river, while also connecting-up with the Korean Export Processing Zone and Shah Amanat International Airport. It will also feed into two other projects that are currently under way – the Asian Highway and the Dhaka-Chittagong-Cox’s Bazar Highway.

At present, it looks as if all of the required funding for the tunnel is now in place. According to government sources, $1.02 billion of initial backing was secured from the China Exim Bank, with a further $663 million facility, repayable over 20 years at an interest rate of 2 percent, subsequently confirmed. The outstanding balance was then provided by the Bangladesh government. The project has been jointly managed by the Bangladesh Bridge Authority and the China Communication Construction Company, with the Hong Kong branch of Ove Arup & Partners providing additional design and technical support. With a total length of 9 km – of which 3.4 km will run below the river – it will be the first tunnel in Bangladesh to facilitate simultaneous road and rail transit. The tunnel is just one of a range of China-backed projects currently underway in the country. Foremost among these is the Special Chinese Economic Zone – formally known as the Anwara 2 Economic Zone – which was officially established in June last year following the signing of a Memorandum of Understanding between the Bangladesh Economic Zones Authority (BEZA) and the China Harbour Engineering Company. BEZA will have the capacity to house 150-200 industrial units and will focus on a range of different industrial sectors, including shipbuilding, pharmaceuticals, electronics, agro-business, IT, chemicals, power and textiles.
The Shanghai and Shenzhen stock exchanges have a combined market capitalization of around $8 trillion and more than 100 million retail investors. So beyond FDI, Bangladesh can benefit in the future under BRI from greater financial integration that may see more Chinese portfolio investment in the Bangladesh stock market. At the moment, China’s capital account is not fully liberalized, so retail investors there cannot invest in Bangladesh directly. But there is scope through the Stock Connect link to Hong Kong listed funds and thereby to Bangladesh.

Chinese exchanges have developed a unique venture capital (VC) ecosystem to encourage innovation and risk capital access to technology firms. They are then encouraged to issue IPO and list on the exchanges. This model could be introduced to Bangladesh and support the government’s target of $5bn in ICT exports. Note that in 2017, Chinese E-commerce firm Alibaba and social media/messaging giant Tencent were worth more than their US counterparts Amazon and Facebook. Another major opportunity is for China-Bangladesh joint venture companies in infrastructure, as well as technology, to have dual listings on both Chinese and Bangladeshi stock exchanges (Zimmerman, 2015). They could even issue RMB-denominated Panda Bonds to access the huge pool of Chinese liquidity to finance Bangladeshi investment projects.

3.5. CONCLUSION

Perception plays a considerable role in terms of international relations. As countries grow increasingly interconnected on the global stage, it is necessary to consider how countries are perceived within the international arena. The perfect example is China. While China has risen economically and also its significant influence in the world became more apparent, the negative perception of China spread around the globe. Since the late 1990s and early 2000s, the central government of China has started investing a lot of money and effort for enhancing China’s power to improve and cultivate its image internationally. China’s ability to attract the interest and trust of other states became an integral part of its foreign policy strategy. It has been five years since the ambitious plan called ‘Belt and Road’ Initiative had been announced. BRI since then became a ubiquitous feature of Chinese foreign policy. China’s soft power and its efforts to improve its image through ‘Belt and Road’ Initiative across the globe produced a dilemma worthy of further research. The strategic location of Bangladesh between South Asia and Southeast Asia also makes it an essential link in the Belt and Road mission of trans-regional integration. BRI offers major opportunities beyond being a source of large-scale infrastructure finance. Further engagement by the respective governments, private sector players, and think-tanks is needed to develop more fully the concept of the China-Bangladesh twin trade and finance corridors as a key component of BRI.

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