
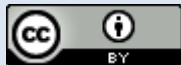


Research Article

Bangladesh's Economic Diplomacy Toward China: Implementing Vision 2041

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Abstract. Economic diplomacy is an important aspect of the international arrangements of a country. Since achieving independence in 1971, the government of Bangladesh has actively pursued economic diplomacy. An important part of Bangladesh's economic diplomacy has always been the pursuit of foreign direct investment (FDI). China is one of the major foreign direct investor country in Bangladesh. In this paper, the author tried to explore the aims of Bangladesh's economic diplomacy, the approaches of Bangladesh's economic diplomacy toward China to implementing Vision 2041, and the challenges of Bangladesh's economic diplomacy toward China.

Keywords: Economic Diplomacy, Vision 2041, China, Bangladesh.

INTRODUCTION

Bangladesh has established 'Vision 2041' to boost the national development of Bangladesh. The plan calls for an end to poverty by 2041 and the achievement of upper-middle-income status by 2031. As a lower-middle income country it is essential to learn from the experiences of higher-middle and high-income nations for a country's foreign policy, and given the importance of understanding the economic interconnectedness of countries. Because of this, many rural communities in Bangladesh may soon become the country's economic hubs. Economic diplomacy is being used by many nations to further their foreign policy objectives, including China, Japan, the United States, and Brazil.

According to the definition provided by the Oxford Dictionary, economic diplomacy is "a foreign policy practice and strategy that is based on the premise that economic or commercial interests and political interests reinforce one another and should thus be seen in tandem."¹ For this reason, it has "political and strategic as well as economic dimensions."¹ It is facilitated by the efficient use of the tools of foreign policy. Economic diplomacy is an important aspect of international arrangements that foster trust among nations by focusing on a country's economic links with other countries to implement foreign policy objectives. There are many different players and persons involved in this aspect of diplomatic strategy. Since gaining its independence in 1971, Bangladesh has prioritised economic diplomacy. Similarly, the current administration of Bangladesh has made economic diplomacy a priority in all of its diplomatic efforts. Bangladesh's current economic diplomacy places a premium on the following three areas: commerce in commodities and services, FDI, and ODA (official development assistance).

Bangladesh and China's relationship is very well now. But in 1971, China was sided with Pakistan during the Bangladesh Liberation War.² It was the official stance of the government at that time. After gaining its independence, Bangladesh drew closer to India and the Soviet Union. When Bangladesh was trying to join the United Nations in 1972, China used its veto power as a member of the Security Council to block the country's membership.³ After Sheikh Mujibur Rahman was killed, Bangladesh took steps to distance itself from the Indo-Soviet axis during the Cold War. In 1975, China officially established diplomatic ties. Ziaur Rahman travelled to the PRC on an official trip in 1977.³ China's Vice President made the country's first state visit to Bangladesh in 1978.³ Then, in 1980, Ziaur Rahman travelled back to China to sign other bilateral agreements including air travel and loans.³ China has pushed for deep business and cultural connections with Bangladesh by the mid-1980s.³ As a result, during the Ershad Period, relations between Bangladesh and China flourished. During his nine years, Ershad made five trips to China. The status quo in Bangladesh did not change much whether Khaleda Zia or Sk Hasina was in power. But after 2016, it has changed dramatically with the historical visit of Xi Jinping.

The Charge d'Affaires of the Chinese Embassy Yan Hualong told in Bangladesh that China will continue to be a dependable neighbour, close friend, and cooperative partner in Bangladesh's endeavour to modernise.⁴ China would "steadily and long-

term promote the development of China-Bangladesh economic and trade relations," he added, promising to keep pushing Chinese companies to set up shop in the South Asian country. Hualong gave a keynote presentation at "The BRI in Bangladesh Exhibition 2023" in Purbachal. Among South Asian countries, Bangladesh was the first to join the BRI a decade ago.

According to Yan Hualong, the Chinese embassy held the event to promote business ties between China and Bangladesh and to showcase the BRI's successes in Bangladesh.⁴ The event included participation from a number of Bangladesh's largest enterprises and banks, as well as representatives from fifteen Chinese companies with South Asian regional offices in Bangladesh and almost twenty more big Chinese companies with considerable activities in Bangladesh. A number of forums, job fairs, business meetings, and seminars were organised during the event, some of which were hosted by government agencies. According to the Chinese envoy, bilateral trade and economic cooperation have long been a cornerstone of the strategic alliance between China and Bangladesh. There has been a rise in Chinese investment in Bangladesh ever since the country joined the BRI. The Chinese investment influences Bangladesh's economic diplomacy and it is a major actor of the "Vision 2041". There are already around 670 Chinese firms doing business in Bangladesh. Hualong said that it was the participation of these companies, especially the exhibitors, that would help to strengthen economic links between China and Bangladesh.⁴ They encourage more investment of Chinese cash, Chinese technology, and Chinese standards in Bangladesh, giving a boost to the modernisation of the country's industrial base and its long-term economic growth. His confidence that the BRI will usher in a new era of cordial relations between China and Bangladesh is unshakeable.⁵

China's newly appointed ambassador to Bangladesh has pledged additional Chinese aid and financial assistance to the country. "After Vision 2021, the Bangladesh government is heading towards Vision 2041 to construct a 'Smart Bangladesh' and a 'Sonar Bangla. The Chinese envoy told to reporters after paying a courtesy visit on Foreign Minister MA Mannan that China is eager to help the development path with increasing investment.⁶ China wants to invest in Bangladesh's information and communications technology (ICT), food processing, and renewable energy industries. Chinese ambassador also said that new investments will be made by his nation during the next Bangladesh Business Summit in Dhaka. China has helped Bangladesh progress in certain ways. There are a number of projects nearing completion, notably the Karnaphuli Tunnel in Chattogram. At this time, it's crucial to increase financial commitments to Bangladesh. China hopes to expand its investment ties and areas of collaboration. China's ambassador to Bangladesh also noted that his country is actively engaged in discussions to establish a free trade deal with Bangladesh, with the expectation that the talks would go further this year. He emphasised China's efforts to find a solution to the Rohingya crisis and expressed sympathy for Bangladesh. Together with Bangladesh and Myanmar, and the rest of the world, Chinese government is trying to solve this problem. He went on to express confidence that the difficult issue will be settled shortly.

At the same time, the Chinese ambassador would try to promote business and cultural links between the two countries in an attempt to deepen relations, as stated

by Mannan, the minister in charge of preparing the event. He spoke about how the two countries' mutual economic and technical progress will strengthen their alliance. "Both nations are well on their path to modernisation. They can benefit from studying China's technical strength. Progress may also be seen in Bangladesh. Therefore, the minister said, they can improve bilateral relations by working together to advance technology and the economy."⁶

Beijing has been called a loyal friend of Dhaka said by Chinese Ambassador Yao Wen, also said that China is essential to the success of Bangladesh's Vision 2041 and the creation of Smart Bangladesh.⁷ And also he spoke at a party honouring Huawei's quarter-century in Bangladesh. he remarked that China is very willing to participate in it. Huawei South Asia President Pan Junfeng and Ministers of Planning MA Mannan and Mustafa Jabbar both attended the occasion. Ambassador Yao Wen said that Huawei has been present in Bangladesh for 25 years and has seen the country's information and communications industry grow by leaps and bounds. The Belt and Road Initiative has been in effect for a decade. He also said that China and Bangladesh have made progress in the area of communication and thanks to their combined efforts.

The BRI and MSR projects are allowing Dhaka and Beijing to maximise economic benefits for both countries. Since 2004, Bangladesh has been China's most important commercial partner in South Asia.⁸ However, since tariff restrictions have restricted trade links between India and Bangladesh, Beijing takes advantage of the situation by giving some leeway. China has long-standing, cordial connections with Bangladesh and that China provides substantial aid to Bangladesh in its efforts to improve its infrastructure. China has been a major contributor to Bangladesh via subsidised loans, technical aid, assistance with project development, and joint investment and collaboration. In 2020, China provided Bangladesh with the greatest amount of its development partners via concessional loans of \$10 billion. Several major transportation, energy, electricity, and communication projects have been undertaken in Bangladesh by Chinese enterprises.⁸ China's government has helped build seven bridges and five power plants in Bangladesh since 1986.⁸ China was the top source of FDI into Bangladesh in terms of net inflow. In this paper, the author tried to explore the Aims of Bangladesh's Economic Diplomacy, Approaches of Bangladesh's Economic Diplomacy Towards China and Challenges of Bangladesh's Economic Diplomacy Towards China. according to implementing "Vision 2041" of Bangladesh.

METHODOLOGY

This paper has been prepared based on secondary data. The secondary data came from a wide range of resources, such as books, newspapers, articles and government documents.

LITERATURE REVIEW

1. Bangladesh's Economic Diplomacy

Since gaining its independence in 1971, Bangladesh has prioritized economic diplomacy. According to Husain, "the economic imperatives compelled Bangabandhu

to diversify foreign policy and make it donor-oriented" during the time.⁹ Since then, the nation has taken a number of steps to further its foreign policy goals using economic diplomacy. The war-torn nation's economy became reliant on foreign help shortly after its independence. Aid dependence has decreased during the last half century. However, the amount of help given to other countries remains relatively large. The economy of Bangladesh has been growing steadily, and experts predict that it will continue to expand by around 7% each year until 2033.¹⁰

The foreign minister of Bangladesh said, diplomacy on economic issues was his primary priority. The Hon'ble Prime Minister has defined many strategies for completing Sonar Bangla by 2041, the target year set by Bangabandhu Sheikh Mujibur Rahman to facilitate the implementation of these strategies, current government have established two packages. Both the Economic Diplomacy and Public Diplomacy packages are mutually supportive. Given the continuing Ukraine conflict and its impact on the worldwide recovery from Covid, this event is undoubtedly a crucial endeavour. The crisis has shown that in today's interconnected world, events in one part of the world may have far-reaching consequences.¹¹

The Bangabandhu knew the value of economic diplomacy well. The first order of business for a war-torn nation that needed to feed 75 million people was to get acceptance from other nations.¹¹ the leader of Bangladesh successfully manoeuvred Bangladesh's foreign policy to adopt a neutral posture on international political matters during the height of the cold war, enabling the country to conduct business with both the West and the Soviet Union. His astute economic diplomacy was largely responsible for a nearly fourfold increase in Bangladesh's GDP per capita between 1972 and 1975, from \$94 to \$278 (World Bank data). Such quick progress in such a short time period is unprecedented in Bangladesh's history.¹²

The five parts of economic diplomacy are gainful employment of human resources at home and abroad, transfer of technology, quality services to the Bangladeshi diaspora and others, and more foreign investment are all desirable.¹³ Bangladeshi government agencies and officials will promote the country's successes and opportunities, and Bangladesh's public diplomacy package will ensure that the message is echoed by respected business leaders and academics around the world.

There are two huge advantages for Bangladesh. The large number of young people and the profusion of rivers, streams, and lakes are two of the region's most striking characteristics. If Bangladesh put these resources to good use, it would surely achieve the Sonar Bangla goal. They can be put to better use via increased investment and trade, which will in turn generate additional vacancy, and through the transfer of technology. To further strengthen Bangladesh's economic diplomacy, the government has begun a public diplomacy project. Their whole team and the heads of all the missions has been instructed to make greater strides towards Bangladesh's Economic Diplomacy objectives. Due to Bangladesh's impending departure from the Least Developed Countries (LDC) category in 2026, Economic Diplomacy has taken on increased significance for Bangladesh. In addition to helping Bangladesh's to reach the SDGs set for 2030, this will also help Bangladesh's reach their national objectives set for 2041.

In the last 16 years, Bangladesh become an international powerhouse in the fields of manufacturing and communication. Earnings from exports have increased by a factor of four between 2005 and 2022. They currently have preferential market access on par with other LDCs. However, as a result of Bangladesh's graduation from LDC classification, companies risk losing several preferential rights. To lessen the impact of these dangers, already adopted certain measures of prevention. The Bangladeshi diplomatic missions overseas are making great strides in securing special treatment for Bangladeshi exports to major markets like the European Union's GSP-plus facilities. For instance, Bangladesh's garment industry is actively working to bolster its backwards connection sectors in order to accomplish "double transformation" and so satisfy the RoO requirements of GSP-plus plan.

Additional preferential and free trade agreements are being finalised by the Ministry of Commerce in collaboration with Bangladeshi Missions overseas.¹⁴ Twenty-three nations have previously had feasibility studies performed on them in preparation for bilateral and regional trade agreements, free trade agreements, and comprehensive economic accords.¹⁴ Bangladesh is expanding into new markets now. A number of Double Taxation and Investment Protection Agreements have also been signed by Bangladesh, and the country is working on negotiating a few more. For the purpose of assisting private companies and government agencies in accomplishing the above, the government of Bangladesh has set up a specialist Trade & ICT Wing under the Ministry. Furthermore, Bangladesh set up an office whose only responsibility is monitoring and reporting on the status of its international missions.¹⁴

The ceramics sector, the shipbreaking sector, agribusiness, the cement sector, the pharmaceutical sector, the blue economy, and knowledge-driven businesses like information technology are all being targeted in an effort to broaden the range of goods its export. Robots are now one of Bangladesh's exports to South Korea, alongside ships to India and medicines to Europe. Bangladesh, home to the world's biggest freelancing community of over 650,000 IT professionals, is aggressively competing for a larger share of the global IT industry.¹⁴ An important part of Bangladesh economic diplomacy has always been the pursuit of FDI. Bangladesh, the ninth most populated nation in the world, is seeing a rise in the number of its citizens who may be considered part of the middle class because to the country's steady economic development and relatively stable government. It is a hub for commerce between China, India, and Southeast Asia, and home to a burgeoning economy. In 2022, \$24.09 billion was exchanged between the Bangladesh and China in commerce.

¹⁵

To encourage foreign investment, Bangladesh has implemented a number of changes that have made the country's investment climate the most favourable in the region. The Hon'ble Prime Minister's Special Initiatives have eleven goals, one of which is to promote investment growth. One hundred Special Economic Zones and twenty-eight HT Parks are being established to promote investment and quick economic growth through the expansion and diversification of industry, employment, production, and export. Massive initiatives have been conducted to hasten the development of key sectors and make the most of our advantageous geographical position. Padma Bridge, the longest bridge in the nation, finally be opened to traffic

on June 25th, 2022 a long-awaited event that has been a priority for residents in the country's southern areas. The building of the double-decker bridge, which will have a four-lane road on top and a broad-gauge single rail track on the bottom, and it is expected to lead to a 1.2–2% boost in GDP.¹⁶ Bangladesh is in a good position to promote rapid industrialization via foreign investments due to its young population more than 70% of which is under the age of 40 and the 2.3 million young professionals who enter the workforce each year¹⁷. There have also been efforts to facilitate the "ease of doing business" and remove obstacles to the opening of new industries and businesses. The objective is to make Bangladesh a global manufacturing powerhouse.

Bangladesh stands on the edge of the fourth industrial revolution, and the country must make the right choices and put in the required effort to prepare its youth for its benefits. It is essential to invest in the youth's education and build on their current skill sets to ensure the secure and efficient transfer of critical technologies. Today's youth are being intentionally pushed to utilise antiquated devices. All of the country's 83,000 classrooms now have access to modern communication technology with the training of 3,27,000 teachers.¹⁷ SRD Labs have been installed in schools so that students may get exposure with cutting-edge technology. It has also put in some effort to bring religious institutions up to speed. The initiatives have focused on improving vocational training. The percentage of students enrolled in a technical degree course is projected to rise from 1% in 2009 to 17.14% in 2020.¹⁷ In an attempt to increase diversity among TVET students, the ratio of female students accepted to TVET colleges has increased from 10% to 20%. The country's literacy rate has risen dramatically as a result of these changes, from 56.8% in 2010 to a projected 75.6% in 2020.¹⁷ This is due to improvements in all levels of schooling. To improve citizens' domestic and foreign employment opportunities, the government is actively working to promote the availability of higher education and vocational training. Since the majority of Bangladeshis are industrious and creative, they understand that finding gainful employment is sufficient to ensure their survival.

There are many initiatives in the mind of GoB that by 2041, they would have become a developed nation, realizing the dream of the Father of the nation and making Bengal a "Golden Bengal." If all of the appropriate Government Ministries and Authorities implement Prime Minister Sheikh Hasina's strategy to emphasise Economic Diplomacy, then it will certainly make progress towards its objective. The author's current conviction is that GoB will be far more successful in reaching the 2030 SDGs on schedule if they actively pursue Economic Diplomacy. It has wasted two years fighting the pandemic and needs to redouble its efforts to end it. All national investment and trade agencies, ministries, and business groupings are welcome to work with GoB. At the end of the day, the Author believes that everyone who contributes to its success will be rewarded for their efforts. There will be a permanent memorial to them in a modernised Bangladesh.

2. Approaches of Bangladesh's Economic Diplomacy Towards China

Since the formal establishment of diplomatic relations in 1975, the friendly bilateral relationships between China and Bangladesh have grown steadily and reliably throughout the years.¹ In 2024, China and Bangladesh will celebrate 48 years

of diplomatic relations, this will be a great opportunity to deepen the bonds of friendship and cooperation between both nations. China and Bangladesh have had a strategic alliance of cooperation for the last 47 years, the foundation of which was built by the older leaders of both nations. Include the visits of the President of China to Bangladesh in 2016 and the Prime Minister of Bangladesh to China in 2019.¹⁸ It is wonderful to observe the real and positive results of China and Bangladesh's economic and trade cooperation at this time of golden expansion.

The government of Bangladesh has been implementing large-scale infrastructure projects to boost economic growth and work toward "Vision 2041" aims of being a middle-income and developed country. China has been providing continuous aid to Bangladesh in the form of infrastructure construction projects, as well as concessional loans, investment cooperation, project contracting, and other forms of financial assistance. Since 2022, the Chinese government has granted Bangladesh with over \$26 billion in concessional loans, making it the country's largest development partner.¹⁹ And for the last three years in a row, Bangladesh has ranked high among the recipients of Chinese concessional loans.

Several massive infrastructure projects in Bangladesh's transportation, energy, electrical, and communications sectors have been implemented by Chinese companies, contributing to the economic and social development of both China and Bangladesh. As part of the China-aid arrangement, the Chinese government has assisted Bangladesh in building seven bridges since 1982.¹⁹ The construction of these bridges in Bangladesh has drastically reduced flood damage and traffic jams. It is estimated that the Padma Bridge Rail Link Project would cost a total of \$3.1 billion, making it the most expensive G2G project under BRI.¹⁹ Chinese government concessional loans allowed for the completion of this project. The Multilane Road Tunnel under the River Karnaphuli Project is under construction which are partially supported by low-interest loans from the Chinese government and it is the only one river tunnel in South Asia at now.¹⁹ Chinese companies are now working on many large-scale infrastructure projects in Bangladesh, including the Padma Bridge and the Cox Bazar Railway.¹⁹ When these initiatives are finished, they will dramatically improve local accessibility and regional communication.

The completion of several large-scale infrastructure projects, including the Gulashao 365 MW, Payra 1,320 MW, S Alam 1,320 MW, Patuakhali 1,320 MW, and Barishal 350 MW power plants, will help alleviate Bangladesh's power crisis and close the power gap.²⁰ The Establishment of IV Tier National Data Centre is the most cutting-edge facility of its kind in South-east Asia and South Asia, and it was made possible by concessional loans from the Chinese government. By connecting oceangoing tankers to the Chittagong Refinery through two parallel underwater oil pipelines, the Single Point Mooring with Double Pipelines Project would save yearly crude oil transportation costs and loss to the tune of \$500 million to \$800 million.²⁰ With the help of Power Grid Network Strengthening Project under PGCB and the Expansion and Strengthening of the Power System Network in the DPDC Area, Bangladesh's power grid would be able to function intelligently. The CBFCE Centre and other large functional landmark buildings have contributed to Bangladesh's social and economic development and have become witnesses to the ever-growing

friendship between China and Bangladesh.²⁰ Both of these facilities were constructed with Chinese assistance in 2002.

More and more Chinese companies are looking at the great potential in investing in Bangladesh's economy. China's investment in Bangladesh has resulted in rapid and impressive growth, especially in the previous decade. According to the statistics from the Bangladesh Bank, Chinese FDI stock in Bangladesh increased 10.9 times between 2011 and 2019, from \$70 million to \$833 million.²¹ Among all Bangladesh's FDI sources, China's nett investment inflow has been the highest over the last three fiscal years. China's investment in Bangladesh now mostly goes into heavy industry like dams and power plants rather than the formerly prioritised light industry like clothes, shoes, and hats. Chinese companies have made significant investments in the banking, mobile payments, and automobile sectors in Bangladesh. Chinese investment in Bangladesh has increased recently and is expected to maintain its current level.

In 2013, Bangladesh and China began working together to improve human capacity as part of China's assistance strategy. China's government provides scholarships to deserving students from Bangladesh to study in China. Chinese training programs may be useful for Bangladesh's government officials, top executives, and experts. Short-term training was provided to almost 3,000 government officials and technical workers under the China-aid framework from 2013 to 2019 and approximately one hundred Bangladeshi government officials and young scientists have been approved to attend graduate school in China.²¹ The trainees' input is now crucial to maintain the strong bonds of friendship and economic cooperation between the two nations. They are helping to grow the Bangladeshi economy by using what they learned in China, and they are also contributing to the strengthening of ties of friendship and collaboration between the two nations. In 2020, the Covid-19 pandemic is projected to pose difficulties for training programs. However, the Chinese government is actively exploring the possibility of conducting virtual training and other new techniques of realizing the human resource cooperation with their Bangladeshi counterparts.

Bangladesh is a nation with immense economic potential, and China is a longtime friend and ally of Bangladesh, understands the need of moving quickly to improve the investment environment and provide the essential infrastructure to sustain future growth. China will maintain its assistance for regional infrastructure development, and an increasing number of Chinese investors are eager to contribute to Bangladesh's economic expansion. The 12th round of diplomatic conversation between China and Bangladesh took place on May 27, 2023 in Dhaka, and was co-chaired by China's Vice Foreign Minister Sun Weidong and Bangladesh's Foreign Secretary Masud Bin Momen. According to Sun Weidong, China and Bangladesh have long been good neighbours who have mutually understood and supported one another.²² China has placed a premium on cordial ties with Bangladesh as part of its neighbourhood diplomacy, and it has always backed Bangladesh's efforts to develop along a path best suited to its national circumstances while also protecting its independence and sovereignty. Bangladesh's persistent support for China on thorny

issues like Taiwan, Tibet, and Xinjiang is highly valued by China, and Bangladesh will continue this support.²²

Bangladesh government expressed gratitude to China for helping Bangladesh combat COVID-19 and advance economically and socially. Bangladesh values its longstanding ties with China and sees China as a crucial partner in the country's economic growth. Bangladesh is eager to work with China to advance the Belt and Road cooperation, increase collaboration across numerous industries, and propel the sustainable expansion of both nations' strategic cooperative partnerships. Yan Hualong, China's charge d'affaires in Dhaka, has said that he believes the BRI would usher in a new era of cooperative relations between China and Bangladesh. And he ensures that China would remain a reliable neighbour, close friend, and cooperative partner in Bangladesh's efforts to modernise.²³

The Belt and Road Initiative in Bangladesh Exhibition 2023 was held at the BBCE Centre in the Purbachal area of the capital city. The event included around 35 Chinese corporations in addition to several Bangladeshi businesses and banks. The CEAB, BCCCI, and the Chinese Embassy in Bangladesh are all working together to organising the exhibition. According to Yan Hualong, the Chinese embassy is holding the exhibition to provide a platform for collaboration between Chinese and Bangladeshi businesses and to clearly highlight the successes of the BRI in Bangladesh. According to Yan Hualong, the Chinese embassy is holding the exhibition to provide a platform for collaboration between Chinese and Bangladeshi businesses and to clearly highlight the successes of the BRI in Bangladesh. Since Bangladesh became a participant in BRI, the amount of China's investment in the nation has grown. There are now about 670 Chinese businesses functioning in Bangladesh. The Chinese charge d'affaires said that Chinese businesses operating in Bangladesh are enthusiastic about expanding bilateral commerce and contribute positively to Bangladesh's ability to import raw materials and sell completed goods.

The BIDA's executive chairman made the point that China's BRI has been very beneficial to Bangladesh, helping to further establish the nation as a major trading center in the area. China's FDI stock rose from \$19 million in 2009 to more than \$2.6 billion in 2022, putting it in a high place globally in Bangladesh. According to the president of the BCCCI, Bangladesh joined the BRI in 2016 due to the country's advantageous position and unyielding dedication to growth.²⁴

FINDING AND DISCUSSION

1. Aims of Bangladesh's Economic Diplomacy

China's relationship with Bangladesh has become closer since 2017. China has become Bangladesh's most important trading partner, with investments estimated to exceed \$40 billion. Over \$9.75 billion in Chinese funding has been invested on Bangladeshi transport.²⁴ These have been significant in enhancing China and Bangladesh's bilateral ties, as well as their economic cooperation and infrastructural development. Beijing's alliance with Bangladesh has helped to expand China's influence in the Indo-Pacific. During the fiscal year 2021-2022, A total of \$940 million in FDI came from China, making it the largest source of FDI for Bangladesh.²⁵ There are now 104 foreign investors in Bangladesh's eight export processing zones, making

the country the biggest foreign investor in Bangladesh in 2022.²⁵ Despite the challenges brought on by the COVID-19 pandemic, bilateral trade between the two countries surged by a remarkable 58% in the previous year.

A major change in the bilateral commercial relationship is China's adoption of duty-free facilities for Bangladeshi imports. Most of the goods imported from Bangladesh will enter China with duty-free and it is beginning on July 1, 2020. The goal of this was to increase economic cooperation and bilateral commerce. China's geopolitical objectives need it strengthen economic relationships with promote the export-oriented sectors of Bangladesh. China's duty-free access has helped Bangladesh since it has lowered trade obstacles and improved the environment for Bangladeshi exports to China.

China's use of coercive diplomacy seems to be reactive rather than purposeful. Chinese Communist Party leaders and Xi Jinping do not show the whole "shiny side of the blade," but they get through the idea that China would not back down without a struggle. Beijing's subtle and embryonic charm offensive, however, frequently goes undetected in worldwide headlines in contrast to the aggressive rhetoric. There are numerous global actors that China has actively worked to establish and strengthen trade connections, and Bangladesh is one of them. China has surrounded Bangladesh with economic and military diplomacy. China is Dhaka's top investor and has also pledged to provide duty-free access to 97% of Bangladeshi goods by the end of 2020. The United States has ignored repeated requests by Bangladeshi embassies to allow duty-free imports of their country's products. Access to free markets is a major factor in Bangladesh's foreign policy decisions. Many experts have drawn connections between Beijing's charm offensive in Dhaka and the deployment of coercive diplomacy in the future.

2. Challenges of Bangladesh's economic diplomacy towards China

Despite facing many external and internal challenges, Bangladesh has managed to double its per capita income and reduce poverty by more than half since gaining independence. The current Awami League government seems committed to achieving its goal of transforming Bangladesh into an upper-middle-income country by the year 2041. The World Bank classifies it as a lower-middle income nation. Bangladesh requires massive investments to raise GDP and raise living standards, as well as to generate more foreign currency by boosting export volumes. The nation sits above the Indian Ocean's Bay of Bengal. Some people believe that the Indian Ocean will determine the fate of nations in the twenty-first century. As a result, the region's littoral has become strategically significant to both regional and extra-regional nations. Due to its closeness to China, Bangladesh may benefit from Chinese help in both the economic and political spheres. It has been Bangladesh's largest trade partner since 2006.

Over US\$ 26.81 billion was exchanged between the two countries in 2022.³⁰ Although recent growth in bilateral trade has been encouraging, also China benefits greatly, and Bangladesh is responsible for just 0.2% of China's total global trade. The Chinese government is eager to increase trade with Bangladesh and has promised significant funding to enhance the country's infrastructure. China's strategy of

"neighbourhood enhancement" aims to increase trade and economic ties with its bordering nations, such as Bangladesh. Officials in China are concerned that the country would struggle to sustain its current level of economic growth if economic links and cooperation with its neighbors are not strengthened. Considering its closeness to and strong ties with the world's biggest economy, Bangladesh should not pass up the opportunity to attract substantial Chinese investments. To reduce the trade imbalance and increase GDP, Bangladesh should focus on its exports to China, there are huge differences between the export-import gap. However, there are challenges associated with each of these options. Concerns regarding China's geopolitical aspirations in the Indian Ocean and the Bay of Bengal are shared by both regional and extra-regional powers, such as India, Japan, and the United States.

Bangladesh has spent \$2.59 billion on Chinese military equipment since 2010, whereas the United States has shipped guns worth just \$110 million over the same time period.²⁶ The United States suggested a military upgrade plan for Bangladesh in 2020, with the delivery of Apache helicopters and missiles as its first step in response to escalating tensions between China and India. Former Deputy Assistant Secretary of State for the United States Laura Stone has remarked that strengthening security cooperation is in "mutual interest, with full respect for Bangladesh's sovereignty and independence of action."²⁷ As a small country Bangladesh cannot ignore any country, But US target is to make a bad relation between Bangladesh and China. Beijing have to understand that about the Bangladesh if they want to achieve its foreign policy goals, which include preserving Bangladeshi independence and influencing world politics. Bangladesh's Foreign Minister AK Abdul Momen said Chinese Ambassador Li Jiming said it would 'damage' bilateral relations if Bangladesh 'joins' the Quad. Bangladesh has good connection with neighboring India as well as US and Japan are indicative of the success of the country's foreign policy.²⁸ The influence of India has been far-reaching and important, from supporting Bangladesh's independence to working together to combat terrorism. Beijing knows it has reached its limit in its relationship with Dhaka, so it is creating other relationships while it waits for the "opportune moment," such as the International Forum on COVID-19 Vaccine Cooperation.

As a result of India restricting COVID-19 vaccine imports to meet domestic demand, China donated 100,000 doses of the vaccine to Bangladesh.²⁹ China has donated an extra 1.1 million doses of Sinopharm to Dhaka since March 2021.²⁹ On August 17th, 2021, Bangladesh and Sinopharm Pharmaceuticals signed a contract to produce 5 million injections each month.²⁹ Washington chose to deploy Pfizer and Moderna vaccines to Dhaka to compete with China's increasing vaccine diplomacy. About 5.5 million doses of vaccine have been donated to Bangladesh from the United States, and another 6 million are scheduled to arrive by December 2021 as part of the COVAX effort. Over three million doses of AstraZeneca were delivered to Bangladesh from Japan. Bangladesh is called a "intersection between India and ASEAN" by Japan's foreign ministry, highlighting India's importance to furthering Dhaka's economic interests within ASEAN.³⁰ Those who say China is attempting to buy off its Quad partners with investment offers may be temporarily quieted by this step. It would be a mistake to assume Beijing has abandoned tao guang yang hui. Fortunately, it seems

that China is adhering to international standards. Beijing is acting strategically with caution. However, China's actions include a component of its foreign behaviour that is often ignored in geopolitical analysis a focus on the country's economic interests.

Bangladesh has a bright economic future, but its leaders may be unsure of how to go with growth due to the strategic games and calculations of big countries, particularly in regard to specific megaprojects like the building of a deep harbour. Strategic considerations of the major nations. Bangladesh's diplomatic status has seen a remarkable change over the last five years, with ties to China strengthening in both the commercial and defence sectors. As a result of China's strategy of providing substantial economic aid and rising anti-India sentiment in Bangladesh, ties between the two countries have developed significantly. The political establishment and the general population of Bangladesh are both strongly in favour of this developing relationship. The constant support of the government by China might be responsible for much of this convergence. The US' insistence on democracy has only served to exacerbate the deterioration of ties between the two countries. Dhaka's diplomatic success in balancing China and the US-led alliance in the Indo-Pacific is shown by the strong responses. Despite several blunders, Bangladesh's Indo-Pacific Outlook reveals a well-considered and workable approach to foreign policy that prioritises safeguarding the country's strategic independence while also taking into account shifting power dynamics in the area.

CONCLUSION

Developing nations like Bangladesh have often taken the helm at international conferences and initiatives as part of their economic diplomacy. As a result, economic and trade issues have been given increased weight in foreign and security policy owing to global economic interconnectivity. It's hardly surprising that economic diplomacy has become more popular as a consequence. Consequently, underdeveloped nations look to the economy for help and investment. The BRI is expected to boost the GDP of Bangladesh. Which is one of the goal of "vision 2041". China is a developing partner of Bangladesh. China has surrounded Bangladesh with economic and military diplomacy. Bangladesh is highly interested in collaborating with China to grow Belt and Road cooperation, enhance collaboration across a wide range of sectors, and drive the sustainable extension of both countries' strategic cooperative ties.

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