

Belt and Road Initiative (BRI) and China's "Love" for Bangladesh: What Bangladesh Could Actually Expect from It

With an aim to improve regional collaboration, increase trade volume and stimulate economic growth, China initiated the current BRI project in 2013. More than 70 countries across Asia, Europe and Africa have joined the venture so far. Due to its geographical importance, China selected Bangladesh as a member of both the BCIM economic corridor and 21st Century Maritime Silk Road under BRI. Bangladesh expects to benefit enormously from this project especially in infrastructural development and trade creation. At the same time, the country is in danger of suffering from inter-state conflict and debt burden. Bangladesh thus has to play smart in order to fulfil its national interest related to BRI.

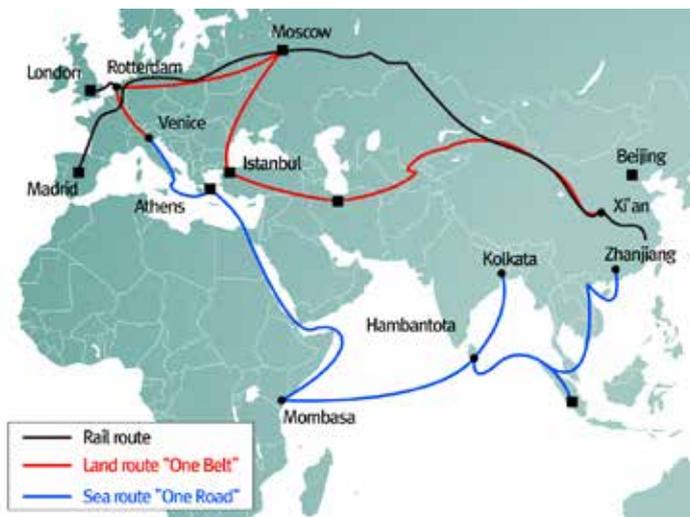
The Belt and Road Initiative (BRI) formerly known as One Belt, One Road (OBOR) initiative was proposed by the Chinese President Xi Jinping in 2013 as an initiative to improve regional integration, increase trade volume and stimulate economic growth (Rahman 2019). More than 70 countries from Asia, Europe and Africa have already joined the project making it the largest kind of Economic Integration in the world history (Constantinescu et al. 2018), and more are constantly getting added in the geographical coverage of BRI. The President of the Center for International Relations and Sustainable Development, Vuk Jeremic, complimented the initiative as "the greatest human endeavor ever to connect countries and cultures" (Islam 2017).

Iffat Ishrat Khan (Chittagong Independent University)

in one of the important economic corridors of BRI. Consequently, it receives special attention from the host country. China is now the largest trading partner of Bangladesh, and diplomatic, economic and military co-operation is increasing positively (Fuad 2017). This paper aims at scrutinizing the Chinese led BRI project and finding out opportunities and challenges for Bangladesh.

The purpose of Belt Road Initiative (BRI)

The current BRI project was born out of a pair of grand development strategy speeches by the Chinese president Xi Jinping delivered in Kazakhstan and Indonesia in 2013 (Pantucci 2019). The initial name was "One Belt, One Road," but it was changed to "Belt Road Initiative" in the middle of 2016 due to the misinterpretation of the term "One." As BRI project aims to connect people in multiple dimensions, the word "One" became unsuitable for the purpose. Since the inauguration, this project has successfully grabbed the attention of policy makers, academicians and researchers, political leaders and various other stakeholders from all around the world. The vision of the BRI project is "to connect the people over the world in terms of political dimensions, economic dimensions and cultural dimensions" (Sarker et al. 2018). It particularly focuses on establishing free trade agreement among partner countries in custom, approval and inspection management. In addition, for strengthening connectivity among the participant countries, the BRI project also targets at building roads, ports, rail links, and gas, oil and telecommunication pipelines on the currently unavailable routes. It is estimated that the project will have an investment over 1 trillion USD heavily focused on infrastructural development to ensure connectivity. In the second Belt Road Forum (BRF) organized last year in



Initial One Belt, One Road project.
© DIVERSE+ASIA

Demographically the project covers 65% of the world population, while economically it includes one-third of the world's Gross Domestic Product (GDP) (Rahman 2019). China is the initiator of this mega project and has promised billion dollar funds and debts to the participating countries in order to bring this project into reality. Bangladesh falls

Beijing, the Chinese President Xi Jinping put emphasis on the progress of BRI in favor of the common good of humanity by connecting them together. The president said, “The flow of goods, capital and technology and people can provide strong impetus and broad space for economic growth” like the way “ceaseless flow of rivers makes the oceans deep” (Muniruzzaman 2019).

Although BRI seems to be a new initiative, the seed of this project was sowed more than 2000 years ago during Han dynasty (207 BCE–220 CE) through the Silk Road trade relationships. By producing and exporting the highly demanded product of that reign, Silk, China established trade relationship with Arab and Central Asia; henceforth, the trading route among these regions were coined as Silk Route (Sarker et al. 2018). To give tribute to this ancient collaboration, the two major programs under the current BRI project have been named upon Silk Route. One of the programs is known as Silk Road Economic Belt while the other is named as 21st Century Maritime Silk Road. The Silk Road Economic Belt is a trans–continental passage that connects China with Southeast Asia, Southern Asia, Central Asia, Russia and Europe. On the other hand, the 21st Century Maritime Silk Road is a sea route linking China’s coastal regions with Southeast and South Asia, the South Pacific, the Middle East and Eastern Africa to Europe (Rahman 2019). There are five key focus areas that BRI would aim to accomplish: policy coordination, connectivity, unimpeded trade, financial integration and people–to–people contact (Muniruzzaman 2019). For accomplishing the goals in real terms, the mega project will be sub–divided into six economic corridors (see Table 1) so that area wise implementation procedure could be applied. As BRI is a huge project, it will also require huge amount of finance. Already 40 billion USD Silk Road fund has been announced by the Chinese government. Some other major funding bodies include China Investment Corporation, Export–Import bank of China, China Development Bank and more. To deal with the financial matters of BRI, the Asian Infrastructure Investment Bank (AIIB) was specially established in 2014, and it holds 100 billion USD as its initial capital specifically for infrastructural development of the project. Several thousand billion USD funding is also estimated to come from the many Memorandum of Understandings (MOU) signed in favor of the project and from other Chinese and international financial institutions (Sarker et al. 2018).

Table 1: Major Partners and Events of BRI (Unit: billion USD)

65 Countries Accounted	Connects 65 countries and estimated 4.4 billion people 65 Countries Accounted.
30% of GDP	Accounted for over 63% of world population and 30% of GDP.
3 Rounds	The 3rd round of China’s opening up after development of Special Economic Zones and accession to WTO.
70+ Countries	Over 70+ countries and international organizations have signed cooperation agreements with China.
5 Key Areas	The 5 key areas of cooperation are: policy coordination, facilities connectivity, trade, financial integration and people–to–people ties.
6 Economic Corridors	Set–up 6 economic cooperation corridors: China Pakistan, New Eurasia Land Bridge, China–Mongolia–Russia, China–Central Asia–West Asia, China Indochina Peninsula, Bangladesh–China–India–Myanmar.
US\$ 953 Billion	China’s trade value with BRI countries reached 953 billion in 2016, 25.7% of China’s total trade 8158.
8158 Contracts	8158 Contracts were signed by Chinese enterprises in 61 countries in 2016.
EXIM Bank of China	It had started financing over 1000 projects in 49 OBOR countries in 2016.

Source: Sarker et al., 2018, “One Belt One Road Initiative of China: Implication for Future of Global Development,” *Modern Economy* 9: 630, <https://www.scirp.org>.

A special feature of BRI that received admiration from experts’ level is its sincere pledge in shaping the project according to the international standards in quality. The BRI implementation committee has formally announced their zero tolerance policy towards any misappropriation or corruption in the project. Also they have urged the initiators to meet environmental standards while implementing any project under BRI and to ensure that no damage is done to the environment during the construction process (Muniruzzaman 2019).

China’s Ambition and Significance of Bangladesh

The Belt and Road initiative could be considered the panacea for China to become the Pan–Asian leader. The initiative has been designed from such a holistic perspective that the successful implementation of the projects under BRI will ensure both economic and geo–political supremacy of China all around Asia and beyond. However, China needs strong support from the BRI nations in order to secure its position. Among the countries that are vital for China in this regard, Bangladesh is one of the most important. Bangladesh is part of the proposed Bangladesh–China–India–Myanmar (BCIM) economic corridor under BRI project. Due to its geographical location and the demographic structure, this comparatively small country has become the center of attraction for China.

Economic Supremacy

Much of China’s export goods come from their highly skilled sector

of heavy industrial goods such as steel, cement and aluminum. These goods were earlier destined mostly to the United States of America. However, in recent years the demand from the west has declined noticeably leaving China suffering from widespread over capacity in these major sectors and a declining GDP growth (Kon et al. 2016). To keep the wheel of China's export income running, they desperately looked for new markets for the heavy industrial goods. The infrastructural development projects under BRI across the several developing countries in Asia like Bangladesh, Pakistan and Sri Lanka then became the perfect source for utilizing China's excess supply of industrial goods. Some of the construction projects under BRI is funded by China itself. There are infrastructural development projects such as a 54 billion USD land route project from Xinjiang, China to Gwadar, Pakistan; a proposed high speed rail line of 3000 km long from south-west China to Singapore, and a 1.1 billion USD sea port in Sri Lanka. After the accomplishment of this infrastructure development project, China's export volume will continue to increase well via establishing new trade relationship with the newly linked BRI countries (Fuad 2017).

In accordance with exports, China will also become economically benefited from their imports. Currently, China's huge demand of natural capital such as oil, gas and minerals are fulfilled by importing them mostly through the Strait of Malacca from the Persian Gulf states. However, this scenario will drastically change when China will become successful in diversifying their import quotas among the newly connected BRI countries. The new BRI routes will allow China to secure their energy imports from nearer locations, shorter time and cheaper rates (Kon et al. 2016).

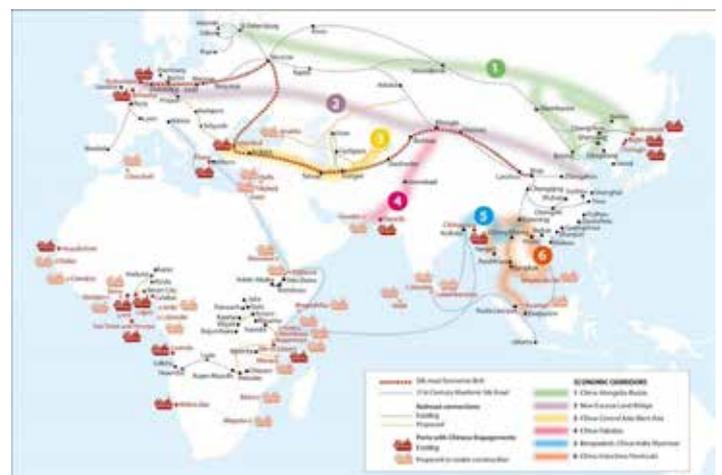
Geo-Political Supremacy

Like economic supremacy, China is equally in the run of ensuring geo-political supremacy around the Pan-Asian region. By playing the role of the initiator and the core implementer of BRI project, China is expanding its presence all over the Belt and Road region. China has already signed thousands of MOU's with neighboring BRI partners on diversified issues such as infrastructure development, educational exchange and cultural interaction. For example, in Bangladesh, Chinese experts are working as leaders for multibillion dollar construction projects i.e Karnaphuli tunnel construction project in Chattogram, Padma Bridge construction project in Mawa. In Turkmenistan, China has established Confucius Institute

and provided Hanban teachers to language universities. Besides, Chinese Ambassadors are found to be regularly present in local press and local discourse of different countries (Pantucci 2019). All these collaborations and activities are focused on bringing acceptance of the Chinese people among the BRI nations. The omni-presence of China all around the Asian region might also bring international recognition to its currency Renminbi (RMB) and secure them the position of the next global leader (Fuad 2017).

Significance of Bangladesh

Bangladesh officially became a member of BRI in 2016. Xi Jinping personally visited Bangladesh to onboard the country in BRI and the two countries signed 21 deals worth of 21.5 billion USD (Rahman 2019), 15 agreements and MOU's and 12 loan and mutual cooperation agreements (Faruque 2018). Due to Bangladesh's critical access position of the Bay of Bengal and Indian Ocean, the country is of a great importance to China. Bangladesh stretches between the Himalayan foothills in the north and the Bay of Bengal in the south. Therefore, this is that unique country which could geographically connect South Asia to South East Asia. Moreover, Bangladesh's Bay of Bengal could be the closest sea access point for the landlocked Southern Provinces of China, Bhutan, Nepal and seven north eastern states of India (Faruque 2018). Due to being a strategic maritime nation, one of the six economic corridors of BRI, BCIM, will pass through Bangladesh starting from Kunming and ending up at Kolkata. For the same reason, Bangladesh is also enlisted under the planned 21st century maritime silk road (Belt and Road Initiative: Perspective from Bangladesh 2019).



Map of China's Belt and Road Initiative with the 6 economic corridors and maritime Silk Road
Source: OECD Business and Finance Outlook 2018

In accordance with geographical location, Bangladesh is also of very importance to China due to economic, demographic and political

reasons. Currently Bangladesh's GDP is growing at more than 7% annually; hence, Goldman-Sachs identified the country among the next 11 countries having the potential of becoming the largest economies of this century. In recent years, Bangladesh has shown remarkable progress in education, health care and child mortality indicators and successfully developed huge youth workforce aged between 15-30 years. On the other side, the Chinese economy is moving towards a developed economy. They are downsizing the low-tech industries and expanding their high margin, high tech industries like artificial intelligence, aerospace and IT. As labor cost is also increasing in China, many Chinese manufacturing industries are planning to relocate their surplus industrial capacities to countries like Bangladesh who has suitable workforce and wage rate for it (Faruque 2018).

One of the main reasons behind China's attachment to Bangladesh is successfully establishing Chinese power in the South Asian region. Another potential ruler of this region, India, is in a constant competition with China for securing the place of regional ruler. The main water way trade route for China is the Strait of Malacca accessed through the Indian Ocean. Therefore, there is a persistent threat for China of losing connectivity to this water way if India decides to block this route during a potential war situation. In this condition, China's most convenient alternative water way connectivity would be the Bay of Bengal water way accessed through the sea ports of Bangladesh. Also, land-based connectivity with Bangladesh is a must for China because it plans to develop oil and gas pipelines starting from Chattogram port to Kunming via Myanmar's territory. This will allow the landlocked provinces of southern-western China to fulfil their demand of energy resources through easier and cheaper way of transportation. This land-based new trade route will also assist China to reduce its high dependency on the Straits of Malacca and eradicate the tension of getting dominated by India (Faruque 2018). As a consequence, China intentionally gives much priority to Bangladesh in both the land route connection and water route connection plans of the BRI project.

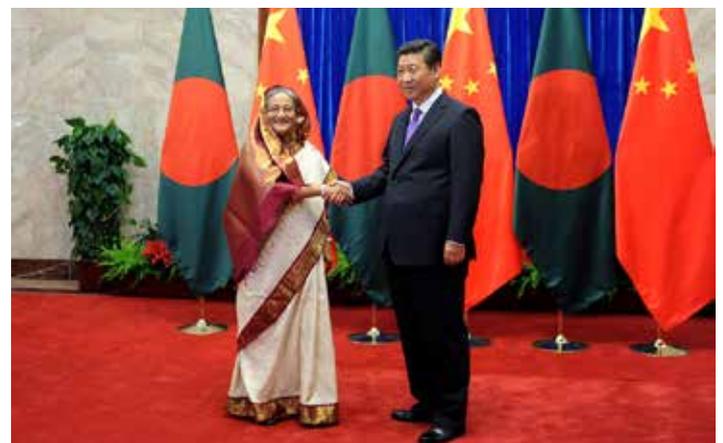
Opportunities and Challenges for Bangladesh in BRI

Bangladesh could enormously benefit from the BRI project by utilizing its geographic location, cheap labor force and warm relationship with China. It is expected that this regional collaboration will bring huge

trade deals and foreign direct investment (FDI), reduce trade deficit and ensure major infrastructural development to Bangladesh. On the other hand, over dependency on China and BRI might result in contentious inter-state issues with neighboring countries, rise threat to security as well as bring economic loss to Bangladesh.

Opportunities

Bangladesh gets the opportunity to integrate with large scale international market through BRI (Rahman 2019). As China is moving towards high skilled production like artificial intelligence and robotics, it is looking for alternate destination for its low and semi-skilled industries. Bangladesh has become a suitable location for relocating these Chinese industries due to having proper labor force and capital for such production. An increase of 17.5% (808.14 million USD to 949.41 USD) export income coming from China in the fiscal year 2016-17 compared to the previous year is a proof of this fact (Faruque 2018). Additionally, Bangladesh will be able to fortify its supply chain of apparel industry—the major source of export income—by importing raw materials from China at a cheaper rate through the newly linked routes and further stimulate export income. China's engagement in Bangladesh's current Special Economic Zones (SEZs) and Export Processing Zones (EPZs) is expected to boost bilateral trade between the countries and might open up new export destinations in the global market. Another trade creation opportunity for Bangladesh in the BRI region will be through specialization on some of the 5000 products those China has authorized duty-free access (Karim et al. 2018). China is now the largest trade partner of Bangladesh and trade is growing at an attractive rate. The volume of trade between the two countries were recorded to be 12 billion USD in the fiscal year 2014 and it is predicted to exceed 30 billion USD by 2021 (Ramachandran 2019).



Bangladesh's Prime Minister Sheikh Hasina, left, shakes hands with Chinese President Xi Jinping at the Great Hall of the People in Beijing on Tuesday, June 10, 2014.
Source: AP Photo

Bangladesh's proximity to the land-locked southern region of China makes Bangladesh important for the development of those Chinese provinces. Thus China has a vested interest in upgrading Bangladesh's infrastructure. China considers Bangladesh as a safe place for investment as Bangladesh does not have any geo-political tension with the country unlike the other regional super power India. In a seminar organized in 2016, the Chinese Ambassador to Bangladesh Ma Mingqiang, expressed China's aim of becoming the number one investor of Bangladesh (Faruque 2018). In parallel, Bangladesh has been desperately looking for investor for its infrastructural development but traditional sources of funding have been proved inadequate (Rahman 2019). When World Bank has halted its promised fund of 1.2 billion USD for constructing the Padma Bridge, one of China's state owned engineering company agreed to run the project. China is now investing more than 70% in Bangladesh's largest infrastructure the 3.7 billion USD Padma Multipurpose Bridge (Rahman 2019; Faruque 2018) and making it a reality. Bangladesh's main sea-port in Chattogram has been upgraded by China as well, and an industrial park is getting built over there. Besides this, China has also built seven other friendship bridges in Bangladesh. For improving the digital connectivity in Bangladesh, It is also investing 1 billion USD. In accordance with improving connectivity, China is assisting Bangladesh in upgrading its energy sector too. Most of China's 2018-19 fiscal year investment has been spent on the energy sector. Particularly, China is investing in the coal-fired power plants in Chattogram and Payra (Rahman 2019). Currently, average amount of foreign assistance by China per year is around 1 billion USD. Bangladesh is also supposed to receive bilateral assistance worth of 24.45 billion USD and 13.6 billion USD investment fund for mega-projects planned across the country (Faruque 2018). It is estimated that overall Chinese investment in Bangladesh has gone over 38 billion USD which makes Bangladesh the second largest recipient of Chinese loans under BRI project in South Asia (Ramachandran 2019).

The all-round development of Bangladesh and its increasing production capacity is transforming Bangladesh into a business hub. Like the southern landlocked province of China, Bangladesh could become the main trade partner for its neighboring land locked countries Nepal, Bhutan and the 7 north-eastern states of India through its unbroken land connection. As the ports of Bangladesh are the closest sea-ports for this part of the South Asian region, imports of foreign goods could

be transported to these countries via Bangladesh (Faruque 2018). This collaboration is also expected to increase the imports of Bangladeshi manufactured goods to the same region. Overall, the connectivity and warm relationship with China arising from the BRI project is likely to connect Bangladesh with the other economic corridors under the project and open up the doors of many new opportunities.

Challenges

There is no doubt that the BRI project will bring large scale benefits for Bangladesh. However, at the same time it will introduce Bangladesh to many critical challenges. The first and foremost challenge that will deter Bangladesh from reaping the fruitful consequences of BRI project is the disagreement among the members of BCIM economic corridor. As mentioned earlier, among the BCIM members, China and India are in the race of becoming the regional ruler. Thus, India is reluctant to be the part of a mega initiative ruled by China. Pointing at sovereignty violation by the China Pakistan (CPEC) economic corridor under BRI, India has withheld their participation in BRI. The proposed land connection between China and Pakistan for developing the CPEC economic corridor passes through Pakistan ruled part of Kashmir. As India believes Kashmir to be the part of its territory, India blamed CPEC corridor as the perpetrator for violating the country's sovereignty. There is also direct geo-political dispute between China and India over Arunachal Pradesh, which is currently under the control of India. China claims the same as one of the parts of Tibet. In accordance with China-India conflict, conflict between the other two members of BCIM, Bangladesh and Myanmar, over the Rohingya issue is also a threat to the BCIM corridor. Myanmar believes the Muslim Bengali dialect speaking ethnic group, Rohingya, as Bangladeshies. Thus, the Myanmar army with the support of their Buddhists extremists and Arakan nationals have long been performing brutal ethnic cleansing activities against this minority group. Now Bangladesh has given shelter to around 1 million Rohingyas which has brought tremendous economic burden and security threats to Bangladesh. All these political disputes among the member states make the future of BCIM economic corridor very vulnerable (Uddin 2017).

An old African proverb says, "When the elephants fight, it's the grass that suffers" (Faruque 2018). Here the grass might be Bangladesh between the Sino-Indian conflicts. Bangladesh's growing partnership

and dependency on China regarding BRI project might deteriorate the historical friendship ties between Bangladesh and India. India geographically surrounds Bangladesh from three sides, so Bangladesh shares many important trans-boundary rivers and lands with India. On the other hand, Bangladesh lies between the north eastern part of India and its mainland. This geographical connection between the two countries resulted in many two way trade deals and numerous other collaborations. Some of the remarkable deals are Bangladesh's energy import from India and internet band export to northeastern India, India's access to Bangladeshi sea-ports, and exchanges of the disputed territories between the two. For accessing Bangladesh's infrastructural projects, India agreed to provide 2 billion USD line of credit to Bangladesh. In 2017, India signed 9 billion USD investment deals with the same. Referring to the investment deals, the Indian high commissioner announced that India sincerely wishes to invest in port, liquefied natural gas and power sectors of Bangladesh due to great business potentials. In response, Bangladesh has promised to build SEZs for Indian investors in several places across the country. Even though having this long historical and economic bond with India, China became the largest investor and trading partner of Bangladesh replacing India in recent years due to the BRI project. India has not taken this fact positively and identified China as a "thorn" between the relationship of India and Bangladesh as both have common interests in Bangladesh. In contrast, Bangladesh is neither in a position politically or economically to confront with India nor it is capable enough to break its collaborations with China. Hence, Bangladesh is in a great danger of falling passive victim of the growing power conflict between the two rising Asian powers (Faruque 2018).

Besides the political problems and security threats, there are economic problems too which Bangladesh might face from the BRI project. The huge amount of funds that China has promised to disburse to Bangladesh will come along with high interest rate, so Bangladesh is in the danger of falling in debt trap and thus get engulfed by the giant. Also, the amount of investment that China promised has a slow pace of reimbursement. For example, China has released only 194.81 million USD out of 689.35 million USD fund for the Karnaphuli river tunnel project. This slow rate of disbursement of funds is also slowing down the progress of the infrastructural development projects and causing great financial loss to Bangladesh (Ramachandran 2019).

The world's largest regional collaboration BRI is expected to bring macro scale positive impact on economic, political and social condition of the participating members. Being on a geo-strategically significant position, Bangladesh has got much highlight in this mega initiative. The country has huge potential benefits to reap out from this project, especially in the sectors of infrastructure and trade. The infrastructural development and trade creations via BRI project will help Bangladesh in enriching its growth rate. Things to keep in mind for Bangladesh is to give utmost priority to national needs at first. In planning and executing the projects, transparency and accountability should be maintained strictly. Collaboration with the regional super powers of the BRI project has stimulated the growth rate of the country; nevertheless, Bangladesh has to be cautious about undue dominance from the Asian leaders. Investment from countries like India and China at this moment is crucial for Bangladesh, however they should be tackled in such a way that Bangladesh does not become the center of disappointment for the two.

Author Introduction

Iffat Ishrat Khan (iffat.khan@ciu.edu.bd)

is a lecturer at Chittagong Independent University.

Iffat Ishrat Khan has received her master's degree at University of Dhaka in Development Studies majoring in Economic Development. Her major achievements are publishing research article with Routledge publisher and participating in regional peace building program in Cambodia. She has conducted research on economic and political issues of Bangladesh and published article on street children's involvement in politics which is "Involvement of street children in the political violence of Bangladesh."

References

- * “Belt and Road Initiative: Perspective from Bangladesh.” 2019. The Daily Star, August 07. (Accessed: 19/Jan/2020)
- * Constantinescu, Cristina and Michela Ruta. 2018. “How Old is the Belt and Road Initiative.” *Macroeconomics, Trade and Investment* 6: 1–9.
- * Faruque, Taufiq-E. 2018. “Sino-Indian Geostrategic Competition: Bangladesh Perspective.” *ELK Asia Pacific Journal of Social Science* 5 (1): 1–24.
- * Fuad, Kazi Ahmed Arif. 2017. “One Belt, One Road (OBOR) Initiative: How Bangladesh Can Benefit through the New Horizon of Regional Co-operation.” <https://www.lightcastlebd.com> (Accessed: 19/Jan/2020).
- * Islam, Md. Shariful. 2017. “China’s One Belt One Road Initiative: How Bangladesh Can be Benefited.” The Daily Star, May 19. (Accessed: 19/Jan/2020)
- * Karim, Mohd Aminul and Faria Islam. 2018. “Bangladesh·China·India·Myanmar (BCIM) Economic Corridor: Challenges and Prospects.” *The Korean Journal of Defense Analysis* 30 (2): 283–302.
- * Kon, Michael, Shu-Ming Hsu and Long-Sheng Kung. 2016. Why did China Take the One Belt One Road (OBOR) Strategy and Initiate the Asian Infrastructure Investment Bank (AIIB)?” *International Journal of Economics, Commerce and Research* 6 (2): 39–54.
- * Muniruzzaman, ANM. 2019. “Belt and Road Initiative and What’s in it for Bangladesh.” The Daily Star, May 30. (Accessed: 19/Jan/2020)
- * Pantucci, Raffaello. 2019. “China in Central Asia: The First Strand of the Silk Road Economic Belt.” *Asian Affairs* 50 (2): 202–215.
- * Rahman, Bappy. 2019. “Belt and Road Initiative: An Opportunity for Bangladesh.” The Daily Star, November 19. (Accessed: 19/Jan/2020)
- * Ramachandran, Sudha. 2019. “How Bangladesh Learned to Love the Belt and Road.” *The Diplomat*, July 22. (Accessed: 19/Jan/2020)
- * Sarker, Md Nazirul Islam, Md Altab Hossain, Xiaohua Yin and Md Kamruzzaman Sarker. 2018. “One Belt One Road Initiative of China: Implication for Future of Global Development.” *Modern Economy* 9: 623–638.
- * Uddin, Shanjida Shahab. 2017. BRI and BCIM-EC: Overcoming the Impediments. *BIIS Journal* 38 (3): 205–224.

* 본 기고문은 전문가 개인의 의견으로 서울대아시아연구소의 의견과 다를수 있습니다