

China-India Brief

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Guest Column

Bangladesh's Balancing Act Amid China-India Rivalry for Regional Influence

Bangladesh stands to benefit from the growing China-India competition in the region but it needs to play its cards right.

By Anu Anwar

At the height of the Cold War in 1981, Tanzanian President Julius Nyerere quoted an African proverb at the Commonwealth conference: “When elephants fight, it is the grass that suffers”, which was recently echoed by Singapore Prime Minister Lee Hsien Loong, who added that, “when they make love, the grass suffers also”. However, this conventional wisdom seems flawed in the case of the China-India rivalry for regional influence in Bangladesh. Instead of losing—Bangladesh boasting

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The *China-India Brief* is a bi-monthly digest focusing on the relationship between Asia's two biggest powers. The Brief provides readers with a key summary of current news articles, reports, analyses, commentaries, and journal articles published in English on the China-India relationship. It features a Guest Column weighing in on key current issues in China-India relations.

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South Asia's second-largest economy—is reaping the benefits so far.

During its early years, Bangladesh suffered through military coups and economic stagnation. These conditions kept Bangladesh isolated globally for decades. China, before launching its massive infrastructure connectivity program—the Belt and Road Initiative—had exhibited little interest in South Asia beyond its long-standing alliance with Pakistan. No other extra-regional powers showed serious geopolitical interest in Bangladesh either. The absence of major powers served to further strengthen India's position in Bangladesh, in addition to its geographic proximity, as well as the role it played in helping Bangladesh gain independence from Pakistan. Bangladesh, however, had always intended to expand its engagement with other international actors, which did not materialize until China's entry as a major player in South Asia.

Defence cooperation has been the main building block in the Sino-Bangladesh relationship. China's economic footprint in Bangladesh is a relatively new and an ever-expanding dimension of their bilateral relations. Since the early 1980s, the two armed forces have engaged in frequent high-level official visits and have held joint training and exercises to strengthen cooperation. China has become Bangladesh's top source of military hardware. Dhaka, likewise, is China's **second-largest arms export destination**,

behind only Pakistan. In the 2010–2019 period, China accounted for **72 percent** of Bangladesh's total arms imports.

Greater momentum came in 2013, with the launch of China's Belt and Road Initiative (BRI). Dhaka formally joined the BRI during President Xi Jinping's visit to Bangladesh in October 2016, when relations were upgraded to a **strategic partnership**. The visit also saw China pledging investments totaling **\$38.05 billion**, roughly equal to 10 percent of Bangladesh's gross domestic product—the **largest sum** ever pledged to Bangladesh by a single country. China has become Bangladesh's **largest trading partner**, direct foreign investor, trade importer, and military hardware supplier. In 2020, China also **granted** duty-free access to its market for 97 percent of Bangladeshi products.

This large amount of Chinese investment and increasing defence cooperation with Dhaka made New Delhi feel it was falling behind. In response, India has deployed a wide variety of tools—rather asymmetric but significant—to counter China's influence. In 2017, India **announced** a \$4.5 billion Line of Credit (LOC) for Bangladesh—the largest amount ever committed by India to Bangladesh—though the disbursement rate has been **extremely slow**. New Delhi also **expressed interest** in offering submarine training for the Bangladesh Navy. Besides offering incentives, India has also used other means to caution Bangladesh not to align itself to

closely with Beijing. For instance, after Bangladesh purchased two Ming class Type 035G submarines from China in 2017, India responded by 'gifting' a submarine to Myanmar—a country that Bangladesh has traditionally had frosty relations with—in a move likely meant to signal New Delhi's displeasure with Dhaka.

Being a fraction of China's economic size, India is unable to compete with China on the economic and security front. Instead, India has been leveraging on its long-standing cultural and political ties with its neighbour. Relations between the two countries' political, cultural, and civil society elites offer India unmatched access to all levels of Bangladeshi society. The Indian state of West Bengal in particular, shares the same culture and language as Bangladesh, and has played an instrumental role in improving bilateral relations. In recent years, India has revived historical ties, reinforced cultural linkages, and increased diplomatic exchanges at an unprecedented level. This has created a certain degree of leverage in New Delhi's favour.

While China and India seek to expand their influence in the Bay of Bengal, Bangladesh is using both to make necessary improvements to its economy and military. As the China-India strategic rivalry intensifies, both countries are doubling down on their approach to bring strategically located Bangladesh into their own orbit.



China, along with increasing investment and defence support, may also open its economy to billions of dollars in imports from Bangladesh, which will help Dhaka to diversify its exports to new destinations beyond North America and Europe. India, for its part, has been ramping up its strategic cooperation with the United States and Japan under initiatives like the Free and Open Indo-Pacific Strategy and Quadrilateral Security Dialogue, which has helped to address some of India's traditional shortfalls, such as a lack of capital. Japan, a traditional infrastructure investor, now increasingly collaborates with India in Bangladesh in an attempt to counter China's regional influence.

However, Bangladesh has recognised that both India and China will be primarily self-serving in their investments. To avoid being a passive victim of this geopolitical competition in the Bay of Bengal, Bangladesh is using its geo-strategic position tactfully. Dhaka has pursued strategic ambiguity, maintaining good working relations with both China and India, which is crucial for its stability and development. In recent years, Dhaka has also reached out to Washington proactively as a “third-way-balancing” effort that aims to use US-Bangladesh ties as leverage to set better terms with both China and India, diffuse tension, and reduce dependency on both Asian powers.

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