

CHINA'S BELT AND ROAD INITIATIVE: IMPLICATIONS FOR BANGLADESH

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Introduction

The Belt and Road initiative, proposed by Chinese President Xi Jinping in September 2013, consists of a land-based economic belt and a maritime road. It aims at bolstering trade within Asia as well as with Africa and Europe by building infrastructure for integrating Asia. Both the land-based economic belt and the maritime road would connect Bangladesh with China, Southeast Asia, and other South Asian countries, which will promote trade, development of infrastructure and resources, industrial cooperation, and financial integration. The initiative will provide a bridge between minds and cultures of the people, and bring the two civilizations—Chinese and South Asian—closer. The ancient Silk Road also passed through Bangladesh and Myanmar from Yunnan province of China as well as other South and Southeast Asian countries. The centre of the economic network of the countries located along the Bay of Bengal was Bengal (Bangladesh). Although Yunnan was land-locked, it had built a historical relationship with the peoples of the Bay of Bengal through the land-based route. The geo-strategic location of Bangladesh has thus made it important with regard to the present Belt and Road initiative.

Geo-strategy, in its classical sense, links political power and geographical space. It can also be seen as a body of thought on specific strategic prescriptions based on the relative importance of land power and sea power in world history.¹ The key concept is the strategic geography that appreciates the factors of location and size, militarily important terrain, maritime choke points,

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and areas containing critical resources.² Geographical location may impose constraints but may also provide opportunities that would have far-reaching implications on policy and strategy.

Bangladesh is, therefore, geo-strategically located to become a gateway between China and South Asia, and between South Asia and Southeast Asia through the Belt and Road initiative. China can transport its goods to other South Asian countries by land route through Bangladesh. It can use the seaport of Chittagong in the Bay of Bengal to connect to the Indian Ocean, which will facilitate in developing the south-western region of China. Besides, the land route from Kunming to Chittagong Port in Bangladesh will be the shortest alternative land route in comparison to the route from Sittwe Port in Myanmar to Kunming. Bangladesh can provide Bhutan, Nepal, and the north-eastern region of India access to its seaport. In return, Bangladesh can enhance its strategic value and earn money. Bangladesh will be able to open up its trade through this route to the markets of China, Southeast Asia, and other South Asian countries. Foreign direct investment (FDI) will increase in different sectors that will create employment in Bangladesh.

Although the Belt and Road initiative in the case of Bangladesh is a very interesting and important research area, it is not thoroughly investigated yet. A few studies have been done in China-Bangladesh relations, but they are not extensive. This study will, therefore, investigate the nature of the ancient Silk Road, and its connection with the present Belt and Road initiative. It will also discuss how geo-strategically useful the Belt and Road initiative will be and what opportunities it may create for Bangladesh. The study will produce knowledge and understanding about China's Belt and Road initiative, which will be helpful for policymakers of Bangladesh and other countries located along the Belt and Road region. It argues for a proactive, prudent, and productive policy of Bangladesh towards China, Southeast Asia, and other South Asian countries. The study will also be useful in determining China's policy towards Bangladesh. Moreover, it will provide a guideline on what opportunities can be created for Bangladesh and China.

Concept of the Silk Road

The romantic name of the Silk Road came from the German explorer and geographer Baron Ferdinand Von Richthofen in 1877. He associated the term with the Central Asian routes that served China as conduits of its trade with countries situated along the Oxus and Jaxartes as well as with South Asia between 114 BC and 127 AD.³ The people living along the different trade routes in ancient time did not use the term Silk Road. In Roman period, the route between China and Europe was known as the trunk route. But the term Silk Road gained acceptance gradually. Sven Hedin's book (1936) on his Central Asian explorations carried the title *The Silk Road* in its 1938 English translation. After Japanese scholar Misugi Takatoshi used the term maritime Silk Road in his monograph *An Exploration of the Maritime Silk Road* (published in 1967), the concepts of land-based Silk Road and maritime Silk Road were widely accepted and used by the academia.⁴ According to Baidu Encyclopaedia (Baidu

Baike), the maritime Silk Road refers to the maritime passage through which ancient China and other regions of the world conducted economic and cultural communication, and exchanges. It was an international trade network formed by a series of port nodes between the oceans in the East and the West. According to Haosou Encyclopaedia (Haosou Baike), the maritime Silk Road was also called the Porcelain Road and the extension of the land-based Silk Road, which originated during the Song and Yuan dynasties. With the introduction of spices from Arabia to Southeast Asia, this route also came to be known as the Spice Road. The Silk Road was, therefore, an ancient trade route that connected the eastern realms of China and India to the Western civilizations like Greece and Rome. It is also believed that the Silk Road existed as far back as the ancient Egypt through which silk production of China reached the West as early as the sixth century AD. Over time, the route grew and expanded into far-reaching corners of East, South and West Asia, North Africa, and Europe. The Silk Road, therefore, went through the modern day countries of Afghanistan, Bangladesh, China, Egypt, India, Iran, Iraq, Korea, Pakistan, Russia, Syria, Turkey, and Vietnam as well as the countries of the eastern Mediterranean, the Arabian Peninsula, and Central Asia.⁵ As its name insinuates, the Silk Road played a hugely significant role in the distribution of luxurious Chinese silk to different regions of the world. This trade route acted as a catalyst that would begin to blend Eastern and Western cultures, and facilitated the exchange of goods such as silk, grains, spices, and other highly coveted items. China's One Belt and One Road is the updated version of the ancient Silk Road to integrate economically significant Eurasian countries, meet the needs of cooperation among developing countries, and upgrade Chinese enterprises and industries. Chinese State Councillor Yang Jiechi has remarked that while the ancient Silk Road has witnessed a common history and a glorious civilization in Asia, the new Silk Road combines rejuvenation of the ancient Silk Road with Asian integration.⁶

The Silk Road: a short historical background

Since ancient times, the Silk Road went through an astonishingly diverse and mostly treacherous land. Generally accepted is the existence of two main routes of the Silk Road, i.e., the northern route and the southern route, supplemented by the middle route.

Map 1:**Main routes of the Silk Road (around 114 BC-1450s)**

Source:

https://en.wikipedia.org/wiki/Silk_Road#/media/File:Silk_route.jpg

According to Herodotus' description of around 430 BC, the northern route started at the mouth of the River Don, a region belonging to the Sarmatians (today's Uzbekistan); it then crossed the Volga (Oarus) and continued to the Ural River, finally reaching Gansu (see Map 1).⁷ The southern route from China to India existed even before the rise of the Central Asian Silk Road, and the introduction of Buddhism to China. The Silk Road between China and Central Asia became prominent between 500 and 800 AD. This was a 600 miles (1,000 km) route running mainly east-west between the Qinghai Mountains to its south and the Gobi Desert of Mongolia to the north (see Map 1).⁸ However, Zhang Qian, a courtier of the Han Emperor Wu Di (140-87 BC), and his deputies had visited the countries of Dayuan (eastern part of the Uzbek Republic), Daxia (Bactria), Anxi (modern Iran), and Shendu (India) long before that. After returning to China, he reported to the emperor that in the street markets of Daxia, he saw square bamboo sticks and fabrics of Qionglai in Sichuan province. He was told by the local people that the traders of Daxia brought these goods from Shendu. Zhang Qian concluded that since there were Shendu-produced goods in Sichuan, Shendu was not very far from Sichuan.⁹ In the fourth century BC, the Uttarapatha land route entered into central India on the one hand, and the land routes to China via Tibet and Myanmar on the other. The area was rich in resources notably copper, cotton, iron, and gold. The entire Gangetic area (area of Ganges River) as an international and domestic trading centre is well documented in various literary sources dating from before the fourth century BC to the first five centuries.¹⁰ Besides, the road linking south-

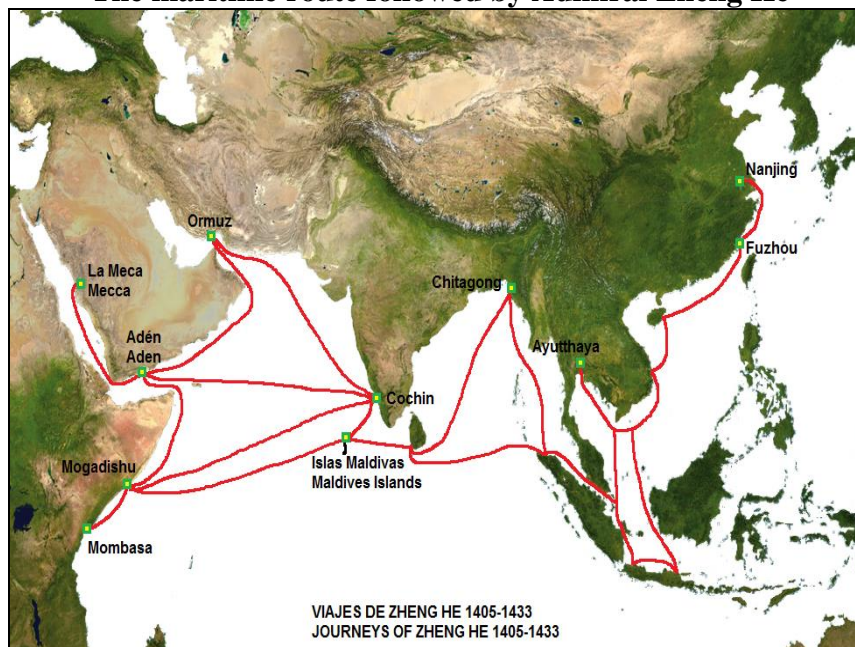
western China (Yunnan and Sichuan) with India was recorded by Xuanzang (mid-seventh century) and Yijing (late-seventh century). Fan Chuo, a military official who served in Tang China's Annan protectorate, also recorded these roads in his *Man Shu* (Records of the Barbarians). Although his books are no longer available, *Xin Tang Shu* (New History of the Tang Dynasty), edited in the tenth century, kept a record of the seven routes that he had discerned, linking China with the 'barbarians of four directions'. The sixth route linked Annan with India starting from Tonkin via Yunnan province through Prome to Maghada.¹¹ From Yunnan to India, there were again two routes: the southern one from Dali to Yongchang arrived in India through the Pyu Kingdom, Prome, the Arakan Range, and Kamarupa; and the western one crossing the Irrawaddy, the Mogaung, and the Chindwin rivers reached India and beyond.¹² The southern route seemed very roundabout, but it was important, not only because it linked Yunnan and Myanmar, but also because it connected to the maritime Silk Road. Moreover, Tome Pires described a vivid trade network that encompassed Arakan, Bengal, Burma, China, Pegu, and Siam.¹³ The merchants from different regions including Arabs, Bengalis, Chinese, Gujaratis, Kling, Persians, Siamese, and other Southeast Asians from Ava, Cambodia, and Myanmar used the trade network. The centre of this trade network was most certainly Bengal as all of these countries were located along the Bay of Bengal. Although Yunnan was a land-locked area, it had built a historical relationship with the peoples of the Bay of Bengal through the land route.

The ancient maritime Silk Road went through the Indian Ocean to the shores of Arabia and Africa, and touched the seaports of Canton, Bangkok, Chittagong, Madras, Goa, Karachi, Muscat, and Alexandria. Renowned navigator Admiral Zheng He of the Ming Dynasty led seven maritime expeditions to the Indian Ocean from 1405 to 1433, visiting 30 or more countries and places (see Map 2). He expanded the Chinese maritime sphere of influence westward, in particular, to the shores of Arabia and Africa.¹⁴ On his sixth expedition, he visited the Chittagong and Calcutta ports in Bangladesh and West Bengal, respectively, more than once. 'Panggela' (Bangladesh) had very cordial relations with China during the Ming Dynasty. According to *Mingshi* (Annals of Ming Dynasty), the ruler of the Kingdom of Bengal sent 13 emissaries to China between 1409 and 1439, twice presenting a *Sahala* (giraffe).¹⁵ The giraffe was welcomed by the Chinese people then as the legendary auspicious 'unicorn' making news all over China, and prompting the composition of many a poem and painting. The works of the famous Ming painter Shen Du, including *Ruiying qilin song bing xu* (painting in praise of unicorn), are still extant. This is one of the rare material proofs of the cordial historical relationship between Bengal and China during the Ming Dynasty. The expeditions made trade relations with local merchants, conducted diplomatic duties, and fought against piracy. These mainly promoted economic contacts of the Ming Dynasty, especially the tributary trade which was a form of official trade along the coasts of Bengal and India. Most of the 'tributary goods' were perfumes, spices, jewels, rare birds and animals, Chinese silk, and other special local products.¹⁶ Goods were exchanged between Chinese ship commanders

and merchants from Bengal and elsewhere in the Indian subcontinent. Chinese silk was, for instance, exchanged for the Chitti's pearls.

Map 2

The maritime route followed by Admiral Zheng He



Source: https://en.wikipedia.org/wiki/Zheng_He

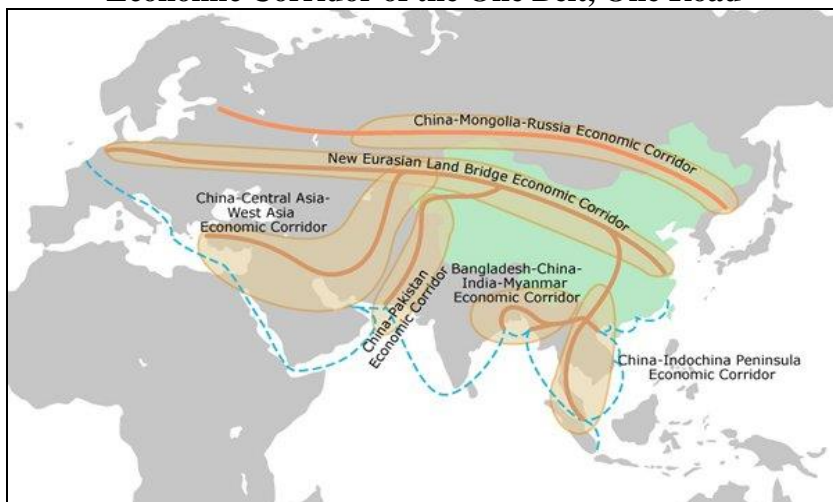
The Belt and Road initiative

The Belt and Road initiative consists of two key elements—a land-based Silk Road Economic Belt (SREB) and the 21st Century Maritime Silk Road (MSR) which will bolster connectivity between Asia, Europe, Africa, and their adjacent seas. The SREB was unveiled by President Xi Jinping at Nazarbayev University on 7 September 2013 as part of his state visit to Kazakhstan. The MSR was announced before the Indonesian Parliament on 3 October 2013 as part of his state visit to Indonesia. The vision and actions on jointly building the SREB and the MSR, issued by the National Development and Reform Commission on 28 March 2015, have outlined the initiative's framework, cooperation priorities, and mechanism. The SREB encompasses China-Mongolia-Russia Economic Corridor, New Eurasian Land-based Economic Corridor, China-Central Asia-West Asia Economic Corridor, China-Pakistan Economic Corridor, Bangladesh-China-India-Myanmar Economic Corridor, and China-Indochina Peninsula Economic Corridor. It focuses on bringing together China, Central Asia, West Asia, Russia, and Europe (the Baltic) on the one hand; and China, Southeast Asia, and South Asia on the other.

It would link China with the Bay of Bengal, the Persian Gulf, and the Mediterranean Sea.

The MSR consists of two routes: one route will go from China’s coasts to Europe through the South China Sea and the Indian Ocean, and the other from China’s coasts through the South China Sea to the South Pacific (see Map 3).¹⁷ It will involve 29 coastal counties from South China Sea to the Indian Ocean, and 28 costal countries from the West Pacific to the Indian Ocean. Among them, there are nine Southeast Asian countries: Brunei, Cambodia, Indonesia, Malaysia, Myanmar, the Philippines, Singapore, Thailand, and Vietnam; five South Asian countries: Bangladesh, India, Maldives, Pakistan, and Sri Lanka; nine West Asian coastal countries: Bahrain, Iran, Iraq, Kuwait, Oman, Qatar, Saudi Arabia, the United Arab Emirates, and Yemen; and five East African coastal countries: Djibouti, Eritrea, Madagascar, Somalia, and Sudan.¹⁸ All of the three directions of westward construction will start from the coastal ports of China and rely on the Association of Southeast Asian Nations (ASEAN) and its member countries to give impetus to the economies of South Asia, East Africa, the Middle East, and Europe. Therefore, the Belt and Road regions include a range of more than 60 emerging economies and developing countries with a total population of over 4 billion and an economic aggregate of about \$21 trillion, accounting for about 65 per cent and 30 per cent of the global totals in land-based and maritime-based economic production values, respectively.¹⁹

Map 3:
Economic Corridor of the One Belt, One Road



Source: Billy Wong, HKTDC Research, 2015.

Purpose and importance of the Belt and Road initiative

China’s Belt and Road initiative aims at promoting five major goals among its constituent nation states: policy coordination, connectivity, unimpeded trade, financial integration, and people-to-people bonds. It is attempting to strengthen and expand cooperative interactions to create an

integrated web of mutually beneficial economic, social, and political ties, and ultimately lower distrust and enhance a sense of common security. The initiative will help align and coordinate the development strategies of the countries along the Belt and Road, promote investment and consumption, create demand and job opportunities, and enhance cultural exchanges and mutual learning among the peoples of the relevant countries. It will also enable them to understand, trust and respect each other, and live in harmony, peace and prosperity.²⁰ The major tool of the initiative for releasing untapped growth potential in the region is the development of an array of transport and logistics corridors to draw Central and South Asia into a unified transport network.²¹ Delivering goods on time and at a low cost has been a crucial part of emerging Asia's integration into the global production chain. Besides, majority of the Asian countries are still developing and their economic development markedly lags behind East Asia and Europe. Cooperation among Asian countries in areas such as industrial parks and special economic zones can enhance Asia's status as an entity in the world economy. Similarly, emphasis on building connectivity is seen as a means of addressing the lack of balance among various sub-regions in Asia in terms of development and the absence of strong economic bonds between these sub-regions. The need for deeper economic cooperation would motivate the countries to dedicate more resources towards the shared economic goals, which would in turn make it easier to engage in consultations to benefit from the wisdom of others, and to synergize the ways and means of implementing the idea.²² Deeper economic cooperation would also help in harmonizing development efforts, reducing competition, and decreasing the potential of conflict. Besides, the initiative will provide a bridge between minds, and bring civilizations closer. History teaches us that when minds are brought nearer, misperceptions and misgivings start to disappear.

China's objective is to speed up the development of its western region. The Belt and Road will transform western China into a frontier in the opening to the world, increase development opportunities in the central and western regions, and create new growth points.²³ It will make Xinjiang geographically advantageous and a core area of the SREB. It will also give full scope to developing Inner Mongolia and Heilongjiang provinces. Moreover, it will provide unique advantages to Guangxi and Yunnan provinces to speed up the opening up and development of the Beibu Gulf Economic Zone and the Zhujiang-Xijiang Economic Zone as well as develop a new focus for economic cooperation in the Greater Mekong sub-region.²⁴ The Belt and Road is also considered a gateway to facilitating China's forward march in its 'go global' strategy. Chinese enterprises are being encouraged to increase overseas investment in the exploitation of mineral resources in order to improve China's supply of energy resources, and to undertake cooperation in advanced technologies. According to the Department of Outward Investment and Economic Cooperation of the Chinese Ministry of Commerce, China has established 118 economic and trade cooperation zones in 50 countries around the world. Amongst these zones, 77 are established in 23 countries along the Belt and Road. There are 35 cooperation zones in countries along the SREB.²⁵

In addition, the initiative will work as a response to the new geo-political situation marked by the US rebalance to Asia.

The US adopted the New Silk Road strategy to promote a link between South Asia and Central Asia via Afghanistan. It envisaged the creation of a transcontinental trading network linking Afghanistan, Central Asia, and Europe.²⁶ The Asian Development Bank (ADB) also promoted the Central Asia Regional Economic Cooperation (CAREC) initiative established in 1997 with the key aim of giving a fillip to economic cooperation among the countries in Central Asia as well as Afghanistan, Pakistan, and notably the People's Republic of China.²⁷ But China's initiative is more comprehensive and mutually beneficial than the US and ADB versions of the New Silk Road. Besides, the Belt and Road is considered a new kind of strategy designed to support the larger effort in strengthening Beijing's peripheral diplomacy and creating a new type of major country relations, both of which are based on intensive cooperation and a non-zero-sum approach to international politics and economics.

Funding and construction of the Belt and Road

Chinese government established 'a special leading group' to oversee the construction of the Belt and Road initiative. The office of the group was placed under the National Development and Reform Commission (NDRC) of China. Beijing is committed to investing heavily in a wide variety of infrastructure projects in order to strengthen the economic capacity and connectivity among countries located in the Belt and Road region. President Xi Jinping has stated that China must make common efforts with relevant countries to accelerate the pace of infrastructure and connectivity constructions for the Belt and Road.²⁸ In order to push forward the construction of the Belt and Road and manage its fund, the New Development Bank (BRICS Bank) with a starting capital of \$100 billion was established in July 2014, and the Asian Infrastructure Investment Bank (AIIB) in October the same year. Besides, the Chinese government has announced a Silk Road Fund with an endowment of \$40 billion (see Table 1). Infrastructure investment is in high demand in Asia's emerging economies. The ADB has projected that in ten years, from 2010 to 2020, the infrastructure in the emerging Asian countries will require investment of over \$400 billion a year.²⁹ China has already committed sizeable sums of capital to found or co-found various institutions aimed at supporting infrastructure financing.

Table 1:**Fund availability**

	Registered Capital	Loan to Equity Ratio	Loan Repayment period	Annually Available Fund
Asian Infrastructure Investment Bank	\$100 bn	1.5	8 Years	\$18.75 bn
New Development Bank	\$100 bn	1.5	8 Years	\$18.75 bn
Silk Road Fund	\$40 bn	2.00	8 Years	\$10 bn
Total	\$240 bn	-	-	\$47.5 bn

Source: Hang Seng Bank cited in Ryan Lam, 2015: 06

The main task of constructing the MSR is port construction along the maritime route. China is now developing seaports at Gwadar in Pakistan, Hambantota in Sri Lanka, Coco Island in Myanmar, and Bandar Abbas in Iran. It is also interested in developing a seaport at Sonadia in Chittagong, Bangladesh. China has increased the capacity and industry clustering of the port cities based on construction of airfields, highways, and railways. The focus of the MSR is to promote economic development of the hinterland of the pivot countries through infrastructure projects. China is more focused on stimulating local industrialization process through these ports and creating better conditions for China to cooperate with these countries—improving the cargo capacity of the ports (including ports, highway, and railway)—than the connectivity value of these ports. The port of Chittagong, the energy port of Kyaukpyu, and the container port of Colombo are not just aimed at expanding the capacity of transporting materials from the Indian Ocean to China. These ports also strengthen the Indian Ocean countries' status in the global shipping industry, and support their own industrialization capabilities through enhancement of their status and improvement in their capacity.

Implications for Bangladesh

Bangladesh and China do not share a border, but China's border is at a distance of 100 km from Bangladesh in the north across the Himalayas. Bangladesh shares a long border with India in the north, north-east and west, and Myanmar in the east. It has a long coastline along the Bay of Bengal in the south. It is a nation of strategic importance not only to the South Asian sub-region but also to the larger geo-political dynamics of Asia as a whole.³⁰ In particular, with respect to China's Belt and Road initiative, Bangladesh could become a regional hub for South Asia and some of the Southeast Asian countries.

Connectivity

The Bangladesh-China-India-Myanmar (BCIM) Economic Corridor of the land-based Economic Belt will run through Bangladesh and Myanmar from

China to India, Bhutan, and Nepal. It would further link with the Bay of Bengal, and subsequently the Indian Ocean. The China-Indochina Peninsula (CIP) Economic Corridor will follow the same route up to Myanmar and will then go to Southeast Asia. The MSR will touch all of the three seaports of Bangladesh located along the Bay of Bengal since it will reach the Bay of Bengal from the South China Sea through the Strait of Malacca. The Belt and Road initiative will, therefore, make Bangladesh a gateway between China and other South Asian countries, and between South Asia and Southeast Asia. The BCIM Economic Corridor may enable the creation of a growth triangle of these countries, and will facilitate China's 'west development' strategy.³¹ For a long time, the infrastructure of south-western China has been backward and its economic development slow. The region consists of the provinces of Guangxi, Guizhou, Yunnan, and the autonomous region of Tibet. China's coastal region is far more developed industrially than the central region, which in turn is superior to the western region in terms of development.³² In order to mitigate the gap of economic disparities between eastern and western China, Beijing adopted the western development strategy. Since several parts of the relatively less developed south-western China are in close proximity to Bangladesh, it will be very useful to cultivate stronger economic links with the latter in order to develop the region. Moreover, the bulk of China's imported petroleum and goods is transported through the sea lanes of the Indian Ocean. Eighty per cent of it passes through the Strait of Malacca, over which China has little control as the western exit of the strait is located near Andaman and Nicobar Islands controlled by India.³³ Moreover, the South China Sea disputes, the Taiwan issue, and other threats to the Pacific Ocean have increased Beijing's anxieties about its over-reliance on the Pacific Ocean. China currently faces three offshore disputes in South and East China seas: with Vietnam over the ownership of the Paracel Islands; with Brunei, Malaysia, Philippines, Taiwan, and Vietnam, over the ownership of the Spratly Islands; and with Japan over the ownership of the Diaoyu/Senkaku Islands.³⁴ These disputes do not only involve ownership of islands, but also control over the sea lanes of communication and natural resources. The BCIM Economic Corridor can, therefore, facilitate China in transporting energy to and exporting goods from its south-western region that will help overcome its Malacca Dilemma.³⁵ The planned construction of a deep sea port at Sonadia in Chittagong may extend port facilities to China since it is currently making efforts to ensure access to naval port facilities in the Indian Ocean region in order to protect its sea lanes of communication. If this economic corridor is implemented, the distance from Kunming in Yunnan province of China to the Bay of Bengal (via the seaport in Chittagong) is going to be 580 km shorter than its link to the present nearest port in Shanghai.³⁶ Myanmar also has a road link between Yangon and Sittwe, capital of Rakhine (Arakan) state, near the Bangladesh border but it passes through difficult terrain and is used mostly for military purposes. But the road from the seaport in Chittagong to Kunming via Myanmar will be suitable strategically to China and a shorter land route than the one from Sittwe (Akyab) seaport to Kunming. To materialize these prospects, Bangladesh and Myanmar signed a deal in July 2007 for construction

of a 25 km road connecting the neighbours to boost trade and people-to-people interaction. Designed to start at Gundun in Cox's Bazar, 2 km inside the border, and then run over 23 km through the Myanmar territory to Bawlibazar, the road could be stretched up to Kunming as part of a tripartite border scheme.³⁷ Bangladesh has already developed a river port at Teknaf to provide link to Maungdaw, a border town in Myanmar across the Naaf River. Bangladesh, therefore, needs to construct this economic corridor of the Belt and Road initiative since it will be a big boost for the country to implement its Look East Policy. According to Rehman Sobhan, Chairman of a Bangladeshi think tank Centre for Policy Dialogue, the objective of this initiative was to explore opportunities for mutually beneficial cooperation among four neighbours who remain linked by inheritance of history and compulsion of geography.³⁸ The launching of Dhaka-Kunming flight is an example of the positive results of developed transport and communication systems. In the past, flights from Bangladesh used to follow the Bangkok-Hong Kong-Beijing route to reach Kunming, but now they are flying straight to Kunming. Moreover, the economic corridor will enhance the scope for Bangladesh to extend seaport facilities to Bhutan, India, and Nepal. The land-locked north-eastern India shares a long border with Bangladesh and the Chicken's Neck, the Siliguri Corridor, is the only land connection with mainland India.³⁹ Goods from Tripura in north-eastern India currently take the 1,645 km route to reach Kolkata port through the Chicken's Neck, which could be reduced to just 75 km with the use of Chittagong Port.⁴⁰ Moreover, it is expected that goods from Assam can reach Europe through the Chittagong Port, which will mean 1,000 km less than if they are to be transported through the Kolkata Port.⁴¹ Bangladesh will be able to earn money by extending port facilities to these countries.

Development of infrastructure

The capacity of the Chittagong Port is vital for ensuring the export growth of Bangladesh, but the facilities in the seaport are not adequate for managing increasing cargo. The port is very often hit by severe over-load and agitation by workers, rising the average turnaround time for a container from 2.4 days to five to six days.⁴² The situation is likely to worsen as the exports continue to increase. Moreover, mother vessels or large ships cannot enter into the harbour. Development of the seaport in Chittagong and other infrastructure is, therefore, necessary for meeting the increasing demand. Bangladesh has taken initiatives to build a seaport at Phayra in Patuakhali and a deep sea port at Sonadia in Chittagong. But Bangladesh is also facing the problems of low road transportation efficiency and backward transport infrastructure. It needs to construct a large number of bridges, wide highways, and high speed railways.

It is not possible for Bangladesh alone to build the seaports and other infrastructure since it requires a large amount of funds. Bangladesh can get this funding from China's Silk Road Fund and the newly established AIIB. Cross-border projects such as building of port facilities, airports, highways, and even power projects of the countries within the Belt and Road region are also targets for China's 'going out' funds.⁴³ In April and May 2015, joint projects worth

\$46 billion were signed between China and Pakistan. The first investment by the Silk Road Fund was made into a hydro-power plant in Pakistan called the flagship of the Belt and Road initiative. The signed projects with Kazakhstan and Russia are worth \$23.6 billion and \$20 billion, respectively.⁴⁴ With the cooperation of China, Bangladesh plans to build the deep sea port at Sonadia Island in Chittagong. Chinese assistance to build the new port could be in the form of grants, concessional loans, or technical assistance. If the project is successfully implemented, the seaport's annual cargo handling capacity would increase from the current 30.5 million tonnes of bulk cargo and 1.1 million twenty-foot equivalent units (TEU) to 100 million tonnes of bulk cargo and 3 million TEU containers annually.⁴⁵ The port would serve not only the interests of Bangladesh but also other regional countries. It is believed that the port will become the main shipping hub for north-eastern India, southern region of China, Myanmar, land-locked Nepal, and Bhutan.

Bangladesh suffers from electricity deficit. Shortfalls reach 2,000 MW in summer. Only about 47 per cent of households have access to electricity. The age-old gas-based power plants are struggling to generate enough electricity to meet the country's huge demand. Thus Bangladesh is planning to meet the shortages by setting up nuclear power plants. As a signatory to the NPT, Bangladesh has every right to use nuclear energy for peaceful purposes. In April 2005, Bangladesh signed an agreement on nuclear cooperation with China, under which it can receive Chinese assistance for exploring nuclear materials and construction of a nuclear power plant. According to China's former ambassador to Bangladesh Zhang Xianyi, Chinese investors are focusing on investing in Bangladesh's power generation, IT, garments, textiles, and home manufacturing sectors.⁴⁶ Besides, since Bangladesh is a country located in the Belt and Road region, China will extend its cooperation with the country in building power plants to generate necessary electricity.

Increasing trade and investment

Connectivity will bring ample opportunities for Bangladesh to boost its trade with China, Southeast Asia, and other South Asian countries. China emerged as the largest trading partner of Bangladesh overtaking India in 2005,⁴⁷ and Bangladesh is its third largest trading partner in South Asia. In 2014, the trade volume between Bangladesh and China increased to \$12.5 billion.⁴⁸ In the year, the trade imbalance between Bangladesh and China was about \$10 billion. China has offered duty-free access to 4,721 Bangladeshi products to address the growing trade imbalance.⁴⁹ President Xi Jinping assured the Prime Minister of Bangladesh Sheikh Hasina in a bilateral meeting in New York on the sidelines of the UN General Assembly session held in September 2015 that China would take necessary steps to reduce trade gap between the two countries.⁵⁰ The assurance has created room for duty-free access of the products of Bangladesh to China's market. Especially, Bangladesh will be able to export its goods into the huge but unexplored south-western markets easily, on time, and at a minimum transport cost using the BCIM Economic Corridor. The goods of Bangladesh will be cheap and the demand will thus increase in the markets.

As a result, the market of China for the commodities of Bangladesh will be widened and the trade deficit will be reduced gradually. Moreover, by using the CIP Economic Corridor, Bangladeshi enterprises will be able to deliver their goods to the markets of Southeast Asian countries easily, on time, and at a low cost as well. If the initiative is eventually materialized, the Chittagong-Mandalay-Kunming highway will offer another opportunity for Bangladeshi exports into the markets of the Mekong sub-region, consisting of Cambodia, China, Laos, Myanmar, Thailand, and Vietnam. The Mekong sub-region is a natural economic area bound together by the Mekong River covering 2.6 million square kilometres, and a population of around 326 million.⁵¹ Besides, the connectivity will offer Bangladesh an opportunity to increase its trade with the land-locked north-eastern India as well as Bhutan and Nepal by land route more comfortably and at a minimum transport cost.

Chinese enterprises including private investors will be interested to invest more in Bangladesh since the major objective of China's 'go global' strategy is to invest in the untapped growth potential of foreign countries along the Belt and Road region. China's move towards a vertical economy has already created scope for Bangladesh owing to its abundant supply of cheap labour. China seeks to place its production facilities in a place where it can produce goods at a much lower cost than China, as labour costs are rising therein. Bangladesh's sweater manufacturers received a large number of orders from international buyers due to rise in labour costs in countries like China and Indonesia.⁵² According to ILO Wage Report of 2014, the monthly minimum wage for unskilled garment workers in Bangladesh is \$68 per month. It is \$95 per month in Pakistan; \$131 in India, \$100 in Cambodia, \$128 in Viet Nam, \$237 in Thailand, \$219 in Indonesia, and between \$156 and \$266 in China.⁵³ With Bangladesh's more favourable demographic transition in hand, more complementarities could emerge in the medium term owing to the contrast with China's ageing population. If the Belt and Road is implemented, China will be more interested to invest in different sectors of Bangladesh. China has become an important source of FDI in Asia and Africa, and even in the West. There is also a significant Chinese investment in Bangladesh. China also has plans to establish an exclusive special economic zone on 774 acres of land in Chittagong.⁵⁴

The scale of cooperation between Bangladesh and China can be much higher than the existing level. While China is the largest supplier of apparel in the world, Bangladesh is fast growing as Asia's apparel hub as well. A recent McKinsey report indicated that the country's ready-made garments manufacturing will double by 2015 and nearly triple within a decade. China will, therefore, be more interested to invest in the ready-made garments manufacturing and textile industries to be able to produce goods at cheaper costs. Bangladesh will benefit from Chinese investment through employment generation. Besides, Bangladesh is a lucrative market for garments machinery. China is a major supplier of machineries to Bangladesh. In this case, Bangladesh-China garments machinery industries joint ventures can be profitable for both countries. In particular, sales of textile machineries are

increasing in Bangladesh because of the growing demand from garments manufacturers of the country. Bangladesh is a good place for international buyers for its relatively lower production costs.⁵⁵ In addition to Chinese investments, other foreign investors will be interested to invest in these sectors in Bangladesh due to this connectivity.

Increasing geo-political value

Bangladesh faces considerable geo-political challenges in maintaining an independent foreign policy. Its geo-strategic location is increasingly coming to the attention of major global and regional powers. The interests of these powers set the parameters within which the country has to manoeuvre. Bangladesh is sandwiched between two rising powers, China and India. During the Cold War, China and the United States were hostile to India and friendly to Pakistan. After the end of the Cold War, China has maintained friendly relations with Pakistan, and has taken a more balanced approach towards India.⁵⁶ However, the China-Pakistan security and strategic nexus and Sino-India border disputes have remained a central issue in Sino-India relations. Besides, from an Indian perspective, China's growing presence in Myanmar and strategic partnership with other countries in South Asia has increased India's suspicions about China's intentions in the region. China's massive infrastructure building—such as seaport, highway, and airfield development in South Asia and elsewhere in the Indian Ocean—is considered part of the String of Pearls⁵⁷ strategy by India. But India's neighbouring South Asian countries have always resented its hegemonic ambitions in the region and have tried to resist the imposition of the Indian version of the Monroe Doctrine by seeking to build security links with extra-regional powers, mainly China and the United States, as a counterweight to India's domineering role.⁵⁸ Some political analysts perceive China as a counter-weight to gradual Indian expansionism in Bangladesh for its strategic and economic interests.⁵⁹ China does not wish Bangladesh to become a 'satellite' of India too. The construction of the Belt and Road through Bangladesh will thus increase its geo-strategic value. It will enhance the interests of several other countries in Bangladesh. One global or regional power will not be able to pressurize Bangladesh to do its bidding. Therefore, the geo-political location of Bangladesh will be strengthened and it will be enabled to maintain a proactive, prudent, and productive foreign policy to serve its own interests.

Conclusion

The entire Gangetic area as an international and domestic trading centre is well documented in various literary sources dating from before the fourth century BC to the first five centuries. A vivid trade network, recorded in the tenth century, encompassed Arakan, Bengal, Burma, Pegu, and Siam to connect China to the Bay of Bengal. Different merchants including Arabs, Bengalis, Chinese, Gujaratis, Kling, Persians, Siamese, and other Southeast Asian people used the trade network. The centre of this economic network was most certainly Bengal, as all of these countries were located along the Bay of Bengal. Although

Yunnan was a land-locked area, it had historically built a relationship with the people of the Bay of Bengal through the land route. China's present Belt and Road initiative is an updated version of the ancient Silk Road and more comprehensive and mutually beneficial than the US and ADB versions of the New Silk Road. It will promote connectivity of Asian, European, and African continents and their adjacent seas, and help in establishing and strengthening partnerships among the countries along the Belt and Road. Especially, it will build infrastructure across Asian countries and integrate them. Moreover, the initiative will bolster trade in this region, promote investment and consumption, create job opportunities, enhance people-to people and cultural exchanges, and augment prospects of learning among the peoples of the relevant countries. It will also enable them to understand, trust and respect each other, and live in harmony, peace, and prosperity.

BCIM Economic Corridor will make Bangladesh a gateway between South Asia and Southeast Asia, and between China and other South Asian countries. It will run through Bangladesh and Myanmar from China to India, Nepal, and Bhutan; and link with the Bay of Bengal and subsequently the Indian Ocean. Moreover, the MSR will touch all of the three seaports of Bangladesh located along the Bay of Bengal. Bangladesh can provide China access to other South Asian countries and to the seaports of the Bay of Bengal, which will facilitate in developing the south-western region of China. It will also help in overcoming China's Malacca Dilemma. On the other hand, Bangladesh is also facing the problems of inadequate capacity of seaports, low road-transportation efficiency, and backward infrastructure. A deep sea port and other infrastructure such as bridges and railways are, therefore, necessary to meet the increasing demand. Bangladesh can finance such projects from China's Silk Road Fund and the newly established AIIB. The deep sea port at Sonadia in Chittagong has the potential to develop as a regional hub and serve the interests of not only Bangladesh and China, but also Bhutan, India, and Nepal. Besides, the initiative will bring ample opportunities for Bangladesh to boost its trade with China, Southeast Asia, and other regional countries. By using the CIP Economic Corridor, the enterprises of Bangladesh will be able to export their goods to Southeast Asian markets as well as the unexplored south-western markets of China on time and at a low transport cost. If the Belt and Road initiative is implemented, investors from China and other countries will be more interested to establish textile and ready-made garments manufacturing industries in Bangladesh, and to invest in other potential sectors to produce goods at cheaper costs. Bangladesh will benefit from the FDI since new job opportunities will be created. Moreover, the connectivity will enhance the strategic value of Bangladesh and its geo-political position.

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