

# Economic Benefit through Belt and Road Initiative: Challenges and Options for Bangladesh

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**Abstract:** *The economic rise of China is one of the greatest events of the twenty-first century, and countries around the world have taken tremendous interest in China due to its ambitious Belt and Road initiative (BRI) which has been hailed by Chinese president Xi Jinping as “the project of the century”. As of December 2021, 145 countries have joined the initiative which seeks to link Asia with Africa and Europe through land and maritime networks with the purpose of enhancing regional integration, boosting trade, and increasing economic growth. Bangladesh has also welcomed BRI in 2016 involving itself through one of its six economic corridors- the Bangladesh-China-India-Myanmar (BCIM) and has taken its bilateral relationship to a new height. Of the 27 project agreements for investments and loans totaling around \$24.45 billion signed in 2016, nine projects worth more than \$7 billion are presently underway as part of the BRI. The goal of this study is to look at the economic benefits that Bangladesh is expected to gain from the BRI. It critically examines the economic involvement of China in Bangladesh to identify how that impacts local economy. In this regard, the economic and geopolitical challenges arising from Bangladesh's involvement in the initiative are examined, and possible options for Bangladesh are highlighted. The methodology of the paper is analytical and descriptive in nature.*

**Key words:** *Belt and Road Initiative (BRI), Bangladesh, China, the Bangladesh-China-India-Myanmar (BCIM)*

## I. Introduction

Maintaining a close relation in terms of diplomacy, economy, and defence for almost five decades Bangladesh has now reached a new height of bilateral relationship with China especially due to the membership of BRI initiative proposed by China in 2016. Globally this initiative is seen as strengthening ties with neighboring nations, with a greater emphasis on connectivity, commerce, and economic inclusion (Clarke, 2017). The BRI initiative has been a matter of great interest to the academic circles and the policymakers in South Asia due to one of its major economic corridors located in the region: the Bangladesh– China–India–Myanmar Economic Corridor (BCIM-EC), with which the economies of Bangladesh, China, India, and Myanmar are expected to be integrated through regional connectivity (Saimum, 2020). As a result of China's rising attention in the territory, Beijing has already pledged to invest in key areas of the economy of Bangladesh. Out of 27 project agreements signed in 2016 for investments and loans totaling around \$24.45 billion, nine projects worth more than \$7 billion are presently underway as part of the BRI, including the mega project of the Padma Bridge Rail Link, the Bangabandhu tunnel under the Karnaphuli River, and the Dasher Kandi Wastewater Treatment Plant (Chakma, 2020). According to China, seven Chinese projects are nearing completion; loan agreements for three projects have been signed; two projects are in commercial negotiations; three are in the evaluation stage, and four listed projects are scheduled to be replaced with four new projects in accordance with Bangladesh's proposal (Rahman, 2021). Therefore, after 7 years of BRI activities in Bangladesh, BRI is no longer confined within paper works and announcements of promises, but tangible work and footing are starting to be in place on the ground. It is time to evaluate the economic benefits that Bangladesh can reap out of the existing Chinese BRI related investment projects as well as the projects under consideration.

The goal of this research is to examine the economic gains of the Belt and Road Initiative (BRI) from the perspective of Bangladesh. It will also critically investigate China's economic presence in Bangladesh to understand how it affects the local economy. In this regard, the economic issues arising from Bangladesh's involvement in the effort will be analyzed, and possible choices for Bangladesh will be discussed.

The methodology of the paper is analytical and descriptive in nature. The study has followed qualitative approaches. Secondary data has been collected from different books, journal articles, newspapers, periodicals, research monographs, press release, and electronic sources.

## II. Understanding BRI

Belt and Road Initiative is known to most people but surprisingly many are still confused about what it is and how it is influencing and reshaping the world around us, because the BRI is not a typical project rather, it is a strategic approach devised by China to strengthen its position in the globe (HSBC, 2019). During a visit to Kazakhstan in 2013, Chinese Prime Minister Xi Jinping proposed the construction of a 'economic belt' and a '21st-century Maritime Silk Road,' which were formalized as the 'Belt and Road Initiative' (BRI) in a document. Initially, BRI was limited to the concept of the New Silk Road Economic Belt (SREB), which runs from China to Europe via Central Asia. Within a short time, the concept was incorporated into Chinese foreign policy and economic strategy, earning it the moniker "One Belt, One Road (OBOR)." Later, it was supplemented with a maritime component known as the 21st Century Maritime Silk Road (MSR). The name of the document was "Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-century Maritime Silk Road", released by the National Reform and Development Commission in 2015. Establishing an inclusive, balanced & open regional economic environment that is beneficial for all the countries involved is the prime target of BRI mega projects, according to this document. BRI projects involve 65 countries with the mammoth amount of infrastructure, international business, cross-country partnership & investment. More than 30% of the global GDP, 75% of available reserve fuel & 70% of the world's populations are occupied by these countries collectively. The BRI is proposed by Chinese leader for building connectivity among and within countries of the three continents around the globe. This is done to facilitate closer cooperation, development of infrastructures and several aspects. BRI pursues a path for shared future and win-win situation through the proposition of large-scale collaboration, bilateral contribution in five major areas: policy coordination, connectivity of infrastructure and facilities, unrestricted international business, financial integration, and close interaction between people. Large infrastructure projects among the participants and active socio-economic activities which primarily focus on trade and investment are the most visible part of the BRI. However, additionally BRI has much more to offer within the countries in other fields. These are cultural exchanges, technology transfer and tourism, education packages etc. Map below shows the connectivity plan between the countries under Belt and Road projects. Here the belt means the land communication and Road means the maritime Silk Road connecting through Sea routes. The Maritime Silk Road runs in two directions- one is from China across the South China Sea to Indian Ocean ports, which is then extended to Europe, and another one is from Chinese coastal ports to the South Pacific via the South China Sea.



Figure 1: Map of Belt and Road Initiative of China across the Globe

### III. Bangladesh-China Economic Relations: Through Trade and Investment

Though China and Bangladesh had an antagonistic relationship throughout the latter's independence war and soon thereafter, the two countries started mending diplomatic ties and now the relationship has transformed to the point that China is now seen as an 'all-weather friend' by many in Bangladesh (Samsani, 2021). The new path of Sino-Bangladesh relations began in January 1976 and took on a warmer tone in 1977. (Bhattacharjee, 2018). Until the first decade of the twenty-first century, the relationship was confined within commercial agreements between Dhaka and Beijing. The 2010s, on the other hand, saw a unique economic context with various economic and transportation agreements, defense procurement, large numbers of foreign direct investments (FDI), loans, and even tax-free commerce. With China's extensive investments in infrastructure development projects in Bangladesh, such as roads, bridges, rail lines, power plants and seaport construction the bilateral relationship has evolved into an alliance.

#### Bilateral Trade

Since 1971, India had been Bangladesh's primary trade partner. However, China's trade with Bangladesh has grown dramatically since the start of the current century, and it surpassed India as the Bangladesh's top exporter in 2004. (Pravakar, 2013). It is also one of the principal suppliers of military hardware to Bangladesh. Bangladesh is the second-largest customer of Chinese defense equipment after Pakistan (Yesmin, 2018). Therefore, China has been the largest trade partner for Bangladesh for almost two decades, but the bilateral trade flows are mainly driven by Chinese exports to Bangladesh or equivalently Bangladesh's imports from China. In absolute terms, Chinese exports into Bangladesh rose from \$7.8 billion in 2011 to \$17.3 billion in 2019 (Figure 2). The percentage of Chinese shipments in total exports to Bangladesh climbed from 13.6% in 2000 to 24.7% in 2007. (Pravakar, 2013). In the recent years this share has even further increased. For example, figure 3 shows that in the last decade (2011-2020) China maintained its exports to Bangladesh as percentage of total exports to Bangladesh at 30% on average.

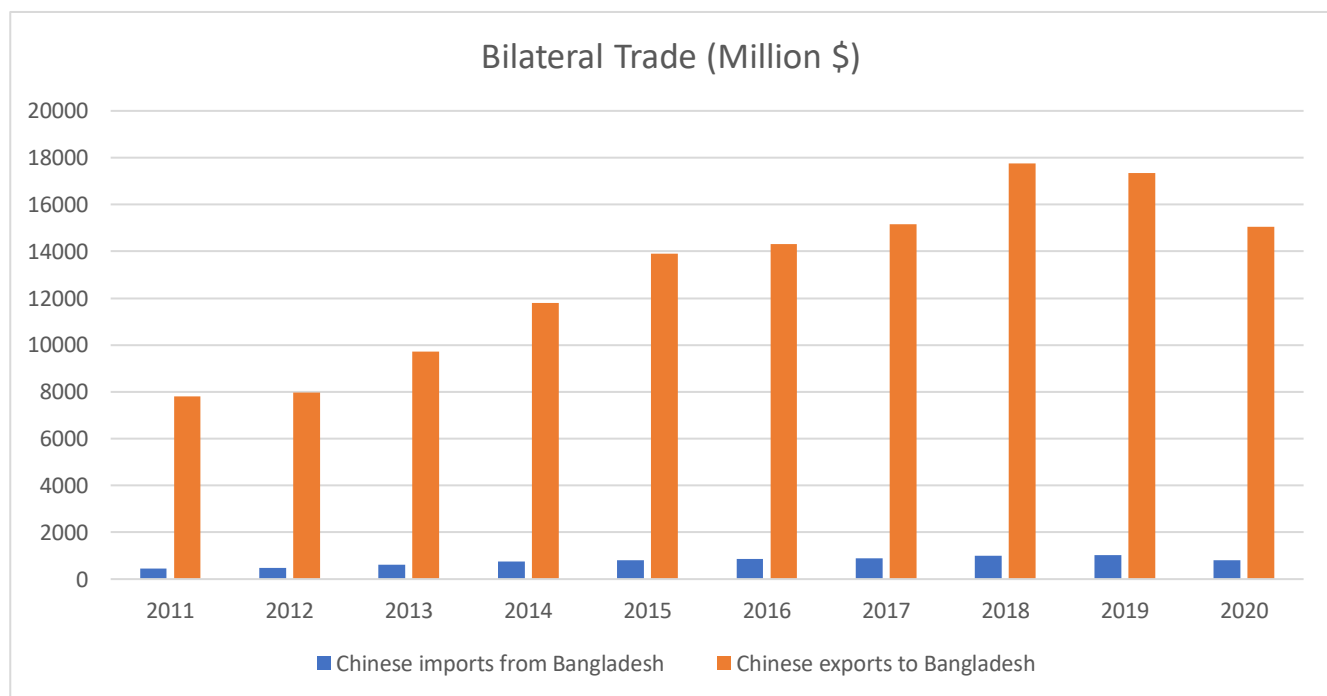


Figure 2: Bilateral Trade between Bangladesh and China (million\$)

Source: Authors' own illustration based on UNCOMPTRADE database,2022

Until 2008, Chinese imports from Bangladesh (Bangladesh exports to China) were less than \$100 million (Pravakar, 2013). Since then, the situation has begun to improve, with exports reaching a high of over \$1.036 billion in 2019 (Figure 2). Export receipts dropped by more than 20% in 2020 due to outbreak of covid pandemic. Figure 2 reports that in the last decade (2011-2020) on average China accounts for just 2.37 per cent of Bangladesh's exports.

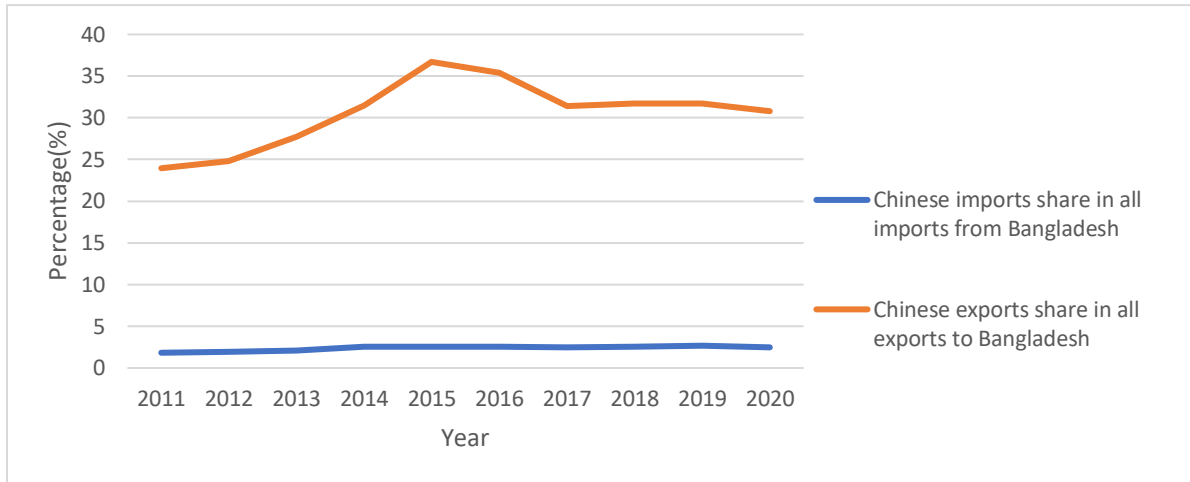


Figure 3: Chinese Trade Share in Bangladesh, Source: Authors’ own illustration based on UNCOMPTRADE and World Bank Database, 2022

**Chinese Investment in Bangladesh**

The high savings rates of Chinese families, along with Beijing's 'Going Global' plan implemented in the late 1990s, opened the way for funds to be invested overseas. The value of Chinese state-owned enterprises (SOEs) and private firms' foreign investment and construction operations increased to \$2.2 trillion between 2005 and 2021 (American Enterprise Institute, 2022). Since the launch of the Belt Road Initiative (BRI), a significant share of funds has begun to flow to emerging nations. Bangladesh is quickly becoming a significant market for Chinese funds. Bangladesh joined the BRI in 2016 and has seen its connections with Beijing developing tremendously in recent years, particularly after Chinese President Xi Jinping visited Dhaka in October 2016, and Bangladesh is expected to get Chinese funds amounting to more than \$40 billion under the BRI. Bangladesh has been able to draw the attention of Chinese financiers in terms of committed investments. Between 2005 and 2021, the total Chinese investment committed for Bangladesh (through SOEs, foreign direct investment, and concessional loans) was around \$29 billion (American Enterprise Institute, 2022). Among other sectors, the primary Chinese investment industries in Bangladesh have been energy, transportation, and infrastructure. According to the American Enterprise Institute, the pledged amount of investment in the energy and transportation sectors from 2005 to 2021 is \$12 billion and \$8.7 billion, respectively (Figure 4).

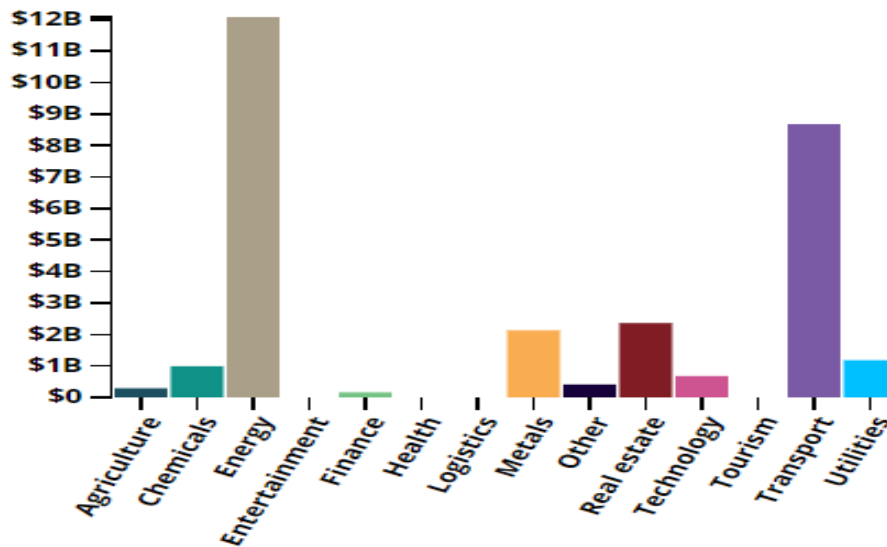


Figure 4: Chinese Investments & Contracts in Bangladesh (2005 - 2021)

Source: China Global Investment Tracker database, 2022

#### IV. Bangladesh in the BRI

Bangladesh joined the BRI plan in 2016 with the formation of the BCIM economic corridor, which was officially recognized in December 2013 at the inaugural “Inter-governmental study group conference” in Kunming. More than 440 million people live along the corridor, which spans 1.65 million square kilometers, and the corridor connects the Yunnan province of China, Bangladesh, Myanmar, and Kolkata (India) via road, rail, water, and air. By strengthening trade with Yunnan province, the BCIM economic corridor has the potential to help North-East Indian states. Bangladesh can benefit from linkages to the North-East Indian region and Yunnan province, as well as the blue economy and international maritime trade via the Bay of Bengal, the Indian Ocean, and the Andaman and Nicobar Islands. The operationalization of the BCIM is critical for the success of BRI. Because India is not officially a part of the BRI yet, the implementation of BCIM is not certain as expected.



Figure 1: Map of BCIM–EC in South and Southeast Asia.

Source: The Daily Star

A variety of initiatives have been taken so far to put the BRI's scheme into action in Bangladesh. Several government-to-government (G2G) and business-to-business (B2B) projects were agreed upon during the Chinese President's October 2016 visit to Bangladesh. The two countries signed 27 agreements totaling \$24.45 billion in loans and investments (Table 1). Chinese investment in Bangladesh is estimated to be worth nearly \$40 billion when combined with the previous \$13.6 billion in joint ventures, making China the country's single largest investor (Ramachandran, 2019). Bangladesh and China signed eight projects totaling more than USD 9.45 billion in 2016, all of which were funded by China. The USD 3.3 billion Padma Bridge rail link, the USD 1.9 billion Payra power plant, the USD 1 billion digital connectivity project, and the USD 1.32 billion power grid network strengthening project are among them.

Bangladesh is expected to be an active participant in China's BCIM economic corridor linking South Asian nations. Beijing is very interested in Bangladesh for two reasons: one is geographical, and the other is economic (Saimum, 2020). Bangladesh though initially showed cautious reaction to Chinese investments in the country but now revealed its desire to be an important member of the BRI. Gowher Rizvi, Bangladesh's prime minister's international affairs adviser, confirmed Bangladesh's involvement in the BRI and emphasized that the program "fits within Bangladesh's national goals" (Bdnews24, 2019). The participation of Bangladesh in the BRI projects indicates the importance of Chinese infrastructure development in Bangladesh. Furthermore, Bangladesh's participation in both the first and second BRI Forums hosted by Xi Jinping in Beijing in 2017 and 2019, respectively has solidified the country's commitment to the program.

Table1: Proposed China-Financed Projects in Bangladesh

| <i>Projects</i>  | <i>Million \$</i> |
|--|-------------------|
| 1. <i>Padma Bridge Rail Link Project</i>   | <i>2667.93</i>    |
| 2. <i>Dhaka–Sylhet four-lane highway project</i>   | <i>2110</i>       |
| 3. <i>Development of the national ICT infra-network project for the Bangladesh Government</i>                        | <i>156.56</i>     |
| 4. <i>Construction of tunnel under Karnaphuli River</i>  | <i>705.80</i>     |
| 5. <i>Installation of Single Point Mooring (SPM) with double pipeline</i>  | <i>500.466</i>    |
| 6. <i>Rajshahi WASA Surface Water Treatment Plant</i>  | <i>350</i>        |
| 7. <i>System loss reduction by replacing 5 million electromechanical energy metres with electronic energy metres</i> | <i>165.98</i>     |
| 8. <i>Expansion and strengthening of the Power System Network under DPDC area</i>                                    | <i>1650.51</i>    |
| 9. <i>Power Grid Network Strengthening Project under PGCB</i>  | <i>1321.83</i>    |
| 10. <i>Construction of Dhaka–Ashulia elevated expressway</i>   | <i>1393.98</i>    |
| 11. <i>Establishing six full-fledged TV stations of Bangladesh Television</i>  | <i>127.88</i>     |
| 12. <i>Modernisation of telecommunication network for digital connectivity</i>                                       | <i>231.00</i>     |
| 13. <i>Construction of a dual-gauge track parallel to the existing Joydebpur–Mymensingh–Jamalpur section</i>         | <i>581.26</i>     |
| 14. <i>Construction of double line between Joydebpur and Ishurdi sections</i>  | <i>752.79</i>     |
| 15. <i>Establishing digital connectivity</i>   | <i>1000</i>       |
| 16. <i>Marine Drive Expressway and coastal protection works from Sitakunda–Chittagong–Cox’s Bazar</i>                | <i>2856.56</i>    |
| 17. <i>Expansion and modernisation of Mongla port facilities</i>   | <i>249.17</i>     |
| 18. <i>Extension of underground mining operations of Barapukuria Coal Mine</i>                                       | <i>256.41</i>     |
| 19. <i>Gazaria 350 MW coal-fired power plant 433</i>   | <i>433</i>        |
| 20. <i>Conversion of MG railway track to DG railway track in the Akhaura–Sylhet section</i>                          | <i>1756.05</i>    |
| 21. <i>Prepayment metering project for Bangladesh Power Development Board’s (BPDP) distribution zone</i>             | <i>521.56</i>     |
| 22. <i>New inland container port near Dhirasram railway station 200</i>  | <i>200</i>        |
| 23. <i>Replacement of overloaded distribution transformer to provide reliable electricity to the RE region</i>       | <i>230.59</i>     |
| 24. <i>Water supply, sanitation, drainage, and solid waste management for small municipalities</i>                   | <i>150</i>        |
| 25. <i>Modernisation and expansion of public sector jute mills of Bangladesh</i>                                     | <i>280</i>        |
| 26. <i>Chinese economic and industrial zone in Chittagong 280</i>  | <i>280</i>        |
| 27. <i>Modernisation of rural and urban lives through ICT</i>  | <i>500</i>        |

Source: Rubiat Saimum, 2020, pp.10

## V. Overview of the Current State of BRI Activities

In Bangladesh, nine projects worth more than \$7 billion are now underway as part of the BRI, including the megaproject of the Padma Bridge Rail Link, the Bangabandhu tunnel under the Karnaphuli River, and the Dasher Kandi Sewerage treatment plant (Chakma, 2020). According to Chinese authority, seven Chinese projects are approaching completion; loan agreements for three projects have been inked; two projects are in commercial discussions; and three are in the appraisal stage (Rahman, 2021). Another 4 listed projects are scheduled to be replaced with 4 new projects in line with the proposal of Bangladesh side. The financial sustainability and economic feasibility of BRI projects in Bangladesh are critical to their success.

Table 2: List of Current Chinese Funded projects

| <b>Name of projects</b>   | <b>Chinese fund<br/>(In million \$)</b> | <b>Loan deal signed/loan disbursed<br/>(Status as of June 2020)</b> |
|---|---|---|
| Padma bridge rail link  | <b>2,667.94</b>                         | 27 April, 2018 ( <b>\$533.58m</b> )                                 |
| National ICT infrastructure network for govt Phase III                      | <b>151.64</b>                           | 27 October, 2017 ( <b>\$141.30m</b> )                               |
| Tunnel under Karnaphuli river   | <b>705.80</b>                           | 14 October, 2016 ( <b>\$326.73m</b> )                               |
| Installation of single point mooring with double pipeline                   | <b>550.67</b>                           | 3 November, 2017 ( <b>\$247.94m</b> )                               |
| Modernisation of telecom network for digital connectivity                   | <b>224.96</b>                           | 10 April, 2018 ( <b>\$83.39m</b> )                                  |
| Tier IV national data centre  | <b>154.00</b>                           | 15 April, 2016 ( <b>\$137.66m</b> )                                 |
| Dasherbandi sewerage treatment plant  | <b>280.00</b>                           | 14 October, 2016 ( <b>\$111.64m</b> )                               |
| Expansion and strengthening of power system network under DPDC area project | <b>1,402.93</b>                         | 4 July, 2019 ( <b>\$207.62m</b> )                                   |
| Power grid network strengthening project under PGCB                         | <b>970.02</b>                           | 7 June, 2020<br><b>No disbursement</b>                              |
| <b>TOTAL</b>  | <b>7,107.96</b>                         | <b>1,786.86</b>   |

Source: The Daily Star

The Padma Bridge Rail Link Project, which aims to connect Dhaka and Jessore through the Padma Bridge, is one of China's most important projects in Bangladesh. The Exim Bank of China and the Bangladesh government are co-sponsoring the project, which is projected to cost roughly BDT 40, 000 crores. The project started in 2016 and is expected to be finished by 2024. The Padma rail project is divided into three phases, with the first linking Dhaka to Mawa, the second connecting Mawa to Bhanga, and the third connecting Bhanga to Jashore. Bangladesh's growing market need extensive rail links and the Padma Bridge Rail project is crucial for Bangladesh since it enhances access to Dhaka from the country's center and south-western regions, as well as providing a faster alternative to the Dhaka-Jessore-Khulna railway route. It aims to promote socioeconomic growth and reduce regional inequities.

Among the nine projects mentioned above another mega project is the Karnaphuli Multichannel Tunnel Project in southern Bangladesh, which is now under construction. It is expected to relieve congestion on the current two river crossings while also linking with the Korean Export Processing Zone and Shah Amanat International Airport. The project will also get connected to two additional non-Chinese projects, the “Asian Highway” and the “Dhaka-Chittagong-Cox'sBazar Highway, all of which are now under development. It will be Bangladesh's first tunnel to allow for simultaneous road and rail transit, measuring to 9 km total length, 3.4 km of which will be under the river. The tunnel will link Chittagong's port city to the Asian Highway and the Dhaka-Chittagong-Cox'sBazar Highway once it is completed. More than 60% of the project's construction work has been accomplished so far.

### VI. Bangladesh’s Challenges in the context of BRI

On the one hand huge loans pledged by China is necessary for Bangladesh’s critical infrastructural development, but on the other hand management of the loans, bureaucratic barriers, debt management, identifying appropriate projects, implementing projects in due time etc. are some of the challenges faced by Bangladesh. Bangladesh must solve the challenges effectively to maximize the benefits of the BRI projects.

#### *Macro Level Destabilization*

Bangladesh lacks a well-functioning financial system capable of absorbing such massive sums of money. Macroeconomic stability may be jeopardized by large-scale borrowing. External debt exposes countries to exchange rate volatility, rendering them exposed to unexpected halt in capital flows and severe capital outflows (Qureshi & Liaqat, 2020).

**Bureaucratic Barriers**

The issue of bureaucratic barriers is one of the concerning factors for foreign investors to invest in Bangladesh. According to the most recent World Bank annual ratings Bangladesh is ranked 168 among 190 economies in the ease of doing business index (The Daily Star, 2020). Research reveals that a foreign investor must go through 42 procedures for opening a business in Bangladesh. According to the same study, acquiring a "construction permit" in Bangladesh takes 269 days, while registering a property takes 244 days. All these factors have reduced Bangladesh's attractiveness to international investors.

**Debt—Trap Concern**

The massive Chinese investment prompts critics to ask, citing Hambantota in Sri Lanka as an example, "Is China seeking to entice Bangladesh with its 'debt-trap' diplomacy?" The widely held concept of 'debt trap diplomacy' against China is said to have emerged from a 'infrastructure war' The United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) reports that large loan fundings to developing countries could jeopardize the stability of macroeconomic condition in these countries because of their weak structure of market and inadequate debt servicing ability (Akhtar. et al., 2017).

For resource limited countries like Bangladesh, falling into debt is a severe problem. Because China intends to convert a loan provided to Bangladesh previously into commercial credit worth US\$20 billion, the conversion of the loans into commercial credits might result in a long-term debt issue in Bangladesh (Awasthi 2017). There are opposite views of Chinese debt-trap diplomacy as China mostly keeps the door open for renegotiation in case of project deal (Kratz et al., 2019). For example, Malaysia has successfully renegotiated to avoid debt crisis in Chinese proposed East Coast Rail Link (ECRL) project (Jaipragas, 2019). Myanmar is another example which has reduced the cost of Chinese funded project of Kyaukpyu port to nearly 80 per cent. According to the World Bank and the IMF, a country crosses the danger line when its foreign debt exceeds 40% of GDP. Bangladesh is classified as being in the "safe zone" since its total foreign debt is less than 15% of GDP. According to the Ministry of Finance's publication 'Flow of External Resources into Bangladesh,' the country's total foreign debt outstanding was \$44.09 billion in the 2019-20 fiscal year, reflecting a per capita loan of around \$278 (Shazzad, 2021). This evidently demonstrates how reality differs from the widely held belief that Bangladesh is overwhelmed with foreign loans. In the fiscal year 2019-20, Bangladesh's total external debt is made up of 38 percent from the World Bank, 24.5 percent from the Asian Development Bank, 17 percent from JICA, 6.81 percent from China, 6.14 percent from Russia, and 1.3 percent from India. Therefore, the misconception that Bangladesh would become a victim of 'China's debt trap,' pointing to rising Chinese investment is not the case, rather Bangladesh is on the right track.

**Delay in Project Implementation**

Some multibillion-dollar China-funded projects cannot be completed on schedule due to delays in acquisition of land, architectural design changes, and the pandemic problem. Construction of a tunnel beneath the Karnaphuli River, the Dasherbandi waste-treatment facility, and the installation of Single Point Mooring are among the projects. Two power-transmission projects and another digital connectivity project are also slowing down due to similar factors.

| Project deadlines           |             |          |                |                |
|-----------------------------|-------------|----------|----------------|----------------|
| Name                        | Deadline    | Progress | GCL (RMB)      | PBC (USD)      |
| Karnaphuli Tunnel           | December 22 | 68.72 pc | 1950 million   | 405.8 million  |
| Dasherbandi waste treatment | June 2022   | 61.50 pc | 1791 million   | 280 million    |
| Single Mooring              | June 2022   | 55.76 pc | 569.66 million | 467.84 million |
| Digital connectivity        | June 2022   | 55.94 pc | 1547 million   |                |
| DPDC power distribution     | June 2024   | 14.87 pc | 2630 million   | 1021 million   |
| Power grid strengthening    | June 2024   | 13.02 pc | 1930 million   | 686.57 million |

Source: Financial Express



### ***Environmental Degradation***

While the BRI projects could promote great economic growth, they have the potential to harm the environment irreversibly by endangering eco-systems and the livings of those who rely on the natural resources that surround them. Bangladesh would have to be very cautious and attentive in sustaining the highest environmental standards in all these projects since it is a climate-change-affected country. In his speech at the second BRI forum in Beijing in 2019, the Chinese president highlighted that all future BRI projects must comply to stringent international quality standards. Projects must also be clean and environmentally friendly. Special care must be taken to ensure that all project planning satisfies environmental requirements and that no environmental harm occurs throughout the building process (Muniruzzaman, 2019).

### ***Geopolitical Issues***

Over the years, as far as geopolitical issues are concerned, BRI has generated a surge of scholarly output and commentary around the globe (Richardson, 2021). Chinese BRI is being seen as geopolitical challenges by different corners. BRI moving along the Bay and Bengal region is considered to be Chinese aspiration of geopolitical domination in the name of economic engagement. With the continuous advancement of BRI projects, USA, India, and other superpowers are becoming increasingly worried due to obvious reason (Zhao, 2021) as BICM- EC is often viewed as a counterbalancing effort in the Indian Ocean and South China Sea domain.

### ***Rohingya Crisis***

Rohingya crisis is one of the worst humanitarian crises in the world. With the massive influx of Rohingyas into Bangladesh, the security situation is on deterioration in the Cox's Bazar-Ramu area and gradually having residual impact on to Chittagong. Any BRI projects within that area are likely to be impacted by this issue in future. Both India and China are not showing sympathy to the Rohingya minorities because of their huge investment in Myanmar. On the contrary, Bangladesh needs to maintain good relations with Myanmar as an important stakeholder of any economic gateway towards East.

## **VII. Options for Bangladesh**

### ***Export Potential for Bangladesh***

One of the most important possibilities for Bangladesh would be to reassess trading patterns with China and direct ways to reduce trade imbalances and get more market access for Bangladeshi exports in China. According to statistics, total trade volume between Bangladesh and China was \$13 billion from January to July 2021, a 58.9 percent increase year on year (Bhuiyan, 2021). Even though bilateral trade overwhelmingly benefits China, Bangladesh has vast untapped trade potential with China. Bangladesh may earn \$25 billion if it can capture just 1% of China's imports, according to Dr. MA Razzaque, head of Research and Policy Integration for Development (RAPID). It is worth noting that China imported commodities worth \$2.4 trillion in the 2019-20 fiscal year, with Bangladesh's portion being negligible (0.05 percent). China is predicted to import \$22 trillion in products over the next ten years. Bangladesh's principal export commodities, ready-made clothes, and others such as leather goods, jute and jute goods, agricultural products, frozen and live fish, pharmaceutical products, plastic, sports goods, handicrafts, and tea, have a great competitive advantage in the worldwide market. However, Bangladesh's constrained export destinations (primarily the United States and the European Union) may place it in a more difficult situation. Because the US discontinued GSP for Bangladesh in June 2013, and India levied a five-year anti-dumping tax on Bangladeshi jute exports in January 2017. It should also be noted that entry into the EU's GSP+ program is not guaranteed following graduation from the LDC group in 2026. Amid such economic uncertainty, the good news is that China has agreed to grant duty-free access to 97 percent of Bangladeshi exports (a total of 8,256 products) beginning in July 2020.

Every year, China arranges a series of mega trade exhibitions. China Import and Export Exhibition (Canton Fair), China International Import Expo (CIIE), China International Fair for Trade in Services (CIFTIS), China-ASEAN expo, China-South Asia expo, Euro-Asia Economic Forum and Trade Cooperation Expo, Inter-textile Shanghai Apparel Fabrics, and China Yangling Agricultural High-tech Fair are all key exhibitions that will undoubtedly be of great importance to developing economies like Bangladesh. As a big number of consumers, entrepreneurs, and firms from Europe, America, Australia, Southeast Asia, the Middle East, and Africa visit these exhibits, Bangladesh can promote and publicize its hallmark items while also diversifying its export destination internationally. The China-ASEAN Expo (CAEXPO), for example, might provide Bangladesh with a trilateral trade growth opportunity to reach the Chinese and ASEAN markets, which have a combined population of 2 billion people and a GDP of \$18.5 trillion (Parvej Siddique Bhuiyan, 2021). China's Expo platform will also give an excellent chance for Bangladesh to learn about Chinese customer preferences and explore the enormous Chinese market and develop exports in order to close the bilateral trade imbalance and raise income.

### ***Attracting Chinese FDI***

China intends to finance up to \$4 trillion in BRI-related projects over the next two decades (Profulla, 2020). Bangladesh may attract a big portion of that investment with adequate policy coordination. Geographically, Bangladesh can serve as a link between the semi-industrialized ASEAN nations and the densely populated Indian subcontinent. Because of its strategic location between South Asia and South-East Asia, it is a key actor in trans-regional integration. Through BRI Bangladesh can capitalize on its geographical advantage. The Chinese economy is undergoing major change. The country is shifting from low-tech to high-tech businesses. Beijing is attempting to transfer surplus industrial capacity overseas to facilitate the country's transformation into a developed economy. As a result, China seeks low-cost labor and high-productivity economies for long-term investment. Bangladesh is an ideal choice for China to include it a BRI partner because of its large population and favorable geographical location, making it a desirable investment destination (Profulla, 2020). Bangladesh must emphasize its tremendous investment potential and instill trust in a big number of Chinese investors.

Sectoral analysis of infrastructure investment demands reveals that the energy and transportation sectors in Bangladesh have the biggest need for investment. According to projections, the energy and transportation sectors' infrastructure investment needs in 2040 would be roughly 1.5 percent and 1 percent of GDP, respectively (Khatun & Saadat, 2020). The energy and transportation industries account for the lion's share of BRI projects in Bangladesh. As a result, BRI has the potential to fill infrastructural shortages in Bangladesh.

### ***Financial Sector and Capital Market Infrastructure Development***

Bangladesh is expected to benefit from the BRI in terms of Chinese funding for crucial infrastructure. Because China is moving up the manufacturing value chain and away from labor-intensive low-tech sectors, many Bangladeshi experts think that the BRI initiative will enable Bangladesh to improve financial sector and capital market infrastructure development in Bangladesh by creating a financial corridor. The core elements of the BRI in Bangladesh are infrastructure and transportation (overland connecting road and railway corridors, dual-use ports, thermal and hydropower power projects), but the financial aspect and how these projects are built play a significant role in decisions about these projects.

### ***Clean and Green Energy***

In recent years, the energy industry has received the most Chinese investment. China has executed several projects in the power industry, the majority of which are coal-fired power plants. China is also investing in green energy, with numerous projects currently in the works, including a 310 megawatts solar power plant proposal. Bangladesh has also formed a \$400 million joint venture with a Chinese business to create 500 megawatts of renewable energy projects by 2023 (Samsani, 2021). In the future, all BRI projects will be required to meet stringent international quality requirements. Projects must also be clean and green, as Chinese President Xi Xing Ping highlighted in his presentation to the second BRI meeting in Beijing in 2019. BRI is largely committed to the surge in global investment in renewable energy. As a result, China may have increased its BRI investment in renewable energy in Bangladesh.

## **VIII. Conclusions**

The Belt and Road Initiative (BRI), China's global economic superhighway, promises to connect Asia, Europe, and Africa via more than 65 nations, accounting for more than 60% of world GDP and 70% of global population. So far, the Belt and Road Project (BRI) has been the largest global initiative for global economic and geopolitical order. The BRI provides its member countries with improved connectivity, more commerce and business, and overall economic development. The BRI is likely to have a number of economic consequences for Bangladesh. Bangladesh, as a rising economy, sees BRI as important for its overall economic development and requires BRI induced assistance for numerous facets of its economic advancement.

Once fully implemented, the BRI has the potential to affect the future trade pattern, investment, infrastructure development, and international financing through projects now underway in Bangladesh as well as those under consideration. But the effectiveness of this strategy for Bangladesh depends on the combined effort of the partners in the region. As BRI creates skepticism among countries like USA, India and other countries about Chinese hegemony in the Bay of Bengal and Indian Ocean regions, China has to play a role to convince them diplomatically with evidence that this initiative is a win-win situation for all parties involved. However, Bangladesh must make a balanced relationship both with India and China in the case of BRI projects. Bangladesh should arrange infrastructure development and service quality of its Chittagong seaport along with a new deep seaport which can be a gateway for both east and west. Bangladesh should immediately finalize interstate connectivity with China, India, and Myanmar so that the trade and transit benefits from India to Southeast Asia and between India and China should not go into the Myanmar. Existing trade deficit between Bangladesh and China may be minimized by Chinese investment making Bangladesh a manufacturing and exporting hub. A special emphasis to be given to attract China to invest in green energy sector.

The BRI related projects entail risk concerns, and decisions should be made in the best interests of the country. Bangladesh should review each proposed project and practice appropriate borrowing to avoid falling into the so-called debt trap. Bangladesh needs to handle the issue of bureaucratic barriers and develop its infrastructure of financial sector and capital market. Bangladesh should maintain good diplomatic relations with its neighbors in order to reap the benefit from BR. It also should keep a balanced relationship with India, China, and the USA.

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