

ACHIEVEMENTS AND CHALLENGES OF CHINA'S ECONOMIC SOFT POWER IN BANGLADESH: A CRITICAL ASSESSMENT

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ABSTRACT

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China's economic engagement gradually increased in Bangladesh. China is the largest trading partner and a vital player in several projects in the country. Therefore, the study of China-Bangladesh relations has appeared with mounting significance. China is using economic soft power under the framework of its Belt and Road Initiative (BRI); while this economic connectivity provided ample advantages for both China and Bangladesh, some growing concerns appeared for Bangladesh that meet a challenge for future collaboration. This study, therefore, investigates the economic soft power of Bangladesh, how much China achieved from its economic engagement in Bangladesh, and what challenges appeared in China-Bangladesh relations, particularly what Bangladesh faces for this engagement. Following a mixed quantitative and qualitative method, this study relies on primary and secondary sources, including

published books and articles, recent data and statistics, national and international institutions, expert opinions, and national and international diaries. The study finds that China invests heavily in Bangladesh in several areas, including trade, Foreign Direct Investment (FDI), connectivity, and infrastructural development. China also provided duty-free access to its market in Bangladesh at 98% for some of its products. However, this massive investment and engagement created a fear of economic autonomy, debt trap, political manipulation, and geopolitical pressure for Bangladesh. This study recommends essential steps for Bangladesh to adopt, such as accelerating domestic production, collaborative initiatives, and product source diversification. The findings will contribute to the academic and policy-making processes for stakeholders and governments in both countries.

INTRODUCTION

The use of soft power in international relations has been an issue of paramount discussion in the political, social, cultural, and economic systems. Countries apply soft power in various forms to heighten or influence their positions to maximize national pride and interests. From the Bangladeshi perspective, China's emerging influence provides a glaring example of economic soft power, which involves trade and investment, diplomatic engagement, and infrastructural development. The soft power strategy functions by providing economic incentives, strategic partnerships, and cultural exchanges instead of using hard power, such as military or any other coercive means. China has strengthened its position in Bangladesh over the past two decades, becoming the largest trading partner, a vital source of Foreign Direct Investment (FDI), and playing a significant role in infrastructure development under the framework of its Belt and Road Initiative (BRI). China has provided duty-free access to 98% of Bangladeshi exports. It has also involved major projects such as the Padma Bridge Rail Link and the Karnaphuli Tunnel, replicates China's strategic intent to deepen economic relations with Bangladesh.

While China achieves remarkable millstone in several economic, cultural, infrastructural or other sectors, it meets several challenges as well. The growing trade deficit, over-dependency on debt, and the rising geopolitical intensity from the Indo-Pacific strategy of USA and India complicated deeper collaborations and cooperations. Moreover, internal

apprehensions over the excellence of Chinese investments and their impact on local industries augmented the intricacy. As Bangladesh moves toward middle-income status and seeks a more diversified economic engagement, the future of Sino-Bangladeshi relations will depend on how well both nations navigate these challenges while maximizing mutual benefits. Considering these dynamics, it is imperative to conduct research that addresses issues and endeavors to provide some prudent recommendations. This study examines the economic soft power of China in Bangladesh, what aspects the country achieved in economic engagement and what are the challenges China encounters to meet the aims of its soft power policy.

Existing literature has several aspects of China's economic soft power in Bangladesh such as Rahman and Moazzem (2023) explain the increasing trade dependence on China in the areas of infrastructure, electronics, and textiles. While this reliance provides economic benefits, it also raises concerns about long-term political and economic consequences. Additionally, Hussain (2021) scrutinises China's infrastructure diplomacy, noting that large-scale BRI projects serve as a non-coercive tool to strengthen ties with Bangladesh, boosting both economic growth and China's influence. Similarly, Riaz (2022) discovers public perception, finding mixed public views: some are satisfied with China's economic contributions, while others express concerns about increasing dependency and potential political interference. This study, however, aims to provide the real scenario of the economic engagement of Bangladesh with China and explore the challenges and provide practical recommendations that would positively contribute to the development of Bangladesh and China as well. This study follows a mixed method, both qualitative and quantitative approach in conducting the research. Data are collected from primary and secondary sources, including published articles, books, expert's opinion, data from different national and international organisations, and national and international dailies.

THEORETICAL FRAMEWORK

In the study of international relations, the concept of soft power emerges as the paramount topic of discussion worldwide for dealing with different social, political, and economic systems. Boulding (1989) and Nye (2004) define the term as a means of persuading others to accept the desired outcomes by appealing to them rather than by force. However, Fan (2008) stated, Soft power refers to the power to influence others' preferences, the power to attract, the power to coerce, and the power to persuade; it's all about getting others to agree with your ideas and values so that you can get the outcomes you want in world politics. Soft power is the ability to influence other countries to follow one's example of prosperity and openness and want to emulate it, and it is a key element of leadership. (pp. 1–11). Economic soft power, is the strategic utilisation of economic resources to influence or persuade others for maximising position or interests. It functions through several channels including Foreign Direct

Investment, trade agreement, foreign aid and developmental assistance and investing in infrastructural projects in other countries, (Dreher et al., 2018, p. 9; Gallagher & Porzecanski, 2010, p. 35; Nye, 2011, p. 102; Rolland, 2017, p. 57). Similarly, understanding China's economic soft power, especially through initiatives like the BRI, has become central to its foreign policy. Scholars such as Joshua Kurlantzick, David Shambaugh, James Reilly, and Julia Bader offer valuable insights into how China uses economic, cultural, and political tools to exert global influence. Joshua Kurlantzick (2007) argues that China's economic soft power, through trade, investments, and cultural outreach, strengthens relationships with developing countries like Bangladesh, fostering interdependence.

Considering these aspects of soft power strategies, the following sections discusses China's achievements in economic soft power in Bangladesh, secondly, it discusses the challenges of economic relationship from Bangladesh perspectives and finally, it provides recommendations for meaningful economic engagement where Bangladesh can maximize profits and China also can retain its good relationship as well.

ACHIEVEMENTS OF CHINA'S ECONOMIC SOFT POWER IN BANGLADESH

China has made remarkable economic achievements due to its powerful soft power strategy in Bangladesh. These achievements directed to the stronger economic ties between the two countries despite increasing China's influence. The following section examines the notable areas of advancement such as trade and economic strategies, Foreign Direct Investment (FDI), infrastructure and developmental projects such as sea connectivity, road connectivity, economic corridors, and power sector development.

Trade and Economic Strategies and Their Achievements

China and Bangladesh have experienced notable growth in the economic sector from 2000 to 2020. China's strategies adopt several initiatives to enhance connectivity and support economic growth. The Belt and Road Initiative (BRI) appeared to have significant aspects to economic collaboration with Bangladesh, which aspires to improve meaningful connectivity and infrastructure growth, bolstering economic and trade integration within the region. The trade relationship consisted of China exporting machinery, electronics, textiles, and industrial products to Bangladesh. In return, Bangladesh exported apparel, textile products, seafood, and agricultural items to China. The following figure depicts the scenario of China's exports to Bangladesh during 2000-2020.

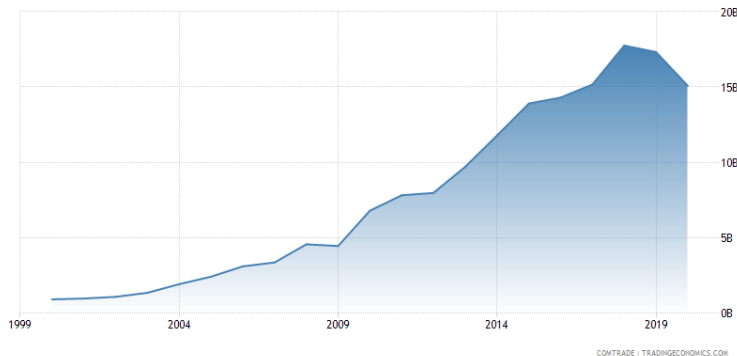


Figure Error! No text of specified style in document..1 China Exports to Bangladesh 2000-2020

Source : (<https://comtradeplus.un.org/>)

From this figure, between 2000 and 2020, China's exports to Bangladesh increased dramatically from \$58 million to \$200 million, a phenomenal growth of almost 240%. Between 2009 and 2014, this expansion was especially rapid because of the global fiscal crisis, increased demand in Bangladesh, and better trade links. However, since 2014, the increase has slowed, perhaps because of trade tensions, Bangladesh's economic diversification, and growing wages in China. It is important to note that Bangladesh's \$1.01 billion in exports to China in 2020 indicates a trade imbalance favouring China. Bangladesh will probably import textiles, electronics, and machinery from China. To address the trade imbalance and facilitate smoother trade flows, both nations engaged in initiatives to diversify their trade portfolio and enhance bilateral trade volume. China offered economic aid, signed agreements like the Asia Pacific Free Trade Agreement (AFTA) to eliminate tariff barriers for products imported from Bangladesh, and collaborated in projects to boost Bangladesh's energy sector by investing in natural gas resources and thermal power stations.

Moreover, their economic strategies were heavily influenced by the objectives of connectivity. China and Bangladesh worked together on infrastructure projects, including the Payra Deep Sea Port, the Padma Bridge Rail Link, and the Bangladesh-China Friendship Bridge. Aligning with China's larger regional connectivity frameworks, these initiatives sought to assist economic development, improve trade routes, and advance transportation systems in Bangladesh. Accounting for all these issues, the economic and trade policies of China and Bangladesh from 2000 to 2020 revealed an unwavering endeavour to deepen economic relations, diversify trade, and encourage infrastructure development for the advantages of both countries, all of which contributed to the long-term growth and development of both nations. Bangladesh's economic ties with China and India are significantly influenced by its geographic and political settings. China has been investing more in Bangladesh in recent years to strengthen ties. CEIC data reveals that in February 2021, Bangladesh exported \$38.959 million worth of goods to China. In the fiscal year 2019 (FY-19),

China's net Foreign Direct Investment (FDI) in South Asia was mostly received by Bangladesh (Quiyum and Jahirul, 2021).

The president of China, Xi Jinping's visited Dhaka in October 2016 to Dhaka accelerated making strengthen relations with China and support to construction of a "comprehensive partnership of cooperation" to a "strategic partnership of cooperation" (Mannan, 2019). That visit contributed to reach at 27 agreements worth of billion dollars. In 2015, China surpassed India as Bangladesh's most significant trading partner. China's increasing engagement with Bangladesh is based on stable economic ties and Chinese assistance in infrastructural development.

Trade Balance: Bangladesh's Exports to China vs. Imports

Bangladesh and China have encountered significant transformation in the trade sector in recent years. China traded several items to Bangladesh, including different equipment, industrial products, and electronics and Bangladesh also mainly exported textiles and garments, which contribute to the economy (Bangladesh Bank, 2022; China Customs Statistics Yearbook, 2023). In October 2024, Bangladesh's total exports to China amounted to 64.257 million USD, reflecting a little decrease from 67.373 million USD in the preceding month. This statistic, obtained from CEIC, illustrates the evolving trade connection between the two nations. Since November 1998, Bangladesh's export statistics to China have been documented monthly, averaging 24.255 million USD. Throughout the years, the nation's exports to China have experienced considerable variability, peaking at 82.651 million USD in March 2021 and plummeting to a historical low of 0.057 million USD in October 1999. CEIC Data, 2024. This measurement illustrates the developing economic relationship between Bangladesh and China, highlighting the incremental increase in trade volume. The consistent rise in exports indicates Bangladesh's growing presence in the Chinese market, whilst variations reflect the influence of external economic conditions, trade regulations, and changes in demand.

Foreign Direct Investment (FDI): Chinese Companies in Bangladesh

FDI from China is an essential part of the economic soft power strategy, as these investments not only provide economic benefits but also strengthen the political and diplomatic ties between the two countries. Chinese companies bring in not only capital but also advanced technology and expertise, which contribute to the modernization of Bangladesh's infrastructure and industrial base. China's economic soft power has been strengthened by the substantial contribution to the Foreign Direct Investment (FDI) of Bangladesh. The majority of the investment focused on the crucial areas of the country including industry, infrastructure and technology. Most of the FDI came from China within the framework of its The Belt and Road Initiative (BRI) that includes the construction of roads, bridges, power plants, and telecommunications infrastructure, (UNCTAD World Investment Report, 2022). According to this report, Chinese FDI in

Bangladesh has grown steadily, with a significant increase from the previous decades. Chinese companies are particularly active in sectors that are critical for Bangladesh's development, such as energy, transportation, and construction. For example, China National Offshore Oil Corporation (CNOOC) has invested in Bangladesh's energy sector, while companies like China Railway Engineering Corporation (CREC) have played a pivotal role in infrastructure development projects, such as the construction of the Padma Bridge.

Major Infrastructure & Development Projects

Under the framework of China's BRI, China's soft power policy was remarkably actualised by engaging in numerous wide-scale infrastructure and development projects. These projects played a vital role in improving the economic infrastructure of Bangladesh while concurrently consolidating China's influence in the region. Key projects such as the Padma Bridge Rail Link, the Karnaphuli Tunnel, and the Payra Port Development are examples of how China's economic engagement through infrastructure investments has contributed to Bangladesh's development. The prominence of China's infrastructure development enterprises in Bangladesh in bolstering the two nations' bilateral connections is demonstrated by both countries' sincere engagements with different sectors. It emphasizes how advantageous Bangladesh's location is to China's expanding network along the New Silk Road and the Maritime Silk Road of the twenty-first century. Although China and Bangladesh have had a relationship since 1976, President Xi's visit in 2016 emerged with particular significance with the introduction of the Belt and Road Initiative (BRI). The positive reaction of Bangladesh to the BRI, inspired by its pressing infrastructure development needs, has influenced Bangladesh's foreign policy while producing criticism from major regional actors like India (Halder, 2020).



Figure **Error! No text of specified style in document..2** Seaport Payra
Located at Kalapara in Patuakhali, Bangladesh

Source : (<https://www.thedailystar.net/frontpage/third-seaport-payra-164656>)

China has taken a flagship initiative, the Padma Bridge Rail Link Project, to connect Dhaka to Jessore through the Padma Bridge. It is jointly sponsored by the Exim Bank of China and the Bangladesh government with an estimated budget of BDT 40,000 crores, determined to be completed within 2024. This initiative follows three essential phases, connecting from Dhaka to Mawa, from Mawa to Bhangra and from Bhangra to Jessore. This development contains mammoth impacts for Bangladesh accelerating to greater accessibility and socio-economic advancement through removing regional disparity. China's extensive funding of 85% highlights its role as a key partner, especially when elevating the project to fast-track status in 2016, demonstrating.

Besides this, China extended its hand to the construction of the Payra Deep Sea Port project which is strategically located at the Patuakhali area along with the Bay of Bengal. This project, steered by China State Engineering and Construction Company (CSCEC) and China Harbour Engineering Company (CHEC), is in line with China's marine base strategy throughout the Indian Ocean. The estimated cost of improvement ranges from USD 11 to USD 15 billion, which shows how essential it is to improve internal connections inside Bangladesh and heighten its growing economy. This venture differs from previous projects like Gwadar and Hambantota due to Bangladesh's cautious claim that the Payra port is not meant as a Chinese naval station, allaying fears in both India and Bangladesh (Muhibullah, 2018).

China's Payra Deep Sea Port is another major Bangladeshi project. The Bay of Bengal-side Payra shipping port is located near Patuakhali,

Bangladesh. CHEC and CSEC will build this project (CSCEC). Its strategic location and proximity to China's Indian Ocean marine bases explain China's interest in this project. The port will cost USD 11–15 billion. China has always indicated an interest in Bangladesh port developments. The Payra port project began operations in 2016. This initiative will help Bangladesh grow internally. Bangladesh needs the deep-sea port to improve internal connections and bolster its burgeoning economy. Bangladesh has said that it would not become a Chinese naval station like Gwadar and Hambantota (Gazi, 2021). Because it does not follow the "field of dreams" model, China's engagement in this initiative hasn't raised concern in India either. The Padma Rail Link project will allow for the construction of a second line to link Barisal and Payra Deep Sea Port. This idea may be unfeasible, but China sees it to engage its bloated state-owned businesses and enhance foreign dependency on China.

Deep Sea in Sonadia

The strategic position of Sonadia in the south-eastern part of Bangladesh accessed the opportunity for creating a deep seaport because of its appropriate location and due to its proximity to vital international maritime routes, as well as its potential to improve regional connectivity and trade. Bangladesh invited international investment to the construction of Sonadia deep sea where China expressed interest and involved to the development of the seaport. This facility aims to significantly excel maritime connectivity, trade capacity, and incorporating the country to the global trade network (Ramachandran, 2020).



Figure **Error! No text of specified style in document..3** Graphic Representation of the Location of The Matarbari Port, Sonadia

Source : (<https://www.globalorder.live/post/the-matarbari-port-and-its-strategic-importance-in-the-indo-pacific>)

The deep-sea port project in the Bay of Bengal was launched in 2005 to reduce the mounting demand for containers and cargo at the primary seaport in Chattogram. The project is located 390 kilometres to the southeast of the capital city of Dhaka (Ramachandran, 2020).

Road Connectivity

China and Bangladesh jointly conducted efforts to support smooth connectivity and economic partnership, determining the enormous prospects of developing road infrastructure. This collaboration entails creating economic corridors, developing several highways linking prominent cities and industrial areas, and reforming the current road network to maintain international standards. Special emphasis was placed to establish sufficient border crossings and checkpoints for ensuring nonstop cross boarder trading. China's substantial investment in Bangladesh's road infrastructure underscores a shared commitment to sustainable and high-quality road connectivity (Ejaz & Jamil, 2022). Furthermore, it enhances regional connectivity, economic prosperity, aligning with the BRI project since it encompasses remote areas along with the regional integration (Iqbal, Rahman, & Sami, 2019). With extensive funding from the government of China, Bangladesh Railway (BR) is managing several essential projects that are instrumental in transforming the nation's roads and highways. The notable construction projects, such as the Joydevpur-Ishwardi double line project, the adaptation of the Akhaura-Sylhet metre gauge line to a double gauge line, and the building of a double gauge line between Joydevpur, Mymensingh, and Jamalpur, can be cited as luminous examples of China's involvement in road connectivity.

Economic Corridors

The collaborative China-Bangladesh Business Structural and Infrastructural Development Project places a significant focus on economic corridors, vital trade routes essential for streamlining the movement of goods, services, and people, thus propelling economic growth between the two nations (Khatun & Ahamad, 2015). These corridors encompass the development and upgrading of road networks, ensuring they adhere to international standards and can efficiently handle substantial trade volumes (Hussain & Haque, 2016). To ensure smooth cross-border trading, Bangladesh needs well-developed border crossing and checkpoints. The collaborative exertions and investment by both Bangladesh and China are envisioned to accelerate more investment, trade flow and bolstering economic relations consummating with the greater regional interest. The vision of connectivity and upholding common determination will drive long-standing economic advancement and regional integration.



Figure Error! No text of specified style in document..4 BCIM-EC: Foundation, Prospects and Deadlocks

Source : (<https://niice.org.np/archives/6984>)

One notable initiative in this regard is the Bangladesh, China, India, and Myanmar Economic Corridor (BCIM-EC), officially acknowledged during the first inter-governmental research group meeting in Kunming held on 18-19 December 2013. This corridor holds great significance for all stakeholders involved, presenting an opportunity for significant gains through the implementation process, sub-regional partnerships, and economic cooperation within the BCIM (Khatun & Ahamad, 2015).



Figure Error! No text of specified style in document..5 One Road, One Belt Initiative

Source : (<https://www.lightcastlebd.com/insights/2017/06/one-belt-one-road-obor-initiative-bangladesh-can-benefit-new-horizon-regional-co-operation/>)

The projected cost for the BCIM-EC is estimated to be around \$22 billion, with different international development partners expected to provide approximately 55% of the total funds, while the remaining costs will be shared by the four participating countries and the private sector (Khatun &

Ahamad, 2015). The BCIM-EC is envisioned to create a prosperous economic belt linking southwestern China, eastern and north-eastern India, Myanmar, and Bangladesh using various modes of transportation and communication networks. In this situation, China's BRI project contributed a pivotal role that envisioned designing an economic land belt following the original Silk Road through Central Asia, West Asia, the Middle East, and Europe. Furthermore, efforts and initiatives are proceeding to create a maritime road linking China's naval bases with the African coast, passing through the Suez Canal into the Mediterranean. Both roads are vital apparatuses of the Belt and Road Initiative (Hussain & Haque, 2016).

Power Sector

Both China and Bangladesh agreed to address the power crisis and construct energy infrastructure considering the gravity of the support of energy in economic progress. Fortunately, China's support through providing expertise and investment vitally assisted Bangladesh in fulfilling its heightening energy crisis (Akter, Bi, Qiu, & Sarker, 2023). Therefore, Bangladesh formed a collaborative agreement with China to construct a power plant, enhance transmission and distribution systems and find more renewable scopes. This timely associated collaboration immensely enhanced the capacity to produce power generation as well as envisioned easily to the cleaner and sustainable energy sources that will certainly empower economic growth seamless power supply, industrial proficiency and ultimately promote peoples' quality of life. (Akter, Bi, Qiu, & Sarker, 2023). By catering to Bangladesh's ever-increasing need for energy and infrastructure, China is now outpacing all other international investors in the country. The Bangladesh Bank reveals that the country gained approximately \$600 million from China in the first half of the fiscal year, which runs from July 2018 until June 2019, with major investments flowing into power generation and mega infrastructure (Mannan, 2019). Additionally, China funded over 90% of the energy projects that are now in the planning stages in Bangladesh. According to information gathered in September 2021, China has spent 450 million USD in the construction of coal power stations in Bangladesh (Akanda, 2021). According to the Bangladesh Working Group on External Debt, there are already in operation two power plants of this kind with a combined capacity of 1,845 megawatts (MW), which are funded by Chinese corporations.

CHALLENGES OF CHINA'S ECONOMIC SOFT POWER IN BANGLADESH

China's economic soft power in Bangladesh has encountered numerous substantial problems that require thorough analysis to comprehend the ramifications for Bangladesh's long-term economic stability and strategic autonomy. The concerns generally pertain to trade dependency, debt sustainability, public perception, and geopolitical tensions.

Trade Dependence & Economic Asymmetry

While the economic soft power of China has been extensively impacting the larger economy of Bangladesh, however, its trade dependency on China has been rising alarmingly. The economic relationships gradually increase the trade deficit that will certainly impact the sustainability of economic growth. Even, scholars argue that involvement within the framework of the BRI project may impact the economic sovereignty and long-standing sustainability of the entire economic system of Bangladesh.

Bangladesh's Rising Trade Deficit with China

The rising trade deficit of Bangladesh with China is a growing concern despite having the advantageous position in textile and apparel. The trade deficit of Bangladesh with China soared to over \$7 billion in 2022, according to the Bangladesh Bank Trade Reports in 2022. It implies to cautious suspension of the sustainability of trade relationships since it widens dependency on Chinese goods and commodities while many of the products can be domestically produced by Bangladesh. This trade gap declines national reserves in foreign exchange due to the requirements of financial systemic imports to Chinese products. Moreover, the over-dependency on commodities with China minimizes negotiating leverage in trade issues, diverting economic strain from the country. The World Bank WITS Database (2023) indicates that Bangladesh's trade imbalance with China has consistently increased over the past decade, highlighting the necessity for more equitable and sustainable trade ties to secure long-term economic stability.

China's Tariff Exemptions: Are They Enough to Support Bangladesh's Exports?

In recent years, China provided scope for duty-free access to export Bangladeshi products from a 97% tariff line in 2020 that includes 8,547 products to 98% in 2022, covering 383 new additions. However, the imbalance in trade remains significant, as China exported \$13.6 billion to Bangladesh, and Bangladesh has exported \$560 million to China in FY 2018–19. Bangladesh contributed to China's \$2.4 trillion in imports in FY 2019–20, which was a mere 0.05% in comparison. Experts argue that Bangladesh could achieve \$25 billion if it were to take only 1% of the Chinese market. Therefore, Bangladesh should rethink in trade model to utilise the privileges from China in terms of policy, quality, and competitiveness, according to the analysis of the National Development and Reform Commission (NDRC) on Jan 24, 2022.

Debt-Trap Diplomacy Concerns

The emerging predominant influence of China in the economy of Bangladesh heightened the apprehension of debt-trap concerns. It implies China will get the chance to make Bangladesh's stronger reliance on loans in an untenable position that compels to concession in political and economic areas. While the investment of China under the framework of

BRI in major infrastructure projects, as numerous experts forecasted, Bangladesh may experience a similar crisis as Sri Lanka encountered with the Hambantota Port project.

Is Bangladesh at Risk? Case Study of Sri Lanka's Hambantota Port

Hambantota Port in Sri Lanka is sometimes exemplified because of its crisis in the loan method from China. Sri Lanka had to lease the port to China for 99 years since the country failed to repay a major portion of the loan received from China for the development of this port. Many critics cite examples of how debt-trap crises resulting from loans translate a nation's failure to obligatory repayment and finally lead to abandon very essential strategic assets. Notwithstanding the dissimilarities between Bangladesh and Sri Lanka, there are anxieties that Bangladesh may have similar issues. The country has relied ominously on Chinese loans for major infrastructure initiatives, like the Padma Bridge Rail Link and the Payra Port expansion. As the IMF explains in the Reports on Bangladesh's Debt Sustainability (2023), external debt is steadily increasing, and the demand for repayment of loans from China could deteriorate the financial condition of the country. The Centre for Policy Dialogue (CPD) Studies (2023) has cautioned that if the current pattern persists, Bangladesh may encounter challenges in fulfilling repayment obligations, particularly if global economic circumstances deteriorate or if revenue generation from infrastructure projects is slower than expected.

Geopolitical Tensions & Strategic Risks

The involvement of China with Bangladesh, whether in economy or strategic in any form, has the risk of geopolitical tensions because of the India-China competition and the Indo-Pacific strategy of the USA in this south Asian region. The Indo-Pacific Strategy of the USA is formulated to counter the rise of Chinese dominance in this region that jeopardises the diplomatic engagement of Bangladesh. USA considers China's presence or dominance is threat to American strategic interests and, therefore, discourages any forms of dependency with China. Similarly, India feels security concerns regarding Bangladesh's relation and dependency with China. Moreover, Bangladesh is trapped in the geopolitical competition between China and India. While India has historically been an ally, China's economic collaborations, including infrastructure initiatives like the Padma Bridge Rail Link and Payra Port, are vital for Bangladesh's development. Maintaining neutrality is challenging as both countries struggle for regional supremacy.

Bangladesh's Policy Dilemma: Economic Gains vs. Strategic Autonomy

Strategic independence emerges as the fundamental concern for Bangladesh within the context of geopolitical dilemma. Bangladesh must be cautious in that situation that although China's massive investment will generate rapid economic progress, this dependency does not undermine the strategic sovereignty of the nation or concession regarding political influence. Meaningful balancing relations with other counterpart countries

like the USA, India will be a fundamental challenge in the foreign policy perspective.

Policy Recommendations & Prospects

As China persists in expanding its economic influence in Bangladesh, the latter must implement policies that optimise the advantages of this partnership while mitigating the associated risks. The following are essential policy recommendations and feasible solutions for Bangladesh to effectively manage its economic relations with China, ensuring sustainable development while safeguarding its autonomy.

First, Bangladesh should reduce overdependence on trade and economy that ensure consistent economic autonomy,

Secondly, the country should diversify trade partners, increase engagement with other countries' businesses and economies that maximise economic profit since China is becoming a dominant trade partner in Bangladesh, which widens the trade deficit and dependency on imports from China, particularly in machinery, electronics, and chemicals. To alleviate this danger, Bangladesh should endeavour to expand its trade network and fortify relationships with other significant economies in the area and beyond, including India, the European Union, Japan, and ASEAN nations.

Third, Bangladesh should strengthen its local industries and reduce imports. The government leadership should strategies and apply policies that encourage domestic production, enhance technological capabilities, and stimulate innovation. Investing in infrastructure, education, and research and development (R&D) can enhance productivity in areas including manufacturing, technology, and agriculture. The country may invite collaborative projects between local agencies and foreign companies along with China. The sincere approaches, rules and regulations of the political leadership that promote innovation, bolster small and medium-sized firms (SMEs), and strengthen local supply chains are crucial for lessening economic dependence and securing long-term economic sustainability.

Fourth, Bangladesh should be more cautious in managing debt sustainability. Bangladesh must implement strategies that guarantee long-term financial stability and mitigate the possible hazards linked to excessive borrowing.

Fifth, the country should maintain transparency in loan agreements and seek alternative funding sources. It should prioritise attaining concessional loans, grants, and investments from international institutions, in addition to fostering private-sector collaborations.

Sixth, the government should play a greater role in maintaining transparency in project management and its implementation. Transparency involves the vigorous involvement of Bangladesh's institutional frameworks, including local governments and regulatory organisations, in supervising the execution of Chinese-funded projects or other projects.

CONCLUSION

This study reveals that China achieved remarkable success through its economic soft power in Bangladesh in trade, investment, and infrastructural development. This engagement is driven by the framework of the Belt and Road Initiative (BRI), that promotes inclusive development by improving connectivity. However, the road to connectivity with Bangladesh is smooth, certainly confronts several challenges. Experts argued that Bangladesh may fall several difficulties including trade deficit, debt trap and over dependence on economy. Additionally, it may impact the economic autonomy of the country, and that restriction may hamper the independent decision-making process of Bangladesh both domestically and internally. Moreover, another dimension of the challenge appears in the geopolitical aspects where Bangladesh may face severe pressure from the USA for its Indo-pacific strategy and from India as a neighbouring country. To avoid such a critical atmosphere, this study recommends some essential initiatives for Bangladesh that expect to provide a balancing approach and sustainable economic solution for the country. Bangladesh should emphasise more domestic productions, invite collaborative enterprises, and diversify its imports from other countries that will leverage both economic and diplomatic strength and reduce geopolitical complications.

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