Bangladesh Institute of International and Strategic Studies
1/46 Old Elephant Road, Eskaton, Dhaka 1000

Round-table Discussion
on

Bangladesh-China Dialogue

14 March 2010

SUMMARY OF THE PROCEEDINGS

INTRODUCTION

Bangladesh and China enjoy profound friendship dating back to ancient time. In those days, Bangladesh was the region which had the closest communications with China in the entire sub-continent. The People's Republic of China and the People's Republic of Bangladesh officially established diplomatic relations on October 4, 1975 which opened up a new page in the friendship and cooperation among the two countries. Over the years, China emerged in a big way as a significant development partner of Bangladesh. China-Bangladesh military cooperation is also very old and strong. Ties between Bangladesh and China deepened further with the high level of visits that took place between both the two countries. The Hon'ble Prime Minister of Bangladesh, Sheikh Hasina will be visiting China from 17-21 March 2010. This will be her first official visit to China since she assumed office in January 2009.

In the backdrop of the wake of the Prime Minister's scheduled visit to China, the Bangladesh Institute of International and Strategic Studies (BIISS) organised a Round-table Discussion on 'Bangladesh-China Dialogue' on 14 March 2010 at the BIISS auditorium. This report summarized highlights of the discussion held. In that it aimed to present a summary of the main issues, arguments and recommendations that took place during the Discussion.

OBJECTIVE AND STRUCTURE

The objective of this Round-table was to examine the selected dimensions of the existing relations of the two countries. Some of the broad issues that were expected to be covered in the Round-table were the following: what is the current state and nature of Bangladesh-China overall bilateral relations? How best to shape the political dimension of Bangladesh-China relationship? What are the problems, opportunities and impediments, if any, regarding the economic dimension of Bangladesh-China relations? What is the current state of Bangladesh-China defence relationship? From the Chinese perspective, what are the useful mechanisms for Political and Economic Development of Bangladesh?

Major General Muhammed Firdaus Mian, psc, Chairman, Board of Governors of BIISS chaired the Discussion. **Major General Sheikh Md Monirul Islam, ndc, psc,** Director General of BIISS delivered the Welcome Address. **Dr. Dipu Moni, MP,** Honourable Minister for Foreign Affairs, Government of the People's Republic of Bangladesh, graced the occasion as the Chief Guest. The discussion was initiated by four presentations in the Round-table:

1. "The Political Dimension of Bangladesh-China Bilateral Relations" by Ambassador (Retd) Ashfaqur Rahman, Chairman, Centre for Foreign Affairs Study, Bangladesh;
2. "Bangladesh-China Economic Relations: Issues, Challenges and Opportunities" by Professor Rehman Sobhan, Chairman, Centre for Policy Dialogue, Bangladesh;
3. "Bangladesh-China Defence Cooperation in the Twenty-First Century" by Lieutenant General M Mahbubur Rahman, psc (Retd), Former Chief of Army Staff, Bangladesh Army;
4. "Chinese Perspective for Political and Economic Development of Bangladesh" by Mr. Zhang Lei, Chief of Political Section, Embassy of the People's Republic of China, Dhaka, Bangladesh.

The presentations were followed by a lively and interactive open floor discussion. More than 100 distinguished scholars, policy makers, representatives of multi-disciplinary professional bodies, and media participated in the Discussion.

ADDRESS OF WELCOME

In his Address of Welcome, **Major General Sheikh Md Monirul Islam, ndc, psc**, Director General, BIISS said that Bangladesh and China established their formal diplomatic relations in 1975, although the relations were older than two millennia. He stated that the bilateral visits paid by the leaders of both countries testify the priority of China in Bangladesh's foreign policy. Following these visits a number of important agreements on co-operation were concluded in areas like agriculture, transport and communications, machinery, energy, science and technology**.** The Director General added that the most spectacular feature of Bangladesh-China relations had been its relative stability and continuity. The relations were dynamic and adapted to changed circumstances to meet the demand of time and space. Over the year, China had emerged as a very significant development partner. It had also been a major provider of assistances for building infrastructures in Bangladesh and had agreed to provide technical assistance for natural disaster management. Bangladesh and China had close military relations. China was a major provider of military equipment to Bangladesh, and assisted the country to establish its own and only arms factory in Joydebpur. He concluded by saying that the Round-table Discussion on Bangladesh-China Dialogue organized prior to the Honourable Prime Minister's visit to China was a manifestation of this Institute's continuous endeavour to enable exchange of knowledge and views and open discussion on subjects of vital national importance.

PRESENTATIONS

In the first presentation on 'The Political Dimension of Bangladesh-China Bilateral Relations', **Ambassador (Retd) Ashfaqur Rahman**, Chairman of the Centre for Foreign Affairs Study, Bangladesh, stated that China was now a country which was more secure and confident in international affairs than it was before. Bangladesh should be aware of China's policy towards its neighbours. China, in order to work with its neighbours, had developed an integrated 'good neighbour policy' aimed at exploring common grounds in economic and security areas. The Ambassador added that China intended thereby to be a 'responsible power' by means of foreign aid, trade, cultural exchanges, peace-keeping and an array of leadership meetings with its neighbours and regional organizations to show its best intentions. Bangladesh, in his opinion, should be able to craft a Sino-Bangladesh political relationship, that can take the existing warm ties on board. This will set a new benchmark in the history of Bangladesh-China bilateral relationship.

At the end of his discussion, **Ambassador (Retd) Ashfaqur Rahman** suggested few points for Bangladesh to be considered. These were:

1. Bangladesh should look into a strategic partnership agreement with China to tackle security threats that could compromise Bangladesh's interests. The understanding should allow consultations at the political level to tackle any threat.
2. Bangladesh should encourage Chinese investment in the country's deep sea port. This could give the Chinese a stake in this mega project.
3. Bangladesh should invite the Chinese to build the Kunming-Chittagong road through Myanmar to access Chittagong port for economic and strategic reasons.
4. Bangladesh and Myanmar may consider jointly managing an oil pipeline connecting Chittagong to Kunming allowing the Chinese to import cheaply their crude oil from the Middle East for southeast China that was far away from any sea port. In fact, Malaysia was working on such pipelines. Bangladesh could earn transit and pumping revenues. The investment in this respect could be entirely Chinese.
5. Bangladesh needed to closely follow the Chinese role in Asia to understand how China can bring political stability in the region. On the other hand, China could work together with Bangladesh to ensure the rights of weaker and poorer nations in the region.

Professor Rehman Sobhan, Chairman, Centre for Policy Dialogue, Bangladesh delivered the second presentation on 'Bangladesh-China Economic Relations: Issues, Challenges and Opportunities'. He began by first contextualizing the pattern of Bangladesh-China relations. According to him, Asia had become a central dynamic to the global system, and the centre of this engine was now China and India. Professor Sobhan saw this as a unique opportunity for Bangladesh. Although trade relation between China and Bangladesh had grown significantly, it was largely one sided e.g. in favour of China. As a consequence, trade deficit was growing between China and Bangladesh. It was time that Bangladesh explored ways to accelerate its export to China. Although the latter had given Bangladesh some amount of trade concessions, more is required to get further access to the Chinese market. In this regard the speaker argued that, Bangladesh should diversify its export baskets and remove its structural problems in order to get more access to the Chinese market which was very diversified and competitive. At the same time, Bangladesh should demand greater amount of Chinese investment to diversify its export items to China.

Professor Sobhan said that China was one of the major producers of raw jute and major manufacturers of jute products. There was no significant comparative advantage for China to remain tied to the jute sector. Rather, China could give a new stimulus to the jute sector of Bangladesh. How this would be brought about, and what its implications would be in China remain to be explored through research and economic diplomacy. The garment sector could be another area of cooperation. China still remained Bangladesh's competitor in the Readymade Garment sector and other labour intensive sectors. With the Chinese economy evolving and its market moving towards top end products, China could move out from the labour intensive areas at the lower end of manufacturing sectors and effectively relocate these to countries like Bangladesh. But these depend on a strategic conversation with China that can be initiated when the Honourable Prime Minister of Bangladesh visits China.

Professor Rehman Sobhan believed that Bangladesh could be a destination for the Chinese Foreign Direct Investment (FDI). China should come to invest in Bangladesh's manufacturing sectors in which Bangladesh was not its competitor. In his presentation, Professor Sobhan focused on the Kungming initiative to build a new growth zone involving South West China's Yunan Province, Myanmar, Bangladesh and North East India. This initiative would encourage trade relations between the two countries. He ended his presentation with a note of optimism, hoping that the forthcoming visit of Bangladesh's Prime Minister to China would set foundation of a new tenure of relationship between the two countries.

Lieutenant General M Mahbubur Rahman, **psc (Retd)**, Former Chief of Army Staff, Bangladesh Army made the third presentation on 'Bangladesh-China Defence Cooperation in the Twenty-First Century'. He stated that Bangladesh is a geo-strategic pivot in the South Asian sub system where active geo-strategic players like China and India are there. Bangladesh could exploit the very unique situation of geo-strategy with correct vision and diplomacy, with appropriate military preparedness and right deterrence. Security in 21 century was more complex and multi-dimensional. South Asia and the region around were intensifying their military build up. The countries with which Bangladesh shared land border and sea territory were already much more military strong and were competing hard to become stronger. Although Bangladesh had no border dispute with Myanmar, the maritime boundary was not yet demarcated between the two countries. With Chinese diplomatic manoeuvre, he suggested that Bangladesh should look forward to an amicable solution. On Bangladesh-India relation, he commented that although Dhaka's relation with New Delhi was friendly, India's military intervention may not be all together discounted in the event of any development in Bangladesh (considering prejudicial to the regional giant's perceived security threats). Against this backdrop, Bangladesh should pursue a defence policy of no aggression but be able to defend every inch of its land. To achieve a military deterrence in land, air and sea, Bangladesh should also look for friends. China could help Bangladesh to strengthen its defence capability. He argued that the key link of Bangladesh-China relation was military. The speaker urged China to consider Bangladesh a good friend, a strategic ally and extend full cooperation in military supply, technology transfer, training on supplied arms and equipment and also training of the armed forces officers in China's military institutions including its defence universities.

The fourth presentation on 'Chinese Perspective for Political and Economic Development of Bangladesh' was delivered by **Mr. Zhang Lei**, Chief of Political Section, Embassy of the People's Republic of China in Dhaka, Bangladesh. According to him, the assistance China offered Bangladesh was essentially in the nature of south-south cooperation. China was more eager to put emphasis on the actual result of the assistance and whether this assistance could bring about concrete good to Bangladesh people. He stated that China would continue to assist Bangladesh in areas that have direct influence on socio-economic development of Bangladesh and the improvement of the life of the majority of the people. China was willing to reduce huge trade gap between the two countries by undertaking different initiatives, like purchasing products from Bangladesh, and offering zero tariff to products from Bangladesh within the framework of Asia Pacific Trade Agreement. He informed the august gathering that China will offer zero tariffs to 4721 products from Bangladesh in July 2010. China will continue to encourage qualified Chinese enterprises to invest in Bangladesh and take part in the development process of Bangladesh. He believed that the economies of the two countries complemented each other. While Bangladesh had a large labour force and a rich reserve of raw materials, China had the technology and fund. Therefore, there was enough room for the two countries to fully tap the potential and make it a win-win situation. Finally, Mr. Lei stated that China was prepared to join hands with Bangladesh to further push forward the fraternal partnership between the two countries.

Mr. **Wang Yu,** Charge De Affairs, Embassy of the People's Republic of China, Bangladesh also made a short speech at the end of the presentations. According to him, both China and Bangladesh shared common values and views that had brought the two countries much closer. Both countries had common problems in poverty alleviation. Both the countries could be benefited through reducing trade gap and inequality on the one hand, and increasing mutuality between the two countries on the other. In this respect, he emphasised on the people-to-people relation between the two countries. Mr. Yu hoped that the Prime Minister's visit would take a new height in the Sino-Bangladesh relation.

OPEN DISCUSSION

Following the presentations, the floor was open to questions, comments and observations.

Ambassador (Retd) Muhammad Zamir, Former Secretary, Ministry of Foreign Affairs, Bangladesh, said that cooperation on renewable energy resources (bio-gas, bio-fuel, and solar energy) should be one of the top most agenda of Bangladesh. On the other hand, he proposed that Bangladesh should ask for Chinese technical and technological assistance in the area of navigability of rivers of Bangladesh, since the latter had expertise and success in that area.

According to **Ambassador (Retd) Farooq Sobhan,** President, Bangladesh Enterprise Institute (BEI), the Prime Minister's visit would be productive if some initiatives were made to reduce bilateral trade gap between Bangladesh and China. He also suggested that both the countries should work seriously on the Kunming initiative. Ambassador Sobhan urged for direct road connectivity (Kunming-Chittangong through Myanmar) between the two countries. He was of the opinion that Bangladesh, China and India should work in cooperation on counter-terrorism to tackle the insecurities of South Asian region. He observed that Bangladesh had problems with Myanmar on maritime boundary. To resolve the issue, the Ambassador believed that Chinese cooperation in this regard would be very much appreciated.

Mr. Abul Hasan Chowdhury, former State Minister for Foreign Affairs, stated that both China and Bangladesh should put more emphasis on bilateral instead of multilateral relations. Both the countries should focus on country-to-country relations. Mr. Chowdhury stressed on three sectors to be focused in the coming visit. One is cooperation on energy. The second issue that Mr. Chowdhury brought the floor's attention was on the strategic relationship between China and Bangladesh on terrorism. The final point he made was on capacity-building of Mongla and Chittagong ports with Chinese cooperation.

Ambassador (Retd) Dr. Toufiq Ali, Former Permanent Representative of Bangladesh in the United Nations, Geneva, highlighted the economic aspects of the Bangladesh-China relation. According to him, in the era of trade diversification, export and import between Bangladesh and China could possibly be hampered through Indian intervention. This may reduce Bangladesh's revenues. Both the countries should be aware of such a development. Meanwhile, Bangladesh should find out what it can export, and how it can diversify its products.

Ambassador (Retd) Barrister Harun ur Rashid, said that the forthcoming visit was very timely from geo-political and geo-strategic points of views. He asked for Chinese economic cooperation in developing port facilities. Bangladesh should also request Chinese assistance in ensuring security. However, both countries should not exclude India in doing so, as India was a big factor. Bangladesh and China should focus on interconnectivity, water resource management and development (to offset adverse effects by the Indian initiatives), and energy cooperation (solar, tidal wave and wind energy).

Lt Gen Abu Tayeb Muhammad Zahirul Alam, rcds, psc, expressed that Bangladesh should focus on Chinese defence cooperation to increase Bangladesh's own defence capability. To increase defence capability, Bangladesh may continue purchasing military equipments from China. In doing so, Bangladesh should also ensure that the defence equipments were operationally effective.

Dr. M. Rahmatullah, Transport Policy Advisor, TSC Wing Office, Planning Commission, Bangladesh discussed the China-Bangladesh direct road connectivity. He said that there were difficulties in this initiative: One was related to finance, and the other related to Indian intervention.

The first problem could be mitigated if Chinese financial cooperation was available. The second difficulty, however, needed joint cooperation from China and India. The shorter road connectivity would not be available unless India was cooperative.

Professor Dalem Chandra Barman, Department of Peace and Conflict Studies, Dhaka University, mainly focused on India's role in combating insurgency. He argued that both China and Bangladesh should work jointly with India to undertake a common policy that could well address the insurgency issue faced by the countries in question.

KEY RECOMMENDATIONS

- Bangladesh needs to **design a Sino-Bangladesh political relationship** that can cement already existing warm ties. She should look into a **strategic partnership** agreement with China to tackle security threats that could compromise Bangladesh's interests.
- Bangladesh may encourage **Chinese investment in the country's deep sea port**. This could give the Chinese a stake in this mega project.
- Bangladesh should invite the Chinese to build the **Kunming-Chittagong direct road** through Myanmar to access Chittagong port for economic and strategic reasons.
- Bangladesh and Myanmar may consider **jointly managing oil pipeline** connecting Chittagong to Kunming allowing the Chinese to import crude oil cheaply from the Middle East for southeast China. The investment in this respect could be entirely Chinese.
- Bangladesh needs to closely follow the **Chinese role in Asia** to understand how China could bring political stability in the region. On the other hand, China could work together with Bangladesh to ensure the **rights of weaker and poorer nations** in the region.
- Bangladesh should **diversify its export baskets** and remove its structural problems in order to get more access to the Chinese market which was very diversified and competitive.
- China could give a new **stimulus to the jute sector** of Bangladesh. China should also be invited to **invest in Bangladesh's manufacturing sectors** in which Bangladesh is not its competitor
- Bangladesh should continue **military cooperation with China** in military supply, technology transfer, training on supplied arms and equipment and also training of the armed forces officers in China's military institutions.
- **More people-to-people relation** between the two countries is necessary to improve ties between the two countries.
- **Renewable energy resources** (bio-gas, bio-fuel, and solar energy) should be one of the top most priorities for Bangladesh in which Chinese cooperation should be sought.
- Bangladesh should ask for Chinese **technical and technological assistance** in the area of **navigability of rivers** of Bangladesh, since the latter had expertise in that area.
- Bangladesh, China and India should work in **cooperation on counter-terrorism** in the South Asian region.
- Bangladesh should seek **Chinese cooperation** in solving problems with **Myanmar on maritime boundary**.
- China and Bangladesh need to put **more emphasis on bilateral instead of multilateral relations.**
- The visit may focus on issues to include: cooperation in the **energy** sector, **capacity-building of Mongla and Chittagong ports** with Chinese cooperation, and strategic relationship between China and Bangladesh on **terrorism**.
- **Cooperation with India** will be necessary to develop China-Bangladesh direct road connectivity as well as on the issue of insurgency.

ADDRESS BY CHIEF GUEST

Dr. Dipu Moni, **MP**, Honourable Minister for Foreign Affairs, Government of the People's Republic of Bangladesh, delivered the Addressed of the Chief Guest. She praised Professor Rehman Sobhan for his scholarly deliberation, mentioning that it would help determining Bangladesh's priorities in the Prime Minister's forthcoming visit to China. She mentioned that China was one of the closest friends of Bangladesh and the Prime Minister's visit would take place at the time of the 35th anniversary of the establishment of formal diplomatic relations between Bangladesh and China. She lauded the creative role of the visionary leadership of China that helped promote the country to an economic superpower in today's world. Sino-Bangladesh bilateral relations based on mutual trust, peaceful co-existence, respect for sovereignty and territorial integrity, non-interference in each other's internal affairs had steadily deepened and became multi-faceted. China had been a reliable partner in our development efforts. Bilateral visits by leaders of both countries' also strengthened the relations that started back in fifties.

The Honourable Foreign Minister stated that economic co-operation between Bangladesh and China had became important in recent times. In 2009, the bilateral trade between the two countries stood at 4.58 billion US dollars; China had been the biggest source of import for Bangladesh since 2007. But the trade gap was always in China's favour. Here, she urged the Chinese government to take some remedial measures. She also expected more Chinese investments in various sectors in Bangladesh. Recently China had converted some of its loans to Bangladesh into concessional government loans and remitted some of the debts. She expressed her optimism that China would continue to remain an important partner of Bangladesh for days to come. About the Prime Minister's visit to China, she said that the delegation would urge the Chinese government to assist Bangladesh in building connectivity and also the Kunming-Chittagong road and rail link via Myanmar. Chinese assistance would be sought in flood and disaster management, river dredging and capacity building, cultural exchange and co-operation, defence and space research. Another important area would be dealing with the impacts of climate change.

Referring to the two countries common view on many regional and international issues, she hoped that China would assist Bangladesh to arrive at mutually satisfactory solutions in Bangladesh's disputes with Myanmar. She concluded by expressing her optimism that China's active and constructive engagement as an observer of the SAARC would facilitate joint efforts for making SAARC more effective.

CLOSING REMARKS BY THE CHAIR

Major General Muhammed Firdaus Mian Islam, psc, Chairman, Board of Governors, BIISS, wrapped up the round-table by thanking all the speakers and participants for their kind presence in the event in spite of their busy schedules. He also thanked them for their valuable comments, queries and suggestions. He concluded by saying that these had provided the entire gathering with ample material for thought on China-Bangladesh relations. .