



Bangladesh's Approach to Connectivity and the Indo-Pacific

Event Summary

Monday, October 31, 2022

- The Centre for Social and Economic Progress (CSEP) organised the fifth Sambandh Policy Dialogue (SPD) on **Bangladesh's Approach to Connectivity and the Indo-Pacific**. This virtual closed-door discussion featured **Amb. Shahidul Haque**, former Foreign Secretary of Bangladesh as the guest speaker. The lead discussants were **H. E. Mr. Ito Naoki**, Ambassador of Japan to Bangladesh, and **Dr. Sanjay Kathuria**, Senior Visiting Fellow, Centre for Policy Research, and former Lead Economist, The World Bank. The discussion was hosted and moderated by **Dr. Constantino Xavier**, Fellow, Centre for Social and Economic Progress.
- The discussion focussed on Dhaka's politics and policy of connectivity with India and the region, India-Bangladesh Comprehensive Economic Partnership Agreement (CEPA), Dhaka's strategic balancing in the Indo-Pacific, and the trilateral connectivity partnership with India and Japan.
- Held as a closed-door event, this Sambandh Policy Dialogue included participation from approximately 60 experts and decision-makers, including senior representatives from the governments of India, Bangladesh, Nepal, Sri Lanka, Thailand, Malaysia, and Singapore, as well as from other countries and regions (Japan, France, United States, United Kingdom), institutions (including the World Bank) and the private sector.
- The Sambandh Policy Dialogue is a part of the Sambandh: Regional Connectivity Initiative at the Centre for Social and Economic Progress (CSEP), New Delhi. It is a closed-door policy forum for decision-makers and experts to exchange informal perspectives on connectivity issues in South and Southeast Asia, the Bay of Bengal and the Indo-Pacific regions.

The Politics and Policy of Connectivity with India and the Region

The speaker and participants shared that developments driven by a joint vision for the geo-economic transformation of East South Asia has strengthened Bangladesh's approach to connectivity in the region. Bilaterally, since 2014, India-Bangladesh relations have improved and strengthened through the foundation of political commitment and trust. This is exemplified by the 13 official meetings that have taken place between high level leaders of both countries. According to one participant, the joint statements issued after Prime Minister Modi's visit to Dhaka in 2015 and Prime Minister Sheikh Hasina's visit to India in 2017 shed light

on the growing political maturity in bilateral relations focused on the tangibles of interdependence. The 2015 joint declaration, in particular, was different because it was released in two languages with the Bengali version called *Notun Projnomo* and the Hindi one *Naya Disha*. This reflects how policy imperatives of connectivity are being packaged politically to ensure support from domestic constituencies. Dhaka has also further pushed for energy and transportation connectivity between Bangladesh, Bhutan and Nepal via India and sub-regional connectivity projects through the BBIN framework. While several developments have taken place to take the connectivity agenda forward, there remain areas that need to be addressed. One participant cautioned that outstanding issues such as the Teesta

river sharing agreement have the potential to derail India-Bangladesh relations.

On the economic side, the participants emphasised on the urgency of achieving CEPA, and desirable strategies to negotiate and implement it. Bangladesh's graduation from a lower-middle-income economy in 2026 offers a clear horizon that should drive negotiations. It was agreed that Delhi and Dhaka should avoid settling for a minimum common denominator and instead push for an ambitious agreement with a long-term horizon for the next decades. Participants from Dhaka noted that CEPA can be a test case for Bangladesh, as it reportedly already expressed interest in joining RCEP and is negotiating several other Free Trade Agreements (FTA) and Preferential Trade Agreements (PTA). One participant also cautioned that issues around CEPA, such as those of a rising trade deficit are mainly political in nature and the countries should be worried about the overall current account deficit.

The Indo-Pacific and Bangladesh's Strategic Balance

The discussion focused on two major transformations in the geostrategic context affecting Bangladesh. First, the gradual shift of geopolitical and geoeconomic centrality from the West to the East; and second, the growing competitive presence of great and aspiring regional powers, including India, China, the United States and Japan. Dhaka will have to recalibrate policies to balance its security and developmental interests. One participant noted that neutrality is unsustainable for Dhaka and it should not be completely risk-averse in its approach if it wants to pave way for domestic development. A key part of this will also be establishing connectivity with Myanmar as a long-term goal. A speaker commented that despite bilateral irritants, connectivity between Cox's Bazar and Rakhine State will not only help economic integration but through development can also prevent or mitigate future political crises.

One participant emphasized the limitations of regional organizations and institutional cooperation, whether

through SAARC or BIMSTEC. Citing the bureaucratic nature of these organisations that are essentially dependent on member-states and thus driven to "maintain status quo," the participant notes that neither of these weak organizations are capable to "service, support, or strengthen" connectivity in the BBIN region.

Bangladesh, Japan and Trilateral Connectivity Partnerships

There is a growing bilateral partnership between Japan and Bangladesh particularly focused on infrastructure development. A "real game changer" is the Matabari Deep Sea Port project in Bangladesh being implemented by the Japan International Cooperation Agency and other Japanese stakeholders. One participant noted, "whatever Japan does in Bangladesh has regional implications." In addition, to mark the 50th anniversary of the establishment of bilateral relations, Bangladesh and Japan have in principle agreed to elevate their comprehensive partnership to a "strategic" one.

A participant also emphasised that expanding bilateral cooperation to a trilateral partnership with India allows Dhaka to assume greater salience as a pivot in the Bay of Bengal region, which forms the strategic heart of the Indo-Pacific but is also at the crossroads of the Belt and Road Initiative (BRI) or the Asia-Africa Growth Corridor. Unlike China or the United States, Japan plays a central role in the regional connectivity visions of both Bangladesh and India driven by its vision for a "free and open Indo-Pacific."

Both Japanese and Indian partners are involved in building connectivity between the coastal areas of Bangladesh and the subcontinental and Himalayan hinterland, on three axes: 1) to the West, mainly with the Indian states of West Bengal, Orissa and Bihar, as well as with Nepal; 2) to the North, via the Indian states of West Bengal, Sikkim, Assam and Meghalaya, as well as with Nepal and Bhutan; and 3) to the East, mainly via India's North-eastern states of Assam, Tripura and Mizoram, as well as with Myanmar.

All content reflects the individual views of the participants. The Centre for Social and Economic Progress (CSEP) does not hold an institutional view on any subject.

*This event summary has been prepared by **Riya Sinha**, Associate Fellow. For more information on the Sambandh Policy Dialogue, please email: RSinha@csep.org.*

Centre for Social and Economic Progress (CSEP)

6, Second Floor, Dr. Jose P. Rizal Marg, Chanakyapuri, New Delhi, India



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