

CHINA'S LOOK SOUTH POLICY AND BANGLADESH'S LOOK EAST POLICY: CONVERGENCES AND CONSTRAINTS

M. Shahidul Islam

Research Fellow, IGS, BRAC University

*Presented at the seminar on China's Look South and Bangladesh's Look East Policy:
Convergences and Constraints, SA Mahmud Seminar Hall, the Daily Star Centre,
Dhaka, 09 October 2013*

Outline

- Why 'Look South' policy?
- Imperatives- historical linkages, contemporary convergences
- Higher economic growth
 - East Asian dynamism, the global economy's shifting centre of gravity
 - Direction of trade
 - China's rise- the 2nd largest economy of the world, largest manufacturer, top trading nation
 - China is Bangladesh's largest trading partner
 - Beijing's special focus on South Asia- BCIM

- 
- China's 'Look South' policy
 - Myanmar's political and economic opening
 - GMS market
 - Ocean economy development in the Bay of Bengal

- 
- Great game in the Bay of Bengal/Indian Ocean/Security perspectives
 - History has made India very cautious- Islam and East India company
 - It was subjugated by foreign forces or ideas for a millennia until it got independence in 1947

Is Dhaka's Look East Policy a Rhetoric?

Learning from India

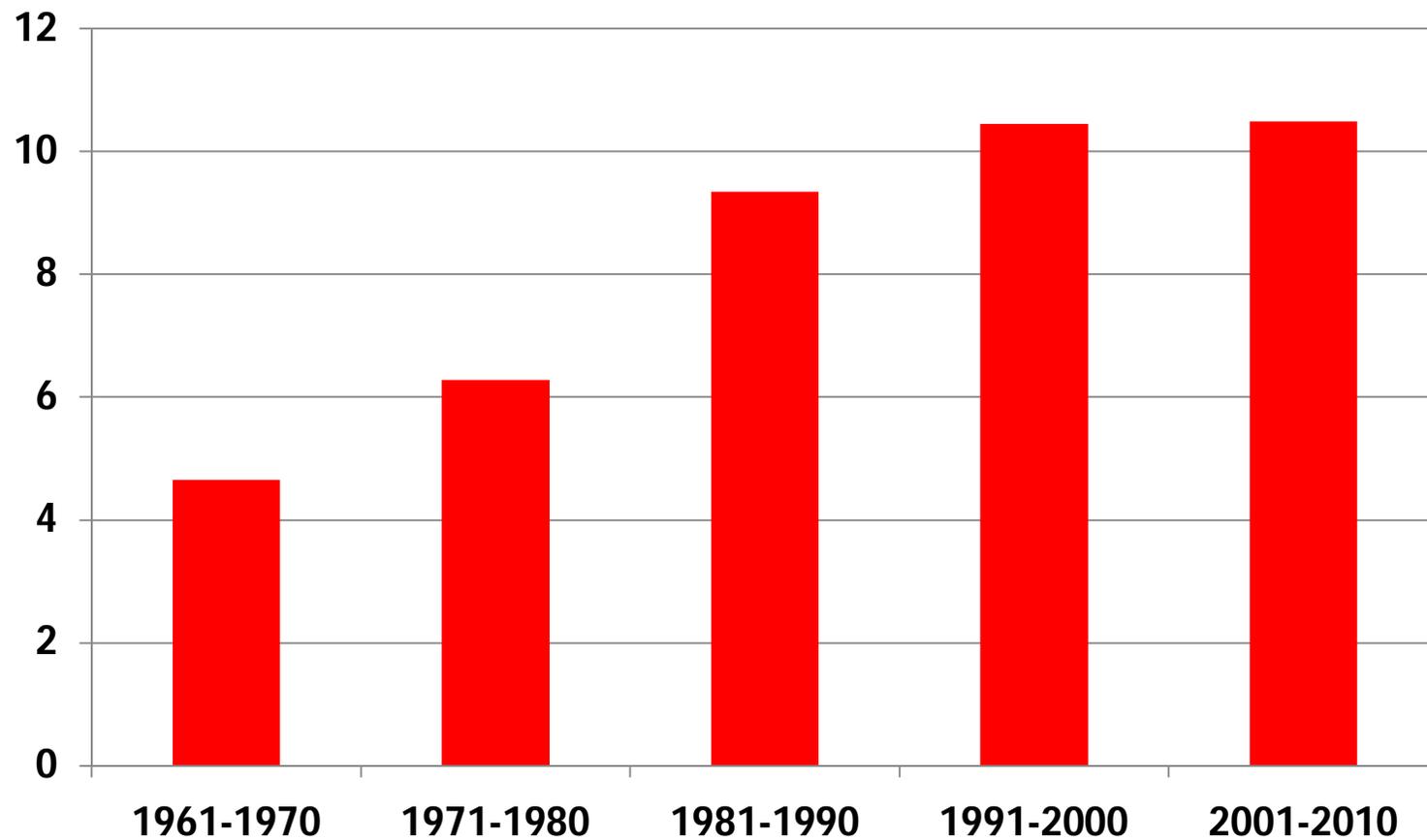
- New Delhi's "Look East" policy has several objectives: build more ties and create more diplomatic space as India extends its naval power in the Indian Ocean; tap into Southeast Asia's dynamic economic growth, and secure energy supplies.

Bangladesh's Look East Policy: some proposals



The economic rise of China

China's GDP growth (%)



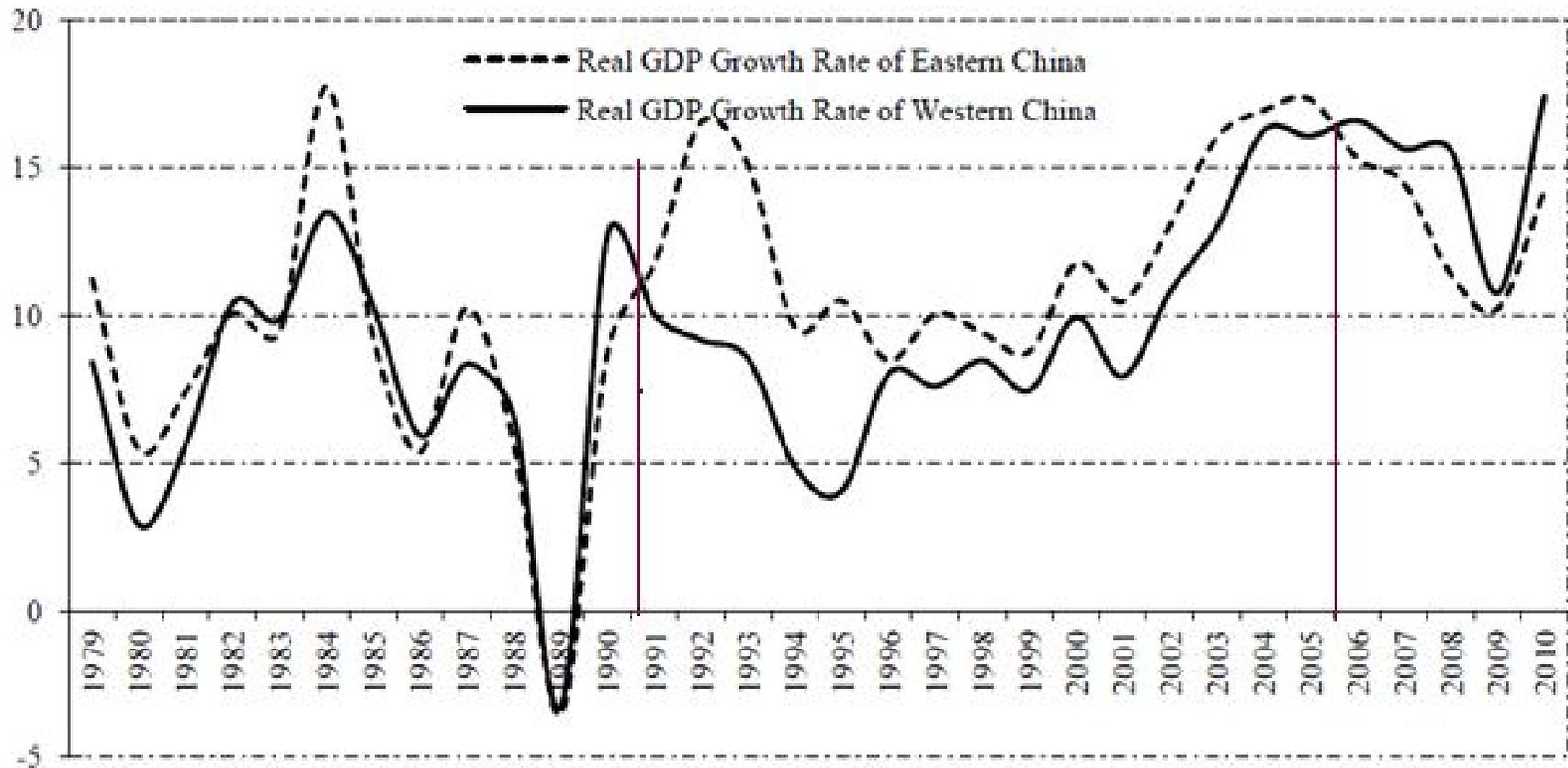
Bangladesh's trade share vis-à-vis selected countries/regional economic blocs

Partner	1995	2000	2005	2010	2011	2012
ASEAN	6.8	9.5	8.7	11.1	10.6	10.5
China	6.4	4.6	8.6	11.0	11.6	11.4
India	10.7	6.8	9.3	9.4	9.1	9.3
SAARC	12.8	7.9	10.3	10.8	10.7	10.5
European Union	23.1	21.5	23.3	21.3	23.0	21.4

Dating game: China versus US



China's East-West divide: Beijing's 'Go-west' strategy

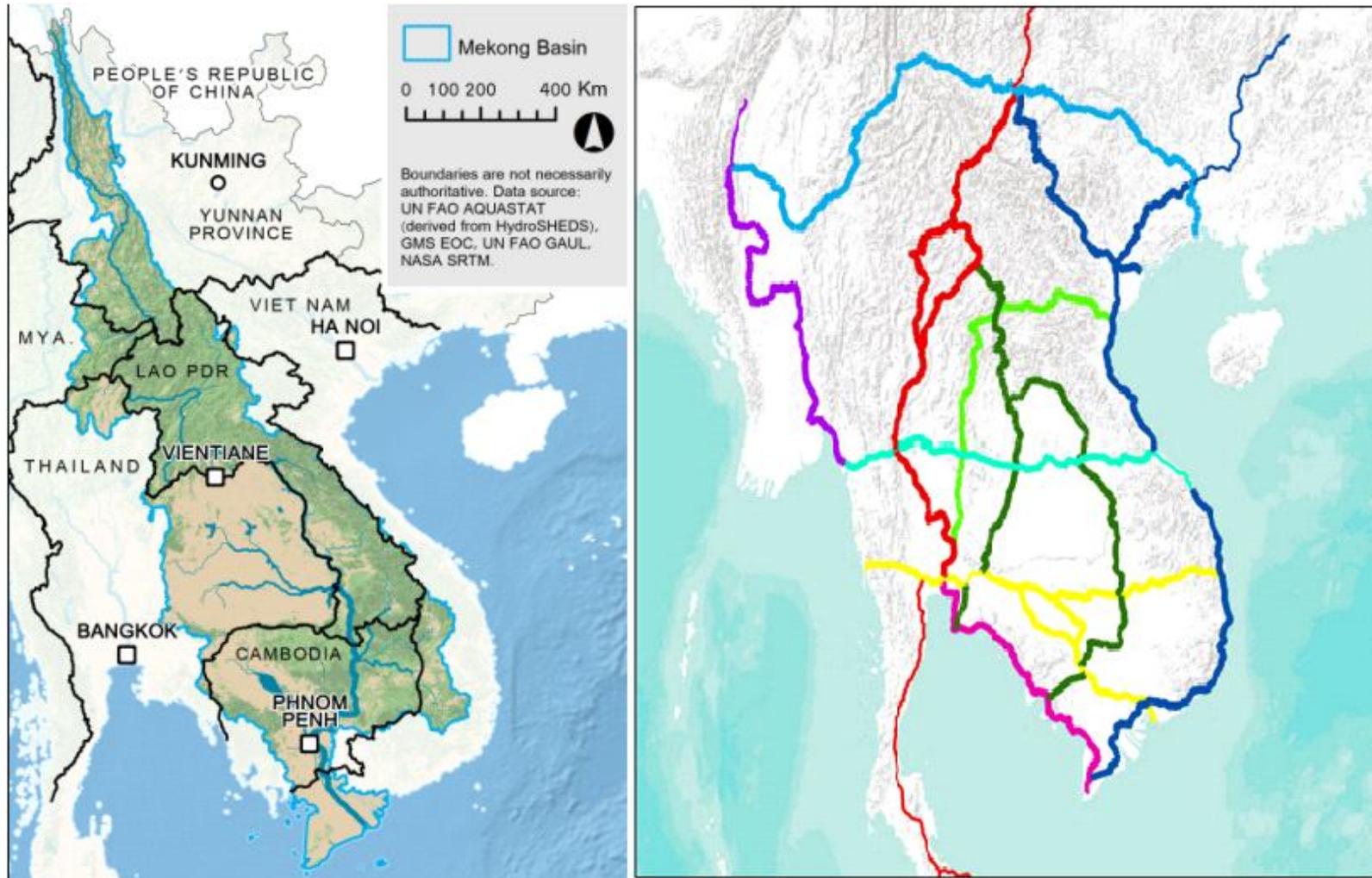


Look East Policy: Imperatives



- ***China's massive economic transformation: The rise of vertical economy and its implications***
- ***Structural change in China's growth model: export-led to consumption led growth***
- China could become the next big export market for Bangladesh. It is projected to buy \$10 trillion worth of goods and services by 2020

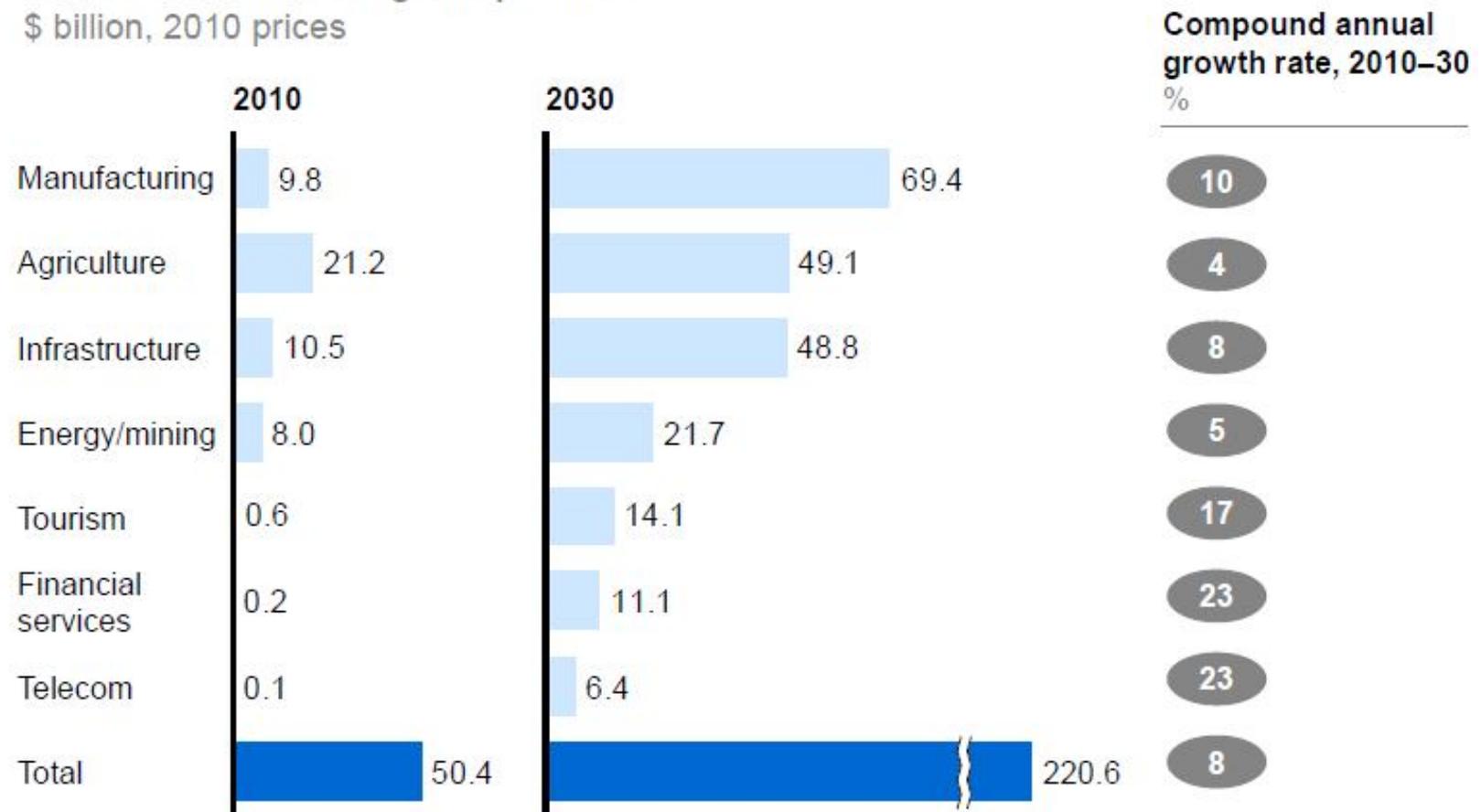
Opportunities in the East: GMS



Myanmar's opening up

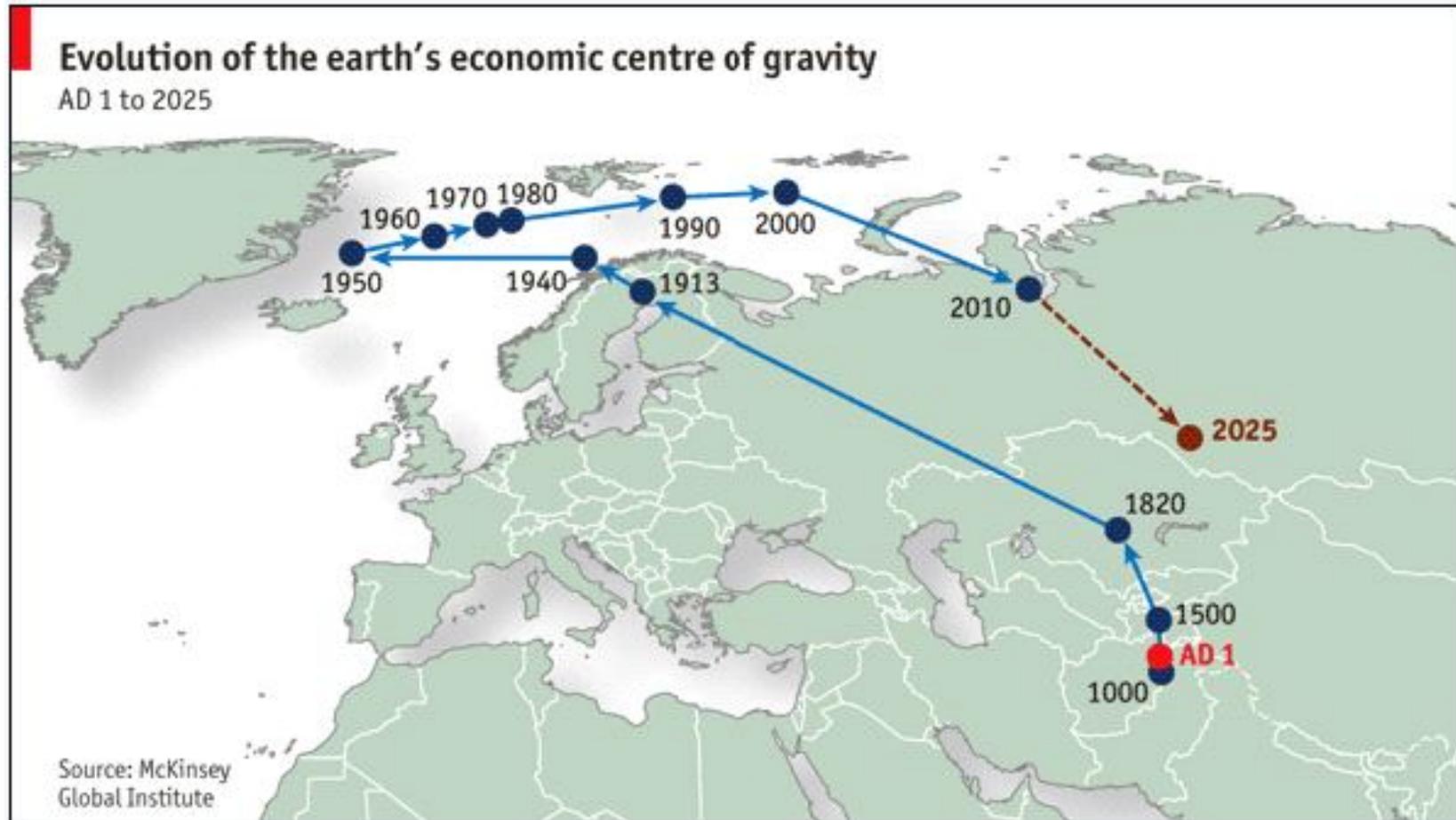
The projected size of Myanmar's key sectors and GDP: 2010-2030

Real GDP sector sizing and potential¹
\$ billion, 2010 prices



Why all these changes happening in the East?

East Asian Dynamism, the rise of China and India, and Global economy's shifting centre of gravity



Global economy's shifting centre of gravity: West to East @ 140 km/year



Look East: Other imperatives



- ***Beijing's renewed efforts to engage with South Asia and the prospects of BCIM Economic Corridor***

Look East: Other imperatives



Ocean economy development in the Bay of Bengal

- The recent judgment by the International Tribunal for the Law of the Sea (ITLOS) pertaining to Bangladesh-Myanmar maritime dispute
- Likely to settle maritime boundary dispute with India in the near future

Ocean economy development in the Bay of Bengal

key components of Bangladesh's ocean economy

- energy security (oil and gas resources)
- fishery and fresh water resources preservation
- Deep sea-port and logistics facilities development
- piracy and illegal trade control in the high seas
- trade route secure
- tourism development
- ecosystem protection
- Climate security- BoB is a hotspot

Big Naval and maritime powers' involvements

Ocean economy development is also China and India's interest in the Indian Ocean (joint statement by New Delhi-Beijing during Chinese Premier's visit)

Look East policy": Constraints

- Security issues
- China's rise and changing security architecture
- Beijing's shift from a land-based (inward looking) to a sea-focused (outward-looking) policy signifies the importance of the Bay of Bengal/Indian Ocean
- Bangladesh a strategically important country in China's policy discourse
- Beijing's Two Ocean strategy – Indian Ocean and the Pacific
- China's access to BoB: Energy pipelines and deep-sea port development
- Beijing has helped developing deep sea ports in Pakistan and Sri Lanka, expressed its intention to build one in *Sonadia*, Chittagong
- India's worry: History has made New Delhi very cautious

Security concerns

- Bangladesh's relations with three big powers- China, India and US- is markedly different than that of Pakistan and Sri Lanka that has significant geo-strategic implications
- Domestic political polarization and its implications for foreign policy
- As observed by IGS (2012), 'there are plenty of opportunities to leverage Bangladesh's geographical and geostrategic location vis-à-vis the external actors such as US, China and India. However, Bangladesh has largely been unable to reap optimum benefits from its geo-strategic importance due to its weak bargaining power and lack of national consensus.
- Beijing should convince the stakeholders in the Bay of Bengal that its interest in Bangladesh and the Bay of Bengal is driven by its economic interest.

Shaping Bangladesh's Look East policy: what should be Dhaka's strategy?

New Geo-economic Reality: Trade, Market, Infrastructure and Connectivity

1. That East Asia, centering China, has become the most dynamic economic region and the centre of economic gravity in the world, Dhaka needs a sea-change in its mindset to develop a comprehensive relations with the region. However, it is also important to understand historical, cultural, political and economic trajectories of individual countries of East Asia. **China is not a nation-state, it's a civilization state.**

Thus, Dhaka should engage its best diplomats, other state machineries and its business entities to develop comprehensive economic and strategic relations with Beijing

Look East policy: what should be Dhaka's strategy?

2. Dhaka should conduct feasibility study to negotiate a host of free trade agreements with China, ASEAN, amongst other
3. Develop special relations with Myanmar. This could help Bangladesh become a connecting point between South and Southeast Asia
4. Place a greater focus on China's Western regions to exploit business opportunities
5. Develop an institutional mechanism to increase economic ties with GMS
6. Increase cooperation with India, Myanmar, China and the US in developing Ocean economy in the Bay of Bengal
7. To increase connectivity and trade linkages with the East and India, Dhaka should put forward its agenda with regards to BCIM quadrilateral cooperation

Look East policy: what should be Dhaka's strategy?

8. Diplomatic efforts should also be beefed up to engage regional bodies such as ADB to facilitate trans-border infrastructure and connectivity projects
9. To attract FDI from China and other countries of East Asia as well as ASEAN, deep sea port development, export processing zone facilities should be expanded in the coastal areas of Chittagong and other parts of the country
10. Infrastructure and other facilities should be provided to Chittagong making it the key centre to engage with eastern cities of Asia.
- 11 Dhaka should make efforts to make SAARC effective and should welcome China and economic powers' presence in the regional block. It should study pros and cons in upgrading China's status from an observer to a full member of SAARC

Look east policy: *Evolving Security Architecture and Bangladesh's response*

- 1. Given the rise of China, the security architecture of Asia has taken on a new dimension. Nevertheless, Dhaka to keep balanced relations with the regional and global powers and clearly evaluate its own interest.
- 2. Dhaka should consolidate its position in bilateral and multilateral security blocs, including ARF. It should make efforts to become an associate member or observer of the EAS.
- 3. Special focus should be placed on preserving the country's interest in the Bay of Bengal to keep its high water safe for trade and marine resources. Given its limitations, Dhaka should use a collaborative approach with the regional powers to combat piracy in the high seas.
- Finally, there should be a mechanism to reduce the influence of polarised domestic politics in foreign policy formulation. Dhaka needs a bi-partisan consensus with regard to the country's 'Look East' policy.

'Look East' Policy: Way forward



- The mighty Rabindranath Tagore once said while undertaking distant journeys, 'we often tend to ignore what is worthy of our attention in our own backyard'.
- It is perhaps time for us to pay more heed to our immediate neighbourhood in the East.