



# **Prospects and Challenges in Bangladesh's Relationship with Germany and the European Union, on its 50th Anniversary of Independence**

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## Introduction

Since attaining independence in 1971, Bangladesh has maintained strong bilateral ties with Germany. Following the establishment of formal diplomatic relations, Germany (both East and West Germany) became the first European country to recognize Bangladesh as an independent country (East Germany in January 1972 and West Germany a month later). The bilateral relationship has grown in depth and dimension over the past half century. The two countries have enjoyed long and fruitful cooperation on most international issues and platforms. Germany committed 3.03 billion euros in financial and technical assistance to Bangladesh between 1972 and 2020.<sup>1</sup> Germany also has contributed in the realms of renewable energy, energy efficiency, good governance, the rule of law and human rights and climate change adaptation as part of the Sustainable Development Goals 2030 Agenda and Bangladesh's Five-Year Development Plans. Germany has assured collaboration with Bangladesh in the Rohingya crisis while suspending development cooperation with Myanmar under the military junta. Germany is the second-most important destination for Bangladesh's ready-made garment exports, after the United States.

Likewise, Bangladesh has had a mutually beneficial relationship with the European Union and its predecessor, the European Community, ever since independence. The European Union absorbs most of Bangladesh's exports as a single market.

Being the largest economy in the European Union, Germany has considerable sway on the European Union's relationship with Bangladesh. Relations with Germany and other countries that now comprise the European Union started with them as donors and Bangladesh as recipient in the wake of the war of independence. Bangladesh remained immensely aid-dependent during the 1970s and most of the 1980s. Europe was an important source of this aid and assistance. Things started changing in the 1990s, when preferential trade regimes gradually became more prominent, and Europe became Bangladesh's most important trading partner. Although Bangladesh still receives official development assistance from Germany and the European Union, the relationship is increasingly becoming one of trade and investment. The circumstances are evolving, and it is time for Bangladesh and Germany, as well as the rest of the European Union, to find ways to take their relationships to a higher level of strategic partnership.

**Germany committed 3.03 billion euros in financial and technical assistance to Bangladesh between 1972 and 2020.**

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<sup>1</sup> German Embassy Dhaka, "Bangladesh-German negotiations 2020 completed". Available at: <https://dhaka.diplo.de/bd-en/topics/-/2165276>.

## Fifty years of Bangladesh–Germany relations

### Important visits

Since independence, relations between Bangladesh and Germany have been expanding steadily through contacts and the exchange of visits at various levels. In May 1981, Ziaur Rahman, then the President of Bangladesh, visited West Germany. Two agreements on the promotion and protection of investment and a KfW Development Bank loan agreement for 10 million Deutsche marks were signed.

**Prime Minister Sheikh Hasina made an official visit to Germany in December 2000 and then again three years later.**

The return visit by German President Richard von Weizsacker in February 1986 further strengthened relations between the two countries. Prime Minister Sheikh Hasina made an official visit to Germany in December 2000 and then again three years later. She returned in 2011 to attend the World Health Summit in Berlin and in 2017 for the Munich Security Conference. During these visits, she met with her German counterparts for bilateral consultations.

At the functional level, many visits have taken place by ministers, parliamentarians and officials. Bangladesh and Germany have instituted a useful Diplomatic Consultation system in which respective foreign secretaries lead delegations. The process started in 2002 with the visit of the German State Secretary of the

Federal Foreign Office to Dhaka, which has since become a periodic affair. The last Diplomatic Consultation between Bangladesh and Germany was held in Berlin in August 2021 (the fourth such meeting). Bangladesh proposed a few new ideas for strengthening and expanding relations between the two countries, mainly focusing on devising ways and means to implement the 2030 Agenda for Sustainable Development. Bangladesh handed over four draft concept notes pertaining to:

- technology for sustainable development;
- small and medium-sized enterprise development in Bangladesh for sustainable development;
- development of sustainable green industrial manufacturing in Bangladesh; and
- partnership for global governance for sustainable development.

At that time, the Germans indicated their preference to channel development assistance through private or civil society organizations and proposed direct city-to-city or NGO-to-NGO cooperation. Germany also agreed to raise the Rohingya issue at the European Union to create international pressure on Myanmar.

The Germans also raised issues regarding what its investors and businesses experience when trading and investing in Bangladesh. It was agreed that both embassies would assess the situations and each develop a report elaborating the leading causes for the slow growth of German investment in Bangladesh.

The German focus in Bangladesh is on specific areas of cooperation, such as energy (renewable energy and energy efficiency), climate change, good governance, rule of law and human rights. Many agreements and memoranda of understanding have been signed between the two countries. Prominent among them are:

- Technical Cooperation Agreement, 1972;
- Agreement for the Promotion and Protection of Investment, 1981 (which came into force in 1986);
- Administrative Agreement for the Training of Bangladesh Armed Forces Personnel in Germany, 1985;
- Agreement on Avoidance of Double Taxation, 1990 (which came into force in 1993);
- Memorandum of Understanding on Cultural Cooperation between Bangladesh and Germany, signed between the foreign ministers in August 2010, in Berlin;
- Memorandum of Understanding on Shipping and Maritime Transportation in the Private Sector, signed between the Omni Group of Bangladesh and the Komoroski Group of Germany in Berlin in August 2010; and
- Joint Declaration of Intent on a German–Bangladeshi Political Exchange on Counter-terrorism, February 2017.

## Trade

Bangladesh and Germany maintain an excellent bilateral trade relationship. Germany is the second-largest export destination of Bangladeshi products, after the United States, accounting for about 15.6 per cent of her total export earnings. Bangladesh's exports to Germany amounted to \$5,890.72 million in the 2017-2018 fiscal year. The import payment was \$987.71 million that fiscal year, leaving the trade balance at \$4,903.01 million in Bangladesh's favour. It is apparent from these figures that Bangladesh's balance of trade has always been favourable and has been increasing steadily. The following table illustrates the balance of trade positions between the two countries over the past few years.

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### **Bangladesh–Germany balance of trade**

(value in US\$ million)

FY	Export	Import	Total trade	Balance
2013/2014	4 720.49	595.20	5 315.59	(+) 4 125.29
2014/2015	4 988.08	590.40	5 295.75	(+) 4 114.95
2015/2016	4 988.08	797.90	5 785.98	(+) 4 190.18
2016/2017	5 475.73	827.90	6 303.63	(+) 4 647.83
2017/2018	5 890.72	987.71	6 878.43	(+) 4 903.01
2018/2019	3 124.30 (July–Dec)	474.24 (July–Nov)	.....	.....

*Source: Figures obtained from the Bangladesh Embassy, Berlin.*

**Major exports** to Germany include woven garments, knitwear, home textiles, jute yarn and twine, raw jute, tents, footwear (leather and sports), leather bags and purses, p.v.c bags, terry towel, tableware, bicycles, tobacco, ceramics, copper wire, shrimp, pharmaceuticals and caps.

**Major imports** from Germany include animal or vegetable fats and oil, prepared food items, mineral products, products from the chemical or allied industries, plastic articles, textiles, textile articles, footwear, stone, base metals, machinery, mechanical appliances, vehicles, optical items, arms and ammunition.

**Only four new projects from Germany were registered with the Bangladesh Investment Development Authority as of December 2018, with a total proposed investment of \$4 million.**

The expansion of exports over time from Bangladesh to Germany is attributed to the generalized system of preferences (GSP) facility provided to the developing and the least developed countries by the European Union, under the Everything But Arms scheme. Currently, Bangladesh exports to Germany enjoy the GSP privileges, subject to the rules of origin laid down in the European Community's GSP scheme.

**The Payra 3600 MW LNG-to-Power Project thus would be a big boost to the German investment figure in Bangladesh.**

German investments in Bangladesh, however, have been rather scanty. Only four new projects from Germany were registered with the Bangladesh Investment Development Authority as of December 2018, with a total proposed investment of \$4 million.<sup>2</sup> There is an ongoing process of a Joint Development Agreement among North-West Power Generation Company Ltd, Siemens AG of Germany, BP Singapore Private Ltd and China Machinery Export and Import Company for the development of Payra 3,600 MW LNG-to-Power Project at Dhankhali, Kalapara, in the district of Patuakhali. However, BP Singapore Private Ltd withdrew in late 2019, and a separate proposal for liquid natural gas infrastructure is being negotiated with an American company. The Payra project was initially estimated to cost \$3 billion. If it materializes, Siemen's investment will be substantive.<sup>3</sup> This project thus would be a big boost to the German investment figure in Bangladesh.

<sup>2</sup> Bangladesh Investment Development Authority, Annual Report 2019–20 (Dhaka, 2020).

<sup>3</sup> Dhaka Tribune, 25 July 2019, "3600MW LNG-based power plant at Payra on cards" <https://www.tbsnews.net/bangladesh/energy/3600mw-lng-based-power-plant-payra-cards> (accessed on 13 April 2022)

## Bangladesh–European Union relations

In 1973, the then European Community established diplomatic relations with Bangladesh. Over the years, the European Union as a whole has become Bangladesh's largest export destination, the biggest development partner and the largest source of foreign investment.

Negotiations initiated in 1974 between Bangladesh and the European Community culminated in the signing of a commercial cooperation agreement. A Joint Commission on Trade and Economic Cooperation followed in 1976, the thrust of which was strengthening economic and commercial relations. The European Union opened an office in Dhaka in 1982, initially under the Commission's Delegation for South Asia in New Delhi. The office was upgraded in 1989 to an official Delegation to Bangladesh.

**In 2015, the formal mechanism for regular consultations between the European Union and Bangladesh was instituted at the initiative of Bangladesh.**

By the end of 1990, a new cooperation agreement was signed with the European Community, taking into account the considerable developments since 1976 (including the creation of the World Trade Organization). The importance of bilateral connections in aiding development and poverty eradication was recognized in this new compact. Bangladesh remains appreciative of

the European Union's development cooperation programmes, which contribute towards the country's national development policies while also fulfilling the European Union's strategic objectives. The Cooperation Agreement on Partnership and Development between the European Commission and Bangladesh was signed in Brussels in May 2000 and entered into force in March 2001. This agreement envisaged cooperation between the European Community and Bangladesh in five areas: human and social development, good governance and human rights, economic and trade development, environment and disaster management, and food security and nutrition.

The European Union appreciates Bangladesh's achievements in women's empowerment, microcredit and poverty alleviation, its leading role among the least developed countries, as a major contributor to United Nations peacekeeping operations and its commitments to counter-terrorism initiatives, nuclear non-proliferation and peaceful uses of nuclear energy. Bangladesh and the European Union share standard views on many global issues, including international peace and security, counter-terrorism, climate change, expansion of regional cooperation, women's empowerment and sustainable development.

In 2015, the formal mechanism for regular consultations between the European Union and Bangladesh was instituted at the initiative of Bangladesh. The first Diplomatic Consultation was organized in Brussels in 2015, with the Foreign Secretary from Bangladesh and the managing director of Asia

<sup>4</sup> Conversation with Md. Shahidul Haque former Foreign Secretary in January 2022

and the Pacific from the European Union. The prime concern of the European Union during the consultation was the issue of irregular migration into Europe from several countries that included Bangladesh.<sup>4</sup> Along with other issues, this remained a focus in subsequent Consultations.

The European Union and Bangladesh met for their second Diplomatic Consultation in February 2017, in Brussels. They covered a wide range of issues of common interest: Trade and investment were given serious consideration, including the Everything But Arms scheme. Connectivity, migration, peace and security were just a few regional and global issues that they considered working on more closely. The European Union and Bangladesh initiated an information and awareness-raising campaign on the hazards of irregular migration. Both sides agreed to complete as quickly as possible work on standard operating procedures for the repatriation of irregular migrants with no right to remain in the European Union.<sup>5</sup>

The High Representative presented the European Union's Indo-Pacific Strategy through a Joint Communication on 16 September 2021. The European Union explained that their strategy has seven priorities, and, in principle, it is open and cooperative but not confrontational. The European Union's motto is to "cooperate whenever possible but protect whenever necessary". Bangladesh replied that the values, principles and approach of the European Union concerning the Indo-Pacific region resonate well. Being a coastal country, Bangladesh has significant stake in the peace and stability of the Indian Ocean region. From this perspective, Bangladesh subscribes to the vision of a free, open, peaceful, secure and

inclusive Indo-Pacific region with shared prosperity for all. Bangladesh also conveyed its willingness to participate in a regional dialogue and platform on Afghanistan that the European Union may initiate.

Three months before the European Union and Bangladesh met in Brussels for a fourth Diplomatic Consultation, in October 2021, the European Commission recommended certain visa restrictions on Bangladesh nationals. If implemented, the recommendations would make it tougher for Bangladeshi applicants to receive a Schengen visa within 15 days. They would also not be eligible for long-term multiple entry visas. The Commission submitted these recommendations to the European Council and the European Parliament. However, Bangladeshi diplomats were able to keep implementation of the recommendations on hold. When reading between the lines, the restrictions appeared to be tacit pressure on Bangladesh to implement what they agreed to in the second Consultation regarding taking back undocumented migrants. The pressure was visible from the two events coming in quick succession: the issue of Standard Operating Procedures for taking back undocumented migrants and the European Commission's recommendation on visa restrictions. The fault, however, lies largely with Bangladesh. She should not have signed the standard operating procedures if she did not intend to implement them. After signing them, it became incumbent upon her to sincerely pursue this commitment.

When the fourth Diplomatic Consultation took place, the delegations discussed their commitment to boosting collaboration on climate change, digitalization, connectivity and security.

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<sup>5</sup> Statement issued by Ministry of Foreign Affairs, Dhaka, 15 February 2017. Available at: <https://mofa.gov.bd/site/page/94e76922-1aa3-4fb4-a15a-1f7d34463638/European-Union-Bangladesh-Diplomatic-Consultations>.

In that Consultation, Bangladesh emphasized its appeal for the COVID-19 vaccine to be made a globally available public good as well as the need for encouraging vaccine manufacturing at a cheap cost for the benefit of poor and lower-middle-income nations.

The European Union urged Bangladesh to explore a Green Partnership with the European Union, which both parties agreed to examine in-depth during the Dhaka climate discussion in early 2022.

The European Union brought up the Digital Security Act, expressing concern that some provisions may go beyond the declared goal of combating digital crime. The European Union urged Bangladesh to follow through on the most recent Universal Periodic Review recommendations.

On the issue of labour rights, the European Union welcomed Bangladesh's completion and publishing of its National Action Plan on the Labour Sector, emphasizing its full implementation within the time frames specified.

The European Union expressed appreciation for the Government of Bangladesh giving shelter to a million forcibly displaced Rohingyas from Myanmar for more than four years. Both parties emphasized the need for the voluntary, safe, dignified and sustainable repatriation of the Rohingyas to Myanmar. The European Union has been consistently co-sponsoring, with Bangladesh, United Nations resolutions on the Rohingyas. They informed that they strongly advocate a solution to the Rohingya crisis with the Association of Southeast Asian

Nations (ASEAN). The high importance of European Union accords on the crisis was reflected by the visit of the European Union Commissioner for Crisis Management Janez Lenarcic to Bangladesh in the last week of October 2021.

The European Union unveiled its new Indo-Pacific cooperation agenda. Both parties reviewed the region's political and security situations, notably Myanmar and Afghanistan, maritime security, counter-terrorism and cooperation through United Nations forums.<sup>6</sup>

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Bangladesh proposed that the European Union's bilateral programmes on human capital development should focus on targeted capacity-building, knowledge and skills development and innovation to enable qualified Bangladeshis to fulfil the labour market needs in Europe through legal pathways.

There was also some discussion on labour issues, including safety concerns. Bangladesh asked for a fair price of export products, given the extra expenses the compliant factories must bear.

<sup>6</sup> European Union-Bangladesh Diplomatic Consultations, Joint Press Statement, Brussels, 27 October 2021. Available at: <https://mofa.gov.bd/site/page/afb21c35-ad19-462f-95b4-0e86ae8691c0>.

Following graduation from its least developed country status in 2026, Bangladesh would no more be eligible for the Everything But Arms facility beyond 2029. During the fourth Diplomatic Consultation, Bangladesh sought the European Union's support for:

- i. readjusting the import criteria threshold for making Bangladesh eligible for GSP Plus benefits in the post-2029 scenario; and,
- ii. the proposals made by the LDC Group in the World Trade Organization for extending specific trade preferential measures, including flexibilities within the Agreement on Trade-Related Aspects of Intellectual Property Rights for least developed countries (including the graduating countries), by 12 years.

**There is clear opportunity to improve the economic and diplomatic ties between Bangladesh and Germany and the European Union during and beyond the COVID-19 era.**

Also during that fourth Consultation, the European Union delegation took a keen interest in appraising Bangladesh of their ongoing work in security and defence, including their Common Security and Defence Policy and initiatives on maritime security. The European Union praised Bangladesh's track record in peacekeeping and proposed a Framework Participation Agreement between the two sides.

In that same Consultation, there was praise for the long way the European Union–Bangladesh bilateral relations had come in the two decades since the agreement. The relationship was characterized as having deepened, diversified and matured. Both sides expressed that it is time to expand the engagement beyond the traditional development cooperation and trade areas and into more strategic areas of security, connectivity and investment promotion. With this in mind and to elevate institutional engagement at a higher level, both sides agreed to initiate the **Bangladesh–European Union Political Dialogue in 2022**. The Political Dialogue is expected to be led by the State Minister for Foreign Affairs from Bangladesh and the Deputy Secretary-General, European External Action Service from the European Union.

There is clear opportunity to improve the economic and diplomatic ties between Bangladesh and Germany and the European Union during and beyond the COVID-19 era. In the expected growth areas, it will be critical to look at the relationship's challenges and road-blocks in the coming 10, 20 or 30 years. It also will be essential to assess how these challenges can be met and converted into opportunities. To do so, it is required to look at where Bangladesh stands at the Golden Jubilee of her independence, at her relations with the regional powers and the region's overall economic and security environment.

## Bangladesh realities

Bangladesh is one of the most homogenous countries globally regarding ethnicity, language and culture. Nearly 99 per cent of its people are of Bengali stock, and the tiny ethnic minorities can mostly speak and understand Bangla. There are religious minorities, but the culture transcends religious barriers. The people of Bangladesh are traditionally freedom-loving. The territory was often included in the north Indian empires but broke off with the slightest opportunity. The people have a democratic, secular ethos.

Bangladesh has a youthful population who are hardworking, enterprising and adventurous. The country has made considerable progress since the 1980s. She has achieved more than 6 per cent economic growth for the past 25 years. Even during the first two years of the pandemic, when most large economies experienced a contraction, Bangladesh grew at a healthy 3.5 per cent. Already a lower-middle-income country with per capita GDP on PPP at \$3,900, Bangladesh is today the 31st-largest economy in the world, set to reach the 23rd position in 2050, according to PricewaterhouseCoopers.<sup>7</sup> Bangladesh is scheduled to graduate from its least developed country status in 2026. She aims to reach upper-middle-income status by 2031 and become a developed country by 2041.

Bangladesh's exports reached a billion dollars in 1986-1987 and surpassed \$40 billion in 2017-2018. Geographically located in the crossroads between South Asia and Southeast Asia – the two fastest-growing regions of the

world – makes the country an essential link between both regions. Nearly 10 million Bangladeshis live and work abroad. Remittances have given Bangladesh a comfortable cushioning of foreign exchange reserves.


In the social sector, there has been tremendous progress. The success in advancing the Millennium Development Goals was regarded as impressive. In the World Economic Forum's 2021 gender gap ranking, Bangladesh was 65th, much ahead of Nepal at 106, Sri Lanka at 116 and India at 140, out of 156 countries. Bangladesh and Turkey are the only Muslim-majority countries to attain near gender parity in primary school enrolment.

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There are, however, constraints. Bangladesh's unique geography imposes certain limitations on her external dealings. Except for a slight stretch of a boundary with Myanmar and the Bay of Bengal to the south, the country is nearly encased by India (bound on three sides). The India factor is thus pivotal. The country's

<sup>7</sup> PricewaterhouseCoopers, The World in 2050 Report (2017).

rivers, the lifeblood of Bangladesh's economy, have catchments in India and beyond. The cone-shaped coastline has limited the extent of the exclusive economic zone and provides a tiny continental shelf. Acute population pressure on a relatively small territory and limited physical resources restrict the country's manoeuvrability in external relations. The poor quality of human resources makes Bangladeshi workers some of the lowest-paid globally.



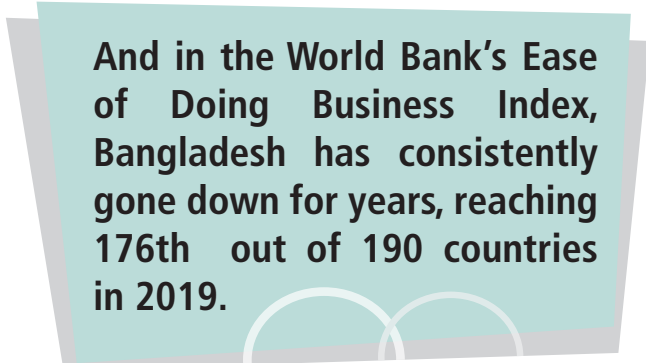
**On the domestic front, lack of political consensus on issues of national interest often becomes a severe handicap for Bangladesh.**

On the domestic front, lack of political consensus on issues of national interest often becomes a severe handicap for Bangladesh. The relative weakness of military power, particularly in the regional context, makes pursuing interests difficult. In the Global Firepower Index 2021 (in which the lower score denotes a stronger military), Bangladesh, at 45 (with a score of 0.7473), is below Myanmar, at 38 (score of 0.6521). As Fredrick the Great of Prussia said long ago, "Diplomacy without armaments is like music without instruments."

Bangladesh should seek to maintain a level of minimum deterrence in order to maintain bargaining power.

Bangladesh seeks to establish its identity as a tolerant, pluralistic democracy, in which anyone can express their opinions without intimidation or fear of reprisal, and all faiths can practise their religion freely. While the Constitution guarantees such rights, the realities are often different. This inconsistency puts Bangladesh in a poor light in the international community.

Bangladesh is also witnessing a persistent erosion of its institutions that diminishes its standing. An elected government replaced the military-backed civilian-government in 2009, but the country could not return to even the flawed democracy status it had in 2006. In the Democracy Index, the Economist Intelligence Unit has rated Bangladesh as a "hybrid regime" since 2007, below "full democracies" and "flawed democracies". The Bertelsmann Stiftung characterizes it as an autocracy.<sup>8</sup>



**And in the World Bank's Ease of Doing Business Index, Bangladesh has consistently gone down for years, reaching 176th out of 190 countries in 2019.**

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<sup>8</sup> See Transformation Index 2018 of the Bertelsmann Stiftung foundation, cited by Arafatul Islam, "Is Bangladesh becoming an autocracy?", DW News, 27 March 2018.

In the Rule of Law Index 2019 published by the World Justice Project, Bangladesh ranks 124th among 139 countries surveyed. In the Corruption Perception Index published by Transparency International, Bangladesh comes in at 149th among 180 nations. And in the World Bank's Ease of Doing Business Index, Bangladesh has consistently gone down for years, reaching 176th out of 190 countries in 2019. From primary to tertiary levels, institutions of learning have experienced a persistent slide in the quality of education. The Civil Bureaucracy, the conduit for public service delivery, is in a mess because of politicization and a general disregard for quality in recruitment.

## Relations with regional powers

Regarding relations with regional powers, the two most important players are India and China. Bangladesh has important and binding relationships with both countries.

Bangladesh–India relations are bound by history and geography. Bangladesh's relationship with India started in the darkest days, during the Liberation War. India's all-out support and cooperation built a firm foundation for bilateral relations. Although President Sheikh Mujibur Rahman's killing in 1975 ushered in a phase of problematic relations between the two countries (moving away from the Indo–Soviet axis and towards the United States, and improved relations with Pakistan), the Awami League's return to power in 1996 started a new phase of bonhomie with India.<sup>9</sup> An important achievement in the bilateral relationship was the signing of the unsettled Ganges water treaty

during the 1996–2001 term of the Awami League government.

Trade relations with India have all along been important. Accounting for informal trade, India has always been the biggest trading partner of Bangladesh. Indian exports to Bangladesh were \$7.9 billion in 2020, according to the United Nations COMTRADE database on international trade. Bangladesh exports to India in 2019 totalled \$1.19 billion. There are essential mass consumer items required in Bangladesh (rice when the harvest is not good, onions, etc.) for which India is the most competitive source, although not always the most reliable. The trade balance is heavily skewed in India's favour, yet it also fulfils the needs of Bangladesh market.

**Bangladesh–India relations are bound by history and geography. Bangladesh's relationship with India started in the darkest days, during the Liberation War.**

Apart from trade, India's primary concern with Bangladesh has been security. Bangladesh's cooperation was needed to control the Indian insurgent groups in its northeastern states. There were allegations that Indian insurgent groups were receiving sanctuary and help from certain Bangladesh agencies. When the Awami League regained power in 2009, this situation was quickly resolved. The insurgents'

<sup>9</sup> The Awami League party of Sheikh Mujibur Rahman led and won the Liberation War with the help of India. This party has all along had a close relationship with India – the daughters of the slain President were given shelter in India. The post August 1975 governments were formed by those opposed to the Awami League and India, until 1996, when the Awami League won the election and came back to power.

safe havens were destroyed, and insurgent commanders went on the run or were caught and given up to India. Another demand made by India was for passage via Bangladesh to its northeastern states, which is critical for their economic growth. Bangladesh affords several transit options to India by land, river and sea.

There is continued collaboration in the two nations' mutual interests in electricity import and production. Environmentalists are however, deeply concerned about the plans for constructing a coal-fired power plant near the Sundarbans of Bangladesh, the world's largest mangrove forest and a delicate ecosystem. India has provided Bangladesh with multiple credit lines to import commodities. On the other hand, credit terms are not simple to come by. The convoluted stipulations have resulted in a significant delay in releasing funds for designated projects.

Bangladesh's list of dissatisfactions with India and unmet requirements is lengthy. After 24 years, the promise inspired by the Ganges water treaty has vanished. The water-sharing agreement for the Teesta River, a primary water source in Bangladesh's northwest corner, has been repeatedly postponed and is now in deep freeze. During the dry season, India consumes all of the Teesta's water.

As noted, Bangladesh is a big market for Indian goods. Even though many Bangladeshi commodities enjoy duty-free access, non-tariff barriers limit exports to India. Although India has achieved passage via Bangladesh to its northeastern states, the 14-mile Siliguri corridor remains restricted to Bangladeshi commodities trade with Nepal.

There are additional irritants. The Rohingya crisis is Bangladesh's most serious problem since independence. And Bangladeshis are angry at India's indirect backing of Myanmar. The people and government of Bangladesh feel it unacceptable that the Indian Citizenship Act classifies Bangladesh as a country that oppresses its minority groups, similar to Pakistan and Afghanistan. Assam's National Register of Citizens has labelled Bengali-speaking Indians as "foreigners". The issue of whose country these foreigners are from looms over Bangladesh like Damocles' sword. The people of Bangladesh feel humiliated by India's senior officials' derogatory remarks on "illegal Bangladeshi immigration". All Indians, from politicians to media, are vocal about Bangladeshis who illegally enter India. They seldom highlight that many Indians work in Bangladesh and that Bangladesh is the world's fourth- or fifth-largest source of remittances for India. India's border security forces kill unarmed Bangladeshi people, and India's politicians and diplomats continue to justify it with lame excuses. Bangladesh has gone to great lengths to allay India's concerns. Unfortunately, India has done very little in return.

**Bangladesh is a big market for Indian goods. Even though many Bangladeshi commodities enjoy duty-free access, non-tariff barriers limit exports to India.**

When the Indira–Mujib Treaty to resolve the border issue was signed in 1974, the Bangladesh Parliament promptly ratified it. It took India 42 years to achieve the same. When India finally freed itself from the albatross hanging from its neck after 42 years, it was hailed as a monumental epoch-making achievement!

Mutual trust and confidence are the foundation of friendly bilateral relations between two neighbouring countries. This trust does not grow by itself overnight. Trust and confidence were rooted in the momentous event of Bangladesh's Liberation War. However, they need continuous nurturing.

In recent years, there have been several visits at the highest level from both sides. In the statements issued at the end of these visits, bilateral relations have always been described in superlatives. Despite the two governments' complimentary statements, India's lack of reciprocation of Bangladesh's gestures has embittered the public mind in Bangladesh. In official statements, the bright side of relations are highlighted. Hope is expressed for problems to be resolved. Analysts and politicians often say that Bangladesh–India relations have passed the test of time. But time flows like river water, and the test of time is also a continuous process.

China took the side of the genocidal Pakistan regime during the 1971 Liberation War. China recognized Bangladesh only after a regime change following the 1975 killing of Sheikh Mujibur Rahman. Ever since then, Bangladesh–China relations have remained vibrant, irrespective of the ruling government in Bangladesh. Trade and economic relations have

grown, and today, China is the most important source of development finance and the largest trading partner.

**Bangladesh has consistently supported China on sensitive issues, such as Tibet and Taiwan. China was considered a trusted friend on political issues.**

China is a major source for providing the massive funds required for the needed infrastructure mega projects in Bangladesh. China is aware of Indian interests. But in its own economic interests, pragmatism take precedence over principles. China also has a worldwide reputation for promoting corruption. It almost has a monopoly over the supply of military hardware to the armed forces of Bangladesh. Recently, China allowed duty-free access for many items from Bangladesh. The list, however, needs to be scrutinized to assess real impact. Bangladesh has consistently supported China on sensitive issues, such as Tibet and Taiwan. China was considered a trusted friend on political issues. Unfortunately the Chinese government again took the side of the genocidal regime after the Rohingya crisis erupted. There are vested interest groups within Bangladesh who work for China for their personal financial benefits. Bangladesh needs to maintain balanced economic and political relations with China without antagonizing India. Bangladesh is trying to achieve Chinese even-handedness on the Rohingya issue and get China to move away from the unconditional support to Myanmar.

## Regional security situation

A significant development in the regional security architecture has been the formulation of the United States' Indo-Pacific strategy and the formation of the Quad, involving Australia, India, Japan and the United States. Bangladesh has formulated its own Indo-Pacific Strategy after facing mounting diplomatic pressure due to the regional power struggle among China, India and the United States.

**Bangladesh is geographically very much a part of the Indo-Pacific region and, being a coastal state, has a considerable stake in the peace and stability of the Indian Ocean region.**

In that strategy, Bangladesh subscribes to the vision of a free, open, peaceful, secure and inclusive Indo-Pacific based on international law and shared prosperity. Bangladesh is geographically very much a part of the Indo-Pacific region and, being a coastal state, has a considerable stake in the peace and stability of the Indian Ocean region. Bangladesh remains dedicated to the 1982 United Nations Convention on the Law of the Sea and the peaceful resolution of disputes, the avoidance of threats of force and the significance of ensuring the security and freedom of navigation and overflights in all seas and oceans. Bangladesh does not support any Indo-Pacific-related plan of any country or block.

However, she draws parallels between the fundamental ideas and concepts of most other countries and those established in her Constitution. Bangladesh does not view security from a narrow lens of defence or military alliances alone but from a broader perspective encompassing food, water, climate, energy, digital security and, most importantly, human security. Because of the massive development needs, including infrastructure and investments, Bangladesh finds it logical to associate or partner with regional initiatives that correspond to her national interests and priorities. In all such engagements, Bangladesh will remain mindful of her core foreign policy dictum, "Friendship to all, malice towards none", and of her traditional attachment to non-alignment. The Bangladesh position demonstrates her resolve to stay clear of taking any side in a regional geopolitical face-off and to follow her vital national interests.

In September 2021, Australia, the United Kingdom and the United States declared a new strategic grouping called AUKUS. Under this arrangement, Australia cancelled a multibillion-dollar diesel-powered submarine deal with France. Instead, the United States and the United Kingdom agreed to provide Australia with a dozen or so nuclear submarines. This created severe repercussions in both Asia and Europe. France was furious because the deal was cancelled midway, when France had already made substantial investments to build the submarines. France went to the extent of recalling ambassadors from those countries.

Germany came out in support of France. In Asia, India and Japan felt somewhat left out, and suddenly the future of the Indo-Pacific Strategy seemed in doubt. There was also suspicion whether the deal was in contravention of the Non-Proliferation Treaty. The President of the United States took the initiative to repair the damage, and perhaps the dust will settle soon, but the bad taste in the mouth may take longer to neutralize.

ANM Muniruzzaman, President of the Bangladesh Institute of Peace and Security Studies, believes that AUKUS could destabilize the regional and subregional strategic balance that prevails. This new development could also lead to military and strategic tension. The country against which this agreement has been targeted (read China) is unlikely to accept it lying down. Rather, China may accelerate the rate of growth of its military power. The ongoing modernization of the People's Liberation Army Navy would be further strengthened. Muniruzzaman also characterized the Indo-Pacific region as a critical and sensitive strategic naval theatre and pointed out that with the rise of superpowers surrounding the Atlantic Ocean after the Second World War, a similar situation emerged in this area back then.<sup>10</sup>

**The ongoing modernization of the People's Liberation Army Navy would be further strengthened.**

## Germany and Europe in the new geostrategic construct

Where does Europe (and Germany) stand regarding those two critical strategic initiatives (the Indo-Pacific Strategy and AUKUS) that will affect the geopolitics and geoeconomics of the Asia-Pacific region, involving the life and prosperity of half of humanity? Europe is not littoral to the Indian or the Pacific oceans except for some colonial legacies of France. However, what happens in the Indo-Pacific region deeply affects Europe. After all, 22.4 per cent of Europe's imports come from China, and it is the destination of 10.5 per cent of Europe's exports. In 2021, China overtook the United States as Europe's largest trading partner. This in itself is a cause for concern.

**The Regional Comprehensive Economic Partnership looks to eliminate import duties in 20 years.**

In November 2020, China formed the most significant free trade agreement, the Regional Comprehensive Economic Partnership, involving the ten ASEAN countries plus Japan, the Republic of Korea, Australia and New Zealand. The vacuum created by the withdrawal of the United States under Donald Trump from the Trans-Pacific Partnership could essentially be filled by this grouping, catapulting China to the role of leadership. The Regional Comprehensive Economic Partnership looks to eliminate import duties in 20 years.

<sup>10</sup> Prothom Alo, "Quad, AUKUS and shifting dynamics in the Indo-Pacific", 28 October 2021. Available at: <https://en.prothomalo.com/bangladesh/quad-aukus-and-shifting-dynamics-in-the-indo-pacific-3>

From a geoeconomic point of view, the dependence of Europe on a single source can be potentially hazardous. This was proven during the initial days of the COVID-19 pandemic. Many of the products on the shelves in Europe and the United States were already made in China. The supply chain was disrupted because of the closure of factories in China and transportation difficulties. With China a major supplier of personal protective equipment, the disruption led to shortages in the West. Even pharmaceutical companies in many countries could not produce essential drugs because the ingredients did not arrive – again from China. In the present-day world, no country or group of countries can produce everything they need. In the interest of economic security, sources of every essential item has to be diversified.

Awakening to the realities, the Biden administration is floating an idea of a broader substitute for the abandoned Trans-Pacific Partnership with an Indo-Pacific economic framework. If it materializes, it could counter the overwhelming economic influence of China in the Indo-Pacific region.

In April 2021, the European Union Council agreed on a strategy for cooperation in the Indo-Pacific region, outlining the European Union's desire to strengthen its strategic emphasis, presence and activities in this area of critical strategic significance to the European Union's interests. The goal is to contribute to regional peace, security, prosperity and long-term development when the area faces new challenges and conflicts. This renewed commitment of the European Union to the Indo-Pacific area will be long term and founded on democracy, human rights, the rule of law and respect for international law.

Current Indo-Pacific dynamics have resulted in considerable geopolitical competition, exacerbating tensions in trade and supply networks and in the technical, political and security arenas. These trends pose a growing danger to the stability and security in the region and beyond, directly affecting the European Union's interests.

**The European Union also will continue to forge security and defence partnerships, particularly those addressing maritime security,.....**

As a result, the European Union's strategy and participation will seek to establish a rules-based international order, a level playing field, an open and fair environment for trade and investment, reciprocity, resilience-building, addressing climate change mitigations and fostering economic and political connections with like-minded States. It is critical to maintain free and open maritime supply lines that are fully compliant with international law. The European Union will seek to collaborate with its Indo-Pacific allies in these areas of mutual interest.

The European Union also will continue to forge security and defence partnerships, particularly those addressing maritime security, harmful cyber activities, misinformation, new technologies, terrorism and organized crime. The European Union and its regional partners will also collaborate to alleviate the economic and human consequences of the COVID-19 epidemic and ensure an inclusive and sustainable socioeconomic recovery.<sup>11</sup>

<sup>11</sup> Council of the European Union, Press release, 19 April 2021. Available at: [www.consilium.europa.eu/en/press/press-releases/2021/04/19/indo-pacific-council-adopts-conclusions-on-eu-strategy-for-cooperation/](http://www.consilium.europa.eu/en/press/press-releases/2021/04/19/indo-pacific-council-adopts-conclusions-on-eu-strategy-for-cooperation/).

## Challenges for Bangladesh

Given the domestic and regional realities and the prevailing geopolitical and geoeconomic atmosphere surrounding Bangladesh, what are the challenges now and in the coming decades?

- Bangladesh has a large and youthful population that could help reap the demographic dividend to the maximum. However, she is lacking in quality skills among her human resources. There is a sort of educational “apartheid” prevailing. There are good schools in Dhaka and some other cities and towns, whose graduates do well in the universities in Bangladesh and abroad. They form the backbone of the knowledge community. But most rural schools churn out unprepared graduates who, with few talented exceptions, cannot enter higher educational institutions and remain unemployable. Overall, the education system produces droves of “uneducated” and unemployable graduates. Training institutions have proliferated in numbers, but their graduates are of poor quality. Most Bangladeshi workers are some of the least skilled and lowest paid globally. Without drastic improvement in education and training, Vision 2041 for reaching the developed country status will be impossible to achieve.

- According to Bangladesh Telecommunication Regulatory Commission data, internet connections reached 121 million in June 2021, up from 103 million a year previously. Notwithstanding the lofty claims of a digital Bangladesh, internet speed in Bangladesh is dismally

low – lower than in Nepal and about half of what it is in Myanmar. This inadequacy must be addressed to improve internet coverage.

**Some experts have already opined that the country’s exports to the European Union, its largest market, may decline in the next decade if duty benefits are not negotiated.**

- The basis of the economic prosperity of Bangladesh is brittle – a mild tremor could upset the structure. The economy rests on three pillars: export of readymade garments, remittances from about 8 million workers abroad and vibrant agriculture that feeds the burgeoning population on a small territory. Much of the garment exports are basic products targeting the low and middle segments of the market. In a decade, the development of artificial intelligence and robotics could replace much of the need for human workers in their production. Upgrading workers and factories may not be that easy. As noted, three years after Bangladesh graduates from its least developed country status, the Everything But Arms benefits in the European Union will cease, in 2029. Bangladesh has yet to prepare adequately to face the conditionalities that come with GSP Plus. Some experts have already opined that the country’s exports to the European Union, its largest market, may decline in the next decade if duty benefits are not negotiated.<sup>12</sup>

<sup>12</sup> The Daily Star, “Future of export hinges on continuity of European Union duty benefit, PRI study says”, 21 December 2020. Available at: [www.thedailystar.net/business/news/future-export-hinges-continuity-eu-duty-benefit-pri-study-says-2014765](http://www.thedailystar.net/business/news/future-export-hinges-continuity-eu-duty-benefit-pri-study-says-2014765).

- The migrant workers' community primarily consist of unskilled and semi-skilled workers toiling in construction sites in the Middle East. This market has a limitation. The Middle East is also the most volatile region globally, with myriad armed conflicts. If there is a major conflagration in the area, many workers may have to return. Such an eventuality would not only severely affect the remittance flow but would also create considerable social tension. These migrants do not have a large savings base and will require work to feed their families on a possible return. The labour market is already saturated, and employing the returnees would be a big challenge.

- The third pillar, the agriculture sector, is much more solid and resilient. However, climate change, saline intrusion and nutrition depletion due to overcropping are causing problems.

- Although in a comfortable position now, highly overpriced projects, such as the Padma Bridge construction, the Dhaka–Jessore single-track railway line, the Rooppur Atomic Power Plant and the Dhaka Metro Rail Transit system, may push the country into a debt trap in the long term. Getting caught in a middle-income trap is also a real possibility. Deducing from countries that are stuck in such a trap, Mustafizzur Rahman, a Distinguished Fellow at the Center for Policy Dialogue, has determined nine reasons for the likelihood that Bangladesh could become entangled in a middle-income trap:

- i. growth deceleration;
- ii. low investment in human resources;
- iii. failure to take advantage of the demographic dividend;

- iv. rising inequality;
- v. low foreign direct investment inflows;
- vi. low investment in research and development, training, technological development and productivity, innovation and entrepreneurship development;
- vii. failure to reorient incentives towards market opportunities;
- viii. low domestic mobilization and debt trap; and
- ix. weak institutions and weak governance.

He also pointed out other countries that are stuck in a lower-middle-income trap: India for 13 years, Vietnam for 11 years and the Philippines for 34 years. In an upper-middle-income snare are Malaysia, for 28 years, and Argentina and Brazil, for 33 years.<sup>13</sup>

- The growing conflicting relationship involving China, India and the United States might drag Bangladesh into the cauldron. If there is an even further animosity between China and the United States, an important challenge for Bangladesh will be to evolve a strategy that maintains neutrality in the emerging conflict without jeopardizing vital national interests.

- Considering the challenges she faces within the region, Bangladesh also needs to build up a minimum deterrence capability within her military that is commensurate with her size and economic strength. There are two important lessons to be learnt from the Russian invasion of Ukraine:

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<sup>13</sup> Session 3 of the Center for Policy Dialogue Seminar on Fifty Years of Bangladesh: Retrospect and Prospects, 7 December 2021. Available at: <https://cpd.org.bd/fifty-years-of-bangladesh-retrospect-and-prospect/>.

- That between two asymmetric neighbours, traditional good relation does not preclude an invasion by the powerful when the weaker wants to assert its sovereign rights to decision making;
- Even with a minimum deterrence and support from friends, the weaker country can withstand the bully, at a price of course.

Last of all, there is the most serious challenge, or threat, that Bangladesh faces now and in the coming years: the million-plus Rohingya refugees driven out of the Rakhine State of Myanmar by its military. Ever since the military took power in Burma (as it was called then) in 1962, the Rohingyas have endured atrocities. The Buddhist clergy and the local Rakhine community joined hands with the military in the acts of communal rejection. The first large-scale forced exodus of 250,000 Rohingyas took place in 1978 – when most of them could be repatriated.

The Citizenship Act of 1982 of Myanmar de-legitimized the Rohingyas. Continuous maltreatment and atrocities led to a second exodus in 1991–1992. With that law in place, many of them could not go back. The community's slow exodus continued, and at least 300,000 Rohingyas entered Bangladesh before the organized atrocities of 2016 that led to 80,000 people fleeing to Bangladesh. Under international pressure, the Kofi Annan Commission was instituted by Myanmar to report on the situation in Rakhine State. The Commission's report made 88 recommendations and asked for the return of the Rohingyas to Myanmar with rights and security.

Ironically, two days after the Kofi Annan-led Rakhine Commission submitted its report, the Myanmar military embarked on the latest mass expulsion and extreme violence (killing, rape and arson). More than 800,000 Rohingyas were forced to flee to Bangladesh. The United Nations Human Rights Commissioner termed it a textbook case of "ethnic cleansing". The Bangladesh Prime Minister took the issue to the United Nations. But with the firm support of China and the Russian Federation by Myanmar's side, the United Nations Security Council was unable to do anything.

**The community's slow exodus continued, and at least 300,000 Rohingyas entered Bangladesh before the organized atrocities of 2016 that led to 80,000 people fleeing to Bangladesh.**

While human rights and atrocities on minorities are a lesser priority for China, there are also practical reasons why China strongly backs the Myanmar regime. The Chinese have built two pipelines from the Bay of Bengal coast of Rakhine State to Yunnan Province to transport offshore gas from Myanmar and oil imported from the Middle East. China is completing the construction of the Chakphyu port in Rakhine State and connecting it to China by rail and road. These initiatives will significantly reduce Chinese dependence on the narrow and strategically vulnerable Malacca Straits. Thus, while the Myanmar junta is dependent on Chinese support, China is also in a way dependent on Myanmar.

India's interests in Myanmar do not seem as compelling as China's. Nevertheless, India has also offered solid and consistent support for Myanmar.

The solution to the Rohingya problem can only be found based on the proposal of the Bangladesh Prime Minister to the United Nations and the Annan Commission report. The possibility of such a solution soon, however, is bleak.

**Bangladesh faces multiple challenges emanating from the Rohingya crisis. First, she must keep the issue alive before the international community. In the international arena, one crisis is quickly overshadowed by the emergence of a new one.**

A significant development in this respect is the genocide case filed in 2019 at the International Court of Justice by The Gambia, at the behest of the Organization of Islamic Cooperation. After a three-day hearing, the Court issued an order on Myanmar to stop further genocide and take action against the destruction of any evidence. Subsequently, Myanmar challenged the right of The Gambia to file the case. A hearing on this is scheduled for later this year. The legal process requires a long time to resolve, and uncertainties are always there.

Two other developments that could have far-reaching ramifications for the Rohingya crisis took place in Myanmar in 2021. The first is the ouster of the quasi-civilian Aung San Suu Kyi government in a military coup and complete takeover of the government by the Tatmadaw (military) under General Min Aung Hlaing. The façade of civilian rule that Aung San Suu Kyi and her National League for Democracy party was providing has thus been removed.

The second development is the formation of the National Unity Government led by the members of the defunct Parliament and belonging primarily to the National League for Democracy but also including members from smaller parties and ethnic groups. The National Unity Government issued a policy position in June 2021 recognizing the Rohingyas as legitimate inhabitants of Myanmar and inviting them to join the efforts to remove the military regime. This is important because it is for the first time that a Myanmar entity addressed the community as Rohingyas instead of calling them Muslim residents or illegal Bengalis.

A second position paper issued by the National Unity Government in August 2021 accepted the jurisdiction of the International Criminal Court to try crimes committed by the Myanmar military. The National Unity Government also issued a statement "on the fourth anniversary of the atrocity crimes committed against the Rohingya people in 2017".<sup>14</sup> It expressed sadness at the violation of their human rights and promised justice and accountability.

<sup>14</sup> Ministry of Foreign Affairs, "Statement of the National Unity Government of Myanmar". 24 August 2021. Available at: <https://mofa.nugmyanmar.org/2021/08/24/statement-of-the-national-unity-government-of-myanmar-on-the-4th-anniversary-of-the-atrocity-crimes-against-the-rohingya-people-in-2017/>.

The commitments contained in the National Unity Government's declarations fulfil almost all that the Rohingya would desire to return to their land. Under the prevailing circumstances, however, it is improbable that the Tatmadaw, with backing from China and many other countries, can be militarily defeated and that the National Unity Government can capture power. Besides, this sudden change of heart about the Rohingyas could be intended to gain international acceptance rather than as a sign of genuine concern. These policy positions, however, can be used in any future peace settlement that could take place in Myanmar involving all parties.

Bangladesh faces multiple challenges emanating from the Rohingya crisis. First, she must keep the issue alive before the international community. In the international arena, one crisis is quickly overshadowed by the emergence of a new one. The COVID-19 pandemic became so overwhelmingly global that the Rohingya issue almost disappeared from view. Similarly, the fall of Kabul at the hands of the Taliban and its possible ramifications became the centre of everyone's attention. With the Russian invasion of Ukraine, all other issues have disappeared from view. The Rohingya issue must not be allowed to disappear from international visibility.

Western countries had, by and large, been supportive of the cause of the Rohingyas since the 2017 exodus. However, the support had been more moral and principled rather than containing concrete measures to find solution. Bangladesh will need to interface with those countries to make them more proactive. A recent positive development has been the recognition by US President Biden of the

Rohingya pogrom as a genocide. Bangladesh should try to persuade the US to impose further sanctions on Myanmar similar to sanctions on Russia for its aggression in Ukraine. Bangladesh also must continue to offer support to the ongoing legal process at the International Court of Justice and the International Criminal Court. While continuing the futile bilateral efforts, Bangladesh will also need to find ways to informally connect with the National Unity Government, which might become necessary in any future settlement.

It is an unfortunate reality that Bangladesh is not in a position to create a hopeful perspective for the Rohingya. The most densely populated country on earth cannot be expected to absorb an additional million people into its society. The international community could make a difference by systematically relocating bulk of the Rohingya Refugees to countries with the capacity of integrating them. If ten countries would each take in 100,000 Rohingyas, it could give them a better chance at having a life of security and opportunities without creating any pressure on the hosts. This kind of solution, however, is not very likely to happen. The solution to the Rohingya problem must be found in their safe and secure return to their homes in Rakhine state of Myanmar.

Lastly, history says problems involving genocide and ethnic cleansing have never been resolved peacefully. Bangladesh will need to prepare for any conflict that may eventually arise.

## How Germany and the European Union could help mitigate the challenges

### 1. Development of human resources and investment in education and training:

The overall situation of education in Bangladesh is deplorable. The result has been that many young men and women remain unemployable while foreigners with slightly better skills are filling up the gap. To alleviate this situation, a viable option could be taking lessons from the German education system and adopting them in the Bangladesh context. In Germany, there seems to be many youths who opt out of an option to go for university education and instead apprentice in high-value trades during their final years in high school, making them gainfully employable. If this model could be replicated after grade eight in Bangladesh, the job market would have more employable youth who could also find better jobs abroad. Germany and Bangladesh could cooperate effectively in this respect. Germany could also be involved in instituting technical and vocational education and training in the Bangladesh schools.

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### 2. Developing Bangladesh as an alternate source of consumer goods:

The COVID-19 crisis has demonstrated the perils of overdependence on one country as source for consumer goods in Germany, Europe and the world at large. The initial outbreak in China put entire supply chains in jeopardy. Bangladesh has built a considerable industrial foundation over the past 30 years. With assistance and investment, it can become an important supplier of consumer products to Europe. Germany and Europe could help Bangladesh develop a base. One possibility could be a free trade agreement (FTA) between Bangladesh and the European Union, benefiting both sides. Since the Everything But Arms benefits will end in 2029, an FTA would assure investors of duty-free entry of Bangladesh products into the European market and thereby create incentives for investment in Bangladesh. The large and young population would find jobs in these establishments while Europe would have an alternate source of consumer goods. The Bangladesh–European Union FTA would not substantially reduce revenue in European countries. In Bangladesh, the loss of revenue due to the duty-free entry of quality European products would also be within tolerable limits. While Bangladesh may not be in a position to produce high-end capital goods yet, it can produce household items, including white goods, machinery parts and furniture, to the required standard of the European market (in addition to apparel, shoes, bicycles and sporting goods that already have proven capacity). There could be some teething trouble initially, but experts from both sides could work out the details together.

**3. Investment and technology transfer for intermediate goods:** Bangladesh has the required minimum technological base to adopt higher technological production and practices. Bangladesh can produce spare parts and components, particularly for the high-end engineering industry of Europe. A long-term geoeconomic strategy should utilize this possibility and make Bangladesh a base for intermediate products, for which the European Union countries are now dependent on China.

**4. Help resolve the Rohingya problem:** Since 2017, when the Rohingya tragedy unfolded, the European Union countries have offered moral support. But they have not made any substantive contribution to resolving the problem. The trade benefits under the Everything But Arms to Myanmar had continued; Myanmar exported goods in 2020 worth more than \$2 billion under this benefit. The characteristic firm position of the European Union on human rights issues has been sadly lacking regarding the plight of the Rohingyas. They were rather critical about any lapse on the part of Bangladesh in taking care of the million-plus displaced Rohingyas, but put precious little pressure on the country that had perpetrated the ethnic cleansing. Dealing with a refugee crisis is difficult even for developed nations. A developing country such as Bangladesh of course will have many shortcomings. Humanitarian causes need to be seen together with the realities. But the true perpetrators of human rights violations need to be taken to task. Even in the European Union's Myanmar

dialogue on human rights in 2020, the Rohingya issue was bracketed along with the problems of other ethnic groups in Myanmar, whereas the Rohingyas facing an ethnic cleansing was in no way comparable to the situation of other minority groups in that country.

**It urged ASEAN and other foreign governments to include and involve the Rohingyas in genuine and inclusive political dialogue and efforts to resolve the crisis peacefully.**

Only recently has the European Union Parliament taken an important though non-binding decision regarding Myanmar. In a resolution adopted in the first week of October 2021, the European Parliament voted to support Myanmar's shadow National Unity Government and its parliamentary committee as the only legitimate representative of crisis-hit Myanmar. According to Sebastian Strangio, Southeast Asia Editor for The Diplomat magazine, the resolution extended support for the people of Myanmar in their battle for democracy, freedom and human rights. It referred to the National Unity Government as "the only legitimate representatives of the democratic wishes of the people of Myanmar". It urged ASEAN and other foreign governments to include and involve the Rohingyas in genuine and inclusive political dialogue and efforts to resolve the crisis peacefully.<sup>15</sup>

<sup>15</sup> Sebastian Strangio, "European Union Parliament voices support for Myanmar's opposition government", The Diplomat, 11 October 2021. Available at: <https://thediplomat.com/2021/10/eu-parliament-voices-support-for-myanmars-opposition-government/>.

The motion, which was approved by 647 votes in favour, 2 against and 31 abstentions, makes the European Parliament the first foreign legislature to recognize the Committee Representing Pyidaungsu Hluttaw, a group founded in April 2021 by expelled National League for Democracy MPs and the National Unity Government. The resolution in Parliament criticized the coup and the military's intense internal counterinsurgency operations to protect it and asked the European Council to continue imposing "targeted and robust sanctions" on General Min Aung Hlaing and his junta. It specifically advised European Union member States to sanction any state-run Myanmar firms, including the state-owned Myanmar Oil and Gas Enterprise, the junta's single-most significant source of foreign money.

**Shifting recognition to opposition forces would imply a responsibility to provide more than verbal support for the National Unity Government's present political and violent battle against the junta. Apparently,.....**

Although the European Parliament's motion of support is a positive step for the National Unity Government, it can make such a move because it does not have to consider the repercussions of actually adopting the decision. If the European Commission granted equivalent recognition to the National Unity Government,

it would involve de-recognition of the military junta and closing its mission in Yangon. The same is true for European Union member States and any other foreign authority that formally recognizes the National Unity Government as the country's legitimate administration.

Shifting recognition to opposition forces would imply a responsibility to provide more than verbal support for the National Unity Government's present political and violent battle against the junta. Apparently, no Western administration is willing to take this step because there is no material benefit for them in doing so. The Ukraine crisis has further exacerbated the situation.

As things stand, most countries have avoided "taking a side" in Myanmar's crisis and thus leave their options open and maybe protect themselves from being entangled in geopolitical conflicts between China and Western democracies. While Myanmar activists have correctly pointed out that any interaction with the junta involves taking a side – the wrong side, the ambiguity of the current status quo, in which foreign governments maintain embassies in Yangon or Naypyidaw without extending formal recognition to the coup government, currently stands out as the least risky of the available options.

Strangio believes that Western backing for the National Unity Government will remain informal and unofficial despite the motion. "As long as the United Nations General Assembly has yet to resolve the vexing question of who should hold Myanmar's United Nations seat, which it recently deferred

until the end of its annual session next month, Western governments will likely extend their support to the National Unity Government through less direct and formal means,” he wrote.<sup>16</sup> The European Union nations should take note of the decision and take the necessary steps to support and strengthen the stance of the National Unity Government, not only for the resolution of the Rohingya situation but also for Myanmar’s democratic future. Germany may be able to set an example in this regard.

### **5. Strategic partnership in defence and security-related matters:**

All three branches of the Bangladesh military are almost entirely dependent on China for their hardware. Apart from technology, this dependence on China is hugely detrimental to the country’s vital interests. Given the all-out Chinese support for the Myanmar junta, Bangladesh risks being left high and dry if even a limited conflict arises at the Bangladesh–Myanmar border at some time in the future. Bangladesh has already decided to diversify its source of military equipment for all three forces, and Europe has prime potential for cooperation in this respect. Negotiations regarding fighter jets from Europe and battleships from the United Kingdom are known to have started. Germany being one of the countries with the highest levels of military technology, a strategic partnership between Bangladesh and Germany is a distinct possibility regarding military hardware. This

could mean purchasing certain items and greater cooperation in technology transfer and coproduction. Bangladesh’s market for such products will be huge in the coming 20–30 years. While it would upgrade the capabilities of Bangladesh, it would also bring benefits to the military industry of Germany. Given Germany’s policy of tying arms exports to human rights records, however, Bangladesh will need to take steps to improve the human rights image of its security forces before the international community. An important fallout of the Russian invasion of Ukraine has been changes in defence philosophy of Germany. Germany has decided to raise its defence budget past 2% of GDP. It has also for the first time sent arms to a country in conflict.

**Apart from technology, this dependence on China is hugely detrimental to the country’s vital interests. Given the all-out Chinese support for the Myanmar junta, Bangladesh risks being left high and dry if even a limited conflict arises at the Bangladesh–Myanmar border at some time in the future.**

<sup>16</sup> *ibid.*

**6. Assistance in climate change adaptation and mitigation:** Germany is the world's leading producer of environmentally beneficial alternative fuels. Bangladesh can benefit from Germany's renewable energy expertise and technological support. Global warming and climate change are both global threats. Bangladesh, as one of the most afflicted countries, and Germany, as an active player on climate issues, should work together to make the world more sustainable, liveable and environment-friendly. By contributing to the Delta Plan 2100 and Climate Funding, Germany can help Bangladesh mobilize resources for

**Bangladesh could gain from Germany's technological know-how in developing and managing sustainable and renewable energy.**

climate and security. Bangladesh could gain from Germany's technological know-how in developing and managing sustainable and renewable energy. Enhanced academic and research exchanges between Bangladeshi and German universities could help improve the standard of education and research in the Bangladeshi universities. A proper German-Bangladeshi university to provide German-quality higher education in Bangladesh, with the support of the German government, could be an excellent example of its science diplomacy.

7. Likewise, **more frequent cultural exchanges** between the two countries could improve mutual understanding and enhance people-to-people contact. The Goethe Institute could take on an important role in arranging these exchanges. Bangladesh can also take more proactive steps to showcase its unique culture to the people of Germany to alleviate the still rather negative image they seem to hold.

**...it would rather not have this funding at all because the NGOs working in these fields are critical of the government's handling of these issues.**

8. Germany, as also the European Union, could channel its development assistance through the government and with direct provision of funds through NGOs. The government of Bangladesh prefers official development assistance funds to be provided through government channels only, while differences of opinion sometimes become apparent. Particularly, funds for promoting human rights or democracy, which are priority areas apart from climate issues, are channelled through NGOs working in these fields. If the Bangladesh government had its way, it would rather not have this funding at all because the NGOs working in these fields are critical of the government's handling of these issues.

## A strong Bangladesh is good for Germany and the European Union

Bangladesh indeed has come a long way from the aid-dependent underdeveloped country of the 1980s. Even if it does not achieve the coveted “developed country” status by 2041, it would surely be an upper-middle-income country of around 200-plus million people. In the past 20 years, Bangladesh has demonstrated remarkable resilience in its growth and has maintained that resilience during trying times, like the COVID-19 crisis. The people of Bangladesh are innovative, hardworking and creative. These traits in their character will continue, and they will be able to meet the challenges that will present themselves in the coming days. The people of Bangladesh also have tremendous capacity to adapt to changed circumstances. There is also a scientific community that can help mitigate such challenges. For example, anticipating saline intrusion in the south of Bangladesh in the event of sea-level rise, scientists of Bangladesh Rice Research Institute have already developed a saline-resistant variety of rice and are in the process of improving it.

Bangladesh’s growth and progress will continue irrespective of the circumstances that are likely to develop. PricewaterhouseCoopers projects Bangladesh will become the 23rd-largest economy by 2050.<sup>17</sup> Her upward movement is likely to continue even after that, particularly given the demographic dividend in the next 20–30 years. Bangladesh will become a stronger country in any given scenario, but the support of strong friends will reinforce that possibility.

Bangladesh becoming a strong country and a stable friend with Germany and the European Union is beneficial because of the region’s geopolitical environment. There are marked differences between the United States’ policy regarding China and that of Europe towards China. Europe may not always support the American policy determined by the United States–China rivalry for global supremacy in certain circumstances. On the other hand, India, which enjoys friendly relations with the European countries, has its own ambitions. India is the hegemonic power of South Asia and wants to become the dominant force in the Indian Ocean region. It also has its border problems with China. Thus, Indian interests may not always be commensurate with those of the European Union countries in some circumstances. The other major countries of this region (such as Indonesia) are members of ASEAN and have certain compulsions under that structure.

Contrary to that, Bangladesh has no serious encumbrances. She is a member of the South Asian Association for Regional Cooperation, which does not have any strategic bindings. It is a moribund organization because of the perpetual India–Pakistan rivalry. As a future mid-sized South Asian power, Bangladesh is potentially the most reliable partner for the European Union and Germany. Therefore, a strong Bangladesh economically, strategically and militarily would be desirable for Germany and the European Union.

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<sup>17</sup> PricewaterhouseCoopers, The World in 2050 Report (2017).

## Conclusion

Bangladesh has no territorial or hegemonic ambitions. She wants to live in peace, pursue developmental goals for her people and contribute to global and regional peace and stability. A severe problem in the form of the Rohingya issue has been thrust upon the country from beyond the borders.

Unfortunately, the perceived friends have abandoned Bangladesh at a crunch time, compelling the country to re-evaluate their worth. It is now time for Bangladesh to realign its strategic thinking and look for new friends.

The Rohingya problem will be long-drawn and have unforeseen ramifications – political, social, economic and security-wise – for Bangladesh and the region. As of now, Bangladesh seems to be ill-prepared for the upcoming challenges. She will need to multiply her capabilities and look for new friends and allies beyond the neighbourhood in the geoeconomic and

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geopolitical contexts. Bangladesh must remain intensely engaged with the international community, including the United Nations, and persuade them to assume a more active role in realizing repatriation of the Rohingyas while remaining open to the international opinion.

With other powers having differing compulsions and ambitions, the one crucial avenue that remains possible for Bangladesh is a stronger relationship with Europe and Germany. Bangladesh should enter into long-term, mutually beneficial strategic partnerships with Germany and the European Union.

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