

SINO-US COMPETITION IN SOUTHEAST ASIA: OPPORTUNITIES AND CHALLENGES FOR BANGLADESH

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Introduction

ASEAN Countries and Their Dynamics in the Region

Southeast Asia is a region characterized by geographical and political complexity.¹ In contemporary definition, Southeast Asia consists of two geographic regions:

- The Mainland area of Southeast Asia comprising the populous nation Vietnam, the poor landlocked economy of Laos, the post-conflict society of Cambodia, Thailand, Myanmar country coming out of half a century of autarkic military rule and the market-oriented economy of Malaysia.
- The Maritime area of Southeast Asia comprising the diverse middle-income economy of Indonesia, the wealthy entrepot Singapore, the Philippines and the small but rich oil kingdom of Brunei.²

Formation of ASEAN

The Association of Southeast Asian Nations (ASEAN) was created by Thailand, Malaysia, Singapore, the Philippines and Indonesia in 1967. ASEAN was later joined by Brunei, Vietnam, Laos, Burma and Cambodia. The ASEAN Community is comprised of three pillars, the Political-Security Community, Economic Community and Socio-Cultural Community. The

¹ Swanström Niklas LP June 2008, 'Asia 2018-2028: Development Scenarios', Institute for Security and Development Policy [online], April 2018. <http://isdp.eu/content/uploads/publications/2008_swanstrom_asia-2018-2028.pdf>

² Ibid

strong focus on state sovereignty and non-interference underscores the limitations as well as advantages of the organization.³

ASEAN Member States

An overview of individual ASEAN member states is as follows:

- **Indonesia:** Foreign policy makers of Indonesia aim the country to have limited alignments in modern Southeast Asia. Jakarta has been expanding its bilateral relations with Beijing in areas of trade, investment, education and defence cooperation. However, it has emphasized the need for a U.S. presence to counter balance the threat of China's rising power.⁴
- **Philippines:** Filipino presidents have historically pivoted towards Washington as the ally. Nonetheless, Rodrigo Duterte as the President has introduced a taggering shift in the Philippines' foreign relations, reopening the dormant communication channels with the leadership in Beijing.
- **Singapore:** Singapore has adhered to its tried-and-tested formula of being relevant and friendly with all the major powers of the region.⁵ Singapore is the United States' sixth largest Asian trading partner. It is also the largest recipient of Chinese FDI in ASEAN.⁶
- **Vietnam:** One of the major concerns of Vietnamese policy makers is an increasing Vietnamese dependence on China as the principal supplier for its export-oriented economy.⁷ Vietnam considers the U.S. to be one of its most important partners as it has become one of the leading sources of FDI in Vietnam.⁸

3 Ibid

4 LaksmanaEvan A, China, the United States and the Future of Southeast Asia: Pragmatic Equidistance, New York University Press, New York, 2017.

5 Yee-KuangHeng 2017, China, the United States and the Future of Southeast Asia: economic and strategic trends in Southeast Asia, New York University Press, New York.

6 Ibid

7 ThuyTran Truong2017, China, the United States and the Future of Southeast Asia:Tightrope Walking over the Sea of Trouble, Vietnam's Foreign Policy, New York University Press, New York.

8 Ibid

- **Malaysia:** Currently, Malaysia and China are strong trading partners. On the other hand, U.S. and Malaysia have sustained military, security and trade cooperation.⁹ With the arrival of Prime Minister Mahathir Mohamad, it is probable that Malaysia will pursue equidistance from countries such as the United States and China, through a more integrated ASEAN partnership.¹⁰
- **Laos, Cambodia and Myanmar:** Thailand, Laos, Cambodia and Myanmar could never manage to form a coherent group of polities.¹¹ It is expected that Myanmar will go through a period of consolidation both for the government and foreign expectations towards this government. However, Myanmar is in danger of renewed isolation over the Rohingya issue.¹²
- **Thailand:** At present, Thailand is the only treaty ally of the U.S. on mainland Southeast Asia, but a country that arguably has the closest and most comfortable relationship with China of any Southeast Asian state.¹³ Thailand's importance to mainland Southeast Asia will be maintained by the new web of road and rail transportation links that is critical to China's Trans-Asian Railway.¹⁴
- **Brunei Darussalam:** Brunei and China share long-standing arrangements in trade and investment.¹⁵ Trade between the United States and Brunei in 2016 totalled \$628 million.¹⁶

9 Ahmed Zakaria 2017, *China, the United States and the Future of Southeast Asia: Not between Scylla and Charybdis*, New York University Press, New York.

10 Shankaran Nambiar July 2018, 'Mahatir's foreign policy reset', East Asia Forum [online], July 2018. <<http://www.eastasiaforum.org/2018/07/13/mahathirs-foreign-policy-reset/>>

11 Dalpino Catharin 2017, *China, the United States and the Future of Southeast Asia: The Mainland Minus One. Power Dynamics in Thailand, Laos, Cambodia and Myanmar*, New York University Press, New York.

12 Singh Daljit January 2018, 'Southeast Asia Outlook 2018', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_1.pdf>

13 Dalpino Catharin 2017, *China, the United States and the Future of Southeast Asia: The Mainland Minus One. Power Dynamics in Thailand, Laos, Cambodia and Myanmar*, New York University Press, New York.

14 Ibid

15 Ministry of Foreign Affairs and Trade, Brunei Darussalam [online], April 2018. <http://www.mofat.gov.bn/Pages/br_China.aspx>

16 U.S. Relations with Brunei, Bureau of East Asian and Pacific Affairs, Fact Sheet [online], September 2017. <<https://www.state.gov/r/pa/ci/bgn/2700.htm>>

ASEAN 2018

Heads of ASEAN Member States gathered in Singapore for the 32nd ASEAN Summit on 28 April 2018. As Singapore takes on the chairmanship, initiatives that will be spearheaded for improving trade facilitation and creating of a network of smart cities across ASEAN. ASEAN realises the significance of creating a single market and production base characterized by free flow of goods, services, and investments.¹⁷

ASEAN and China: ASEAN and China are working to operationalize the Code for Unplanned Encounters in the South China Sea, which ASEAN hopes will be expanded to include the non-military coast guard and para-military forces.¹⁸

ASEAN and the U.S: In the U.S.-ASEAN Dialogue held in Kuala Lumpur, on 03 April 2018, representatives reaffirmed their commitment to the rules-based order and to the ASEAN-centered regional architecture.¹⁹

The Rohingya Issue: The volatile situation in the Rakhine State of Myanmar may yet put ASEAN again in an uncomfortable position, especially if the humanitarian crisis escalates. The Rohingya issue will test ASEAN's credibility and capacity in managing intra-mural conflicts.²⁰

The U.S. Strategic Interest in Southeast Asia

History of the U.S. in Southeast Asia

During the Cold War, as part of its global containment strategy the U.S. provided advice and assistance to the Philippines in its long-running struggle with communist insurgents. Later on, Southeast Asia developed

17 Singh Daljit January 2018, 'Southeast Asia Outlook 2018', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_1.pdf>

18 Mun Tang Siew January 18, 'Southeast Asia Outlook 2018', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_1.pdf>

19 U.S. Mission to ASEAN Press Statement: U.S. ASEAN Dialogue [online], April 3, 2018. <<https://asean.usmission.gov/press-statement-u-s-asean-dialogue-april-3-2018/>>

20 Mun Tang Siew January 2018, 'Southeast Asia Outlook 2018', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_1.pdf>

into a place of high interest to the U.S. corporations and banks as the region enjoyed explosive economic growth.²¹

U.S. Pivot to Asia

ASEAN members welcomed the inauguration of President Obama, who expressed a desire to be the first Pacific President. The U.S. Pivot was driven by the recognition that U.S. policy needed to focus more heavily on the strategically important and economically vibrant Asia-Pacific.²² The US mission to ASEAN was established in Jakarta in 2010. The ASEAN-US Strategic Partnership was established in 2015.²³

The Trump Presidency

2017-18 saw the implementation of President Trump's 'America First' philosophy and policies in the form of the National Security Strategy (NSS) and the National Defense Strategy (NDS). The NSS contends that China seeks to displace the US as the paramount power in order to achieve regional hegemony and ultimately global pre-eminence.

One of the biggest changes between the 2015 NSS and the 2017 NSS is that the phrase "Asian pivot" or "rebalance" is gone. However, while Trump's Indo-Pacific policy rejects multilateral trade deals, the 2017 NSS pledges to expand Indo-Pacific alliances and partnerships to create a security architecture capable of maintaining stability.²⁴

Implications of NSS and NDS for Southeast Asia: The geopolitical implications of the NSS and NDS for Southeast Asia are significant. An

21 Ott Marvin C 2017, *China, the United States and the Future of Southeast Asia*: U.S. Security Strategy and Southeast Asia, New York University Press, New York.

22 Murphy Ann Marie Clinton 2017, *China, the United States and the Future of Southeast Asia*: ASEAN's External Policy, New York University Press, New York.

23 Liow Joseph ChinyongLe August 2017, 'Southeast Asian perspectives on US-China competition: Southeast Asia in the US Debate', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

24 Storey Ian February 2018, 'Southeast Asia Outlook 2018: The Trump Administration's 2017 National Security Strategy and 2018 National Defense Strategy', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_9@50.pdf>

intensification of Sino-US rivalry in the region would greatly complicate Southeast Asia's security environment and the foreign policy decision-making processes of regional states, increase tensions in the South China Sea and put further stress on ASEAN unity and hence its centrality in the regional security architecture.²⁵ Not only will Trump's proclivity for bilateralism effectively side-line ASEAN, but the ideologically different world view of his administration over rivalry with China will further downgrade Southeast Asia's strategic value.²⁶

Chinese Strategic Interests in Southeast Asia

History of China in Southeast Asia

With the emergence of the North American Free Trade Arrangement and the European Union, China realized the need to become more committed to regional cooperation. China had two options: either build a Free Trade Agreement with Japan and South Korea, its Northeast Asian neighbours or form one with Southeast Asian countries.

ASEAN vs Northeast Asia: China chose ASEAN rather than its Northeast Asian neighbours as partners. The building of an FTA block with ASEAN countries was a direct result of China's anticipation that ceding more economic interests to its Southeast Asian neighbours would help stabilize its political relationship with these countries and at the same time counter the 'China Threat' perception.²⁷

China and ASEAN

Since 2009, China has replaced the United States as the largest trading partner of ASEAN.²⁸ China and Southeast Asia saw an increase of 8.3

25 Ibid.

26 Laksmana Evan A August 2017, 'Southeast Asian perspectives on US-China competition: Asean Centrality in the South China Sea', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

27 Shaofeng Chen 2017, *China, the United States and the Future of Southeast Asia: China's Economic Approach to ASEAN*, New York University Press, New York.

28 Ibid

percent in mutual trade over 2013, with the total value of trade reaching US\$480.3 billion in 2014. By the end of 2013, the cumulative ASEAN investment in China accounted for 6.6 percent of the total Chinese FDI.²⁹

The Asian Infrastructure Investment Bank (AIIB) is widely considered an indicator of China's growing international influence.³⁰ The projects the bank funds include linkages between countries in the region and cross-border infrastructure projects in Southeast Asia.³¹

Energy has become a central factor in shaping China's geopolitical and diplomatic standing in key oil and gas exporting countries and regions. For future supplies, China's oil and gas imports will increasingly have to transit a series of vulnerable maritime chokepoints through sea lanes of Southeast Asia.

The South China Sea Dispute

The South China Sea including its islands remains one of the major territorial disputes China has today in Asia. It has disputes with Vietnam, the Philippines, Brunei and Malaysia.

South China Sea Arbitration: In April 2012, Chinese and Philippines ships had a tense stand off at Scarborough shoal. Philippines filed its case at the UNCLOS in January 2013 and in 2016 the United Nations Arbitral Tribunal ruled in favour of Philippines.³² Chinese activity in the South China Sea has appeared to have slowed down after the arbitral tribunal hearing. This apparent lull in the South China Sea may be attributed to an upturn in bilateral relations with the Philippine Government under Rodrigo Duterte.³³

29 Shulong Chu 2017, *China, the United States and the Future of Southeast Asia: China and the United States in Southeast Asia*, New York University Press, New York.

30 Ott Marvin C 2017, *China, the United States and the Future of Southeast Asia: U.S. Security Strategy and Southeast Asia*, New York University Press, New York.

31 <<https://www.investopedia.com/terms/a/asian-infrastructure-investment-bank-aiib.asp>> (accessed online, May 2018)

32 <<http://globalnation.inquirer.net/140358/philippines-arbitration-decision-maritime-dispute-south-china-sea-arbitral-tribunal-unclos-itlos>> (accessed online, May 2018)

33 Liow Joseph Chinyong Le August 2017, 'Southeast Asian perspectives on US-China competition: Southeast Asia in the US Debate', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

The U.S. and China in Southeast Asia - A Comparative Study

Sino-U.S. Strategic Disconnect

A fundamental disconnect can be seen in Southeast Asia between the core strategic interests of the United States and China. This threatens to undermine the regional security architecture. Beijing is prepared to challenge the prevailing US-led global order and present possible alternatives. The United States, on the other hand, will not compromise its own imperative of primacy.³⁴

China-U.S-ASEAN Linkages

Both China and the United States see Southeast Asia as important in its own right and are willing to exert considerable effort there to promote their interests. Both want access to and influence in Southeast Asia and have invested enough, economically and strategically, to be true competitors there.³⁵ As a result, both have a desire to avoid conflict in Southeast Asia; however hindrance is created by the strikingly different operating styles of the two states. The U.S. prefers market-oriented economic policies, while China is most comfortable relying on state-owned or state-controlled enterprises to carry out its plans.³⁶

The South China Sea Dispute: In case of the South China Sea dispute, the bigger security interests lies in China's relationship with the United States. Due to the U.S. alliance with the Philippines, and its interest in the sea lanes, the U.S. is also a claimant of the South China Sea along with China and Southeast Asia.³⁷ Both China and the U.S. have increased military activity in

34 Liow Joseph Chinyong Le August 2017, 'Southeast Asian perspectives on US-China competition: Southeast Asia in the US Debate', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

35 Denoon David B H 2017, *China, the United States and the Future of Southeast Asia: Conclusion*, New York University Press, New York.

36 Ibid.

37 Shulong Chu 2017, *China, the United States and the Future of Southeast Asia: China and the United States in Southeast Asia*, New York University Press, New York.

the South China Sea in 2018 by conducting a series of naval manoeuvres and exercises stepping up naval presence in the region.³⁸

Southeast Asian Hedging

Southeast Asian hedging in the face of rising Chinese power is a common trend and the United States is well-positioned to benefit from this broad trend in the region. Southeast Asian leaders are keen to enhance their nationalistic ambitions but countries like China have territorial ambitions directly at odds with their national interests. This is why the United States has the added advantage of being seen in Southeast Asian governments as the 'least distrusted power'.³⁹ However, Chinese economic stagnation or decay would probably be worse than strengthened Chinese competitiveness for Southeast Asia.⁴⁰

Trade War

On 6th July 2018 the U.S. imposed tariffs on \$34 billion worth of Chinese goods. China promptly matched this move with tariffs of its own. President Trump has threatened tariffs on \$500 billion dollars in trade, equivalent to all the goods the U.S. imports from China.⁴¹ Southeast Asian nations are seen as vulnerable to Trump's tariffs. The main reason is that these countries are a significant contributor to Chinese exports that are headed towards the U.S. If U.S-China tensions evolve into a full-scale trade war, export-oriented Asian economies could emerge as the biggest losers.⁴²

38 'Territorial Disputes in the South China Sea' 12 July 2018, Council on Foreign Relations [online], July 2018. <https://www.cfr.org/interactives/global-conflict-tracker?cid=ppc-Google-grant-conflict_tracker-031116&gclid=CO7uruyKq9ECFYZLDQodhDEDyw#!/conflict/territorial-disputes-in-the-south-china-sea>

39 Liow Joseph Chinyong Le August 2017, 'Southeast Asian perspectives on US-China competition: Southeast Asia in the US Debate', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

40 Sutter Robert 2008, *China, the United States and Southeast Asia: Is a China-centred order marginalizing the United States?* Routledge, New York.

41 Financial Times [online], July 2018. <<https://www.ft.com/content/6959ee06-8222-11e8-96dd-fa565ec55929>>

42 ChandranNyshka May 2018, 'How Trump's China tariffs could hit the rest of Asia', CNBC [online], June 2018. <<https://www.cnbc.com/2018/05/03/trump-china-tariffs-could-hit-rest-of-asia.html>>

Themes Impacting the Strategic Environment

The strategic environment of Southeast Asia could directly be impacted by three major Sino-U.S. themes in the NSS and NDS:

- In the case of a more Sino-U.S. competitive dynamic, the regional security environment would make it harder for Southeast Asian states to balance their relations with America and China.
- U.S. administration may seek to counteract Beijing's assertiveness in the South China Sea. Beijing will respond by increasing its military presence on its artificial islands.
- The NSS pledges to strengthen America's partnerships with Southeast Asian countries. To do so, America is required to boost arms sales to regional states, increase combined military exercises and pre-position military equipment overseas. China's response will be to look to expand its defence diplomacy activities in the region with port visits, combined exercises and arms sales.⁴³

ASEAN's Dilemma

The continuing reluctance of Southeast Asian officials to move under China's sway and their determination to develop ties with other powers appear to demonstrate that Asia is not going towards a Sino-centric order.⁴⁴ However, US economic interests in the region have been set back due to the avowed disdain in the Trump administration for multilateral trade and economic initiatives.⁴⁵ Such an environment of escalating US-China rivalry would greatly complicate Southeast Asia's strategic situation and the foreign policy decision-making processes of these regional states.⁴⁶

43 Storey Ian February 2018, 'Southeast Asia Outlook 2018: The Trump Administration's 2017 National Security Strategy and 2018 National Defense Strategy', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_9@50.pdf>

44 Sutter Robert 2008, *China, the United States and Southeast Asia: Is a China-centred order marginalizing the United States?* Routledge, New York.

45 Liow Joseph Chinyong Le August 2017, 'Southeast Asian perspectives on US-China competition: Southeast Asia in the US Debate', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

46 Storey Ian February 2018, 'Southeast Asia Outlook 2018: The Trump Administration's 2017 National Security Strategy and 2018 National Defense Strategy', ISEAS – Yusof Ishak Institute [online], April 2018. <https://www.iseas.edu.sg/images/pdf/ISEAS_Perspective_2018_9@50.pdf>

Outlook

The United States and China are both acutely aware that neither would benefit from any conflict in Southeast Asia.⁴⁷ Both are expanding cooperation in all realms serving their mutual interests. This shows China and the United States are pursuing parallel policies of pragmatic and mutual engagement. Here is where Southeast Asia can conceivably rise above its role of simply serving inadvertently as the arena for major power rivalry to play out.⁴⁸ The Southeast Asian goal can be to bring about some degree of political convergence so that both great powers will have a stake in preserving Southeast Asia's autonomy and promoting its prosperity.⁴⁹ In the years ahead, ASEAN and its constituent states will need stronger leadership and stronger institutions, if they are to help steer Beijing and Washington away from confrontation.⁵⁰

Implications of Sino - U.S. - ASEAN Link on Bangladesh

Bangladesh's geographical location between two major regions of Asia-South Asia and Southeast Asia-provides a unique opportunity for the country to benefit from greater cross-border movement of goods and services, investment flows, and enhanced human contact. However, Bangladesh is one of the most disengaged countries in the region, deprived of its status as a key node on the silk route.⁵¹ In order to take advantage of the ever-changing economic scenario fuelled by the Sino-U.S-ASEAN link prevailing within the Southeast Asian region, Bangladesh needs to make effective inroads into the complex environment. The potential role

47 Godwin Paul H B 2008, *China, the United States and Southeast Asia: China as a Major Asian Power: The Implications of its Military Modernization*, Routledge, New York.

48 Liow Joseph Chinyong Le August 2017, 'Southeast Asian perspectives on US-China competition: Southeast Asia in the US Debate', Lowy Institute [online], April 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

49 Goh Evelyn and Simon Sheldon W 2008, *China, the United States and Southeast Asia: Introduction*, Routledge, New York.

50 Connelly Aaron L August 2017, 'Southeast Asian perspectives on US-China competition: Introduction', Lowy Institute [online], May 2018. <<https://www.lowyinstitute.org/publications/southeast-asian-perspectives-us-china-competition>>

51 Rahman Mustafizur, Moazzem Khondaker Golam, Chowdhury Mehruna Islam, and Sehrin Farzana September 2014, 'Connecting South Asia and Southeast Asia: A Bangladesh Country Study', Asian Development Bank Institute [online] June 2018. <<https://www.adb.org/sites/default/files/publication/154305/adbi-wp500.pdf>>

that Bangladesh can play in the region is directly related to the strategic significance of the Bay of Bengal.

Strategic Significance of Bay of Bengal

The Bay of Bengal is a key strategic sub-region within the Indian Ocean Region (IOR), functioning as a “hinge” between the Indian and Pacific Oceans, but it is one of the least explored or extracted offshore and inshore regions.⁵²

While ASEAN’s attention has been predominantly focused on its eastern seaboard, there have been calls for stronger links to be developed with actors to its West as well. More immediate attention can be directed to the most proximate section of the Indian Ocean, as well as to the key strategic locations in the region, particularly the Bay of Bengal.⁵³

Importance of ASEAN-IOR Interconnection: A section of the IOR, particularly the Bay of Bengal, is geographically proximate to the ASEAN region. ASEAN has high economic and strategic stakes in the security of the SLOCs in the Bay of Bengal as any tensions or security threats in this sub-region impinge directly on the significant levels of regional trade and energy supplies transiting these sea lanes.⁵⁴ SLOC of this area are critically located as they are conduits for the transit of energy supplies from the Gulf States to the economic powerhouses of Southeast Asia.⁵⁵ China is making increasing forays into the IOR leading to great power plays in the Bay of Bengal, so engagement with the Bay states along areas of common interest will provide a credible spring board for an increased ASEAN presence in the IOR.⁵⁶

52 GamageRajni 2017, ‘ASEAN and the Indian Ocean, Bay of Bengal: What implications for ASEAN?’ S.Rajaratnam School of International Studies [online] June 2018 <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

53 Yong Ong Keng September 2014, ‘ASEAN and the Indian Ocean: Foreword’, S. Rajaratnam School of International Studies [online] June 2018. <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

54 GamageRajni 2017, ‘ASEAN and the Indian Ocean, Bay of Bengal: What implications for ASEAN?’ S.Rajaratnam School of International Studies [online] June 2018. <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

55 GamageRajni, Bateman Sam and Chan Jane 2017, ‘ASEAN and the Indian Ocean: Introduction’, S. Rajaratnam School of International Studies [online], June 2018. <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

56 GamageRajni 2017, ‘ASEAN and the Indian Ocean, Bay of Bengal: What implications for ASEAN?’ S.Rajaratnam School of International Studies [online] June 2018. <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

Current Connectivity of Bangladesh in the Region: BIMSTEC

The Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is a regional organization comprising seven Member States lying in the littoral and adjacent areas of the Bay of Bengal including Bangladesh, Bhutan, India, Nepal, Sri Lanka, Myanmar and Thailand.⁵⁷ BIMSTEC's mission to deepen regionalism will stand a better chance of succeeding, if its members make the organization a priority, endow it with adequate resources, and enact reforms to strengthen its capabilities.⁵⁸

Bilateral Ties of Bangladesh with China

China's foreign assistance to Bangladesh amounts to about US\$1 billion a year. Additionally, a \$24 billion lending program, promised by China's President Xi Jinping during his visit in October 2016 is getting underway.⁵⁹ Additionally in February 2018 the AIIB approved a \$60 million loan to develop a 220-megawatt combined cycle power plant in Bhola.⁶⁰ China is also currently involved in upgrading the US\$8.7 billion Chattogram port in Bangladesh.⁶¹ China is Bangladesh's largest trading partner and supplier of military equipment.⁶²

57 <<https://bimstec.org/>> (accessed online, June 2018).

58 Constantino Xavier February 2018, 'Bridging Bay of Bengal: Toward a Stronger BIMSTEC', Carnegie India [online], June 2018. <<https://carnegieindia.org/2018/02/22/bridging-bay-of-bengal-toward-stronger-bimstec-pub-75610>>

59 Cookson Forrest and JoehnkTom Felix April 2018, 'China and India's geopolitical tug of war for Bangladesh', East Asia Forum [online], June 2018. <<http://www.eastasiaforum.org/2018/04/11/china-and-indias-geopolitical-tug-of-war-for-bangladesh/>>

60 <<https://www.thedailystar.net/country/asian-infrastructure-investment-bank-aiib-approves-60mn-loan-for-bangladesh-power-project-1540462>> (accessed online, June 2018)

61 GamageRajni 2017, 'ASEAN and the Indian Ocean, Bay of Bengal: What implications for ASEAN?' S.Rajaratnam School of International Studies [online] June 2018. <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

62 'Bangladesh and Bangladesh-U.S. Relations Congressional Research Service' October 2017, Congressional Research Service [online], June 2018. <https://www.everycrsreport.com/files/20171017_R44094_791707d4a965516ac0be0b7c334e693d3343967e.pdf>

Bilateral Ties of Bangladesh with the U.S.

The United States and Bangladesh have generally enjoyed a positive working relationship. The two nations hold an annual Partnership Dialogue and a Security Dialogue and have developed a cooperative relationship over the years to meet shared concerns. Bangladesh participates in the State Department's Anti-terrorism Assistance program and PACOM conducts naval exercises with Bangladesh. In 2015, U.S. Foreign Direct Investment (FDI) in Bangladesh amounted to \$589 million—an increase of 24.3% from 2014 and for the fiscal year 2018, the Trump Administration requested about \$138 million in foreign-assistance funding for Bangladesh.⁶³

Becoming Significant to ASEAN

The following characteristics of Bangladesh affect its significance in the Southeast Asian environment:

- Blue Economy refers to sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ensuring a healthy ocean ecosystem.⁶⁴ ASEAN is showing a keen interest in this trend and Bangladesh is by far the most assertive in leading the discourse on the Blue Economy.⁶⁵
- Through referral to international arbitration, Bangladesh has played an exemplary role in resolving its maritime disputes with India and Myanmar. This willingness to following the path of negotiations over a more muscular form of diplomacy makes Bangladesh particularly relevant to ASEAN states involved in maritime disputes within the South China Sea.⁶⁶

63 Ibid.

64 'Blue Economy Becomes the Future of ASEAN-India Cooperation' November 2017, Ministry of Foreign Affairs Republic Of Indonesia[online], June 2018. <<https://www.kemlu.go.id/en/berita/berita-perwakilan/Pages/Blue-Economy-Becomes-the-Future-of-ASEAN-India-Cooperation.aspx>>

65 Manik Shaikh RezanulHaque February 2018, 'Blue Economy: A New Prospect for Bangladesh', Daily Sun [online], June 2018. <<http://www.daily-sun.com/printversion/details/290283/Blue-Economy:-A-New-Prospect-for-Bangladesh>>

66 GamageRajni 2017, 'ASEAN and the Indian Ocean, Bay of Bengal: What implications for ASEAN?' S.Rajaratnam School of International Studies [online] June 2018 <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

- There is a dearth of institutionalization in the Bay of Bengal in comparison to the ASEAN in terms of maritime security governance. More comprehensive mechanisms like the Indian Ocean Rim Association are addressing maritime security but only to a limited extent.⁶⁷

Recommendations for Bangladesh

Bangladesh cannot escape the imperative of having to conduct its foreign policy in the context of the complex relationship between the U.S., China and ASEAN. The following recommendations could help point Bangladesh towards an effective way forward within the complex regional environment:

- **Strengthening Regional Integration:** Boosting intra-regional trade could be Bangladesh's best safeguard against any potential escalation between Washington and Beijing. For this Bangladesh needs to strengthen regional integration. It can start off these efforts by strengthening BIMSTEC. The organization requires an empowered secretariat and prioritization of sustained physical connectivity.⁶⁸
- **Establishing Cooperative Security in the Bay of Bengal:** Bangladesh needs to determine the priority areas for maritime security cooperation in the region and the ways in which these priorities can be addressed at the tactical and strategic levels. It needs to determine the nature of cooperation among states, i.e. with respect to norms of sovereignty, cooperation between coastguards and navies, coordination with law enforcement agencies on land, etc.⁶⁹

⁶⁷ Ibid.

⁶⁸ Constantino Xavier February 2018, 'Bridging Bay of Bengal: Toward a Stronger BIMSTEC', Carnegie India [online], June 2018. <<https://carnegieindia.org/2018/02/22/bridging-bay-of-bengal-toward-stronger-bimstec-pub-75610>>

⁶⁹ Gamage Rajni 2017, 'ASEAN and the Indian Ocean, Bay of Bengal: What implications for ASEAN?' S.Rajaratnam School of International Studies [online] June 2018. <<https://www.rsis.edu.sg/wp-content/uploads/2017/08/Monograph33.pdf>>

- **Balancing between China and the U.S:** Bangladesh has healthy bilateral ties with both China and the U.S. Regional ambitions can be detrimentally affected by aligning to one great power. An independent foreign policy and establishing greater strategic ties with ASEAN can be advantageous to Bangladesh.
- **Addressing Non-Traditional Security Threats:** Any attempt to foster greater connectivity in the Bay and by extension in Southeast Asia, must take non-traditional security threats into account. These include the trafficking of narcotics, weapons, and people and the illegal exploitation of natural resources.⁷⁰
- **Harnessing Blue Economy:** The delimitation of sea boundary with Myanmar and India has indeed opened up a new window of opportunities for Bangladesh. However, the delta of Bangladesh and its maritime territory have yet to be completely exploited.⁷¹ In order to effectively harness the Blue Economy, Bangladesh needs to assess the valuation of the ecosystem at the national level and invest in the transition to a blue economy.⁷²

Conclusion

In this paper the characteristics of the Sino-U.S. power plays, Southeast Asian inter / intra connectivity and its effects on the ASEAN states have been analyzed in depth. Special focus has been given to the balancing strategy required in such an environment.

An endeavour has been made to craft a relevant Way Forward for Bangladesh in the prevailing regional setting. Suffice to say that regional

70 Constantino Xavier February 2018, 'Bridging Bay of Bengal: Toward a Stronger BIMSTEC', Carnegie India [online], June 2018. <<https://carnegieindia.org/2018/02/22/bridging-bay-of-bengal-toward-stronger-bimstec-pub-75610>>

71 Manik Shaikh RezanulHaque February 2018, 'Blue Economy: A New Prospect for Bangladesh', Daily Sun [online], June 2018. <<http://www.daily-sun.com/printversion/details/290283/Blue-Economy:-A-New-Prospect-for-Bangladesh>>

72 Patil Pawan April 2018, 'Bangladesh is thinking big by thinking blue', World Bank [online], June 2018. <<http://blogs.worldbank.org/endpovertyinsouthasia/bangladesh-thinking-big-thinking-blue>>

partnership in and around the Bay of Bengal is expected to give desired dividends in all spheres, especially in economic and infrastructural development of Bangladesh. While every sovereign state has its own right to choose whatever is strategically prudent in a prevailing geo-economic environment, but maintaining an apt balance in relations with the trio (USA-China-ASEAN) emanates as the most logical course of action in present circumstances. The core finding of this paper can be summed up as follows:

“The potential role that Bangladesh can play in the region (South and South East Asia) is directly related to the strategic significance of the Bay of Bengal: its inter / intra operability in / around the region and its exploitation of natural resources”.

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