



Research Paper

# Evolution and Prospects of China-Bangladesh Trade Relations in the Context of the Belt and Road Initiative

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**Abstract:**

*This conceptual paper examines the evolution and prospects of China-Bangladesh trade relations in the context of the Belt and Road Initiative (BRI). The study explores how bilateral trade relations have evolved from limited diplomatic and commercial exchange into a broader strategic economic partnership involving trade, investment, infrastructure, technology transfer, and regional connectivity. Using a qualitative conceptual approach based on secondary literature, policy documents, trade statistics, and institutional reports, the paper analyzes the opportunities and challenges created by BRI-based cooperation. The discussion is guided by International Trade Theory, Dependency Theory, Regional Integration Theory, and Geoeconomic Theory. The study finds that BRI has created important opportunities for Bangladesh through infrastructure development, trade facilitation, foreign direct investment, industrial upgrading, special economic zones, and regional value-chain integration. However, the relationship remains structurally imbalanced, as Bangladesh imports large volumes of machinery, textile inputs, electronics, chemicals, and capital goods from China, while its exports to China remain limited and concentrated in a few sectors. The paper also highlights risks related to trade deficit, import dependence, debt sustainability, limited export diversification, environmental concerns, and geopolitical sensitivity. The study concludes that the future of China-Bangladesh trade relations is promising but conditional. Bangladesh can benefit from BRI if it links infrastructure and investment with export diversification, industrial capacity, technology transfer, debt management, and strategic autonomy. The paper contributes by offering an integrated conceptual framework for understanding the opportunities, risks, and future policy directions of China-Bangladesh trade relations under BRI.*

**Keywords:** *China-Bangladesh trade relations, Belt and Road Initiative, trade deficit, infrastructure connectivity, export diversification, regional integration.*

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## I. Introduction

China-Bangladesh trade relations have evolved from a conventional bilateral economic relationship into a broader strategic partnership shaped by trade, investment, infrastructure, technology transfer, and regional connectivity. China has become one of Bangladesh's most important trade and development partners, while the Belt and Road Initiative (BRI) has added a new dimension by linking bilateral trade with infrastructure connectivity, investment cooperation, development financing, and regional integration (Saimum, 2020; Yasmin, 2023).

BRI-related cooperation may support Bangladesh's industrial capacity, technological upgrading, and trade modernization through Chinese FDI and infrastructure development. Akter, Bi, Qiu, and Sarker (2023) suggest that Chinese FDI spillovers can enhance technological development, while Akter et al. (2025) show that Chinese investment contributes to industrial growth, particularly in manufacturing and construction.

However, the relationship remains structurally imbalanced. Bangladesh imports large volumes of machinery, raw materials, electronics, chemicals, and industrial inputs from China, while its exports to China remain limited and concentrated in a few sectors. Hossain et al. (2021) and Mashrafy and Ullah (2024) show that Bangladesh's trade deficit with China has widened over time. Although China's duty-free access may create export opportunities, Bangladesh must improve export diversification, product quality, sectoral competitiveness, and value-added production to benefit fully from the Chinese market (Bhuiyan & Alve, 2021; Islam et al., 2024).

At the same time, China-Bangladesh trade relations under BRI must be understood within a wider

geopolitical context. Bangladesh must balance economic cooperation with China while managing debt concerns, strategic autonomy, and relations with India and other development partners (Datta, 2008; Yasmin, 2023). Therefore, this study examines how China-Bangladesh trade relations have evolved, how BRI has reshaped bilateral economic engagement, and what opportunities and risks may define the future of this relationship.

## 1.2 Problem Statement

China-Bangladesh trade relations have expanded significantly, especially after China became one of Bangladesh's major trade, investment, and development partners. The relationship gained further momentum under the Belt and Road Initiative (BRI), which links bilateral trade with infrastructure development, foreign direct investment, industrial cooperation, and regional connectivity. However, despite this growing cooperation, the trade relationship remains structurally imbalanced. Bangladesh imports a large volume of machinery, textile inputs, electronics, chemicals, capital goods, and industrial raw materials from China, while its exports to China remain limited and concentrated in a few products. Hossain et al. (2021) found that Bangladesh's trade gap with China has widened over time, and Mashrafy and Ullah (2024) noted that imports from China have grown faster than exports under BRI-based cooperation.

This imbalance creates a major research problem because BRI is often presented as a platform for mutual development and win-win cooperation. In reality, Bangladesh's ability to benefit from BRI depends on whether it can transform infrastructure and investment cooperation into export growth, industrial upgrading, and diversified trade participation. Although China's duty-free access may create export opportunities for Bangladesh, the benefits depend on Bangladesh's productive capacity, trade facilitation, and export diversification (Bhuiyan & Alve, 2021; Islam et al., 2024).

Moreover, China-Bangladesh trade relations under BRI are shaped not only by economic factors but also by geopolitical concerns, debt sustainability, and strategic balancing with regional and global powers. Existing studies often discuss trade, BRI investment, and geopolitics separately. Therefore, this study addresses the need for an integrated conceptual analysis of how China-Bangladesh trade relations have evolved, how BRI has reshaped bilateral economic engagement, and what opportunities and risks may define the future of this relationship.

## 1.3 Research Rationale

The rationale for this study is based on the growing importance of China-Bangladesh trade relations for Bangladesh's infrastructure, industrial development, export diversification, and regional connectivity. Through the BRI, China provides investment, technology, manufacturing support, and connectivity opportunities. However, Bangladesh also faces trade deficits, import dependence, debt concerns, limited export diversification, and geopolitical sensitivity. Therefore, this study offers a balanced conceptual understanding of the opportunities and risks shaping China-Bangladesh trade relations under the BRI framework.

## 1.4 Research Questions

This study is guided by the following research questions:

- a) How have China-Bangladesh trade relations evolved over time?
- b) How has the Belt and Road Initiative influenced trade, investment, infrastructure, and connectivity cooperation between China and Bangladesh?
- c) What opportunities does BRI create for Bangladesh in terms of export expansion, industrial upgrading, technology transfer, and regional trade integration?
- d) What are the major challenges and risks in China-Bangladesh trade relations under the BRI framework?
- e) What are the future prospects of China-Bangladesh trade relations in the context of BRI?

## 1.5 Objectives of the Study

The broad objective of this study is to conceptually examine the evolution and future prospects of China-Bangladesh trade relations in the context of the Belt and Road Initiative.

The specific objectives are:

- a) To examine the historical evolution of China-Bangladesh trade relations.
- b) To analyze how the Belt and Road Initiative has reshaped bilateral trade, investment, and infrastructure cooperation between China and Bangladesh.
- c) To identify the major opportunities created by BRI for Bangladesh's trade expansion, industrial development, export diversification, and regional connectivity.
- d) To examine the major challenges associated with China-Bangladesh trade relations, including trade imbalance, import dependence, debt concerns, and geopolitical sensitivities.
- e) To develop a conceptual understanding of the future prospects of China-Bangladesh trade relations under the BRI framework.

## **II. Conceptual Background**

The conceptual background explains how China-Bangladesh relations evolved from diplomatic engagement into a broader partnership involving trade, infrastructure, investment, technology, and regional connectivity, reflecting Bangladesh's development needs and China's strategic interests in South Asia and the Bay of Bengal.

### **2.1 Overview of China-Bangladesh Diplomatic and Economic Relations**

China-Bangladesh relations have evolved from diplomatic recognition and basic economic exchange into a broader partnership involving trade, investment, infrastructure, technology, and regional connectivity. China has become one of Bangladesh's key economic partners, supplying machinery, textile inputs, electronics, chemicals, and capital goods that support domestic production. However, this dependence has also widened the trade deficit, as Bangladesh's imports from China remain much higher than its exports (Hossain et al., 2021). Datta (2008) notes that Bangladesh's relations with China must be understood within the wider South Asian context, especially because of Bangladesh's balancing relationship with both China and India. The BRI has further deepened this partnership by linking trade with infrastructure, investment, and connectivity, creating new prospects for cooperation while also making the relationship more strategic and complex (Saimum, 2020; Bhuiyan & Wang, 2024).

### **2.2 Evolution of Bilateral Trade Relations**

China-Bangladesh trade relations have evolved through several stages. These stages can be broadly categorized into the early phase, expansion phase, and BRI-driven phase. Each stage reflects changes in trade volume, product composition, investment patterns, infrastructure cooperation, and strategic importance.

#### **2.2.1 Early Phase of Trade Relations**

The early phase of China-Bangladesh trade relations was characterized by limited economic exchange and gradual diplomatic normalization. During this period, Bangladesh was still developing its industrial base, while China was also undergoing major economic transformation. Bilateral trade existed, but it was not as extensive as in later decades. The relationship was mainly shaped by political goodwill, diplomatic engagement, and the search for mutually beneficial cooperation. Bangladesh required affordable industrial goods, machinery, consumer products, and development support, while China gradually expanded its engagement with South Asian countries.

In this early phase, trade relations were not yet driven by large-scale infrastructure or regional connectivity initiatives. Instead, they were built on basic commercial exchange and growing diplomatic understanding. Bangladesh's limited industrial capacity and narrow export base restricted its ability to export significantly to China. As a result, the foundation of the later trade imbalance was already visible: Bangladesh imported more from China than it exported. However, this phase was important because it created the diplomatic foundation for future trade expansion and broader economic cooperation.

#### **2.2.2 Expansion Phase**

The expansion phase marked a significant increase in China-Bangladesh trade relations. China became a major supplier of industrial inputs, machinery, electronics, textile materials, and consumer goods to Bangladesh. As Bangladesh's manufacturing sector, especially the ready-made garment industry, expanded, its demand for Chinese raw materials and machinery also increased. Yasmin (2023) notes that China became Bangladesh's largest trading partner in 2006, which indicates the growing importance of China in Bangladesh's external trade structure. However, this expansion was uneven. Bangladesh's imports from China increased rapidly, while exports to China remained limited. Hossain et al. (2021) found that Bangladesh's exports to China were concentrated in a few sectors, while imports were more diversified and larger in volume. This created a persistent trade deficit. Bhuiyan and Alve (2021) also show that Bangladesh's exports to China are influenced by trade agreements, tariff barriers, market size, and distance-related costs. These findings suggest that the expansion phase created both opportunities and vulnerabilities. On one hand, China became essential for Bangladesh's industrial production. On the other hand, Bangladesh became increasingly dependent on Chinese imports without achieving a proportional increase in exports.

This phase also encouraged Bangladesh to explore ways to improve market access in China. Hossain, Huang, Zhang, and Ali (2021) argue that Bangladesh has potential to expand trade with China by focusing on products where it has revealed comparative advantage. Similarly, Islam et al. (2024) show that China's duty-free trade policy for Bangladeshi products may create positive export effects, although these benefits depend on Bangladesh's sectoral competitiveness. Therefore, the expansion phase highlights the need for export diversification, better trade policy, and stronger productive capacity.

#### **2.2.3 BRI-Driven Phase**

The BRI-driven phase represents the most recent and strategically significant stage of China-Bangladesh trade relations. Under BRI, bilateral relations are no longer limited to trade in goods. They now include infrastructure projects, energy cooperation, transport connectivity, special economic zones, port development, technology transfer, and investment-led industrialization. Saimum (2020) explains that BRI can reshape Bangladesh's trade and connectivity prospects by linking infrastructure development with regional economic

integration. Mashrafy and Ullah (2024) also argue that BRI has strengthened China-Bangladesh economic relations through trade, investment, and loans. This phase is important because it connects trade relations with the physical and institutional foundations of economic development. Improved roads, ports, bridges, power supply, and industrial zones can reduce trade costs, increase production capacity, and enhance Bangladesh's export competitiveness. Akter, Bi, Qiu, and Sarker (2023) suggest that BRI may contribute to technological development through Chinese FDI spillovers. Akter et al. (2025) also show that Chinese investment can support industrial growth, particularly in manufacturing and construction. Therefore, the BRI-driven phase has the potential to move Bangladesh from import dependence toward production-based and export-oriented cooperation.

Nevertheless, this phase also brings new risks. Large infrastructure financing may create debt sustainability concerns if projects do not generate sufficient economic returns. Geopolitical concerns may also arise because Bangladesh is located in a strategically sensitive region where China, India, and other major powers have competing interests. Jasmin et al. (2023) argue that China's soft power in Bangladesh can be interpreted both as shared-interest cooperation and as a source of concern regarding dependence. Thus, the BRI-driven phase creates both development opportunities and strategic challenges for Bangladesh.

### 2.3 Overview of the Belt and Road Initiative

The Belt and Road Initiative is China's global development and connectivity strategy designed to promote infrastructure development, trade facilitation, investment cooperation, policy coordination, financial integration, and people-to-people exchange. It aims to connect Asia, Europe, Africa, and other regions through land and maritime routes. In South Asia, BRI is particularly important because many countries in the region face infrastructure gaps, logistics constraints, energy shortages, and limited regional trade integration.

From a trade perspective, BRI is based on the idea that infrastructure connectivity can reduce transportation costs, improve logistics efficiency, expand markets, and increase cross-border economic activity. For Bangladesh, this is particularly relevant because trade competitiveness depends heavily on port efficiency, transport networks, energy supply, customs procedures, and industrial infrastructure. Saimum (2020) argues that BRI has the potential to improve Bangladesh's connectivity and economic prospects. Akter, Bi, Qiu, and Sarker (2023) further suggest that BRI can support technological development and FDI spillover effects, which are important for trade modernization.

However, BRI is not only an economic initiative. It is also connected with geopolitics, strategic influence, and regional power relations. Yasmin (2023) emphasizes that Bangladesh-China relations should be understood through bilateral, regional, and global dimensions. This means that Bangladesh's participation in BRI must be evaluated not only in terms of infrastructure and trade benefits, but also in terms of strategic autonomy, regional balance, debt management, and long-term development priorities. Therefore, BRI provides a useful framework for examining both the evolution and prospects of China-Bangladesh trade relations.

### 2.4 Bangladesh's Strategic Importance in the BRI

Bangladesh is strategically important in the BRI because of its location between South Asia and Southeast Asia, access to the Bay of Bengal, growing economy, and expanding manufacturing sector. Its position allows it to serve as a connectivity bridge among China, India, Myanmar, and the wider Indian Ocean region. BRI-related cooperation can help Bangladesh address infrastructure gaps in roads, ports, power, logistics, and industrial zones, while Chinese FDI can support industrial growth, especially in manufacturing and construction (Akter et al., 2025). However, Bangladesh's strategic role also creates geopolitical sensitivity. China views Bangladesh as an important partner for trade and connectivity, while Bangladesh sees China as a source of investment, technology, and infrastructure financing. At the same time, Bangladesh must balance relations with India, Japan, the United States, and other development partners. Therefore, Bangladesh's importance in the BRI lies in its role as both a development partner and a regional connectivity hub, but its long-term benefits depend on managing trade imbalance, debt sustainability, export competitiveness, and balanced foreign relations.

## III. Literature Review

### 3.1 Studies on China-Bangladesh Trade Relations

The literature shows that China-Bangladesh trade relations have expanded significantly, but the relationship remains structurally imbalanced. Datta (2008) explains that Bangladesh's engagement with China should be understood within the wider South Asian geopolitical context, while Yasmin (2023) argues that the relationship involves bilateral, regional, and global dimensions. These studies suggest that China-Bangladesh trade relations are not limited to import-export exchange, but are also connected with investment, infrastructure, regional connectivity, and strategic balancing.

A major concern in the literature is Bangladesh's persistent trade deficit with China. Hossain et al. (2021) found that Bangladesh's imports from China have grown much faster than its exports, while Bangladesh's export

basket remains narrow and concentrated. Hossain, Huang, Zhang, and Ali (2021) further show that Bangladesh has some sectoral opportunities to expand trade with China, but these depend on export diversification, competitiveness, and policy support.

Bhuiyan and Alve (2021) found that Bangladesh's exports to China are influenced by GDP, population, trade agreements, tariff rates, and distance-related costs. Similarly, Islam et al. (2024) suggest that China's duty-free access may improve Bangladesh's export prospects, although the benefits may differ across sectors. Overall, the literature indicates that China is a key trade and development partner for Bangladesh, but future benefits depend on reducing trade imbalance, diversifying exports, improving trade facilitation, and strengthening Bangladesh's productive capacity.

### 3.2 Studies on BRI and South Asian Trade Connectivity

The Belt and Road Initiative has become an important framework for understanding the transformation of China-Bangladesh economic relations. Saimum (2020) argues that BRI functions as a geo-economic platform that can support Bangladesh's infrastructure development, trade connectivity, and regional integration. Bangladesh's location near the Bay of Bengal also gives it strategic importance as a possible bridge between South Asia, Southeast Asia, and the wider Indian Ocean region.

In South Asia, BRI is closely linked with trade connectivity because the region faces infrastructure gaps, weak logistics, limited integration, and high trade costs. For Bangladesh, BRI-related investment in transport, energy, ports, economic corridors, and industrial infrastructure may improve trade competitiveness and support a broader connectivity-based partnership. Mashrafy and Ullah (2024) found that BRI has strengthened China-Bangladesh economic relations through trade, investment, loans, and infrastructure cooperation, although imports from China have grown faster than Bangladesh's exports.

The literature also highlights the need to view BRI from both opportunity and risk perspectives. Bhuiyan and Wang (2024) show that BRI cooperation reflects both "win-win" development potential and concerns related to geopolitical tension, domestic criticism, and strategic uncertainty. Similarly, Datta (2008), Yasmin (2023), and Jasmin et al. (2023) emphasize that Bangladesh's BRI participation must be understood within the wider regional context involving India, Japan, the United States, and other partners. Overall, BRI can improve Bangladesh's connectivity, industrial capacity, and trade integration, but its benefits depend on project quality, debt sustainability, export capacity, regional stability, and Bangladesh's ability to maintain strategic autonomy.

### 3.3 Studies on Infrastructure, Investment, and Trade Facilitation

Infrastructure, investment, and trade facilitation are key themes in the literature on China-Bangladesh trade relations under BRI. Saimum (2020) argues that BRI can support Bangladesh's infrastructure and connectivity needs, which are important because trade competitiveness depends on efficient ports, roads, logistics, power supply, and industrial facilities.

Studies also show that Chinese investment may contribute to Bangladesh's industrial and technological development. Akter, Bi, Qiu, and Sarker (2023) suggest that Chinese FDI can create technology spillovers, while Akter et al. (2025) find that Chinese investment supports industrial growth, especially in manufacturing and construction. These findings indicate that BRI-related investment can strengthen Bangladesh's production capacity and support export diversification.

Trade facilitation is also important for Bangladesh's export growth. Bhuiyan and Alve (2021) found that trade agreements support Bangladesh's exports to China, while tariff rates and distance-related costs reduce export performance. Islam et al. (2024) also show that China's duty-free access can create export opportunities, although Bangladesh must improve product quality, certification, supply capacity, and competitiveness to fully benefit.

However, infrastructure and investment also involve risks. Mashrafy and Ullah (2024) note that BRI has deepened economic relations through investment and loans, but the trade deficit remains a major concern. Jasmin et al. (2023) also highlight debates over whether Chinese engagement represents shared interests or debt-related risks. Overall, the literature suggests that BRI can improve connectivity, investment, and market access, but sustainable benefits depend on export diversification, debt management, domestic value addition, and balanced trade outcomes.

### 3.4 Research Gap

Although existing studies provide useful insights into China-Bangladesh trade relations, BRI investment, infrastructure connectivity, export potential, and geopolitical issues, the literature remains fragmented. Some studies focus on diplomatic and geopolitical relations (Datta, 2008; Yasmin, 2023), while others examine trade deficit, trade intensity, export determinants, and comparative advantage (Bhuiyan & Alve, 2021; Hossain et al., 2021; Hossain, Huang, Zhang, & Ali, 2021). Similarly, studies on BRI mainly discuss infrastructure, investment, technology transfer, or strategic cooperation separately (Akter et al., 2023; Akter et al., 2025; Saimum, 2020). However, limited research provides an integrated conceptual explanation of how China-

Bangladesh trade relations have evolved and how BRI may shape their future prospects. Existing studies also give less attention to how Bangladesh can transform BRI-related infrastructure, Chinese investment, and duty-free market access into export diversification, industrial upgrading, and balanced trade outcomes. Although China's market access may create opportunities, Bangladesh's benefits depend on productive capacity, logistics efficiency, product quality, and sectoral competitiveness (Bhuiyan & Alve, 2021; Islam et al., 2024).

Another gap is the lack of balance between opportunities and risks. Some studies highlight BRI's potential for infrastructure, FDI, connectivity, and industrial growth, while others emphasize trade deficit, import dependence, debt concerns, soft-power influence, and geopolitical pressure (Jasmin et al., 2023; Mashrafy & Ullah, 2024). Therefore, this study addresses the gap by developing a comprehensive conceptual framework that connects the historical evolution of China-Bangladesh trade relations with BRI-driven opportunities, structural challenges, strategic risks, and future policy directions.

#### **IV.Theoretical and Conceptual Framework**

##### **4.1 Relevant Theoretical Foundation**

The theoretical foundation of this study is built on four complementary perspectives: International Trade Theory, Dependency Theory, Regional Integration Theory, and Geoeconomic Theory. These theories are appropriate because China-Bangladesh trade relations under the Belt and Road Initiative (BRI) cannot be explained only through trade volume or import-export statistics. The relationship involves comparative advantage, trade imbalance, infrastructure connectivity, investment dependence, regional integration, and strategic power relations. Therefore, a multi-theoretical framework provides a stronger basis for explaining both the evolution and future prospects of China-Bangladesh trade relations.

##### **4.1.1 International Trade Theory**

International Trade Theory explains why countries trade and how trade patterns are shaped by comparative advantage and factor endowments. Ricardo's comparative advantage theory suggests that countries benefit by specializing in goods they can produce relatively more efficiently (Ricardo, 1817). In this context, Bangladesh exports mainly labour-intensive products such as garments, leather, and jute goods, while importing machinery, electronics, chemicals, textile inputs, and capital goods from China.

The Heckscher-Ohlin model further explains this pattern through differences in resources and production capacity. Bangladesh has abundant labour, while China has stronger capital, technology, and industrial capacity (Ohlin, 1933). However, this trade pattern has created an imbalance because Bangladesh's exports to China remain limited. Hossain, Huang, Zhang, and Ali (2021) suggest that Bangladesh can expand trade by strengthening sectors with revealed comparative advantage, while Bhuiyan and Alve (2021) show that export growth also depends on trade agreements, tariff rates, and trade costs. Therefore, this theory helps explain why Bangladesh needs export diversification and value-added production to reduce its trade imbalance with China.

##### **4.1.2 Dependency Theory**

Dependency Theory helps explain the unequal structure of China-Bangladesh trade relations. It argues that economic relations between stronger and weaker economies may create dependence when the weaker economy relies heavily on the stronger one for capital, technology, imports, investment, and development financing (Frank, 1967; Prebisch, 1950). In this context, Bangladesh's dependence on Chinese machinery, textile inputs, chemicals, electronics, and capital goods supports production but also creates structural reliance on China.

Hossain et al. (2021) showed that Bangladesh's trade deficit with China has widened, while exports remain concentrated in a few sectors. This reflects an unequal trade pattern where Bangladesh's import intensity is much stronger than its export intensity. Dependency Theory is also relevant to BRI-related infrastructure financing, as large projects may create development benefits but also raise debt and dependency risks if they do not generate sufficient productive returns. Jasmin et al. (2023) similarly discuss whether Chinese engagement in Bangladesh reflects shared interests or debt-related concerns. Therefore, this theory helps evaluate whether BRI strengthens Bangladesh's economic autonomy or deepens dependence on Chinese capital, technology, imports, and financing.

##### **4.1.3 Regional Integration Theory**

Regional Integration Theory explains how countries benefit from economic cooperation, reduced trade barriers, infrastructure connectivity, and institutional coordination. Balassa (1961) viewed integration as a process that reduces economic barriers among countries. Although BRI is not a formal trade agreement, it supports regional integration through infrastructure, trade facilitation, investment cooperation, and cross-border connectivity.

For Bangladesh, this theory is highly relevant because of its strategic location between South Asia, Southeast

Asia, and the Bay of Bengal. BRI-related projects in roads, ports, railways, power, and logistics can reduce trade costs and improve Bangladesh's participation in regional and global value chains. Saimum (2020) argues that BRI offers Bangladesh opportunities for infrastructure, connectivity, and trade expansion, while Mashrafy and Ullah (2024) show that BRI has strengthened economic cooperation through trade, investment, loans, and infrastructure. Therefore, this theory helps explain how Bangladesh can transform its geographic location into a strategic trade and connectivity advantage.

#### 4.1.4 Geoeconomic Theory

Geoeconomic Theory is relevant because China-Bangladesh trade relations under BRI involve both economic cooperation and strategic influence. Luttwak (1990) explains that states use economic tools, such as trade, investment, loans, infrastructure financing, and technology, to achieve strategic objectives. Similarly, Blackwill and Harris (2016) argue that economic instruments are increasingly used to pursue geopolitical goals.

In this context, China's trade, investment, and infrastructure projects in Bangladesh are not only commercial activities but also part of its broader regional strategy in South Asia and the Indian Ocean. Bangladesh's location near the Bay of Bengal gives it strategic importance for China's connectivity and trade routes. At the same time, Bangladesh uses Chinese investment to support infrastructure, industrialization, and trade expansion while balancing relations with India, Japan, the United States, and other partners (Datta, 2008; Yasmin, 2023). Therefore, Geoeconomic Theory helps explain BRI as both a development framework and a strategic instrument shaping China-Bangladesh trade relations.

## 4.2 Proposed Conceptual Framework

The proposed conceptual framework explains how BRI may influence the evolution and future prospects of China-Bangladesh trade relations. The framework can be presented as follows:

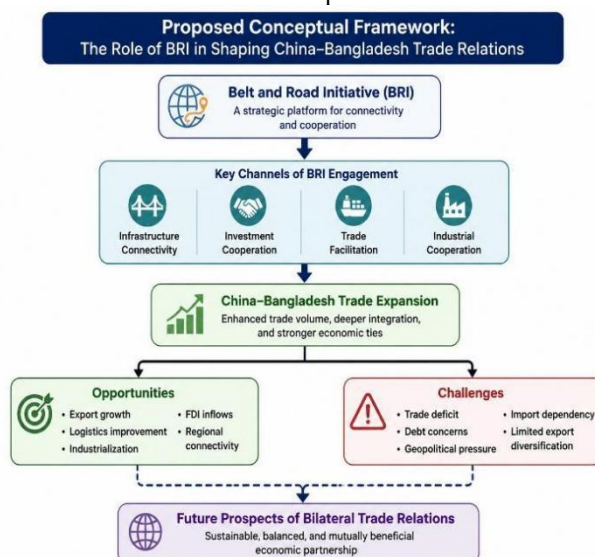


Figure 01: Framework created by the authors (2026)

In this framework, the BRI is treated as the main force reshaping China-Bangladesh economic relations. Through infrastructure development, investment cooperation, industrial zones, power projects, ports, and transport networks, BRI can improve Bangladesh's logistics system, reduce trade costs, and support industrial growth. The framework identifies four key channels: infrastructure connectivity, investment cooperation, trade facilitation, and industrial cooperation. These channels can strengthen Bangladesh's production base, especially if Chinese investment supports manufacturing, construction, technology transfer, and export-oriented industries (Akter et al., 2025).

The framework also shows that BRI may expand China-Bangladesh trade, but trade expansion alone is not enough if Bangladesh's imports from China continue to grow faster than exports. Hossain et al. (2021) found that Bangladesh's trade deficit with China has widened over time, showing the risk of unequal trade growth. Therefore, the framework considers both opportunities and challenges. Opportunities include export growth, logistics improvement, industrialization, FDI, and regional connectivity, while challenges include trade deficit, debt concerns, geopolitical pressure, import dependency, and limited export diversification.

Finally, the framework suggests that the future of China-Bangladesh trade relations depends on how Bangladesh manages these opportunities and risks. If BRI-related infrastructure and investment are linked with export diversification, industrial upgrading, technology transfer, and logistics efficiency, Bangladesh may benefit from a more balanced and productive trade relationship. However, if trade remains import-driven and

infrastructure financing does not generate productive returns, BRI may deepen trade imbalance and dependency. Therefore, the impact of BRI depends on policy design, institutional capacity, export readiness, debt management, and strategic balancing.

## **V.Methodology**

This study adopts a conceptual and qualitative research design to examine the evolution and future prospects of China-Bangladesh trade relations in the context of the Belt and Road Initiative (BRI). Since the study aims to develop a conceptual understanding rather than test statistical relationships, it relies on secondary sources and literature-based analysis. Conceptual research is suitable for organizing existing knowledge, clarifying relationships among concepts, identifying research gaps, and developing theoretical explanations (Jaakkola, 2020; Snyder, 2019). The study uses academic journal articles, government reports, Bangladesh Bank reports, Export Promotion Bureau data, World Bank and Asian Development Bank reports, China-Bangladesh trade statistics, BRI policy documents, and selected newspaper and policy analysis reports. These sources provide relevant evidence on trade relations, infrastructure cooperation, investment, export potential, trade imbalance, regional connectivity, and geopolitical concerns. The study applies thematic and conceptual analysis to identify and synthesize major themes, including the historical evolution of trade relations, BRI-related infrastructure and connectivity, trade opportunities, trade imbalance and dependency, strategic and geopolitical concerns, and future prospects. This approach allows the paper to develop a balanced understanding of how BRI may reshape China-Bangladesh trade relations and what opportunities and risks may influence their future direction.

## **VI.Discussion on the Evolution of China-Bangladesh Trade Relations**

### **6.1 Historical Development of Bilateral Trade**

China-Bangladesh trade relations have gradually evolved from limited diplomatic and commercial exchange into a broader economic partnership involving trade, investment, infrastructure, technology, and development cooperation. In the early years, economic interaction was modest, but it expanded as Bangladesh needed affordable machinery, textile inputs, consumer goods, and development finance, while China viewed Bangladesh as a growing market and a strategically located partner in South Asia.

The growth of Bangladesh's manufacturing sector, especially ready-made garments, increased demand for Chinese raw materials, machinery, fabrics, chemicals, and industrial inputs. As a result, China became a major supplier to Bangladesh's production sectors. Yasmin (2023) notes that Bangladesh-China relations now involve bilateral, regional, and global dimensions, while Datta (2008) highlights the importance of understanding this relationship within the wider South Asian context.

The relationship became more strategic after Bangladesh joined the BRI in 2016. Since then, bilateral cooperation has expanded into infrastructure financing, energy projects, transport connectivity, industrial cooperation, and trade facilitation. Saimum (2020) argues that BRI links infrastructure development with trade and regional connectivity, while Mashrafy and Ullah (2024) note that it has deepened China-Bangladesh economic relations through trade, investment, loans, and infrastructure cooperation. Thus, China-Bangladesh trade relations have shifted from limited exchange to a comprehensive trade and investment partnership.

### **6.2 Trade Composition between China and Bangladesh**

The trade composition between China and Bangladesh is highly asymmetrical. China's exports to Bangladesh are broad and industrially important, including machinery, electrical equipment, electronics, textile raw materials, synthetic fabrics, chemicals, iron and steel, construction materials, capital goods, and other industrial inputs. These products support Bangladesh's manufacturing, textile, construction, infrastructure, and consumer sectors.

In contrast, Bangladesh's exports to China are limited and concentrated in a few products, such as garments, leather goods, jute products, processed hair, seafood, and agricultural items. This pattern reflects the structural differences between the two economies. Bangladesh mainly exports labour-intensive and primary products, while China supplies capital-intensive and technology-based goods. Hossain, Huang, Zhang, and Ali (2021) argue that Bangladesh can expand trade with China by strengthening sectors with revealed comparative advantage, while Bhuiyan and Alve (2021) show that exports depend on trade agreements, tariff rates, and trade costs.

China’s duty-free access for many Bangladeshi products creates an opportunity to expand exports. Islam, Fatema, and Akter (2024) suggest that this policy may positively affect Bangladesh’s export potential, but the benefits depend on product quality, sectoral capacity, and export readiness. Thus, while China’s exports support Bangladesh’s production needs, Bangladesh’s narrow export basket limits its ability to benefit equally from the Chinese market.

### 6.3 Trade Imbalance and Import Dependence

Trade imbalance is a major concern in China-Bangladesh trade relations. Bangladesh imports a large volume of machinery, textile raw materials, electronics, chemicals, capital goods, and industrial inputs from China, but exports a much smaller volume to the Chinese market. Hossain et al. (2021) found that Bangladesh’s trade gap with China has widened over time because import intensity is much higher than export intensity. Similarly, Mashrafy and Ullah (2024) note that although BRI has strengthened bilateral economic cooperation, Bangladesh’s imports from China have grown faster than its exports.

This trade deficit creates pressure on Bangladesh’s external balance and reflects its limited export diversification. Many Bangladeshi industries depend on Chinese inputs, which supports production but also creates vulnerability if supply chains are disrupted. Therefore, the issue is not only high imports from China, but Bangladesh’s inability to convert this relationship into a more balanced export-oriented partnership. Bangladesh needs export diversification, industrial upgrading, better logistics, quality improvement, product certification, and stronger policy support to transform import dependence into productive interdependence.

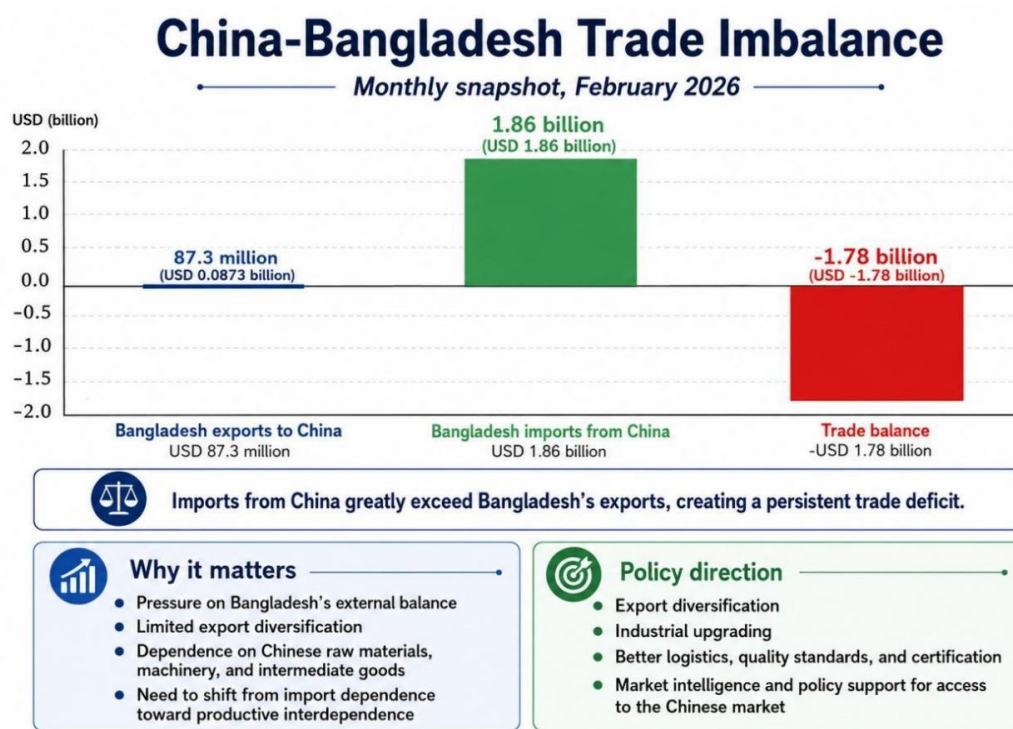


Figure 02: Trade Imbalance of two countries created by the authors (2026)

Recent trade figures also illustrate this imbalance. The Observatory of Economic Complexity reported that in February 2026 Bangladesh exported about USD 87.3 million to China but imported about USD 1.86 billion from China, resulting in a negative monthly trade balance of around USD 1.78 billion. Although monthly data should not be used alone to judge the full annual trend, they clearly reflect the continuing asymmetry in bilateral trade.

### 6.4 China as a Development and Infrastructure Partner

China has become an important development and infrastructure partner for Bangladesh under BRI and broader bilateral cooperation. Chinese financing and firms have been involved in roads, bridges, power plants, tunnels, railways, telecommunications, industrial zones, and energy projects. These projects are important because Bangladesh’s trade competitiveness depends on better transport networks, port efficiency, power supply, logistics, and industrial facilities.

China’s role also extends to industrial cooperation and technology transfer. Akter, Bi, Qiu, and Sarker (2023)

argue that BRI may support Bangladesh's technological development through Chinese FDI spillovers, while Akter et al. (2025) find that Chinese FDI contributes to industrial growth, especially in manufacturing and construction. However, large infrastructure projects must be financially viable, efficiently implemented, and linked with productive sectors. Otherwise, they may increase debt and dependency risks. Therefore, China's infrastructure role can support Bangladesh's trade and industrial development, but its longterm value depends on how effectively these projects promote export growth, productivity, and balanced trade outcomes.

## **VII. Belt and Road Initiative and China-Bangladesh Trade Connectivity**

### **7.1 Bangladesh's Participation in the BRI**

Bangladesh's participation in the BRI represents a major turning point in China-Bangladesh trade and economic relations. Bangladesh formally joined BRI cooperation through an MoU signed with China in October 2016 during President Xi Jinping's visit to Bangladesh. This engagement is significant because it placed Bangladesh within China's broader connectivity framework, which emphasizes infrastructure development, trade facilitation, investment cooperation, financial coordination, and people-to-people exchange.

For Bangladesh, BRI participation is important for three reasons. First, it provides access to Chinese infrastructure financing and development cooperation. Second, it offers an opportunity to improve trade-related connectivity through roads, railways, ports, bridges, power supply, and logistics systems. Third, it strengthens Bangladesh's strategic position as a potential connectivity hub between South Asia, Southeast Asia, and the Bay of Bengal region. Saimum (2020) argues that BRI has strong prospects in Bangladesh because it can help address infrastructure gaps and improve trade connectivity. Bhuiyan and Wang (2024) similarly argue that Bangladesh-China relations gained stronger momentum after Bangladesh joined the BRI framework.

Bangladesh's participation in BRI also has diplomatic importance. China and Bangladesh agreed in 2024 to deepen high-quality BRI cooperation under the principle of "planning together, building together and benefiting together." They also agreed to accelerate existing projects, expand cooperation, strengthen trade and investment, and move toward formal negotiations for a China-Bangladesh free trade agreement. This suggests that BRI is not only an infrastructure initiative for Bangladesh, but also a framework for expanding bilateral trade, investment, finance, digital cooperation, and industrial development.

### **7.2 Infrastructure Connectivity and Trade Facilitation**

Infrastructure connectivity is central to trade facilitation because trade depends on the movement of goods, people, services, capital, and information. In Bangladesh, trade competitiveness has often been affected by port congestion, transport delays, inadequate logistics, energy constraints, and customs-related inefficiencies. BRI-related infrastructure cooperation may reduce these constraints by improving roads, bridges, rail links, tunnels, power systems, and industrial facilities.

The BRI's official priorities include policy coordination, facilities connectivity, unimpeded trade, financial integration, and people-to-people bonds. These priorities are directly relevant to Bangladesh because improved facilities connectivity and unimpeded trade can reduce logistics costs, shorten delivery times, and increase export competitiveness. For example, rail and road connections can link production zones with ports, power projects can support industrial output, and digital infrastructure can improve trade services and customs procedures.

Infrastructure connectivity also supports trade facilitation by creating a more efficient business environment. If transport and logistics systems improve, exporters can reduce lead time, importers can lower transaction costs, and manufacturers can obtain raw materials more quickly. This is especially important for Bangladesh's garment sector, where export competitiveness depends on timely delivery and reliable access to imported inputs. Akter et al. (2023) suggest that BRI-related technological and FDI spillovers may support trade modernization, while Akter et al. (2025) link Chinese investment with industrial growth in Bangladesh.

However, infrastructure alone cannot guarantee trade expansion. To produce sustainable benefits, infrastructure projects must be integrated with customs modernization, port efficiency, export diversification, investment promotion, and industrial policy. Therefore, BRI-related infrastructure should be evaluated not only by the number of projects completed, but also by its ability to increase Bangladesh's export capacity and reduce structural trade imbalance with China.

### **7.3 Ports, Corridors, and Regional Connectivity**

Ports and corridors are crucial for Bangladesh's trade potential because the country's export and import activities depend heavily on maritime gateways. Chattogram Port remains Bangladesh's principal seaport and has historically handled the overwhelming share of the country's foreign trade. The World Bank has noted that traffic at Chittagong Port handles about 90% of Bangladesh's foreign trade and has been growing rapidly. Alongside Chattogram, Mongla and Payra are important for diversifying port capacity, reducing pressure on Chattogram, and supporting regional trade movement.

In the context of China-Bangladesh trade relations, port connectivity is important because Chinese imports enter

Bangladesh through maritime and land-based logistics systems, while Bangladesh's exports to China require efficient port handling, faster customs clearance, and competitive shipping routes. Improved port infrastructure can reduce transportation costs and increase the attractiveness of Bangladesh as a manufacturing and export base. Chattogram is particularly important because it is close to major industrial areas and the proposed Chinese Economic and Industrial Zone in Anwara.

Corridors are also important for linking ports with inland production centres and regional markets. Projects such as the Karnaphuli Tunnel, Padma Bridge Rail Link, elevated expressways, power networks, and transport corridors can improve the movement of goods across Bangladesh. The 2024 China-Bangladesh joint statement recognized the completion of the Karnaphuli tunnel and progress in major cooperation projects such as the Padma Bridge Rail Link, power grid strengthening, and Dhaka-Ashulia Elevated Expressway. These projects may improve domestic connectivity and indirectly support trade by reducing travel time between industrial areas, ports, and consumption centres.

Payra and Mongla also matter for future regional connectivity. Payra can support southern Bangladesh's maritime trade and energy-linked industrial development, while Mongla can strengthen trade links with the southwest region and neighbouring markets. However, these ports need stronger hinterland connectivity, customs efficiency, and industrial linkages to become fully effective. Therefore, ports and corridors should be treated as trade-enabling assets that can strengthen Bangladesh's position in regional value chains if they are connected with industrial zones, export clusters, and efficient logistics services.

#### 7.4 Special Economic Zones and Industrial Cooperation

Special Economic Zones (SEZs) and industrial cooperation are important for transforming China-Bangladesh trade relations from import dependence into production-based partnership. Chinese investment in SEZs can help Bangladesh diversify exports, attract foreign direct investment, create employment, develop manufacturing capacity, and improve technology transfer. This is particularly important because Bangladesh needs to move beyond a narrow export base and strengthen its position in higher value-added manufacturing.

The Chinese Economic and Industrial Zone in Anwara, Chattogram, is one of the key examples of planned China-Bangladesh industrial cooperation. Recent reporting states that the zone covers around 783 acres in Anwara and is being developed under a government-to-government arrangement, although the project has faced delays. The 2024 China-Bangladesh joint statement also noted Bangladesh's interest in attracting more Chinese investment in economic and industrial parks, garment and manufacturing sectors, new energy, oil and gas exploration, and water resources management.

Chinese investment in SEZs can support Bangladesh in several ways. First, it can bring capital into manufacturing and export-oriented sectors. Second, it can create industrial clusters where firms benefit from shared infrastructure, logistics, utilities, and supplier networks. Third, it can support technology transfer and managerial learning. Fourth, it can help Bangladesh integrate into Chinese and regional value chains. Akter et al. (2025) find that Chinese FDI contributes to Bangladesh's industrial growth, especially in manufacturing and construction, while Akter et al. (2023) emphasize the technological prospects of BRI through FDI spillover effects.

However, SEZ-based cooperation must be carefully designed. If SEZs only attract import-dependent assembly industries, they may not significantly reduce the trade deficit. To strengthen Bangladesh's trade prospects, SEZs should be linked with local supplier development, skills training, technology upgrading, export diversification, and domestic value addition. Bangladesh should also prioritize sectors with potential access to the Chinese market, such as garments, leather, jute products, agro-processing, seafood, pharmaceuticals, light engineering, and ICT-related services.

Therefore, SEZs and industrial cooperation are central to the future of China-Bangladesh trade relations. If effectively implemented, Chinese investment in industrial zones can help Bangladesh reduce import dependence, expand exports, and strengthen manufacturing competitiveness. However, the success of this strategy depends on policy coordination, infrastructure readiness, investor confidence, labour skills, environmental safeguards, and Bangladesh's ability to negotiate mutually beneficial industrial outcomes.

### **VIII. Opportunities for Bangladesh under BRI-Based Trade Relations**

The Belt and Road Initiative (BRI) provide Bangladesh with several opportunities to strengthen its trade relations with China and improve its broader position in regional and global trade networks. Existing studies suggest that BRI can reshape Bangladesh's trade, infrastructure, investment, technology, and connectivity prospects, although these benefits depend on Bangladesh's policy capacity, export readiness, and ability to manage structural challenges.

#### 8.1 Expansion of Export Markets

BRI-based trade relations offer Bangladesh an opportunity to expand exports to China's large consumer and industrial market. Bangladesh's current exports to China are still limited and concentrated in garments, leather,

jute products, seafood, and agro-based goods. Bhuiyan and Alve (2021) show that Bangladesh's exports to China depend on trade agreements, tariff rates, and trade costs, while Islam et al. (2024) suggest that China's duty-free access can create export opportunities. Therefore, Bangladesh can benefit from China's market if it improves product quality, export diversification, logistics, and sectoral competitiveness.

#### 8.2 Infrastructure-Led Trade Growth

BRI-supported infrastructure can improve Bangladesh's trade competitiveness by strengthening roads, ports, power supply, rail links, logistics, and customs facilities. Saimum (2020) argues that BRI can support Bangladesh's infrastructure and connectivity prospects. Better infrastructure can reduce transport costs, shorten delivery time, improve port efficiency, and support export-oriented production. This is particularly important for Bangladesh's garment and manufacturing sectors, which depend on timely imports of inputs and timely exports of finished goods.

#### 8.3 Industrialization and Technology Transfer

BRI can also support Bangladesh's industrialization through Chinese investment, technology transfer, machinery, managerial knowledge, and production experience. Akter, Bi, Qiu, and Sarker (2023) argue that Chinese FDI may create technology spillovers, while Akter et al. (2025) find that Chinese investment contributes to industrial growth, especially in manufacturing and construction. However, Bangladesh needs policies that encourage local supplier participation, skills development, joint ventures, and domestic value addition to ensure that technology transfer leads to long-term industrial upgrading.

#### 8.4 Foreign Direct Investment and Economic Zones

BRI can attract more Chinese FDI into manufacturing, energy, logistics, transport, construction, and export-oriented industries. Special Economic Zones can help Bangladesh provide land, power, logistics, customs support, and investment incentives to foreign investors. Chinese investment in these zones can create industrial clusters, employment, production capacity, and export diversification. Since Bangladesh's trade deficit with China remains high (Hossain et al., 2021), export-oriented Chinese investment can help reduce import dependence and strengthen balanced trade.

#### 8.5 Regional and Global Value Chain Integration

BRI connectivity can help Bangladesh integrate more deeply into regional and global value chains by improving infrastructure, attracting investment, and connecting domestic industries with China and other regional markets. Bangladesh's location between South Asia, Southeast Asia, and the Bay of Bengal gives it potential to become a regional production and logistics hub. Saimum (2020) highlights BRI's role in improving connectivity, while Yasmin (2023) emphasizes the regional and global dimensions of Bangladesh-China relations. However, Bangladesh must avoid becoming only an assembly base dependent on imported Chinese inputs. To gain long-term benefits, it should strengthen domestic suppliers, skills, technology absorption, and export diversification.

### **IX. Challenges and Risks**

Although BRI creates opportunities for Bangladesh through infrastructure, investment, trade facilitation, and regional connectivity, it also presents several risks. These include persistent trade deficit, overdependence on Chinese imports, debt sustainability concerns, limited export diversification, geopolitical sensitivities, and environmental and social issues. Therefore, Bangladesh's BRI engagement must be assessed from both development and risk perspectives.

#### 9.1 Persistent Trade Deficit

Bangladesh's persistent trade deficit with China remains a major challenge. Bangladesh imports large volumes of machinery, electronics, textile raw materials, chemicals, capital goods, and industrial inputs from China, while its exports to China remain limited and concentrated in garments, jute goods, leather, seafood, and agricultural products. Hossain et al. (2021) found that Bangladesh's trade deficit with China has widened over time, while Mashrafy and Ullah (2024) note that BRI has strengthened economic relations but has not produced balanced trade outcomes. Reducing this deficit requires export diversification, better logistics, improved product quality, stronger negotiation, and effective use of China's duty-free market access.

#### 9.2 Overdependence on Chinese Imports

Bangladesh's industries rely heavily on Chinese machinery, raw materials, fabrics, chemicals, technology, and intermediate goods. These imports support production, especially in garments, construction, electronics, and manufacturing, but excessive dependence creates supply-chain vulnerability. If disruptions occur due to exchange rate pressure, shipping delays, political tension, or global shocks, Bangladeshi industries may face higher costs and input shortages. Therefore, Bangladesh should develop domestic backward linkages, diversify import sources, promote joint ventures, and use Chinese investment to strengthen local production capacity.

#### 9.3 Debt Sustainability Concerns

BRI-related infrastructure projects require large financing for roads, bridges, power plants, railways, ports, tunnels, and industrial zones. These projects can support development if they improve productivity, logistics,

exports, and employment. However, poorly selected or delayed projects may increase debt pressure without generating sufficient returns. Jasmin et al. (2023) highlight the debate over whether Chinese engagement reflects shared interests or debt-related risks. Therefore, Bangladesh should prioritize financially viable projects, ensure transparent procurement, strengthen project governance, and link infrastructure financing with export growth and productive capacity.

#### 9.4 Limited Export Diversification

Bangladesh's narrow export basket limits its ability to benefit from China's large market. Exports to China are concentrated in garments, jute, leather, seafood, processed hair, and selected agricultural products. Bhuiyan and Alve (2021) show that Bangladesh's exports to China depend on trade agreements, tariffs, and trade costs, while Islam et al. (2024) suggest that China's duty-free access may create export opportunities. However, Bangladesh must improve product quality, certification, branding, supply capacity, and sectoral competitiveness to use these opportunities effectively.

#### 9.5 Geopolitical Sensitivities

China-Bangladesh trade relations under BRI also involve geopolitical sensitivity. Bangladesh's location near the Bay of Bengal makes it important for China's connectivity and maritime interests, but Bangladesh must also maintain balanced relations with India, the United States, Japan, the European Union, and other partners. Datta (2008) and Yasmin (2023) emphasize that Bangladesh-China relations must be understood within regional and global power dynamics. Therefore, Bangladesh needs a balanced foreign policy that supports cooperation with China while preserving strategic autonomy and diversified partnerships.

#### 9.6 Environmental and Social Concerns

BRI-related infrastructure projects may create environmental and social concerns, including land-use changes, community displacement, pollution, ecosystem damage, and climate vulnerability. Roads, ports, power plants, industrial zones, and corridors can support trade, but they must be implemented with proper environmental assessment, community consultation, compensation, and social safeguards. Akter et al. (2025) suggest that Chinese FDI can support industrial growth and green GDP when properly managed. Therefore, Bangladesh should ensure that BRI-linked projects follow strong environmental governance, transparency, climate resilience, and community protection standards.

### **X.Future Prospects of China-Bangladesh Trade Relations**

The future prospects of China-Bangladesh trade relations are promising but conditional. Bangladesh can benefit from BRI-based cooperation if it can transform infrastructure, investment, and market access into balanced trade, industrial upgrading, regional connectivity, and stronger export capacity. At present, Bangladesh imports far more from China than it exports, so reducing the trade deficit requires export diversification, improved product quality, better logistics, stronger branding, and effective use of China's duty-free market access. Studies suggest that Bangladesh has opportunities to expand exports by strengthening sectors with revealed comparative advantage and improving trade facilitation (Bhuiyan & Alve, 2021; Hossain, Huang, Zhang, & Ali, 2021; Islam et al., 2024).

BRI-supported infrastructure can also improve Bangladesh's long-term trade capacity by strengthening roads, ports, railways, power supply, logistics, and industrial zones. Better infrastructure can reduce transport costs, shorten delivery time, improve port efficiency, and support export-oriented industries. Saimum (2020) argues that BRI can support Bangladesh's infrastructure, connectivity, and trade expansion, while Mashrafy and Ullah (2024) show that BRI has already deepened economic cooperation through trade, investment, loans, and infrastructure.

Another important prospect is industrial upgrading through Chinese FDI, technology transfer, and manufacturing diversification. Akter, Bi, Qiu, and Sarker (2023) suggest that Chinese investment may create technology spillovers, while Akter et al. (2025) find that Chinese FDI contributes to industrial growth, especially in manufacturing and construction. If Bangladesh can link Chinese investment with local employment, skills development, domestic supplier participation, and export-oriented production, China-Bangladesh trade relations may move from an import-driven pattern toward a more productive partnership.

Bangladesh also has the potential to become a regional trade and connectivity hub due to its location between South Asia, Southeast Asia, and the Bay of Bengal. BRI-related connectivity through ports, transport corridors, logistics systems, and industrial zones can help Bangladesh connect with China, India, Myanmar, Nepal, Bhutan, and wider regional markets. However, this opportunity requires careful diplomatic balancing with India, Japan, the United States, and other development partners (Datta, 2008; Yasmin, 2023).

Overall, Bangladesh's future benefits will depend on effective policy planning, negotiation capacity, institutional governance, export strategy, and debt management. BRI can support trade, investment, infrastructure, and regional connectivity, but Bangladesh must ensure that these opportunities contribute to export diversification, industrial competitiveness, sustainable financing, and strategic autonomy.

## **XI. Policy Implications**

The findings of this conceptual discussion suggest that China-Bangladesh trade relations under the Belt and Road Initiative (BRI) have important policy implications for Bangladesh, China, and regional trade cooperation. While BRI provides opportunities for infrastructure development, export expansion, investment, industrial upgrading, and regional connectivity, the benefits will depend on how both countries manage trade imbalance, investment quality, debt sustainability, technology transfer, and geopolitical sensitivities. The policy implications are therefore discussed from three perspectives: Bangladesh, China, and regional trade cooperation.

### **11.1 For Bangladesh**

For Bangladesh, the main policy priority is to reduce the trade imbalance with China through export diversification, stronger market access, and improved competitiveness. Since Bangladesh's exports to China remain limited, it should develop a China-focused export strategy targeting products such as diversified garments, leather and footwear, jute goods, agro-processed products, seafood, pharmaceuticals, ceramics, light engineering, and ICT-enabled services. Hossain et al. (2021) found that the trade deficit with China has widened, while Hossain, Huang, Zhang, and Ali (2021) suggest that Bangladesh can expand exports by focusing on sectors with revealed comparative advantage.

Bangladesh should also make better use of China's duty-free access by improving product quality, certification, packaging, branding, customs efficiency, and exporter readiness (Islam et al., 2024). At the same time, it should reduce excessive import dependence by strengthening local industries, backward linkages, joint ventures, and technology-based industrial upgrading. BRI-supported infrastructure should be linked directly with export growth, productivity, employment, logistics improvement, and regional connectivity. Finally, Bangladesh must ensure debt sustainability through transparent project selection, cost-benefit analysis, effective procurement, and strong institutional accountability.

### **11.2 For China**

For China, the key policy priority is to support a more balanced and mutually beneficial trade relationship with Bangladesh. Since China benefits from Bangladesh's demand for machinery, industrial inputs, electronics, chemicals, textile materials, and capital goods, it should also help expand Bangladesh's exports by increasing imports of Bangladeshi products, simplifying customs procedures, improving market access, and encouraging Chinese firms to source more from Bangladesh.

China should also promote technology transfer, joint ventures, skills training, supplier development, and production upgrading. Akter, Bi, Qiu, and Sarker (2023) highlight the technological prospects of BRI through Chinese FDI spillovers, while Akter et al. (2025) show that Chinese FDI supports Bangladesh's industrial growth. Therefore, Chinese investment should focus more on export-oriented sectors such as economic zones, manufacturing, logistics, renewable energy, textiles, leather, agro-processing, and light engineering. Sustainable infrastructure cooperation is also essential, with projects designed to be financially viable, environmentally responsible, socially inclusive, and aligned with Bangladesh's long-term development goals.

### **11.3 For Regional Trade Cooperation**

China and Bangladesh should use BRI as a platform to improve connectivity, trade facilitation, and regional economic integration. Bangladesh's location near the Bay of Bengal gives it strategic value as a bridge between South Asia, Southeast Asia, and China. Improved connectivity through Chattogram, Mongla, Payra, road corridors, railways, ports, energy networks, and logistics systems can strengthen Bangladesh's role as a regional trade hub (Saimum, 2020; Yasmin, 2023).

Regional cooperation should also focus on customs modernization, digital trade systems, harmonized standards, transport agreements, and smoother border procedures to reduce trade costs. However, BRI cooperation should be managed carefully to avoid geopolitical tension, especially in the wider South Asian context involving India-China dynamics (Datta, 2008). Therefore, China and Bangladesh should promote open, transparent, and inclusive connectivity that supports regional development, value-chain integration, and mutually beneficial trade cooperation.

## **XII. Conclusion**

This conceptual paper examined the evolution and prospects of China-Bangladesh trade relations in the context of the Belt and Road Initiative (BRI). The discussion shows that the relationship has evolved from limited bilateral exchange into a strategic economic partnership involving trade, investment, infrastructure, technology cooperation, and regional connectivity. China has become one of Bangladesh's major trade and development partners, especially through the supply of machinery, textile inputs, electronics, chemicals, capital goods, and industrial raw materials.

The BRI has further deepened this relationship by linking trade with infrastructure development, investment cooperation, industrial capacity building, and regional connectivity. BRI-related projects in roads, ports, power, railways, tunnels, economic zones, and logistics networks may reduce trade costs, improve transport efficiency, attract foreign direct investment, and support Bangladesh's participation in regional and

global value chains. However, the benefits are not automatic. Bangladesh still faces a persistent trade deficit with China, limited export diversification, import dependence, debt concerns, environmental risks, and geopolitical sensitivities. Its exports to China remain concentrated in a few sectors, which limits its ability to benefit fully from China's large market. Therefore, Bangladesh needs stronger export diversification, product quality improvement, better negotiation capacity, institutional governance, and a clear China-focused export strategy.

Overall, the future prospects of China-Bangladesh trade relations are promising but conditional. BRI can become a platform for mutually beneficial cooperation if Bangladesh links infrastructure and investment with export growth, industrial upgrading, technology transfer, and regional trade integration. China should also support balanced trade, technology transfer, export-oriented investment, and sustainable infrastructure cooperation. Thus, the long-term success of China-Bangladesh trade relations under BRI depends on how effectively both countries transform cooperation into a balanced, sustainable, and strategically beneficial partnership.

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