

## **Bangladesh in the USA-China-India Triangle: Can Strategic Autonomy Survive Amidst Strategic Rivalries?**

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Source: Stimson Center

### **Introduction**

As global power dynamics continue to evolve, Bangladesh finds itself increasingly positioned at the intersection of three competing geopolitical giants: the United States, China, and India. Each of these powers envisions a different future for the Indo-Pacific region—and each is eager to draw Bangladesh closer into its orbit. In this unfolding strategic theatre, Bangladesh is no longer a peripheral player but a country of rising economic and geopolitical importance. With that rise, however, comes the challenge of maintaining strategic autonomy amidst growing external pressures.

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In the past, Bangladesh's foreign policy was largely defined by pragmatism and non-alignment, guided by the principles of friendship to all and malice toward none. Today, that philosophy is being tested in ways not seen before. As Washington seeks to counterbalance Beijing through Indo-Pacific partnerships, China deepens its economic footprint through the Belt and Road Initiative, and India asserts its influence in South Asia, Dhaka must constantly recalibrate its relationships while safeguarding its sovereignty and national interests.

This commentary explores whether Bangladesh can preserve its strategic autonomy in a world increasingly shaped by rivalry and polarization. Can Dhaka chart an independent course without alienating key partners? Or will strategic realities and great-power competition eventually compel difficult choices? As Bangladesh seeks to assert its agency on the global stage, the answers to these questions will have lasting implications—not only for its foreign policy, but also for its role in shaping a more multipolar, inclusive regional order.

## **Bangladesh's Strategic Location and the Shifting Balance in the Indo-Pacific**

In recent years, Bangladesh has found itself at the intersection of rising geopolitical competition in the Indo-Pacific—a region that is fast becoming the center of strategic rivalry between the United States, China, and India. Its geographical location along the Bay of Bengal makes it a critical link between South and Southeast Asia and a gateway to maritime routes vital for global trade and energy supplies. This strategic relevance is likely to deepen in the coming years. As the U.S. expands its Indo-Pacific Strategy, it will continue seeking reliable partners to counterbalance China's growing influence. Bangladesh, with its sizable economy and stable coastline, is well-positioned to emerge as a key actor in maritime cooperation, regional logistics, and digital infrastructure.

India, meanwhile, views Bangladesh as essential to its ambitions in South Asia and the Bay of Bengal. However, with the political transition in Dhaka, Indian influence may not remain unchallenged.<sup>2</sup> Future governments may seek a more balanced foreign policy, potentially opening space for deeper Chinese and U.S. engagement. This would represent a departure from the previous

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<sup>2</sup>"Bangladesh and India's New Strategic Dilemma | CGS." 2025. Cgs-Bd.com. 2025. <https://cgs-bd.com/article/28369/Bangladesh-and-India%27s-New-Strategic-Dilemma>.

period of alignment largely favoring Delhi. China, on the other hand, will likely double down on its economic statecraft—seeking to anchor Bangladesh further into its Belt and Road Initiative. Port development, transport infrastructure, and energy investment will remain key areas of focus.

## **India-Bangladesh Relations After Hasina: Strategic Readjustments and Emerging Frictions**

For over a decade, the Delhi-Dhaka axis under Hasina served India's strategic interests in multiple ways: from curbing insurgencies in the Northeast, to deepening connectivity, to maintaining a regional security architecture that tacitly aligned with India's leadership. That structure is now in flux. The interim government's stated intention to revise existing unequal water-sharing agreements, reassess transit arrangements, and pursue a more neutral foreign policy has been received in Delhi with discomfort.<sup>3</sup>

India is also facing broader regional setbacks. Nepal has asserted more autonomy in bilateral matters, the Maldives has cooled its ties with Delhi in favor of "India Out" politics, and Sri Lanka is cautiously aligning with China despite Indian support during its economic crisis.<sup>4</sup> Within this context, the shift in Bangladesh is perceived in New Delhi not as an isolated case, but as part of a worrying regional trend that could undermine India's long-aspired leadership in South Asia. Besides, India's decision to provide informal shelter to Sheikh Hasina—while other regional states and even Western powers distanced themselves after the regime's fall—reflects a complex calculus as well.

In addition to this, Indian External Affairs Minister S. Jaishankar informed Parliament that the government has noted reports of an Islamist group in Dhaka, "Saltanat-e-Bangla," allegedly backed by the Turkish Youth Federation, displaying a "Greater Bangladesh" map—covering parts

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<sup>3</sup>"Yunus Calls for Resolving Issues over Teesta Water-Sharing Treaty with India." 2024. The Business Standard. September 6, 2024. <https://www.tbsnews.net/bangladesh/yunus-calls-resolving-issues-over-teesta-water-sharing-treaty-india-934966>.

<sup>4</sup>Abbas and Amna, Ali. 2024. "Beyond Borders: Assessing the Real Scope of Indian Power in South Asia." CISS Pakistan - Center for International Strategic Studies. October 15, 2024. <https://ciss.org.pk/beyond-borders-assessing-the-real-scope-of-indian-power-in-south-asia/>.

of India—at Dhaka University during a Pohela Boishakh exhibition in April 2025.<sup>5</sup> While Bangladesh’s fact-checking platform “BanglaFact” denied the group’s operational presence and clarified the map’s historical context linked to the old Bengal Sultanate, the incident has drawn Indian concern over potential foreign influence—particularly from Turkey—on Bangladesh’s political and ideological space. Strategically, this development feeds into India’s apprehensions about growing Turkish (and possibly Pakistani) engagement in post-Hasina Bangladesh, which could reframe regional ideological alignments, stir nationalist narratives, and indirectly challenge India’s security calculus in the Bay of Bengal and its northeastern frontier.



Source: The Hindustan Times

Bangladesh, in navigating this shifting geopolitical landscape, should adopt a calibrated strategy that safeguards its sovereignty while preventing overdependence on any single power, including India. This requires reinforcing an independent foreign policy that balances relations with all major partners, while firmly addressing any external narratives—such as the “Greater Bangladesh” map episode—that could be used to undermine regional stability or invite suspicion from neighbors.

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<sup>5</sup>Ananya Pattnaik. 2025. “Jaishankar Flags ‘Greater Bangladesh’ Map Linked to Turkish-Backed Islamist Group.” Pragativadi | Latest Odisha News in English | Breaking News. August 2025. <https://pragativadi.com/jaishankar-flags-greater-bangladesh-map-linked-to-turkish-backed-islamist-group/>.

## Strategic Externalities of Chinese Development Projects

China's engagement with Bangladesh is best read as a calibrated blend of high-value infrastructure diplomacy and asymmetric financial leverage; recent commitments — including a package of loans, grants and investment pledges totalling roughly \$2.1 billion and a \$400 million loan for modernizing Mongla port — illustrate Beijing's choice to consolidate a durable economic footprint in Bangladesh's maritime gateway and industrial zones.<sup>6</sup> These offers arrive at a moment of fiscal stress in Dhaka and therefore have outsized political traction; they relieve short-term balance-of-payments pressure.



Source: Asia Power Watch

The dual nature of development assistance — offering benefits while carrying strategic externalities — represents the core risk. China's long-term Belt and Road Initiative (BRI) commitments to Bangladesh and the wider region have been significant in terms of headline pledges, yet delivery has been uneven. Overall BRI figures indicate substantial commitments, but with a particular concentration in sectors such as energy, ports, and special economic zones. This

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<sup>6</sup>“Bangladesh Secures \$2.1b in Investment, Loan and Grant from China.” 2025. The Business Standard. March 28, 2025. <https://www.tbsnews.net/foreign-policy/bangladesh-secures-commitment-21-billion-investments-loans-and-grants-china-1104136>.

pattern produces three predictable problems for a middle power like Bangladesh: (1) fiscal vulnerability from project loans and contingent liabilities, (2) governance headaches from opaque procurement and contract terms, and (3) political dependency that constrains policy options during crises.

Concrete project examples underline these systemic issues. Chinese financing underwrote the Payra power complex and other energy projects through Exim Bank loans and state-linked contractors; the structure of those deals — high debt ratios, long maturities, and implementation delays — has already produced stress points in project economics and port logistics.<sup>7</sup> Meanwhile, the recent wave of pledges for Mongla port modernization and a China Industrial Economic Zone in Chattogram point to Beijing's explicit interest in improving Bangladesh's maritime infrastructure — an outcome with unquestionable commercial benefits but also latent strategic implications if port capacity, logistics chains or hinterland access become subject to external political pressure.

Beyond infrastructure, China's approval of a major hydropower scheme on the Yarlung Zangbo (upper Brahmaputra) poses environmental and geopolitical risks for downstream countries, including Bangladesh.<sup>8</sup> Large dams upstream could alter water flows, sediment distribution, and seasonal flooding patterns—affecting agriculture, river health, and disaster management in the delta. But the Harlong project can also enhance regional connectivity, fostering trade and economic integration for Bangladesh. It also has the potential to attract investment and stimulate local development in surrounding areas.

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<sup>7</sup> "China EXIM Bank Asked for Debt Payment Deferral." 2025. Newagebd.net. August 11, 2025.  
<https://www.newagebd.net/article/188534/china-exim-bank-asked-for-debt-payment-deferral>.

<sup>8</sup> Wong, Tessa. 2025. "China Starts Building World's Largest Dam, Fuelling Fears in India," July 21, 2025.  
<https://www.bbc.com/news/articles/c4gk1251w14o>.





Source: e-360 Yale

What should Dhaka do? Pragmatism requires three simultaneous responses. First, urgently improve project appraisal and contract transparency. Second, diversify financing and partners for critical infrastructure — including multilateral lenders and trusted bilateral partners — to avoid single-creditor dominance. Third, move from bilateral reassurances to basin-level water diplomacy: press for a shared hydrological data, and flood-release protocols that include India and China. Without these steps, Bangladesh risks trading immediate development benefits for durable strategic constraints that will narrow its autonomy across economic, political and environmental domains.

While China’s strategic moves in the Indo-Pacific are often scrutinized for being self-serving, it is important to recognize that all major powers — including the United States, India, and Japan — also act primarily in their own national interests. Bangladesh itself has benefitted from its engagement with China through significant infrastructure investments, trade growth, and development assistance, which have contributed to the country’s connectivity and industrial capacity. However, this mutual benefit does not diminish the need for Dhaka to approach these partnerships with strategic foresight and balance.

## Linking U.S. Tariffs to Regional Power Dynamics

The recent U.S. tariff measures — a negotiated 20% reciprocal tariff on Bangladesh’s garment exports and an escalatory move that pushes some Indian tariffs toward 50% — are not merely

commercial instruments but explicit tools of strategic coercion. The 20% outcome for Bangladesh represents a pragmatic diplomatic win relative to earlier, higher proposals, but it must be read in political context: these rates were extracted as part of bilateral bargaining that reportedly included quid pro quo commitments and were implemented under an executive tariff regime that explicitly links trade policy to broader national-security objectives.<sup>9</sup> The headline numbers therefore mask the effective duty burden once existing tariffs and compliance costs are added, and they leave unresolved questions about the precise contractual or policy conditions that produced the concession. Transparency about the negotiating text, timelines and any non-trade undertakings is essential because those details determine whether Dhaka exchanged durable autonomy for a short-term market reprieve.



Source: The Modern Diplomacy

At the regional level, the punitive escalation against India — with duties rising toward 50% on targeted sectors — fractures the normative foundations of trade diplomacy and accelerates geopolitical realignments in South Asia.<sup>10</sup> High U.S. tariffs on India will shift supply chains,

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<sup>9</sup> Sun, Daily. 2025. “Dhaka Eyes Positive Outcome from Tariff Talks: Salehuddin.” Daily-Sun. Daily Sun. July 2025. <https://www.daily-sun.com/post/812923>.

<sup>10</sup> “India Hit by Trump’s 50% Tariff Bomb, a Wake-up Call for South Asia.” 2025. Bay of Bengal Post. 2025. [https://bayofbengalpost.com/news/india\\_hit\\_by\\_trumps\\_50\\_percent\\_tariff\\_bomb](https://bayofbengalpost.com/news/india_hit_by_trumps_50_percent_tariff_bomb).



necessarily creating short-term openings for competitors to capture displaced orders, but such gains are unstable and contingent on buyer confidence and compliance costs. More consequentially, the trade rupture risks chilling U.S.–India defense and high-technology cooperation, as New Delhi reassesses strategic dependence on Washington; several reports already indicate procurement pauses and diplomatic friction. This strategic decoupling between Washington and New Delhi reshapes the security envelope that surrounds Bangladesh: it reduces the certainty of an India-U.S. axis that previously functioned as a counterweight to China, and it increases the chance that New Delhi will seek (already seeking) alternative major-power partners such as China, Russia — thereby complicating Dhaka’s balancing act.<sup>11</sup>

The tariffs intersect with maritime geopolitics. As U.S. policy prioritizes the Indo-Pacific and as rivalries intensify in the South China Sea, economic coercion and naval posture are becoming complementary levers of influence. Washington’s tariff pressure is intended, among other aims, to discipline partners’ economic and strategic choices; concurrently, the U.S. and its partners (Quad, AUKUS partners and other Indo-Pacific initiatives) are strengthening maritime cooperation, freedom-of-navigation assertions, and logistics networks. What Bangladesh needs to take in consideration is that port modernization or industrial zones financed by one power can acquire latent dual-use character; combined with upstream water leverage and growing Chinese maritime reach, the result is a more securitized Bay of Bengal. This entwining of trade sanctions and maritime strategy raises the stakes of Bangladesh’s partner choices.

For Bangladesh the policy implications are threefold and urgent. Economically, Dhaka must accelerate structural reforms to move up the apparel value chain and diversify export markets so that any advantage gained from tariff arbitrage is sustainable. Strategically, Bangladesh should pursue pragmatic hedging: maintaining ties with the United States and India while deepening economic engagement with China and other partners on strictly commercial terms, coupled with legal and procedural safeguards that limit strategic dependency. Diplomatically, Dhaka should push for regional mechanisms — a South Asian economic contingency dialogue and a Bay-of-Bengal maritime security forum — to manage spillovers from U.S.–India tensions and to establish

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<sup>11</sup> “Why News of Modi’s Visit to China Draws Global Attention: Global Times Editorial - Global Times.” 2025. Globaltimes.cn. 2025. <https://www.globaltimes.cn/page/202508/1340376.shtml>.

norms around dual-use infrastructure and data-sharing for maritime safety. Only by linking trade policy, maritime strategy and multilateral diplomacy can Bangladesh preserve meaningful strategic autonomy in an era when tariffs, ports and naval presence are jointly redeployed as instruments of power.

## **Conclusion**

Bangladesh's current transition is more than a change in leadership—it is a stress test for the country's ability to maintain agency in a region where power balances are increasingly fluid. The fall of Sheikh Hasina has removed a key pillar of India's regional security architecture, while creating openings for China's economic statecraft, U.S. strategic recalibration, and Türkiye's ideological outreach. These external moves are not isolated events; they reflect a broader trend where South Asia's smaller states are no longer passive buffers, but contested spaces in a multipolar Indo-Pacific order.

For Bangladesh, the central question is whether it can shape these currents rather than merely adapt to them. Strategic autonomy in today's environment cannot rely on rhetorical neutrality—it must be built on hard economic leverage, diversified partnerships, and credible security arrangements. This means treating trade negotiations, infrastructure projects, and security cooperation not as separate silos, but as interconnected tools of statecraft. It also means anticipating that tariffs, water disputes, and maritime alignments will be used as instruments of influence by larger powers.

The country's location—at the confluence of the Bay of Bengal, South Asia, and Southeast Asia—gives it potential leverage in shipping lanes, supply chains, and regional connectivity frameworks. Whether this becomes a source of strength or vulnerability will depend on Dhaka's willingness to think several moves ahead: managing rivalry without becoming a proxy, extracting economic gains without ceding political space, and aligning selectively without abandoning flexibility. If Bangladesh succeeds, it can emerge not as a pawn in the India–China–U.S. triangle, but as a mid-sized power with its own strategic weight—capable of influencing, not just absorbing, the region's shifting tides.