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GREAT-POWER RIVALRY AND BANGLADESH'S EVOLVING ROLE IN THE INDIAN OCEAN: NAVIGATING COMPETITION AMONG THE UNITED STATES, CHINA, AND INDIA

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Abstract

The geopolitical location of Bangladesh along the Bay of Bengal has been majorly improving its geopolitical significance due to the rising tensions between the United States, China and India in the Indian Ocean Region (IOR). As the world maritime corridors become of greater interest to trade, energy security and the ability to project naval forces, Dhaka has to grapple with the conflicting demands of economic growth with the growing security needs. The Belt and Road Initiative (BRI) by China has transformed the economic connectivity in the region because of its huge investments in port infrastructure, energy sectors and digital connectivity in Bangladesh. At the same time, the Neighbourhood First Policy and expanding maritime activities of India, along with the United States intensifying its Indo-Pacific Strategy, have put Bangladesh in the middle of two spheres of influence. Based on theoretical perspectives of balancing, bandwagoning, and hedging, this paper explores the changing nature of foreign policy approaches of Bangladesh in a multipolar world that is becoming increasingly complex. It adopts a qualitative-descriptive method to examine the economic, security and blue economy aspirations and alignments of Bangladesh and evaluates their overall impact on regional stability and national sovereignty. The results indicate that Bangladesh is gradually taking a hybrid hedging stance that maximizes its economic interests by cooperating with China, enhancing security ties with India and the U.S., and remaining strategically flexible to ensure autonomy. The analysis finds that how Bangladesh is able to balance these competing forces will determine how geopolitically the Bay of Bengal and the greater IOR will move in the future.

Keywords

Bangladesh; Indian Ocean Region; Belt and Road Initiative; Maritime Security; Hedging.

Resumo

A localização geopolítica do Bangladesh, junto à Baía de Bengala, tem vindo a reforçar significativamente a sua importância geopolítica devido às crescentes tensões entre os Estados Unidos, a China e a Índia na Região do Oceano Índico (IOR). À medida que os

corredores marítimos mundiais se tornam cada vez mais importantes para o comércio, a segurança energética e a capacidade de projeção de forças navais, Daca tem de lidar com as exigências contraditórias do crescimento económico e das crescentes necessidades de segurança. A Iniciativa «Belt and Road» (BRI) da China transformou a conectividade económica na região, graças aos seus avultados investimentos em infraestruturas portuárias, nos setores energéticos e na conectividade digital no Bangladesh. Ao mesmo tempo, a «Política de Prioridade à Vizinhança» e a expansão das atividades marítimas da Índia, a par da intensificação da Estratégia Indo-Pacífica por parte dos Estados Unidos, colocaram o Bangladesh no meio de duas esferas de influência. Com base em perspetivas teóricas de equilíbrio, alinhamento com o grupo dominante e diversificação de riscos, este artigo explora a natureza mutável das abordagens de política externa do Bangladesh num mundo multipolar que se torna cada vez mais complexo. Adota um método qualitativo-descritivo para examinar as aspirações e os alinhamentos do Bangladesh nas áreas da economia, da segurança e da economia azul, e avalia o seu impacto global na estabilidade regional e na soberania nacional. Os resultados indicam que o Bangladesh está gradualmente a adotar uma postura híbrida de «hedging» que maximiza os seus interesses económicos através da cooperação com a China, do reforço dos laços de segurança com a Índia e os EUA e da manutenção de uma flexibilidade estratégica para garantir a autonomia. A análise conclui que a forma como o Bangladesh conseguir equilibrar estas forças concorrentes determinará a evolução geopolítica futura da Baía de Bengala e da Região do Oceano Índico em geral.

Palavras-chave

Bangladesh; Região do Oceano Índico; Iniciativa «Belt and Road»; Segurança Marítima; «Hedging».

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Introduction

The Indian Ocean Region (IOR) has increasingly become a pivotal arena of great-power rivalry, where vital sea lanes, energy corridors, and maritime chokepoints are reshaping South Asia's strategic landscape and turning it into a highly contested geopolitical space (Bose, 2024; IISS, 2025). While the Maldives and Sri Lanka have traditionally attracted considerable scholarly and policy attention due to their strategic locations, Bangladesh is increasingly recognized as a linchpin in the Bay of Bengal an area where economic, security, and environmental concerns increasingly converge (Salam, 2026a; Attanayake & Atmakuri, 2021).

Bangladesh's geographic position provides access to vital maritime routes linking the Middle East, Southeast Asia, and the Indo-Pacific, making it a strategic pivot for competing powers (Anwar, 2022; Bose, 2025; Karim, 2022; Fournol, 2025). China's expansive investments under the Belt and Road Initiative (BRI) including the Payra Deep-Sea Port, the Karnaphuli Underwater Tunnel, and large-scale infrastructure financing have significantly strengthened Dhaka–Beijing relations, while simultaneously raising concerns among regional and extra-regional actors regarding strategic dependencies (Peng & Datta, 2026). India, viewing the Bay of Bengal as its "strategic backyard", has responded assertively through initiatives such as the Neighbourhood First Policy, the Sagarmala Project, and expanded naval deployments aimed at securing maritime influence (Bose, 2025). Meanwhile, the United States has integrated Bangladesh into its Indo-Pacific Strategy, emphasizing freedom of navigation, supply chain security, and enhanced maritime domain awareness in response to China's expanding footprint in the region (CSIS, 2025b).

Bangladesh therefore faces a policy dilemma: it seeks economic opportunities through diversified partnerships; on the other, it must manage competing pressures arising from U.S.–China–India strategic rivalry (Singh, 2026). In response, Bangladesh increasingly demonstrates a hedging strategy one that blends selective alignment with multiple powers while preserving strategic flexibility and autonomy (Al Amin, 2025; Karim, 2024; Kuik, 2021). Unlike Sri Lanka and the Maldives, where overt strategic bandwagoning has resulted in political fragility and economic vulnerabilities, Bangladesh has thus far sought to balance developmental imperatives with sovereignty concerns, carefully avoiding

overdependence on any single actor (Alam & Karim; 2023). These challenges are intensifying. Rising maritime militarization, the proliferation of uncrewed systems, and the deployment of AI-enabled surveillance platforms are reshaping the security dynamics of the Bay of Bengal (IISS, 2025; NATO SHAPE, 2024) and as competition over blue economy resources, including fisheries, seabed minerals, and offshore energy reserves, adds another layer of complexity to Bangladesh's foreign policy calculus (SIPRI, 2024b). Against this backdrop, this article asks three questions:

i. How does Bangladesh navigate the strategic rivalries between the U.S., China, and India in the Indian Ocean?

ii. What are the economic, security, and geopolitical trade-offs embedded in its current foreign policy strategy?

iii. To what extent can Bangladesh leverage its strategic position to enhance regional influence while safeguarding sovereignty?

By adopting a qualitative-descriptive approach grounded in international relations theories, this study contributes to the growing literature on small-state agency in great-power competition. While existing scholarship focuses predominantly on Sri Lanka and the Maldives, this article positions Bangladesh as an increasingly critical actor shaping the geopolitical calculus of the Bay of Bengal and the broader IOR (Koga, 2018; Frumento, 2025).

Theoretical Framework

Understanding Bangladesh's strategic posture in the Indian Ocean Region (IOR) requires grounding the analysis within key theoretical constructs in international relations, particularly balancing, bandwagoning, hedging, and the security dilemma (Walt, 1987; Schweller, 1994; Kuik, 2021; Koga, 2018). These frameworks help explain how small and middle powers such as Bangladesh navigate the competitive pressures generated by major actors, especially the United States, China, and India. The section then sets out the criteria used to identify 'hybrid hegemony' in Bangladeshi practice.

Balancing: Seeking Strategic Autonomy

Balancing refers to the strategies states adopt to counter potential threats from dominant powers through either internal or external mechanisms (Waltz, 1979; Walt, 1987; Lobell, Ripsman, & Taliaferro, 2009). Internal balancing involves strengthening domestic capabilities military, technological, and economic while external balancing entails aligning with other states or coalitions to deter or offset perceived threats.

In the IOR, India and the United States increasingly coordinate external balancing efforts through initiatives such as the Quadrilateral Security Dialogue (QUAD) and joint maritime surveillance agreements aimed at countering China's growing regional influence (Thakker, 2019; Raja Mohan, 2022; Basu, 2026; Chellaney, 2025). By contrast, Bangladesh has avoided overt balancing strategies due to structural constraints, resource limitations, and concerns over entanglement in great-power rivalries.

However, Dhaka has adopted a form of soft internal balancing through selective military modernization. Initiatives include acquiring advanced naval assets from China, expanding defense collaborations with Turkey, and maintaining training partnerships with India. Moreover, Bangladesh actively participates in BIMSTEC, IORA, and multilateral naval exercises, reflecting a pragmatic approach focused on capacity-building rather than formal military alliances (IISS, 2025).

Bandwagoning: Leveraging Economic Partnerships

Bandwagoning occurs when weaker states align themselves with stronger powers to secure economic, political, or security benefits (Schweller, 1994; Kirshner, 1995). Across South Asia, smaller states like the Maldives and Sri Lanka have frequently bandwagon with China under the Belt and Road Initiative (BRI), securing large-scale infrastructure financing but also increasing strategic dependence (Frumento, 2025). Bangladesh has also pursued a form of partial economic bandwagoning by deepening its engagement with China. Major BRI-linked projects including the Padma Bridge Rail Link, the Karnaphuli Tunnel, and infrastructure works at Payra and Chattogram ports have substantially strengthened bilateral ties, positioning Beijing as Bangladesh's leading infrastructure partner (Rahman, 2026; Salam & Ahmed, 2026). Following Xi Jinping's 2016 visit to Dhaka, China pledged an infrastructure package of roughly USD 40 billion approximately USD 26 billion for BRI projects and USD 14 billion for joint ventures (The Financial Express, 2023). Realized disbursements, however, have been considerably smaller estimated at around USD 4–7 billion by 2023 reflecting a persistent gap between pledged and delivered financing (The Business Standard, 2023).

Nevertheless, Bangladesh's approach remains selective and transactional. Dhaka simultaneously engages India's connectivity initiatives, such as cross-border energy grids and transport corridors, while also cultivating Western and multilateral financing channels as alternatives to Chinese lending including responding to U.S. encouragement to adopt quality-infrastructure standards such as those promoted by the Blue Dot Network (Deng, 2022; Dhaka Tribune, 2023). Unlike Sri Lanka, which faced severe debt distress following the Hambantota Port lease, Bangladesh has diversified its funding sources to preserve financial sovereignty and avoid comparable structural vulnerabilities.

Hedging: Strategic Flexibility in a Multipolar Order

Hedging has emerged as a characteristic aspect of the Bangladesh foreign policy in the IOR. Hedging allows states to maintain a good relationship with rival powers, but at the same time, it prevents strict adherence to any one power (Kuik, 2021; Koga, 2018). Hedging is a way of reducing geopolitical risks and maximizing economic and security opportunities of small states like Bangladesh. The hedging strategy of Bangladesh can be seen in three dimensions that are interconnected:

Economic Hedging: Dhaka has participated in the BRI, the Indian Act East Policy and the U.S.-led Indo-Pacific initiatives, obtaining funding of infrastructure projects, technology transfer, and access to wider markets without allowing any of those powers to have a dominant role.

Security Hedging: Bangladesh is involved in joint exercises with India and the U.S. in the maritime sphere and is acquiring defense technologies in China and Turkey. This strategy enhances maritime deterrence and maintaining strategic flexibility

Diplomatic Hedging: Dhaka adopts an issue-by-issue approach and is happy to collaborate with China on infrastructure projects but not on Chinese claims to the South China Sea. Bangladesh, in the same way, participates in U.S.-led Indo-Pacific security discussions but does not take anti-China stances.

By using this multi-dimensional hedging approach, Bangladesh maintains room to strategic manoeuvrings and makes the best of all partners and managed to develop a calibrated strategy that has so far contributed to its increased agency (Frumento, 2025).

Security Dilemma: Navigating Naval Militarization

The growing militarization of the Bay of Bengal reflects a classic security dilemma (Jervis, 1978). China's Maritime Silk Road has expanded its naval footprint, including submarine deployments and port infrastructure investments; in response, India has intensified maritime patrols and surveillance, while the United States, through INDOPACOM, has increased joint naval drills and deployed advanced reconnaissance assets in the region (Bose, 2025; Anwar, 2022). These force postures and platform inventories are documented in IISS (2025). Bangladesh's proximity to these strategic chokepoints exposes it to overlapping security architectures. Dhaka's response demonstrates pragmatic risk management, which includes:

- Hosting limited naval exercises with India and the U.S. to enhance maritime capacity;
- Collaborating with China on non-offensive infrastructure projects while regulating military engagement;
- Expanding maritime domain awareness (MDA) through regional platforms like IORA and BIMSTEC (SIPRI, 2024).

As naval militarization accelerates including the integration of autonomous systems, AI-enabled kill chains, and low-cost precision strike technologies the Bay of Bengal risks becoming a flashpoint for great-power rivalry. Bangladesh aims to avoid proxy entanglement while capitalizing on technology transfers and securing its maritime interests.

Methodology

This study uses qualitative, interpretive research design to explore the nature of Bangladesh's strategic management in the context of the competition between the USA and China and India in the IOR. Instead of a statistical generalisation, it strives for analytical depth, charting the relationships between economic interdependence, maritime-security pressures and alignment dilemmas in Dhaka's foreign-policy decisions. The analysis is organized into three complementary techniques.

The first thing to be noted in the study is that the study is structured document analysis. It is based on three types of sources: (a) peer-reviewed literature on the strategic and hedging of small states and Indian Ocean geopolitics; (b) reports and data from established think tanks such as the Stockholm International Peace Research Institute (SIPRI), the International Institute for Strategic Studies (IISS), and the Center for Strategic and International Studies (CSIS); and (c) official documents from the Bangladesh Ministry of Foreign Affairs, BIMSTEC, and the Indian Ocean Rim Association (IORA). A range of sources were chosen based on their relevance to the research questions, freshness, and institutional credibility, and wherever possible, primary and official sources were selected. Avoiding excessive risk of depending on a single source, claims, especially quantitative claims, were cross-checked from sources of information before reporting.

Second, the analysis is comparative, structured and focussed. To understand what is unique and special about Dhaka's strategy, it is compared to the more common examples of Sri Lanka and the Maldives, while keeping the general regional context (BRI exposure, Indian proximity, U.S. Indo-Pacific engagement) fixed. This comparison disciplines the argument about small state agency by setting it in a context of observable differences of outcomes (debt exposure, policy autonomy).

Thirdly, the study uses scenario analysis to visualize the future of Bangladesh in 2035. The scenarios are not predictions, but scenarios are a series of imaginative thinking exercises about possible futures. They were built by identifying the key factors driving the choices made by policymakers in Dhaka: the strength of U.S.–China rivalry, the extent of China's economic leverage, the level of U.S.–India strategic convergence, the extent of maritime militarisation and technology diffusion, and the degree of coherence in Bangladesh's domestic policy and by considering the two factors with the most uncertain and consequential outcomes as the axes around which alternative futures can be plotted. For each scenario, its set of assumptions and the observable indicators of its emergence is defined. The probability labels on the scenarios represent informed judgements about their similarity to current trends, rather than mathematical probabilities.

The time horizon of the study is the decade 2015-2025 with a projection to 2035 in the scenario section. This design has two restrictions which are explicitly listed. Data on infrastructure financing, development assistance, and naval deployments are not consistently available in the public record, and where reported, should be interpreted as being indicative of orders of magnitude of the data derived from the cited institutions, and not official series. Accordingly, earlier versions of the illustrative charts depicting one value estimates on an annual basis, but without a reproducible underlying dataset, have been removed from this version and the comparison is made qualitatively, with explicit attribution. Second, interpretation takes precedence over generalization in the form of a single country study, which limits the scope to depth rather than breadth, and does not guarantee prediction of the future course of the rivalry.

Bangladesh's Strategic Role: Blue Economy, Security, and Great-Power Rivalry

Strategic Geography and Rising Maritime Relevance

Bangladesh's location at the northern edge of the Bay of Bengal positions it as a natural maritime hub connecting the Middle East, Southeast Asia, and broader Indo-Pacific markets. The Indian Ocean Region (IOR) is central to global trade and energy dynamics, with nearly 80% of global trade by volume and 65% of global energy flows passing through its sea lanes (IISS, 2025; CSIS, 2025a). For Bangladesh, this geographic position brings both opportunities and vulnerabilities, as the Bay of Bengal has become a focal point of economic integration, strategic competition, and security contestation.

The geography is dominated by strategic maritime chokepoints, like the Malacca Strait, the Andaman Sea and the Sunda Strait, that are also key to the continuing free flow of international commerce. These corridors are especially critical for China's energy imports, as almost 80% of its oil imports traverse the Malacca Strait, serving as a `lock-in point' of Beijing's energy security logic (Zhang, 2011). At the same time, however, these sea lanes serve as the anchor of India's naval ambitions and the U.S.-supported Indo-Pacific supply chain architecture, thus highlighting the increasing strategic value of Bangladesh's immediate waters (Karim, 2023).

The ongoing port development initiatives in Bangladesh, including the upgrading of Chattogram Port, the construction of Payra Deep-Sea Port, and the strategic Matarbari Port Project, are positioning the country to emerge as a maritime logistics hub in South Asia (National Maritime Foundation, 2024). These projects are not only central to Bangladesh's economic aspirations but also place the country at the intersection of competing strategic frameworks shaping the wider Indian Ocean Region.

At one end lies China's Maritime Silk Road, a key component of the Belt and Road Initiative (BRI), which focuses on enhancing connectivity through infrastructure investments and expanding trade networks (NDRC & SOA, 2017). Parallel to this, India's SAGAR strategy Security and Growth for All in the Region seeks to strengthen maritime security, regional integration, and economic linkages across the Indian Ocean Region, including the Bay of Bengal (Ministry of External Affairs, 2015; Schottli, 2019). At the same time, the U.S.-sponsored Indo-Pacific maritime architecture emphasizes freedom of navigation, resilient infrastructure, and enhanced maritime domain awareness as part of a broader push to counterbalance China's growing influence (The White House, 2022).

Together, these overlapping strategic initiatives highlight Bangladesh's emerging centrality in the maritime geopolitics of South Asia, where its ports are becoming key nodes in the contest for economic connectivity, naval presence, and regional influence. As these initiatives converge, Bangladesh's strategic exposure intensifies. The Bay of Bengal has witnessed a marked increase in naval deployments, including Chinese submarine visits, Indian maritime patrols, and U.S. Bangladesh joint naval exercises. This expanding military presence reflects broader great-power rivalries, but for Dhaka, it also generates geopolitical dilemmas (U.S. Pacific Fleet, 2020; Bose, 2025; Salam, 2026b).

Unlike Sri Lanka and the Maldives, where policy choices have often resulted in strategic overdependence and heightened alignment entrapments, Bangladesh has pursued a hybrid strategy of economic diversification and security balancing. While leveraging Chinese infrastructure financing, Dhaka simultaneously deepens security dialogues with India and engages in multilateral platforms like the BIMSTEC, IORA, and ASEAN-led frameworks to maintain policy flexibility.

This strategy reflects Bangladesh's conscious effort to preserve strategic autonomy while capitalizing on its maritime geography to strengthen blue economy prospects, enhance port-led growth, and secure a more prominent role in the Indo-Pacific order. However, its centrality in overlapping economic and security frameworks also exposes Dhaka to greater external pressures, making strategic navigation increasingly complex (Koga, 2018; Kuik, 2021).

China, the United states, and India in Bangladesh's Maritime Environment

China's Expanding Influence

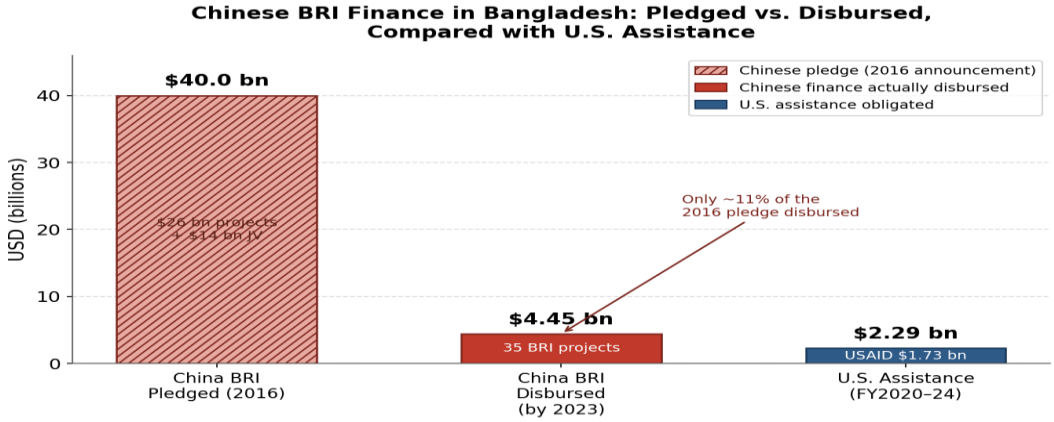
China is the biggest trade and infrastructure partner of Bangladesh, but the extent to which China has invested in Bangladesh is often exaggerated and in practice pledges are confused with disbursements. However, China's offer of USD 40 billion for independent projects and USD 14 billion for joint ventures was the amount that continues to be the most frequently cited (Rahman, 2026), when President Xi Jinping visited in October 14, 2016. In reality it's a much smaller figure. In 2023, Chinese ambassador told the media that only USD 4.45 billion was disbursed for 35 BRI projects, nearly one-tenth of the promised amount, and that projects were delayed due to cost and debt sustainability concerns, as well as delays (Rahman, 2026). However, the city of Dhaka has seen a more robust collaboration with Beijing through flagship projects, such as the Payra deep-sea port, the Karnaphuli tunnel, the Padma Bridge, a rail link, and the expansion of Chattogram's container terminal, the costs of which vary in reports and must be cross-checked with the relevant financing agreements.

China is also the main source of arms for Bangladesh. In 2018–22, SIPRI data reveal that Beijing provided Bangladesh with approximately 74 per cent of major arms, such as anti-ship missile systems, frigates and maritime surveillance equipment, which have helped modernise the Bangladesh Navy and its capacity to patrol the country's EEZ. But for Beijing, these connections have broader purposes: greater access to the Bay of Bengal can ensure the energy supply routes from the Middle East to East Asia, while the links can strengthen China's influence on the Bay's maritime order (Zhang, 2011; CSIS, 2025a).

If the expenditure of money is taken into account instead of the money that was promised, the difference between the two external partners is quite small. The total volume of U.S. foreign assistance in fiscal years 2020-2024 was approximately USD 2.29 billion with USAID, comprising USD 1.73 billion in expenditure on governance, health, development, and security cooperation, but not a significant amount in infrastructure loans (Naduvath, 2025). China's disbursed BRI finance is still substantially larger than

U.S. assistance, but apart from pledges, the two are roughly equal in total, and they also have some differences as much as they are similar: Chinese engagement focuses on hard infrastructure, while U.S. engagement is through standards, development programming, and security partnerships. This comparison, as depicted in figure 1, outlines what China promised and what it has accomplished.

Figure 1. Chinese BRI finance in Bangladesh — pledged versus disbursed — compared with U.S. assistance



Source: Author's compilation from Rahman (2026) and Naduvath (2025), drawing on figures reported by the Chinese Embassy in Dhaka and on U.S. data from ForeignAssistance.gov.

The United States: Indo-Pacific Strategy and Selective Engagement

While China has entered Bangladesh through massive infrastructure lending, the U.S. has established a different form of relationship: a strategic partnership, maritime-security capacity building, and supply-chain resilience. This is part of Washington's overall concern over China's growing economic influence in the Indian Ocean Region and the risks such dependency can pose and has placed Bangladesh in the U.S. framework of a free and open Indo-Pacific (US Department of State, 2025; ORF, 2026).

But that battle is real, albeit not on the same scale. Washington has pledged over USD 1.2 billion in development assistance in recent years, as well as USD 450 million toward digital-infrastructure security and cyber resilience, with a focus on economic competitiveness, energy diversification and maritime governance (US Department of State, 2024). But the disparity increases when viewed through the lens of Chinese financing: in the five years ending in 2024, Beijing has spent nearly USD 26 billion on financing for development, while the total amount of U.S. development and security assistance has not exceeded USD 3 billion (ForeignAssistance.gov, 2024). It is not necessarily a race that Washington is losing, but rather a competition of approach: China invests in hard infrastructure, while Washington focuses on governance, digital transformation, and security partnerships (Rahman, 2026).

One of those ways is through the promotion of standards. Washington also has been promoting transparent, high-quality standards for infrastructure through a certification process with Japan and Australia and promoting the interest of Dhaka in other trade and connectivity mechanisms like the Indo-Pacific Economic Framework (IPEF) (Washington Post, 2023; BIISS, 2024). Both indicate the other way of involvement that the United States provides, but Bangladesh is not involved in either.

The strand that is most tangible is maritime security. Bangladesh is also getting training, equipment and technical assistance through programmes under the Indo Pacific Command, U.S. in order to enhance its maritime domain awareness and counter illegal, unreported, and unregulated fishing (SIPRI, 2024). Joint exercises under the Cooperation Afloat Readiness and Training (CARAT) programme have significantly bolstered the Bangladesh Navy's surveillance, search-and-rescue and port-security capacities (US Department of State, 2025a), while the two countries have taken steps towards greater intelligence-sharing agreements, such as the reported agreement on a General Security of Military Information Agreement (Dhaka Tribune, 2026).

However, Dhaka's reaction to all this is quite selective. While Bangladesh gladly accepts the support from the U.S. to build maritime capacity and supply-chains resilience, it is reluctant to pursue any alignment that may be interpreted as anti-China, not willing to include U.S. cooperation under a wider security umbrella. This posture allows it to extract economic benefits from the engagement with Beijing, but at the same time gain technological and development benefits and security guarantees from the engagement with the U.S. the essence of the hybrid hedge that runs through its foreign policy (Kuik, 2021; Koga, 2018).

India: SAGAR and the Neighbourhood First Approach

India is not a distant theatre, but an extension of its own maritime neighbourhood and this is reflected in the policy that India has towards Bangladesh. SAGAR Security and Growth for All in the Region is the organising idea (Ministry of External Affairs, 2015; Schottli, 2019), which Prime Minister Narendra Modi first pitched in Mauritius in 2015 as an Indian Ocean area where New Delhi aims to not just protect against rivals, but to offer security, connections, and growth. Combined with the Neighbourhood First policy, SAGAR puts Bangladesh in the priority list of its partners in that regard, which has a direct impact on India's security.

This in practice means combination of connectivity and maritime-security measures. India has actively pursued port-led growth, coastal shipping, under Sagarmala and Bay of Bengal thrust under BIMSTEC and engaged Bangladesh in broader initiatives like the Indo-Pacific Oceans Initiative (Bose, 2025). This has strengthened security cooperation with other countries, including coast-surveillance cooperation and exchanging maritime domain awareness through coordinated patrols, white-shipping, training and sharing of information about sea situations, and has grown in tandem with the goodwill established in the peaceful settlement of the maritime boundary issue between the two states in 2014 (Raja Mohan, 2022). In New Delhi, these are not only efforts for assistance, but also for presence - to maintain influence in what it sees as its strategic backyard.

A lot of this reactivity is also to reaction. China's engagement in Bangladesh's ports and infrastructure has been increasing, while India has been seeking to provide alternatives and ensure Dhaka remains in its sphere of influence, with its connectivity initiatives being perceived as clear, need-driven responses to BRI loans (Bose, 2025). The impact on Bangladesh is to expand its space for manoeuvrability, because connectivity and security relations with India provide the necessary counterweight to the financing of China's Belt Road Initiative so Bangladesh can enjoy the benefits of both without taking a full side bet on either (Karim, 2024). But the same dynamic comes with a price: tilting toward one patron brings pressure from the other, and that tension is felt all the way to Bangladesh's hedging stance.

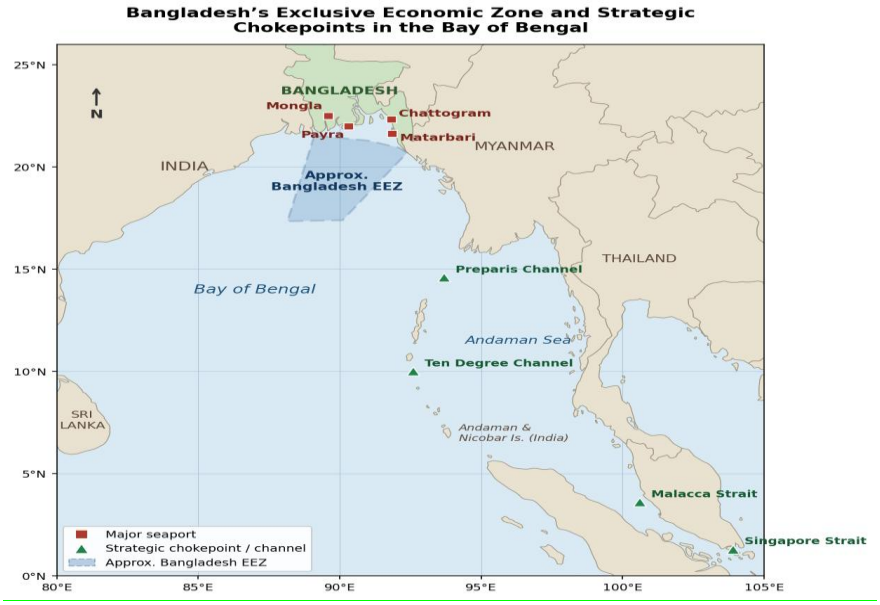
Blue-Economy Ambitions

The blue economy (fisheries, offshore energy, seabed minerals and maritime trade) is the core of Bangladesh's long-term development plan. After Bangladesh's peaceful resolution of maritime disputes with Myanmar before the International Tribunal for the Law of the Sea in 2012 and India before an UNCLOS arbitral tribunal in 2014, she now has jurisdiction over vast maritime space in the Bay of Bengal. This is more than 118,813 square kilometres of territorial sea, exclusive economic zone and continental shelf, along with the rights of the Government over the resources of its sea-beds, beyond the 200 nautical miles (Ministry of Foreign Affairs of Bangladesh, 2024). These settlements provided an opportunity for resource exploitation, as well as strategic positioning, within the IOR.

Bangladesh's maritime area is adjacent to some strategic choke points i.e. approaches to the Malacca Strait and the Andaman Sea, through which the world's shipping and energy transport takes place (Ranjan & Attanayake, 2024). This closeness is the foundation of Dhaka's ambitions to become a maritime hub for the South Asian region, southeast Asian region and the broader Indo-Pacific (Karim, 2023). Figure 2 depicts the exclusive economic zone of Bangladesh in relation to main seaports and the main sea channels in the Bay of Bengal, Andaman Sea and Strait of Malacca.

The bay has a high resource potential. Fisheries continue to be a key asset, providing more than a third of the protein in the country and sustaining a livelihood for well in excess of one million people. While the actual quantity of natural gas is still subject to further exploration (SIPRI, 2024b), the preliminary surveys have identified sizeable potential offshore, often reported in the hundreds of millions to several trillion cubic feet, which could enhance energy security and diversification of exports. The ongoing global increase in demand for seabed minerals is another, longer-term consideration. In addition, the majority of Bangladesh's foreign trade comes from the bay, with ports like Chattogram, Payra, and Matarbari playing a pivotal role in trade and the country's strategic goals as a whole (Bose, 2023).

Figure 2. Bangladesh's exclusive economic zone and strategic chokepoints in the Bay of Bengal



Source: Author's cartography. Base coastlines from Natural Earth (public domain, 1:50m). EEZ extent approximated from the 2012 ITLOS (Bangladesh/Myanmar) and 2014 PCA (Bangladesh/India) delimitations; port and channel locations from published coordinates.

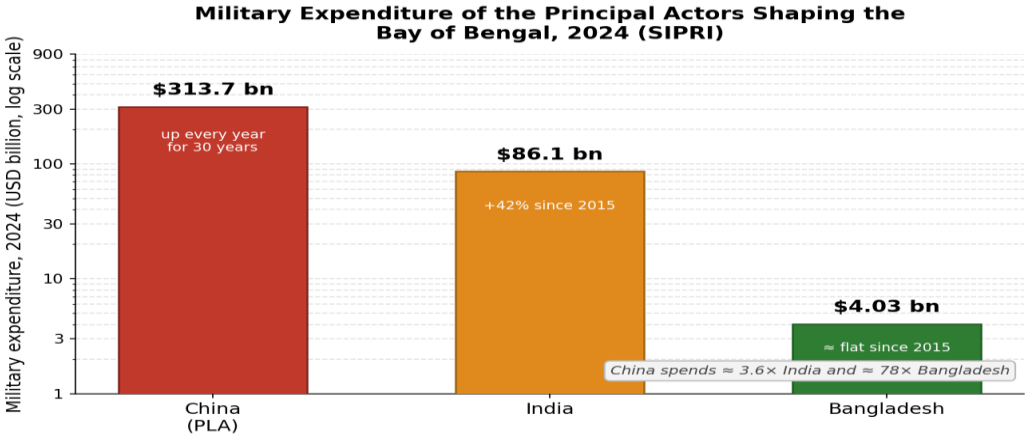
Geopolitical competition and sea insecurity taint these prospects. The rise in great power rivalry is accompanied by greater naval activity in the bay and heightened prospects for strategic entanglements, and illegal, unreported, and unregulated fishing and piracy are limiting Bangladesh's potential for sustainable resource exploitation (Bose, 2025). The potential of Dhaka's maritime zone will be going to waste if the city's maritime domain awareness, cooperation among neighbours and environmental governance are not enhanced. The blue economy, then, is an opportunity as well as a challenge: a source of sustainable growth, energy security, and region integration; and a challenge to be faced when dealing with geo-economic competition, environmental stress and security threat.

Emerging Security Dilemmas and Military Modernisation

Bangladesh's strategic mind is moving towards the maritime security dilemma and the Bay of Bengal is emerging as a naval competition arena between the Chinese, Indian and comparatively lesser American. As deployments increase, surveillance grows tighter and the strategic presence gets larger, Dhaka needs to strengthen its own maritime capabilities to protect its sovereignty and control its exclusive economic zone (IISS, 2025; CSIS, 2025a). The military balance is perhaps the best measure of this pressure. As Figure 3 demonstrates, the two great powers that dominate the region spend much more than Bangladesh (China's military expenditure in 2024 was approximately seventy-eight times that of Bangladesh, and more than three times that of India); and military spending across Asia and Oceania has increased over the past decade by around 46 per

cent, reaching 2024 (SIPRI, 2025a). But it is not a desire to emulate its neighbours that drives Dhaka's reaction, but this asymmetry.

Figure 3. Military expenditure of the principal actors shaping the Bay of Bengal, 2024



Source: Author's compilation from SIPRI (2025a) and the SIPRI Military Expenditure Database (SIPRI, 2025b).

Note. The variable is total national military expenditure for calendar year 2024, in current US dollars, as estimated by SIPRI: China USD 313.7 billion, India USD 86.1 billion, and Bangladesh USD 4.03 billion. The vertical axis is logarithmic so that all three actors remain legible despite the wide range. The figure replaces an earlier chart that reported an undocumented annual count of naval deployments; military expenditure is used here as a transparent, independently verifiable proxy for the regional militarisation discussed in the text. For reference, SIPRI reports that Indian spending rose about 42 per cent and total Asia-and-Oceania spending about 46 per cent between 2015 and 2024, while Chinese spending increased for a thirtieth consecutive year (SIPRI, 2025a).

To match this, Bangladesh has opted for a selective modernization approach with flexibility. The acquisition of Chinese-built frigates and guided-missile corvettes has bolstered surface-warfare capabilities and enhanced patrol capacity (SRIPRI, 2024a); ties with India regarding coastal-radar systems have strengthened maritime domain awareness by providing real-time information in shared waters; and joint military exercises with the U.S. Indo-Pacific Command have expanded search-and-rescue, anti-submarine warfare and surveillance of illicit trafficking capabilities (IISS, 2025). It has been the goal from the beginning to build up capability, but without forming an alliance.

This is complicated by emerging technologies. The proliferation of autonomous systems, unmanned underwater vehicles and AI-driven targeting is bringing new low-cost precision warfare capabilities to the bay and the increasing use of drones for surveillance and strikes can make the area a testing ground for these systems (SIPRI, 2024b; NATO SHAPE, 2024). Increased entanglements in the Bay of Bengal and overlapping naval postures by competing powers make it distinctively a space for great power rivalry. The Bay of Bengal is in a unique situation between the pressures of entanglement and Dhaka's desire to stay out, as competing naval postures overlap. In addition to increased economic opportunities, Chinese investments in dual-use ports also enable Beijing to extend its logistical reach, while a greater Indian footprint and the United States' growing

security presence further strain operations. Bangladesh's challenge is to modernize its navy and assert its maritime claims while maintaining a hybrid hedging strategy that ensures it remains outside any one camp, which is getting more difficult as artificial intelligence is introduced into warfare and autonomous systems are becoming increasingly prevalent.

Strategic Scenarios for Bangladesh: Challenges and Opportunities

Bangladesh is located at the geographical-political juncture of the emerging geopolitical tensions, the growing economic potential of the Indian Ocean, and security dilemmas. Due to the involvement in intense global and regional power play, Dhaka is forced to balance between safeguarding its blue economy, strategic autonomy, and avoiding entrapment in alignment and associated implications in the face of rising great-power competition. On the basis of the analysis of trends in regional rivalry, interdependence, and militarization of technology, this section formulates three possible strategic scenarios of the Bangladesh way into 2035.

Scenario I: Strategic hedging and economic diversification (Most likely)

In the probable scenario, Bangladesh would pursue a hybrid hedging strategy and ensuring a careful balance between China, India and the United States as it places its priority on economic development and the security of blue economy. This is a situation where Dhaka is seeking to avoid reliance upon a single power through diversifying investments, improving connectivity in the region, and intensifying strategic diplomacy.

Bangladesh's economic strategy would continue to leverage China's role as its largest infrastructure financier under the Belt and Road Initiative (BRI), particularly in financing ports, energy grids, and transportation networks. At the same time, investments from the United States, Japan, and allied partners through initiatives like the Blue Dot Network and the Indo-Pacific Economic Framework (IPEF) would help Dhaka diversify funding sources and reduce overreliance on Beijing. The country's geographic advantage strengthens its role as a logistics hub, with growing cross-border energy grids, road networks, and maritime corridors under multilateral frameworks such as BIMSTEC and the Bangladesh-China-India-Myanmar (BCIM) initiative.

Strategically, Bangladesh adopts a non-aligned yet networked approach to diplomacy, engaging in forums associated with the Quadrilateral Security Dialogue (QUAD) and other regional partnerships without formally joining security alliances. By maintaining flexibility, Dhaka maximizes economic benefits while keeping open channels of cooperation with multiple stakeholders, reflecting its broader hedging strategy (Kuik, 2021; Koga, 2018).

The implications of this scenario are twofold. On the one hand, opportunities arise from Dhaka's ability to secure diversified funding streams for blue economy projects, expand access to technological transfers in maritime surveillance and renewable energy, and enhance its bargaining power by skilfully balancing between rival blocs. On the other hand, risks persist. Continuous balancing could deepen strategic mistrust among major

powers, placing Bangladesh under growing pressure from both Washington and Beijing. Domestically, competing political and business factions may amplify tensions by advocating for closer alignment with either China or the U.S., increasing policy polarization.

Overall, this scenario positions Bangladesh to maintain strategic autonomy, strengthen economic resilience, and secure its blue economy potential while avoiding debt dependency and minimizing the risks of becoming entangled in overt security alignments. The continuity of this path would allow Dhaka to benefit from regional connectivity initiatives while preserving its leverage in navigating the triangular power rivalry in the Indo-Pacific.

Scenario II: Strategic Overdependence and Alignment Trap (Moderate Risk)

In this scenario, Bangladesh's strategic autonomy becomes increasingly constrained as deepening economic dependencies and intensifying geopolitical rivalries push Dhaka toward an inadvertent alignment with one major power. This trajectory emerges if Bangladesh fails to manage the asymmetries between its financing needs, security partnerships, and diplomatic engagements, leaving it more exposed to external leverage and policy pressures.

China's dominance under the Belt and Road Initiative (BRI) could expand significantly by the early 2030s, with large-scale commitments in ports, energy grids, and digital infrastructure increasing Dhaka's financial exposure. As Beijing consolidates control over dual-use maritime facilities, Bangladesh may find itself increasingly reliant on Chinese loans, technology, and defense cooperation, heightening concerns about strategic dependency (SIPRI, 2024; Zhang, 2011). At the same time, U.S. and Indian pressure to counterbalance Beijing's influence could intensify, placing Dhaka in a polarized policy environment that undermines its flexibility in foreign and security decision-making.

Compounding this vulnerability, domestic political and business factions may push competing agendas favouring alignment with either Washington or Beijing, further fragmenting Dhaka's policymaking. For example, stronger pro-China lobbies might advocate expanding BRI-linked projects and military cooperation, while pro-U.S. constituencies could seek deeper integration into the Indo-Pacific security architecture, including joint naval initiatives and enhanced maritime surveillance partnerships with the U.S. Indo-Pacific Command. In such an environment, balancing strategies could weaken, as Dhaka faces growing difficulty in resisting external policy conditionalities attached to loans, trade agreements, and defense collaborations.

The implications of this scenario are significant. On the positive side, deeper alignment with one bloc may secure rapid infrastructure development, technology transfers, and preferential trade access for Bangladesh's export-driven economy. However, the associated risks are substantial. Economic overdependence on China could leave Dhaka vulnerable to debt-servicing challenges and diminish its leverage in negotiations over critical resources and maritime rights. Alternatively, overt alignment with U.S.-led

initiatives risks provoking Chinese retaliation, including reductions in infrastructure funding or strategic exclusion from supply-chain networks.

By 2035, under this scenario, Bangladesh's strategic autonomy would be significantly reduced, constraining its ability to pursue independent economic, diplomatic, and security policies. While Dhaka may secure short-term developmental gains, its long-term bargaining power would weaken, leaving it susceptible to external pressures in a deeply contested Indo-Pacific order.

This scenario demonstrates how Bangladesh's hedging posture could erode under intensifying great-power competition. Unlike Scenario I, where Dhaka maintains flexibility, this trajectory highlights the dangers of economic dependency traps and policy entanglement that undermine sovereignty and constrain independent decision-making.

Scenario III: Maritime Militarization and Regional Security Entrapment (Low Probability, High Impact)

In this scenario, the Bay of Bengal evolves into a contested maritime battlespace as intensified U.S.–China–India rivalry drives significant militarization of the Indian Ocean Region (IOR). Rising investments in naval infrastructure, autonomous platforms, and AI-enabled surveillance networks by major powers increase operational risks for Bangladesh, exposing it to entanglement pressures and diminishing room for strategic manoeuvring.

By the early 2030s, China may deepen its strategic footprint under the Maritime Silk Road, expanding dual-use port facilities at Chattogram, Payra, and Matarbari while increasing deployments of submarines, guided-missile destroyers, and unmanned underwater vehicles (UUVs) in Bangladesh's adjacent waters (Zhang, 2011; SIPRI, 2024). In response, India could escalate its maritime surveillance capabilities by deploying advanced reconnaissance platforms, strengthening Andaman and Nicobar Command operations, and expanding multilateral exercises with Japan, Australia, and the United States under frameworks like MALABAR and the QUAD (Raja Mohan, 2022). Simultaneously, the U.S. Indo-Pacific Command would likely increase its operational presence, conducting joint naval drills with Bangladesh while deploying carrier strike groups and next-generation surveillance technologies to secure freedom of navigation in the IOR.

Under this trajectory, the Bay of Bengal risks becoming a flashpoint for military competition, where overlapping naval postures, AI-driven targeting systems, and low-cost precision-strike capabilities amplify the risks of escalation and miscalculation. As shown in Figure 2, the rising trend of naval deployments from 2015 to 2024 already illustrates the intensity of maritime competition, which is projected to accelerate over the coming decade. Dhaka's maritime spaces could thus become strategically entangled in power-projection rivalries between Beijing, New Delhi, and Washington, raising concerns about the erosion of regional stability and Bangladesh's maritime sovereignty.

For Bangladesh, this scenario presents both opportunities and significant vulnerabilities. On the one hand, escalating militarization would enable Dhaka to modernize its naval capabilities through greater access to defense technologies, joint training programs, and

strategic intelligence sharing with multiple partners. On the other hand, increased security cooperation could exacerbate diplomatic tensions with rival blocs, exposing Bangladesh to retaliatory measures, reduced infrastructure investments, and even potential disruptions to supply chains critical for its export-driven economy.

By 2035, under this trajectory, Bangladesh faces heightened strategic pressures as the Bay of Bengal transforms into an arena of proxy naval competition. While Dhaka's participation in initiatives like BIMSTEC, IORA, and the Indian Ocean Naval Symposium (IONS) may partially mitigate escalation risks, its ability to preserve strategic autonomy would remain constrained. In this environment, a failure to balance competing partnerships could lead to security entanglements that undermine both economic resilience and regional stability.

Comparative Strategic Scenario Matrix

Bangladesh's strategic choices in the Indian Ocean Region (IOR) involve navigating complex trade-offs between economic development, geopolitical alignment, and security imperatives. The Comparative Scenario Matrix below synthesizes the three possible trajectories outlined in this study Scenario I (Strategic Hedging), Scenario II (Alignment Trap), and Scenario III (Regional Militarization) across key variables, including economic policy, foreign policy, blue economy priorities, security posture, and long-term strategic outcomes. Table 1. illustrates how these trajectories diverge based on Bangladesh's ability to balance competing pressures from China, India, and the United States.

Table 1. *Comparative Scenario Matrix for Bangladesh's Strategic Trajectories (2035)*

Variable	***Scenario I: Hedging (Preferred)***	***Scenario II: Alignment Trap***	***Scenario III: Militarization***
Economic Policy	*Diversified investments via BRI + IPEF + India*	*Overdependence on BRI financing*	*Defense-driven spending dominates*
Foreign Policy	*Flexible, non-aligned, multi-vector*	*Constrained by strategic debt*	*Forced alignment in security blocs*
Blue Economy	*Sustainable growth, balanced access*	*Resource control by external powers*	*Contested maritime claims*
Security Posture	*Cooperative but neutral*	*Reactive and defensive*	*Militarized surveillance and deterrence*
Outcome	*Strategic autonomy sustained*	*Sovereignty constraints emerge*	*Regional security entrapment*

Source: Source: Author's construction, based on the hedging framework (Kuik, 2021; Koga, 2018) and the analysis presented in this study.

In the first one, Bangladesh maintains its hybrid hedging position, where it balances economic dependence on China, India, and the United States and tries to maximize its opportunities with the help of diversified sources of funds such as the Belt and Road Initiative (BRI), the Blue Dot Network, and the Indo-Pacific Economic Framework (IPEF).

This path allows Dhaka to consolidate the resilience of its blue economy, obtain technological transfers and maintain strategic autonomy.

On the contrary, the second scenario is an alignment trap, in which economic dependency on Chinese BRI funding or further integration into U.S.-led security blocs limits Dhaka flexibility. Although this approach can fast-track infrastructure development and access to technology, it poses the danger of policy limits, sovereignty encroachment and increased exposure to great-power conditionalities.

Last but not least, the third scenario presents the future as one of regional militarization, when the increased competition of China, India, and the U.S. turns the Bay of Bengal into a zone of strategic rivalry. In this eventuality, Bangladesh has to grapple with increased security tensions, disputed maritime boundaries, and the possibility of getting involved in proxy naval rivalry. This kind of trajectory raises the peril of strategic entanglement, though it does allow the possibility of some modernization of the defense capabilities of Bangladesh.

The comparative analysis highlights that the best way forward is with a hedging strategy and economic diversification that will ensure strategic autonomy and maximize the potential of the blue economy at the same time. To ensure that this balance is sustained, however, adaptive policy making, strengthening maritime governance and greater participation in multilateral forums is needed to counter the destabilizing impacts of regional militarization.

Strategic Outlook for Bangladesh to 2035

Bangladesh will have to negotiate economic, security, and strategic relationships in the Indian Ocean Region (IOR) according to its geopolitical agency in the multipolar world of the 21st century. With increasing regional competition, Dhaka needs to base its strategic positioning on hedged actions, so that no power can command control over its economic and security system.

A central priority for Bangladesh is the diversification of partnerships. Sustaining equilibrium between China's Belt and Road Initiative (BRI), U.S.-led Indo-Pacific initiatives, and India's SAGAR strategy will be essential to preserving strategic flexibility and avoiding overdependence on any single actor (CSIS, 2025). By maintaining balanced engagement with competing powers, Dhaka can leverage multiple sources of infrastructure financing, technology transfers, and trade opportunities while retaining its decision-making autonomy.

Equally critical is the need to strengthen maritime security capabilities. Given the intensifying naval deployments and growing militarization of the Bay of Bengal, Bangladesh must invest in autonomous monitoring systems, counter-drone defense platforms, and enhanced Maritime Domain Awareness (MDA) networks to protect its sovereignty and secure its Exclusive Economic Zone (EEZ) (IISS, 2025; SIPRI, 2024). By adopting advanced surveillance and coastal security measures, Dhaka can manage emerging security dilemmas without becoming entangled in great-power rivalries.

At the same time, Bangladesh must maximize the economic potential of its blue economy by tapping into offshore energy reserves, submarine mineral resources, and sustainable

maritime trade opportunities. These prospects are critical for achieving long-term energy security and export diversification, but they must be managed carefully to ensure ecological sustainability and resilience against climate-related vulnerabilities (IORA, 2023; CSIS Maritime Atlas, 2025).

Last but not least, multilateralism will be crucial to the protection of strategic autonomy and the reduction of alignment pressures by institutionalizing them. Greater participation in regional platforms like BIMSTEC, the Indian Ocean Rim Association (IORA) and ASEAN-led processes will allow Bangladesh to enhance multilateral security arrangements, build economic linkages and prevent binary balancing in an Indo-Pacific that is becoming more polarized.

A calibrated hedging strategy underpinned by economic pragmatism, strategic neutrality, and versatile diplomacy would be the best way forward in a multipolar Indian Ocean order of things. Its prosperity will depend on its ability to balance the need to stick to policy consistency and the conflicting demands of Washington, Beijing and New Delhi. Bangladesh should maintain diversified partnerships and improve maritime resilience to become the key driver of the strategic evolution of the Bay of Bengal until 2035.

Conclusion

The strategic orientation of Bangladesh in the Indian Ocean region (IOR) is being transformed by the convoluted interaction of economic interdependence, geopolitical rivalries, and maritime security dilemmas. Located at the northern fringe of the Bay of Bengal, Dhaka is at the center of a rising Indo-Pacific order, whereby the interests of China, India, and the United States intersect. This geographic centrality has its advantages and disadvantages: on the one hand, this position provides an opportunity to enjoy the dividends of blue economy development, regional integration, and technological transfers, and on the other hand, it puts Bangladesh in a strategic position of vulnerability to the rival power blocs.

The analysis proves that the foreign policy of Bangladesh is represented by a hybrid hedging approach that is based on a careful balancing of economic relationships and security interactions. On the one hand, the Belt and Road Initiative (BRI) of China has become one of the primary factors in infrastructure development, digital connectivity, and defense cooperation that have strengthened the ties between Dhaka and Beijing and turned Bangladesh into an emerging logistics hub in South Asia (SIPRI, 2024). On the one hand, U.S.-led Indo-Pacific programs, such as investments in maritime domain awareness, and technological integration, allow Dhaka to have alternatives to reduce strategic dependence. In the meantime, the SAGAR doctrine of India and cross-border connectivity initiatives confirm the position of Bangladesh within the security and economic systems of South Asia.

But these combined commitments present dilemmas. The increasing naval presence, as can be seen in Figure 2, indicates the fast-growing militarization of the Bay of Bengal and the high probability of strategic entanglement between U.S. and Chinese–Indian rivalry (IISS, 2025). Meanwhile, the ambitions of Bangladesh to open up its blue economy potential as shown in Figure 3 with its large Exclusive Economic Zone (EEZ) introduces

new areas of vulnerabilities in terms of resource management, maritime security as well as ecological sustainability (IORA, 2023).

The scenario-based analysis indicates conflicting future paths of Bangladesh. Scenario I is the most desirable one, in which Dhaka maintains strategic autonomy by diversifying partnerships, economic pragmatism, and flexible diplomacy. Scenario II, on the other hand, cautions against an alignment trap, i.e., a situation in which increasing reliance on one power bloc would diminish sovereignty and bargaining power. Lastly, Scenario III highlights the dangers of heightening regional militarization whereby deepening naval rivalry is turning the Bay of Bengal into a proxy arena of strategic rivalry, heightening the threat of entanglement and decreasing maritime stability.

In combination, these processes highlight the emergence of Bangladesh as a strategic middle power whose actions will determine the emerging geopolitical order of the Bay of Bengal and the Indo-Pacific as whole. Where prospects of economic development and regional influence are on the rise, there are also increasing dangers of militarization, resource rivalry and alignment pressures. The capacity of Bangladesh to maintain strategic flexibility, retain autonomy, and manage external influences will remain crucial in its effort to position itself within the security and economic order of the region by 2035 as it negotiates this increasingly contested strategic environment.

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