

Bangladesh's Foreign Policy in Transition: Navigating New Geopolitical and Geoeconomic Landscapes

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Abstract: Foreign policy is crucial for protecting a state's sovereignty and maintaining its national interests. Changes in power in Bangladesh often shift foreign policy. Bangladesh has long followed the policy of "Friendship to all, malice to none". However, the previous government was accused of deviating from this policy due to geopolitical pressures and special relations with major countries. There has been a major change in Bangladesh's diplomatic relations since the current interim government took office. This study primarily attempts to examine how a change of government affects a country's foreign policy. Realism, small state diplomacy, and shelter theory are used to analyze this issue. The main question of this research is: What will Bangladesh's foreign policy be like in the future? And how will Bangladesh cope with new geopolitical and geo-economic challenges? This study analyzes internal and international factors. At the same time, how trade, infrastructure diplomacy, and foreign investment determine Bangladesh's foreign relations has also been assessed. A comparative analysis of how other small states around the world deal with such situations is presented here. This study discusses some possible future steps for Bangladesh. For example, improving relations with Pakistan, increasing closeness with China, and creating a new balance in relations with India and the United States. In addition, the issue of further strengthening diplomatic relations with the European Union and the United Arab Emirates has also been raised here.

Keywords: Foreign policy, Political transition, Small state diplomacy, Geopolitics, Geoeconomics, Bangladesh

Introduction

Foreign policy serves as the main means of protecting the sovereignty and integrity of a state. Through it, a country projects its strategic and economic goals on the international stage. For small states like Bangladesh, foreign policy is not just a diplomatic tool. Rather, it is a necessary way to deal with competition between larger countries. Bangladesh's geographical location in the Bay of Bengal is very important. Due to this location, Bangladesh is of great importance to the countries of the Indo-Pacific region. Bangladesh has a huge influence on India due to its geographical proximity. Therefore, Delhi always wants to maintain strong relations with Dhaka (Chowdhury, 2020). On the other hand, China is investing heavily in major infrastructure projects in Bangladesh.

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They have increased their presence mainly through the 'Belt and Road Initiative' (Anwar, 2020). The United States has also recently shown great interest in Bangladesh to counter the growing influence of China. As a result, Bangladesh is facing a long-term strategic crisis. The country has to maintain relations with major powers on the one hand, while ensuring economic development on the other. Bangladesh is a very important center in Indo-Pacific geopolitics. Therefore, its foreign policy must ensure that it manages great power struggles, increases economic growth, and maintains internal stability (Khan, 2020). Bangladesh's long-standing motto is "Friendship to all, malice to none" (Das, 2020). This is largely a reflection of neutrality and multilateral cooperation. Earlier, the BNP government emphasized the "Look East" policy (Mannan, 2018).

On the other hand, the Awami League government (2009–2024) adopted a balancing or 'hedging' policy. During their time, closeness with China increased, relations with India were maintained, and cautious engagement with the United States was maintained (Rashid, 2023). However, this policy was criticized for being pro-India and over-reliant on Chinese loans. The student-led mass uprising in July 2024, often called the “Red Revolution,” brought major changes to Bangladesh's politics. An interim government was then formed, which ushered in a new chapter in Bangladesh's foreign policy (Dieterich, 2024). While this change has created new opportunities, it has also created deep uncertainty. There is a significant lack of research on foreign policy changes after a change of government in a small state like Bangladesh. This study analyzes the foreign policy of the Awami League government and the new steps of the current interim government. It also examines the impact this will have on Bangladesh's autonomy, regional influence, and development. The main question of this research is: What kind of changes might occur in Bangladesh's foreign policy after 2024? And how will Bangladesh address the risks and challenges associated with these changes? This analysis will provide important information for future policymaking. At the same time, it will also contribute to theoretical discussions on changes in the foreign policy of small states.

Methodology

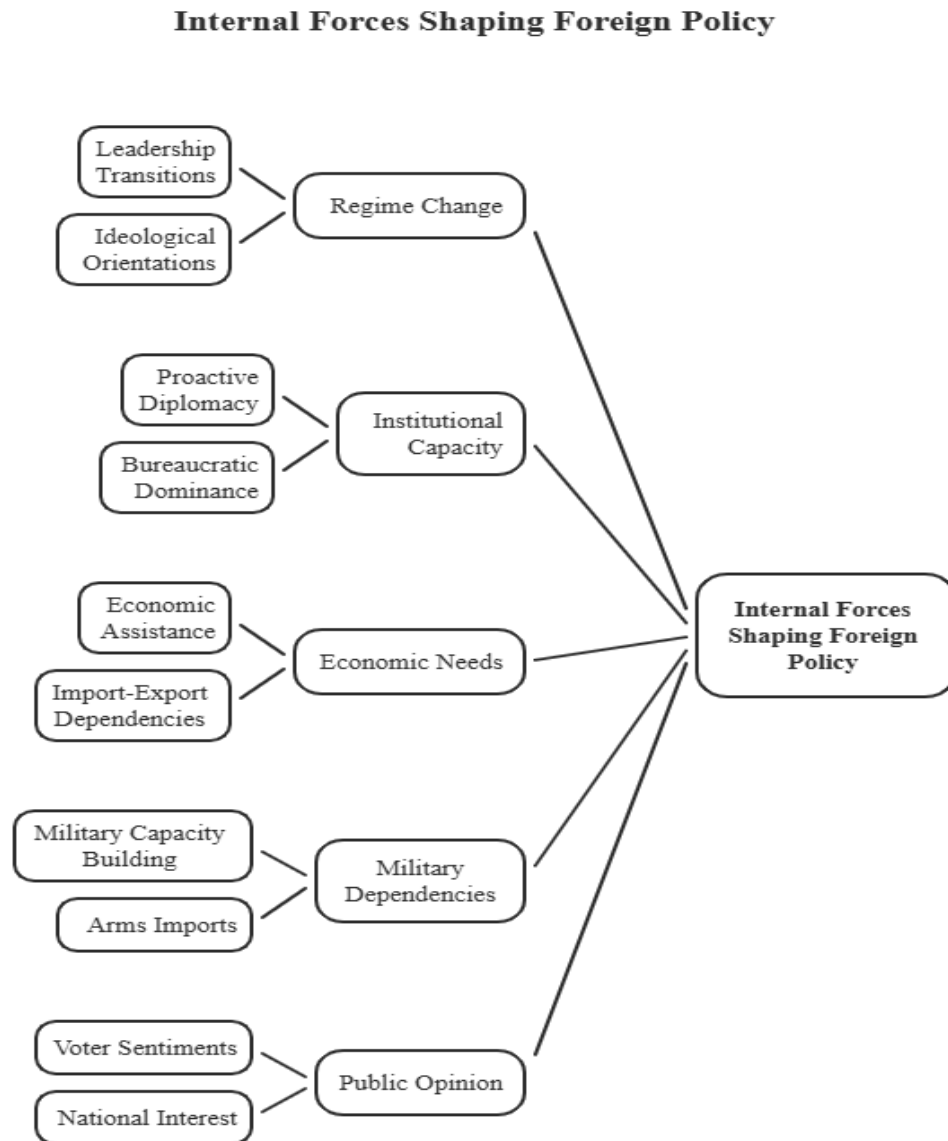
This research follows a qualitative, exploratory approach to examine the foreign policy dynamics of small states, with a primary focus on Bangladesh's foreign policy shift. The political transition following the regime change that occurred after the political upheaval as a consequence of the “Red revolution” (July 2024) featured mass protests and the establishment of an interim government. The qualitative method verifies an in-depth study of both political and economic aspects with pragmatic analysis. The study also pursued a comparative analysis method by analyzing other small states like Nepal, Sri Lanka, and Singapore that have faced similar transitions, to gain a broader understanding of Bangladesh's current situation, and to explore significant strategies that Bangladesh could follow for the foreign policy recalibration in a more utilized and proactive way. This study also analyzes a wide range of sources, including articles, peer-reviewed journals, newspapers, academic books, and government documents. Moreover, the study is grounded in a multi-theoretical framework, implementing small state diplomacy and realism theory to understand alliance formation, trade dynamics, and national interest, along with maintaining sovereignty, autonomy, and military security.

Conceptual Analysis and Theoretical Framework

The term “small states” is not defined by only the territorial size of a state but a state’s economic condition, military capacity, relative power, and influence in the international political system. Small states have limitations in several dynamics, including economy, trade, military, infrastructure development, and security. According to Keohane (1969), small states are not those that have a small territory but those whose leaders lack the capacity to shape international political decisions, rather they are greatly affected by the decisions of major powers and often constrained to align the preferences of big powers (Thorhallson, 2019). And Bangladesh closely aligns with the characteristics of small states based on the limitations in economic capabilities, military and defense capacity and diplomatic dilemma. Foreign policy is particularly consequential for small states. Unlike major powers, small states are often unable to pursue unilateral actions as they are highly dependent on the center power or dominant actors in the international systems (Baehr P. R., 2009), which makes them sensitive to regime or leadership changes that overturn foreign policy orientation, potentially triggering both domestic instability and external diplomatic realignment (Hey, 2003). In a country that has a fragile political system or a lack of democratic consolidation, political power transitions can lead to a shift in foreign policy orientations, economic engagements, alliance building, and also security and defense dependency may reset (Gigloux, 2024). Bangladesh and Nepal follow “nuanced strategic heading” diplomacy to maintain vibrant balancing ties with both India and China (Hasan M. A., 2024). To minimize the “center dependency trap”, small states seek to diversify their trade partnerships and alliance-building. For example, Bangladesh has engaged with China for economic development, while maintaining the USA, notably through increasing engagement with QUAD states (Salam, 2025). They follow the non-alignment policy in alliance building to avoid dissatisfactions of major powers to safeguard their autonomy (Fox, 1959).

Therefore, foreign policy can be seen more often than the major powers, because those states often exhibit limited political consolidation and institutional characteristics characterized by weak political institutions (Baehr P. R., 1977), consequently the policies can be altered through internal and external forces. **Internal forces** that can shape foreign policy are regime change or leadership transitions, institutional capacity and bureaucratic strength, economic needs and priorities, military and security dependencies, public opinion and national identity. Political parties adopt divergent ideological orientations (e.g., left wing vs. right wing, secular vs. religious party) based on their party's orientation; therefore, leadership transitions lead to a change in foreign policy orientation (Doesser, 2011).

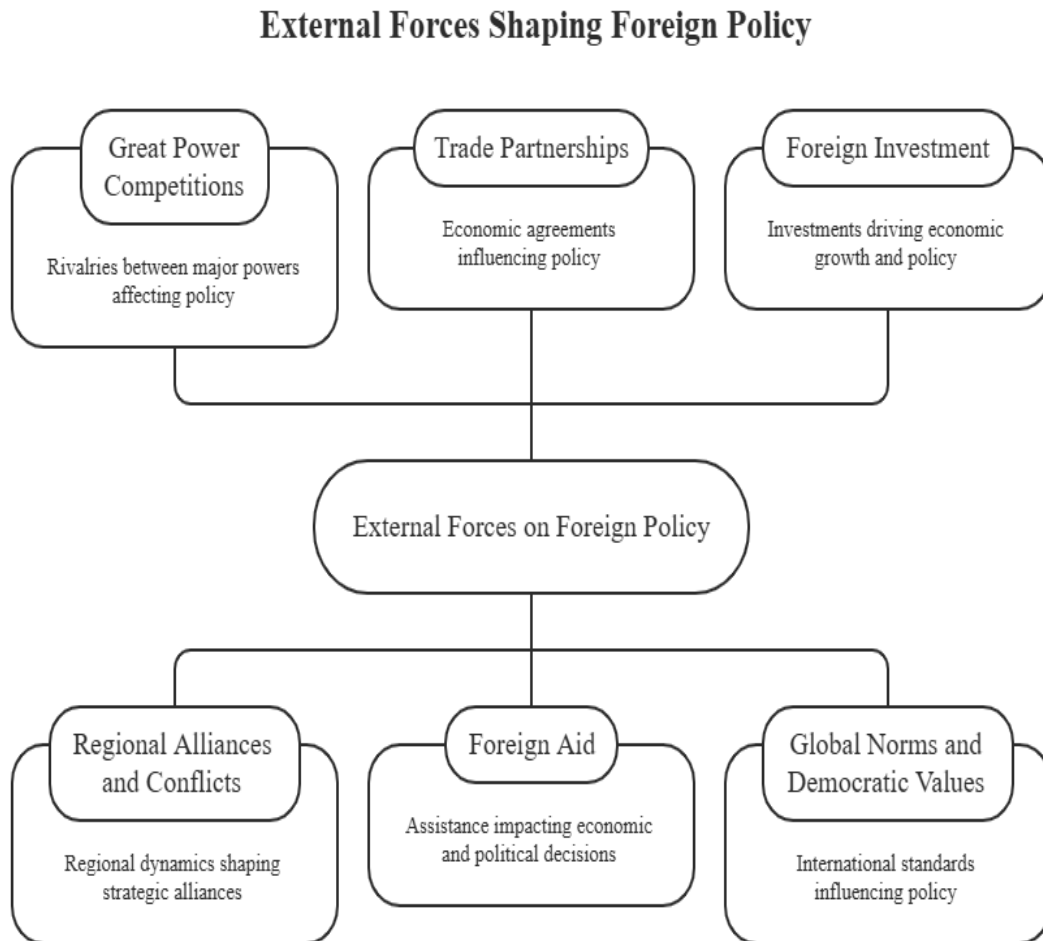
Figures 01: Internal Forces That Drive Foreign Policy Shift



Source: Prepared by the researchers

External forces that influence the foreign policy transitions are great power competitions, regional alliances and conflicts, trade partnerships, foreign aid, foreign investment and global norms and democratic values. Small states tend to maintain a strategic balance while forming alliances with big powers to avoid strategic backlash (Mohammadzadeh, 2017).

Figures 02: External Forces That Drive Foreign Policy Shift



Source: Prepared by the researchers

Internal and External forces play a pivotal role in shaping small states' foreign Policy as these countries are internally vulnerable and also dependent on major dominant power for trade, economic and infrastructural development, technological advancement and security dynamics. This study followed three key theories- Realism, Small State diplomacy and Shelter Theory, to examine Bangladesh's foreign policy theoretically. The following table would help to understand how small states shape their foreign policy and what Bangladesh needs to do.

Table 01: Theoretical Framework for Small States' Foreign Policy Behavior

Theory	Core argument	Small States Implications	Application to Bangladesh
Realism, (Morgenthau, 1948; and Waltz, 1979)	The world political system is anarchic and international politics functions as a “zero-sum” competition, where global power competition, survival needs and national interest shape foreign policy.	For small states, realism advocates for a “cautious diplomacy”, by following strategic hedging and bandwagoning with great powers for security.	Bangladesh struggles between China-India-USA (Rakib, 2024); it employs a strategy of “ <i>diplomatic hedging</i> ” (Maimuna, 2022) and non-alignment strategy.
Small states diplomacy (Keohane, 1969)	Small states are defined by their limitation in economy, military, institutional capacity (Keohane, 1969).	Must “ <i>de-hyphenation</i> ” foreign policy to avoid the controversial relationship, and seeks to follow “ <i>niche diplomacy</i> ” emphasizing issue-specific diplomatic initiatives (Neumann, 2004).	Bangladesh's multilateral engagement in BIMSTEC, BBIN, SAARC, and ASEAN provides multiple avenues for foreign engagement.
Shelter theory (Thorhallsson, 2018)	Seeks strategic shelter from major powers in security building, economic dependency and technological advancement to manage vulnerabilities (Keohane, 1969).	Small states should focus on their material power, which can be leveraged for diplomatic agility, as dependence in long run can create vulnerabilities.	Enhancing relationship with major powers, including renewing energy agreements with Saudi Arabia, investment cooperation with Japan and the EU, and administrative enhancement with China.

Source: Prepared by the researchers

The table highlights that to understand Bangladesh's foreign Policy dynamics, these theories offer potential insights. As a small state with so many limitations, Bangladesh needs to strengthen its material power following strategic hedging diplomacy. Moreover, it needs to manage and balance between major powers by prioritizing national interests.

A Critical Review of Bangladesh's Foreign Policy in 2009–2024

Since 2009, Bangladesh's Foreign Policy has maintained a “*tightrope*” policy, seeking to balance relationships with India, China and the USA while maintaining economic growth. Bangladesh's strategic geopolitical location positioned it as a focal point of interest for major powers. Bangladesh actively participated in regional multilateral mechanisms such as BIMSTEC, BBIN, and SAARC. AL's foreign policy under Sheikh Hasina adopted a multi-vector and pragmatic approach emphasizing economic diplomacy, regional connectivity, security cooperation, climate diplomacy, technological advancement and infrastructural development. But the regime's foreign policy engagement faced severe criticism due to, rising debt, pro-India policy, over dependence on China, dissatisfaction of the USA, and unresolved Teesta water disputes.

Table 02: Bangladesh's Diplomatic Engagement Under Awami League Regime (2009-2024)

Partner	Engagements	Achievements	Shortcomings
India	Bilateral trade \$18 billion by 2023, invested almost \$7.6 billion through three Lines of Credit, in energy, infrastructure and connectivity initiatives. in 2016 Sheikh Hasina supported India by boycotting Pakistan's SAARC summit.	Major infrastructure projects include, Maitree Super Thermal Power Plant of Rampal, the revival of BBIN, the Indo-Bangla Friendship Bridge, Bangladesh-India friendship pipeline to supply petroleum resources (Noman, 2023)	Notable trade imbalance, border killings, water disputes, “pro-India” policy attracted the criticism of the general people as they were expressing anti-India sentiments.
China	Engaged in China's Belt and Road Initiative (BRI), string of pearl projects (Devi, 2024), China invested almost \$26 billion in more than 27 projects, the Chinese Exim Bank funded 85% of the of Padma Bridge railway link, imported	Infrastructural development, security and military building, trade partnership, defense modernization, and economic advancements.	Rising debt dependency, concerns over sovereignty and sparking geopolitical tensions with neighboring India and the United States as a consequence of the extensive Chinese

Partner	Engagements	Achievements	Shortcomings
	70% of its arms from China (2019-2023),		footprint.
USA	As a major non-NATO ally of the USA, Bangladesh's export relationship is vital with the USA, surpassing \$11 billion dollars in 2023 with the RMG sector, security cooperation, and geopolitical mechanisms, expanded cooperation on aid and defense, and deepening ties with QUAD member states.	Major trade partner specifically for RMG export, almost 18%-22%, investment and aid partnership, Indo-Pacific dialogue.	Sanctions on RAB, the U.S. criticized the credibility of Bangladesh's election, Human Rights concerns, the dilemma between U.S.-China rivalries, and dissatisfaction of the USA due to growing Chinese influence.
Other Partners (EU, Japan, UAE, Gulf states, OIC, ASEAN)	Energy, RMG export, aid, remittances, foreign direct investment.	Multilateral engagement, trade and export market diversification, and boosting remittance.	Limited engagement, lack of nurturing the potential of this engagement, secondary to the China-India-U.S. engagement.

Source: Prepared by the researchers

AL's foreign policy demonstrated inconsistencies in effectively adhering to a non-alignment and balanced approach, because of over-dependency on India despite the Teesta water disputes and border killings, Dhaka maintained strong ties with New Delhi, fueling public discontent. In recent years, Bangladesh's debt has increased dramatically due to the excessive reliance on Chinese loans; this dependence has limited strategic autonomy and intensified external geopolitical pressure from competing major powers. The recent imposition of U.S. sanction on Rapid Action Battalion (RAB) in 2023 for human rights violations and corruption, and the USA expressed their concern about the credibility of the election, limiting Bangladesh's engagement with democratic states. The Awami League regime is marked with both success (e.g., GDP increased from \$102 billion in 2009 to \$461 billion in 2024, Bangladesh Statistics Bureau, classified Bangladesh as a developing country from a Least Developed country in 2018), and notable shortcomings.

Learning from Others: Comparative Insights

Small states face dilemmas due to the growing power competition among major powers and the shift to a multipolar world, in forming alliances and maintaining a safe distance. For strategic insights, this research adopted a systematic comparative framework, emphasizing three core dimensions: Strategic foreign policy alignment, reducing economic over-dependency and debt management, and enhancing institutional resilience and foreign policy continuity. This comparative analysis will help to evaluate how similarly situated small states navigate foreign policy shifts, great power rivalry, and economic vulnerability. Bangladesh, with a strategic position, is going through a foreign policy transition, so comparative analysis with other states such as Nepal, Sri Lanka, and Singapore offers strategic learning about how to maintain strategic autonomy, economic sustainability, and diplomatic relevance.

Table 03: Comparative Insights of Small States

Country	Diplomatic Stance	Economic Engagement	Political Dynamics	Learning for Bangladesh
Nepal	Foreign policy is known as “ <i>strategic equidistance policy</i> ”, adopted a cautious and pragmatic foreign policy to avoid over dependence on one nation (Mainali, 2022), emphasizing on national interest and economic stability (Bastola, 2025)	Historically highly dependent on India trade and connectivity, but recent geostrategic shift mark by the engagement with China through investment in infrastructure under BRI (Pokharel, 2024).	Frequent political transition and the ideological shift between leftists and centrist coalition have influenced its foreign engagement, and recent fall of Kp Sharma Oli’s government marked a new political dynamics.	It needs to maintain a safe distance from major powers while ensuring a balanced strategy to reduce overdependence on a single power by prioritizing economic growth and political autonomy.

Country	Diplomatic Stance	Economic Engagement	Political Dynamics	Learning for Bangladesh
Sri Lanka	Rajapaksa government was over dependent on China, marked with heavy loan and foreign investment for rapid and quick economic & infrastructural growth (Kamburawala, 2022), but under Harini Amarasuriya it ensures a balanced orientation with India, the IMF, China, and other countries.	China invested \$15 billion in several projects, debt reached \$101 billion (2024), leased the Hambantota port to China for 99 years (Gangte, 2020), received \$2.9 billion loan from IMF in 2023 by fulfilling fiscal targets.	The debt crisis triggered domestic instability protests against government-led political transition and establishment of Harini Amarasuriya, ethnic conflict, and policy change prioritizing national stability and economic gain.	Need to strengthen debt management and renegotiate the conditions for loan, reduce over-reliance and engagement on a single power, safeguarding sovereignty while alliance building.
Singapore	Follows a pragmatic hedging diplomacy (Kuik, 2021), professional foreign engagement placed it as a regional leader (Harish, 2025), maintaining strong ties with China, while remaining a vital U.S. security partner (Ee, 2024), not shaped by leadership or party ideology.	It attracted FDI for its strategic positions and port diplomacy positioned it as a global maritime trade hub. Avoided over-reliance on a single power.	Singapore maintained a strategic distance from major powers to avoid alignment with a single actor; it has a stable institution that follows professional diplomacy.	Bangladesh can leverage its access to the Bay of Bengal to place it as a trade hub in this region, strengthen its institutional capacity, and maintain professional diplomatic engagement.

Source: Prepared by the researchers

Bangladesh's situation is deeply connected with Nepal and Sri Lanka; it's an opportunity for Bangladesh to it could gain strategic insights and policy lessons to avoid these difficulties faced by Nepal and Sri Lanka. Bangladesh needs to maintain a hedging diplomacy focusing on non-alignment, and from Singapore, Bangladesh can derive lessons on how to utilize its geographical position for national growth, prioritizing national interest over party interest.

Looking Ahead: Bangladesh's Foreign Policy Orientation After 2024

Global politics is becoming increasingly volatile and interconnected; in this context, a forward-looking foreign policy is not only essential for Bangladesh but also crucial for its survival and stability (Hasan A., 2024c). Bangladesh's foreign policy followed a consistent trajectory for almost two decades under the leadership of Sheikh Hasina. But following the Red Revolution led by students, resulting in the fall of the previous government, and the formation of an interim government during a period of global geopolitical flux, economic competition, and complexity of Indo-Pacific strategy. And this shift will bring a huge transition in the foreign policy orientation of Bangladesh. Strategic dilemma involving the interest of the U.S., China, and India, along with the rise of middle powers such as Japan, India, and Gulf countries, moreover, the growing expectations of the people regarding accountability, transparency, political stability, economic growth, Bangladesh foreign policy must become more strategic and adaptive, while maintaining balancing strategy and preservation of national interest. The foreign policy of Bangladesh has already started to shift within one year (July, 2024- July, 2025); it is experiencing new alignment and orientation.

Table 04: Bangladesh's shift in Bilateral Engagement after July 2024

Country	Recent Dynamics	Opportunities	Concerns
Pakistan	Interim government is advancing bilateral cooperation rapidly (Mamun, 2024), diplomatic discussion among representatives in 79 th UNGA (22-27 September, 2024), & D-8 summit of December, 2024, abolished additional visa approval requirements, Bangladesh received first direct cargo shipment in Chottogram port (December, 2024), Foreign minister and military official visited (Jan-Feb, 2025).	A new maritime trade linking Bangladesh, Pakistan-China (Sai, 2025), a significant realignment in bilateral ties with Pakistan (Naqushbandi, 2025), regional cooperation, and an emerging trade partnership.	Displeasure of the powerful neighboring country, people's discontent regarding the liberation war sentiment, and potential politicization of bilateral relations in domestic politics.

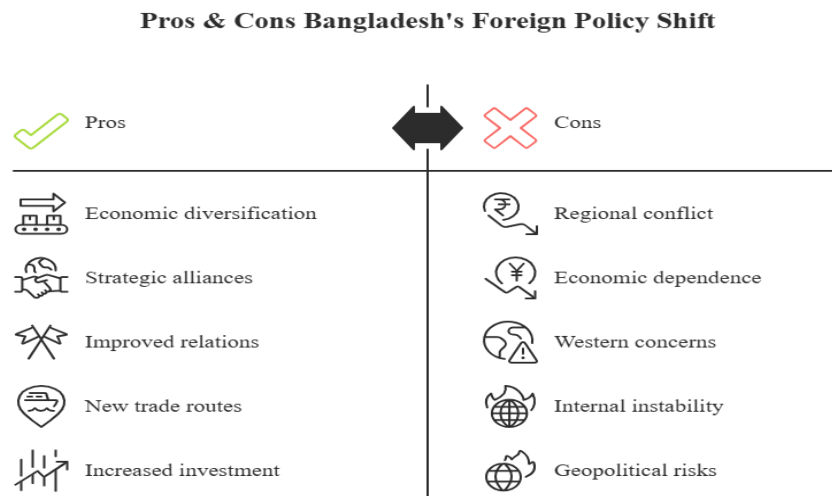
Country	Recent Dynamics	Opportunities	Concerns
India	Relationship with Pakistan is strengthening, but with India it is declining (Ganguly, 2024), terminated judicial training program scheduled for January 2025, arrest of Hindu Leader Krishna Das Prabhu, reviewed contract with Adani Group, and maintaining a distance from BBIN, signaling a clear trend of “ <i>de-Indianisation</i> ”(Philip, 2024).	Reduce the trade imbalance and symmetrical trade relationship (almost \$10 billion+ deficit in last 10 years), utilize the connection with the Seven Sisters without Indian interference, and reduce overdependence on India.	Regional diplomatic tensions, increasing border killings, security concerns, search for markets for daily commodities, increasing trend of terrorism.
China	Chinese ambassador Yao Wen assured that China's interest is reportedly more economic than political in nature. During Dr. Yunus's visit to China (March, 2025), they signed nine agreements- one economic and technological, and eight MoUs related to culture, health sector, media, etc., and a frequent diplomatic sitting.	Lucrative opportunity to deepen its engagement through investment (Jahan, 2024), triangle trade hub (Bangladesh-Pakistan-China), technological advancements, defense and military building, and economic growth.	Rising debt and over-reliance can lead to a fall into a debt trap, and China-U.S. power complexity dilemmas.
USA	Reduction of tariff from 37% to 20% on garments export, improved diplomatic dialogue on trade under the interim government, reengagement in aid and investment, and potential discussion on the Rohingya issue.	Improved trade relationship as the USA is a key partner for RMG export, balancing against over-reliance on Chinese financing.	Political interference, sovereignty concerns, and criticism of Bangladesh's credibility.
Gulf States	LNG infrastructure, particularly energy agreements with Saudi Arabia and Qatar-Bangladesh LNG terminal projects, FDI diversification to	Trade diversification, new markets, diversified investor,	Reliance on energy, remittance dependency, and labor

Country	Recent Dynamics	Opportunities	Concerns
	Gulf States, increasing remittance flow, and new labor transfer agreement.		legitimacy crisis.
EU	Regarding negotiations on aid and investment and climate diplomacy, GSP+ access to the EU and foreign aid from Western countries will be engaged in human rights dialogues.	Green energy expansion, trade opportunities, climate financing, and restoring the relationship with the West.	The EU's frequent pressure and criticism regarding Human Rights and democracy.

Source: Prepared by the researchers

The foreign policy trend will shift toward issue-specific strategic coalitions, specifically in areas such as climate change, digital governance, and labor migration, and this shift highlights the changing geoeconomics of Indo-Pacific (Semul, 2024), where economic corridor, Silk Road, green energy, and supply chain resilience will be the main focus. But this shift has both pros and cons for Bangladesh's diplomatic future.

Figure 03: Pros and Cons of Bangladesh's Recent Foreign Policy Shift



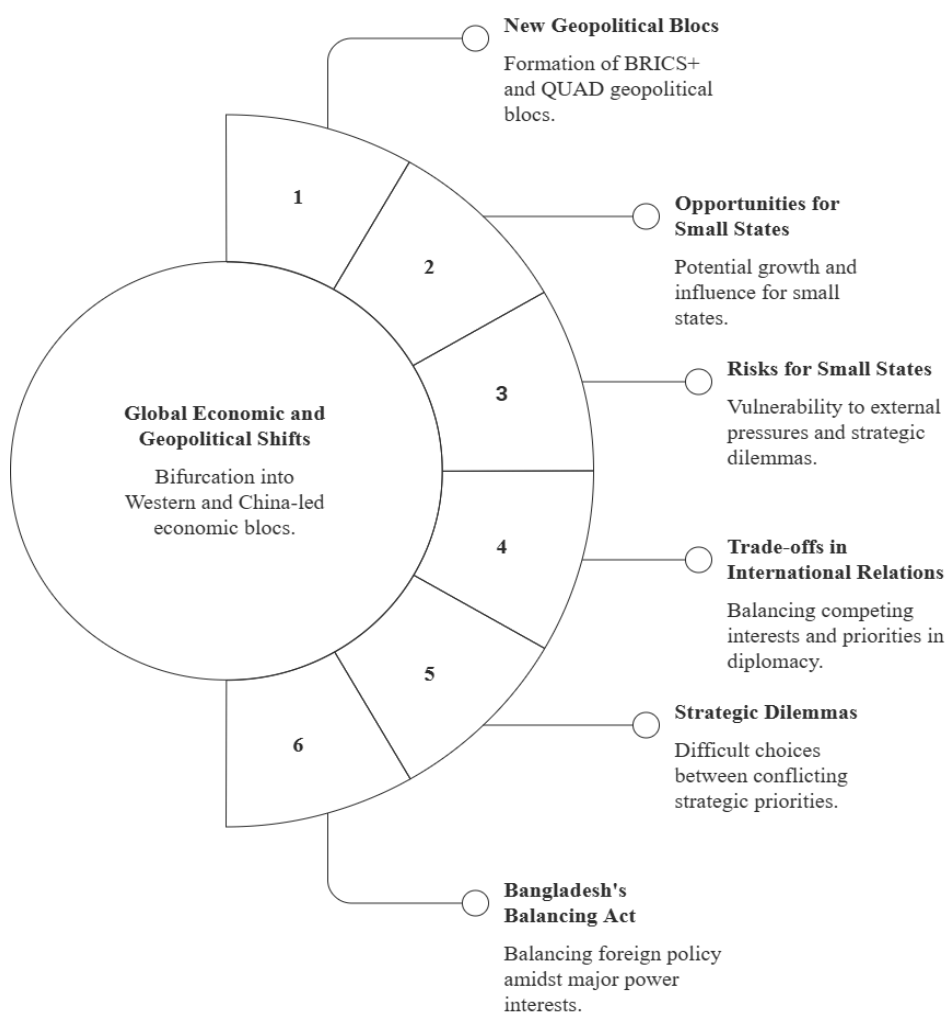
Source: Prepared by the researchers

If Bangladesh could use the advantage of its strategic location in the Bay of Bengal-Indo Pacific corridor, and avoid over-reliance on a single alignment or bloc, it could be a regional leader. Bangladesh must balance between the US and China, without fully aligning with QUAD or the US Indo-Pacific strategy or Chinese BRI, it needs to follow a bilateral relationship with both China and the US, while enhancing and diversifying its political and economic partnership.

Adapting to a Changing World: Navigating Geopolitical and Geoeconomic Dilemmas

Contemporary Global politics is undergoing a profound transformation due to geopolitical rivalry, economic dependence, and technological advancement. The international system is shifting to a more complex multipolar order from a unipolar world. Primarily due to the intensifying competition between the U.S. and China, and the rise of middle powers such as Japan, Brazil, Gulf countries, Turkey, besides the regional competition between China and India, and the U.S. and Russia, as Russia sought to gain its dominance in the international system, the world system has become increasingly competitive and diversified (Nye, 2019).

Navigating Global Economic and Geopolitical Shifts



Source: Prepared by the researchers

Bangladesh is strategically located in a vital position between South and Southeast Asia, with direct access to the Bay of Bengal, making it a crucial maritime hub and strategic focal point in the Indo-Pacific (Ranjan, 2024). The growing importance of the Indo-Pacific region has highlighted Bangladesh as a lucrative partner to the major powers like the USA, China, and Japan (Aynul M. I., 2024); consequently, several countries are attempting to expand their strategic footprint in Bangladesh. For instance, China has sought to enhance its presence with the Belt and Road Initiatives, focusing on infrastructure investment and military capacity building. For China, Bangladesh serves as a strategic node in its Maritime Silk Road diplomacy and access to the Bay of Bengal, with the Indian Ocean (Hosain, 2024). Although China offers significant potential for Bangladesh's infrastructural and economic growth, concerns remain about Beijing's "debt-trap diplomacy" (Bhuiyan, 2024). Similarly, the USA wants to reassert its strategic influence in South Asia, maintain its primacy in the Indo-Pacific, and consider Bangladesh a potential partner. However, USA is increasingly concerned about China's raising influence in this region, therefore to contain Chinese footprint USA has invited Bangladesh to participate in its "Free and Open Indo-Pacific Strategy" and "Indo-Pacific Economic Framework (IPEF)" also invited Bangladesh to join QUAD, but in an effort to uphold its balancing and non-alignment foreign policy strategy, Bangladesh has refrained from forming such alliances, which a position that has reportedly caused Washington's dissatisfaction. Both the USA and India are vying to contain Chinese influence; therefore, India increased its investment and economic collaboration under its "Neighborhood First Policy", but due to the recent political power shift the relationship between Bangladesh and India will decline. South Asia's geopolitical landscape has become increasingly volatile due to the regional maritime tensions, disputes in the South China Sea and Malacca Strait, posing both traditional and non-traditional geopolitical challenges for Bangladesh (Aryal S. K., 2024).

The intersection of geopolitics and economics- geoeconomics - has emerged as a critical dimension for understanding Bangladesh's foreign and economic policies. Economic diplomacy is now serves as the primary tool for advancing national strategic goals, whether through trade agreements, sanctions, FDI or infrastructure diplomacy. Diplomatic alliances, economic sectoral dependency, and foreign direct investment carry opportunities as well as potential challenges. The following table highlights Bangladesh sectoral dependency, trade partnership-related risk and strategic recommendations.

Table 05: Bangladesh's Economic Dependencies and Strategic Actions

Sectors	Dependency	Challenges	Recommendations
RMG Sector	Approximately 84% of economy dependent on this sector, key export markets- EU & USA	Makes it vulnerable to western markets, US's sanctions led \$600 million loss in 2023 due to the dollar trade mechanisms.	Needs to diversify its economic sectors as well as the markets for RMG export.
Import Dependency	Raw materials (for RMG) imports from Russia, Vietnam and China, 80% of its essential commodities.	Dependency or over reliance on foreign suppliers, global complexity led to the disruption of trade and internal economy.	Alternative suppliers to reduce dependency, promote domestic production.
Infrastructure and Investment	Chinese investment under BRI, 85% investment in Padma Bridge, \$7.07 billion investment as of 2024, 70% of its arms from China, highlighting its dependency on China (Jasmin, 2023).	Over dependency on Chinese financing, risks of China's debt trap diplomacy, rising debt (15% of its external debt).	Reduce reliance on Chinese funding by diversifying trade partnerships (Japan, Saudi Arabia, UAE, Turkey,) and enhancing debt management.
Energy dependency	Imports substantial amounts of natural gas and oil from Gulf states, focus on renewable and green energy with the support of Japan.	Makes it vulnerable to the fluctuations of energy prices and geopolitical tensions.	Invest in renewable energy with Japan, EU and international financial institutions to reduce reliance.
Multilateral Investments	ADB, World Bank and IMF is pivotal for investment and loans	Accompanied by conditionality (debt management, governance and human rights that Bangladesh must ensure (Cyrill M., 2021).	Negotiation on conditions, strong committee to evaluate the terms, bureaucratic capacity building.

Source: Prepared by the researchers

Amidst these growing diplomatic complexities, Bangladesh needs to enhance its strategic circulation by following strategic balance and multi-vector diplomacy. To reduce its economic vulnerabilities and dependency on Western markets, it needs to diversify its trade and economic partnerships. Navigating the emerging trade-offs and strategic dilemmas requires not only a strategic diplomacy but also a long-term vision based on national interest and institutional capacity building.

Policy Recommendations

As the world becomes increasingly competitive, small states like Bangladesh is facing dilemma in maintaining a balanced strategy. Moreover, Bangladesh is going through a political transition, in this situation, maintaining a global image and forming a foreign policy prioritizing national growth, economic development and security is crucial. Therefore, this research offers potential recommendations for policymakers, and think tanks.

The government should think how to mitigate political instability as it's the prerequisite for development. A comprehensive and inclusive political environment should maintain with the participation of all party. Moreover, to mitigate corruption and promote transparency the government needs to strengthen Anti-Corruption commission. Bangladesh must establish framework to permanently institutionalize its foreign policy orientation, to ensure policy continuity focusing on national growth, so that the foreign policy remain consistent across political transition. Bangladesh should establish a robust non-partisan foreign policy council composed of, scholars, civil society, diplomats, political scientists and bureaucrats to guide the formulation of forward-looking policies for sustainable national development. Bangladesh can leverage its geographical position at the tip of the Bay of Bengal to place it as a regional trade hub in South Asia; like Singapore, it can pursue "*cooperative security engagement*" with Myanmar in the areas of food and energy, with Bhutan and Nepal for hydropower by offering port facilities, and with Malaysia for labor migration and remittance.

Bangladesh should pursue a multi-vector foreign policy, diversifying its trade and investment partnerships to avoid over-dependency; it should explore economic collaboration with Latin America, Africa, GCC countries, OIC countries, and ASEAN. A selective way of trade can be a potential method for Bangladesh, for instance, engagement with Japan and China for infrastructure; export trade with the USA, EU for RMG; import technology and digital products from the USA, South Korea, Japan and Singapore. Bangladesh's foreign policy must evolve from reactive engagement to a proactive strategic orientation. It is high time to change the foreign engagement and orientation while prioritizing national interest and economic growth over partisan or regime-centric considerations.

Conclusion

For a small state, it is very important to have a strong foreign policy to protect its sovereignty and develop. As a small country in South Asia, Bangladesh always has to maintain a balance between competition from larger countries and economic dependence. Successive governments in Bangladesh have sought to improve communication and

economic growth through relations with major countries. However, Bangladesh's foreign policy still lacks some institutional and modernity in terms of effective participation in multilateral international organizations. The current interim government must take a far-sighted and pragmatic step to overcome these limitations. This change will determine how Bangladesh will present itself in this competitive global environment. An analysis of the current geopolitical and geo-economic situation shows that the international system is now much more complex and interdependent. This has created new opportunities for a country like Bangladesh, but it has also thrown up major challenges. To harness these opportunities, Bangladesh needs to set a long-term goal. By achieving this goal, Bangladesh will be able to attract more foreign investment. However, for this to happen, the foreign policy-making process must first be institutionalized. We must reduce over-dependence on other countries and respect the public opinion of the people of the country. At the same time, we must increase Bangladesh's influence in the world by creating skilled manpower. Only through these reforms will Bangladesh be able to maintain its independence and capabilities in the face of today's multifaceted competition.

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