

MP-IDSA *Commentary*

Yunus Turns to China: A Desperate Diplomatic Gamble?

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S*ummary*

Bangladesh's Chief Adviser, Muhammad Yunus, facing mounting domestic challenges, has chosen to engage with China first rather than India.

The visit of Bangladesh's Chief Adviser, Muhammad Yunus, to China from 26 March to 29 March 2025 marks a significant diplomatic shift. Traditionally, the leaders of South Asian nations—except for Pakistan—prefer to prioritise India for their first foreign visits as a gesture of goodwill and strategic alignment. However, Yunus, facing mounting domestic challenges and strained relations with India due to his perceived anti-India stance and failure to protect minorities in Bangladesh, chose to engage with China instead.

A Diplomatic Outreach amid Economic Turmoil

Yunus commenced his China visit by participating in the Boao Forum for Asia Annual Conference in Hainan on 26 March 2025. Following the forum, he continued his official trip to mainland China at the invitation of the Chinese government from 27 March to 29 March 2025.¹

His visit comes at a time when Bangladesh is grappling with economic difficulties exacerbated by the political turmoil following the 5 August 2024 events that led to the ousting of Sheikh Hasina. The economic downturn has resulted in factory closures, rising unemployment and growing instability. Initially, it was believed that Western countries, particularly the United States, played a role in Yunus's rise to power. However, with diminishing support from the West, he turned to Beijing in a bid to salvage Bangladesh's economic situation.

Strengthening Bangladesh–China Economic Ties

During his meeting with Chinese President Xi Jinping, Yunus secured nine agreements aimed at enhancing economic and technical cooperation. These agreements covered a range of areas, including development projects, cultural exchanges, and the translation and publication of classical literary works. He urged China to lower interest rates on loans to Bangladesh from 3 per cent to 1–2 per cent and requested for a waiver of commitment fees on Chinese-funded projects in the country. China is the Bangladesh's fourth-largest lender after Japan, the World Bank and the Asian Development Bank, with total loan disbursements since 1975 amounting to US\$ 7.5 billion.²

¹ [“Bangladesh's Chief Adviser Yunus Meets Chinese President Xi Jinping”](#), *The Hindu*, 28 March 2025.

² [“Yunus Urges China to Reduce Interest Rates”](#), *The Daily Star*, 28 March 2025.

One of the significant aspects of the visit was the attempt to involve China in the Teesta River management project.³ Previously, the Sheikh Hasina government had assigned this project to India, given the river's transboundary nature—the river originates in Sikkim, flows through West Bengal, and then enters Bangladesh. However, Yunus invited Chinese state-owned entities to participate in the comprehensive management and restoration of the Teesta, despite India having already expressed its willingness to support the project by dispatching a technical team for further studies.

Additionally, Yunus proposed Chinese involvement in the modernisation and expansion of Mongla Port, a move that could counterbalance India's existing agreements to use Mongla and Chittagong ports for trade. Bangladesh also expressed interest in working with China to develop the Chittagong China Economic and Industrial Park, reinforcing economic cooperation between the two nations.⁴

A Strategic Shift in Water Management

Perhaps the most controversial aspect of his visit was the request for China to provide a 50-year master plan for Bangladesh's river management. This request is particularly alarming given China's plans to construct a massive hydroelectric dam on the Yarlung Zangbo River in Tibet, which could pose serious environmental and security risks for both India and Bangladesh.

Yunus justified this move by citing sediment accumulation in Bangladeshi rivers, leading to their degradation. He praised China's expertise in water management and urged Beijing to share its strategic vision. In response, China agreed to provide Bangladesh with a master plan and technological assistance in this domain.

Health Sector Cooperation: Reducing Dependence on India

Another key element of Yunus's strategy is his push for greater cooperation with China in the healthcare sector. Currently, a large number of Bangladeshi patients seek medical treatment in India. However, Yunus aims to shift this trend by facilitating medical tourism to China. Recently, a delegation comprising Bangladeshi patients, doctors and travel agencies visited Kunming in China's Yunnan province to explore medical treatment options.

³ [“Joint Press Release between the People's Republic of China and the People's Republic of Bangladesh, Beijing”](#), Ministry of Foreign Affairs, Dhaka, Bangladesh, 28 March 2025.

⁴ Ibid.

To further this initiative, China has dedicated four hospitals in Kunming for Bangladeshi patients. However, high air travel costs remain a barrier. In response, Chinese authorities are considering operating direct flights from Chittagong to Kunming to make medical travel more feasible for Bangladeshis.

China’s Cautious Engagement with the Yunus Regime

China appears to be proceeding with caution in its dealings with his interim government, despite the enthusiasm of Yunus. Beijing understands the temporary nature of the Yunus administration and is likely to wait for a democratically elected government before making any long-term commitments. While China has hosted various Bangladeshi delegations—including officials from the hardline Islamic party Jamaat-e-Islami and the opposition Bangladesh Nationalist Party (BNP)—its engagement remains measured.

Chinese state media outlet *Global Times* acknowledged Bangladesh’s urgent need to revitalise its economy, particularly in addressing high youth unemployment. The report noted that Bangladesh possesses abundant human resources, but nearly 40 per cent of its youth remain unemployed. With the United States appearing less willing to extend significant assistance, *Global Times* positioned China as a viable economic partner for Bangladesh, particularly in industry transfer and agricultural technology improvement.⁵

Economic Commitments and Future Trade Relations

During the visit, China committed US\$ 2.1 billion in loans, investments and grants to Bangladesh.⁶ This includes:

- US\$ 400 million for Mongla port modernisation;
- US\$ 350 million for the China Industrial Economic Zone; and
- US\$ 150 million in technical assistance.

Additionally, around 30 Chinese companies pledged to invest approximately US\$ 1 billion in Bangladesh.

The two countries also agreed to initiate negotiations on a China–Bangladesh Free Trade Agreement and optimise the China–Bangladesh Investment Agreement.

⁵ Zhang Xiaoyu, “[Yunus’ Visit Shows Half-century China-Bangladesh Friendship is Time-tested](#)”, *Global Times*, 27 March 2025.

⁶ “[China Pledges \\$2.1b in Loans, Investment](#)”, *The Daily Star*, 29 March 2025.

Furthermore, China will begin importing fresh mangoes and other agricultural and aquatic products from Bangladesh. Currently, bilateral trade between the two nations stands at US\$ 25 billion, with Bangladesh exporting less than US\$ 1 billion worth of goods.⁷

A Policy Detrimental to India’s Interests

The policies and diplomatic maneuvers of Yunus are raising concerns in India. His decision to engage China in the Teesta project disregards India’s strategic sensitivities, particularly concerning the Siliguri Corridor, also known as the ‘Chicken’s Neck’—a narrow stretch of land crucial to India’s connectivity with its northeastern states.

Moreover, his overtures towards Chinese involvement in Mongla Port development contrast with the 2017 agreement under Sheikh Hasina, which allowed India to use both Chittagong and Mongla ports for trade. The growing hostility towards India became even more apparent when he provocatively stated that seven northeastern Indian states are “Bangladesh-locked”.⁸

Rather than escalating tensions in South Asia—especially in India’s northeast—Yunus should focus on his primary mandate: overseeing a free and fair election. His role as Chief Adviser of Bangladesh’s interim government is to ensure a smooth transition to a legitimate, democratically elected administration. The future of Bangladesh should be determined by its people through a fair electoral process, not through desperate geopolitical manoeuvres.

⁷ Ibid.

⁸ [“7 States of India are Landlocked’: Yunus Says Bangladesh ‘Only Guardian of Ocean’, Invites China to Make ‘Extension’](#)”, *The Times of India*, 31 March 2025.

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