

**Two decades of Japan Bangladesh co-operation:
A Study of Political Economy**

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**In Partial fulfillment to the Requirement for the Degree of
M. Phil in Political Science**

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**By
SYED ASHRAFUR RAHMAN**

JULY 1999

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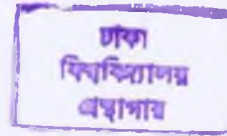
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The University of Dhaka
Department of Political Science

The Undersigned certifies that he has read, and recommends to the department of political science for acceptance, a thesis entitled **“Two Decades of Japan Bangladesh co-operation: A Study of Political Economy”**, submitted by Syed Ashrafur Rahman, in partial fulfillment & of the requirements for the Degree of M. Phil. It is also certified that the thesis or any part of it has not been submitted anywhere for publication.

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S. Bhuyan
Supervisor

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CHAPTER-I

Introduction

After the collapse of the Communist regimes in Eastern Europe and Soviet Union, the resources of Western Europe and the U.S.A are likely to be divested to that area. Third world countries in Asia and Africa will increasingly come to rely on Japan as their hope. How Japan shapes its economic policies will possibly determine the future of these countries. But to say that Japan today is being considered as the principal source of economic assistance in Asia and Africa is to state only a part of the truth.

In the changing power-configuration of the international system, any endeavor to analyse the pattern of political and economic relationships between Bangladesh and Japan is likely to be perceived as an unusual configuration of actors bound to set interactions. In terms of the reality of global power position, these two countries (Japan and Bangladesh) currently appear at the two very different levels of international hierarchy, with Japan being the largest industrial and economic power in the world, whereas Bangladesh stands at the bottom level of the global poverty line. Japan is among the most important development partners and trading nations and it is the biggest aid donor of Bangladesh. Relations between the two countries-one the richest and the other the poorest in Asia, have gone from strength to strength ever

since Japan was one of the first countries to recognize Bangladesh on, 10 February 1972, after its emergence as a sovereign independent country. After two and a half decades of the Japan-Bangladesh relation, it seems imperative to study the political and economic co-operation of the two countries. Though Japan is developed and Bangladesh is a developing country, the co-operation between the two Asian countries has been progressing satisfactorily since the pre-liberation days. During the Pakistan regime, despite the apathetic attitude of the then Central Government at Islamabad, Japan came forward to actively co-operate in the economic progress of this region by her increased investments. In the wake of the great cyclone of 1970, the people of Japan collected funds and relief goods to rehabilitate the distressed people of Bangladesh. During the liberation war, the government of Japan opened a special cell in the Ministry of Foreign Affairs to look after the interests of the Bangalies working there. A Bangalee diplomat sought asylum in Japan at that time and Japan raised her voice to save the lives of the people of Bangladesh during the liberation war.¹

“Despite of different historical experiences, cultural heritages and social and economic conditions, the common experiences with regard to devastation of war, natural catastrophes, and human sufferings were instrumental in bringing these two countries closer”² There is a growing convergence of strategic objectives and interests of the two countries.

Both Japan and Bangladesh live under the shadow of military powers much more powerful than themselves. In terms of objectives, the foreign policies of Japan and Bangladesh have similarities. We have vision for peaceful nuclear free and equitable world order. Both of us are signatories to the N.P.T. Both the countries believe that money spent on armament should be diverted to the welfare sectors like health, education and fulfilling the basic needs of the people. Both the countries share common perception in the U.N.O. peace keeping mission.³

Several top level leaders of both the countries exchanged their views on a broad range of subjects of common interest covering international and regional affairs and various matters of bilateral interest with a view to strengthening of the already existing friendly relations and increasing co-operations in the political, economic, cultural and other fields. Among those who visited Japan, were the Prime minister Bango Bondhu Sheikh Mujibur Rahman, President Ziaur Rahman, President H. M. Ershad, Prime Minister Begum Khaleda Zia and Prime Minister Sheikh Hasina. Prince Akihito and Princess Michiko, Foreign Minister Mr. Lichikro Hatoyama, Former Foreign Minister Mr. Tuke Fukuda, Prime Minister Tashiki Khifu also visited Bangladesh.

It is to be noted that our development extremely depends on foreign aid, and Japan is the largest aid donor and the leading development partner of

Bangladesh. Since independence, Bangladesh received substantial amount of aid from Japan. Bangladesh also is one of the major sources of essential raw materials for Japan. It is also a market for Japanese manufactured goods and the site of substantial Japanese investment.

We are making relentless efforts to ensure peace and stability in the region. We hope to achieve developmental goals with the assistance and co-operation of Japan.

Methodology of the study:

It is essential first to clarify the method of inquiry and procedures as means used for data collection for the present study. I have used both the primary and secondary sources to write my thesis. In order to understand the two decades and a half of Japan Bangladesh co-operation, it was considered essential to trace briefly the historical relation of the two countries. The present study is the result of not only of published materials but also of all unpublished sources and archival report and documents available in Bangladesh. Additional sources were also used such as conversations and interviews with the leading Japanese implementing and trade Agencies like Japan international co-operation Agency (JICA), The Overseas Economic Co-operation Fund (OECF), Japan External Trade Organization (JETRO), I also interviewed of Bangladeshi high officials who are related with investment like BOI,

BEPZA. On several occasions, I had the privilege of talking to the embassy officials of Japan in Bangladesh, who are engaged in strengthening the diplomatic and economic relations with Bangladesh.

In order to collect materials and documents, I spent six months in visiting all the major libraries in the capital city of Dhaka. These included the libraries of Dhaka University, National Archives, the library of Bangladesh Institute of Development Studies (BIDS), the library of Bangladesh Institute of International Strategic Studies (BIISS), the library of Japanese Embassy in Dhaka, The library of External resource Division Bureau Ministry of Finance. I also visited the Board of Investment in Bangladesh (BIO), Bangladesh Export Processing Zone Authority (BEPZA), Japan International Co-operation Agency (JICA) in Bangladesh.

I have arranged the source materials in the following manner:

1. Primary Sources.
2. Secondary Sources.
3. Tertiary Sources.
4. Non-documentary Sources.

1. Primary Sources:

The primary sources involved interview of important high officials with leading Japanese aid and trade agencies, like Japan International Co-operation Agency (JICA), the Overseas Economic Co-operation Fund (OECF), Japan External Trade Organization (JETRO). These offices are located in Dhaka. I also interviewed high officials of Bangladesh, who are directly or indirectly connected with investment and trade polices with Japan.

2. Secondary Sources:

I widely used secondary sources to collect relevant data for writing my thesis. I used parliamentary debates of Bangladesh. National Parliament, the government publications of Bangladesh and Japan. News paper clippings, news weeklies, research Journals, Year books, dictionaries, encyclopadias, hand books, manuals and books were used intensively

3. Tertiary Sources :

Tertiary source includes directories, guides, and lists that I used meticulously for the study. All the above source materials are listed alphabetically by division of sources and appended in the 'Bibliography' at the end of this study.

Besides the above three sources, I used the following, non-documentary sources for the last two year (1997-99) for my work.

4. Non-documentary sources:

It Includes both the formal and the informal sources. Formal sources cover discussion with experts. Specialists, potential users, eminent scholars whose names are mentioned in the preface as acknowledgement. The informal sources include conversation with friends and other researchers.

Objective of the study:

The main purpose of this study is to provide a coherent picture of two decades and a half of Japan-Bangladesh political and economic co-operation.

First of all, it would like to review the previous and existing political and economic relationships and ties between Japan and Bangladesh from 1972 to 1998.

Secondly, I would like to analyse the Japanese political and economic Goals in Bangladesh and how Japan achieves these goals.

Finally, since Japan is the largest aid donor and the development partner of Bangladesh and our development activities mostly depend on the Japanese aid, so I would like to use the Dependency theory as an analytical framework for this study. Japanese aid dependency contributes to our development process instead of hindering it.

Frame work of the study:

The dissertation has been structured in the following manner:

Chapter One, Introduction : This chapter discusses importance of the study, methodology of the study, the framework of the study, literature review, and limitations of the study.

Chapter two, makes an attempt to clarify the concept of dependence and development and briefly analyses the dependency theory.

Chapter Three, highlights Japan's political and economic goals in Bangladesh and how Japan seeks to achieve these goals in Bangladesh.

Chapter Four, discusses the two decades and a half of Japan-Bangladesh political and diplomatic relations. The study covers the period from Sheikh Mujibur Rahman to Sheikh Hasina regime chronologically.

Chapter Five, deals with the economic relationship between Japan and Bangladesh from 1972 to 1998. This chapter discusses Japanese aid, trade and investments in Bangladesh.

Chapter Six, tried to sum up the findings of the study and makes recommendations for strengthening the future relationship between the two countries.

Review of the existing literature:

There is a great dearth of literature on Japan-Bangladesh relations. My attempt had been to record whatever works on Japan-Bangladesh relations are available. However, not all works are important. Indeed no work contained detailed account of Japan-Bangladesh co-operation.

Syed Noor Hossain, wrote, *Japan not in the west. A south Asian perception of Japan today.* The book in its finding suggests that, what is the real identity of Japan ? Is Japan merely an extension of the West ? what roles do the Asian Nations expect Japan to play in today's complex world, particularly in the matter of the Eastern's Region's economic development ? The author lucidly puts across his carefully researched answers to these vexed aversions, analysing and drawing up on Japan's generic links with South-East Asia, exploding the myth-from the Asian angle-that Japan is a Western nation, notwithstanding the unprecedented economic and industrial progress achieved by it.

The true character of Japan's internationalization must also reflect the views and aspirations of the Asian nations. The role that Japan is expected to play in international affairs, defense, as also in support of the SAARC countries, is critically examined. The author has also presented a case for deployment of Asian labour in Japan.

Having established its strength and superiority in the economic and industrial fields, Japan, the author feels, has to take a leading role as an Asian nation in Asia's emergence in the coming century.

Dr. Abul Kalam wrote in his book, *Japan and South Asia: Subsystemic linkags and developing relationship*. The book in its findings suggest that in an international system which has been rapidly unfolding itself from the political-military to trade-aid oriented one, Japan has emerged as the largest creditor donor nation of the world, with an enhanced prospect for Japan's assumption of a leadership role in the Asia pacific subsystem, whereas the countries of South Asia are critically aid dependent and stand as top-borrowers. They also suffer from internal and inter-regional threats of varied nature, notwithstanding this ongoing regional co-operative endeavors, there are growing asymmetries and imbalances in their mutual ties. However, given an increasing convergence of their value systems and interests, the author postulates a strengthening of relations between Japan and South Asia, with Japan assuming a greater

economic, political security role in South Asia and offering a potentially useful model in terms of reciprocity and multilateralism as a prospective leader of the international system. Robert A. Scalapino edited, *The Foreign Policy of Modern Japan*. Md. Samsul Huq: Bangladesh international politics. A.R. Chakravarty: *Foreign policy of Bangladesh*. Bruce in Koppel and Robert M. or jr ed. *Japan's foreign aid, power and policy in new Era*. The above books, however, have helped in one way or the other in completing this study.

A large number of articles have been written by scholars on the various aspects of Japan Bangladesh co-operation. Dr. Abul Kalam: *Japan Bangladesh ties. An analytical study*. (Regional studies, vol. XII. No. 4. Autumn. 1994). The study suggests that despite an inherent asymmetry in the linkages and developing relationships between the two countries, there is a convergence of their strategic interests and objectives which would help promote and deepen their mutual understanding.⁴ Iftekharuzzaman, *Japan's Role in South Asia and Bangladesh: A critical overview*. (BISS journal Vol. 16. No. 1 1995). Japan is the economic super power and the largest aid donor of the Bangladesh. Raisul Awal Mahmood, *Bangladesh's External Economic relations*. (BISS journal, vol.13. No. 4, October-1992). The writer discusses that Japan is the important development partner of the country. Bangladesh is extremely dependent on Japanese aid.

Not a single study is available which covers the study of political economy of two decades and a half of Japan- Bangladesh co-operation and perhaps this study will fill the gap.

Limitation of the study:

It has already been mentioned that no single study is available in our country which covers the study of political economy of Japan- Bangladesh co-operation. Therefore, this study may be the first of its kind in the country. However, it has some limitations.

Firstly, not much literature on the subject is available in the form of text books, research studies, reports etc. Journals and magazines are available in the country. However, efforts have been made to procure them from abroad as far as possible, and to use these for the purpose.

Secondly, some of the data and information have been used after bringing them in desired forms, as these were not available as such in the sources. This might be due to the fact that less importance was attached to them by the concerned source agencies.

Lastly, there were some sources which could not be utilised in the study for want of desired co-operation from the agencies concerned and their unwillingness to make available some known materials.

CHAPTER : II

Dependency and development : A conceptual framework:

In this chapter an attempt will be made to discuss the conceptual framework of the study by using some main concepts of dependency theory. In developing this framework, our central concern is to conceptually integrate the various elements of dependency theory for understanding the issues of development in a developing country like Bangladesh.

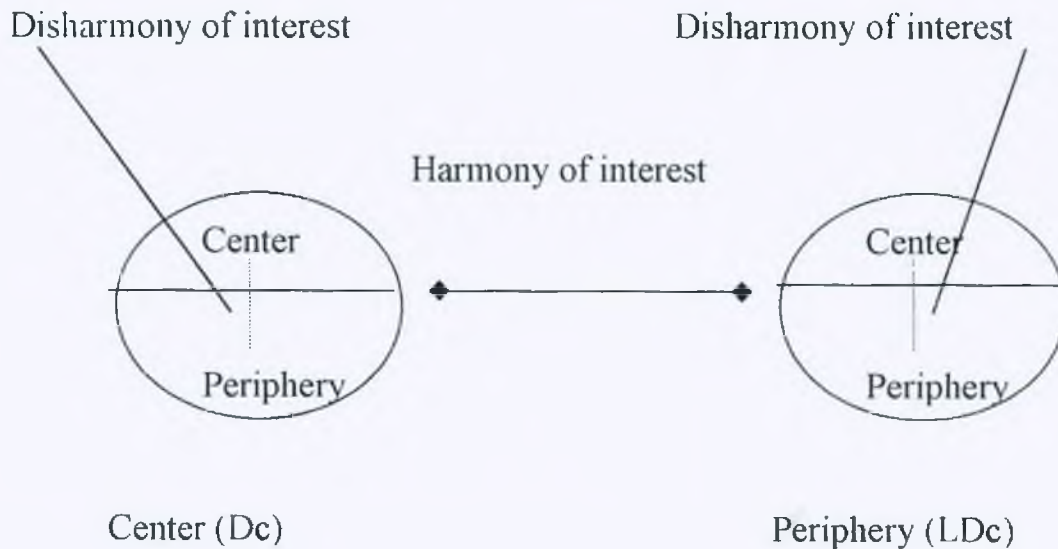
Dependency is a conditioning situation which causes underdeveloped countries to be both backward and exploited ⁽¹⁾. In other words, it means a situation which determines the limits and possibilities of action and behavior of men ⁽²⁾. The main hypotheses of the dependency theory is that “under development” of the developing countries is caused by “structural relation” between developing and developed countries. ⁽³⁾

Underdevelopment is a sort of “subordinate development” within the global capitalist system. ⁽⁴⁾ The main characteristics of the underdeveloped countries are inequitable distribution of national income, unemployment, low productivity, mass poverty, illiteracy malnutrition and discuss etc. ⁽⁵⁾

There are some common features of the developing countries. They are exporters of primary products and importers of manufactured goods. Raul prebish asserted, that these countries were undifferentiated and specialized in the production of agricultural raw materials whose terms of trade declined relative to manufactured goods and capital equipment produced in the developed countries. So these countries were put in dependent position⁽⁶⁾. A. G. Frank argues that, even a modest acquaintance with the history shows that under development is not original or traditional condition and that neither the past nor the present of the underdeveloped countries resembles in any respect the past of the now developed countries. The now developed countries were never underdeveloped⁽⁷⁾. A.G. Frank, also asserted, 'that the capitalist development on world scale, the penetration of the "periphery" through foreign investments and aid drains from the periphery to the centre through the repatriation of profits and interests ⁽⁸⁾. Samir Amin analysed dependency interms of center and periphery. He says, that the capitalist relation in the peripheral countries and the nature of their development have been imposed from outside whereas in central countries it is an indigenous growth.'⁽⁹⁾ Multinational corporations and bilateral and multilateral assistance play an important role as agents or linkages for establishment of dependent relations. DOS Santos asserted that "these relations direct to a conditioning situation in which the economics of one group of countries are developed at the expense of others."⁽¹⁰⁾ John

Galtung also discussed the dependency theory in terms of the concepts of “center” and “periphery”. He emphasized the fact that the impact of rich upon poor nation can be understood if the global political economy is viewed as the relationship between “center” and “periphery”.⁽¹¹⁾

The actual structure is described in a diagram.



Center – Periphery Relations

Each of it, is further subdivided into its own center (The Governing elite) and periphery (groups without much power or wealth).

John Galtung maintains that disharmony of interests exist not only between center and periphery but also between center and periphery within a nation. Both in developed and under developed countries the peripheries are poor because they are integrated with national and international economic systems in a manner unfavourable to them.⁽¹²⁾

A.G. Frank argues that. "if it is satellite status which generates underdevelopment, then a weaker or lesser degree of metropolis satellite relations may generate less deep structural underdevelopment and/ or allow for more possibility of local development"⁽¹³⁾. Stavenhagen says- "Dependency is nothing but the product of historical process and historical continuation of colonisation."⁽¹⁴⁾ He also points out that most Latin American countries are typical examples of dependency. Some dependency theorists like Gurnner, Myrdal, H. W. Singer and others believe, that one of the basic causes of dependency is the unequal exchange in trade relations. However, many of the points stressed in the theory of dependence provide us important perspective for understanding underdevelopment of the developing countries.⁽¹⁵⁾

In recent past some of the assumptions of the dependency theory have been challenged by the critics on the ground of empirical realities. Many of the developing countries have become modernized and industrially developed by being dependent on the developed countries. So the dependency theory proves to be unworkable. A.G. Frank himself admitted that the dependency theory is no longer serviceable in explaining underdevelopment. Rather dependent development has become increasingly evident from the countries, like South Korea, Taiwan, Hong Kong, Singapore, Malaysia are only a few examples, that can be mentioned. ⁽¹⁶⁾

One of the assumptions of the dependency theory is that 'capitalism' caused underdevelopment of the third world countries. Such an assumption cannot be accepted uncritically. In fact, the developing countries are badly in need of capital for modernisation and development. In recent years, being an underdeveloped country, Bangladesh has become heavily dependent on Japanese aid and assistance for her development. So my hypothesis is that Bangladesh will be able to overcome its poverty and underdeveloped situations with external aid and co-operation.

Bangladesh : A case study:

Bangladesh was one of the richest region of the Indian Sub-continent. But today she has become one of the poorest countries of the world. Poverty and underdevelopment of Bangladesh started with the penetration of British merchant capital and its integration with the world capitalist system. Development of Bangladesh became impossible because of looting away of her wealth over two hundred years of the British Colonial Rule. Besides Bangladesh became underdeveloped due to discriminate socio-economic polices of the civil and military bureaucratic oligarchy of Pakistan. During this period, a sort of 'internal colonialism' operated in the form of 'class' and regional exploitation.⁽¹⁷⁾ In modern age, no country can expect to develop in isolation. Global interdependence and mutual co-operation between countries have become an inescapable reality. External aid and technology and technicians will immensely benefit Bangladesh in exploring her unused or untapped resources for productive investment and development.

Bangladesh is an interesting case study to understand the relationship between a developed and a developing country. Bangladesh is heavily aid dependent on Japan for more then two decades. So, my study will make an attempt to assess the impact of Japanese aid in Bangladesh. My assumption is that the two decades of Bangladesh-Japan relation and co-

operation in various fields are having positive consequences for Bangladesh economic development and socio-political change.

My study of the two decades and a half (1972-1999) of Japan and Bangladesh political and economic relation shows that Japan is an important development partner of Bangladesh. And friendly relations between the countries are facilitating the process of development and modernisation.

CHAPTER-III

Japan's political and economic goals in Bangladesh.

In this chapter, an attempt will be made to discuss Japan's political and Economic Goals in Bangladesh and analyses how Japan achieves these Goals in Bangladesh. This chapter consists of four section: Section (a): Analyses the political Goals of Japan in Bangladesh. Section (b): Analyses how Japan achieves her political Goals in Bangladesh. Section (c): Analyses the Economic Goals of Japan in Bangladesh. Section (d): Analyses how Japan achieves her Economic Goals in Bangladesh.

Political Goals of Japan in Bangladesh.

Japan is one of the richest countries of the world. Whereas Bangladesh is a developing country. After the independence of Bangladesh, Japan was one of the industrially developed countries of the world to recognise Bangladesh. Since then Japan Bangladesh bilateral relations have been strengthening day by day.

First of all, Japan would like to see peace and stability in South Asia. During the last two decades and a half, Japan's vital political interest was to establish peace and stability in South Asia. Since 1945, Japan was tied politically and strategically to the Western Block and has been a

close ally of the U.S. During the middle 1970's the United States withdrew militarily from the mainland South East Asia. So she is no longer in hegemonic role, and as the Sino-Soviet competition for influence intensified, Japan was called upon to contribute to the stability of the region .¹

Besides, Bangladesh is a major source of essential raw materials for Japan, and an important market for Japanese manufactured Goods. Bangladesh is also an attractive place for substantial Japanese investment. Moreover, in addition, the water ways of Southeast Asia are increasingly vital for Japan's international transport system. About 60 percent of Japan's oil imports and 40 percent of its foreign trade are transported via the straits of Malacca, and the Lombok Straits.²

After the independence of Bangladesh, Japan and Bangladesh agreed to maintain peace and promotion of prosperity in the world, particularly in Asia. During the visit of the first Prime minister of Bangladesh Sheikh Mujibur Rahman to Japan in 1973, signed an agreement with his counterpart Mr. Kakue Tanaka. The two Prime ministers realized the importance of the maintenance of peace and promotion of prosperity in the world, particularly in Asia. Both the Prime ministers hoped that in the interest of the establishment of durable peace in the area, the other pending issues would be resolved soon through negotiation among the countries

concerned on the basis of sovereign states³. During president Ziaur Rahman's visit to Japan in 1978, President Ziaur Rahman said, "I had discussed with the Japanese Prime minister about international issues and had similar views on South-East Asia, Sub-continent, Middle-East and North South dialogue, and both the countries had agreed to work together in the next U.N.O. General Assembly session on the question of disarmament".⁴ Japan's interest in security role in South-Asia was expressed in a statement made by the Japanese Foreign Minister, Tudashi kuranari in Dhaka in 1987. Japan expressed its intention to contribute the reduction of tensions and peaceful settlement of conflicts, by promoting dialogue."⁵ Mr. Toshike Kaifue, the Prime Minister of Japan told at Dhaka, "I would like to pronounce clearly Japan's intent to continue its vigorous support for political stability and economic development of the South-Asian countries as well as the rest of the world by engaging in dialogue and co-operation."⁶ Besides, Japan is considered to be committed to strengthen its assistance to "those areas that are important to the maintenance of peace and stability of the world."⁷

Secondly, Japan would like to develop its international leadership, since the mid1980's, Japan has sought leadership through growing contributions to North-South relations and international peace and security. In developing international leadership, Japan cultivates two types of roles:

First, Japan emphasizes economic policy co-ordination with the United States and Europe through G-7 mechanisms, development co-operation through the organization for economic co-operation and development (OECD). In Asia, Japan is trying to bury the past and develop a strong set of bilateral relations.

Second, Japan is working to strengthen regional economic co-operation for, and in the area of regional peace and security. It has pledged to support the cost of peace-keeping operations and future reconstruction efforts in Cambodia, as well as committing peace keeping personnel in 1992 to assist the U.N.O. peace process. Japan's Asia oriented official development assistance (ODA) supports this diplomacy.⁸

Third, Japan would like to assume leadership in Asia. Such a perception and self image are based on the following consideration:

First, basis for such a claim is based on Japan's economic predominance in Asia.

Second, the basis for Japanese leadership rests on its efforts to resolve regional conflicts in Asia. It provided funds, and from

1992, peacekeeping personnel to support the U.N.O. peace plan for Cambodia.

Third, the basis for assuming leadership can be attributed to Japan's role as political mediator in Asia.⁹

Fourth, Japan would like to establish and patronise democracy in Asia. During the mass upheaval in Bangladesh against the autocratic regime of Mr. Ershad, Japan indicated the possibility of withholding aid to Bangladesh, if political repression continued. During the 1991 general election in Bangladesh, a multiparty team of the Japanese Diet visited our country. Aid programs did develop within the political frame work during the cold war. With strong American urging, Aid flowed only to the non-communist nations in the East and South East Asia. Japan did not provide aid to any socialist country until 1973.¹⁰⁻

Fifth: During the cold war, Japan played an expensive political and military role to contain communism in the region. By the late 1980's, one can begin to identify the outline of an emerging Japanese Vision of the future: "Japan would like to fashion a foreign policy that exhibits greater activism on a traders diplomacy was sustainable into the mid 1970's largely because the United States had willingness to play an extensive political and military role to contain communism in the region, thereby leaving little room for Japanese action."¹¹

How Japan achieves her political goal in Bangladesh ?

Japan is an important development partner of Bangladesh. She is not only a development partner but also has some political interest in Bangladesh. Japan achieves her political goal in Bangladesh by following ways :-

First of all, Japan achieves her political goal in Bangladesh by using the tool of foreign aid. Aid is a useful convenient and successful diplomatic tool from the Japanese perspective. Specially, it is a way for non-military power to contribute to international society¹² Japan is considered to be committed to strengthen its assistance to “ those areas that are important to the maintenance of peace and stability of the world.”¹³

Secondly, Japan achieves her political Goals in Bangladesh by promoting political dialogue. Japanese foreign Minister Kuranari's statement said, “ Needless to say,” One must take into account the situation in South Asia when considering peace and stability of the whole Asia. From this point of view, Japan wishes to further strengthen its efforts for promoting political dialogue in the countries of South Asia. Elaborating the main objective of Japanese Prime Minister Kaifu's visit to Bangladesh, the Japanese official said, “ First, it would be an important occasion for him to engage in a political dialogue with President Ershad,”

“we feel it is very important to have the political and economic dialogue at the highest level.”¹⁴

Finally, visits of the several top level leaders were exchanged between the countries. Japan and Bangladesh exchanged their views on a broad range of subjects of common interests covering international and regional affairs, and various matters of bilateral interests.

Japan’s Economic Goals in Bangladesh.

Japan is one of the important sources of foreign aid in Bangladesh and she is the important development partner of the country. By the early seventies, Japan’s postwar diplomacy toward South East Asia as elsewhere had been labeled a “traders diplomacy.” It was, in the words of one prominent Japanese scholar, “a diplomacy of the economy by the economy and for the economy.”¹⁵ Japan has some economic goals in Bangladesh.

First of all, Japan is interested to secure supply of essential raw materials from Bangladesh. Being one of the most highly-industrialized countries and consequently, of the largest exporters of industrial goods, Japan needs to import huge quantities of raw materials from Bangladesh.

Second, Japan is interested to have continued access to markets in Bangladesh for its finished goods. In order to preserve its prosperity and employment levels, Japan must export a tremendous amount of industrial goods of very high quality with modest price.

Third, Japan would like to protect and promote the present international trade regime that includes, by and large, the preservation of the present monetary order, institution of aid and free trade. The Japanese can be expected to lend a helping hand in preserving the present world economic order and if requires more aid, the Japanese will come up with it. Their political democracy and peace orientation powerfully reinforces this priority. But the obverse is also true. If the world economic order fails to sustain free trade, both raw materials and industrial goods with a reasonable degree of expansion every year the whole apple cart will be upset. Kuranari's said, "I also believe it important to make active contributions, co-operating with other peace loving nations in Asia, to the realization of tensions and peaceful settlement of conflicts, by promoting dialogue. Needless to say, one must take into account the situation in South Asia when considering the peace and stability of the whole Asia. From this point of view, Japan wishes to further strengthen its efforts for promoting political dialogue with countries in South Asia."¹⁶

Fourth; Bangladesh is an important place of Japanese product. The cost of production is less than that of any other countries of the world. "Ample scope and opportunities also exist in Bangladesh for marketing their (Japan's) products." The South Asian free trade Arrangement (SAFTA) will have ample scope to provide the willing Japanese entrepreneurs to invest in Bangladesh.

How Japan achieves her Economic goals in Bangladesh?

Though we have political, economic and cultural relations with Japan, but our main relation with Japan is economic. Besides, though Japan is an important development partner of Bangladesh, she has some economic goals in the country Japan achieved her economic goals in Bangladesh by providing aid, developing trade and by making infra-structural investment. The following discussion will tell us as to how Japan did achieve her economic goals in Bangladesh.

First of all, aid is a vital tool of achieving Japanese economic goals in Bangladesh. Some features of Japan's aid program which derive from this Asia-centric approach are that, it is project based (Particularly for high profile projects). with a predominance of bilateral loans, and that there is an emphasis on infrastructure developments. It focuses on low-income countries (and not the best developed countries for example) as

recipients, gives close attention to technical skills/human resource development, and is aligned with the concept of “ heart to heart” democracy and co-operation rather than “ charity” .

Second, trade is another important way of achieving economic interest of Japan from Bangladesh. In many respects, international trade is the life blood of Japanese economy. The trend of the two decades and a half of Japan Bangladesh trade balance can be seen as negative balance of trade. The trade gap between the two countries stood at over \$ 418.85 million dollar in 1997/98.¹⁷

Last of all; Japan fulfilled her economic interest in Bangladesh by making investments. As a developing country Bangladesh, welcomes flow of foreign investment in the country for an introduction of new technology to help improve the job market and the economic growth. Japan is the one of the largest investors in Bangladesh. In 1961, Japan's first investment was in Bangladesh, a Joint-venture textile mills. Till April, 1988, about 102 Japanese companies from private sector have registered investment proposals for Bangladesh.¹⁸

Conclusion.

Japan is one of the richest countries in the world and important development partner of Bangladesh. She is the significant source of foreign aid to Bangladesh and a member of G-7 countries. Japan has some important political and economic goals in Bangladesh. Bangladesh is an important source of raw materials and trade partner of Japan and significant place of investment. Japan and Bangladesh has been maintaining cordial relationships in an atmosphere of goodwill and co-operation during the last two decades and a half. This relationship is being strengthened and reinforced through bilateral relations between the two countries.

CHAPTER IV

Japan-Bangladesh Political Relations

In this chapter, an attempt will be made to discuss the bilateral political Relation between Bangladesh and Japan in chronological order. While discussing the political contacts between the two nations from 1972 to 1998, the hypothesis is that the relations between the two countries seem to be cordial and co-operative. This chapter consists of three sections. Section: (a) discusses the historical relations of the two countries. Section : (b) analyses political relationship of the two countries. Section : (c) Conclusion.

Historical relationship of the two countries

Bangladesh has traditional and historical connections with Japan. Bangladesh played an important role in the spread of Buddhism more than a thousand years ago though out South East Asia and Japan. Contact between our part of Asia and Japan was, therefore, established in the ancient times and these contacts have been maintained uninterrupted. During the British period there were different types of organizations and Association which helped to build up Co-operative relations and committed to establish peace and international understanding between Japan and the then British India. A large number of organizations such as,

the society for Asian Revival (Ko-Akai-1989) the society for oriental co-operation (Toakyokai), East Asian Cultural Society (Toa dobunkai), Japan-India Association (1990), a Joint Indo-Japanese Association (1903), Separate Hindustan Association of Japan, Social democratic Party (1901), Society of commoners (Heminisha 1903), the Society for peace and friendship in Asia (Ashu washinkar, 1907) did exist to promote friendly relation between Japan and India.⁽¹⁾

A good number of the earliest political activists went to Japan from the Subcontinent was Maulovi A.H. Barkatullah of Bhopal (1907), Bhagwan Singh (1907), Lala Rajput Rai (1915), Tarakanath Das, Narayan S.Marathe, Abani Mukherji, M.N. Roy, Keshoram Sabarwal, Harambalal Gupta, Rash Behari Bose. Moreover, in 1920's most of the Indian nationalist leaders who struggled for thier Independence sought Japanese support. The leaders included C.R. Das, Moulana Mohammad Ali, Dr. M.A. Ansari, S. Satyamurthi, Srinivas, Lyenga and Jawaharlal Nehru. Besides Subash Bose, President of the Indian National Congress and a radical revolutionary hero met the Japanese Leaders including premier Tojo Hideki, whom he met twice and was assured of unequivocal Japanese support for Indian independence.⁽²⁾

Besides this, during the Pakistan period, though Pakistan appointed its first Ambassador to Japan on 28 May 1952, relations between the two

countries had existed since the early days of Pakistan. Agreement to promote trade between the two countries had been signed and reviewed from time to time without interruption since 1949. But diplomatic relations between the two countries were established after the signing of the 1951 peace treaty with Japan.⁽³⁾ Despite the apathetic attitude of the then central government at Islamabad, Japan came forward to actively cooperate in the economic progress of this region to set up fertilizer factories in Sylhet and Ghorashal, Steel Mill in Chittagong Hill tracts. These industries have contributed greatly towards enriching the economy of Bangladesh. Besides, in the wake of the great cyclone of 1970, the people of Japan collected funds for relief and rehabilitation of the distressed people of Bangladesh. The government of Japan also contributed a considerable amount to that fund.

During the liberation war, Japanese News Media and people not only had sympathy for the people of Bangladesh but also helped mobilize world opinion in favor of the movement. On 2nd March most of the Japanese newspapers published the postponement of the Pakistan National Assembly's session report. The Japan Times wrote, 'President Agha Mohammad Yahya Khan ordered the postponement of the session of Pakistan's National assembly. The postponement resulted from disagreement between the major parties of East and west Pakistan.'⁽⁴⁾

The Japanese News papers from the beginning began to publish detailed of the defection of the Bengali diplomats and created among the Japanese people and international community favorable opinion about the on going events in Bangladesh and generated support and sympathy for the movement.

The Japanese news media, provided regular coverage of the morbid human disaster. These reports, editorials and press comments contributed immensely in generating sympathy and support of the Japanese people in the world. The Japanese press said, “India appealed for international assistance in caring for more than a quarter million refugees who have fled from East Pakistan since fighting began in march 25,1971.”⁵

Besides, Japanese public like, teachers, students the business community, politicians and intellectuals did express their support for the independence movement of Bangladesh. Various individuals and organizations contributed to creating a pro-Bangladesh environment in Japan. These are: ‘Nippon-Bengaru-Tomono-kai’ or Japan-Bengal Friendship Association and Bangladesh solidarity Front” and professor Setsurei Tsurushima, professor Hajime Katsube and student leader Arimitsu. Their collective efforts helped to make the liberation war of Bangladesh in 1971, a major international issue of Japan.

Moreover, the Japanese government had always played a positive role in 1971, supporting the Bangladesh movement, and opened a special cell in the Ministry of Foreign Affairs to look after the interest of those working there, particularly the Bangalee diplomats who sought asylum in Japan during the liberation straggle.⁽⁶⁾ A prominent Pro-libation activist of Bangladesh, Mr. Anwarul Karim, who commented on the role of Japan as follows:

“ Although the Japanese government at the beginning regarded the incidents of Bangladesh as its internal problem and opined that it would not be wise for Japan to involve itself in a conflict of such nature, but whenever we went to meet the Japanese officials, they would always express their sympathy and support for us. Despite refraining from supporting us publicly, the member of the Diet and other Japanese politicians had always given us their subtle support.”⁷ “Even the Japanese government throughout the long war, never issued any statement supporting Pakistan or opposing Bangladesh. Rather, by recognizing the Bangladesh government, Japan made its policy towards the new born nation clear.”⁸

Political Relation of Japan and Bangladesh (1972-98)

Japan was the first country in East and South East Asian region⁹ and also one of the few countries of the world recognised Bangladesh on the 10th February, 1972, barely one month after the Leader of its liberation struggle, Sheikh Mujibur Rahman, assumed the office of Prime Minister.¹⁰ Since Japan's recognition of the newly emerged country, political and diplomatic relations between Japan and Bangladesh have been steadily improving. Bangladesh opened its Embassy in Tokyo in March 3, 1972 and Japan upgraded its consulate to a full pledged Embassy immediately after establishing diplomatic relations with Bangladesh.¹¹

In terms of objectives, the foreign policies of Japan and Bangladesh have similarities. Bangladesh's foreign policy disposition became evident the way it was spelt out in the Bangladesh constitution. For instance, Article 25, of the constitution states that Bangladesh "shall base its international relations on the principles of respect for national Sovereignty and equality non-interference in the internal affairs of other countries, peaceful settlement of international disputes, and respect for international law and the principles enunciated in the United Nations Charter"⁽¹²⁾ Article 25 goes on to state that Bangladesh will, "strive for the renunciation of the use of force in international relations and for general and complete disarmament"⁽¹³⁾ The same article upholds. "the right of every people

freely to determine and buildup its own social, economic and political system by means of its own free choice”. And supports the “oppressed peoples throughout the world waging a struggle against imperialism colonialism or racialism.”⁽¹⁴⁾ Bangobandhu Sheikh Mujibur Rahman said, “The basic elements of my foreign policy is non-aligned and independent. In this context, Bangladesh desired to develop friendly relations bilaterally with all countries of the world on the basis of the principles of sovereign non-interference in international affairs and mutuality of interests.”¹⁵

On the other hand, Japan’s Postwar foreign policy has been called a, “Low-cost low risk foreign policy,” that allowed Japan to focus on economic development while avoiding costly military and political burden.¹⁶ Japanese goals of the new international order are: First, to ensure peace and security, Second, to respect freedom and democracy, Third, to guarantee world prosperity through open market economies, Fourth, to preserve an environment in which all people can live rewarding lives and, Fifth, to create a stable international order founded upon dialogue and co-operation”.¹⁷ Besides, Japan and Bangladesh have the same vision. Vision for peaceful nuclear free and equitable world order. Both are signatories to N.P.T. “We are of the same belief that money spent on armament should be diverted to the welfare sectors like primary

health, education and fulfilling the basic needs of the people and, we both have U.N.O. peace keeping mission.¹⁸

Exchange of visits of the Leaders.

Several top level leaders of both the countries visited Japan and Bangladesh and exchanged their views on a broad range of subjects of common interest covering international and regional affairs and various matters of bilateral interests. This contributed to a strengthening and of the already existing friendly relations and increasing co-operation in the political economic, cultural and other fields.

His excellency Bangobandhu Sheikh Mujibur Rahman, the Prime Minister of the people's Republic of Bangladesh paid an official visit to Japan from October 18 to October 24, 1973 at the invitation of the Government of Japan. This was the first visit of the Prime Minister of Bangladesh to Japan. The visit of the Prime Minister Bangobandhu was more significant, because the visit could be visualized as a symphony of two glorious lands of the East emblematic of the Rising sun and the Harvest moon. In practice, the significance could hardly be less minimised. The friendship and goodwill which had been witnessed between the two countries even during the period of liberation war and

after it, strengthened by Bangobandhu's visit for greater understanding and mutual benefit.

The Prime Minister of Bangladesh was received by their majesties the Emperor and Empress at the imperial palace. The Prime Minister of Japan and Mrs Tanaka gave a dinner at the official residence in honour of the Prime Minister of Bangladesh. The Prime Minister of Bangladesh was entertained by the Japan and Bangladesh Association and also jointly by the Federation of Economic Organisation the Japan Federation of trade Council and the Japan Chamber of Commerce and Industry.

Sheikh Mujibur Rahman, Prime Minister Of Bangladesh accompanied by Dr. Kamal Hussain, the Foreign Minister held talks with Mr. Kakui Tanaka, Prime Minister of Japan and Mr. Masayoshi Ohiro Minister of foreign affairs on a wide range of subjects of common interests to Japan and Bangladesh. About their talk, Foreign Minister Dr. Kamal Hussain said, "Bangladesh and Japan reached 'common ground of understanding' and identify of views on a wide range of subjects"¹⁹. He also said, 'Sheikh Mujibur Rahman and his Japanese counter part Mr. Kakuie Tnaka had found this' common ground of understanding and identify of views in their hour-long talks which covered a wide-range of subject on international affairs, West Asia and the sub-continent. The talks were held in a frank and cordial atmosphere.

The two Prime Ministers agreed that the talks were most useful in strengthening the friendly relations between the two countries which will enable them to expand exchanges in the economic, cultural, scientific and other fields.²⁰

The Prime Minister of Bangladesh Bengobandhu Sheikh Mujibur Rahman and the Prime Minister of Japan Mr. Kakuei Tanaka signed a *détente*. The two Prime Ministers recognising the importance of the maintenance of peace and promotion of prosperity in the world, particularly in Asia, agreed that their governments should work together closely in achieving this objective. The Prime Minister of Bangladesh explained the basic elements of the foreign policy of Bangladesh. He said, "The basic elements of my foreign policy is non-aligned and independent".²¹ In this context, Bangladesh desired to develop friendly relations bilaterally with all countries of the world on the basis of the principles of mutual respect for non-interference in internal affairs. The Prime Minister of Bangladesh is to forge close ties with her neighboring countries in South East Asia. The Prime Minister of Japan, showed his deep respect for the Prime Minister of Bangladesh for his outstanding statesmanship which contributed in a great measure to the settlement of the humanitarian issues in the Sub-continent. Both the Prime Ministers hoped that in the interest of the establishment of the durable peace in the area, the other pending issues would be resolved

soon through negotiation among the countries concerned on the basis of sovereign state.

Bangobandhu's six days official visit to Japan. had bridged the gap between the two countries, Bangladesh and Japan through discussion in a "frank and cordial atmosphere" leading to the further development of bilateral relations. About his Japan visit, Bangobandhu said, "it is successful".²² The visit had prepared grounds for discussion between the officials of two countries to explore new avenues of co-operation in the fields of agriculture, fertilizers, natural gas, Petro-chemicals. Jamuna Bridge Constraction. Bangobandhu's visit laid the foundation for closer bilateral relations between Bangladesh and Japan. Infact, his visit is considered the most important milestone in the history of our bilateral relations.

Bangladesh and Japan are two such countries as are bound by national bonds of friendship. This was further strengthened the visit of crown princes Akihito and his concert Princes Michiko of Japan on 19th Ferbruary 1974. The Japanese crown prince Akihito said " President Sheikh Mujibur Rahman's visit to Japan in 1973, had laid the foundation of lasting friendship between his country and Bangladesh."²³ The crown prince expressed his firm conviction that Japan Bangladesh friendship would grow from strength to strength with the passage of time"²⁴ The

then Vice President of Bangladesh Syed Nazrul Islam said, “the existing relations will be consolidated further with the passage of time”²⁵

The Japanese foreign minister Mr. Ichiro Hatayama visited Bangladesh on 17th July in 1977, who was the first Japanese foreign Minister to visit Bangladesh. During his discussion with the newsmen on his arrival at Dhaka Airport, Mr. Ichiro Hatayama said, “Since the liberation of Bangladesh, Japan is having a good relation with her. I believe this visit will further strengthen the existing bond of relations between Bangladesh and Japan and it is a great pleasure for me to visit Dhaka. Japan would consider it very important to work for peace and stability with the Asian countries.²⁶ He said “ I have also become keenly aware of the need for our two countries as fellow Asians to co-operate with each other and further strengthen the ties of the mutual friendship”.²⁷ In order to further develop such good relations between our two countries. I believe that we should extend our co-operation to the broad sectors of trade, culture and exchange of people and to give a fresh vitality to the relations of the two countries. In this sense, I sincerely hope that my current visit will contribute to the promotion of friendly relations between the two countries.²⁸ About the success of the visit, Mr. Hatayama said, “though my visit was brief, we have been able to deepen our mutual understanding. The understanding would prove significant in future”.²⁹

Bangladesh and Japan, the two Asian countries, had been demonstrating the gesture of their genuine friendship for each other ever since the formers emergence. This had been further strengthened by president Ziaur Rahman's five days visit to Japan on the 5th April, 1978 that opened a 'new horizon' with regard to the bilateral relation between the two countries. About his Japan visit President Ziaur Rahman told the newsmen at airport, "it will intensify bilateral relations between Bangladesh and Japan."³⁰ The visit was arranged at the invitation of the Japanese Prime Minister Mr. Tokyo Fukuda and was Primarily a good will visit.

The leading news papers 'The Japanese times' wrote about the Zia's visit, "The country seems to have started recovering from the devastation's of the independence war and the economic blows. Japan has no doubt, a great deal to offer in helping out Bangladesh on a stable path of nation Building. Our potential assistance is not confined to capital and technological resources only. We may share our own experience in modernizing Bangladesh."³¹

During his dinner talk, President Ziaur Rahman expressed his confidence that "the long history of close relations between the peoples of Bangladesh and Japan would serve as a solid base to the ever growing friendship between the two countries. The historical, geographical,

economic and cultural, affinities between the two Asian Countries, would be further deepened and intensified as result of his current visit”³² The President Ziaur Rahman also said, “ Along with the growing people to people relations, the bilateral ties, between Bangladesh and Japan are characterized by warm friendship and mutually beneficial co-operation. This has been reflected in such exchanges between the two countries at high-level visits, cultural contacts, economic co-operation, trade and commerce, technical collaboration and education”.³³

President Ziaur Rahman’s state visit to Japan and his talk with Japanese leader had enlarged the ambit of relations between the two countries and identified areas where co-operation could be mutually beneficial. About his five days Japan visit, President Ziaur Rahman said, “ achievements of my visit to Japan were excellent and beyond my expectation and a new horizon has been opened in regard to bilateral relation between Bangladesh and Japan”.³⁴ “My visit is a great success”.³⁵ He discussed heart to heart with Japanese leaders about public and private sectors, and other general matters and international issues. This friendly and brotherly discussion with the Japanese leaders helped to develop our co-operative and bilateral relationship. . . . President Ziaur Rahman said, “I had discussed with the Japanese Prime Minister about International issues and had similar views on South-East Asia, sub-continent, Middle East and North-South dialogue, and both the countries had agreed to work

together in the next U.N.O General Assemble session on the question of disarmament."³⁶

Two other factors appeared to have played a catalytic role in strengthening the friendly ties between Japan and Bangladesh and stepping up this co-operation. One of them was rather fortuitous but far-reaching in its impact on the bilateral relations. A hijacked plane of Japan Airlines landed in Dhaka in October, 1977. The whole situation was so ably and skillfully handled by the officials of the Bangladesh government that government and the People of Japan were profoundly impressed and the bonds of friendship between the two countries reached a new height.

The second factor was the victory of Bangladesh over Japan in the election to the security council in 1978, resulting in a review and reorientation of Japan's foreign policy with much greater attention to Asian Countries, than it paid in the past. Bangladesh naturally figured prominently in Japan's newly perceived foreign policy concerns and the redesigned external assistance programme.³⁷

His excellency Mr. Hussain Huhammad Ershad, President of the People's Republic of Bangladesh, accompanied by Begum Ershad, paid his first state visit to Japan from June 19th to June 22, 1985 at the invitation of the government of Japan. Mr. Yashuhiro Nakasone met President H.M.

Ershad exchanged views on international, regional issues of common concern and on bilateral matters. Both the leader expressed their determination to “progressively strengthen” Bangladesh – Japan relations in wide ranging fields including politics, economy and culture”.

A Joint communiqué issued from the two capitals marking the end of President H.M. Ershad’s four day state visit to Japan said, “the economic relationship would cover trade promotion joint investment ventures and transfer of technology”³⁸. In an atmosphere of “friendship cordiality and mutual understanding” characterizing the bilateral relations and mutual understanding” characterizing the bilateral relations and exchanged views on bilateral regional and international matters of common concern.”³⁹ They expressed their satisfaction at the close and friendly relations which had been steadily strengthening in recent years and referred this government” readiness to co-operation closely to further enhance the relations”.⁴⁰

In an interview with N.H.K. television of Japan, President H.M. Ershad “Expressed the confidence that the exchange of views with the leaders and other prominent personalities of Japan would contribute significantly towards the development and strengthening of close and cordial relations between the two countries. Besides the industrial sector, Japan and Bangladesh could have meaningful co-operation in the educational,

cultural, sport, scientific technical and technological fields. The two countries had close co-operation in international field. Japan could effectively help Bangladesh in the rehabilitation program for the affected people and in the plans for permanent protective measures against such natural calamity”⁴¹

President H.M. Ershad went to Japan for the second time in February 1989, to attend the funeral ceremony of the late Emperor Showa, and met the then prime minister N. Takeshita. After exchanging greetings, Prime Minister Nobora Takeshita conveyed profound thanks to President H.M Ershad for attending the funeral ceremony of Emperor Hirohito.⁴² President Erashad Said, “ He was very happy to come personally to Japan and pay his homage to the late Emperor on behalf of the peoples and the government of Bangladesh”.⁴³ The Prime Minister of Japan expressed his deep sympathy at the loss suffered by Bangladesh in the 1988 devastating floods assured president Ershad that Japan would be doing everything possible to help Bangladesh in taking flood control measures. Moreover, Mr. N. Takeshita indicated that he was personally in touch with other leaders of the group-7 who were expected to discuss the issue of Bangladesh flood problem in the forthcoming summit, and the two leaders expressed satisfaction at the expanding mutual relationship between the two countries”.⁴⁴

A four member delegation of Japan-Bangladesh Parliamentary league led by the Deputy General of ruling liberal democratic party and the member of the house of representatives Mr. Takami ETO called on president H.M. Ershad at his hotel suit. The delegation extended support to the efforts of Bangladesh government for achieving a permanent solution to the problem of floods as well as its program of industrialization. President Ershad referred to the existing bonds of ties between the two countries and expressed his satisfaction regarding the assurance of Japan for the speedy industrialization of Bangladesh.⁴⁵

President H.M. Ershad third time visited Japan to attend the investiture ceremony of Emperor Akihito. During his visit, the issues of trade, investment and other economic and financial assistance to Bangladesh came up in the discussion with the Prime Minister of Japan. Bilateral economic co-operation between Bangladesh and Japan was the main subject of discussion between president Ershad and Prime Minister Toshike Kaifu. President H.M. Ershad, “ Expressed his firm belief that the friendship and co-operation between Bangladesh and Japan would continue to be strengthened in the days ahead as the relations between the two nations are based on a solid foundation.”⁴⁶ He also noted with happiness the growing friendship between Bangladesh and Japan and said the two countries shared similar views on many important

issues. “Our position on the situation in the Gulf, Kampuchia and Afghanistan are identical and based on well recognized Principles.”⁴⁷

This was the first visit to Japanese Prime minister Teshiku Kaifu to Bangladesh which had over the years developed closer ties with Japan as a major donor and aid giving country. Infact, relations between the two countries one, the richest and the other the poorest-in Asia had gone from strength to strength ever since Japan was one of the first countries to recognize Bangladesh on its emergence as a sovereign independent country. Though the visit was of short duration(about 21 hours) its importance was not merely symbolical. The first, it lies in the historical roots of Bangladesh-Japan relations. The second, lies in the scope of the visit. The third, lies in the overall global context in which the visit takes place.

Elaborating the three main objectives of Japanese Prime Ministers Kaifu’s visit to Bangladesh, the Japanese official said, First of all it would be an important Occasion for him to engage in a political dialogue with President Ershad. “We feel it is very important to have the Political and economic dialogue at the highest level.”⁴⁸ The second, “it is to strengthen the partnership in development between Japan and the South Asian countries including Bangladesh and the last of all, Japan intends to expand cultural exchanges between Japan and Bangladesh.”⁴⁹

During the speaking at a banquet Mr. Toshiki Kaifu said, "Relationship between Bangladesh and Japan had progressed by leaps and bounds on the basis of bond of deep mutual trust. "Japan had always seen Bangladesh as one of the highest priority countries for economic co-operation and we had been co-operating in broad areas, including agricultural development infrastructure building, medical and public health services."⁵⁰ Referring to his visit in the countries of the region Mr. Toshiki Kaifu said, this was aimed at bringing about more closer ties, on the eve of the 21st century, between the nations of South Asia and Japan, with its traditional and deep affinity with these nations. Referring to the opening of the Meghna Bridge the Japanese Prime Minister said, "this was a proof of the Unshakable bond of trust between the two nations".⁵¹ The Japanese Prime Minister also offered every possible means of co-operation and expressed his desire to learn continuously more about the facts and needs for development of Bangladesh in greater detail."⁵² President H.M. Ershad said, " The visit of Japanese prime minister Toshike Kaifu to Bangladesh had heralded a new dawn in the continuing process of amity and co-operation between his country by Japan and the visit was a milestone in the happily evolving relationship between the two countries."⁵³ President H.M. Ershad said, "in our national Social-economic development, Japan's contribution is invaluable since she is the first among our partners in progress's. Japan was a focal point of co-

operation in the cause of human progress and welfare as it had been generous companion of the less developed and disadvantaged people.⁵⁴

But all said and done, Kaifu's visit was an important event for Bangladesh. Because Japan was very sympathetic to our cause and Japanese investors would now feel reassured to come to Dhaka to make further investments. His visit strengthened the bilateral relations.

Prime Minister Begum Khalada Zia visited Japan from March 28 to April 1, 1994, at the invitation of the Government of Japan. A joint press statement issued by the Prime Ministers of the two countries said, "Bangladesh and Japan have underscored increasing co-operation between the two countries in various fields as well as for deepening mutual understanding and strengthening friendly relations and we would like to review bilateral trade and investment relations."⁵⁵ The statement said that the visit to Japan by Prime Minister Begum Khalade Zia was most useful for strengthening friendly relations, deepening mutual understanding and increasing co-operation in a Variety of fields between the two countries. The Joint statement said. "during her stay in Japan prime minister Begum Khlada Zia was received in audience by their Majesties Emperor and Empress on march 31, his majesty, the emperor also hosted account luncheon in honor of Prime Minister Begum Khalada Zia."⁵⁶

Prime Minister Hosokawa paid tribute to the efforts of Prime Minister Begum Khalada Zia for democratization and economic development and expressed his support for social and economic stability in Bangladesh.⁵⁷

Prime Minister Begum Khalada Zia expressed her gratitude to the government and people of Japan for the official development assistance provided by the government of Japan, which made a significant contribution to the economic development of Bangladesh.

The Prime Minister conveyed to the Japanese prime minister her deep sense of appreciation on behalf of the people of Bangladesh for the decision taken by the government of Japan to participate in the co-financing of the Jamuna multipurpose bridge project which will play an important role for the economic development of the northern areas of Bangladesh.

The Joint statement said that Prime Minister Hosokawa, after reiterating the commitment of the government of Japan to continue to provide official development assistance for social and economic development of Bangladesh for prompt and smooth implementation of official development assistance projects.⁵⁸

The two Prime Ministers confirmed that the two government continue to hold regular bilateral consultations on assistance provided by the government of Japan to Bangladesh.⁵⁹

Prime Minister Begum Khaleda Zia was inaugurating a seminar on, “Business opportunities in Bangladesh.” Organized by Osaka chamber of commerce and industry (OCCI) in Tokyo at Hotel new Otuni, Prime Minister Khaleda Zia called to the Japanese investors to deposit some of their capital in to Bangladesh for sharing the economic opportunity that a stable and liberal Bangladesh offers now.

She said, “Together with Japanese enterprise and resourcefulness we can move faster and further, I can assure you that we are now genuinely ready for Japanese investment in a large scale.”⁶⁰

Referring to Bangladesh’s competitive labour market and large number of well-trained professionals including engineers, managers and financial experts. Begum Zia said, these infrastructure advantages combined with the Japanese capital and experience can make significant economic impact on the large South Asian market. The Prime Minister told the Japanese investors and business leaders, “ I have come here all the way to Personally invite you to invest in Bangladesh.”⁶¹ She also said, “Bangladesh wants to be your partner in the creation of new hope, new wealth and new opportunities in international relations.”⁶²

Prime Minister Begum Khaleda Zia said , Bangladeshi's willingness to have more trade with Japan, and Bangladeshi products could find a large share of the vast Japanese market through her continued co-operation and support.

Bangladesh is exporting ready-made garments, fish-Lathers and Leather goods to Japan. Begum Zia said. "we would like to benefit from Japanese technology whose quality and innovativeness are a wonder of the modern world."⁶³ She also said, " Our common Asian culture and heritage and our trust in the future of humanity create a strong basis for united efforts towards peace and prosperity."⁶⁴

About the new industrial policy, Prime Minister Begum Khaleda Zia said, "had cleared all impediments in the country, apart from tax holiday, and Bangladesh exempted duties on capital goods."⁶⁵ She said, "It is possible, for foreign investors in Bangladesh to have hundred percent ownership."⁶⁶ The Prime Minister also said, "Bangladesh is also planning to set up a special industrial zone solely for Japanese investors."⁶⁶ Assuring the Japanese investors of protecting their investments in Bangladesh, Begum Zia said," Bangladesh of the multilateral investment guarantee agency."⁶⁷

Prime Minister Begum Khaleda Zia Said, “Bangladesh would continue its support to legitimate aspirations of Japan in the United Nations.”⁶⁸

Speaking at a reception co-hosted by Japan Bangladesh parliamentary league, Japan Bangladesh Association and Japan Bangladesh ladies cultural Society in her honour Begum Zia said, “the changed geo-political realities demand a more realistic role in Japan in international life and particularly in the United Nations. She also gave assurance that Bangladesh would continue to work with Japan in promoting global peace and security.”⁶⁹

The Prime Minister said, Bangladesh sought a new partnership with Japan in promoting peace and in marching towards economic progress. She also expressed her confidence the Japan Bangladesh parliamentary league and Japan Bangladesh Association would redouble their efforts to further deepen and wider the co-operation between Japan Bangladesh. While Begum Khaleda, talking the newsmen on board the Biman, shortly before landing at Zia International Air Port on return from five day official visit to Japan, Begum Khaleda Zia said, that a negative image of Bangladesh was projected among the Japanese earlier by negative publicity and that her visit, contributed to improve their idea about Bangladesh. The visit is expected to usher in a new era of bilateral political and economic co-operation between the two countries.”⁷⁰

Prime Minister Sheikh Hasina visited to Japan from, on 1 July to 6th July in 1997, at the invitation of the Government of Japan. The objectives of the six day official visit Prime Minister Sheikh Hasina to Japan were to foster close economic and political co-operation between the two Asian countries.

The two Prime Minister reviewed the traditional and historic relations between the two countries to further strengthen the relations, and they discussed the regional and international issues of common interests.

Bangladesh is also attaching importance to build confidence of the Japanese private entrepreneurs to attract their investment in Bangladesh in the wake of the country's adoption of the free and investment friendly market economic system. Prime Minister Sheikh Hasina also delivered a key note address at the opening session of investment organised by Japan chamber, IBCCEC, world Bank and Bangladesh mission at new Otani Hotel in Tokyo.

At the Seminar, Prime Minister Sheikh Hasina called upon the Japanese entrepreneurs to come to Bangladesh to invest in textile and other labour intensive industries and set-up a private export processing zone exclusively of their own. She said, " you will be happy to know that we have put the item of economic development on the top of our

administration and diplomacy agenda and our target are to create millions of jobs and attract billions of dollars in foreign investment.⁷¹ The Prime Minister said, Bangladesh signed the investment protection and promotion agreement between Bangladesh and Japan, and in the present day world, bilateral relations depend significantly on promotion of trades and economic activities.

The Prime Minister also highlighted various steps, undertaken by her government to attract foreign investment. In this connection she referred to among others, the promulgation of law paving the way for establishment of EPZ in the private sector, permanent law commission for modernizing investment and trade laws, administrative reorganization commission to remove bureaucratic bottlenecks and facilitated business transactions in a friendly government setting.

About the investment facilities of the country, Sheikh Hasina also said, "The Board of investment has been made first window of contact to handle investments in Bangladesh, and almost all sectors of the economy are opened to foreign investment. Our macro-economic management has been internationally recognised as prudent and we have limited inflation and geared ourselves to avoid excessive deficit spending."⁷² The prime minister also said, "we are committed to providing good governance functionally free and convertible currency and complete international

guarantees against expropriation of revenue or assets of any foreign company in Bangladesh”.⁷³ About the political instability of the country Sheikh Hashina said, “I am assure you that this is now a matter of the past. We have achieved our objectives of general election under a non-party neutral caretaker government. We have given back to the people their sovereign right to vote, to choose their government without fear or favour.”⁷⁴

Bangladesh as much for the abundant and cheap labour as for its advantageous geo-political potentials. Besides, Bangladesh its self is a market of 120 million people. Moreover, Bangladesh could also be the door to market in South Asia where the concept of free trade is taking firm roots as the region moves forward towards regional co-operation. The countries in South Asia have decided that by the year 2001, they will implement South Asian Free trade Arrangement (SAFTA) which will make this region a fabulously big and rich market.

About the private sector investment Sheikh Hasina said, “we are attaching high priority to power generation and oil gas exploration, developing port facilities and constructions of roads and bridges.”⁷⁵ The Prime Minister mentioned that ‘the Geographical location of Bangladesh is suitable for establishing export-oriented industries. The country has easy access to the largest consuming market in the Middle East and our

country is also well-connected with U.A.S. Europe and other Asian countries by air and sea.⁷⁶

Speaking at a dinner hosted in Sheikh Hasina's honour by Mr. Teichi Aramki, the Governor of Kyoto, the Prime minister said , "The existing excellent and mutually beneficial relationship between Bangladesh and Japan would be further strengthened in the future following her current visit to this great country."⁷⁷ The Prime Minister expressed her confidence that her discussions with the leaders of Japan, particularly with Prime Minister Ryutaro Hasimoto, would further cement the friendly ties between the two countries. She said, "I am particularly happy that my visit marks the 25th year of the establishment of our diplomatic relations."⁷⁸

The economic diplomacy' pursued by Prime Minister Sheikh Hasina has achieved another success by opening a new vista for the growth of Bangladesh and Japan relations on political, economic and cultural fronts. Sharing common values and cherishing similar ideals the two Asian Nations had set up links at various levels since Bangladesh independence in 1971. Both countries are seeking new avenues for diversifying ties in the post cold war era and within the globalization of the market. About her Japan visit Sheikh Hasina said, "most successful"⁷⁹ The visit has helped improve bilateral relations. "We just

cannot allow any deterioration of relations between two closest friends like Bangladesh and Japan.⁸⁰ “We could break the Ice”,⁸¹ Sheikh Hasina said while referring to the cessation of Japanese aid activities in Bangladesh during last years of BNP rule:

A number of agreements on investment procedures of Japanese fund in Bangladesh and Japanese loan utilization were signed: of the agreements one has sought to promote and protect Japanese investment in Bangladesh. Others have facilitated the release of loans by Japan for us to the tune of TK. 522 Crore. Bangladesh received 15.25 billion yen loan under three agreements for Bridges construction.

First of all, 6.21 billion yen will be used for access road project of the Jamuna Bridge. This proposes to assist sustainable development by linking agricultural centers with the industrial areas.

Under the Second agreement, the OFCF makes available a fund of 8.71 billion for construction of the Paksy Bridge over the river Padma, linking the country's north-west with the South west region.

Finally, another project would be financed in the shape of engineering services for Narayanganj-Narshingdhi flood protection and irrigation. This project seeks to minimise the damage due to floods, if and when

they occur and also to raise the overall productivity of lands in the project area.⁸²

About her Japan visit Prime Minister Sheikh Hasina said, “a strong foundation of bilateral relations between Japan and Bangladesh was laid during the visit of Father of the nation Sheikh Mujibur Rahman in October 1973 to Japan, and “my visit will Provide and added impetus to the Japanese assistance for the economic development of Bangladesh.”⁸³

Japan played an important role in the national and international issues of Bangladesh.

Japan played an important role in the U.N.O for the membership of Bangladesh. In 1972, when Bangladesh submitted her application to the United Nations for membership, the Japanese delegation made the balance in her favor and she was able to win 11 out of 15 Votes. Participating in the debate of the General Assemble of the United Nations on September 27, 1972, the Japanese delegate said, “to our Gratification the Simla Agreements has been reached between India and Pakistan and efforts for reconciliation are under way among state concerned and I hope that this day would soon come when the admission of Bangladesh to the United Nation’s would be realised”.⁸⁴

In our democratic movement of Bangladesh in 1990, Japan gave an important opinion, which was quite favorably viewed in Tokyo. During the 1991 general election in Bangladesh, Japan sent an observation team in which the U.N.O was not involved. “It was also the first occasion when a multiparty team of the Japanese Diet observed a foreign general election.”⁸⁵

On Specific issue at the regional level, Japan gives her support from the post liberation period and rendered support to the measures taken by

Bangladesh for settlement of the issues of humanitarian concern in the subcontinent. Japan supported the SAARC and welcomed this as a “positive contribution” to the stability of the region and welfare of the south Asian people. The Japanese foreign minister Karamari said, “the SAARC concepts as an “epoch making event” and paid for playing a pioneering role in the evolution of the concept. This has been possible by long time efforts of your country and of your people who hold the strong hope for the peace and prosperity of the whole South Asia.”⁸⁶

On significant issues of international importance Japan and Bangladesh also tend to have similar views and outlook. Bangladesh hold the Similar views with Cambodian problem, the Afganistan situation, the Iran-Iraq conflict, the Iraq annexation of Kuwait. There is an underlying principle of reciprocity in the area of international peacekeeping, where Bangladesh has been a long standing participant. Japan has been appreciative of the government and people of Bangladesh for their contributions in personnel to many U.N.O Peacekeeping Operations.⁸⁷

Japan responded to the disaster and humanitarian situation in Bangladesh. Japan disaster relief (IDR) team with 50 rescue workers, the biggest team sent so far-and two helicopters were dispatched in may 1991 to Bangladesh in the wake of a devastating cyclone which claimed over 140.00 lives in the districts of the country. This team worked in

conjunction with U.S. forces and non-governmental organizations in the disaster-hit areas to alleviate human suffering⁸⁸ A tornado hit four villages of Tangail and Jamalpur districts on may 13, 1996. JICA dispatch a 16 members Disaster Relief Team to extend co-operation to those affected by the disastrous tornado in Tangail and Japmalpur Districts on may 13. In the said tornado 545 people were killed and at least 100,000 got injured and 2000 were critically injured. Japanese Disaster Relief Team provided medical treatment to 955 seriously injured patients. It consisted four medical doctors, seven nurses, three medical co-ordinator from JICA. Government of Japan provided US\$200.000 and relief materials including medicines, tents, ground sheets, water tanks, blankets and plastic sheets.⁸⁹

Conclusion

In conclusion we can say that historically, Japan and Bangladesh has been maintaining co-operative relation over many areas of mutual interests. During the British period, it was co-operative. Japan and East Pakistan also maintained good relation during the Pakistan period. Besides this, during the liberation war, the Japanese people played an important role infavour of Bangladesh independence. After independence, bilateral relation between Bangladesh and Japan became strengthened. Japan was one of the first countries to recognise Bangladesh on February 10, 1972. Several important top level leaders visited both the countries, Japan and Bangladesh. They also exchanged their views on many issues of common concern. In our internal and external issues Japan was always found to be on our side.. So it appears from the foregoing discussion that the previous and existing political and diplomatic relation of the two countries are found to be co-operative. The bilateral relations between Bangladesh and Japan have stood the test of time and hence are likely to grow from strength to strength in future.

CHAPTER -V

Japan- Bangladesh Economic Relation

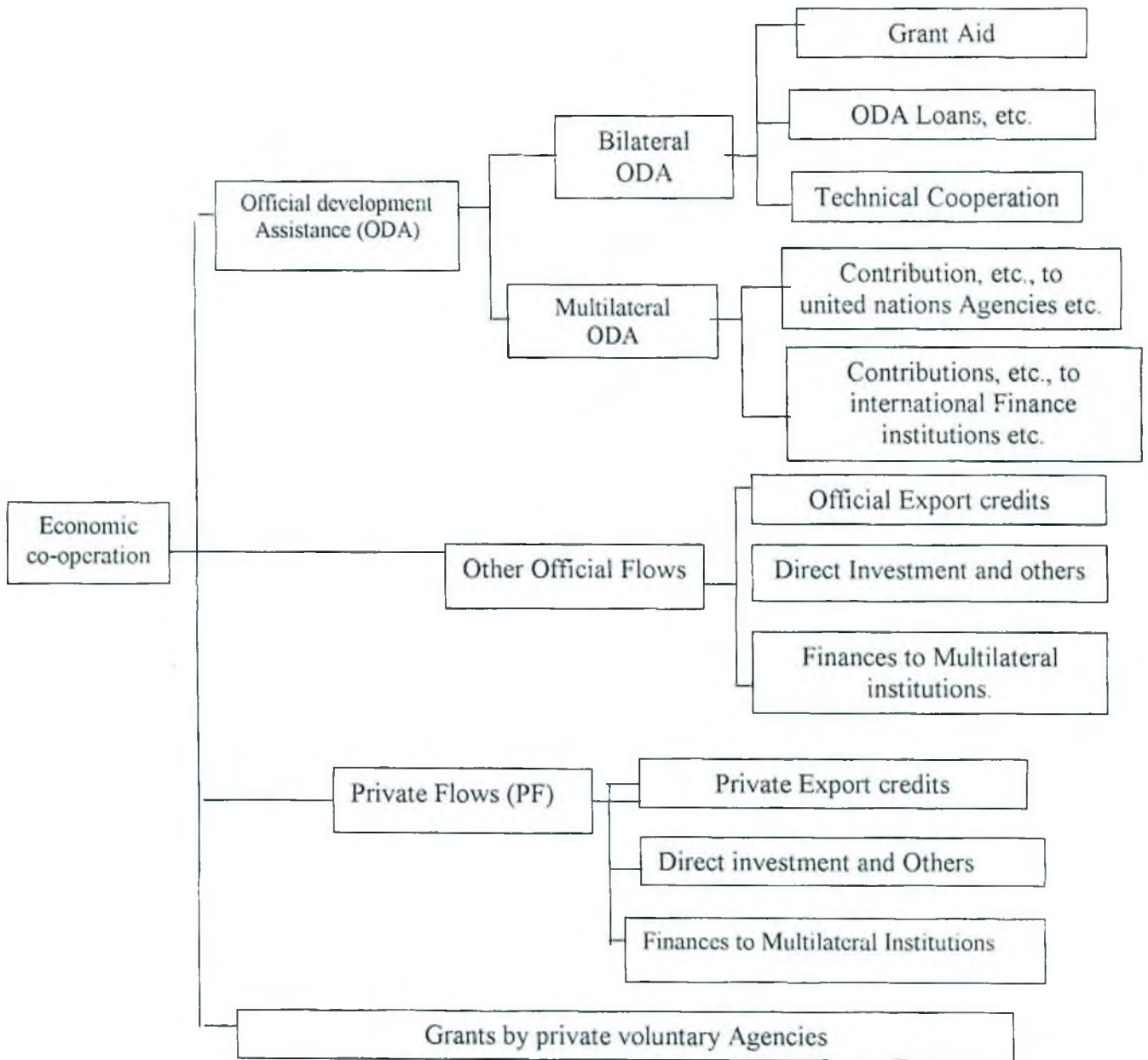
Bangladesh was a “rural slum” in the British and Pakistan Periods.⁽¹⁾ Its population are more than 110 million, is the largest among the least developed countries (LDC'S) and she heavily depends on foreign aid, even the revenue budgets cannot escape the mark of this dependence⁽²⁾. On the other hand, Japan is one of the richest countries of the world and one of the biggest aid donors of Bangladesh. Since her independence, Japan became the most important development partner of Bangladesh. Indeed Japan was not only a miracle story, but also a source of great inspiration for a developing country like Bangladesh⁽³⁾. In this chapter an attempt will be made to discuss the pattern of economic co-operation between Bangladesh and Japan, since 1972 until the year, 1998. This chapter consists of four sections : Section (a) Japanese Aid to Bangladesh. Section (b) Japan-Bangladesh trade relation. Section (c) Japanese investment in Bangladesh and Section (d) Conclusion.

Japanese AID to Bangladesh

Japan was the biggest aid donor to Bangladesh. In Japan, assistance for the economic development of the developing countries is termed as economic Co-operation. In terms of the flow of financial resources, economic cooperation is divided into four categories : Official

development assistance (ODA), others official flows (OOf), private flows (PF), and grants by private non-profit agencies⁽⁴⁾.

Figure 1: Japan's Economic co-operation



In 1971 when Bangladesh emerged as an independent state, it inherited all the legacies of Pakistan periods ⁽⁵⁾. After Independence, Bangladesh and Japan came to negotiations about the liabilities of the loans related to the Japanese aided projects which located in the then East Pakistan, Bangladesh government agreed to take all liabilities of this loans and two agreements were signed in this regard. One signed on November 21, 1972, about Bangladesh chemical industries Co-operation (BCIC) for the on going second phase of the Triple super phosphate, (TSP=11) Fertilizer plant located in Chittagong. It was \$ 3.38 million assumed past debt. And the second agreement was completed project which was signed on April 1, 1975. By signing this agreement, Bangladesh took up a liability amounting to 24,500,00 million Yen ⁽⁶⁾.

Commitment and disbursement of Japanese Aid in Bangladesh.

External assistance is considered a critical item for the economic development of Bangladesh in order to bridge the gap between savings and investments and balance of payment. Up to June 30,1997, a total of \$ 5542,498 million of Japanese assistance was committed and \$ 4936.010 million was disbursed. It was 89.05 percent of the total commitment. (see table-1 and Figure: 2.1,2.2)

Table-1

Commitment and Disbursement of Japanese Aid in Bangladesh.

(1971/72-1996/97)

(U.S. \$ million)

Year	Commitment	Disbursement.
1971/72	10.600	0.000
1972/73	31.324	14.824
Sub-total	41.924	14.824
1973/74	31.901	32.539
1974/75	55.981	30.291
1975/76	46.966	44.526
1976/77	81.988	39.094
177/78	127.628	113.063
sub-total	344.464	250.513
1978/79	210.752	128.642
1979/80	7.900	229.611
sub-total	347.518	358.253
1980/81	227.836	153.822
1981/82	185.54	192.857
1982/83	136.558	150.795
1983/84	210.389	114.588
1984/85	186.073	126.250
sub-total	946.396	738.312
1985/86	62.872	139.547

1986/87	333.534	332.854
1987/88	245.217	314.595
1988/89	463.141	340.143
1989/90	313.564	335.297
sub-total	1418.328	1462.436
1990/91	325.625	345.113
1991/92	241.826	153.002
1992/93	242.889	264.003
1993/94	560.824	356.533
1994/95	590.662	356.533
sub-total	1961.826	1412.363
1995/96	170.125	331.114
1996/97	311.917	368.195
sub-total	482.042	352.403(73.11)
Grant-total	5542.498	4936.010(89.05)

Source: Flow of External Resources in to Bangladesh. As June 30, 1997. Economic Relation Division. Ministry of Finance, Government of the people's Republic of Bangladesh, Dhaka. 01, April, 1998.

Commitment and Disbursement of Japanese Aid in Bangladesh

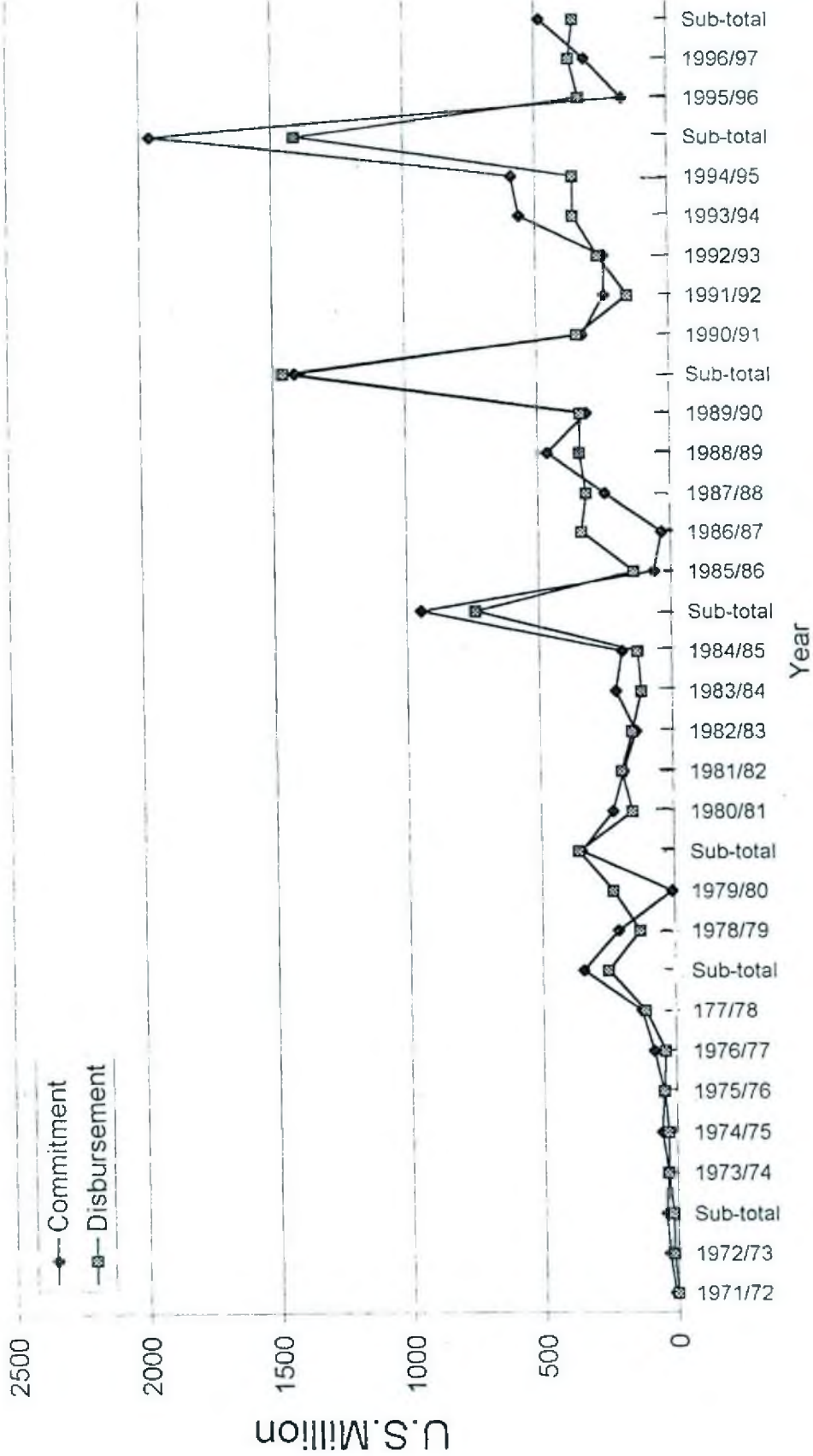


Figure-2.1

Source: Based on Data from Flow of External Resources in to Bangladesh, 01 April, 1998

Commitment and Disbursement of Japanese Aid in Bangladesh.

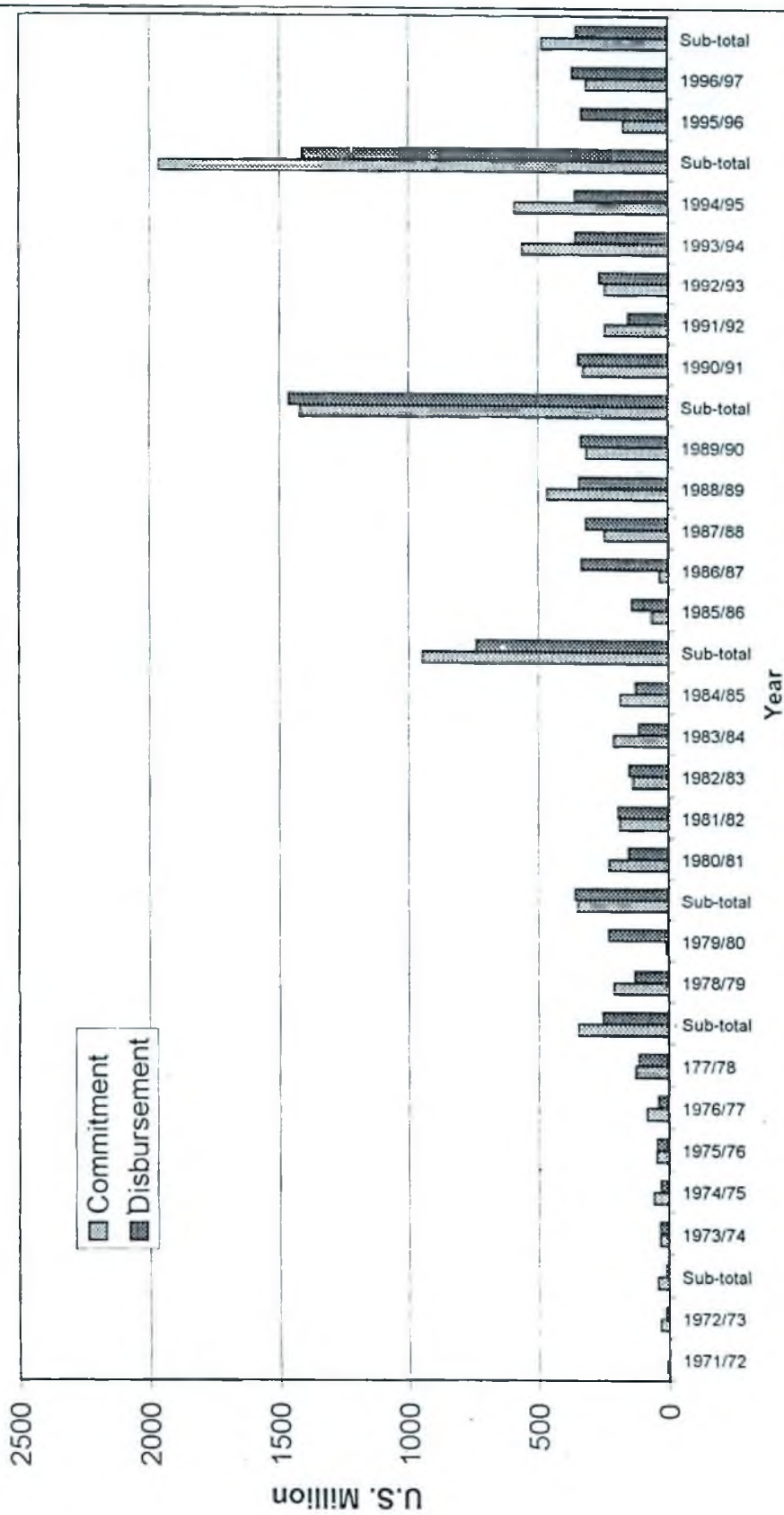


Figure -2.2
Source: Based on Data from Flow of External Resources in to Bangladesh. 01 April, 1998

Table 1 shows the commitment and disbursement of foreign aid to Japan in Bangladesh during 1971/72 to 1996/97. During 1971/72 to 1972/73 Japanese commitment was \$41.924 million but Disbursement was made \$14.824 million in Bangladesh. During 1973/74 to 1977/78 Japanese commitment to Bangladesh was \$ 344.464 million, but during this period disbursement was \$ 250.513 million. During 1978/79 to 1979/80 Japanese commitment was \$ 347.518 million, but disbursement was \$358.253 million to Bangladesh. During 1980/81 to 1984/85 Japanese commitment was \$ 946.396 million, but disbursement was \$ 738.312 million to Bangladesh. During 1985/86 to 1989/90 Japanese commitment was \$ 1418.328 million, but disbursement was \$ 738.312 million. During 1990/91 to 1994/95 Japanese commitment was \$ 1961.826 million, but Japanese disbursement was \$1412.363 million..During 1995/96 to 1996/97 Japanese commitment was \$ 482.042 million to Bangladesh, but disbursement was \$ 699.309 million.

Table-1 also shows that during 1971/72 to 1996/97 total Japanese commitment to Bangladesh was total \$ 5542.498 million and total disbursement was \$ 4936.010 million. It was 89.05 percent of the total Japanese commitment. The table-1 shows that during the years according to her commitment Japanese disbursement was not fulfilled. (See the Figure-2.1, 2.2)

Food: Commodity and Project Aid of Japan.

The total aid disbursed by Japan as on June 30,1997 to Bangladesh \$ 4936.001 million. Commodity aid was \$ 2720.909 million , or 28.20 percent of the total Japanese aid. Project aid was \$ 18316.677 million or 10.92 percent of the total Japanese aid and Food aid was \$ 393.852 million or 0.25 percent of the total Japanese aid (See Table- 2,3,4, and figure: 3.1, 3.2)

Commodity Aid:

Commodity aid is an important element in the total aid package. Bangladesh has experienced continuous deficit in its balance of payments since independence. Commodity aid extended by donors has been used to meet the balance of payments gap and also for generation of local currency for financing development projects.

The table-2 shows that during 1972/73 Bangladesh received total commodity aid was \$ 288.908 million and from Japan, Bangladesh received \$ 12.00 million. It was 4.15 percent of the total commodity aid. During 1986/87 Bangladesh received total commodity aid was \$ 402.521 million and from Japan \$ 183.281 million, it was 45.53 percent of the total commodity aid. During 1989-90 Bangladesh received total

commodity aid was \$ 556.704 million and from Japan Bangladesh received \$ 106.429 million. It was 23.30 percent of the total commodity aid. During 1996/97 Bangladesh received total commodity aid was \$263.140 million aid from Japan Bangladesh received \$ 249.7b million it was 9.48 percent of the total commodity aid. So table-2 clearly indicates that from 1972/73 to 1996/97 Japanese commodity aid was increased.

Project Aid :

One of the largest shares of Japanese assistance comprises project aid. It is extended by Japan primarily to finance the projects included in the Annual Development program (ADP).

Table-3 shows that during 1976/97 Bangladesh received total project aid was \$ 158.584 million aid, from Japan Bangladesh received \$2.66 million. It was 1.68 percent of the total project aid. During 1986/87 Bangladesh received total project aid was \$ 967.228 million dollar and from Japan Bangladesh received \$ 131.214 million. It was 13.56 percent of the total project aid. During 1989/90 Bangladesh received total project aid was \$ 1165.368 million and from the Japan, Bangladesh received \$ 220.807 million. It was 18.94 percent of the total project aid. During 1996/97 Bangladesh received total project aid was 1117.152 million and from Japan. Bangladesh received \$ 110.6 million. It was 9.90 percent of the total project aid. So table-3 shows that during 1976/77 to during 1996/97, Japanese project aid was increased.

Food Aid:

Bangladesh has traditionally been a food deficit country. Although food production has increased gradually, the country's dependence on food aid continues because of the gap between production and requirement. Besides, there are occasional supply shortage caused by natural calamities like floods, cyclones, and unfavorable weather conditions. Food aid was, therefore, an important item in the import program of the country.

Japan have demonstrated commendable response in times of crises, like natural calamities in the country.

Table-4 shows that during 1972/73 Bangladesh received total food aid was \$ 182.552 million, and from the Japan Bangladesh received \$ 2.824 million, it was 1.55 percent of the total Japanese aid. During 1980/81 Bangladesh received total food aid was \$ 194.022 million and from Japan Bangladesh received \$ 40.272 million, it was 20.75 percent of the total food aid. During 1989/90 Bangladesh received total food aid was \$ 187.477 million and from Japan Bangladesh received \$ 8.061million, it was 4.29 percent of the total food aid. During 1996/97 Bangladesh received total food aid was \$ 1481.2 million and from Japan Bangladesh received \$ 7.9 million, it was 5.33 percent of the total food aid.

So table 4 shows that during 1972/73 to during 1980/81 Japanese food aid was increased in Bangladesh. But during 1981/82 to 1996/97 Japanese food aid was decreased in Bangladesh.

If we compare the commodity aid, project aid and food aid from Japan to Bangladesh, up to June 1997 we see that Japanese highest aid in Bangladesh was commodity aid and it was 28.25 percent of the total commodity aid. Commodity aid was followed by project aid and then food aid, the percentage was being 10.92 and 0.2 percent respectively of the total project and food aid received by Bangladesh.(see Fig. 3.1, 3.2)

Table-2

Flow of foreign Aid to Bangladesh : Commodity Aid from Japan

(Million US \$)

Year	Commodity Aid	
	Total commodity aid received	Total commodity aid from Japan
1971-72	137.707	-
1972-73	288.908	12.00 (4.15)
1973-74	108.137	-
1974-75	375.674	23.320 (6.21)
1975-76	361.506	37.136

Dhaka University Institutional Repository

		(10.27)
1976-77	254.568	29.729 (11.68)
1977-78	380.450	90.122 (23.69)
1978-79	482.639	94.912 (19.67)
1979-80	378.478	77.481 (20.47)
1980-81	392.462	63.668 (16.22)
1981-82	419.858	119.415 (28.44)
1982-83	452.005	78.280 (17.32)
1983-84	439.194	64.279 (14.64)
1984-1985	431.550	78.660 (18.23)
1985-86	393.388	76.281 (19.39)
1986-87	402.521	183.281 (45.53)
1987-88	509.442	166.337

		(32.65)
1988-89	537.662	177.679 (33.04)
1989-90	556.704	106.429 (23.30)
1990-91	408.104	184.9(4.53)
1991-92	386.030	101.8(2.63)
1992-93	372.128	169.0 (4.56)
1993-94	451.255	184.3(4.08)
1994-95	332.745	172.7(7.52)
1995-96	229.358	179.5(7.82)
1996-97	263.140	249.7(9.48)
Total	9645.612	2720.909(28.20)

Source : Flow of External Resources into Bangladesh.

As June 30,1997. Economic Relations Division ministry of Finance,
Government of the people's Republic of Bangladesh, Dhaka. 01, April,
1998.

Table -3

Flow of foreign Aid to Bangladesh : Project Aid from Japan

(Million US \$)

Year	Project Aid	
	Total Project aid received	Total Project aid from Japan
1971-72	3.474	-
1972-73	79.984	-
1973-74	124.55	-
1974-75	143.035	-
1975-76	125.541	-
1976-77	158.584	2.665 (1.68)
1977-78	275.566	18.941 (6.87)
1978-79	368.378	28.730 (7.8)
1979-80	409.896	88.33 (1.88)
1980-81	559.911	49.882 (8.91)
1981-82	589.273	64.442

		(10.94)
1982-83	469.928	25.115 (5.34)
1983-84	552.821	24815 (4.49)
1984-1985	590.893	37.590 (6.36)
1985-86	709.794	56.978 (8.03)
1986-87	967.228	131.214 (13.56)
1987-88	830.491	122.582 (14.76)
1988-89	903.882	149.886 (16.58)
1989-90	1165.368	220.807 (18.94)
1990-91	1055.917	148.7(1.40)
1991-92	984.228	40.4(4.10)
1992-93	1181.923	86.3(7.30)
1993-94	989.535	97.0(9.80)
1994-95	1268.918	174.2(1.13)
1995-96	1076.372	152.5(1.41)

1996-97	1117.152	110.6 (9.90)
Total	16762.447	18316.677(10.92)

Source : Flow of External Resources in to Bangladesh.

As of June 30, 1997. Economic Relations Division ministry of Finance Government of the people's Republic of Bangladesh, Dhaka. 01, April, 1998.

Table -4

Flow of foreign Aid to Bangladesh : Food Aid from Japan

(Million US \$)

Year	Food Aid	
	Total Food aid received	Total Food aid from Japan
1971-72	129.619	-
1972-73	182.552	2.824 (1.55)
1973-74	228.745	23.539 (1.55)
1974-75	382.340	6.971 (1.82)
1975-76	313.483	7.390 (2.36)
1976-77	121.560	6.700 (5.51)

Dhaka University Institutional Repository

1977-78	177.844	4.000 (2.25)
1978-79	179.032	5.000 (2.79)
1979-80	374.687	63.800 (17.03)
1980-81	194.022	40.272 (20.75)
1981-82	230.500	9.000 (3.90)
1982-83	255.450	47.400 (18.56)
1983-84	276.384	25.494 (9.22)
1984-1985	247.003	10.000 (4.05)
1985-86	202.746	6.288 (3.10)
1986-87	225.411	18.359 (8.14)
1987-88	300.447	25.676 (8.55)
1988-89	226234	12.578 (5.55)

1989-90	187.477	8.061 (4.29)
1990-91	1732.6	11.4 (6.57)
1991-92	1611.5	10.8 (6.70)
1992-93	1675.0	8.7(5.19)
1993-94	1558.6	12.4 (7.95)
1994-95	1739.1	9.6 (6.64)
1995-96	1443.8	9.7(6.74)
1996-97	1481.2	7.9(5.33)
Total	15677.386	393.852 (0.25)

Source : Flow of External Resources into Bangladesh.

As of June, 30, 1997. Economic Relation Division Ministry of Finance Government of the People's Republic of Bangladesh, Dhaka. 01, April, 1998

Commodity Aid, Project Aid, Food Aid: From Japan

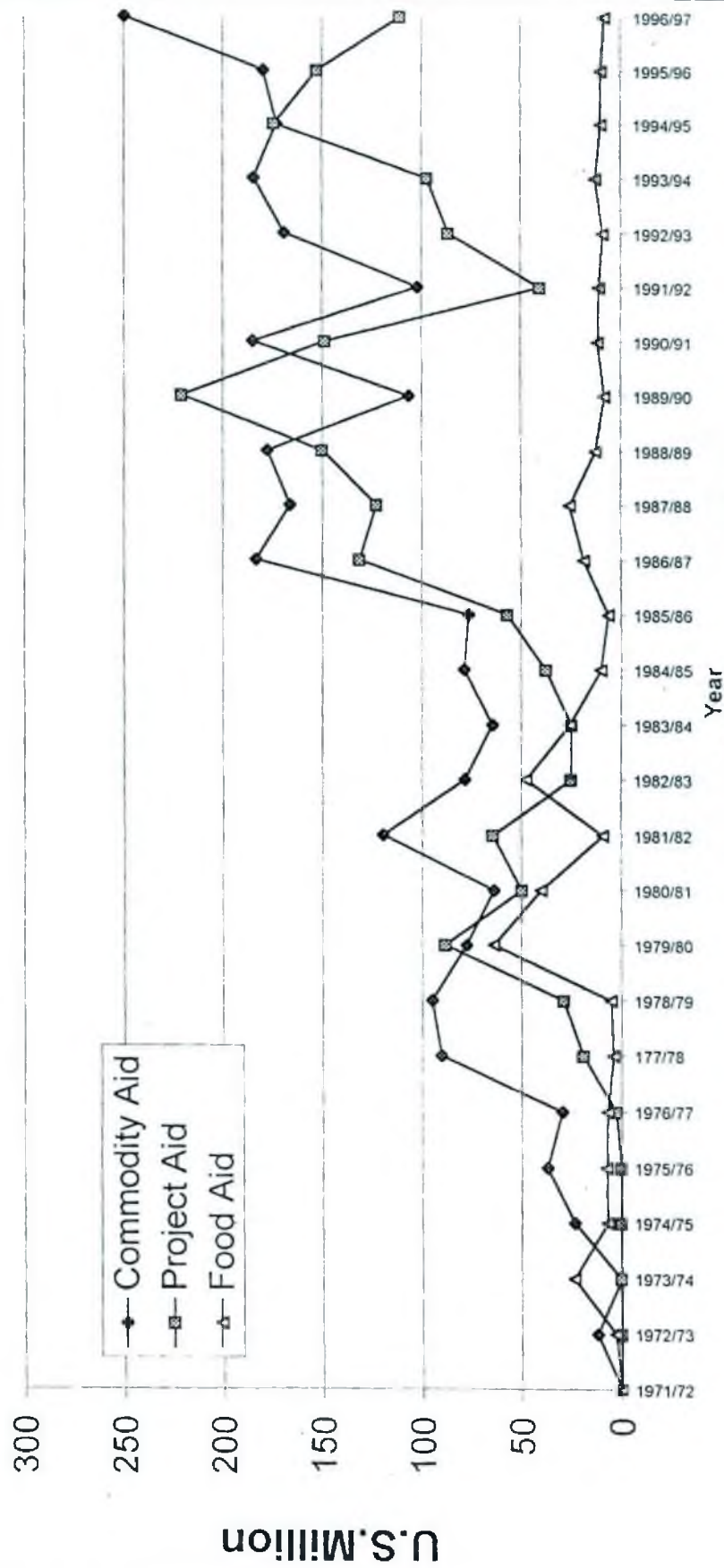


Figure: 3.1

Source: Based on Data from Flow of External Resources in to Bangladesh. 01 April, 1998.

Commodity Aid, Project Aid & Food Aid : From Japan

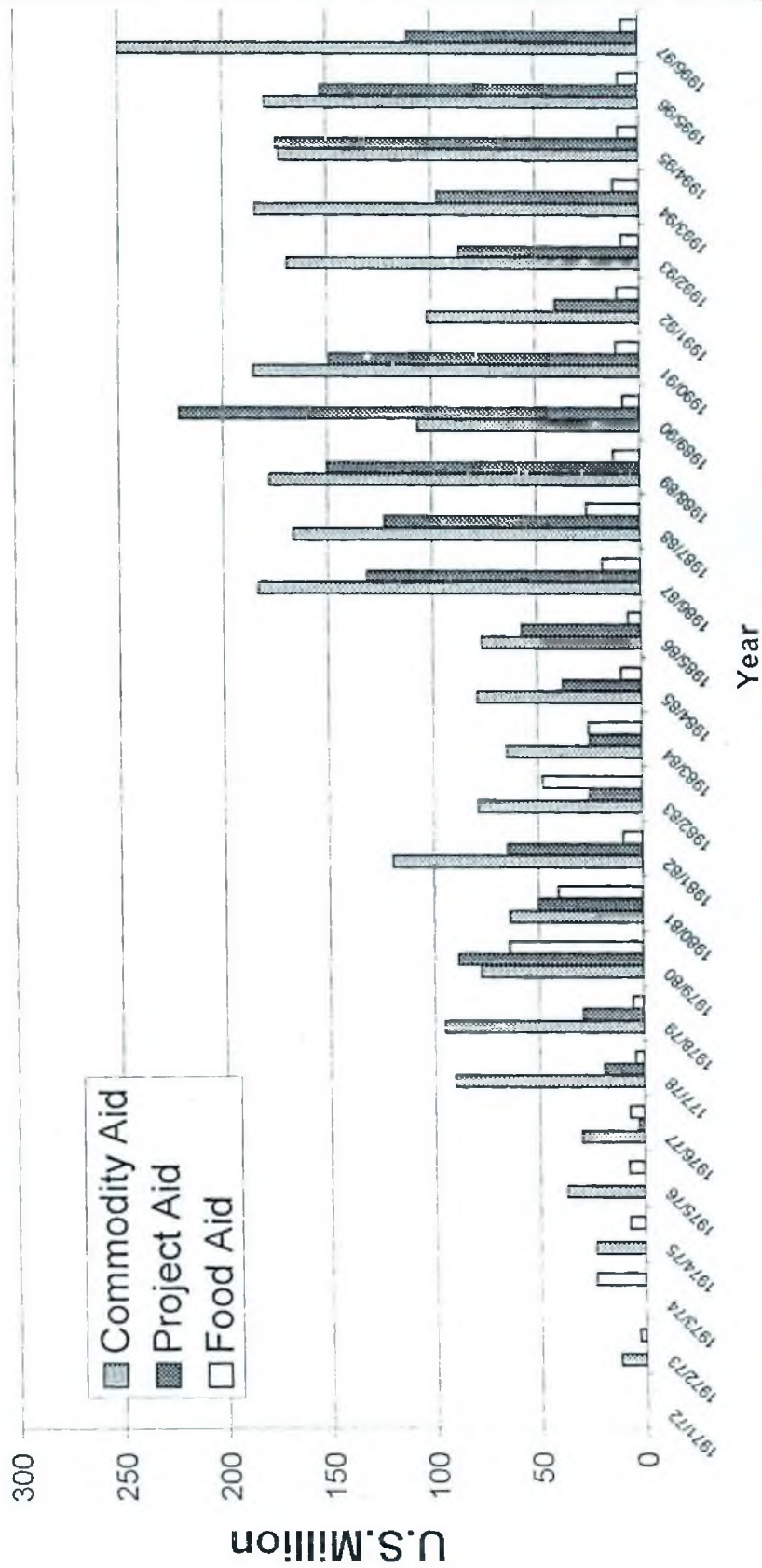


Figure : 3.2

Source: Based on Data from Flow of External Resources in to Bangladesh. 01 April, 1998.

Total share of Japanese Aid in Bangladesh

Japan is an important source of foreign aid. From 1971/72 to June 30, 1997, Bangladesh received total \$ 31969.316 million foreign aid. During the period Bangladesh received \$ 4936.001 million aid from Japan. It was 15.43 percent of the total foreign aid inflow to Bangladesh (See table-5, and Figure. 4.1, 4.2).

Table-5 shows that during 1972-73 Bangladesh received total \$ 551.444 million foreign aid and from Japan Bangladesh received \$ 14.824 million. It was 2.69 percent of the total foreign aid. During 1977/78 Bangladesh received total foreign aid was \$ 833.860 million and from Japan Bangladesh received 113.063 million. It was 13.59 percent of the total foreign aid. During 1988/89 Bangladesh received total foreign aid was \$1668.48 million and from Japan Bangladesh received \$ 340.140 million. It was 20.38 percent of the total Japanese aid. During 1990/91 Bangladesh received total foreign aid was \$1732.575 million and from Japan Bangladesh received \$ 345.119 million. It was 19.92 percent of the total foreign aid. During 1996/97 Bangladesh received total foreign aid was \$ 1481.230 million and from Japan Bangladesh received \$ 368.195 million. It was 2.48 percent of the total foreign aid.

Table-5 also shows that Bangladesh received highest Japanese aid during 1988/89, it was 20.38 percent of the total foreign aid of the country.

Table-5

Share of Japan in Total foreign Aid flow to Bangladesh

(million U.S. \$)

Year	Total foreign aid received by Bangladesh	Total foreign aid received from Japan.
1971-72	270.800	-
1972-73	551.444	14.824(2.69)
1973-74	461.237	23.539(5.10)
1974-75	901.049	30.291(3.36)
1975-76	800.530	44.526 (5.56)
1976-77	534.712	39.091 (7.31)
1977-78	833.860	113.063 (13.59)
1978-79	1030.049	128.642 (12.49)
1979-80	1223.061	229.611 (18.77)
1980-81	1146.445	153.822 (13.42)
1981-82	1239.631	192.857 (15.56)
1982-83	1177.383	150.795 (12.81)
1983-84	1268.399	144.588 (9.03)
1984-85	1269.446	126.250 (9.95)
1985-86	1305.928	139.547 (10.69)
1986-87	1595.160	332.854 (20.87)

1987-88	1640.380	314.595 (19.18)
1988-89	1668.478	340.140 (20.38)
1989-90	1809.559	335.297 (18.52)
1990-91	1732.575	345.119 (19.92)
1991-92	1611.468	153.002 (9.49)
1992-93	1675.008	264.003 (1.57)
1993-94	1558.643	293.712 (1.88)
1994-95	1739.091	356.533 (2.058)
1995-96	1443.750	331.114 (2.29)
1996-97	1481.230	368.1955(2.48)
Total	31969.316	4936.001 (15.43)

Source : Flow of External Resources into Bangladesh.

As of June, 30, 1997. Economic Relation Division Ministry of Finance
Government of the people's Republic of Bangladesh, Dhaka. 01, April,
1998.

Share of Japan in Total foreign Aid flow to Bangladesh

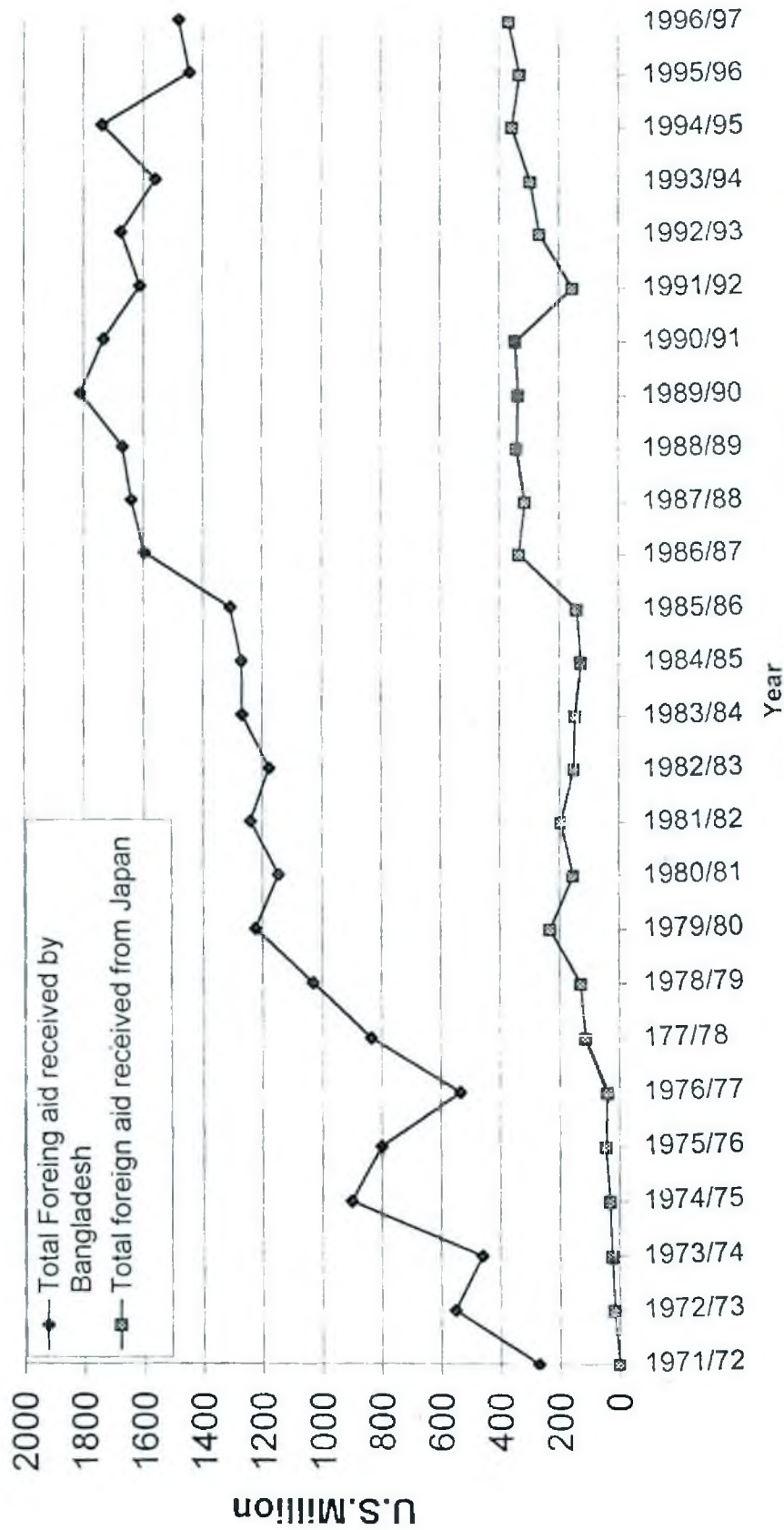


Figure : 4.1
Source: Based on Data from Flow of External Resources into Bangladesh. 01 April, 1998.

Share of Japan in Total Foreign Aid flow to Bangladesh

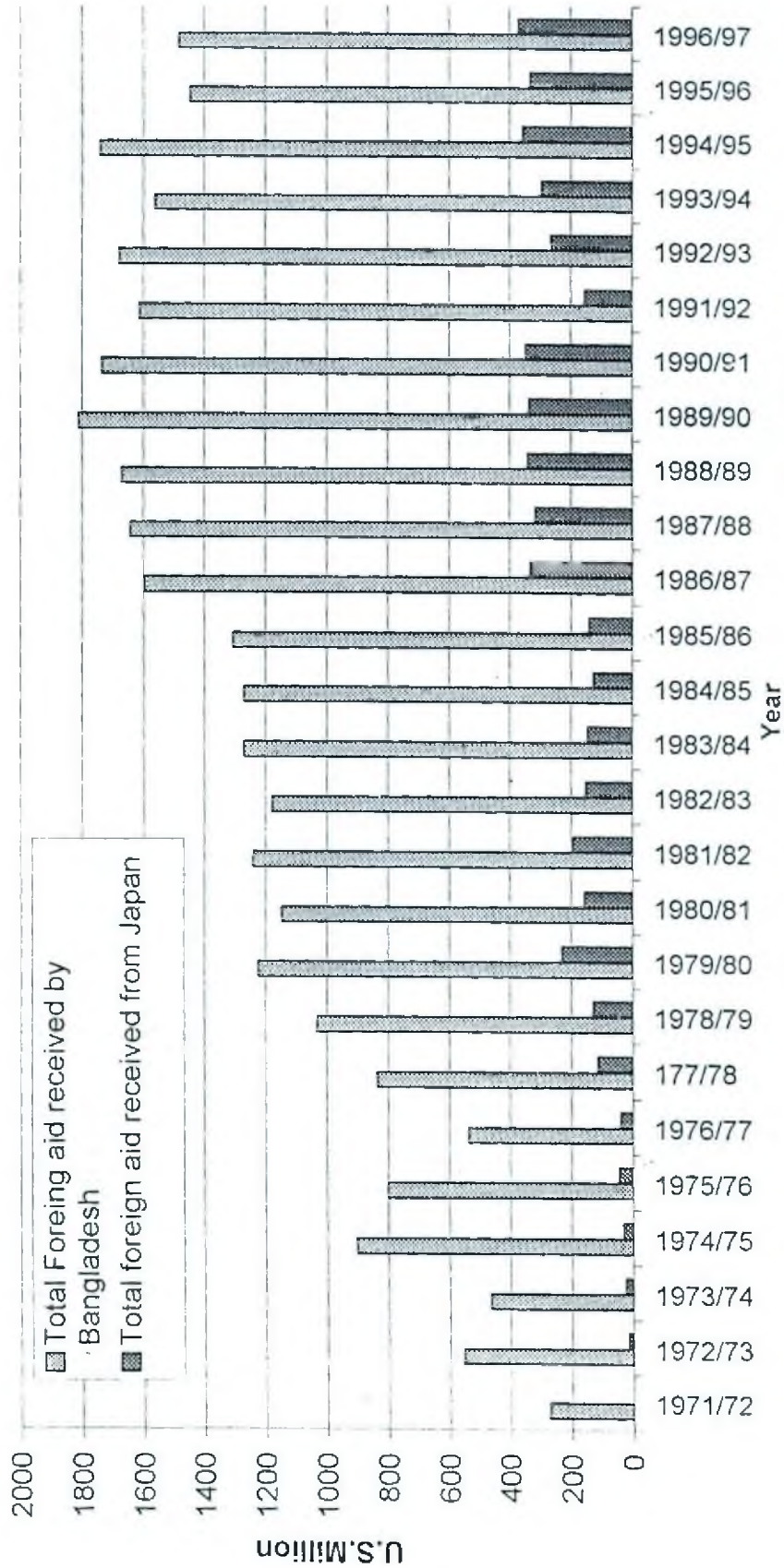


Figure :4.2

Source: Based on Data Flow of External Resources into Bangladesh. 01 April, 1998.

Japanese ODA in Bangladesh

Bangladesh was one of the top beneficiaries of Japanese ODA Program of the world. In, 1989, Bangladesh was the fifth largest bilateral ODA recipient country of Japan and in terms of cumulative total of commitment Bangladesh was the ninth largest recipient country of the ODA loans in Asia. During 1989-90 Bangladesh position of the total Japanese ODA was fifth ⁽⁸⁾.

Table-6

Flow of Japan's bilateral ODA to Bangladesh (1985-96)

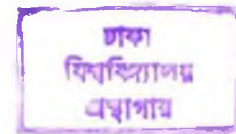
(million U.S \$)

Year	Total disbursement
1985	121.5
1986	248.5
1987	334.2
1988	341.96
1989	370.60
1990	373.57
1991	114.98
1992	163.43
1993	185.04
1994	227.60

1995	254.89
1996	174.03
Total	2910.3

Source : (1) Japan's contribution to total Economic development of the People's Republic of Bangladesh through ODA loans by OECF. Japan official development assistance. March, 1996. The overseas economic co-operation fund. Japan.

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Total disbursement of Japanese ODA to Bangladesh

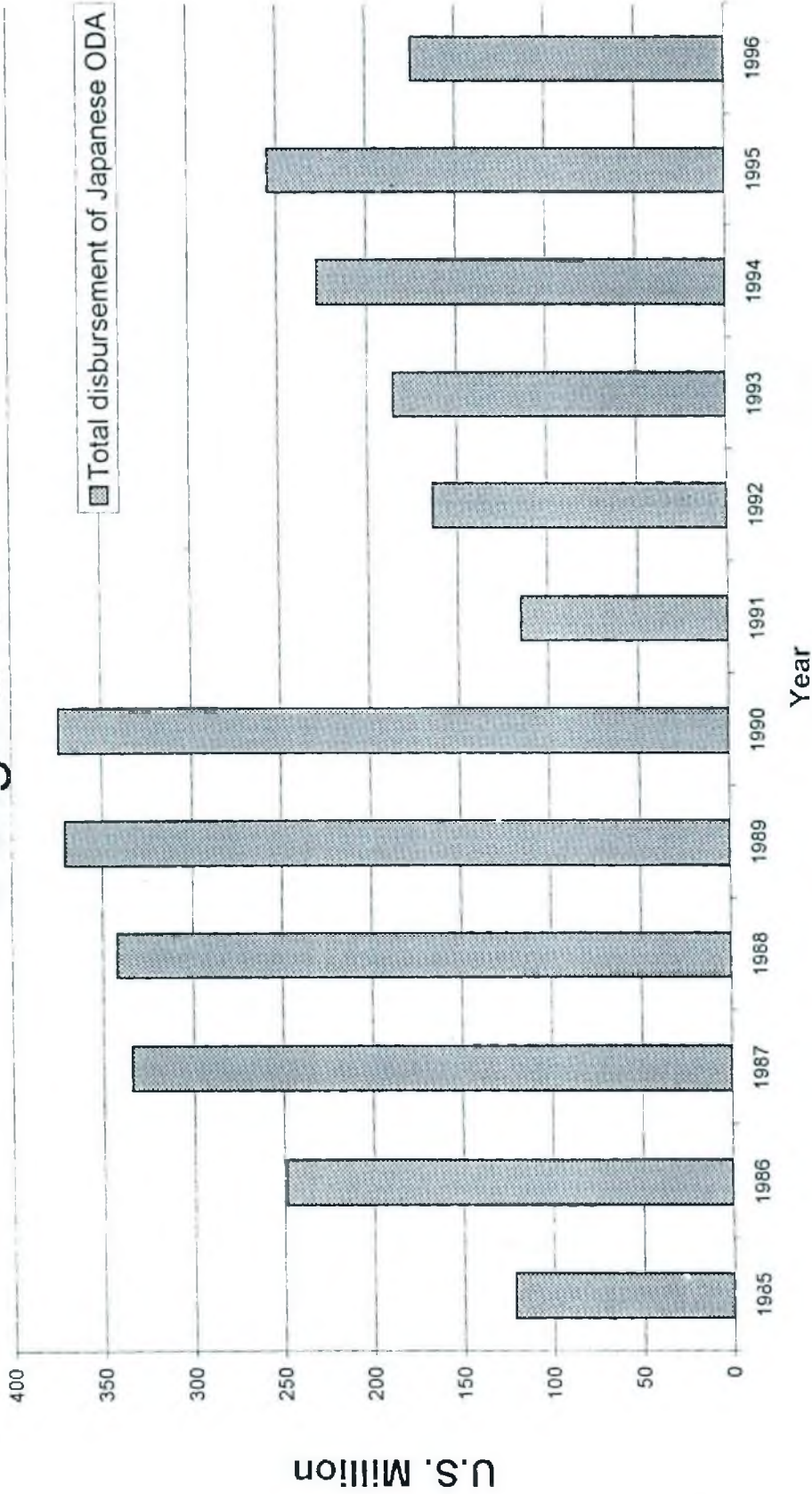


Figure:5
Source : Based on Data from OECF march 1996

Table -6 shows that the Flow of Japan's Bilateral ODA to Bangladesh from 1985 to 1996. In 1985 Bangladesh received \$ 121.5 million Japanese ODA. In 1986 Bangladesh received \$ 248.5 million Japanese ODA. In 1987 Bangladesh received \$ 334.2 million Japanese ODA. In 1988 Bangladesh received \$ 342.0 million Japanese ODA. In 1989 Bangladesh received \$ 370.6 million Japanese ODA. In 1990 Bangladesh received \$ 374 million Japanese ODA. In 1991 Bangladesh received \$ 115 million Japanese ODA. In 1993 Bangladesh received \$ 183.04 million Japanese ODA and in 1996 Bangladesh received \$174.03 million Japanese ODA.

So Table-6 clearly shows that in 1990 Bangladesh received highest Japanese ODA and during 1985-1990 Japanese ODA to Bangladesh increased in absolute size. But after the 1990, its position decreased regarding the receipt of ODA from Japan. (See Figure-5)

Table-7

Net Disbursement of Bilateral and Multilateral donor's

(Million US \$)

Country	Year					
	1989	1990	1991	1992	1993	1994
Japan	370.6	374	115	163	185	228
U.S.A	138	169	129	130	71	152
U.K.	85	97	98	102	72	66
Germany F.R.	62	77	97	379	75	105
Others	316	386	372	853	266	293
Total Bilateral	972	103	811	307	669	843
World Bank	n. a	449	239	319	279	379
Asian Dev. Bank	320	304	268	229	218	358
Others	n. a	252	178	855	192	170
Total Mult	844	1005	685	85.5	688	907
Grant Total	1,816	2,108	1,496	1,708	1,357	1,750

Source : Japan Official development Assistance March- 1996. The overseas economic co-operation fund, Japan. p.2.

Table-7 shows the Net-disbursement of bilateral and multilateral donor's of Bangladesh. In 1989, Bangladesh received \$370.6 million from Japan, \$138 million from U.S.A. \$85 million from U.K. and \$62 million from Germany. In 1990 Bangladesh received \$374 million from Japan, \$169million from U.S.A, \$97 million from U.K. and \$ 77 million from Germany. In 1991 Bangladesh received from Japan \$115 million, from U.S.A. \$129 million, from U.K. \$98 million and Germany \$97 million. In 1992 Bangladesh received from Japan \$163 million, from U.S.A. \$130 million, form U.K. \$102 million, from Germany \$379 million. In 1994 Bangladesh received \$228 million from Japan, \$152 million from U.S.A., \$66 million from U.K. and \$105 million from Germany.

So Table-7 clearly indicates that during 1989 to 1994 Japan was one of the top ODA donors of Bangladesh among the bilateral donors.

Japanese ODA must fulfil the following criteria:

First, it is an assistance from the government or government affiliated institution.

Second, : The main objective is the promotion of the economic development and welfare of the developing countries.

Third, : it does not pose a heavy burden on the recipient country and has a grant element (G.E) of at least 25%⁹.

Basic Philosophy of the ODA charter:-

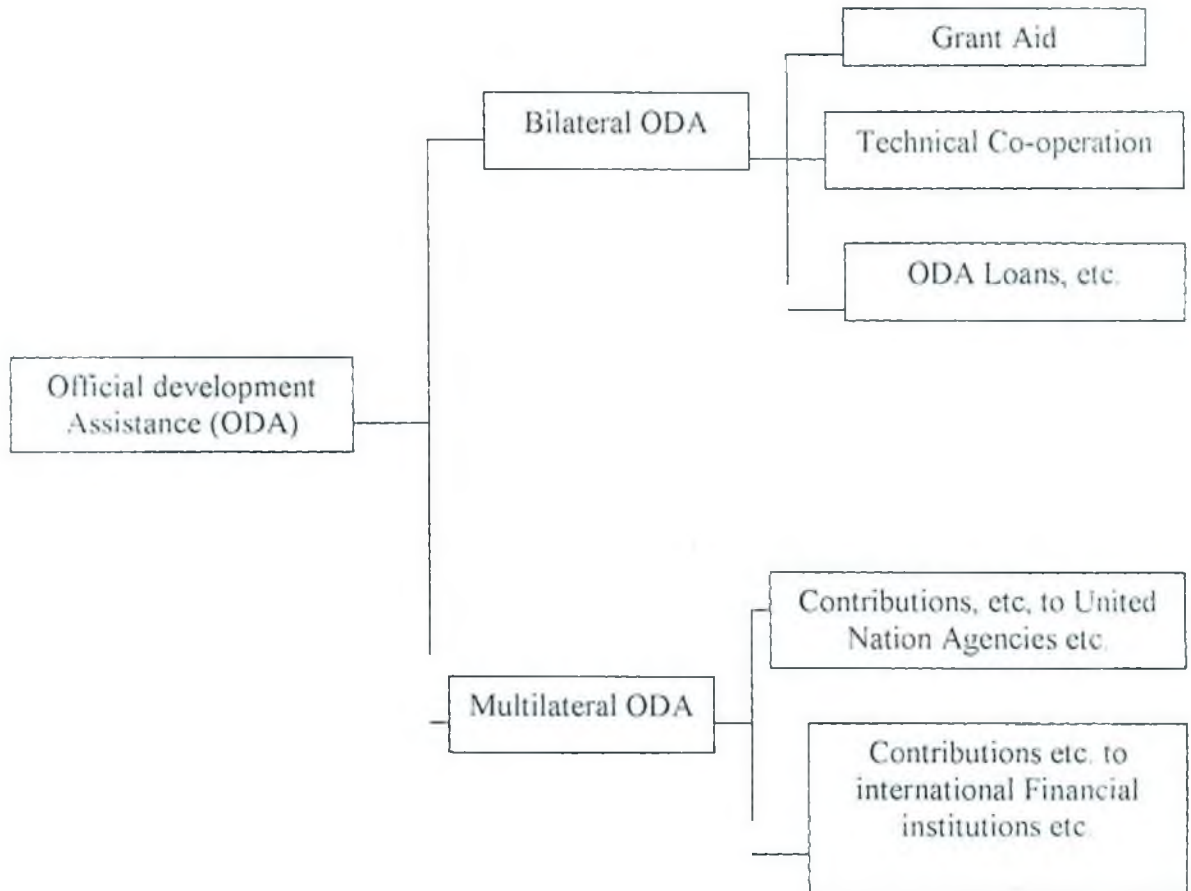
- 1) Humanitarian considerations.
- 2) Recognition of interdependence among nations of the international community.
- 3) Environmental communication .
- 4) Support for self-help efforts of recipient countries¹⁰.

Types and implementation of Japanese ODA in Bangladesh;

Japanese ODA is implemented in Bangladesh is the following way:-

ODA can be broadly divided into bilateral ODA and multilateral ODA. Bilateral ODA consists of bilateral grants and ODA loans, and bilateral grants are further divided into grant aid and technical co-operation. Multilateral ODA refers to contributions and subscriptions to international organizations .¹¹

Figure: 6 Official development Assistance (ODA)



(1) **Grant aid**: Japan provides grant Aid mainly to countries that have relatively low income among developing countries and regions. Grant Aid is primarily channeled to support the basic human needs (BHN) (Such as medical services, public health, water supply and rural and agricultural development and human resource development). Grant aid is

implemented by the ministry of foreign affairs, with the assistance of the Japan international co-operation Agency (JICA) ¹²

(2) **Technical co-operation** : Technical co-operation is targeted toward developing the human resources necessary for the economic progress of developing countries. JICA is also responsible for most of the technical co-operation ¹³

JICA :

JICA is the sole executor of grant and technical assistance to Bangladesh. It is under the direct supervision of the Foreign Affairs Ministry. JICA functions as the dispatches and administrator for the Japanese peace corps and the recruiter and trainees of technical experts ¹⁴.

In 1974, JICA established its office in Bangladesh. Before, it was the office of the overseas Technical Co-operation Agency (OTCA), which was established in 1958 under the name of “ The Asian Association” .¹⁵

High Priority Areas of JICA’s Co-operation in Bangladesh.

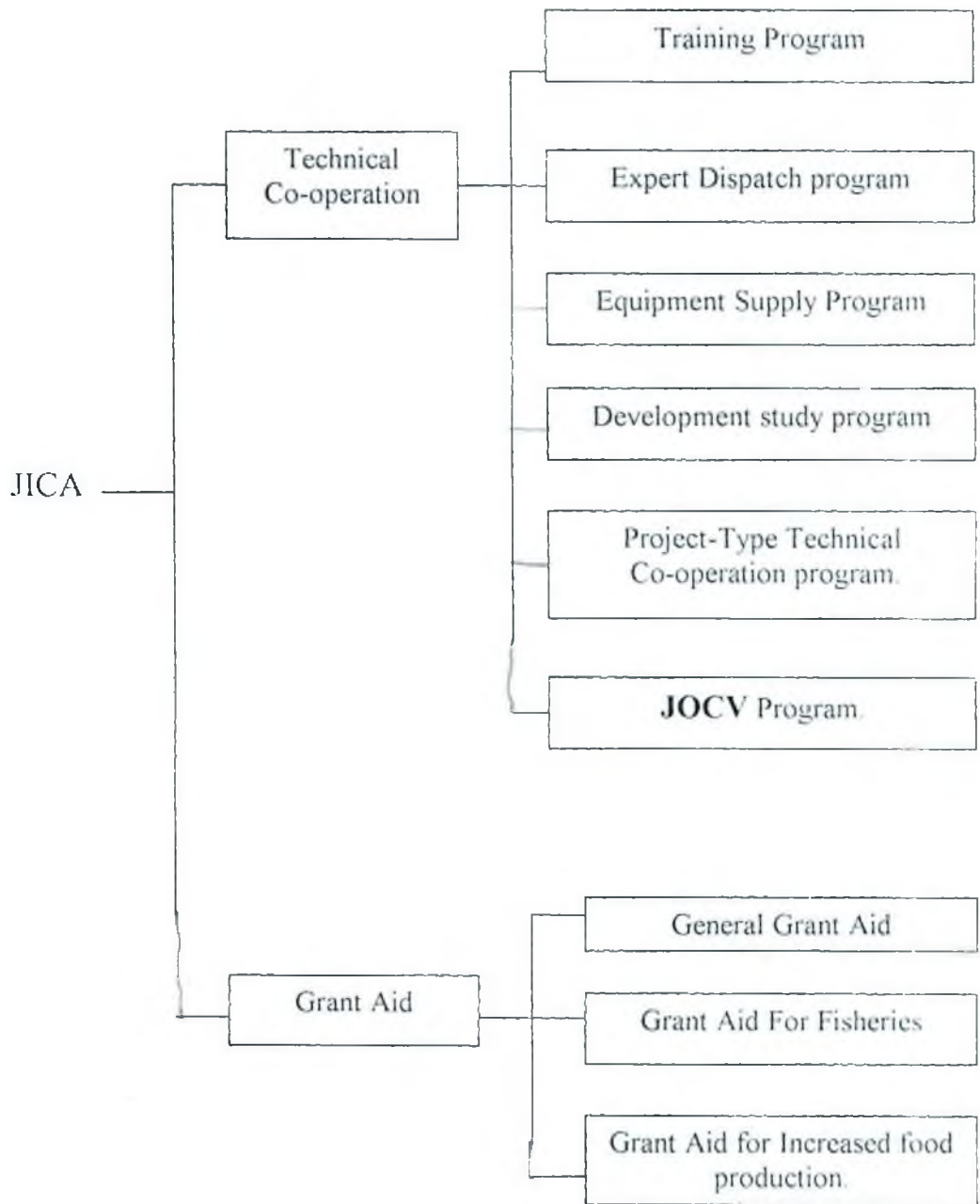
(1) Infrastructure development investment and Export promotion (co-operation for construction infrastructure to promote investment and export)

- (2) Rural Development and Agricultural productivity improvement (co-operation for improving agricultural infrastructure, disseminating agricultural technology, strengthening agricultural co-operatives, setting up distribution centers and conducting agricultural research.)
- (3) Flood control (co-operation for building facilities for handling emergency aid and operating flood warning system and facilities for draining flood water, and setting up land survey points.)
- (4) Human Resources Development (co-operation for agricultural education and training skilled workers as a way to promote a small business and for education and training of social service workers to increase efficiency in such service.
- (5) Basic Human needs (co-operation for health and medical services and for measures against population growth and AIDS, and water supply and drainage.¹⁶

JICA implemented its activities in Bangladesh by following co-operative programs.

- Training programs (Acceptance of participants, friendship program).
- Expert Dispatch Program.
- Equipment Supply Program.
- Project-Type Technical Co-operation Programs.
- Development study program
- Japan overseas co-operation volunteers (JOCV) program,
- Expedition of Grant Aid program¹⁷.

Figure: 7 : Japan International co-operation Agency.



(a) Training Program : During 1972 up to 1997, 1943 Bangladeshi people received training under the training program of Japan ¹⁹.

Classification of training program were:

- (1) Training in Japan
 - (a) Group training
 - (b) Individual training course (counterpart Training course included)
- (2) Third country training program.
- (3) In-country training program.
- (4) Youth invitation program in Japan ²⁰.

Table-8

Sector-wise Distribution of Training received in Bangladesh under different programs.

Sector	Total	Planning	Public	Ag	Mining	Energy	Com-	Human	Public	Social	Others
		and	works	Forest	and	and	merce	Resources	Health	Welfare	
Fin	Year	Adminis	and	and	Manufac		and	Dev.	and	Wellfare	
-cal		-tration	utilities	Fisheries	-tation		Tourism		Medicine		
1987	1238	205	302	262	194	18	51	29	146	20	8
1988	98	13	19	27	13	4	1	4	14	3	-
1989	127	10	31	35	10	9	3	6	23	-	-
1990	108	11	30	28	8	6	4	4	13	4	-
1991	129	10	31	28	7	5	3	22	17	6	-
1992	145	22	27	27	3	6	5	24	18	3	-
1993	174	22	32	52	5	6	5	24	25	3	-
1994	183	28	41	46	8	4	4	24	22	6	-
1995	110	10	-	20	-	6	5	1	11	-	20
1996	250	20	30	18	-	6	4	-	7	8	7
1997	247										1943

Source : JICA in Bangladesh : Japan international co-operation Agency Bangladesh office, March-1998, P-7.

Table –8 shows that the sector-wise distribution of training received from Japan under different programs during 1987 to 1997. Total 1943 Bangladeshi people took training from Japan during this period.

b. Experts Dispatch Program:

Bangladesh enjoys the benefits of Experts Dispatch Program, which is an important component of technical co-operation. Individual experts and project experts are the two types of experts. On request from the government of Bangladesh (GOB) or from international organizations, Japanese experts are dispatched in the country. According to this assignments, the Bangladeshi people are trained up by the Japanese experts.

Figure: 8 Classification of Experts

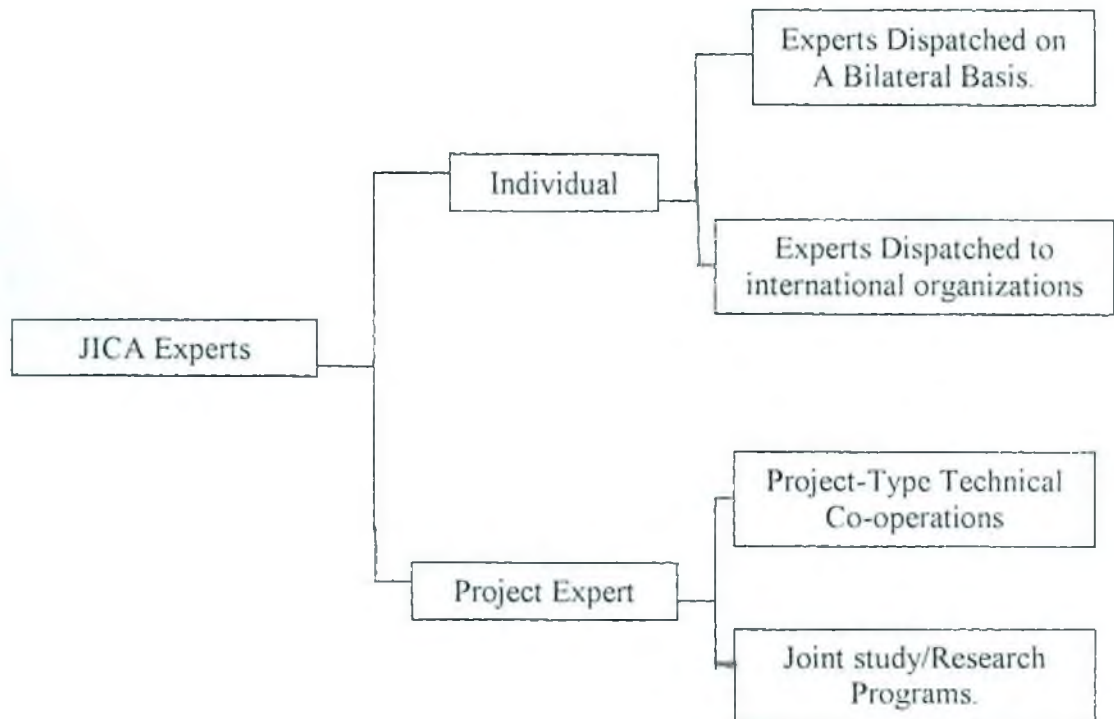


Table- 9**Number of Experts Dispatched to Bangladesh (1974-97)**

Sector		Planning and	Public works	Ag Forest	Mining and	Commerce	Human Resources	Public Health	Social	Others
Fiscal Year	Total	Adminis- tration	and utilities	and Fisheries	Manufac- tation	and Tourism	Dev.	and Medicine	Welfare	
1987	356	1	29	167	12	-	11	123	1	3
1988	39	-	-	21	-	-	-	12	5	1
1989	28	1	-	17	1	-	-	9	-	-
1990	23	-	-	13	1	-	-	8	50	1
1991	88	2	8	18	-	-	1	8	-	1
1992	29	-	-	21	-	-	-	8	-	-
1993	-	-	-	-	-	-	-	-	-	-
1994	31	-	-	27	-	-	-	2	-	2
1995	50	-	4	20	-	-	-	-	-	26
1996	51	2	2	4	-	-	1	2	-	40
1997	33	2	5	10	-	-	-	-	-	16
Grand total										

Source : JICA in Bangladesh : Japan international Co-operation Agency Bangladesh office, March-1998. P-9.

(c) **Equipment Supply Program:** After the Bangladesh Personnel's returning home on completion of their training in Japan, continue their training in their own field, under the equipment supply program. JICA supplies necessary machinery and equipment to Bangladesh on the formal request to Japan government. Under this program, JICA supplies the following equipments in Bangladesh:

- (1) Supply of equipment to BIRDEM. TB and Leprosy control project. (1989)
- (2) Supply of equipment to Dhaka Shishu Hospital (1989)
- (3) Supply of Agricultural Research equipment to BARI. (1985)
- (4) Mobile T.V. Relay equipment to Bangladesh Television. (1985)
- (5) Supply of automobile maintenance equipment to Bangladesh of Agricultural Extension. (1988).
- (6) Supply of equipment for mushroom culture to department of Agricultural extension. (1988).²¹

(d) Project Type Technical Co-operation

Under project type technical program, JICA extended its co-operation in the following fields : the establishment of technical co-operation centers, health and medical co-operation, agriculture, forestry and fisheries development co-operation in Bangladesh. JICA implemented the following projects in Bangladesh.

- (a) National Institute of Cardiovascular Diseases (NICVD)
- (b) Institute of post-graduate studies in Agriculture (IPSA)
- (c) Central Extension Resources Development institute (CERDI)
- (d) Project on control of Rheumatic Fever and Rheumatic Heart Diseases (RF and RHD) ²².

(c) Japan Overseas Co-operation Volunteers (JOCV) Program.

JOCV involves in Socio-economic development of Bangladesh. Since March, 1973 when bilateral agreement to this effect was signed between Japan and Bangladesh, under this program, JICA had dispatched a total number of 679 members, up to January 1998 to Bangladesh.²⁸

61 JOCV members Now assigned in Bangladesh (as of June 1998)²⁴.

Table-11 Shows the different areas in which JOCV members are involved in extending their co-operation in Bangladesh.

Table-10

Different areas of JOCV members are involved in extending their co-operation in Bangladesh.

Name of field	Number of JOCV Members
1. Rural development including handcart, agriculture and fisheries	28
2. Vocational Training	7
3. Public works	1
4. Health	12
5. Youth development	2
6. Education	5
7. Sports	5
8. Others	1

Source: JICA in Bangladesh : Japan international co-operation Agency Bangladesh office, March, 1998. P-12.

7. Development Study program

Under the Development Study program, JICA sent survey teams to provide assistance to Government of Bangladesh in formulating its development plans. Under this program, JICA did survey the following projects:

1. Bango Bandhu Jamuna Bridge. 19973 to 1975
2. Kurigram Irrigation and flood control project (North) 1990.
3. Industrial Development of Chittagong Region.
4. Chittagong Dry Dock Development project 1989.
5. Chittagong Airport Development project 1989.
6. Feasibility study on Establishment of Railway carriage and wagon manufacturing project 1985.
7. Feasibility study on Development of Dhaka Narayanganj Port, 1987.
8. Feasibility study on development of project of container terminal of Dhaka Narayanganj project.
9. The project for strengthening Geodetic capability of survey of Bangladesh. 1994.
10. Flood action Plan. 1992.
 - (a) FAP-2 North west regional study.
 - (b) FAP-84 Dhaka protection study.
 - (c) FAP-10 Flood Forecasting and Early warning study.
 - (d) FAP-12 Agricultural Review study.
 - (e) FAP-13 Operation and Maintenance study²⁵

Grant AID Program

Grand Aid is a kind of financial assistance entailing no repayment obligation. It constitutes a major element of Japan's bilateral ODA to Bangladesh²⁶ Grant Aid program plays an important role of the development of Bangladesh.

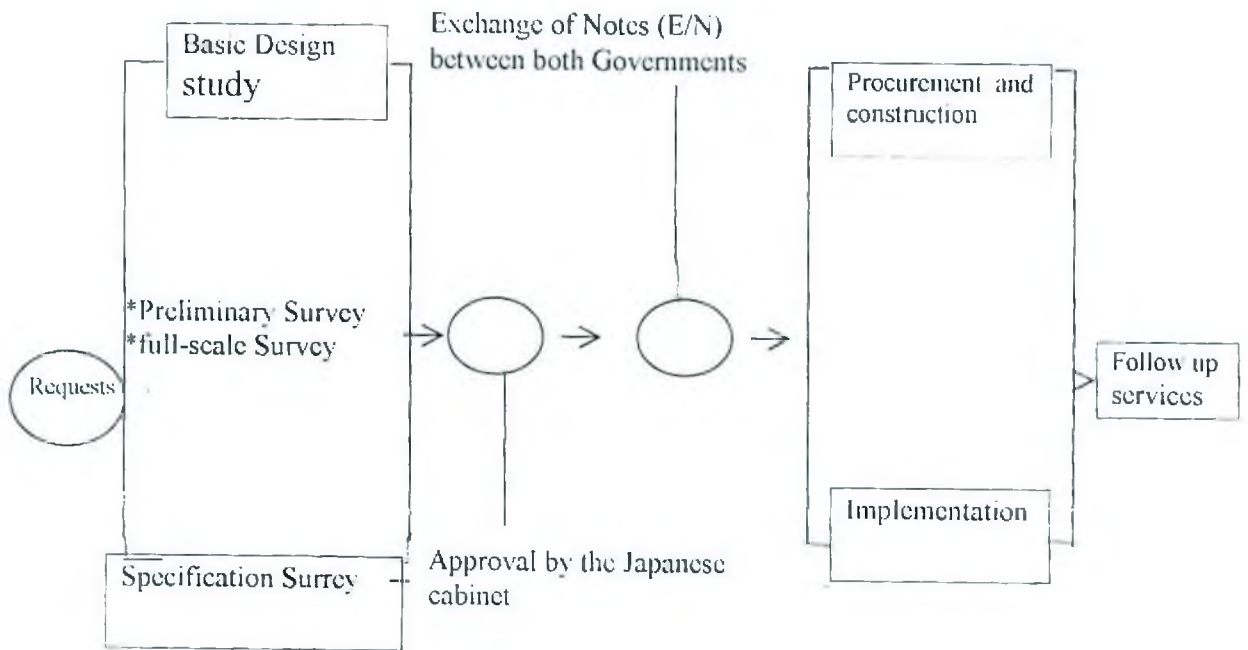
Under the Japanese Grant AID Program, the implemented projects in Bangladesh are:

- (1) Basic Human Needs.
 - (A) Improvement of water supply System in rural area 1984-1998.
 - (B) Construction of Multipurpose Cyclone Shelters 1983-85.
 - (C) Construction of Multipurpose Cyclone Shelters 1993
 - (D) Storm water Drainage System in Dhaka city. 1989-1992
 - (E) Establishment of Microwave Link for meteorology. 1992
 - (F) BMRE of chandnighat water Treatment plant. 1993-1998
 - (G) Eradications of Poliomyelitis project, 1995-1998

2. Human Resources development.
 - a. Establishment of the institute of post Graduate studies in Agriculture, 1990.

- b. Establishment of central workshop of Bangladesh Roads Transport corporation. 1979-1980
 - c. Establishment of permanent seamen's training school. 1992
 - d. Construction of Agricultural Training center for women 1985.
3. Social Infrastructure
- a. Meghna-Gumti Bridge, 1991-1995
 - b. Model Rural Development project. 1991-1994
 - c. Meghna Bridge 1986-1990
4. Fisheries:
- a. Establishment of Fish landing, Preservation and Distribution Facilities at Mnoharkhali, 1991.
 - b. Supply of Fisheries Research Vessel and equipment. 1979.
 - c. Supply of Fishing Net Manufacturing Plant. 1983.
5. Increased food production:
- a. Supply of Fertilizer, Agricultural chemical and Agriculture Machinery.²⁷

Grant Aid Program-How it works?



Disaster Relief program in Bangladesh:

JICA's Disaster Relief program in Bangladesh was implemented after the April 1991 cyclone that battered its Southern coastal region, a 50, member Japanese team, with two helicopters, medicine, medical equipment and food was dispatched to Bangladesh. Besides, Japan contributed about \$ 2 million as grant with which government of Bangladesh procured 1,400 M.T(approximately 20.00 bundles) of C-1. Sheet. This grant served as one of the mitigation measures needed by Government of Bangladesh.

On May 13, 1996, A tornado hit several villages of Tangail and Jamalpur districts in Bangladesh. One May, 13, 1996, JICA dispatched a 16 members disaster Relief Team to extend co-operation to those affected by the distrus tornado in Tangail and Jamalpur districts. 545 people were killed by tornado and at least 100,000 got injured and 2000 were critically injured. Japanese Disaster Relief Team provided medical treatment to 955 seriously injured patients. Government of Japan provided \$200.000 and relief materials including medicines, tents, ground sheets, water tanks. blankets and plastic sheets. The team stayed in Bangladesh from May 16 to 19, 1996.²⁸

Table-11
Disaster Relief program in Bangladesh.

TORNADO-1996	(1) Dispatch of Medical Team (2) Supply of Medicine and Relief Good
Cyclone-1991	(1) Dispatch of Rescue Team. (2) Dispatch of Medical Team.
Flood-1988	(1) Supply of Medicine and relief goods
Flood-1987	(1) Dispatch of Medical Team. (2) Supply of Medicine and relief goods.

Source: JICA. Bangladesh office. March, 1998.

ODA Loans;

ODA loans provide the Governments and governmental institutions of developing countries with needed development funds. OFCF started providing loans to governments of developing countries in 1966. Since, July 1975, OECF has been in charge to ODA loans with a grant element equal to or exceeding 25%. For the purpose of ODA loans to developing countries is to provide support for this social and economic development.²⁹

In 1988 OECF office established in Bangladesh but it has been working in Bangladesh since 1974 from India³⁰

Priority sectors of Japan's ODA loan to Bangladesh:

- (1) Development of basic economic and Social infrastructure to facilitate the private investment and export.
- (2) Development of agriculture.
- (3) Natural disaster prevention, specially flood control in Bangladesh.
- (4) Human Resource development.
- (5) Basic Human needs, specially sanitary medical support, water supply, population control and HIV prevention for the low in come group.³¹

Types of ODA loans:

(A)Project loans. (B) Engineering Services (E/S) loans (C) Financial Intermediary loans (D) Sector loans (E) Structural Adjustment loans (SAL) (F) Commodity Loans (G) Sector program loans.³²

Outline of ODA Loan Procedure in Bangladesh.

ODA loans are implemented in accordance with a standard procedure, which starts with project identification, then proceeds to preparation, appraisal loan, negotiation, commitment, and project implementation and supervision. It ends with the evaluation and monitoring of completed projects.

The following project cycle steps in the loan procedure focus on the project loan in Bangladesh.

- (A) The official request of each project/program, which is identified and prepared by sector survey of OECF and soon is made by Economic Relation Division, Ministry of Finance, representing the Government of Bangladesh (GOB) to Japanese Embassy in Dhaka.
- (B) Annual consultation on policy matters is held between representatives of both the governments is to review the macro economic and social situations and to confirm the priority and maturity of each project program.
- (C) Based on the above discussion, OECF sends the appraisal mission for the candidate projects/programs and reports on the technical and financial viability to the Government of Japan (GOJ).
- (D) Government decides on the amount as well as the terms and conditions of the loan package, and officially indicates to Government of Bangladesh at the consulting meeting, usually held in Paris.
- (E) As official commitment, both Governments, usually represented by the Prime Minister of Bangladesh and the Japanese Ambassador in Bangladesh, exchange the notes.

- (F) As Execution of legal and financial obligation, OECF and Government of Bangladesh conclude the loan agreement for respective project/program.
- (G) Employment of the consultant's and procurement of equipment/materials for the implementation of the project are made according to the OECF guidelines. OECF also reviews and makes concurrence at each step. Depending on the actual progress of the project/programs, the confirmed amount of loan is withdrawn accordingly. OECF also supervises the implementation of the project programs.
- (H) After the completed project/program, the completion report is prepared by the executing agency and submitted to OECF. The suggestions of OECF, incorporated in the report are important feedbacks to the future operation³³

Japan's ODA Loan Process Flow

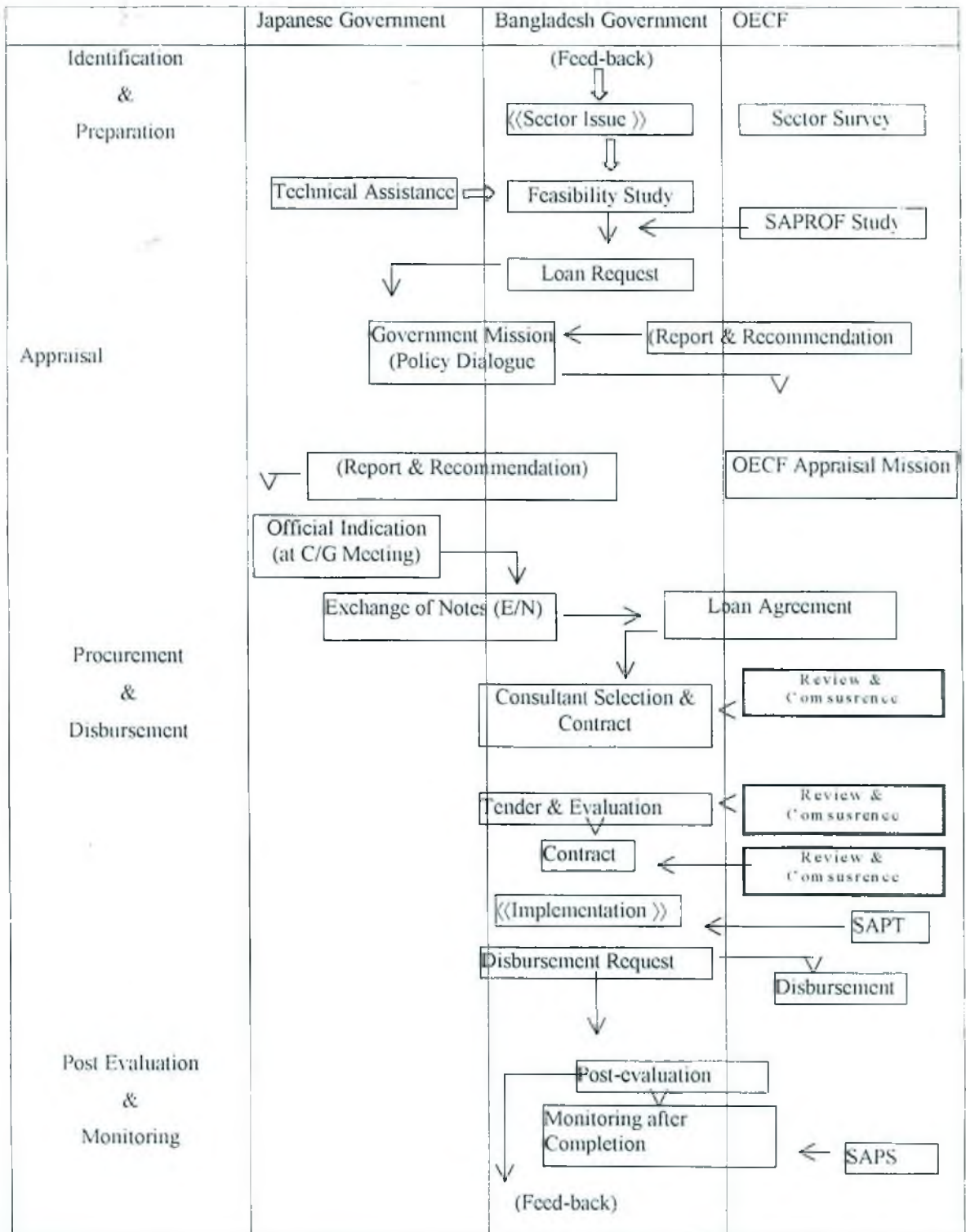


Table-12

ODA Loans to Bangladesh through OECF (program) as of December,(1995)

L/A No	Project Title	L/A Date yy/mm/dd	Amount	Terms and condition*			
				million yen	Int.	Rep.	Gra.
BD-C1	Commodity Loan (I)	74/03/29	9,000	1875	30	10	LDC
BD-C2	Commodity Loan (II)	75/03/28	11,500	1875	30	10	LDC
BD-C3	Commodity Loan(III)	76/05/11	13,000	1875	30	10	LDC
BD-C4	Commodity Loan(IV)	77/05/10	14,000	1875	30	10	LDC
BD-C5	Commodity Loan(V)	78/01/10	15,000	1875	30	10	LDC
BD-C6	Commodity Loan(VI)	78/09/25	15,500	175	30	10	General
BD-C7	Commodity Loan(VII)	80/01/25	16,500	125	30	10	General
BD-C8	Commodity Loan(VIII)	81/04/09	17,000	125	30	10	General
BD-C9	Commodity Loan(IX)	81/10/14	17,500	125	30	10	General
BD-C10	Commodity Loan(X)	82/10/14	18,000	125	30	10	General
BD-C11	Commodity Loan(XI)	84/03/29	16,820	125	30	10	General
BD-C12	Commodity Loan(XII)	85/10/22	16,070	125	30	10	General
BD-C13	Commodity Loan(XIII)	86/07/07	16,390	125	30	10	General
BD-C14	Commodity Loan(XIV)	87/08/07	15,830	125	30	10	General
BD-C15	Commodity Loan(XV)	88/11/16	13,300	125	30	10	General
BD-C16	Emergency commodity loan(i)	89/03/16	7,500	100	30	10	General
BD-C17	Commodity Loan(XVI)	90/02/20	9,000	100	30	10	General
BD-C18	Energy Sector Adjustment	90/01/09	3,800	100	30	10	General
BD-C19	Commodity Loan(XVII)	90/11/28	4,200	100	30	10	General
BD-C20	Commodity Loan for cyclone disaster	92/01/16	12,200	100	30	10	General
Program Total			262,110				
			Million yen				

Source: Japanese contribution to the Economic development of peoples Republic of Bangladesh through ODA loans by OECF, Japan Office Assistance, March-1996,p-7

Terms and condition of the ODA loans to Bangladesh through OECF (programme):

Int. 1,00	=	Annual interest 1,00 percent
Rep. 30	=	Repayment period 30 years
Gra. 10	=	Grace period 10 years
Procure	=	Procurement conditions
LDC	=	LDC united.
General	=	General united ³²

Table-13

ODA loans to Bangladesh through OECF (project)
(as of December, 1995)

L/A No.	Project Title	L/A Date: y/m m/dd	Amount million yen	Terms and condition			
				Int.	Rep.	Gra.	Procure
BD-P1	Gaolpara-Barishail Transmission Line	77/01/27	2,554	8.75	30	10	Tied
BD-P2	Dhaka-Chittagong Coaxial cable.	76/01/25	1,793	1.875	30	10	
BD-P3	Development finance Loan	76/01/25	1,54	1.875	30	10	Tied
BD-P4	Dhak International Hotel	77/04/20	6,400	4.50	25	7	LDC
BD-P5	Power Generating Barge	79/04/20	3,540	1.75	30	10	Tied
BD-P6	Shipping PReinforcement	79/10/31	9,000	2.75	30	10	LDC
BD-P7	Beramare-Barishal Trans. Line	80/10/31	3,100	1.25	30	10	LDC
BD-P8	Karnaphuli Rayon Plant	80/10/31	3,800	1.25	30	10	LDC

BID-P9	Bakhrabad National Gas	80/12/17	6.600	1.25	30	10	General
BID-P10	Kaptai hydro power plant(E/S)	81/08/07	2.50	1.25	30	10	General
BID-P11	Chittagong urea plant	82/01/26	9.750	1.25	30	10	LDC
BID-P12	Chippagong urea plant(II)	83/10/26	3.500	1.25	30	10	General
BID-P13	Kaptai Hydropower plant(I)	83/10/26	4.000	1.25	30	10	LDC
BID-P14	Cancel						
BID-P15	Kaptai Hydropower Plant (II)	84/03/29	10.680	1.25	30	10	LDC
BID-P16	Bargemounted power plant	84/11/19	6.065	1.25	30	10	Tied
BID-P17	Gas Turbine Power Plant	85/10/22	7.510	1.25	30	10	LDC
BID-P18	Telecommunication Network	85/10/22	3.420	1.25	30	10	LDC
BID-P19	Dhaka G. Telecommunication	86/07/04	6.320	1.25	30	10	LDC
BID-P20	Chittagong Still mill	86/07/04	4.790	1.25	30	10	LDC
BID-P21	Chittagong urea plant (II)	87/01/22	3.551	1.25	30	10	General
BID-P22	Sylhet combined cycle	87/08/07	8.170	1.25	30	10	LDC
BID-P23	Maddhapara Hard Rock(E/S)	88/11/16	441	1.25	30	10	LDC
BID-P24	Jammuna Fertilizer	88/11/16	13.853	1.25	30	10	LDC
BID-P25	Ghorasal urea plant	88/12/26	10.343	1.00	30	10	General
BID-P26	Chittagong caustic soda plant	88/12/26	2.026	1.00	30	10	General
BID-P27	Jammuna Fertilizer (II)	89/11/21	18.500	1.00	30	10	LDC
BID-P28	Jammuna Fertilizer (III)	90/11/28	8.480	1.00	30	10	LDC
BID-P29	Dhaka Gr. Telecommunication	92/05/28	14.761	1.00	30	10	LDC
BID-P30	Haripur power station expansion	93/09/13	15.100	1.00	30	10	General
BID-P31	Barge power plant Rehabilitation	93/09/13	1.561	1.00	30	10	General
BID-P32	Chittagong Airport development (E/S)	93/09/13	333	1.00	30	10	LDC
BID-P33	Dhaka Port development (E/S)	93/09/13	5.943	1.00	30	10	LDC
BID-P34	Sylhet combined cycle power (A)	93/09/13	5.943	1.00	30	10	LDC

BD-P35	Bakhrabad gas development (II)	94/06/14	1,405	1.00	30	10	General
BD-P36	Jamuna multi purpose Bridge	94/06/14	21,562	1.00	30	10	General
BD-P37	Area coverage Rural Electrification	95/10/04	5,442	1.00	30	10	General
BD-P38	Paksy Bridge (E/S)	95/10/04	150	1.00	30	10	General
BD-P39	Rural development credit Grameen Bank	95/10/04	2,986	1.00	30	10	General
	Sub total		96,402 million yen				
	Project Total		228,062 million yen				

Source : Japanese contribution to the Economic development of the people's Republic of Bangladesh through ODA loans by OECF, Japan official Assistance. March, 1996 P-7

Type of loan.	Amount (mil.yen)
project (38 Projects)	228,062
Program(20 Programs)	262,110
Grand Total	490,172

Table 12 shows that annual commitment (loan agreement) and disbursement. The difference between commitment and disbursement occurred due to the nature and maturity of the projects/programs. The table also shows that the implementation of the projects was relatively slow. Up to December 1995, 490.172 million yen Japanese project and programs concluded.

Table 13 shows that the sectorial allocation of the cumulative commitment (loan agreement). As for the project loans, the import substitution industries projects are given high priority.

If we analyse the characteristics of the ODA loan and its terms and conditions, we see that the annual interest rate is only 1.00 percent. Repayment period 30 years and grace period 10 years. It is a soft loan, and it is very helpful for the development of the country.

4. Contributions loan subscriptions to international organizations:

Japan attaches growing importance to aid provided through international organizations. International organizations are broadly divided into international financial institutions that provided funds needed for development and United Nations Agencies are engaged in economic, social and humanitarian activities. Contributions to United Nations Agencies are handled by the Ministry of Foreign Affairs and contribution of International Financial Institutions are handled by the Ministry of Finance in Bangladesh³⁶

Japan-Bangladesh trade relation (1972-1998)

Japan is both a major trading nation and one of the largest international investors in the world. In many respects, international trade is the lifeblood of Japan's economy³⁵. Japan was one of the first countries of the world to recognize Bangladesh on 10 February, 1972 and since then the trade relations between Bangladesh and Japan have been growing steadfastly. Though there is no general trade agreement between Bangladesh and Japan, trade, however, is taking place between the two countries in freely convertible currency and in accordance with agreements under final round of GATT and now W.T.O.³⁶

Export to Japan:

Japan is the important export market of Bangladesh. Bangladesh exported goods worth Taka 376,35.78000 crore to Japan during the fiscal year 1996/97. The export earnings of Bangladesh from Japan during 1994/95, was Taka 3997139000 crore

The table-14 shows that Bangladesh export to Japan during 1972/73, Taka 52105000 crore. Bangladesh export to Japan during 1979/80, taka 521644

000 crore. Bangladesh export to Japan during 1986/87, taka 2014739000 crore. And Bangladesh export to Japan during 1995/96 taka 4597000 crore. Table-14 also shows that the first decades of Bangladesh, Bangladesh export highest goods worth to Japan during 1979/80. It was taka 521644000 crore. The second decades of Bangladesh, Bangladesh export highest goods worth to Japan during 1986/87. It was taka 2014739000 crore. And last seven years of Bangladesh, Bangladesh export highest goods worth to Japan during 1995/96, it was 459.7000 crore taka.(See the Figure. 10)

Table-15 shows that the year wise share of Japan in total Export from Bangladesh during 1972/73 to 1996/97 (See the figure-11)

Table-14

year wise export receipts from Japan [1972/73-1996/97]

(value in taka crore)

Year.	Export Receipts from Japan.
1972-73	52105
1973-74	113976
1974-75	45929
1975-76	133719
1976-77	159705
1977-78	296954
1978-79	498701

1979-80	521644000
1980-81	316019000
1981-82	554431000
1982-83	1059618000
1983-84	1058704000
1984-85	1687319000
1985-86	1815725000
1986-87	2014739000
1987-88	17564000
1988-89	1745102000
1989-90	1815907000
1990-91	1454937000
1991-92	1545668000
1992-93	2071094000
1993-94	2431788000
1994-95	3997139000
1995-96	4597000000
1996-97	3763578000

Source: (1) Bangladesh export statistics 1994-95.

Export promotions Bureau Bangladesh.

(2) Export from Bangladesh 1972/73 to 1992/93.

Export promotion Bureau, Bangladesh.

Table-15

Share of Japan in total export from Bangladesh.

(Up to June, 1997)

Year	Total export from Bangladesh (value in Taka core)	Export to Japan (value in Taka thousand)
1972-73	271.07	52105
1973-74	297.14	113975
1974-75	306.14	45929
1975-76	551.3	133719
1976-77	625.50	159705
1977-78	740.16	226954
1978-79	928.22	498701
1979-80	1124.16	521644
1980-81	1159.90	316019
1981-82	1255.54	554431
1982-83	1616.25	1059618
1983-84	1990.19	1058704
1984-85	2415.49	1687319
1985-86	2431.40	1815725
1986-87	3263.20	2014739

1987-88	3808.11	175640
1988-89	4079.00	1745102
1989-90	4976.40	1815907
1990-91	6065.09	1454937
1991-92	7590.86	1545668
1992-93	9257.54	2071094
1993-94	10097.59	2431788
1994-95	13928.46	3997139
1995-96	15879.09	4597000
1996-97	18813.00	3763578

Source : Export promotion Bureau.

- On shipment Basis.

- * JETRO, Dhaka 01 June 1999.

Major items of Export from Bangladesh to Japan:

Major items of export from Bangladesh to Japan are Hides and Skins, leathers and leather manufactures, Jute Manufactures, Raw hides, Readymade garments, Fish-all sorts and Naptha.

Table-16

Exported commodities to Japan from Bangladesh

(Taka crores)

Year	commodity								
	Hides and Skins	Leather & Leather manufactures	Jute manufactures	Raw Hides	Readymade Garments	Fish-all sorts	Naptha	Others	Total
1984-85	80.2	15.4	16.3					10.5	176.0(7.0)
1985-86	70.6	21.5	9.5					20.9	209.4(7.7)
1986-87	101.6	38.5	7.1					58.9	207.1(6.8)
1987-88	115.3	77.9			143.7	13.8		24.7	220.6(6.0)
1988-89	78.7	69.1			86.1	18.6		26.8	215.2(5.2)
1989-90	128.0	77.0			70.4	11.6		26.3	207.1(4.2)
1990-91		95.9	9.2		182.8	11.8		4.2	204.0(3.4)
1991-92		133.7	9.9	0.1	351.0	10.2		8.5	196.4(2.7)
1992-93		123.3	11.8	65.0	330.3	11.2		12.6	217.8(2.6)
1993-94		40.0	35.8			141.9			288.4(2.5)

1994-95		50.3	39.1			221.4	4.2		348.6(2.8)
1995-96		73.1	46.0			309.7			459.7(3.6)
1996-97		65.1	48.0			218.7		44.6	376.4(3.9)

Sources:

- (1) Annual Export Receipts, Statistics department, Bangladesh Bank (1986-87)
- (2) Annual Export Receipts Statistics Department Bangladesh Bank (1989-90)
- (3) Annual Export Receipts Statistics Department Bangladesh Bank (1992-93)
- (4) Annual Export Receipts Statistics Department Bangladesh Bank (1995-96)
- (5) Annual Export Receipts Statistics Department Bangladesh Bank (1996-97)

Table-16 shows that during 1984/85 to 1996/97 exported commodities to Japan from Bangladesh. The table also shows that Bangladesh exported to Japan mainly, Hides and skins, Leather and Leather manufactures, Raw hides, Jute manufactures, Readymade garments, Fish and Fish all sorts.

During 1984-85 Bangladesh export goods worth taka 176.0000 crore to Japan, it was 7.0 percent of the total export of Bangladesh during the year. Exported commodities to Japan were Hides and Skins was taka 80.2000 crore, leather and leather manufactures was taka 15.4000 crore, Jute manufactures was taka 16.3000 crore and others was taka 10.5000 crore . During 1987-88 Bangladesh exported goods worth taka 220.6000 crore to

Japan, it was 6.0 percent of the total export of Bangladesh. During the year, exported commodities to Japan were, Hides and skins was taka 115.3000 crore, leather and leather manufactures was taka 77.9000 crore, Ready made garments was taka 143.7000 crore, Fish- all- sorts was taka 13.8000 crore and other taka 24.7000 crore. During 1992-93 Bangladesh exported goods worth taka 217.8000 crore to Japan. It was 2.6 percent of the total export of Bangladesh. During the year exported commodities to Japan were –leather and leather manufactures was taka 123.3000 crore, Jute manufactures was taka 11.8 core, Raw hides was taka 65.0000 crore, Ready made garments was taka 330.3000 crore, Fish- all-sorts was taka 11.2000 crore and other was taka 12.6000 crore, During 1996-1997, Bangladesh exported goods worth taka 376.4000 crore to Japan, it was 3.2 percent of the total export of Bangladesh. During the year exported commodities to Japan were, leather and leather manufactures was taka 65.1000 crore, Jute manufactures was taka 48.0000 crore, Fish all-sorts was taka 218.7000 crore ; and other was taka 44.6000 crore.

The table –16 also clearly indicates that though, ready made garments is an important exporting item of Bangladesh, in the first world countries, Japan did not import ready made garments from Bangladesh after 1992/93. Japan mainly imported from Bangladesh three items. Like, leather and leather manufactures, Jute manufactures and Fish and Fish of all sorts.

Tabel-17
Country wise Export Bangladesh During 1972/73 to 1995/96
(Taka in Value Core)

Year	Country						
	Canada	Germany	India	Japan	Russia	U.K.	U.S.A
1972/73	54664000	81959000	60003000	52105000	103206000	206564000	555426000
1973/74	50290000	41152000	130365000	113976000	111006000	201303000	480377000
1974/75	50168000	56772000	83611000	45929000	219582000	188362000	455271000
1975/76	88189000	106891000	2471000	133719000	173993000	427484000	897817000
1976/77	94467000	139594000	29049000	159705000	280797000	610354000	801603000
1977/78	87613000	128140000	18568000	296954000	477578000	614709000	973724000
1978/79	99706000	207362000	157587000	498701000	645445000	685682000	1248218000
1979/80	135606000	245286000	125147000	521644000	718941000	732059000	13125881000
1980/81	98941000	157604000	529182000	316019000	544277000	404476000	1364656000
1981/82	73417000	245627000	316946000	554431000	650967000	568893000	1011634000
1982/83	157228000	323587000	312878000	1059618000	973675000	728780000	1856281000
1983/84	180964000	326270000	520626000	1058704000	428506000	1045910000	2727289000
1984/85	311538000	46406000	1123027000	1687319000	583105000	1130887000	4290440000
1985/86	447421000	63274000	306494000	1815725000	537793000	1369105000	5141205000
1986/87	496136000	1144694000	333920000	2014739000	959087000	1823318000	9768196000
1987/88	7550720000	1899080000	290695000	175640000	1152649000	2258711000	11025213000
1988/89	528585000	2215831000	319904000	1745102000	1047341000	2401306000	10977567000
1989/90	726440000	2729039000	640348000	1815907000	1897554000	3172864000	14519813000
1990/91	1066727000	5814733000	1095302000	1454937000	771741000	4827186000	17886870000
1991/92	1052068000	6865467000	78973000	1545668000	901463000	4964236000	2565214000
1992/93	1724227000	8399818000	382593000	2071094000	1022372000	7125835000	31954410000
1993/94	2280424000	10967241000	669722000	2431788000		10331665000	29282451000
1994/95	2782913000	12043403000	1811603000	3997139000		12767387000	47501437000
1995/96	2728000000	1286300000		4597000000		14103000000	38144000000

Source:

(1) Bangladesh Export statistics 1994-95 Export promotion Bureau Bangladesh.

(1) Export from Bangladesh 1972-73 to 1992-93, Export promotion Bureau, Bangladesh.

Table- 17 shows that Bangladesh export receipts by major countries during 1972/73 to 1995/96

Table-17 also shows that during 1972/73 Bangladesh Export receipts by Canada 54.994000 Crore taka, By Germany F.R. 81956000 Crore Taka, By India 60003000 Crore taka, By Japan 52105000 Crore taka, By Russia 103206000 Crore taka, By U.K.taka 206564000 crore , By U.S.A taka 555426000 Crore . During 1980-81 Bangladesh export receipts by Canada taka 73417000, Crore, By Germany F.R.taka 245627000 Crore, By Russia taka 650967000 Crore By U.K.taka 568893000 Crore, By U.S.A. taka 1011634000 Crore. During 1991/92 Bangladesh export receipts By Canada taka 4052068000 crore, By Germany taka 6865467000 crore, By India taka 78973000 crore, By Japan taka 1545668000 crore, By Russia taka 901463000 crore, By U.K. taka 4964236000 crore, By U.S.A. taka 25652141000 Crore. During 1994/95 Bangladesh export receipts by Canada taka 2782913000 Crore, By Germany taka 12043403000 Crore, By India taka 1811603000 Crore, By Japan taka 3997139000 Crore, By U.K. taka 12767387000 Crore, and By U.S.A. taka 47501437000 Crore. During 1995/96, Bangladesh export receipts by Canada, taka 272.8000 Crore by Germany taka 1286.3000 Crore by Japan taka 459.7000 Crore, By U.K., taka 1410.3000 Crore, and By U.S.A. taka 3814.4000 Crore

So Table- 17 clearly indicates that during 1972/73 to 1995/96, Japan U.S.A. and U.K.s export receipts was increased. Yet During 1994/95 U.S.A.

was the highest export recipient country of Bangladesh and Japan was second export recipient country of Bangladesh.

Bangladesh imports from Japan:

Japan was the one of the largest important sources of import for Bangladesh. During 1994/95, Bangladesh import payment from Japan was 23,58,10 lacs taka. Table -18 shows that during 1973/74 Bangladesh import payment to Japan was 31,39 lacs taka. During 1977/78 it was 266.75 lacs taka. During 1979/80 it was 468.84 lacs taka. During 1984/85 Bangladesh import payment to Japan was 781,12 lacs taka. During 1987/88, Bangladesh import payment to Japan was 14,26,22 lacs taka,. During 1990/91 Bangladesh import payment to Japan was 120,000,02 lacs taka. And during 1994/95 Bangladesh import payment to Japan was 23,58,10 lacs taka. So Table-18 clearly indicates that during 1973/74 to 1994/95 Bangladesh imports payment to Japan increased tremendously.

Table-18

Import payment to Japan during 1973/74 to 1994/95 (Value taka in lacs)

Period	Payments to Japan
1973-74	31.39
1974-75	58.43
1975-76	116.30
1976-77	124.23
1977-78	266.75
1978-79	291.30
1979-80	468.84
1980-81	486.53
1981-82	620.45
1982-83	519.53
1983-84	547.09
1984-85	781.12
1985-86	763.40
1986-87	1158.72
1987-88	1426.22
1988-89	1431.5
1989-90	156,2.24

1990-91	120,00.02
1991-92	10,89.48
1992-93	14,27.73
1993-94	19,91.56
1994-95	23,58.10

Sources:

- (1) Annual Imports payments (1986-87)
Statistics department, Bangladesh Bank.
- (2) Annual Import payments. (1994-95)
Statistics, Department, Bangladesh Bank

The main import items from Japan:

The main items of import from Japan constituted vehicles. Others include Railway rooling Stock and parts and accessories, Machinery and mechanical appliances, boilers, nuclear reactors, parts, Ships, boats and floating Structures, plastic and articles, Electrical machinery and equipment and parts, Sound recorder and reproducers, TV image, parts, mineral fuels, mineral oils and products of their distillations, biumenous Substance, mineral waes, photographic or cinematographic goods, paper and paper board, articles of paper or paper board, man-made staple fibres Iron and steel.

Table-19 shows that the import of major commodities from Japan during 1993/94 to 1997/98. Table 19 also shows that the import under cash, barter and wage Import under loans and Grants and EPZ's import. During 1993/94 total import under cash, barter and wage earners fund are \$186.17 million.. During 1994/95 it was \$256.87 million, during 1995/96 it was \$273.96 million, during 1997/98 it was \$285.42 million. During 1993/94 Import under loans and Grants from Japan was \$311.72 million, during 1994/95 it was \$311.72 million, during 1995/96 it was \$421.47 million, and during 1997/98 it was \$197.45 million . During 1993/94 EPZ's import from Japan was \$16.13 million, during 1995/96 it was \$40.78 million, during 1996/97 it was \$34.26 million and during 1997/98 it was \$47.99 million. So during 1993/94 Grand total import import under cash, barter and wage service fund, Import under loans and Grants and EPZ's imports was, \$514.02 million, during 1994/95 it was \$625.13 million, during 1995/96 it was \$736.21 million, during 1996/97 it was \$626.25 million and during 1997/98 it was \$530.45 million .

Table-19 also indicates that during the period total import under cash, barter and wage earner's fund increased \$70.70 million, it was 37.97 percent of the total import from Japans during 1995/96 it was increased \$17.09b million it was increased 6.65% of the total import from Japan, and during 1996/97 it was increased \$44.38 million, it was increased 16.20 percent of the total

import but during 1997/98 it was decreased \$32.92 million, it was 10.34 percent of the total import. During 1993/95 to 1994/95 import under loans and Grants was increased \$18.01 million. During 1995/96 it was increased \$91.75 million, but during, 1996/97 it was decreased \$147.81 million and during 1997/98 it was decreased \$76.21 million. During 1993/94 to 1994/95 EPZ's import was increased \$22.40 million, during 1995/96 it was increased \$2.24 million but during 1996/97 it was decreased \$6.52 million and during 1997/98 it was also increased \$13.73 million.

So Table –19 clearly indicates that during 1993/94 to 1997/98, import of major commodities from Japan not only increased but also decreased.

Table-19
IMPORT OF MAJOR COMMODITIES FROM JAPAN

Commodity	(Value in Million US Dollar)								
	193-94	1994-95	Changes	1995-96	Changes	1996-97			
A) Import under cash, barter and wage earners' fund									
Iron & Steel	46.02 (24.72)	68.03 (26.48)	22.01 47.82%	66.88 (24.41)	-1.15 -1.59%	93.19 (29.27)	26.30 39.33%	63.86 (22.38)	-29.32 -31.47%
Vehicles other than Railway or tramway rollin stock and parts and accessories thereof:	39.87 (21.41)	52.24 (20.34)	12.37 31.04%	60.69 (22.15)	8.44 16.16%	50.12 (15.74)	-10.57 -17.42%	54.38 (19.05)	4.26 8.51%
Machinery and mechanical appliances, boilers, nuclear reactors (if any), parts thereof:	22.36 (12.01)	26.81 (10.44)	4.45 19.92%	45.84 (17.10)	20.02 74.66%	69.58 (21.86)	22.74 48.56%	48.86 (17.12)	-20.72 -29.78%
Ships boats and floating structures:	12.60 (6.77)	43.77 (17.04)	31.17 247.46%	19.85 (7.24)	-23.92 -54.66%	26.51 (8.33)	6.66 33.57%	47.54 (16.66)	21.03 79.33%
Plastic and articles thereof:	6.75 (3.63)	9.84 3.83)	3.09 45.72%	9.26 (3.38)	-0.99 -10.71%	8.27 (2.64)	1.25 17.52%	9.99 (3.50)	1.72 20.81%
Electrical machinery & Equipment & parts thereof, sound recorder & reproducers, TV image, parts thereof	5.01 (2.69)	5.48 (2.13)	0.46 9.28%	7.15 (2.61)	1.25 17.52%	8.41 (2.64)	-6.76 -100.00%	6.23 (2.18)	-2.18 -25.95%
Mineral fuels, mineral oils and products of their distillations, bituminous substances, mineral waxes:	0.07 (0.04)	0.35 (0.14)	0.28 402.56%	6.76 (2.47)	-6.76 -100.00%	0.00	2.72 40.89%	0.00	0.00 -100.00%
Photographic or cinematographic goods:	6.68 (3.59)	5.07 (1.97)	-1.61 -24.16%	6.65 (2.43)	1.58 31.19%	9.37 (2.94)	0.22 4.26%	7.35 (2.57)	-2.02 -21.56%
Paper and paperboard, articles of paper or paperboard:	3.08 (1.66)	5.16 (2.01)	2.07 67.21%	5.05 (1.84)	-0.10 -20.2%	5.27 (1.66)	-0.04 -0.98%	5.61 (1.97)	0.34 6.46%
Man-made staple fibres:	3.29 (1.77)	3.08 (1.20)	-0.21 -6.38%	4.45 (1.62)	1.37 44.52%	4.40 (1.38)	2.84 7.03%	5.98 (2.10)	1.58 35.91%
Others:	40.44 (21.72)	37.05 (14.42)	-3.39 -8.38%	40.39 (14.74)	3.34 9.02%	43.23 13.53	44.38 16.20%	35.62 (12.48)	-7.62 -17.61%
Total (A)	18.17	256.87	70.70 37.97%	273.96	1709 6.65%	318.34	-6.52	285.42	-32.92 10.34%
(B) Import under Loans and Grants:	311.12	329.72	18.01	421.47	91.75	34.26	-6.52	197.45	-76.21
(C) EPZ Import	16.13	34.64	22.40	40.78	224	34.26	-6.52	47.99	13.73
GRAND TOTAL (A+B+C)	514.02	625.13	111.11	736.21	111.08	626.52	-109.96	530.85	-95.40

Source : (1) Bangladesh Bank.
 Figures in parenthesis represent the percentage of total Import (A) from Japan.
 (2) JETRO, DHAKA, JUNE 1999

Table-20 shows that during 1973/74 import payments of Canada to Bangladesh was, 66.92 lacs, Germany to Bangladesh 33.21 lacs. India to Bangladesh was 85.75 lacs. Japan to Bangladesh was 31.39 lacs, U.K. to Bangladesh was 31.11 lacs. U.S.A to Bangladesh was 107.89 lacs, U.S.S.R. to Bangladesh 55.00 lacs. During 1982-83 import payments of Canada to Bangladesh 229.34 lacs taka Germany F.R. to Bangladesh was 159.45 lacs taka. India to Bangladesh 81.61 lacs taka. Japan to Bangladesh 519.53 lacs taka. U.K. to Bangladesh 224.23 lacs taka, U.S.A. to Bangladesh 648.01 lacs taka and U.S.S.R to Bangladesh 87.99 lacs taka. During 1990/91 import payments of Canada to Bangladesh was, 4,51.63 lacs, taka, Germany to Bangladesh 3.76.89 lacs taka, India to Bangladesh 6,44.49 lacs taka, Japan to Bangladesh 120,00.02 lacs taka, U.K. to Bangladesh 4,57,10 lacs taka, U.S.A. to Bangladesh 6,44,43 lacs taka, U.S.S.R. to Bangladesh 100,73 lacs taka, During 1994/95, import payment of Canada, to Bangladesh was 3,60.7 lacs taka Germany to Bangladesh 9,20.59 lacs taka, India to Bangladesh 27,67.94 lacs taka. Japan to Bangladesh 23,58.10 lacs taka. U.K. to Bangladesh 6,71.68 lacs taka, U.S.A. Bangladesh 11,01.33 lacs taka U.S.S.R. to Bangladesh 4,58.51 lacs taka.

Table-20 also shows that during 1973-74 to 1974-75 import payment of Japan to Bangladesh comparatively increased. But during 1973/74 to 1994/95 import payments of U.S.A. U.K. to Bangladesh comparatively decreased.

Table-20
Total import payments by major countries (During 1973/74 to 1994/95)
(value in taka lacs)

Year	Canada	Germany	India	Japan	U.K.	U.S.A	U.S.S.R
1973-74	66.92	33.21	85.75	31.39	31.11	107.89	55.00
1974-75	87.93	67.31	55.73	58.43	29.59	239.74	46.88
1975-76	50.81	70.22	119.46	116.30	65.15	503.32	82.91
1976-77	51.78	46.53	86.46	124.23	88.85	155.34	51.66
1977-78	133.17	99.82	68.01	266.75	103.55	256.78	82.29
1978-79	131.67	106.07	67.22	291.30	216.65	321.62	53.91
1979-80	99.10	156.06	75.25	468.84	227.32	483.76	50.50
1980-81	102.02	182.97	94.35	486.53	210.96	376.13	66.85
1981-82	131.46	225.17	118.09	620.44	200.51	295.88	89.88
1982-83	229.34	159.45	81.61	519.53	22423	648.01	87.99
1983-84	347.73	198.10	123.50	547.09	235.27	518.93	164.01
1984-85	218.35	215.03	174.68	781.12	248.00	769.97	96.21
1985-86	220.17	291.82	180.09	763.40	294.52	488.98	154.63
1986-87	250.85	332.44	196.37	1158.72	266.69	544.36	208.78
1987-88	296.17	250.83	272.78	1426.22	282.21	674.52	140.78
1988-89	403.06	331.30	332.87	1431.51	333.71	1043.60	260.28
1989-90	388.70	394.11	478.40	1562.24	388.80	683.51	90.13
1990-91	451.63	376.89	644.49	12000.02	457.10	644.43	100.73
1991-92	267.42	149.93	882.37	1089.48	405.09	877.57	47.75
1992-93	390.37	103.73	1338.97	14.27.73	439.94	811.76	88.01
1993-94	244.23	388.02	1657.95	1991.56	451.18	807.34	215.72
1994-95	3.60.71	920.59	2767.94	2358.10	671.68	1101.33	458.51

Sources:

- (1) Annual imports payments (1986-87) Statistics department, Bangladesh Bank.
- (2) Annual import payments (1994-95) Statistics department, Bangladesh Bank.

Bangladesh's trade Balance with Japan

The trend of the last Two decades and a half of Japan Bangladesh trade balance can be seen as negative balance of trade.

Table-21 shows that during 1976/77 Japan Bangladesh trade gap was \$68.5 million, during 1980-81, it increased \$275.8 million. During 1989-90 it increased \$496.0 million. During 1995-96 it increased \$615.41 million. Table-21 indicates clearly that during last Two decades and a half Japan-Bangladesh trade gap between the two countries increased tremendously and the trade gap between the two countries stood at over \$418.85 million in 1997/98.

Table -21

Bangladesh's trade balance with Japan

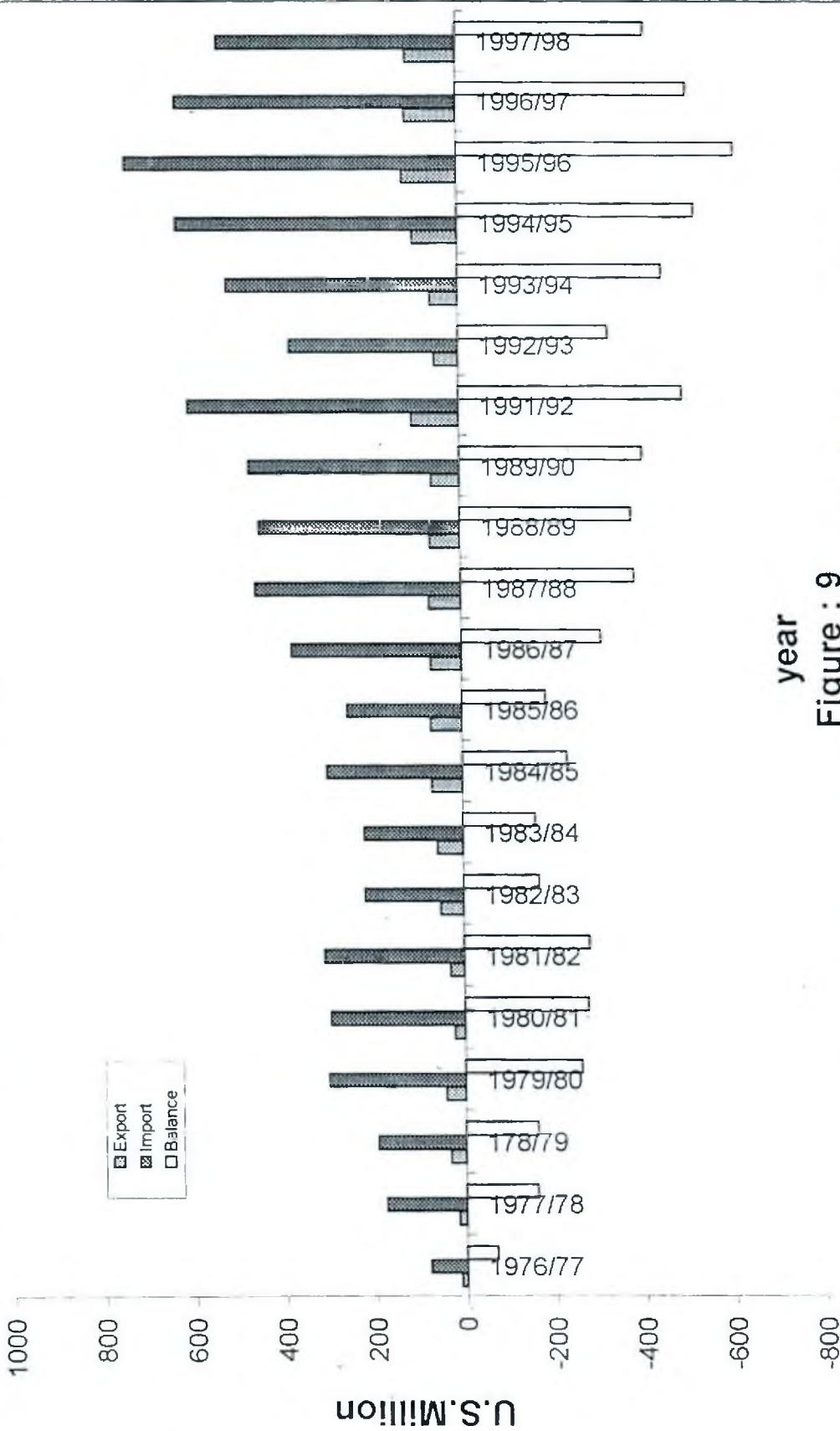
(Value in million U.S. dollar)

Year	Export	Import	Balance
1976-77	12.0	80.5	-68.5
1977-78	16.7	176.7	-160.0
1978-79	32.6	194.2	-161.6
1979-80	42.3	302.6	-260.3
1980-81	21.9	297.7	-275.8
1981-82	30.1	310.2	-280.1
1982-83	56.2	218.6	-168.4

1983-84	56.4	219.0	-162.6
1984-85	67.8	300.8	-233.0
1985-86	70.0	255.3	-185.3
1986-87	67.9	378.1	-310.2
1987-88	70.5	456.3	-385.8
1988-89	67.3	447.3	-380.0
1989-90	62.1	468.7	-406.6
1991-92	105.00	601.00	-496.0
1992-93	53.31	375.86	-322.55
1993-94	61.02	514.02	-453.00
1994-95	99.65	625.13	-525.48
1995-96	120.80	736.21	-615.41
1996-97	114.05	626.25	-512.20
1997-98	112.00	530.85	-418.85

Source : Import-Bangladesh Bank.
Export –Export promotion bureau (EPB)
JETRO, Bangladesh, Dhaka, June 1, 1999.

Bangladesh's trade balance with Japan



year
Figure : 9
Source: Based on Data from JETRO, Dhaka. June 01, 1999.

Problems of Trade Promotion in Japan

Trends of the last two decades and a half of Japan-Bangladesh trade balance can be seen as negative balance of trade. About trade imbalance with Japan F.B.C.C.I. President Abdul Awal Minto said, “ There are several causes of negative trade balance with Japan; First, lack of infrastructure, Second, lack of political stability, Third, lack of well-port service and Finally, too many politics in the labor union in the country. He also gives importance to exported mineral resources, Raw-materials, and Skill-manpower to Japan.”³⁸ Mr. M.A. Munium, Vice President of F.B.C.C.I said, “ Lack of information is the main cause of negative trade balance to Japan, Because most of the Japanese businessmen have no idea about our goods. He gives importance on Readymade Garments and shrimps exported to Japan.”³⁹

There are some easily identifiable problems that stand on the way of trade promotion in Japan of Bangladesh goods. The problems are:

(1) Supply of low quality products:

Most of the trade dispute cases reported recently were related to supply of low quality down size commodity and not at par with supply order etc. Strict Inspection procedure is required to stop these type of malpractices which damage the market reputation of exporting country.

(2) Delayed Shipment:

Maintenance of supply schedule is very much vital for the Japanese market which has a long chain of distribution system. Owing to political disturbances during the F.Y. 1996, it is sometime reported that Bangladesh suppliers cannot honour the shipment schedule, One-trade dispute was lodged by a Japanese importer of shrimp against a Bangladeshi exporter regarding in latter's failure in maintaining supply schedule which created a serious embarrassment for the forma in the domestic market.

(3) Non-fulfillment of commitment:

Japanese importers mostly rely on their counter part established through good business dealing. In this context they very much depend on commitment . The Bangladeshi exporters do not supply goods to Japan as Tokyo Mission intervene to ensure the supply at required time.

(4) Narrow and limited export Items:

Narrow rang of exportable (heavily dependent on very few items) limits exportable surplus and frequent price fluctuations of exportable products also limits the scope for export promotion.

Export Promotion to Japan:

For the Export Promotion to Japan we should take following measures:

a.. Market Research:

A large number of factors should be carefully examined prior to making decision to enter the Japanese market which is highly advanced and competitive. A comprehensive feasibility and strategy study should include following basic components:

- Examination of products suitability.
- Analysis of the competition.
- Selection of the most appropriate method of entry.

Product Suitability: An exporter suitable must be sure that his product is suitable for the Japanese consumer. Establishing a flexible approach to product development and marketing which helps to Japan own set of cultural criteria.

Competition: The Japanese market is now more competitive than even before. For this reason, the formulation of a market entry strategy should be preceded by a comprehensive analysis of competitors which include examination of :

- (1) Market shares
- (2) Market Segments served

- (3) Rebates, margins and other incentives for whole salers and retailers
- (4) Levels of production.
- (5) Pricing policies.

Method of entry : Some of the options of market entry are :

- (1) Directs tie-ups with Japanese retailers :

With the trend towards consumer empowerment steadily gaining momentum, the larger Japanese retail have begun entering into direct tie-ups with overseas suppliers. For the foreign manufacturer, such arrangements combine highly economical the access to the Japanese market with the advantage of the retailer's marketing expertise.

- (2) Catalog and other direct Sales:

Japanese are like to 'personal importing' through which consumers bypass the normal distribution channels to obtain products from overseas at substantially lower prices. Personal importing is usually done through catalogs or advertisements carried in magazines that target the desired market segment.

(3) Use of import agent or whole seller:

Use of import agent or whole seller is an alternative to utilizing the distribution channels or retailer or through direct sales for those companies that wish to establish independent and more direct links with the market.

4. Establishment of a liaison office:

Bangladeshi Companies should establish a local liaison office. The liaison office enables the foreign company to directly monitor the performance of their Japanese partner and of their products in the Japanese market place at minimal cost.

5. Establishment of a wholly owned sales company :

Establishing a local subsidiary can provide greater flexibility and control over all phases of operations. The success of this course, however, is dependent upon the attainment of a sales volume high enough to justify the cost of maintaining office and staff in Japan.

b. Factors impeding a business contact :

One of the importance steps in entering the Japanese market is to establish contact with potential distributors or buyers of one's product. There are external factors which can impede the formulation of a response. Among such factor are :

- (1) A lack of foreign language capability.
- (2) A lack of familiarity with a foreign company or product.

- (3) A lack of information.
- (4) The delay in decision making process by Japanese companies.
- (5) The preference for personal contact.

c. Strategies for export promotion

For the sales promotion in the Japanese market, we should take following strategies:

- (1) Marketing Mission : Marketing Mission comprising private sector entrepreneurs/exporters has a very useful tool in familiarizing Bangladeshi exporters with the buying pattern and consumer preference in Japan. More such missions need to be organised on a regular basis in potential areas where Bangladeshi products are likely to have access to the highly competitive Japanese market. Initiative may also be takes by Export Promotion Bureau (EPB) and important product associations to organize ‘buyes-seller meet’ and ‘contact promotion programmes to popularise and to build image for exporting Bangladesh products in the Japanese market.
- (2) Training, study tour, market survey: Training, study tour, market survey, should give more priority for export promotion, as they are extremely vital to the development of understanding of the Japanese

market in general and trading practices, product development needs, quality requirements, tariff and non tariff rules, etc. in particular. Japanese trade promotion agencies like JETRO, JICA, AOTS are rendering assistance in this regard.

- (3) Participation in Trade Fairs: Bangladesh should regular participate in Trade Fairs for promoting export trade. Besides Export promotion Bureau (EPB) should organize more single country Exhibitions in important cities of Japan from time to time.

4. Utilizing services of Japanese experts : Bangladesh seeks the services of Japanese experts for development of her exportable to the Japanese market. Such service of Japanese experts are usually procured by EPB through JETRO from time to time. The sectors which utilized the services are include silk fabrics, apparels, leather products, shrimp cultivation, electronics items, ceramic tableware, jewellery, handicrafts and footwear. More experts should be procured to help assist product development and adaptation for Japanese market.

5. GSP Scheme : Bangladesh is a beneficiary of Japanese GSP Scheme which is entitles to preferential duty treatment in a wide number of product areas. Export Promotion Bureau and leading chambers of commerce and industry should disseminate this information to the business community

through seminars and workshops, so that they could take advantage of this favourable situation .

Japan has largest market of the worlds the scope of opportunity in this market has grown to substantial proportions. In terms of the strength of the economy and purchasing power of the consumers, Japan is rated as one of the most important market for exports. Bangladesh has been pursuing market oriented liberal trade policies for a long time. The private sector of Japan should take advantage of this liberal and trade friendly atmosphere to come closer to Bangladesh counterparts and setup export oriented industries in Bangladesh for expanding export to Japan which will eventually lead to the development and diversification of export trade to Japan.⁴⁰

JAPANESE INVESTMENT IN BANGLADESH

As a developing country, Bangladesh welcomes flow of foreign investment in the country for an introduction of new technology to help improve the job market and the economic growth. From 1980 onward, Bangladesh has continuously liberalized its investment of industrial policies, especially in the case of FDI. In 1980, Board of investment (BOI) was established to by pass red tape and started a one step service to investors. In 1984, BEPZA (Bangladesh Export Processing Zone Authority) was established. In 1986, Bangladesh signed some International agreements and memorandum of understanding (MOU) to safeguard foreign assets in the country.⁴¹ The industrial policies 1982 and 1991 gave importance on de-nationalization, privatization, marketization and globalization of the country⁴². Foreign investment in Bangladesh was encouraged either in the direct independent form or through joint venture, on mutually beneficial terms and conditions. There are three major entry points for foreign investment coming into Bangladesh. First, foreign investment is absorbed into the economy directly through establishment of fully foreign own units or through participation in joint ventures. Second, foreign resources were invested in the two Export Processing Zones in Dhaka and Chittagong, The third form of foreign investment which is portfolio investment which is targeted towards the stock market.⁴³

In 1961 Japan's first investment was in Bangladesh, a joint venture textile mills. After the independence of Bangladesh, Japanese investment began in 1977 and it accumulated momentum only in late 1980. On April 1998, about 102 Japanese companies from private sector have registered investment proposals to Bangladesh.⁴⁴ In BEPZA, up to June 1998 Japanese investment was \$58 million. And in CEPZ \$56,693,000 million and in DEPZA \$10,87,000 million,⁴⁵

Table-22
LIST OF JAPANESE JOINT VENTURE/100% FOREIGN INVESTMENT PROPOSALS REGISTERED WITH BOI UPTO DECEMBER/98 IN
BANGLADESH

SL. NO	Name & address of the project	Name & Address of the foreign/local participant	Sector	Investment (Taka in million)		Total Project Cost	Present Status
				Local Equity	Foreign Equity		
A	B	C	D	E	F	G	H
1	Alauddin & Taiva Textile Mills Ltd. 86, Moghailuly, Dhaka		Umbrella Cloth	1,897 (73%)	0,701 (27%)	2,598	Existing
2	Bengal Fisheries Ltd. Sadaran Bima Sadan, Sk. Mujib Road Chittagong.	Maruha Corporation Japan	Catching, Canning & Preservation of Sea & other foods	25,500 (51%)	24,500 (49%)	50,000	Existing
3	Shimizu Specialised Fishing Pvt. Ltd. 1025, Agrabad Commercial Area, Chittagong	Shimizu & Co. Nagasaki, Japan	Deep Sea fishing	8,415 (51%)	8,085 (49%)	16,500	Existing
4	BJ Reed Mfg. Co. Ltd. 130, DIT Extension Road, Dhaka	Seto Heromi, 16-10 Gutani, Kono, Nanjogun, Fukuf Pref. Japan.	Textile Spares	3,862 (51%)	3,712	7,574	Existing
5	Ahmed & Hakodate Manurine Fishing Ltd. chittagong.	Kokai Corporation, Japan.	Deep Sea fishing	13,728 (48%)	13,872 (52%)	28,600	Existing
6	Watanabe & Iqbal Engg Col Ltd. BSCIC Industrial Estate, Kellaond, Rangpur.	Hiroshi Watanbe, 2-511 Minamirokugo, Ohtaku, Tokyo, Japan	Metal parts and component of fire hydrent water supply and sanitary equipment	2,750 (55%)	2,250 (45%)	5,000	Introduci on
7	Tokio Mode Ltd. 51, West Rampura, Omar Ali Lane, Dhaka.	Seishiro Takami, Mitsuya International 4-13-5, Akasaka, Minatu-ku, Tokyo, Japan.	Readymade garments	5,860 51%	5,632 (49%)	11,492	Existing
8	Samix Synthetic Laboratory Ltd. 64, East Rampura, Kazi Nazrul Islam Road, Dhaka.	Yaroku Sawada, Kayada 2249 Yochiyo City, chibaken, Japan.	Wooden doors	10,480 (40%)	15,720 (60%)	26,200	Existing
9	Daichi Sangyo Ltd. 116, Gulshan Avenue, Gulshan, Dhaka.	Khazuyuki Matsuka and Ms. Wakana Matsuda of Japan 27-7-3, Chom, Hatagaya Shibuya-ku, Tokyo, Japan	Restaurant	1,200 (15%)	6,800 (85%)	8,000	Existing
10	Sundarban Printing & Packaging (Bangladesh) Ltd. 322/E, East Rampura, DIT Extension Road, Dhaka.	Shizue Shigaof Sundarban Co Ltd. 27-7-3, chom Hatagaya Shibuya-ku Tokyo, Japan	Printing and Packaging	3,825 (51%)	3,675 (49%)	7,500	Existing

11	Toka Ink (Bangladesh) Ltd. 2, DIT avenue, Motijheel commercial Area Dhaka.	T&K Toka Co. Ltd. Japan No.20 Izumi Choi. Itabashi-Ku, Japan.	Printing ink	11 730 (51%)	11 270 (49%)	23 000	Existing
12	Japan-Bangladesh Friendship Hospital Ltd. House No. 27. Road No. 114, Gulshan-2, Dhaka	Dr. Shigeru Suanami. Suganami Hospital, 310-1. Narazu, Okayama, Japan	Hospital/Clinic	21 930 (51%)	21 070 (49%)	43 000	Existing
13	Fuji Enterprise Ltd. 62, East Hajipara, Rampura, Dhaka.	-	Socks	1 494 (40%)	2 241 (60%)	3 735	Existing
14	Jenny's footwear Ltd. 53, DIT Extension Road, Naya Paltan, Dhaka	Hiroshi Isomura & Akiohia Isomura Isomura Building 4F, 2-15, Inado 1 chome. Taito-ku-Tokyo, Japan	Foot wears	6 947 (35%)	12 902 (65%)	19 849	Existing
15	Tokyo Lighting Industries (Bangladesh) Ltd. 68, Purana Paltan, Dhaka.	Madam Haruka Ishikawa, 1-25-4, Nishihara, shibuya-ku, Tokyo, Japan	Tube light	60 508 (80%)	15 128 (20%)	75 636	Introducti on
16	Ishiya Dry cleaning Co. (BD) Ltd. Zaman chamber, 4 th floor 47, Dilkusha C/A, Dhaka-1000.	Shoichro Ishie Fujiawa shi watau-chi 398-5 Kanagawa Ken 251 Japan	Dry Cleaning	8 604 (40%)	12 906 (60%)	21 510	Exiting
17	Kamafully Fertilizer co. Ltd. (KAFCC) 90-91, Motijheel commercial Area, Dhaka. 5 th floor, Dhaka	KAFCC Japan Investment Company Ltd. 12-1, tsurumichuo-2- chome Tsururumi-ku, Yokoham-230, Japan. Phone: 00 81 45 521 1231	Fertilizer (Urea and Ammonia)	9527 602 (43.40%)	12425 398 (56.60%)	21953 00	Exiting
18	Nippon Socks Ltd. 1242, Sant Shewrapara, Dhaka. Factory, South Nawapara. P.O. Tarabo. P.S. Ruggonj, Dhaka Phone: 807103	Takao Iwasawa, Chairman 242, Akiba Cho, Totsukaku Yokohama-shi, Japan.	Socks Mfg. from Yarn.	4 485 (43%)	5 945 (57%)	10 430	under implement ation
19	Niigata Socks Ltd. Office & Factory. 13/1, Golam Mostafa Lane, Dhaka. Phone: 232396, 251668	Takao Iwasawa, Chairman 242, Akiba Cho, Totsukaku Yokohama-Shi, Japan.	Socks Mfg. from yarn.	4 485 (43%)	5 945 (57%)	10 430	under implement ation
20	Nikko Socks Ltd. DIT annex Building 4 th floor, Dilkusha C/A, Dhaka Factory, 1242, East shewcapara, Dhaka. Phone: 2402286 Fax: 880-2-894432	Takao Iwasawa, Chairman 242, Akiba Cho, Totsukaku Yokohama-shi, Japan	Socks mfg. from Yarn.	4 485 (43%)	5 945 (57%)	10 430	under implement ation
21	Delta Steel Ltd. H.B.F.C Building 22, Purana Paltan, Dhaka. Factory Majir char. chittagong Tel: 232767, 867331 Fax: 241147	Shunichi ONO, General Manager, Heavy Machinery Plant Deptt. Manubeni Corporation, 4/2, Ohtem-achi 1 Chome, Chiyoda, Ku-Tokyo, Japan	Cold Rolled steel Coils/sheets(B.P/M.) S Sheets.	30%	70%	3000 000	under implement ation

22	Saitama Socks Industries Ltd. 27, Dilkusha C/A, 5 th floor, Dhaka. Factory House-46, Road-3, Block-B, Section 12, Mirpur, Dhaka.	Takao Iwasawa, Chairman 242, Akiba Cho, Totsukaku Yokohama-shi, Japan.	Socks mfg. from yarn	4,485 (43%)	5,945 (57%)	10,430	under implementation
23	A&I Bagda Hatchery Ltd. Jahangir Tower, 2 nd Flor, 10, Kawran Bazar, Dhaka	Iwao Fukimoto, Chairman, Asian Aquaculture Corp. 100 APO Street, Quecozon City	Shrimp Hatchery	15,868 (40%)	23,802 (60%)	39,670	Existing
24	Knit Products Ltd. 182/A, Asadgonj, Chittagong Factory: Kalurghat Industrial Area, Plot-A-56, Chittagong.	Ryuzo Endo, President, Cosmo Medical Inc. 3-3-3, Hongo Bundo, Tokyo 113, Japan Tel. 03-3815 8001	Industrial Hand gloves	10,775 (50%)	10,775 (50%)	21,550	under implementation
25	Yamato Socks Ltd. 49, Motijheel C/A, Dhaka Factory 68 Y Shilpa Area, Sagonika Road, Chittagong Tel. 862464	Takao Iwasawa, Chairman 242, Akiba Cho, Totsukaku Yokohama-shi, Japan	Socks Manufacturing from yarn	4,485 (43%)	5,945 (57%)	10,430	under implementation
26	Bangla Nac Corporation Kalitola, Dinajpur	Hajime Kaido, Nitron Shinku Chemical Co. Ltd. 20-21, Kushino-Cho, Fuku-City 910-51, Japan.	Plastic Products (Cast Acrylic Pipe)	1,432 (15%)	8,116 (85%)	9,548	Proposed
27	Dhaka Akashia Model Ltd. 2/E 307/B, Khilgaon (Taltola), Dhaka	Kiyoshi Takuda 1-18-21, Fokima, Adachi-ku, Tokyo, Japan.	Assembling of Model Railway	-	1,954 (100%)	1,954	Proposed
28	Cosmo Food Ltd. Vill. Munjitpur, Upa Zilla, Satkhira, Dist. Satkhira.	Kazi Mafzul Haque Cosmo Chest Corporation 302, Corp Takshi-1-29-6, Nishi Kolwa Edogawa-ku-Tokyo, 133, Japan.	Shrimp Culture, Crabs & other fish processing	15,094 (25%)	45,285 (75%)	60,379	Proposed
29	Fumose Industrial Co. Ltd. Baizid Bostami Road, Nasirabad Industrial Area, Chittagong.	Ho Choatseh 3323-6, Takai Toayam-akura Kaqumitakaigun Nagana, Japan	Corrugated Card Board & Cartoon Box	0,440 (20%)	1,760 (80%)	2,200	Proposed
30	Nikko Knitting Ltd. Plot-A-8, Eastern part of BSCIC Industrial Area, Kalurghat, Chittagong	Kiyoshi Taguchi 901, Hirata Cho Tatebayashi City Gunma, Japan	Hand gloves	8,100 (60%)	5,400 (40)	13,500	Proposed
31	Sannitsu (Bangladesh) Co. Ltd. Hossain & Khan Centre, 6 th floor, 13 Dilkusha C/A, Area, Dhaka.	Yoshitaka Onoder, T 326,288, Yatsukunugi Cho, Ahsikaga City, Japan	Optical lens	2,984 (26%)	8,495 (74%)	1,479	Proposed
32	Samix Synthetic Lab Ltd. 104, Kakarail Road, Dhaka	Sawada Yaroku	Resturant	2,728 (40%)	4,093 (60%)	6,821	Proposed

33	Abdullah Corporation 16.4 Mirpur, Dhaka Cantt Dhaka	Nichiman Corporation, Osaka, Japan	Textile Weaving	0.500 (20%)	2,000 (80%)	2,500	Proposed
34	Anandha Fabrics & Garments Industry (Pvt) Ltd. 92, Mirhajirbagh, Post, Faridabad, Dhaka.	Hideaki Tonaka Kita 26, Higashi, 19-3-5, Higasi Ku, Sappora Si, Japan	Fabrics & Knitted Garments	19,720 (58%)	14,280 (42%)	34,000	Proposed
35	Alumitech Ltd. A-8, Chayabithi, Eastern Housing Estate, Central Bashabo, Dhaka.	Akihiro Akino 201-63, Yamakumi Yashiro-Cho, Kato-gun Hyogo-Ken, Postal Code 673-14, Japan	Processing, Refining & Up-Grading of Aluminium Ingot to alloys ingot of International Standard	7.00 (35%)	13,000 (65%)	20,000	Proposed
36	International Textile Mills Ltd. Batali Hills, Chittagong	K. Hayashi, Deputy Senior General Manager, Nichiman Corporation, Osaka, Japan	Intrigated textile mills	233,480 (13%)	1,562,52 (87%)	1,796,000	Proposed
37	Dreamland Garments Pvt. Ltd. 328 (Old-73) Shewtapara, Mirpur, Dhaka.	Furuts Shoji Co. Ltd. 1-17-40, Sama Gyode-shi Saitama Ken, Japan.	Hand Gloves Knitting	4,750 (50%)	4,750 (50%)	9,500	Proposed
38	Sakura Motors (BD) Ltd. Plot # 53, Azampur, Uttara, Dhaka	Oshima Masayoshi 5-39-1 Nijoji Minami Narashi Nara, Japan	Recondition-ing of Two/Three/Four Wheeler Vehicles.	5625 (75%)	1,875 (25%)	7,500	Proposed
39	Surmount International Agency 78, Motijheel C/A, Dhaka.	M.S. Co. Ltd. Mitsucaka Bldg Nakano Ku, Tokyo, Japan	Textile Knitting	0.900 (5%)	17,100 (95%)	18,000	Proposed
40	Marina Ltd. 55, Naya Paltan, Dhaka-1000	Hiroki Agehora, 19-1, Tonokuchi-cho Sabae-Shi, Fukui, Japan	Textile Mill (Weaving, Dyeing, Printing & Finishing)	2,660 (10%)	23,940 (90%)	26,600	Proposed
41	Jenny's Tannery Ltd. 53, DIT Extension Road Naya Palton-, Dhaka-1000.	Hiroshi Isomura Isomura Building (4 th floor)1-15, Imado-1 Chome Taito-ku, Tokyo, Japan	Leather Goods	36,000 (30%)	84,000 (70%)	120,000	Proposed
42	Bex-Maru Polyester Ltd 17, Dhamondi R/A, Road No. 2, Dhaka-1205	Marubeni Corporation, 4-2, Ohtemachi-1-Chome Chiyoda-Ku, Tokyo, Japan.	Manufacturing of Textile Grade pet Chips & Polyester Staple fibre	1996,400 (70%)	855,600 (30%)	2852,000	Proposed
43	Swapneer Bangla Corporation (Pvt.) Ltd. 113, Kazi Nazrul Islam Avenue, Dhaka.	Kazuhiro Corporation Ito, Higashi Yamacho. 2311-33, Kosugai, Aichi-186, Japan.	Knitting Garments (Sweater)	-	70,000 (100%)	70,000	Proposed

55	Itami Socks Ltd. House-4, Road -28, Sector- 7, Uttara, Model Town, Dhaka.	Takao Iwasawa, Chairman 242, Akiba Cho. of Sakaku Yokohama-shi, Japan.	Sock manufacturing from yarn	4 485 (43%)	5 945 (57%)	10 430	Proposed
56	Rony Sakura Socks Ltd. 804, Kamal Ataturk Avenue, Gulshan North, Dhaka.	Takao Iwasawa, Chairman 242, Akiba Cho. Totsukaku Yokohama-shi, Japan.	Socks Manufacturing form yarn	4 485 (43%)	5 945 (57%)	10 430	Proposed
57	Rony Nagano Socks Ltd. 804, Kamal Ataturk Avenue, Gulshan North, Dhaka. Factory: 68, Bundel Road. 1 st floor, Pathergata. Ctg. Tel.885340	Takao Iwasawa, Chairman 242, Akiba Cho. Totsukaku Yokohama-shi, Japan.	Socks Manufacturing from yarn	4 485 (43%)	5 945 (57%)	10 430	Proposed
58	Techno Textile Mills Ltd. 6, Motijheel. C/A, Dhaka Suite # 11, 2 nd floor Factory: North Dariapur. Kaliakoir. Gazipur Tel: 23828 Telex: 880 2 838461	Marubeni Corporation 4-2, Ohtemachi, 1-Chome. Chiyodaku, Tokyo. Jaapan.	Textile Spinning Cotton.	456.50 (85%)	79.50 (15%)	530 000	Proposed
59	Papita (I) Co. Ltd. 53, West Agargaon. Sher-e-Bangla Nagar, Dhaka.	Kunitoshi Sakata Nishi 6-14, Obimizo Hokkaido, Japan.	Reconditioned of two & three wheelers	0.176 (4%)	4.224 (96%)	4 400	Proposed
60	Akita Gloves Ltd. 43, Jail Road, Badarpati, Chittagong Tel: 711622, 620481	Takyao Iwasawa Chairman 242, Akiba Cho. Totsukaku. Yokohamashi, Japan. Telefax: 882-89442	Gloves Knitting	7.955 (43%)	10.545 (57%)	18 500	Proposed
61	Sikai Corporation Ltd. Munjipur, Saikhira.	Hiroshi Nambu, Director Sekai Corporation 1466-9, Komihongo, Matsido-shi, Chiba-271, Japan.	Culture & Processing of Shrimps. Crabs & White fish	1 200 (3%)	38 800 (97%)	40 000	Proposed
62	Aomori Gloves Ltd. 35/D, North Bashaboo, Dhaka	Takyao Iwasawa, Chairman- 242, Akiba Cho. Totsikaku, Yokohamashi, Japan. Telefax: 8802-89442	Textile Knitting (Hand Gloves)	7 790 (50%)	7 790 (90%)	15 580	Proposed
63	Mikawa Gloves (BD) Ltd. Shahjala Complex, 6 th floor 80/4, Siddswari Circular Road Malibagh, Dhaka. 123/1. South Bishul, Road # 10, P.O BD Shaif. Section 1, Mirpur, Dhaka. Tel:-412668, 412695	Takyao Iwasawa, Chairman 242, Akiba Cho, Totsikaku, Hokohamashi, Japan Telefax: 8802-894432	Hand Gloves	4 209 (40.65%)	6.144 (59.35%)	10 353	Proposed
64	Shinano Gloves Ltd. 164/1, Muradpur, Madrasha Road, Jurain, Demra, Dhaka.	Takyao Iwasawa, Chairman 242, Akiba Cho, Totsukaku, Yokohamashi, Japan.	Hand Gloves	11 901 (50%)	11 901 (50%)	47 607 (including L of 23 835)	Proposed
65	MSA Spinning Ltd. Sena Kallan Bhaban 195, Motijheel C/A, Dhaka.	AOI Shoji Co. Ltd. 19-1, Tonokuchi-cho Sabae-City, fuk 916-11, Japan.	Textile Spinning	75 237 (37.028%)	127 950 (62.972%)	285 950 (including L of 81813)	Proposed

66	OTA Engineering & Design Ltd. Rajuk Annex Building, 4 th floor Dilkusha, Dhaka. Fac 1 OR Nizam Road, Chittagong	OTA Minoru, Chairman 55- 4, Harajuku Hidaka shi Saitama Kin, Japan.	Software Development	9,000 (45%)	11,000 (55%)	20,000	Proposed
67	Japan Bangladesh FRP Industries Ltd. Eastern Housing Dokhin Bonosccc. Plot# G-13, Goran Dhaka. Fac: Pata Bhog Sreenagar Munishigonj.	Fumio Hagano S/o Kikuo Higano of Sarrimachi-30, Niromiya Machi Tochigi Ken Japan.	Automobile Parts	15,000 (50%)	15,000 (50%)	30,000	Proposed
68	Hagihara Technology Ltd. Jesik Tower, Room 7, Ground floor, 12, DIT Avenue Extension East. Motijheel, Dhaka.	Yoshinori Hagihara S/O. Sakuzu Hagihara Atlas Matsudo A-703, 1018-1, Kamuyagiri, Mastudo Shi chiba, Japan.	Computerized Automobiles motor workshop	4,000 (50%)	4,000 (50%)	8,000	Proposed
69	Bangladesh & Japan Technology Centre Ltd. 89/1, Kakrail Road Dhaka.	Kimura Tatsuhide, Chairman. 3-1-7, Chiyadaku Tokyo, Japan.	-	25,500 (51%)	24,500 (49%)	50,000	Proposed
70	Ajchli Shishu Hospital Ltd. House No. 2, Road, 34 Sector, 7 Uttara, Dhaka.	Etsuko Yamada, Director 103, White castle 224-1 Vasa-Cho Highashi Ku, Nagova Shi, Japan.	-	25,500 (51%)	24,500 (49%)	50,000	Proposed
71	Sun International (BJ) Co. Ltd. Delwar Complex (1 st floor) Room No. 17-18, 26, Hakhola Road, Dhaka.	Makoto Nagahora, Chairman 1-8-20 Sakaecho Atsugi City Kanagawa, P.O. 243, Japan.	-	1,188 (33%)	2,412 (67%)	12,000 (Including local & Foreign loan)	Proposed
72	Vita Dairy food Industries & Tourism Complex Ltd. House.29, Road, 1, Dhanmondi, Dhaka	Mrs. Okayasu Masae Technical and Overseas Director chugai Camical Co. Ltd. 1217-1, Shimokarako Higashi, Matsuyamshi Saitama-Ken, Japan.	Dairy & Dairy Products	0.420 (12.28%)	3,000 (87.72%)	33,000	Proposed
73	Sakura Food Industries Ltd. Osman Court, 70 Agrabad C/A, Chittagong	Seikichi Iwai Chairman 3- 11-18 Shinmei, Adachi-Ku- Tokyo, Japan.	Food Processing & Packeting	3,120 (65%)	1,680 (35%)	6,000	Proposed
74	Tanaka Co. Ltd. Bailtul Hossain Bildg (9 th floor) Suite# 1002, 27, Dilkusha C/A, Dhaka.	Tanaka Saniko (OK Chool Hoon) Chairman, 3-25-16 Ayase Adachi-Ku Tokyo- 120, Japan.	Plastic items	2,628 (34%)	5,102 (66%)	7,730	Proposed
75	Huemex Dycmg Knitting & Finishing Ind. Ltd. Bailtu Hossam Bildg (9 th floor) Suite # 1002, 27, Dilkusha, C/A, Dhaka.	Mrs. Okchoo Moon 3-25-16 Ayase, Adsachi-Ku Tokyo- 120, Japan.	Knit Fabrics	27,910 (40%)	41,866 (60%)	69,776	Proposed

76	Jein Dhaka Ltd. (Proposed) Dagh No. 1433. Dolipare, Uttara, Dhaka	Kuito Nishimura chairman S/O. Sabura Nishimura 1-979. Kosugigoten Cho. Nakahara-Ku, Kawasaki-Shi Kanagawa, Japan.	Pure Drinking Water	-	45.830 (100%)	45.830	Proposed
77	Mytas Spinning Mills(Pvt.) Ltd. 27, Dilkusha C/A, Dhaka. Sardagonj, Kashimpur, Gazipur.	Mrs. Okchoo Omoon (Tanaka Sumiko) chairman Adachi-Ku-, Ayas-3-25-16, Tokyo, Japan.	Acrylic Spinning Mills (Including Dyeing finishing)	42.280 (42%)	58.390 (58%)	269770	Proposed
78	J.D Ltd. House No. 69, road No. 8/A, Dhanmindi, R/A, Dhaka.	Hiroshi Isomura, Chairman. 2-1 Imado, 1-Chome tatito-Ku, Tokyo III, Japan.	Leather Goods Shoe Sole and Others	4.000 (50%)	4.000 (50%)	28.000	Proposed
79	International 21 Japan Ltd. House 53, Road, 18, Section. 3, Uttara, Modele Town, Dhaka.	Mr. Masakuni Yoshimoto Managing Director S/o. Late oshio Youshimoto Minato-Ku, Hamamatsu-Cho 1-4-8, Room-213, Tokyo, Japan.	Amusement park and tourist Point	-	1474.100 (100%)	1974.100	Proposed
80	Juki Bangladesh Ltd. Off. Sharif plaza (4 th floor) 39, Kamal Ataturk Avenue, Banani, Dhaka.	Mr. Noriaki Saroto Manging Director Juki Singapore Pte Ltd 159, Sing Ming Road, 03-07 Amitech Building	Installation, Servicing, repairing & Maintenance Workshop	2.500 (62.5%)	1.500 (37.5%)	4.000	Proposed
81	NDI International Ltd. off. J&J Manston(3 rd Floor), House-2, Rd- 13, Dhanmindi, R/A, Dhaka.	Mrs. Masacendoh, chairman, 1-26-8-101, Khakingi zaka, Meguro-ku, Tokyo-152, 0022, Japan.	Construction Industry	96.900 51%	93.100 (49%)	190.000	Proposed
82	Uttara Iotex Spinning Ltd. off. 39, Dilkusha, C/A, Dhaka	Itochu taxmac corporation Osaka-541-0054, Japan.	Textile Spinning Industry	210.000 (70%)	90.000 (30%)	923.520	Proposed
83	Dohar Pinners Ltd. Off. Bailly vista apartment no. 4C, 6, Siddeswari Lane, Dhaka.	Mr. Kousuke Nakade Chairman of Ni-1-21, Atakashi(0Machi Komatsu-Shi, Ishikawa-Ken, Japan.	Textile Spinning and Sizing.	142.565 (50%)	142.565 (50%)	589.800	Proposed
84	Vita Dairy Food Ind. & Tourism Complex Ltd. Off. H # 29 R # 01, Dhanmindi, Dhaka.	Mrs. Okayasu Masae Director chugai Camical Co. Ltd. 1217-1, Shimoiarako Higashi Matsuyamashi Saitamapken Japan.	Automobile Services & Repair centre	0.600 (24%)	1.900 (76%)	10.000	Proposed
85	Vita Dairy Food Ind. & Tourism Complex Ltd. H # 29, R # 01, Dhanmindi, Dhaka.	Mrs. Okayasu Masae Director Chugai Camical Co. Ltd. 1217-1 Shimolarako Higashi Matsuyamashi Saitamapken Japan	Hotel & restaurant	1.250 (20%)	5.020 (80%)	31.350	Proposed

86	Vita Dairy Food Ind. & Tourism complex Ltd. H # 29, R# 01, Dhanmondi, Dhaka	Mrs. Okayasu Masae Technical and Overseas Director Chugal Camical co. Ltd. 1217-1, Shimokarako Higashi Matsuyamashi Saitama-Ken, Japan	Amusement Park & Tourist Point	6.260 (40%)	9.400 (60%)	78.500	Proposed	
87	Bangladesh Micro Eye Bar cord center Ltd. 6/1, Horsath Ghosh Road, Lalbageh Dhaka	Mr. Toyokazu Suzuki, Managing Director, Sumidaku, Kamiyawa 4-16- 7, Tokyo, Japan.	Bar cord service (Service Industry)	-	4.200 (100%)	4.200	Proposed	
88	Hotel Lake palace Ltd. House # 2E, Road, # 29, Gulshan-1 Dhaka.	Mr. Masaru wada Managing Director, Universe Incorporation of Room # 707, 101, Edomachi, Chuo- Ku Robe-city 650-0033, Japan.	Hotel and Motel	11.3000 (55%)	9.000 (45%)	20.000	Proposed	
Total							TK. 33182.820 Million Eqvt. to U.S. \$ 677.200 ml.	

Source : Board of investment in Bangladesh.
Jiban Bima Tower.+
10, Dilkusha C/A,
Dhaka-1000
Banglades.

Table 22 shows that list of BOI from 1972 to December, 1998, 88 Japanese companies invested in Bangladesh through BOI. It was amounted of taka 33182820 million or U.S. \$ 677.200 million.

Table 22 also clearly indicates that among the 88 enlisted Japanese, companies 17 are working and 7 are under implementation and other 63 Japanese companies proposed their investment proposals to BOI in Bangladesh.

Beside this, among the workable 17 Japanese companies, three are involved in Deep Sea fishing and Shrimp culture, crabs and other fish processing, Industries, One is catching, canning and preservation of Sea and other foods One in Textile Spares Industry, one water supply and sanitary equipment industry one Readymade Garments industry, one wooden doors industry, one corrugated card Board and cartoon Box industry, one Restaurant, one printing and packaging industry, one printing ink industry, one hospital, one socks, one foot wears industry, one dry cleaning, one Fertilizer (Urea and Ammonia) industry and one Shrimp Hatchery.

Among under the implementation of 7 Japanese companies, fives are Socks Mfg. from yarn industries, one cold Rolled Steel coils/Sheets (B.P./M.S. Sheets) industry, one Industrial hand gloves industry.

On the other hand, among the 63 proposed Japanese companies through BOI, up to December, 1998, most of them are, Textile Industries, Socks Mfg. from yarn industries, Hotel, Building industry etc.

Table-23

Japanese Investment in CEPZ (as on June 1997)

SL. NO.	Name and address of the Project	Name and address of the Japanese company	Sector/Product
1	BMS Co. Ltd. Plot. # 1-6, Set.# 4, CEPZ.	912 Nonakacho Tochigi Tochigi.	Ropes
2	BD Sibu Electric Ind. Co. Ltd. S.S.-7, CEPZ	Sibu Electric Ind. Co. Ltd. No. 23-2-1 Chome Naxadai, Itabashi-Ku, Tokyo.	Electrical Goods
3	Meiji Industries (Pvt.) Ltd. Plot # 40-41 S.# 4, CEPZ	Seisakusho Co. Ltd. Kitayangi, Cho I-14-2 Tochigi-dey, Tochngi	Reak, Joint connector Joint Hose and plus Screw.

4	Kuroki Chain BD Co. Ltd.	Showa Kikai Shoki Co. Ltd. 23-3-1, Chose, Kitakagaya-Cho Suminoe-Ku, Osaka,	Steel Chain
5	Mamiya-Op(Bangladesh) Ltd. Plot # 33 to 46 Sector, 3,CEPZ	Mamija Op Co. Ltd. 10-13-1, Nishibori, Urawashi, 338 Saitama-Ken	Fishing Reel, Golf club Sheft.
6	Sigma Bangladesh Co. Ltd Plot # 29 to 32 Sector # 3, CEPZ	Sigma Manufacturing Ltd. 339 Niihori kawaguchi city, Saitama.	Automobile parts.
7	Sanko optical (BD) Ltd. Plot # 20 to 22, Sector # 6, CEPZ.	Sanco Optical. Co. Ltd. 12-33-2 Chome. Yakumo Tomobe-Machi, Nishi-Ibaraki, Ken, 309-17, Ibaraki-Gun	Camera

8	Yaita Kouki Co. (BD) Ltd. Plot # 9 and 10 Sector # 2, CEPZ	M/S. Yaita kouki co. Ltd. 1724-3, Narita, Yaita city Tochigi-pref	AC/DC Fan Motor.
9	Cosmo (BD) Ltd. DS-2, (Groud Floor) CEPZ	Cosmo Inc. 787, Maeta-Kurobane Town-Nasu-Gum, Tochigi-pref.	Camera lens.
10	Dream Bangle Garments Ltd. DS-1, (First Floor). CEPZ	3-7-1, Tono-Machi Ichinomiya city.	Inmate Knitwear.
11	Atlantic Standard Times Plot # 19-20 Sector # 4, CEPZ	-	Fishing Reel Components.
12	Optonix co. (BD) Ltd. Plot # 23-24, Sector # 05, CEPZ	Oplonix co. Ltd. 4- Chome Nizashi 352. Saitama.	Indicator Lamp Multiled Lamp Pilot Lamp.
13	Nissin Electronic Co. Ltd. Plot # 23-24, Sector # 05, CEPZ	9-6, Toneri, 4- Chome Adachi- KU, Tokyo.	DC Fam and Electric Parts.
14	M.R. Union (BD) Ltd. Shanawaj Bhaban, 4 th Floor,	2-11-12, Saiwaicho Kawaguchi-Shi	IC's copper Brass and

	9-C/A, Motijeel, Dhaka.	Saitiama-Ken.	other Metal.
15	Chugai optonics Co. (BD) Ltd. DS-3, Ground Floor CEPZ	2-15-13 Tsukishima Chuo- KU 104, Tokyo.	Optical instruments and parts.
16	Alumitech Ltd. A-8, Chayabithi, Housing Estate Central Bashabo, Dhaka.	-	Aluminum Ingot.

Source: BEPZA.

Table-24

Japanese Investment in DEPZ (as June 1997)

SL. NO.	Name and address of the Project	Name and address of the Japanese company	Sector/Product
1	Savar Industry (Pvt)Ltd. FS-SFB-1 (Ground Floor) DEPZ	Isomura Bldg(4th Floor) 2-50 Imado, 1-Me Chometataito-Ku Tokyo, Japan.	Shoe and Shoe upper leather
2	Suprex Inc. Ltd. Plot # 122, 123, DEPZ Savar.	Takasi Bancho.1 Bankan Bldg. 6 Bancho-1 Chigoda-	Crystal Blank

		Ku 102, Tokyo.	
3	Nippon Micro Devices (BD)Ltd. FS-SFB-2, Ground Floor (West wing), DEPZ	Sumi Tomo Takada Baba Bldg. Nishi Waseda Shinju Ku-Ku,Tokyo-162,	quartz crystal
4	Nagoa (BD) Ltd. Section # 6, Block # D, Lane # 11, House # 13, Mirpur, Dhaka.	Khozoki 1806-8, Oaza-Seke-Cho Suzukja -gun, Micken.	Wheel Ring Steel Alloy.

Source : BEPZA.

Table 23 shows that up to June 1997, 16 Japanese companies are working at the CEPZA. With the 16 Japanese industrial units of Chittagong export processing zone area, 14 are fully owned by Japanese investors and other two are jointly with the Bangladeshi entrepreneurs.

Table-24 shows that up to June 1997, 4 Japanese companies are working in Dhaka export processing zone area. With the 4 Japanese Industrial units of Dhaka export processing zone area, all of them are fully owned by the Japanese investors.

Observation about the foreign investment Climate in Bangladesh.

In order to assess the actual investment climate in Bangladesh, I have conducted an independent field survey based on the following criteria:

- (1) Person have been selected on the basis of the position who are related with Japanese investment procedure of Bangladesh
- (2) In order to evaluate actual investment scenario at micro level, I interested concerned persons of different institutions.

Methodology of field survey:

As expressed earlier, the main objective of the field survey has been to assess the present investment environment in Bangladesh from the Japanese investment Agencies point of view. More particularly the current study is interested in exploring the decision making variables which prompted foreign investment to investors in Bangladesh and their influence in the decision making process of the potential Japanese investors.

Secondly, the field survey aimed at exploring how the Japanese and Bangladesh investment Agencies assess the investment environment in Bangladesh. During my study I wanted to know from Japanese and Bangladesh investment agencies as to the Japanese investors envisage the availability and effectiveness of these decision making permeation. Despite various efforts undertaken by the Government of Bangladesh in recent years,

the actual Japanese investment inflow in Bangladesh is very low compared to the total investment of the country. Besides negative perception image which discourages Japanese investors to consider Bangladesh an attractive place for investment, there are various obstacles which the investors confront when they go for actual operation, thereby hindering the further Japanese investment in Bangladesh.

Some of the impediments originate from economy's structural rigidities and bottlenecks and some are policy induced and due to lack of administrative efficiency and effectiveness. Against this backdrop, one of the main objectives of the survey was to explore the various forms and nature of the obstacles they face starting from the very initial phase when Japanese investor thought to invest in Bangladesh. At the same time the Japanese investors response to these various obstacles have been sought which might be very useful for further policy formulation to attract Japanese investment. I individually conducted and accordingly interviewed persons of different offices of Dhaka during the month of March 1999. The data, obtained from the field survey, were scrutinized, cross-checked, grouped, coded and re-coded and a data-base was created in computer. Later using various statistical techniques data were analyzed and the summary of the finding have been presented in the form of tables.

Table-25

Assessment of Investment Environment in Bangladesh.

Criteria	Better	compar able	Worse	Indiffer ence	Total
Sanctioning and Operational Procedure	13%	25%	37%	25%	100%
Legal aspect.	6%	25%	39%	30%	100%
Infrastructure and power	9%	9%	72%	10%	100%
Financial Services	5%	59%	6%	30%	100%
Price and quality of labor	9%	34%	22%	35%	100%
Fiscal and other incentives	17%	63%	-	20%	100%
Trade and investment policies	7%	68%	-	35%	100%
Complementary industries and services	6%	-	50%	45%	100%
Supporting institutions	6%	40%	24%	30%	100%
Information and promotion services	11%	39%	70%	10%	100%
Political environment	7%	10%	53%	30%	100%

Source: Field survey by the researcher 1999

The table- 25 shows the comparative assessment of investment climate in Bangladesh by Japanese investors. At macro level, table 25 also shows that except trade and foreign investment polices, price and quality of labour, fiscal and other incentives and financial services in other areas of Foreign direct investment environment, Japanese investors response depicts an unfavourable investment environment in Bangladesh.

Of the total number of respondents, about 37% reported sanctioning and operational procedures worse compared to other countries. Again 39% of the respondents believe that the legal aspects of Japanese investment is in worse condition than the other countries. 72% believe that power infrastructure and utility services are worse in Bangladesh. 70% of the respondents expressed their views that Information and promotional services are not favourable for Japanese investment in Bangladesh. While 48 % replied that political environment is responsible for the low Japanese investment in Bangladesh.

Table-26

Obstacles to further Promotion of Japanese investment in Bangladesh.

(EPZ Area)

Obstacles to further Promotion of Japanese investment in Bangladesh	
Information and Promotional services	67.5%
Administrative and operational Problems	17.5%
Legal Problems	10%
Land infrastructure power and utility services	74.2%
Problems related with financial services	35%
Problems related with import of raw materials	8%
Problems related with labor productivity	42.55%
Problems related with labor Management	35.7%
political environment	40%
Others (Education and Language) /country image	89.55%

Source :Field survey by the researcher : 1999

Table-27

Obstacles to furthers promotion of Japanese investment in Bangladesh.

(Non-EPZ area)

Obstacles to furthes promotion of Japanese investment in Bangladesh.	
Information and promotion services.	75%
Legal poblems.	71.05%
Administrastive and operational problems.	57%
Land,infrastructurs, power and utility survices.	74.05%
Problems related with financial survices.	57.50%
problems related with import of ran materials and capital machinerics.	34.04%
Problems related with labor productivly.	59%
problems related with labor management.	70%
political environment	48%
Others(Educational and Language)/country image	93%

source : Field survey by the researcher. 1999

Table : 26 and 27 shows the obstacles which are currently impeding further promotion of Japanese investment as identified by the offices of the Japanese and Bangladesh investment agencies.

Table-26 also indicate that the EPZ area to present political environment is not conducive for further promotion of Japanese invest in Bangladesh 40% believe, 74% responsible for the level of infrastructure development, 65% are responsible for the level of information and promotional services.

Table 27 shows the 48% identified current political environment as the principle obstacle for further promotion of Japanese Investment. Beside this, the information and promotional services, Land infrastructure, power and utilities, legal problems, productivity of labour , financial services, bureaucratic problems related with fiscal issue, labour management and problems related to importing inputs in subsequent order. Table- 26 and 27 also show that, present political environment, lack of information and promotional services and poor infrastructure can be mainly attributed to the principal impediment for Japanese investment. But the non-EPZ areas investors are, confronting with the problems of administrative complexities, poor productivity of labour, etc.

Perception of the Japanese people

The Japanese people have poor image about Bangladesh, particularly because of its poverty and frequent natural calamities. They are also poorly informed about the existence of competent educated class, doctors, engineers and administrators. They do not know much about road and communications, hotel and residential accommodations, life and leisure, and so on. The average Japanese knows about Bangladesh from the news dispatches of the western agencies which largely focus on the negative aspects of the society and economic and poverty of the people⁴⁶

Views of the Japanese firms in Bangladesh:

An investment climate survey among the Japanese firms in Bangladesh was held at Japan Desk, BOI, March, 1997. According to survey the investment trend between the 1980's and early 1990's from Japan did not continue due to three main reasons which are: (a) Flood and cyclone of 1991 that seriously affected many Japanese investment in chittagong, (b) continuous political disturbances (general strike or hartal) which created very bad image among the prospective investors in Japan and (c) Relatively poor infrastructure which can not attract foreign investment in the country.

Major findings of the survey of the respondent companies mentioned about the image problem of the country, and opined that the main points of negative image are political instability, repeated 'hartals' and inefficient economy with red tapism. They mentioned about non availability of trained manpower, underdeveloped infrastructure, absence of any type of entertainment facilities for foreigners, small domestic market and meager purchasing power as impediments to attract foreign investment. Many have pointed out the discontinuation of policies/programs committed by the previous government and unreliability in application of rules and regulations of the government.⁴⁷

Views of the Japan-Bangladesh committee for commercial and economic co-operation

40 members delegation led by uzuhiko uwatako, president of the Japan-Bangladesh committee for commercial and economic co-operation from Japan met local entrepreneurs and businessmen on 12th February, 1999, cited a number of factors which, according to them, prevented large scale Japanese investment in Bangladesh. These included inadequate supply of electricity, gas, water and poor infrastructure and transport facilities.⁴⁸

What are the favorable factors that should attract the Japanese investment in Bangladesh.

There are some favorable factors which may help to attract the Japanese investment in Bangladesh.

First of all, Bangladesh is a homogenous society, and therefore, theoretically, it is an advantageous position to pursue its economic goals and attract foreign investors unhindered by complicating linguistic or racial factors.

Second, In Bangladesh, the cost of production is less than that of any other country of the world. “Ample scope and opportunities also exist in Bangladesh for foreign products. (The South Asian Free Trade Arrangement (SAFTA) is also there to provide the willing entrepreneurs to invest in Bangladesh.

Third, Bangladesh adopted a liberal trade policy to live with the open market economy for our development in the economic sector.

Fourth, the Government has set up a Law Reforms Commission to come up with proposals to modernize the legal system fortify the rule of law. These

developments will encourage more investments because of the guarantees of security inherent in them.

Fifth, a number of agreements on investment procedures of Japanese fund in Bangladesh and Japanese loan , utilization were signed.

Sixth, Bangladesh and Japan signed an investment protection and promotion agreement between Bangladesh and Japan for the Japanese investor.

Seventh, The South Asian Free Trade Arrangement (SAFTA) is also there to provide the willing entrepreneurs to invest in Bangladesh. The countries in South Asia have decided that by the year 2005, they will implement (SAFTA) which will make this region a fabulously big and rich market.

Eight, Geo-graphical location of Bangladesh is suitable for establishing export oriented industries. The country has easy access to the largest consuming market, in the Middle-East. Our country is also well-connected with U.S.A. Europe and other Asian countries by air and sea.

Ninth, Historical relation of the two countries are positive for the Japanese investment of the country. During the past centuries Bengal played a historical role in bringing Japan close to the people of South Asia, Bangladesh symbolises those historical links with Japan.

Finally, Bangladesh Export Processing Zone authority (BEPZA) which handles all affairs related to EPZ's. The EPZ's are free of the political economic and policy changes. EPZ are also not affected by the political situation, and the new government did not discourage the incentives and policies of the previous government. Rather the new government publicly assured all investors that the policies would not be changed and incentives would be more liberalized and fulfilled them on schedule.

How to attract the Japanese investment in Bangladesh?

Japan is an important development partner of Bangladesh. But the Japanese investments in the country are not so high. There are several obstacles to invest in Bangladesh. It is a important question for us that how we remove this obstacle and make a good investment environment in the country. About the improvement of the Japanese investment in Bangladesh, President of the Federation of Bangladesh chambers of commerce and industry (FBCCI) Mr. Abdul Awal Minto said, “ We need to give importance on five things: First, making investment policy. Second, build up investment climate in the country. Third, establish long- term political and stable government. Fourth, proper and smooth implementation of the industrial policy. Fifth, remove labor union from the industry.”¹⁹

Different Japanese Firms and Japanese commercial Association give their different views about improvement of the investment atmosphere of the country.

Views of the Japanese Firms in Bangladesh :

An investment climate survey among the Japanese Firms in Bangladesh, held at Japan Desk. BOI in March 1997. The interviewed firms gave a lot of suggestions and recommendations for improvement of investment climate in

Bangladesh. The following are their recommendations :

- (a) BOI backed up by the Bangladesh Embassy in Tokyo may consider to conduct aggressive propaganda and publicity through press, organizing seminars/symposiums, advertisement in television and prestigious newspaper and magazine and participation in trade fairs to build a positive image of the country.
- (b) To improve the image of Bangladesh and for better understanding of the country by the Japanese investors, BOI under the auspicious of the Bangladesh Embassy in Tokyo may consider to organize fact-finding missions to Bangladesh including the press from important newspapers, business magazines, television and other important media of Japan.

- (c) Since Bangladesh is still not well-known among many small and medium size investors of Japan, more emphasis may be given to its publicity in local cities like Sendai, Yamagata, Koriyama, ohta, Nagoya, Toyama, Yokohama, Nagano, Hamamatsu, Gifu, Higashi, Osaka, Wakayama, Himeji, Fukuoka etc., where small and medium scale industries are concentrated.
- (d) Conducting business mission from different chambers and business associations of Japan to give them the opportunity to know the actual business potential in Bangladesh.
- (e) Publication and wide distribution of different types of promotional books in Japanese language including travelers guide among the potential investors of Japan.
- (f) Improvement of basic infrastructure like uninterrupted supply of electricity, easily attainable telephone and gas line, and water supply, both in quality and quantity.
- (g) Setting up liaison office of BOI in major cities like Tokyo and Osaka to provide appropriate and quick services to the Japan investors. In this regards, co-operation may be sought from the chambers of commerce and industry of Tokyo and Osaka. BOI may also move for posting of its officials in the proposed overseas offices of local Sonali Bank and Janata Bank in Japan.

- (h) Continuity of policies committed by the previous government.
- (i) Shortening the flight route between Bangladesh and Japan by introducing direct flight between Dhaka and Tokyo.
- (j) More investment in backward linkage industries should be encouraged for supporting technically developed industries.
- (k) Review of outstanding laws and institution to be updated in observance of rules/decrease
- (l) Bangladesh currency 'Taka' should be made fully convertible.
- (m) 'One-window service' or 'Package services' facilities for the investors should be effectively introduced.
- (n) Much effort and resources need to be put into human resource development and proper attention be given for upgrading the standard of education.
- (o) Expedition and simplification of custom formalities for incoming and outgoing machinery and products at Dhaka and Chittagong.
- (p) Bank service for handling of foreign companies and funding of foreign companies and funding of foreign investment project must be made more efficient. Introducing of guidelines by the government

aimed at faster service in the Banks through changing operational systems and improving staff efficiency.

- (q) The responding companies recommended to change the official weekly holiday from Friday to Sunday for the greater interest of boosting business and trade activities both locally and internationally.
- (r) Creation of facilities for comfortable living by the foreigners who stay longer in the country.
- (s) Finally, as a concluding remarks, many companies mentioned that the country needs to come to a general consensus for ensuring uninterrupted production process in foreign and joint venture companies. This is critical for attracting more Japanese investment in Bangladesh. Commitment from the government by creating a congenial investment atmosphere and effective investment promotion drive by the investment promotion officials of the government is a must for a successful investment promotion.⁵⁰

Views of the Japanese Commerce and Industry Association in Dhaka:

Suggestions by Japanese commerce and Industry Association in Dhaka to promote the Foreign Direct investment to Bangladesh on 5, November, 1987. They said, the various difficulties are still existing and create barrier to

encourage the potential investors. The political disturbances in 1995 and 1996 gave Bangladesh the bad Image of political instability. If Hartral or other political activities interrupt the economic activities again, the foreign investors would not consider the opportunity to invest in Bangladesh. We have some suggestions about the promotion of the Foreign Direct investment to Bangladesh:

- (1) Improvement of Administration :
 - (a) The regulation and its procedure should be transparent, so that the foreign investors could find no difficulty to follow that rules. However, in Bangladesh, Division/Agency responsible for permission and/or registration are not clear enough and it takes time just to know the concerned Division/Agency. In addition, the duration for permission and/or registration is also uncertain and it takes time to complete- the procedure. Several interpretations of a regulation/rules cause a lot of arguments. The procedure for import, particularly pre-shipment inspection as well as the custom clearance, is very much complicated and it is time consuming.
 - (b) Continuity of the policy should be secured so that the foreign investors could be confident with their future prospect along with the policy. However, in Bangladesh, the major assumption of the

investment plan, such as the duration of tax holiday or the duty on the major equipment was modified adversely to foreign investors.

The sudden change of regulation and procedure, e.g. 2 days holiday a week, price increase of petroleum etc. Without Prior notice or detailed explanation, increases the impression of uncertainty regarding the policy continuity. Often change of Senior Officers also creates the inconsistency of policy.

2. Improvement in the Finance Sector:

- (a) Foreign Exchange operation should be done with international standard. This will make the foreign investors more confident to make the active transaction. However, in Bangladesh, it takes more than 3 weeks to settle L/C. between the banks, not 2/3, days if ICCU rules are strictly followed. Forward currency market, which is useful to minimize the future exchange risk as far as the due consideration on speculation is taken, does exist but not actively functional because of lack of organizational and procedural arrangement.
- (b) Commercial banking as well as capital market for the medium and long term financing should be strengthened, so that the foreign investors can mobilize the fund to meet the large scale investment. However, in EPZ, ban on the domestic borrowing to 100% foreign owner company causes the shortage of working capital. The bank's

usual request to deposit the full amount for issuing L/C, at insurance is the huge burden to import the material for export production. The rule for the capital market, such as disclosure of the company profile, standard for listing the share in DSE/CSE for foreign joint venture, is not clear. For future development, circulation market of bond, particularly TB and BB is to be established.

3. Improvement of infrastructure

- (a) Major infrastructure should be developed or firmly be expected or be developed, So that the foreign investors could never face the difficulties caused by the interruption and/or poor quality of services. However, in Bangladesh, power supply to eliminate the load shedding, container handling capacity of chittagong port to secure the smooth import and export operation or global transportation in the country are not sure to be improved with the clear time frame.
- (b) Capital City transportation should be well managed, so that the potential investors to make reconnaissance could have the confidence of the government policy and people's standard. However, in Dhaka, sever traffic congestion is caused by the low moral driving, uncontrolled car parking, slow moving transportation, mainly Rickshaw, etc. to avoid the efficient economic activities.

(c) Tariff collection should be rationally done, so that the unexpected amount of money could not be requested to the foreign investors. However, in Bangladesh, illegal activities (illegal telephone line usage, non-technical system loss of various utility etc.) are often observed but not so strictly penalized. Billing method is not systematic nor rational and it allows people to cheat, particularly natural gas and water supply.

4. Strengthening of BOI and BEPZA

Reliable organization for foreign investors should be authorized for most of issues relating to the investment, so that the foreign investors can always contact those authorities to finalize their investment. However, in Bangladesh, the real “one stop services” of BOI and BEPZA is not established. For example, the basic statistical data for investment in Bangladesh including information concerning the basic business activities of Bangladesh companies to find the good local partner, is not available. Land acquisition must be discussed with various responsible authorities. The permission of individual sector is not well informed by BOI/BEPZA.

5. Improvement of living environment of foreign investors:

Living environment should be improved so that even the families of foreign investors could feel it comfortable to stay for long time. For

the improvement, following measures should be considered to attract foreign investments in Bangladesh.

- (a) Warehouses should be opened to the foreigners who do not have the pass book with the due duty and taxes which may also bring the extra tax revenue to the government of Bangladesh. The same system is introduced in Myanmar and Vietnam.
- (b) Foreigner's leisure facility such as golf course, swimming place, jogging place, shopping center for high quality and fixed price goods etc. should be expanded.
- (c) Fuel material (e.g. petroleum, lubricating oil, part etc.) sales should be strictly controlled to indicate the confidence of the market.
- (d) Preventive measure against pollution, particularly air pollution and waste management in Dhaka, is to be taken as soon as possible.
- (e) In order to strengthen the quality of men power, the government budget and expenditure for human development should be expanded.
- (f) "Country Image-up campaign" should start, such as cleaning of airport area, making the home page of the country at internet communication etc.⁵¹

Views of the Japan Bangladesh committee for economic co-operation from Japan:

Development of small and medium enterprises (SME), in the private sector in Bangladesh, get top priority when 40 members delegation led by uzuhiko uwatako, president of the Japan Bangladesh committee for commercial and economic co-operation from Japan met local entrepreneurs and businessmen on 12 th February 1999. The Japanese delegations maintained that negative investment factors could be removed through close co-operation between the two countries.⁵²

Conclusion

In conclusion, we see that the pattern of the last two decades and a half of Japan-Bangladesh economic relation was favorable and conducive to the socio-economic development of Bangladesh. During 1971/72 to 1996/97 Bangladesh received from Japan \$ 4936.001 million. It was 15.43% of the total foreign aid. Japanese ODA played an important role in our development. Through ODA grant, JICA improved and strengthened our social infrastructure for promotion of investment and external trade rural development and improvement of production of agriculture, environmental development (including flood protection), human resources development and contributed largely to help solve our basic human needs.

OECD had contributed to social and economic development through provision of ODA loans for infrastructure development in a wide variety of sectors, including transportation, electric power, and social services such as water supply and sewerage in Bangladesh. Besides, ODA loans were very soft loan, which is very much needed for our country's development. Japan is the largest trade partner of Bangladesh. During the 1996/97, Bangladesh export to Japan was \$ 376.3578 million goods and during 1994/95. import was \$ 23,58.10 million goods from Japan. Moreover Japan was the largest investor in Bangladesh export processing zone area (BEPZA). During the 1985 to

June 1998. Japanese investment was \$58 million in BEPZA.⁵³ Commenting on the prospect of Japan-Bangladesh economic co-operation, Bangladesh Ambassador in Japan Rashed Ahmed said, “ I see the prospect is good. A high degree of good will has been established at the highest level. There is appreciation of our government in trying to give democracy an institutional shape and necessary reforms for our economic development”⁵⁴

CHAPTER-VI

SUMMERY CONCLUSIONS & RECOMENDATIONS

Japan is a one of the richest and industrially developed countries of the world. On the contrary, Bangladesh is a developing country with backward economy. She epitomizes almost all the features of an underdeveloped country. Since independence, Bangladesh has been struggling hard to over-come her crisis of development. She has been dependent on the industrially developed countries for aid and assistance to meet her challenging socio-economic problems. Of the industrially developed countries, Japan has become the major source of foreign aid for Bangladesh. It is to be mentioned that historically the relation between Japan and Bangladesh has been very cordial.

After the liberation war, Japan was one the first countries in the world to recognise Bangladesh on February, 10, 1971. Both Japan and Bangladesh have identical views regarding foreign policy objectives. Both the countries have the same vision like, peaceful nuclear free wold. Both are the signatories to the N.P.T. Bangladesh and Japan believe that money spent on armament should be diverted to the welfare sectors like primary health, education and fulfilling the basic needs of the people. Both the countries play important role in peace keeping mission of the UNO.

During the last two decades and a half, several top level leaders of both the countries exchanged their visits. The leaders who visited Japan were the Prime Minister Sheikh Mujibur Rahman, President Ziaur Rahman, President H.M. Ershad, Prime Minister Begum Khaleda Zia and Prime Minister Sheikh Hasina. The Japanese leaders who visited Bangladesh were Prince Akihito, Foreign Minister Mr. Lichiro Hatoyama, Prime Minister Toshiku Kaifu. The leaders of both the countries exchanged their views on wide-range of subjects of common interests. The areas of interests covered international, regional and national bilateral interests. Besides, Japan played an important role in the U.N.O, for the membership of Bangladesh. In 1972, when Bangladesh submitted her application to the United Nations for membership, the Japanese delegation made the balance in her favour and she was able to win 11 out of 15 votes. Moreover, on specific issue at the regional level, Japan had always extended her active support to Bangladesh. Both Japan and Bangladesh were found to be equally concerned with the international issues like the Iraq-Kuwait, Afganistan situation and other global issues.

The review of the existing literature and the empirical data support the fact that Bangladesh had become increasingly dependent on Japan for her socio-economic development during the last 28 years (1972-1999). In fact, Japan was the major source of foreign aid to Bangladesh. Up to June 30, 1997 Bangladesh received 4936.000 million US dollar aid from

Japan. It was 15.43% of the total foreign aid inflow of Bangladesh. Bangladesh was one of the top beneficiaries of Japanese ODA programme of the world. The ODA programme Japan significantly contributed to the improvement and strengthening of Social infrastructure of Bangladesh for promotion of investment and external trade. Japanese aid and assistance have brought significant changes in our socio-economic life such as rural development and improvement of production of agriculture, environmental development (including flood, protection), human resources development such as vocational training and education, human needs such as population control and family planning, sanitary and health, sewerage and water supply etc. Besides, Japan was an important trade partner of Bangladesh. During 1972/73 Bangladesh Export to Japan was taka 6697000 crore and it increased to taka 376.3578000 crore during the fiscal year 1996/97. Whereas, during 1994/95 Bangladesh import payment from Japan was taka 23,5810000 crore. Moreover, Japan was a significant investor in the two export processing zones, Dhaka and Chittagong. During the period from June 1985 to June 1998 the total investment of Japan was \$ 58 million in BEPZA and through BOI enlisted 88 companies, it was \$33182.820 million.

The findings of the study, thus indicate that Japan was an important development partner of Bangladesh. Structurally being dependent on Japan Bangladesh instead of being underdeveloped, is gradually making

progress in her socio-economic life with the Japanese aid and assistance. With Japanese assistance and friendly co-operation, Bangladesh was able to strengthen her infrastructural facilities so much needed for rapid industrialization and economic progress

The future of Japan Bangladesh Relations: Strengthening Economic and Political Co-operation.

The findings of our study over a period of more than two decades and a half regarding Japan Bangladesh economic and political co-operation indicate that, Japan played an important role for the development of our economy. It is important that Japanese economic co-operation with Bangladesh in future should be directed primarily on this aid-trade-investment nexus.

How to improve the Japanese Aid inflow?

For the improvement of the Japanese aid inflow we should take following measures:-

It is observed that during the middle 80's and late 80's Japanese ODA was increased but after 1990's the trend of the ODA was decreased, but flow of Japanese aid should once again revert back to its increasing trend.

It is also true that Japan gives important project aid towards infrastructure building and agri-support capacity raising is compatible with Bangladesh's developmental need. But we think that Japan should invest more resources in Bangladesh in human development activities, particularly in health and education services as well as poverty alleviation programmes.

It is also observed that regarding the Japanese aid, between grant and loan, Japan should enlarge the share of grant in the aid-package which is decreasing in Bangladesh. ✓

The present debt system should be reviewed. Although, the requirement of generating matching counterpart fund for the use of debt relief induced resources accelerates domestic resource mobilization, Japan may consider the possibility of doing away with this requirement. Moreover, serious attention may be given to exploring the possibility of converting debt relief into equity of the concerned project.

Finally: it can be said that Japanese assistance to Bangladesh is geared to promotion of its own commercial interests. There are indications that Japanese aid flow is sensitive to the interest of Japan's trade lobby. Japan should have more liberal attitude towards its ODA View of the needs of Bangladesh.

Improving Japan-Bangladesh trade relation:

We know that Bangladesh suffers from an enormous trade deficit with Japan. This trade deficit is getting aggravated overtime. We should take following initiative for the promotion of trade relation between the two countries:

First, Bangladesh's export to Japan comprise the following commodities, viz, shrimps/prows and Jute products Leather goods, raw hides, fish-all-sorts etc, dominate the export structure. There is an important opportunity of broadening Bangladesh's export base to Japan by including such items such as liquefied natural gas, silk/ silk products, apparels, tea, etc. Japan's future foreign assistance programs should be geared to improve production of these and other traditional items in Bangladesh for subsequent export to Japan.

Second, Japan is the second most imported source of Bangladesh. In order to develop the trade relationship between Bangladesh and Japan, it is very pertinent that Japan reciprocates, at least on bilateral basis, by liberalizing its market of import. To remove the effects of assymetrial trade structure between Bangladesh and Japan, the latter should redefine its role from a major 'exporting nation' to a major 'consuming nation'

a major 'exporting nation' to a major 'consuming nation' and more intensively should incorporate special measures such as stabilization of export earnings scheme in its trade regime.

Third, there is a lot of scope for Japan to support Bangladesh's trade expansion in global market. Giving the preferential facilities accorded to Bangladesh as a least developed country. Bangladesh may efficiently increase its scale of production of potential export items, utilising local resources for the world market. Some of sub-sectors include textiles and garment, improved leather products, Jute goods, electronics and machine tools, printing and publishing, ceramic goods etc.

Fourth, we need to take a well planned and comprehensive export promotion strategy for penetration of Bangladeshi products into Japanese market. The export promotion policy should be made an integral part of the policy framework for the strengthening of bilateral relations with Japan. one way for going about would be to interest Japan in joint-ventures or capital outflows to Bangladesh for trade augmenting investments for which improvement of infrastructure facilities, utility services and providing more sophisticated institutional support services to the Japanese investors would be essential.

Fifth: The Japanese market is complex and sophisticated. So the Bangladeshi exporter must emphasis on quality and integrity. The

quality of goods can be improved by participation of promising businessmen from Bangladesh in trade fairs in Japan.

Sixth: The setting up of joint marketing arrangements to improve trade promotion in Japan . An impressive display centre at the Tokyo mission to project quality products can bring better prospects for Bangladesh exportable items in Japan.

Seventh, trade relationship can be improved by opening a branch of Bangladesh Commercial Bank in Tokyo, which will facilitate financial transactions between the business partners of the two countries.

Eight, trade relationships can also be improved by starting a Biman flight to and from Kansai International airport at Osaka (which is commercial hub of Japan) will open up a better and convenient scope for air shipment of Frozen as well as live/Fresh food items from Bangladesh to its prospective destination in Japan.

Finally, relationships between the countries can be further strengthened by revitalizing Bangladesh Japan joint committee for commercial co-operation. This committee can functions as a formal forum for exchanging views and pursuing economic trade and investment initiatives by the private sector business community of the two countries. There is a

long list of recommendations, which made by the committee in their last joint meetings, could bring a significant improvement in the bilateral trade relations.

Improvement of the Japanese investment in Bangladesh

For the improvement of the Japanese investment, we should take the following procedure:

First: Improvement of Bangladesh image in Japan is essential for increasing the Japanese investment in Bangladesh. For this, Bangladeshi mission in Japan can play an important role to provide the interested parties with first hand information about the investment climate in Bangladesh. Following things should be highlighted for the concerned persons:-

- (a) Satisfactory foreign currency reserve:
- (b) Better macroeconomic condition:
- (c) Abundant low cost labour:
- (d) Increasingly liberal policies to attract FDI:
- (e) Lowest inflation rate in the region
- (f) Stable and better commitment for foreign investors of Bangladesh.

Second: Develop infrastructural facilities, like roads, rail-ways, waterways, ports and telecommunication facilities are the important

criteria for private investments. Though Bangladesh provides basic facilities, but these should be improved and developed as quickly as possible.

Third, it is essential for attracting Japanese in Bangladesh to provide training of the officials and improve the human resource of the country. It is important that Japanese investors receive similar facilities as they enjoy in their own country. We have surplus labour in Bangladesh. With proper training, we can help to attract the Japanese investors in our country. In this regard, the board of investment (BOI) can play an instrumental role.

Fourth, if we want to improve the Japanese investment in Bangladesh, we should have a transparent legal system, which is accountable to the Japanese investor. Corporate laws such as the companies Act and securities and Exchange Rules should be regularly updated. Bankruptcy laws should be adequately developed and enforced in practice.

Fifth, stable political environment is essential for the investment of the foreigners in our country. Bangladesh should try to settle its internal political differences peacefully if it is to improve Japanese investment in the country.

Sixth: Japanese investors want accountable and transparent institution which can help to reduce bureaucratic red-tapism and corruption.

Bangladesh should have clear-cut policy framework which can help remove this problem and attract the Japanese investment in the country

Seventh: Bangladesh should cultivate good relationship with Japan and the United States, to gain their trust and confidence as friends. This may appear simplistic but this has to be the goal for improving our steady relations with those countries interested in our rapid economic development.

Eight, the bureaucracy in Bangladesh should follow the basic structure of the Japanese bureaucracy based on merit. Their professionalism has to be ensured. As in Japan, bureaucrats should co-operate with and guide the business community rather than create impediment for them.

The above suggestions and their implementation will go a long way in improving the bilateral relationships between Japan and Bangladesh. Both the countries will be mutually benefited from each other by strengthening their relationships in the economic and Political sphere.

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