

BANGLADESH-JAPAN ECONOMIC FORUM

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'Remarkable Increase Recently'

Cultural Ties to Grow Along with Economic Ones

By Sabir Mustafa

The Bangladesh-Japan Economic Forum being held today in Dhaka is yet another milestone in bilateral economic relations. The Forum, in which members of the high-level Japanese economic mission currently visiting the country are taking part, is a clear sign of the growing Japanese confidence in Bangladesh as an economic partner.

The economic mission's visit is concentrating on finding ways to strengthen trade relations between the most developed and one of the least developed countries in Asia. However, despite Bangladesh's LDC tag, the increasing interest shown by the Japanese private sector, which is driven more by market logic than political considerations, shows this country indeed has great economic potential.

Representatives of some of the biggest manufacturing concerns of Japan (meaning also of the world) are here to explore prospects for further Japanese investment, which already stands at a respectable, though not extraordinary, US\$82 million. We can be sure that the visit is a prelude to some serious Japanese business activity in this country, which will have a major impact on Bangladesh's industrialisation process.

Direct Japanese investment in the Chittagong Export Processing Zone or CEPZ presently amounts to US\$42 million, and outside the CEPZ it is \$40 million. Tetsuo Ito, charge d'affaires in Dhaka said, "There has been some

remarkable increase in Japanese investment in the past couple of years, particularly in the CEPZ. Eight companies have already set up business there, and nine more are in the pipeline, already approved by the CEPZ authority and the Board of Investment".

While most Japanese companies operating in Bangladesh produce for the export market, there are also some which supply the local market. Ito said. Many of the companies, particularly those engaged in trading, construction, consultancy etc., have been here for a long time and are well-established in the local business environment.

The Japan External Trade Organisation or JETO plays an active role in promoting Japanese trade with, and investment in other countries, though not all Japanese business activities in Bangladesh are the result of JETO's work alone.

"One of the roles JETO plays is to hold trade fairs in Japan, where foreign companies and goods are exhibited. Providing information to Japanese companies on trade and investment opportunities abroad is one of the organisation's major responsibilities", Ito said.

As well as these activities, the governments of Bangladesh and Japan are also trying to make life easier (and business more attractive) for companies of both countries.

"One thing the two governments did early this year was the conclusion of an agreement on avoidance of double-taxation", charge

d'affaires Ito said, "This will help businessmen working in each other's country to avoid many tax-related problems and be beneficial to Japanese companies operating in this country".

For an under-developed country like Bangladesh, economic interaction with a technically advanced country like Japan has multiple benefits. As a result of increasing Japanese activity in the economy of Bangladesh, the level of skill of the local engineers, technicians as well as workers is bound to rise, which will eventually create the kind of skilled manpower currently possessed by the likes of Korea, Taiwan, Singapore etc.

At the same time, professional management expertise, which is not an exemplary feature of the country's private sector, is likely to grow as a result of exposure to the higher standard of work demanded of the locally-recruited staff by Japanese companies. Local managers will gain invaluable experience of the international export market which would not have been possible otherwise.

But there are other opportunities for Bangladeshis to acquire technical training and higher levels of skills.

"We have a semi-government organisation called the Association for Overseas Technical Cooperation or AOTC which provides training courses in Japan for foreign technicians, engineers, managers etc.", Ito said, "The AOTC is active here and has an office in Dhaka. The (Continued on facing page)

Statement of the Japanese Economic Mission to Bangladesh

THE Economic Mission dispatched by the Government of Japan, headed by Mr. Kikuo Ikeda, Counsellor of the Nippon Koei Company Limited and Special Assistant to the Minister for Foreign Affairs of Japan, will visit Bangladesh from August 30 (Fri) to September 3 (Tues).

This Economic Mission is dispatched as part of Japan's followup efforts to Prime Minister Kaifu's visit to Bangladesh in May of last year during which he expressed his intension to further deepen and broaden Japan's relations with Bangladesh over a wide spectrum of fields including politics, economics and culture, and the Bangladesh side in turn expressed much appreciation and strong expectation. The Mission is assigned with a role to explore a new way and means for promoting trade and investment between the two countries.

During its stay in Bangladesh, the Mission will exchange views with the leaders of the Government of Bangladesh, including Prime Minister Begum Zia, Foreign Minister Rahman, other cabinet ministers concerned, etc. The Mission will also hold Japan-Bangladesh Economic Forum, and visit Export Processing Zone in Chittagong, among other activities.

This Mission consists of representatives of companies affiliated with the Japan Chamber of Commerce and Industry and participate in the Japan-Bangladesh Joint Committee for commercial and economic co-operation. It is accompanied by officials of the Ministry of Foreign Affairs, Ministry of International Trade and Industry and the Economic Planning Agency of the Government of Japan. During its activities, the Mission will examine, inter alia, the following aspects:

- Obstructions in the promotion of trade and investment, and thus desired to be improved
- Matters to which importance should be attached in promoting trade and investment.
- How Japan-Bangladesh economic relations should be in the new international economic environment.
- Desirable mechanism for promoting cooperation between Bangladesh and Japan.
- What sort of contribution the Japanese private sector can make for the promotion of social and economic development of Bangladesh.

In a time when Japanese investment has become almost a precondition for growth in any developing country in South Asia, Bangladesh seems to be one of the target areas of Japanese interest. The Daily Star's AASHA MEHREEN AMIN and RAHAT FAHMIDA talked to Mr MORSHED KHAN, President of Bangladesh-Japan Society and RASHID-UL-HASAN, Secretary General of the same society, on future Japanese investment prospects and cultural ties and trade links between the two countries. The Bangladesh-Japan Society has arranged for a seminar from September 2 - 4, which is being attended by a 47-member high-powered economic delegation from Japan.

Daily Star (D. S.): What is this society promoting — political ties, trade links or more people to people contacts?

Morshed Khan (M. K.): This society was formed in 1972 in Bangladesh and simultaneously its counterpart known as Japan-Bangladesh Association was established in Japan. The society consists of people from various professions, such as doctors,

engineers, chartered accountants, educationists, businessmen, lawyers and economists. Members are selected on the basis of invitation. That is those who have an interest in Bangladesh-Japan ties, which may be political, cultural, or economic.

Only political ties between the two countries cannot be everlasting. The tie tends to break up with the change of a particular government. So, what we are fostering is people to people relationship, that is cultural relationship between the two countries, economic links — taking advantage of the Japanese technology and capital and the advantageous point on our part is the abundant manpower. Combining the complimentary sides of the economic sector it will be mutually beneficial, both for Bangladesh as well as Japan. There are various other sectors of common interests which we are also looking into.

D. S.: What is the purpose of this seminar?

Rashid-ul-Hasan (R. H.): This is a very high-powered delegation which includes top level government officials and businessmen. The purpose of

A Society for Building Lasting Ties

this seminar, which has been organised by Bangladesh-Japan Society is to assess and identify investment opportunities in Bangladesh. It is also intended to identify sick industries in Japan that can be suitably relocated in Bangladesh. The conditions existing here are favourable for such investment. We on our part, have organised this forum where prominent businessmen, including traders and industrialists who already have relations with Japan, have the opportunity to meet and exchange ideas and find new areas of co-operation in the trade and industrial sector. We are also projecting the facilities available in Bangladesh for more investment and we feel that Bangladesh can offer incentives that are the best compared to countries such as Thailand, Nepal and Malaysia. The Japanese on their part feel the same way.

M. K.: I would like to add that this delegation has been the largest economic mission to come in the twenty years relationship between the two countries. In 1973 similar

delegation had come to Bangladesh with a lot of expectation regarding investment. But it went back disappointed, because at that time the socialist economy that the government had established did not have room for such investment. The present delegation has come at the initiative of Prime Minister Toshiki Kaifu.

The delegates think that after the ASEAN scenario which is going to reach a saturation point of Japanese investment, the next area of growth should be South Asia. If it is South Asia many of the private businessmen we have met in Japan have identified Bangladesh and Sri Lanka as ideal for investment. The delegation is also here to talk to the leaders of this country and assess as to what extent the private sector will be allowed to grow. That is to say, the delegates would like to see whether we are committed to privatization as we say in our speeches and manifesto and whether this blue print will be reflected in the action programme of the government. This is very important since it will determine Japan's investment policy in Bangladesh.

D. S.: Is the Bangladesh-Japan Society taking any steps to expand programmes in the cultural fields?

R. H.: I would say very much. There have already been a number of cultural exchanges between the two countries. We have sent several cultural delegations to Japan. We have promoted our artists by organising both solo and group art exhibitions in Japan. We would like to promote the cultural ties in this manner, to help strengthen the links between the two countries.

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Khaleda Zia



Toshiki Kaifu

Messages From the Prime Ministers

I am delighted to learn that Bangladesh-Japan Economic Forum is being organised in which Bangladesh-Japan Society is playing a catalytic role in bringing the trade and industry leaders of the two friendly countries closer.

Our Government has already declared an open door policy of economic development. We will continue to further liberalise the economy, allow the market forces to play their due role and remove whatever bottlenecks there are in the trade and industrial investment sectors.

We foresee a new era of development where the private sector will play the pivotal role.

I sincerely hope that Japan will actively invest in Bangladesh's industrial sector and in the process of transfer of technology to Bangladesh and help develop her human skill and resources.

I hope that the deliberations at the Forum would be fruitful and lead to further strengthening of the existing friendly ties between Bangladesh and Japan.

Khaleda Zia
Prime Minister
People's Republic of Bangladesh

I give me great pleasure to extend my sincere greetings to the Bangladesh-Japan Economic Forum.

I paid a visit to Bangladesh in May of last year, which was the first visit by the Prime Minister of Japan, and was privileged to receive a heartwarming welcome by the Government and people of Bangladesh. Through this visit, I personally observed that the traditionally friendly relations between our two countries were developing steadily and that relations regarding economic and technical cooperation were being increasingly enriched in recent years through policy dialogues and high-level mutual visits.

The Economic Mission dispatched by the Government of Japan, headed by Mr. Kikuo Ikeda, Counsellor of the Nippon Koei Company Limited, is assigned with a role to explore ways and means for promoting trade and investment between our two countries. I hope that the mission will be able to conduct active discussions with the leaders and businessmen of Bangladesh, which is achieving democratic development, in order that it may attain fruitful results and make major contributions to the construction of deeper and broader relations between Japan and Bangladesh.

Toshiki Kaifu
Prime Minister of Japan

who are used to a very high standard of living are not keen to join such industries.

This implies that there is opportunity for foreign employment in such areas. At the same time however, Japan has a planned and systematic economy and a very cautious one. The Japanese do not want to open the flood gate to hundreds and thousands of job seekers since this may lead to certain social problems. Japan, although welcomes productive skilled or semi-skilled workers it does not want to disrupt the social harmony of the economy.

D. S.: During pre-liberation years there was a lot of Japanese investment.

What are the future prospects for Japanese investment in this country?

M. K.: Although there are one or two investment programmes outside the Export Processing Zone (EPZ) — Deep Sea Travelling and Ship building and Engineering, during the last ten years, all new investment in Bangladesh has been within EPZ. The reason for this is that EPZ offers better facilities to businessmen. Basic requirements such as permission for electricity, getting telephone lines, customs clearance are provided for.

As far as future prospects are concerned, the Japanese have identified Chittagong as the most suitable place for investing, because it is a port city and as you know, the Japanese have a special weakness for mountains, rivers, and the ocean. And Chittagong offers all three.

D. S.: What are the basic impediments that may discourage such investment? What can be done to encourage Japanese investors?

M. K.: There are some areas which should be looked into if we want to encourage such investment. Here I am talking about basic facilities which the EPZ lacks. It does

not have for example, off-shore banking, enough hotels, or places to eat. If a buyer in EPZ goes for a day's visit to Chittagong in the morning, he has to come back in the afternoon. It takes nearly two hours to go to the city to have lunch and come back again. Another important factor is the size of EPZ. Currently Japanese investment in Bangladesh is over US \$100 million. But we cannot be satisfied with that. I think there is opportunity to increase this number to billions. The size of the EPZ, therefore must increase.

To ensure and encourage the Japanese to tap resources in Bangladesh we should be able to provide basic facilities to the investors. In this regard it is extremely important for us to improve the airport facilities in Chittagong, make it international so that it is directly accessible from places like Hongkong and Bangkok. The size of the EPZ can be increased, if we move to the other side of the Karnaphuli river. This will also reduce river transportation cost.

When I talked to Japanese industrialists this month they showed their interest in these sort of improvements. In addition they suggested a training institute to be set up to train Bangladeshi workers so that they can be absorbed in joint venture industries or those that are 100 per cent Japanese owned. This project will be initiated either by Bangladesh-Japan Society alone or in collaboration with the government. Japan is willing to send their 'silver volunteers' and equipments. A programme under JICA (Japan international corporation agency) is also being organised to provide training.

The Japanese have complimented us by saying that there is no other organisation as strong as ours in the whole of South Asia. They also hope that we will take a leading role in the formation of the SAARC Japan Society.

'The Japanese have complimented us by saying there is no organisation as strong as ours in the whole of South Asia'



Morshed Khan (second from right) and Rashid ul Hasan (far right), with the Star team.