

Thirty years of Japan-Bangladesh relations Performance, impact and direction

DR. M. ATAUR RAHMAN

DESPITE asymmetry in status and economic power, Japan-Bangladesh ties illustrate successful and harmonious relations between a developed and a developing country. It is unique that during the past three decades, Japan and Bangladesh have consistently maintained friendly and productive relations despite regime changes in both countries. This signifies the common goals that the two countries share in political, strategic and economic spheres, as well as the legacy of Japan's sympathy for the people of Bangladesh who struggled to achieve their independence with enormous sacrifices. The birth of Bangladesh, and subsequently strategic-diplomatic considerations, thus provided the dynamics of Japan-Bangladesh relations. The core of the relations was built on economic assistance (ODA) and to an extent trade and investment relations. Today Japan's impact is clearly visible on almost all aspects of Bangladesh's economic development and social transformation.

Political and diplomatic relations: Although historically political and strategic considerations played an important role, the exchange of visits by heads of government, ministers, parliamentary leaders, and foreign policy managers contributed to the friendship and communication between the two countries. In this context, the contribution of late Mr. Takashi Hayakawa, the founding President of Bangladesh-Japan Friendship Society and a special envoy of the Japanese government was most noteworthy. He was an influential parliamentarian who developed "love and deep sympathy" for the people of Bangladesh and lobbied throughout his life for the cause of Bangladesh.

Economic relations: As a country that renounced the goal of military supremacy and nuclear power, Japan has been trying to create a desirable international community mainly through economic cooperation and cultural bonds. In fact, it

was from 1992 that Japan became the largest donor for Bangladesh and is continuing to keep that position till today. The success of Japan-Bangladesh relations are symbolised by a series of monumental friendship bridges including the Jamuna, massive assistance in power and telecommunication, and establishment of fertiliser factories in addition to host of other social sector development contribution.

Implementation constraints: The performance of Japanese aid, technical assistance and cultural cooperation was very good in the past decades. But the impact of this vast aid of about US \$200 million

including human resource management, and poverty reduction through agro-based industries should form the new priority of the future.

Technical cooperation: Role of JAICA: The role of JICA that handles technical cooperation is constrained by institutional and cultural factors. Lack of ownership by governmental institutions is a serious problem. Bangladesh has efficient officers as individuals, but they often lack interest in view, and work in a bad institutional framework. These seriously constrain national goal achievements. The technical cooperation provided by Japan also

Poor investment climate: Bangladesh's high priority to attract Japanese investment has not been matched by the creation of congenial infrastructure facilities, and administrative and political climate. There is a sense of despair that Bangladesh could not win Japan in this crucial area of attracting investment. Therefore, a serious gap exists for any realistic expectation of Japanese investment in Bangladesh unless there are some fundamental changes in the governance of the country – in terms of administrative efficiency, combating corruption, improvement in law and order and public-private sector

and re-routing of cooperation along these new structures are needed at this juncture of Japan-Bangladesh relations.

Today, Japan expects more mutuality of interests that is contingent upon continuity of a recipient country's policy as well as change that can rebound to the interests of both partners. There is no doubt that investment, tourism and educational exchange, will determine the future dynamics of Japan-Bangladesh relationships. Japan, of course, will promote pro-poor policy and 'self-help' assistance to Bangladesh – mainly because of her deep sense of responsibility and commitment. In fact, Japan's vision of building network of economic relations and development cooperation hinges on a broader perspective both in terms of economic cooperation as well territorial coverage in terms of regional and inter-regional cooperation. In this context, Japan wants Bangladesh to become a well-governed society where poor are not marginalised, and national determination grow to achieve economic development through building up of democratic institutions, and remedying bureaucratic pathologies.

There is hardly any doubt that we have to strengthen our foreign policy and diplomacy. We need to improve our image abroad. Our foreign policy should cultivate the diplomacy of 'soft-power' of Bangladesh through greater exposure of its culture, education, democratic institutions, social resilience, and religious tolerance in order to win Japan. We have to prioritise our agenda of national development in the context of greater engagement with Japan in a peaceful, democratic and orderly Bangladesh, and in harmony with the neighbours of our region in the emerging global order.

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annually on the average was less than optimal. The less competent organisational framework and weak project implementation process of the Bangladesh government – to evaluate and monitor a large number of programmes – often led to less optimal results. While Japan's aid has been of high quality, the capacity of aid utilisation needs substantial improvements in the future.

Infrastructure and new priorities: There are some concerns that Japanese aid has been concentrated mainly in infrastructure sector. The impact of such aid has been good, but less optimal because of disproportionate emphasis on this sector. New priorities have emerged in social sectors like health, poverty reduction, environment, disaster management, and education. More assistance needs to be given to grassroots organisations, research institutions, hospitals and local governments. Institutional capacity building for effective governance

suffers from lack of cooperation between public and private sector. Too much donors' involvement also complicate aid efforts for achieving targeted goals. Divisive culture and personal interests should pave the way for social cohesion and national interests. Only then, the aid ownership and its full potential can be realised.

Trade and investment shortcomings: There is no denying the fact that Japan moved away from its purely 'commercial interests' to more liberal aid policy, trade concessions and investment opportunities.

Japan would also like to expand trade and investment relations with Bangladesh on mutually beneficial terms. While the trade relations between Japan and Bangladesh continued unabated since the early 1970s, the total volume of trade peaked US \$ 600 million. There has not been any significant increase in volume of trade in real terms over the thirty years.

collaboration. Continuity of policy and political stability are two important factors for attracting Japanese investment. These are conveyed to the successive governments, but in reality the situation did not change so far – that worries Japanese investors.

Future directions: No doubt, the relations between Japan and Bangladesh survived more than thirty years with constructive engagement in many fields. The present global situation brought new imperatives for Japan as well as for Bangladesh in terms of responsibilities and challenges to forge ahead. The long-economic recession in Japan, new ODA priorities, emphasis on grassroots organisations, particularly in human resource development, and new global security environment and economic competition are going to make significant impact on Japan's relations with 'West Asian' countries including Bangladesh. In this context, new structures of relationship,

Libraries in search of a future

RON CHEPESIUK

IN April 2003, while I was in Bangladesh as a Fulbright scholar, hundreds of angry Bangladeshis protesting the Iraq War marched in downtown Chittagong past the entrance to Independent University of Bangladesh (IUB). Inside, I sat with Nahid Akter, Director of the American Corner, discussing the role that her institution was playing in providing resources to an information starved country. The American Corner, which the U.S. government established in January 2003, is a satellite office of the Information Resource Center (IRC) of the U.S. Embassy's Public Affairs Section in Dhaka.

The Corner operates much like a branch library and provides a small number of American magazine and newspapers and documentary videos and reference books on American history and culture, as well as vital information about getting admitted to university in the U.S. There are also two computer terminals which IUB students and the members of the public can use (on payment) for word processing and to surf the web.

"We plan to operate much like an American public library and develop a lot of programmes that will allow us to reach out to all types of Bangladeshis," Akter explained. "We want to promote an understanding of the policies, values, culture and society of the United States."

In the wake of the Iraq War, however, giving a positive spin to the American experience has been a hard sale in Bangladesh, as it has been in other Muslim countries. Four police officers were posted inside the entrance door to the IUB, but no attempts were made to march on the American Corner, nor has its staff been threatened. And despite Uncle Sam's growing presence in the Muslim world, many Bangladeshis expect the American Corner to have a positive impact on Chittagong, Bangladesh's second largest city with three million people.

"The fact is many Bangladeshis who want to get educated or who want information for their schooling or jobs need access to the American Corner and the country's other European cultural centers," explained Golam Sarwar Chowdhury, Professor and Chair of the American Studies Department at the University of Chittagong.

The other European centers that Chowdhury referred to are the British Council, the French Alliance Center, and the German Goethe Centre, each of which has branches in Dhaka and Chittagong. In 1955 and 1956, The U.S. Information Resource Centre opened branch libraries in four additional cities. Each grew to include about 4000 books, but the U.S. government closed them all in the 1970s.

By far, the largest and most

dynamic cultural centre is the British Council,

which has about 8000 books in Dhaka and another 3,000 in Chittagong. In comparison, the IRC in Dhaka has a collection of about 2,000 books. The two British Council resource centres differ in their content because each caters to local information needs. For instance, the British Council library in Chittagong focuses on veterinary science faculty and students, reflecting the needs of the Chittagong Government Veterinary College, whereas no such collection exists in Dhaka.

"When ordering books, we make a special effort to contact university departments and other organisations with a special interest in our stock," explained Mark Bartholomew, the British Council's Deputy Director and Library Manager. "We attempt to give up-to-date information on publications in print to these organisations so they can choose the works most relevant to their faculty, students and staff needs."

The Alliance Francaise, which is under the aegis of the French

public library movement shows, Bangladesh faces formidable or – perhaps more accurately – overwhelming challenges to providing adequate library services. Consider that, there is no automation, no climate controls, no security procedures to protect against the theft of library materials, no adequate salaries to attract quality recruits to the library profession, no electronic databases and no adequate funding. In short, Bangladesh has one of the world's most underdeveloped library systems.

"The libraries in Bangladesh are in a disgraceful condition," Taher explained. "I wouldn't know where to begin to explain the tremendous barriers we face." It has been that way long before Bangladesh became a nation in 1971. "During British rule some rich people, philanthropists and social leaders, established some personal and public libraries," Taher explained. "After the independence of India and Pakistan in 1947, present day Bangladesh (then East Pakistan) was deprived of its rightful share of libraries. The libraries were man-

"Sometimes, I am amazed at how far I am able to make the money go."

One Bangladeshi professor contended that the low salaries in the library profession show how misguided are the country's priorities. "In Bangladesh, people who work in education and related fields are not respected," he explained.

The working conditions in Bangladesh libraries leave a lot to be desired. On a sweltering and humid day, Taher and I were soaked in sweat as we tour the library. I see a few fans but no air conditioning. Taher explains that the university's administration has installed air conditioning in the rare book section and the computer room. "We don't have the funding to set up air conditioning in every area of the library," the Deputy Librarian revealed.

The Chittagong University Library has a little over 186,000 books and about 26,000 journals, but both faculty and students complain that many books are missing or have had some of their pages ripped out, and a lot of the books the library has bought aren't useful to patrons. With a lack of adequate

Department at Chittagong University has collection of 5000 books. "The way universities (in this country) care for their library collections is a joke," Chowdhury complained.

Despite the enormous challenges, there are some glimmers of library modernisation. For instance, mobile library service has been introduced an important development, because most Bangladesh libraries and all of the foreign cultural centres, with the exception of the British Library, do not allow readers to take books home. The Biswa Sahitya Kendra in Dhaka has a mobile library operation that now serves 5,000 members. Raja Sultana Rosy, a woman user of the service, told the CTI online website, that "the introduction of mobile library service has been a blessing for women, especially housewives and young girls for many of whom it is quite difficult to visit a library regularly. Family restrictions and the general disapproval of women coming out of the house prohibits it."

Bangladesh libraries have taken their first tentative steps into the cyberspace, and local librarians see the Internet as the future of their profession. "Building a library filled with books and paper and microfilm is expensive," said Mahtab Uddin Ahmed, Director of the IRC. "The technology that can help our people access the Internet's fabulous resources aren't expensive. As a developing country struggling to grow, Bangladesh needs up-to-date information quickly. That's why we see our future in virtual libraries."

Once again the foreign cultural centres libraries are taking the lead. For example, in addition to providing Internet access to the public, the IRC provides on line searches of electronic databases. Its most recent acquisitions include Master File Premier, which provides the full text to more than 1810 periodicals covering all subjects, and Business Source Elite, which covers nearly 930 journals in business and economics.

The British Library has a Cyber Centre located in the library, which provides a basic monthly Internet training course for new users, as well as access to the Internet for a nominal fee. "Many resources traditionally available in print are now only available online," Bartholomew explained. "This poses a big problem for Bangladesh because many otherwise competent Bangladeshis lack IT literacy. Then in a nutshell Bartholomew put the challenge facing all libraries in Bangladesh, "We are reaching out but our resources are limited," he explained. "So sadly, we are only reaching the tip of the iceberg."

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Anti-money laundering measures still ineffective

AHMED ALI

NOW-a-days the term "money laundering" is widely heard. But, the real meaning of this term is known to a few. In fact, it is a process by which criminals create illusion that the money they are spending is actually theirs to spend. Presently, we find America the most worried nation on earth about increasing trend of global money-laundering though the very term "money laundering" originated in America at the time of famous gangsterism that arose originally out of prohibition – the banning of alcoholic drinks. Several mechanisms were used to disguise the origins of the large amount of money generated by the import and sale of alcohol and other "rackets" such as gambling.

Most countries have their own counter money laundering laws. We have also Anti-money laundering Act-2002. Money laundering has been defined in the said Act as a) directly or indirectly acquired assets in an illegal way; and b) transfer, conversion and concealment of assets acquired directly or indirectly in an illegal way.

Here the main point is that a person can be guilty of the offence of laundering the proceeds of someone else's criminal conduct in almost all the countries that have counter money laundering laws.

Who are money launderers?

The criminals launder money – is the simplistic answer to this question. But, the answer is far too simple to be completely true. The fact is that money launderers are to be found in all walks of life, many acting entirely innocently.

However, any one who helps a criminal to launder the proceeds of his crime is also a money launderer. This means bankers, lawyers, accountants, car dealers, stock exchange brokers, underwriters, insurance agents, bond sellers, property dealers, tax officials and others happen to be indirect money launderers if they allow their businesses to be used by some one to launder the proceeds of a crime. Generally, the only defence is that 'the businessman was unaware of what was happening.' But, this will often be difficult to prove.

The final class of money launderer is the person who helps to create the scheme, even if he does not actually take part in it. So, an accountant who recommends a tax evasion scheme is himself a money launderer.

History of money laundering

While the term "money laundering" was invented in the 20th century, the history of money laundering goes far back. According to verifiable historical records money laundering was prevalent even in 4000 BC. To avoid the abuse by ruler, merchants at that time used to find ways to hide their wealth. There were also efforts in moving it around without it being identified and confiscated. In addition to hiding it, the merchants would move it and invest it in businesses in remote areas or even outside the native land. In this way, the offshore industry was born – so was tax evasion. And, so were the principles of money laundering – to hide, move and invest wealth to which someone else has a claim.

For ages money launderers used non-currency means of holding money for convenience. Money and value were separated and value was represented by assets. Money launderers used recognisable and convertible assets to restore the value of money, including laundered money. Gold and diamond remain favourite means of holding money till today.

Money laundering and tax

Notwithstanding the debate of intergovernmental laws regarding tax crimes, within any country, the question of whether tax crimes are a predicated offence for the purposes of money laundering is the express provision of the counter money laundering laws or the interpretation of those laws by the court. In most countries that have "all crimes" counter-money laundering laws, it is almost certain that tax crimes will fall within the catchall provisions. The principle governing the tax offences is, in fact, easy to understand. If a person who is liable to pay a 40 percent marginal rate of income tax receives Tk 100 for work and fails to declare it, then Tk 40 is money stolen from the Treasury. It is the tax evaded that is laundered.

Generally, money launderers invest their black money in paper and non-paper assets... Bangladesh Bank, though empowered by Anti-money Laundering Act-2002 to investigate into the financial affairs of any financial institution, which it deems necessary, is yet to chalk out any elaborate programme for investigation.

What does money-laundering matter?

Money laundering has immense impact on the economy. Money laundering, which is in the truest sense of word a financial crime, affects every body. It results in increased taxes for those that do not evade tax, it results in increased insurance policy premiums for those that do not make fraudulent claims, it results in higher taxes for those that do not make fraudulent claims for benefits, it results in higher costs to businesses, which means a combination of less profits and higher prices to consumers. It means shopping on the internet or even at your local supermarket is more risky because the trader may be a fraud steer and it mean that money flows into the hands of the corrupt politicians and businessmen, including those engaged in trafficking in drugs, arms and people.

The present scenario

During the 90's money laundering became endemic globally. Particularly, the introduction of electronic money transfer mechanism opened a new horizon of easy money laundering. The voluminous flow of illegal money across global financial network created panic in the minds of regulators. The global quantity of laundered money crossed the border of billion in the 90's. Due to lack of awareness, on the part of our regulatory bodies, we could not understand the gravity of the situation in the 90's. During the early 2000 our enforcing agencies came to realise that money-laundering had become rampant in our financial system. The money launderers were extensively using our financial system for transfer, conversion and concealment of wealth earned directly or indirectly in an illegal way. Owing to the inherent weakness in our existing regulatory bodies flight of resources through banking channel continued unabated.

Under the circumstances a new department was opened in the central bank to stop the illegal flow of money along banking routes. In a

hurried manner, the Anti Money Laundering Act-2002 was enacted in the parliament. Bangladesh bank was empowered amply by the new law to investigate into money laundering cases (Clause-4, AML- ACT) of any financial institution including banks and in framing cases (Clause 8(2), AML- ACT) against the offenders if necessary.

During its two years of existence the anti money-laundering department unearthed several money laundering related offences. These offences include false cash incentive withdrawal, hundi through ship breaking business, flight of foreign exchange through unauthorised courier business and false declaration of foreign exchange while entering it into country. But, unfortunately Bangladesh Bank was found to be reluctant in framing cases against the offenders as per law. Rather it was noted that after primary inquiry Bangladesh Bank was finishing its responsibilities by sending the files of money laundering related cases to the Bureau of Anti-corruption for further investigation. The secondary investigation is conducted by the officers of Bureau of Anti-corruption with final decision whether to file case or not.

Since its inception in 2001 the anti-money laundering department of Bangladesh Bank has sent approximately 150 cases to Bureau of Anti-corruption for subsequent actions. Later it was found that almost all the cases were either dismissed or commented on as bearing no merit for framing case in the court. The strenuous job of primary investigation and putting up cases by the central bank officers bore no fruits.

It is a question to many that how the opinion of non-professional (in banking sense) bureau officials can get priority over Central Bank's decision? According to the frustrated investigators of the central bank if this flawed system of money laundering case disposal is allowed to continue very soon, Anti-money Laundering Act-2002 will lose its meaning in its entirety.

Another weakness which persists in our counter money laundering measures is that Bangladesh Bank's area of jurisdiction is very much limited in proportion to the vast area of the money laundering world. At present, Bangladesh Bank is investigating only the banking industry to find out the crimes committed by the money-criminals. Generally, money launderers invest their black money in paper and non-paper assets. Not to mention the non-paper assets, stock exchange, Investment Corporation of Bangladesh, Directorate of National Savings and insurance companies are the institutional routes through which money launderers move. Bangladesh Bank, though empowered by Anti-money Laundering Act-2002 to investigate into the financial affairs of any financial institution, which it deems necessary, is yet to chalk out any elaborate programme for investigating the above-mentioned institutions. In reality, Bangladesh bank jumps into action upon receipt of complaint from news media and individual. Seemingly, it remains a distant dream that we may have a central database of all money laundering information in our central bank.

Central bank is the paramount organisation in the financial sector. If it fails to exercise the power it is invested with to stop illegal flow of money, it will definitely encourage the money launderers to cause havoc on our already fragile financial system. The sooner the high-ups of central bank realise this the more benefit it will accrue to the nation.

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