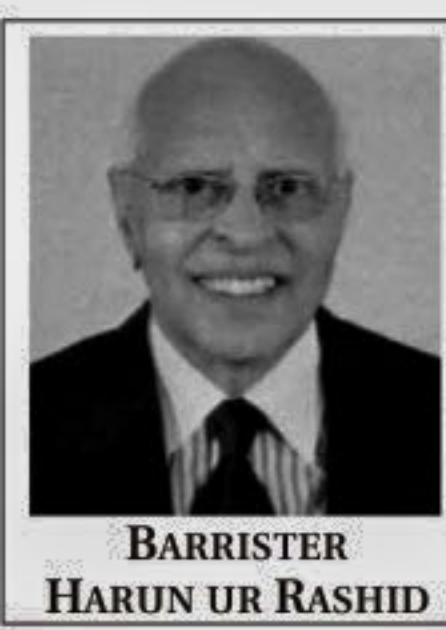


BOTTOM LINE

# Forty years of friendship



**BARRISTER HARUN UR RASHID**

Australia has been a friendly country to Bangladesh from the very beginning. During the Liberation War in 1971, the Australian government, people and media supported the people of Bangladesh in their just struggle to liberate the country from the occupation of Pakistani armed forces, which perpetrated heinous crimes on the civilians during the nine-month war from March to December of that year. An Australian citizen, William Ouderland, who was the chief of Bata Shoe Company in 1971, made significant contribution to our Liberation War. It was rare for a foreigner living in Dhaka to actively support Bengalis at a time when we needed assistance from any quarter. He is the only foreigner to be awarded the gallantry award Bir Pratik by the Bangladesh government. The relations with Australia started on a very positive note. The first Australian High Commissioner to Bangladesh, James Allen, could speak Bengali and Bangladesh sent its senior most diplomat, Husain Ali, as High Commissioner to Australia in 1972. The gestures demonstrated deep friendly relations between the two countries. Australia assisted diplomatically in the

admission of Bangladesh to the UN in 1974. High-level visits took place from Australia to Bangladesh. Labour Prime Minister of Australia Gough Whitlam visited Bangladesh on January 19, 1975. During his discussions with Prime Minister Sheikh Mujib he offered his good offices to normalise the relations between Bangladesh and Pakistan. The Bangladesh prime minister readily accepted the offer. The Australian deputy prime minister and the foreign minister visited Bangladesh in 1997 and 1998. Bangladesh Prime Minister Sheikh Hasina visited Australia in October 1999, accompanied by business leaders. The visit injected a fresh momentum in bilateral relations. Again in 2002 Prime Minister Khaleda Zia of Bangladesh visited Australia and consolidated bilateral relations. Bangladesh Prime Minister Sheikh Hasina visited Australia in October last year to attend the Commonwealth Summit and discussed bilateral issues with Australian leaders on the sideline.

Australia has been a regular source of aid to Bangladesh and donated jeeps for rural projects in the '70s. Australia sent livestock to Bangladesh for breeding soon after independence. In the '70s, Australia provided training in aeronautical engineering for Bangladeshi nationals. A few Bangladeshi naval officers went to Australia for training as well in the '80s. Since independence, Australia has provided \$1 billion of development assistance

and gives \$92 million per year. Australia provides about 60 scholarships every year to Bangladeshi nationals for higher studies in Australia. It has committed aid to the establishment of Human Rights Commission. Australia was a strong supporter of the Bangladesh cricket team in receiving Test status in 2000.

Australia is a member of the Bangladesh Aid Group and contributes monetary aid as a global programme with other donors in

*New South Wales has incorporated Bangla as a subject for the secondary and higher secondary school studies as recognition of a large number of Bangla-speaking people in that state.*

Bangladesh. Aid is focused on health (in particular women and children), education, water and sanitation. It provided \$7 million to the Bangladesh Climate Change Resilience Fund.

Australia, with other donor countries, contributed to a programme working with extremely poor women in Bangladesh aimed at assisting them to build their own livelihoods. 40,000 women received a productive asset (such as a cow, goat, poultry or vegetable seeds) and relevant training, such as livestock and poultry rearing or gardening, to be able to run their own business.

During 2007-08, Australia provided over \$10 million to assist people affected by Cyclone Sidr, which devastated the south-

ern coast of Bangladesh in November 2007. This support included delivery of immediate food relief supplies to 800,000 people, provision of nutrition supplements to women and nursing mothers, and rebuilding around 2,000 destroyed and damaged Brac schools.

Other Australian aid programmes in 2007-08 included delivery of in-service training to over 16,500 members of school management committees and over 120,000 primary school teachers; provision of core subject training to over 7,000 teacher trainers and instructors in disciplines such as English, mathematics, science and Bangla language, and assisting over 40,000 women from the impoverished north-west region to help themselves and their families by providing access to credit and savings services.

Initially, Australia considered Bangladesh only an aid-recipient country but in the last 10 years has found the country attractive for business and investment opportunities. During 2010-11 the two-way trade figures stood at \$823 million, heavily in favour of Australia although it has provided duty-free and quota-free benefits to Bangladesh for being a least developed country. Santos, an Australian gas provider, is investing \$125 million in Bangladesh this financial year to explore gas in shallow water areas off Chittagong.

People-to-people links between the two countries are also expanding. The Bangladeshi-Australian community, esti-

mated to be around 16,100 (census 2006), constitutes an important component of multi-cultural fabric of Australia. New South Wales has incorporated Bangla as a subject for the secondary and higher secondary school studies as recognition of a large number of Bangla-speaking people in that state.

Although overall economic relations between the two countries have great potentials, lack of knowledge on both sides on each other's market potential has been the impediment. Joint ventures between private sectors on energy, telecommunications and infrastructure in Bangladesh may be explored and the Bangladesh apex business body may establish cooperative relations with its counterpart in Australia for enhancing trade and investment opportunities.

Australia and Bangladesh are members of the Commonwealth, the Indian Ocean Rim Association for Regional Cooperation (IOR-ARC), and the UN and shares their views at the multilateral forums, in particular at the UN Global Climate Change Conferences.

Bangladesh's relations with Australia are on a strong foundation and on a steady course to expand and deepen in future. Australian High Commissioner H.E. Dr. Justin Lee said to the media: "Australia and Bangladesh have much in common. On the occasion of the 40th anniversary of our diplomatic relations, I look forward to our two countries building on this foundation of warmth and friendship into the future."

The writer is a former Bangladesh Ambassador to the UN, Geneva.

# China-Bangladesh relations: Contemporary convergence

M. SHAHIDUL ISLAM

THE relationship between Bangladesh and China dates back centuries. Historical records show that there were three Silk Roads that connected primeval China with the Indian subcontinent. The Southern Silk Route was a bridge between the eastern part of Bengal (today's Bangladesh) and the Middle Kingdom. War and other conflicts in the region, particularly during and after World War II, disrupted the Sino-Bengal historical ties and connectivity.

However, economic rise of China in the past three decades as well as Bangladesh's steady economic growth since the early 1990s have resulted in better trade ties between the two nations. Further, the contemporary economic convergence in Asia, thanks to the shifting global centre of economic gravity towards east has created a space to re-establish their historic connectivity.

According to Dany Quah, an academic from London School of Economics, the global centre of economic gravity that was once at a point deep in the middle of the Atlantic Ocean in the 1980s has shifted east over the past 30 years, and could well shift even further over the next 30 years clustering around the border between China and India. Professor Quah observed that as incomes and populations change through time, so too does the world economic centre of gravity shift about on Earth.

That said, the relationship between Bangladesh and China has been coined as "time-tested, all-weather friendship." There is a plethora of bilateral agreements between Dhaka and Beijing including trade, soft loans, social contacts, cultural exchanges, academic interactions, infrastructure development and military sales. China is the largest supplier of military hardware to Bangladesh. Here I discuss the current state as well as emerging trends in Sino-Bangladesh relations -- focusing on trade, investment, infrastructure and connectivity. The key challenges -- regional geo-politics as well as Bangladesh's internal political dynamics -- to further strengthening the ties between the two nations are also highlighted.

Both China and Bangladesh witnessed marked increase in trade in recent decades: China's Trade-to-GDP ratio has exceeded 55% and that of Bangladesh's approaches 50%. China is Bangladesh's largest trading partner, with total trade exceeding \$7 billion in 2010. However, the former remains a minor export destination for the latter. Beijing has offered duty-free access to 4,721 Bangladeshi products to address the growing trade imbalance.

Nevertheless, massive structural shift in the Chinese economy is creating huge opportunities for Bangladesh. Beijing is increasingly focusing on the development of high-end manufacturing and services. This is largely due to the rising wage cost in the coastal regions of China and appreciation of its currency. Moreover, following the recent financial crisis, there is a realisation that the country's current growth model that relies excessively on exports and investment needs to be rebalanced, with a greater emphasis on consumption. Development of high-end manufacturing and service sectors is the key in this regard. China's move towards a vertical economy has already created much room for Bangladesh, owing

to its abundant supply of labour. In fact, Bangladesh is fast approaching Asia's apparel hub, and a recent McKinsey report indicates that the country's RMG exports will double by 2015 and nearly triple within a decade. With Bangladesh's more favourable demographic transition in hand, more complementarities could also emerge in the medium term owing to contrast in China's ageing and other demographic disadvantages.

While Beijing is offering some privileges to export Bangladeshi products to China, it shows significant promise to eventually become an ultra market for Bangladeshi products, particularly RMG, given its sheer size. This coincides with pro-

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jected relative economic decline of Europe and the United States, Bangladesh's traditional export markets.

As far foreign direct investment (FDI) is concerned, China has become an important source of outward FDI in Asia and Africa, even in the West. There is also a significant Chinese investment in Bangladesh. But the scale can be much higher than the existing level. In fact, according to the Board of Investment, a record 219 foreign investment projects registered with it in 2011, including a large number from China.

The next critical issue with regard to Sino-Bangladesh relations is connectivity. China's economic growth has resulted in regional inequalities within the country. While coastal areas have witnessed spectacular increase in living standard, the hinterlands are relatively less developed. To bridge the gap between the hinterlands, particularly landlocked south-western China, and the coastal regions, Beijing is making huge investments.

Being landlocked, the Yunnan province of China seeks greater economic engagement with Bangladesh including access to the Bay of Bengal. Both Beijing and Dhaka have been negotiating a number of mega infrastructure projects, notably highway and railway networks, connecting Chittagong and Kunming through Myanmar. While Yunnan has a ready infrastructure and the Myanmar part of the project is being built, Dhaka has to act fast to connect with the network. China

also wants to develop a deep-sea port in Chittagong.

If the plan is eventually materialised, the Chittagong-Mandalay-Kunming highway offers another opportunity for Bangladesh in the Mekong sub-region (GMS), consisting of Cambodia, China (Yunnan and Guangxi Zhuang), Lao PDR, Myanmar, Thailand, and Vietnam. The GMS is a natural economic area bound together by the Mekong River, covering 2.6 million square kilometers, and a combined population of around 326 million. China, Asean and Asian Development Bank (ADB) are spending big to develop infrastructure in the region. According to ADB, priority infrastructure projects in the region worth around \$10 billion have either been completed or are being implemented.

While the infrastructure projects that aim to connect Bangladesh with south-western China, Myanmar and other GMS regions make much economic sense, geopolitics is a hurdle to connecting the dots between Bangladesh and China. Bangladesh, which is sandwiched between two rising giants China and India, has to address some geopolitical issues aligning with its long term interest. Beijing's massive infrastructure spending, particularly sea port development in South Asia and elsewhere in the world, has been seen, notably by its arch rivals India and United States, as part of the Middle Kingdom's "String of Pearl Strategy," a manifestation of China's rising geopolitical influence through efforts to increase access to ports and airfields, develop special diplomatic relationships and modernise military forces, inter alia.

Nonetheless, owing to the highly polarised politics in Bangladesh, the two key political parties' skewed relationship with Beijing and New Delhi has been a barrier for the country to augment its physical connectivity with its South and East Asian neighbours. However, as discussed, economic dynamism in East and Southeast Asia, economic convergence in Asia and Bangladesh's aspiration for higher economic growth indicate that economic forces could triumph over geopolitics in the near future.

To sum-up, while trade volume between China and Bangladesh continues to increase thanks to the latter's steady economic growth and the former's diversified exports basket, China's structural shift could rectify the Sino-Bangladesh trade imbalance to some extent. In fact, trade between Bangladesh and other Southeast and East Asian economies is also on the rise. So is the investment trend. However, when it comes to connectivity and infrastructure development, the state has to play a big role balancing the country's economic imperatives and geopolitical risks. Given the massive economic changes that are taking place in East Asia, centring China, Bangladesh should adopt to a de facto "Look East Policy" to bring itself closer to the new global centre of economic gravity.

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## TRIBUTE

### Samson Chowdhury: Icon of a non-Marxian capitalist

SAADAT HUSAIN

SAMSON Chowdhury lived an enviable life. He died an enviable death: a glorious one indeed, at the mature age of 86. He left behind his wife, children and grand-children besides thousands of friends and well-wishers to mourn his death. He was a venerable man, a half-legend in his lifetime, morphed into a full legend after his death. A favourite icon of his time



Samson H Chowdhury

he carried all before him by his presence, drive and elegance. It seems death has imparted additional lustre to his living self. Paying homage to him is a pleasure, we all enjoy it.

Reference to an industrialist -- a capitalist in popular perception -- conjures up an image of an exploiter of workers, farmers and consumers, dodger of income tax and receiver of undue favours. Being an industrialist Samson Chowdhury must have confronted difficult problems to prise his image out from this stereotype.

Samson Chowdhury was more of an entrepreneur than a capitalist, who shared the cake with everyone around. His innovative ideas would lead to new products or processes. He would then mobilise finance, men and material to produce the product and reach it to market, oftener than not, for mass consumption. The whole gamut of actions would yield him a return, profit as one will call it. He was not shy to enjoy the return. He did not profess himself to be an altruistic loser; at the same time he did not like to submit himself to pernicious greed. He aspired to be a good man, a lovable friend to his fellow beings, a prince among them. He succeeded, much too well.

I used to see Mr. Chowdhury from a distance since early nineties in high level meetings, seminars, conferences and workshops. He was a man you could not help noticing, wherever he was. We came closer when I was Secretary, Internal Resources Division (IRD) and Chairman, National Board of Revenue (NBR). He paid his tax regularly, but was not shy to take full advantage of tax rules, including VAT and custom rules, to reduce the amount of tax due from him. In discussions or debates I found him logical, sober and decent even when I differed with him. I feel that we developed a mutual respect for each other. After my departure from NBR we met, infrequently though, mostly in ceremonial events. Out feelings towards each other remained unaltered.

I now come back to my original point. In a country infested with bank default, stock market scam, syndicated machination, tax dodging, influence peddling, land grabbing, fund misappropriating, tender hijacking, shoddy deals and under-world transactions any big industrialist or an ultra-rich person is a suspect, to be held in low esteem. They fit in well with the Marxian stereotype. Samson Chowdhury is a rare exception. I have not met any person, not even an orthodox ideologue, who had a bad word for this hard working, soft spoken and well disposed great man.

One can say that it is difficult but not impossible to be entrepreneur, an industrialist and a capitalist and yet lead an admirable life without hurting any section of people including workers, if one has the determination and irreversible taste to lead a decent life. Such attributes perhaps catapulted Mr. Chowdhury to the unrivalled height he so eminently deserved. Samson Chowdhury will live for ever in our hopes and aspirations.

The writer is former Chairman, Public Service Commission.