

'I have a very positive feeling about Bangladesh'

Outgoing German Ambassador to Bangladesh Holger Michael, who is going back after three years in Bangladesh, talked to The Daily Star on a wide range of bilateral, regional and international issues of common concern. In an exclusive interview with The Daily Star's Diplomatic Correspondent Rezaul Karim at his office recently, he talked about 2014 general election, investment climate, the civil society, corruption and secular policies in Bangladesh. Following are excerpts from the interview.

The Daily Star (TDS): Germany and Bangladesh are traditionally bound by very friendly relations. How do you foresee the bilateral relation moving ahead in the future?

Holger Michael (HM): I expect our excellent relations from the last 40 years will continue to flourish. The foundations were laid in the past and in the last two years we experienced a strong increase in political, commercial and cultural exchanges between our two countries.

Your foreign minister visited Germany twice. Our Minister for Economic Cooperation, together with the Commissioner for Development Cooperation from the European Union, visited Bangladesh last summer. Last October, your prime minister visited Germany and held talks with our political leaders including Chancellor Merkel and Foreign Minister Westerwelle. She also attended a very successful business meeting in Berlin organised by the Bangladesh-German Chamber of Commerce, bringing together 300 business people and investors to listen to the prime minister. Then German Federal President Wulff came to Bangladesh on an official visit last November, marking a highlight in our political and diplomatic relations of the last 20 years. We are now expecting the visit of German Foreign Minister Dr. Guido Westerwelle on June 23. He follows an invitation from Dipu Moni. The visit will carry the message of forty years of diplomatic relationship, partnership and friendship. The visit also underlines the German commitment to continue to cooperate with Bangladesh and to support Bangladesh in its quest to become a middle income country.

TDS: As one of the world's top countries in the field of engineering, how can Germany help Bangladesh in its technological advancement? Does Germany have any plan to further expand technical support and training to Bangladeshis?

HM: Since 40 years we have had very close economic and technical cooperation. Germany has its own implementation agency, the GTZ. Their 180 experts are active in the health, good governance and energy efficiency sectors. We shall continue this excellent technological cooperation in the future. Over the years our two countries have established trust and confidence in our development cooperation. I wish to mention as a token of our mutual confidence the prison reform project, which fights overcrowding in prisons and helps the prison administration in identifying who should be in prison or who should not. Though it is a sensitive area of governance, the government of Bangladesh invited Germany to assist. This is a sign of mutual confidence and also of responsible farsightedness of the authorities concerned. In addition, the German Development Bank KfW office in Dhaka provides tailor-made financial assistance to achieve our agreed development objectives. In total, Germany provided €2.5 billion as technical and financial assistance during the last 40 years. This money came as a grant, nothing has to be paid back. Very soon, for the first time ever, we will have a project with mixed financing where government money will be combined with bank loans to leverage the amount of money which can be actively used for the development of Bangladesh.

TDS: Are there any plans to increase German investment in Bangladesh? What ways are there to boost Bangladeshi exports to Germany? What benefits does Germany offer to these exports?

HM: German investment in Bangladesh is already at a reasonable good level. More can be done. In the last two to three years there has been an increase in the interest of German companies. We already have investments not only in RMG, but also in cement, automotive supply, ship building and in many trade related services like certifying institutes for the quality of products exported from Bangladesh. We see a strong increase in investments in logistics. Several globally leading German logistic companies have established their regional distribution centres in Bangladesh. Also, there are now cargo planes flying directly from Germany to Dhaka and back thrice a week to cater to our increased trade and investment. Germany is prepared to invest in the areas of energy, power plants, and renewable sources of energy. The latter is an area where Germany traditionally has high technological competence. Last year, German electricity production from wind parks was as high as from nuclear power plants.

If the dictum "investments follow trade" is true, we envisage great prospects. Germany is the second largest export market for Bangladesh and our bilateral trade increased by almost 80 % in the last three

years. Bangladesh German Chamber of Commerce and Industry (BGCCI), the biggest bilateral chamber in Bangladesh with more than 300 members, proved to be a very active growth machine for our business relationship. I also appreciate that BGCCI is actively branding Bangladesh in Germany in order to improve the reputation of Bangladesh as a business location

TDS: As Ambassador of Germany, what would you say are the potential sectors in Bangladesh wherein German companies will be willing to invest money?



Holger Michael

HM: We have e.g. an exciting and forward looking investment project in shipping, intending to establish a container shuttle by ship between Chittagong and Dhaka in order to get the containers off the road and on the water instead. A German company specifically designed a high-tech ship for this route with state of art technology, which will be produced in Bangladesh, thus transferring the latest technology to Bangladesh. It could be a wonderful win-win situation. Unfortunately, this project is being delayed by bureaucratic obstacles. Nevertheless, we hope that it will be realised. As a matter of fact, German investors are looking forward to invest in and cooperate with the private sector particularly. German businesspeople appreciate their Bangladesh counterparts and love to do business with them, provided the proper framework conditions are in place. I too have met a large number of outstanding and wonderful businessmen as well as women, and I am sure that their commitment will advance Bangladesh.

TDS: What are the areas that yet remain untapped and how can Bangladesh and Germany explore those areas?

HM: Let me talk about culture and education. We are present here with a dynamic Goethe Institute in Dhanmondi. We have introduced German as a foreign language into the education system as an opportunity to learn a foreign language, which is essential for any economy wishing to globalise. Then, there is a group of Bangladesh entrepreneurs, scientists and professors who plan to establish a German University in Bangladesh based on a German-Bangladesh curriculum. If this succeeds, it will be a great step forward in our scientific and academic exchange.

TDS: What do you think are the obstacles that hinder foreign investments?

HM: It is certainly the lack of energy and difficulties in transportation. Seen from abroad, unrest, violence and *hartals* -- coming from whatever side -- are likely to disrupt movements of goods and persons in the country. For Bangladesh, which is increasingly becoming an important and integrated part in the international supply chains, reliability in sustaining the supply chain and its integrity is very important. Foreign investors consider governance, including corruption, as another major problem. When German business people come and see me, asking for advice, they say they are worried about reports of corruption made by renowned international organizations, and also about the reported lack of legal recourse in case of disputes.

TDS: What is your suggestion? How can Bangladesh overcome these obstacles?

HM: With regard to energy, the government has plans to establish power plants, establish connectivity with neighbouring countries in order to be able to trade energy, expand and modernise distribution networks, explore for more gas fields, etc. The implementation of these plans would be a tremendous step forward. With regard to governance, the consensus of the whole society is required to ban nepotism and corruption. It is the task of the whole society to eradicate or at least minimise these evils.

TDS: As one of the leading development partners, Germany provided huge amount of grant assistance for the development of Bangladesh. Do you think the grant money is being utilised properly and your government is satisfied with the utilisation?

HM: There is an active discussion about the extent of utilisation of foreign money. As I said before, Germany is present in Bangladesh with our own implementation organisation, the GIZ, which has an excellent reputation and which implements, together

with our Bangladesh partners, our joint development projects. Because of this form of cooperation, Germany faces fewer problems with the implementation of projects and we are happy with our development cooperation.

TDS: How will you evaluate the anti-corruption watchdog ACC? Do you think it is strong enough to combat corruption?

HM: I do not wish to comment on single Bangladesh institutions. In general, an efficient and independent ACC is a great asset for any country in the world, and it constitutes a major point of attraction for foreign investments.

TDS: What is your view on the current political situation in Bangladesh? How do you look at the question of the method of holding of the next general election?

HM: As any election, the forthcoming election in 2014 will have to be free, fair, equal and inclusive. The method by which the election will be carried out is the exclusive decision of Bangladesh and its people. Foreign observers have no say in it.

TDS: How do you see the human rights situation in Bangladesh?

HM: We call for the respect and implementation of human rights. These are universal rights and they have to be respected in any part of the world. We urge all the governments to respect HR and enforce HR as universal rights.

TDS: How do you see the present government's efforts in curbing militancy, terrorism, etc?

HM: The measures taken by Bangladesh in curbing terrorist activities are certainly appreciated. I encourage all nations to defend their integrity against terrorism.

TDS: How can Germany cooperate with Bangladesh in tackling the impact of climate change in Bangladesh?

HM: We are cooperating in several areas of disaster preparedness, building shelters in the coastal area, and fighting deforestation and similar activities. In the larger context of the energy sector, Germany together with IDCOL provides solar energy to hundreds of thousands of households in rural Bangladesh. These households can enjoy electricity in the evening and less wood is needed for fire. It is hence an indirect contribution to preserving the forests and the environment. Moreover, children can study and parents can work in the evening. We very much commend Bangladesh's leading and responsible role in international climate negotia-

tions and as a spokesman for the most affected countries. I am glad to see that we have many positions in common and that we share the responsibility to protect the environment for the generations to come.

TDS: What impressions are you taking back home about Bangladesh?

HM: I have a very positive feeling about Bangladesh. From the very first day, I was impressed by the hospitality and welcome by Bangladeshis. It is a liberal society. I have been impressed by the strength and the positive contribution of civil society to the development. It is an asset that should be nurtured and nourished and utilised for the full benefit of the people. Today's Bangladesh is a very open society. Bangladesh is my fourth posting in an Asian country and I enjoy the openness. Never before did I meet as many citizens and partners who are prepared to listen and to debate, to exchange views so openly. The quality of discussions as well as the high number of really good and dear friends in Bangladesh made the years in Bangladesh for my family and me very, very rewarding.

TDS: You came three years ago. Do you see any positive change happening in Bangladesh?

HM: I recognise a number of institutions in this country that promise to contribute to the democratic development, such as the Anti-Corruption Commission, National Human Rights Commission and Information Commission. The more space, support and independence they enjoy, the more important for the democratic development of this country they will become. I was hoping to witness a political debate in this country, which is commensurate with its noble tradition of philosophy and culture. Of course, each country chooses its way to conduct the political discourse. The German people, as an example, rely strongly on the Parliament as the place to exchange conflicting political views. And we have very good experiences with Parliament as the forum for all parties to voice their opinions, for which they had received the mandate through elections. We see a working parliamentary democracy as a treasure to be used in response to the expectations of the citizens.

I am fascinated by the secular policies in Bangladesh. It is a great asset for the society. In the last decades, no major religious-based confrontations took place. Harmonious coexistence of people is a wonderful thing. Inter-faith dialogue, mutual recognition of being of different faiths, and respect for these differences, are very commendable. When one religion celebrates its holiday in Bangladesh, members of other religions come and enjoy. This trait could also be used for branding of Bangladesh, showing that it is a secular society without religious conflicts. Also women empowerment, activating the productive force and giving women the opportunity to be active members of the society, are great assets of Bangladesh and contribute to a well diversified and fair image.

TDS: How do you assess the present India-Bangladesh relationship?

HM: I think Bangladesh can play a very positive role in the region, and can help to stabilise it and foster inter-regional cooperation and connectivity. From our European experience, regional cooperation benefits all the states, be they small or large. The exchange of goods, services and capital works as a stimulus to both economy and societies in the region.

TDS: Economic recession continues to batter economies in Europe. How has the German government been dealing with it?

HM: After a number of years of sluggish growth, Germany reacted with belt tightening and measures to increase competitiveness. We now enjoy a relatively strong growth estimated at 2.5% this year. Germany's unemployment is at an historically low rate. Exports as well as imports continue to increase. Due to the high import content of the German economy, the growth of German exports induces huge additional imports, thus stimulating and supporting the economies of our partners, particularly in Europe. I believe that a sustainable growth of the German economy is thus a very welcome support for the efforts to stabilise the European markets. Of course, Germany also contributes to the different mechanisms to help to stabilise the Euro zone.

TDS: Germany remains the strongest economy in Europe. Given such a position, how does it look at the rising economic clout of China and India?

HM: Germany is very happy about economic development of Asian countries like China, India and, of course, also Bangladesh. Being a good and reliable business partner with these countries, growth in these countries means a strong increase of German imports and exports. In the case of China, German machine tools exports supply China with the technology that supports the Chinese export success story. Also, in the bilateral trade with Bangladesh, Germany exports mainly machinery, which can be seen as a promising indicator for Bangladesh technologically upgrading its economy. In the years to come, production will become more competitive quality-wise in the world markets.