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Can Bangladesh become a regional industrial hub with Japan’s help?



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The prime minister’s recent visit to Japan has sparked quite a lot of discussions, particularly on the geo-strategic front for the “commitment to realising a free and open Indo-Pacific,” following the release of Bangladesh’s Indo-Pacific Outlook immediately before the summit. Yet, the “newly launched concept of Industrial Value Chain connecting the Bay of Bengal and neighbouring regions,” as mentioned in the Bangladesh-Japan Joint Statement on Strategic Partnership, also deserves attention. The former reflects the elevation of the bilateral relationship to a “Strategic Partnership” from the “Comprehensive Partnership” established in 2014, while the latter is connected to the overall stability of the Indo-Pacific region.

The statement does not specify the elements of the “newly launched concept of Industrial Value Chain,” nor is it available in the public domain – apart from the communique welcoming “the significant progress in the projects in Southern Chattogram region, including Matarbari deep sea port” under the Bay of Bengal Industrial Growth Belt (BIG-B) initiative. Nevertheless, the two sides “affirmed their continuous and accelerated cooperation so that (the) Matarbari Port can become a hub of energy, logistics and industry in Bangladesh by using Japanese expertise and technology and can enhance connectivity between Bangladesh and its neighbouring countries.” The statement mentions cooperation in developing the Southern Chattogram region, including Chattogram-Cox’s Bazar Highway and the establishment of the Moheshkhali-Matarbari Integrated Infrastructure Development Initiative (MIDI) Authority. Perhaps the elements will be specified in the “MIDI Master Plan,” which “both Prime Ministers shared their intention to develop.”

The significance lies in the fact that Bangladesh’s economy needs a huge flow of investment, infrastructure construction, technological upgradation, productive expansion, and large-scale employment generation through a fundamental transformation towards industrialisation. In this connection, Bangladesh needs to divert increasing attention to effectively reap opportunities from strengthening economic ties.

It is more apparent that the private sector investment (gross fixed capital formation) has remained stagnant over the decade, hovering around 24 percent of GDP. Unfortunately, gross domestic savings has continued to decrease in recent years, dropping to 21.56 percent of GDP in FY2021-22 from 25.34 percent in the preceding fiscal year.

Thus, the country’s growth is not due to an increase in savings nor an increase in investment, rather it has largely been led by consumption, which is not a sustainable path for development. According to the latest estimate, consumption increased to 78.44 percent of GDP in FY2021-22 from 74.66 in the previous year. The consumption-driven developing countries have been hit hard during the pandemic and Ukraine conflict,

with import demands putting pressure on their balance of payment. Moreover, investment needs to generate employment in the formal sector, particularly in manufacturing, as poverty reduction has slowed down over the decades. Furthermore, export has remained concentrated to one sector, placing the economy at risk of high vulnerability and shocks.

Since the 1990s, Japan has been the only foreign country actively engaged in India’s eight north-eastern states – Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Tripura, and Sikkim – in view of their strategic location, bordering with

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Nepal, Bhutan, China, Bangladesh, and Myanmar, besides being endowed with natural resources. The landlocked region of mountainous terrain is plagued by militancy and separatism, allegedly incited by different bordering countries.

While India has not signed onto China’s Belt and Road Initiative (BRI) and the Sino-Japan rivalry is a historical fact, Japan is financing the Guwahati Sewage Project, Guwahati Water Supply Project, Tripura’s Sustainable Catchment Forest Management Project, the Stage III Hydroelectric Power Station project in Meghalaya, among others, amounting to around \$1.9 billion as of 2021.

India has almost succeeded in re-establishing its pre-1965 infrastructure connectivity with Bangladesh and has been transcending beyond these links. In northeast India, there are four ongoing major projects – Ashuganj Port, Ashuganj-Akhaura Road, Belonia-Belonia Rail Link, and Akhaura-Agartala Rail link – besides the permanent access of land, riverine and sea ports. The Bangladesh government has been raising the issue of “reciprocity” with the Indian authorities for connecting with other neighbours such as Nepal, Bhutan, and Myanmar.

Japan has critical interest in the Bay of Bengal, Indian Ocean and Bangladesh, given that around 80 percent of its total trade volume passes through the ocean. The same strategic line of communication applies for China. In the South Asian context, India is a regional power

with global ambition, while the US considers China’s strong presence in the Indian Ocean as a counter to its continued influence. Hence, undeniably, there are challenges.

While Japan has largely remained Bangladesh’s top development partner, Japan’s share of private investment in Bangladesh is much lower than its share of global outflows in different countries. It is yet to be seen if the Special Economic Zone (SEZ) inaugurated in December 2022 in Araihaaz for Japanese and international companies will further increase Japanese investment in Bangladesh. The standing of Japan cannot be predicted in comparative terms, as other countries were also awarded SEZs.

Between FY2011 and FY2021, Bangladesh received the total foreign direct investment (FDI) of \$22.82 billion, of which Japan’s FDI share was \$598 million, as per the Bangladesh Bank, accounting for 2.62 percent of the total FDI that Bangladesh received. During the same period, according to the Organisation for Economic Co-operation and Development (OECD), Japan invested \$1,564 billion globally, while the global FDI flow was \$15,224 billion, meaning Japan’s share of global FDI flow was 10.27 percent. Japan’s share of total FDI inflow to Bangladesh was 4.51 percent in FY2011, reaching a peak of 5.73 percent in FY2013.

Japan’s share of private investment in the total FDI inflow to Bangladesh has gradually declined. Therefore, Bangladesh needs to carve out its strategy of engagements, at least contingent upon three necessary conditions, as a measuring rod. These are: a) engagements must create production network and expand the real economy; b) private capital is invested, rather than investment taking the form of sovereign liability; and c) visible transfer of technology instead of import of technology.

As opposed to the conditions outlined above, there are examples of “dis-stability” and “dis-growth.” For example, they include: a) extractive trade with excessive net import and limited participation in production network; b) growth in debt burden due to injection of credit; and c) lagging behind in the transfer of technology.

For these necessary conditions to materialise, there needs to be sufficient and persistent political stability, which does not follow a path of reversal if there is normative legitimacy. This also creates a virtuous circular flow through better outcome, leading to higher ideational and structural support coming from politics and people, which then leads to higher outcome in a dynamic setting through their endogeneity.

Finally, if there is political contestation within a country, if there is no convergence at different levels of distribution of power, if there is a lack of legitimacy, and if there is no regional alignment among participant countries, it creates conditions for dis-stability and dis-growth. It also creates a vicious cycle if the credit is taken without the required sufficient legitimacy and sustainability conditions.

When agency and structure come to a synergic position, there is political consensus and social recognition over the distribution of power and resources. This results in an enabling set of institutions and policies for a productive class to be engrossed in entrepreneurial activities.

How to curb thalassemia in Bangladesh



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While Bangladesh has been successful in controlling infectious diseases and reducing child mortality rates over the past decade, its non-communicable disease control (NCDC) programme is yet to effectively take off. Genetic diseases like thalassemia is like the tip of the iceberg, not yet receiving proper attention under the NCDC programme. Few organisations like Bangladesh Thalassemia Samiti, Bangladesh Thalassemia Foundation, and Bangladesh Thalassemia Protirodh Andolon are working on raising awareness and gathering help for the patients within a very limited scope. This year, International Thalassemia Day was observed on May 8 with the theme “Be Aware. Share. Care: Strengthening Education to Bridge the Thalassemia Care Gap.”

Thalassemia is a genetic blood disorder and is one of the most widespread diseases worldwide. There are different types of thalassemia, but in Southeast Asia, Hb-E and Hb-Beta-Thalassemia are the most prevalent. According to the recent data of the World Health Organization (WHO), about 10-12 percent of Bangladesh’s population are thalassemia carriers (Hb-E and Hb-Beta-Thalassemia). It is presumed that every year, approximately 6,000-8,000 of the children born in Bangladesh are thalassemic. The number of patients suffering from thalassemia diseases with different levels of severity is estimated to be approximately 70,000-80,000. This high prevalence of thalassemia diseases is due to consanguineous marriage and marriage between two carriers.

Thalassemia carriers are asymptomatic and unaware of the genetic problem. They need no treatment or dietary restrictions, but their importance lies in the prevention of disease by not marrying another carrier. When both are carriers, there is a 25 percent probability (one in four live births) of their child being thalassemic, and a 50 percent probability (one in two live births) of the child being a carrier. In the worst case scenario, all their children could be thalassemic.

Many thalassemia patients are transfusion-dependent for life, starting from the age of six months. They are of short stature with facial deformities (thalassemic facies), with delayed or absent puberty. Some variants of thalassemia (like Haemoglobin Bart’s hydrops foetalis) are often fatal, but fortunately they are rare in Bangladesh. Thalassemia patients need medical treatment such

as regular blood transfusion to keep the haemoglobin up to the target level, screening for blood-borne infections, chelation method to minimise iron overload and endocrine complications related to iron overload, control of osteoporosis and sometimes splenectomy due to hypersplenism.

Hematopoietic stem cell transplantation (HSCT) is the only curative treatment of thalassemia at present. HSCT outcomes (more than 80 percent) are best for younger individuals who have undergone rigorous medical therapy with transfusion and iron chelation to minimise the risk of organ damage from iron toxicities. HSCT for thalassemia was pioneered in the early 1980 and results have continued to improve over time. According to a

Unfortunately, this issue is not being addressed with the appropriate attention in our public health domain. Moreover, many thalassemia patients in the country have not been diagnosed and/or appropriately treated, which clearly indicates a need to improve our community education programme as well as opportunities for genetic and prenatal counselling.

Effective diagnostic and screening programmes are essential for thalassemia prevention. Carrier detection, test for thalassemia before marriage, prenatal diagnosis of thalassemic foetus before 13 weeks of pregnancy, genetic counselling and awareness are utmost important to this end. For thalassemia prevention, Bangladesh can look into Cyprus’ experience. In Cyprus, thalassemia was a serious problem, which led to the initiation of strategies for prevention and management of thalassemia in 1976. In 1979, high-risk families started to get screened for thalassemia. In 1980, premarital screening was made compulsory by law. After prenatal diagnosis started in 1984, affected birth rates saw a sharp decrease. Between 1991 and



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2012 analysis, allogeneic HSCT is cost-effective compared to the standard medical treatment.

According to the Thalassemia International Federation (TIF), less than 10 percent of global thalassemia patients in developing countries can access the optimal standard of care. In 2017, it was estimated that the direct cost for treating an individual with transfusion-dependent thalassemia in Italy and Turkey would be approximately \$30,000 and \$15,000 annually, respectively. In Bangladesh, about \$2,500 (around Tk250,000) is spent annually, much less than the developed countries, but it is mostly out-of-pocket expenditure. Thus, the management of thalassemia patients requires a significant use of public health resources (approximately Tk 12,000 crore annually).

2001, only five thalassemic babies were born.

There’s no doubt that at present, thalassemia is a serious health problem in Bangladesh. The government should formulate a policy for the prevention and treatment of thalassemia immediately. The existing thalassemia patients’ standard of care (medical and curative) should be arranged in every public hospital. Planning should be done in such a way that no thalassemia baby can be born in the next five years. The main approach for thalassemia prevention is screening. A policy will have to be in place for the screening of the high-risk group. Premarital screening should be mandated by law as well. Scope for prenatal diagnosis should be increased in all medical college hospitals.



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