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## EMERGING PATTERN OF BANGLADESH'S ECONOMIC RELATIONS WITH JAPAN

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### I. INTRODUCTION

Ever since the recognition of Bangladesh by Japan on February 10, 1972, the bilateral relation between the two countries has been ever strengthened. "Despite different historical experiences, cultural heritages and social and economic conditions"<sup>1</sup> the common experiences with regard to devastating wars, natural catastrophes, and human sufferings were instrumental in bringing these two countries closer. These have been added to by their relative positions in the global context. While Bangladesh is placed at the bottom among the 'wretched of the earth', Japan - given her emergence as one of the richest countries in the world, has increasingly been assuming the responsibility 'in narrowing the existing gap in North-South points of view'.<sup>2</sup> Equally important has also been mutualities of interest between the two countries. An access to Japanese market and need for development assistance and investment significantly underline Bangladesh's

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1. Speech delivered by Mr. Yasutomo Tanaka, Ambassador of Japan in Bangladesh in a seminar organised by the Social Science Research Centre, University of Dhaka, September 30, 1985.

2. Halim, Md. Abdul, "Bangladesh-Japan Relations", in Chakravarty S. R. and Narain V., (eds) *Bangladesh, Vo. 2: Global Politics* New Delhi, South Asia Publishers, 1988, pp. 217-236.

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interest in developing a closer relation with Japan. From the Japanese side, the concern to redeem human sufferings in terms of hunger and disease with adverse implications for global peace and stability, a closer relation with Bangladesh is underlined, among others, by the search for a market for Japanese products, scope for Japanese overseas investment, and security for the 'Petroleum Road'.<sup>3</sup>

The purpose of the present article is to probe into the major aspects of the emerging pattern of economic relations between Bangladesh and Japan.<sup>4</sup> Four major aspects which comprise the core of such relations are export receipts, import payments, overseas development assistance, and private investment. The main focus of the study is on the various changes over time as pertaining to these different aspects of the relations between the two countries.

The paper has been organised into seven sections including the present one. Section II looks into Bangladesh's export trade with Japan. Level and trend, and composition of exports comprise the major elements of the section. Section III deals with imports from Japan. The imbalance between exports and imports is also highlighted here. Section IV focuses on the flow of Japanese overseas development assistance into Bangladesh. Sectoral distribution of overseas assistances are also highlighted. The following section deals with the flow of Japanese private investment into Bangladesh. Given the fact that international migration for employment has added a new dimension to the emerging economic relations between Japan and Bangladesh, section VI makes a brief review of the Bangladesh's experience in this regard. The final section contains the major observations and conclusions of the paper.

3. Rahman, Aatur, "Japan's Emerging Economic and Security Role in Southeast Asia", in *Social Science Review* (The Dhaka University Studies Part - D), vol. II, No. 1, June 1985.

4. This is not to deny the importance of the various other aspects of the growing bilateral relations between the two countries. Important among these are the strengthening of the cultural and diplomatic ties. Regular exchanges of cultural missions under various cultural agreements have been aimed at a better understanding of people of the two countries. Moreover, visits of heads of state in the respective countries "laid foundation for the lasting friendly relations between the two countries and peoples" and gradually further strengthened the ties between them. For further details, see, Halim, Md. Abdul, *op cit*/Embassy of Japan in Bangladesh, "Japan's Economic Cooperation with Bangladesh"; Bakht, Zaid and Debapriya Bhattacharya, "Japanese Economic Cooperation with Bangladesh: Status and Prospect", BIDS, mimeo, January 1992.

## II. EXPORT RECEIPTS FROM JAPAN

### 2.1. Level and Trend

Bangladesh exported goods worth US\$ 57.12 million to Japan during the fiscal year 1990/91. This is as compared to US\$ 12 million in 1976/77, and US\$ 30 million in 1981/82. The maximum level of export earnings from Japan upto 1990/91 stands at US\$ 70.54 million as of 1987/88 (Table - 2.1). In Taka terms, export receipts from Japan rose from 18 crores in 1976/77 to 220 crores in 1987/88. The figure for 1990/91 stood at 204 crores. Compared to the highest level reached in 1987/88 - in terms of both US\$ and Taka, the subsequent declines in export value denominated in US\$ is much more significant as compared to that in Taka. For instance, compared to 1987/88, export earnings in 1990/91 declined by about 19% in terms of US\$. The corresponding figure in Taka is 7%.<sup>5</sup>

Irrespective of the decline in recent years, export earnings from Japan registered a simple annual growth rate of 27% during 1976/77 to 1990/91. This compares significantly with the overall performances of the export sector during the whole of 1980s. The export sector grew at an annual rate of about 16% during 80s and at around 28% during the later half of 1980.<sup>6</sup>

Bangladesh's exports to Japan would seem to have gone through three distinct phases, viz., 1976/77 to 1981/82, 1982/83 to 1984/85, and 1985/86 and onwards. These three phases are characterised by different average levels of export earnings; and each phase is preceded by a lower average level of export earnings. For instance, the annual level of exports during the first period averaged US\$ 26 millions. The same figure during the second period was US\$ 58 millions; and during the third period it was US\$ 66 millions. Significant variations are, however, observed within each period (Table 2.1).

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5. This differential decline in export earnings should be seen in terms of relative decline in the values of US\$ and Taka *vis-a-vis* Japanese Yen.

6. Mahmood, R. A., and Roy, D.K., "Non-Traditional Exports from Bangladesh: Problems and Prospects", January 1994.

**Table 2.1**  
**Export receipts from Japan during 1975-76 to 1990-91**

(Value in million)

Period	Total Export Receipts of Bangladesh		Receipts from Japan		Export Receipts from Japan as percentage of global	
	US\$	Taka	US\$	Taka	US\$	Taka
1976-77	405	6255	12	185	2.96	2.96
1977-78	490	7406	15	227	3.06	3.07
1978-79	610	9282	32	489	5.25	5.27
1979-80	726	11242	42	655	5.79	5.83
1980-81	713	11599	22	356	3.09	3.07
1981-82	626	12555	30	603	4.79	4.80
<b>Sub-Total</b>	<b>3570</b>	<b>58339</b>	<b>153</b>	<b>2515</b>	<b>4.29</b>	<b>4.31</b>
1982-83	679	16162	50	1192	7.36	7.38
1983-84	798	19902	56	1408	7.02	7.07
1984-85	930	24155	68	1760	7.31	7.29
<b>Sub-Total</b>	<b>2407</b>	<b>60219</b>	<b>174</b>	<b>4360</b>	<b>7.23</b>	<b>7.24</b>
1985-86	814	24314	70	2094	8.60	8.61
1986-87	1065	32632	68	2079	6.38	6.37
1987-88	1219	38081	71	2204	5.82	5.79
1988-89	1275	40968	67	2152	5.25	5.25
1989-90	1512	49764	63	2071	4.17	4.16
1990-91	1695	60561	57	2040	3.36	3.37
<b>Sub-Total</b>	<b>7580</b>	<b>246320</b>	<b>396</b>	<b>12640</b>	<b>5.22</b>	<b>5.13</b>
<b>Grand Total</b>	<b>13,557</b>	<b>36,4878</b>	<b>723</b>	<b>19,515</b>	<b>5.33</b>	<b>5.35</b>

Source: Adapted from Bakht, Zaid and Debapriya Bhattacharya, "Japanese Economic Cooperation with Bangladesh: Status and Prospect", January 1992.

An overall positive trend in export earnings from Japan is underlined by alternative growth patterns at different points in time. Exports to Japan - in US\$ terms, experienced an annual growth rate of about 27% between 1976/77 and 1990/91. The same rate during the three different phases are 30%, 18%, and -4% respectively. One, therefore, observes a slowing down in the rate of growth of exports to Japan in recent years. And during the later half of 80s there has rather been a negative growth in export earnings.

## 2.2. Commodity Composition of Exports

Bangladesh's exports to Japan comprise almost wholly of three broad SITC groups, viz, (a) food and live animals, (b) crude materials, and (c) manufactured goods. These three groups together accounted for about 96% of the exports to Japan in 1990/91. They contributed for 99% of the exports to Japan in 1976/77, and 97% in 1985/86. There has, therefore, been very little changes in broad commodity composition of exports to Japan during the past one and half decades.

**Table 2.2**  
Exports to Japan by Broad Commodity Groups (SITC)  
(in percentage terms)

Year	Food & Live animal	Crude materials	Manufactured goods	Sub-Total	Others	Total (Tk.'000)
1976-77	33.72	57.09	8.09	98.9	1.1	185,193
1978-79	31.57	54.58	13.22	99.37	0.63	488,628
1979-80	17.60	68.73	6.15	92.48	7.52	654,594
1980-81	68.27	23.24	7.32	98.83	1.17	356,832
1981-82	72.54	13.87	10.70	97.11	2.89	603,014
1982-83	58.89	8.35	8.16	75.4	24.6	1192,430
1983-84	57.38	7.63	10.63	75.64	24.36	1408,474
1984-85	66.38	6.27	20.53	93.18	6.82	1759,853
1985-86	78.41	6.47	12.55	97.43	2.57	2094,398
1986-87	80.60	3.59	12.98	97.17	2.83	2079,097
1987-88	78.09	2.72	16.01	96.82	3.18	2203,960
1988-89	71.54	4.02	23.96	99.52	0.48	2152,194
1989-90	53.86	5.67	38.05	97.58	2.42	2071,430
1990-91	56.03	18.16	22.30	96.49	3.51	2040,371

Source: Bangladesh Bank, *Exports Receipts of Bangladesh*, various issues.

Significant changes have, however, occurred in relative importance of these three broad SITC groups. Food and live animal would account for about 34% of total exports to Japan in 1976/77. The same figure rose to 72% in 1988/89. Similarly, the relative share of manufactured goods rose from 8% in 1976/77 to 22% in 1990/91. The relative share of crude materials, on the other hand, fell from 57% of total exports in 1976/77 to 18% in 1990/91.

The commodity composition of exports to Japan is best depicted by a detailed breakdown of the broad SITC groups into their major components. These include primary commodities such as fish and fish products, fruits and vegetables, tea, raw jute, hides and skins, and manufactured goods like jute goods, leather and leather products, ready-made garments, silk fabrics, engineering products, insulated cords and cables and various ethnic products such as handicrafts, etc.

Within this broad list, few major sub-groups of commodities comprise the bulk of the exports to Japan. Most important among these are shrimps and prawn, carpet backing, raw jute, hessian bags, jute yarn, hides and skins, etc. These few items account for about 95% of the country's exports to Japan. The single most important item has been fish and fish products. During 1990/91 period export earnings from fish and fish products accounted for Tk. 112 crores. This was equivalent to about 55% of the exports to Japan in that year. Shrimp and prawn account for the bulk of this. The other major sub-items are dried and salted fish, fish maws including shark fins, etc.

Leather and leather products comprise the second most important group of exports to Japan. This includes cow and buffalo hides, goat skins, reptile and lizard skins, baby lamb skins with wool, and leather and leather products such as tanned leather, leather boots, shoes and slippers. A total of Tk. 37 crores worth of such goods was exported to Japan in 1990/91 equivalent to 18% of total export. The single most important sub-item has been finished leather - tanned or otherwise, which alone accounts for more than 90% export of such items. Jute and jute products comprise the third most important exports to Japan. In 1989/90 Bangladesh exported such goods worth Tk. 30 crores to Japan. The most important sub-items are raw jute, broad loom products, jute carpets, gunny bags, etc.

Among the other important items are tea, engineering products, silk fabrics, and various types of handicrafts. Noteworthy, in recent years Bangladesh has been exporting different types of engineering products to Japan. In 1990/91 Tk 3.5 crore was earned from this item alone. Electricity distribution equipment, insulated cables and codes, and various types of other engineering equipments are included under this group.

**Table 2.3**  
**Export receipts from Japan by specific export items**

Specific Major Item	(in percentage terms)			
	1976-77	1980-81	1985-86	1990-91
<b>A. Food &amp; Live animal</b>	<b>33.72</b>	<b>68.27</b>	<b>78.41</b>	<b>56.03</b>
Shrimps & prawns	15.58	42.73	77.40	54.98
Fish other than shrimps and prawn	17.70	29.20	0.70	—
Agricultural products	0.12	—	0.12	0.14
Tea	0.04	0.37	0.09	—
Animal & animal products	0.00	0.23	0.09	—
<b>B. Manufactured goods</b>	<b>43.78</b>	<b>7.91</b>	<b>14.97</b>	<b>0.21</b>
Leather & Leather products	0.38	0.02	0.53	—
Jute & jute products	43.40	7.90	14.43	0.21
<b>C. Crude Materials</b>	<b>10.52</b>	<b>1.61</b>	<b>0.85</b>	<b>17.96</b>
Hides & skins n.e.s.	9.67	—	—	17.96
<b>D. Misc. Manufactured articles</b>				
Handicrafts	0.18	0.07	0.08	—
Silk & silk products	—	—	0.08	—
<b>Grand Total</b>	<b>185,193</b>	<b>603,014</b>	<b>2094,398</b>	<b>2040,371</b>

Source: Computed from Bangladesh Bank, *Export Receipts of Bangladesh*, various issues.

### 2.3. Importance of Japan as an Export Market

Despite an increased level, the relative importance of Japan as an export market improved very little over past decades. Japan contributed for less than 3% of the export receipts in 1976/77. This figure gradually rose to 7.45% in 1985/86. It has since then been declining; and in 1990/91 it stood at 3.43%. This is as compared to 28% for the USA, 9% Germany, 8% for the UK, and 6% Italy (Table 2.4).

**Table 2.4**  
**Export Receipts by Major Counties**

(in percentage terms)

Country	1973-74	1975-76	1980-81	1985-86	1990-91
Australia	3.57	2.26	2.58	1.48	1.55
Belgium	3.57	2.87	2.25	3.11	3.66
Canada	1.55	1.63	0.79	1.42	1.59
People's Republic of China	—	0.94	3.61	2.68	2.08
Egypt	3.72	4.68	1.92	1.16	1.00
France	2.08	2.15	0.80	0.42	4.31
Germany Federal Rep.	1.49	1.67	1.62	2.16	8.80
India	5.76	1.24	3.02	0.96	1.45
Iran	2.15	3.72	5.97	6.23	1.58
Iraq	0.63	2.52	1.58	1.48	0.02
Italy	2.63	5.92	2.97	4.51	6.19
Japan	4.48	2.66	2.67	7.45	3.43
Pakistan	—	0.97	7.21	—	—
U.K.	8.99	6.72	4.29	5.03	8.30
U.S.A.	18.32	16.41	9.48	20.68	28.27
U.S.S.R.	6.00	3.17	4.12	3.10	2.02
<b>Sub-Total</b>	<b>64.94</b>	<b>59.53</b>	<b>54.88</b>	<b>61.87</b>	<b>74.25</b>
<b>Grand Total</b>	<b>2521,448</b>	<b>4816,862</b>	<b>13343,631</b>	<b>27165,986</b>	<b>59559,358</b>

(Taka in 000)

Source: Bangladesh Bank, *Export Receipts of Bangladesh*, various issues.

The picture would be rather mixed when looked at from the view point of individual export items - particularly those exported to Japan. Japan's share in total export of fish and fish products, for instance, is quite significant as compared to her relative contribution to total export. More than a fifth of the country's export of fish and fish products goes to Japan. About a sixth of the various engineering products goes to Japan alone. Similarly, Japan accounts for about 8% of the total export of leather and leather products. On the other hand, less than one-tenth of a percentage of ready-made garments goes to Japan. For tea the corresponding figure is 0.18% as of 1989/90.

### III. IMPORT PAYMENTS TO JAPAN

#### 3.1. Level and Trend of Imports

Japan is amongst the most important sources of import for Bangladesh. Goods worth US\$ 469 million was imported from Japan during the fiscal year 1989/90. This is as compared to the global import payments of US\$ 3,713 millions during the same period.

Historically, imports from Japan was US\$ 81 million in 1976/77. This rose to US\$ 300 million by the mid-80s, and US\$ 469 million by 1989/90. Between 1977/78 and 1989/90 import payments to Japan experienced an annual growth rate of 37%. The incremental growth in import payments will be relatively higher during the later half of 1980s as compared to previously.

#### 3.2. Commodity Composition of Imports

Two broad SITC groups has all along been accounting for over three fourths of the imports from Japan. These are manufactured goods - SITC group 6, and machinery and transport equipments - SITC group 7. Based on the experiences during 1976/77 and 1990/91, the relative shares of these two broad SITC groups have been 40% and 39% respectively. Two other SITC groups, viz, crude materials (SITC group 2) and miscellaneous manufactured articles (SITC group 8), accounted for another 10% of total imports during the same period.

Within the broad category of machinery and equipments, the most important has been transport equipment. This item alone account for about a quarter of total imports from Japan as of 1990/91. Machinery other than electrical comprise another major sub-item. Amongst the manufactured goods the most important has been iron and steel products. This is followed by textile yarn, fabrics and made up articles and related products. Paper and paper products are an important item imported from Japan.

**Table 3.1**  
**Import payments to Japan during 1976-77 to 1989-90**

(Value in mln \$)

Period	Total Import Payments of Bangladesh	Payments to Japan	Import Payment to Japan as percentage of global trade
1976-77	846.7	80.5	9.6
1977-78	1431.3	176.7	12.4
1978-79	1665.3	194.2	11.7
1979-80	2389.3	302.6	12.7
1980-81	2576.0	297.7	11.6
1981-82	2604.3	310.2	11.9
1982-83	2310.1	218.6	9.5
1983-84	2349.8	219.0	9.3
1984-85	2647.8	300.8	11.4
1985-86	2362.9	255.3	10.8
1986-87	2620.0	378.1	14.4
1987-88	2985.1	456.3	15.3
1988-89	3389.9	447.3	13.2
1989-90	3712.6	468.7	12.6
<b>Grand Total</b>	<b>33891.1</b>	<b>4107.7</b>	<b>12.1</b>

Source: Bakht, Zaid and Debapriya Bhattacharya, "Japanese Economic Cooperation with Bangladesh: Status and Prospect", January 1992.

The overall importance of these four SITC groups changed very little over time. For instance, these four items together accounted for 88% of imports in 1976/77. The corresponding figure was over 90% in 1990/91. There has, however, been certain changes in relative importances of these four broad SITC groups. This is particularly true with respect to manufactured goods and machinery and equipment. Machinery and transport equipment, for instance, accounted for 30% of the imports from Japan in 1976/77. The same figure rose to about 49% in 1990/91. Conversely, the relative share of manufactured good fell from 50% of total to 37% during the same time period.

**Table 3.2**  
**Import payments to Japan by broad commodity groups**  
 (in percentage terms)

Year	Chemicals	Manufacturing goods	Machinery and Transport equipment	Misc. manufactured articles	Sub-Total	Others	Total (Tk.'000)
1976-77	10.96	49.63	29.37	5.35	95.31	4.69	382,201
1977-78	8.44	51.17	28.98	7.62	96.21	3.79	759,223
1978-79	10.43	37.80	26.13	15.51	89.87	10.13	932,907
1979-80	8.30	42.07	35.09	7.29	92.75	7.25	1207,672
1980-81	6.08	44.73	37.69	6.41	94.91	5.09	2336,583
1981-82	6.15	37.06	44.92	7.16	95.29	4.71	2424,459
1982-83	13.22	35.76	33.09	10.89	92.96	7.04	1458,745
1983-84	7.07	46.06	36.27	4.72	94.12	5.88	2803,516
1984-85	5.88	45.12	39.32	5.81	96.13	3.87	4559,331
1985-86	7.10	43.36	39.67	6.87	97.00	3.00	5306,800
1986-87	7.32	45.19	38.37	6.65	97.53	2.47	4360,296
1987-88	5.62	50.97	32.93	7.83	97.35	2.65	5388,148
1988-89	4.58	54.27	30.09	6.33	95.27	4.73	7612,600
1989-90	5.82	35.27	48.54	7.95	97.58	2.42	8346,454
1990-91	6.68	6.32	49.09	3.56	65.65	34.35	6094,826

Source: Bangladesh Bank, *Import Payments of Bangladesh*, various issues.

Amongst the individual items, the import of transport equipments increased most significantly over time. Between 1976/77 and 1990/91, for instance, the import of transport equipments increased by about 24 times. Even adjusting for currency depreciation during this period such an increase in the import of transport equipment will be most spectacular. Its relative share in total import changed from 17% in 1983/84 to 26% in 1990/91. The similar has also been the case with respect to other machinery, textile yarn, fabrics, and made up materials.

**Table 3.3**  
**Import payments to Japan by major items**  
(in percentage terms)

Specific Major Items	Period			
	1976-77	1980-81	1985-86	1990-91
<b>A. Manufactured goods:</b>	<b>49.63</b>	<b>44.73</b>	<b>43.36</b>	<b>6.32</b>
Paper & Paper Board & Manufactures thereof	11.35	2.36	1.37	0.94
Textile yarn, fabrics and made up articles and related products	6.73	8.01	4.42	2.84
Iron & steel	21.77	22.10	34.22	—
<b>B. Machinery and transport equipment:</b>	<b>29.37</b>	<b>37.69</b>	<b>39.67</b>	<b>49.09</b>
Machinery other than electric	5.68	9.85	14.02	17.39
Electric machinery apparatus and appliances	1.44	6.23	7.36	6.06
Transport Equipment	17.06	21.62	18.30	25.64
<b>C. Chemicals:</b>	<b>10.96</b>	<b>6.08</b>	<b>7.10</b>	<b>6.68</b>
Dyeing tanning & colouring materials	2.72	1.08	0.94	—
Medical & pharmaceutical products	2.02	.57	0.75	—
Chemical materials and products	3.81	2.01	1.29	1.06
<b>D. Misc. Manufactured Articles:</b>	<b>5.35</b>	<b>6.41</b>	<b>6.87</b>	<b>3.56</b>
Clothing	2.46	3.82	3.43	—
<b>Grand Total(Tk. in '000)</b>	<b>382201</b>	<b>2336583</b>	<b>5306800</b>	<b>6094607</b>

Source: Computed from Bangladesh Bank, *Annual Import Payment of Bangladesh*, various issues.

### 3.3. Importance of Japan as a Source of Import

Japan is by far the single most important source of import for Bangladesh. And her relative importance demonstrate a significant positive trend. During 1990/91 Japan accounted for about a tenth of the country's import. The next most important source was India which accounted for 5% of the total import in that year. Following was the People's Republic of China - 3.8%.

**Table 3.4**  
**Import payments by major countries**

(in percentage terms)

Country	1973-74	1976-76	1980-81	1985-86	1990-91
Australia	5.43	5.76	3.08	1.09	1.97
Belgium	0.16	0.27	0.27	0.18	0.36
Canada	9.83	2.66	2.77	4.67	3.65
China People Rep.	0.19	0.81	4.50	3.12	3.82
Egypt	0.71	—	0.09	0.04	0.02
France	0.59	0.59	1.36	0.84	0.91
Germany, Federal Rep.	0.43	0.13	0.05	4.13	3.04
India	12.60	6.26	2.16	2.55	5.21
Iran	0.71	2.31	1.01	0.53	0.10
Iraq	2.05	0.78	0.81	0.05	0.04
Italy	0.39	0.58	0.10	0.30	0.60
Japan	4.61	6.09	11.31	10.81	9.69
Pakistan	—	2.23	2.21	1.05	1.89
U.K.	4.57	3.41	4.84	4.17	2.90
U.S.A.	15.86	26.36	9.06	6.92	3.69
U.S.S.R.	8.08	4.34	1.53	2.19	5.21
<b>Sub-Total</b>	<b>66.21</b>	<b>62.58</b>	<b>45.15</b>	<b>42.64</b>	<b>43.10</b>
<b>Grand Total(Tk. in '0000)</b>	<b>68045</b>	<b>190976</b>	<b>436202</b>	<b>706508</b>	<b>1237817</b>

Note: — Less than 0.01

Source: Bangladesh Bank, *Import Payments of Bangladesh*, various issues.

**Table 3.5**  
**Bangladesh's trade balance with Japan**

(in million US\$)

Year	Export	Import	Balance
1976-77	12.0	80.5	-68.5
1980-81	21.9	297.7	-275.8
1985-86	70.0	255.3	-185.3
1989-90	62.1	468.7	-406.6

Source: Bangladesh Bank.

### 3.4. Trade Balance with Japan

Given that the volume of imports from Japan increased most significantly during the past decades as compared to the export earnings, the balance of trade situation of Bangladesh *vis-a-vis* Japan has been ever worsening. The trade gap between the two countries stood at over US\$ 400 million in 1989/90. The trade gap was US\$ 69 million in 1976/77, and US\$ 276 million in 1980/81.

## IV. OFFICIAL DEVELOPMENT ASSISTANCE

### 4.1 Level and Trend

Japan ranks number one as donor of Official Development Assistance to Bangladesh. In 1989/90 Bangladesh received a total of US\$ 335 million as aid and loan from Japan, equivalent to about 19% of the total external assistances received in that year. During 1972/73 to 1989/90, a total of US\$ 2,824 million was received from Japan as loans and grants. This compares with the corresponding inflow of US\$ 2,550 million from the USA, 1,371 million from Canada, and 761 million from the UK.

Japanese ODA to Bangladesh increased from a very modest level of US\$ 14.82 million in 1972/73 to US\$ 335 million in 1989/90. This is compared to a three-fold increase in total flow of external resources into Bangladesh during the same period. The inflow of Japanese ODA into Bangladesh went through three distinct phases. During 1972/73 and 1976/77 Bangladesh received on an average US\$ 30 million per annum. This increased to 150 million during 1977/78 to 1985/86; and since 1987/88 the annual inflow has been over US\$ 300 million.

### 4.2 Nature and Composition

Of the total Japanese ODA received so far, slightly over one third came as grants, and the remainder as loans. There are, however, significant variations across years in terms of relative shares of loans and grants. Of total assistances received in 1972-73, for instance, more than 90% comprised of grants. The whole of the assistances received in the following year was in the form of loan. Excepting for these extreme cases, grant component of Japanese assistances varied between 15% to 44%.

Table 4.1  
Disbursement of Japanese ODA to Bangladesh

(in million US\$)

Period	Level of Assistance			As percentage of total aid				Total foreign aid received by Bangladesh	Foreign aid received from Japan as Percentage of Global Total			
	Total Aid	Food Aid	Commodity Aid	Project Aid	Food Aid	Commodity Aid	Project Aid		Total Aid	Food Aid	Commodity	Project Aid
1972-73	14.82	2.82	12.00	—	19.02	80.95	—	551.44	2.69	1.55	4.15	—
1973-74	23.54	23.54	—	—	100.00	—	—	461.24	5.10	1.55	—	—
1974-75	30.29	6.97	23.32	—	23.01	76.99	—	901.05	3.36	1.82	6.21	—
1975-76	44.53	7.39	37.14	—	16.60	83.40	—	300.53	5.56	2.36	10.27	—
1976-77	39.09	6.70	29.73	2.67	17.14	76.06	6.83	534.71	7.31	5.51	11.68	1.68
<b>Sub-Total</b>	<b>152.27</b>	<b>47.42</b>	<b>102.19</b>	<b>2.67</b>	<b>31.14</b>	<b>67.11</b>	<b>1.75</b>	<b>2748.97</b>	<b>5.54</b>	<b>3.86</b>	<b>7.36</b>	<b>0.42</b>
1977-78	113.06	4.00	90.12	18.94	3.54	79.71	16.75	833.86	13.59	2.25	23.69	6.87
1978-79	128.64	5.00	94.91	28.73	3.89	73.78	22.33	1030.05	12.49	2.79	19.67	7.80
1979-80	229.61	63.80	77.48	88.33	27.79	33.74	38.47	1223.06	18.77	17.03	20.47	1.88
1980-81	153.82	40.27	63.67	49.88	26.18	41.39	32.43	1146.45	13.42	20.75	16.22	8.91
1981-82	192.86	9.00	119.42	64.44	4.67	61.92	33.41	1239.63	15.56	3.90	28.44	10.94
1982-83	150.80	47.40	78.29	25.11	31.43	51.92	16.65	1177.38	12.81	18.56	17.32	5.34
1983-84	114.59	25.49	64.28	24.82	22.24	56.10	21.66	1268.40	9.03	9.22	14.64	4.49
1984-85	126.25	10.00	78.66	37.59	7.92	62.30	29.77	1269.45	9.95	4.05	18.23	6.36
1985-86	139.55	6.29	76.28	56.98	4.51	54.66	40.83	1305.93	10.69	3.10	19.39	8.03
<b>Sub-Total</b>	<b>1349.18</b>	<b>211.25</b>	<b>743.11</b>	<b>394.82</b>	<b>15.66</b>	<b>55.08</b>	<b>29.26</b>	<b>10494.21</b>	<b>12.86</b>	<b>9.88</b>	<b>19.71</b>	<b>8.61</b>
1986-87	332.85	18.36	183.28	131.21	5.52	55.06	39.42	1595.16	20.87	8.14	45.53	13.56
1987-88	314.60	25.68	166.34	122.58	8.16	52.87	38.96	1640.38	19.18	8.55	32.65	14.76
1988-89	340.14	12.58	177.68	149.89	3.70	52.24	44.07	1668.48	20.38	5.55	33.04	16.58
1989-90	335.30	8.06	106.43	220.81	2.40	31.74	65.85	1809.56	18.52	4.29	23.30	18.94
<b>Sub-Total</b>	<b>1322.89</b>	<b>64.68</b>	<b>633.73</b>	<b>624.49</b>	<b>4.89</b>	<b>47.90</b>	<b>47.21</b>	<b>6713.58</b>	<b>19.70</b>	<b>6.88</b>	<b>33.24</b>	<b>16.15</b>
<b>Grand Total</b>												
<b>Total</b>	<b>2824.34</b>	<b>323.35</b>	<b>1479.00</b>	<b>1021.98</b>	<b>11.45</b>	<b>52.37</b>	<b>36.18</b>	<b>20727.55</b>	<b>13.63</b>	<b>7.29</b>	<b>20.53</b>	<b>11.24</b>

Source : External Relations Division, Ministry of Finance, Government of Bangladesh, 1990.

Japanese assistances to Bangladesh comes mostly in the form of food, commodity and project aid. Until the second half of 1970s Japanese assistances consisted mainly of food and commodity aid. Project aid came into the scene only since late 1970s, and its relative share has been on the increase. On the whole, about 64% of the assistance received from Japan upto 1989-90, excluding the technical assistance, comprised of food and commodity aid. Slightly over one third of the assistance came in the form of project aid.

**Table 4.2**  
**Year-wise comparative percentage of Food, Commodity,**  
**Project Grants and Loans**

(in percentage terms)

Year	Food		Commodity		Project			All Together	
	Grants	Loans	Grants	Loans	Grants	Loans	Total <sup>(a)</sup>	Grants	Loans
1972-73	68.13	31.87	100.00	—	—	—	14.824	93.93	6.07
1973-74	—	100.00	—	—	—	—	23.539	—	100.00
1974-75	48.92	51.08	4.76	95.24	—	—	30.291	14.92	85.08
1975-76	100.00	—	14.24	85.76	—	—	44.526	28.48	71.52
1976-77	100.00	—	—	100.00	66.23	33.77	39.094	21.65	78.35
1977-78	100.00	—	—	100.00	92.26	7.74	113.063	19.00	81.00
1978-79	100.00	—	15.28	84.72	30.18	69.82	128.642	21.90	78.10
1979-80	12.38	87.62	19.37	80.63	16.18	83.82	229.611	16.20	83.80
1980-81	21.78	78.22	9.95	90.05	33.90	66.10	153.822	20.81	79.19
1981-82	100.00	—	18.16	81.84	32.29	67.71	192.857	26.70	73.30
1982-83	27.43	72.57	5.11	94.89	39.83	60.17	150.795	17.91	82.09
1983-84	47.40	52.60	29.38	70.62	79.89	20.11	114.588	44.33	55.67
1984-85	100.00	—	26.14	73.86	59.78	40.22	126.250	42.00	58.00
1985-86	100.00	—	22.05	77.95	40.12	59.88	139.547	32.94	67.06
1986-87	100.00	—	21.49	78.51	17.13	82.87	332.854	24.10	75.90
1987-88	100.00	—	18.29	81.71	44.55	55.45	314.595	35.18	64.82
1988-89	100.00	—	23.06	76.94	4.67	95.33	340.143	17.80	82.20
1989-90	100.00	—	18.90	81.10	41.29	58.71	335.297	35.59	64.41

Note: (a) in million US\$

Source: ERD, *op. cit.*

The relative importance of food, commodity and project assistance vary according to whether these were financed under loans or grants. Food assistances from Japan have mostly been under grant; and the bulk of the commodity assistance under loan. For instance, during the period under observation almost half the food assistance from Japan came under grant aid. The corresponding figure for commodity aid is only 18%; and for project aid it is 32%.

There have been significant changes over time in relative importance of food, commodity and project aid received under loan and grant. The relative importance of food aid in Japanese ODA to Bangladesh has been on the decline, both in absolute and relative terms. This, however, is associated with an increasing incidence of food aid under grant - the whole of it since 1984/85. In the case of commodity aid the grant component consistently remained at a very low level. In contrast, the relative distribution of project aid under loan and grant demonstrate no systematic pattern.

Besides food, commodity and project, Bangladesh receives from Japan assistance in various other forms. Two major types of such assistances are (a) technical cooperation, and (b) assistance to NGOs. The major components of Japan's technical cooperation are as follows:

- (i) Training programme;
- (ii) Dispatch of Japanese experts;
- (iii) Equipment supply programme;
- (iv) Project-type technical cooperation (integrated technical cooperation by means of combining training programme, dispatch of experts, and supply of equipment);
- (v) Development survey programme (consultancy services by survey teams for development projects of public nature in developing countries)
- (vi) Dispatch of Japan Overseas Cooperation Volunteers (JOCV).

Under the 'Small-Scale Grant Assistance' - a new programme introduced in 1989, the Government of Japan extends assistance to local governments, research institutes, hospitals and to Non-government organisations (NGOs) to carry out programmes aimed at local or community development.<sup>7</sup>

**Table 4.3**  
**Technical Assistance from Japan**

Types of Technical Co-operation	1972-83	1984	1985	1986	1987	1988
Acceptance of Trainees (Persons)	923	78	66	64	104	98
Dispatch of experts (Persons)	245	22	37	22	30	39
Dispatch of survey mission (Persons)	616	89	69	68	131	117
Dispatch of JOCV (Persons)	195	22	30	40	28	25
Supply of equipment (million yen)	1814	245	273	283	163	116
Project-type technical co-operation (Project)	9	2	2	1	1	2
Development survey (Project)	22	2	4	3	5	5

Source: Embassy of Japan in Bangladesh, "Japan's Economic Cooperation with Bangladesh".

### 4.3 Bangladesh in Japan's ODA Disbursement

Bangladesh was the fifth largest recipient of Japanese ODA in 1989. She received 5.47% of the total ODA disbursed in that year - amounting to US\$ 6,779 million. Preceded by Bangladesh were Indonesia (16.9%), China (12.28%), Thailand (7.21%), and Philippines (5.96%).<sup>8</sup> Bangladesh ranked number one in 1989 in terms of grant aid, and received 8.71% of the total grant assistance disbursed. Since the fiscal year 1984 Bangladesh has consistently been the number one recipient of Grant aid from Japan. The next important country was Thailand until the fiscal year 1987; and Philippines since the following year. In recent years Bangladesh is followed - in terms of Grant Aid, by Philippines, Pakistan, Thailand and Sri Lanka.

7. Embassy of Japan in Bangladesh, "Japan's Economic Cooperation with Bangladesh", Dhaka, 1990.

8. Ministry of Foreign Affairs, *Japan's Official Development Assistance, 1990 Annual Report*, Tokyo, March 1991.

**Table 4.4**  
**Importance of Bangladesh in Japan's ODA Disbursement**  
 (in million \$)

Nature of Assistance	1985	1986	1987	1988	1989	1985-89
a. Total bilateral						
ODA disbursed	2,556.92	3,846.21	5,247.63	6,421.87	6,778.50	24,851.13
Bangladesh total	121.48	248.47	334.20	341.96	370.60	1416.71
Percentage	(4.75)	(6.47)	(6.37)	(5.32)	(5.47)	5.70
Ranking	7	4	4	5	5	5
b. Grant Assistances	1744.00	1811.00	2011.00	1930.00	2028.00	—
Bangladesh Total	147.88	130.65	128.86	136.42	158.59	
Percentage	(8.48)	(7.21)	(6.41)	(7.07)	(7.82)	
Ranking	1	1	1	1	1	
c. Technical co-operation					1481.20	
Bangladesh total					16.72	
Percentage					(1.13)	
Ranking					7	
d. Development lending & capital					3541.25	
Bangladesh total					218.29	
Percentage					(6.16)	
Ranking					6	

Source: Ministry of Foreign Affairs, Tokyo, March, 1991.

#### 4.4 Sectoral Distribution of ODA

Bangladesh received a total US\$ 1.02 billion as project aid for a total of 65 different projects up to 1989/90.<sup>9</sup> Out of this 26 projects were financed under loan, and the remaining 39 under grants. Of the total project assistance, 68% was as loan, and 32% as grant. Dividing the total amount of assistances received as loan and grant by the respective number of projects one observes that the average size of the projects under loans and grants vary quite significantly.

9. External Relations Division, *Flow of External Resources into Bangladesh*, Dhaka, 1990.

More than three fourths of the projects financed under grant aid fall under three broad economic sectors (Table 4.5). These are health, water supply and sanitation, flood control, and communication. The single most important among these is health, water supply and sanitation which accounts for 35% of the project grants received during the said period. The second most important recipient of grant aid is the communication sector receiving about one third of the total grant aid. Flood control schemes account for less than a tenth of the grant aid.

More than two fifths of the project loan are due to the industrial sector. Both new construction and rehabilitation of existing industrial units were financed out of these project loan. Fertilizer industry, however, received the bulk of the Japanese loan assistance so far<sup>10</sup>. The second most important recipient of the Japanese project loan is the power sector. This accounts for about a third of the total project loan received so far. Transport and communication sectors together account for about a sixth of the project loans received from Japan. Improvement of tele-communication network of the country is the major aim of the projects under the sector. Other major sectors receiving Japanese project assistance are transport, health, water supply and sanitation and hotel. The relative shares of all other sectors are quite low.

Table 4.5 further shows that there is some mutual exclusiveness among the major sectors receiving Japanese project assistances under loan or grant arrangement. Various social service sectors such as health, water supply and sanitation, education and training, science and technology, civil defence received assistance only under project grants. In contrast, assistances to such sectors as power, industry, etc., are in the form of project loans<sup>11</sup>.

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10. The major fertilizer factories in the country have been substantially co-financed by Japanese project loans. These include Chittagong Urea Fertilizer Factory, Jamuna Fertilizer Factory and Ghorasal Urea Fertilizer Factory. Besides, project loans have been provided for the rehabilitation of industries previously financed by Japanese assistance, e.g., Karnafuly Rayon Mill, Chittagong Steel Mill and Chittagong Caustic Soda Plant.

11. Only two sectors have been found as receiving assistances both under grant and loan. In the case of the power sector, one out of a total of ten projects has been financed under grant assistances; and in the case of communication five out of eight projects have been financed under similar arrangements.

**Table 4.5**  
**Distribution of project assistances by sectors**  
 (in million Yen)

Name of the Sectors	Loan		Grant		All together	
	No. of Project	% of Total Disbursement	No. of Project	% of Total Disbursement	No. of Project	% of Total Disbursement
Power	9	32.13	1	1.05	10	25.59
Hotel	1	5.43	—	—	1	4.29
Communication	3	7.10	5	32.66	8	11.89
Transport	1	7.69	—	—	1	6.08
Industry	9	42.02	—	—	9	33.21
Bank	1	0.12	—	—	1	0.10
Fuel & N.R.	2	5.50	—	—	2	4.35
Health	—	—	12	34.75	12	6.68
Flood control	—	—	5	8.95	5	1.72
Food	—	—	3	6.13	3	1.18
Relief	—	—	5	7.80	5	1.50
Civil Defense	—	—	2	2.27	2	0.44
Education & Training	—	—	1	0.91	1	0.18
Radio & TV	—	—	3	3.54	3	0.68
Science & T.R.	—	—	1	1.51	1	0.29
Postal service	—	—	1	0.41	1	0.08
All together (in million Yen)	26	117,023	39	31,050	65	148,073

Source: Computed from ERD, *op cit.*

Intertemporarily, there have been much changes in relative importances of the various sectors receiving Japanese project assistances. During the earlier years of Japanese economic assistance to Bangladesh the major focus was on production sectors and economic infrastructures such as power, industry and hotel. And these were mostly under the project loans. Only since the fiscal year 1986 that Bangladesh started receiving project assistances for various social infrastructures such as health, water supply and sanitation, education and training, development of mass communication such as radio and television, etc. Interestingly, most of these projects have been financed under grant assistances.

**Table 4.6**  
**Japan's Project Assistances by Sector and Period**  
 (in percentage terms)

Sectors	1972-77	1977-86	1986-90	Grand Total
Power	24.75	38.24	0.93	25.59
Hotel	62.12	—	—	4.29
Communication	11.72	17.94	—	11.89
Transport	—	9.85	—	6.08
Industry	—	18.62	73.38	33.21
Bank	1.41	—	—	0.10
Fuel & N.R.	—	7.03	0.03	4.35
Health	—	5.39	11.30	6.68
Flood Control	—	0.22	5.35	1.72
Food	—	1.74	0.35	1.18
Relief	—	0.69	3.62	1.50
Civil Defence	—	—	1.47	0.44
Education & Training	—	0.28	—	0.18
Radio & TV	—	—	2.29	0.68
Science & T.R	—	—	0.99	0.29
Post Service	—	—	0.27	0.08
All together (in miln Yen)	10,235	91,406	43,829	145,470

Source: External Relations Division, Ministry of Finance, Government of Bangladesh, 1990.

## V. JAPANESE PRIVATE INVESTMENT IN BANGLADESH

### 5.1 Level and Trend

Bangladesh's experience with Japanese private investment has been very limited. This is particularly important given the fact that the first instance of Japanese private investment in Bangladesh dates back to 1961, and that a significant progress has so far been made with regard to trade and aid.

Total Japanese investment in Bangladesh was \$ 0.199 million in 1977. Through much fluctuating flows during the successive years, Japanese investment in 1988 stood at a cumulative total of US\$ 3.7 million. During this whole period the yearly inflow of Japanese investment varied between US\$ 69,000 and 0.62 million. Nevertheless, based on Table 5.1, one would observe an upward trend in the flow of Japanese investment into Bangladesh. One of the major interests has been in deep-sea fishing. The first investment in the sector dates back to 1977 under the name of Bengal Fisheries at an

estimated cost of Taka 30 million. The second investment came in 1984 and the third in 1987 - with a total investment of Taka 44 million. Most of the products are geared to the Japanese market. Among the other major sectors of Japanese investment have been textiles, engineering products, and food processing.

**Table 5.1**  
**Flow of Japanese investment into Bangladesh<sup>a</sup>**  
(Value in million)

Year	Cash brought in	Capital equipments brought in	Reinvested earnings	Total	
				Tk	\$
1977	2.956	—	0.046	3.002 (9.91)	0.199
1978	3.054	—	0.091	3.145 (6.98)	0.207
1979	4.221	—	—	4.221 (5.67)	0.271
1980	4.064	—	—	4.064 (5.96)	0.245
1981	4.676	—	—	4.676 (4.53)	0.230
1982	6.639	—	—	6.639 (6.49)	0.278
1983	5.511	2.114	2.820	3.331 (4.62)	0.132
1984	1.806	—	—	1.806 (2.24)	0.069
1985	7.369	—	8.820	16.189 (6.69)	0.541
1986	8.467	—	—	8.481 (4.52)	0.277
1987	18.592	—	—	19.324 (5.82)	0.619
1988	18.704	—	—	18.704 (6.62)	0.585

Source: Bakht, Zaid and Debapriya Bhattacharya, 'Japanese Economic Cooperation with Bangladesh: Status and Prospect', January 1992.

<sup>a</sup>The table contains information on Japanese investment flowing into the country as through the Bangladesh Investment Board. Figures in the parentheses denote % of total annual inflow of foreign private investments to Bangladesh.

Besides the investments flowing into the country through the (Bangladesh) Board of Investment - as listed above, in recent years an alternative flow is taking place into the Export Processing Zones of the country. Between 1985 and 1993 a total of US\$ 37 millions worth of Japanese investments flew into the Chittagong Export Processing Zone. This total figure is accounted for by 14 industrial units of which 12 are fully owned by Japanese investors, and the rest jointly with Bangladeshi entrepreneurs (Table 5.2).

Amongst the major products of the Japanese firms at the Chittagong Export Processing Zone (CEPZ) are electronic products, camera lenses, leather products, automobile parts, electronic motor, golf equipments, fishing gears, and garment items.

## **5.2 Relative importance of Japanese investment**

For the investments outside the EPZ, Japan's relative importance as compared to total foreign investment has been very limited. Based on information upto June 1993, Japan ranks the seventh largest foreign investor in Bangladesh accounting for 2.66% of total investment. This is as compared to the relative share of 23% for the UK, 22% for Hongkong, 3.75% for Switzerland. The relative share of Japanese investment in Bangladesh has, however, been improving over time. She contributed for less than 2% of the total Foreign Direct Investment (FDI) in 1986/87. The same figure in 1991 was 14%; and during the first half of 1993 it stood at about 15% (Table 5.3).

Japan, however, is the biggest investing country in the CEPZ area. Of the total investment of over US\$ 90 million flowing into the zone upto August 1993, Japan contributed over 41%. Distantly following is South Korea which accounts for about 17% of the foreign investments upto that time. Among the other major countries are Holland 12%, and the USA 11%.

**Table 5.2**  
**Japanese investment in CEPZ (as on August 1993)**

Sl.No.	Name of the Firm	Year of Establishment	Amount of Investment (000 US\$)	Nature of Investment	Types of Product	Level & Composition of employee	
						Local	Foreign
1.	M/S Showa Chain BD. Ltd.	Aug. 1985	1507	Joint venture 80% Jap 20% BD)	Steel anchor chain	39	1
2.	Optonix Co. BD. Ltd.	Jan. 1989	782	Jap-own	Electronics	286	2
3.	M/S Olympic MI (BD) Limited	Aug. 1990	12692	Jap-own	Fishing shell & Golf equipment	622	6
4.	M/S BD. Seibu Electronics Ind. Ltd.	Feb. 1991	2056	Jap-own	Electronics	154	1
5.	M/S Dream Bengal Garments Ltd.	Apr. 1991	326	Jap-own	Underweas	148	1
6.	M/S Yaita Kouki Co. Ltd.	Jan. 1991	797	Jap-own	Fan motor	96	1
7.	M/S Sigma BD Ltd.	July 1991	1316	Jap-own	Automobile	27	1
8.	M/S Sanko Optical Co. Ltd.	June 1992	592	Jap-own	Lens, video camera,	48	1
9.	M/S Cosmo BD. Ltd.	June 1992	290	Jap-own	Camera lens facimile	33	1
10.	M/S T.M.I BD. Ltd.	—	167	Jap-own	DC Fan Motor	13	—
11.	M/S Meiji Ind. Ltd.	June 1992	971	Jap-own	Motor Break Jointhook *	37	1
12.	M/S Atlantic standard times	—	134	Joint venture (80% Jap 20% BD)	Components of	11	—
13.	M/S. Sani Construction	—	800	Jap-own	Construction		
14.	M/S. Ajalantic Standard Times	—	134	Joint	Components of Fishing Reel	11	—

Source: Compiled from Data supplied by the Bangladesh Export Processing Zone Authority (BEPZA), Dhaka.

**Table 5.3**  
**Foreign Direct Investment by major country source**  
 (Tk. in million)

Country	1978/79	1986/87	1991	(Upto June 1993)	Total
UK	—	92.26 (4.05)	119.68 (36.07)	38.89 (16.19)	3479.19 (23.14)
USA	0.75 (0.21)	12.70 (0.56)	—	22.49 (9.36)	59.75 (0.40)
W. Germany	—	—	3.74 (1.13)	2.55 (1.06)	142.70 (0.95)
Japan	251.70 (71.08)	40.57 (1.78)	45.28 (13.65)	36.02 (14.99)	400.08 (2.66)
Thailand	101.66 (28.71)	14.97 (0.66)	—	—	157.86 (1.05)
Hong Kong	—	1398.50 (61.34)	41.94 (12.64)	18.96 (7.89)	3262.67 (21.70)
South Korea	—	—	59.84 (18.04)	93.53 (38.93)	546.12 (3.63)
Netherlands	—	291.87 (12.80)	—	—	561.23 (3.73)
Switzerland	—	300.00 (13.16)	—	—	563.72 (3.75)
Sweden	—	—	17.58 (5.30)	—	499.48 (3.32)
Others	—	129.14 (5.65)	43.72 (13.17)	47.84 (11.58)	5365.10 (35.67)
Grand Total	354.11	2280.01	331.78	240.28	15037.90

Source: Sadrel Reza and Md. Ali Rashid, "Foreign Investment in Bangladesh: Problems and Prospects" September 1993.

Note: Items within parenthesis refer to percentage of yearly total.

## VI. INTERNATIONAL MIGRATION FOR EMPLOYMENT

### 6.1. Level and Trend of Migration

Amidst changing geographical destinations of international migration for employment from Bangladesh,<sup>12</sup> Japan has lately emerged as one of the most preferred ones. Better job opportunities and high level of income coupled with unemployment and underemployment at home, have encouraged thousands of young and educated Bangladeshis to migrate to Japan for employment during the past decade.<sup>13</sup> Even as early as in 1960s there were Bangladeshi students in Japan; and technical exchanges at public and private levels have long been in operation between the two countries. But never before was there migration of the present scale, and interaction with the Japanese economy and society that intense.

Between 1985 and 1990 a total of 33,573 Bangladeshis entered into Japan. The highest number of Bangladeshis entering into Japan in one single year is 14,500 as in 1988. This is equivalent to almost 40% of those entering into Japan during the whole of 1985-90 period. In 1989, the level of migration dropped to 3,425. Alongside, there was also a sizeable number of those who were denied entry into Japan. Between 1985 and 1990 a total of 4,728 Bangladeshi nationals were denied entry (visa) upon their arrival at different ports of entry in Japan.<sup>14</sup>

12. For further details on the issue of overseas migration for employment from Bangladesh, see, Hossain, A.R.M.A., "Migration of Labour from Bangladesh", Bureau of Manpower Employment and Training, Dhaka, 1979; Mahmood, R.A., "Employment of Bangladeshis Abroad and Use of Their Remittances", Bangladesh Institute of Development Studies, Dhaka, May 1991; Islam, Mainul and others, "Overseas Migration from Rural Bangladesh: A Micro Study", Department of Economics, Chittagong University, Bangladesh, September 1987.

13. This is alongside other nationalities from Asia, Africa, and Latin America. For further details see, Sasaki, "Clandestine Labour in Japan: Sources, Magnitude and Implications", paper presented at Expert Group Meeting on Cross-National Labour Migration in the Asian Region, organised by the United Nations Centre for Regional Development, Nagoya, Japan, 5-8 November 1990.

14. Until February 1989 there was visa exemption for Bangladeshi nationals visiting Japan. They could apply for an entry visa at the port entry. If the immigration officials were satisfied with their stated intention of visit, they would be issued visa. However, as more and more people were going to Japan on the pretext of tourists, businessmen, and even students, and were taking up employment unofficially, increasing restrictions were imposed at the port of entry. This resulted in more and more denial of visa at the port of entry.

**Table 6.1**  
**Level of Bangladeshis migrating to Japan**

Years	No. of Bangladeshis			No. of nationals leaving Japan		Net Stock	Cumulative stock
	Entering into Japan	Denied entry	Voluntarily	Deported	Total		
1985	2299	—	1846	2	1848	451	451
1986	4417	146	3519	122	3641	776	1227
1987	5854	707	2394	522	2916	2938	4165
1988	14500	3233	2847	3116	5963	8537	12702
1989	3425	510	2181	2254	4435	-1010	11692
1990	3078	186	2197	4799	6996	-3918	7774
Total	33573	4,728	14984	10815	25799	7774	—

Note: Net stock equals number of arrivals minus those leaving voluntarily plus those deported.

Source: Japan Immigration Association, Statistics on Immigration Control, 1990.

Adjustment of the number of those entering into Japan every year by those leaving during the same period - voluntarily or otherwise, gives the net stock of nationals in Japan at any point in time. Based on this exercise, there were about 7,774 Bangladeshis living in Japan as of 1990. This is as compared to only 451 in 1985, and 12,702 in 1988.

## 6.2. Socio-Economic Background of Migrants

Bangladeshis migrating to Japan are mostly very young; and the average level of education among them is quite high. Their mean age is estimated at 29 years. More than 80% of them are at the maximum of 30 years of age by the time of their migration to Japan. Moreover, for two thirds of them the level of education is Secondary School or above. Compared to the literacy situation in the country, the educational level of migrants to Japan is quite high. For instance, while 60% of the country's population has no education whatsoever, the corresponding share among the

migrants is less than 1%. Similarly, while less than 1% of the country's population has degree or above level of education, the corresponding figure for the migrants is about 8%.<sup>15</sup>

#### 6.4. Activities in Japan

Bangladeshis in Japan work mostly for small and medium size enterprises as measured by the number of employees of the respective establishments. More than a quarter of these enterprises employ a maximum

**Table 6.2**  
**Socio-demographic background of migrants**

Characteristics	No.	%
<b>Age Distribution (years):</b>		
Upto 20	12	2.35
21 - 25	146	28.63
26 - 30	255	50.00
31 - 35	66	12.94
36 - 40	25	4.90
41 +	6	1.18
Mean		27.99
(Sd)		(4.55)
<b>Educational Qualification:</b>		
No education	2	0.40
Upto V	37	7.30
VI - X	147	34.10
SSC	120	23.50
HSC	139	27.30
Degree +	38	7.50

Source: Mahmood, R.A., "International Migration for Employment: Experiences of Bangladeshi Returned Migrants from Japan", December 1991.

15. The overall literacy situation in Bangladesh is one of the poorest in Asia. Based on the criteria of minimum level of reading and/or writing, less than 40% of the country's population can be labeled as literates. However, the situation is much worse if one looks into the level of education endowed by the population. Percentage of the country's population having Secondary School Certificate (SSC) and Higher Secondary Certificate (HSC) level and degree level education - 14 years' schooling, and above only 0.3%. For further details on the literacy situation in Bangladesh, see, Bangladesh Bureau of Statistics, *Labour Force Survey, Final Report*, 1983-84.

of 10 workers; and three fifths of them 25 workers. These firms are heavily dependent on expatriate workers. Foreign workers comprise as high as half the labour force of the respective firms. In very small enterprises foreign workers comprise only of Bangladeshi nationals.<sup>16</sup>

**Table 6.3**  
**Level and composition of employees**

Number of Employees of the Enterprise	No. of Enterprises	% of Total	Average no. of employees			% of total employees			All foreigners	
			Total	Japanese	Bangla-deshi	Others	Japanese	Bangla-deshi		Others
Upto 5	61	6.45	3.90	1.79	2.10	0.02	43.55	56.12	0.33	56.45
6 - 10	177	18.71	8.20	4.98	3.12	0.11	60.24	38.51	1.25	39.76
11 - 25	352	37.21	17.38	12.49	4.60	0.30	71.30	27.05	1.65	28.70
26 - 50	187	19.77	35.39	26.86	7.37	1.16	75.71	20.99	3.31	24.30
51 +	169	17.86	165.36	149.60	12.36	3.40	87.07	10.62	2.30	12.92
All together	946	100	44.13	37.73	6.09	0.97	71.13	26.93	1.93	28.86

Source: Mahmood, R.A., December 1991, *op. cit.*

Few major sectors provide employment to Bangladeshi nationals, and for that matter to other foreign workers.<sup>17</sup> These are industry, construction, and services. However, industry is the single most important sector. More than 70% of the Bangladeshis who worked in Japan were employed in one kind of industry or another. About 14% of them were employed in the construction sector, and 13% in service sector. Within the industrial sector, few particular industries would seem to have much greater importance in terms of absorption of Bangladeshi workers. Important among them are metal and metal processing, printing and publications, and rubber industry.

16. A high concentration of Bangladeshi nationals in smaller firms and establishments could be due to the fact that employers would find it convenient to recruit their required workers from among one particular nationality. And the nationality would be determined by the first batch of foreign workers recruited by them. If the first foreign employee recruited by a firm is, for instance, a Bangladeshi, no matter how it happened in the first place, the recruitment of additional workers from among the same nationality would be most convenient in terms of maintaining harmony among employees. There will be lesser problems with language - if at least one of them could speak Japanese, and requirements of employees in terms of food, accommodation, would be quite similar. Moreover, additional supply of workers could be eased as the first employee will look for his fellow countrymen.

17. For further details on the distribution of migrant workers across various sectors in Japan, see, Japan Immigration Association, *Statistics on Immigration Control*, 1990.

**Table 6.4**  
**Major industrial sub-sectors employing Bangladeshis**

Industrial Sub-Sectors	Number	Percentage
Industry as such	193	28.51
Metal/Steel Manufacturing and processing	210	31.02 <sup>a</sup>
Printing and Publication	72	10.64
Rubber industry	50	7.39
Electronics	49	7.24
Leather	28	4.14
Wood processing	22	3.25
Others	53	7.83
All together	(677)	(100)

<sup>a</sup>This includes, among others, cycle industry, steel manufacturing, manufacturing of spare parts, galvanizing, aluminum manufacturing, dice making, crain manufacturing, steel cutting, iron shop, metal boring, power pump manufacturing, welding shops, and tools making.

Source: Mahmood (1991), *op. cit.*

## VII. SUMMARY AND CONCLUSIONS

Beginning from 1972 the bilateral relation between Bangladesh and Japan has been ever strengthened. This has emerged despite their diverse historical experiences, cultural heritages and socio-economic conditions. Common experiences with regard to devastating wars, natural catastrophes, and human sufferings laid the foundation for a closer cooperation between the two countries. Their respective positions in the global context further strengthened this foundation. Interdependence between the two economies, however, would have been the most important underlying factor-irrespective of the weights each might attach to the other.

Looked at from the economic point of view, four major areas comprise the core of the emerging economic relations between the two countries, e.g., export receipts, import payments, overseas development assistance, and foreign investment. International migration for employment has lately added a new dimension to the emerging economic relations between Bangladesh and Japan. Based on the experiences over the past decades the relationship between the two countries has significantly intensified in these five different areas, and the indication for the future is very much in the upward direction.

The volume of exports to Japan increased - compared to the based level, quite promisingly during 1976/77 to 1990/91. This would, however, account for hardly 3% of the country's export. Few exceptions apart, the relative importance of Japan as export market of Bangladesh changed very little over time. Moreover, the flow of Japanese investment has so far been most minimal.

Consequently, Bangladesh's trade balance with Japan has been ever widening. Imports from Japan is now more than eight times higher than export receipts. As such, Bangladesh is increasingly becoming dependent on the Japanese aid to finance various development projects. From a modest position in early 70s, Japan has emerged, in recent years, as the number one donor of official development assistance to Bangladesh. As much as one fifth of the ODA flowing into the country comes from Japan alone. And the indications are that the trend will still be in the upward direction. How long should it continue, and how should the country repay the accumulated debts in the future?

Besides attempts to reduce the country's dependence on external resources in general to finance development programmes, in relation to Japan two major areas which should receive the greatest attention are export promotion, and an increased level of Japanese investment into the country. An increased access to the Japanese market for Bangladeshi exports should be amongst the most important goals, and, from the other side, the best way to help the country towards her economic emancipation. This will involve a greater level of exports of those commodities which have already gotten an access in the Japanese market. Moreover, products having a potential in the Japanese market should be identified, and all out efforts made to increase their exports. Most important, however, will be a greater understanding of the Japanese market, tastes and preferences, and complying with the respective market norms in terms of production and distribution. Encouraging Japanese investment into the export sector will be most imperative. This will involve provision of necessary infrastructural facilities, and maintenance of politico-economic environment which underline foreign investment.

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