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The Golden Jubilee of Bilateral Relations: Japanese Contribution in Achieving Development Goals of Bangladesh

Abstract

This study investigates Japan's contribution to attaining Bangladesh's development visions in the last fifty years. As a development partner of Bangladesh, Japan has been playing a significant role in achieving Bangladesh's desired economic goals. During the most challenging time, immediately after independence, the war-torn country got generous assistance from Japan through Official Development Assistance (ODA) to reconstruct its infrastructure and economy as well as social development and capacity building. In the last fifty years of the steady economic growth of Bangladesh, Japan had a thorough engagement in the most critical projects. The megaprojects in Bangladesh like the Metrorail project, Matarbari megaproject, Hazrat Shahjalal International Airport's expansion project, Special Economic Zone at Araihaazar and many bridges and power stations played significant role in the development journey of the country. Bangladesh has successfully achieved Millennium Development Goals (MDGs). The country is on track to graduate from Least Developed Country (LDC) to a middle-income country; Sustainable Development Goals (SDGs) are ahead, and Perspective Plans are well set. Apart from those, Delta Plan and Vision 2041 designed to become a developed country are also some goals projected to be achieved with the assistance of Japan. In this respect, the paper explains the relations and contributions of Japanese ODA and Foreign Development Investment (FDI) in the development journey of Bangladesh. Given the precedents of warm historical bilateral ties, this paper also suggests both of the countries need to explore new avenues and enhance future relationship further i.e., cooperation in sustainable infrastructure development, enhancing trade and investments, cooperation in disaster management and climate change, global peacebuilding efforts, blue economy and maritime security, exchange of culture and people-to-people connectivity, and cooperate in sustainable repatriation of the Rohingyas in Myanmar.

Keywords: Japan, Bangladesh, Development Goals, Bilateral Relations, Cooperation

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1. Introduction

Bangladesh and Japan have historically maintained a strong relationship which can be identified in the spectrum of cooperation, respect, friendship, generosity, and reciprocity in politico-economic benefits in the global platforms, trade, and commerce. The collaboration framework between the two nations is strengthened by a number of shared facts of culture, history, and tradition. While a robust economic relationship between any two nations is a testimony of strong relations, in the 21st century, Japan has been focusing much on utilising its economic diplomacy in South Asia, particularly in Bangladesh. Consequently, as a developing country, Bangladesh is trying to exploit the advantage of Japan's economic cooperation. In contrast, Japan is viewing the chance of increased proximity with Bangladesh as an opportunity to balance Beijing's growing influence in this region. Since the independence of Bangladesh, the generous assistance received from Japan has primarily contributed to ensuring the development visions of the country. In the initial stages, the Japanese viewed this support as reimbursement of the favour rendered by Radhabinod Pal, a Bengali jurist of the "Tokyo Trial" who "saved" Japan from an upsetting verdict. On the other hand, Japanese ODA flow towards Bangladesh has been viewed by most of the Bangladeshis as a donation to the war-devastated country. However, Japan's assistance in achieving the economic targets set forth by Bangladesh has been playing a catalytic role over the years. The biggest ever megaprojects to date facilitated by the Japanese assistance are the Matarbari project, the first ever Metrorail project, Special Economic Zone at Araihasar, construction of many crucial bridges, the expansion of Hazrat Shahjalal International Airport project, and so forth.

Moreover, there are many social interventions of Japanese investment in Bangladesh to promote the lagged-behind communities and empower them to assimilate into the mainstream. In addition, Japanese investment has also been in the sectors like capacity building and quality enhancement. The paper attempts to investigate how Japanese investments are contributing to achieving the country's development goals over the last fifty years and predict the future engagement of the two friendly nations while depicting both states' endeavours for mutual benefits. A qualitative approach is employed in this study, where data is collected through archival research as well as a document analysis strategy basically from secondary sources. The collected data is processed and has been represented through descriptive analysis.

The study acknowledges the positive correlation between foreign direct investment and achievement of development visions, attempts to answer the

following research questions—what are the existing major development goals of Bangladesh and what are the projected goals to reach? How have Japan’s cooperation and investment in Bangladesh been assisting the country to achieve the development visions set forth in line with the global changing order? Therefore, the study concentrates on revealing the possible contribution of Japan’s FDI in attaining the targets Bangladesh has envisioned.

In this respect, the paper is divided into five sections including introduction and conclusion. Section two deals with the evolution of development cooperation activities between Bangladesh and Japan. Section three covers the development visions and major development projects undertaken by Bangladesh in the last fifty years. Section four makes an assessment of the development projects in Bangladesh facilitated by the Japanese assistance. Section five depicts the connections between the development goals of Bangladesh and the Japanese funded projects in Bangladesh as well as it makes assessments that Bangladesh Japan can contribute more in the development arenas of Bangladesh. The conclusion summarises the paper.

2. The Evolution of Bangladesh-Japan Development Cooperation

Since the independence of Bangladesh, Japan has been a constant companion in its socioeconomic, cultural and infrastructural development. Official Development Assistance (ODA) and technical support from Japan have been highly instrumental in ensuring the desired development goals for Bangladesh. Though the two friendly nations are observing the Golden Jubilee of their bilateral relations in the year 2022, this relation can be traced back to pre-independent Bangladesh. The first instance is the travel of Hariprabha Basu Mullick, a Brahmo woman from an open-minded and liberal East Bengali family who was married to a Japanese man named Oemon Takeda, crossed the “black sea” to meet her in-laws in Japan in 1913.¹ She has authored a book *Bangamahilar Japan Jatra* (1915) which was published in Dhaka. Rabindranath Tagore, the most notable Bengali author in Bangla literature, made a courtesy call on in the early twentieth century with his Japanese counterpart Tenshin Okakura² and exchanged views during his visit to Japan and based on that Tagore authored a book *Japan Jatri* (1919).³ Another benchmark was set by a brave Bengali

¹ Hariprabha Takeda and Somdatta Mandal, *The Journey of a Bengali Woman to Japan & Other Essays: Bangamahilar Japan Jatra (1915) & Other Essays* (Kolkata: Jadavpur University Press, 2019).

² Takeda and Mandal, *The Journey of a Bengali Woman to Japan & Other Essays: Bangamahilar Japan Jatra (1915) & Other Essays*.

³ Arun Kumar Banerji, “Tagore and Japan ~ I,” *The Statesman*, June 10, 2017, <https://www.thestatesman.com/opinion/tagore-and-japan-i-1497133820.html>.

Subhas Chandra Bose, an eminent Indian nationalist who formed the Indian National Army and joined with the Imperial Army of Japan during the Second World War to fight against the imperialist British colonial suppression in the Indian subcontinent.⁴ Radhabinod Pal—a Bengali jurist at the Tokyo Trial along with two others from France and Netherlands, had saved the lives of millions of Japanese by his humanitarian and just voice for the common mass of the country and, thus, created a soft corner at the heart of the Japanese for the Bengalis.⁵ The legacy continued during the Liberation War of Bangladesh in 1971 as well. During the war, Japanese media, especially *The Asahi Shimbun* and *The Mainichi Shimbun* among the print media, Radio Japan and NHK among the electronic media, played a crucial role in maintaining a ‘positive neutrality’ while covering the brutality of the Pakistani occupation army in Bangladesh.⁶ Moreover, the role of Takashi Hayakawa—the then member of Japan’s National Diet, in convincing the incumbent Japanese government and its people to stand beside the toiling masses in Bangladesh and the refugees in India had been significant. He also played an influential role in raising funds for the war victims.⁷ Immediately after the end of the war, Japan recognised Bangladesh on February 10, 1972.⁸ The devastated country received generous assistance from Japan without much conditionality for facing the initial days’ challenges. Moreover, the state visit of the two country’s heads to each other’s countries accelerated the diplomatic relations towards a tied up, friendly, trustworthy one which continues till today. The donor-recipient relationship between Japan and Bangladesh started to grow. With the advent of time, the changing dynamics of global politico-economic undercurrents have pushed both the states to come closer, and reciprocity has increased to a large extent. Till the outbreak of the pandemic, Bangladesh received quite a handsome amount of ODA. Annex 1 shows the amount of ODA Bangladesh has received since 2002 until the COVID-19 outbreak.

Japan has a keen interest in expanding business in Bangladesh owing to the strategic dynamics of Tokyo-Beijing relations. Since Bangladesh is expecting to graduate from LDC in 2026 and Japan needs the gateway of Bangladesh in its

⁴ Stephen P. Cohen, “Subhas Chandra Bose and the Indian National Army,” *Pacific Affairs* 36, no. 4 (1963): 411; Benjamin Zachariah, *Sugata Bose, His Majesty’s Opponent: Subhas Chandra Bose and India’s Struggle against Empire* (Cambridge: Harvard University Press, 2011), 388.

⁵ Arpita Mathur, “Setting the Stage: India and Japan in History,” Report, *S. Rajaratnam School of International Studies* (January, 01, 2012).

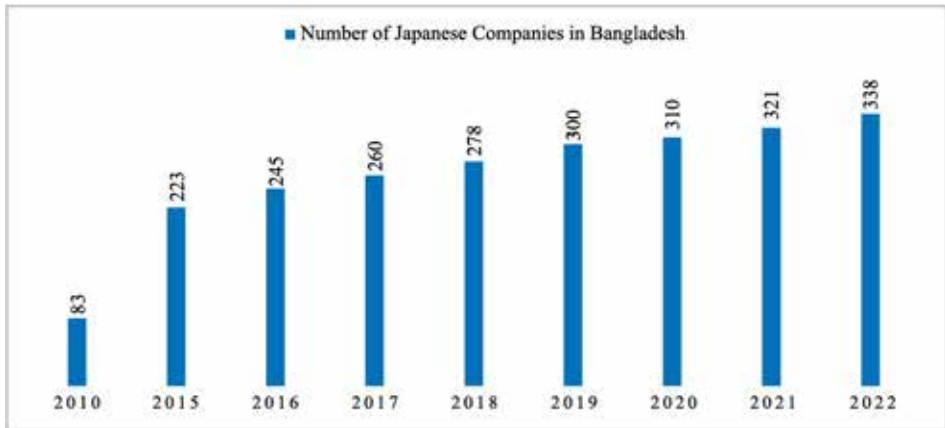
⁶ Md Jahangir Alam, *Bangladesh-Japan Diplomatic Relations (1972-2022): A New Paradigm of Strategic Partnership* (Dhaka: Muktobuddhi Publishers, 2022); Sheikh Ahmed Jalal, *Japan’s Contribution in the Independence of Bangladesh* (Dhaka: Hakkani Publishers, 2002).

⁷ Jalal, *Japan’s Contribution in the Independence of Bangladesh*.

⁸ Alam, *Bangladesh-Japan Diplomatic Relations (1972-2022): A New Paradigm of Strategic Partnership*.

plan of BIG-B, the expansion of Japanese business through their subsidiaries are enhancing. It can be understood from the following figure.

Figure 1: Number of Japanese Companies in Bangladesh⁹



Lastly, during the fight against COVID-19 pandemic, Japan made a remarkable contribution through providing vaccines, protective equipment, and most importantly loan for the budget deficiency in the fiscal year 2021-22.¹⁰

3. The Development Visions of Bangladesh

Development has been one of the main focus for the government of Bangladesh (GoB) since its independence. In addition, the country intends to decrease regional development disparities; pursue an inclusive growth strategy to reduce poverty and income discrepancy by ensuring the people’s access to economic resources and jobs, and expanding women’s economic involvement. Bangladesh has established a number of development plans to realise its visions likewise the Five-Year Plans (FYP), Perspective Plan 2041 (PP2041), and Delta Plan 2100 (DP2100) respectively. This section discusses those plans in detail.

⁹ Figure reproduced by authors based on data from the daily *Business Standard*, “67% of Japanese Cos Facing Shortage of Skilled Workers in Bangladesh,” *The Business Standard*, October 10, 2022, <https://www.tbsnews.net/economy/67-japanese-cos-facing-shortage-skilled-workers-bangladesh-511346>.

¹⁰ Alam, *Bangladesh-Japan Diplomatic Relations (1972-2022): A New Paradigm of Strategic Partnership*.

3.1 *Bangladesh's Five-Year Plans*

In 1973, the Planning Commission of Bangladesh was established to design the 1st Five-Year Plan (FYP) for 1973 to 1978. The principal goals of the 1st FYP were to alleviate poverty, limit income disparity, and eliminate reliance on foreign aid. The goals were incredibly inspiring because they represented the hopes and aspirations of millions of Bangladeshis.¹¹ Since then, there have been multiple iterations of the FYP, each of which builds upon the previous to secure the country's economic and social progress and eradicate poverty. The 7th FYP was adopted in July 2015 as a continuation of the government's efforts to implement Vision 2021 and PP2021. The 6th FYP had begun implementing PP2021, and the 7th FYP aimed to conclude this process. Under the 6th FYP, significant progress was accomplished, but the government was aware that there were unresolved issues pertaining to PP2021's development goals that required to have been addressed. The 7th FYP, therefore, reviewed the progress made during the 6th FYP, identified the main gaps, and set the appropriate strategies, targets and goals as the next step towards the completion of the PP2021 development agenda as well as the implementation of the UN SDGs by 2030. This continuation in med-term development planning made a linkage to a long-term development strategy and allowed mid-term adjustments has benefited Bangladesh by providing it with a dynamic and adaptable development planning instrument. This is especially pertinent in the light of the COVID-19 pandemic which devastated the world economy and negatively affected Bangladesh. The country established a new PP2041 that defines a farsighted vision of a prosperous and poverty-free Bangladesh. The 8th FYP, introduced in 2021, is the first of four medium-term development plans intended to implement PP2041. The lessons learned from the adaptive and vibrant use of the 6th and 7th FYPs had been highly instrumental for smooth implementation of the PP2021, including the required amendments to the impact of COVID-19. Thus, these have largely contributed to the strategic attainments while implementing the 8th FYP which set off its journey against the context of an immense and unprecedented global crisis.¹²

The 8th FYP is a continuation of the 7th FYP and the initial phase of the country's PP2041. With the goal of reaching the primary SDG targets by 2030 and eliminating extreme poverty by the Fiscal Year (FY) 2031, this will move Bangladesh closer to the rank of Upper Middle-Income Country (UMIC).

¹¹ S J Anwar Zahid, *Rural Development Planning and Project Management in Bangladesh* (Bangladesh Academy for Rural Development, 2005).

¹² General Economics Division (GED), *8th Five Year Plan, July 2020 - June 2025: Promoting Prosperity and Fostering Inclusiveness* (Bangladesh Planning Commission, 2020).

In this given context, the 8th FYP has six core themes in the pivot:

- With a view to restoring human health, economic activities, employment, income and confidence, rapid recovery plan from COVID-19 shall be implemented;
- Ensuring GDP growth acceleration, generating employment, accelerating productivity, and reducing poverty rapidly;
- A comprehensive inclusivity plan to enable every citizen to fully participate in and profit from the development process and assist the weak and vulnerable through income transfers based on social protection;
- Ensuring a roadmap for sustainable development that is resilient to climate change and disaster, which entails viable use of natural resources, and can manage the inevitable transition of urbanisation successfully;
- Safeguarding the growth and flourishing of critical institutions which are essential to lead the economy to UMIC status;
- Achieving SDG targets and preparing to cope with the impact of LDC graduation.¹³

3.2 *Perspective Plan 2041*

Bangladesh attained a decade of average GDP growth of 7 per cent, surpassing the Lower Middle-Income criteria in 2015 and meeting all prerequisites for transitioning out of Least Developed Country (LDC) status. The government is now poised to implement a plan to create a nation devoid of poverty, where economic and social justice reigns and prosperity is shared. As a result, the government has adopted Vision 2041, a continuation of Digital Bangladesh Vision 2021, intending to guide the nation along the Bangabandhu's development philosophy.¹⁴ Vision 2041 seeks to eradicate extreme poverty and reach UMIC status by 2031 and High-Income Country (HIC) status by 2041, while dragging severe poverty on the edge of extinction. The PP2041 was launched to translate Vision 2041 into a development plan with policies and actions. The PP2041 builds on the successes of Vision 2021 and incorporates the exceptional practice experiences of contemporary UMICs and HICs that have already walked the growth path that Bangladesh intends to traverse. The PP2041

¹³ General Economics Division (GED), *8th Five Year Plan, July 2020 - June 2025: Promoting Prosperity and Fostering Inclusiveness*.

¹⁴ Economic Relations Division, Ministry of Finance, Government of the People's Republic of Bangladesh, 2022.

is based on two critical visions: firstly, Bangladesh will be a developed nation by 2041, with a per capita income of over US\$12,500 at today's values; secondly, the country will be wholly integrated into the digital world with a full proof eradication of poverty. The 20-year strategy established a GDP growth target of 9.9 per cent by increasing investment to 46.88 per cent of GDP by 2041 and increasing tax collection to 21.1 per cent of GDP. Bangladesh has initially incorporated SDG Agenda 2030 into the National Development Plan to be implemented by 2041. Thus, the SDG phase coincided with the start of the 7th FYP, the 7th FYP's implementation period has concluded in June 2020, and the 8th plan has begun in July 2020.¹⁵ The 8th FYP will continue through the second perspective plan for 2021-2041. The 2021-2041 perspective plan will be implemented to ensure Bangladesh's significant economic and social progress.¹⁶

Vision 2041 and the accompanying PP2041 are supported by four institutional pillars. It will be leveraged by the people who are the primary drivers of growth and transformation. These include governance, democratisation, decentralisation, and capacity development. In the PP2041, the accompanying policies for agriculture, flood control, land management, forestry resource management, water storage, irrigation, and ecological balance would be crucial components of the policy package aimed at the reduction of poverty and enhancing environmental management. In addition, the strategy includes specific approaches for bolstering the resilience of agricultural production systems, including water collection and retention enhancement, soil and nutrient management and conservation of agriculture with reduced tillage and residue retention to continue the foundation created by the PP2041. Besides, the government has adopted the DP2100 which is connected with PP2041. This significant long-term project aims to develop the management of land, water, ecology, environment, and climate change through institutions, policies, strategies and investment programmes.¹⁷

¹⁵ Shamsul Alam, "Vision 2041: Alignment with Other Macro Plans," *The Financial Express*, April 07, 2019, <https://thefinancialexpress.com.bd/views/vision-2041-alignment-with-other-macro-plans-1554562327>.

¹⁶ General Economics Division (GED), *Bangladesh Delta Plan 2100* (General Economics Division (GED), Bangladesh Planning Commission, 2018).; "Perspective Plan Targets 9.9% GDP Growth by 2041," *The Business Standard*, February 25, 2020.

¹⁷ Husain Taha and Kamruzzaman, "Priority Areas for Bangladesh: Roadmap to 2041 as Developed Country," *Archives of Community Medicine and Public Health* (December 02, 2020): 277–80.

3.3 *Delta Plan 2100 (DP2100)*

DP2100 is a long-term integrated techno-economic mega plan that ameliorates all delta-related policies and plans which encompasses a Delta Vision. It includes all the strategies that makes it possible to integrate sectoral plans and policies for actionable interventions along with both short and long-term implementation roadmap. On September 4, 2018, the GoB approved the DP2100 to protect water supplies in the future and mitigate the projected consequences of climate change and natural disasters. It is a broad, long-term view of the potential changes and essential interventions required to make the Bangladesh Delta safe by the end of the twenty-first century. In the first phase up to 2030, the DP2100 Investment Plan (IP) comprises a total of 80 projects: 65 physical investments and 15 institutional and knowledge development projects. The overall cost of its capital expenditures is US\$37 billion. Priority investment areas include river management, river erosion control, and flood protection, with a special emphasis on rural and urban drainage and flood control, rural and urban waste management and water supply, navigability of river and river training. The DP2100 is being implemented in conjunction with the PP2041's long-term development outcomes regarding poverty reduction and economic growth. Moreover, it aims to lower long-term susceptibility to water- and climate-related hazards and those for environmental conservation.¹⁸

Bangladesh has been envisioning those master plans and steering its policies to turn those visions into reality. But pandemic, war in Europe, threat of global recession and post-graduation challenges, etc., are going to put immense pressure. To keep its development momentum intact and achieve development goals through infrastructure development, connectivity, enhanced trade and investments, Bangladesh needs partnerships and friends like Japan. Owing to its previous track record of assisting Bangladesh, Japan could be a crucial partner of Bangladesh's development journey.

4. The Contemporary Japanese Projects in Bangladesh

In recent years, Japan has provided Bangladesh with loans and FDIs for various infrastructure development projects. Moreover, Japan's strategic "Bay of Bengal Industrial Growth Belt (BIG-B)" initiative considers Bangladesh as a gateway to South Asia. In turn, this initiative has increased the strategic significance of the relationship between the two countries. Consequently, Japan is financing numerous megaprojects in Bangladesh to exercise its economic

¹⁸ General Economics Division (GED), *Bangladesh Delta Plan 2100*.

diplomacy and build Bangladesh up as an investment destination. Without Japan’s assistance, it would be challenging for Bangladesh to complete these megaprojects. Simultaneously, megaprojects are already contributing to Bangladesh’s economic growth, and once completed, they will significantly contribute to the country’s infrastructure development and growth. In turn, this will contribute to Bangladesh’s further economic and social development. Among the multiple contemporary megaprojects by Japan, four can be considered as the most significant for Bangladesh’s development: the Metro Rail Project, Matarbari Deep Sea Port, the Third Terminal Construction of Hazrat Shahjalal International Airport, and the BIG-B Initiative. A list of projects funded by Japan and the involvement of Japanese corporations have been shown in Table 1.

Table 1: List of Projects Funded by Japan and Involvement of Japanese Corporations

Name of Project Funded by Japan	Japanese Corporation Involvement
Metro Rail Project	Tokyu Construction and Nippon Koei
Matarbari Deep Sea Port	Nippon Koei
Third Terminal Construction of Hazrat Shahjalal International Airport	Mitsubishi and Fujita
Jamuna railway bridge construction	Obayashi Corporation, TOA Corporation and JFE Engineer Corporation, and Sumitomo Mitsui Construction
Construction of Second Bridges at Kanchpur, Meghna, and Gumti	Obayashi Corporation, Shimizu Corporation, JFE Engineer Corporation, and IHI Infra Systems
Strengthening of the Dhaka-Chattagram power grid	-
Karnaphuli Water Supply Project (Phase 2)	-
Chattogram City Outer Ring Road	-

4.1 Metro Rail Project

The largest infrastructure project in the history of Bangladesh’s transportation industry is the Metro Rail Project, which Japan strongly favours through numerous assistances. The Mass Rapid Transit (MRT) Line-1 project will

cost a staggering BDT 525.61 billion¹⁹ and will commence with land construction for the depot. The MRT Line-1 will become the second of six lines to be constructed to reduce air pollution and traffic congestion in the nation's capital and surrounding areas. The GoB has approved a plan to construct around 130 kilometres of elevated and underground metro rail by 2030. The GoB would pay BDT 131.11 billion, and Japan will provide BDT 394.50 billion as soft loans. Tokyo Construction Co. Ltd. is responsible for building the depot area for MRT Line-1. At the same time, Nippon Koei Company will provide seven years of supervision service for MRT Line-1 at the cost of BDT 1517.24 billion. Both Japanese companies have formed a joint venture with a counterpart in Bangladesh to carry out their activities in the country. Three of the six MRT Lines are JICA-funded projects, including the Airport-Natun Bazar-Kamalapur (MRT Line-1) and Hemayetpur-Bhatara (MRT Line-5: northern route) metro rails, both of which are in the early stages; whereas the Uttara-Motijheel (MRT Line-6) metro rail project is nearing completion.²⁰

4.2 Matarbari Deep Sea Port

Matarbari Deep Sea Port project in Cox's Bazar is expected to be completed by 2026. The port features a 300-meter-long general-purpose terminal and a 460-meter-long container terminal. Once the port is formally inaugurated, ships that can traverse seas as deep as 18.5 metres and transport around 8,000 feet equivalent unit containers will be able to dock there. This would result in a 15 per cent reduction in transit costs. Nippon Koei Joint Venture of Japan has been selected as the consulting firm to provide engineering-related services for the Matarbari port at a contract price of BDT 2.34 billion²¹. The project's cost would be BDT 17,777 billion. Where JICA would lend BDT 12,892 billion, the Chattogram Port Authority BDT 2,213 billion, and the government BDT 2,513 billion.²²

¹⁹ "Fund cut as Dhaka's fast-track transit projects on slow spending lane," *The Business Standard*, January 29, 2023.

²⁰ "Japan to Provide \$1.4 Billion Funding for Subway in Dhaka," *Prothomalo*, June 28, 2022, <https://en.prothomalo.com/bangladesh/japan-to-provide-14-billion-funding-for-subway-in-dhaka>; "Japan Provides Funds for Dhaka Metro Rail System," *Railway Technology*, February 24, 2013, <https://www.railway-technology.com/uncategorized/newsjapan-provides-funds-dhaka-metro-rail-system/>; "Japan to Provide \$1.4bn Loan for Subway in Dhaka," *Dhaka Tribune*, June 29, 2022, <https://www.dhakatribune.com/foreign-affairs/2022/06/29/japan-to-provide-14bn-loan-for-subway-in-dhaka>.

²¹ "Engineering consultants start work for Matarbari port dev project," *The Daily Star*, November 17, 2020.

²² "Matarbari Port," *Global Energy Monitor*, October 25, 2022, https://www.gem.wiki/Matarbari_Port.

4.3 *Third Terminal Construction of Hazrat Shahjalal International Airport*

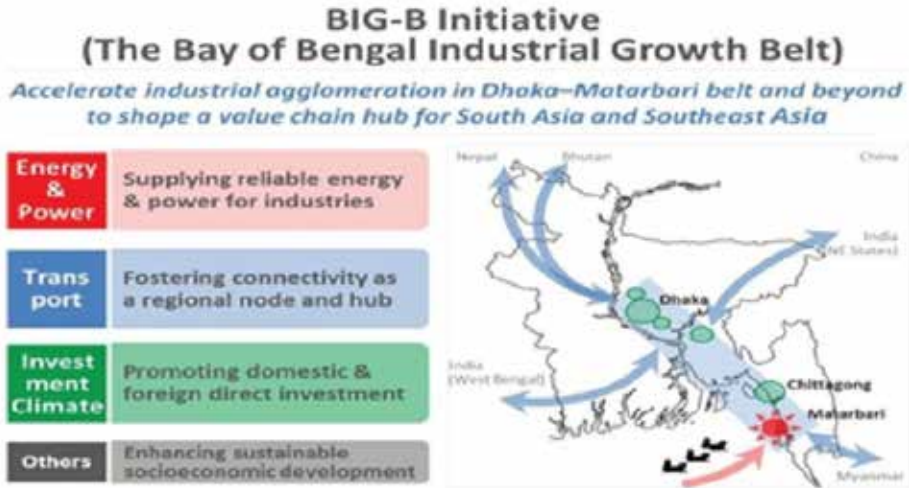
Bangladesh is constructing the third terminal of Hazrat Shahjalal International Airport, the only international airport situated in its capital. The responsibility of constructing the third terminal has been given to Mitsubishi, Fujita of Japan, and Samsung of South Korea; these companies will be involved in constructing the three-story, 2.30 million-square-foot terminal complex. The terminal is anticipated to cost BDT 213.99 billion. Renowned architect Rohani Baharin designed the terminal. It will feature 115 check-in counters, 64 arrival immigration desks and 64 departure, 27 baggage scanners, 12 boarding bridges, 40 scanning machines, 11 body scanners and 16 baggage carousels. In addition, there will be a new parking facility for 1,230 automobiles, a new import-export cargo complex covering 63,000 square meters, and an airfield for 37 aircraft covering 5.42 lakh square metres. Moreover, Japan has proposed a Public Private Partnership (PPP) under the government-to-government (G2G) framework to obtain the contract to run and maintain the third terminal, which is now under construction with substantial funding from JICA.²³

4.4 *BIG-B Initiative*

The goal of the “Bay of Bengal Industrial Growth Belt” (BIG-B) initiative is to expedite industrial amalgamation along the Dhaka-Chittagong-Cox’s Bazar belt area and beyond through the development of economic infrastructure, enhancement of the investment climate, and promotion of connectivity. BIG-B envisions Bangladesh to be transcending its national borders to become a hub of the regional economies. It is the gateway for South and South-East Asia to step into deeper transnational connections so that the country can reshape itself as a gleaming trading hub deeply integrated into inter-regional and global value chains. In order to realise the BIG-B initiative, the Japanese government and its organisations, such as JICA, are pursuing a number of mega-infrastructure projects in Bangladesh. BIG-B’s purpose is the development of Bangladesh’s three largest cities: Dhaka, Chattogram, and Cox’s Bazar, through applying Japanese expertise and constructing megaprojects.

²³ Jebun Nesa Alo, “Japan Asked How It Will Operate, Share Revenue of Dhaka Airport 3rd Terminal,” *The Business Standard*, November 10, 2022, <https://www.tbsnews.net/economy/aviation/japan-asked-how-it-will-operate-share-revenue-dhaka-airport-3rd-terminal-529050>.

Figure 2: Expected Outcomes of the BIG-B Initiative²⁴



Despite not being formally included in the BIG-B initiative; many megaprojects could be viewed as laying the groundwork for its realisation. These megaprojects receive substantial funding from JICA including the Jamuna railway bridge construction, the construction of second bridges at Kanchpur, Meghna, and Gumti, strengthening of the Dhaka-Chattoqram power grid, the Karnaphuli Water Supply Project (Phase 2), and the Chattoqram City Outer Ring Road.²⁵

5. Japanese Contribution to the Development Visions of Bangladesh

Japan’s assistance was of great importance in the early days following Bangladesh’s independence. Since then, it is clearly evident that Japan’s assistance has been playing a significant role in attaining all of the major development visions of Bangladesh. Additionally, Japan has created a framework, the Country Assistance Programme (CAP), which identifies four priority areas for Bangladesh to provide its assistance. In the first area, Japan supports agriculture and the improvement of agricultural productivity, thereby

²⁴ “The Initiative of BIG-B (The Bay of Bengal Industrial Growth Belt),” *JICA*, 2014, <https://www.jica.go.jp/bangladesh/english/office/activities/initiative.html>.

²⁵ Gaurav Dutta, “Japan and the BIG-B Plan for Bangladesh: An Assessment” (India: National Maritime Foundation, October, 21, 2016); Sheikh Shams Morsalin, “Competing Interests of China and Japan in Bangladesh?” in *Bangladesh-East Asia Relations: Changing Scenarios and Evolving Linkages*, ed. Dr Delwar Hossain (Dhaka: East Asia Study Center, 2020), 389–420.

contributing to rural development. For the second area, Japan provides support for social sector development, such as fulfilling basic human needs and developing human resources. Whereas for the third area, Japan provides substantial assistance for the construction of basic infrastructure for investment and the promotion of export; and for the fourth area, Japan generously contributes to the enhancement of disaster management. Besides, Bangladesh has become a crucial component of Japan's foreign policy towards Southeast and South Asia due to the growing importance of the BIG-B initiative.²⁶

However, as Bangladesh advances as a nation, it now aspires to become a prosperous and developed country. Bangladesh will need assistance to develop further and strengthen the country's diverse sectors in order to accomplish this objective since it lacks capital and technical capacity. Japan's investment and technical support can enable the country to get itself in the changing order of global supply-chain. Thus, both the countries can reap mutual benefits in the long run. In addition, as Bangladesh develops, Japan can transit from a development donor to a development partner in order to sustain economic progress in both of the countries. Therefore, Japan's contribution to Bangladesh's development vision is crucial not merely for Bangladesh, but also for the region in general and for Japan in particular.

5.1 *Role of Japan in Bangladesh's Five-Year Plans and SDG Achievement*

Bangladesh has been a role model in terms of achieving the MDGs, as established in the United Nations Millennium Declaration 2000, and the country did it in record time.²⁷ Bangladesh had to ensure that all sectors of the country developed and prospered in order to attain its goals. Without the cooperation of international actors, such as Japan, this would not have been feasible. The CAP of Japan was a dominant force in the development of these MDG-specific sectors. Similarly, Bangladesh government is generally optimistic and concerned about the Sustainable Development Goals (SDGs). Bangladesh's FYP is one of the country's most crucial development plans, with all 17 SDG goals already incorporated into the current 8th FYP and earlier at the 7th FYP. The achievement of the FYP objectives and targets is rationally expected to contribute to the achievement of the SDGs. Bangladesh's success in implementing the 8th FYP would be rewarded on a global scale for meeting international obligations.

²⁶ Morsalin, "Competing Interests of China and Japan in Bangladesh?."

²⁷ "Bangladesh Continues to Be a Role Model in MDG Achievement," *Centre for Research and Information*, September 17, 2014, <https://cri.org.bd/2014/09/17/bangladesh-continues-to-be-a-role-model-in-mdg-achievement/>.

However, domestic resource mobilisation must be increased in Bangladesh during the next 5 to 10 years to achieve the SDGs. Higher resource mobilisation would require more spending, and all of these initiatives will include an increase in the budget size. Hence, obtaining the necessary funding is the most challenging aspect of achieving the 8th FYP and SDGs.²⁸ In this regard, Japan is playing a pivotal role by providing a plethora of aid in the shape of grants, low-interest loans, and emergency budget assistance. Those factors can significantly contribute to the success of the 8th FYP and the SDGs. Bangladesh would be able to realise its development goals outlined in the current FYP and those outlined in subsequent plans. Additionally, this will enable Bangladesh to achieve the SDGs by 2030, consequently, enabling a holistic development that ensures no one is left behind.

5.2 *Japan-Bangladesh Relation as a Key to Bangladesh's Long-Term Development*

Due to a paradigm shift in the planning process, Bangladesh has entered a new development period. To pursue its goal of establishing the 'Sonar Bangla,' Bangladesh will build on its accomplishments over the past decade. Vision 2021 marked the beginning of a new national planning initiative. The Vision 2021, which aims to achieve a 'Digital Bangladesh,' outlines a transformed Bangladesh by 2021, with an emphasis on building a knowledge-based society, addressing climate change, and fostering innovation. According to Bangladesh's second Perspective Plan (2021-2041), the government now hopes to become an upper-middle-income country by 2031 and a high-income country by 2041. Bangladesh is currently celebrating its 50th anniversary of independence. There were significant economic turning moments across the fifty-year span. In Bangladesh, a new era of growth will be marked by transformational megaprojects. Among many other projects, Metro Rail is expected to be completed by 2023. Consequently, 2023 is anticipated to be a landmark year for Bangladesh's economy. These projects will improve the GDP by 1.32 per cent. In a few years, if other first-track projects are finished on time, the double-digit growth of Bangladesh will be a reality.²⁹ But one must not forget that these megaprojects, which are the lynchpin for the realisation of the Perspective Plan, would be

²⁸ Mujibul Haque Munir, "Bangladesh Needs to Fight against Illicit Finance Flow and to Achieve SDGs," *Social Watch*, 2019, <https://www.socialwatch.org/sites/default/files/2019-BANGLADESH-Report-eng.pdf>.

²⁹ Dr Shamsul Alam, "Analysis: Bangladesh at 50 — Following the Path of the Asian Miracle," *Dhaka Tribune*, December 15, 2021, <https://www.dhakatribune.com/bangladesh/2021/12/15/analysis-bangladesh-at-50--following-the-path-of-the-asian-miracle>.

challenging without the assistance of friends like Japan. Annex 1 and Figure 3 portray the testimony of Japan’s continuous assistance and the trend of Japan’s engagement through their economic diplomacy with Bangladesh. The country’s driving force for development would not be effective without Japan’s support. Hence, achieving these development visions of Bangladesh can largely be credited to Japan. Firstly, it is because of the soft condition by the Japanese ODA, loan and grant which motivates Bangladesh to choose Japanese ODA and loan. Secondly, Japan renders support whenever it is asking for. Thirdly, it has a comparatively lower rate of interest.³⁰ Table 2 illustrates the terms and conditions of Japanese loans.

Table 2: Terms and Amounts of Loans³¹

	Amount (million yen)	Annual interest rate (%)	Annual interest rate (%)	Repayment period (years)	Grace period (years)	Procurem ent
		Project	Consulting services			
Matarbari Port Development Project (E/S)	2,665	-	0.01	30	10	General, untied
Jamuna Railway Bridge Construction Project (I)	37,217	1.00	0.01	30	10	General, untied
Dhaka Mass Rapid Transit Development Project (Line 5) (E/S)	7,358	-	0.01	30	10	General, untied
Dhaka Mass Rapid Transit Development Project (Line 6) (III)	79,271	1.00	0.01	30	10	General, untied
Matarbari Ultra Super Critical Coal-Fired Power Project (IV)	67,311	1.00	0.01	30	10	General, untied
Health Services Strengthening Project	6,559	0.90		30	10	General, untied

³⁰ Japan International Cooperation Agency, June 14, 2018, <https://www.jica.go.jp/bangladesh/english/office/topics/press180614.html>.

³¹ Japan International Cooperation Agency, June 14, 2018.

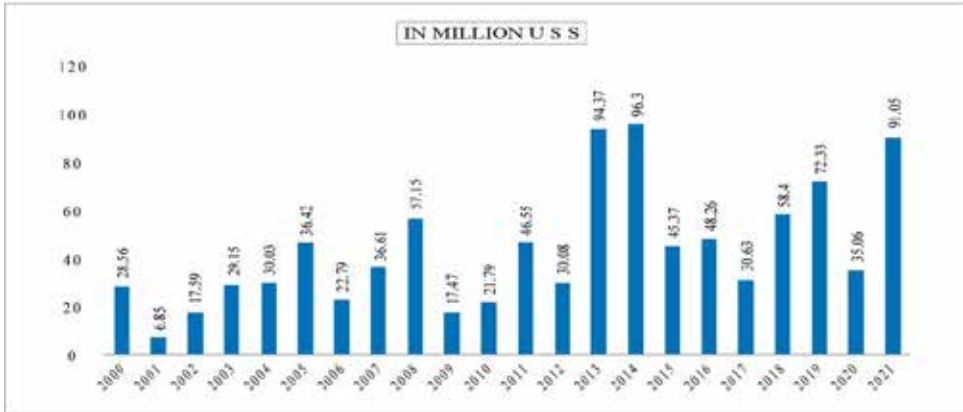
However, despite all the advancements taking place with Japanese assistance, the effectiveness of the aid and support still remains an area of improvement for Bangladesh.

Again, the recently announced Bangladesh's Visions 2041 aspires for a 'Smart Bangladesh' in conjunction with the Delta Plan, it aims to transform Bangladesh into a country that prioritises climate resilience, an innovative and connected society, and a regional trading powerhouse. Japan, the world's third-largest economy, might play a significant part in all of those aspects. Japan has nearly attained climate resilience, established itself as a global trading partner, and aspires to create its own Society 5.0. Therefore, the Japan-Bangladesh relationship only provides Bangladesh with good opportunity and aids it in multiple ways to realise its development visions. In the case of Padma Bridge construction, World Bank and ADB took aside of not providing loan to Bangladesh. On the contrary, Japan continued its support with a much lower interest rate and longer time for repayment of the loan to many other megaprojects. Reliability and repayment of instalments—both are far congenial than those of other development partners.³² It ultimately leads Bangladesh to keep Japan as the top choice as a development partner.

Lastly, due to Bangladesh's limited resources to ensure rapid industrialisation in response to the global supply chain to reach the desired destination, the country now requires more FDI to supplement its crisis of capital. In the 8th FYP, Bangladesh has the target to increase FDI from 1 per cent to 3 per cent of its GDP. Japan, in this case, has become a stalwart, understanding the needs of both countries and reaping business benefits from it and considering Bangladesh for a long-lasting destination of voluminous FDI. Hence, the trend of Japan's FDI inflow to Bangladesh is illustrated in Figure 3.

³² Figure reproduced by the authors based on data from Bangladesh Bank. For details, see Abdullah-Al-Mamun, 2020 "*The Aid Effectiveness Agenda in Bangladesh*" (PhD Thesis, University of Huddersfield Repository, 2020).

Figure 3: FDI inflow of Japan to Bangladesh³³



Above discussions on the different aspects of cooperation between Bangladesh and Japan reveal the depth of the relationship and different dynamics of cooperation between the two nations. However, two countries need to move forward with more inclusive partnership and strengthen existing bilateral relations. Both of the country needs to explore the economic potentials, enhance cooperation for mutual benefit. Since Bangladesh is going to graduate from LDCs, cooperation between the two countries could help Bangladesh to face the economic challenges looming ahead. Both the countries should explore new avenues of investments, trade and sustainable infrastructure. For example, exploring new avenues of cooperation in vaccine production, healthcare, high-tech industries, automobile manufacturing, shipbuilding etc. Moreover, Bangladesh is focusing on blue economy and maritime security where Japan can be important partner and cooperate in tapping the potentials of sea resources and fight non-traditional security threats in the maritime space. Besides, one of the important areas of cooperation would be climate change and disaster management. Being a disaster-prone country, both the countries could cooperate in raising strong voice regarding climate change and climate justice in different regional and global forums. Moreover, the two countries can share the experiences on managing the natural disasters, conduct joint training on disaster management, share expertise and transfer relevant technologies to address the issue. Enhancing cultural exchange is another important aspect of bilateral relationship between the two countries. They can cooperate in the aspects of art,

³³ “Foreign Direct Investment and External Debt,” Bangladesh Bank, 2022, <https://www.bb.org.bd/en/index.php/publication/publicctn/1/30>.

language and culture. They can work on encouraging more exchange of minds, inclusive participation, and creative activities at the people-to-people level. Another important area of cooperation could be peacebuilding. Japan is promoting peacebuilding effort and established a Peacebuilding Centre while Bangladesh is also considered as the pioneer in the peacekeeping missions and trying to enhance its peacebuilding efforts, both of the countries can cooperate in this regard. Again, Rohingya problem emerged as a major security threat in the region, Japan can advocate with the global community and Myanmar for the safe and sustainable repatriation of the Rohingya people in Myanmar.

6. Conclusion

Japanese ODA and FDI have been playing an instrumental role in achieving development goals envisioned by Bangladesh since its independence. Economic engagement and its flourishing in course of time is a testament of a strong relationship between the two nations. Maintaining a trustworthy relation between Bangladesh and Japan, therefore, made Bangladesh gain the benefit of it. As a beneficiary of the financial support and aid, Bangladesh has tremendously been accelerating its achievements of development goals nationally, regionally and globally. Improvement of per capita income and thus LDC graduation, reaching to the desired goals of MDGs before the stipulated time, well equipped disaster management especially establishment of cyclone shelters in the coastal belt of Bangladesh, improvement in primary education, and in recent times, coping up with the COVID-19 pandemic—the success Bangladesh has portrayed has largely been supported by Japan through its ODA support. In addition to that, Japan would be an indispensable partner for achieving the Perspective Plan by 2041.

The ongoing mega projects—Matarbari mega project, Metro-rail Project, expansion of Hazrat Shahjalal International Airport, which are estimated to boost the economy of the country are all being implemented under the auspices of Japanese assistance. Furthermore, since Japan has the vision to implement BIG-B, Bangladesh must be at the pivot of the plan. As a result, Japan would be generously assisting to achieve the desired development goals that Bangladesh set forth. Lastly, because of the low interest rate of the Japanese loan grant, favourable conditions of ODA and long term planning with FDI, Bangladesh finds Japanese ODA and assistance as more suitable for getting entangled while advancing towards achieving development goals. Thus, it is found that there is a positive correlation between the Japanese assistance and Bangladesh's achievement of development goals. Nevertheless, there are more aspects of

increasing the level of cooperation. Both the countries should deepen bilateral ties more through enhancing cooperation in infrastructure development, expanding trade and increasing investments. Japan could cooperate in sharing knowledge on disaster management and related technology transfer, cooperate in tapping blue economy potentiality and maritime security, voicing climate change and climate justice, and global peacebuilding efforts. Japan could be important actor in safe and sustainable solution of the Rohingya problem since the country has a good relationship with Myanmar and could have some leverage in engaging with Myanmar on the repatriation issue.

ANNEXURE

Annex 1: ODA loan provided by Japan to Bangladesh from 2002 to 2019 (in US\$ Million)³⁴

Fiscal Year	Gross Disbursement			
	Grant	Technical Aid	Loan	Total
2002	185.23	33.52	-96.03	122.72
2003	94.63	33.01	-12.38	115.27
2004	271.51	32.07	-265.35	38.23
2005	44.43	30.30	-75.74	-1.01
2006	252.27	19.29	-7.31	264.26
2007	147.15	19.18	-172.91	-6.59
2008	785.54	23.15	-767.56	41.13
2009	36.96	9.74	68.21	114.91
2010	30.99	38.39	73.15	142.53
2011	23.35	32.8	145.47	201.62
2012	5.55	51.65	392.29	449.49
2013	17.55	45.96	371.73	435.24
2014	17.36	43.37	246.96	307.69
2015	8.93	34.37	331.86	375.16
2016	24.65	42.5	394.13	461.28
2017	40.32	44.67	1227.67	1312.66
2018	65.62	31.41	1082.25	1179.28
2019	54.86	38.0	1046.06	1138.92

³⁴ Table reproduced by authors based on data from the Ministry of Foreign Affairs, Japan. “White Paper on Development Cooperation / Japan’s ODA White Paper,” Ministry of Foreign Affairs of Japan, 2022, https://www.mofa.go.jp/policy/oda/page_000017.html.