

Exploring the Linkage Between Foreign Aid and Political Influence: A Study of Japanese Aid towards Bangladesh

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***Abstract:** This study examines the political purpose of Japanese aid in Bangladesh and effectiveness of Japanese aid in Bangladesh as a tool of political influence. It is true that in many developing countries Japan has traditionally pursued a neo-mercantilist foreign policy such as Africa, underscoring the overriding importance it attaches to securing economic self-interest relative to other foreign policy goals. The feature of Japanese neo-mercantilism has been the vigorous use of an increasingly generous foreign aid budget to penetrate foreign economic markets. However; our argument of this paper is that Japanese foreign policy in Bangladesh particularly aid policy is to some extent different than neo-mercantilist policy.*

Introduction:

Japan is the world leading economic power and a major donor too. On the other hand, Bangladesh emerged as an independent state in 1971, long colonial role left, without sufficient capital and technological efficiency. Also insecure political system **and** bureaucratic inefficiency were major obstacles that prevented this new state from becoming a self-sustaining economic polity. Thus, Bangladesh became an aid-dependent state seeking foreign aid and investment for its development. In the process, Japan became one of the major donor countries that helped Bangladesh with aid and investment.' For Bangladesh, as with so many other countries, Japan is the biggest single development partner. Bangladesh's relation with Japan has a long history. In 1971, when Bangladesh became independent, Japan was one of the first countries among advanced industrialized nations to recognize Bangladesh and established diplomatic relations, within less than two months of the independence, on February 10, 1972. The last three decades of relationship between Japan and Bangladesh can

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easily be termed as one of the predominately one-sided dependency. Japan heads the list around 50 donors that are providing aid to Bangladesh and Bangladesh became the 6th largest recipient of Japan's bilateral aid up to fiscal year of 1996. From 1971-72 to 1999-2000 fiscal years Bangladesh received a total amount of \$ 5.733 billion' from Tokyo as economic assistance. This massive Japanese involvement in the horizon of development of Bangladesh has created a popular image of Japan as being a country with enormous resources.² Major development agencies of Japan such as Japan International Cooperation Agency (JICA) and Japan Bank for International Cooperation (JBIC) are active in Bangladesh and very closely involved in infrastructure development projects, expansion of institutional capacities, technical assistance, human resource development, and facilitating contacts at private sector level through trade fairs and other mechanisms.

In this paper, however, we will explore the political purpose of Japanese aid in Bangladesh and effectiveness of Japanese aid in Bangladesh as a tool of political influence. It is true that in many developing countries Japan has traditionally pursued a neo-mercantilist foreign policy such as Africa, underscoring the overriding importance it attaches to securing economic self-interest relative to other foreign policy goals.¹ The feature of Japanese neo-mercantilism has been the vigorous use of an increasingly generous foreign aid budget to penetrate foreign economic markets.⁴ However, our argument of this paper is that Japanese foreign policy in Bangladesh particularly aid policy is to some extent different than neo-mercantilist policy.

¹ See, flow of External Resources into Bangladesh (As of June 2000), Economic Resources Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

² Monzurul Haque, Japan and the Developing World: the Unequal Equals, 13 February, 2003 see <http://www.glocom.orglopinionslessays/200302-huq-japan>.

³ Peter J. Schraeder, Japan's Quest for Influence in Africa, in *Current History*,

⁴ *ibid*

It is assumed that Japan has emerged as the largest creditor-donor nation in Bangladesh and Bangladesh is critically aid dependent on Japan and stands as one of its top-borrowers. Therefore it would be a very significant question of enquiry as to Can Japanese aid be an effective tool of political influence in Bangladesh? To understand this question a basic question regarding Japanese aid be addressed as to what is the politics of Japanese Foreign Aid? To explore these questions, this study will adopt a theoretical approach as it examines contextual and practical aspects of Japan-Bangladesh relation.

2.0 Theoretical Framework

Peace building and peace preservation are new key concepts in Japanese foreign aid policy. According to the revision of the ODA charter in 2003, the objectiver of Japan's ODA is to contribute to the peace and development of the international community, and thereby to help ensure Japan's own securit and prosperity-"Japan aspires for world peace. Actively promoting the aforementioned effort with ODA" that Japan will carry out "even more strategically" in the future.

However, it will be generalization to comment that peace building and peace preservation is the main objective of Japanese ODA. Aid is a very complex issue and not giving is often regarded as effective as giving, when it comes to getting concessions and changes in the recipients' policy behavior. It is used both as a carrot and a stick. The amount of aid can vary if the recipients policy behavior is changed for the better according to Japanese judgment (so called positive aid sanction); but aid is never paid out and remains an illusion as long as it does not change (negative sanction). But the question for Japan is more complex than this. There are various domestic opinions and interest groups that have to ber taken into consideration for allocation of aid.

To evaluate the performance of Japanese aid from the standpoint of peacemaking, Mikio Oishi and Fumitaka Furuoka did case studies of Cambodia and Burma Based on Zartnran's "ripe moment" theory. A ripe moment refers to a situation in which the parties feel inclined to

opt for a negotiated settlement of a conflict, rather than to continue it. The moment consists of three elements: a mutually hurting stalemate (MHS), a formula for a way out (FWO), and valid spokespersons (VSPs). In Oishi and Furuoka's study Japan successfully supported the task of peacemaking in Cambodia by contributing to all three elements of the ripe moment but in Burma Japan was unable to assume a positive role. The situation in these two countries differed considerably although in both cases it was a question of internal conflicts that Japan as an outsider tried to ease by means of aid.

Oishi and Furuoka also found that Japan differs from western states in the ways it relates to its aid customers. First of all Japan tends to employ positive sanctions as soon as there has been even the slightest improvement in the political situation. Second, it meticulously weighs potential consequences when it contemplates negative sanctions. Japan's aid policy is influenced by its business sector but if commercial interests are small it might be less reticent about resorting to negative sanctions.

There exists no internal conflict in Bangladesh. Thus, the case of Bangladesh is different from Cambodia or Burma. ODA is always envisioned in the negotiations for a normalization of relations between Japan and recipient countries. Again, it is also a tool used with the aim of promoting a peaceful and stable environment and getting recipient country to change its behavior, that is, not to continue her political unrest or any sort of violence, etc. Situation of Bangladesh, our case study, is thus utterly complex, and not a regular situation of civil war. However, the Ripe Moment theory will be used in analyzing the effectiveness of Japanese ODA in Bangladesh Case. This study will start by taking a closer look at our analytical tool, the ripe moment theory. Then we will look at the recent history of the Japan-Bangladesh relationship and the role of aid. And this study will wrap up by using the three elements in the "ripe moment" theory in looking into the effectiveness of Japanese aid, as a tool political influence in Bangladesh. The first element in the "ripe moment" theory, a mutually hurting stalemate, exists when "both sides are locked in a situation from which they can not escalate the conflict with available means at

an acceptable cost". In this situation, the parties perceive that they cannot achieve their goals with unilateral means, and see that the status quo is increasingly unsustainable. This stalemate is based primarily on the parties' perception and is therefore subject to manipulation. That is it can be created artificially.

The second element, a formula for a way out, implies that a realistic and viable alternative ~~is~~ presented. Even if it is not a complete solution of the situation, it should appear to open the way for a better future for all parties involved. It should address their vital needs even if it might encourage compromise on smaller tradable issues.

A valid spokesperson is the third element needed. Such a person should command a substantially observing of mainstream opinions with their respective groups but should still be moderated enough to "carve out a problem-solving coalition in the middle". Another criterion for a valid spokesperson is that his /her legitimacy should be recognized by the opponents.

As each of these three elements depends largely on the parties' perceptions, there is good potential for a third-party mediator or for one of the parties to play a role in creating a "ripe moment". A mutually hurting stalemate can be created or enhanced and help can be provided in finding a formula for a way out. A mediator can "sharpen the stalemate and sweeten the proposed outcome." This can be done by exercising political and economic influence, that is, by employing positive or negative aid sanctions.

3.0 Politics of Japan's Official Development Assistance (ODA)

Japan's ODA has several salient features that differ that of other countries. For quiet some time after its defeat in World War-11, Japan was a major recipient of foreign aid, which was used to rehabilitate its war-tom economy.' Utilizing the post-war foreign assistance along with domestic resources and the firm efforts of the Japanese, it became world leading economic power within a short span of time. With its

Mikio Oishi and Funitaka Furuoka, Can Japanese Aid be an Effective Tool of Influence? Case Studies of Cambodia and Burma, *Journal of Asian Survey*, p.891, vol. XLIII, No. 6, November/Decemer 2003.

economic development, Japan started giving foreign aid to the developing countries of the world. The Japanese government has claimed that Japan has been extending aid to less developed countries, for their socio-economic development, in spite of Japan's own limited resources and domestic requirement.⁶ It has, at the same time, conceded that Japan extended aid for a number of other reasons aimed ultimately at the attainment of Japan's own changing national goals.

✓ For example in the beginning of the 1960s the Japanese government asserted that Japanese aid was extended to enable the recipient countries to buy more Japanese goods and to promote Japan's own "political security".⁷ Several years later, in 1967, Japan declared that the objective of its aid program was the advancement of less-developed countries, because such advancement was essential for the maintenance of both international peace and a viable world economy.⁸ According to the Japanese government, international and a viable world economy constituted a necessary condition for the continued economic prosperity of Japan.⁹ By 1973 Japan was said to have become convinced of the need to expand its aid because it was its responsibility to do so as an advanced member of the international community.¹⁰ From 1973 onwards there was tremendous economic advancement in Japan as a result the volume and objectives of aid have been changed. Total Japanese world wide ODA flows were increased significantly. For example the total volume of Japanese ODA was \$246 million; \$486 million; \$1,824 million; \$2,141 million; \$2,725 million; and 5,844 million in 1960, 1965, 1970, 1971, 1972

⁶ Sukehiro Hasegawa, *Japanese Foreign Aid: Policy and Practice*, p.16, Praeger Publishers, New York, Washington, London, 1975.

⁷ Japan, Ministry of Foreign Affairs, *Some Features of Japan's Development Assistance* (Tokyo, 1961), p.1 quoted in Sukehiro Hasegawa, *Japanese Foreign Aid: Policy and Practice*, p.16, Praeger Publishers, New York, Washington, London, 1975.

⁸ *Ibid.*

⁹ Japan, Ministry of Foreign Affairs, *Japan's Foreign Aid* (Tokyo, 1967) quoted in Sukehiro Hasegawa, *Japanese Foreign Aid: Policy and Practice*, p.16, Praeger Publishers, New York, Washington, London, 1975.

¹⁰ Administrative speech delivered by Prime Minister Tanaka in January 1973, ----- quoted in Sukehiro Hasegawa, *Japanese Foreign Aid: Policy and Practice*, p.16, Praeger Publishers, New York, Washington, London, 1975.

and 1973 respectively." Thus in 2001, Japan's Official Development Assistance (ODA) amounted to \$9.85 billion in net terms, making Japan the second-largest aid donor after the United States.¹²

3.1 Japanese aid has largely consisted of yen credits. There has been a gradual shift towards grant and technical assistance. Normally, Japan provides grants to least developed countries and changes the mix more toward yen loans with middle-income countries. Japan usually provides grant, technical assistance and yen loans to the recipient countries.¹³ Grant aid imposes no compulsion of repayment on the recipient countries and is provided through six wide-ranging categories: general grant aid, aid for fisheries, disaster relief, cultural activities, food aid and increase of food production. The Ministry of Foreign Affairs (MOFA) exercises considerable influence over the provision of grants. Technical Assistance consists of training, dispatching of the Japan Overseas Volunteers under JICA, and provision of certain types of technical equipment usually used in training. Technical Assistance is normally extended to countries with lowest income, countries that have debt-servicing problems, and oil-producing countries. Yen Loans are provided on the premise that the principal will be repaid with interest. Interest rates are pegged below commercial rates according to the development level of the recipient countries.

3.2 The Japanese ODA Charter prohibits ODA from military purposes or for aggravating international conflicts, and the government is required to pay full attention to "trends in recipient countries' military expenditure, their development and production of mass destruction weapons and missiles" as well as to "efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient countries".¹⁴

¹¹ Sukehiro Hasegawa, *Japanese Foreign Aid: Policy and Practice*, p.16, Praeger Publishers, New York, Washington, London, 1975.

¹² Ibid.

¹³ Robert M. Orr, Jr, *The Emergence of Japan's Foreign Aid Power*, p.29, Columbia University Press, New York, 1990.

¹⁴ Mikio Oishi and Fumitaka Furuoka, Can Japanese Aid be an Effective Tool of Influence? Case Studies of Cambodia and Burma, *Journal of Asian Survey*, p.89I, vol. XLIII, No. 6, November/December 2003.

The ODA charter contains concepts like "a humanitarian viewpoint," "interdependence," "environmental conservation" and Japan's mission "as a peace-loving nation" and calls for the implementation of ODA to achieve sound economic development through support for the self-help efforts of developing countries. In 1999 the government of Japan established and published its Medium-Term Policy on ODA. Based on the ODA charter, the Medium-Term Policy sets the direction for Japan's development policies and programs over a period of around five years. The Medium-Term Policy sets poverty reduction as the main objective of development assistance, principally by promoting economic growth. While there is a growing trend toward aid coordination among donors and recipient countries, international organizations, NGOs, and other bodies, the Medium-Term Policy gives top priority to assistance for poverty alleviation programs, social development, human resources development, and responses to global issues while seeking a balance with support for economic and social infrastructure improvements." It also introduces such new elements as the New Development Strategy issued by the OECD-DAC in 1996, an emphasis of human security, the promotion of cooperation based on public participation, and the impact of conflicts and disasters on development. Under these basic policies, Japan has actively formulated assistance plans for specific countries and initiatives for priority sectors. These include Country Assistance Programs, which defines Japan's aid objectives, priority sectors, and other aspects of assistance to major recipients, and initiatives targeting specific sectors and issues, such as infectious diseases and the environment.

The Medium-Term Policy on ODA has a positive impact on Bangladesh. Bangladesh faces acute poverty and environmental problems therefore new objectives of Japanese ODA have similarities with the needs of Bangladesh. Thus Bangladesh could attract more Japanese development assistance in order to eradicate poverty and solve environmental problems.

¹⁵ Japan's ODA White Paper, 2002, Part-I, Chapter-2, Section-1.

3.3 If, as the Japanese Constitution says, 'We desire to occupy an honored place in international society' and to bring its ideals to life, and if we desire to ensure our own stability and prosperity in this world of interdependence, we must indeed assume some of the attendant costs on behalf of the international community as a whole.'" According to the charter of Japan's official development assistance the foremost objectives of Japan's ODA are to contribute to the peace and development of the international community and thereby to help ensure Japan's own security and prosperity.

Taking advantage of Japan's experience as the first nation in Asia to become a developed country, Japan has utilized its ODA to actively support economic and social infrastructure development, human resource development, and institution building. In the present international system with the advancement of globalization, the international community presently finds itself in a new environment, grappling with a multiplicity of problems such as the gap between the rich and the poor; ethnic and religious conflicts; armed conflicts; terrorism; suppression of freedom, human rights, and democracy; environmental problems; infectious diseases; and gender issues.

3.4 Of Japan's ODA disbursements in 2001, \$4.2 billion" or about 60 percent of total bilateral assistance was allocated to Asia. The emphasis on Asia is a basic policy of Japan's ODA and is explicitly stated in both the ODA Charter and the Medium-Term Policy. Though actual amounts have varied from year to year, the focus on Asia has consistently been the biggest characteristics of Japan's ODA.

In respect of sector, economic infrastructure and services accounted for the largest share (34.9 percent) of ODA followed by social infrastructure and services (17.3 percent)." These two sectors share half of Japan's ODA. Japan has traditionally been active in the area of economic infrastructure improvement, primarily through yen loans. Along with these sectors, Japan is increasing its support in the social sector, including public health and education.

¹⁶ Japan's ODA Summary, 1997 see [http:// www.mofa.go.jp/policy/oda/summary/1997/index.html](http://www.mofa.go.jp/policy/oda/summary/1997/index.html)

¹⁷ Japan's ODA White Paper-2002, Part-I, Chapter-2, Section-I.

¹⁸ Ibid.

In terms of disbursement by scheme, bilateral ODA accounted for three-fourths of Japan's assistance in 2001, with multilateral aid accounting for the remainder.¹⁹ These figures indicate that, bilateral ODA is the core scheme, the reason being that by designing its own assistance projects, Japan can better achieve its policy objectives and ensure the "visibility of Japanese aid".²⁰ There are, of course, certain advantages to providing ODA through international organizations: They can deliver better assistance, and the skills and expertise they possess can be put to active use of ODA.

Grant aid accounts for about one-fourth of Japan's total bilateral ODA, the rest being split roughly evenly between technical cooperation and yen loans and about 70 percent of loans are provided for improvements in economic infrastructure, which, in recent years, have diversified to include human resources development and poverty alleviation programs.

3.5 Japanese officials have realized that since NGOs can provide detailed assistance activities that have a direct effect on local citizens, the roles of NGOs in recent years have increased in the fields of combat against poverty and other problems in developing countries and the provision of emergency humanitarian assistance to disaster and conflict areas.²¹ The Ministry of Foreign Affairs (MOFA),²² Japan is promoting ODA that emphasizes the partnership between the MOFA and NGOs. Ministry's solid relation with NGOs, there is the aspect of "collaboration" or the utilization of human resources and know-how of NGOs in the implementation of ODA projects, as well as the aspect of "support" through ODA for activities carried out by NGOs themselves. Thus, in order to enhance these aspects of the partnership, the ministry believes it is important to strengthen "dialogue" with NGOs. This is one of the current trends in foreign policy of Japan in respect of ODA.

¹⁹ Ibid.

²⁰ Ibid.

²¹ Japan's Foreign Policy in Major Diplomatic Fields, Chapter-3. p. 187, see, <http://www.mofa.go.jp/region/asia>.

²² See www.mofa.go.jp

3.6 Since 1992 with the adoption of ODA charter, Japan has been developing numerous policies and guidelines for the effective use of its ODA. In chapter-4 of ODA White Paper-2000, it is stated that "in addition to moving further ahead with its ODA reforms, the Japanese government will place emphasis on its assistance to the Asian region, peace-building, human security, public participation in ODA, and aid visibility". In the said white paper it is suggested that it would be necessary to further articulate both the philosophies and strategies of Japan's ODA. In December 2002 the Ministry of Foreign Affairs commenced a review of Japan's ODA charter, which sets out of core of Japan's ODA policies. In this review, particular attention was being paid to the following areas:

- Articulate the basic philosophy of Japan's ODA, including consideration of security and prosperity of Japan in addition to 'universal values' such as humanitarian viewpoints.
- Prioritized implementation of ODA, based on emphasis on Asia, active use of ODA in peace building, and concept of human security.
- Articulate measures for securing strategies, flexible, transparent and efficient implementation of ODA, including stipulating .the policy-making/ implementing process and enhancing country assistance programs.

According to the charter the priority issues²¹ of Japanese assistance are: Poverty reduction, Sustainable development, Addressing global issues, and Peace building.

Thus, the priority issues of Japanese ODA charter correlate with priority issues of Bangladesh. Poverty reduction/alleviation is one of the outmost priority areas of Bangladesh along with sustainable development. Bangladesh, therefore utilizing the priority areas of Japanese ODA, can build new partnership for alleviating poverty and also for sustainable development.

²¹ Ibid.

4.0 Historical Background of Japan's ODA Flow to Bangladesh

Japan and Bangladesh has been maintaining friendly relations since February 10, 1972 through various types of cooperation. Despite asymmetry in status and economic power, Japan -Bangladesh relations illustrate successful and harmonious relations between a developed and a developing country. It is unique that during the past three decades, Japan and Bangladesh have consistently maintained friendly and productive relations despite regime changes in both countries." The foregoing appraisal and analysis of a fairly complex network of linkages between Japan and Bangladesh would amply demonstrate that the bilateral relations have assumed multifarious and multifaceted dimensions. Economic relation between the two countries is largely dominated by Japan's aid program and development assistance to Bangladesh, as Japan for almost a decade now has been the number one bilateral donor to Bangladesh, and it has indeed been a "one-way route".²⁵ But because of the aid, trade and investment nexus in Japan's international economic relations, there is a vantage point of complementarity, though there have been important and growing linkages between the two countries in the overall developing relationship.²⁶

It is noted that the notion of self-help effort has been central in Japan's philosophy of economic assistance." But Bangladesh does not appear to be a case where Japanese ODA practices have promoted the sorts of self-help efforts Japan's philosophy anticipates from an aid recipient." No less significant, at least in the recent past, has been Bangladesh's status as one of the least developed countries (LLDC). The fact that it

²⁴ Dr. M. Ataur Rahman, Professor of Political Science & Director Japan Study Center, University of Dhaka, presented a Key note speech on "Thirty Years of Japan-Bangladesh Relations: Performance, Impact and Direction.

²⁵ Momtaz Uddin Ahmed and Selim Jahan; Economic Cooperation between Japan and Bangladesh: An Assessment of the Present Scenarios and Future Potentials", *Journal of Business Administration*, Vol. 13, No.2. (Quoted from Kalam, 1996: 175).

²⁶ Abul Kalam, *Japan and South Asia: Sub-systemic Linkage and Developing Relationship*, University Press Limited, Dhaka, 1996, p-175.

²⁷ Bruce M. Koppel and Robert M. Orr, Jr., *Japan's Foreign Aid: Power and Policy in a New Era*, Westview Press; Boulder, San Francisco, Oxford, 1993, p.195.

²⁸ *Ibid*, p.197.

is by far the most populous of all the LLDCs accords to Bangladesh a special weight among them.²⁹ In the present day international system poverty alleviation has been the key priority area of development. Before, Japan was not concerned about this field of cooperation. Japan has been accused of lack of concern with and commitment to poverty alleviation in the developing world." Being accused, Japan took few policies and started providing development assistance to projects related to poverty alleviation. In case of Bangladesh, most of the projects are somehow related to poverty alleviation. Therefore Japan got an additional advantage of funding Bangladeshi projects.

4.1 Formative Period: A Period of Relief, Rehabilitation and Consolidation (1971-72 to 1977-78)

Bilateral economic relation between Japan and Bangladesh has grown, as outlined in a notable study on the subject by Bakht and Bhattacharya, over three phases; first, an early phase of relief and rehabilitation (1972-75); second, a decade of rise and consolidation (1975-85); and third, emergence of Japan as a leading global donor (1986-onward)." During the initial stage of relations, Japan provided food and commodity aid, there was no project aid from fiscal year 1971-72 to 1972-73.

Japan's outlook towards Bangladesh was guided largely by humanitarian concern for people who suffered so much as a result of conflict and war. It offered marginal aid during the period, but it was concerned also to ensure that the newly emerged country takes liabilities of the Japanese aided projects located in Bangladesh, funded during the Pakistani period. After a series of difficult negotiations in which the Bangladesh side was somewhat reluctant to assume the responsibilities of the liabilities of the Pakistani period without the issue of sharing the assets and liabilities with Pakistani government being resolved, yet it eventually found little option to sign two

²⁹ Ibid, p.189.

³⁰ Ibid, p.189.

³¹ Bakht, Zahid and Debpriya Bhattacharya (January-1992), Japanese Economic Cooperation with Bangladesh: Status and Prospect (A Report prepared under a joint study between IDE, Tokyo and BIDS, haka).

agreements, signed successively in November 1972 and April 1975 and assumed debt liability of approximately \$125 million.³² Since then Japan began to provide assistance in a speedy way compared to the very early period of independence. Up to the fiscal year of 1974-75, Japan was mainly providing food and commodity aid as grant. There was no loan aid in the fiscal years of 1973-74 and 1974-75. Bangladesh started receiving project aid from Japan from the fiscal year of 1975-76 and also from the same fiscal year Japan started providing loan to Bangladesh.

Table-1 & 2 (commitment and disbursement) indicates that from 1973-74 to 1977-78 in the project aid the commitment was \$23.590m as grant and \$59.326m as loan but disbursement was only \$2.366 m as project loan aid. So it is easily understandable that up to 1977-78, the disbursement rate of project loan was very low which reflects the slow undertaking of projects in Bangladesh.

Table-1: Commitment of Japanese Foreign Aid from 1973-74 to 1977-78

Year	Commitment (US\$ million)					
	Food	Commodity		Project		Total
	Grant (Loan)	Grant	Loan	Grant	Loan	7= (1+2+3+4+5+6)
1	2	3	4	5	6	
1973-74	-	-	31.901	-	-	31.901
1974-75	9.500	6.400	40.081	-	-	55.981
1975-76	1.300	-	43.333	2.333	-	46.966
1976-77	6.700	-	43.333	14.307	17.648	81.988
1977-78	4.000	-	75.000	6.950	41.678	127.628
Total	21.500	6.400	233.648	23.590	59.326	344.464

Source: Flow of External Resources into Bangladesh (As of June 2000), Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

³² Bakht, Zahid and Debpriya Bhattacharya (January-1992), Japanese Economic Cooperation with Bangladesh: Status and Prospect (A Report prepared under a joint study between IDE, Tokyo and BIDS, haka).

Table-2: Disbursement of Japanese Foreign Aid from 1973-74 to 1977-78

Year	Disbursement (US\$ million)					Total 13= (8+9+10+11+12)
	Food	Commodity		Project		
	Grant (Loan)	Grant	Loan	Grant	Loan	
	8	9	10	11	12	
1973-74	- 23.539 L	-		-	-	23.539 L
1974-75	3.410 3.561 L	1.110	22.210	-	-	30.291
1975-76	7.390	5.290	3.8464	-	-	44.526
1976-77	6.700	-	29.729	1.765	0.900	39.094
1977-78	4.000		90.122	17.475	1.466	113.063
Total	21.500 27.100L	6.400	173.907	19.240	2.366	250.513

Source: Flow of External Resources into Bangladesh (As of June 2000), Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

Within this period there were remarkable changes in the political structure of Bangladesh. There were some high level visits at political and official levels from both the countries in order to strengthen the bilateral economic and political relations. Among those the imperial Highness-Crown Prince Akihito and Crown Princes Michiko (currently their majesties the Emperor and the Empress) and the then Foreign Minister Iichiro Hatoyama among some others visited Bangladesh in 1975 and 1977 respectively. On the other hand the then Prime Minister of Bangladesh Sheikh Mujibur Rahman for the first time as a head of a government of Bangladesh visited Japan in 1973 and the then President of Bangladesh Ziaur Rahman visited Japan in 1978 and 1980.

4.2 Consolidation of Bilateral Relations as Development Partner

Bangladesh relations with Japan took a favorable turn in 1977." A hijacked Japanese airliner landed in Dhaka airport (old Tejgaon airport) in October, 1977 creating a crisis in Japan. Bangladesh handled the delicate situation very efficiently and Japanese

³⁹ Harun ur Rashid; Thirty Years of Bangladesh-Japan Diplomatic Relationship; Alexander's Gas and Oil Connections; News and Trends: E & SE Asia; vol-7, March-21, 2002 for details see www.gasandoil.com/goc/news/nts21255.htm.

government and its people were visibly impressed by the skillful handling of the situation by Bangladesh. When president Zia visited Japan in 1978, the passengers of the hijacked plane came to meet the President and thanked Bangladesh officials and people for safety of their lives. It was an emotional meeting for many of the passengers, which eventually developed the bilateral relationship between Bangladesh and Japan.

During this period there has been a general rise of flow of development assistance from Japan to Bangladesh, with higher disbursement of commodity aid and emergency of project aid, marginally supplemented by food aid.³⁴ During mid-1970s to mid-1985 Bangladesh and Japan moved towards a consolidation of their relation as development partner, although there were peaks and dips in Japanese aid flow. For instance, in the fiscal year of 1979-80 Japan provided as much as \$229.61 million, becoming the number one bilateral donor, a position it retained for three years, overtaking the U.S., but the figure went down to \$114.59 million in the fiscal year 1983-84 when the U.S. again regained its position as the leading donor." In the following commitment and disbursement tables (3 & 4) we find that during 1978-79 and 1979-80 fiscal years Japan provided significant amount of development assistance to Bangladesh compared to the fiscal years of 1973-74 to 1977-78.

Table-3: Disbursement of Japanese Foreign Aid from 1978-79 to 1979-80

Year	Disbursement (US\$ million)					
	Food	Commodity		Project		Total
	Grant (Loan)	Grant	Loan	Grant	Loan	13= (8+9+10+11+12)
	8	9	10	11	12	
1978-79	5.000	14.500	80.412	8.670	20.060	128.642
1979-80	7.900 55.900 L	15.006	62.475	14.296	74.034	229.611
Total	12.900 55.900 L	29.506	142.887	22.966	94.094	358.253

Source: Flow of External Resources into Bangladesh (As of June 2000), Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

³⁴ Abul Kalam, Japan and South Asia: Sub-systemic Linkage and Developing Relationship, University Press Limited, Dhaka, 1996, p-161.

³⁵ Ibid, p.162.

Table-4: Commitment of Japanese Foreign Aid from 1980-81 to 1984-85

Year	Commitment (US\$ million)					
	Food	Commodity		Project		Total
	Grant (Loan)	Grant	Loan	Grant	Loan	7= (1+2+3+4+5+6)
1	2	3	4	5	6	
1980-81	8.722 31.500 L	20.402	77.300	28.500	61.362	227.836
1981-82	9.00 34.400 L	3.680	78.800	17.560	42.100	185.54
1982-83	13.000	19.760	72.000	9.190	22.608	136.558
1983-84	21.684 13.410 L	22.440	74.755	35.380	42.720	210.389
1984-85	5.836	17.347	65.592	27.931	69.367	186.073
Total	58.292 79.310 L	83.629	368.447	118.561	238.157	946.396

Source: Flow of External Resources into Bangladesh (As of June 2000), Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

There were many countries receiving aid from Japan at the same time. Japan along with other donors was engaging in providing development assistance to developing countries in a significant volume. Judging on a yearly disbursement basis of Japanese aid ranking Bangladesh was placed second only to Indonesia for a few years up to 1980, but then it was placed fifth in 1981, third in 1982 and seventh in 1983³⁶ There are sayings that due to the long delay in the implementation of a project namely Chittagong Urea Fertilizer Factory contributed to the degradation of placement of Bangladesh as a seventh largest recipient of Japanese aid from its second position in 1980. From the above tables it has been obvious that during the fiscal years of 1978-79 to 1979-80 Japan disbursed \$ 358.253 million more than its commitment of \$347.518 million as foreign aid to Bangladesh.

4.3 New Turn of Japanese ODA: A Period of Hasty Decrease

The flow of foreign aid to Bangladesh from Japan, from 1980-81 to 1984-85 fiscal years, started reducing for various reasons. Bangladesh lost Japan as its single largest bilateral donor. In 1981 there was a great political change in Bangladesh. Military regime came in power overthrowing a democratically elected government. There were no significant visits from Bangladesh to Japan from 1981 to 1984. In

³⁶ Ibid, p.162.

1985 the then President of Bangladesh H.M. Ershad visited Japan. On the other hand there were no Japanese high level visits at political and official levels to Bangladesh from 1981 to 1986 except the visits of Mr. Yojo Ishikawa, Parliamentary vice Minister for Foreign Affairs and Special Envoy Mr. Daisuke Aita in 1983. As a result there was significant decrease in the flow of foreign aid to Bangladesh compared to the flow of 1978-79 and 1979-80. There were some other reasons responsible for this type of declining of foreign aid to Bangladesh. For example the emergence of China as a major recipient of Japanese aid. Nevertheless Bangladesh was able to maintain its position as the first or second in the list of recipient of Japanese bilateral grant and Japan committed itself during that time to gradually increase further the grant portion of its aid to Bangladesh so that the country can avoid future debt accumulation problems.³⁷ During that time there were two remarkable agreements at government levels namely Agreement for Air Services and Cultural Agreement in 1980 and 1982 respectively. Table 5 & 6 indicates that the declining flow of Japanese foreign aid to Bangladesh from remarkable flows of the preceding years.

Table-5: Commitment of Japanese Foreign Aid from 1980-81 to 1984-85

Year	Commitment (US\$ million)			
	Food (Loan)	Commodity	Project	Total
1	2	3	4	5
1980-81	8,722	20,402	77,300	28,500
1981-82	9,00	3,680	78,800	17,560
1982-83	13,000	19,760	72,000	9,190
1983-84	21,684	22,440	74,755	35,380
1984-85	5,836	17,347	65,592	27,931
Total	58,292	83,629	368,447	118,561

Source: Flow of External Resources into Bangladesh (As of June 2000), Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

³⁷ Bakhri, Zahid and Debpritya Bhattacharya (January-1992), Japanese Economic Cooperation with Bangladesh: Status and Prospect (A Report prepared under a joint study between IDE, Tokyo and BIDS, Dhaka).

Table-6: Disbursement of Japanese Foreign Aid from 1980-81 to 1984-85

Year	Disbursement (US\$ million)					
	Food	Commodity		Project		Total
	Grant (Loan)	Grant	Loan	Grant	Loan	13= (8+9+10+11+12)
	8	9	10	11	12	
1980-81	8.772 31.500 L	6.332	57.336	16.909	32.973	153.822
1981-82	9.000	21.690	97.725	20.807	43.635	192.857
1982-83	13.000 34.400 L	4.000	74.280	10.003	15.112	150.795
1983-84	12.084 13.420 L	18.885	45.394	19.825	4.990	114.588
1984-85	10.000	20.558	58.102	22.473	15.117	126.250
Total	52.856 79.310 L	71.465	332.837	90.017	111.827	738.312

Source: Flow of External Resources into Bangladesh (As of June 2000), Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh, Dhaka, 26 April, 2001.

So it appears that during the fiscal years of 1980-81 to 1984-85 there was decrease of disbursement from commitment of Japanese aid to Bangladesh. From 1980 on, Bangladesh started pursuing Economic Diplomacy both at multilateral and bilateral levels. Economic diplomacy that Bangladesh undertook was pressed by its own economic compulsions. With severe economic constraints and not being well endowed with natural resources, Bangladesh from its early days felt that its strength lay in joining hands with other developing countries in attaining economic emancipation."

4.4 The Period of the Peak

There were significant improvements in bilateral economic and political relations between Bangladesh and Japan during the fiscal years of 1985-86 to 1989-90. There were high level political and official visits to each other countries from both sides. From Japan Foreign Minister Tadashi Kuranari , former Prime Minister Takeo Fukuda and Prime Minister Toshiki Kaifu visited Bangladesh in 1987, 1989 and 1990 respectively. President H.M. Ershad from Bangladesh

³⁸ Abul kalam ed. Bangladesh: Internal Dynamics and External Linkages University Press limited, 1996, p.216.

again visited Japan in 1989 and 1990. During these fiscal years Bangladesh got significant volume of foreign aid from Japan even though many newly independent countries of ex-Soviet Union started getting Japanese aid. During the fiscal years of 1985-86 to 1989-90 Bangladesh received \$1462.436 million against the total commitment of \$ 1418.328 million which indicates that the disbursement was more than the commitment in these fiscal years whereas in the fiscal years of 1980-81 to 1984-85, commitment was more than the disbursement. During this period the amount of foreign aid Bangladesh got is very close to double from the immediate past same period of time. This period is considered as the peak flow of Japanese foreign aid to Bangladesh.

4.5 Wind of Change: Democratic Era in Bangladesh and the Flow of Japanese ODA

In 1991 there was a great political change in Bangladesh. The autocratic government of H.M. Ershad was overthrown and a democratically elected government came in power. Since 1991 Bangladesh has been experiencing a democratic political system. Pursuing economic diplomacy Bangladesh emphasized on improving its economic condition along with receiving foreign aid from various multilateral and bilateral donors. Japanese economic assistance was a crucial factor in the development arenas of Bangladesh. There was stagnation in the intense flow of foreign aid from Japan to Bangladesh. Total disbursement of foreign aid in the fiscal years of 1985-86 to 1989-90 was \$1462.436 million whereas in the following five fiscal years i.e. from 1990-91 to 1994-95 total disbursement was 1412.363 million which is less than the immediate past five fiscal years.

As a result Government of Bangladesh undertook various attempts to improve the inflow of foreign aid from Japan. Both the Prime Minister Begum Khaleda Zia and Foreign Minister A.S.M. Mustafizur Rahman of Bangladesh visited Japan in 1994 and 1995 respectively while on the other hand there were no high level official visits from Japan during this period except the visits of Mr. Hiroshi Mitsuzuka, president of the Japan-Bangladesh Parliamentarians League and Mr.

Hakuo Yanagisawa, Parliamentary Vice-Minister for Foreign Affairs.

In this period the disbursement was less than the commitment whereas in the immediate past period disbursement was higher than the commitment. Following this stagnation in the flow of foreign aid from Japan, Bangladesh took numerous initiatives to increase this declining trend of foreign aid. But nothing became triumphant as in the following five fiscal years the volume of foreign aid from Japan did not augment substantially. In the following fiscal years of 1995-96 to 1999-00 total commitment was \$1177.457 million and disbursement was \$1496.939 million slightly over the last five fiscal years' total disbursement. So this was an encouraging precursor as the total disbursement was slightly more than the total commitment.

4.6 Political Change in Bangladesh and the Flow of Japanese ODA

In 1996 new political party came in power in Bangladesh and immediately after coming in power they undertook a number of initiatives to increase the declining stream of Japanese aid. As a result there were many high level official visits from Bangladesh to Japan. Foreign Secretary Farooq Sobhan in 1996, Prime Minister Sheikh Hasina in 1997, Finance Minister in 1997 and Foreign Minister Abdus Samad Azad in 1998 & 2000 visited Japan with a vision to uplift the flow of foreign aid along with other objectives. There were no significant high level official visits from Japan during this period except the visit of Prime Minister Yoshiro Mori in 2000. Though there was a substantial need of foreign aid on the part of Bangladesh in order to boost development projects but competing with other recipient countries Bangladesh could not amplify the declining trend of Japanese aid even in the following five fiscal years.

5.0 Analysis: Based on Historical Background

Historical background indicates (and it is also appeared in table-7) that since 1990, Japan has not increased the total volume of its aid to Bangladesh, which period is considered as the democratic regime of Bangladesh. This decreasing flow of Japanese aid since the democratic regime of Bangladesh testifies that Bangladesh has not got any rewards for its significant political change.

Table-7: Japanese ODA from 1971-73 to 1999-04 (Million US \$)

Year	Food		Commodity		Project		Total		Total
	Grant	Loan	Grant	Loan	Grant	Loan	Grant	Loan	
1971-73	2	1	12	0	0	0	15	0	15
1973-78	22	27	6	174	19	2	47	203	250
1978-80	13	56	30	143	23	94	66	293	359
1980-85	53	79	71	333	90	119	214	531	745
1985-90	71	0	148	562	198	483	417	1045	1462
1990-95	53	0	678	135	191	356	921	492	1413
1995-99	25	0	597	26	102	268	724	294	1018
1999-04	17	0	470	13	52	360	539	373	912
Total	256	163	2012	1373	675	1682	2943	3231	6174

Source: Flow of External Resources into Bangladesh, 2005. Economic Relations Division, Ministry of Finance, Government of the Peoples' Republic of Bangladesh.

On other hand, in the period of 1985-1990, the total amount of Japanese ODA was in its peak and then gradually decreased up to 2004. This highest amount of ODA was given to Bangladesh in the Ershad regime, which period is considered as the most Dark Age in the history of democracy in Bangladesh. Violation of human rights was in peak in this regime under the government of General Ershad. Japan could use "Negative Sanction" to make pressure to the dictator government of Bangladesh in the period of 1985-1990 if the purpose of Japanese ODA is to make political influence for the betterment of the society, human rights and democracy. In stead, the dictator military regime was rewarded and his power was strengthened by giving highest amount of aid. The role of Japan in the political crisis of Bangladesh in the late 1980s can be summarized as: Japan was failed to fulfill her aim to ensure peace and political stability in Bangladesh by giving "Positive Sanctions" in the period of 1985-1990. It proves that Japan's aid sanctions have been more strongly influenced by economic and other factors than by humanistic values.

6.0 Analysis

On the theoretical point of view we see that Japan has never played any significant role for peace keeping or any other purpose which might testify Japanese political influence in Bangladesh. As I mentioned earlier that in the most important time of the democratic

movement of Bangladesh, Japan did not play the card of negative aid sanctions. Therefore, we can say that we do not find Japan's performance in creating Mutually Hurting Stalemate (MHS) in the late '80s. Japan's positive aid sanctions might be conceived in a way that could create Formula for a Way Out (FWO) for the conflicting parties in Bangladesh. Historical backgrounds indicate that Japan has never done that or what has done so far has not been encouraging.

7.0 Conclusion

In the passage of time it is somehow proved that Japan is the top most bilateral donor to Bangladesh. It is true that the significance of Japan as a donor is outstanding especially Japanese development assistance does not require Japan to get physically involved in Bangladesh. This is, by any means, a one-way dependency bilateral relation. However, this paper has examined the political influence of Japanese aid in Bangladesh. It has been revealed that Japan has never played any positive or negative aid sanctions to Bangladesh to gain political influence. It is also appeared in different political crisis in Bangladesh when almost all of the major world powers such as USA and EU play active role to mitigate the crisis, often violating diplomatic role, Japan as a single largest bilateral development partner of Bangladesh never do so.

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