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EMERGING INDIA-JAPAN PARTNERSHIP IN BANGLADESH

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In April 2023, Japan and Bangladesh reached new heights in their bilateral relationship as they signed a Memorandum of Understanding (MoU).¹ Through this MoU, both countries reached a level of cooperation known as strategic partnership. They aimed at working together in fields of research, innovation, digital economy, cyber security, industrial technology, etc.²

Japan's ties with the South Asian region were fundamentally minimal during the Cold War era; however, over time, Japan realised the strategic importance of South Asia. It was only in 2014 that the India-Japan partnership got a significant boost under their 'Special Strategic and Global Partnership.' Tokyo saw India as the cornerstone of South Asia, and infrastructure projects such as the Delhi-Mumbai Industrial Corridor proved to be vital in this understanding. PM Modi's connectivity initiatives with the goal of building a stable neighbourhood has impacted the Indo-Japanese ties positively. Under PM Modi, India has been increasingly pursuing efforts to promote regional links, which include the Bangladesh, Bhutan, India, and Nepal Initiative (BBIN), the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC), and the Indian Ocean Rim Association. The India-Japan partnership and robust relations and Japan's enthusiasm for infrastructure investments for strengthening connectivity between Bangladesh and Northeast India showcases Japan's soft power outreach with nations in South Asia. As a result of the tremendous efforts in bolstering the economic potential of

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South Asia through its assistance in the infrastructure development of Bangladesh, Japan enjoys a favourable perception in both Bangladesh and India as a reliable nation.

Japan's Critical Engagement in Bangladesh

Bangladesh tried to garner moral support from Japan against aggressive activities by any nation in the Bay of Bengal region. Japan also has a Free and Open Indo-Pacific (FOIP) vision in the maritime domain. Therefore, Japan supported Bangladesh in protecting its sovereignty in the Bay of Bengal. For Japan, the development of Bangladesh's communication infrastructure, industrial production, and supply chains would result in the overall prosperity of the region. It would also result in the stability of the Indo-Pacific region.

Japan has been Bangladesh's largest aid provider among South Asian countries since 2012. Therefore, Bangladesh is one of the top recipients of Japan's aid and assistance program.³ Japan has been working extensively on financing the large infrastructure and development projects in Bangladesh, which also involve the construction of a coal-fired power plant as part of the new coastal economic corridor. Bangladesh's ties with Tokyo have expanded in recent times, and in 2016, Bangladesh also supported Japan's bid to obtain a permanent seat in the UN Security Council.

India-Japan in Third-world countries

Japan has been a significant nation in the formation of the Quad framework and the Indo-Pacific vision. Japan's former PM Shinzo Abe addressed the Indian Parliament in 2007 where he delivered the 'Confluence of the Two Seas' speech. In this speech PM Abe referred to the integration and linkage of the Pacific and Indian Oceans to make establish FOIP.⁴ The complementary frameworks of India's Act East Policy and Security and Growth for All in the Region (SAGAR) initiative and Japan's FOIP offer opportunities for both India and Japan to expand their regional cooperation.

India and Japan have been working together to collaborate in third countries such as Sri Lanka, Bangladesh, and Myanmar.⁵ In recent times, the bilateral relationship between India and Japan has expanded under their 'Special Strategic and Global Partnership', and both nations are making efforts in third countries regarding their shared vision towards the Indo-Pacific. With the announcement of the construction of an LNG terminal in Sri Lanka, India and Japan officially started working together in third countries in 2018. The Asia-Africa Growth Corridor (AAGC) initiative forayed the two in the funding and development of roads, hospitals, and a variety of infrastructure projects in Africa.⁶

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such as the Araihasar Economic Zone, the Dhaka-Siliguri rail link, and the Chilahati-Haldibari rail link.⁷ After a 43-year absence, the Maitri Express was reinstated in 2008, making the Chilahati-Haldibari rail link the most recent trans-border connection to be restored. India has given the nation three lines of credit, and Japan has provided ‘China exit’ subsidies.⁸

Northeast (NE) India is crucial to Japan’s Indo-Pacific Vision. This region also depends on Bangladesh owing to its geographical position. Therefore the cooperation between India and Japan must include Bangladesh. Given that the NE region shares borders with several other nations, including Nepal, Bhutan, China, Myanmar, and Bangladesh, the NE area is crucial for India and Japan to maintain multilateral relations and embrace infrastructure and connectivity initiatives.

The Act East Policy of India and Japan’s Free Indo-Pacific Trade Policy create the ideal environment for cooperation. Japan’s strategy for financing infrastructure in the Indo-Pacific area is affected by its own economic needs. In line with the first revitalisation strategy unveiled in 2013, Japan is attempting to gain access to international markets by increasing infrastructure spending and employing loans and investments from its Official Development Assistance (ODA) program for financial infrastructure.⁹ For important infrastructure projects like the Matarbari Port and Yangon Urban Development, as well as for private investments through FDI promotion programs, Japan extended ODA loan agreements with Bangladesh and other third countries, such as Myanmar.¹⁰

The Ramgarh-Bariyarhat Highway and the Jamuna Railway Bridge are two projects in Bangladesh on which India and Japan are working together.¹¹ The former is being financed by a World Bank grant, an Indian Line of Credit, and loans from Japan. The latter would be built by an Indian infrastructure business using soft loans from Japan.¹²

India-Japan-Bangladesh: Emerging Dynamics

In April 2023, Bangladesh, Japan, and India held a conclave in Tripura to bolster the connectivity initiatives.¹³ The likelihood of trilateral cooperation between India, Bangladesh, and Japan has gained momentum. This possibility has been fuelled by a number of factors and shared goals, including:

- The shared objectives of Dhaka, New Delhi, and Tokyo to promote an open and free Indo-Pacific region,
- The necessity of building effective infrastructure links throughout the region.
- The need to deal with shared challenges like terrorism, climate change, and natural disasters.
- Realising the potential of India’s landlocked NE Region, which is essential for enhancing multimodal connectivity in the South and Southeast Asian Region
- Establishing an industrial hub in Bangladesh

With the aim of facilitating and promoting industrialisation in the region and subsequently assisting in the formation of viable regional industrial value chains, the NE Region area has been one of Japan's main focus regions for infrastructure development. The ongoing construction of Bangladesh's deep-water port at Matarbari is important, as it was announced under former Japanese PM Shinzo Abe's Bay of Bengal Industrial Growth Belt Plan. In order to fund the development of Matarbari Port, the Japan International Cooperation Agency (JICA) inked loan agreements with the government of Bangladesh in June 2018 for a total of ¥2.65 billion (about US \$19.65 million)¹⁴. Tokyo contributes to the Dhaka Mass Rapid Transit Network as part of its aid to the nation's development.

China's growing economic and military presence around the Indian Ocean region and the Indo-Pacific region and its links with Bangladesh and other South Asian neighbours have alerted both India and Japan.

The proposed Matarbari project will provide Bangladesh's first deep-water port with the capacity to accommodate substantial vessels.¹⁵ The deep seaport, which would be essential to creating an industrial hub linking the Indian subcontinent's landlocked regions to the capital city of Bangladesh, Dhaka, is anticipated to open by 2027. Furthermore, Japan's promotion of the Bay of Bengal-Northeast India industrial value chain concept is an important part of PM Fumio Kishida's FOIP vision.¹⁶ In March 2023, JICA agreed to provide Bangladesh with a ¥165 billion infrastructure loan.¹⁷ PM Kishida mentioned that has been working with India for stability in South Asia and called India an indispensable partner for its Indo-Pacific vision. For Kishida, regions like Southeast Asia, the Pacific Islands, and South Asia are important, where multi-layered connectivity would help boost economic growth.

Tokyo will mobilise US\$75 billion in public and private funds in the Indo-Pacific area by 2030 to realise Kishida's vision of the region's growth that is transparent and inclusive.¹⁸ China's growing economic and military presence around the Indian Ocean region and the Indo-Pacific region and its links with Bangladesh and other South Asian neighbours have alerted both India and Japan. Therefore, both India and Bangladesh are vital economic and security partners for Japan in realising its FOIP vision. Furthermore, Bangladesh and the NE region will both profit significantly economically from the development of an industrial value chain between the Bay of Bengal and the NE India. Such a partnership aims to entice capital from existing industrial centres in Southeast Asian nations like Thailand to Bangladesh and India's NE territories.

Tariffs, customs procedures, and connectivity are the three main barriers to regional investment that India, Japan, and Bangladesh need to address. India and Bangladesh are working on negotiating a Comprehensive Economic Partnership Agreement (CEPA), which is anticipated to increase bilateral commerce.¹⁹ A trade and investment-boosting

economic cooperation pact is also being negotiated between Bangladesh and Japan. The plan for cooperative negotiations on investment promotion, customs, and tariffs will pave the way for an economic boom in India's NE because infrastructural projects are anticipated to be finished in five to ten years.

Bangladesh is taking a cautious approach to great-power competition in the Indo-Pacific, like many other small and middle-power countries. Bangladesh continues to avoid the traditional security challenges that are essential to advancing the US-led rules-based system, despite the publication of its first Indo-Pacific perspective in April.²⁰ However, the document offers the US and allies like Australia a positive place to start.

Beyond its natural riches and vital maritime location in the Indian Ocean, the Bay of Bengal is home to more than a quarter of the world's population as well as some of the fastest-growing economies, such as Bangladesh and India, both of which have relatively young populations and significant urbanisation tendencies. Japan has started the NE India-Bay of Bengal Industrial Value Chain to increase its focus on this area. Regarding this, Japan is trying to embrace its cooperation with India and Bangladesh. Whether it be the connectivity pillar of India's Indo-Pacific Oceans Initiative (IPOI) or the Coalition for Disaster-Resilient Infrastructure (CDRI) announced at the UN Climate Action Summit in 2019, Tokyo's interest in the Bay of Bengal projects fits well with Delhi's regional infrastructure and connectivity goals. India could perhaps take benefit out of this trilateral cooperation in terms of bolstering its defence ties with Bangladesh, as Japan, too, is working on expanding its defence capabilities. This framework may also help Bangladesh advance its defence capabilities by acquiring defence equipment from Japan and India in the near future to further embrace this mechanism.

Moreover, in August 2023, Bangladesh was elected as a candidate country for Japan's new Official Security Assistance (OSA) to strengthen military ties between both nations. Since Japan is in the midst of a complex security environment, it has become essential for the nation to strengthen its own defence capabilities and embrace the deterrence capabilities of like-minded countries to ensure stability in the Indo-Pacific region. Therefore, in Japan's revised National Security Strategy, the establishment of OSA was mentioned for the benefit of the armed forces and other such organisations by providing equipment for infrastructure development.

Way Forward

The India-Japan partnership has become more important as China emerges as a rival in the quest for regional hegemony and a threat to the rules-based international system. Growing collaboration between New Delhi, Tokyo, and Dhaka can pave the way for reviving Japan's role as a dependable economic and security partner and India's role as South Asia's finest security manager while also balancing China's expanding influence

in the region.

Improved regional connectivity networks could have a favourable influence on trade and other sectoral areas of cooperation like disaster response, people-to-people connections, and tourism as a result of the trilateral collaboration for infrastructure improvement. There are other potential areas of trilateral cooperation that can be explored, such as counterterrorism, maritime security, climate change, healthcare, energy cooperation, skills development, and people-to-people ties. Moreover, it could also be noteworthy for India and Bangladesh to conduct and regularise their defence and security bilateral exercises between their air forces and naval powers to boost their defence cooperation and further secure the Bay of Bengal region. The trilateral cooperation could be boosted through security exercises in the near future. Beijing's attempts to expand its maritime footprint in the Indian Ocean region and in the Bay of Bengal region would further require this trilateral to take steps in the security and defence arena, too.

Bangladesh is also a vital factor in the development of India-Japan ties, as it would be tough for India and Japan to collaborate on development projects and create supply chains in the Northeast without Bangladesh's support. India has evolved into a willing, competent, and dependable middle power in the region. Bangladesh is a strategically well-positioned nation with a young and expanding population. In addition, Japan has a developed financial sector and is a technologically advanced nation. These three nations can work together to create a positive force for Indo-Pacific prosperity, security, and peace. This trilateral mechanism is in its initial stage. However, with support from other powers such as the US, Southeast Asian nations, and Australia, this trilateral could perhaps play a strong role in securing the Indo-Pacific region.

Notes:

¹ “Japan-Bangladesh Joint Statement on Strategic Partnership”, *Ministry of Foreign Affairs, Japan*, April 26, 2023, <https://www.mofa.go.jp/files/100496992.pdf>. Accessed on September 05, 2023.

² Ibid.

³ Raymond Kwun-sun Lau and Sk. Tawfique M. Haque, “The India-Japan-Bangladesh Triangle is worth watching”, *Nikkei Asia*, June 28, 2023 <https://asia.nikkei.com/Opinion/The-India-Japan-Bangladesh-triangle-is-worth-watching>. Accessed on September 02, 2023.

⁴ Raymond Kwun-sun Lau and Sk. Tawfique M. Haque, “The India-Japan-Bangladesh Triangle is worth watching”, *Nikkei Asia*, June 28, 2023 <https://asia.nikkei.com/Opinion/The-India-Japan-Bangladesh-triangle-is-worth-watching>. Accessed on September 02, 2023.

⁵ Sreeparna Banerjee and Pratinashree Basu, “India-Japan Partnership in Third Countries: A Study of Bangladesh and Myanmar”, *ORF Issue Brief No. 460*, April 19, 2021, <https://www.orfonline.org/research/india-japan-partnership-in-third-countries-a-study-of-bangladesh-and-myanmar/>. Accessed on September 10, 2023.

⁶ Ibid.

⁷ Aishwarya Dabhade, “The Bay of Bengal Economy | Will India, Bangladesh and Japan change the South Asian trade story?”, *Money Control*, April 24, 2023, <https://www.moneycontrol.com/news/business/economy/the-bay-of-bengal-economy-will-india-bangladesh-and-japan-trio-change-the-south-asian-trade-story-10468561.html>. Accessed on September 10, 2023.

⁸ Ibid.

⁹ Tetsushi Kajimoto, “New Asia infrastructure fund attracts Japan Inc, says ADB official”, *Reuters*, August 30, 2016, <https://www.reuters.com/article/us-japan-economy-ADB-idUSKCN1151AD>. Accessed on September 11, 2023.

¹⁰ Ibid.

¹¹ Tridivesh Singh Maini and Mahitha Lingala, “Deepening Japan-India cooperation in South Asia”, *The Kootneeti*, September 08, 2019, <https://thekootneeti.in/2019/09/08/japanese-investments-in-south-asian-private-sector/>. Accessed on September 10, 2023

¹² Ibid.

¹³ Debraj Deb, “Representatives of Japan, Bangladesh look at Tripura as potential gateway of NE India at conclave”, *Indian Express*, April 12, 2023, <https://indianexpress.com/article/north-east-india/representatives-japan-bangladesh-tripura-gateway-ne-india-at-conclave-8553149/>. Accessed on September 12, 2023

¹⁴ “Matarbari Port Development Project”, *Japan International Cooperation Agency*, November 2018, https://www.jica.go.jp/Resource/english/our_work/social_environmental/id/asia/south/bangladesh/c8hovm0000bikdzbtatt/c8hovm0000e1ubt3.pdf. Accessed on September 11, 2023

¹⁵ Ibid.

¹⁶ Atul Aneja and Ateet Sharma, “Kishida’s new Indo-Pacific vision includes integrated development of Northeast India, Bangladesh and Bay of Bengal”, *India Narrative*, March 20, 2023, <https://www.indianarrative.com/opinion-news/kishidas-new-indo-pacific-vision-includes-integrated-development-of-northeast-india-bangladesh-and-the-bay-of-bengal-122005.html>. Accessed on September 12, 2023

¹⁷ Ibid.

¹⁸ Sakura Murakami and Krishn Kaushik, “Japan plans \$75 bln investment across Indo-Pacific to counter China”, Reuters, March 20, 2023, <https://www.reuters.com/world/asia-pacific/japan-announces-75-bln-new-plan-counter-china-indo-pacific-2023-03-20/#:~:text=Japan%20pledged%20%2475%20billion%20to,Indian%20Council%20of%20World%20Affairs>. Accessed on September 12, 2023.

¹⁹ “India, Bangladesh agree to start negotiations for free trade pact at an early date”, India News Network, December 23, 2022, <https://www.indianewsnetwork.com/20221223/india-bangladesh-agree-to-start-negotiations-for-free-trade-pact-at-an-early-date>. Accessed on September 12, 2023.

²⁰ “Bangladesh’s First Indo-Pacific Outlook Aims for ‘Friendship Towards All’”, Asia Pacific Foundation of Canada, May 05, 2023, <https://www.asiapacific.ca/publication/bangladeshs-first-indo-pacific-outlook-aims-friendship>. Accessed on September 05, 2023.



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