It is my great honor to be here at The University of Dhaka today to speak on behalf of the Japan International Cooperation Agency (JICA). As somebody who has spent most of his adult life as a university teacher, it is my great pleasure to have this opportunity to share my views with students and faculty members on the campus of this great university.

JICA began its operations in Bangladesh immediately after Japan formally recognized the newly independent nation in early 1972. In 1973, JICA started dispatching young and zealous Japanese volunteers to the country. In 1974, Japan committed its first ODA loan and established the JICA office in Dhaka. Many things, including natural disasters and political turmoil, have happened since then. But with the understanding and the support of the people of Bangladesh, we have expanded our activities dramatically. Last year, in fact, Bangladesh became the third largest partner country of Japanese official development assistance.

We are very proud of being able to work together with the people of Bangladesh in their efforts of development, which have resulted in great achievements. The percentage of the Bangladeshi people in absolute poverty decreased sharply from 59% in 1990 to 31.5% in 2010. Average life expectancy has increased from 47 years in 1971 to 70 years today. Child mortality has declined markedly, and children's enrollment in primary school—just 50% forty years ago—is nearly universal today at 92%. Moreover, thanks to a four-fold increase in agricultural productivity, today 100% of Bangladesh's 150 million people are food secure. And now, Bangladesh appears to be entering into a new stage of development fueled by faster economic growth. To repeat, we are proud of being a partner of your great efforts.

Just yesterday, I visited Jamuna Bridge, or Bangabandhu Bridge as it's also called. And I was very much pleased that the bridges JICA financed, totaling 500, including Jamuna, have made a tremendous impact in connecting this nation divided by huge rivers. I also visited Tangail and attended a Union Development Coordination Committee as an observer. While there, I saw how the “Link Model”, a system developed by JICA's technical cooperation project for Participatory Rural Development, is actually being implemented to improve accountability of government officials to the people. By encouraging people's participation in local governments, the Link Model is helping to achieve an effective and efficient use of resources. I was extremely gratified to see that this project is contributing to the improvement of governance of local communities in this country. In addition, I would like to mention the “Narsingdi Model” developed under JICA's Safe Motherhood Promotion Project. Although I did not have a chance to visit any implementation site of this project this time, this model is contributing to the improvement of maternal health by connecting local communities to governmental health services.

All in all, I am gratified that many of JICA's projects are contributing to the betterment of Bangladesh in many fields. But I believe that we need to do more together in the new stage of development in Bangladesh.

Prime Ministers Mr. Abe and Ms. Hasina acknowledged this new development landscape during their summit held in Tokyo on May 26th. They committed to further strengthening bilateral cooperation through the "Japan-Bangladesh Comprehensive Partnership.” Just as significantly, they proposed the "Bay of Bengal Industrial Growth Belt" initiative (or BIG-B for short) as a means to guide partnership activities. Prime ministers Hasina and Abe are right on the target, because BIG-B, a grand design to promote industrial agglomeration along the Dhaka-Chittagong-Cox's Bazar belt area, has a great potential under the currently on-going tectonic changes of the global economy.

In the two years since becoming President of JICA, I have visited more than 30 countries all over the world. Through these experiences, I have observed dynamic changes in various parts of the world. And I have begun to see that these changes are part of the tectonic changes that are shifting the center of gravity of the world economy. In the last quarter of the 20th century, that center of gravity has moved from the Atlantic to the Pacific. The west coast of the United States, Japan, the Four Tigers of South Korea, Taiwan, Hong Kong, and Singapore, other Southeast Asian countries, and China became the major economic powers driving the global economy. But now in the first quarter of the 21st century, the world economy is shifting its center from the Pacific to a much broader area which I call the Indo-Pacific region. The Pacific continues to play an important role, but it is being connected more and more with the emerging economic powers along the Indian Ocean from Southeast Asia to South Asia, and to Africa. And, of course, the Bay of Bengal is centrally located within this tectonic change as it can function as a key junction between the two oceans.

Unfortunately, we are often bound by outdated geographic divisions. We still draw a dividing line at the Arakan Mountains to separate South Asia from Southeast Asia. I must confess that even JICA's regional divisions at headquarters are still delineated in this manner. Yet perhaps it is high time for the Bay of Bengal to be considered as a coherent strategic region within the broader framework of the Indo-Pacific. Bangladesh's renewed focus to "look east" would be timely and appropriate in this sense.

Bangladesh, in other words, is the linchpin of the Indo-Pacific region. It stands to gain a great deal from the shift in global economic dynamism toward the Indian Ocean. Indeed, the Bay of Bengal Industrial Growth Belt initiative (BIG-B) seeks to take full advantage of this trend. It foresees Bangladesh transcending its national borders to become a "node & hub" of the regional economy, so that she may reshape herself as a sparkling trading nation deeply incorporated into inter-regional and global value chain networks. This transformation is imperative if its national target of becoming a middle-income country by 2021 and a developed country by 2041 is to be achieved.

BIG-B has three main pillars.

The first pillar is industry and trade. This pillar mainly consists of constructing a long-awaited deep sea port at the Matarbari Island. This will offer Bangladesh an important trade gateway to the rest of Asia and beyond.

The second pillar is energy. Matarbari Island can be developed into a massive supply base of primary energy (such as coal, LNG, and oil). The electricity produced from those sources can support a quantum leap in industry and trade, not only within the area covered by BIG-B but...
also all over Bangladesh. Recognizing the promise this holds, Power Division and the Bangladesh Power Development Board have already embarked on developing electricity infrastructure throughout the entire area to facilitate greater diversification of the country's energy mix.

Transportation is the third pillar of BIG-B. To enable greater industry, trade, and energy production, the Dhaka-Chittagong-Cox's Bazar transport artery needs to be strengthened and even extended to neighboring countries. More and better national highways and railways are an absolute must to accelerate the movement of goods and people that is essential for highly vibrant industrial agglomeration. We are encouraged by the fact that the Roads Division of the Ministry of Communication and the Ministry of Railways have shown a strong commitment to address this urgent need.

BIG-B is also an appropriate strategy for Bangladesh in the sense that the country is now poised to capitalize on three promising economic opportunities.

The first opportunity is the cost-competitiveness of Bangladeshi labor in the global marketplace, which is still strong. This was recently demonstrated in the RMG industry's production shift from China and Vietnam. The Rana Plaza incident was really tragic and JICA is now engaged in a technical and financial cooperation project to make the workplace much safer. But even after the Rana Plaza incident in April 2013, several surveys have revealed that Bangladesh's attractiveness as a sourcing hot spot has been little changed.

The second opportunity is the current trend of regional integration. The Regional Comprehensive Economic Partnership (RCEP), which is currently being negotiated among ten ASEAN countries, Japan, China, South Korea, Australia, New Zealand and India, is one manifestation of this trend. Bangladesh could benefit more by joining in it.

The third opportunity is provided by the strategic location of Bangladesh, a country between the Indian Ocean and the Asian continent and a country between Southeast Asia and South Asia. Bangladesh can provide the gateway to the Bay of Bengal for the South Asian hinterlands comprising Bhutan, Nepal and India's seven North-Eastern states. These land-locked places are now considered to be a huge untapped market with more than 70 million people. This means that Bangladesh can be a "hub" of the Bengali regional economy. In addition, Bangladesh is also able to play a vital role as an inter-regional node between South-East Asia and South Asia.

However, if Bangladesh is to make the most of these opportunities, it must overcome several important socio-economic challenges.

First, Bangladesh must confront an energy resource deficit. Since the late 1960's, Bangladesh has largely depended on domestic natural gas for all energy used for power generation and industrial and household purposes. However, as we all know, the country's reserves of natural gas are now rapidly depleting. This means Bangladesh will very likely suffer from a severe deficit of this primary energy resource and will inevitably start importing coal and LNG. This might trigger huge trade deficits in the coming years, which could jeopardize the country's entire macroeconomic stability.

Second, Bangladesh will confront massive demand for employment. It is said that, in net terms, approximately two million working-age adults or three million young people will tap on the door of labor market every year over the next 20 years. The key challenge for the Government is to prevent these aspiring new entrants from becoming an onus on society and to obtain the full benefit of the country's demographic bonus. This requires expanding the size of the domestic market, easing the fiscal burden of social safety nets, and improving the quality of education at all levels so as to incubate entrepreneurs, leaders and skilled labors. To make the most of people's potential contribution to the country's development, fundamental infrastructure in the areas of energy/power, transport, water supply and sanitation, and communication is a prerequisite.

Third, the importance of governance here cannot be overstated. It is still a big challenge for the Government of Bangladesh to provide sound and credible governance to its citizens and others, including international investors. It should build an enabling environment for realizing dynamic and inclusive development with consistent policy planning and execution.

Last but not least, adaptation to upcoming changes related to the international trade regime is the third major challenge with which Bangladesh will soon have to grapple. Bangladesh is expected to graduate from least developed countries status in the near future. Although this is an inevitable part of becoming a middle-income country and beyond, it will terminate a variety of preferential trade treatments which Bangladesh currently enjoys. This will expose the protected Ready Made Garment industry to severe global trade competition.

That said, I am confident Bangladesh can turn these challenges into opportunities if the Government takes serious actions, and through implementation of BIG-B.

Ladies and gentlemen, JICA is committed to bringing BIG-B to fruition. Already, the Government of Bangladesh and JICA have jointly identified the Matarbari area, an island of salt and shrimp located 60km south of Chittagong city, as the tipping point for carrying out BIG-B. This island and the surrounding area have all the potential to become completely transformed into an integrated industrial and trading hub, as well as a central energy base. That is the reason why Japan decided to extend support to a national flagship project named the "Matarbari Ultra Super Critical Coal-Fired Power Project.)* The governments of Bangladesh and Japan agreed to this Project at the highest level duringHonorable Prime Minister Sheikh Hasina's visit to Japan last month. And I am delighted to announce that the loan agreement for this project will be signed this very afternoon.

The Matarbari Coal-Fired Power Project has two key components, a deep sea port 18m in depth for importing coal and a coal-fired power plant with an electricity generation capacity of 1,200MW. That is equivalent to 15% of current electricity demand. The deep sea port will enable 80,000 ton class ships (panamax size) to directly enter the port for coal unloading. Its construction is expected to be completed in 2020. The coal-fired power plant should start commercial operation in 2022, or perhaps even earlier. It will be equipped with state-of-the-art Ultra Super Critical technologies, the manufacturing and operation of which Japan leads the world. The USC technologies to be used in the Matarbari plant will ensure stellar thermal efficiency (45%) and drive down its NOx and SOx emissions to 10 times below the prevailing levels of these emissions in the USA and France, respectively.

I would like to add that the Matarbari Coal-Fired Power Project has been deliberately designed to accommodate growing electricity demand through further expansion. According to the Power System Master Plan prepared in 2010 with support from JICA, power demand in Bangladesh will surge to the level of 40,000MW in 2030. This is a four-fold increase from the current level. Thermal coal-based electricity generation is expected to satisfy 50% of this forecasted demand. A portion of the remainder will need to be met through greater amounts of LNG imports. Therefore, eventual expansion of the Matarbari plant will likely include construction of power plants adjacent to the planned units, construction of a coal center to service other coal-fired power plants, and even construction of a LNG terminal.

In addition, the Government of Bangladesh and JICA are currently undertaking discussions to conduct a comprehensive master plan of the area including Chittagong and Cox's Bazar. This will further materialize the shape of BIG-B.

http://www.jica.go.jp/english/about/president/speech/140616_02.html
Now at this juncture, in order to put the BIG-B in a developmental perspective, it seems useful to reflect on Japan’s experiences. Some of you may have heard about Japan’s Pacific Belt Policy, which substantially changed our country’s own industrial landscape. The “Pacific Belt,” extending 1,200km from northern Tokyo to southwestern Kyushu Island through Osaka, was identified as a core industrial area back in 1960, in an economic plan that aimed to double national income in 10 years. The Pacific Belt now boasts 10 major industrial zones and is home to more than 500,000 companies. At present, it produces 80% of Japan’s national output and millions of jobs have been generated because of it. I believe the Bay of Bengal Industrial Growth Belt centered in the Dhaka-Chittagong-Cox’s Bazar area can engender a similar impact on the Bangladeshi economy. Among the many industrial zones in Japan, the Kashima Deep Sea Port & Industrial Zone may furnish you with useful information in planning for comprehensive development of the Matarbari area. Kashima deep sea port is a 600m-wide and 19m-deep artificial dredging-type port that bears a close resemblance to Matarbari. 160 factories operate near this port in a huge 3660ha industrial zone that is home to more than 20,000 jobs and 30 billion USD in annual economic output.

I should add that another lesson you can draw from 1960’s Japan is the importance of minimizing negative impacts of industrial development on the natural environment at the beginning stages, rather than having to restore nature after it has deteriorated.

JICA’s Eastern Seaboard Development Program in Thailand is a model of how Japan’s experience and a pro-growth development strategy can bear fruit elsewhere. From the 1980s to the early 1990s, JICA supported efforts by the Thai government to pursue industrialization through the promotion of industrial parks and networks of ports, highways and railways with ODA loans and technical cooperation. Now the country has become a big manufacturing hub in the global supply chain. For example, in the automobile sector, Thailand’s auto production reached 2 million units per annum in 2012, led by a cluster of major makers with 640 parts suppliers and 1,700 auto-parts subcontractors. The Eastern Seaboard itself has grown into a large industrial and export base with 14 industrial complexes, 1,300 factories and 360,000 workers. It is now the country’s second largest economic area next to Bangkok.

However, the impressive growth of the automobile industry in Thailand was not due to enhanced infrastructure alone. Another critical piece was the gradual improvement of factor productivity – such as skilled labor and effective and efficient administrative institutions. The lesson we can draw from this is that the prospect of infrastructure development, coupled with the capacity and institutional development, attracted domestic and foreign direct investment to Thailand. That, in turn, paved a way for marvelous chain reactions of value addition to accumulate thereafter. JICA is proud to have taken part in this undertaking and working with the Thai authorities to help them realize their vision.

I foresee that, as the eastern outpost of BIG-B, Matarbari, will become a comparable engine of growth for Bangladesh in the decades to come. Japan’s own experience of modernization and development, in terms of both its own history and external support, validates this view.

The Japan-Bangladesh bilateral relationship now assumes a new level of importance with the shift in global economic power from the Pacific to the Indo-Pacific region. As a result, the overarching framework of JICA’s cooperation for Bangladesh needs to be transformed, too. BIG-B is the first-ever grand design of economic development that adequately addresses the ability of Bangladesh to tap into and connect global markets and value chains. This is why BIG-B will now serve as operational guidance for JICA’s projects and plans to accelerate economic growth in Bangladesh.

Rabindranath Tagore said: “You can’t cross the sea merely by standing and staring at the water”. Indeed, implementing BIG-B will require a significant level of commitment. It will pose a series of challenges, but it also presents an unprecedented opportunity for change. Dynamic growth comes about only insofar as a real effort is made to attain it. There is much sea for Bangladesh to sail across, but JICA will be always with you. Let us set out on a new voyage for a brighter future.

Onek Dhonnobad, thank you very much.