

THREE DECADES OF AUSTRALIA - BANGLADESH RELATIONS: FUTURE DIRECTIONS AND POTENTIALS

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Introduction

The political and economic imperatives, the need for national security and development and other compulsions in the age of globalized capitalist economy are the major determinants of contemporary inter-state relations. As a result, the world economy is now increasingly marked by interdependence. Some scholars and observers see in the contemporary model of mutual interdependence as beneficial for both developed and developing countries of the world. Thus, Thirlwall (1994) notes that the highly industrialised and developed countries have been compelled out of political and economic necessity to pursue relations with the underdeveloped countries. Consequently, a rich-poor development partnership has gradually unfolded. This interdependence seems to be supporting global economic security and growth and drawing the nations and people together. Some scholars, such as Brett (1985), Wallerstein (1979) and others note that interdependence and economic co-operation are now universal.

The year 2002 marked the 30th anniversary of the establishment of diplomatic relations between Australia and Bangladesh. The basis of Australia-Bangladesh relations hinges primarily on economic and political pursuits, and mutual interests. Besides the Australian humanitarian and development assistance program, two-way imports and exports linkages are the key elements in the bilateral relationship. However, during the past two decades, Australia has been a small development partner of Bangladesh compared to Japan, USA, UK, Germany, and People's Republic of China (PRC). At the onset of the new millennium, Australia's aid, trade, and investment linkage with Bangladesh still remains limited.

Nonetheless, concerned scholars and policy makers believe that there is a need to enhance bilateral politico-economic relations as good opportunities exists for Australian enterprises in Bangladesh. For example, Denis Wright (1994:116) emphasises that Australian

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government and businesses need to consider seriously the vast untapped markets in Bangladesh, which have been neglected as a result of stereotyped images of Bangladesh in Australia as “one unrelieved human and ecological disaster.” Similarly, a 1994 report of the Austrade’s Dhaka office also revealed: “there are strong opportunities for Australian consultants in education, health, construction, oil and gas, and environmental protection in Bangladesh.”¹ With an estimated population of about 126 million and per capita income of around US\$ 340 in 2003, Bangladesh is likely to provide a modest market for Australia in future.

The Setting

Australia took a very sympathetic attitude during the liberation struggle of Bangladesh (1971) and looked on the development of that time with concern. Australia’s mass media extended strong moral support to the liberation struggle of Bangladesh. Australian government recognised Bangladesh on 31 January 1972. Notably, it was the fourth country (the first from the developed nations) that extended diplomatic recognition to independent Bangladesh. A resident mission was set up in Dhaka in 1972. The goodwill and friendly gestures had inevitable positive implications.

The *Canberra Times* in an editorial praised the prompt recognition by Australia.² Stockwin (1972: 341) also described the recognition by Australia as “useful and imaginative piece of diplomacy” as “Pakistan did not retaliate by cutting off relations with Australia as she had with a number of countries that had recognised Bangladesh previously.” Obviously, it entranced the then ruling elite of Bangladesh, which was desperately looking for international recognition and support.

Subsequently, the harmonious relations between Australia and Bangladesh were reflected in Australian humanitarian and development assistance for the war-ravaged country. Although Australia has never been a major donor for Bangladesh, it involved itself in the reconstruction efforts of the war-devastated economy. During 1972-75, Australia provided US\$14 million of economic assistance for rehabilitation and reconstruction of the economy. Eventually, Australia supported the development efforts in Bangladesh. Over the years,

¹ For details see, *The Australian*, September 27, 1994, p. 54.

² For details of the editorial see, *Canberra Times*, February 1, 1972.

Bangladesh emerged as the top recipient of Australian aid among the South Asian countries. In fact, it ranks only second to Papua New Guinea and Indonesia as a recipient of Australian aid.³

The Australian Agency for International Development in its *Aid Summary 2001-02* clearly stated that its development assistance program aims to promote its “national interest by assisting the developing countries to reduce poverty and achieve sustainable development. With its focus on countries in Asia and the Pacific, the aid program is an integral part of Australian engagement in the region...” In fact, the political utility and ramifications of foreign aid are recognised by the Australian foreign policy makers and strategists. As Seith (1985:28) observes, the Australian parliament has never seriously “questioned the government’s right, or indeed its obligations to use the aid program to serve the country’s external political, strategic, commercial and cultural interests.”

The objective of this study is to examine and analyse the political and economic relations between Australia and Bangladesh during 1972-2002. Obviously the time frame is considerably broad. It is during this period that bilateral relations have gradually been expanded and strengthened. This study explores Australian policy towards South Asia including Bangladesh along with the principal political and economic determinants of Australia-Bangladesh relations. It deals with the nature of Australian economic assistance to Bangladesh and makes a brief review of trade relations between the two countries and describes the investment climate for Australian companies in Bangladesh. The concluding section sums up the study and reflects on the future directions of Australia- Bangladesh political and economic relationships.

Australian Aid Policy towards South Asia

Australia is an economically advanced and relatively resource-rich country in the Asia-Pacific region. A mid-level economic and military power, Australia ranks 18th in the world in terms of GNP per capita. By contrast, the South Asian region, particularly Bangladesh is characterised by overpopulation, widespread massive poverty, and very low social development. An estimated 40 per cent of world’s poor people live in South Asia. In their quest for development, the South

³ *ADAB Annual Review*, Canberra: AGPS, 1980-81, p. 37.