

Saifur's India visit

Better appreciation of perspectives emerges

FINANCE Minister M Saifur Rahman's talks with his Indian counterpart in New Delhi centred primarily around bilateral trade and possible ways of expanding it.

Dhaka has been consistently urging New Delhi to give duty-free access to its products in the Indian market -- a facility that would give us some leeway to expand our export base. India, however, has laid more emphasis on a free trade deal like she is having or will have with Sri Lanka, Singapore, and Thailand. But the case of Bangladesh is different as it has a huge trade imbalance with India with five-to-one ratio between smuggling and trading through official channel. There is no doubt that some drastic steps would be necessary to reduce the trade gap. And at the initial stage it will not be enough to get equal opportunities, given our low export competitiveness. A free trade deal at this stage will at best mean exports worth another US\$ 100 million from Bangladesh, but that will be quite inadequate, even as a starter, to bridge the trade gap.

The finance minister has advocated free trade for six months to see how it works to Bangladesh's advantage. However, Bangladesh is most unlikely to emerge as an equitable competitor with its much smaller export base. To begin with, the Indian states should lift the multi-layered tariff and non-tariff barriers so that Bangladeshi products can get freer access to the large Indian market.

It is worthwhile to note New Delhi has said that gas is a national asset of Bangladesh and the country will decide how best it can utilise it. The mature attitude adopted by India on a sensitive issue sends a positive signal across the border.

The Indian finance minister has proposed that a joint working group be formed to sort out the transportation and infrastructural problems at the borders to facilitate trade. This will be an effective move that the two sides should consider in all seriousness with the objective of giving border trade between the two countries a more structured and organized form.

Finally, the Delhi meet has to be viewed in the light of the forthcoming meeting of the Joint Economic Commission in July, to be presided over by the foreign ministers of the two countries. Obviously, the groundwork for a breakthrough in bilateral trade can be prepared through such meetings which help the two sides understand each other's problems better.

Quake in Algeria

Is it only the nature that is responsible?

THE sheer magnitude of the devastation caused by the massive earthquake in Algeria left us totally numb. We express condolences to the families of those who lost their lives and our heartfelt sympathies to those who are maimed or wounded. It is rather depressing to learn hopes are fading to find survivors from under the rubble. Indeed, so many are feared trapped in the wreckage. It is perhaps the most trying phase one can go through when tormented between hope and despair: one never knows whether one's close relative or friend would be rescued alive or dead. But one never loses hope, and that is something the Algerians have been doing ever since the earth shook suddenly and destroyed everything they had.

The frequency of earthquakes has been rather fearfully rapid this year. Only a few months ago, tremors killed hundreds in Turkey. Gujarat in India had an earthquake a few years ago. People living in those areas are still trying to come to terms with the tragedy. In Bangladesh we often have had tremors of moderate to low intensity. We are sitting on an earthquake-prone zone.

In Algeria, apart from rescue operations, relief and aid workers need to mobilise themselves to help those who by the grace of God have survived. The Algerians have reportedly expressed their anger over low standard of construction work and the government's lack of care. One survivor pointedly asked how could the new buildings collapse like houses of cards while the older ones were still standing. This is a question the Algerian government would have to address today or tomorrow. Here we would like to point out a similar situation in our capital Dhaka where big apartment blocks are popping like mushrooms. We can only hope the government will enforce the building code to prevent similar catastrophe in the event of earthquakes. At the same time, we also expect the authorities to be more vigilant against corruption in the real estate business. The collusion with RAJUK officials will have to be stymied. We can only take lessons from Turkey and Algeria and safeguard the precious lives of the people of Bangladesh.

Is ME road map implementable?

KAZI ANWARUL MASUD

ON 30th April President Bush made public the Quartet (US, EU, UN, Russia) prepared road map for a solution of the ME crisis after the confirmation of Abu Mazen as the Prime Minister of Palestine by the Palestine Legislative Council (PLC). President Bush sees in the road map a starting point towards a two-state solution in the Israeli-Arab conflict which has bedevilled international politics for more than half a century. The road map calls for a secure state of Israel living side by side with a viable, peaceful and democratic Palestine. Confirmation of Abu Mazen as Prime Minister was essential as Colin Powell told the press in Cairo (on May 12, 2003) that in Abu Mazen US has found a Palestinian leader with whom they feel comfortable to deal with. Last year US had reached a decision that working with Arafat she would not be able to realise President Bush's vision of a ME solution. Powell admitted that Arafat was the elected leader of the Palestinian people but he (Arafat) had missed the opportunity of moving his people closer to a Palestinian state. Should one then accept the proposition that the American tilt in favour of Israel since its birth has undergone a transformation to the extent that it can play a fair and just role in finding a solution to this intractable problem?

William Schneider of the American Enterprise Institute wrote about the shock expressed by Morton Klein, President of the Zionist Organization of America on President Bush being the first US President to publicly endorse a Palestinian state. The "shock" may be partly explained by the fact that eighty-seven senators and about three hundred members of the House of Representatives have already signed letters arguing that Israel should not be asked to make concessions until Palestinians take further steps to end terrorism. Perhaps it explains why the present road map is performance based and not time table-driven. Putting the onus on the Palestinians and keeping an exit route open for the Israelis makes good political sense for President Bush because if he pushes Israel hard then he could pay a political price with his conservative base and Jewish voters; and if he does not then the road

map may lead nowhere.

Many people have wondered over the years about the reasons behind Zionist hold on American politics. Former Irish Prime Minister John Burton urged the Europeans in particular to recognise the influence of the evangelical Christianity on the US public opinion and particularly on the Republican party because of its belief that the Second Coming can only occur when all Jewish people have been converted to Christianity and therefore the Evangelicals have special religious

interest in the preservation of the state of Israel. Colin Powell is therefore not very worried that Israel has neither accepted nor rejected the road map (the Palestinians have fully accepted the plan); Israel has issues with and comments about the plan because, after all, says Powell, Israel is a sovereign state and free to make its decisions. To Colin Powell regardless of acceptance or silence over the road map, security for Israel remains the "key issue" to be dealt with while issues of the right of return of the Palestinians to their homeland and of Jerusalem and its final status "are interesting questions". He recognises that the suicide bombings by the young Palestinians "reflect the deep anger that exists among the Palestinian community". This universal recognition, rare among the conservative wing of the Republican administration, has probably dubbed Colin Powell as being nearer to the continental European strand of liberal thinking among the hawks of the Bush administration. Yet he left no doubts in the minds of the people at the Cairo press conference that the US and not the UN monitors would monitor the implementation of the road map in conformity with President Bush's commitment to the G-8 summit at Genoa two years ago.

One wonders whether Powell's thoughts have not merged with

Dayton, Ohio and not at the UN and Falklands was saved by the British and not by the UN. He argues the forces like the "coalition of the willing" would be by default "the best hope of a new world order and true alternative to the anarchy resulting from the abject failure of the United Nations".

The ME performance based and goal driven road map consists of three phases. In the first phase the Palestinians immediately undertake unconditional cessation of violence; resume security cooperation with Israel; draft a Palestinian constitution and hold free, fair and open elections; they agree to the right of Israel to exist; while Israel affirms its commitment to the two-state vision of an independent,

process to a final permanent status resolution in 2005 including on borders, Jerusalem, refugees, settlements and comprehensive settlement between Syria and Israel, Israel and Lebanon.

There is no illusion on any side that the implementation of the plan would be extremely difficult despite President Bush's preparedness "to engage very, very intensely and more fully in this process". It is also encouraging that Chris Patten told the European Parliament (on 20th March 2003) that Quartet must ensure urgent implementation of the road map and disallow parties to impose incompatible conditions upon their cooperation. However, coherence among the Quartet partners is now being

questioned. UN has been marginalised in the Iraq issue while EU and Russia, effectively the whole of Europe in Robert Kagan's view have parted ways from the US on setting national priorities, determining threats, defining challenges, and fashioning and implementing foreign and defence policies. Kagan sees Europe's aversion to the exercise of military power as an understandable reflection of its military weakness. Europeans oppose unilateralism, he argues, not on principled grounds but because Europe has no capacity for unilateralism

which has fuelled Europe's desire to step out of Hobbesian world of anarchy into the Kantian world of perpetual peace. Robert Kagan's views, albeit fiercely opposed by many, are relevant here because of the composition of the Quartet and also that he reportedly represents a powerful segment of conservatives in the Bush administration.

Publication of the road map has also invited irreverence and skepticism in many quarters. Chris Marden (Israel: US Road Map -- 8th May 2003) is of the opinion that the road map "should dispel the illusion of even the most naive" that the US intended to play the role of an honest broker in this conflict. According to him the whole scheme was cooked up to help Arab states friendly to the US to stand up to their own people who would, and indeed did, oppose invasion of Iraq. In support he quotes from the London Financial Times "It (road map) emerged... surreptitiously dropped out of the back door of the White House press office". The unheralded birth of the road map indicated to some the non-seriousness of the US topped by the general tenor of the document producing an apartheid-style Bantustan, wholly answerable to Israeli diktat and answerable to Washington. Chris Marden finds it "inexplicable that such a witch's brew could seriously be offered up as a plan for resolving Israeli-

Palestinian struggle. Its conditions are far more onerous on the Palestinians than anything contained in the Oslo accords, and it holds out potential rewards that are even less attractive".

Even such a one-sided plan has found little support in Israel and among her friends. US House majority leader found the plan dangerous to Israel and denounced its advocates as "neo-appeasers". Former House speaker Newt Gingrich has taken the State department and Colin Powell to the cleaners. Majority of Ariel Sharon's cabinet colleagues are on record opposing an independent Palestine in any form. Sharon's right wing coalition partners have found the plan unacceptable. World Jewish Congress described the Europeans as "perfidious" and the UN as "dysfunctional" and thereby practically nullifying Israeli acceptance of the plan in its present form.

What then is the world going to do? The road map has some positive features e.g. it offers a possible end to Israeli occupation and termination of violence and terrorism; it reaffirms the principle of "land for peace" as resolved by the UNSC; it opens up the possibility of two states living side by side in peace; and it opens up the promise of Arab acceptance of Israel as a neighbour to live in peace. Would the plan's implementability be enhanced if the occupied territory were to be treated as an international protectorate somewhat like Namibia (1989), Cambodia (1992), Rwanda (1993), East Timor (1999) and Kosovo (1999)? Regardless of the form of the road map international attention particularly that of the US should remain focused, in the view of Robert Kagan, as the ultimate enforcer, in the Persian Gulf, the Middle East, in most regions of the world (including Europe); so that Israel does not get the opportunity to play truant in this peace process as she had done in the past. An injustice wrought upon the Palestinians by then colonial power to protect its approaches to the Suez Canal and roads to India would be righted under the existing conditions which have undergone sea change in the last fifty years.

Kazi Anwarul Masud is former Secretary and Ambassador.

Power sector reform is a felt necessity

NURUNDDIN MAHMUD KAMAL

THE success story about attracting private investment in electricity generation in the 1990s could become a pathfinder in Bangladesh. But, the present government, instead of pursuing additional capacity creation, has taken a U-turn. Even most of the agreed measures for ushering in reforms in the power sector is now turning into a mirage. All those big names such as 450 Megawatt power plants to be located at Sirajgonj and Meghnaghat respectively seem to be only rejuvenating the thought process, without actually making any progress in the system. It is rather intriguing that the government is satisfied with the country's installed capacity that has reached about 4710 Megawatt in November 2002 from 550 Megawatt in 1972, about 8.5 times in 30 years. What, however, appears most discouraging is that the country's total available generation capacity per day on an average has not exceeded 3500 megawatt mark including approximately 30 per cent participation by four Independent Power Producers (IPPs).

For the past fifteen months or so no new positive endeavour to encourage private or public sector investment in the power sector has been observed. The liberalisation effort of the late 1990s have reached a conflicting state. Even counter-guaranteed projects are facing problems in achieving its designed targets. Of late, there is a strong rumour about transfer of hands of one IPP. The high profile Meghnaghat (450 MW) project which was originally scheduled to begin operation about two years back -- rescheduled by end October, 2002 is now expected to start generation by June, 2003. It would be interesting to recall that during the process of negotiation

of the Power Purchase Agreement (PPA) in 1998, AES US company offer was found lacking as per tender document. After much arguments AES finally agreed to pay upfront penalty to the tune of US\$35 million or supply electricity free of cost to Bangladesh Power Development Board (BPDB) for a period of ten months (initial operation period). This tough negotiation was possible because the management of BPDB was transparent and forceful on the negotia-

reason! Whatever it is the proposed deal is illegal.

Nevertheless, financing problems have consistently plagued Bangladesh's power infrastructure development. Public investment and state ownership had been the traditional means to meet power needs in this region. The gradual expansion in power capacity was related to ambitious social goals, particularly relating to rural electrification and low cost electricity

systems are long life investments with very high upfront capital costs. Until recently there was a shared perception among planners and decision makers that electricity sector is so strategically important that it cannot be subject to ordinary commercial principles. As such state ownership continued to dominate the traditional ways to exercise control over the electric supply. This hypothesis however did not help to sustain projected electricity growth in Bangladesh.

did become dependent on gas guzzling technologies of those era (the Russian/Chinese). BPDB did not have adequate funds to technologically upgrade those almost obsolete plan nor they had any reserve margin to provide cushion when they planned to rehabilitate those aging units.

It was envisaged that notwithstanding the characteristics of demand that evening peak was very sharp, the annual load factor

actually made the difference in the late 1990s. However, it should be appreciated that implementing the reform programme (which is not considered home grown!) will be complex, and will entail significant risks. Yet, because of bold actions by the past government the transmission component could be unbundled from BPDB in late 1996. In about five years, the Power Grid Company (PGCB), created under the Companies Law, 1994, has drawn much attention of the development partners. Now, essentially based on efficiency considerations, PGCB's plate (investment fund) is full with funds and financing assurances from various donors. The PGCB is assured about two major 230 kv transmission lines. The long deserved National Load Dispatch Centre (NLDC) would now be financed by a new donor (after almost six years of waiting behind the World Bank). The second positive example is the corporatisation of Ashugonj power station, after a delay of about five years, which soon will draw adequate funds from donors to rehabilitate the plants.

Had these reforms carried out earlier, the nation would not have plunged into such a power crisis (in 2003) within such a short time after the generation capacity almost doubled since early 1996. After all power sector reform is not bad. Let's take a positive look at the corporatisation move of the weakest link i.e., the distribution component at the earliest and let's not make any short cuts to corporatisation such as creation of Strategic Business Unit (SBU) which is neither transparent nor accountable under the present legal practice of Company Law.

Nuruddin Mahmud Kamal is former chairman, Power Development Board

tion issues. However, this was not particularly to the liking of the bureaucracy. But the then State Minister Rafiqul Islam and the Energy Secretary Dr. Taufiq-e-Elahi had to swallow the bitter pill because then Prime Minister Sheikh Hasina supported the BPDB management even to the dissatisfaction of AES.

Be that as it may, the current rumour is that the AES is selling out its power plants violating the Power Purchase Agreements (PPAs) signed for both Haripur 360 MW and Meghnaghat 450 MW respectively. The story is that AES may soon strike a deal with CDC Globeleg, a British government owned company. Although as per contract, AES cannot legally sell the plants in the first eight years of commercial operation, it is now pursuing the deal even before the commercial operation date (COD) ignoring the provisions of the contracts. But it is not certain whether the proposed deal is to raise funds for the company's so called cash-strapped global operation or for some other mysterious

supply to common people living in rural areas. State controlled organisations such as BPDB was faced with great difficulties when concession loans were withdrawn by the development partners (the World Bank in particular) based on the argument of failure to carry out the commitments to reform the power sector under the provisions of the World Bank's Energy Sector Policy Loans, signed in 1989 between the government and the Bank. This loan carried various cross-conditionality provisions, which committed other donors as well to withhold aid in the event of non-compliance of the loan stipulations. The suspension of donor financing for power generation during the 1990s compounded the crisis of efficiency in the power sector which had been germinating since the 1980s. So it became imperative for the government to search for other viable options in late 1990s. The government soon realised that the options were not without strings.

It is an acknowledged fact that power stations and transmission

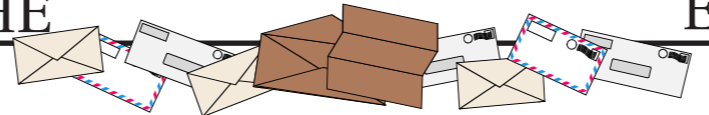
For instance, apart from the internal problems of the power system, it has also been exposed to a complete disruption in the availability of soft loans. While the donors justified their contraction in aid flows to the country on account of its slow pace of reforms, there is some evidence of an ideological shift in donor policy designed to push Bangladesh to seek direct private investment in the power sector rather than depend on Official Development Assistance (ODA).

As a result of this changed financial environment facing the sector, very limited investment resources for generating new capacity were available to the government initiative. The government also did not initiate any good power generation projects in the Fourth Plan period (1991-96). The Fifth Plan period thus began with a huge deficit of about 500 MW in generation and the supply. Consequently, the overwhelming need to generate around 1500 MW including the thumb-rule demand of 200 MW per annum was seen inescapable. In a sense, the country's power supply situation

of the national grid needed to be increased substantially. The Fifth Plan with a view to achieving higher level of economic growth, projected a higher demand forecast of 4050 MW (higher than the PSM Reference scenario) by the terminal year of the plan period, which, in effect, called for higher generation and about 25 per cent reserve margin as per maximum demand by 2002. But, from the point of view of likely investments the projected targets appeared rather optimistic. The Private Sector Power Policy, October 1996, helped to make a breakthrough. The reform actions, as agreed by the government in 1994, were begun against violent opposition in late 1996. Later there was an undeclared silence on reform action.

Nonetheless, it is not enough to make a policy only to attract the private investors. Although the very liberal private power generation policy made a modest beginning, government's earnest desire to initiate implementing the reform prescription (of 1994)

TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR TO THE EDITOR



Letters will only be considered if they carry the writer's full name, address and telephone number (if any). The identity of the writers will be protected. Letters must be limited to 300 words. All letters will be subject to editing.

"Exam hazards"

The letter of Mark Bartholomew (May 23) has cleared out many questions that I had in my mind. I would thank him for the information he has passed on. We do have doubts about this organisation, but he has helped clear most of them.

The second letter by Mujahida Luceford was amusing to say the least. She talked about hardship. I can live with a lot of hardship, but what I mentioned was the difficulties posed at the already overburdened traffic system in Dhaka. We should think for our own side of the story, but what of the other hundred million?

The University of Bengal selection was poor, but the BC had its hand tied, according to the Exams Manager and I would like to believe him. But Ms. Luceford, as for the

incident of the electricity failure and the lift not working, it happened once in the CA Bhaban in the May/June 2001 session. It was my Bangla exam and I had to climb nine flights because the building authorities apparently locked off the lift. I also remember a complete blackout in the room and we had to wait for 10 minutes for the generator to start. But I would still appreciate the effort of Mr. Bartholomew and the British Council for their continuous good work in operating in Bangladesh.

Haji Mohammad Isam
Dhamondi, Dhaka

"History in tunnel vision"

Millions of Bengalis died in their

struggle to free their homeland. It is very sad to see that now Bengalis are being oppressed twice as much. Awami League started this joke of glorifying themselves by interfering in our education system and now the exact thing is being repeated by BNP. The news (May 18) about college/school books being selected by BNP on political consideration is simply sick.

One party comes to power and it does everything possible (and impossible) to eat the whole world! Then the other party comes in power and they do exactly the same. As a result, our poor people get punished not once but twice. Now we have AL clashing hartals and walking out of Parliament using any old excuses. I am sure you all realise that, this is exactly what the BNP will do next time if they go in

opposition. If these "people" have nothing to do in the parliament, then why waste millions of taka running this expensive burden.

Only weeks ago Saddam and his "history" were erased from this world. It is sad that all those highly-paid people in BNP's team have not learnt absolutely anything from this. Now they want to create their self-glorifying history by interfering in our children's education. For our leaders, starving our people with food was not enough, now they want to starve us of education and knowledge. What exactly is their intention?

As I asked my "Million taka question" previously; how do we get out of this hopeless cycle? All that blood shed and all those lives sacrificed by Bengalis; for this? Azad Miah

Oldham, UK

Mr. Chanchal Mahmud (May 21) is correct in chastising us for not denouncing the deaths of "at least" 200 people in Saudi Arabia, Chechnya and Jerusalem. To correct this lapse in our national conscience, I hope the educated readers will permit me, to not only denounce those deaths on their behalf but also to denounce unjust deaths (homicides) the world over.

Therefore, alongside the deaths of the people killed in the regions referred to by Mr Mahmood, I would also like to denounce the deaths of civilians killed in Iraq in the continued unjust war of occupation and the homicide of over a million children during the equally unjust sanctions preceding it; the

homicide of over 3000 civilians in Afghanistan, including the family of 11 that were "mistakenly" killed last month by the US forces in their hunt for Mr. Laden; the killing of Iraqi civilians protesting the illegal occupation of their land by US forces, the killing of over 4 million Vietnamese during the incessant Napalm bombing of their country over a 25 year period and the murder of the inhabitants of Hiroshima and Nagasaki in the only nuclear holocaust known to man -- all orchestrated in the name of democracy, human rights and freedom.

I further denounce in the strongest possible terms, the continued killing of the Palestinian people subjugated to the illegal and inhumane occupation of their lands by the Zionist Jewish settlers funded

to the tune of \$3 billion a year (raised to \$6 billion in the wake of the aggression on Iraq); the continued deprivation of basic human rights by the democratic State of Israel; the killings of the people of Chechnya and so on.

Shomit Chowdhury
Dhamondi, Dhaka

Padma Bridge

The long awaited dream of the people of 21 south-western districts of this country seems to be coming true. Recently, a feasibility study team from Japan has started their work. This has also been a pledge by the BNP government during the last election to implement the start of work of this bridge.

In this context I would humbly

request all political parties to leave it to the feasibility team regarding the site selection. We have had lost valuable opportunities in different developments projects due to sharp difference of opinion between the major political parties.

This is a huge task and would require consensus and uniform decision to materialise this ambitious project. We must be grateful to the government of Japan who have come forward to assist us to help complete this project.

Since the Japan government will play a major role in this project the name of this bridge may be chosen as Japan Bangladesh Friendship Bridge as proposed by the Communication Ministry. Shahid Hossain
Dhamondi, Dhaka