

Khaleda's India visit

Need to plug into the changing world

THOUGH taking place late in her tenure, Prime Minister Begum Khaleda Zia's visit to India has the potential of turning into a landmark event. Her Indian counterpart Manmohan Singh and she have met on the sidelines of important international conferences, including those of SAARC summitry, but this time they are meeting on a purely bilateral plane in a long overdue one-to-one summit. Set against the backdrop of a relationship that has gone through ups and downs, this bilateral summit assumes an importance of its own that cannot be lost on either the host or the guest in terms of getting the relations on an even keel.

True, we have outstanding issues between us. India is practically our only neighbour with Myanmar on the eastern fringes of our territory. We have nearly four thousand kilometres of common borders with India which are porous. Her economy is many times bigger than Bangladesh's. It is therefore not unnatural to have problems, big and small, with such a country. Yet, what is of primary and far reaching importance is to approach the upsides and downsides (by way of taking the rough with the smooth) of the relationship within a continually strengthened framework of mutual respect, understanding and trust. If such basic premise is guaranteed in their dealings with each other, the most intractable of problems will eventually get resolved sooner than later.

From our side we have had reasons for dissatisfaction and disappointment over the big neighbour's lack of understanding and friendliness towards some of our pressing and legitimate grievances. Indeed, there were times when we did not find India sensitive to and farsighted enough in its handling of issues and concerns of Bangladesh.

On the other hand, India may have found us also wanting in sensitivity to some of her concerns, especially in the security domain and also to her aspirations for a permanent membership of the UN Security Council.

If relations between Pakistan and India and China and India could be reworked to mark a visible improvement in spite of the pairs of countries having serious contentious bilateral issues why can't India and Bangladesh having contentions of lesser intensity find it difficult to forge warmer and more mutually agreeable ties. One more compelling argument in favour of breaking out of the cocoon of prejudices will be to take into account the overarching reality of the US perceived to be having some well-known global agenda drawing suspicious stares from China and India, perhaps for different reasons, and yet, both China and India are cultivating the USA and vice versa. Even India and China are having improved relations by rising above the ire over an intractable border issue. What is of overriding consideration in bilateral relationship today is the primacy of the striving for economic development through greater market inter-penetration subsuming geo-political concerns and traditions of inimical relationships. Actually, that is the model Delhi and Dhaka should follow.

Draft voter list

The EC better act as a team

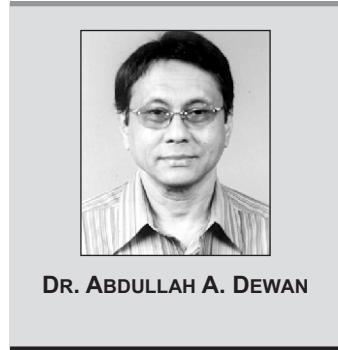
EVER since the question of preparing a voter list came up some months back, it has been stalked by all kinds of controversies, many of which, we believe, were avoidable but for the lack of commitment and sincerity on the part of the CEC and his office. As early as on December 6 of last year, the deadline for completion of the field work i.e. enumeration, was set for 31st January with the first list scheduled to be published on February 28. With the deadline overshoot, it had to be extended twice, once to 20th February and thence to 20th March. The final list is scheduled to be published on June 1. The district level registration authorities are now reportedly saying that there is no way they could meet even this deadline.

Apparently, the entire team of enumerators, supervisors and assistant registration officers began working on the project across the country since January 31 of this year. We simply fail to understand as to how a matter of such cardinal importance is being handled so poorly!

An authentic voter list is the key instrument for ensuring a free, fair and credible election. It is imperative that the voter list be a comprehensive one based on facts on the ground without any manipulation whatsoever spoiling it. People's confidence in a voter list is synonymous with public trust in the electoral process. A flawed voter list can lead to poor voter turn-out.

The office of the CEC, responsible for preparing the voter list along with conducting the national elections, to say the least, is in total disarray. The EC has failed to work as a team under the present CEC. Unless it is set right, the process of electoral preparations cannot be streamlined; for, if the head rots the entire body is crippled.

Kleptocracy and patriotism



DR. ABDULLAH A. DEWAN

WHILE addressing a rally at Paltan Maidan on February 26 organized by Jatiyatabadi Juba Dal (JJD), Prime Minister Khaleda Zia accused the opposition of "hatching conspiracies against the country." She further added: "Conspiracies are on to destroy democracy and development."

Finance Minister Saifur Rahman in his address at a hospital foundation-laying ceremony in Moulvibazar on March 11 said: "A section of the opposition is conspiring at home and abroad to project Bangladesh as a failed and ineffective state." (Living abroad, I hope I am not being considered a conspirator).

These charges, essentially of treasonous conduct, almost always crop up whenever the Awami League challenges the PM about her family members' alleged corruptions and shenanigans.

For example, on February 23, just three days before the JJD meetings, lawmaker Jahangir Hossain told the House: "The Malaysian government has imposed a ban on entry of the crown prince (for money laundering). The crown prince tried to build an industrial park in Malaysia by investing thousands of crores of taka."

Lawmaker Mirza Azam has alleged that the PM's son lost \$230 million in Malaysia.

NO NONSENSE

Our development partners are also our anti-terrorist partners. Can they not be our anti-corruption partners as well? If they were, would they be willing to withhold issuing travel visas to all corrupt officials and politicians, regardless of the political party they represent? Money laundering is an international crime. If a country declares foreign nationals involved with terrorism as persona non grata, then all corruption-fighting countries should also be willing to declare money launderers and corrupt officials as persona non grata. Why do we not demand this of all foreign embassies in Bangladesh?

Khaleda must realize that engaging in rabble-rousing accusations against AL appeals only to a visceral negative emotion rather than to reasoned views on issues. The opposition's raising voices against former Razakars and their unholy alliances, the ruling party's corruptions and mischief, and advancing reform proposals in the political system are not conspiracies against one's country. It is a fair game in politics.

It is evident that BANJIP (BA= Bangladesh, N= Nationalist, J=Jamaat-e-Islami, P=Party) will remain allied to maintain election winning strategy, to thwart the EC and CTG reforms proposals, to protect alleged illegal wealth accumulations and to avoid potential imprisonment that is looming, as lawmaker Suranjit Sengupta forewarned unequivocally in the parliament on February 28.

Suranjit proclaimed in unambiguous terms: "The Prime Minister's family is now the richest family in the country." He termed the alliance rule as most inept and ineffective, saying that the country was being "run by a new theory of kleptocracy, looting public money by keeping the people hostage."

Kleptocracy (rule by thieves) is a pejorative, informal term for a gov-

ernment so corrupt that very little or no pretense of honesty remains. In a kleptocracy the mechanisms of government are almost entirely devoted (through politicization) to control of administrative processes in order to amass substantial personal fortunes for the rulers and their cronies and to keep the ruling corrupt in power.

To ascertain if Bangladesh is a kleptocracy, one would ask: Did the ruling party:

- Leader (Hasina or Khaleda) and her family members become much richer than before becoming prime minister?
- PM's family members take undue advantage by exerting influence and intimidation on public officials and businesses?
- Politician in power accumulate wealth by illegal means?
- Always talk about achieving growth and development but evade responsibility for failures?
- Ignore the voices of opposition, call them conspirators and enemy of growth and development?
- Engage in media bashing and threaten to circumscribe media freedom?
- Promote business culture based more on connections between

politicians and the firms than on merit and competition?

- Engage in politicization of public servants to consolidate state power?

If the world's most corrupt administration (five consecutive times) is not a kleptocracy then who else would be bestowed with that dishonour? After all, how many other governments have allowed mega loan defaulters and black money holders to go scot-free?

The casual misuse of state power has reached to such a height that Tarique Rahman, as Hasina challenged the PM in parliament, a BNP office bearer but not a member of the government, inaugurated an air force base and used the chief of National Security Intelligence as his security escort during his recent trip to the US.

If Zia-ur-Rahman, whose reputation for personal honesty was unimpeachable, were alive today, he would have been taken aback seeing that his son is being talked about in parliament in connection with a money laundering scam (though it must be noted here that no direct proof has been proffered for these allegations).

Nevertheless, it is a sad story to emerge which has tarnished the image of the family of the most

decorated and admired soldier of Bangladesh.

But getting back to the topic at hand: how can we measure a politician's patriotism? One approach is to examine some aspects of the definition of patriotism as follows:

"Patriotism has connotations of self-sacrifice, implying that the individual should place the interests of the community above their personal interests, and in extreme cases their lives. Patriotism has ethical connotations: it implies that the political community is in some way a moral standard or moral value in itself. The primary implication of patriotism in ethics is that a person has more moral duties to fellow members of the political community."

Based on this definition, past and present politicians and civil servants who are corrupt lack the ethical and moral fibre required of a patriot. Without house cleaning, Khaleda may not thus play the trump card of patriotism and credibly accuse her opponents of being conspirators against the country. No one I know has ever chastised Hasina and her family for making illegal millions by underhand dealings.

Many of us would be shocked to realize that terrorists and kleptocrats affect a country's economy in many similar ways. Terrorists destroy life and properties, disrupt peaceful living, discourage foreign and domestic investment, retard economic growth and tarnish a country's image.

Doesn't corruption by politicians in power and public servants hurt the country in many of these in a similar way? Of course, terrorism has dramatic shocking impact on the citizens while kleptocrats' adverse impact works slowly on the people and the economy over time.

Conversely, it has been theorized by economist David Weil that: "Some economists argue that a Kleptocratic ruler -- one who is

using her position to amass wealth -- would have an incentive to maximize economic growth so that there would be more to steal."

Corrupt government, which may not always be an impediment to economic growth, too often talks about growth to divert voters' attention from their mischief to stay in power.

During the period between 1950 and 1990, for example, growth in Japan was not noticeably slackened by a business culture based on connections, often between government officials and the firms they were supposed to regulate, nor was growth in Indonesia markedly slowed down by the corruptions of President Suharto, whose family amassed a fortune of \$15 billion.

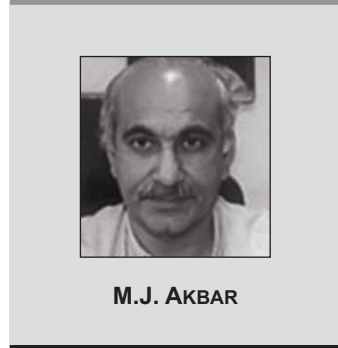
Be that as it may, our development partners are also our anti-terrorist partners. Can they not be our anti-corruption partners as well? If they were, would they be willing to withhold issuing travel visas to all corrupt officials and politicians, regardless of the political party they represent?

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Why do we not demand this of all foreign embassies in Bangladesh?

Dr. Abdullah A. Dewan is Professor of Economics at Eastern Michigan University.

Air power



M.J. AKBAR

WASHINGTON: Just keep your windows open in the capital of the world's only superpower, and lots of bits and pieces tend to filter through. Here is something that might be of particular interest to those who have built the nuclear deal between Delhi and Washington on the basis of a separation of civilian and military assets. The key is the American "concession" to leave Indian military reactors outside the inspections regime.

The catch is that our civilian and military reactors are within the same complex. Two reactors at Tarapur, for instance, are civilian; the other two will probably not come under inspection. Two reactors in Rajasthan are already under safeguards, but four are not. And so on.

The inspectors, if they come, will not be permitted to enter the military facilities. That is the good news. The bad news is that they now rely heavily on environmental sampling techniques, and work with instruments that work over a radius of four kilometres. They can, and surely will, therefore be able to intrude into neighbouring reactors without actually entering them. Improvements in inspections technology are taking place all the time. There is a "beetle" being manufactured that is designed to curb

George Bush will need a friend when he attacks Iran, and will ask Delhi to reciprocate. That is why Iran is already so heavy in the rhetoric of India-US relations. And that is probably why, incidentally, Mani Shankar Aiyar lost his petroleum portfolio: the articulate, America-sceptic could not be trusted with anything more than panchayati raj and the Commonwealth Games (in neither of which Bush has shown any interest). I could have written "if" Bush attacks Iran rather than "when." But the sound that wafts in through open windows in Washington has a definite ring to it.

nuclear proliferation, and can provide details of military significance. It is called a "beetle" because of its miniature size.

Since Pakistan has signed nothing, its facilities will not be under any Vienna or multilateral inspection. Pakistan too has civilian and military reactors, and has indicated that it will multiply its nuclear power generation capacity forty times by 2020. It would be naïve and even counter-productive to dismiss this as fancy or fantasy. Nuclear power is synonymous with national security and therefore nationalism, so Pakistan will find the resources and the technology to do so. A Pakistan-China nuclear deal to counter the India-US agreement is already evident, with this difference that Pakistan will not be under any international obligation to display any card in its hand.

Nicholas Burns, who negotiated the deal with Delhi on behalf of Washington, has gone on record to say that by 2015 up to 90% of Indian nuclear capacity will be under inspection (by which time even the "beetle" will probably be passé). Since the substantive part of our nuclear technology in the future is going to come from the United

States, the US administration will have further knowledge of our programme through non-IAEA inspections. The US secretary of state Condoleezza Rice has indicated that India will buy eight nuclear reactors from America at an estimated cost of \$14.4 billion. According to one Indian expert this is more than we have spent on our entire nuclear programme so far.

On the plus side, this is the best technology we can get. Moreover, everyone knows that the assurance that has been demanded, and been obtained, that "civilian" technology will not be transferred to the military side is pure hogwash. Both Washington and Delhi know this to be bunk. While it may not be possible to transfer parts from one reactor to another, there is no way to prevent the transfer of a scientist who has learnt how to make the most sophisticated parts by working on the civilian side to the military side.

This self-evident fact also destroys a hypothesis being currently pushed in decision-making circles. It accepts that China's response to the India deal will be aggressive technological assistance to Pakistan, but suggests that China might not be equally willing to weaponise Pakistan. I do not buy

this argument, since China's self-interest is best served by letting Pakistan engage India in an arms race. In any case, once Pakistan gets the technology it can do its own algebra. As noted before, it will not have to worry about nuclear inspectors in the process.

One happy consequence of the India-US deal, irrespective of shades and tints that may alter the picture, is that non-proliferation as a comprehensive international objective has been buried by President George Bush. They are calling this realism in Washington, and they are right. Thrusting a non-proliferation treaty down the world's throat was the second last passion of Bill Clinton (his last respectable passion was the peace treaty between Ehud Barak and Yasser Arafat: both passions ended in failure). The world according to George Bush is tougher, meaner, leaner and divided between friends and enemies. Friends of a certain stature will be permitted entry into the nuclear club. America has accorded Israel this special status for a long while, and Britain actively helped Israel create a nuclear arsenal. India now joins this elite group.

But while Pakistan has been

denied the pleasures of American technology, it has not been excluded from the nuclear club. There is no proposal in Washington to curb or eliminate Pakistan's nuclear capability. Pakistan is not Iran, which is still waiting to get its cascading (a critical stage in the development of nuclear capability) right. Pakistan has at least fifty atomic weapons if not more, and will soon have the capacity to increase the annual production rate. The United States has for all practical purposes recognised both India and Pakistan as nuclear weapons states, and placed a restrictive regime only on its friend India, rather than its ally Pakistan. This might not seem the way it looks now, when trumpets are blaring in Delhi and Washington, but this is the way it will be when the fanfare dies down. The new nuclear policy is to accept proliferation from friends but come down hard on proliferation by enemies. Iran heads the second list.

Last week the White House released a 49-page National Security Strategy, the first since 2002, the gap year between 9/11 and the Iraq occupation, in which pre-emptive war became the official doctrine of the Bush administration. The focus this time is on Iran, and unambiguously. Bush described Iran, at a press conference in January, a "grave threat to the security of the world." The document informs us what he proposes to do about the threat if diplomacy becomes inadequate: "...under long-standing principles of self-defence, we do not rule out force before attacks occur, even if uncertainty remains as to the time and place of the enemy's attack. When the consequences of an attack with WMD (Weapons of Mass Destruction, of course) are potentially so devastating, we cannot afford to stand idly by as grave

dangers materialize."

Washington is a city of power. Power has many manifestations. One of them is information. The word is out that there will be an air attack on Iran's nuclear facilities within six months. It will be a limited air offensive, if for no other reason than that America simply does not have the ground troops for another occupation. America might have to go it alone, without the support of its most loyal feudal spirit, Britain, as Britain seems to have lost its appetite for world supremacy. Loneliness will not deter Bush. He might also be tempted by the view that war is the only issue on which he still retains some standing with the American voter, and there are crucial elections scheduled for November which the Republicans will lose badly if nothing is done to change the environment. Bush's popularity is at an all-time low. One reason why the nuclear deal might be affirmed with bipartisan support by Congress is because India's credibility is at the moment significantly higher than that of Bush.

George Bush will need a friend when he attacks Iran, and will ask Delhi to reciprocate. That is why Iran is already so heavy in the rhetoric of India-US relations. And that is probably why, incidentally, Mani Shankar Aiyar lost his petroleum portfolio: the articulate, America-sceptic could not be trusted with anything more than panchayati raj and the Commonwealth Games (in neither of which Bush has shown any interest).

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MJ Akbar is Chief Editor of the Asian Age.

OPINION

How beneficial is the urea fertilizer industry?

ZAHIRUL HUQ

BANGLADESH, endowed with its soil and environment, is destined to retain its agriculture whatever might be the progress in other sectors. And with agriculture comes the question of fertilizer -- 70 percent of which is urea. Bangladesh Chemical Industries Corporation (BCIC) and its predecessors have been producing urea since early sixties. BCIC now produces about 18 lac tons per year against country's requirement of over 26 lac tons. Urea is the country's single largest chemical industry and BCIC is producing urea worth \$414 million (18 lac x \$230) per year and delivering for a price of \$130 million only to the dealers at a price of Tk 4800/ton (\$72) fixed by the government eight years back in June '97. Objective of the government is obviously to keep a low price at farmers' level. So in reality it is BCIC which is subsidising the agricultural sector in a large way at its own cost. Because of this "below cost of production price", these urea plants cannot accumulate their depreciation fund, meet debt servicing liabilities properly and make replacements in time. Near future effect of this policy

will be catastrophic. Import will be rising steeply and smuggling will continue.

One (who was associated in the planning of fertilizer plants for over 30 years) is prompted to write on the subject seeing the dismal condition prevailing in the country as regards fertilizer -- its crisis, TATA's and KAFCO's interest in setting up new urea plants and surprisingly BCIC's no initiative in any new urea plants as the situation warrants. It is painful to see how a thriving and financially and economically most viable industry like "urea fertilizer plants in public sector" is being neglected and kept aside. It is a fact that for meeting domestic demand of urea, it is the public sector urea plant that serves the interest of the country most vis-a-vis foreign private sector/joint venture export-oriented urea plant. For public sector plant, negotiation of gas price is not required. Export-oriented urea plants are fixed by the government as equivalent to the total production cost, if no profit is intended.

The next best solution may be setting up urea plant with completely local public shares. In such

case government may allow a guaranteed return on equity (it was 12 per cent in India around the year 2000 under their "Retention Pricing Scheme") while fixing the ex-factory price. Such plants may also be set up by BCIC even with suppliers' credit. In India both public and private sector urea plants are given a 12 per cent return on equity while their products are taken along with imported urea by the government in a central pool for delivery to farmers at a subsidised price.

The least desirable (should be undesirable) option from the viewpoint of national interest is to let foreign investment in urea plants and 'import' urea from such plants at international price to meet domestic demand.

In the eighties and nineties BCIC received a good number of such foreign investment joint venture proposals for urea plants particularly when urea price in international market went high. Those who handled such proposals knew it well that it was the gas price which was number one issue in such proposals which makes or breaks the project. As both sides knew it, valuable time was not wasted on

peripheral matters once a mutually agreed gas price could not be reached at the outset. BCIC in those days even tried to dissuade the then government from going ahead with KAFCO. There is a misconception about KAFCO being a BCIC promoted project. Many of us do not know that KAFCO is completely a government (Ministry of Industries) promoted and negotiated project which was thrust upon BCIC at its final stage along with its unique and unheard of gas contracts involving BCIC, BGSL and KAFCO. An ingenious lopsided gas price formula linked with international urea price has been introduced which is extremely favourable to the producer (investor). For example when urea price is \$ 140/ton, KAFCO pays a gas price of \$1/MCF (1000 cft) and when urea price goes to \$ 230/ton (as it is now), they pay @ \$ 2.34/MCF. Natural gas required per ton of urea is about 25 MCF. In such circumstances, other cost elements which remain fairly stable, give the producer of 6.68 lac -- ton urea a land-side profit of about \$38.7 million. [Add revenue 6.85 (230-140) lac-add gas price 6.85x25(2.34-1) lac-

- \$61.65m-\$22.95m=\$38.7m]

It is unfortunate that in the long history of urea fertilizer industry in the country, no proper evaluation has so far been made by economic experts as regards the benefits (financial & economic) derived by the country from urea plants set up under different modes of implementation in public sector, private sector with local investors only, joint venture or foreign investors only.

Foreign Direct Investment (FDI) is desirable for the country provided it brings some benefit. It has been observed in the past also that when international price of urea goes up, proposals of foreign investment in urea plants start pouring in. Around the year 1997, when international urea price was about \$100/ton and crude oil price was possibly around \$15/barrel, natural gas price for urea production was \$2.10-3.20 in China and \$1.60-2.40 per MCF in India (IFDC).

China and India are two large importers of urea in the world and Bangladesh has also become an importer of urea due to its cold policy towards its public sector urea plants. In these days of high energy price (\$65/barrel crude oil) and

when Bangladesh has become an importer of urea, the country can ill-afford to have the luxury of another export-oriented urea plant under FDI.

The painful birth of KAFCO is not unknown to our two major political parties. During the tenure of both these parties, bitter pills had to be swallowed before conceding to give go-ahead signal. It was thought that at least KAFCO had taught us a good lesson. But from the handling of a recent KAFCO-like urea project proposal, it seems that the lesson has not yet been completed.

In recent years government had to order short-supply of natural gas to or shut-down of BCIC's urea plants for uninterrupted gas supply to KAFCO! Result was lower urea production in BCIC plants and higher import from KAFCO and abroad at international price. Any expansion of KAFCO itself and/or more export-oriented urea plant will guarantee complete shut-down of the BCIC urea plants in near future in order to meet committed gas supply to those export-oriented plants.

It is therefore, suggested that i) Government may immediately assign

an Expert Committee (with Bangladeshi renowned economists) to carry out an evaluation of the present urea project proposals in private sector vis-a-vis a new public sector urea plant keeping in view the long-term national benefit.

ii) Simultaneously an analysis of all the benefits to the country accrued from BCIC urea plants and KAFCO plants will be helpful for the government to chart the future course of action and in committing scarce and highly valuable natural gas for so-called export-oriented urea and ammonia projects.

The study as suggested above will clear up the foggy conception that all FDI particularly export-oriented ammonia/urea plants will bring milk and honey for the country. The study will embolden the government (i) to order for immediate implementation of a new urea plant under BCIC in the face of anticipated objection from some development partners and (2) to say clearly what it wants to say on export-oriented foreign urea project proposals.

In mid-eighties possibly, in a UNDP sponsored Investors Forum held in Amman, Jordan, the brother of late king addressed the audience

with a joint-venture story. The story is -- pig and hen agreed to set up a joint-venture to produce egg and ham. The pig was delighted to see the profit projections and was sleeping happily till the production started. He saw to his horror that while the hen was playing happily after laying its daily morning egg, his case was different -- he has committed totally. Our commitment should not be like this. We should be able to say a clear and loud 'No' when it is required, otherwise may land in deep trouble like the young girl who was in trouble every year because she could not say no to anyone who approached her.

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