

Draft coal policy: Securing energy or jeopardising prospect of development?

DR. MUSTAFIZUR RAHMAN

THE countries that are developed today did not achieve their development just by chance. They were blessed with a visionary leadership at some point of their history to overcome miseries, vagaries of nature and external advertising.

Development as we understand today is the result of inter-play of a number of relevant policy instruments, which may include, among others, education; high standard of morality; innovative and functional institutions; monetary and fiscal measures, fair legal framework; justice delivery system; effective law enforcement; health service delivery system; absorption, development and application of technology; cultural harmony; maintenance of social peace and strengthening of capacity to follow the principle of honourable self-reliance vis-à-vis shameful begging, however alluring may it be.

The development should always mean cultural, social, technological, industrial, educational and moral development with highest and non-compromising priority to human life, human welfare and national interest.

We have a history of colonial sufferings over hundreds of years. Policy making was not with our people. Now that we have the right of making our policies for our own wellbeing, should we not play wise to make policies to safeguard our own interest and to elevate our standard of living?

Betrayal has been a part of our history. We cannot discount the chance of betrayal by some one or other in power or for grabbing power to take the national interest hostage for personal gain. So we must revamp our systems and constitution to protect our interest against easy adverse maneuver.

Unlike in the 1600s to 1800s militarily powerful nations try to avoid, though with some exception, physical occupation of other nations to secure resources. Now the weapons are aid, World Bank, IMF, WTO, WPO and other innocent-looking institutions, and allurements of market access to influence the very policies of the less powerful countries. Bangladesh is naturally one of those poor countries. Our policy of deindustrialisation instead of revitalisation, closing down of a number of industrial enterprises under some pretexts or other is attributed to external pressure or conditionality for loan. This cannot be a development policy by any definition.

A foreign accounting firm PWC well known for corruption in notori-

As we have to fuel our power plants with available coal, there is no scope of export unless some large good quality coal fields are discovered at very shallow depth. At this point we must follow the policy of India and a number of other countries to prohibit foreign direct investment in mining, railway and road, and road transport. We must not sell land to any foreign interest under any condition because of our intrinsic land scarcity and highest population density in the world.

ous Enron scandal, and four of whose auditors were arrested in Japan for its wrong-doing in Kanebo case is engaged as consultant for about one hundred crore Taka to prepare our nationalised banks for privatisation, or may be directly or indirectly 'foreignisation', rather than for restructuring and bringing them to profitability. During development stage, it is the nationalised banks that can provide necessary financial leeway for essential development initiatives, contrary to laissez-faire economic activities. If you try to open a few bank branches in any developed countries, you will realise how their policies safeguard their service sector, particularly banking and financial sector. Banking is one of the areas of service sector which we can, and should, venture into in developed countries.

We indulged in mobile phone service prematurely and are losing about US\$2.5 to 3.5 billion officially and unofficially in foreign exchange per year. We produce neither cell phone sets nor the involved communication equipment. Our Bangladesh T & T is not provided sufficient fund to expand its capacity to some million lines, the market for which was very much there. Anybody could wonder how our penny-pinching, anti-developmental financial management could handle the economy

even at this miserable condition had there not been available expatriate and UN peace keeping forces remittance to the tune of US\$3 to 4 billion per year. Instead of utilising this for capacity building and industrialisation, should we lavish this money away for non-foreign exchange earning service sector at this stage of economy? Will international financial institutions give us soft loan for industrialisation in our own way? It is not the obligation of the international institutions or their staff to build our or for that matter, any other country. We must make our own informed and far-sighted policy; otherwise our fate will be as it has been over last 35 years or so.

For launching any tangible development, energy supply is absolutely essential. There may not be found any country with sizeable population that does not have a power generation capacity of more than 7,000 MW. If we want to launch real development, we must prepare ourselves with a power generation capacity of up to about 10,000 MW in coming four to five years, and up to at least 20,000 to 25,000 MW in coming 15 years. This will at the best bring us just at the threshold level of economic take-off. We must do more.

Ours has so far been a mono-energy country, depending solely

on natural gas. Though our natural gas was discovered and produced by BAPEX, we mysteriously bypassed it to lease out our right under losing production sharing contract to virtually buy our own gas in foreign exchange. The payment liability is going to be a great retarding pressure on our economy. Gas reserve is estimated at about 10.6 trillion cubic feet (tcf) which may not last long enough to meet our energy need. We should now look for supply source of LNG and think of building gas terminals before it is too late.

The big economies of the world are in frenzied competition for securing energy sources. We had been its target, first with pressure for gas export, and now with diplomatic and commercial persuasion tactics for leasing out Phulbari coal field to Asian Energy Company for open-pit mining at 6 percent nominal royalty, but at a national loss of about US\$19,250 million. Baraphkuria coal field is being developed by a Chinese company on our behalf by underground method, costing about US\$18 per ton for operation and management. Though extractable at 20 percent, this may earn us about US\$2,146 million (Table 1). An Indian company TATA is maneuvering to discontinue our contract

with the Chinese company, and lease the field to it for open-pit mining at 6 percent nominal royalty, virtually at our national loss of US\$12,347.5 million plus. If we adopt underground extraction method in Phulbari, we may earn about at least US\$ 3,148 million plus, while ownership shall remain with us. We shall not be under pressure for export of coal and shall not have to build railway or port facilities for coal export only. We shall have to face no major relocation of dislodged persons, no huge refilling problem, and no irreversible immediate ecological or environment damage.

It appears that a coal policy is being drafted to provide for and justify leasing out the fields to AEC and TATA at a national loss of US\$31,597.5 while we can earn at least US\$5,294 million plus if we keep the operation under our control or even if we engage contractors for operation and management at our cost, without ecological, environmental, physical and political disaster, and foreseeable human casualties. We may strengthen The Geological Survey of Bangladesh with sufficient fund for exploration and production with their accumulated experience and expertise. Incidentally neither AEC nor TATA has

any experience of open-pit mining at this great depth and in alluvial soil and monsoon climate. It is also mysterious how names of particular companies can be there in a national policy.

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We are already draining out our foreign exchange for mobile phones, and it is anybody's guess how and how much we shall have to pay in foreign exchange if FDI is allowed in Chittagong-Dhaka elevated expressway, Jatrabari-Gulistan-Mohakhali elevated road and subway system in Dhaka on Build-Operate-and-Transfer (BOT) term. No such venture should be jumped into without finalising comprehensive Dhaka town planning, Strategic Transport Planning (STP) and MRT planning so that we can avoid creating road block to future development as Mohakhali flyover design has ignored provision for possible passage of elevated train below the flyover, etc.

Our policy must be development-oriented and must not be loan- or aid-driven. The administration, and for that matter the head of the government, cannot afford to waver in educated and informed policy decision with full trust in our own people.

It is highly expected that our leadership and political people irrespective party affiliation shall realize the great responsibility of national policy. Let us hope, good sense shall prevail.

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Help shape UK int'l development policy



HILARY BENN

WHAT needs to be done to eradicate poverty? The UK Government wants to hear what you think about the future of international development. How can we best help?

The UK's Department for International Development (DFID) wants to hear from you as it writes a new plan of action for the next five years. Much was achieved in 2005. The United Nations, G8, European Union, African Union and others made commitments to deliver more and better aid worth an extra \$50 billion per year, as well as debt relief for 32 countries worth \$55 billion, fairer trade and better governance.

But although progress has been made, there is much work to be done. As Tony Blair, the UK Prime Minister said after the G8 summit, when the world's eight richest countries met to discuss international development this isn't the end of world poverty, but it might be the beginning of the end.

What we need now is action. We want to ensure commitments are delivered. Donors must follow through on the increased financing they have promised, and developing countries must use it in the best interests of their citizens.

To ensure our plan, which is called the new White Paper on International Development, is as effective as it can be, we need your

help. You understand the issues - for example how to guarantee access to clean waters, how to give all children the schooling they deserve, how to provide mothers with the healthcare they need, how to tackle corruption.

So what are the solutions? DFID is inviting people to email or write in with their opinions on what it sees as some of the main challenges:

Firstly, how can the UK Government work with countries like Bangladesh to accelerate development and reduce poverty? For example, how should foreign aid money be used by the Bangladesh government? Should aid be provided direct to the Government or through local groups such as faith-based organisations and NGOs? What is the right balance and why?

Secondly, international development is about more than just aid money. The UK Government recognises the impact of other policies on developing countries - development needs a global environment that supports rather than undermines it. So what policies are needed in the UK and internationally to tackle corruption for example, or to ensure that the international trading system works for Bangladesh?

Thirdly, how can the international development system as a whole, made up as it is of a vast number of different agencies such as the United Nations, European Union, World Bank, be reformed so that it delivers better results for development, and is more responsive to the needs of poor people in Bangladesh and other countries?

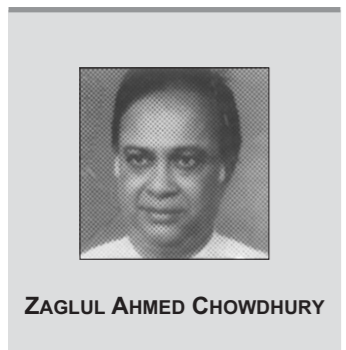
Let's work together to end poverty. Have your say.

Hilary Benn is UK Secretary of State for International Development.

Table 1: Economics of Bangladesh Coal Mining Contract or Self Extraction vis-à-vis Lease for Open-pit Mining

Items / Coal field	Barapukuria		Phulbari	
	Contract for or self extraction by UG Method	Lease for Open-pit extraction	Contract for or self extraction by UG Method	Lease for Open-pit extraction
Coal Reserve in Million tons	390 million tons		572 million tons	
Depth (meter)	118-506 Meter		140-350	
Extractable	78 (at 20%)	292.5 (at 75%)	114 (at 20%)	429 (at 75%)
B'desh share (million tons)	78 (full)	17.55 (at 6%)	114 (full)	25.74
B'desh share value @US\$50/ton	US\$3,900 mil.	US\$877.5 mil.	US\$5,700 mil.	US\$1,287 mil.
Cost of Extraction (at US\$18/ton) for B'desh	US\$1,404 mil.	-----	US\$2,052 mil.	-----
Approx. Cost/yield ratio	36.0%		36.0%	
Other infrastructure, Railway, port facility, rehabilitation, loss of land, environmental & Ecology damage, safety measures, disturbance, casualty, etc.	Not much involved, no export, provision for subsidence damage: US\$350 million	About US\$2,500 mil. plus	Not much involved, no export, provision for subsidence damage: US\$500 million	About US\$3,500 mil. plus
Expected Return/Loss	Gain US\$2,146 mil	Loss US\$1,622.5	Gain: US\$3,148 mil.	Loss: US\$2,213 mil.
National Resource depletion	---- (20%)	Addl. 55% (214.5 mil ton) valued at US\$10,725 mil.	----- (at 20%)	Addl. 55% (315 mil ton) equivalent to US\$15,750 mil.
Net probable national Gain/loss at \$50/ton	Gain US\$2,146 mil.	Loss: US\$12,347.5 mil.	Gain: US\$3,148 mil.	Loss: US\$19,250 mil.

Politicians-Maoists accord to cause more trouble for Nepal King



ZAGLUL AHMED CHOWDHURY

THE Himalayan kingdom of Nepal, embroiled in a longdrawn agitation by the political parties demanding restoration of democracy and a bloody campaign by Maoists, is likely to experience further trouble as the politicians and rebels have reached a fresh accord on anti-government movement.

However, a six-day blockade imposed by the Maoists that crippled life across the country was withdrawn at the request of seven political parties spearheading the agitation for return of democracy. The blockade showed signs of rupture in the political parties-Maoists relationship, who have a loose anti-King unity. The rebels had ordered all vehicles off the roads in and out of capital Kathmandu in a bid to mount further pressure on King Gyanendra to quit and consequently, prices of essentials soared and people's hardship further compounded. This situation led the political parties to call upon the ultras to withdraw the programme, in first sign of a rift since they forged broad anti-monarchy solidarity based on the common cause of ousting the King from power. This sign of difference in the anti-King unity

gave some comfort to the government. But the politicians and the ultras have patched up their problems. Furthermore, they have vowed to intensify the agitation and planned more programmes in ensuing April. This has definitely come as a disconcerting news for King Gyanendra, who would have relished widening of the differences among forces that oppose him. Now the government braces itself with bigger trouble in the coming days.

governance was progressing through trials and experiments, but a palace massacre that killed the ceremonial King and eliminated the mainstream royal family including the queen and the crown prince drastically changed the scene. The developments brought King Birendra's younger brother Gyanendra to the throne and Nepal has since been slowly slipping back to effective monarchy. The last nail in the coffin was hammered when prime minister Deuba was sacked with his cabi-

net on February 1, 2004 and the King emerged as the absolute ruler. He blamed the elected government of failure to make progress on the vexed problem of Maoist insurgency and also listed failure of the political parties to perform their task as was expected by the people. Former prime ministers ageing Girija Prasad Koirala and Sher Bahadur Deuba, former deputy prime minister and Communist party leader Madhav Kumar Nepal and others did not take the development kindly. Political parties protested and have been demonstrating against the state of emergency that the King had imposed and other anti-democratic measures including steps against the free press. The state of emergency was later

political parties are also disenfranchised with their destructive activities.

However, the common anti-King policies have brought ultras and politicians on a broad understanding even though their differences surface from time to time. Political parties favour a conventional movement, but the Maoists are bent upon engaging the government troops and police into combat. But the differences notwithstanding, two sides maintained the unity. Political parties

coming days.

Political parties and the Maoists differ on the future shape of things in the country, but have sunk differences that came to the fore centering the blockade programme. Former prime minister and Nepali Congress chief Girija Prasad Koirala arranged the new understanding between the two sides. Their united movement against the government is expected to receive a new strength as a series of programmes are in the offing. This has obviously further complicated their relations with the authorities. King Gyanendra seems to have two options -- coming down too heavily on his opponents or open a window aimed at cessation of tensions and hostilities. So far he has not demonstrated much willingness to accommodate the views of the other side although he is not expected to agree much since he too has own reasons. But early restoration of democracy without ambiguity can help resolve the present stalemate to a large extent and it remains to be seen what way the King moves facing the new situation. Toughening of the stance is unlikely to contribute towards easing of the complex situation.

Zaglul Ahmed Chowdhury is foreign editor of BSS.

MATTERS AROUND US

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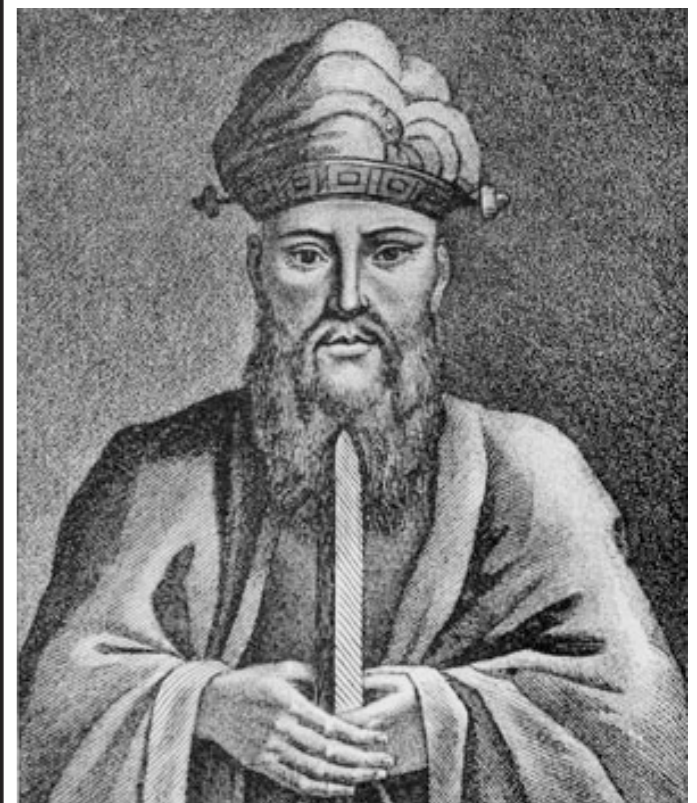
Political instability is stalking the nation ever since King Gyanendra seized all powers by dismissing the elected prime minister Sher Bahadur Deuba more than a year ago. Nepal, an effective monarchy for many years, introduced Westminster type parliamentary democracy in 1990 when late King Birendra bowed to pro-democracy movement. Major political forces like the Nepali Congress, the Communist Party (Marxist-Leninist) and others swapped powers as new find democracy was struggling to establish firm roots while some leading politicians in a way weakened the process by resorting to corruption and mismanaging the affairs.

Some kind of backstage mediatory efforts failed to bear any fruit between the government and the radical leftists on one hand and government and politicians on the other. The Maoist insurgency has grown in intensity since 1996 and even the elected government could not make much headway in settling the issue. However, they were not too bitter to each other. The ultras control a large part of the rural areas in the far flung areas, but could not make any big impact in the urban areas barring occasional incidents and calling strikes. Their main demand is dismantling of the monarchy in every form and turn Nepal into a Republic. Many people have been attracted by their slogans in the poverty-ridden country, but many including the

disapprove 'blockade' as a means of agitation against the government and the radicals heeded to their request to withdraw the indefinite programme.

Two sides also differ on country's turmoil. The politicians seek international support for restoration of democracy in Nepal while the rebels want to settle the issue by exacerbating the security conditions. The ultras are seeking to intensify their fight against the authorities through violent means while the political parties are trying to impress upon them for a more peaceful anti-government agitation. But now that two sides have reached a second accord to work in concert, agreeing broadly to force the King end his undemocratic rule, Nepal evidently reads itself for more trouble in the

A smoke screen



Confucius

MINXIN PEI

SO China has at long last found something to fill its "values vacuum." Once the party hoped that communist ideology would bind the masses to its will. After the catastrophic Cultural Revolution thoroughly discredited radical communism, Chinese leaders quietly rehabilitated capitalism and later fostered a resurgent nationalism to distract from the party's failings. Now Beijing is assiduously reminding citizens of their Confucian heritage. The Great Sage seems the perfect man for the job: by promoting him, authorities look both patriotic and sympathetic, given his views on how rulers must take the needs of the poor and downtrodden into account. And at the same time, leaders can underscore more basic, if not self-serving, virtues -- like obedience to authority.

The question, however, is whether Confucius can bear such a burden. The answer is clearly no. China's torrid economic growth has produced enormous wealth and crushing social strains. But the principal source of social disharmony is not a lack of moral values. The real problem lies in misguided official policies, including a lack of state resources devoted to health and education in the countryside, as well as pervasive official corruption. The latter, more than any other factor, Confucius famously warned, delegitimizes rulers. The Confucian mandate of heaven must be regained, not through empty preaching, but by good governance.

It's also naive to expect that Chinese society, especially its wired younger generation, would embrace Confucianism simply because its government has urged it to do so. China may be a one-party state, yet it now has a vibrant marketplace of ideas. Confucian values must compete against Western individualism, consumerism, Asian pop culture and even Christianity. Contrary to the values of modesty and collectivism counseled by Confucius, the younger generation has been won over by the Western concepts of competition and self-realization. The Internet, one of the most anti-hierarchical means of communication, is by its very nature anti-Confucian.

Relying on the party's propaganda apparatus to conduct this neo-Confucian campaign is similarly misguided. Seized by debilitating cynicism, China's ruling elite appears as resistant to ideological indoctrination as ordinary folks. Perhaps most important, the government simply doesn't have enough moral authority itself to demand more accountability from its people. To fill China's values vacuum, the best solution is not more propaganda, but greater civic freedom, tolerance and individual rights. A state that respects these basic values will not have a spiritual crisis to solve.

Minxin Pei, author of "China's Trapped Transition: The Limits of Developmental Autocracy" (Harvard University Press, 2006), is senior associate at the Carnegie Endowment for International Peace in Washington. (c) 2006, Newsweek Inc. All rights reserved. Reprinted by arrangement.