

Oil crisis handling

Govt needs to make a statement

THE air has been thick with intimation of an imminent oil price hike for quite sometime now. Top economists of the country had observed a few weeks ago that an upward adjustment of fuel price might be inevitable in light of rising international prices and the persistent need for containing budgetary deficits. Which of the petroleum products could be re-priced and which not, in deference to the affordability or lack of it, of the consumers, especially the farmers, were the areas where decision should be made after careful deliberation, so ran their suggestion.

Meanwhile, on the heels of 'reported drying up' of filling stations due to short supply of fuel from BPC depots, the Energy Adviser while taking some specific steps, stated that there was sufficient reserve for four months and gave people to understand that the oil price is not going to be increased anytime soon. He dubbed the crisis 'artificial' and warned the dealers against hoarding. The situation eased since Sunday but the crisis doesn't seem over yet. The petrol pump owners are putting it down to short supply from the depots and blaming it out on governmental mismanagement. The facts should speak louder than claims. We have it on good authority, however, that the BPC curtailed normal supply of gasoline products to the dealers for a couple of days prior to Sunday 'misreading' a message from the Energy and Mineral Resources Division (EMRD) which had directed BPC for strengthening monitoring against suspected smuggling of fuel. A lid was put on the weekly supplies from the depots to the filling stations on Saturday in addition to Friday.

The Energy Adviser and the Finance Minister are speaking in different voices. Hot on the heels of the advisor saying that there was no possibility of an immediate price hike, the minister has stated that a decision about oil pricing will be taken inside of a week.

The point we want to hammer is that the entire situation has been handled in such a way by the government that it fuelled all sorts of speculation and restiveness in the marketplace. It was a sure invitation to hoarding.

Inconvenience of the consumers, however, continues. We urge the government to clear the air of all confusion and uncertainty by issuing a statement sooner than later.

The blaze mystery

Get to the bottom

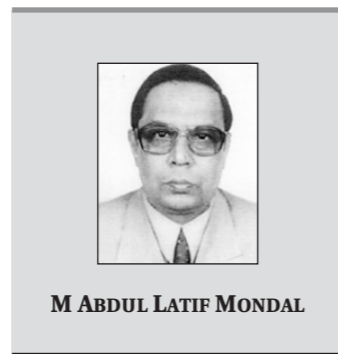
WE are concerned at the nocturnal fire at the residence of former President Dr Badruddoza Chowdhury. At the time of incident, the entire family of Dr Chowdhury was inside the house sleeping. Thank God, they escaped unhurt.

Dhaka Metropolitan Police apparently has as many as five of its personnel from the security section on regular duty for providing security to the ex-president with change of guards at three-hour intervals. Not only that the guards also have a rest room at the back of the house. Fire service promptly came on to the scene and extinguished the blaze. A senior fire service official later in the afternoon stated that the fire could not have been caused by a faulty gas connection or an electrical short circuit.

Admittedly, it is for the relevant law enforcing agencies of the government to investigate the matter but the incident raises some serious questions about the overall state of the security of life and property of our citizens at large. We wonder if this is the level of security we have for an ex-president and his family, then what security is there for citizens of lesser calling?

Dr. Chowdhury later at a press conference said that he was being threatened with life for the past few days prior to the incident. The government needs to act on the case promptly and with utmost sincerity to get to the bottom of the tragic incident. The investigation by no means should be of a nature that usually gets stuck in the groove of a routine enquiry instituted traditionally headed by a senior police officer or a senior official of the Ministry of Home Affairs.

Why the price hike in sugar?



M ABDUL LATIF MONDAL

THE price of sugar recently exceeded Tk 60 a kg. But the government appeared to be little concerned about this unprecedented rise in the price of sugar. The government efforts to put a brake on the continuous rise in the price of sugar was limited to withdrawal of 20 percent supplementary duty on sugar and open market sale of sugar at fair price in 90 wards of Dhaka city and in the metropolitan areas of Chittagong, Rajshahi, and Khulna only through the Trading Corporation of Bangladesh (TCB). The all time high price of sugar brought sufferings to the people, particularly to the lower middle class and the fixed wage earners.

What has further disgusted the people is the blame game of the high-ups in the government regarding the price spiral of essentials, including sugar. While addressing the media men in the conference room of the industries ministry on April 25, the minister for industries

BARE FACTS

Although the rise in the price of sugar in international market influenced the rise of sugar price in the country, yet the fact remains that the recent all time high price of sugar was largely due to the machinations of a handful of traders who formed cartel to control the sugar market. No open way competitive system for import has given rise to the hegemony of a particular group of businessmen close to the establishment on import and created opportunity for them to manipulate the price of imported sugar.

Matiur Rahman Nizami revealed that the country's sugar production could only meet 10-12 percent of the domestic demand and 8-10 lakh tons of sugar had to be imported to fulfill the demand.

The fourteen sugar mills under BSFC produced 133,000 tons of sugar in the current season, which is 7,000 tons less than the target. He reportedly said that the allegation that prices of essentials were determined by a syndicate was not at baseless and controlling the prices of essentials was not the headache of the industries ministry.

The minister for finance and planning M Saifur Rahman is on record blaming the commerce ministry several times for its failure to control the prices of essentials, including sugar.

A BNP lawmaker and former commerce minister Amir Khosru Mahmud Chowdhury recently told the BBC that the commerce minis-

try had nothing to do with price hike of essentials. It was the responsibility of the finance ministry, which had control over duty and tariffs, subsidy, monetary policy and various other means to do the same.

People became frustrated when the newly appointed commerce minister Hafiz Uddin Ahmed after visiting some markets in the capital on April 26 told that the prices of essential commodities were within tolerable limits. He was quick to add that he needed cooperation and support of the ministries and agencies concerned to check further price hike of essentials.

Let us now see what are the factors that are responsible for low production of sugar in the country and led to the recent unprecedented rise in the price of sugar?

First, available data reveal that there has been a sharp decline in crop acreage as well as production of sugarcane in recent years. While

in 1993-94 the crop area stood at about 4.47 lakh acres, it has now come down to slightly over 2 lakh acres. This has been primarily attributed to the following causes:

- According to available information, Bangladesh ranks the lowest in the world in per acre yield of sugarcane -- only 15 tons, while the comparative figures for Cuba, Indonesia, Australia, and Hawaii are 36, 45, 55, and 70 tons respectively. Better agronomic practices and use of improved varieties of cane in all the farmland both within the mill zones and outside mill zones may help bring better per acre yield.

- As a result of low yield, the prices (Tk 43 for field purchase and Tk 4k for mill-gate purchase per maund) offered by the BSFC can hardly cover the production cost, giving almost no financial incentive to the

growers.

- Sugarcane is an annual crop keeping the land occupied throughout the year and as a result many growers have switched over to other crops that are more profitable than sugarcane.

Second, available information suggests that recovery of sugar from sugarcane is the poorest in Bangladesh -- only 7.4% compared to 9% in Indonesia, 12.3% in Cuba, 12.4% in Hawaii, and 15.6% in Australia. The low rate of recovery of sugar from cane in the country is not cost effective.

Third, many of the sugarcane growers sell their produce to molasses-makers at higher prices, although law prohibits such sale within mill-zones.

Fourth, the rise in prices of sugar is about 100 percent over a period of last one year. There is no denying the fact that the price of sugar has increased in the international market, for Brazil, the world's largest exporter of sugar, has scaled down the volume of export in recent months. Moreover, there has been continuous erosion in the value of the Bangladeshi taka against the US dollar. These two factors have led to the increase in the cost of imported sugar to some extent.

Fifth, private sector importers have the dominant role in the import of sugar. Although the rise in the price of sugar in international market influenced the rise of sugar

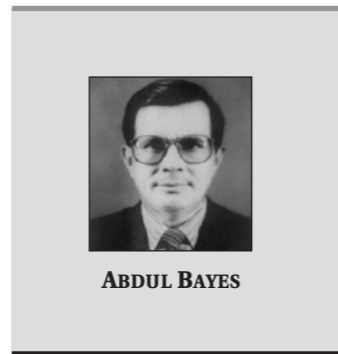
price in the country, yet the fact remains that the recent all time high price of sugar was largely due to the machinations of a handful of traders who formed cartel to control the sugar market. No open way competitive system for import has given rise to the hegemony of a particular group of businessmen close to the establishment on import and created opportunity for them to manipulate the price of imported sugar.

To conclude, the demand for sugar will be increasing substantially with the current trend of rapid urbanization in the country. To address the problem of shortage of domestic sugar production, all efforts are needed to significantly increase per acre yield of sugarcane and the recovery rate of sugar from sugarcane. Higher yield of sugarcane will be a big incentive to the growers.

Here the Sugarcane Research Institute (SRI) and the Directorate of Agriculture Extension (DAE) have to play the major role. The government must render all necessary assistance to them in achieving the aforesaid goals. A near self-sufficiency in domestic sugar production will save the country's hard-earned foreign exchange required for the import of sugar as well as the public from the profit-mongering sugar traders.

M. Abdul Latif Mondal is a former Secretary to the Government.

Crises to cripple all corners



ABDUL BAYES

THE country seems to be heading fast for serious crises on every front. Be it economic, political or social, ominous signs loom large on the horizon. The crisis of power has already cost the economy: farmers suffer for want of electricity to operate pumps that adversely affect output. Not many days back, twenty people in Kansat had to sacrifice their lives in police firing while demanding regular power supply and denouncing irregular electricity bills.

Households suffer from voltage fluctuations and load shedding that cost electrical and electronic items (not to speak of cooling under electric fans); shop keepers have to face lower volume of sales due to frequent load shedding, and so on and so forth.

Few minutes back, as I was listening to what our State Minister for Power was briefing to the private TV channels about the crisis and the

BENEATH THE SURFACE

Thus there are two crises at the moment: the power crisis and the crisis of power. The former stems from the failure of the government in establishing power plants during its five year tenure. The latter crisis comes from the "law of motion" of the party in power. For its very existence, BNP embraces the anti-liberation forces, and neglect to that force is thought to be creating the crisis of power in the future.

ways to confront them, power went off three times within three minutes. But suddenly it came on with the sad news from the minister that there is no hope of additional electricity generation, especially during the remaining period of the present government.

Five years for a government is not a short time to set up plants for electricity generation. We fail to understand why the government miserably failed to generate even one additional unit of electricity over the last four and a half years. Whereas we have been hearing that a "flood of development" swept over the country since the present regime came to power. In a world where access to electricity is considered to be one of the indicators of development, how could that have happened without the generation of additional electricity?

We are equally perturbed to point out that 90 per cent of the petrol pumps ran dry of fuel during the last

couple of days. As the TV channels showed and newspapers reported, widespread panic and uncertainty has been hunting people. We observed how drivers have been desperately looking for fuel in power pump stations. Noticeably, it is the poor segment of the society which had been hit hard by the crisis. Long route buses faced shortage of fuel and thus had to postpone trips at times.

The most ridiculous episode seems to be the equation, as set by the authorities between demand and supply of fuels. According to the Advisor to the Energy Ministry, the country has sufficient stock of fuel and the current crisis could be the creation of the petrol pump owners to reap home a rich fortune through building up stocks. On the other hand, the pump owners complained that they had been receiving two-thirds to half of their daily requirements. Even without entering into a debate over the statistics of fuel supply, we can see that serious crisis

is creeping concerning the supply of fuel in stations.

Almost at the same time, the country was caught by the crisis of fertilizer. Suddenly the supply of fertilizers faced crisis and the farmers had to buy at higher prices. Both fertilizer and power crises crippled poor farmers who eke out a living from growing crops in their lands.

Crisis has also crept up in the political corner. The 14-party alliance demanded that no anti-liberation force should sit in the dialogue destined to chalk out the reforms concerning Election Commission and the Caretaker Government. However, the government included the names of those in the team and the 14-party alliance rejected such inclusion. That means the dialogue is dead and street agitations, hartals, and siege programs are going to cast crisis on the political front.

We strongly argue that without drastic reforms of the Election

Commission and the Caretaker Government, no credible election in the country can be expected. We also strongly feel that the government should have shown a sense of sagacity and sincerity by properly responding to the opposition 14-party alliance's demand.

The reasons are not far to seek. First, the anti-liberation forces, allegedly, have connections with JMB. Many of the arrested JMB activists have already disclosed that. Thus, sitting with these forces could mean sitting with JMB for dialogues in furthering democracy in which JMB has no faith.

Second, Jamaat is yet to apologize for their heinous activities during the war of liberation and still they believe in the politics of religion. A party that opposed the creation of Bangladesh should not become the mentor of the country. However, for BNP's political gain, the party has accommodated the anti-liberation forces but that does not imply that the government will have to take them in all the dialogues with the opposition. We feel that the government could earn mileage by dropping the anti-liberation forces from the list of the team sent to the opposition party.

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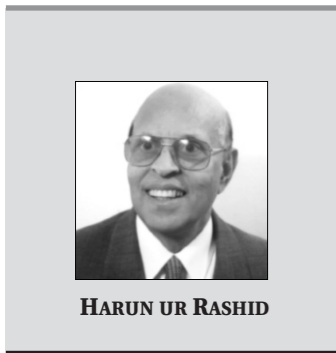
its five year tenure. The latter crisis comes from the "law of motion" of the party in power. For its very existence, BNP embraces the anti-liberation forces, and neglect to that force is thought to be creating the crisis of power in the future.

But a close look at the dynamics could show that all the crises that the present government faced over the years were due to the presence of the anti-liberation forces with them. Recall that during 1991-96 period, BNP government had to face a much lesser crisis than now when it has a two-thirds majority in the parliament along with the anti-liberation forces. BNP should have accepted the proposal of the 14-party alliance in reforming the Election Commission and the Caretaker Government system for its long-term political gain.

All of these crises will have adverse impact on economic growth, investment and social stability in the coming days. Taking the warning that no election could be credible without the participation of all parties as a wake up call, the government should immediately revise the list of its participants in the dialogue and thus avert a much greater crisis looming large on the horizon. The sooner it is realized, the better it is for all of us.

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Indonesia-Australia relations on a bumpy ride



HARUN UR RASHID

AUSTRALIA'S recent acceptance of 42 West Papuans as refugees has created a political storm between Australia and Indonesia, its northern neighbour. Indonesia's President Dr. Susilo Bambang Yudhoyono recalled his country's Ambassador from Australia.

In diplomatic terms, withdrawal of the Ambassador from Canberra sends a strong message of disapproval of Australia's action. Indonesia later refused to participate in a military exercise with Australia, a clear sign of strained relations.

It is reported that 42 West Papuans alleged human rights abuses in the province of West Papua and Australia's Department of Immigration cleared them as

BOTTOM LINE

Australia's Foreign Secretary visited Indonesia in the third week of April but failed to resolve issues relating to refugees. Its Foreign Minister is likely to visit Indonesia to sort out the problem. Even Prime Minister Howard is likely to meet with Indonesia's President in Jakarta, to restore their bilateral relations normal and friendly. Meanwhile, Australia realised its diplomatic mistake in giving refugee status so readily to West Papuans and Australian authorities have currently undertaken legislative reforms, indicating much more rigidity in accepting refugees from West Papua.

refugees. Some of the West Papuans, accepted as refugees, led the independence movement of West Papua, just as Achenese rebels wanted independence from Indonesia.

The acceptance of refugees from West Papuan ran counter to what Australia did toward nationals from Iraq and Afghanistan in 2001. Australia rejected them as refugees, although they qualified as refugees under the UN 1950 Refugee Convention. They were sent to Nauru, a small Pacific island-state, where they were put up. It is commonly known as "Pacific solution" in the region.

Furthermore it is reported that Indonesia's President rang up Australia's conservative Prime

Minister John Winston Howard that no harm would be done to West Papuans if they would be sent back. But Australian authorities did not heed to President's personal assurance of safety. There was the rub and gross insensitivity of Australia was manifested to Indonesia.

The Indonesian President paid a visit to Australia last year and forged good relationship with Australia. It was expected that Australia would conduct its relations with Indonesia in such a manner that there could be no room for misunderstanding between the two countries. Both countries attach importance to their relationship. Indonesia is a vast archipelago country to the north of Australia and any strained relation-

ship would affect both countries, more on Australia.

Against the background of treatment of Iraqis and Afghans, quick acceptance of West Papuans as refugees in Australia raised question as to why West Papuans were accepted, while cases of others were summarily and inhumanely rejected.

The refugee issue of West Papuans led Indonesia to be wary of Australia's role of supporters of Papuan independence from Indonesia. There must be some reasons for the 180-degree turn of decision with regard to criterion of a refugee by Australia

There are reasons for Indonesia to consider the acceptance of West

Papuans as refugees in Australia as "unfriendly." Indonesia was hurt and publicly humiliated because acceptance of refugees implies to the outside world that there exist egregious breaches of human rights in the Indonesian province of West Papua.

Political observers believe that there are several reasons and some of them deserve mention:

First, perception in Indonesia is that since West Papuans are Christians, like the East Timorese, Australia takes interest in them. It is often argued that if West Papuans were not Christians, Australia would not bother to shelter them.

Second, Australia is interested in human rights when they occur in the context of independence struggles. A segment of West Papuans have for years resisted being a part of Indonesia and they have been pursuing their aim, often with violence and burning Indonesian flags. They got a huge boost when East Timor earned independence from Indonesia. Perception in Indonesia has been that if Australia would not have intervened, East Timor would have been a part of Indonesia.

Third, Indonesia is a state with multi-lingual, multi-religious and

multi-ethnic nation. In a nation-state, all ethnic people co-exist and live peacefully since its inception of "nation-state" conceived by the 1648 Westphalian Treaty. The motto of nation state is unity through diversity. If ethnicity is a criterion, many modern states will disintegrate and disappear. For example, Russia, China and India demonstrate that modern state can exist with all their variety of people, religion, language and ethnicity. This being the case, just because West Papuans are different in ethnic background from that of Indonesians, West Papua could be separated from Indonesia.

Fourth, many are tempted to differentiate Java and Papua because they look at a narrower lens of Indonesia's heritage and culture. Some argue that there is little difference between eastern Indonesia and West Papua because in both places Christianity has been the major religion among population.

Fifth, there is a perception in Australia that it should act as "a Deputy Sheriff" on behalf of the US in the region. Australia's north and Pacific region is considered to be its backyard. In recent days, Australia sent its troops to Solomon Islands when riots took place over political



Members of the Australia West Papua Association agitate outside the Indonesian Consulate in Maroubra in Sydney, April 30 2006.

power. Earlier it sent its police to Papua New Guinea.

Finally, Many Indonesians have lurking suspicion that Australia's interest in West Papua lies because it has huge copper mines. Some Australian companies are keenly interested to exploit them.

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Barister Harun Ur Rashid is a former Bangladesh Ambassador to the UN, Geneva.