

Phulbari: Less politics, more science, please!

Records of repeated failed foreign investments (Ekushe TV, Tata, AEC) and the events of the last few weeks, combined with our penchant for hartals (which another Bengali economist calls economic terrorism), will make any potential investor re-think their intentions. No one wants to find themselves stuck between a corrupt government on one side and a violent mob on the other. Through all of this, the sufferers will be the people of Bangladesh. We have neither the technology nor the economic resources to develop the Phulbari coal fields on our own. If we are not careful, the result of a homegrown (or government-led) effort could be corruption and environmental devastation on a scale far greater and unprecedented than currently imagined.

MUHIY RAHMAN AND ASIF SALEH

WHILE camera crews were fixated upon a few youngster dancing with dhols at Phulbari, the mayor of divisional town of Rajshahi was saying no to the "anti-people deal" with Asia Energy. When the stock market opened next morning in London, Asia Energy saw a spectacular fall in its share price -- an unprecedented 60% drop! The dumbfounded company representatives asked that trading be stopped until they got clearer guidance from the Bangladesh government which, as of today, fully five days after the incident, is yet to come. The trading is yet to resume.

While Bangladesh government makes a mockery of its relationship with foreign investors, it is time to ask the question whether the jubilation of this "people's victory" will prove to be spectacularly hollow and devastating. On one hand, it has exposed the limits of the intellectual prowess of our political leaders; on the other hand it has raised some fundamental questions about how we want to proceed in the next few years with increased economic focus on Bangladesh.

The debate on Phulbari AEC investments should have happened on facts. Unfortunately,

facts were prominent by their absence either in discussions in the media or in the national debate last week. The shooting that killed and injured the people of Phulbari can be a reason for the home minister in charge to resign for inept handling of the situation, but it cannot and should not be the reason for a multi-billion FDI deal to be scrapped.

For those of us who have had a rigorous education in science and research, it is distressing to see how easy it is for us to forget that good policy must be based on knowledge and facts. The confrontation at Phulbari, to the best of our knowledge, was not provoked by Asia Energy. So let's stop blaming them for it! Now let's try to establish some facts.

AEC is not mining the coal commercially -- the infrastructure for doing so is completely absent. It is engaged in pre-mining operations and, according to its own website, awaiting the completion of a Definitive Feasibility Study. Whether or not the scope of its activities is in conjunction or in conflict with its license is something that's not known. Nowhere in all the internet posts or field reports or newspaper articles have we seen an analysis or factual characterization of what AEC has done wrong. That is not to say that AEC has not exceeded its charter -- but one

would feel a lot better if the experts and the reports actually cite and reference their case and/or violations.

Open-pit mining is not a novel concept. It is practiced successfully in many parts of the world. However, like most other forms of resource extraction, it can have severe environmental as well as social consequences. Modern mining techniques and regulations attempt, usually successfully, to minimize such impact. However, it is right for us to worry whether such would be the case in Phulbari. It would be easy for an insidious entity to take advantage of a corrupt government and wreak environmental havoc without fear of consequences. The principal issues at Phulbari are as follows:

1. Is it economically feasible to mitigate the impact of the proposed open-pit mining? If No, STOP. If yes,
2. Does Asia Energy's proposal adequately cover such mitigation? If no, can the proposal be changed to cover such mitigation? If no, STOP. If yes,
3. Can we depend on Asia Energy to follow through and complete such mitigation? If No, can we provide for "reserves" or other mechanisms to ensure compliance? If No, STOP. If yes,
4. Can we depend on existing



governmental institutions to monitor and enforce compliance? If no, can a new or additional governance structures be set up to do so? If no, STOP.

There are many other issues: The issue of fair compensation to the affected people, the issue of a fair royalty and many more. As an aside, 6% royalty is not, prima facie, low or unreasonable. Nor is it unreasonable for a requirement that the proposed power plant purchase the coal at market prices. However, are they customary terms for a project of this nature? We do not know -- and nothing we have read has attempted to analyze or compare the terms with other, similar deals.

If the terms are not customary, then we should definitely consider the option of voiding the contract (or threatening to do so) and renegotiate for more favorable terms. What are the penalties clauses and provisions for remedies? Which agency/entity is ultimately responsible for administering compliance and overseeing mitigation? These questions are not rocket science! Even relatively small developments in small communities ask these questions and make public the offered responses. And a responsible press manages a debate of the issues raised based on facts and science. Why is that so difficult? Instead, we have reports of dancing in the streets!

The fact is that there are significant high quality coal reserves in Phulbari and Bangladesh has few



other sources of fuel and power and is a poor country to boot. We can ill afford to sit still and just shake our fists at foreign investors.

Please, less politics, more science!

Equally relevant are the qualifications of an entity such as AEC to embark upon and successfully complete a multi-billion dollar project. What were the preliminary as well as ongoing requirements for financial as well as technical and operating competence before the project was originally awarded? What are/were the limitations on transferring the project from one entity to another? Did the Bangladesh government review the qualifications of AEC before allowing the project to be transferred? What are the qualifications of the entities engaged to study and report on the environmental impact and the proposed mitigation? Is there [going to be] an environmental bond (guarantee) put forth that ensures compliance with all applicable laws and regulations? What are the penalty clauses and provisions for remedies? Which agency/entity is ultimately responsible for administering compliance and overseeing mitigation? These questions are not rocket science! Even relatively small developments in small communities ask these questions and make public the offered responses. And a responsible press manages a debate of the issues raised based on facts and science. Why is that so difficult? Instead, we have reports of dancing in the streets!

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What is the environmental and economic cost of importing and burning low quality (high sulfur) coal from India as is the current practice?

What is the environmental and economic cost of the fuel shortages that lead to the indiscriminate cutting down of forests for firewood?

What is the economic cost of the chronic electricity shortages that plague our industry?

This write up in no way should be construed as an attempt to cover up any of AEC's shortcomings, if any. Very little is publicly known about AEC and its backers (go to the following URL for additional information on AEC. What is known is that they are a nascent company formed solely for the purpose of developing the Phulbari property, and that they are, at best very thinly capitalized.

However, if we are to claim a rational basis for our stance against the deal, we must seek out rational analysis and avoid piling on rumours, innuendos, and political agendas. There is no doubt that a great many of the participants in the Phulbari protests have agendas that are far more political than should be.

It would not be surprising if many of these political leaders are secretly thrilled with the deaths at Phulbari because of the enormous



political and media dividends that resulted from them. It would not be the first (or the last) time that we have seen callous disregard for ordinary lives on part of politicians. But would they care to engage on real debates related to the nature and role of the future foreign investments in the country? Would they care to engage on the more fundamental issue of establishing factual analysis in policy discussions? We won't hold our breath waiting for a positive answer.

Even though to justify the stand against AEC, some have given the example of Unocal and Niko as cases of multi-nationals-gone-wild that cared little in safeguarding the interest of the average citizen, the truth of the matter is that these are just mere examples of our government's incompetence, corruption and lack of sensitivity in safeguarding the interest of our citizens. Corporations will do what they do best i.e. safeguard the interest of their shareholders. But who will look out for the shareholders of the average citizens of Bangladesh when their government fails to do so?

A foreign shareholder of AEC recently made the following comment at a website which was debating this case:

"For me as a foreigner it looks that Bangladesh rejects development and wants to remain poor forever: how good is it to have over 500 million tons of coal underground if it is never going to be mined and the government doesn't



get the royalties and taxes it could get and it doesn't provide the country with a new source of foreign currency and it doesn't help to reduce the shortage of electricity the country has been suffering for so long."

While we know that it is not entirely true, records of repeated failed foreign investments (Ekushe TV, Tata, AEC) and the events of the last few weeks, combined with our penchant for hartals (which another Bengali economist calls economic terrorism), will make any potential investor re-think their intentions. No one wants to find themselves stuck between a corrupt government on one side and a violent mob on the other. The premium for risk just went up. And through all of this, the sufferers will be the people of Bangladesh. We have neither the technology nor the economic resources to develop the Phulbari coal fields on our own. If we are not careful, the result of a homegrown (or government-led) effort could be corruption and environmental devastation on a scale far greater and unprecedented than currently imagined.

Muhiy Rahman and Asif Saleh are two expatriate Bangladeshis, living in Cincinnati, US and London, UK respectively.

For more discussion on this, visit: <http://www.dishnipat.org/blog/2006/08/31/phulbari-asia-energy-less-politics-more-science>

The relevance of Naguib Mahfouz

HASAN ZILLUR RAHIM

IN 1988, the Swedish Academy awarded the Nobel Prize for Literature to Egyptian novelist Naguib Mahfouz "who, through works rich in nuance -- now clearly sightedly realistic, now evocatively ambiguous has formed an Arabian narrative art that applies to all mankind."

Until his Nobel, Naguib Mahfouz was unknown in the West but that changed when international recognition made his translated work available to readers around the world. And what a good thing that was, considering that so many of us would have missed out on one of the most perceptive observers of the human condition.

His setting may have been the labyrinth alleyways of Cairo but it could have been anywhere -- old Dhaka, sprawling Mumbai, storied London, kaleidoscopic New York -- because he wrote of dreams and longings tempered by reality and inexplicable forces that shaped character and destiny. What could be more universal than that?

Mahfouz wrote more than 30 novels and several collections of short stories, memoirs, essays and screenplays, but his masterpiece is the Cairo Trilogy. Named after actual streets in Cairo -- Palace Walk, Palace of Desire and Sugar Street -- the trilogy deals with three generations of the Al-Sayyid Ahmad Abd al-Jawad family and extends from 1917 to 1945, during which Egypt was fighting for independence from British rule.

The three volumes record in rich detail the daily events in a middle-class Egyptian family, offering insight into a way of life vanishing under western influence and encroaching modernity.

But nostalgia is not what Mahfouz is after. Any society is better off jettisoning some aspects of the old way, misogyny and cor-

ruption in the name of religion, to name two. Mahfouz is more ambitious. Delving deep into the hearts of his protagonists -- desire for control, hunger for recognition, lure of extremism, opposing pulls of selfishness and altruism, tradition and modernity, faith and reason, body and soul, temporal and eternal, love and responsibility -- and weaving those elements together with tenderness, humour and sensitivity, he reminds us that the one constant in life is change, that unless we are open to change, fate will drag us into its abyss. In contrast, if we embrace change without compromising universal values of decency and justice, freedom and moderation, our lives will be enriched in unexpected ways.

Unlike many recent recipients of the Literature Nobel Prize, whose political leanings figured prominently in the award, Naguib Mahfouz deserved his honour, as his peers from around the world acknowledged.

The Cairo trilogy is a gripping read. Once I began with Palace Walk (Doubleday issued the paperbacks in the USA in 1992 after he won the Nobel), I could not stop until I had finished reading Sugar Street.

As is common with any great work of literature, one experiences a certain sense of loss in leaving the saga of the al-Jawad family. So many currents and undercurrents run through the 1,500-page narrative, "now clear-sightedly realistic, now evocatively ambiguous," that the reader willingly and rapturously submits to the flow.

What has stayed with me most, however, is Mahfouz's lyrical depiction of first love:

"Why had he (Kamal) been looking forward so impatiently to this day? What did he hope to gain from it? Did he dream of a miracle that would unexpectedly cause his beloved (Aida) to be friendly again

and agonizingly turning blind and deaf. Even in such condition, he refused to see the world in Manichean, black-and-white terms. Revenge held no meaning for him.

Five years after 9/11, American Muslims find themselves divided into two broad camps. There are those who want to be both American and Muslim, who want to be integrated with mainstream culture without undermining basic Islamic principles, and become ambassadors of their faith to America.

There are others who have chosen to withdraw into their mosques and enclaves, and who stridently assert their Islamic identity in response to government profiling and suspicion and hatred of some of their fellow-Americans.

Based on his words and deeds, it is evident that Naguib Mahfouz would have sided with the first group. As he saw it, retreat and rejection served no purpose but only strengthened prejudice and misunderstanding. Hope, in his world, always trumped despair.

"What are the stars," wrote the great Arabian writer, "in fact, but single words that those solitude." But this star of the world's literary firmament, who died on August 30 at age 94, shunned solitude in favour of spirited discussions with aspiring and established intellectuals on the turbulent issues of the times.

Mahfouz never ventured beyond Egypt -- he sent his two daughters to Stockholm to pick up his Nobel Prize -- but his mind ranged far and wide even as it plumbed the heights and depths of the human soul. One can only hope that a new generation of young Arabs and Muslims will heed his call to reflect and reform and bring about the renaissance that so animated his writings.

That means, Justice K.M. Hasan who was once the secretary for international affairs of BNP remains the head of the next Caretaker Government, whereas one of the main demands of the agitating opposition parties is to replace K. M Hasan by a non-partisan neutral person.

One would recall, it is hardly six months back, when Begum Zia invited the Awami League leaders who were boycotting the parliament at that time to come to parliament and place their reform proposal for discussion. The Awami League accepted her invitation in good faith and returned to parliament with their proposal. Since then we have seen a lot of rhetoric,

Commonsense decision on Tata

IBRAHIM SALEK

WHEN I saw the headline of a recent article proclaim: "Let's make a commonsense decision on Tata" written by Nuruddin Mahmud Kamal in The Daily Star on August 22, I thought: "Great, now someone is coming to the crux of the matter and we are not hiding behind a veil of political excuse."

But, alas, I soon found out the article truly proves the dictum -- commonsense is not common! Let me explain why.

My learned friend the writer does not seem to have followed the progress on the Tata proposal ever since they signed the EOI with the government, all of which has been in the public domain, especially so because of the keen interest shown by the media.

A few words, therefore, on the investors in question, before I dwell on BOI, the government and us, the people of Bangladesh.

Tata in India, and indeed elsewhere, enjoys a level of credibility which is quite uncommon in today's globalised corporate world. This credibility has not been bought or developed over the past few years or decades. This has inadvertently come into being over time and began when Tata set their foot on a foreign land, India in this case, in the early 1700s and settled there as common traders.

They grew in spite of dominating British Rule and took on the Herculean task of industrialising India, even before the sub-continent gained independence. Post-independence they have continued to grow, getting into diverse sectors which include motor vehicles, steel, power plants, chemicals, telecom, IT, the list is quite long.

Today, the conglomerate is run by a trust, which has a miniscule shareholding of the Tata family. It is a truly professional company where meritocracy rules the roost, and the premise for business is on sound ethical business practices. Needless to say, any organisation, leave alone a conglomerate with so little family shareholding, can sustain itself over the changing environment while continuously thriving, if it is not based on strong and ethical business practices.

As far as its investment proposals for Bangladesh are concerned, it may be judicious to note the following facts. Tatas are a globalised company and have business interests across the globe. As the business of business evolves it is becoming increasingly clear that corporations, in order to be competitive, have to exploit economies of scale of manufacturing and therefore need to manufacture where there is the optimum availability of resources and market obviously to places where there is optimum demand. Tatas are no different, and are indeed in the process of spreading their wings to other countries across the world. They are setting up new companies or acquiring companies as the case may be.

Bangladesh, in Tata's international endeavours, is but one of the destinations for its investments. If at all, the government decides not to go ahead with these investments, Tatas investment will find some other suitable destination. Having said that, Tatas also see merit in investing in Bangladesh. They do see a potential market. Post-independence they have continued to grow, getting into diverse sectors which include motor vehicles, steel, power plants, chemicals, telecom, IT, the list is quite long.

in some covert activity. The government has a designated window through which foreign investment has to be handled (BOI), and Tata has done precisely that.

It has engaged in discussion and submitted proposals to BOI and it is for BOI and in turn the government to decide whether Tata's proposal makes business sense or not. Tata, in turn, has studied the investment regime, the rule and regulations, the policies, which the government has put in place and based on those and its cost of manufacturing/processing and the capital investment involved, it has put forth its comprehensive offer. It has also done a study to quantify the benefits, direct and indirect to Bangladesh, which has been sent to the concerned quarters in the government, the ministries and bureaucrats, and of course Wahiduddin Mahmud, who have all unequivocally agreed to it in principle.

The gas price sought by Tatas is based on gas pricing models prevalent in Bangladesh and, incidentally, it has turned out to be the highest price being offered by any corporate in the country. Gas security requested by Tatas, is also something that has been committed to other corporations like Lafarge and Holcim in the past in Bangladesh. So, there is no count on which Tatas have asked anything without precedence in Bangladesh.

Now let me discuss the issue of energy security of Bangladesh. Everybody is quite well aware about the latest Wood Mackenzie's Gas Sector Master Plan (GSMF, January 2006) report which clearly indicates that the combined present Proven (P1) plus Probable (P2) reserve of 14 Tcf of gas. But it is also interesting to note that the Hydrocarbon Study undertaken by

Petrobranga indicates that the P1 + P2 + P3 (Possible) reserve is far in excess of 45 Tcf. It has been seen across the world, that when P3 reserves are taken under actual E&P (Exploration and Production) contracts, then they end up exceeding the previously declared figure.

So all this brouhaha of Bangladesh running short of gas by 2014 is incorrect. In other words, the barn and the horse are there, but for some reason, we refuse to open the door. It may be worthwhile to note that Tatas (who by the way have only asked for ten years of surety of gas supply) have decided to commit such a huge investment because they also are sure that availability of gas reserves is much more than the published figures.

Tatas investment, therefore, is not going to precipitate any energy crisis; in fact it is going to encourage further exploration by providing the much-needed inflows to Petrobranga to revive its sagging E&P efforts. In fact, gas sitting under the surface is hardly any use, but when exploited commercially, and with the multiplier effects of its commercial exploitation, the economy would get a booster shot.

A commonsense decision from the government would therefore be to facilitate and expedite such big-ticket investments, which would have far-reaching impact on the economy of the country, generate employment, further industrialisation; and not get caught in political rhetoric and outdated ideologies, and be swayed by some misinformed and mal-intentioned elements, which under the garb of "voice of the people" will end up doing more harm than good to Bangladesh.

The mould is cast

CAPT. HUSAIN IMAM

THE mould is cast for Election 2007. Professor Iajuddin Ahmed as president, Justice K.M. Hasan as the chief of Caretaker Government, Justice M.A. Aziz as the chief election commissioner with Justice Mahfuzur Rahman, Mr. Zakaria, and Mr. Hasan Mansur as his deputies and 300 Jatiyatabadi cadres as field level election officers -- all alleged to be belonging to BNP-Jamaat camp -- are there to give a final shape to what may be called the magic lamp that gives the winner all that one wants: power, fame, and wealth.

But the problem is with the Awami League-led 14 party alliance. They are, like "kabab mei haddi" -- out to spoil the sumptuous dish so carefully cooked by the ruling party. They want to recast the mould with major reforms of the Caretaker Government and the Election Commission in order to ensure a free, fair, and credible election. It is true that they also want that magic lamp, but apparently not by foul means. They want a level playing field to fight their case out. Who can blame them as long as they mean so?

With the anti-liberation and fundamentalist forces on the right, autocrat Ershad on the left, the Young Turks in front, and the all

politicized civil servants and law enforcing agencies poised to back her from behind, Begum Khaleda Zia should have been all confident to be able to snatch the magic lamp, accepting the challenge of the opposition parties. She does not seem to be so. She is not willing to go for any reform. She does not even want to talk to the opposition parties in this regard, let alone accept their demand.

To the utter dismay of the people at large who wanted this (dialogue) to happen, Begum Zia is now telling the public meetings in unequivocal terms that election will be held on time and under the same chief Caretaker Government as envisaged in the constitution.

gestures, postures, and exchange of letters centering the dialogue on reform. Now it seems that all these were the part of a ploy of the ruling party to mislead the people and the opposition alike.

People expected that Begum Zia, being a public leader, would at least listen to the public demand, if not that of the opposition parties, and remove Justice M.A. Aziz from the post of chief election commissioner for his highly controversial and damaging role in preparing the voter list. Instead of doing that, as if to add fuel to fire, she has, to every body's surprise, appointed another controversial person as election commissioner without consulting even the person she is appointing.

What could be the reasons for Begum Zia to adopt such unfair and unethical tactics? Is it because she has of late started realizing that she cannot win the election if it is held in a free and fair manner for the simple reason that she could not deliver the goods to the public as promised? The people of Kansat wanted electricity and diesel for cultivation of their land. She gave them bullets. The people of Shanir Akhra wanted drinking water. They got tear gas, rifle butts, and bullets instead. The people of Phulbari took to the streets to protect the interest of their homeland. They, too, were met with bullets.

Begum Zia promised the poor people of this country two square

meals a day. Instead they got the unbearable pangs of hunger and deprivation. She promised them peace and tranquility. Instead, they got a reign of terror and insecurity. She promised them a society free of corruption and exploitation. Corruption in the government as well as in the society is now all pervasive to say the least. The rich have exploited the poor so much so that, according to some economic experts of the country, 80 percent of the national wealth is now in possession of 20 percent of the population.

Or, is it because Begum Zia has started realizing that "you can fool all of the people some of the time and some of the people all of the

time, but you can't fool all of the people all of the time?"

Whatever may be the reason, we are now all set for a head-on collision. The ruling coalition now seems to be fully determined to go ahead with the execution of the election plan they have so meticulously engineered over the years.

They have realized that fair or unfair, win they must. BNP's second most powerful man Tarek Zia knows why. The Awami League-led opposition seems to be, on the other hand, determined to resist a farce election at any cost. Where the people stand in between, only time will tell.

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