

Internal resource mobilisation

Donor dependency must continue to be reduced

NO one would argue with the proposition that foreign aid dependency needs to be reduced as much as possible in the best interest of the nation. The more we are able to fund the ADP from internal resources, the better. We thus commend and second the call made at a dialogue held in the city this week to mobilise internal resources more effectively in an effort to continue reduction of dependence on outside assistance.

Indeed, reducing our dependence on foreign assistance has been one of the success stories of the Bangladesh economy in recent years. The key statistic is that currently approximately 41% of the ADP is funded from internal resources, well below the 50% benchmark that would indicate excessive external dependence, and that this figure is continuing to come down.

The reason for this reduction in our dependency is that we have been able to raise more revenue internally and mobilise the resources thus raised in a more effective manner, and this is without question the direction in which the government should continue to move.

There are a number of reasons why excessive dependence on external assistance is a poor idea. The first and foremost reason is simply one of national pride and sovereignty. As a practical matter, donors always insist on tying aid to conditionalities which may or may not be in the best interest of the country, and it is never desirable for a government to have its hands tied by conditions dictated from outside.

Simple rules of good governance suggest that the key to performance is accountability, and to the extent that donors are not really accountable to the Bangladeshi people, the fact that key policy decisions are effectively made by unelected and unaccountable bodies cannot be in our long term interests. In addition to this, dependence on foreign aid cushions both the public and the private sector from the discipline of the market which slows down the pace of needed reform.

But none of this is rocket science. That excessive dependence on foreign aid is unhealthy is something that even the donors acknowledge and caution against. As such, the recent trend towards reducing such dependency is to be applauded and encouraged. And, we hope, continued.

DoE air quality standards

Industrial emissions to remain unchecked?

IT is with considerable disquiet that we have learned that the air quality standards prepared by the Department of Environment under the auspices of the World Bank financed Air Quality Monitoring Project (AQMP) are focused entirely on vehicular air pollution and completely ignore the hazards posed by industrial emissions. Toxic industrial emissions remain a critical health hazard in Bangladesh and no air quality standards neglectful of such emissions can be considered complete.

Senior officials involved in the project defend the proposed standards by suggesting that industrial pollution is low compared to that of vehicular pollution, and that it is therefore incumbent upon them to concentrate on reducing the latter, which causes the lion's share of the problems.

But this reasoning is unpersuasive. In the first place, the fact that vehicular emissions are more of a problem than industrial emissions is no justification for setting standards that neglect to rein in industrial emissions. This is not an either/or situation.

In the second place, it is simply incorrect to suggest by implication that industrial emissions are not a potent health hazard that need to be attended to on a priority basis. The fact of the matter is that industrial emissions from tanneries, brick kilns, and other industries have turned areas of Dhaka city such as Hazaribagh, Rayer Bazar, and Lalbagh into urban nightmares choked with pollution, causing intense respiratory disease and skin problems among the inhabitants.

The suggestion made by a senior official connected with the project that these are localised rather than general problems ignores the disturbing fact that literally millions of people living in close proximity to industries have been negatively affected by the extent of the pollution, and that industrial effluents and smog have a pervasive negative impact far away from the source of the problem.

Revamping the UN



Brig Gen
SHAHEDUL ANAM KHAN
ndc, psc (Retd)

the end of the Cold War.

There is perhaps some value in the argument that it was the realisation of the abject helplessness and impotence of the world body to restrain truant states and to rein in the powerful ones that acted as the Secretary General's motivation. While these factors may have prompted the Secretary General to seek recommendations from a versatile panel to strengthen the UN, it is also true that the UN might willy-nilly go the way of the much-

helped mute this criticism somewhat. Therefore, to suggest that UN mediation, and in some cases its presence in a conflict area, accentuated rather than attenuated the intensity of the conflict is also a travesty of truth.

There is also, according to one critic, a "broad lack of accountability that prevails amid a swelling sea of credible accusations against UN staffers of sexual harassment, human rights abuses, conflict of interest, gross corruption, and even

efforts of the UN and its peacemaking mechanism.

A very significant aspect that the critics of the UN overlook is the fact that its peacekeeping as well as peacemaking efforts have kept situations in many potentially explosive environments from deteriorating. Interestingly, the world body, whose avowed goal was to "prevent the succeeding generations from the scourge of war" had nothing in its charter that provided for it to undertake missions, either

ity Council and other UN bodies, and a restructuring of the UN bureaucracy.

Not unexpectedly, there was lack of unanimity in the panel insofar as expanding the Security Council is concerned, and as a way out, the panel has suggested two alternative models as a basis for discussion by the member states.

Another very significant aspect of the exercise is the reference to Article 51 of the UN Charter that deals with rules governing the use of force

the panel's time. There are many member states that are vying for a permanent seat on it. But one wonders whether increasing the size of the Security Council will enhance its performance? While one would like to see the Security Council be more representative, it should be kept in mind that being more representative may not necessarily make it more effective.

Some member states consider the Security Council to be a "Brahmin Club" and aspiration to its membership remains a cherished desire, not so much for the wish to better the world as for the need to gain a status symbol that a permanent membership of the Security Council accords.

As for the criticism that the UN has been less effective than it might have been, this is perhaps valid. But is the UN to be blamed for its failures or are those that are constituent elements of the world's body who ran the system responsible for its poor performance?

The point at issue is: do the big powers including the US really want any substantive changes in the world body? Will the UN really be able to provide a regime of collective security, as articulated by the Secretary General, or will it remain an elusive utopian desire? Nobody would deny that the UN has been less than perfect. However, it would be unrealistic to expect a perfect institution in the midst of an imperfect world that we live in.

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The author is Editor, Defense and Strategic Affairs, The Daily Star.

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maligned League of Nations unless changes are effected in it.

There is a litany of criticism of the UN's failures and of the systemic flaws that have prevented timely action in cases where human lives were under threat.

Rwanda is a case in point, where the inaction of the UN, its failure to initiate timely measures, led to the decimation, literally, of a country's population; a fact which has been acknowledged by the current Secretary General himself.

Its helplessness in the face of US double standards on the Middle East has exposed the captive nature of the system in the hands of the big powers, particularly of the lone super power, Angola, Somalia, Haiti, and the former Yugoslavia were at one time touted by critics as UN failures, but subsequent events have

meddling in the US presidential election. Those not familiar with the inner workings of the UN would be shocked at the level of corruption and the wasteful culture of the UN.

But, for every conflict that has occurred during its lifetime, the UN has prevented two more from taking place. For every person that has died due to its inaction, its intervention, both humanitarian and in other circumstances, has saved the lives of many more than number. It has helped to bring about the longest post WWII inter-state war, that between Iran and Iraq, to a peaceful conclusion. It helped mediate the withdrawal of the Soviets from Afghanistan and assisted Cambodia transit from a situation of intra-state conflict to a broad based coalition government. The end of the civil war in El Salvador owes much to the

to make or enforce peace, of the type we are now so familiar with. In fact, over the years the UN has gradually arrogated this task to itself, which now has come to be one of its main preoccupations. And who can deny that the world would be very much the worse but for this particular role of the UN.

Has it failed us in recent times? By not validating a patently unlawful act, that of the wrongful US-led invasion of Iraq, it has at least made its position clear on the illegality of the US action, even if the UN did not have any mechanism to prevent the US from undertaking it.

The panel's 95 page report, submitted to the Secretary General on December 2, contains as many as 101 recommendations that cover a very broad spectrum of issues, from war to poverty, revamping the Secu-

in self-defence to deter imminent threat, which has been kept unchanged. However, in an oblique reference to the US, the panel has opined that no state has the right to use force preventively when the threat is latent but not imminent. Interestingly, the US member on the panel Brent Scowcroft, Bush-elder's national security adviser believes that the UN "remains the best forum to deal collectively with threats."

The panel has taken the very bold step of defining terrorism, something that has defied a universal characterisation over the last three decades. It will be interesting to see the response of the member states to this when they meet next September to discuss the report.

The issue of revamping the Security Council took up a good part of

The future of free trade in South Asia

BIJAN LAL DEV

THE Free Trade Agreement (FTA) is the state of the art of the present trading world. It has come to the forefront as the WTO has taken a back seat. The quest for bilateralism and regionalism has gained additional momentum with the comment of the senior US Trade Representative Robert Zoellick soon after the collapse in WTO negotiations in Cancun in 2003: "The United States will favour bilateral and regional trade deals with individual blocs or countries, instead of the multilateral accords bartered with all the WTO's 146 (now 147) members."

The US has already signed a FTA with Singapore and is on the verge of FTA discussions with Thailand. Besides, the US has signed a Trade and Investment Framework Agreement (TIFA) with Malaysia, Indonesia, the Philippines, and Brunei. Free Trade Bloc of American Hemisphere involving 34 nations is also on the cards. 2005 has been set as the deadline for the FTA of the Americas agreement to create the world's largest free trade area, with a market of some 800 million people and \$3.5 trillion in trade annually.

The Latin American trade bloc Mercosur, involving Argentina, Brazil, Uruguay, and Paraguay, with Chile and Bolivia as associate members, and NAFTA, involving the US, Canada, and Mexico, are functioning effectively. The Association of Southeast Asian Nations (ASEAN) involving Brunei, Malaysia, Indonesia, the Philippines, Singapore, Thailand, Cambodia, Myanmar, Laos, and Vietnam with 530 million people and annual trade worth \$800 billion, and the expanded European Union (EU) involving 25 European countries with 450 million people and trade of over \$2 trillion annually are also advancing properly. ASEAN will reach full-scale FTA by 2010 and has targeted entering into FTA with China by 2010, with India by 2011, and with Japan by 2012. All are set to launch free trade talks with South Korea, Australia, and New Zealand. They are preparing a road map to create a European-style single

market by 2020.

India is the only SAARC member which has so far made trade allies outside the SAARC region. Besides its on-going FTA negotiations with ASEAN, India recently signed a framework agreement with Mercosur to pave the way for FTA. A similar process is going on with some Central Asian, Middle East, and African countries. India has signed FTA with another SAARC member Sri Lanka on a large number of items. Pakistan has started FTA negotiations with Malaysia recently.

BIMSTEC was initiated in 1997

It may be hypothetically true that after the formation of SAFTA, intra-regional trade will be increased significantly. However, will it be true for Bangladesh's export? History does bode well on this count. NTBs, QRs and hassles at customs points have jeopardized a few positive approaches. The very limited trade complementarities should be dealt with thoroughly, as most of the member countries have comparative advantages on similar products.

and now comprises seven countries: the four original members, Bangladesh, India, Sri Lanka, and Thailand and three new ones, Myanmar, Nepal, and Bhutan. It is now holding FTA talks under the framework agreement signed at the 6th BIMSTEC ministerial meeting held in February 2004. Having a combined population of 1.3 billion people, the trade volume within the group is only 4 per cent of the group's total transnational trade, amounting to about \$250 billion. Under the framework agreement, it was agreed that the three developing countries of India, Sri Lanka, and Thailand would cut import tariffs on products on a "fast track" list to zero no later than June 30, 2009, while the four LDCs would do the same in 2011.

With this backdrop, it is felt that trade cooperation status in the SAARC region should be elevated. Thus in the 12th SAARC Summit in Islamabad in January 2004, the South Asian Free Trade Agreement (SAFTA) was signed with a view to bolster mutual trade and economic cooperation. The agreement will come into effect from January 1, 2006 through notification from the SAARC Secretariat after the ratifica-

tion by the member countries and completion of some procedural issues. As SAARC, we have to accelerate economic integration for grabbing opportunities and exploring potentialities therein. How we can achieve this needed economic integration? Is it through SAFTA? Maybe SAFTA provides opportunities, but at the same time it poses challenges. The question is does Bangladesh have the ability to face the challenges of SAFTA? Before talking about SAFTA, let us take a look at the South Asian Preferential Trading Arrangement (SAPTA) that was signed in 1993

definitely mistrust -- and that goes both vertically and horizontally. Let us also have a look about the trends of intra-SAARC trade. According to IMF report, intra-SAARC import was 1.9 per cent of total SAARC imports in 1985; it was 1.8 per cent in 1990, 3.7 per cent in 1996, and 3.9 per cent in 2001. Again, intra-SAARC export was 4.5 per cent of total SAARC exports in 1985; it was 3.1 per cent in 1990, 4 per cent in 1996, and 4.2 per cent in 2001.

Bangladesh accounted for 7.1 per cent of the total intra-SAARC exports in 1990. It came down to 2.8 per cent in 1996, and further declined to 2.6 per cent in 2001. In contrast, the share of Bangladesh in intra-SAARC imports was 35.8 per cent in 1990, 51 per cent in 1996, and 49.8 per cent in 2001.

In comparison, India's share of intra-SAARC exports is about 80 per cent for the last one decade and Pakistan's share is about 12 per cent.

India's share of intra-SAARC imports has been gradually declined and reached at 6 per cent in 2001. The same goes for Pakistan also and it reached 12 per cent of intra-SAARC imports in 2001.

passed by the recent rapid growth of world trade including in neighbouring ASEAN countries. Either way, SAFTA was signed with a goal to implement trade liberalization programs, institutional arrangements, consultation and dispute settlement procedures, safeguard measures, and other trade issues agreeable to all. The agreement allows the four LDCs of the group ten years to reduce import tariff to 5 per cent or below while the other three developing countries will reduce their import tariff to 5 per cent or below for the four LDCs' products within three years of the implementation of the agreement.

In the decision making process, the issues of trade creation and diversion should be counted mainly by the weaker economies. Trade creation negatively affects local production and employment as demand is shifted from higher-cost local production to lower-cost PTA or FTA member countries. However, it affects consumers positively as they get goods with lower price. Again, the trade diversion negatively affects the welfare of the importing country. Therefore, the net benefit of the trading

arrangement would depend on the trade-off between the trade creation and trade diversion effects. This will in turn depend on the initial conditions, resource endowments, production structures, structure of exports, export-import complementarities, competitive strength, and relative comparative advantage.

It is observed from the growth process of other regional trading blocs that intensification of regional integration is often accompanied by growing intra-regional trade. Intra-regional trade was only 7 per cent in the ASEAN region before grouping, but it shot up to 43 per cent in 1995 and to 49 per cent in 2003. In NAFTA it was only 12 per cent before grouping, but was 44 per cent in 2003, and in EU, it was 23 per cent in the early eighties and 67 per cent in 2003.

It may be hypothetically true that after the formation of SAFTA, intra-regional trade will be increased significantly. However, will it be true for Bangladesh's export? History does bode well on this count. NTBs, QRs and hassles at customs points have jeopardized a few positive approaches. The very limited trade complementarities should be dealt with thoroughly, as most of the member countries have comparative advantages on similar products like textile materials and products, leather and leather products, agricultural products, fresh fish, etc.

Political divisions and lack of confidence and conflicts amongst the SAARC member countries should be resolved to gear up meaningful economic cooperation. Above all, unilateral free trade facilities to LDCs by SAARC stronger economies and cooperation in the area of investment, technology transfer, technical assistance, and trade promotion of the LDCs should be taken immediately to level up the current inequalities. Once greater equality and equilibrium is established, SAFTA would be the immediate means to strengthen regional trade cooperation.

The author is a freelance contributor.

TO THE EDITOR TO THE EDITOR TO THE

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

Shame indeed

Mr. Wajih Anwar with the Department of English at Dhaka College feels that it was a shame that Rituparno Ghosh's film *Chokher Bali* could not be screened because of the lack of proper projectors in Bangladesh.

But Bangladesh does have proper projectors to screen international quality Dolby DTS films at Star Cineplex, Bashundhara City, Star Cineplex uses 35 mm xenon Christie projectors with xenon lamps and cinematoscope lenses and Dolby DTS surround sound.

Star Cineplex was scheduled to screen *Chokher Bali* on Friday, December 3, until it was pulled out from the 2nd International Film Festival. Many keenly waiting viewers were left disappointed which was a shame indeed. Mirka Kristina Rahman, MD, Show Motion Limited, Bashundhara City, Panthopath, Dhaka

Polythene

Polythene is coming back to some

particular areas at an alarming rate, but The Daily Star has not published any report on it in recent times.

Please address the issue.
Reaz Uddin
On e-mail

Fairlie House: Good site for a park

There are far too few parks in Dhaka and, thanks to unplanned growth over the years, the city has literally turned into a concrete jungle. In my opinion, the Fairlie House, located between Bangla Motors and Panibag, can be converted into a park without any problem. The house, owned by BIWTC, is unoccupied, has a large area in front with lots of trees. By replacing the front wall with a nice iron grille and constructing proper high boundary fence on the north, west, and south side, this place can be given a beautiful face lift. The bungalow type house which is in a dilapidated condition should be demolished. Conversion of this place is not irre-

versible and can be used for any other purpose the government might have planned. I draw the attention of the PMO and the Dhaka city Mayor to consider this proposal seriously.

Major Q S Ahmed, psc, te (ret'd)
On e-mail

A harmful ally

For the British Prime Minister Tony Blair, the victory of President George Bush may not be good for his political career. Because Mr Bush is very much unpopular in United Kingdom. If he had been replaced by John Kerry, Mr Blair would have found it easier to move out from the Iraq issue, which may affect the forthcoming British election. Some British politicians also think that George Bush will not pay as much as Tony Blair must pay for the Iraq war. He is also a type of man who can turn a bad situation into an opportunity. His job must be to safeguard British national interest and his nation's reputation, and also keep his coun-

try safe from any harm. But supporting George Bush in Iraq may be the reason for his downfall in 2005 British election.

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The dominant role of outsourcing

Recently India, China, Taiwan, even Sri Lanka have become big clients for large firms of US and UK in off-shore outsourcing. This sort of a business is booming among our neighbours who are earning more foreign currency, providing service to the developed world. At the Gartner Inc. Outsourcing Summit 2003, Indian outsourcing dominated by showing videos and presenting their vast capabilities to the multinational companies who are potential offshore outsourcing. The main offshore outsourcing items are basically, service centres and application development. The four top firms of

India earn about \$3 billion a year and employ about 70,000 people with two-thirds to three-quarters of their business with North American companies, with 80 per cent of that work in application development and maintenance. The Indian government is also helping this sector to develop by mounting a major campaign to coax North American outsourcing to India. India has become the second largest market for offshore outsourcing for the developed world.

This is really distressing, because our neighbouring countries are getting more influx of foreign currency while we are still laid back and being the typical Bangladeshis. I am sure that making a call centre or getting together some IT professionals to work on application development is not that hard. Last summer I was in Dhaka after a year abroad and was amazed to see the development in the IT sector. But this development is not enough. One of the main

reasons for our slow progress, even after all the efforts is slow internet connection. We are not linked with the backbone optical connection, which has linked most of our neighbours. But, this is a problem for the application development, what about the call centres? Telecommunication in Bangladesh is not as bad as it used to be about 3 years back, but still entrepreneurs are overlooking the prospects of offshore outsourcing which US has started extensively. Dell, one of Americas largest computer manufacturers, has call centres located in Bangalore, and also other places in India. Why can't we do something like this? Manpower is definitely not the problem; the government should do something to attract more people to invest in this sector.

Outsourcing can actually save us from the bad trade deficit and improve our balance of payments. I urge all entrepreneurs to explore this sector of development that was being overlooked all this time,

it's never too late. Bangladesh can also portray itself as an outsourcing service provider; all we have to do now is open our eyes.

Samir Ahmed
Purdue University, USA

RAB

Much has been said and debated about RAB. The readers have expressed their opinions freely about its actions, supporting and discouraging. But I see most of the citizens support RAB's actions. For the time being, it may seem to us that RAB is doing good for the society and the country. But is it really so?

Crossfire is the term being used right from the beginning RAB began its operation? RAB says, and we all know, that in a crossfire both sides exchange firing. Or else, it won't be called crossfire, but would be called an "encounter."

Now, I have a question. If it was not an encounter, then how come

none of the RAB personnel got killed or even hurt in so many crossfire incidents. It indicates that the criminals did not open fire on them. Specially when those criminals are said to be notorious criminals, who have killed a lot of people, how on earth does RAB escape their bullets?

In a democratic country under the rule of law, could anyone or any institution or organisation be ever licensed to kill? If so, then there is no meaning to the existence of courts of law. And now, people will start killing each other if they have any allegations towards someone. If RAB's actions be supported like this, then no one will ever go to the court to seek justice ever again. Are we heading towards such a future in this country? If anyone is guilty of any crime, let the court decide. Why kill? And that too in encounters disguised as crossfire? It's high time for us to think about what the future holds for us.

Kaushik Biswas
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