

Energy regulatory commission in a blind alley? After the drama



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So far, BERC's journey has gone smoothly. The radar now indicates rough time ahead.

management. Now, with the entry of the commission in the upstream, suspicion and uncertainty will grow more between the government and Petrobangla.

but with application of laws, rules and regulations that set out its mandate. In doing so, one must also recognise the division of duties between the government (represented by the minister) and the regulator.

now be identified under the Act. For instance, arbitrary decision have been made to incorporate a part of upstream and a part of downstream activities (in the commission) of the power sector and also downstream of gas and petroleum sectors, respectively.

This farce has to end. While this has played across the newspapers, millions in the capital have been going without water and electricity. The government has made no statement about the two crises and not shown us what they are doing about it.

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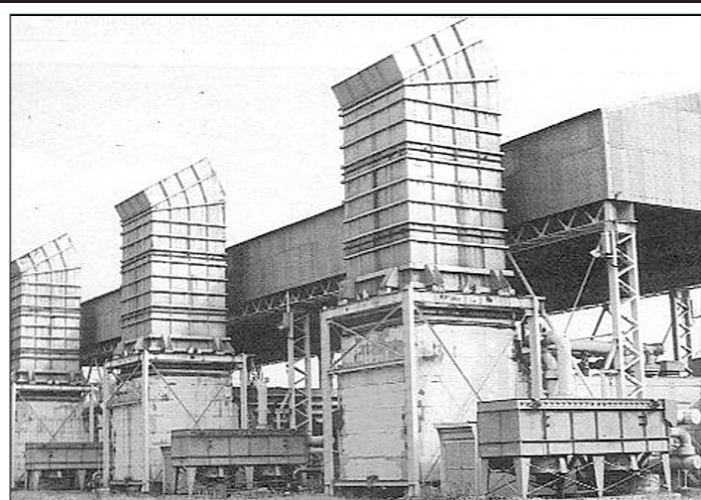
POLITICS took a turn towards the bizarre and, true, to the media age, it was all captured on camera. While we remain fascinated by the drama of it all, there may be far more important fallout for the political scene.

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the politicians to join parliament, and make a show of a functioning democracy. Plus provide the stability through ombudsmen, a separate judiciary, and enhanced property rights.

CHRONICLE

Today, affordable, reliable energy supply continues to be a cornerstone of Bangladesh's economic health. No one doubts this. There is, however, a debate -- whether public or private sector can better perform to fulfil this need for the common people of Bangladesh.



Haripur power plant: How much do we generate?

products, which appears to be an incomplete definition. The role of coal has not been recognised although it is a fast growing energy source in Bangladesh.

Ironically, the upstream activities of both the gas and petroleum sectors have remained outside the purview of the commission's work. But the reason for such a deliberate decision has not been explained even in the amendment published in Bangladesh Gazette (Ref. February 17, 2005).

noted (Ref. Chapter-13, Article 61) that the chairman, members, officers and employees of the commission shall be deemed to be public servants within the meaning of the term public servant as used in Section 21 of the penal code, 1860 (Act XLV of 1860).

Before we move into other vital areas of interest a sentence or two should mention about an open secret. The secret is about USAID and Bruce Mc Mullen. In the recent past, Bruce Mc Mullen took a vow to educate Bangladeshis about the 'advantages' of bringing the energy sector of Bangladesh under a regulatory frame as if the sector was operated in a vacuum in the past three decades.

Now, we can perhaps start to think why BERC Act did not dwell on the areas such as the 'objectives' and 'benefits' of the Regulatory Commission being introduced for the first time in Bangladesh. Usually, the role of a commission, among others, is to protect: (a) the industry interest, (b) the consumer interest. The long-term goal has often been to meet at least the cost to the economy through a competitive energy industry -- with a minimum of government intervention.

Nonetheless, it is important to understand that the regulators are entrusted not with policy formulation

monitors compliance, and also arbitrates disputes between operators and consumers etc.

For all things, it is sad that some overenthusiastic persons have made the creation of the commission more a place for debate than a place for balancing existing irrationalities in the energy sector. Today, affordable, reliable energy supply continues to be a cornerstone of Bangladesh's economic health.

Nevertheless, to be effective, a regulator must have a degree of independence and autonomy that can be best assured by: (a) providing the regulator with a distinct legal mandate, free of ministerial control; (b) prescribing professional criteria for appointment (under recruitment rules); (c) involving technocrats from relevant disciplines, and also from the executive and legislative branches for fixed terms and protecting them from arbitrary removal (however, not through indemnification).

Many other anomalies can even

the governing regime's main fear is the possible formation of an Awami League-Jatiyo Party alliance. The arithmetic of votes and seats look pretty frightening on paper.

Realignment?

Of course, this could now go the other way. JP could be persuaded to join up with the BNP. The union of two military-born parties makes electoral sense. They can unite on a nationalist platform, or perhaps a thinly disguised anti-India platform.

While the leaders and sycophants are playing electoral politics, the people are being denied basic services. Food prices are going through the roof and will prove to be a major issue at the polls.

One has to question whether the leadership of the Big Two parties in Bangladesh have the finger on the pulse. I am not convinced. They are not doing anything that points to the contrary. The opposition apparently has no clue on how they are going to turn the economy around while the government is diverted by electoral machinations.

If one real issue is the day-to-day struggle of its people, the other big issue is the position of Bangladesh on the global scene. As Singapore Telecom shows, there are quite a few multinationals having a peek at the potential of this 150 million strong economy (even if many are only interested in 15 million with the necessary spending power).

Missing the real issues

All this speculation is fine for living room gossip and we can amuse ourselves with endless combinations and permutations. No doubt, there will be more drama ahead of us, though perhaps with a bit more dignity and poise.

This farce has to end. While this

same ageing political leaders to suddenly change and provide mature leadership? Their track record suggest otherwise, even if they have memorised the words to the song "Good Governance."

All the current talk of a national consensus seems hollow given that no "Big Idea" is being offered and the proponents are all from the old school. We do need unity and we do need direction. But where will it come from?

Something has to give.

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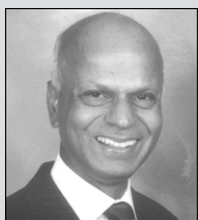


Political campaign: Khaleda Zia



Political campaign: Sheikh Hasina

EU in crisis



CHAKLADER MAHBOOB-UL ALAM writes from Madrid

should create such a crisis? There are two reasons for that. This treaty or the constitution or the constitutional treaty, however one wants to describe it, can only come into effect if it is ratified by all the member states.

The search for an integrated European Union owes its origin to the age-old rivalry between Germany and France, which caused two world wars in the twentieth century with devastating consequences. In order to build a bridge between France and Germany and to lessen the risk of another Franco-German war, in May 1950, a French civil servant called Jean Monnet and the then French Foreign Minister, Robert Schuman put forward the idea of a new framework for western Europe.

An independent supranational authority to administer a common market for coal and steel -- two items then considered as absolutely essential for all war efforts -- was to be set up in 1951 by France, West Germany, Italy and the three Benelux countries. The members of the European Coal and Steel Community (ECSC) agreed to abolish all customs barriers and discriminatory practices affecting these commodities. Although the immediate objectives of these economic measures were to prevent another Franco-German war, some influential French and German politicians nourished the idea of an eventual political integration of the member states. This is why many in France

LETTER FROM EUROPE

Now what? There are several options. Some politicians (e.g. EU President Juncker and President of the Commission Durao Barroso) think that the EU should stay the course and continue with the ratification process until 2006 and give a second chance to the countries which rejected the constitution. Others think that after such an ignominious defeat, the ratification process should be suspended and the constitution in its current form should be scrapped.

and Germany thought that this European Constitution was one more step in that direction. If that is so, why all of a sudden have so many French voters turned against it?

There are varied reasons for this resounding rejection. Memories of the two World Wars have faded in French minds. Now they take peace for granted. The disenchantment with the EU has come gradually. Anyone who bothered to follow French domestic politics in recent times could feel that it was growing. The fact is that there is a total disconnect between the elite, who govern the country and run the bureaucracy in Brussels on one side, and the ordinary people on the other.

First of all, it was not even necessary for President Chirac to submit the constitution to a referendum. Like his German colleague, Gerhard Schroder, he could have had it approved by the national parliament without any difficulty. Instead, he wanted to be too clever and play domestic politics. He thought that he was going to win anyway and that



a referendum would split the Socialist party in such a manner -- which it did -- that his chances of winning the 2007 presidential elections would be enhanced by a victory. Needless to say, he failed to gauge the mood of the country.

The current socio-economic problems have also played an important role in this rejection. Poor economic growth, high unemployment, more Anglo-Saxon-inspired deregulation which may threaten jobs and existing social benefits, low wages, high profits for big business, ever-rising compensation packages for senior executives, globalisation which is leading to outsourcing and transfer of production facilities to poorer countries of Europe and elsewhere, a certain incomprehension of many European directives coming from Brussels -- all this have created such anger, fear, and frustration among the French that they no longer trust their government.

On top of all this, the French are suspicious of the EU's "Lisbon Agenda" -- an Anglo-Saxon style economic programme, which apparently would make Europe more competitive in the world market. There is a growing feeling among the French that their legislators and bureaucrats in Brussels have become so remote from reality that they no longer know how the ordinary French people live or what they think.

The EU government in Brussels is perceived as a club of distant heartless technocrats who want to lay down centralised economic policies for the whole of Europe and control every aspect of human life like the much-discredited economic planners of the now defunct Soviet Union. However, unlike the Soviet Union, where the state controlled everything, here in France and Holland, many ordinary people, in the best populist tradition, think that the European Union is pursuing an agenda which is driven by big business. The French want their government to fight for a more social Europe in Brussels.

As mentioned before, the Union has already got 25 members. Bulgaria, Romania, and Croatia are expected to join it soon. Serbia, Bosnia, Albania, and Macedonia are waiting in line to join the Union. In France and Holland already there are serious complaints against the immigrants from East and Central Europe, who are apparently taking away jobs or lowering wages. Because of its colonial past, France has already got the largest Muslim population in Europe. Now simply the idea of letting a Muslim country with a large population like Turkey become a member of the European Union frightens many French people. Many people in France and Holland think that the expansion of the Union "has gone too far and too fast." Even worse, they feel that it has been done behind their back without their participation. The referendum on the constitution has been perceived as an after-the-event consultation. This referendum has been their only opportunity to take revenge, which they have not

missed. Now what? There are several options. Some politicians (e.g. EU President Juncker and President of the Commission Durao Barroso) think that the EU should stay the course and continue with the ratification process until 2006 and give a second chance to the countries which rejected the constitution. Others think that after such an ignominious defeat, the ratification process should be suspended and the constitution in its current form should be scrapped.

Given the strong nationalistic feelings in many countries, one should forget these grandiloquent expressions like European citizenship or European constitution and concentrate on those parts of the draft which would "streamline the bureaucracy that the voters assail and strengthen the management of the EU."

Most probably, Tony Blair would use the forthcoming British presidency of the Union to push forward this line of thinking because on the issues of national identity and sovereignty, the British public feel exactly the same way as the Dutch. There are still others who think that the EU should fall back on the Treaty of Nice.

The future course of action will probably be decided at the next summit meeting scheduled to be held in Brussels on the 16th and 17th of this month. Meanwhile a lot of soul searching and reassessment of the situation will take place in the European capitals.