

# Of love and infatuation in the energy sector



NURUDDIN MAHMUD KAMAL

THE rarity of hydrocarbon exploration and exploitation and its unending need worldwide generally contrive to elude a quick and easy answer about the "sharks" of the business to a simple citizen. Thanks to our media, Niko, currently operating in Bangladesh, has come under public scrutiny. In five months the inexperienced company has given us two rude shocks – two blow-outs in gas wells at Chattak. Unhappily, the Ministry of Energy has made Bapex a scapegoat for the unusual incident. Our energy advisor has not even hinted at penalising the foreign company for the drilling disaster. People are shocked and surprised.

Based on available data and information, we articulated the incidence of the first blow-out in January, 2005, the loss of gas etc. worth about \$270 million, equivalent to Tk 1600 crore. Apparently, the authorities were least perturbed. Instead, the former State Minister AK Mosharraf Hossain observed: "Nothing serious has happened. The place where blow-out occurred was a gas pocket. So, there was no loss." But this time, the atmosphere has turned heavy for Petrobangla and Bapex. They were reprimanded for the alleged faults of Niko!

Our gas sector problems did not develop overnight. Some say that there were conspiracies to create shortages in the domestic supply. Indeed, it was a case of harakiri of a different kind. Over the past few years the state-owned enterprises – Petrobangla and Bapex – were put on a leash by the former state minister. Out of sheer anguish, these corporate bodies have attempted a suicide – a crime that cannot be pardoned. While this was happening, Unocal, Cairn, and lastly the incompetent Niko, were allowed to produce and sell gas upto their peak production, while Petrobangla was starved.

The conscientious citizens were agitated. Things turned messy, transcending accountability. The Hon'ble Prime Minister decided to act. The ring master was fully leashed, an action that was long overdue. The common people thought for a while that the undue patronising voices of the IOCs would now simmer down. Much to everyone's wariness, once again we heard the echo of familiar utterances on the television screen on June 24, 2005. It was the voice of Mr Mahmudur Rahman, advisor of the Energy Division. Common people were alarmed.

Already a fear syndrome in the gas sector was created by the

former state minister. The fear that gas development activities would be released from the public sector domain and gradually ushered into the foreign private entrepreneurs' domain is haunting us. Over the past several years, the people heard many a time the same familiar claim that government should not be involved in the gas business because the public sector is neither efficient nor as innovative as the private sector. Those who advocated privatisation of the publicly

position of the country vis-a-vis the domestic demand even up to 2015, let alone up to 2035. According to the National Gas Utilisation Committee Report (August 2002), the existing reserve of gas (between 12 and 15 trillion cubic feet) is going to be exhausted by 2015. If he knew, how could he allow discussions on supply assurance of gas to some investors for up to 30 years? He may please like to read the writing on the wall: "controversial gas export based projects will be resisted."

expensive car came through the media. The curious part of the story was that Niko was not alarmed, nor they were penalised for the dirty job. There were those who said that the shock was only temporary. There were also those who claimed that the shock was not real, but has been created by some bureaucrats who finally decided to disown the state minister. Some, however, maintained that the incident had been contrived by a small group involved in the politics of energy to divert

years. The energy sector corporate bodies such as Petrobangla and BPC were blamed for their corrupt practices and inefficiencies by the former state minister. These organisations, perhaps due to lumber haemorrhage, could not even occasionally rise to justify their actions. Or maybe they didn't want to do so because of their organisational malaise. Otherwise how can an organisation (Petrobangla) operate with only 40 per cent of its approved strength?

Amazingly, some publicly denounced officials and union workers in Petrobangla, BPC, or in Bapex were defended by the former state minister. It is alleged that these questionable officials had a comfortable time under the former boss. The media disclosed the negligence of the state minister. Allegedly a void was created deliberately to strengthen those patronising the IOCs on the one hand and to promote some who will fight only for the interest of the foreign companies on the other.

Would anyone believe that another baffling incident could occur within one week of the removal of the state minister? Incidentally, true to the predictions of the professionals, Chattak gas field faced the second blow-out within five months due to the callous and inept handling of the drilling programme, designed and implemented entirely by Niko.

The second blow-out occurred on June 24, 2005, from an ill-designed "relief well." Niko committed the second offence. But the people were shocked to watch the television interview of the energy advisor: he accused Bapex for not monitoring the drilling, but didn't say anything about the offence of Niko, who actually is the operator of the project as per contract. Bapex is only a sleeping partner in this suspicious exploration-cum-production game. Indeed, if Chattak drilling is an exploratory work, it should have been an outcome of the competitive bidding under Production Sharing Contract (PSC). If it is still in development phase after its discovery in the late fifties, then it is simply a violation of PSC. This is a clear case of falsification, perhaps forgery of documents. Can the former state minister absolve himself of the guilt?

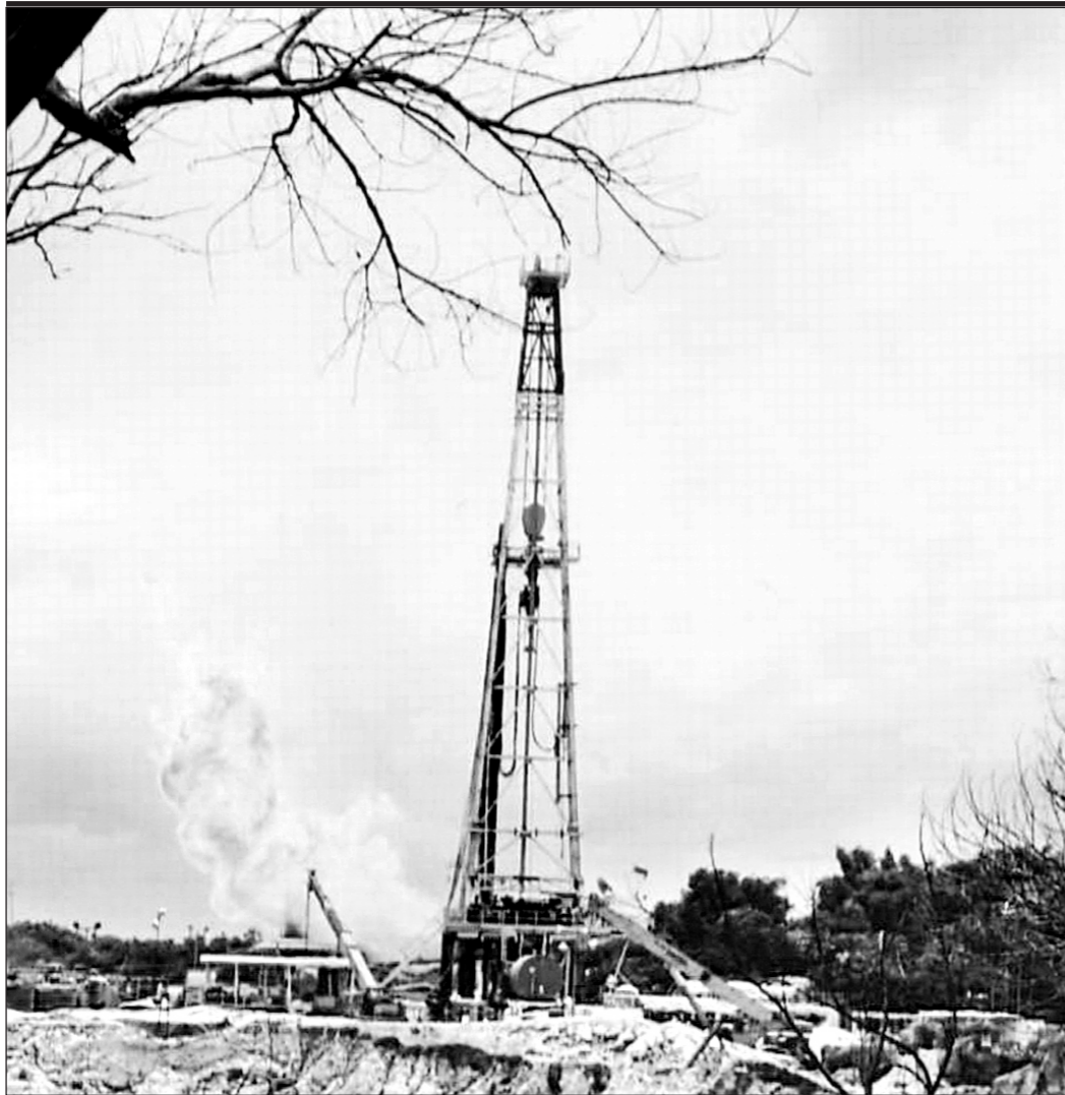
Now, after the second blow-out, we hear the rumbling of a similar accusing tone towards Bapex by the energy advisor.

We would like to urge the energy sector's new leader and his new associates to appreciate the real needs of the sector. Because all of us, in our multiple roles as consumers, producers, tax payers, voters and above all, citizens of Bangladesh, have the final say. Let's not forget that for a very brief period, due to the shrewd maneuvering of corrupt politicians, the gas sector was in great disarray. We hope the bad spell is over. Much of the valuable time has already been lost, but it's never too late to review these things at the national level, not at any individual level, as was practiced in the past several years.

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## CHRONICLE

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The latest blow-out has devastated the surrounding region and cost the nation millions.

owned gas system included Mr Hussain, perhaps Mr Rahman too, as the chief of BOI.

Consequently, there is an apparent sense of urgency to begin negotiations on some gas based projects. Some say that there are a new kind of gas export endeavours where an Indian business tycoon is essentially interested because of the "gas price factor." As BOI boss, Mr Rahman has already been promoting such foreign investment proposals. Perhaps, he was not fully conversant with the gas reserve

For a while let's recall the last days of the state minister for energy in Calgary, Alberta (Niko's head office) and in Dhaka. Hurriedly, he had to return from Canada and face a hard fact of life. He was disgracefully relieved of his position. The electronic and print media disclosed the story of his fall with zeal and dedication, perhaps a little more this time because of the very expensive car deal.

The week following June 19, countless comments aimed at the deposed state minister and his

attention from other bigger disasters. Meanwhile, can we request the seven-member inquiry team to ask the authorities in Bapex/Petrobangla to provide them with the draft (initialled) contract and the final (signed) contract as well between Bapex and Niko to see whether there are variations between the two?

Now, few can claim to know who to believe. Credibility regarding the gas sector and the Ministry of Energy is in as short a supply as honesty was in the past several

# Thriller: Can Michael Jackson rebound?

RON CHEPESIUK

IT'S been a few weeks since the end of the Michael Jackson trial, America's latest candidate for Trial of the Century, but its impact will be around for a while. The trial consumed five months, and now the world will be watching to see if the deposed King of Pop can resurrect his career, save himself from bankruptcy, and maybe defend himself against a possible civil law suit.

The not guilty decision was truly stunning considering the charges the defendant faced. The jury of eight women and four men deliberated seven days before acquitting the entertainer of ten felony counts, ranging from child molestation to child abduction to extortion, to four for administering alcohol, to aid in the commission for a felony. Jackson could have been jailed for at least 18 years.

I must admit that I'm not much of a Michael Jackson fan. I never did take to heart young Michael as a member of the Jackson 5, and I didn't care much for the body of work he generated via his solo career, although I did think his mega album, *Thriller*, was exceptional. Watching his weird physical transformation over the years and learning about the fantasy world that he built for himself at Neverland and his special young guests, I could understand the label "Wacko Jacko" that detractors attached to his persona.

Jackson seemed to almost flaunt his weirdness. After all, how any defendants go to trial in pajama bottoms protected by an umbrella on one sunny day after another? He could get on television all he wanted to explain how beautiful was the experience of sharing his bed with children who were not his own, and I would still say that such behaviour was abnormal for a middle-aged man. Such behaviour, moreover, made it easy for many people to conclude that Jackson was a pedophile.

But, putting aside my personal feelings and having followed the trial closely on television, I had to agree with the jury that Jackson was not guilty as charged. Like many of the jurors, I felt Jackson may have been guilty of something in his past that resembled pedophilia, but their task was to determine his guilt based on evidence presented at the trial. Further, if they did find Jackson guilty, they had to do it beyond a reasonable doubt.

Deciding guilt or innocence was not an easy task for jurors. Indeed, the judge's instructions were complicated, even confusing, and consisted of 98 pages of legalese. Some legal experts said the jurors faced a task that could confuse even people familiar with the law. "Jurors are locked in the jury room without a lawyer, and they are expected to master one of the most complicated areas of the law conspiracy," Jim Hammer, a legal analyst for Fox News told the Associated Press.

The news agency gave this

## INSIDE AMERICA

Media interviews with jurors after the trial confirmed what I suspected. The prosecutions big mistake was making the mother of the alleged 13-year old victim the key witness. To the jurors, she looked like a fortune hunter who liked to make things up. She claimed there was a conspiracy to hold her hostage at Neverland, but the jury didn't buy it.



Jackson testifies in his own defence.

example of how confusing the judge's instructions were. "You are requested to unanimously agree as to (sic) who committed an overt act or which overt act was committed, so long as each of you finds beyond a reasonable doubt that one of the conspirators committed one of the acts alleged in the indictment to be overt acts." Got that?

Yet, I felt it to be a proud day for America and its judicial system when the jurors reached their verdict, although many Americansthe strong majority of them whitedidn't agree with it. African Americans, on the other hand, were generally jubilant over Jackson's acquittal. Julia Hare, a San Francisco psychologist, explained to the media why: "We have a double standard in this country," Hare said. "That's why so many blacks cheered this case on. They do not condone molestation. It's not even about Michael Jackson. It's about the injustices in the history of this country."

In the intense interest surrounding the trial, plenty of media sources were willing to fuel doubts about Jackson's innocence. Before the verdict was in, one New York Times headline erroneously concluded; "The makeup of the Jackson jury seems to favour prosecution." One Associated Press report had the "guilty" entertainer going to "a prison located 100 miles northeast of the gated estate where the prosecutors charge Jackson molested the 13-year old boy."

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In testifying, the mother was simply caught in too many lies. As one juror put it: "Her story seemed far fetched and paranoid -- all kinds of crazy stuff."

Now that the trial is over, Jackson's lawyer has assured the public that his client will quit his "crazy" stuffnamely, sleeping with young children. That remains to be seen, however, for if Jackson is truly a pedophile, psychologists tell us the chances are he will get into trouble again. Jackson will also have to reinvent himself and find a way to save his financial empire. He has not yet arranged the obligatory one hour interview on prime time America televisionthat's the interview that hooks the American public's sympathy and gets the fallen celebrity on the road back to redemption.

Right now, Jackson reportedly has so little money that he is unable to meet monthly loan payments. As a sign of Jacko's dire circumstances, his staff is reportedly worried that he might not be able to pay his electricity bill. Perilous times, indeed, for the entertainer who not long ago was one of the world's richest and most popular.

Yet rest assuredthe world community will remain fascinated with the saga of the former King of Pop as he struggles to make his comeback. Many of us will be rooting for him; many others will not.

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# The new arms race in South Asia

AVM (RETD) MUMTAZ UDDIN AHMED

IN his second term President Bush has unfolded a new plan for South Asia. He made Pakistan happy with the lifting of the ban on selling F-16 fighter aircraft. At the same time he called Prime Minister Manmohan Singh of India, to explain a new South Asian strategy. It was a blueprint for a long-term strategic partnership with India. One of the main features of that strategy was to lift restrictions on American firms bidding for Indian defence contracts – which for the first time involve transfer of critical defence technology to India.

The sale of jets to Pakistan will create newer opportunities for India to go for a bigger arms hunting spree. Signaling a new strategic partnership with India, the US has indicated that the sale of jets to Pakistan will be well-compensated by its willingness to sell top of range fighter aircraft and co-production of defence equipment to India. It is understood that the Americans have offered F-16 and F-18 fighters for sale to India with possible transfer of technology to build in India. The US has also indicated that they are prepared to discuss every issue of defence transformation with India to help her to march forward in its vision to be a global power of the 21st century. The American strategy suffers from total lack of vision and is bound to create an arms race in the sub-continent.

It is understandable that the lifting of the ban to sell 28 F-16 fighter aircraft already paid for by Pakistan has been hailed in that country. The ban had been imposed by the US Congress since 1990 and since then the relationship between the two erstwhile allies had been downhill. However, President Pervez Musharraf had cleverly played the American card by supporting the US war against terrorism, even at the cost of antagonising the majority of his countrymen.

However, the acquisition of only 28 F-16s will hardly enhance the strike capability of the PAF, which has been seriously depleted by almost 15 years of military sanctions. The PAF was forced to rely on the inferior Chinese F-7Ps for a long time. Though the number of new F-16 aircraft is not many, it would, no doubt, provide a sense of relief to the PAF psychologically, because of their proven capability.

The IAF is also in desperate need to increase the number of fighter squadrons which has depleted to 32 combat squadrons from the sanctioned strength of 45. It has to replace more than 300 front line aircraft, nearly half of its combat fleet, within the next decade. The first squadron of indigenous Light Combat Aircraft (LCA) will not be inducted at least until 2012. Therefore the IAF is desperately trying to acquire approximately 270 fighter aircraft (off-the-shelf plus license built in India) to bolster its fleet. The IAF has short listed the F-16 fighter aircraft, with a range of over 3,900km, in its shopping list and plans to acquire 126 of them at a cost of \$26 million each.

For a short-term strategic preparedness capability, both India and Pakistan may feel at ease with the shift of American attitude in the region because it would raise the level of belligerence of both the nations. But there is bound to be a costly arms race between both the nations. This was evident when Pakistan received the first lot of 40 F-16s in 1980. It triggered one of the largest buying sprees by the IAF when it acquired a large number of French Mirage 2000 and Russian Mig-29 aircraft. Pakistan's defence spending has been increased to \$3.4 billion to pay for the new inductions to offset Indian air and naval superiority and keep its military options against India open. The IAF is not sitting idle either; it intends to spend \$6 billion to induct state-of-the-art fighter aircraft like Mig-29M2, JAS -39 Gripen or Mirage-2000-5

It is evident that while both the nations are busy projecting their effort to improve ties with each other, there continues endless efforts by the US to enhance each one's military might. In view of possession of nuclear arsenal by India and Pakistan, it is all the more important for America to help defuse the tension between both these countries by creating a semblance of peace rather than to keep the belligerences alive.

that carry laser guided bombs to hit targets 1850 km away.

The army and the navy of both the nations are not far behind in their attempts to maintain superiority in their respective areas. When Pakistan bought 310 T-80 tanks from Ukraine, its armour capability became superior to the T-72, the main battle tank of the Indian army. To restore the balance of power the Indian army bought 310 T-90 tanks from Russia at a colossal cost.

The Indian navy is also seriously looking for 4 Scorpene diesel-electric submarines and also 8-12 P-3C Orion long range maritime patrol aircraft with a range of 4,000 km, that can stay airborne for 12 hours and attack surface targets with missiles, or patrol the coastline. Indian arms import since the Kargil episode in 1999 amounted to \$9.5 billion, but in 2005 there is a fresh round of arms purchase amounting to \$15 billion, thus making them the second largest arms purchaser after China.

Pakistan has recently acquired 2000 TOW-2 anti tank missiles and four F-22 Frigates from China, 8 P-3C maritime patrol aircraft (the same that are on offer to the Indian navy), 70 F-7 MG fighter aircraft from China, and is in joint collaboration with that country to develop FC-1 light fighter aircraft.

Both Pakistan and India sees the change of US attitude with skepticism, especially Pakistan who has suffered the most due to US sanctions that froze the supply of spares for the F-16s. The PAF was compelled to cannibalise spares from its existing fleet of 40 thereby reducing the number of available combat



Buying US F16s will only ensure the continuation of Indo-Pak arms race.

aircraft. India was also affected by US sanctions after its nuclear experiment, when the US stopped supply of spares of 30 SeaKing helicopters, the backbone of the Indian navy's ship-borne air capability. Indian apprehension in doing business

with the US is therefore also understandable.

The US, on the other hand, is bent upon entering into a long term strategic partnership with India. Indo-US joint services defence exercises have been held and US

defence production companies participated with their equipment in the Aero-India defence exhibition held in Bangalore to woo the top brass of the defence forces. India wants to ensure that uninterrupted supply of spares and transfer of

technology of the intended equipment are guaranteed through a legal arrangement. One thing is for certain that Indo-US relations are on an upswing. Prime Minister Manmohan Singh's visit to the US on July 18 is expected to open a new chapter in the Indo-US relationship in enhancing strategic cooperation between the two countries.

There is plenty at stake for the for the US, the largest military industrial complex with annual exports of more than \$14.5 billion. The biggest gainer from the F-16 sale to Pakistan and the proposed offer to India would be the US itself. USAF took delivery of the last lot of the 30 year old F-16 aircraft. Unless there are new orders for those aircraft, the manufacturers would be compelled to lay off personnel.

The latest trend in improving the relationship of both the warring nations of South Asia has been acclaimed by the world and welcomed by the common people of both the countries. It appears that there is a genuine desire by the leadership of those two countries to discuss every issue of contention including that of Kashmir. The world has witnessed radical geo-political changes globally in the last two decades. It is not impossible for India and Pakistan to sort out their differences on a permanent basis to ensure overall economic emancipation. However, it is evident that while both the nations are busy projecting their effort to improve ties with each other, there continues endless efforts by the US to enhance each one's military might.

India is also maintaining close defence cooperation with Israel, and is the fourth largest military client after Singapore, Chile, and the US, accounting for \$10 billion worth of defence imports including drones, Barak missiles, Elta radars, sensors, ground surveillance radars to monitor the Line of Control (LOC) and aircraft electronics.

Pakistan is desperately looking westward to find alternate sources to

replace their aging defence equipment in addition to close cooperation with China. With such huge quantum of arsenals in pipeline, both the countries would continue to mistrust each other and would remain on increasing belligerency and thus the state of instability would continue to haunt the region for a long time and . The Bush administration is likely to continue backing Pervez Musharraf and supply lethal arsenal to Pakistan in return for ongoing support for the war on terror.

At the present moment, America will continue to focus on Iraq and the war on terror. It is unlikely to get itself entangled in a complicated issue like the Kashmir solution. If America was sincere about Kashmir, they would have created pressure on both the disputing countries to resolve the 57 years issue instead of arming them with lethal weapons. In view of possession of nuclear arsenal by India and Pakistan, it is all the more important for America to help defuse the tension between both these countries by creating a semblance of peace rather than to keep the belligerences alive. The Palestine dispute is another example of deliberate instability created by American policy.

Instead of going to the roots of why the Palestinians have taken up arms against the Zionist nation, the Americans have preferred a one-sided approach. The story of Iraq and Afghanistan is no different. The most recent serial blasts in London should be seen as a harbinger of further instability. It is high time that the superpowers got their heads together to try to resolve the basic issues that give rise to such terrible acts. Let us hope that good sense prevails on the American administration soon enough to stop the arms race in South Asia and elsewhere in the world.

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