

The first oil price shock



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CHRONICLE

The Petroleum and Mineral Resources division of the ministry was officially transferred to Petrobangla. In a sense, a clear autonomy was accorded to the petroleum and mineral resources sector corporation. This decision enhanced the decision making process of the then government. Such a forward-looking step was reversed after 1975. The bureaucracy regained their authority. But, has the government gained authority over bureaucracy?

It doesn't need encyclopedic knowledge to remind us that in less than three decades after the Second World War (1945), the oil supply situation rose to the top of the agenda of issues before the world community in the early seventies. On October 6, 1973, bloody fighting ensued between the Israeli forces and some Middle East countries. This continued for three weeks before the United Nations arranged a cease-fire.

It wasn't just another bitter chapter in the history of unresolved confrontations. In fact, it quickly transformed into a global energy war when, within two weeks of the Israeli attack, Saudi Arabia and its allies Opec countries unleashed their oil weapon to manipulate world affairs through economic action.

By cutting back almost a fourth of the production of the world's largest known reserves, and embargoing oil shipments to the United States, the Netherlands, Portugal, South Africa... Opec dropped a politics-economic bomb, whose spectacular fall-out spread everywhere rapidly.

As a result of Opec's decision, the price of oil quadrupled almost overnight. Around the world, people came across a new term "energy crisis." Even the newly created Bangladesh became a victim of the oil price tsunami.

For instance, a sum of 100 million Dollars was allocated for importing about one million tons of crude oil and petroleum products annually for

five years (1973-78). But, the total allocation of fund was exhausted in the first year. This was a shock to the nascent nation. The government became wary.

As a young member of the Planning Commission (Deputy Chief), I felt that the shock of energy price had taken us aback. The visionary prime minister, Sheikh Mujibur Rahman, Member Planning Commission Prof. Rehman Sobhan, and Chairman Petrobangla Dr. Habibur Rahman, and the PM's council of advisors on petroleum issues, sat down almost immediately to chalk out a plan of action to combat the situation.

They decided to face the challenge, and analysed in depth the nation's energy posture and future potential. A searching inquiry was made as a basis for well-informed policy formulation. The underlying assumptions were that public enterprises operating in Bangladesh would best promote economic development of the country. The need for decisive action seemed urgent.

For the new nation, Bangladesh, freedom of action meant, first and foremost, gaining unfettered sovereignty over its natural resources. Expropriation of foreign companies' interests in mineral resources was, of course, not an easy task.

To put it mildly, under the old concessionary system prior to 1971, for exploration and development of gas, foreign oil companies were

granted, in exchange for royalty payments, more or less complete "ownership" over the mineral rights on vast tracts of land.

As per practice, Multinational Companies (MNCs) determined the rate of development and amount of production from their concessions, and they set the price.

The government, therefore, found nationalism of foreign concessions to be good politics. Indeed, a vital commodity such as natural gas could not be insulated from the upsurge of nationalism in the country.

Soon, it negotiated the transfer of ownership from Messrs Shell Oil Company to Petrobangla. The concessions of all the five major gas fields (Titla, Habiganj, Rashidpur, Bakhrabab and Kailatilla) were concluded.

Through mutual consultation, a compensation package of 10 (ten) million Pounds was signed with M/S Shell. Today, the property is worth several billion pounds. The "people" became the "owners" of the largest energy property (Article 7 and 143 of the constitution of Bangladesh). That was 1974.

It is an irony of fate that the bureaucrats have been persistently advising the government to sell out the nation's two major primary commercial energy resources (gas and coal) to foreign companies.

In 2001-02, all plans were ready to export gas to India through Unocal, violating the provisions of "Bangladesh Energy Study" (BES)

Production-Sharing Contract (PSC). Now it is coal. This issue came to the forefront recently, and especially after the much-hyped three billion Dollar investment (some say invasion!) proposal by the Indian conglomerate Tata.

At around the same time, there was another proposal for an open-pit coalmine by the UK-based Asia Energy Company for a six percent royalty on the value of the coal extracted.

Their bid for open-pit mine, which would require eviction of some one hundred thousand people, was convincingly rejected through a people's movement at Phulbari, which culminated in bloody violence in August, 2006.

The government had to sign an agreement with the people, pledging to prohibit open-pit mining. Disregarding the agreement, the country's bureaucracy is once again desperately trying to formulate a stand-alone coal policy that conclusively supports an export-based formula. In response, people suggest that what is needed is not a wrong coal policy, but a correct overall energy strategy.

Indeed, a policy on the nation's strategic energy resources was envisaged in 1974. The government's foremost task then was to quickly make an assessment of the country's energy resources. A comprehensive energy study under the name of "Bangladesh Energy Study" (BES)

was mounted.



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related law was repealed, and the Petroleum Act, 1974, was approved by the Parliament. Almost simultaneously, a new policy entitled Production Sharing Contract (PSC) was also approved by the Parliament.

Meanwhile, the country was divided into 16 (sixteen) blocks, based on ecological considerations. Only 6 (six) were divided into 16 (sixteen) blocks based on geological considerations. Only 6 (six) blocks were assigned to six multinational companies for riskier and higher investment related off-shore activities.

The remaining 10 (ten) blocks were kept for on-shore exploration, exclusively meant for Petrobangla. In fact, the PSC model was borrowed from Indonesia, where it was in practice since the sixties.

We soon entered into an exciting new area of putting technology to work in new ways. Regardless of the logic of any technical and political arguments, one would inevitably recall that behind the formulation of the Petroleum Act, 1974, and PSC, Mr. Nasimuddin Ahmed, then Joint Secretary (later secretary) and Dr. Habibur Rahman, Chairman, Petrobangla played the most vital role.

Thirty-three years later, in 2007, I fondly remember the untiring dedications of Mr. Ahmed Reza (a retired



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air force officer and mukti joddha), then OSD in the Petroleum and Mineral Resources Division, and his boss late Mr. Hedayat Ahmed (secretary) for dedicating their lives for a proper implementation of the off-shore exploration activities.

Yet, through some backdoor, Mr. Saifur Rahman (later finance minister) and Mr. Moshed Khan (later foreign minister) quietly entered into the game as local associates/agents in offshore exploration business and made their fortunes. That was the beginning of touts in the energy sector.

Meanwhile, for procurement of oil, a high powered delegation led by the foreign minister and accompanied by Mr. S.A. Azim, then General Manager of Jamuna Oil Company, and Mr. Rezaul Karim, a senior foreign ministry official, visited Iraq and some middle east countries.

Such a forward-looking step was reversed after 1975. The bureaucracy regained their authority. But, has the government gained authority over bureaucracy?

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The question of the president's political obligations

SINHA M A SAYEED

THE words "President" and "Head of State" had first been used in the Constitution of India, that came into force in 1952, to make a clear conceptual distinction between elected and hereditary head of state in a parliamentary system of government.

Article 52 reads: "There shall be a President of India," and Article 54 reads: "The President shall be elected by the members of an electoral college consisting of -- (a) the elected members of both Houses of Parliament; and (b) the elected members of the Legislative Assemblies of States."

Such constitutional provisions for elections to the office of the president of India do not directly calls for the president's political obligations, but they clearly indicate the existence of a kind of political obligation of the president to the majority party/coalition in Parliament.

The way the mind of the president worked is revealed in an Urdu cou-

plet, which he recited, entirely out of context, at a farewell meeting with reporters in Bangalore on July 14, 1987:

"Main jin haathon men phool ke gulaste de kar aya tha,

Ab wohi haath patthar le kar meri talash men hain."

(The hands in which I had placed a bouquet of flowers are today after me with a stone).

Similarly, the Constitution of Bangladesh does not contain any article or clause under the heading "political obligations" hanging over the head of the president; but the seeds of such obligations are rooted in Articles 48(1) and 50(2), which, for the sake of clarity, need to be attended to.

Article 48(1) reads: "There shall be a President of Bangladesh who shall be elected by members of Parliament in accordance with law."

Therefore, it is clear that a person, partisan or not, requires substantial backing by the majority party/coalition in Parliament for

being elected as president of Bangladesh. The major opposition party/coalition in Parliament may also make such an exercise futile or symbolic, in a race with its own nominee, while an independent presidential candidate is also available sometime.

Here we find two opposing stands: one is the stand of the party/coalition in power which implies that a person elected as president cannot, in most cases, be loyal to it and, in particular, to the chief of the party/coalition who is usually also Leader of the House and head of the government; the other being the opposition's futile demand that a person elected as president on a party line mustn't be enmeshed by loyalty (to the party/coalition that backed him) while discharging his functions.

Practically speaking, the twelfth amendment to the constitution has, in fact, become a kind of prime ministerial dictatorship in the guise of a parliamentary system of government due to the failure in carrying out

necessary reforms in other sectors in the system.

This, in particular, necessitates removal of the concentration of all the three leading offices/leadership in party, leadership in parliament and leadership in cabinet from the hands of one leader.

The one-man show, or so-called charismatic leadership, in our parliamentary system has not allowed for the growth of a viable, strong, institutional model anywhere in our context. Politics within a party is a wonderful, unique, non-competitive playground for him/her; what she/he says is final; what she/he thinks is historic; what she/he orders must be obeyed without question; any sort of deviation amounts to a gross violation, the resultant consequence of which is well known to all.

Therefore, nomination of a president certainly depends on the choice of the charismatic leader of all-encompassing power, and it is vividly conspicuous from the past exercises that hardly any nationally outstand-

ing personality with a high degree of integrity, acceptability, and relevant background was chosen.

We experienced with a sense of frustration that when President Professor Dr. B Chowdhury, founder Secretary General of BNP, perhaps wanted to change things, he had to leave Bangabhaban. The reasons for such a silent departure may be a subject matter for researchers, but, apparently, it was his decision not to face the challenge constitutionally because of Article 52, which deals with impeachment of the president.

We have also seen how justice-turned-president Shahabuddin Ahmed grappled in vain with the Hasina administration.

In fact, application of Article 48(1) is the sole jurisdiction of the chief of party, wearing three caps together.

For better functioning of the office of the president of our hard-earned Republic, this article needs to be changed to the effect: "No person shall hold at a time more than one of the three offices of leadership, leader-

ship of party, leadership in Parliament and leadership of cabinet." Yes, it is, in the context of Bangladesh, an urgent, unavoidable, necessity indeed.

Article 50(2) reads: "No person shall hold office as president for more than two terms, whether or not the terms are consecutive."

It is also understandable that a president, sitting or past, cannot further be supported to continue for a second term without the confidence of the majority party/coalition in Parliament and, truly speaking, such a confidence depends on his overall loyalty-based performance either as immediate past president or past president, not as a president who showed his excellence otherwise.

No person has yet been nominated and elected for a second term as president, although the BNP-led alliance had been voted to power for a third term after the farcical so-called victory in the 1996 voter-less elections to the sixth parliament.

There was a strong rumour in 1996

that Abdur Raman Biswas, then president of Bangladesh, had been tempted by the ruling BNP for a second term to the presidency, provided he followed what it said.

Perhaps, it is also true that he followed accordingly; but due to the 24-month long-standing crisis that took the country almost to the point of collapse, the newly constituted BNP government was so short-lived that the possibility of President Abdur Raman Biswas of being nominated and elected for a second term could not be tested.

But, had things been otherwise, there was such a possibility! Therefore, a constitutional provision must be made to the effect that: "No person shall be president for more than one term." Or "No person shall be president for two terms consecutively."

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'Nobdy wants to lose'

ROYA WOLVERSON

LACKAWANNA, N.Y., exudes the tranquility of old Americana. In its tidy rows of modest homes, neatly mowed lawns and mom and pop stores, there's a feeling that everybody is a neighbor.

Residents of the Buffalo suburb, perched on the shores of Lake Erie, are quick to boast of a long history of diversity and quiet, small-town living. Elders recall the days when everyone, regardless of ethnicity, earned the same wage at the local steel mill.

But ever since the September 2002 arrest of six Yemeni-American men, who later pleaded guilty and were jailed for training in Al Qaeda terrorist camps, Lackawanna wants nothing more than to forget what happened on the rustier side of town, across the railroad tracks, in the heart of the Old Ward's Muslim enclaves.

The city's residents especially those in the tight-knit Yemenite community take to the words "Lackawanna Six" like fingernails to a chalkboard. "Anytime anything happens, the Lackawanna Six story gets revived and repeated, even if

issue is not related to it," says Dr. Khalid Qazi, president of Western New York's American Muslim Council. "We are consumed by describing who we are not rather than who we are." The town's mayor, Norman Polanski Jr., adds, "We're beat down by the Lackawanna Six."

Muslim families, mostly Yemeni, began pouring into the town to work at Bethlehem Steel in the 1930s, which for years gave backbone to an otherwise dreary economy. While the industry shrank in the 1980s and employment dwindled, the Yemeni community continued to grow, numbering around 4,000 today in a city of 19,000.

These days, their biggest grievance doesn't seem to be the still depressed economy (not unlike much of upstate New York) or the neighborhood's steadily troubling poverty rates (around one third in Yemenite areas, according to the mayor's office). Many seem more worried that their children will never live down the community's past connection to terrorism.

A flare up last October involving the Lackawanna High School varsity soccer team illustrates how the terror

issue still vexes the entire community. After losing a playoff match against Akron (a whiter, wealthier nearby town), Lackawanna players spit and swore at the other team, according to reports filed with the Lackawanna School District.

Some of the players even turned on their own coach and athletic director, directing abuse at both. One team captain was arrested on harassment charges for allegedly shoving an official, according to The Buffalo News, but the charges were eventually dismissed.

In November, the Lackawanna School Board voted unanimously to suspend both the varsity and junior varsity programs for a year, tacking on 3 years of probation after that.

While some players involved accepted responsibility for their actions, many felt that the punishment was unduly harsh particularly the decision to suspend the junior varsity team.

At the school board hearing in November, according to the Buffalo newspaper, team member Ali Albanna said, "I want to apologize on behalf of my teammates and myself ... Looking back at that day, I feel

foolish and deeply regret it, and I am sure my teammates feel the same way. My teammates and I accept any punishment we get, but don't make the younger kids pay for our mistakes."

Abdul Noman, the team's coach, thinks the punishment is more severe because of the terror case. "After Lackawanna Six, people started picking on us. This is nothing more than racism," he tells Newsweek. But Paul Hashem, superintendent for the school district, says the incident was merely the "last straw" in a long history of bad behavior by the soccer team.

According to Hashem, the regional high school league, Section 6, was primed to issue more severe punishment to both teams long before the school board's decision. "If the school board did not take action, the league was prepared to take more drastic action and more years of punishment," he says.

Still, Lackawanna players and some community members insist they're being unfairly discriminated against because of race and the Lackawanna Six. It's common knowledge among opposing teams and

referees that several of the men who pleaded guilty once played on the Lackawanna high school team and went on to the adult league of Lackawanna's Yemen Soccer Club, which also houses the high school teams.

Lackawanna players say opposing fans have been known to call their teams "Home of the Lackawanna Six" and taunt players with quips like, "Go back to Yemen" and "You're terrorists." Opposing player Stephen Rolley, 18, from North Buffalo, says outsiders often teased him to watch out for the Lackawanna team. "Ever since 9/11 a lot of things have changed, and just because of their ethnicity they get a hard time," says Rolley.

These unfair associations are complicated by the fact that Coach Noman is actually the uncle to one of the Lackawanna Six, Yasein Taher. "My nephew, yes he went to the (Al Qaeda) camp, but he didn't know what he was doing," says Noman, who was quoted frequently in the media after the arrests of the six local men.

Of course, having a blood relative who's pleaded guilty to a crime

doesn't make a person guilty of anything. And just because a former teammate or coworker is a criminal doesn't mean you're one too. Authorities have never suggested that Coach Noman or any of the current soccer players have had any involvement with terrorism.

While the "terror taunts" aren't fair, there's no denying that Lackawanna plays a rougher game. According to Section 6, the team has accumulated more red and yellow cards than any other program in its league over the past six years.

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