

Europe succeeds by pulling together

ANGELA MERKEL

WITH the agreement on a Reform Treaty, Europe has regained new strength. Under the German EU Presidency we have broken the deadlock and jointly set course for a renewal of the treaties on which the European Union is based. As a result, the reform of the treaty will be able to enter into force before the elections to the European Parliament in 2009.

The new treaty will strengthen the European Union's ability to act both internally and externally. It will bring Europe closer to its citizens. Institutional reforms such as the transition to the "double majority" system of voting and the reduc-

tion in the size of the European Commission will facilitate more effective decision-making. In foreign relations, the new High Representative of the Union for Foreign Affairs and Security Policy will represent the interests of the European Union to the world in a unified way and thereby become its "face and voice". The advances for citizens are also tangible: the Charter of Fundamental Rights will be legally binding and the new European Citizen's Initiative will open up further opportunities for active participation in shaping Europe.

The agreement on a reform of the EU treaties is based upon a clear motive: the common will to constantly develop Europe anew.

The European project will remain worthy of all our efforts in the future. Europe is far more than an economic community. We share common values and goals. Public awareness of this has again been strengthened by the Berlin Declaration of 25 March 2007 on the occasion of the 50 anniversary of the Treaties of Rome. Europe stands for respect for human dignity, for solidarity and tolerance, for peace and freedom as well as for democracy and the rule of law. These values also form the guiding principle for European action in the world. They have successfully steered us in the past. I am convinced: Europe shall also succeed in the future on the basis of this

awareness.

During the German Presidency we also jointly reoriented the scope of the European Union. That includes the strengthening of Europe's competitiveness. An economically successful Union increases our scope for shaping global decision-making processes. That is why during our Presidency, among other things, we supported a reduction of bureaucracy. We are striving for a 25% reduction in administrative burdens by 2012. That will give businesses new scope for development. A new European payments area will finally enable entrepreneurs and citizens to make future crossborder payments in exactly the same way as within their own country. Additionally, the agreed "roaming regulation" will reduce the cost of using mobile telephones across Europe.

Under the German Presidency the European Union also took far-

reaching decisions in favour of an integrated climate and energy policy. We have jointly set ourselves ambitious targets for reducing climate-damaging emissions and for a secure, efficient and environmentally compatible energy supply. As a result of the renewal of the treaties on which the Union is based, climate protection has now been defined as an environmental policy goal of the European Union. The EU has thereby underlined its aspiration to continue playing a pioneering global role in this area. This signal was not only of great significance for the conclusion of the agreement on climate protection at the G8 summit in Heiligendamm. I am confident that it will also have an impact far beyond that.

"Europe succeeds by pulling together" was the motto of the German EU Presidency. Winning stronger support for the project of European unification among

citizens in Germany was also one of my personal concerns. Some two months before the beginning of our chairmanship, 85% of the people surveyed in Germany knew nothing about the forthcoming German Presidency. Today the picture is very different: at 57%, citizens' approval of EU membership has reached the highest level Europe-wide for ten years. I am as equally pleased about that as I am about Europe's new-found dynamism.

Under the German Presidency, the European Union has proved that it is capable of reform and can provide solutions to the central challenges. That is how Europe can constantly give us new inspiration.



Dr. Angela Merkel, the research physicist was born in Hamburg in 1954 and grew up as the daughter of a pastor in the former GDR. Angela Merkel has been a member of the CDU and Member of the German Bundestag since 1990. She has been Federal Chancellor of the Federal Republic of Germany since November 2005. In the first six months of 2007 she was head of the Union as EU President.
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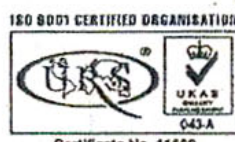
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Prepaid electricity meters quickly catching on in Bangladesh

IT is no secret that Bangladesh needs to build more power plants in order to close the large and growing gap between demand for electricity and supply. However, the issue is more complex than simple lack of power generation. Far too much of the electricity that power companies produce today is lost or remains unaccounted for, in part due to "technical losses" at the power plants themselves and in the transmission and distribution lines, but most an estimated 16% nationwide and nearly 25% in some areas due to "non-technical losses" on customer level. To put it simply: when customers tamper with their meter, connive with the meter reader or illegally connect directly to the distribution line, the power company loses a lot of money that it needs to maintain its existing system, connect new customers, and build new power plants. Furthermore, end-users which do not or just partly pay for the power they use have no incentive to efficiently use the electricity and are in fact often squandering the scarce resource.

Various attempts to address the vexing problem of "non-technical losses" such as contracting out meter reading and billing; computerized billing; and cut-offs and legal penalties, have not been particularly successful. However, another approach, which has already been tried and proven successful in other countries, is quickly gaining advocates in the power companies and in the government. In fact, in a recent meeting with officials of the Ministry of Energy, the Bangladesh Power Development Board (BPDDB), Dhaka Electric Supply Authority (DESA), and the Dhaka Electric Supply Company (DESCO), Power and Energy Advisor Tapan Chowdhury directed these state-owned power agencies to expedite their introduction of this new approach - prepaid metering systems.

The idea of using prepaid meters to stem the financial drain on Bangladesh power companies was born over ten years ago, the result of collaboration between the BPDDB and the KfW Entwicklungsbank, which provides financial assistance to Bangladesh on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ). In 1995, the then BPDDB Chairman visited South Africa with a KfW consultant in order to get a first-hand view of the possibilities.

Prepayment metering was introduced in South Africa as part of the effort to provide "Electricity for All." Before 1988, Eskom, South Africa's national electricity utility, had only 120,000 billed customers. With widespread use of prepaid meters, Eskom increased its customer base to 3.5 million in five years. The BPDDB-KfW fact-finding mission concluded that prepayment could also be a viable tool for Bangladesh.

After a careful subsequent appraisal of the situation in Bangladesh, the BPDDB received a grant of 4.09 million euros from the German Government through KfW for the cost of a pilot prepaid metering project in Chittagong. Chittagong was chosen as the site for the first pilot because the distribution (technical and non-technical) losses in Chittagong at the time were 28.4% and even 34% in the selected pilot areas, much higher than national average of 26%, and the lines there were in a technically acceptable condition. Three distribution areas in Chittagong were chosen as the pilot areas: 12,000 single-phase meters, 1000 three-phase meters, 150 check meters are being installed in the 11 KV feeder areas of Stadium and Khulshi in Chittagong, along with insulated, steel-reinforced aerial concentric conductor cables, which make theft all but impossible except for highly skilled technicians.

Prepaid meters are being installed in the houses, apartments, or rooms of residential customers in these feeder areas. The customers can then purchase their desired take amount of electricity in advance at one of 10 local vending centers. The meters are activated and electricity is dispensed after the customers type in the 20-digit number generated by the com-

puterized sales system at the vending center. After the amount is used up, the inbuilt disconnecting device in the meter cuts off the flow of electricity, although the meters allow customers to go into deficit overnight or over a weekend or holiday, and then pay back that excess amount in the vending center on the next business day.

Customers interviewed in the vending centers have indicated that they like the new system because they can control their own consumption and budget and have no hassles with disconnection or reconnection, for example, if their landlord fails to pay his utility bills. There is no minimum charge, no required deposit, and no more disputed bills. Furthermore, users of prepaid meters receive a 2% discount on the standard electricity billing rate. The power companies benefit as well through upfront payment, improved cash flow, decreased non-technical losses, lower overheads (no meter reading or billing), increased revenue, and better load management. According to Project Director A.M. Khondokar, the BPDDB will fully recover the initial investment costs of prepaid meters within six-seven years.

Pilot projects testing different technologies and operational models: The BPDDB-KfW pilot prepaid metering project in Chittagong was the first, but the idea quickly caught on: DESCO, for example, has a pilot prepaid metering project in Uttara and the BPDDB is implementing several additional pilots in Chittagong Agrabad, Sylhet, Bogra, and Serajganj. Results from the latter three pilots demonstrated an almost 20% reduction in "unusual consumption" in the areas where prepaid meters had been introduced. The pilot projects have been undeniably successful and, according to Project Director Alam, the BPDDB now has proposals to expand prepaid metering into four different distribution zones, including greater Chittagong, awaiting approval by the Government of Bangladesh Planning Commission. If approved, 1 million of the BPDDB's 1.6 million customers will have prepaid meters within a few years.

However, before this happens, the pilot projects must be evaluated to determine which technology and which operational model are most effective. The BPDDB-KfW pilot project is using keypad meters, in conjunction with numeric tokens generated by the vending centers. This keypad technology is certified in Great Britain and is compliant with British standards; however, it requires foreign exchange to obtain and maintain. DESCO, on the other hand, is using a prepaid meter designed by the Bangladesh University of Engineering and Technology (BUET) and manufactured in Bangladesh. The BUET meters are operated by smart cards, similar to credit cards, which store purchase and usage information. Using locally manufactured technology will obviously save foreign exchange, but smart cards can potentially be damaged and/or manipulated, like credit cards, thus opening up avenues for fraud.

Not only must the power companies choose among the prepaid meter technologies being tested by the pilots, before large-scale roll outs can be undertaken, but they must also evaluate two different operating models. The BPDDB-KfW pilot is employing the completely novel approach of engaging a turnkey contractor, in this case Polymeters Response International Ltd., with its local partner K.C.J. & Associates Ltd. not only to produce and install the meters and upgrade and rehabilitate the distribution system, but also to operate and maintain the installed system for five years after it is fully operational. In the BPDDB-KfW model, the BPDDB steps back allowing the operation to function completely as a private-sector enterprise a revolutionary step for the Power Development Board. This is in contrast to the self-financed BPDDB pilots, in which BPDDB takes over a site one year after it is up and running. Which model proves most effective remains to be seen.

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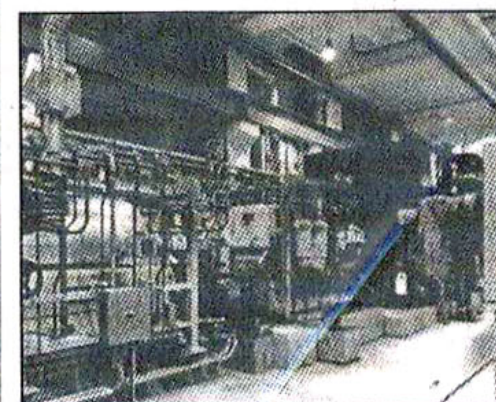
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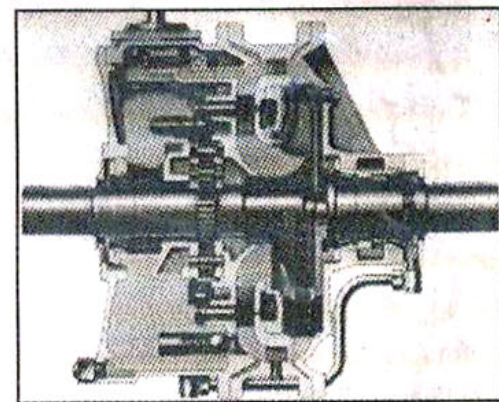
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