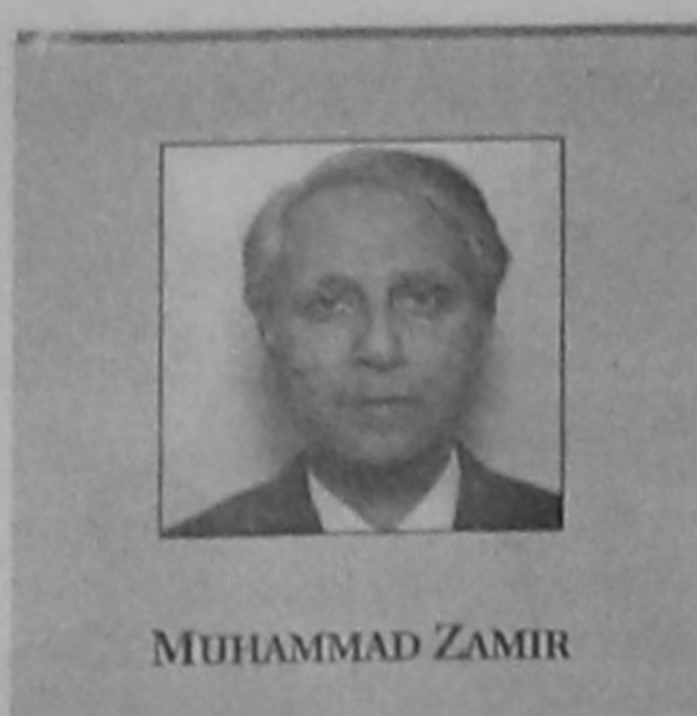


Meeting our growing demand for energy



MUHAMMAD ZAMIR

It was most interesting to read in the media that the government is planning to set up four more economic zones (EZs) in the country aimed at attracting greater domestic and foreign direct investment and fostering economic growth. The World Bank has apparently sponsored this latest plan. Under this concept the Comilla EPZ and the Hi-Tech Park for information technology in Kalkiokir under Gazipur district will be transformed into economic zones. It has subsequently been also revealed that the government has decided to establish two new Export Processing Zones (EPZs) -- the Meghna Export Processing Zone at Gazaria in Munshiganj and the Feni Export Processing Zone at Feni.

These are old initiatives that will definitely help future economic growth. Such plans also bring forward the question about meeting not only our present but also our future energy needs. It would be pertinent to point out here that the country's gas fields are currently producing only 1700 mmmcf of gas per day as against a demand of 1800 mmmcf. This deficit is also expected to grow with more intensified industrialization and foreign direct investment in the economic zones.

This has become an important and crucial question. It has direct implications not only with regard to future investment possibilities but also for our existing industrial infrastructure. This has also assumed significance given the fact that our main fossil-based fuel source--gas--is running out faster than expected. The Special Assistant to the Chief Adviser Professor M. Tamim has

recently commented that the country's proven gas reserves now stand at 8.3 trillion cubic feet and that it might not be possible to supply gas as per demand after 2011. It has also been mentioned that unless augmented, all gas supplies will cease from 2015. That is just round the corner. It is as serious as it gets.

We talk of food and energy security. We all know that these are the twin pillars for any form of economic progress. Yet, nearly four decades after

recently taken more than one year) has eventually decided to open third round bidding for exploration of hydrocarbons in the Bay of Bengal. Better late than never. Tenders have been invited and international oil companies have been requested to submit their proposals within 90 days from the date of opening the bid documents. The first step has finally been taken. It is being hoped that the government will sign production-sharing contracts (PSC) with the

whereby the proceedings of the Arbitration Tribunal would be conducted according to the existing Bangladesh Arbitration Act that ordains such Tribunal's sessions to be held in Dhaka. Changes have also been brought about with regard to privileges and exemptions that were earlier standard practice. A new Assignment clause has also been incorporated whereby formal permission will be required from Petrobangla if an IOC wants to trans-

achieve energy security and sufficiency if we have sufficient political will and commitment. We still have three other alternatives -- introduction of nuclear energy into the power grid, coal-based power plants and obtaining of power from Myanmar. These are avenues that also need to be very carefully pursued.

In this context it is indeed heartening to note that the Bangladesh authorities (during the Third Foreign Office Consultations in February)

this valuable resource. Questions have been asked about open cast mining as opposed to the traditional method of underground mining. Economists and environmentalists have been divided over this issue. There has also been the question of resettlement and rehabilitation of the affected population. All these factors have made the issue complex. Nevertheless, this is a matter that has to be resolved in national interest. The government has to play a more pro-active role and find least common denominators that will lead to a sustainable solution. We have to agree on an acceptable solution that will be consistent with international practices.

The last factor is generating power through nuclear energy. I have written on this previously. We are party to different required international conventions and the NPT. It is our right to access to nuclear energy for civilian purposes. It will be capital intensive in terms of initial outlay. This can however be addressed by issuing shares in the proposed nuclear power company for subscription in foreign exchange by our expatriate community. We can also seek the necessary technical cooperation from our development partners in this regard.

Lastly, our relevant authorities should set up a Committee to identify the geographical locations in the rural areas where we can most benefit from solar energy and wind driven power. This can then be used for meeting the energy demand of SMEs in the non-urban tertiary economic zones, particularly in the cottage industry and handloom sectors. This can then supplement biogas.

We have many hard decisions ahead of us. There is also very little time in our hands. Success will depend on a meaningful and functional partnership between the public and private sectors. If others in this region have been able to move forward so can we. Our spirit of entrepreneurship will help us overcome the difficulties.

Muhammad Zamir is a former Secretary and Ambassador who can be reached at mzamir@dhaka.net

Private airlines spreading wings

They must be helped to grow to full potential

THE national flag carrier, Bangladesh Biman, nose-diving through years of mismanagement and corruption, its reconstituted incarnation will take a long time in paying dividends. The market size of passengers, estimated to be around Tk 3500 crore, is only touched on the fringes by our airlines. In this context, we are heartened to note that the private airlines of Bangladesh are growing at par with the global aviation industry's annual growth rate of 7.6 percent. Largely operating on the domestic routes with limited fleet strength, the 7-8 percent growth rate is quite a success story. Imagine what it could be like if airlines of Bangladesh origin could develop adequately to claim a greater share of the aviation market!

Of course, it is a cost-intensive enterprise where the initial investments are themselves high, let alone its expansion requiring staggering amounts of money. Where Biman had failed to run on purely commercial considerations, the private enterprise can be highly efficient and profitable concern, if given a chance.

By merely flying domestically, private airlines cannot survive in Bangladesh. They have to be offered market share on international routes to prosper. GMG was the only private airlines operating international flights on a limited scale in addition to flying on domestic routes. Three new airlines -- United Airways, Best Air, and Aviana Airways with the brand name Royal Bengal -- have come into domestic operations during the last eight months. Another airlines called Anmole Albab Airlines, A2 for short, is poised to fly in March to Middle East and Far Eastern countries. As they go on acquiring big aircraft they should be licensed to operate internationally. If the foreign airlines can do a lot of business in Bangladesh why can't we get some more of the passenger share.

There are two positives we can cash in on: first, the nonresident Bangladeshis have started investing in the local aviation business, so that money shouldn't be a problem in terms of expanding private initiative in the field. Secondly, larger participation of private sector will engender competition between the airlines whereby the services will improve and the cost of air journey would be reduced.

Picnic ends in tragedy

Safety on road still a low priority!

WE express our deepest condolence at the death of 14 people in a road accident on their way to attend a picnic party at Cox's Bazar. The tragedy occurred while the workers were out to enjoy a holiday on the occasion of International Mother Language Day is heartrending indeed. The accident took place when the bus carrying about 50 garment workers from Chittagong met with a head on collision with a truck and hit a roadside electric pole. The live wire fell on the bus and set it on fire.

The accident once again points fingers at the relevant authorities that remain quite unconcerned at the recurrence of such incidences and loss of lives. There is hardly any vigilance, especially at night and early morning, to monitor speed limit, vehicle fitness and fitness of drivers who drive heavy vehicles on the highways. Reports of untrained young men driving recklessly and causing fatal accidents on roads and highways abound in the media but we see very little effort on the part of the authorities to address the situation with the required clout. Except for some occasional drives or observance of road safety weeks, there is hardly any result-oriented round-the-clock monitoring.

It needs to be mentioned that thousands of people in this country receive grievous injuries in road accidents and turn un-productive for life. They ultimately become emotional and economic liability on the family and thereby on society.

We hope the authorities concerned will launch an investigation to find out how the fatal accident happened on the important Cox's Bazar road and take immediate measures to bring the culprits before the court of law. We must not forget that millions of people travel by road on a daily basis therefore keeping the roads and journey safe for them should be the top priority for the relevant authorities. Give full effort to round up unfit drivers and vehicles to bring discipline and order on our roads and highways.

ALI IDRIS

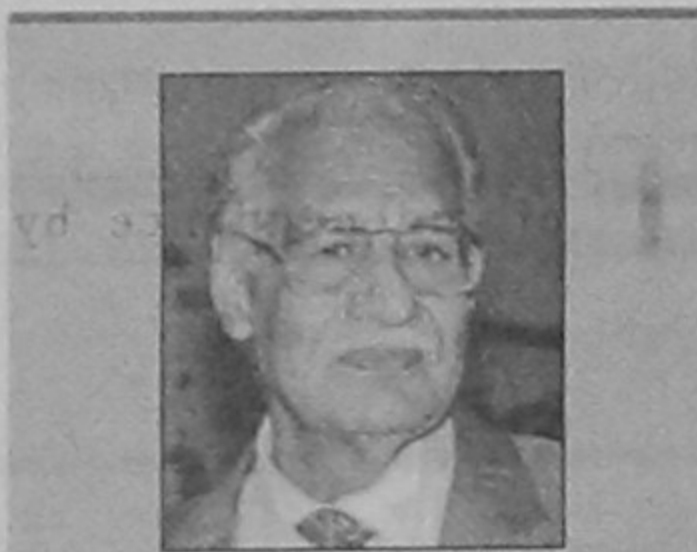
At this moment all including professionals, intellectuals, elite, specialists have the same question on their lips: "will the prices of food stuff come down". Simultaneously all seek a consolation by referring to the fact that the present CTG has achieved a lot of successes, so it may be able to contain the price hike of foodstuff, too. The most common doctrine of economics is "when supply goes up in relation to demand, the price decreases and vice versa." It is not necessary to become an economist to understand this doctrine. It may be mentioned that in mid 2006 the price of sugar was Tk 65 per kg, but it came down to Tk 25 per kg in the 1st quarter of 2007. It happened so because at that time despite hundreds of tons of sugar lying in the godowns of the local sugar mills, more sugar arrived from India through import or smuggling. This was clearly a game of demand and supply. I believe currently the price

hike of foodstuff is also the same game though there may be some hoarding and profiteering motive, but that would be automatically eliminated if the supply goes up substantially.

Some proposals

According to the opinion of specialists there was a shortage of rice to the extent of 20-25 lac m. tons in Agrahayon after two times damage by floods and lastly by Sidr cyclone. Meanwhile though some rice has been imported, yet the need up to Baishakh, the month of harvesting Borro/Iri crop is estimated at 20 m. tons which must be imported until the harvest. Out of this, the government is importing 5 lac m. tons from India and the private sector importers are procuring the rest. This 5 lac m. tons should have been imported earlier and private sector importers encouraged to import by way of offering incentives viz. zero-margin L/C, lower rate of interest on bank loans, preference in release of rice at the ports, etc. Moreover, TCB, BDR, Army should have been given

Anxious time in Pakistan



KULDEEP NAYYAR
writes from New Delhi

I do not rule out rigging in the Pakistan election. My belief is that the seats the Pakistan Muslim League (Quaid), the King's party, and the Muttahida Qaumi Movement have won are far more than their hold or stock in the country suggests. The combined strength of the Pakistan People's Party (87) and the Nawaz Sharif's Muslim League (66) is far less than their popularity. The two should have got two-thirds majority in the National Assembly while they have secured 153.

It looks as if the plan to rig the polls on a large scale got stalled when Nawaz Sharif and Asif Zardari, chief of PPP, warned that their defeat would be considered a manipulation and would force them to urge their cadres and people to come out on the streets. The impression that General Ashfaq Parvez Kayani, the army chief, gave through distancing his men from politics seems to have influenced the polling machinery not to interfere. Kayani's withdrawal of 160 officers from civilian posts made his efforts look credible.

One positive development is that the religious parties have lost ground. In any case, they were the

creatures of President General Parvez Musharraf and the earlier martial law administrator General Zia-ul-Haq. Both used the army to ram fundamentalism in Pakistan to stop the liberals from coming to power. The six-party religious combination, Muttahida Majlis-e-Amal, which won 59 seats in the last election, has been reduced to a 3-member party. Its chief, Fazl Rehman, retained the seat which his father had cultivated. Civil society in Pakistan is as progressive and demo-

cratic as anywhere in the world. It is Musharraf who has tried to destroy it because it is anti-authoritarian in its stance. The Awami National Party, headed by the grandson of Khan Abdul Ghaffar Khan, "Frontier Gandhi," has swept the NWFP. The victory indicates that the progressive ideas inculcated by Abdul Ghaffar Khan had only a temporary regression in the last 60 years. Those ideas have sprouted again to the dislike of those who had come to consider the state as a bastion of fundamentalists. The victory of PML (Q) in Baluchistan is primarily

because the nationalist forces had boycotted the elections. They should be won back. No doubt, both Nawaz Sharif and Zardari have got the people's verdict in their favour. They must not fritter it away by joining hands with Musharraf or the army. Both are unpopular among the people. Nawaz Sharif has been categorical on this and. Regarding the army, he may not persist in his position at this time, particularly when Zardari does not want to join issue with the armed forces.

realise that he would not get a two-thirds vote from the new national assembly for confirmation as president. By sticking to the office he may create a piquant situation which Pakistan, still in the sea of troubles, cannot afford to face. His efforts to keep out Nawaz Sharif is not working because the latter has emerged as the undisputed leader in Punjab, the state which matters the most in Pakistan.

Combinations and permutations of different political parties to find a

suffer from any disadvantage. The market can subsequently be extended to include Bangladesh, Nepal, Sri Lanka, Afghanistan and Burma.

New Delhi must recognise the opportunity it has got vis-a-vis Pakistan. I know Prime Minister Manmohan Singh is positive on this point. Yet, relations with Pakistan depend on how well we sustain our pluralism. Communal forces can undo what is happening in Pakistan to befriend India, especially at the

they are now insistent on competence in the local language before employment. Zonal councils have been constituted for a better understanding among neighbouring states, but the practice has stayed primarily on paper. An eminent former chief justice of India, Mehar Chand Mahajan, cautioned before the appointment of the Commission that the country would one day go up in flames if linguistic fanaticism was not curbed. His proposal was to divide the country into four zones: northern, southern, eastern and western.

It is understandable that locals would want outsiders to integrate with them, learn the language and adopt local habits and values. Outsiders are expected to do so because otherwise they continue to have their own state within the state. One example in Pakistan is that of the Urdu-speaking population (MQM) at Karachi. I recall that when they took me to their area many years ago, they proudly said that they did not learn Sindhi, nor favoured inter-community marriage. Such an attitude annoys the hosts because it betrays a sectarian attitude on the part of migrants.

The spirit of tolerance is what is sustaining India's pluralistic society. This is the glue that should never be allowed to go dry. I fear regionalism rising in Pakistan. This will weaken the federation, and country itself. The country is going through anxious times. But its leaders should remember what Jawaharlal Nehru said about his own country: "Who dies if India lives and who lives if India dies?"

Kuldeep Nayyar is an eminent Indian columnist.

BETWEEN THE LINES

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Nawaz Sharif's crucial pronouncement is that the 60 sacked judges would be reinstated. He had made his party candidates swear by the undertaking that the judges, including Chief Justice Iftikhar Muhammad Chaudhry, would come back. It is heartening to see that Sharif is plugging the same line. Musharraf should have resigned by this time. He had said that the PML (Q) was his party. Why should he stay when his party has been routed? Even otherwise, the verdict is against Musharraf. He himself said that he would resign if he found himself unpopular. He should also

achievable government are bound to pose difficulties. Ambitions are coming in the way. But Nawaz Sharif and Zardari have agreed to form coalition and on the reinstatement of judges, including the chief. The forces which have won in Pakistan are a plus point for New Delhi. Both Nawaz Sharif and Zardari have said that they want good relations with India. Nawaz Sharif, coming from a business background, can see the advantage. He should moot a common market between Pakistan and India. New Delhi should give concessions in tariffs so that Islamabad does not

people's level. What happened in Maharashtra -- the campaign to oust North Indians -- may be purely linguistic chauvinism, but such incidents can scare Pakistan away. The States' Reorganisation Commission, which had redrawn the country's map on the basis of language, had warned that it was itself concerned over the son-of-the-soil theory, having preference over more deserving candidate from outside. The Commission lay down that the knowledge of the regional language could be acquired after a person had got a job, not before. The states followed the advice for some years, but

dealers or make the fertiliser available in the open market at a fixed price so that the farmers can buy it according to their necessity. If this is not done the targets cannot be achieved.

No duty, tax, VAT and mid-dlemen
All import duty, VAT and tax should be withdrawn from imported food stuff. This will not necessitate any under-invoicing by the importers as they usually tend to do. Capital for import of the items will also be less. Consequently clearance of the imported food items at the port by customs authority will be quick since physical verification of the quantities will be minimal. The loss of revenue of the state arising from withdrawal of duty-tax can be compensated by increase of duty, tax and VAT on luxury items. Similarly all middlemen between the importers, wholesalers and retailers should be eliminated by way of establishing distribution centers by TCB or BDR or food ministry in all districts who

will buy rice from the importers and sell it to retailers at minimum or no profit. The same centres can serve as distribution centres of local agricultural produce as well.

Internal production is the last resort for supply of foodstuff and other agricultural commodities. The country should be made self sufficient in food and other agricultural products. We should enhance budget allocations for research and technical methods of farming like neighbouring countries in order to improve the growth.

Efficiency in distribution of subsidies
Cash subsidy for diesel does not reach the really needy in many cases. Hence a scientific method should be adopted so that the subsidy reaches the needy farmers in time. Otherwise as proposed earlier instead of paying diesel subsidy in cash, irrigation should be made free for all farmers at the cost of agriculture ministry. Similarly fertilizer, which is imported with huge subsidy from government exchequer, should be made available to all farmers equally in time.

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Food price-hike must be contained

ALI IDRIS

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authority and loan/capital to import and distribute rice in the country. However, it is a matter of hope that though late the government has deployed TCB to import rice and other foodstuff. Due to delay in import and a gap created in food storage in the silos the importers and dealers seem to have taken advantage to raise the rice price. This situation should be avoided in future by deploying TCB, BDR, Army to import food stuff whenever shortage arises or the private sector importers tend to be non-cooperative in importing or taking up policy of go-slow. In fact, when shortage prevails in the international market the private importers would always hesitate in importing, then it is the government, who should import directly.

Production has no alternative

The price of a commodity depends on its availability in the international market. Currently the big producers of rice in the world viz.,

India, Vietnam, Thailand etc have restricted their export due to their own demand. So the price has gone up and it might go up further. Even USA has started importing rice. India has restricted its export to Bangladesh for the second time. Hence it may not be possible for us to import rice as much as necessary. Internal production is therefore the best source of food supply to feed our own people. The government targeted a production of 28 lac m. tons of Iri/Boro primarily. The target should be increased to 50 lac m. tons. Iri/Boro crop is the best opportunity ahead of us to avail in order to increase production and reduce the shortage. And to achieve this, the government should utilise the agri-subsidy in procuring shallow and deep tubewells for irrigation. If irrigation is provided free the farmers will be encouraged to cultivate all available lands including amon lands which is not utilised for Boro production usually.

Irrigation is disrupted due to disruption in electricity supply and

supply of diesel but farmers get subsidy on diesel in many cases that does not reach the actually needy farmers. If irrigation is provided by the government through Agricultural Extension Deptt, or local administration then the question of subsidy and supply of electricity will be taken care of by the same deptt. Then question comes regarding high-breed seeds and fertiliser. The agriculture ministry, more specifically the agriculture extension deptt, is bound to ensure reaching high-breed seeds and fertiliser to the farmers in time. I like to suggest that this deptt should be given more trained manpower and budgetary allocation and instructed to remain in the fields to train and help the farmers always. Already there is a crisis of fertiliser in some areas. The dealers who are given the duty of distribution allegedly do a lot of discrimination in selling the fertiliser. Many farmers who want to buy do not get the required quantity. So the government has to either increase quantity and number of

dealers or make the fertiliser available in the open market at a fixed price so that the farmers can buy it according to their necessity. If this is not done the targets cannot be achieved.

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OPINION