

Fuel price hike, global economy and Bangladesh

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MAMUN RASHID

THE price of crude oil has crossed \$146 per barrel. Most of the economies are suffering because of this hike, global economic outlook is looking bad, and people are wondering where it will end up. Some analysts say it could be \$150 per barrel before we see a correction, while others say it could even move up to \$200. The price of fuel oil, on which the wheels of industrial civilisation run, has been climbing steeply for the last five years.

Before 2003, oil price was around \$25, crossing \$40 per barrel in 2004. By the third quarter of 2005 it was \$60, reaching \$75 in mid-2006. There was, however, a fall in price in the early part of 2007, and many analysts thought it would continue. But, after taking a breather for a while, the price again started galloping upwards, crossing \$100 by the end of

December 2007. The current year has been one of continuous breaking of records in price hike of fuel oil.

The surge has triggered fears of over-inflation and slower economic growth, sparking protests around the world. The whole world, except possibly oil producers, is in a state of shock in the face of this onslaught. Despite the global community being in such a dire state, why is it that they have not taken any action so far to check this madness in the oil price market. The argument of free market does not apply here because, unless the galloping oil price is reined in immediately through direct intervention by the governments of the advanced industrial nations and the oil producers together, oil itself would be the cause of the death of the technological civilisation it has been keeping alive so far.

The oil shock of 1970s should still be remembered. It resulted in

long-term fall in crude oil prices and a drop in the Saudi's market share. However, the oil biggies do not seem to have taken cognisance of this, and are yet to increase production to cool the market.

Though the entire world is suffering because of the extraordinary rise, the condition of weaker economies like Bangladesh is especially precarious. Bangladesh had so far been supplying fuel at a subsidised rate. Among all the users of this essential commodity, the farmers are the worst hit. The transport sector needs oil at a cheaper rate, otherwise fares will rise, which will have a knock-on effect on the entire price structure. But there is also limit to subsidies, so the government has been compelled to draw the line on oil subsidies.

In the budget for the current fiscal (2008-09), the government has withdrawn a large chunk of the oil subsidy, effecting an increase of between 33.84 to 50%

in the market prices of different categories of fuel oil. This increase has raised the cost of transportation of goods, hence the prices of essential commodities in the wholesale and retail markets. The common people, who have already been suffering because of rising prices of food stuff, are now facing a worse situation.

Looking at the continuing price surge in the global oil market, it appears that the worst for the developing world is yet to be seen. The advanced countries might be able to withstand the topsy-turvy oil price market a bit longer. Emerging economies like Bangladesh cannot hope to live through it without immediate intervention. Bangladesh has so far been able to stand the pressure to a certain extent, but cannot be expected to do so for an indefinite period.

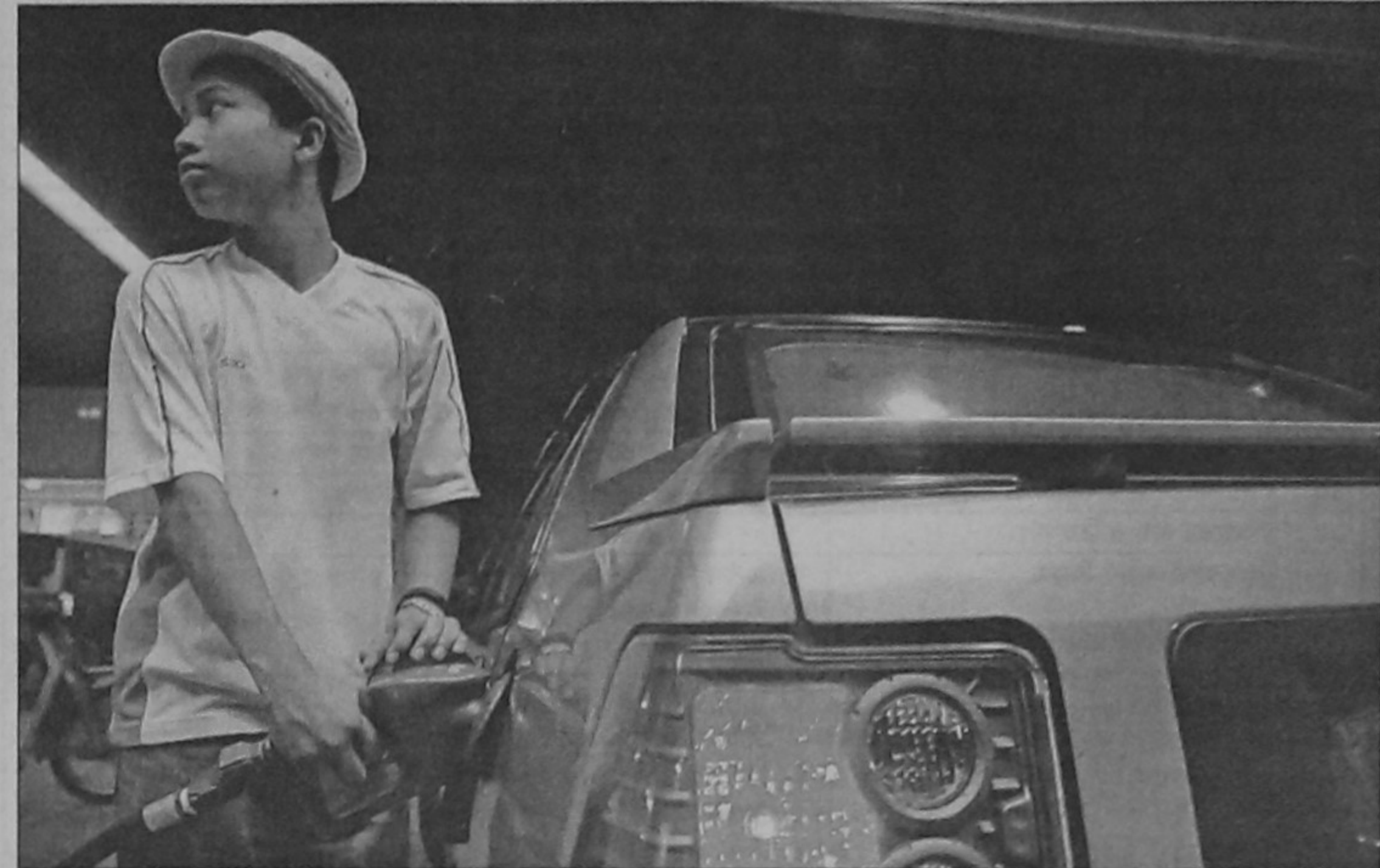
Why is the world community not taking a united stand to tame the wild behaviour of the oil market? If the problem is the classical demand-supply regime, then there should be judicious use of the existing global stock of oil, and a strategy for survival of the present fossil-based technological civilisation until an alternative for fossil fuel is discovered and made available in plenty. At the moment, the only way out is rationing of oil on a global scale.

Oil is too strategic a commodity to be left to the speculators of the oil market and the monopolistic cartels who have no sympathy for the general consumers.

There seems to be no scarcity of oil, and the current situation could be a politically manipulated one. It is already late. The leaders of the advanced industrial economies must sit with the oil producing nations and decide on a strategy to not only stop further rise in oil price, but also to bring it down to a tolerable level. Countries, which have to import all their oil, should be provided with a safety net so that they may continue to receive it at a reasonable price.

The Bangladesh government also needs to be more focused, especially about the condition of the vulnerable people who are the worst hit. Though guaranteed employment for 100 days, direct subsidy, increase of rice procurement price by Tk10, increased remittances, and disbursement of loans by the MFI/NGOs should work as organised "hedging" against the onslaught, easy credit facility at an affordable interest rate and on a long-term repayment basis should be available so that farmers may buy fertilisers and irrigation water in time.

This support is particularly essential for the crop seasons. The fuel subsidy should be reached to



Only half a tank full?

the real target market by making the distribution channel more effective and accountable. The safety net program should be further widened to accommodate the people marginalised due to fuel price hike, especially in the urban areas.

The government also needs to take measures to monitor and regulate the market so that unscrupulous traders cannot take

advantage of the situation. Since creation of jobs serves society better than subsidy in any form, which often fails to reach the intended beneficiaries due to systemic bottlenecks, the thrust of the government should be to ensure public expenditure in employment generation activities. At the same time, more than any other issue, conservation of oil and food, measures to economise

use of fuel and food, avoidance of unnecessary luxury and wastage, introduction of food and fuel rationing, bringing in efficiency in public expenditure management including fuel expenses of SOEs, strong monitoring of the market and similar such activities should be topmost on the government's agenda.

Mamun Rashid is a columnist for The Daily Star.

Look within

Put yourself in their shoes. What do they see but chaos, injustice and tragedy at the expense of a tortured electorate. It would be perfectly natural for them to be sorely tempted to disobey their own policies and protocols and to try to help us sort out our mess. It is written on the faces of these Western diplomats -- a hapless, well intentioned, confused person desperate to help us in any way possible.

EZAJUR RAHMAN

MUNIM Chowdhury's comments on Bangladesh and Western diplomacy (Daily Star 3/7/08) are factually correct but incomplete and out of context. It does not require much to be honest about the faults of others and to condemn them. It is far harder to be honest about our own faults and to condemn ourselves.

We need to look far more closely at ourselves and a little less closely at others. Once we can respect our own appraisal of ourselves, others may take our appraisals of them more seriously. It is mere child's play to condemn the entirety of the civic and international life of the US simply because of its failures in Iraq, Guantanamo and its own inner cities. It is also mere child's play to condemn such condemnations.

Would we be any better than the US if we were the only superpower in the world? Just look at our politicians -- we would be far worse. We cannot even claim to have a minimum standard of intellectual ability and professional competence amongst our politicians. It is absurd to then look condemn intellectual ability and professional competence in other countries -- let alone the US.

The greatest condemnation of Bush's venture in Iraq, and the fight to fix it, comes from within the US. The greatest condemnation of Bush's venture in Guantanamo, and the fight to fix it, comes from within the US. The greatest condemnation of police violence in the US, and the fight to fix it, comes from within the US.

Winston Churchill said that

you can trust America to make mistakes, but you can't trust America to do the right thing in the end. The Economist stated that America's greatest strength is its ability to correct itself.

The issue at hand is not just the prevention of the errors and crimes of mankind. Men, by their very humanity, are doomed to possible error and crime. We may safely assume that some politicians in the West and in Bangladesh will commit errors and crimes in the future, whatever cures we may invent today.

What we need to look at are the checks and balances within our civic, judicial and political systems. For it is the failure of checks and balances in Bangladesh that has contributed most to our abundant failures. In Bangladesh checks and balances are created properly to prevent crime but managed improperly in order to assist crime!

It is only natural for foreign diplomats to comment on our internal affairs. Our politicians court their favour. Our media hangs on their every word. We celebrate their arrivals. We mourn their departures. We throw grenades at them. We cannot give them any sense of the direction of our country. We confuse them with our contradictions. We baffle them with our own bewildering. We invite them to our seminars and our symposiums. We make them adjudicators and judges as we trust no adjudicators and judges of our own.

Put yourself in their shoes. What do they see but chaos, injustice and tragedy at the expense of a tortured electorate. It would be perfectly natural for them to be



Is that really me?

sorely tempted to disobey their own policies and protocols and to try to help us sort out our mess. It is written on the faces of some Western diplomats -- a hapless, well intentioned, confused person desperate to help us in any way possible.

It's easy to pick on the flaws of the West. But we, as a nation and a people, would gladly trade our politicians and systems for theirs. The majority of their politicians do meet minimum standards of intelligence and competence. And their politicians and systems do generally serve their citizens. We can hardly say the same.

The West and donors have no choice but to think that Bangladesh is incapable of finding the best path for itself and that

they have an inherent right to dictate the right direction towards democracy. It is their moral right to do so when faced with a nation like ours.

Are we to define democracy when it does not occur to our leaders to apologise to the electorate for anything, when it does not occur to our commentators to demand apologies from our politicians for anything and when it does not occur to our electorate to demand an apology from our politicians for anything?

Let the West do its worst to us. Let the West do its best for us. Whatever it does is of secondary importance. Let us first do our best for ourselves.

Ezajur Rahman writes from Kuwait.

Survival of shrimp aquaculture

My observation and analysis show that Bangladesh can easily earn about \$2 billion from the shrimp industry. While many neighbouring countries such as China, Thailand and India are genuinely working with pragmatic plans and policies to capture the lucrative shrimp markets, Bangladesh -- despite having enormous prospects -- is now struggling to survive because of numerous problems and malpractices.

M. SAIDUL ISLAM

SHRIMP is not only the most popular seafood in the West, but is also an alternative to replace the loss due to the exhaustion of global fisheries. The annual global shrimp trade is valued at more than \$10 billion at the farm-gate and more than \$60 billion at the point of retail.

The coastal zones of some tropical countries, including Bangladesh, are dominating the production of commercial shrimp, and export to the United States, Europe, Canada, Japan and other wealthy countries.

For many developing countries, including Bangladesh, shrimp has become a major source of foreign exchange and has transformed often previously marginal coastal communities into high-value commodity networks. However, the producing countries are facing increasing challenges, particularly concerning quality.

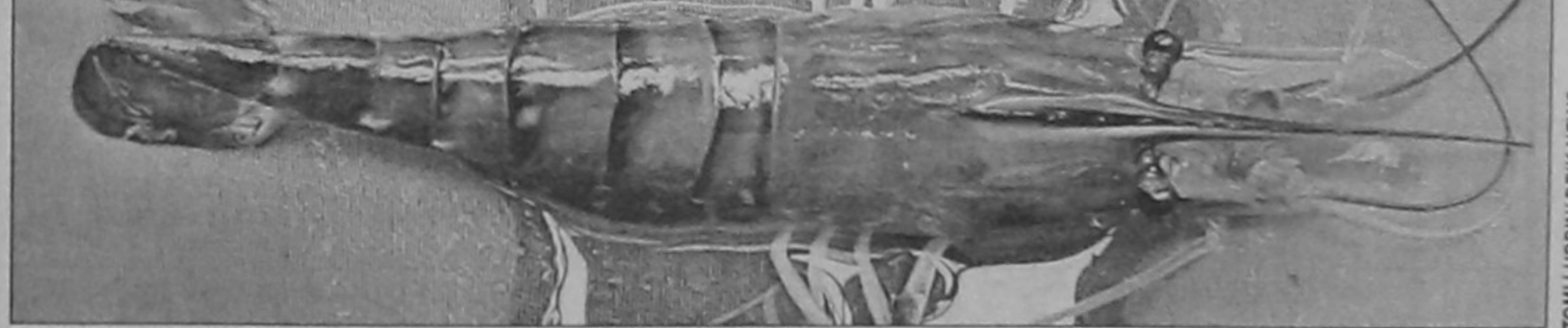
Among the recent transformations of the global agro-food system, quality rather than price or quantity has become the basis around which production, commodities, and markets are increasingly organised. Under increasing pressure from various actors, such as environmental and labour activists, multilateral organisations, and regulatory agencies in their home countries, multinational firms are implementing certification arrangements that include codes of conduct, production guidelines, and monitoring standards that govern and attest to not only the corporations' behaviour but also to that of their producers and suppliers around the world.

While previous quality assurance was confined to only the Hazard Analysis Critical Control Point (HACCP) manual, recent movements have extended quality assurance to traceability, environmental sustainability, labour rights, and community-based resource management in production sites. As major buyers such as Wal-Mart, Darden and Lyons recently committed to buy only certified seafood, including farmed shrimp, it is anticipated that other buyers will also follow the same path, and a major portion of shrimp production will soon come under third-party certification umbrella. This trend poses both opportunities and challenges. While it offers an opportunity to move towards a sustainable aquaculture, the producers who fail to meet the shifting private regulations will

eventually lose out in the market. The FishSite (January 20) revealed that Bangladesh's shrimp exports continue to be the country's second largest foreign exchange earner (after ready-made garments), earning \$515 million from exports during the fiscal year of July 2006-June 2007, and contributing to around 5 percent of the world shrimp production. Though the Bangladesh government was hoping to earn over \$1.5 billion from shrimp exports annually by 2010, various challenges are still confronting the industry.

The challenges include: environmental movements countering the aquaculture due to its social and environmental harms, failure to meet environmental and social qualities of shrimp required by the buyers, trouble with gender and labour standards in aquaculture, particularly in shrimp processing factories, corruption and malpractices in the sector and viruses and other calamities that are responsible for declining production, and so forth. It is anticipated that failure to address these problems in a smart and timely manner would result in the demise of this lucrative sector.

My observation and analysis show that Bangladesh can easily earn about \$2 billion from the



Good quality means good taste, good money.

Dr. M. Saidul Islam, Department of Sociology, York University, Toronto, Canada.

How not to introduce a speaker, human or otherwise

THESE days, everyone is a public speaker. There are now more Lions Clubs, Rotary Clubs, Ladies' Circles, et cetera on this planet than there are people. So speaking invitations routinely go to all members of the human race plus a smattering of the more intelligent household pets.

But whatever it is, there is one thing that you can depend on. You will be introduced by a human being with a brain the approximate weight and volume of a sesame seed.

I know about these things. Somewhere on earth there is an

"Institute of Introducers" at which citizens have all detectable grey matter surgically removed. They are then released back into the wild as certified Masters of Ceremonies.

Minutes before I was due to give a talk last week, the introducer rushed up to me and said: "I need to check your details."

What this means is: "I've done no preparation and have no idea who you are."

How to reply? Should one tell the truth? "I've been invited to speak because I am intelligent, charming and well-informed, not to mention the single humblest

human being who ever lived."

The trouble is that it is difficult to make such claims about oneself unless one is a totally self-obsessed egotist, or a senior Malaysian politician (yes, I know that's tautology).

So I decided to be self-deprecating: "Oh, I'm a complete nobody really, and I have no idea why I have been invited to speak. Don't worry -- I won't talk for long, ha ha."

Well, lo and behold, that's exactly what she told everyone: "Okay, sorry to interrupt the fun, but it's time for the speaker. He's the first to admit that he's not

exactly famous or anything, but he's promised to be quick, so we can get on to the really important part of the evening, dessert and the raffle."

This introduction produced a general groan and the audience sneaked out to chat in the corridor.

A few days later, I found myself in a similar situation. A Master of Ceremonies, with the mental capacity of an unusually dull kidney bean, raced up and told me she wanted to "check your details."

I gave her a printed list of glowing tributes to myself, each one carefully balanced by self-effacing

humour: "He is the top-selling author in the city -- but also the only author in the city! He gets more letters than any journalist in Asia -- but unfortunately half of them are lawsuits! He is worshipped by women -- but only those in his own household! He is incredibly good-looking -- but only according to his friends at the Institute for the Blind!"

Anyway, she got up on stage, peered at the piece of paper -- and then decided to read out only the first half of each sentence: "Our speaker claims to be the best-selling author in the city. He says he

gets more mail than any other journalist in Asia. He reckons he is worshipped by women. He is convinced he is incredibly good looking. Anyway, that's how he told me he wanted to be introduced."

At this point, the audience decided that I was not just a jerk but such a raving egomaniac that I was dangerous to be in the room with. As one, they raced onto the balcony to smoke, drink and chat instead.

Okay, Rotarians, next time I'm sending a household pet.

More scribbling from this raving egomaniac can be found at www.vittachi.com