

How vulnerable are we?

Vulnerability indicators measured with robust quantitative methods subjected to rigorous review process from independent and credible sources is essential to make the estimates credible and reliable.

MOAZZEM HOSSAIN

It is now widely recognised that climate change and its consequences, such as rising sea level, frequent storms and cyclones and riverbank erosion, have taken a serious turn in this nation. Farmers have been losing their cultivable land to erosion

dwellers in recent years, inviting major catastrophe in food security, housing, transport, education and health of millions of urban and rural dwellers alike.

As a result, Bangladesh has lost ground in achieving MDGs, particularly MDG1 (poverty alleviation), by 2015. The situation is



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What are the chances of this happening again?

and becoming destitute overnight. In the absence of a rehabilitation plan they have no other alternative but to move to cities in search of livelihood. This has resulted in overcrowded cities with ever growing slums and floating population.

Dhaka has a population of more than fifteen million -- about 10 percent of the country's total population -- which has doubled over only twenty years, while the nation's population doubled over forty years. Major cities have been inundated by

even more horrendous in the coastal regions hit by Sidr and Aila. Taking all these consequences in mind, investigation on natural disasters and their implications on the livelihood and vulnerability of the people in the world's largest delta cannot be overstated.

The Copenhagen summit last December promised an adaptation fund of \$30 billion until 2012 for the developing nations, such as Bangladesh, that are victims of climate hazards. The Copenhagen Accord, 2009 says that: "Funding for adaptation will be priori-

tised for the most vulnerable developing countries, such as the least developed countries, small island states and Africa. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance. New multilateral funding for adaptation will be delivered through effective and efficient fund arrangements, with a governance structure providing for equal representation of developed and developing countries. A significant portion of such funding should flow through the Copenhagen Green Climate Fund (Copenhagen Accord 2009)."

The Accord's future support modalities have not been worked out yet, however, it is emphasised that the funds for Africa and least developed vulnerable and small island nations will get priority. Bangladesh is considered as a least developed and most vulnerable nation.

With the prospect of international funds being channelled through to vulnerable nations and being available on a sustained basis, it is essential that Bangladesh starts quantifying vulnerability through application of established methods, particularly data taken from the coastal belt. When measuring vulnerability care must be taken at least in three areas.

First, what awareness indicators are currently in place for the population who are considered as vulnerable in the coastal areas? Second, what adaptation plans are currently in place for the coastal population who are identified as vulnerable? Third, how to measure economic, social and local vulnerability in order to meet the future goals of adaptation? While one and two are straight forward, it is three which needs close and reliable investigation.

At multilateral level, a mechanism will be in place soon to allocate funds under the Copenhagen Accord (\$30 billion for 2010, 2011 and 2012). Perhaps they will use established methods, for example, environmental vulnerability index (EVI) developed by the UN Environment Program (UNEP) and the South Pacific Applied Geoscience Commission (SOPAC). The effectiveness of EVI as a fund disbursing mechanism has been debated widely in the literature and among stakeholders.

Alternatively, the World Bank has been supporting studies on social risk management (SRM) over a long period of time, for example, by Holzmann and Jorgensen (1999, 2001), Holzmann et al. (2003) and Ligon and

Schechter (2004). These studies have been estimating socio-economic vulnerability with methods developed in the Bank. Chaudhuri (2003) and Chaudhuri et al (2002) from Columbia University developed quantitative methods to investigate poverty and vulnerability for Indonesia in early 2000s.

In recent years, Jha et al (2009) of the Australian National University (ANU) adopted these methods to estimate economic vulnerability for Tajikistan with panel data. These studies mainly take socio-economic variables from respective countries and no environmental variables have been considered in the analysis.

While these are all useful methods for measuring vulnerability, they have not been applied to the Bay of Bengal delta yet. It is urgent now for the government to measure vulnerability and make legitimate claims in international forums with hard and reliable evidence. Departmental claims must be backed by coordinating and collating all recent evidence from local level and NGOs. An aggregate national estimate at the top, although useful, will mean less to the negotiators of the future adaptation funds. Thus, it is essential to have access to local estimates covering as many vulnerable regions as possible for strengthening the case.

Relying on in-house macro-estimates or estimates of the multilateral agencies, like in other areas of international negotiations (WTO immediately comes to mind), may not work this time, and there is a risk of being deprived in the negotiations due to lack of local level evidence. It is not good enough to say that the IPCC fourth assessment has said this or that. Recently, even IPCC fourth assessment has been questioned by its own experts in the estimates covering melting glaciers in the Himalayas.

It is unfortunate, not only for the IPCC but also for Bangladesh, that our macro-claim has been built on the fourth assessment. This time we need to put our case on the table more effectively and with reliable estimates of vulnerability from local level. We must remember that whatever funds are available, they are never enough and there are plenty of contenders.

Vulnerability indicators measured with robust quantitative methods subjected to rigorous review process from independent and credible sources is essential to make the estimates credible and reliable.

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A unified South Asian economy

This is the time for South Asian smaller economies to make required policy reform and open their doors to welcome global investment. South Asia has a greater prospect to grow if congenial investment climate can be created.

MD. JOYNAL ABDIN

South Asia is the only region of the world that has our unique historical background. People in this region used to share the diversified products among themselves for centuries. Statistics showed that intra-regional trade among the Saarc nations was 19 percent in 1948, soon after the end of British colonial era.

But, due to protectionist mentality of the new emerging countries, this intra-regional trade has since declined to the lowest 2 percent in 1967. With the emergence of Saarc in 1985, South Asian people got a platform to get closer and renew their past shared trade.

Measures have been taken to facilitate intra-regional trade among the Saarc nations. The "Saarc Preferential Trading Arrangement (Sapta, 1995)" got its maturity through implementation of "South Asian Free Trade Agreement (Safta, 2006).

But, despite efforts the intra-regional trade remained only above 6 percent though intra-regional trade among the East Asian nations, i.e. Asean+3 is 51 percent, EU 58 percent, Latin America 17 percent and even for the poorest Sub Saharan countries it is 11 percent.

In South Asia, intra-regional telephone calls is only 7 percent, which is 71 percent in case of East Asian countries. It means we have a lack of communication among ourselves in South Asia. Only for this reason, intra-regional trade is not increasing in South Asia even after offering so many duty free facilities under or beyond Safta.

A united South Asia can be more powerful than the EU, because we have a larger market than EU, massive workforce and fertile lands to produce anything we want. We have diversified products and favourable weather for cultivation. We have easy access to the markets of economic powerhouse China and integrated Asean. So, deeper integrated South Asia can be more powerful than that of integrated EU.

But first step towards economic integration of South Asia will be to improve connectivity among the nations. It is mandatory to reduce the cost of doing business in this region. Bangladesh can offer transits to its neighbours by accepting such facilities from them. We will have to remove any misconception in this issue for better economic benefit and regional harmony.

Intra-regional trades among the Saarc nations have to be increased for self-sufficiency of the region as well as reducing dependency on the US or EU countries. Regional policy reform committee can be formed to identify major policy barriers of this region to increase intra-regional trade. Because of deeper integration, it is the only prerequisite for enhancing cross-border investment in the region. Today Indian giant companies are investing in Singapore, Vietnam and even in the EU countries, but why they are not investing in Bangladesh, Pakistan or Sri Lanka? This is due to mistrust, lack of infrastructure and absence of an investment friendly environment in South Asia. Bangladesh needs to execute required policy reform to get FDI in thrust sector.

Cross-border investment has to be increased to a substantial level. India and Pakistan will have to take the lead. Recently, India has opened up its door for regional investors. Similarly, India has to take effective measures to increase its investment in neighbouring countries for the sake of an integrated South Asia.

An integrated South Asian market can provide economies of scale, diversified product, higher value addition to provide special strength in bargaining with other regions or in multilateral trade negotiations under the WTO regime.

Recently, it has been forecast that India is replacing Japan as the third largest economy of the World by 2014. So, smaller neighbouring economies may get some special benefit through integration with India. Thus, smaller countries like Bangladesh, Nepal and Bhutan can get the benefit from relocated Indian investment.

Moreover, this is the time for South Asian smaller economies to make required policy reform and open their doors to welcome global investment. With these two upcoming key players of the global economy, South Asia has a greater prospect to grow if a congenial investment climate can be created.

Integrated South Asia has much more product in their basket of comparative advantage. For a deeper integration in South Asia initiatives can be taken to avoid political conflicts, ensure better connectivity, overcome power crisis and control terrorism.

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A jute grower's view

Market price is determined by the market force and the government should not have interfered in the market to serve the interest of the jute mills owners, forcing the intermediate traders, stockists and farmers to suffer huge losses.

KHANDAKAR ABU MD. ABDULLAH

The government recently imposed a ban on raw jute export to ensure availability of raw jute in the local market so that our jute mills can purchase jute easily. This decision was appreciated by *The Daily Star* through an editorial. It is surprising that *The Daily Star* has taken a stand against the interest of the intermediate jute traders and the growers, and has supported the efforts of the government to protect the extravagant profit mongering interest of the jute mills owners at the cost of the interest of the vast numbers of jute growers and traders.

However, the stand taken by the government and *The Daily Star* may be because they do not have any direct link with, and information about, the jute growers and local village markets. The honourable jute minister, despite having local connections, may have been influenced by the jute mills owner's association and the bureaucrats who are ignorant about local market operations and economic position of the jute growers.

Most jute mills do not have purchase centres in major jute trading village markets of the country. Moreover, those few jute mills which have purchase centres do not purchase all the jute that is brought to the market by the farmers. In most cases they do not purchase jute directly from the farmers, but do it from the intermediate traders. The jute mills do not purchase their total yearly requirement at a time, instead they purchase in a staggered way throughout the year -- depending on their operating capital, production plan and storage capacity.

Most farmers cannot hold their stock for a long time. They sell it as quickly as possible to the intermediate traders and stockists. The intermediate traders and the stockists are the main suppliers of jute to the jute mills round the year.

The main reason for imposing ban on export is not non-availability, but the rise in the price of raw jute in the market. Market price is determined by the market force and the government should not have interfered

in the market to serve the interest of the jute mills owners, forcing the intermediate traders, stockists and farmers to suffer huge losses.

If the present market operation equation is broken or disrupted, it may have a negative impact in future. The intermediate traders and stockists are the primary purchasers of jute in the village markets. They purchase jute directly from the farmers. Primary market price of jute is determined by the market operation and projection made by them depending on the basis of local and foreign demand. This projection is based on their estimate about the price they will fetch from the jute mills and exporters.

During the season starting from July 2009, the price of raw jute has progressively changed. This year, the initial price (July, 2009) per maund (40kg) was Tk.1,100-1,120, depending on quality, and rose to

Tk.1,700+ (pre-ban). The present price is between Tk.1,500-1,550 per maund (post-ban). Jute growers were getting a better price, probably due to increase of demand for raw jute abroad. The intermediate traders, stockists and exporters were also making profit. If the ban continues, the price of jute will automatically come down (and has already come down). Local jute mills will benefit from the price fall.

In the past, government announcement of minimum price could not give jute growers fair price, neither could the government ensure it. Farmers were compelled to sell jute at a price lower than the government fixed minimum price in absence of adequate number of purchasers from government and private jute mills, or because they purchased jute directly from the growers/farmers.

The government's apprehension that there is shortage of jute in the market as well as in the country is probably not based on correct calculation or estimate. Last year and year before last, the farmers and stockists could not get a better price than this year. Moreover, stockists suffered loss because of price fall during the latter half of the season, and their stock remained unsold. At that time the government did not



Will a ban on raw jute export become a bane?

rescue them because they were all small fries of village markets and could not influence government decision. The owners of the jute mills were not ready to give a fair price.

This year, demand for raw jute has increased abroad and growers as well as other players engaged in the jute market are getting better prices than previous years. We hope that, with the growing disinterest for synthetic fibres, the demand for jute and jute goods will increase progressively.

Foreign jute mills make profit by purchasing jute from Bangladesh at the pre-ban price while their labour cost is higher than that of Bangladesh. If Bangladesh jute mills give better price for jute they can easily buy jute from local markets, but they are reluctant to operate in a competitive market. They seek protection in the market so that they can make high profit at the cost of the interest of the jute growers.

Jute is perhaps the only major foreign exchange earner that does not use any

imported item for its production. Foreign exchange earned through export of jute is itself a net foreign exchange income for the country.

If jute growers get better price, production will increase. Since demand for natural fibres is on the increase worldwide demand for raw jute and jute goods will also increase. So, the government should take a decision taking into consideration all the facts involved and should not serve the interest of the jute mills. The plea that jute mills may close for want of jute and automatic lay-off of workers is nothing but a cooked apprehension.

If jute mills buy their total requirement at the beginning of the season why would they suffer from raw material shortage? If they cannot buy it all at one time, they should buy from the competitive market throughout the year. The government should lift the ban immediately.

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