

SUNDAY POUCH

Failed WB negotiations

Coterie interest subverts a national priority

ON the heels of the World Bank president's remark in Washington that the Bank won't go for funding Padma Bridge until its conditions were met, the government has withdrawn its request for WB financing the bridge through a letter to the global lender.

To all appearances, the decision has been made out of a sense of wounded pride rather than any pragmatic consideration. The question is whose pride was at stake that could compromise national interest? We are sorry that the negotiations fell through.

Implementation of the Padma Bridge project involves two clusters of issues. One is about construction that entailed the full gamut of issues from the technical like engineering designing to fixing supervisory roles of different authorities to meeting desired standards. Again, there is the cluster of issues concerning financial package that included negotiating with donors about nature of financing, its terms and conditions as well as the repayment schedule.

The design was in place and the loan agreement with the donors was settled. Everything was in hand, when pride came in the way and scuttled it all. The government seemed keen on creating an impression that it was reluctant to yield to World Bank's pressure.

First the WB's pointer was to a group, then it came down to a few and ultimately it was down to an individual. But the government was intent on shielding him. A matter of national interest has thus been sacrificed at the altar of coterie interest.

The prime minister has suggested constructing a road bridge minus railway thereby throwing to the winds the benefits that would have accrued from railway connectivity had the project been on with the global lender.

Whichever way one looks at the outcome, the decision is going to cost the nation hugely. What looked like an achievable goal has now slipped out of hand and has entered a territory full of uncertainty.

Such playing around with national interest neither serves the people, nor is it a hallmark of pragmatic leadership.

Ekushey book fair

Move it to Suhrawardy Udyan

THE sombre season of Ekushey, with all the symbolism attached to a reconnecting of our thoughts to our political and cultural heritage, is upon us once again. The inauguration of the Ekushey book fair, or Ekushey Boi Mela as we know it, on Friday was once again a bringing together of writers, publishers and readers in a poignant recalling of the seminal sacrifice in defence of the Bangla language in February 1952. Over the decades, the Ekushey book fair, perhaps more than any other occasion, has served as a constant reminder to us of the traditions we are heir to.

The Ekushey book fair has, with the passage of years, been expanding not only in its social dimensions but also in its physical ambience. For the past few years, the increasing number of stalls both within the grounds of the Bangla Academy and outside on the long stretch of road before it has only brought home the thought that the fair needs a bigger space in order to accommodate both publishers and visitors. We are at one with those who think that organising the Ekushey book fair on the adjacent Suhrawardy Udyan will answer the growing needs of those who see mirrored in the fair significant glimpses of our national history.

Of course, there are those who, for reasons of sentiment, may not be receptive to the idea. We think that sentiment itself is a good reason why the book fair should move out to Suhrawardy Udyan. If Ekushey is an indelible part of history, Suhrawardy Udyan remains testimony to one other huge slice of our place in history. It is the spot where the message of freedom went out from Bangabandhu, the hallowed ground where the Pakistan occupation army surrendered to the triumphant people of Bangladesh. The Ekushey fair and Suhrawardy Udyan are, therefore, inextricably linked in the gleaming chain of our history. With the Bangla Academy planning and supervising the book fair, as it always has, at Suhrawardy Udyan hopefully from next year, our understanding of the intellectual underpinnings of the Bangladesh cause from the early 1950s to the early 1970s can only acquire richer and newer substance.



ASHFAQUR RAHMAN

FOR some time now, the Chinese have been going abroad to buy goods made in China, as they are cheaper overseas. An iPhone made in China costs around \$ 800 in China while it costs \$650 in the US. Several other products, especially electronics, are priced 50% higher in China than in US and over 70% higher than in France.

There are several reasons why this is so. Manufacturers pay higher taxes; the market is not a transparent one; manufacturers mainly operate in a grey market; marketing strategies and pricing could be arbitrary; the cost of distribution is very high; rents of factories are steep. All these together make the prices of products quoted in the market disproportionately high.

The domestic market in China is huge, but it is not a single one. Protectionism at the local level is a common phenomenon and barriers to free trading exist in most of the provinces. Such impediments often lead to higher costs for those seeking market entry. Producers of consumer items therefore prefer to export their products. They can then avail of export subsidies from the government, which could be as high as 13.5%. They are able to accrue profits easily and also to export goods at a lower price.

However, all this may now be changing. Chinese exports are now getting increasingly expensive. A close look at the reasons can help us understand the dynamics of the Chinese market, the production costs in China, and whether we can derive any advantage in terms of market access for the high mark-up of Chinese goods. Perhaps low cost countries like Bangladesh can

Finally, China is getting expensive!

leverage and break Chinese monopoly which it has enjoyed for many years in certain markets on a range of products.

In the past, China had an endless supply of cheap labour. This is not the case any more. In the coming decade, the number of young people in China is expected to decline by 44 million. Today, the average age of Chinese citizens is 35 years, while the average Bangladeshi is 24 years old. A major shortfall in labour supply in China is therefore in the offing. The country, due to high labour costs, is opting for automation. But the average age of

as a low cost manufacturer."

In spite of China flaunting its land and mineral resources, it is experiencing a shortfall in a string of production inputs. This has led to rise in production costs. Land is specially scarce along China's eastern coast. The producers are therefore looking for land in the interior. But this means high cost of transportation to bring raw materials as well as supply finished goods. Longer supply chain means higher cost of production.

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workers who run the machines is about 50 years. Low value production is therefore most affected as Chinese labour is unwilling to work in factories producing low value goods. The owners of such factories are not willing to raise wages.

Labour shortage in China has led to demands for higher wages. The present pay in China is between \$200 and \$500. Added to this wage, starting bonuses, performance bonuses as well marriage leave are demanded. An average Bangladeshi labourer earns only around \$55 per month in a similar job. The Chinese also have a minimum wage rate, which is about \$166 per month.

The value of the Chinese currency has also appreciated in the last five years by 22% over 13 other Asian currencies. Compared to our taka, the Chinese currency has appreciated by 44% or more. Thus, when Chinese currency is strong, it provides countries like Bangladesh a "chance to gain

a service oriented economy," low-end manufacturing is being increasingly left to economies like Malaysia, Thailand, Cambodia, Vietnam and Bangladesh. Such geographic shift in manufacturing is commonly known as the "China effect." Industrial hubs in these countries, which were in decline, are now being resuscitated. This is the case in garment manufacturing and other low-end manufacturing in Bangladesh.

Western investors in China are especially worried about the uncertainty that surrounds the possible rise in wages in China. Hence, they prefer investment destinations like Vietnam and Bangladesh where such uncertainty is less and where they can safely park their dollars.

Another curious thing is happening in Asia. China, which was a big exporter of low-end goods, is now outsourcing many of these goods from countries in South-East Asia and

South Asia. Hence intra-Asia trade is growing and likely to grow by 12% or more till 2020. This will be 40% more than the rate at which trade will increase between Asia and the US.

But let us not suffer from the illusion that rise in wages and costs of production will force multi-national companies to abandon China in droves and move out to low wage countries in Asia. Some of these companies are at present preparing to move out from the coastal provinces and go into the interior of China. The physical infrastructure as well the supply chain in certain manufacturing industries are so well done that they cannot contemplate abandoning China. This is particularly relevant in the computer manufacturing industry. Yet, a wake-up call has been given and heard through the length and breadth of China and being seriously noted. The "China effect" may after all stay for a long time to come.

But what about us in Bangladesh? Have our policymakers noticed this tectonic shift taking place in China? Do we have policy options ready to take advantage of this change in order to be an alternative supplier of products where we may have a price advantage? We have not heard of any debate taking place in our parliament on the "China effect." Nor have our relevant ministries, including the foreign ministry, laid down any policy paper on this issue. No discussions have taken place in the public domain either.

As a wise man had once said: "Change is the law of life. And those who look only to the past or the present are certain to miss the future." We must therefore be able to leverage on any economic advantage that the "China effect" may provide us on our way to the future.

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The New York Times EXCLUSIVE

Why Palestine should take Israel to court in the Hague

GEORGE BISHARAT

LAST week, the Palestinian Foreign Minister, Riad Malki, declared that if Israel persisted in its plans to build settlements in the currently vacant area known as E-1, which lies between Palestinian East Jerusalem and the Israeli settlement of Maale Adumim, "we will be going to the I.C.C.," referring to the International Criminal Court. "We have no choice," he added.

The Palestinians' first attempt to join the I.C.C. was thwarted last April when the court's chief prosecutor at the time, Luis Moreno-Ocampo, declined the request on the grounds that Palestine was not a state. That ambiguity has since diminished with the United Nations' conferral of non-member state status on Palestine in November. Israel's frantic opposition to the elevation of Palestine's status at the United Nations was motivated precisely by the fear that it would soon lead to I.C.C. jurisdiction over Palestinian claims of war crimes.

Israel leaders are unnerved for good reason. The I.C.C. could prosecute major international crimes committed on Palestinian soil anytime after the court's founding on July 1, 2002.

Since the outbreak of the second Palestinian intifada in 2000, the Israel Defense Forces, guided by its military lawyers, have attempted to remake the laws of war by consciously violating them and then creating new legal concepts to provide juridical cover for their misdeeds.

For example, in 2002, an Israeli F-16 dropped a one-ton bomb on an apartment building in a densely populated Gaza neighbourhood, killing a Hamas military leader, Salah Shehadeh, and 14 others, including his wife and seven children under the age of 15. In 2009, Israeli artillery killed more than 20

members of the Samouni family, who had sought shelter in a structure in the Zeitoun district of Gaza City at the bidding of Israeli soldiers.

Last year, Israeli missiles killed two Palestinian cameramen working for Al Aksa television. Each of these acts, and many more, could lead to I.C.C. investigations.

The former head of the Israeli military's international law division, Daniel Reisner, asserted in 2009: "International law progresses through violations. We invented the targeted assassination thesis and we had to push it. At first there were protrusions that made it hard to insert easily into the legal moulds. Eight years later it is in the centre of the bounds of legitimacy."

Reisner is right that customary international law is formed by the actual practice of states that other states accept as lawful. But targeted assassinations are not widely accepted as legal. Nor are Israel's other attempted legal innovations.

Israel has categorised military clashes with the Palestinians as "armed conflict short of war," instead of the police actions of an occupying state -- thus freeing the Israeli military to use F-16 fighter jets and other powerful weaponry against barely defended Palestinian populations in the West Bank and Gaza Strip.

It has designated individuals who fail to leave a targeted area after a warning as "voluntary human shields" who are therefore subject to lawful attack, despite the fact that warnings may not be effective and escape routes not clear to the victims.

And it has treated civilian employees of Hamas -- including police officers, judges, clerks, journalists and others -- as combatants because they allegedly support a "terrorist infrastructure." Never mind that contemporary international law deems civilians "combat-

ants" only when they actually take up arms.

All of these practices could expose Israeli political and military officials to prosecutions for war crimes. To be clear, the prosecutions would be for particular acts, not for general practices, but statements by Israeli officials explaining their policies could well provide evidence that the acts were intentional and not mere accidents of war.

No doubt, Israel is most worried about the possibility of criminal prosecutions for its settlements policy. Israeli bluster notwithstanding, there is no doubt that Jewish settlements in the West Bank, including East Jerusalem, are illegal. Israeli officials have known this since 1967, when Theodor Meron, then legal counsel to the Israeli foreign ministry and later president of the International Criminal Tribunal for the former Yugoslavia, wrote to one of Prime Minister Levi Eshkol's aides: "My conclusion is that civilian settlement in the administered territories contravenes the explicit provisions of the Fourth Geneva Convention."

Under the founding statute of the I.C.C., grave violations of the Geneva Conventions, including civilian settlements in occupied territories, are considered war crimes.

The next step for the Palestinians is to renew a certificate of accession to the I.C.C. with the United Nations secretary general. Assuming that I.C.C. jurisdiction is accepted, investigations of alleged Israeli war crimes would still not begin automatically, because the

Palestinians would be doing themselves, Israelis and the global community a favor by invoking I.C.C. jurisdiction. Ending Israel's impunity for its clear violations of legal norms would both promote peace in the Middle East and help uphold the integrity of international law.

I.C.C. must next find that Israel's own courts are failing to adequately review those charges. Palestinians, by inviting I.C.C. investigations in the West Bank and Gaza Strip, also run the risk that their own possible violations -- such as deliberate attacks

on Israeli civilians -- could come under I.C.C. scrutiny.

If Palestinians succeed in getting the I.C.C. to examine their grievances, Israel's campaign to bend international law to its advantage would finally be subjected to international judicial review and, one hopes, curbed. Israel's dangerous legal innovations, if accepted, would expand the scope of permissible violence to previously protected persons and places, and turn international humanitarian law on its head. We do not want a world in which journalists become fair game because of their employers' ideas.

If the choice is between a Palestinian legal intifada, in which arguments are hashed out in court, and an actual intifada, in which blood flows in the streets, the global community should encourage the former.

Indeed, Palestinians would be doing themselves, Israelis and the global community a favor by invoking I.C.C. jurisdiction. Ending Israel's impunity for its clear violations of legal norms would both promote peace in the Middle East and help uphold the integrity of international law.

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THIS DAY IN HISTORY

February 3

1451 Sultan Mehmed II inherits the throne of the Ottoman Empire.

1509 The Battle of Diu, between Portugal and the Ottoman Empire takes place in Diu, India.

1830 The sovereignty of Greece is confirmed in a London Protocol.

1958 Founding of the Benelux Economic Union, creating a testing ground for a later European Economic Community.

1960 British Prime Minister Harold Macmillan speaks of the "a wind of change" of increasing national consciousness blowing through colonial Africa, signalling that his Government is likely to support decolonisation.

1969 In Cairo, Yasser Arafat is appointed Palestine Liberation Organization leader at the Palestinian National Congress.