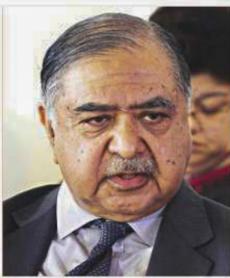


Energy security: things to do

The future of energy security of Bangladesh appears bleak with gas resources depleting fast and no coal extraction in sight, while poor energy supplies could potentially stunt the country's economic growth. A roundtable on "energy security of Bangladesh and the future challenges" at EMK Centre in Dhaka on Thursday discussed the current and future threats to the sector. The department of law and human rights of the University of Asia Pacific organised the programme in partnership with the American Alumni Association.



Dr Kamal Hossain



M Nurul Islam



M Tamim



Abdul Matin



Jamilur Reza Choudhury



CM Shafi Sami



Badrul Imam



Muhammad Imaduddin



Prof Shamsul Alam



Dr Iftekharuzzaman



Soheli Ahmed



Kamal Uddin



Sajjad Zohir



Mahmuda Begum



Choudhury Ishrak Ahmed



Tahsin Aman

Following are the comments made by analysts at the discussion.

Dr Kamal Hossain, a noted jurist

There will be a critical shortage of gas in the coming decades. Experts had issued warnings about the gas crisis long ago but the country has not responded accordingly. Something has to be done. Otherwise, we see disaster down the road.

Whatever target we have on the middle income country status or double digit economic growth -- all will depend on the availability of energy. Growth cannot happen without energy.

At the same time, growth will have an impact on the demand for commercial energy.

There is a huge disparity in the case of electricity between the urban and rural populations. There has to be access to resources not only for the elite but also for people in the rural areas.

Affordability and pricing are critical in ensuring energy security. Energy is needed for education.

We need consensus on energy policy.

M Nurul Islam, a former professor of chemical engineering at Bangladesh University of Engineering and Technology

In the last 25 years, we found a number of gas fields almost free of cost. That gave us confidence. But the situation now is that if energy security is not taken care of seriously, there would be a disastrous crisis.

People are now obsessed with power security, not energy security. But this obsession is going to put the whole nation in a problem. I am really worried about it.

The title of the power, energy and mineral resources ministry should be changed to the energy ministry. Because of this name, everybody is interested in making investment in power, power and power, and the investment in primary energy is very small.

If we really want energy security, we will first have to ensure the supply of primary energy. The seventh five-year plan does not say anything about the supply of primary energy for the base year. If this is the reality, how will the country ensure energy security during the seventh plan period and beyond? Domestic sources provide better energy secu-

urity compared to the imported ones. This should be kept in mind.

There is no doubt that there is conspiracy, so that the Bangladesh Petroleum Exploration and Production Company (Bapex) cannot be strengthened.

Prof M Tamim, head of the department of petroleum and mineral resources engineering at Buet

To me, our energy policy has always been reactionary, instead of being proactive. I will give a few examples. Nobody was talking about coal because gas was the dominant energy. Nobody thought about a coal policy. Nobody raised the issue when we mined in Barapukuria in 2004-05. The moment Asia Energy came in and gave us a proposal on the basis of the existing law of the country, immediately there was a huge political hue and cry, and we reacted.

When US oil company Unocal came here and found Bibiyana in 1999, there was no gas demand in the country. There was 400-500 million cubic feet of gas, but nothing to use. The company said the gas had to be monetised quickly and proposed an alternative option, which was not in the contract, and that is to export the gas. We immediately stopped all exploration. And since 1999, there has been no exploration in the country as a reaction to their proposal.

Exploration has not happened in the case of our offshore blocks either. It is again a political dilemma; the energy sector is suffering from indecision, which is hurting us.

We have seen 10 years of Bapex-only policy. In the last 10 years, only Bapex did exploration. The net result is 300 billion cubic feet of gas, which can meet our two months' supply. The time has come to review that. I know a lot of people will disagree with me, but show me what is wrong with the international oil companies. We are getting gas at \$3 and 56 percent of gas is being supplied by international oil companies (IOCs). But nobody is talking about \$15 liquefied natural gas (LNG) import. But to pay \$3 per thousand cubic feet of gas to the IOCs, we are raising hue and cry, saying that they are taking all of our resources. Bapex has already said that there is no more structure to drill on. If that is the case, allow IOCs to come. If you get gas at \$5, then it

is better than \$15 of LNG.

The way we are going and the plan we have for the electricity sector, our total import dependence will be 92 percent by 2030 if we don't develop our own coal. That is a big challenge. How are we going to manage the finances, the infrastructure of imports and deal with our manpower development?

There is not a single engineer in the country who can manage a 1,200-megawatt coal-fired ultra-critical power plant.

Abdul Matin, former chief engineer of Bangladesh Atomic Energy Commission

To have energy security, one needs to have full control over the resources. But we don't know what the Russians are doing at the Rooppur nuclear power plant. Everything is dictated by the Russians.

For the first time, we have come to know about the total cost. But we still do not know about the cost of generation. Why are they shy about disclosing the figure?

Why is the project director of the nuclear power plant a physicist and the regulatory body responsible for ensuring safety is headed by a biologist? How can we be sure that the plant will serve the interest of the country and be run safely?

Jamilur Reza Choudhury, vice-chancellor of University of Asia Pacific

We all know that gas resources are depleting. We have the potential but we are not carrying out exploration. We have to finance Bapex properly so that it can invest.

The government needs to strengthen Bapex to explore the hydrocarbon potential. It should be in the driving seat, while working with the IOCs.

We have other resources as well. Coal resources are unfortunately located in very densely populated areas and over agriculture land.

As there are a lot of improvements in the areas of safety of nuclear power plants, we need not be worried about the consequences of failure. Fortunately, Rooppur is not located, from a seismic point of view, in a high risk zone. But there is a problem with the availability of water for the plant.

We may have prospects in wind power too. We also have to look into our long-term energy security when we go for regional power connectivity.

CM Shafi Sami, a former adviser to the caretaker government

There should not be any conflict between the bureaucrats and professionals. We also need to get out of ad hocism.

Badrul Imam, a professor of geology at Dhaka University

Unless Bangladesh has the ability to explore the gas sector on its own, the interest of the country cannot be fully protected. Following settlement of maritime boundaries with Myanmar and India, Myanmar has completed initial exploration of its resources, but Bangladesh has done very little.

If bureaucratic barriers stand in the way, Bapex can never be strengthened. The present government has done a lot for Bapex, but there is a lot more to do. Bapex has to work independently, and the number of technical workers in the organisation has to be increased. Many engineers have left Bapex as they were not given proper incentives. If we can address these issues, we have the potential to grow like Petronas of Malaysia.

Muhammad Imaduddin, director of Bangladesh Gas Fields Company

The country has been trying to develop an LNG plant for the last five years, without much progress.

Shamsul Alam, energy adviser of the Consumers Association of Bangladesh

It is clear that Petrobangla never worked in the best interest of the country. Rather, it gave favours to foreign companies.

The rights of the consumers in the energy sector are seriously neglected. The government does not want to listen to our arguments.

Anarchy has been created in the gas sector over giving connections to industries and households.

Iftekharuzzaman, executive director of Transparency International Bangladesh

Because of a lack of good governance, we have allowed corruption to flourish at Bapex. So, there has to be political commitment to empower Bapex.

We got an act in 2010 for quick rental power plants. It was passed to ensure a quick supply of electricity. The act has subsequently been renewed, but we cannot ask questions

about it in terms of procurement.

We fully understand that we need energy and power supplies. It is a challenge for the government. But why would people not have the right to ask questions?

Soheli Ahmed, chief operating officer of Rahimafrooz Renewable Energy

The future of renewable energy lies with small-scale solar home and irrigation systems.

Kamal Uddin, deputy general manager of Karnaphuli Fertiliser Company

We need to ensure energy efficiency for energy security. Before we produce any energy, we need to think about how best we will be able to utilise it. Every sector should be given a target.

Sajjad Zohir, executive director of Economic Research Group

Growth is constrained by the unavailability of energy. The regional electricity grid is a real thing. So, we have to look into the contracts that have been designed.

Like food autarky, there is nothing called energy autarky in Bangladesh.

Mahmuda Begum, executive director of Power Energy Management & Engineering Company

Our gas reserves may deplete by 2030. The government will have to depend on LNG imports if it cannot explore the coal reserves. To import LNG, huge infrastructure has to be set up, and technical capacity has to be built.

Choudhury Ishrak Ahmed Siddiky, adjunct professor of University of Asia Pacific

We have achieved a lot in the energy sector in the last couple of decades. It is not that there is no achievement. At the same time, there are problems confronting the sector.

As a country, we have to ensure that we have enough gas and electricity so that we can achieve economic development that we aspire

Tahsin Aman, president of American Alumni Association

The issue of energy security is very important and needs utmost attention. It is a big concern for all countries. Bangladesh is no exception. People's lives depend on it. We have been in constant uncertainty because of energy shortage. This is the uncertainty that our business community does not want. This type of uncertainty drags us down.

China completes production of own passenger plane

AFP, Shanghai

China's first big passenger plane rolled off the assembly line on Monday as the Asian giant seeks the prestige of having its own aviation sector, and to challenge foreign giants Airbus and Boeing for market share.

Workers spent over a year putting together the C919, a narrow-body jet which can seat 168 passengers, at the Commercial Aircraft Corp. of China (COMAC) facility in Shanghai.

For China, the plane represents at least seven years of efforts in a state-mandated drive to reduce dependence on European consortium Airbus and Boeing of the United States, and even compete against them.

"China's air transport industry cannot completely rely on imports. A great nation must have its own large commercial aircraft," the country's civil aviation chief Li Jiexiang told an audience of government and industry officials.

A small truck towed the 39-metre long plane -- painted white with a green tail -- out of a cavernous building decorated with an enormous Chinese flag into the sunlight as project workers



China's first big passenger plane C919, a narrow-body jet which can seat 168 passengers, goes on display at a facility in commercial hub in Shanghai.

marched alongside, an AFP journalist saw.

"The roll out of the first C919 aircraft marks a significant milestone in the development of China's first indigenous aircraft," COMAC chairman Jin Zhuanglong told the ceremony.

The aircraft, which has a range of up to

5,555 kilometres (3,444 miles), will make its first test flight in 2016, he said -- meaning that it will miss the original deadline of this year.

The China Daily newspaper has reported the maiden voyage could even be put back to 2017.

China has dreamed of building its own

civil aircraft since the 1970s when Jiang Qing, leader Mao Zedong's wife and a member of the notorious "Gang of Four", personally backed an attempt to do so. But the Y-10's heavy weight made it impractical and only three were ever made.

Although the C919 is made in China, foreign firms are playing key roles by supplying systems as well as the engines, which are made by CFM International, a joint venture between General Electric (GE) of the US and France's Safran.

Spending on the C919 has not been revealed. Last month, the Export-Import Bank of China said it would provide state-owned COMAC with \$7.9 billion in finance for its aircraft projects.

The company already has orders for 517 of its C919 planes, according to a COMAC statement, almost all of them from domestic buyers. Among foreign customers, Thailand's City Airways has ordered 10, according to an announcement last month.

But it will take years for the C919 to be delivered to customers, with the plane expected to enter service in 2019 at the earliest, industry officials said.

Moody's raises Indian banks' outlook to 'stable'

REUTERS, Mumbai

Rating agency Moody's Investors Service revised its outlook on India's banking system to "stable" from "negative" on Monday, saying an improving economy would help temper problem-loans on banks' books. Moody's, however, cautioned that any recovery in asset quality would be gradual given the high debt levels in Indian companies.

Indian banks, particularly state-run banks, have been saddled with bad loans estimated at nearly \$50 billion as the economy slowed sharply in the last three years.

But recent earnings reports, including from top private sector lender ICICI Bank, suggested asset quality may be stabilising. Moody's said it expected India's economy to grow around 7.5 percent in 2015 and 2016 each, supported by low inflation and gradual implementation of structural reforms.

"The stable outlook on India's banking system over the next 12-18 months reflects our expectation that the banks' gradually improving operating environment will result in a slower pace of additions to problem loans, leading to more stable impaired loan ratios," Moody's said in the statement. "However, the recovery in asset quality will be U-shaped rather than V-shaped, because corporate balance sheets remain highly leveraged."

Moody's also noted that capital levels remained weak for state-owned banks, with common Tier 1 ratios of only 6 to 10 percent, though lenders retain plentiful of access to funding and liquidity.