The Daily Star
FOUNDER EDITOR: LATE S. M. ALI

Another day, another damning audit report

Will Petrobangla remain unaccountable?

IT'S been barely a week since we demanded critical scrutiny of financial irregularities unearthed in a number of public offices by one of the government's own oversight institutions, the Office of the Comptroller and Auditor General (OCAG). Even yesterday, we published an editorial calling attention to such irregularities in the Bangladesh Telecommunications Company Limited (BTCL). To have to come back to this topic so soon is not just a matter of timing, however. It symbolises the near-ubiquitous presence of corruption in all institutions run under state management. The latest to be caught in the CAG dragnet is Petrobangla.

According to our report based on CAG findings presented in parliament in June, the state coffer has been robbed of about Tk 4,697 crore because of irregularities in 11 companies under Petrobangla between FY 2014-15 and FY 2016-17 and two companies of Bangladesh Petroleum Corporation (BPC) – another corruption A-lister – in FY 2013-14. And this was done through 19 counts of irregularities, which really boggles the mind. These include purchasing goods and services at inflated prices, flouting instructions of the finance ministry and the National Board of Revenue, and disregarding the Gas Sales Rules 2004 and 2014, Bangladesh Gas Act 2010, Public Procurement Act 2006, Public Procurement Rules 2008, etc.

Of the Tk 4,697 crore thus lost, Petrobangla's failure to deposit with the state exchequer portions of the value-added tax and supplementary duties – collected from gas distribution companies – alone cost the Treasury some Tk 4,597.3 crore, of which Tk 4,270 crore in FY 2016-17. The outstanding amount, we're led to believe, remains unpaid to this day. The question is: Where did the money go? Can such a huge pile of money simply vanish into thin air? If not the state coffers, whose coffers did it fill? Petrobangla had offered some justifications, none too convincing, and did nothing to rectify this gross anomaly.

Clearly, those in charge of this vital cog in the state machinery and the powerful network that holds its reins feel so emboldened that they see no reason to refrain from breaking the law or taking arbitrary decisions. Before Petrobangla, we've had damning CAG reports on the BTCL, the Directorate General of Food, the Directorate General of Health Services, public healthcare facilities, the ministries of agriculture and fisheries and livestock, and of course the BPC – the last so immersed in corruption that even the chief of the parliamentary standing committee on public undertakings expressed his shock to journalists. Their inclusion is by no means selective, nor their mismanagement a total shock, given how frequently the media reports on such corruption across the public sector. It's only a question of who gets to be exposed.

This cannot be how the public sector is run. Mismanagement cannot be our default management style. There must be accountability for the actions and decisions of all offices run with public money. We urge the administration to reform its modus operandi and take stern actions based on the CAG revelations.

DSA tyranny continues

A JnU student is the latest victim of this anti-people law

WE are shocked at the heavy-handed legal response to a Jagannath University student, Khadijatul Kubra, who has been languishing in jail for about three weeks after being charged under the Digital Security Act (DSA). Since her arrest on August 27, she has been denied bail a total of three times. Her "crime" was hosting a Facebook webinar wherein an expatriate speaker made "contentious" remarks. Reportedly, two separate yet curiously identical cases were filed against Khadija in October 2020, when she was only 17 years old. Both cases, however, showed her to be an adult – one claimed she was 19, the other claiming she was 22.

According to case documents, Khadija and the accused expatriate were apparently trying to "cloud" the existing political situation, engage the general public in anti-government activities, and besmirch the reputation of Bangladesh on the global stage. While the expatriate was sued on similar charges before, we fail to understand how Khadija's pre-scripted questions – "What is your opinion on the deterioration in law and order and social degradation?", "How important is student politics?", and "Do you think BNP is failing to play its role as the opposition?" – could warrant the punishment she has been facing. In what world would such punishment be proportional to her "crime"?

As is with most DSA lawsuits, the very ground of the cases filed against Khadija is also shaky. One could assume that the police knowingly showed her to be of adult age in 2020, and waited for her to legally attain adulthood before submitting the charge sheet. This could also have been a way for the police to avoid informing her parents of the charges being filed against her. But why go to such lengths to handle a minor? Is it to protect the image of the government? Is that image so flimsy that it can be ruined by a single webinar? We have had similar instances of minors being implicated in DSA cases before, which only shows the moral nullity of this law.

Our stance regarding this is the same as it always has been: the DSA needs to be abolished. A law that has been mostly used as a tool for muzzling freedom of speech cannot exist in any democracy. Even our post and telecommunications minister, in June, admitted that the DSA had been misused and apologised to the victims. Still, we continue to see law enforcers and ruling party sympathisers using it randomly, causing victims unimaginable sufferings. This needs to stop. As the acting UN High Commissioner for Human Rights also said recently, the government should ensure freedom of expression and peaceful assembly ahead of the 2023 general election, which includes people's right to express their opinion online. This is an inalienable human right, and no law should have anything to do about it.

South Asian nations need a collective plan to tackle climate change

MACRO MIRROR

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FAHMIDA KHATUN

THE unbearable heat during this summer across South Asia and beyond and the deadly flood in Pakistan in August are stark reminders of the impact of climate change on these countries' economies, human beings, and ecology. The recent devastating flood in Pakistan is said to have killed nearly 1,500 lives and cost the economy over USD 10 billion as of now. While precipitation in South Asia has always been highly variable, the annual rainfall has steadily declined in some regions, triggering droughts, and increased in others, causing flash floods. This is due to climate change; anthropogenic climate change is responsible for the increase in the frequency, intensity, and amount of heavy rainfall globally. Many countries in the region also face the challenge of a rising sea level. The Intergovernmental Panel on Climate Change (IPCC) predicted that the region would experience a sea-level rise leading to a loss of its land surface and internal migration.

Weather variations and climate change due to global warming have caused severe economic damage and loss of lives. In the last two centuries, 20 out of 23 major cyclones in the world have occurred in the region – particularly in Bangladesh and India. In 2007, Cyclone Sidr destroyed cropland, forest resources, livestock, and crop production in Bangladesh. In Nepal, forest fires destroyed community forests in 2016, and landslides regularly claim lives each year. Sri Lanka faces huge crop losses due to groundwater salinity and coastal erosion. According to the Asian Development Bank (ADB), GDP in the South Asian economies may be reduced by 11 percent in 2100 under the business-as-usual emissions scenario.

Over the years, the South Asian countries made tremendous progress in terms of higher economic growth and per capita income. They have experienced structural transformation in their economies, with a decrease in the share of agriculture and an increase in that of industry and services sectors. Such impressive growth, however, does not readily guarantee sustainable development as the region is facing many climate-induced challenges. The vulnerability to climate change has been adversely impacting human settlements, infrastructure, agricultural production, food security, water quality and human health in the region.

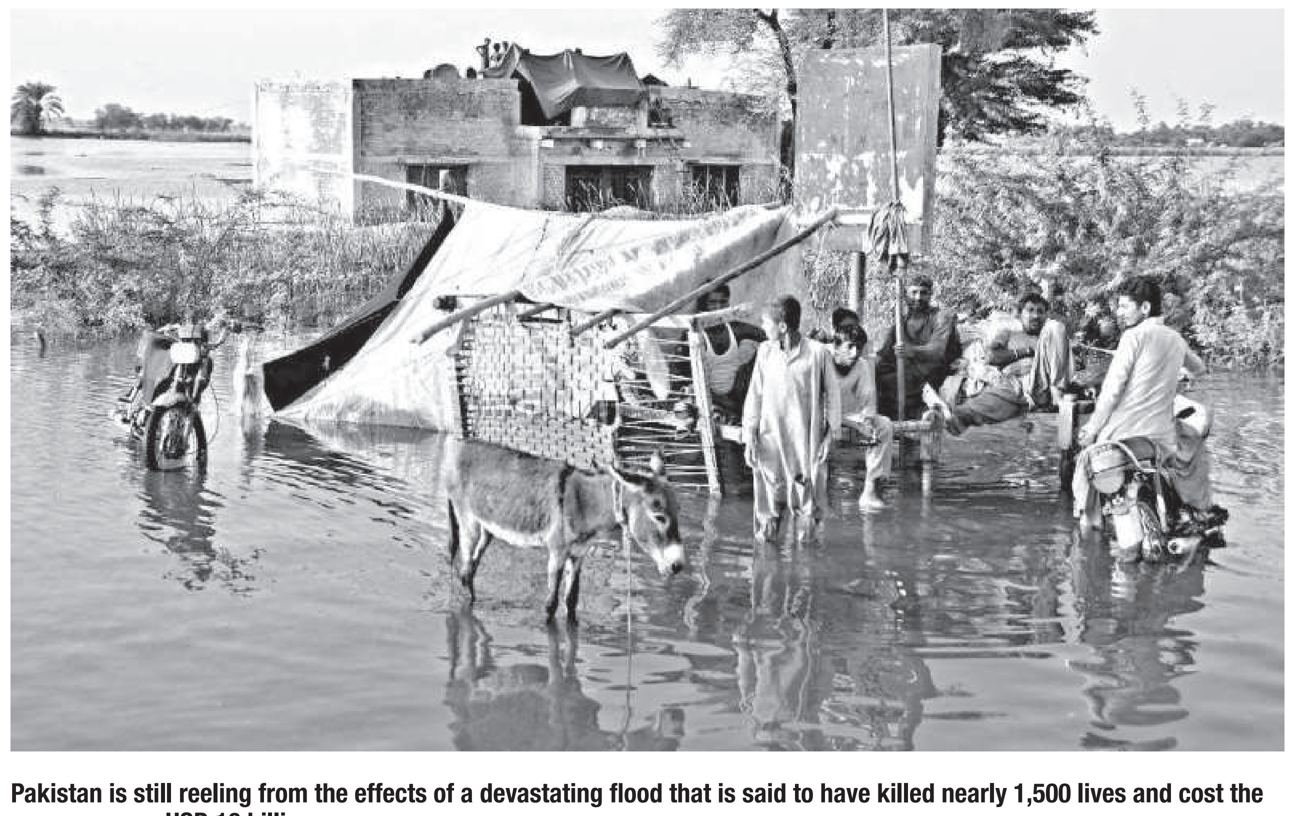
Therefore, economic growth must be accompanied by the internalisation of greenhouse gas (GHG) emissions in policy discourses and the adaptive capacity to deal with the impact of climate change for sustainable growth. Sustainable Development Goal (SDG) 13 calls for taking urgent steps to combat climate change and its impacts. Climate change can also hamper progress towards SDGs such as poverty eradication, zero hunger, health, water, clean energy, infrastructure, economic growth, sustainable cities, and the overall well-being of society, as well as increase the cost of implementing SDGs. Since the South Asian countries are committed to implementing the SDGs by 2030, they must prioritise these challenges.

Given the nature of climate-induced problems faced by the countries in South Asia, policymakers should undertake both adaptation and mitigation measures. First, most countries in the region are severely affected by climate change despite being insignificant emitters. Hence, adaptation measures in the region must be scaled up to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change, as laid out in the Global Goal on Adaptation (GGA) in the Paris Agreement.

Second, substantial investments must be made in renewable energy to make agriculture, manufacturing, construction, and transport sectors greener. In most South Asian countries, energy is the major source of carbon dioxide emission, followed by either construction or transport sector. With the structural change in these countries, their economies rely on industrialisation for steady growth and development. Hence, though the share of GHG emissions by the South Asian countries together is only 8.36 percent of the total global emissions, mitigation measures must continue. At the 26th annual climate summit (COP26) last year, South Asian countries made commitments towards reducing carbon emissions in the coming decades. For example, Bangladesh committed to reduce its GHG emissions by 6.73 percent by 2030 in five sectors, namely power, transport, industry, waste, and land use. With additional finance and technology from external sources, Bangladesh can reduce GHG emissions by 15.12 percent.

Third, implementation of mitigation and adaptation measures require significant financial resources. The South Asian countries must consider transboundary action and collaboration on mitigation and adaptation by setting up a separate fund among themselves to address the impacts of climate change on the lives and livelihoods of people. This fund should be spent for emission reduction, scaling up economic loss reduction, and in the aftermath of climate-related disasters. A cross-governmental approach to adaptation and mitigation planning can ensure that such a fund yields climate-resilient development. An expert group of the relevant ministries, agencies and departments can be brought together to create an appropriate plan of action and ensure proper monitoring. The group can further involve public and private stakeholders to share their respective experiences and make climate financing more useful.

In addition, South Asia must also demand financial and technological support from the developed countries as part of the latter's global commitments. The ever-increasing global GHG emission is a threat to all economies in the world, including those in South Asia. Such support should be based on the scientific analysis of requirements, with funds being provided based on the scale and extent of damage due to global warming under various scenarios.



Pakistan is still reeling from the effects of a devastating flood that is said to have killed nearly 1,500 lives and cost the economy over USD 10 billion.
FILE PHOTO: **REUTERS**

Fourth, given the severity of climate change, countries within the region must incorporate the SDGs in their development plans to achieve climate-related objectives in a more systematic way. Some of the countries, including Bangladesh, have undertaken this useful exercise, which helps demonstrate how various SDGs are interconnected and how national goals are aligned with the SDGs. This process provides clarity on the responsibilities of various stakeholders, such as policymakers, the private sector, non-government organisations, rights-based organisations, development partners, and the media. This can also be useful to ensure better allocation of resources for specific climate-related goals and targets.

Finally, climate change is cross-border in nature, and so must be the solutions. To combat the impact of climate change and achieve the SDGs, concerted actions are needed. Such collaborative efforts must be between the South Asian countries and the developed nations.

Bangladesh needs to rely less on EU, US markets

RMG NOTES

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MOSTAFIZ UDDIN

IN the US and Europe, a recession is coming. As an apparel maker, I can already feel the early signs of a storm heading our way. Orders have been decreasing for many of us in the industry since this summer, after picking up dramatically at the back end of last year.

The issues around a recession are well-documented. High and rising inflation in the US and much of Europe; soaring energy prices that are placing businesses and households under huge financial strain; fallout from the pandemic, which means many governments have huge debts and are unable to do much more to bail out economies – all of these are factors. Most seasoned economic observers believe that 2023 will be tough.

Perhaps the garment industry in Bangladesh could use the next 12-18 months to think carefully about which markets it targets. At the moment, there is a strong argument for suggesting it has too many of its eggs in one or two baskets, leaving it massively over-exposed. Allow me to explain.

At present, around 60 percent of Bangladesh's garment exports go to the EU. Twenty percent go to the US. The rest are exported globally. These figures have changed slightly in recent years, with the EU gaining a larger share (up from around 52 percent over the past decade) at the expense of the US, where exports have fallen in terms of market share.

But between the two, these markets have for some time represented 80 percent of garment exports from Bangladesh.

Is this healthy? On the one hand, it is a cause for celebration that we have been so successful in penetrating these two huge markets. On the other hand, no business wants to become over-reliant on certain customers or, in this case, certain regions of the world. This is why I believe, as apparel makers, we should begin to focus more heavily on new and emerging markets.

Two obvious examples are India and China, although there are others such as Australia and South America. China and India are the only countries in the world with a population size of over a billion. China's population is around 1.4 billion, while India's population is approximately 1.39 billion. Together, the two countries make up around 36 percent of world population. To offer some perspective, the entire continent of Europe makes up only nine percent of the global population. This alone should be enough to make exporters sit up and take notice.

More important than this, however, is spending power, which is increasing in both China and India. China is now the largest middle class market globally, with over 900 million people. According to some estimates, this middle class collectively spends more than USD 20 billion per day.

There's more. China's middle class is expected to expand in the next few years. The World Bank suggests China's middle class is expected to grow by six percent and reach over 1.2 billion by 2030. By this year, it is estimated that the middle class spending share in China will be 87 percent. This is a huge amount of spending power for Bangladeshi exporters to tap into.

India's growing middle class also offers huge promise. India's middle class is expected to have a growth rate of 8.5 percent until 2030, according to the World Bank. At the present time, the middle class population in India is almost 400 million. Obviously this is not as big as China's, but this figure is set to double between now and 2030, giving India a middle class population of 800 million within eight years.

The middle class spending share in India is currently over 70 percent and by 2030, the spending share of India's middle class is projected to reach over 80 percent.

This distinction of middle class is important. As middle class populations grow, spending power increases. Countries with higher middle class populations have a higher propensity to import foreign goods. Expect imports into China and India to steadily increase over the next few years.

So what next? I was encouraged recently to follow Prime Minister Sheikh Hasina's four-day trip to India. This is seen by many observers as the beginning of growing bilateral cooperation between the two neighbours. Much of the talk will have been about inward investment opportunities, but garment makers in Bangladesh should be following such talks closely. There is no reason why Bangladeshi garment makers should not view India as an opportunity for growth.

We could also be doing more to increase our presence in China. China obviously has its own textile industry already, but this should not rule it out as an export opportunity for Bangladesh. In fact, we can compete very well with China on price and, in any case, China's textile sector is very focused on high-end and technical textiles. Bangladeshi garment makers could complement this work.

In the coming months and years, I see a huge opportunity for Bangladesh to extend its export reach way beyond the US and EU. By limiting ourselves to these two markets, we are missing out on a whole world of opportunities. We are also leaving ourselves hugely exposed to economic shocks in the Western world. This is an unhealthy situation. As the last few years and the pandemic have shown, nobody can ever be quite sure of how global events might unfold in the future. It pays to hedge your bets as an exporter.

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