

Are we really coming out of the box?

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By *Dr. Ahsan H. Mansur*

Prime Minister Sheikh Hasina's recent statement in Parliament that Bangladesh will no longer keep its doors closed being afraid of imaginary/unforeseen threats is unquestionably a very bold announcement. It is an indication of the government's determination to deal with the outstanding important bilateral issues with India. This statement has been followed by an apparent major breakthrough in bilateral relations with India on a number of important economic and other issues during the Foreign Minister- level meeting in Delhi. The press statement issued after the Foreign Minister's visit pointed to addressing the outstanding key issues in the context of a single package.

The concept of tackling the long list of important bilateral issues between India and Bangladesh under a single package is not new. The issues are also not new at all and some are even older than Bangladesh. Governments have come and gone, but the burning issues have remained unresolved for decades. The delays have not been costless, and Bangladesh being a much smaller economy the cost of inaction hurts Bangladesh much more than India. The commentary focuses on some economic issues of national importance and the huge cost that Bangladesh is incurring due to the prolonged inaction. It strongly argues for resolving the outstanding economic issues expeditiously so that doors will open for a range of new generation economic issues with greater economic gains for the teeming masses in the region.

Use of Chittagong Port by India: There is a vast land mass of Indian Territory to the East and North-East of Bangladesh which is a natural hinterland of Chittagong port. It is much more cost effective for these Indian states to get most of their supplies through Chittagong rather than from the rest of India. Thousands of trucks could potentially run between Chittagong and these Indian states every day if these states are allowed to have normal access

to Chittagong port. It reminds me of Aqaba, the only sea port of Jordan, through which more shipments go to Iraq than to Jordan itself. As early as 1990s, tens of thousands of 18-wheelers were carrying shipments to Iraq through Aqaba generating hundreds of millions of dollars in income and tens of thousands of jobs for the Jordanian economy.

Creating an efficient road transport system for handling a massive volume of shipments would also help establish better transport systems between Chittagong and the rest of Bangladesh. Mobilizing financing for the construction of a deep sea port in Chittagong will also be greatly enhanced if the Indian territories to the North and North-East of Bangladesh are opened to us. With a land mass of almost double the size of Bangladesh, population of almost one-fourth the size of Bangladesh, and GDP of more than \$20 billion this region offers huge economic opportunities for Bangladesh. This region is a bigger land mass and a much bigger economy than Nepal and Bhutan combined (Table 1).



Trade and Cooperation in Energy/Electricity: In this globalized world there are not many economies which can ensure their energy security without trading and cross-border investment in energy. Bangladesh has been one of the few lucky countries to depend on its natural gas and could afford to be ignorant about ensuring its energy security through trade in energy and cross-border investment. Industrial world had realized this issue early in the 20th century and thus made massive investments across the globe to secure rights to energy and developed extensive distribution networks to bring them home. Global multinational oil and gas companies were the result of such a strategy. Recently emerging economies like India and China have realized the importance of this strategy and have embarked on massive cross-border investments to secure access to energy.

In contrast what have we been doing? When India proposed to import gas from Myanmar through Bangladesh we did not show any interest and China immediately gobbled it up. Now we need gas, but we do not know where to get it. India has been massively investing in building dams to generate hydroelectricity in Nepal and Bhutan under build, operate and buy agreements. Thousands of megawatts of electricity is being produced and purchased by India today in this manner (Table 2).

Investments are underway or planned to generate additional tens of thousands of megawatts of electricity in the coming years under similar arrangements. Even in the midst of the cold war, Western European countries were investing tens of billions of dollars in Russian gas pipelines to ensure energy supplies to the energy deficient industrial Europe. The USA buys almost the entire exports of crude oil from Mexico and Venezuela, and most of hydro electricity and oil from tar sand projects in Canada are catering the US thirst for energy.

Against the global rush for energy security for their respective countries, let's look at what Bangladesh has been doing. On the domestic front, diversification to coal has not moved anywhere and successive governments could not even adopt a national coal policy and implement it. Our governments do not have the political courage to develop its own coal mines. Some of our so called "nationalist" forces and leftist political elements are so concerned about exports of gas by the multinational companies, despite the explicit provision for first refusal by the Bangladesh government, that they would not even allow them to explore in the deep waters of the Bay of Bengal and called for "Hartal".

It is simply wishful thinking on the part of the "rejectionists" that Petro Bangla/BAPEX would someday be able to acquire the most advanced technological knowhow to be able to explore oil and gas deep into the Bay of Bengal. Even the government of Australia recently contracted out the development of giant offshore Gorgon gas fields (about 150 trillion tcf and Aus\$ 300 billion total investment) to global multinationals like Chevron, Shell, and ExxonMobil for export to China, India, Japan and South Korea.

Given the urgent need for securing reliable energy supplies at reasonable prices, in addition to developing own energy sources we have to explore external sources, including through cooperation with India. The recent understanding on interconnectivity for purchasing 100 megawatt of electricity from India is just the first step in the right direction. The objective should be to invest jointly with India on exploiting the enormous hydroelectricity potential in Bhutan and Nepal and have them transferred to Bangladesh through India. Bhutan and Nepal would also like to deal with Bangladesh since that would allow them to diversify their export destinations. The ultimate objective should be to strive for a South Asian regional grid and allow regional trade in electricity much like trade in any other products.

Regional Connectivity in Terms of Roads, Railways and River Transport

Networks: Bangladesh does not have much natural resources, but it is located at the strategic cross road between India and East Asia, the two fastest growing regions of the world. The Asian Highway, as conceived by ESCAP and endorsed by almost all participating countries envisages a direct route through the Eastern Indian states and it is unfortunate that because of internal political problem that an important regional project like this has remained shelved for so long. One needs to go to Europe and the USA to see how thousands of massive 18-wheeler trucks are rolling across countries to ship goods to their destinations. In most north-south inter-state highways in the USA one would find hundreds of trucks coming from Mexico on their way to Canada and bringing Canadian products to Mexico crossing thousands of miles of the US territory.

I just wonder why we cannot work on a network such that goods from Bangladesh would someday reach Pakistan, Nepal and Bhutan uninterrupted through India and vice versa. But for that to happen we have to be a party to the regional network and forget about the hang up about giving the de facto transit right to India in the process. We must not destroy our own fortune just because the other party will get some benefits out of it as well. After all, trade and economic cooperation are only possible if there is something to gain for both parties.

Seen from the perspective of globalized and interconnected world, the steps announced in the joint statement covering issues like granting of transit to Nepal and Bhutan, extending the railway line to Agartala from Akhura, and allowing India to use Ashuganj river port for shipment of power plant equipment to Tripura are a modest beginning in the right direction. I am certainly encouraged by the news that Pakistan Railway Ministry has agreed to the Indian proposal for a train service connecting Peshwar, Lahore and Karachi with an integrated South Asian Railway network including Bangladesh. May be in not too distant future we would see Khyber Mail running between Peshwar and Dhaka through Lahore, Delhi and Kolkata.

Water Sharing Agreements: Pakistan had signed the Indus water sharing agreement and agreements on other river water sharing with India more than half a century ago and those are still working. During the Pakistan time, we used to blame both India and Pakistan for not having water sharing agreements with India. Although about 40 more years have passed since Bangladesh's independence, only one water sharing agreement has been signed on sharing of water in the Ganges. We all know, as time passes—due to population pressure,

urbanization and the growing demand for irrigation water in the upstream Indian states—the flow of water downstream is falling rapidly. The more we wait the worse the Bangladesh's share would become in any eventual agreement. This is the economic and political reality, we like it or not.

It is widely stated that future wars would be fought on sharing of water. The fight on water sharing is not only among countries, it is also common among regions within one country. States bordering the state of California go to courts to get their share of water. In Pakistan, during the dry season not a single drop of water reaches the Southern Sindh as the water flow in the river Indus dries up due to water used in the irrigation networks in Punjab and Upper Sindh. This is one of the major reasons for anti-Punjab sentiments in Sindh.

Against this global reality, Bangladesh needs to intensively work on getting the best deal possible without further delay. We all know that the deal Bangladesh got in the Ganges water sharing agreement was worse than what we could have got if we had worked out a deal during the period 1950s through 1970s. It is also true, if Bangladesh had not cut a deal by 1990s, the terms today would have been even worse. We must realize that inaction is not an option at all. Water sharing agreements covering all remaining major rivers entering into Bangladesh must be worked out without further delay if we want to protect Bangladesh's long-term interests.

The Honorable Prime Minister's statement in Parliament was bold. The Foreign Minister-level meeting has prepared some essential ground work. The task however will not be easy. There will be strong political opposition. The political leadership has to move forward and mobilize public support for the national cause. Bangladesh has to come out of the box it has put itself in by postponing actions on too many important issues for too long. The cost of doing nothing is too high and people needs to be told about the benefits of cooperation. If the countries in Europe, after passing through so many wars and so much destruction and loss of life, can create a borderless single economy for the benefit of the current and future generations, why cannot we achieve the same in South Asia in phases and over time. (The writer is Ahsan H. Mansur, Executive Director, Policy Research Institute. He can be reached at e-mail: amansur@pri-bd.org)