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Summary:

Bangladesh: Prime minister Sheikh Hasina has urged the opposition to return to the parliament shunning politics of 'burning people' by enforcing general strike. A day before the dawn to dusk hartal (shut-down), planned and enforced by the BNP, one NGO official expressed some satisfaction and relief at the impending hartal. For the last few weeks Dhaka, the capital city of Bangladesh, and its outskirts have witnessed a rebellion by 100,000 garment workers. Bangladesh's 4 million garment workers constitute 40 percent of all industrial workers in the country. BNP opted for street agitation as it feels it failed in its secret bid to reach an understanding with the government that the latter would not make a move on Khaleda Zia's Cantonment house, and would withdraw the cases against the party chairperson and her two sons. Bangladeshi police Tuesday arrested three of the top leaders of Bangladesh's largest Islamic party on the rarely-used charge of "offending religious sentiment" in the Muslim-majority nation. Bangladesh Commerce Minister M. Faruk Khan will visit India in July to sign an agreement for reopening border 'haats' (markets) along the international border, former Lok Sabha Speaker Purno A. Sangma said. A Bangladeshi court on Tuesday indicted the leader of a banned Islamic group and 13 key lieutenants for attempting to assassinate Prime Minister Sheikh Hasina in a July 2000 plot, police said. Mufti Abdul Hannan and 13 members of his banned

Harkat-ul Jihad al Islami (HuJI) were charged with planting a large explosive device with the intention of killing the prime minister, police sub-inspector Nupur Rani Dutta said More than 80 people were wounded across Bangladesh on Wednesday in clashes with police sparked by the arrest of three top opposition politicians charged with insulting Islam and demands by textile workers for a pay rise. Supporters of Bangladesh's biggest Islamic political party, Bangladesh Parliament Monday passed a bill on raising retirement age of workers employed in different corporations under a number of ministries by three years. Without adequate intervention, rice production in Bangladesh could see a dramatic decline by 2050 due to the impacts of climate change, even as population is projected to continue rising, researchers say. "Bangladesh faces formidable challenges to feed its population in the future," The threat varies by the type of rice, with production of boro rice - a variety the report calls "the lifeline for Bangladesh" - most at risk. Harvests of the water-loving winter variety, which requires irrigation, could fall by 18 percent in the Khulna region by 2050. A senior Bangladeshi professor has warned that continuing energy crisis would cause a whopping 16.6 billion dollars annual loss to the Bangladeshi economy. Trade and economic activities virtually came to a halt in the capital and across the country during the dawn-to-dusk nationwide hartal enforced by the main opposition party BNP Sunday. At the United Nations High Level Conference on Millennium Development Goals, the Chinese Government made the commitment of rendering zero tariff treatments to the products of Least Developed Countries (LDCs), which accounts for 95% of all Chinese taxable items. Starting form 1 July 2010, China will render zero tariff treatment to 4762 products originated from Bangladesh and other 32 Least Developed Countries. Beginning Thursday, China will provide duty-free entry to major Bangladeshi products with an aim to offset the annual trade gap of \$2.5 million.

Nepal: Nepal's former communist rebels plan to block the budget in Parliament to press their demand for a change in government, With just five days left for Nepal's warring parties to put aside their long enmity and form a new government supported by all, the UN has sounded a note of concern and asked rivals to bury the hatchet. "The Unified Communist Party of Nepal-Maoists (UCPN-M) has decided to express solidarity with Indian Maoists, who have intensified their armed struggle against the state. Nepal's prime minister resigned on Wednesday after just 13 months in office, saying he wanted to end a long political stalemate in the troubled nation. Madhav Kumar Nepal had been under intense pressure from the opposition Maoist party to quit ever since he agreed last month to make way for a power-sharing government in a deal with the former rebels." Chairman of UCPN (Maoist) Pushpa Kamal Dahal alias Prachanda on Thursday said that his party should get to lead the next government in the country. Kantipur quoted Prachanda as saying that Maoists should get to lead the government as per the people's mandate. The Unified CPN (Maoist) has hailed Prime Minister Madhav Kumar Nepal's decision to resign, saying it paves the way for a consensus to end the political deadlock in the country. The central Kathmandu tourist district of Thamel has become a centre for illegal trade in guns

and small arms. Indian and Chinese companies are out of the race of the lucrative Nepalese contract for Machine Readable Passports and the deal may go to a European, Singaporean or an Indonesian company. The Nepal Oil Corporation (NOC) has said it is exploring possibilities of bringing in a Russian eco-fuel technology, which -- if materialized -- could reduce the country's diesel import by 20 percent and also lower the cost of the industrial fuel. A FRESH tussle over Nepal's leadership has begun after Prime Minister Madhav Kumar Nepal tendered his resignation on live television. Nepal's Maoists yesterday staked their claim on the leadership as the largest party in parliament, and began lobbying support from minor parties to form a new government. Caretaker Prime Minister Madhav Kumar Nepal called the heads of all four security agencies at his office in Singha Durbar Thursday and directed them to maintain necessary vigil to avert possible security threats in the transitional situation in the aftermath of his resignation. Nepal Rastra Bank (NRB) has frozen bank accounts 20 firms for evading tax, Kantipur daily reported. Nepal is mulling amendments that would allow internationally distinguished foreign nationals to adopt Nepalese children, the Republica daily reported. Nepal has increased the monthly stipend it gives its "living goddess" by a quarter, a top official said on Thursday, to help the schoolgirl revered by thousands of Hindus and Buddhists beat double-digit inflation.

SRILANKA: Sri Lanka has retained much of its heavy defence budget this year more than a year after ending the country's civil war, the government said. Only the will and dedication of the people will resolve the internal conflicts in a country and foreign military intervention to an internal conflict is not a solution, Sri Lankan President Mahinda Rajapaksa said yesterday. Sri Lankan President Mahinda Rajapaksa is scheduled to visit Ukraine from June 29 July 2 in an official capacity, the Ukrainian media reported. Sri Lankan government has assured the United Nations that a threat made by a government minister on the UN office and staff in Colombo is an individual opinion and not the government's policy. Sri Lankan government refused to take the blame that it is creating an "alliance" with the followers and the supporters of Tamil Tigers. The rebels, named as the Liberation Tigers of Tamil Eelam (LTTE), were defeated by the army in 2009. Democratic National Alliance (DNA) leader General Sarath Fonseka, MP is seeking recognition for a new political party. Sri Lanka's government has unveiled its first budget since being re-elected, aimed at reining in the public deficit. The Sri Lankan government today presented the Appropriation Bill for the 2010 Budget with an estimated Rs. 974.748 billion as expenditure for its services for the remainder of the financial year of 2010. : A group of Saudi journalists left Riyadh for Colombo Monday on a familiarization tour. Sri Lanka's Central Bank announced that it will open a provincial office of the Bank in the country's war-battered Northern Province. The CBSL will open its fourth Provincial Office in Jaffna on July 4th. Less than a week after the Sri Lankan government rejected European Commission (EC) conditions to extend its GSP+ preferential trade benefits, the US has also decided to review the country's GSP status. The European Union urged Sri Lanka's government on Thursday to cooperate with a UN panel probing alleged war crimes during the country's civil war." In the first such high-profile visit

since 2004, Indian navy chief Admiral Nirmal Verma arrived in Colombo on Sunday for five-day official tour.

Detailed news:

Bangladesh

Stop politics of burning people: PM

Dhaka, June 30(bdnews24.com)---Prime minister Sheikh Hasina has urged the opposition to return to the parliament shunning politics of 'burning people' by enforcing general strike. A taxi cab was torched on Sunday night just ahead of BNP's June 27 in which two men named 'Suman' and 'Faruk' were burnt seriously. The prime minister visited Dhaka Medical College Hospital burns unit to see them on Wednesday. She talked to the families of the victims. "It cannot be politics when innocent people are burned to death by dousing petrol on them in the name of hartal," she said. The families described the event to the prime minister. Faruk's mother embraced her and burst into tear, making the prime minister emotional. "My son caused no harm to anybody. Why did the miscreants burn him?"she asked Hasina. Consoling her, Hasina said, "The government will bear all the expenses for improved treatment for the injured." Doctors said 60 percent of Faruk's body was burnt. The prime minister talked to the doctors and inquired about their treatment. She also gave financial support to the strike victims. Later, the prime minister visited some Nimtali fire victims at the hospital and assured them of all possible assistance. Health minister AFM Ruhul Haque, Mostafa Jalal Mohiuddin MP, prime minister's press secretary Abul Kalam Azad and police chief Noor Mohammad accompanied her. <http://www.bdnews24.com/details.php?id=166328&cid=2>

Hartal yes, violence no

A day before the dawn to dusk hartal (shut-down), planned and enforced by the BNP, one NGO official expressed some satisfaction and relief at the impending hartal. For the boss of the NGO, a day of rest which amounts to a long weekend is a good thing. It is not a coincidence that the hartal was called on a Sunday following the weekend. He seriously considered sending a text message to Begum Zia, the leader of the opposition thanking her. He was dissuaded by not being able to find her mobile phone number. This is surely a proof that the said official is not a BNP loyalist. Another young business executive I met days before the hartal told me that it was after pulling some strings, he could get a flight out of Dhaka as flights were all booked for the long-weekend, thanks to the hartal. A driver in an international agency I spoke to also welcomed the extra day of rest in this season of the late night World Cup football matches. In the political culture of Bangladesh hartal -- like sycophancy, patronisation of hoodlums, intra-party competition for exposure, etc -- has found a secured place. Parties in power condemn it; opposition parties adore it. In order to rid such sacred political cultural practices, you need a

major reform. Reform, needless to remind the readers, is a bad word in Bangladesh politics. Hartal is a democratic right to be exercised by the political parties. In discussing the importance and urgency of the need for a hartal the leadership of the BNP did not waste any opportunity to remind that hartal has been an important democratic right. Besides, the seasoned and media-savvy politicians who favor hartal invoke peaceful protests and picketing. It is hard to remember a day of peaceful hartal.

The government did declare that it would not stand in the way of a peaceful day of protest except it would protect the law and order and public safety. So the government is duty bound to deal with the anarchists who set cars on fire, attack hospitals, or beat up the journalists. The main opposition party planned the hartal ahead of the mayoral elections in Chittagong where most of the experts advising the opposition leader predicted election engineering that would put in place the reigning AL-backed mayor. As a contingency for responding to the defeat of the opposition-backed candidate by hook and crook, a hartal was considered a justifiable strategy. To the dismay of the opposition, their candidate won the election, with no proof of election engineering. Yet, the hartal has been declared and since there is no shortage of issues to mobilise people (perhaps, the party loyalists), hartal went on. Election engineering would have been a potent ground. Alas that opportunity was lost. Shortages of power, gas, water (never mind the rain), and price inflation of consumer goods are valid causes. If and when these issues become less significant, there is always the issue of traffic jam. Bangladesh is not likely to run out of issues for the opposition to call for hartal. Hartals are like committee meetings or commissioned researches; one creates the condition and need for the subsequent one. It is an endless process. The violence caused by the hartal loyalists, hartal-busters, and the law enforcement authorities would give fuel for future political unrest. Violence is a sad reality of hartals. The attack on the house of a leading BNP official and clubbing the party loyalists and family members inside the household was carried out in full view of the television cameras. The government should give a full clarification explaining the conduct of the law enforcers in a transparent manner matching the transparency in which the attack was telecast live. What was baffling was the violence that took place the evening before the hartal day where several cars were set on fire and damages were caused. Even if hartal is justified as a democratic right (never mind the economic cost), how could such mindless violence be justified? Why should government tolerate violence and public arson in the evening before the hartal day? Do these terrorist and anarchistic activities also come under the ambit of democratic rights? It is time for drawing line and debating the rules of procedures of hartal. If hartal is an integral part of our political process, let us formalise the rules of the game. I remember that in the US, the unionised auto workers would put the decision of strike to vote. There would be a strike only if the majority of the members supported it. Since similar poll cannot be conducted for a nation-wide strike, an alternative strategy has to be worked out. I propose round-table conferences on the rules and procedures of hartals leading to a grand convention on hartal participated by the leading political parties of the country. In the end, we may get something like a Geneva Convention for the hartals. This would be something novel. Politics of change must embrace ideas that are new.

<http://www.thedailystar.net/newDesign/news-details.php?nid=144520>

Garment workers rebellion in Bangladesh

For the last few weeks Dhaka, the capital city of Bangladesh, and its outskirts have witnessed a rebellion by 100,000 garment workers. Bangladesh's 4 million garment workers constitute 40 percent of all industrial workers in the country. In the last year the sector contributed 80 percent of the country's total exports. The protests started in Ashulia, an industrial suburb of Dhaka, on 13 June. The workers' demanded an increase in the minimum wage that trade union be allowed to organise in the factories. The revolt spread across Dhaka to the industrial areas of Tejgaon and Savar, where thousands of garment workers occupied highways. On 21 June about 60,000 garment workers left the factories in Ashulia and occupied the trunk road that connects Dhaka with other parts of Bangladesh. Police used tear gas, rubber bullets, hot water cannons and baton charges against them. The elite Rapid Action Battalion force – infamous for “cross-fire” killings – also confronted workers. More than 100 were injured. The garment bosses responded to the rebellion by shutting almost 250 factories across Ashulia in a mass lock out. They thought that would disperse workers and allow them to dictate the level of the minimum wage. But their plan backfired as garment workers radicalised and were joined by others workers and supporters from neighbouring areas. Foreign retailers supplied by Bangladeshi garment factories panicked about shortages of supplies and the garment bosses were compelled to re-open the factories on 23 June. The backdrop of the workers' rebellion is the unprecedented hike in the price of food, rent and other essentials. In the last ten years the cost of living has increased by 94 percent, but workers' wages only increased by only 24 percent. Garment workers' wages are among the lowest of all industrial workers in Bangladesh. Many are compelled to work 12 hours a day, usually without overtime payments, contravening labour laws. Factories are also unsafe. In the last ten years there have been many incidences of workers who have been burnt to death in workplace fires. Workers organisations have been demanding that the minimum wage be reset in line with the cost of living. In 2006, faced with a mass revolt, garment bosses agreed to a monthly salary of 1,662.50 Taka (£16). But this was not enough to meet living costs. One study found that a family of four living in Dhaka needs a minimum monthly income of over 8,000 Taka (£76.56). Since 2006 a global recession and skyrocketing food prices have made workers lives' increasingly precarious. Workers organisations demanded a monthly minimum wage of 6,200 Taka (£59). But the bosses have offered only 1,887 Taka (£18). This meagre offer provoked the current rebellion by garment workers. Foreign retailers are trying to shift the responsibility for garment workers' pay onto their local suppliers, but it's clear they benefit from low wages and low tax on their profits. A recent report in the Dhaka press revealed that H&M, the giant Swedish retailer, which has a long record of doing business in Bangladesh, paid just £49.42 in local corporate tax in 2008. The main opposition party, the Bangladesh Nationalist Party, enforced daylong Hartal (general strike) across the country on 27 June to protest against the government, but it didn't include the garment workers' demands for increases to the minimum wage in its charter of demands. Left wing

parties within the ruling Awami League-led coalition government, as well as opposition left wing parties supported the garment workers' demands and organised rallies.

<http://www.socialistworker.co.uk/art.php?id=21657>

Reasons why BNP chooses streets

BNP opted for street agitation as it feels it failed in its secret bid to reach an understanding with the government that the latter would not make a move on Khaleda Zia's Cantonment house, and would withdraw the cases against the party chairperson and her two sons. A highly placed BNP source told The Daily Star, on condition of anonymity, that his party had offered to refrain from street agitation in exchange for an assurance from ruling Awami League that the government would withdraw the "false" cases. Soon after AL came to power in January last year, BNP said it would not announce hartals, and blockades. AL's initial response was positive, indicating that it would not embark on tough actions against Khaleda and her family -- if BNP refrained from street protests, and from bringing Tarique and Koko back to the country and politics. The ruling party's expectations echoed the expectations of some European countries that also had been asking BNP to keep a distance from Jamaat, and to refrain from trying to bring back Tarique Rahman into politics because of his tainted image. Accordingly, till a few months back, BNP maintained a distance from Jamaat, and refrained from harsh criticism against the government, and street agitations. The "friendly" gesture faced its first major blow in April last year, when the cabinet decided to cancel the lease of Khaleda's Cantonment house on grounds of a faulty lease.

The government took the decision against the backdrop of the Pilkhana tragedy, as it had information that Khaleda was secretly meeting army officers in her residence right after the mutiny. After some initial war of words between the two parties, BNP renewed its demand that the ruling party should not harass Khaleda over her Cantonment house. Soon both parties again developed an understanding on the matter. The issue of the Cantonment house went to the court, and it did not proceed further. Things however started heating up again in December when BNP activists, during the party's council, strongly demanded return of Tarique Rahman, and withdrawal of the cases against him. In February the government decided to change the name of Zia International Airport, and removed the word Zia from the names of more than 50 organisations in one day. Amid a growing bitterness between the two parties, ruling party parliamentarian Sheikh Selim, and Prime Minister Sheikh Hasina herself made some adverse comments on Ziaur Rahman during the parliamentary session that ended in April this year.

By then, the internal power structure of BNP underwent a change. The right of centre party was now fully controlled and influenced by hardliner rightist leaders. They succeeded in convincing Khaleda that the understanding with AL was not working, and it would not be wise for her to maintain the soft stance, and to keep away from Jamaat. They also convinced her that the

government would surely evict her from the Cantonment house, and would never allow Tarique to return to Bangladesh and join politics again. They convinced her that the government would file more complicated cases against Tarique, implicating him in some heinous acts like the August 21 grenade attack that occurred during BNP's tenure. These hardliners pursued Khaleda to restore ties with Jamaat to announce a hartal and other street agitations, in a bid to mount pressure on the government, so the move to evict her from the Cantonment house is halted; and the authorities, especially the Anti-corruption Commission, keeps away from proceeding with the cases against Tarique and Koko. One of the hardliners, who is a prominent lawyer, convinced Khaleda that the court verdict regarding her Cantonment house might go against her, as the legal basis of the lease was indeed very weak, and the leasing was actually not done through due procedure. That is why Khaleda's lawyers pressed for changing the court, and demonstrated inside the court to delay the verdict, BNP insiders said. With the hardliners calling the shots in BNP, liberal leaders and workers of the party are now very unhappy with the recent rekindling of a warm relationship with Jamaat. They feel it will not be possible for many of them to directly take a position in favour of BNP, as it restored its old ties with a party and people who have allegations of war crimes against them. Meanwhile, BNP began a hectic move to develop its relationship with the diplomatic circle. Several former bureaucrats and diplomats have been assigned to regularly hold meetings with heads of foreign missions in Dhaka. However, one of the important assigned leaders told this correspondent that they have yet to get any positive response from the foreign diplomats in favour of BNP's cause. An East Asian country with a long history of relationship with BNP, rather advised the party leaders who met its diplomats, that they should reorganise the party on the basis of reconciliation.

<http://www.thedailystar.net/newDesign/news-details.php?nid=144214>

Bangladesh police arrest top Islamist leaders

Bangladeshi police Tuesday arrested three of the top leaders of Bangladesh's largest Islamic party on the rarely-used charge of "offending religious sentiment" in the Muslim-majority nation. Motiur Rahman Nizami, the head of Jamaat-e-Islami party, his deputy Ali Ahsan Mohammad Mujahid and top preacher Delwar Hossain Saydee were arrested in the capital Dhaka, city police chief A.K.M. Shahidul Haque said. "They were detained after the court issued arrest warrants against them for hurting the religious sentiment of the people," Haque told AFP. The Jamaat leaders have been charged after they claimed Nizami's alleged persecution at the hands of the ruling Awami League was akin to the suffering of the Prophet Mohammed, he said. The three leaders had been summoned to appear at a Dhaka court on Tuesday but ignored the order, which led to an arrest warrant being issued, he said. Jamaat-e-Islami has been the country's largest Islamic party since it was allowed to operate and contest in elections in late 1970s. It was a part of the Islamist-allied government led by Bangladesh Nationalist Party (BNP) in 2001-6. Since winning a landslide in December 2008, the government has cracked down on Islamist groups,

with the head of banned Islamic outfit Hizb-ut Tahrir being arrested April on charges of instigating militancy and running a banned group. Police say Hizb-ut Tahrir is still actively trying to destabilise the government and plot attacks. Jamaat's top leaders have also been accused of war crimes by private groups investigating Bangladesh's liberation war of 1971, including the killing of dozens of intellectuals during the nine-month war against Pakistan.

Jamaat leaders deny the allegations

<http://www.google.com/hostednews/afp/article/ALeqM5hu-PbPUzPeZc4XPL-SV0LwGtmPQg>

Bangladesh minister to visit India in July: Sangma

Bangladesh Commerce Minister M. Faruk Khan will visit India in July to sign an agreement for reopening border 'haats' (markets) along the international border, former Lok Sabha Speaker Purno A. Sangma said here Saturday. 'The Bangladesh commerce minister will visit Meghalaya in July to sign the final agreement with India for reopening the traditional border haats,' Sangma, who arrived here from Bangladesh Friday, told IANS. The markets will be set up at the border points between Kaliachar in Meghalaya's West Garo Hills district and Lawar Ghar in Bangladesh's Sunamganj district and between Balat in West Khasi Hills district and Narayantala in Bangladesh's Sunamganj district. These border haats stopped after the 1971 Bangladesh liberation war. Border markets are popular among people on both sides of the border living in remote enclaves and hilly areas as they find it difficult to buy and sell products needed in everyday life. India had proposed setting up 22 border markets. What is now the border between the two countries was dotted with markets when India was undivided. Some of them continued to exist until the independence of Bangladesh. Sangma, who led an Indian-delegation to Dhaka, met Bangladesh leaders and officials. He arrived here Friday after attending an international seminar on war crimes trial. 'Bangladesh Prime Minister Sheikh Hasina agreed to have land, air and waterways connectivity and especially to allow India to use the Chittagong Port to transport goods to our landlocked region (northeastern states),' Sangma said. The strategic Chittagong Port located in southeastern part of Bangladesh could help India's northeastern states and boost its economy. The Indian government has decided to construct a bridge over the Feni river in south Tripura to get access to the port. 'The Chittagong port is being upgraded to take extra load and the authorities are hopeful to complete (upgradation of port) within 18 months and it will be ready to handle cargos from northeastern states,' Sangma said. During Hasina's New Delhi visit in January, it was agreed that the construction of the proposed Akhaura (Bangladesh railway station)-Agartala railway link would be financed by India. A joint team of the railway authorities of the two countries will identify the alignment for connectivity. Bangladesh had earlier agreed to allow India to use its waterways to transport heavy machines for a 740 MW power project under construction in south Tripura. The project is expected to be operational by 2011.

<http://sify.com/finance/bangladesh-minister-to-visit-india-in-july-sangma-news-default-kg0u4bfebfj.html>

Bangladesh Islamist charged over PM assassination plot

A Bangladeshi court on Tuesday indicted the leader of a banned Islamic group and 13 key lieutenants for attempting to assassinate Prime Minister Sheikh Hasina in a July 2000 plot, police said. Mufti Abdul Hannan and 13 members of his banned Harkat-ul Jihad al Islami (HuJI) were charged with planting a large explosive device with the intention of killing the prime minister, police sub-inspector Nupur Rani Dutta said. "Mufti Hannan and his associates planted a bomb weighing 76 kilograms (167 pounds) at a college campus where Hasina was scheduled to give a speech," Dutta said. Nine of the accused, including Hannan, were present in the heavily fortified court in the southern Bangladeshi town of Gopalganj when the judge read out the charges, Dutta said. Five more HuJI lieutenants have been charged in absentia. The trial will begin August 8 with all of the accused facing the death penalty if found guilty of attempted murder and sedition charges, she added. Hannan has already been sentenced to death in 2008, along with two of his key lieutenants, for a 2004 bomb attack on the British High Commissioner at a Muslim shrine in northeastern city of Sylhet. He is appealing against the sentence. He has also been charged with a 2004 grenade attack on a Dhaka rally when Hasina was the leader of the opposition. Hasina survived the deadly attack, which killed at least 20 of her party officials. HuJI was banned in Bangladesh in 2005 for series of attacks on sufi shrines, foreign ambassadors and popular concerts. Police say the group has been significantly weakened following series of high profile arrests. Hannan, a veteran of the war against the Soviet occupation of Afghanistan in the 1980s, was arrested in 2007 following a nationwide crackdown on Islamic militants. He has been in custody since his arrest.

Dozens wounded in Bangladesh protests over arrests and low pay

More than 80 people were wounded across Bangladesh on Wednesday in clashes with police sparked by the arrest of three top opposition politicians charged with insulting Islam and demands by textile workers for a pay rise. Supporters of Bangladesh's biggest Islamic political party, Jamaat-e-Islami, fought with police in protest against the arrest of three of its leaders on charges of hurting Muslim religious sentiment. Clashes occurred in at least half a dozen districts, including Brahmanbaria, some 150 km (93 miles) east of the capital. In Dhaka, Jamaat activists scuffled with police trying to disperse them from a court compound where the arrested leaders would likely to be taken, witnesses said. Police detained 20 activists at the court compound. Jamaat-e-Islami has a large following among the country's majority, and mostly illiterate, Muslim population. But as a political party it ranks fourth after the Awami League of Prime Minister Sheikh Hasina, Bangladesh Nationalist Party (BNP) of ex-premier Begum Khaleda Zia and the Jatiya Party led by former army ruler Hossain Mohammad Ershad.

Police arrested the three top Jamaat leaders after another religious group, the Bangladesh Tarikat Federation, filed a court case in March, saying two had compared the Jamaat party chief with Prophet Mohammad. In Islam, Mohammad is beyond comparison. Police named the arrested leaders as Jamaat chief Moulana Motiur Rahman Nizami, his deputy Ali Ahsan Mohammad Mujahid and another key party leader, Moulana Delwar Hossain Saidee.

Jamaat said around 25 other party members were detained in police in overnight raids in various districts.

WAR CRIMES

Many Bangladeshis accuse Jamaat of collaborating with the Pakistani army during the 1971 war of independence, in which around three million people were killed and thousands of women raped. Jamaat denies the charges, and in turn has accused the government of Sheikh Hasina of trying to curb its activities using war crime charges and is likely to see the arrests as a ploy to push that effort. Police using clubs, tear gas and water cannon were also locked in street battles with textile workers demanding back pay and an immediate rise in monthly wages now equivalent to less than \$24. Witnesses said at least 30 people, including 10 police, were injured.

The clashes, with workers erecting street barricades, pelting police with stones and attacking cars, were the second in as many weeks involving workers producing garments for global brands and earning wages well below the poverty line. The violence took place three days after a one-day general strike called by opposition parties closed most businesses and prompted further confrontations between marchers and police. Bangladesh garment factory workers currently earn a minimum monthly salary of 1,660 taka, or less than \$24, and have demanded an increase of 300 percent to 5,000 taka. Owners last week said they could pay no more than 3,000 taka a month. Garments, Bangladesh's biggest export, account for more than 80 percent of the impoverished South Asian country's \$15 billion in annual export earnings, according to Commerce Ministry data. "Wednesday's violence may be linked with the arrest of top Jamaat-e-Islami leaders, whose followers and sympathizers might be trying to create an unfavorable political and political and economic condition in the country," said Khandaker Ibrahim Khaled, an economist and a former deputy governor of the central bank.

<http://www.reuters.com/article/idUSTRE65T23020100630>

Life affected in Bangladesh

Bangladesh experienced the first anti-government countrywide dawn-to-dusk hartal on Sunday enforced by the main opposition BNP partially affecting major cities including Dhaka. The party of the former Premier, Khaleda Zia, called the shutdown to protest against the government's failure to resolve gas, electricity and water crises. It also demanded an end to tender manipulation, extortion and politicisation of the administration and judiciary. Ms. Khaleda Zia also demanded scrapping of all treaties signed with India and resignation of the Election Commission.

<http://www.thehindu.com/news/international/article488988.ece>

Bangladesh Parliament raises public sector workers' retirement age

Bangladesh Parliament Monday passed a bill on raising retirement age of workers employed in different corporations under a number of ministries by three years. The retirement age of workers employed in different corporations under the country's ministries of industry, environment and forest, and textile and jute will now stand at 60 years from 57 years.

Bangladeshi Labor and Employment Minister, Khandaker Mosharraf Hossain, placed the Bangladesh Labor (Amendment) Bill, 2010 before the parliament, which proposed to raise the retirement age of workers. The house later passed the bill by voice vote. Earlier in November last year the Bangladeshi cabinet approved an average 52 percent pay hike for the country's some 1.55 million government officials and employees, serving under the country's 54 ministries, divisions and departments.

Climate change threatens to slash Bangladesh rice crop, report warns

Bangladesh (AlertNet) - Without adequate intervention, rice production in Bangladesh could see a dramatic decline by 2050 due to the impacts of climate change, even as population is projected to continue rising, researchers say. "Bangladesh faces formidable challenges to feed its population in the future," note the authors of a new report on adapting Bangladesh's agriculture to climate change. And the problems may extend well beyond the densely populated, low-lying South Asian nation. "The present climatic variability is taking its toll in a lot in countries where temperatures are high," said M. Asaduzzaman, research director of the Bangladesh Institute of Development Studies and one of the authors of the study, titled, "Investment in Agriculture for Higher Growth, Productivity and Adaptation to Climate Change". Rising temperatures, salt intrusion into agricultural fields, drought and other climate-related issues are threatening rice production, he said, and the problems may lead to falling rice harvests in other Asian nations as well, including India and Indonesia, and in some African countries. Among the worst-hit areas in Bangladesh is the southern Khulna region, at the Bay of Bengal, which is suffering increasing sea water intrusion into fields due to sea level rise. But Bangladesh's higher northern region also is suffering worsening drought, Asaduzzaman said.

AN 18 PERCENT PRODUCTION DROP FORECAST

The threat varies by the type of rice, with production of boro rice - a variety the report calls "the lifeline for Bangladesh" - most at risk. Harvests of the water-loving winter variety, which requires irrigation, could fall by 18 percent in the Khulna region by 2050. High yielding boro rice today "accounts for the bulk of the rice grown in the country," the report said. Making up any fall in production with other varieties could also be difficult, as they are also vulnerable to climate-related pressures, particularly droughts and flooding, the report said. Overall, rice production in Bangladesh is expected to fall by about 3.9 percent a year in the decades leading

up to 2050, unless action is taken to counteract the effects of climate change, the report said. Increasing climate variability is already costing Bangladesh's economy \$3 billion a year, and the financial toll could hit \$121 billion for the 2005 to 2050 period, the report said. Curbing the problem and keeping food production at adequate levels will require more than relying on international assistance, Asaduzzaman warned.

"We have to work on our own instead of totally depending on the international community," he told AlertNet.

BANGLADESH A CLIMATE MODEL?

"The government has already taken different steps for adaptation of climate change affects. If the works goes on at its present pace, very soon Bangladesh will become a model in adjusting to climate variability," he predicted. Bangladesh's Prime Minister Sheikh Hasina has urged developed countries to come up with technical and financial assistance to help Bangladesh cope with the challenges of climate change, a problem Bangladesh had virtually no role in producing. But the government is also providing subsidies to the country's agricultural sector in an effort to increase production and improve food security, she said. Addressing the coming problems, the report said, will require better planning in how to manage water resources, including both groundwater and surface water, and making efforts to use cheaper surface-water irrigation instead of costly groundwater irrigation where possible. Improving water use efficiency, developing new crop varieties, improving crop diversification, reducing post-harvest losses and overhauling the country's agricultural extension system could also contribute to easing climate-related problems, the report said.

Energy crisis set to cause annual \$16.6 b loss to BD economy

A senior Bangladeshi professor has warned that continuing energy crisis would cause a whopping 16.6 billion dollars annual loss to the Bangladeshi economy. Prof. Ijaz Hossain of country's leading Bangladesh University of Engineering and Technology (BUET) on Thursday made the claim during a presentation on "The Impact of Power & Gas Crisis on the export-oriented manufacturing sector" at a luncheon meeting organised by Dutch-Bangla Chamber of Commerce and Industry (DBCCI) in Dhaka. Giving a calculation, Prof Ijaz said if 10 per cent of the energy shortfall is assumed in the export-oriented manufacturing sector, its loss will be 1.33 billion dollars. Prof. Ijaz did not elaborate on the basis of his calculation, but said that the energy shortfall is 4 million tons of oil-equivalent a year. Such remarks came from a professor at a time when the country has been experiencing severe power and gas crisis. According to the BUET professor, Bangladesh's present power generation capacity is 4,500 megawatt (MW) against a demand of 6,000 MW while daily gas production is 2,000 million cubic feet (MMCF) against a demand of 2,500 MMCF. Advocating for taking a prompt decision by Bangladesh to extract coal for diversified energy sources for power generation, Prof Ijaz said that the country has reserve of world-class coal with very low sulphur content, lower than 5 per cent even. "This coal should be immediately extracted for power generation to reduce the overall generation cost," he said.

PDB chairman Alamgir Kabir said the government has moved for quick rental power plants as a short-term solution to the nagging power crisis. “We took these plants through direct negotiation with the sponsors. He said normally it would take about five years to implement a medium-term plan for any solution to the crisis. Disclosing a government plan for ensuring reliable power supply for export-oriented industries, Kabir said the government would introduce this electricity within one year, but the consumers of such power will have to pay a higher price. He said the government has initiated a move to set up coal-based power plants with 3,000 MW capacity in next three years. “But coal supply will be the main challenge to implement the plan.” The PDB chairman said presently, the cost of un-served power supply is about 30 taka while the rental power plant’s per unit cost is about half of it. Netherlands Ambassador Alphons Hennekens said that his country is interested to extend its support to enable Bangladesh overcome the power and energy crisis. He said Netherlands has the efficient management and ICT-based technology for power generation, which Bangladesh can share in overcoming its problem. Presenting his country’s experience in power and energy, the Dutch ambassador said both the countries are facing the similar challenges in the fossil fuel use as this will globally be exhausted by 2050. He said Netherlands is now adopting a policy for sustainable green energy, particularly for development of solar and wind power. “We hope 40 per cent of our power will come from sustainable green energy by 2050.”

Economy undergoes jolts of hartal in Dhaka, Ctg

Trade and economic activities virtually came to a halt in the capital and across the country during the dawn-to-dusk nationwide hartal enforced by the main opposition party BNP Sunday. Apart from government banks, offices and private banks, most of the business offices, shopping malls and supermarkets remained closed as Bangladesh Nationalist Party (BNP) observed the country's first strike in over three years. The presence of public transports in the city streets was thin due to the fear of vandalism by picketers - a regular phenomenon in the country's 'hartal culture' - causing sufferings to thousands of commuters and people out on urgent business. Many banks kept their main shutters down and conducted day-to-day activities inside during the hartal hours. The presence of clients, however, was very nominal, sources at the banks said. Vehicles exempted from the purview of the shutdown like those carrying journalists and ambulances carrying patients and physicians were the visible transports in the city's roads alongside those of law enforcement agencies. The government deployed 10,000 law enforcers in the capital to maintain law and order during the shutdown. Government offices including the Secretariat passed the day just like any other day although the number of visitors remained very low. Dhaka stocks soared higher apparently defying the strike with investors running trade over mobile phones, dealers said. The hartal, however, dealt a blow to the day-labourers such as rickshawpullers, CNG-run autorickshaw and cab drivers and owners of small roadside shops as they could not operate in the streets or open pavement shop defying the shutdown. BNP called the daylong strike, the first since the 16-month old grand coalition government led by Awami League swept to power in December 2008, across the nation to protest what it says 'misrule' of the government

and its 'failures' to provide basic utilities. Economists say strikes damage the image of the country as well as cause a huge loss to the economy. Hartal had cost Bangladesh 3 to 4 per cent of its gross domestic product on an average every year between 1991 to 2000, according to United Nations Development Programme (UNDP). Two hundred and sixteen hartals were enforced between 1991 and 1994, 279 between 1995 and 1998 and 332 between 1999 and 2002.

Our Chittagong Correspondent adds: Delivery and transportation of cargo from the prime maritime port remained suspended while loading and unloading from the ships were normal. Business transactions were hampered as delivery of goods mainly operated through road transports from the country's biggest wholesale market at Khatunganj and Chaktai in the port city was suspended as the trucks, tank-lorries and other vehicles were off the roads from 6am to 5pm Sunday. Secretary of Chittagong Port Authority Syed Farhad Uddin Ahmed said loading and unloading at 14 ships at different jetties and at the same number of ships at outer anchorage of the port were normal and unhampered. But no trucks and lorries laden with imported cargo or with export cargo were available for delivery to other destinations of the country, he said. He also said that eight vessels with imported goods arrived at the Chittagong Port while six vessels with export cargo departed the port during the 12 hours from 6 in the morning. The civil aviation authorities in Chittagong said activities at the airport were normal as all the Biman flights and other airliners operated on schedule. Three Biman flights with passengers departed Chittagong Shah Amanat International Airport on the day, while three others are scheduled to leave Chittagong by night, civil aviation manager told the FE at 5pm. The city area and inter-district buses were off the roads from 6am to 4:30 pm. Other motorised transports were also off the roads but manual rickshaws plied in greater numbers. Transactions at the Chittagong Stock Exchange, however, started at 12.15 pm, over 90 minutes later than schedule, CSE sources said adding the transaction continued till 4.30pm. Total turnover in today's trading at the CSE was Tk 1058.92 million and the volume of share transaction was 4,512,575. Issues traded were 165. 71 of them gained while 90 lost. Four issues remained unchanged. River transport authorities said the passenger steamers' operation remained normal. Giasuddin Patwary, manager (commerce) of BIWTA in Chittagong, said a steamer with some five hundred passengers left Hatiya for Chittagong at 9.30 in the morning and was scheduled to reach by 6.30pm. There is no schedule of passenger steamers from Chittagong on other river routes on Sundays, he added. Most of the garments factories were closed as their employees could not reach workplace due to lack of hired transports. Other major factories including the government ones, however, remained operative on the outskirts of the city including Fouzderhat, Kalurghat and Sitakunda industrial areas, sources said.

http://www.thefinancialexpress-bd.com/more.php?news_id=104457&date=2010-06-28

Govt offers zero tariff treatments to 4762 products

At the United Nations High Level Conference on Millennium Development Goals, the Chinese Government made the commitment of rendering zero tariff treatments to the products of Least Developed Countries (LDCs), which accounts for 95% of all Chinese taxable items. Starting from 1 July 2010, China will render zero tariff treatment to 4762 products originated from Bangladesh and other 32 Least Developed Countries (in accordance with 2010 China Customs Nomenclature), accounting for 60% of all Chinese taxable items. Thus, China has become one of those developing countries that open their markets to LDCs to the largest extent. China is one of those developing countries that rendered zero tariff treatment to LDCs at the earliest time. Since 2001, China has been gradually rendering zero tariff treatment to certain amount of products from 41 Least Developed Countries (LDCs). Up to now, China has been providing zero tariff treatment to about 1000 products from LDCs, which cover almost all products those countries exported to China. In 2008, the LDCs export to China accounted for 23% of their total export volume, making China the largest market for LDCs. The 4762 products from LDCs that will enjoy zero tariff treatment include poultry products, medicinal materials, plastic appliances, leather, timber, ready made garments, etc. According to China's statistics in 2008, the 4762 products account for 98.2% of the total volume of LDCs' export to China. China will, according to the opinions of countries concerned and the status of the implementation of the measures, continue to enlarge the range of products from LDCs that enjoy zero tariff treatment and gradually increase the ratio from 60% to 95%. The 33 countries that will enjoy zero tariff treatments are: Bangladesh, Ethiopia, Benin, Burundi, Equatorial, Guinea, Eritrea, Djibouti, Democratic Republic of Congo, Guinea, Guinea Bissau, Comoros, Liberia, Madagascar, Mali, Malawi, Mauritania, Mozambique, Rwanda, Sierra Leone, Sudan, Tanzania, Togo, Uganda, Zambia, Lesotho, Chad, Central Africa, Afghanistan, Nepal, East Timor, Yemen, Samoa, Vanuatu. At present, the World Trade Organization Doha round negotiations are caught up in impasse. The commitments by developed countries to render 97% of products from LDCs zero tariff and zero quota have not been implemented. As a developing country facing challenges of global financial crisis and complicated domestic economic situation, China faithfully implements the Millennium Declaration of the United Nations and provides the products of LDCs with zero tariff treatments. This clearly embodies China's determination to uphold the openness, fairness and equity of multilateral trade regime and China's political will to help LDCs to promote their economic development. With the comprehensive implementation of zero tariff treatments, a large quantity of products from LDCs can easily enter Chinese market without any tariff, which will bring concrete good to the people of LDCs and further strengthen the friendly relations between China and LDCs. China hopes that other countries, in particular developed countries, can provide more favorable market access treatments to LDCs. Furthermore, China hopes that the measures adopted by China can push forward the Doha round negotiation to its early successful conclusion with the aim of revitalizing the global economy.

China allows duty-free access to Bangladesh goods

Beginning Thursday, China will provide duty-free entry to major Bangladeshi products with an aim to offset the annual trade gap of \$2.5

billion. The new arrangement follows top level parleys. Prime Minister Sheikh Hasina went to Beijing and Chinese Vice President Xi Jinping was here last month when a series of pacts were signed. China is Bangladesh's largest trading partner and the biggest supplier of military hardware. Dhaka expects that the country's major exportable items such as garments, frozen food, jute and leather would be included in the Chinese duty-free list of 4,721 items, New Age newspaper said Thursday. The offer is almost similar to the European Union trade facility under "Everything But Arms" policy that helped Bangladeshi products to enjoy duty-free access to 27 EU nations. 'Made in Bangladesh' products would enjoy the facility as China has already listed Bangladesh and some 32 developing countries across the world for duty-free access from July 1 in keeping with its commitment to the World Trade Organisation (WTO). "It's a big opportunity for the exporters and good news for the country's exports," said Mostafa Abed Khan of Bangladesh Tariff Commission.

<http://economictimes.indiatimes.com/news/international-business/China-allows-duty-free-access-to-Bangladesh-goods/articleshow/6114527.cms>

NEPAL

Nepal's ex-rebels to block budget in Parliament

Nepal's former communist rebels plan to block the budget in Parliament to press their demand for a change in government, a spokesman said on Tuesday. The stoppage announced by Communist Party of Nepal (Maoist) spokesman Dinanath Sharma is likely to spark another crisis in this Himalayan nation. The fiscal year ends July 16, and the government would be unable to function if next year's budget is not presented by then. The budget session is scheduled to start July 5. The Maoists have been protesting for more than a year to demand the present coalition government be disbanded and replaced by a Maoists-led government. They shut down the nation for a week last month. There was an agreement that Prime Minister Madhav Kumar Nepal would resign but so far he has not. The Maoists fought for 10 years against government troops until 2006 when they gave up their armed revolt to join mainstream politics. They have confined their fighters in U.N.-monitored camps and won the most seats in elections in 2008. They briefly led a coalition government but it ended over the firing of the army chief, leading to the current coalition.

<http://www.hindustantimes.com/News-Feed/nepal/Nepal-s-ex-rebels-to-block-budget-session/Article1-564724.aspx>

UN asks warring Nepal parties to form united government

With just five days left for Nepal's warring parties to put aside their long enmity and form a new government supported by all, the UN has sounded a note of concern and asked rivals to bury the hatchet. "Following the resignation of Prime Minister Madhav Kumar Nepal, secretary-general (Ban Ki-moon) encourages all parties in Nepal to intensify their efforts towards the formation of a consensus government that would prioritize the implementation of all peace process commitments," the UN chief's office said in a statement issued from New York late Thursday. The UN also urged for speedy progress on the fate of the opposition Maoist party's guerrilla party, a thorny issue that led to the fall of Nepal's first Maoist government last year and has been a stumbling block to the peace process. The UN is calling for the integration and rehabilitation of over 19,000 combatants of the Maoists' People's Liberation Army, who have been leading a life of confinement since 2006, when the guerrillas signed a peace accord and ended their 10-year war. With the prime minister resigning on Wednesday after a protracted battle with the Maoists, Nepal's President Ram Baran Yadav gave the 25 parties in parliament a week to select a new premier who would be supported by all of them. The deadline for a consensus prime minister ends on Wednesday. However, that seems a miracle with the three major parties - the Maoists, Nepali Congress and the outgoing PM's Communist Party of Nepal- Unified Marxist Leninist - continuing to lay claim to the post and refusing to support candidates from other parties even on Friday. To complicate things further, each of the three parties has two sets of claimants, triggering rivalries inside the parties as well as with other parties. Now the 22 minor parties are also striving to have a say in the new government. They told the big three on Friday that the new candidate would have to be approved by them as well. The race for the premier's post has revived memories of the wheeling and dealing two years ago when the Maoists formed a majority government after failing to woo all the parties. The government lasted for only nine months, leading to yet another round of wheeling and dealing for a new prime minister. Now the same spectacle is being enacted for a third time even as time starts running out for the directionless republic. Nepal needs to promulgate a new constitution by May 2011, having already failed a deadline in 2010. Due to the bickering among the parties, it has already lost more than a month but is yet to resume work on the new constitution.

Nepal Maoists say they will back Indian Maoists

The Unified Communist Party of Nepal-Maoists (UCPN-M) has decided to express solidarity with Indian Maoists, who have intensified their armed struggle against the state. The UCPN-M said it would "raise its voice against the suppression of the people in India and different

countries". The party did not say whether it would go for a joint struggle with the Indian Maoists, but its latest official stand demonstrates a clear revolutionary tone favouring renewal of relation with "Communist revolutionaries across the globe". India suspects that Maoists and their counterparts in Nepal are working closely with an aim to set up a red zone from Andhra Pradesh to Nepal. But the two Maoist parties in Nepal have denied this. However, the UCPN-M resolution gives credence to India's perception. A statement released by the UCPN-M said: "We will encourage principled interactions with the Communist revolutionaries across the world and develop active relations with them", which would mean working in closely with the Revolutionaire Internationale Movement (RIM) and the Coordination Committee of Organisations of Maoists Parties of South Asia (CCOMPOSA).

Nepal PM resigns to end political stalemate

Nepal's prime minister resigned on Wednesday after just 13 months in office, saying he wanted to end a long political stalemate in the troubled nation. Madhav Kumar Nepal had been under intense pressure from the opposition Maoist party to quit ever since he agreed last month to make way for a power-sharing government in a deal with the former rebels. "I have decided to resign from the post of prime minister so that the peace process can be completed, a new constitution drafted and the current political deadlock resolved," he said in a televised address to the nation. "Our country is facing the pain of transition and change... National consensus is crucial if we are to find a way through these difficult times." Nepal's three biggest parties agreed last month to form a government of national unity in a deal to extend the term of the current parliament and avert a crisis that would have left the country without a functioning legislature. But there have been fierce disagreements over what form a new government should take and with no clear replacement, Nepal is expected to be appointed caretaker prime minister until a permanent successor can be chosen. The Maoists, who fought a decade-long civil war against the state before signing a 2006 peace agreement and winning elections two years later, argue that as the largest party in parliament they should lead any new government. The former rebels formed a government in 2008 and abolished the unpopular 240-year-old monarchy, but their administration fell nine months later in a row over the integration of their former fighters into the national army. The outgoing prime minister, a former leader of the ruling Communist Party of Nepal (UML), was sworn in on May 25, 2009, taking the helm of a 22-member coalition government that was seen as weak from the start. Its time in office was marred by a series of power struggles with the Maoists, and on Wednesday Nepal accused the former rebels of practising "the politics of disagreement" and urged them to cooperate with rival parties. "We all have to play our part," he said. "In leading the government, I tried to do what I could to forge agreement on national issues. But I faced constant hurdles, both in parliament and on the streets." The Maoists have held a series of mass protests to demand a return to government and in April they succeeded in paralysing much of the country by calling a nationwide general strike. This month they threatened to block the passage of the annual budget through parliament unless the

prime minister resigned, a move that would have brought further chaos to the desperately poor country. Nepal's parliament, or Constituent Assembly, was elected in 2008 with a two-year mandate to complete the peace process and draft a new national constitution. But it has failed to complete either task on time, hampered by fierce disagreements between the Maoists and their political rivals. Its term had been due to end on May 28, leaving the country without a functioning legislature, but lawmakers voted to extend it for another year to allow them time to complete the constitution.

Maoists should lead new govt in Nepal: Prachanda

Chairman of UCPN (Maoist) Pushpa Kamal Dahal alias Prachanda on Thursday said that his party should get to lead the next government in the country. Kantipur quoted Prachanda as saying that Maoists should get to lead the government as per the people's mandate. "He also said Prime Minister Madhav Kumar Nepal's resignation has cleared the deck for the conclusion of the peace process and statute drafting." "The prime minister's resignation has come as an opportunity to conclude the peace process and Constitution drafting," he added. Meanwhile, President Dr Ram Baran Yadav has called upon the political parties represented in the Constituent Assembly (CA) to form a consensus government by July 7. In a letter sent to the Parliament Secretariat, the President's Office said the process to form a consensus government as per the Article 38 (1) of the Interim Constitution should be immediately started.

The President made such announcement as per the constitutional provision following the resignation of Nepal. Nepal announced his resignation on Wednesday after holding onto the post for nearly thirteen months. After the announcement, Nepal said he hoped his resignation would mark an end to the political deadlock and all other problems facing the country. (ANI)

Nepal Maoists hail PM's resignation

The Unified CPN (Maoist) has hailed Prime Minister Madhav Kumar Nepal's decision to resign, saying it paves the way for a consensus to end the political deadlock in the country. Maoist spokesperson Dina Nath Sharma told reporters here that Nepal's resignation has created a positive environment. Nepalnews quoted Sharma as saying, that his party would now strive to form a national unity government under its leadership with the consent of all parties in the Constituent Assembly. The UCPN (Maoist) has formed a three-member talks team under the leadership of party Chairman Pushpa Kamal Dahal alias Prachanda to hold discussions on forming a national consensus government. Maoist Secretary CP Gajurel said the party should lead the new government as it was the single largest party in the Constituent Assembly (CA). "Three member talks team, including Prachanda, Mohan Vaidya and Dr. Baburam Bhattarai has been formed to give pace to national government formation," he added. Nepal announced his resignation on Wednesday after holding onto the post for nearly thirteen months. After the

announcement, Nepal said he hoped his resignation would mark an end to the political deadlock and all other problems facing the country. (ANI)

Nepal PM quits in hope to end crisis with Maoists

Nepali Prime Minister Madhav Kumar Nepal resigned on Wednesday in a move aimed at resolving a political crisis and saving the peace process more than three years after the end of a decade-long Maoist civil war. "I have decided to resign with effect from today to clear the way for a political consensus," Nepal said in a televised address. The country's Maoists insisted on returning to power at the head of a unity government to oversee the preparation of Nepal's first constitution after it turned into a republic two years ago. The moderate communist Nepal succeeded Maoist leader Prachanda as prime minister in May last year after the former warlord quit in a conflict over the control of the national army.

Nepal PM who came to power against odds

Madhav Kumar Nepal, who resigned Wednesday as Nepal's prime minister, was appointed little more than a year ago to head the unwieldy 22-party coalition that succeeded the Maoist-led government. Seen as weak from the start, his government spent much of its time in office focusing on a series of power struggles with the opposition Maoists, while the desperately poor country's troubles grew. The 57-year-old former leader of the Communist Party of Nepal (UML) was catapulted into the job in May 2009 after his Maoist predecessor quit in a row over the integration of Maoist former fighters into the national army. Often known as "M.K.N.", Nepal had been a key figure in politics for decades and was one of the leaders of the 2006 protests against the authoritarian rule of former king Gyanendra that led to the restoration of democracy a year later. But he had lost his seat in 2008 elections and resigned from the leadership of his party. He emerged as prime minister as a compromise candidate for all 22 members of the fragile coalition that replaced the Maoist-led government. Appointed for his diplomatic skills, the contrast with his predecessor, the charismatic Maoist leader Pushpa Kamal Dahal -- better known as Prachanda -- could scarcely have been more marked. "Intellect and charisma are not his forte but Nepal has the best of political capital: a clean political image," said Thira L. Bhusal in a column for the Republica daily at the time. Nepal was born in 1953 in the south of the country and studied commerce, working in a bank before becoming attracted to the communist movement and taking up politics full time. He was elected as a member of parliament for his home district in 1999 and served as deputy prime minister between 1994 and 1995. As prime minister, he was boosted by the support of the country's foreign backers, notably India, which exerts a strong influence over its landlocked northern neighbour and had been eager to see the back of the Maoists. But his government failed to fulfill its mandate to oversee the completion of the peace process and the drafting of a new constitution, and he had little public support by the end of his time in office. Just six percent of respondents in a recent opinion poll said they

supported Nepal as prime minister, while 20 percent said they would back his predecessor, Dahal.

<http://sify.com/news/nepal-pm-who-came-to-power-against-odds-news-international>

Illegal arms trade flourishes in Nepal tourist area

The central Kathmandu tourist district of Thamel has become a centre for illegal trade in guns and small arms. Kathmandu's police chief said the area was becoming increasingly violent because of its popularity with the city's drug dealers and criminals. With cheap restaurants, backpacker hostels and shops, Thamel has long been the tourist capital of Nepal. Most tourists spend at least a day here before heading out into the country to go trekking or rafting. But in recent years, the cafes selling banana pancakes and vegetarian food have been joined by strip bars and dance clubs, many of them employing underage girls who have been trafficked into the capital from the countryside. 'Problem remains' "We're finding a lot of criminal transactions are taking place in Thamel," said Superintendent of Police Ramesh Kharel. "We're trying to contain the growing gun culture, but the problem remains." Thamel shopkeepers say that criminal gangs are gaining more and more power in the district. "They come here at night and fight and even fire their guns," said one shopkeeper who refused to give his name out of fear. "We're all scared, we want freedom from this, but there are too many of them," he said. Superintendent Kharel said that many of the guns used by the gangs were smuggled over the border from India, in particular from the states of Uttar Pradesh and Bihar. "There is a well-known gun culture in these places and it's easy for criminals to cross the border without being checked," he said. He added that he had seen an increase in small arms coming into Nepal from Lhasa, across the northern Chinese border. A local resident, who also declined to give his name, said that Thamel was becoming notorious as Kathmandu's red-light and hard-drinking district. "It's very difficult for the women in my family to walk through the streets without being harassed," he said. He said he was worried that the increase in violence would scare foreign tourists away. Superintendent Kharel said the police had increased patrols and stepped up intelligence gathering in the area. "We're working very hard. In a couple of months we'll contain this problem," he said.

http://news.bbc.co.uk/2/hi/world/south_asia/10471969.stm

India, China out of Nepal's new passport deal

Indian and Chinese companies are out of the race of the lucrative Nepalese contract for Machine Readable Passports and the deal may go to a European, Singaporean or an Indonesian company. Though two companies from India — including the government-run Security Minting and Printing Corporation — and a Chinese company bought the contract papers, officials claimed that their tenders had failed to meet the deadline set for Thursday. Security Minting and Printing Corporation had earlier bagged the contract, but it was withdrawn following objections from the Parliament's Public Accounts Committee that the deal had been awarded without calling for

tenders. Sixteen companies bid for the contract but only four companies submitted their documents on Thursday, Foreign Ministry sources said. The four companies left in the bid are Oberthur (France), 3M (Singapore), De La Rue (UK) and Perum Peruri (Indonesia). The French company which quoted \$3.50 is the lowest bidder for supplying MRP, according to a Foreign Ministry official

<http://www.indianexpress.com/news/India--China-out-of-Nepal-s-new-passport-deal/641602>

Nepal Oil Corporation eyes eco-fuel technology

The Nepal Oil Corporation (NOC) has said it is exploring possibilities of bringing in a Russian eco-fuel technology, which -- if materialized -- could reduce the country's diesel import by 20 percent and also lower the cost of the industrial fuel. According to Sunday's myrepublica.com report, the initiatives to bring in the technology kicked off after the corporation received a proposal from a research institute based in Saint Petersburg, Russia, through local energy experts. "The NITTI, the research institute is the developer and patent holder of the technology. Using it, the NOC can blend 20 percent water, benzene and other chemicals in diesel, thereby reducing environmental pollution and cost," said Santoshananda Mishra, former director of the Nepal Electricity Authority. He claimed that the technology will render diesel more environmental friendly and help lower its cost, thereby providing pricing and foreign exchange benefits to Nepal. However, none of the officials disclosed whether the technology is proven and well received in other parts of the world. Experts said the technology could be based on ion exchange method, a process through which hydrogen and oxygen are separated from water, and treating diesel with it along with various chemicals.

http://news.xinhuanet.com/english2010/sci/2010-06/27/c_13371624.htm

Parties vie for power after Nepal PM quits

A FRESH tussle over Nepal's leadership has begun after Prime Minister Madhav Kumar Nepal tendered his resignation on live television. Nepal's Maoists yesterday staked their claim on the leadership as the largest party in parliament, and began lobbying support from minor parties to form a new government. The former rebels, who waged a 10-year insurgency against the state, formed a government in 2008 and abolished the 240-year-old monarchy. Their administration collapsed nine months later over a battle with the national army commander to integrate former rebel fighters into the mainstream military. "We have decided we will try to garner support from

the other parties for a government of national unity led by us," party spokesman Dinanath Sharma said yesterday. Madhav Kumar Nepal announced his resignation on Wednesday night after a 13-month term marred by power struggles with the Maoists. He had faced intense pressure from the former rebels to quit after he agreed last month to make way for a power-sharing government. I have decided to resign from the post of prime minister so that the peace process can be completed, a new constitution drafted and the current political deadlock resolved," he said. "Our country is facing the pain of transition and change . . . National consensus is crucial if we are to find a way through these difficult times." It was far from clear yesterday whether the country's three major parties, which have struggled to agree on even the basic foundations of a new constitution, were prepared to lay aside their differences. Analysts warned that failure to form a new government swiftly could prove disastrous. "There will be chaos. All the government's plans and policies will be affected and it will hit the peace process and constitution drafting," said Kiran Nepal, editor of the magazine Himal Khabarpatrika. <http://www.theaustralian.com.au/news/world/parties-vie-for-power-after-nepal-pm-quits/story-e6frg6so-1225886871248>

PM instructs security chiefs to maintain vigil

Caretaker Prime Minister Madhav Kumar Nepal called the heads of all four security agencies at his office in Singha Durbar Thursday and directed them to maintain necessary vigil to avert possible security threats in the transitional situation in the aftermath of his resignation. Prime Minister Nepal said anti-social elements might try to create disturbance by taking advantage of the transitional situation so preparedness on the part of the security agencies to tackle with the security challenges is necessary. Chief of Army Staff Chhatraman Singh Gurung, Armed Police Force chief Sanat Kumar Basnet, Nepal Police chief Ramesh Chand Thakuri and National Investigation Department chief Ashok Dev Bhatt were present at the meeting. Also present at the meeting were Home Minister Bhim Rawal, Defence Minister Bidhya Bhandari and the secretaries of the two ministries. The Prime Minister organised the meeting with the security heads a day after he resigned from his post

<http://www.nepalnews.com/main/index.php/news-archive/19-general/7250-pm-instructs-security-chiefs-to-maintain-vigil.html>

NRB freezes bank accounts of 20 firms for evading tax

Nepal Rastra Bank (NRB) has frozen bank accounts 20 firms for evading tax, Kantipur daily reported. NRB directed concerned banks and financial institutions to freeze the accounts of the firms from Thursday on the recommendation of Inland Revenue Department (IRD). Chief Tax Officer Krishna Bahadur Bohara said, the accounts of the firms were frozen as the firms refused to pay taxes even after several verbal and written reminders

Nepal will soon allow foreign nationals to adopt Nepalese children

Nepal is mulling amendments that would allow internationally distinguished foreign nationals to adopt Nepalese children, the Republica daily reported. Officials at the Ministry of Women, Children and Social Welfare (MoWCSW) have been mulling over some amendments in the procedures regarding inter-country adoption, which, once implemented, will pave the way for foreign nationals to adopt Nepali children of their choice. Existing international standards and practices and Nepal's existing laws prohibit any foreign nationals from selecting the children of their choice for adoption. However, the ministry proposed amendments overlook existing international practices, which are considered imperative for protecting children from abuses. Officials at the ministry have proposed such an amendment after the government had to deny several internationally distinguished foreign nationals' requests for adopting the children of their choice in the past, Xinhua reports. According to the daily, recently, about two dozen American senators had lobbied with the government for adoption of a Nepali child by a U.S. based entrepreneur. According to ministry officials, the government will allow a foreign national to select a Nepali child of their choice only under special circumstances. (ANI)

Nepal's "living goddess" gets a pay rise

Nepal has increased the monthly stipend it gives its "living goddess" by a quarter, a top official said on Thursday, to help the schoolgirl revered by thousands of Hindus and Buddhists beat double-digit inflation. The girl called Kumari is considered holy and is an attraction for the many tourists who visit the Himalayan nation every year. "The government has increased the monthly allowance of Kumari from 6,000 rupees (\$80) to 7,500 rupees," said Mod Raj Dotel, the top bureaucrat at the culture ministry which also oversees religious affairs. "The increase is meant to help her lead an easy life," Dotel added. The government would also bear the expenses of her education, he said. Political turmoil in Nepal has kept the impoverished economy on a low growth path. Nearly one-fourth of Nepalis live on a daily income of less than a dollar, and have to grapple with crippling electricity shortages and high inflation. The girl chosen to play the divine role must pass a rigorous religious process must hail from a Buddhist Shakya family. She then moves away from the family home and lives in a 15th century temple in Kathmandu's

Basantapur area, noted for its ancient shrines, until retirement, which usually takes place at the onset of puberty. Critics of the centuries-old Kumari tradition say the girl is denied basic human rights as she cannot lead a normal life during the time she serves as the "goddess". In 2008, Nepal's Supreme Court ordered the government to safeguard Kumari's rights and ensure her health care and education. Majority-Hindu Nepal became a secular nation in 2006 in a deal with the former Maoist rebels who ended their decade-long civil war.<http://www.hindustantimes.com/Nepal-s-living-goddess-gets-a-pay-rise/Article1-565916.aspx>

China's Nepal hand gets stronger

KATHMANDU: Nepal's beleaguered government is hoping for a dramatic development in four months' time which would mark a change in the geo-political scenario in South Asia. In October-November, the time the former Hindu kingdom celebrates its biggest Hindu festivals Dashain and Tihar, the coalition government of Prime Minister Madhav Kumar Nepal is expecting a visit to Kathmandu by either his Chinese counterpart Wen Jiabao or the Chinese President, Hu Jintao, himself. Nepal's foreign affairs advisor Rajan Bhattarai told TNN that Beijing, in response to Nepal's formal invitation when he visited China in December 2009, is working on a suitable date in October-November. If the high-level visit materialises, it will be an additional feather in the cap of the Nepal government that can be flaunted before the opposition Maoist party. But the visit will bode ill for India's much-vaunted claim of enjoying a special relationship with the republic. Since Atal Bihari Vajpayee's visit to Kathmandu in 2002 to attend the SAARC Summit, no other Indian prime minister, president or even vice-president has visited Nepal in the following eight years, an absence that has been frequently commented on. Though Nepal's first President, Dr Ram Baran Yadav, chose to decline an invite from Beijing to attend the closing ceremony of the Olympic Games in 2008 and visit India before China, his Indian counterpart Pratibha Patil has not even begun consulting dates for a Nepal visit. While India has begun a crackdown on its own Maoists, China, by sharp contrast, is courting the Nepal Maoists vigorously. This week, several Maoist MPs are headed towards Beijing for a 10-day visit. They include Maoist deputy chief Narayan Kaji Shrestha, former information and communications minister Krishna Bahadur Mahara, and either Maoist chief Pushpa Kamal Dahal Prachanda's son Prakash or daughter Ganga. Prachanda had already been invited to the Shanghai Expo in May that saw Beijing woo 100 important world political leaders. The new Chinese bonhomie comes even as Nepal's ties with India are at a very low ebb. The Maoists have once again declared war on Indian investment in Nepal's hydropower sector, including projects involving the government of India. The last fortnight saw more India bashing, and not just by the Maoists. Nepal's lawmakers flayed New Delhi after a local media organisation claimed Indian customs authorities were deliberately holding on to a shipment of newsprint at Kolkata Port

<http://timesofindia.indiatimes.com/world/south-asia/Chinas-Nepal-hand-gets-stronger-/articleshow/6102119.cms>

SRILANKA

Sri Lanka proposes heavy defence budget despite end of civil war

Sri Lanka has retained much of its heavy defence budget this year more than a year after ending the country's civil war, the government said Tuesday. Deputy finance minister Sarath Amunugama said in his budget speech to Parliament that the defence spending for 2010 has been estimated to be \$1.64 billion, down only slightly from the previous year's \$1.65 billion. A budget for year 2010 was not presented when it was due in November last year because of approaching presidential and parliamentary elections. A second budget will be presented in November this year for 2011. Government forces defeated the Tamil Tiger rebels ending a 25-year civil war in May last year. Amunugama also said Sri Lanka was looking to move away from traditional markets for its garments after the European Union said it was not extend preferential trade status unless the island nation gave a written pledge to improve its human rights record. The government rejected EU's request to fulfil 15 conditions to extend the GSP Plus concessions, due to expire on Aug. 15. Amunugama said the garment trade has been put under "undue pressure" by those with political objectives. "However, this country needs to reduce the over-reliance on traditional markets and move toward new economies," Amunugama said. Sri Lanka exports about euro 1.24 billion (\$1.7 billion) worth of goods to Europe per year. Losing the trade preferences would cost the country some euro 78 million (\$96 million), based on its 2008 exports. Human rights groups have accused Sri Lanka of perpetrating human rights violations during its fight against the Tamil rebels. According to U.N. documents more than 7,000 people were killed in the last five months of fighting alone.

Only the will of people resolve conflicts, not external intervention, Sri Lanka President says

Only the will and dedication of the people will resolve the internal conflicts in a country and foreign military intervention to an internal conflict is not a solution, Sri Lankan President Mahinda Rajapaksa said yesterday. Addressing the Ukrainian National Defence Academy yesterday (July 1) during his official visit to Ukraine, President Rajapaksa said Sri Lanka's experience in defeating terrorism is a good example to other countries faced with challenges posed by terrorism. The President attributed the success in Sri Lanka to its disciplined security forces. Commending his troops, the President said Sri Lanka's armed forces have fought the dreaded terrorists with complete adherence to the Human Rights Declaration and keeping in mind the military discipline and humanitarian needs of the civilians besieged by the terrorists.

"It is not an easy task for an ordinary army," the President noted. It is essential to have the support of the people to defeat terrorism, the President stressed. "Foreign military intervention to

an internal conflict is not a solution. As the people do not expect the intervention of foreign forces to solve a problem, they will not receive the support of the people. The world can learn this from the Sri Lankan experience," President Rajapaksa pointed out. The President, First Lady Shiranthi Rajapaksa, and their son sub Lieutenant Yoshitha Rajapaksa along with the Defence Minister of Ukraine Mykhailo Yezhel visited the Defense Museum. The President, First Lady and the Sri Lankan delegation are in Ukraine on a five-day official visit. The President is scheduled to return to the country on July 3rd.

http://www.colombopage.com/archive_10B/Jul03_1278099490CH.php

Sri Lanka President to pay official visit to Ukraine

Jun 24, Colombo: Sri Lankan President Mahinda Rajapaksa is scheduled to visit Ukraine from June 29 July 2 in an official capacity, the Ukrainian media reported. The director of Information Policy Department of the Foreign Ministry of Ukraine, Oleg Voloshyn has informed the Ukrainian Press on Sri Lanka President's visit. This is the first time a Sri Lankan leader is visiting the former Soviet bloc country. The visit by the President is expected to boost the bilateral relations between the two countries, the Ukrainian official has said. According to a report in Ukrainian daily Kyiv Post Voloshyn has said that the visit would help promote a bilateral political dialogue at the summit level, further developing cooperation between the two countries in the fuel and energy, military and technical, education, and culture and humanitarian spheres. The two countries expect to expand their international treaty framework and strengthen their cooperation via international organizations, the Ukrainian official has added. A range of bilateral agreements, especially on cooperation in the tourism and military and technical spheres are to be signed during the President's visit. "The program of the visit also envisages holding a business forum aimed at dynamically developing bilateral contacts between enterprises and companies and improving the position of Ukrainian manufacturers on the market of Sri Lanka," Voloshyn was quoted. During the visit, President Rajapaksa is scheduled to meet President of Ukraine Victor Yanukovych, Speaker of the Ukrainian parliament Volodymyr Lytvyn, Prime Minister of Ukraine Mykola Azarov, Vice Prime Minister Serhiy Tigipko and Foreign Minister Konstantyn Hryshchenko. Sri Lanka has made millions of dollars worth military purchases from Ukraine including several Mig aircraft and Ukrainian pilots have flown the Sri Lanka Air Force jets during the war with the Tamil Tiger rebels.

Sri Lankan government distances itself from Minister's threat on UN

July 01, Colombo: Sri Lankan government has assured the United Nations that a threat made by a government minister on the UN office and staff in Colombo is an individual opinion and not the government's policy. UN officials have raised concerns over a threat reportedly made by Minister for Housing and Construction, Wimal Weerawansa yesterday to take the UN staff in Colombo hostage unless the UN Secretary-General dissolved the panel of experts appointed by him. Sri Lanka's Daily Mirror Online Wednesday reported that Minister Weerawansa has urged

the public to surround the UN office in Sri Lanka and trap the staff inside until a decision is taken by the UN Secretary General to dissolve the panel he appointed on Sri Lanka. The Associate Spokesperson for the UN Secretary-General, Farhan Haq said yesterday that the UN security officials in Sri Lanka are aware of the Minister's remarks and would try to ascertain the validity of those threats. "The (Sri Lankan) Government has assured us this is an individual opinion and is not their policy. Along those lines, we've also called in to the UN house in Colombo just to see what the conditions are there. They have not reported any actual mobilization of people. Certainly if there was any such activity, though, that would be a cause of concern. But we're not at that stage yet," the Associate Spokesperson said. The Spokesman said the UN Resident Coordinator and other officials in Sri Lanka had contacted the government counterparts immediately to check the accuracy of the media report and at this stage, there is no particular cause for concern. "Obviously we do not condone and do not accept any threats made against UN staff anywhere. What was precisely said and so forth, that's something we'd certainly have to determine," the Spokesman told the reporters.

Sri Lanka denies alliance allegation with LTTE

London, Jul 1: Sri Lankan government refused to take the blame that it is creating an "alliance" with the followers and the supporters of Tamil Tigers. The rebels, named as the Liberation Tigers of Tamil Eelam (LTTE), were defeated by the army in 2009. Gotabhaya Rajapaksa, Defence Secretary of Sri Lanka said that he had recently met a group of 'pro-LTTE' diaspora Tamils in the country to discuss issues of humanitarian concern in the country. "The visitors were a group who realized there was no purpose in continuing to confront the Colombo government and that they now preferred to work with it for the benefit of the Tamil people," said Rajapaksa. He also added, "The visitors had gone to the former LTTE strong holds of Jaffna and Kilinochchi and held discussions on all the improvements, the good and bad things." The sources stated that a detained senior LTTE leader, Selvarasa Pathmanathan, also known as KP had arranged the meeting between the two parties. Rajapaksa, however, said that both the parties had met Pathmanathan but denied that he accompanied them on their visit to northern Sri Lanka. The pro-LTTE Tamil National Alliance (TNA), meanwhile has sharply criticised the recent developments. Suresh Premachandran, one of TNA's MPs said, "it was a shame that a government which had described Pathmanathan as a 'wanted terrorist' now sought to have him defend its own actions."

Sri Lanka's General Fonseka seeks to form political party

Democratic National Alliance (DNA) leader General Sarath Fonseka, MP is seeking recognition for a new political party. In a surprise move, the former Army Commander and Chief of Defence Staff forwarded an application to Elections Commissioner Dayananda Dissanayaka applying for registration of his own party as "Democratic People's Alliance." DNA National List MP Tiran

Alles is the General Secretary of the new party. Political sources said that General Fonseka's party would continue to remain with the JVP. At the April 8 parliamentary election, the defeated presidential election candidate contested on the DNA ticket along with the JVP and was among the five MPs elected to the seventh parliament. The DNA won two National List slots, with Alles receiving one and Anura Kumara Disanayake filling the remaining slot.

Sri Lanka aims to reign in public deficit with budget

Sri Lanka's government has unveiled its first budget since being re-elected, aimed at reigning in the public deficit. But it plans to maintain high defence spending following the island's 37-year civil war with Tamil Tiger separatists. Sri Lanka is under pressure to balance its books from the International Monetary Fund (IMF) which approved a \$2.6bn (£1.8bn) bail-out last year. The IMF released the latest tranche, worth \$407.8m, after getting assurances on tax reforms and spending cuts.

Sri Lanka's budget 2010 aims to reduce deficit, promotes investment, tourism

Jun 29, Colombo: The Sri Lankan government today presented the Appropriation Bill for the 2010 Budget with an estimated Rs. 974.748 billion as expenditure for its services for the remainder of the financial year of 2010. The budget was to be presented last November but it was delayed due to the presidential and general elections held early this year. According to the acting Finance Minister Dr. Sarath Amunugam, the budget will incorporate the Vote-on-Account and the expenditure made under the President's directives which covered the period up to June and major changes will only be in the 2011 budget to be presented in November 2010. The Budget 2010 aims to reduce the fiscal deficit, introduce tax reforms, and provide incentives for investments while targeting a double digit growth in the future, the government said. The government targets a budget deficit of 8% of GDP by next year and to reduce it further to 5% by 2012 while reducing the debt limit to 70 % of the GDP from the current 80%. The government plans to resettle the remaining 25,000 displaced people by the end of the year and to provide livelihood facilities with other required infrastructure in the North. It also plans to cultivate 40,000 hectares of fallow paddy lands in the region as a measure to boost economic growth. The budget proposes the development of infrastructure in the North including the reconstruction of A-9 and A-32 highways at a cost of USD 2 billion. Capitalizing on the post-war peace in the country the government is seeking to promote tourism as a main source of income. The budget aims to increase the revenues from tourism to USD 2.8 billion by 2016 with 2.5 million tourist arrivals. It has targeted a five-fold increase in fold and tourist arrivals and nine-fold increase in the revenues. In addition, the budget expects a USD 3 billion investment in the tourism development with Foreign Direct Investment and private and government sector investments. The government has identified seven tourism zones for the development. The government expects to boost the economic growth to double digits from the 8% growth expected for 2011.

Sri Lanka posted a 7.1% growth for the first quarter of 2010. The budget also allows provisions to increase public sector salaries from 2011, create a pension fund, and strengthen the social security process. The International Monetary Fund (IMF) which approved yesterday a USD 407.8 million, the third tranche of the USD 2.6 billion stand-by arrangement, said if carried out properly, the budget would significantly address past fiscal slippages, mainly through comprehensive tax reforms and sizeable cuts in recurrent spending and allow much needed reconstruction-related infrastructure investment.

Sri Lanka seeks more Saudi tourists

RIYADH: A group of Saudi journalists left Riyadh for Colombo Monday on a familiarization tour. Sri Lankan Ambassador Ahmed A. Jawad told Arab News the aim of the program, organized by his embassy in coordination with the country's tourism promotion bureau and SriLankan Airlines, was to attract more tourists from Saudi Arabia. He was speaking at a reception in honor of the journalists late Saturday night. There has been a significant increase in Saudi tourists visiting Sri Lanka. In 2009, 7,900 visited the island. "This is expected to increase this year," Jawad added. "With the end of the ethnic conflict, more people like to visit the island since peace has been restored in all parts of the country." As part of their program, the five journalists will visit sights and places including the northcentral part of the country, which boasts a rich history dating back thousands of years. They are also expected to visit the northeast town of Trincomalee, which boasts some of the finest natural harbors and hot springs in the world, and Sigiriya, a fifth century UNESCO world heritage site that is 6,200 feet above sea level, among others. The team led by embassy coordinator A.L.M. Jabeer will also visit the Pinnewela Elephant Orphanage, a uniquely successful project that has been preserving this endangered species since 1984. The orphanage boasts the largest herd of rehabilitated elephants in the world. The journalists will also visit the Saudi Embassy in Colombo. SriLankan Airlines Manager Indunil Wijekone said that this was an ideal opportunity for journalists in the Kingdom to see for themselves what Sri Lanka has to offer. "The island of Sri Lanka is a small universe. It contains as many variations of culture, scenery and climate as some dozen countries a dozen times its size," said the legendary science fiction writer and long time resident guest in Sri Lanka Sir Arthur C. Clarke. The Kingdom lifted its travel advisory in February following the end of the conflict.

Central Bank to open a branch in Sri Lanka's Northern Province

July 02, Colombo: Sri Lanka's Central Bank announced that it will open a provincial office of the Bank in the country's war-battered Northern Province. The CBSL will open its fourth Provincial Office in Jaffna on July 4th. The CBSL currently operates Provincial Offices (POs) in the Southern, North-Central and Central Provinces. The CBSL said one of the primary functions of

the POs is to implement the development oriented loan schemes introduced by the Bank in the respective provinces. At provincial level the Bank, through lending institutions, facilitates implementing credit schemes focused on agriculture and livestock development, small and medium scale enterprises (SMEs), self employment generation and poverty alleviation. In addition, the POs are engaged in limited central banking functions and conducting of public awareness programmes on banking and finance with a view to enhancing the knowledge of investors, teachers, students and the public, the CBSL explained.

US: To review Sri Lanka's GSP status amid labour concerns

Less than a week after the Sri Lankan government rejected European Commission (EC) conditions to extend its GSP+ preferential trade benefits, the US has also decided to review the country's GSP status. The US government this week said it has accepted a petition to investigate whether Sri Lanka still meets GSP eligibility criteria related to worker rights. However, the impact on Sri Lanka's clothing sector is likely to be negligible, since most textiles and apparel products exported to the US are excluded from preferential tariff treatment under GSP.

The petition was filed by the American Federation of Labour and Congress of Industrial Organisations (AFL-CIO), which cites numerous allegations of violations of labour standards, including "restrictions on freedom of association and collective bargaining, anti-union discrimination, severe exploitation, non-enforcement of labour laws" in the Sri Lankan apparel sector. According to the Trade Union Confederation (TUC) in Colombo, the move was not unexpected, since the US has been holding talks with Sri Lankan government representatives, trade unions and apparel sector employer organisations over the last 18 months. Discussions are now likely to be held to address concerns. "Acceptance of the petition is not a decision to revoke GSP nor does it set a deadline for a decision on action on GSP privileges," the US embassy said. "It is the beginning of a formal, collaborative process to work with the Sri Lankan government to address the concerns in the petition and work to improve support of and adherence to worker rights. GSP privileges will continue throughout the process."

EU urges Sri Lanka to cooperate with UN war probe

The European Union urged Sri Lanka's government on Thursday to cooperate with a UN panel probing alleged war crimes during the country's civil war. "The European Union encourages the Government of Sri Lanka to cooperate fully, including through the Lessons Learnt and Reconciliation Commission appointed by President Rajapakse, with the members of the Panel, in the interest of all concerned," said EU foreign affairs chief Catherine Ashton. "The European Union hopes that these initiatives can contribute to an inclusive and sustainable political solution addressing the legitimate concerns of all the communities on the island," she said in a statement. President Mahinda Rajapakse's government has ignored calls to investigate allegations that thousands of civilians were killed along with surrendering rebels during the final months of the fighting that ended in May last year. Sri Lanka has refused to cooperate with a panel named

by UN chief Ban Ki-moon last week to advise on "accountability issues" during the conflict, which pitted government forces against Tamil Tiger separatists. Rajapakse told the Times of India in an interview published Monday that he did not care about damage to the country's image as a result of resisting pressure from the United Nations and Western countries to submit to an enquiry. "Why should I worry about others?" he told the newspaper. "If India and neighbours are good with me, that is enough for me." Asked about the risk of losing EU trade concessions worth an estimated 150 million dollars a year because of his resistance to EU pressure, Rajapakse replied: "I am not bothered." "If the EU doesn't want to give it, let them keep it. I don't want it. We have gone and explained what we have done." The UN has said that at least 7,000 ethnic Tamil civilians were killed in the first four months of 2009. The UN estimates that up to 100,000 people died in the fighting between 1972 and May last year.

Indian Navy chief in Sri Lanka, to talk defence ties

In the first such high-profile visit since 2004, Indian navy chief Admiral Nirmal Verma arrived in Colombo on Sunday for five-day official tour. A guided missile destroyer of the Indian navy, INS Delhi, one of the largest warships built in India, also reached Colombo port. The last visit of an Indian navy chief was in September 2004 when Admiral Arun Prakash had come to Sri Lanka. Verma would be meeting President Mahinda Rajapaksa besides being the chief guest at the Commissioning Parade of the new batch of Sri Lanka Navy Officers at the Naval and Maritime Academy in Trincomalee in eastern Sri Lanka. Verma is expected to pay his respects at the memorial for the Indian Peace Keeping Force (IPKF) soldiers, killed during operations here between 1987 and 1990, constructed by the Sri Lanka Navy in Colombo. During his visit to Colombo for the 2008 SAARC summit, Prime Minister Manmohan Singh, was expected to open the memorial. However, the memorial was never officially unveiled. Verma will visit the Kankesanthurai Harbour in Jaffna to discuss its repair and rehabilitation. To initiate the project, Indian Navy Survey Ship 'Nirupak' would be commencing hydrographical survey of KKS harbour from June 30. Verma's tour is being seen here as part of efforts to strengthen Indo-Lanka defence ties in post-LTTE era. "The visit will promote bilateral relations and mutual cooperation between the two countries and help Sri Lanka to enhance security in a post LTTE era," the Sunday Island newspaper quoted a Naval officer as saying. "Indian and Sri Lankan Navy Chiefs have been engaged in wide ranging mutual interactions over the years. They have jointly participated in a number of prestigious maritime defence forums which include the 19th Sea Power Symposium held at the Naval War College in the USA and Indian Ocean Naval Symposium (IONS) held in UAE," the High Commission of India said in a statement. The Indo-Lanka joint statement issued in New Delhi after Rajapaksa's visit earlier this month had also mentioned strengthening of bilateral defence ties.

After EU's concession withdrawal, U.S. to review sops for Sri Lanka

Close on the heels of the European Union's decision to withdraw preferential tariff concessions to Sri Lanka's apparel industry, the United States has announced that it will review workers rights related trade concessions granted to the island nation under its Generalised System of Preferences (GSP). The EU's decision could result in loss of \$150 million and is based on its report about the perceived failure of Sri Lanka to conform to international conventions on human rights. The U.S. move is based on a petition seeking review of trade tariff concessions linked to workers rights. The U.S. has made it known that the decision to review does not mean it has made up its mind to withdraw the concessions. The EU last week had set July 1 as the deadline for an undertaking from the Sri Lankan government committing to fulfill 15 conditions, including release of all LTTE suspects under the military's custody. Colombo rejected the offer saying it amounted to interference in the internal affairs of the country and said it was not prepared to barter its sovereignty for the sake of concessions.

The Central Bank of Sri Lanka (CBSL), in a statement, said the economy was geared up to the meet the situation arising out of the withdrawal of EU concessions from August 1. "While the prevailing crisis in some of the economies in the EU region has added to the difficulty of continuation of such concessions by the EU, the CBSL has regularly cautioned all stakeholders about the inherent uncertainties surrounding the continuation of the GSP+ facility, and advised all to prepare for the inevitability of the discontinuation of the scheme," said the statement. A statement from the U.S. embassy in Colombo said that under the American GSP system, preferential duty-free treatment was given for over 3,400 products from 131 designated countries, including Sri Lanka. "Products covered under the GSP programme include: machinery, electrical goods, chemical products, agricultural products, jewellery and much more," said the statement. "Most textiles and apparel are not eligible for preferential benefits under the programme." It said that the American Federation of Labour and Congress of Industrial Organizations (AFL-CIO), an American trade union, had petitioned against the concessions in 2008 asking for a review of worker rights in Sri Lanka. The U.S. had decided to accept the petition for a review. The statement said countries must ensure that internationally recognised worker rights, including the right of association, right to organise and bargain collectively, and a prohibition of compulsory labour was in place to qualify for GSP benefits. Other criteria included measures against child labour, and occupational safety and health, work hours, minimum wages and working conditions. The statement said there would be a public hearing, likely to be held in August to discuss the worker rights issues raised by the AFL-CIO petition and the government of Sri Lanka will be invited to participate in the hearing. Before the hearing, the United States and Sri Lankan government will engage in a dialogue on any areas of concern with respect to worker rights.