

SHUMAILA RAFIQ

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Summary:

Bangladesh: Bangladesh plunged into a new and deep political crisis as the government deliberately set itself on a collision course with the opposition, which many presume to be prompted from across the border. Striving for democracy by increasing number of countries during the last four decades has resulted in impressive progress in the attainment of the system of governance, rule of law and human rights. Freedom of press is the much talked about issue in the present world. Needless to point out that the current century is a century of information-flow. If any incident takes place, it is disseminated throughout the globe by virtue of electronic and print media. The capsizing of a ferry on the River Shitalakkhya this week near the capital Dhaka, resulting in dozens of passengers missing, is just the latest in a series of distressing news reports coming from Bangladesh. After two years of relative peace under the Awami League (AL) government, the country has again witnessed violent street protests in the last few days. Policy makers in Bangladesh have been reiterating their goal about accelerating the growth rate of the economy from nearly six per cent to eight per cent at the fastest. In order to accomplish this goal, power generation capacities need to increase by at least 24 per cent annually. The Bangladesh High Court has outlawed punishments handed down by religious edict, or fatwa, after a series of cases of Muslim women being beaten and caned, a state lawyer said Friday. Three East Asian countries - Japan, South Korea and China - have expressed their intent to enhance relations with Bangladesh. Prime Minister Sheikh Hasina, who visited China and South Korea, is due to visit Japan in October to further the ties. Urges removal of tariff, para-tariff barriers to expand intra D-8 trade. Prime Minister Sheikh Hasina yesterday urged the Developing-8 member states to evolve their own mechanism for establishing a D-8 Free Trade Area to increase trade and businesses. The US and its European allies like to see Iran as an increasingly isolated country; its economy hobbled more and more by economic sanctions and with the pressure growing weekly.

Nepal: a senior economist of the country, how have you been analyzing the effects of global economic downturn in Nepal? Some local economic pundits prefer to call it the lagging effect of world economic recession that is being observed here in the form of severe liquidity crisis and, that too at a time when economic giants such as US, Germany, China and India are expected to grow rapidly in the near future. a modern, a-political Monarchy in Nepal should-- and can -- play this modernizing role better than a Presidency, if it is allowed to be active in social service and the promotion of arts, culture, music and religious affairs. I also believe that a Monarchy can be more cost effective than a Presidency and all its paraphernalia. Nepal's political leaders said Wednesday they would seek to extend a deadline to form a new unity government set by the Himalayan country's president. The nation was plunged into crisis last week when Prime Minister Madhav Kumar Nepal stepped down under pressure from opposition Maoists. Nepal's president, Ram Baran Yadav had set Wednesday as the deadline for parties to form a national "consensus" government. "Nepal can achieve more developed and prosperous status than Switzerland provided we can establish a better political system with no political foreign interference in Nepal's internal matters". For a decade, he carried a 9mm pistol and battled government forces in almost every corner of Nepal as part of a Maoist insurgency that ravaged this majestic Himalayan nation. Amid the deadlock over government formation in Nepal, Terai-based Madhesi parties have claimed the right to lead a new coalition in a bid to meet the new deadline set by President Ram Baran Yadav. Corruption exists and has always existed. It is pervasive and has far-reaching consequences. Corruption is one of the major hurdles to overall development and economic prosperity. Nepal's communist former rebels reached out to other political parties Thursday to form a new coalition government, a day after the prime minister resigned following months of sometimes-violent protests. The Nepal government is all set to introduce casino regulations to curb possible malpractices in the business. In May of this year the Nepali masses once again demonstrated their thirst for a revolutionary transformation of society, when they took to the streets in their tens of thousands. The major change in Nepal's modern history began with the great mass movement of April 2006, which eventually led to the abolition of autocratic monarchic rule. Similar to the May 2010 movement, the great mass movement of April 2006 also showed the overwhelming and widespread desire for change. The International Fund for Agricultural Development (IFAD) and the government of Nepal signed a loan agreement of 7.6 million U.S. dollars and a grant agreement of 7.6 million dollars aiming to reduce poverty and vulnerability of people living in the hills and mountains through agricultural diversification. Income of Nepali citizens has doubled in last one decade, though it might take more than a decade to graduate the country to even 'very low income group' The government last week pledged Rs 800 million to Nepal Oil Corporation (NOC) to finance the import of liquefied petroleum gas (LPG). of plugging the loss coming from LPG by revising its price, NOC adopted tricky tactics of covering LPG induced loss by raising prices of diesel, petrol and kerosene, a move that threatens to exert pressure on fiscal balance. The Government of Nepal launched a tourism promotion campaign styled "Nepal Tourism Year 2011" to rejuvenate its tourism industry. Unexpected disruptions seen in announcing a full-fledged fiscal budget following the

resignation of Prime Minister Madhav Kumar Nepal has once again proved that political uncertainty is the major obstacle to Nepal's economic progress. Exports and imports of goods and services between nations take place according to the rules of comparative advantage (CA) – which, in other words, is the difference in their manufacturing costs. Nepal is one of the most potential hydro-power countries in the planet that, according to recent studies, is capable of generating over 100,000 MW of clean and cheap energy, something in far excess of her requirements.

Srilanka: With an almost two third majority in Parliament, getting the Budget passed was an easy task for the ruling UPFA but the committee stage debate was somewhat a stormy affair with a barrage of opposition criticism levelled at the government for mishandling the economy, curbing media freedom and bungling the country's foreign relations. The protest outside the United Nations. A top LTTE leader and a key suspect in the Rajiv Gandhi assassination case, currently in detention and presumably cooperating with the government, is not being groomed to be a provincial chief minister, Sri Lanka's defence secretary, Gotabhaya Rajapaksa has said. Sri Lankan President Mahinda Rajapaksa and his rival opposition leader Ranil Wickremasinghe met here Saturday for talks on the island's constitutional reform, officials said. A committee report on the reforms of Sri Lanka's main opposition -- United National Party (UNP) -- was handed over to party leader Ranil Wickremesinghe on Monday. PRIME Minister Julia Gillard's revised approach to processing applicants from Sri Lanka and Afghanistan amounted to "racial discrimination", according to an asylum seeker advocacy group. Hundreds of Sri Lankan activists led by a Cabinet minister today protested at the UN office here against a world body panel set up to probe allegations of human rights abuses during the LTTE war, a day after detained ex-army chief Sarath Fonseka asked the government to face it with courage. Sri Lanka's central bank unexpectedly cut its benchmark interest rates for the first time in eight months to support economic growth after the European Union withdrew trade concessions this week. The Sri Lankan government has failed to understand the serious repercussions of its decision not to accept EU conditions that would have extended the GSP+ duty-free trade scheme for another six months. Garment factories are not only Sri Lanka's largest employer, they account for over 40% of the country's export trade. Much of this is about to be lost. The Sri Lankan garment industry relies on only two markets for 97% of its garment exports. Sri Lanka Loses E.U. Trade Benefit

The European Union is suspending preferential treatment for Sri Lankan imports because it says the government has not committed to resolving human rights complaints. When garment factory workers outside Colombo once organized a noisy protest over a bonus issue, police threatened to file charges - of hostage-taking - against them. The Sri Lankan authorities zeroed in on this because the workers' senior managers were inside the factory premises during the protest.

Detailed News

Bangladesh

Bangladesh's Awami League up to its old tricks: Can it survive?

London 4 July 2010. Bangladesh plunged into a new and deep political crisis as the government deliberately set itself on a collision course with the opposition, which many presume to be prompted from across the border. The overt objective of the government seems to be to crush the opposition for perpetuation of its power and its covert aim being to remove the obstacles in serving the Indian interest at the cost of the country. According to some opposition quarters, the government thus acting as the obsequious minions of a hegemonic neighbouring country is bound to bring upon Bangladesh untold peril and dire consequences and, as poetic justice, upon itself too, which would be reaping a bitter harvest and, as such, it could be quite harsh and unkind too. Obaidul Quader, a Bangladesh Awami League (BAL) leader, vented out the recognition of this realisation when he said on 2 July 2010 that the present political confrontation could be “suicidal” for both the government and the opposition.

Repression of the media: The daily Amar Desh, a popular and powerful voice of the opposition, not belonging to any particular political party, was conspiratorially shut down as the National Security Intelligence (NSI) nabbed its publisher for six hours to get him to sign a few blank papers, which were then converted to complaints, framed by the NSI, to arrest the editor-in-charge, Mahmudur Rahman, at about 4 am on 2 June 2010 with a 200-strong police force, on ridiculously flimsy charges. After arrest, new charges of conspiracy against the state and of patronisation of Hijb-ut Tahrir, an Islamic organisation, were lodged against him, again conspiratorially. Defying the concerns of the US and the UK embassies for freedom of the press and also defying the court order not to torture, which is forbidden by the constitution, the police later forcibly undressed him at midnight in remand, tortured and beat him up leaving him unconscious, while the paper was closed down by the supreme court for a month, within which time, new orders may be issued. In the circumstances, the future of Mahmudur and the daily Amar Desh are uncertain at this stage.

As regards the vague allegations against Mahmudur of his connections with “Islamic terrorism”, it needs to be remarked that, according to many, whatever there were in Bangladesh in the name of “Islamic terrorism”, were created in the main by India (such as JMB) and Israel (such as HuJI-B) for their ulterior motives of imparting blemish of “terrorism” and “failed state” to the country and thus making it a target of some foreign powers with the aim of subjugating the country by India in the common interest of those countries. The hegemonic neighbouring country has continued with the same heinous conspiracy unabated, with malicious propaganda by their powerful media and pockets of influence worldwide. But it would not be out of place to mention here that the evil US-Israel-India axis of the Bush era, seems to be in the process of gradually being down-graded and dismantled in the present Obama era, in spite of defiance and circumvention by both India and Israel, which may not yield their desired result, albeit definitive conclusions cannot yet be reached for lack of unequivocal official statements backed up by discernable actions.

As to the present government's attempt to gag the media, already previously, it closed TV channels, such as Channel-1 and Jamuna. By now, all the newspapers, indeed all print and electronic media, including online publications and websites, of Bangladesh are being controlled by the government through autocratic actions and intimidations, the TV talk shows being prevented from any dissensions and these shows are being directed to eulogies only for the government and its foreign allies. The government seems to be taking directions churned out of powerful computers of foreign lands.

“Persecution” of the BNP:

Irrespective of whether anyone supports a particular party or not, it is in the interest of the citizens in a democracy to see that human rights, democratic rights and rule of law are respected and practised and that justice prevails in matters of governance and all walks of social and political lives. Any incumbent autocracy should also learn from the history, for today's power can evaporate tomorrow, as it generally does. The countrywide general strike called by the Bangladesh Nationalist Party (BNP) on 27 June 2010 on their 11-point demands and supported by many opposition parties, including the Bangladesh Jamaat-e-Islami (BJI), was hugely successful and the picketing and processions of various groups of the opposition were also peaceful. But the Bangladesh Chhatra League (BCL), police and the Rapid Action Battalion (RAB), according to reports, resorted to violence as they went on attacks, which were clearly seen to be unprovoked and premeditated. In particular, certain government-sponsored acts of brutality drew public condemnation, as well as international criticism, such as, of Amnesty International. The brutal beating up of BNP students' affairs secretary Shahiduddin Chowdhury Annie MP jointly by BCL members and the police and later, as a total disgrace to medical profession, by BAL elements of hospital doctors and staffs when Annie was taken to hospital, was a case in point. Similarly, thoroughly condemned was the joint attack of members of BCL and RAB in the peaceful house of the BNP standing committee member Mirza Abbas, a former Mayor, who was earlier arrested the same day. The people, who gathered in the house after his arrest, were beaten up brutally including women, among them were his wife and his 85-year old mother and, as stated by his wife, about 50 people were arrested. BNP claimed that more than one thousand of their leaders and workers were arrested on the day and more than five hundred injured. Prominent among them, in addition to the two above, were Vice-Chairman Shamsheer Mobin Chowdhury, Khaleda's advisers Prof M A Mannan and Adv Ahmed Azam, and Rajia Begum, secretary of women's organisation, Bangladesh Jatiotabadi Mohila Dal (BJMD). Clearly, many of these arrests were targeted in order to weaken and demolish the BNP organisation. The arrest of Mirza Abbas and filing of case against Mayor Sadek Hossain Khoka, who may be arrested later, are aimed at weakening the BNP in Dhaka. MP Annie was arrested to weaken the student organization the Bangladesh Jatiotabadi Chhatra Dal (BJCD), while BNP adviser, former foreign secretary and former ambassador to the US, Shamsheer Mobin Chowdhury, to weaken foreign lobbying and Rajia Begum to weaken women's organisation, BJMD. Similarly, the arrests of the secretaries of volunteer organisation Jatiotabadi Swechhasebok Dal, Fishermen's organisation Motshojibi Dal etc. were targeted. The BNP termed these targeted attacks as

“political persecution”. At this present tempo, any leader of the BNP, including Khaleda, may be arrested and the BNP should have no illusions of any kind about that. The government seems to be cutting off the twigs and branches of BNP, before felling the tree. Even today (4 July 2010) Hasina claimed that Khaleda was involved in the bombing of August 21, 2004 at Hasina’s meeting. Is it a hint? Arrest of BJI leaders: The government previously arrested many members of Hijb-ut Tahrir, including its leader, and later banned the organisation. Previously also many of Jamaat and Shibir activists were arrested. In the RU (Rajshahi University) BCL leader Faruk murder case in February 2010 alone, more than two hundred Jamaat and Shibir activists were arrested. And now comes the crunch, the top three leaders of BJI were arrested. On 29 June 2010, Nizami, Mojahid, and Sayedee were arrested on most laughable charges of hurting Islamic sentiments. But that this was only a ploy was apparent next day when a raft of cases, such as murder of Freedom Fighters in 1971, implication in RU BCL leader Faruk Hossain murder case, torching of vehicles during the general strike of 27 June 2010, malicious propaganda against the image of the country and its foreign friends, etc. were brought against them. And then each of them was given a remand of 16 days, which is a record number. Today (4 July 2010), according to reports, Law minister Shafique Ahmed said that the 1971 war crimes tribunal could have the three top Jamaat-e-Islami leaders shown arrested for crimes against humanity on the basis of witnesses and evidence. The government seems to be aiming at meting out capital punishment to a number of BJI leaders and destroying the organisations of BJI and Shibir. When the Jamat-Shibir activists demonstrated today throughout the country to protest the arrest of their leaders and workers, about one hundred activists were arrested, as reported. According to many, Jamaat was an ally of BAL and Ershad, during the Ershad regime of 9 years, until at the end when both BAL and BJI joined the movement to bring down Ershad. Again BJI along with Ershad was an ally of BAL, during Hasina regime of 1996-2001, when at the end of it, the BJI switched sides to join a coalition with the BNP and won two ministries for Nizami and Mojahid during Khaleda regime of 2001-06. The BJI has since become a target of the BAL, while Ershad became an ally of the present BAL government. So, which way is the political pendulum swinging? The writing seems to be on the wall for the government. The complaint of the opposition against the government include: rampant corruption, armed terror, murders, grabbing, misrule, oppression of citizens, repression, partisan control of administration, judiciary, Anti-corruption Commission (ACC), law enforcing agencies, educational and other institutions etc. The people’s discontent and swelling rage are gradually cutting the ground from under the feet of the government. Additionally, its declared intent to serve Indian interest at the cost of the country has added fuel to the fire. The total silence of the Hasina government against Indian border atrocities such as killing of nine hundred innocent unarmed Bangladeshi villagers in ten years by contravening the Geneva convention, and incidents such as forcible intrusion and occupation of Bangladeshi agricultural lands in the Jaintapur border area are not going unnoticed. The people are getting further enraged. No wonder Indian media are hinting at a possible military coup in Bangladesh. Coup or not, the government is already finding itself in a tight corner. Within one and a half years of its coming to power, the government seems to have started tottering. It is in

this charged backdrop that the BNP emphatically won the Chittagong City Corporation (CCC) election held on 17 June 2010. It is the first time since 1/11 2007 that the law enforcing agencies did not interfere in the balloting system. What internal and or external influences were there at work is not crystal clear, but the returning officer Jasmine Tuli set an example of acceptable, free and fair election, just as the general elections of 1991, 1996 and 2001 were acceptable. In the recent Bhola-3 by-election, the loser BNP candidate Maj (Retd) Hafiz complained of the Directorate General of Forces Intelligence (DGFI), NSI, Special Branch (SB) etc. campaigning against him. About the general election of 29 December 2008, former BAL secretary Abdul Jalil said that the Hasina government came to power through understanding with the army. Gen (Retd) Ershad also said that without the help of the army, this government would never come to power. These three leaders summed up the situation of these rigged elections. Thus, the people who termed the CCC election a turning point are more than justified. It boosted up the spirits of the BNP camp. The highly successful general strike of 27 June 2010 called by the BNP camp is indeed a notice served on the government. And the more the government resorts to repression and persecution, the more the people will be mobilised against it. What is more, if the repression exceeds the level of tolerance, some sections of the BNP and the BJI, which are involved in constitutional politics for the last three decades, may be driven underground along with sections of other opposition parties, as the opposition did during Mujib regime of 1972-75. In order to play a good role in history, the political parties need to learn from the history.

<http://www.bangladeshpatriot.com/?p=129>

Politicians cast poor image

Striving for democracy by increasing number of countries during the last four decades has resulted in impressive progress in the attainment of the system of governance, rule of law and human rights. But it is also conspicuous that in many cases these noble attempts are threatened by crime and corruption, weak public administration, terrorism and lack of accountability. It is in this backdrop that today's governments, politicians, development practitioners and international agencies are now frequently using the term "good governance". At the same time, they also regard bad governance as major hindrance in the path of democratic rule and social justice. Major donors and international development agencies are imposing good governance as precondition for economic cooperation and other assistance. Recent empirical findings lend support to the common wisdom that asserts that there has been a steady erosion of public faith in politicians and the political system. People felt that politicians had given Bangladeshi democracy a bad name. Strengthening such scepticism has been the sight of political leaders in the Parliament. Today the image of Parliament that emerges from television is more akin to a boxing ring. Some would attribute the bedlam to the nature of Bangladesh's polity. In contrast to the dour and forbidding manner of its Western counterparts, the Bangladesh Parliament is seen as a lively reflection of the country's socially and culturally diverse polity. And yet, Parliament must function with a minimum consensus or risk being reduced to

irrelevance in the public eye, with the attendant danger of popular disillusionment with the democratic process itself. Unfortunately, the rot may be already running too deep, with Parliament habitually lurching from session to unproductive session, with bills and debates on key issues taking the backseat to noisy protests and walkouts. Before every session, the Speaker makes a fervent appeal to all political parties for cooperation in conducting the proceedings smoothly. But this has become more of a ritual today. Only during obituary references is Parliament calm. When the live telecast of parliamentary proceedings began, every one hoped that our representatives would behave better and discharge their duties more responsibly as the people had an opportunity to see them in action. But our MPs hardly seem to bother about public opinion. Unfortunately, most people with a vision and a broad outlook do not enter politics for obvious reasons. In fact, many do not even cast their votes. Unless we break this vicious cycle, there will be further deterioration in the political scenario. The quality of politics and politicians has declined alarmingly. The manner in which politicians conduct themselves - disrupt proceedings, force adjournments and clash in Parliament - is deplorable. Parliament, a pillar of democracy, has been reduced to a sorry state. It is time for urgent measures to arrest this decay. The Treasury and the Opposition benches must come to a minimum agreement on running Parliament - if not for improving their own public image, at least for the sake of Bangladesh's democracy.

<http://nation.ittefaq.com/issues/2010/07/03/news0010.htm>

Allow media to function freely

Freedom of press is the much talked about issue in the present world. Needless to point out that the current century is a century of information-flow. If any incident takes place, it is disseminated throughout the globe by virtue of electronic and print media. The occurrence of the demolition of Twin Tower on 9/11 was live seen by the people across the world through the electronic media. Uninterrupted freedom of media is not only a demand of the media men but also a demand of the conscious people around the world. Media is a mirror of society. A number of irregularities, incoherence, impertinence and so on are depicted in the print and electronic media. The media depicts both success and failure of a government as well as of the opposition. The current global media is very vocal against the worldwide terrorism, fanaticism and militancy. After 9/11 both the print and electronic media have been playing a pivotal role in exposing the mask of global terrorism and its god fathers. Media was mostly responsible for inciting the USA and its allies to launch a brutal attack on Afghanistan and Iraq. In this regard media actively worked in favour of the Super Power. They concealed the plight of the people of the above countries due to the naked aggression by the USA and its allies. At that time media played a dubious role in appeasing the sole imperialistic force. Then the USA reportedly imposed censorship on the media though it shed crocodile tears with regard to freedom of press as well as democracy and human rights. At that time freedom of press was grossly violated all over the world. In Afghanistan, Pakistan, Iraq, Somalia, Yemen, Algeria and other countries repression on journalists bears an ample testimony to that. In those countries a large number of

journalists are being persecuted while discharging their professional duties. Many journalists are abducted or gunned down because of publishing informative and factual reports. Journalists are to obey journalistic ethics while performing their duties. Sometimes some of them abruptly cross the limit during their duty and publish such type of news in their news papers or air such pictures in their electronic channels which bring negative result for the society. Some news is published in different dailies or weeklies which bring positive result for the society. At present one-sided news is being disseminated around the world which is about anti-Islam. The anti-Islamic campaign is widely being carried out in the print and electronic media. The worldwide print and electronic media are branding Islam and Muslims as terrorist and militant which is more or less confusing the world citizenry regarding Islam and Muslims. The reason is that Jews are the owners of the above print and electronic media which are totally antagonistic to Islam and Muslims. A materialistic or atheistic movement is heading around the world. The Jewish run print and electronic media are largely contributing to carry out this movement and make the people materialist or atheist instead of religious and devout despite the demise of communism and socialism. It is no denying fact that though communism fell in disaster before 21 years, still that ism persist at a top level including media. As a result the materialistic movement is running smoothly. One of the characteristics of that movement is to derail the youngsters and make them disciples of alien culture. The western rep music or Bolly-wood dance testifies to that. These media always highlight the above music and dance before the juveniles and youngsters. The consequence is grim. At present we are on the verge of ruination due to alien culture. Youths are mainly driving force of a society. If they go to the dogs, the whole society completely break down. Currently youths the world over are the worst victims of that cultural aggression. A ray of hope is seen throughout the world. Some sincere and conscious men have come forward to launch a number of channels to combat the Jewish run channels.

They are trying their utmost to uphold healthy culture before the world citizenry. These channels are trying to show the failings and demerits of materialism as well as western culture and so on, shown youngsters the righteous and virtuous path. Those who contribute in this connection deserve acclamation. It is hoped that more such wealthy people will come forward to launch a good number of print and electronic media countering the western and Indian print and electronic media. In Bangladesh freedom of press was violated in the past and at present it is grossly being violated. In different times journalists were facing different obstacles at the time of performing their responsibilities. Many eminent journalists were assassinated or seriously wounded during different governments. Many journalists were posed death threat by the terrorists, musclemen and the goons belonging to the ruling party. Another important issue is that the government party is not sincere in respect of ensuring freedom of press. It is banning print and electronic media if media publish their misdeeds. Channel-One and Amar Desh are the glaring examples of the above repression and coercion. These print and electronic media is considered as the opposition leaning media. Acting Editor of Amar Desh, a Bengali Daily, Mahmudur Rahman was an ex Energy Adviser during BNP- led 4 -party rule and is an outspoken man. He has been boldly

presenting misdeeds of the present government in his daily. As a result he has become prey to the ruling party's wrath. Besides, some journalists of a number of TV channels were physically assaulted by the ruling hoodlums due to their objective news. In the past journalists published a good number of reports with reference to the terrorist activities of JMB and their destructive works in their print and electronic media. In this regard the journalists played a pioneering role in revealing their strength-arms and explosives materials. They unearthed their dens one by one in collaboration with the police and RAB. Still police and RAB are unearthing their secret dens with huge explosives and nabbing the JMB leaders. As courageous persons of a society journalists are performing their responsibilities despite repeated intimidation and death threat. Here freedom of press is needed for the sake of journalists. It is urgently needed not only for journalists' safety while performing professional duties but also for ensuring their financial capabilities. Most of journalists draw meagre amount of salary or remuneration. In many newspapers journalists don't get salary or remuneration regularly. Their salary is withheld for five or six or more than six months. As a result their hardship knows no bound. Most of their family members suffer a lot. In this context the government should be sympathetic to the journalists and come forward to mitigate their sufferings. The closure of the 60- year-old Bangladesh Observer bears a testimony to that. The owner of that defunct English daily decided to shut down its publication. It is worth- mentioning that the then Awami League government shut down the publication of The Dainik Bangla and Bangladesh Times respectively. At that time journalists were at stake. Then many burst into tears thinking their gloomy future. At a time the stopping of two newspapers brought an ominous result to hundreds of journalists. This incident of closing two newspapers was a rare instance in the history of Bangladesh after 1975 when all newspapers were banned except four. In a nutshell repression on journalists has been carried out since the very beginning of independence in Bangladesh in 1971. Every government should want uninterrupted information- flow because print and electronic media nicely present incoherence of a society. Consequently the government as well as opposition can be rectified by going through this important news or witnessing picture based news on TV channels. Moreover the civil society can play a vital role in revealing failures and achievements of the government if print and electronic media are active, vocal and vivacious.

The media should always maintain neutrality while publishing any kind of news. The media should not publish such malicious news which hinders the onward march of a nation. The nation is now more conscious than that of the past. They want peace, progress and prosperity. They don't want confrontation and revengeful politics. Rather they want to work altogether. In this respect both the print and electronic media can play as the vanguard of the nation. If our print and electronic media can do so freedom of press will be upheld. There will not remain any obstacle to uninterrupted information- flow. In this respect the existing government should play a significant role in ensuring uninterrupted information- flow. All conscious people of the country expect that. It is hoped that our print and electronic media will enjoy more liberty than that of the previous days because at present a democratic government is ruling the country.

Bangladesh faces tough times ahead

The capsizing of a ferry on the River Shitalakkhya this week near the capital Dhaka, resulting in dozens of passengers missing, is just the latest in a series of distressing news reports coming from Bangladesh. After two years of relative peace under the Awami League (AL) government, the country has again witnessed violent street protests in the last few days. These protests have erupted over a number of issues, including a campaign being waged in the textile industry for better pay and conditions, which has led to the closure of several factories producing garments for prominent high street brands. Over 200 hundred activists were also detained after a protest over the arrest of three prominent Islamic leaders, accused of being involved in atrocities during the war of independence forty years ago. Formerly 'East Pakistan', Bangladesh became independent in December 1971 after a nine-month war with West Pakistan, in which an estimated 3 million people died. Following an election promise, the current government set up a war-crimes tribunal to investigate those responsible for massacres during the war. Unfortunately, many of the accused are now prominent members of the Jamaat-e-Islami party in Bangladesh, because many Islamists supported and collaborated with West Pakistan during the war. Bangladesh can ill afford a new wave of political unrest, when it faces the huge task of battling the key problems of poverty, energy shortages and climate change. In a new report released by the Bangladesh Institute of Development Studies, entitled "'Investment in Agriculture for Higher Growth, Productivity and Adaptation to Climate Change", experts predict that unless more is done, the country will struggle to feed itself over the coming years. Rice production is currently expected to fall by approximately 3.9 per cent per year in the decades leading up to 2050, due to the intrusion of sea water into the growing fields of the southern Khulna region and worsening water shortages in the northern regions. Droughts particularly threaten the harvests of Bangladesh because the country currently relies on the water-loving 'boro' rice variety which requires plenty of irrigation. Climate variability already costs the Bangladeshi economy around 3 billion dollars a year and the financial costs could rise to 121 billion by 2050, unless better planning and investment lead to improved water-efficiency, the development of new crop varieties and agricultural diversification. The government already provides some subsidies to the agricultural sector for increasing food production, but the report suggests that a complete overhaul of the country's agricultural system will be required if Bangladesh is to continue feeding its population of 158 million, which rises at nearly 1.3% annually, since 70 per cent of Bangladeshi's are under 35.

Investing in the power sector

Policy makers in Bangladesh have been reiterating their goal about accelerating the growth rate of the economy from nearly six per cent to eight per cent at the fastest. In order to accomplish

this goal, power generation capacities need to increase by at least 24 per cent annually. The government has, thus, been looking for investments in the power sector to the tune of \$ 10 billion in the next five years to raise power generation to 10,000 mw. In pursuit of this, road shows were organised in London, New York and Singapore to attract potential foreign investors to invest in the country's power sector. Foreign investments in this sector are needed in view of the great urgency to substantially increase power generation. The power crisis is not only holding back investments in different sectors of the economy but also hindering the operations of the established industries and services at capacity that has led to under-productivity. Power insufficiency and ways and means to overcome the same merit, therefore, to be at the top of the public policy agenda. In this situation, a conference was held at Hotel Sonargaon in Dhaka last Saturday. Reportedly, the foreign investors in the conference were mostly the ones who earlier showed interest in the road shows last year. They have now been briefed more and well on the prospects of investments in the country's power sector. They have been appraised that Bangladesh happens to be punctual in dealing with foreign investors in the sector. The foreign investors who have already a presence in the country know it that the government here has never defaulted in paying its dues to them in time. They must have realized from attending the conference that this country offers a good opportunity for investments since its policies are sound and that there would be no worries about marketing of power to be produced since its economy as a whole is aspiring to grow on a higher growth track. Besides, the macro-economic fundamentals of the country are also sound and internationally renowned credit rating agencies have predicted the continuity of such favourable conditions in the foreseeable future. Bangladesh maintains a highly up-to-date currency convertibility system and foreign investors should have otherwise no difficulty in repatriating their profits and capital. Donor agencies namely the World Bank (WB) and the Asian Development Bank (ADB) have committed to provide funds for the development of Bangladesh's power sector. Besides, Bangladesh has otherwise very attractive policy environment in the region to create appeal among foreign investors. Thus, all these possibilities weigh favourably, on Bangladesh side, in its expectation about attracting the badly needed investments to the power sector. But as the saying goes that nothing succeeds like success, the government should engage in fast track follow-up negotiations with the likely investors after the conference. It should give some clear signals about the pricing policy in the power sector. It is important for all investors to assess the marketing situation in a predictable manner, without expecting any policy flip-flop. Furthermore, there is also the great need to prepare and unfurl the coal policy at the quickest. Some major power plants to be built are planned to be coal-based. For all power plants to operate successfully, investors will need to get beforehand a comprehensive picture about the source of power generation. Meanwhile, all-out efforts should be made to find out new reserves of gas. Newly found good reserves of gas will inspire the investors to come forward to set up easily more gas-fired power plants.

http://www.thefinancialexpress-bd.com/more.php?news_id=105070&date=2010-07-05

Bangladesh bans religious punishments

The Bangladesh High Court has outlawed punishments handed down by religious edict, or fatwa, after a series of cases of Muslim women being beaten and caned, a state lawyer said Friday. The court ruling came late Thursday on public interest litigations by human rights groups who highlighted examples of women being publicly whipped for "crimes" like adultery, having a child out of wedlock or even just talking to people of other faiths. In some cases, rape victims were flogged for being a "participant" to their assault. "The judges have ruled that all extrajudicial punishments in the name of fatwa, or religious edicts, are illegal and without lawful authority," the government's deputy attorney general Akram Hossain Chowdhury told AFP. The ruling also provides jail terms for clerics or any members of village courts who order such punishments by invoking Islamic sharia law. Human rights lawyer Shadeen Malik hailed what he described as a "landmark" ruling. "The cases of beatings, whippings and public humiliations of people, especially poor rural women, would be drastically reduced following this verdict," Malik said. "It states clearly that nobody has the power to inflict physical and mental torture to any person in the name of religion," he added. There was no immediate reaction from the numerous Islamic parties in Bangladesh, which is 90 percent Muslim.

<http://www.google.com/hostednews/afp/article/ALeqM5jHCWrc5LUwhO0JNtPARKWtI7YUDw>

Three East Asian economies reach out to Bangladesh

Three East Asian countries - Japan, South Korea and China - have expressed their intent to enhance relations with Bangladesh. Prime Minister Sheikh Hasina, who visited China and South Korea, is due to visit Japan in October to further the ties. New Japanese Prime Minister Naoto Kan has formally written to invite Hasina, an official in the Prime Minister's Office told New Age newspaper. Japanese ambassador in Dhaka Tamotsu Shinotsuka said Wednesday that his country 'is ready to extend cooperation in political, economic and social sectors here'. Japanese investors frequently visit Dhaka to explore possibilities in various sectors, including garment, textile, leather, telecommunication and fishing as they see Bangladesh as a country having both manpower and a market. Japan government has expressed the intent to cooperate in human resource development, construction of multipurpose bridge over the river Padma and easing traffic congestion in Dhaka city. Dhaka expects a visit from Korea International Cooperation Agency (KOICA) president Park Dae-won this year. Resident representative of the South Korean aid agency KOICA, Lee Jung-Wook, said Bangladesh 'is at the top of the priority list among the South Asian countries to get support from South Korea'. He said South Korea would provide about \$5 million to Bangladesh under its newly conceived Overseas Development Assistance

Programme.China has begun to receive Bangladeshi goods duty-free from this month.By sending Vice President Xi Jinping to Dhaka shortly after Prime Minister Sheikh Hasina's visit to Beijing in March, China has demonstrated its interest in expanding relations with Bangladesh in political, economic and military sectors, foreign ministry director general Monirul Islam told the newspaper.

<http://sify.com/news/three-east-asian-economies-reach-out-to-bangladesh-news-international-khjlacbdcgd.html>

Hasina backs free trade

Urges removal of tariff, para-tariff barriers to expand intra D-8 trade.Prime Minister Sheikh Hasina yesterday urged the Developing-8 member states to evolve their own mechanism for establishing a D-8 Free Trade Area to increase trade and businesses.“Trade among us, however, has been disappointing despite having a combined market of nearly one billion people,” she said while addressing the seventh summit of D-8 countries at the State House of Nigeria.“We truly need a mechanism within our capacity for a D-8 Free Trade Area,” Hasina said.The theme of the D-8 summit this year is “Enhancing Investment Cooperation among D-8 Countries.”The Istanbul-based D-8 groups Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. The group of eight Muslim countries was established in 1997 to promote economic ties and solidarity among the member states.The premier said with proper recipe for trade and investment, the D-8 can achieve 10-15 percent of intra-D-8 trade by 2018, a target set two years ago in the Sixth Summit.She noted that the obstacles to attaining development have been due to lack of harmonisation in standards and uniform sets of criteria in testing of quality.“These have been responsible for increasing tariff and para-tariff barriers and thus hindering trade expansion,” Hasina said. The obstacles must be removed for active trade and economic cooperation among the D-8, she added.She said some of the D-8 countries have vast energy resources and it needs cooperation in the energy sector for rapid economic growth.The PM said the energy resources could be made available to others at affordable prices and observed that the private sectors here could play a significant role in closing the demand-resource gap.About “Multilateral Agreement” among D-8 members on Administrative Assistance in Customs Matters, she said Bangladesh is now examining it to reduce obstacles to trade, and to increase capacity.She said last year Bangladesh signed the “Protocol on the Preferential Tariff Scheme for TPS-OIC”, which is already in force. This year, the “Protocol on the Rules of Origin of Trade Preferential System of the OIC” will be signed.“These measures would help boost economic activity within the D-8, and the OIC,” Hasina said, adding that success of these agreements depends on interaction of businessmen of the member states.

The PM stressed the need for political commitment and meaningful cooperation of private sectors within the D-8 member countries.“Let us all be serious and sincere in our commitment, and thus provide the impetus for harnessing our combined potentials, and realising our shared goal of a prosperous future,” she told the summit.Hasina stressed that the D-8 Secretariat could

provide information of potentials within the group, and scope for “Trade and Investment Cooperation Agreements” with possible benefits accruing from them. She requested the D-8 countries for assisting each other on climate change issues and in all international forums for real development within the group. About the global economic recession, Hasina said the economic turmoil has revealed how globalised the world is. However, some economies were able to weather the storm, and Bangladesh was one of them. “Despite the crisis, our annual GDP growth was around 6 percent. I believe our D-8 countries, through sharing of our experiences, potentials, and enhancing trade and investment, could better overcome such crises in future,” she said. Explaining her government's policies and successes, Hasina said the success in overriding the crisis is largely due to the country's investment in food security and agriculture. “Establishment of democracy is also an important factor in overcoming the crisis,” the PM said, adding that women's equal involvement has also been an important factor of the country's economic stability. Hasina said women are being encouraged to participate in politics and administration and they are being recruited in all professions, including bureaucracy and armed services. Bangladeshi women are also serving in UN peacekeeping missions. “Indeed, our goal is to make Bangladesh a middle income country by 2021, the Golden Jubilee Year of our Independence, and also to achieve 'Digital Bangladesh,'” Hasina said. Hasina said like other countries, Bangladesh has been attracting investment because of its liberal policies and rules and regulations, removal of impediments, and arrangement of linkages between foreign and local businesses. “This has also been because of our pursuance of trade and investment opportunities within the D-8, and with non-members.” The PM expressed her gratefulness to Nigerian Prime Minister Abubakar Tafawa Balewa for hosting the Seventh Summit of D-8 countries. Iranian President Mahmoud Ahmadinejad, Turkish President Abdullah Gul, Egyptian Prime Minister Ahmed Nazif, Malaysian Deputy Prime Minister Tan Sri Muhyiddin Md Yassin, Indonesian Minister for Coordination M Hatta Rajasa and Pakistani Commerce Minister Makhdoom Mohammad Amin Fahim also spoke at the concluding session of the summit.

<http://www.thedailystar.net/newDesign/news-details.php?nid=146005>

Iran bolsters friendships abroad

The US and its European allies like to see Iran as an increasingly isolated country; its economy hobbled more and more by economic sanctions and with the pressure growing weekly. There is no doubt that Iran is to a large extent isolated from key markets and that the sanctions are beginning to act as a significant brake on its economy. This was already in a bad way due to mismanagement and structural problems. Iran's inability, for example, to import Western technology for its oil and gas industry is seriously reducing its ability to exploit this vital natural asset over time. However, as this week's gathering of the Developing 8 (D8) in Nigeria shows, there is isolation and there is isolation.

Strong sympathy

Iran is no North Korea. It maintains strong economic ties with both Russia and China. Iranian President Mahmoud Ahmadinejad is something of a globetrotter, pursuing an active diplomacy in Africa, Asia, Latin America and the Balkans. The D8 gathering brings together a diverse collection of countries, including a number who are significant players in their own regions - Bangladesh, Egypt, Indonesia, Iran, Malaysia, Nigeria, Pakistan and Turkey. All are predominantly Muslim countries or have large Muslim populations. While principally a trading or economic grouping, politics is never really far away and they are set to give a resounding endorsement of the need for all countries to be able to secure the benefits of peaceful nuclear energy. This will be taken by Iran as an endorsement of its efforts to master various nuclear technologies. It insists that this is for civil, not military, purposes. The meeting underlines the fact that many governments - especially in the developing world - still have strong sympathy for Iran's aims. They view its battle with the United Nations Security Council over the enrichment of uranium in very different terms from those perceived in Washington and European capitals.

Dynamic diplomacy

The meeting highlights the fact too that Iran has a dynamic and active diplomacy of its own; something that is often forgotten with the focus on US coalition-building to back each new round of UN-imposed sanctions. At many levels Iran's diplomacy has actually been quite successful. It recently engaged with two of the key emerging regional powers - Turkey and Brazil. They had intervened to try to find a compromise deal that would enable the fuelling of a research reactor in Iran used to produce medical isotopes. The US and its supporters would argue that it is wrong to see its differences with Iran as a battle between Tehran and the West. It is, after all, the demands of the UN - the International Atomic Energy Agency (IAEA) and the Security Council - with which Iran is failing to comply. But that is not how it is seen in many parts of the world and Mr Ahmadinejad's warm reception among the D8 is evidence that many still have a very different view of Iran and its nuclear struggles.

http://news.bbc.co.uk/2/hi/world/middle_east/10560628.stm

Nepal

Government in Nepal: Consensual Vs Majority Party?

The Nepal peace process is in limbo. On the one hand the resignation of Prime Minister Madhav Kumar Nepal has been accepted by President Ram Baran Yadav on Wednesday 30 June. I am not sure if it is just a part of the agreement dated May 28 where Nepal's major three parties had arrived at a Three Point Agreement: (1) To bring a logical end to the peace process and accomplish the historical goal of drafting the New Constitution, we hereby commit ourselves to accomplish our duties in consensus and unity. (2) We agree to extend the tenure of the current Constituent Assembly by a one year period to accomplish the remaining tasks of drafting the constitution. (3) To accomplish the above-mentioned jobs and responsibilities we agree to form a

National Unity government in consensus and assure that the prime minister of the current coalition government is ready to tender his resignation prior to extending the Constituent Assembly tenure by 12 more months. Most of the nonpoliticians are agreed that the resignation was a necessary part of the internal pressures where the CPM - UML party and its leaders had put huge pressures on primeminister Mr. Nepal to resign immediately--he was also facing open humiliation from his own political kith and kin. Of course, there were huge pressures from the Maoist Party too but it was not as effective since he did not even resign while the Maoists called general strikes and with many other stronger democratic and non democratic pressures (including the halt of the protest in the parliament, etc). It is very sad to illustrate that the Mr. Nepal-led coalition government was under trouble all the time due to the opposition of the Maoists, so the Government was unable to perform their routine duties and responsibilities properly. Besides there have been little but productive achievements in the ongoing peace process of Nepal in work related to DDR. The constitution building process could have been completed in due time but it did not happen due to the noncooperation of the Maoist's and their continuous massive opposition and protests. Honestly, the Maoists party did not even recognize the Mr. Nepal-led government, so they did not want to be cooperative in any level or with anything having to do with the Government (besides the frequent asking of the quick resignation of Mr. Nepal). The most important issue was that the Mr. Nepal-led government was constituted in support of 24 parties of Nepal, and apx 22 were supported until last. The PM until has tge majority in the parliament but he had to resign anyway. This may be considered one of the most destructive demerits of the transitional democratic practices. Indeed, the letter and spirit of the Interim Constitution of Nepal and the Comprehensive Peace Accord of Nepal encourages the multi-party consensual government. The Interim Constitution and the Comprehensive Peace Accord of Nepal stress that the national consensual government is a precondition to bring about the ongoing peace process to a logical end and to complete the constitution building process in due time. However, very few of the political parties are actually serious about either of these issues. They have started to practice an approach which has become deeply unfortunate for Nepal. Now there is a race between the parties who all want to lead the work under their own primeministership (which is not feasible at any cost because the country has only a one prime minister constitutional system). In order for the work to be don, Nepal would need at least 24 prime ministers--otherwise they will not be able to come to a consensus! Because of the forced resignation of the Mr. Nepal-led multiparty government, there is now chaos and several disturbing confrontations to decide who will be the next prime minister of Nepal. There are three major parties that will most likely play a crucial role to decide upon the upcoming government. The biggest one is the Maoist party; they have two candidates for Prime Minister (Mr. Pusp Kamal Dahal and Dr. Baburam Bhattra), however there seems to be no common consensus or actual support of these particular candidates. Similarly, the Nepalese Congressional parties have two major candidates (Mr. Sher Bahadur Deuwa and Ram Chandra Poudel) but they also have a similar situation to the Maoist candidates. The next candidate in line is CPN-UML, whose Prime Minister Mr. Nepal was just forced to resign, and now the president Mr. Jhlnath Khanal wants to claim this

primeministership--but his candidacy is not accepted by either internal and external powers. Also, a small party Madhesi Janadhikar Forum Loktantrik, whose president Mr. Gachhedar, is also raising strong voices for his candidacy in primeministership. India, China, and America have an especially strong influence and strategic power in terms of constituting this new government, so it won't be enough to get just domestic support, but particular parties and candidates will also seek strong support from the above-mentioned international community. In preliminary observation, there is a little hope for the Maoist leader Dr. Baburam Bhattarai, because in order to win, he must gain anonymous support from his party, which is not an easy job because his party's president Mr. Prachanda has a strong grip in his party's central to local command. On the other hand his party president has already announced his own official candidacy for primeministership. According to the media reports and informal sources both Mr. Bhattarai and Mr. Prachanda do not have a harmonious relationship with each other and also have been found to differ in working and understanding the policies of Maoism. There is a serious rivalry that has existed for a long time between both candidates. Secondly, other parties won't support any Maoist leader for primeministership until they complete their previous commitments and agreements regarding reintegration of ex Maoist combatants, dissolution of the Young Communist League, free and fair return of seized and captured public and private properties to their original owners, honest and unconditionally obeying the comprehensive peace agreements and its related policies and practices. These have emerged as the biggest challenges facing the Maoist leader. Concerning Prachanda, he also has similar difficulties like Bhattarai has. In addition to this, India and America have become strong opponents against him. According to media reports, India believes he supports and bears strong allies with Indian Maoist insurgency groups where hundreds of people have died during the ongoing bloodshed guerrilla warfare in many parts of India. There are many that believe Prachanda's party has been supporting and helping to build an insurgency strategy, including protecting and training Indian insurgents and supply logistics etc. However, it has yet to be proven since the Government of India has not yet been able to present any proof for such allies for now. So in the meantime, Indian forces use all possible efforts to pull the Maoists from power. Concerning America, now India and America have strong and similar ties on contemporary politics of Nepal. Until Maoists are on a list of suspected terrorists in the United States, and Maoists play a very different card with regard to Tibet against the interests of the US, and the US believes Maoists are in favor of Chinese strategies that are not attractive at all to the US. Although Maoists have gained favorable support from Scandinavia and mild support from other Schengen countries (except United Kingdom, but UK has similar interests to the US). China is also a strong power but they have a vested interest in promoting communism in Nepal but have not openly promoted any particular communist parties of Nepal. China is found mild in domestic intervention in comparison to India. There is also a crisis of trust over the Maoists. Most of the Nepalese political parties and international community accuse Maoists as always being ready to building and make all kinds of consensus and agreements but they never put them into practice, intentionally failing in implementation. Manipulation seems to have become their manner. Despite the illustrated facts and arguments, it

is clear that the ongoing peace process and constitution building tasks cannot be performed properly without meaningful participation and contribution of the Maoists. So, they must be cooperative and should be a major pillar of government as well as part of the constitution assembly. Also, there is a sturdy voice from the Maoist party that for them, a logical end of the peace process and constitution building will not be possible until they get primeministership. So, it is a really difficult situation for Nepal. Concerning the candidacy of Mr. Poudel and Mr. Deuwa for prime minister, the party has been suffering with highly infected groupism, with no common consensus of its candidacy. There is a massive mutual disagreement against each other inside the central command of party. Besides, Maoist leaders as well as the UML is not ready to support and participate in the Government under a Congress Party's primeministership since both the leader's personalities and their working styles are believed to be not good enough or capable to lead the party and the nation too. Although, Mr. Poudel has a back up from India and Europe, and Mr. Deuwa has a good back up from America, the UK and also a soft corner from China side. In addition, small parties like the Madhesi Janadhikar Forum is also raising its candidacy but it neither has clear support from big parties nor from the international community. In Nepal, generally people and nationalist politicians are in opposition to any alternatives that again provide possibilities of majoritarian government. Now everyone is clear that the majoritarian government is not capable of achieving the national motto and goal of peace and constitution building. People have experienced past practices where Majority government was unable to deliver even the minimum level of peace and constitution. So, the people will be extremely unhappy to see the "old win in a new bottle". People have warned the politicians and parties that they can do whatever they want, but they need both sustainable peace and an efficient homegrown constitution in due time. In the meantime, both expectations are not possible until all political parties come to the common platform and constitute national consensus government with single voices about the successful execution of the comprehensive peace accord and constitution building. Thus, to address the above described ongoing dilemmas, the Nepalese political parties need to design its strategy in different ways than previously. There was a past experience where major Nepalese political parties agreed to accept the guidance and command of the government and constitution building process through the High Level Political Mechanism (HLPM). The mechanism was entrusted with taking the ongoing peace process to a logical conclusion, helping draft the new constitution within the stipulated date and ending the protracted political deadlock. However, it has failed to achieve even the minimum goal and objective of the HLPM. The causes behind its failure were technical difficulties in poor coordination and disputable correlation among insider and outsider forces of government and parliament/constitution assembly. So, a redesign and correction of past mistakes could be a valuable asset to address the existing problem. The top political leaders, especially the chief of the major largest parties may be represented in the restructured upcoming HLPM. However, they must build a SMART Comprehensive Political Accord (CPA) before constituting the new HLPM. In addition, all respective parties and stakeholders must agree to enforce the aforementioned three point agreement without any condition and delay, which are crucial to

accelerating peace and the constitution building process in Nepal. Of course, there should be a clear provision in both the constitution and distribution of cabinet portfolios based on expertise and practical capabilities of a particular representing person. The prime minister, defense minister, finance minister, home minister, foreign ministry and peace minister must be from different parties and they should obey all the suggestions, advice and instruction that are given by the decision of HLPM, which is perhaps a basic prerequisite in transition for an efficient common consensual government. There should be also be a clear consensus on representational issues. Diversity and gender issues also must be addressed in upcoming HLPM as well as in government structure. Naturally, the largest party should get a chance to be prime minister first, afterwards the rest will come and get places respectively in accordance with their size and strength. If possible, the upcoming government should minimize the number of parliamentarians in cabinet. It is always good to have different representatives in different state wings (legislative, executive and judiciary) which makes sense while taking into practical consideration the theory of "power separation and balance." These tools can also force the legislative and executive bodies to be more specific and concentrated in their assigned tasks and responsibilities. Therefore, the contemporary scenario of Nepal wants a consensual government, not a Majority Party government which has already proved to be a failure to meet both the present and future needs of Nepal, so political parties must be able to provide the broader roadmap for upcoming multiparty national consensus government within the assigned deadline. Also, the nation requires two different high level powerful political apparatus under the command of HLPM who can work until successful achievement of sustainable peace and constitution in Nepal. Government, as well existing parliaments, should also think and address the necessary dilemmas of DDR, SSR and RRR. The peace process and constitution writing responsibilities cannot be achieved successfully until management of armies and arms comes to its logical end with common consensus and cooperation.

Eventually, the issue of consensual government has become a principal need for Nepal, but it seems almost impossible due to the hoggishness and infighting of political leaders and parties. So, all stakeholders must use their position with all accessible and concerned parties and its leader to come up with a consensual government--which is what the people want after all.

<http://newsblaze.com/story/20100704130645abha.nb/topstory.html>

Monarchy in Nepal should and can play the modernizing role better than a Presidency

TGQ1: Professor as a senior economist of the country, how have you been analyzing the effects of global economic downturn in Nepal? Some local economic pundits prefer to call it the lagging effect of world economic recession that is being observed here in the form of severe liquidity crisis and, that too at a time when economic giants such as US, Germany, China and India are expected to grow rapidly in the near future? So how do you explain this strange phenomenon?

Professor Rana: I have always believed, and have publicly argued, that no economy—not even North Korea's – can be free from the impact of the Global Financial and Economic crises.

Surprisingly, this was the dominant, myopic attitude prevailing amidst senior executives and bureaucrats in the National Planning Commission, Nepal Rastra Bank and the Ministry of Finance. As technocrats, they should have jointly and severally (together with all other economic ministries like trade and commerce, labour, supplies, tourism and agriculture) impressed on the political leadership-- and the general public through the media --- about the likely scenarios and prepared for contingencies independently. But they proved to be merely a lethargic bureaucratic machinery; simply waiting for orders from the top to think about the problem, let alone act on it. The bureaucracy should have been more alert simply because the economic impact on Nepal was expected to further complicate the peace and constitution drafting processes which, in turn, would worsen the economic scenario as is happening now.

It behooves any national bureaucracy to take autonomous actions to protect the national interest in the wake of the global economic and financial turbulence. Obviously, these institutional fault lines need to be corrected especially when we are inheritors of systemic political instability; prolonged periods of a dysfunctional parliament; adoption of partial annual budgets pending formation of a legitimate government and so on symptomatic of a very, very weak state in dire need to re-invent itself without losing sight of its history, geography and demography.

In the sea of globalization the impact on Nepal will, naturally, be a lagged one as ours is an economy at the periphery of the earth, so to speak. Therefore, the impact comes via the impacts on Indian economy; West Asian and Malaysian economies, as well as global tourism and foreign aid. It is not expected that other than China, India, Brazil (and possibly Russia) the US and European Union economies will grow in 2010-11. Some experts predict another recession in 2011 as they battle it out to combat the massive public debt by cutting back on public spending and by raising taxes. Fears are rising fast and furious that the US-Europe economy (the NATO economy) may experience a prolonged Japanese-like stagnation of their macro-economies that prevailed since the early 1990's. Fears are also rising that the so called 'war on terror' may be prolonged beyond August 2011--and deepened -- as the NATO economy needs the arms industry to keep it afloat. So expect the shadows of war to appear more pronounced as Asia enters an arms race as mistrust between each other grows and as they need to reach out to Africa and Latin America for their natural resources in competition with the NATO economy.

TGQ2: Our readers would like to know if politics plays vital or economic interests in the state of bilateral relations between nations? Let us for the sake of convenience take the example of trade relations that exists between India and China that is expected to reach 30B US\$ by the end of this year. Rather than providing joint effort for the stability and prosperity of SA region, the emerging world economic giants seem to be competing for their political dominance. Does volume of Trade plays important part in bilateral relations between India and China or it is just the otherwise?

Professor Rana: In a world driven by ideologies, as in the Cold War era between 1945- 1990, politics undoubtedly leads both bilateral and multilateral affairs of any nation. This is because geo-politics and geo-psychology are the sum and substance of super power geo-strategy that seeks containment through military alliance and politico-economic blocs with the conflict—so be

it – located in the so-called Third World. Basically, since the 1980s the world has undergone a paradigm shift resulting in the paramount position being assumed by economics and finance as a result of the phenomenon called globalization. With the collapse of the Soviet Empire in 1990 this phenomenon caught on like an unstoppable wild fire with supremacy being given to the role of markets and MNCs. Only in 2009, as a result of the global economic and financial crises, governments are beginning to re-invent their role in domestic and international affairs. This will give further fillip to the new concept of ‘economic diplomacy’ with the decline of the G-8 and consequential rise of the G-20 nations.

What does the above notion mean? It means that foreign policy has to be more pragmatic and less ideology-based (although one can argue that emphasis on human rights and democracy as universal phenomena are also ideology-driven by a kind of western cultural imperialism) and, therefore, unlike in Cold war years now one has to fine-tune one’s foreign policy taking into consideration 3 parameters: conflict, cooperation and coordination. In other words, it is possible to see cooperation between China and India on matters of trade; co-ordination in matters of sustainable development, WTO and the new global financial architecture; conflict over Afghanistan, Nepal, Indian Ocean, Central Asia and the scramble for Africa.

Superpower-led bi-polarity in international politics has given rise to multi-polarity with likely 3 major axes US; China and Europe with South and Central Asia being magnets of geo-politics, geo-economics and geo-psychology for spheres of influence. One will witness complex systems of competition, conflict, cooperation and co-ordination with the rise of India, Iran and Turkey as major Asian powers. And in this process, I expect the importance of the peripheral countries-- and territories within countries-- to grow strategically since overland cross border inter-regional trade and communication will grow rapidly to ‘shrink’ the geo-strategic space and project a geo-psychology where peripheral peoples, especially in mountain communities, begin to seek new identities.

TGQ3: How have you been visualizing the role United States is playing in the SA region? The US has established sound relations with all three power houses of South Asian politics, India, China and Pakistan. But, the conflict between South Asian nations could one day jeopardize world peace, it is also being talked. In your opinion, is the US, in the midst of all these presumptions playing a peace keeping role here or it is just the otherwise?

Professor Rana: Currently, US is the sole Superpower. I do not expect that the US domination in global affairs will decrease till 2035-40 even though they may drop to second position as an economic powerhouse by 2025. Its superiority in defense and space industries; R & D and intellectual capital generally and the resilience of its people and the superior level of human capital productivity based on pioneering management innovations to make it a formidable, comprehensive powerhouse. Further, its demographic trends are also favorable unlike in Europe, Japan and Russia.

It has very strong, time-tested allies in Japan, Korea, Taiwan and Australasia. ASEAN also welcomes the US military presence in Asia-Pacific region because of their innate fear of China,

who they perceive as an expansionary State. And in West Asia they have time-tested allies in Turkey, Israel, Saudi Arabian and Egypt.

Given the above global scenario, South Asia and Central Asia are the missing links—the two yetis, if you like -- in US's global strategic policy. Pakistan is a crucial entry point but an entry point of strategic necessity not choice. Pakistan is geo-strategically vital for US's military and naval logistics to access West and Central Asia. US-Pakistan relation is as strong as the US is desirous and capable of mediating in the Kashmir issue. It may be characterized as a fair-weather alliance because of which Pakistan has chosen to ally strongly with China too.

The yet intractable Jammu and Kashmir question is the one problem that could jeopardize world peace. It is a classic case that cries out for international mediation because not just Indo-Pakistan strategic interests are involved but also the aspirations of the people of Jammu and Kashmir too, which requires a complicated trilateral dimension for a sustainable solution. Simply leaving it to Indo-Pak bilateralism will not do the trick as ultimately a plebiscite will be necessary for the people of J & K to choose their own fate. All the emphasis on secularism, autonomy, democracy, good governance, polity of inclusion with generous central fiscal sops have not motivated the Kashmiri people to not revolt as they continue, with greater ferocity, the demand for religious separatism and separate identity.

I often wonder if monarchy should not be re-installed there and J & K set up as a confederal State of India. Who knows, this may even be the prelude to a Confederation of South Asian Nations-- and the most powerful union of states in the world to lead the world in the 21st century with its unique civilizational heritage.

From the point of view of Nepal's interest one feels that the US has outsourced its Nepal foreign policy to India. This is because it wants to promote India as the regional overlord to contain Chinese hegemony in South Asia. As Nepal is not of strategic vital interest to US's security, like UK and European Union, continue to promote human rights and democracy-- even more than ever-- to counteract the possible rise of Maoism in South Asia with Nepal as its base. This 'ethical' foreign policy of the donors will continue to be pushed on us as it has the added geo-psychological advantage to appeal to Tibetans across the border in China.

TGQ4: Professor Rana since you served the country as the Minister of Finance during the direct rule of former King Gyanendra Shah, tell our readers if the current political instability in our country is due to the lack of a strong balancing institution such as that of Monarchy which some analyst claim to have played important role in managing various stakes originating from within or outside the Nepali politics?

Professor Rana: It is becoming more and more clear that the Nepali Monarchy, established in 1769, was an organic institution. It was the source of national unity and national independence whose import is more than symbolic and ceremonial. It is an institution of national pride and prestige. Assess the shame we suffer when the Prime Minister of India pays state visits to Bhutan and calls on the King there while he sends retired ambassadors of joint secretary rank to be his special envoy to Nepal: Or when our political leaders line up to call on India one after another ritually under false pretences of subsidized health and religious tours.

Since politics has crossed its limits in Nepal, where every social institution is politicized, including families, we need to have a national institution that is free of this cancerous disease that erodes our inherited social capital built over the centuries. And that can only be a monarchy where the Head of State is born into and not put onto that prestigious position. One thing is clear: inclusion politics will be much less divisive under a constitutional Monarchy. Nepal's prestige will soar in the international arena as all monarchies embody traditional heritage with all its aristocratic finesse as well as change towards modernity; towards inclusion where each citizen can transcend his or her unique ethnic, religious, linguistic and caste identities to be Nepali and an individual at the very same time. I believe a modern, a-political Monarchy in Nepal should-- and can -- play this modernizing role better than a Presidency, if it is allowed to be active in social service and the promotion of arts, culture, music and religious affairs. I also believe that a Monarchy can be more cost effective than a Presidency and all its paraphernalia. A Monarch embodies national history; a President simply his personal identity. A Presidential system where the Prime Minister as yet a fledgling institution that is yet to develop organizationally (we have had more than 1 PM year on average from 1990) with its own customary law, so to speak, is bound to leave a black hole in our body politic at the cost of the rule of law and growing anarchy and social dysfunctionality.

TGQ5: The country is all set to get a budget for the new fiscal year. Senior economists differ on the size of the upcoming budget. What say you in this regard? Have you any brilliant idea to lessen Nepal's dependency on donors? Can we manage our budget ourselves? If not then what were the constraints? Your personal observations please.

Professor Rana: Economists who believe in macro-economic stability, as priority, will opt for a realistic or 'small' budget. Economists who believe in growth will accent 'large' or expansionary budgets. Finance Ministers are compelled to go for larger budgets than the fiscal year before for two reasons: (a) ego compulsions and (b) populist temptations.

'Ego compulsions' arising from the fact that Finance Ministers do not want to make history by releasing relatively smaller budgets. Only once, in 1983-84, did Dr Prakash C. Lohani had the guts to roll back the budget. He did that because of the overriding need for stability: also due to the fact that planning for a larger budget than one could realistically spend encourages a behavior of wastefulness and inefficiency rather than a culture of cost-effectiveness and national austerity in order to grapple with the crying need for macro-economic stability.

'Populist temptation' are paramount when elections are imminent as all MPs will want something to show their constituencies. You can imagine the pressure on the current Finance Minister now that Nepal may face general elections sooner than later and with 601 MPs to please. 'Populist temptations' arise because it's nice to target a higher GDP growth rate than last year's since bigger is equated with better in the sentiments of the media and the common man. The common man does not know that a 10% GDP growth with 15% inflation can be worse for him than a 5% GDP growth with 7% inflation. Most people fall victim to the proverbial 'money illusion'. Today the national economy is facing its hour of destiny. Stability, stability and stability is the need of the hour for long term sustained growth and for bringing the peace process to its

'logical conclusion'. Economic instability will, otherwise, fuel the fires of anarchy and derail the pace process putting democracy at risk. Nepal's dependence on donors must be reduced to the maximum if any semblance of national political, economic and social independence is to be maintained. National think tanks must be empowered by the state to come forth with their own vision for an independent, prosperous Nepal. A sense of economic nationalism must be fostered. Towards this, I suggest that the Finance Minister fund the top 5 political parties to come forth, in a time bound manner, their own economic vision for the Nepal. All these visions can be debated at a national convention for economic nationalism to arrive at a national consensus. The above measure will reduce donor domination over development and economic policies and priorities. The other, more practical, approach is to ensure maximum internal revenue mobilization—say to the extent of 20% of GDP which is eminently feasible. For this to happen the revenue functions of the MOF must be de-linked from the ministry into autonomous authorities with their professional leadership and unique recruitment, salary administration, rewards and punishments systems. With the creation of requisite number of autonomous Revenue Authorities we will be able to generate more revenue with less duties and taxes. This has been the resounding experiences of the, then, corrupt administration prevailing in, for example, Peru and Zambia. The Ministry of Finance is a highly professional outfit that is capable to working as an eminent technocratic organization, if it can be freed from political patronage once for all. The Revenue and Finance Secretaries need to be lauded for their collective achievements in revenue mobilization from 2006 till now. They can do more if allowed to do so autonomously. In short, all Finance Ministers must be made to account not for GDP targets but for (a) the quality of fiscal management vis fiscal surplus achieved (revenue- regular expenditure); fiscal deficit and public debt curtailed and (b) the macro-economic stability sustained in coordination with NRB Governor vis inflation; NEPSE; forex; mobilization of savings and investments. The Prime Minister must be held accountable for overall growth and development vis GDP, Employment and FDI growth objectives while making each minister accountable, in turn, for development management over his/her sector. It is sad that as Dr Babu Ram Bhattarai takes so much pride in his revenue mobilization endeavour, he actually failed to generate a fiscal surplus thus prolonging the national agony of aid colonization and populism. He also failed to historically to execute his development/capital budget and thus deliver the 'peace dividend' that the hapless people awaited so enthusiastically. It is recommended that a Financial Responsibility and Management Act (which I had personally drafted when in MOF) 2010 be promulgated by Parliament to ensure financial and fiscal discipline, accountability, transparency and competition—all hallmarks of economic democracy. Yes, Nepal suffers from chronic, humiliating 'aid-colonization'. To fight this malaise we must eventually move all bilateral aid administration to where it belongs—MOFA from MOF: because bilateral aid is basically political. Immediately, the aid being dispensed directly by the Indian Embassy must be brought under the purview of the MOF and the Foreign Aid Act, which must be openly debated in parliament annually. Further, the donor aid bureaucracy in Nepal must be down-sized and right-sized with insistence that Nepalese national be hired as experts and that all reports are made

publicly accessible to all on internet. We should roll back all development projects (let's see all them the 'milking cows' and there are plenty) that have lingered on and on collecting rent for the local and national politicians, bureaucrats and commission agents. We should divert all aid to social sectors and open widely and deeply the economy to FDI. We should invite FDI in banking, insurance, transport and communication. But invite too FDI in cottage and village industries; health and educational services, as well as agriculture, forestry, retail and real estate sectors.

http://telegraphnepal.com/news_det.php?news_id=7920

Nepal parties seek extension on government talks

Nepal's political leaders said Wednesday they would seek to extend a deadline to form a new unity government set by the Himalayan country's president. The nation was plunged into crisis last week when Prime Minister Madhav Kumar Nepal stepped down under pressure from opposition Maoists. Nepal's president, Ram Baran Yadav had set Wednesday as the deadline for parties to form a national "consensus" government. But days of talks between the three biggest political parties have failed to yield an agreement. The parties are deadlocked over an insistence by the Maoists that they should lead the new power-sharing administration and oversee the drafting of Nepal's constitution since it became a republic two years ago. Leaders of the main political parties said they would ask the president to delay the deadline so the dispute can be settled. "We've decided to ask the president to extend the date for government formation," said Pradeep Gyawali, a senior leader of the Communist Party of Nepal Unified Marxist-Leninist (CPN-UML). "We have to settle a few issues and that takes time," Gyawali told AFP. He did not say how long an extension the parties would seek. The former Maoist rebels, who fought a 10-year civil war with the state before entering mainstream politics and winning elections in 2008, say that as the largest single party in parliament they should lead the government. The talks have highlighted deep divisions between the Maoists and the Nepali Congress (NC) and the CPN-UML, which formed the outgoing government. The other parties are demanding that the Maoists dismantle their army camps before becoming part of a new coalition.

Political commentators have warned that a delay in forming a new administration could create fresh chaos in the impoverished nation.

<http://www.google.com/hostednews/afp/article/ALeqM5hGKhGNoT1NvdgIN6vTMRNcMM0ca>

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India has interfered in Nepal's History: Maoist leader Gajurel

"Nepal can achieve more developed and prosperous status than Switzerland provided we can establish a better political system with no political foreign interference in Nepal's internal matters". The Unified Maoists' Party senior leader and secretary, Mr. Chandra Prakash Gajurel 'Gaurav' made the remark addressing a program organized by Nepal Mountaineering Association, July 4, 2010. "Our country has abundant natural resources which, if could have been

effectively used we would have already become a prosperous and developed nation, but, unfortunately our rulers of the past handed over our resources to the foreigners to be in the power corridors”, also said Gaurav. He then wrapped Nepal’s southern neighbor India, as he does quite often, and said, “Not only there is interference of India in Nepal’s politics and natural resources but India has interfered in our History as well.” He then told the gathering that to ensure peace, prosperity and to guarantee basic rights to the people a Unified Maoists’ Party led government is necessary. To recall, when his own party government was in place, last year, Minister Hisila Yami-Bhattarai allowed the Indian Air Marshals to land in Kathmandu’s international airport. This clandestine affair remained largely ignored by Nepal’s “intelligent” media houses for some mysterious reasons. Gajurel, however, did not mention this fact as to why his own party led government invited this Indian interference in Nepal’s sovereignty? Gajurel is answerable to this question then onwards he can talk of transforming Nepal into Switzerland.

Day dreaming exercise is “injurious” to health, opine medical practitioners.

http://www.telegraphnepal.com/news_det.php?news_id=7905

Long stalemate after Maoist victory disrupts life in Nepal

For a decade, he carried a 9mm pistol and battled government forces in almost every corner of Nepal as part of a Maoist insurgency that ravaged this majestic Himalayan nation.

Today Basudev "Pawel" Ghimire and thousands of other rebels live in U.N.-monitored camps -- their guns locked away, at least for now. They are the most visible symbol of a political stalemate that has brought Nepal to an awkward and volatile standstill. A 2006 peace agreement and a surprising Maoist victory in 2008 elections earned the rebels' political party a central role in governing the country. But the Maoists and the Nepalese military and political establishment have been unable to agree on a deal to allow the Maoists to govern. The resulting deadlock has disrupted life in this nation of nearly 30 million people, and caused jitters from Kathmandu to Nepal's two giant neighbors, India and China. The latest casualty was Prime Minister Madhav Kumar Nepal, who resigned last week after failing to solve the political dilemma, including how to reintegrate the Maoists and their highly trained soldiers into Nepalese life and governance. Maoist leaders are demanding that all 19,600 members of their People's Liberation Army be accepted into the same national security forces they once battled. But opponents, including some military leaders, argue that the rebels should be disbanded, permanently disarmed and sent back to their villages, fearing that they would undermine the military and the country's fledgling democracy. "We fought for a reason," said Ghimire, who lists "national defense" as his only interest on his Facebook page. "We are trained to kill, make bombs and detonate bombs. Now you expect us to go back and plow the farms again?" At least 12,500 people died, and an estimated 150,000 to 200,000 were internally displaced, during Nepal's 10-year insurgency, which started in 1996. It began as a rebellion by a few dozen men influenced by communist icons Mao Zedong and Karl Marx, and grew into a national movement aimed largely at dislodging the country's centuries-old monarchy. Under the 2006 peace accord, the rebels agreed to disarm under U.N. supervision and compete in national elections. The Maoists shocked

the nation two years later by sweeping elections that ultimately led to the abolition of the 230-year-old monarchy. The Maoists initially took power in the world's newest republic, in the high-altitude shadow of Mount Everest. Eight months later the Maoists abruptly quit in a dispute over a decision to fire the army chief. Since then, the Maoists and the ruling parties have been at an impasse -- including over the drafting of a new post-monarchy constitution. Both sides have set a deadline of next year for finalizing the document, but analysts said such deadlines are essentially meaningless in the current political environment. "If the Maoists and the ruling parties don't move on integration, constitutional issues and power-sharing, we will only be postponing the crisis," said Prashant Jha, a political analyst based in Kathmandu. Concerns of a Maoist-led government have spread across the border to neighboring India, another democracy struggling with a violent Maoist insurgency. India was also rattled by China's decision to send several high-level military and political delegations to Nepal during the period when the Maoists were in power. "The Indians fear efforts by Maoists to change the geopolitical balance of the region by cozying up to China," said Prashant Jha, the political analyst. In camps across Nepal, the former rebels await word on their fate. On a recent day at a camp in Jhyaltungdada, a small village in western Nepal, about 900 foot soldiers passed the time playing chess and soccer, updating their Facebook status on shared laptops and having heated political discussions. Dandapani "Dabin" Bhattarai, 25, who said he ambushed government forces all over the country during the insurrection, echoed the common sentiment here that the former rebels should be allowed to join the security forces en masse. Critics have argued that allowing all members to join could be a destabilizing factor inside the 96,000-strong national army. "I'll join the national army if all of us are integrated together," Bhattarai said. "But if they filter us and integrate individually, we will understand that their goal was to humiliate us after tricking us into signing the peace agreement." Army officials say that they are not against the integration process as a whole but that they cannot recruit politically indoctrinated Maoists. "No way that any political cadre can be integrated in the army. Before the integration starts, they must be disassociated with active politics," said Brig. Gen. Ramindra Chettri, spokesman for Nepal's army. While the United Nations is nominally in charge of the camps, the Maoists seem to be in control. The combatants in the camps regularly receive robust military and physical training and intense political indoctrination. Walking past the U.N. offices inside the camp, Ghimire pointed at a massive white container and said, "Our guns are inside those containers. But what the world doesn't know is we are the ones guarding them and we won't have any problems accessing them." Ram Sharan Mahat, a senior leader of the second-biggest political party, Nepali Congress, said there is no possibility of permanent peace in Nepal as long as the Maoists have an organized army -- even one living in the U.N.-monitored camps. Baburam Bhattarai, vice chairman of the Maoist party, said he hoped that the political deadlock could be broken and an agreement reached on the fate of the rebels. "We have no intention of going back to war," Bhattarai said. "But if one side violates the peace agreement, then there is a danger of conflict relapsing again." Among the soldiers cooling their heels in the camps, there seemed to be less optimism. "I hope the government understands that at least 95 percent of the People's Liberation Army members will happily go and fight a war for another

decade," Ghimire said. "Now, would they rather have us fight alongside them or fight against them?" he said. "That is a decision they have to make." Kaphle traveled to Nepal on a grant from the Pulitzer Center on Crisis Reporting.

<http://www.pulitzercenter.org/openitem.cfm?id=2450>

Nepal's Madhesi parties claim right to lead new govt

Kathmandu: Amid the deadlock over government formation in Nepal, Terai-based Madhesi parties have claimed the right to lead a new coalition in a bid to meet the new deadline set by President Ram Baran Yadav. Leaders of three Terai-based political parties -- Madhesi People's Rights Forum (Democratic), Terai Madhes Democratic Party and Sadbhavana Party -- claimed the right to lead a new coalition government as the major parties have failed to agree on the formation of a consensus government. During a recent meeting, the Madhesi leaders claimed that if the three major parties-- the main Opposition UCPN-Maoist, the Nepali Congress and the Communist Party of Nepal (United Marxist Leninist), the key ruling alliance partners -- could not forge a consensus then it is the turn of the fourth largest block in Parliament to stake claim for the government leadership. If the big parties cannot agree on formation of the government, then it is our turn to provide a solution, said Bijaya Kumar Gachhadar, the Deputy Prime Minister in the caretaker government and president of Madhesi People's Rights Forum (Democratic), the fourth largest party in the House. The three Madhesi party together form the fourth largest block in the 601-member Constituent Assembly, which functions as the interim parliament. They have asked the Maoist party, Nepali Congress and CPN-UML to form a consensus government at the earliest. The Madhesi parties met senior Maoist leaders today in an attempt to forge a consensus to forming a new government. President Yadav extended the deadline to July 12 to suggest a name for post of the Prime Minister based on consensus after Nepalese parties failed to meet the July 7 deadline after prime minister Madhav Kumar Nepal quit on June 30 following months of protests by the former rebels. The Maoists, who ended their decade-long civil war in 2006, have claimed the leadership of new government as it is largest party in parliament. However, senior leaders in the Nepali Congress, the second largest party in the House, have also staked its claim to lead a new government, leading to a political deadlock in the country. Nepal's Terai plains are home to about half of the country's 30 million people, and the residents of the region, are known as Madhesis. The pro-Terai parties argue that people in the Madhesi-dominated southern plains have long been treated as second-class citizens in Nepal, where hill-origin elites dominate politics, the security forces and business.

<http://www.zeenews.com/news639533.html>

Civil society's role in curbing corruption

Corruption exists and has always existed. It is pervasive and has far-reaching consequences. Corruption is one of the major hurdles to overall development and economic prosperity. It distorts proper functioning of the democratic institutions and is a symptom of deeper institutional weaknesses and legal loopholes. This malaise has been eating into the very polity of societies

and distorting development resources to the extent of undermining democratic institutions and their values. The damages it has done to the polity are astronomical. The menace of corruption has led to slow processing of files in offices, siphoning off development funds, low quality infrastructures, slow delivery of public goods and services, customs congestion, queues at passport offices, political extortions, ghost workers syndrome, election irregularities, among others. Even the illiterate people recognize the havoc caused by corruption—the funds allocated for their welfare disappear into the thin air. It is estimated that around 30 percent of the funds earmarked for local development get embezzled annually in Nepal. Corruption Perception Index (CPI)—2009 explicitly reflects perceived level of corruption in Nepal. With a score of 2.3, Nepal has been ranked 143rd among 180 countries assessed in 2009. The score has dropped by 0.4 points compared to 2.7 in 2008. The drop in the CPI score can be assigned to various factors like political apathy for corruption control, political transition, de-facto existence of the anti-corruption agency, poor legal frameworks and weak law enforcement mechanism. The surge of Non-Governmental Organizations (NGOs) in post-1990 era definitely made some endeavors for anti-corruption advocacy and awareness building. But this was not enough. Civil society's contribution had to be explored in a more broad-based coalition with the state. This is where we failed in the past decade in our efforts to rein in corruption. A motivated and vibrant civil society is a backbone in the campaign against corruption. The state, regardless of whatever strict laws it frames, cannot stamp out corruption by itself. As corruption is elusive, anti-corruption campaign needs to be backed by the civil society and citizenry as well. Otherwise, it will fail the way just as in many African, Latin American and east European countries. Civil society has become one of the most effective allies of the state in forging anti-corruption coalition in many countries. Even India has successful stories of partnering with civil society organizations from awareness raising to policy formation to monitoring of the implementation of anti-graft legislations. With such coalition approach, India has augmented its capacity to contain corruption in recent decades. The level of empowerment and involvement of civil society in anti-corruption policy formation and implementation is a yardstick to measure the success of partnership approach in any country. Administrative accountability, transparency, participation, rule of law and prompt service delivery can be achieved more quickly in a country where there is an informed and vibrant civil society. And at the same time, civil society can also involve itself in monitoring the quality and delivery of public goods and services, mobilization of resources and make voices of the common people heard at the policy level. But the activism of the civil society depends on the responsiveness and cooperation of the state as well. To encourage the civil society, the state should accept it as a partner and an intermediary. Civil society has become one of the most effective allies of the state in forging anti-corruption coalition in many countries. We must follow this in Nepal to fight corruption.

Civil society performs as an intermediary between the state and the people. Voicing social interests, grievances and other genuine popular concerns are some of its functions. Through these functions, civil society can extend policy feedback and pressurize for governance reforms. Such

civic supervision and oversight help the state to operate in an accountable, transparent and responsive manner reducing the possibility of corrupt practices. Countries with successful modalities of anti-corruption mechanism have explored civil society's role especially in three aspects--awareness building, policy formation/feedback and implementation status monitoring. Successful countries/ and or territories such as Hong Kong, Singapore, South Korea and Malaysia have involved civil society in policy formation and implementation in their attempts to curb corruption through institutional and policy reforms. But to be blunt, civil society in Nepal has been more limited to awareness building and grassroots advocacy. Its role in formulating and implementing anti-corruption policies and strategies is not yet explored and properly tapped. Corruption, as we know, is so rampant in Nepal that "one sector approach" will not be much effective and bring noticeable impact. As dealing with corruption is a multi-dimensional approach, role of civil society as a key actor should not be underestimated. Rather, fighting corruption must be viewed as a shared responsibility. Experiences have shown that single-agency approach to corruption control in absence of strong partnership with other actors have miserably failed in many underdeveloped countries like Nepal. Otherwise, the Commission for the Investigation of Abuse of Authority (CIAA) would have already made a difference in the fight against corruption over the past decade. Global Corruption Report-2009 puts that people's trust toward anti-graft agencies in Nepal has withered away in recent years. Decreasing number of complaints at the CIAA has evidenced this fact. The report mentions that corruption opportunities have flourished in Nepal because of the political transition. Bank defaulting alone cost Rs 40 billion to the state coffers. A study in 2005 recorded a total volume of formal trade around 973 million US dollars whereas the informal trade figured around 368 million US dollars because of smuggling through porous border with India. To check such illegal acts and corruption, the state can ally with civil society organizations for their oversight role. Realizing the civil society's capacity, the Central Vigilance Commission in India developed an interactive website, which proved a highly positive step in keeping people informed and involved in framing and implementing anti-corruption strategies. Any government willing to combat corruption requires developing a participatory approach that directly involves civil society in formulation and monitoring implementation of anti-corruption strategies and policies. And this is desperately lacking in the context of Nepal in the campaign against corruption. Participatory method is very crucial in a fight against corruption. Even India has experimented with various civil society participatory models which has triggered noticeable impact on corruption control by improving transparency and accountability. With aims to expedite service delivery and reduce corruption, the Indian government time and again formed a core group with civil society representatives to formulate and monitor policy implementation which yielded amazingly successful results. But, in our context they are less effective due to lack of collaboration, joint monitoring mechanisms and negativist attitude toward the civil society organizations. Civil society can be partnered with in various ways in controlling irregularities. Civil society can ventilate people's concerns and ensure their participation in the governance process. Such participation is essential for creating an environment that lends support for democratic involvement of people down from the

community while launching anti-corruption campaign. It is proven that an inclusive governance approach deters corruption and malpractices to a greater extent. Coalition between civil society and state will also help assess the social, political and economic dimensions of corruption and will devise approaches through its involvement in policy formulation, planning, implementation, monitoring and evaluation of anti-corruption laws and strategies. With such involvement, the state can easily track down and expose corruption in public sector on the one hand, and receive feedback for institutional and policy reforms on the other. Countries with a vibrant civil society and credible media have been successful in developing merit-based bureaucratic values, institutionalized competitive politics, inclusive and transparent governance process, public accountability and participation. As civil society is a staunch defender of public interests and a watchdog of government policies and activities, it must be encouraged, strengthened and involved in the formation and implementation of anti-corruption legislations and strategies by the state. Such participatory and collective approach can really make a difference in reducing corruption. There are very few but important concerns for us to mull over in days ahead. How can CIAA function effectively unless the judiciary is equally proactive? How can corruption be fought by the court when the judiciary itself is corrupt? How can corruption be tackled when the legislature doesn't promulgate stricter laws? How can we be assured that corruption gets controlled without strong political will? Can we ever expect corruption to be reduced without free media? Is it possible to contain corruption without vibrant and proactive civil society? These are very crucial concerns we need to reconsider while formulating our anti-corruption campaign in coming years. The linkage among them is so indispensable that malfunctioning of any one of these actors badly hampers the performance of other actors. This is what has been a repeated phenomenon in Nepal in the fight against corruption over the past two decades. Thus, it is about time we applied the lessons learned so far and streamlined our anti-corruption drive accordingly to root out corruption, bad governance and corrupt political system.

Nepal's Maoists search for coalition partners

Nepal's communist former rebels reached out to other political parties Thursday to form a new coalition government, a day after the prime minister resigned following months of sometimes-violent protests. "We want to end the political deadlock as soon as possible and will be talking to other parties to reach an agreement," said Baburam Bhattarai, deputy leader of the Communist Party of Nepal (Maoists). The party said it established a three-member committee headed by its leader, Pushpa Kamal Dahal, to negotiate with other political parties on the formation of a new government. The other main parties have agreed to hold talks, but it was unclear whether they would be interested in a Maoist-led government. President Rambaran Yadav asked all parties to reach an agreement and form a new government by July 7. He did not say what he would do if they failed to meet the deadline. Prime Minister Madhav Kumar Nepal resigned Wednesday, bowing to months of pressure from the Maoists, who demanded his ouster in parliament and in

street demonstrations. Nepal said he resigned to end the deadlock and shore up a peace process that ended the Maoists' 10-year insurgency, in which an estimated 13,000 people were killed. In Washington, U.S. State Department spokesman P.J. Crowley said it was "vitaly important that the peace process should go forward." "Perhaps the departure of the prime minister gives yet another opportunity for the various elements within Nepalese society to come together and reach an agreement that allows for the process to move forward and return of stability to their country," Crowley told reporters. The Maoists signed a peace agreement in 2006. Since then, they have confined their fighters to U.N.-monitored camps and joined mainstream politics, winning the most seats in 2008 elections. Nepal took the post of prime minister in May 2009 after the previous government led by the Maoists resigned following differences with the president over the firing of the army chief. In May, the Maoists called a general strike that shut down the nation for more than a week. Street demonstrations turned violent with clashes between communist supporters and police. The protests also delayed the writing of a new constitution, which was supposed to be completed by May. The deadline was extended by a year.

<http://www.lasvegassun.com/news/2010/jul/06/nepals-maoists-search-for-coalition-partners/>

Nepal govt to introduce casino regulations

The Nepal government is all set to introduce casino regulations to curb possible malpractices in the business. We have realized the necessity of close monitoring and this is why the ministry is planning to introduce a set of regulations," English.news.cn quoted Laxman Bhattarai, spokesperson for Ministry of Tourism and Civil Aviation, as telling Republica daily. The new procedures would set a number of standards, including maintaining international standard service quality, Bhattarai told the daily. Currently, there are 10 casinos in operation in the capital Kathmandu and western tourism city Pokhara, with each casino paying 20 million Nepali rupees (some 270270 U.S. dollars) as royalty to the government. However, Bhattarai denied any possibility of amending the law to allow Nepali to gamble in the casinos. "Allowing Nepali citizens in casinos would mean inviting economic and social problem for them," added Bhattarai. <http://news.oneindia.in/2010/07/09/nepal-govt-to-introduce-casino-regulations.html>

Nepal: The great general strike - the permanent revolution

In May of this year the Nepali masses once again demonstrated their thirst for a revolutionary transformation of society, when they took to the streets in their tens of thousands. The Unified Communist Party of Nepal (Maoist) (UCPN (M)) called for a general strike and protests on 1 May to demand the resignation of the new Prime Minister, Madhav Kumar Nepal. The general strike that followed brought the country to a standstill. Over half a million people are reported to have marched through the city of Kathmandu and participated in rallies. On 6 May the masses surrounded the capital city of Kathmandu in a human chain on the 27km ring road. On the same day the largest ever rally was held in the city. This major mobilisation once again demonstrated the desire for change and the support that the Maoists still enjoy among the

nearly 30 million strong wider population. This Bandth (general strike) was called by the Maoists after their year-long conflict with the interim government which was set up after the end of the 10 year long civil war in Nepal. The Maoists left the government after their leader and prime minister, Puspa Kamal Dahal, known as Prachanda, resigned from office in May 2009. This was in protest against the overturning of his decision to dismiss the Nepalese army chief of staff, Rookmangud Katawal, who had been blocking attempts to integrate the Maoist armed wing, the People's Liberation Army (PLA) into the Nepalese army. These efforts continued to be derailed by the right wing within the army. The Nepalese army commanders, who had been very loyal to the royal family, had openly aligned themselves with the right-wing parties within the interim government. This strengthening of reactionary forces within the country, supported by the Indian, Chinese and right-wing governments in the world, poses a major threat to the interests of the working masses. The successful general strike and mass rallies pointed to how these threats can be overcome. Also this is not the first time the Nepali masses have shown their desire for revolutionary change.

Great mass movement of April 2006 and after

The major change in Nepal's modern history began with the great mass movement of April 2006, which eventually led to the abolition of autocratic monarchic rule. Similar to the May 2010 movement, the great mass movement of April 2006 also showed the overwhelming and widespread desire for change. The masses sought, not just the abolition of the monarchy, but also genuine democracy and an end to poverty and inequality. The general strike of 2006 was called in early April by the pro-business Nepali Congress Party (NC), Communist Party of Nepal (Unified Marxist-Leninist), commonly known as UML, and others in the Seven Party Alliance (SPA) with the support of the Unified Communist Party of Nepal (Maoist) (UCPN (M))-known as the Maoists. But none were prepared for, or expected, how explosive it was going to be. Class anger broke out through the general strike and galvanised the rest of the masses into action. However, the parties in the SPA came out decisively in opposition to the king only after he turned against them, using the military to seize full control of the power. Prior to this some leaders in the SPA had served happily under the king and supported the attacks on the Maoists. But having seen the heightened discontent of the mass movement of the workers, the peasants and the poor people and their readiness to act, the right-wing SPA had no choice other than to metamorphose into a leading opponent of the king's rule. At this stage the Maoists, who had waged a bitter battle against the Royal Nepali Army (RNA) in the past decade, had control of significant parts of the countryside. They had consistently opposed the monarchy and enjoyed the support of the rural population and sections of the working class. With a correct perspective and programme and an able leadership this movement could have been taken to a socialist revolutionary conclusion as many classical revolutionary features existed. The mass movement included not only the workers and peasants, but a section of the intellectuals and middle class who also showed their readiness to push for the establishment of a new social order. While the

ruling class was in confusion and stripped its powers, the king and the royal army was not in any way prepared for the general strike and the mass uprising. These favourable conditions do not automatically mean a direct transformation of society. It must also be stated that a socialist revolution in one country will not survive for a lengthy period of time unless it spreads elsewhere. In the event of revolution, a small country like Nepal will face an onslaught of attacks from many capitalist governments, particularly from India. The socialist revolution cannot just be on a national plane but has to be on an international plane to survive. Therefore an appeal to the international working class is crucial. Also the movement needed an organisation, a leadership to bring together the workers and peasants and others into committees led by workers to prepare the way to carry through the revolution. Unable to see how to develop this movement towards revolutionary change, the Maoist leaders wrongly opted to work with the right-wing SPA. The Maoist leaders' reliance on the right wing, which in the past was responsible for maintaining the rule of the monarch for decades, weakened the movement. It also gave confidence to the pro-capitalists. The Maoists argue that bourgeois democracy should be achieved first, capitalism needs to be further developed and only then can the fight for a socialist transformation of society begin. This two stage theory ignores the question of how genuine democratic rights can be won and defended in the interest of workers, something that is even more true in this period of worldwide capitalist crisis. How can the first stage of capitalist development be achieved without any exploitation of the working class and poor?

Permanent

revolution

The CWI has many times explained the bankruptcy of this 'stages theory'. In neo-colonial countries the national bourgeois class is incapable of breaking with imperialism and genuinely carrying through its historic task of the bourgeois democratic revolution. Tasks such as that of the elimination of feudal and semi-feudal relations, solving the national question and the establishment of democratic structures to allow the development of industry and the economy cannot be achieved by the national bourgeoisies in neo-colonial countries. The Bourgeois democratic revolution in France that beheaded king Louis XVI in 1793, sounded the beginning of the end of feudalism in the world. In many industrialised countries in the west the capitalist class did carry through the revolt against feudalism to make way for the development of capitalism. The argument that this can be repeated in the modern epoch and that every country in the world has to go through this 'stage' before beginning the fight for a socialist transformation of society is completely false. The Russian revolution in 1917, and many revolutionary movements since then, have proved this theory wrong.

The Stalinist bureaucracy in the second half of the 1920s mistakenly directed the Chinese revolutionaries to form a so-called bloc of four classes - the workers, peasants, intellectuals and the anti-imperialist bourgeoisies - in order to lead the revolution. This helped Chang Kai-Shek, representing the bourgeois bloc to survive, only to brutally crush the revolution later in 1926-1927. The massacre that followed wiped out thousands of revolutionaries and thousands of

workers. Later, with the defeat of Chang Kai-Shek in the Second World War, the capitalist class and landlords fled China. Into this vacuum entered the Red Army which was largely a peasant army with the Bonapartist Mao Zedong at its head. Mao Zedong manoeuvred between different classes and constructed a state not in the image of the 1917 workers' democracy in Russia but of Stalinism. In a way, Mao Zedong began where Stalin had finished. The character of the regime that took power was quickly clear. Despite the introduction of land reforms, and a planned economy due to the pressure from below, the establishment of workers' democracy and a genuine development of the socialist revolution did not take place. Having based themselves on peasants and other feudal classes the bureaucracy was trapped and was soon struggling to carry through even some 'democratic' reforms. This forced Mao Zedong to criticise some of the Stalinist approaches and later to introduce his idea of so-called 'continuous revolution' in the late 1950s. This was a reaction in part to the contradiction that still existed within society and the stifling effect of an emerging bureaucracy in the image of the Stalinist bureaucracy of the Soviet Union. Mao Zedong zig-zagged between centralisation and decentralisation and different policies which also led to the emergence of regional or localised bureaucracies. But failure to make a real break with Stalinism cost the lives of millions of Chinese workers. Wedded to international capitalism, the national bourgeoisies in under-developed countries will continue to play merely a subsidiary role, allowing only those reforms that will enable the international capitalists to loot the country's resources to the full and blocking any attempt at land reform. The national bourgeoisie will continue to be an obstacle to the working and poor peoples' interests. Without breaking with these forces, the genuine development of the economy and the establishment of genuine democracy are not possible. Thus the historic task of carrying through the democratic revolution falls in to the hands of the working class. This Marxist explanation of how a revolution can develop in a neo-colonial country is best expressed in Leon Trotsky's theory of the permanent revolution. Trotsky explains that carrying through the stage of democratic development especially in the colonial and semi-colonial countries, is conceivable only by the proletariat who also rally behind them the poor peasant masses. In a recent introduction to a new Urdu translation of Trotsky's book *Permanent Revolution* Peter Taaffe of the International Secretariat of the Committee for a Workers' International (CWI) describes these processes "It was Karl Marx himself who first spoke about the 'permanent' character of the revolution drawing lessons from the 1848 revolutions. He wrote in 1850: 'It is our interest and our task to make the revolution permanent until all the more or less propertied classes have been driven from their ruling positions.' But Trotsky went further and concluded that once having drawn the mass of the peasantry behind its banner and taken power, the working class would be compelled to go over to the socialist tasks, both on a national and an international scale. "This brilliantly anticipated the October 1917 revolution. The working class took power in Petrograd, the seat of the revolutionary upheavals of the time, and Moscow. They then made an appeal to the rural masses, initiated 'land to the tillers', which won over the peasantry. But the dispossessed landlords joined hands with the capitalists, both the 'liberal' and reactionary wings, in an attempt to try to snuff out the Russian revolution. The peasantry through the travails of the

three-year civil war rallied behind the workers and their party, the Bolsheviks, because they came to understand in action that they were the only ones who would give them the land. Even the intervention of 21 imperialist armies, which reduced the revolution at one stage to the old province of Muscovy, around Petrograd and Moscow, could not stop the revolution triumphing." <http://socialistworld.net/eng/2010/02/1802.html>)

This quote speaks of the kind of dilemma faced by the Maoist leadership in Nepal of whether a socialist revolution is possible in a country which does not have a numerically powerful working class and faces military action against them internally and externally in the event of revolution. But CWI material like the recent introduction by Tony Saunois to his book 'Che Guevara. Symbol of Struggle' (<http://socialistworld.net/eng/2005/08/19che.html>) has pointed out that the working class in Nepal, which is mainly employed in tertiary and mercantile services, is larger in percentage terms than in pre-revolutionary Russia. The composition and character of the workforce in pre-revolutionary Russia is different to that of Nepal as it does not have the industrial base that existed in Russia. However, the working class, regardless of its size, has the potential to lead a socialist transformation of society. In Nepal the working class continues to play a decisive role, as demonstrated in the successful general strikes. The power of the working class to bring society to a halt, whatever its size continues to be demonstrated in these general strikes. It is not in anyway an underestimation of the role of the peasantry. Organising and mobilising peasants is a crucial ingredient in building the mass movement in Nepal. However it must be linked to the workers' movement, including in urban areas, in order to carry through revolutionary change. Conducting a peasant war in countryside can give critical auxiliary support to the struggle for revolutionary change. But only through the working class taking control of organising society can genuine land reforms be implemented and defended. It is only they who are capable of completing the democratic revolution.

In the neo-colonial world the capitalist class, tied to the landlords, is totally incapable of carrying through genuine land reforms. Introducing land reform, for example, is impossible while participating in a coalition with the right wing who represent the land-owners. The so-called land reform that took place when the Maoists were in the interim government was limited only to the land that had been illegally retained by the landlords! These contradictions have so far been completely ignored by the Maoists who continue to believe they can form a government with a 'socialist orientation' with the most right-wing forces who, not so long ago, had no problem being loyal to the monarchy!

The belief that the workers movement can be strengthened by cross-class alliances is also false. The simple arithmetic of just adding up numbers will not directly result in strengthening the forces of revolution. 'The law of the parallelogram of forces' also applies to politics, as Trotsky explains. When political allies pull in opposite direction the result is often zero. Working class interests on basic questions diverge from those of capitalist and land owning classes at an angle

of 180 degrees and an alliance is only capable of paralysing the revolutionary forces. In those circumstances interests of the masses will be more strongly represented by an independent organisation than a coalition with forces which pull in the opposite direction. The Stalinist theory of popular frontism and stages often gave an escape route to those leaders who argue for cross-class formations to disguise themselves with 'Marxist' rhetoric. But, in order to do this, supporters of the idea of "popular fronts" have to totally ignore the example of what Lenin and the Bolsheviks actually did in the months between February and October 1917. The stages argument, of holding back the workers to allow the bourgeoisie to carry through the democratic revolution, resulted in the defeat of revolution in a number of countries. This argument justifies the workers' collaboration with the capitalists in the name of achieving 'democracy', which in real terms is a democracy for the few and not democracy for the masses. The very same argument derailed the Chinese revolution of 1925-27 as we saw above. The current undemocratic and increasingly capitalist Chinese government, which still claims to follow the ideas of their great leader Mao, is doing all it can to suppress the Maoists in Nepal.

The very same stages argument derailed the development of genuine revolutionary forces in India. For decades the totally pro-capitalist leaders of the Communist Party of India (Marxist) (CPI (M)) play a rotten role of collaborating with local and international capitalism to attack workers' rights. They are either directly responsible for or support the Indian government's aggression against those who dare to fight back. This we saw in Nandigram, in CPI(M)-controlled West Bengal, where forces opened fired on the peasants, killing many and forcefully ejecting around 20,000 people who lived there to make way for the Indonesian-based multinational Salim Group. They voted for legislation brought in by the Indian government to set up SEZ (Special Economic Zones created to aid the super-exploitation of the multinational). They also support the Indian government's policy against the Maoists in Nepal. They do this in the name of Marxism, also justifying it through the stages theory. The CPI(M) senior politburo member Jyoti Basu who recently died, openly stated, "Socialism is our political agenda and it was mentioned in our party document but capitalism will continue to be the compulsion for the future". Now fewer and fewer workers, peasants and poor in India see the CPI(M) as their party capable of leading their struggle. This party, their leadership, their philosophy has nothing to do with Marxism. They are no use to those who want to fight for the emancipation of the oppressed. Ordinary members and genuine forces still in the party who are looking for an alternative and who are new to the genuine ideas of Marxism should break with CPI(M) anti-working class policies and join the true revolutionary forces such as those of New Socialist Alternative (The CWI section in India).

The Maoists in Nepal risk suffering the same fate as the CPI(M) in India if they follow the same line. The Maoists leaders claimed that Nepal needed to pass through a historical transition from feudalism to capitalism. To establish this so-called stage of parliamentary democracy which they described as 'institutionalising changes' they refrained from challenging the right wing forces

sharing power with them. But the reality is that the SPA used this opportunity to stabilise themselves. Given the strength of the movement, the SPA also did not have any choice but to bring an end to the autocratic monarchy. However the hypocritical nature of the SPA was immediately exposed. The Maoists strongly demanded the abolition of the monarchy, but the SPA wanted to compromise and maintain a monarch in a ceremonial capacity. It must be noted that, against the SPA's wishes, the Maoists' insisted on complete abolition and this paved the way towards the establishment of a republic and a constituent assembly to draft a new constitution.

However, the Maoists were not so decisive on other issues that would determine the nature of the new society. When the Maoists signed a 12-point agreement in June 2006 with the SPA to hold an election for a Constituent Assembly, they agreed on a number of points that helped to break the revolutionary movement and the Maoists themselves. They agreed that they were "firmly committed towards the protection of the independence, sovereignty, and the geographical integrity and the national unity of the country". This reinforced the fear of national minorities, thus allowing the nationalist elements to turn against the Maoists. This led to the emergence of national liberation groups within one year, such as that of the Terai Liberation Front which came out as a force from 2007. While agreeing with national unity, it is crucial to make it clear that the rights of the minorities are respected and the right to self-determination of those minorities is safeguarded. Furthermore, the Maoists agreed to maintain "friendly relations based on the principle of co-existence with all countries of the world and a good neighbourhood relationship with neighbouring countries, especially with India and China",-i.e. cooperation with capitalist governments, rather than the class appeal for the international solidarity of the workers and poor. This is a crucial mistake as regional western imperialism quite openly continues to seek an ally in the SPA to crush the Maoists as they see the Maoists coming to power as a threat to their interests.

The SPA leaders, who have met the Indian authorities many times, also wanted to prevent the Maoists taking any prominent positions within the government. The SPA used the Maoists' compliance in the period running up to the first election to stabilise and consolidate their forces. They managed to stop the Maoists getting a majority and forming a government, even though the Maoists scored a major electoral success in the first election held in 2008. The Maoists' election victory was not the complete surprise that the right-wing observers inside and outside the county portray it as. Voting for the Maoists was seen by many among the toiling masses as a way out of poverty and misery. However, having formed the interim government in coalition with pro-business parties after their first significant electoral victory in 2008, the Maoists were still unable to come to an agreement to draft a new constitution. What was needed was the development of an independent political force to represent the workers, peasants and poor. Coalition with parties in the SPA who serve the interest of international and regional imperialism, would be an obstacle to pursuing the interests of the workers and poor. The Maoists leaders failed to foresee the deadlock they would run into, as their perspective was limited by their two stage theory, as indicated

above. However the 'stages' argument is constantly challenged by the masses themselves who see the pro-business parties within the interim government as their enemies. Pushed from below, the Maoist leaders have been forced to acknowledge the failure of some of their traditional arguments against proceeding to take power. In their latest party document they admit to the limitations they face while collaborating with the right wing in the interim government. It states: "We must humbly admit that we could not attain the expected and possible achievements as a result of, on the one hand, the obligatory situation in which we had to work within the limitation of old reactionary state machinery ...".

While realising this limitation there should be a serious attempt to overcome it. The introduction of the ideas of the permanent revolution as we saw above is crucial to develop the movement. Maoists are now forced to examine the ideas of Trotskyism. The vice Chairman of UCPN(M) Baburam Bhattarai (also known as Laldhwaj) is reported to have stated that, "In this context, Marxist revolutionaries, should recognize that in fact in the current context, Trotskyism, has become more relevant than Stalinism to advance the cause of the proletariat". If this had been taken seriously it would be an advanced step forward in their thinking and strategy. But it seems they are still afraid to take a 'major leap' in their thinking. The victory of the Russian revolution in October 1917 was made possible by the Bolsheviks refusing to support the provisional government which was a coalition of some workers' parties and bourgeois parties. This coalition was incapable of carrying through thoroughgoing land reform, the installation of real democracy and other bourgeois democratic demands. Reactionary, counter-revolutionary forces hoped to use this provisional government to hold back the working class and poor peasantry and thus gain time for them to attempt to regain power. While always in the forefront of the struggle against counter-revolution, the Bolsheviks did not cease explaining that the key to the revolution's success depended on the working class and poor coming to power.

Before 1917 there had been much debate on the future revolution's character. Trotsky and Lenin agreed that the workers and peasants were the main forces in the mass movement to complete the capitalist democratic revolution. Lenin however posed this as an 'algebraic formula' and left the question of which class will dominate in the alliance of the working class and the peasantry unanswered. But Trotsky took it further and pointed out that never in history had the peasantry played an independent role, and that they are always destined to seek leadership in the urban areas. Lenin adopted Trotsky's ideas when he counter-posed workers' power to participation in the provisional government in 1917. He was faced with the responsibility of working out a programme to lead the revolution to victory in April. He outlined the programme for the proletariat which included:- no support for the provisional government, fight for the soviets to take power, end the war, confiscate the big estates, nationalise the banks, establish workers' control of industry, the replacement of the police and army with a workers' militia, replace the old state bureaucracy with a workers' administration and the establishment of a new international. Lenin understood that none of this was possible without the working class taking

power. Lenin wrote this at a time when some of Bolshevik leaders in the country, including Stalin, argued in favour of supporting the pro-capitalist Provisional Government so long as it was "fortifying" the conquests of the revolution and relegated to the distant future the idea of the working class coming to power. The 'major leap' of Lenin, shown in his April Thesis and his declaration of "no support whatsoever to the Provisional Government", was an adaptation of Trotsky's theory of the permanent revolution, worked out through the experience of the 1905 revolution. This is a crucial lesson for all revolutionaries.

The Maoists in Nepal are now at the crucial stage. However they are held back by their old perspective. Forced by the need to break from their traditional views the Maoists claim they have a Nepali version of Marxism - what they call the 'Prachanda path'. (named after the Chairman of UCPN(M) Puspa Kamal Dahal also known as Prachanda) This type of so-called 'localisation of Marxism' such as that of Maoist groups in Peru is only used to justify the right ward shift of the leadership of the party. What brought workers to power in Russia was not a Russian version of Marxism rather a correct understanding and application of Marxism. More over this so-called new version is still struggling to solve the question of how to achieve revolution in Nepal. In an interview Baburam Bhattari, states: "We succeeded in abolishing feudal monarchy. Basically, the social economic system has not transformed radically. So the need to complete the democratic revolution is still there and our party is focusing on completing this democratic revolution in account of the specificities of Nepal and the current world situation."Accordingly, we want to ensure this radical transformation through a democratic and constitutional process but the option seems to be limited as the reactionary forces are galvanizing to fight against radical forces in the country. In that context, the option of peaceful development of revolution seems to be dating out".What this shows is that the Maoists leaders, while recognising the limitations are still not prepared to review their perspective and take action that would overcome these difficulties.They are still hoping that the proletariat and the revolutionary masses will remain united while they collaborate with the bourgeoisies to establish a so-called democratic revolution in Nepal. On the contrary the right wing will do everything in their power to divide the movement to keep themselves in power which we are already beginning to see. They will not hesitate to use the military or to wage a constitutional coup such as drafting a constitution in such a way that it will keep the revolutionaries out of power. The more the Maoists hold back, the more the right wing and counter-revolutionary forces will strengthen their forces by exaggerating the divisions and creating more divisions among the working class on national, religious, ethnic, and caste lines and turning the middle layers against them. This will also have an effect on the UCPN(M). The question of how long it will remain a unified party is also now posed as reports of major rifts between the chairman and vice-chairman are widely reported. The emerging divisions, in a way, reflect the need to fight for the right policies.During the April 2006 protest movement, the Maoists did not face the onslaught of the right-wing propaganda and divisive tactics because that movement spread as a cross-class union of opposition to the dictatorial monarch. Now they are beginning to lose the support of some workers and intellectuals with higher incomes. These

middle and high income workers, however a tiny proportion they may be, still have huge weight in Nepali society. And the SPA is beginning to rely upon them. If there is a decisive step towards social change, then the middle layer and intellectuals can be won to the side of the workers. If there are no major steps taken, then they may lose heart and can be persuaded by the ruling capitalist class to side with them. This is why it is crucial to take decisive steps towards the socialist transformation of society, and reduce the opportunities for the capitalist class to gain any support.

‘Final push’ and after

The so-called ‘final push’, the call for a general strike in May this year, came to nothing after six days. 22 parties have come out in support of the newly-appointed prime minister, denouncing the Maoists and the general strike. The interim government ministers had even threatened to deploy the army to stop the strike. The Indian and western governments also gave their full support to the government. The right-wing media launched a massive propaganda campaign against the Maoists. The so-called ‘peace rally’ organised by the opposition attracted at most 25,000 people, but it consisted of highly-paid workers, small businesspeople and intellectuals. As a result of this pressure and out of fear of exhaustion the Maoists called off the strike after the sixth day. However, the rallies continued and the Maoists say that they have not completely given up and that they may call a general strike again. They cannot carry on like this. The mass movement cannot be switched on and off like a tap. This will further exasperate the masses. Calling off the general strike without any victory is seen as a setback for the Maoists. During the general strike they maintained that they would negotiate only after the resignation of the Prime Minister. Now the pro-business parties demand that the Maoists dissolve their youth wing and the PLA and become a ‘citizens’ party’ as a precondition for the prime minister’s resignation. The likelihood is that they will become further locked into endless negotiations with the right wing and ‘tit for tat’ actions. The Maoists should move away from using the general strike as a tool for negotiation and instead use it to bring decisive change in the way society is run. An indefinite general strike certainly poses the question of taking power. It shows who is in control of running society. It shows that even the tiniest work-force can still bring the whole country to a standstill. However, a general strike alone will not deliver power to the masses. Instead, only a clear leadership, with a revolutionary strategy, can lead the masses to seize power. The general strike should be used to educate and involve the workers and peasants to take power. Without a clear perspective they risk demoralising and exhausting the movement by continued strike action. In a country like Nepal, with no proper infrastructure and facilities to sustain the supply of food, the masses would face starvation if the strike had to continue for a long period of time. This is one reason why the general strike had to be called off after six days. More over, for the working class to take power is a decisive step towards the abolition of class society. This is something that the ruling bourgeois class will resist at all cost, using every power at their disposal, including the military. The working class and the revolutionary party cannot

succeed without a clear strategy to defeat this certain onslaught by arming the masses and preparing the revolutionary force to see through the revolution. During the general strike rallies and cultural events were held across the capital city. However, there was no attempt made to set up strike committees - or workers' committees to discuss the next step they should take and start organising the running of the society. There was no open discussion about what kind of a society the workers, peasants and poor wanted and how to achieve it and how to run it. Discussions that took place among the Maoist leaders about 'whether a socialist revolution could survive in one country', 'can the bourgeoisie be relied upon to carry through the revolution' etc. but these issues were not widely discussed among the masses. Mere rhetoric or minor criticisms of the interim government is not enough. During the April 2006 movement the Maoists demanded the abolition of the monarchy and the establishment of a Constituent Assembly. Now all they ask for is a new constitution which includes a federal structure, food cards etc. They were not able to achieve this earlier when they shared power with the SPA for nine months before they eventually pulled out of the government. A genuine revolutionary party would have been able to foresee the incapability of the right wing to draft a revolutionary constitution and should have mobilised to set up a revolutionary Constituent Assembly, elected by and dedicated to acting in the interests of the workers, peasants and poor. The Constituent Assembly should not have been just a rainbow coalition to assist the bourgeoisie in assuming the role of the ruling power.

India

and

China

Another argument used to hold back the movement now is the threat of military aggression by the Chinese and Indian governments in the event of the Nepalese revolution breaking out. A year ago in May 2009 the Sri Lankan government brutally ended war with the Liberation Tigers of Tamil Eelam (LTTE) South Asia's longest-standing war, with help from both the Indian and Chinese governments. The violence of the final period of the war, largely seen as a 'Chinese solution' to armed conflict, created widespread fear among Maoists in India and in Nepal. This also answered the idea that Chinese state help would be forthcoming to the Maoists in contradistinction to Indian and western influence. Reliance on inter-imperialist rivalries to advance the working class's interests as opposed to building the workers' movement worldwide has not and will not result in any decisive victories for the working class. Moreover the Chinese regime fears the mass movement of the working class, just as the fear of the contagion of the anti-Stalinist Hungarian workers' revolution in 1956 was behind the brutal crushing of it by 'soviet' forces. The establishment of a genuine workers' government in Hungary would have meant the death knell to both the Stalinist and Chinese governments. Out of this fear the Chinese regime played a crucial role in urging the Russian regime to crush the Hungarian revolution. Similarly they will fear the formation of any workers' government as it would pose a major threat to their existence. After centuries of domination by western powers, regional imperialist countries, such as India and China, are taking precedence in south Asia. We have seen a massive increase in Chinese and Indian government influence in many countries in the

region. Nepal is a special case as one of the poorest countries in the world, it is sandwiched between two of the fastest-growing economies in the world. Both India and China have shown a keen interest in controlling Nepalese resources and politics. Tibet, which shares a border with Nepal, could potentially provide cause for heightened tension between China and the US in the future. The recent meeting between Barack Obama and the Dalai Lama angered the Chinese government. The protests that broke out in Tibet in March 2008, a few months before China hosted the Olympics, spread to Nepal where thousands of Tibetans live. The Chinese government, expanding its control in the region, is following a similar strategy to that which they have pursued in Sri Lanka and Pakistan where it is building multibillion dollar harbours. The Chinese government wants a reliable and stable ally in Nepal to achieve its economic interests and control the Tibetan border. The right-wing Nepali parties are more than willing to comply. Kush Kumar Joshi, president of the Federation of Nepalese Chambers of Commerce and Industry, announced that they will try to establish special economic zones (SEZ) and encourage Chinese and Iranian investment. The Nepal interim government announced last year that for the first time it will station armed police officers in places like Mustang and Manang on the border with Tibet. Just like the Chinese government, the Indian government also gives its full support to the right wing within the Nepalese interim government. The recent general strike of the Maoists alarmed the Indian government, which considers the 'threat of Maoists' to be the number one security issue within India. Further-more 55.4% of imports for Nepal come from India. Not so surprisingly, Prime Minister Manmohan Singh declared his full support for the Nepalese government against the general strike. If the revolution succeeded in Nepal it would have a major impact in India where there is widespread fighting going on against the SEZs in many states. India will see an eruption of struggle in the so-called Maoist belt leading up to Nepal. The Indian government has a huge influence within the Nepalese Congress Party and the UML. President Ram Baran Yadav, the former general secretary of the NC and prime minister Madhav Kumar Nepal, the general secretary of the UML, are believed to be very close to the Indian government. Madhav Nepal has made several visits to India prior to the signing of the 12-point agreement with the Maoists in June 2006. He is also believed to have discussed with the Indian authorities about the terms and conditions of the agreement with the Maoists. Just like the CPI(M) in India, the UML has no revolutionary outlook and instead focuses on electoral-based, short-term goals. The Nepal Congress and Communist Party Alliance almost mirror the Indian Congress-Communist alliance. Both the NC and UML leaders have regular meetings with the Indian authorities and have wanted to continue a close relationship. In April the prime minister was forced to convene a late night cabinet meeting on a Sunday to cancel the controversial deal they hatched to print Nepali passports in India! The Maoists are seen as an obstacle to Indian political and business interests in Nepal. On top of establishing strict borders with India and cutting its business ventures, the Maoists also want to scrap the so-called 'peace and friendship' treaty signed in 1950 for river water sharing. As the Maoists see Indian hostility towards them as their major problem, they continue to blame the Indian government for not being able to come to any agreement on drafting the new constitution. In fact one of the slogans

in the general strike was 'Puppet governments - return to India!' In these circumstances the fear of military intervention is very real. However with a correct approach this can be defeated. To overcome the obstacle of possible interventions of regional powers it is necessary to appeal to the working and poor people in these countries to take solidarity action and to prepare to follow their example. If the revolution in Nepal is genuine then any military intervention by India or China will provoke a reaction in these countries. Particularly in India, where the struggle against the state and multinationals is waged all over the country, we will see an explosion of fight-back and mass movements developing to protect the interests of poor and working people, and the Nepali revolution. Revolutionary change in Nepal would be contagious and would inevitably spread to other countries in the region and beyond. Thus the call for a socialist federation of south Asia is crucial to defend the interests of the working class in Nepal and through out the region.

Nepal, IFAD sign loan agreement for agro project

The International Fund for Agricultural Development (IFAD) and the government of Nepal signed a loan agreement of 7.6 million U.S. dollars and a grant agreement of 7.6 million dollars aiming to reduce poverty and vulnerability of people living in the hills and mountains through agricultural diversification. According to Tuesday's The Kathmandu Post daily, the diversification effort will focus on high-value crops, non-timber forest products, medicinal and aromatic plants and livestock. Lal Shankar Ghimire, joint secretary at the Ministry of Finance and Ron Hartman, IFAD country program manager, signed the loan agreement here on Monday. The project aims to reduce poverty and social disharmony in the hills and mountains of the Mid-Western Development Region and address the issue of economic isolation. Poverty persists in these areas because of conflict, poor infrastructure and lack of access to services and markets. The project will help to integrate the rural poor, especially women and marginalized groups, into high-value agriculture, value chains and markets and employment opportunities that lead to improved incomes. This IFAD project is expected to benefit about 52,000 households, 285,000 people.

<http://english.peopledaily.com.cn/90001/90778/90858/90863/7054214.html>

Nepal's per capita income looks to \$568

Income of Nepali citizens has doubled in last one decade, though it might take more than a decade to graduate the country to even 'very low income group'. During the 2000-01, the per capita gross national income (GNI) of a Nepali was \$259 only but it has doubled to \$568 in 2009-10. "Nepal's per capita gross national income (GNI) could touch \$568," according to the preliminary study of Central Bureau of Statics (CBS). Currently, the per capita income of a Nepali is \$472, the revised macro economic indicator reveals. Per capita GNI is the dollar value of a country's final income in a year, divided by its population. It reflects the average income of

a country's citizens. In the last one decade, the GNI per capita has seen a continuous increase, except for one fiscal year — 2001-02 — when it dropped to \$254 from \$259 in 2000-01. Knowing a country's GNI per capita is a good first step toward understanding the country's economic strengths and needs, as well as the general standard of living enjoyed by the average citizen. As the general standard of living enjoyed by the average Nepali citizen has been deteriorating over the years, the growth in GNI per capita could be confusing to some extent. A country's GNI per capita tends to be closely linked with other indicators that measure the social, economic, and environmental well-being of the country and its people. Normally people living in countries with higher GNI per capita tend to have longer life expectancies, higher literacy rates, better access to safe water, and lower infant mortality rates. But Nepal comes at almost the bottom of the low income group. According to the World Bank, a country with its GNI per capita above \$20,000 comes under a very high income group. Similarly, \$10,000 to \$1,999 GNI per capita is categorised under high income group followed by a middle income group with \$5,000 to \$9,999 GNI per capita. A country with GNI per capita at \$2,500 to 4,999 falls under the low income group, whereas a country less than \$2,500 falls under the very low income group. Meanwhile, the CBS report also reveals that the gross domestic production (GDP) at the basic price is expected to expand by 3.53 that was at 3.95 last fiscal year according to the revised projection. The government has — in its budget speech for 2009-10 — projected 5.5 per cent growth. Similarly, the government also failed to curb the inflation that is hovering around 10 per cent, though the government has projected it to contain around seven per cent. According to the CBS preliminary projection agriculture will grow by 1.05 per cent and non-agriculture sector will grow by 5.1 per cent. In comparison to last fiscal year, the food crops production will see 5.88 per cent lesser this year. "The major crops, paddy and maize will register a negative growth of 11.05 per cent and 3.91 per cent," the preliminary report said. "Though agriculture contributes 33.03 per cent in the total gross domestic production (GDP), the preliminary report of CBS said.

[http://www.thehimalayantimes.com/fullNews.php?headline=Nepal's+per+capita+income+looks+to+\\$568+&NewsID=248882](http://www.thehimalayantimes.com/fullNews.php?headline=Nepal's+per+capita+income+looks+to+$568+&NewsID=248882)

Faulty LPG subsidy hits poor

The government last week pledged Rs 800 million to Nepal Oil Corporation (NOC) to finance the import of liquefied petroleum gas (LPG). Of plugging the loss coming from LPG by revising its price, NOC adopted tricky tactics of covering LPG induced loss by raising prices of diesel, petrol and kerosene, a move that threatens to exert pressure on fiscal balance. But a million dollar question is who gains from state's subsidy on gas? "Clearly, it is the relatively better off urban families, big hoteliers, restaurant, gas-run automobile operators and tourists who benefit from such subsidy regime," said Umesh Dahal, recently retired deputy managing director of NOC. Consider the following facts: State subsidizes Rs 130 on every gas cylinder presently sold at Rs 1,250. Eighty percent of cooking gas is consumed in the Kathmandu Valley and 40 percent of gas distributed throughout the country is consumed for commercial purpose. These sectors

rake up a monthly subsidy of about Rs 56 million. Nepal LP Gas Industries Association (NLPGIA) confirms that of the 15,000 tons (1.05 million cylinders of 14.2 kg) of gas imported in the country, 12,000 tons (845070 cylinders) is consumed in the Valley every month. Some 6,000 tons (more than 422,500 cylinders) out of total imports are consumed by hotels, restaurants, factories and other commercial ventures. Most big hotels use the subsidized gas to run their mammoth boilers and traders use it to run generators. With Rs 800 million that the government pledges to subsidize LPG, it could have built 320 primary schools accommodating 250 students or 800 sub-health posts or 20 km road in hills and 26.5 km road in Tarai. What should be its priority -- such crucial service infrastructure or subsidy to relatively better off urban families and commercial entities? Interestingly, the well-off local consumers of restaurants and hotels and the tourists are neither the targeted beneficiaries nor in need of the state subsidy. Among the commercial consumers too, more than 1,000 tons of gas is consumed by vehicles running on gas alone, according to Mukunda Dhungel, NOC spokesperson. This means the state subsidy going to the automotive sector totals to around Rs 10 million. Owing to subsidy, gas-run three and four wheelers are getting fuel at Rs 50 per liter, which is Rs 15 cheaper than diesel. Because of better fuel efficiency, they are also enjoying higher mileage than diesel-run vehicles. But as the operators charge fare no less than diesel-run vehicles, subsidy in automotive sector is going as profit in the pocket of vehicles operators, and hence, is a waste. The subsidy provided to cooking gas alone is more than two-thirds of the total petroleum subsidy bill. "And the grave social injustice is, the government is forcing lowest-income group, who rely on kerosene to cook food, to cover the loss incurred while selling gas to better income groups," said Dahal. Compared to LPG, which is retailed at Rs 50 per liter, Ministry of Commerce and Supplies has made poor people pay Rs 65 per liter of kerosene. NOC reaps Rs 8.50 per liter as profit from kerosene sale. "We use this profit to cross-subsidize LPG," said Commerce Secretary and Chairman of NOC Purushottam Ojha. Consumers rights activists like Jyoti Baniya of Consumers' Rights Protection Forum strongly condemn such policy discrepancy. Saroj Pandey, petroleum dealer and former president of NLPGIA, too demanded the government to end the trend of loading the financial burden of unfair subsidy on kerosene and petrol. Even if the government deregulated gas prices, it will cost just Rs 57 per liter, which is still cheaper than kerosene. "Only fools argue that present day gas consumers cannot afford paying that much," said an NOC official, requesting anonymity. LPG bottlers too admit that there is no point of squeezing LPG gas price. If the government cannot end it immediately, they suggest the government to at least demarcate consumers and introduce differential pricing for household and commercial consumers. This will at least help the state narrow down the subsidy bill, which currently stands at Rs 140 million a month. Most importantly, this subsidy to the relatively rich comes at a huge social cost. The subsidy on cooking gas can build 56 primary schools accommodating 250 students or establish 140 sub-health posts or extend roads in hills by an additional 3.5 kilometers or in Tarai by 4.6 km every month. The government must get its priorities right. Who does it want to help?

http://www.myrepublica.com/portal/index.php?action=news_details&news_id=20770

Bangladesh holds great potentials for tourists

The Government of Nepal launched a tourism promotion campaign styled "Nepal Tourism Year 2011" to rejuvenate its tourism industry. A campaign team of Nepal Tourism Board (NTB) revealed this at a presentation ceremony titled 'Together for Tourism: Nepal Tourism Year 2011' at Nanking Darbar Hall here on Monday. Mayor of Rajshahi AHM Khairuzzaman Liton addressed the ceremony as the chief guest while President of Rajshahi Chamber of Commerce and Industry Abu Bakker Ali as special guest. NTB Senior Officer Lekh Nath Bhusal, who addressed the discussion as focal person, said Bangladesh holds a great potential for tourists arrivals to Nepal with its direct connectivity between capitals of both the countries. Recently, he stated that nineteen political parties of Nepal including the major ones have made a public commitment to make the campaign a total success by signing the commitment paper which mentioned that their parties would not organize any general shutdown, strikes and obstructions in the country in 2011. Prime Minister of Nepal also says, "Tourism is a peace industry. So, we need to discourage strikes for the sake of tourism as well as economic development. Economic prosperity is the key to social justice so cooperation from all sectors is a must to meet the target of welcoming one million visitors in 2011," he added. "We believe Nepal will generate more interests among Bangladeshi tourists aspiring to pursue the pleasure of antique monuments and castles in Durbar squares along with shopping and casinos," Bhusal opined. Besides, he said Nepal offers myriads of choices to the visitors and travelers from Bangladesh ranging from the cultural extravaganza to beautiful and awe-inspiring Shangri-la of snowcapped mountains, mountain flight, ultra light, wild life, Jungle safari, boating and nightlife. In this context, he mentioned that Nepal received 12,578 visitors from Bangladesh last year while the air arrivals totaled to 6,735 till May last which is 59.7 percent increase over the same period last year. Speaking on the occasion, Mayor Liton called for resolving the existing problems including double-entry visa relating to travel to Nepal by road for attracting more visitors from Bangladesh including its northwest part. He also urged upon the campaign team to encourage more Nepalese including students to visit Rajshahi as it contains various educational institutions and historic and cultural heritages in the greater interest of strengthening relations between peoples of the two countries. Some other team members- Syed Golam Qadir, Santash Kumar, DB Gurung and Krishna Regmi also spoke on the occasion.

<http://nation.ittefaq.com/issues/2010/07/07/news0452.htm>

Budget & economic progress

Unexpected disruptions seen in announcing a full-fledged fiscal budget following the resignation of Prime Minister Madhav Kumar Nepal has once again proved that political uncertainty is the major obstacle to Nepal's economic progress. As the Interim Constitution doesn't allow a caretaker government to announce a full-year budget, officials are working almost round-the-clock to bring a vote on accounts bill, which will authorize the government to table expenditure

bill equal to one-third of the actual expenditure needed for this year. Since the spirit of such a special bill is to arrange essential expenditures that are needed to run day-to-day administration of the country, it is clear that there will be no announcement of new policies and programs to address urgent issues to avert a possible financial crisis. Nepal's fragile economy is confronting a number of pressing issues for which there is an urgent need of new policy measures. Look at the alarming rise in trade deficit, which had risen by a whopping 50 percent by mid-May this fiscal year compared to the same period last year. The mismatch between imports and exports is so much that Nepal's exports finance only 16 percent of imports. Trade deficit recorded till mid-May surpassed total remittance that the country received during the period.

There is an urgent need to address the issue of widening foreign trade deficit by boosting exports and curbing imports. Understandably, boosting exports is not possible within a short span of time mainly due to lack of readymade Nepali commodities that can compete in the international market. Though we do have a number of goods with high export potential, we need time to develop them. However, we can do a lot of things in a relatively short period to substitute imports particularly in the agricultural sector. If appropriate policies are put in place, we can substitute the Rs 35 billion imports of goats and buffaloes, vegetables, and cement mainly from India. What we need is appropriate policy announcements and some small start-up subsidies to farmers. Similarly, unexpected rise in lending rates of financial institutions is another serious barrier to the possible revival of Nepal's troubled industrial sector. Understandably, no industry can withstand the heat of a five percentage point increment in lending rates within less than a year. As a result, many industries have lost their financial viability before coming into operation. At this juncture, we need policies to ease liquidity to lower lending rates because survival of industries is not only important to check imports but also crucial to create jobs to thousands of youths who enter the job market each year. Alas, as political instability enters into a new phase, adopting new policies to put the economy back on track seems to have been pushed by at least a few months.

http://www.myrepublica.com/portal/index.php?action=news_details&news_id=20665

Nepal: Comparative advantage discussions

Exports and imports of goods and services between nations take place according to the rules of comparative advantage (CA) – which, in other words, is the difference in their manufacturing costs. The advantage may be natural or acquired in terms of type, and fixed or variable in terms of costs. Recently government of Nepal made public a study report titled Nepal Trade Integration Strategy (NTIS) 2010 which 'identifies' 19 products as having export potential (EP). The study, mainly based on last five year's (2004-2008) figures of the export of different products has identified 12 commodities and 7 services namely tourism, labor services, hydro-electricity, education, health, engineering and IT /BOP as having EP. Of the 12 commodities 7 are agro-food products. Besides, another 5 products/services also have been included. The donor-assisted study aims at promoting export trade for a medium-term of 2 to 5 years. The report provides detailed

analysis of potential products and their markets while recommending policy and institutional reforms to exploit their EP; it also does some SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis of those products but hardly analyzes their CA or CA in general in the overall context of political and macro economy of the nation, which I attempt to do in the lines that follow. It is true that agricultural products identified in the report like big cardamom, ginger, honey, lentils, tea, dairy products, sugar, and medicinal herbs have EP. Nonetheless, farm supplies are mostly too little in quantity to lure or capture reliable export markets besides being too low in value-added. As such, the whole agriculture sector needs to be restructured and its capacity enhanced with an integrated approach on raising production and productivity, promoting value addition and balancing domestic demands and exports. 'Iron and steel' has been identified on the basis of recent export surge of iron rods (especially to Tibet). But first, we cannot rely on single market as it may collapse anytime depending on the destination country's tariff and import policies and other conditions (recall what happened in the exports of vegetable oil). Second and more importantly, a commodity whose every raw material is imported and whose power requirement is very high cannot be defined as having CA, especially in a power-deficit power high-cost country; and EPs without CAs do not make sense. Cement is of course an area of natural CA as the nation has large good quality deposits of limestone- its main raw material. Service sectors like transit trade (between India and China), IT/BOP, health-care, education and engineering may bring dividends provided we come with innovative/qualitative programs or products in competitive prices. But again we must first build our fundamentals and capacities before launching such products, lest they become a non-starter. Similarly, native Nepali paper, pashmina, carpet and other woolen products and silver jewelries are promising export items provided we maintain our competitiveness in labor costs and craftsmanship skills. Sandwiched between two large manufacturing powerhouses, Nepal faces huge disadvantage of economy of scales. Natural-geographical, economic-political adversities limit our opportunities to only three areas of products or services which are nature's gift to us. NTIS admits that the socioeconomic impact of most such exports have been low or medium, except in tourism and labor export where they are high. So the truth is that, sandwiched between two large manufacturing powerhouses, which are also two fastest growing economies of the world, Nepal faces huge disadvantage of economy of scales. National economy, already cursed to bear the extra costs of land-locked and rugged terrain, has fallen prey to the by-products of bad politics such as power shortage, excessive labor activism and lawlessness which have severely affected production and investment. Natural-geographical, economic-political adversities, compounded as they are, limit our opportunities to only three areas of products or services which are nature's gift to us. However, they too- namely hydro-power, tourism and to a lesser extent, agriculture/forestry sector products- are not without constraints, most of them again man-made.

HYDRO-POWER

Energy is the scarcest commodity of modern times- both at home where load-shedding hours

have been increasing, and in neighboring India. Nepal is one of the most potential hydro-power countries in the planet that, according to recent studies, is capable of generating over 100,000 MW of clean and cheap energy, something in far excess of her requirements. Hundreds of snow-fed, monsoon-swollen rivers criss-crossing the land, mountainous geography and sloping elevation make the country suitable and cost-effective for hydro-power projects—mega as well as micro. On the other hand, with rapid economic development India's power requirements have shot up, especially in her less developed north and north eastern states which fortunately lie within transmittable distance from Nepal; therefore, the demand-supply equilibrium seems perfect. Nevertheless, because of the protracted political instability and excessive politicization of the subject we have been losing the opportunity, even to Bhutan. As water resources related joint-ventures between Nepal and India in the past proved more beneficial to the latter, mainly because of our poor technical and negotiation abilities during those days, now any hydro-power joint-venture deal will be more than enough to overthrow the decision maker with labels of traitor and 'Indian puppet'; accusations of selling out to India will shower from all directions—ultra-left and ultra-right 'nationalists', energy sector middle-men, transnational 'environmentalists' INGO-and NGOs, so-called civil society leaders, a section of the Press and so on.

TOURISM

Opulence of topographical heterogeneity and cultural heritage make Nepal one of the most favored tourist destinations of the world. Neighboring Indians from the hot plains find the place even more magnetic and convenient because of the cool climate, mountains, pilgrimage sites, close proximity, free visa access and currency convertibility facilities. With growing middle and upper class population both in India and China, willing to and capable of spending on travel, sky is the limit for our hospitality industry. But, apart from sector related bottlenecks and poor infrastructure, rampant acts of anarchy like strikes, extortions and chakkajams are poisoning this otherwise thriving but sensitive industry.

AGRICULTURE

Despite limited availability of arable land Nepal enjoys CA in agriculture-forestry sector products as a result of her geological diversity and favorable agro-climatic conditions. Because of its co-relationship with rural poverty the sector is politically sensitive and deserves more attention and investment. Vicious circle of poverty-subsistence farming-poverty over the years has only produced followers for the communist parties at the costs of growth, development, equity, justice and social and political stability. Had the sector, that provides livelihood and employment to majority of the population, been buoyant or fast growing in the past, Maoist insurgency would never have taken roots.

Well that is a different story; coming back to CA, lack of vision and political will along with weak administrative structure have resulted in poor implementation of all agricultural plans and programs so far, including the '20-year Agricultural Perspective Plan' (APP). Therefore, in all likelihood, NTIS 2010 too will meet the fate of APP as capabilities and intention of politicians and bureaucrats haven't changed any. Therefore, investing single-mindedly on products that have natural competitiveness and fixed cost advantages and on infrastructure and social sectors like education, health and food security should be our focus as diverting resources (both public and private) elsewhere is simply a misuse of the scarce means.

Srilanka

Death fasts and double-edged politics

With an almost two third majority in Parliament, getting the Budget passed was an easy task for the ruling UPFA but the committee stage debate was somewhat a stormy affair with a barrage of opposition criticism levelled at the government for mishandling the economy, curbing media freedom and bungling the country's foreign relations. The protest outside the United Nations (UN) office in Colombo couldn't have come at a worse time for External Affairs Minister G.L. Peiris who saw the vote on his Ministry being taken up for debate on Thursday. He tried to divert attention from the UN matter and instead talk of Sri Lanka's foreign policy successes, the latest of them being President Mahinda Rajapaksa's efforts to solve the political crisis in the neighbouring Maldives, although he briefly spoke of how the government handled the protestors. He defended the government action saying it was in compliance with both "domestic law" and Sri Lanka's "international obligations". But the following day, he was compelled to make a long explanation in Parliament to clarify media reports on the UN's decision to close down a regional office in Colombo. "The UN is not closing down its operations in Colombo and neither is it recalling its Country Representative Neil Bhune. He has been asked to come for consultations as is normal in this kind of situation," the Minister explained. He also took pains to say that no UN staff members had been harmed, intimidated or harassed by the protestors and vowed that the Government would guarantee the "inviolability" of the UN compound in Colombo. All these assurances, coming at a time when a Minister in his own Cabinet was on a fast-unto-death outside the UN office, probably expose the contradictory nature of the UPFA government's ambiguous policy, with which it tries to please both the domestic constituency and the international community. Like the Hambantota district's UNP MP Sajith Premadasa said in Parliament, Minister Peiris is, no doubt, capable of using diplomacy, ideas and arguments to win over the world media and world opinion in safeguarding the country's interests at the international level but whether he can do so alone without the backing of his government is another question. Mr. Premadasa, however, saw Minister Wimal Weerawansa's death fast outside the UN compound as a "rabble-rousing" move and described it as "the sort of lunacy" that could draw serious international repercussions. Democratic National Alliance (DNA) MP Vijitha

Herath, who is the JVP's international affairs spokesman, linked the government's loss of world support to its policy of suppressing the media. "One of the reasons for the suspension of the GSP Plus preferential trade status for Sri Lanka by the European Commission is the government's failure to uphold media freedom. This is one yardstick with which the vibrancy of a democracy is judged but it is not there in our country now," he charged. The UNP's Gampaha district MP, Ruwan Wijewardene, too was critical of the manner in which the government handled the media, particularly, the state media, saying these institutions were being used as "mouthpieces of the state." But Government members had their own views of the issue of what was meant by "freedom". "What freedom is the opposition talking about that is not there today? People are travelling from north to south and vice versa without any fear. There are no checkpoints and they are free. The people who say there is no freedom speak and write at the behest of NGOs," Minister Basil Rajapaksa said. The committee-stage debate also gave government members the opportunity to mock the main opposition UNP. They said the UNP should put its house in order before pointing its finger at the government. "When some UNP members talk in the House, all the others abandon them as they are loyalists of the UNP leader Ranil Wickremesinghe. This is how the UNP operates now," Deputy Minister Mahindananda Aluthgamage said. Another area that attracted opposition criticism was the IMF loan. The opposition charged that the government was unable to pay the Rs. 2,500 pay hike to public sector workers because of IMF conditions. "There is M One, the International Monetary Fund, and M Two, the International Medamulane Fund, both of which have got together to block the pay hike for the public servants," Opposition Leader Ranil Wickremesinghe said. However House leader and Minister Nimal Siripala de Silva dismissed these allegations and said the government would kneel before any international body. "Today the IMF has become a monster for the UNP but it was the UNP that agreed to downsize the public sector and stop pensions due to its deals with the IMF," the Minister said, adding that his government would not listen to such advice.

<http://www.sundaytimes.lk/100711/Columns/lobby.html>

No alliance with detained LTTE leader: Sri Lanka Govt

A top LTTE leader and a key suspect in the Rajiv Gandhi assassination case, currently in detention and presumably cooperating with the government, is not being groomed to be a provincial chief minister, Sri Lanka's defence secretary, Gotabhaya Rajapaksa has said. There was no "alliance" between Selvarasah Pathmanathan, also known as KP, and the government but the information gleaned from him was being used strategically, Rajapaksa told the government-run Sunday Observer. KP once headed LTTE's international network. He was made the LTTE chief by a section of Tamil diaspora after V Prabhakaran's death in May, 2009. But in August last year, KP was arrested in a South East Asian country and brought back to Sri Lanka. Since then, he has been an important source of information for the Lankan intelligence and is known to have shared details of LTTE's international networks of arms, finance and contacts. KP is very crucial to the Lankan government to find out details of the hundreds of

bank accounts that the LTTE maintained across the world. And even though the government might be denying it now, it does have a history of rewarding former LTTE leaders: one is currently a government minister and another is the chief minister of the eastern province. Rajapaksa, President Mahinda Rajapaksa's younger brother, said that intelligence officers were grilling him for information and also using his contacts in the Tamil diaspora to start a dialogue. He confirmed that KP played an important role last month when an eight-member Tamil diaspora team from across the world landed in Colombo to talk to the government. Information about the visit, the first of its kind since the end of the civil war, was kept a secret. Besides meeting key officials in Colombo, the team was also taken on a tour of former war zones in the north. According to the defence secretary, KP explained ground realities to the diaspora team and apparently told them there was no point in reviving separatist ideologies. Rajapaksa said three Tamil diaspora groups had kept the separatist ideology alive and KP's support was important to mobilise support for the government within the diaspora.

<http://www.hindustantimes.com/No-alliance-with-detained-LTTE-leader-Sri-Lanka-Govt/Article1-567808.aspx>

Sri Lankan president, opposition leader discuss constitutional reform

Sri Lankan President Mahinda Rajapaksa and his rival opposition leader Ranil Wickremasinghe met here Saturday for talks on the island's constitutional reform, officials said. "I met President Rajapaksa this morning to discuss constitutional reforms. I told him that my party would support any change that would be people oriented," Wickremasinghe, who is the leader of the United National Party (UNP), told reporters. The president assured Wickremasinghe that he would discuss the matter with the main opposition UNP and other parties on the government constitutional amendment proposals before it is brought to parliament, officials from the Department of Government Information said. Rajapaksa who won his second term in January wants to change the constitutional bar of not allowing an incumbent to run a third term. The joint opposition has vowed to stop Rajapaksa from taking a third term. The government however is yet to make public the proposals to change the present constitution adopted in 1978. A political package to address the minority concerns with the end to the long drawn-out separatist war is expected to be incorporated in the proposed amendments.

<http://english.peopledaily.com.cn/90001/90777/90851/7060633.html>

Sri Lankan main opposition's reform report out

A committee report on the reforms of Sri Lanka's main opposition -- United National Party (UNP) -- was handed over to party leader Ranil Wickremasinghe on Monday. "The report will now be presented to the working committee to be adopted at the party convention," Wickremasinghe told reporters. The UNP leader said proposals have been made to appoint office bearers by ballot. "We have always tried to appoint leaders at a convention by consensus. This

will also be looked at along with changes needed to amend the party constitution," Wickremesinghe explained. He has come under increasing pressure to step down as the party leader after a continuous reign since 1994. His style of leadership was blamed for the party lost several major elections.

Sri Lanka has improved but people still 'vulnerable'

PRIME Minister Julia Gillard's revised approach to processing applicants from Sri Lanka and Afghanistan amounted to "racial discrimination", according to an asylum seeker advocacy group. While the government announced yesterday that it will lift its three-month freeze on processing asylum seekers from Sri Lanka, Ms Gillard warned that any attempt to reach Australia would likely result in people being sent back home. Ramesh Fernandez, from the Refugee Survivors and Ex-Detainees (RISE) group, disputed the UNHCR finding that Tamils and people from Sri Lanka's north were "no longer in need of international protection ... solely on the basis of risk indiscriminate harm". "While it is an easy way for the Prime Minister to get the Tamil people out of this country, that's not what our sources are saying," said Mr Fernandez, who is a Tamil who fled Sri Lanka for Australia in 2001. "Most of the Tamils in the north are still in fear of their lives. The situation has not improved so soon over there." But Sri Lanka's high commissioner to Australia, Senaka Walgampaya, said that "false stories" were being circulated about discrimination and persecution against Tamils. Questioned by The Age, he maintained that not a single Tamil asylum seeker had a legitimate claim for refugee status. "Sri Lanka is a safe place for all persons," he said. Sri Lanka's civil war ended more than a year ago, but the country is still grappling with the consequences of its three-decade-long ethnic conflict. Tens of thousands of Tamils are living rough in war-torn villages in the north where the army - dominated by the island nation's Sinhalese majority - maintains tight control. Tens of thousands more Tamils remain in temporary camps, unable or unwilling to go home. Human rights advocates in Sri Lanka agree conditions for Tamils have improved over the past year but say the situation is far from normal. "As far as acts of violence and killings are concerned, the situation has improved," said Jehan Perera from the Peace Council of Sri Lanka. "But people living in the north and east, especially those who were displaced, continue to be in a very vulnerable situation because they are living under military control in areas where community life has totally broken down ... People are fleeing because they are not able to live a proper life. There is a need to protect them." Back in Australia, Pan Theivigan, from the Tamil Youth Organisation, said about 30,000 internally displaced Tamils continue to be accommodated in "open jails" in the island's north and the east. Australian Tamil Congress representative Sam Pari said if the government was to stop Tamil boat arrivals, it needed to address both foreign and immigration policies. "The root cause of this problem is the discrimination and persecution of the Tamils," she said. In Indonesia, Sri Lankan asylum seekers said they were devastated by Ms Gillard's personal message to "not pay a people smuggler - do not risk your life only to arrive in Australian waters and find that far, far more likely than not, you will be quickly sent home by plane". A spokesman for the Sri Lankans in Indonesia, who asked not to be identified, said: "This makes us very sad. Many of us have

been trying to get to Australia for more than one year. Don't they know that there are still big problems for us in Sri Lanka? Tamil women are still being raped ... people are being detained for no reason."

<http://www.theage.com.au/national/sri-lanka-has-improved-but-people-still-vulnerable-20100706-zz1v.html>

Protest at UN office in Lanka against rights probe panel

Colombo Hundreds of Sri Lankan activists led by a Cabinet minister today protested at the UN office here against a world body panel set up to probe allegations of human rights abuses during the LTTE war, a day after detained ex-army chief Sarath Fonseka asked the government to face it with courage. Housing Minister Wimal Weerawansa, shouting slogans along with other protesters, demanded withdrawal of the advisory panel by UN Secretary General Ban Ki-moon. He said his party, the National Freedom Front (NFF), fears that the appointment of the panel could be a precursor for the establishment of an international war tribunal to investigate the alleged offences. The NFF is a constituent of the ruling United People's Freedom Alliance (UPFA) coalition headed by President Mahinda Rajapaksa. The operation against the LTTE, which was defeated in May last year, was initiated purely on the people's demand under the direction of President Mahinda Rajapaksa to release innocent Tamil civilians in the North and East, Weerawansa said. He said if the UN tries to have a postmortem to find the facts in favour of the LTTE, then people should stand up against the world body decision as well. Weerawansa also criticised Fonseka's alleged inclination to give evidence before the panel. Fonseka, an opposition MP from DNA, told Parliament yesterday that the war against LTTE was carried out in line with international conventions and covenants. The former General, who led the security forces in eliminating the LTTE, said that as the then Army Commander he was prepared to uphold the reputation of the military. He said he was not afraid of any experts' panel appointed by the UN chief to advise him on allegations of human rights violations during the war, "as the then Army Commander I can candidly say the war was waged in line with international covenants and conventions. I fully support the military in this case." He said Sri Lanka should not be afraid to face any such panel, the Daily Mirror reported. On the alleged illegal arms deal during his tenure as the army chief, Fonseka said his son-in-law Danuna Tillakaratne, who headed the firm that was awarded the contract during the last phase of the LTTE war, would surrender to court on conditions. "It would only be if and when the rule of law is upheld here and the government stops hounding members of his family," the newspaper quoted Fonseka, who is facing a court-martial on the issue, as saying. Fonseka, who is also being court-martialled on charges that he indulged in politics while in uniform, said this in response to remarks by Weerawansa, who asked the retired General to persuade his son-in-law to surrender to the court.

Fonseka also said no father-in-law was under obligation to hand over his son-in-law to courts, the newspaper said.

Sri Lanka Unexpectedly Cuts Rates to Support Growth

Sri Lanka's central bank unexpectedly cut its benchmark interest rates for the first time in eight months to support economic growth after the European Union withdrew trade concessions this week. Governor Ajith Nivard Cabraal has room to keep borrowing costs low as higher farm supplies helped slow inflation in June for a fourth month. The EU on July 5 announced it will temporarily deny preferential trade access to Sri Lanka from Aug. 15, saying the country failed to respond to European pleas to improve its human rights record. Sri Lankan exports make up about a fifth of the island's \$41 billion economy. "The government wants to step up growth as risks to exports emerge," said Saminda Weerasinghe, a research manager at Acuity Stockbrokers Pvt. in Colombo. "Inflation is under control and that helps boost consumer demand." The monetary policy decision was announced after the nation's financial markets closed. Sri Lanka's benchmark Colombo All-Share Index fell 0.4 percent to 4,505.69 today. It has climbed 33 percent this year and is the best performer after Mongolia and Bangladesh in Asia Pacific. The Sri Lankan rupee was little changed at 113.43 against the dollar.

Bucks Trend

The Sri Lankan central bank's move contrasts with counterparts in South Korea, India, Malaysia and Taiwan, which raised rates in recent weeks as Asia led the global economic recovery. Weerasinghe said Sri Lanka needs low borrowing costs to rebuild war-torn northern and eastern parts of the country after the Liberation Tigers of Tamil Eelam rebels were defeated in May 2009, ending a 26-year separatist struggle in the country. Land recovered from the rebel-controlled areas has enabled farmers to expand cultivation, driving down the inflation rate in the Indian Ocean island to less than half the average pace of the five years through 2009. Paddy production in the September-to-March season rose 9 percent to an unprecedented 2.6 million tons, according to the statistics department. Consumer prices in the capital, Colombo, rose 4.8 percent in June from a year earlier after gaining 5.3 percent in May.

Sri Lanka is aiming to accelerate growth to 7 percent in 2010, the fastest pace since 2006, to cut poverty in a country where the World Bank estimates almost half the population lives on less than \$2 a day. Prospects of faster growth are attracting overseas companies to Sri Lanka.

HSBC Holdings Plc opened the first branch by any foreign bank in Jaffna, the former stronghold of the Tamil Tigers, while Minor International Pcl, Thailand's biggest hotel operator, announced plans in May to invest in Sri Lanka to tap growing leisure and business travelers.

Sri Lanka a victim of global garment politics

The Sri Lankan government has failed to understand the serious repercussions of its decision not to accept EU conditions that would have extended the GSP+ duty-free trade scheme for another six months. The country has been caught up in the politics of the global garment industry, asserts David Birnbaum, and the real losers will be workers who desperately need factory jobs.

The global garment industry has always been politicised. However, in the past the politics was limited to trade – countries trying to protect their own export markets or their own domestic suppliers. Recently, the rules of the game have changed as governments in the industrialised West have finally woken up to the fact that there is more to the garment industry than just trade.

For many developing countries the garment industry is the first indispensable step toward industrial development. In these countries, we garmentos are the largest industrial employers as well as the largest source of foreign exchange. As a result, the politics of the global garment industry has now been extended to include all areas of foreign policy. Take the case of Sri Lanka. With only a 1.9% EU market share and a 2% US market share, Sri Lanka is not in the ‘major-garment-supplier’ category. However, as they say, size is not everything. Sri Lanka’s garment industry is very special. The industry consists of about 300+ factories of which approximately 15 are major suppliers. Of these, three – Brandix, Hirdaramani and MAS Lanka – are in that special group consisting of the world’s 50 most important garment suppliers. Everybody loves working in Sri Lanka. It is not just that the country is beautiful, the food superb, and the people among the nicest in the world. In truth we garmentos care little about the amenities of life. We care only about product and delivery, which is precisely why we love Sri Lanka. Technically, these people have some of the best management in garment industry world. The industry is known for its acceptance of styles that no one else will touch. These factories are not only 100% reliable; they are at the cutting edge of human rights, working conditions and sustainability. No child labour. No illegal practices. Others may still dump effluent in rivers or worse in ground water. Not the Sri Lankan big three. Do you want to see a state-of-the-art factory with the most efficient pre-production and production systems, with a zero carbon footprint? Go to Sri Lanka.

Exports in decline

Unfortunately, despite its exceptional industry, Sri Lanka’s global garment export market share has declined steadily since the quota phase out in 2005 – from 1.07% in 2004 to 0.96% in 2008 (according to World Trade Organization, International Trade Statistics 2009).

There are three important reasons for this decline:

- For much of this period, Sri Lanka was involved in a long-term internal war against the LTTE, a vicious terrorist group. Indiscriminate attacks against the civilian population are never good for business, despite the fact that during the 30-year conflict, not one foreigner was killed or attacked.
- The major garment factories expanded off shore – in the case of the big three building large scale industrial parks in India.

of Tamil Eelam in May 2009. It has said that in return for a six-month extension of GSP concessions to the European market, it wants to see Colombo undertake steps such as the reinstatement of independent commissions, removal of the Prevention of Terrorism Act and the release of political prisoners. The Rajapaksa government has rejected these earlier. On July 1, the EU said it supported a new United Nations panel to review the human rights situation in the country. The defeat of the Tigers ended a near 30-year campaign for an independent homeland for minority Tamils in this majority Sinhalese nation. Since then, Rajapaksa has come under intense international pressure over human-rights violations, especially relating to the final stages of the war. He has repeatedly denied these accusations.
http://www.atimes.com/atimes/South_Asia/LG07Df01.html