

# **SHUMAILA RAFIQ**

## **BUSINESS AND POLITICS IN THE MUSLIM WORLD**

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#### **Contents**

#### **Contents**

#### **Bangladesh**

##### **Political**

- Pranab Mukherjee arrives in Dhaka with \$1 billion package, given warm welcome
- Bangladesh govt strongly defends \$1 billion loan deal with India
- BNP opposes Bangla govt decision to sign loan deal with India

##### **Social**

- Many injured in Bangladesh protests
- Bangladesh bans beating in schools
- CNG Stations in Dhaka Shut 3-9pm from Aug 16

##### **Economic**

- KAFCO Lies Crippled as Gas Supply Goes off
- Bangladesh wheat deals scrapped as prices rise

##### **Geo-strategic**

- Bangladesh opens new land port in eastern frontier with India

#### **Nepal**

##### **Political**

- No consensus yet in Nepal
- India's New Mr. Fixit for Nepal

- Nepal Politics may catapult any time soon, remain alert : Dahal to partymen
- Differing and conflicting ideas mar Nepal Maoists, Party feud deepens
- Floor Crossing: We wanted to get the country out of this political stagnation
- New PM on Aug 18
- Maoist-led govt not possible now: Minister Pandey
- Senior Koirala in NC Presidency fray, opines Saran's Nepal visit within limits

## **Social**

- *Poverty Reduction Efforts in Nepal*

## **Economic**

- Nepal, India hold meeting on trade expansion
- NRNA to support govt in 'economic diplomacy' and promotion of NTY-2011

## **Geo-strategic**

- *Nepal Minister lauds China's role, China's prosperity to benefit SA region*
- Nepal offers Rs 10 m for flood victims in Pakistan
- Indonesia to help Nepal boost trade, tourism

## **Srilanka**

### **Political**

- G-15 delegation meets Sri Lanka President
- Sri Lanka war panel hears Tamil grievances
- Sri Lanka's ex-army chief convicted by court martial
- Sri Lanka rejects U.S. Senate call for a probe over human rights
- Sri Lankan government to continue dialogue on constitutional reforms with main opposition UNP

### **Social**

- Sri Lanka launches special program to eradicate dengue, sets up a department
- Sri Lanka migrant ship carrying Tamil refugees docks in Canada

### **Economic**

- HSBC, RBS Hired for \$1 Billion Sri Lanka Bond Sale

- Sri Lanka President opens mega construction exhibition 'Construct 2010'

### **Geo-strategic**

- China pledges support to Sri Lanka
- More Sri Lankan refugees return home from India - UNHCR

### **Summary:**

**Bangladesh:** Indian finance minister Pranab Mukherjee arrived here today with a billion dollar credit package on a four-hour long visit, during which he will also call on prime minister Sheikh Hasina. The ruling Awami League-led government in Bangladesh today strongly defended the whopping \$1 billion loan deal with India, dismissing the opposition BNP's charges as a "disgusting attempt to spread falsehood." With India and Bangladesh set to ink a \$1 billion credit facility agreement for infrastructure projects in this country, main Opposition BNP has accused the government of Premier Sheikh Hasina of striking an "unfair deal." At least 50 people have been injured in Bangladesh after protesters, angry over frequent power outage, clashed with police on the outskirts of the capital Dhaka. The violent encounter broke out on Thursday when about 5,000 protesters swarmed a power station in Narayanganj town, Bangladesh has banned beating in schools after an upsurge of "inhuman" treatment of pupils by teachers, an official said Tuesday. The Bangladesh government Friday (Aug 13) suspended gas supply to Karnaphuli Fertilizer Company (KAFCO) in Chittagong, the last fertilizer-manufacturing factory to lie down under a gas-rationing plan prepared to gear up power plants to tackle electricity shortages in the country. The Bangladesh government has decided to keep CNG filling stations in and around Dhaka closed for six hours everyday during the month of Ramadan. The reason for keeping stations from August 16 closed between 3pm and 9pm is to divert gas to the fuel-starved power plants in order to increase power generation. Deals for over 345,000 T Black Sea wheat cancelled so far\* Over 200,000 T of grains at port for unloading. DHAKA, Aug 13 - A European supplier has cancelled deals to ship a total of 80,000 tonnes of wheat to Bangladesh, sources said on Friday, following a spike in wheat prices due to lower crop and export curbs in the Black Sea region. Bangladesh on Friday opened a land port with upgraded status in its eastern Akhaura frontier with Tripura for enhanced trade connectivity with India.

**Nepal:** Consensus or sahamati is the most commonly used term in Nepali politics these days. Everyone across the political spectrum agree that it must be achieved to end the ongoing political deadlock. India's former foreign secretary Shyam Saran is now in Kathmandu to try to fix Nepal's politics. How he fares will help answer whether India's diplomacy in Nepal actually eases or complicates things there. Pushpa Kamal Dahal, the Unified Maoists' Party Chairman addressing at the party central committee meeting, August 12, 2010 has expressed his frustration

for not being able to exhibit majority in the prime ministerial election four times in series. He lamented this way. The ferocious of the bygone era, Prachanda, has become pretty weak in his own party. The party that he commanded so skillfully while being in Rolpa jungles then to NOIDA is being cornered in his own party by his once trusted and tested allies. The fourth round of voting came and went, like the previous rounds, without electing a new prime minister. On the surface, it may appear that the voting has come and gone without making any change, but if you look a bit deeper you will see a profound change – the cynicism among the public has grown many folds and mistrust among the political parties has only deepened, further complicating the political crises. UML leader and finance minister Surendra Pandey has ruled out the possibility of the government led by Maoist chairman Puspha Kamal Dahal. "A government under Maoist leadership is impossible unless the party agrees to return seized properties. The acting president of Nepali Congress, Sushil Koirala who gave the impression that he had to organize a press meet in haste, August 11, 2010, said that Saran's visit did not break any diplomatic limits and it was not intended to interfere in Nepal's internal matters. Various direct policy interventions have been used by the governments in the developing countries to reduce poverty. Geographic targeting has been recommended extensively because regional disparities in living standards are common in developing countries. Nepal and India held a meeting on the possibilities of expanding trade and continuing economic relationship between the two countries on Thursday in the capital. Non-Resident Nepali Association (NRNA) has decided to support the government in the process of economic diplomacy as well as to make the Nepal Tourism Year 2011 (NTY-2011) mega campaign a success. Nepal government has decided to grant Rs 10 million to flood-hit Pakistan. Nepal and Indonesia have agreed to joined hands for the development of tourism sector and trade. The agreement was reached during a meeting between Zet Mirzal Zainuddin, Indonesian ambassador to Nepal and Nepal Chamber of Commerce (NCC) officials in the capital earlier this week.

**Srilanka:** The members of the 'Group of 15' (G-15) high level task force met Sri Lankan President Mahinda Rajapaksa Friday at the Tempe Trees and held discussions on strengthening international cooperation. A Sri Lankan government war commission has heard testimonies from Tamils alleging their loved ones were abducted or detained by the army. A court martial convicted Sri Lanka's former army chief Sarath Fonseka on Friday of meddling in politics while on active service and stripped him of his rank and medals. The Sri Lankan government rejected a call by U.S. Senators for an independent probe on alleged human rights abuses during the last stages of Sri Lanka's conflict with the Tamil Tiger rebels. United National Party (UNP) parliamentarian Kabir Hashim told the media that the two leaders have agreed to continue with the talks on the government's proposed constitutional amendments and electoral reforms.

Sri Lanka's Health Ministry declaring today as a special day in dengue eradication launched a special program to stamp out the mosquito-borne disease spreading fast in the country with nearly 25,000 cases being reported so far this year. A Thai cargo ship carrying 490 Tamil refugees from Sri Lanka docked in the Esquimalt Harbour, near Victoria, in Canada this morning amid tight security. Sri Lanka hired HSBC Holdings Plc, Royal Bank of Scotland Group Plc and

Bank of America Corp. to manage a proposed \$1 billion overseas bond sale later this year, the South Asian island's central bank said. Sri Lanka President Mahinda Rajapaksa Friday ceremonially declared open the mega exhibition of the 'Construct 2010' with over 225 stalls at the BMICH in Colombo. China has pledged its support to Sri Lanka against any international pressure for a United Nations-led probe into alleged war crimes, Sri Lankan Foreign Minister G.L. Peiris said here on Thursday. With the end of the war in the North last year, increasing numbers of Sri Lankan refugees are returning home from India, A report by the United Nations Refugee Agency (UNHCR) says.

### **Detailed news:**

#### **Bangladesh**

Pranab Mukherjee arrives in Dhaka with \$1 billion package, given warm welcome

Indian finance minister Pranab Mukherjee arrived here today with a billion dollar credit package on a four-hour long visit, during which he will also call on prime minister Sheikh Hasina. Mukherjee, who is the first high-profile Indian leader to visit Bangladesh after Hasina's tour to New Delhi in January, was accorded a red carpet welcome at the city's Hazrat Shah Jalal International Airport. A special Indian Air Force jet carried the influential leader of India's ruling Congress-led government. His Bangladeshi counterpart, Abul Maal Abdul Muhith, received him on the VVIP tarmac of the airport, where a tiny tot offered him a bouquet. "We (India) are committed to assisting Bangladesh in addressing its priorities for development," Mukherjee said in an arrival statement. His visit will be marked by the signing of a \$1 billion loan deal, the largest line of credit received by Bangladesh under a single agreement. Mukherjee, who is also set to hold talks with Muhith, his host foreign minister Dipu Moni and Sheikh Hasina during the tour, said Dhaka-New Delhi ties touched a new high following Hasina's "landmark" visit to India earlier in the year. "A forward looking and comprehensive joint communiqué has been adopted by the two leaders (Hasina and Indian prime minister Manmohan Singh). I am happy that considerable progress has been made in the implementation of several important initiatives taken in the communiqué," he said. Mukherjee referred to the close bonds of friendship based on common heritage, historic, linguistic and cultural ties and added, "We need to continue to build on these commonalities and promote the well-being of our people to greater economic engagements." India's Exim Bank will sign the \$1 billion Line of Credit agreement with Bangladesh's economic relations division. The loan will be used for 14 projects, mostly related to development of railway and communications infrastructure in Bangladesh, particularly to facilitate trans-shipment of Indian goods to the isolated northeastern region through Bangladesh. Commerce minister Faruque Khan said yesterday that Dhaka was expected to seek expeditious Indian steps to remove tariff and non-tariff barriers on Bangladeshi products in line with a summit-level understanding in January during talks with Mukherjee. Foreign ministry officials said the entire gamut of bilateral relations and issues, including sharing of Teesta river water, were likely to come up for discussions between the Indian minister and Bangladesh

leaders and Mukherjee was expected to review the implementation of agreements reached between the two countries at that time."The process of implementing the political level decisions is slower than expected, largely due to bureaucratic entangles," Khan said when asked for comments on newspaper reports that Mukherjee's visit was apparently aimed at mollifying the upset Bangladeshi leadership about the slow progress made in implementing the deals reached during Hasina's New Delhi tour. The main opposition Bangladesh Nationalist Party (BNP) of ex-prime minister Khaleda Zia, however, had said the \$1 billion deal with India was against the national interest. "The government is getting the loan from the Indian bank with an interest rate seven times higher than that from any multi-national bank or donor agency," BNP said in a statement late yesterday, adding that the amount would be spent on infrastructure projects that will eventually benefit India, while Bangladeshis will have to repay the loan. BNP standing committee member and MP MK Anwar, who read out the statement, said that Bangladesh will incur a net loss of 40,000 crore takas on the deal, adding that his party will stage street protests if the government signed "an unfair deal like this". "The implementation of the projects with the Indian loan would serve Indian interests more than Bangladesh's," he had said. Officials earlier said it was the largest amount of credit Bangladesh has ever received under a single deal. New Delhi offered the loan under an agreement reached between the two countries in January. BNP chief Zia earlier said her party wanted good relations with New Delhi when newly appointed Indian high commissioner to Dhaka Rajeev Mitter called on her in February. Relations with India appear to be at the centre stage of Bangladesh politics, with the opposition alleging that Hasina "sold out" the country by signing three agreements and two protocols during her New Delhi tour. Zia also feared that her arch-rival had reached what she said was a "secret deal" during her New Delhi visit in January, but Hasina dismissed the BNP's allegations of signing a secret security pact, telling Parliament, "The question of signing any secret deal doesn't arise at all (and) if the opposition knows anything about it, let them make it public." Hasina earlier defended the deals, saying they paved the way for enhanced bilateral and regional cooperation to fight "poverty, our common enemy" and added, "Opposing India is nothing new in Bangladesh... It became a habit of some people and we have nothing to do about it." Dhaka-New Delhi relations have witnessed ups and downs in the past several decades, but it is said to have witnessed its lowest ebb during the 2001-2006 tenure of the BNP-led four party right wing coalition. Ties started improving again during the subsequent military-backed interim administration.

### **Bangladesh govt strongly defends \$1 billion loan deal with India**

The ruling Awami League-led government in Bangladesh today strongly defended the whopping \$1 billion loan deal with India, dismissing the opposition BNP's charges as a "disgusting attempt to spread falsehood." Foreign minister Dipu Moni blasted BNP leader MK Anwar MP for his "misleading statement" on the \$1 billion loan deal with India during the visit of finance minister Pranab Mukherjee. The loan amount is the largest line of credit received by Bangladesh from a foreign country. "This is nothing but a disgusting attempt to spread falsehood," she told a press briefing a day after the two countries signed the deal on soft Indian credit for communication and

other infrastructures in Bangladesh with 1.75% interest, the rate BNP alleged seven times higher than that from any multinational bank or donor agency. She added: "such parochial attitude is not politics the opposition made such remarks to make an issue of theirs since they don't have any." Moni particularly criticised Anwar, who made the allegation on BNP's behalf ahead of finance minister Pranab Mukherjee's Dhaka visit to witness the signing of the agreement, saying the bureaucrat-turned-politician himself knew well about the falsehood as he had served in economic relations department which dealt with such foreign deals. The foreign minister's comments came a day after finance minister Abul Maal Abdul Muhith refuted the BNP allegation over the interest rate saying "this is so utterly false". BNP called the \$1 billion deal with India contrary to the national interest as "the government is getting the loan from the Indian bank with an interest rate seven times higher than that from any multinational bank or donor agency". But Muhith said the interest could only be lower than the 1.75% in cases of concessional credits very often offered by the donors or lending agencies while during their past 1991-1996 regime BNP had borrowed loans of similar type with as high as 5% interest. "Different development partners, including World Bank, charge the same amount of commitment fees," he said. The foreign minister today supplemented Muhith saying the own interest rate of Exim Bank, through which the credit was channeled, was 4% while Bangladesh got it at 1.75% interest rate as the Indian government was subsidising the rest of the amount. "This could be called as concessional loan," she said. [http://www.dnaindia.com/india/report\\_bangladesh-govt-strongly-defends-1-billion-loan-deal-with-india\\_1420635](http://www.dnaindia.com/india/report_bangladesh-govt-strongly-defends-1-billion-loan-deal-with-india_1420635)

### **BNP opposes Bangla govt decision to sign loan deal with India**

With India and Bangladesh set to ink a \$1 billion credit facility agreement for infrastructure projects in this country, main Opposition BNP has accused the government of Premier Sheikh Hasina of striking an "unfair deal." Finance Minister Pranab Mukherjee is to witness the signing of the deal, under which \$1 billion credit facility is being extended by Exim Bank to Bangladesh, during his day-long visit on Saturday. "The government is getting the loan from the Indian bank with an interest rate seven times higher than that from any multinational bank or donor agency," BNP said in a statement, adding the deal for infrastructure projects would eventually benefit India while Bangladeshis would have to repay the loan. BNP standing committee member MK Anwar, MP, who read out the statement late last night, said Bangladesh would incur a net loss of Taka 40,000 crore (Rs 26,452 crore) for the deal and warned that their party would stage street protests if the government signed "an unfair" accord "like this." "The implementation of the projects with the Indian loan would serve Indian interests more than Bangladesh's," he said. Officials earlier said it was the highest amount of credit Bangladesh ever lent under a single deal, while New Delhi offered it in line with an agreement reached between Prime Minister Sheikh Hasina and her counterpart Manmohan Singh during her India trip in January this year. India's Exim Bank will sign the \$1 billion Line of Credit agreement with Bangladesh's Economic Relations Division and the amount would be used for projects mostly related to development of railways and other communication infrastructure in Bangladesh, particularly to facilitate

transshipment of Indian goods to its northeastern region through Bangladesh. BNP chief Khaleda Zia earlier said her party too wanted good relations with New Delhi, when newly-appointed Indian High Commissioner Rajeet Mitter called on her in February. At that time, Bangladesh's relations with India appeared to be at the centre-stage of BNP politics, with the opposition alleging that Hasina "sold out" the country by signing three agreements and two protocols during her New Delhi tour. Zia also feared that her arch-rival also reached what she claimed a "secret deal" during her New Delhi visit. Hasina dismissed BNP allegations, saying "the question of signing any secret deal doesn't arise at all (and) if the opposition knows anything about it, let them make it public." Hasina earlier defended the deals saying the agreements paved the way for enhanced bilateral and regional cooperation to fight "poverty, our common enemy". "Opposing India is nothing new in Bangladesh... It became a habit of some people and we have nothing to do about it," she had said.

<http://economictimes.indiatimes.com/news/politics/nation/BNP-opposes-Bangla-govt-decision-to-sign-loan-deal-with-India/articleshow/6270146.cms>

### **Many injured in Bangladesh protests**

At least 50 people have been injured in Bangladesh after protesters, angry over frequent power outage, clashed with police on the outskirts of the capital Dhaka. The violent encounter broke out on Thursday when about 5,000 protesters swarmed a power station in Narayanganj town, Akhtar Hossain, a local police officer, said. Hossain said the police used batons and tear gas to fight back protestors wielding iron rods and stones. Several police personnel were among the injured. Residents of Narayanganj, an industrial hub, said they get electricity for less than six hours a day and have to depend on makeshift power generators.

### **'Unbearable' situation**

"The situation is really unbearable," Mohammad Rafique, who runs a convenience shop in Narayanganj, said. Demonstrations across the country over the blackouts a day earlier left at least 100 people injured and prompted protesters to vandalise power substations in Narayanganj in south Dhaka, Laxmipur and Shariatpur districts of Dhaka, Natore in north Bangladesh, and Sylhet in north eastern Bangladesh. The country has a daily shortfall of about 2,000 megawatts of electricity because of aging power plants, which results in frequent outages. Bangladesh's government says private companies will build at least 20 plants by the end of next year, which would produce nearly 2,400 megawatts of electricity. "The power supply will improve a lot when we will have the new plants in place," Abul Kalam Azad, a senior official at the government's power ministry, said. Bangladesh's energy infrastructure is insufficient and poorly managed. The per capita energy consumption in Bangladesh is one of the lowest in the world.

<http://english.aljazeera.net/news/asia/2010/08/20108126104604454.html>

## **Bangladesh bans beating in schools**

Bangladesh has banned beating in schools after an upsurge of "inhuman" treatment of pupils by teachers, an official said Tuesday. "Corporal punishment hinders the progress of a student," education secretary Syed Ataur Rahman said in a government order issued late Monday to schools nationwide. "Teachers should help the physical and mental growth of the students to flourish -- they should be grooming them so they grow up as worthy citizens of the country," the order said. Rahman told AFP that the ban on beating and caning was because the government had "seen that these punishments can be inhuman". "Some parents have even attacked teachers for beating their child," he said, adding that corporal punishment could also cause truancy, as pupils avoided classes at which they had been beaten. The move comes after the country's High Court urged the government to tackle growing cases of excessive corporal punishment in schools. In March, eight Bangladeshi children received treatment in hospital after being caned by their headmistress for forgetting to bring coloured pencils to school. Bangladesh has more than 30 million students in schools and madrassas -- and nine out of 10 are physically beaten in school, according to a report released last October by the UN Children's Fund (UNICEF). The report, which surveyed more than 3,800 children aged between nine and 18, found that the most common form of physical punishment was with a cane or stick. It also found that seven out of ten children were physically punished at home.

<http://www.thedailystar.net/newDesign/news-details.php?nid=150204>

## **KAFCO Lies Crippled as Gas Supply Goes off**

The Bangladesh government Friday (Aug 13) suspended gas supply to Karnaphuli Fertilizer Company (KAFCO) in Chittagong, the last fertilizer-manufacturing factory to lie down under a gas-rationing plan prepared to gear up power plants to tackle electricity shortages in the country. With this, officials said, Petrobangla implemented cent-percent decision of the government by shutting down all fertilizer factories in a bid to boost power generation for catering high demand during Ramadan. Earlier Wednesday, the state-run petroleum corporation, Petrobangla, and the newly formed Karnaphuli Gas Distribution Company Limited (KGDCL) sent separate notices to the multinational fertilizer company, KAFCO, prior to switching off gas line. The initiative was taken as part of government decision on closing gas-guzzling industries for diverting more gas to the power stations during the month of Ramadan. Under the rationing plan to make do with the limited fuel, the government earlier suspended gas supply to Chittagong Urea Fertilizer Company Limited. KGDCL Managing Director Engineer Mohammad Sanwar Hossain said: "We sent the notice to KAFCO following the government decision." He also informed that they would be able to supply more 42 million cubic feet of gas to the Rawjan Thermal Power Station. PDB sources said the No. 1 unit of the 210-MW Rawjan Thermal Power Station, 150-MW Shikalbaha Peaking Power Plant and 60-MW Shikalbaha Power Station are

now out of operation for lack of gas supply.  
<http://www.energybangla.com/index.php?mod=article&cat=GasSector&article=2529>

### **CNG Stations in Dhaka Shut 3-9pm from Aug 16**

The Bangladesh government has decided to keep CNG filling stations in and around Dhaka closed for six hours everyday during the month of Ramadan. The reason for keeping stations from August 16 closed between 3pm and 9pm is to divert gas to the fuel-starved power plants in order to increase power generation. It has also decided to divert gas from Karnaphuli Fertiliser Company Limited (KAFCO) to the power plants. "The gas supply to KAFCO will be stopped in 72 hours," state-owned Petrobangla chairman Hossain Mansoor told newsmen on Thursday. Earlier on Tuesday, the government banned decorative electric lighting and also urged everyone to economise gas and power usage during Ramadan. "The government has asked CNG stations to use minimum lighting," he said, adding that "a monitoring committee will look into the matter." The multinational KAFCO was kept shut in the last week of March as an emergency measure along with four other fertiliser factories. It reopened on May 4. The four other factories were state-owned Urea Fertiliser Fertiliser Factory, Palash Urea Fertiliser Factory, Chittagong Urea Fertiliser Ltd and Jamuna Fertiliser Company Ltd (JFCL). Gas supply resumed at Jamuna Fertiliser Company later. The five fertiliser plants consume around 230 million cubic feet gas everyday, KAFCO alone takes the highest amount of gas using 63mmcf. The country currently faces a power shortfall of over 1300MW - with 10 power plants on Thursday not being able to generate 644MW due to gas shortage, according to Bangladesh Power Development Board. Meanwhile, the gas-fired power plants require around 1100mmcf (mmcf = 1 unit), but were supplied 787.6 units of gas on Wednesday.

### **Bangladesh wheat deals scrapped as prices rise**

Deals for over 345,000 T Black Sea wheat cancelled so far\* Over 200,000 T of grains at port for unloading. DHAKA, Aug 13 - A European supplier has cancelled deals to ship a total of 80,000 tonnes of wheat to Bangladesh, sources said on Friday, following a spike in wheat prices due to lower crop and export curbs in the Black Sea region. "We have been informed that two deals sealed earlier for 80,000 tonnes of wheat of Black Sea origin won't be shipped," one of the sources said. Deals for around 265,000 tonnes of Black Sea wheat to Bangladesh have already been cancelled following the Russian ban. That has forced the government to switch to importing more rice to build stocks that now stand at 700,000 tonnes, well below a target of 1.5 million tonnes. The supplier had secured two tenders by the state grains buyer, one for 50,000 tonnes at \$244.35 per tonne C&F, and another for 30,000 tonnes at \$238.47 per tonne C&F. Food security is a major concern in Bangladesh, where around 38 percent of its more than 150 million people still live on less than \$1 a day. The government is struggling to rein in food inflation, which is running near 11 percent. Officials said some 60,000 tonnes of imported

rice and wheat were being unloaded at the Chittagong port on Friday, while several more vessels with about 150,000 tonnes of grains waited at the outer anchorage.

## GOVT RICE EFFORTS

The government plans to double imports of rice to 600,000 tonnes this year compared with an earlier plan for 300,000 tonnes, food officials said. "We are making all possible efforts to shore up emergency food reserves," a senior official said. "A local procurement drive that initially suffered lacklustre response (from sellers) has got momentum finally." Vietnam's top rice exporter, Vinafood 2, has signed a contract to sell 100,000 tonnes of 15 percent broken rice to Bangladesh, an industry official said on Friday. Last month the government offered an incentive of 3 taka a kg to procure rice from the domestic market after millers signed deals for only 500,000 tonnes against its target of 1.1 million tonnes at 25 taka (\$0.36) a kg in the latest harvesting season. Bangladesh, the world's fourth-biggest rice producer, harvested a record high rice crop of more than 34.45 million tonnes in the year to June, compared with 34.21 million tonnes a year ago. Bangladesh's wheat imports are likely to drop to around 2.5-3 million tonnes this fiscal year to June 2011 following the ban and lower output in Ukraine and Kazakhstan, traders say. Bangladesh had mainly bought Black Sea wheat and smaller quantities of high-quality Australian and Canadian cargoes for blending. On Thursday, domestic firm S. Alam Traders won a tender issued last month to supply 50,000 tonnes of wheat to Bangladesh at \$265 a tonne including C&F. But there is uncertainty whether the firm will sign the deal, a food official said. The country purchased 3.5 million tonnes of wheat in the fiscal year that ended in June 2010, mainly because of cheaper prices. It usually buys 2.2 million to 2.5 million tonnes annually to meet its demand.

## **Bangladesh opens new land port in eastern frontier with India**

Bangladesh on Friday opened a land port with upgraded status in its eastern Akhaura frontier with Tripura for enhanced trade connectivity with India. Shipping minister Shahjahan Khan inaugurated the upgraded Akhaura Landport saying it will pave the way for increased exports of Bangladeshi products to seven north-eastern states in India. "This port will play a role in cutting our trade deficit with India, even if it is to only some extent, and the government will do everything that is needed to develop the export-oriented port," Khan said. Shipping ministry officials said at least 10 trucks will carry goods within 250 yards from the zero point of the border connecting Akhaura land port with Agartala, in Tripura. Bangladesh has 14 such land ports with India with the western Benapole being the biggest one. The officials said Bangladesh exported around 442,955 tonnes of products and imported just 557 tonnes through the Akhaura Port in last fiscal. The exports through the port includes fish, cement, battery, furniture, glass, plastic items, soybean oil and tiles. Imports include bamboo, turmeric, watches, ginger, marble slabs, fish, leather, textiles, machinery and fruits. Foreign minister Dipu Moni earlier said the proposed connectivity will link the two countries at different points, including the Akhaura-Agartala routes as proposed by India.

<http://economictimes.indiatimes.com/news/economy/foreign-trade/Bangladesh-opens-new-land-port-in-eastern-frontier-with-India/articleshow/6307070.cms>

## **Nepal**

### **No consensus yet in Nepal**

Consensus or sahamati is the most commonly used term in Nepali politics these days. Everyone across the political spectrum agree that it must be achieved to end the ongoing political deadlock. But 44 days after Prime Minister Madhav Kumar Nepal resigned, political parties in the Himalayan nation are yet to arrive at it. Four rounds of voting to elect a new prime minister have failed to elicit any result. The next face off between Maoist chief Pushpa Kamal Dahal and Nepali Congress leader Ram Chandra Poudel on August 18 will also meet a similar outcome unless something dramatic happens. Quite possible in Nepal where politicians are known to find last minute Quick Fix solutions. The stalemate has affected the peace and constitution drafting processes and has worried India as well. Prime Minister Manmohan Singh sent former Foreign Secretary Shyam Saran as special envoy to hold talks with all big political players and end the impasse ahead of the fourth round of voting. Stressing India was not intervening in government formation, the former Ambassador to Nepal held meetings with Maoists, Nepali Congress, CPN-UML and Madhesi parties. But abstention by CPM-UML (108 members) and United Democratic Madhesi Forum —the umbrella group of four-Madhesi parties (83 members) ensured another dud in the fourth round of voting. With pressure mounting to find a way out, parties are again busy in meetings to find the missing sahamati. CPN-UML wants both candidates to withdraw from the contest and is seeking a change in rules to end continuous rounds of voting till a prime minister is elected. A faction within the party is of the view that instead of remaining neutral, it should support one of the candidates to end the deadlock. The Maoists have shown willingness to bend, but with a rider. The party says it will withdraw from the prime minister's race, but wants Poudel to take the lead. Wary that the Maoists might backtrack, Nepali Congress has decided to stay put in the contest till a result is reached. In such a scenario, CPM-UML and the Madhesi parties are likely to remain neutral in the fifth round of voting as well. If that happens, consensus will be casualty again.

<http://www.hindustantimes.com/No-consensus-yet-in-Nepal/Article1-586417.aspx>

### **India's New Mr. Fixit for Nepal**

India's former foreign secretary Shyam Saran is now in Kathmandu to try to fix Nepal's politics. How he fares will help answer whether India's diplomacy in Nepal actually eases or complicates things there. Mr. Saran is in Kathmandu as the Indian government's special envoy, said Apoorva Srivastava, spokeswoman for the Indian embassy in the Nepalese capital. Mr. Saran was India's ambassador to Nepal from 2002 until 2004. For two years until September 2006, he was India's foreign secretary. After that, he was Prime Minister Manmohan Singh's

special envoy on nuclear issues and later on climate change. His current visit to Nepal is significant because Nepal's two-dozen political parties in the 601-member national parliament have failed to decide who should be the new prime minister. The current care-taker prime minister, Madhav Kumar Nepal, officially resigned June 30 to make way for a national consensus government. But the three largest political parties couldn't reach a consensus and three elections in the parliament in the last two weeks to elect a new prime minister have yielded no clear result. The last vote was on Monday and the next vote is scheduled for Friday. Given the murky math of politics in Kathmandu, no outcome is likely then, either. Unless Mr. Saran can gin up a solution. "Indian Prime Minister Dr. Manmohan Singh is concerned with Nepal's current political instability," Mr. Saran told journalists after arriving at Kathmandu airport Wednesday afternoon, according to Nepal's popular news website [www.nepalnews.com](http://www.nepalnews.com). "While in Nepal, my role will be to facilitate a few political consultations among major parties for national consensus." At the heart of Nepal's political deadlock is the estrangement among Nepal's traditional mainstream parties — the socialist Nepali Congress party and the communist Unified Marxist-Leninist party, which many Nepalis see as being pro-India — and the political upstart Unified Communist Party of Nepal (Maoist.) That is the party of Nepal's former Maoist rebels and is brazenly anti-India in its rhetoric and outlook. These parties together control three-quarters of the seats in parliament and their squabbling over who should lead the government has so overwhelmed them that they now seem to have completely forgotten why they were elected by Nepalis in the first place: To write a new constitution to give shape to a peaceful and prosperous nation. The May 28 deadline to deliver a new constitution is already fast-receding and some among Kathmandu's elites doubt whether their decision to extend the deadline for yet another year by amending the interim constitution was legally valid. India always has had stakes in Nepal's politics. The two countries share an open border and have a pretty similar cultural, social, linguistic and philosophical profile. Yet, many Nepalis see India's involvement in their polity as so overbearing, and the size mismatch between the countries as too stark, that it is stifling Nepal's ability to mature and develop on its own. Most in Nepal's political and intellectual circles construe Nepali nationalism as distinct from India's because, unlike India, Nepal never gave in to British colonialism. But Nepal's political leaders have so far lacked the independent thinking and ingenuity to govern the country. And the dependence on India remains in one key respect: A land-locked country, Nepal needs to use Indian ports and roads for its imports and exports. Simply because Mr. Saran is Indian shouldn't doom his efforts from the get-go. If he can craft a compromise that installs a responsible Nepali government, and then complies with Delhi's insistence that it wants Nepal's democratically-elected government to handle its own affairs, he will have served the Nepali people well. He's already giving the skeptics ammunition, though. A spokesman for Nepal's foreign ministry said the ministry didn't have any official intimation about Mr. Saran's visit. "If he was coming on an official visit as special envoy to Nepal, we would have been informed," Harish Chandra Ghimire, a spokesman for the ministry said. "He must be on his private visit." Ms. Srivastava at the Indian Embassy in

Kathmandu said Mr. Saran's visit was "official." Mr. Saran doesn't have a fixed duration of stay in Kathmandu, Ms. Srivastava said. "He wants a way out of the present impasse," she added.

### **Nepal Politics may catapult any time soon, remain alert : Dahal to partymen**

Pushpa Kamal Dahal, the Unified Maoists' Party Chairman addressing at the party central committee meeting, August 12, 2010 has expressed his frustration for not being able to exhibit majority in the prime ministerial election four times in series. He lamented this way. "Comrades...it was India's direct intervention that blocked the possibility of a positive result in the fourth round of election", said Chairman Dahal and added, "The election is not just limited to being a process either of victory or defeat for the prime ministerial candidates but it has become the front for proxy-war with India." Prachanda is further quoted as saying by the Nagarik Daily, Friday August 13, 2010, that "The election has become the battle ground between those who want total liberation from India and those who want to submit to India." He also said that India was in favor of providing continuity to the present caretaker coalition government whereas we are in favor of unity between Nationalists, Republicans and the Communists. Dahal also said that the Nepali Congress had exhibited certain flexibility ahead of the arrival of Indian emissary Shyam Saran. However, the Nepali Congress leaders upon meeting the Indian retired diplomat all of a sudden changed their earlier commitment, he also noted. Saran is an employee of WIPRO Company based in Bangalore. Saran told us to transform our party into a civilian one. He also told us to become a party of the mainstream. We told him that if you want us to transform ourselves into a party similar to the Nepali parliamentary parties then we do not accept that. We are of view that there are certain flaws in the parliamentary system. We want to establish our own unique identity, Dahal told his party central committee members about what he had talked to Saran. "It is clear that India will not allow us to form government under our leadership", said Dahal and added, "I do not see that there will be any result in the fifth round of election as well". "Anything can happen any time now onwards...I urge you comrades to remain in a standby position", also said Dahal. Prachanda has now begun "studying" India, it is presumed. The NOIDA study was perhaps "incomplete". India bashing begins.

[http://www.telegraphnepal.com/news\\_det.php?news\\_id=8107](http://www.telegraphnepal.com/news_det.php?news_id=8107)

### **Differing and conflicting ideas mar Nepal Maoists, Party feud deepens**

The ferocious of the bygone era, Prachanda, has become pretty weak in his own party. The party that he commanded so skillfully while being in Rolpa jungles then to NOIDA is being cornered in his own party by his once trusted and tested allies. The ones who quietly listened and acted as per his commands till the other day have now begun forwarding their own exclusive thoughts thus ignoring Prachanda's party guidelines. Prachanda doesn't like such habits. He must prevail is what he thinks yet. But he should listen to his opposing views if he is committed to parliamentary democracy. He is not in the jungles but in Kathmandu. He must understand this fact and learn to adjust with the ground realities. Needless to say, the party now has several

factions and lobbies each airing its own version as to how the party should proceed in the days ahead. The version may vary but all talk on how to bounce back to power. In the process, each top leader has his own special publication to air his or her "inner" views. A sort of media verbal war is currently on in between the top hats of the party of the former rebels. Writing an analytical story very freshly in "Sansleshan", Chairman Prachanda says that "there has been the existence of anarchy, existence of personality cult and greed for power in the party". Sansleshan is Maoist party mouth piece, we have been told. Dahal recalls the inner party dispute that cropped up in the party in the years, 1995, 1998, 2000, 2005-6 and 2008. Analysts opine that in each and every party political dispute, there has been the tussle in between two differing ideologies then taken by Dahal and Dr. Bhattarai. Dr. Bhattarai was taken penal actions by Prachanda. Later Prachanda lifted the action against Bhattarai under excessive pressure from the Indian regime, it was then in the air. Dahal says in his fresh write up, "As and when we appear to be very close to the power corridors, there is the sudden emergence of tendencies such as that of anarchy, greed for power, personality cult, unhealthy competition, demand for regionalism, and with these the chances of the danger of blind regionalism also surfaces". Mohan Baidya-Kiran too has one paper, "Communist Outlook" under his control. Baidya, the mentor of Prachanda and a Maoist ideologue, remains tight lipped as of now. Perhaps he has acquired a posture of "wait and see". It is said that the lobby (Dahal or of Bhattarai) to which Mohan Baidya will extend his support eventually become weightier. Upon joining the mainstream politics, the Maoists clearly possess two opposing line of considerations. The first opines that it would be in the larger interest of the party to embrace the parliamentary order and institutionalize it first and only then later to jump onto the achievements of the real objectives of the party which is perhaps the imposition of Communism in Nepal. The inner idea behind this line of thinking is to use the parliamentary system as a ladder for jumping onto the preferred next system. The adherent of the first school of thought is Dr. Bhattarai. First award democracy to the people by institutionalizing the present order through the Constituent Assembly. This is what Dr. Bhattarai has freshly ventilated through his article. On the contrary, Prachanda claims that since acts of foreign interference have unimaginably increased of late and thus he sees the need to go in for a fresh revolt. "We need to go in for a fresh violent revolt if bids from within and without disrupt the peace process and for the making of a new constitution", says Prachanda Dahal. Prachanda mainly takes Indian regime as the number one villain. This he told while talking to his party colleagues at a meet this Thursday, August 12, 2010. Rato Jhilko-Red spark is the name of the paper that Dr. Bhattarai controls. Bhattarai logic that he forwards is bit different. He claims that until and unless the internal unity among the population remains not ensured, we can't fight with the external powers. "The aspect of national unity, nationalism must be assimilated with the question of People's Republic and only when we address the issues pertaining to the people's democracy internally, the party can win over the external forces". Chandra Prakash Gajurel, yet another presumed hardliner in the Maoist camp openly admits that "inner contradictions in the party exist in a very dangerous form". He further claims that the inner tussle or say contradictions have already taken a Himalayan dimension.

**Floor Crossing: We wanted to get the country out of this political stagnation**

First, tell us something about your political background?

**Dutta:** I have been involved in politics for over four decades now. I began my political career with the Nepali Congress Party. I myself being based in the districts of Sunsari, Saptari and Morang, worked towards strengthening the very foundation of the party at the grass root level. I was once quite comfortably close to Girija Babu. He used to often talk to me and he would listen to my sincere advices. I was a committed Nepali Congress cadre tip to toe. But, later I felt that there was no such thing which could be taken as an award to a committed cadre like me in the Nepali Congress paraphernalia. Thus, I quit the Nepali Congress only to join the Madhesi Janaadhikar Forum-the MJF. I primarily, joined the MJF because I thought I need to do something tangible for the marginalized communities, the dalits and the Madhesis as well.

**But, you chose to take someone (Upendra Yadav) who came from a Communist background as your leader? How is that possible? You come from a democratic background. Isn't that true?**

**Dutta:** Yes, that is true. Mr. Yadav comes from communist schooling. Whereas, I am out an out a democrat in strictest sense of the term. Yadav Ji is no more a communist, I no longer serve the Nepali Congress---this is the present reality. Our objectives are the same. We have decided to follow the democratic line of thinking and we both are and will remain ever committed to that line of thinking.

**Mr. Yadav is often labeled as a Maoists' man. How do you deal with those issues in the party?**

**Dutta:** We need to take a realistic approach. As I have already told you that he began his political career as a communist, it is not unnatural for him at times to exhibit leftist school of thought. I, at times prefer to toe the Nepali Congress line. This is the reality and we must learn to face such things in politics. But, the best way to deal such issues is to put those differences for meaningful and fruitful discussions. There lay the solution. I think you got the answer. Right? And, both Yadav and I come from the same village in Saptari district, which also brought us, even closer to each other.

**In the midst of continued political dispute as it stands today, where is the country heading for? Are we on the right track?**

**Dutta:** I see a bleak picture ahead of us. Sometimes I feel that we are heading towards a situation similar to that of Somalia. Division within party ranks, dispute between parties over petty issues, administrative disorders, intellectual drain and frustration among the Nepali youth(s) is really worrying and which has already taken a frightening dimension.

**Now let us come to the topic, tell us what happened before the floor crossing? You were leading the event that would be remembered for long long time to come in Nepali politics?**

**Dutta:** We need to talk this issue in detail because I want people to know what had transpired in the newly revived Madhesi front before the floor crossing event really took place. First, what

were the objectives of the Madhesi Front and why was it revived? Our agenda was simply to remind the so-called largest parties of their commitments made to the Madhesi population and the agreements that had been signed with the Front at various intervals in the recent years. We came to the conclusion that we will support the party in PM election that will support our genuine demands. In the first round of election no participating party clearly provided us with their positive response, thus the alliance unanimously decided to remain neutral. Before the second round, all three major parties provided us with their response. After analyzing their response, our party proposed to support the Maoists Party because we found their response pretty closer to our demands. Thus, the problem began surfacing in the Alliance. The so-called power monger parties that are there in the Alliance- we call them *Sarkari Madhesh Badi Parties*, the Madhesi Janaadhikar Forum led by Gacchedhar, the Sadvawana led by Rajendra Mahato and the Tarai Madhesh Loktantrik Party began opposing our views. They were hell bent on saving their chair. Let me tell you that Gacchedhar would always want the Ministry where he could make huge sum of money and Rajendra Mahato would always want the lucrative Ministry of Supplies where he could amass wealth. The so-called Sarkari Madhesi parties began saying that unless and until Maoists' transform into a civilian party, we should not support their government. Jay Prakash Ji and Upendra Ji retorted by saying that their stance would not provide outlet from the current deadlock because even if we vote in favor of Nepali Congress, Ram Chandra ji will not win. Because, the UML had already made one of the most unfortunate, undemocratic and unparliamentary decision to stay neutral in the voting process. What do you think...isn't it pathetic situation wherein a parliament can't even form a government?The Madhesi parties just wanted to prolong their tenure in government remaining neutral. We, on the other hand wanted to get the country out of this political stagnation. The floor crossing event should thus be seen as our duty, as a responsible citizen of this country to set the country free from the continuing dispute. What is there all about party whips and so-called party discipline, if we cannot liberate the country from an unending political brawl? After all, nation is and should be above the party. Initially, to tell you the truth, we were 22 parliamentarians who had resolutely decided to vote in favor of the Maoists. Because, we knew that as promised by the Maoists, if the Alliance would vote in favor of the Maoists, Prachanda would be the Prime Minister and that would have ended the deadlock. And, we simply wanted the deadlock to come to an end. Efforts were made to stop us. Some of us, who had signed in the party minute to support the Maoists, later could not vote due to pressure. We were total 11 parliamentarians who crossed the floor.

**Some of the Nepali Congress leaders and the likes suspect that money was involved in the floor crossing. What say you?**

**Dutta:** I instead ask you to carryout thorough investigation into the much publicized money laundering issue. I am ready to face any punishment in public, if financial involvement is found in the investigation. I sincerely urge journalists, government agencies and private investigators to deeply get involved in the issue to bring out the truth and make it public.

**One of the parliamentarians from your own party, Avishek Pratap Sah, openly claimed that India was the real villain in the current deadlock. It was heavily influencing the so-called Sarkari Madhesi Parties? What are your views?**

**Dutta:** He may have heard it somewhere. It may be his mere speculation. I have nothing to say over what he claimed publicly. But, what I will tell you is that it is fortunate to have a good neighbor. But, what if you invite interference yourself? It is even worse. Being a neighbor, they will be closely watching us. But, we should stop inviting them for solving our internal issues.

But, I must tell you that somewhere some country wants Nepal to become an unstable country and perhaps wishes Nepal to become a failed state ultimately. We need to be very careful.

**But, when Madhesi Janaadhikar Forum (MJF) was divided, Upendra Yadav is on record to have blamed India for the split?**

**Dutta:** Yes, it was said that New Delhi's support was there. Money was involved in the split. But such things become irrelevant as long as we are strong.

**Culturally and religiously, Nepal and India are very close but politically we are far apart? Why is that?**

**Dutta:** I think it is highly unfortunate for Nepal to have India's poorest states, Bihar, Uttar Pradesh and West Bengal as our immediate neighbors. There is rampant poverty and criminalization of politics in those adjoining States. Having said that, with the arrival of Nitish Kumar as the Chief Minister of Bihar, the State of Bihar is making miraculous achievements. The lesson we can learn from Bihar is that, it has not become too late for Nepal either. It is only the leadership failure that has brought the country to the brink. We need capable leadership for prosperity. This is the only thing which is missing in Nepal – able and a visionary leadership.

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### **New PM on Aug 18**

The fourth round of voting came and went, like the previous rounds, without electing a new prime minister. On the surface, it may appear that the voting has come and gone without making any change, but if you look a bit deeper you will see a profound change – the cynicism among the public has grown many folds and mistrust among the political parties has only deepened, further complicating the political crises. Agreed that the political deadlock is part and parcel of a democratic system and it is also true that it is not a unique Nepali experience. But this youngest republic is still too fragile to be able to face a protracted deadlock. It is for this reason as well the political parties should keep a tight rein on their recklessness. The failure of the last four rounds of elections to give this country a new prime minister has proved just one point: The balance of power in the parliament, and by extension in the country, is such that the parties must come together to break this stalemate. The three major political forces – the Maoists, Nepali Congress (NC) and the CPN-UML – cannot stay in the three corners of a political triangle and let this political circus play out, which will eventually undermine their relevance. The three parties must now reflect on the whole process and figure out what went wrong and how they can move forward collectively. Right now the parties have narrowly focused on the chair of the prime

minister, but even if they managed to elect, one fine morning, a new premier through a majority of votes in the parliament, our political crisis is not going to disappear; instead, it will only grow. The current political crisis is a result of just one thing – Maoist party's failure to transform itself into a civilian party and to accept peaceful politics. The NC and UML must go back to Maoists with the six-point agenda and negotiate it in earnest with them. If the Maoists are ready to compromise and strike a deal on these issues, implement some of them and win the confidence of the NC and UML, these two parties should be ready to accept a government led by the Maoists, something that they have shied away from doing so far in anticipation that the leadership might eventually come to them. To be fair to Maoist Chairman Pushpa Kamal Dahal, he cannot be sure that he will get the government leadership even if he reaches an agreement on the six-point agenda with the NC and UML unless these parties publicly and unequivocally express their commitment to accept his leadership. He would also perhaps like to have assurance from the southern neighbor about it but to do so will only undermine the strength of Nepal's political parties and our sovereignty. If Dahal is unwilling to give up his party's instrument of violence, the NC and UML must agree to elect a new prime minister from within the ruling alliance. UML Chairman Jhala Nath Khanal's stance that his party should remain neutral in the voting unless the process is entirely scrapped is unjustified and it also smacks of sheer opportunism. He must give it up in the larger interest of the country and the fifth round of voting on Aug 18 must elect a new prime minister.

[http://www.myrepublica.com/portal/index.php?action=news\\_details&news\\_id=21961](http://www.myrepublica.com/portal/index.php?action=news_details&news_id=21961)

### **Maoist-led govt not possible now: Minister Pandey**

UML leader and finance minister Surendra Pandey has ruled out the possibility of the government led by Maoist chairman Puspha Kamal Dahal. "A government under Maoist leadership is impossible unless the party agrees to return seized properties," minister Pandey said in a press meet in Chitwan district Saturday morning. He also accused the Maoist leaders of not being serious on "key issues" and that they have not been committed to past agreements and set a timeframe for the combatants integration. "Even a Nepali Congress led government is not going to end the current political deadlock," minister Pandey said claiming, "It seems that both Maoist chairman Dahal and NC vice president Ram Chandra Poudel are trying to make double hat-tricks in the prime ministerial election which is not good." Meanwhile, Pandey opined that the major three parties - Nepali Congress (NC), CPN-UML and UCPN (Maoist) - should agree to lead the government on rotation basis if they fail to form a consensus government. To lead such a government, he said, UML chairman Jhala Nath Khanal should be given the first chance followed by Maoist chairman Dahal and NC vice president Poudel respectively, he added.

### **Senior Koirala in NC Presidency fray, opines Saran's Nepal visit within limits**

A day after the International Relations and Human Rights Committee of the Parliament termed three day visit of the self proclaimed '*special emissary*' of Indian Prime Minister Dr. Mohan

Singh, to Nepal as undiplomatic, to the surprise of none the traditionally pro-India political outfit, Nepali Congress, said that Saran's visit to Nepal did not break any diplomatic limits. Glaring example of subservience. The acting president of Nepali Congress, Sushil Koirala who gave the impression that he had to organize a press meet in haste, August 11, 2010, said that Saran's visit did not break any diplomatic limits and it was not intended to interfere in Nepal's internal matters. "Perhaps Budha (old man) was told by the Indian embassy to defend Saran's visit", quietly commented a young journalist, which made media persons around him to chuckle. The press meet organized by the "mobile" Reporters Club was hastily called at his personal residence in Maharajgunj. As usual, the Nepali Congress acting president heavily criticized the Unified Maoists' Party at the press meet. "The Maoists are not committed to establish peace in the country and draft the constitution" said Koirala and added, "Unless the Maoists abide by the Broader Peace Agreement we will not accept government under their command". "We are holding talks with the UML and Madhesi parties to support our candidate in the election", he told journalists. Mr. Koirala also declared that he will file his nomination for the post of Party president in the forthcoming party general assembly. "In order to fully democratize the party I have decided to file my nomination", he also said. Sher Bahadur Deuba too has set his eyes on NC Presidency.

### **Poverty Reduction Efforts in Nepal**

Various direct policy interventions have been used by the governments in the developing countries to reduce poverty. Geographic targeting has been recommended extensively because regional disparities in living standards are common in developing countries. Place of residence may be a useful indicator of poverty. There is a negative correlation between land-holding and poverty in much of the rural areas, especially in South Asia. This suggests a variety of land-contingent targeting such as land reforms and transfer payments to the landless. Direct actions including land expansion for the poor, settlement schemes and land redistribution schemes are advocated particularly by United Marxist-Leninist (UML) party in Nepal. However, these policies were never implemented. Rural credit has been regarded as another key policy intervention for poverty reduction. There is strong positive relationship between productivity and physical infrastructure development. This suggests that investment in rural infrastructure can generate sizable income gains in underdeveloped rural economies. Finally, direct interventions such as relief work schemes can help the poor in the short run. The importance of poverty reduction and improvement of the living standards of the people has been emphasized in almost all the plans in Nepal directly or indirectly. Nepal started planned development effort since 1956 and the existing Three-year Interim Plan will be completed by 2010. The First Five Year Plan (1956-61) had set its goal to raise production, employment, standards of living and general well-being of the people throughout the country. Similarly, the Second Plan (1962-65) had the objectives of improvement in standards of living of the people, creation of employment opportunities, provision of social services, and justice in income distribution. The first to fourth plans emphasized development of infrastructure, especially road and electricity.

However, poverty reduction as an explicit goal of planning in Nepal was made only in the mid-1980s. The Seventh Five Year Plan (1985-90) was the first attempt to really integrate long term poverty reduction into the planning process. The first elected government of Nepal after the restoration of multi-party democracy in 1990 formulated the Eighth Plan (1992-97) in which poverty alleviation, regional balance and sustainable development were stated as the national goals. The Ninth Plan (1997-2002) was formulated with poverty reduction as its sole objective. It introduced long-term targets for poverty reduction. The aim was to bring down the incidence of poverty from 42 percent to 32 percent by 2002 by accelerating the rate of GDP growth to 6 percent per annum. The plan incorporated the 20-year Agricultural Perspective Plan (APP) launched in 1997. The APP aimed at accelerating agricultural growth from around 3 percent per annum in the 1990s to 5 percent per annum in the next twenty years. The Tenth Plan (2002-2007) stated poverty reduction as its sole objective. The recently implemented Three-year Interim Plan (2007/08 - 2009/10) has also declared poverty alleviation as its main goal.

Nepal's Tenth Plan (2002 -2007)/PRSP (Government of Nepal has adopted a single window of strategy and policy in its Tenth Plan. Poverty Reduction Strategy Paper (PRSP) serves as a foundation of the Tenth Plan) had set sustainable reduction in poverty as its sole objective. It aimed at reduction of poverty incidence from 42 percent in 1995/96 to 30 percent in 2006/07 i.e. end of the Tenth Plan. The Tenth plan formulated a four-pillar poverty reduction strategy. The strategies were:-High, sustainable and broad-based economic growth focusing particularly on the rural economy.Social sector development including human development by emphasizing on effective delivery of basic social services and economic infrastructure.

-Targeted programme and social inclusion of poor, marginalized group and backward region in development process, and

-Good governance both as a means of delivering better development results and ensuring social and economic justice (NPC, Tenth Plan, 2003).

Increase in productivity both in agriculture as well as non-agriculture were taken as sources of higher growth. In the case of agriculture, the main objectives included-improved year round irrigation, uninterrupted supplies of chemical fertilizer, expansion of rural credit, expansion of rural agricultural roads, rural electrification and improvement in rural market network to achieve greater productivity. The activities in non-agriculture sector included to improvement in the condition of sectors like manufacturing, trade, tourism, transport, construction and financial and social services. It adopted agriculture growth strategies as given in Agriculture Perspective Plan (APP). In non-agriculture sector, the plan redefined and emphasized role of the government through limited public interventions. It focused role of the government only on the areas where they could yield maximum social benefits. The plan relied heavily on private sector, INGOs, NGOs and CBOs for economic activities. The concept of decentralization and maximum involvement of local government and community groups in development activities were emphasized in identifying needs, allocating resources, strengthening service delivery, and accountability and transparency through peoples' participation (NPC, Tenth Plan, 2003).

The Medium Term Expenditure Framework (MTEF) was expected to be a principal instrument for operationalizing the Tenth Plan as recommended by Public Expenditure Reform Commission (PERC) which was set up in 2000. The first MTEF was initiated in late 2001 with the objective of to implement the Tenth Plan from the beginning of the fiscal year 2002/03, without waiting for the formal finalization of the plan. The second three year MTEF was prepared in early 2000 with the objective of linking the annual programmes and budgets with the periodic plans, prioritizing programmes and expenditures in relation to plans goals, adjusting annually the expenditure envisaged in the Tenth Plan to a level consistent with resource availability, maintaining macroeconomic stability and providing funding guarantee to those activities on the basis of priority rankings. MTEF classified the projects and programmes into three categories on priority basis, P1, P2 and P3, P1 being the highest priority and P3 being the lowest. P1 received first priority in budget release. It was aimed at reducing political pressure in budget disbursement. The Three-year Interim Plan (2007/08 – 2009/10) was implemented with the main objective to realize changes in the life of Nepalese people by reducing poverty and existing unemployment and establishing sustainable peace in the country. The vision of this plan was to build a prosperous, modern and just Nepal with special attention towards inclusive development by involving women, *Dalits*, indigenous groups, *Madhesi* community, the poor, inhabitants of Karnali area and people of remote areas in the country's economic, social and regional development process. The plan emphasized on increasing public expenditure to assist relief, generate employment and on peace building, reconstruction, rehabilitation, reintegration, inclusion, and revitalization of the economy. It had targeted to reduce the population living below poverty line from 31 percent to 24 percent by end of the plan period.

The reduction in the incidence of poverty, according to NLSS, has been associated with remittances received from foreign employment. Remittances from abroad soared, and those sent through official channel totalled about Nrs. 54 billion in fiscal year 2003/04, equivalent to 12.4 per cent of GDP (CBS, 2005). Remittances received between 1995/96 and 2003/04 in real terms has been given in the Table below.

<b>Table: Remittances Received in Real Term, 1995/96 and 2003/04</b>			
	<b>Real Amount of Remittances Received among Recipients (Nrs. Per Person Per Year in 1995/96 Price)</b>		
	<b>1995/96</b>	<b>2003/04</b>	<b>Change in %</b>
Poorest	1010	1404	39
Second	1392	2886	107
Third	1721	4045	135
Fourth	2752	4611	68
Richest	5666	11159	97
<b>Total</b>	<b>2863</b>	<b>5388</b>	<b>88</b>
Source: Poverty Trends in Nepal, CBS, Government of Nepal, 2005			

India has been the most popular destination for Nepalese migrants. Households with illiterate household heads are more likely to migrate to India for seasonal work. Dalit and Madheshi migrants receive their major proportion of remittances from India where wage rate is very low compared to other destination countries.

However, migration, in recent years, has increased sharply with the opening up of newer markets for Nepali labour in the Republic of Korea, Malaysia, Qatar, Saudi Arabia and other Middle Eastern countries. Better educated people receive a higher proportion of their remittances from foreign countries other than India. The groups with the largest share of migrant members who are working abroad in place other than India are the Hill *Janjatis* followed by *Muslims*, who are in high demand in the Middle East. The Table shows that remittances received by the poorest income group of people have been far below than richest and other income group. The percentage change in remittances received between the period of 1995-96 and 2003-04 has also been lowest in the income group of poorest people. However, *Muslims* are one of the prominent poor groups in Nepal and remittances received by them from Middle East countries have been increasing over recent years. Similarly, *Dalits* and *Madheshis* migrants also receive huge amount of remittances from India. Therefore, remittance received by *Dalits* and *Muslims* is one of the major reasons in reduction of poverty incidence in Nepal.

### **Nepal, India hold meeting on trade expansion**

Nepal and India held a meeting on the possibilities of expanding trade and continuing economic relationship between the two countries on Thursday in the capital.

Officials of Federation of Nepalese Chambers of Commerce and Industry (FNCCI) and Indian Institute of Defence Studies and Analysis discussed various issues like export and import, collective investment, problems during export of Nepali products, security problems in the border areas, trade deficit, increasing new problems in economic relationships and other such issues. The meeting came to the conclusion that there should be more cooperation between the two governments for expansion of business between the two countries for the development of the economy which could be fruitful to citizens of both nations. On the occasion, Suraj Vaidya, senior vice president of FNCCI, said that the increase in the trade deficit is the main threat for the country at present. He also said the collective investment should be made in hydroelectric production which would help Nepal narrow the trade deficit.

### **NRNA to support govt in 'economic diplomacy' and promotion of NTY-2011**

Non-Resident Nepali Association (NRNA) has decided to support the government in the process of economic diplomacy as well as to make the Nepal Tourism Year 2011 (NTY-2011) mega campaign a success. NRNA European 4th regional meeting held in Paris recently on July 30 has also decided to celebrate "NRNA day" as a festival on October 11, 2010 in Pokhara for the promotion of NTY-2011. The meeting has also expressed concern on Nepal's deteriorating political situation, peace process and constitution writing. In the same two-day long meeting, Devman Hirachan, president of NRNA has also informed the Nepali ambassadors participated in

the meeting about the difficulties faced by Nepali migrants as refugees in different European countries. They also expected to have support from the country in those problems and also urged the government's help to solve those problems. NRNA has also demanded for the establishment of "NRN desk" in all the Nepalese embassies.

<http://www.nepalnews.com/main/index.php/business-a-economy/8121-nrna-to-support-govt-in-economic-diplomacy-and-promotion-of-nty-2011.html>

### **Nepal Minister lauds China's role, China's prosperity to benefit SA region**

The presence of high level Chinese Communist Party officials at the General Assembly of the Madhesi Janaadhikar Forum held in Birgunj some two years back, January, 2008 to be more precise, had sent spine chilling signals to India. The Indian border is just four kilometers from Birgunj. That India took it as the Chinese infringement into the Indian domain of influence, which got time permitting exposed through various write-ups and public views expressed by the Indian observers and leaders. The presence of the Chinese officials at the MJF Assembly not only shook the Indian establishment but also took the organizers by surprise. Jay Prakash Gupta of the MJF (now the party is divided into two equal halves) is on record to have said that he had no idea as to why the Chinese regime had sent such a high level delegation for the MJF party General Assembly, nevertheless the organizers thanked China from their heart. Perhaps, this incident may have triggered division in the MJF camp, claims observers which eventually split on May 22, 2009. A disturbed India thus halted its support to the Madhesi parties for the establishment of a sovereign, autonomous state of One Madhesh, claim observers. India thus understood that it cannot afford to support formation of another buffer state within a buffer. The demand for One Madhesh that had received unequivocal support and encouragement from of India until the Birgunj incident, suddenly saw India withdrawing from its earlier commitment, opine independent political observers. Be that as it may, one of the Madhesi Ministers representing the Tarai Madhesh Lokatantrik Party said, adding insult to injury, that prosperity of China is having positive impact in the entire South Asian neighborhood. Minister Sarvendra Nath Shukla also claimed that Nepal-China relations are ancient and remain deep in culture, business and also at the social level. He was speaking at a three day seminar organized by South Asia & China Cultural Forum in Kathmandu, August 8, 2010. Minister Sarvendra also said, "Chinese prosperity is needed for regional peace, prosperity and development." Chinese ambassador to Nepal Qui Guohang also spoke on the occasion. He said, "China is willing to extend further its cultural relations with the South Asian countries". Minister Sarvendra's days are numbered perhaps at least he has invited trouble for himself. We are providing scholarships to South-Asian students to study in China, which the Ambassador said was a part of the Chinese attempt to enhance cultural relations with the countries of this region. Participants from Nepal, India, China, Bhutan, Pakistan, Bangladesh, Sri Lanka and Afghanistan are presenting their working papers at the seminar. While Nepal's southern neighbor, India is burning its hands by unnecessarily interfering in Nepal's dirty politics, China is slowly but surely expanding its space in the entire region via Nepal. India is losing each day. India's loss is surely the Chinese gain

### **Nepal offers Rs 10 m for flood victims in Pakistan**

Nepal government has decided to grant Rs 10 million to flood-hit Pakistan."The government has decided to support Pakistani flood victims with Rs 10 million cash assistance," minister for information and communications, Shankar Pokharel, told reporters after a cabinet meeting Friday evening.As per the latest reports, around 1,600 people have died in recent floods in various parts of Pakistan so far while 14 million citizens are affected.Meanwhile, the cabinet also decided to promote two Colonels of Nepal Army to Brigadier General and extended the service tenure of seven Brigadier Generals for next three years and two Generals for two years.Today's cabinet meeting also decided to ensure the food supply to famine hit districts."The cabinet has decided to instruct the concerned ministry and local administration to make necessary arrangements for transportation of food grains in those areas," informed minister Pokharel.Likewise, considering upcoming festivals, the caretaker cabinet decided to lower the import tax on sugar to one percent.The cabinet also decided to investigate the massive deforestation seen across the nation.

### **Indonesia to help Nepal boost trade, tourism**

Nepal and Indonesia have agreed to joined hands for the development of tourism sector and trade.The agreement was reached during a meeting between Zet Mirzal Zainuddin, Indonesian ambassador to Nepal and Nepal Chamber of Commerce (NCC) officials in the capital earlier this week.At the meeting they also decided to increase cooperation for the development of tourism sector in the both countries.The ambassador also said that the government of Indonesia is all set to ease visa process for Nepali businessmen eager to invest in one of the fastest growing economies in the work.He also assured that he will be helping in the promotion of Nepali products in Indonesia.Surendra Bir Malakar, president of NCC also requested for the Indonesian foreign direct investment to Nepal and also sought help to make Nepal Tourism Year 2011 (NTY-2011) a success by starting Jakarta-Kathmandu direct flight.

### **Srilanka**

#### **G-15 delegation meets Sri Lanka President**

The members of the 'Group of 15' (G-15) high level task force met Sri Lankan President Mahinda Rajapaksa Friday at the Tempe Trees and held discussions on strengthening international cooperation.The representatives from G-15 countries arrived in Colombo to participate in the first high level task force meeting to discuss the activities of the organization. The three-day meeting opened on August 5 at John Exeter International Conference Hall of the

Central Bank. The task force was set up to after the Sri Lankan President assumed the leadership of the G-15 group in May to present suggestions to streamline the future activities of the group. It deliberated on various ways and means of revitalizing the G-15 Group during their meeting in Colombo. Representatives from Algeria, Argentina, Brazil, Chile, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria and Senegal attended the meeting. The task force representatives updated the President on the report being compiled by the group. It will be presented at the G-15 Foreign Ministers conference in New York. The Group of 15 is a group of 18 developing countries from Asia, Africa, and Latin America that was established to foster economic cooperation and provide input for other international groups. Governor of the Central Bank Ajith Nivard Cabral and the Sri Lanka representative Ms. Shenuka Senavirathna also participated in the discussions with the President.

[http://www.colombopage.com/archive\\_10B/Aug07\\_1281197599CH.php](http://www.colombopage.com/archive_10B/Aug07_1281197599CH.php)

### **Sri Lanka war panel hears Tamil grievances**

A Sri Lankan government war commission has heard testimonies from Tamils alleging their loved ones were abducted or detained by the army. Six people came forward to speak of their missing sons or husbands at the hearing in northern Sri Lanka, close to the former war frontline. The panel has invited people to speak - either in public or in private - of their experiences of war. The government has dismissed calls for an independent inquiry.

#### **'Disappearances'**

Sinnasamy Nallathamby, an elderly tailor, said his son was picked up in an army roundup in late 2008. He was released by magistrates but, while on his way home, was abducted by people in a white van - a type of vehicle notorious in Sri Lanka for perpetrating forced disappearances. A woman said her husband was also taken in a van and hadn't been seen since. Others said they believed the military was holding their husbands, who had previously worked with the Tamil Tigers, but they lacked clear information. Human rights groups have demanded an international probe into possible war crimes perpetrated during Sri Lanka's 37-year conflict with the Tamil Tigers, which ended last year. The UN says it believes at least 7,000 Tamil civilians were killed in the final five months of the war during a government offensive against rebel-held territory. The government disputes these figures.

#### **'Reprisals'**

The commission said it would pass the people's details to the relevant authorities. The eight Sri Lankans chosen by the government to sit on the panel have been hearing from ordinary people in Vavuniya, a town now home to tens of thousands of Tamil war refugees. Another complaint involved a man who said there was a broad perception among Tamils that they were being

discriminated against in the courts. The panel also heard allegations that the government was deliberately settling ethnic Sinhalese people in previously Tamil areas. One constantly recurring theme was the poverty of people trying to resettle after the war, several saying they simply didn't have the resources to rebuild their lives. The commission will also hold hearings in refugee centres and camps where thousands of men and women said to have links with the Tamil Tigers are detained for what the government calls rehabilitation. The commission chairman has told the BBC that no one needs to fear testifying, as secrecy and anonymity can be guaranteed. But a report by the US State Department this week cautioned that those who criticise the government in Sri Lanka run the risk of reprisals.

<http://www.bbc.co.uk/news/world-south-asia-10973969>

### **Sri Lanka's ex-army chief convicted by court martial**

Sri Lanka — A court martial convicted Sri Lanka's former army chief Sarath Fonseka on Friday of meddling in politics while on active service and stripped him of his rank and medals.

"The guilty verdict was read out to General Fonseka at the court martial a short while ago," a senior military source told AFP. "The president as commander-in-chief must now ratify the decision." Fonseka's hearing before the three-member tribunal began five months ago despite protests from his party and rights groups that the process was seriously flawed. "The court (martial) has ruled that he should be cashiered," the military source said. "So he will be stripped of his rank and all the medals he had earned during his 40-year career." Fonseka, 59, was accused of trying to secure a place in a political party following talks with an opposition MP between October and November last year, just before he quit as Chief of Defence Staff. Leaked intelligence reports said Fonseka had tried to stage a military coup, an allegation he has denied. Although Friday's ruling carried no prison term, Fonseka will remain in military custody. A separate court martial is still hearing charges that he engaged in corrupt deals. He also faces civilian charges of employing army deserters, an offence that carries a 20-year jail term.

As the battlefield architect of the military victory over Tamil Tiger rebels in May last year, Fonseka had seemingly secured his legacy as the commander who crushed the 37-year insurgency for an independent Tamil homeland. But it was his bid to translate that success into political power that was to prove his undoing as he took on his former ally, President Mahinda Rajapakse, at the ballot box in elections in January. The two men fell out soon after the defeat of the Tigers and both sought to take credit for the victory in what became an extremely acrimonious, and at times violent, battle for the presidency. It was a showdown that Rajapakse eventually won with ease, routing his challenger who, as a relative political novice, was left isolated and vulnerable. Two weeks after the election, Fonseka was arrested. Despite being in military custody, he managed to win a seat in parliament in April. He was briefly released for parliament's opening on April 22 and vowed he would use the floor of the House to campaign for freedom and democracy.

Fonseka has also angered the government by saying he would willingly testify before any international war crimes tribunal. Rajapakse has vowed to prevent any such probe. Fonseka's arrest and detention drew angry protests at the time, but have since fizzled out. His political allies during the presidential election campaign have also split and weakened the country's opposition. His Democratic National Alliance (DNA) party rejected Friday's guilty verdict and argued that the court martial was illegally constituted. "Our position was that he could not be charged before a court martial after he retired from the army," DNA lawmaker and party spokesman Anura Kumara Disanayake said. "General Fonseka's lawyers were not present when the court martial concluded its work today and some of the witnesses were called at a time when defence lawyers were not present. This is not justice," Disanayake said. Fonseka has filed several cases in both the appeal court and the supreme court to challenge legality of his arrest. He has also petitioned the Supreme Court to challenge Rajapakse's re-election, alleging the vote was rigged -- a charge the government denies. Rajapakse, who has a firm grip on power in Sri Lanka, has been accused by political opponents and international human rights groups of suppressing dissent since his resounding re-election. The government has also purged the security forces of senior officers thought to have been loyal to Fonseka.

<http://www.google.com/hostednews/afp/article/ALeqM5g8xCD44vm9Zyk7ZH41sKJOPo0KLw>

### **Sri Lanka rejects U.S. Senate call for a probe over human rights**

The Sri Lankan government rejected a call by U.S. Senators for an independent probe on alleged human rights abuses during the last stages of Sri Lanka's conflict with the Tamil Tiger rebels. "We reject the call as we have already started our own panel to probe the conflict and to learn from it", Anura Yapa, the Minister of Environment, told reporters here Thursday. A group of U.S. senators in a letter to Secretary of State Hillary Clinton urged an independent probe saying the Sri Lankan panel "lacked the needed credibility." Yapa said that Lessons Learnt and Reconciliation Commission (LLRC) which began its sessions here Wednesday would recommend ways to prevent conflicts between the communities. The LLRC terms of reference cover the period between February 2002 and May 2009 - the phase between the Norwegian backed peace initiative and the end of the war with the Tiger rebels. Bernard Goonetilleke, who headed the government's peace secretariat during the peace process before the Tigers pulled out of it in 2004 said while testifying before the LLRC on Wednesday that the ceasefire implementation was rendered untenable by rebel intransigence. The eight-member panel headed by the former Attorney General CR de Silva is to extend its public sittings out of the capital into outer regions in the coming months, LLRC sources said.

[http://news.xinhuanet.com/english2010/world/2010-08/12/c\\_13442541.htm](http://news.xinhuanet.com/english2010/world/2010-08/12/c_13442541.htm)

## **Sri Lankan government to continue dialogue on constitutional reforms with main opposition UNP**

Sri Lanka President Mahinda Rajapaksa and Opposition Leader Ranil Wickremasinghe met this morning and held in depth discussions at the President's House in a bid to continue with the talks initiated between the main opposition and the government last month. United National Party (UNP) parliamentarian Kabir Hashim told the media that the two leaders have agreed to continue with the talks on the government's proposed constitutional amendments and electoral reforms. A UNP parliamentary group headed by Wickremasinghe met President Rajapaksa in July to discuss the constitutional amendments that are to be brought soon. The UNP was undecided last week of continuing talks with the government on the constitutional reforms after two opposition MPs crossed over to the government side. The party accused the government of using the talks to entice opposition members to government ranks. However, the UNP has once again agreed to continue the discussions with the government on the abolishing of the Executive Presidency, 17th Amendment to the constitution and electoral reforms.

## **Sri Lanka launches special program to eradicate dengue, sets up a department**

Sri Lanka's Health Ministry declaring today as a special day in dengue eradication launched a special program to stamp out the mosquito-borne disease spreading fast in the country with nearly 25,000 cases being reported so far this year. The Minister of Health Maithripala Sirisena has instructed health officials to launch a number of dengue prevention and eradication programmes during this month. A dengue eradication week has been declared from next Monday (16) while training programmes to eradicate dengue will be implemented on the 21st and 28th of this month. Committees of the Dengue Prevention Task Force have been setup at provincial level for efficient management of the programmes. The government has decided to set up a special department to dengue eradication efforts. The main objective of setting up a department would be to carry out dengue eradication activities countrywide throughout the year without any interruption, rather than addressing it on a periodical basis when dengue incidents rise, the Health Ministry said. Statistics released by the Epidemiology Unit of the Health Ministry reported 24,829 cases of dengue island wide as of today. Among them were 177 deaths. Colombo district suffered the most with 4,057 cases followed by Gampaha district with 2,920 cases and Jaffna district with 2,535 cases. Ratnapura, Batticaloa, Kandy, and Kurunegala districts also recorded high rates of the epidemic. The government has taken stringent measures to control the stagnant water sources that are breeding grounds of the mosquitoes. Sri Lankan government has imposed laws and regulations and threatened the offenders with jail time to keep the environments clean to control mosquito breeding.

[http://www.colombopage.com/archive\\_10B/Aug09\\_1281365590CH.php](http://www.colombopage.com/archive_10B/Aug09_1281365590CH.php)

## **Sri Lanka migrant ship carrying Tamil refugees docks in Canada**

A Thai cargo ship carrying 490 Tamil refugees from Sri Lanka docked in the Esquimalt Harbour, near Victoria, in Canada this morning amid tight security. After monitoring for weeks, the Canadian Mounties and security officials Thursday night boarded the cargo ship carrying the Sri Lankan Tamil migrants in the waters off the coast of Vancouver Island after the vessel crossed into Canadian territorial waters. Royal Canadian Mounted Police patrol boats led the ship through the Juan de Fuca Strait to the Esquimalt Harbour during Thursday night. Canada's Public Safety Minister Vic Toews told media yesterday that the Thai flagged MV Sun Sea has declared that it is carrying 490 refugees and among them are suspected human smugglers and terrorists of the LTTE, a terrorist organization banned in Canada. The authorities have set up tents at the wharf to receive the refugees. Following their processing the healthy asylum seekers will be sent to detention centers at Fraser Regional Correctional Centre for men and the Alouette Correctional Centre for Women east of Vancouver, Vancouver Sun reported. Vancouver's Victoria General Hospital has reopened a seventh-floor ward to receive refugees needing medical attention. Sri Lankan authorities have warned the Canadian officials of the possibility of wanted Tamil Tiger terrorists on board the ship claiming refugee status.

### **HSBC, RBS Hired for \$1 Billion Sri Lanka Bond Sale**

Sri Lanka hired HSBC Holdings Plc, Royal Bank of Scotland Group Plc and Bank of America Corp. to manage a proposed \$1 billion overseas bond sale later this year, the South Asian island's central bank said. The selection was made from among seven foreign lenders and investment banks that expressed their interest to manage the sale, the Central Bank of Sri Lanka said on its Web site today. The bond sale would be subject to market conditions, the central bank said. It appointed Bank of Ceylon as co-manager to work with the lead arrangers for the issue. Sri Lanka in July announced plans to sell the bonds, with maturities of as much as 10 years, by the end of 2010 to help refinance expensive loans. The end of the island's three decades of civil war in May has restored investor confidence and attracted foreign flows. HSBC, JPMorgan Chase & Co., and Royal Bank of Scotland helped arrange Sri Lanka's last global bond sale in October that attracted bids for more than 13 times the \$500 million offered. This year's overseas debt sale will be the third by the nation since its debut offering in October 2007. Standard & Poor's and Fitch Ratings raised their outlook on Sri Lanka's debt in October last year. S&P revised it to positive from stable, and assigned the nation's long-term foreign-currency debt rating at B, five levels below investment grade. Fitch changed the outlook to stable from negative. It affirmed Sri Lanka's rating at B+, four levels below investment grade.

<http://www.businessweek.com/news/2010-08-12/hsbc-rbs-hired-for-1-billion-sri-lanka-bond-sale.html>

### **Sri Lanka President opens mega construction exhibition 'Construct 2010'**

Sri Lanka President Mahinda Rajapaksa Friday ceremonially declared open the mega exhibition of the 'Construct 2010' with over 225 stalls at the BMICH in Colombo. The event was organized by the National Construction Association of Sri Lanka (NCASL) to coincide with its 10th anniversary. The exhibits showcase the new innovative techniques and modern construction designs with special emphasis on cost effectiveness and durability. Minister for Construction, Engineering Services, Housing and Common Amenities Mr Wimal Weerawansa, Deputy Minister, Lasantha Alagiywanna, Commander of the Army Lieutenant General Jagath Jayasuriya, Commander of the Navy Vice Admiral Thisara Samarasinghe, Chairman, NCASL Mr Shriyanatha Perera and a gathering of distinguished guests accompanied the President.

### **China pledges support to Sri Lanka**

China has pledged its support to Sri Lanka against any international pressure for a United Nations-led probe into alleged war crimes, Sri Lankan Foreign Minister G.L. Peiris said here on Thursday. Mr. Peiris, who on Thursday held talks with Chinese Foreign Minister Yang Jiechi, said China had conveyed its support to Sri Lanka's position that international interference in investigating alleged war crimes was unwarranted. Sri Lanka has opposed U.N. Secretary-General Ban Ki-moon's decision to set up a three-member expert panel to look into the conclusion of the war against the LTTE, arguing that the Lessons Learnt and Reconciliation Commission appointed by Sri Lankan President Mahinda Rajapaksa was the right body to carry forward investigations. "The international community needs to recognise it can help, but that there should not be judgemental posturing," Mr. Peiris said, speaking at the China Institute of International Studies (CIIS), a think-tank affiliated to the Chinese Foreign Ministry. The Sri Lankan Foreign Minister also hit out at the West, particularly the European Union, for imposing trade penalties on Sri Lanka for human rights violations. From August 15, the EU will withdraw its generalised system of preferences (GSP) trade concessions for Sri Lanka, which provide reduced import tariffs and preferential access to EU markets. The move is expected to badly hit Sri Lanka's apparel industry.

<http://www.thehindu.com/news/international/article566846.ece>

### **More Sri Lankan refugees return home from India – UNHCR**

With the end of the war in the North last year, increasing numbers of Sri Lankan refugees are returning home from India, A report by the United Nations Refugee Agency (UNHCR) says. The UNHCR reported that the number returned in the first half of this year has exceeded the total number for 2009 and expected the trend to continue. "The numbers of returns are not currently high, but it is significant to see that they have already exceeded that of all 2009. We can expect more refugees will start to consider returning home, reconnecting with their families, and rebuilding their lives in this post-conflict phase," Michael Zwack, UNHCR Representative in Sri

Lanka has said. According to the UNHCR statistics, within the first six months of this year, 852 refugees had returned from India with the UNHCR's help while another 1,005 refugees have returned to Sri Lanka on their own and sought help from UNHCR offices in Sri Lanka. During the same period however, at least 386 refugees have fled to India. In 2009 a total of 823 refugees had returned home. UNHCR citing Indian government figures say some 73,000 Sri Lankan refugees are living in 112 camps in the southern Indian state of Tamil Nadu with a further 34,000 outside the camps. UNHCR says the welfare camps in Manik Farm village of Vavuniya which sheltered 280,000 Internally Displaced Persons at the end of the war in May 2009, now house only about 35,000 displaced people. Every week some 3,000 people are returning to their homes, UNHCR says. A recent UNHCR report said the security situation has greatly improved in Sri Lanka. The refugee agency which has been working in Sri Lanka for 20 years helps refugees returning by providing them with non-food items such as mosquito nets, sleeping mats, clothing, kitchen sets, buckets, and lanterns at its offices in Vavuniya, Mannar, Jaffna, and Trincomalee. According to UNHCR, there are 146,098 Sri Lankan refugees in 64 countries with the majority in India. Sri Lankan refugees in other countries are also starting to express interest to UNHCR offices about returning home voluntarily. The agency helps most of the refugees to arranging transportation to their home areas. Sri Lankan refugees wanting to return home can approach UNHCR's office in Chennai for assistance, the agency says

[http://www.colombopage.com/archive\\_10B/Aug14\\_1281742766CH.php](http://www.colombopage.com/archive_10B/Aug14_1281742766CH.php)