

Exploring the Unexplored: Sustainable Development through Energy Trade between Bangladesh and India

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Abstract

Bangladesh and India have developed friendly relations in the recent years. Both cultural exchange and people to people contacts have increased over the past few years. Of course the differences over water management issues and border management troubles still continue to haunt the otherwise growing relations between the two nations. Interestingly, the relations have flourished to such an extent in the past years that the old hurdles have been demolished and new relations are being generated even in terms of official statements and Memorandums of Understanding for bilateral cooperation being signed. Despite these developments the trade relations between the two nations have been of limited success. Of course the trade has increased extensively in the recent past: however, it is nowhere close to its potential stage. The trade between the two nations can present mutual benefit and major infrastructural and economic growth for a growing Bangladesh. Through this paper it is being argued that via increasing connectivity efforts the trade between the two nations can increase. This paper intends to suggest some holistic policy changes in the two nations that can help increase trade and create harmony in the region. A growing Bangladesh needs security and peace at its border and investment in its home ground as a sine qua non. Through simple policy changes toward increasing connectivity the nation can not only resolve its issues but also grow at a rapid pace. Unlike most scholarly articles, this paper does not intend to pitch one nation against another in equation to the third. Therefore this paper does not suggest policies that India should change, relax or implement toward wooing Bangladesh into establishing hegemony in the region by winning it over as an ally or establishing dominance over and against China. This paper does not intend to explain the mechanics of dominance in the world order or this region in the world. The paper merely explains how different sectors in the Bangladesh market can prosper by engaging in trade with India. Exchanges in the energy sector of course are a major sector that has been less explored on the trade agenda.

Keeping the environment in mind, energy exchanges and trade can be the single most precious trade potential that can be explored for mutual benefit. It is with this view in mind the paper shall address first, the potential increase in connectivity that may result in larger trade opportunities. Secondly, the paper shall suggest policy changes that the two nations need to address in order to avail the potential trade opportunities. Finally the paper shall suggest the key question of Sustainable Energy exchange and energy trade between the two nations.

Keywords: Development, Bangladesh, India, Trade, Energy, Policy.

Introduction

A young and growing Bangladesh today, finds itself at the crossroads of human civilization where it is large and significant enough to exert an impact over its regional neighbours and be an epitome of growth in the global community and yet it is inept in certain core and essential quarters as it finds itself grappled with fundamental issues of development. The problems that Bangladesh is facing are umpteen, but the very basic malady that it is struggling to resolve are its problems related to poverty alleviation. This could be seen more as a problem of circular cumulative causation where poverty is a direct result of and the immediate cause of energy deficiency and lack of electrification. It is a cycle where lack of energy resources and a booming infrastructure cause poverty to prevail and grow, while poverty in itself hinders growth curbing infrastructural development.

Bangladesh is energy deficient and this has a direct impact on its infrastructural growth, while the development of human capital remains stunted at the same time. Despite being a highly populous nation Bangladesh has not been able to tap on its human resources to its potential extent. Electrification, though a single agenda on the issues of development assumes an inevitably significant role due to its ability to impact other factors on the list. The demand for energy resources and electricity has exceeded the supply in the nation and the lack of the same shall manifest repercussions on each strata of its intricately interwoven fabric of society (Mozumder & Marathe, 2007).

Although this may seem like a common concern that any developing nation may face, the issue that sets Bangladesh apart from other developing nations is the fact that it is one of the worst affected nations by the impact of climate change. It therefore makes the case of Bangladesh's development more complicated. Not only is Bangladesh struggling to utilize whatever little energy resources that it has toward

economic growth and development it is also facing crisis in the face of repercussions caused by environmental degradation due to increasing carbon emissions world over. Due to the geographical location of the country it is highly vulnerable to the already intensifying cases of land mass immersion under rising sea water. Large proportions of Bangladesh's coastal perimeters have 'disappeared' under the impact of climate change (Publications, 2015). Not only is this causing an escalating figure of environmental refugees it is also creating the mysterious case of a 'shrinking' land mass. The people in the coastal vicinities are vulnerable to having their land submerged and their lives endangered due to this phenomenon. Unless addressed promptly the issue shall escalate beyond repair. The government is already facing crisis in providing alternate forms of livelihood to those displaced. Although the phenomenon is not exclusively taking place in Bangladesh, other nations facing similar environmental crisis are better equipped to deal with such issues of climate change. Many other nations too, for instance China, have been dealing with aggravating crisis and societal unsettling circumstances due to environmental degradation manifested say, in the form of smog and reduced visibility. However, China has attained the economic capacity to mitigate the crisis through colossal investments in order to restore environmental serenity, a path not accessible to a young economically humble Bangladesh. The daunting and lamentable issue here is the path to development taken by most of the 'then emerging, now developed' nations. The 'grow first, clean up later' model of rapid economic growth has triggered severe loss of natural capital and bio-diversity.

Bangladesh is home to the heritage destination- Sundarbans and the direct impact of carbon emissions and other pollutants world over shall impact this ecological haven. This is where the complications begin for this part of the world as rapid growth cannot be triggered by any resource available at hand unless it is environmentally affable. Therefore, the liberty to use resources at one's own discretion based on affordability and ease of accessibility shall not be an option for Bangladesh. The sine qua non would be sustainable growth with conservation of natural capital as opposed to rapid economic growth sans adherence to stringent environmental policies.

The Role of the Global Community

The world's largest carbon emission creating nations, China and the United States of America have recently signed a climate deal in the sidelines of the 2014 G-20 Summit held in Australia (Pierrehumbert, 2015). The agreements encompass Chinese ambitions to echo

America's clarion call to save the environment. Through distant deadlines and overtly ambitious goals, the two pollution emitting states have presented concerns over climate change. However this deal comes at a time where the G-20 Summit encompasses almost every significant agenda as decided by Australia, the global community is dealing with, except climate change (Reuters, 2015)!

The stance of the international community with reference to climate change is thus apparent. Even when world's economic superpowers pursue the act of curbing damage, it is often in the form of curbing 'further' damage as an act in retrospect. Is it not then, the responsibility of economically developed nations to assist Bangladesh through economic means in availing energy resources that are sustainable and conducive to its economic and overall development?

Moreover, the standards to be met during industrialisation and infrastructural development involve much more stringent rules for the 'now developing' nations like Bangladesh, as opposed to those that the developed nations faced while they were at the infant stages of their own development.

This paper therefore argues that trade regimes need to be fair toward a growing Bangladesh. In a global order where economic aid often comes at a cost and assistance has strings attached to them, often clubbed with political implications and shackles, developing nations find no answers to the crisis they suffer as a result of actions of the developed giants. The role that developed powers in the region can play would be through enhancement of regional cooperation. Energy deficit developing nations would often, due to their lack of span of electrification and small markets, fail to cash on the advantage of economies of scale by themselves. In such a case regional cooperation would enable cross-border trade and resolve the energy crisis in such countries. The creation of a power plant that would enable transmission of electricity throughout this network would also enable to lower costs and limit environmental degradation.

Having said that regional cooperation shall be crucial to the growth of the energy sector in developing nations, the social responsibility of developed nations does not cease to exist. It is often seen that trade as a part of regional cooperation when pursued, is often treated in form of equal benefit of all the participants concerned and regional cooperation is expected to favour each one of them equally. Economically advanced and developed nations need to not just invest in such cooperation but also sponsor many initiatives to solidify the initiatives for energy trade. For instance, China being a next door neighbour and a

vastly well endowed nation in terms of economy would morally owe it to Bangladesh to aid it and invest in assisting sustainable growth and energy generation without strings attached. Unfortunately every time China would favour Bangladesh it would do so in order to assert its Middle kingdom status by luring the geo-strategically located Bangladesh as its ally. India too would envisage its Bangladesh investments as a part of its look East policy more than its moral obligation to aid and assist the nation.

What can India offer?

Being a natural ally to Bangladesh India holds the social responsibility to play a pivotal role in its growth and development. India's Power grid Corporation has been a major bonding factor connecting the North-East of India with its neighbouring states of Bangladesh, Bhutan and Nepal (Lama, 2013). India has a growing private sector with immense potential to invest in Bangladesh and harness its resources toward efficient utilisation. Although the two nations have not been able to extract sufficient advantage through either unperturbed access to Bangladesh markets by the private investors in Bangladesh or luring Indian investors into developing business frontiers in here, there remains a high potential which can easily be operated through addressing the trust deficit and mitigating political friction.

Although Bangladesh already imports 600 MW of electricity from India, close to half of which is provided by a private company, this export however is far from sufficient for the expanding needs of a growing Bangladesh (Ghosh, 2015). Close to just half of its population has access to electricity and even this number struggles to satiate its energy needs. It is not just the rapidly growing demand for electricity that needs to be met, it is also the whopping mass of population with no access to electricity that need to be connected to the growing circuit of energy access. Dependence on gas as a resort to meet energy demands is futile. Most part of the rural population, which is about 3/4th of the population in total, still depends on biomass fuels such as wood and cow dung. The dependence on Kerosene is also alarmingly worrisome. The poorly ventilated kitchens within small households retain particulate matter such as carbon monoxide and several kinds of carcinogen. The environmental degradation and rapid climate change would make the process of rural electrification an urgent social necessity.

Bangladesh, for this rationale, could also bank on import of electricity from Bhutan and Nepal with cheaper tariff and better reliability, but this network sans the cooperation of India would be

meaningless as it has the potential for massive investment both via government signed Memorandums of agreements or private sector assisted investments. India too, despite its sheer size has been unable to enable electrification throughout the vast and widely spread-out parameters of its territory. It would also be in the interest of India to create networks of grids to process electrification in the most economically viable way possible. It is therefore in the interest of all the regional parties concerned to not just cooperate bilaterally but to exploit the advantages of this regional collaboration to the fullest of its potential demanding India to play a more and more proactive role to enhance energy cooperation in the region through both aid and investment.

India should morally be inclined toward investing in initiatives such as creation of biogas power plants in Bangladesh and its smaller neighbours for the creation of not just small household energy consumption but also large scale electricity generation (Bond & Templeton, 2011). Biogas power plants are a cost effective and environment friendly solution to the energy crisis in the country. Biogas solutions can be used in multiple ways at both small and large scales. Small scale biogas use for domestic and household purposes can be developed by Bangladesh itself through community engagement. These require little investment while requiring next to no expertise, once created, to operate. This massively useful option has somehow not been well explored to develop large scale plants that can generate electricity. The generation of electricity through disposable waste products would mean a revolutionary change in the energy situation in Bangladesh. This could be an area where India could invest and support Bangladesh at a large scale.

Why Should India be Interested in Assisting this Development?

India has potential benefits to reap from this sacrosanct amalgamation through regional cooperation. Bangladesh being a geographical extension of India shares the same ecological conditions as the latter. As nature does not comprehend the contours of territorial divisions via political boundaries, impacts of climate change shall be a persistent factor that shall pose to be a major irritant for India too. Climate change in Bangladesh shall impact India especially the Sundarbans despite territorial demarcations (Intergovernmental Panel on Climate Change, 2001). India has in fact, already initiated several government sponsored and think tank initiated efforts in collaboration with Bangladesh to curb the harmful impact of climate change in the Sundarban region in entirety. The destruction of biodiversity in Bangladesh shall impact India as much as Bangladesh itself. But staring at the problem too hard from a single perspective of conserving

the Sundarbans is rather futile. It is through a holistic assistance to the population of Bangladesh at large to tackle the use of resources only through renewable environment friendly energy alternative that India can help its own environment.

Migration both, as a result of economic disparity or trafficking, which are a result of lack of development or migration as a result of environmental migration create issues for India (Alam, 2003). Mitigating this issue should be a priority for India as a growing Bangladesh is an asset for India as a neighbour. A growing Bangladesh means a reliable neighbour as a trade partner for India, Bangladesh after all is a much larger and significant nation as opposed to popular perceptions about it which would portray it as a poorly developed nation.

Creating Connectivity toward a Sustainable Solution:

If we study the events that have led to the failure of most initiatives toward regional and bilateral cooperation we realise that the initiatives have been stalled because of either lack of political will or as a direct result of political fiction. Be it lack of internal political consensus such as the failure of water sharing issues or the case of only limited success in bilateral trade, political irritants have always triumphed political will in forming cultural and trade related ties.

However the lack of political will is not entirely unsubstantiated. It is a result of unresolved issues such as border rows and immigration issues. India should constructively work toward resolving these issues as it already has. The immediate policy goal, both for Bangladesh and India alike should be to create a nexus between the two nations via increase in connectivity. Cultural exchange and connectivity shall be significant in shaping the future role of these counties in the region and in reference to each other. People to people contacts should be enhanced and cultural commonalities that the two nations already share should be further enriched through exchanges. The private investors who are reaping benefits from increase in trade with Bangladesh also bear a corporate social responsibility to invest in Bangladesh's development apart from investments here.

Bangladesh has already resolved one of its major issues in the face of lack of sanitation. The community and the civil society have played a very crucial role in creating sanitation coverage across the nation (Hadi, 2000). Such a community led initiative is quintessentially the kind that Bangladesh needs to replicate as far as educating its communities about use of renewable sources of energy including creation of biogas plants in its local vicinities. It is through its capacity to utilise its community efforts at home and through its amicable

relations with its neighbours that Bangladesh can march toward its goal of sustainable growth.

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