



**KAPIL TAMOT in SIMIKOT**

Babito Lama used to run a string of health posts in Nepal's most remote and harsh regions, providing free medical care to women and children.

After her clinics in Torpa was destroyed six months ago by Maoists, villagers tried to talk them into leaving health posts alone. But they destroyed the clinic in Albang too. "They told us they don't want any NGOs here, they want to destroy everything built by the government and have a republic," Babito Lama told us. "Now we have to take our sick to Muchu or Simikot."

It was Humla's remoteness that had saved the district from the worst effects of the insurgency, but that doesn't seem to be a protection any longer. Maoists are even travelling across the border into Tibet to buy winter clothes and food, and Chinese border guards at Taklalar now examine the elbows of Nepalis. If they are rough and scratched, they are taken for Maoists and refused entry.

"We used to be neglected by Kathmandu even in normal times, now it is much worse," says Jivan Shahi, the elected ex-chairman of the Humla DDC. "Development has come to a halt." Even Humla's highly effective food-for-work program has slowed. Some 35 km of a vital road from the Chinese border to Simikot is only half-finished because dynamite isn't allowed.

The Chinese have offered to build two bridges in Hilsa and Muchu. "If only our own government was as supportive, Humla would be transformed," Shahi told us. "But the most important thing is to

restore peace, without that everything is futile." Simikot airfield (seen in picture above) will remain a lifeline for food until the road is completed. Subsidised rice is flown into Simikot from Surkhet and Nepalgunj after the Maoists destroyed bridges over the Karnali. The Maoists have set up a checkpoint on the main southbound trail from Humla, and take a tax of Rs 3 from every traveller. Tourists bound for Mansarovar have to pay \$100. Villagers need a "visa" to go south. Locals need papers from both the Maoists and the district administration to go anywhere.

Ironically, the food situation is not so bad because the conflict has driven away so many people. Southern Humla is depopulating fast, there are few young men left. Many of them had offered to enlist in the security forces. "The Maoists were going to come after us, so we offered to join the police or army," one young Humli in Nepalgunj told us. "They didn't take us, so we decided to get out."

A 200-strong police force is stationed near the airport. The army unit has set up a base on Rani Ban, a strategic ridge above the main bazar. But at 10,500 ft, it is bitterly cold and windy here for the soldiers. "Forget about protecting the headquarters," one of them grumbled. "We are just trying not to freeze to death."

The security forces rarely go on patrol, but when they do, the villagers cower. On the road from Limi, one man huddled inside a dark tea shop whispers: "In the daytime, the soldiers come and beat us up, and at night the Maoists do the same."

Two teachers from Simikot were kidnapped and killed a few days before Daxin. Simikot resident, 29-year-old Juna Buda, was killed for not paying extortion money. Ex-MP Chakra Bahadur Shahi and VDC chairman Padam Lama had their houses looted. Jivan Shahi's home has been attacked twice.

Most schools are closed. The government dare not make the children sing the national anthem. "We take classes, but our heart is not in it, we just live from one day to the next," says one teacher. "There has never been anything here worth destroying."

An autonomous Karnali Authority to oversee development and administration could bring hope. But Kathmandu has only paid lip-service to the idea. With a resigned air, Jivan Shahi tells us: "If the donors push it, it could still happen." ♦

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**Going to the dogs**



**Privatisation is at the crossroads.**

**BHAGRATH YOGI**

Privatisation sounds great in theory. But Nepal's experience with handing over sick state-owned enterprises to private business has not guaranteed recovery. In fact, controversial privatisation deals over the past decade have reeked of malpractice.

Many public enterprises are now so far gone, there are no buyers, and the trend is towards liquidation. Soon after being appointed finance minister two months ago, Badri Prasad Shrestha unveiled his Economic Reform Program which included the privatisation of eight state-owned enterprises this fiscal year.

Ministry officials say they are fast-tracking proposals put in the deep freezer by previous governments. But many of these enterprises are so sick that there are no private-sector takers and will likely be put out their misery. The government has already decided to liquidate Nepal Coal Cottage Industrial and Handicraft Emporium and Hetauda Textiles, government sources told us.

But five others, including Hima Cement, Hetauda Cement, Birgunj Sugar, Bhaktapur Brick and Tiles and Butwal Power are

on the anvil for privatisation. The most time consuming has been the handover of Butwal Power Company (See box, p7).

"We have given top priority to Butwal Power Company," finance secretary Bharu Prasad Acharya told us. The cabinet is expected to decide late Thursday on a Norwegian-funded compensation package following the Maoist damage of the Jhimruk powerplant that is delaying the process.

After identifying seven ailing public enterprises for privatisation in 1997, the government has only managed to split the Agriculture Inputs Corporation into two separate private companies, and

carry off a tortuous sale of the National Tea Development Corporation.

Privatisation of non-performing state-owned enterprises is high up on the economic reform agenda being pushed by bilateral and multilateral donors and lenders. In its 1999-2001 Country Assistance Strategy (CAS), The World Bank tied the bank's future lending with privatisation. The government's privatisation plans are also linked to the IMF-backed Poverty Reduction and Growth Facility (PRGF).

continued → 7

**Times** **What should be the future shape of our constitution?**

Weekly Internet Poll #64

Q. Who is to blame for the SAARC Summit being postponed?

India 55.1%  
Pakistan 2.4%  
Bangladesh 2.4%  
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Q. What should be the future shape of our constitution?

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# Minors in a mar war

**Nepal's Maoists find themselves on a UN black list for recruiting children.**



HEMILATA RAI

**S**uddenly Nepal is everywhere in the news for human rights abuses, for the use of landmines, for child soldiers. In reports this week by the United Nations, Amnesty International and child welfare groups, Nepal now figures on various international lists with other countries ravaged by civil war: Afghanistan, Burundi, Sierra Leone.

A country profile released this month by the Coalition to Stop the Use of Child Soldiers says that 30 percent of Maoist militia are underage. The coalition is a consortium of six international human rights organizations working on a global ban on use of children as soldiers and based its conclusion on data collected in 2000.

Estimates of child soldiers are notoriously unreliable. The underground group is elusive, and it is difficult to tell the age of many of the militia members. One reporter who visited Rolpa in April met many Maoists who looked like they were no more than 15 years old, but when asked they all said they were 18.

All National Human Rights Commission member after a tour of the area earlier this year estimated that about one-fifth of the Maoist combatants were children below the age of 18 years. Besides combatants, the Maoists also reportedly use teenage children as porters.

On the other hand, the security forces have also been accused of impressing children on suspicion that they are

Maoists. The Supreme Court on Tuesday ordered the release of 16-year-old Divakar Adhikari who has been in prison since he was arrested by the army on suspicion of being a Maoist. Human rights groups fighting for Adhikari's release say he has been tortured.

In a country paper presented to the UN Convention on Rights of the Child. There has been no official reaction yet to the UN report, and the Maoists themselves are expected to formally repeat their denial that they are using underage soldiers.

The Human Rights and Peace Society (HURIPS) in Kathmandu has been leading a local informal coalition against child soldiering. The group's spokesperson, Krishna Paudyal, claims that the rebel leadership has no policy of using children, and is still "in the denial stage."

He added: "Awareness against the recruitment of underage children has certainly increased within the Maoist leadership, although they have not stopped the practice." Human rights organizations have reported an increased recruitment drive in the hinterland, where Maoists have forced families to give at least one teenage child to the movement for training into the militia. This has resulted in a massive out-migration of young boys and girls.

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numbers of women in their militia has meant that "children have been drawn into the process of war." It has said that a large number of children in rural areas were contributing "substantially" to the war effort and that they were an asset for the future of the revolution.

Experience of other conflicts has shown that an overwhelming number of child soldiers come from uprooted families, and from marginalized groups and minorities. Children of families who have been victims of human rights abuse by the security forces also have no inducement to join the revolution.

"There has been a sudden increase of homeless children in district headquarters and towns near Maoist-affected districts," says Gauri Prasad of the child rights group, CRYN. A recent survey in Rukum found that out of 1,000 people displaced, about 300 were children and many were ripe for recruitment. Janjati and Dalit children have been found in the Maoist "People's Army," and 80 percent of Maoists reportedly killed in encounters with security forces are from Janjati or Dalit communities.

In my experience, the majority of children actively involved in armed insurgency are motivated by other reasons, and are not coerced into the conflict," says Prasad. The current Maoist campaign to close schools is expected to provide a fresh supply of young recruits for the movement.

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by DANIEL LAK

## Human rights and wrongs

**T**here is a maddened slaying demon stalking this land and his appetite for blood and despair is growing. Nepal and Nepalis are being brutalized by a culture of violence that is transforming this former land of peace into a land of blood and despair. And they may soon be going back to invite anyone who thinks these thoughts are over the top to read "Nepal: A Deepening Human Rights Crisis" released this past week by Amnesty International in London. Almost alone among international organizations, Amnesty has been watching developments here since the Maoists fired their first shots in February 1996. Amnesty's policy is to monitor countries from outside their borders, visiting as frequently as possible to check primary sources but staying out of the day-to-day swirl of events and attitudes. Local Amnesty activists may offer some logistical support in this process but mostly they watch other countries and their colleagues from London do, but for Malaysia, Pakistan or elsewhere.

Again, it enables the organization to function with integrity and minimal influence from local power centres or militant groups. This is why Amnesty's actions are taken seriously and this is why the authorities here, and the Maoists, must read this report urgently and act upon its recommendations. Donor countries certainly will do all of these things, and Nepal needs to worry about this. Almost all latest findings are of a country that is sinking ever deeper into a morass of bloodshed and disregard for the basic humanitarian norms, let alone the rules of conflict.



Both the Maoists and government forces are accused by Amnesty International of blatantly ignoring or deliberately, as a matter of policy, abusing the human rights of Nepali civilians. Each after case is raised, names are named and details are given of grisly incidents—deaths in custody, extortion, kidnappings, rapes and torture. Each and every case raised in this report needs to be investigated thoroughly by both the accused parties and independent bodies.

A reputed Nepali-language publication should take up these cases on a

### A new Amnesty International report proves Nepal is sinking ever deeper into a morass of bloodshed and disregard for basic humanitarian norms.

civilians by any party to a conflict is banned under the Geneva convention, to which Nepal is a signatory.

The Maoists too, according to the National Human Rights Commission, say they uphold the rules of war as agreed under the convention. Many of you may say: 'I've heard it before, all too often, band in different situations. It could start with the formal acceptance of the security forces, perhaps from policemen or soldiers themselves, and it goes like this: "We are fighting a brutal uprising, our enemy uses terror and fear against us. We have no choice but to respond in kind, to fight violence with violence, fire with fire."

This argument is spurious and self-defeating. It is also potentially criminal. Ask the Indians how far dirty tricks got them in Kashmir, ask the British about how death squads and human rights abuses by their security forces in Northern Ireland only strengthened the resolve of their opponents and provided recruits to the militant groups. Ask the Sri Lankans about the same things.

The situation in Nepal is not yet beyond reversal. I for one feel that peace is possible in 2003 (2000 BS), but only with a radical realignment of strategies by the security forces, civil society and—please—the Maoists too. It could start with the formal acceptance of Amnesty's latest report on human rights, and a pledge by all sides to avoid repeating the mistakes of the past. The well-being of the country demands it. ♦

## Killing with impunity

**A new Amnesty International report exposes the human rights crisis in Nepal.**

**T**he seven-year Maoist insurgency and government attempts to contain it have resulted in serious human rights violations, according to a scathing new report by Amnesty International. The report says at least of the 4,500 victims of the conflict since November 2001 (compared to the 2,700 lives lost in the last five years) were killed unlawfully.

The vast majority of the victims were children targeted for their real or perceived support to the CPN (Maoist), others were Maoists deliberately killed after they were taken prisoner, or killed instead of being arrested. "Nepal: A Deepening Human Rights Crisis" reports torture is widespread. At least 66 people are reported to have "disappeared" since November 2001. They were last seen being taken into custody by security forces. More than 200 "disappearances" have been reported to Amnesty International.

Human rights abuses by the Maoists have included deliberate killings of an estimated 800 civilians considered "enemies of the revolution," hostage-taking for ransom, torture of people taken captive and deliberate killings of members of the security forces after they were taken captive. The Maoists have also been responsible for recruiting children into their ranks and using them in combat situations. The rapid deterioration in the human rights situation is set against a background of a mounting political crisis in the country and embedded in a pervasive climate of impunity, said the report.

Impunity is a longstanding problem in Nepal. Successive governments' willingness to condone the actions of the security forces, even when they have committed gross human rights violations, was underlined by the incorporation of Section 20 in the Terrorist and Destructive Activities (TADA). This section grants prosecution immunity to members of the security forces "or any other person" for "any act or work performed or attempted to be performed by him in good faith under the Act."

The persistent failure over the years to act against those

### Corruption report released

Transparency International released its annual report on corruption in South Asia this week, with mixed results for Nepal. Of the five countries in the survey, Nepal received the worst score for government effectiveness and official scores for graft, corruption, accountability and press freedom. However, Nepal received better scores in six of the seven measured categories of corruption than most of the other countries in the region. Only the tax sector, which 25 percent of surveyed Nepalis report as being corrupt, received a score above the regional average. The survey, which involved the participation of 3000 respondents in Nepal, asked the Nepal's four most corrupt sectors are, respectively, land administration, customs, police and the judiciary. The complete report is available at [www.transparency.org](http://www.transparency.org)

### "Back to village," say Maoists

Displaced Maoists have called on people who have fled their villages to return and "lead normal lives." Thousands of villagers have fled to Dang's towns fearing for the safety of their lives and property. But last week, the Maoists sent letters to local elders staying in Ghorahi, Tulapur, Lamahi and Bhadrapur to return or face repercussions.

The former chairman of a remote VDC who now lives in Ghorahi told us: "I don't know what to do, if I don't go back they may take me down here, but I don't trust them to leave me alone if I do go back."

Amal Shah, another villager from Teghara who has been living in Ghorahi for the last one year doesn't mind if we use his name, and tells us: "I'd rather lose all my land and property than go back to my village." The Maoists also threatened to confiscate the land and property of those who do not return to their homes, and are not allowing anyone to buy or sell land without their permission. (from Ram Hari Joshi)

### Rocca and Bhattarai

US Assistant Secretary of State for South Asia, Christina Rocca's four-day visit to Nepal was billed as a "fact-finding" mission and follows a series of high-level visits to Nepal by senior US and European officials in the past year. But Rocca also took the opportunity to hurl a warning to the Maoists that they may be placed on the US government's terrorist list if they continued with their violent activities.

"Although the Maoists have not yet been put on any official terrorist list," she added, "this step may be taken into consideration if their violence continues unabated." This was not just a general warning to the Maoist attacks on ordinary Nepalis, but officials said it was a warning to the Maoists not to target US-employed personnel in Nepal. Last month, the Maoists took responsibility for killing two Nepali security officials working for the US embassy in Kathmandu last year.

Rocca also said the US was involved in "close and continuing" dialogue with India and other countries on the situation in Nepal and said Washington wanted to see constitutional rule and multiparty democracy flourish in Nepal. She compared the Maoists to the Khmer Rouge and added that violence had to end and the insurgency was not the answer.

The tactics currently employed by the Maoist insurgents are reminiscent of the tactics of the Pol Pot in the indiscriminate taking of innocent lives, including the forced recruitment and victimisation of innocent children," she added.

White Rocca was in Nepal, the Washington Times newspaper in her capital published an interview with Baburam Bhattarai in which he appeared to answer US concerns point-by-point. Asked for his response to the comparison made between the Maoists and the Khmer Rouge, Bhattarai said that the Khmer Rouge's atrocities had been exaggerated. "There is no independent and authentic account of events in Cambodia under the Khmer Rouge available so far," Bhattarai maintained.

Asked about the killing of the embassy security personnel in Kathmandu, Bhattarai said US government employees and American citizens in Nepal were "completely safe." He said he had been accused of espionage, and added: "Henceforth, if any such charges are levelled against any such employee, the concerned employee must be advised before taking any actions."

### Elephant polo

The National Parks pole, led by Captain Ram Prit Yadav, won the double at the 21st annual World Elephant Polo Championships (WEPA) hosted by the Tiger Mountain Group on the polo field at the edge of the Royal Chitwan national park last week. The Nepal team beat Chitwan Regatta Society's Tiger Mountain Champions, captained by Peter Printice. The National Parks team also won the Tiger Mount-



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SOMEWHERE IN NEPAL

# Split personalities

## Image makeovers seem to be underway.



epal Congress president Ganesh Prasad Koirala's belated warning of an ugly "divide-and-rule" play has injected new life into the quest for consensus. The Kangres party leader had good reason to fear a domino effect of the departure of senior leaders from the CPN-UML. Nepal Sadbhavana Party leader Mukti Nath Mandal opened up the all-party resolve to stop protests against the palace, saying the Maoists were the real villains. Rastriya Prajaparta Party (RPP)

president Surya Bahadur Thapa told restive party colleagues that he signed that statement to promote national reconciliation. From the new warmth in the tone of UML general secretary Madhav Kumar Nepal's views on the monarch, Koirala knew he was running out of time to sound the siren. A day later, he promptly proceeded to the palace.

During the early Panchayat years, it was postulated that politics could easily be managed by manipulating the force and fobles

of 200 Nepals. That number grew exponentially over the decades, until it overwhelmed the system. The newly legalised parties accepted the cardinal vision in 1990. Rabinudra Nath Sharma's assertion that there were more ex-panchans in the Nepal Congress than the UML than in the RPP didn't win him the party presidency over the weekend. It did clarify how the red-carpet treatment the big parties accorded the ex-panchans in voting constituencies doomed the RPP from the start. (Six years

later, the RPP hit back by forcing congressmen and Kangres to take turns propping up its leaders as prime minister.)

In a nation fragmented on so many fronts, conflict is perhaps an inevitable fact of life. The political confrontation should be seen as an aberration. You don't need Madisonian conviction to concede that the only way such conflicts could be suppressed is by suppressing freedom. Robust and uninhibited exchanges in the marketplace of ideas are supposed to produce

things of value, like, say, criticism of the palace for seeking to marginalise political parties. They are also supposed to raise probing, if oftentimes plain, questions. What if the king genuinely didn't know how to rectify his errors? From restoring the Hindu Regency Representatives, to announcing the election date, to forming a broad-based government in keeping with the spirit of Article 128 of the constitution, to restoring the Sher Bahadur Deuba government, the possibilities are ominously expansive. Four of the Super Six outside government shouldn't have had no more problems agreeing on some solution.

To be sure, public participation in street protests has energised our parties. Those who hezared the big ones for having misled the faith of the people have turned to mocking the assemblage of activists endorsed in the relative safety of the press. They fail to learn from the protests of 1979 and 1979. It's not for nothing that Kathmandu is still called Nepal by old-timers.

One remarkable thing about post-4 October politics is the image makeover that seems to be underway in the mainstream. A lot of us still believe our leaders have become democratically elected, their privileges are under threat. At least we're now prepared to be proved wrong. Consider the number of people who see political cut-throats in the Khadga-Gupta-Wagle trio's graft travails. The people love the loud voices that are being used in support of our liberties. We need much more, though, to conclude they resonate with genuine concern for our people to participate in collective decisions. We've come a long way since the days when the Rastriya Panchayat members from Doshi used to be feared with overflowing success in Bhandara during zero hour. It's just that the national film has received the attention it deserves.

The suspension of civil liberties during the state of emergency couldn't sufficiently alert us to what we risked losing irreversibly. Much will depend on how well we have learned our lessons this time. Love them, or hate them, but our leaders aren't going to get any better than this. The political class, too, must have realised that the tools of the democracy campaign are infinitely different from those of a perpetual war of national liberation. Political victory needs a double-stranded inoculation of humility to uphold the supremacy of those they represent. ♦

### ECONOMY

BIZ NEWS

#### Tenth Plan

As usual, the Tenth Five Year Plan (2002-07) has identified poverty reduction as its overriding goal. The plan, made public this week, aims at reducing the number of people below poverty to 30 percent of the total population in the next five years. The National Planning Commission (NPC) has estimated 68 percent of the current population lives below the poverty line. Vice Chairman of the National Planning Commission (NPC) Shankar Sharma said 58 percent of the total development expenditure in the plan period was expected to be financed by foreign aid. The plan has set a 6.2 percent growth target for the year and overall situation improves. It is, however, the plan will settle for 4.3 percent growth. The plan emphasises coordinating security and development issues, reconstruction of infrastructure destroyed by the Maoist insurgency and rehabilitating people who have fled from their villages.

#### ADB assistance

Perhaps due to the dire situation the country faces, the Asian Development Bank (ADB) a major multilateral donor, has pledged to nearly double its assistance to Nepal next year. The ADB will provide a \$15 million loan and grants to Nepal for 2003, up from \$50 million last year. Resident representative of the bank in Kathmandu, Richard Vokes, said the sum will be disbursed for five loans and nine technical assistance projects. He said deteriorating security has been the biggest impediment for economic development in the country. "Given the continuing political instability and official security situation, the targeted economic growth rate of 4.3 percent in the current year is clearly not achievable," said Vokes. In 2002 the ADB approved two loans for secondary education support project and urban environment improvement project.

#### Shikhar Beats

Twenty bands have been selected to take part in the Shikhar Music Beat Contest to be held in Kathmandu on 4-5 January. Popular bands like Cobwebs, Rishi & Lones, Malik & Rishi, D. P. Dixi, The Mystic Band are scheduled to perform at the concert. The winners stand to win Rs 172,000. Surja Nepal is sponsoring the program to promote its premium tobacco product, Shikhar. Vogue Advertisement and Event Management will organise the event at Darashar Studio in the capital.

#### Signature Whisky Launched

Nepal Liquors, in collaboration with McDowell & Company, has launched Signature Rare Whisky in the Nepal market this week. Manufactured at its plant at Biratnagar, Signature Whisky is an exquisite blend of rare aged Scotch whiskies and other distinctive malts. It is smooth and has a mellow character, catering to the refined tastes of the contemporary Nepali palates, said Gautam Mallick, general sales manager at the company. The 750 ml bottle of Signature Whisky will cost Rs 525 in the domestic market. Nepal Liquors is well known for brands like McDowell's No. 1, McDowell's Premium and Bagpiper.

#### New showroom of Morang Auto

Nepal Auto Works, the distributor for Yamaha motorcycles in Nepal for the past 27 years, has opened its new showroom at Tripureswar. The increased volume of business led the management to shift to a larger showroom, built to standards set by Yamaha Motor Co. (Japan). Morang Auto hopes the spacious and scientifically planned new showroom will cater efficiently to customer needs.

#### Travelling in style

Samsoneite, the global leader in luggage, has opened an outlet in the city of Dhar Mani in the capital. Samsoneite Travel World, the one stop shop for all travel needs for the consumer, displays a range of Samsoneite luggage as well as other products to create a suitable ambience for discerning shoppers. The company philosophy—to be recognised for travel solutions—emphasises catering to a changing consumer attitude.

# Seeing out

from p1

Tangible progress in the handover of Royal Nepal Airlines Corporation (RNAC) and Nepal Telecommunications Corporation (NTC) were in fact among the main conditions for Nepal qualifying for the World Bank's high-income loan scenario.

The new tourism minister, Kuber Sharma statement last month, that he was willing to hand over the management control of the loss-making airline to the private sector or to the government, was a landmark move. Sharma's deputy, Ravi Shrestha, clarified to us last week that what the minister actually meant was that RNAC would be turned into a public limited company with majority share in the government. As it happens, the national airline actually means streamlining management and curb its annual losses of Rs 1 billion.

Ever since privatisation was launched by the Nepal Congress government in 1992, 18 companies have been handed over, but there are over two dozen in various stages of sickness still left. They are hemorrhaging Rs 2.4 billion a year, and the government is just not able to pick up the tab anymore. Just RNAC makes up nearly half the losses every year.

According to a recent Finance Ministry report, only 14 enterprises have completed their audited reports. It adds: "The performance indicators of public enterprises show that the financial efficiency and physical achievements are worsening day by day. The government has only received Rs 246.7 million from state enterprises, 1.27 percent of its total share investment."

Officials say the major objectives of Nepal's largely donor-driven privatisation program have been reducing the role of government in the economy and attracting private "dry capital in business ventures. In the critics say the forthcoming liquidation "prove the failure of the privatisation process. It is a sad state of affairs," says Narayan Manandhar. "How can you call liquidation of companies on the verge of debt privatisation?"

Ratnakar Adhikari, co-author of the book, Privatisation: Expectation vs Reality, also argues that privatisation, by definition, should increase competition and efficiency in the market. "But most of the privatised enterprises have turned into sick units and the country hasn't gained much from the privatisation in the end. It seems to have been directed out of donor pressures," he added.

Officials deny that the process is donor-driven, and say privatisation has now become a question of the survival of the treasury. They cite the example of the Sivalaya Jangiraj Qargare Factory which has 1,200 employees, but occupies only 22 percent of the tobacco market in the

COMMENT

by NAVIN SUBEDI

# Rural consumers

There is salvation for consumer goods manufacturers.

Manufacturers of Fast Moving Consumer Goods (FMCG), as it is known in business circles, have zeroed in on the rural markets in South Asia to raise profit margins. Having plateaued a bit with urban saturation, they are going back to the villages.

Cut-throat competition in several FMCG categories has led to a search for alternatives. That is why companies like Hindustan Lever were smart enough to recognise the potential of an otherwise neglected rural market. The answer for our well-behaved economy could lie in the vast majority of Nepali consumers spread through the nearly 4,000 villages in this country.

The rural market has lain fallow for several reasons. Most Nepali marketers see rural areas as poverty-stricken and disease infested with low or no disposable income. A lack of credible studies and statistics of the rural retailing environment and consumer behaviour have undoubtedly contributed to this opinion. But studies have shown that it is the volume that makes this market lucrative.

Except for some organised retailers, most of the urban areas, small outlets in rural areas dominate the retailing landscape in Nepal. A recent AC Nielsen ORG-MARC study estimated there are 130,000 outlets in rural Nepal. Most of these shops are small with daily turnovers less than Rs 1,000. They sell anything from daily necessities to cosmetics and medicine.



Urban areas like Kathmandu undoubtedly comprise the bulk of FMCG consumption for the Big Boys. A multipurpose household budget survey conducted by the Nepal Rastri Bank says per capita household expenditures in some personal care items have increased approximately five fold between 1985 and 1995. So, it comes as no surprise that FMCG manufacturers concentrate their promotions in urban areas.

On the other hand, the per capita consumption of these products is already stagnating and shelfspace is at a premium. Consumers are growing immune to discounts and bumper schemes, which result in lower profit margins. The logic behind the freebies doesn't always add up. A family of four which uses a tube of toothpaste a month will not increase their consumption regardless of the price in prices and a bumper offer.

"Golcha complains that he pays twice over Rs 6,000 per tonne of paper, whereas cheap paper is being imported from international market at zero. How can we survive in such a situation?" he asks.

The privatisation process has been bungled mainly because of political interference and corruption, even though the rules and procedures are in place. The new government needs to not just redress past wrongs, but also meet fresh targets. Donors supporting privatisation realise this is big challenge for the government, but say it has to bite the bullet.

"State-owned enterprises are a major burden on the treasury and have a history of mismanagement and inefficiency and they add a further financial burden to a government budget already under strain," says Chris Jackson, economic adviser at the British aid group, DfID. "Privatisation is a difficult reform area. However, we hope to see evidence of commitment in privatisation reform in pursuing reform driven by the current fiscal crisis."

DfID had no plans to provide further support to public enterprise reform, but Jackson says he would consider funding further efforts to build evidence of commitment from the government. Under a DfID grant totalling \$4.5 million, the Adam Smith Institute advised the Privatisation Commission to conduct a study in 1997-2001.

The process is now at the crossroads, and some say it needs a serious re-think. Says Dil Raj Khanal, economist and former UML MP, "Questions have been raised on the credibility of the whole process of privatisation, which has also supported it on a merit basis. There is a need to make the entire process more transparent and credible."

# BPC saga finally nears end

as they would find alternative projects for investment elsewhere," said Newegon officials.

BPC's Nepal's biggest privatisation project, and InterGrid Nepal had bid for 75 percent share of the BPC at Rs 950 million. Its rival, Independent Power Company (IPC) Nepal, had bid for 75 percent share at Rs 950 million. The government had invited InterGrid for negotiations in March this year, but then the plan was bombed by the Maoists.

Established jointly by the Nepal government and United Nations in April 1996, Bawal Power Company manages and operates two hydro-power stations with a total capacity of 17 MW and owns 14.9 percent of Himal Power Limited. Himal Power is currently owner and operator of the \$135 million 60 MW Khimti hydro-power project.

## Season's Indulgence

Carol Singing and soothing Saxophone recital in the Lobby

**24 December**

A breathtaking X-Mas menu will unfold with the likes of Royal Turkey and Plum Pudding accompanied with fine flow of wine. Live Saxophone performance.

**24 December**

X-Mas Eve buffet at TFC with an elaborate spread including Royal Turkey accompanied with fine flow of wine, beer or soft drinks.

For dinner at Rs. 1299 nett.

**25 December**

X-Mas brunch at TFC with Royal Turkey and Fine Flow of Sparkling wine, beer or soft drinks.

Rs. 1199 nett.

**31 December**

Livish Buffet dinner accompanied with Live Music. Includes welcome drink, fine flow of Sparkling wine, beer or soft drinks.

Rs. 1199 nett.

**Santa on Sale**

Widespread display of X-Mas goodies, cakes and breads. The Pastry Shop throws up an assortment of plain puddings, cakes, Yule Logs, Jellies, Chocolate Santa. Or custom create your own imaginative hamper.

**the Pastry Shop**

**Inferno - the curse of Cain**

A live-wire event with the most astounding band and sound synchronized by the most happening DJ - Jimmy Tangek & Jerry Joy in the DJ circuit (Concerted the Best DJ in India) **Buffer Drink with Unlimited Drinks**

**December 27th at Mega-Disko Ballroom.**

**Radisson Hotel**

Lazimpat, Kathmandu

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## FOLLOW-UP

# Rabina and Rabin in hospital

**NARESH NEWAR**

"It all seems like a dream to me," says Shakti Bahadur Regmi as he watches his children Rabina and Rabin playing in the hospital garden. Bhakta Bahadur had just arrived with his children on Saturday at the Sushma Saria Memorial Hospital (SSM) in Sankhu after a six-hour ride from Simara.

There has been overwhelming support for the Regni family since this tragic story was first reported ("Why the children?" #121), and the SSMH offered free treatment. Rabina and Rabin were badly hurt in a Maoist attack on their bus on a November near Makgadha. Bhakta Bahadur's wife, Anju, was among three passengers who died in the incident. The children have still not been told of their mother's death.

When Dr Andrew Settle of SSMH read the story, he was touched that he got the hospital to offer free treatment to "matters how long it takes. I'll keep reply after reading their story. I've come across a lot of severe cases like this. But the history of this case is very tragic," Settle told us.

Individual donations through the human rights organization (NHRC) for Rabina and Rabin's expenses and rehabilitation have reached nearly Rs 50,000. Many of the contributions came from school children. "When I read the story I couldn't stop crying," recalls Sarah Neupane, of Class 11 at St Mary's School. "We thought we could contribute, so we made copies of the article and distributed it." Neupane's effort raised Rs 5,000 from her classmates.

The story of Rabin and Rabina shows the impact of the Maoist war and the suffering that the Nepalis, especially children, are going through," said another contributor, Misra Shrestha from Sijuti Bazar.

Bhakta Bahadur thinks god has answered his prayers, and it is thankful that fellow Nepalis have responded so immediately and generously to his family's tragedy. He had no one else to turn to, and whether his children would recover fully or

**Why the children?**

In NHRC, activists say they were happily surprised with the wholehearted support from Nepal and abroad. "It has inspired us to introduce a whole new approach to self-help," says Kabin Raj Karki, co-chairman of the Children's Program of NHRC. "As a human rights organization we cannot reach every victim, but we have seen that media can play a role in highlighting the senselessness of violence."

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Rabin and Rabin with their father, Bhakta Bahadur Regmi, and Dr Andrew Settle at the Sushma Saria Memorial Hospital in Sankhu.

NHRC will hand over the collection to a bank account in the name of Rabina and Rabin Regni next week. Contributors so far: 1. Sushma Saria Memorial Hospital (Rs 10,000); 2. United School Children (Rs 2,000); 3. Sushma Saria Memorial Hospital (Rs 5,000); 4. Sushma Saria Memorial Hospital (Rs 5,000); 5. Sushma Saria Memorial Hospital (Rs 5,000); 6. Sushma Saria Memorial Hospital (Rs 5,000); 7. Sushma Saria Memorial Hospital (Rs 5,000); 8. Sushma Saria Memorial Hospital (Rs 5,000); 9. Sushma Saria Memorial Hospital (Rs 5,000); 10. Sushma Saria Memorial Hospital (Rs 5,000); 11. Sushma Saria Memorial Hospital (Rs 5,000); 12. Sushma Saria Memorial Hospital (Rs 5,000); 13. Sushma Saria Memorial Hospital (Rs 5,000); 14. Sushma Saria Memorial Hospital (Rs 5,000); 15. Sushma Saria Memorial Hospital (Rs 5,000); 16. Sushma Saria Memorial Hospital (Rs 5,000); 17. Sushma Saria Memorial Hospital (Rs 5,000); 18. Sushma Saria Memorial Hospital (Rs 5,000); 19. 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This holiday season, do things you never got around to doing in Kathmandu Valley.

# Not been there, not yet done that

It's mandatory to have a good time over the Christmas and New Year holidays, so much so that most of us face alarming levels of stress just reaching the best way to ring in the new. Simply a case of too many options, and too little time. This year, the annual NT guide to celebrations attempts to survey everything from the traditional roast turkey to the not-so-traditional pink salmon steak, so you can concentrate on serious celebration. Once you make up your mind all you have to do is step off the treadmill, give thanks for the year that was, seek good cheer at the bottom of a glass of eggnog, and make some new year resolution that will stick.

True gourmets have plenty of reason to celebrate as restaurants pull out all the stops to tempt the discerning palate. Christmas Eve dinner at the Hyatt Regency's Root Restaurant promises to be quite

spendid—delicious soup, entrees and turkey, all rounded off with Christmas pudding. 491234

For great ambience and a cosmopolitan Christmas, you can't do better than Café Mitra. Celebrate the season surrounded by contemporary art and the temptation of good wine and imaginative cuisine that features melting brie tarts, pink salmon steak and sweet mango soufflé. 259015

This holiday season, you can combine good cheer with charity if you eat at the Yak & Yeti because management makes a contribution to the Friends Council Service of Nepal with each meal. Good deeds are easy if it is a five-course dinner at the Chinese Restaurant. Feast on salmon and trout, traditional roast turkey, plum pudding and mulled wine by the fireplace.

Pairs of lovers can come alive on New Year's Eve with Moulin Rouge—fabulous French can-can dances and an international gourmet buffet prepared by Executive Chef Victor Holla. The Moulin Rouge audience has free entry to Sinners in Heaven at the Artium. 248999

It's a difficult choice between a Christmas Eve buffet or perhaps a grand buffet lunch the next day at Alibonso in Southe Crown Plaza. Perhaps both? Humble is more your style, then step into the new year at Mogha-Mallu with international dancers and Pancharatna. Sample the sweet treats at the patisserie with a generous 20 percent discount. 272555

In the quiet heights of Saraya, within the comfortable premises of the Summit Hotel you can enjoy a peaceful Christmas dinner with the option for a vegetarian menu. The same treats can be encountered within the palace walls of Patan Museum Café

on Christmas Eve or day. Or go dance the night away on New Year's Eve at the Summit. 521824

Candlelight, a Christmas tree and an unparalleled menu: homemade egg nog, hot mulled wine, traditional turkey finished off with warm Christmas pudding—Kilroy's creates a European flavoured Christmas celebration.

Christmas day is a family affair when Santa Claus visits with gifts for the kids. 250440

Hotel de l'Annapurna promises variety for the whole family. The Coffee Shop is the venue for Christmas and New Year celebrations with great food, even for vegetarians, and a live DJ. Chef's Kabab will offer an unlimited kabab and beverages accompanied by ghazal recitals by maestro Nazir Singh. 221711

Then, of course, there are those of us who would only be too delighted to either get out of Kathmandu all together, or find an oasis of calm here in the Valley. There are magical destinations waiting, some of them a lot closer than you think.

Escape the humdrum at Dwarika's Hotel. Check in for a Christmas or New Year's package that includes a soothing massage, delicious afternoon tea and seasonal pastries. At Christmas enjoy cocktails and a six-course dinner or a gala dinner with a live band on New Year's Eve. On Christmas day, indulge in a traditional lunch with all the trimmings. 479488

Godavari Resort, the eco-friendly resort located 13 km from the city centre, is set among extensive gardens and offers an overnight package for New Year's Eve that includes breakfast (in



bed), a welcome drink, special gala dinner with wine and live music by the Heartbreakers. Wine and dine on a set menu on Christmas day. 560675

Amidst the serenity of the Gokarna forest with a backdrop of the Himalayas is Le Meridien, the only international standard 18-hole course in Nepal. So if golf's your bag, gift yourself a two night stay at the Country Club Heritage rooms for golfers with meals at Country Club House or Hunter's Lodge Restaurant. ♦

Everest Panorama Resort has a view worth waking up to on New Year's Day. Taken in from the private balcony of your centrally heated cottage. The pine and oak forests are great for hikes. For more leisurely pursuits there is mini golf, tennis or a spot of fishing in India Sarovar. Round off the day with a Jacuzzi or sauna session. 415073

Just away from Nagarkot proper is Nagarkot Farm House, a hilltop resort surrounded by thousands of fruit trees and great mountain views from the typical Nepali-style building. The cozy restaurant prepares set meals from local organic produce. A serene setting to enjoy long walks, good company and perhaps contemplate the universe. 271545

Drunkil Lodge Resort, built in the Nepali style, faces the Panchal Valley and offers breathtaking views of the Annapurna peaks and terraced hillsides. You can mountain bike, go on hikes, raft or just lounge on the outdoor garden patio. Packages are available for Christmas and New Year. 222389

You can't do better than a glowing recommendation from Time Magazine. "If Kathmandu's relentless traffic, noise and intense laden smog becomes a little too suffocating, head to Nagarkot for some clarity... and there, the Club Himalaya Resort boasts an indoor pool, sauna and a helipad." Head for Nagarkot's trendy resort. 414432

Borderland is the prime destination for adventure junkies. Three hours north of Kathmandu, the resort is set on sprawling terraces surrounded by mountains and waterfalls. Borderland offers very special Christmas Adventure Packages that include village walks, rafting, canyoning, rock climbing and a trek around the Tibet border. 425836

"Silent Nights" at Shang-La Village, the boutique resort in Pokhara, celebrates the holiday season, with special rates for Nepalis and residents of Nepal. The Jazz Bar hosts Christmas Eve dinner, while Shang-La Garden will serve buffet lunch on Christmas day. Celebrate the New Year at the Jazz Bar with an overnigher. 435741

Borderland Resorts Pvt. Ltd. 425834  
info@borderlandresorts.com  
www.borderlandresorts.com



## Out of Towners

Get on the breathtaking Seti River gorge, the Faldan Resort & Spa offers special three-day winter packages that includes golf and tennis and a 30 percent discount on all spa facilities. Ring in the New Year with a grand ball, dinner, live music and lots of attractive prizes and gift hampers. 780306

If you want exotic and remote that is within reach, then a 20 minute flight from Pokhara takes you on one of the world's most spectacular flights between Annapurna and Dhaulagiri to Jomsom Mountain Resort. The resort sits above the delightful town of Jomsom, overlooking the Kali Gandaki gorge and on the lap of the Nigiri. The three-night package includes a round trip air ticket from Pokhara and pony

tours of Marpha village. 490146

If you want to go somewhere warmer, then Temple Tiger Jungle Lodge in the Royal Chitwan National Park is the place for you. This is a deluxe jungle resort with individual villas with attached baths and private balconies, and daily guided tours by trained naturalists. In the evenings, look forward to a crackling wood fire and excellent food. 246551

What better way to greet the new year than taking a flight to see Mt. Everest (Sagarmatha, Chomolungma) up close in the year that marks the 50th anniversary of the first ascent of the world's highest mountain. Necon Air, Buddha Air and Cosmic Air offer sightseeing flights.

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## Refugee rights

CANBERRA - Australia's refugee policy has led to rights abuses says US-based Human Rights Watch (HRW) in its report, "By Invitation Only: Australian Asylum Policy". Canberra's "Pacific solution", which involved diverting asylum seekers from Australian waters to Pacific nations willing to take them on a short term basis in return for financial support is also viewed critically. HRW takes issue with Australian government claims that simply because asylum seekers transferred through another country on their way to Australia they should be returned to their country of origin. Controversy continues to surround the Oct 19, 2001 sinking of the *SIEV-4*, which went down in international waters, resulting in the drowning of 353 people.

The Australian government rejects the accusations of human rights abuses. Phillip Ruddock, of the Ministry for Immigration, Multicultural and Indigenous Affairs, rejected the Human Rights Watch report as "larded with factual errors and...defending the practice of people smugglers". The Australian government recently rejected recommendations from the Human Rights Sub-Committee of the Joint Standing Committee on Foreign Affairs, Defence and Trade to set time limits for refugee determinations. (P)

## Trading places

GENEVA - The World Trade Organisation (WTO) continues to attract new members despite the fact that multilateral negotiations continue to be bogged down by disputes between the developing South and the industrialised North. China, which struggled for 15 years to become part of the international trade system, finally acceded to the WTO a year ago, on Dec 11, 2001. China became the largest consumer market on the WTO roster and has eight years to adapt its economy to comply with the multilateral system's rules.

The WTO approved the accession of Armenia to its membership, on the basis of Macedonia's accession bringing the member-country total to 146. However, the open-door policy the WTO has followed since its creation in 1995 has encountered an exception in the case of Iran. The US blocked Iran's accession to the multilateral trade body for the eighth time in the last year and a half.

Supachai Panitchpakdi, the WTO chief, said reversing the marginalisation of the least developed countries (LDCs) is one of the major challenges the organisation faces. The participation of the 49 LDCs in global trade has fallen from 0.8 percent in 1980 to 0.5 percent. (P)

## Ethical dealings

WASHINGTON - An anti-corruption group has unveiled a set of guidelines that it says will help reduce corrupt practices by transnational corporations and their agents in the developing world. TRACE (Transparent Agents and Contracting Entities) says its "Standard for Doing Business with Internationals Internationally" will fill a critical gap in global commercial practices and correct some of the wrongdoing seen increasingly in international business deals.

The non-profit organisation says its effort, supported by major law firms and investor groups, is aimed at corporations that conduct business with foreign governments. Under the standard, firms would: review the business and technical credentials of foreign business intermediaries; require three independent business references for the person; request disclosure of prior bankruptcies or lawsuits; and do an extensive media search of the intermediaries and their family. They would also investigate whether any government official or political candidate has ownership interest and family relationships to the business concerned.

Applying the TRACES standard would eliminate bribery, especially in industries like arms trade, oil and gas, and construction and engineering, where multinational firms use agents in talks with foreign governments. (P)

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## COMMENT

## "Big bang" union

A large EU will have to have the character of a federation; this is a question of arithmetic, not ideology.

Ukraine. Russia is just too big, too Asian, too nuclear, and too much of a "great power", to be accommodated inside the EU.

In theory, the advantage of this "big bang" enlargement is that while the EU appears to be being transformed by the strategic revolution underway in Washington. For the past 50 years, the EU was largely able to convert a policy of radical re-think needed for a bigger EU. Past enlargements have been in packets of one, two, or at most three new members and existing members pretended they need not fundamentally change the EU's institutional arrangements.

That pretence is no longer tenable. Fortunately, the ground is being prepared for reform by a convention on the future of the union, chaired by former French President Valéry Giscard d'Estaing.

The trouble is the speed of escalation coincides with a swing of opinion in a number of member states in favour of a more intergovernmental EU, with more emphasis on cooperation between sovereign states and less attention to common EU institutions. This is notable among big member states like Britain, France, and Spain; former "great powers" who have been subsumed in a mega-Europe. They hope to perpetuate their influence by asserting claims of national sovereignty.

But this is the wrong solution to the problem of a bigger EU. Decision-making is already difficult in an EU with 15 members. It will become impossible unless the scope for majority voting is enlarged, and the veto power of individual states reduced. A large EU will have to have much more the character of a federation than a small EU. This is a question of arithmetic, not ideology. A large EU will have to have much more the character of a federation than a small EU. This is a question of arithmetic, not ideology.

British Prime Minister Tony Blair says that Europe should be a partner, not a servant or a rival, of the US. This would certainly be progress on the European side and would require much closer foreign policy cooperation within Europe. But unless there is a fundamental change in the posture of the Bush administration, it seems doubtful that partnership will be on offer at all. It is for as much as it is for the EU, which the US actually has in its own immediate national interests, the EU will be compelled to do likewise. No EU government, however, yet seems prepared to face this.

(Ian Davidson is an adviser to, and a columnist for, the European Policy Centre, Brussels, and a former columnist for the Financial Times.)

by JOSEPH STIGLITZ



## Celebrating the irrational

It is important to study people and economies as they are, not as we want them to be.



There comes a time when the new Nobel laureates in economics, Daniel Kahneman of Princeton University and Vernon Smith of George Mason University in Virginia, like many Nobel prizes, are awarded to recognize the actions of thought they help to lead.

Kahneman, a psychologist, has demonstrated how individuals systematically behave in ways less rational than orthodox economists believe they do. His research shows not only that individuals sometimes act differently than standard economic theory predicts, but they do so regularly, systematically, and in ways that can be understood and interpreted through alternative hypotheses, competing with those utilised by orthodox economists.

It is not market participants and indeed, ordinary observers—who do not seem like big news. Wall Street brokers who peddled stocks they knew to be garbage exploited the irrationality that Kahneman and Smith exposed. Much of the mania that led to the bubble economy was based on exploiting investor irrationality.

In fact, this irrationality is no news to the economic profession either. John Maynard Keynes described the stock market as based on a beauty contest where the winner guesses best what the judges will say.

This year's Nobel prize celebrates a critique of simplistic market economics, just as last year's would did. Last year's prize was awarded to different market participants have different (and imperfect) information, and these asymmetries in information have profound impact on how an economy functions.

They implied that markets were not, in general, efficient; that there was an important role for government to play. Adam Smith's invisible hand is invisible at least in part because it is not. For more than twenty years economists were enthralled to so-called "rational expectations" models which assumed that all participants have the same (if not perfect) information and act perfectly rationally, that markets are perfectly efficient, that unemployment never exists and where there is never any credit rationing.

One reason that economics is such a difficult subject is that economists cannot conduct controlled experiments. Critics say subjects bring to experimental situations modes of thought determined outside of the experiment, and that the experiments are not clean and the inferences are not as clear cut. Nonetheless, economic experiments provide insights into a number of important issues, such as the use of improved design of auctions. Most importantly, the irrationality of market participants, which was the focus of

by IAN DAVIDSON

ASIA

## OPINION

by PRAFUL BIDWAI



## Scuttled meet

Sabotaging SAARC's evolution into a vibrant economic bloc is the surest way of shooting oneself in the foot.

In 1999, India cancelled a SAARC summit following a major conflict with Pakistan at Kargil. The time round, India finally claimed they were not communicating summit dates, although they were in September.

Later, New Delhi made its attendance conditional upon "progress" toward setting up a South Asian Free Trade Agreement, and still later, on Pakistan ending its support to "cross-border terrorism".

It accuses Pakistan of dragging its feet and trying to wriggle out of its commitment to allow more imports from India and grant it MFN (Most Favoured Nations) treatment under a World Trade Organisation agreement. This is largely true, but the reality is more complex. Pakistan says the MFN issue is extraneous to SAARC. SAARC has lived with India's neglected trade with other SAARC-associated faces who try to scuttle the summit. It has to do with two calculations.

First, its leadership is loath to go to Islamabad and duke hands with President Musharraf. Musharraf wants normalisation of relations with India. India is in a difficult position on this, and the condition on loans to Kashmir, which India is reluctant to hold. Absent diplomatic contacts, and under reason, the two countries are again going to a nasty confrontation, branding the nuclear sword—

with potentially disastrous global consequences.

India's second calculation is that SAARC is dispensable. New Delhi would like to pretend it is in the global big league by virtue of the size of its economy, the skills of the educated layers of its population, and its relative success in information technology. It would rather do business with superpowers like the US, the EU and Japan, and the Association of South-east Asian Nations (ASEAN), which is considerably more dynamic and attractive than SAARC. India has found it hard to enter into a cosy relationship with any trade bloc. India has been knocking on ASEAN doors, but the latter is moving to set up free trade agreements with China, South Korea and Japan. Meanwhile, India has neglected trade with other SAARC-associated faces who try to scuttle the summit. It has to do with two calculations.

First, its leadership is loath to go to Islamabad and duke hands with President Musharraf. Musharraf wants normalisation of relations with India. India is in a difficult position on this, and the condition on loans to Kashmir, which India is reluctant to hold. Absent diplomatic contacts, and under reason, the two countries are again going to a nasty confrontation, branding the nuclear sword—

with potentially disastrous global consequences.

by ANTOINETA BEZLOVA

## ANALYSIS

## Party doctrine for Xiaokang

Chinese leaders' new rallying cry to build 'xiaokang' or a well-off life, which emerged from their crucial 16th Communist Party congress in November, underscores their increasing anxiety over social inequality in the country.

Confucius, in origin, a 3,000-year-old phrase refers to a condition of moderate prosperity, and its flaking out as the new party doctrine is meant to appease the grievances of millions of Chinese peasants and workers who have been left by the wayside by more than 20 years of wrenching market reforms. The Chinese communist leadership will likely to admit its ultimate goal is to create a middle class, party theoreticians have opted for a term with rich historical connotations that would appeal both to the rural and urban well-off groups and placate the disgruntled social classes.

In the wake of the congress, a deluge of media reports about 'xiaokang' have said that all of China will reach this level of moderate well-off life by 2020. This is a revision of late paramount leader Deng Xiaoping's stated goal in 1979 of reaching a well-off society by the end of the 20th century. At the time, Deng also warned that in the rush toward modernisation some people would "get rich first" while the majority of the country's 1.3 billion population would get rich later. "The new line indicates China's leadership will pursue attention to overall social progress in addition to economic growth," says Lu Xing, vice-president of the Institute of Sociology at the Chinese Academy of Social Sciences.

In his speech at the party congress, outgoing party chief Jiang Zemin admitted that the well-off life that Chinese people were living was "a low level" "well-off society" and "very uneven". He pledged to quadruple the country's per capita gross domestic product (GDP) in 2000 by 2020, meaning it will exceed \$5000. But the real challenge China faces in pursuing its overall 'xiaokang' society is how to achieve fair distribution of social wealth because 'xiaokang' denotes not only material comfort, but also social equality.

Economic development has been the top priority in the past two decades. Social inequality has been a by-product of economic development, including political scientists and economists, in one of China's most influential think-tank publications, the Strategy and Management Journal, in May,

The new blueprint for China's future development.

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China's future development.

## Biodiversity and biopiracy

NEW DELHI - India's new biodiversity act has been a source of criticism from leading environmental activists who say the legislation alienates indigenous farmers from their own resources—but facilitates biopiracy.

Union Environment and Forests Minister T R Baalu, claims the act safeguards the interests of local people, growers and cultivators of biological diversity, as well as Indian researchers through the new National Biodiversity Authority (NBA). State level boards and management committees that will regulate access to plant and animal genetic resources support the act. Indian citizens and companies are allowed free access to biological resources while the country for research purposes but are banned from transferring findings to foreign entities without the NBA's approval.

Critics from the Forest Foundation for Science Technology and the Environment (FFSTE) argue these provisions only succeed in burying biodiversity under a mountain of bureaucracy that can only serve to alienate ordinary farmers from their resources while making international biopiracy easier.

India has documented over 45,000 species of flora and 75,000 known species of fauna and contains with its borders two of the world's 12 biogeographic zones. The country is one of the world's 12 megacentres of biodiversity. (P)

## Extremist activity

NEW DELHI - India's security forces have been focused on Indonesia and the Philippines, but new reports indicate that there may be more links to extremist activity in neighbouring Malaysia than has previously been thought of. According to a report from the International Crisis Group (ICG), Malaysia has been a base for terrorist groups for over the past years.

A symposium on Islam last week at the United Nations University in Tokyo, Malaysia, said that Malaysia's security forces had a link between a group of Malaysian Muslims and the al-Qaeda network. He said the link could be traced to the 80s, when a group of Malaysian Muslims from south-east Asia were taken to Pakistan for religious studies came in contact with Al-Qaeda fighting occupying Soviet forces.

Since last year, the government has used the tough Internal Security Act to arrest over 700 people accused of being supporters of Jamaat Islamiyah, the Bangladesh-based group that has been blamed for the 1996 attacks in Bali. While Jamaat says the terrorist link was only through a small group, the ICG report puts more emphasis on Malaysia's role. (P)

## Biased reporting

DHAKA - The release from detention of two foreign television journalists last week and the continued imprisonment of two of their local colleagues in Bangladesh, has been blamed for the Centre for International Journalism's report that the Bangladesh government is biased against the press. The report, released last week, said that the government's decision to imprison the journalists, but also highlighted supporters of the foreign media's intentions when reporting about Bangladesh and the international attention to religious extremists in Asia. (P)

Police said the two entered the country to gather "twisted information with a motive to project Bangladesh as a base for extremist organisations and a sanctuary for the members of dreaded al-Qaeda and Taliban". They were released on condition that they would not broadcast any material shot in Bangladesh. No formal charges were brought against the journalists, who used false identities. Their arrests started a bitter debate over the wisdom of the government's decision to imprison the journalists, but also highlighted supporters of the foreign media's intentions when reporting about Bangladesh and the international attention to religious extremists in Asia. (P)

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## Under My Hat

by Kunda Dixit

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## NEPALI SOCIETY

# Positively Malvika

Miss Nepal 2002 Malvika Subba's private hurdle was learning to strut in high heels. She pursued that with the single-minded determination that she applies to her life. "You have to really believe in what you're doing because if you're unsure then your objective isn't clear. Make a plan for what you want and how you're going to get there. Then go for it."

This 21-year-old set her sights on the Miss Nepal crown when the pageant began in 1994 but waited till she graduated before sending in an application. For a closet feminist ("I know what my rights are and what I want, but I don't go on and on about it"), Malvika thinks beauty pageants "are a positive way to showcase what you are" and nothing annoys her more than airhead stereotypes of beauty queens. She plans to get a degree in mass communication with a little TV presenting on the side, just till she learns enough to work behind the camera.

She dislikes judgmental people, but in the two weeks since being crowned has learned that as a public figure she will be judged. "People expect to see someone petite, graceful and

fashionable and if you want to live up to that, you have to try to be perfect. But at the end of the day I'm just normal Malvika," she says. Her family and friends don't treat her any differently. With a small mouse she says her mother still monitors her pocket money, doesn't allow too many late nights, too much TV or long phone conversations.

Malvika confesses she wasn't used to the attention. "I'm not enjoying all of it because now, as a public figure, I think before doing things. But I'm liking it in my stride," she says confidently. The highlights of her public appearances have been her fans, young aspiring beauty queens, who ask for autographs and tips. Her advice? "Finish your education because that's really important. Absorb what's happening, read and groom yourself."

Malvika thinks Nepali pageants have a long way to go compared to India where they have become lucrative money-spinners, especially after the success of several Indians at the Miss Universe and Miss World contests. Given the chance, she would like to compete for Miss World and represent Nepal as an "Ambassador of Peace".

"We have to show we want peace and are determined to reclaim what we had before—a peaceful nation where we did not have to live in fear." ♦

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