

## BANGLADESH

*By a Special Contributor*

**A**lthough Bangladesh continues to be one of the world's poorest countries, with nearly half its population of 130 million, packed into an area the size of Greece, market reforms and liberalisation have pushed economic growth to an average 5% per annum. Inflow of foreign capital has improved and US oil companies alone have US\$700 million investment in Bangladesh's natural gas fields. The government has offered several incentives to foreign investors including 100% share holding, except in four areas, including mechanised extraction within the boundaries of reserved forests. The old licensing system has been scrapped and so has the lengthy approval procedures for investment. Private investment is allowed in gas exploration and development and other mining and exploration activities.

US gas giant, Unocal Corp., had identified 150-200 billion m<sup>3</sup> of natural gas in the north-eastern region. While Unocal's production-sharing contract only entitles it to sell the gas produced from these reserves within Bangladesh, the company has been wanting to export gas to neighbouring India. The proposed pipeline for gas export to India hit an unexpected snag. The Gas Authority of India (GAIL), the prospective buyer of the gas, was favouring a regional market confined to the eastern states like West Bengal and Bihar, whereas Unocal wanted the pipeline to extend right up to the Delhi region. Unocal was envisaging exports of 28 million m<sup>3</sup>/d. The Asian Development Bank had estimated a gas availability of 8-10 million m<sup>3</sup>/d.

Unocal has appealed to the Indian Government to sort out the differences. The Bangladesh Government was, however, keen that export of gas might be considered only after fully meeting domestic requirements and ensuring adequate reserves for 50 years. Probable reserves of

natural gas are estimated at 600 billion m<sup>3</sup>, while proven reserves are over 360 billion m<sup>3</sup> spread over 17 gasfields. The reserves are considered large enough to support current consumption levels for almost two centuries. The annual output of natural gas was around 2.5 billion m<sup>3</sup>. Apart from providing feedstock for four fertiliser plants, natural gas is used for fuelling a sponge iron plant. The power sector is a major outlet which is now open for private investment.

Bangladesh's 550 km of coastline hold large resources of beachsands with rare minerals; some 17 areas have been identified as containing monazite, ilmenite, zircon, rutile and magnetite. Substantial reserves of coal, estimated at 1,000 Mt, are known to exist in the Jamalganj and Rajshahi areas, but they lie underground, below 900 m making exploitation both difficult and expensive. As a result, the country has to import about 60,000 t/y of coal from China, India and Indonesia. Some years ago, an Australian company, BHP was permitted to explore and exploit the bituminous coal deposits in the north-west, near Hilli, close to the Indian border. A second large coal deposit was located in north Dinajpur by the Geological Survey some years ago.

A scrap-based steel plant at Chittagong, operated by Bangladesh Steel Corp., has been functioning for some years, but much of its machinery and equipment needs replacement. Production is beset by shortages of inputs.

Bangladesh has large limestone deposits used to produce cement. The Jaipurhat Limestone Mining & Cement Works extracts over 1 Mt/y of limestone to operate its 660,000 t/y cement plant. Two other cement plants, Chhatak and Surma, utilise 1.1 Mt/y of limestone. The country has some oil reserves

near Haripur in the eastern hilly district of Sylhet, but the resources crunch and instability have prevented progress. The Haripur reserves were estimated to be 40 Mbbl, and the total reserves are likely to be much higher. According to Petrobangla, which

is responsible for oil exploration and development, there are considerable oil and gas reserves in the south-west delta region. Eastern Refinery Ltd, the only oil refinery, which was modernised some years ago, processes imported crude.