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# The Daily Star

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VOL. II, NO. 55 REGD. NO. DA 784 FALGOON 26, 1398 BS, DHAKA TUESDAY MARCH 10, 1992 RAMADAN 4, 1412 HIJRI 12 PAGES: PRICE TAKA 4.00

**Inside Today**

**Article**  
 The Burmese provoca-  
 tion: We should be  
 cautious  
 Page 4

**International**  
  
 Gorbachev says CIS  
 may collapse  
 Page 5

**Business**  
 More steps sought to  
 boost exports  
 Page 7

**Historic March**  
 Media Flashback  


**Feature**  
**Environment**  
 Asian nations adopt  
 environment strategy  
 for region  
 Page 8

**Metropolitan**  
**Dhaka Day by Day**  
  
 In Love with Spring  
 Page 3

## Cabinet decides to issue LG for export credit 'reluctantly'

# Government gives in to KAFSCO cabal

By Toufique Imrose Khalidi

The Government has finally given the go-ahead to the Karnaphuli Fertilizer Company (KAFSCO) project that watchers tend to term 'capitulation'.

The Cabinet yesterday endorsed the highly controversial KAFSCO deal, with revisions to certain clauses, ending a months-long stalemate and uncertainty over the largest foreign-invested industrial project that had threatened to ruin 'bilateral economic relations' between Japan and Bangladesh.

The uncertainty originated from the decision of the government in August 1991 when it declined to issue a guarantee for the entire amount of export credit that the project would require.

A Cabinet sub-committee formed last September comprising four Ministers of State found that "due to serious lapses of some and machinations of others involved, Bangladesh has been placed in a most delicate and difficult situation (in the KAFSCO deal)". The next month, the Cabinet decided to renegotiate the deal.

Amid 'enormous' pressures from 'potential donors', the approval came after a series of Cabinet sessions and several 'Kitchen Cabinet' meetings.

"We had to just swallow the bitter pill prepared by Ershad," said a senior Cabinet member in a mood of resignation yesterday.

The 'KAFSCO agreement', hailed as the Deal of the Year by Trade and Finance, was signed in 1990 at the fag-end of the Ershad regime under the stewardship of the then

Industries Secretary Mosharraf Hossain. General Ershad gave Hossain a letter of authorisation providing 'unlimited powers' in his hands under which he negotiated, finalised, and signed what a sitting minister said 'most corrupt deal in Bangladesh's history'.

"All interests were covered except Bangladesh's," said another Minister after yesterday's Cabinet decision referring to the 1990 deal.

According to Cabinet sources, the terms that have been revised include: (1) a

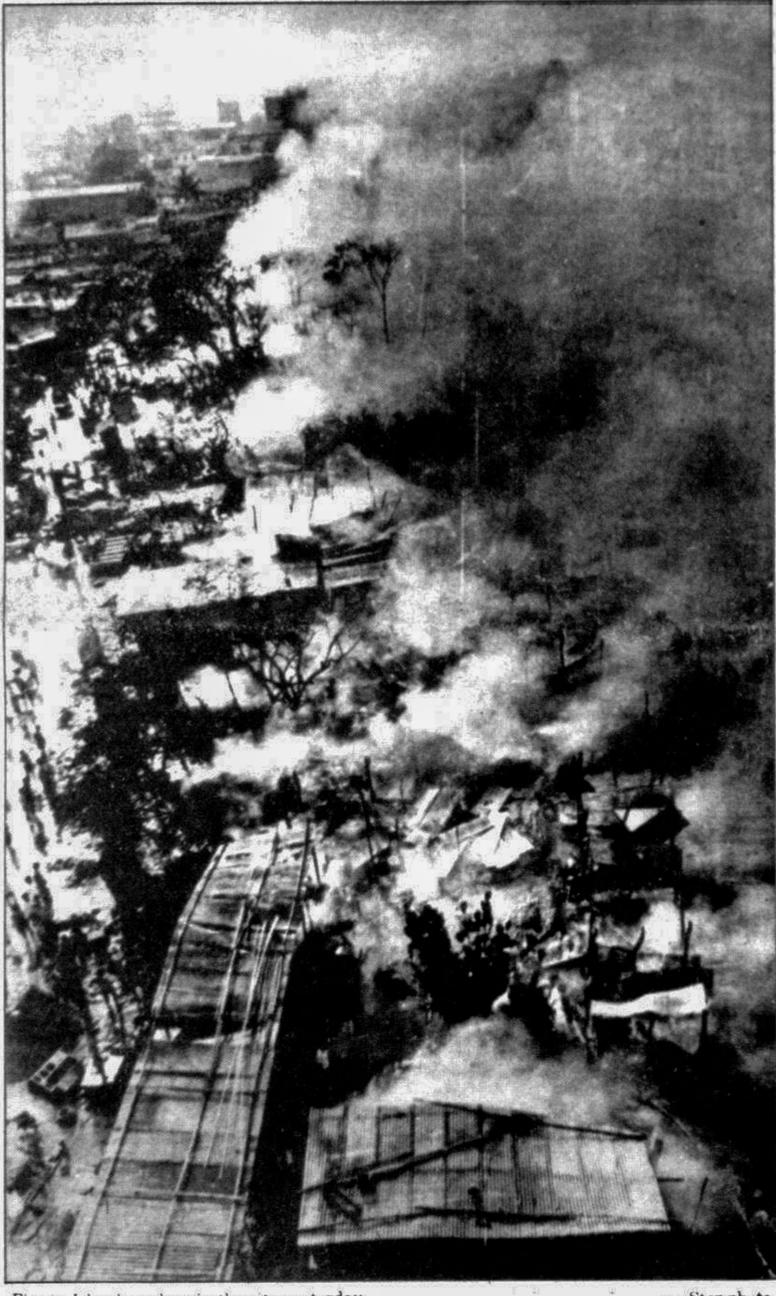
rise in gas rate from \$ 0.75 to \$ 1.00 per thousand cft (which the foreign shareholders had proposed at the later stages of renegotiation, (2) refixation of gas price after 10 years instead of 20 years as stipulated in the 1990 agreement, (3) replacement of the three-and-a-half-year deferred payment scheme by a one-year one; (4) regular audit of the escrow account by Bangladesh authorities; (5) offer to open a foreign currency account in Bangladesh to keep all proceeds from KAFSCO that is not required to be kept in the escrow account for repaying the loan.

The foreign promoters are learnt to have assured that any losses incurred by the BCIC resulting from the gas pricing formula will be compensated during the re-fixation of gas rate.

With the current rate, the BCIC, a profitable state owned corporation, stands to be rendered a losing concern.

Sources say that Japan has given 'unofficial' assurances that it would help mobilise

See Page 12 Col 6



Fire in Islambag slum in the city yesterday. — Star photo

## Mostafiz to talk refugee issue with Big Five

By Mahfuz Ullah

In a high-level diplomatic move, Foreign Minister ASM Mostafizur Rahman is expected to brief representatives of the five permanent members of the Security Council on the influx of refugees from Myanmar to Bangladesh during his visit to the United Nations later this month.

During the briefing, sources say, Rahman will also be exploring various options as to how the issue would be brought up before the UN body.

The Foreign Ministry sources further say, may be advising the Security Council to ask the authorities in Myanmar to call a halt to the persecution of Rohingya refugees and enter into negotiations with the government of Bangladesh for the safe repatriation of the refugees who have fled to this side of the border in large numbers.

If this approach is accepted, a resolution may be

based on the violation of human rights by the Myanmar authorities.

The Foreign Minister will be accompanying Prime Minister Begum Khaleda Zia on her trip to New York and Washington, Rahman, however, is due to stay behind in New York for a few extra days after the Prime Minister's departure for London en route to Dhaka on March 20.

The Foreign Minister's consultations with members of the Security Council, especially its permanent members, are due to take place on March 23 and 24. He is also expected to call on the UN Secretary General, Boutros Ghali.

UNB adds: The United States has been in close touch with Bangladesh government since the beginning of the Rohingya refugee problem on providing assistance.

Quoting a statement issued by the State Department recently, USIS said the embassy

officials had visited the refugee-flooded areas to assess the condition and make recommendation for US assistance.

"We have raised our concern to the Myanmar government in Rangoon," said the US State Department. United Nations High Commissioner for Refugees (UNHCR) with active US support is coordinating relief for the vulnerable population, the statement added.

Another report says, Britain has flayed the Myanmar military regime for perpetrating persecution on thousands of Rohingya Muslims that forced them to flee their homeland.

Minister of State for Foreign and Commonwealth Affairs Douglas Hogg made a statement in the House of Commons recently deploring the situation.

"We deplore the continuing intransigence of the Myanmar

See Page 12 Col 1

## ALWC split over Montu issue

By Nurul Kabir

The Awami League Working Committee (ALWC) meeting yesterday witnessed a section of leaders arguing for immediate expulsion of Mostafa Mohsin Montu from the party while others suggesting restraint.

The party membership of Montu, the chairman of the youth wing of AL and general secretary of the party's Dhaka district unit, was suspended by the ALWC Thursday for his alleged involvement in the killing of Mantruzaman Badal, a leader of the student wing.

Montu loyalists in the party, in a bid to immediately protest ALWC decision, resorted to violent activities.

The ALWC yesterday also discussed, as scheduled, a draft economic policy of the party seeking party highcommand's approval for a stronger private sector in the country's economy. But the ALWC leaders, apart from concentrating on the economic issue, infor-

mally discussed the situation arising out of Montu's suspension.

According to sources, AL Presidium member Abdul Mannan at the meeting observed that the ALWC should meet before 11 this month to particularly discuss the Montu issue.

Montu has meanwhile convened a meeting of the Dhaka district unit of the party on March 11 at the AL central office at Bangabandhu Avenue.

Meanwhile, a significant number of party leaders including M A Jalil, Amir Hossain Amu and Matia Chowdhury, according to sources, observed at the ALWC meeting yesterday that AL highcommand should immediately expel Montu from the party.

These leaders, according to meeting sources, argued that 'Montu, instead of showing respect to the party decision has indulged in further tar-

nishing the party image by unleashing violence against fellow party men'.

Besides, they said 'Montu's activities of following the ALWC's decision on suspension are enough to prove that he is a terrorist'.

AL can no longer afford to provide shelter to a terrorist, they added.

A few leaders including Tofael Ahmed, on the other hand, maintained that the party should not take any final decision on this issue 'whimsically', sources said.

Dr Kamal Hossain was not present in the meeting.

AL chief Sheikh Hasina who presided over the yesterday's meeting at her Minto Road residence is learnt to have disagreed to the plea of holding any immediate ALWC meeting on this issue, saying meeting would be held at 'appropriate time'.

She, however, according to

See Page 12 Col 2

### NEWS BRIEFS

**Gunshots at DU**  
 By DU Correspondent  
 Several rounds of gunshots were fired at Dhaka University campus Monday night at about 9.30 pm.  
 According to sources, the shots were fired from the areas between the Arts Building and Registrar Building.  
 The shots were allegedly fired by the feuding groups of Chhatra League (S-A), student wing of Awami League, sources said.  
 Police sources said that the roads were open and the situation was normal.

**Rahim made PIO**  
 Abdur Rahim has been appointed Principal Information Officer (PIO), Press Information Department on contract for two years, according to a notification, issued on Monday by the Ministry of Information, an official hand-out said, reports BSS.

**US navy team arrives**  
 CHITTAGONG, Mar 9: A 20-member goodwill delegation of the US Navy arrived here this morning on a 3-day visit to Bangladesh, an ISPR press release said, reports BSS.  
 The delegation, arrived by the P-3 Orion, a maritime patrol aircraft of the US Navy will conduct joint demonstration and exercise mission with Bangladesh Navy over the Bay of Bengal. A reception will also be held in honour of the delegation, the press release said.  
 The aircraft will also be kept open to a limited number of visitors at Chittagong Airport.

**Schri and Itar timings**

Haraman	March	Schri	Itar
4	10	-	6.12
5	11	4.52	6.12

## Plan to oppose WB plea at Paris meet

The Paris Consortium meeting will be held April 21-22 in the French capital where Bangladesh will seek 2.3 to 2.4 billion dollar in aid for the next fiscal, officials said yesterday.

Sources in the Economic Relations Division (ERD) told UNB although the World Bank had indicated a significant cut in aid pledges by donors for 1992-93, the government would insist the Aid Club on pledging "at least at last year's level."

World Bank, the organiser of the crucial Paris meet, relayed to the government last month that this time it would recommend to the Club a maximum of 1.9 billion dollars in aid to Bangladesh.

The Bank officials argued that henceforth the aid pledges would be strictly commensurate with aid absorption capacity of a country.

A WB mission, which has recently been here to finalise the next aid package, was critical of the country's slow pace in project aid utilisation and took up this issue seriously to justify its lower aid

## 300 houses gutted 5 killed in city fire

By Staff Correspondent

Five people were burnt alive and five others sustained serious burn injuries in a devastating fire that broke out at a slum area at Posta Islambag in the city Monday afternoon.

Around 300 houses were gutted and more than 1000 people were forced to leave houses following the devastating fire which engulfed the area at about 3:15 pm yesterday.

Firemen recovered five bodies including two children from the spot and sent them to the morgue of the Dhaka Medical College Hospital (DMCH). The identity of the victims could not be ascertained immediately, fire brigade sources said.

Four of the injured people were rushed to the DMCH. They are identified as Bani (35), Jahannara (35), Popy (6) and Dulal (5). Their condition was stated to be critical.

Eleven fire brigade units from seven station rushed to the spot immediately after the incident and brought the fire under control at about 6 pm.

See Page 12 Col 6

## Pentagon move to halt N-scheme Force among US options against India, Pakistan

NEW DELHI, Mar 9: Indian MPs blasted Washington today for reportedly seeking to discourage their country's 'hegemonic' aspirations, and called upon the government not to bow to the United States, reports AFP.

Senior members of the ruling Congress(I) party and the opposition, in a rare display of unanimity in the national parliament, denounced a Pentagon document outlining US strategy in the post-cold war era.

The document, excerpts of which were published in Sunday's New York Times, suggested that Washington "discourage Indian hegemonic aspirations over other states in South Asia and on the Indian Ocean."

It also contemplated possible use of force against India and Pakistan to prevent deployment of nuclear weapons, and called for Washington to maintain continued strategic ties with Pakistan, India's arch

rival.

Congress(I) MP M C Bhandare asked the government not to accept the US role 'as an international policeman' and to inform Washington 'that the time for surrogate powers was over.'

Yashwant Sinha, of the centrist Janata Dal (people's party), said the Pentagon's veiled threat to destroy weapons of 'mass destruction' in South Asia 'was a challenge to Third World countries.'

Pramod Mahajan of the right-wing Bharatiya Janata Party (Indian people's party) said premier P V Narasimha Rao's minority government had the backing of all parties on the issue and urged it not to succumb to US pressures.

Speaker Shivraj Patil repeatedly urged members to show restraint, as several MPs called the Pentagon study 'objectionable' and 'regrettable.'

India, which exploded a nuclear device in 1974, has re-

fused to sign the Nuclear Non-Proliferation Treaty (NPT), alleging that it discriminates between the nuclear haves and have-nots.

Defence Minister Sharad Pawar told the lower house that India had urged Foreign Secretary J N Dixit, now in Washington, to collect 'more facts' on the Pentagon's strategy paper.

Another report says, the Indian government said today that it would not be influenced by Washington's concerns that it may supply rice to Cuba, and denied that the United States had refused wheat to India in protest.

"The government will not be influenced by any extraneous consideration in the matter of supply of rice to Cuba," Commerce Minister Palaniappan Chidambaram told parliament.

He said the US Agriculture Secretary had said that no subsidy would be available for the

See Page 12 Col 8

**BENSON & HEDGES**  
 WORLD CUP 1992

### England crush Sri Lanka

BRISBANE, Mar 9: Allrounder Chris Lewis defied a painful strained side to spearhead England to a 100-run World Cup victory over Sri Lanka in Ballarat on Monday, reports AP.

The win lifted unbeaten England to nine points, one adrift of leader New Zealand, who have a perfect 5-0 record.

England made 280 for six from their swashbuckling 50 overs and then bowled out Sri Lanka for 174 with six overs to spare.

Man-of-the-match Lewis set up the England victory with four for 30, including a spell of four for 12 in 18 balls.

England's victory came at a cost, however, with captain Graham Gooch suffering an injury to his left hamstring.

Five teams — South Africa, the West Indies, Sri Lanka, India and defending champion Australia — are locked in a five-way struggle to join New Zealand and England in the semis.

India and the West Indies meet Tuesday in a crucial meeting for two former champions at the Basin Reserve in Wellington.

South Africa, who have six points from five games, have an opportunity to improve their run-rate when they tackle neighbour Zimbabwe, winless in the tournament so far, at Manuka Oval in Canberra.

Australia who have surprisingly lost three of their five matches to date, face Pakistan in a day-night match on Wednesday in Perth.

(Details on Sports Pages)

### Farook Sobhan tipped as envoy to Delhi

By S Y Bakht

In a new move on the posting of the Bangladesh High Commissioner to India, Farook Sobhan, an Additional Foreign Secretary, has been tipped for the New Delhi post.

Reaz Rahman, the Foreign Secretary, was earlier selected for the position, according to well-placed sources in the Foreign Office.

It is reported that Rahman is unable to leave Dhaka at this moment for 'personal reasons'.

According to one source, Sobhan, who has just completed his term as the Ambassador to China before returning to Dhaka, has been asked to serve in New Delhi until December this year when Rahman would be ready to take over the post as High Commissioner for Bangladesh in India.

Some sources believe that Sobhan is reluctant to go along with the proposed arrangement.

Another element surrounding one of the most important diplomatic postings of Bangladesh is the speculation that Prime Minister Begum Khaleda Zia may decide to make a political appointment for New Delhi, which may be linked to the much talked about reshuffle of the cabinet.

See Page 12 Col 6

**Golam Azam issue:**  
**JCD ransacks**  
**RU VC's house**  
 RAJSHAHI, Mar 9: Unruly students stormed Rajshahi University Vice Chancellor's residence Sunday night protesting entrance of some teachers and student activists into a dormitory of girls, reports UNB.  
 About six teachers and 10 students went to Monnuzan Hall at 8.30 last night to talk to the members of the Committee for Annihilation of the Killers and Collaborators in the 1971 War of Independence to chalk out programmes for expelling Jamaat leader Prof Golam Azam.  
 The members of the hall unit of Jatiyatabadi Chhatra Dal (JCD) protested the entrance and brought out procession in the hall. Counter processions were also brought out

See Page 12 Col 1