

DHAKA SATURDAY, FEBRUARY 5, 1994

Greenback rises against major units in London

LONDON, Feb 4: The US dollar rose against other major currencies in early European trading Friday. Gold prices were also higher, reports AP.

Other dollar rates compared with late Thursday:

- 1.4540 German marks, up from 1.4370
- 1.4540 Swiss francs, up from 1.4485
- 5.9100 French francs, up from 5.8955
- 1.9525 Dutch guilders, up from 1.9457
- 1.689.50 Italian lire, down from 1.689.71
- 1.3275 Canadian dollars, up from 1.3274

The British pound was quoted at 1.4897 dollar, down from 1.4935 dollar late Thursday.

London's major bullion dealers fixed a recommended gold price of 387.65 dollar per ounce at midmorning, up from 386.25 dollar bid per ounce late Thursday.

In Zurich, the bid price was 388.10 dollar, up from 386 dollar late Thursday.

In Hong Kong, gold rose 3.29 dollar to close at a bid 387.76 dollar.

Silver traded in London at 5.46 dollar a troy ounce, up from 5.33 dollar a troy ounce Thursday.

Tax auditor offers happy returns for sex

TOWNSVILLE, Australia, Feb 4: People go to great lengths to avoid an income tax audit, but a former Miss New Zealand drew the bottom line at sleeping with the tax man, reports AP.

Michelle Jean Turner told the Magistrates Court on Friday that a tax auditor tried to blackmail her into having sex with him by offering to drop his investigation.

Turner had been under investigation by the Australian Taxation Office over returns made by her and a former husband between 1989 and 1991.

She said tax auditor Anthony Stephen Bass met her last September while investigating alleged irregularities in her return. She was challenging a tax office calculation that she owed 187,000 dollar (US 132,000 dollar).

Bass, 31, formally entered a plea of innocent to charges of official corruption.

Turner, a 36-year-old marketing consultant, testified that Bass said he found her very attractive and would drop audit procedures in return for sex.

"I felt very frightened and very vulnerable. I wanted to get him out of the house as quickly as possible," she said.

Turner said she complained to the federal police; and they hid a micro-cassette recorder on her body before a meeting. She arranged with Bass at a cafe, with officers waiting nearby.

ADB plans to overhaul lending policies, organisation

MANILA, Feb 4: The Asian Development Bank (ADB) Thursday announced plans to overhaul its lending policies and organisation in an apparent bid to overcome US reluctance to a Japanese-backed massive capital increase, reports AFP.

ADB President Mitsuo Sato told a news conference that the Manila-based lending institution had suffered from an "approval culture" granting loans liberally without sufficiently checking "the quality of the project."

He said the bank had over-emphasised "approval itself, and not the grassroots benefit of the project," and was planning to change "ways of thinking" as well as its "corporate culture, organisational setting and expertise of staff."

A report drawn up by a task force set up in April 1993 called for "a one-time spring cleaning of the portfolio of projects" in coordination with developing member countries to "weed out inactive and slow-moving projects."

Washington, which holds equal power in the ADB with Tokyo despite the latter's higher contributions and an unbroken line of Japanese bank presidents, has questioned a plan to double the authorised capital of 23 billion dollars.

The conflict came to a head at the 54-member bank's annual meeting here last May, when Japan and developing countries pressed for a general capital increase (GCI) to meet growing demand, while Washington called for quality control.

Sato, asked whether the changes were linked to the GCI, said it "does help us achieve the general capital increase" and that the target was still to double it. "I am fairly confident we can achieve the capital increase of that order," he said.

The ADB is credited with helping Asia become the fastest-growing region in the world but critics contend that some of the bank's funds might have been wasted along the way because of a lack of focus on project quality.

Intensified global competition for scarce capital from eastern Europe has also put pressure on the ADB to maximise its resources, analysts said.

Sato said lending will probably still increase but at a slower pace than in previous years, when it averaged about eight per cent annually. Lending reached 5.1 billion dollars in 1992, bringing cumulative lending up to that point to 42.5 billion dollars.

ADB spokesman Maurice Bauche said it was unclear if the changes would mean staff cuts at the bank, which employs more than 1,800 people, of which 641 are professional staff from donor and borrower countries and the rest support staff, mostly Filipinos.

He said "the skills mix is going to change" but probably through "attrition and early retirement."

Some critics charge that a number of ADB-funded projects are harmful to the environment.

China's foreign trade may face tough competition

BEIJING, Feb 4: China's foreign trade companies must prepare to face increasingly severe competition on the world market in the wake of domestic market reforms, Foreign Trade Minister Wu Yi said Thursday, reports AFP.

While the establishment of a market system and China's foreign trade reforms have opened new opportunities, Wu said the resulting extra competition would make the achievement of this year's foreign trade target of 200 billion dollars "a painstaking task."

In order to maintain their competitive edge, Chinese companies must improve quality control and diversify their foreign markets, Wu was quoted as saying by the Xinhua news agency.

China currency has more than 7,000 enterprises engaged in foreign trade.

Rao for German investment

BONN, Feb 4: Indian Prime Minister P V Narasimha Rao, visiting Bonn to strengthen ties with Europe's economic powerhouse, urged German businesses to trust his liberalisation programme and boost investment in India, reports Reuter.

Rao told a business forum hosted by Chancellor Helmut Kohl that India wanted far more foreign investment as it shifts from strong state control to a more open market.

The main purpose of this meeting is for me to tell you there is absolutely no doubt that the reforms are irreversible," Rao told the meeting of top German and Indian executives.

"I really want to assure you that there is absolutely no hesitation, no second thoughts, no dilution of any kind in our resolve to press ahead with these reforms."

Rao has loosened restrictions on foreign investment, trade and currency since taking office two and half years ago.

Kohl, who wants German companies to pursue business with Asia more aggressively, told the business forum Germany was India's fourth-largest export market and second biggest supplier of imports.

"German investment in India is considerable but there is nonetheless room for improvement," Kohl told the meeting.

Kohl's government last year adopted a policy of promoting German investment and trade in Asia including India, the world's 12th largest economy and a giant consumer market.



A partial view of Fashion Expo 94 at Sheraton Hotel in the city yesterday. —Star photo

Fashion Expo begins in city

By Staff Correspondent

A three-day fashion exposition started yesterday at the Sheraton Hotel ballroom offering a wide range of dresses, both for men and women.

Inaugurating the exposition, Commerce Minister Shamsul Islam said the country's garments industry has to reflect latest designs and fashions in dresses to compete in the global market.

"Use local fabrics in garments and also merge the country's own fashion trends with the international styles," he urged the fashion designers.

About 25 companies have set up stalls in the ballroom displaying their ranges.

Later the minister visited different stalls and expressed admiration for the products on display.

The exposition was organised by Conference and Exhibition Management Services (CEMS) and sponsored by Pepsi Cola.

The function was also addressed by Amanullah Miah of Bangladesh Beverage, Mumtaz Islam Chowdhury of CEMS and Mehrun Islam, chief executive of CEMS.

Mahathir's gift for Ramos

MANILA, Feb 4: Malaysian Prime Minister Mahathir Mohamad on Thursday gave Philippine President Fidel Ramos a limousine as a gift during a meeting at the presidential Palace, reports Reuter.

The dark grey car, a Toyota Wira, is the first left-hand drive car made in Malaysia and costs 160,000 Malaysian ringgit (dollar 57,800), the Malaysian embassy said.

Hosokawa backs down on divisive tax plan to save coalition

TOKYO, Feb 4: Acting to salvage their fragile coalition, Prime Minister Morihiro Hosokawa and his key backers agreed Friday to drop a divisive tax revision plan designed to help Japan's ailing economy, reports AP.

Hosokawa's sudden announcement of the tax revision Thursday took many of his own allies by surprise, and promoted his coalition's largest member, the Social Democratic Party, to threaten to quit unless the plan was drastically modified.

Their withdrawal could have sunk the government.

But after a series of negotiations late into the night Thursday, coalition leaders agreed in a meeting Friday morning to review the plan to cut income taxes this year, while later raising the national sales tax. "We haven't been able to reach a compromise," Ichiro Ozawa, the coalition's top strategist and an architect of the tax plan, said after Friday's meeting. "So we are going back to square one."

Share prices on the Tokyo Stock Exchange rose slightly Friday as investors, reassured that the government was unlikely to topple, drifted back into the market after the tax plan was shelved.

Hosokawa's troubles, however, are far from over.

The latest crisis comes less than a week after Hosokawa averted a major threat to his administration over a political reform package. It further delayed a long-awaited economic stimulus package aimed at pulling Japan out of what may be its worst recession since World War II.

It also was a major embarrassment just as pressures

were intensifying for Tokyo to strike a trade deal with the United States ahead of Hosokawa's summit with President Clinton in Washington February 11.

Chief government spokesman Masayoshi Takemura said earlier Friday that he hoped the government would be able to announce an emergency economic package. The coalition's decision to back away from the tax plan was expected to push the announcement back to sometime next week.

Hosokawa's plan for a six trillion yen (55 billion dollars) tax cut was part of the stimulus package, which also has been sought by US trade negotiators, hoping that it will encourage Japanese consumers to buy more foreign goods.

The Socialists argued that the goal of the tax cut — getting consumers to spend more — would be undermined if people knew they would have to pay more taxes later.

The public reaction to Hosokawa's plan seemed to substantiate that stance. Newspaper headlines, pundits and man on the street reactions all focused on the tax hike down the road — not on the immediate cut in income taxes.

The Socialists are also well aware that anger over the introduction of the current three per cent sales tax contributed to the downfall of then-Prime Minister Souseike Uno and their own party's rise in parliament in 1989.

Many fear that backing an even bigger sales tax now would be political suicide.



Minutes of 94 annual aid talks on development cooperation between Bangladesh and Britain was signed in Dhaka on Thursday. Joint Secretary, Economic Relations Division, Md Sirajul Islam and visiting British Under Secretary for Asia and the Pacific of the Overseas Development Administration John Kerby signed the minutes on behalf of their respective governments. —PID photo

Share prices soar in HK

HONG KONG, Feb 4: Share prices soared in Hong Kong and edged higher in Tokyo but were mixed elsewhere in Asia. The US dollar held its ground against the Japanese yen in Tokyo, reports AP.

Prices rose in the afternoon in Tokyo after mixed trading influenced by disputes in Prime Minister Morihiro Hosokawa's coalition government over a tax plan, traders said.

The Nikkei Stock Average of 225 selected issues, which first lost about 60 points, rose 126.61 to end the week at 20,301.43.

The Tokyo Stock Price Index of all issues listed on the first section rose 2.07 points, or 0.13 per cent, to 1,614.80. The dollar ended the week

in Tokyo at 108.37 yen, up 0.11 from its close on Thursday.

The Hang Seng, the market's key index of blue chips, jumped 2.6 per cent, gaining 306.44 points to 12,157.57.

Elsewhere in Asia: **BANGKOK:** Stocks fell 1.37 per cent in sluggish trading Friday with local dealers concerned about political tension. The Stock Exchange of Thailand index fell 20.09 points to 1,443.81.

KUALA LUMPUR: Shares ended mixed as a weeklong rebound lost steam. Although speculation fuelled brisk dealings in smaller stocks and institutions were still looking for cheap blue chips, the broader market drifted. The Kuala Lumpur Stock Exchange

Composite Index shed 2.89 points to close at 1,147.32.

MANILA: Shares surged in heavy volume as investors ignored an impending general strike and accumulated stocks whose prices had fallen in early trading. The Manila Composite Index of 31 selected issues rose 42.39 points to 2,965.38.

SEOUL: Shares ended higher, boosted by cheaper issues that had been overlooked in the latest rally led by expensive blue-chip shares. The Korea Composite Stock Price Index closed at 964.42 points, up 9.40.

SINGAPORE: Shares closed mixed as afternoon profit-taking alternated with moderate buying activity.

Bangladesh to enter coal era: How would Barapukuria coal be mined?

By Dr Badrul Imam

Bangladesh is expecting to enter into a coal mining era soon with the preparation in progress for establishing the country's first coal mine at Barapukuria in Dinajpur district. As the country has till date no deep mining experience, the above offers Bangladesh a new challenge to face. As much as 2500 local personnel will be employed directly in the coal mining operation with the possibility of more than 15,000 persons involving indirectly with mining industry related job opportunities.

In the immediate vicinity of Barapukuria coal mine, new township would be grown to accommodate initially at least 4000-person work force, which would subsequently attract a considerably greater number of people surrounding the town site by demand of services, and goods. An annual production of one million ton of coal is expected from the mine, 80 per cent of which would be used in the proposed 300 MW electricity generation station at the vicinity of the coal mine.

The mine will have 25 years life at the presently suggested level of design and construction with option of extending the life by further increasing the mine depth and area. With all these developments taking place, the quiet little village of Barapukuria will have its landscape radically changed as the mine industry takes its root.

Large coal deposit, with reserve of about 300 million tons was discovered at a shallow depth of 130m to 450m below surface at Barapukuria in 1985 by the Geological Survey of Bangladesh. Several studies by

international mining consultants had since confirmed the economic feasibility of mining the Barapukuria coal. The consultants, including Wardell and Armstrong of UK, the RhineBraun of Germany, the Central Mine Planning and Design of India and Jiansu Coal Design Institute of China, have proposed mining methods, although with difference of opinion as to the best way to mine the Barapukuria coal.

An agreement has been reached between the Government of Bangladesh and that of People's Republic of China, whereby the latter will provide Bangladesh with technical and financial assistance to implement the coal mining project. A consortium consisting of China National Machinery Import and Export Corporation, China Machinery Building International and China Overseas Development Corporation, has been established by Chinese government to be engaged in mine establishment. As per the agreement reached previously the Bangladesh Government had floated international tender for engaging a mining consultant to supervise the mine establishment operation and is in the final stage of selecting the consultant supervisor.

Development of coal field or mine is a costly and considerable undertaking requiring much preparatory work by geologists, engineers and economic experts. There are perhaps no two mines in the world which have the same characteristics and each mine is unique with its own physical, environmental and geological entities. There are two basic methods by which coal

mining operation are done world wide i. e., 1) Open-cast or strip mining which involves stripping away the overburden of barren rock layers followed by dredging and hauling of the coal. This method has some advantage in being quick to put in operation, having no gas explosion danger and yield a greater recovery of coal with faster return on initial investment. The disadvantages of this method lie in areas of severe climate and also include re-loss of land during the period of mine. 2) Underground mining in which mine operation is done by digging tunnels in the underground without destroying the land above for any significant degree. Vertical shafts are sunk as mine opening and all operation are carried out through the tunnels extending from vertical shaft. A major advantage of this method is that it does not destroy land and thus it has much less effect on environment as compared to open cast mining.

How would Barapukuria coal be mined best? What are the prospects and problems of the two mining methods as to their application at Barapukuria? With practically no deep mining experience in Bangladesh, these questions should be seriously answered in expertise level before a particular method is favoured. It would probably be wise to high light at this point the uniqueness, if any, of Barapukuria coal deposit with regards to its mining prospectivity. There are basically two specific features of the Barapukuria coal deposit that need to be considered with this respect.

These are 1) the loose and unconsolidated sandy water bearing rock layer lying above the coal deposits, and 2) the thickness of the coal seam to be mined.

Perhaps the most unique feature of Barapukuria coal field is the presence of a 100 to 200 meter thick layer of loosely compacted sand that form excellent aquifer i. e. reserve of underground water. This poses the most important mining problem both for underground mining and open cast mining. In an underground mining operation the establishment of vertical shaft from the surface to the coal layers would be very difficult through this loose sandy layer and special measure i. e. freezing of this layer would be necessary for building the shaft which would increase the cost of mine establishment to a significant amount. Also in an open cast mining operation the stripping away of this water bearing sandy layer would not be easy because of the problem of water logging as well as slope instability.

A second feature of Barapukuria coal deposit is the abnormally great thickness of coal seam no. VI, which accounts for more than 90 per cent of the coal deposit and is the prime target of the mining operation. The coal seam no VI has thickness ranging from 29m to 42m and has an average thickness of 36 meter over the basin. This is a very thick coal seam by world standard and example of mining of such a thick coal seam in the world

is rare indeed — specially in the underground mining operation. Coals of northwest European coal rich province rarely exceed 10 meter in thickness, those of South African fields are generally less than 20 meter and the nearby Indian state of Bihar coal seam are rarely thicker than 30 meter.

A third feature of probably lesser importance at Barapukuria deposit is the technical disturbed nature of the coal bearing rock layers including the coal seams themselves. There are good number of faults that cut across the coal layers and the massive sandstone layers interbedded and overlying the major coal seam. Also the massive sandstones are highly jointed. These faults and joints could form conduits of water that may enter into the coal seam level from the overlying water bearing loose sandy layer (Dupitila unit) specially in an underground mining operation. Also the technically disturbed coal sequence may cause structural instability of the mine should this factor be ignored.

It may be pointed out that the mining feasibility and mine planning of Barapukuria deposit have to consider the above factors before making a recommendation. As pointed out earlier there had been several international coal mining consultant who had studied the Barapukuria coal project and gave their expert opinion regarding mining feasibility and mining method best suitable for this case. All these

studies had concluded positively as to the technical and economic feasibility of the project. However there has been differences of opinion as to whether underground mining or open cast mining would be the best choice for Barapukuria coal mine.

The Wardell and Armstrong Ltd of United Kingdom, an internationally reputed coal mining consultant has expressed the opinion that in view of the thick unconsolidated and waterlogged sandy layer (Dupitila) overlying the coal deposit and hydrogeological regime in the locality, it is not practicable to extract the coal by open cast mining at Barapukuria. Such an operation could suffer from severe problem in maintaining a safe workable excavation and environmental effect of such a large excavation and depressed water table over a large peripheral area would be unacceptable. Accordingly, as Wardell and Armstrong concluded, underground mining is considered technically feasible and suitable option for Barapukuria.

A second coal mining consultant, RhineBraun Engineering of Germany, which also made a feasibility study of Barapukuria coal mining project put forward a different opinion. According to RhineBraun Engineering, the geological and hydrogeological condition of Barapukuria would be suitable for establishing and open cast mine. The consultant believes that the problem of ground water in relation to

the loose water bearing sandy layer overlying the coal, could be manageable by the installation of pumping facilities. RhineBraun opined that the Barapukuria mining condition is comparable to those of two of its open cast mines in Germany i.e. Hambach and Fortuna coal mines with maximum depth of 455 meter and 350 meter below surface, both of which had handled water management problem successfully.

The consultant opines further that use of open cast mining method would enable a higher production rate with higher overall percentage of coal recovery as compared to underground mining. An annual coal production of 5 million tons with a total mine life of approximately 50 years is envisaged in an open cast mining as compared to an annual production of 1 million tons of coal and a mine life of about 25 years for underground mining. Also the overall percentage of recovery to coal in open cast mining would be about 90 per cent as compared to less than 40 per cent in recovery in underground mining operation.

A third coal mining consultant, the Central Mine Planning and Design Institute Ltd of India, concluded its study on Barapukuria by suggesting for and open cast mining. According to the Indian consultant, it would be possible to mine the entire deposit up to 450 meter depth and recover more than 90 per cent of the coal reserve. As to the problem of water bearing Dupitila layer at the top, the consultant opines that dewatering

operation on a very large scale concurrent with mining operation is an well established technique being practised in German and Indian coal mines. It, therefore, does not foresee any unsurmountable problem in dealing with the ground water for Barapukuria coal mine.

From the above discussions, it is clear that both the underground mining and open cast mining have problems and prospects. It is probably true that no two mines in the world is same, as each has its own peculiarity and uniqueness. It is the geologic and physical factors of a mine that determine the level of prospectivity and this can not be known fully until a mine is opened. Experience would then dictate the course of action as to the best possible way to follow for most effective output. Before determining whether Barapukuria coal would be mined by underground mining method or open cast mining method, every possible means of expertise should be rigorously applied without any prejudice. Barapukuria would be the first deep mine of any kind in Bangladesh. The country is expecting to open up a new era of mining industry as further mining ventures are expected to follow in North Bengal not only for coal but also for hardrocks (Madhhyapara). Barapukuria coal mine would be the flagship for a fleet which would take Bangladesh a long step forward toward industrialization. We can not do without a success at Barapukuria. (The author is professor of the Department of Geology of Dhaka University).