



VOL. IX NO. 40 REGD. NO. DA 781

INTERNET: <http://www.dailystarmnews.com>

# The Daily Star

FALGOON 15, 1405 BS

DHAKA SATURDAY FEBRUARY 27, 1999

ZILQUAD 10, 1419 HIJRI

16 PAGES : PRICE TAKA 6.00

## Kafco's sales deals stand in Bangladesh's way

By Toufique Imrose Khalidi

A controversial off-take agreement with a foreign buyer could impede Kafco's sale of urea to Bangladesh as the government, fearing shortages this year, wants to procure more fertiliser from the joint venture company.

As the boro season peaks, farmers have so far used much more than original estimates, sending alarm signals for the policymakers to make emergency arrangements.

As an obvious recourse, the Bangladesh Chemical Industries Corporation (BCIC), which owns and manages the state-owned fertiliser factories, has approached Kafco. BCIC wants as much as 25,000 tonnes as soon as possible, with trucked deliveries to start in the first week of next month from the Chittagong-based factory.

But Kafco cannot sell to any other buyer without permission from Transammonia, an American-owned company, with which the export-oriented Kafco has an exclusive urea sales agreement.

This season, BCIC has already bought 112,500 tonnes from mid-December to early February, prompting protests from Kafco's overseas lenders.

The consortium of commercial lenders led by Citicorp objected to the sale saying that it went against the off-take agreement with Transammonia. Kafco has so far ignored the objection.

Senior BCIC officials said plans to procure more urea were meant for extra precautions given the consumption patterns this year. In January and February, the market needed

70,000 and 52,000 tonnes respectively more than it did during the same period last year.

This year, the national demand for urea has been estimated at 21.7 lakh tonnes, of which the current peak season requirement stands at 9.35 lakh tonnes. BCIC officials say the state-run factories performed well but that the extra demands made it look tight.

"There is enough but we want to be doubly sure," said a senior BCIC official. But a highly placed industries ministry source indicated that there has been "quite a bit of concern" among the policymakers about possible shortages.

The BCIC official said it should not be a problem for Kafco to make the 25,000 tonnes available, but sources in the company said the off-take

agreement with Transammonia might stand in the way, if not this time then the next time.

There are two off-take agreements signed in 1990, which say Kafco must sell all its products (ammonia and urea) through overseas companies — Marubeni for ammonia and Transammonia for urea.

The off-take agreements are disturbing for both Kafco and Bangladesh, given the fact that the country has given so much in contributions to the highly controversial joint venture. By one well-informed estimate, the government may have contributed over \$ 500 million to Kafco, but its returns from the project have been negligible.

The off-take deals will lose their validity if the government does not approve the so-called

See Page 12 Col 1

## Parvez fighting death at DMCH



Will her son wake up again?

Thirteen-year-old Parvez, who received severe head injury during hartal on Thursday, is still in coma at the DMCH.

— Star photo by SK Enamul Haq

By Naimul Haq and Rezaul Karim

A boy of 13 bleeding severely with a deep cut on his head arrived at the emergency wing of Dhaka Medical College Hospital.

The emergency medical officer (EMO), instead of providing any medicare, asked for the 'admission slip'. It is a traditional way of welcoming emergency patients to the hospital.

The EMO, after recording the patient's name, age and address, asked the staff to take him to Ward 30 (neuro-surgery ward for head injuries) without examining the injury. "Take the patient to the operation theatre. He badly needs surgery," the EMO shouted at the assisting male nurses.

The boy, Parvez, was then rushed to the ward on a stretcher where two trainee doctors — Md Ali and Zia — examined him. The Daily Star correspondents, who were present there, followed Parvez to the ward.

All this happened on Thursday at 4 pm.

The doctors, seeming quite relaxed, informed the correspondents that they couldn't operate on Parvez until an X-ray image was available from the relevant department, away from the ward. Meanwhile, Parvez, who had vomited once at the emergency wing, continued to bleed and the condition of his swollen right eye deteriorated.

The boy lay in the unhygienic ward corridor without any treatment. Asked about the delay, trainee doctor Zia said, "We are waiting for the 'admission slip'. Without the slip the patient cannot be sent for X-ray."

After about 20 minutes, a male nurse arrived to stop bleeding by applying stitches. He seemed oblivious of the possibility that Parvez might need surgery.

However, doctors had a good reason for giving the stitches. "We are not yet sure whether Parvez needs surgery," they said. Ultimately, the male nurse decided not to go ahead with the mending because it was a "complicated case".

Meanwhile, the male nurse

See Page 12 Col 4

### Dialogue

#### President should play a role: FBCCI chief

President Shahabuddin Ahmed has a moral obligation to act in this critical political situation to head off the parties from their current collision course and save the country's economy, reports UNB.

Abdul Awal Mintoo, President of the Federation of Bangladesh Chambers of Commerce and Industry, made the suggestion at a briefing session with the Overseas Correspondents Association of Bangladesh (OCAB) yesterday.

Mintoo said despite constitutional limitations, President as the symbol of sovereignty should play a role to bring the government and the opposition across the table for ensuring a political stability in the country.

The FBCCI chief told the journalists that the business community would pursue logical ways to bring political stability in the country.

Terming the present disturbing political situation as a matter of grave concern, Mintoo said hartal is hampering the economic growth and now there is need for a mass awakening against politics of hartal.

He said the present 4.8 GDP growth must climb the target of 8 per cent, otherwise it would be difficult to pull the country from this unhealthy economic situation.

Referring to the worst-ever floods, the business community leader said with the devastating effects on the economy the growth rate would slow down during the current year.

He singled out low investment as the immediate cause of low industrialisation and said investment rate is low due to a variety of impediments.

#### BCL activist murdered in Khulna

From Staff Correspondent KHULNA, Feb 26: An activist of Rupsha thana unit of Bangladesh Chhatra League (BCL) was stabbed to death at Rajapur village Thursday night.

Police said a group of unidentified youths stabbed Liton, 25, following a brawl over sharing of toll collection from Rajapur ferry ghat.

Liton died on the spot after he was stabbed in his house at about 10 pm.

A case was lodged with Rupsha thana today.

#### Inside Today

##### Article

#### The Bus to Pakistan

Column: Frankly Speaking... by Faruq Choudhury

Page 4

#### Alternatives

Shun hartalotics! More reflections on hartal: Some suggestions; and hartal, but for whom?

Pages 6 & 7

#### Prayer Timings

February 27

|         | Azan  | Jamaat |
|---------|-------|--------|
| Fajr    | 5:29  | 5:34   |
| Johr    | 12:45 | 1:15   |
| Asr     | 4:30  | 4:35   |
| Maghrib | 6:05  | 6:08   |
| Esha    | 7:25  | 7:30   |

Source: Islamic Foundation

### D-8 summit

#### FMs meet today to finalise agenda

##### D-8 summit

#### FMs meet today to finalise agenda

already in the city.

Iranian foreign minister Dr Kamal Khurra arrived yesterday evening.

Foreign minister Abdus Samad Azad received him at the Zia International Airport.

Egyptian Foreign Minister Anis M Moussa and Malaysian Foreign Minister Syed Hamid Albar Bin Syed Jaafar Albar were due to arrive in the city last night.

Turkish President Suleyman Demirel and Malaysian Prime Minister Mahathir Mohammad are scheduled to arrive in the capital tomorrow while Pakistan Prime Minister Nawaz Sharif is due on Monday morning.

Host Prime Minister Sheikh Hasina will inaugurate the high-profile summit at Dhaka Sheraton Hotel on Monday.

Incidentally on Thursday,

See Page 12 Col 8

### Press briefing cancelled 'abruptly'

By Staff Correspondent

Foreign Ministry officials, without assigning any reason, yesterday cancelled the scheduled press briefing on the D-8 Commissioners' meeting held in the city.

At least 30 journalists were kept waiting outside Sheraton Hotel for over an hour yesterday evening. No official from the protocol wing of the Foreign Ministry, external publicity department or PID were there to allow journalists to enter media centre at the hotel for the briefing.

It was later learnt that Additional Foreign Secretary T Ali D-8 Commissioner of Bangladesh and coordinator of the scheduled Dhaka Summit, abruptly decided to call off the important briefing on the outcome of the 2-day commissioners' meeting.

Incidentally on Thursday,

See Page 12 Col 8

### Petrobangla to seek legal opinion

#### Cairn transfers all its operations to Shell

By Sharier Khan

British oil company Cairn has officially informed Petrobangla that it has transferred its operations in blocks 15 and 16 including the Sangu Gasfield to oil giant Shell Oil.

Petrobangla will now seek legal opinion from the Law Ministry whether Production Sharing Contracts (PSCs) allow such transfer of operation, sources said.

Petrobangla is yet to officially respond to Cairn's notice of withdrawal. The withdrawal will follow resolution of complex legal matters and disputes over a number of issues like budget, work programme, block ownership and gas sale.

Cairn field is currently supplying between 60 and 70 mmcf of gas. Although it pressed Petrobangla to take more gas, Petrobangla said that it would take a maximum of 120 mmcf from the four wells under operation.

Cairn believes that Petrobangla is not taking the full supply of gas deliberately as it is unable to pay for it.

The price of this gas is paid in US dollars under an international gas price formula. The price is at least double the local price.

The original approved budget for Sangu Gas Field development was 178 million dollars. But when the work was nearing completion, Cairn submitted a revised budget of 264 million dollars, which Petrobangla refused to approve.

As per the PSC, Cairn was supposed to install a gas pipeline from Sangu to Chittagong City Gate. But at the last moment, Cairn did not install a portion of the pipeline to connect Sangu with the national

gas grid. Instead, it used Bakhrabad Gas System's pipeline.

Petrobangla is deducting 8 per cent of the gas bill as royalty for using this pipeline, which Cairn says is "too irrational".

According to a Petrobangla source, Cairn repeatedly "legally messed up" issues as regards operations in both the blocks.

Cairn transferred its "full operations" to Shell recently. It had transferred 50 per cent of the operations to the oil giant in the middle of last year, the sources said.

Before that, in late 1996, Cairn took over the shares of its PSC partner, Holland Sea Search, and sold those to Shell with out informing Petrobangla, which is violation of PSC terms, the sources said.

Cairn and Holland Sea Search jointly signed two PSCs for blocks 16 and 15 in mid-1994 and early 1995 respectively. It discovered the Sangu field in the Bay of Bengal in early '96 and brought in Shell Oil and Halliburton Brown & Root as partners to develop the gas field.

The original approved budget for Sangu Gas Field development was 178 million dollars. But when the work was nearing completion, Cairn submitted a revised budget of 264 million dollars, which Petrobangla refused to approve.

As per the PSC, Cairn was supposed to install a gas pipeline from Sangu to Chittagong City Gate. But at the last moment, Cairn did not install a portion of the pipeline to connect Sangu with the national

gas grid.

It took over the shares of Holland Sea Search and sold

See Page 12 Col 4

### No headway in passport looting case

From Staff Correspondent

CHITTAGONG, Feb 26: CID officials continued questioning the night guard and a peon arrested in connection with the looting of 5,000 passports from Chittagong divisional passport office here on February 22.

ASP of CID Abdul Kader Khan told The Daily Star that investigation was on but nothing important was unearthed till now regarding the incident.

When contacted, DG of Immigration Wahidul Huq said that the looted passports were declared invalid.

Besides, messages were already given, through the foreign ministry, to all Bangladesh missions abroad and border check posts informing serial numbers of the looted passports, he said.

Police sources suspected involvement of international racketeers in such a sensational crime at the passport office located within a stone's throw from Panchlaish thana.

An armed gang stormed into the passport office at 4 am on February 22 and looted the passports, ready for delivery.

The gunmen broke into the passport office after overpowering the night guard, police said.

The looted passports bear serial number 0-332001 to 0-337000.

Airport officials in the country were also alerted after the incident about checking of passports, sources said.

### Jalalabad Gasfield

#### Occidental starts drilling Well-5

From Iqbal Siddique

SYLHET, Feb 26: The US company Occidental has started drilling of a new well, Jalalabad-5, in the Jalalabad Gasfield.

A high official told The Daily Star yesterday that they were expecting to complete the drilling within 90 days and that the two wells have a capacity of producing 125 mmcf gas.

The company started supplying 60 mmcf of gas from well no 1 and 2 on February 6 when production in the wells was started.