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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 trucks delivered 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

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Parvez fighting death at DMCH

By Naimul Haq and Rezaul Karim



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.

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 stitching because it was a complicated case.

Meanwhile, the male nurse

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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 help 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.

Termining the present disturbing political situation as a matter of grave concern, Mintoo said that 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.

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

A case was lodged with Rupsha thana today.

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Alternatives

Shun hartaloties! More reflections on hartal: Some suggestions; and hartal, but for whom? Pages 6 & 7

Prayer Timings

February 27		
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 FM's meet today to finalise agenda

Foreign Ministers of the D-8 countries will meet here today to finalise the agenda for the second summit of the inter-continental economic bloc scheduled for March 1-2, report agencies.

Five ministers of the new economic bloc grouping Bangladesh, Pakistan, Iran, Malaysia, Indonesia, Egypt, Turkey and Nigeria will join the meeting at Hotel Sheraton.

Meanwhile, senior officials of the member countries yesterday concluded their two-day deliberations on the draft of Dhaka Declaration to be adopted at the summit's concluding session.

Now, the draft declaration will be discussed at the Council meeting of foreign ministers.

Pakistan Foreign Minister Sartaj Aziz and Indonesian Foreign Minister Ali Alatas are

already in the city. Iranian foreign minister Dr Kamal Kharrazi arrived yesterday evening.

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

Egyptian Foreign Minister Amr M Moussa and Malaysian Foreign Minister Syed Hamid Albar Bin Syed Jaalar 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.

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.

The sources said Cairn may go for arbitration with Petrobangla to settle some disputed issues. The issues include Petrobangla's refusal to take full supply of gas from Sangu Gasfield and approve its enhanced budget for development of the gas field and deduction of 8 per cent from the bill for gas sale as royalty for using Bakhrabad Gas System's pipeline.

Cairn was committed to supply 160 million cubic feet of gas per day (mmcf) from six wells of Sangu field from April last year. But it started gas supply

from June last year due to technical flaws in the Sangu system and because two of the six wells turned out to be dry. The initial supply was 60 mmcf and Cairn had said that it would gradually increase the supply.

Sangu 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 173 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 without 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 & Roots as partners to develop the gas field.

It took over the shares of Holland Sea Search and sold

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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 Siddiquee

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 a German company, Deutag, was entrusted with the task. The Jalalabad-5 well is in the suburb of the town and three kilometres off Jalalabad-2 well.

Occidental is now supplying about 100 mmcf of gas to the national grid from the gasfield after putting into production well no 3 and 4 last week. The two wells have a capacity of producing 125 mmcf of 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.

Production in the four wells is going well and the processing plants are functioning properly, the official said. Approximate reserve in the Jalalabad structure is about one trillion cubic feet and gas production in the field will continue for about 15 years, survey reports said earlier.

The official said successful production of gas in the four wells is important for Occidental because the company faced a disaster following the massive blow out at Magurchhara gas field during drilling in 1996.

The company is exploring oil and gas in the country under a PSC signed in 1995.

The Jalalabad-1 well was first discovered and drilled by Canadian company Schmiter in 1988 but was plugged in the face of mass agitation.

TCB misusing reserve quota for garments export

By Rafiq Hasan

Probe report

the commerce ministry earlier this month.

Other members of the committee were Nasiruddin, Deputy Director of EPB and the presidents of Bangladesh Garments Manufacturers and Exporters Association (BGMEA), Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), Bangladesh Terry Towel and Linen Manufacturers and Exporters Association and Bangladesh Specialised Textile Mills and Power Loom Industries Association.

When contacted, TCB Chairman Hiralal Bala admitted selling the quota and said, "We call tender and distribute it among the enlisted participants on the basis of bidding".

He said the TCB gets a percentage from the exporters on their export bill. This is a source of earning for the corporation which is suffering from financial crisis he said but could not say how much it earns through this. Another high official of the TCB however said on condition of anonymity that it earns about Tk 15 lakh annually from this.

Asked whether the quota is re-sold, he said the TCB monitors the export performance through collecting shipment document of the exports. The USA and Canada are the main buyers of Bangladesh garments and they have imposed the quota system.

Out of total quota, five per cent is reserved as 'free' for newcomers in the business and the rest is distributed among

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AL activist shot dead in Khulna

From Staff Correspondent

KHULNA, Feb 26: Ajmal Hossain, 33, an activist of the ruling party and a member of Naihatty Union Parishad under Rupsha thana was shot dead and three others severely injured when a group of extremists sprayed bullets on them at a tea stall at about 9 pm today.

Injured, identified as Nuruzzaman, Khair and Omar Ali, were admitted to Sadar hospital with bullet wounds.

Police said, the four AL activists came under attack when they were playing cards in the Nabakumar Teastall at Naihatty Bazar.

They stormed into the teastall and sprayed bullets on them, leaving Ajmal dead on the spot. The extremists left the scene firing blank shots and raising slogans in favour of Furba Banglar Communist Party, police said.

A tense situation is prevailing in Naihatty Union.

Voter turnout was over 50 pc, says FEMA

Voting in the Feb 23-25 municipal election was held peacefully in most of municipalities, according to FEMA, reports UNB.

Despite 66-hour countrywide hartal enforced by the opposition political parties, FEMA said the voting was peaceful due to adequate security arrangements made by the government.

However, it said, there were clashes in 20 polling centers. Twelve of them were in Sherpur, 3 each in Kushtia and Natore and one each in Jessore and Srinongal.

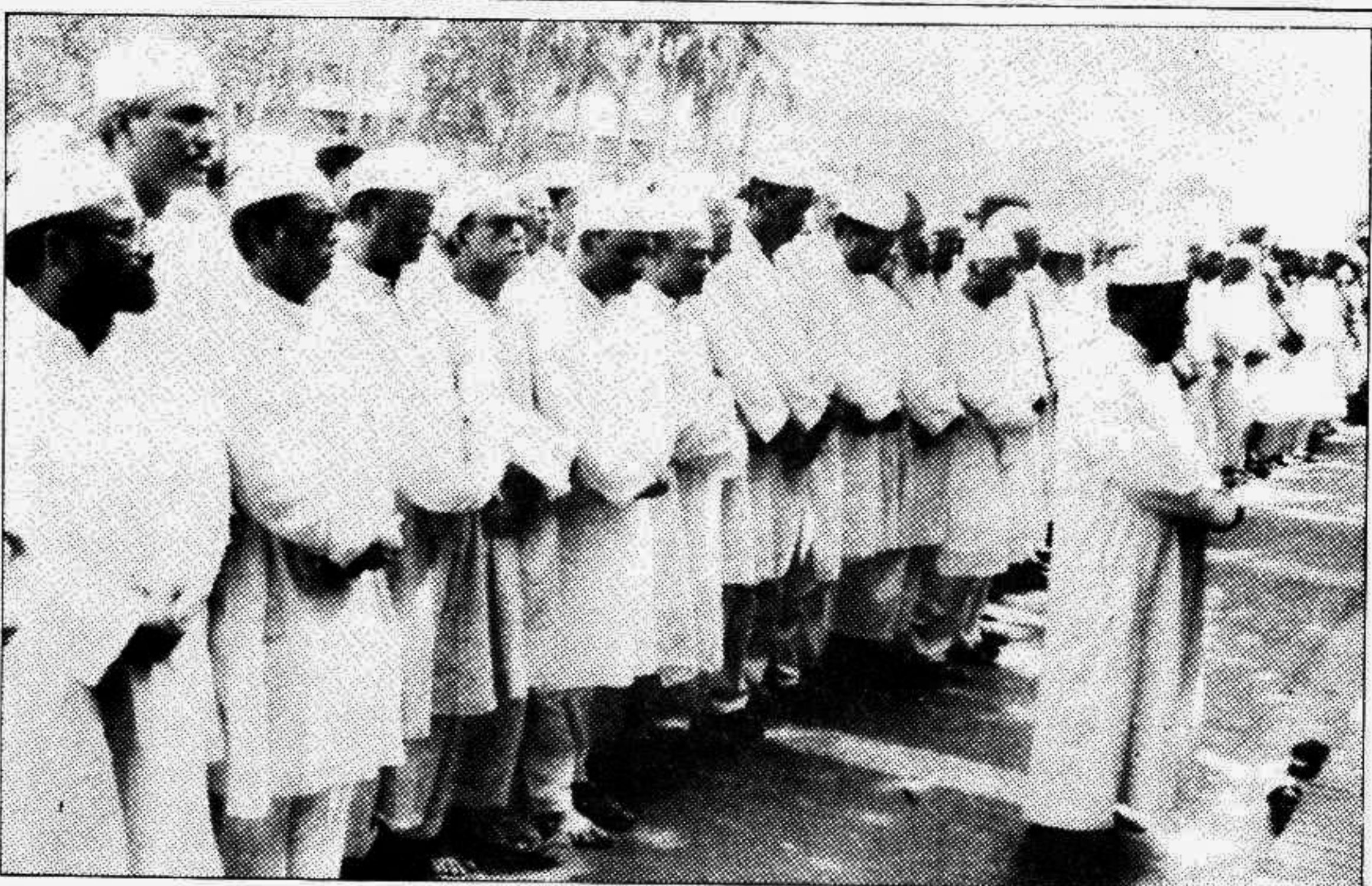
A press release said yesterday mobile teams of the Fair Election Monitoring Alliance (FEMA) observed polls in 65 municipalities of 53 districts.

They found that the election was not fully contested as the major parties boycotted it. Despite boycott and hartal to resist the election, a number of opposition party candidates ran for chairman and commissioners in several municipalities, the report said.

FEMA also found that voter turnout in the municipal election was 50 per cent or more in almost all the polling centers. In some polling stations, the voter turnout was over 88 per cent (Ullapara, Kotlipara), it said.

The lowest voting was counted in Shankarpur School polling centre in Jessore, where only 17 voters, out of 1900, gave their verdict.

Low turnout (between 30 to 40 per cent) was also reported from Tangail, Bogra, Borguna, Shatkira and few other places.



The BNP-led four-party opposition alliance held a gayebana janaza at the Baitul Mukarram national mosque as part of its countrywide programme yesterday.

— Star photo