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### Tofail says at Export Development Council meet

## Govt mulls over more export incentives in next budget

The government is considering to waive source tax and provide 'many more' incentives to the exporters in the budget to further boost exports, says BSS.

You will be happy to see the budget of the next fiscal," said Commerce and Industries Minister Tofail Ahmed, while presiding over the 31st meeting of Export Development Council at a city hotel yesterday.

He said that the government would act as a facilitator by providing infrastructure and human resource development and laid stress on expanding the export base to increase exports.

Referring to the aims and objectives of the new industrial policy to nourish private sec-

tor-led growth, the Minister said the present government is committed to providing all out support to the exporters.

Explaining the various implications of the export policy, the Minister said export earnings increased to 3 per cent despite the losses incurred due to last year's devastating floods.

He extended his heartfelt thanks to the exporters for their untiring efforts to increase exports.

Organised by the Export Promotion Bureau (EPB) the meeting was also addressed, among others, by Commerce Secretary Sayed Alamgir Farouk Chowdhury, EPB Vice Chairman AB Chowdhury, NBR

Chairman Abdul Mueyed Chowdhury, FBCCI President Abdul Awal Mintoo, BGMEA President Anisur Rahman Sinha, DCCI President MH Rahman and Frozen Foods Exporters Association President Kazi Shahnewaz. Leaders of different chambers, associations and high officials of banks and the ministry were also present at the meeting.

The FBCCI president demanded fixation of 8 per cent interest rate on export loan, 5 per cent cash incentive, waiving 0.25 per cent source tax, extending time-limit of tax holiday, duty-free import of machinery and re-fixation of power tariff.

Demanding removal of bottlenecks at the ports and expediting the construction work of the proposed container terminal and port in the private sector, Mintoo said the government must provide cash incentives and special honour to the exporters of new items based on 100 per cent indigenous materials.

Price fall in international market, devaluation in competitive exporter countries and colossal damage caused by last year's floods in the country hampered the pace of export, Mintoo said and demanded co-operation from concerned agencies to face the challenges of free market economy.

### Passengers praise new Emirates terminal

The first passengers of Emirates to its new departure terminal at the Dubai International Airport, were all praise for the facility, says a press release.

They said that the terminal was bigger, brighter and more modern.

The operation of the terminal commenced recently with Emirates' EK 502 flight to Mumbai.

Most found their way to the new terminal on the upper concourse, without any problems, thanks to the clear road signs posted by the Dubai Municipality and the sustained publicity campaign run by the Department of Civil Aviation and Emirates.

Passengers were pleasantly surprised by the much larger check-in area which has been designed for free and easy flow of passengers. Emirates has 42 check-in counters, each in smart granite and stainless steel finish, with the widest baggage and conveyor belts available in the industry.

Passengers also experienced the world's first multi-lingual flight information display system, where both English and Arabic information are screened over the same monitor at the same time.



Passengers being presented with flowers and chocolates by Emirates cabin crew at the airline's new departure terminal at Dubai International Airport. — Emirates photo

### PGCB strikes optical wire deal with German co

Power Grid Company of Bangladesh Ltd. (PGCB) and Felten Guilleaume Kablewerk GmbH, Germany, have signed an agreement for supply of optical ground wire and fittings under the ADB-financed Meghnath Power Station Associated Transmission Lines Project, says a statement issued yesterday.

The Tk 4.96 crore contract agreement was signed by Mohammed Salim, Company Secretary of PGCB, and Shafiqur Rahman for Felten Guilleaume Kablewerk GmbH.

Senior officials of both the parties were present on the occasion.

When completed, the transmission project will be able to transmit 450 MW power to be generated by the Meghnath Power Station to Dhaka and other areas of the country.

### BCSIR technology for producing cement from rice husk

An indigenous technology for production of low cost cement using rice husk and industrial ash residue has been developed at Bangladesh Council for Scientific and Industrial Research (BCSIR), says BSS.

BCSIR has constructed two five feet by five feet rooms, one using low cost rice husk cement and the other with Portland cement to make a comparative study of durability.

Both the rooms, constructed in 1995, are in fine condition, said Nasrin Faruque, Senior Scientific Officer of BCSIR. She said so far nothing has gone wrong with the room constructed with rice husk cement.

BCSIR is now looking for some entrepreneurs for wide application or commercialisation of the process for building one-storey buildings. She said Al-Haj Shamsuddin Ahmed, an MP from Natore, has shown some interest in the process.

Meanwhile, BCSIR has already transferred the process to the public sector for production of cement using imported clinker and useless slugs from steel mills.

With the commercialisation of the process, the country is likely to save about Tk. 15 million annually in foreign exchange by checking the import of clinker.

Initially, 12,000 to 15,000 tons of slug could be used for cement production by using the technology developed by BCSIR.

## Indian restriction on movement of trucks Banglaband land port on verge of closure

PANCHAGARH, May 27: Bangladesh land port, the transit point on the trade route between Bangladesh and Nepal, is on the verge of closure just after 18 months of its ceremonial inauguration, reports UNB.

The land port situated in the northernmost part of the country at Banglaband of Tetulia thana in Panchagarh district was re-commissioned on September 1, 1997 highlighting the potentiality of its becoming the busiest spot for expanding Nepal-Bangladesh transit trade.

It was stated at the time of inauguration that the port would earn at least Tk 100 crore revenue per year.

Commerce and Industries Minister Tofail Ahmed inaugurated the Banglaband transit route (Bangladesh-Nepal) in the presence of high officials, including Ambassadors of the two countries, aimed at achieving rapid socio-economic development of the South Asian region.

Nepal, a land-locked kingdom of the Himalayas, was always interested in using Banglaband transit route for transportation of its goods from Mongla port as it cuts down the existing Calcutta-

Kathmandu distance by 700 kilometres.

India agreed to allow the use of 56 kilometres of its land for transit of Nepalese goods from Mongla port shortly after inauguration of the Bangladesh land transit port.

But restriction imposed by India on movement of trucks prevented the transportation from beginning in full gear.

Nepalese trucks are yet to enter into the Bangladesh territory as the Motor Vehicles Agreement between the two countries is yet to be signed.

As a result, Bangladesh trucks have to carry goods up to Banglaband port from Mongla and Nepalese trucks remain standing across the Banglaband for transfer of goods from Bangladesh trucks.

The government is thus being deprived of huge amount of revenue, the officials told the agency.

Besides the procedural bottlenecks lack of office space, furniture, telephone and electricity facilities are also standing in the way of a full implementation of the transit agreement.

UNB correspondent visiting the land port found that the

Customs Super and port officials sit in a tin-shed house that has only three tables and five chairs.

Having no residential accommodation the port officials commute to and from Panchagarh district headquarters everyday.

Abdul Awal Mintoo, president of the Federation of Bangladesh Chamber of Commerce and Industries (FBCCI) after visiting the port recently wrote a letter to the Finance Minister requesting him to take initiatives on upgrading Banglaband land port to a first class land port.

He also requested the minister for infrastructural development of the area, including construction of the 60 kms road from Panchagarh to Banglaband.

Superintendent of Banglaband Land Customs Gobindal Roy told the agency that they so far collected Tk 6.88 lakh from the port.

He said up-gradation must include establishment of a warehouse, branches of banks, extending customs immigration, electric and telephone facilities and infrastructural development.

### Ctg port penal rate raised four times

CHITTAGONG, May 27: In a bid to make the Chittagong port free from congestion, penal rate has been raised four times for empty containers, says UNB.

The port authority at a meeting took the decision on Tuesday after evaluating the situation of congestion.

The new rates will be effective from June 1. Existing rate for an empty container is US \$1.5 a day for the first 28 days and US \$ 3 for every subsequent day.

The penal rate is now fixed at 12 dollars for an empty container for each day after 28 days. The rate for the first 28 days will remain unchanged at US \$ 1.5 per day.

We were compelled to jack up the penal rate as importers did not pay heed to our notices for clearing empty containers that contributed to the congestion at the port," said a port official.

A large number of empty containers are lying in the port causing congestion. The situation will worsen with unloading cargoes from 5 ships at the jetty now. Besides, 15 ships with 1,500 containers will land at the port in the next 15 days.

### MMC technical training course held at Rangs workshop

For the first time in the country, Mitsubishi Motors Corporation of Japan held a fortnightly Regional Technical Training Course at Rangs Workshop Limited in the city, says a press release.

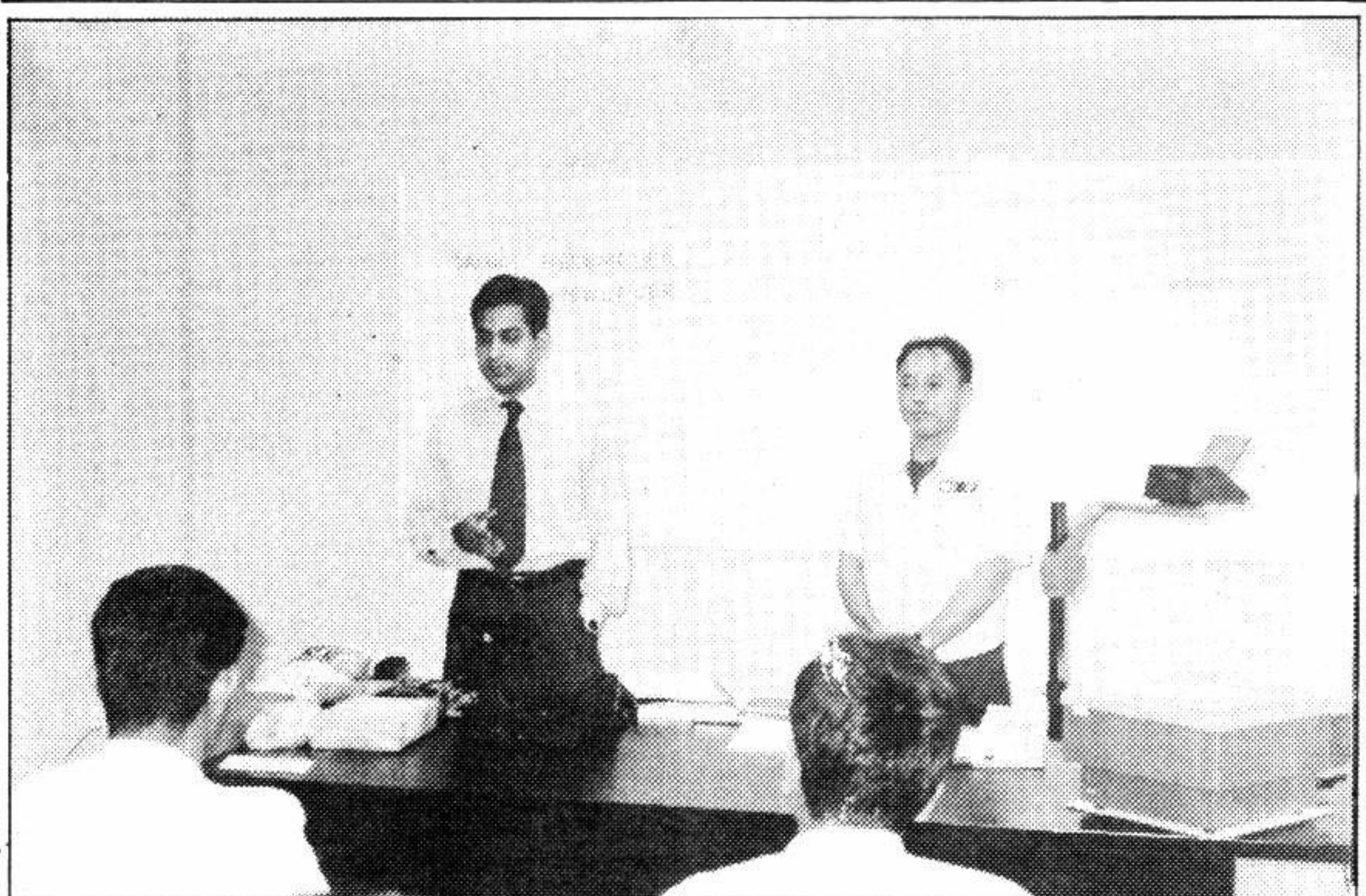
The course which was inaugurated by Romo Rouf Chowdhury, Director of Rangs Group, focused mainly on the new product — Pajero 'lo' 4WD, Lancer GLXi and Pajero 4WD (Inter Cooler Turbo Charger).

T Kawakami of Mitsubishi Motors Technical Corp conducted the Theoretical and Practical Training.

The Participants of the training course were from Malaysia, Nepal, Sri Lanka and the host country, Bangladesh.

It is a prestige and honour for Rangs Limited that Mitsubishi Motors Corporation has chosen it to offer such a facility of international standard to conduct the Technical Training.

The course was concluded with a certificate giving ceremony.



The inaugural ceremony of Mitsubishi Motors Corporation's Regional Technical Training Course at Rangs Workshop Limited in the city. — Rangs photo

## Japan's banking crisis shows no signs of ending

TOKYO, May 27: Japan's banking crisis shows no signs of ending despite the top 17 banks writing off about 82 billion dollars in bad loans in the past year. US ratings agency Standard and Poor's says today, reports AFP.

"The Japanese banking crisis is far from over," Standard and Poor's managing director for financial institutions' ratings, Ernest Napier, said in a statement.

"Every time we are led to believe that Japan's banking crisis is under control in response to some government initiative or banking legislation, the amount of bad loans that may ultimately prove to be uncollectable soars to new heights," he said.

In their financial reports for the past fiscal year to March, the top 17 banks reported net losses of about 4.5 trillion yen and said they still held about 20 trillion yen in problem loans.

The banks wrote off about 10 trillion yen (82 billion dollars) in bad loans during the period.

On December 23 last year, the New York-based Standard and Poor's slashed the credit ratings of seven major banks in Japan, citing increasing credit costs and huge net losses expected in the second half.

And "despite a more buoyant stock market than expected at the end of fiscal 1998, which allowed many banks to accelerate their disposal of problem loans,

the outlook on the Japanese banking sector remains negative," the agency said in a statement.

Underlying fundamentals in Japanese banks remained "very weak," said Napier, and efforts to dispose of problem loans had increased pressure on thin profits and capital ratios.

"Despite the extremely high

level of credit cost taken during the last fiscal year, Standard and Poor's is not convinced the banks have recognised all of their asset quality problems," the statement said.

"Losses are expected to continue into next year albeit at a lower level, providing further indication that the end is not in sight."

### Frustration grips farmers despite bumper boro

NETRAKONA, May 27: Despite bumper boro production in the district, frustration has gripped the farmers due to the sharp fall in prices of paddy in the local markets, reports UNB.

Farmers said that they harvested a bumper production despite the prolonged drought, but they are not getting fair prices of their produce due to shortage of buyers.

At present, a maund of boro paddy is selling between Tk 260 to Tk 280 which is below the cost of production. The cost of production increased this season due to the increase in irrigation costs following the prolonged drought, they said.

Poor farmers of the district alleged that a section of middlemen were controlling the market offering lower prices on credit.

Napier said banks' exposure to big borrowers in the building, real estate and finance sectors was a "serious concern and will most likely require further provisioning."

"This is true even for those borrowers that have already received substantial loan forgiveness as they remain highly leveraged with little operating cash flow."

The banks' credit ratings already reflect to some extent the government's support for them, Standard and Poor's said.

Fifteen of Japan's leading banks took a combined 7,459.2 billion yen in state credit lines in March under an ambitious government bank recapitalisation programme.

But much of that support came in the form of "weak capital instruments such as preferred stock and subordinated debt," Napier added.

"In the final analysis, the use of public funds could be a classic example of 'too little too late' unless there is a strong commitment by all parties to break with the past."

## Three major US cos to help end Chinese sweat-shop practices

WASHINGTON, May 27: Mattel Inc, Reebok International Ltd, RBK .N and Levi Strauss & Co said yesterday they would try to convince other US and international companies to help end sweatshop labour practices in China, says Reuters.

The three companies, which together help provide jobs for more than 1,000,000 Chinese workers, are the first of 100 private employers organisers of the campaign hope to enlist in the next year.

"This is the first set of business-endorsed human rights principles in China," said Bama Athreya, director of Asia programmes for the International Labour Rights Fund, a principal architect and supporter of the campaign.

The principles aim to end what the International Labour

Rights Fund and Chinese human rights activists say are the beatings, excessive overtime hours, unpaid wages and dangerous working conditions that affect tens of millions of workers across China.

For companies like Reebok, Levi Strauss and Mattel, makers of shoes, clothing and toys respectively, better treatment of workers — who are generally employed by local firms sub-contracted by the US companies — will be reflected in future profits, company officials said.

"In the short-term, there may be a slight (financial) benefit by ignoring workers' wellbeing," said Seans Fitzgerald, a spokesman for Mattel. "In the long-term interests of a brand, a company, there is no benefit whatsoever."

The principles also prescribe the purchase of any

product made with underage children, prisoners or workers at private companies who are bound unfairly to their jobs because their employers are illegally withholding the majority of their wages until the end of their work contract — a form of indentured servitude.

In 1991 and again in 1995, efforts by some US lawmakers to have the State Department oversee company compliance with Chinese labour laws and penalise those who failed died in the House of Representatives.

Slow progress to improve worker rights in China, combined with the success of voluntary, business-led efforts to end apartheid in South Africa and curb anti-Catholic discrimination in Northern Ireland, convinced Athreya and her fellow organisers that a new approach was needed in China.

### From '94 to the 90's

In 1974 Bangladesh, enacted its 'Petroleum Act' and shortly after that the Indonesian Model of Production-Sharing Contract (PSC) was adopted by the Government of Prime Minister Bangabandhu Sheikh Mujibur Rahman. Soon companies started visiting the Ministry of Petroleum and Mineral Resources. All prevailing oil and gas concessions with oil companies were cancelled. Six offshore blocks were awarded to six big multi-national companies — three from the United States, one Canadian, one Japanese and one state owned company from Yugoslavia. This operation continued up to 1978.

It may be worthwhile to recall that with a view to providing required authority and financial power, the then Chairman of Petrobangla Dr. Habibur Rahman was given the status of Secretary. By 1976 the scenario changed totally.

Petrobangla became a corporation like many other statutory bodies. The emphasis for oil and gas exploration was lost for a long time, even the professional development aspects were ignored. By 1981 a new contract was signed with Shell under PSC for on-shore exploration. Meanwhile, in the mid 80's, with the assistance of the World Bank Petroleum Exploration Promotion Project

## Gas contracts and tasks before Bangladesh

By Nuruddin Mahmud Kamal

(PEPP) in May 1983) was initiated and a vast area was seismically surveyed by Petrobangla. Then came the much talked about Scimitar contract in Sylhet in 1987. In the 90's contracts were signed with Cairn, Occidental and United Meridian. In early to mid 90's promotional campaigns abroad were held, series of meeting and discussions were undertaken, but the actual achievement was less than the published versions. In 1996 the government updated the 1974 PSC model and shared Model Contract with interested companies. Block numbers 12,13,14,15, 16, 17, 18, 22 were awarded to mainly four companies such as Occidental, Cairn/Shell, UMIC and Rexwood. In blocks 12, 13, 15 and 16 almost all major gas fields are either in operation or gas have been discovered. In the 70's and 80's blocks were reserved for state companies where hydrocarbon was found. It seems these national considerations no more exist.

**The New Effort**  
On June 23, 1996 newly

elect Prime Minister Sheikh Hasina took over the responsibility of the government. On October 14, 1996 the first private sector power policy was approved by the Cabinet. By March 1997, Petroleum Exploration Campaign (Road show in London and Houston) started. In July '97 the bidding process started. By August '97, Mr. Arthur Anderson, consultant for evaluation of bids was appointed. Reportedly criteria for evaluation was established. Meanwhile, 15 (fifteen) new blocks were identified, in addition to the already awarded eight blocks.

Between August and December 1997, while the evaluation was in progress, the media generated a lot of heat. Questions have been raised — who prepared the criteria and who vetted it, whether evaluation is carried out on the basis of the original criteria; how the rank ordering is being made; whether only one block should be awarded to one company; whether work programme (in terms of number of wells only) should be the main criteria;

whether work programme is commensurate with bank guarantee and financial offer/balance sheet of the company etc. In the evaluation criteria whether company's experience and performance have been adequately addressed; whether the relationships between profit split and work programme has been met as per criteria. News have spread that anomalies were observed in some cases where bank guarantee vis-a-vis work-programme do not match. It has also been alleged through the media that some companies have been allowed to submit Revised Programme, while others were denied. National dailies have even hinted that some oil majors have been asked to collaborate with insignificant 'paper companies'. These allegations are creating misconceptions in this bid round, which should, for the greater interest of the State and the proposing companies, be carefully reviewed and judicious decisions be made. In any case evaluation of offers must be made very carefully and participation of Bapex

(national company) be ensured in one form or the other. All the blocks may not be opened now.

**Future Prospects**  
The future of the petroleum industry will be determined by its ability to adapt to an environment which is different from that in which it attained its present size and structure. Lately the cost of oil is of major international concern. To what extent the major oil companies expressed their interest in the present bid round (1977) will determine the future prospects of oil and gas in Bangladesh.

Contrary to the belief of some, neither the world nor Bangladesh in particular is running out of hydrocarbons. The problem is different in dimension; it is to find more gas in addition to the new reserves before the existing sources decline to a great extent.

So far 22 (twenty-two) gas and gas-condensate fields with an estimated recoverable reserves of 13.74 trillion cubic feet gas and hopefully about 20 million barrels of condensate have been discovered in fluvial

and deltaic multiply sandstone reservoirs of Miocene and Pliocene age. Of these 22 fields, 8 are located in the Sylhet Trough, 4 in the eastern folded belt, 5 in the Tangail-Tripura Belt, 1 in the off-shore Bay of Bengal and three commercial gas discoveries without any significant condensate recoveries are in Kutubdia, Shahbazpur and Sangu.

With an area of 148,000 sq. km and a total of only 58 exploratory wells in 87 years, Bangladesh ranks as one of the most unexplored countries in the world.

The success ratio is almost 35 per cent (one in three wells). So far, the discoveries of hydrocarbon traps are linked within the folded anticlinal plays of the eastern Bangladesh. Other undrilled prospects and plays such as stratigraphic traps, and fault blocks in the central and western Bangladesh, have not yet been tested.

In the hydrocarbon exploration effort, the redeeming feature is that after a prolonged search the existence of hydrocarbon was confirmed both in

the on shore and offshore of Bengal Basin. Needless to mention that the oil and gas exploration in Bangladesh has a long history, with small discovery, but large prospect. Recent significant discovery of high potential Bibiana field in Habiganj by Occidental, like many other geological structures in Bangladesh, is yet to be evaluated. The history of investigation for coal goes back to the 1960s, when Jamalganj coal was discovered deep beneath the ground. Based on geological evidences, while the oil and gas exploration activities were mostly concentrated in the eastern part and had met with considerable success during the '50s and '60s, exploration for minerals, hard rocks and coal were mainly conducted in the western part of the country.

The first oil prospecting was initiated at Sitakunda, Chittagong. The effort initially continued through a number of 'wild-cat' wells and later through drilling scientifically designed exploration wells in a number potential geological structures in Sylhet and Chit-

tagong. In 1955 Royal Dutch Shell Oil company discovered the first gas-well at Haripur, Sylhet. Haripur came into focus for the second time in the history in 1986, when liquid gold (oil) was discovered for the first time during drilling for gas development in well number seven. The lucky well No. 7 turned into a 'one well wonder.' After almost 10 years of production the well stopped flowing in 1996.

In addition to Petrobangla's on land activities in a limited scale, systematic oil and gas exploration through foreign (private) multinational companies began in the offshore Bay of Bengal in 1974 through formulation of a new principle called Production-Sharing Contract (PSC), when the Petroleum Act was also enacted in the newly created Bangladesh. Out of eight exploratory wells drilled in six offshore blocks during 1974-78, discovery of Kutubdia geological structure (unappraised and unconfirmed gas find of about one trillion cubic feet) indicated favourable prospects. In spite of good prospects in general, Bangladesh remains largely underexplored.

**To be continued**  
(The author is a former Additional Secretary and Chairman of Power Development Board)