

# The Bidding Rounds in Hydrocarbon Exploration

by Nuruddin Mahmud Kamal

**A clear policy on the utilization of the gas reserves established already and are likely to be added in the counting of numbers shortly is extremely important, otherwise the nation might walk into inaccessible areas or even unwittingly get overpowered in the crucial negotiating points.**

The reason I am making cross references to these published materials is because divergent views exist, which in my opinion is good for a decent debate. These issues are like 'cat on a hot tin roof'. The foreign companies are using all their strengths and lobbies including diplomats, academicians and business interest groups to find an escape route in their already signed production-sharing contract(s) or would-be-signed ones.

Indeed, provision is there in the current PSC for export through LNG route. Now they want a major change in the contract. To most people, their proposed option of a dedicated pipeline on a non-competitive basis may not be good in the interest of Bangladesh. Yet, it is rather intriguing that the IOCs having signed PSCs in the mid 90s are also now proposing to amend their contracts, which could have far reaching implications and ramifications on agreements made. From their proposal it would appear that even the signed contract(s) will undergo major surgical operations to obtain uneven advantage to the IOC. Why should the government consider such changes proposed by the IOCs, while other stipulations in the contract remains intact. I believe, it has not even been discussed who would do the export, if at all, and on whose behalf? The gas under the ground belongs to the state and the state (Bangladesh) belongs to the people. The contract is for sharing products before and after cost-recovery. But an IOC cannot over generalize a contract and intervene into the sovereign right of the government. For example, under PSC-1974, in an off-shore block Messrs Union Oil Company (perhaps Unocal now) discovered Kutubdia gas of around 1

(one) TCF. The structure was not developed, rather abandoned by the foreign company. In early 90s Messrs Schlumberger proposed for the first time export of gas through pipeline, which was not accepted. Nevertheless, these are delicate issues and their pros and cons may be examined, analysed in the day light and perhaps a win-win situation may become visible through the window. While doing so, the government must be on guard and alert at all times.

Another new and unwarranted situation has evolved in the IOC operation. The unauthorised transfer of operatorship by Cairn and Occidental aggravated the already bewildered situation. In Dhaka, in the recent weeks, there has been confusion on the progress of second round bidding in hydrocarbon exploration effort initiated in 1996. During the last three years many things have happened, some not to the interest of the country, but nobody apparently knew whom to believe. Most of the officials concerned and decision makers seemingly remained unconcerned. Credibility, in regard to the gas exploration effort and the IOC activities, remained in short supply as electricity in the country. Rumours spread that there have been behind the scenes weaponless battles, between those who favoured speaking in terms of the realities and those who felt it would be practically unwise to invite more controversies. But some experienced professionals cautioned that this is how the IOCs operate anyway. They at times play foul game but the authorities do not even show them yellow card. Instead, bandwagons led by vested circles and their lobbyists working for foreign companies while green signals from the dark and let go everything, as if unnoticed.

Perhaps, the case in point of irregular transfer of operatorship would bring in more miseries for the government in future.

However, prior to finalizing the negotiating points in the current second round bidding, if at all, it must be continued and if all the blocks be opened all at a time, the outcome of the first round bidding and implementation phases must be very carefully reviewed thoroughly. The Bibiana and Capna and also Sangu reserves must be finalized in terms of achievements, additions in gas reserves, new discoveries and their prospects and also the status of acquiring new technical knowledge. Information on these are not fully known, which is wrong — very wrong in the public interest. Consequently, the news on delays in negotiation and confusion on the progress, and likely award of contracts and change of hands of properties under PSC (?) remained a mysterious game. Whatever information leaks out through the media are perhaps filtered for better or worse, therefore, be taken with a grain of salt. Let emotions do not overtake the country's interest. At the same time let's not unwittingly hasten any decision which might hurt the so-called gas-rich Bangladesh into second Nigeria!

Apparently, the current negotiations with IOCs are progressing without any clear policy decisions and firm written guidelines to the government negotiating team. A clear policy on the utilization of the gas reserves established already and are likely to be added in the counting of numbers shortly is extremely important, otherwise the nation might walk into inaccessible areas or even unwittingly get overpowered in the crucial negotiating points. The negotiating team should be professionally competent and capable in understanding the intricate game of hydrocarbon exploration and the art of negotiation and its far reaching impacts on gas development. Adequate legal consultations be made at every step during negotiation. What is most important is that a total transparency must be maintained at all levels. People must not be kept in dark.

The author is Retd Adm. Secretary and ex-chairman, PDB.

# Liberation and Beyond

by J N Dixit

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## 1972: Efforts at National Consolidation

Part-V

THE fact of the matter, however, was that not all arms were surrendered. Some of the freedom fighter groups retained arms. Some followers of Tiger Siddiqi and Mukti Bahini cadres belonging to Shahjahan Siraj and Sikdar Group with leftist leanings did not surrender their weapons. This was to generate political tension in Bangladesh in the two years that followed. One consequence was the split in the Chhatra League, student wing of the Awami League, on ideological lines early in 1972.

Sheikh Mujibur Rahman had scheduled a big public meeting at the Ramna Maidan for Mrs Gandhi's visit. Construction work started on a huge rostrum shaped like a country-boat (The Awami League's election symbol) from which he and Mrs Gandhi would later make the public meeting. He conveyed to Mrs Gandhi that later he would like to erect a memorial for the Indian soldiers who fought for the liberation war at this site which would also commemorate her visit to Dhaka. Mrs Gandhi's response to this proposal was politically astute and pre-scient. She instructed the High Commissioner to tactfully refuse the suggestion. He reasoning was that given the limited resources with the war-ravaged country and considering the sub-conscious Islamic values among the Bangladeshis such a monument would not be advisable to have. It may be seen as a reminder of the process of the creation of Bangladesh. And, if at some point of time Indo-Bangladesh relations were to suffer from distance and tensions, as it often happens amongst close neighbours, the monument may become the target of attack and desecration aggravating antagonism between India and Bangladesh. She asked that these views should be conveyed to Sheikh Mujibur Rahman while emphasising that his offer and gracious gesture was a sufficient expression of goodwill and affection of Bangladeshis for India, and that she was deeply touched by this gesture of goodwill. Given the ups and downs that Indo-Bangladesh relations have witnessed in the 26 years since liberation, Mrs Gandhi's decision proved to be wise.



Mrs Indira Gandhi and Sheikh Mujibur Rahman signing the Indo-Bangladesh Treaty of Friendship and Joint Declaration at Dhaka on March 19, 1972. The author is standing beside Mrs Gandhi.

Defence Headquarters of the Eastern Command at Dhaka organised a farewell parade by the Indian army in the Dhaka Stadium on March 11. Sheikh Mujibur Rahman the chief guest was requested to take the salute. The parade was held in an atmosphere of goodwill and intense emotion. Mujibur Rahman took the salute and made an emotional speech thanking the government, the people and the armed forces of India for having made profound contributions to Bangladesh's liberation. He expressed the hope that friendship and cooperation between India and Bangladesh would expand in the same spirit which had animated cooperation during the liberation war. As the last unit of the Indian army marched out of the stadium with their colours against the background of a setting sun, there were moist eyes among many in the audience and even in the eyes of senior Indian military commanders witnessing the parade amongst whom I sat.

Mrs. Gandhi arrived in Dhaka on the afternoon of March 17. She was put up at 'Banga Bhawan' as the guest of President of Bangladesh, Justice Abu Sayed Chowdhury. Mrs Gandhi was accompanied by a high level team. Foreign Minister Sardar Swaran Singh, some MPs from West Bengal, Principal Secretary to the Prime Minister PN Haksar, and Foreign Secretary TN Kaul. There was a glittering state banquet on the night she arrived. She had three lengthy discussions with Sheikh Mujibur Rahman. She addressed a public meeting attended by an estimated eight lakhs of people.

The highlight of the visit was a day long cruise on the Padma river from Dhaka to Narayanganj and back. It was during this cruise that the terms of reference of future bilateral relations were finalised, some of which later became a matter of controversy and motivated misinterpretation by later Bangladesh governments. Here is how Mujibur Rahman along with their advisers, assembled on the upper deck of the boat. Mujibur Rahman asked Mrs Gandhi as to what kind of document should be issued at the end of her visit. Mrs. Gandhi turned to TN Kaul and asked what it should be like. Kaul said normally a joint communiqué is issued summarising the decisions taken by the prime ministers. Mujib interjected, saying, 'Didi, what is better than a communiqué?' Kaul said, 'A joint declaration.' Mujib persisted, and inquired what was better than a joint declaration.

tion, upon which DP Dhar said 'a bilateral treaty of peace, friendship and cooperation.' Then Mujibur Rahman ventured that he would like to have both a joint declaration and a bilateral treaty if Mrs Gandhi would agree. Mrs. Gandhi responded by saying that she would go by whatever the Prime Minister of Bangladesh desired.

TN Kaul and Bangladesh Foreign Secretary Enayat Karim were asked to prepare the draft of the bilateral treaty. The drafting of the joint declaration was entrusted to me and the then Director General for South Asia, H.A.M.S. Kibria (Finance Minister of Bangladesh in 1998). Kibria and I went to the lower deck and spent the whole afternoon drafting the joint declaration while Kaul and Karim finalised the draft of the bilateral treaty. The agreement and the joint declaration were approved by the prime ministers late on the night of March 18. They were signed on the forenoon of March 19 in the main reception hall of Banga Bhawan, the former residence of the Governors of East Pakistan.

Mrs Gandhi's attention to detail was impressed upon me dramatically just before the signing ceremony. I was to escort her to the table where the agreements were to be signed. I was also on duty as the Factotum turning the pages of the treaty and the joint declaration for her signatures. As I walked with her through the main door into the ceremonial room, she observed the lovely golden pen stand with pens placed on the table for the signing of the agreements. She said to me, 'that is a lovely pen stand! Mani, are you sure that the pens have been filled with ink. I do not want to be scratching at the agreements.' She had discerned that these were not ballpoint pens. I quickly rushed forward to check to find that her anticipation was correct. The pens did not have ink. I borrowed the pen from TN Kaul's pocket and handed it over to Mrs Gandhi as she sat down. She looked at me and said sotto voce, 'These kinds of things keep happening. It is always better to check before hand.'

The joint declaration outlined the future course of economic, technological, commercial and cultural cooperation between the two countries. The treaty of peace, friendship and cooperation was patterned more or less on the earlier Indo-Soviet Treaty signed in August, 1971, including clauses relating to security and defence cooperation.

The visit was as successful as it could be in that contemporary context. Mrs. Gandhi informed Mujibur Rahman that Mr. Bhutto had been in touch with India for getting the Pakistani prisoners of war back and for normalising relations to the extent possible. Mrs. Gandhi said that bilateral discussions with Pakistan would commence in March itself and that she would keep Sheikh Mujibur Rahman fully informed about all the details of negotiations with Pakistan. A reference to discussions between India and Pakistan between March and June, 1972 would put the matters in perspective about further developments in Indo-Bangladesh relations.

Mujib had already agreed to the repatriation of all Pakistani prisoners of war to India. This had commenced in January itself. He had also agreed to the repatriation of Pakistani officers and men who were accused of war crimes to India. He said that he would demand their return the moment all the documents were ready. Here I must recall the remark of Pakistani General Farman Ali as he boarded the plane which was taking him to India escorted by Indian Military officers. In frustration and bitterness he told the Indian officers that all the satisfaction which India had about supporting Bangladesh's freedom movement was misplaced. The Bangladeshis were bound to turn against India. They had no capacity for gratitude. History would judge how valid his prognosis was, but it was clear his remarks essentially reflected his frustration.

PN Haksar and DP Dhar held discussions with Zulfikar Ali Bhutto and senior Pakistani officials at Islamabad and Murree and in February and March 1972. These talks were primarily aimed at resolving the issue of prisoners of war, the future of territories captured by the Indian army in Western Pakistan and clearing the decks for re-establishing normal working relations between India and Pakistan.

Bhutto, according to what DP Dhar told me, was a curious mixture of artful dodger and sober statesman. He alternated between these two persona in a deliberate schizophrenic exercise. PN Haksar told me of one interesting exchange between him and Bhutto after one of the sessions in Islamabad. Bhutto had a large replica of the Bamiyan Buddha statue embedded outside his office in the reception hall. As Bhutto walked, the Indian team, led by Haksar, drew Bhutto's attention to the statue and stated that it was curious that a Buddha statue had a pride of place in Bhutto's office. Haksar then, tongue in cheek, inquired: 'Does this statue of Buddha represent a thousand-year war with India in the Pakistani psyche (which Bhutto had talked about in 1971)? Bhutto was nonplussed. He did not have any adequate answer.

Four rounds of talks were held between India and Pakistan between February and late June 1972, with Aziz Ahmed Secretary General of the Pakistan Foreign Ministry leading the Pakistani delegation. Haksar visited Dhaka twice during this period to get Mujib's concurrence or resolving issues related to the prisoners of war and the holding war crimes trials.

By April Mujib had reduced the number of potential war criminals for trial from 400 to 195 and then to 118. And even in these reduced number of cases, the Bangladesh government was not expeditious enough to gather evidence or prepare the case documents. One wonders whether this was deliberate on the basis of some understanding through back channels between Bangladesh and Pakistan at that time or whether it was a genuine failure of not being able to gather credible evidence for an international court to try these war crimes. There was no doubt among Bangladeshis public that war crimes had been committed.

(Continued)

## The End of Morality

by Irfan Husain

**Most of the French monk's gloomy forecasts are so ambiguously worded**

**Perhaps when Nostradamus warned us of the destruction of the world at the end of the millennium, he was referring to the end of morality.**



possible motive in approaching the idealistic Bohr.

election in India and the question of who is in charge in Pakistan. Given all these frightening imponderables, it is not surprising that our thoughts should turn towards South Asia when there is talk of mass destruction. Returning to 'Copenhagen', although the debate at the heart of the play may seem dated, it is still valid to enquire into the social and political role of scientists: should they design weapons of mass destruction, for their respective nations? This is the dilemma explored at length by Michael Frayn in his brilliant play. The cast consists of three people: Niels Bohr, his wife Sara and Werner Heisenberg. The two men were at the cutting edge of quantum mechanics and particle physics before the Second World War, and contributed enormously to our understanding of the true nature of matter and energy.

Heisenberg, a German, was Bohr's student in Denmark in the early twenties, and soon acquired fame with his 'Uncertainty Principle'. The rise in anti-Semitism in Germany in the thirties drove away the cream of physicists, most of whom were Jews. Warmly welcomed in the United States, they launched the Manhattan Project to manufacture atom bombs. Isolated from the latest research, Heisenberg headed the German programme that did not really achieve very much.

The playwright focuses on a moment of time in 1941 when the German scientist visited Copenhagen and speculates on what happened in his meeting with Bohr. In a literary sense, Frayn applies Heisenberg's 'Uncertainty Principle' in his attempt to establish what the two talked about: the play of two three different scenarios, with Bohr's wife defending her husband's role and finally accusing his ex-pupil of the worst

superior authority did not absolve a person of his responsibility.

Consequently, those engaged in research and development of weapons of mass destruction cannot hide behind the defence that they are just doing what they are paid and told to do. What distinguishes humans from animals is free will; the former can distinguish between right and wrong, and act on this basis; the latter act on instinct.

But these are issues best discussed far from the smoke and din of battle: once a nation is at war, many of these moral distinctions are lost sight of. The war casts a long shadow over the cerebral and passionate conversations between the protagonists in 'Copenhagen'. Even Bohr, a half Jew, admits that he helped in the development of the atom bomb after he fled to the United States to escape Nazi persecution.

Today, such existential debates seem almost irrelevant. Shorn of moral moorings, we drift in a sea of convenience and compromise, seeking only the shore of material plenty.

When Nostradamus warned us of the destruction of the world at the end of the millennium, he was referring to the end of morality.

Courtesy: The Dawn of Pakistan.

## Kargil Withdrawal — As It Is Seen

P. Jayaram writes from New Delhi

PAKISTAN'S decision to withdraw the armed intruders from the Kargil region of Jammu and Kashmir is seen as a diplomatic and military victory for India by politicians here and the national press.

Informed sources said the mood was uppermost in the government after confirmation came that the intruders had begun pulling back from Kargil to the Pakistani side of the Line of Control (LoC) after a meeting of the Directors General of Military Operations (DGMOs) of the two countries at Atari near the Wagah border in Punjab.

However, some analysts advised caution. Lt. Gen. V.R. Raghavan, a former DGMO, said the pullout 'may be a face-saving device to cover a withdrawal forced upon Pakistan by its military and diplomatic debacle'.

Prime Minister Atal Behari Vajpayee himself described the development as a 'diplomatic and military operational turning point' in an address to an

all-party meeting. Official sources saw the Pakistani move for withdrawal of the intruders as a 'major victory' for both the Indian armed forces and the country's diplomacy in successfully 'pinning down Pakistan'.

As noticed some movements (by the intruders) which can be construed as thinning. Major General J.J. Singh, Additional Director General of Military Operations, said. His statement coincided with a sharp drop in the intensity of fighting in areas like Kaksar and Mushkoh Valley. 'A decisive moment has arrived. We have made the enemy pay a heavy price for this misadventure in Kargil,' he said.

Vajpayee also ruled out any third-party intervention or mediation on Kashmir or in the Kargil conflict. 'There is no question of any third party intervention, mediation or intermediary role,' he said in response to fears expressed by some opposition leaders that

the United States was seeking for itself a mediatory role in Kashmir.

Raghavan said if there had been a full-fledged war between the two countries and a pullout had to be worked out, the two DGMOs would have got in touch with each other on the hotline.

'They would have had to decide the date and time for ceasefire.' After working out the various details, the pullback would have been completed honourably and smoothly with each side even assisting the other to recover the dead and the wounded.

'Kargil will be certainly different. Pakistan would not like to coordinate any issue. It would want to retain all options to make the withdrawal a complex and ambiguous one,' he said.

'Pakistan would find ways to create the image of a pullback while still retaining some presence on the Indian side of the LoC. It would then claim to have

kept its side of the Washington bargain, and ask the Indian side to keep its by restarting negotiations. What it could not attain by forcing its way militarily into Kargil it would attempt to gain by obfuscating the pullback from it,' he added.

The Hindu newspaper described Islamabad's decision to withdraw the intruding forces from Kargil as a 'dramatic victory' for India. 'The belated Pakistani offer to end the war in Kargil is believed to have come through the military channel that has been open in the last few weeks. Convinced that Islamabad had no choice but to accept a humiliating defeat, India agreed to talk about the 'modalities' of withdrawal of the remaining demilitarised forces from Pakistan,' it said.

The Indian Express newspaper described the decision by Pakistan's Defence Committee of the Cabinet (DCC) to appeal to the 'mujahideen' to withdraw as a 'charade, played out to support the thesis that the army is at ease in its barracks,' while the mujahideen was fighting on the LoC. 'The face-savers are in place, the fig-leaves strategically deployed,' it said.

On the possibility of resumption of talks between the two countries under the Lahore process, it said, 'The national mood in Pakistan is distrustful and confrontationalist at present. It will have to change substantially if a return to diplomacy is to be backed by the national will. It is the government, which will have to work this change. For starters, it should stop deluding its own people,' the paper said.

The Pioneer newspaper attributed India's 'diplomatic coup' on Kargil to the 'great restraint' showed by New Delhi in the face of armed intrusion. Pakistan's repeated misadventure in Kashmir becoming a source of embarrassment to its western and eastern supporters and a 'genuine worry' over Islamabad's support to the 'Talibanised Afghanistan,' — IANS

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