

Natural gas export: Cautious steps are necessary

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ASPACE of wild speculation and anxiety is being swept across the country since 10th October 2001. The newly appointed Planning and Finance Minister M. Saifur Rahman apparently took advantage of a radio interview with the BBC on the same day to inform the nation about possible gas export from Bangladesh to India. Once again we witnessed that another heavyweight politician decided to communicate with his own people through foreign media. Unhappily, one week later a news item entitled "Saifur hints at gas export" published in *The Daily Star* on 16 October, 2001 emboldened the vested interest groups, gas lobbies and the international oil companies (IOCs) and they have already started spreading rumours that it is merely an election commitment. However, if this rumour comes to true, one would most certainly take exception to the heinous attempt of the external forces to subvert the interest of country.

Such an attempt to export gas will be anti-people and anti-energy-security of the nation. To start with, most of our citizens are almost starving on account of energy shortages. For instance, it is no secret that even after 40 years of continuous production, almost 96 per cent households do not still have access to indigenous natural gas, the lone commercial energy source available in the country now. It is also disheartening that over 80 per cent people are without electricity and hardly 5 per cent houses are lighted with kerosene lamps. Not only per capita energy consumption of Bangladesh is one of the lowest in the world but also optimum utilisation of the country's only fossil fuel to ensure energy-security and sustainable development is being obstructed due to policy shortcomings of the government.

With the latest thinking of the government to export gas, the country's economic development would surely be jeopardised. In such a desperate energy scenario, self-appointed gas middlemen and pseudo-experts are groping their way to destabilise the nation. It is already known that political insensitivity for long-term energy planning, inadequate institutional capacities both at the planning and implementation level, bad governance, particularly mismanagement have created a crisis in the gas sector

How much gas do we need to export? Where are we going to get it? What changes in government policy or amendment in the Production-Sharing Contract (PSC) would be necessary?

The present so-called *gas diplomacy* will only aggravate the energy situation in general and gas situation of the country in particular. Let's consider for a moment: if natural gas was not available, consumption of which is around 8.5 million tons of oil equivalent (Mtoe) in FY 2000-01, the country's exchequer would have drawn down by another \$1.5 billion for import of energy to maintain the present pace of economic development, which by no means is an unimportant position.

We presume that the public have been dismayed and shaken by the manner in which the FM has unmasked the subject of gas export in great haste to prove that he is responsive to the public mood, and it demands that "something has to be done". But he hardly realised that the pollution panic reached its apogee within 24 hours of his announcement about gas export to India.

Despite the fact that nobody was actually listening, efforts are being made now to define the issue. The State Minister for Energy Mosharraf Hussain, also an accountant by profession, reportedly attended the SOS signal of the FM and immediately started organising things. The FM was pleased to see that on his (FM's) return from abroad the advocacy part has been accomplished. Apparently, the pioneering assignment was to examine three basic questions: How much gas do we need to export? Where are we going to get it? What changes in government policy or amendment in the Production-Sharing Contract (PSC) would be necessary? Translated from a key bureaucrat in the government, the third question meant: What should the government do or not do to assure quick development of one or more gas fields to ensure adequate supply through pipeline violating the stipulations of the PSCs signed by the IOCs in early to mid 1990s?

An irate and baffled public, and various Dhaka-based professional organisations already demanded to know why gas export to India is necessary and whether the proposed sales would be economically viable for

Bangladesh? The biggest brickbats are yet to come. The government must be prepared to face them. Meanwhile, a smell of conspiracy is floating in the air, based mainly on allegations that the gas deal would make the US government happy and the IOCs happier.

Indeed, there is much scepticism about the level of gas reserves in the country. One estimate (in 2001) indicates that the country's reserve to production (R/P) may be about 30 years, if not lesser, which was over 350 years in 1974 (gas reserve was 10.09 TCF and consumption was 0.0271 TCF). In the past 27 years, gas production has increased from 46 million cubic feet per day (MMCFD) to around 1100 MMCFD in 2001. The main emphasis for higher gas use during the said period was import substitution. This will continue to rise more vigorously in the next two decades. The most recent demand supply forecast by Petrobangla clearly indicates that the existing estimated *remaining recoverable reserves* of about 11.00 trillion cubic feet (TCF) from 22 discovered fields would exhaust by 2019.

The World Bank, however, has remained pretentious on the subject and has started promoting a campaign to assure the government that compared with major gas exporters, Bangladesh's R/P ratio is adequate to justify exports (Ref: Bangladesh Energy Strategy Note, 1998). The following examples may be of interest to the readers:

! In Canada the National Energy Board (Regulatory agency) defining the *minimum level of gas reserves necessary, made a formula of reserves that had to be sufficient to meet domestic demand for 25 years (earlier it was for 50 years). The price was set from time to time, and it allowed the most profitable gas export projects (those providing the highest value of gas at the well-head) to be undertaken.*

! In Egypt the government defined the level of gas reserves that needed to be proved before gas exports were allowed. It also pre defined the minimum level of surplus reserves required.

! The Netherlands has a formal policy requiring that gas reserves equivalent to at least 25 years of production. A 1996 White Paper recommended modifying the reserves policy to include imports, in addition to reserves and exports, to allow a more balanced evaluation of gas reserves strategies.

Note: All the above countries are endowed with varied and adequate natural resources including oil, gas, and hydro resources. Bangladesh, however, is a single commercial energy source country and no comprehensive reserve estimation of all gas fields have been carried out since 1992.

Current annual gas production as well as consumption is 370 billion cubic feet (BCF) or about 1100 million cubic feet per day (MMCFD) from 12 producing gas fields discovered so far. Except Bibiyana and Chatak, all the remaining 8 gas fields have low gas reserves. Bibiyana with estimated 2.4 TCF reserve is a major field, which Unocal is reportedly betting for export. At the same time, it is also necessary to under note that two major gas fields including Titas has an estimated reserve of 2.1 TCF, 90 per cent of which has been consumed in the past 30 years, while from Bakrabad field with an estimated reserve of 0.867 TCF, 65 per cent has been used up during the past 17 years. Without any stretch of imagination one can deduce that both the major gas fields are on the verge of exhaustion. This certainly is an alarming situation for gas development in Bangladesh.

If, notwithstanding the above situation, the government still considers gas export it would do so at its own risk for depriving the people of this country. Perhaps recognising the situation, M. Saifur Rahman earlier stated, "For now the export option should be ruled out." (*Daily Star*, 21st November 1999). It would also be interesting to note that Dr. Khondokar Mosharraf Hussain, one-time energy minister presided over the session in which Saifur Rahman spoke negatively about gas export. If gas export were

pursued, it would deprive the citizens of North Bengal from access to natural gas. Technically, for the transportation of gas from the east to west zone, a 30-inch dia gas pipeline built alongside Bangabandhu Bridge is meant for gas supply to western zone and cannot be transported beyond Bangladesh border.

We are presenting these because we appreciate that the present government has rightly reiterated that all major decisions of the State would be adopted through the Parliament. As such, the gas export issue must not be pursued for reasons beyond national interest, nor can it be overwhelmed by rhetorics or mere statements at the insistence of the US government. Otherwise, the entire basis would not only contradict but also violate Petroleum Act, 1974, Petroleum Policy, 1993 and Energy policy, 1995 and the contractual provisions of the Production Sharing Contract (PSC).

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'A part of my heart will always belong here' -Shahida Azfar

I wish to thank the government of Bangladesh for the tremendous cooperation and sense of partnership that they have always extended to UNICEF in pursuit of its goals for children and women. Over the last three years I have been a proud recipient of that quality cooperation and unflinching support.

I also wish to thank a very vibrant and NGO sector and its excellent leadership that has through their commitment offered inspiration and experience to us.

It has also been a privilege to benefit from the insight and understanding of the civil society and many eminent experts who each in his or her field served as a sounding board to help develop ideas and vision.

While saying good bye I feel overwhelmed by the 3 extremely fulfilling and enriching years. It has been both in professional and personal terms a rewarding experience and a time for broadening of the vision towards realization of the best interest of the child.

I must acknowledge that the creativity and enthusiasm of the children of Bangladesh have tremendously inspired me. We saw a practical demonstration of that early this year in the launch of the "Global Movement for Children" and the "Say Yes for Children" campaigns to which the country's top leadership reaffirmed their commitment. We feel delighted by across the board support that are manifested in the positive interventions for children in Bangladesh. It has really evolved into a top national commitment that goes beyond the political divide, for which everybody has lent a very big helping hand.

It is here that I have learnt the importance of humility and value of resolving individual differences of opinion for common good. It is here that I have made so many of my best friends and mentors in development work. It is here that a part of my heart will always belong.



Looking back, I do wish to acknowledge some of the breakthrough accomplishments that Bangladesh has made in the realm of promotion of girls' primary education, eradication of polio, microcredit and an effective partnership of the civil society for ameliorating the situation for children and women in Bangladesh. There is a special sense of

shared vision that I am sure will continue in the years to come.

I also wish to acknowledge the tremendous cooperation of the UN family and our bilateral partners that enable us to address a number of critical issues in a spirit of cooperation and understanding. I have benefited enormously from the insight and vision of our partners.

These are just a few glimpses of

my unforgettable tenure in Bangladesh. It's not easy to go away from a beautiful country like Bangladesh, which shows great resilience in the midst of overwhelming odds and constraints. It is here that a number of world famous think-tanks and development personalities are making their mark in the development world. It is here that I have learnt the importance of humility and value of resolving individual differences of opinion for common good. It is here that I have made so many of my best friends and mentors in development work. It is here that a part of my heart will always belong. Words cannot express my sense of gratitude to so many people who have been always there to lend more than a helping hand in the larger interest of children of Bangladesh.

I must say that media in Bangladesh has been strong and steadfast ally for creating awareness and mobilizing support for many of our top priority interventions. I thank them for the great advocacy role in effective portrayal of the challenges that face development initiatives.

I do wish a very bright and shining future for the children of Bangladesh and a promising and prosperous future for the Bangladesh which I have come to love as my second home. I am heading off to Egypt and would always look forward to keeping my precious linkage and friendship that have been a source of great joy for me and I would like to say as we say in Bangla: *Abar Dekha Hobey.*

Shahida Azfar has been the UNICEF Representative in Bangladesh for the last three years and leaves Bangladesh to join her new assignment in Egypt. The above is an excerpt from her speech delivered at her farewell reception last week.

Doha Ministerial Meeting

A window of opportunity

DR. SALMA CHAUDHURI ZOHIR

HERE is much concern in the civil society about what will be the outcome of WTO ministerial meeting to be held during 9-13 November, 2001. By now it is known that a draft declaration was issued at Geneva in the last week of September. It gives an indication of a new round to start at Doha. The Least Developed Countries (LDCs) demanded a separate package which should include duty-free and quota-free market access for the LDCs products, separate GSP scheme, relaxation of the Rules of Origin, substantially expanded special and differential treatment, trade related capacity building, fast track accession of LDCs in the WTO etc. The LDCs had tried to work out a strategy to obtain some goodwill gesture from the developed countries before the new round is launched. Information obtained from the Ministry of Commerce suggests that a separate paragraph on LDCs in the Draft Ministerial Declaration has already been included on 27th Oct, 2001 which states the following:

! We agree that the meaningful integration of the LDCs into the trading system and the global economy will involve efforts by all WTO members. We commit ourselves to the objective of duty-free, quota-free market access for products originating from the LDCs.

! We instruct the Secretariat to reflect the priority we attach to LDCs accession in the annual plans for technical assistance.

! We endorse the Integrated Framework (IF) for Trade-Related Technical Assistance to Least Developed Countries as a viable model for LDCs trade development. We urge development partners to significantly increase contributions to the IF Trust Fund and WTO extra budgetary trust funds in favour of the LDCs.

! We reaffirm that provisions for Special and

Differential treatment are an integral part to the WTO Agreements. We note the concerns expressed regarding their operation in addressing specific constraints faced by developing countries, particularly Least Developed Countries.

With the amendment of the draft, the fourth WTO Ministerial meeting provides a window of opportunity for the LDCs. The LDCs constitute only 0.4% of the world trade. This amendment is

Bangladesh should go for issue based alliance for implementing duty-free access and quota-free access for clothing with immediate effect. For Bangladesh the success of the Doha Ministerial meeting lies not only on firm commitment on the amendment on LDCs but also on commitment for immediate implementation at least for clothing. Or else our readymade garment industry will perish and the economy will collapse.

a symbolic gesture towards the LDCs and must be appreciated. It has incorporated most of the issues raised by the LDCs.

Bangladesh as the coordinator of the LDCs must make sure that the Developed Countries make these firm commitments and that these are implemented. Bangladesh needs to emphasize on implementation process. The LDCs must not be asked to make further sacrifices to get these implemented. The LDCs must make

sure that there are no non-tariff barriers, especially those relating to the rules of origin and standards in environment or labour. If any new issues are included in the WTO Agenda, it should relate to trade and there must be a consensus. Realistic and flexible Rules of Origin to match the industrial capacity of the LDCs argument needs to be supported, particularly for Textile.

Under the US Trade and Development Act 2000, the Sub-Saharan countries and the Caribbean Basin Initiative countries have been granted duty-free access from October 1, 2000. Out of the 48 LDCs, 33 are in the SSA and CBI. At least now one can expect that for the rest of the LDCs the duty-free access for textile and clothing, implementation should be done immediately as the USTDA has discriminated between the LDCs. Bangladesh should go for issue based alliance for implementing duty-free access and quota-free access for clothing with immediate effect. For Bangladesh the success of the Doha Ministerial meeting lies not only on firm commitment on the amendment on LDCs but also on commitment for immediate implementation at least for clothing. Or else our readymade garment industry will perish and the economy will collapse.

So the Bangladesh paper also needs to highlight what rule of origin would be most appropriate for Bangladesh. The eligibility criteria for the SSA and the CBI suggests that in case of duty-free access to USA, Bangladesh may have to a) use USA cotton/USA yarn/USA fabric; b) follow core labour standard; c) have certification of origin from the custom; d) develop a system to combat corruption. The Bangladesh paper needs to take these areas into consideration to gain most from the Doha Ministerial meeting.

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