

Bangladesh plays the role of a stabiliser in South Asia

--Japanese Foreign Minister

CONTINUED FROM FRONT PAGE
TEXT OF INTERVIEW

Question 1: Based on current international political and economic conditions, what kind of vision for the future does Japan have? Does Japan have any strategies for realizing such a vision?

Response: Up to the present, the international community has developed open political and economic systems based on fundamental values promoting respect for fundamental human rights, democracy, market economy and free trade. Under those systems, we have gained security and achieved prosperity.

While the advance of globalization spurred by the information and communication technology revolution has created opportunities for greater prosperity around the world, there is also a growing necessity to deal with various global issues that threaten the peace and stability of the international community, such as terrorism, poverty, international organized crime the proliferation of missiles and weapons of mass destruction, regional conflicts, as well as global environmental problems.

Based on this recognition, Japan intends to make positive and active contribution for tackling various global issues, while continuing to make Japan-US relations the fundamental basis of Japan's foreign policy as well as developing and strengthening its relations with China, South Korea, Russia and other neighbouring countries.

In doing so, Japan will pursue a proactive and positive foreign policy possessing "strength," in which Japan says what must be said and does what must be done in the international community to ensure and enhance the security and prosperity of our nation. Our foreign policy will also not forget humaneness and "caring" mind the need to help people suffering from poverty or war and the desire to understand different culture and traditions.

Question: What are Japan's views regarding China's economic growth?

Response: The dynamic economic growth of China should lead to the expansion of markets and the promotion of competition, thus offering great economic opportunities for not only Japan but the entire world. Particularly for Japan, China's growth presents a golden opportunity for Japan to enhance and nurture industries. Prime Minister Junichiro Koizumi expressed this view in his speech on 12 April 2002 at the Boao Forum for Asia held on Hainan Island, China.

The stable growth of China, Japan's largest neighbouring country, will lead to the peace and prosperity of not only Japan but the entire Asia-Pacific region and the world beyond. Based on this view and from the perspective of Japan-China relations within a global context, Japan intends to encourage China's further positive engagement with the international community.

Question 3: How does Japan view Japan-US-China relations (including the Japan-US security arrangements)?

Response: Japan-US-China relations exert a great influence on the attainment of peace, stability, and prosperity for the Asia-Pacific region. It is essential that we steadily develop the mutual relations among the three countries and build stronger cooperative ties.

With this understanding, Japan will work to further enhance Japan-US relations, which are the fundamental basis of Japan's foreign policy, and will continue to make efforts to build stable and amicable ties with China, offering our support and advice for China to play a constructive role in the international community.

Japan considers the Japan-US security arrangements to be functioning effectively as the basic framework for the peace and security of Japan as well as the stability and growth of the Asia-Pacific region. In the future, Japan intends to maintain the Japan-US security arrangements firmly and make efforts to further strength credibility in them.

Question 4: What is Japan's foreign policy toward South Asia (including toward India, Pakistan and Bangladesh)? In particular, does Japan intend to become a major player in South Asia?

Response: The South Asian region is equivalent in area to Europe and has twice the population at 1.31 billion people; it also boasts rich cultural diversity. South Asia is an important region for global security and has great potential for economic growth centered around India. Japan attaches great importance to the development of relations with this South Asian region given the significance these ties have for Japan's national interests, and we intend to develop further these relations in the future. Japan will be positively engaged in efforts to achieve stability and prosperity in South Asia through the enhancement of its ties with the countries in the region.



Japanese Foreign Minister Yoriko Kawaguchi

Since the attacks on the Indian Parliament last December, relations between India and Pakistan have grown increasingly tense. In collaboration with the United States and Great Britain, Japan has been undertaking continuous diplomatic efforts to ease tensions between the two countries with the view that any escalation of these tensions into armed conflict would greatly compromise the stability of South Asia. Currently, the tension between the two countries is further worsening. Japan is deeply concerned about this situation, thus continuing diplomatic efforts for de-escalation. In this regard, I recently sent Mr. Seiken Sugiura, Senior Vice-Minister for Foreign Affairs to both Pakistan and India, who conveyed Japan's position to deny terrorism of any kind, and urged them to make their utmost efforts for de-escalation and resumption of dialogue.

Regarding relations with India in general, based on the initiatives resulting from then Prime Minister Yoshiro Mori's visit to India in August 2000, Japan has been steadily undertaking a series of diplomatic efforts to build full cooperative ties with India appropriate for

dialogue on disarmament and nuclear non-proliferation as well as on the implementation of high-level economic consultations and a policy dialogue on economic cooperation. In these ways, Japan-Pakistan ties are becoming broader and deeper.

Japan took a series of measures, including the suspension of any new economic cooperation to both India and Pakistan, in response to the nuclear arms tests conducted by both countries in 1998. Subsequent progress by both countries was seen in the areas of nuclear disarmament and non-proliferation, and to that extent Japan's measures can be considered to have obtained due results. Through an over-arching consideration of the genuine and compelling need to support Pakistan from the medium and long-term point of view and the necessity of enhancing Japan's positive engagement with India, Japan discontinued its measures against both countries last October. In the future Japan will continue to persistently urge both countries to make progress in the field of nuclear non-proliferation, including signing of the CTBT.

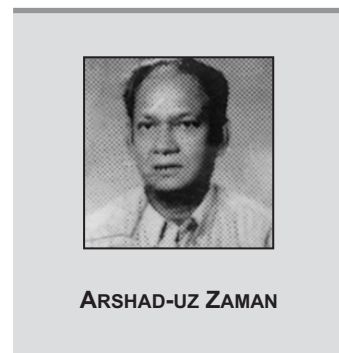
Japan views Bangladesh as a moderate and democratic Islamic country and attaches great importance to the role Bangladesh plays as a stabiliser in South Asia. Japan has been advancing Japan-Bangladesh ties based on the positive economic cooperation Japan has extended to Bangladesh up to now as the largest provider of development assistance to that country. Moreover, Japan strongly hopes that democracy in Bangladesh will further progress, and Japan dispatched an election observation mission headed by Shin Sakurai, member of the House of Councillors, to monitor the general election held in Bangladesh last October. In the future, Japan intends to strive for the further development of Japan-Bangladesh relations, making broad-based interchanges at the citizens' level the linchpin of our relations, as confirmed during then-Prime Minister Mori's visit to Bangladesh in August 2000.

The year 2002 marks the 50th anniversary of Japan's establishment of diplomatic relations with India, Pakistan, and Sri Lanka and the 30th anniversary of diplomatic relations with Bangladesh. Various commemorative events are scheduled to be held by each respective side this year as opportunities for deepening mutual understanding at the citizens' level.

George W Bush, the Palestinian issue and the EU

THE HORIZON THIS WEEK

By tilting entirely towards Israel President George W Bush appears to have damaged the US role as an honest broker. Yet a solution to the Palestine-Israel conflict will have to be found. Time has come for the EU to take the matter seriously in hand rather than be a peripheral player. The EU is in a perfect position to be an honest broker.



ARSHAD-UZ ZAMAN

AFTER a long wait President George W Bush has come up with an astonishing proposal Dump Arafat. In the annals of relations between nations and peoples, it will remain as an amazing incident.

Last year at the UN General Assembly Session, President Bush came up with the proposal of two states Palestine and Israel, living side by side. This was an act of courage. Under continuous pressure from the Jewish lobby and particularly the US Congress, which swears by Israel in season and out of season, and frequent visits to the White House by Israeli Premier Ariel Sharon, President Bush tilted completely towards Israel. On the other hand the Jewish lobby has seen to it that the doors of the White House remain tightly shut against the Chairman of Palestinian Authority, Yasser Arafat.

The astonishing phenomenon of the tilt of the Bush Presidency is that the victim is the US foreign policy. It is not long ago that the Democrat President Bill Clinton of the US was perfectly even handed and his White House was open to Chairman Arafat as with Israeli Premier Ehud Barak. What is worrying is that if superpower US has such violent changes in her foreign policy, it would be difficult for nations to have relations with the US. It is quite evident that it is the tail that is wagging the dog.

Middle East conflict is more than half a century old. There have been several wars but the real heart of the conflict is Palestine, whose population was evicted by Jewish settlers,

who established Israel on their soil. The Middle East conflict saw deep involvement of the UN, followed by superpowers the US and the now defunct Soviet Union. Their efforts have failed to produce a solution.

Finally since the late seventies the question has been taken up by the US and since more than a decade she is the sole superpower, other powers have receded in the background. President Jimmy Carter mediated the dispute between Egypt and Israel and the Camp David Peace Treaty was signed between Egypt and Israel. Another Democrat President Bill Clinton occupied the White House between 1992-2000 and devoted all his energies in order to find a solution to the long festering Middle East dispute. The principle has been clearly enunciated and accepted by the Arabs and Israel. That principle is land for peace return of Arab land conquered by Israel in the 1967 war against signing of peace treaty with the Arabs. Thus following the Egypt-Israel model a peace treaty has been signed between Jordan and Israel and Israel has withdrawn from South Lebanon.

The hardest hurdle to cross is a peace treaty between Palestine and Israel. During Clinton Presidency Chairman Arafat and Premier Ehud Barak of Israel came within a whisker of signing a peace deal. The obstacle they could not scale was the question of Jerusalem. It is well known that Jerusalem has a spiritual importance unmatched by any other issue. Jerusalem is the home of the three principal monotheistic faiths Judaism, Christianity and Islam. Jerusalem used to be the first Qibla before Holy Makkah-al-Mukarramah for the Muslims of the world. Jerusalem has been declared the eternal capital of Israel, since Moses was born there and preached there. Jesus Christ, the founder of Christianity, was born in Bethlehem, which is within the Palestinian territory.

By telling the Palestinian people to dump Yasser Arafat, President George Bush has brought a novel element in the entire conflict. To begin with, the credentials of Presi-

dent Bush are suspect. He tilts too heavily towards Israel and has thrown away the evenhanded policy painstakingly established by his predecessor Bill Clinton. Secondly, it is not for President Bush to tell the Palestinian people, who their leader should be. He seems to sing the tune of Prime Minister Sharon, who refuses to have anything to do with Arafat. He is bent upon destroying the Palestinian authority and in the process his tanks and heavy armour are daily rolling in different cities of Palestine. The suffering of the Palestinian people is heart-rending.

One amazing result of the Bush bombshell has been that his totally committed friend and ally British Prime Minister Tony Blair has been compelled to criticise him. This has happened in Canada during the G-8 Summit. It is useful to recall that Britain totally aligned her foreign policy posture to the US ever since Prime Minister Margaret Thatcher of Britain and President Ronald Regan of the US established a perfect transatlantic entente.

By tilting entirely towards Israel President George W Bush appears to have damaged the US role as an honest broker. Yet a solution to the Palestine-Israel conflict will have to be found. It appears that the European Union (EU) has a special responsibility in this regard. Europe has very old links with the region and has numerous ties and is geographically situated near the region. Historical ties between them are numerous. It is because the US has special ties with Israel, thanks to the Jewish lobby in the US, that it has been considered that US alone would be able to show reason to Israel. By the latest action of President George W Bush that has been proved to be an illusion.

Time has come for the EU to take the matter seriously in hand rather than be a peripheral player. The US card has been tried and found wanting. The EU is in a perfect position to be an honest broker. Let EU take up the issue in right earnest.

Arshad-Uz Zaman is a former Ambassador

Gas resource assessment reports: The confusions and conflicts

NURUDDIN MAHMUD KAMAL

NATURAL gas finding is not only a science but also an art, a jigsaw puzzle and world's most expensive gambling all rolled into one. Finding favourable area is just a starter. However, gas in the earth migrates. When compaction squeezes them out of a source rock, they travel sometimes long distances upward, sideward and downward through porous rock beds. Their travel stops when they run into a trap layer of impervious rock, shaped in such a way that it forms a seal, or cap, over the porous rock. However, this much about geology, because my intent is not to discuss about the history and origin of natural gas. Rather, I wish to respond like a gentleman to the reply of Mr. Scott Barber that was published in The Daily Star on 19th June under the title, "Unocal's reply to Nuruddin Mahmud Kamal's article on USGS". In fact the title of my article was "The USGS gas resource assessment myth" that was published in The Daily Star on 13th June, 2002. Like natural gas unable to move further out of a trap, Mr. Barber appears to have got caught in his own contentious expressions and views. But, before I discuss these issues Mr. Barber may please like to take off his blinders so that he can now see things in the correct perspective. This will also help him to overcome his fear psychosis, if any, like his one time colleague Mr. Gritters. Let me come to the point why I am saying so:

First: In a period of about nine months the US Geological Survey published two assessment reports, the latest one presented in February 2001 perhaps to clarify the earlier report prepared in April 2000 (published in August, 2000). Both the reports contain errors in generality and in specificity, yet perhaps by doing back calculations the outcome (32.1 Tcf) of the latest report (February, 2001) has been kept close to that of the previous (33.5 Tcf) report. Keeping almost the same methodology but changing some parameters, the February, 2001 report is the first time that the USGS has done an assessment exclusively for one individual country but both the reports adopted a forecast span of 30 years. The previous assessment known as the World Energy (WE) Report, 2000 adopted a methodology for assessment, which used a higher techniques in statistical method called the "seventh approximation". But there are some vital differences such as, WE Report 2000 considered three Petroleum Systems, whereas the 2001 report considered one System without assigning any reason. The former considered three Assessment Units (AU) while the latter considered six AUs. It is very important to observe that the overall size of the potential area was decreased in 2001 report (compared to 2000 report) because the "Eastern Extremely Folded Belt" and the "High Amplitude Faulted Anticline" units were down graded. These units were considered to have negligible potential. The drilling depth was also decreased from 6000m to 4500m. The depth of water was reduced from 2000 metre to 200 metre in the offshore areas. Moreover, the average size of the field considered for assessment was increased from 12 Bcf to 42 Bcf. With consideration of all these negative changes in the parameters, the resources potential remains almost same in both the reports that can hardly be justified by any stretch of geologic logic. In fact, the USGS 2001 study report has almost written off a substantial part of Bangladesh as not having any potential for exploration except two units (out of 6 Assessment Units considered), namely "Surma Basin" and the "Moderately Folded Anticlines". Surprisingly, the report (2001) showed that almost 87 per cent of the resource would be discovered in these two units. As such there are enough reasons to suspect that the high figures shown in these two units were considered only to keep the total resources figures for the country similar to that of the WE Report, 2000. It may also be noted that the USGS assessment studies carried out, for example, in 1986, 1993 and 2000, reveal that the resource potential of India and Pakistan shows a decreasing trend in successive years, whereas in the case of Bangladesh a 2.5 times increase in about seven years (1993-2000) was observed in 2000 report as under:

	1986 ¹ (in Tcf)	1993 ² (in Tcf)	2000 ³ (in Tcf)
Bangladesh	18.9	14.77CF	33.5
India	27.83	24.8TCF	22.2
Pakistan	34.37	32.00TCF	28.04

1) USGS Open File Report 86-80
2) USGS Open File Report 98-468
3) USGS Digital Data Series DDS-10

Another very interesting part is that shortly after the publication of USGS study 2001, both Unocal and Shell (two IOCs) jacked up their resource base estimate from around 30 Tcf to 60 Tcf.

Second: In a seminar jointly sponsored by the departments of Geosciences of the Universities of Dhaka, Jahangirnagar and Rajshahi (held on 18th June 2002), two IOC representatives (Dr. Shamsuddin from Unocal and Mr. Jasim Uddin from Ocean Energy) unwittingly or otherwise contradicted the assessment of USGS particularly with reference to the Western and Eastern units as described in the earlier para.

Third: The magic number of 32.1 Tcf, if I recalled rightly, has not been officially endorsed by Petrobangla or the Government of Bangladesh; except that the USGS team (with silent Petrobangla team members) presented their findings in a select gathering on 14th February 2001. But I see no harm in disseminating the new methodologies (if at all) used by USGS or NPD for resource determination of a new or frontier region. If accepting a number (say USGS figure) is sacrosanct then was there any need for NPD/HCU study at a later date? And what would be the argument of USGS study team for arriving at a lower figure (32.1Tcf) in February 2001 as opposed to a higher figure in August 2001 (33.5 Tcf)? These are some puzzles. Would Mr. Barber make an attempt to resolve them?

Fourth: His (Mr. Barber's) assumption that depending upon the data and reputation of a particular petroleum company lending agencies typically

As the Dutches told Alice, "Everything's got a moral, if only you can find it". When we look at the hard realities of the insignificant gas reserves in Bangladesh, the moral for Bangladesh is clear. Our economic and political security depends on having a workable policy to develop energy self-sufficiency and gas security for the people of Bangladesh.

provide development funds to the company based on assessment of the "proven" and "Probable" reserve. I have a feeling that this is an overstatement. "Probable" figures, to my understanding, are not considered as bankable inventory. In the United States only "Proven" figures are considered as bankable (one may like to confirm it from either New York Stock Exchange or Security Exchange Commission of USA). What, however, is most important is that the much talked about 32 Tcf has no credibility as a bankable figure. So, why worry so much about this number, which may increase or decrease depending on future exploration including drilling? Incidentally, the USGS report (2001) has indicated the prospect of finding around 8.4 Tcf with 90 percent confidence level and about 65.7 Tcf with only 5 percent confidence in the coming 30 years. Moreover, Mr. Barber has probably overlooked the marketing aspects without which no financier will ever care to look into the Bibiyana project, however diligently he pursues the 32 Tcf resource position.

Fifth: I do not pretend on professional matters. I have always maintained immense interests in exploration activities in my motherland Bangladesh. I did actively participate in framing up the PSC policy in 1974. I had the fortune in my professional career working with many renowned foreign and local geologists, geophysicists, and engineers within and outside Bangladesh. I taught geology in the University during the 1960s. I think I have not acted unprofessionally by suggesting to examine the report including the resource data presented by the USGS essentially to ensure that "the King is draped with best woven cloth". Mr. Barber has referred to the Government sponsored Committee, but I am afraid the Committee's scope of work and terms of reference are too broad based to examine in detail the latest technological inputs provided to the USGS and HCU/NPD studies.

Sixth: Mr. Barber has made unkind remarks and has cast aspersions. I have spent more than three years at a stretch in the US and visited that country many times over during 1974 to mid 1990s. But I have not come across a person like Mr. Barber. Had he made such unpalatable comment about a gentleman or lady in the US, he surely would have been sued. Nevertheless, yes, I was awarded a Masters' degree in Petroleum Geology in the early 1960s and in late 1970s I was educated in a U.S. University. But that's not the

point. Mr. Barber seem to have lost his sense of decency for which I simply pity him.

There is increasing public suspicion even distrust over the Unocal's involvement in gas development in Bangladesh. They perhaps think everything can be managed everywhere every time in the world. This giant American oil conglomerate wanted to build 1600 km. long gas pipeline from the Caspian Sea area through Afghanistan to the Arabian Sea area. It is rumoured that the company smelled that there are more oil and gas in the Caspian Sea area than in Saudi Arabia. But, in Bangladesh neither the present find of natural gas is enviable nor the prospect for finding huge gas reserves has been established.

Seventh: Although there may not be any doubt about the successful attempt of Unocal in discovering gas fields at Bibiyana and Moulvibazar (not yet appraised and certified) after abortive attempts at Kapna, Ratna and Magurchara (where a production zone of the Maulavi Bazar structure was destroyed by Occidental/Unocal), in my earlier articles I have tried to reflect the difference between the reserve as such and resources. Now, I would like to reiterate that with the debate on gas resource potential in Bangladesh it should be understood that nowhere a resource has been taken in the group of proven and probable reserves. What is the use of insisting now on the famous 32 Tcf gas, Mr. Barber?

Eighth: Mr. Barber would now be dismayed when he would hear more about

the inside story of USGS and NPD reports. As a graduate student in the U.S., I had the opportunity of interacting intimately with some USGS professionals. I developed tremendous respect for their professional competence and understanding and I still do maintain the same. Yet, my inner self compels me to make observations on the outcome of USGS study as a citizen of Bangladesh. As an invited participant in the presentation of USGS/Petrobangla joint study in February 2001, I felt that USGS moved with haste to prove that they were responsive to the US Department of Energy's request for a new study within eight months. The project was unique, reportedly founded by the USAID and conducted through the government department (USGS). Their initial work was related to the World Energy Assessment in April 2000 (published in August 2000). The question is why did they do what they did when they carried out the second study. However, the USGS team while presenting the report in February 2001 did never propose that the assessment (32.1 Tcf) was considered as any kind of reserves.

Ninth: Mr. Barber has mentioned that at least six foreign companies undertook resource studies and they had all come to a figure at more or less 32 Tcf. This is misleading information on two counts. Except for two comprehensive studies (USGS and NPD) all other studies were partial assessments. Moreover, Unocal in an article published in the Oil and Gas Journal (www.ojonline.com), week of April 22, 2002 showed (through bar graph) that the "Mean Risked Undiscovered Resource" ranges between 32 and 62 Tcf (during 1986-2001). I am curious to know why so much variation in such a short period? Would Mr. Barber be able to give an appropriate answer? I am also assured with Unocal's observation that the USGS study was made to determine Bangladesh's technically recoverable, undiscovered resource potential during 2000-2030.

Tenth: Let me proceed by stating that never in the past there had been so much debate on the resource figure as it is today, may be because no one ever attempted to either interchange the definition of resource with reserves or tried to mix up the resource with reserve to make a case for export. Unocal in their proposed gas pipeline project submitted to the government (violating the PSC signed in 1995) states that: (i) by combining the field discoveries,

field growth (?) with USGS/Petrobangla estimate for new field discoveries (?), the countrywide estimate ranges from a minimum of 37.3 Tcf to a maximum of 94.6 Tcf (yet another new resource figure) with a mean estimate of 61 Tcf. The company stated that the estimated reserve (2.4 Tcf) of Bibiyana is less than 5 per cent of the Resource Base (61 Tcf) of Bangladesh. Unocal also stated that Bibiyana's proven plus probable reserves of 2.4 Tcf can sustain the proposed production at the rate of 500 Mmcf for 10 years from the start-up of the pipeline. The field's proven plus probable plus possible reserves amounting to 5.5 Tcf can extend production for an additional 14 years i.e., for a total of 24 years. Not only probable reserve (which has no commercial value at present), the company has introduced the concept of possible reserve for business transaction. Now, one can easily understand how Mr. Barber or Unocal is mixing up things. Is Mr. Barber's statement, "We're ready to invest more, but we're just waiting for the government of Bangladesh to allow to do so" a new riddle? Or is he indicating anything about the contractual provision for Block -12 signed in 1995? I would like to know whether Mr. Barber proposes to the government to allow Unocal to export a part of the undiscovered resource of 32.1 Tcf!

Eleventh: Although Mr. Barber assured that Unocal and Unocal Corporation is one and the same, it still remains intriguing why two names for the same object? Unocal Corporation or Unocal Bangladesh or simply Unocal are perhaps not the same from the Companies Act point of view. In fact the recent events relating to Enron or Arthur Anderson have already shaken the oil and gas industry to a considerable extent, which make conscientious people uncomfortable. We do not wish to face similar disasters.

Twelfth: Would Mr. Barber be honest enough to inform the people of Bangladesh whether Degolyer and MacNaughton have clearly certified 2.4 Trillion cubic feet as "Proven reserve"? If not, why not? Or is it proven plus probable or is it placed in "probable category"? He has categorically said, "proven" reserves are typically determined based on actual production data. Since Bibiyana's production has not started as yet, shall we presume that in absence of actual production data, the entire reserve should be relegated to "probable reserve" category? If it is so, we would all be amazed to witness a new drama, because the Managing Director of Unocal has already placed a commercial proposal (in October 2001) to the government of Bangladesh for gas export with a probable data!

Thirteenth: Mr. Barber has given a textbook description on gas reserves and resource, which I learned as an undergraduate student in Geology in late 1950s. So much has been published in the media these days that even a common man with some commonsense has become familiar with proven, probable and possible gas definition. I simply fail to understand why did the gentleman waste valuable time to redefine all these. But in the process, he made an abortive attempt to explain "resource" which basically denote potential and has no relevance in any commercial deal. And Mr. Barber knows as much as I do that in no textbooks gas resource has been included in the proven, probable and possible family of reserve. Proven category is basically related to a discovery (known) not with the possibility of discovery. Reserve is distinct from undiscovered resource potential mentioned in both USGS and HCU/ NPD study. The resource potential, it may be noted, is needed for exploration purposes. For instance, in a document (Oil and Gas Journal) published in the week of April 2002, the company informed that the sum of the risked mean for Unocal assessment of new field discoveries was 13.2 Tcf, which was derived from 30 prospects and leads reportedly evaluated during Bangladesh's second bid round for exploration programme.

Fourteenth: As the Dutches told Alice, "Everything's got a moral, if only you can find it". When we look at the hard realities of the insignificant gas reserves in Bangladesh, the moral for Bangladesh is clear. Our economic and political security depends on having a workable policy to develop energy self-sufficiency and gas security for the people of Bangladesh.

Mr. Nuruddin Mahmud Kamal is a former Additional Secretary and former Chairman, Power Development Board.