



Star BUSINESS

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\$7b Saudi-Bangla oil refinery likely in 40 months

Deal on largest-ever FDI in private sector inked

STAR BUSINESS REPORT

The country's second crude oil refinery company is likely to come into operation in a span of 40 months as a US\$7billion joint venture deal between a Bangladeshi company and a Saudi big investment company was signed yesterday.

The people close to the country's investment scenario believe it to be the single largest-ever foreign direct investment (FDI) in the first-ever crude oil refinery industry in the private sector.

Eastern Refinery, a state-owned enterprise, is the present such lone unit to manufacture petroleum products.

Managing Director of the Cosmopolitan Group of Companies Nur-Nabi Bhuiyan and Chairman of Hitech International Group Dr Yasin S. Indekeri signed the agreement on behalf of their

respective sides at a ceremony in Dhaka.

The new venture, which is a petrochemical complex, will be a cent percent export-oriented one having a capacity of refining 300,000 barrels a day and 5.1 million tonnes a year, a quantity that is three times higher than that produced by Eastern Refinery Limited. The state-run company refines crude oil for the local market.

Before the signing of the deal, Dewan Sultan Ahmed, chairman of Cosmopolitan Oil Refinery Management Limited, a concern of the Cosmopolitan Group, and also a former vice president of FBCCI (Federation of Bangladesh Chambers of Commerce and Industry), said, "The refinery will go into production within 36 to 40 months."

BoI Executive Chairman Kamaruddin Ahmed and FBCCI's former president Yousuf Abdullah Haroon were present among others at the epoch-making signing ceremony.

Pointing to the fact that there is no equity partner either from the government side or local private company for the refinery plant, Dewan said, "Hitech International will provide \$3billion as 100 percent equity of the proposed project. Cosmopolitan Oil Refinery Management Limited of

hope that the new plant will go into operation in 3 and quarter years.

Both the companies have already submitted Expression of Intent (EoI) letter to the Board of Investment (BoI) to implement the project, Dewan further said.

Echoing Dewan's hope, the Saudi group chairman Dr Indekeri said, "The refinery will go into production within 36 to 40 months."

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Natural gas will be used as energy for running the plant, he said, adding that the Saudi company has already sought gas at a concession rate for more than 25 years.

Hailing the signing of the deal, Yousuf Abdullah Haroon said it is the right time to invest in oil refinery in Bangladesh. "We need energy security, so setting up of such oil refinery plant will contribute to forging future energy security."



Muhammad Abdul Mazid

of telecoms sector, the chief of apex tax authority said mobile phone users in the country spend around US\$ 115 million a year on making calls.

Mazid said the NBR is undergoing massive reforms to generate revenue.

"The taxmen have the legacy to create panic among taxpayers. We directed the officials not to create panic."

The NBR chairman said due to the reforms the government is getting more revenue from income tax.

"If the actual revenue from the overall economic activities can be realised and a transparent monitoring system is developed, there will be no need for foreign aid in formulating budgets very soon," the chairman told The Daily Star.

Now, the contribution of internal resources to Bangladesh's budget is around 86 percent, while foreign aid's contribution stands at 14 percent.

The size of Bangladesh's budget for 2007-08 is Tk 796 billion.

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Shafiqul Islam, president of Bangladesh CNC Filling Station & Conversation Workshop Owners Association, told journalists that 210 CNG filling stations had sprung up with around Tk 100 crore since 2002.

CRISL clarification

In a clarification on a news report headlined 'BSRS board virtually ineffective' printed on January 24, Credit Rating Information and Service Limited (CRISL) said its observations and opinions mentioned in the report were applicable to the previous board of the Bangladesh Shilpa Rin Sangstha (BSRS), not the current board.

"We wish to clarify that our rating report on BSRS covers the period from July 1, 2006 to June 30, 2007. Our observations and opinion related to the Board that existed during this period do not concern the composition or performance of the current board which started functioning from May 31, 2007," CRISL said.

According to a paper presented by CPD's Head of Research Dr Uttam Deb, the government has set a target of producing 1.75 crore tonnes of rice in the current Boro season as against the production of 1.50 crore tonnes last season.

Some 45 lakh hectares of land have been brought under Boro cultivation this year. Of which, 12.50-lakh hectares are for hybrid rice, 31.25 lakh hectares for HYV (High yielding variety) rice and 1.25 lakh hectares for local boro rice.

He said extra efforts for supply inputs will be required to achieve this target. Pointing to the failure to plant on one-third of targeted land as yet, he said it must be done by February.

Some of the discussants, however, said a 17 percent jump in Boro rice production in one season is not possible.

CS Karim said the Ministry of Agriculture Adviser Dr CS Karim said besides inputs, nature's support is urgent to achieve the target.

CPD Chairman Professor Rehman Sobhan presided over the discussion at the CIRDAP auditorium, where Dr Uttam presented the key note paper on 'Input delivery strategy for higher Boro production'.

Matia Chowdhury, former agriculture minister and Awami League presidium member, Quazi Shahabuddin, director general of Bangladesh Institute of Development Studies (BIDS), and Dr Abdur Razzaq, Dr Z Karim and Dr Asaduzzaman, agriculture scientists of BIDS, also spoke.

Uttam in his paper said two consecutive natural disasters floods and the cyclone have caused a loss of about 20 lakh tonnes of rice this season. The paper said there is no way but to boost Boro rice production to stabilise the already too high rice market.

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