

BANGLADESH

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Economic growth of 5.2% for 1999 was forecast owing to the country's bumper rice and wheat harvests that increased food production. The construction and transportation sectors grew at a rate faster than that of the manufacturing industry. Because inflation was falling, the Government pursued a flexible exchange-rate policy with further devaluations of the local currency, the taka. The rise in imports and slowdown in exports widened the deficit in the balance of trade. After the floods of 1998, emergency loans of \$338 million from the World Bank and the International Monetary Fund, together with \$1.4 billion in remittances from Bangladeshis working abroad, improved the country's finances (Far Eastern Economic Review, 1999). Foreign direct investment increased as investors took advantage of the opening of energy and infrastructure projects to the private sector.

Commodity Review

Coal.—China National Machinery Import & Export Corp. continued to develop the Barapukuria coal mine by using mechanized longwall mining methods to produce 1 million metric tons per year of coal from a 36-meter-thick seam. Full production was scheduled for 2001. The mine is in the northwest of Bangladesh and was owned by Petrobangla. Meanwhile, BHP Minerals International of Australia continued to explore for coal in the Dinajpur and the Rangpur Districts and found high-quality bituminous coal at Fulbari in Dinajpur.

Natural Gas and Petroleum.—The United States was to provide \$880,000 for assistance in developing Bangladesh's energy sector and encouraged the country to export its natural gas to neighboring India. Bangladesh was estimated to have 651 billion cubic meters (Gm³) of natural gas reserves that could meet its demand until 2015 (Journal of Commerce, 1999). Natural gas provided for 70% of the country's commercial energy requirement. Both countries agreed to exchange information on energy and study the strategic use of natural gas.

Export of natural gas to India, however, became a subject of intense political debate in Bangladesh. The Gas Authority of India negotiated with Bangladeshi companies and international oil groups to lay a pipeline for transferring gas from Burma and Bangladesh to India. The Bangladesh Nationalist Party, which was the principal opposition party, continued to campaign against any gas deal with India and was not inclined to the policy of offering new gas blocks to foreign oil groups on profit-sharing contracts. Although Bangladesh remained a relatively unexplored country, the discovery of 21 gasfields in 1998 indicated its vast potential for natural gas (Financial

Times, 1999). The onshore field of Unocal Corp. of the United States at Jalalabad and the offshore field of Royal Dutch/Shell at Sangu could increase gas production if the Government would allow export of natural gas.

Occidental Petroleum Corp. of the United States pulled out of Bangladesh after 4 years of exploration and development and turned over its oil and gas projects, which included powerplants and gas pipelines, to Unocal. Unocal acquired 100% of the stocks in Occidental of Bangladesh Ltd. and Occidental Exploration of Bangladesh Ltd. Unocal's present investment of \$260 million in Bangladesh could reach \$1 billion. Occidental's assets in the country included three gas blocks (blocks 12, 13, and 14) that covered 3.4 million acres in the northeast in which Unocal already holds 50% working interest. Current gas production from the Jalalabad field was 1.7 million to 2.83 million cubic meters per day (Occidental Petroleum Corp., May 27, 1999, Occidental, Unocal sign share purchase agreements for Bangladesh and Yemen E&P interests, accessed May 28, 1999, at URL <http://biz.yahoo.com/ccn/990527/b6.html>).

A joint venture of Royal Dutch/Shell and Cairn Energy Plc. of the United Kingdom was awarded a second oil and gas exploration block (block 10) in addition to block 5 offered earlier. Negotiations with Petrobangla for production-sharing contracts for both blocks were started. Both companies had been producing gas from the Sangu field in Bangladesh since June 1998.

Niko Resources Ltd. of Canada signed a framework of understanding with Bangladesh Petroleum Exploration Co. Ltd. for the development and production of hydrocarbons from the Chattak, the Feni, and the Kamta gasfields (Oil & Gas Journal, 1999). These shut-in fields had produced 2.38 Gm³ of gas since they were first exploited in 1960. The first task was a 60-day technical evaluation of the fields. In 1999, Niko Resources exploration and production operations were mainly in India.

Infrastructure

The World Bank's International Finance Corp. proposed a quasi-equity investment of up to \$4 million and an equity subscription of up to \$3 million in United Summit Power Co. Ltd. in Bangladesh (International Finance Corp., 1999). United Summit would develop, own, and operate primarily small individual power projects that would sell power to a system of rural electric cooperatives. The company also would invest in small captive powerplants that would sell power to private businesses or export-processing industrial zones. Its first investment would be three 10-megawatt powerplants

supplying three rural electric cooperatives.

References Cited

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- Financial Times, 1999, Natural gas export becomes hot issue: Financial Times, August 6, p. 24.
- International Finance Corp., 1999, Project summary—Bangladesh: International Finance Corp., December 21, 8 p.
- Journal of Commerce, 1999, US to help Bangladesh develop energy sector: Journal of Commerce, February 17, p. 13A.
- Oil & Gas Journal, 1999, Exploration in Bangladesh: Oil & Gas Journal, v. 97, no. 37, September 13, p. 107.

Major Sources of Information

Geological Survey of Bangladesh
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Bangladesh Petroleum Corp.
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Major Publications

Bangladesh Bureau of Statistics, Dhaka:
Monthly Statistical Bulletin of Bangladesh.
Statistical Yearbook of Bangladesh.

TABLE 1
 BANGLADESH: ESTIMATED PRODUCTION OF MINERAL COMMODITIES 1/

(Metric tons unless otherwise specified)

Commodity 2/	1995	1996	1997	1998	1999	
Cement, hydraulic 3/	280,000	650,000 r/	865,000 r/	900,000 r/	950,000	
Clays, kaolin 3/	6,541 4/	7,000	7,200	7,500	7,700	
Gas, natural, marketed 3/ 5/	million cubic meters	6,000	6,100	6,200	6,300	6,400
Iron and steel, metal: 3/						
Steel, crude (ingot only)	36,000	37,000	36,000	35,000	36,000	
Steel products	88,000	90,000	90,000	90,000	90,000	
Nitrogen, N content of urea, ammonia, ammonium sulfate	1,270,600 4/	1,233,000 4/	1,079,600 4/	1,129,200 4/	1,240,100 4/	
Petroleum:						
Crude	thousand 42-gallon barrels	1,190	1,200	1,300	1,350	1,400
Refinery products	do.	7,700	8,760	7,900	8,500	8,600
Salt, marine 3/	350,000	350,000	350,000	350,000	350,000	
Stone, limestone 3/	23,474 4/	24,000	25,000	26,000	27,000	

r/ Revised.

1/ Table includes data available through June 8, 2000.

2/ In addition to the commodities listed, crude construction materials, such as sand and gravel and other varieties of stone, presumably are produced, but available information is inadequate to make reliable estimates of output levels.

3/ Data are for years ending June 30 of that stated.

4/ Reported figure.

5/ Gross production is not reported; the quantity vented, flared, or reinjected is believed to be negligible.