THE MINERAL INDUSTRY OF

BANGLADESH

By Chin S. Kuo

A miniboom in the economy of Bangladesh, which was led by agriculture, helped maintain the gross domestic product (GDP) growth at 5% for 2000. Good weather brought bumper crops to the country. In the light industries, ready-made garments and knitwear produced more than 70% of total export earnings. Growth in the export-oriented manufacturing and service sectors was the key to balanced economic development in Bangladesh. The Government planned to increase spending and borrowing. The budget deficit rose to 6% of the GDP, and domestic financing climbed to 3% of the GDP (Far Eastern Economic Review, 2001). A resurgence of inflation would hurt the country’s economy and its competitiveness in overseas markets. The currency (the taka) was devalued by 6% against the U.S. dollar in August.

Bangladesh played an important role in regional energy markets because of its large identified natural gas reserves. It has small reserves of coal and petroleum. The country’s energy sector has attracted $1 billion in foreign investment during the past few years. The Ministry of Energy and Mineral Resources has overall responsibility of policy formulation and investment decisions in the sector. The country’s mineral industry involved production of minor quantities of cement, clay, limestone, salt, and steel.

In the steel industry, the Government’s reduction of import duty on hot-rolled strip to 5% from 15% encouraged at least six companies to install cold-rolling mills. The cold-rolled import duty remained at 15%. The country’s total cold-rolled consumption was between 400,000 and 500,000 metric tons per year (t/yr). The first cold-rolling mill of 150,000 t/yr was in the port of Chattagong was started by PHP Cold Rolling Mills in the third quarter of 1999. The other cold-rolling mill to become operational in 1999 was Abul Khair Steel Products Ltd.’s 60,000-t/yr mill, which was being expanded to 100,000 t/yr; the expansion should be completed in 2001. RM Steel Mills planned to enter the cold-rolled market and to set up a mill in Dhaka. Karnaphuli Steel Mills was erecting a second-hand plant bought from various sources and planned to open it before yearend 2000. A 100,000-t/yr mill was being constructed by KIJ Steel Mills and was expected to start up in 2001. Moulana Ispat secured land for a mill (Metal Bulletin, 2000).

A new cement grinding plant was being constructed by Cemex near Dhaka and would receive clinker supplied by PT Semen Gresik of Indonesia. The plant, which cost $26 million, was due to come on-stream in March 2001 and would have a production capacity of 500,000 t/yr (International Bulk Journal, 2000).

Heideberger Zement of Germany purchased a 26% stake in Chattagong Cement Clinker Grinding Co., which had a 750,000-t/yr-capacity grinding plant near Chittagong. Another 750,000-t/yr-capacity grinding plant was being constructed near Dhaka and was expected to begin operations in April 2001. Heideberger would manage the plant and signed a joint-venture agreement with a local partner, which owned a 25% interest (International Bulk Journal, 2000).

Holderbank Financiere Glaris Ltd. acquired 100% controlling interest in Hyundai Cement Bangladesh Corp. Ltd. from Hyundai Engineering & Construction Ltd. of the Republic of Korea. The purchase price was $42 million. The cement grinding station, which was 20 kilometers (km) northeast of Dhaka, included packing and distribution facilities and a plant, which had two cement mills with an installed capacity of 400,000 t/yr. Construction would begin in 2000 on a new 200,000-t/yr-capacity cement plant that would be operational in spring 2001 (Holderbank Financiere Glaris Ltd., 2000). In another development, Iran Industries Construction Co. signed a joint-venture agreement with the Government to construct a cement plant in Bangladesh.

Siam Cement Plc and Siam City Cement, both of Thailand, planned to form a joint venture with an investment of $80 million and $90 million, respectively, to buy a 19% stake each in one of Hyundai Cement Bangladesh’s cement grinding plants. Holderbank would be the major shareholder with a 55% stake, and Transcom of Bangladesh would hold 7%. The cement plant’s capacity would be increased from 400,000 t/yr to 500,000 t/yr in 2001 (Building Bulletin, 2000).

One of the five new coal fields in northwestern Bangladesh that was discovered by BHP Minerals of Australia in 1997 was under construction during 2000. The underground Barapukuria Mine’s exploitable coal reserve was 64 million metric tons (Mt) with the production capacity estimated to be 1 million metric tons per year (Mt/yr) (Asian Journal of Mining, 2000). The mine is located 16 km south of Parbatipurupazila in the Dinajpur District. The development cost was estimated to be $164 million.

Asia Energy Corp. Pty. Ltd., which was a subsidiary of Deepgreen Minerals Corp. NL of Australia, had all its titles to the Phulbari coal deposit renewed for 12 months and was proceeding with applications for mining licences. Deepgreen owned 65% of Asia Energy, Barton Capital Holdings Ltd. owned 29%, and the rest was held by private investors. The deposit had an inferred resource of 383 Mt of high-quality steaming coal with a specific energy of 6,600 kilocalories per kilogram and 1% sulfur (Australian Mining & Exploration Companies News, March 11, 2000, Deepgreen Minerals, accessed March 22, 2000, at URL http://www.reflections.com.au/MiningandExploration/Companies/News.html). A study indicated that a 9-Mt/yr open cut mine with a project life of 35 years would be economically viable. The company envisaged the development of a 2,000-megawatt powerplant with the coal project. Total cost of the mine and...
power plant would be more than $2.5 billion. Unocal Corp. of the United States signed a production-sharing contract with Petrobangla and one of its subsidiaries for exploration in a natural gas block in Bangladesh’s southern coastal areas. Unocal was producing 100 million cubic feet per day of gas in northeastern Jalalabad Gasfield (Far Eastern Economic Review, 2000). Meanwhile, Shell and Cairn Energy were planning to survey the possibly hydrocarbon-rich Sunderbans area.

Unocal Corp. of the United States was to withdraw from its $50 million investment in liquefied petroleum gas (LPG) and lubricating oil joint ventures in the country. Before the merger in 1999, Exxon had been negotiating to go into a joint venture with Bangladesh Petroleum Corp. to build an LPG bottling plant in Mongla, southern Bangladesh. Meanwhile, Mobil advanced on a proposed LPG and lubricating oil joint venture with Jamuna Oil in Chittagong. After the merger, Exxon-Mobil decided to continue with only one LPG project and the lubricating oil venture (Financial Times, 2000). In another development, TotalFinaElf S.A. was to set up a $16 million plant to bottle LPG in a joint venture with Premier LP Gas Ltd. of Bangladesh.

References Cited


Major Sources of Information

Geological Survey of Bangladesh
153 Pioneer Rd.
Dhaka, Bangladesh
Telephone: 880 2 406201
Ministry of Energy and Mineral Resources
Dhaka, Bangladesh
Telephone: 880 2 404051
Bangladesh Oil, Gas and Mineral Corp.
122-124 Motijheel Commercial Area
Dhaka, Bangladesh
Telephone: 880 2 814936
Bangladesh Petroleum Corp.
GPO Box 2003
Dhaka, Bangladesh
Telephone: 880 2 235717
Fax: 880 2 811613

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)

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<tbody>
<tr>
<td>Cement, hydraulic 3/</td>
<td>650,000</td>
<td>865,000</td>
<td>900,000</td>
<td>950,000</td>
<td>980,000</td>
</tr>
<tr>
<td>Clays, kaolin 3/</td>
<td>7,000</td>
<td>7,200</td>
<td>7,500</td>
<td>7,700</td>
<td>7,900</td>
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<tr>
<td>Gas, natural, marketed 3/ 4/</td>
<td>million cubic meters</td>
<td>6,100</td>
<td>6,200</td>
<td>6,300</td>
<td>6,400</td>
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<td>Iron and steel, metal: 3/</td>
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<tr>
<td>Steel, crude (ingot only)</td>
<td>37,000</td>
<td>36,000</td>
<td>35,000</td>
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<td>Steel products</td>
<td>90,000</td>
<td>90,000</td>
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</tr>
<tr>
<td>Nitrogen, N content of urea, ammonia, ammonium sulfate 5/</td>
<td>1,233,000</td>
<td>1,073,600</td>
<td>1,129,200</td>
<td>1,240,100</td>
<td>1,254,800</td>
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<tr>
<td>Petroleum:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude thousand 42-gallon barrels</td>
<td>1,200</td>
<td>1,300</td>
<td>1,350</td>
<td>1,400</td>
<td>1,500</td>
</tr>
<tr>
<td>Refinery products do.</td>
<td>8,760</td>
<td>7,900</td>
<td>8,500</td>
<td>8,600</td>
<td>8,700</td>
</tr>
<tr>
<td>Salt, marine 3/</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
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<td>350,000</td>
</tr>
<tr>
<td>Stone, limestone 3/</td>
<td>24,000</td>
<td>25,000</td>
<td>26,000</td>
<td>27,000</td>
<td>28,000</td>
</tr>
</tbody>
</table>

1/ Table includes data available through April 27, 2001.
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/ Gross production is not reported; the quantity vented, flared, or reinjected is believed to be negligible.
5/ Reported figure.