The Ministry Industry of Bangladesh

By Chin S. Kuo

Bangladesh is one of the poorest and most densely populated countries in the world but has large potential natural gas reserves and small reserves of coal and oil. The gross domestic product (GDP) grew by an estimated 5.4% in 2003. The per capita GDP was only $368 (International Monetary Fund, 2003§). The country financed its large trade deficit through foreign aid and remittances from the many Bangladeshi workers abroad. The garment industry accounted for three-quarters of the country’s export earnings. Exports of natural gas could provide a major revenue source for Bangladesh if sufficient reserves were proven and developed. The development of the country’s energy sector was hindered by natural disasters and inadequate infrastructure. Bangladesh was attempting to attract foreign investment in electricity, infrastructure, and natural gas (Alexander’s Gas & Oil Connections, 2003§).

Bangladesh planned to privatize four state-owned petroleum marketing and distribution companies through international bidding. The companies were Eastern Lubricants Blenders, Meghna Petroleum, Padma Oil, and Standard Asiatic Oil Co. All these profit-making companies, which were 50% Government-owned on average, were subsidiaries of the state-owned Bangladesh Petroleum Corp. (World Refining, 2003).

Bangladesh could earn $600 million per year from exports of 300 billion cubic meters of natural gas through a pipeline to India during a 25-year period. Its current recoverable reserves were estimated to range from 750 billion to 900 billion cubic meters. Domestic opposition to natural gas exports to India, however, continued to grow, and the lack of other export opportunities forced ChevronTexaco Corporation of the United States to leave Bangladesh. The prospect of other foreign companies following suit could threaten to slow oil and gas exploration (Far Eastern Economic Review, 2004).

Lafarge Surma Cement Ltd., which was a joint venture of Lafarge S.A. of France and Cementos Molins, S.A. of Spain, awarded Larsen & Toubro Ltd. of India a $103.4 million contract to build a 1.2-million-metric-ton-per-year (Mt/yr) cement plant in Bangladesh. F.L. Smith & Co. of Denmark would supply technology for the plant. The plant would be located at Chatak near Sylhet and was expected to be commissioned by October 2005. Limestone for the production of cement would be supplied from the Indian State of Meghalaya (Larsen & Toubro Ltd., 2003§).

The Sangu offshore gas pipeline underwent repair work in February that affected gas supply to Kafco, Inc. As a result, Kafco shut down its ammonia/urea units and used the downtime to carry out minor repair work at the plant. The repair work to the gas pipeline was completed within 3 weeks (Fertilizer Week, 2003). The Kafco granular plant was shut down owing to technical problems for 2 weeks in August.

References that include a section mark (§) are found in the Internet References Cited section.
The Government cancelled the production-sharing contract on block 11 that was awarded to Tullow Oil plc and Petronas Carigali in 2000. The two companies failed to gain approval or reach an understanding on substantive issues within the stipulated time. The block was handed over to Petrobangla in 2003 (Petroleum Economist, 2003a).

The country had a 33,000-bbl/d oil refinery at Chittagong. In January, the Government granted approval for price increases on retail sales of petroleum products by Bangladesh Petroleum Corp. (Alexander’s Gas & Oil Connections, 2003§).

References Cited

Fertilizer Week, 2003, Midweek briefing: Fertilizer Week, February 19, p. 3.

Internet References Cited


TABLE 1

BANGLADESH: ESTIMATED PRODUCTION OF MINERAL COMMODITIES1, 2

(Metric tons unless otherwise specified)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cement, hydraulic</td>
<td>2,085,000</td>
<td>3,580,000</td>
<td>5,005,000</td>
<td>5,000,000</td>
<td>5,000,000</td>
</tr>
<tr>
<td>Clays, kaolin</td>
<td>7,700</td>
<td>7,900</td>
<td>8,000</td>
<td>8,100</td>
<td>8,200</td>
</tr>
<tr>
<td>Gas, natural, marketed m3</td>
<td>6,400</td>
<td>6,500</td>
<td>7,000</td>
<td>7,200</td>
<td>7,300</td>
</tr>
<tr>
<td>Iron and steel, metal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Steel, crude (ingot only)</td>
<td>36,000</td>
<td>35,000</td>
<td>30,000</td>
<td>30,000</td>
<td>25,000</td>
</tr>
<tr>
<td>Steel products</td>
<td>90,000</td>
<td>90,000</td>
<td>80,000</td>
<td>80,000</td>
<td>70,000</td>
</tr>
<tr>
<td>Nitrogen, N content of urea, ammonia, ammonium sulfate</td>
<td>1,240,100</td>
<td>1,254,800</td>
<td>1,273,000</td>
<td>1,288,500</td>
<td>1,388,700</td>
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<tr>
<td>Petroleum:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crude</td>
<td>1,400</td>
<td>1,500</td>
<td>1,550</td>
<td>1,600</td>
<td>1,800</td>
</tr>
<tr>
<td>Refinery products do.</td>
<td>8,600</td>
<td>8,700</td>
<td>8,800</td>
<td>8,900</td>
<td>9,000</td>
</tr>
<tr>
<td>Salt, marine m3</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
<td>350,000</td>
</tr>
<tr>
<td>Stone, limestone</td>
<td>27,000</td>
<td>28,000</td>
<td>30,000</td>
<td>32,000</td>
<td>34,000</td>
</tr>
</tbody>
</table>

1Estimated data are rounded to no more than three significant digits.
2Table includes data available through May 11, 2004.
3In 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.
4Data are for years ending June 30 of that stated.
5Reported figure.
6Gross production is not reported; the quantity vented, flared, or reinjected is believed to be negligible.

Major Sources of Information

Bangladesh Oil, Gas & 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

Geological Survey of Bangladesh
153 Pioneer Road
Dhaka, Bangladesh
Telephone: 880 2 406201

Ministry of Energy and Mineral Resources
Dhaka, Bangladesh
Telephone: 880 2 404051

Major Publication

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