

## THE MINERAL INDUSTRY OF

# BANGLADESH

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The Government relaxed rules on the operation of foreign companies in Bangladesh in order to attract foreign investment. Foreign companies would no longer need clearance to set up joint ventures or wholly-owned enterprises. The country would allow foreign companies to freely remit profits and to import raw and packaging materials and spare parts without approval from the central bank. The Government intended to further liberalize import duties and the tariff structure and to transform regulatory agencies.

Labor disruption and inadequate infrastructure were driving many multinational companies away. Inefficient state-owned enterprises suffered mounting losses as a result of excess personnel and bad management. The Government was expected to privatize part of the country's railroad by selling two routes—one in Dhaka and another in Chittagong. It also approved privatization of six marginal gasfields, each with estimated recoverable reserves of less than 57,000 cubic meters (m<sup>3</sup>).<sup>2</sup> Investment worth \$62.4 million<sup>3</sup> had been made in the Chittagong Export Processing Zone over the past 3 years. A total of 238 sites had been utilized by entrepreneurs to set up industrial plants in the zone.

Foreign donors pledged \$2.1 billion in aid to Bangladesh for the fiscal year beginning July 1994. Japan was to extend a total of \$39 million over a period of 3 years to improve the Chandnighat water treatment plant in Dhaka for \$32.6 million and to construct 15 multipurpose cyclone shelters for \$6.4 million. Construction of the Maddhapara quarry project in Dinajpur, which was largely funded by North Korea, began during the year. North Korea was providing \$130 million of the cost; the Government would supply the rest. The \$172 million quarry was expected to yield 1.6 million metric tons (Mmt) of granite and other hard rock by the year 2000.

There are abundant resources of beach sands along the country's coastline, and some 17 separate areas have been identified to contain ilmenite, zircon, rutile, and magnetite. Specified Minerals Pty Ltd. of Queensland, Australia applied for an exploration and mining permit. Negotiations for either a joint-venture or royalty agreement were reportedly underway.

The Bangladesh Geological Survey discovered a second large coal deposit in northern Dinajpur. The coal seam lies at depths from 115 meters (m) to 500 m in the Dangapara Basin.

Work on the Boro Pukhuria coal mining project in Dinajpur District was scheduled to begin in June 1994. The total cost of the project was estimated at \$221 million. China was to provide \$100 million to Bangladesh for the project under a credit arrangement. The mine covered an area of 5.25 square kilometers (km<sup>2</sup>), and coal deposits occur in 6 seams. The depth of the seams is between 118 m and 506 m below the surface. Reserves were estimated to be 350 Mmt of high quality coal, of which 70 Mmt could be extracted. About 80% of the coal mined would be utilized for power generation and the remaining 20% would be used for industrial and domestic purposes.

The Government approved a coal mining project north of Hilli in northwestern Bangladesh to be undertaken by BHP Minerals of Australia after 5 years of negotiations. BHP Minerals was the first foreign company to invest in mineral exploration and extraction in the country. The company planned to set up Dhaka and field offices and to begin seismic work and drilling in the project area at the end of 1994. The project was expected to cover an area of 5,000 hectares. Confirmation of a 35-m seam of high quality bituminous coal of low ash content was expected. The planned initial investment was around \$10 million, but could increase to more than \$400 million over 10 years. The \$550 million project was to produce 6 million metric tons per year (Mmt/a) of coal, most of which would be exported. Initial output might be used in a mine-mouth power station.

The Government also agreed with China to jointly mine coal in northwestern Bangladesh, beginning in March 1994. China National Machinery and Equipment Import and Export Corp. planned to finance most of the \$222 million project with Petrobangla, the state oil company. The partners planned to produce coal within 3 years and yield 1 Mmt/a of coal after 5 years for a 300-megawatt (MW) powerplant in Bangladesh. The Chinese company also was to provide \$80 million in credit of the \$119 million project cost to build a second unit of the Raozan Powerplant in Chittagong. The 210-MW, gas-fired steam turbine generator was scheduled to be completed in 3 years. A 230-kilovolt transmission line and a substation also were included in the contract.

Bangladesh Gas Fields Co., a subsidiary of Petrobangla, supplied about 95% of the country's natural gas demand. The Government proposed to allow private investment of \$190 million to help develop the country's six proven gasfields, which hold an estimated 57 million

m<sup>3</sup> of natural gas. Bangladesh had a recoverable reserve of 289 million m<sup>3</sup> of natural gas in its 17 gasfields nationwide.<sup>4</sup>

<sup>2</sup>Petroleum Economist. Oct. 1994, p. 51.

<sup>3</sup>When necessary, values have been converted from Bangladesh taka to U.S. dollars at the rate of Taka40.06=US\$1.00 for 1994.

<sup>4</sup>The Rising Nepal. Oct. 24, 1994, p. 2.

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<sup>1</sup>Text prepared Aug. 1995.

TABLE 1  
 BANGLADESH: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

Commodity 3/	1990	1991	1992	1993 e/	1994 e/
Cement, hydraulic 4/	337,000	275,000	273,000	275,000	280,000
Clays: Kaolin 4/	7,220	7,340	7,300	7,500	7,500
Gas, natural, marketed 4/ 5/	4,750	4,890	5,740	6,000	5,970 6/
Iron and steel: Metal: 4/					
Steel, crude (ingot only)	75,000	57,500	36,400	32,000	34,000
Steel products	87,400	95,000	90,000	85,000	87,000
Nitrogen: N content of urea, ammonia, and ammonium sulfate	701,000	667,000	937,000	991,000 6/	995,000
Petroleum:					
Crude	1,190	1,200 e/	1,100	1,300	1,180 6/
Refinery products	7,500 e/	7,600 e/	7,700	7,800	7,600
Salt, marine e/ 4/	350,000	300,000	320,000	340,000	350,000
Stone: Limestone 4/	38,000	42,500	47,000	50,000	52,000

e/ Estimated.

1/ Table includes data available through Aug. 10, 1995.

2/ Previously and 1994 data are rounded by the U.S. Bureau of Mines to three significant digits.

3/ 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.

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

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

6/ Reported figure.