

Phulbari, Asia Energy and Grassroots Revolt

In the last week of August 2006, an unbelieving nation watched, with increasing concern, tragedy unfold in a coal-rich area of Dinajpur. Popular protests against the Asia Energy Project had resulted in firing by the BDR on citizens, leaving at least three dead and more than two hundred injured. In this report **Philip Gain** looks at the issue and explains the background to the crisis.

The grassroots revolt in Phulbari against the open-cut mining plan of Asia Energy, a British company, seemed like an unstoppable inferno. The anger of the local people was real. They took to the streets of Phulbari town in thousands on 26 August 2006. It was an unprecedented scene. An estimated 50,000 farmers, laborers, members of ethnic communities, teachers, students, politicians—most of them from the mine area— assembled in the Phulbari town to tell the foreign company that it must vacate their land and sacred places. They would rather die than allow the company to open up their land for coal that would require relocation of a huge population.

The protesters had just sticks in their hands. The Santals (the largest ethnic community in North Bengal) joined with their drums, bows and arrows. The National Committee to Protect Oil, Gas, Mineral Resources, Power and Port organized the massive protest event. The protesters began their march towards the offices of Asia Energy at about 3:30 P.M. without understanding that the worst was waiting.

As the massive rally reached the *Chhoto Jamuna* river, they were stopped by barricades set by the security forces. While the main part of Phulbari town is located on the east of the river with a small bridge over it, the head office of Asia Energy and its warehouse are located on the other side. The barricades were set to stop the protesters from going near the company's head office. The leaders of the national committee talked to the Upazila Nirbahi Officer (UNO), who according to Prof. Anu Muhammad, the member secretary of the committee, gave his word to move Asia Energy out of the town.

This was not the end of the day! As Prof. Anu Muhammad and other leaders of the national committee went back, some protesters crossed the river as reported by eyewitnesses. A rally also approached from the western side of the river. The protesters on the western side of the river suddenly came under massive gunfire from the BDR and teargas shells from the police. At least three people (the missing two are believed dead) were killed and more than two hundred were wounded.

The bloodshed led to a seemingly unstoppable protest leading to a continued strike in Phulbari. The demand for expulsion of the company from Phulbari and also from the country became stronger. The protesters set the deadline for the foreign company's exit at 11:00 A.M. on 28 August. Given that Asia Energy's employees were still there, the angry protesters burnt the

information center of Asia Energy and ransacked its laboratory (warehouse) that stored samples of coal extracted from 150 drilling sites. Finding no way out, the Asia Energy staff then sealed their main office and left Phulbari in a roundabout way, viz., through Dinajpur, under police escort. The people also ransacked and burnt the houses of a number of people identified to be accomplices of Asia Energy.

It was on the fourth day [August 30, 2006] of the continued strike that the Government, in a dramatic turn, submitted to the Phulbari protesters and agreed to meet all six of their demands. Foremost of the demands are to expel Asia Energy from four Upzilas including Phulbari and the country. The government also agreed not to opt for open-cut mining in four Upzilas including Phulbari and any other part of Bangladesh.

The agreement was reached in a meeting at Parbatipur Upazila, neighboring Phulbari and one of four Upzilas in the mine footprint. Rajshahi City Corporation Mayor Mr. Mizanur Rahman Minu signed the deal on behalf of the government while Prof. Anu Mohammed signed it on behalf of the National Committee to Protect Oil, Gas, Mineral Resources, Power and Port.

In accordance with the agreement, the national committee representing the protesters ended the strike and other protest programs. The government conceded to compensate the families of those killed and pay the medical expenses of those wounded. A sum of Taka two lacs was sanctioned to each of the families of the 26 August killings and Taka nine lacs for the treatment of those injured and damages caused in the ransack of hotel, restaurant, houses, etc. The government also gave its word to drop cases filed against the protesters and reinforce inquiries into the killings of August 26 and the alleged hiding of corpses. The government was also to cease from harassing and filing any new cases against the protesters.

While the people became jubilant in Phulbari and quiet for the time being, full implementation of the agreement between the National Committee to Protect Oil, Gas, Mineral Resources, Power and Port and the government seems to be the hardest part of the episode. The initiative to strike a deal with the protesters is reported to be a matter handled solely by the prime minister's office. The energy adviser and the concerned ministry reportedly know nothing officially about the government deal with the Phulbari protesters.

According to the agreement between the government and the national committee, the government was to terminate the contract with Asia Energy within one month from the date of signing it. However, according to Prof. Anu Muhammad the agreement has not been implemented to date. In the mean time, the company (Asia Energy PLC) has changed its name to Global Coal Management PLC (in the second week of January 2007) although the company's Bangladesh subsidiary's name would reportedly remain unchanged.

What has happened in Phulbari is tragic and it is important that all concerned honestly look into the factors that had led to this catastrophic situation.

The Project

An Australian company, BPH, started coal exploration in the Phulbari area. The Bangladesh government signed a contract with BPH through an open tender. In 1998, the contract was transferred to Asia Energy. Asia Energy, after estimating the coal reserve, submitted to the

government a plan of operation. The government has already granted environment clearance to the company.

According to Asia Energy, 5,900 hectares or 59 sq. km. land area is required for the mine. The area covers more than a hundred villages of seven unions in four Upazilas—Phulbari, Birampur, Nawabganj and Parbatipur—and part of Phulbari Sadar Upazila, under Dinajpur district. Thousands of acres of cropland fall within its boundaries.

The area of Phulbari Thana Sadar that falls within the project area has brick-built houses, schools, colleges, tarmacked roads, railroads, business facilities and so forth. Outside the township lie vast crop fields, forest patches and plantations. Beneath the expanse of beautiful landscapes lies the 38m thick (on average) coal fossilised over 270 million years. According to Asia Energy the coal reserve in this mine is 572 million tons. The company believes, if explored, more coal will be traced south of the present mine.

Who Benefit and Who Lose?

Appointed by Asia Energy, GHD, an international organisation, prepared a report for the company that claims Bangladesh will receive benefits worth US\$21 billion over the 30 years of the mine's lifetime. Of this, US\$7.8 billion will come as a direct benefit and US\$ 13.7 billion, as indirect or multiplier benefits. The mine itself and the coal-fired plant for production of electricity will contribute one percent per annum to the GDP of the country.

How dependable is this estimate of Asia Energy? Economist Prof. Anu Muhammad, in an interview with *Sangbad*, a vernacular daily newspaper, contended: "This evaluation of the mine project is a kind of deception. It only shows how Bangladesh will benefit from the investment of Asia Energy and suppresses the extent of damage it would cause. This is actually a sham on Asia Energy's part because it intends to cover up the questions about its activities that have already been raised."

The inhabitants of the mine area complain that people living in other parts of the country do not realize their plight, nor do they foresee the disaster the open pit mining is likely to cause to this region.

"We heard there is a coal deposit in this area. But the people engaged by Asia Energy did not let us know that the method for mining would be open cut, which necessitates eviction and destruction of our houses, schools, colleges and all other establishments in the mine footprint. All of us, irrespective of party affiliations, are against it," said Md. Khurshid Alam Moti, leader of the Phulbari Raksha (protection) Committee. He is also the principal of Phulbari Women's Degree College and chairman of Bangladesh Nationalist Party (BNP) in Phulbari.

According to Asia Energy that is in contract with the Bangladesh government for exploration of coal, 40,000 people need to be relocated from the mine footprint. But the Phulbari Raksha Committee that is composed of people from all parties at the local level contends the company's estimate. "We understand that about 150,000 people of the mine area will be directly affected and 200,000 to 250,000 will be affected indirectly," said Moti.

Nima Banik, a lecturer at Phulbari Women's Degree College says, "No matter wherever we are put, if we get evicted from our homes, we will lose our traditions, social organization and

businesses. These losses are beyond compensation. Moreover, we do not trust Asia Energy. Its estimate is unfounded.”

M. Anwarul Islam, Asia Energy’s general manager (environment and community) disagreed and said, “We have always mentioned the idea of open pit. In Phulbari, there is no other option.”

According to the company all the damages will be compensated and the condition of the inhabitants of the mine area will be better than before. However, the aura of distrust and the demand of the locals is clear: “We do not want open pit mining.” From June 2005 the Phulbari Raksha Committee has been organising processions and meetings every Saturday in Phulbari in protest against it.

Asia Energy claims that Bangladesh has no risk in the Phulbari mine project. The company claims that Bangladesh will receive half of the total profit accrued from the mining operation. The profit includes 6 percent royalty, 45 percent corporate tax and 2.5 percent import duty. The other gains of Bangladesh as the company mentions will be “a new source of energy for the country, a new commodity for export, new industries, employment opportunities, regional development, poverty alleviation, growth of nascent industry, new rail and port infrastructure.”

Professor Anu Muhammad’s fear is: “It is Bangladesh where the coal has been found; and a foreign company will become its owner. There is no proper way to measure the actual benefit of Bangladesh and the price it would have to pay for it. What becomes clear is Bangladesh will have to buy its own coal from the company at an international price.”

Impacts on Environment

A serious concern of open pit mining is its environmental impacts. The method requires the mine area to be completely dewatered so that the hollow of the mine does not get immersed in water. Not an easy task. Large pumps are required to suck out underground water around the mine round-the-clock during the entire lifetime of the project. The impact on the already dry Barind Tract is obvious. Water level runs lower in the Barind Tract the during dry season and makes it difficult for the tubewells to draw water. When dewatering for the mining starts, the shallow and deep tubewells will not draw enough water for farmers in the larger area near the mine.

Asia Energy’s solution is to distribute the water pumped out among the farmers. It is an open question if the water distribution will be even-handed. The government and non-government organizations have been trying many options including tree plantation for many years now to prevent desertification in north Bengal. If dewatering in the mining area hastens the desertification process, pouring water above the ground remains a doubtful viable option for agricultural sustainability.

According to Asia Energy sources the average thickness of the coal layer in Phulbari is 38m. In order to reach the layer of coal, overburden between 150 and 250m needs to be removed, leaving a thousand-foot deep hollow. Once used up, the hollow will be filled with earth and a new area will be dug out. The area filled up does not become useful for many years. According to a high official in Asia Energy, topsoil will be removed and preserved once the mining

operation begins in a particular block. Topsoil will be brought back and spread on the top of the area filled in. But no one can say when the land becomes cultivable again. The other question is: will the company fill the hollow with the same care as is done in developed countries? Non-compliance of existing laws is a common practice in Bangladesh.

At the final stage of the mining operation, about 30 years after the operation begins, Bangladesh will get a huge lake that according to the company will be filled up with fresh water providing a big source of water, fishery and recreation. But mining experts warn that the final hollow, after 30 years of digging and other activities, will contain toxic substances. It may not be realistic to envision this polluted lake becoming a source of fresh water.

Handling the other forms of environment pollution is also a challenge. There will be routine dynamite explosion inside the mine to break the rocks and the coal. Heavy machinery will be set up in and outside the mine. Heavy 240-ton trucks and trains will carry the coal causing noise pollution. Coal dust will be a major source of air pollution. If the enormous amount of polluted water generated from washing the coal is not properly treated before it is dumped into surrounding water bodies, it will kill fish and other forms of life. Further, the earth through such deep digging and many types of pollution will lose all its micro-organisms. Air pollution from burning coal to produce electricity is a big concern. Air polluting agents such as sulphur dioxide, nitrogen oxide, volatile organic compounds (VOC), mercury, lead, cadmium, chromium, and arsenic will contaminate earth, water, plants and animals.

Eliminating pollutants is extremely difficult. Asia Energy expects to keep the pollution within a tolerable level. However, there is a fear that the company will not adopt adequate measures to mitigate pollution because these involve much effort and cash.

Transportation of the coal is another concern. In order to market, it will be carried to the deep seaport through the Sundarbans. New seaport and railroads need to be built for this. On the positive end, this will create employment and bring in revenue, but it also adversely affects the environment of the Sundarbans (the largest mangrove forest on earth). The noise and water pollution created by the Mongla Port has already become a threat to the animals, plants and other life forms in the mangrove forest. The added transportation over the 30 years of the mine's lifetime will increase threats to the Sundarbans.

The environmental and social impact assessment (EIA and SIA) of the Phulbari Coal Project has already been carried out and approved by the Department of Environment of Bangladesh government. Three hundred consultants from several international and national companies, some Bangladeshi environmental organizations and individuals have done the EIA and SIA. They have produced 2,600-page reports after 18 months of work. This is where many question if the EIA and SIA commissioned by the same company that will extract the coal have been impartial. Asia Energy claims it will do all that is needed for the protection of environment and social harmony.

Although the people of the mine area and their supporters stand against the open pit project, they are not against extraction of the coal in general. Their understanding is that the ownership of the coal and the fate of the affected people just cannot be handed down to a foreign company. They suggest waiting until the country develops its own mining expertise and technology. "We

may give our consent when the country will be able to mine the coal resource with our own technology,” said Principal Moti. There are many others whose voices join Principal Moti’s.

Asia Energy had turned down the demand of the Phulbari people to wait until Bangladesh built its own expertise and mining technology. It says that by the time Bangladesh has its own mining expertise and resources, the fossil fuel may not be required any longer. The company claims that it is high time to extract the coal. Now the local communities have contested the company with their blood.

Looking Ahead

All that has happened in Phulbari—violence, expression of anger and mistrust of the local communities about Asia Energy—has shaken the whole nation. The whole world has also looked at Bangladesh with concern and curiosity. For now Phulbari has returned to normal life. But the fear still persists. Application of the state security forces against the people has caused an uproar in their minds. They have sent a very strong message to the state agencies and the company that it is their land that contains 270 million year old coal. It is them who decide if the resource is to be shared in the best interest of the community and the nation. It is the state that must protect the land and the communities. It was certainly a fatal mistake to attempt to resolve a serious human problem with bullets and teargas. If the state of Bangladesh is really for the people, its functionaries must stay bowed before the people’s power and respect the commitments that they have made to their representatives. If that happens, it will be a step forward for providing political protection to those who need it most. o

COMPANIES AND INDIVIDUALS PROVIDING SPECIALIST INPUTS TO THE EIA

SMEC International Pty Ltd, Australia: Project management, social impact assessment, resettlement planning, environmental monitoring, surface water hydrology, hydraulic modelling, GIS, air quality, noise, rehabilitation, water quality, traffic, town planning, the environmental management plan, EIA/SIA reporting.

GHD Pty Ltd, Australia: Resource evaluation, geotechnics, hydrogeology, local and regional infrastructure and transport, data management, geophysics, river diversion studies.

Mine Consult Pty Ltd, Australia: Mine design and mine scheduling.

QCC Ltd, Australia: Coal quality, coal treatment plant.

Coffey Geosciences Pty Ltd: Water management, mine water balance.

Centre for Environmental and Geographic Information Services (CEGIS), Bangladesh: GIS database, surveying, field hydrology instrumentation and data collection.

Nature Conservation Management (NACOM), Bangladesh: Dry and wet season ecological database and biodiversity field assessments.

Bangladesh Atomic Energy Commission (BAEC): Airborne particulate matter sample analysis, quality assurance auditing, geophysical borehole logging.

Bangladesh Centre for Advanced Studies (BCAS): Resettlement surveys.

Health Promotions Limited: Health impact assessment.

Institute of Water Modelling (IWM), Bangladesh: Regional surface water modeling.

The World Conservation Union (IUCN): Legislative and policy advice, peer review of biodiversity study.

Dr. M.K.Ahmed, Dhaka University: Arsenic in groundwater assessment.

Dr. N.Kamal & K.Z. Ashan, Independent University: Demographics.

Mr. Mannan, Independent University: Anthropology, ethnic minorities.

Professor M Hoque, Jahangirnagar University: Archaeology, historical sites.

Dr. Amin, Hazi Danesh Science & Technology University, Dinajpur: Soil science and agriculture.

Professor SMM Rahman, Dhaka University: Socio-economics.

Dr. Zaman, Canada: Resettlement.

Dr. Chris Johansen: Agriculture, land utilisation, rehabilitation.

Bangladesh University of Engineering and Technology (BUET): Water quality testing.

ALS Environmental Laboratories, Brisbane, Australia: Water quality testing.

International Centre for Diarrhoeal Disease Research, Bangladesh (ICDDR,B): Bacteriological and arsenic testing.

Source: Environmental Impact Assessment, Phulbari Coal Project, Asia Energy, June 2005

PHULBARI COAL PROJECT : SOME BASICS

[According to Asia Energy, 2006]

- **Project Proponent:** Asia Energy Corporation (Bangladesh) Pty Ltd. the Bangladesh subsidiary of UK based Asia Energy PLC.
- **Product:** Bituminous coal (high calorific value, low ash, low sulphur)—both thermal and metallurgical.
- **Estimated Coal Deposit:** 572 million tons some 150-250 meters beneath the surface.
- **Co-Product:** Clay, Sand, Gravel, Kaolin, Water.
- **Total Coal Resource:** 572 million tones (could be higher still with further drilling in the south).
- **Export/Local consumption:** Coal will be both exported and consumed domestically. Export will be mostly through Khulna and Akram Point in partnership with Bangladesh Railway and Mongla Port Authority.
- **Project life:** More than 30 years.
- **Project timeframe:** Dewatering is due to start in 2006, physical mine development in 2007 and first production of coal in 2008.
- **Project area:** 7 Unions and 1 Municipality in 4 Upazilas of Phulbari, Birampur, Nawabganj and Parbatipur in the district of Dinajpur.
- **Total land area required for the Project:** About 5,900 hectares over the life of the mine.

Phulbari Coal Project: The Contracts

There is a great deal of confusion about the contracts between the Bangladesh Government and Asia Energy. Local communities and the National Committee to Protect Oil, Gas, Mineral Resources, Power and Port want these contracts cancelled without delay. Some say that right now no contract between the government and the company exists even though the company already reportedly invested US\$24 million and was ready to begin mining. The government has also approved the EIA and SIA reports that the company prepared and submitted. Local people's revolt against the mine brings many questions to the forefront. What is becoming increasingly clear is that the contracts are not clear and raise many questions.

Aneeka Malik looks into the contracts between the Government of Bangladesh and the mining companies—BHP Minerals International Exploration Inc. and Asia Energy. She also compiles a chronology of events centering the Phulbari Coal Project to aid readers to understand the contract and the timeline of the coal mining operations so far in Dinajpur.

In 1994, the Government of Bangladesh signed an assignment agreement and contract with Australian company BHP Minerals International Exploration Inc. This contract and agreement basically define four tasks—the first defines the coal exploration areas, the second defines the terms of the exploration process, the third states the terms of the mining operation (mining lease) and the fourth outlines the investment in mining.

BHP Minerals International Exploration Inc. transferred these licenses and leases to Asia Energy on 11 February 1998. Asia Energy is bound by the contract made between BHP and the Bangladesh Government.

The Government of Bangladesh gave BHP the right to explore 1,921 hectares of land in January 1995 and 7,273 hectares in January 1998 in the Dinajpur, Jaipurhat, Rangpur and Bogra Districts, for coal.

Under the “Prospecting License”, BHP Minerals could explore these areas using any necessary methods. It could remove structures, trees or crops with the consent of landowners; take water and samples of any coal found; and enter reserved forests with the permission of the Divisional Forest Officer (DFO).

During the exploration process, BHP was required to keep records of boreholes, wells, excavations, geological maps, etc. and supply them to the Director of the Bureau of Mineral Department. BHP was also obligated to report the discovery of other minerals or archeological treasures to the government. In addition, the exploration process had to comply with the existing laws and regulations of Bangladesh to control environmental damage.

The “Prospecting License” was renewable twice for one-year terms, for all or part of the original lands. The combined licenses could not exceed three years.

The “Mining Lease” states that the corporation can carry out mining operations and dig gravel, sand, clay and stone to construct mine-related facilities. They can also cut crops and trees in the mining area (after compensating their owners), and use water from the land for

mining operations. However, in order to conduct mining operations, the company is required to do the following:

- Provide employment to Bangladeshi nationals—one-fourth of the total employees in the first three years, two-thirds in the following two years, and three-fourths in the next two years.
- Pay (i) Tk.50 per hectare per annum, yearly land revenue rent and water rates and any royalties and taxes agreed to in the Investment Agreement; (ii) a minimum royalty of US\$5,000. If the company cannot produce enough coal to earn this royalty for more than one year (without a suitable reason), the lease will be cancelled; and (iii) simple interest at the rate of LIBOR (London Interbank offered rate of interest at 12:00 noon each banking day) plus 2% per annum on all debts;
- Keep harmless the govt. and its officers against all actions, costs, charges, claims and demands made by a third party in relation to acts or omissions of the company.
- Pay for the land, the resettlement costs and compensation for homes and other infrastructure.
- Report (in writing) the discovery of any mineral to the Director of the Bureau of Mineral Department
- Not engage in mining operations within 50m of a borehole or well, 100m of a reservoir, canal or other public work, and 250m of a border, defense installation or airport, without the written permission of the government.
- Protect natural resources against unnecessary damage, prevent pollution, control waste and within two months of the closure of the operation, "...restore so far as may be possible to their natural or original condition the surface of the said lands". The Director of the Bureau of Mineral Department may be satisfied through compensation in the restoration stage.
- Not enter Reserved or Natural Forest without 30 days written notice to the DFO.
- Keep plans of the mine and its operations, any faults and disturbances, and samples of strata, minerals and water, for every 12 months and give them to the Director of the Bureau of Mineral Department. The Director can also enter the lands at any time to examine mining infrastructure, records, maps, logs, plans, accounts, etc.
- Give the government 90 day's first option from the start of the coal operation to buy coal. The government can also freely enter the lands to draw water, work on their infrastructure, explore and mine substances (except coal), etc.

Furthermore, the company cannot start mining until the Director of the Bureau of Mineral Department has approved the mining scheme. Mining operations can begin within 36 months of the date of grant of permission to do so. Asia Energy submitted this scheme to the Government of Bangladesh in October 2, 2005. The Director did not approve the scheme. In the meantime, the grassroots revolt changed the whole scenario.

All information given by the company to the Director is confidential except for the Director publishing "aggregate returns and general reports on the extent of prospecting or mining operations in Bangladesh and for the purpose of any litigation between the Government and the Lessee."

The Investment Agreement describes the monetary and economic terms of the company's activities with regard to the prospecting licenses and mining lease(s). The agreement covers the topics of taxes, royalties and fees/taxes related to the import of items needed for the mining process, and the export of mined coal.

Taxes: The Company is required to pay corporate income taxes of 45% on all the profits made. The company will also be required to keep complete accounts reflecting all expenditures and monies received from coal or its products. The government can inspect and audit these accounts provided it does this within 1 year following the end of the previous fiscal year.

As the company is registered in Bangladesh under the Companies Act, it is entitled to certain fiscal benefits including:

- Tax holiday viz., the company does not pay the 45% corporate income tax and all other taxes for nine years from the start of the commercial production of coal.
- Income tax rebates (partial refund for paying too much money for taxes, rent or a utility) and freedom from taxes on capital gains.
- A depreciation (or decrease in value over time) allowance for mine facilities equal to their original cost; or a depreciation allowance equal to 15% of the gross income or 50% of net income – whichever is less.

Royalties: The Company will pay on January 1 and July 1 of each year, a royalty of 6% of the sale value in US dollars, of all coal produced and sold. The government can request that this payment is made in coal instead of cash.

Importation: The Company and its affiliates may import items needed for use in exploration, development and mining. An import tax of 2.5% of the value of the imported good will apply. Goods brought into the country on a re-exportable basis are exempt from all taxes, duties and fees. They cannot sell these items locally, except for salvage value.

Marketing: The company/investor may take, receive and market the mined coal. Any coal will be subject to export fees, duties or assessments.

CHRONOLOGY OF EVENTS: PHULBARI OPEN-PIT COALMINE

August 20, 1994: The Bangladesh Government signs a contract with Australian company, BHP Minerals. The contract includes exploration licenses, a mining lease and an investment agreement.

January 15, 1995: The government grants a *Prospecting* or exploration license for 2,120 hectares of land in Dinajpur, Joypurhat, Rangpur and Bogra districts for one year from January 15, 1995. This land is referred to as 'Area B'. BHP minerals deposits Tk.106,000 (US\$1,550, calculated at the conversion rate in 2006) as the annual fee for 1995.

January 9, 1997: The government grants BHP an exploration license for 7,273 hectares (called 'Area G') in Phulbari, Birampur and Parbatipur Thanas of Dinajpur District for one year from January 9, 1997. BHP deposits Tk. 355,650 (US\$ 5,230) as the annual fee for 1997.

January 26, 1998: BHP Minerals Coal Exploration Licenses are transferred to Asia Energy Corp. (Bangladesh) Ltd. The Exploration License for 'Area G' is renewed for one year effective from 9 January 1998.

January 28, 1998: The Exploration License for 'Area B' that now covers 1,921 hectares is renewed for one year from 15 January 1998.

February 11, 1998: The GoB signs an agreement with Asia Energy. BHP transfers its licenses for the exploration of coal in areas 'B' and 'G' to Asia Energy.

May 5, 2005: Global Vulcan Energy International (GVEI), a US-based company signs a memorandum of understanding with the Bangladesh Government for an investment of over US\$1.6 billion in power production, coal mining and fertilizer projects.

Of this, 900 million dollars will be given to gas-fired power projects, 375 million for a coal mine, 200 million for two carbon-based organic fertilizer plants and 150 million for a series of coal-based projects in Bangladesh including a coal-based methanol gas project.

July 9, 2005: Thousands of demonstrators in Phulbari protest the open-pit mining project. The protesters from Phulbari and the neighboring Nawabganj, Birampur and Parbatipur Thanas form a five kilometer long human chain on the Dhaka-Dinajpur highway halting traffic for several hours. Their placards read: "We will not spare a single particle of our land", "We shall protect Phulbari with our blood", etc.

September 6, 2005: The Forum for Energy Reporters Bangladesh (FERB) and the Asia Energy Corporation jointly organize a workshop in Dhaka on reporting coal. The Secretary of the Energy and Mineral Resources Division AMM Nasir Uddin stresses that although the government welcomes foreign investment in coal exploration, it will not compromise with foreign companies on the question of national interest. Bill McIntosh, director; Mushfiqur Rahman, general manager; and Brain Mooney, corporate head of Asia Energy also speak at this workshop.

September 11, 2005: The Department of Environment (DoE) gives Asia Energy environmental clearance for the open-pit mine.

October 2, 2005: Asia Energy submits to the Government its feasibility study along with a plan to develop a US\$2 billion open-pit coalmine at Phulbari.

January 1, 2006: Bangladesh Paribesh Andolon (Bangladesh Environmental Movement) organizes a seminar titled, "Open pit mining: its consequences on environment and economy" in Dhaka. Professor Anu Mohammed claims that Bangladesh will lose Tk.9,000 crore due to the mine.

January 27, 2006: Asia Energy randomly selects 120 people from the mine area for an opinion poll. The poll is to show if the local people want the mine to take place or not.

Out of the 120, only 32 people show up for the poll that is organized at the Boropukuria coalmine training center. Only one person out of these 32 gives consent for the coalmine. Asia Energy says that since only 32 people have shown up, the poll result is not valid.

After the poll takes place, at approximately 3:00 PM, 10,000 men and women armed with black flags participate in a protest rally and march to the Boropukuria coalmine gate. The locals tell the Energy and Mineral Resources Ministry Special Committee that they are against the coalmine. Brian Mooney, the corporate head complains that the protest is a staged event.

February 8, 2006: A workshop is held in Dhaka to formulate Version 3 of the Bangladesh Draft Coal Policy. Members of civil society, chambers of commerce, business persons and national and international coal companies participate in the workshop. While Petrobangla and the Ministry of Power, Energy and Mineral Resources organize the event, the Infrastructure Investment Facilitation Center (IIFC) facilitates it.

International coal company representatives in the workshop say that the draft Bangladesh Coal Policy is too restrictive and not sufficiently driven by market forces. Local experts and energy ministry adviser Mahmudur Rahman however stresses that no compromise would be made in the policy at the cost of national interest and that both sides should benefit from mining. Asia Energy says that the new policy will place a financial burden on them.

February 11, 2006: "Weekly 2000" organizes a roundtable discussion in Dhaka on the draft coal policy and the Phulbari coalmine project.

Experts at the discussion agree that the proposed coal policy is export-oriented and lacks integrity with existing policies. They agree that the policy needs clear objectives regarding matters such as product sharing, demand and supply, legal issues and a clear rehabilitation scheme. Economist Qazi Kholiuzzaman Ahmed, the chair of this meeting says that the Phulbari coal project would be a burden for the country.

February 19, 2006: The Infrastructure Investment Facilitation Center (IIFC) organizes 'Meet the Press', an event on the Bangladesh Coal Policy (draft) in Dhaka. Those present include Dr. Ainun Nishat, country representative of the International Union for the Conservation of Nature (IUCN), Nazrul Islam, Executive Director of IIFC and Maqbul-e-Elahi, Senior General Manager of Petrobangla. The participants call for incorporating environmental and socio-economic issues in the coal policy to avert any possible disasters during or after coal extraction. Dr. Ainun Nishat stresses that strict environmental laws and monitoring are needed for the Phulbari mining project. Otherwise, 10 to 12 km of land surrounding the mine will face water shortages and environmental degradation.

March 16, 2006: The Forum for Energy Reporters Bangladesh organizes a 'Meet the Press' event in Dhaka. Mahmudur Rahman, the energy and mineral resources adviser, says the agreement with Asia Energy for the Phulbari Coal field is against national interest and that those who signed the agreement should be brought to justice.

March 19, 2006: Gary Lye, the chief executive officer of Asia Energy in Bangladesh sends a letter to Mahmudur Rahman in which he questions the legitimacy of Mr. Rahman's remark that the existing contract with Asia Energy is 'anti-state'. Lye wrote that the contract was based on the prevailing laws and regulations of the country. "Therefore to contend that the contract is 'anti-state' is to imply that the laws and actions of the government are also 'anti-state', a position which is plainly absurd," wrote Lye.

March 23, 2006: Mahmudur Rahman responds to Gary Lye's letter of March 19, 2006: "The issue is a policy matter of the government and you are strongly advised not to try to interfere in the policy decisions of a sovereign country."

Mr. Rahman also meets with Stephen Bridges, the British deputy high commissioner in Dhaka. He tells him that Asia Energy's development programme in Phulbari will be approved as per the coal policy and the report of the expert committee headed by Prof. Nurul Islam of BUET.

The Energy and Resources Division holds the final meeting on the draft coal policy to incorporate suggestions made by experts over the past few weeks. They decide not to make changes to the proposed export margin and royalty rates despite the fact that several professionals and experts demanded that the government enact a law barring the export of coal. Energy experts say they made this demand with the country's long-term energy security in mind.

March 25, 2006: After the Dhaka-Dinajpur march of the National Committee to Protect Oil, Gas, Mineral Resources, Power and Port Oil, Gas and Mineral Resources ends in Phulbari, at approximately 3:00 PM, thousands of people from Phulbari and its adjacent Upazilas participate in a rally in Phulbari town. At the rally, the speakers urge the government to cancel the Phulbari coalmine deal with Asia Energy.

April 17 (Monday), 2006: An inter-ministry meeting finalizes the draft of the new coal policy. The proposed coal policy makes it mandatory for companies to set up power plants in the coalmine areas. Energy secretary AMM Nasir Uddin moderates the meeting. High officials from finance, communications, shipping and environment and forest ministries attend.

April 30, 2006: Thousands of Adivasis from Dinajpur, Rajshahi, Joypurhat, Rangpur, Thakurgaon and Panchagarh gather at the Phulbari Government College to protest against the coalmine in Phulbari. The Jatiyo Adivasi Parishad (National Adivasi Council), an organization of the ethnic communities organizes the rally. Shantu Larma, president of the Bangladesh Adibashi Forum, is the chief guest at the event.

A source in the Asia Energy informs the press that some 5,000 members of ethnic communities would be relocated if Asia Energy mines in the area.

May 18, 2006: A press release of Asia Energy states that Bangladesh Railway will earn more than two billion dollars transporting coal from the Phulbari coal field and the company's equipment. Bangladesh Railway will however be required to invest 250 million dollars to upgrade its tracks and buy new rolling stock for the railway system in the western zone of the country.

June 16, 2006: The Forum for Energy Reporters Bangladesh organizes 'Meet the Press' in Dhaka. Mahmudur Rahman, the energy ministry adviser says that although the contract with Asia Energy is against national interest, it cannot be nullified.

July 3, 2006: Forest officials tell the press that the implementation of the mine project will cause groundwater levels to decline, potentially resulting in the destruction of 3,200 acres of forestland in areas adjacent to the coalmine. There are 17,344 acres of forestland in the mine area.

The Department of Environment (DoE) gave environmental clearance to Asia Energy. Environmentalists condemned the granting of dense forestlands for coalmining purposes.

July 25, 2006: Arthonity Adhyayan Kendra (Economics study Center) of Jahangirnagar University organizes a roundtable discussion titled, "Lifting Bangladesh Coal Reserves and its Distribution: What Should be the Role of the Government?"

Participants stress the need for extracting coal to reduce pressure on natural gas, which is feared to be exhausted by 2011. However, they agree that open-pit mining at the massive scale proposed by Asia Energy will be disastrous for the country—destroying cultivatable land and damaging the ecological balance. The speakers condemn the government's failure to realize the compensation of Tk.12,900 crore from Unicol and Niko, which could be used to build skilled workers for the mining industry.

Saturday, August 26: At least three persons are killed and more than 200 wounded as the paramilitary force—Bangladesh Rifle (BDR) opens fire on protesters in Phulbari, Dinajpur.

Under the banner of the "National Committee to Protect Oil, Gas, Mineral Resources, Power and Port", approximately 50,000 protesters, consisting mainly of farmers, members of ethnic communities, and the residents of Phulbari town, march towards the Asia Energy offices at Phulbari, demanding that the open-pit mining project be annulled.

Upon attempting to break a police barricade near the Chhoto Jamuna River, about one km from Asia Energy's main office at about 4:30 P.M., they come under gunshots and teargas from BDR, police and other security forces.

The demonstrators engage in battle with the security personnel on the streets till 8:00 P.M. The organizers announce a strike at Phulbari town for an indefinite period to protest the killing and police brutality.

Local people allege that while conducting a house-to-house search at night, the law enforcers torture innocent people and force local residents to stay indoors with their lights turned off.

The Awami League-led 14-party opposition alliance announces countrywide demonstrations on August 27 in protest of these killings.

Sunday, August 27: Protest erupts across Bangladesh after Saturday's killings. Defying the local administration's ban on gatherings in Phulbari, several thousand people stage fierce protest on the streets of Phulbari town throughout the day. The protesters chant slogans against Asia Energy and block the main road with stones, bricks, logs and electric poles. They vow to cease demonstrations only when Asia Energy is ousted from Phulbari and the country.

The protesters begin their rallies from 8:00 A.M. amidst hundreds of BDR and police personnel. The security forces allegedly obstruct the rallies at several locations and at approximately 9 A.M., they baton-charge the rallies in the Phulbari municipality. They also snatch cameras from two photojournalists (the cameras are returned after the films are removed).

Further conflicts occur between the protesters and the police near the Asia Energy office resulting in the injury of at least 20 people.

All shops, markets, offices and educational institutions remain closed during the strike. Roads connecting Phulbari to the rest of the country remain empty of traffic.

Over ten thousand people also participate in a *Namaz-e-janaza* of those killed at Nimtali crossing in Phulbari at 5:30 PM.

Meanwhile, in the capital, students of Dhaka University stage demonstrations demanding the resignation of the government's energy and mineral resources adviser, Mahmudur Rahman and the state minister for home affairs, Lutfuzzaman Babar. Students also call for a strike in educational institutions across the country on Monday to protest Saturday's killings.

Mahmudur Rahman condemns the violence: "This incident has sent the wrong message to foreign investors, which we cannot afford at all when we are struggling hard to woo more and more investment." He cautions: "Rejection of the Asia Energy agreement must be avoided. If we reject it the question of compensation might arise."

Gary Lye of Asia Energy and Mahmudur Rahman both blame the national committee for instigating the violence at Phulbari and the bloodshed that resulted from it.

Gary Lye says that Asia Energy deeply regretted what has happened and sent his sympathies to the families of the dead and the injured.

The government responds to the outcry by forming a committee to investigate the bloody incident. The deputy commissioner of Dinajpur, Tahsinur Rahman is directed to investigate the incident.

Press conference of the national committee: The National Committee to Protect Oil, Gas, Mineral Resources, Power and Port organizes a press conference in Dhaka. Prof. Anu Muhammad is the lead speaker at the press conference.

Monday, August 28: Second day of the indefinite strike in protest of Saturday's killings. Thousands of demonstrators—farmers, indigenous people and petty traders, take control of the Phulbari streets. They set fire to at least 7 Asia Energy employees' homes, vandalize the company's office, attack houses thought to belong to Asia Energy's collaborators and destroy Asia Energy structures as well as television sets donated by the company to different local organizations.

The demonstrators also block road and rail links between Dinajpur and the other districts. The Birampur-Joynagar road is barricaded with burning tires and other items. Rail communication is blocked by logs placed every several yards along a 10km stretch of railroad between Dinajpur and Parbatipur. Two express trains, one traveling between Khulna and Sayedpur and the other arriving from Rajshahi are halted.

BDR personnel were withdrawn from the town at approximately 9:00 P.M. on Sunday night, and in light of the ongoing violence, Asia Energy staff leaves the town on Monday under police escort. Several people, accused by the locals of helping Asia Energy, also flee the town.

Hundreds of police are deployed in the town but no clashes are reported.

In Dhaka city, hundreds of people gather at the Central Shaheed Minar and observe a two-minute silence to commemorate the killed as part of the countrywide mourning program. Black flags are carried to protest the coal mine.

Different political parties, human rights and environmental groups issue a statement condemning the atrocities against the protesters in Phulbari.

The National Committee to Protect Oil, Gas, Mineral Resources, Power and Port conduct a meeting with the Deputy Commissioner of Dinajpur. At the meeting the committee places its six-point demands as follows:

1. Closure of the Asia Energy office.
2. Government declaration banning coalmining in Phulbari.
3. Compensation for the victims' families.
4. The payment of medical expenses for the injured.
5. Withdrawal of the cases filed against the protesters.
6. Punishment to the persons responsible for Saturday's incident.

August 29, (Tuesday): Hundreds of protesters gather at Phulbari town in the morning and conduct numerous processions and rallies as security forces stand guard. Thousands of women also join an afternoon march in protest of Saturday's killings.

It is the third consecutive day of the strike. Shops, markets, businesses and railway and road access to Phulbari remain closed.

The Citizen's Commission on Gas, Oil and Coal Resources, constituted by the Bangladesh Economic Association demands cancellation of the deal with Asia Energy. The commission's member secretary Abul Barakat however states that the Citizen's Commission is not against foreign investment and that such investment should be encouraged in the manufacturing sector.

The government designates Rajshahi city corporate Mayer Rahman Minu and the Deputy Minister for Food and Disaster Management, Asadul Habib Dulu to handle the crisis. They arrive in Dinajpur town to attend a meeting with Deputy Commissioner Tahsinur Rahman.

August 30, 2006: On the fourth day of the strike, the government concedes to the Phulbari protesters and agrees to meet all six of their demands. The foremost demand of the people is the expulsion of Asia Energy from Phulbari and the country. The cabinet needs to approve this agreement.

The agreement is reached in a meeting at Parbatipur Upazila, neighboring Phulbari. Rajshahi City Corporation Mayer Mizanur Rahman Minu signs the deal on behalf of the government while Prof. Anu Mohammed signs it on behalf of the National Committee to Protect Oil, Gas, Mineral Resources, Power and Port.

September 2, 2006: The people of Phulbari observe a "black day". They wear black badges and raise black flags in protest of the August 26 killings. Black flags are also flown from shops, schools, colleges, government and private residential buildings.

Md. Mossadeque Hossain Labu, the Dinajpur district convener of the National Committee to Protect Oil, Gas, Mineral Resources, Power and Port complains that the administration is yet to formulate the 3-member investigation committee and that cases filed against the protesters are yet to be withdrawn.

September 3, 2006: The government pledges to provide a compensation amount of Tk.2 lacs to the families of those killed and Tk.7 lacs for treatment of those injured. The Rajshahi City Corporation Mayer Mizanur Rahman made this pledge in Phulbari after signing an agreement with demonstrators.

September 4, 2006: The National Committee organizes a rally at Muktangon to celebrate “Victory Solidarity Day”.

Sheikh Hasina, leader of the opposition, addresses the people of Phulbari at the rally. She gives Tk.20,000 to the families of the killed and Tk.10,000 to 64 families of the injured.

September 24, 2006: The committee headed by Prof. Nurul Islam of BUET submits its report to the government.

September 25, 2006: The energy secretary, AMM Nasir Uddin sends a letter to the principle secretary to the Prime Minister’s Office (PMO), Kamal Uddin Siddiqui, asking what the division should do regarding the agreement signed between the Rajshahi City Mayor on behalf of the government and the demonstrators in Phulbari. PMO sources say it is unlikely that the government will act as regards the deal with Asia Energy since it only has one month left in office.

The National Committee to Protect Oil, Gas, Mineral Resources, Power and Port says it will renew its agitation programs if the government does not cancel the agreement with Asia Energy by September 30.

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