

Our steel sector and Tata's investment proposal

DR. A. S. M. A. HASEEB

THE recent signing of the expression of interest between the Tata Group of India and the Board of Investments is a major incident in the foreign direct investment (FDI) history of Bangladesh. The government is highly enthusiastic about the proposal, and the main opposition party also seems positive about it. The investment proposal comprises a steel mill of capacity of 2.4 million tons per year (tpy), power plants of total capacity of 1000 MW, and fertiliser production facilities of capacity 1 million tpy. This article mainly focuses on the steel sector.

The importance of steel in a modern economy cannot be overemphasised. It is a strategic material necessary for infrastructure, housing, industry, energy, power, transportation, mechanised agriculture, etc. Recognising this, a separate steel and engineering corporation was created after the independence of Bangladesh and the only steel making plant of the country Chittagong Steel Mills Ltd. was put under the state owned corporation. But for various reasons this state owned sector did not function properly and Chittagong Steel Mills Ltd. had to be closed down in 1999. Increased steel demand in the country and the demise of Chittagong Steel Mills Ltd. created opportunities for private entrepreneurs to gradually take over the steel sector.

A sizable investment has been made already. Reports suggest that at present there are about 60-70 steel making plants in the country producing about 500,000 tpy of liquid steel, which is consumed almost entirely in the production of long products such as reinforcing bars, angles, etc. A few backward linkage industries e.g., a ferroalloy plant and a sponge iron plant have also been set up; and some are in the process of being set up. Forward linkage facilities are even more developed: about 800,000 tpy cold rolling (CR) facilities for CR coils, about 1.5 million tpy re-rolling facilities for rods, more than 700,000 tpy galvanised iron/corrugated iron sheets making facilities are already existing in the country. One hot rolled (HR) plate making facility is already installed and a few cold rolled (CR) coil manufacturers appear to be interested to set up more HR

steel products also. The Steel Mills Owners' Association of Bangladesh has raised its concern over the Tata's investment proposal.

Some quarters would like to brush aside their concerns and would point out their deficiencies e.g., monopolistic attitude, lack of concern for quality, lack of corporate culture, etc.

While some of these complaints are by and large valid, one has to recognise that these private entrepreneurs have gone a long way in taking over the steel sector in spite of numerous difficulties in terms of lack of infrastructure, policy support, trained human resources, etc.

It would be too trivial and cruel to sweep away their efforts and concerns. After all, it is quite natural for an infant steel sector like ours to fear the might of none other than Tata, which has about hundred years of enviable experience in the steel sector.

Newspaper reports say that Tata has been quick to respond to the concerns of the local producers by saying that it would produce HR coils. Tata is also known to have a declared strategy to get into the market of long products (in the Singapore and South East Asia region). Indeed the product mix of Tata's proposed steel mill will be

crucial to the local producers and will be something for them to be concerned with. It has been learned that a couple of local entrepreneurs have recently submitted proposals to the government to set up steel mills for the production of HR coil. If local companies seriously implement their proposals, then there could be a marketing conflict with Tata. On the other hand, one may argue that if a group like Tata were allowed to produce and market steel in the country, it would be beneficial to the local consumers. Because Tata with its vast experience and large production capacity and with the advantage gained through the use of gas will be able to produce quality products at a low cost. Tata will also

steel sector; it also meets with Steel Consumer Council to address their grievances etc. And many of these activities are directly coordinated by a minister. Our government has to consider what role it should play in securing the future of this vital sector in our country.

Having said all the above about the interest of local producers, we must not send a wrong signal to Tata. However, we must consider Tata's proposal in the light of our own national steel sector policy. We have to negotiate from a position of strength and confidence. After all our main strength i.e. gas has the potential to offer cost advantage of several thousand taka per ton of steel produced. While negotiating a deal,

With or without Tata in town, it is time that we devise a comprehensive iron and steel policy for the nation. Let us not consider it as our dream just to bring in Tata. It might be our economic strategy. But let us make it our dream to create a Bangladeshi Tata in a few decades. Whether we will be able to fulfill this dream depends on how we plan and act today.

bring in corporate culture in the steel sector.

In this scenario, the issue should be considered objectively and professionally in the light of a national strategy for the steel sector. This country, however, does not appear to have any such strategy. In such a case the government should formulate one before considering any FDI or local proposal in this sector. Steel is much too important to be considered with an ad hoc approach. Even in a market economy, the government cannot point out to the market forces for everything. In a globalised economy, a government has even a greater role to play in creating opportunities, facilitating and supporting local industries. Let us just look at a few examples of the proactive role the Indian government, having a regularly updated iron and steel policy, is playing in developing its steel sector: A government ministry go out to financial banks/institutions to highlight and convince them of the need to develop steel industry; the ministry regularly interacts with entrepreneurs interested in setting up iron and steel plants to assess implementation problems; it identifies and removes infrastructure bottlenecks for the growth of iron and

we should look into maximising our national interest in areas including the following:

i) Tata's proposed steel making facilities must not hamper in any way the natural growth of our infant steel sector in the future; ii) Tata's product mix and marketing plan should be complementary to those of local producers; iii) Participation of local investors, general public, consortium, etc. in the investment of the project to as large an extent as possible; iv) Ensure that this project brings about local human resource (HR) development, both technical and management, and generate local employment to the maximum extent; v) Future R&D related to the project should be carried out locally; and R&D and HR development linkages should be made with appropriate local academic/research organisations so that technology transfer takes in the real sense; vi) The investment proposal should be de-

Finally, with or without Tata in town, it is time that we devise a comprehensive iron and steel policy for the nation. Let us not consider it as our dream just to bring in Tata. It might be our economic strategy. But let us make it our dream to create a Bangladeshi Tata in a few decades. Whether we will be able to fulfill this dream depends on how we plan and act today.

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Always nice to come back home



CHAKLADER MAHBOOB-UR-ALAM
writes from Madrid

LETTER FROM EUROPE

This time it seemed that walking in Dhaka was a risky adventure. An underground rail system could ease the chaotic traffic situation, but I am not sure whether it is a viable proposition to build an underground rail system in Dhaka because of its low altitude and recurring floods.

uneventful. The in-flight service was on the whole good, although it seemed to me that the quality of food and beverage served on the plane had deteriorated in a significant manner. The presence of two Bengali-speaking stewards on the plane was helpful because the vast majority of the passengers were Bangladeshi emigrants travelling home for their Eid holidays. The take-off and landing were smooth. After a long and sleepless night, I arrived at Zia International Airport at 5.30 in the morning when it was still dark outside and wondered whether there would be anyone to pick me up at the airport.

Besides dealing with the family problem which required my urgent presence in Dhaka, I talked to as many people as possible, watched carefully everything around me, and took some notes. This letter is a travel report and comes as a result of that brief visit. In no way does it pretend to be an academic treatise on the social, political, or economic conditions of Bangladesh today. It merely narrates some thoughts and reflections of a traveller and tries to convey the general impressions of a native of Bangladesh who has lived most of his life abroad and only occasionally gets an opportunity to visit his home country because of financial and other constraints, and inevitably sees things from a different perspective which is not necessarily critical but simply different.

This

time I travelled by British Airways. The ground staff at Madrid and London airports were efficient, but it seemed to me that there were more armed police and security personnel than in earlier years at Heathrow. The flight to Dhaka was

I still have unpleasant memories of my previous arrivals at the Dhaka airport. I am not talking about the old Tejgaon airport where, I remember, I boarded a plane for the first time in my life, to go to Rawalpindi. Dhaka at that time was a small provincial capital and air traffic was minimal. I still have vague recollections of people going to Tejgaon in the evenings to watch from the rooftop of the airport building, planes touching down and taking off for distant horizons. (By the way, this time I wanted to have a look at the old airport to reminisce about the past. But when I arrived at the site, I was told that one could not visit the place because it was under the control of the military.)

The new Dhaka international airport had always given me the impression of a sinfully chaotic place with poor lighting. It also smelled musty and looked shabby. I remember helpless crowds of passengers milling about the place, where even the most simple tasks were made complicated by corrupt bureaucrats. But this time – what a change! As I entered the airport building, I could not believe my own eyes. I found well-lit spacious lounges, no crowds, impeccably clean floors, neat rows of immigration control points, disciplined queues of passengers, and helpful officers ushering in the visitors one by one with courtesy. It took me no more than five minutes to clear the immigration and customs controls. I do not know who is responsible for this transformation. But whoever he or she is, sincere congratulations are in order.

A professional person is one in whom confidence can be reposed. This confidence is not only on his/her skill and ability but also that his/her knowledge about clients' requirements or trade information and personal matters will not be divulged improperly. A professionally successful engineer works in a relation of confidence with his/her clients or employer. And he is not to do any thing which may harm the clients or employer. The public, in general, will have confidence that the engineer's design of buildings, bridges or power systems will be adequate and safe for use.

The key to a successful project is in its planning: being clear on the objectives, deciding how to work together as a team, thinking how to approach opportunities, setting up a schedule and budget, understanding clearly what will make acceptable to the clients of the project. The easiest way to plan a project is to get those who will execute the work in a training course. Training course involves participants in a project leadership model that can take them to work place and application immediately. The course addresses all phases of a project: initiating, planning, executing, controlling and closing. Professional training will examine the essentials of contractual arrangements, issues of cost and price, risk minimisation and dispute resolution. By the end of professional training the achievements will be:

• Increased awareness of commercial issues involved in the operations and enhanced effectiveness.

• Heightened understanding of the commercial law/environment.

Understanding the risks involved and how these risks can be shared and mitigated.

• Assessment of types of contracts used for engineering goods, works and services.

• Explored financial information – making profit and getting paid.

Ahmed Tawfeeq Husain, a B.Sc Engr (Civil) is M Engg from Const Engrg & Mgt, AT, Bangkok.

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Emails: health@iimh.net freedom@iidrt.com

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Psychiatric Disorders? Addiction?
Why Go To Singapore Or Thailand For Treatment!

International Institute Of Mental Health (IIMH)
&
International Institute For Deaddiction
Research & Therapy (IIDRT)

Offer Special Services For Bangladeshi Patients
IN DELHI & KOLKATA

- ★ Freedom from all drugs including Heroin / Brown Sugar / Smack / Phensidyl / Injections / Yaba / Ecstasy / Ice / Sleeping Pills.
- ★ Treatment for all Sexual dysfunction.
- ★ Management of all Psychiatric Illnesses / Long term stay facility available / Rehabilitation facilities.
- ★ Ultra-Rapid Detoxification in one day from Heroin / Brown Sugar / Smack / Phensidyl / injections / all other Opiates without any discomfort.
- ★ Guaranteed Relapse Prevention by Implants.
- ★ Latest global treatment strategies.
- ★ Internationally renowned psychiatrists.
- ★ Advanced Psychotherapy / Counseling.
- ★ Free coordination for pick-up / stay arrangements.
- ★ Free initial consultation from Bangladesh only.
- ★ Special packages available.

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INDEPENDENT UNIVERSITY, BANGLADESH (IUB)
Purchase Office

House 3 Road 10 Baridhara Dhaka 1212.

Tel : 9884498, 9881917, 9881681,

Purchase of CCTV System

Sealed quotations are invited from the bonafide dealers/importers/ suppliers for supply and installation of the following .The detail specifications, terms & conditions are mentioned in the tender schedule.

1. C.C.Camera
2. Necessary accessories for Surveillance and Recording

- 16 nos.

Interested parties are requested to collect tender schedule from the Purchase Office at free of cost.

Sealed quotations will be submitted by 2 p.m. of December 5, 2004. IUB reserves the right to accept or reject any or all the offers without assigning any reason whatsoever.

BGMEA
BTMC Bhaban, 7-9 Kawran Bazar, Dhaka 1215

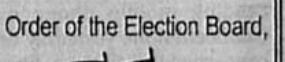
Subject: BGMEA Election 2005-2006

Dated 25 November 2004

TO: ALL MEMBERS OF BGMEA.

It is hereby notified for information of all member units of BGMEA that Election for 27 (twenty seven) posts of the Board of Directors of Bangladesh Garment Manufacturers and Exporters Association will be held on Thursday, the 17th February 2005 as per T.O. Rules 1994 and Order No. MC/Aba-6/CA-4/2002/422 dated 31 July 2002 of the Ministry of Commerce, Government of Bangladesh.

Member units who have not yet paid their subscription and other dues upto 2004 are hereby requested to clear up the same and submit Voter Nomination as per Election Schedule item 1.3 & 1.4 given below to make themselves eligible for enrolment as voter for BGMEA Election 2005-2006.

By Order of the Election Board,

(M. Fasihur Rahman)

Secretary to the Election Board
BGMEA Election 2005-2006.

Election Schedule For BGMEA Election 2005-2006

1st phase

1.1 Constitution of Election Board and Election Appeal Board by the Board of Directors of BGMEA.	Saturday – 06.11.2004
1.2 Declaration of Election Schedule for BGMEA Election 2005-2006 by the Election Board.	Thursday – 25.11.2004
1.3 Last date for payment of subscription and other dues upto 2004.	Saturday – 18.12.2004 Within 5 p.m.
1.4 Last date for submission of Voter Nomination in the prescribed form (available in the BGMEA Office or can be down loaded from Web-site address www.bangladeshgarments.info), Specimen Signature of the Voter, Photographs of the Voter and TIN of the concerned unit as per Election Schedule.	Saturday – 18.12.2004 Within 5 p.m.

2nd phase

2.1 Publication of Preliminary Voters List (in the Notice Board)	Tuesday – 28.12.2004
2.2 Filing of Appeal to the Election Appeal Board for inclusion/exclusion from Preliminary Voters' List.	Monday – 03.01.2005 Within 4 p.m.
2.3 Hearing of Appeal by the Election Appeal Board.	Thursday – 06.01.2005 From 10 a.m. till disposal.
2.4 Publication of Final Voters' List (in the Notice Board)	Monday – 10.01.2005 Within 5 p.m.

3rd phase

3.1 Submission of Nomination of Candidature.	Monday – 17.01.2005 Within 12 Noon
3.2 Scrutiny of Nomination Paper and publication of Preliminary Candidates' List.	Monday – 17.01.2005 From 2 p.m. till disposal.
3.3 Filing of Appeal to the Election Appeal Board	Thursday –