

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 Investment 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

coil/plate production units. The country's steel sector is showing signs of healthy growth. The annual national demand for finished steel has been predicted at about 3.1 million tons in 2007-08. Thus the proposed capacity of Tata constitutes about 77 per cent of local steel demand in 2007-08.

The steel sector of Bangladesh is an infant sector that has been growing over the last couple of decades. In spite of the lack of experience, technology, human resources, etc. and despite the failure of state-owned steel making enterprise, a few brave and adventurous entrepreneurs ventured into this technology intensive sector. Some of them have started exporting

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,

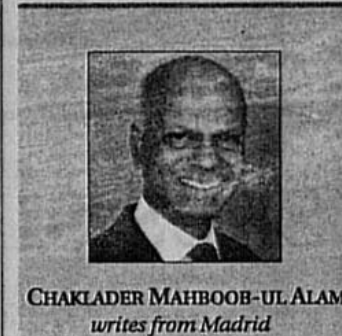
packaged in order to find areas where local engineering firms can participate in fabrication/erection/construction of the plants as far as possible.

We should also give a fresh look at our national economic planning and do some stocktaking. Successive governments have been trying to boost private sector investment in the country. Sectors like IT, agro-based, food processing industry, etc. are being considered as thrust sectors, and special packages are on offer for these sectors. But we somehow failed to realise that a great opportunity was in the making in the steel sector. Tata is obviously smart enough to seize the opportunity and make the loudest investment proposal. But perhaps the opportunity has not totally unnoticed by a few local entrepreneurs; their voice does not appear to be loud enough for us though. It has been learned that International Finance Corporation (IFC) of the World Bank Group is one of the backers of the Tata proposal and is ready to invest in it. It may be mentioned that IFC has the experience of having a catalytic role in a similar project in Egypt. IFC financed a \$625 million integrated steel making facility for HR coil production at the Alexandria National Iron and Steel Company in 1998. In that project, 78 per cent of the shares are owned by Egyptian companies and individuals, 10 per cent by a Japanese consortium, and the rest by IFC. The policy makers should keep this in mind while considering our case.

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-UL ALAM
writes from Madrid

MY wife and I had planned to visit Bangladesh this winter, but an urgent family problem precipitated the trip and I was forced to travel to Dhaka, in the second fortnight of October. My wife had to stay back to attend to her professional commitments. As far as I remember, this was the first time in about fifty years that I visited my birthplace in the month of Ramadan and that was quite an experience. I was there for only two weeks.

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

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.

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.

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 sinisterly chaotic place with poor lighting. It also smelled musty and looked shabby. I remembered 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.

As I mentioned earlier, I was worried that because of the hastily organised trip in the month of Ramadan, none of my family members would be able to make it to the airport in those early hours of the morning to collect me. Well, I need not have worried. None of my brothers (my sisters had wanted to come as well but were persuaded to stay back because of the ungodly hour of my arrival) and several

nephews slept much that night. Immediately after seher, they went to the airport to wait for me. It was wonderful to find them there. The weather was pleasant. I felt singularly blessed as I stepped out of the airport building in the bright early morning sunshine of my hometown.

Upon arrival in Dhaka, a visitor immediately becomes aware of the different modes of road transport used there, the Dhaka drivers' scanty respect for lane discipline, and monumental traffic jams. There are bullock carts, buffalo carts, human carts, gas-powered and gasoline-powered cars, buses, trucks, vans, and three-wheeled autos, and of course, lightweight cycle rickshaws. Although this time, I found fewer cycle rickshaws than before, it seemed to me that most of the traffic jams were prima facie caused by them and the three-wheeled autos.

I have the greatest sympathy for the drivers of these vehicles. Most of them are poor migrants from rural areas and work very long hours to earn a precarious living because, except a few lucky ones, the vast majority of them share their day's takings with the owners of the vehicles. In the absence of a reliable public transport system, they also render a useful service to the public.

Most of the motor car and commercial truck drivers rarely follow the most basic traffic rules like maintaining minimum distance between moving vehicles and not overtaking in forbidden places. They also drive their vehicles in such an aggressive manner that these poor rickshaw and three-wheel cab drivers are forced to follow suit, often risking their own lives. Unlike other occasions, this time I found that there were more traffic police and, by and large, greater respect for stop lights.

As I sat in the traffic jam, I could not help reflecting that in my days (the fifties), there were few private cars and many bicycles in Dhaka. Since there was not much commercial traffic particularly in New Dhaka, life was peaceful. I still remember how pleasant it was to walk along Bailey Road or Minto Road, or even, in Mogh Bazar or Malibagh. 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.

On arrival, the first thing I usually do is to visit our family graveyard at Savar, where my parents and one of my brothers are buried. So braving the chaotic traffic on the Dhaka-Savar road, I and my brothers set out on the last leg of my long journey. More next time.

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.

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

bringing 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-

Professional training for engineers

Serving better the cause of development

AHMAD TAWFEEQ HUSAIN

PROFESSIONAL training plays a critical role in a collaborative effort. It enhances trust and increases capacity of the collaborative system. Professional training develops and adopts common understanding among members regarding goals and approach. The greatest challenge is coordinating and focusing training resources to respond to the collective need of the company. As a result input will be received from all sectors, employees will feel comfortable with the process and be able to discuss anything without any hindrance.

The word "professional" is used in many ways to signify many meanings. It can be used in case of a "professional" actor who receives pay for his/her efforts. And obviously his/her performance will be distinguished from an amateur who performs more for the joy of performing. It can be used in describing a professional job done by an experienced person. Also, it can be used merely to describe a degree of effort or line of conduct over a period of time. However, in the sense that engineers would use the word "professional", it should be restricted to a particular and specialised group of people, identified by distinguishing characteristics, that separate them from nonprofessionals.

In practical life a professional person is one who applies certain knowledge and skill in service. In addition, a professional observes all acceptable codes of conduct, uses discretion/cautiousness and judgment in dealing with people and respects/ maintains his/her company confidence. Also professional persons usually have their legal status, thus use titles, and associate together in groups. Although engineering has met most of these criteria since long, it has been only within the last few decades that legal status has been conferred upon the engineering professionals.

It is understandable that many engineers concentrate on technical issues rather than the more commercial aspects of business.

From my experience I do believe that an engineer will be successful as a professional when he / she will be able to minimise the risks of project, sustaining cash flow and making profit for it. Commercial engineers also be professional when they gather experience not only in their particular subjects but also for understanding the objectives and operations of their organisations. So we get the point that knowledge and skill of professionals should be above at par in comparison with the average lot. When a workman will have

most situations a choice of several methods to accomplish a given task will be available. A professionally successful engineer must consider the facts available and make decisions based upon these rather than expediency or just convenience. Consideration must be given not only to the mechanical aspects of solution but also to the effects that a particular decision will have upon the persons concerned.

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.

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specific skills in operating a particular machine, obviously he will be above the average workman. We know that engineers are equipped with education or knowledge or concept of basic science, mathematics and engineering science. So they are able to apply basic principles for improvement in the features of development towards overall of the society.

Almost all engineers perform to fulfill a need in some phase of our society. It may be developing better appliance for the household or providing better transportation, or making a better life possible in regions of unfavorable climate. Discretion and judgments also characterise a professional person. In

BTMC Bhaban, 7-9 Kawran Bazar, Dhaka 1215

Subject: BGMEA Election 2005-2006

Election Notice No. 01 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 – 20.01.2005 Within 2 p.m.	
3.4 Hearing of Appeal by the Election Appeal Board	Wednesday – 26.01.2005 From 10 a.m. till disposal.	
3.5 Publication of valid Candidates' List.	Wednesday – 26.01.2005	
3.6 Withdrawal of Candidature.	Saturday – 29.01.2005 Within 2 p.m.	
3.7 Publication of Final Candidates' List.	Saturday – 29.01.2005	
3.8 Collection of Identity Card of Voters from BGMEA office, Dhaka and BGMEA Regional Office, Chittagong.	From 05.02.2005 to 15.02.2005 During Office hour (from 9 a.m. to 5 p.m.)	
4th phase		
4.1 Date of Election	Thursday – 17.02.2005 From 8 a.m. to 4 p.m. (without break)	
4.2 Counting of votes and publication of result of Election	Soon after closing of voting.	
4.3 Date and time of filing Appeal to the Election Appeal Board against the result of Election	Sunday – 20.02.2005 Within 4 p.m.	
4.4 Disposal of Appeal by the Election Appeal Board and communication of decision to the Election Board.	Wednesday – 23.02.2005	
4.5 Publication of Final Result of the Election	Thursday – 24.02.2005	
4.6 Election of Office Bearers	Saturday – 26.02.2005	
4.7 Date and time of filing Appeal to the Election Appeal Board against the result of the Office Bearers Election.	Sunday – 27.02.2005 Within 4 p.m.	
4.8 Disposal of Appeal by the Election Appeal Board and communication of decision to the Election Board.	Wednesday – 02.03.2005	
4.9 Publication of Final Result of Office Bearers Election.	Thursday – 03.03.2005	
4.10 Annual General Meeting	Saturday – 12.03.2005	

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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 - 16 nos.
2. Necessary accessories for Surveillance and Recording - as required

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.