



### “Bangladesh is oversupplying local LPG-related products”

*In conversation with Engr Md Jakaria Jalal, General Manager (Sales), Bashundhara LP Gas Ltd*

The LPG industry had tremendous growth in the last four to five years. In 2013, the industry produced 80,000 tonnes of LPG. This year, the industry reached one million tonnes. From 2014 to 2015, and 2016 to 2017, the growth of the industry was 100 percent. But from 2018 to 2019, the growth of the industry was merely 10 to 12 percent. This dip in growth was because the product had overcome exponential growth and entered the organic growth phase.

During the time of exponential growth, the demand for local LPG products was 700 units, but the local market produced about 200 units. In recent years, the demand is still 700 units, but the local market produces 1200 units, which means Bangladesh is oversupplying local LPG-related products.

The sourcing of the LPG is built in Mongla and does not allow the entry of big vessels. To tackle future demands, we need more channels. Also, the VAT on the product needs to be lowered in order to reach out to 70 percent of the country's people.

Mass awareness is necessary on how to use LPG gas cylinders, and how to keep the installation process risk-free. LPG association and the government jointly organised campaigns, the numbers of which need to increase in the coming years. The safety measures are simple: the regulator must be kept plugged into the cylinder; the cylinder cannot be placed sideways, or upside down; the cylinder cannot be in a confined space.

Bashundhara LPG gas has the capability to serve 75 percent of the market's demand. We have our own international and inland LPG vessel, road tanker, cylinder carrying truck, and we host a unique, fast distribution process.



### “The number of LPG operator licenses should be limited”

*In conversation with Shamsul Haque Ahmed, Chief Executive Officer, Omera Petroleum Ltd*

The LPG industry of Bangladesh is quite progressive. The first-generation LPG started in the late 90s, the second generation started in around 2004-05 and the third generation came in 2014-15 and onwards, when the government decided to stop supply of natural gas in households. LPG use is now confined within households, hotels, restaurants, cafeterias, autogas, and township-condominium projects. There is a speculation that use of CNG in the automotive sector will be discouraged and may be replaced by LPG which will result in significant growth in LPG usage in the automotive segment.

We have a two-tier distribution channel. Companies give goods to distributors, distributors give it to retailers, and retailers give it to consumers. We map out the channel in a way we can maximise our reach.

The illegal act of cross-filling should be stopped, and brought under the legal framework for punishment, since this is jeopardising the safety of consumers. Establishing deep seaport can help import LPG at a much higher volume with the help of VLGC (very large gas carrier). This will drastically bring down the cost of LPG import. Consequently, the cost of LPG at consumer end will reduce. Considering the potential market demand in Bangladesh, the number of LPG operator licenses should be limited now and brought under strong regulation and, overall compliance and safety level should be strictly monitored and ensured by appropriate government agencies. All relevant safety aspects should be ensured in the LPG plants by all the LPG companies in-line with international standards.

Omera is the pioneer in introducing several new concepts in LPG industry—using waterway for carrying LPG, having multiple satellite plants from the very beginning, adopting state-of-the-art and the most modern European technology in all Omera installations, perfect distribution mapping, etc.



### “LPG infrastructure in Bangladesh is over-invested”

*In conversation with Monzur Morshed Siddiqui, Managing Director, Total Bangladesh*

The government's decision to keep its reserve of natural gas at a sustainable level and rapid urbanisation in the country paved the way for a robust increase in LPG consumption. We can expect the LPG industry to grow exponentially in the future. All the players in the LPG industry helped each other grow. However, in the long run, the companies will fight over the price as the supply will continue to increase and the market will be saturated.

Natural gas and fuels like fossil fuel, biomass, LPG are strong components of a country's energy mix. All these are competing against each other, so it is important for the regulators and the companies to have a roadmap to understand the LPG industry's role in the future. As the government has provided licenses to 53 companies, we need to have a good strategy to increase the use of LPG in residential and commercial establishments. Two FRSUs (Floating storage and regasification unit) have already started their operation, and the third one is being established.

The overall LPG infrastructure in Bangladesh is over-invested. The consumption of LPG per capita is around four to five kilograms in Bangladesh. Even if it reaches the level of India, which is around 20 kilograms, Bangladesh market would reach a maximum of 33 and a half million tonnes. But the current storage capacity is 100,000 tonnes.

LPG companies make their margin through rotating cylinders. It gives you around five to six days to receive one vessel. The bottle cost is 2400 Tk, but you have to consign it at 700 Tk. Each bottle or cylinder is consigned at a rate of three times per year, which means you need five years to recover the money invested on the cylinder.

Total is a French multinational company operating in 130 countries. We have been operating in Bangladesh since 2002, maintaining high safety standards and quality.

# 20 Years of Excellence



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