



Liquefied petroleum gas is being carried by a vessel in Mongla, Khulna. Industry insiders foresee an increase in industrial demand for LPG as prices of alternate fuels continue to rise.

PHOTO: STAR/FILE

# Industrial LPG use soars threefold in recent months

JAGARAN CHAKMA

Industrial demand for liquefied petroleum gas (LPG) has shot up around threefold in the past couple of months, which market insiders believe resulted from industries trying to reduce their reliance on diesel for a hike in its price.

In November, around 25,000 tonnes of LPG were sold to industries whereas it was around 8,000 tonnes prior August, they said.

Including all other uses such as in households and restaurant, around 145,000 tonnes of LPG was sold last month.

The price of LPG was Tk 104.26 per kilogramme as of November 7, according to Omera.

In contrast, diesel cost Tk 109 per litre. In early August, it was Tk 80.

This price difference is apparently prompting industries such as garments and feed producers using diesel-run boilers to seek out conversion to LPG usage and minimise business costs.

According to the market insiders, the major suppliers are Omera LPG, Jamuna Gas, Bashundhara LP Gas, Totalgaz Bangladesh, LAUGFS Gas (Bangladesh), BM Energy (BD), Beximco LPG Unit-1, Navana LPG and Petromax LPG.

Omera foresees an increase in industrial demand for LPG as prices of alternate fuels such as diesel or octane will eventually increase, said Tanzeem Chowdhury, CEO of Omera Petroleum.

"We have set up four LPG storages in Dhaka, Chattogram, Bogura and Mongla to supply industrial LPG across the country. We have set up a dedicated team, Omera Priority, for LPG supply to industrial users," he said.



Omera Priority is providing industrial LPG supply and solutions round the clock, including engineering and safety audits, he said.

Now Omera Group has the capacity to cater to a majority of national demand for industrial LPG and targets to grab over 50 per cent of the market share, said Chowdhury.

According to him, the LPG was cheaper than other fuels and since it was not subsidised, the government was relieved of some pressure.

Now 25 per cent of Omera's monthly supplies are for industries from two divisions – Omera Priority and Omera Gas One, he noted.

Bashundhara LP Gas, an LPG importer and cylinder manufacturer and distributor, is the market leader with a 24 per cent share.

"We are getting new customers for industrial LPG and the market of this segment has been increasing since the price of diesel was increased," said Executive Director Jakaria Jalal.

"Earlier the demand of industrial LPG was very small compared to the present market," he said.

Industrial LPG's share in total national consumption increased to 15 per cent from 5 per cent, he noted.

According to him, their industrial sales increased anywhere from 4,200 tonnes to 4,500 tonnes per month whereas it was 1,500 tonnes four to five months ago.

The demand started skyrocketing since industry owners started shifting their reliance from diesel, he said.

Industrial demand for LPG increased around threefold in the past four months due to the increase in price of diesel, said

Sameer Haque, director of Delta LPG.

Referring to recent market trends, he too said, "The demand for industrial LPG was at best 5 per cent of the total LPG demand just four to five months ago whereas now it has increased to 15 per cent."

Delta LPG is utilising around 40 per cent of its 4,000-tonne supply capacity to cater to industries every month, he said.

According to him, industries may need anywhere from Tk 10 lakh to Tk 20 lakh to convert equipment to run on LPG instead of diesel.

Delta LPG has already imported multiple 20-tonne storage tanks to meet any sudden hike in demand while their road tankers can ensure uninterrupted supply to clients, he said.

The LPG companies need just enough road tanks and 45 kilogramme cylinders to cater to industries, he said.

"With a sudden price hike of diesel by more than 40 per cent, industrialists have been forced to look for alternative fuels to keep overheads manageable," said Masroor Hussain, founder and lead consultant at market research firm Apprentice Consulting.

So many are settling for LPG, he said, adding that factory owners across sectors were converting their boilers to run on LPG.

"Some of the largest LPG companies such as Bashundhara, Laug's, Petromax and Totalgaz have witnessed up to a threefold increase in demand for industrial LPG over the last couple of months," he said.

"This trend may continue till 2025 when the market is likely to reach equilibrium," he noted.

## Bangladesh may witness a jump in foreign investment

Says outgoing Japanese envoy

PORIMOL PALMA

With Bangladesh rapidly improving its infrastructure and connectivity and making regulatory reforms, Japan expects massive foreign investments flowing into the country as it looks to become a regional industrial hub in a few years.

"As we get out of the current economic crisis, Japanese companies will look at Bangladesh as a frontier of investment," said Ito Naoki, outgoing Japanese ambassador to Bangladesh.



He said Japan will look at the supply chain being built in Bangladesh as part of the regional supply chain.

"Once an increasing volume of investment comes from Japan, there will be a positive trend of trade and investment, which will create a positive cycle."

The envoy, who assumed his responsibility as the Japanese ambassador to Bangladesh in October 2019, made the comments during an interview with The Daily Star recently.

Naoki said he is expecting bilateral trade to reach \$20 billion by 2030 from around \$3 billion now.

The export of apparel, the mainstay of Bangladesh's foreign trade, was worth more than \$1 billion last financial year and is expected to hover around \$2 billion at the end of the current fiscal year.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) wants to raise it to \$10 billion by 2030.

Naoki sees the BGMEA's export plan as possible and it might be materialised in the foreseeable future.

The Japanese Economic Zone in Arahazar will be inaugurated soon and it will attract Japanese as well as other foreign companies, according to Naoki.

**"As we get out of the current economic crisis, Japanese companies will look at Bangladesh as a frontier of investment," said Ito Naoki, outgoing Japanese ambassador to Bangladesh**

Some of the very crucial infrastructure projects being implemented in Bangladesh with Japanese support include Dhaka Metro Rail, Matarbari Deep Seaport, and the third terminal of the Hazrat Shahjalal International Airport.

By this month, the Dhaka Metro Rail line-6 will be open to the public. The work on Line-1 will start early next year, while the construction of Line-5 is likely to begin in the middle of next year.

Also, in October next year, the third terminal of the Hazrat Shahjalal International Airport is expected to see a soft opening.

Besides, the road and rail connectivity between Dhaka and Chattogram and Chattogram and Cox's Bazar are rapidly improving.

"Altogether, all of these will change the face of the country," said Naoki.

The construction of unit-1 and unit-2 of the coal-fired power plant in Matarbari deep seaport is progressing rapidly. A 300-metre jetty is already in place.

And the diplomat says Matarbari needs to be a full-fledged deep seaport in 10 years from now.

"A steady implementation of the project is a must and it will require a new masterplan. This flagship project can be a game-changer for the

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## Japanese economic zone opens tomorrow

STAR BUSINESS REPORT

Prime Minister Sheikh Hasina is scheduled to virtually inaugurate a Japanese economic zone, to be called Bangladesh Special Economic Zone, at Arahazar in Narayanganj tomorrow.

This was informed by Bangladesh Economic Zones Authority (Beza) Executive Chairman Shaikh Yusuf Harun at a views-exchange meeting organised with the Development Journalists Forum of Bangladesh (DJFB) at his office in the capital yesterday.

"A total of 40 companies, 30 are from Japan, have shown their interest to invest in the zone. If the entire economic zone is opened, there will be an investment of \$1.5 billion," he said.

"One lakh people will be employed there," he said, adding that investment agreements have already been signed with Singer and German company Rudolf.

Two Japanese companies will also sign land lease agreements, he added, without disclosing the names.

On investment and returns sharing, Harun said Beza's share was 24 per cent, Japan International Cooperation Agency's 15 per cent and Sumitomo Corporation's 61 per cent.

He said factories would hopefully start production there within one year.

Companies making investments there are focused on agrifood, light engineering, chemicals, automobile assembly, garments and pharmaceuticals, he added.

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A mustard field in Ghior upazila of Manikganj. In Bangladesh, 2.5 lakh to 3 lakh tonnes of mustard seeds are imported every year, while about 1 lakh tonnes of oilseed is produced locally. Currently, the annual demand for mustard oil stands at 1.5 lakh tonnes. Around 396,594 tonnes of mustard seed and rapeseed were cultivated on some 814,288 acres of land in fiscal year 2020-21. The photo was taken on Thursday.

PHOTO: ZAHANGIR ALAM BISWAS

## Premier Bank to raise Tk 600cr thru bonds

STAR BUSINESS REPORT

Premier Bank Ltd has received permission from the Bangladesh Securities and Exchange Commission (BSEC) to raise Tk 600 crore by issuing bonds.

The BSEC approved the bank's plan aimed at raising its Tier 2 capital by Tk 600 crore for seven years, said the lender in a filing on DSE yesterday.

The face value of the fully redeemable, non-convertible, unsecured, floating rate and Basel III-compliant subordinated bond will be Tk 60 lakh.

The purpose of mobilising the fund is to have regulatory capital support of the bank under the Tier 2 category of Basel III.

Tier 2 capital includes revaluation reserves, hybrid capital instruments and subordinated term debt, general loan-loss reserves, and undisclosed reserves.