



Mohammed Amirul Haque

# LPG supply security hinges on boosting storage capacity

Says Amirul Haque, president of LPG operators' association

## JAGARAN CHAKMA

Bangladesh's liquefied petroleum gas (LPG) sector has grown rapidly, yet lacks the storage capacity to buffer itself against global market shocks, according to the president of the LPG Operators Association of Bangladesh (LOAB).

"Expanding storage capacity is essential for improving supply security," Mohammed Amirul Haque said in an interview with The Daily Star recently. "If operators can store larger volumes, they can better manage fluctuations in global supply and price movements."

According to industry estimates, Bangladesh currently consumes around 17-18 lakh tonnes of LPG annually. Around 80 percent of this demand comes from households, mainly for cooking in areas where natural gas through pipeline is unavailable. Industrial, commercial, and autogas use together account for the remaining share.

Haque, also the managing director of Delta LPG Limited, said the country's transition toward LPG took place over the last decade after the government decided to permanently halt new pipeline gas connections to households in order to manage limited domestic gas reserves.

He, however, pointed out that the industry's dependence on imports means that the entire supply chain, from procurement to pricing, remains highly sensitive to global market conditions.

"Geopolitical tensions, disruptions in shipping routes, or volatility in international benchmark prices can directly affect supply costs and domestic pricing," he said.

Most LPG used in Bangladesh is sourced from the Middle East, with prices typically linked to the Saudi Aramco Contract Price, which serves as a reference point for global LPG trade. Changes in that benchmark are quickly transmitted to the domestic market, leaving consumers exposed to international volatility.

"Any disruption in the international supply chain can affect Bangladesh's LPG market because we do not have significant domestic production," Haque said. "Even freight costs and insurance premiums can change depending on geopolitical developments, which ultimately affects

### MARKET GROWTH & DEMAND

- LPG sector expanded rapidly over the past decade
- Annual demand stands at 17-18 lakh tonnes
- Demand may reach 40 lakh tonnes within the next decade

### POLICY-DRIVEN TRANSITION

- Halt in new gas connections accelerated LPG adoption
- Millions shifted to LPG as primary cooking fuel



### IMPORT SOURCES AND RISKS

- Sector heavily reliant on imported LPG
- Middle East remains key source
- Geopolitical tensions directly impact costs

### PRIORITIES

- Diversifying import sources
- Expanding storage capacity

the landed cost of LPG."

Disruptions along major shipping corridors such as the Strait of Hormuz or the Red Sea can have immediate repercussions on global LPG trade flows.

When global shipping rates rise, the additional cost is reflected in the final price of LPG in the domestic market.

Haque argued that the country's growing LPG demand has intensified the need for stronger storage and distribution infrastructure. Currently, most operators rely on coastal storage terminals and bottling plants to distribute LPG cylinders across the country.

"Expanding storage capacity is essential for improving supply security," he said. "If operators can store larger volumes, they can better manage fluctuations in global supply and price movements."

Without sufficient storage, the market remains more vulnerable to sudden price spikes or supply delays, he added.

Diversifying import sources is another important strategy for reducing supply risk, the LOAB president also said, noting that Bangladesh relies heavily on a relatively small number of international suppliers.

By broadening procurement sources and strengthening supply agreements with multiple exporting countries, the industry could reduce its exposure to regional disruptions, he said.

Haque also called for infrastructure improvements at ports and terminals to support the continued expansion of the sector, noting that such logistical bottlenecks can slow shipment movement and increase costs.

Domestically, he said, private sector investment has played a major role in expanding LPG infrastructure across Bangladesh. Over the past decade, operators have invested heavily in bottling plants, storage facilities and distribution networks to support the growing market.

However, regulatory stability and predictable pricing mechanisms are also crucial for maintaining investor confidence in a market that is closely tied to global energy dynamics.

Local LPG prices are regulated by the Bangladesh Energy Regulatory Commission, which adjusts retail prices in line with international benchmarks. While this mechanism provides transparency, sudden changes in global prices can still create challenges for both operators and consumers.

"Transparent and predictable pricing

mechanisms are essential," Haque said. "When international prices rise, adjustments should be gradual so that consumers are not suddenly burdened while the industry remains financially viable."

He expects demand for LPG to continue growing as urbanisation increases and more households move away from traditional cooking fuels such as firewood and biomass.

Industrial and commercial sectors are also gradually expanding their use of LPG due to its efficiency and environmental advantages compared with some conventional fuels.

Industry projections suggest that Bangladesh's LPG consumption could reach around 40 lakh tonnes annually over the next decade if infrastructure and policy support keep pace with demand.

However, the country's continued reliance on imported LPG means that global market conditions will remain a defining factor in the sector's long-term stability.

Strengthening storage capacity, diversifying supply sources, improving port infrastructure and ensuring regulatory consistency will be key steps toward building a more resilient LPG supply chain, said Haque.

# How govt can stop the export slide

MAMUN RASHID

Over nearly four decades, through persistence and sacrifice, Bangladesh has become a reliable exporting nation. Exports expanded steadily in recent years, but that momentum is now weakening. In March, exports fell by more than 18 percent year-on-year, an unusually sharp contraction. It was the eighth consecutive month of decline, something unseen in the country's export history. According to the Export Promotion Bureau (EPB), export earnings dropped to \$3.48 billion in March from \$4.25 billion a year earlier. The \$770 million fall is significant, especially when monthly exports typically range between \$4.5 billion and \$5 billion.

Several factors explain the downturn. Externally, retaliatory tariffs imposed by the United States have reduced Bangladesh's competitiveness in a key market. At the same time, competitors such as China, Vietnam and India have strengthened their presence in the European Union by offering lower prices and faster turnaround.

Over the past eight months, this has gradually eroded Bangladesh's market share. Domestically, temporary disruptions also played a part. Eid-ul-Fitr led to factory closures averaging around 10 days, halting production and shipment for nearly a third of March. While this explains part of the monthly drop, it does not account for the sustained decline.

During the first nine months of FY 2025-26, total exports fell by 4.85 percent to \$35.39 billion, compared with \$37.72 billion in the same period a year earlier. July exports were unusually high as exporters rushed shipments to the United States ahead of tariff implementation. That created a temporary spike, followed by a correction from August onwards.

The readymade garment sector, which generates the bulk of export earnings, has been hit particularly hard. In March, garment exports fell by 19.35 percent to \$2.78 billion, down from \$3.45 billion a year earlier. Over the nine-month period, RMG exports declined to \$28.58 billion from \$30.25 billion.

Eid-related holidays contributed to the March fall, but the broader trend reflects deeper structural and global challenges.

Global conditions have also turned adverse. Conflict in the Middle East has disrupted energy markets and pushed up oil prices, reducing consumer purchasing power in Europe and the United States. As demand weakens in these key markets, export-dependent economies such as Bangladesh feel the strain. Other sectors are under pressure. Home textiles fell by 21 percent, pharmaceuticals by 20 percent, vegetables by 45 percent, leather goods by 7 percent and jute products by 13 percent. A few segments, including frozen fish, crabs and plastic products, have shown resilience, but their scale remains small relative to overall exports.

Domestic constraints compound the challenge. Exporters face high lending rates, inconsistent electricity and energy supply, and logistical inefficiencies. Concerns over law and order, labour productivity, and port congestion further weaken competitiveness. In such conditions, sustaining export growth becomes harder. The response must be pragmatic and coordinated. First, the government should engage closely with exporters to understand sector-specific constraints and act quickly.

Access to finance needs improvement through lower lending rates and adequate liquidity. Second, exchange rate management should remain flexible and market-responsive to preserve competitiveness. Any misalignment can quickly erode margins in price-sensitive markets. Third, targeted incentives may be required for sectors facing intense competition. These should be time-bound and performance-linked to avoid long-term fiscal costs. Fourth, infrastructure and energy reliability must be prioritised. Consistent power supply and efficient port operations are essential to compete globally. Bangladesh should also monitor how competitors support their exporters and adapt accordingly. The global trade environment is shifting quickly, and policy must keep pace.

Export growth cannot be taken for granted. It demands sustained policy attention, coordination and a willingness to confront both external shocks and domestic weaknesses. The current slowdown is a warning. The response must be timely and decisive.

The writer is an economic analyst and chairman at Financial Excellence Limited

# Gulf energy crisis moves from acute to chronic phase



REUTERS, New York

The Gulf energy crisis isn't over. Ever since the United States and Israel launched joint strikes on Iran, regional turmoil has throttled worldwide oil and gas supplies. On Friday, Iranian Foreign Minister Abbas Araqchi declared the opening of the key Strait of Hormuz chokepoint, through which a fifth of global oil and gas shipments typically transit daily — part of a 10-day ceasefire that now encompasses hostilities in Lebanon. The question is whether investors are right in their apparent sense that the acute phase of the impasse is giving way to a longer-term chronic period, or whether energy prices are going to snap back up again.

For now, the mood is one of relief. Brent futures plummeted below \$90 a barrel on Friday morning, having neared \$120 late last month. In Europe, where gas storage levels are near the lowest they've been since Russia's invasion of Ukraine, May futures priced off the Dutch TTF benchmark collapsed to under 39 euros per megawatt-hour, from a mid-March high above 60 euros per MWh.

The reaction is understandable. Morgan Stanley analysts envisioned prices rising to perhaps \$150 per barrel if the situation escalated. Already, at the recent level of \$110 a barrel, the bank predicted that Asian GDP growth would fall from 5 percent to 4.2 percent this year. The International Monetary Fund similarly cut its forecast for global economic activity. The initial policy response sought to stem the worst effects. Price caps in Asia helped hold domestic fuel-price rises to only 16 percent, adjusting for purchasing power, well below a 53 percent increase in oil prices in local currencies, Morgan Stanley reckons. Though presented in broader terms,



A vessel is seen at the Strait of Hormuz, off the coast of Oman's Musandam province, on April 12. With temporary relief from a ceasefire and Hormuz reopening, the ongoing geopolitical risks could keep oil prices volatile and elevated.

PHOTO: AFP

the UK government has said it will eliminate a carbon tax on natural gas generation.

Any sense of normalization needs to be qualified. As Gulf oil and gas storage filled, producers with nowhere to shift their product have shuttered output. War-ravaged infrastructure must be rebuilt. Ships take time to reach port, with full resumption of traffic maybe months away.

A return to that daily norm of 100-plus ships is also far from guaranteed. President Trump's promise to continue blockading Iran remains. And Araqchi noted that tankers must still coordinate with Iranian authorities: whether this means the country will continue extracting tolls for safe passage is unclear. Fresh costs or risks of re-erupting conflict could lead to a perhaps \$10 per barrel oil price premium, experts previously told Breakingviews.

If the crisis is in its chronic phase, there are other implications. Any deal between Iran and the US to curb Tehran's nuclear enrichment may not last — after all, the one

struck a decade ago by President Barack Obama didn't. Other consequences abound: Japan is seeking to restart nuclear reactors; China raised its target for renewable energy. Consumers too, will respond, judging by reports of frenzied electric-vehicle buying.

Brent prices are still meaningfully higher than their pre-conflict low-\$70s a barrel in late February. Even still, they could prove to be too low. In a post on social media network X, Iranian Foreign Minister Abbas Araqchi said on April 17 that "passage for all commercial vessels" through the Strait of Hormuz is "declared completely open for the remaining period" of a ceasefire that has now extended to Lebanon.

In a subsequent post on Truth Social, US President Donald Trump also said that the Strait is "completely open," but added that a "naval blockade" will remain in place "as it pertains to Iran," until "our transaction" is complete. US and Iranian negotiators are working towards a peace plan, Axios reported.

# US buyers redirect imported fertiliser overseas

REUTERS, Chicago

US fertiliser buyers are redirecting shipments out of the country, as higher overseas prices give them an incentive to divert critical supplies, a fertilizer analyst said.

Barges of imported urea nitrogen fertilizer were purchased this week at the Port of New Orleans for export overseas, said Josh Linville, vice president for fertilizer at financial services firm StoneX.

"We saw a lot of physical barges that were being traded. They were linked to exports," Linville said, adding, "It is feasible to buy barges on the Mississippi River, reload them on a vessel, and ship them out."

Since the US and Israel launched a war with Iran, nitrogen fertilizer prices have soared, with more than 30 percent of global exports caught in Iran's near closure of the Strait of Hormuz. The US and Israel said on Friday the waterway had fully reopened after Israel's ceasefire with Lebanon, sending oil prices down.

But while global fertilizer prices have soared, US prices at New Orleans have remained about \$170 per short ton cheaper, providing buyers an opportunity to profit from the price difference.

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