

Initiative To Ensure Sustainable Energy Supply For Export Industries Not Visible

There is no alternative to ensure a sustainable supply of energy to keep the wheels of the economy going. Since energy supply is increasingly becoming dependent on imported fuel, the requirement for ensuring a sustainable supply of quality energy to the export-earning sector is also significant so that it can help fuel import expenditure in foreign currency. These export industries must maintain their competitiveness in the global market. Otherwise, these will gradually lose competitiveness. Workers will lose jobs, and opportunities for earning dollars will gradually deplete. Unfortunately, there is hardly any initiative in this regard. This is a major impediment to sustainable economic development.

Anwar-Ul-Alam Chowdhury (Parvez), President of the Bangladesh Chamber of Industries (BCI), said this in an exclusive interview with EP Editor **Mollah Amzad Hossain**.

The industrial sector of Bangladesh is going through several stresses now, including foreign exchange shortages. However, the energy crisis is the main concern now. What do you think are the ways of getting out of it?

There will be no use if I suggest ways to get out of it. Policymakers must find it out. But it does not appear that they are at all bothered about it or trying to find a way forward. The price of gas to industries and captive power was increased significantly in 2023 on the assurance that quality gas supply to industries would be ensured. Are the industries getting quality gas supply at all? The answer is no. Rather supply situation in 2024 has worsened than in 2023. On the other hand, the price of gas to captive power has been increased once more.

Machines will not run without fuel. There is no other alternative to

maintaining the competitiveness of export commodities in the global market or creating job opportunities without ensuring a sustainable supply of quality fuel to industries. High rates of interest, the dollar crisis for importing raw materials, and the high price of fuel further compound the crisis. Add to that the fuel supply crisis over a long time. Considering all these apart from providing all other incentives sustainable supply of fuel especially gas must be ensured.

Gas price was increased in 2023 on the assurance of ensuring quality supply to industries as per demand. But on the contrary, the supply situation grew more acute in 2024. Are the trade bodies bargaining this issue with the government?

You have said it correctly. Gas price was increased significantly in 2023 conditionally in 2023 after discussion with BTMA and other trade bodies. EMRD assured all that quality gas supply on an uninterrupted basis per demand will be ensured. But that has not happened. Leaders of different trade bodies are supposed to talk with the government on the issues, but it's not taking place as such. In my view, the leaders have lost ground due to the excessive politicization of the trade bodies.

But we must bear in mind the requirement of dollars is ever increasing for importing fuel, debt servicing, and meeting expenses of capital machinery and other commodities. Two sources of dollar earnings are export and remittance. The wheels of the economy must be kept rotting by providing necessary incentives to both.

The Prime Minister has been saying for some time now that the industrial and commercial sectors must start surviving without subsidy-free power and fuel supply. Industries are now



Anwar-Ul-Alam Chowdhury (Parvez)

Export-oriented industries must maintain competitiveness in the global market so that they can continue to earn foreign currencies. Unless energy is supplied sustainably, these industries will gradually lose competitiveness, workers will lose jobs, and opportunities for earning dollars will shrink. Unfortunately, there is hardly any initiative in this regard. This is a major impediment to the country's sustainable economic development.

using gas and electricity at cost-plus prices. Even after that, they are not getting supply as per demand. The operation of industries gets interrupted and new industries are not being set up. What is your evaluation?

The cost of doing business in Bangladesh is higher than in other countries. Lower price of fuel and cheaper labor force were our advantages. Now the cost of both has grown higher. You have mentioned that industries are power and fuel at cost plus price. Industries are struggling with higher prices of electricity and fuel. In this situation, the unavailability of quality fuel on a sustainable basis has created serious challenges for our existence. Bangladesh may not achieve

the vision of a developed economy if a quality supply of electricity and fuel on an uninterrupted basis cannot be ensured.

The government must set up priorities by carrying out a detailed study on expenses for fuel import, export earnings, and remittance. The subsidy that the government is providing for electricity and fuel is now transferred to industries through cross-subsidy. This is not acceptable at all. In such a situation, industries may not survive and now new industries may be set up.

The government is informing us that the present trend of adjusting the price of electricity and fuel will continue. Adjustment of crude oil and petroleum products every month has also started. This has created new challenges for industries in maintaining global competitiveness. What strategies you are taking to confront this?

Please note that we have no scope for adopting new strategies. Higher prices of fuel have already created huge challenges in maintaining competitiveness. The government has taken the initiative to adjust the price of electricity, gas, and liquid fuel with the global market. We must enhance use efficiency, reduce the cost of production, and minimize the cost of import. Industries must get electricity, gas, and liquid fuel at a cost price even if a subsidy cannot be given to them. While adjusting price it must be ensured the burden is not transferred to industries through cross-subsidy.

Green Compliance has created new stress for industries, especially for textile industries. It is being told that rooftop solar can partially meet the electricity demand. Green Compliance can be made through purchasing under the Corporate Power Purchase Agreement. What are your views?

The initiative for the expansion of renewable energy is commendable. I am also setting up rooftop solar panels in my industry. This will of course partially reduce the use of fossil fuel. But those who do not buy grid power and only use captive power have no scope

of taking advantage of net metering. They need to continue using the power they generate.

Green compliance is a strategy of the buyers. They are using this in bargaining commodities at lower prices than those using green power. But higher prices are not given to those having green compliance. We will not get any price advantage for green compliance even if we purchase green power under a corporate power purchase agreement. In my opinion, the buyers' main objective is to get prices cut, not reduce their carbon footprint.

The government is formulating a policy for prioritizing the utilization of gas. 8 categories of industries will come under this policy. Textile, steel, ceramic, and pharmaceuticals are included in this. Other industries may have to use LPG or other fuel instead of pipeline gas. What is your opinion about this?

Please note that the government should first ensure a sustainable gas supply to all industries. They can think about other policies later. It is now being said that gas and electricity connections will not be provided to industries if these are not set up outside Export Processing Zones (EPZ) and Special Economic Zones (SEZ). Administrative actions will be taken if such connections are provided. Again, without sanctions on gas and electricity supply entrepreneurs can not take bank loans. The SEZs are not yet ready and are considerably more expensive than other areas for setting up industries. Such a policy will discourage industrialists from setting up new industries. This is undesirable. Small Industries (SMEs) and medium-capacity industries will be the main sufferers of such a policy. This will increase dependency on imported commodities. The government must review the entire matter.

Gas supply may increase under the government initiatives taken for supply in 2025 and 2030. Even then 1200-1500 MMCFD gas deficit may continue. What according to you should be done for improving gas supply to industries?

Please note that it is not clear where the finance would come from for

implementing the government initiatives for increasing gas supply in 2025 and 2030. It is not also clear how a return on investment would be ensured. A significant portion of gas would be imported. A substantial amount of foreign currencies would be required for the imports. We'll have to consider how the forex can be arranged for the import payments as the gas is sold in the local market in local currency taka. In my opinion, the deficit will grow much higher than what has been planned.

I have reasonable doubt that many industries may not survive if the required gas supply is not ensured within this year. The information on the US\$7 billion increase in exports over the past 7 months that EPB published is not correct. Bangladesh Bank is not releasing the correct data which they are not making public. This has created an uncomfortable situation for the investors of export-oriented industries. This will create a lack of trust in the future.

For the sake of growth in export-oriented industries, the government must release real data and information. The government must also formulate and release short- medium-, and long-term policies for the supply of gas and electricity supply along with financing for that. Otherwise not speaking on new industries, many existing industries losing competitiveness may cease to exist.

EMRD is seriously considering the exploration and exploitation of its coal resources to relieve stress on gas for electricity generation. What is your opinion?

Please note that our own coal and gas resources are not infinite. Even then we failed to utilize it properly till now. But the fresh discussion about it is positive. But without wasting time government must decide whether it wants to explore and exploit its coal resource. Then technologists will decide how to explore and utilize it. It needs to decide where the investment will come from. Bangladesh in a dire energy crisis will benefit from cheaper electricity generated from its coal. This will also save gas now being used for power generation. That gas can be diverted to industries. Stress on increasing LNG import can be minimized.

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