

The Daily Star Roundtable on How to Make Our Ports Function Better

Reforms of Ports Management Is an Urgent Need

As our economy grows, so does our need to modernise our two major ports at Chittagong and at Mongla. The rise in our export and imports has stretched our port facilities to the maximum. Yet efforts to introduce new technologies and new methods of management have been frustrated. Lack of farsighted policy and comprehensive planning are responsible for much of the problem.

There also appears to be a serious communication gap between the workers and management of the ports which has led to the trade unions taking an obstructionist position on any modernisation project. The most dramatic example of this phenomenon is the present impasse between the government and the trade unions over the setting up of a new US\$ 450 million container port at Patenga, near Chittagong. Similar problems with the workers were also faced when some private companies were allowed to import and install some equipment to facilitate loading and unloading of goods.

The need to modernise the facilities, on one hand, and the existing communication gap with the trade union, on the other, have created an extremely complex situation for the government, the business community, the port authority, not to mention the workers' bodies.

How to overcome this problem is a crucial question now being faced by our policy makers. In order to facilitate the process, The Daily Star organised a roundtable conference, bringing together all the stakeholders involved with our ports, and also the Asian Development Bank (ADB) which has been a major donor agency assisting the government to modernise them.

The question of efficient functioning of our ports must also be seen in the global and regional context. Everywhere the old methods are giving way to new methods and new technologies. A major trend all over the world is the involvement of the private sector in running the ports. In some cases wholesale privatisation has taken place. In others, ports have been turned into autonomous corporations. All these options must be given due consideration in modernising the Chittagong and the Mongla ports.

Here we publish the full transcript of the discussion that took place in The Daily Star Roundtable. We hope the points raised will help to resolve many of the existing problems, clarify the confusions that exist, and assist in chalking out a clear policy direction for the government, the private sector and the trade unions.

Mahfuz Anam: The subject of today's discussion is 'How To Make Our Ports Function Better'. Perhaps this is the first Daily Star roundtable on such a specific topic as the "port". The reason is perhaps self-explanatory.

Our ports, both Mongla and Chittagong, are not functioning as optimally as we would want them to. Port is a resource. It lies at the heart of the trade of a country. As we become more globalised, as we become more liberal, trade will become more and more central to our economic development. No trade can take place in large volume if our ports are dysfunctional. Port is like a pipe through which our exports and imports come and go. If we clog it, it will be like throttling our throat, not letting air pass in or out. I repeat, ports are our national resource. Port belongs to the whole nation. It does not belong just to the traders or to those who use it. It belongs to the people. It is a resource of enormous magnitude.

Ports recently are undergoing tremendous reforms. Concepts of running a port, of owning a port, of the stakeholders in the port, are all undergoing tremendous transformation, globally and even regionally. The major issues we would like to discuss today are: the role of ports in the national economy; ways to improve further efficiency; ways to the future, the trends; role of the private sector; commercialisation of the port or corporatisation of the port; role of the unions; and how we can really modernise our ports.

We are holding this roundtable in collaboration with the Asian Development Bank. The Bank is holding a series of what they call 'stakeholders dialogue'. They approached us on the issue and here we are.

ASM Abdur Rab: The contribution of the Asian Development Bank in various sectors of Bangladesh is unquestionable. We are a part of the Asian Development Bank.

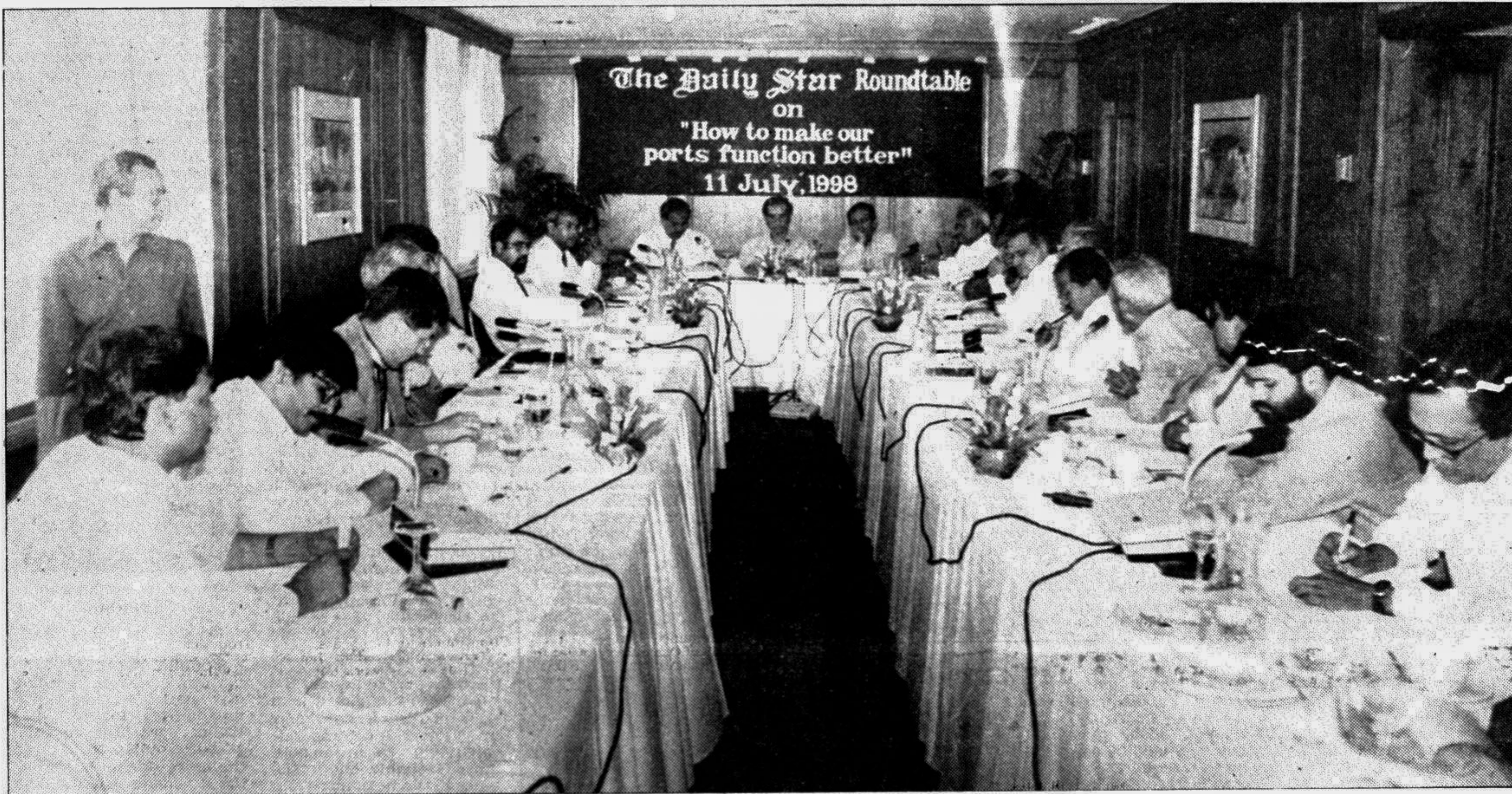


ASM Abdur Rab

When I was in Germany at one point of my political career, I saw that there were no strikes there. I noticed everyday on television that labour representatives or employee representatives would have debates with editors of the newspapers, or columnists or with representatives of the business chambers and other professions. The whole nation would watch this. They would discuss the problems, the solutions, the past and the future. We hope this roundtable will be such a process, and bring out suggestions that will help solve our problem.

Albab Akanda: The theme of today's discussion is critical. Although there are many challenges and pressing issues, the national economic cost of congestion and inefficiencies of the ports is enormous, particularly at Chittagong. Chittagong is the economic life-line of the country. It is very apparent that the port needs modernising. How to go about it is a much more difficult issue.

A year ago, at the request of the government, the Asian Development Bank re-entered the port sector after 25 years. The Bank financed a port project in 1973. Shortly afterwards, the World Bank also financed a project in 1976. In 1997, we were asked to assist in identifying a possible route to port modernisation. We also complemented the efforts of the World Bank and ESCAP through their



stakeholder analysis and master plan studies.

Through detailed discussion and technical studies, we have developed a project for Chittagong and Mongla which we hope will relieve the congestion and not only address immediate needs, but also set the scene for preparing the ports for the transition to modern operations, particularly in containerisation which is an area on which we chose to focus because of its increasing importance.

Today's roundtable represents an important part of our stakeholder dialogue. This is an activity that is part of our project processing. We have already had one workshop in Chittagong with port users and port workers. We are delighted that The Daily Star has collaborated with us in having this roundtable. We also envisaged having sensitisation trips to regional ports.

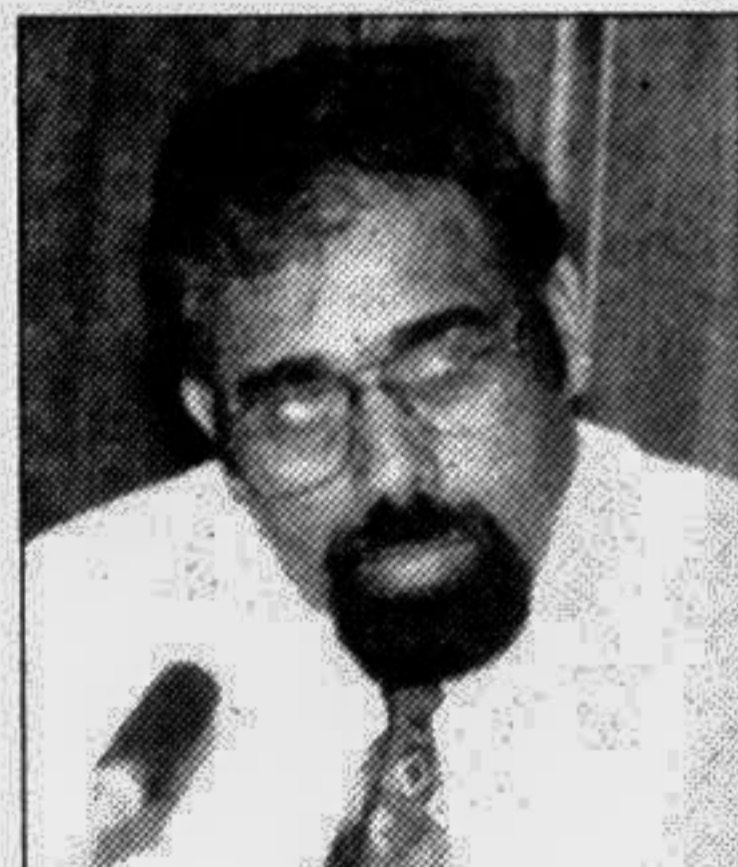


Albab Akanda

The need to address the ports' situation is pressing. The challenges are demanding. The responses to those needs are in the hands of those who represent the national interests. We believe that the participants at today's roundtable can help create the environment in which we can work towards the prosperity that Bangladesh can and must certainly reach.

Narayan: Ports are a very important part of the development process of this country. The Asian Development Bank, being a major development partner of Bangladesh, we certainly regard this as an important

initiative in sitting here today and talking about issues pertaining to ports. I have been in the country for about two years and three months now, and I have heard many complaints from industrialists, manufacturers and users that we must unplug these ports as export earnings are very



Francis B Narayan

critical. Foreign exchange earning is critical to improve the country's foreign exchange reserve. The Asian Development Bank's major objective in Bangladesh is poverty reduction. We will not be able to reduce poverty until such time we can use the resources of this country properly. And ports are one of these resources.

Rezwanul Haque: The Chittagong Port started functioning in 1888. It is about nine nautical miles from the Bay. The port is situated on the right bank of the river Karnaphuli. Eighty per cent of the total imports are made through this port. About 60 per cent of the total exports are done through this port.

About the administrative structure, the port is functioning with one Chairman and three members. The members are Member, Operations; Member, Engineering; and Member, Finance. There is a sanctioned strength of 8000 of which the actual strength at present is 6939. There is an advisory committee headed by the Hon'ble Minister of Shipping, members of the parliament, port users, Shipping Secretary, labour leaders concerned

and the persons concerned connected with the port operations. Apart from the port employees, there is a Dock Workers Management Board where there are about 232 employees. The registered workers are about 4000 and the unregistered about 2000. They handle cargo on the jetty and in the ships. The total cargo we are handling in the port is about 11 million metric tonnes per year. In the two ports there are 13.2 million metric tonnes of which Chittagong Port alone handles 11 million metric tonnes.

The position of container handling in 1997-98 was 3,29,163. The rate of increase is about 20 per cent per year. For facilitation of the traders there is an ICD (Inland Container Depot), located at Dhaka. There we handled in 1997-98, 33,093 units and in 1996-97 it was 30,012.

In the year 1997-98, the revenue income was about 345 crore and our revenue expenditure was Tk 231 crores. Our surplus would be about Tk 114 crore. In 1996-97, the revenue income was Tk 324 crore and the rev-

enue expenditure was Tk 213 crore and the surplus was Tk 110 crore. But it is not much. We need more income considering the prospects of Chittagong Port. We have to pay to the government exchequer every year. We paid Tk 35 crores to the government out of the income of the Chittagong Port. We paid about Tk 42 crore as debt service liability.



Rezwanul Haque

In respect of equipment, we are facing two major problems. We need to construct the container yard. Another is that we have to replace our old equipment and procure new ones. We have submitted a proposal about a year ago to the government and it is under active consideration and we expect it will be approved soon. We are going to procure about 142 pieces of equipment. In respect of procurement of the new equipment, which is replaced every year, it is a continuous process.

Mofazzel Karim: This port is a sea port just in name. In the real sense, it is not located in the deep sea. That is why large ships cannot touch this port. The distance between the Bay of Bengal and the jetty is about nine nautical miles. So that's one limitation. You will have to trans-ship all the time, through feeder vessels. Only feeder vessels can operate between Chittagong and the outside world. Mother vessels stay at outer anchorage. That makes travel time longer and the Chittagong Port authorities have to spend more on

equipment, labour and more time in handling the goods.

Since it is a labour-oriented port in the sense that although we switched over to, or started this container operation only 15 to 16 years ago, the fact remains that the port is not fully geared to handle the containers. That is another limitation.

It is labour-oriented — so you can imagine all the labour laws and the freedom allowed to the labourers are there and those make operation pretty difficult from time to time.

Shortage of equipment is because the container handling started, only in the 1980s. It first started in 1978 with only 100 or 200 containers handled at that time, but in the real sense, it really started only 10 to 12 years ago. But in all those years, not much attention was given. The present government has to face this problem squarely. That's



Mofazzel Karim

why this project was drawn up about a year ago and now this is under consideration at an appropriate level at the Planning Commission and I suppose very shortly this project will go through.

We have been assured by the Asian Development Bank that they will assist us in procuring the right type of equipment, particularly the big ones which involve a lot of money like cranes, fork lifts, etc. ADB had a meeting with us in this respect about two months ago at the ERD which was a very fruitful discussion. But there are certain conditions

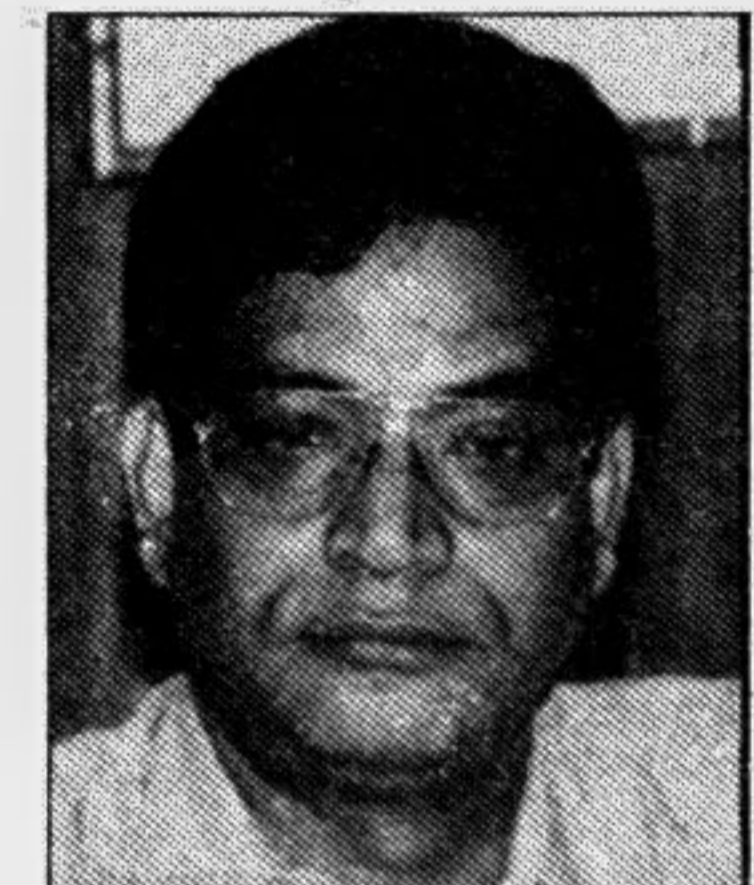
regarding privatisation, landlordism system, manpower and so on. I think there is lot to be done regarding manpower or private sector participation. This is a big task in front of us, to make the labourers, the unions agree to this. But I hope these things can be sorted out in a democratic way.

Nurul Haque Sikder: We, at BGMEA, are the largest users of the port, both at the import stage and at the export stage. Export growth over the last six years was about 23 per cent on the average and total business, import and export together, about 19 per cent for Bangladesh. In 1991 it was about 5.4 billion US dollars, the total import and export in 1995-96, it was 10.7 billion dollars.

Ports capacity to handle the containers is also increasing by 19 or 20 per cent and by the year 2000 we will have to handle half a million containers. But the capacity of the ports equipment at this moment is only about 190 thousand units. They are handling about double the capacity.

We have to use our present equipment more efficiently. We have to change the equipment and bring in new ones. We have to rationalise the demands and functions of our workers in the ports so that they don't stop the working without any notice. In 1997 only, about 26 days the port was closed without any notice. The reason was that one truck driver died so there was a six-hour strike. The agents had a 48-hour strike and so on. The CBA strike in March 1997 was six days. We lost 26 days like this in 1997. We have lost quite a few days in 1998 too.

The congestion or the threat of congestion surcharge is not our fault, but we have to pay it as users of Chittagong Port. So we, from BGMEA, suggested earlier to the ministry and to the government officials that if any surcharge is imposed, let it be paid by the Chittagong Port Authority because they cannot handle



Nurul Haque Sikder

their affairs. Why should the importers or exporters be penalised? The port authority or the government of Bangladesh should pay it. Why should we pay it? Maybe if the government of Bangladesh starts paying those bills, they will handle their affairs more efficiently.

Our idea is that if we want to maintain our export growth rate and if we have to face the next millennium, then those projects which are accepted already, like the extension of the new container yard, should be implemented immediately. Some ICDs must be allowed in the private sector. Direct delivery of the containers are to be allowed to the importers and the exporters without any hassle. Nowadays the hassle is that you have to pay bank guarantee which is a lot of money, and a lot of formalities too. That's why a lot of people don't want to take this up. If private container yards are allowed, then pressure on Chittagong Port could be reduced.

The gantry crane is a must now. It should be bought immediately. This can clear a ship in 24 hours so that the handling time is reduced for the feeder vessels. The fork lift, the carriers, the terminal tractor and other equipment all need attention. The carriers have 35 ton capacity and the number is only nine. In

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