Fresh row grips New Mooring terminal

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THE Chittagong Port faces uncertainty due to the rivalry between some ruling party factions over the appointment of an operator for the newly built New Mooring Container Terminal (NCT).

Due to a difference of opinions on how it should be run, the Tk 737-crore terminal has remained almost idle for around three years since it was built in 2009.

The Chittagong Port Authority (CPA) has recently floated an international bidding to appoint an operator for the NCT.

But the bidding received poor responses. Though 43 parties purchased pre-qualification documents, only seven parties submitted documents and four were qualified.

The CPA and the shipping ministry then revised some eligibility requirements, particularly in terms of technical and financial capability of the bidders, to increase participation.

ABM Mohiuddin Chowdhury, Chittagong city unit president of the ruling Awami League, protested the relaxation, claiming that the changes were intended to favour Saif Power Tech Ltd.

Saif Power is the present berth operator at Chittagong Container Terminal, another container terminal of the CPA built in late 1980s.

Chowdhury, also an ex-mayor of Chittagong City Corporation, formed a platform, Chattagram Bandar Rokkha Parishad, and announced agitation in phases for the cancellation of the bidding process.

On the other hand, MA Latif, another ruling party lawmaker from Chittagong-10 constituency where the port is located, is leading a section of business community under the banner of Port Users' Forum and protests Chowdhury's allegations.

Meanwhile, the shipping ministry instructed the port authority to finalise the bidding process to enable commissioning of the terminal at the earliest.

After the revision of the eligibility requirements, five firms took part in the bidding by the August 30 deadline.

On September 2, the Central Procurement Technical Unit stopped the process to review a complaint of a bidder. The review panel is yet to submit its findings.

CPA officials said the accusation of favouring Saif Power Tech or any particular firm is unfounded as nobody knows who will be the lowest bidder in the tendering process.

"If Saif does not come out lowest, how can it be offered the job?" questioned a senior official of the CPA, requesting not to be named.

Moreover, the bidding is still under process and it will be premature to speculate anything, the official said.

Tarafder Md Ruhul Amin, managing director of Saif Power Tech, said: "We are going through a bidding process. I don't see any favouritism here."

"We are competing with international companies. The CPA didn't single us out for the job. So the question of favouritism is meaningless," he said.

STAR/FILE

The newly built New Mooring Container Terminal of the Chittagong Port. The terminal has remained idle since it was built in 2009, affecting the overall functioning of the prime seaport.

Saif Power Tech handled 3.5 million TEUs of containers at the Chittagong Port over the last five years, he said.

The construction of the New Mooring terminal began in 2003 with the evacuation of a residential block occupied by some CPA employees and villagers. It was completed in 2009 but could not be made operational due to indecision of the concerned authorities over modalities.

Meanwhile, policymakers had decided in March 2007 to hand over the terminal to a private firm to operate it on a "supply, operate, transfer" basis through an international bidding.

The port can now handle 1.5 million TEUs (twenty-foot equivalent units) of containers annually.

Many CPA employees and key figures from different professions, including left-leaning political leaders of the port city, severely opposed the move to hand the terminal to a private firm.

Their argument was that the CPA will then retain the ownership of the new terminal.

The port authority will require Tk 100 crore to procure necessary equipment to start the terminal's operations and has more than Tk 400 crore in its coffers.

The shipping ministry and policymakers prefer involvement of the private sector in running the NCT as a pivotal aspect of the current market economy.

Users of the port support the government as private management has less bureaucratic and red tape delays and can start operating the terminal sooner.

The terminal remains idle during the delays, much to the loss for the CPA.

Stakeholders and analysts said the port authority's present capacity is sufficient to handle transit facility for the neighbouring India, Nepal, Bhutan and China.

If Bangladesh extends transit to those countries, a phenomenal change is likely to occur in the economic development and job market.

Unless the current bickering over the handling of the terminal is resolved, the operations will be delayed further affecting the overall functioning of the Chittagong Port.

The government functionaries and ruling party leaders need to stop politicising the port operation issues and let it be managed in an exclusively professional manner.

The Chittagong Port is a major lifeline to Bangladesh economy, making its development and modernisation an absolute necessity. The construction and commissioning of the terminal has been a big and correct, even though late, step in that direction.

It is crucial that the terminal becomes operational now, after three years of construction, by removing the uncertainty brought on by politicising its management.

As Asian miracle wanes, US may wax

JAMES SAFT

ASIA'S economic miracle may be waning just as the foundations for an eventual resurgence in the US are being laid.

Asia, China in particular, may be bumping up against the limits of a capital-intensive growth model predicated on cheap labour. To counteract this, countries like China may have to adapt legal, political and even academic practices which could up-end existing power relationships.

At the same time, technology, geology and new manufacturing techniques may in combination give US growth an energy and innovation boost.

"To pose the question about the Asian miracle is not to doubt China's and Asia's economic potential and significance, but to throw down the gauntlet to the conventional thinking that extrapolates Asia's past economic performance into the indefinite future, and assumes that the competitive challenge from the US and other Western countries and companies is now a spent force," George Magnus, an economic consultant to UBS writes Monday in a note to clients titled "Asia: is the miracle over?"

To be sure, Asian growth rates won't dip below those of the US, other than under the most extraordinary scenarios. There is, however, real potential for rates in China, India and elsewhere to disappoint the sorts of forecasts now common, and for the US to stage a meaningful, and surprising, rally.

China's fantastic multi-decade record of economic growth owes much to better use of labour, as workers were redeployed from less

AFP

Containers are being loaded by workers at Qingdao Port, east China's Shandong province. China's trade surplus widened to $26.7 billion in August as imports registered a surprise fall.

productive rural work into the country's urban-centred export machine. That, supported by an extraordinary investment in physical capital drove high rates of growth and productivity, but at the expense of a domestic consumer economy.

That particular set of tactics are now showing diminishing returns. Wage differentials are narrowing while, at least for the near term, Europe and the US will show less appetite for exports. Magnus argues that the next step upward will have to be founded on greater efficiency and innovation, both of which in turn depend on political and institutional reform. In a one-party state like China this is both difficult to do and difficult to forecast.

Intellectual property rights may well become better guarded, and what Magnus calls a system which favours incremental over radical change may be remoulded too, but the evidence on the ground thus far is thin.

None of this does much to change the real hurdles faced by the US. It labours under too much debt, has a nasty problem with the long-term costs of health-care and, crucially, as the owner of the world's leading reserve currency is given the latitude and even encouragement to not make hard decisions but simply solve issues of debt and consumption with still more debt and consumption.

That said, the US has a lot going for it over the next decade. Advances in technology and lucky breaks in geology means that the US is beginning to enjoy a shale gas revolution which will create jobs and investment and give it the sort of energy independence unimaginable a decade ago. UBS estimates this may boost growth by about a half a percentage point in coming years -- only about a third of the impact of the technology boom -- but a very meaningful amount in a low-growth environment.

At the same time, so-called 3D manufacturing shows really stunning, if yet unproven, potential to reshape the way the world makes things, and to do so in a way which largely favours the US over not just China but Japan and Germany as well. The process, in which highly customisable products are literally sprayed into existence using something not too dissimilar from an ink-jet printer, as opposed to the old style of banging things out of materials, plays really well to US strengths.

While used now mostly to make prototypes, the spread of 3D should make it cheaper and more advantageous to put factories close to their markets. That's a huge contrast from the existing global supply chain, in which achieving small per-piece price advantages is so important that we site parts plants for a single product all over the globe.

The US has not just shown itself to be leading in innovation, as 3D rises a higher percentage of the value of a manufacturing operation will be in intellectual capital - the designing of the programme which makes the product, rather than the massive factory in China or the Ruhr. Why site your factory half a world away from your market and take a risk of losing your intellectual property? Shipping costs too will play a bigger role if labour inputs into the cost of making something are smaller.

None of this will happen soon, and none is set in stone, but the challenge to Asia in general and China in particular is clear, as is the opportunity for the US.

James Saft is a Reuters columnist.

Walmart plans 3-5 more India wholesale stores

REUTERS

A cash and carry joint venture between Wal-Mart Stores and Bharti Enterprises plans to add 3-5 stores by end of the year, a spokeswoman for the world's largest retailer said on Tuesday.

US group Walmart operates 17 cash and carry, or wholesale stores, in India in partnership with Bharti Enterprises, which owns India's top mobile telecoms operator Bharti Airtel Ltd.

Foreign ownership regulations in India do not allow global hypermarket and supermarket chains such as Wal-Mart Stores Inc and Carrefour SA to set up shops in the country and tap the over $450 billion retail market.

Foreign players are, however, allowed to operate wholesale stores.

In December last year, the government backtracked on its decision to allow such chains to own 51 percent in India's multi-brand retail sector after a huge political backlash.

Walmart also plans to ramp up the headcount at its unit, @WalmartLabs, in Bangalore to about 200 by end 2012 from 125 now, Jermey King, Chief technical Officer of Global e-Commerce, Walmart.com, told reporters.

The unit's job is to help Walmart capture more online sales from the proliferation of smartphones and social networking.