

SEAPORT DEVELOPMENT AND CONNECTIVITY QUANDARY

Digital Bangladesh as a gatekeeper?



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Just as Vision 2021, regional connectivity, and seaport startups increasingly enter public parlance today as independent dynamics, how they converge domestically also reflect global tendencies. At stake are domestic infrastructure building, external financial resources, and the rivalry baggage in connecting both.

Regional connectivity owes its formal start to the 16th Summit of South Asian Association for Regional Cooperation (SAARC), where, in Thimpu, Bhutan, the decision was taken, in 2010, to dedicate the next decade to "intra-regional" connectivity, influenced by an Asian Development Bank report, and the 2006 SAARC Regional Multimodal Transport Study, commissioned by the 2004 12th SAARC Summit. India's strategic goal of integrating its northeast provinces into the heartland and finding them more inexpensive access to sea outlets, led to "transit" (largely over land) and "transshipment" (largely between water-borne vessels) agreements with Bangladesh (M Joynal Abedin, *Armed Forces Day Journal*, 2013, pp. 90-9).

India's "Look East Policy" and ASEAN's (Association of Southeast Asian Nations) "Look West Policy," built upon two decades of cooperation (the ASEAN-India bloc), paved the way for BIST-EC (Bangladesh, India, Sri Lanka, Thailand Economic Cooperation), in 1997, framing the Bay of Bengal Initiative for Multi-Sectoral, Technical, and Economic Cooperation (BIMSTEC) seven years later, before chalking out the Bay of Bengal Transport Infrastructure and Logistics Study (BTILS) in 2008. Sheikh Hasina's counterpart was the Bay of Bengal Industrial Growth Belt (BIG-B) with Japan's Shinzo Abe in March 2013, anchored upon seaport construction on Matarbari island and a coal-fired energy hub. Other projects sprang out of these.

As the magic-wand to have plucked Bangladesh out of its deepest poverty levels, the ready-made garment (RMG) industry influenced seaport start-ups. To become a middle-income country, Bangladesh must expand its RMG exports to USD 50 billion by 2021, necessitating new seaports. Chittagong and Mongla ports are neither large enough nor located in deep enough waters for 21st century shipping: Matarbari, Payra, and Sonadia/Moheskhalai fit the bill.

Far from being isolated developments, these three concepts have their independent global counterparts. Moving in reverse order, the seaport start-ups align with China's One Belt One Road (OBOR) grand strategy of linking more traffic expeditiously between global raw material sources and markets, on the one hand, with Chinese industries and production, on the other. Historically called the Maritime Silk Road, but now rechristened Maritime Silk Route

Economic Belt, it projects one flank coming up the Bay of Bengal and going through Chittagong into China, which sparked (a) the 2008 Indian Ocean Naval Symposium and (b) the Quadrilateral Security Dialogue, also initiated by Japan's Abe with Australia, India, and the United States.

Regional connectivity carries a wider compass than just South and Southeast Asia. Also under this umbrella are high-ways linking (a) Kolkata and Kunming; (b) Bangladesh, Bhutan, India, and Nepal with one another; (c) Bangladesh, China, India, and Myanmar, also with one another; and (d) the Great Asian Highway, among others. Padma Bridge showcases Bangladesh's major infrastructure-building investment. World Bank's refusal to finance the project led Bangladesh to dip into its own pocket, while tapping large-scale Chinese support, in turn exposing both the larger global network of growing patchy partnerships and the inherent, though unpredictable, competition this entails. Connecting Dhaka, our RMG manufac-

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turing hub, with faster and more direct seaport access, the Padma Bridge also illustrates how the intimate domestic linkages between the three terms mirror global counterparts.

At this juncture the world, like we are, is riddled with all sorts of "vision" packages, as if resurrecting the 17th century English Enlightenment. Saudi Arabia's Vision 2030 wants to diversify its petroleum-punctured economy, just as Malaysia, Malawi, Nigeria, Rwanda, and Uganda have their own Vision 2020, among other countries like India and Pakistan with Vision 2025. All of them envision a new society, many with seaports as gateways to domestic, regional, and global integration, much like our costly infrastructure-building splurge; and since China's Asia Infrastructure Investment Bank is picking up the immediate tab for an entire string of them in Africa, Asia, and points in between, its Atlantic counterpart, the World Bank, is foregoing its routine qualms to offer its financial resources.

Visions, connectivity, and the connecting media (seaports, highways and web-ways) arguably convert post-Cold War neo-liberalism (epitomised in the 1989 Washington Consensus), high-

lighted for us by the global competitiveness acquired by the physical labour of RMG workers, into what the 2016 World Economic Forum emphasised at Davos, the dawning of a Fourth Industrial Revolution based on artificial intelligence, or for us, simply a service-based Digital Bangladesh "Silicon Valley." Since many countries seek this transformation, Bangladesh has more reasons to look like the cream of the crop if it can pull off its plans and projects.

It will be costly. To get USD 50 billion by 2021 implies the RMG low-wage society will continue, jeopardising other Vision 2021 goals like equality and graduation from physical labour dominance to intellectual skills.

Bangladesh's seaports will serve more than local and national needs, while regional and global interests compete to build them: Japan got Matarbari, while China was allocated Payra and Sonadia/Moheskhalai until Indian, Japanese, and US pressures either multiplied the project participants (Payra), or added other considerations (Sonadia) (see Wade Shepard, *The Diplomat*, June 7, 2016).

Then there is port upgrading. China got Chittagong, and the Karnaphuli tunnel to connect with the Great Asian Highway and the Chittagong-Cox's Bazar Highway expansion. Since 90 percent of the country's trade depends on the Dhaka-Chittagong Highway (both energy flows from Matarbari to the country's hinterland and RMG crates from factories to the seaports), expanding the Dhaka-Chittagong Highway from four to eight lanes, constructing an elevated expressway and rail line, and diverting both traffic and flows westward through the Padma Bridge to Payra deep seaport, became essential (and already underway).

Note how dotting these infrastructures with special economic or export processing zones (SEZs/EPZs), such as two for the Meghna Group, one in Cox's Bazar, another in Gopalganj, one in Moheskhalai, and many along the Padma Bridge approach roads, among others, and expanding, through a 2016 bilateral agreement, to 61 the handful extant border *haats* (markets) mustered through a 2010 deal, indicate the volume-multiplication of expected intra-regional flows. So too will migration of low-wage industries (anticipated from China and India as they diversify into other, high-end industries) to Bangladesh, while both Bhutan and Nepal find more inexpensive access to the sea than they did through Kolkata, thus adding efficiency to a region known for the lack of it.

For a country with the highest import unloading costs, this would have huge spillover effects: each import container costs over USD 13 in Chittagong, which is twice the costs in Colombo, Karachi, or anywhere in India. If that is not alarming enough, Chittagong seaport could only handle two million containers in 2015, with a limited capacity of only 40,000 at any



given time (Kasif Chowdhury, *LightCastle Blog*, January 12, 2016). Not only is capacity enhancement urgent, but the time required to import/export a container in Chittagong, which is also the highest in the region, needs reform: 29 days for imports, as opposed to 20 for India, 18 for Pakistan, 21 for Vietnam, and 13 for Thailand; and for exports 25 days, against 17, 22, 22, and 14 for the aforementioned countries, respectively. Much of the cargo must be unloaded onto smaller vessels since the water is too shallow for ocean carriers, a process that adds USD 15,000 each day. If that does not rack up our export costs, without new deep seaports we lose both our competitiveness and external linkages.

As we plunge into a figurative sea of unfolding dynamics, it is useful to remind ourselves of the multiple levels at play. Within Bangladesh, restructuring goes beyond Bay of Bengal rivalries between our powerful neighbours; within South Asia, India's faster climb up the developmental ladder necessarily catalyses economic activities in neighbouring countries; within this part of Asia, China's OBOR strategy and India's eastern economic onslaught opens new windows for all participating countries; and within the global system, the relative waning of the western economies shifts attention to countries like ours (often dubbed "emerging" or "frontier"). Amid these powerful forces, Pakistan's disengagement from South Asia is notable (yet itself inviting other western windows for Pakistan).

Whichever way we look at the net effects, our seaports will be resurrecting a historical role while adjusting to the enormous merchandise flow-multiplication in the 21st century. On the one hand, the East India Company had used Chittagong for its global trade from the late 17th century, much like our RMG factories are doing now. On the other, with Myanmar's ethnic-cleansing campaigns raising its costs as a global manufacturing hub, China might find the ancient silk maritime flank through Chittagong more profitable than the one through Sittwe (Myanmar). Though rich in cash flow,

these flow consequences do not necessarily alter our low wage socioeconomic trajectory: any transformation from a low wage producer to a more middle-income country must explore other remedies. Politically, China's greater Bay presence simultaneously deepens tensions with a geopolitical tone, raising other thorns. In other words, the going will be tough, but the mission's no-return point has been crossed.

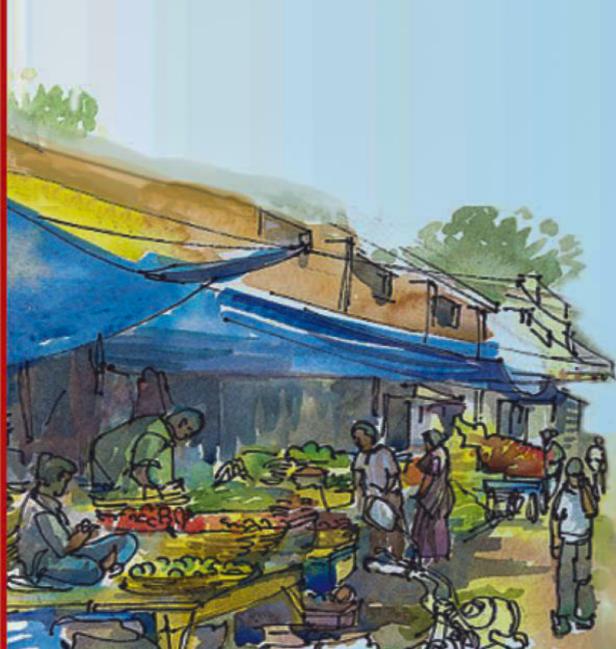
Seaport start-ups also carry other disadvantages. They encourage blind industrialisation, meaning more unregulated ship-building and ship-breaking expansion. Once environment-friendly Sonargaon-built ships served the Ottoman Sultan and participated in the Battle of Trafalgar. Today, Chittagong's ship-breaking yard, for instance, feeds the race-to-the-bottom labour exploitation approach using environment-degrading methods that only threaten the budding middle-income image and identity the country eagerly seeks.

In and around the Sundarbans, where Payra is located, they threaten our key World Heritage Site, since Indian coal imports for the Rampal project and frequent steamboat accidents simply litter our rivers. Even as this article is being written, MV Aichgati, carrying 1,000 tonnes of coal, sank in the Pasur estuary, releasing poisonous sulphur, mercury, lead, and other minerals into the river. Without the regulations of a middle-income country, new seaports could become the handmaiden of low wage production, and with its environmental spoilage, unless connectivity of a different kind accompanies their construction: that is, the imposition of safeguards common in developed countries.

Ultimately, the Vision 2021 package must serve as the gatekeeper of our seaports (and highways) and connectivity media. Its goals include governance, equality, democracy, and all those other features of a stable, developed country. Getting there requires the trade-offs that the authors of connectivity and architects of ports did not envision. No digitalised country can afford to ignore them.

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