

CHITTAGONG PORT BOTTLENECKS

A disaster in the making

Money for city drainage down the drain

Reinforces the need for coordinated work

THE numbers are staggering. According to a report by a leading Bangla daily, a total of Tk 2,000 crore was spent to improve Dhaka's drainage system in the last eight years. Wasa, the central authority for water and sewerage, spent Tk 618 crore, while Bangladesh Water Development Board spent Tk 108 crore. The two city corporations spent Tk 1,270 crore between them. Yet it stretches credulity to think that despite all those projects for building and clearing pumping stations, canals, culverts and drains for sewage disposal, there had been no result of any sort.

Meanwhile, things went from bad to worse as the city-dwellers struggled every time there was an above average rainfall and Dhaka turned into an extended pool of knee-to-waist-deep water. Only a week ago, we witnessed what a faulty, poorly-managed system could do—or not do—when heavy rains coupled with traffic congestion hit the Dhaka and Chittagong cities. As we've said before in this column, rain is only a part of the problem. A well-planned and well-coordinated effort to remove rainwater (and waste liquid) from the streets during monsoon, and preserve them for use during the dry season, can make a world of difference.

Apparently, money is in ample supply but the challenge is to undertake projects that deliver results. But lack of coordination among the organisations responsible for Dhaka's drainage management is making it harder for any initiative to work. So instead of wasting money on separate projects, we think the various agencies need to coordinate with each other and launch joint schemes that would fulfil the purpose.

Clean chit to Myanmar forces!

The government's probe findings shocking

THE Myanmar government-appointed commission has cleared its security forces of allegation of systematic rape, murder and arson against the Rohingyas during the recent crackdown. The UN allegations were based on interviews with 204 Rohingya witnesses who fled to Bangladesh, but the state-backed probe body found "no such evidence" and it even termed some of the allegations of abuse as "fabricated". This belies the many images and videos published by the international media depicting the persecution of Rohingyas.

Absolving the security forces of the alleged crimes is not surprising since the government of Aung San Suu Kyi has all along been denying the allegations. Her government has not allowed a UN fact-finding team to conduct its own probe into the charges. And only last month, a United Nations special rapporteur, after visiting the country, said that her movements had been severely restricted as she could not visit the crisis-hit areas.

What does such government stance against the UN and other international organisations imply? Isn't it an indication that the Myanmar government is only trying to cover up the crimes committed allegedly by its security forces?

The degree of persecution of the Rohingyas have been subjected to amounts to ethnic cleansing. By denying such abuses, the Myanmar government is only prolonging the crisis. Instead, it should recognise the Rohingyas as one of the country's ethnic minorities and give them citizenship. And it is of utmost importance that the international community comes forward and puts pressure on the Myanmar government so that such violence is stopped once and for all. The world does not want to witness such gross human rights violations in a country which is headed by a Nobel Peace Prize laureate.

LETTERS TO THE EDITOR

letters@thedailystar.net

Take Yaba issue to UN

This newspaper reported that we are currently in danger of losing an entire generation to harmful drugs, with consumption of Yaba being over 8 lakh tablets per day. Yaba has become a popular drug among young people but doctors say in the long-term it causes the decline of cognitive functions.

For the safety of our people and the society, we have to take steps to stop illicit drug transportation immediately. We should take this issue to the United Nations for a permanent solution since this has become a cross border issue. Otherwise, if this menace continues, there will be a great loss of human resources.

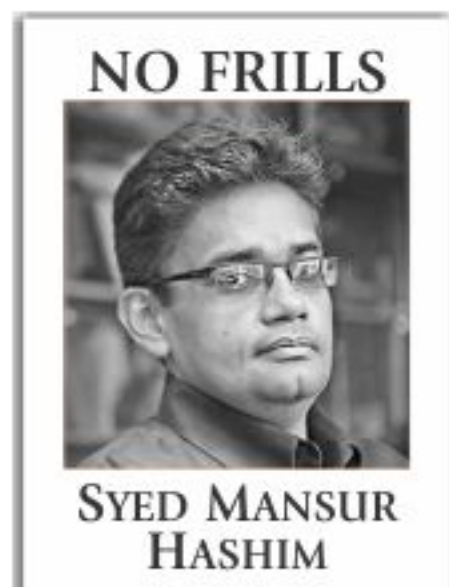
Zubair Khaled Huq, *By email*

Uncertainty over hajj

According to a frontpage report in *The Daily Star* of August 2, around 40,000 pilgrims are facing uncertainty over performing hajj this year due to frequent cancellation of Biman flights. As Biman is unable to operate their regular scheduled flights on time, why should they get involved in carrying prospective hajjis? There is a ministry of religious affairs, who, along with the hajj agencies, should handle this entire affair.

As Biman tries to make a small profit in arranging hajj flights, the pilgrims are suffering and the cost is rising every year. If the ministry and hajj agencies solely take care of this problem, the cost can be reduced to a great extent.

SA Reza Hussain, *Baridhara*



NO FRILLS

SYED MANSUR HASHIM

WITH 92 percent of all trade being routed through Chittagong Port, it is perplexing to all as to why upgrading the port facilities has been in such a state of limbo for so long. The shortage of both physical infrastructure and equipment is largely responsible for the acute turnaround time for vessels at the port. This has led

unfortunately to the imposition of extra surcharges by feeder vessel operators on the one hand and cancellation of trips to the port city from overseas destinations on the other. According to media reports, ANL, an Australian shipping company that happens to be the third largest container shipping line globally states the following: "All shipping lines calling Chittagong terminals are heavily impacted, with vessels waiting for an additional 07 to 10 days on an average above the normal berthing." The Asian Feeder Discussion Group (AFDG) has imposed a USD 150 per loaded TEU (twenty-foot equivalent unit) and USD 75 per empty TEU effective as of July 1.

We are losing business in the readymade garments (RMG) sector thanks to this situation. This additional cost coupled with the turnaround time could end up with Bangladesh losing orders to competitors in the region. When we take into account that the turnaround time is only 1.38 days in Singapore Port, 0.96 days in Shanghai Port, 0.68 days in Busan Port in South Korea, 4.18 days in Kolkata Port and 1.7 days in Colombo Port in Sri Lanka, things begin to add up. Indeed, the number of jetties today at Chittagong Port is 7 as opposed to 13 in the pre-independence days. According to a report published in a leading English daily on August 7, "Chittagong Port needs 26 gantry cranes whereas it has only four, two of which are now out of order, while 52 rubber tyred gantry cranes are required but it has only 23...Only 87 container loading and

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Containers stacked at the jetty of Chittagong Port.

PHOTO: ANURUP KANTI DAS

unloading equipments are in operation against the required 299 while 285 cargo handling equipments are functional against the required 895."

Given the continued paralysis of the port, many in the RMG sector are resorting to air shipment to meet deadlines which of course is very expensive. Those who cannot afford it are at risk of losing their orders. With feeder vessels leaving port without full capacity, we are sending the entirely wrong signal abroad about the cost of doing business in our country. And it is not only a question of lack of equipment that is to blame. The bureaucratic red-tape in clearing shipments is also hurting business. The demand for cargo handling equipment has been a demand for both exporters and importers alike but unfortunately, for whatever reason, steps have not been taken to that effect. With equipment in a bad state of replacement and no new equipment coming in, the current state of the port and the massive backlog was a disaster in the making for some time.

So what is to be done? We keep hearing about new infrastructure that will be built but there is something fundamentally wrong with the way the port authorities have been conducting business. With the procrastination by successive governments when it comes to procurement of essential equipment and expansion of terminals and berths, it is not unreasonable to privatise the port to increase efficiency. And to that effect the government has had a rethinking

on the issue.

The Chittagong Port Authority (CPA) stated at the end of July that an international tender will soon be floated for privatising port operations. This is a move in the right direction. However, when exactly "soon" will be is a million-dollar question, particularly in light of the fact that there is a general election coming up sometime next year.

With the grand vision we have set for ourselves to become a middle income country by 2021 with USD 50 billion in export, we need a plan of action to address transportation and handling of containers at the port now as opposed to sometime in the future. While the international tender will take due course, what is holding up CPA from procuring essential cargo handling equipment and addressing customs-related clearance complexities? These are merely some of many questions that have been asked and not answered by people in authority but the sad fact is that we really have no excuse for inaction. The situation at the Chittagong Port is our doing and only we can get ourselves out of the hole we have dug for ourselves. The only thing left now is that the question of privatisation does not get bogged down in further red-tape which will keep costing the economy dearly as costs keep piling up.

Syed Mansur Hashim is Assistant Editor, *The Daily Star*.

Emerging geopolitics surrounding the Indian Ocean



SMRUTI S PATTANAİK

ON July 29, Sri Lanka and China signed the Hambantota Port Concession Agreement in which China agreed to pay USD 1.1 billion in a debt-equity swap and an 80:20 profit share between China and Sri Lanka was agreed. On July 25, the Sri Lankan Cabinet approved the agreement. Though it was presented in

Parliament, no meaningful discussion could take place. And although Parliament is scheduled to discuss the port deal on August 8 and there is a possibility of some clauses being revised as promised by the government, the fact of the matter is that China has controlling stake in the port which has been leased to it for 99 years. Despite the possibility of buying back the shares from China after 60 years, the question is whether Sri Lanka's economy would allow it to buy them back. The fear expressed by economists in Sri Lanka is that the country

private-public partnership (PPP) model. According to the revised agreement signed on July 29, 69.55 percent stake in the port has been given to China Merchants Port Holdings Company Ltd (CMPort) and 30.45 percent to the Sri Lanka Port Authority (SLPA). However, China has 85 percent controlling stakes in the Hambantota International Port Group (Pvt) Ltd (HIPG) and the Hambantota International Port Services Co (Pvt) Ltd (HIPS). These have raised question regarding control over the port.

And the deal has been criticised by the Mahinda Rajapaksa faction of the Sri Lanka Freedom Party (SLFP), popularly known as the 'Joint Opposition'. Rajapaksa supported the demonstration carried out by locals against the handing over of the 15,000 acres of land to China. Mahinda Rajapaksa, who is the main architect behind Chinese investments in Sri Lanka, in a statement, said that he will scrap the proposed Industrial Park that is built on land forcibly taken over by the government from the people. Keeping in mind the protest, the government

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operating costs, which has increased by 14 percent in 2016, giving rise to concerns over debt sustainability.

Though both the Colombo Port City Project and the Hambantota Port were renegotiated after the Sirisena-Wickramasinghe government came to power to address the concerns that were raised at home and also by India, there is fear that the burden of debt would cripple Sri Lanka's economy and would have foreign policy implications. The Mattala Rajapaksa International Airport (MRIA) which was built at a cost of USD 272 million, including a USD 247 million loan from China, has remained unused apart from being used to store grain by the government. Last year in June, MRJA called for expressions of interest from investors to undertake investments and commercial operations of the airport and received expression of interest from seven European companies. The airport has been declared a free trade zone and the government has adopted an open sky policy to increase its commercial viability.

The larger issue is that while the Rajapaksa regime built these infrastructures without assessing their economic viability, the country still has to pay the burgeoning Chinese debt. The Chinese were willing to invest money as it would provide them a foothold in Sri Lanka, which is strategically located in the Indian Ocean. They found a willing partner in Rajapaksa, who was more than willing to court China to keep India and US—the two countries that pressurised the government to politically resolve the Tamil conflict—at bay. Though the Sirisena-Wickramasinghe government tried their best to renegotiate some of the agreements concluded by the previous government, it was not left with any option other than to provide the Chinese a larger controlling stake in the port. China has returned to Sri Lanka, but this time with controlling stakes in major infrastructure built with huge amounts of commercial loans from China. As China expands its presence in the Indian Ocean and pilots the economy of the debt-torn country, it will have strategic implications for countries of the region that are increasing looking for no-strings-attached loans to develop infrastructure in their quest for economic growth.

Smruti S Pattanaik is a Research Fellow at the Institute for Defence Studies and Analyses (IDSA).

Signing ceremony of the Hambantota Port Concession Agreement



PHOTO: AFP

Sri Lanka's Minister of Ports & Shipping Mahinda Samarasinghe exchanges souvenirs with Executive Vice President of China Merchants Port Holdings Dr Hu Jianhua during the Hambantota International Port Concession Agreement at a signing ceremony in Colombo, Sri Lanka, July 29, 2017.

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Already the Sri Lankan economy is showing signs of distress. According to World Bank data, 80 percent of its budget is devoted to debt servicing. As a result GDP growth dipped to 3.5 percent last year and the USD 1.1b debt-equity swap would help its economy marginally. The framework agreement for Hambantota was signed on December 8, 2016 between the Ministries of Ports and Shipping, Ministry of Development Strategies and International Trade of Sri Lanka and China Merchants Holdings Ltd for the 'revitalisation' of the Hambantota Port based on a

has decided that only 1,115 hectares of the 1,574 hectare gazetted land will be leased out under the agreement. However, that has not pacified the political opponents who argue that the SLPA was in a position to pay back the debt. The government has dismissed this argument and have cited that since 2011 the SLPA has paid China LKR 47 billion for constructing the Hambantota port, which is equivalent to Rs 9.1 billion annually. And this is not sustainable as outstanding debt of the SLPA at the end of 2016 increased to LKR 237 billion. Interest costs account for almost 28 percent of their