PORT GOVERNANCE IN THE SPOTLIGHT

With Laldia terminal, the government has missed a transparency test

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The more things change, the more they stay the same, it is often said. With the new administration installed after the July uprising, it was expected that transparency and accountability would be the cornerstone of its actions. Alas, this wasn't the case, as demonstrated by the government's rushed signing of a 30-year concession agreement with Danish company APM Terminal to design, finance, build and operate the Laldia Container Terminal in Chattogram.

The breakneck pace at which the talks progressed, the timing of the deal-signing ceremony, and the scant details disclosed afterwards about the terms of the deal are eerily similar to the past government's lopsided 25-year power purchase agreement with India's Adani Power.

There is no denying that Chattogram port's modernisation is essential if Bangladesh is to level up its development, and building a state-of-the-art container terminal is part of the process. But the manner in which the deal was made left a cloud of suspicion—and sets a bad precedent.

The deal started as an unsolicited bid from Maersk Group, the parent company of APM Terminals, in 2023, which Sheikh Hasina, the then prime minister, approved. APM Terminals had accepted Bangladesh's formal offer for the project at the first joint platform meeting on this matter between Bangladesh and Denmark on January 3 last year. Then six months later, the Public-Private Partnership (PPP) Authority appointed the World Bank Group's International Finance Corporation as the transaction adviser for the project through the direct procurement method, as opposed to the best practice of an open tender process for such appointments.

Less than two months later, the Awami League regime was ousted in a public uprising and an interim government headed by Nobel Laureate Muhammad Yunus was put in place. The interim government went about rolling back the unsolicited, non-competitive agreements signed during the Awami League's term, as it attempted to ensure that the people of Bangladesh got the best deal for themselves.

Subsequently, many contracts that were given bypassing competitive bidding were not renewed, while renewable power contracts, a floating LNG terminal contract with Summit Group and the commission to operate the country's flagship crude oil import facility by its Chinese contractor were cancelled. To set an example of transparency and accountability, the government even floated a fresh tender for the operation and maintenance of the Tk 8,300 crore crude oil import facility off Maheshkhali called the Single-Point Mooring Terminal (SPM). China Petroleum Pipeline Engineering, which built the SPM, was supposed to run it under a special provision of the Energy Act, but was asked to go through the open tender process.

Given the interim government's apparent commitment to fairness, one would have expected that the port deals agreed upon by the past regime would also be opened up for further scrutiny. Curiously, they were not, and the government has been sprinting to seal the long-term deals before the expected end of its 18-month tenure in February next year.

The interim government has put on a shroud of secrecy in the case of the Laldia Container Terminal deal. PHOTO: RAJIB RAIHAN

This Laldia deal is one such unsolicited deal from the Awami League era that has been consummated by the interim government.

The global best practice recommends opening up unsolicited bids to a Swiss challenge, a method used to ensure transparency, competition and value for money in public projects. A Swiss challenge is a procurement process where an unsolicited bid is made for a project and the public authority then invites others to submit counter-bids. The original bidder is allowed to match the best counteroffer before the project is awarded to the new, competing bidder.

Unfortunately, the interim government opted not to go this route and went for the direct procurement method, which, however, is permitted by law.

Then comes the nature of the agreement, which would span 33 years with the option to extend for another 15 years upon meeting performance targets. Given the long term of the contracts—which is necessary to recover the substantial investment costs—high political commitment is of the essence. The reason is that political changes and powerful vested interests can constrain the process. So, it is best that the case for the PPP project is set out in a convincing and transparent manner from the outset. In this way, broader support for PPP can be earned enabling to withstand shorter-term political pressures.

Unfortunately, the interim government did not bring on board the political players in the process, as the statements by the BNP and Jamaat-e-Islami, the two major political parties at present, indicate. After all, it would be either of the two parties, in coalition with smaller parties, that are likely to form the next government, and the concession agreement with APM Terminals would kick in within days of their taking power. Leaving those players in the dark about the agreement's contents indicates bad faith tactics and a lack of accountability, something unexpected from the interim government.

Arising further scepticism is the speed at which the deal was signed: the Chittagong Port Authority (CPA) completed all processes in just two weeks, something that sounds surreal in Bangladesh.

APM Terminals submitted its technical and financial proposals on November 4, while the evaluation of the technical proposal was conducted on November 5. On November 6, the financial offer was assessed and negotiations began on the same day. Negotiations between CPA and APM Terminals were completed on November 7 and November 8, which was a weekend. On November 9, the CPA board approved the proposals and sent the summary to the shipping ministry. The following day, it was forwarded to the law ministry.

On November 12, the Cabinet Committee on Economic Affairs (CCEA) approved the final proposal. The chief adviser gave final approval on November 16, and on the same day, a Letter of Award (LoA) was issued to APM Terminals for the agreement. Usually, there is a two-week gap between the awarding of LoA and the signing of the contract. But the concession agreement for the Laldia Container Terminal was signed the following day, on November 17, when the nation was hooked on the verdict announcement of Hasina's crimes against humanity cases.

Then comes the matter of disclosure of the terms and conditions of the agreement signed. While such deals would typically come with non-disclosure clauses, governments around the world are increasingly making greater efforts to improve transparency and avoid challenges at a later stage.

Closer to home, India tries to be as forthcoming about its PPP deals as possible, while Latin American countries like Brazil, Chile and Peru are making robust proactive disclosure of contracts the standard. The UK has adopted a pro-disclosure policy, while Australia and Canada disclose significant information on their contracts and projects. In short, there is a clear trend towards proactive disclosure of information on PPP contracts and projects for transparency purposes, as these are public assets. If not full disclosure, many governments have implemented a practice of publishing contract summaries that present in plain language the complex provisions included in their PPP contracts.

But in the case of the Laldia deal, the interim government has put on a shroud of secrecy, resorting to the confidentiality clause of the PPP Act, 2015, passed by the Awami League government that was short on transparency. Besides, the argument that pre-contract confidentiality under Section 34 of the PPP act prevents disclosure is misleading. The section only covers pre-contract activities and clearly states that the provisions of the Right to Information Act 2009 shall prevail, which means the government was supposed to disclose details even at the pre-contract stage. Moreover, once a contract is executed, it becomes a public document and there is no legal bar to publishing it.

It could very well be that the contract safeguarded national interests and is an all-round top-notch deal, but letting the public in on the process would have been befitting of the landmark deal that it possibly is. As things stand, the interim government continued with the same ill-practice of the previous regime that was high on misgovernance, setting the template for the future elected governments.

Why we should prioritise Matarbari over Bay Terminal development

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Bangladesh's port congestion has long shaped the popular perception that our maritime gateways are straining under unmanageable pressure. Images of vessels lining up at the outer anchorage, overflowing container yards and choking access roads have fuelled a narrative that the country is running out of port capacity. This conclusion, though emotionally compelling, is strategically misleading. Congestion does not necessarily signal failure; rather, it often signifies growth. It reflects an economy whose trade demands are expanding faster than its legacy infrastructure—exactly the pattern observed in Vietnam, India, Malaysia, and even China during their busiest years of industrial acceleration.

In other words, Bangladesh is emerging as a more active node in global commerce, which gives rise to a far more consequential question: how do we interpret this growth pressure, and which strategic choices will determine whether Bangladesh becomes a competitive logistics hub or remains tethered to outdated systems?

The answer hinges on the sequencing of our port investments. Bangladesh today stands at a pivotal juncture in its maritime and economic landscape. Global supply chains are undergoing dramatic realignment as multinational firms diversify production networks and shipping lines restructure their routes in response to geopolitical, environmental, and economic pressures. In this shifting environment, the Bay of Bengal is gaining unprecedented prominence. Carriers are consolidating port calls, preferring fewer, deeper, and more efficient gateways rather than fragmented networks reliant on feeder vessels. For Bangladesh, which aspires to move beyond its historical dependence on transshipment via Colombo, Singapore, or Port Klang, the moment is both urgent and potentially transformative. But it also requires clarity of purpose and discipline in prioritisation.

At the centre of this strategic crossroads sits the Matarbari Deep Sea Port. It is our only true deep-sea facility capable of receiving mainline vessels directly. The difference between a deep-sea port and a feeder port is not merely a matter of draft depth or quay length; it reflects a fundamental shift in economic identity. A deep-sea port can attract the world's largest carriers, reduce freight costs, shorten transit times, stimulate foreign investment, and anchor Bangladesh more firmly in regional and global value chains. Unlike Chattogram Port, which has served the country well but remains constrained by draft limitations and tidal windows, Matarbari offers a path toward a different future, one in which Bangladesh is not merely an endpoint of feeder routes but a strategic node in global shipping networks.

Recent updates underscore this potential. Construction progress at Matarbari has accelerated, with significant advancements in channel dredging, breakwater structures, and berth readiness. These milestones bring Phase-1 closer to operational reality and strengthen the case for Matarbari as the country's next-generation maritime gateway. Complementing this momentum is a major development involving Japan's JICA, which has advanced its proposal for extensive upgrades to the Chattogram-Cox's Bazar-Matarbari highway corridor.

A port's strength is defined not only by what arrives at its berths but by how efficiently cargo moves inland. Without robust and reliable connectivity, even the most advanced port becomes a stranded asset. Matarbari's viability depends directly on its road and rail links to the country's industrial and commercial heartlands, particularly Dhaka.

Yet, it is precisely here that Bangladesh faces its most significant bottleneck. Road capacity along the Matarbari-Karnaphuli Tunnel corridor remains limited, rail integration will require substantial engineering work and time, and Dhaka-bound routes remain chronically saturated. These constraints do not diminish Matarbari's potential; they merely emphasise the necessity of completing the inland connectivity before expecting deep-sea benefits to materialise. That is why the sequencing of national port projects is a matter of strategic importance rather than administrative preference.

Accelerating the completion of the Bay Terminal prematurely could undermine the Matarbari Deep Sea Port. FILE PHOTO: RAJIB RAIHAN

In contrast to Matarbari's transformative potential, the Bay Terminal at Chattogram represents a different, though entirely valid, kind of project. It promises to expand the existing port's capacity, reduce dependence on lighterage operations, and improve operational efficiency. It is fundamentally an expansion of a legacy system—not the creation of a new strategic frontier. Over the past weeks, however, Bay Terminal has gained renewed political momentum, with discussions, meetings, and advocacy intensifying. While no one disputes the usefulness of Bay Terminal in the long run, accelerating it prematurely could undermine Matarbari at the very moment when Bangladesh needs to direct its full institutional, financial, and diplomatic energy toward the deep-sea gateway.

If Bay Terminal progresses too quickly, carriers could be drawn back into the traditional Chattogram ecosystem, cargo volumes could shift toward the familiar rather than the future, and investment attention could be diverted away from the inland infrastructure that Matarbari urgently requires. Bangladesh would risk reinforcing its dependence on feeder systems just as global shipping moves in the opposite direction.

This is why the argument is not about choosing between Matarbari and Bay Terminal. It is about sequencing—about recognising which project unlocks a new era of competitiveness and which project supports that transformation as a second step. Prioritising Matarbari does not diminish the importance of Bay Terminal; it simply ensures that Bangladesh does not dilute its deep-sea ambition at the most critical stage of its development.

An additional strategic layer further strengthens the case for Matarbari. Global shipping lines—including Mediterranean Shipping Company, Maersk, the French CMA CGM, and new cooperative ventures such as the Gemini Cooperation—are increasingly seeking integrated port-to-inland solutions rather than standalone terminals. They prefer ecosystems that combine deep-sea capabilities with predictable, multimodal inland logistics. Bangladesh is uniquely positioned to offer such a system by pairing Matarbari with the Pangaon Inland Container Terminal. Pangaon already provides direct access to Dhaka through river routes and is underutilised relative to its potential. By presenting Matarbari as the deep-sea gateway and Pangaon as the stable inland anchor, Bangladesh can offer carriers a seamless deep-sea-to-Dhaka corridor while longer-term road and rail upgrades are underway. This combination strengthens Bangladesh's ability to attract a major terminal operator or carrier partnership at a scale that could reshape the country's logistics landscape.

Meanwhile, congestion in the existing port system—though real—can be mitigated without rushing into large-scale infrastructure commitments that risk misalignment. Recent customs modernisation initiatives, including digital queueing, automated clearance processes, and improved container yard management, have already begun reducing inefficiencies. Upgrading off-dock inland container depot (ICD) capacity, streamlining inspections, and adopting predictive berth allocation systems can further improve flow without diverting national focus away from Matarbari. These reforms cost only a fraction of what new terminals require and provide immediate relief while the deep-sea strategy matures.

Bangladesh's maritime moment has arrived, shaped by global realignments that may not recur for decades. Seizing this moment requires disciplined prioritisation. The country must first invest where the return is highest: in building deep-sea capability, completing Matarbari's inland connectivity, and leveraging the Matarbari-Pangaon corridor to attract major international partners. Only after these foundations are laid should Bay Terminal move forward as a complementary and supportive expansion.

The future of Bangladesh's maritime advancement depends not on how quickly we build, but on how wisely we sequence what we build. Matarbari is the gateway to a new era in global trade. Pangaon is its inland anchor. Together, they offer Bangladesh an opportunity to move beyond its feeder-bound past and into a position of regional prominence. So, focus on the deep-sea future first, and build the rest in the right order.