

# CONSTRUCTION OF DEEP SEA PORT IN BANGLADESH- AN ILLUSION OR A REALITY <sup>1</sup>

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## INTRODUCTION

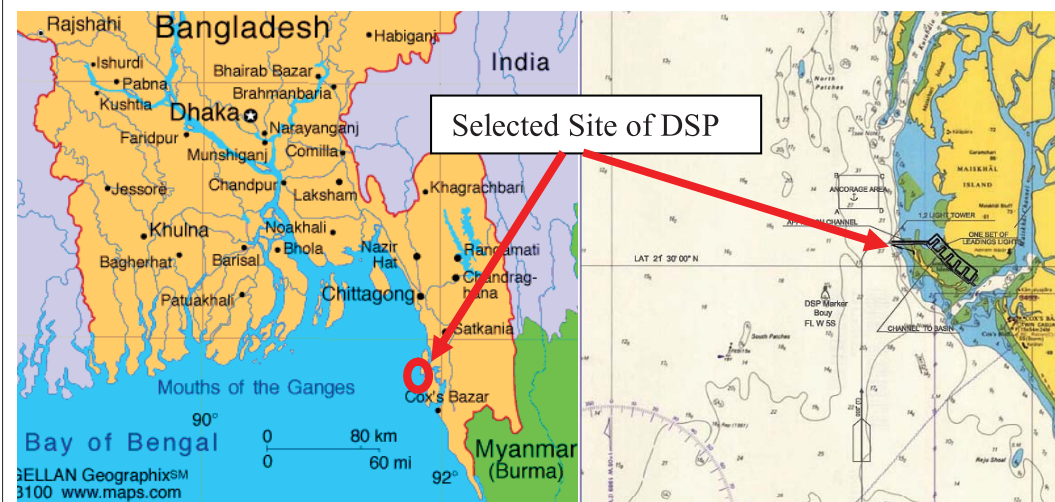
Being the prime seaport of the country, Chittagong is used as a feeder port as no vessel longer than 186 meters or draft with over 9.20 meters could enter the port due to restriction of the channel depth and length of berth<sup>2</sup>. With vessel access as the primary concern, even when berth space is available, vessels have to wait for a favourable draft before it is able to berth. The same is true for a departing vessel that has to wait for favourable draft before it can leave the port. In case of Mongla Port, the situation is far worse than Chittagong. To recover their cost of waiting, shipping companies charge higher rates and the cost to the economy of higher shipping rates is quite substantial<sup>3</sup>. So need for a port with deeper channel to accommodate deep draft vessel and reduce cost of transportation was felt long before. Besides, dependency on one port would be disastrous in case of any crisis. Moreover, considering the strategic location, Bangladesh has been dreaming for a hub port of the region having deep draft berths in a suitable location. Bangladesh's present export volume through seaports is about 45.6 million tons<sup>4</sup> and it is growing at a rate of 10 per cent every year<sup>5,6</sup>. In one hand trade volume would soon cross the capacity of Chittagong port and on the other; with the construction of a Deep Sea Port the export volume would increase several times more. Besides, neighbouring countries and specially land lock countries of the region like Nepal, Bhutan and Seven Sisters would also be interested to use the DSP for their export and import trading. All these opportunities and needs prompted Bangladesh to go for a DSP at Sonadia, Cox's Bazaar.

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1. Commodore Moqsumul Quader, *Port Management – A precondition to maritime Power- Bangladesh Context*, Individual Research Paper at NDC, 2007, p.28
  2. The Daily Star of 30 July 2010(Business Page) at <http://www.thedailystar.net/newDesign/news-details.php?nid=148649> accessed on 29 August 2012.
  3. Calculated from Official Web Sites of both Chittagong and Mongla Port (<http://cpa.gov.bd> and <http://www.mpa.gov.bd>) accessed on 29 August 2012.
  4. Opcit Commodore Quader p.28
  5. Calculated from CPA Web Site, accessed on 29 August 2012.
  6. Hossain, Mr Shakhawat, *Technical Body Prefers Sonadia as Site for Deep Sea Port*, p 1, 28 April 2007 <http://www.bangladesh-web.com> accessed on 29 August 2012.

## Location of the DSP

Location of proposed DSP is situated on the South East coast of Bangladesh in between Sonadia Island and Maheshkhali Island. It is approximately 90 km (48 Nautical Miles) South of Chittagong, 300 km from Dhaka and about 15 km North West of Cox's Bazar in position of Latitude  $21^{\circ}33'00''$  N and Longitude  $91^{\circ}51'00''$  E.

**Figure 1: Location of Proposed DSP**



Source: Primary and DSP Cell, Dhaka

## Port Features

The maximum permissible draft of the DSP will be 14 meter<sup>7</sup>. It is quite encouraging compared to 9.2 meter at Chittagong Port and 6 - 8 meter (for Anchorages)<sup>8</sup> of Mongla Port. A maximum length of 250 meter for general cargo (Bulk) vessel and 300 meter for container vessel will be permitted to enter the port. Where the maximum length of ship is permitted at Chittagong Port is 186 meter only<sup>9</sup>.

## Estimated Project Cost

The total project cost is estimated to be US\$ 2.229 billion for short term plan. Another US\$ 559 million will be required for road and rail link to the project. With present exchange rate (1 US \$ = 82 Taka) the cost would be BD Taka 18,277 Crores. Final phase by 2055 would cost a total of US\$ 5 billion (40,100 crores Taka)<sup>10</sup>.

7. DSP Cell, 145 New Baily Road, Dhaka

8. Opcit. Mongla Port official Web Site accessed on 29 August 2012.

9. Opcit. Year Book p. 26

10. Opcit. The daily Star of 28 September 2012 (Front Page).

### Chittagong DSP - Compared to other DSPs in the Region

Following tabulated figure shows the position of Sonadia DSP compared to other DSPs in the region. Comparatively Sonadia is the lowest in size (as shown in following figure) and highest in cost. If the project could be materialised at the time of other DSPs probably cost would be much lower.

<b>Table 1: Comparison of DSPs of the Region</b>				
Deep Sea Ports	Maximum Size of Vessel handling Capacity	Depth of Water	Operation Basis	Cost
Sonadia DSP, Bangladesh	50,000 DWT	14 meter	Not yet decided	2.229 Billion US \$
Hambantota, Sri Lanka	1,00,000 DWT	17 meter	By Sri Lanka Ports Authority	0.361 Billion US \$
Gwadar, Pakistan	2,00,000 DWT	14 meter	BOO	0.248 Billion US \$
Krishnapatnam, India	1,80,000 DWT <sup>1</sup>	18 meter	BOST	0.620 Billion US \$ (32.39 Billion Rupees)
Dhrama Port, India	1,80,000 DWT	17 meter	BOOST	1 Billion US \$ (5200 Crore Rupees)
Source: Respective Websites <sup>11</sup> and DSP Cell, at Dhaka				

### Progress of DSP Project

After the submission of site selection report in 2007, PCI has carried out further study on project appraisal and submitted their final report in July 2009<sup>12</sup>. The recommendation of the report was approved by a meeting of the cabinet committee on economic affairs. According to the recommendations, the

11. <http://ppp.cgg.gov.in/ProjectDesc.aspx?Recordkey=%2723%27>, <http://www.dhamraport.com/projectplan.asp>, <http://www.krishnapatnamport.com>, and [http://en.wikipedia.org/wiki/Gwadar\\_port](http://en.wikipedia.org/wiki/Gwadar_port), [http://www.slpa.lk/port\\_hambantota.asp?chk=4](http://www.slpa.lk/port_hambantota.asp?chk=4), <http://www.bbc.co.uk/news/world-south-asia-14418114> accessed on 27 August 2012.

12. Opcit. DSP Cell.

government has selected the Sonadia Island for the deep-sea port. The cabinet committee also recommended for PDPP (Preliminary Development Project Proposal) for finding suitable donor for the project. In the meantime GoB has formed a DSP Cell in August 2010 for quick execution of port-related decisions. Failing to make any headway, the project was again sent to the meeting of the cabinet committee for AIP (Approval in Principle) to implement the project under PPP on 11 September 2011.<sup>13</sup> According to the instruction of the committee the opinion of PPP office was sought in this regard. The PPP office opined that total cost of the project is 2.229 billion dollar of which only 766 million dollar can be financed by PPP<sup>14</sup>. Rest 1.463 billion would have to be financed from non PPP source like Chittagong Port and Government own funds. In addition rail, road and other infrastructure construction will require another 559 million dollar from non-PPP sources. As such a total of 2.022 billion (1.463billion +0.559 billion) dollar would be required from public sources. Having troubled with Padma Bridge funding, The cabinet committee on economic affairs has abandoned the idea of any PPP. Finally on 01 September 2012 the committee has given AIP for Government to Government (G2G) initiatives to implement the project. Meanwhile the cabinet committee has given AIP on draft Sonadia DSP Authority Act 2011 on 02 January 2012<sup>15,16</sup>.

It is felt that the government, however, is going slow on the DSP issue, as it finds itself in a quandary over whom to pick from three countries – China, India and the US -- showing interest in building the port. China was the first to make a formal offer to invest and a Chinese company had even opened an office in Bangladesh three years ago<sup>17</sup>. Acknowledging Bangladesh's dilemma, China offers to build the DSP in partnership with other countries. China might even give soft loans for the implementation of the project. The American embassy in Dhaka and visiting US envoys have talked to government policymakers on the issue more than 20 times<sup>18</sup>. Considering the geostrategic importance of the deep-sea port, India too has talked to government policymakers at least seven times, while China came up with open proposals more than five times<sup>19</sup>.

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13. Daily Inqilab 26 August 2012 and the daily Star 28 September 2012.

14. Ibid.

15. The Daily Sun of 12 August 2012 at <http://www.daily-sun.com> accessed on 12 September 2012.

16. The daily Samakal of 03 January 2012 at <http://www.samakal.com.bd> accessed on 12 September 2012.

17. The Daily Star, 28 September 2012 (Front Page)

18. Opcit. The daily Star 28 September 2012.

19. Ibid.

## **The Benefits, Strength and Weakness of Sonadia Deep Sea Port**

### **More Ports More Economic Potential**

Economy of Bangladesh is growing at about 6%<sup>20</sup> where as number of sea ports to support this growth did not increase. Since independence no new port could be constructed. Whereas one of the two ports, Mongla, is in the verge of decline. In India, number of major ports doubled within the same period<sup>21</sup>. Today India has 14 major ports including DSPs and 38 medium and minor ports along their coast line. Similarly Sri Lanka, Pakistan and Myanmar have been dynamically developing their sea ports for sustained economic boost. As per the DSP Cell Dhaka, length of coast per port (in km) of Myanmar is 280 km, Pakistan 200 km, Srilanka 148 km and India 110 km where Bangladesh is 360 km.

### **Lower Operating Cost from Higher Vessel Size**

With the construction of new facilities in existing ports the trade handling capacities would not increase much. Because, both existing ports are handicapped in their water depth of quay and approach channel. On the other hand, container ship sizes deployed on the main routes and some feeder service routes are becoming increasingly larger to accommodate the traffic growth of international seaborne containers, therewith profiting from “economies of scale”<sup>22</sup>. The following figure shows how vessel’s operating costs comes down with higher capacity of ships. It is estimated that with larger ships the freight charge of one container would come down by US\$ 52.5<sup>23</sup>. This freight reduction would be enjoyed by DSP, not by Chittagong and Mongla Port. Hence for economic reason, DSP with 14 meter depth is the solution to shallow depths (7 - 9 meters) lacuna of existing ports.

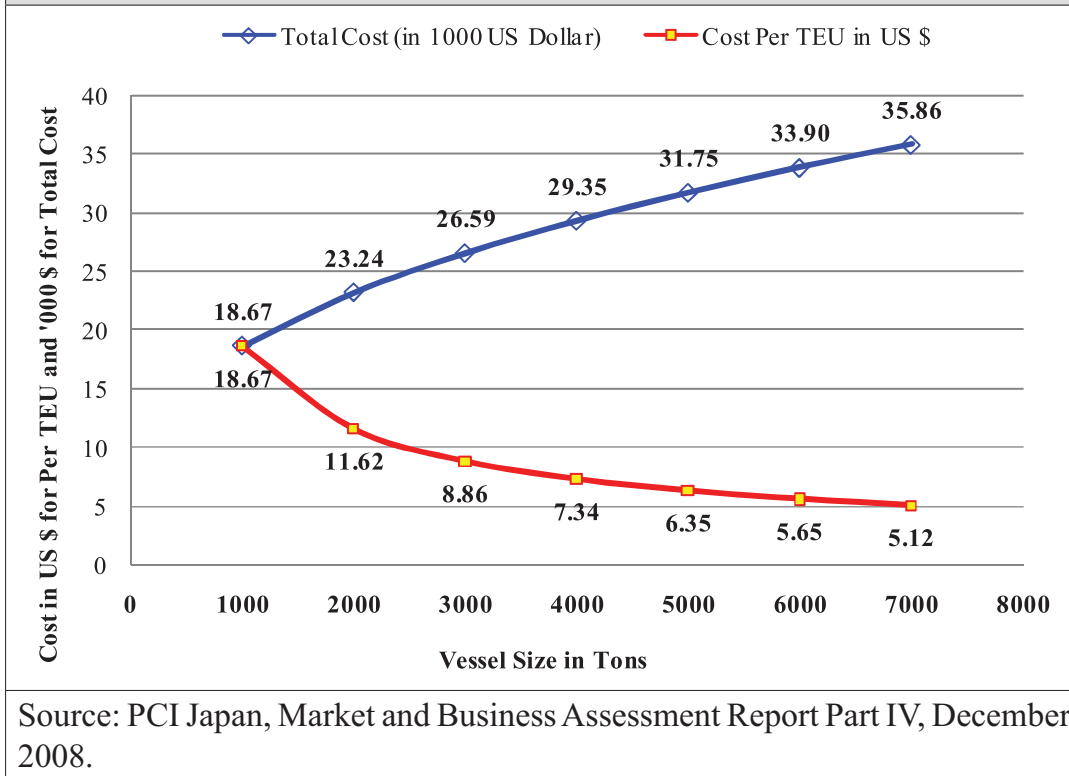
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20. [www.tradingeconomics.com/bangladesh/gdp-growth](http://www.tradingeconomics.com/bangladesh/gdp-growth) accessed on 29 August 2012.

21. Opcit. [www.indiacatalog.com](http://www.indiacatalog.com)

22. A significant trend in containerization is the increase in the size of vessels employed. Between 1992 and 2002, the size of the largest containership in service increased from 4,500 TEU to 8,400 TEU. New vessels, now on order, exceed 14,000 TEU (See Talley, Wayne K, Port Economics, Routledge, New York, 2009 pp.10 at [http://books.google.com.bd/books?id=awclWUpzVDoC&printsec=frontcover&dq=port+economics&source=bl&ots=soB9fry6Ks&sig=GUFQq8n21xr8yQeO8u--LuV3L0o&hl=en&sa=X&ei=IDAjUJzPJcTb4QTNg4DgDA&redir\\_esc=y#v=onepage&q=port%20economics&f=false](http://books.google.com.bd/books?id=awclWUpzVDoC&printsec=frontcover&dq=port+economics&source=bl&ots=soB9fry6Ks&sig=GUFQq8n21xr8yQeO8u--LuV3L0o&hl=en&sa=X&ei=IDAjUJzPJcTb4QTNg4DgDA&redir_esc=y#v=onepage&q=port%20economics&f=false) accessed on 09 August 2012)

23. PCI Report December 2008. Part IV, P. 2-21

**Figure 2: Vessel Size vs Vessel Operation Costs (Container Ship)**

### Saving in Vessel Waiting Time

As the berthing as well as handling facilities have not increased proportionately, congestion of vessels at Chittagong Port is natural<sup>24</sup>. Moreover, in the past Chittagong Port has earned bad reputation for being the most expensive and inefficient port. The main reason is abnormally long turn-around time of ships which costs the owners \$ 10,000-15,000 per day per ship<sup>25</sup>. Vessel waiting time was not a result of non-availability of berthing space, rather the draft which limited ship's to/from the port. Moderately large vessels coming for Chittagong Port remain at anchor near Moheskhal/Sonadia Island and smaller lighter vessels unload cargos taking long time<sup>26</sup>. Therefore increasing port capacity would not be feasible due to draft constraint. Figure 3 shows the vessel waiting time in the region

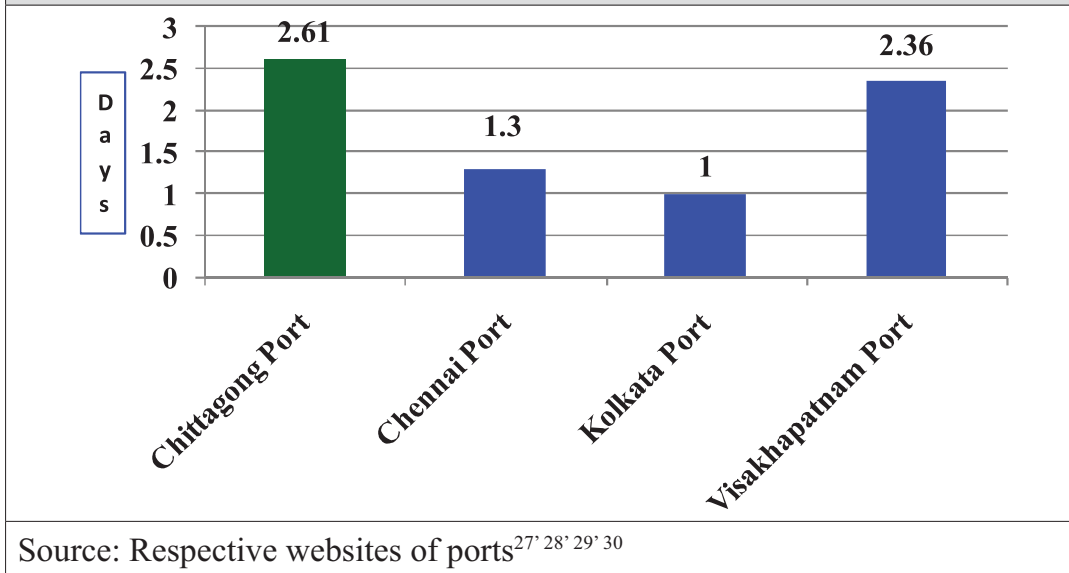
24. Joint Secretary Md. Ershad Hossain, *Chittagong Port : Bottlenecks Affecting Its Efficiency and Probable Solutions*, Individual Research Paper at NDC, 2007, p.15

25. Ibid. p.14

26. The Daily Star of 3 January 2012, Web Site, accessed on 20 October 2012.



**Figure 3: Comparison of Vessel Waiting Time in the Region**



Above figure shows that waiting time is the highest in our region. Therefore, the ship owners may divert their ships to other ports or impose surcharge per TEU to maximize their return. That is why ship owners imposed surcharge US\$130/container in 2006<sup>31,32</sup>.

### Savings from Vessel Service Time

The vessel Turnaround Time<sup>33</sup> of Chittagong Port is 6.9<sup>34</sup> days, which may be brought down to 1 day to attain international standard. By doing so, the operating cost of ship owners would further come down. Each day operating cost of 1000 TEU size container ship and 15000 tonnage cargo ships is over 10,000 US dollar (approximately)<sup>35</sup>. The total cost of clearing a container out of Chittagong port has been estimated to be US\$ 600 compared with US\$ 150 – 200 in neighbouring countries<sup>36</sup>. Since 2003-04 service time or turnaround time of Chittagong Port is rising the pressure on the ship owners is further intensifying.

27. Opcit. Chittagong Port Web Site accessed on 22 June 2012.

28. <http://www.chennaiport.gov.in> accessed on 22 June 2012

29. <http://www.kolkataporttrust.gov.in> Accessed on 22 June 2012.

30. <http://www.vizagport.com/Doc/PERFORMANCEPARAMETERS.pdf> Accessed on 22 June 2012.

31. PCI Japan, December 2008, Pp.2-17

32. <http://www.bdnews24.com/details.php?id=35778&cid=3> accessed on 29 August 2012.

33. Vessel Turnaround Time is the process needed for loading, discharging and servicing a vessel from berthing until vessel's departure.

34. Opcit. CPA Web Site accessed on 29 August 2012.

35. Opcit. PCI Japan December 2008, Part IV, Pp.2-16

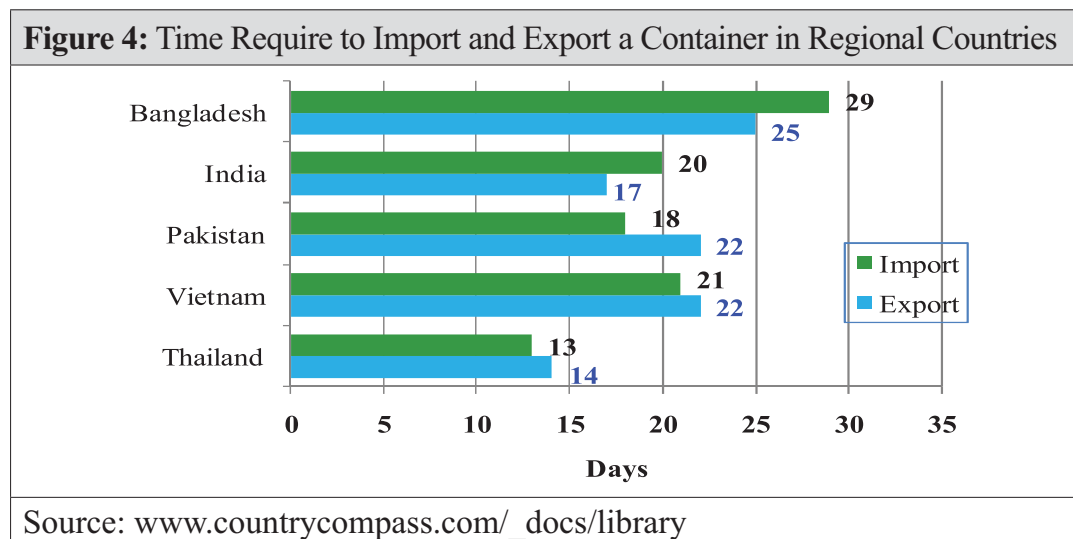
36. Opcit. Jobair p.28

This may shy away ship owners to divert their ships or impose further surcharge. Therefore, saving service time would be competitive edge for DSP to encourage ship owners to select DSP as their profitable destination in the region. PCI Japan has estimated that the service time savings of DSP would be equivalent to 19.1 million US Dollar by 2030<sup>37</sup>.

### Reducing Cost of Doing Business

Having number of natural and manmade limitation and constrains as mentioned above, shipping companies charge higher rates and the cost to the economy of higher shipping rates is quite substantial. Naturally the cost of doing business goes high which has spill over effect throughout the businesses and economic activities. In 2012, the cost of importing a container was 1370 US Dolar in Bangladesh wherer 1070 in China, 545 in India, 705 in Pakistan, 745 in Srilanka and 940 in Vietnam.

Doing Business estimates that the logistics time for Bangladesh to import and export are higher than regional countries as shown below. According to USAID a 5-day reduction in export processing time could increase Bangladesh's GDP anywhere from \$2.4 billion to \$3.8 billion annually<sup>38</sup>.



37. Opcit. PCI Japan, December 2008 Pp.2-19

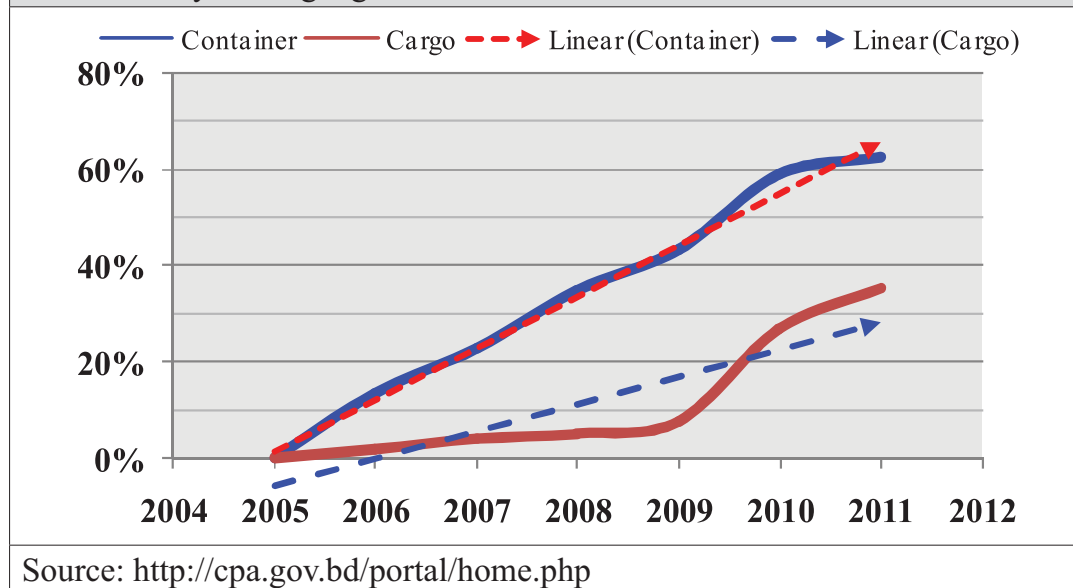
38. USAID, *Bangladesh Economic Growth Assessment*, June 2010, p. 15 at [http://www.countrycompass.com/\\_docs/library/Bangladesh%20Economic%20Growth%20Assessment.pdf](http://www.countrycompass.com/_docs/library/Bangladesh%20Economic%20Growth%20Assessment.pdf) accessed on 29 August 2012.



## Overcoming Saturation of Chittagong Ports

Presently Chittagong Port is utilising its (60 to 90)%<sup>39,40</sup> capacity with an annual growth of approximately 12%<sup>41</sup>. Following figure shows that the required cargo traffic through Chittagong Port will be double by next few years, whereas the capacity cannot be increased at that rate.

**Figure 5:** Cumulative Growth and Trend of Container and Cargo Handling by Chittagong Port



## An Alternative Port

The closure of Chittagong Port due to any unforeseen reason, either natural or war, will bring the country at the brink of economic collapse<sup>42</sup>. Thus, undisturbed flow of shipping in and out of our ports is vital to the survival of the country<sup>43</sup>. Since handling a negligible amount of cargo and having no rail connectivity, Mongla would not act as viable alternative in case Chittagong Port closes, whereas with more than 50% share DSP would be able to take cargo load of the country.

39. Opcit. Year book p.4

40. CPA Official (Member Operation, Harbour Master during Visit).

41. CPA Web site, accessed on 20 June 2012.

42. Opcit. Quader, Pp.10-11

43. Ibid p.11

## Supporting Growing Economy of Bangladesh

Being in the advantageous place of cross road of Asian giants, Bangladesh has been making great successes in maintaining an impressive growth rate over the past decade. Bangladesh economy has been recording moderately accelerated growth of 5.5% to 6.5% since 1996.<sup>44</sup> Bangladesh export earnings were US\$ 348 million<sup>45,46</sup> in 1972-73 and US\$ 22.93 billion<sup>47</sup> in fiscal year 20010-11 recording a growth of 6.5% over the last 40 years. During next 40 years similar growth would be attained. Already, GoB targets a minimum 7% GDP growth rate in the coming years to achieve accelerated poverty reduction<sup>48</sup>. Commensurating with this required GDP growth, export and import level has to be achieved by our ports. Therefore, it is obvious to have DSP to share additional load before it become impossible by hurdle prone existing ports under the threat of surpassing capacity.

## Huge Employment Opportunity and Poverty Reduction

Taking the burden of 150 million people with 5.1% unemployment rate, 40% under employment<sup>49</sup> and 31.5% percent below poverty line<sup>50</sup>, population is considered to be the main problem of Bangladesh. As per statistics the population of our country is doubled within last 43 years and it may reach 168.3 million by 2020<sup>51</sup> requiring a huge investment to create new jobs. Employment opportunity of proposed Sonadia DSP compared to other port is encouraging. Besides, the port will also create thousands of indirect jobs in port related business like EPZs, SEZs, shipbuilding and repair facilities etc. For instance, the Hambantota DSP of Sri Lanka will create 10,000 direct and over 60,000 indirect new job opportunities.<sup>52</sup>

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44. Rahman M Abdur, *Bangladesh Economy and Trades: An Overview*, Export Promotion Bureau.2011.

45. <http://news.google.com/newspapers?nid=1309&dat=19890326&id=d6RUAAAIAIAJ&sjid=YZADAAIAIAJ&pg=7050,2654823> accessed on 29 August 2012.

46. Dr Mohammad Farashuddin, Founder Vice Chancelor of East West University, June 2012, Lecture at NDC.

47. <http://www.thedailystar.net/newDesign/news-details.php?nid=215525> accessed on 04 May 2012.

48. Brigadier General Anisur Rahman, *Emerging Challenges; Need for Enhancing Capacity of Chittagong Port*, Individual Research Paper, NDC, 2011 p. 26

49. [http://www.indexmundi.com/bangladesh/unemployment\\_rate.html](http://www.indexmundi.com/bangladesh/unemployment_rate.html) accessed on 20 June 2012

50. <http://data.worldbank.org/country/bangladesh> dated 19 October 2012.

51. Dayal Talukder and Love Chile, *Estimation of Population and Food Grain Production in Bangladesh by 2020: A Simple Moving Average Approach to a Time Series Analysis*, Bangladesh e-Journal of Sociology. Volume 8, Number, July 2011 p. 13 at <http://www.bangladeshsociology.org> accessed on 19 October 2012.

52. <http://www.prnewswire.com/news-releases/new-port-opening-promises-economic-boost-for-sri-lanka-108954969.html> accessed on 14 Sep 2012.

### Economic Boost through Cascade Effect<sup>53</sup> of DSP

Most of the manufacturing and processing industries establish their installations at or near waterway sites to take advantage of low-cost inbound supplies and outbound delivery of finished products<sup>54</sup>. With the increasing draft, size and 24 hours operation it would surely attract investor to invest in EPZs or Free zones near the proposed DSP. Moheshkhali, being isolated from the mainland has the potential to develop EPZs and IZs in large areas. Sri Lanka has built Hambantota DSP to boost economic activities and creating employment opportunities in the southern part of the Sri Lanka. Upcoming industries at or near Hambantota and Krishnapatnam DSP are shown below:

<b>Table 2: Upcoming Associated Industries around Regional DSPs</b>		
<b>Hambantota Port (Sri Lanka)</b>	<b>Krishnapatnam Port (India)</b>	<b>Dharma Port (India)</b>
<ul style="list-style-type: none"> <li>✓ Cement Grinding Plant</li> <li>✓ Cement Storage and Bagging Plant</li> <li>✓ Fertilizer Storage/ Processing Bagging</li> <li>✓ LP Gas Distribution Facility</li> <li>✓ Ware Housing Complex</li> <li>✓ Vehicle Assembling Plant</li> <li>✓ Flour Mill</li> <li>✓ Food Processing &amp; Packaging</li> <li>✓ Other Business Related to Import and Export Sector</li> </ul>	<ul style="list-style-type: none"> <li>✓ South India Edible Oils</li> <li>✓ Emami Foods</li> <li>✓ Adani Wilmar</li> <li>✓ Saraiwaala Agri Refineries</li> <li>✓ Gemini Oils</li> <li>✓ Foods, Fats &amp; Fertilisers</li> </ul>	<ul style="list-style-type: none"> <li>✓ Manufacturing Hub</li> <li>✓ Shipbuilding Yard</li> <li>✓ Petro-chemical Industries</li> <li>✓ Gas-based Industries</li> <li>✓ Steel Plant<sup>2</sup></li> </ul>
Source: <a href="http://www.slpa.lk/port">http://www.slpa.lk/port</a> , <a href="http://www.krishnapatnam.com/pipeline">http://www.krishnapatnam.com/pipeline</a> , <a href="http://en.wikipedia.org/wiki">http://en.wikipedia.org/wiki</a>		

53. A Cascade Effect is an unforeseen chain of events due to an act affecting a system.

54. Opcit. Bazlur Rahman, p.6

## **24 Hours, 365 Days All Weather Service for Large and Deep Draft Vessel**

Vary name of Deep Sea Port, implies that it can berth deep draft vessel and Sonadia DSP has proposed for up to 14 meter draft and 50,000 DWT ships<sup>55</sup>. Draft of Kolkata Port is only 7.2 meter which offers port services to Nepal<sup>56</sup>. As depth is not a problem to call Sonadia DSP, the vessel can approach to the port at any time of the day or night, any day of the whole year. Thus it will have competitive edge over our neighbouring port Kolkata.

## **Cheap and Inbuilt Inland Water Ways**

Being riverine country, inland water ways connects almost all the major cities of Bangladesh through 22 inland river ports and few hundred landing stations (*Ghuts*)<sup>57</sup>. An inland container depot at Pangaon, Narayangong is already built to accommodate containers and cargo from Inland Water Transport. Waterway being the cheapest means of transportation, DSP would be functional without road and rail connection. Moreover, there is no additional cost involve in utilizing inland waterways (IW) directly from DSP.

## **Lack of Road Rail Connectivity to Hinterland**

Lack of integrated transport network for hinterland linkage and door to door delivery of containers acts as a bottleneck in attaining expected level of efficiency of Chittagong port. The situation would be much worse for DSP as the Sonadia site is not connected to hinterland by rail and road. As per DSP plan about 62%<sup>58</sup> cargo would be carried by rail and road - construction of which would be time consuming. Use of inland waterways would ease the problem initially. Deep sea ports at Hambantota in Sri Lanka, Kyaukphyu in Myanmar and Krishnapatnam in India had to build rail, road and airport to connect hinterland.

## **Away from International Shipping Lanes (ISL)**

Considering the geographical location of Bangladesh, it is unlikely that mother vessels on Asia-Europe service routes with very tight schedules will call the new DSP. However, with increasing volume it expected that large container carriers would call Sonadia DSP<sup>59</sup>. Having similar positional disadvantage of Sonadia, the new DSP of Krishnapatnam of Andhra Pradesh at Bay of Bengal started its operation successfully since 2008 without possibilities of transit cargos. But the major part of their trade volume would be borne by local industries and businesses.

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55. Opcit. DSP Cell.

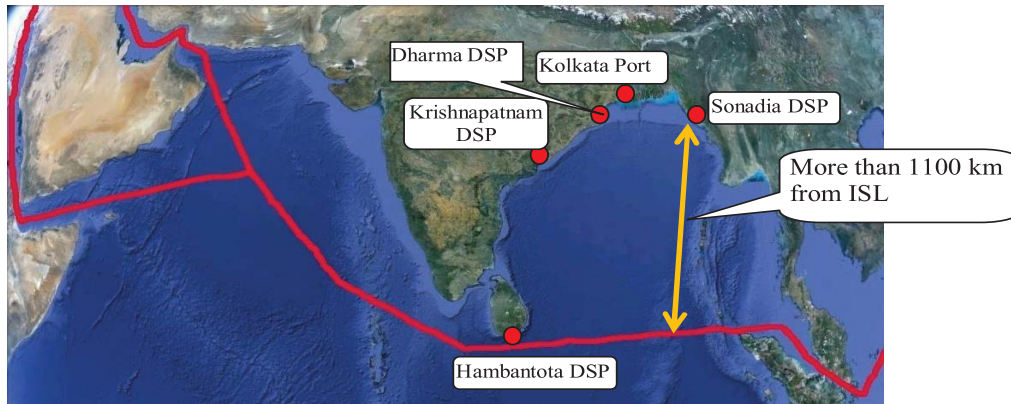
56. <http://www.kolkataporttrust.gov.in/draftindex.html> accessed on 20 June 2012.

57. <http://www.biwta.gov.bd> accessed 29 August 2012

58. Opcit. PCI Japan, December 2008, p.13

59. PCI Japan Report January 2007, p.3-1

**Figure 6:** Distance of Proposed DSP from International Shipping Lanes (ISL)



Source: DSP cell at Dhaka

### **Piracy Prone Image of Chittagong Port**

As per the International Maritime Bureau reporting Chittagong is categorized as one of the piracy prone destination of the world. Many of the port users opined that although this port cannot be called as an unsafe port but the available safety margins do not generate much confidence among the users. Specially, some petty matters like pilotage factors, stealing of mooring ropes, not repairing the buoy lights, not maintaining the jetties and the mooring buoys etc always keep the users apprehensive<sup>60</sup>.

### **RECOMMENDATIONS**

Considering all the above viewpoints followings recommendations are made for successful and early implementation of DSP project at Sonadia:

- a. To start the construction of DSP without delay. China, India and US is to be taken onboard at a suitable partnership. As national urgency, Prime Minister Office should involve in expediting the implementation and interfering any missing train syndrome.
- b. Having troubled with Padma Bridge fund, foreign assistance under Government to Government (G2G) deal may be aggressively pursued. GoB and Chittagong Port should also provide a share of fund in G2G deal. For investment in superstructure or PPP portion of the fund, assistance should also be sought from World Bank, IMF or ADB. Even a portion may be raised by floating share.

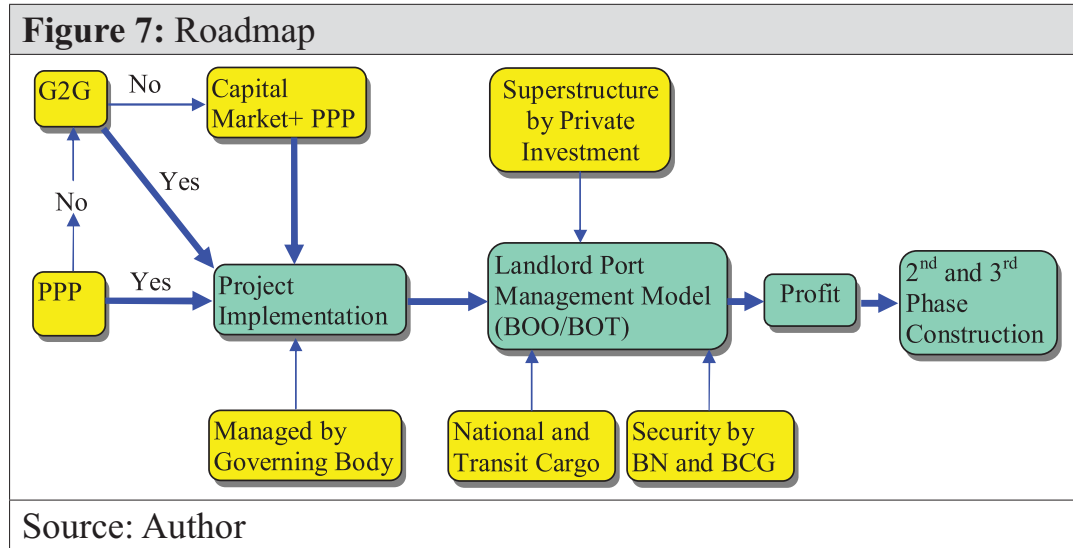
60. Opcit. Bazlur Rahman, p.11

- c. For PPP portion of the fund (766 Million US Dollar), appropriate modalities for PPP under Land Lord Port Management Model taking the assistance of interested port operators (National or Foreign) should be planned early. For early implementation of the project and to ensure efficient and effective functioning of the port later, port operators may be offered to invest with suitable operational basis (BOO, BOT, BOOST etc) having tax holiday and flexible terms and conditions. Instances of other regional port may be taken into consideration.
- d. If, necessary fund could not be raised in time, then construction of the port may even be started without road and rail link to the project, so that US\$ 559 million for road and rail could be raised later. Until such time transportation of cargo can be done utilising waterways.
- e. To overcome the piracy prone image of Chittagong Port, Bangladesh Navy and Bangladesh Coast Guard will have to intensify anti-piracy and robbery operation in pursuit of recovering image for new DSP including ensuring security of the port. Plan for BN and BCG installations and bases should be incorporated into overall perspective plan.
- f. Training of required personnel for manning specialised posts of DSP should commence early at home and abroad for capacity building.
- g. Taking the bitter lessons of Chittagong and Mongla, GoB should take all necessary steps to keep the DSP and its administration including its labour force free from any political polarisation, so that the vary image and tradition of the port remain professional and uplifted from the beginning.
- h. Construction of basin and terminal of DSP should take care of such effects of climate change like sea level raise, taking the lessons from other ports in the region.
- j. Constructive diplomatic engagement should be adhered to sign agreements/protocols amongst Bangladesh, North Eastern States, Nepal, Bhutan, Myanmar and China with win win terms and conditions for free flow of goods to and from DSP.



## Road Map for Recommendations

A high level governing body consisting of all concern technical experts and bureaucrats may be formed under Ministry of Shipping to carry out further study on implementation challenges of recommendations and implement the entire project as per following Roadmap:



## CONCLUSION

Chittagong being the prime seaport of the country, it suffers from lot of disadvantages like capacity of lesser length and draft of vessel, vessels waiting time for favourable draft before entering and a narrow band in the channel. All these make entering into the port a risky venture for multimillion dollar ships loaded with huge cargo. After all it is one of the congested ports with very high turnaround time. By 2020 it is going to surpass its capacity. In case of Mongla Port the situation is far worse than Chittagong. To recover the cost of waiting, shipping companies charge higher rates and the cost to the economy of higher shipping rates is quite substantial. Additionally, because of the smaller vessels transits in both the ports the import-export cost goes very high which increases the cost of doing business in Bangladesh. So need of a port with deeper channel to accommodate large/mother vessels was felt long before. Besides, dependency on one port would be disastrous in case of any crisis. On the other hand, construction of DSP would bring booming economic activities creating huge employment opportunities through EPZs, IZs etc. Even it would boost the country's GDP growth by 2 percent. Moreover, considering the strategic location, Bangladesh has been dreaming for a hub port of the region having deep draft births in a suitable location. In one hand trade volume would soon cross the capacity of



Chittagong Port and on the other; with the construction of a DSP the export volume would increase several times more. Besides, land locked neighbouring states like Nepal, Bhutan and Seven Sisters would also be interested to use the port. Due to various reasons the well deserved port yet to see any headway, but in the mean time neighbouring countries are building port infrastructure in Myanmar. Myanmar port, if used by India and China profitably then prospect of DSP as regional hub will soon be eroded. However, the importance of DSP for Bangladesh remains as vital. Conflicting interest of powerful countries should not make such a vital project hostage and sick of missing train syndrome. Therefore we should be bold and decisive in decision making. Implementation of a road map will definitely change our long waited dream of a DSP into reality.

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