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Hinterland Analysis & Strategies of Kobe-Osaka Port

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JAPAN



Session II : Hinterland Connectivity and Multimodal Logistics

Enabling Trade. Energizing The World

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The findings, interpretations and conclusions expressed in this presentation material are those of the speaker and do not necessarily represent the views of Kobe-Osaka International Port Corporation.

Japan's 5 Major Container Ports

International container throughput in 2015

Tokyo 4.2 million TEUs

Yokohama 2.5

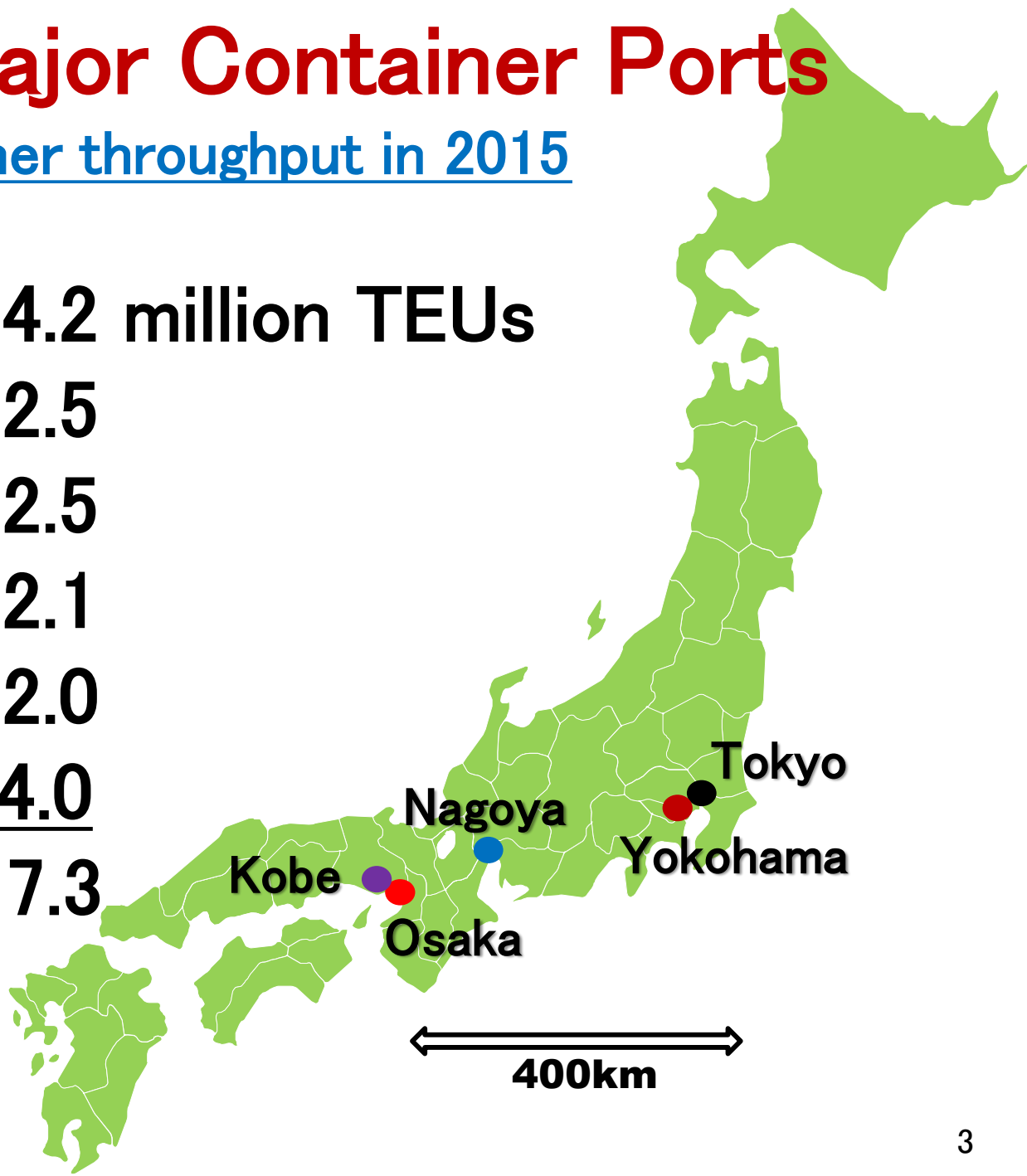
Nagoya 2.5

Kobe 2.1

Osaka 2.0

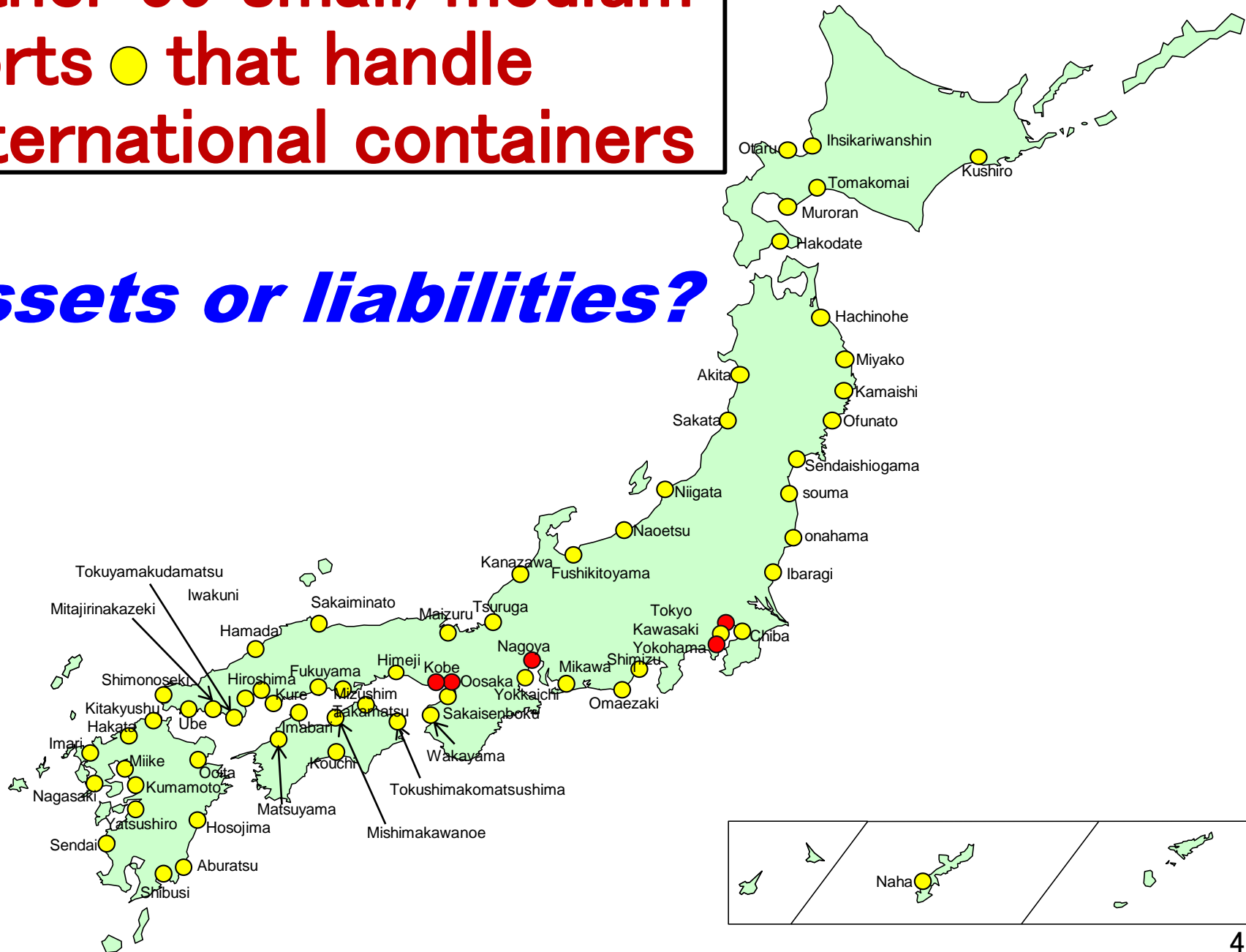
Other 59 ports 4.0

TOTAL 17.3



Other 59 small/medium ports ● that handle international containers

Assets or liabilities?



New Policy of the Central Government

■ **Policy objective:** Maintain and increase the number of container ship calls for mainstay shipping routes at Japan's main ports.

Key measures:

- ① Cargo attraction at the major container ports.
- ② Formation of a logistics hub at the major ports.
- ③ Reinforcement of the international competitiveness of the ports.

New Policy of the Central Government

- Designation of the following Port Management Companies as a government-sanctioned enterprise

Kobe–Osaka & Yokohama–Kawasaki

Preferential Treatment

- ① Leasing of government-owned container wharves to the companies
- ② Interest-free loan up to 80% of terminal construction and equipment costs
- ③ Tax breaks for asset and property taxes

New Policy of the Central Government

- Integration of Port Management Companies.
 - Osaka & Kobe: Integrated in October 2014
 - Yokohama & Kawasaki: Integrated in January 2015
- Capital injection from the central government into the integrated companies.
- Enhanced role of the central government in the strategy of attracting container cargo.
- CEOs of the Port Management Companies should be recruited from the business sector.
 - CEO of Kobe & Osaka: Former Nomura Securities executive
 - CEO of Yokohama & Kawasaki: Former NYK executive

Kobe–Osaka International Port Corporation

- **Kobe Port Corporation** and **Osaka Port Corporation** were founded in 1981 as a public enterprise by Kobe and Osaka Municipal Government, respectively.
- Both corporations were corporatized in 2011 with 100% shares held by Kobe and Osaka City, respectively.
- Integrated as **Kobe–Osaka International Port Corporation** in October 2014.
- The central government injected capital into the company, becoming **the largest shareholder**.
- Current CEO: Ex–director of Nomura Securities
- Constructs, improves, maintains, and leases container terminals and related facilities.
- Manages 21 container berths handling 4.1 million TEUs.

Location of Kobe & Osaka in the Osaka Bay



Port of Kobe

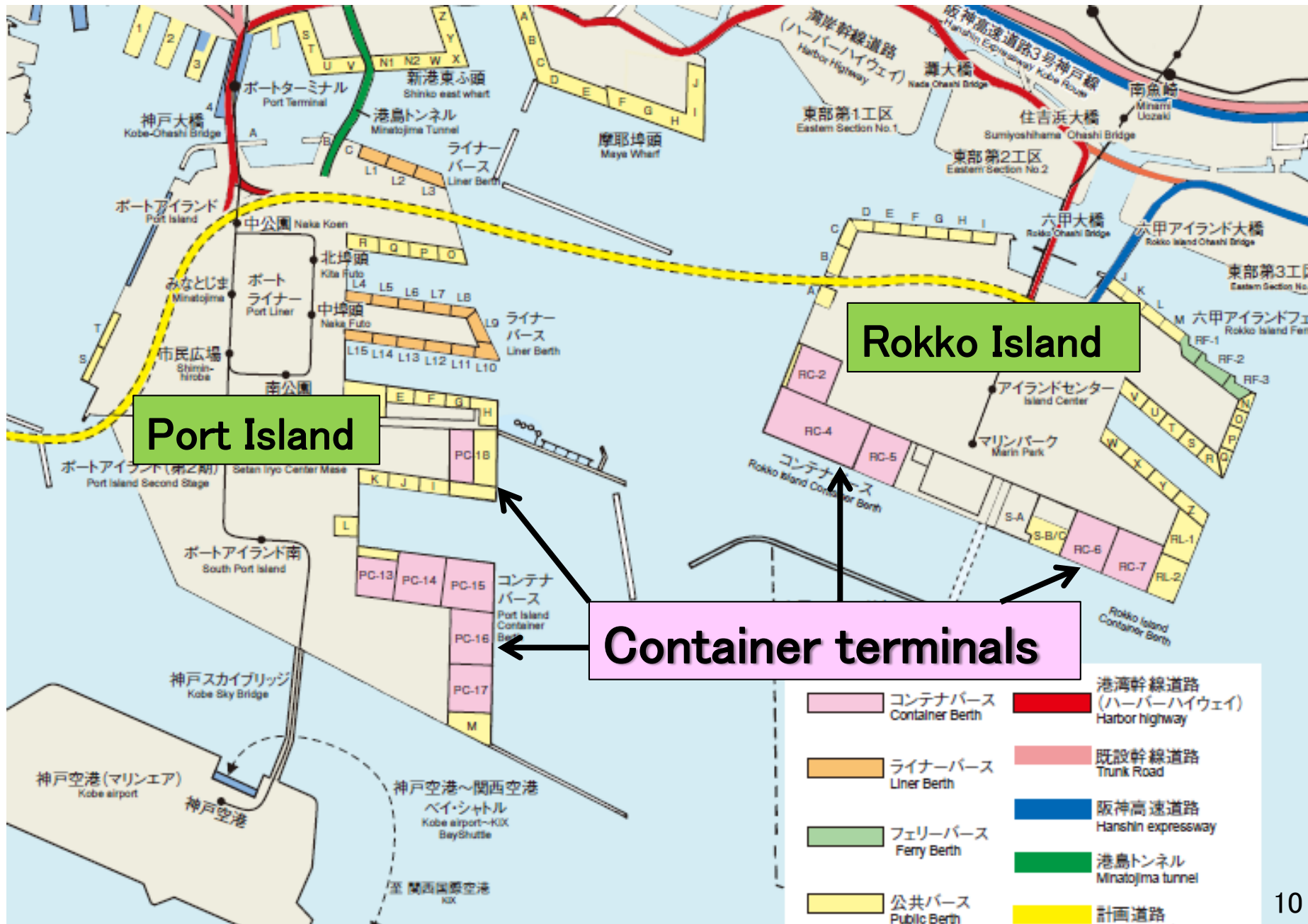
Port of Osaka

10km

Kobe Airport

Kansai International Airport

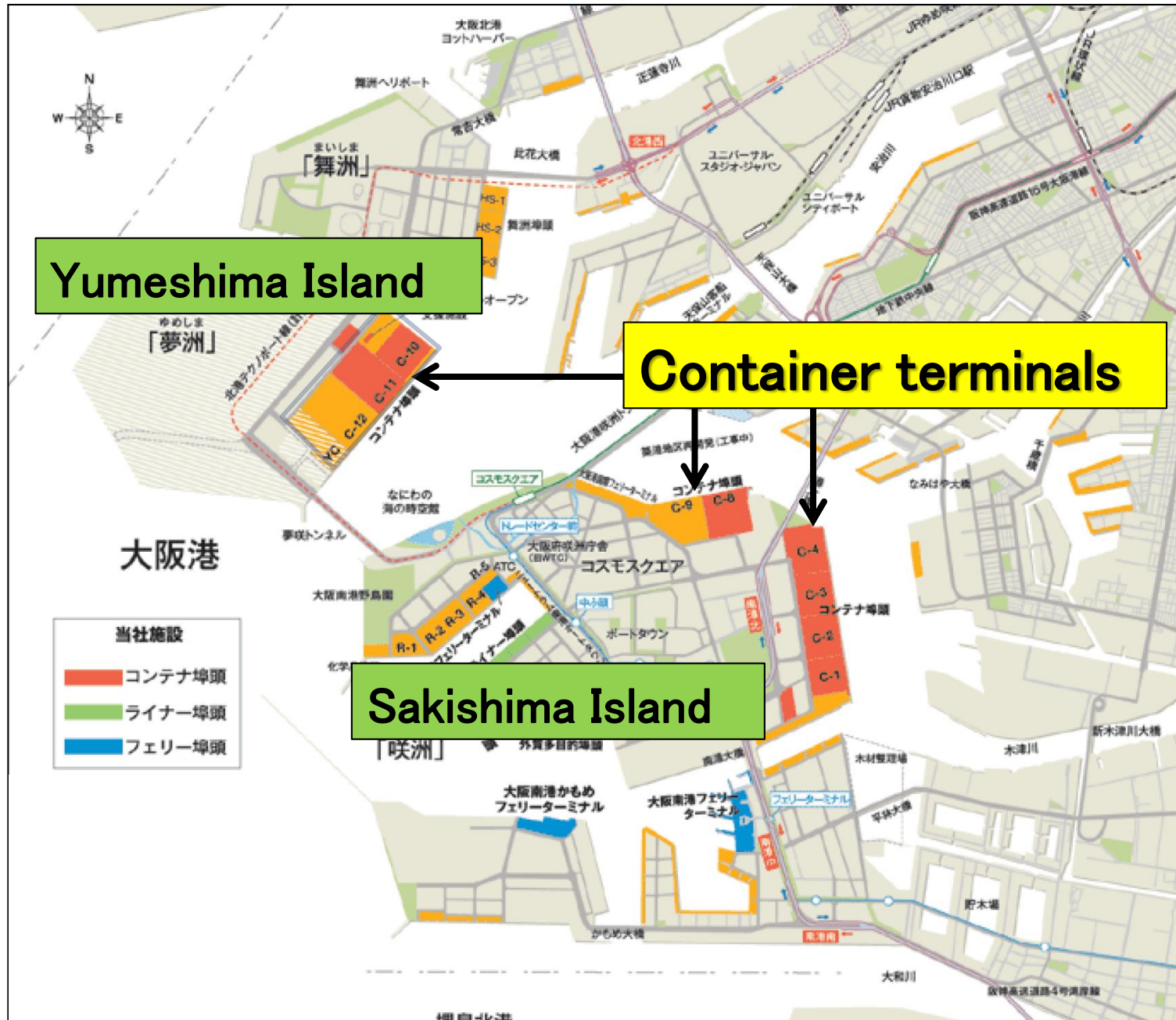
Port of Kobe



Port of Kobe (Port Island)



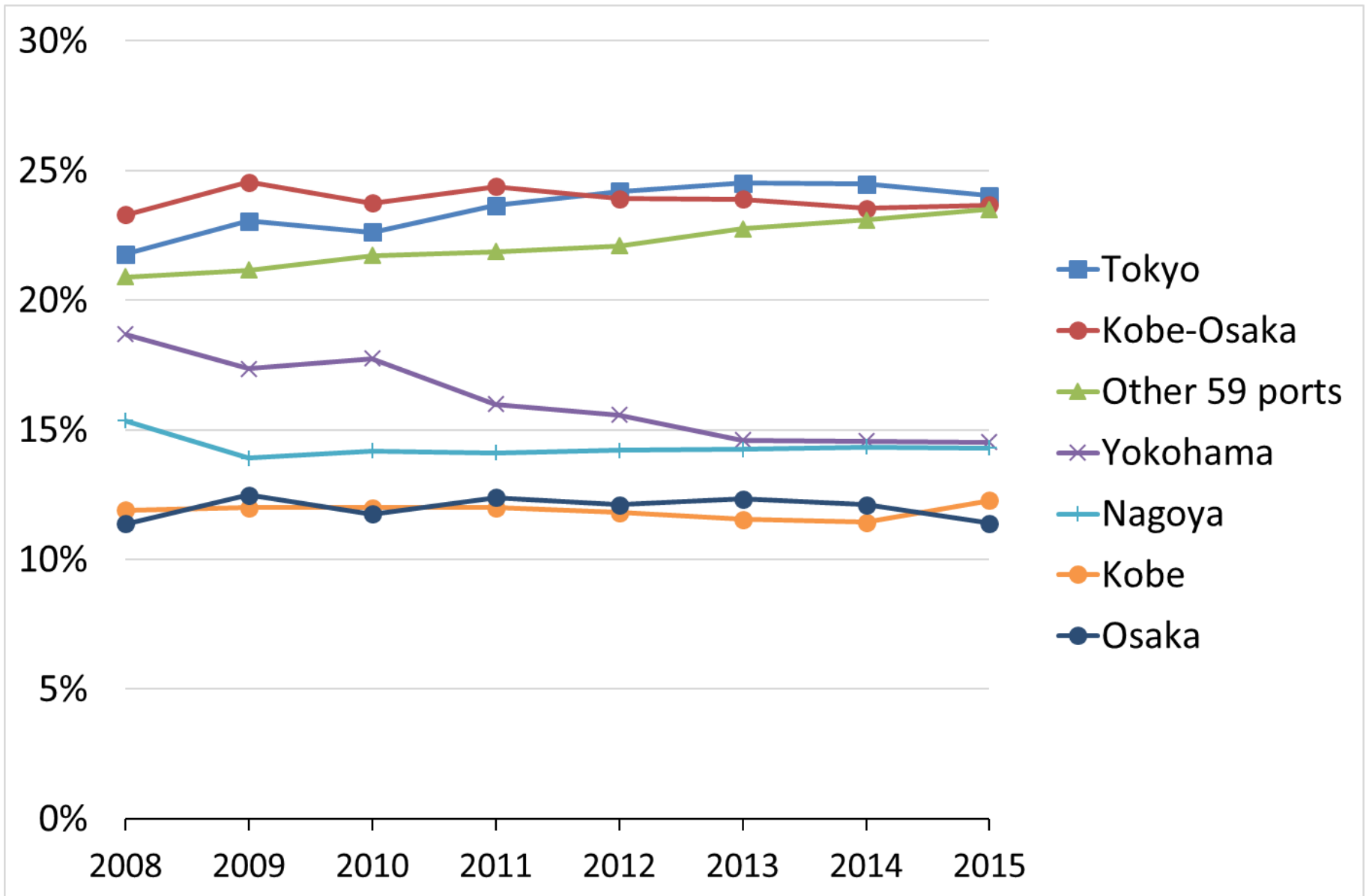
Port of Osaka



Port of Osaka

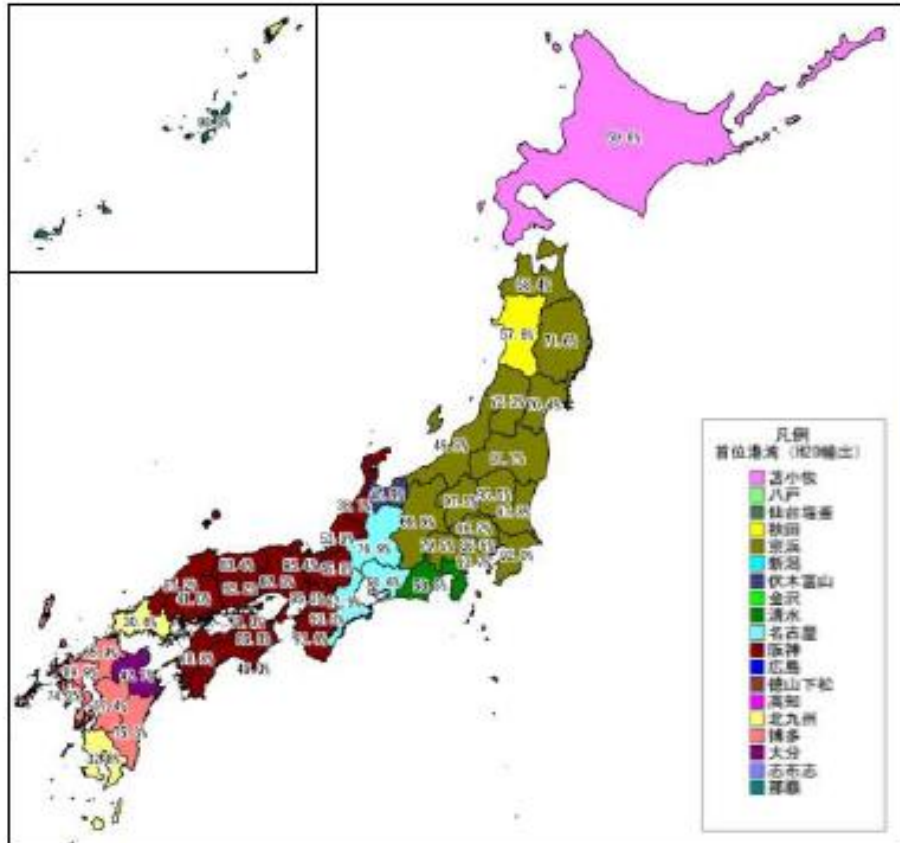


Percentage share of major container ports in terms of international containers handled

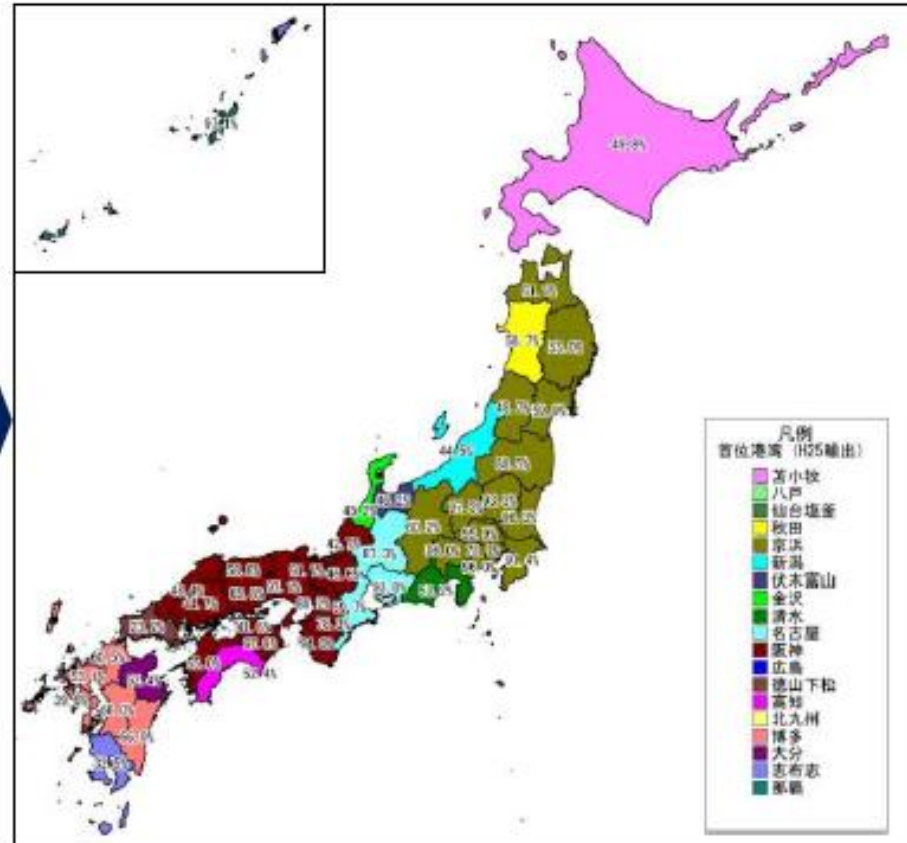


Hinterland analysis of Kobe–Osaka Port for export container cargo

Year 2008



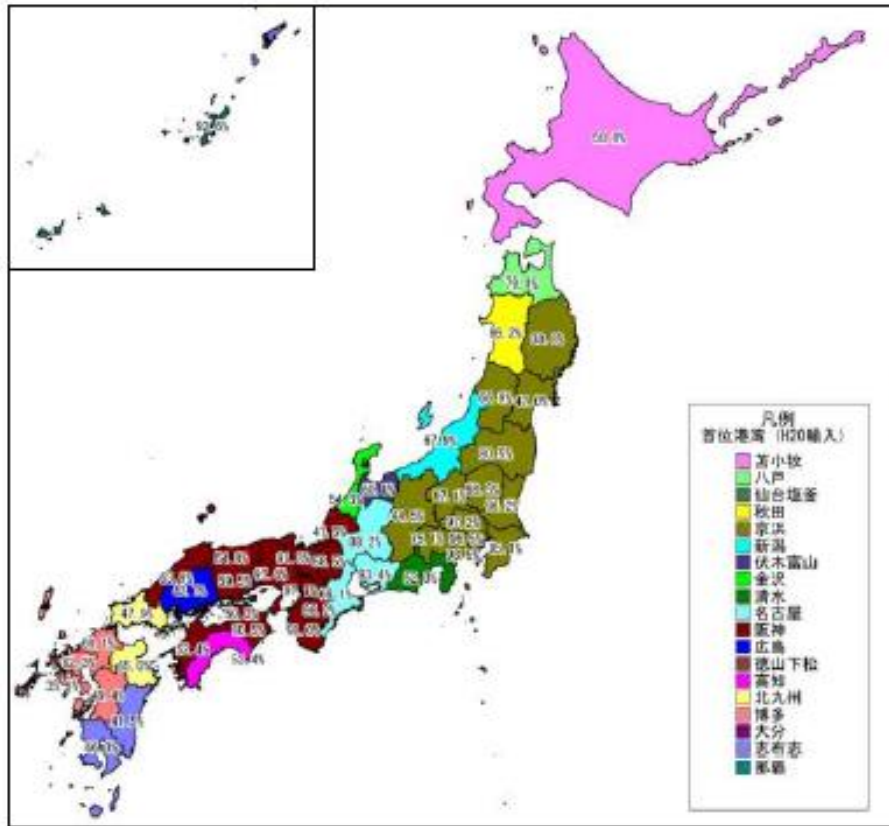
Year 2013



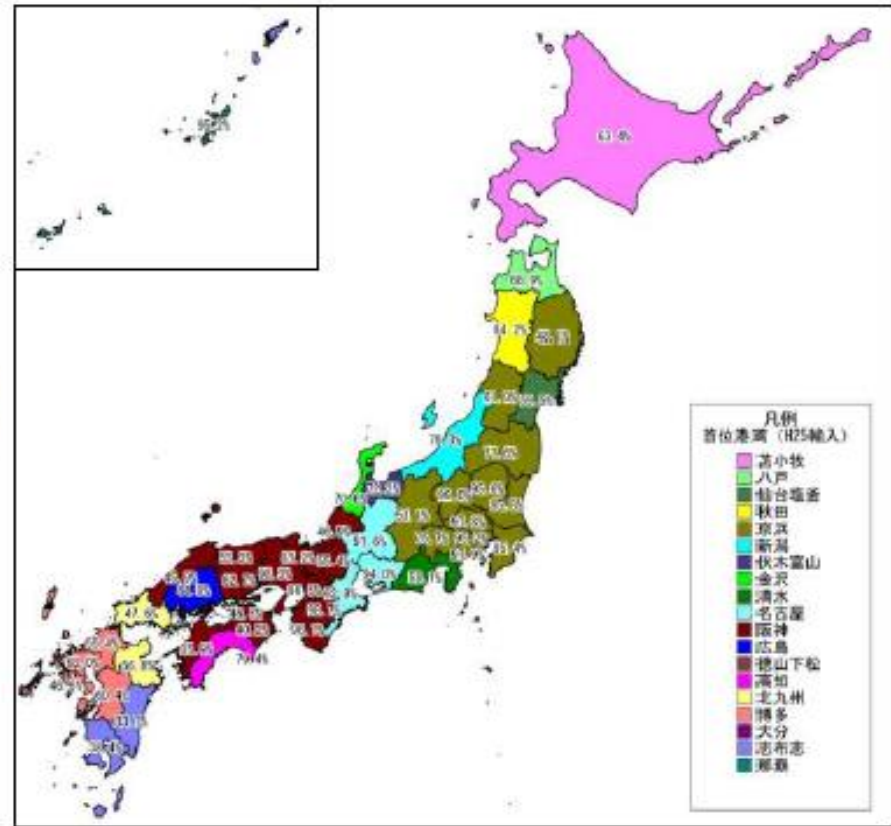
Prefectures where Kobe–Osaka Port has the biggest share

Hinterland analysis of Kobe–Osaka Port for import container cargo

Year 2008



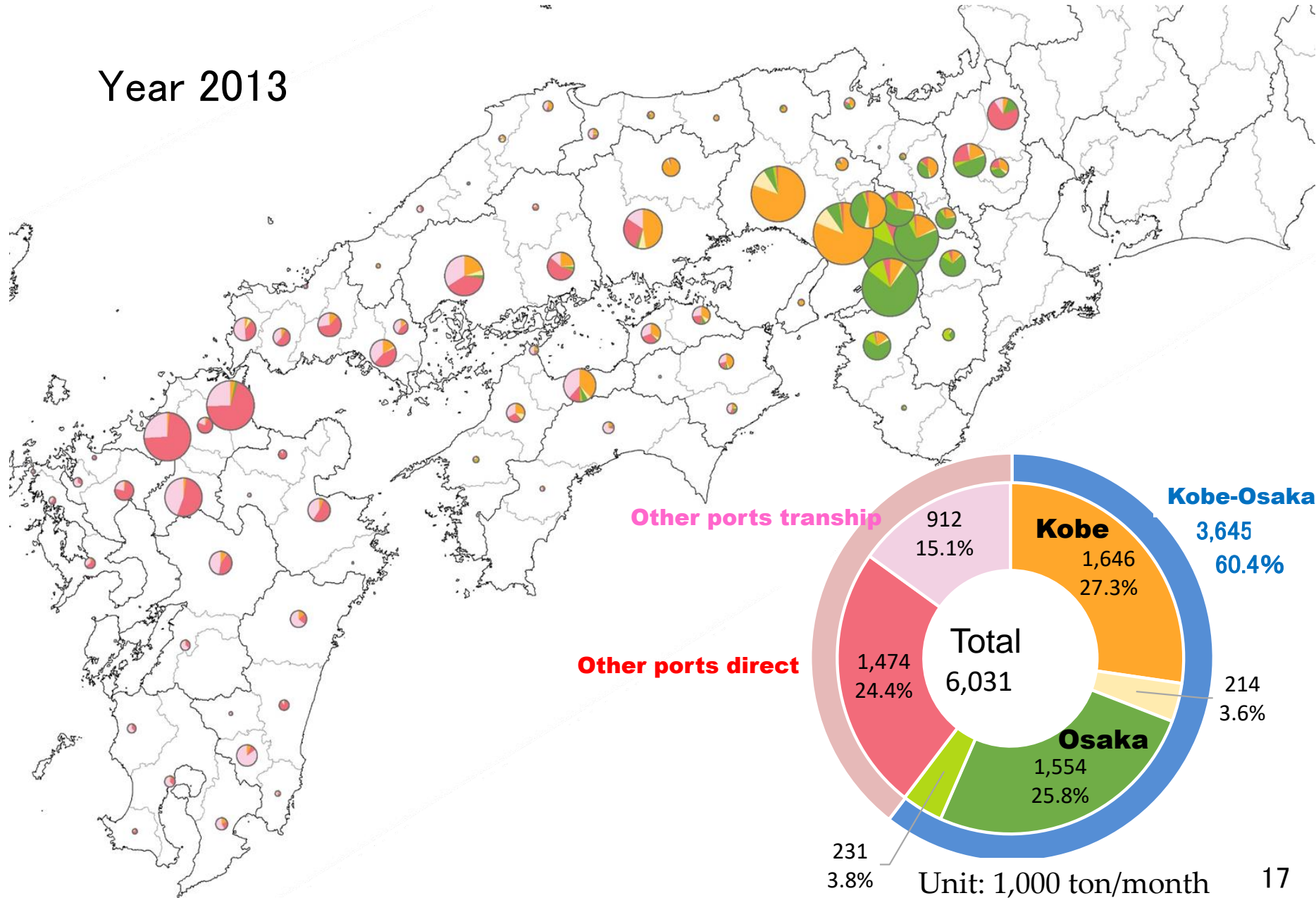
Year 2013



Prefectures where Kobe-Osaka Port has the biggest share

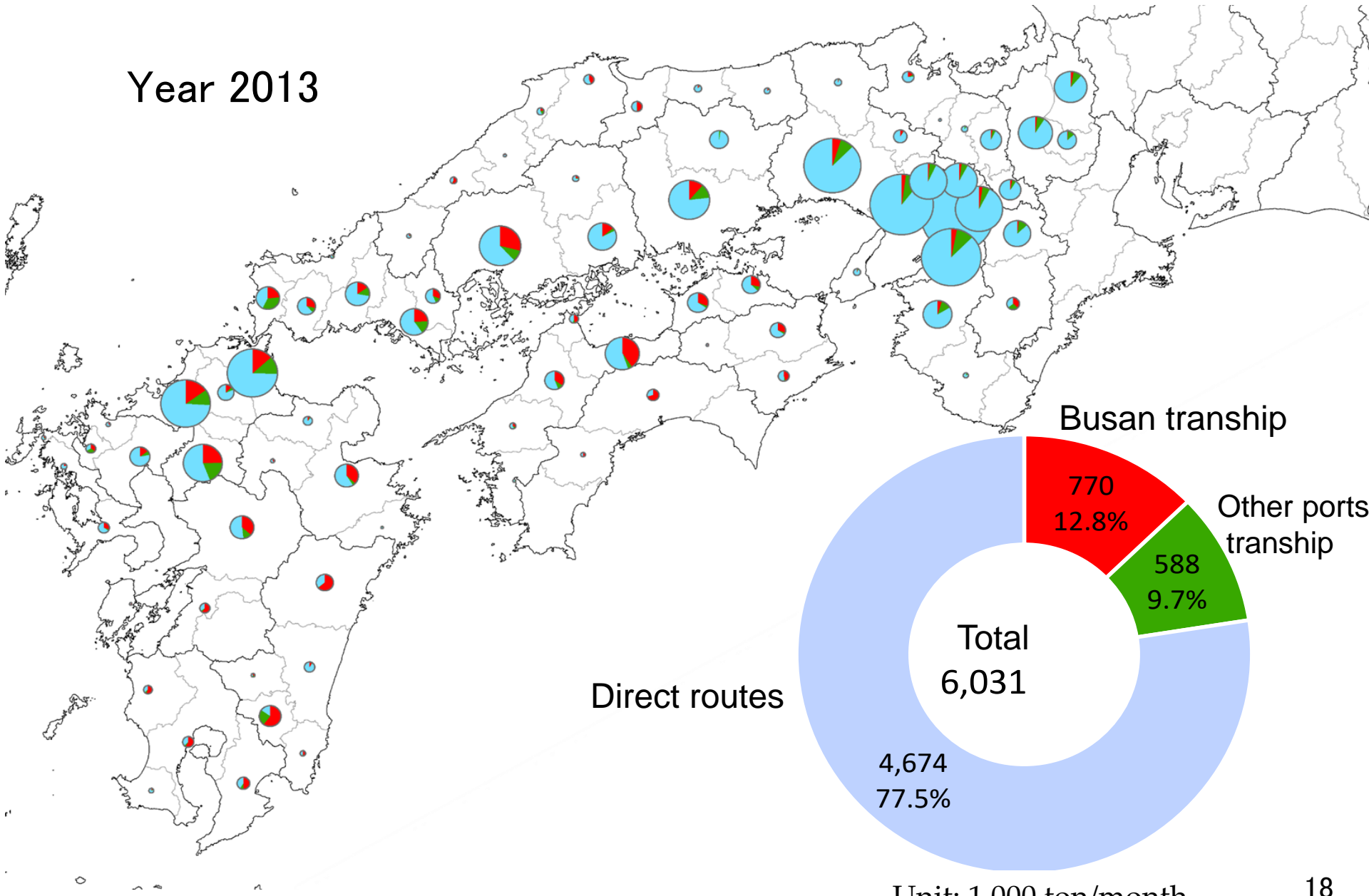
Hinterland analysis of Kobe-Osaka Port

Year 2013



Hinterland analysis of Kobe-Osaka Port

Year 2013

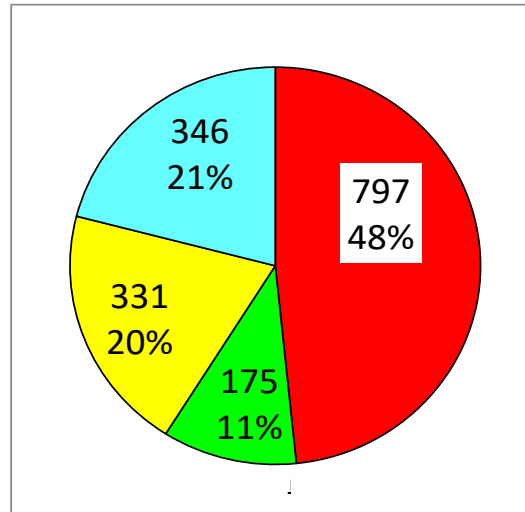


Unit: 1,000 ton/month

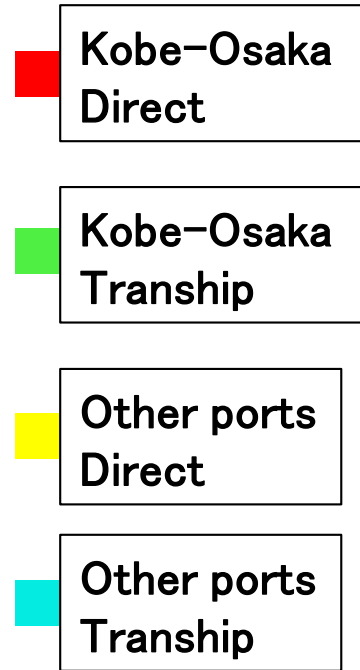
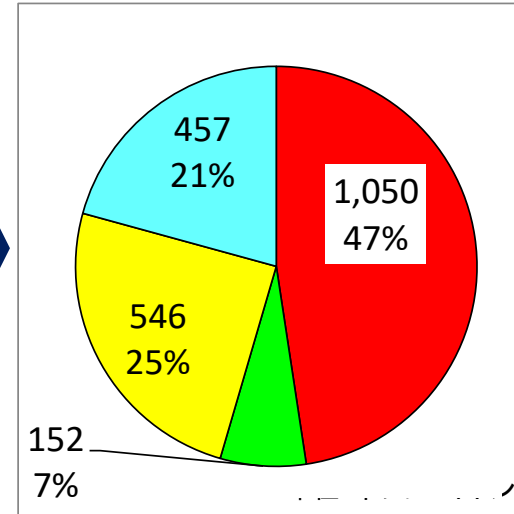
Share of Kobe-Osaka Port in the western Japan

Export

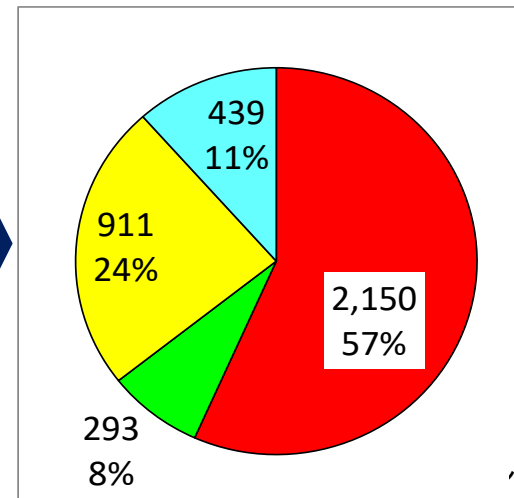
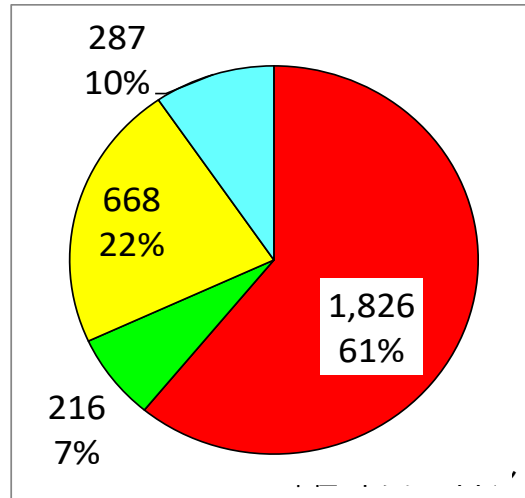
Year 2008



Year 2013



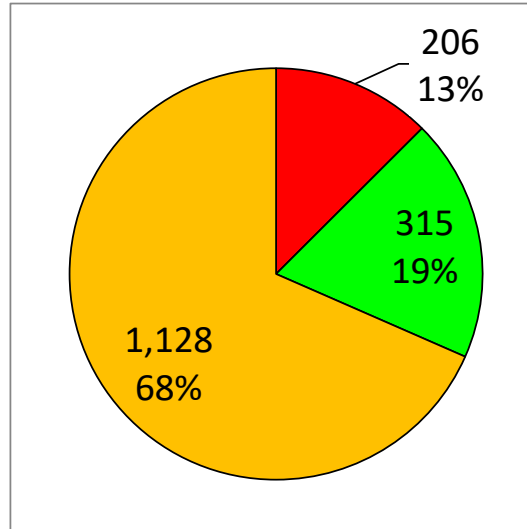
Import



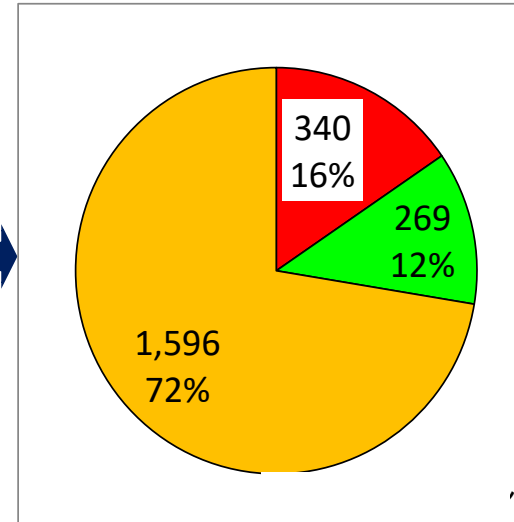
Share of Busan and other transhipment Ports

Export

Year 2008



Year 2013

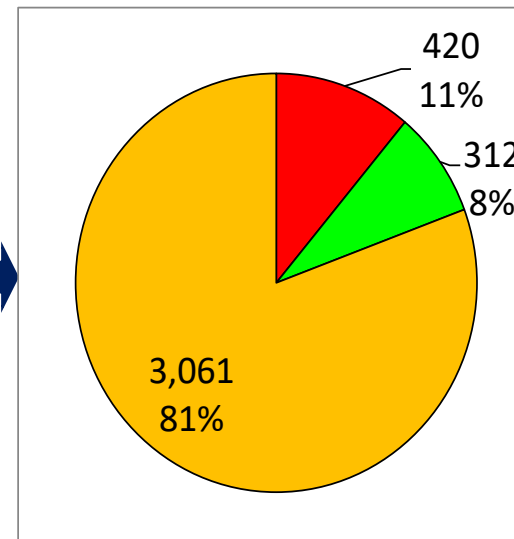
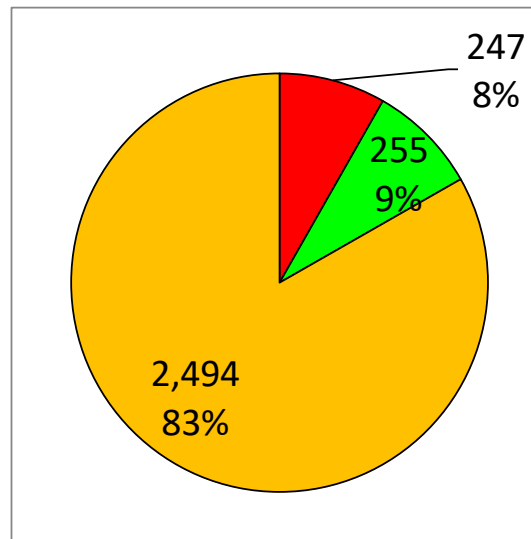


**Busan
Tranship**

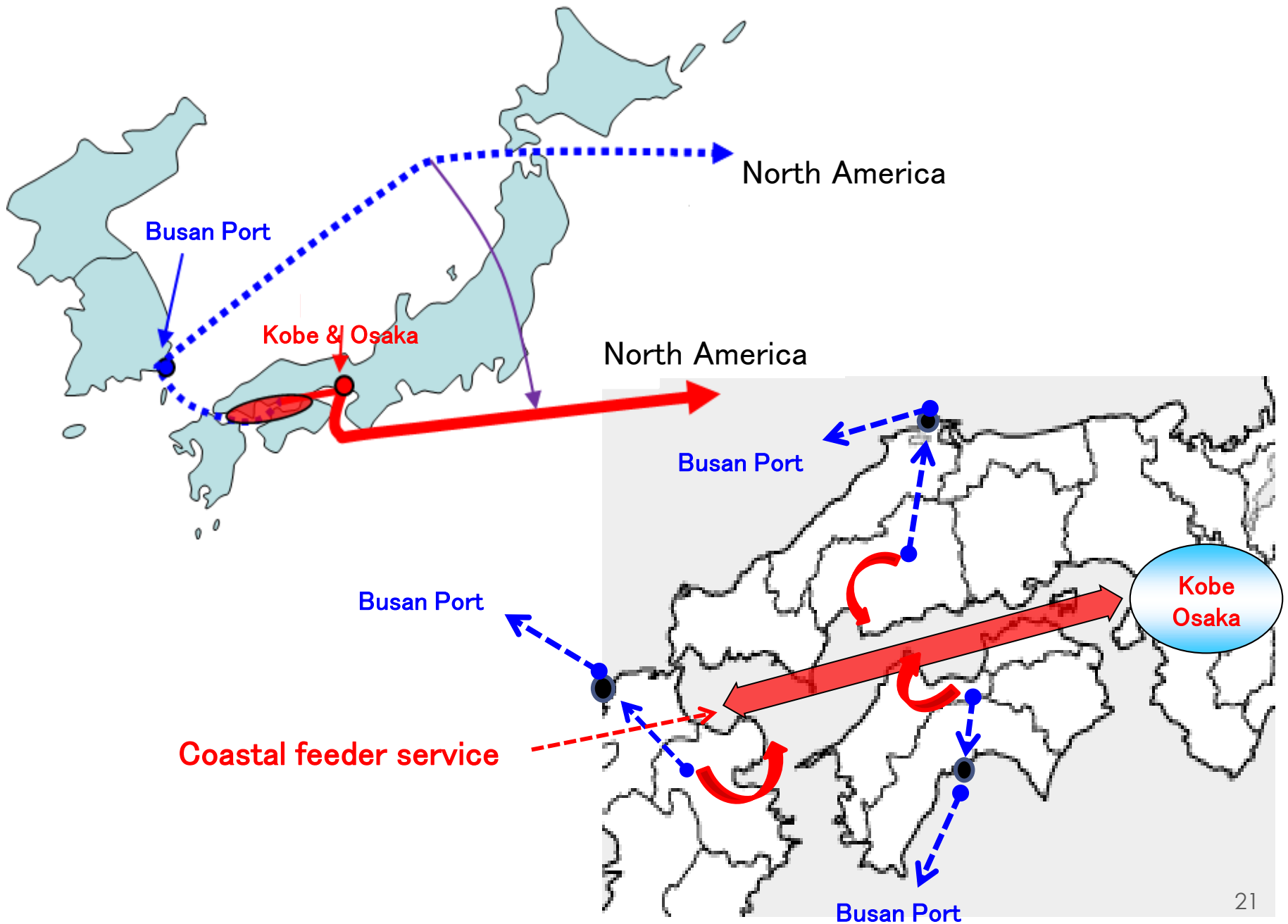
**Other ports
Tranship**

**Japan's ports
Direct**

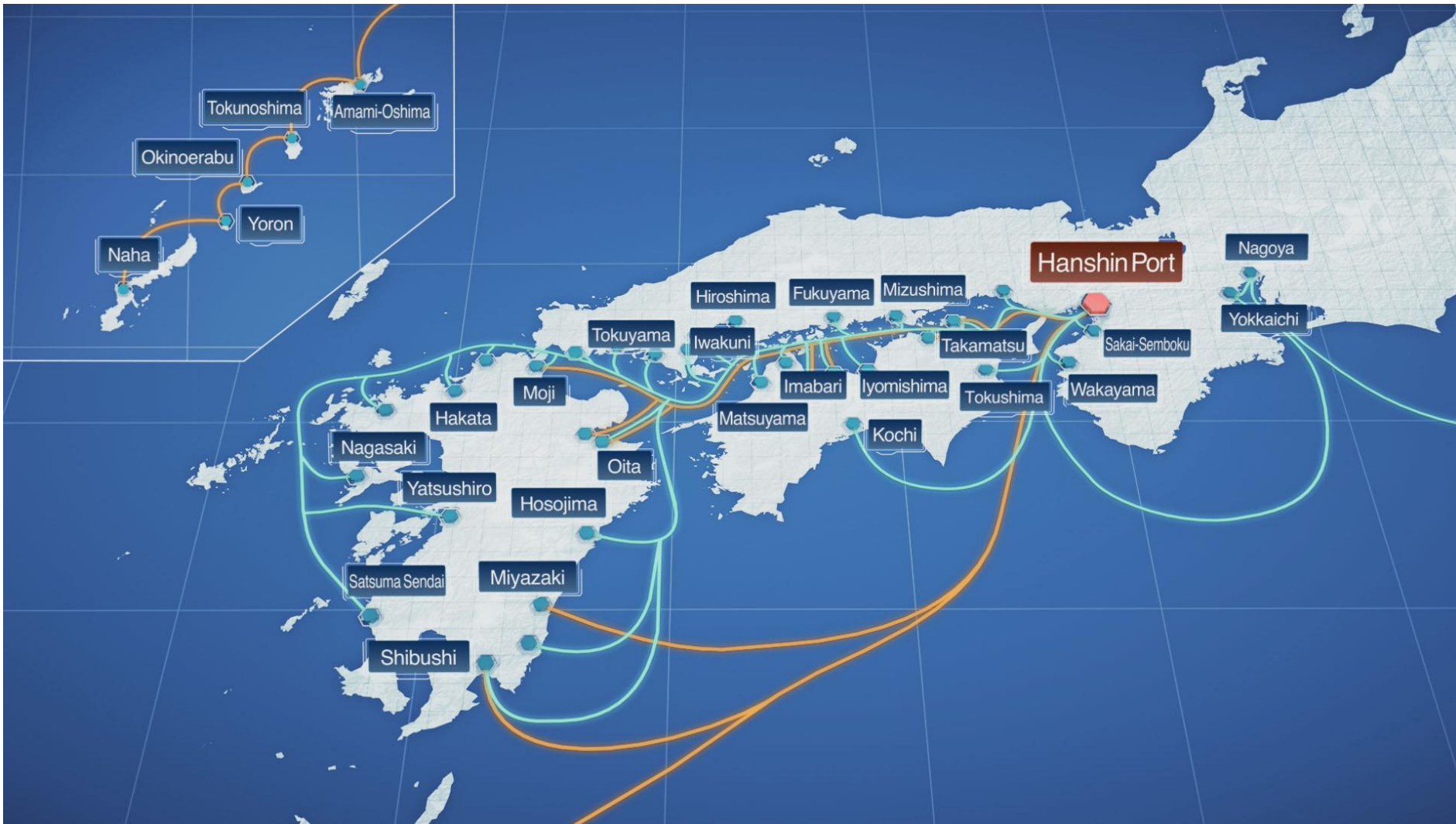
Import



A strategy of attracting cargo



Coastal feeder service network



Connecting 32 ports with Kobe-Osaka (Hanshin) Port
94 calls/ week

The newest & biggest coastal feeder container ship
built in December 2015

“Natori” 548 TEU 7390 G/T



The newest & biggest coastal feeder container ship
built in December 2015

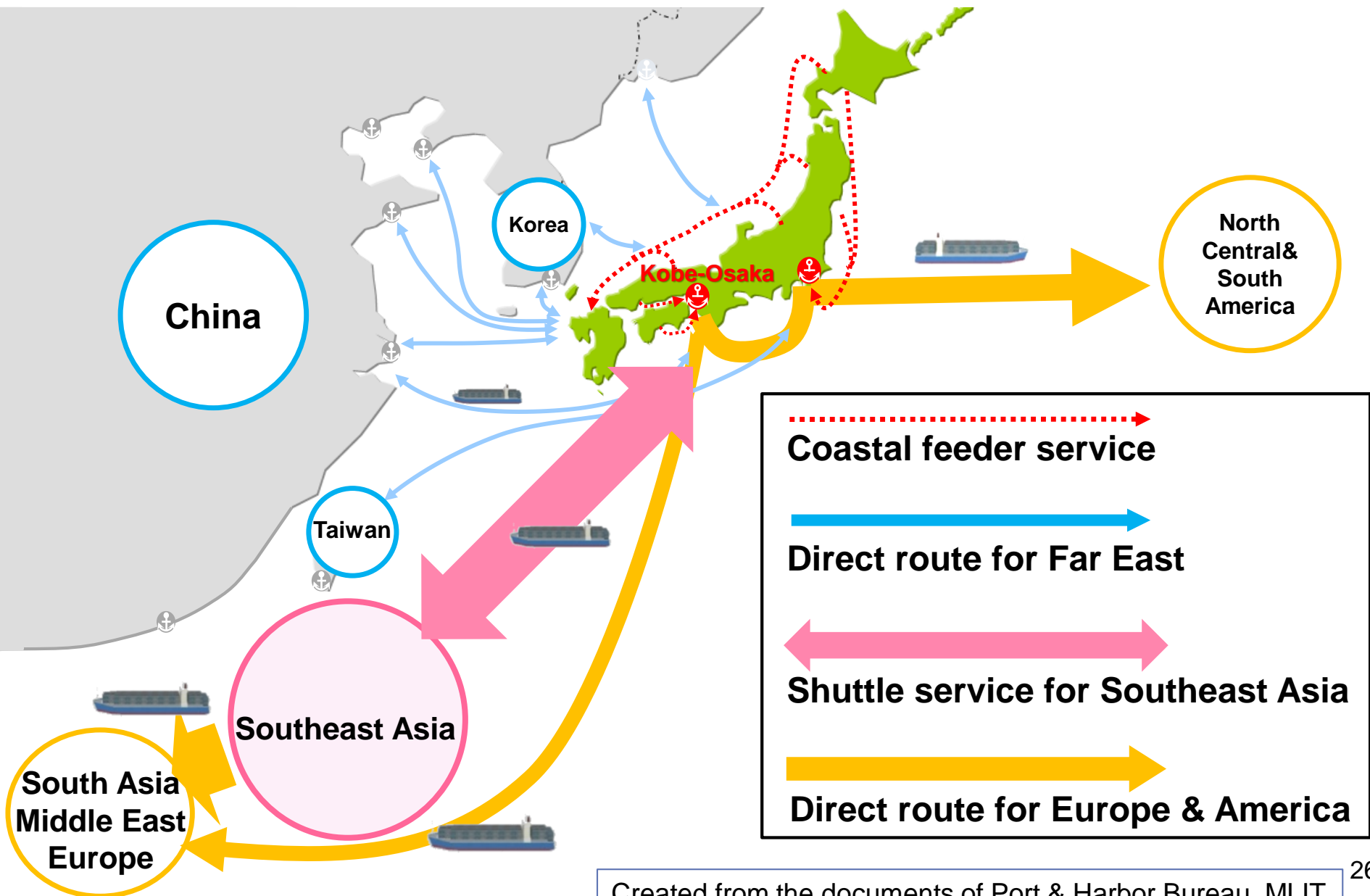
“Natori” 548 TEU 7390 G/T



Challenges for the coastal feeder vessel operations

- Easy and smooth transshipment at Kobe-Osaka terminals.
- Local governments as port authorities favor and subsidize international container shipping lines.
- Extreme-aging of Japanese seafarers.
- High cost of operations compared to overseas feeder vessels operated by companies abroad.
- Some hindrances to competition with the need to scrap existing fleets before building new domestic ships.

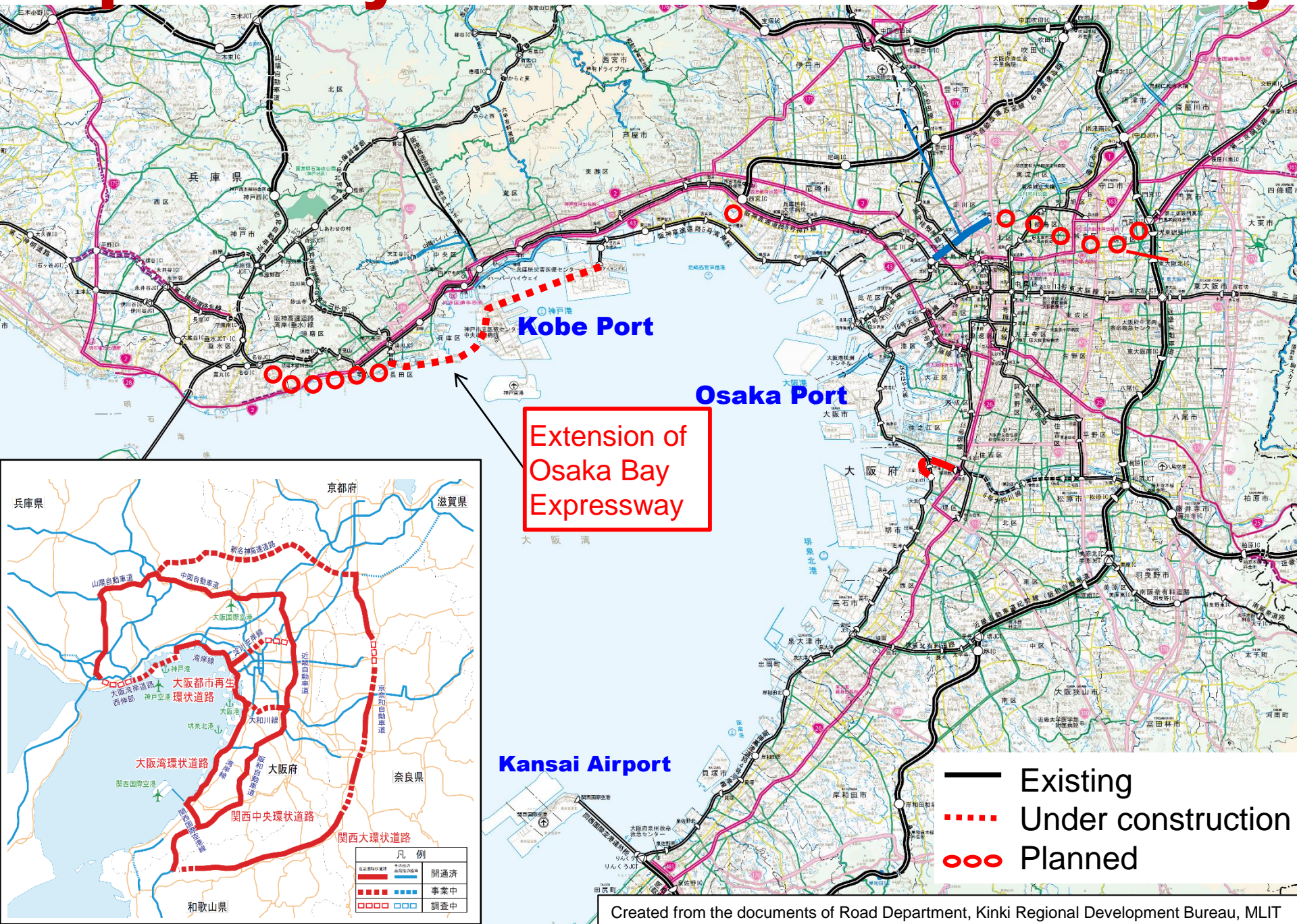
Strategy for “Foreland” Connectivity



Expressway Network in the Western Japan



Expressway Network around Osaka Bay

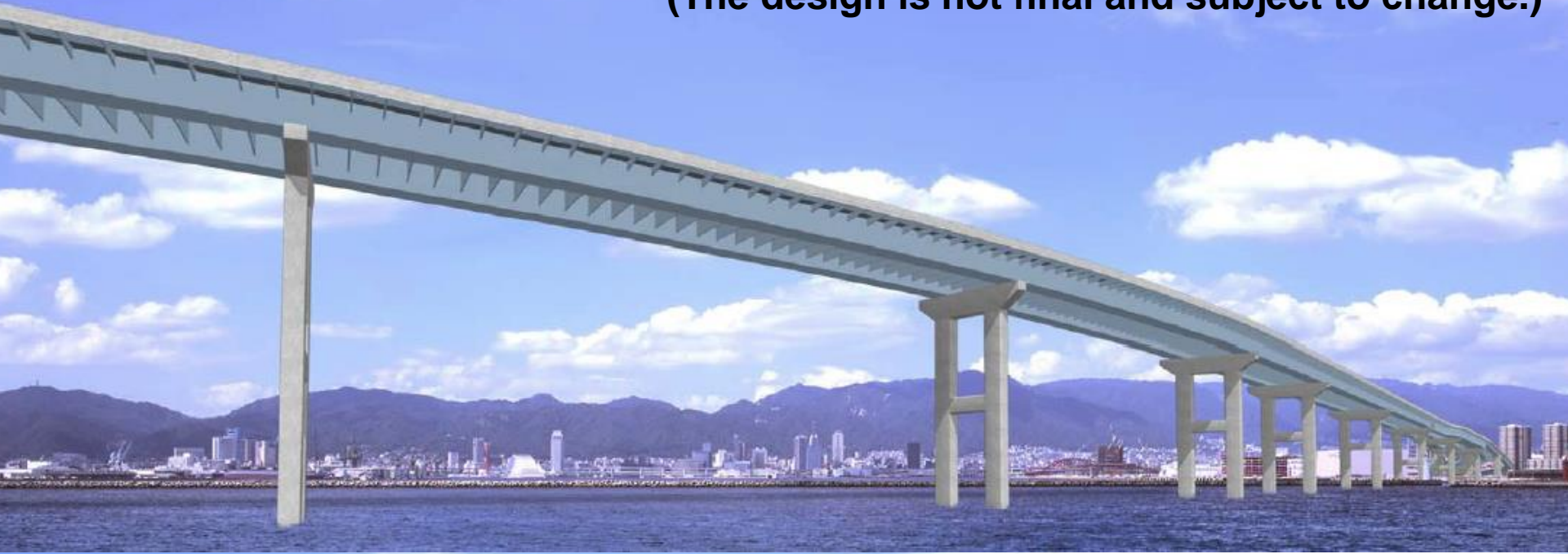


Extension of Osaka Bay Expressway

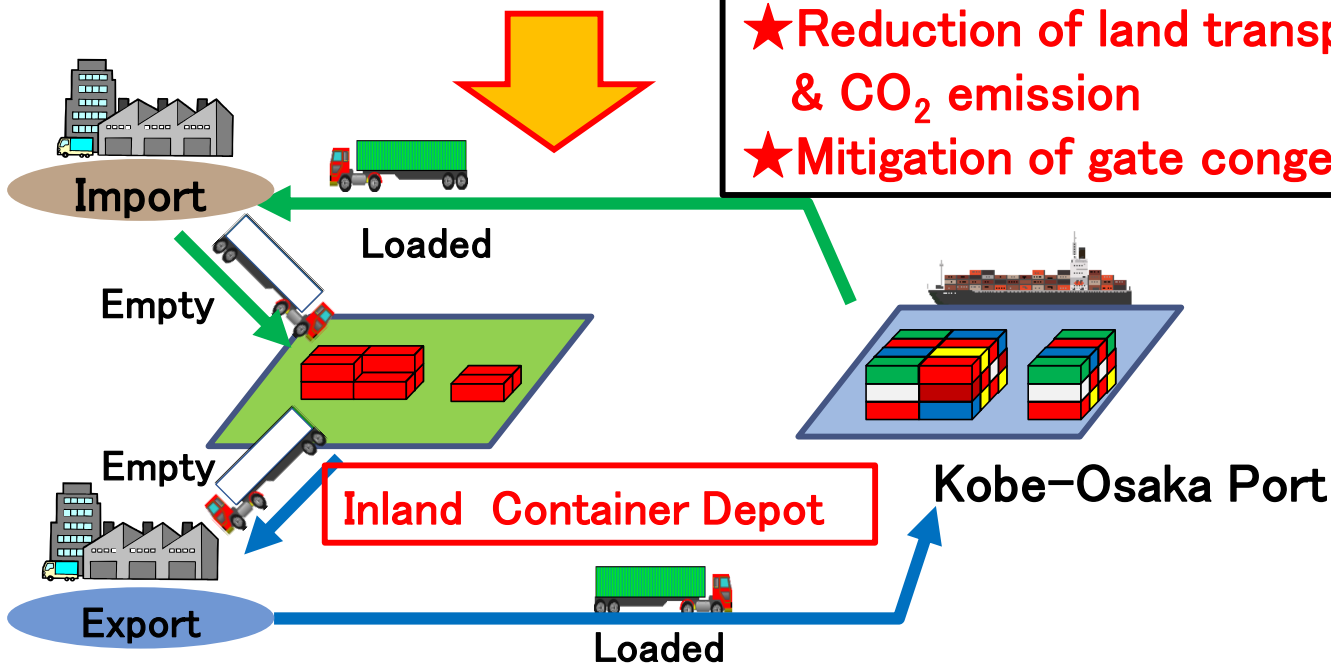
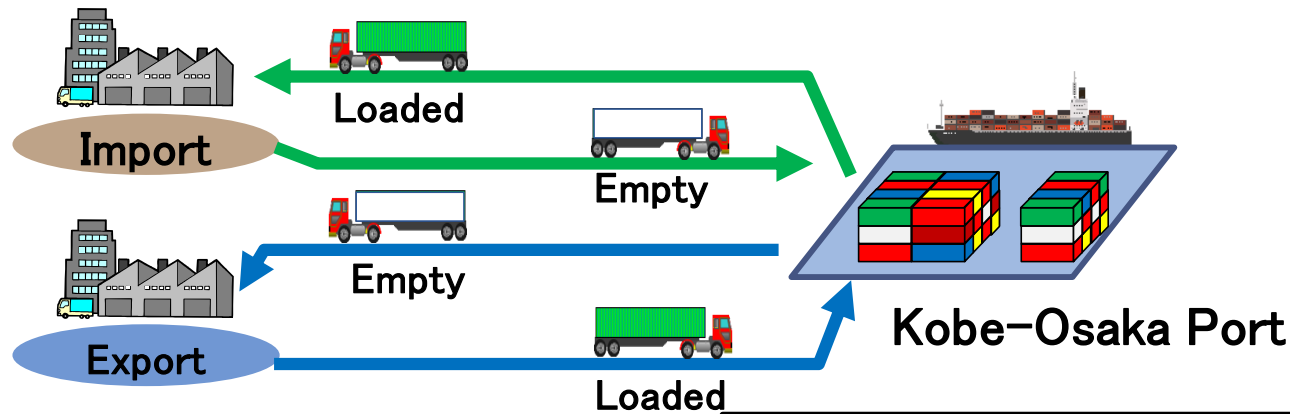


Artist's Rendering of Bay Bridges

(The design is not final and subject to change.)

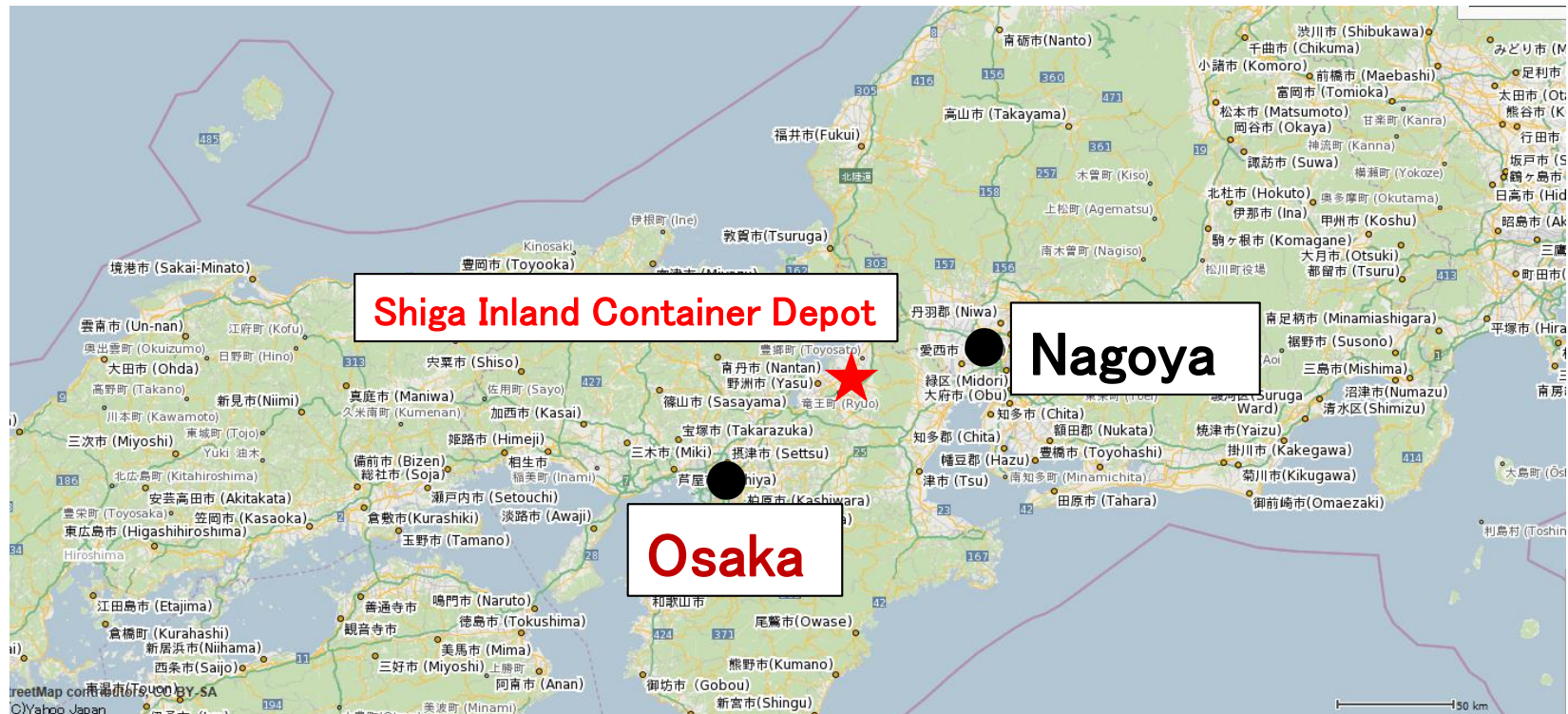


Inland Empty Container Depot

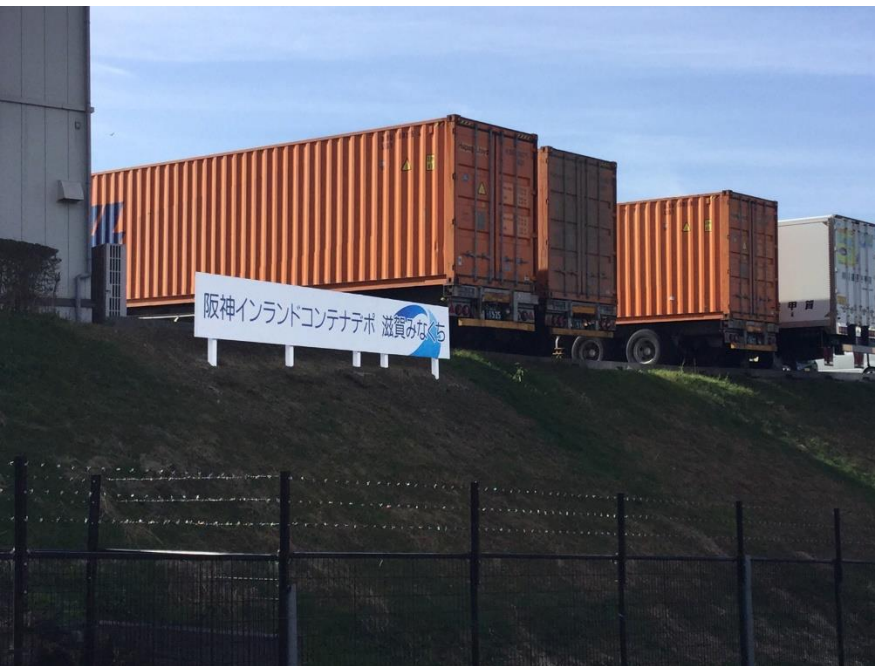


Establishing Shiga Inland Container Depot

- 100km northeast of Osaka
- Shiga Prefecture exports and imports 250,000 TEUs annually, half of which go through Kobe–Osaka Port.
- Expected to handle 100 TEUs/month.



Shiga Inland Container Depot



Concluding Remarks

- Competition with neighboring ports either domestic or abroad is to be fostered from the viewpoint of hinterland shippers, because competition improves services and lead to innovative solutions.
- From our company's point of view, it is essential to concentrate main shipping routes to Kobe-Osaka Port in order to provide services attractive enough to hinterland shippers.
- Utilization of many scattering local ports around the coastal Japan contributes enormously to CO₂ reduction and energy conservation by reducing overland transport by trucks.
- Considering the above, our company is determined to widen and strengthen the coastal feeder service network!

Thank you for your attention!