

PORTS *and* HARBORS

May, 1983 Vol. 28, No. 5



Port of Southampton

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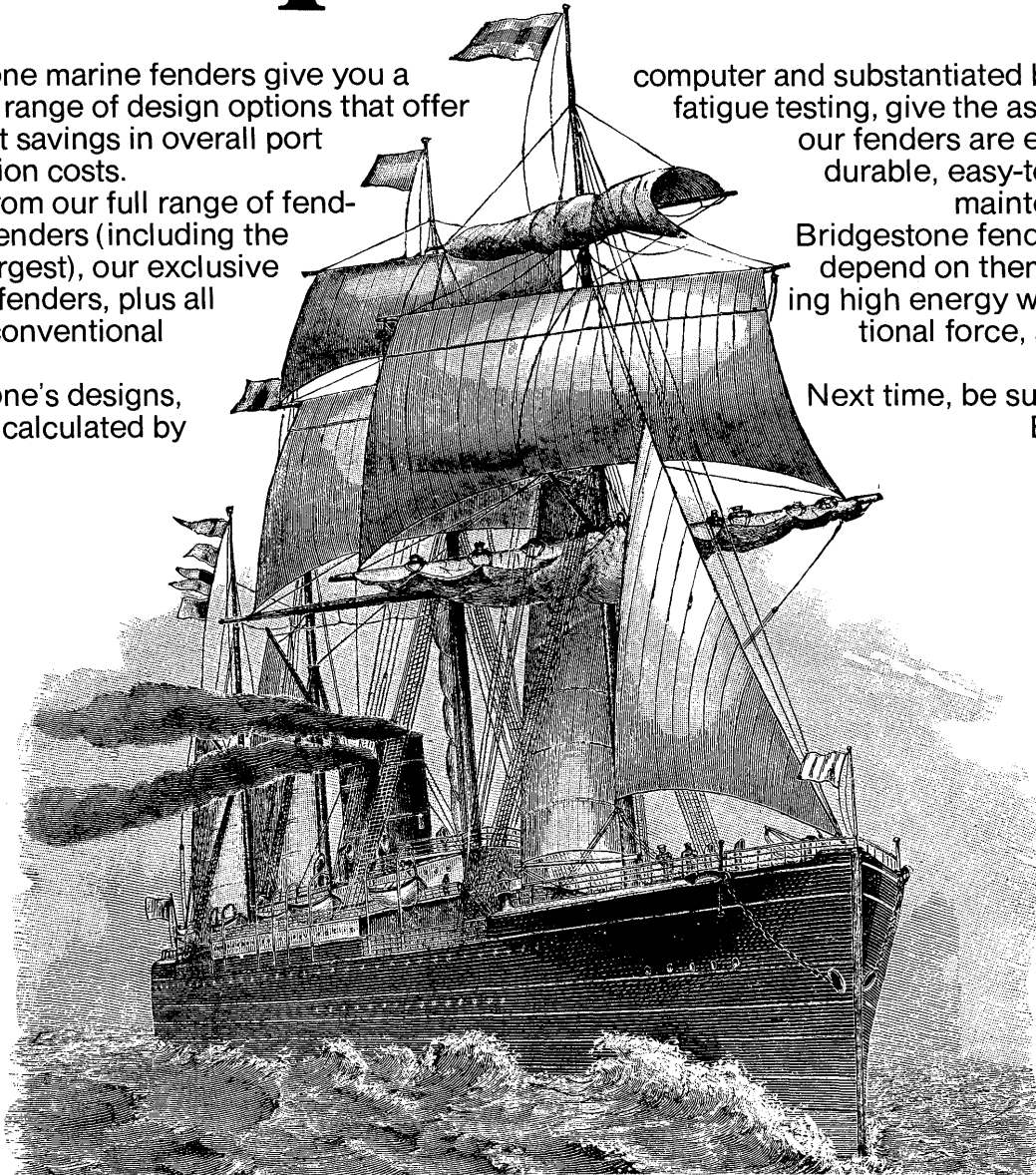
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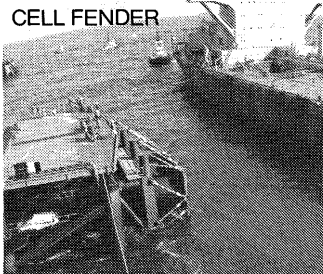
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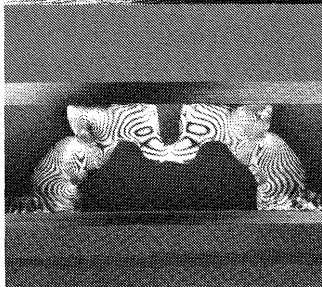
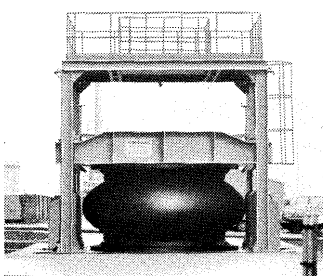
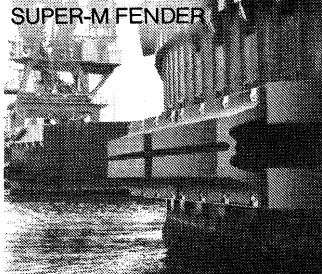
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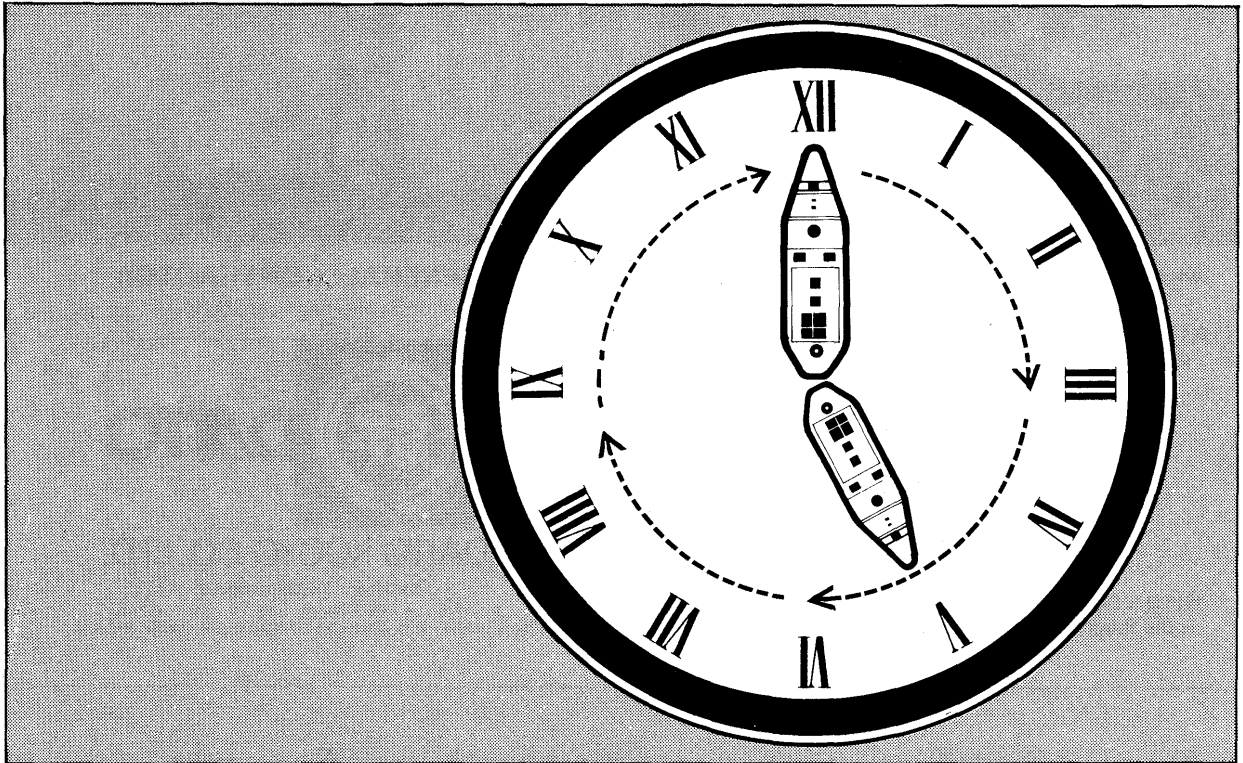
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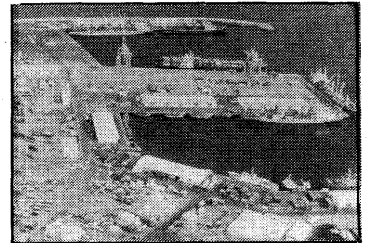
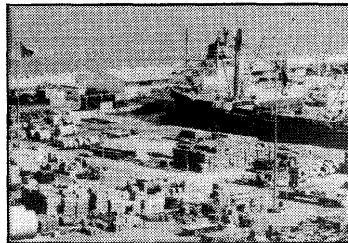


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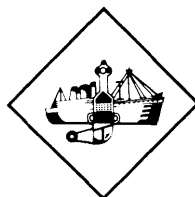


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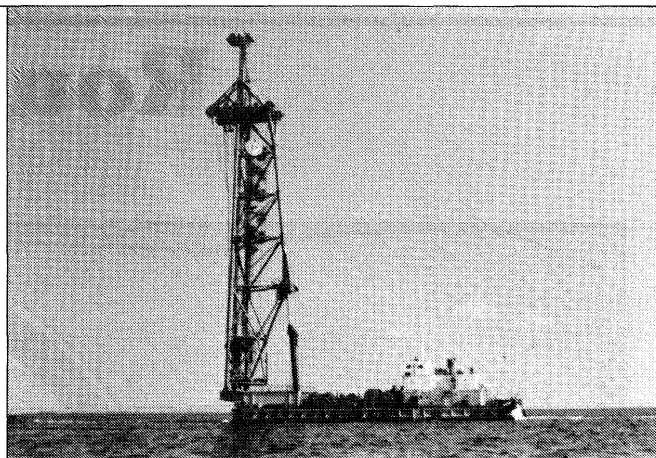
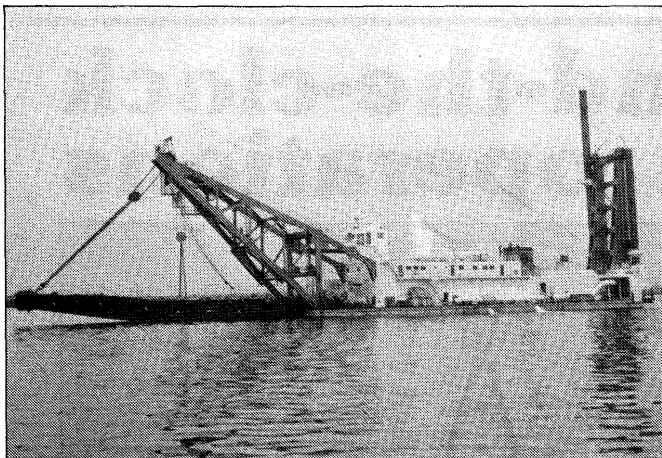
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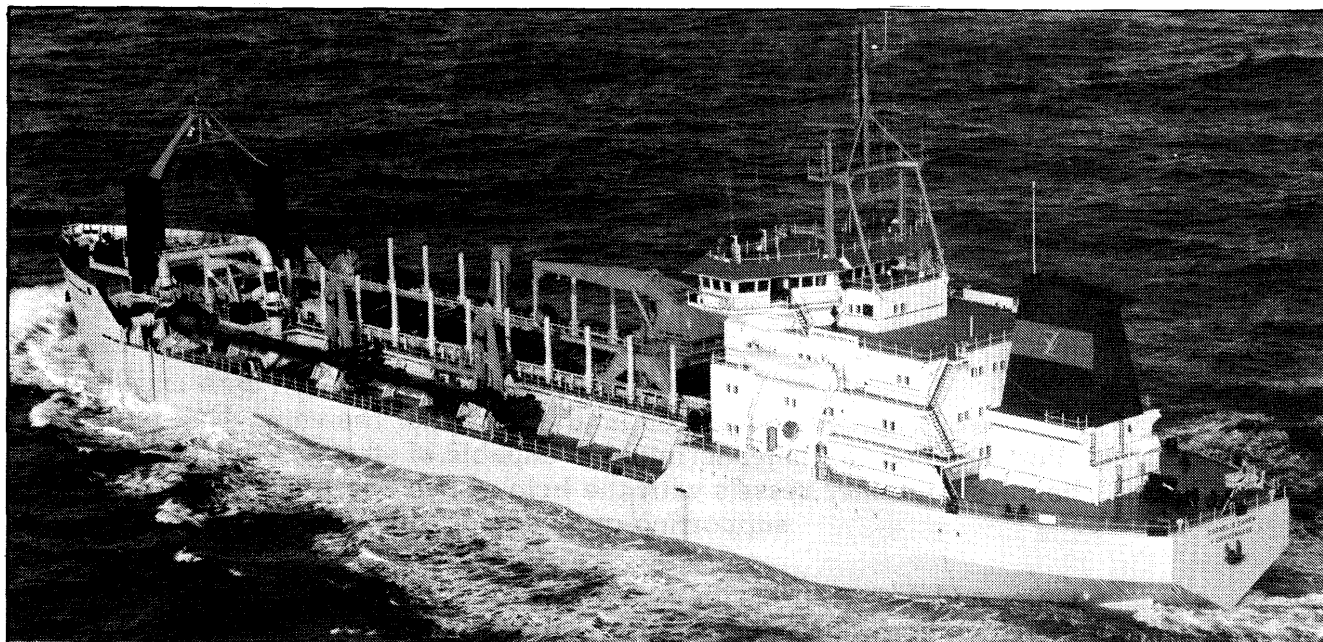


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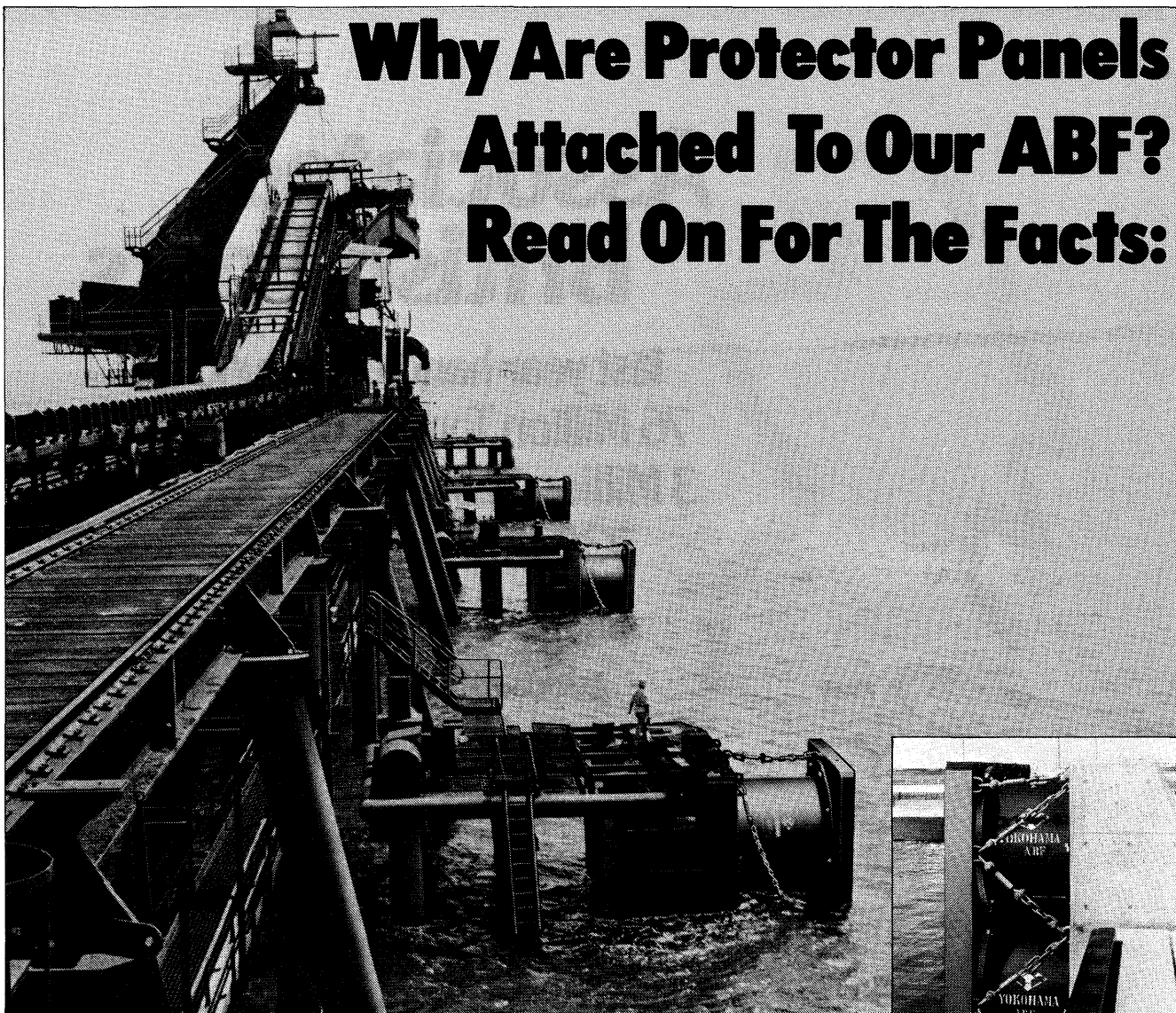
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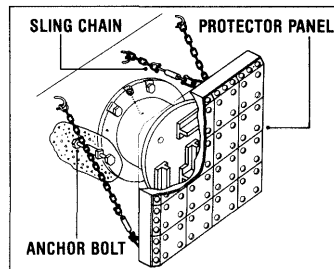
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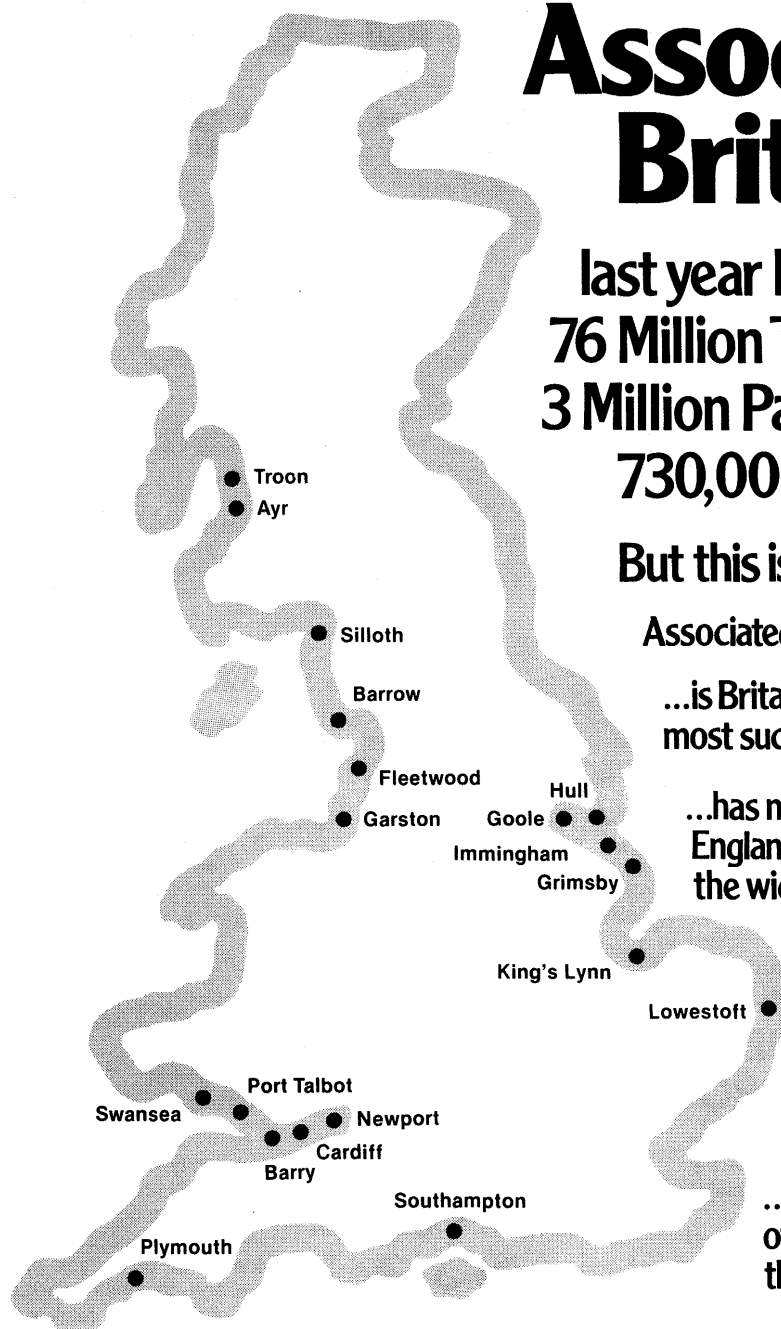
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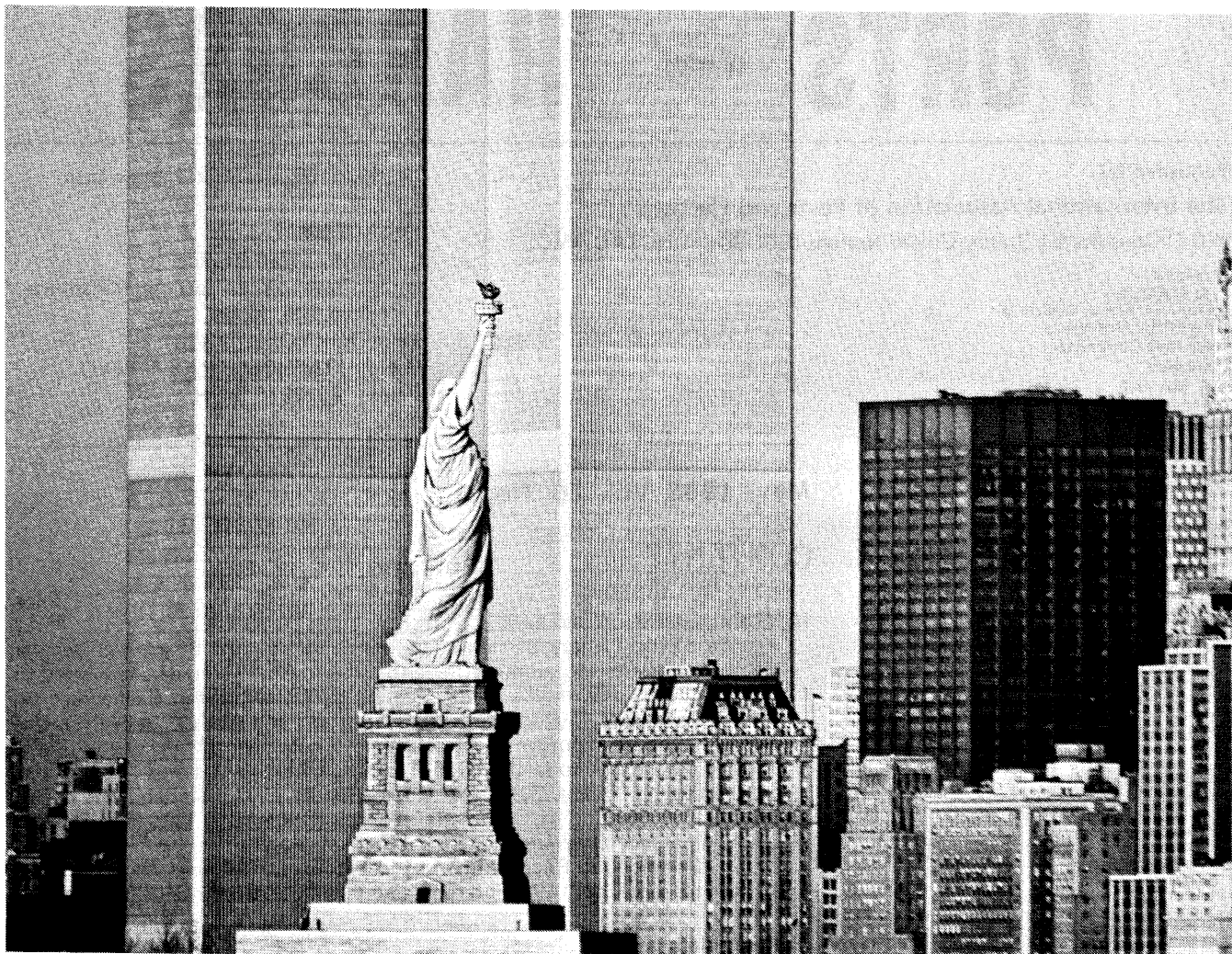
Telex: 2222516 IAPH J

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The Cover: Southampton's Prince Charles Container Port was recently host to the largest volume of shipping tonnage ever to have been in the port together. The 7 ships at berth added up to over 200,000 grt.	

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IAPH announcements and news

Agenda of the Plenary Sessions now considered by the Board

Hereunder is the agenda of the Plenary Sessions for the 13th Conference now being considered by the Board of Directors at its meeting by correspondence called for April 30, 1983:—

I. Opening Ceremony: 09:00/11:00, June 06, 1983

1. Playing of Canadian National Anthem
2. Address of Welcome by Conference Chairman
3. Introduction of VIPs by Conference Chairman
4. Declaration of the Opening of the Conference by VIP
5. Address by the Minister of Transport
6. Address by the Mayor of Vancouver
7. Address by the IAPH President
8. Commendation of Mr. T. Akiyama
 - 1) Presentation of Scroll and Bronze Relief
9. Address by Mr. T. Akiyama
10. Announcement of Chairmen and Members of Conf. Committees
11. Closing of the Session

II. First Plenary Session: 14:30/16:30, June 06

1. Opening address by President
2. Report by Chairman of Credentials Committee
3. Declaration of a quorum for the Conference
4. Report by Secretary-General
5. On the settlement of accounts for 1981/82
 - 1) Board Chairman's report on the conclusion of the Joint Meeting of the Board and EXCO on the settlement of accounts for 1981/82
 - 2) Recommendation by Budget Committee Chairman
 - 3) Adoption
6. On the budget for 1983/1984
 - 1) Board Chairman's submission of the proposed budget for 1983/1984
 - 2) Recommendation by Budget Comm. Chairman
 - 3) Adoption
7. On the amendment of the By-Laws (if any)
 - 1) Board Chairman's submission of proposed amendments
 - 2) Explanation of the proposed amendments by Chairman of C & BL Comm.
 - 3) Recommendation by Chairman of R & B Comm.
 - 4) Adoption
8. Report by Chairman of Membership Committee
9. Reports by Chairmen of Technical Committees
 - 1) International Port Development
 - (1) Introduction of the 1st Prize Winner of IAPH Award Scheme 1982 (Dr. J. Kirincic, Port of Rijeka, Yugoslavia)
 - (2) Presentation of an IAPH Silver Medal
 - 2) Port Safety, Environment & Construction
 - 3) Cargo Handling Operations

- 4) Trade Facilitation
- 5) Public Affairs
- 6) Legal Protection of Port Interests
10. Presentation of proposed resolutions (if any)
 - 1) Presentation
 - 2) Recommendation by Chairman of R & B Comm.
 - 3) Adoption
11. Reports by IAPH Liaison Officers
 - 1) IMO (Including IAPH/BPA Representation Work)
 - 2) UNCTAD
 - 3) CCC
12. Closing address by President

III. Second Plenary Session (Closing Ceremony): 14:30/16:30, June 10, 1983

1. Address by President
2. Report and Recommendation by Chairman of R & B Comm.
 - 1) Resolutions relative IAPH activities (if any)
 - 2) Resolutions of Condolences
 - Col. C. Clark
 - Mr. Barratt
3. Report of Chairman of Honorary Membership Comm.
4. Election of Honorary Members
5. Presentation of Resolutions of Appreciation to the Host Port and Conf. Organizing Committee and others by Chairman of R & B Comm.
6. Report by Chairman of Nominating Committee on the proposed nominations of the Officers (President & Vice-Presidents)
7. Election of President & Vice-Presidents for 1983/1985
8. Change of the Presidency
9. Address by the Outgoing President (To be followed by the presentation of a scroll and gold badge by the Incoming President)
10. Address by the Incoming President
11. Presentation of a gold badge to the Outgoing President by the Incoming President
12. Announcement of Directors and Alternate Directors for the next term by the New President
13. Announcement of the Appointive EXCO members by the New President
14. Announcement of the members of Internal & Technical Committees by the New President
15. Announcement of the Place and Proposed Date of the 14th Conference by the New President
16. Recommendation of the proposed resolution regarding the Election of the Conf. Vice-President by Chairman of R & B Comm.
17. Election of the Conference Vice-President
18. Invitation Address by the Host of the 14th Conference
19. Declaration of the Closing of the Conference by the Conference Chairman

All Regular Members requested to submit "Credentials"

In his letter dated March 20, 1983, Dr. H. Sato, Secretary-General, asked all regular members attending the 13th Conference to forward the "Credentials", designating their delegate to the Conference. Also requested was the submission of the "form of proxy", if and when a member was not attending the Conference.

All Board Members requested to submit "Form of Proxy"

In his letter dated March 22, 1983, Dr. H. Sato, Secretary-General, asked all Board Members not attending the 13th Conference to send the "form of proxy" for their meeting scheduled for Vancouver this coming June.

Board Meeting by Correspondence scheduled on April 30

To formalize the agenda of the forthcoming 13th Conference at Vancouver next June, Dr. H. Sato, Secretary-General, under the authorization of President Mayne, called for the meeting of the Board of Directors by correspondence to be held on April 30, 1983 and asked the members to vote on the draft agenda of the Conference. (Please see the provisional agenda.)

Mr. B.M. Tukur retires from Nigerian Ports Authority

According to a telex from the Nigerian Ports Authority recently received by the Secretary General, Mr. B.M. Tukur, Second Vice-President of IAPH, retired from his position of General Manager of the Nigerian Ports Authority on January 6, 1983. Mr. Tukur, the telex says, left the Ports Authority to run in the election for governor of his state in Nigeria, which will take place later this year.

His successor in the Nigerian Ports Authority is Eng. D.P. Opara, who has taken over the position of General Manager.

Mr. Tukur has served the Association since 1971 as one of its most enthusiastic members among from the African ports. He started his career in IAPH as Alternate Director, representing Nigeria after the 7th Conference in Montreal in 1971, and he later became the Director for Nigeria. At the 10th Conference in Houston in 1977 he was appointed as an Executive Committee member and a member of the Finance Committee. At the Executive Committee meeting held in Brisbane, Australia, Mr. Tukur was recommended for the post of Third Vice-President of IAPH, and he was duly elected at the Board meeting on May 23, 1980.

At the 12th Conference in Nagoya in 1981, he was elected as Second Vice-President. He attended the 8th through 12th Conferences and played an important role in the various activities of the Association.

The vacancy created by his retirement will be filled by election at the Vancouver Conference, but the position will remain vacant for the unexpired term.

We would like to express our heartfelt thanks and appreciation to Mr. Tukur for his long and dedicated service to the development of the Association, and extend to him our best-wishes for his future political career.

Mr. Tukur's retirement message to all IAPH members will be carried in an issue of this journal as soon as it is

received.

IAPH members unanimously approve the resolution to commend Mr. Akiyama

The meeting by correspondence of all Regular Members called for March 30th, 1983 unanimously approved the proposed resolution concerning the commendation for Mr. Toru Akiyama. Thus the Association will be able to commend him at the opening ceremony of the Vancouver Conference by presenting him with a scroll of honor, a bronze relief for display at the Head Office, and a replica of the relief for himself.

It goes without saying that the Head Office Secretariat gave the "go ahead" to the artist who has been assigned for this project, and the artist has begun his work so as to complete it by the time of the Vancouver Conference. In accordance with a decision recently reached by the officers, the bronze relief will measure 55 cm in height x 40 cm in width, and the following wording will be inscribed on the lower part of it.

In Honor

of

Mr. Toru Akiyama, Joint Founder

of

The International Association of Ports and Harbors

on the occasion of its 13th Conference

held in Vancouver, Canada in June, 1983

we hereby dedicate this relief as a lasting recognition of his valuable support for the work of the Association and as a symbol of appreciation for his dedication to the growth and development of The Association in its efforts to develop and foster good relations and collaboration among all ports and harbors of the world and thus to contribute to world peace and the welfare of mankind

President A.S. Mayne

1st Vice-President A.J. Tozzoli

2nd Vice-President B.M. Tukur

3rd Vice-President F. Kohmura

Immediate Past President Paul Bastard

Conference Vice-President B.A. Ekstrom

and

Secretary General Hajime Sato

IAPH Position Paper sent to UNIDROIT

As reported in the December 1982 issue, IAPH Board members have been asked to comment on the draft Convention on International Terminal Operators (ITO) which was prepared by the UNIDROIT study group. Comments contributed by members have been compiled by Mr. Lennart Bergfelt of Gothenburg and reported back to the Secretary-General to be submitted to UNIDROIT. Here is Dr. Sato's letter of March 17, 1983 to UNIDROIT:—

Mr. Riccardo Monaco

Secretary-General

UNIDROIT

Via Panisperna 28

00184 Rome, Italy

Dear Mr. Monaco:

Re: IAPH Position Paper to the Draft ITO Convention

Thank you very much for being kind enough to send us for any observations we wish to make on the preliminary Draft Convention on the Liability of International Terminal Operators, with an explanatory report (UNIDROIT 1982 Study XLIV—Doc. 14).

First of all, we would like to refer you to our letter of October 27, 1980 to Mr. Mario Matteucci, President of UNIDROIT, in which we offered some views and comments on an earlier draft convention.

At the same time, we have circulated the paper to our Board of Directors for their comments, urging them to get in touch with the people most concerned the stevedoring firms and associations. Through our directors, we have received very valuable and enlightening views from the people in the field who are really in a position to judge how the draft convention would work in practice.

We will leave the detailed comments we got for the future and concentrate on two fundamental problems which might have been to some extent overlooked by the study group.

The draft convention regulates the liability for both warehousing where "safe-keeping" is the main purpose, and cargo handling, where the loading and unloading of the ships, rather than safe-keeping, is the main concern. From the beginning, the working group dealt solely with the warehousing contract, and it is still called "Study Group on the Warehousing Contract". The scope of the convention was, however, extended to cover cargo handling. We quote from the working group's report (March 1979), UNIDROIT 1979 Study XLIV—Doc. 8, page 14:—

"14. The regulation of international warehousing operations is, therefore, the main objective of the draft Convention but the Group recognised at the same time that modern terminal operators often undertake a number of services associated with the handling of goods, such as loading, stowage and unloading and while there was little support for the idea of extending the scope of the instrument to cover the performance of such operations in all cases, and thus to regulate what might be termed the "contract de transit", it was nevertheless agreed that to the extent that the operator who undertakes the safe-keeping of goods also undertakes to perform or to procure the performance of such operations, he should be liable in the same way and on the same basis as he would be in the performance of his obligation to ensure the safe-keeping of the goods."

I would suggest that certain difficulties seem to arise from this extension. A warehouse is in most cases a building that is locked and kept under observation. There would seem to be very few objections to having the draft convention adopted on that point. It would be all right to have the reversed burden of proof applied to the keeper of the warehouse since, of course, it is incumbent on him to check carefully the goods which he takes into his custody. The ability of a stevedoring company or terminal operator to fulfil the regulations in the draft convention varies very much, however, due to widely differing physical conditions in which they have to operate.

A "terminal" is difficult or impossible to define satisfactorily. It could be a container harbour fenced in and watched (like a warehouse), where all incoming and outgoing goods are checked and noted at the gate. It could be a quayside shed to which not only customs officials but also

forwarding agents and other people in the business have access. Finally, it could be—for less valuable goods—a storage yard in the open air, not fenced in or watched at all. The liability for goods could become very unclear in such circumstances, and we tend to the opinion that a stevedoring company cannot accept a reversed burden of proof for goods it has no real possibility of watching and protecting. In the light of this situation, it would seem that the draft convention ought to be in some way restricted to a warehouse situation, or other arrangements made.

Another problem which might complicate the situation is that fact that a warehouse contract is, in general, agreed between the keeper of the warehouse and the owner of the goods. A stevedoring contract, however, is agreed between the stevedoring company (the terminal operator) and the shipping company on the unloading and/or loading of a ship. The implications of involving these differing parties in their various situations under the same convention need to be considered.

In your report, you have informed us that the working group has, as far as possible, followed the stipulations in the Hamburg Rules in order to produce uniform regulations. The Hamburg Rules are, however, not yet in force. Moreover, it is said to be very doubtful whether a sufficient number of states will ratify that Convention. We also understand that a Convention on the Liability of Terminal Operators is not supposed to be open for ratification before the Hamburg Rules are in force.

We enclose herewith copies of letters from the Federal Association of German Seaport Operators, the Port Authority of New York and New Jersey, the Maritime Services Board of New South Wales (Sydney, Australia) and the Port of Antwerp, as we think they contain very valuable information. (Please see the summary.)

We hope, Mr. Monaco, that these our observations here will be of some guidance for future work on the draft Convention.

We send you best regards,

Yours very respectfully,

Hajime Sato
Secretary-General

Summary

of answers from members of the Board of Directors about UNIDROIT draft convention on the Liability of International Terminal Operators (January 1983)

Main views

Refers to comments to previous survey 1980.

Views on definitions and on reversed burden of proof which is contrary to the culpa-clause in Canada. In agreement with the purpose of the convention.

Refers to views and comments from the Federal Association of German Seaports Operators (See 4).

Points out the very different situation for the "safe keeping of goods" in a warehouse, in a quayside shed

Answers from

1. Port of Melbourne Authority, Australia
2. Port of Vancouver, Canada
3. Port of Hamburg, West Germany
4. Federal Association of German Seaports Operators,

West Germany

or in open air storage yards. These problems have to be studied further. No need for a convention which anyhow will not be worldwide.

No convention before the Hamburg rules and the multimodal transport convention are adopted.

5. Port Authority of New York and New Jersey, US

Refers to comments by Grainer & Tesoriero, a terminal company, which stresses the wide difference between the liability for warehousing and the liability for stevedoring activities.

6. Clyde Port Authority, Great Britain

Refers to comments 1980. No enthusiasm for the draft convention, no reversed burden of proof.

7. Cyprus Ports Authority, Cyprus

Uniform rules of great importance; in favour of the draft convention.

8. Marine Department, Hong-Kong

The Port Authority does not undertake the cargo handling.

9. Port of Stockholm, Sweden

Refers to terminal rules for Swedish stevedoring companies.

10. Port of Helsingborg, Sweden

Uniform international rules of great importance due to the fact that strong customers try to use their own conditions.

11. Port Authority of Thailand

Has good rules in the bye-law. No need for a convention.

12. Port of Copenhagen, Denmark

Interesting views from stevedoring association and shipowners association on the problems with the different between warehousing and goods handling liability; anyhow wait for the Hamburg rules.

13. The Maritime Services Board of NSW, Sydney, Australia

Comments from two terminal operators:

The draft convention leads to higher costs and delay for checking of containers with the background of reversed burden of proof.

14. National Ports Authority, Cameroun

Replace the line in art. 5 with a guarantee from the customer.

15. Port of Antwerp, Belgium

No need for an international convention, anyhow wait for the Hamburg rules and multimodal transport convention, which are not yet in force.

Working Party on Customs Applications of Computers: Report by Mr. Vleugels

From 28th February till 4th March, the Working Party on the Customs application of computers of the Customs Cooperation Council (CCC) held its 17th Meeting in Brussels. For the first time IAPH was invited to attend at the meeting as an observer.

More than fifty delegates of customs administrations and observers from international organizations were present at the meeting.

It is clear that there is increasing interest on the part of customs administration regarding automatic data processing, not only as far as the international administration of customs is concerned, but also as it applies to the actual decla-

ration of goods. So far initiatives in the latter area have been mainly restricted to the declarations in the airports. It is foreseen however, that the increasing technical possibilities will have a growing influence on customs applications in the seaports, which in most countries are the most important customs checkpoints for goods. Harmonization in the area of automatic data processing and the exchange of data will be of mutual interest to both customs and port authorities.

(Note: Mr. R.L.M. Vleugels, Director-General, Port of Antwerp, has been acting on behalf of the IAPH as Liaison Officer with CCC since 1982.)

Report of IAPH attendance at 7th Consultative Meeting of Contracting Parties to the London Dumping Convention, 14—18 February 1983

An IAPH delegation headed by Herb Haar and including Joe LeBlanc (legal) and Willis Pequegnat (scientific) attended the recent Seventh Consultative Meeting of the London Dumping Convention in London during 14-18 February 1983. Because of budgetary constraints, IAPH attended only the first 3 days of the meeting, which included consideration of the matters affecting port interests.

In the consideration of Agenda Item 3 (the Report of the Ad Hoc Scientific Group), Herb reported upon the two papers being prepared by IAPH for presentation at the next meeting of the Scientific Group—the first, “an updating” of use of “special care” measures throughout the world, and the second a scientific study addressing the lessened effect of Annex I substances when they occur in dredged material (a fact that, IAPH believes, warrants separate and less stringent treatment of dredged material). Following these presentations, a legal question was raised regarding the use of such measures under existing provisions of the Convention. This legal issue was first brought up at the recent meeting of the Scientific Group in Paris (September 1982), where several delegations expressed the view that even if the special care techniques proposed by IAPH were successful in “sequestering” and “isolating” contaminated dredged material within the marine environment, they nevertheless could not be used under the present wording of the “rapidly rendered harmless” exception to Annex I. Although the draft report of the Scientific Group that was circulated in advance of the Seventh Meeting downplayed this issue, the final report that was issued shortly before the meeting surprisingly listed the issue as a matter upon which the Seventh Meeting would be asked to take action. In the consideration of Agenda Item 3, the representative from Greenpeace International focused on this question and insisted that the use of special care measures for Annex I substances was illegal under the present wording of the Convention. Herb Haar then delivered supplemental remarks which had been prepared to address this issue in the event that it arose. He expressed the IAPH view that, if these mitigative techniques were effective, contaminated dredged material would be “rapidly rendered harmless” and could be used under the paragraph 8 exception to Annex I.

The Federal Republic of Germany thereafter made a lengthy statement which concluded that the use of these measures would require further amendment of the Annexes—a view that was supported by Spain. The United Kingdom and the Netherlands agreed with the FRG posi-

tion "as a strict legal matter", but recognized that many countries have serious problems in disposing of such dredged material and urged that these problems be viewed with "practicality" and "sympathy". Al Wastler (EPA), chairman of the Ad Hoc Scientific Group, also reported that the Scientific Group was still considering the effectiveness of the special care measures and was not yet in a position to make a final recommendation as to how they should be used under the Convention. The view of the Scientific Group is that these measures should continue to be applied on a research basis to gather more data on their usefulness. After some balking and considerable internal discussion, the United States made a brief statement to clarify its understanding that no definitive action was being taken at the meeting on the issue and that it could continue to utilize special care measures on a test basis as it has been doing.

The report of the Scientific Group also included recommendations for long term strategies and goals under the Convention until the year 2000. The report included favorable comments upon the special care measures being studied by IAPH, and also called for a greater "practical" application of the Annexes. On this agenda item, the United States also expressed the view that the oceans should be considered as an "acceptable alternative" in the overall consideration of waste disposal options.

By far the most controversial item considered at the Seventh Meeting was the proposal by the Governments of Kiribati and Nauru to amend Annexes I and II to ban all disposal of radioactive waste and matter regardless of form, level, content, or method of containment. In his IAPH remarks, Herb Haar pointed out that the proposal was so broad that it could be read to ban all disposal of dredged material, since all sediment contains some naturally occurring radioactive isotopes. The same view was also expressed by the Federal Republic of Germany and the Soviet Union. There was a general consensus to refer the proposed amendments to the Scientific Group for critical study and review before any action was taken. The meeting also passed a resolution calling for a suspension of all dumping of radioactive waste or matter during the period of the Scientific Group's consideration. The United States voted against this resolution, which the U.S. regards as non-binding in any event.

All in all, the meeting reflected a continuing willingness on the part of Contracting Parties to consider port concerns, as well as an intense interest on the part of the Scientific Group in a continuing review of dredged material under the Convention. Critical decisions affecting dredged material are scheduled to be made during the next two years.

The 5th Latin American Dredging Congress observed by Dr. Markus

The 5th Latin American Dredging Congress, organized by the Latin American Dredging Association (ALAD), a wing of IADC, took place at Rio de Janeiro, Brasil, from 6 to 11 March, 1983. Mr. Oscar Markus, President of Portobras, in response to a request by Dr. Hajime Sato, Secretary-General, attended the Congress in lieu of the Association.

A profile of Dr. J. Kirincic, 1st Prize Winner of IAPH Award Scheme 1981/82



Dr. Josip Kirincic

In the April issue of the journal, the First Prize winning paper of the IAPH Award Scheme 1981/82, an essay by Dr. J. Kirincic, was published.

Recently Dr. Kirincic wrote to the Secretary General saying that he felt greatly honored to be awarded such recognition by IAPH. He went on to say that the competition no doubt provided experts engaged in port problem with a real incentive to step up their research activities and to make their work more productive.

His curriculum vitae as provided to the Secretary General from the General Director, the Port of Rijeka Authority is as follows.

- 1924: Born in Costinjac near Rijeka, Yugoslavia
- 1947: Graduated from the Nautical College at Rijeka (Marine Engineering Department)
- 1952: Employed by the Port of Rijeka (Maritime Engineering Department) as Port Equipment Maintenance Manager (While employed at the Port of Rijeka, he managed to obtain a doctorate.)
- 1957: Appointed as Port's Technical Director
- 1962: Appointed as Construction Manager
- 1973: Assigned the task of designing and implementing the project for the extension of the Bakar bulk cargo terminal.
- 1978: Employed by the Port of Rijeka Work Organization in its Development Department.
Appointed as associate Professor of the Faculty of Maritime and Transport Studies at Rijeka
- 1980: Obtained the degree of doctorate from the Technical Faculty of Rijeka in Technical Engineering
He has been decorated several times for merit in his work and was awarded a medal by the President of the Socialist Federal Republic of Yugoslavia.

New members invited to serve on IAPH internal and technical committees

With the growth of the Association, the committees of IAPH have expanded the scope of their activities, and at the moment the Association has 3 internal and 6 technical committees which are all served enthusiastically by volunteer Association members.

At every conference, the members of the respective committees are to be appointed by the President from among the applications made, based on the recommendations of the committee chairmen and the Executive Committee members.

Members interested in serving on any of the technical and internal committees for the new 2-year term beginning at the close of the 13th Conference are thus invited to make an application by writing to the Secretary General, specifying the committee or committees (not more than

two) they wish to serve on, by May 20, 1983. The applications will be presented to the President for his consideration before appointments are made official. Those members who will be attending the Vancouver Conference can make their applications on the spot.

The areas of work covered by the technical committees are subject to revision at our Conferences. Currently, however, they are as follows.

1. Committee on Cargo Handling Operations
(Chairman: R.P. Leach, Houston)

The examination and continuous review of matters relating to the planning, development and operation of cargo handling facilities and systems. These include general cargo, containerization, Ro/Ro, barging, equipment and manpower training.

2. Committee on Port Safety, Environment and Construction (Chairman: J.W. Wallace, Sydney)

The consideration of matters relating to the construction, maintenance and safe marine operation of ports and harbors and to the protection of the port environment, including vessel traffic services, the control of dangerous substances, pollution control and crisis management.

3. Committee on Trade Facilitation
(Chairman: R.L.M. Vleugels, Antwerp)

The handling of procedures and documentation relating to the facilitation of trade through ports and harbors, including the communication and processing of data on a local, national or international basis, as may be required.

4. Committee on Legal Protection of Port Interest
(Chairman: Andre Pages, Bordeaux)

The proposing, developing and administering of schemes for the provision of training, education, and technical assistance to developing ports and the stimulation of cooperation between developing and developed ports.

5. Committee on International Port Development
(Chairman: J.K. Stuart, London)

The examination and review of provisions of international law affecting port interests. IAPH works closely with many representatives of inter-governmental and other international maritime organizations.

6. Committee on Public Affairs
(Chairman: F.M. Wilson, Brisbane)

The encouraging of the development of all ports and harbors which in turn means the development of the whole port community. The identification of community attitudes to port development, operations and industrial growth in port areas. The determining of areas of public concern as well as the assessment of the economic impact of the port on the daily lives of the community and the development of a public relations strategy to deal with problems that may arise.

Membership Notes

New Member

Temporary Member

Alberta Economic Development

12th Floor, 10909 Jasper Avenue, Edmonton,
Alberta T5J3M8, Canada

Office Phone: 427-2083

Telex: 037-42815

(Mr. Clarence J. Roth, Deputy Minister, Planning and Services)

Supplement to the Membership Directory 1983

• Empresa "Puertos de Colombia"

Gerente General:

Vice-Almirante Tito Garcia Motta

Asistente de Gerencia:

Cap. de Navio Jaime Sanchez C.

Secretario General:

Dr. Alvaro Bruges Romero

Director Juridico:

Dr. Edgardo Caycedo

Oficina Comercial de Cali:

Dra. Ana Milena Salguero

Subgerente Rel. Industriales:

Dr. Alonso Lucio Escobar

Subgerente Tecnico:

Dr. Luciano Macias

Subgerente de Planeacion:

Dr. Julio Castro Garcia

Auditor Operativo:

Dr. Nicolas Danies

Subgerente Financiero:

Dr. Carlos Jaramillo

President of the Board:

Mr. Jose Fernando Isaza D.

Minister of Public Works

Terminal Managers:

Cartagena:

Dr. Luis Mogollin z.

Barranquilla:

Dr. Jorge Portela (e)

Santa Marta:

Dr. Paul Correa

Buenaventura:

Dr. Jorge Solano Aconcha (e)

Tumaco: Dr. Vicente Marines (e)

• Direccion General de Puertos y Costas (Spain)

Director General:

Mr. Fernando Palao Taboada

Jefe del Gabinete Tecnico:

Mr. Gerardo Alvarez de Miranda y Torres

Subdirector General de Ordenacion y Programacion:

Mr. Juan Munoz Mitchell

Jefe, Servicio de Estudios y Programacion:

Mr. Jose Antonio Barthelemy Gonzalez

Jefe, Servicio de Proyectos y Obras:

Mr. Modesto Viguera Gonzalez

Secretaria General:

Mr. Juan Losada Barroso

Subdirector, Subdireccion General de Proyectos y

Explotacion:

Mr. D. Luis Montero Garcia

Jefe, Servicio de Senales Maritimas:

Mr. Fernando Berenguer Botija

Jefe, Servicio de Planes y Defensa del Litoral:

Mr. Fernando Cebrian Pazos

Australia's Dependence on Sea Transport

By A.S. Mayne
Chairman, Port of
Melbourne Authority



The historical development of Australian ports has largely been the result of being an island continent with a coastline of some 19,300 kilometers. Australia is considered a major trading nation and as a consequence, depends upon sea carriage for the large majority of its exports and imports. The prosperity of Australia has always been dependent on its trading performance in exports whether they be primary, manufacturing or bulk products.

Australia is the world's largest exporter of iron ore and a major exporter of bauxite, alumina, coal, minerals, grains, sugar, wool and meat. She has ten per cent of the world's supply of good quality known reserves of uranium and twenty per cent of the world's total known reserves of uranium. Australia has taken over from Canada as the world's second biggest exporter of wheat behind the United States. She exports about nineteen per cent of total world shipments even though her production is only four per cent of world production. Her exports of grain have averaged about twelve million tonnes from an average production of twenty million tonnes per year since 1976.

Our total sea carriage is in the region of 250 million tonnes of cargo per annum and mainly long haul. Our bulk cargoes in particular have had a spectacular rise over recent years, multiplying by five to six times over the past ten years. However, only four per cent of our trade is carried in Australian ships. This growth in trade has placed a tremendous strain on the nation's port facilities and as such, at comparatively short notice.

Have the ports kept pace with this dramatic development of our cargoes? It is fair to say they have to some extent, but any gap in required facilities has been caused mainly by a lack of funds; it is a fact of life that at some time every port suffers from a shortage of finance.

Organisation and Administration of Australian Ports

It has been said that Australia has more ports per head of population than any other country in the world! There are some 150 ports and harbours around the Australian coast, ranging in size from small fishing hamlets to the large capital city ports. Their control rests with the Governments of the six sovereign States and the Northern Territory. This has caused a variety of administrative structures to be established, often differing within the same State. Ports are operated by State Government Departments,

Statutory Corporations, Harbour Boards and Private Companies. Only one capital city port, Port Adelaide, is a major general cargo port administered by a Government Department.

The managerial control and financial responsibilities of the major Statutory Ports is outlined below.

Fremantle is administered by five part-time Commissioners, with one being nominated as Chairman by the Government, whilst the others are experienced in shipping, primary industry, secondary industry and labour. The Authority is responsible for its financial viability and retains control of all its revenue from which it must meet operating expenses. Over recent years, it has paid three per cent of its gross revenue into State Treasury.

The Port of Melbourne Authority is a financially autonomous Statutory Authority.

Its Act provides for the appointment of six members, including an Executive Chairman, by the Governor in Council. The other members act in a part-time capacity and are appointed under the Act for their specialist knowledge of various sections of the maritime industry including shipping, importing, exporting, primary production and labour.

Board members are completely responsible for the Port's financial viability and have no access to any form of subsidy or cash allocation from the Government for funding capital expansion. All expenditure must be obtained from internally generated moneys and borrowings on the loan market at semi-government rates.

The Authority is required to pay four per cent of revenues collected on wharfage charges and tonnage rates to the State Treasury, amounting to approximately \$1m per year.

The Marine Board of Hobart is constituted by the Marine Act and comprises nine members including the Chairman or Master Warden. They all serve in a part-time capacity and each Warden must either be a shipowner, importer or exporter. Three members retire each year and are eligible for reelection. Elective franchise is extended only to shipowners, importers and exporters and the Port maintains a roll of voters for this purpose.

The Port is financially autonomous and must meet its running costs out of revenue. The majority of funds for capital expansion are obtained from borrowings on the loan market while replacement of assets is funded from reserves of retained depreciation charges.

The Maritime Services Board is the controlling Authority and administers both marine and port functions in New South Wales.

The Port of Sydney, until 1935, was administered by the Sydney Harbour Trust. In 1935, the Maritime Services Board of N.S.W. was made the Statutory Authority under the Maritime Service Act to co-ordinate port and navigation services under the one Authority.

The Board now controls planning, development and con-

struction in the ports of Sydney (Port Jackson and Botany Bay), Newcastle and Port Kembla.

It is a corporate body of seven commissioners appointed by the Governor. Of these, three are full-time, including the President and the Vice-President, and four are part-time or nominated commissioners. One of the nominated commissioners represents the Port of Newcastle and the others are chosen from such interests concerned with the administration of the Maritime Services Act as the Minister considers suitable.

All revenues collected are paid into a special Maritime Services Board Fund and may only be used for port and marine purposes. An annual provision is made in the expenditure budget for a transfer of money to a Renewals Fund to be used in conjunction with loans authorised by Treasury from the State Loan Allocation to finance capital works. The MSB also pays a levy to the State Government amounting to \$10 million per year.

The Port of Brisbane Authority is a recently appointed Statutory Authority with a Board of seven members including a Chairman. The Port's General Manager is the only full-time member of the Board and other members include the Director of the Department of Harbours and Marine, representatives from the Brisbane City Council, organised labour and three businessmen.

All revenues are paid into a Trust Fund held in Treasury and from which operating expenses are met. Finance for capital works is obtained by the raising of loans either from State Treasury or from private sources arranged through Treasury and from surpluses in the Trust Fund.

The operation of a modern port calls for management to be permitted a good deal of discretion and latitude to enable it to seek solutions to problems on a commercial basis. As port facilities have become much more expensive and more capital intensive, it is becoming increasingly important to ensure that the limited funds available are invested profitably and that management of a major port is permitted a degree of independence.

Port Planning and Technological Change in Ports

One of the major tasks of port planning is the preparation of long-term development plans, preferably including a number of alternative strategies. In Melbourne, as one example, future development plans have the following objectives:

1. To ensure that suitable land can be made available for development of the Port when required.
2. To ensure that all development in the Port takes place in an ordered and integrated manner according to the Master Plan.
3. To enable financial planning for development which will occur over an extended period.
4. To enable the best and most efficient use of resources.
5. To allow for effective communication and co-ordination with other Statutory and Local Authorities.
6. To enable Port users and other interested parties to take appropriate action in the conduct of their business.
7. To inform the public of the proposed development of the Port.

The preparation of such a developing plan requires various stages such as prediction of future demand, technological considerations, matching facilities with demand, economic analysis, financial planning, and environmental and social evaluation. However, in every worthwhile ex-

ercise, it is vital that early co-ordination takes place between the port user and the providers of port facilities.

In any future development, Australian ports are not isolated from what is happening in other parts of the world. To help in these matters, there are many international bodies who contribute towards international relations with port authorities.

The most important is the International Association of Ports and Harbors (IAPH) which, after much discussion in Kobe during 1952, was officially formed in Los Angeles in 1955. Since 1963, the Association has held a conference every two years and Melbourne was privileged to hold the 6th Conference in 1969. Australian membership comprises 25 to 30 regular and associate members.

The aim of the Association is to increase the efficiency of ports and harbors through the development and dissemination of information useful to port and harbor administrations. IAPH provides them with an opportunity of associating together, all for the purpose of furthering knowledge in the fields of port organisation, management administrations, operation, development and promotion, thereby advancing international friendship and understanding and the growth of waterborne commerce.

Seventy-four countries are represented in the Association and total membership exceeds some 400 members. The Association has consultative stature with the United Nations and also the International Maritime Organization (IMO), while close co-operation is maintained with the International Chamber of Commerce, PIANC and ICHCA.

The Australian body most important to ports and marine authorities in Australia is the Association of Australian Ports and Marine Authorities (AAPMA). It was formed in 1916 as a forum for discussion on matters of common interest. Regular biennial conferences are held in the six States by rotation. The existence of the Association has enabled the Member Authorities to adopt a common front in their dealing with various interests associated with the shipping industry.

Another body helpful to Australian ports is the Marine and Ports Council of Australia (MPCA). It consists of the States and Northern Territory ministers responsible for ports in their States chaired by the Federal Minister of Transport. The Council meets yearly in different States with their Advisers present. The Advisers generally meet twice a year to discuss marine and port matters for the MPCA Agenda.

It is significant that from 1976, capital projects commenced, completed and to be completed by the ports of Australia have amounted to approximately \$1,800 million. This does not include money expended by private enterprise.

Port development projects recently completed, being undertaken or under consideration to service resource developments in the 1980's is indicative of the vital role of ports in the nation's economic future.

QUEENSLAND Port of Brisbane

The Fisherman Islands have been connected to the mainland by both road and rail and infrastructure in the way of roads and services provided. Areas of reclamation have been commenced for the development of wharf and industry sites.

Crude Oil: A major crude oil import facility was con-

structed on Fisherman Islands prior to its connection with the mainland. A pipeline from the crude oil wharf to the Refinery was already in existence.

Coal Facility: An interim coal facility has been constructed on Fisherman Islands designed for a throughput of up to 5 million tonnes per annum and capable of loading Panamax ships with tonnages in the range of 60,000 ~ 80,000 tonnes. The wharf length is 240 metres and the dredged depth at the berth is 13 metres. Stage 1 of the development provides for two stockpiles of 60,000 tonnes each, with Stage 2 bringing the total stockpile capacity to 240,000 tonnes. Area is provided for Stage 3 for a stockpile capacity of a total of 360,000 tonnes of coal which would provide for the throughput of 5 million tonnes per annum. The present shiploader capacity is 1,500 tonnes per hour with a maximum outreach of 23.6 metres from the fenders.

Cement Facility: Adelaide Brighton Cement Company is developing a plant on Fisherman Islands. In the early stages, importation of cement only is provided. A clinker grinding works will be constructed and should the markets develop, it is proposed that a cement works will be constructed.

Rail Access: Rail access provides for container and coal traffic at present. The planning allows for shunting areas and the standard gauge to be incorporated in the design. Import of coal by rail will be by bottom dump, with conveyors in excess of 2,000 tonnes per hour. A rail siding between the two container terminals allow for direct feed from the siding to each terminal.

Grain Terminal: Planning is at present under way on the development of export of bulk grain from Fisherman islands immediately downstream of the crude oil berth.

Future Bulk Export Facility: A major bulk export facility is planned on the downstream extension of Fisherman Islands. This will only be completed if the dry bulk trends exceed 5 million tonnes per annum.

Channel Deepening: Investigation has commenced on the deepening of the access channels and in particular, the rearrangement of the entrance to the port through the North East Channel. The breakeven depth is approximately 16 metres and with depths in excess of 15 metres the North East Channel is far less costly than the existing North West Channel. Dredging programs are being arranged for reclamation of industrial sites adjacent to the main shipping complex. The planned rail loop will provide for industry locations within the loop. Justification of such an industry location is envisaged to be high cost/high volume cargo.

Lucinda

Recently constructed offshore deepwater berth will cater for any foreseeable expansion of the sugar industry in the port's hinterland.

Abbots Point

New coal loader under construction to cater for a design vessel of 165,700 dwt. Scheduled to come into operation in April 1984.

Dalrymple Bay

New coal export facility being constructed to cater for a design vessel of 200,000 dwt. Within the existing capacity of the nearby UTAH terminal, this will make the port the largest coal exporting port in the world with a capacity of 55 million tonnes per annum.

Gladstone

A development dredging program scheduled for completion in December 1982, at a cost of \$70m will enable vessels of 140,000 dwt to be handled. Reclamation of several hundred hectares of waterfront land is being undertaken in conjunction with the dredging program.

NEW SOUTH WALES

Sydney (Port Jackson)

The recently completed Balmain Coal Loader has a throughput capacity of 4.5 million tonnes (an improvement of 1.7 million tonnes).

Botany Bay

Construction of a new crude oil berth is proposed to enable the supply needs of both Australian Oil Refining Pty. Ltd. at Kurnell and Total Refineries at Matraville to be met. The cost, including dredging, to permit vessels of 160,000 dwt is estimated to be \$11.5 million.

Newcastle

1. Expansion of the industry-owned coal cargo assembly and ship loading facility will enable throughput to be lifted to 24 million tonnes by the first quarter of 1983, at a cost of \$60 million.
2. A third \$250 million coal loader is presently under design. This facility at Kooragang Island will be jointly owned by the Maritime Services Board and private industry and at the completion of the first stage at the end of 1984, will have a capacity of 15 million tonnes per annum. Ultimately this can be expanded to 50 million tonnes per annum.
3. Harbour deepening, scheduled to be completed in November 1982, will enable ships of 110,000 dwt to use the port.

Port Kembla

1. New coal loader scheduled for completion late 1982 will have a capacity of 15 million tonnes per annum. This can be expanded to a capacity of 25 million tonnes per annum.
2. An additional berth has also been built with a ship loading capacity of 5,000 tonnes per hour. Ultimately, the complex will serve vessels up to 150,000 dwt.

VICTORIA

Melbourne

The Port of Melbourne Authority is investigating the feasibility of providing a new bulk shiploading facility at Appleton Dock. The first stage would involve the erection of a travelling shiploader and fixed conveyor gallery. Handling rates of up to 2,000 tonnes per hour are being considered at a cost of \$5 to \$8 million. A range of commodities including briquettes, char and woodchips, would be handled at the berth, construction of which could possibly commence in 1983.

Geelong

Reclamation of an area of approximately 12 hectares is proposed between Corio Quay and the Bulk Wheat Pier as the next stage of the port's development. This development is planned to include a gantry for the bulk loading of grain. Extension of rail facilities to service the facility is planned.

This work is being planned by the Port Authority in conjunction with the Grain Elevators Board. Dredging of the channel to a depth of 12.2 metres is scheduled for completion by 1990.

Portland

A bulk berth is at present being built to cater for the import shipping requirements of the new Alcoa smelter. Raw materials received will include alumina, coke and pitch and these will be transported from the berth to the smelter site on a 4 km long conveyor. The provision of an additional shipping belt by the Grain Elevators Board will greatly increase the wheat loading in the Port. Dredging of the turning circle from 11 m to a depth of 12.2 m is also planned.

SOUTH AUSTRALIA

Port Adelaide

Adelaide and Wallaroo Fertilizers is upgrading its main Port Adelaide works with completion scheduled for 1984-85. At Adelaide Brighton Cement's facility, ships are loaded by a new 2,000 tonnes per hour shore loader from a 30,000 bulk cement silo which is believed to be the world's largest. This silo absorbed 50,000 tonnes of the ABC's own cement in its construction. Annual cement product output is in excess of 1.1 million tonnes. Berth deepening for larger ships and modernised facilities will considerably improve the handling of coke and coke breeze, also sulphur and phosphate rock for Adelaide and Wallaroo Fertilizers. Future developments of Osbourne will also dovetail in with the new bulk park concept. The port has plans for deepening of the channel to 12 metres and to widen a narrow section of the river.

Port Pirie is considering the widening of the swinging basin for vessels up to 182.87 metres.

Thevenard plans to carry out deepening and ease curvature to allow vessels of up to 182.9 metres to be accommodated.

Wallaroo: The approach channel to the port is to be widened.

WESTERN AUSTRALIA

Fremantle

Construction of a multi-purpose outloading facility at an Outer Harbour Jetty is planned to commence in 1984, at a cost of \$5 million and to be operational in 1985.

Geraldton

Plans are under consideration for development of a new channel to allow a loaded draft of 11 metres at a cost of \$60 million to accommodate vessels of 75,000 dwt to discharge bauxite and 60,000 dwt to load aluminium.

Bunbury

Agreement has been reached between Co-operative Bulk Handling and the Port Authority on the terms of establishing a new grain outloading facility at the No. 2 Breakwater Berth.

Dampier

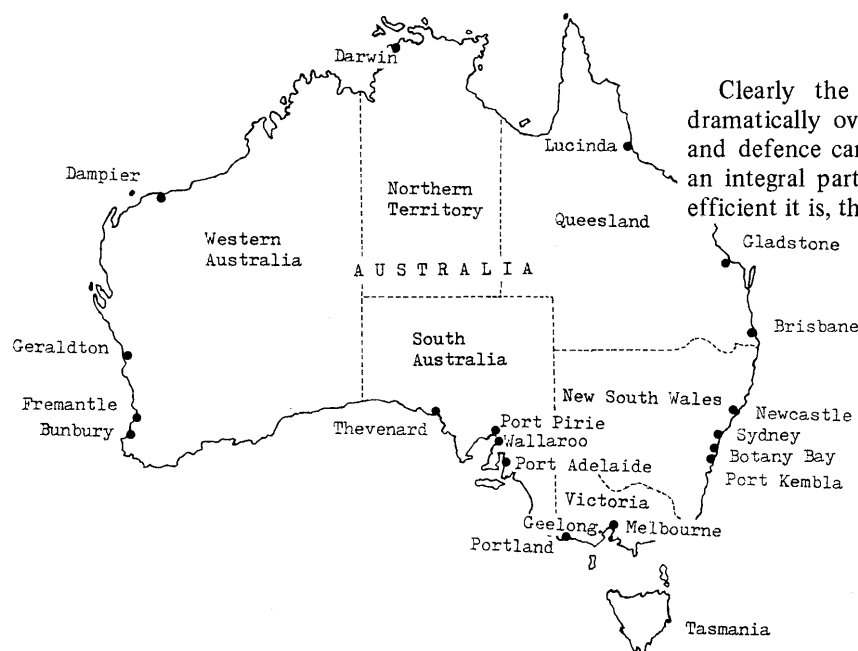
At the East intercourse Island berth, which is capable of receiving vessels up to 200,000 dwt, feasibility studies are at present being carried out with a view of upgrading the facility to receive 250,000 dwt ships, although this is being treated as a long-term possibility. The other main ore outloading berth at Parker Point has just been upgraded to take vessels up to 140,000 dwt.

NORTHERN TERRITORY

Darwin

The Port of Darwin's major resource development centres on the handling of yellow cake, which is shipped through the port in sealed drums in containers. A new RO/RO terminal due for completion in November 1982, will considerably facilitate this trade.

The addition of a 35-tonne rail mounted gantry crane in late 1983 will further improve the handling of this commodity. The export of feed grain is expected to commence in 1983 and the available alternatives for efficient bulk grain handling are presently being evaluated. The advent of the Darwin-Adelaide standard gauge rail link proposed for 1988 is expected to greatly expand the opportunities for the port to service resource developments.



Clearly the role of the port authority has changed dramatically over recent years and its importance to trade and defence cannot be over-emphasised. The port must be an integral part of the community it serves and the more efficient it is, the more value to the area.

Documentary Fraud in International Trade — Whose Fault, Whose Responsibility?

By B.S. Wheble
Advisor on Banking to
the International Maritime Bureau

"The main burden of preventing fraud should, and does, lie with the buyer." Such was the view expressed by Monsieur Jacques Jones, legal counsel for the Inter-maritime Bank, Geneva, at the International Maritime Risk Conference in London last year. True or false?

In my view, definitely true. The fly escapes the spider's larder by avoiding the spider's web. Similarly, the buyer escapes being defrauded by avoiding commercial entanglement with the fraudster. Easily said, but less easily done, as I know to my cost after nearly half a century of financing international trade. How does the buyer 'recognise' the fraudster in advance of the much later 'moment of truth' when he realises he has been defrauded?

At the first seminar on the subject of maritime fraud held in London some years ago (which provided impetus for the later creation of the International Maritime Bureau) lawyers and others were unanimous in criticising the buyer for failure to take adequate measures; misplaced trust and short-sightedness; trust in con-men, or naivety; and trading with nondescript companies and individuals without investigating their credentials.

The Lord Byron case provides a classic example:

"It revealed a lack of business acumen by the Somali Government whose responsible officials had failed to investigate the financial standing of the company which cashed the letter of credit for nearly 6 million U.S. dollars—a company which at that time had just been created with a mere two dollar capital." (International Maritime Fraud, Ellen and Campbell, chapter 5.)

Certainly the exercise of normal business precautions by the buyer is the essential minimum, but a back-up is also necessary, the additional exercise by him of that least common of all senses, commonsense. For it is this which recognises that 'something for nothing' may be a useful advertising gimmick, but it is not a reality of life, so that a 'bargain price' for goods, an attractive offer of goods in strong demand but short supply, or an unduly cheap freight quotation may be the danger signal to disaster rather than the road to good business.

Therefore, in order to avoid being defrauded, but without interfering with normal business practices, what precautions should the buyer take and when should he take them; what 'protection', if any, should he introduce into the purchase contract; and how should he link documentary requirements with the related payment arrangements, bearing in mind that documentary fraud is not limited to purchases paid for by means of documentary credits?

Although the fact is not recognised or accepted as widely as it should be, the subsequent fraud is initiated when the commercial negotiations begin, clearly indicating the 'when' and the nature of the first precautions. Banks do

not, of course, sit in on these negotiations, nor do they normally take part in drafting the commercial contract. Yet even at this stage—and the sooner the better—their aid should be sought by the buyer with a view to minimising the risk of fraud.

Whether entering into a contract with a previously unknown seller, or whether it is the size of the transaction which makes it attractive to a fraudster, a prudent buyer will supplement his own experience, instinct and commonsense with the knowledge and experience of his bankers, and wherever possible with information from trade circles also.

Banking and trading information can brief the buyer on the credit rating, and financial and moral standing of the prospective seller and his likely trustworthiness in correctly performing his side of the contract by delivering the contracted goods in the right place and at the right time. Inability to obtain banking information, or information which is so flat and inconclusive as not to inform, usually signals danger. This specific personal information can also be broadened, again by enquiries in banking circles, by more general, but equally important, information on trade and foreign exchange regulations and restrictions, and on banking systems and procedures.

The impact of the buyer's own instinct, experience and commonsense should be to make him suspicious, rather than avaricious, in transactions which clearly fly their own danger flag and indicate need for caution in, for example, transactions:—

- offering goods in strong demand and not readily available;
- offering goods at an unduly low price, especially from a country which, or a seller who, is not a normal source of their supply;
- calling for payment conditions out of line with those customary for the goods or markets involved;
- requiring an advance payment of a fee to an intermediary offering the goods, e.g. for disclosing the name of the supplier;
- involving the use of names that resemble, but are not, those of well-known business houses;
- imposing pressure for fast acceptance of offers and/or insisting on speedy issuance of documentary credits;
- requiring payment by a documentary credit issued in favour of a party other than the seller;
- requiring charter party bills of lading to be acceptable when contrary to the nature of the transaction or the type of goods.

In a way, however, these may be seen as essential, but negative, precautions. The buyer may prefer something which he sees as more positive, such as the 'protection' he introduces into the purchase contract, or the way he links his documentary requirements with payment conditions. Here, however, the traditional 'caveat emptor' is not enough, and further warnings are called for. The best protection is NOT to deal with a rogue. He always has the edge over his 'victim'. He knows that he intends to defraud,

and is therefore always ready to circumvent precautions and protective measures. Further, the introduction of unduly restrictive measures by a buyer with protection against fraud in mind may be counterproductive. They may well stifle essential, legitimate and honest trade, especially in this era when there is an increasingly general, government endorsed trend towards simplification of the procedures and documentation of international trade.

Finally, a demand for more documentation is not necessarily a safeguard; it is more likely to be a challenge to a rogue who is up to all the tricks of document falsification. Nor, when payment is made by means of a documentary credit, can the banks do more than a minimum to prevent fraud. They see documents only, pieces of paper, never the goods to which those pieces of paper relate. They can check for apparent irregularities in those documents: only too rarely are they in a position to challenge their genuineness, although if there is fraud it may well be the bank which has to bear the loss in the long run, since the loss, if large, may cause the failure of the bank's customer, the buyer.

Nevertheless, in cases where it may be justified and appropriate, there is the possibility of protection by a bank performance bond or guarantee, to be arranged by the seller as a condition of the purchase contract and as a condition precedent to any payment on behalf of the buyer, whether by documentary credit or otherwise. Subject to its wording the effect of such bank bond or guarantee would be to transfer the risk of loss in the event of fraud from the buyer to the bank issuing the performance bond or guarantee.

(Nevertheless, the buyer should at once be on guard if the bond or guarantee appears to be issued in any way that 'side steps' the normal routine of the international banking system, and here again he should look to his bank for help and guidance.)

I do not, however, feel the same so far as the link between requirements and payment conditions is concerned. In fact, I would support the view of Monsieur Jacques, that—

"Banks are not in a position to verify the truth of documents. A bank would not be able to tell whether a type of merchandise included in a bill of lading was actually loaded or not."

Nor, I would add, is a bank qualified to vouch for the nature or the quality of the merchandise. That is a task for an on-the-spot expert, certified by him in the form of a

document specified by the buyer, although just specifying the document is not enough. Its importance lies in it being issued by a named firm of international repute, and in the nature and timing of the inspection, all of which should be detailed in a documentary credit if that is the agreed method of payment—and commercial commonsense suggests that the inspection should be at the time of shipment, in order to reduce the risk of the subsequent substitution of goods.

Yet even if 'the main burden of preventing fraud should, and does, lie with the buyer', he could surely do with all the help he could get, and so far as the banks are concerned I feel they can usefully adopt an 'educational' role. It would be of assistance to all, and especially to the trading areas referred to in Ellen and Campbell's book, i.e.

"trading areas which have gained operational autonomy before they have learned the basic principles of international trade",

for they are all too often the victims of the fraudsters.

At the Congress of the International Union of Marine Insurance in Amsterdam in 1982, I suggested the 'syllabus' might:—

- (a) stress the need for buyers and sellers to make enquiries so as to satisfy themselves as to the standing and integrity of the parties they deal with before entering into any binding agreement;
- (b) advise buyers of the protection possibilities available to them by requiring independent expert checking of the goods;
- (c) convince shippers that they will not be 'the wholly innocent parties in the transaction' if they are imprudent in 'accepting cut-price freight or other advantage';
- (d) emphasize that payment is made against documents, but that if enquiries about the seller have been unsatisfactory the buyer might be better off not entering into the trading transaction;
- (e) stress the facts of life, i.e. that you do not get 'something for nothing';
- (f) draw attention to the activities of national and international trade facilitation bodies in standardising documents and simplifying their production, sometimes with an apparent loss of security.

If such an educational programme merely injected knowledge of what not to do, who not to do it with and where not to go, some small progress would have been made towards the prevention of documentary fraud.

— Port of Napier —

(Turned back from page 22)

The Board maintained close and regular contact with Shipping Principals, agents, and port users throughout the year, assisting with marketing information.

Sister Port Relationships:

The Board was pleased to welcome a party of eight visitors from Tomakomai led by Mr. I. Matsui, President of the Tomakomai-New Zealand Society, and including Mr. M. Yamashita, Treasurer of the Tomakomai Port Authority.

We are desirous of seeking ways of strengthening the Sister Port relationship with Tomakomai and welcome the initiative being taken by the Japan-New Zealand Society to

co-ordinate visits by representatives from Tomakomai and enhance the Port and City Agreements.

Endowment Lands

The management of the Board's Endowment Lands was carried out very effectively and the revenue from the leasing of land and the operation of the Ahuriri Lagoon Farm made a very useful and important contribution to the Board's finances.

2,580 leases this year returned the Board \$747,520 compared with 2,580 leases last year with \$699,787, while the Farm operations yielded \$116,430 this year compared with \$49,265 in 1981.

Jack Tucker
Chairman

The Maritime Services Board of New South Wales

(Extracts from Annual Report 1981-82)

President's review (extract)

It has been a difficult year in many respects. Trade through all ports to 30 June last totalled 75.7 million tonnes, 3.4 million tonnes, or 4.5 per cent less than last year's record figure.

A number of factors contributed to this decline.

There was a downturn in the economy internationally, and this has affected activities throughout the ports.

A fall in world demand for steel, a general decline in coal exports, and reduced tonnages in crude oil imports all played their part in bringing about a reduction in cargo throughput.

Coal exports, while still remaining the State's principal export commodity, suffered substantial disruption due to industrial disputes by nearly all of the 34 Unions directly associated with the coal industry, from the mine face to the port.

There are, however, some areas of trade which have shown considerable improvement.

Despite world-wide trading difficulties, the Sydney Ports, (Port Jackson and Botany Bay) handled 34.8 million tonnes during the fiscal year, an increase of more than 100,000 tonnes. The number of containers through the Sydney Ports reached a record 408,792. This was 25,787 more than in 1980/81.

General cargo imports into the Sydney Ports from overseas increased by 626,384 tonnes to 6,957,236 tonnes.

I am particularly pleased to note the total tonnages registered in Port Botany, where the new Container Terminals Australia Limited (CTAL) Terminal, on the southern side of Brotherson Dock, opened in March last. This terminal combined with the Australian National Line (ANL) Terminal to record 3.5 million tonnes of container trade through the port, almost one million tonnes more than the previous record figure.

Trade through the Port of Newcastle fell by 1.3 million tonnes to register 22.1 million tonnes. Coal exports slipped by one million tonnes to 12.8 million tonnes, and interstate imports of ironstone fell to 2.7 million tonnes, a loss of slightly less than half-a-million tonnes.

Port Kembla's total throughput of 16.7 million tonnes was down 1.7 million tonnes on the previous year. Imports of ironstone and bulk oil, and exports of iron and steel through Port Kembla all showed a decline.

The minor ports at the Clarence River, Trial Bay, and Twofold Bay all registered lesser tonnages than in the 1980/81 period.

In overall terms, while the total trade figures show a slight decrease on last year's record tonnages, cargo shipped

through all the State's ports is the second highest figure ever recorded.

You will note that the presentation of our accounts has been restructured in the fiscal year 1981/82, with the corresponding arrangement of the comparatives for 1980/81. Thus the publication of the Board's balance sheet as at 30 June, 1982, together with its statement of income and expenditure for the year, reflects a format consistent with the commercial type of presentation with which most readers would be familiar.

However, more importantly, it better exhibits the financial worth and funding structure of the Board's finances consistent with the commercial types of activities of which the Board is very much a vital part.

J.M. Wallace
President

Balance sheet

as at 30 June, 1982

	1981-82 \$	1980-81 \$
Capital and Retained Earnings		
Capital Debt—		
Loan Liability to the Treasurer	192,318,440	195,599,753
Loans Raised by the Board	<u>165,534,189</u>	<u>143,867,380</u>
	357,852,629	339,467,133
Other Capital —		
Commonwealth Government Grant	1,192,452	1,192,452
Loan Liability — Port Kembla		
Further Development Act — 1968	5,751,215	6,486,713
Newcastle Harbour Deepening Levy	<u>80,000,000</u>	<u>58,239,964</u>
	86,943,667	65,919,129
Retained Earnings —		
Loans Repayment Reserve	5,027,185	3,341,932
Renewals Reserve —		
1. Expended on Assets	142,122,146	60,432,702
2. Available for Future Works	<u>2,868,230</u>	<u>32,699,053</u>
	144,990,376	93,131,755
Accumulated Funds	<u>628,080</u>	<u>48,147,109</u>
	150,645,641	144,620,796
	<u>\$595,441,937</u>	<u>\$550,007,058</u>
Represented by		
Fixed Assets —		
Property, Plant, etc. (At Cost)	637,728,999	507,210,174
Less Provision for Depreciation	<u>60,278,082</u>	<u>1,326,960</u>
	577,450,917	505,883,214
Investments —		
Shares in Kooragang Coal Loader		
Limited (7,500,000 A Class Shares		
@ \$1.00 ea. paid to 14c)	1,050,000	—

Current Assets –			Total Operating Income	\$184,392,218	\$158,940,764
Stores and Materials	1,948,081	1,730,240	Expenditure		
Debtors	22,359,916	9,333,692	Port Management	64,536,936	55,279,545
Less Provision for Doubtful Debts	209,068	9,425	Operations	20,327,221	17,312,626
	22,150,848	9,324,267	Sundry Services	11,066,890	10,174,784
Interest Bearing Deposits	25,724,000	58,450,000	Coal Loading Facilities	33,142,825	27,792,135
Cash and Cash in Transit	12,843,421	7,933,099			
	62,666,350	77,437,606	Waterways Management	3,124,893	2,899,335
	641,167,267	583,320,820	Maintenance of Properties and Equipment	16,480,278	14,313,367
Less –			Provision for Depreciation	10,247,419	–
Current Liabilities –			Administrative Expenses	19,471,065	15,272,208
Creditors	21,175,209	9,748,509	Management and Administration	17,833,711	14,284,897
Bank Overdraft	–	72,496	General Charges	1,637,354	987,311
Trust-Newcastle Harbour Deepening Account	9,254,654	13,354,803	Financial Charges	32,049,991	28,993,688
	30,429,863	23,175,808	Interest – Capital Debt	18,247,000	17,104,000
Provisions –			Interest – Private Borrowings	13,456,289	11,564,780
Extended Leave	4,436,150	2,495,069	Loan Management & Flotation	346,701	324,908
Retirement Benefits	4,114,162	2,557,252	Total Operating Expenditure	\$145,910,582	\$116,758,143
Dredging	3,061,260	2,063,035			
Future Maintenance Coat Loading and Other Plant	3,683,895	3,022,598	Balance of Income Available for Renewal of Assets and Other Purposes	38,481,636	42,182,621
	15,295,467	10,137,954	Add – Newcastle Harbour Deepening – Interest on Investments	2,279,687	–
	45,725,330	33,313,762	– Profit on Sale of Land	2,570,000	–
Total	\$595,441,937	\$550,007,058		4,849,687	5,030,222
				43,331,323	47,212,843

Statement of income and expenditure

for the year ended 30 June, 1982

	1981-82	1980-81	Applied To:		
	\$	\$	Payment – Contribution to Consolidated Revenue Fund	9,671,760	–
Income			Transfer – Newcastle Harbour Deepening Account	17,642,049	16,989,660
Port Management	173,442,062	151,296,878	Repayment – Port Kembla Harbour Deepening Agreement	690,000	840,000
Charges on Cargo	92,383,433	81,132,058	Sinking Fund Contribution – Private Borrowing	1,519,690	1,956,635
Charges on Vessels	21,391,611	15,768,138	Renewal of Assets	7,000,000	22,900,000
Commercial Charges	12,399,383	10,723,501		36,523,499	42,686,295
Coal Loading Charges	47,267,635	43,673,181	Addition to Accumulated Funds	\$6,807,824	\$4,526,548
Waterways Management	3,762,123	2,993,225			
Interest on Deposits	5,839,280	3,695,616			
Miscellaneous Sources	1,348,753	955,045			

Port of St. John's

(Summary of Annual Traffic Report 1982, Port of St. John's, National Harbours Board)

General Manager's review

Considering the degree of the country's economic recession during 1982, the Port of St. John's "held its own" in terms of overall Port operational performance for the year 1982.

During the previous year, the Port recorded 1,519 commercial vessel arrivals in comparison to 1,649 for 1981, a decrease of 130 arrivals or 8.6%. Total Gross Registered Tonnage (GRT) amounted to 3.3 million tons, a decrease of 319,000 GRT's or 8.7%. Several major factors contributed to this decrease in marine traffic:

Inshore and Deep Water Fishing Industry Within 200 Mile Limit

Foreign trawler traffic declined substantially in comparison to 1981, for example, Portuguese trawlers decreased by 27 arrivals and Russian trawlers by 22 arrivals respectively for a total of 88,700 GRT less than 1981. This trend is

expected to continue for the foreseeable future as a result of:

- Foreign countries such as Spain and Portugal and others unable to reach full agreement on allowable fish quotas within the Canadian 200 Mile Economic Zone. When agreements are reached with Canada, the allowable catch is usually below those countries requests. Indications are that allowable quotas may continue to decrease for the time being.
- The economic recession that prevails worldwide is certainly having a detrimental affect on the operation of large stern trawlers within our waters.
- Owners operating foreign trawlers find it sometimes more economical to purchase fish products from private fish companies located outside the Province rather than actually catching the products themselves from the Atlantic.
- Continued current problems in our provincial fishing industry and the failure by suppliers to produce continued firm worldwide market opportunities is still an uncertainty because of the unstable conditions within the industry.

Offshore Activity

The Port of St. John's registered an increase in offshore activity for the year 1982 in comparison to 1981. This increase was due primarily to an escalation in supply vessel activities on the Grand Banks and Labrador Coast. Offshore activity will hopefully remain at the same level of intensity until the Federal and Provincial Governments reach some mutual agreement with respect to ownership and management of this offshore resource thereby bringing stability to the industry allowing prudent development and exploration advancement in accordance with an overall development plan as based upon Canada's and the world's energy requirements.

The effects of offshore exploration for oil and gas was evident by 401 arrivals of offshore related vessels during 1982 versus 379 in 1981. This number of arrivals may be categorized as follows:

	1981	1982
(a) Drill Ship Arrivals	6	10
(b) Offshore Supply Arrivals	267	300
(c) Seismic Vessel Arrivals	106	91
Total Arrivals During the Year	379	401
(d) Total Vessel GRT's	475,795	614,936 (+29.2%)

At the peak of offshore exploration during the 1982 season, there were two semi-submersible drill rigs and four dynamically positioned drill ships working off the coast of Newfoundland. Supplying these rigs contributed to the interport activity through supply of drilling mud, drilling cement and other much needed operational supplies and provisions affording economic assistance to all Port related suppliers, users, and agencies.

Changing Mode of Transportation—General Domestic Cargo

Changing modes of transportation was evidenced by an increase in the domestic type cargo import/export in the form of containerized tonnage through the Port over the previous year, that is to say, 250,454 tons versus 204,194 tons of cargo in 1981 or an increase of about 21% over the previous year. Total TEU's handled through the Port during the year amounted to 46,270 as compared to 40,897 or an increase of 13.1%. The changing mode of transportation has increased substantially over the years since 1979 when only about 20,474 TEU's passed through the Port. One major factor contributing to this increase was as a result of Atlantic Freight Lines combining their services with Newfoundland Steamships Limited, a subsidiary of Newfoundland Capital Corporation, to form Atlantic Container Express during mid 1982. This new company now operates a container service between Montreal and St. John's in a more efficient manner while providing a speedier and lower cost service to all users and consignees. In addition, C.N. Marine continued its mode of transportation from St. John's to Goose Bay, Labrador via containerization. It is expected because of the economics and efficiency of this type of cargo operation that container traffic will continue to grow during the next few years. However, it should be recognized that with this increase there will most likely be a gradual decrease in the number of general cargo vessels utilizing Port facilities as already reflected in the total annual vessel traffic figures for the Port during 1982 at some 1,519 vessels compared to some 1,649 vessels in 1981.

Overall Total Port Waterborne Cargo

The Port showed a "break even" aspect in the handling of its overall waterborne cargo for 1982 at 1,102,118 tons as compared to 1,098,409 during 1981 or an increase of 0.3% overall. This activity may be broken down as follows:

	1980	1981	1982	% Variance
(a) Dry Bulk	52,069	71,525	84,964	+ 18.7%
(b) Liquid Bulk	547,836	615,230	613,807	- 0.2%
(c) Container Tonnage	161,559	204,196	250,454	+ 22.6%
(d) Container Units (TEU's)	(26,801)	(40,897)	(46,270)	+ 13.1%
(e) Other General Cargo (Break Bulk & Trailers)	261,678	207,539	152,893	- 26.3%
Total Tonnage	1,028,142	1,098,490	1,102,118	+ 0.3% Overall

Port Revenue

As a result of general Port activities during 1982, Port revenue increased by about \$270,000 over 1981 revenue. Likewise, Port expenses for the same period increased by some \$180,000 over 1981 expenditures. Port operating income for 1982 was about \$90,000 over income for the same period in 1981.

Profit earned by the Port over the last two years will be reinvested back into the Port for infrastructure redevelopment and upgrading which facilities for the most part have not had major overhauling since their inception in the late 1950's and early 1960's. The Port is also continuing forward with its plans to appoint a Single Terminal Operator for its facilities within the West End of the Harbour at its main cargo terminal as envisaged by its public proposal call for Single Terminal Operator status as advertised during the summer 1982. Proposal reviews regarding this aspect are now being evaluated and a decision will be forthcoming shortly.

With the appointment of a Single Terminal Operator, the Port proposes to redevelop this area in order to reflect a more modern marine cargo facility for the continued improvement of Port facilities which in itself will greatly contribute to fulfilling our Port mandate of being a total service Port with modern handling facilities at continued lowered marine servicing costs to all Port Users and cargo consignees.

CONCLUSION

Improved and new Port business is hopefully expected not only from a more stable fishing industry, offshore settlement agreements between senior levels of Government, but continuous inter-Port co-operation among Port Users, Agents, and Consignees relative to marketing our Port on a National, International scale thereby achieving further advancement in attracting more waterborne business to the Port including the cruise ship tourist trade.

In 1982, this specific trade experienced a slight increase in the Port with the arrival of two major cruise ships carrying some 1,600 passengers. This activity along with future increases in all other aspects of Port traffic will in turn bring much greater benefits not only to the Port itself but to the City, Metropolitan and Regional area in terms of direct/indirect economic benefits.

**D.J. Fox, P. Eng.,
General Manager**

Port of Napier

(Extracts from Chairman's Annual Review for year ended 30 September 1982, Hawkes Bay Harbour Board)

Chairman's review (extract)

Trade

1,349,152 tonnes of cargo were handled through the Port during the year, a decrease of 57,279 tonnes or 4.1 percent over the same period last year.

The drop in cargo is mainly attributable to reduced tonnages in exports of timber, woodpulp, frozen meat, wool and general cargo caused mainly by marketing problems currently affecting all New Zealand exports.

It was very pleasing to see the increase in imports as the RO/RO and LO/LO services to the port expand their share of our imports to the advantage of our importers.

A total of 6,226 containers were handled through the port compared with 5,041 last year.

Cargo handling efficiency continued to improve with the total work force maintaining faster handling rates utilising fully the better equipped vessels now using the port.

Shipping

Shipping arrivals increased from 291 last year to 312 this year, while the aggregate nett register tonnage of shipping arriving at the Port totalled 1,478,341 as compared with 1,379,289 in 1981.

With less woodpulp, frozen meat and wool exports the average size of vessels was less as was the berthage utilisation. The total number of days the berths were used declined from 1,314 days in 1981 to 1,082 days in 1982. A further contributing factor for this being the low rainfall with less than the usual low weather delays.

The average cargo in tonnes per ship dropped from 4,833 tonnes to 4,512 tonnes.

Finance

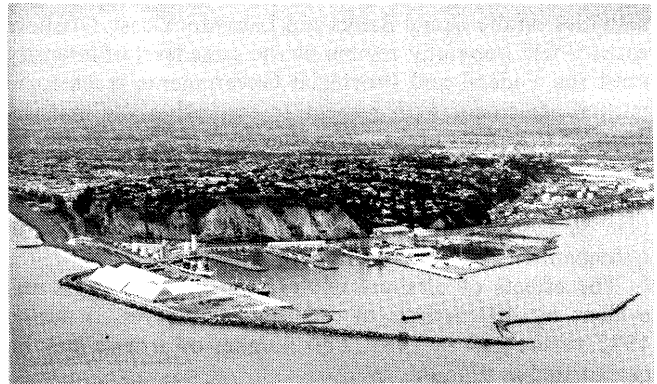
With throughput of trade down by 57,279 tonnes compared with last year, the gross revenue for the year of \$7.8m was 1.3 percent less than estimates, while operating expenses at \$7.7m were only 0.8 percent less than estimates.

After taking into account Capital Works expenditure financed from revenue and repayment of loans there was a nett surplus of \$0.1m.

A very difficult year with the coming to an end of the programme of Capital Works which has maintained full employment for the Board's staff for a number of years and a shift necessary to accumulated maintenance works which requires financing from revenue instead of loans. In addition, the down turn in cargo handling work made more labour available than expected for maintenance work.

This has resulted in the greater use of bank overdraft facilities and necessitated the raising of further loans to finance dredging and breakwater strengthening work which was previously to be financed from revenue.

Capital expenditure for the year amounted to \$3,044,000 and was financed from the following.



Loans	2,209,000
Revenue	551,000
Reserves	284,000
	<hr/>
	\$3,044,000

Works

Wharves:

The 100m final extension of Kirkpatrick Wharf was completed, except for the end section and the adjacent reclamation. The southern part of the western half of Herrick Wharf was strengthened to carry traffic from small RO/RO vessels.

Cargo Sheds:

The new 3,500m² shed for imported fertilisers (No 10) was completed, except for the belt conveyor, and No 9 shed which stores pulp from the Karioi Mill was extended to join it.

Port and Trade Promotion

It was a volatile year in the area of shipping services through the Port. Having actively supported the introduction of the Maritime Carriers Ltd Napier/Australia service the Board was disappointed that the company withdrew after only seven months in the trade, particularly as cargo volumes appeared to be increasing. The support from users of the service to have it retained encouraged the Board to seek an alternative and following representations, BHP agreed to backload export cargoes from Napier to Melbourne.

The first vessel to accept cargo was the IRON ARHNEM on 25 September.

In April 1982 Sin Wah Container Line commenced a new service to the South East Asian ports, opening up a number of import and export opportunities. It was extremely disappointing that the line suffered a financial collapse, as it has affected the confidence of exporters, in particular, toward new alternative services.

Diamond Line began a new service from Napier to Papua New Guinea early in September.

Pacific Forum Line's extension to its PNG service to include export cargoes from Napier to Brisbane is significant, and opens up unique opportunities for exporters in the southern half of the North Island.

(Turn back to page 18)

International maritime information:

World port news:

Draft report of the 7th Consultative Meeting of Contracting Parties to the London Dumping Convention, 14–18 February 1983

(Extracts from the IMO document LDC 7/WP. 10)

1. Introduction

Opening of the Meeting

1.1 The Seventh Consultative Meeting of Contracting Parties to the Convention on the Prevention of Marine Pollution by Dumping of Wastes and Other Matter, 1972, convened in accordance with Article XIV (3)(a) of the Convention, was held at IMO Headquarters, London, from 14 to 18 February 1983.

1.2 The meeting was attended by delegations from the following Contracting Parties to the Convention:

Argentina	Netherlands
Brazil	New Zealand
Canada	Nigeria
Chile	Norway
Denmark	Panama
Finland	Papua New Guinea
France	Philippines
Germany, Federal Republic of	Poland
Greece	Portugal
Iceland	South Africa
Ireland	Spain
Japan	Sweden
Kiribati	Switzerland
Mexico	USSR
Morocco	United Kingdom
Nauru	United States

by observers from the following States, not being Contracting Parties to the Convention:

Australia	Italy
Belgium	Liberia

by observers from the following United Nations organizations:

United Nations Environment Programme (UNEP)
Intergovernmental Oceanographic Commission (IOC)
International Atomic Energy Agency (IAEA)

and by observers from the following inter-governmental and non-governmental organizations:

Organisation for Economic Co-operation and Development/Nuclear Energy Agency (OECD/NEA)
Commission of the European Communities (EEC)
Oslo Commission
Paris Commission
International Association of Ports and Harbors (IAPH)
International Union for Conservation of Nature and Natural Resources (IUCN)
Greenpeace International

Observer status of international non-governmental organizations

1.8 The meeting agreed that invitations to the Eighth Consultative Meeting shall be sent to IAPH, CEFIC, Greenpeace International, IUCN, Friends of the Earth International, FORATOM and ENS.

2. Status of the London Dumping Convention

2.1 The meeting took note of the report of the Secretary-General on the current status of the London Dumping Convention and the progress being made in the acceptances of the 1978 and 1980 amendments thereto (LDC 7/2, LDC 7/2/Corr.1) and noted that as at 1 January 1983 fifty-two governments had ratified or acceded to the Convention. The meeting noted that, as requested by the Sixth Consultative Meeting, the Secretary-General had written to all Governments (IMO Members and Non-IMO Members) which had not yet ratified or acceded to the Convention, inviting them to do so as soon as possible (Circular letter No. 912 of 13 December 1982). The meeting further noted that the attention of the IMO Assembly at its twelfth session (9-20 November 1981) had been drawn to the importance of the prevention and control of marine pollution by dumping of wastes at sea and that meetings of Committees of the Organization are regularly up-dated on the status of the London Dumping Convention.

2.2 The meeting noted with satisfaction the statement made by the delegation of the Federal Republic of Germany that the procedures for implementing the amendments to the Annexes adopted by the Third and Fourth Consultative Meetings are well in progress and that the withdrawal of the objections to these amendments would be notified to the Secretary-General of IMO by April 1983.

2.3 The meeting, when considering under item 4 of its Agenda the report of the task team on a long-range strategy for the Convention, discussed how an increased membership of the London Dumping Convention could be encouraged. The outcome of the consideration on this matter is reflected under Chapter 4 of this report.

3. Report of the Ad Hoc Scientific Group on Dumping

3.1 The report of the Ad Hoc Scientific Group on Dumping (LDC 7/3) was introduced by its Chairman, Mr. T. A. Wastler (United States). The Meeting approved the report in general and took the following action in relation to the matters considered under this Agenda item.

Review of the Annexes to the London Dumping Convention

3.2 Some delegations felt that sufficient information on the inclusion of lead and lead compounds in Annex I was now available to the Ad Hoc Scientific Group on Dumping to reach a decision; other delegations pointed out that the new material which had been presented by Canada at the

last meeting of the Ad Hoc Scientific Group is only presently being evaluated by their national scientific institutions. The Meeting noted the intent of the Ad Hoc Scientific Group to reach a final decision at its next meeting. The United Kingdom requested that the report of the Ad Hoc Scientific Group on this matter should include its findings in regard to the toxicity, persistence and bioaccumulation of lead and its compounds and that thereafter the Consultative Meeting would make a decision, taking into account also the input of lead and lead compounds into the sea from other sources and the regulation of such sources.

3.3 The Meeting agreed that the Ad Hoc Scientific Group should make an attempt to finalize its consideration of this issue at its next meeting and to bring forward to the Eighth Consultative Meeting a recommendation based on its scientific findings. A decision based on political and economic factors in addition to the scientific grounds would then have to be made by the Consultative Meeting.

3.4 The observer from IAPH drew the attention of the Meeting to the work the IAPH is doing on the classification of substances listed in Annex I (LDC 7/3/1) and suggested that the IAPH, in its study, would pay particular attention to lead and lead compounds. The Meeting welcomed the offer made by the IAPH.

3.5 With regard to the position of organosilicon compounds in Annex II to the Convention, the Meeting noted the deliberations of the Ad Hoc Scientific Group and welcomed the intent of the Group to obtain additional information on the behaviour and the occurrence of organosilicons in the marine environment from CEFIC and to prepare recommendations at its next session for consideration by the Eighth Consultative Meeting.

3.6 The Meeting noted the progress being made in developing criteria for assigning substances to Annexes I and II, and agreed with the procedure in this regard being employed by the Ad Hoc Scientific Group. The Meeting noted in particular that Contracting Parties had been invited to comment on an informal proposal tabled by the Netherlands at the meeting of the Ad Hoc Scientific Group. The Secretariat was requested to reproduce an amended Netherlands document as soon as possible for the next meeting of the Group. The Meeting noted the offer of the IAPH to prepare a report on the application of classification criteria to dredged material (LDC 7/3/1) and welcomed this initiative.

3.7 The Meeting considered the recommendation of the Ad Hoc Scientific Group that its proposal for amendment of Annex III (LDC 7/3, Annex 3) should be adopted by the Consultative Meeting either as an amendment to Annex III or as guidelines to the existing Annex III. A majority of the delegations favoured an approach which would amend Annex III by the addition of one paragraph to Section C referring to guidelines for the implementation and uniform interpretation of the requirements of Annex III. The guidelines would be based on the scientific material prepared by Australia for the Ad Hoc Scientific Group. Some delegations favoured not to amend Annex III, preferring that the content of the proposed amendments be adopted by a resolution of the Consultative Meeting in the form of technical guidelines.

3.8 The Meeting requested the Secretariat to prepare a draft resolution for the amendment of Annex III to the effect that an additional paragraph would refer to guidelines for the implementation and uniform interpretation of the requirements of Annex III. The Meeting considered the draft resolution under item 7 of its Agenda and the outcome is described in chapter 7 of this report.

3.9 The Meeting, noting that the Ad Hoc Scientific Group will continue its consideration of the development of implementation guidelines for Annex II approved the approach suggested by the Ad Hoc Scientific Group and welcomed the offer of the United States delegation to prepare a basic discussion paper on this matter for consideration by the Ad Hoc Scientific Group.

3.9.A The Meeting noted that the Ad Hoc Scientific Group had recognized that testing procedures related to the carcinogenic potential of substances were inappropriate for assessing impacts on the marine environment. The Meeting confirmed that GESAMP should be asked to consider the impact on marine life of materials with known mammalian and human carcinogenic properties, if dumped at sea, and whether repeated dumping of such substances could lead to public health concerns.

Detailed technical discussions of the Ad Hoc Scientific Group

3.10 With regard to the technical discussions of the Ad Hoc Scientific Group regarding cadmium, the Meeting confirmed the view of the Ad Hoc Scientific Group that delegations should provide information to the next meeting of the Group on the experiences of their countries in regulating cadmium.

3.11 The Meeting considered whether the dumping of dredged material contaminated with Annex I substances, even if later capped with clean material, was allowable under the current provisions of the Convention. The observer from Greenpeace stated that in his view the sequestering of a contaminated material from the marine environment and marine organisms by capping does not meet the requirements of Annex I to the Convention. The observer from the IAPH stated that in his view the capping technique would result in rendering the contaminants harmless by isolating Annex I substances contained in dredged material from the marine organisms and that capping would therefore be consistent with the requirements of paragraph 8 of Annex I.

3.12 The delegation of the Federal Republic of Germany stated that any dumping of dredged materials containing Annex I substances was in contravention of the provisions of the Convention, even if capped with clean material. Therefore, no further capping experiments with dredged materials contaminated with Annex I substances should be carried out and the Ad Hoc Scientific Group should not continue to consider this matter. Several delegations agreed with the view expressed by the Federal Republic of Germany, as to the present provisions of the Convention, but felt that for practical reasons further studies were necessary for the development of new techniques for the sea disposal of dredged material contaminated with Annex I substances, notwithstanding the legal position of such a matter.

3.13 The Chairman of the Ad Hoc Scientific Group stated

that the Sixth Consultative Meeting had agreed that capping techniques should be conducted as field research projects until such time as the accumulated information on this technique can be applied on a routine basis. The Ad Hoc Scientific Group should therefore investigate whether or not the capping technique was acceptable from a scientific viewpoint. In the event that the Ad Hoc Scientific Group recommends that the technique is acceptable from a scientific viewpoint, then the Consultative Meeting may determine whether an amendment to Annex I to the Convention is necessary or desirable to allow its use.

3.14 The United States delegation stated that the legal and administrative questions on this matter had been discussed at previous Consultative Meetings and that it was its understanding that for the implementation of paragraphs 8 and 9 of Annex I, the Contracting Parties will continue to be guided by decisions made on the interpretations of these paragraphs at the First and Third Consultative Meetings (LDC 7/INF.3, paragraphs 2.3.4.3 and 2.3.4.4) and as also outlined in the reports of the Fifth and Sixth Consultative Meetings (LDC V/12, paragraph 10.4 and LDC VI/12, paragraph 3.12).

3.15 The meeting agreed the Ad Hoc Scientific Group should continue to assess capping carried out on a research basis until sufficient information has been obtained as to whether this technique was acceptable from the scientific viewpoint. The meeting invited all Contracting Parties to provide results of experiments carried out in their countries on capping of contaminated dredged material for consideration to the Ad Hoc Scientific Group.

3.16 With regard to the possibility of receiving assistance on scientific matters and in the field of monitoring from IOC and ICES, the meeting noted the information provided by IOC (LDC 7/INF.7). The Netherlands delegation noted that ICES participation in specific activities would require funding to be provided on a case-by-case basis. The meeting welcomed the offers of IOC and ICES to provide assistance, but felt that additional information on specific details was necessary before any offer could be considered. The Ad Hoc Scientific Group was requested to outline such details and to prepare recommendations regarding specific scientific issues and monitoring requirements which may need the assistance of IOC and ICES. The meeting also noted that the close co-operation between IOC and ICES could be of benefit for the purposes of the London Dumping Convention.

4. Report of the Task Team on a Long Range Strategy for the Convention

4.1 The Chairman of the Task Team 2000 (Mr. G.L. Holland, Canada) introduced the report of the Task Team. In his introduction, the Chairman of the Task Team noted that the work had proceeded more slowly than anticipated due to the magnitude and complexity of the task involved and that in the absence of input from many of the Contracting Parties, the Task Team, which met in October 1982, decided that its report (LDC 7/4) and its Annex should be considered by the Seventh Consultative Meeting as a discussion paper aimed at provoking further consideration of the issues and recommendations contained therein.

4.2 He informed the Consultative Meeting that the Task

Team had concluded that there was every reason to expect pressure on the marine environmental quality to increase at a steady rate and that the ultimate goal of the Convention was the protection of the marine environment through the elimination of dumping activities involving hazardous wastes posing unacceptable risks. This elimination should be achieved through the continuing reduction of hazardous wastes and strict compliance with the annexes to the Convention. In addition, the London Dumping Convention was seen by the Task Team to fill the need for co-ordination at the global level and to provide the necessary comprehensive approach to consolidate the various jurisdictions applied on regional, sub-regional and national levels with respect to dumping activities.

4.3 Written views on the report of the Task Team and the long range strategy for the Convention were submitted by Australia (LDC 7/INF.6), Canada (LDC 7/INF.5), Denmark, Finland, Iceland, Norway and Sweden (LDC 7/INF.14), Greenpeace International (LDC 7/4/1) and the United States (LDC 7/INF.16).

4.4 In the general discussion of the report of the Task Team, many delegations expressed overall agreement with the principles contained in the report and appreciation to the members of the Task Team for the excellent work carried out, noting that the long range strategy for the Convention was not a static one but rather was part of a dynamic process which would be under continuing review by the Consultative Meeting.

7. Consideration of Proposed Amendments to the Annexes to the Convention

Amendments concerning dumping of radioactive wastes and related subjects

7.1 The meeting considered certain submissions under agenda item 6 were closely related to those under this agenda item and therefore accepted them together with the following proposals for amendments, draft resolutions and statements concerning dumping of radioactive wastes and radioactive matter initially submitted under this agenda item:

<u>No.</u>	<u>Submitted by</u>	<u>Subject</u>
LDC 7/7	Kiribati and Nauru	Proposed amendments to Annexes I and II
LDC 7/7/3	Nordic countries	Proposed amendments to Annexes I and II
LDC 7/7/4	Spain	Draft resolution on the dumping of radioactive wastes
LDC 7/WP.3	Philippines	Amendments to the draft resolution submitted by the United Kingdom
LDC 7/WP.12	Federal Republic of Germany	Statements on the dumping of radioactive wastes
LDC 7/7/2	Greenpeace	Comments on the Kiribati and Nauru proposal
LDC 7/7/1	IAPH	Comments on the Kiribati and Nauru pro-

LDC 7/WP.1	Spain	positional Statement on the dumping of radioactive wastes
LDC 7/INF.2	Kiribati and Nauru	Background material to LDC 7/7
LDC 7/INF.10	Greenpeace	Background material to LDC 7/7/2

During the course of discussion of this item, a number of additional working papers and information papers were also submitted.

7.23 In introducing LDC 7/7/1, the observer from IAPH informed the meeting of the special problems the world ports and harbours might face if the amendments proposed by Kiribati and Nauru were adopted without modification. According to the proposed amendments, dumping of all radioactive wastes and matter, regardless of the level, form, content or method of containment would be prohibited. As virtually all harbour sediments contain some radioactive matter, essential dredging operations could be halted. The observer from IAPH urged that the scientific basis of the proposed amendments be reviewed by the Ad Hoc Scientific Group and the special problem raised by his organization also be considered.

Annex

Substantive Items to be included in the Agenda for the Eighth Consultative Meeting and for the Intersessional Meeting of the Scientific Group on Dumping

Eighth Consultative Meeting

- Report of the Scientific Group on Dumping.
- Report of the Task Team 2000.
- Status reports of activities relating to the disposal of radioactive wastes at sea.
- Legal aspects of the sub-sea bed disposal of radioactive wastes.
- Consideration of proposed amendments to the Annexes to the Convention.
- Promotion of technical assistance.
- Relations with other organizations.
- Future work programme and date of next session.

Scientific Group on Dumping

- Identification of specific questions on scientific aspects to be presented to experts in the field of sea disposal of radioactive wastes.
- The position of lead and lead compounds in the Annexes to the Convention.
- The status of organosilicons in Annex II.
- Criteria for the allocation of substances in Annexes I and II.
- Interpretation of the term "trace contaminants".
- Implementation guidelines for Annex II.
- Guidelines for the implementation and uniform interpretation of Annex III.
- Land-based alternatives to the disposal of wastes at sea.
- Incineration at sea.
- Monitoring for the purposes of the London Dumping Convention.
- Detailed technical discussion of problems associated with the implementation of Annex I, in particular with regard to:
 - .1 cadmium;

- .2 oil in dredged material;
- .3 "special care" techniques for the disposal of contaminated dredged material.
- Consideration of reports on dumping.
- Review of reporting procedures.

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MARPOL 73/78 to enter into force

The most important international treaty-regime ever developed in the struggle against marine pollution will come into force on 2 October next year.

This was assured with the acceptance by Italy of the International Convention for the Prevention of Pollution from Ships, 1973, as modified by the Protocol of 1978 (MARPOL 73/78). Italy became the 15th country to accept the treaty-regime which required ratification by 15 countries before it could come into force. Another requirement was that the combined merchant fleets of the accepting countries should represent 50 per cent of world tonnage. This tonnage requirement was reached on 23 September 1982 when the 1973 Convention and the 1978 Protocol were ratified by Greece.

The 15 countries which have accepted MARPOL 73/78 to date are: Colombia, Denmark, France, Federal Republic of Germany, Greece, Italy, Liberia, Norway, Peru, Sweden, Tunisia, United Kingdom, United States, Uruguay, Yugoslavia. Their fleets represent 53-65 per cent of world gross tonnage.

Mr. C. P. Srivastava, Secretary-General of IMO, said: 'The 1973/78 MARPOL instruments are not only the most important anti-pollution measures ever adopted internationally but they are also the most comprehensive. They deal not only with pollution by oil, but cover also pollution by chemicals, ships' garbage and sewage and other substances.

'The entry into force of the legal regime in these instruments will no doubt enable the international community to tackle the problem of pollution from ships more effectively than has been possible hitherto.'

The original 1973 Convention was a well-considered attempt to eliminate pollution of the seas from ships almost at one stroke. Unfortunately highly complex technical problems, primarily in connexion with the measures designed to prevent pollution by chemicals, were such that most countries were unable to accept and implement the Convention in the time-frame originally envisaged.

In 1977 a series of accidents involving oil tankers led to IMO convening a conference on tanker safety and pollution prevention. This conference was held early in the following year and adopted a Protocol containing a series of new measures designed primarily to reduce pollution of the sea by oil.

It was considered essential that the measures contained in the 1978 Protocol and the 1973 Convention be internationally accepted and implemented as soon as possible. To help achieve this it was agreed to include in the 1978 Protocol provisions deferring implementation of the 1973 Convention regulations relating to pollution by chemicals (Annex II). Under the 1978 Protocol, the provisions of that Annex would only enter into force three years after entry into force of the Protocol. This means that Annex II will

now enter into force on 2 October 1986.

By decisions of the 1978 conference the 1973 MARPOL Convention and the 1978 Protocol were in effect amalgamated into one single legal instrument. By accepting the Protocol, Governments agree and undertake to implement the requirements of the 1973 Convention as modified and added to by the 1978 Protocol. The legal regime of the two instruments therefore apply to a State without the necessity for that State to accept the 1973 Convention separately. *(IMO News)*

1969/71 compensation regime reviewed: IMO

The Legal Committee's forty-ninth session was devoted mainly to further work on the review of the limits of liability contained in the International Convention on Civil Liability for Oil Pollution Damage, 1969 and the International Convention on the Establishment of an International Fund for Compensation for Oil Pollution Damage, 1971. The 1969 Convention places primary liability for compensation for oil pollution damage on the owner of the ship from which the oil escaped or was discharged. This liability is up to a specified limit depending largely on the tonnage of the ship but also with a maximum ceiling for each incident. If the limit specified in the 1969 Convention is exceeded or if compensation is not forthcoming under that convention, compensation becomes available under the 1971 Fund Convention, under conditions stipulated in that convention. Compensation under the 1971 Convention is paid from a fund established by contributions from the oil-importing interests. This is also subject to a maximum specified ceiling. It is widely agreed that the total compensation available under the two conventions is no longer adequate and this and other aspects are being reviewed to enable the necessary changes to be introduced at a diplomatic conference now scheduled to be held in 1984.

The Committee broadly agreed that the balance of liabilities between shipowners and the cargo interests, as contained in the 1969 and 1971 conventions should be maintained, with appropriate increases in the levels of limitation for both shipowners and cargo interests.

The Committee also considered how any changes in the two conventions should be brought about. Various proposals were discussed and it has now been generally agreed that future work should be based on the preparation of two separate protocols, one relating to the 1969 Civil Liability Convention, and the other to the 1971 Fund Convention.

The Committee has also agreed that, under all circumstances, the solution finally chosen should ensure that there would be no gap in the application of the present system, pending the full introduction of the new regime. The Legal Committee recognized that the period of overlap would depend to a large extent on the requirements for entry into force adopted in the new instruments. It was decided to give this question and other outstanding issues, further consideration prior to the 1984 conference. The Committee expects to devote at least two further sessions to the review of the 1969 Civil Liability and 1971 Fund conventions before the diplomatic conference. *(IMO News)*

Local Port Corporation status sought: Port of Prince Rupert, Ports Canada

The Port of Prince Rupert will have a much higher degree of local autonomy if its recent petition for Local Port Corporation status is approved.

Prince Rupert Port Authority has submitted a brief to the Canada Ports Corporation in support of its application.

New legislation, Bill C-92, amends the National Harbours Board Act to change the name to the Canada Ports Corporation and provide a new management structure. A Board of Directors representative of broad regional interests will be responsible to the Minister of Transport for the 15 ports that were administered by the NHB. It will provide national policy direction to Local Port Corporations appropriate to achieving the objectives of the national ports policy. It will also manage non-corporate ports on a divisional basis.

Bill C-92 stipulates that ports applying for Local Ports Corporation status will be evaluated on the basis of national and regional significance, financial self-sufficiency and demonstrated local interest.

Directors of a Local Port Corporation will be appointed on a part-time basis by Order-In-Council, upon the recommendation of the Minister of Transport. The local Board will appoint a port manager who will act as Chief Executive Officer.

Joe Scott, the Chairman of the Prince Rupert Port Authority, says the greatest benefit of local port corporation status will be the opportunity for local management to have a comparatively high degree of autonomy.

"With a dynamic local board and a capable, enthusiastic staff, the Port of Prince Rupert will provide a more efficient and practical service. We'll be able to tailor decisions that fit our port, rather than having decisions made in Ottawa that attempt to fit all ports."

Local Corporations will be responsible for operation and management of their ports, with the authority to handle property management, contracting and tendering, setting of rates, personnel matters and administrative decisions. They will originate their own by-laws for approval by Governor-In-Council and will have the power to authorize expenditures to a limit set out in the approved regulations.

Ports of Colombia in profile

Brief Description of the Ports

The Colombian Maritime Ports (Patrimony of the Country) start their history with the Spanish Conquest. Santa Marta in 1525 and then Cartagena in 1533. The last, was latter converted in the main Port of South America, in the traffic of merchandise through Europe. From 1582, Cartagena has connection with the Magdalena River by the Canal del Dique.

Barranquilla was a very important Port with the Puerto Colombia Railway since 1888. Years later Cartagena and Santa Marta used the railway to reach the Magdalena River and through this the internal ports of the country.

To Buenaventura was of essential importance the railway in the impulse of its development. Private Companies

built the berths and warehouses in the Maritime Terminals and some of them managed the ports. The dock of Barranquilla was constructed and managed by Winston-Bonc & Co. and then the Raymond Concrete from 1937 to 1941. The dock of Cartagena was administered by the Snarf Corporation from 1933 to 1941. The dock of Santa Marta was constructed and administered by the Santa Marta Railway. Later on, this dock was passed to the administration by the United Fruit Co. until 1955.

The dike, warehouses and buildings of the railway of Buenaventura was constructed by the Raymond and were administered by the Governor of the Department of Valle until 1933.

From this stage, the ports were administered by Centralized National Organizations. The railways administered the Ports of Buenaventura and Tumaco. The Direction of Navigation and from the Minister of Public Works was in charge of the administration of the Caribbean Terminals until 1961.

Before 1959 the ports due to labour difficulties, scarcity of technical means etc; They couldn't give the service according to a Modern Port system, which is characterized by a increasing demand in services for ships and cargo.

The economic development of the country produced a big impact over the old structures of the Maritime Terminals. To attend this vigorous port activity it was founded the Empresa Puertos de Colombia by the law 154 of 1959 that was regimanted by the Decree 1414 of 1961. The primordial objective was to organize a efficient and autonomous entity with enough solvency to manage the ports. This was appointed as a Public Establishment adscript to the Minister of Public Works. During this period it was consolidated the enterprise's unity through uniform policies in work procedures, personnel control and financial programming.

Reasons of administrative and operative order impulsed the government to give a major autonomy to the ports in the operation aspects, manage of personnel and income distribution. To adopt the criterio of decentralization by deconcentration of functions it was considered the enterprise's unity in terms of unified fare policy, common criterio in the personnel administration, investments, work systems, etc.

The Decree-Law 561 of 1975 changed the juridical nature of Public Establishment to Commercial Enterprise to harmonize with the commercial character of its activities. The reglimented Decree 972 of 1975 approved the statutes of the Enterprise.

The Colombian Ports over two Oceans

Colombia, the unique Equatorial Country in the world with coast over two oceans, also has, a considerable area and an excellent economic development. For this privilege, Colombia is a connecting point between the international traffic.

The ships that call in the ports of the country do not need to pass through locks. The majority of the ports are constructed in harbors with open bays and natural protection. The docks of Barranquilla, over the Magdalena River are of the type of open marginal. The dock in Leticia, at the furthest south of the country is a metallic floating one, connected to land by a metallic bridge; the ships

sail to the Atlantic Ocean by the Amazonas River passing through a extended Brazilian territory.

Colombia has Maritime Ports over two Oceans: Over the Atlantic (North Coast) three cities have terminals:

Barranquilla is connected to the inner land of the country by river and roads. In the berths services is given to general cargo mainly to the local industries and to the free zone. The city is also the origin of the commercial aviation and has an international airport with airlines to some cities of the country.

Cartagena. Its berths are located in a beautiful harbor and is connected with the Magdalena River through a channel with a length of 114.5 kilometers and for this, the river cargo is a large proportion of the total. There is communication with the inner part of the country by air and by road. Cartagena is specialized in containers, international traffic and tourism ships. It also mobilize grain bulk cargo.

Santa Marta mobilize a high percentage of the foreign commerce by the excellent railway net with the rest of the country. It also has communication by roads with the southern sector of the country; to the east with the Guajira Department and with the city of Maracaibo (Venezuela); and to the west with the other ports and with cities of the North Coast. It also has an excellent airport. In the terminal there are 18 silos used to storage grain bulk cargo, berths for general cargo and a berth for banana exports.

Over the Pacific Ocean, two ports serve large ships.

Buenaventura. Mobilize the 50.2% of the maritime cargo of foreign commerce attended by Colpuertos. For it's situation it serve the commercial interest of the western and central part of the country (Mainly the departments of Valle, Caldas, Antioquia, Tolima and Cundinamarca). The railway and the new highway communicate the terminal with the rest of the country. The National Government has very large plans for the development of the port.

Tumaco, very near to the Ecuador, is the alternative port of the Pacific. The Minister of Public Works is rebuilding and improving the road from Tumaco to Pasto, which it gives progress to the city and the South-West of the country. The definitive solution to the traffic of cargo it will be the increase in industries and also the development of the maritime terminal.

Panama Canal transit booking system

After prolonged testing of various alternatives and over the objections of the Organization of American States (OAS) (Advisory, February 14, 1983), the Panama Canal Transit Booking system will be permanently implemented April 1. The object, says the Canal Commission, is to improve service to users and to increase the efficiency of Canal operations. The way it will work is that a limited number of openings for transit will be available each day. Bookings for a given date will be available between 21 days and four days prior to the intended transit. An additional number of bookings (not to exceed nine) plus any not taken or canceled during the first period will become available on the second and third days prior to the transit date. The booking fee will be 23 U.S. cents per Panama Canal Gross Ton, with a minimum of \$15.00 for any vessels. Penalties are prescribed for cancellations. Vessels not

booked for transit will be dispatched through the Canal in the order determined by Canal authorities. A hierarchy of preferences is established to allow for instances where requests for bookings exceed the number of slots available.
(AAPAADVISORY)

Change recommended in Panama Canal's vessel tonnage measurement system

The Panama Canal Commission recently began worldwide distribution of a consultant's report recommending a change in the Canal's vessel tonnage measurement system. Shipping lines using the Canal, shipbuilders, major commodity shippers and other private and governmental organizations are being sent copies of an executive summary of the report, which is based on a two year study by the Commission's tolls consultant, Arthur Andersen & Co.

In releasing the report Panama Canal Commission Administrator, D. P. McAuliffe stressed that the report was only a recommendation, and that final action on the recommendation would be taken by the Commission's Board of Directors only after both informal and formal procedures had been followed to gather comments from interested parties.

The Panama Canal has been using a tonnage measurement system derived from national tonnage certificates since the Canal opened in 1914. However, in 1982, 57 maritime nations began implementing a new universal measurement system (UMS) adopted after many years of

research and development under the auspices of the International Maritime Organisation of the United Nations.

"The Panama Canal Commission recognised its responsibility to world shipping to investigate the new tonnage system and initiated a study in 1980 to determine whether the UMS could be integrated with our present system as the basis for Panama Canal Tolls," the Administrator said. "Arthur Andersen & Co., has developed a mathematical approach to permit derivation of Panama Canal tonnage for the builder's universal tonnage certificate in minutes in comparison to the task that now requires weeks of calculations and physical verification".

In making the announcement McAuliffe emphasised that because tolls must by law be set to recover costs, the change would have no impact on canal revenues. The new system would only apply to new vessels constructed under UMS, and current customers would continue to have their tools computed on their present tonnage. The study indicates that the change would result in little or no change in the tolls paid by individual ships.

In addition to requesting informal comments on the report copies now being distributed, the Commission also plans to hold a series of symposiums over the next several months to discuss the ramifications of the new systems and gather additional comments. These symposiums are planned for Panama, New York, London, Tokyo and a site to be selected on the West Coast of South America. Following these meetings and the evaluation of information comments, the Board of Directors will consider whether to proceed with the formal legal procedures such a change would require.

Panama Canal Commission: Universal Measurement System

Setting a New Course in Tonnage Measurement

In July 1982 forty-eight nations, representing 80% of world shipping, began implementing a new, uniform method for tonnage determination. This event marked the culmination of more than a century of effort by ship tonnage authorities to achieve international acceptance of a single, universal measurement system.

The adoption of the Universal Measurement System (UMS) holds significant implications for the Panama Canal Commission. What these implications are and how they will affect the Canal's future operations are explored in this report. We have analyzed the alternatives available to the Commission and have recommended an approach that we believe will best fulfill the Canal's objectives. The Panama Canal Commission, however, will decide its own course of action in responding to the new tonnage system.

Tons and "Tonnage"

Historically, tonnage measurement was developed to assess taxes on merchant vessels. As early as the 13th Century, vessels carrying wine from France to England paid duties based on the number of wine barrels or

"tuns" that the vessel was carrying. Even though a vessel was not engaged in the wine trade, owners began to use the wine tun as a standard to express the capacity of their vessels. Thus, the internal capacity, or duty levied on a vessel, eventually became known as "tonnage."

Traditional tonnage measurement systems used by international shipping authorities today were first introduced by an Englishman, George Moorsom, in 1854. Moorsom's system measured tonnage in terms of the internal capacity of a ship. This internal capacity was expressed in multiples of 100 cubic feet with each "100 cubic foot unit" referred to as a "ton."

Today, the term "tonnage" carries considerable regulatory and economic implications. Around the world, gross and net tonnage are used to determine proper manning of vessels, licensing of personnel, pilotage, pollution control, vessel inspection, various taxes and duties, financial liability and many other aspects, all affecting the operating costs of ships.

Advantages of Setting a New Course

Tolls are assessed at the Panama Canal by determining a vessel's net tonnage under the Canal's rules of measurement. The only exceptions are warships and unusual

vessels that are assessed tolls on their displacement tonnage.

Since it opened in 1914, the Canal has applied its own rules of measurement to determine tonnage. These rules were adopted to provide uniform treatment of all ships using the Canal. Otherwise, tonnage determined under the traditional national rules could produce different tonnages for identical ships.

In order to eliminate these differences in national measurement rules, an agency of the United Nations, the International Maritime Organization (IMO), began developing a universal system of measurement in 1959. Their efforts resulted in the *International Convention on Tonnage Measurement of Ships, 1969*, signed in London by all the principal maritime nations of the world. This was indeed a considerable achievement because it was the first time the world's maritime nations have agreed on a single system.

The Convention provides a uniform method of measuring ships. The intent is to have this method adopted by all nations of the world. This would mean that regardless of ship ownership and registry, ship tonnage would be uniformly determined. To smooth the implementation of the new system, the Convention provides a transition period of 12 years. During this period shipowners have the option of retaining their ship's existing tonnage or having it remeasured under the Universal Measurement System. However, all new ship construction and ships that undergo major structural changes have to be measured under the new system.

Although the Panama Canal has its own tonnage system, its values are derived from traditional systems of national tonnage. Herein lies the need for setting a new course. As UMS replaces previous national tonnage systems, the determination of Panama Canal tonnage will no longer be a by-product of national tonnage. The new system applies an entirely different methodology to tonnage calculation. Continued application of the Panama Canal system now that UMS is in force leaves the Canal using a relatively complicated tonnage system not compatible with the rest of the maritime industry, requiring that ships be measured twice.

In view of this, the Panama Canal requested a study in 1969 immediately after the adoption of the Convention. The study estimated the effect that application of UMS would have on the tolls paid by the users of the Canal. Because that study was based on preliminary data then available, the Canal initiated a reevaluation in 1974 based on much more data. Both studies showed that use of either UMS gross or UMS net would result in tolls significantly different from then-current tolls even after making an adjustment in rates to equalize Canal revenue. This shift in tolls burden among ships would have been substantially greater if UMS net were used as the assessment base. Since the Convention had not been ratified by the world community at the time of the earlier studies, the Canal wasn't required to make a decision about applying the proposed new system.

Acceptance of the Convention by Japan on July 17, 1980, fulfilled the criteria for bringing the new system into force. The Panama Canal is now faced with the reality of the new measurement system that is replacing national tonnages. It must decide its own course of action. Consequently, the Canal requested the current study to evaluate the UMS against its own measurement rules.

We recognize that there are a number of political and legal aspects involved in considering UMS. These issues, however, are not examined in this report. The primary emphasis of this study is to show the economic impact on the Canal and its users if UMS tonnages or related parameters are adopted for assessment of tolls. The study is directed principally toward determining the effect of UMS on tolls charged to new ships built after July 1982. A change in tonnage systems presents a significant challenge to the Canal: How can the disparity of tolls between similarly designed new and existing ships be minimized? The response of the Canal to this challenge will be closely monitored by shipping interests.

Canal Commission Objectives

Our discussions with Canal Commission management established two major objectives that we considered in evaluating each alternative course of action. The objectives are:

- ☐ The Canal's tonnage system should work in harmony with that used by the maritime community.
- ☐ Any change in the Canal's tonnage system should not affect the Canal's revenues or users' costs.

We restated these objectives as questions which we asked about each alternative studied. The answers guided our evaluation process to the recommendations stated later in this summary of our report.

Can the Canal's Tonnage System Work in Harmony With UMS?

The Canal's present tonnage system was adopted almost 70 years ago and has, up to now, been closely related to the national tonnage systems in use around the world. As explained earlier, the present Panama Canal tonnage system will no longer be compatible with the national tonnage systems when UMS is adopted.

The rest of the world is making a major shift from the present tonnage systems, based on manual measurement of spaces aboard a vessel, to a system based on overall enclosed volumes. The volume data used with UMS are generally derived from computerized ship design programs and are available during the design phase of ship construction.

Under the present Panama Canal system, tonnage cannot be determined until much later in the construction process, since numerous manual measurements must be made on the actual vessel. This is necessary because modifications made in the ship's design during construction often change the net tonnage without changing the overall dimensions of the ship.

If the present system is maintained, tonnage authorities, who now issue Panama Canal tonnage certificates based on information they derive from preparing the ship's national certificate, will be required to make two separate tonnage calculations. This will certainly increase the time and cost for certificate preparation.

Adopting a UMS-based system of tonnage measurement would eliminate the need for separate measurements. It would also provide shipowners with a reliable estimate of tonnage at a much earlier point during the construction of the ship.

Currently, tonnage authorities worldwide are familiar with the Panama Canal's system of exemptions and deductions which are similar to their previous national systems. As time goes by, this familiarity will diminish, thus increasing the risk of inaccurate Panama Canal Tonnage Certificates. This will place an ever-increasing burden on the Canal's own admeasurement function.

For these reasons, the Canal's present tonnage system is not completely harmonious with UMS, due to the fundamental differences in their approaches.

Should the Canal Continue the Present System With No Change?

At first it may seem that the simplest decision would be to continue the Canal's present system of tonnage measurement. The present system has, with some revisions, been used successfully since the opening of the Canal in 1914. There has not been any significant criticism of the Panama Canal rules of measurement. These rules have been cited by tonnage authorities worldwide as one of the most straight-forward systems for tolls assessment in use today.

The present system yields a gross tonnage and a net tonnage. The gross tonnage is a measure of the total internal capacity of a ship expressed in volumetric tons of 100 cubic feet. Net tonnage is determined by deducting from gross tonnage those spaces used for the operation of the ship. The resultant net tonnage under the Panama Canal (PC) rules is considered to be the "earning capacity" of a vessel.

The benefit of retaining the present system is clear; there would be no impact problem for the users of the Canal as would be experienced if a new measurement system were introduced. However, momentum is building for the Canal to adopt the new Universal Measurement System as a basis for tolls. For example, at its regular session in November 1981, the International Maritime Organization of the United Nations adopted a resolution urging member governments to request the Panama and Suez Canals to adopt UMS. Other shipping industry groups have also gone on record as being in favor of the Panama Canal's adopting the new tonnage system provided the effect on their tolls would not be unreasonable.

Although the retention of the present system would achieve the objective of minimum impact, it clearly falls short of the objective of harmony with the world's maritime industry.

How Would a System Change Affect the Canal and Its Users?

A system that has been in effect for almost 70 years cannot be changed overnight. It is important to consider the extent of the change and the management of the change process. Minimizing the disruptive impact of change is a primary objective. The Canal must seek a method of bridging the gap between the old and the new. A gradual phase-in of a new system could best achieve this objective by spreading the impact over a number of years.

Adopting a new system that applies only to new ship construction should not jeopardize the present level of Canal revenues. Canal toll rates are set to recover the cost of operation based on the tonnage of all ships that transit. If transiting tonnage or costs change, toll rates are adjusted in order to cover costs. Accordingly, the real problems associated with a phased approach to change are fourfold.

The first problem is near-term. How can the individual differences in toll paid by new ships compared to similarly designed existing ships be minimized? This problem must be solved if equitable treatment is to be given to all Canal users.

The second problem is long-term. If a new system results in significantly higher tolls for a single class of ships, such as tankers, eventually that class would bear a larger portion of the Canal's total costs than other classes. Such a shift in burden could affect trade patterns and the overall levels of Canal traffic. This problem must be resolved to ensure the long-range viability of the Canal.

Third, the Panama Canal presently has complete control over its tonnage measurement rules. Adopting the Universal Measurement System, which is administered by the International Maritime Organization, could shift control away from the Canal to another organization. Since toll rates are set based on estimated transiting tonnage, rule changes by IMO could disrupt toll revenues for the Canal until rates could be adjusted. This could be an undesirable feature of UMS.

Finally, the Panama Canal Treaty of 1977 provides that regular payments be made to the Republic of Panama by the Panama Canal Commission. These payments are based on the number of Panama Canal net tons (PC net tons) transiting the Canal. Any tonnage system adopted must be able to provide a basis for determining the amount of these payments.

The framers of the Convention recognized that it would be physically impossible to immediately remeasure all existing ships under the new system. Thus, the Convention has provided owners of existing ships the option of converting to UMS during the 12-year transition period. This study, however, could not consider the Canal allowing this option. Such an option would jeopardize the Canal's revenue flow since owners would opt for the system producing the lower tolls.

Under each of the alternative systems considered, a phase-in period would be established during which only new ships would be measured under the new system while existing ships would retain their present Panama Canal net tonnage as the basis for their tolls. This approach would minimize the impact on Canal users. At the end of the phase-in period (up to 20 years) any ships not already measured under UMS could be measured under the new system.

The Canal could establish a phase-in period so that the normal turnover in Canal traffic would minimize the number of older ships undergoing a tonnage change at the end of the phase-in period. This approach would provide stability in current toll revenues and existing users' costs while allowing the Canal to adopt a modern tonnage system in harmony with the world's maritime industry.

Alternative Courses Available to the Panama Canal

The Canal has considered three distinct alternatives in its efforts to respond to the 1969 tonnage convention. To analyze the differences, a computerized model was prepared comprising more than 3,700 vessels that transited the Canal in 1980. These alternatives are listed below and

are examined in the following pages:

- ☐ Adopt UMS net tonnage as a basis for tolls,
- ☐ Adopt UMS gross tonnage as a basis for tolls, or
- ☐ Develop a Panama Canal system based on UMS.

Adopt UMS Net Tonnage as a Basis for Tolls

The Convention determines UMS net tonnage by measuring the volume of a vessel's cargo spaces. A mathematical formula is applied to those volumes to arrive at net tonnages as near as practicable to existing registered net tonnages. The formula was developed so that new ships would have net tonnages reasonably close to comparable existing ships' national tonnages. This avoids disparity in assessing dues and port charges. The new method differs substantially from current systems which start from gross tonnage and deduct spaces used for such purposes as propelling machinery, crew quarters and navigation equipment.

UMS net tonnages, in the aggregate, are about 30% less than Panama Canal net tonnages. Because it produces lower aggregate tonnage, if UMS net were adopted, a separate toll rate structure would be required for new ships during the phase-in period. Such a rate would need to be 42% higher than the rate used for Panama Canal net tonnage to return the same aggregate tolls. It may at first appear that with the separate rate, new ships would pay approximately the same tolls as similar existing ships. However, because of size and design differences in ships carrying various types of cargo, the average 30% reduction in tonnage is made up of widely varying individual reductions. Also, the rate per UMS net ton used to calculate the periodic payments to Panama would probably need to be adjusted.

Since tolls are directly dependent upon tonnage, the study examined the impact of higher or lower tolls on individual new ships to the extent that an individual ship's tonnage varied from the overall 30% decrease. For example, if a ship showed a UMS net tonnage 35% lower than its PC net, it could expect 7% lower tolls, [e.g. $(-35\% + 30\%) \times 1.42 = -7\%$].

The study shows that if UMS net tonnage is used as the basis for assessing tolls, new ships will pay tolls significantly different from those paid by similar existing ships. This attribute of UMS net makes it the least desirable of the alternatives examined since such wide differences would be unacceptable. As shown in the following summary, less than half of the ships in our study would pay tolls under UMS net within 5% of what they now pay under Panama Canal rules.

Difference in Tolls*		Portion of All Ships' Tonnage	
Increase greater than	15%		7%
	15		9
	10		19
	5		18
No Difference		43%	15
	5		10
	10		5
	15		3
Decrease greater than	15		14
			100%

*Note: The difference in tolls for each ship was rounded to the nearest 5%. For example, the "NO DIFFERENCE" category includes differences from plus 2.5% to minus 2.5%. The 5% range includes differences from 2.5% to 7.5%.

ences, both upward and downward, in average tolls paid by all types of ships. Only the average of the differences in individual ships' tolls within the ship types are shown. A single new ship will probably have a difference in tolls more or less than the average.

Ship Type	Average % Difference in Tolls
General Cargo	+ 5%
Refrigerated Cargo	- 23
Dry-Bulk Carrier	+ 1
Tanker	+ 7
Dry/Liquid Bulk Carrier	- 7
Container/Break Bulk	- 3
Full Container	- 28
Roll-On/Roll-Off	- 35
Vehicle Carrier	- 32
Vehicle/Dry-Bulk Carrier	+ 11
Passenger	- 19
Liquid Gas Carrier	- 43

Also analyzed was the impact of UMS net on ships according to size. The data show that small and large vessels generally would experience wider ranges of difference than would average size vessels.

As shown in the previous table, adoption of UMS net as the toll assessment base for new ships would generate substantial differences in the average tolls paid by new ships compared to most similar existing ships. This is especially true for new Refrigerated Cargo Ships, Full Container Ships, Roll-On/Roll-Offs, Vehicle Carriers, Vehicle/Dry-Bulk Carriers, Passenger Ships and Liquid Gas Carriers.

One reason for this is that the PC tonnage system does not allow deductions for cargo-related equipment areas that are not in cargo spaces. Since UMS net starts with the cargo spaces only, differences related to the non-deductible equipment spaces arise. The major differences, though, result from the "load line" factor in the UMS net formula. This factor mathematically reduces tonnage whenever the ship's assigned load line is set so that the distance from the load line to the ship's bottom (draft) is less than three-fourths the distance from the uppermost deck to the top of the keel (depth). Under the UMS formula, net tonnage can be as little as 30% of the gross tonnage.

Under the Convention, shippers are given the option of changing their UMS net tonnages once each year if they wish to carry lighter or heavier cargoes. These changes are effected through the load line factor. If the Panama Canal were to adopt UMS net as the basis for tolls, some means of dealing with this option would be required to prevent the possible disruption of the Canal's toll base.

Correspondence and reports received from sources around the world indicate a trend toward rejecting net tonnage in favor of gross tonnage as the basis for ship dues and port charges. One reason for this is that port authorities are not satisfied with UMS net as the basis for ship charges. They anticipate that UMS gross will better fulfill their needs. Obviously, this presents a serious concern for the Panama Canal. If the Canal were to adopt UMS net, it might find itself one of the sole users of UMS net. This would burden the Canal with the administrative task of interpreting a Convention that it did not develop.

The following summary shows a wide range of differ-

UMS Net — Advantages and Disadvantages

A summary of the advantages and disadvantages of adopting UMS net includes the following:

Advantages:

- UMS net uses a tonnage based on the 1969 Convention that has been adopted by nations representing 80% of world shipping's gross tonnages.
- It would not burden shipowners and tonnage authorities by requiring that measurements be made under both the new and old tonnage systems.
- It continues to base tolls on net tonnage.

Disadvantages:

- UMS net results in the most severe differences in tolls paid by new ships compared to similar existing ships of the three alternative systems studied. These wide differences are unacceptable.
- It would place tonnage rules outside the control of the Panama Canal Commission.
- It results in overall lower tonnages. This would necessitate a change in toll rates and would require a dual toll rate during the transition period.
- It allows shipowners the option to change their net tonnage annually.
- It would probably require an agreement with the Government of Panama to adjust the tonnage payment rate per transiting ton to equalize the overall payment figure.

The preceding factors indicate that UMS net tonnage would not be an acceptable alternative tonnage system for the Panama Canal. It clearly fails to achieve the second major objective of minimum disruption.

UMS Gross Tonnage as the Basis for Tolls

UMS gross represents a significant departure from gross tonnage under traditional national rules. National rules (and Panama Canal rules) measure gross tonnage within the frames of a vessel. The spaces between the frames and the skin of the hull are excluded.

UMS gross, on the other hand, starts with the molded volume (in cubic meters) of the hull and superstructure of a vessel. Since molded volume is measured to the skin of the ship, instead of the inside of the frames, it represents a larger space than gross tonnage measured under national rules. UMS gross is then calculated by applying a mathematical formula to the molded volume of the vessel. The formula converts the molded volume from cubic meters to vessel tons of 100 cubic feet. It also effects a reduction to a tonnage figure that approximates the gross tonnage of the ship as if it had been measured under traditional national rules.

Determining gross tonnage under traditional national and Panama Canal rules necessitates physical measurements of the spaces aboard a ship. Under Convention rules, molded volume, which is available from vessel stability data, is used to calculate the UMS gross tonnage by a simple mathematical formula. Consequently, costly manual measurements required by national rules are avoided.

Our study investigated the effects of using UMS gross for assessing tolls against new transiting vessels. The data show that, overall, UMS gross produces approximately 20% more tonnage than PC net. Since the aggregate UMS gross tonnage is higher, toll rates would have to be

lowered to return the same amount of revenues provided under the present system. If UMS gross were adopted, a dual toll rate structure would be required during the phase-in period.

Also, as is the case with UMS net, because the aggregate UMS gross tonnage is different from aggregate PC net tonnage, the rate for the periodic payments to the Government of Panama for transiting vessels' tonnage would probably need to be adjusted.

Although UMS gross tonnage is, overall, 20% higher than PC net tonnage, not every type or size of vessel is affected in the same way. Ship designs vary in order to accommodate different types of cargo. The study shows that if UMS gross were used as the basis for assessing tolls, individual new ships would pay tolls somewhat different from those paid by similar existing ships.

The following summary shows the distribution of all ships' tonnage in the model based on the percentage difference in tolls paid under UMS gross compared to PC net. It indicates that 76% of the vessel tonnage in the model would pay tolls under UMS gross within 5% of what they pay under the present system.

Difference in Tolls*		Portion of All Ships' Tonnage	
Increase greater than	15%		—%
	15		3
	10		9
	5		23
No Difference		76%	27
	5		26
	10		8
	15		4
Decrease greater than	15		—
			100%

*Note: The difference in tolls for each ship was rounded to the nearest 5%. For example, the "NO DIFFERENCE" category includes differences from plus 2.5% to minus 2.5%. The 5% range includes differences from 2.5% to 7.5%.

As shown below, there are both upward and downward differences in the tolls paid by type of ship.

Ship Type	Average % Difference in Tolls
General Cargo	— %
Refrigerated Cargo	+ 5
Dry-Bulk Carrier	+ 1
Tanker	— 3
Dry/Liquid Bulk Carrier	+ 5
Container/Break Bulk	— 1
Full Container	+ 5
Roll-On/Roll-Off	— 6
Vehicle Carrier	— 13
Vehicle/Dry-Bulk Carrier	—
Passenger	+ 4
Liquid Gas Carrier	+ 3

The impact of UMS gross on individual ships by ship size was also analyzed. Small and large vessels generally would experience wider ranges of differences than average size vessels.

UMS Gross — Advantages and Disadvantages

The following points summarize the advantages and disadvantages of adopting UMS gross as the basis for Panama Canal tolls:

Advantages:

- UMS gross uses a tonnage based on the 1969 Convention.
 - It results in moderate differences in tolls paid by new ships compared to similar existing ships using the Canal during the transition period.
- Disadvantages:
- UMS gross results in overall higher tonnage necessitating a change in toll rates and would require a dual toll rate during the transition period.
 - It would remove the Canal's control over its own rules of measurement and give that control to another organization.
 - It would probably require an agreement with the Government of Panama to adjust the tonnage payment rate per transitting ton to equalize the overall tonnage payment figure.

UMS gross tonnage appears to achieve the Canal's objectives better than UMS net. There would, however, still be some difficulties in adapting UMS gross to the Canal. For these reasons we explored a third alternative specially tailored to meet the Canal's needs.

Develop a Panama Canal System Based on UMS (PC/UMS)

We performed extensive research to develop a Panama Canal tonnage system based on UMS. We sought the advice of admeasurers, naval architects and mathematicians in order to make the PC/UMS formula as fair and equitable as possible. Hundreds of regression analyses were performed using the computerized model to arrive at the PC/UMS net tonnage formula.

To eliminate the need for new ships measured under UMS to undergo special measurements to prepare their Panama Canal tonnage certificates, only information available from the UMS certificate would be used to calculate the PC/UMS tonnage.

UMS gross tonnage was found to have a fairly high degree of correlation with PC net. Total molded volume, the basis for UMS gross, can be determined from basic ship lines and is not subject to varying interpretations of measurement rules. Thus, molded volume appears logical as a starting point for determining tonnages for tolls purposes.

Other variables were considered, such as ship type, since they may have improved the comparability of PC/UMS to PC net. They were not used, however, because they could influence ship design or make the system discriminatory.

Using molded volume as a starting point, we developed a mathematical formula through regression analysis to provide net tonnages as near as practicable to existing PC net for all the ships in the model. The formula, which is similar in form to the UMS gross formula, produces a net tonnage value that is nearly equal to that determined under the present Panama Canal measurement rules for most of the vessels in the model.

The first step in calculating PC/UMS tonnage is to obtain the molded volume of the ship in cubic meters from the UMS tonnage certificate. A logarithmic coefficient similar to that used in calculating UMS gross tonnage is then applied to the molded volume. Finally, if the average depth of a non-passenger vessel is exceptionally high, some additional volume is added to arrive at the total PC/

UMS tonnage. (The complete formula is shown below.**)

As with the other systems evaluated, the PC/UMS system would be applied only to new ships constructed after a specific date. Such an approach would provide stability in current toll revenues and users' costs while allowing the Canal to adopt a modern tonnage system in harmony with the world's maritime industry.

The PC/UMS system provides tonnages more comparable to existing tonnages than either UMS gross or net. Individual ships' tonnages produced by the PC/UMS system would not result in a change in the aggregate tonnage available for assessing tolls and would not, therefore, require dual toll rates during the transition period. Also, since the aggregate tonnage produced is equivalent to the existing PC net tonnage, there should be no need to adjust the rates per transitting ton for tonnage payments to the Republic of Panama.

The real problem associated with the adoption of any new system is how to minimize the differences in tolls paid by new ships compared to similar existing ships. Minimizing such differences is essential if equitable treatment is to be afforded all Canal users. Of the three alternatives reviewed, the PC/UMS system comes closest to achieving this objective.

The following summary shows that if the PC/UMS system were adopted as the basis for tolls, 79% of new ship tonnage would pay tolls within 5% of those paid by similar existing ships. Very few vessels show significant variations.

Difference in Tolls*		Portion of All Ships' Tonnage	
Increase greater than	15%		~%
	15		2
	10		9
	5		21
No Difference		79%	30
	5		28
	10		9
	15		1
Decrease greater than	15		-
			100%

*Note: The difference in tolls for each ship was rounded to the nearest 5%. For example, the "NO DIFFERENCE" category includes differences from plus 2.5% to minus 2.5%. The 5% range includes differences from 2.5% to 7.5%.

** The formula for determining Panama Canal Net equivalent tonnage (PC Net_e) of a ship is as follows:

$$PCNet_e = K_4V + K_5V$$

where:

V = Total molded volume of all enclosed spaces of the ship in cubic meters

$$K_4 = (0.25 + .01 \log_{10} V) \times 0.8268$$

$$K_5 = \frac{(\log_{10} (D_a - 18.3))^2}{141.585}; \text{ if } N_1 + N_2 \geq 100 \text{ or } D_a \leq 19.3 \text{ then } K_5 = 0$$

D_a = The average depth of a vessel determined as:

$$V/(LBP \times MB)$$

LBP = Length between perpendiculars in meters.

MB = Molded breadth in meters.

N₁ N₂ = Number of passengers as defined in the UMS net formula.

As evidenced by the following summary both upward and downward differences in the average tolls paid by ship type would occur.

Ship Type	Average % Difference in Tolls
General Cargo	- 6
Refrigerated Cargo	+ 6
Dry-Bulk Carrier	+ 1
Tanker	- 4
Dry/Liquid Bulk Carrier	+ 4
Container/Break Bulk	- 1
Full Container	+ 4
Roll-On/Roll-Off	- 6
Vehicle Carrier	- 6
Vehicle/Dry-Bulk Carrier	-
Passenger	+ 3
Liquid Gas Carrier	+ 3

When the impact of PC/UMS on individual ships was analyzed by ship size, we found that PC/UMS generally resulted in narrower ranges of differences for all sizes of vessels than either UMS gross or net.

As shown above, adoption of PC/UMS as the tolls assessment base for new ships would produce smaller differences in the tolls paid by more ship types than would either UMS gross or net.

PC/UMS – Advantages and Disadvantages

The advantages and disadvantages of adopting PC/UMS as the toll base for new ships may be summarized as follows:

Advantages:

- ☐ PC/UMS uses a parameter of the UMS system that has worldwide acceptance.
- ☐ It has the least impact on Canal revenues and user costs of the three alternative systems studied.
- ☐ It retains Canal Commission control of tonnage measurement rules.
- ☐ It produces a comparable aggregate tonnage and would not require dual toll rates during a phase-in period.
- ☐ It produces tonnage equivalent to PC net tonnage and, therefore, should not affect tonnage payments to the Republic of Panama.

Disadvantage:

- ☐ PC/UMS does not fully utilize UMS.

The PC/UMS tonnage system was designed to achieve the Canal's pervasive objectives, and it comes far closer to achieving those objectives than either UMS net or gross. Because it is a mathematically derived system, it achieves the objective of harmony, and because it is designed to produce equivalent net tonnage, it comes the closest of the three alternatives analyzed to achieving the objective of minimum disruption.

Summary

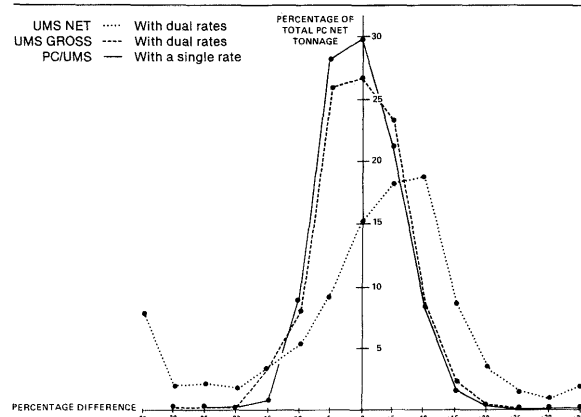
The summary below shows the average percentage differences in tolls for new ships compared to similar existing ships for the three alternatives reviewed.

The graph at the bottom of the page compares the distri-

bution among individual ships of the differences in tolls produced by the three alternative systems.

Ship Type	Average Percentage Difference in Tolls from PC Net by Ship Type		
	UMS Net	UMS Gross	PC/UMS
General Cargo	+ 5%	- %	- %
Refrigerated Cargo	- 23	+ 5	+ 6
Dry-Bulk Carrier	+ 1	+ 1	+ 1
Tanker	+ 7	- 3	- 4
Dry/Liquid Bulk Carrier	- 7	+ 5	+ 4
Container/Break Bulk	- 3	- 1	- 1
Full Container	- 28	+ 5	+ 4
Roll-On/Roll-Off	- 35	- 6	- 6
Vehicle Carrier	- 32	- 13	- 6
Vehicle/Dry-Bulk Carrier	+ 11	-	-
Passenger	- 19	+ 4	+ 3
Liquid Gas Carrier	- 43	+ 3	+ 3

Distribution of Percentage Difference in Tolls Between PC Net and Alternatives



Why We Recommend A Change

The results of our study clearly indicate that the PC/UMS system best achieves the Panama Canal Commission's Objectives:

- ☐ Harmony with the tonnage system of the world's maritime community.
- ☐ Minimum impact on Canal revenues and user's costs.

The PC/UMS system is modern. It is based on computer derived molded volume measurements. Furthermore, PC/UMS net tonnage can be calculated in a matter of minutes from information taken directly from the UMS International Tonnage Certificate.

PC/UMS tonnage is also compatible with Panama Canal net tonnage permitting the Commission to move quickly toward adopting this system as the toll's base for new vessels using the Canal's service.

The time for a change is now, while the world is implementing UMS and is ready to deal with the many aspects of change. We recommend that the Panama Canal Commission begin the process of adopting the PC/UMS approach to calculating tonnage for new vessels as soon as practicable.

Although this study dealt with the most comprehensive UMS data available, there were a number of estimates

required to complete the data and reach the conclusions just stated. While these estimates are mathematically reliable, we feel that the Canal should continue expanding its available UMS data base and perform additional testing before finally implementing a mathematical tonnage system such as PC/UMS.

Also, implementation questions about rule formulation, publication and worldwide training need to be answered. In answering these questions the Canal should solicit input from outside sources including classification societies, tonnage authorities and the maritime industry. We believe that by sharing the results of this study with these groups and by seeking their comments, the Commission will develop a sound, modern tonnage system with worldwide acceptance.

Such an approach will continue the Panama Canal's long tradition of cooperation and service to world shipping.

Arthur Andersen & Co.

Chicago, Illinois U.S.A.

December 15, 1982

Our Study

This study discusses the feasibility of adopting the International Convention on the Tonnage Measurement of Vessels, 1969 as the basis for tolls at the Panama Canal. Arthur Andersen & Co., which is an international public accounting and consulting organization, performed similar studies for the Panama Canal Company in 1970 and 1974.

This report summarizes the contents of our full report prepared and submitted to the Panama Canal Commission for their consideration.

Arthur Andersen & Co.

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U.S. ports traffic

Waterborne commerce at U.S. ports as reported by the U.S. Army Corps of Engineers, totaled 1,324,510,307 tons in 1981, the lowest level in four years. The total includes imports and exports, coastwise and lakewise traffic. Imports amounted to 477.2 million tons, compared to 517.5 million tons in 1980, and were, in fact, the lowest they have been since 1972. Exports, however, reached an all-time high of 410.9 million tons. Coastwise movements were just under 322 million tons, down somewhat from the previous year, but still well ahead of any year since 1946. The Great Lakes, on the other hand, recorded their third poorest year since World War II, 115.5 million tons in 1981 compared to 115.1 million tons in 1980 and 143.6 million tons in 1979. Overall, the lower 1981 level seems mainly attributable to the drop in crude oil imports and a disappointing year for the Lakes.

Among the ports, New Orleans ranked first, followed in order by New York, Houston, Valdez and Baton Rouge. The top 30 U.S. ports, based on this Corps data, are shown below, along with their 1980 and 1979 tonnages.

U.S. PORT TRAFFIC (short tons)

	1981	1980	1979
New Orleans	188,850,600	177,315,800	167,135,226
New York	156,551,936	166,991,220	163,620,900
Houston	100,966,741	108,937,268	111,936,099
Valdez	84,842,802	85,973,086	65,452,418
Baton Rouge	72,044,690	79,346,780	76,303,422
Hampton Roads	71,627,618	75,038,532	59,990,945
Baltimore	49,804,528	50,041,515	51,444,637
Tampa	44,978,668	48,625,160	47,884,590
Long Beach	43,537,011	38,779,672	33,347,303
Corps Christi	41,980,354	45,001,096	55,597,104
Philadelphia	41,583,752	47,882,836	54,865,960
Beaumont	40,358,920	52,260,728	58,136,896
Duluth/Superior	39,425,503	41,434,568	47,725,075
Mobile	37,611,445	37,568,968	35,265,204
Chicago	31,599,167	32,993,244	38,692,988
Los Angeles	31,526,075	30,151,053	31,749,483
Texas City	27,852,242	25,948,936	35,954,301
Portland (OR)	27,624,729	29,314,059	29,146,461
Pascagoula	26,362,566	25,433,560	25,289,493
Port Arthur	26,037,529	29,796,633	32,773,346
Marcus Hook	24,550,791	25,695,547	32,699,711
Freeport	23,357,106	20,131,067	19,983,937
Toledo	22,962,303	22,033,922	26,242,672
Lake Charles	20,705,616	20,750,300	24,484,857
Paulsboro	20,581,505	22,789,580	24,061,473
Seattle	20,514,554	21,288,838	20,038,550
Boston	20,306,450	22,033,922	26,242,672
Indiana	18,374,900	16,898,932	18,418,640
Richmond (CA)	18,019,805	18,559,965	18,978,302
Detroit	17,839,139	19,268,443	24,995,987

SOURCE: U.S. Army Corps of Engineers

(AAPAADVISORY)

Trade Conference to key on inland waterways: Alabama State Docks Department

The Fifth Annual Southeastern International Trade conference in Mobile will not feature a foreign land, as usual, this spring but will center attention on "America's Newest Waterway."

The Tennessee Tombigbee Waterway, scheduled now for completion in 1985, will be the main subject of discussion at the April 28 conference. Among dignitaries appearing on the program will be such figures as Major General John Wall, U.S. Army Corps of Engineers; Glover Wilkins, Administrator of the Tenn-Tom Waterway Authority, W.J. Amos, Jr., President of Lykes Bros. Steamship Co.; William Winter, Governor of Mississippi and Chairman of the Tenn-Tom Waterway Authority, Elizabeth Dole, U.S. Secretary of Transportation; Russell Bragg, Vice President of Pillsbury; many key state officials and visitors important to international trade, industrial growth and inland waterway traffic.

Some subjects to be covered in depth are Construction Progress, Future Impact of Tenn-Tom, Waterway Users and Economic Development.

In conjunction with the Trade Conference this year will be the unveiling and the dedication of McDuffie Coal Terminals. This program will be on April 27th, the day before the Trade Conference, and will show off what Alabama State Docks officials proclaim to be the finest, most efficient coal export plant in America. It is a fully automated facility geared to handle 23 million tons of coal

a year.

1982 foreign waterborne commerce at 32, 632, 100 tons; World recession fails to squelch Baltimore's container cargo volume

Foreign waterborne commerce in the port of Baltimore during 1982 reached 32,632,100 tons, according to statistics prepared by the Maryland Port Administration. Comparable import-export trade in 1981 was 34,344,322 tons.

The cargo figures were recently reported by the MPA as a yearend statement and were based on partial actual monthly statistics, and projections for the remainder of the 12-month calendar period.

Container cargo, long a preeminent Baltimore cargo category, maintained a volume similar to that which was reported in 1981. Total container cargo, both foreign and domestic, amounted to 4,320,000 tons in 1982. Container cargo handled by Baltimore in 1981 reached 4,346,350 tons.

Despite the fact that portwide container statistics remained virtually unchanged, there was an almost 10 percent increase in this business at MPA-owned facilities — from 3,316,600 tons in 1981 to an estimated 3,627,000 tons in 1982. Container traffic on privately-owned terminals dropped from 1,029,750 tons in 1981 to a 1982 estimated 693,000 tons, a decline of 32.7 percent.

The 1982 yearend statement makes these statistical conclusions:

- Total foreign commerce volume down 5 percent.
- Import cargo volume down 11.5 percent.
- Export cargo volume down 1.1 percent.
- Total bulk cargo in foreign commerce down 6 percent.
- Total general cargo in foreign trade down 4.8 percent.

Grain trade registered a healthy gain of 18 percent, according to the projections. The substantial boost in grain shipments during the year resulted in a slight increase — 0.06 percent — in the port's export bulk category.

However, coal was down 11,754,168 tons from 1981's high of 12,869,914 tons; ore imports were down to 5,595,700 tons from 6,524,612 tons; and petroleum declined to 1,350,000 tons from 2,113,665 tons. In total, all bulks in 1982 were down to 27,381,600 tons from 28,756,187 tons in 1981.

Total export-import general cargo of all kinds in 1982 amounted to 5,250,500 tons, of which 3,390,300 tons were carried as container business. The total represents a decline of 6 percent from last year, although the foreign container business registered a 2.1 percent improvement. Furthermore, the port's portion of container cargo against total general cargo reached a healthy 64.5 percent, one of the highest ratios among the leading ports of the world.

W. Gregory Halpin, Maryland Port Administrator, said that the cargo figures reaffirm the port of Baltimore's ability to limit cargo losses during a time of severe worldwide recession in international trade. The figures reflect well on Baltimore's stature as a leading American port, he said.

"I think there must be a message to be noted about these container tonnage statistics," Halpin observed. "The fact that MPA facilities showed an improvement in cargo

handling in a declining portwide market, has to say that we have been doing something right in our facility development programs over the years.

"Also, the fact that container foreign commerce continues to grow in the port of Baltimore attests to the fact that we are a preferred shipper's gateway; that container goods traffic still prefers Baltimore to many of our competitor ports," he said. "This bodes well for the port in the years of world economic recovery ahead," Halpin predicted.

"When 10 percent of the American work force is unemployed, and there is similar or worse unemployment in other parts of the world, the demand for goods declines," he said. "When people buy less because they are living on unemployment payments, it lessens demand which further lessens production. When worldwide consumption is down, worldwide trade is down.

"Baltimore in 1982 withstood the recession better than most global ports, he said. "A look at the big four bulk commodities tells the story of 1982. Import ore and petroleum shipments are down because industrial production is down in the United States so there is less need for raw manufacturing materials and the fuel to generate plants. Export coal is down because manufacturing plants in Europe and Asia are not operating at former levels and also need less fuel.

"Only grain, whose market is determined by overseas agricultural production and consumption, is on the incline because of foreign crop failures and new international export grain agreements made by the U.S. government," he explained.

A total of 3,501 ship arrivals were recorded during the year, 272 less than in 1981. Also, 2,368 ships traversed the Chesapeake and Delaware Canal in 1982, or 154 less than the previous year. The declines were 7.2 percent and 6.1 percent, respectively.

Two highlights of 1982 for the port were the completion and opening of the giant Berth 13 at Dundalk Marine Terminal in October. This new facility with two new container cranes and over 30 acres of backup space added a 750,000 ton annual container capacity to the terminal, and is the last major construction project to be made operational at the facility.

Also, at about the same time of year, phase one of the project to construct a spoil disposal facility at the Hart-Miller Island site was completed. The entire project should be completed by the end of 1983, by which time it is hoped that a solution to the national dredging impasse will have been found by Congress and the long-awaited Baltimore channel deepening and widening can begin.

During the year the placing of more than 3.3 million cubic yards of the Fort McHenry Harbor Tunnel dredge spoil in a landfill area along the Canton Seagirt waterfront was completed creating a 146-acre enclosure. This site will be converted before the end of the 1980s into a new container terminal with an estimated capacity of 2.25 million tons of cargo annually.

"All in all, despite the current temporary declines, the port of Baltimore's present is far from alarming, and its future is bright, indeed," Halpin said.

(Port of Baltimore)

New coal export terminal set for mid-year completion: Port of Baltimore

One of the largest private coal export terminals on the East Coast is on schedule for mid-1983 completion in the port of Baltimore.

Consolidation Coal Sales Company (CCSC), headquartered at Pittsburg, purchases an existing bulk import terminal from Canton Company of Baltimore in September 1980, and phased out the importing business at the site in January 1982.

Going up in place of the old terminal is a state-of-the-art coal distribution system planned for a 10-million-ton annual capability.

Bethlehem Steel Corporation's Bethlehem, Pa., plant has supplied approximately 1,000 tons of structural steel for framing the majority of the new structures and conveyor systems.

Fabrication of the steel has just been completed by Piercy and Sutton, Inc., of Baltimore, and erection is being done by RAM Erectors, Inc., of Odenton, Md.

A portion of the steel fabrication was done by the Pittsburgh-Des Moines Steel Corporation plant in Baltimore, which supplied 200 tons of Bethlehem structural shapes.

Bethlehem Steel also supplied about 700 tons of H-piling that was used for the support of foundations and marine structures. G.A. and F.C. Wagman, Inc., of York, Pa., was the foundations contractor.

CCSC is the project's general contractor, and has been assisted by Century Engineering, Inc., of Towson, Md., and Swan Wooster Engineering, Inc., of Portland, Ore.

Davco Corporation of Memphis, Tenn., is performing the mechanical work, and Enterprise Electric Company, Inc., of Baltimore, is the electrical contractor. (*Port of Baltimore*)

Tariff reduced at Houston Public Grain Elevator

Port of Houston Authority officials announced a tariff reduction at the Houston Public Grain Elevator for receiving grain from rail cars or trucks, and for delivering six types of grain from the six-million bushel capacity facility.

The new tariff, effective March 14, lowers the rate for receiving grain from four to three cents per bushel, and for delivering wheat, sorghum, barley, oats and corn from three to two cents per bushel. The rate for delivering soybeans was lowered from four to three cents per bushel. It is more expensive to store and deliver soybeans because of their oil content and other characteristics.

Grain is delivered to the Houston Public Elevator by truck or rail, stored for short periods, then loaded into a vessel for export. The Houston Public Grain Elevator is owned and operated by the Port of Houston Authority.

The rate change was initiated to help stimulate grain shipments through the facility. The grain market has been depressed for more than a year, resulting in lower exports.

Port of Houston to purchase two Paceco Portainer* cranes

The Port of Houston Authority Commissioners unanimously voted to award a contract for two (2) ship-to-

shore container handling cranes to PACECO, INC., of Gulfport, Mississippi, USA.

The Commissioners voted in favor of PACECO because of PACECO's proven performance, quality, reliability, PACECO's conformance to bid specifications and the fact that The Port of Houston currently owns and operates eleven other PACECO cranes.

The two 40 long ton capacity cranes will be of a standard "A" frame design with a plate girder boom. Significant features include: Outreach—120', Backreach—60', Clear underspreader—81', Total Lift—131', Span—50'.

To insure a long coating life, each crane will be completely machine blasted, primed, coated and cured in PACECO's new environmentally controlled blast and coating facility.

The cranes will be manufactured at PACECO's recently expanded manufacturing facility located on deep water near Gulfport, Mississippi, and barge shipped to Barbour's Cut Container Terminal — Morgan Point, Texas.

Coal project "Steaming" ahead: Port of Los Angeles

The Port of Los Angeles is taking the time-tested storefront realtor's approach — "build to suit" — in the development of a new coal handling facility at the Port. It's finding out what's actually needed by our Pacific Rim neighbors, not building what we might think is needed.

Certainly, the limit of the Port's current coal handling capability at Berths 49-50 is clear. 1,500 tons per hour with plans to improve to 2,500 tons in the near future. The new facility on Terminal Island, as conceived, would provide more: a double loop track, greater storage capacity, 7,000 tons per hour loading rate, 4,000 tons per hour unloading rate, and the ability to load/unload simultaneously.

Certain basic plans are already on the drawing boards. The Port is developing a dredging project to create a 65-foot channel from the breakwater entrance to the 190-acre landfill site of the proposed new dry bulk handling terminal. And the Port of Los Angeles and the Port of Long Beach are currently involved in a Joint Rail Corridor Environmental Study.

As to detailed features of a coal terminal, Port officials have asked themselves, "How better to avoid over- or under-building than to get input from potential end users?"

To that end, the Port of Los Angeles in March entered into a two-year agreement with The Long-Term Credit Bank of Japan to assist in coordinating Los Angeles' plans with Pacific Rim electric power companies, agencies and other energy-related firms. The Japanese financial institution has extensive background and involvement in energy, coal and finance in the Far East.

Looking toward detailed design work scheduled by the Port in 1983 and 1984, a delegation of Port engineers met with over a dozen influential coal users and regulatory agencies to ask, "If you were looking for a West Coast USA terminal, exactly what features would you be looking for?"

Questions back regarding rail and environmental problems were raised most often, answers to which the Port is pursuing through an Environmental Impact Report now underway and the Joint Rail Corridor Study soon to be completed.

The Western U.S. has an ample supply of steam coal,

but the question of competitive pricing was raised by many of the Japanese firms. With the completion of the Port's new facilities targeted to coincide with needs for larger coal movements to Japan, it is significant that several of the Japanese firms meeting the LTCB and Port representatives indicated plans for coal-fired or coal-conversion plants near the end of this decade.

The LTCB is preparing a report on Pacific Basin Coal Demand which will project requirements for Taiwan, Korea, Singapore and Hong Kong as well as Japan. (The latter country is the destination for some 90% of the coal currently exported through the Port of Los Angeles.)

Despite current slowdowns in the industry, the general outlook is for a continuation of long-term plans and designs.

At an October Coal Conference in Kyoto, Japan, fundamental economic issues of Japan, including potentials for coal development were aired.

When the Pacific Rim nations need U.S. West Coast port facilities, the Port of Los Angeles will be ready with exactly what is needed, when it is needed. That's all, of course, in the build-to-suit approach.

Construction update: Massport

The development of Massport Marine Terminal, South Boston, is moving ahead on schedule. The thirty-seven acre fill project is now sixty percent complete. Construction work on that portion of the development will end in January and resume next Spring.

Meanwhile Massport is considering plans for the renovation of the North Jetty. The project would include work on the piles, wharf surface, fender and mooring system, and ship's water service. The renovation could begin as early as February.

The first tenant to use the terminal is a salt company. A salt shipment arrived in November and is now being stored on the North Jetty backland. Another salt company will use up to four acres of land in the area of filled cells numbers two and four for storage of their shipment this Spring.

The maintenance dredging of the North Jetty, another step in returning the berth to active use, was completed in early November.

As noted in the previous issue, the substantial improvements at Conley Marine Terminal, including the new guardhouse, access road, manager's building, and scalehouse, are being finished. In addition, work has been completed on the Texaco cargo delivery and bunkering systems at Berths 11 and 12. The systems, three in all, involve an excess of 5,000 linear feet of pipeline, and provide Texaco with an alternative to their exclusive berth's system. The new work also allows Texaco and Massport to offer bunkering services to containerships at Berth 11.

Dock Board cuts rates to increase cargo: Port of New Orleans

The Port of New Orleans has reduced tariffs for the handling of three different commodities in its continuing effort to attract more cargo to New Orleans and to meet competition from other ports. The new rates, which became effective on January 1, were approved by the Board

of Commissioners of the Port of New Orleans at its regular meeting.

The rate for unloading from rail cars U.S. government cargo going abroad through the Port was reduced to \$5.50 a ton. Last fall this same rate was lowered from \$7.14 a ton to \$6.10 a ton. In addition, wharfage charge for these goods (the standard charge for the use of Port facilities) was lowered by one-third from 90 cents a ton to 60 cents a ton.

The new rates, according to Henry G. Joffray, assistant executive port director, will make New Orleans highly competitive with ports in the western Gulf. The Mandeville Street Wharf had been designated a consolidation center for receiving U.S. government bagged food goods. This will make it easier for shippers to arrange for the export of these goods.

The car unloading rate for the export of steel pipe in unitized bundles was reduced from \$11.56 a ton to \$8.56 a ton, a cut of 25%. This new rate applies to bundles of steel pipe weighing from 6,000 to 8,000 pounds and having a maximum length of 43 feet.

Another unloading rate reduction was applied to the export of unitized bundles of lead ingots, with a minimum of 800 tons per shipment. This rate went down from \$4.27 a ton to \$2.75 a ton.

Most of the action taken by the Dock Board was in response to the local maritime community, which has appeared before the Board to request lower rates so that more cargo would come through New Orleans instead of through other ports. Dock Board Commissioner George J. Schiro commented that the actions by the Board to establish competitive rates demonstrated the teamwork among Port officials, freight forwarders, steamship lines, carriers, and local maritime labor to improve the movement of cargo through the Port. "This should result in New Orleans retaining its standing as one of the world's leading ports," he said.

Port of New York & New Jersey recommends an additional appropriation for six Federal navigation projects during FY 1984

The Port Authority of New York and New Jersey and the City of New York today urged Congress to appropriate an additional \$8.145 million for six Federal navigation projects in the Port of New York-New Jersey during fiscal year 1984. The proposed Federal budget allots \$8.205 million for four of the projects.

Anthony J. Tozzoli, Director of the Port Department of the Port Authority appeared with Commissioner Linda W. Seale of the city's Department of Ports and Terminals before the Subcommittee of Energy and Water Development of the House and Senate Committees on Appropriations. Their joint statement, also represented 30 port, maritime and civic interests in the harbor district.

Mr. Tozzoli reiterated opposition to the Reagan Administration's proposal to reduce the total Corps of Engineers appropriations by \$454 million in Fiscal Year 1984 until legislation has been enacted to support the collection of user fees from deep-draft vessels.

"During this period of policy uncertainty, such prema-

ture proposals merely tend to adversely impact on the economic movement of international trade and affect American trade competitiveness," Mr. Tozzoli said. "The needs of ports, which accounted for more than \$10 billion in Federal tax and custom revenues, go on," he continued. "If the port industry is to continue to provide national economic benefits and assist in maintaining our national security," Mr. Tozzoli declared, "the funding for new dredging and maintenance of existing navigation channels must not be ignored or delayed while awaiting legislation which may or may not happen."

The six projects, with their federal allotments and the recommendations of local interests, are:

<u>Project</u>	<u>Federal Budget</u>	<u>Local Interests</u>
<u>Study Category</u>		
New York Harbor & Channels—NY & NJ	\$1,300,000	\$2,300,000
Kill van Kull and Newark Bay Channels—NY & NJ	none	1,500,000
Arthur Kill Channel, Howland Hook Marine Terminal	155,000	200,000
Gowanus Creek Channel	none	200,000
<u>Construction Category</u>		
New York Harbor Collection and Removal of Drift Project NY & NJ (waterfront cleanup)	1,300,000	5,000,000
<u>Maintenance Category</u>		
New York and New Jersey Channels—NY & NJ	5,450,000	7,150,000

New York Harbor and Adjacent Channels

Mr. Tozzoli asked Congress to appropriate \$2.3 million for the continuing of a comprehensive study on the feasibility of enlarging and deepening the existing 45-foot channels of the Federal Ambrose and Anchorage Channels and the privately maintained Claremont Channel, which is 24 feet deep, and the 35-foot Port Jersey Channel. The study will include examination of deepening the Ambrose and Anchorage Channels to 60 feet or more and construction of an access channel from them to Port Jersey to accommodate a coal terminal.

He explained to the subcommittee that the Port Authority is studying construction of a coal facility capable of transloading more than 10 million tons of steam coal each year for export and domestic markets. The agency has acquired 469 acres at a price of \$12.2 million to insure that a site will be available for a coal terminal. "Foreign buyers have shown a keen interest in a deep harbor in New York," Mr. Tozzoli said. "To provide adequate lead time to firm up coal delivery arrangements with these buyers, we require

timely decisions on the Corps proposed channel deepening study which is scheduled to be completed during 1986. To complete these studies in a timely manner, we strongly urge a total of \$2.3 million be provided to assure that the Corps Survey Report and Environmental Impact Statement be completed as originally scheduled."

Kill van Kull and Newark Bay Channels

Mr. Tozzoli also supported funds for a study of deepening and selective widening of the Kill van Kull and Newark Bay Channels. The waterways serve the 2,200-acre Port Newark and Elizabeth seaport complex, which handled 12.5 million tons of cargo in 1982. No money has been included in the Federal budget for this project; Mr. Tozzoli asked Congress to appropriate \$1.5 million. He pointed out that a study on the channels was authorized by Congress in 1972. In 1981, he added, a Corps of Engineers Survey Report recommended deepening the 35-foot channel to 45 feet below mean low water and the easing of selected channel bends. The cost-benefit ratio for the project is 1:7. "Port interests are anxious to avoid further delays in this 11-year-old study," Mr. Tozzoli said. "We urge that \$1.5 million be provided for continuation of planning and engineering."

New York Harbor Collection and Removal of Drift Project

Mr. Tozzoli told the subcommittee that the Port Authority has supported the New York Harbor Collection and Removal of Drift Project since 1963, when it was authorized as a study. Representatives from the agency have chaired the New York-New Jersey Waterfront Cleanup Project Coordinating Committee since it was created. The Committee is made up of representatives of the States of New York and New Jersey, the waterfront municipalities and the U.S. Army Corps of Engineers.

"The Coordinating Committee has concluded that the Federally budgeted sum of \$1.3 million will constrain the progress that could be realized," Mr. Tozzoli said. "The funds would provide only start-up funds of \$1 million for actual cleanup work on the waterfront in Stapleton, on Staten Island, and \$300,000 for advanced engineering and design work for future cleanup along the Arthur Kill on the Staten Island shore, and the Bayonne, New Jersey waterfront. The \$1 million contained in the Federal Budget falls short of local project objectives for the Stapleton cleanup work; an additional appropriation of \$1.5 million is required. In addition, based on project work schedules, resources and readiness, work could also commence on cleanup of the Weehawken/Edgewater waterfront in New Jersey at a cost of \$1 million, Shooters Island in Kill van Kull at \$200,000 and the Hoboken waterfront at \$1 million.

"With adequate Federal funding, local interests are prepared to fund more than \$28 million for repair work on waterfront structures and more than \$10 million for actual removal work," Mr. Tozzoli continued. "The Coordinating Committee has estimated that the construction work along the four reaches will provide more than 600 jobs. We therefore urge that a total of \$5 million or \$3.7 million more than budgeted be provided to take advantage of local matching funds and growing enthusiasm for waterfront cleanup."

Port of Oakland honors retired Far East Director



Shoichi Kuwata, who has retired as the Port of Oakland's Far East Director, was honored today for his 18-year service with the Port.

Herbert Eng, President of the Oakland Board of Port Commissioners, said that although Kuwata has decided to retire as director, he will be retained in the capacity of Senior Adviser, Far East, for the Port of Oakland. Kuwata's appointment will become effective on April 1, 1983.

Kuwata had given valuable service to the Port in a region which ranks as Oakland's major trading partner.

When Kuwata assumed his post as Far East Director, based in Tokyo, in 1965, the Port of Oakland was a secondary port, just beginning to launch a major thrust into containerization. Today, Oakland is the largest container port on the U.S. West Coast and among the top ten in the world.

In March 1975 — on the 10th anniversary of his association with the Port of Oakland — Kuwata was made an honorary citizen of the City of Oakland by special proclamation of the City and the Oakland Board of Port Commissioners. The honor was conferred on Kuwata in appreciation of his dedicated service to the Port and City.

Shown at unveiling of the portrait of Port of Oakland Far East Director Shoichi Kuwata at Port offices are, left to right: Walter A. Abernathy, Executive Director, Port of Oakland; David Creque, Commissioner; G. William Hunter, Commissioner; Herbert Eng, President; Douglas J. Higgins, 1st Vice President; and H. Wayne Goodrope, Commissioner. Mr. Kuwata's portrait joins the photos of former Port Commission Board members and Directors that are on permanent display in the antechamber to the Board meeting room.

1982 container cargo sets new Oakland record

In the face of a global cargo slump and aggressive competition by rival ports, the Port of Oakland achieved a new record for containerized cargo in 1982 of more than 10 million revenue tons.

This figure represents an increase of nearly 11 percent over the corresponding total for the previous year of 9 million tons.

The 1982 figures also register a new record for total tonnage, including breakbulk cargo, moving through the Port of Oakland of 11,036,051 revenue tons, an increase

of 6.4 percent over 1981. The previous Port total tonnage record was 11,026,501, reached in 1980.

Substantial gains were also reported for specific commodities. Steel imports, which have been depressed nationally, grew at the Port of Oakland approximately nine percent from 273,000 metric tons in 1981 to 297,000 metric tons in 1982, increasing Oakland's market share for steel moving through San Francisco Bay Area ports from 56 percent to 65 percent.

According to Port officials, the upswing in both containerized and total tonnage last year was especially impressive in light of the recessionary environment that had stalled Oakland's climbing tonnage curve in 1981 and continued to flatten cargo volumes elsewhere in 1982.

The Port's ability to post tonnage gains in spite of these conditions was attributed to a combination of factors that have worked to increase cargo traffic.

These include the completion in 1982 of new facilities and improvements as part of the Port's continuing expansion and modernization program; the introduction of additional steamship services along existing as well as new trade routes; and the consummation of long term agreements with steamship lines.

Most prominent among new construction projects was the Charles P. Howard Terminal, a 49-acre facility which became operational last October. Multi-purpose in design, the terminal has, in addition to two 40-ton gantry container cranes, more than 115,000 square feet of transit shed space for the handling of non-containerized shipments, project-type and roll-on/roll-off cargoes.

Substantial improvements to existing facilities include a nearly \$1.3 million outlay for new gate and truck queuing lanes and modification to three container cranes at the Seventh Street Public Container Terminal, upgrading and expansion of the yard at the Ninth Avenue Terminal and major improvements to the Bay Bridge Terminal.

Six new steamship lines inaugurated regular service at the Port of Oakland in 1982, bringing with them additional cargo that contributed to the Port's record tonnage levels.

Using the new Howard Terminal are: Hoegh Lines, now operating four vessels on its Pacific and Middle East services between North American west coast ports, the Far East and the Arabian Gulf; Nedlloyd Lines, with three vessels on its Pacific-Africa service between North American west coast ports and southern and East Africa via Fremantle, Australia, and ELMA (Empresa Lineas Maritimas Argentinas), which has five vessels deployed in service between the North American west coast and South American ports in Ecuador, Peru, Chile and Argentina. The ELMA liners provide the first direct service in recent years between Oakland and that region.

Also starting service to the Port of Oakland in 1982 were: Zim Container Service, Israel's national carrier, making Oakland a regular port of call along the Mediterranean-North American-Far East route, in March; Hong Kong Islands Line, whose six trans-Pacific containerships have been making their Bay Area calls at Oakland since October; and Mexican Line (Transportation Maritima Mexicana, S.A.) which commenced trans-Pacific service from Oakland in December.

Commenting recently on the new liner services introduced in 1982, Herbert Eng, President of the Oakland Board of Port Commissioners, said the year's activities re-

flect the confidence which the international shipping community has shown in the future of the Port of Oakland.

He said that in addition to the new services, this confidence is also reflected in the long term use agreements concluded in 1982 with several shipping lines.

Lines that entered into such agreements in 1982 are: Euro-Pacific, a consortium of three major European shipping lines and Hapag-Lloyd's trans-Pacific service, both for use of the Seventh Street Public Container Terminal under five-year agreement; and Hong Kong Islands Line, which operates a regular containership service to the Far East, for use of the Berth 6 Public Container Terminal. In addition, Pacific Australia Direct Line signed in 1982, a letter of intent to use the Seventh Street Public Container Terminal as its exclusive northern California facility through October, 1986.

More recently, a use agreement has also been approved by the Federal Maritime Commission with Westwood Lines, which operates a regular containership service to Europe, for use of Berth 6.

Long-term use agreements are in contrast to shipping line use of a public facility on a tariff basis, under which the line incurs the full tariff rate, but is free to terminate calls at the facility at any time. By agreeing to commit to a facility over the longer term, the line may take advantage of reduced facility charges and volume throughput incentives. These term or use agreements apply to all three public container facilities operated under management agreements with terminal operating companies.

During 1982, the Port also welcomed the merged Union Pacific-Western Pacific-Missouri Pacific rail system providing a third long haul railroad, in addition to the Southern Pacific and Santa Fe railroads, linking Oakland with the mid west, East and Gulf coasts.

The Port of Oakland is the largest container port on the U.S. west coast and, in terms of container storage space, container berths and container cranes, it is the second largest in the U.S. There are 535 acres of marine terminal facilities, including 28 berths, and 21 container cranes.

Port of Oakland Training Programs

Background

The Port of Oakland is located on the mainland side of the San Francisco Bay. It is the largest container port on the West Coast and in terms of container tonnage, container storage space, container berths, and container cranes, it is the second largest in the United States. In addition, the Port of Oakland is fully equipped to handle general, bulk, and other specialized cargo swiftly and efficiently. The Port's geographic position places the marine terminal facilities close to three transcontinental railroads, a major interstate highway system and minutes away from Oakland International Airport. The Port of Oakland is entirely self-supporting, making capital improvements from its own income and the sale of revenue bonds.

Since the early 1960's and the development of containerization, an increasing amount of the world's seagoing commerce has traveled aboard container ships. Oakland successfully built larger berths for container ships, vast storage areas for containers, and erected giant shoreside

container cranes to move containers on and off container vessels. Few ports in the world have adapted to containerization as easily and completely as the Port of Oakland.

Training Programs

At the request of a number of port administrations around the world, and in the interest of promoting a healthy international port industry, the Port of Oakland offers training programs and technical assistance on managing, operating, and maintaining a modern port. As worldwide market needs arise, these programs continue to develop to meet a variety of port training needs.

At present, the Port of Oakland offers "Oakland-based" and "in-country" training programs for new and developing ports. Each program features the expertise of an experienced and well trained staff, knowledgeable in modern port operations, including the four major types of container handling systems: straddle carrier, transtainer, top-loader, and chassis.

Management Training Programs

Management Training Programs, conducted at the Port of Oakland, were established in 1977. They are designed for junior, middle, and upper level managers and management, or operations specialists. The curriculum is structured to include lectures, discussions, and inspections of port operations. Classes are set up as a forum for participants who wish to prepare themselves for broader management responsibilities, compare alternative methods of management operations within the port industry, or both. Normally, the programs are conducted in English. However, translation capabilities for other languages are available upon request. Enrollment is restricted to participants who are sponsored by their employing organization and is normally limited to ten to twelve participants per course. Programs featured are:

General Port Management

Port Operations Management

Port Finance

EDP Applications to Port Operations

(electronic data processing)

Specialized training courses in specific aspects of Port operations (available upon request).

Each program participant receives comprehensive reference material. Steamship lines, marine terminal operators, and railroads serving the Port of Oakland participate in this program and provide supplemental training at their respective work sites. Since their inception, the Management Training Programs have served visiting port managers and specialists from Japan, Korea, Mexico, Panama, People's Republic of China, Peru, and the Philippines. The cost of these programs is based upon the number of participants and is available upon request.

International Port Training and Management Program

Due to the success of the above programs, the International Port Training and Management Program was established in 1981 and is offered "in-country" throughout the world. It was established to meet a worldwide need for training local port personnel to perform operations and maintenance. The program is designed to provide the

detailed training of all first-line field personnel and middle managers, lower level personnel, as well as the Port Operations Manager. The curriculum employs a "results-oriented" philosophy. This means the training material is written for: simplicity; brevity; clarity; and adaptation to local languages.

The training materials include the use of performance objectives, self-study, frequent feedback, and testing. The process includes:

- **Model Operations Plan**
detailed reference material on how a typically well-run port operates, including job positions, marine activities, lines of authority, and functions of core operations personnel at all levels;
- **Procedures Manual**
step-by-step instructions covering the operating functions required of each core job position;
- **Lesson Guides**
outlined methodology for teaching the skills and specific on-the-job functions; and
- **Training Managers Guide**
guidelines for local instructors on administering, monitoring, conducting, testing, and evaluating the various training courses and the trainees.

As a first step in developing the material, an "in-country" field survey of existing port operations, equipment and facilities is conducted by Port of Oakland personnel. Based on the survey, each of the above components is designed, tailored to the needs of individual ports. Port of Oakland personnel will work "in-country" initially. But as the program becomes established, they will be phased out of involvement and then become available only as needed. The International Port Training and Management Program provided "in-country" training and assistance to Mexico for one year.

Technical Assistance Program

A Technical Assistance Program is also available from the Port of Oakland. Planning and engineering-oriented assistance is provided to world ports. It ranges from one-day training sessions at the Port of Oakland to one year's technical assistance "in-country." Port of Oakland engineers review maintenance procedures and the design of new port facilities. They also work on many special problems and assist with implementation plans. This program has provided technical assistance to Kuwait and Saudi Arabia.

For further information regarding training and technical assistance programs, please contact:

Mr. Walter A. Abernathy
Executive Director
Port of Oakland
66 Jack London Square
P.O. Box 2064
Oakland, California 94604 U.S.A.
Telephone: (415) 444-3188
Cable: PORTOFOAK
Telex: 336-334

State of the Port of Savannah

George J. Nichols, Executive Director of the Georgia Ports Authority, recently delivered his annual "State of the Port" address to Savannah's Propeller Club. He reviewed the past year, highlighted ongoing projects, made some educated projections, and touched on issues of current significance to the transportation sector.

Reporting on containerized cargo, Nichols indicated that volumes remained virtually the same. The major growth sector was dry bulk cargo which saw an increase of nearly 200,000 tons attributable to larger grain volumes. Breakbulk volumes continued soft showing a moderate decrease due primarily to reduced shipments of forest products, clay, and equipment. Nichols pinned the blame for the phenomenon on the current global recession and the "hard dollar". The worldwide oil glut caused a slowdown in liquid bulk shipments during 1982 as compared to 1981. The combined effect of these trends was to produce a slight overall increase in total GPA volumes for the calendar year.

Nichols reported substantial increases in the number of scheduled steamship services to the port. He noted that 18 new and 3 expanded services came on stream during the year.

Nichols also gave an up-to-date report on the Talmadge Bridge, an issue of increasing concern in the Savannah area. He observed that the five cent per gallon gas tax had emerged as a possible source of future funding for the bridge project. The current timetable, according to Nichols, would see work on the replacement project beginning in the latter part of 1985, with completion scheduled for 1988.

Highlighting Georgia Port Authority's five year planning package, Nichols discussed the ongoing construction of a third breakbulk warehouse at Ocean Terminal. He pointed to a shortage of storage in the port stating, "Warehousing is very critical to the port. There is just not enough in Savannah." He predicted that a return to a more normal economy should precipitate increased warehouse construction activity in the port city.

The ship 1 rehabilitation project was discussed. Nichols indicated that it would produce a 2 berth, 800,000 square foot transit shed complex for breakbulk commodities. During his slide presentation, he showed an aerial photograph of the transit shed demolition and renovation work underway.

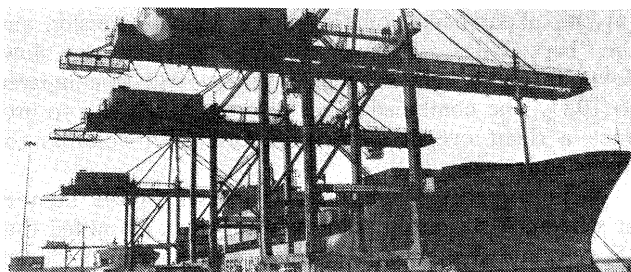
Completion of the Ocean Terminal work will permit start up of container berth 5 at Garden City Terminal. Nichols noted that the long range plan called for the consolidation of breakbulk handling in Savannah at Ocean Terminal with the subsequent demolition of outmoded breakbulk spaces at Garden City to be replaced with container facilities. Some 60 acres of old warehousing will come down at Garden City to make way for container berth 5.

Discussing the Brunswick scene, Nichols highlighted the recent acquisition of the 17 acre City Dock site as a major addition to Georgia Ports Authority's East River capability. He also pointed to completion of the ship unloaded and Mid South Feed's mill at the East River Terminal as prime contributors to the increased dry bulk volumes crossing the facility during 1982. He noted that the month

of January, 1983 was an excellent example with some 80,000 tons of dry bulk cargo scheduled for transshipment.

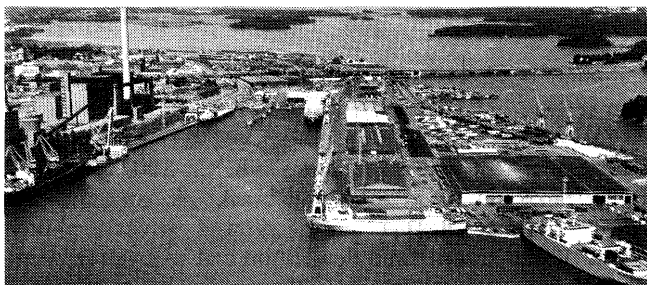
Nichols concluded by predicting moderate growth in 1983 with the majority of the increases coming in the latter half of the year. He attributed Savannah's ability to maintain cargo levels from 1981 to 1982 to an exceptional effort by "a darn good port team." He expects this co-operation to be the key to the resumption of the dramatic growth which characterized the Port of Savannah under normal economic conditions during the past decade.

First simultaneous use of Wando's four Cranes: South Carolina State Ports Authority



December 7 saw all four container cranes at the Wando Terminal in operation simultaneously for the first time. In the photo, the LEISE MAERSK of Maersk Line and Neptune Orient Lines' NEPTUNE CRYSTAL are both being worked. The cranes have, of course, been in service for many months, but ship schedules are such that all four huge lift units had not functioned together previously. Indeed, shortly after Gene Gibbs took this picture, work was completed and all booms were raised to the idle position.

The Port of Helsinki 1982



Sörnäinen Harbour

1982 was a successful year for the Port of Helsinki. Foreign goods traffic reached a new record of 5.35 million tons. The marked decrease in coasting trade nevertheless slightly reduced the total volume of goods handled by the Port, which amounted to 6.6 million tons.

Imports

Almost half the goods imported via the Port of Helsinki, 1.84 million tons, consisted of mixed cargo — consumer and investment goods, most raw materials and semi-products. The remaining 1.96 million tons consisted of bulk goods, including solid and liquid fuels.

Imports of mixed cargo increased 8% in 1982, the increase being chiefly in consumer and metal goods.

The increase in mixed cargo is a consequence of the growing concentration of transports on Helsinki, since the corresponding figure for the country as a whole was only one percentage unit. A quarter of all the mixed cargo shipped to Finland passed through the Port of Helsinki. Helsinki is thus Finland's leading mixed cargo port, serving the whole of Southern Finland and in part Central and Eastern Finland.

Bulk good imports, on the other hand, were chiefly destined only for the energy supply of the City of Helsinki and environs. 1.2 million tons of coal and coke were imported via the Port of Helsinki. Oil and oil products were transported either from foreign refiners, chiefly in the Soviet Union, (0.4 million tons) or from refiners in Finland (0.8 million tons). Imports of other bulk goods came to a good 0.3 million tons.

Exports

Finland's export trade was effected by the poor demand on the main export markets: shipments by the wood-processing industry decreased both at the Port of Helsinki (–23%) and in the country as a whole (–9%) for the second year in succession.

The emphasis in exports via the Port of Helsinki has increasingly shifted to other industrial products, which rose a good 12% and accounted for two thirds of total exports by the Port. The increase in exports by other industries compensated for the reduction in wood-processing industry products and the total drop in exports via the Port of Helsinki was only 2%.

The Port of Helsinki was Finland's third biggest export harbour, accounting for 10%. It is, however, the main export harbour for certain industries: foodstuffs, textiles, pottery, glass and metal products.

Transit traffic

Transit traffic through Helsinki, i.e. traffic between third countries, in 1982 represented three times the volume of the previous year. Taking the country as a whole Helsinki is, however, only a minor transit port; in 1982 it handled only a bare 5% (2% in 1981) of transit traffic through Finnish ports.

Container traffic

The number of containers handled at the Port of Helsinki continued to rise steadily in 1982 and the number of TUEs increased to 108 856. 28% of the mixed cargo passing through the Port was in containers, as against 23% in 1981.

The Port of Helsinki is the centre of Finland's container traffic; in 1982 82% of the containers imported and 73% of those exported passed through Helsinki. Four fifths of the container traffic at the Port of Helsinki passed through the Western Harbour container terminal.

In 1982 a total of 76 700 lorries and trailers passed through the Port of Helsinki, i.e. 12% more than in 1981. 32% of the mixed cargo through Helsinki was transported by lorry or trailer: the corresponding figure in 1981 was 28%. A good 43% of Finland's total lorry and trailer traffic passed through Helsinki in 1982.

Passenger traffic

The popularity of sea travel in Finland and especially

Helsinki continues to grow; passenger traffic via Helsinki again rose in 1982, amounting to 1.94 million passengers. The increase was almost entirely on the Swedish route.

The Port of Helsinki is still Finland's leading passenger harbour, accounting for 29% of Finland's total passenger traffic in 1982.

Economy

The economic result for the Port can be considered good. Total income amounted to 151.1 million FIM, a good 9% increase on the previous year.

Total expenditure came to 144.9 million FIM, an increase of 6.7 million FIM or less than 5% on 1981.

The result for 1982 showed a 6.2 million FIM surplus. This was considerably better than the 0.1 million FIM in 1981, partly due to the favourable income trend, but above all to the slower rate of expenditure growth. The gross margin was 58.2 million FIM, an improvement of close on 20% on the previous year. The profit was smaller than the forecast 2.3 million FIM surplus.

Comparison of income with real expenditure shows that the Port earned the City of Helsinki 31.4 million FIM; in 1981 the surplus was 22.3 million FIM. Interest on fixed assets amounted to 7%, which is 1 percentage unit higher than the previous year. The yield on capital invested was the best since 1970.

Major development plan: Port of Dunkerque

Sally Viking Line demonstrated the commercial viability of the Dunkerque-Ramsgate Line and its potential for further development with an expected 450 000 passengers in 1982.

This is why the company has asked the Dunkerque local authorities to present proposals concerning the building of a new terminal at the Western Harbour including shopping area (the Chamber of Commerce and Industry has agreed to supply the capital investment and the running of the scheme) improved conditions of control for the customs and immigration, additional road signs and a shuttle for foot passengers to the town centre. Furthermore Sally called for a renewed effort in advertizing in order to promote Dunkerque's name across the channel. Finally the Dunkerque shipbuilding yards were approached for the building of a ship with a capacity of 500 cars and 2 000 passengers which would constitute the largest unit on the cross-channel routes.

1983 will probably be the year when things really get started for Sally. First stage a new ro-ro freight service between the two ports at the beginning of the year. And if development projects materialize the company could ferry up to 700 000 passengers and 90 000 cars next year. This being added to Sealinks service to Dover should enable Dunkerque to top the 1 000 000 passenger mark.

Port of Bremen — Bremerhaven news in brief

16 new undertakings in Bremen

For settling 16 new undertakings in Bremen in the years from 1979 to 1981 (and for the improvement of existing undertakings, with relocation), 1.6 million sq. metres of

industrial land in the Hanseatic town were made available—with an investment volume of nearly DM 1 milliard. A further DM 2.5 milliards were invested by private economy in this respect.

Over 100,000 containers per year with Transib

Well over half a million containers (20') have been carried on the Trans-Siberian Railroad since 1977; recently in excess of 100,000 annually (above all in the East-West direction), reports the 'Statistik der Schifffahrt', of the Institute of Shipping Economics.

Nearly two million containers by the end of 1984

Bremen, 19.3.1983 (Bi). The number of containers of the world merchant fleet increased, from 200,000 TEU at the end of 1970, to 1,527,948 TEU at the end of 1982 and should, at the end of 1984, amount to 1,835,000. Already in 1979 four ports had an annual turnover of more than one million containers (Rotterdam, New York, Kobe, Hong Kong), two more joined them in 1981 (Kaoshiung/Taiwan and Singapore) — according to 'Statistik der Schifffahrt', of the Institute of Shipping Economics.

Ports poster launched: Irish Port Authorities Association

Mr. Ted Russell, Chairman of the Irish Port Authorities Association, presented a framed copy of the Association's educational poster on the Ports of Ireland to Mr. Jim Mitchell T.D., Minister for Transport, at a lunch in Jury's Hotel, Dublin on 21st February.

The poster, which describes a port as "the meeting place of land and sea transport" explains the function of ports in terms of the provision of facilities for the transfer of cargo between the two modes. As an island economy with more than 90% of our foreign trade passing through seaports, the ports obviously play a major role in our economic development.

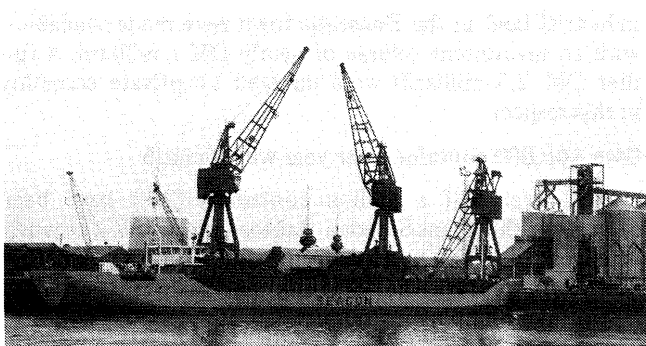
Ports are an essential part of the industrial infrastructure in that they provide the facilities for the importation of raw or semi-processed materials for industry and for exporting finished products. In this way they contribute to our industrial development programmes.

All these facts are highlighted in the three foot by two foot poster. Every second level school in the country will have received a copy of the poster which should be of great assistance to teachers of geography, economics, business organisation and civics. Each port is being asked to send copies to their local public libraries.

The colourful artwork depicting the various port scenes and activities is by John Dixon and the poster was produced for the Irish Port Authorities Association by Corporate Image Management.

Ten-year scrap export contract signed at Fleetwood: Associated British Ports

The port of Fleetwood's new facilities for the export of scrap metal were inaugurated today, Thursday, 24th March 1983 with the signing of a ten-year agreement between Associated British Ports and the Erith-based scrap metal exporting company, Mayer, Newman & Co. Ltd.



The contract was signed at a quayside ceremony by Mr. Brian Roberts, Mayer Newman's Chairman and Mr. Keith Stuart, Chairman of Associated British Ports, who officially inaugurated the three new 6-tonne quayside cranes provided under the contract.

Speaking at the ceremony, Mr. Stuart drew attention to the successful policy of diversification pursued at Fleetwood over the last ten years, which has attracted trades as varied as scrap metal, grain, roll-on/roll-off freight and offshore gas drilling. As a result, Mr. Stuart said "the port of Fleetwood has achieved expansion and profitability — with all the Company's capital investment in recent years coming from internal cash flow and no borrowing."

Mayer Newman is one of Fleetwood's most successful operators, having exported over three-quarters of a million tonnes of scrap through the port in the last ten years. They received the Queen's award for export in 1981 — the first company in their field to do so.

Mr. Stuart congratulated Mayer Newman on their enterprise, and thanked the company for the confidence they had shown in the port of Fleetwood.

Higher exports boost Southampton Port trade

Figures published recently by Associated British Ports show that the group's largest port, Southampton, increased its volume of cargo by 73% during 1982 to a total of 5.2 million tonnes (1981 — 3.0 million tonnes).

Exports more than doubled to reach 2.1 million tonnes, while inward cargoes at 3.0 million tonnes showed a 50% increase. In addition to cargo tonnage, the port handled 16.9 million tonnes of petroleum for import or export.

At the Prince Charles Container Port, the number of containers more than doubled to 274,000 units (t.e.u.'s), mainly on services to the Far East, North America and Southern Africa. By the end of 1982, containers were passing through the port at an annual rate of well over 300,000, the highest level on record.

Southampton's roll-on/roll-off services handled 117,600 freight units (lorries, trailers and containers), 15% more than in 1981, and there were 130,000 vehicles for import or export, a 52% increase. Over 2 million passengers used the port last year, a similar figure to 1981.

Investment

The sharp increase in traffic reflects improved industrial relations, the gain of new shipping services and the benefits of recent investment in new facilities.

Southampton's first grain export terminal, built at a cost of £2½ million by Continental Grain, opened in September

and has already handled 340,000 tonnes. A second grain terminal is under construction at the port.

Plans were announced for a new joint venture with the international Tung Group of Hong Kong to spend £4.5 million on a newly-equipped container terminal on 201/202 berths.

New Services

New business gained in 1982 includes the Wallenius Line's roll-on/roll-off service to the Middle East, a new service from the Mediterranean Shipping Company to the Red Sea, Indian Ocean and East Africa, and new services to West Africa and to the Eastern Mediterranean from Grimaldi Line. In December, Hapag Lloyd announced a new container link between Southampton and USA/Canada, and the service started in January 1983, taking up some of the capacity previously used by ACL whose service ended.

Free Ports

Following Tuesday's statement on Free Ports in the Chancellor's Budget speech, ABP will be submitting detailed proposals to the Government for Southampton to be given Free Port status. ABP say that this would provide a useful stimulus to Southampton's business, to the benefit of port users and local employment prospects.

Associated British Ports is Britain's largest private sector ports business, owning and operating 19 ports in England, Scotland and Wales.

The economics of the coastal Roll-on/Roll-off service published: Tees and Hartlepool Port Authority

A 12 month study into the use of ro/ro vessels for moving freight within Britain, has been published.

The £20,000 study was initiated by Mr. J. C. Tholen, Chief Executive of the Tees and Hartlepool Port Authority, and funded by the Authority and the 9 ports of Aberdeen, Dover, Dundee, Great Yarmouth, Harwich, King's Lynn, Newhaven, Poole, Southampton, plus the Department of Transport. The project was carried out by a team from the Department of Economics at the University of Newcastle upon Tyne, headed by Professor Charles Rowley. It was limited to the 10 ports involved and set out to see if the general concept of a coastal ro/ro was now, or could be, viable.

The basic thinking behind the concept was that:

1. Lighter diesel will become relatively more expensive than the heavier fuel oils as further refining is involved (A separately commissioned report was in agreement with this opinion).
2. Road transport is currently operating on a marginal basis and costs will have to be increased as new equipment needs to be purchased.
3. Tachometer and other EEC regulations can only increase road costs per tonne mile.
4. There is still room for optimisation in sea transport costs and manning, whereas road transport has virtually peaked out.
5. Environmental pressures must increase, as evidenced by the emotive discussion of the proposed increase in axle weights.

6. The increasing cost of roads, together with the loss of valuable agricultural land, can only result in ever increasing licence fees for these larger vehicles.

The report produces costs for moving freight by road and rail per trailer. It compares such costs with the best estimates of the costs of a coastal ro/ro service and pinpoints the most feasible length of journey and type of service. It also looks at the known volume movements of freight by road and rail through the relevant regions and on this basis defines the seven most likely routes for a roll-on/roll-off service. These routes are then assessed for viability using specific costs and expected revenues.

It was originally expected that the concept would become viable at some point in the future and so it was encouraging to find that the report identified one route — Tees to Harwich — which could prove to be a commercially favourable proposition now if costs were reduced. The Tees and Hartlepool Port Authority and Harwich (Parkeston Quay) decided to fund further detailed investigation into the Tees/Harwich route.

The Port of London Authority has also agreed to join the Authority in funding more research in 1983 on the implications of the study for London. London was excluded from the original study, although a major consumer centre, for reasons of size.

The report breaks new ground in its method of analysis and publishes hitherto unavailable statistics from the Department of Transport on domestic freight movements. For these reasons the ports believe the report will interest many involved in freight transport and academic circles, and so they have decided to publish at a retail price of £50 a copy which can be obtained from the Public Relations Officer, Tees and Hartlepool Port Authority, Queen's Square, Middlesbrough, Cleveland. TS2 1AH.

New Webb Dock berth opened; Rail link announced: Port of Melbourne

Number Five Webb Dock was officially opened on Tuesday 14 December by the Minister for Public Works (the Hon. J. H. Simpson) before a representative gathering of shipping industry representatives.

When declaring the berth open Mr. Simpson announced that legislation was then going through State Parliament to allow the rail link along Lorimer Street to Webb Dock to be built at an estimated cost of \$20 million.

Mr. Simpson said that the decision to proceed with the rail link, even allowing for the down turn in the economy today, was an indication of the Government's desire to inject capital into capital works for the eventual benefit of the State.

The new berth, developed jointly by the Port of Melbourne Authority and the Australian National Line, will double Webb Dock's capacity to handle overseas container trade. It is also able to accommodate the biggest container ships calling at Melbourne.

The extension adds a further 315 metre deep-water wharf to the 220 metres of the existing overseas container complex at No. 4 berth. A paved area of 5.8 hectares has been provided for marshalling containers behind the wharf. This will allow up to 2,200 containers to be accommodated at No. 5 berth at any one time, enabling the new terminal

to cater for 60,000 containers a year.

A new concept in equipment at the berth is Australia's first high capacity floating pontoon ramp for stern door roll-on roll-off container vessels. This ramp can be moved along the wharf to permit various sizes and combinations of container ships to be worked. It will support four fully-laden 22.9 tonne fork lift trucks simultaneously or a heavy load transporter weighing 230 tonnes.

Welcoming the guests to the opening the Chairman of the Port of Melbourne Authority (Mr. A. S. Mayne) said that when No. 1 berth was opened in 1959, it provided four acres of stacking area behind a 122 metre wharf apron. Cost of the berth was \$400,000. The new berth increased the wharf face of the complex to 1,000 metres, provided 24 hectares of terminal area and cost \$9 million. In addition the Australian National Line had spent another \$26 million.

Mr. Mayne said that it was proposed that any future development of the Webb Dock complex would take place opposite the existing berths and over the Williamstown Road.

South Wharf development: Port of Melbourne

Preliminary work on the redevelopment of the 1 to 5 South Wharf area has commenced with the first stage being the refurbishing of the wharf apron at number 4 berth.

The second step in the project will be the reshaping of the river bank in the former Wright and Orr's Dock between 3 and 4 South Wharf. When the reshaping has been completed the bank will be lined with bluestone pitchers. This area will then be in the form of an inlet which will possibly be for the eventual use of small pleasure craft.

The South Wharf project will be complementary to the landscaping of the opposite bank of the river fronting the World Trade Centre.

Landscaping of other areas of the Port as designated in the Landscape and Public Access Strategy Scheme approved late in 1980, is proceeding.

Work on the North Wharf area is nearing completion; stage two of the Station Pier project is scheduled to commence in the new year and preliminary work on the West Gate Bridge area has commenced.

Malacca Port to be managed by Port Kelang soon

The Kelang Port Authority is reaching out beyond its borders — to be precise, 180km. southwards to Malacca Port and the Tanjung Bruas Jetty. As the premier port of Malaysia, the federal government has entrusted it with the task of controlling and developing these two areas nearly 200 km from its home base.

The take-over is expected to be finalised early this year and experienced officers and staff from Port Kelang will be sent to administer the port and jetty until such time a proper authority has been set up and able to run the port by itself.

The Malacca Port, situated at the mouth of the Malacca River, is currently not managed by any port authority. There are no port charges for the use of facilities and movement of people and cargo into the port area is unrestricted.

The port area is approximately 1.6 hectares in area and part of it has been leased out by the state government for a government office complex and to the private sector. Draft limitation preclude the accommodation of vessels alongside the wharf and cargo handling operations is restricted to lighterage alone. Ships work in the anchorages 1.4 km from the mouth of the Malacca River and cargoes are discharged into or loaded from barges. All services such as provision of barges, storage, handling equipment are supplied by private operators. The Harbour Labourer's Union is the sole contractor for stevedoring services.

The port works only one shift i.e. 0800 – 1600 hours. About 12 km north of Malacca Port is the Tanjung Bruas Jetty which was commissioned in 1979. The jetty is one of the island type and has a total length of 173 m. Of this length, an area 115 m long and 15.2 m wide is for cargo handling operations.

The back-up area covers approximately 7.3 hectares and is now occupied by warehouses, an open storage yard, an office complex and a Petronas oil depot. There is space left for the future development of dry and liquid bulk facilities.

Just as with the Malacca Port, the Tanjung Bruas jetty has no single authority responsible for its administration. The Marine Department acts as the caretaker of the jetty and warehouses but owing to lack of personnel the warehouses and open yard are not utilised and cargoes are delivered or shipped direct.

Provision of handling equipment and other ancillary services are also through private operators. Two private contractors supply all stevedoring services at Tanjung Bruas. The port also works only one shift.

Depending on the demand for additional facilities, Tanjung Bruas has the potential for the further development of wharves. (WARTA)

First merchant bank loan for Port Kelang to finance dry bulk terminal

The Authority signed a \$30 million syndicated loan with 10 insurance companies on December 21 to finance the cost of providing facilities at the Dry Bulk Terminal.

The loan, repayable over a 10 year period was the first to be arranged through a merchant bank – Amanah – Chase Merchant Bank Bhd. – as all previous loans were arranged through the Treasury or Commercial banks.

The Deputy Chairman of the Authority En. Abu Baker bin Mohd Said and the Director General En. Hashir Abdullah signed for the port while En. Ishak bin Abdul Hamid, the General Manager of Amanah-Chase signed for the bank as the manager and agent for the consortium comprising:

Malaysia National Insurance Sdn. Bhd. (\$15 million)
American International Assurance Co. Ltd.

(\$4 million)

The Malaysian Cooperative Insurance Society
(\$3 million)

Jerneh Insurance Corp. Sdn. Bhd. (\$2 million)

Universal Life and General Insurance Sdn. Bhd.
(\$2 million)

Malaysian American Assurance Company Bhd.
(\$1 million)

South East Asia Insurance Corp. Ltd. (\$1 million)

The Overseas Assurance Corp. Ltd. (\$1 million)

The Asia Insurance Co. Ltd. (\$0.5 million)

East West Insurance Bhd. (\$0.5 million)

The government-guaranteed loan is to be used to finance the cost of providing facilities at the Dry Bulk Terminal. The terminal which stands on a 13.2 hectare site handles fertilisers, animal feed and salt. It has two berths with a length of 213 metres. Ships of up to 36,000 tonnes displacement can come alongside.

Two giant bulk handling cranes service the berths which are linked by a conveyor belt running the length of the berths to bulk warehouse on-shore. The 2 warehouses on-shore each has a maximum capacity of 18,000 tonnes. Another smaller warehouse with an area of 5,336 sq. metres is currently under construction.

The authority aims to serve its clients better not only with just more facilities but also with improved services as well. The \$30 million loan is just another one of these many moves towards achieving that goal. (WARTA)

General Manager of Hawke's Bay Harbour Board retires



Mr. Val Lawrence



Mr. Ken J. Gilligan

Mr. Val Lawrence, General Manager of the Hawkes Bay Harbour Board for the past 16 years, retired on 1 April 1983.

Mr. Lawrence, who served the Harbour Industry for over 46 years, commenced in Lyttelton and moved to Timaru Harbour Board in 1949, rising to Chief Executive. He joined the Napier Harbour Board as Chief Executive in 1966.

He was appointed recently as a commissioner on the Waterfront Industry Commission, and his term will run until 31 March 1984. He succeeds Mr. R. E. Dawson, who retired from the Commission due to ill health late last year.

Mr. Ken J. Gilligan has been appointed by the Hawkes Bay Harbour Board as General Manager, Secretary and Treasurer to replace Mr. Lawrence.

Mr. Gilligan (36) has been Chief Executive Officer of the New Zealand Ports Authority prior to joining the Harbour Board.

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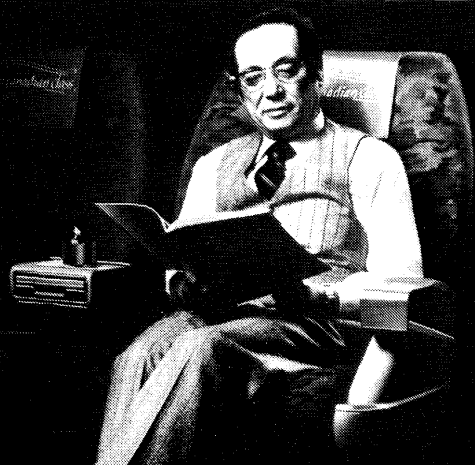
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