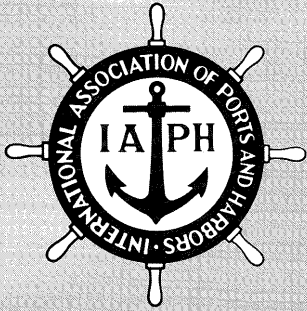


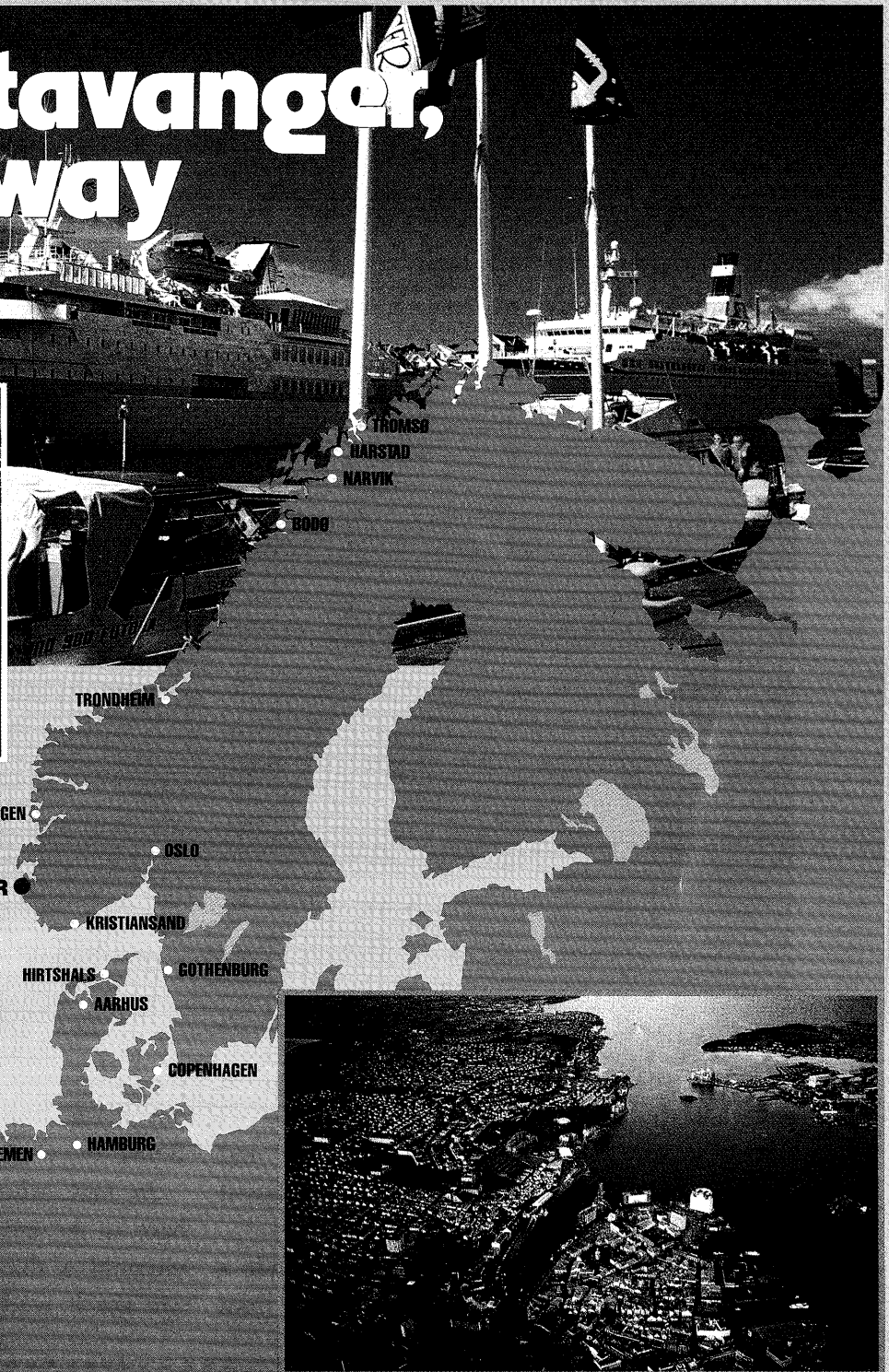
Ports & Harbors

The Publisher
The International Association
of
Ports and Harbors

September
1993 Vol. 38 No. 7



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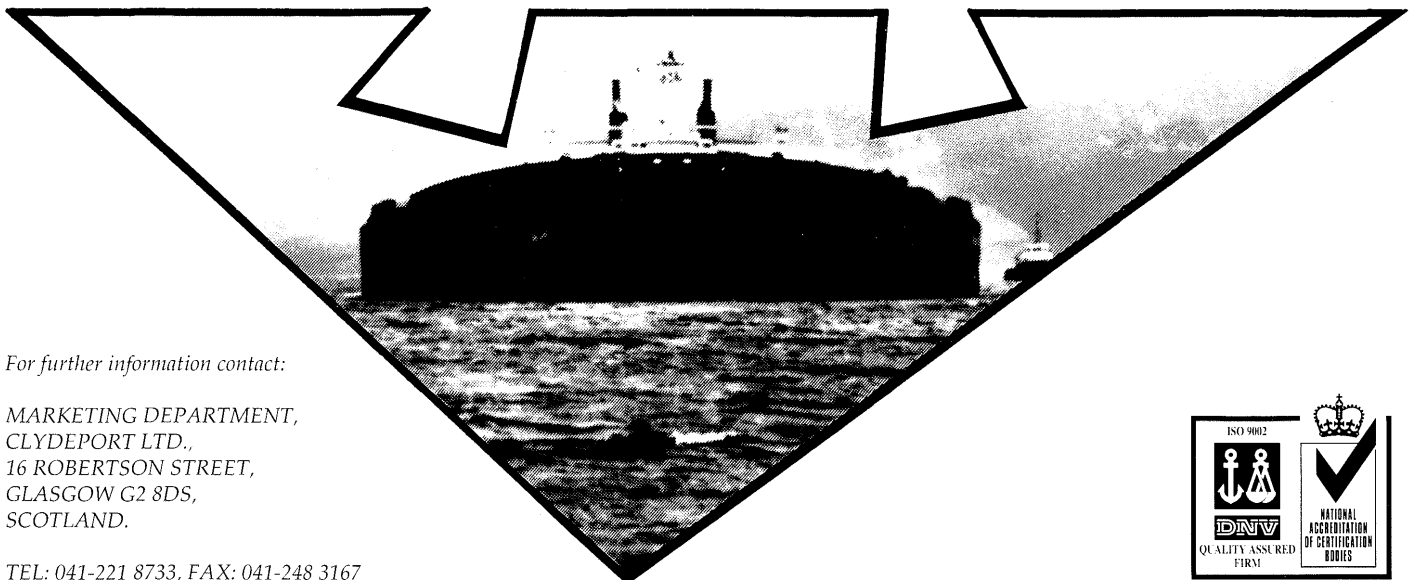


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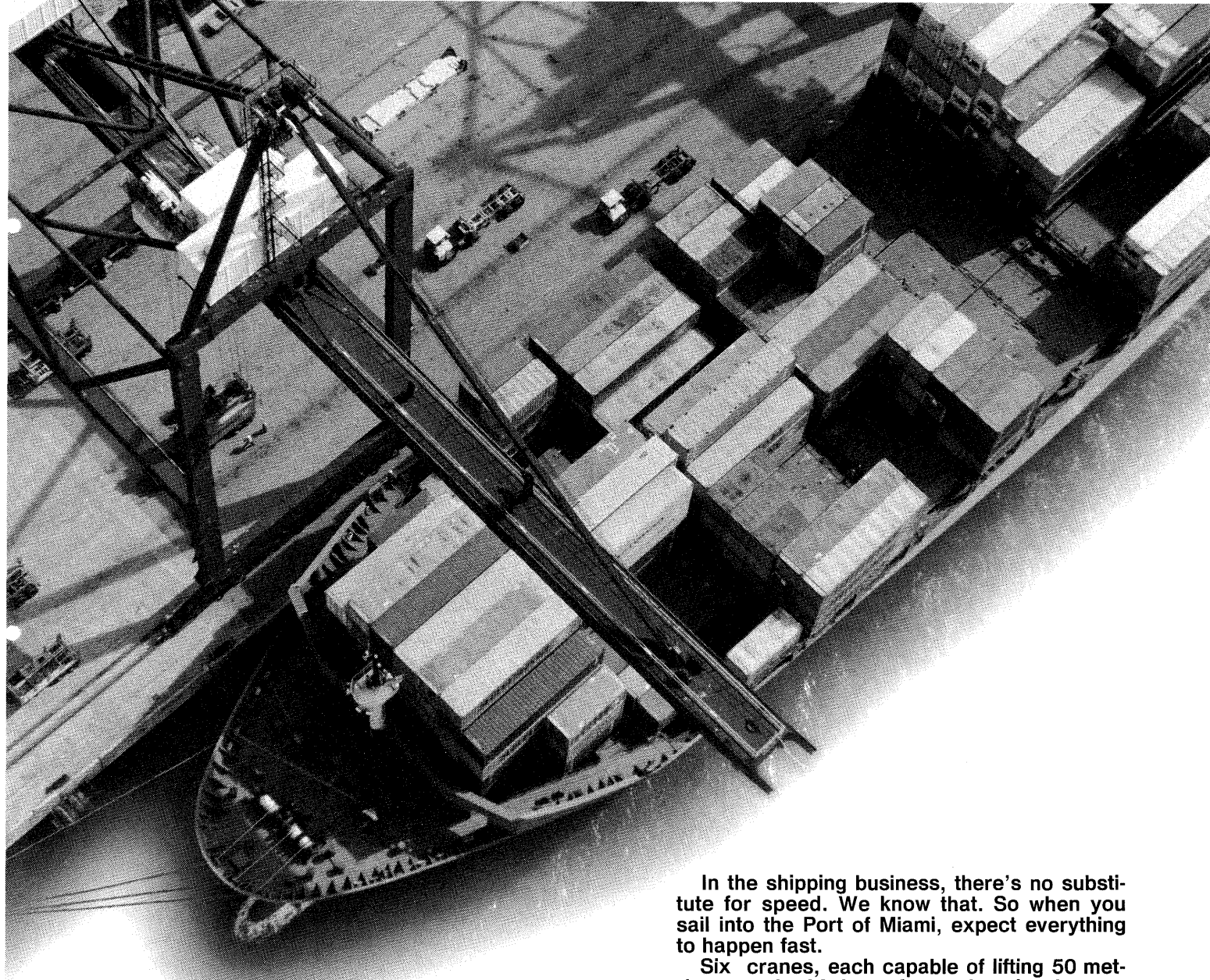


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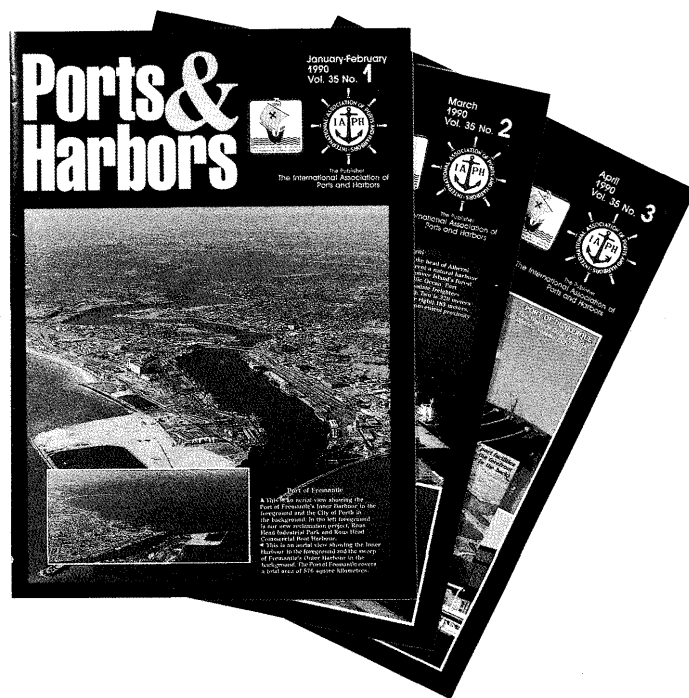


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IAPH ANNOUNCEMENTS AND NEWS

IAPH in Support of Environmentally Friendly Ships

— In Cooperation with IMO —

Mr. Hiroshi Kusaka, Secretary General of IAPH, sent a letter to the IMO Secretary General William A. O'Neil concerning the Resolution on Ships' Port Fees, which IAPH passed at its Conference recently in Sydney. The letter from our Secretary General addressed to IMO Secretary General Mr. O'Neil dated June 16, 1993 was as follows.

Re: Application of Tonnage Measurement of Ballast Spaces in Oil Tankers

IAPH has been asked to cooperate with IMO in resolving the problem of achieving the effective implementation of IMO Resolution A 722(17). From an organizational standpoint IAPH is most happy to do this and has, in fact, initiated certain actions to facilitate that objective.

I know that you, Sir - and, I hope IMO's Member States more generally - are already aware that this is a complex problem. Not all of IAPH's Member Ports, for example, assess their port charges on the basis of ships' tonnage.

We must recognize, moreover, that with very few exceptions, the final judgement on a port's charges, if not also on the Port's charging policy is made by the Port itself.

You will wish to know that the 17th IAPH Biennial Conference held in May 1991 approved Resolution No. 4A, the operative paragraph of which states:

"Resolved that port fee formulae should be reviewed by port operators to ensure that tonnage, weight, volume or other factors used in the calculation of port fees or charges for tankers do not tend to discourage the construction and operation of tankers having segregated ballast tanks designed primarily for the protection of the environment."

Every opportunity has been taken since then to promote the implementation of the Resolution the substance of which has been underscored by the adoption of a further Resolution No. 2 at the 18th IAPH Biennial Conference held in April 1993 the operative paragraph of which reads:

"Resolves that as an initiative in pursuit of the goal of sustainable economic and operational development of ports, the members of IAPH should consider incentives towards that end, including the possibility of adopting a Scheme in which environmentally friendly

equipped and operated ships are encouraged in the structuring of port tariffs and fees."

The aforementioned IAPH Resolutions are a clear expression of the wish of the International Ports Community to take positive measures to assist in preserving and protecting the environment. IAPH is ready to discuss the details and implications of possible measures with IMO and/or other international organizations as might be appropriate.

In response to the letter from IAPH, the following letter dated 20 July 1993 was received from the IMO Secretary General.

Dear Mr. Kusaka,

Thank you for your letter of June 1993 on the application of tonnage measurement of ballast spaces in oil tankers. I appreciate the work done by your Association to encourage fairer treatment of environmentally friendly tankers. The contents of your letter were brought to the attention of the thirty-fourth session of the Marine Environment Protection Committee (MEPC).

It is regrettable that, in spite of our efforts, there are many ports in the world which do not recognize the need to deduct dedicated ballast spaces in tankers from the gross tonnage on which port dues, etc. are calculated. As you are aware, the 1992 amendments to Annex 1 of MARPOL 73/78 entered into force on 6 July 1993, and they require oil tankers to be constructed with double hull or an alternative design providing an equivalent level of protection to the marine environment as double hull designs. At the same time, existing tankers are required to meet the double hull requirement at the age of 25 or 30 years. It is therefore all the more important that these environmentally friendly tankers are given due recognition. I am most grateful for your continued co-operation.

W.A. O'NEIL
Secretary-General
IMO

IAPH Guidelines on Soil Pollution, Port Planning

IAPH has completed the following two documents which had originally been prepared by the two sub-committees of COPSSEC. These reports were:

1. "Practical Guidelines for Ports on Environmental Issues" (yellow book of 33 pages) prepared by the Sub-Committee on Port Safety and Environment

(COPSSEC), chaired by Peter C. van der Kluit (Rotterdam).

The issues dealt with in the guidelines include:

- type of soil contamination
- consequences of soil contamination
- legal aspects
- survey of sites
- cleaning up techniques
- prevention techniques and procedures
- management, management information systems
- hire or lease contracts
- special cases

2. **"IAPH Guidelines for Port Planning and Design"** (red book of 84 pages) prepared by the Sub-Committee on Port Planning (COPSSEC) chaired by Peter M. Fraenkel (Peter Fraenkel Ltd., London)

The document was originally included as Chapter 3.1 of the IAPH Guidelines on Port Safety and Environmental Protection, 1985, which was updated in 1991. Since the last Conference in Spain the Sub-Committee has been reviewing the guidelines and has redrafted these with newly added sections dealing with Port-City Relations and Fendering.

At the Sydney Conference it was agreed that in the future the revised planning and design guidelines will be published as a separate document. In accordance with the new policy, the IAPH Head Office printed the document as a separate book and sent the newly completed documents (the yellow and red books) to all IAPH members and relevant international organizations in the middle of June.

Tonnage Survey of Members Going On

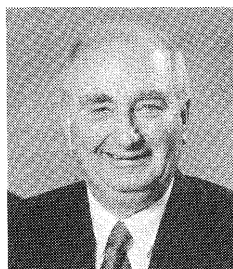
Once every two years or every conference year, a survey is conducted of all Regular Members of IAPH for their updated tonnage figures which should form the basis for the coming two years' dues assessment.

A circular letter from the Secretary General dated July 5, 1993 and survey form were sent to all IAPH Regular Members from Tokyo. Upon receipt of the entry from, each Regular Member is requested to file with the Secretary General a report of the tonnage handled during the latest one year after the last such report, which was conducted in July 1991.

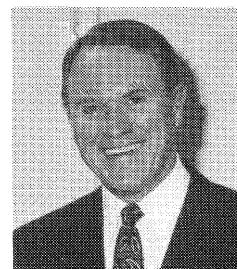
The deadline for receipt of this information at the Head Office has been set at September 30, 1993 so that the data collected can be used when the Secretary General's office issues the invoice for the 1994 dues to all members in late December 1993 and again for the 1995 dues which will be invoiced in December next year. Members' cooperation in returning the completed forms will be highly appreciated.

New Minister for MSB

According to Mr. John Hayes, General Manager, Port Coordinator and Planning, Maritime Services Board of NSW, Sydney, Australia, since 25 May 1993 the MSB has had a new Minister. The new Minister is the Hon. Ian Armstrong, who is Deputy Premier, Minister for Public



Mr. Ian Armstrong



Mr. Bruce Baird

Works and Minister for Ports. He was formerly Minister for Agriculture and, with the portfolio change, he replaces the Hon. Bruce Baird, who officially opened the 18th Conference of IAPH in Sydney in April in his capacity as Transport Minister. According to Mr. Hayes, Mr. Baird has retained his position of Transport Minister but is no longer responsible for ports.

Information from Mr. Hayes also referred to the fact that on 23 June 1993 the new Minister announced significant reductions in some NSW port charges resulting from MSB efficiency improvements.

Ian Armstrong

New South Wales Deputy Premier, Minister for Public Works, Minister for Ports.

Member for Lachlan in the New South Wales Legislative Assembly since 1981.

Deputy Leader of the New South Wales National Party from 1984 to May 1993.

Minister for Agriculture and Rural Affairs March 1988 to May 1993.

Deputy Premier, Minister for Public Works & Minister for Ports since May 1993.

Mr. Armstrong lives on his sheep, cattle and horse property at Cowra in Central Western New South Wales and is a keen stud stock breeder.

Before entering the New South Wales Parliament he conducted farming and grazing enterprises and was also employed in wool broking and as a licensed stock and station agent.

He held executive positions with the Cattlemen's Union of Australia, the Cattle Council of Australia and the Australian Registered Cattle Breeders Association.

He was a member of the judging panels of the Australian Brahman Breeders' Association, the NSW Stud Merino Breeders Association, and the Australian Stock Horse Society.

In 1978, Mr. Armstrong was awarded the Order of the British Empire for his services to primary industry.

The IPD Fund: Contribution Report

Contributions to the Special Fund For the Term of 1992 to 1994 (As of Aug. 10, 1993)

Contributors	Amount
Paid:	(US\$)
ABP (Associated British Ports), U.K.	3,000
Akatsuka, Dr. Yuzo, Univ. of Tokyo, Japan	100
Akatsuka, Dr. Yuzo, Univ. of Saitama, Japan	130
Akiyama, Mr. Toru, IAPH Secretary General Emeritus, Japan	1,000
Barcelona, Puerto Autonomo de, Spain	1,000

Cameroon National Ports Authority, Cameroon	480
Cayman Islands, Port Authority of, the Cayman Islands	250
Clydeport Ltd., U.K.	1,000
Constanta Port Administration, Romania	250
Copenhagen Authority, Port of, Denmark	1,000
Cotonou, Port Autonome de, Benin	100
Cyprus Ports Authority, Cyprus	1,000
Delfzijl/eamshaven, Port Authority of, the Netherlands	350
de Vos, Dr. Fred, IAPH Life Supporting Member, Canada	150
Dubai Ports Authority, U.A.E.	500
Dundee Port Authority, U.K.	250
Fiji, Ports Authority of, Fiji	100
Fraser River Harbour Commission, Canada	250
Gambia Ports Authority, the Gambia	250
Ghana Ports and Harbors Authority, Ghana	250
Halifax, Port of, Canada	250
Hiroshima Prefecture, Japan	523
Japan Academic Society for Port Affairs, the, Japan	267
Japan Cargo Handling Mechanization Association, Japan	259
Japan Port and Harbor Association, the, Japan	493
Japanese Shipowners' Association, the, Japan	516
Klang Port Authority, Malaysia	200
Korea Container Terminal Authority, Korea	100
KSC (Kuwait Oil Company), Kuwait	1,000
Marine Department, Hong Kong	500

Maritime Services Board of New South Wales, Australia	367
Mauritius Marine Authority, Mauritius	200
Montreal, Port of, Canada	500
Nagoya Container Berth Co., Ltd., Japan	518
Nagoya Port Authority, Japan	3,564
New York & New Jersey, Port Authority of, U.S.A.	1,000
Niigata, Port of, (Niigata Prefecture), Japan	860
Okubo, Mr. Kiichi, Japan	274
Pacific Consultants International, Japan	243
Penta Ocean Construction Co., Ltd., Japan	500
Point Lisas Industrial Port Development Co. Ltd., Trinidad	100
*Primer Concurso Internacional de Memorias Portuarias: Carlos Armero Sisto, Anuario de Puertos: Buenos Aires, Argentina	300
Public Port Corporation I, Indonesia	180
Qubec, Port of, Canada	250
Shipping Guides Limited, U.K.	500
South Carolina State Ports Authority, U.S.A.	1,000
Tauranga, Port of, New Zealand	500
Toyama Prefecture, Japan	254
UPACCIM (French Ports Association), France	1,905
Vancouver, Port of, Canada	500
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IAPH/PIANC Joint Survey on Channel Dimensions

IAPH Secretary General Kusaka has recently circulated a questionnaire among all IAPH Members seeking their cooperation in providing information on channel dimensions. The survey form, which was originally prepared by the key members of IAPH's Port Planning & Construction Committee jointly with the representatives of PIANC (Permanent International Association of Navigation Congresses), and the covering letter from the IAPH Secretary General were as follows.

Dear IAPH Members:

August 9, 1993

IAPH/PIANC Working Group 30 – Channel Dimensions

A joint IAPH/PIANC Working Group has commenced its task of framing guidelines for the design and subsequent use of navigable channels.

The Working Group are particularly interested in availing themselves of the practical experience of port authorities in relation to the design and operational criteria

used in deciding the width of channels. Accordingly, the attached questionnaire is being circulated world-wide to port authorities with a view to obtaining the benefit of their knowledge and experience. The information requested will be extremely valuable to the Group in framing guidelines which will have due regard to reconciling economic considerations with safety.

It would be much appreciated if you would return the completed questionnaire at your earlier convenience, if possible by 30 August 1993 to:

Mr. M.J. Hocter
General Manager
Limerick Harbour Commissioners
3 Pery Square, Limerick, Ireland

With a copy of your covering letter to the Chairman of the Working Group:

Mr. P.M. Fraenkel
Peter Fraenkel BMT Limited
Consulting Engineers, 19 Eastcheap,
London EC3M 1BU, U.K.

QUESTIONNAIRE, CHANNEL DIMENSIONS IAPH/PIANC WORKING GROUP 30

NAME OF PORT: _____

1. DOES THE WIDTH OF THE NAVIGABLE CHANNEL IN YOUR PORT OR IN THE APPROACHES TO IT LIMIT THE SIZE OF VESSEL WHICH CAN ENTER?

YES ☐ NO ☐

2. DIMENSIONS OF CHANNEL & VESSEL

IF WIDTH IS A LIMITING FACTOR, PLEASE INDICATE THE FOLLOWING IN RELATION TO THE MOST CRITICAL SECTION OF CHANNEL.

- a) MINIMUM WIDTH & DEPTH

WIDTH DEPTH

- b) DETAILS OF ALIGNMENT

- c) DIMENSIONS OF LARGEST VESSEL WHICH CAN PASS

WIDTH DRAFT LENGTH

- d) ANY OTHER LIMITING PARAMETERS, IF SO GIVE DETAILS

3. ENVIRONMENTAL CONDITIONS

PLEASE INDICATE THE PREVAILING ENVIRONMENTAL CONDITIONS THAT INFLUENCE SHIP BEHAVIOUR IN THE MOST CRITICAL SECTION OF THE CHANNEL

CROSS CURRENTS

WINDS

WAVE CONDITIONS

TIDAL

4. STUDIES

- a) HAVE ANY SPECIFIC STUDIES BEEN CARRIED OUT ON THE CHANNEL?

YES ☐ NO ☐

- b) IF SO, WOULD YOU BE PREPARED TO MAKE SUCH STUDIES AVAILABLE IF REQUESTED?

YES ☐ NO ☐

- c) WOULD YOU BE PREPARED TO ENTER INTO DETAILED DISCUSSIONS WITH THE WORKING GROUP IF REQUIRED?

YES ☐ NO ☐

5. PLEASE GIVE NAME AND ADDRESS OF PORT OFFICIAL TO BE CONTACTED FOR FURTHER INFORMATION, IF REQUIRED.

Visitors to Head Office

On Friday, 4 June, **Mr. Wang Hai-Ying**, Vice General Manager, Port of Chiwan, Shenzhen, China, located close to the Shenzhen industrial complex, visited the head office to exchange views on recent port developments as well as trade prospects and patterns in the region.

On Friday, 2 July, **Mr. E. Bruyninckx**, General Manager, Antwerp Port Authority, together with **Mr. H. Mignot**,



Front row from L to R
Mr. Mignot, Mr. Bruyninckx and Mr. Pous

Belgian Trade Office in Taipei, and **Mr. R.K. Pous**, Representative of Antwerp Port Promotion Association in Japan, visited the head office and met with Mr. H. Kusaka, Secretary General to exchange views on the state of port development and trade prospects in the region. Mr. Bruyninckx was visiting Japan as a member of a trade development mission from Flanders to the Asian countries. His presentation on the current situation of the Flemish ports, delivered at a trade development seminar in Tokyo, is reproduced separately in this issue.

On 2 July, **Dr. Peter J. Rimmer**, Head of the Department of Human Geography, Research School of Pacific Studies, The Australian National University (ANU), visited the head office where he was received by the staffers. He was visiting Tokyo on a research mission to Korea and Japan.

On Tuesday, 6 July, **Mr. Chalid Thahir**, Manager, Port of Tanjung Emas Semarang, Indonesia, visited the head office



Mr. Kondoh and Mr. Thahir (Right)

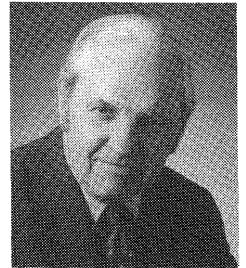
and met with Mr. R. Kondoh to exchange views on recent port developments in the region.

On Tuesday, 27 July, **Dr. Richard D. Beckwith**, Director, Facilities Systems Division, Naval Civil Engineering Laboratory (NCEL), Port Hueneme, California, U.S.A., visited the head office, where he was received by Mr. R. Kondoh. He was visiting Tokyo to research structural patterns and

construction practices concerning pile-supported piers and wharves. For the identical purpose, on Wednesday, 28 July, he visited the Port and Harbours Research Institute of Ministry of Transport, located in Kurihama near Yokosuka, being met by Mr. Shigeru Ueda, Director, Structures Division, and his staff researchers to exchange views.

Meeting of UN Commission on Sustainable Development

By **Patrick J. Falvey**
Chairman, IAPH Legal
Counsellors



The above identified Commission is the UN's lead agency for following and shaping the implementation of the Rio Summit of 1992 at which the world's leaders adopted the UN's Environmental Charter and Agenda 21. It held its first substantive meeting in New York from June 14 to 25, 1993. Mrs. Lillian Liburdi and I were authorized to attend as observers for IAPH. I was able to attend for four days of the meetings.



Ms. Lillian Liburdi

The full report of the meeting will not be available until the end of July, 1993; after I obtain it, I will supplement this report as necessary.

The basic work at the meeting consisted of receiving reports from the Secretary General and from most of the participating nations in the Rio Summit as to actions taken since the Summit to prepare for or to follow up on the objectives of the Summit and the specific goals of Agenda 21. My private assessment is that for the most part these were political or public relations statements designed to placate the Green Movement and the low and middle income nations who require financial assistance to support environmental clean-up and sustainable development projects.

The Commission itself is clearly understaffed and woefully short of resources. Thus, its decisions were primarily organizational — setting targets to be the annual focus of the Commission through 1999; establishing voluntary progress reporting structures and guidelines of annual reports on progress to be made by each of the nations and inter-governmental groups to the Commission; and strategies to be followed to improve the availability of financial assistance for the entire program.

The theme of principal interest to IAPH — the integrity of the ecology of the oceans and coastal activities which threaten it — was deferred as a topic for the Commission's primary focus until the 1996 annual meeting.

Please do not interpret this result as indicating that IAPH need not carefully monitor the activities of the Commission until 1996. On the contrary, my sense is that the reporting guidelines will become mandatory for each of our countries,

none of which, I suggest, will be willing to say to the Green Movement that it chose not to report or to follow its own guidelines rather than the Commission's; the needier nations will continue to see greater help from others, including increasing and inexpensive, if not totally free, technological transfers; and the Green Movement will continue its aggressive, dedicated and effective advocacy of their agenda which certainly and clearly favors environmental goals and not economic activities where there is the slightest conflict between them.

Accordingly, we must continue to maintain liaison with the Commission's staff which welcomes any technical assistance available to it and, as well, with the business and industry groups which also will be working with the Commission. It is necessary too for us to apprise our governments of the interest and concerns which ports and harbors have with respect to the work of this Commission. Finally, the Commission will be focussing in 1994 on the matters of toxic chemicals and hazardous wastes as to which IAPH and its members have great interest.

Membership Notes:

New Members

Regular Members

Bintulu Port SDN. BHD. [Regular] (Malaysia)

Address: P.O. Box 996, 97008 Bintulu
Sarawak

Mailing Addressee: Mr. Ramli Abu Samah
Managing Director

Telex: BIPORT MA 73179
Tel: 086-251001/7 (7 Lines)
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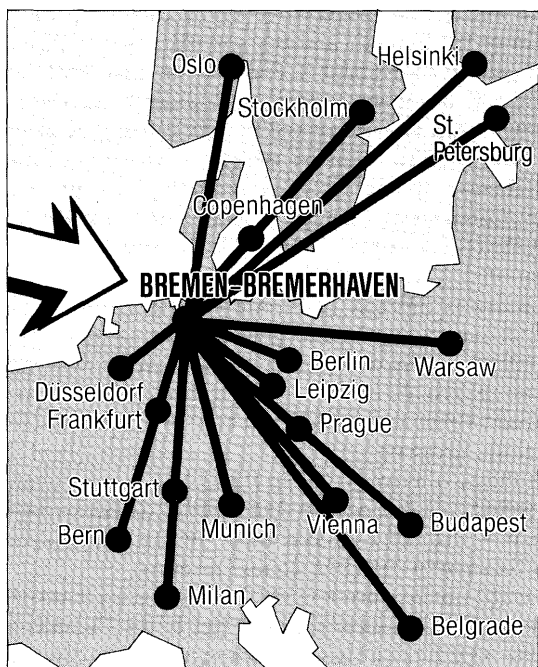
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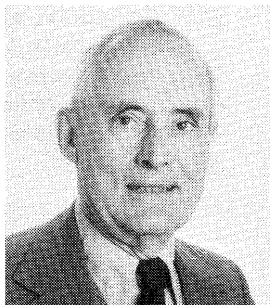
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Drafting and Adoption of a Convention on Maritime Liens and Mortgages

Diplomatic Conference — Palais des Nations — Geneva



By André Pages

A diplomatic Conference was held at the Palais des Nations, Geneva from 19 April 1993 to 6 May 1993, under the joint patronage of the IMO and UNCTAD, to draw up and then adopt a new Maritime Law International Convention.

It was followed by 67 national delegations as well as by the representatives of different inter-governmental and non-governmental organizations, the latter (NGOs) category featuring such delegates as Mr. André Pages of IAPH.

1. The Objectives of the New Convention

Maritime Liens and Mortgages are already covered by two Conventions:

- that of 10 April 1927, which entered into force on 2 June 1931 and which currently has 23 State-Parties to it, although certain major maritime nations are not among them.
 - that of 27 May 1967, intended to replace the first, but which even today has not received the required 5 ratifications for it to enter into force, from among the participants of the Diplomatic Conference which drew it up.
- The objectives attached to the new Convention were:
- to obtain the adhesion of as large a number as possible of the maritime nations,
 - to provide a universal scope, by restricting the scope of adaptations likely to be introduced at a national level.
 - and to favour the development of Merchant Fleets by improving the guarantee rights of those who granted mortgages. To do this, it would have been necessary to review Maritime Liens, which in the case of a forced sale rank above mortgages, very severely.

These objectives were defined by the United Nations through the IMO (1977) and UNCTAD (1980), CMI having offered to draw up and submit to them a new initial draft text, based on the previous works, in 1985.

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2. General Attitude Vis à Vis Ports

The general atmosphere during debates at the Conference did not prevent it removing a priority interest from Ports, as might have been the case during the previous 1926 and 1967 Conferences on the same subject.

The national delegations were in general composed of civil servants from Ministerial Departments responsible for Merchant Fleets. Justice and Foreign Affairs, but not those responsible for Maritime Ports, except in the cases of countries where the same Ministerial Departments were responsible for both Fleets and Ports.

The delegations were often backed up by representatives from National Fleets, Chambers of Commerce or by private maritime law attorneys.

The representatives of CMI were often invited to voice an opinion, which was always listened to carefully.

The Conference was actively followed by non-coastal States without either Ports or Fleets, such as Australia, Bolivia and Switzerland.

For numerous delegations and for CMI, Ports are generally Public Establishments and therefore have permanent support from their States, whereas Shipowners have to face the perils of the sea, an uncertain reception in distant countries and stiff international competition.

However, various delegations admitted solidarity between Port and Maritime interests, in a country's economy — and the vulnerability of that economy if it depends entirely on a single and unique Port. This awareness, however, was not the majority one during certain votes.

3. Difficulties in Decision-making and Wording

The Conference was preceded by six one week meetings (held alternatively at IMO, London and UNCTAD, Geneva), from 1986 to 1989. Since then, however, the composition of numerous delegations has changed.

Thus debates returned to the starting-point again on numerous occasions. From the drafting point of view, major difficulties were encountered in making a coherent text, with a general scope that covered a vast range of circumstances:

- for the forced sale of ships, whether or not those ships were registered under a State-Party flag, and whether or not they were to be sold in the Port of a State-Party,
- for the way forced sales were conducted: so that they would benefit from adequate dissemination of information, both before and after the sale,
- for flag transfers: whether temporary or permanent and whether or not they resulted from a forced sale,
- for achieving world acceptance for the Convention: that it has a limited margin for national derogations, that States do not wish to alter, for example:
 - maintenance of second ranking liens, that cede priority to mortgages,
 - exclusion of certain State Merchant Fleets from the possibility of arrest.
- for coherence with other conventions: harmonisation with the provisions of other conventions, such as those included in the 7th February 1986 Convention on the registration of ships, or those dealing with damage caused by the transport of oil, or hazardous and noxious substances or by nuclear substances.

- and finally for drawing up the new Convention in six languages — Arabic, Chinese, English, French, Russian and Spanish — all with the same meaning and each being valid in law.

4. Classification of Lien for Port, Canal and Navigable Waterway and Pilotage Dues

4.1 Article 4.1 of the Convention

These rights profit from a First Ranking Lien in the 1926 Convention which is actually in force and from a Second Ranking Lien in the 1967 Convention. They have been maintained in the present Convention, in spite of the aim being to reduce the number of Liens. However, they have been reduced to a Fourth Ranking Lien after:

- claims by the crew,
- claims for death or injury of a non-contractual nature, linked with the operation of the ship,
- claims for salvage, the motive being that a (successful) salvage is necessary for the preservation of the guarantee for all other claims.

Fifth ranking claims are those arising out of tort for material damage caused by the operation of the ship.

4.2 Resulting Position of Port Liens

Thus Port Authorities can invoke:

- a second rank lien for death or injury of their personnel,
- a fourth rank lien for the settlement of port, canal, waterway and pilotage dues,
- a fifth ranking lien for compensation for damage caused to port works and equipment.

The question arises, on a local basis, of the eventual extension of the scope of the fourth ranking lien to cover other related services (towage, line handling, stevedoring, crane hire, storage, etc.), which are often considered to be commercial services.

5. The Case of Grounded or Sunken Ships, or Wrecks

5.1 Distinction between a Ship and a Wreck

The Conference refused to consider a case, of major concern to port management, that of wrecks, arguing that:

- The Convention deals with ships not wrecks, which are no longer ships and which may become the object of another convention.
- The removal of wrecks is, normally, carried out by States.
- The costs are covered by insurance.

These arguments outweighed those of:

- the difficulty of deciding the limit between a ship and a wreck,
- the difficulty of the technical and financial problems posed by wreck removal for numerous Ports and their States,
- the inadequate insurance coverage in cases of shipowners' limitations of liability (cf. the 1924, 1957 and 1976 Conventions).

5.2 Exception Provided in Favour of Removal of Ships for Safety and Environment Protection

On the other hand the Conference was attentive to the case of grounded or sunken ships and inserted a provision, for decision by States, in Article 12 relating to a forced sale:

- Art. 12.3 "A State-Party may provide in its legislation that in the case of a forced sale of a grounded or sunken ship, followed by its removal by a public authority, for reasons of safety of navigation or the protection of the marine environment, the cost of its removal shall be taken out of the proceeds of the sale, before any other maritime lien claims are settled".

IAPH can only urge the membership to:

- stress to their States, if they do not retain the 1926 Convention, the need, when ratifying the new Convention, to complete it by the insertion of this provision in their national legislation.
- take the initiative of arresting followed by forced sale, as soon as the chances of a successful refloating by a shipowner of a grounded or sunken ship appears to be compromised.

The operation could of course leave a negative balance to be settled if the scrap value of the recovered ship is less than the cost of its removal, which is likely to become more frequent with time.

5.3 General Case of Grounded or Sunken Ships

Damage caused by the presence of a grounded or sunken ship in port water and the costs for its removal, where the efforts of the shipowner fails, would seem to come under a fifth ranking lien (cases arising out of tort), which means after those of crews, for injury, for port dues and for salvage.

5.4 Accepting a Ship in Difficulties that Sinks or Grounds After Arrival in Port

In this eventuality, a ship in difficulties may be affected by leaks, or breakdowns of steering gear or engines .. and may become grounded on arrival in port waters.

The Conference rejected the request submitted in the name of IAPH, according to which the reception of the ship was a complement of the salvage operation, and that the resulting costs for its acceptance should come under a third ranking maritime lien with those of salvage.

This question is of particular importance when the degradation of the state of the ship and the small amount of its scrap value do not enable removal costs to be fully recovered.

If the insertion left to national legislation of the provisions mentioned in 5.2 in relation to the costs of wreck removal is not included, IAPH would recommend its members:

- to choose the site for mooring the disabled vessel very carefully,
- not to accept the ship without the prior deposit of appropriate financial guarantees, as salvage operators do.

6. Case of Ships Abandoned in Ports

6.1 Serious Hinderance Caused by Such Ships

Ships are increasingly being abandoned in Ports for a wide variety of reasons (social, legal, conflicts, technical deficiencies, commercial or financial difficulties).

Without explicitly abandoning a ship, it is more often than not a case of abandon in reality, because of the impossibility of contracting the owners, and the abandonment of the owner's representative, in the guise of the local ship's agent.

Such ships, by their very presence, constitute a heavy cost to the port authorities. They block berths or moorings. They require at least a minimum of care so that they don't drift or sink because of leaks. Such care, which has to be undertaken for very long periods of time, is in the interests of all claims against the ship, since it maintains the value of the guarantee until the time of the forced sale following arrest.

6.2. Action Available For Port Authorities

Article 12.2 of the Convention stipulates to this end that the costs of arrest and forced sale, as well as the various costs of conservation and crewing from the time of the arrest, shall be settled first out of the proceeds of the sale.

This clause is of interest to Ports because of the care mentioned above taken by the Ports.

But the request made by IAPH that the costs of conservation should be taken from the time of the entry into port was not accepted.

Consequently, the Port Authority has every interest, in such cases, of taking the initiative in getting the ship arrested as early as possible.

7 Final Clause

The Convention will be open for ratification from 1st September 1993 until 31st August 1994. After that date it will be open for accession.

It will enter into force six months after it has received ratification or accession from 10 States. It was thought this number could be reached without too long a delay, whilst still showing a reasonable consensus among States.

The Conference delegates then expressed their desire that the work undertaken jointly by IMO and UNCTAD should continue in the same way with regard to the revision of the 10th May 1952 International Convention dealing with Ship Arrests.

Conclusion

After a very long gestation the new Convention hardly meets the objective originally assigned to it, which was to improve the position of Mortgages, by the reduction in the number of Liens that rank above them.

Maritime liens have been maintained, with, however, a certain fall in rank for those of Ports.

However, the number of possible adaptations left to the discretion of States is still large.

In this way one of the facultative clauses left to the States is that of ensuring that ship or wreck removal costs are recovered in priority out of the proceeds of the ship's sale, if the ship or wreck poses a risk to the safety of navigation or to the environment.

The Port Authorities, in addition, will have to be very vigilant in case of:

- ships in difficulties, which they should not accept in their waters without acceptable financial guarantees,
- abandoned ships, for which they should ensure that an arrest leading to a forced sale takes place as quickly as possible.

(Continued on Page 14)

OPEN FORUM

Container Terminal Leasing/Pricing Methods and Their Economic Effects

by **Thomas J. Dowd**
**Washington Sea Grant,
Maritime Advisory Services**

Income from leasing container terminals and terminal facilities over the last fifteen years has risen from miniscule levels to a point where it now represents a majority of the total income at some U.S. Ports¹. This paper provides an overview of the methods used to lease container terminals and terminal facilities, examines the leasing methodologies and pricing approaches used by U.S. public port authorities, and discusses the economic effects that each of these might have on a port.

Terminal leasing developed primarily as a means for ports to establish long-term relationships with water carriers. Long-term lease relationships were initially appealing because of the capital-intensive nature of containerization and the need for a secure base upon which to issue bonds to finance new facilities. To accomplish this goal and encourage carriers to commit for the longterm, ports developed a pricing structure that gave financial incentives to the water carriers as well as financial benefits to the port.

Each port or carrier defines its competition differently; each lease reflects such differences. Therefore, the subject of terminal leasing virtually defies the use of generalities. Each port appears to approach the subject of leasing in its own manner, negotiating terms and conditions that fit its own unique requirement. There is no average or typical lease.

Semantics are confusing too, since many ports refer to the lease documents as a lease, whereas others refer to it as a preferential assignment, even though the documents in question are identical in the essential provisions. One reason that some ports use the term preferential assignment instead of lease is to avoid creating leasehold interest that would be subject to property taxes in some jurisdictions.

What Is a Lease?

Accountants classify land, buildings, and machinery as fixed assets. A fixed asset can be viewed as a bundle of

services rather than an object². A fixed asset gives off service after service ad infinitum. One who purchases a fixed asset in fee simple is in reality acquiring ownership of all the future services renderable by that asset. If the owner of a fixed asset does not wish to enjoy the current services of his asset, then that particular service is lost. In effect, an idle fixed asset implies income forgone.

A lease is a contractual arrangement by means of which the use of a fixed asset is transferred for a restricted time by its owner to a potential user, while its title is retained by the former. In such an arrangement, the owner is referred to as the lessor and the potential user as the lessee. The above definition would include preferential assignments, in which case the parties would be the assignor and assignee rather than lessor and lessee.

If the lease is merely a contract of sale of currently usable services, it is a one period lease. If the owner (lessor) also sells the future services as they become currently usable, then it is a periodically renewable lease.

Someone leases a fixed asset from its owner for a variety of reasons. Among the more common are that the asset whose services are desired is not for sale or that it would not be financially feasible to pay to own the asset since funds could be used more profitably elsewhere. To purchase a fixed asset (to purchase all of the services renderable by a fixed asset ad infinitum) involves an investment that ties up a larger sum of capital than does the purchase of each service as it is used.

Types of Leases

Terminal leases can be classified most readily by the form of their compensation computation. Using this method, there are three basic types of terminal leases — flat rate, mini-max, and shared revenue.

If compensation is a specific amount for a specified time period (e.g. \$1 million annually or \$35,000 per acre annually), the lease can be classified as a flat rate lease.

The flat rate lease is relatively simple since it requires no tariff rates or cargo auditing. The basis for the com-

The Drafting and Adoption—

(Continued from Page 13)

Finally, it is to be regretted that Ministerial Departments

responsible for Ports were so poorly represented amongst the national delegations. It is up to the Port Authorities to press their Governments to ensure that this situation changes.

André Pages
14 May 1993

pensation can be a "fair" return on the value of the property or it can be some estimated per unit rate based upon a study to determine estimated throughput or it can be a figure unrelated to either "fair" return or throughput that will entice the water carrier to agree to the lease.

If the compensation is stated on a specific scale with a minimum and a maximum amount (e.g. tariff rates with a guaranteed minimum of \$250,000 annually and a maximum of \$2 million annually, or tariff rates on a guaranteed minimum of 500,000 tons annually and a maximum of 3 million tons annually), the lease can be classified as a mini-max lease.

The mini-max lease form provides for compensation to the port for use of a terminal in relation to the cargo throughput, while the flat rate lease does not. The mini-max lease contains both a guarantee of minimum compensation to the port and a lid of maximum tariff payments by the lessee. It provides a means by which the port can share some of the benefits of increased throughput, and still limit its own risk through the use of a guaranteed minimum compensation level.

Compensation computation for a shared revenue lease is similar to the mini-max lease since both have a guaranteed annual minimum dollar amount or tonnage, and tariff rates are applied to the cargo throughput. However, in a shared revenue lease, there is no maximum annual amount of compensation payable. Instead, the port and the lessee share the tariff revenue, above a specific dollar or tonnage level, on all throughput. For example, the lessee guarantees a minimum annual compensation of \$750,000 and remits 100% of the tariff charges to the port until he has paid the port \$1 million; then the lessee remits 75% of the tariff charges until he has paid \$2 million to the port. After that the lessee remits only 50% of the tariff charges to the port on all cargo for the remainder of the year.

Another example would be a minimum guaranteed throughput of 750,000 tons with 100% of the tariff charges being paid to the port on the first one million tons, 80% of the tariff charges on the next 500,000 tons, 75% on the next 500,000 and 50% on all cargo over two million tons.

The choice of a trigger mechanism (e.g. dollars of tariff charges paid to the port, throughput tonnage, TEU's³, ship calls, etc.) is very important. For example, if dollars of tariff charges paid to the port are used as a trigger mechanism, a tariff increase would benefit the lessee not the port since a lessee could reach the maximum of a mini-max lease or a sharing step of a shared revenue lease with less cargo.

If used, a dollar trigger mechanism can be made less risky from the port's standpoint if it is incorporated into a lease having a short time period (maximum 2 years) between rental renegotiations.

Although some mini-max and shared revenue leases use both wharfage and dockage⁴ tariff charges to fund lease rental payments, the majority use only wharfage. This tends to directly tie the lease compensation to the amount of cargo throughput.

Strategy Considerations

Leasing of container terminals and terminal facilities is a form of volume pricing. In fact, long-term leases of container terminals and terminal facilities are agreements involving incentive pricing at less than the published tariffs. For the majority of mini-max and shared revenue leases, the port's published tariff is the basis for pricing these leases. Thus, a terminal leasing program has two major components

— a pricing strategy and a leasing strategy.

Pricing Strategy

The subject of pricing cannot successfully be dealt with as an entity unto itself. Pricing must be viewed as one element in a much broader port management concept⁵. This concept has three elements. The first is the port's planning and development philosophy and the port's goals or objectives. The second is the port's investment criteria and policies. The third is the port's pricing policies and techniques. These three elements are closely interrelated. Significant change in any one of these three elements directly affects the other two elements. This means that a port's pricing approach should be supportive of the port's overall objectives, be consistent with the port's development and planning philosophy, and be a logical extension of the port's investment criteria and policies.

There are three basic approaches that ports consider in formulating their pricing policies. The first is a purely economic approach which argues for marginal cost pricing. The second is a financial approach which argues for prices to be set to recover fixed and variable costs and provide an adequate rate of return. The third approach is a public enterprise approach which argues for prices to be set to recognize the need for the port to be a means to foster local development and existing local economic activities⁶. This approach usually requires subsidization by taxpayers or other port customers.

The economic approach would be used by ports that are primarily concerned with being self-supporting (break even). The financial approach would be used by ports that want to maximize profit as their main port goal. The public enterprise approach would be used by ports that are primarily concerned with maximizing throughput and can afford to subsidize certain operations and functions in order to capture cargo.

Each of these approaches has its own strengths, but their basic requirements are often in conflict. The resolution of this conflict is the first step toward formulation of a pricing policy that is each port's foundation for rationally pricing facilities or services.

There is no single pricing approach that is accepted and applied uniformly by all U.S. ports. Nor can it be said that there is a "best approach". Ports are different and these differences are reflected in the pricing approach or combination of approaches that they use. There is nothing inherently desirable or undesirable in this diversity and lack of uniformity in pricing. The only thing that is mandatory for a successful port pricing policy is that it be supportive of the port's planning and development philosophy and objectives and the port's investment policies and criteria. As simple as this may sound, it is probably one of the most complex management decision areas for any port.

Leasing Strategy

Initially, a main reason for a port to have a long lease relationship with a water carrier was to use it as a firm cash flow base for bond issues to finance terminal facilities. Ports now have additional motivation for leasing programs. For most ports, this additional motivation is to tie up container tonnage with some sort of long-term agreement. At some ports that have invested heavily in container handling equipment, this has created a deliberate and determined effort to secure commitments from as many carriers as possible to use their container facilities for a protracted period of

time. Sometimes these relationships are with a water carrier and sometimes they are with a terminal operator, who in turn has commitments from water carriers.

Each lease form has good and bad features in the eyes of carriers and terminal operators. The effects of each lease form on the port's financial statement are different. The incentives and disincentives for the steamship firm and/or terminal operator are different for each lease form. We must look at each of these lease forms separately to determine which one fits the requirements of a specific port. Thus, the choice of a proper lease form is an important management decision requiring careful analysis. Each of the methods of leasing container terminal facilities has its own strengths and weaknesses, which a port must understand in order to create a leasing strategy that will be supportive of the port's goals and objectives.

An analysis of the effects of the main compensation methodologies and various approaches to pricing used in leasing of container terminal facilities brings this matter into sharper focus.

The selection of one of the three terminal leasing methods should be based on some form of study to determine the anticipated level of activity or volume of use by the prospective lessee. The basis for this calculation of anticipated throughput can be the historic throughput records (if the prospective lessee is a present port customer) or it can be a complex computerized study with extensive forecasting and analysis. These studies — or, more specifically, the accuracy of these studies — can be critical to the decision about a leasing method.

Empirical evidence suggests, however, that the accuracy of throughput forecasts has diminished over the years⁷. There are several reasons given for this decline in accuracy but two seem to be most persuasive. The first argues that through freight rates provide for the land as well as ocean transport costs and this rating system often gives the steamship operator almost full control over the routing of shipments. If a steamship firm has a very favorable lease with a specific port (a lease that provides for either economy of scale rewards or other volume incentives), then the steamship firm is tempted to route cargo via this port. Empirical evidence indicates that an increase in cargo volume can be expected when the terminal agreement goes from straight tariff to lease⁸. For example, when steamship lines entered into flat rate or mini-max leases, the anticipated volume figure for the year was often reached in only a few months. This type of increase could only be explained by the steamship firm's diverting cargo from other ports.

The second reason for the diminished accuracy of the traffic forecast is that shared revenue leases allow the port to share in tariff revenues on everything that goes through a facility and there is no longer a pressing reason for elaborate studies to determine anticipated throughput.

Even so, each of the three container terminal leasing methods does require some form of study to determine anticipated throughput.

What are the potential objectives and effects of the various terminal leasing methods?

Flat Rate Lease

The flat rate lease provides the port with a steady level of income or cash flow, and provides an incentive to the lessee to generate business through the leased facility, i.e., to maximize its productive use.

The flat rate lease provides both parties with a known

cost/ reward point. The port is assured of a specific income regardless of the volume of business at the facility and the lessee is assured of a specific expense cost regardless of the volume of business at the facility.

In effect, the flat rate lease usually sets up a form of win/ lose relationship for both parties. If the lessee does less business at the facility than the port anticipated when it agreed to the rent/ compensation level, then the port wins and the lessee loses because the per unit revenue is higher than anticipated by the port and the per unit cost is higher than the lessee anticipated. Conversely, if the lessee does more business at the facility than the port anticipated, then the lessee wins and the port loses, because the per unit cost is lower than the lessee anticipated and the per unit revenue is lower than the port anticipated.

The flat rate lease situation provides the greatest incentive to the lessee to generate business for the terminal. The obvious reward provided by the economies of scale encourages the lessee to put as much cargo as possible through a terminal on a flat rate lease. This can be extremely appealing to a port that sets pricing according to the public enterprise approach.

The economy of scale potential for the lessee in a flat rate situation is very significant. If the port sets the flat rate based on "X" amount of anticipated throughput and the actual amount of throughput is five times the anticipated amount, then the lessee's per unit cost is one-fifth of the port expectation. Assuming that the flat rate price would have produced a "fair return" to the port on a per unit of throughput based on the port's estimate of throughput, then by exceeding estimated throughput the lessee pays less per unit than "fair return".

A flat rate lease situation normally places a heavy reliance on the accuracy of the anticipated throughput calculation. The rent level is usually set to provide a fair rate of return on a per unit basis to the port assuming that the actual throughput and the anticipated throughput are the same. If the actual throughput is higher than anticipated, the per unit rate of return to the port is less than a fair level.

The annual rate for flat rate leases can be set with little concern for per unit throughput. The rate may be based strictly on a rate of return on historical or market value of the facility or sometimes on competitive factors that override the normal concern for covering expenses or earning a specific rate of return on the facility.

The potential for the port to subsidize the lessee is very high in a flat rate lease agreement. If a port is anxious to build up throughput and is willing to accept an assured level of income in exchange for the possible side effect of subsidizing the lessee, a flat rate lease is ideal.

As a general statement, flat rate leases, especially if there are insufficient escalation provisions or renegotiation option points, are not usually financially rewarding to the port. Normally, the best that a port can hope for financially from a flat rate lease is that it will break even (not have to subsidize the lessee), but there is little possibility of earning money that can be set aside for terminal replacement or expansion.

Mini-Max Lease

The mini-max lease is a way to overcome some of the potential risk of heavy subsidization of the lessee and still retain some incentives for the lessee to increase throughput at the leased facility.

The mini-max lease creates a potential win/ win situation for both parties. It provides the port with some protection

from a decline in cargo throughput, and it provides the lessee with an incentive to put more cargo through the leased facility. The economy scale potential for the mini-max lessee is less than for a flat rate lessee, and the potential for the port of subsidize the lessee is diminished in comparison with a flat rate lease agreement. Subsidization still occurs in a mini-max lease, but only after the maximum compensation level has been reached.

Although an improvement over a flat rate lease from the port's revenue earning standpoint, the mini-max lease still allows for subsidization at some level. It, like the flat rate lease, usually does not produce sufficient net revenue to set aside for terminal replacement or expansion. The mini-max lease places substantial reliance on the forecast of anticipated throughput since determination of the maximum compensation point is critical to limiting the amount of subsidization risk to be assumed by the port.

Even with a mini-max lease, ports are faced with the need to gain some benefit from tariff increases in order to keep compensation levels adequate between compensation renegotiation times. Depending on how the lease is structured, tariff increases are effective.

With a mini-max lease based on the total tariff charges paid to the port, if a port raises its tariff rates, much of the benefit of the increased rates accrues to the lessee, who can now reach the maximum rent payment level with a lower throughput. In this example, raising tariff rates, rather than bringing in more revenue from a mini-max lessee, actually increases the level of subsidization to the lessee. Conversely, with a mini-max lease based on tonnage or TEU's, if a port raises its tariff rates, the benefit of the increased rates accrues to the port.

Theoretically, the minimum in a mini-max lease should cover the cost of amortizing the port's investment in the terminal facilities plus a "fair" rate of return on the port's investment. Some formulas include the land value in the determination of the port's investment in the terminal facilities and some do not. The determination of the maximum in a mini-max lease does not appear to follow any standard pattern. Some ports use a complex formula involving anticipated throughput; inflation data, and cost indexes; some just set the maximum at a percentage of the anticipated throughput; while still other ports appear to set the maximum level at an amount that amortizes the port's investment in land and facilities plus a small rate of return and the minimum at an amount that amortizes the port's investment in the facilities only.

Shared Revenue Lease

The shared revenue lease sets up a win/win situation for both parties. There is some protection to the port for cargo volumes being lower than anticipated and an incentive to the lessee to generate business for the facility. If the sharing formula provides for sufficient revenue to the port to cover marginal costs at all times, there is almost no risk that the port would subsidize the lessee or that the lessee would pay less than a fair return.

The shared revenue lease was created to provide a financial incentive to the lessee as well as to give financial advantages to the port. It provides for both a sharing of revenues and risk; it forms a limited partnership of the port and the lessee.

The use of the shared revenue lease is usually restricted to steamship firms that can guarantee a substantial minimum throughput or to terminal operators who can obtain sub-

stantial minimum throughput guarantees from their customers. Thus, the shared revenue lease will not be available to all firms and operators.

While each port must establish its own return on investment (ROI) values, sharing levels and sharing steps, it is possible to outline a general procedure for a shared revenue lease. This procedure involves four steps:

- * Step 1 is to calculate the facility's annual rental level. The facility to be leased (including the land) is valued at fair market and a return on investment rate is applied to this value to determine the facility's annual rental level.
- * Step 2 is to add various direct and indirect costs (administrative overhead, any maintenance performed by the port, etc) in order to determine the "reasonable total annual rental amount". (This "reasonable total annual rental amount" is the same as the minimum level amount in a mini-max lease.)
- * Step 3 is to determine the "guaranteed minimum annual rental amount" to be stipulated in the shared revenue lease. This is accomplished by multiplying the "reasonable total annual rental amount" by some percentage. This establishes the risk level the port will accept.
- * Step 4 is to determine sharing steps to be used after the lessee has paid the port an amount equal to the "reasonable total annual rental amount."

While there is no uniform approach to structuring a shared revenue lease, it is possible to provide a formula example of how one could be structured. This formula would start by establishing the value of the facilities to be leased, including the land and all improvements. To this value the port would apply a rate of return of 12%. Administrative overhead and cost of port performed maintenance could be added on to determine the "reasonable total annual rental amount". The port would take 75% of the "reasonable total annual rental amount" and make that the "guaranteed minimum annual rental amount". The lease would stipulate that the lessee remits 100% of wharfage tariff charges to the port until such time as he has paid an amount equal to the "reasonable total annual rental amount." Thereafter, on all additional cargo the lessee would remit to the port 60% of wharfage tariff charges. Thus, in slack times the port would always be assured of receiving at least 75% of the "reasonable total annual rental amount," and in good times the port would benefit by receiving revenues in excess of the "reasonable total annual rental amount," at the same time as the lessee received a reduced throughput cost at the leased facility.

Although the shared revenue lease is the most complex type of leasing method, it is the only one that provides for both the port and the lessee to share the rewards for high volume throughput and share the risks of low volume throughput. The potential reward sharing is usually the key element in a port's decision to opt for the shared revenue lease agreement.

Economic Risks/Uncertainties in Leasing

In an analysis of the leasing methodologies, areas of economic risks/uncertainties surface. Without recognition of these risk/uncertainty situations and efforts to minimize them, the economic value of any leasing program can turn from positive to negative.

As noted before, heavy reliance on the forecast of

anticipated throughput is a major risk in flat rate leases. This is less true of the mini-max situation and less yet of the shared revenue agreement.

As a port moves from flat rate to mini-max to shared revenue leasing, it reduces the risk/uncertainty created by the need to have an accurate forecast of anticipated throughput as a basis for compensation computations. It is important to note that this risk/uncertainty is not totally eliminated even with a shared revenue lease because traffic forecasts are still used to determine the eligibility of a potential lessee to enter into a shared revenue lease and to establish the revenue sharing steps that comprise the compensation formula.

Another form of risk/uncertainty is created by the effects of inflation and rising costs. This can be lessened in two ways. One way to lessen the effects of inflation and rising costs is through tariff increases. However, an increase in the tariff does not always benefit the port, nor does a tariff increase ever accrue 100% to the benefit of the port regardless of what method of leasing is used. The benefit of a tariff increase in the case of a mini-max lease, using total tariff charges paid as a trigger mechanism, is passed directly to the lessee in the form of an increase in subsidization. For a mini-max or shared revenue lease using volume (tonnage of TEUs) as a trigger mechanism for the compensation computation or sharing step determinant, only a portion of the benefit accrues to the port. The shared revenue lease using a tonnage trigger mechanism should produce the most benefit to the port from a tariff increase.

The second way to lessen the effects of inflation and rising costs is to build into any lease the ability to renegotiate the compensation formula and/or rent at frequent intervals (3 years appears to be standard in newer leases and 5 years seems to be a prudent maximum). In the case of a flat rate lease, the renegotiation or compensation is the best way to ensure a fair rate of return and the only way that the port retains control over the amount of subsidization being afforded the lessee. This is also true of the mini-max lease that uses total tariff charges paid as a trigger mechanism for the minimum and maximum compensation computations.

Although still a necessary lease provision, the option for renegotiation of the compensation formula is less important for mini-max leases with volume trigger mechanisms and even less important for a shared revenue lease with volume trigger mechanisms because the compensation levels for these leases can be increased without a renegotiation of the compensation formula; the port need only raise the level of tariff rates. However, it must be remembered that raising the level of tariff rates will affect all of the port's customers subject to tariff charges, not just those with leased facilities.

In some instances, ports have attempted to use a stipulated ROI (return on investment) in order to ensure that the port will be guaranteed "fair" return on its investment over the life of the lease. Use of a stipulated ROI over and above a minimum annual rental payment or other overhead compensation is most effective if the factors in the ROI computation formula (value of the facility and rate of return) are renegotiated at intervals during the life of the lease. At least the value of the facility should be renegotiated from time to time in order that it reflect market value as it changes instead of locking in book value or some other valuation amount for the life of the lease.

The use of a pegged index such as the Consumer Price Index (CPI) in a terminal lease has limited validity. Using

the CPI may be useful in a flat rate lease, but only as a trade-off for extending the renegotiation of rent formula beyond a prudent length (e.g. 3 years). The same rationale is applicable to the use of stipulated periodic escalations. Both these devices tend to obscure the lease rental payment's true reflection of the value of the facility and the actual costs incurred and revenues received by the port and the lessee. Any rental formula that uses a factor not directly involved with costs and revenues of a specific terminal can create incentives and disincentives for the parties to the lease that are beyond their individual control.

Renegotiation Dilemmas

Ports that lease terminals face a major problem of analysis and timing in the renegotiation of the level of compensation for a lease. When a lease is signed, the compensation level is normally fixed for some period of time (normally 3 to 5 years) after which it is renegotiated. This renegotiation point can be midway into the leasing period (the fifth anniversary of a 10-year lease) or it can occur at the lease option point (the point when the original lease term expires but when the lessee has the option to extend the lease for some additional time period).

Normally, the port reserves the right to renegotiate the level of compensation (by raising the rent or adjusting the minimum and maximum levels or the step points in a shared revenue lease) at intervals throughout the original period of the lease or when options are exercised and the lease is extended.

Assuming that the lease does not contain some limiting language (e.g. the compensation cannot be increased more than a factor of 1.5 at any renegotiation/option point or the compensation for the original term of the lease and any extensions shall be no more than the percentage difference in the CPI from the original signing date to the renegotiated option date), the renegotiation of the level of compensation is a process by which the port attempts to bring the new compensation level into line with current costs, inflation trends, and desired return on investment requirements.

The seriousness of the problem of renegotiating the level of compensation can normally be measured by the magnitude of increase that is proposed. If the proposed increase in the level of compensation is minimal, the renegotiation may go almost routinely; if it is large, there may be a risk of terminating the lessee/lessor relationship. By having renegotiation points built into the lease to allow adjustments at frequent intervals, the potential for having a large increase proposed at any renegotiation or option time can be somewhat controlled.

Some of the risk of this renegotiation of the compensation level turning into a major confrontation that could threaten the existence of the entire lessee/lessor relationship can also be removed by using an arbitration clause. This clause stipulates that if the parties cannot reach agreement on a new compensation/rent level, the parties must enter into binding arbitration.

From the port's standpoint, these renegotiation and option points often determine whether the lessee will be subsidized and, if subsidized, the extent of that subsidization. In a larger sense, these renegotiation points also establish precedents for renegotiating the compensation levels for other port leases.

The most serious threat to the port at this point is that the new level of compensation will be so high that it will cause the lessee to look for terminal agreements at other

ports. This is the point at which a port is extremely vulnerable to a raid by another port. Of course, the risk of such a raid or the potential for a termination of the lessee/lessor relationship is much higher when the entire lease is being renegotiated than when only the level of compensation is being renegotiated. From the lessee's standpoint, these renegotiation points determine the competitive balance between the lessee and his competitors. Often this requires consideration of potential competitors in other ports as well as competitors in the port with whom he is negotiating.

There is another dimension to this particular dilemma. There is often a strong pressure for lessees at the same port to seek "equitable treatment". A lessee may be willing to accept a new compensation rent level if he recognizes that the other lessees at the same port will be subject to similar increases as their renegotiation points come up or when their leases expire. This strategy puts pressure on the port to somehow reassure the first lessee subject to new levels of compensation that he will not lose his competitive position forever. The method by which a port solves this dilemma may be more important than how it determines new compensation levels.

Terminal Operator Leases

A port can lease a terminal or part of a terminal to a stevedore firm or terminal operator for use as a public terminal. Such a leasing arrangement is often referred to as a management or operating agreement. It is usually written for a short or intermediate term (5 or 10 years), and contains frequent optional extension points. For example, a 10-year agreement might contain nine annual option renegotiation points. The agreement would stipulate that the terminal operator have a specified tonnage throughput in each year of the agreement or the agreement could be terminated by the port. This allows the port to ensure that the terminal operator aggressively markets the facility or the lease arrangement is terminated and a new operator is brought in. The method of compensation computation for these lease agreements normally is directly related to throughput (e.g., the port shares tariff revenue with the operator just as in a regular shared revenue or mini-max lease).

When a terminal operator has an operating agreement with the port to operate a public terminal, the port may also have separate agreements with the carriers that use the terminal. These separate use agreements set up mini-max or shared revenue relationships between the port and the carriers. These separate use agreements can be used as leverage for efficient use of terminal space. Provisions for a lowering of wharfage charges after a carrier has had a specified annual throughput per acre of terminal space assigned can encourage carriers to request less assigned space in a terminal and to use the assigned space in the most efficient manner. Such provisions provide a definite economic cost to carriers who request large blocks of space in a public terminal while conversely providing a quantifiable economic reward for those who request only the space that is actually required for efficient operations.

Secondary User Clause

One common provision, the secondary user provision, is found in virtually every terminal lease. It is reservation by the port to make a secondary use or assignment of the facility or portion of the facility, as long as it does not interfere with the operations of the lessee. This retention of control over the property is often required because of state statutes

or the authority's bylaws or policies that prevent the port from relinquishing complete control of its facilities to others.

The secondary clause can be a very powerful marketing tool. In fact, it can actually alter the port's ability to increase earnings, the lessee's incentive to increase throughput, and the efficiency with which leased facilities are utilized.

From a practical viewpoint, it seems only prudent to put a secondary user or assignment clause in any lease in order to encourage a lessee to use land and/or facilities in an efficient manner. By reserving secondary use/assignment, a port ensures that its land and facilities can be used efficiently, because it allows the port to bring in additional business (ships) when the leased facilities are not being fully used by the lessee.

The disposition of the revenues generated by the secondary user is often the key to whether the secondary user clause is being used as a marketing tool. If all of the revenue from a secondary use goes to the port, there is no incentive to the lessee to attempt to find other shipping lines to use the facility. This forces the entire burden of actively soliciting secondary users on the port's own marketing staff. If a portion of the secondary user revenues is shared with the lessee (either through crediting them to the lease compensation or by allowing the lessee to remit less than was due under the tariff), then the lessee will also be actively soliciting secondary users.

By using the secondary user clause as a marketing tool, a port can effectively create additional incentives for the lessee to seek throughput, increase revenues and ensure more efficient use of leased facilities.

Comments and Conclusions

In the diverse and ever-changing competitive environment of the United States port system, there is no "best" method of terminal leasing nor is there a "best" approach to pricing. These two conclusions are the most important to come of the year-long research effort for this paper.

Reading some two hundred terminal leases, interviewing port officials and terminal operators from all over the United States, and analyzing a multitude of terminal leasing situations made it clear that each leasing method and each pricing approach has its own strengths and weaknesses, its own incentives and disincentives. However, three useful generalizations can be made.

- 1) If a port's goals and objectives are to maximize throughput and provide benefits to the local economy through increased employment in the maritime industries and the port is willing to substantially subsidize terminal lessees, then the flat rate lease is the most effective vehicle to accomplish these goals and objectives.
- 2) If a port's goals and objectives are maximization of throughput and employment with minimal potential for subsidization of terminal lessees, then the mini-max lease is the most effective leasing method.
- 3) If a port's goals and objectives are maximization of profits, employment, and throughput with negligible potential to subsidize terminal lessees, then the revenue sharing lease is the most effective leasing method.

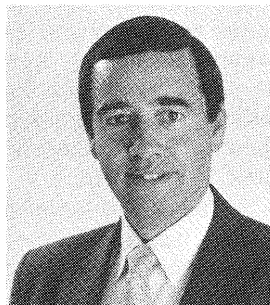
The key to success in any leasing program is to ensure that the port's leasing and pricing strategies are supportive of its goals and objectives. A clearly defined destination is all-important!

Notes

1. *Discussion with port executives at Los Angeles, Long*
(Continued on Page 23)

Reform Processes in New Zealand

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A paper presented to Ports Seminar for the Chinese Ministry of Communications 27th to 29th April 1993, Tianjin, China

The Port of Tauranga Limited is now a publicly-listed company with its shares actively traded on the New Zealand Stock Exchange.

The company is handling record volumes of cargo at record loading rates and at internationally competitive prices.

The port operates 24 hours per day, 365 days per year, with 55% of the staff employed prior to port reform.

Brief Historical Synopsis

To understand the process of change that has occurred in the New Zealand economy and its affects on the ports it is helpful to review the historical and social aspects of New Zealand.

Early Settlement

New Zealand is a relatively young country and, although settled by the Maori people for several hundred years, was not settled by Europeans until the mid-19th Century.

Transportation in those early years was — of necessity — by sea to numerous coastal ports. It wasn't until the late 19th Century that some structure was given to the administration of ports in New Zealand.

The early settlers were European whalers and sealers, followed by timber millers, miners and pioneering farmers. They did very well, and for some decades New Zealand achieved one of the highest standards of living in the Western economy, but from the middle of the 20th Century the New Zealand economy — and standard of living — regressed significantly.

The gains made from the rural sector up until the 1950s had not been capitalised upon and therefore — for a whole range of reasons — significant actions needed to be taken by Government and businesses in response to increasing international debt. The labour market and capital infrastructure needed new direction.

Port Structure

The administration of ports in New Zealand followed very much the British precedent, and much of the legislation in port development drew similarities to the British ports system.

Generally speaking, the estuaries and marginal land

surrounding the ports were owned by the Government and were assigned to the port for the development of facilities. The Provincial Governments — and later the established Harbour Boards — raised loans to build port facilities and make reclamations — repaying those loans from the income generated from ships and cargo, then developed further facilities and, over the ensuing years, created substantial port assets with minimal debt.

The Harbour Boards, responsible under an Act of Parliament for the operation of the ports, had elected members who had to stand for re-election by the populace at large every three years and were quite independent of the City/Local, Regional and Central Government.

Nevertheless the elected members of the Harbour Boards — being subject to populace voting — had to be constantly aware of wider public issues rather than confining their attention to the commercial success of the port.

Rates were not paid on port land to the local City Council and, until the mid-1980s, no taxes were paid to Central Government on the income earned by Harbour Boards.

By the 1980s, Harbour Boards had substantial assets, and relatively little debt finance, and were generally trading with operating profits.

The criticism by many at that time was that the Harbour Boards were very bureaucratic. They fixed their revenue by considering their costs and adding a percentage to maintain their profitability, they were cross-subsidising from one activity to another, were not utilising capital assets to their full extent and, in today's language, were not orientated towards the customer and the customer's requirements.

Given the very nature of New Zealand, being principally two main islands (geographically relatively narrow and long) there was at first a large number of small coastal ports, but as the inland transportation system improved, a rail network was progressively built from 1870, and rationalisation of the number of ports occurred — such that now most of the ports that remain have dominant commodities which heavily influence the continued operation of that port in that location.

Labour Market

Any island nation depends on trading links with the outside world for its survival, and an essential element has been the development of ports and shipping links.

From the early days, New Zealand's waterfront history is littered with strikes and lockouts where the power and control ebbed and flowed from Trade Union to employer and back to Trade Union.

It was the background of an 1889 strike which led to major labour reforms being introduced in New Zealand through the introduction of the Industrial Conciliation and Arbitration Act in 1894. This Act effectively formed the backbone of industrial legislation from that date up until 1987.

After a bitter dispute in 1951 militant union power was modified. However, it wasn't long before all the problems, bad practices and inefficiencies started to reappear and for the militancy on the waterfront to start to produce the same

negative results. Modern technology in cargo handling was resisted because of its effects on manning scales, or made prohibitively expensive because of productivity bonus systems that were designed for conventional loading patterns compared to increased throughput achieved by innovative and frequently capital-intensive unit or bulk loading or discharging equipment.

The advent of containerisation in the early 1970s produced a major shake-up on the waterfront. Overseas ship owners invested millions of dollars in capital equipment by way of ships and containers, and required — by their effective control — for New Zealand to match their commitment with an equal one in terms of cranes and terminals plus the infrastructure required. This vast investment required containerisation to work to justify the expenditure.

The introduction of container terminals saw the numbers of watersiders reduced considerably with consequent pressure for increased wages to those remaining through equity funds and lucrative shift arrangements, while the conventional ports struggled to retain cargo share.

Legislation and Regulations Prior to Port Reform

There were a number of Acts of Parliament based on the British system governing the representative nature of Harbour Boards and the last piece of substantive legislation that governed the activities and administration of ports up until port reform was the Harbours Act 1950.

The Harbours Act 1950 defined various Harbour Boards, the areas from which representatives would be elected, their term of office, the way in which the meetings would be conducted, the requirement to keep records which were subject to Government audit, the manner in which they were required to impartially fix charges, and a host of detailed requirements covering the governance and administration of the Ports.

The Waterfront Industry Commission, established after the 1951 waterfront strike, was an administrative body which fixed levies on those companies utilising the services of watersiders for the loading and discharging of vessels, from which they then paid the watersiders and met their own operating expenses.

Therefore there was no direct employment of watersiders involved in loading and discharging vessels by stevedoring companies who had contracts with shipping lines or major commodity owners to undertake such tasks.

There also existed (and it became pivotal) industrial legislation governing the arrangements for making agreements between employers and employees as in the case of the Waterfront Industry Tribunal which dealt with waterfront disputes and the Conciliation Council Service at various ports whose decisions could be appealed through to the Tribunal.

It is against this backdrop of legislation and regulation that the last 20 years have seen pressures for change on the waterfront gain in momentum, culminating in the radical changes that occurred from 1988 to 1989.

Government Policy

The election in 1984 of the Labour Government, the appointment of the Hon. Rodger Douglas as Minister of Finance to the Lange Government, and the policies that flowed from that time were quite fundamental in the changes that are still prevalent in the New Zealand economy.

Rather than legislating for change the Government deregulated across a wide spectrum of activities - the finance

sector, in particular, saw a very open economy established.

Subsidies in the rural sector were taken away and radical adjustments were required in that sector with a flow-down effect (given the dominance of that sector in the overall economy) to every business in New Zealand.

No industry or sector of the economy was excluded from the need to respond to the deregulation and these radical economic measures created an expectation, and indeed an acceptance, of change throughout the New Zealand economy.

Contemporaneously, a total re-write of the industrial relations legislation was introduced.

The Process of Change

The first area to feel change consisted of the Harbour Boards themselves.

The Ports Reform Bill enacted in 1988 had the effect that, from 1st October 1988, the port related commercial activities of all Harbour Boards would be operated through public companies.

The legislation provided for Establishment Units to be appointed by each of the Harbour Boards to analyse which assets should comprise the commercial operations of the Port and then to value those assets based on future cash flows and discount them back at an appropriate capitalisation rate.

In payment for port facilities taken over, the Port Company issued share capital which eventually was held by the adjacent local governments.

The Port Reform Act required that port companies be run as successful businesses. This implies growth in capital invested in the company and appropriate commercial returns on those assets in line with the general commercial market.

At that time, there were two principal union organisations involved in waterfront work in New Zealand. They were the Waterside Workers' Union, being those workers organised under the provisions of the Waterfront Industry Commission who had no direct employers, and the Harbour Workers' Union, whose workers who were involved in various aspects of port operations (and indeed in engineering) and who were employed by the Harbour Boards.

Immediately after the transfer of assets to Port Companies had taken place the Government advised they would be disbanding the Waterfront Industry Commission on 30 September 1989.

The dissolution of the Waterfront Industry Commission was planned through the passing of the Waterfront Industry Reform Bill (introduced at the end of 1988 and becoming law in March 1989). The purpose of the Act was to:-

1. reform the law relating to employment on the waterfront and, in particular—
 - i) remove the special procedures regulating the conduct of relations between workers and employers in the waterfront industry, and
 - ii) provide for an orderly transition from the existing statutory framework regulating employment on the waterfront;
2. provide for the dissolution of the Waterfront Industry Commission;
3. repeal the Waterfront Industry Commission Act 1976.

The dissolution of the Waterfront Commission took effect on 30th September 1989, the date coinciding with the expiry of the then current award covering waterside workers. The effect of these legislative changes was to present the

employers and the port companies with the opportunity to achieve major reform and restructuring of the waterfront.

The Waterfront Workers were of course aware of the major changes that had affected the Harbour Workers' Union, whose numbers prior to port reform had been approximately equal in total to their own membership and which were now almost half that, and contemplated the same fate, recognising that the change which was now predicated was in fact inevitable.

The Reform Process – Tauranga

The employment of watersiders at the Port of Tauranga was carried out in much the same manner as in other ports in New Zealand where the Waterfront Industry Commission administered a labour pool from which the stevedoring companies hired their labour on an as required basis.

Watersiders were represented by their own local branch of the Waterside Workers' Union and the employers on the other hand were represented by the local branch of the New Zealand Association of Waterfront Employers (NZAWF) - a body representing ship owners, cargo shippers, agencies, stevedores and container terminals.

A Port of Tauranga task force started work in March 1989, adopting a proactive stance in creating a climate for change with the major shipping companies and other clients at the port. The direction that was emphasised was for local control, permanent employment of labour by individual stevedoring companies, maximisation of the port's facilities, a local port award, and the possible funding of any redundancy requirement.

The thrust of the strategy was encouraged by the major shippers through the port but treated with considerable suspicion by some ship owners who felt that they were going to lose control.

Although initially opposed by some vested interests, a conference held in Wellington endorsed local agreements for each port and direct employment by stevedores and port companies of all waterfront labour. The exclusion of shipping companies (and their representatives) from negotiations was seen as a vital element in establishing a proper control over waterside labour and creating employer/employee relationships between the stevedore and his employees.

A small team that came to be known as the Port of Tauranga Industrial Council was formed (consisting of each of the local stevedoring companies and the port company) to initiate local proceedings. Basically they were: -

- * a seven-day week operation
- * permanent employment plus non-permanent availability of labour
- * minimum two-shift availability
- * abolition of manning levels
- * employers' right to hire and fire
- * abolition of the bonus system
- * abolition of on-job bargaining
- * introduction of new technology and productivity improvements

We were fortunate in Tauranga that there was total solidarity between the port company, the stevedores, the shippers, and the shipping companies with respect to achieving an absolute reform on the waterfront. This meant that for the first time all these bodies were united in standing firm when the port went on strike.

As a consequence Tauranga suffered 33 days of con-

tinuous stoppage. The hardship was felt back into the hinterland where forestry workers were laid off through lack of work and associated industries wound down or closed their doors. Cargo was diverted to other ports. The anger in the community was sufficient for a convoy of logging contractors and forestry workers to descend upon the port to voice their anger.

Finally, on December 12th the pressure told and before a mediator in Wellington both parties reached settlement.

The reform sought at the Port of Tauranga was achieved. Those workers made redundant were paid out on the basis of funds made available by Central Government and a levy on man-hours worked, payable by the stevedores operating in the port. While it can be argued that the costs to all parties in achieving this reform have been great, the results have totally vindicated the action.

Privatisation of Ports

As indicated earlier, the Harbour Boards' commercial port operating assets were then owned by the Port Companies.

Initially there was a restriction on the ownership of Port Companies in that at least 51% had to remain in Local Government ownership. This restriction was subsequently repealed by Government and there is now no minimum requirement of shareholding by Local Government in Port Companies. Nevertheless, to this day, the majority of shares are held by Local Government.

However, there are two port companies in New Zealand which have gone to the market generally with their shareholding and become listed on the New Zealand Stock Exchange.

The Port of Tauranga Ltd had a very successful share issue which was extensively over-subscribed. The shares were initially issued at NZ\$1.05 per share, and are currently trading at around \$1.30. The shareholding now comprises the Bay of Plenty Regional Council (through a subsidiary company) with 55%, institutional investors and superannuation funds who hold around 25% and the public at large having some 20% of the shareholding including staff (just under 1% of the shares).

Our company feels that the public listing has increased our accountability for the performance of the company to a much wider range of equity participants and it subjected us to the inquiring minds of various institutional analysts. Clearly we are under the strictures of the New Zealand Stock Exchange in respect to disclosing and reporting. I believe this to be a healthy environment and one conducive to ensuring that we continue to operate the company in a commercial fashion and one which, of necessity, must take account of the customers' needs and requirements.

Review of the Reform to Date

The privatisation of the ports has not, as yet, been completed in the sense that Local Authorities still dominate the ownership of ports and there remains an opportunity, as has been created at the Port of Tauranga, for a better balance of shareholding in Port Companies.

Local Authorities, of necessity, have their own demands for capital and finance capital works in the community from rates levied on owner-occupied premises — both commercial and domestic. They could well have difficulties raising capital as required to contribute to any new share issue by a port company and their decision-making process is based on the elected representatives. Moreover, the disclosure that is

required (which is sometimes difficult in relation to the commercial and confidential nature of trading requirements of port companies) could prove problematic.

In viewing the reform process there are a few matters that perhaps it would have been better, in hindsight, to have dealt with differently. The major one was that, in the process of reforming the employment structure for watersiders, the terms and conditions of existing employees were required by legislation to continue through into the new employers so that all rights to sick leave, redundancies, gratuities and the like were inherited by the new employer, whereas any new employer entering the market place and employing new employees would not inherit the same cost structures.

If all employees had been given the option of taking redundancy and the new employers started totally afresh, we may have seen even greater productivity gains and a quicker transition to new cultures within each of the companies.

In respect to the restructuring of ports, when the non-commercial and port-related land was transferred to the Port Companies, the balance of the land and assets was given (for no consideration) to the Regional and District Councils. In hindsight we believe that it would have been more effective to have created a liability for the value of the assets transferred to the Regional and District Councils (that is Local Government) to Central Government for the equivalent value of the assets transferred so that any sale or disposition of those assets would have to be accounted to Central Government for the value that they were transferred at, and that only an increase in the value beyond the date that they were transferred would accrue back to the Local and Regional Government. That would tend to make them much more accountable to ensure that they got the best value for the assets that were transferred to them.

This is particularly apparent and obvious in the transfer of the shares to the Regional and District Councils who now have a significant asset which is able to be capitalised on with no accountability for the effect that sale may have on the underlying value of those shares.

Summary

Let us then look at what port reform has provided for the ports of New Zealand and more specifically for the Port of Tauranga.

WHAT PORT REFORM PROVIDED

- * The freedom for ports to determine their own development strategies, involving capital expenditure and the raising of significant debt.
- * Direct employment of watersiders by stevedores.
- * Differing conditions of employment for watersiders in each port.
- * No minimum managing requirements.
- * Removal of "on the job" bargaining for dirt rates etc.
- * Removal of incentive bonus contracts.
- * No restrictive practices.
- * Total flexibility in waterside worker utilisation.
- * High erproductivity.

BENEFITS FOR TAURANGA

1. Savings in stevedoring costs, reduction in labour, increases in productivity and reduction in ship turnaround time have been achieved.
2. Through the reduction in overall port and cargo

handling costs, an increase in trade in commodities previously not considered economic to export, has been achieved.

3. The focus of the Company is on the economic growth of the Company through growth in trade and efficient and cost-effective management. Changes have had a marked effect on profitability. There are still further savings possible both in the cost of labour and by the introduction of new technology. Our cargo loading rates at the port are competitive and compare well with the best world standards.
4. Directors of the Company are not subject to political appointment or tied in with the Local or Central Government elections.
5. Shares are freely traded on the New Zealand Stock Exchange and the price is determined daily.

The climate for change in the New Zealand economy is with us and is apparent in attitudes of management and staff in most organisations. In our more competitive environment the ability to face challenge will constantly be with us. The changes made to the ownership of the port infrastructure and the methods of port operations means that business can effectively respond to the challenges of international trade.

Container Terminal Leasing—

(Continued from Page 19)

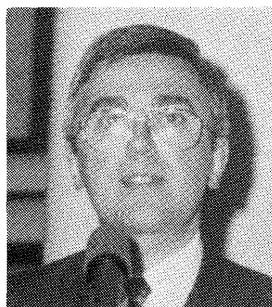
Beach and Oakland.

2. Dowd, Thomas J "Container Terminal Leasing — An Overview", Unpublished paper, March 1982.
3. TEU = the abbreviation for Twenty Foot Equivalent Unit, the common unit used in indicating the capacity of a container ship or terminal.
4. Wharfage = the charge assessed against the cargo passing or conveyed over, onto, or under any wharf. Dockage = the charge levied against the vessel for berthing space.
5. Glickman, David L (Consultant to the Port Authority of New York and New Jersey), "Port Planning and Port Pricing", a speech to the American Association of Port Authorities' Port Pricing Conference, January 1982.
6. Discussions with Professor David Olson, University of Washington, Political Science Department.
7. Perry, Ernest L (Executive Director, Port of Los Angeles), "Pricing Uniformity — Fact and Fiction", a speech to the American Association of Port Authorities' Port Pricing Conference, January 1982.
8. *Ibid*



Flanders: Star Region in Europe

By **E. Bruyninckx**
General Manager
Port of Antwerp



A strategic look at distribution, transport and export in Flanders (Speech delivered at the FIOC Investment Seminar in Tokyo on July 2, 1993)

Only six months ago I had the opportunity to be in this important centre of the Far East with a mission of the Port of Antwerp and it feels good to be back here. The aim of this mission certainly is to bridge distances, to bring Flanders in Europe closer to the Far East and to show you at the same time that Flanders with its central location is an ideal gateway for you to enter the big European market of 1993.

Flanders has the world's highest concentration of foreign investment. Since 1960, more than 10,000 foreign enterprises have founded subsidiaries in Flanders: among them many well-known names in many different sectors. Why has Flanders been chosen so often by so many foreign investors as an ideal location? That is what this speech is about. Let us have a closer look at the situation.

It all starts with Flanders' favourable geographical location, which makes Flanders a turntable for exports and distribution.

There isn't anything like a map to illustrate this. The (yellow) banana shape indicates the area of best access to the European market, which counts some 320 million consumers.

If we express the geographical location with respect to the market in figures, Flanders' ideal location is more evident still, as it scores better than any country but Luxembourg — which, however, has no ports.

Brussels, the political and administrative capital of Europe, has been chosen by many companies, official institutions and international organisations as their headquarters.

No wonder, then, that from a recent study carried out by an important consultant, Brussels appeared to rank among the top 15 locations for European headquarters.

The ideal location was determined with reference to the international transport communications available, the telecommunication network, the level of training and education, property and salary costs, and the fiscal system.

Aside from its exceptional geographical location, Flanders also boasts a distribution network which is one of the most modern in Europe.

Flanders has one of the world's best motorway networks. 1,500 km. of highways are fully illuminated and can be used freely. Four important international highways cross Flanders, giving quick access to the neighbouring countries — the Netherlands, France, Germany — and, via these countries, to the vast European hinterland.

As for rail transport, it is a well known fact that our Belgian network provides Flanders with one of the densest railway systems in Europe. High frequencies and an efficient service cater to a wide range of passenger and goods traffics. This railway system will also be linked to the European high-speed network of trains travelling at up to 300 km. or some 185 miles an hour. Special care has been given to the railway infrastructure and equipment of the ports and to the connection with international lines. The Port of Antwerp, for instance, is one of the best-equipped railway ports of Europe.

Owing to the saturation of a large part of the European road network, the transport of goods by inland waterways is gaining importance and the latter form of transport can be organized perfectly well, mainly from the ports of Antwerp and Ghent. Rivers and canals connect the Flemish ports to the Rhine, the Danube and the French inland waterways system, offering trouble-free waterborne transportation for bulk, container and ro/ro cargoes to Germany, France, Switzerland, the Netherlands and the ports along the River Danube.

Furthermore, when we consider air transport, Brussels' international airport and the regional airports of Antwerp and Ostend form extra trumps on the international distribution scene. It is for this reason that Brussels airport has been chosen as a landing place for many "express services". DHL is but one good example here.

All our airports are located a mere 10 minutes' drive from the city centres, and thus form ideal gateways to Europe for passengers and freight alike.

In a study on the most important European airports in which the ranking has been determined in terms of the number of destinations and the frequency of flights, Brussels ranks in the fifth place, just after Amsterdam. However, when looking at the distance to the market, Brussels appears to have the best location.

As Flanders is a big exporter, its seaports constitute the hub of the transport and communication system. Furthermore, they have grown into development areas for numerous international companies.

Flanders has a total of four seaports: Antwerp, Ghent, Ostend and Zeebrugge with a global seaborne traffic of 165 million tons.

As one of the top ten world ports, Antwerp ranks second in Europe, with over 103 million tons handled in 1992. Antwerp has the best location, a solid infrastructure and very diversified equipment. Its links with the hinterland are excellent and comprise rivers and canals, railways and motorways.

Day in day out, around the clock, 365 days a year its specialized dockworkers are in action. Moreover, they handle the cargo/fast as shown in the cargo objective foreign studies. The latest in the series, carried out by the Italian firm Marconsult, makes a comparison of the major European container ports. And what is the result? Two Flemish ports emerge as the most productive and most cost-efficient across the board.

The terminals of the Flemish ports have specialized their operations in order to be able to handle all different kinds

(Continued on Page 26)

International Maritime Information

WORLD PORT NEWS

Singapore Port Institute Training Programme

The Singapore Port Institute (SPI) is the training arm of the Port of Singapore Authority (PSA). Backed by a training tradition of more than 30 years and the resources of PSA the Institute offers a wide range of courses to meet the training needs of PSA staff and personnel from the local and overseas port and shipping industries. Since the mid-1970s, more than 50,000 personnel from the local industries and some 3,100 personnel from 55 countries have attended SPI's courses.

In addition to its annual range of courses, SPI has the expertise to organise customised programmes on port management and operations to meet the specific training needs of other developing ports in the Asia-Pacific region. The Institute has organised such customised programmes for personnel from the ports of Indonesia, Mauritius, Philippines, Oman and the People's Republic of China.

SPI has modern facilities to support its training activities. These include air-conditioned lecture rooms, computer training rooms, mechanical equipment training circuit, technical training workshops, video production studio, shipping library and a full-mission ship handling simulator. Plans are also underway to invest in a quay/yard crane simulator.

For 1993, SPI will be offering 18 courses on port management, operations, engineering and marine subjects for personnel from the local shipping industry and overseas ports. Lecturers for these courses will be drawn from PSA, Singapore Polytechnic, University of Delaware (USA), Maine Maritime Academy (USA) and the United Nations Conference on Trade and Development (UNCTAD). Details of these courses are given in this course calendar.

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Oil Spill Compensation To Be Increased

The compensation available to victims of oil spills is to be substantially increased following a week-long conference held at IMO headquarters in November.

Compensation for oil pollution incidents at sea can be paid under a system established by IMO more than 20 years ago, but although it enables compensation to be paid promptly, the total payment is limited to around £54 million for each incident.

The new system will raise this limit to around £122 million pound.

Under the IMO system compensation is paid in two stages. The initial amount is paid by the shipowner up to a limit of around £12 million. Once this limit is passed compensation is paid by the International Oil Pollution Compensation (IOPC) Fund from contributions received from major oil importers.

IMO tried to raise the compensation amount in 1984 by adopting protocols to the two conventions concerned.

But it became apparent that in sufficient ratifications would be received for their entry into force in the foreseeable future. The November conference was designed to overcome this by adopting similar protocols with a new entry into force procedure. The compensation amount remains the same.

Background

The conference resulted in the adoption of protocols to the International Convention on Civil Liability for Oil Pollution Damage (CLC), 1969, and the International Convention on the Establishment of an International Fund for Compensation for Oil Pol-

Training Schedule for 1993

Course	Dates	Duration	Fees (\$S)
Diploma in Shipping & Port Management	Mar-Jul	5 weeks	\$5,200
Management of a Warehousing & Distribution Centre	10-14 May	1 week	\$1,100
Port Management and Operations	14-25 Jun	2 weeks	\$1,950
Prevention of Marine Pollution from Ships — MARPOL 73/78	28 Jun-2 Jul	1 week	\$1,100
Management of Container Operations	5-16 Jul	2 weeks	\$1,950
Implementing QC Activities in the Port	19 Jul-23 Jul	1 week	\$1,100
Management & Operations of a Break-Bulk Terminal	26 Jul-6 Aug	2 weeks	\$1,950
Diploma in Marine Operations & Administration	30 Aug-8 Jan 94	5 weeks	\$5,200
Oil, Chemical and Gas Tanker Safety	6-17 Sep	2 weeks	\$1,950
Port Engineering	6-24 Sep	3 weeks	\$2,750
Marine Fire & Oil Spill Control	27-8 Oct	2 weeks	\$2,750
Management of Port Security	4-15 Oct	2 weeks	\$1,950
Port Finance for Non-Financial Managers	11-15 Oct	1 week	\$1,100
The Shipping Business	1-12 Nov	2 weeks	\$1,950
Strategic Planning Seminar for Shipping Managers	10-19 Nov	8 days	\$1,600
Container Ship Stowage Planning	15-26 Nov	2 weeks	\$1,950
Handling, Storage & Transportation of Dangerous Goods	22 Nov-3 Dec	2 weeks	\$1,950
Practical Pilotage Attachment	On Request	2 weeks	\$2,500

lution Damage (Fund), 1971. The two conventions entered into force in 1975 and 1978, respectively.

If an oil pollution incident occurs and a claim for compensation is made, the CLC Convention comes into effect first. Compensation is payable by the shipowner up to a limit of 14 million units of account (the special drawing right (SDR) of the International Monetary Fund, which is currently equivalent to £0.91).

If this limit is passed the Fund Convention is utilized to pay additional compensation. The IOPC Fund is made up of contributions from oil receivers, which vary according to the amount of oil imported. The maximum compensation payable in respect of one incident is limited to an aggregate amount of 60 million SDRs, including the sum actually paid by the shipowner.

It has long been recognized, however,

that these limits are too low to provide adequate compensation in the event of a major oil spill. In 1984 a conference called by IMO attempted to solve this problem by substantially raising the liability limit of the CLC Convention to a maximum of 59.7 million SDRs and the overall limit in the Fund Convention to 135 million SDRs, including the sum actually paid by the shipowner.

It was hoped that this change would encourage more countries to accept the two conventions, but even if this were to happen it became clear after the decision by the United States in 1990 not to ratify these instruments that it was unlikely that the protocols would enter into force within the foreseeable future. IMO therefore decided to prepare two new protocols to replace those adopted in 1984.

The new protocols amend the entry

into force provisions. In the case of the CLC Convention, for example, the protocol will enter into force 12 months after being accepted by ten States, including four with not less than 1 million units of gross tanker tonnage; in the 1984 protocol the figure was six States.

The Fund Protocol will enter into force after being accepted by eight States which have imported 450 million tons of what is termed *contributing oil* during the previous year. The 1984 figure was 600 million tons. It is expected that this will make entry into force easier because it will not necessitate acceptance by all the major oil-importing countries.

Once the protocols have entered into force it is expected that it will be relatively easy to raise the limitation amounts because they can be amended by means of the tacit acceptance procedure that is included in most of IMO's

Flanders: Star Region—

(Continued from Page 24)

of cargo: containers, roll-on/roll-off, bulk cargoes, liquefied cargo and neo-bulk, but also the entire range of general cargo and neo-bulk, e.g. steel, passenger cars, forest products, and fruit. Here are a few views of specialized terminals in the Port of Antwerp.

Based on the criteria of geographical location and infrastructure, another consultant was determined a centrality index. The study also takes into account overall inland accessibility (road, rail and inland waterways) and places Antwerp first, although Zeebrugge also scores well in fourth position.

With reference to the various factors influencing the choice of a distribution centre, Ernst & Young have drawn up a top 15 concerning the optimal location of such a centre. In this study the transport and communication systems are related to the economic centre of the European market. Both Flanders and Brussels are mentioned for their excellent location.

Let us now have a look at Flanders as an exporting country.

Per capita, Belgium and Flanders export more than any other industrialized country. Indeed, 11,800 US dollars per capita means much more than Dutch exports, but compared with Germany it is twice as much, with France and the United Kingdom three times as much, with Japan almost five times and with the United States even seven times as much.

In the course of the last 30 years, exports have been developing more quickly than the Gross National Product. Exports of goods and services have increased by 7% per year and the Gross National Product by 3.5%.

Today 65% of the Flemish Gross Regional Product is exported (the Netherlands exports 45%, Germany 27%,

Japan only 9%). If we relate this to the population, Flanders realizes with 60% of the Belgian population 75% of the Belgian exports. So the Flemish people can certainly be called "export experts".

Flanders has a lot of export know-how, which is transmitted to the active population by means of a well-structured education system.

With regard to the degree of schooling, qualitative parameters also hold. There are many branches of study which enjoy an excellent reputation. The knowledge of languages always plays an important role, and Flanders clearly benefits from this widespread knowledge in today's unified Europe. Nearly all people who have enjoyed higher education speak at least four languages.

For the port and transport sectors it has already been stated clearly that the relative labour cost per unit is very favourable. This is the result of high productivity. But this also applies to the other sectors. As shown on the map, Flanders is one of the most productive regions of Europe.

As compared with the salary costs in the surrounding countries, the level of Flanders lies below the European average. If, aside from this, one considers its high educational level and high productivity, the cost of hiring from among the active Flemish population is certainly very competitive.

Thus we have briefly analyzed Flanders' trumps in the fields of distribution, export and transport. All this has not been realized in a few days or years but is the result of experience acquired over many centuries and reaching back as far as the Middle Ages. So we really can speak of a tradition. Foreign investors have long recognized this. We can now understand why Flanders has the highest concentration of foreign investments in the world, why in the course of the last 30 years more than 10,000 foreign companies have shown their trust in Flanders and why more than 40% of all companies in the region are foreign. Finally I would like to say that I have every confidence in this international mentality and that it constitutes a solid base for the further expansion of Flemish prosperity.

technical conventions. Amendments adopted by IMO's Legal Committee, expanded to include all Contracting Parties to the conventions, will enter into force 18 months later unless they are rejected within that period by 25% of Contracting States. In the parent conventions, amendments had to be positively accepted by two thirds of Contracting Parties, a procedure that in practice proved to be unacceptable slow.

The amount of money paid into the Fund by Member States will be proportionate to the amount of contributing oil each one receives. But the amount payable by a single State will be limited to 27.5% of the total annual contributions for five years after entry into force of the Fund Protocol or until the amount of contributing oil received annually by Contracting Parties has reached 750 million tonnes.

Fair Treatment to SBT Tankers Called for

State and port authorities in many countries punish owners of oil tankers with Segregated Ballast Tanks (SBT) when collecting dues and charges on these environment-friendly tankers.

On the ballast leg, conventional oil tankers carry ballast water in spaces which are used for cargo on the laden voyage. Even if, by exercising the greatest care, ship operators can reduce the oil content of the ballast water to below 15 parts per million (ppm), there is still a small amount of oil in the water discharged overboard.

For environmental reasons, modern oil tankers are equipped with segregated ballast tanks (SBT). An SBT oil tanker has a space which cannot be used for cargo. The gross registered tonnage (GRT) of an SBT tanker is 15-20% greater than that of a conventional tanker with the same cargo carrying capacity.

When calculated on ship's GRT, dues and charges are therefore about 15-20% higher on SBT tankers than on conventional tankers — a severe punishment for ordering environment-friendly SBT tankers at additional costs. This effectively discourages modern environment-friendly oil tankers from calling at these ports and terminals and encourages the berthing of older, conventional oil tankers.

In order to rectify this cost discrimination, IMO Resolution A.388(X) was adopted by IMO's General Assembly in 1977 and a revised wording, IMO Resolution A.722(17), in 1991. This resolution deals with exemption of the SBT spaces. At its biennial meeting in Spain in 1991, IAPH passed a Resolution (No. 4A) of support, and at this year's meeting in Sydney, IAPH passed another Resolution (No. 2) recommending IAPH members to consider incentives, including the possibility of adopting a scheme in which environmentally-friendly equipped and operated ships are encouraged in the structuring of port tariffs and fees.

Over the last decades, the world has been striving to unite and make international solutions. However, some countries and ports have not implemented all decisions passed in the United Nations' maritime body, the International Maritime Organization (IMO).

INTERTANKO favors ratification of IMO Resolution A.722(17) to stop punishment of SBT tankers. Solutions granting any conventional oil tanker lower costs than modern SBT tankers which demonstrate environment-friendly equipment and conduct, beyond legal requirements, tend to attract conventional tankers to the ports, instead of modern, environment-friendly tankers.

It is generally recognized that the governments' failure to follow up their obligations under MARPOL, in particular regarding deballasting facilities for slops and oily water in ports and terminals, is a great problem for ports world-wide, and for the environment. SBT tankers carry no dirty ballast water. Therefore, SBT oil tankers are advantageous for ports because they do not require shore reception facilities for dirty ballast water. These tankers' time in port can be greatly reduced, since cargo loading, and disposal of absolutely clean ballast water, can take place simultaneously.

INTERTANKO believes that IAPH and ports should contribute in improving the marine environment, and will therefore recognise the justice and logic of abolishing the additional charges and/or dues on oil tankers' SBT spaces, and give SBT tankers equal treatment with conventional tankers.

It is uncomplicated to implement IMO Resolution A.722(17), but if port

managers have any questions or queries, they can be directed to IAPH's associate member INTERTANKO (The International Association of Independent Tanker Owners) Oslo, fax number + 47 22 56 32 22, or telex 19751 (itank n). INTERTANKO would welcome a dialogue with port authorities on this subject.

By Ove Blydt-Hansen
Manager, Ports and Terminals Section
INTERTANKO, Oslo

Videotel Marine Int'l Tackles Drug Problem

Videotel Marine International, the London-based specialist producer of marine training and education videos, has launched a new title — "Drugs — way off course" — which tackles what could be a seafarer's most dangerous activity.

Produced in association with the IMO, BIMCO, ITF, INTERTANKO, the International Shipping Federation, and Skuld (the P & I Club), the objective of this 17-min film is to persuade seafarers that the "recreational" use of drugs can have:

- adverse effects on the health of the user
- impact on job performance and hence on the safety of the individual, fellow seafarers and their ship
- possible repercussions on the financial well-being of the individual and his family
- unpleasant legal consequences for the individual of being found in possession of illegal substances.

The film, which has been made with the technical assistance of MED-SCREEN and the US Customs Service, gives a concise guide to the various classes of psychoactive drugs — cannabis products, opiates, cocaine and stimulants, hallucinogens, soporifics. For completeness alcohol is included as one group.

The effects of each drug type on an individual's health is presented together with its alteration of perception. The impact after 24 hours of even a single marijuana cigarette on the performance of an aircraft pilot is shown to demonstrate the risks run by the seafarer.

Drug screening and sample analysis are also covered so as to safeguard everyone on board the ship. A sample collection is shown and the importance of proper training for the individual collecting the sample emphasised.

In conclusion, the film uses a dramatised sequence to bring home to the seafarer the results of his indulgence. An individual, seen earlier working on board ship, is found in possession of marijuana. The consequences to him and his family are shown to be enormous and far reaching.

This is a hard hitting film that communicates a vital message to its audience — it will make a major contribution to reducing the threat posed by drug abuse aboard ship.

It is particularly timely in light of the recent ILO report on "Drugs and Alcohol in the Maritime Industry" which proposes that seafarers should be better informed about the dangers of drugs through the use of, amongst other methods, on-board education programmes.

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New Publications

1993/94 Register of Ships

The latest edition of this unique publication is now available from Lloyd's Register. Its three handsome volumes list full details of all known sea-going, self-propelled merchant ships of 100 gross tonnage and above. The *Register* is updated by eleven cumulative Supplements throughout the year.

The *Register of Ships 1993/94* (ISSN 0141-4909) can be obtained from Maritime Information Publishing

Group (ref. MIPG/MPMS/GNW), Lloyd's Register of Shipping, 71 Fenchurch Street, London, EC3M 4BS. Telephone 071-709 9166, ext. 2438, Fax 071-488 4796 or from LR's local offices.

The Americas

To Help Maximize Loading of Vessels

Canadian Hydrographic Services recently launched a computerized information system designed to help maximize the loading of deep draught vessels at the Port of Montreal.

The system, which comprises 13 tide gauges between Montreal and Quebec, electronically communicates water levels at all times for the better utilization of available water levels.

The tide gauges also permit the compilation of computer data, the goal of which is to develop mathematical models in order to establish better water-level forecasting.

The Port of Montreal contributed \$200,000 towards the project.

The installation of the service and tide gauges came following a recommendation of a Ports Canada board of directors committee, of which the Port of Montreal was a member, on the St. Lawrence River water depth.

Canadian Hydrographic Services, the authority for water levels on the river, worked with the St. Lawrence River pilots and the ports of Montreal, Trois-Rivières, Bécancour and Quebec to install the system, known as COWLIS (Coastal and Ocean Water Level Information System).

Via one computer terminal, users can obtain water levels at 13 sites between Montreal and St. François on Ile d'Orléans.

The system comprises 13 electronic instruments, or tide gauges, developed by Socomar Inc. of Quebec and a computer management system developed by ASA Consulting Ltd. of Dartmouth, Nova Scotia.

Measuring equipment is located on berths or shore while the actual sounding equipment is underwater.

The system is expected to be available to shipping companies and other users, such as other ports, the Canadian Coast

Guard, Quebec civil protection, etc., starting this month.

Canadian Hydrographic Services has entrusted a private company, INFO-MAR Maritime Service Inc., to operate the system and distribute information, thereby guaranteeing users that information validated and approved by Canada's hydrographic authority will be available at all times.

(PORTINFO)

Vancouver Port Corp.: On Central Waterfront

Maritime industrial, recreational or commercial? When it comes to waterfront property, everyone has strong, and often conflicting, opinions as to how it should be used.

Together, the Vancouver Port Corporation (VPC) and the City of Vancouver are planning development policies for VPC's 94 acre central waterfront site, located between Canada Place and Main Street, and through an open process, want to hear these opinions to help them plan effectively.

"This is a unique transportation and tourism development opportunity that will benefit both the community and the Port," states VPC Chairman Patrick Reid. "As a federal self-funded crown corporation, we are conscious of our responsibility to develop the site to its best economic potential. In doing so, we want to make sure the project complements the city's plans for our downtown core."

VPC's long-range planning process, PORT 2010, has identified the need to expand cruise ship facilities in this area, and VPC President Norman Stark confirms the port's interest in pursuing this use for the central waterfront site. "With the remarkable growth of the cruise ship business in Vancouver, which could well pass 500,000 passengers this year, we are looking at adding two cruise ship berths," he says. "We also want to make sure the development continues to incorporate the Sea Bus link, fast ferries and the heliport," he added.

This option and others will be explored during the joint planning process, which began last October. According to Deputy City Manager Ted Droettboom, "The planning is now in the very early stage of identifying and

understanding the issues that must be addressed in the development of a Policy Statement. This would lead to a Development Agreement between VPC and the City, which is similar to zoning."

Key policy issues and choices already identified revolve around determining the overall role of the site. Questions about the degree of integration needed between marine transportation and urban activities, transportation and access, and architectural aesthetics and views must be addressed.

To this end, the Port and the City will work with the public both in general sessions and special meetings with existing organizations to provide information and solicit input. Introductory open houses and public workshops were held in May, and more are expected in the summer to look at the draft policy statement. *(Port News)*

AAPA Pres. Outlines Environmental Initiatives

"Communicating the Importance of Ports" — "Environmental Challenges: Legislative and Regulatory Trends" was the subject of a speech delivered by AAPA President Erik Stromberg on March 4 at the Tri-Association Meeting in New Westminster, British Columbia. Mr. Stromberg outlined environmental initiatives in Canada and the United States.

With reference to developments in Washington, he said: "There is no shortage of difficult environmental issues facing the new Administration. Contentious debate will continue over how to control nonpoint pollution of our waterways, preserve wetlands, protect endangered species, and how to pay for cleanup of hazardous waste and contaminated sediment sites. Congress has already attempted unsuccessfully to try to address these issues, and the new Administration may not make solutions any less elusive."

"Another fundamental problem," he said, "is how to pay for these programs and the construction of environmental facilities necessary to treat, remediate and dispose of our environmental problems. State and local governments, as well as the business community have sent an unequivocal message to the Administration that they simply cannot afford any unfunded

federal mandates. In fact, they don't have the resources to keep up with the current requirements. The call has gone out from the Administration for new and more creative ways to clean up the environment. There will also be an emphasis on redesigning industrial practices and increased incentives to encourage pollution and pollution reduction measures." *(AAPA Advisory)*

Corpus Christi Tonnage Up in All Categories

Tonnage increases in all commodity categories have Port of Corpus Christi officials optimistic that 1993 will surpass the 72.5 million ton record achieved last year. At mid-year, officials report that over 36.5 million short tons of cargo has moved through the port in the first six months of 1993. This is a three percent increase over the same period in 1992, when tonnage was running at 35.3 million tons.

"We are showing increases from between one to over 500 percent in all commodity classes," says Port Executive Director Harry G. Plomarity. "This is certainly good news for the port, its customers and all of South Texas."

The largest percentage increase so far, 511 percent, has been in containerized cargo. To date, 3,833 tons of containerized bagged agricultural products have moved through the port. Bulk grain, at 758,367 short tons, is showing an increase of 346 percent. Also, liquid bulk shipments rose by 106 percent, dry bulk by 12 percent and chemicals by 9 percent. Break bulk shipments and petroleum tonnage are both showing increases of around one percent.

Petroleum remained the highest tonnage commodity, at more than 31.1 million tons. In 1992, the port moved a record 59 million tons of crude and refined products, the highest amount in the port's history.

According to Plomarity, several projects are underway at mid-year in keeping with the port's continued diversification efforts. These projects, a series of extensive, well-planned and unified improvements planned for the north and south sides of the inner harbor area, are designed to create one of the most integrated and versatile general cargo handling complexes on the Gulf of Mexico.

30-year Permit for APL Container Terminal

The Los Angeles Board of Harbor Commissioners on June 30 approved a 30-year permit with Eagle Marine Services, Ltd., a subsidiary of American President Lines (APL), for the largest dedicated container terminal in the United States. The New APL facility will cover approximately 226 acres at the Port of Los Angeles.

The action was hailed by Commission President Ronald S. Lushing as "The next step in a partnership between the Port and APL which has grown over several decades. We're proud that APL has chosen WORLDPORT LA as the site of its Southern California hub."

"APL," added Port Executive Director Ezunial Burts, "is our largest container account. But it also represents the kind of innovative, far-sighted company that will continue to keep this industry strong well into the next century."

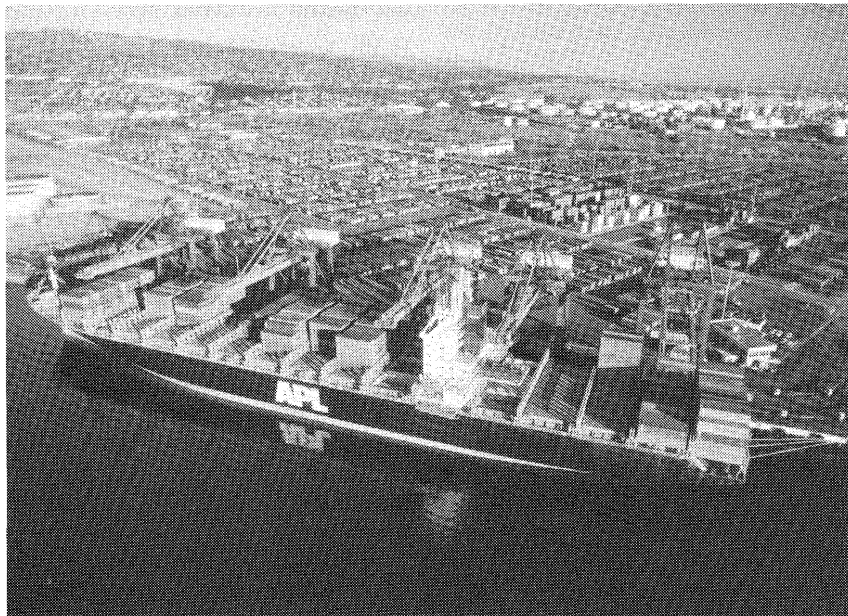
The new terminal will serve as APL's southern gateway for intermodal cargo moving to and from the U.S. interior and Eastern Seaboard, and to and from Mexico. It will also serve Southern California's 14-million-person market.

The permit calls for a four-berth facility at Berths 302-305 on the Port's Pier 300 phase of the 2020 Program. The 226 acres include a 4,000-foot wharf and backlands, as well as 28 acres for intermodal rail facilities.

The agreement is expected to provide an on-dock rail capability that will help APL improve service reliability and efficiency through direct on-site management of all intermodal operations. The planned on-dock facility would accommodate two full stacktrains simultaneously, with access by three major Class I railroads.

Mr. John Burgess, APL executive vice president, said, "The terminal we envision will provide a new level of service excellence for both our customers in the huge Southern California trade community as well as importers and exporters across the United States and Mexico. This 24-hour-a-day operation, with excellent rail links and all critical operations at dockside, will meet our customers' demands for a high level of flexibility and fast, reliable deliveries."

APL said it foresees a minimum annual commitment of between \$21



and \$25 million once it occupies the new terminal, depending upon the final scope of development. The state-of-the-art terminal is expected to be ready for occupancy at the end of January 1997 and will feature six to eight new-generation cranes.

According to the Port, economic impacts of this permit will result from both facility construction and expanded terminal operations. During the project's 1995 peak-year construction period, development of the Pier 300 terminal facilities and associated channel dredging will create over 1,900 direct and secondary employment opportunities within the Southern California five-county region. In addition, approximately \$425 million in industry sales and \$150 million in wages will be spent during the project's three-year development period.

The Port also has determined that direct and indirect impacts to the Southern California economy stemming from APL's expanded cargo-handling capabilities for a sample annual period in the initial years of operation would amount to more than 10,500 jobs (a 48% increase from 1992 levels) with associated wages of \$335 million, and annual industry sales of one billion dollars.

APL currently uses a 129-acre terminal located in the Port's West Basin (Berths 118-126). The company is the leading U.S.-flag container line providing ocean and intermodal transportation services in North America,

Asia and the Middle-East.

The 30-year permit now goes to the Los Angeles City Council for its approval.

Long Beach Projects Better Traffic Flow

The transportation infrastructure within the Port of Long Beach is being improved with additional grade crossings, new rail facilities and interchanges, and more efficient traffic patterns.

Implementation of the \$175 million road/railway access program, which encompasses twelve individual projects, is part of the Port's Master Road and Railway transportation Plan. Cargo volume through Long Beach harbor is expected to double by the year 2020, and this plan addresses transportation demands which result from those forecasted needs.

"More and more of today's cargo is moving by rail," noted Deputy Chief Harbor Engineer Bob Riffenburgh. "The key word here is 'moving'... these grade separations, rail facilities and the ramp work will facilitate the smooth flow of both forms of transportation into and out of the harbor. This is imperative to the Port's success."

March marked the month of final design for two of the dozen projects: the Pier G (formerly Windham Avenue) project, which will elevate Pier G Avenue over relocated railroad tracks; and the Harbor Plaza project (formerly Van

Camp Street), which will modify the overhead at Harbor Plaza by adding a new parallel eastbound bridge. The Pier G/Harbor Plaza intersection will be relocated and raised, and Harbor Plaza, Pico Avenue and Pier F Avenue will be elevated and reconstructed.

Movement of cargoes within the harbor district will become more efficient with the separation of truck and rail traffic. The improvements will also eliminate automobile delays at intersections while trains pass by, and improve entry and exit from both existing and planned terminals.

Other portions of the Port of Long Beach's current \$175 million road/rail access program include projects at Anaheim Street, the Pico/I-710 interchange, Pier J Avenue, Henry Ford Avenue, 9th Street, 8th Street, and Harbor Scenic Drive.

New Orleans: World's Largest Coffee Facility

For the last several years, the Port of New Orleans and New York/New Jersey have been vying for the distinction as the nation's number one point of entry for coffee. In 1992, New Orleans took the top spot, and with the opening of a state-of-the-art coffee handling facility in New Orleans, New York/New Jersey may have to get used to being number two.

On June 25, Silocaf of New Orleans Inc. will cut the ribbon on its bulk coffee processing plant and New Orleans will get a boost for its coffee imports. The plant will be able to handle 275,000 short tons of coffee a year when fully operational, supplying blending, sorting and cleaning services.

New Orleans already enjoys a 79-percent share of the Gulf market for coffee imports, handling 252,389 tons in 1992. That number is up 12.4 percent over 1991, and with the addition of Silocaf, expectations are high for coffee imports in 1993.

Silocaf will be handling blending for Folger Coffee Co., a subsidiary of Procter & Gamble Co., as well as cleaning and classifying services for several smaller coffee traders. Folger representatives have praised the new facility as an opportunity for the company to improve quality control by consolidating with one operator.

The bulk handling of coffee was one

of the biggest motivations for Folger to turn to Silocaf for blending. Containerized bulk coffee allows Folger to streamline their operations, speeding the time required to ship and process the commodity.

(Port of New Orleans Record)

NY & NJ Statistics Show Recovery from War

"A bright picture that could have been brighter" is how Director Lillian Liburdi of the Port Department of The Port Authority of New York and New Jersey characterized the 1992 oceanborne general cargo statistics released by the bistate agency.

Oceanborne general cargo rose 6.3 percent, from 11,985,647 long tons in 1991 to 12,736,853 long tons in 1992.

"Overall, our figures reflect the same sort of recovery from the Gulf War that has been demonstrated throughout the industry," she said. "Our numbers would have been even higher if we did not have cargo diversions due to our inability to obtain a federal permit for maintenance dredging in the port."

Oceanborne cargo value increased by 8.4 percent from \$50.4 billion to \$54.7 billion. In terms of dollar value, general cargo imports rose 16.1 percent and exports, 2.3 percent.

The Port of New York and New Jersey's share of the North Atlantic market edged up slightly from 39.3 percent to 39.7 percent. The port's share of the U.S. general cargo market rose from 7.5 percent to 7.6 percent.

As in 1991, the leading general cargo imports were alcoholic beverages and vehicles. Leading exports were waste paper and plastic materials.

West Germany, Italy, Japan and the People's Republic of China, respectively, were the port's leading partners for imports, and Korea, the United Kingdom, Taiwan and West Germany were the leading partners in exports.

Ms. Liburdi cited a number of improvements at the port, such as expansion of doublestack rail service to the Midwest and Eastern Canada and improved auto handling facilities, which have all helped increase automobile exports flowing through the port.

"In light of many operational and physical improvements and heightened customer support," Ms. Liburdi said,

"the loss of cargo due to delay in obtaining a dredging permit is all the more disappointing in what should have been a year of greater recovery and growth."

Several major shipping lines have been diverting cargo to other East Coast ports due to lack of adequate depths at a number of berths at the Port Newark/Elizabeth Marine Terminal complex. Recent figures released by the New York Shipping Association and the International Longshoreman's Association show that more than 100,000 man-hours were lost in the first quarter of 1993. They attributed the losses primarily to diversions.

"Each one of these diversions translates into impact on jobs and people," Ms. Liburdi said, noting that the port's business supports some 180,000 jobs and is valued at close to \$20 billion annually.

Among 1992's statistical highlights are:

- 1992 TEU's (tonnage equivalent units for containerized cargo) totaled 2,014,052, up from 1,865,471 in 1991.
- Exports edged up 0.9 percent to 4,353,959 tons.
- Import cargo, which fell 20 percent between 1989 and 1991, showed some recovery and rose 9.3 percent to 8,382,894 tons as consumer confidence returned.
- Overall bulk cargoes fell 15.9 percent to 25.3 million tons.
- Imported bulks dropped 15.3 percent to 23 million tons, reflecting a decrease in products such as residual fuel oils and jet fuel.
- Export bulks, including scrap iron and metal, also dropped, by 21.7 percent to 2.2 million tons.

Key Growth Areas Mark N.C. Ports' Progress

Key growth areas experienced in two cargo classifications chart the progress demonstrated throughout the 1993 fiscal year by the North Carolina State Ports Authority, according to Mr. P.A. Thomas, chairman of the North Carolina State Ports Authority Board of Directors.

At their regular meeting, Mr. Thomas reported that commercial breakbulk

tonnage at the N.C. State Ports Authority's Morehead City Terminal showed a healthy year-to-date increase of 136% over the same period for the 1992 fiscal year.

"Our Business Development department has been concentrating on diversification of cargoes and attracting new business to our Morehead City facility," Mr. Thomas said, "and this has paid off with the continued export of frozen poultry and steel billets that first began here just a year ago."

"Coupled with the diversification of the forest products now handled at Morehead City, these cargoes account for the excellent business at this terminal," Mr. Thomas added.

Mr. Thomas also reported that containerized cargo at the Wilmington Terminal continued to enjoy the same level of activity seen throughout the fiscal year.

"The success of the regular containership services at Wilmington is demonstrated by the 23% increase in containerized tonnage year-to-date over the same period last fiscal year," Mr. Thomas said.

Mr. Thomas cited these successes as indicators that commercial business is good at the North Carolina State Ports Authority.

"Our revenues continue to be affected, however, by the lower volume of phosphate shipments at Morehead city, the loss of income-producing tenants and their cargoes at Wilmington, and an overall decline in interest income," Mr. Thomas explained.

"Adjustments also are being made on the expense side for cost associated with mandated environmental assessments and permits, workers' compensation, dredging, insurance and fixed asset write offs," he continued.

"I am confident that actions being taken by the State Ports Authority staff to address these issues will produce positive results," Mr. Thomas said, "while at the same time we anticipate continued increases of cargo throughput over our docks."

Mr. Lockhart Re-elected Oakland Port President

Mr. James B. Lockhart, vice president for public affairs for the Transamerica Corporation, has been re-elected president of the Oakland Port

Commission.

At the same time, Mr. Allen E. Broussard, retired justice of the California Supreme Court, was elected first vice president, and labor leader David Kramer, second vice president.

Two new members of the seven person commission were appointed by the Oakland City Council.

They are Ms. Ada C. Cole, executive director of the Marcus A. Foster Foundation, and Mr. James A. Vohs, former chief executive officer of the Kaiser Foundation Health Plan.

Members of the Commission, which sets policy for the Port of Oakland, serve four year terms, without pay. The officers are elected for one-year terms of office.

Lockhart is also president of the Transamerica Foundation and a former chairman of the board of public television station KQED and the Bay Area Urban League.

Port of Oakland Budget Proposal Is \$118 Million

The Oakland Board of Port Commissioners has received for review a preliminary budget for the fiscal year beginning July 1, 1993, of \$118 million, a 2 percent increase over year end projections for the current fiscal year.

The proposed operating budget is projected to result in \$19.3 million more in revenues than expenses.

Of this amount \$9.9 million in airport passenger facility charges can only be used to pay for specific capital expenditures at the airport, and \$8.8 million comes from the one-time sale of 22 acres of Portland.

Deducting these two items leaves an operating revenue over expense margin of only \$580,000 anticipated for the fiscal year 1993-1994.

The budget projects no increase in revenues at Oakland International Airport and a decline of 8 percent in general aviation revenues at North Field.

Maritime revenues are projected to increase by about 3 percent and commercial real estate revenues by 7 percent, reflecting in large measure the continuing success in leasing retail space at Jack London Square.

Expenses are estimated to be \$5 million higher than in this fiscal year, due primarily to new programs and the

start of a 5-year major maintenance program for Port facilities. Other new programs include a Port safety office, an internal audit function, expansion of the Port's management information system capabilities, expanded training for Port staff, an expanded college and high school internship program and \$35,000 towards the Mayor's Summer Jobs Program.

The proposed budget includes payment of \$1.4 million to the city for police services at Oakland International Airport and other special administrative services. It does not include any general service or interest payments to the city. These are subject to the Board declaring a surplus at the end of the fiscal year. These payments could range from \$5 million to \$8 million.

In addition, the Port Commission will be asked to approve a capital program of approximately \$111 million for the coming fiscal year. These expenditures for capital projects are funded through Port bonds, grants, private investments, and Port cash, and cover a wide range of capital expenditures such as airport runways and maritime terminals.

Both the operating budget and the capital budget, along with a proposed multi-year capital improvement program, will be voted on by the Port Commission at its June 15 meeting.

Port of Redwood City Donates \$250,000

The Port of Redwood City will contribute a record \$250,000 in fiscal year 1993-94 to the City of Redwood City's General Fund, the Board of Port Commissioners voted recently. This will bring the amount of money voluntarily provided to City taxpayers by the Port to nearly \$1 million over the last seven years.

Commissioners announced the contribution in conjunction with the adoption of the Port's 1993-94 budget. The voluntary donation represents approximately 56 percent of the Port's anticipated net income.

The contribution will be designated as the Port's second consecutive annual subvention of \$150,000 plus a special extraordinary disbursement of \$100,000. The one-time extraordinary disbursement is in recognition of the City's reported financial difficulties.

The Port is self-sustaining and receives no tax revenues. From its operations and reserves, the Port maintains and develops its income-producing facilities and equipment.

The Port's projected 1993-94 net income is down even without the increased contribution to the City because of the slow economy. However, it should be the Port's seventh consecutive profitable year.

The construction industry continues to be in a slump and that negatively impacts the Port because less building materials are moving across our docks.

The Port's ability to attract new customers is offsetting some but not all of the reductions.

"Within the next few years the Port is facing major capital projects, including Wharf One replacement and development of additional acreage," Board Chairman Guy Smith said.

"Like any prudent business we must make sure we have the capital to help fund the Port and keep current facilities well maintained and competitive," Mr. Smith said. "The Commission believes an investment in the Port's future is an investment in Redwood City's future."

New Europe-Charleston Service by Med Shipping

Mediterranean Shipping will begin a new North Europe/Charleston service with the July 20 call of the POL Gulf.

Nicola Arena, president, Container-ship Agency, Inc., general agent for Mediterranean Shipping Co., said, "This new service will give shippers the best transit time between Charleston and North Europe. Charleston will be the first port of call for inbound cargo and last port out for export cargo. This, combined with the high speed of our ships, results in one of the best transit times possible between Charleston and North Europe."

"We are delighted with Mediterranean Shipping's decision to feature Charleston in the line's South Atlantic service. This is an addition to our steamship service profile which will greatly benefit our shippers," said L. Duane Grantham, director of Marketing and Sales for the Port of Charleston.

The new Med Shipping service is expected to mean 72 vessel calls to

Charleston and the movement of 20,000 TEUs. The North European trade route is strong in Charleston and accounts for over a third of the Port's general tonnage. Approximately seven million tons of general cargo moves through Charleston annually and over 800,000 TEUs, more any other southern port.

Post-Panamax Container Cranes Boost Efficiency

Port-Panamax container cranes appear to be the way of the future at the Port of Charleston, where the sixth and seventh such units are on order for the Wando Terminal.

Charleston has been a leader among U.S. seaports in the acquisition of post-Panamax cranes since 1989. In fact, only post-Panamax type container cranes have been acquired by the Port since that year.

Members of the South Carolina State Ports Authority Board approved the purchase of the Port's next two cranes at their May meeting. The cranes are part of a \$90 million construction program which will complete the Wando Terminal's physical expansion.

Users of the Port's first five post-Panamax cranes (cranes needed to service ships which are too large to pass through the Panama Canal) are enthusiastic about the time and money they save during ship operations at dockside.

Basically, the new type cranes have a longer outreach (145'), backreach (75') and total lift height (145') than their predecessors at Charleston.

The new cranes also have much faster hoist and trolley speeds. The loaded hoist speed is 150 feet per minute (fpm), versus around 100 fpm for the older cranes. The trolley speed is 500 fpm, as compared with the other cranes' 400 fpm average. *(Port News)*

Africa/Europe

ESPO: Promotion of Ports Policies, Opinions

The European Community Sea Ports Organisation, or ESPO was founded as a non-profit-making Association, under Belgian Law on the 26th January,

1993.

Mr. Fernand Suykens, honorary Director General of the Port of Antwerp, was elected as the first Chairman of ESPO, while Mr. Fernando Palao, President of the Spanish State Ports' Enterprise and Mr. David Jeffery, Chief Executive of the Port of London Authority were elected as the two Vice Chairmen and Mrs Pamela Le Garrec, was appointed Secretary General.



Pamela Le Garrec

Background

For a number of years (an ad hoc) Port Working Group had been functioning which met twice a year with the Commission to exchange ideas and contribute to the Commission's work in the fields of port operations.

However, as the European Community began to examine maritime industries as a whole and also bring maritime transport within its Trans-European Networks, there was an increasing need to have more frequent meetings with the Commission and other European Authorities, which could not be achieved simply by meeting twice a year.

As a result, the idea of ESPO was born in the form of a small but flexible organisation, to respond to this need and its Brussels office opened in March of this year.

Membership

ESPO's members are composed of representatives, on a national scale, of Port Authorities, Port Administrations or Port Associations of the EC Member States, each national port industry appointing three representatives to the ESPO General Assembly.

For a transitory period, the General Assembly may grant observer status to one representative delegate of Ports from any State in the process of accession to the European Economic Community.

The Objectives of ESPO

As stated in its Statutes the organisation's objectives are the promotion of community Ports' policies and opinions among the Authorities of the European Community and other international institutions involved and, consequently, to study and subjects relating to port activities in the context of the treaties that compose the European Economic Community, for the information of its members and to seek, where possible, common positions.

Meeting of the Assembly General

ESPO held both its own General Assembly (that decided upon areas to be given priority by the organisation), as well as its first joint meeting with the Commission in the form of the Community Port Working Group, (a body through which Ports and the Commission can work together) in Copenhagen, on the 13th and 14th



May, 1993.

It was also decided at the General Assembly that ESPO should apply to join the International Association of Ports and Harbors, IAPH, so as to be able to follow work in the international field that has a direct influence on European Ports.

The Work Currently in Hand

Much of ESPO's work since it opened has been centered on on-going subjects which Chairman Suykens and the Port Working Group had previously followed on behalf of Ports in Europe. These notably included:

- The Maritime Industries Forum, in

particular the work of Panel I of this forum which involved Short Sea Shipping and

- The Trans-European Networks, the Commission having begun the work of incorporating Ports.

It was also in March that the Commission published its "Common Policy on Safe Seas" to which the Port Authorities (who hope to have a useful input into the Commission's work and to contribute to the implementation of this policy throughout the European Community) gave their support in Copenhagen.

Where Environment is concerned, ESPO at the Copenhagen Meetings set

itself two main tasks:

- to draw-up an Environmental Code of Practice for all European Ports,
- to ensure that MARPOL Facilities are provided in all European Ports, handling traffic which requires them. It will, of course, be working in close cooperation with the Commission, notably DG VII to achieve this work.

Another initiative that came into being in March 1993 and which directly involves European Ports is an organisation known as Environmental Challenges for European Port Authorities, ECEPA. This organisation deals with the practicalities of harnessing modern technology and innovation to enable Ports not only to work towards sustainable development, but equally to be pro-active and introduce environmentally friendly techniques in both large and small ports.

Finally another domain in which ESPO and the Commission are working closely together is that of the provision of statistics for maritime transport, notably following the creation of the internal market.

Port of Antwerp Wins Worldwide Recognition

The Port of Antwerp has recently received recognition of its successful operations by winning the Institute of Transport Management's (ITM) "Award of Excellence" for North Sea Port of the Year 1993.

The ITM, established since 1977, is dedicated to the development of the transport industry. In keeping with this, the Institute set up at the time of its inception, an award scheme aimed at raising standards across the whole spectrum of the industry.

With a yearly turnover of more than one hundred million tonnes of maritime traffic, Antwerp is Europe's second largest seaport and it owes its strong position among North Sea Ports to its role as a transit point for traffic to and from the European hinterland.

The Port's central location gives it immediate access to the main European consumption and production centres. Several studies confirm that among the



Pictured on board the cruise liner m.v. ARKONA at Cobh Deepwater Quay (left to right) Mr. O. Hawes, CorkCruise, Capt. Z. Volker, Master m.v. ARKONA, Mr. P. J. Keenan, Chief Executive, Cork Harbour Commissioners, Mr. S. J. Geary, Marketing Manager, Cork Harbour Commissioners.

Bumper Cruise Season in Prospect at Cork

The berthing of the German Cruise Liner ARKONA at Cobh on 11 May marked the commencement of the 1993 cruise season at the Port of Cork. The 164 metre ARKONA is on a fifteen day cruise from Genoa to Bremerhaven. The vessel was built in Hamburg in 1981 and has accommodation for 638 passengers.

The port's flourishing cruise trade

takes a major step forward this year, when in addition to a 20% increase in the number of vessels, there will be eagerly awaited calls by some of the world's most prestigious cruise lines and cruise vessels. In all, the vessels calling to Cork this year will have a combined passenger capacity of 9,000 passengers, thus making 1993 the busiest cruise season to date.

ports of the Hamburg/Le Havre region, Antwerp has the most central location.

At a presentation in the Metropole Hotel, Birmingham, on Monday June 7th, Mr. Patrick McHale, of Transport Journal, and Mr. Jack Fallon, of the ITM, presented the Award to members of the Port Authority. The Port was represented by Mr. Jan Devroe, Alderman for Port and Industry, Mr. Eddie Bruyninckx, Director General of the Port, and a trade delegate from the Belgian Embassy in Birmingham.

A spokesman for the ITM commenced: "Antwerp was chosen for this Award for a number of reasons. In particular, its determination to succeed and to constantly break its own records. Last year the Port showed exceptional results setting a new record for cargo handling. The overall tonnage passing through the Port came to 103,627 tonnes, an increase of 2.5 million tonnes on the previous year and 1.6 million tonnes more than the previous record set in 1990."

He continued: "A continuous programme of expansion will ensure that the Port maintains this strong growth trend. For instance, the inauguration of a new car terminal on the left bank is expected to raise the number of cars handled at the Port to 700,000 this year, in contrast to the 550,000 recorded last year. Furthermore, the Port's equipment is constantly being modernised and extended. The ITM has recognised the Port of Antwerp as a Port for the future and a leader among its North Sea counterparts."

Other expansion plans include the construction of a second container terminal along the river of the Right Bank, renovations in the older port section and the construction of a new dock on the Left Bank. This will make the docks both accessible for bigger ships and appropriate for modern cargo handling techniques.

The North Sea Port of the Year 1993 Award singles out the Port of Antwerp as a progressive enterprise determined to keep ahead of competitors and to develop the potential of its shipping activities.

Issued by The Institute of Transport Management
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German high-speed train "ICE" shipped to the USA via the BLG Container Terminal Bremerhaven, Germany's largest container terminal at the open sea.

German High-speed Train Shipped to US

The German high-speed train "ICE" was recently rolled onto the Swedish Wallenius Line's Ro/Ro carrier "Faust" in Bremerhaven. This was the start of its journey to the USA, where the German firms Siemens and AEG, together with the American rail company Amtrak and the German Railways, will be presenting this high-tech train to the American public.

The electrically powered passenger train is made up of a locomotive at each end and six cars in the middle. Siemens and AEG spent over two months to adapt the high-speed train to American standards. Among other things, the power supply and the wheels had to be changed. The train belongs to the German Railways and will be on loan to Amtrak for ten months.

The train was loaded onto the ship at the special Ro/Ro facilities in the BLG Container Terminal Bremerhaven. On-dock tracks speeded loading, since the train was able to roll right onto the quay in the BLG Ro/Ro terminal. The individual rail cars were then uncoupled, lifted onto trailers, secured, and driven onto the garage deck in the ship's hold. The entire load consisted of two locomotives with an average weight of 78 metric tons each, one first class car, one dining car, and four

second class cars averaging 58 metric tons each. In total, the train is around 200 meters long.

After the train reaches the US — arrival in Baltimore is planned for July 1 — it will begin technical test runs along the northeast corridor between New York and Washington. In August and September it will be presented to the American public on a tour throughout the United States. In October and November, the high-speed train will take up regular passenger service between New York and Washington.

New Container Service In Port of Amsterdam

The Port of Amsterdam is proud to celebrate the start of a new container service between Europe and Latin America. From July 1st, the NEW CARIBBEAN SERVICE (NCS) will be using Amsterdam as port of arrival for Belgium and the Netherlands. Each week the new container service will stop twice in Amsterdam; once for export cargoes and once for incoming shipments. NCS is a joint venture of Nedlloyd, Hapag Lloyd, Harrison Line, CMG, Laser Lines and FMG.

In spite of the economic recession the port of Amsterdam has been successful in maintaining a rise in container transfer. This new service will reinforce this performance. Last year Sloman Nuptun Mediterranean Services from Bremen also chose for Amsterdam. Within one year this company stated that cargoes offered via Amsterdam have been beyond expectations. The shipping company has now ordered two new ships to be built, which will be commissioned in the course of 1993.

Amsterdam Port Management owes its popularity as a container port partly to the success of the inland shipping shuttles which started last spring. The company Lucassen B.V. is now running the Amsterdam/Rotterdam/Antwerp shuttle six times a week and CCS (Combined Container Service) is running a weekly service to Germany. NCS carefully considered these factors in its decision.

Until now a service between the Caribbean and North West Europe was maintained by Carol. After expanding cooperation with Laser and FMG, and restricting the number of ports of call, NCS will now start its service on July 1. Handling in Amsterdam will be in the hands of Combined Terminals Amsterdam (CTA).

Managing director of the Port Authority, Mr. Godfried van den Heuvel, visited Latin America last spring with a large Amsterdam delegation — "This new line signifies an important stimulus for Latin American transport to and from the port of Amsterdam. An effective division of tasks between Dutch ports means that our country is being viewed as one huge port area. We are increasingly fulfilling Europe's expectations as its front (and back) door".

First Project Pile for Amsterdam Westpoint

On Tuesday 25 May the official start on the international multimodal transport centre Amsterdam Westpoint in the city's Westpoort area was made. Alderman Jonker on the city of Amsterdam, Executive-Director Van Den Heuvel of the port management of Amsterdam and co-initiator Van de Lande together sunk the first project pile. The project is a public-private partnership between Vierhaven B.V. on behalf of the Van de Lande group

from Ridderkerk, and the Amsterdam authorities.

The new logistics centre has a central location in the Amsterdam port area offering optimum accessibility to all types of goods transport. Alderman Jonker praised the environment-friendly design of the centre with its excellent accessibility: "You name it: sea vessels, inland vessels, lorries, freight trains, rapid connections with Schiphol airport. It seems everything will be possible. In essence it is the implementation of the traffic and transport policy as laid down by the cabinet in the SVV, the Strategic Traffic and Transport Plan. In it Minister Maij-Wegen makes a plea for a more frequent use of rail and water for freight transport, and a wider application of combined transport. Well now, that's exactly what Amsterdam Westpoint will be doing and offering at this wonderful new logistics centre".

Amsterdam Westpoint will offer a generous choice of storage, transshipment and transport facilities at a single location for loading and transport companies. This will reduce handling time and costs as it will be possible to tranship onto the transport of choice directly from the warehouse. There will be a wide variety of warehousing and office space. Amsterdam Westpoint will be pre-eminently suitable for companies and clients in transport and shipping, loading, storage and transshipment, stevedores and cargadores.

The alderman stated that Amsterdam gives priority to environment friendly types of transport in traffic and transport policy: "Amsterdam Westpoint is a new step in an environment friendly transport policy. Two weeks ago I had the honour of christening the second inland container shuttle. There are now regular services to Rotterdam, Antwerp and Germany by inland vessel from Amsterdam which means that bulk goods transport by road has already been reduced considerably.

Executive-Director Godfried van den Heuvel again emphasized in his speech the necessity of infrastructural investments by the government. "The importance of the Amsterdam North Sea channel-region for the Dutch economy and employment fully justify what are actually relatively small investments of about f. 3 billion.

Without these investments not only the growth possibilities for the region

and with that for the Dutch economy will be lost; but also important opportunities for Amsterdam and its surroundings to really pursue a differentiated employment policy will not be exploited. The government will have to make a choice whether they will offer, besides Rotterdam, another important port region (of which the current employment and added value are two-thirds of the Rotterdam port complex and even larger than that of the airport Schiphol) the financial support to be able to develop further.

The initiators of Amsterdam Westpoint Vierhaven B.V. and the city of Amsterdam have already made a choice. The transport and distribution function of the region has been essentially strengthened today with the start of Amsterdam Westpoint."

Amsterdam Westpoint covers a site of 70 hectares in the northwestern part of the America harbour, and has a 400 meter deep sea quay and full RO/RO facilities. There is a long-term mooring location for inland vessels and 300,000 square metres for open storage. The site will also house vast platform warehousing with covered loading and unloading berths for handling trucks and containers (300,000 square meters) and office space (25,000 square metres).

Rotterdam Workshop: For Better Environment

Sixteen European ports from 11 countries are going to jointly tackle environment problems including water, soil, noise and ships' waste. This initiative has the support of the European Commission. These are the results of the workshop "Environmental Challenges for European Port Authorities" ECEPA organized by Rotterdam Municipal Port Management.

"This joint approach fully accords with our endeavour to Europeanize environment policy for ports", according to Rotterdam's alderman for port affairs, R.M. Smit. "Many environment problems are of a cross-border nature and therefore cannot be solved in just one country. In addition, differences in environment regulations and their implementation lead to uncertainty and should really not be allowed to be a competitive factor between ports. I am therefore very pleased about the support received from

Brussels."

Environment aspects and participants

The aspects to be worked on concern the quality of the water, soil pollution, low-dust transshipment and storage, noise reduction, ships' waste, ship engine emissions and the prevention and control of oil spillages. In addition, the European ports wish to develop an environmental code of conduct, including a joint annual environment report.

Port authorities from Antwerp, Amsterdam, Barcelona, Bordeaux, Bremerhaven, the British Ports Association, Zeebrugge, Copenhagen, Gent, Gothenburg, Hamburg, Le Havre, Helsinki, Lisbon, Piraeus and Rotterdam took part in the ECEPA workshop. In order to guarantee progress, the European Sea-Ports Organization (ESPO) will be asked to act as manager and supervisor of this ECEPA initiative. The ESPO is expected to respond positively.

The work-groups:

During the meeting in Rotterdam, it was decided to tackle the joint en-

vironment problems in 8 work-groups. Each work-group will include representatives from several ports who will draw up and submit proposals. In many cases it is also the intention for new techniques or equipment to be developed. Aspects which are now being dealt with are:

- the development of models and equipment to measure and predict the quality of the water;
- a joint approach to determine and analyse soil pollution;
- the introduction of new techniques to reduce dust formation in transshipment activities;
- investigating possible ways of achieving further reduction of port noise (industries, roads, rail);
- the formulation of a standard checklist of operations which must be carried out before a ship may bunker oil so as to prevent spillages wherever possible. Work will also be done on a single standard for (connecting) equipment on bunker ships;
- formulation of a plan of approach for a uniform method of treating ships' waste, also with respect to

the cost;

- investigating possible ways of reducing emissions by ships' engines in ports;
- the development of an environment code of conduct for ports, an environment information network between the European partners (preferable in association with ESPO) and a joint environment report issued by the European sea-ports.

Next Conference

It was agreed at the conference in Rotterdam to hold a following ECEPA conference in 1994. In addition to evaluation of the projects which will now be started, new environment aspects can then be allocated to work-groups.

New Cruise Ship Calls at Southampton

Crown Dynasty, Cunard's newest cruise ship, made her maiden call at ABP's port of Southampton, the UK's premier cruise port, Thursday 1 July.

The new vessel, which forms part of the Cunard Crown fleet, will offer Caribbean and trans-Panama cruises in autumn, winter and spring and Alaska summer cruises.

Crown Dynasty's two-day promotional introduction to the UK market coincides with the regular visit of Cunard's luxury liner, *QE2*, which arrives in Southampton Friday 2 July, at 4.30 pm.

Mr. Andrew Kent, Port Manager, ABP-Southampton, said:

"Both ABP and Cunard are committed to attracting more cruise business to Southampton. We are determined to provide the highest level of service and facilities as the UK cruise market continues to expand."

QE2 will make 23 calls at Southampton this year, while *Crown Dynasty* will join *Cunard Countess*, *Cunard Princess*, *Crown Monarch* and *Crown Jewel* in North America.

More Cruise Liners Calling Port of Lisbon

In the first quarter of 1993, the number of passengers passing through the passenger docks amounted to 8,418, representing an increase of 45% in relation to the same period in 1992 (5,837). This increase was specially significant concerning passengers going on board (+2,642) and arrivals (+1,937).

Thus, the future outlook for cruise liners to include Lisbon on the main world tourist routes is very encouraging.

In the course of 1992, 57 cruise liners called at the port of Lisbon, totaling 159 calls. In the last five years alone the number of cruise calls has risen by 40.7%, whilst the number of passengers shot up by 26.5%.

During the first quarter of 1993, Lisbon already welcomed the S.S. *Kareliya* and the *Odessa*, handled by *Aminter* — Agência Marítima Internacional, the S.S. *Black Prince* and the *Funchal* handled by Wiese Transportes Lda., the S.S. *Enrico Costa* handled by Orey Antunes, the S.S. *Achile Lauro* handled by Keller Marítima Lda., and the S.S. *Royal Odyssey* handled by Pinto Basto Navegação. A total of 15 liners called at Lisbon.

In order to boost yet further the number of cruise liners calling at Lisbon, this year the Authority of the Port of Lisbon joined the CRUISE EUROPE Association, whose main goal is to increase the number of cruises offered in Europe, a part of the world that has been so far overlooked by cruise operators.

Evolution in the Number of Cruisers

	1988	1989	1990	1991	1992	VAR % 92/88
NO. OF CALLS	113	122	133	169	159	40.7%
NO. OF PASSENGERS	67,034	74,241	77,263	88,857	84,825	26.5%

ABP Holdings Acquires Whole of Ocean Village

Associated British Ports Holdings PLC (ABPH), which already owned half of Ocean Village at Southampton,

has acquired the other half interest of its joint-venture partner, Rosehaugh, which went into receivership in December last year.

Opened in July 1986, the 65-acre Ocean Village was developed on a 50/50 basis by ABPH and a Rosehaugh subsidiary, Shearwater. The development regenerated an area of Southampton's extensive docklands which was surplus to ABP port requirements.

Ocean Village, the biggest waterfront development in Southampton, is a mixed-use scheme of retail shops, restaurants and bars, an award-winning five-screen multiplex cinema, 450-berth marina, the headquarters of the Royal Southampton Yacht Club, 140,000 sq ft of office space and over 250 private residential dwellings.

Mr. David Griffiths, Managing Director of Grosvenor Waterside, the company's waterfront property arm, commented:

"Ocean Village has a bright future and we will be looking closely at how the waterfront developments can be run more efficiently. This will involve integrating Ocean Village with ABPH's other waterfront developments in Southampton, which include Town Quay."

Asia/Oceania

Geelong: A New Era In Cargo Handling

The commissioning of the \$8 million stage one facility by the Victorian Minister for Roads and Ports, Hon. Bill Baxter confirmed Geelong as Victoria's principal bulk and specialist cargo port.

The state-of-the-art facility has been designed to reduce ships' berthing time by up to 60 percent by allowing self discharge of a range of materials from 0.75 t/m³ to 2.2 t/m³ bulk density at a maximum rate of 3,000 tonnes per hour.

The facility comprises a receival hopper permanently positioned on the wharf, designed to allow the discharge chute on the outer end of the vessel boom to be positioned within a dust-sealed cover over the hopper top.

The hopper allows cargo to discharge

Technical specifications:

Wharf receival hopper

- Cargo receival capacity 3,000 tonnes per hour max.
- Centre of hopper to wharf edge 20 metres
- Height of hopper above wharf 8 metres

Transfer conveyor system

- Cargo capacity 3,000 tonnes per hour max.

Dry storage shed

- Cargo capacity 50,000 tonnes at bulk density of 1.6 t/m³
- Permanent storage bays 2 X 15,000 tonnes capacity
1 X 20,000 tonnes capacity

Truck loading facility

- Two (2) storage bins, each 40 tonne capacity at 1.6 t/m³
- Loading rate 600 tonnes per hour.
- Two trucks can load at a time.

Dust control equipment installed at each conveyor transfer point.

onto a take-up conveyor, linked to an elevating transfer conveyor, which then moves cargo to a transfer tower at the height of the dry storage shed roof.

Cargo can be automatically directed to the truck-loading facility or, by means of a conveyor running the full length of the storage shed, can be discharged into one of the three storage bays.

The total operation is centrally controlled, with an additional operator's position provided for truck loading.

Dispatch of cargo from the storage shed is by front-end loader.

It also offers shippers flexible options to deliver cargo at rates to match the end-users ability to receive, including...

- (a) Discharge cargo at the vessel's maximum capacity directly into the storage shed and dispatch by truck to the end-user.
— This option permits fast vessel turn-around and allows the delivery process to be matched to the end-user's operational requirements after the vessel has completed discharge.
- (b) Discharge cargo at the vessel's maximum capacity directly into the storage shed and dispatch by truck (at nominal rate of 600 tonnes per hour) via the inter-linked truck loading facility.
— This option permits fast vessel turn-around as well as the ability to deliver cargo during the discharge in addition to the post-delivery discharge as out-

lined in option (a).

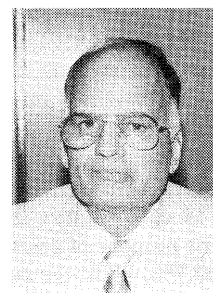
- (c) Discharge cargo at a rate to match the maximum truck loading capacity (600 tonnes per hour) directly into trucks, without using the storage shed.

Particular emphasis has been placed on the operation complying with not only present but also foreseeable future environmental standards.

It is totally enclosed and features dust control equipment at each conveyor transfer point.

The facility's proximity to the adjoining Oyster Cove Industrial Estate has already attracted Omya Southern Pty Ltd to establish a plant on-site, whose raw materials are imported through Lascelles Wharf.

Capt. Divekar Heads LPA of India Ltd.



Capt. S.M. Divekar has taken over as Managing Director of Loss Prevention Association of India Ltd. Prior to joining LPA, he was General Manager of Oriental Insurance Company Ltd. at New Delhi.

Private Participation In India Shipping Sector

The Asian Development Bank has appointed TecEcon Asia Pacific to lead an international team in formulating recommendations for Policy Reforms in the Indian Ports and Shipping Sector. The Government of India intends to reduce its investment and to involve the principal users in the future development of ports. The objective of TecEcon's assignment is to create a strategy through which the Government's goal can be realised.

The eight month Technical Assistance project will examine the existing regulatory, organisational and operational structure of India's major ports and will identify appropriate reforms in such areas as labour, institutions, management, organisation and procedures. India's eleven major ports under the Ministry of Surface Transport include Calcutta/Haldia, Paradip, Visakhapatnam, Madras, Tuticorin, Cochin, Mangalore, Mormugao, Bombay, Jawaharlal Nehru and Kandla.

The study will look not only at existing operations but also at developments contemplated in the Eighth Plan and will identify possible areas suitable for private participation. The Consultants will also examine the impact of private participation on the Government's long-term strategic interests and investments, prospects for reducing/reskilling of labour, unification of cargo handling under a single agency, training needs, etc. The assignment also calls for an examination of various options (such as management contracts, leasing, BOO/BOT, etc.) for different activities and cargo types.

TecEcon Asia Pacific is the Hong Kong-based regional office of TecEcon, the well-established UK transport and economic consultancy. TecEcon's associates for the India assignment include MSD Consultants of Singapore, DANPORT (the Danish Port Consultancy) and Consulting Engineering Services of India.

ADB \$8.8 Million Loan, Assistance for Maldives

Ship turnaround time and cargo damage will be minimized through a loan from the Asian Development Bank to Maldives for the Second Male' Port



Tauranga Wins Award For Best Annual Report

On 2 July 1993 Port of Tauranga Limited received from the President of the New Zealand Society of Accountants the Society's 1993 award for the best annual report for the 1992 financial year from the One of the Other than Top 20 listed companies category.

The Society considered the Company's report to have very high technical standards. It was very clear and attractive in presentation, and

presented a full picture of the Company's operation. It also included some forecasts. The interim report was also considered to be of a high quality.

The award was presented to Mr Barry Cameron, Director and Mr Colin Boocock, Finance Manager-Port of Tauranga Limited, by Mr Gill Cox, President of the New Zealand Society of Accountants.

The photographs show from left to right, Colin J Boocock (Finance Manager), Barry Cameron (Director) and Gill Cox (President).

Project.

The ADB loan for SDR6.395 million (\$8.8 million equivalent) is from the Bank's concessional Asian Development Fund. It carries a service charge of 1 per cent per annum and has a repayment period of 40 years, including a grace period of 10 years. The Bank will also provide a technical assistance grant of \$200,000 equivalent for institutional strengthening of the Ministry of Public Works and Labour (MPWL).

Concern about congestion at the Commercial Harbor has already been addressed through improvements under the Male' Port Development Project and relocation of interisland vessels to the Southwest Harbor. However, major improvements in port productivity and efficiency will be realized only through the construction of an alongside berth at the Commercial Harbor.

The objectives of the Project are to improve foreign cargo handling and enhance port productivity at the

Commercial Harbor in Male' Port to complement rehabilitation works and improvements to the Commercial Harbor carried out under a Bank loan for Male' Port development in 1988.

The new berth will reduce the use of the existing lighterage system which involves double handling of cargo; minimize ship turnaround time and cargo damage caused by loading and unloading cargo to and from barges; and facilitate containerization.

The Project will be expected to be completed by April 1996.

New Computerised Terminal System for PPC

Penang Port Commission (PPC) received 12 tender proposals for the supply and maintenance of a computerised container terminal system when tender closed on October 31, 1992.

PPC is now in the process of evalu-

ating the tender which is expected to be awarded by mid-1993.

The new computer system will be installed in 1994 when the North Butterworth Container Terminal (NBCT) is ready for operations.

The comprehensive and integrated computerised Container Terminal System will cater to the requirements of the NBCT and the present Butterworth Container Terminal where the existing computer system, commonly known as Sistem PELKON will be eventually phased out.

The system will cater to all planning and operations related activities of both the container terminals such as ship/road/rail/yard/warehouse planning and operations equipment control with the use of wireless data transmission at NBCT.

Among the advantages that will be achieved with the installation of the new computerised container terminal system are fast response time for various sub-systems, a streamlined planning and operations control to optimise equipment and resource utilisation, provision of interfaces with the computer system in the PPC's Headquarters and linkages to external users either directly or through Electronic Data Interchange.

The new system will be designed to support a throughput of up to 600,000 TEUs with a provision of upgrading to one million TEUs per annum.

The new computerised system will bring about higher productivity with spin-off advantages to port users.

(Berita Pelabuhan)

S'pore: Automatic Cargo Categorisation System

By Lynda Ang

Cargo Systems Dept.

Port of Singapore Authority

The Automatic Cargo Categorisation System (ACCS) is a joint development project between PSA and the Institute of Systems Science (ISS). It employs a set of text processing tools to analyse textual cargo manifest details such as cargo descriptions and consignee's information (names and addresses) and determine the corresponding 9-digit Commodity Harmonised Codes, Package Types, Cargo Types and Company Registration Numbers. In

essence, it emulates the human mind in the categorisation cum codification process intelligently.

Currently, port users and PSA have to read the textual descriptions and manually codify them accordingly. This process is tedious, time-consuming and error-prone. Random samplings show that the codes are often inaccurate. ACCS will overcome these problems by generating the required codes when the manifests are transmitted or keyed in. The system will be able to codify all meaningful data.

Port users who create manifests interactively, need only depress a function key to submit batches of manifests for codification. Perplexing descriptions which cannot be codified by ACCS will be classified as general cargoes. For EDI users, the whole process will virtually be transparent.

By removing the manual human codification, ACCS improves the accuracy level of codification and this results in the reliability of statistical reports and the accuracy of billing. ACCS also ensures completeness of data when it is submitted, as all perplexing descriptions will be resolved, even before the consignee comes to collect the cargo. Both port users and PSA can therefore reap the benefits of manpower and time savings.

This project commenced on 1 Oct 1992 and will be ready for implementation in April 1993.

ACCS is one of the many examples of PSA continuous effort to apply new technologies to her daily operations, improving productivity. It will be applied in other similar applications to achieve operational effectiveness and efficiency.

(Port View)

Power Workstations That Perform: Port of S'pore

By Ang Chong Hoat

Cargo Systems Dept.

Port of Singapore Authority

PSA has invested \$1.7 million on the purchase of 25 "SPARC 10" workstations and the upgrading of five existing file servers to "SPARC 600 series" multiprocessor servers.

This recent purchase of more powerful and faster machines caters for the expansion and implementation of critical planning systems. These work-

stations run at least 20 times faster than a 386 PC and four times faster than the existing workstations. With the higher graphical and computational capabilities, users are able to produce better and more efficient plans. The upgraded servers also enable the duplication of the production database to serve as a hot standby in case one of the servers breaks down.

The use of workstations in PSA started in August 1986. A prototype of the Ship Planning Expert System (SPS90) was developed and completed in February 1987. Its graphical capabilities and high processing power were found suitable for running expert systems. The prototype system was refined and expanded and phase 1 of SPS90 was implemented in 1988. This system was one of the few sophisticated intelligent systems at that time. With its sophistication and practical value, it won the prestigious American Association of Artificial Intelligence Award in March 1989. Besides improving the quality of plans, the system provides cost savings of \$15 million.

In December 1988, 12 additional workstations were purchased to support the growth of SPS90 and the development of the Berth Allocation Expert System. The success of these planning systems and the application of the latest computer technologies like the "Object-Oriented Technology" and "Windowing" graphics prompted more existing mainframe planning transactions to be expanded and implemented in the workstation environment. This fits well with our overall corporate objective of right-sizing systems to minimize mainframe processing.

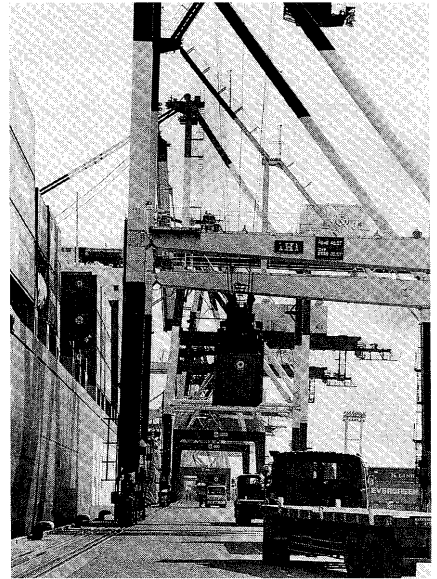
By December 1991, the number of workstations had increased to 41 units and the former workstations were upgraded to faster and more powerful ones. These workstations have since been used for the development of new planning systems under CITOS and CIMOS. Their user-friendly graphical interfaces provide a very conducive planning environment. Planning time is reduced, enabling PSA to provide shorter closing time for arrival of local export containers. This means improved service levels to port users.

In our commitment to efficiency, we constantly upgrade to more powerful, high-end computers for performance.

(Port View)

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