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IAPH
20TH CONFERENCE
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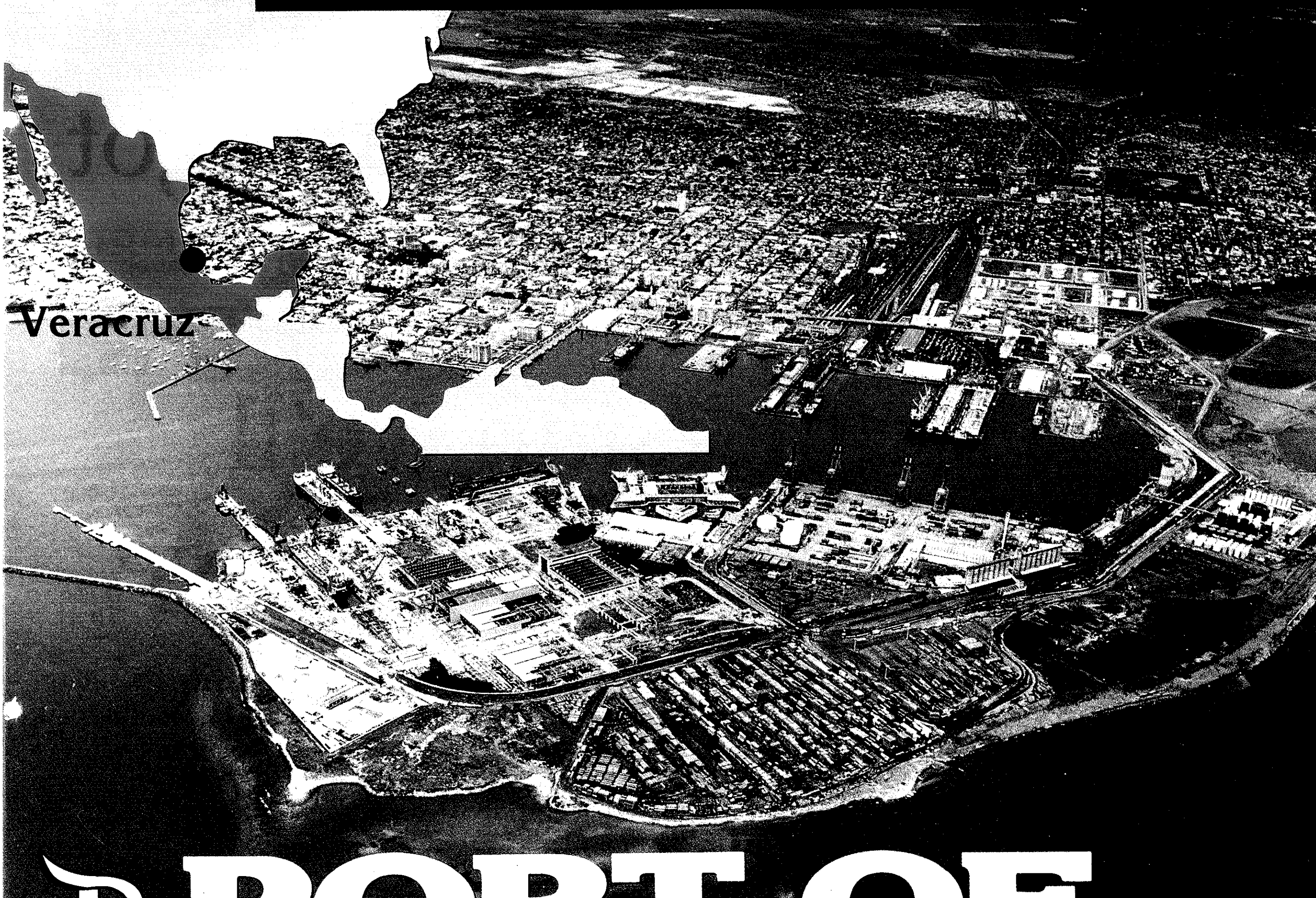
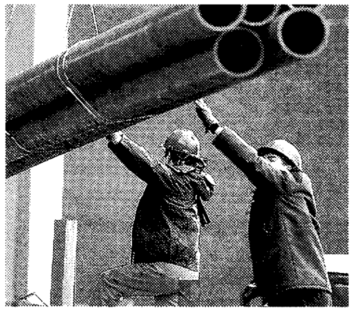


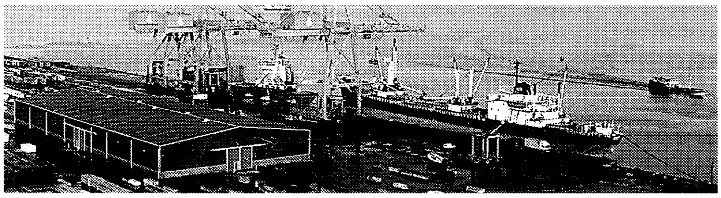
PORT OF VERACRUZ

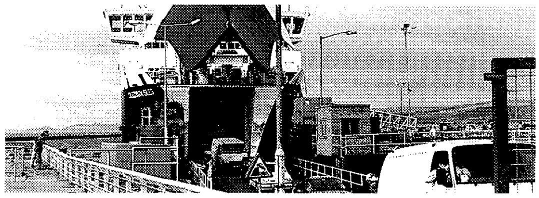
IAPH Japan Seminar Focuses on London Conference

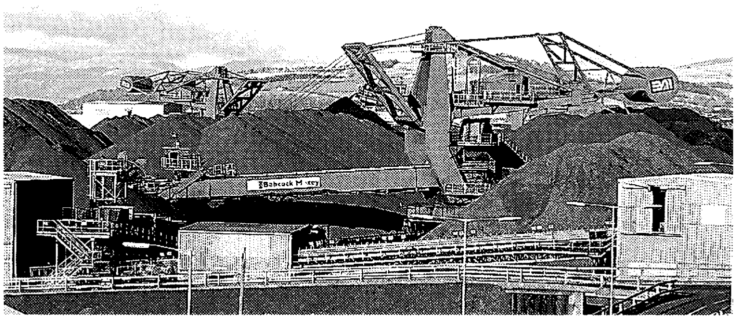
NZ-Success & Limitations of the Port Reform Approaches Adopted

Houston: Project For Channel Improvement Moves Closer to Approval









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Port of Veracruz, Mexico

The Integral Port Administration of Veracruz (APIVER), established in February 1994, is the country's most important port. By the year 2000, with the implementation of the Master Plan, the capacity of the port will have tripled from 7 to 22 million tons. Sea page 26.

Contents

IAPH ANNOUNCEMENTS AND NEWS

IAPH Officers Meet in Paris

On the initiative of President Cooper and hosted by the French Ports Association (Mr. Jean-Marcel Pietri, Chief Executive Officer, UPACCIM), an ad-hoc meeting of the Officers was held on Sunday and Monday, 20 and 21 October 1996. It was convened in a hotel room on Sunday evening and in the conference room of UPACCIM (French Ports Association) during the whole of the Monday.

Those present were:
Mr. Robert Cooper, President
Mr. Jean Smagghe, 1st Vice-President
Dr. Akio Someya, 3rd Vice-President
Mr. David Jeffery, Conference Vice-President
Mr. John Mather, Charge de Mission for International Affairs
Mr. Rinnosuke Kondoh, Deputy Secretary General

Mr. Geoff Adam, Port of London Authority
Mr. Jose Perrot, Port of Le Havre
Ms. Ritsuko Oharu, Port of Nagoya
Ms. Sylviane Nadaud, Port of Le Havre, and
Ms. Sylvie Pernotte, UPACCIM

Last minute regrets were submitted from Mr. Dominic J. Taddeo, 2nd Vice-President, Port of Montreal, and Mr.Carmen Lunetta, Immediate Past President, Port of Miami.

The aim of the meeting was to monitor and evaluate the current situation of the Association's affairs with specific emphasis on the activities of the three groups of technical committees, as well as the financial and membership status of the Association, and to look into the roles to be played by the officers at the planned working sessions at the 20th Conference in London.

On the Monday evening, the delegates were introduced to the key officials of the major French ports inclusive of Mr. Bruno Vergobbi, Port Autonome de Dunkerque, Mr. Andre Combeau, Port of Marseille, Mr. Gerard Patey, Port of Nantes Saint Nazaire, Bernard Chenevez, Port of Paris, and Mr. Jean-Marcel Pietri, Chief Executive Officer, UPACCIM.

R. Kondoh Attends BPA Conference

Mr. R. Kondoh, after attending the officers' meeting in Paris, proceeded to the U.K. where he attended the annual conference of the British Ports Association (Mr. F. Major, Port of Sunderland) held in Sunderland (Nescastle) on Thursday, 24 October 1996. He conveyed the Association's appreciation and goodwill concerning the firm relationship represented by the IAPH/BPA Agreement on Representation. In London, jointly with Mr. A.J. Smith, IAPH London Office, on Friday, 25 October, he visited Mr. J.E. Slater, Senior Project Officer, Marine Environment Division, IMO. They discussed the possibility of engaging in further collaboration concerning the dissemination and furtherance of the UNEP/IMO initiative on the APELL for Port Areas (Awareness and Preparedness for Emergency at Local Level). On the same day, Mr. Kondoh visited Sir Keith Stuart of Associated British Ports at his office in Holborn, London, to exchange views and comments with him on various items of mutual concern, and he also called on Mr.Norman Matthews, Secretary General of the International Maritime Pilots Association (IMPA). Mr. Matthews, formerly the Secretary General of the International Association of Lighthouse Authorities (IALA) has been appointed to serve as Secretary General of the IMPA.

Mr. Matthews (seated) and Mr. Smith pose for photo by R. Kondoh

Ninth IAPH Japan Seminar Focuses on London Conference

On the afternoon of 8 October 1996, a seminar was held in a Tokyo conference hall, sponsored by the IAPH Foundation* in cooperation with the IAPH Head Office. The event, the ninth in a series known as the IAPH Japan Seminar, has taken place since 1988 to promote the forthcoming biennial conference of IAPH among the potential participants in Japan, which has traditionally sent a big delegation to each conference.

At the invitation of the IAPH Foundation, Mr. David Jeffery, Executive Director, Port of London Authority, who is the chairman of the IAPH London Conference, and Mr. A. J. Smith, IAPH European Representative, flew to Tokyo and made presentations to Japanese audiences.

Mr. Kusaka opens the seminar

Mr. Jeffery promotes the London Conference.

The seminar and reception which followed attracted some 130 people – IAPH resident members, officials from Japan's Ministry of Transport and other people in port-related businesses.

Following our coverage of Mr. Smith's presentation on the subject "Some Factors Currently Influencing Port Developments in IAPH's Europe/Africa Region" in the previous issue of this journal, we present here Mr. Jefferey's address which impressed the seminar participants with the description of the stimulating and exciting programs that await IAPH delegates and their partners in London next year.

Mr. Jeffery's presentation follows.

Mr. Smith, assistated by Ms. Sato, interpreter, speaks about the situation in African and European ports. ▶

The seminar attracted over 100 participants.

Mr and Mrs Jeffery enjoy chatting with Dr. Yoshio Takeuchi, former President of New Kansai Airport Co., Ltd. (right), and Mr. Kondoh of IAPH.

Mr. Masayoshi Dobashi, Deputy Director-General, Ports and Harbors Bureau, MOT, addresses those attending reception. ▶

Mr. Toru Akiyama, IAPH Secretary General Emeritus (center), joins the gathering with Mr. Shingo Fujino, President of the Japan Port and Harbor Association (left) and Mr. Ryuichi Yamamoto, Chairman of the Foundation Council.

*Note: The IAPH Foundation

The Foundation was established as a Japanese corporation in 1973 to help IAPH financially when the Association was undergoing a financial crisis triggered by what became known as the "Nixon Shock" of the early '70s. The financial support provided by the Foundation continued until IAPH succeeded in achieving financial independence effective from 1982. Since then the Foundation, under the new Agreement, has been continuing its cooperation with IAPH through its various undertakings which include financial assistance for the IAPH Award Scheme (the top prize winners are invited to the next Conference of IAPH, sponsored by the Foundation). In particular, the Foundation's efforts have been directed to helping Japanese members participate in the activities of IAPH by sponsoring such projects as the publication of the Japanese version of "Ports and Harbors" and organizing seminars for local members such as the one recently held in Tokyo. The Foundation has also been cooperating with the IAPH Head Office staff members in providing those who visit Japanese or overseas ports with practical assistance. The Foundation shares with the IAPH Head Office its premises and some of its staff so as to make the best use of the human resources and finance available.

20TH IAPH WORLD PORTS CONFERENCE

Hosted by the Port of London Authority • 31 May to 6 June 1997

Address *by* David Jeffery

Chief Executive
Port of London Authority
and
Conference Vice President, IAPH

to the 9th IAPH Japan Seminar held on 8 October 1996 in Tokyo

Introduction

I am very honored to be invited to speak to you today and thank you for the warm welcome I have been given and your generous hospitality.

In my experience, the ports industry has a very special quality, being able to compete fiercely in commercial matters yet engender respect for each other amongst those competing,. But it goes beyond that. In the international setting we share and benefit from each other' experience. This has been very much in evidence in the Port of London Authority's cordial relations with representatives from the Japanese ports. In my 10 years in the industry I have met many delegations and senior representatives from Japan both in the UK and overseas, but never before in Japan. Although I have visited Japan on business, my short visits have never afforded the opportunity to speak with you and see for myself your achievements. I hope to learn a lot and I am sure I will take away happy memories.

IAPH

The Port of London, though not a founder member, has been an active participant in International Association of Ports and Harbors for a very long time. My predecessors valued greatly the dedication and leadership of the Head Office in Tokyo. It gives me particular pleasure to speak from my experience and acknowledge publicly the contribution made by our present Secretary General, Mr. Kusaka, the Deputy Secretary General, Mr. Kondoh, and each member of the small team in Tokyo. Whilst we are working in the industry to try to make our contribution, it is their enthusiasm, their continuity and their attention to the needs of large and small members alike, and old friends and new friends alike, that 'keeps the show on the road'.

The 20th Conference – enormous challenges and opportunities

The chairman of Board of the Port of London Authority are particularly honored to host the Twentieth Conference of IAPH in London in June 1997. We believe that this Conference comes at a time when we face enormous challenges as well as opportunities, when the immediate strategic decisions that need to be taken will shape the industry for the next millennium, whilst wider social, environmental and financial policies restrain the development and operations of ports. We hope that you will agree with us that there could be no better location than London at this time, a place where we can readily bring a long and illustrious 'Maritime Heritage' to bear in shaping the 'Maritime Future'.

A Conference to Match the Needs of the Next Century

In keeping with our approach to the strategic importance of the issues we face we concluded that it was timely and important to match the nature, discipline and structure of the Business Programme to the demands of exciting working environment we now all face. With the world's top port people meeting only every two years, the demands on their time, the need to question the benefits and justify the time spent away from their jobs, this shop window event requires quality and value of the highest order. Accordingly we aim to provide a Conference that shapes the thinking and is not be missed by those in charge of the ports industry worldwide.

Inevitably there is an incremental increase in cost involved in meeting an ambitious and high quality programme. The cost of the London Conference will be more than £1m which will be funded by sponsorship, delegates' fees and deficit funding by the host on this occasion, the Port of London Authority. Our aim has been to cover fixed costs by delegate fees and the variable costs, including the social programme, from the other sources.

My reason for spending a moment or two to tell you this is I believe that for the future delegate fees must reflect the quality of the programme and the cost level at the Conference location.

We see our approach as mapping out a philosophy that will serve IAPH well in the future, increasing its authority and influence worldwide in shaping port policy. For the IAPH membership itself, the approach to Conference financing may result in potential hosts not being deterred for fear of an acceptable level of deficit funding.

The Business Programme

Let me now turn to the Conference itself and the Business Programme. The first 2 days, 31 May and 1 June will be devoted to the Association's committees, all of which will be meeting before the formal opening. The afternoons of 2 and 6 June have been allocated to the IAPH Plenary Sessions dealing with the Association's business, including reports from the technical and other committees.

Opportunities for and Impediments to the Growth of International Trade

The working sessions begin with a morning dealing with "Opportunities for and Impediments to the Growth of International Trade". Trade is the engine which derives the needs and nature of ports and the session will examine the future contribution of developed and developing economies.

We have invited The Rt. Hon Sir Leon Brittan KT PC QC, Vice President, European Commission to give the keynote speech. Other speakers invited include Mr. Rubens Ricupero, Secretary

General, UNCTAD, Mr. Peter Sutherland, former Director General, GATT and Mr. Hans Peter, the World Bank.

With their enormous experience at the highest level, these speakers will be able to give an authoritative appreciation of the future for world trade, setting the scene as well as the tone of the Conference as a whole.

The Ports and Shipping Industries

The second day of the Conference will focus on the commercial issues and financial pressures on the ports and shipping industry. Again we have top level speakers addressing topics ranging from the requirements of the shipowner and expectations of the shipper to intermodalism and from risk management and liability to financing the development of ports.

Our speakers include the United Kingdom Secretary of State for Transport, Mr. John Lyras, Immediate Past President, European Community Shipping Association, Mr. Juan Kelly CBE, Through Transport Mutual Services (UK) Ltd and The Rt. Hon John McGregor OBE MP PC, former Deputy Chairman, Hill Samuel and Company Ltd.

Technical Tour Day

We are delighted that our colleagues from the Forth Ports Group, who almost a year ago acquired the Port of Tilbury, have agreed to host the technical visit. Some delegates will be familiar with the Tilbury of the past but both they and others will be impressed to see how privatisation has, in such a short time, paved the way for a transformation of the business.

Envionmental Issues and Regeneration

The fourth and fifth working sessions bring to bear views of the ports industry from eminent speakers who, from their own perspective, will look at the way we conduct our business.

The keynote speaker, Sir Crispin Tickell GCMG KCVO, The Warden, Green College Oxford and an internationally renowned environmentalist will set a global perspective and Mr. Charles Secrett, Executive Director, Friends of Earth, will identify the specific environmental issues. Other speakers include Ms. Eleni Paipai, a Senior Environmental Scientist, Mr. Michael Pickard, the Chairman of the London Docklands Development Corporation and Mr. Robert John, Managing Director, IPC Advisors (UK) Ltd., who has been closely associated with the Canary Wharf development.

Safe Seas and Safe Ports

We are honoured that Mr. William O'Neil, Secretary General, IMO, will be Chairman for the session "Safe Seas and Safe Ports". We have invited Her Excellency Grete Knudsen, Norwegian Minister, Trade and Shipping, to be the keynote speaker and other speakers will be Mr. Alberto Aleman Zubieta, Administrator, Panama Canal Commission and Admiral Sir Nicholas Hunt GCB LVO , the Director General, UK Chamber of Shipping.

Port Ownership

To conclude the working sessions we will be addressing the issues of port ownership from the perspectives of public responsibility and private enterprise. We are privileged to have as Chairman of this session Sir Keith Stuart, Chairman, Associated British Ports who blazed the trail for privatisation in our industry in the UK. Dr. Dirk Kersten Behrendt, Head of International Economic Relations and Shipping Division, State Ministry of Economic Affairs Hamburg, and Mr.William Thomson, Chairman, Forth Ports Group will address the subject from very different traditions and perspectives.

Social Programme for Delegates and Partners

Perhaps by now you will be worried that we have neglected to apply the same imagination and care in devising the social programme for delegates and their partners. I can assure you that we have planned a series of memorable events in unique venues that are at the heart of our heritage, when we will join you with us in doing things the British way.

Time does not allow me to give you more than a brief taste.

For delegates and their partners there will be a spectacular and truly British Opening Ceremony at the new Shakespeare Globe Theatre. If you enjoyed our formal invitation to London presented in Seattle, that was only a trailer for what is to come. We know it will be a success and want it to be a surprise.

There will be a full reception hosted by the Lord Mayor, our Patron, and the Corporation of London in the historic Guildhall. And the Conference will conclude with a Banquet at Hampton Court Palace, to give a fitting and typically British climax to an international occasion, that will long remain in your memory.

While we delegates are all working very hard, our partners will have a trip on the world famous Orient Express to stately Goodwood House, visit historic Greenwich, the home of much of our maritime heritage and no programme would be complete without a visit to the ancient Tower of London and the centre piece of our 20th IAPH Conference Logo, Tower Bridge.

Conclusion

There is so much more I could say but I would prefer you not just to hear about it, but to come and enjoy the warmth of our welcome, the value we will give to you professionally in the Business Programme and last, but not least, the excitement of a truly British experience when we do 'See you in London' for the 20th IAPH Conference 31 May to 6 June 1997.

Thank you.

Post Conference Tours

Arts and Antiques

Saturday 7 June - Tuesday 10 June 1997

This tour will be based in Banbury and Woodstock, two of the many picturesque villages in the Oxfordshire countryside. There will be plenty of opportunity to explore nearby Cotswold villages where you will find antique and curiosity shops in which to browse.

Highlights of the tour

- *Guided tour of Blenheim Palace*
- *Reception, recital and dinner at Worcester College, Oxford*
- *Guided tour of Oxford Colleges*
- *Tour of Sueley Castle followed by a reception and dinner*

On the last day of the tour, guests will be able to have a leisurely breakfast and to stroll around Woodstock Village. The return coach will arrive at Heathrow Airport by 14.00 hours.

Cost per person sharing twin accommodation
£580.00
Cost per person for single occupancy
£640.00

Cost is inclusive of:
- *1 night's accommodation at Whately Hall (a 17th C building) and 2 nights accommodation at the Bear Inn, Woodstock including breakfast*
- *Entry fee to all scheduled venues, gratuities, services of an experienced driver/guide and transportation by luxury touring coach*
- *VAT at the current rate of 17.5%*
- *Transfer to Heathrow Airport by 14.00 on Tuesday 10 June*

Not included:
- *Dinner on Saturday or lunches*
- *Personal, baggage or cancellation insurance*

Royal Scotland

Saturday 7 June - Tuesday 10 1997

An opportunity to explore the magnificent city of Edinburgh, taste traditional Scottish fare and to tour the countryside.

Highlights of the tour
* *Panoramic tour of Edinburgh*
* *Visit Edinburgh Castle, Edinburgh Crystal Factory*
* *Lunch and guided Tour of Hopetoun House*
* *Taste of Scotland evening at Prestonfield House*
* *Visit to Pitlochry and the Edradour Distillery (the smallest in Scotland)*
* *Dinner at Barbirnie House*

After a leisurely breakfast at Dunkeld House, once the home of the Duke of Atholl, the coach will return to Edinburgh airport by 12.00 hours.

Cost per person sharing twin accommodation
£640.00
Cost per person for single occupancy
£790.00

Cost is inclusive of:
- *2 nights' accommodation at a central Edinburgh hotel, and one night's accommodation at Dunkeld House Hotel including breakfast*
- *Entry fee to all scheduled venues, gratuities, services of an experienced driver/guide and transportation by luxury touring coach*
- *VAT at the current rate of 17.5%*
- *Transfers from the Hilton Hotel to Heathrow Airport, **one** way to Edinburgh*
- *Transfer to Edinburgh Airport by 12.00 on Tuesday 10 June*

Not included
- *Personal, baggage or cancellation insurance*

Vergobbi Succeeds Valls as CLP Chair

B. Vergobbi

P. Valls

Mr. Paul Valls has recently indicated his wish to retire as Chairman of the Legal Protection Committee (CLP) of IAPH as he felt that it would be an appropriate moment to hand over the reigns after 15 years in office. At the same time, he expressed his willingness to remain a member of the Committee. According to Mr. Valls, Mr. Bruno Vergobbi of the Port of Dunkirk had expressed his willingness to take on the role of chairman, and the CLP at its recent meeting supported the proposed change.

This matter was referred to President Cooper by Mr. Smagghe when they met recently in Paris. With the unanimous support of the Officers' meeting, President Cooper officially appointed Mr. Vergobbi as Chairman of the CLP effective from 30 October 1996.

On that occasion President Cooper offered his congratulations to the new chairman and at the same time conveyed on behalf of IAPH his deep appreciation of Mr. Valls' efforts in successfully heading this important committee over the years.

Information Technology Award 1997: Deadline for Entries Is 31 December 1996

Mr. Leandre Amargos (Port of Barcelona), Chairman of the IAPH Trade Facilitation Committee (TFC), has recently sent a letter to all Regular Members of IAPH reminding them of the deadline for the submission of entries to the IT Award 1997, which is set at 31st December this year.

In his letter dated 6 November 1996, Mr. Amargos appealed to IAPH members who have not yet submitted their entries for their positive participation in the IT Award, and he again supplied them with relevant information.

Mr. Amargos says in his reminder: "If anyone requires further information on the Award term, please contact the chair of the TFC in Barcelona (Fax:34 3 306 8814) or the Head Office in Tokyo (81-3-3580-0364)".

The successful applicants will be notified in due course and the presentation of the gold, silver and bronze awards will take place during the 20th World Ports Conference of IAPH next year in London.

Language : English
Deadline : Entries must be received at the IAPH Head Office Secretariat by 4 p.m., Japan time, 31 December 1996. To allow the judging to be carried out effectively, entrants must adhere to this deadline. Entries received after the deadline will not be judged
Entry submission by Mail or Fax to :
Information Technology Award
c/o The International Association of Ports and Harbors
Kono Building 1-23-9 Nishi-Shimbashi, Minato-ku, Tokyo 105 Japan
Tel: +81-3-3591-4261 Fax: +81-3-3580-0364
E-Mail: iaph@msn.com

Questionnaire on Arrest of Sea-going Ships:

IAPH prepares for submission of questionnaire results to IMO/UNCTAD meeting

At its meeting held in Paris on 10 September 1996, the Legal Protection Committee chaired by Mr. Paul Valls, agreed upon the form of questionnaire concerning the arrest of sea-going ships in ports to be sent to IAPH member ports.

The Committee is preparing to submit the results of the questionnaire to the forthcoming IMO/UNCTAD joint meeting scheduled for early December to discuss this matter.

To enable the CLP to analyze the returns in time for the meeting in December, all the recipients of the questionnaire were requested to return the completed questionnaire, by fax, to the Head Office in Tokyo with a copy to Mr. Andre Pages (the drafter of questionnaire and our representative to the IMO/UNCTAD December meeting) by 15 November 1996.

The questionnaire was as follows:

ARREST OF SEA-GOING SHIPS, A VITAL ISSUE FOR PORTS

A QUESTIONNAIRE

1. PORT'S INTERESTS SERIOUSLY AT STAKE

The prolonged stay in ports of arrested vessels, or those retained by Port State Control is becoming increasingly frequent, long and embarrassing.

1.1 The Review in progress of the 1952 Convention

The review of the 1952 Convention relating to the arrest of sea-going ships is currently under consideration at IMO and UNCTAD.

The draft deals with the issue as if it were a simple matter of dispute between two parties, as is the case in domestic commercial law.

The involvement of the ports where ships are arrested, the freezing of operational berths for months or years, the effects on all the other port users, or the effect on the general economy are not taken into account, nor are they even mentioned

1.2 The necessary intervention of IAPH

Therefore, it is imperative that the on-going proceedings at the IMO and UNCTAD be prepared by strong IAPH resolutions, and that active preliminary contacts by IAPH Directors be made with their government authorities.

First, however, the scope of the issue must be accurately evaluated on a worldwide basis. Port Directors are requested to provide IAPH with the most extensive detailed information and significant examples.

2. QUESTIONAIRE ON MAIN POINTS REQUIRING INFORMATION

2.1 Frequency and length of stay of arrested vessels

- Longest stays of arrested ships:
- Number of major berths that have been simultaneously tied up:
- Compared with the total number of facilities in the port:

2.2 Conservation and safety care of the arrested ships:

- Frequency and the adequacy of care that continues to be developed to the ships by their owners, agents and crew:
- or, inversely, frequency of total abandonments, requiring the port authority to intervene out of necessity:

2.3 Measures carried out by the port authorities:

- for the benefit of the vessel, against risks of drifting, sinking, pillaging:
- because of risks from dangerous or perishable cargo:
- cost of these measures:
  - on average annual basis:...........
  - in extreme circumstances:..........

2.4 Other damage, inconvenience suffered by the port itself (infrastructure and equipment), the environment, other port users

- unpaid dues and charges:
- commercial losses from traffic congestion:
- damage to the general economy as a consequence of the loss of port capacity:

2.5 Damage to other parties:

- Damage to ports users (delayed or impeded operations):
- Hindrance to fair competition between ports and/or shipping lines

2.6 Any other kinds of consequence and/or damage

3. REQUIREMENTS OF PORT AUTHORITIES

3.1 Protective regulations already in force

Are any authorities protected by adequate national or local regulations?

- if yes, please give the main points:
- are port authorities convened by Courts before arrests are made?
- are guarantees specified in their favour and paid?

3.2 Provisions of the new Convention

- to what extent ought the International Convention to introduce such regulations on a worldwide basis?

IMO MEETING REPORTS

The 74th Session of the Legal Committee (Leg 74)

by Alex J Smith, *IAPH European Representative*

Leg 74 was held at IMO, London from 14 to 18 October 1996 under the chairmanship of Mr A H E Popp, QC (Canada).

Delegations were present from 57 Member States and Hong Kong as an Associate Member together with representatives from 24 inter-governmental and non-governmental organisations, including IAPH.

Having successfully developed the draft instruments which resulted in the adoption of the 1996 Hazardous and Noxious Substances Convention earlier in the year, Leg 74 addressed the priority issues of Compensation for Pollution from Ships Bunkers, Compulsory Insurance and a Draft Convention on Wreck Removal.

1 Pollution from Ships' Bunkers

The generally expressed wish to protect the marine environment has focussed international attention on the damage, real or potential, caused by the leakage of oil from ships' bunkers. The question for consideration by IMO is whether there is a need for the adoption of an international regime for liability and compensation for that damage and, if so, what form should that regime take.

This is a complex matter in so far as bunker spills from laden or unladen tankers are already covered by the 1992 Civil Liability and Fund Conventions; and an assessed 90% of the world fleet are insured against such incidents by P and I Clubs.

Full consideration of the need for an international regulatory regime is very much dependant on an input of more information on a number of related matters. Leg 74 therefore discussed these in preliminary terms, as follows:-

(a) Ships to which the regime would apply

Excluding ships already covered by existing law it was the general view that all ships and their bunkers should be included with the proviso that excessive burdens should not be imposed on certain sectors of the fleet such as fishing vessels for example. The doctrine of compelling need moreover requires that particular attention is given to consequential costs. The more excessive the administrative burdens for instance, the less likely are Administrations to support an international regime if there is any doubt as to the need for it.

(b) Period of application

Should bunkering operations be included? The general view tended more towards a reference to bunkers already on board and capable of discharge.

(c) Risks to be covered

Should damage other than pollution be included such as for example damage resulting from fire or explosion?

(d) Channeling of liability

The general view was that liability should be channeled to the shipowner to ensure legal certainty. If however a compulsory insurance regime were to be applied the need for channeling would seem to be no longer necessary.

Discussion of the subject will continue at Leg 75.

2 Compulsory Insurance

Demands for a compulsory insurance regime are usually linked with difficulties experienced by aggrieved parties in obtaining adequate compensation for damage suffered. It appears that the need for such a regime continues notwithstanding that an assessed 95% of the world fleet are already covered by some form of security.

Again the question of compelling need for an international regime arose and was left open pending further consideration of the matter at Leg 75 and an input from a Correspondence Group with the following terms of reference:

A. To consider suitable means for introducing rules or evidence of financial security for vessels, in particular in respect of:

(1) coverage of a number of different claims attracting public interest that occur frequently;
(2) defenses that a provider of financial security could be allowed to invoke;
(3) direct action against the providers of financial security;
(4) documentation of the financial security (certificates) and criteria for determining the acceptability of the insurer;
(5) recognition of certificates containing evidence of the financial security; and
(6) control of certificates containing evidence of the financial security.

B. Evaluate whether a convention, a code or a recommendation would be the more appropriate type of instrument in respect of international rules on evidence of financial security.

C. The group shall consider both third party security and other evidence of the ability to pay."

3 Draft Convention on Wreck Removal

Leg 74 noted on-going work being carried out by the Comite Maritime International (CMI) dealing with the status of current international law on removal of wrecks and whether or not a draft convention should be applicable to territorial waters.

Shipowners question the need for a convention from a practical standpoint. If the general view was to proceed further with the proposal its scope should be confined to removing wrecks as obstacles to safe navigation. Proponents of a draft convention stressed the need to enhance the uniformity and clarity of international law on the subject.

Leg 74 concluded that more detailed consideration was necessary on the need for an international convention, its scope and coverage and its relationship with other conventions.

It was decided that in any event the subject matter was of lesser priority than the items dealing with pollution from ships' bunkers and compulsory insurance referred to earlier. A Correspondence Group would however:-

"Identify and, where appropriate, develop options for dealing with the following issues:

1 scope of application:
   (a) geographical
   (b) safety/environmental
   (c) wrecks/ships
2 relationship between public international law and private law provisions
3 avoiding overlapping with the 1969 Intervention Convention

4 relationship with other conventions."

4 Carriage by sea of radioactive material

A number of delegations have continued to press the need for IMO to consider the development of a liability regime to deal with the carriage of nuclear materials. The difficulty however is that the International Atomic Energy Authority (IAEA) is already engaged on similar work.

Questions of routeing and prior notification of the transport of the material were raised. The majority view however favoured the continuation of balanced informal discussion for the time being.

Leg 74 agreed to hold its sessions in 1997 as follows:
Leg 75 – 21 to 25 April 1997
Leg 76 – 13 to 17 October 1997

Report on the Meeting of the Combined Transport and Distribution Committee

1 & 2 October 1996
Conference Room, PSA Building, Port of Singapore Authority

By Hiro Nagai
IAPH Secretariat


From left to right: H. Nagai (IAPH Secretarint), J. Hirst (AAPMA), Abdullah Alias (Penang), G. Wennergren (Chairman), J. Cars (PORTNET), C.K. Han (PSA)

Committee Members Present:
Mr. Göran Wennergren, Göteborg, Sweden (Chairman)
Mr. Ng Chee Keong, Director, Operations, Port of Singapore Authority, Singapore
Mr. John Hirst, Executive Director, The Association of Australian Ports & Maritime Authorities Inc., Australia
Mr. Abdullah Alias, Managing Director, Penang Port SDN. BHD, Malaysia
Captain Johan Carse, Acting Port Manager, PORTNET - Port of Cape Town, South Africa

In attendance:
Mr. Hiro Nagai, Asst. Under Secretary, IAPH
Mr. Tee Chee Han, for Director (Operations), Port of Singapore Authority
Ms. Goh Hwee Shan, Research & Statistics Officer, Port of Singapore Authority

The meeting was convened by Chairman Wennergren, Göteborg, Sweden, for the specific purpose of finalizing a report entitled "The Future Role of Ports in Combined Transport and Distribution Centres", initially presented to the 19th IAPH Conference in Seattle, USA, June 1995.

In the ensuing months since the Seattle Conference, the report had been under constant review and examination by the Committee members seeking further scope for improvement. Against this background, a final working draft had been prepared, incorporating all the suggestions for improvement made by the members in the last year or so, for presentation at the Singapore meeting.

The meeting was held in the Conference Room on the 40th storey of the Port of Singapore Authority Building, on October 1 and 2, at the kind invitation of Mr. Ng, Director of Operations, who, as a member of the Committee, had offered to provide the venue and secretarial services required for the meeting.

Day 1 (October 1, 1996)

Chairman Wennergren opened the meeting at 10:00 a.m. by welcoming the members present and expressing his thanks and appreciation to Mr. Ng for hosting the meeting.

The Chairman in the first place referred to the uniqueness of the report, being the product of joint work by the Committee and a group of university researchers engaged in the study of transportation & logistics from Chalmers University of Technology (Göteborg, Sweden) and Tokyo University of Mercantile Marine (Tokyo, Japan). He expressed his sincere hope that the report, combining the practical experiences of the committee members as port professionals with the academic and scientific views of the scholars involved, would be of help and use to the entire IAPH membership when published.

The members present agreed with the Chairman's evaluation, finding the report comprehensive and covering a range of issues now facing ports throughout the world, such as intermodal transportation, logistics, and IT (Information Technology).

There were a number of important points raised with reference to the main theme of the report, that is the roles ports are expected to play as an interface point in the global transportation chains in a changing economic and political environment, such as:

- the need for ports to be proactive and customer-oriented and to develop the competence to be competitive;
- providing customers with services at the right place, time and price;
- cooperation with shipping companies and cargo interests to make the port's view and position clearly known; and
- identifying reasonable ways and means to fund capital investment for infrastructure, especially at a time when ports face huge costs in their land and sea expansion, due to stringent environmental requirements.

Subsequently, the Committee moved on to examine the details of the report, chapter by chapter, with a view to having the finalized version printed as soon as practical. It was in a true sense a working meeting where the members present exchanged views and opinions on the contents of the report openly and frankly. In the process of scrutiny, careful attention was paid to the harmonization of terminology used in the report to reflect the coherent and uniform views of the Committee and to avoid any unnecessary misunderstanding on the part of the readers of the report.

After lengthy discussion, the report was finally approved by the members present and it was unanimously decided that the report be printed as soon as practical for the benefit of the entire membership. The Chairman also suggested that a questionnaire be drafted and circulated with the report to assess the value and usefulness of its contents, to which the members present unanimously agreed.

Before adjourning the meeting for lunch, the Chairman thanked the members present for their active discussion and Mr. Ng. for the invaluable cooperation and assistance extended by the Port of Singapore Authority, especially for the secretarial services to be provided by his assistants for re-writing the report, incorporating all the suggestions made at the meeting.

Luncheon

For the Committee members present, luncheon was hosted by Mr. Khoo Teng Chye, Chief Executive Officer of the Port of Singapore Authority in the PSA's Executive Dinning Hall. Also present were Mr. Lee Chee Yeng, Dy Chief Executive Officer (Operations), Mr. Eric Lui Chew Wah, Director, Information Systems, and Mrs. Boon-Gek Mudeliar, Dy Director (Administration) from the PSA,

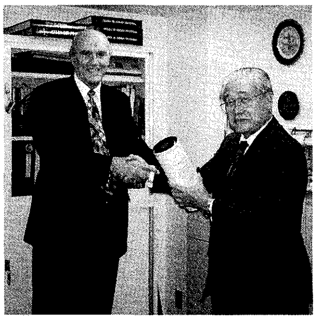
Day 2 (October 2, 1996)

As the Committee had finished its task of finalizing the report on the previous day, a tour of Tanjong Pagar Container Terminal, PSA's main gateway for container operations, was arranged for the committee members to observe the state-of-the-art container handling operations and real-time monitoring of yard operations at the Control Tower Room, escorted and guided by Mr. Adrian K.L. Lim, Corporate Communications Officer, Corporate Communications Department.

Upon conclusion of the port tour, luncheon was hosted by Mr. Eric Lui Chew Wah, Director, Information Systems, at the Alkaff Mansion, which marked the official closing of the meeting.

Visitors

On 7 October, Mr. David Jeffery, Chief Executive, Port of London Authority and the Chairman of the 20th World Ports Conference of IAPH, and Mr. Alex J. Smith, IAPH European Representative, visited the Head Office, where they met with Mr. Hiroshi Kusaka and his staff. They were visiting Tokyo as guest speakers for the 9th IAPH Japan Seminar which was held the following afternoon to promote the London Conference next year among IAPH members and maritime interests in Japan. While in Tokyo, Mr. Jeffery and Mr. Smith called on Mr. Hideaki Kimoto, Director General, Ports and Harbours Bureau, Ministry of Transport, and the Port of Tokyo. They visited the Port of Kobe later in the week.



Mr. Kusaka, IAPH Secretary General, welcomes Mr. Smith (in the photo, left) and Mr. Jeffery at his office in Tokyo.

OBITUARY

Mr. Shizuo Asada

President of the IAPH Foundation*

Mr. Shizuo Asada, who was the president of the IAPH Foundation for nine years from 1987, died from respiratory failure on 8 November 1996 in a Tokyo hospital. He was 85 years old. Mr. Asada was better known as a former president of Japan Air Lines.

His funeral was held at a Buddhist temple in Tokyo on 12 November, attended by some 2000 mourners. A number of current and former cabinet members together with top officials of Japan's leading companies representing aviation- and transportation-related businesses, as well as his relatives and friends, including Mr. Toru Akiyama, Secretary General Emeritus of IAPH, were among the mourners. From the Head Office, Secretary General Kusaka and the senior staff members attended the service.

Mr. Asada, who had left government office after serving in his final position of Vice Minister of Transport, joined Japan Air Lines in 1963. He served as the president of JAL for ten years from 1971, during which time he made strenuous efforts to achieve the growth of his company. In 1987, at the recommendation of Japan's Ministry of Transport. Mr. Asada became the president of the IAPH Foundation, succeeding Mr. Toru Akiyama, who had stepped down from the position due to his advanced age. The annual Japan Seminar was organized at the initiative of Mr. Asada, sponsored by his Foundation.

Mr. Asada also presided over the Japan Aeronautical Association and the Nihon Ki-in (Japan Go Association), and served on various councils and panels. He received the First Order of the Sacred Treasure Award in 1985.

Mr. A.J. Smith, IAPH European Representative in London, sent his message of condolence, which was forwarded to the bereaved family via the Tokyo Head Office.

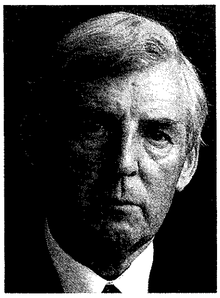
*(Note: About the IAPH Foundation, please see the article on page 4 of this issue.)

OPEN FORUM

NEW ZEALAND – SUCCESSES AND LIMITATIONS OF THE PORT REFORM APPROACHES ADOPTED

The paper presented at ASIA PORTS'96 Conference held from 16 to 18 September 1996
at Kowloon Shangri-La Hotel Hong Kong
organized by Institute for International Research (IIR Ltd)

Robert Cooper
Ports of Auckland Ltd, New Zealand



Introduction

I value the opportunity to talk to you today about the port industry in New Zealand, Ports of Auckland, and the changes that are taking place around the globe.

Everywhere I meet with port, shipping and transport people today, there is intense discussion about the need for investment in port infrastructure and the key questions of how the ownership of ports are structured and the regulatory environment in which they work.

New Zealand is an interesting case, in the sense that we have been through an extensive period of reform over the past decade.

In the time available I will try to place the industry and our company in context and would like briefly to:

- Background the origins and development of New Zealand's port industry;
- Outline the changes that have occurred at Ports of Auckland, where we are today and the challenges which lie ahead;
- The implications of our experience of port reform for other countries;
- Describe some of the trends in global shipping, international trade and their impact on ports;
- I will finish with some thoughts about the implications of our experience for other countries.

The past

Let me begin by giving you some background on the ports industry in New Zealand.

New Zealand consists of two long islands located far away in the South Pacific. It has only been settled in the last 150 years and has developed enormously in that time. The rugged terrain was such that in the early years of settlement local communications and trade were dependent on sea transport. Each community, however small, was linked to, and probably dependent on, the nearest port.

In the 1860s when the population was still small, there were 112 ports, 26 of them engaged in overseas trade. In that same period there were just 46 miles of railway track.

By 1874, at the time of the second census, there were some 345,000 people. By 1881 the rail track had increased to 12800 miles and this had already resulted in the dominance of the overseas import and export trades by the ports of Otago, Lyttelton, Wellington and Auckland.

The continuing expansion of road and rail soon put paid to many of the smaller ports. By the 1970s, a little more than 100 years after the early count, there were 35 ports in New Zealand. Since then continued rationalisation and competition from both road and rail transport has further reduced that number to 14 ports.

Stewardship of these publicly-owned ports was provided by Harbour Boards, whose members were elected in the three-yearly cycle of local government elections. Features of the system included a blurred agenda of political and commercial goals, a union-dominated labour system, with a centralised employment system, the quasi-government Waterfront Industry Commission controlling who could be employed, and a national Ports Authority who controlled or "second-guessed" investment proposals for equipment and port infrastructure. This led to overmanning and bad work practices in many businesses and operations, and poor investment decisions.

All of this was to change radically with the economic reforms of the 1980s.

It is fair to say that all parties within the industry – the shipping lines, the shippers, the port, the transport operators and the union organisations – recognised the need for change. However, in spite of this recognition there was no shortage of individual alibis nor plausible stories as to why the change was necessary for everyone else except that particular party.

The credit for the progress we have made lies with three pieces of legislation that facilitated and, in some ways, forced fundamental changes.

First, the Port Companies Act 1988.

Primarily, this act required the formation of free standing, limited liability companies to assume responsibility for all commercial activities in a port. These companies were to be driven by a statutory imperative to "operate as a successful business." This act also abolished the New Zealand Ports Authority.

Secondly, the Waterfront Reform Act 1989. This act abolished the Waterfront Industry Commission – the quasi-government organisation that administered the grossly inefficient "pool system" for the supply of waterfront labour. Significantly, this act, in prescribing a direct employment relationship between employee and employer, also legislated for a clean start in re-negotiating awards covering waterside workers.

Thirdly, the Employment Contracts Act 1991, which effectively removed the union monopoly of work coverage in any industry. A very significant benefit to the ports industry was the removal of demarcation issues. It meant that we have been able to be far more flexible in the way we work, resulting in more efficiency.

Of course, what these acts also did was to remove all alibis from company directors and managers for non-performance. One can no longer attribute shortcomings or failure to out-dated union practices, political whims, the limitations of the now defunct New Zealand Ports Authority or the restrictions of the Waterfront Industry Commission.

In effect we are free, in equal measure, to succeed on fail.

The reform process has not stopped there.

When the port companies were formed, their entire shareholdings lay with Harbour Boards. Following the demise of Harbour Boards in the course of local government reform, their shares were given to regional and, in some cases, local government, in November 1989. Some of these councils subsequently decided to sell all or part of their shareholdings and since then, five port companies have partially privatised and are listed on the New Zealand Stock Exchange.

Auckland experience

Let me use the Auckland example to outline some of the achievements of this reform process.

As required by the Port Companies Act, an Establishment Unit was formed in May 1988. It identified the port-related commercial undertakings which the Company would buy from the Harbour Board, negotiated the price, arranged the funding, decided on the philosophy, vision and purpose of the Company, and then its format.

We bought the land and assets of the company for about $250 million and commenced business in October 1988.

We had very clear objectives with no blurring between commercial goals and so-called "social" goals. The non-commercial activities that the Harbour Board had performed for many years became the responsibility of local authorities, rather than the ports company.

We formed five main business units to operate the port on strictly commercial criteria, made it clear there would be no cross-subsidisation and stated we would not remain in any business which could not compete successfully against outside operators.

We identified clearly that we are a service industry. In turn, that needed a strong commitment to excellence throughout the company, a commitment to quality of service, and to giving value for money.

Coming from a background of 120 years of port industry as it had evolved, there was a need for a major cultural shift. That required a huge and ongoing effort at all levels.

We made a conscious decision to recruit not less than half of our key managers from outside of the industry. They brought with them new ideas which have cross-fertilised throughout the company, and of course they carried no attendant baggage from the past. The learning curves were steep but the blend has proved particularly effective.

Obviously there have been huge changes in these last few years, almost all of which have brought some measure of discomfort. Changes have brought about decreases in the number of jobs, changes in the jobs remaining, and new requirements in standards of performance.

But the approach have paid off. In almost eight years that the Company has been in business we have:

- Doubled the total cargo volume handled – in 1988 we handled 359 ship calls and had a cargo throughput of 5.8 million tonnes. In the 1996 financial year we had 2300 ship calls and we handled 10.1 million tonnes of cargo;
- Doubled the container throughput in the same time – this year we put through 405,000 TEUs;
- Reduced staff levels to about one third - from about 1300 in 1988 to 550 this year.

Changes to our employment contracts mean that the port is now a 24 hour operation, seven days a week, every day of the year. We operate three shifts each day on flat rates and with flexible staffing arrangements.

These are impressive figures.

What they add up to is faster turnaround for shipping, at lower cost.

These are crucial improvements which have helped New Zealand export businesses to grow:

- Container ships-average turnaround time was 38.4 hours in 1988 and is now 15.2 hours;
- General cargo-average turnaround time was 3.4 days in 1988 and is now down to 18.5 hours.

These figures are highly competitive when compared to other New Zealand ports, but they are also very competitive with ports in other parts of the world. We do not believe that size or volumes are barriers to excellence and we set as benchmarks for ourselves the world leaders.

These improvements have been possible because we decided to focus on port operations as our core business.

In the Harbour Board days we had a major role as a landlord, as many ports still do. The port owned a large area of valuable inner-city land which had been reclaimed and developed in the early part of the century, and some of which had been earmarked for future port development. We have been able to rationalise our property portfolio and have made significant profits by realising the value of these assets which are no longer seen to have a future port role.

The operational improvements I have described have led to major improvements in terms of our financial performance.

Turnover has increased from $105 million in 1988 to $153 million in 1996. Operating costs stood about $108 million in 1988 and have been slashed to $89 million in 1996.

It is not really fair to compare the profit figures. In 1988 the Auckland Harbour Board incurred a $6 million loss, due to the cost of restructuring, but it would have had a profit of $12 million without the extraordinary items. Nonetheless the $12 million figure compares to a pre-tax profit of $83 million in 1996.

The company which we bought for $250 million now has a market capitalisation of some $650 million.

Since it was listed on the Stock Exchange three years ago, the Ports of Auckland Limited has been a very consistent performer, generally retaining a position among the top three or four companies.

We have paid more than $142 million to our owners in the form of dividends and capital repayments since we were established.

In addition to this, we have paid $100 million in taxes, rates and charges to central and local government as at June 1996.

And during this time we managed to maintain or reduce prices in real terms.

Many of you will be aware that presently there is a major debate in Australia about the need for port reform. Before the changes in New Zealand, our ports were on a par with ports in Australia. They were known as some of the most expensive in the world and with its dual flag shipping monopoly the Tasman had a reputation as the most costly stretch of water.

The Australian weekly magazine The Bulletin recently did a comparison between the average cost of berthing and unloading a given-sized ship. It found that the costs were nearly A$67,000 in Melbourne and A$57,000 in Sydney, making them the second and third most expensive ports in the world after Hamburg. The costs in Japan were half as much - around A$26,000 – while New Zealand ports came in between A$17,000 and A$23,000.

The lowest cost ports were Hong Kong, Port Klang in Malaysia and Jakarta, which ranged from A$7000 to A$9000.

There can be no disputing that Ports of Auckland has made excellent progress. To summarise where it is today:

- We are New Zealand's biggest general cargo port, servicing the largest population area in the country, the biggest manufacturing region and the region with the fastest rate of growth in the country. We are the largest in terms of asset base and revenue;
- We handle 69% of all the container trade in the North Island and some 51% of New Zealand's container trade;
- Within the port, Fergusson Container Terminal is the country's biggest container terminal and Bledisloe is the second largest;
- As well as being a major import port, we are the leading port for all of New Zealand's major export products, including meat, dairy and wool.

Auckland is positioned to become the hub port for the North Island and also, because of its excellent long-distant land transport links and the growth in coastal shipping, it is strongly placed to be a hub for the whole country.

I like to think that Auckland is the most successful New Zealand port, but all our ports have made similar good progress since the reforms were introduced.

New Zealand now has 14 ports owned by 13 port companies functioning in a very competitive industry. In general they are well focused on commercial goals and are far more responsive to customer needs than they used to be.

Since they were established as companies in 1988, together these ports have paid out $182 million in dividends to their shareholders and $113 million in capital repayments or special dividends. They have contributed about $238 million in taxes and rates.

The cargo and shipping statistics vary greatly, but seven of the 13 companies have increased cargo volumes by more than 65%. All have reduced staff numbers.

Five of these port companies have been partially privatised and are listed on the Stock Exchange, therefore being subject to the full disciplines of the financial markets. These five are Northland Port Corporation, Port Of Tauranga, Southport, Ports of Auckland and, most recently the Port of Lyttelton. All of these retain regional or local authorities as their majority shareholders.

Ports have attracted strong interest on the sharemarket. We have been privatised at the same time as other infrastructure companies such as our electricity supply companies and telecommunications. Utility investments have been the darling of the Stock market over the past few years.

Future developments

Now let me have a brief look at the future for port companies in New Zealand. The intention of the port reform process was to facilitate change through the stages of corporatisation to privatisation. When I reflect on where we are today, I am concerned that the programme has lost some momentum.

There has been a disappointing reluctance by local authority owners to sell down their shareholding and, indeed, some shareholding authorities state quite categorically that they will not do so. If that decision is based on a purely commercial analysis of the investment, then one cannot quibble with it. However, in most cases the decision is driven by other considerations, such as a parochial desire to hold on to the local assets or keep control of local infrastructure. In that case, the business goals of the port will ultimately be distorted.

It is all too easy to fudge investment decisions or accept inferior performances on the grounds that they bring other benefits to the locality or region and therefore do not need to stand comparison with normal commercial criteria.

The achievements we have made in New Zealand ports have been driven by a clear commercial focus. They have been advanced by managements dedicated to commercial success.

Although we have made excellent progress, there is still sizeable overcapacity in new Zealand's port system. Only by removing local authority ownership – and thus removing parochial interests and influence from the directorates of ports – will that overcapacity be addressed.

Superficially, overcapacity seems good for clients because it gives them plenty of choice and the knowledge that fierce competition will distort pricing.

But ultimately, the only source of revenue to service port investment is cargo volume. Unless cargo volumes are growing very rapidly to fill capacity, ports will inevitably carry additional overhead costs. The burden of those costs eventually falls on exporters and manufacturers.

In essence, ports are no more than transfer stations for goods and people in transit between sea and land transport. They are aptly referred to as the toll gates of trade. Our industry does not add value to products which are imported or exported - we add cost. And as transporters, we need to be unceasing in our quest for cost effectiveness. Decisions about ownership or new investments which are based on parochial interests will in the end fail to achieve that standard of cost effectiveness.

Provided there are appropriate institutional protections against monopoly positions developing and anti-competitive decisions being made, it is the market place which will make the best decisions about where investments should flow.

That's the theory. Politics means it is never quite so simple. We have an election coming up under a new proportional voting system, MMP. The drive for economic reform that has existed over the past decade has slowed significantly, although it is unlikely that the major changes will be undone. The marketplace realities will mean, overtime, that the necessary rationalisation will take place.

The reform process in New Zealand was made easier than it will be in many countries for two important reasons.

First, the climate was right. In the early 1980s, following decades of increasing economic controls and rising debt, the business community was ready, even desperate, for change.

Secondly, the problem of overseas debt caused an economic crisis which convinced the general population – at least for a time – that tough fiscal medicine was unavoidable.

So the changes to our port structures came against a background of widespread economic reform and deregulation. Two successive Governments were committed to open the economy to the fresh winds of competition, even if that meant some domestic pain and loss of support. Structural reforms were backed up with changes to labour laws, which meant that the strength of traditional unions was reduced. For that reason, I suspect we had an easier path than our counterparts in Australia will have, where the Liberal Government intends to reform the waterfront but is seemingly threatened with a massive industrial battle.

Developments in shipping

Although the reform process in New Zealand has slowed, I have no doubt that the trend to rationalise our ports industry will continue. My confidence is based on developments in international shipping and the inexorable growth of free trade.

Looking first at shipping. Containerisation has changed the face of shipping. And it has inevitably led to major changes in the port industry.

Only a few short years ago, the growth of post-Panamax containerships with capacity of more than 4000 TEUs was predicted a part of the brave new world of shipping. And it has inevitably led to major changes in the port industry.

Only a few short years ago, the growth of post-Panamax containerships with capacity of more than 4000 TEUs was predicted a part of the brave new world of shipping. At that time capacities of 6000 TEUs lay only in a very few innovative minds and in the sights of the sceptics. Today the first of those units are in service and designers are already contemplating plans for 8000 TEU ships.

These jumbo ships are cheaper to build on a slot basis. Importantly, they bring considerable cost cuts in ocean transport, especially in crewing and fuel costs.

Already large shipping consortia – or alliances of shipping lines – are introducing a number of these large, fast vessels into express services between a few major ports.

Formed to meet the demands of multinationals and their requirements to negotiate global transportation contracts, the new mega-shipping alliances may well be expected to control up to 80% of the world's container ships.

In spite of the high initial capital costs, these services will eventually offer shippers lower rates for global services, because of the lower operating costs, higher quality service, increased frequency and broader global coverage. However, these large ships need to be kept filled with cargo, fed in and out of a limited range of ports, and kept to schedule by expeditious cargo exchange operations.

What these developments will mean is more competition between ports, and paradoxically more co-operation between the leaders, linked as they will be by main routes and feeder services. Port service standards will inevitably rise as efficiencies improve and they are benchmarked against the best.

Technological developments will emphasise another trend in the port industry, which is an increasing focus on the operational role as we recognise and embrace the opportunities from developments in the computer and communications sectors.

Against this background of change, ports are increasingly recognising their role as a service industry and as a link in a much wider transport chain. Ports, after all, are simply a transit station to move goods from one mode of transport into another. So, it is likely in many parts of the world that a port's links with other parts of the transport chain will strengthen - whether that is by way of direct investment or the development of partnerships and alliances.

These shipping developments have already started to impact many countries on major east-west routes with the trends and effects rippling out to impact on the north-south routes. In Asia, we are seeing the start of competition between existing ports to become the major hub points for the region. Those who manage to attract the port calls of mega-alliances will come to dominate, leaving other ports will develop a niche providing feeder services.

Trade and economic trends

Looking now at trade. The growth in international trade over the past 30 years has been enormous and the pace has not eased. The value of world merchandise exports exceeds US$4 trillion and volumes are growing about 9%. World Trade Organisation economists forecast that the reduction in trade barriers triggered by the Uruguay Round will boost world income by US$510 billion over the next decade in the goods area alone.

There have been major shifts in trading patterns as regions such as Asia have gained economic and political influence. The Asia-Pacific rim is the fastest growing region in the world and is emerging as the powerhouse of the global economy. Between 1966 and 1988, the relative size of the American economy declined from 27% of total world output to 21%, while Asia's share rose from 18% to 32%. This shift has continued. In 1994, China's gross domestic product rose 12%, South Korea's 8% and Indonesia's by 6%, dwarfing the growth rates of traditional economic regions such as Europe.

Asia's economic development is based on trade. In 1994, Asian exports rose by 10% and imports by 13.5%. Eight of the world's top 10 markets are located in the Asia-Pacific region and, it is probable that by 2020, China will be the world's largest economy.

One report suggests Asia's share of the world container market is set to rise from 43.7% last year to 50.2% by the year 2000 and that it will nudge 60% by 2011.

The commitment to free trade has strengthened as many countries have recognised that establishing fair trading structures is the best way to address the disparity between the developed and the developing world.

The result, worldwide, has been increasing competition. In 1982, fewer than 5% of manufacturers in the United States counted a single foreign firm among their five major domestic competitors. Today, 30% identify three of their top five competitors as being foreign firms.

If I could give you a snapshot of the world in the remainder of the 1990s and the first part of the next century, these are the images we would see:

- Economic growth, free trade and political changes will continue to give rise to a new world market – an international middle class with disposal incomes to spend. This burgeoning market of consumers will be able to use technology, such as satellite television and the Internet, to shop in the global marketplace;
- Massive investments being made in ports and other infrastructural projects in Asia and the emerging economies as their economic performance continues to improve. These include port, road, rail, and sea transport infrastructure and services, as well as in the provision of electricity, water and telecommunications;
- Huge amounts of capital moving around the globe at the touch of a keyboard on a computer. This capital will seek out the best rate of return without regard for location, ideology, race, language or tradition;
- Competition will intensify as private enterprises seek out the cheapest or most efficient place to do business and as countries reduce traditional barriers to their markets;
- The dazzling growth in telecommunications and information technology will continue. That change is completely re-writing the rules of international business and we should be mindful that a growing proportion of international "exports" are travelling by computer network.

Private enterprise will increasingly drive economic growth as international investment expands and as Governments seek new ways to finance infrastructure developments. Governments can see all too easily that the scale of investment required means they cannot fund developments as they have in the past.

Many have begun to realise that Governments do not necessarily make the best investment decisions and that it is better to encourage private enterprise to take a role.

This has led to many exciting investment opportunities around the world. To quote the New Zealand example again, simply because it is the one I know best, we now have large American ownership stakes in our national rail system, in our electricity industry and in our telecommunications sectors. We have major investment in other industries from Japan, China, Malaysia, Singapore and Indonesia.

And New Zealand companies, for their part, are investing in other parts of the world where they have the ability to make difference. One of our small telecommunications companies, for instance, has made significant investments in Vietnam. Two of our major corporates have large investments in South America. We have major brewing investments in China.

Conclusion

I would like to finish by drawing out some of the lessons that flow from the New Zealand experience of port reform. I believe that these views are borne out by the experience in other countries, such as Britain, here in Asia and in South America.

First, the move towards commercialisation and privatisation of ports is necessary and unavoidable. The alternative, under any other financial structure, will mean ports will inevitably be subject to political whims and calls to make decisions for non-commercial reasons. Rational market decisions will only be made by companies which are able to focus on their core business and make their own decisions, on which they must stand or fall.

Secondly, the ports business today is capital intensive. Labour is still a major component, as it has been traditionally. But with the growth of containerisation and changes in the global shipping industry, ports will only attract continuing business if they have equipment and facilities which provide for top performance, matched by top service. These investments cost hundreds of millions of dollars.

Governments can no longer afford to make investments on this scale. And when you consider the growth of trade internationally and in emerging regions such as Asia, it is clear that Governments will not be able to provide all the funding that will be needed. Ports therefore must be structured in a way to capture the interest of private investors and perform to a standard which will retain that interest.

Thirdly, ports will increasingly have to move away from a passive landlord role. Gone on the days when a port authority can afford to hold on to large land areas in the expectation that they might be needed one day. If a port is to be a viable financial operation, it must seek maximum returns from all assets.

As in any business, ports need to decide what their core activity is and focus on it. But the decision about core business will be based on best financial returns. For some ports, this will be cargo handling operations. For others, it might be the management of a number of contracted cargo handling operations. For ports which want to develop as regional or national hub ports, which will need sophisticated intermodal links, there might be a different set of decisions to make.

Finally, the record of privatisation speaks for itself. But the political reality is that achieving change on this scale is not always easy. Every individual will have his own view as to whether reform of this nature should be pushed gradually or rapidly. The experience of New Zealand is that we were able to move rapidly because of the wholesale economic reform which went on at the same time. Other countries, whether by choice or necessity, may well decide to move more slowly.

The Philippine Port Plan

Investing in Port Infrastructure Projects

The National Port Plan

PPA'S MANDATE FOR THE PORT DEVELOPMENT PLAN

Presidential Decree No. 857 mandates the Philippine Ports Authority to implement an integrated program for the planning, development, financing and operation of ports or port districts for the entire country.

In coordination with the National Economic and Development Authority (NEDA), the PPA formulates comprehensive and practicable port development plan for implementation under the Medium-Term Public Investment Program (MTPIP). Executive Order 212 specifically requires that PPA shall prepare and update a 25-Year National Port Plan.

The Five-Year Medium-Term Public Investment Program (MTPIP)

The PPA 5-Year MTPIP consists of on-going and proposed projects, both foreign-assisted and locally-funded (PPA funds) that is updated yearly. Its main purpose is to determine and program capital funds, and to ensure that such are made available over the 5-year period. The current MTPIP (1994-1999) will require a capital outlay of P13.8 billion including contingencies, acquisition of capital assets and an annual fund for feasibility studies and detailed engineering design.

Among the major on-going foreign-assisted projects for the period 1994-1999 are the Second Manila Port Project (ADB), Fourth IBRD Ports Project (IBRD), Batangas Port Development Project - Phase I (OECF), and the Port of General Santos Development Project (USAID/PPA). Proposed foreign-assisted projects include the Fifth IBRD Port Project, Third Manila Port Project (ADB) and the Port of Batangas Development Project - Phase II, implementation under the BOT scheme. There are, likewise various locally-funded development projects mostly from PPA's programmed budget.

Foreign-assisted projects, both on-going and proposed, will require at least P 5.00 billion for the period 1994-1999. This is deemed too small by Management.

There are about 80 on-going and about 350 proposed locally-funded projects programmed the next five years. On-going projects will need funding of P558 million, while new/proposed projects will require P 8.3 billion.

The 25-Year Port Development

Major Thrusts

PPA will continue to vigorously pursue port development with the participation of the private sector. The BOT Law and the joint venture schemes will be explored to expedite the provision of port infrastructure and services where critically needed.

A 25-Year Port Development Plan has been formulated incorporating the current 5-Year MTPIP and the BOT and joint venture projects. This is in line with the Philippine government policies adopted in 1994 to encourage foreign investment, tourism development, decentralization of government responsibilities and functions, and concerns for safety and environmental protection.

The agency's major development thrusts are:

1. Establishment of world-class ports that can compete on an international scale especially with respect to transshipment cargo. This will include the ports of Manila, Pagbilao, Sual, Irene, Cagayan de Oro, Davao, General Santos and Zamboanga.
2. Development of the Manila-Central Visayas Corridor through the implementation of the Manila-Cebu Corridor Intermodal Transport Plan (MCCITP). This intermodal transport route is envisioned to run from Pagbilao or Lucena to Central Visayas, and from Bicol (Pantao) to Central Visayas. In Central Visayas, it will involve the ports of Balamban and San Carlos, and then connect with Dumagas and Culasi in Western Visayas.
3. Development of the Pan-Philippine Highway ports which involves the ferry ports of Matnog (Sorsogon), San Isidro (Northern Samar), Liloan (Southern Leyte) and Lipata (Surigao del norte).
4. Development of a nationwide RO-RO network. This will involve the routes between Batangas and Calapan, Dalahican and Marinduque Island, and an East-West visayas RO-RO network starting from Ormoc, Cebu, Balamban, San Carlos, pulupandan, Guimaras, Iloilo and Culasi.
5. Establishment of the Hubs and Spokes System. This will involve the setting up of a system by which a bigger port would serve as the hub with the smaller ports as its spokes. The big liner vessels as well as long-haul ferries would be expected to call at the hub ports as these would have greater water depths and more facilities. A hub port would then be linked to its spokes through barges and tramp vessels for cargoes and fast ferries for passengers.

The growth will still be centered around Metro Manila. however, this will be slowly shifted to the southern corridor in view of developments in the CALABARZON and in Cebu.

The Manila-Cebu Corridor Intermodal Transport Plan (MCCITP) will have a significant role in this regard. Further on, we can see growth in the Northern Luzon Quadrangle and in Mindanao (centered around the Northeast, the Northwest and the South).

In keeping with the foregoing thrusts, the Philippines will endeavor to improve or at least maintain its excellent performance and competitiveness in the container traffic scene. In the January 1996 issue of Container Management, the Port of Manila was consistently ranked No. 16 in 1994 and 1995 among the world's top 20 container ports. The 25-year Port Development Plan is designed to enable the Philippines to strive for greater heights not only in Manila but also in the other major ports of this country. We will then see:

In the short range (1 - 5 years)

1. Master Planning the Total Port Development
2. Establishment of a Domestic/International Port in the Southern Manila Bay
3. Establishment of a Cruise Terminal in Manila
4. Establishment of a Passenger Terminal in North Harbor
5. Start of the Pagbilao Project

6. Establishment of a Passenger Terminal in Cebu (turned over to Cebu Port Authority)
7. Start of the North Panay Port
8. Start of the Port of Capinpin
9. Establishment of the Dalahican (Lucena) Port
10. Start of the North Manila Bay Domestic Port
11. Expansion of the Zamboanga port
12. Start of the Polloc Industrial Port
13. Start of the South Harbor Expanded Port Zone Joint Venture
14. Establishment of the Manila VTS (Vessel Traffic Service)
15. Start of the Manila Grains Terminal
16. Start of the Port Irene Expansion
17. Initiating of Port Real
18. Initiation of the El Nido Cruise Terminal
19. Initiation of the Kuala Baru Port
20. Initiation of the Dumangas Bulk Terminal
21. Initiation of Balamban Port

In the Midrange (5 - 10 Years)

1. Expansion of the Manila South International Port in Cavite
2. Establishment of the Northern Manila Bay Domestic Port
3. Start Phase II of the Pagbilao Port Project
4. Start of the Currimao Port Expansion
5. Initiation of the Bicol 2000 Port
6. Initiation of Calapan Port Expansion
7. Initiation of the Dingalan Port
8. Expansion of the Cagayan de Oro Port
9. Expansion of the Iloilo Port
10. Expansion of the Davao Port
11. Expansion of the Coron Port
12. Initiation of the Bicobian Port
13. Expansion of the South Harbor

In the Long-Range (10 - 25 Years)

1. Expansion of the Pagbilao Port
2. Establishment of the Lopez Port
3. Establishment of the Dingalan Port
4. Establishment of the Bicol 2000 Port
5. Expansion of the South Harbor and Redevelopment of the Inner Harbor
6. Expansion of Dumangas Port

PPA-Funded Projects

In the 25-Year Master Plan, PPA-funded port projects will consist principally of repair and maintenance projects as well as a number of developmental port projects which the private sector may wish to invest in but which would otherwise play a vital role in the long-term development of the port sector.

In any event, primary emphasis will be accorded to private sector participation and will be vigorously promoted in the effort to minimize future direct involvement of the government in port infrastructure projects.

Build-Operate-Transfer (BOT) and Joint Venture (JV) Projects

BOT and joint venture (JV) projects, involving little or no cost on the part of PPA, will be the focus of the 25-Year Port Master Plan. A tentative list of such projects has been drawn up to stimulate the interest of the private sector. Since most of the projects are in the conceptualization stage, project descriptions and timetables still have to be firmed up.

The PPA has prepared project profiles of some 49 BOT/JV port projects and include the following:

A. Port district of Manila (Manila Bay Port Development)

1. Manila South Harbor Port Expansion
2. Manila North Harbor Port Expansion
3. Manila North Harbor Passenger Terminal
4. MICT expansion
5. Manila Cruise Center
6. Bataan-Cavite Ferry Terminal
7. Manila Grains Terminal
8. North Manila Bay (Bataan/Pampanga) Domestic Port
9. South Manila Bay (Rosario) Domestic Port
10. South Manila Bay International Port
11. South Harbor Expanded Port Zone Development

B. District of Luzon

12. Batangas Port Expansion (Phase II, III and IV)
13. Sual Port Development
14. Pagbilao Port Development
15. Port Project for Bicol 2000 (Pantao)
16. Jose Panganiban Port Expansion
17. Dalahican (Lucena) Port Development
18. Real Port Development
19. Port Bicobian Development
20. Currimao Port Development
21. Basco Port Development
22. Salomague Port Development
23. Port Irene Development
24. Dingalan Bay Port Development
25. Calapan Port Expansion
26. Coron Port Expansion

C. Port District of Visayas

27. Cebu Port Expansion*
28. Cebu Passenger Terminal*
29. Cebu-Jetafe-RORO-Route
30. Iloilo Port Expansion
31. Tacloban Port Expansion
32. Dumaguete Port Expansion
33. Balamban (Northwestern Cebu) Port
34. Pulupandan/Bacolod Port Expansion
35. Northern Panay Port Development
36. San Carlos Port Expansion
37. San Isidro RORO
38. Liloan RORO

**under Cebu Port Authority (CPA)*

D. Port District of Northern Mindanao

39. Cagayan de Oro Port Expansion (Phase III)
40. Cagayan de Oro Port Passenger Terminal
41. Iligan Port Expansion
42. Ozamis Port Expansion
43. Pulauan Port Expansion
44. Lipata RORO
45. Nasipit Port Expansion

E. Port District of Southern Mindanao

46. General Santos Port Expansion
47. Davao (Sasa) Port Expansion
48. Zamboanga Port Expansion
49. Polloc Industrial Port Development
50. Malalag Bay Port Development
51. Kuala Baru Port Development

F. Inter-regional Projects

52. RO-RO Development for the Pan-Philippine Highway
53. Dredging Services Development
54. Vessel Traffic Service-Manila (1997), Cebu (2000) and Cagayan de Oro, Davao and Iloilo (2005).

THE PHILIPPINES:
An Attractive Area for Investments

The Philippines offers a number of advantages to investors. Some of these include:

Strategic Location

The country's strategic location makes it an ideal point for commodity distribution, especially for the dynamic markets of the region. Located at the gateway to Asia, the Philippines is near major international shipping routes within the Asia-Pacific region. Its location assures investors of convenient and economical transport of materials and products. It offers access to markets as well as sources of materials. The Philippine population of 65 million is also a large domestic market.

Government's Positive Attitude Towards Foreign Investments

Attracting foreign investments is a priority program of the government. Government policy is anchored on the principles of minimum intervention and free enterprise. This healthy attitude is supported by the programs and measures formulated by the government which have created a highly favorable investment climate.

The passage of the Omnibus Investment code of 1987, the Foreign Investments Act of 1991, and the BOT Law (Republic Act No. 6967) as amended by Republic Act No. 7718, have greatly enhanced incentives for investors.

The country's peace and order situation also ensures minimal disruption of business activities.

Highly Skilled, Abundant, English-Speaking Workforce

The Philippines has a large labor pool, highly skilled, with a literacy rate of 88 percent. This assures investors of recruiting highly qualified personnel. Because of the high level of tertiary education, the country has one of the largest groups of managerial and technical personnel in Asia.

English is widely spoken and used of the medium of communication in business and higher education.

Simplified Investment Procedures

In keeping with its policy of attracting inward investments, the Philippines has simplified procedures for foreign nationals:

1. For Partnerships and Corporations, all that is required is registration of Articles of Partnership or Incorporation Papers with the Securities and Exchange Commission (SEC); for investments resulting in foreign ownership in the enterprise in excess of Forty Percent of outstanding capital stock, prior approval of the Board of Investments before a comprehensive set of incentives.
2. Enterprises investing in an area declared as a preferred activity as set out in the Investment Priorities Plan, are entitled to a comprehensive set of incentives.
3. When actual cash investment is made, the enterprise registers with the Central Bank through any of its authorized agent banks, thereby facilitating future remittances of profit or repatriation of capital.
4. Registration with the SEC takes only a few days for investments of Forty Percent or less of outstanding capital stock of the enterprise; for investments exceeding Forty Percent of outstanding capital stock, the Board of Investments Processes the application within three days, assuming the registration documents are in order.

   Applications for incentives under the Investment Code takes a maximum of 20 days. At the end of 20 days, if no action has been done, the application is considered automatically approved.

Liberal Tax and Trade Environment

Enterprises registered with the Board of Investments are given liberal tax and trade incentives such as the following:

1. Income tax holiday for a period of six years for new pioneer ventures and four years for new non-pioneer ventures.
2. Tax credit on domestic capital equipment.
3. Additional deduction of 50% for labor expense for the first five years from registration; this additional deduction is doubled if the activity is located in less developed areas.
4. Exemption from Contractor's tax both on the national and local levels.
5. Simplification of customs procedures for the importation of equipment, spare parts, raw materials and supplies and exports of processed products.
6. Unrestricted use of consigned equipment, provided a re-export bond is posted, unless equipment and spare parts have been imported tax and duty free.
7. Employment of foreign nationals in supervisory, technical or advisory positions for five years from registration, extendible for limited periods. The President, General Manager and Treasureror the equivalent foreign-owned registered firms are not subject to the foregoing limitations.
8. Tax credit for taxes and duties on raw materials, supplies and semi-manufactured products used in the manufacture of export products and forming part thereof.
9. Access to bonded manufacturing/trading warehouse system in all areas.
10. Exemption from wharfage dues and any export tax, import and fees for non-traditional export products.
11. Tax and duty exemption of imported spare parts and supplies for export producers with customs bonded warehouse exporting at least 70 percent of production.
12. Firms which establish their plants in less-developed areas, whether proposed or an existing venture geared for expansion, shall be entitled to incentives provided for pioneer-registered enterprise and to a 100% reduction from taxable income of the necessary and major infrastructures.

PORT INVESTMENT INCENTIVES AND ATTRACTIONS

BOT Incentives

The following incentives will be made available to project proponents:

A. Fiscal Incentives

1. Projects undertaken through contractual arrangement authorized under these IRR costing more than P1.0 billion shall, upon registration with the BOI, be entitled to incentives as provided under the Omnibus Investment code.
2. Projects undertaken through contractual arrangement authorized under these IRR shall also be entitled to other incentives as provided under existing laws, such as but not limited to, incentive under PD 535 (1974), otherwise known as the "Mini-Hydroelectric Power Incentives Act."
3. LGUs may provide additional tax incentives, exemptions, or relief subject to the provisions of the Local Government code of 1991.

B. Government Undertakings. The Government may provide any form of direct or indirect support or contribution such as but not limited to the following:

1. **Cost Sharing.** This shall refer to the Agency/LGU concerned bearing a portion of capital expenses associated with the establishment of an infrastructure development facility such as the provision of access infrastructure, right-of-way, or any partial financing of the project.
2. **Credit Enhancement.** This shall refer to direct and indirect support to a project/development facility by the project proponent and/or Agency/LGU concerned, the provision of which is contingent upon the occurrence of certain events or risks, as stipulated in the Contract. Credit enhancements are allocated to the party that is best able to manage and assume the consequences of the risk involved. Credit enhancements may include a guarantee by the Government on the performance of the obligation of the Agency/LGU under its Contract with the proponent, subject to existing laws.

Joint Venture Incentives

A private entity or another government agency may engage in a joint venture with the Philippine Ports Authority for infrastructure projects and port-related services which cannot be solely undertaken by the private sector because of insufficient capital, or where a joint venture is the best alternative for the efficient implementation of the project.

Joint venture agreements are limited to activities directly and immediately related to the objectives of the PPA as spelled out in its charter. Projects for joint venture are those not yet available in the port, or, if available, is found to be insufficient for the needs of the maritime or port industry.

Preferred Projects for Joint Venture

1. Construction/operation of government piers, wharves, special cargo terminals, passenger terminals;
2. Port dredging;
3. Terminal operation, arrastre and stevedoring services/operation; and,
4. Other port-related projects and services.

Qualifications of Co-venturers

1. For foreign corporations, registration with the Board of Investments or any government agency regulating foreign investments;
2. Successful experience in the undertaking; key personnel must have sufficient expertise in the relevant aspects of the project for implementation/operation; and,
3. Compliance with constitutional and legal requirements on citizenship.

Real Estate Incentives

The Philippine Ports Authority, in consonance with its charter and the implementing guidelines on real estate management, pursues a policy of maximum utilization of port real estate properties such as land and building which allow investors to get a reasonable profit while enabling the Authority to continue with its service-oriented delivery of profit services.

Long, medium and short-term leases may be availed of for commercial areas in the port, buildings and infrastructures located within the port's jurisdictional limits. Long-term leases are usually from six to twenty years; medium-term leases from two to five years; short-term leases for one year.

Advantages in Investing in Port Real Estate

1. **Ideal Business Location.** Port real estates are strategically located at the main arteries of Philippine commerce and trade. Ports, being the focal points of business, assure investors of a ready access to well-developed port infrastructures and their target customers at the waterfront.
2. **Faster Documentation/Over-all Lower Cost.** Almost all ports in the country have an integrated office where government agencies involved in the processing of import/export documents and clearances are located. Access to these offices ensures faster processing of port documents, thus lowering incidental costs.

Duration

The Permit to Operate a private port facility is for a period of twenty five (25) years, but co-terminus with the Foreshore Lease Contract Agreement. At the expiration of the final period, the private port facility or structure becomes the property of PPA, which as the option to release the facility or structure to all interested parties, including but not limited to the previous owners/operators.

Advantages/Benefits

1. **Discounted port dues.** Port dues in private ports are fifty (50) percent less than those in public ports.
2. **Discounted cargo handling charges.** Instead of a percentage share paid to the PPA for the privilege of operating cargo handling services, the private port owner pays a privilege fee of only P10,000.00 per annum for ports with one berth or P20,000.00 per annum for ports with more than one berth, with each bearth having maximum length of 65 meters.
3. **Non-intervention in operations.** The PPA does not intervene in the day-to-day operations of a private port but exercises only regulatory functions.
4. **Simplified procedures.** Procedures are simplified and private investors are given courteous assistance in completing the required documents.
5. **Fast processing time.** Assuming documentary requirements are complete, there is only a very short gestation period between the time the application is received until it is finally approved/disapproved.

Documents Required

1. To develop a private port facility

a. Letter proposal from the private sector applicant
b. Pre-feasibility study
c. Vicinity map of the proposed private port in relation to the nearest public government port
d. DENR certified received application for Foreshore Lease Permit
e. PPA certification that the area applied for is not part of the PPA Development Plans
f. SEC registration permit
g. Articles of Incorporation and By-Laws

2. To construct a private port

a. Application for Permit to Construct
b. Detailed cost estimates, building plans, other technical specifications
c. Working drawings signed by a licensed Civil Engineer
d. Letter-advice or clearance to develop a private port facility
e. Approved Foreshore Lease Agreement/Order Award

3. To register

Newly-constructed private port:

a. Application for registration
b. Letter-advice/clearance to develop a private port
c. Approved Permit to Construct
d. Project Completion Report
e. Approved Foreshore Lease Permit or, in its absence, an Order Award specifying 25 years of maximum duration of the Award
f. PMO Certification that applicant has no outstanding obligation with PPA
g. Transfer Certificate of Title for private port facilities along a river bank

Existing private port with temporary Certificate of Registration/Permit to Operate a private port facility:

a. Letter-request from applicant for the conversion of the temporary registration/operating permit into a permanent one
b. SEC registration permit
c. Articles of Incorporation and By-Laws
d. The same requirements as Nos. 4-7 for newly-constructed ports above

4. To operate cargo handling service in a private port

New applicant:

a. Application letter
b. Articles of Incorporation or Partnership, By-Laws and registration with the SEC
c. Registration with SSS, ECC and BDT Business Permit
d. Latest inventory, procurement program for cargo handling and other equipment
e. Manpower list

Renewal applicant:

a. Application letter
b. Amended Articles of Incorporation or Partnership, By-Laws
c. Remittance with SSS, Medicare with list of employees covered
d. For applicant to a public port facility, actual tonnage of cargo handled annually for the last three years
e. Annual privilege fee/government share remitted for the last three years base on PPA audit
f. Certified financial statement for cargo handling operations for the past three years.

MALAYSIA'S PORT DEVELOPMENT PLANS UP TO AND BEYOND THE COMPLETION OF PRIVATISATION

The paper presented at ASIA PORTS '96 Conference held from 16 to 18 September 1996 at Kowloon Shangri-La Hotel Hong Kong organized by Institute for International Research (IIR Ltd.)

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MALAYSIA'S PORT INDUSTRY AND ITS FUTURE

1. HISTORY OF MALAYSIAN PORTS

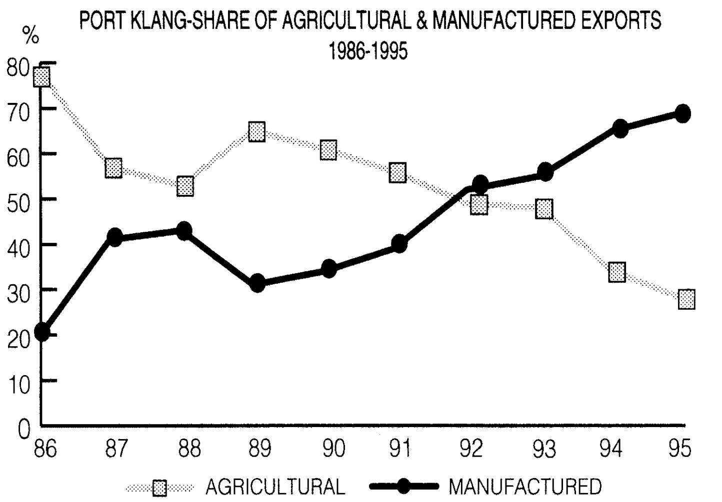
The origin of commercial ports in Malaysia can be traced back between 1900 and 1915 in Penang, Port Klang and Singapore. Major commercial ports of any importance in East Malaysia started very much later. Most ports originated as an extension of the Malayan Railways and became independent to operate on their own as statutory authorities in the late 50s and early 60s.

Historically, major development program was initiated only after this change over took place. In fact, serious attention paid towards the expansion of port facilities, upgrading of services and efficiency levels began only after 1965 when Malaysia and Singapore separated. Until such a period, Singapore was the leading gateway for Malaysian goods.

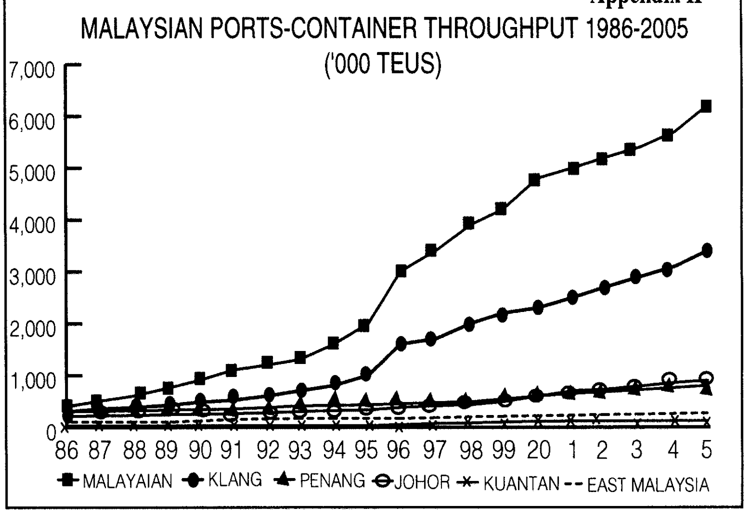
At the same time a major shift towards use of technology must be accredited to the introduction of containerization. With the introduction of containerization, the Malaysian Government and ports began to look at ports not only as an interface between land and sea, but rather a total chain involving the marine, port, haulage and infrastructure needs in totality. The total logistics need of the nation became the focal point. It was also during this period that Malaysian ports faced some of the worst times in the history of port development due to major congestions. Many anti-congestion measures were taken during this period including building of berths under 'fast track', introduction of 24-hour working and other operational measures including deep water working with lighterage facilities, to alleviate the problems.

During this time we also saw new ports being constructed, one in Johore at the southern tip of the Peninsular and one in Kuantan in the East Coast of Peninsular Malaysia to meet the growth demands of the agricultural exports, especially palm oil and imports of fertilizer. To ensure exports of LNG products, Bintulu Port was constructed in early 1981. East Malaysian ports continued to play a minor but important role during this period to met the demands of Sabah and Sarawak.

Appendix I



Appendix II



2. TRAFFIC GROWTH

Three major trends influenced the change in port development in Malaysia. In broad terms, these are:

(i) Exports of agricultural products in the early years – Appendix I

(ii) Importance of exports of manufactured goods from the 1980s. – Appendix I

(iii) Growing importance of containerisation in Malaysia after 1973 – Appendix II

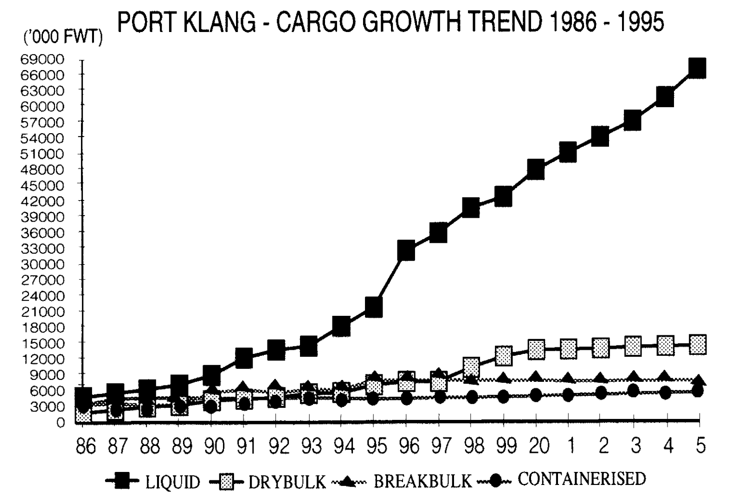
In this regard the growth of manufactured products from the mid-80s throughout to 1996 has not only been phenomenal but had a major influence on port infrastructure. Today, manufactured exports make up the single largest category in the exports through Malaysian ports. At the same time, exports of timber and rubber as raw materials have reduced substantially. Most raw materials are processed and exported as part of the growing importance of the manufacturing sector.

Along with these changing trends in the export/import pattern as a result of the diversification of the economy and the thrust towards industrialisation, the generally growing affluence of the society and the resulting purchasing power, the consumption pattern of the population, ports have begun to have very specialised facilities and services to meet these growing trends. From that of very basic general cargo berths handling goods in packages and bags, we see today Malaysian ports handling goods in:

(i) containers - for exports and imports of manufactured goods;
(ii) dry bulk - for grains and fertilizers
(iii) liquid bulk - for exports of vegetable oils, chemicals and petroleum.

The imports of general cargo in breakbulk has reduced in importance compared to the growth of the above three cargo patterns. Along with this trend, sophisticated technology has been introduced for high productivity and fast turnround. – See Appendix III.

Appendix III



3. MANAGEMENT OF PORTS

Port management too has gone through major metamorphosis. From being departments of the Malayan Railways in the early years, they have changed to that of statutory authorities, given the independence to manage themselves professionally, between the 60s and 80s. These organisations played major roles towards meeting the demand for port capacity, changing cargo trends, introduction of new methods of cargo handling systems and improved efficiency levels. During this period they grew into large organisations both financially as well as in manpower e.g. Port Klang developed a total of 26 berths with approximately 1,000 acres of land and was handling approximately 26 million tonnes of cargo with a staff of approximately 6,000 workers. Large monopolistic service organisations managed under Government rules tend to become sluggish and often operate at questionable efficiency levels. Recognising the need for an efficient and comprehensive domestic service sector to support the industrialisation process and export market, high priority was given to upgrading the logistics and maritime transport sector.

4. PRIVATISATION

It was also during the mid-80s that the Government of Malaysia introduced the "Malaysia Incorporated" concept, the need to have a closer working relationship between the Government and the private sector to encourage greater private sector participation in the economy of the country. It introduced privatisation plans soon after to privatise some of the Government operated activities to emphasize productivity and efficiency. The first target for privatisation was ports. Port Klang's container terminal was picked as the first privatisation exercise by the Malaysian Government. Since then, over the last 10 years all ports in Malaysia have either been privatised or corporatised. All corporatised ports will be privatised through public listing and/or private placement.

4.1 Privatisation Of Port Klang's Operations

Privatisation exercises carried out in Malaysia can be said as a success story from day one. The success of these change-overs from Government-owned and operated entities to private ownership and operations can be contributed to a number of factors:

(i) the concept, basic approach and proper planned strategy towards privatisation;
(ii) the Malaysia Incorporated concept and total commitment by the Government and its agencies to ensure successful implementation; and
(iii) the involvement of all parties especially the Unions and workers.

It was also the preparation and the targets set and objectives clearly spelt out that helped these Government service sectors to shift from being statutory bodies and departments with social objectives to be turned into private entities with commercial considerations while at the same time maintaining corporate responsibilities and national obligation towards the social needs and welfare of the community at large.

Port Klang could possibly be considered as one of the best examples that has gone through privatisation. In fact, the container terminal at Port Klang was the guinea pig for privatisation in Malaysia. The privatised entity (KCT) has since been listed in the stock market and has been declaring dividends averaging 23 sen per share per annum since its listing. It has also grown from handling 250,000 TEUs to approximately 800,000 TEUs today. Largely it has maintained efficiency levels but optimising the berth capacity, it has been able to meet the growing demands in throughput. Staff morale has also been generally good. In terms of achieving the national objectives and Government's policy targets on privatisation it can be as good an example as any privatisation exercise.

The rest of the port services excluding the future development was privatised in 1992. Similar to KCT the operator has been able to meet the objectives of privatisation and has declared a profit of RM77 million in 1995. It is only a matter of time before they are listed in the stock market and today the progress towards maintaining national objective targets and privatisation policy has been very satisfactory.

Port Klang's third privatisation exercises involved the expansion plans and future development of the port. This exercise involved a total of 1,100 acres of land, the construction of the first phase involving 12 berths and the related infrastructure at a cost of half a billion Malaysian Ringgit. This business was privatised through a leasing exercise to an identified consortium. All planned projects are targeted to meet a growth of:

74,862 million tonnes including 2.6 million TEUs by the year 2000

96,306 million tonnes including 3.6 million TEUs by the year 2005

113,600 million tonnes including 4.4 million TEUs by the year 2010

Developments plans have been drawn up to meet these requirements.

4.2 Privatisation Of Other Ports In Malaysia

Similar actions have been taken to privatise other port operations in Malaysia. Todate Penang Port and Johore Port operations have been privatised to various consortiums. Bintulu Port has been corporatised and will be privatised in due course. Action is now being taken to privatise Kuantan and Kemaman Ports by the end of this year.

East Malaysian Ports are presently looking at various options to commercialise their operations activities. We believe that by the end of 1997 all port operations in the country will be managed by the private sector.

5. NATIONAL POLICY OBJECTIVES

5.1 Having taken steps to privatise the ports, the Malaysian Government has further crystallised its national policy objectives on ports through two major decisions; both of these will have far reaching positive implications to the national economy as well as to the role and growth of ports in the country, particularly to Port Klang:

5.1.1 Port Klang As A Hub For Malaysian Cargo

The diversification of the economy and the thrust towards industrialisation has maintained a steady GDP growth rate of 8.9% for the last eight years. Malaysia's total trade in 1995 was approximately RM379.3 billion and total exports and imports was about 139 million tonnes. The manufacturing sector was developed to lead the economic growth and in 1995 contributed RM39.8 billion or 33% to GDP. The successful implementation of the Government's industrialisation programmes indicate that the GDP growth rate until the end of the century can be maintained at more than 7%.

Malaysia had successfully implemented its industrialisation programme. The exports of manufactured goods through Port Klang increased at an average of 21% per annum since 1986. Today 70% of its export are manufactured items. The Government acknowledges the need to ensure a competitive position for the exports in the global market. In this regard, the cost of the product (including transportation) and the Just-in-Time delivery have become important considerations in the competitive world market. In 1995 Malaysian Ports handled approximately 2.13 million TEUs. What is disappointing however is that approximately 70% of containers from Penang, 45% of containers from Klang, 50% of containers from Johore and 70% from East Malaysia ports are feedered via Singapore. This is equivalent to about 1.13 million TEUs feedered via Singapore. The Government is concerned about this growing trend and its impact on the competitiveness of its manufactured exports. To curb this trend it has decided to develop Port Klang as a primary hub for Malaysian cargo and efforts be made to re-direct the flow of cargo through Port Klang; thus create the volume and attract direct ship calls.

As a result of rapid economic developments taking place globally and hand in hand with Malaysia's thrust towards achieving a developed nation status in 2020, the Government has simultaneously taken steps to ensure sufficient port infrastructure and a dynamic commercial environment to facilitate the growth of the export market. Consequently, the Government has accorded high priority to transform the services sector to enhance its contribution to economic development and to strengthen the balance of payments.

At the same time recognising the potential to earn significant foreign exchange earnings from port and port related activities, the Government made the policy decision in 1993 to promote Port Klang as a hub for Malaysian cargo and as a transshipment hub for the region. Towards this policy objective, efforts are presently underway to create the right environment to enable Port Klang to play a more effective role. This includes.

(a) Trade facilitation and least cost commercial practices
(b) Port facilities and services to handle the largest container vessels including berth on arrival
(c) Encourage transshipment by feeder as well as overland.

5.1.2. Feedering

As stated above, approximately 1.13 million TEUs are feedered via Singapore per annum. It costs approximately USD180/- per TEU to feeder a box via Singapore. In addition one loses an average of 3 days as a result of such an exercise. These additional costs are, we believe computed into the total freight cost. While port cost at Port Klang is almost 40% cheaper than Singapore, the freight cost of goods shipped via Singapore or Port Klang remains the same, e.g.

North Johore	via Singapore	via Port Klang
(A) KD Furniture	USD1,560	USD1,560
(B) Electrical Goods	USD2,225	USD2,225

We believe that there is major cross-subsidisation at the expense of Malaysian exports and placing Port Klang at an disadvantage. Similarly, we believe that other South East Asian countries suffer similar disadvantage.

It is further felt that shipping lines are taking advantage of 'Terminal Handling Charges' (THC) to ensure that cross-subsidisation is effectively utilized in load centering. THC at Port Klang has gone up from RM205 per TEU in 1990 to RM295 per TEU in 1996 though port charges have remained the same. What however, is most difficult to comprehend is that load centering is seen to be done at the expense of low cost ports in the region, through cross subsidisation.

5.1.3 Positioning Port Klang As A Regional Load Centre

To achieve the national policy target of re-directing Malaysian cargo through Port Klang, it becomes necessary to attract mainline operators to Port Klang. The 'round-the-world' service by ship operators aims at maximising economies of ship management by calling limited regional ports for high volume turnovers working on a 'hub and spoke' concept. To ensure volume through consolidation and to meet shipping requirements, these ship operators feeder containers from other ports within a region to the identified hub or their load centre port, e.g. cargo from Malaysia, Thailand, Indonesia, Philippines and the Indian Sub-continent are feedered to Singapore which acts as a consolidation and hub centre. To ensure that Port Klang can play a similar role, be an optional transshipment hub in the region, a similar attractive environment must be encouraged.

5.1.4 Cargo Volume

The port should have a hinterland with a large cargo base, both in terms of indigenous imports/exports and transshipment/entreport traffic. If Port Klang is identified as a load centre, Port Klang's hinterland must not only include total Peninsular Malaysia to create the volume required, but also some transshipment cargo from Sri Lanka, India, Bangladesh, Burma, Indonesia, Thailand, Philippines.

The total Malaysian container volume in 1995 was 2,134,722 TEUs and is expected to reach 4.78 million TEUs by 2000. With the GDP growth expected to be maintained at 7% over the next few years, it is forecasted that the container volume will reach 6.17 million TEUs by 2005. The national container volume in itself is already large enough for ship operators to consider Port Klang attractive for direct calls. – Appendix II

What is encouraging at present is that major highways are being built that will link Port Klang to all major industrial zones of the Peninsular. There will be no place within the Peninsular that will be more than 8 hrs from/to Port Klang. Backed by an efficient containers haulage sector and the railways, a load centre for Malaysia is certainly not just wishful thinking.

Indications from Shipping Lines are that Port Klang's potential to be a load centre can be realised if the volume can be made available at Port Klang.

5.2 National Ports Authority

Mindful of the need for a strong central policy directive with an equally strong effort at various operational levels at ports to re-direct and re-group for volume, the Government has decided that a central Port Authority be created. Until lately, Port Authorities and terminal operators in the various regions concentrated on their immediate hinterland, building the volume and were content with their own growth rates. As port managers in meeting their own policy objectives they had done a good job. With the change in the policy at the centre, there is a need to change such regional interest; the national needs must be given priority. Towards this end, legislation is being drafted and it is expected that by early 1997 the National Ports Authority can be effectively formed. By the same exercise all the existing authorities will be abolished and assets, liabilities and the manpower will be transferred to the central authority. With these efforts by the Government, policy directives can expeditiously create the desired volume to ensure that Malaysian cargo can be handled through Malaysian ports, particularly Port Klang. Already there are signs of shipping lines showing interest in calling Port Klang direct. Considering the volume available and its growing importance by the end of the century we are optimistic that major ship operators will establish their base at Port Klang. There is certainly a breakeven point at which it will be more attractive for shipping lines to call directly to a port given the facilities and services of international standards rather than to continue feedering. The economies of scale will become punitive as cross-subsidisation may not necessarily be possible to justify the freight rates.

6. WHERE IS THE PARADOX!

Already, a number of main line vessels are calling the port direct. We are confident that the operators will stake a claim by participating directly even through Berth appropriation schemes. Assuming that the load centering policy is implemented successfully and Malaysian cargo is re-directed through Port Klang, then obviously, the volume will be large enough to create an attractive environment for mainline vessels to consider Port Klang seriously for load centering. Such a decision by mainline operators will certainly result in some element of feedering. Transshipment volume though important, need not necessarily be a major influencing factor as the base volume available could in itself justify direct calls. The scenario therefore between that of Port Klang and Singapore will be different. While Singapore depends largely on transshipment, Port Klang will depend largely on base volume. While Singapore may have developed into a major hub for South East Asia due to historical reasons as well as creating an important maritime sector for the economy, Port Klang looks at creating a hub to ensure that Malaysian exports can have a competitive advantage in the world market through fair multimodal cost and time. Malaysia's rationale for its desire to create a Hub is in essence to only expedite the inevitable.

We note that many not only in the region but also internationally, have questioned such a policy decision especially when the Government has also taken steps to privatise all the Port operations in the country. The question raised is whether one can limit or control a privatised entity from growing on its own as a business entity. By the same token therefore, will it not be possible that it might go against the new national objectives? A good example of this is the development of the rather ambitious mega port project at Tanjong Pelepas. Organisers of this seminar themselves, have reminded me of the need to touch on this subject. Panang Port, too has plans to expand its facilities; the first phase of the North Butterworth Port is already operational and they have plans to expand the facilities further. Though specific decisions have not been made on the East coast ports of Peninsular Malaysia, master plan studies are under way presently to look at expansion plans.

The issue that needs to be answered is:

(i) With the expansion activities taking place at Malaysian Ports, will cargo continue to be dispersed and therefore continue to benefit Singapore as a hub for Malaysian goods?

(ii) Can action be taken to ensure that cargo is re-directed to the identified Hub Port for Malaysia especially when port operations are privatised?

(iii) Do we see the potential development of mini hubs if the very impressive growth trend as forecasted are maintained into the 21st century?

I do not have a crystal ball, but the possible development based on available facts and information gathered through reactions to these questions seem to take us to a few possible development trends;

(i) Due to the size of ships calling the Intra Asian trade route, it is likely that cargo will be directly shipped between the various Malaysian ports and Australasia countries. In fact, in spite of Singapore playing a major role for South East Asia today, the cargo to the Australasian region still goes directly from port to port.

(ii) Port Klang will certainly develop into a hub for Malaysian cargo. This conclusion is drawn on the basis that any other deep water port to be developed in this country can only be operational by the year 2000. The Malaysian Government's desire to have a hub for Malaysian cargo has already started producing results. Direct ship calls from Port Klang to various ports of the world are today seen with positive results. Cargo from Penang is being feedered via Port Klang in larger numbers. Efforts made to attract transshipment traffic from neighbouring countries are producing results. With the right marketing strategy and encouragement given to shipping lines for appropriated berth schemes we are optimistic that Port Klang can be a future hub for Malaysian cargo. Equally important, it will begin to play an important role as an optional hub for South East Asia as transshipment cargo is expected to follow mainline operators.

(iii) It is possible that ports such as Tanjong Pelepas could play an important subsidiary role to Port Klang. Given the facilities, depth of water and assuming there is sufficient volume, it is possible that it can develop to play a role of a hub for South Malaysian cargo. It must not be forgotten that the Government's policy of trying to make Port Klang a hub is to ensure that Malaysian cargo is exported through Malaysian ports to ensure a competitive advantage. Similarly, if a port like Tanjong Pelepas could do it in the 21st century, the answer will be, why not?

The advent of containerisation, the advancement of naval architecture and ships design, post-Panamax vessels and round the world service and the demand for just in time service have created a major upheaval in various nations' port development plans and the port industry. Malaysia is no exception. In fact, it faces more severe problems due to its very large shore line.

In line with the growing trend in shipping and port activities, the need to adapt to the changes to maintain its competitive position in the global market, has been well received. Efforts at restructuring the port industry has met with positive results.

We are not interested in creating a major regional hub and be dependent on transshipment volume. We are, however, interested in exporting our products through our own ports, be able to control the cost and be competitive in the world markets. In the process we also want to give an efficient ship related service to the ship operators and benefit from it. In the process we can be an option to other regional players in the industry.

International Maritime Information

WORLD PORT NEWS

New Publications

Lloyd's Ports of the World 1997

The 1997 edition of *Ports of the World,* the one-stop guide to all the world's commercial ports, has been published by LLP. (Editor Brian A Pinchin; ISBN 1-85978-052-0; 960 pp; Price £185)

Major port developments detailed in the new edition include the completion of Trinity III development at Felixstowe, UK; the new 305 metre container berth at Boston, USA; a new dedicated container terminal at Taichung, Taiwan; new container facilities at Kawasaki, Japan, with a deepsea berth to accommodate post-panamax vessels; and a new grain terminal at Mariveles, Philippines, for vessels up to 75,000 dwt.

The hardback directory, divided into eight main geographic sections, now contains details of location, facilities and services at 2,640 active ports worldwide, listed alphabetically by continent and country name. A 64-page colour map section is cross referenced to all port entries.

The section on International Free Trade Zones has this year been increased by nearly a third to include 90 new USA zones.

Lloyd's Ports of the World 1997 is available from

LLP Limited, Sheepen Place,
Colchester, Essex CO3 3LP,
United Kingdom.
Tel: +44 (0) 1206 772866.
Fax: +44 (0) 1206 772771.

1997 Cargo Systems Asia-Pacific Yearbook

The *1997 Cargo Systems Asia-Pacific Yearbook* is a new and unique reference source for the port and cargo handling industries of Asia and the Pacific Rim.

The first of its kind, the 300+ page *1997 Cargo Systems Asia-Pacific Yearbook* is packed full of contact details and information on all the companies involved in the industry, as well as incisive articles from the writing team of the top cargo handling journal, *Cargo Systems.*

The Americas

GPA Marshland for Savannah Wildlife

The Georgia Ports Authority is creating four acres of marshland on Onslow Island to benefit the migrating birds of coastal Georgia, thus enhancing the Savannah National Wildlife Refuge with the beneficial use of dredged material obtained from the development of Container Berth Seven. Onslow Island is part of the Savannah National Wildlife Refuge that consists of approximately 26,500 acres.

According to John Robinette, biologist for the Savannah Coastal Refuges, "The expansion, enhancement and restoration of marsh areas that make up the refuge and the harbor should be seen as a benefit to all parties sharing, protecting and managing the resources of the Savannah River System."

The United States Army Corps of Engineers has issued a permit to the Georgia Ports Authority to deepen the area along the face of Container Berth Seven. After through testing, the physical characteristics of the proposed dredge material revealed it was most suitable for agricultural purposes and all forms of wildlife habitat development. The Georgia Ports Authority selected environmental enhancement as the best disposal option for the Container Berth Seven material.

The placement of the Container Berth Seven material on Onslow Island slot meets the demands of the practical approach to determine beneficial use options provided by an international committee. The Permanent International Association of Navigation Congresses (PIANC) indicates that "... studies worldwide have shown that most dredge material is clean and suitable for beneficial uses such as restoring beaches... and environmental enhancement. Such dredge material can be a valuable resource and should not be thought of as something for disposal."

The material retrieved from the Container Berth Seven site was thoroughly tested for agents that might harm biological resources and was found to be acceptable for open water disposal by the United States Army Corps of Engineers and the United States Environmental Protection Agency, according to the most recent joint guidance documentation. From these results and because the material comes from the river system, it was determined that the dredged sediments would support a vegetated intertidal marsh without modification or amendments. The sites selected are excellent candidates for dredged material beneficial use areas. Restoring these areas to vegetated intertidal marshland and mudflat was determined to be the best habitat option both from an environmental and technical perspective.

The beneficial use program was developed by the Georgia Ports Authority, Applied Technology and Management, Inc., an environmental consulting firm with special expertise in this area, and Lockwood Greene Engineers, Inc., the project manager. The team worked closely with the United States Army Corps of Engineers, the Fish and Wildlife Service, and the staff of the Georgia Department of Natural Resources in planning, development and monitoring of this ground-breaking project.

Houston Channel Project Moves Closer to Approval

Federal lawmakers have brought a proposed Houston Ship Channel improvement project one step closer to becoming a reality. Sen. Phil Gramm of Texas recently announced the good news at a press conference at the Port of Houston Authority's executive offices.

The U.S. Senate has approved plans to widen and deepen the Houston Ship Channel, Gramm announced. Since the news conference, the House also has approved the project, which will be included in the Water Resources Development Act of 1996. Legislators now are working in conference to reconcile the Senate and House versions of the legislation. The law is expected to be enacted by the end of the current legislative session.

Plans call for a portion of the Houston Ship Channel to be widened to 530 feet and deepened to 45 feet. The channel's current approved dimensions are 400 feet by 40 feet.

"Our Congressional delegation and their staffs have worked tirelessly to educate their colleagues on the importance of the project to the nation as well as to our community. The Port Authority and the 196,000 Americans whose jobs depend upon port activity thank you for your help and guidance in moving this project forward," Ned Holmes, chairman of the Port of Houston Commission, told Gramm during the news conference.

Gramm, as Texas' senior senator, has been instrumental in garnering legislative support for the project. He once served on the Senate appropriations committee, where he helped obtain federal funding for studies and preconstruction engineering and design for the channel improvements.

Funds are expected to be appropriated from the 1997 federal budget for the federal share of the Houston Ship Channel project. The funds would be made available in 1998. In 1989, Harris County voters approved a $130 million bond issue to fund the local share of the project.

The Port of Houston Authority, as official sponsor of the ship channel, first proposed the channel improvements in 1967. The channel was dredged to its current 40-foot depth in 1966.

"As you can imagine, ships and shipping patterns have dramatically changed to met the demands of world trade over the last 30 years," said Holmes. "Yet this busy waterway has not been widened or deepened to accommodate these changes."

The Port Authority has worked closely with the U.S. Army Corps of Engineers over the years to determine the feasibility and benefits of the channel improvements. Numerous engineering and economic feasibility studies were conducted.

Some community groups expressed concern over the disposal of dredged material resulting from the project. In response, representatives of the Port Authority, Corps of Engineers and federal, state and local agencies formed the Interagency Coordination Team, whose job was to address environmental concerns about the project. Such cooperation among various governmental agencies was unprecedented.

The Interagency Coordination Team formed several committees to carry out its work. One, the Beneficial Uses Group (BUG), was assigned the task of developing an environmentally beneficial and economically sound plan for disposing of dredged material. After many meetings, studies and public hearings, BUG developed a list of positive uses for dredged material. Beneficial uses include the creation of bird habitats, boater islands, shoreline erosion protection and other projects. The ICT unanimously approved BUG's plan.

"The community actually identified beneficial uses for more dredged material than the project is expected to produce over a 50-year period," said Holmes.

"This project will create 4,250 acres of marsh, a bird island, boater destinations, restoration of two islands lost to erosion and subsidence and development of an underwater berm that will provide storm and surge protection as well as natural habitat."

The U.S. Army Corps of Engineers has determined the beneficial uses projects will have a net positive impact on the Galveston Bay ecosystem.

Widening and deepening the Houston Ship Channel will provide vessels more room in which to safely navigate the channel. More fully laden ships will be able to travel along the waterway, making Houston a more economical port of call. A larger channel is expected to attract more commerce, resulting in increased economic contributions to the community.

The proposed Water Resources Development Act also includes wreck removal legislation of importance to Houston's port. Port Authority staff were instrumental in the development of the bill and helped usher it through the legislative process.

"With the new legislation, the Corps of Engineers can demand that a responsible party immediately remove an obstruction in a waterway or present a plan for expedient removal within 24 hours," says Pat Younger, PHA legislative affairs manager. "If the responsible party does not respond within 24 hours, they can be fined. This law will ensure that the Houston Ship Channel and other navigable waterways will be kept open to commerce."

Channel closures can result in millions of dollars in losses to port operators, vessel operators and other shipping-related industries.

The Port of Houston is the world's eighth-busiest port, accommodating some 5,000 ship calls and 50,000 barge calls each year. Port commerce generates more than $5.5 billion annually to the nation's economy. A recent study found that 53,000 people hold jobs that are directly related to Port of Houston activity; 80 percent of these jobs are in Harris County. Another 143,000 jobs are indirectly related to port activity.

Houston port activity generates more than $200 million annually in state and local taxes and nearly $300 million in customs fees. *(Port of Houston)*

Houston and Panama Become Sister Ports

The Port of Houston Authority and the National Port Authority of the Republic of Panama are now sister ports.

Dr. Hugo Torrijos R., general director of the Panamanian National Port

Authority, signed a sister port pact during a ceremony at the Panamanian port offices in July. Ned Holmes, chairman of the Port of Houston Commission, was unable to attend but signed the agreement in advance. He was represented at the Panama City ceremony by Rainer Lilienthal, PHA general sales manager.

Under the agreement, both ports will exchange information about their activities, services and facilities. A focus of the exchange will be the potential for increased business as a result of growth in this trade lane.

Houston recognizes Panama as an increasingly important hub for a growing number of container and general cargo carriers. Panama regards Houston as a major destination and point of origin for the growing list of feeder services that are participating in this market.

In 1995, Houston and Panama exchanged nearly 174,000 tons of cargo valued at more than $50 million. The bulk of this exchange was exports from Houston.

Top exports from Houston to Panama include petroleum products, chemicals, plastics and animal oils. Top imports from Panama to Houston are sugar preparations, unclassified commodities, coffee and tea, miscellaneous manufactured articles and power generating machinery.

(Port of Houston)

Port of Long Beach Hits 3 Million Container Mark

The Port of Long Beach broke the three million container mark last fiscal year, after registering nearly a 10 percent increase in loaded container movements during the past twelve months.

During fiscal year 1995-96, ending September 30, the port moved 3,007,425 TEUs across its wharves. Long Beach has been the number-one containerport in the United States for the past two years, and is the first containerport in North America to surpass the 3 million TEU count.

Loaded inbound and outbound containers both grew by 9.6 percent during the year. A total of 1,485,906 million loaded containers entered the port, while 1,080,777 million loaded containers were exported through Long Beach. Only empty containers showed a decline, dropping by 5.9 percent to 440,742.

During September, alone, Long Beach handled 277,529 TEUs, the largest number handled during any given month in the port's history. Those totals included 147,405 loaded inbound containers, 82,123 loaded outbound containers and 48,001 empties.

The latest figures reflect continued growth in U.S. China trade and the strength of the expanding economies of Southeast Asia. Today, Long Beach moves approximately 26 percent of all trade between the United States and China, with at least six carries with direct calls into the People's Republic.

During the past year, many Long Beach customers also have deployed larger containerships with capacities of 5,000 TEU's or greater. In late 1995, Orient Overseas Container Line introduced the first of six new vessels that carry nearly 5,000 containers, while Hanjin introduced its 5,302-TEU vessels during the spring of this year. Hyundai launched the first of five 5,551-TEU ships during the summer, and COSCO is slated to deploy ships carrying 5,600 TEUs before year's end.

"These new vessels have one-fourth greater capacity than their predecessors and have led to significant increases in throughput at several of our terminals," said S.R. Dillenbeck, executive director.

The 1995-96 fiscal year figures reflect the port's fifth consecutive year of significant container growth. Since fiscal year 1990-91, container trade through Long Beach has soared by more than 86 percent.

New Container-handling Record Set at ICTF, Long Beach

Workers at the Intermodal Container Transfer Facility (ICTF) set a one-day record on Sept. 15 when they handled 2,808 cargo containers. The new record topped the previous high, set earlier this year, by 143 containers.

According to ICTF officials, the new one-day total would have filled more than ten intermodal trains. Last year, the ICTF handled more than 642,000 containers, an average of 1,759 lifts per day. *(Tie Lines)*

'Ever United' at Tacoma On Maiden Voyage

Ever United, the second of Evergreen Line's "U" Class vessels to call at Tacoma, was in Port Sunday, September 29. *Ever United*'s sister ship, *Ever Ultra,* called at the Port June 30.

The "U" Class vessels are 935 feet long, 131 feet wide and have a capacity of 5,364 container TEUs.

In Tacoma, Evergreen Line calls at the 40-acre Terminal 4 facility on the Blair Waterway. Terminal 4 has three dedicated post-Panamax container cranes and is directly adjacent to the Port's North Intermodal Yard.

Ever United was greeted with an onboard ceremony and presentation of a plaque commemorating the ship's maiden voyage and first call in Tacoma.

APIVER to Modernize Port of Veracruz

On February 1, 1994 the Integral Port Administration of Veracruz (APIVER) was created.

APIVER received a multiple grant that was awarded for 50 years with an extension allowed at the end of this time for another 50 years. This grant has enabled APIVER to give concessions to private companies for the operation of the terminals and installations of the port.

APIVER will continue to follow the Master Plan that has established the laws and agreements for the particular uses of the different areas of the port. This includes the methods of operation, plans for investment and other steps for the efficient capitalization of the port.

The Board of Commissioners of APIVER consists of an advisory council of nine members. Five members are appointed by the Federal Government, one from the State of Veracruz, one from the Municipal Government and two from the business community. The board holds regular meetings in order to make the necessary decisions and to set standards for the development of the port.

The Port Administration has the following objectives:

- to increase the traffic in shipping and freight
- to increase the revenues needed to modernize the port
- to provide the business community of the port with efficient service
- to mantain an increase employment
- to promote a sound economic relationship with the local business community
- to coordinate the different transportation divisions and create an efficient logistic chain

The Port of Veracruz will continue to be the most important port in the country, serving foreign commerce and helping in the development of Mexico.

With the objective of supplying quality services, promoting sustained development and providing connections with the different systems of transportation, APIVER has formulated a Master Development Plan, which includes the following features:

- an increase in the capacity of berths and warehouses from 7 to 22 million tons
- privatization of services and installations
- modernization of the port by creating open areas for the handling of merchandise
- provision of a new infrastructure to improve links between the port and the city
- remodeling of the wharves that are in poor condition
- creating of new areas for modern and private specialized installations
- employment of 1,500 workers during the construction phase of the modernization process
- doubling in the number of people employed directly and indirectly by the port

All this is to be carried out while caring for the ecological balance of the area in which the port is located.

The yard in the container terminal has expanded from 3 hectares to 35 – a twelve-fold increase. A new multiple use terminal is under construction, as well as a refrigerated warehouse and a railbarge terminal, plus a number of new warehouses.

In 1994 the sum of US$15 million was invested, which enabled the start of the following construction of north breakwaters, enlargement land and roads, a dock for the multiple use terminal reconstruction of wharf No. 2, control units for the refrigerated containers, maintenance of the infrastructure, research for new projects and supervision of the work. By 1995, with an overall investment of US$18 million, the work that started last year will continue. This will include research projects and supervision and maintenance of the installations.

In APIVER's Port Projects Master Plan, an investment of US$200 million over the next five years is anticipated. This strategy is based on the creation of new areas toward the north end of the port that will enable private investors to develop businesses, the provision of better access to the port, the construction of three wharves and the reconstruction of wharves needing repair.

By the year 2000, with the implementation of the Master Plan, the capacity of the port will have tripled from 7 to 22 million tons. While all this work is taking place and the capacity is being increased, new opportunities for private investment will be created.

This ambitious privatization plan includes many business opportunities within the port area and in the infrastructure and services. The following will be the most important:

Container Terminal
Multipurpose Terminal
Yards for repairing containers
Industrial dining room services
Currency exchange house, fax and telephone
Commissary and laundry
Land for warehouses and yards
Grain storage
Refrigerated warehouses
Terminal for railbarges
Terminal for cruise ships and a tourist area
Collection of garbage
Supply of gasoline and water

Africa/Europe

High-tech Investment At Antwerp Terminals

Antwerp's container trade in 1996 is displaying satisfying growth (up 8% in the first two quarters). However, this has not brought any slowdown in investment in handling equipment for conventional breakbulk cargo. So, in early October ACT for example took delivery of two brand new Gottwald HMK 280 E cranes. Each of these mobile cranes has a lift of 100 tonnes and is provided with various technical innovations, many of which were devised in direct consultation with ACT.

The new cranes will be used primarily for handling iron and steel. They have a lift of 100 tonnes at a reach of 20 m, and can still lift 28.6 tonnes at 50 m. When used together, however, they can manage a combined load of 185 tonnes. The hoist speed is 32 metres a minute with 63 tonnes on the hook and up to 80 metres a minute unloaded.

Another aspect which guarantees higher productivity is that the manual control is computer assisted. The computer damps the oscillation when handling containers for instance, thus reducing the number of corrections the crane driver has to make, and allows considerable improvements in operating speed to be achieved. Another innovation that will boost productivity is the development of a programme which will make it possible to control the two cranes jointly, i.e. for combined operations. The anticipated operating speed of these advanced cranes is thus considerable and depending on the type of ship being worked will be between 25 to 30 containers an hour.

The two new cranes give ACT a total of seven mobile cranes, two of which have a capacity of 50 tonnes and five a capacity of 100 tonnes. ACT's investments have certainly paid off so far, with 10% more business during the first eight months of the year.

New Antwerp-Italy Rail/road Shuttle Service

Belgian combined transport firm TRW recently opened a shuttle service between Antwerp and Italy's Novara Cim terminal, roughly 60 km west of Milan.

This new TRW product is aimed at the maritime container market. To date TRW has handled 30% swap bodies, 20% trailers and 50% tank containers, and only negligible volumes of maritime containers.

Every day at 4 pm a shuttle train leaves the Cirkeldyck Terminal on the Delwaide Dock for Novara, where it arrives at 7 in the morning on Day C. A Day A/Day C connection is also offered in the other direction with trains leaving Novara at 8 pm and arriving in Antwerp at 9 am on Day C.

The entire operation is being run in association with HUPAC of Switzerland and CEMAT of Italy, and aims to be efficient and reliable. Indeed these considerations predominated when determining the route, which passes through Germany and Switzerland.

The CIM Terminal in Novara is currently in full development. It covers an area of 839,000 m^2, with 688,000 m^2 being developed in the first phase as an intermodal terminal, with the construction of the necessary storage and parking facilities, and office buildings for administration and customs. When completed the intermodal terminal will offer five 700 m sidings. A further 151,000 m^2 will be laid out as a service centre in the second phase of development of CIM.

Helsinki: So Young, But So Old, Experienced

The Port of Helsinki administration will be 75 years old in early October. "So young, but so old and experienced" is the theme of the festivities. The harbour itself is 446 years old, as old as Helsinki.

The jubilee day is Sunday, 6 October 1996. To heighten the festivities, the Baltic Herring Market will be opened on Market Square, and all day long there will be music-making and dancing at the Kanava Terminal. There will also be a programme for the children and the young of heart. The big event of the evening is DANNY's "Light and Energy" show.

Helsinki Traffic Monitored By New Radar System

Since the beginning of October sea traffic outside Helsinki has been monitored by a new radar system. The control system VTS (Vessel Traffic Service) is situated in the South Harbour. The system consists of five radar stations and five video cameras.

The control system shows a map, the vessels, and their movements on a computer. The VTS centre is operated by VTS operators from the Port of Helsinki and the Gulf of Finland Maritime District

Le Havre Port Terminals Linked by Rail to Vienna

Since 1 October 1996 Le Havre's port terminals have been linked to the Austrian terminal of Vienna where rail links are organised to the countries in Central and Eastern Europe, twice a week via the Qualitynet network of Intercontainer/ Interfrigo. This new service makes it possible to rapidly deliver containers (high cubes included), swap-bodies and road trailers.

In the West-East direction, trains leave Le Havre on Tuesday and Thursday to arrive in Vienna on Thursday 10.15 a.m. and Monday 8.00 a.m.

In the East-West direction, trains leave Vienna on Tuesday and Friday at 1.30 p.m. to arrive in Le Havre on Thursday 2.00 p.m. and Monday 8.00 a.m.

Let's note that the port of Le Havre is linked by rail to the main European freight platforms through the Intercontainer-Interfrigo Qualitynet network which is organised around the nodal point of Metz-Sablon.

This new rail service between the Port of Le Havre and Austria comes within the framework of the European project of creation of a combined transport service between Le Havre and the countries in Central Europe.

Hamburg Dependent on Elbe's Shipping Traffic

Hamburg is situated on two rivers, the Elbe and the Alster. Although the Inner and Outer Alster form the picturesque heart of the city, its blood flows through the Elbe, the river that keeps Hamburg's industrial heart pumping. As a port city, Germany's leading import and export centre, and the home of numerous banks and insurance companies specializing in shipping and trade as well as of shipping lines, Hamburg is very dependent on the Elbe's shipping traffic.

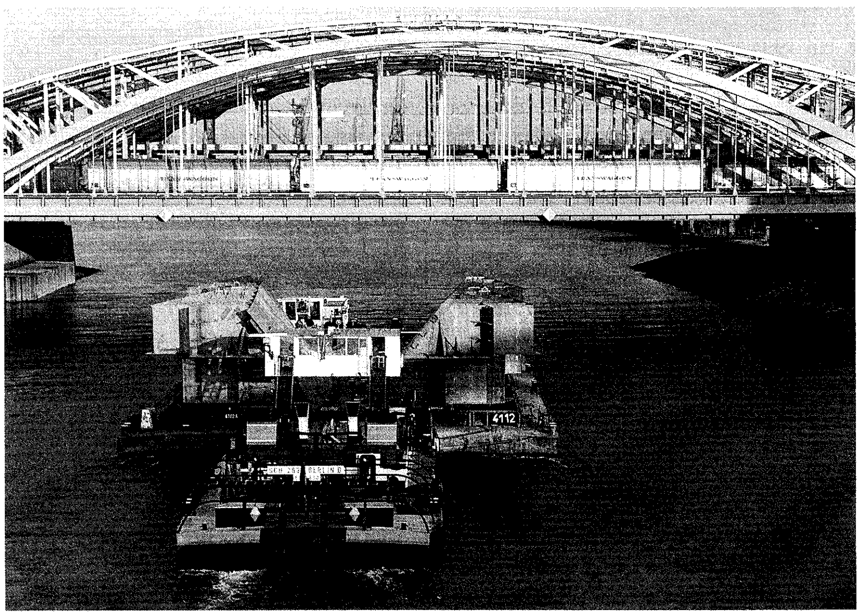
Lower Elbe

Several years ago, agreement was reached with the German government that the quays in Hamburg and Bremen should be dredged to a depth of 13.5 metres. This also means that the channel of the Lower Elbe has to be deepened as well, above all for three reasons:

1. Ecology: Ships have a lower specific energy consumption per cargo tonne than any other means of transport. The same applies to CO_2 emissions. Besides, ships considerably reduce the amount of goods traffic carried on roads.

2. Technology: Ships are the cheapest means of transport for shippers. So that shipping lines can make a profit as well, they are turning to bigger and bigger ships. The largest container ships with a draught of 11.6 – 13.5 metres (in saltwater) already present a great challenge to the Port of Hamburg when fully laden. At the latest when they leave port for overseas destinations, it becomes obvious that the Elbe channel is too shallow for their fully laden container loads. Fourth-generation container ships (4,400 TEUs) already regularly call in at the Port of Hamburg. But some shipping lines have already ordered even larger vessels. Several of Maersk's 6,000-TEU ships have already visited the Port of Hamburg this year. Other lines' container giants will follow. If Hamburg is to maintain its place under the world's top ten container ports, the Port will have to adapt to the new dimensions of global maritime traffic before it is too late.

3. Jobs: Some 140,000 jobs are directly or indirectly dependent on the Port of Hamburg. With the economy currently going through a slack period, the City-State of Hamburg has to do all it can to safeguard these jobs. A policy of "dragging one's feet" endangers these jobs. If Hamburg cannot definitively say at what state of the tide and from when a particular



Heavy-cargo carrier on the Elbe

line's ships can leave the Port fully laden, that line may decide very quickly to transfer its ships to some other port. And here Hamburg is competing not just with Bremen but also with Antwerp and Rotterdam.

For these reasons, Hamburg's port economy is convinced that the Elbe Channel has to be deepened, as planned, in 1997.

Upper Elbe

At the same time the Port economy is also arguing for the development of the Upper Elbe into an inland waterway that is fully navigable all the year round, and of the central and eastern German canal system so that inland shipping can win a larger share of the Port's hinterland traffic with eastern Germany, the Czech Republic and Poland.

As a result of excellent cooperation between Deutsche Binnenreederei and the Czechoslovakian Elbe Shipping Co. (CSPL), a German-Czech shipping line was launched in March last year. The Elbe Container Line started operating a weekly inland-shipping container liner service on the 700-km Elbe route between Hamburg and Prague. On the 8-10-day trip between Hamburg and Prague the container service calls in at the ports of Magdeburg, Aken, Riesa, Dresden, Decin, Usti and Melnik. Work is also going on to establish a ro-ro service as well.

Despite the new service, it is still mainly bulk and conventional general cargoes that are transported on the Elbe: agricultural produce, building materials, fertilizers, ores, steel products, scrap metal, kaolin, plate metal, all kinds of heavy goods, investment goods and cocoa.

In 1995 12,800 inland-waterway vessels carrying 10.2 m t of cargo called in at the Port of Hamburg, a considerable increase on the previous year's total (9.6 m t) but still a total which undoubtedly contains plenty of potential for future growth.

Hamburg Port Extension Work Under Way

What the national and international port economy has long been demanding– Hamburg's port extension – has now become reality. Extension work began on September 24 this year. The first two berths and adjoining land sites will be operational by 2001, the entire Altenwerder project is scheduled to be completed in 2003.

At the heart of the planned logistics centre will be four berths for "mega ships" with a total quay length of 1,400 metres. On the land side of the cargo-handling area, which will be 400 metres deep, there are plans for pre-and post- carriage services, a freight centre, intermodal cargo facilities and other carrier or transport services. Furthermore, the new Altenwerder Terminal will have its own rail terminal at the western end of the port extension area.

With a total container turnover of 2.9 million TEUs in 1995 and double-digit growth averaged over the past decade, the Port of Hamburg has an extremely successful record. It is currently Europe's second biggest container port and No. 6 in the world. Its share of the North Range market rose from around 19% in 1985 to around 25% in 1995.

The Port's growth in recent years was safeguarded by the development and optimization of existing facilities. In the last 10 years, for example, some 175 hectares of land were restructured and four berths developed or built to accommodate large ships.

Now the Port is to be extended by around 260 hectares of state-of-the-art facilities in Altenwerder – so it can continue to exploit the opportunities presented by Hamburg's new economic-geographical location after the opening up of Eastern Europe and German reunification.

Port of Cork: Address By Boland, Chairman

Address by Mr. Frank J. Boland on the occasion of his election as Chairman, Cork Harbour Commissioners 23 October, 1996.

Fellow Commissioners, I wish to express my appreciation of the great honour you have conferred upon me today in electing me to be your Chairman. I wish to thank particularly my proposer Bryan Foley and my seconder Conor Doyle for their kind remarks – I certainly hope that I will live up to their expectations. I am fully conscious of the pivotal role which the Port of Cork plays in the development of the south west region and of the resultant responsibilities which attach to the position of Chairman of this Board.

Before referring to a number of relevant issues, I would like to pay a sincere tribute to my predecessor in the chair, Denis Murphy. It is not widely known that, in joining this Board in October 1979, Denis was continuing with a family tradition as his father was a Board member representing manufacturing industry

Cork Harbour Commissioners at their recent Annual General Meeting unanimously elected Mr. Frank J. Boland as chairman. Photograph shows outgoing chairman Mr. Denis J. Murphy (left) congratulating Mr. Boland on his appointment.

from 1950 to 1956. During Denis's years on the Board, he has displayed outstanding qualities of commitment, dedication, integrity and independence and, while one may not necessarily agree with him on all occasions, there is never a doubt that his one driving motivation is the wellbeing of the Port of Cork. Besides his wonderful facility to project the best possible image for the Port in his role as a gracious host and, indeed, this has often extended to Denis and his wife Ann throwing open their home for that purpose, Denis leaves two great legacies of his 17 years on the Board. The first is Swansea Cork Ferries which almost certainly would never have been established but for his perseverance and singlemindedness, often in the face of strong opposition. The company, which is in its tenth year of operation, nowadays makes a huge contribution to the economic wellbeing of the tourist sector in the region as well as being a major port customer. The second legacy is the success to date of the Cork Cargo Handling Regulatory Company which, under Denis's chairmanship, has improved the port's competitiveness while avoiding the pitfalls which have damaged other Irish ports in attempting to streamline the dock labour situation. Denis, for your sustained and unselfish contributions to the Port over the years and for the courtesy and co-operation which you have afforded me as your Vice-Chairman for the past two years, may I say very many thanks.

With Cork Harbour Commissioners, in common with most other port boards in Ireland, scheduled for dissolution at the end of the year, fate has decreed that I be the last Chairman of a Board which has overseen the development of the Port of Cork since 1820. Accordingly, it is fitting that at this stage I should pay tribute to all who served on the Board over those 176 years. I wish to pay a special tribute to this Board which has been particularly successful in managing the greatest period of sustained capital investment in the Port's long history. I know that the Board will forgive me if I single out Commissioner, Noel Murphy who has unbroken service on the Board dating back to July 1963. With him I wish to couple his livestock colleague Wally Cronin who, though his service was broken for a number of years, first joined this Board in April 1962. I think it is also fitting at this stage to acknowledge the contributions of former Chairmen Bryan Foley, Dominic Daly, Conor Doyle and Jim Cregan who continued the long tradition of unselfish service to the Commissioners.

In recent years, the pace of investment has of course been accelerated due to the availability of E.U. funding and, in that context, I wish to acknowledge that, but for such funding, our capital development programme would have been considerably restricted. A telling statistic is that the Port of Cork has invested £43 million in capital projects over the past ten years, £18 million of which came from the Commissioners' own resources, almost entirely from cashflow. A further £10 million will be invested over the next few years. The astute stewardship of this Board has enabled the Port to deepen the approach channel to Tivoli, renovate the Cobh Deepwater Quay and provide a new pontoon for the cruise liner traffic, extend and refurbish the Ringaskiddy Ferry Terminal, provide a new tug and pilot boat and start work on the further upgrading and extension of both the Tivoli Container Terminal and the Ringaskiddy Deepwater Terminal. The following achievements highlight the success of Cork Harbour Commissioners over the past decade:

- Total income increased by 72%
- Expenditure increased by 54%
- Trading surplus increased by 461%
- Cargo throughput increased by 40%
- This year tonnage and goods rates have remained unchanged for the fifth successive year.

In addition the Board has been singularly successful in funding for future pension liability – the superannuation fund today stands at almost £20 million. With a healthy balance sheet when vesting day for the new legislation arrives on 1 January 1997, we will be handing over to the minister for the marine one of the strongest commercial enterprises in the state owned sector. All of us Commissioners are entitled to take pride in our achievements and I have no doubt that, while this Board's lifespan is limited to little more than ten weeks, we will continue to direct the affairs of the Port as if we were starting a new five year term. Therefore I look forward to your continued commitment at our two remaining meetings and to your valuable contributions on all port matters.

Before the end of the year I plan to arrange a suitable occasion to formally mark the contributions of this Board and previous Boards to the wellbeing of the Port of Cork.

Finally, I look forward to working closely with Chief Executive Pat Keenan and his management team in helping to secure the future of the Port of Cork.

Lowestoft: Mud-cuttings Reprocessing Facility

A new mud-cuttings reprocessing facility was opened recently at Associated British ports' (ABP) Port of Lowestoft.

The quayside facility, based at the port's Town Quay, is operated by

Recovery Systems Ltd. The reprocessing of mud cuttings was developed as an environmentally friendly alternative to the disposal of oil-based mud cuttings offshore. The process separates, through distillation, the mud cuttings into reusable oil, water and soil.

Alastair MacFarlane, Port Manager, ABP Lowestoft, said:

"The Recovery Systems' facility is at the cutting edge of environmental technology. Its location, adjacent to the quayside, allows cuttings to be discharged from visiting ships directly to the reprocessing plant. This state-of-the-art facility further underlines the Port of Lowestoft's commitment to the needs of the offshore industry."

The facility was developed as part of a joint venture between Aberdeen-based ENACO plc and Soil Recovery AS of Denmark. It is the first of its kind in the UK and will serve several North Sea oil and gas fields. Shell UK Exploration & Production and several other North Sea operators have given their backing to the development.

P&O Cruises Signs 4-year Pact with Southampton

P&O Cruises has signed a four-year contract with Associated British Ports (ABP) for Southampton to be their exclusive UK base through to the millennium.

P&O Cruises is the UK's major cruise line and the agreement maintains the Port of Southampton's premier position in the UK cruise market. P&O's prestige liners – including *Oriana, Victoria* and *Canberra* (to be replaced by *Arcadia* in September 1997) – will have priority use of Southampton's Mayflower Cruise Terminal.

Andrew Kent, Port Manager, ABP Southampton, said:

"This agreement is very good news for ABP and we look forward to continuing our long relationship with P&O Cruises well into the next century."

David Dingle, Marketing Director of P&O Cruises, commented:

"The geographical position of Southampton and the facilities available there continue to make the port the obvious choice for our operation."

The Port of Southampton can handle four cruise vessels simultaneously at its two luxury cruise terminals, both of which have had major capital investment in recent years.

In 1995, the port handled nearly a quarter of a million cruise passengers and cruise shipping tonnage in excess of five million tonnes.

Asia/Oceania

Truck Times Halved at P&O Ports Terminals

Vehicle booking systems introduced at P&O Ports Brisbane and Melbourne Container Terminals have reduced truck turnaround times by over 50%. Whilst averaging over 40 minutes in 1995, the gate to gate residency time has been reduced to about 20 minutes for vehicles transporting import and export containers.

The terminal's operations manager in Brisbane, Rowan Bullock, said the time savings exceeded their initial expectations and had produced substantial savings to the transport companies and their contracted shippers and consignees. The commercial manager in Melbourne suggested the terminal improvements had arisen through the implementation of not only the system, but also the introduction of additional landside equipment and structured training of personnel.

In both ports, the relevant road transport associations had initial reservations about the disciplines involved with the booking systems but are now convinced that the benefits far outweigh the rigidities of the system. Developments in both sites involve the introduction of a new terminal control system which allows transport companies direct online access to a computerised system via PC and modem. This will enhance the terminal's ability to streamline its daily planning.

(The P&O Port

Half Year at Kuantan: 17% More Cargo

The Port is pleased to note that the half-year business this year has generated 17 per cent more cargo than the same period last year. Kuantan Port chalked a total throughput of 2.504 million tonnes during January-June 1996 against 2.13 million tonnes.

General Manager, Haji Mohamed Awang Tera said the rosy outcome was a manifestation of the careful strategies laid out by the port's management. Sheer dedication and hard work by the various teams have made it possible, he told Kuantan Port News.

"We had forecast the six-months throughput to be 2.3 million tonnes. This means that we have overshot our forecast by 9 per cent. This is an encouragement for us to work harder so that we can out-perform our set targets for the whole year," Mohamed said.

Concurrent with the bigger throughput, the Port also catered to a bigger pool of ships. The Port attracted a total of 757 shipcalls during the period under review. It grew by 11.0 per cent from the 682 calls registered during the corresponding period in 1995.

The size of ships based on their gross registered tonnage (GRT) also rose. During January-June 1996, it registered 4.52 million GRT from 4.15 million GRT, previously.

Mohamed was elated when describing the performance of his Port's container trade – a section of the port's traffic which has been growing at such a rapid pace in the last two years.

Container trade flourished to record 13,768 TEUs during the six months of 1996. It was an increase of 40.8 per cent over the record of 9,779 TEUs during the same period last year. The traffic, according to Mohamed, excludes the potential cargo volume that will be generated by Kuantan's biggest shipper, Amoco Corporation, which is scheduled to commence exports this July.

"If this gets off the ground as scheduled, our traffic for the second half of the year will be different than our forecasts. Amoco is expected to handle its first export this July to the Far East on either Uniglory Line or Regional Container Line. We shall be there to provide them all the service that they need," said a confident Mohamed.

He added that the Port will not stop from becoming the 'merry matchmaker' to bring shippers and shipping lines together. Work is underway to get some shippers to commit their cargo to lines in an effort to introduce a direct Japan service at Kuantan Port before the end of this year.
(Kuantan Port News)

Malaysia – Cambodia Trade Expected to Increase

Malaysia's external trade with Cambodia during the first three months of this year was in favour of Malaysia. Total bilateral trade came to RM36.604 million against RM36.2 million in the corresponding period of 1995.

This was a marginal increase of 1.1 per cent, but nevertheless a sign that the business is warming up. There are strong indications that the trade between Malaysia and Cambodia will soon pick up following strong sentiments of an economy in need of material and managerial inputs. This is expected to further heighten the trade statistics as more economic collaborations take place between the private sector of Malaysia and Cambodia's own enterprises.

The evidence of greater bilateral trade is seen in Malaysia's exports to Cambodia during the January-March 1996 period. It rose by as much as 145.4 per cent, recording RM33.04 million against a corresponding export of RM13.5 million seen in 1995.

What were the goods that were most needed by Cambodia? The external trade summary of the Malaysian Statistics Department revealed that high on the priority list were the exports of manufactured goods coming from Malaysian factories. The export of manufactured goods comprised fully and semi-finished products that were used for industrial and civil development in Cambodia along with essential capital goods. They accounted for a bulk of the purchases registering RM15.04 million.

Differently categorised were the exports of other essential manufactured goods which include general and domestic manufactured goods which include minor appliances, sanitary ware and fittings.

The reconstruction of the Cambodian economy is proceeding at a feverish pace as foreign capital begins to flow into the country. The reconstruction of Sihanoukville itself is a reflection of the determination of the Cambodians to keep up with the rest of the nations in Southeast Asia both economically and sociologically.

Hence, it will be sooner than expected that more such inputs will come to Cambodia via the Port of Kuantan. Right from the fuels and lubricants to generate its power stations and heavy machinery to the much needed Proton cars to transport the well-to-do, the bilateral collaboration sealed between Sihanoukville and Kuantan Port only serves to confirm that the sister ports can only march further towards progress in harmony.

Imports from Cambodia during the period under review were marginal. It recorded a total of RM3.56 million, mostly consisting of crude (raw) materials.

The Indo-Chinese country is fast taking up measures to reform its economy and infrastructure by gradually allowing foreign direct investments. Pursuing a more pragmatic stance towards foreign funds, the Cambodian Government is seen to have priority for its more developed neighbours to contribute towards its economic reforms.

The Kuantan Port Authority is entirely devoted to make its mark in furthering this cause on a win-win basis.
(Kuantan Port News)

Auckland Developing Fixed Day Service

Ports of Auckland is planning a new product for shipping companies which would guarantee a fixed day berth for ships at Fergusson Container Terminal.

Called the Premium Service Agreement, the product is being developed because an increasing number of liner services in the international shipping industry are moving to fixed day, weekly timetables. These require certainty that port services will be available without delay on arrival.

The service would be available at the Fergusson Container Terminal and would only involve container cargoes.

General Manager-Operations, Sandy Gibson, said that a number of shipping clients had signalled their intention to move to a fixed day service. It was a clear trend among liner services worldwide.

"Many lines that visit Auckland do so as part of a global network service with very tight schedules. If one port in that network cannot provide a berth immediately the ship arrives, the entire global timetable can be disrupted."

Mr Gibson said that there were significant efficiencies to be gained by offering a fixed day service. It enabled shippers and consignees to:

- Plan inventories and minimise stock levels;
- Plan production and distribution programmes;
- Place business with lines which offer a frequent and customised service;
- Develop a "pipeline" type of service with continuous receival and delivery of cargo.

"We believe it is important that lines offering fixed day weekly services have certainty of performance at berth. Together with our new rail exchange and enhanced coastal shipping transhipment facilities, Ports of Auckland is positioned to offer excellent services for the exchange of containers between sea-based and land-based transport modes," said Mr Gibson.

Discussions are continuing with clients and it is anticipated this new service will be introduced in the near future.
(Vital Link)

PORTS OF CAPE VERDE

Improvement in the Competitiveness and efficiency

CAPE VERDE centralized location has ever since made the country an invaluable crossroads for passengers and cargo moving across the Atlantic Ocean. Located about 600 kilometers off the coast of West Africa, CAPE VERDE geographic position is astride the major shipping lines in the region. The country is at crossroads of African, European, and American Continents.

ENAPOR - Empresa Nacional de Administraçao dos Portos, a fully state-owned company responsible for all cape-verdean ports administration, is very much concerned with its modernization and adequacy with regards to management in general, through investments in infrastructure, superstructure, equipment and personnel training in order to follow technological development and the challenges of changing markets.

ENAPOR structure consists of two main ports, Porto da Praia in Santiago Island and Porto Grande in Sao Vicente Island, in which international traffic is accommodated and seven other small ports (one in each island) operating as domestic ports. The headquarters are located in Porto Grande, S. Vicente Island.

ENAPOR areas of specialization are cargo-handling (containers, breakbulk and bulk cargo), warehousing and stevedoring. The company is continuously upgrading to accommodate transshipment traffic on containers and bulk cargo, across the Atlantic Ocean, in a very efficient and cost effective way.

ENAPOR

Empreasa Nacional de Administração dos Portos, E.P.

P.O. Box 82 - S. Vicente - Republica de Cabo Verde
Phone: (238) 314414/314515/314832
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Telex: (993) 3049 ENAPOR CV

The services provided by the port include tug assistance on mooring and unmoving, tug and salvage assistance in high-seas following casualty events, VHF communication and support to the Maritime Administration in Search and Rescue operations.

The company expects to increment its cargo throughput after having in place new container terminal and container yard. The project is in an advanced stage of execution and will be fully operational by mid-1997. ENAPOR will offer excellent conditions to private port operators and shipping companies interested in port operation and shipping market in the West Africa region.

The project of modernizaion of Porto Grande in S. Vicente Island, is in an advanced stage of execution, whose conclusion is foreseen for mid-1997. With modernized port infrastructure and layout, ENAPOR will be offering you a more commercially attractive port, paving the way for success in the competitiveness against the on-going changes in international sea-going traffic.

Our strength is in providing you the port service you need to succeed.

This Bridge

will bring you one step closer to Japan.

The Port of Nagoya's Meiko Central Bridge, scheduled for completion in 1998, will together with projected new highways, form Japan's major road network of the 21st century. It will connect the only national highway running directly through a major port, making inland cargo transportation to and from the Port of Nagoya even more efficient.

The world and every part of Japan will be linked more closely and conveniently than ever-through the Port of Nagoya.

1907

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