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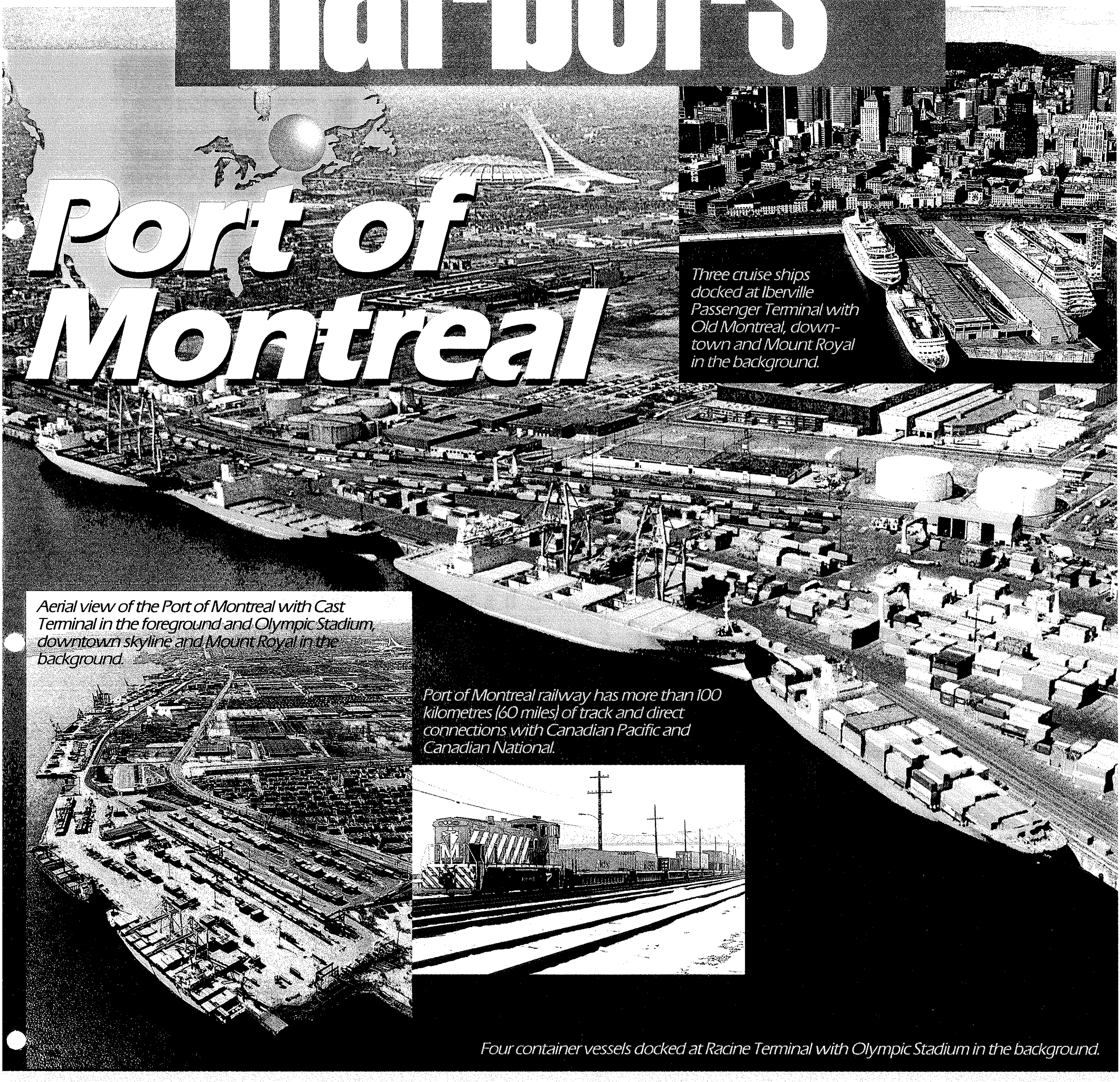
IAPH '99
Port Klang
15 – 21 May 1999

Port of Montreal



Three cruise ships docked at Iberville Passenger Terminal with Old Montreal, downtown and Mount Royal in the background.

Aerial view of the Port of Montreal with Cast Terminal in the foreground and Olympic Stadium, downtown skyline and Mount Royal in the background.

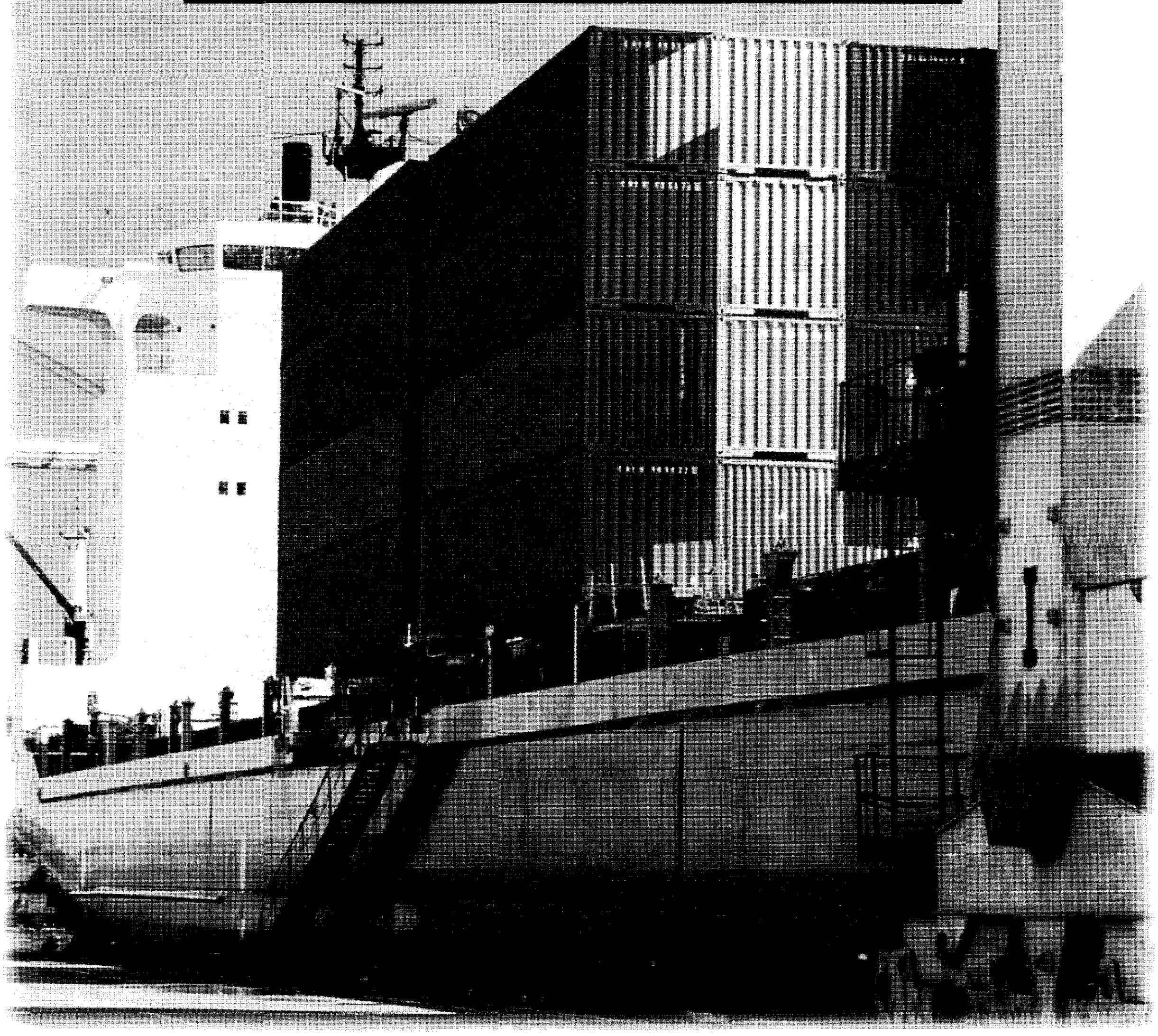
Port of Montreal railway has more than 100 kilometres (60 miles) of track and direct connections with Canadian Pacific and Canadian National.

Four container vessels docked at Racine Terminal with Olympic Stadium in the background.

Inside:

- IAPH Officers meet in Tokyo and Nagoya
- Malaysian Ports: Current Situation and Future Prospects
- Development 'On the Waterfront: New York
- New Technologies for Productive Montreal

WE CAN'T HELP BOASTING A LITTLE.



The Port of Montreal handles more North Atlantic container cargo than any other port on North America's eastern seaboard.

It simply makes sense. When you ship through Montreal, you're choosing the shortest, most direct route from Europe and the Mediterranean to North America's industrial heartland. Our modern facilities are equipped to handle all types of cargo. Winter, spring, summer and fall. And when you add frequent arrivals and departures, faster transit times and personalized service, the advantages really add up.

For lower shipping costs, you're the big winner when you choose the Port of Montreal.

Port of Montreal
Port de Montréal

Port of Montreal Building, Cité du Havre, Montreal, Quebec H3C 3R5 Tel.: (514) 283-8585 Fax: (514) 283-0829
Internet: http://www.port-montreal.com E-mail: pdmimkg@port-montreal.com

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Secretary General:
Hiroshi Kusaka
Head Office:
Kono Building, 1-23-9 Nishi-Shimbashi, Minato-ku, Tokyo 105-0003, Japan
Tel: 81-3-3591-4261
Fax: 81-3-3580-0364
Telex: 2222516 IAPH J
Web site: http://www.iaph.or.jp
E-mail: iaph@msn.com

***THE Port of Montreal**, Canada's eastern gateway to international trade, has been actively involved in the promotion of trade. Reflecting the Port's geographical and strategic positions, Port of Montreal has been quite active in developing and stepping up its capacity both in terms of physical facilities and more importantly the information switching and interface with all modes of transportation, rails, roads, inland waterways and air.*

Contents

News Flash from Tokyo

IAPH Officers Meet in Tokyo and Nagoya

TO better prepare for the forthcoming 21st IAPH World Ports Conference in Kuala Lumpur, Malaysia and for the future directions of the Association, a series of meetings of IAPH Officers has been organized, at the initiative of President Smagghe, from Monday to Thursday, 19 to 22 October 1998 in Tokyo and Nagoya.

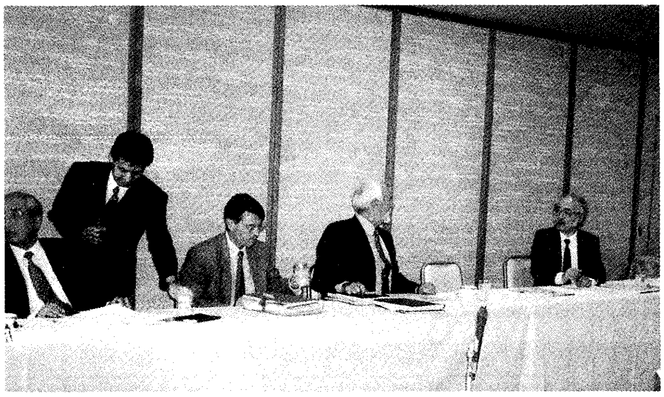
The first two sessions were organized in Tokyo, on Monday and Tuesday, 19/20 October 1998 in the meeting room of the Tokai University Club, Tokyo. The rest of the sessions were held in a meeting room of the Nagoya Castle Hotel and the conference room of the Nagoya Port Authority, respectively.

Present were:

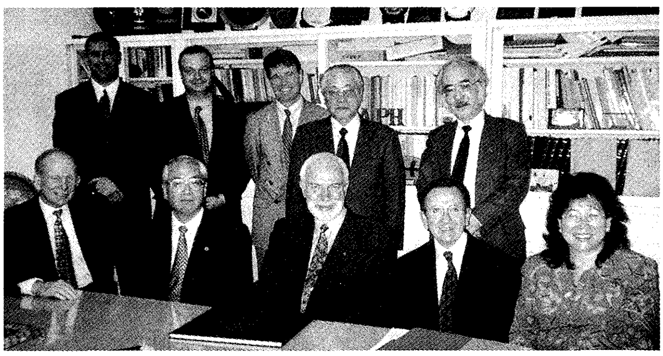
Mr. Jean Smagghe
IAPH President
***Mr. Dominic J. Taddeo**
1st Vice-President (Port of Montreal)
***Dr. Akio Someya**
2nd Vice-President (Port of Nagoya)
***Datin O. C. Phang**
Conference Vice President
(Klang Port Authority)
***Mr. George Murchison**
Finance Committee Chairman
(Port of Long Beach)
Mr. Hiroshi Kusaka
Secretary General
Mr. David F. Bellefontaine
Chairman, IAPH 2000 Working Group (Port of Halifax), for the 3rd session held in Nagoya
Mr. Jose Perrot
Port of Le Havre
(in support of President Smagghe)
Mr. Jean Mongeau
Port of Montreal
(in support of Vice-President Taddeo)
Mr. Gustav Tristan Hein
Port of Long Beach
Ms. Ritsuko Oharau
Port of Nagoya (in support of Dr. Someya)
Capt. T. Nakayama
Port of Nagoya
Ms. Chong Choon Yin
Port Klang
(in support of Vice-President Phang)
Mr. Rinnosuke Kondoh
Dy. Secretary General
Mr. Hiroyuki Nagai
Head Office staffer
*: With accompanying person

Mr. Pieter Struijs, 3rd Vice President (Port of Rotterdam), sent his last-minute regrets.

The first two sessions were devoted to the reporting and evaluation of the




Scenes from the Officers' meeting in Tokyo



Front row, L to R: Mr. Murchison, Dr. Someya, Mr. Smagghe, Mr. Taddeo and Datin O.C.Phang. Back row, L to R: Mr. Hein, Mr. Mongeau, Mr. Perrot, Mr. Kusaka and Mr. Kondoh at the Tokyo Head Office.

Delegates in the fresh air in the Port of Nagoya walking over the bridge to the aquarium activity of the technical committees as well as financial and membership situations, and to the formulation of the program of the forthcoming conference in Malaysia. At the first of the last two sessions Mr. David Bellefontaine presented an interim progress report on the findings of the IAPH 2000 Working Group.

The program in Tokyo included a courtesy visit to Mr. Yasuhiro Kawashima, Director General, Bureau of Ports and Harbors, Ministry of Transport, Japan, on Monday morning, 19 October 1998. Mr. Kawashima, in his welcome speech, praised the valuable activity of the IAPH and assured the continued support and cooperation through participation in the activity. After the completion of the 1st session, the officers and delegates briefly visited the Head Office.

The program in Nagoya included the observation of the port facilities by boat and the visit to the Port of Nagoya Public Aquarium.

Summary reports will be reported to the members in due course of time by mail and further introduced in the journal.

The IAPH Officers' meeting in Tokyo was organized in association with the 11th IAPH Japan Seminar organized by the IAPH Foundation in the afternoon hours of Tuesday, 20 October 1998 in the conference room of the Tokai University Club in Tokyo. The Japan Seminar has been dedicated to the promotion of IAPH Conferences and activities among the local public and business communities by inviting lecturers from the Host of the conferences and or IAPH officials since 1989.

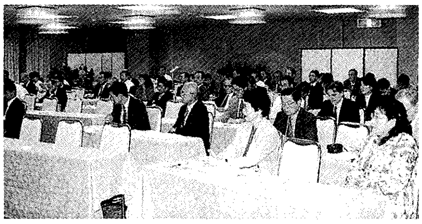
The lecturers invited to speak at the 11th Japan Seminar were President Smagghe and Datin O. C. Phang. In his welcome speech of the Japan Seminar, held Tuesday, 20 October, and attended by 120-strong participants representing the Japanese and foreign ports, governmental agencies and shipping and business circles, Mr. Naoshi Machida, President of the IAPH Foundation, highlighted and commended the long-standing activities of IAPH in the ports and maritime communities of Japan, and urged to take more positive part in IAPH activity.

The speeches by Mr. Smagghe and Datin O. C. Phang are carried in this issue.

Mr. Machida

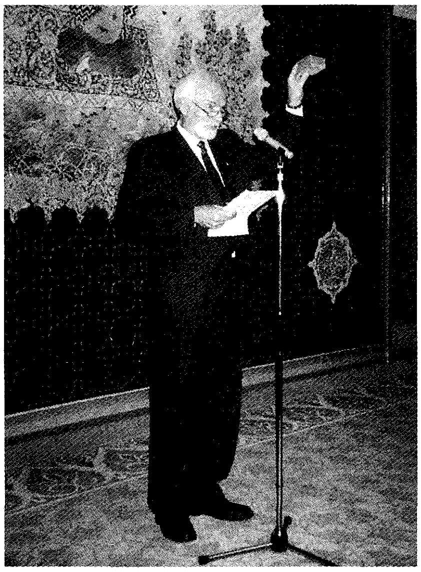
Mr. Smagghe

Datin O.C. Phang

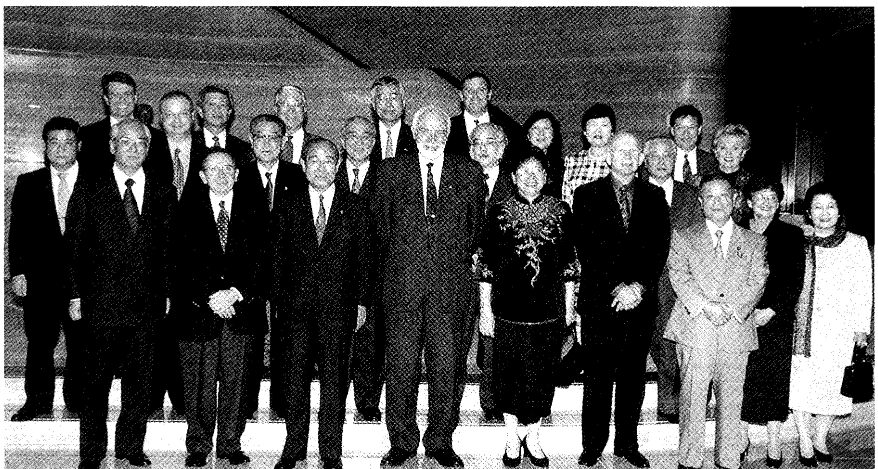


Seminar attracts some 120 people.

(Photos by courtesy of the Japan Maritime Daily,)



At the welcome dinner hosted by Mr. Takehisa Matsubara, Mayor of Nagoya as the President of Nagoya Port Authority, on the evening of Thursday, 22 October 1998, President Smagghe introduces a wooden vessel for the Japanese sake which he had obtained during the 1981 Conference held in Nagoya. The tapestry-like picture hung on the wall is made of ceramics produced by a famous artist.



In a group picture taken at the BO-U-KŌ Hall on the occcasion of a mayoral dinner, Mayor Matsubara of Nagoya is seen third from left, front row. Next to him, fourth from left is President Smagghe of IAPH.

IAPH ANNOUNCEMENTS AND NEWS

11th IAPH Seminar organized by the IAPH Foundation
Tokyo, 20 October 1998

Current and future directions opted for by European sea ports -The future role of IAPH-

Jean Smagghe
President of IAPH

Introduction

Mr. Chairman, Ladies and Gentlemen,

I am greatly honored to have been invited by the IAPH Foundation to make this presentation. It is also my privilege to address you today in my capacity as President of the International Association of Ports and Harbors, on behalf of the many hundreds of my colleagues in ports throughout the world.

As we approach the end of the millennium, it is encouraging to see that people in so many different countries round the world are seeking to get to know each other better, and to share their knowledge and cultures. This is French year in Japan. While the distance between our two countries seems to have shrunk over the last fifty years as a result of technological progress, we are forced to admit that technology alone is not sufficient to enable people to appreciate each other's qualities. I believe that associations such as IAPH have done, and are continuing to do much to assist people in meeting, understanding and appreciating each other. As a former managing director of the Port of Le Havre, I must tell you how much I appreciated the close links existing between this French port and the port of Osaka. To the best of my knowledge, these very high quality links have not only been maintained but expanded, as the person-to-person climate of yesterday has now blossomed into fully-fledged relations between the two port communities.

My first objective today is to give you a brief introduction to the European ports in their regional context, and describe their position in the framework of international trade.

European ports are heavily involved in the activities of the International Association of Ports and Harbors, and participate actively in the work of the various Technical Committees which form the core of the Association. I then intend to say a few words on the future of IAPH.

Europe

Firstly, a quick look at Europe as a whole to assist in understanding the European ports and their organization.

In relative terms Europe is not a large continent, with an area of only 10 million square kilometers from the Atlantic to the Urals. It is made up of many countries, and the recent political changes in Eastern Europe have increased their number, giving a total population of about 380 million at the present time.

Population density is fairly high, although differing widely from one country or region to another. As is well known, the country with the highest population density in the world is in Europe. This is Monaco with an official population of 30 thousand, concentrated in the space of less than 200 hectares!

Europe has experienced many troubles and disorders since the dawn of human time, not forgetting the two world wars in the first half of the 20th century, both of which had their origins in Europe itself. Fortunately, a number of wise individuals have since decided that the time has come to stop these stupid games, and for nearly 50 years now the European Union has been under construction, the first step in this direction being a trade agreement involving six countries. Today there are 15 Member States of the European Union. The ultimate goal is to establish an ever closer union between the peoples of Europe, in which decisions are taken as close as possible to individual citizen level. The objective is to promote balanced and sustainable economic and social progress, while asserting European identity on the international stage, and introducing European citizenship for the populations of each Member State. The immediate targets for the European Union over the coming years are the implementation of the Treaty of Amsterdam, which covers new rights for citizens, freedom of movement and employment, the strengthening of European institutions and the enlargement of the European Union to include candidate states from Central and Eastern Europe. Nor must we forget the launch of the Euro, the new currency for all European countries (which will cause headaches for some people, including the French, for whom the conversion rate will be about 6.5 French francs for one Euro).

Things are moving slowly - slowly because of the many different European languages which underscore substantial cultural differences - but steadily forward.

European Union

Some idea of the organization of the European Union is necessary to understand the way in which European ports work, and their relations with Brussels where a substantial part of the European administrative authority is located. The various institutions of the European Union were set up to give expression to an ever closer unity between the European nations. As the responsibilities of the European Union have broadened, the number and size of these institutions has increased.

During the first 20 years of the construction of Europe, the European Commission proposed, the European Parliament advised, and the Council of Ministers took the decisions. However, in the space of the following 20 years, the European Parliament, the members of which are now elected by universal suffrage, has acquired new powers.

With a staff of 15,000, the European Commission is the largest of the European Union institutions. The size of this staff reflects the wide range of the Commission's responsibilities, also highlighting the very considerable needs for translation and interpretation; These absorb one-fifth of the total staff. Interpretation and translation are essential for the work of the Commission, details of which must be available and understandable, in their own languages, to the citizens of each Member State of the Union.

The Commission is sub-divided into 26 Directorates-General (or DGs), with a further 15 or so specialist departments. Each DG is headed by a Director General, who reports to a European Commissioner, the latter holding political and operational responsibility for the work of the DG concerned. The conventional part played by the European Commission can be identified in three separate functions:

- initiation of proposals for legislation,
- trusteeship for the implementation and supervision of European treaties, and
- management and execution of European Union policy, and coordination of international trade relations and agreements.

In the execution of its duties, the Commission endeavors to keep the needs of the ordinary citizen firmly in mind at all times, while restricting red tape and bureaucratic regulations to the minimum. It also works very closely with the Court of Auditors, in order to weed out fraudulent demands on the Union's budget.

Among those of the other Directorates-General, the task of DG VII is to work with national, regional and local authorities, as also business and non-governmental organizations, with the aim of improving the way in which Europe's transport system serves the economic, environmental and social aspirations of the peoples of Europe.

European Trade

Trade is the lifeblood of the European economy. The European Commission estimates that between 10 and 12 million jobs, the equivalent of one job in ten, depend directly on exports. These exports go out to every country under the sun, providing 9% of the European Union's wealth, as expressed in terms of Gross Domestic Product.

The European Union itself is also the world's largest trading group, accounting for just over one-fifth of total global trade in goods. This is more than either of its main competitors, the United States and Japan. However, trade is steadily extending beyond the domain of visible manufactured exports such as cars, clothing and computers, and the sectors showing fastest growth include services such as banking, insurance and telecommunications.

The European Union has a long-standing commitment to promoting trade. Mutually advantageous commercial concessions form the cornerstone of the many bilateral agreements, negotiated over the years with numerous countries on an individual or regional basis. These concessions represent core elements in links with 70 African, Caribbean and Pacific countries, within the framework of the Lome Convention, and strengthening relationships with the new democracies of Central and Eastern Europe. This strategy, regarded as the best means of strengthening democracy and ensuring prosperity, has been pursued consistently by the European Union through the wider international forum provided by GATT in the past, and now more recently by the World Trade Organization.

The European Union is engaged in intra-European trade between the 15 Member States, and extra-European trade with countries round the world. The value of intra-European trade rose by 8.1% between 1996 and 1997, substantially more than the 4.7% recorded between 1995 and 1996. As for trade with non-European countries, exports and imports rose by 14.9%. The balance is globally positive at a figure exceeding 50 billion Euro. The main players among the nine Member States recording surpluses in 1997 were Germany, Italy, France and Sweden.

As regards trade with Japan, exports stagnated (+ 1%), while imports rose by 13%. This resulted in a deficit of 23.3 billion Euro.

European Sea Ports

Obviously the European sea ports play a major role in European trade, with a global annual tonnage throughput of about 2,800 million tons. In simple terms, European sea ports can be divided into two main groups.

These are:

- the English Channel, North Sea and Baltic ports, which handle about two-thirds of European container traffic, and
- the Atlantic and Mediterranean ports which handle the balance.

ESPO

The European Sea Ports Organization was set up in 1993, in response to a growing feeling among port authorities that a joint entity should represent their interests within the European Community. ESPO now represents over 98% of the sea ports of the European Union, and maintains direct contacts with some 500 ports across Europe. The ESPO General Assembly acts as the decision-making mechanism for the organization. Its members comprise three national port delegates from each of the thirteen maritime Member States, and observers from a further four states which may seek membership of the European Union in due course. The sea ports represented through ESPO cover a full spectrum in terms of size, state of development, ownership and management strategy, but are united in their determination to secure a voice for the ports which will be heard in connection with the elaboration of European Union policies. Wherever possible, ESPO relies heavily on the support of the national port associations and administrations, for passing on information in the different languages of the Member States.

One of the first major tasks undertaken by ESPO was the fact-finding survey of European ports, conducted in 1994.

The main conclusions of this survey were as follows:

- The relationship between the ports and their respective governments, whether central or local, reflects their different roles. This situation affects both the financial position and external relations of the ports.
- The various organizations charged

with the management of ports are based, intrinsically, on a historical development pattern, and the consequences of a wide range of varying views on the role of ports prevailing in Europe.

- In many North European ports, the Hanseatic tradition still persists even today. A port is there to serve the community in which it is situated, and the prosperity of the port will attract trade and industry to the area. In this context, the port is an essential component of the community.
- In other European countries, the substantial national strategic importance attaching to ports is reflected in tight governmental control of port management and investment in port infrastructures. This attitude can be regarded as a Napoleonic tradition, and may still be reflected in state intervention, even where the port is, in theory, an autonomous entity.
- Last but not least, the growing importance of the private sector has led some governments to adopt a largely commercial approach. In this case, a port is simply regarded as a commercial entity the aim of which, like any other, is to operate at a profit. This tendency has been particularly marked in the UK, where only a few trust ports, operated on behalf of the local community, and/or run by municipal authorities, have survived.
- Nevertheless, private sector investment in port activities has steadily increased throughout Europe. Even in cases where they are headed by public sector entities, many ports are run on a landlord basis, with the port site, and in some cases port facilities and equipment also, leased to operators providing stevedoring, warehousing and other services. Many traditional port activities have shifted in this direction. This means that the risks of fluctuation inherent in port traffic are transferred to the private sector, and are no longer borne by the public authority.
- Although no port sets out deliberately to operate at a loss, and today most ports publish annual reports which amply confirm this point, we can observe widely differing attitudes to the question of the support which a port can obtain from outside, and on the other hand, its obligations to the state or its local municipal authority.
- Some ports have to borrow funds at market rates, and achieve a return on the equity employed. Obviously this applies to private sector ports, although not their exclusive prerogative. Other ports are funded by municipal or state authorities, or form an integral part of the municipal or state administration.
- Many of the ports surveyed pay no tax on their revenue. Conversely, no private sector tenant operators enjoy this concession. Some are required to contribute to the funds of the municipal or governmental authority they serve, from any profit they may make. Private sector ports are treated in exactly the same way as other commercial enterprises.
- Public sector ports operate within a framework of public sector control of their operating budgets and other activities. Private sector operators are free to respond to commercial opportunities, while bearing the accompanying risks, and to diversify into new activities within the terms of their articles of association.
- However, there is nothing to show that one form of organization is necessarily more efficient than another, when measured objectively. For the most part, European ports are becoming increasingly efficient under the stimulus of open competition.
- Finally it should be noted that no all-embracing European port policy exists, and that a high degree of diversity persists among the European ports, in terms of both organization, strategies and size.

Green Paper

The European Commission published its first-ever discussion paper - the Green Paper - on seaports and maritime infrastructures, in December 1997. With this document, the Commission invited the various institutions of the European Union, together with port authorities, operators and the maritime industries in general, to take up the debate. The Green Paper emphasizes the fact that ports are vital for trade and transport in the European Union, and that the latter's global competitiveness depends increasingly on transport and port systems which must be efficient and cost-effective. It also points out that ports have tended to remain on the sidelines of the general policy debate of the transport industry. This Green Paper sets out to initiate a wide-ranging debate on individual, port-related issues and potential future policies, designed to contribute to increased efficiency and enhanced port and maritime infrastructures, by integrating ports in the multimodal transport system, and compliance with Treaty obligations relating to free and fair competition in the port sector.

This Green Paper also contained numerous proposals. These included:

- improved integration of ports in the trans-European transport network,
- enhanced role for ports in an intermodal transport system,
- definition of the function of ports regarding guaranteed safety and protection of the environment,
- clarification of port and maritime infrastructure funding and charging, and
- transparency of port services and market access.

As far as the trans-European transport network and intermodalism are concerned, the Commission is seeking to identify projects in which ports can be involved, and to examine the ways and means for improving the position of ports as intermodal nodes. These could include the funding of additional research in the areas of management systems, customs procedures and state-of-the-art loading and unloading facilities.

The Commission plans to introduce a draft law on safety and environmental protection, designed to improve the provision, and safe use by vessels, of waste collection and processing facilities in ports.

In the area of funding and charging for port facilities and maritime infrastructures, the Commission is seeking to clarify the situation by examining pricing policies, to ensure that it is the port users which bear the real costs of port services and facilities.

With the aim of developing a more uniform approach to port charging policies in the Community, the Commission is examining the possibility of introducing the principle of new investment and operating and external cost recovery, to ensure that new investment is strictly demand-driven and equally, to ensure fair competition between ports.

As regards transparency with respect to port services and market access, the Commission is aiming at progressive deregulation, in order to open access to the port services market under conditions of transparency, non-discrimination and certain charging principles, while defining an appropriate framework for the implementation of public service obligations and safety standards. These should include the definition of minimum standards for the training and qualification of personnel, and the approval of equipment.

Naturally, ESPO has had its own thoughts on these various subjects.

- ESPO has congratulated the Commission on the preparation of the Green Paper, and welcomed its recognition of the vital role of ports in the European transport system.
- ESPO has also emphasized that the port industry involves a wide diversity of ownership and management patterns, with major differences in terms of size, type of trade, degree of technological development and areas of both operational and socio-economic responsibility. It has also drawn the attention of the Commission to the need for a sensitive approach to this diversity aspect, if its policies are to be targeted accurately.
- The application of free market principles, recognized as the key to optimized port operations and pricing, are fully supported by ESPO. The Green Paper proposals, which are in line with this principle, were also welcomed. However, ESPO also pointed out that Pan-European coordination of port development and imposed pricing frameworks are not consonant with free market principles, and would detract from rather than assist in the achievement of the desired level of efficiency.
- If the European port sector is to operate efficiently on a free market basis, information on the public funding of individual ports must be available to the Commission. Clearly ESPO is in favor of the transparency of this financial information, provided that any regulations in this area comply with the principles of proportionality, and the equal treatment not only of all transport sectors, but also any other industries involved.
- As concerns the environment, ESPO pointed out that this is an area where the ports have already adopted a strongly proactive role through ESPO. Existing environmental legislation already provides for tight control over both port operations and the development of ports. However, it is essential that the implementation of these regulations does not distort competition. The cost of environmental protection is high, particularly when we come to the question of coastal management. ESPO has pointed out that this cost is frequently borne by the smaller ports to a disproportionately high degree.

To sum up, discussions between the ports and the European Commission will be both lengthy and difficult. Competition between the European ports is very keen. Any legislation introducing distortion of competition, in whatsoever form, will immediately encounter strong, and in some case vociferous reaction. However, on this occasion the reactions to the Commission's Green Paper, expressed through ESPO, are those of all the ports. The coming months will show whether this dialogue between the ports is likely to make a positive contribution to the construction of a true European port policy, or not. At all events this task will not be easy.

Future of IAPH

Main trends in the maritime and port industry: The future of IAPH is naturally closely linked to the evolution of the maritime industry as a whole.

Globalization is now a reality. On the basis of balanced trade between all the nations of the world, it appears to be the best way of ensuring that all human beings can live in a state of friendly relations with each other, even if this medicine is not entirely sufficient to treat minor upsets arising here and there between irritable neighbors.

While the container business may not represent the highest tonnage in world trade, it is certainly the most sensitive in terms of cash and competition. Shipping and port industry players adopt extremely elaborate commercial and logistic strategies in their attempts to win the juiciest slices of the cake.

If we consider the shipping companies involved in the container transportation business, we see that a handful of giants, such as Maersk and Evergreen, are leading the market. The strategy of these companies is to reduce their cost per unit as far as possible, and provide their customers with the widest possible transportation product range world-wide at lowest rates.

The consequences of this situation for the ports cannot be ignored:

- First and foremost, larger ships have entered the market. A substantial part of current container business is handled by mega-carriers with capacities of 4,000 TEU and more, with the biggest ships offering over 6,500 TEU. This in turn demands huge investment in port facilities, and a monumental cash requirement;
- Secondly, these large companies are also seeking direct involvement in terminal management. For example, Maersk and Sea-Land have put in a joint request for proposals to port authorities in Baltimore, Boston, Halifax, New York/New Jersey, Norfolk, Philadelphia and Quonset Point, Rhode Island on the east coast of the USA, as the two companies consider sites for a major intermodal container terminal. The corresponding facility requirements include an annual capacity for handling 550,000 lifts, and this again means massive investment.

In Europe, Maersk Line is discussing a dedicated terminal with ECT in Rotterdam.

In addition, these big companies are developing hub centers at various strategic locations, including Algeciras in southern Spain, where Maersk and Sea-Land are the major players with almost 100% of the traffic, Gioia Tauro in South Italy, and now Taranto in the same region, where Evergreen plans to develop its own terminal.

Another big change in the port industry has resulted from the emergence of international stevedoring companies, with interests in various ports around the world. Some of these operators are subsidiaries of shipping companies such as P&O Ports, which has declared that it is the largest port owner/operator in the world, and that its expansion program is still in process.

Examples include the Hong Kong based company Hutchison Whampoa Port Development, which owns Hong Kong International Terminals (HIT), and has announced that it is the world's largest privately owned container terminal operator. The company also owns the port of Felixstowe, the largest container port facility in the United Kingdom and the fourth in Europe. HIT has purchased the port of Harwich, also located in South-East England, while Thamesport became part of the Hutchison Port Holdings Group, a subsidiary of Hutchison Whampoa, in February 1998. The Group is also involved in port operations in Indonesia, Myanmar, the Bahamas and Panama.

The Port of Singapore, well known in IAPH circles, is also on the way to becoming a major world player in the container sector.

The Port of Singapore Authority was corporatized a few years ago and PSA Corp, the Port of Singapore operator, now intends to extend its influence into the field of port support operations at home and abroad. The joint venture formed by the Fuzhou Port Authority and PSA Corp in the People's Republic of China, will manage and operate container terminals at Qingzhou and Taijiang, together with a new deep-water container terminal. Also in China, PSA Corp has recently signed a memorandum of understanding with the Shanghai Port Authority, aimed at promoting cooperation between the two companies.

In Europe, word has it that PSA Corp has interests in the Voltri Container Terminal in Genoa, the Venice Container Terminal and the Civitavecchia RCT. Word also has it that its latest target is the purchase of a majority interest in Terminal Darsena Toscana, the main container terminal in Leghorn, Italy.

These are just a few examples of what is happening round the world.

So what about the venerable IAPH? Well IAPH, despite its age is still very much on abreast of the situation. In its changing environment, IAPH is having to move forward also, assess its future and identify the ways in which it must adapt to the new business scene.

But first of all, I would like to summarize for you the objectives of our Association, as established in our constitution. These objectives are as follows: to develop and foster good relations and collaboration between all ports and harbors of the world; to promote and increase the efficiency of ports and harbors, by exchanging information on new techniques and technologies relating to port development, organization, administration and management; to initiate measures designed to protect the legitimate interests and rights of its members with regard to inter-governmental and other international organizations, in order to improve port operating conditions and efficiency world wide; to encourage favorable publicity by distributing news of all port affairs and the development of the waterborne transportation industries, through journals, magazines and other media, and to foster the progress of ports and harbors by continued actions, conducted in the interest of waterborne transportation and marine-oriented industrial development in general, in cooperation with ship owners, shipping lines and all other entities concerned with waterborne transportation, as also all modes of land transportation, the ultimate aim being to promote peace in the world, and the welfare of mankind.

We have frequently said that IAPH is just one great big family, and for myself I believe that this is still true. Whatever your nationality and background, the IAPH context enables you to exchange views with your colleagues from other ports, who have to face the same challenges and the same day-to-day problems, and share the same expectations. In our particular world, we meet more friends than competitors, and in many cases our competitors finally become our friends.

Furthermore, whatever the size of the port, one port member is just as much a port member as the next, and can express its own views under conditions of total equality. In the past we have had Presidents from both large and small ports, and all have been respected and their work appreciated to an equal degree.

As I mentioned earlier, the maritime world is changing very fast, and the question with which we are faced is how to cope with the future, and maintain IAPH in a situation where it continues as the true representative of the world ports and the port industry - both public and private - as a whole.

Today our Association is in a position to deal effectively and efficiently with the public port authorities, concerning such matters as port and marine safety and protection of the environment. The relevant IAPH Technical Committees prepare position papers and memorandums on critical issues, establishing guidelines which, in my view, are extremely and equally useful to port members, the port authorities in developing countries, and a number of international organizations such as IMO and UNEP. For the past two years our Technical Committees have been organizing technical seminars which are extremely well attended and much appreciated. The first seminar, held in Algeciras in 1996, was focused on maritime trade, while the first African ports seminar was held this year in Kenya. The next, a seminar on electronic trade, is scheduled to take place in Barcelona in November of this year.

However, the privatization of various port activities, as also changes in port status, point to the need for in-depth analysis of possible consequences for IAPH membership, and the resultant reorientation which could then become necessary.

Already it appears clear that the Association must focus more closely on the port industry, and this will doubtless have an impact on our organization chart.

It is for these very reasons that the IAPH 2000 Special Task Force was launched in London, its purpose being to analyze the present situation, and make recommendations which will ensure that IAPH can continue as the unchallenged world-wide organization which brings together all the ports of the world. The plan of action for this Task Force, which is chaired by First Vice President, Dominic Taddeo, was discussed at length during the New Orleans meeting of the Executive Committee in April 1998. A Working Group, drawing its members from all regions of the world, met in London in June. The initial report of this Working Group will be discussed this week by the IAPH officers, during the Nagoya meetings. One point which I regard as of the highest interest, is the genuine status, whether private or public, of the ports of the world, and the changes which can be expected in the future. This is why we initiated a survey of world port restructuring programs in June of this year, in order to obtain a clear picture of changes to the institutional framework, and trends towards privatization, of ports round the world.

This means that we will obtain a clearer picture of what our future membership could be like, which should of course include both public and private ports and operators, within a matter of weeks.

Obviously, the changes which we seek to introduce do not mean that our Association is in danger. IAPH has been, is today, and will continue to be well managed. Our membership is truly representative of the ports of the world, we have a good reputation, and the work performed by our Secretary General in Tokyo is extremely efficient and effective. I would like to take this opportunity to congratulate him, and also to thank headquarters' staff for the outstanding work performed.

Obviously, our Secretary General, Mr. Kusaka, and his assistants are totally involved in the discussions on the future of the Association, and their lengthy experience and pertinent comments are a very valuable asset for the successful completion of our surveys.

To sum up then, my hope is that it will be possible to achieve Board adoption of a strategic plan for the future policy of the Association, and it initiate the first steps without any loss of time, on the occasion of our biannual conference in Kuala Lumpur next year.

In my view, IAPH can be regarded as a key tool for ports and the shipping industry. It is a vehicle for greater mutual comprehension, leading to a clearer understanding of the problems with which we are faced, and helping us to see into the future.

We are working to adapt IAPH to meet the new constraints of our industrial environment, and I hope most sincerely that the decisions taken will ensure a long, and successful life for the Association.

Malaysian Ports: Current Situation and Future Prospects

by **Datin O.C. Phang**
Port Klang Authority

Introduction

Malaysia is essentially a trading nation. As an open economy, its share of the total world trade is estimated around 1.4%. Despite this, the size of its external trade is much larger than many countries with bigger population and larger land area. In 1997 the total value of Malaysia's merchandise trade exceeded RM440 billion. Exports alone were valued at RM221 billion.

Significantly, almost 90-95% of the country's merchandise trade is essentially seaborne. Malaysian ports accounted for almost 200 million tonnes of the total volume of external merchandise trade handled by the country in 1997. It is obvious therefore that the role of the ports in the country is not only significant but contributes positively towards the economic attainment of the nation. Ports in the country are not just an *interface* for the transference of merchandise and people from one mode of transport to another but more importantly a *logical platform* for trade facilitation that ultimately contributes and steers the Malaysian economy to that of a *developed nation status* by the year 2020 as envisioned and planned by the Malaysian Government.

Organisation of Malaysian Ports

Malaysia with a coastline of around 8,400 km. has a total of 105 landing facilities ranging from major and minor ports to landing jetties. The large number of ports and landing jetties in the country is no surprise as they offered and still continue to offer one of the cheapest forms of connectivity in the country. Ports in the country are categorised broadly under two categories, i.e., *major* and *minor* ports. There are a total of 17 major ports in the country and these are further categorised as *Federal* ports and *State* ports. *APPENDIX* I refers.

i. Federal Ports
- *Port Kelang*
- *Penang Port*
- *Johore Port*
- *Kuantan Port*
- *Kemaman Port*
- *Bintulu Port*

ii. State Ports
- *Kuching Port*
- *Rajang Port*
- *Miri Port*
- *Sabah Ports (comprising 8 ports)*

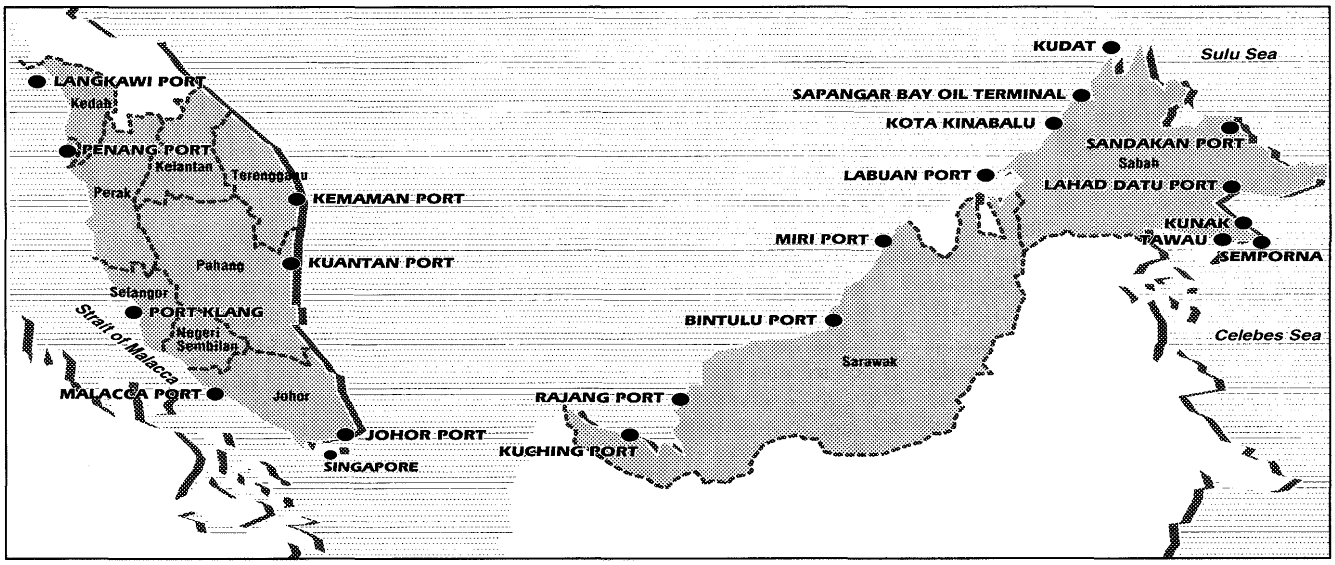
iii. Minor Ports

The remaining landing facilities and jetties including ports which come under the purview of the Marine Department are classified as minor ports. Some of these include Langkawi and Labuan Ports.

The Federal ports in the country come under the direct purview of the Federal Government, i.e., the Ministry of Transport Malaysia; the State ports under the respective State Governments, i.e., Sabah and Sarawak; and the minor ports, i.e., the landing facilities and jetties come under the Marine Department which in turn comes under the Federal Ministry of Transport.

The organisation setup of the principal ports in the country is based on a two tier system comprising *the Board*, which is the policy making body and *management administration* which sees to the day-to-day operations of the port. Port Authorities are responsible for the day-to-day administration of the land and waters within their working areas including approaches and anchorages gazetted under the Merchant Shipping Ordinance 1952. Their duties generally include provision of pilotage and towage services, cargo handling operations, collection of port charges, control of vessels movement within port areas as well as the maintenance and implementation of capital projects. Port revenues are expected to cover operating and overhead expenditure and service debts incurred in capital improvement programmes. Each Port Authority is expected to be financially self-sufficient and operate without subsidy.

APPENDIX I



Six of the principal federal ports in the country have now privatised their port operations in order to improve efficiency and productivity, facilitate economic growth, relieve the financial and administrative burden of the Government as well as to help meet the *National Economic Policy* targets. Relieved of their operational facilities and services, these Port Authorities have taken on an *enhanced role* of a *trade facilitator* and *Regulatory body* where the emphasis is now placed on research, port development and port corporate marketing.

Modernisation of Malaysian Ports

Modernisation of Malaysian ports actually commenced when Singapore was separated from Malaysia in 1965. The need to have modern ports with up-to-date facilities became apparent with the separation. Since 1965 the Malaysian Government in partnership with the private sector has spent a total of RM6.3 billion under the first Six Malaysia Plan to modernise and upgrade existing ports in the country. Under the current Seventh Malaysia Plan (1996-2000) another RM4.7 billion is being expended to upgrade these ports.

Port Klang has been identified as the *National Load Centre* port for the country and eventually to serve as an *alternative hub* for users in the region. Under the Sixth Malaysia Plan a total of RM1.2 billion was spent by both the Government and the private sector to transform Port Klang into what is today – a *world class port*. Another RM2.7 billion is being spent under the current 7th Malaysia Plan (1996-2000) not only to ensure the process of modernisation is continued but also ultimately its customers are given facilities and services on arrival and waiting time if any, are either eliminated or minimised to manageable levels. The principal approach behind the provision of port infrastructure facilities in the country is therefore based on a *supply-driven* strategy as opposed to the traditional *demand-driven* approach to ensure port facilities are provided in anticipation to demand.

Privatisation of Malasian Ports

Along with this massive capital investment in the port sector, the Malaysian Government also took another *decisive parallel step* to enhance the efficiency and productivity levels in the port industry, i.e., through the *privatisation* of port facilities and services since the mid-eighties. The first such exercise involved the privatisation of the container facilities and services of Port Klang to Kelang Container Terminal in 1986. This was followed with the privatisation of the remaining operational facilities and services of Port Klang to two other private entities, i.e., Kelang Port Management in 1991 and Kelang Multi Terminal in 1994.

The privatisation process was simultaneously extended to six other principal ports in the country, i.e., Bintulu, Johore, Penang, Malacca, Kemaman and Kuantan Ports. The remaining principal ports are earmarked for privatisation under the Government's on-going privatisation exercise to ensure ultimately all principal ports in the country are managed efficiently based on private sector discipline and the norms of world class ports.

Performance of Malaysian Ports

In tandem with the robust economic growth sustained by the country for the period 1990-1997, the ten major Malaysian ports witnessed a strong growth in cargo traffic. From 89.2 million freightweight tonnes (FWT.) handled in 1990 the volume increased by 88.4% to 168.1 million FWT. in 1997, averaging 12.6% annual growth for the seven year period. *APPENDIX II* refers.

Port Klang, the national load centre port, witnessed 152.3% growth for the period 1990-1997 with an average annual growth of 21.8%. Port Klang accounted for 33.2% of the market share of the total volume of cargo handled by the ten major Malaysian ports in 1997.

In terms of container traffic, the nine major Malaysian ports handled 3,012,184 TEU's in 1997 as compared to 901,395 TEU's in 1990 reflecting a strong growth of 234.2% for the seven year period. The average annual growth sustained was 33.5%. Port Klang on its own witnessed a strong growth of 239.3% between 1990 and 1997 with an average annual growth rate of 34.2%. *APPENDIX III* refers.

For the first six months of 1998, Malaysian ports experienced a marginal growth of 0.6% in container traffic and a decline of 12.2% in cargo traffic along with the economic downturn brought about by the regional currency crisis and stock market volatility. However, with the recent implementation of stringent monetary measures by the Malaysian Government to insulate the economy against the contagion effects of the crisis and similar steps to revive economic growth through low interest rates and adequate liquidity, the Malaysian economy is anticipated to rebound within the remaining three months of 1998 or early 1999. Along with this rebound in economic growth, Malaysian ports are anticipated to witness a similar rebound in cargo and container traffic handled by these ports. Based on this, it is estimated that Malaysian ports will average 5-6% growth between 1999 and the year 2020.

Future Prospects of Malaysian Ports

The future of Malaysian ports appears bright. The massive investment outlays and the concerted efforts of both the Government and the private sector to modernise existing principal ports in the country will certainly go a long way in achieving the world class status as envisioned by Government. Port Klang, in particular, as the identified load centre port for the country and hub for the region is expected to play a *pivotal role* in these efforts to transform Malaysia into a leading trading nation by the year 2020. Towards this end, the main thrust of the Government in achieving the goals set for the port sector will be strongly focussed on the continuation of the current policy objective for the port sector – *The Greater Utilization of Malaysian Ports.* In pursuing this policy, Government aims to ensure Malaysian ports are ultimately transformed into world class ports and in the process are in a position to handle all of Malaysia's *indigenous* traffic. Over and above this, *potential transhipment* volume from the region.

In this respect, the *specific strategies* implemented and pursued by the Malaysian Government in order to realise the main objective for the port sector in the country are as follows:-

i. Strong Cargo Base (Load Centring)

Various measures and incentive schemes are being introduced by the Government, the port authorities and its private terminal operators to secure adequate cargo volume to Malaysian ports. These include aggressive marketing and promotional programmes, dialogues, visits to clients and negotiations to ensure both indigenous and regional transhipment traffic are made available among Malaysian ports, in particular, Port Klang in order to attract elaborate mainline and direct shipping services. Distriparks and warehousing facilities in close proximity to the ports and Inland clearance depots and dry ports at strategic locations in the country are implemented to act as catalyst for cargo consolidation and distribution.

ii. Adequate Port Infrastructure

The provision of port infrastructure is being pursued on a *'supply-driven'* approach to ensure port facilities are made available in anticipation to demand but also to ensure the customers of the port, i.e., both shipowners and cargo owners are given facilities and services on arrival and waiting time if any are eliminated or minimised to permissible levels.

iii. Encourage Mainline/Direct Calls

Incentive schemes in the form of rebates, volume discounts and waiver of certain port charges, i.e., pilotage, tugboats are made available in Port Klang and other Malaysian ports to encourage mainline/direct calls. In pursuing this policy Malaysian goods are not only made *competitive* but at the same time immense *savings* in terms of invisibles are accrued by the country. Right now Port Klang is served by 60 mainline services (MLO's) and 32 feeder operators that radiate to more than 300 ports worldwide. Shipping services and frequencies are now available on a daily and weekly basis. Efforts are being made by the port to increase the frequency levels in order to provide connectivity to final destinations on a daily basis.

iv. Cost Effective and Efficient Port/Terminal Operations

The port tariff currently used in Port Klang and most Malaysian ports have not been revised for a long time. The *tariff* itself is an *incentive* for both shippers and shipowners to use Port Klang and other Malaysian ports as it is comparably much *cheaper* to those imposed by neigbouring country ports. Over and above this, rebates and volume discounts are also made available for users. Efficiency levels in the port are synonymous to international norms. Turnaround time of vessels and dwell time of cargo/containers in the port are being improved on a continuous basis.

v. Efficient Intermodal Inland Connections

The major ports in the country are elaborately connected to its hinterland through an efficient network of highways and railways. Connectivity to most inland destinations can be carried out within 24 hours. Despite these improvements, both the hardware and software of the inland transportation system are continuously improved to render fast, safe and intermodal connectivity.

APPENDIX II

MALAYSIAN PORTS – CARGO TRAFFIC 1990-1997
('000 FWT.)

PORTS	1990	1991	1992	1993	1994	1995	1996	1997	Average Annual Growth
WEST MALAYSIA									
KELANG	22,105	26,296	28,403	30,788	33,857	40,034	49,024	55,767	21.8%
PENANG	10,852	12,062	13,219	14,362	15,135	16,675	19,869	22,603	15.5%
JOHORE	10,005	10,711	10,741	11,798	13,223	16,504	19,017	20,806	15.4%
KUANTAN	3,315	2,842	2,877	3,401	4,159	4,208	5,052	5,855	10.9%
KEMAMAN	1,267	1,700	1,019	2,542	1,960	2,568	2,538	3,631	26.7%
SUB TOTAL	**47,544**	**53,611**	**56,259**	**62,891**	**68,334**	**79,989**	**95,500**	**108,662**	**18.4%**
EAST MALAYSIA									
SABAH	13,139	13,679	14,159	13,168	14,579	16,257	17,458	19,609	7.0%
BINTULU	11,396	12,931	13,590	14,698	15,284	18,639	21,816	24,586	16.5%
KUCHING	2,557	2,939	3,138	3,396	3,726	4,282	4,991	5,217	14.9%
MIRI	9,231	9,774	8,966	7,109	6,722	7,123	6,536	4,403	-7.5%
RAJANG	5,353	5,424	5,890	5,543	5,789	5,946	5,971	5,575	0.6%
TOTAL	**41,676**	**44,747**	**45,743**	**43,914**	**46,100**	**52,247**	**56,772**	**59,390**	**6.1%**
GRAND TOTAL	**89,220**	**98,358**	**102,002**	**106,805**	**114,434**	**132,236**	**152,272**	**168,052**	**12.6%**

APPENDIX III

MALAYSIAN PORTS – CONTAINER TRAFFIC 1990-1997
(TEU'S)

PORTS	1990	1991	1992	1993	1994	1995	1996	1997	Average Annual Growth
WEST MALAYSIA									
KELANG	496,526	607,626	677,678	771,901	943,846	1,133,811	1,409,594	1,684,508	34.2%
PENANG	222,440	251,849	303,367	330,922	386,182	433,474	454,765	506,863	18.3%
JOHORE	66,083	96,931	128,558	168,315	235,659	302,136	377,890	429,448	78.6%
KUANTAN	2,343	4,065	6,818	9,681	12,192	22,591	40,821	54,855	320.2%
KEMAMAN	–	–	–	–	–	–	–	–	–
SUB TOTAL	**787,392**	**960,471**	**1,116,421**	**1,280,819**	**1,577,879**	**1,892,012**	**2,283,070**	**2,675,674**	**34.3%**
EAST MALAYSIA									
SABAH	61,335	66,821	68,715	73,135	95,766	114,723	127,100	154,693	21.7%
BINTULU	7,026	11,310	13,815	17,298	20,936	24,511	28,331	32,571	51.9%
KUCHING	29,450	36,328	40,621	47,569	61,184	70,609	77,304	105,320	36.8%
MIRI	1,968	2,419	1,820	1,787	1,887	1,395	3,049	3,917	14.1%
RAJANG	14,224	16,204	19,760	22,998	27,760	31,472	35,214	40,009	25.9%
TOTAL	**114,003**	**133,082**	**144,731**	**162,787**	**207,533**	**242,710**	**270,998**	**336,510**	**27.9%**
GRAND TOTAL	**901,395**	**1,093,553**	**1,261,152**	**1,443,606**	**1,785,412**	**2,134,722**	**2,554,068**	**3,012,184**	**33.5%**

vi. Viable and Conducive Commercial Environment

The commercial environment of the port has been liberalised and made conducive for the commercial activities of the ports. The processes in the port have been simplified and made transparent through automation and computerisation. Almost all port transactions are now paperless with the implementation of Electronic Data Interchange (EDI). Pre-clearance of customs, immigration and health are in place to speed up all port transactions. Free Commercial Zones have been implemented in Port Klang and other Malaysian ports to encourage transhipment activities and other value-added services to ensure the load centring efforts in Port Klang and other Malaysian ports are fully exploited. This process is carried out on a continuous basis to ensure bottlenecks and hitches in port activities are ultimately eliminated.

vii. Marketing and Port Promotion

Port Klang and the other Malaysian ports are currently pursuing an aggressive port marketing and publicity blitz to reach out to the potential clients of the port. These promotional and marketing activities are not just aimed at encouraging the greater use of Malaysian ports but at the same time getting across to the potential clients that there is a *cheaper option* in Port Klang and other Malaysian ports for their trading activities compared to those available among neighbouring third country ports.

Conclusion

In conclusion, Malaysian ports are being transformed into world class ports and Port Klang, the National Load Centre port is being developed as the *alternative* hub for the region. May I invite you to discover and make your next call at Port Klang, *the new gateway to the world in the next millenium.*

23 September 1998
PORT KELANG AUTHORITY

Highlights of the IAPH World Ports Conference

In Kuala Lumpur 15-21 May 1999

by Datin O.C. Phang, Port Klang Authority

Introduction

Klang Port Authority will play host to the 21st World Ports Conference of the International Association of Ports and Harbors which will he held from 15 to 21 May 1999 in Kuala Lumpur. Preparations to hold this prestigious conference started in 1986. Though much has been done since, there are still more to do to ensure that everything goes smoothly. I would like to take this opportunity to brief this distinguished gathering and to invite you to attend the 21st Conference in Kuala Lumpur next year, with the conference theme Global Trade Through Port Co-operation.

Conference Venue

The Palace of the Golden Horses is the conference venue. This hotel is one of the newest and biggest hotels in Malaysia and is situated on the shores of a 150-acre lake. Located within this complex is a shopping mall, an amusement park, a world-class golf course, a landscaped swimming lagoon as well as another hotel (the Mines Beach Resort).

The 5-star Palace with its Moorish architecture is just 12 km from Kuala Lumpur and 78 km from the KL International Airport (a 45-minute drive).

Besides the conference hotel, we have also arranged for hotels in the vicinity for delegates. These include the Mines Beach Resort which is about 2 km from the conference venue. You will be able to get there via a shuttle service (which takes approximately 5 minutes) or by water taxis (approx. 10 minutes). The shuttle service is provided free of charge by the hotel.

The 4-star Renaissance Palm Garden Hotel is about a 20-minute drive away from the conference venue. A shuttle bus service will be arranged to take you to and back from the conference venue daily.

Another alternative is the Country Villa Apartments (30 minutes drive from the Palace). These 3-bedroom apartments can accommodate up to six persons.

Hotel room rates

We have arranged very special room rates for guests staying at the conference hotel and other selected nearby hotels. All rooms are quoted in Malaysian Ringgit and are inclusive of service and government taxes. The rates also include breakfasts for two, except for the country villa apartments.

Palace of the Golden Horses

Deluxe	RM420 *(approx. US$110)*
Lakeview	RM440 *(approx. US$116)*
Executive suite	RM700 *(approx. US$184)*
Signature Club	RM490 *(approx. US$129)*
Signature Club (executive suite)	RM780 *(approx. US$205)*

Mines Beach Resort

Main block room	RM300 *(approx. US$79)*
Chalet	RM350 *(approx. US$92)*
Lakeview suites	RM600 *(approx. US$158)*

Renaissance Palm Garden Resort

Superior	RM241.50 *(approx. US$64)*
Deluxe	RM264.50 *(approx. US$70)*

Country Villa Apartments

3-bedroom apartments
RM440 *(approx. US$116)*

Breakfast is not included in the above rate for the apartments.

A one-night deposit is required to confirm the room bookings for all the hotels.

Registration Fee

IAPH members

Before 31 March 1999
RM4500 *(approx. US$1185)*
On or after 31 March 1999
RM5700 *(approx. US$1500)*

Non-IAPH members

Before 31 March 1999
RM5700 *(approx. US$1500)*
On or after 31 March 1999
RM7000 *(approx. US$1842)*

Additional accompanying person(s)
RM1300 *(approx. US$342)*

We are not charging any registration fee for honorary IAPH members.

Preliminary Business Programme

We have six working sessions covering three days (Tuesday, Thursday and Friday). We have a special session on Monday morning and this will be followed by the First Plenary Session in the afternoon. Wednesday is devoted to the technical tour to Port Klang, while the Second Plenary (Closing) Session will be on Friday afternoon.

We have a distinguished line-up of speakers covering all regions of the world. Speakers will highlight subjects pertaining to the evolution into the new century and the many important issues relating to the Conference theme of Global Trade Through Port Co-operation. Among the speakers are:

Mr. Masaharu Ikuta, President of Mitsui OSK, Japan, will speak on Globalisation in Liner Shipping.

Mr. Santiago Mila, Vice Chairman of United Nations CEFACT will speak on CEFACT and Its Implications to the Transport Industry, while Mr. George Hsu, President of Evergreen Maritime Corporation, Taiwan, will share his experience with his presentation on *Achieving Service Excellence Through the Use of IT: Capitalising on It to Improve Efficiency and Productivity.*

Speakers from the African continent will include Commodore K.T. Dovlo, Director General of the Ghana Ports and Harbours Authority, and Mr. M.A. Kodjo from the Port Authority of Lome

We have two speakers from the Middle East - Mr. Jamal bin Tawfig bin Mohameed Aziz, Director General of the Port and Maritime Affairs in Oman, and Mr. Jack Helton from Salalah Port Services.

From the Indian continent is Dr. Jose Paul, Chairman of Mormugao Port Trust, who was also a former winner of the prestigious IAPH Akiyama Prize.

On the home front, the Malaysian Minister of International Trade and Industry Dato Seri Rafidah Aziz will present a paper on *ASEAN: Towards*

Global Competitiveness, while the Minister of Transport Dato Seri Dr. Ling Liong Sik will be the guest speaker at a luncheon talk on the 18th.

Technical visit: We would really encourage you to join the technical visit to Port Klang on Wednesday. We will be conducting a visit to the West Port terminal, the newest gateway in Port Klang. Besides providing the most modern facilities for handling containers, general cargo, dry and liquid bulk cargo, West Port is also a garden port with its beautifully landscaped gardens and waterfalls.

Social Programme

The week starts off with a cocktail reception for the early arrivals on Saturday 15 May. This will give all present an opportunity to get to know each other and to meet up with old friends. Sunday evening will see the opening ceremony where you will experience a true Malaysian carnival complete with Malaysian cuisine, cultural performances and a traditional handicraft exhibition. This will be held in an outdoor setting amidst lush greenery.

The Port of Montreal, the conference host in 2001 will give us all a chance to experience a little of what to expect in Montreal for the 22nd IAPH Conference. They will be hosting a dinner with the theme *4 Seasons of Canada* on Thursday 20 May.

Accompanying Persons Programme

On the weekend prior to the Conference (15 and 16 May), both delegates and their accompanying persons will be taken for a tour around Kuala Lumpur city. This will give you a chance to explore the city and take in its atmosphere.

While the delegates are attending the Conference, the accompanying persons will be busy visiting the sights of Kuala Lumpur and its outskirts.

Places of interest include a pewter factory, a handicraft centre, the famous limestone caves (Batu Caves), an agricultural theme park and all the best shopping centres with their duty-free goods.

All these trips will include lunches at beautiful restaurants, including the Carcosa Seri Negara, a building preserved under the Heritage Act and which is host hotel to foreign head of states - Queen Elizabeth II stayed here last month at the 16th Commonwealth Games.

Exhibtion

The exhibition is held concurrently with the Conference and this is an excellent opportunity for you to promote your organisation and business to this very distinguished and prominent group of decision-makers. It is also a great way to make new contacts.

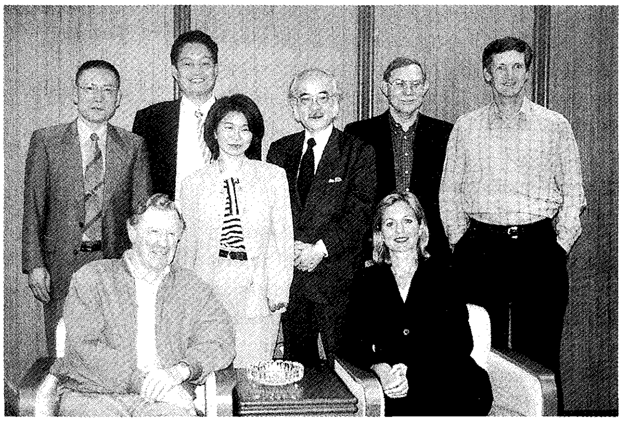
We welcome you to participate in this exhibition.

Conclusion

I have no doubt that your participation at the 21st Conference in Kuala Lumpur will be very worthwhile from a business point of view. My colleagues and I in Port Klang will do all we can to make this event enjoyable and etch in your memory Malaysia and Port Klang.

Sydney and Yokkaichi Celeblate 30th Anniversary of Sister Ports

ON Saturday, 24 October, at the Nagoya Airport, Mr. R. Kondoh of IAPH who was visiting Nagoya to attend the IAPH Officers' meeting met Mr. John Wallace, IAPH Honorary Member and former chairman of the Maritime Services Board of NSW, Mr. John Hayes, IAPH Exco Member and Executive Director (Policy and Planning), and Ms. Gheryl Bart, Director, Sydney Ports Corporation. The delegates from Sydney flew here to visit Yokkaichi for the three day festive events which included a trade development seminar in Yokkaichi in commemoration of the 30th anniversary of sister ports affiliation between the two ports.



Front row: (L to R): Mr. John Wallace and Ms. Cheryl Bart. Back row (L to R): Mr. S. Nakanishi, Mr. M. Watanabe, Ms. C. Kato, Port Promotion Section, Yokkaichi Port Authority, Mr. Kondoh, Mr. J. Hayes and Mr. G.J. Martin. Picture courtesy of Yokkaichi Port

Obituary

Mr. L.M. Vleugels former IAPH President

WITH a great regret the Tokyo Head Office learned from Mrs. Vleugels that Mr. L.M. Vleugels, formerly General Director of the Port of Antwerp and 10th President of IAPH, passed away in Antwerp on 3 November 1998. He was reportedly Lecturer Emeritus at the Antwerp UFSIA University and held many other titles.

Mr. Vleugels (born in 1925) served IAPH as President (1973-1975) and played a key role in the development of our organization. Also serving as IAPH Director representing Belgium, he was a member of the Executive Committee, Containerization Committee and the Trade Facilitation Committee. He participated in nine consecutive IAPH conferences – from the 4th in London (1963) to the 12th in Nagoya (1981) – and at these events, he worked in his various capacities.

Mr. Hiroshi Kusaka, IAPH Secretary General, on behalf of President Smagghe, sent a letter of deep condolences expressing regrets of all members of IAPH to Mrs. Vleugels-Baise whose address follows:

Mrs. Madeleine Vleugels-Baise.
Esmoreitlaan 1, Box 22. Belgium
Fax/Phone +32 3 457 35 06

OPEN FORUM

Development 'On the Waterfront'

A unique confluence of factors during the late 1990s portends major growth in the number of mixed-use waterfront sites available for development across the country as the new millennium arrives. They are:

- An influx of large amounts of capital looking for investment opportunities
- The entrepreneurial attitude of local governments, military base closings
- A general consolidation of land use in the port industry.

Waterfront development is hardly a new concept and neither are some of the trends in transportation and industrial relocation that promise to feed its growth into the new century. In the New York City metropolitan area, the Port Authority of New York and New Jersey along with public and private partners has embarked on two ambitious projects that are exemplary of where waterfront development has come from and where it is headed in the future. Both projects share one fundamental characteristic. They are being constructed over the remains of a diminished industrial economy and former working waterfronts whose users relocated from congested and heavily populated areas to more spacious sites with better freight access.

The Hoboken South Waterfront, in Hoboken, N.J., and the Queens West Development Project, in the Hunters Point section of Queens, N.Y., both are expected to leverage public funds from the Port Authority and others into billions of dollars of private-sector investment. The Port Authority has committed $125 million to each waterfront development project in New York and New Jersey. With the aid of pre-approved redevelopment plans, residential high-rise buildings, commercial office complexes, hotels, entertainment, retail, schools, waterfront parks, and other developments are expected to rise over

By Louis Mastria

Reprinted with permission from Real Estate Finance Review, *Spring 1998*

Waterfront developments find new uses for land once critical to an industrial economy. Cleaner waterways, the increased availability of these parcels, and hungry real estate investors are boosting the number of projects.

the ashes of obsolete port facilities and industrial buildings.

The very embodiment of a working port town, Hoboken, N.J. (as seen in the movie "On the Waterfront"), lost its ability to compete for shipping to nearby towns that had open fields where modern shipping containers could be stored. The 50 acres of upland and water area that housed a working port until the early 1970s is providing today the necessary space to grow this town's tax base and bring a sense of community to its scenic Hudson River waterfront that has for years remained undeveloped and inaccessible behind wrought-iron fencing.

After more than 20 years of planning, the City of Hoboken and the Port Authority have embarked on a revitalization of Hoboken's waterfront. The ambitious development plan calls for up to 2.8 million square feet of development. The two public partners are in the process of selecting private developers to construct more than 1.5 million square feet of commercial space, a 300-room hotel, and a 500-unit residential complex on three new city blocks that will be formed by extending the city's existing street grid. At the south end of the site, Block A, conveniently located one block away from a major passenger transportation hub, is zoned to accommodate up to a 1.1 million-square-foot office complex with ancillary parking and retail space. At the north end of the site, Block C will house a 500-plus-unit high-rise luxury residential building, parking for tenants, and about 40,000 square feet of retail. Block B acts as a transforming element between Block A and Block C as the uses permitted on Block B include about 600,000 square feet of office space and about 400,000 square feet of hotel or residential space. All of the new buildings will have unfettered views of New York's western skyline.

The Port Authority will spend $75 million to create parks, public areas and any necessary infrastructure for the project (i.e., roads, sewer, and water, etc.). By leveraging the bi-state agency's commitment to infrastructure development, Hoboken will receive several hundred million dollars worth of investment from the private sector.

Creating another development with equally commanding view of Manhattan's eastern skyline, the Port Authority is working with New York State, New York City, and with the guidance of the Queens Borough president's office to create a larger-scale, mixed-use development on under-utilized land in the Hunters Point section of Queens, N.Y. The Queens West Development Corp., a subsidiary of the Empire State Development Corp. coordinates the planning and development activities of the project. The development will rise on 74 acres of prime waterfront property stretching over one mile of East River frontage directly across from the United Nations complex.

QWDC expects to attract more than $2 billion of mostly private investment at 19 development parcels in four stages. For this to be achieved, nearly $150 million of new infrastructure will need to be installed and perhaps up to $100 million will need to be spent on land assembly.

The first two stages, which compose the northern half of the site containing 11 parcels, will produce more than 3,100 residential units, about 100,000 square feet of retail and commercial space and more than 130,000 square feet of community facilities including two public schools. Construction of the first residential building on one of the Stage I parcels was completed in 1997 and more than half of its 521 coop apartments were sold at the time of this writing. QWDC requested proposals in December 1997 for two other first stage parcels with more than 500,000 square feet of residential space, more than 60,000 square feet of retail space, and a 360-space garage. QWDC is reviewing those proposals now. The latter two stages at the south end of the Queens West development site include: Stage III consisting of four parcels which that will include more than 2,000 residential units; and Stage IV, considered the commercial core of the project and consisting of more than 2 million square feet of commercial office space, a 350,000-square-foot hotel, more than 90,000 square feet of retail on four development parcels.

During the past 150 years, the Queens West site has been home to a myriad industrial and transportation uses including petroleum processing, varnish manufacturing, and the transfer of overland freight rail cars onto barges for their crossing of the East River. All of these uses relied on the ready access of waterborne transportation for the delivery of raw material and finished products until other forms of land based transport became more cost-effective after World War II. Like Hoboken, Hunters Point in Queens saw many of the last vestiges of its industrial past disappear during the 1970s.

Now is the Time

Both waterfronts had been largely abandoned or underutilized at best by the relocation of manufacturing and transportation industries away from expensive waterfront property. Developments are being brought to fruition only now as the resurgent real estate market pushes rents of planned projects up to profitable levels. But new entrants to waterfront development should realize that redevelopment plans have taken the better part of 20 years to be put in place – almost since the time when industrial users were just beginning to move to more modern facilities often in less expensive areas of the country. At Queens West a proactive public sector is fostering the redevelopment of the area by continuing to assemble property from the last of the transitional uses still on the site.

The relocation of manufacturing facilities of many industrial giants was precipitated by a fundamental change in the economics that had supported industrial waterfront development. Cheap waterborne transportation near railheads and ready access to water for cooling and disposal had been prime motivations for locating manufacturing and industry next to rivers until the mid-1900s. The revolution brought about by the post-industrial economy coupled with the migration of industry to less expensive sites with better interstate access caused massive changes in cities' industrial economies. These changes and a shift to highway transportation led to a diminishing role for rail for moving raw material and finished goods to market causing many acres of rail facilities to be rendered redundant during the 1960s and 1970s.

A concomitant benefit of the industrial relocation and a more environmentally concerned political climate has been the reduction of pollution in the waterways that front waterfront development projects. The cleanup of the adjacent waterways has again made living and working along a river an attractive possibility. This, too, has re-energized interest in the waterfronts.

Money and Land Available

At a number of recent real estate industry workshops, a common theme has emerged. A lot of capital is chasing after an increasingly small number of existing sites suitable for investment. This embarrassment of riches for real estate developers has turned financiers' interests toward new development deals, such as waterfront development, as a way of growing their earnings by increasing the number of properties in their portfolios.

The upbeat real estate market of the mid-to-late-90s and the popularization of REITs, which can pump large amounts of money (more than any one private developer could) into real estate holdings, have produced a revitalized interest from existing developers as well as new entrants who are looking for attractive tracts of land. These forces combined with communities who are ready to trade on their natural resources have intensified interest in waterfront property.

The demand for these sites will increase as developers see the benefits of combining such primary uses as residential, office, and retail with the passive and active recreation possibilities available near water. Market forces and demographics also will make these sites very desirable. In the case of Hoboken and Queens West, some of the varied groups attracted to waterfronts are well-to-do empty nesters who would like to give up their suburban homesteads, value-conscious financial services professionals who currently live in Manhattan but can get more apartment for their money on either waterfront, and expansion-minded blue chip firms who see the advantage of lower-priced back offices while maintaining the cache of having headquarters in Manhattan (only a short ride on nearby mass transit or a scenic ferry ride away). On a more general level, institutional investors, also, will be attracted to these tracts of newly developable land as sources of potential income for portfolios that need to be continuously fed if they are to grow.

The trend toward more waterfront development also is being aided by an increase in the number of sites available.

The much-ballyhooed Peace Dividend of the early 1990s may be making more of an impact during the late 1990s on residential and commercial real estate than on the country's budget. The end of the Cold War forced the armed forces to downsize in the early 1990s. The Navy for example, which for obvious reasons controlled many prime waterfront sites for land-based support, reduced its fleet size to about half of its Cold War contingent, thereby reducing the need for many of its waterfront properties.

There are almost 100 bases that are scheduled to be closed within the next few years. (For a listing of the bases from the internet, go to: http://www.defenselink.mil.) A dozen of these bases are on waterfronts that are ripe for development.

One such base is the Bayonne Military Ocean Terminal in Bayonne, N.J. The local government has embraced the closure as a way of increasing its tax base and a way of attracting new economic generators that would replace the military. Bayonne is looking at proposals that could convert several hundred waterfront acres into a residential, recreational, and shopping Mecca along with commercial maritime uses – if not a university campus and/or a permanent berth for the Battleship New Jersey. With good roads, easy access to major highways and a new light rail system, Bayonne may become the object of much developer desire.

A general consolidation of the shipping industry, which may leave port land underutilized especially at smaller ports around the country, bodes well for developers who are looking for waterfront sites and for ports looking for higher value uses for their redundant property. Port terminal operators and shipping lines are increasingly looking at terminal sharing agreements and vessel sharing agreements in efforts to achieve the potential economies of scale made possible by increasingly larger ships coming on line. These new behemoths are capable of ferrying more than 4,000 of the 40-foot containers you see barreling down the highway on the back of tractor trailers. These new ships and the emergence of terminal sharing represent a growing trend that may eventually lead to a reduction in the number of port calls made by individual ships, thereby reducing the number of smaller ports.

Governments Get Savvy

Waterfront developments produce a host of public benefits to local governments and governmental agencies by providing access to waterfront areas that had been restricted by prior industrial uses, creating new public open space for recreation, putting often fallow property back onto tax rolls, generating new revenue streams, and creating temporary and permanent jobs for the local economy. This may be recycling in its most economically beneficial form.

As new residents and office workers move to these new developments, their disposable incomes and expense accounts will grow service economies in and around the developments – another plus for many urban areas.

In trying to woo developers, communities and governmental agencies are using their influence in state and local government to acquire the entitlements necessary to rebuild their waterfronts. Communities and governmental agencies use their public powers and resources to assemble property, develop infrastructure, address environmental concerns, obtain zoning and planning approvals, and build grass-roots support for redevelopment plans. As exemplified by the Hoboken and Queens projects, these are key roles for the public sector, and much of the success of the two projects is directly linked to allowing developers to concentrate solely on development of commercially viable buildings.

For the privilege of building profit-making developments on the water, however, communities are requiring developers to create public amenities like parks, as well as allowing the public sector to participate in the profits from the for-profit development in more aggressive ways than perhaps ever before. Government agencies are getting their traditional piece of the pie by requiring payments in lieu of taxes or tax payments and, sometimes, operating funds from developers.

But many governmental entities have become more savvy about real estate financing and are cashing in on more sophisticated financial arrangements between themselves and prospective developers. It is not unusual for a deal involving public sponsors to include sophisticated profit sharing arrangements. Many public agencies are taking the position of an equity partner in development deals by receiving a portion of any refinancing or sale proceeds in addition to ground rent and gross revenue participation.

Seeing a potential windfall from these new revenue sources, local governments and government agencies are getting aggressive in obtaining entitlements, zoning, environmental permits, and property required to foster such development.

It should be noted, however, that due to the length of time necessary to coalesce support and obtain a buildable development plan, markets may change. In these cases, cautious investors and developers should be aware of some of the risks associated with initially overcoming preconceived perceptions about some of the new waterfront development uses. Even the best laid plans may cause a backlash among resistant tenants until an area becomes a proven success for specific uses. If the agreed-upon development plan calls for office space, but the market calls for residential, plans to overcome such an obstacle should be developed early. One way may be to allow the development to be built in phases instead of all at once. That will allow the developer to create a critical mass slowly and to show the success of the site to future prospective tenants.

From the interest generated by the Hoboken and Queens West sites, it is obvious that waterfront development sites truly can create win-win scenarios for the host communities and private developers. In all cases, the proforma numbers and the success of completed buildings indicate that developers can achieve internal rates of return of more than 15 percent. At the same time, host communities are turning eyesores into economic engines for revitalization. With both public and private sectors seeing such possible outcomes, the future for waterfront development looks bright as both sectors work toward goals of economic development and profit that are mutually beneficial.

(**Author's Note:** The recent decline of stock markets around the world has made it more difficult for REITs to bid for properties. It should be noted, however, that more traditional lending institutions like banks, insurance companies and pension funds are returning to real estate investments.)

Louis Mastria is supervisor of Business Planning and Operations for the Waterfront Development Unit of The Port Authority of New York and New Jersey. Louis has been involved with industrial, port, and commercial development and transportation infrastructure development. He is currently working on the residential, commercial and hotel developments on the Hoboken South Waterfront Development Project for the Port Authority.
Email: MastriaL@Yahoo.com

New Publications

Environmental Management Handbook

PORT authorities have produced a new handbook which will provide a guide to best environmental practices for ports, their tenants and other waterfront property owners/operators in North America.

The American Association of Port Authorities' (AAPA) *Environmental Management Handbook* (EMH) recognizes the need for ports to fulfill their mission as environmental stewards and reduce the environmental impacts from port operations. Ports by nature are in close proximity to highly sensitive resources and are under increasing scrutiny by the environmental community – both by the regulators and public/private interest groups. The handbook recognizes the increased pressure on ports to be caretakers of waterfront property.

"The handbook is a valuable tool for any organization that works on the waterfront, but especially for ports and their tenants," said Tom Chase, AAPA Director of Environmental Affairs. "The handbook identifies critical environmental issues and presents cost-effective practices that may be used to reduce impacts."

An extensive, 125-page 3-ring binder with a number of illustrations, the EMH can be used by any of AAPA's 145 member ports throughout the Western Hemisphere, although part of the handbook includes information on regulatory issues specific to United States ports. The EMH is divided into sections including: environmental considerations for port development and operations; port environmental management practices and tools; public outreach; and a framework for implementing an environmental management program within a port's overall management system.

The Handbook was produced cooperatively by AAPA and Camp Dresser & McKee Inc. (CDM). The project was directed by AAPA's Harbors, Navigation and Environment Committee and funded by a grant from the U.S. Environmental Protection Agency. AAPA's Harbors, Navigation and Environment Committee is chaired by Dr. Geraldine Knatz, Director of Planning and Environmental Affairs at the Port of Long Beach.

Copies of the Environmental Management Handbook were distributed at AAPA's 87th Annual Convention held October 5-9 at the Westin Galleria Hotel in Houston, Texas. For more information, contact Tom Chase, AAPA, at 703-684-5700 or by e-mail at tchase@aapa-ports.org.

Port Risk Management and Insurance Guidebook

INSURANCE, safety and risk management professionals have produced a new guidebook to provide public port authority officials with the skills and information needed to establish and maintain appropriate, cost-effective insurance and risk management programs.

The Port Risk Management and Insurance Guidebook is a resource for risk management professionals at public ports authored originally in 1985 and updated in 1998 by the American Association of Port Authorities (AAPA) and the Maritime Administration (MarAd), U.S. Department of Transportation. The Guidebook was prepared in cooperation with members of AAPA's Finance Committee and MarAd's Office of Ports and Domestic Shipping. The AAPA Finance Committee is chaired by Katherine D. O'Neal, Deputy Director, Finance and Administration, Port of Palm Beach.

The guidebook is designed to serve as a practical "how-to" manual and educational reference text for experienced port risk managers and other industry representatives. Written from the port's perspective and geared toward the basics of insurance and risk management, the Risk Management Guidebook is an invaluable port management resource.

Copies of the Port Risk Management and Insurance Guidebook are available by faxing requests to 202-366-6998 or by calling the Maritime Administration at (202) 366-4357. The guidebook will also be available on MarAd's Web site in November at http://marad.dot.gov.

Buenos Aires Port Yearbook (Anuario Portuarío y Marítimo)

THIS book contains all the information about the ports in Argentina and the most important ports in Mercosur (Brasil, Uruguay and Chile). Carlos Armero Sisto is the publisher.

Anuario Portuarío y Marítimo (Buenos Aires Port Yearbook) – Talcahuano 77 2° "7", Tel: 54 1 383-1586, Fax: 54 1 384-7018 – Buenos Aires, Argentina.

E-mail: anuaport@overnet.com.ar

Caribbean Port Scan

POLICY Research Corporation NV in Antwerp has completed a study on Caribbean ports, which is about to be published by Kluwer Academic Publishers. The book covers container ports and cruise shipping.

For further information contact Karel Joos, mail to: Policyresearch@innet.be.

Lloyd's Ports of the World 1999

LLP (formerly Lloyd's of London Press) has published the 17th edition of *Lloyd's Ports of the World*, its award-winning guide to the world's commercial ports.

Contained in a single volume, *Lloyd's Ports of the World* is a comprehensive reference source, listing ports and their facilities by region and then in a geographic listing encompassing all major facilities in the global port industry. A comprehensive index complements the data section.

Lloyd's Ports of the World is the only ports guide to utilise the information gathering resources of the Lloyd's Agency Network and as such has been expanded to include additional information on key port locations and up to date intelligence on vital shipping areas including the Suez and Panama canals.

The 1999 edition of *Lloyd's Ports of the World* features an expanded front section to complement its comprehensive port data. A review of port developments and activities at the world's ports has been compiled from the Lloyd's List archive and two port organisations with which LLP is affiliated, the International Harbor Masters' Association and the International Association of Ports and Harbors present information on their current work and future plans.

Again included is a guide to the world's free trade zones, listing some 300 facilities around the world. A 68 page colour map section of the world's ports and shipping places completes the package, bringing together commercial and geographical information in one convenient volume.

Port users, port authorities, suppliers of goods and services to ports, indeed all those needing details of the world's ports for their work at sea or ashore will find *Lloyd's Ports of the World* an essential reference work, enabling them to stay up to date with port development, throughputs and facilities world-wide.

Port Data Includes: Latitude & Longitude, Approach and Pilotage Requirements, Port Authority Contact data, Pilotage & Radio frequency information, Admiralty Chart and Admiralty Pilot Numbers, UNCTAD Locode, Anchorages, Weather Conditions, Key to Principal Facilities, Port & Terminal facilities, Berth Descriptions, Shipping Agents, Lloyd's Agents, Shiprepair Facilities, Cranes, Tide Information, Berth Capacity (largest vessel), Bunker Suppliers, Towage Services.

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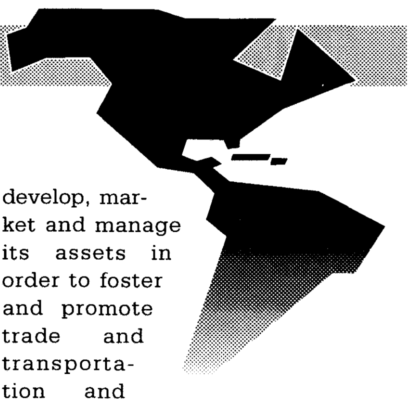
For more information, please contact Neville Smith, Managing Editor on +44 171 553 1000.

For order information, please call +44 1206 772800.

The Americas



1997 Halifax Highlights: Total Cargo Up 9.2%

- total cargo increase of 9.2% to 14.1 million tonnes
- record number of TEUs handled – 459,176
- 20% increase in containerized cargo attributable to greater cargo volumes from established customers, and new and expanded liner services
- fifth consecutive year of container cargo growth
- 44% increase in U.S. Midwest cargo, to 479,000 tonnes (59,000 TEUs)
- cruise passenger record of 44,328 passengers
- cruise passengers rate Halifax as favorite port of call on the New Atlantic Frontier itinerary
- five-year, $46.3 million capital investment program launched
- $4.9 million redevelopment of Pier A, Ocean Terminals, including completion of a modern forest products handling facility
- capital investment allocated to prepare for post-Panamax vessels
- successful participation with the Halifax shipping community to reduce Canadian Coast Guard Marine Services Fee
- sister port relationships established with Göteborg and Amsterdam

Halifax Port Corporation

Mission Statement

The Halifax Port Corporation will develop, market and manage its assets in order to foster and promote trade and transportation and serve as a catalyst for the local, regional and national economies.

The Halifax Port Corporation will be financially self-sufficient, operate in an environmentally responsible manner, and provide challenging and rewarding opportunities to its employees for personal growth.

Our Values

In conducting our business, we believe in:

- Accountability to our customers and stakeholders
- Integrity and professionalism in our business activities
- Dedication and full support toward the accomplishment of Corporate goals and objectives
- Commitment to employees to provide a working environment conducive to personal goal achievement

Profitable growth, performance-oriented management, and partnerships with the private sector will continue to guide our future developments.

(Annual Report 1997)

New Technologies for Productive Montreal

FIBRE optics network: Last year, the port corporation began installing a fibre optics telecommunications network that meets the port's communications needs for the 21st century.

This $2-million investment allows the port corporation to transmit a greater amount of information faster and more efficiently over the entire port territory. Optical fibre or light carries much more data in less time than electric current.

The fibre optics telecommunications network facilitates electronic data interchange between the port administration and its clients.

It will improve operations by allowing, for example, instantaneous transmission of images captured on video by cameras installed to track rail operations, and controlling the use of blowers on the railway network.

The network will also protect individuals and property. It links all security systems (remote reading of magnetic cards, alarms, etc.) to the port corporation's harbor master control center.

Electronic data interchange: Today, many shipping lines and agents electronically transmit manifest data to the port corporation as well as Customs Canada and Agriculture Canada.

Electronic data interchange, or EDI, is the computer-to-computer exchange of business information between trading partners or companies. It uses a standard, computer-readable message format.

EDI helps the port corporation and its clients maintain their competitive edge. Paperless communication saves time, improves service, increases productivity and facilitates trade.

The Montreal Port Corporation created its own EDI committee back in 1988. With a shipping line and railway, it started a pilot project for the transmission of manifest data using the same transaction set.

Electronic navigation: The port corporation has worked in close collaboration with the Canadian Coast Guard and the Canadian Hydrographic Service to implement and promote electronic navigation.

Electronic navigation provides more reliable information. It makes navigation more efficient and even safer, especially in winter when there are no lighted buoys on the river, and in fog, by providing the precise location of a vessel.

The coast guard makes available the continuous Differential Global Positioning System (DGPS) using satellite.

Electronic navigation also incorporates

electronic charts, which show the real-time position of a vessel on a chart on a computer screen as recorded by satellite. A mariner can monitor his ship's progress along the river on the computer screen, and the vessel's position is updated every second.

The Canadian Hydrographic Service is responsible for the establishment of national standards for electronic charts.

Electronic navigation also includes an automated information system or a transponder aboard a ship that transmits the vessel's position to other ships and shore stations. A portable system is being developed.

The shipping lines serving Montreal use new vessels equipped with satellite positioning and electronic chart systems.

These bigger vessels, specially built to sail the St. Lawrence River, allow shipping lines to use the full potential of the channel to Montreal, achieve maximum economies-of-scale and become even more competitive.

Tide gauges: The port corporation invested $200,000 a few years ago towards the installation of an electronic system to read real-time water levels in order to help maximize the loading of deep-draught vessels in the port.

The Canadian Hydrographic Service launched the Coastal and Ocean Water Level Information System, which comprises 13 tide gauges between Montreal and Quebec. They electronically communicate water levels at all times for better utilization of water levels.

They also permit the compilation of computer data and the development of mathematical models in order to establish better water-level forecasts. These forecasting models are operational.

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

The measuring equipment is located on berths or the shore, and the sounding equipment is underwater.

Infomar Maritime Service Inc. operates the system and distributes the information.

Crane simulator: The port corporation and the Maritime Employers Association have invested in a high-tech computerized crane simulator that is the jewel of the Port of Montreal training center for longshoremen and checkers.

The $1.6-million state-of-the-art simulator is used for training operators on computerized dockside gantry cranes and other cargo-handling cranes.

The need for a simulator became greater as the port handles more and more containers every year.

The simulator is a faster, more efficient method to provide longshoremen with practical training. Training was previously carried out on the port but limited to the availability of cranes and space, now needed almost exclusively to load and unload vessels.

The simulator is fully interactive with computerized graphics. It uses the latest computer technology to realistically simulate an operating crane. It is based on the technology and concepts used by sophisticated flight simulators.

Automatic system for identifying railcars and containers: The port corporation has invested $400,000 in an integrated AEI/OCR (automatic equipment identification/optical character recognition) system.

The AEI system performs automatic identification of railcars. It will be integrated with the OCR system that can recognize container identification numbers. The integrated AEI/OCR system will identify and match all containers loaded on to specific railcars.

The goal is to provide real-time identification of all containers exiting or entering the port premises by rail.

The benefits include improved efficiency of container operations in the port, better tracking of containers, reduction in delays and costs associated with handling, transit and billing, timely and accurate information, and improved level of service to customers.

Internet: The new Port of Montreal Web site has been on-line since spring.

Easy and quick to consult, it provides a wealth of information on services through the port and features an elaborate site plan and eye-catching graphics.

The Montreal Port Corporation is firmly committed to offering improved facilities and services at highly-competitive prices.

In order to do so, it will continue to provide and invest in the latest information technologies for the benefit of shipping lines and agents, land carriers, stevedores and exporters and importers.

(Portinfo)

Port Activity in Montreal Creates 17,600 Jobs

PORT activity in Montreal continues to have a greater impact on the economy, generating more business revenues and creating more jobs.

A 1997 study on the economic impact of the Port of Montreal on the local, regional and national economies indicates that port activity in Montreal generates business revenues of $1.7 billion annually and creates some 17,600 direct and indirect jobs.

As part of National Transportation Week, the Montreal Port Corporation released at the beginning of June the results of the study conducted by the consulting firm Les Conseillers ADEC inc.

A 1990 Ports Canada study indicated that port activity in Montreal generated $1.2 billion in economic spin-offs annually and created some 14,000 direct and induced jobs.

The methodology used for the 1997 study is one that gives more conservative results as it does not take into account induced effects. Despite this fact, it shows a strong increase in economic spin-offs.

According to the 1997 study, the Port of Montreal generates business revenues exceeding $1.7 billion for companies with marine and/or port activities linked to the port.

Moreover, marine and port activities linked to the Port of Montreal create 17,568 direct and indirect jobs in Canada broken down as follows:

- 9,444 direct jobs (longshoremen and checkers, shipping lines and agents, terminal operators, railway workers, truckers, freight forwarders, customs brokers, port corporation personnel, etc.);
- 8,124 indirect jobs (suppliers of equipment and services, etc.)

"More than ever, the Port of Montreal is of vital importance to the Montreal region, Quebec and the entire country," said Mr. Dominic J. Taddeo, president and chief executive officer of the Montreal Port Corporation.

"In addition to providing fast, efficient, safe and highly-competitive handling of all types of raw materials and finished products for local industries and businesses, the port facilitates exports for shippers throughout Canada and all of North America's industrial heartland."

The 1997 study also shows that marine and port activity linked to the Port of Montreal generates more than $475 million annually in tax revenues and various taxes as well as in payments for federal and provincial government programs.

Les Conseillers ADEC inc. collected the data for the study from questionnaires sent by mail and follow-up telephone interviews. The study's results are based on well-known economic models.

Statistics Canada's input-output consulting and marketing division conducted simulations based on the Canadian intersectorial model for the calculation of effects nationally.

Tax on Vessels for Harbor Maintenance

NAVIGATION channel maintenance is critical for expansion of global trade and to help generate local, state and national economic benefits. Since the birth of our nation, Congress has authorized and funded activities to ensure free and open access of the nation's waterways to navigation.

In 1986 Congress enacted the Harbor Maintenance Tax (HMT) to recover 40 percent of the cost of maintaining the nation's deep-draft navigation channels. An ad valorem tax, rather than a tonnage tax, was chosen to minimize the impact on U.S. exports, particularly price-sensitive bulk commodities.

The HMT was declared unconstitutional by the Supreme Court in March 1998. The Administration has drafted a new Harbor Services Fee (HSF) to replace the Harbor Maintenance Tax. The Administration's draft HSF proposal calls for a tax on vessels that is based on the vessel's capacity, or by "vessel capacity units (VCUs)," a measurement the Corps of Engineers calls the "volumetric measurement of a ship's space available for cargo and passengers." The estimated VCUs are based on the vessel's net registered tonnage, with adjustment for cargo and passenger space not included in net tonnage. A fee per VCU will be imposed. *(AAPA Port Report)*

Annual Port Investment At Record High in 1997

U.S. port development and maintenance is a shared responsibility of Federal, state, and local governments, with extensive private sector participation. Under this relationship, rooted in the U.S. Constitution, the Federal government maintains harbor access channels, while individual ports construct and maintain the landside terminal facilities, dredge their own berths, and contribute to channel improvement cost-sharing programs. Relying in good faith on this long-standing partnership, local port authorities have spent almost $17 billion since World War II.

According to the U.S. Maritime Administration at the Department of Transportation, ports are spending record levels to update and improve their facilities. In 1997, ports invested $1.5 billion, compared to $1.3 billion in 1996, including: $225 million for general cargo; about $550 million in investments related to containers; $315 million on infrastructure improvements; and $130 million related to dredging.

During the 5-year period between 1998 and 2002, ports predict they will spend just under $7.7 billion, compared to $6.5 billion between 1997 to 2001. They plan to invest approximately $1 billion to accommodate general cargo; $2.7 billion for containers; $1.8 billion for infrastructure and $950 million for dredging. *(AAPA Port Report)*

Ports Opposed to Draft HSF Proposal

PORTS and other maritime industry officials – organizations representing vessel owners and operators, shippers, cruise lines, mining, and grain and feed industries – recently told the Administration in a series of meetings that the draft Harbor Services Fund proposal is unacceptable. Among the concerns cited were:

- The HSF plan constitutes a new tax on trade when navigation channel users are already significantly taxed.
- The proposal will harm bulk commodities. The frequency of collection will result in a greater impact than the current harbor maintenance tax. When passed on to shippers, the tax will have a major impact on domestic and international markets, possibly eliminating competitively priced bulk products.
- If the cost of the tax is passed on to ports, this will amount to another unfunded Federal mandate as states and local governments may bear the financial burden.
- International and domestic cargo diversion to other countries and other modes of transportation is a serious threat under the proposal. This will not only be harmful to international trade but may also prove to be environmentally damaging.
- The HSF plan does not provide equity or ensure that there is a reasonable return to ports in relation to the amount collected.

The industry groups recommended that the Administration not rush to forward a proposal to Congress until the impacts of any proposal are thoroughly studied. *(AAPA Port Report)*

Sept. Container Volume Up 12% at Long Beach

ALTHOUGH exports dropped for a sixth-straight month and import gains were among the year's weakest, total cargo container volume rose 12.1 percent in September compared with a year ago at the Port of Long Beach – the nation's leading seaport.

The equivalent of 372,746 20-foot-long cargo containers was shipped through Long Beach in September – the port's second busiest month ever. The fall, with its rush of Christmas imports, is usually the port's peak period. September's container total is second only to this July's record total of 378,714 20-foot equivalent units (TEUs), but it was just a slight increase over August's 372,615 TEUs.

For the 1997-98 fiscal year ended September 30, a record 3,972,377 TEUs were shipped through the port, a 17.3 percent increase over the 1996-97 fiscal year.

The Asian financial crises increased imports, but it slowed exports. September's outbound containers plunged to 73,784 TEUs, an 18.7 percent decline from September 1997. The 1997-98 fiscal year was the port's worst for exports since the 1994-95 fiscal year. Outbound containers dropped to 999,463 TEUs for the 12 months, a decline of 9.9 percent from a year ago.

With the widening trade imbalance, the number of empty containers jumped in September to a record 100,017 TEUs, a 73.1 percent gain over last year. For the fiscal year, empties rose 82.5 percent to a record 953,735 TEUs.

Imports increased to 198,945 TEUs in September – the port's second-best import month ever. The inbound total is an 8.2 percent increase over September

Container Statistics

	Inbound	Outbound	Loaded	Empties	Total
Sept. 98	198,945	73,784	272,729	100,017	372,746
Sept. 97	183,914	90,761	274,675	57,795	332,470
% change	8.2%	-18.7%	-0.7%	73.0%	12.1%

1997. The record is this July's 199,138 TEUs. For the fiscal year, the number of inbound containers jumped 15.1 percent to 2,019,179 TEUs.

Port Trade Analyst Matt Plezia said the relatively modest gains in imports reflect an earlier-than-usual peak shipping season. Many importers began shipping their fall cargoes in the spring, fearing a repeat of last year's railroad congestion. The shipping lines, terminal operators, railroads and port have taken preventive measures, however, so there has been no serious congestion this year.

"With the cargo volume up so high for so long this year, the fall spike we usually see just may hot show up," said Plezia.

Long Beach Naval Station Project Gets Green Light

ALTHOUGH demolition is underway, U.S. District Court Judge Dean D. Pregerson and the U.S. Ninth Circuit Court of Appeals have refused in two separate cases to stop the Port of Long Beach from proceeding with its redevelopment of the former Long Beach Naval Station.

Pregerson issued his ruling Monday, Oct. 19, and the Court of Appeals ruled on Friday, Oct. 16. Both courts denied motions seeking an injunction to halt demolition of the closed naval complex. The port began in August to clear the site of hazardous materials such as asbestos. Now vegetation is being cleared and structures will soon be razed to make way for construction of a shipping terminal.

The motion before the appeals court was filed by attorney Richard Fine representing public television host Huell Howser. The motion before Pregerson was filed by Fine on behalf of a group of Long Beach residents including Ann Cantrell.

The courts rejected Fine's arguments that demolition should be blocked so that a petition could be circulated to place a ballot measure before voters in March 2000 to decide the Naval Station's fate.

The latest rulings are the sixth and seventh times that a court has refused to issue an injunction to block demolition.

"We need to get on with the project," said port Executive Director Richard D. Steinke. "These latest rulings clear the way for us to redevelop these closed properties and to put them to productive use."

The port is discussing the planned shipping terminal with several potential tenants. A deal is expected within the next few months. The port is planning to break ground for construction early next year.

The port plans to develop shipping terminals at the closed Naval Station and Naval Shipyard complex on Terminal Island. The project includes the development of more than 300 acres for cargo containers, a ship repair facility, and space for the storage of steel, lumber and petroleum products. The thousands of temporary construction jobs and hundreds of permanent terminal jobs would replace some of the 20,000 jobs lost with the closing of the naval complex.

Howser, Cantrell and the other plaintiffs say that the port project should be stopped because it would be a waste of taxpayers' property to demolish the naval complex. City and port officials, however, say replacing the abandoned facility with new shipping facilities would help the local economy.

First Design Agreement For Los Angeles Pier 400

THE first major design agreement for the development of the Port of Los Angeles' Pier 400 was approved recently between the Los Angeles Harbor Commission and Brown & Root, Inc. of Alhambra, Calif. The $1.4 million agreement calls for the design of the transportation corridor to Pier 400, providing highway, rail and utility access to the new land mass.

Los Angeles Mayor Richard Riordan, who recently made maritime history as the first elected official to step foot on Pier 400, hailed the agreement as key to the progress of the Port's development as the trade hub of the Pacific Rim. "This design agreement will help to ensure that the Port of Los Angeles is prepared to handle the anticipated increases in cargo that are expected in the near future, securing Los Angeles' position as the capital city of the 21st century," he said.

Under the agreement, Brown & Root will provide geotechnical and engineering support services including the design of two vehicular bridge structures, retaining walls, roadway alignments, the corridor water system and a natural gas supply line.

"This is certainly a milestone for the Port's Pier 400 project," said Harbor Commission President Theodore Stein, Jr. "The transportation corridor is critical because it will provide direct access between what will be the world's largest proprietary container terminal and the Alameda Corridor."

Stein explained that when completed, Pier 400 will be the home of a 315-acre container terminal and will be connected to the Alameda Corridor, a 20-mile railroad expressline that will create a faster and more efficient way to distribute cargo throughout the United States and to move U.S. exports to overseas markets.

Port Executive Director Larry Keller added, "We've already made great progress with the dredging and landfill portion of this project. The first 100 acres of land has surfaced and nearly 75% of the quarry rock has been placed. The awarding of the transportation corridor design contract is another step in the right direction toward the implementation of a much needed expansion plan."

The massive container terminal planned for Pier 400 will be constructed in two phases to allow for the most efficient use of the new land area. The initial 165-acre phase will be ready for customer use by mid-2001. When Phase 1 is operational, the facility will feature three berths, an intermodal facility a major gate entrance complex and buildings.

When completed, the entire Pier 400 complex will comprise nearly 600 acres in response to an anticipated growth in cargo, including liquid bulk, that is expected to move through the Port in the next 25 years. It is the largest capital improvement undertaking of any U.S. seaport, and the Port's most ambitious development project in its 91-year history.

Seattle Commission OKs Lease With XYPOINT

THE Port of Seattle Commission today (October 8, 1998) unanimously agreed to authorize Executive Director Mic Dinsmore to execute a five-year lease with XYPOINT for all of the second floor and a portion of the first floor of the new four-story World Center West building.

"We are excited to welcome XYPOINT as our anchor tenant at the World Trade Center," Commission President Gary Grant said. "XYPOINT is a cutting-edge company with a promising future and will make a good match with our other tenants."

XYPOINT, a fast-growing 75-employee firm that provides wireless network services to the cellular telecommunications industry, has agreed in principle to lease 22,406 square feet of office space at the World Trade Center. The company's board of idrectors will consider approval of the lease at a meeting scheduled on Oct. 14.

XYPOINT's preliminary commitment means more than half of the World Trade Center West's 70,000-foot-space will be filled as of February 1999 when the company plans to move to its new location across the street from the Port of Seattle's Bell Street Pier. Most of the fourth floor has been leased to international non-profit groups and Starbucks has committed to lease 1,672 square feet of retail space on the building's first floot.

Founded in 1991, XYPOINT designs, develops and deploys networks that allow wireless telecommunications providers to locate their cellular telephone customers for 9-1-1 emergency response organizations.

Daniel Island Terminal Project Pushed Forward

WITH an Environment Impact Statement (EIS) study under way and a soil drainage and consolidation project taking shape, the South Carolina State Ports Authority's proposed Daniel Island Terminal is moving steadily toward the construction permitting process.

Additionally, recent Public Workshops and Community Outreach meetings have been held to keep the public informed of the EIS findings while projects to find a suitable route for a railroad and highway onto the island have incorporated the feedback.

In 1992, the Ports Authority purchased 800 acres of land on the Cooper River side of Daniel Island and acquired 500 acres on the Wando River side of the island in 1997. The terminal on this site will be phased in over time as demand dictates, ultimately capable of providing up to 12,000 feet of berthing space and the associated cargo storage areas. The first phase of development is projected to provide 3,000 feet of docking space and approximately 200 acres of storage. The first 100 acres and the corresponding berthing space should be complete by 2005.

The terminal development area consists of four groups of acreage termed "cells." The north cell is on northwest Cooper River side of the property; the west cell makes up the western segment of the southern tip of the island; the middle cell is the eastern segment of the southern tip and the Wando cell is adjacent to the existing Wando Welch Terminal.

Preparations to consolidate the first 100-acre section of unstable soil on the middle cell of the proposed Daniel Island Terminal have been in progress for some months now. "What we're working on right now is preparation," said SCPA Vice President of Terminal Development, Joe Bryant. The prep work consists of digging ditches around the north cell and 100 acres of the middle cell then diking them off to hold heavier fill material or "surcharge".

Since the southern tip of the island is primarily a muddy bed of moisture laden dredge spoil, Bryant said much of the next four years is planned to be spent consolidating the unstable ground and removing the moisture so it can support the required tons of concrete slab without sinking or buckling. "What we're trying to do is get an early start on the consolidation of the soil because once we put the surcharge on there next spring it will need to sit about three years to fully consolidate so we can build on it."

By pumping tons of sand dredged from the harbor entrance channel on top of the jello-like surface, moisture will be forced out with the help of vertical drains called wicks. These wicks are similar to 40-foot sections of synthetic fire hose inserted vertically into the ground on five-foot centers to draw out moisture squeezed out from below the compacting force of the sand. "We're going to take 2 million cubic yards of sand from the harbor deepening project and put it in the middle cell and the north cell," Bryant said. "Once we get about a four-foot lift of sand in there we'll put the wicks in and begin the drying process." A similar consolidation technique was used in the construction of the Wando Welch Terminal with positive results.

The Harbor Deepening Project is slated to begin before 1999 and last through 2004. Since the southern end of Daniel Island is designated as a dredge disposal area, the consolidation plan will simply be a continuation of placing more dredging material, albeit more solid material, on top of existing spoil. Soil Borings have and will be taken to determine how much surcharge and permanent fill will be required over the life of the entire project.

Sediment samples have been taken in the berth and channel areas to be dredged for the facility. These areas will be dredged during the Harbor Deepening Project.

Before the dredging of new berths can be done, samples of the sediment are studied to determine whether they are compatible for ocean disposal at the Charleston Ocean Dredged Material Disposal Area, located several miles offshore to the southeast.

One part of the laboratory analysis involves chemical tests to identify possible contaminants in the sedminent. A second part of testing involves placing small marine organisms into an aquarium with the sediments. The test sediments from the river areas are compared to reference samples from the offshore disposal site to determine if the test sediments would have any negative effects on the organisms in the reference samples. A chemical analysis of the tissues of the animals will determine if they are absorbing any contaminants more quickly in the test sediments than in the reference sediments. The results of the tests will be included in the EIS.

Motorists traveling on I-526 may have noticed an interchange currently under construction at the Wando River bridge side of Daniel Island. The interchange is scheduled to be completed in May 1999 and will serve the residential portion of Daniel Island. The SPA is constructing this interchange as part of the land purchase agreement for the property on the Wando River side.

The EIS study is another major ongoing project and is key to the progress of the proposed terminal. The study will contain information about the existing environmental conditions in the project area as well as evaluate both the positive and negative impacts of the proposed project. The EIS process, which began in early 1997, will also provide information about measures to minimize or eliminate potential impacts associated with the project.

Before the SPA can proceed with construction of the new terminal, it must receive approvals from numerous Federal and State agencies, including the Corps of Engineers, the EPA, the Coast Guard, the U.S. Forest Service, the Surface Transportaiton Board, and South Carolina DHEC. Areas of impact are considered for effects regarding socioeconomic and environmental justice, wetlands, threatened and endangered species, noise, roadway traffic and hazardous materials. "The EIS is the decision document that all the agencies use to decide whether or not they're going to grant us a permit," explained Bryant. "The EIS doesn't draw any conclusions; it just presents the facts."

To insure that all issues involving potential impacts are appropriately addressed a number of community outreach meetings and a public workshop have been held.

A draft version of the EIS is scheduled to be completed by October, followed by a Public Hearing in February of 1999. The final EIS is expected in July 1999.

(Port News)

Massive 'Regina Maersk' Calls at Port of Tacoma

THE future of container shipping paid a visit to the Port of Tacoma on September 16 and 17, in the form of the 6,000 TEU (twenty-foot-equivalent unit) *Regina Maersk*. The largest container ship ever to call at North American ports berthed at the Sea-Land Terminal on the Port's Sitcum Waterway.

"I'm here to tell you that this is the future of the industry – it's sitting right in your port today," said Maersk Senior Vice President John Reinhart, addressing journalists and others at a welcoming ceremony at Port headquarters.

Reinhart issued a challenge saying "ports with the foresight to invest, modernize and accommodate this next generation of world's container fleet" will be a part of historic growth in world trade.

The response from Port of Tacoma Executive Director Andrea Riniker was quick. "We are in a position to meet the challenges of the future," she said. "We have the water depth, the available land and the intermodal connections needed to handle the volumes of trade these vessels will bring."

Reinhart announced that the *Regina* will be part of a rotation that calls Tacoma every 15 weeks. The vessel will travel a "pendulum" route from the U.S. West Coast to Asia, the Mediterranean via the Suez Canal, to the U.S. East Coast, then back to the Mediterranean, Asia via the Suez, and to the U.S. West Coast again. A sister ship of the *Regina*, the *Knud Maersk*, is expected to be added to the rotation in November.

The *Regina* discharged about 400 containers on its first visit to Tacoma and loaded about 1,040. The vessel departed the Port under a fireworks display and accompanied by a Tacoma fireboat, a tour boat with VIPs and some of Maersk's Pacific Northwest customers, and escorted by a small fleet of tugboats and pleasure boats.

Africa/Europe

Hamburg: Polish Transit Traffic Increases Again

SEABORNE container turnover between Hamburg and Poland's ports is booming: from January to June this year nearly 32,000 TEUs of cargo en route to Poland were handled in the Port of Hamburg – twice as much as in the same period last year.

Whereas the volume of cargo bound for Poland rose by 78%, the volume of containerized cargo arriving in Hamburg from Poland rose by an impressive 125%. In volume terms, there is now little difference between incoming and outgoing transit cargoes.

As the Chairman of Port of Hamburg Marketing and Public Relations (HHVW), Dr. Hans Ludwig Beth, point ed out at a Port of Hamburg reception in Warsaw. Hamburg has become even more important as an interface between Poland and its overseas markets despite tough competition among seaports for Polish cargoes.

But there has also been an increase in container traffic transported by rail between Germany's largest seaport and destinations in Poland. From January to August this year Polzug, for example, carried some 30,000 TEUs to Lodz, Wroclaw, Warsaw, Gliwice, Poznan, Katowice and Gdansk–an increase of over 30%. Besides these Polish cities, Polzug also serves Sestokai in Lithuania and Kiev in the Ukraine. Polzug is a joint venture between PKP (Poland's rail company), Hamburger Hafen und Lagerhaus AG (HHLA) and Deutsche Bahn (Germany's rail company). These trains take only 26 - 30 hours in transit to reach their respective destination.

However, the lion's share of container traffic between Hamburg and Poland is still carried by trucks.

According to figures published by Hamburg's Statistical Office, transit traffic to and from Poland via the Port of Hamburg rose to more than 762,000 t in 1997, a rise of 13% on the previous year's total.

Poland primarily ships paper and cardboard, milk, plastics, machinery and chemicals via Hamburg while the main products imported through Hamburg en route to Poland are fruit and vegetables, plastic goods, coffee and electrical goods.

Even through containers with high-value general cargoes are still the main engine of growth in transit traffic, bulk, fruit and heavy goods also play an important role – further indication of the universal character of Hamburg's Port. One of the most interesting and promising Polish projects is the investment in the country by South Korea's automobile industry. The supplies of parts for assembly in Poland are shipped via the Port of Hamburg.

The most important trading partners for Polish goods routed via the Port of Hamburg are currently Bangladesh, Saudi Arabia, Singapore, China and the USA. The leading suppliers of deliveries bound for Poland are China (and Hong Kong), Ecuador, South Korea and Taiwan.

Joint Maersk – ECT Firm For Rotterdam Terminal

MAERSK Benelux B.V. (Maersk) and Europe Combined Terminals B.V. (ECT) have signed an agreement to jointly develop a new container terminal on the Maasvlakte. This joint venture arose from the wish of Maersk Line to itself develop and operate the important ports which serve as hubs in its global network of container services, and the desire of ECT to concentrate activities on the Delta peninsula.

A new company called Maersk Delta B.V. will be set up, and Maersk will receive 2/3 of the shares and ECT 1/3.

The terminal will be situated on the existing Delta peninsula and will in the first instance have the following specifications:

900 m quay with facilities for containerships, feederships and barges; 33 hectares of sites behind the docks; 5 cranes; capacity 900,000 containers (TEU) annually; own entrance gateway for road transport.

Possibilities exist for expansion of the Maersk Delta Terminal in the case of further growth in volume. The total investment will be approximately NLG 170 million in sites, equipment and installations.

The new terminal is expected to be operational in approximately 20 months' time. Until then, Maersk Line ships will be loaded and unloaded at the ECT Delta Terminal in accordance with existing ECT contracts.

Maersk Delta will operate with its own personnel on the basis of the protocol signed by Maersk, ECT and the trade unions in May this year. According to this protocol, the existing social agreements in the port of Rotterdam will be respected and the existing terms of employment in the container sector will be used as a starting point for a company labour agreement to be drawn up. The total number of personnel is estimated at 270 employees.

The management of the terminal will be set up in such a way as to be able to meet the primary interests of Maersk and ECT. The managing director will be appointed by Maersk.

1997 Rotterdam Throughput Over 310 Million Tonnes

GOODS throughput in the port of Rotterdam rose to 310.1 million tonnes in 1997, which represents 6.2% growth on the previous year and an historic record. The trends in throughput of the first half of the year were continued. Major climbers were coal (+18.9%), oil products (+37.8%), ores and scrap (+16.4%), and roll on/roll off (+11.4%). The number of containers, expressed in TEU, was 10% up, crossing the 5 million mark. This growth is the highest in the past ten years. Other liquid bulk (especially bulk chemicals) remained more or less unchanged (+1.5%). Crude oil (-1.2%) and other general cargo (e.g. fruit, paper, iron and steel products, (-0.9%) fell slightly. In agribulk throughput (-10.3%), other dry bulk (e.g. minerals and fertilizers, -11.3%) things went less favourably.

Distribution, rail transport up

During his commentary on the annual figures, Mr Willem Scholten, General Director of Rotterdam Municipal Port Management (RMPM) emphasised the strong growth in hinterland transport of containers by rail and inland shipping. Rail transport increased by almost 20% in 1997 and inland shipping went up to 1.4 million TEUs. In order to increase the share of inland shipping and rail even more, RMPM and the national Ministry of Transport are implementing numerous infrastructural projects. For example, a start was made this year on doubling the main railway line in the port area.

Scholten also stopped to consider the success of the Distripark concept. Two already existing Distriparks are filling up nicely. For the new, third 'Maasvlakte' Distripark, the name of the commercial 'launching customer' will soon be announced.

During 1997 companies like ARCO Chemicals, Eastman Chemicals, Shell and ICI continued to invest billions of guilders in their Rotterdam plants. Scholten considers these investments highlights of this year because they show confidence in the quality of the Rotterdam chemical cluster.

General cargo

The container sector easily passed the 5 million TEU mark. The 10% growth (+509,000 TEU) brought the total up to 5,445,000 TEU. This is the largest annual increase in the past ten years.

With growth in excess of 11.4% to 10 million tonnes, roll on/roll off transport also did extremely well. Due to an increase in capacity, frequency and speed, as well as aggressive marketing, the competitive strength of the ferries has increased. In addition, more containers as well as trailers, were transported whilst the amount of cargo for shipment between the United Kingdom and the continent continued to grow.

The throughput of other general cargo (e.g. fruit, paper, iron and steel products) fell by almost 1% in 1997, to 10 million tonnes. Important reasons for this were the increasing containerisation and shipping as ro/ro cargo (of, for example, paper). The decrease was accounted for by incoming trade, with outgoing trade actually up by over 5%.

Thanks to the growth in throughput of containerised and roll on/roll off cargo, the share of general cargo in total throughput has risen since 1988 from 20% to 25%.

Dry bulk

In the dry bulk sector, throughput of coal was up 18.9% to 22 million tonnes, the highest level in ten years. The cause was the sharp increase in demand from German power stations for overseas coal and, to a lesser extent, from the German steel industry. This is almost certainly a structural development. Germany is running down its own coal production and imports of this mineral could even double in time. Added to this, transit to Great Britain is also increasing. The demand from the Netherlands is expected to remain stable.

In 1997, throughput of ores and scrap was 16.4% higher than the previous year. incoming trade in ore was up thanks to the sharp increase in the production of iron in Germany and the rebuilding of stocks at the blast furnaces. Outgoing trade via Rotterdam, down by almost 8%, consists partly of sea/sea transit of ores and scrap metal exports. The latter, in particular, is subject to considerable fluctuation, depending on the differences in exchange rates between the world's major economic blocs.

Other dry bulk (e.g. minerals, aluminium oxide and fertilizers) were 11% down, to 11 million tonnes. The decrease in agribulk – grains and animal feeds – is structural for all West-European ports. In 1997, 11.9 million tonnes were handled, 10% less than in 1996. In a period of ten years, the throughput of grains, crude animal feed and oil seeds fell by more than 40%, from 21.6 to 11.9 million tonnes.

Liquid bulk

The throughput of crude oil was slightly down this year, by 1.2%, as compared to 1996, which was a good 'year for oil'. Taken over a longer period, incoming trade in crude oil is reasonably stable. Shifts occur mainly in the countries of origin. Broadly speaking, we can see a movement from the Middle East to the North Sea, particularly Norway. Incoming trade in crude oil is the largest individual goods flow passing through the port of Rotterdam. More than half of the oil is processed into final and semi-finished products by Rotterdam industry. The rest goes directly to Germany and Belgium by pipeline.

At 37.8%, the throughput of oil products was the largest growth sector in the port of Rotterdam. In 1997 Rotterdam handled over 19 million tonnes. This represents a recovery in comparison with the poor figures for the previous year. There was a visible shift from heavy products to light ones such as petrol, and diesel in particular. Balancing demand and supply worldwide meant considerable throughput of final products in Rotterdam. In this way, incoming trade was almost 50% up.

Other liquid bulk consists of bulk chemicals (85%), oils and fats. Throughput figures slightly rose: +1.5% to over 22 million tonnes. In Europe, the major chemical companies are gearing themselves more and more towards high-grade products with a higher profit margin. Their more limited volume is reflected in the fall in outgoing trade in 1997, of almost 6%. In Asia, the reverse is the case: companies are making huge investments in bulk chemicals. The surpluses which have accumulated are exported for low prices to e.g. Europe. Incoming trade in other liquid bulk was therefore up by almost 7%.

Expectation for next year

The macro-economic expectations regarding import and export are favourable. The high level of Dutch domestic spending is also good for the port of Rotterdam. Added to the expected increase in exports and the continuation of the recovery in Germany's economic situation, the RMPM is very positive about the prospects.

London and Hamburg Sign Joint Marketing Agreement

A joint working agreement to form a "trade bridge" between the Ports of London and Hamburg was announced today (14 Oct) which will lead to the development of increased trade and business opportunities for both Ports in the future.

Following high-level talks between the Port of London Authority (PLA) and the Port of Hamburg, it has been agreed to work closely in a number of important marketing areas, including in the exchange of market intelligence in specific areas to enable new business opportunities to be developed.

London, the UK's busiest port, and Hamburg – the largest port in Germany – will make joint presentations to potential customers, emphasising the co-operation between the two and how that can benefit users. Each port has also agreed that where they have identified new business and it is beneficial to do so, they will promote the other port with a view to developing joint trade.

There will also be regular contact between marketing staff at London and Hamburg and they will be working together on public relations projects.

The announcement of the joint marketing agreement was made at the British Consulate in Hamburg at a Port of London trade reception attended by leading importers, exporters and shipping lines from Hamburg, along with terminal operators from the Port of London, and senior PLA officers.

PLA Chief Executive David Jeffery said: "With the unification of Germany, we see Hamburg as an essential partner in providing the link to the markets in the former Eastern states. There is tremendous potential to develop strong trade links with those markets which were formerly closed to the western world.

"These are difficult and changing times for trade – the collapse of the economies in the Far East, South America and Russia each adding to the problems of global trade, thereby making the market of the European mainland essential to the UK.

"As European nations we are coming closer together. To survive, ports can no longer work in isolation but need to develop closer working relationships. Together we are stronger than we can be as single entities and this new focused one-to-one relationship between London and Hamburg is the first of a network of links that we propose to develop throughout Europe and world-wide in order to benefit our customers and the people they do business with," he said.

Port of London: New VTS System Launched

STATE-of-the art vessel traffic monitoring equipment is to be inaugurated in UK's largest port, the Port of London, by William O'Neil, Secretary General of the International Maritime Organisation (IMO). The ceremony will take place at the PLA's Port Control Centre, Gravesend, at 11 am on 27 October.

The new £675,000 Vessel Traffic Services (VTS) system, manufactured by French company Sofrelog, will permit navigation within the Port of London limits to be monitored with even greater accuracy and reliability than before, enhancing the already high standards of safety achieved by the Port.

Replacing 12-year-old equipment, the commercially available, 'off-the-shelf' hardware, comprises five two-screen workstations, each using wide screen format for added clarity and coverage.

Radar data is fed from seven transceivers via microwave links, which together provide seamless radar surveillance of the Thames estuary and lower river.

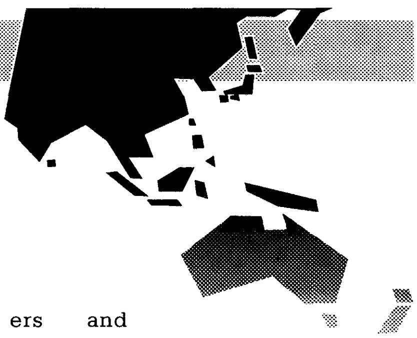
Two further radar sites are shortly to be introduced, which will complement existing coverage and ensure that in all areas critical to navigation, every vessel is tracked by at least two independent radar sites. The system, which integrates an electronic navigational chart, is also capable of using ship transponder technology and will track vessels suitably equipped to an accuracy of ten metres or better.

At the heart of the new VTS system is its highly flexible and powerful software, which has been fully integrated with the PLA's computerised ship information database (POLARIS), and will enable rapid transfer of information between the two systems. The VTS system is also capable of being observed live in real time, but remotely by Sofrelog at their headquarters in France. That will permit the rapid diagnosis and remote rectification of any fault, as well as the easy introduction of software updates.

"The installation of this equipment demonstrates our commitment to ensuring the very highest standards of navigational safety by continuing to invest in top quality, state-of-the-art technology and equipment," said PLA Chief Harbour Master, Rear Admiral Bruce Richardson.

"The Sofrelog system has a high degree of flexibility and reliability, and will enable us to monitor and record traffic movement with even greater precision and speed than hitherto. As a consequence, we will be able to provide even better support to vessels navigating within the port, as well as ensuring compliance with safety procedures," he added.

Asia/Oceania



Brisbane Encouraged With Container Cargo Growth

STRONG growth in containerised cargo has underpinned a surge in total trade through the Port of Brisbane with figures for the year reaching 20,400,490 tonnes.

Total imports increased 9.3% to 10,785,270 tonnes, offsetting a slight downturn in exports to 9,615,220 tonnes.

Total containerised cargo jumped by 16% to 316,549 TEUs, the biggest percentage increase at the Port of Brisbane in a decade. Container imports rose 19% to 161,204 TEUs, with continuing growth in meat and cotton exports fuelling container exports, up 13% to 155,435 TEUs. Export fulls increased 9%, while export empties were up almost 40% on last year's figures.

Imports of crude oil rose 6.5% to 6,767,620 tonnes while imports of fertilisers and chemicals jumped 23% to 622,210 tonnes with the entry of Pivot and Summit into the Port. Motor vehicle imports recorded a 40% increase to 122,815 units with Japanese imports comprising the bulk of the increase.

Port of Brisbane Corporation Chief Executive Officer Graham Mulligan said that this year's figures were extremely encouraging for Brisbane's long-term outlook.

"Given a combination of the effects of the Asian economic crisis on key markets for Australian commodities, and difficult agricultural conditions resulting in reduced export activity, particularly in grain exports, it's good to have it confirmed that we are continuing to stay ahead of the game.

"In anyone's terms, this is an excellent result for Brisbane after a difficult year in the industry, both nationally and internationally." *(Brisbane Portrait)*

Sea-Land Services First Customer in Brisbane

IN a major boost for trade through the Port of Brisbane, US transportation and container giant Sea-Land received its first ship at the Port of Brisbane on August 19.

Last month's arrival of container cranes and other essential infrastructure from Shanghai, meant that Sea-Land was geared up and operational in time for the arrival of Pacific Asia Express vessel *Capitaine Fearn.*

A business deal struck between Sea-Land and the Port of Brisbane Corporation earlier this year gives Sea-Land priority use to operate the port's terminal seven at Fisherman Islands.

Negotiations between Sea-Land, rail bodies and the Brisbane Multimodal Terminal took place in July, and have had a favorable outcome. The arrangement between the companies will see a significant proportion of Sea-Land business being routed through the Brisbane Multimodal Terminal.

Congratulating Sea-Land on the arrival of the *Capitaine Fearn*, Port of Brisbane Chief Executive officer Graham Mulligan said that the company's presence on the Brisbane waterfront made the Port of Brisbane the first in Australia to host more than two major stevedores. He said that he expected the new Brisbane operation would encourage more competitive, flexible and productive work practices.

(Brisbane Portrait)

New Ballast Water Rules Now in Force in Australia

ALL ships arriving in Australian ports now have to comply with tough new requirements to minimize the risk of introducing exotic marine species into the country's coastal waters.

Denis Patterson, AQIS National Manager, Animal and Plant Programs, said that the new ballast water reporting and inspection procedures became effective on August 1, and that vessels must now provide an accurate report of their ballast water management arrangements.

"Ships masters must allow AQIS inspectors to take samples, where practical," Mr Patterson said, adding that comprehensive verification procedures would ensure compliance and detect any inaccuracies in ship's reports.

The new requirements will become mandatory on October 1. Ships providing false reports from that date could be prosecuted and will be targeted on future visits to Australian ports.

The new rules foreshadow the expected adoption by the International Maritime Organization of a compulsory regulatory framework for ballast management in the year 2000.

AQIS estimates that more than 150 million tonnes of ballast water are discharged in Australia's territorial waters each year, by 10,000 ships in the country's 64 international ports. The number of exotic marine species in Australia currently exceeds 200. *(Brisbane Portrait)*

Sydney Pilotage Costs: Average 5% Reduction

THE Chief Executive Officer of Sydney Ports Corporation, Greg Martin, today (October 16) announced that Sydney Sea Pilots Pty Ltd, the current pilotage service provider for Port Botany and Sydney Harbor, has been awarded a further three-year contract following a competitive tender process.

A central requirement of the contract, stipulated by Sydney Ports Corporation, is that new pricing structure be implemented which will reduce costs for most classes of vessel. This structure, to be introduced during the period of the new contract, is to offer an average 5% saving in pilotage costs to industry. This saving follows a 9% decrease in charges during the previous three-year contract.

"The process has resulted in a good outcome for the shipping industry, and reinforces the commitment by Sydney Ports to provide a better commercial environment for its customers," Mr Martin said.

Sydney Sea Pilots originally won the contract in October 1995 after forming their own company, with the 17 pilots as shareholders.

Under the new contract with Sydney Ports Corporation, the pilots will provide pilotage service for an estimated 4,500 ships movements a year for a three-year term beginning 26 October 1998.

The company operates four pilot boats, with two based at Brotherson Dock in Port Botany and two at Watsons Bay. The service operates 24 hours a day, seven days a week.

A Productivity Improvement Plan forms an essential part of the new contract, requiring the contractor to detail performance and productivity target improvements each 12 months.

The contractor is required to improve service flexibility, increase synergy with other service providers within the port community and actively pursue any other efficiencies likely to attract new trade through Sydney's ports.

This decision gives a further benefit to port users, and reflects the continuing commercial focus and competitive environment resulting from the corporatisation of the State's port operators.

PSA Corporation Achieves People Developer Standard

PSA Corporation has achieved the People Developer Standard awarded by the Singapore Productivity and Standards Board (PSB) on 30 Sep 98. PSA is one of the first 23 organisations in Singapore to achieve the People Developer Standard which recognises their efforts in people development.

As the world's largest container terminal operator, PSA believes that its people are its most valuable resource and has designed a systematic approach to equip its staff with relevant skills. Said Mr Khoo Teng Chye, Group President of PSA Corporation Limited, "In today's world of 'Just-In-Time' manufacturing, PSA's consistent ability to deliver its customers with fast, flexible and reliable services gives us the competitive edge in container terminal management. PSA Corporation's success is not just about its infrastructure, equipment, hardware and software. It is the people that make the critical difference. And you need to continually train, retrain and upgrade people to develop, manage and operate all the systems and equipment necessary for all the smooth running of a container terminal. Training is an essential part of PSA's culture."

Given the intensely competitive environment, PSA Corporation stays ahead by continuously training and upgrading its staff to meet the challenges of the future. "It is just like a runner running on a treadmill that is increasing its speed; you have got to keep running and running faster. To this end, each staff will have his or her training roadmap to equip them in Technical, Thinking, Business, and People Skills. This focused approach will further improve the effectiveness of training and add value to PSA's business development plans," said Mr Khoo.

In PSA, training is business-driven and aligned to the corporation's global needs. Every year, PSA invests about $16 million, which represents 4% of its total annual payroll, in training and retraining its employees to keep them equipped with the skills needed for current job requirements and to keep its workforce competitive.

Investments in people development have yielded high returns for PSA Corporation. PSA was voted by its customers as the "Best Container Terminal Operator in Asia" for the 9th time at the annual Asian Freight Industry Awards (AFIA) in 1998. For PSA's customers, the certification of its human resource development processes translates into an assurance that they will continue to enjoy quality and cost-effective services for PSA.

Joint Venture to Redevelop Dalian Port Eastern Sector

PSA Corporation has signed an agreement for the formation of an equity joint venture with the Port of Dalian Authority (PDA), on 16th October 98, to promote the redevelopment of the eastern port area of Dalian Port (Donggang) into a modern business hub. The agreement gives PSA a 50% equity in the joint venture company.

The agreement was signed by Mr Yuan Fuxiu, Port Director, Port of Dalian Authority, and Mr Khoo Teng Chye, Group President, PSA Corporation Ltd. The event was witnessed by Mr Bo Xilai, Mayor of Dalian, and Dr Yeo Ning Hong, Chairman, PSA Corporation Ltd.

Situated next to Dalian city's busiest business district, the Donggang area has the potential to be further developed into a center for tourism, waterfront and commercial activities. The agreement will allow both PDA and PSA to explore cooperation in promoting the redevelopment of Donggang. PDA and PSA will form an equity joint-venture company to take charge of the overall planning, marketing and implementation of the plan for the development of the Donggang area.

"PSA Corporation has the experience and expertise in container-handling business, port development, the management of waterfront facilities and other port-related activities. This expertise will complement the Dalian Municipal Government's efforts to develop Dalian into an economic business hub for North China and the most beautiful marina city for the whole of China," said Mr Bo Xilai, Mayor of Dalian.

Dr Yeo Ning Hong, Chairman, PSA Corporation, said: "The JV agreement marks another milestone in our cooperation with the Port of Dalian Authority any the Dalian Municipal Government. Together, we have worked well on the Dalian Container Port project and we are confident that this new project will prove to be as successful as our previous collaborations."

Dalian Container Terminal (DCT) has made substantial progress since it began operations on 1 Jul 98. This includes the improvement of service levels, establishment of an inter-modal rail network connecting Dalian with the northeastern parts of China and the building up of the port's shipping network. DCT's container throughput to-date (January to September 98) grew by about 12% over the same period last year, reaching 340,497 TEUs (Twenty-foot Equivalent Units). The consistent throughput growth bears testimony to DCT as one of the most advanced and efficient ports in North China.

Dalian Container Terminal: More Efficient Operations

PSA Corporation's flagship project in China, Dalian Container Terminal (DCT), is offering its customers and port users seamless immigration administration and operational efficiency at its terminal. As part of its efforts to increase productivity and service-levels, with effect from 1 Sept 98, Immigration officers are stationed at the container/pedestrian gates, instead of at the wharves.

The revised arrangement with the Immigration Bureau is one of DCT's initiatives to ensure faster ship-handling with a high level of security. The Immigration official at the main gate maintains security at the terminal, while the operations team at DCT begin work immediately on vessels upon their arrival. Under the old system, operations would have to wait until immigration clearance was given. Immigration checks on vessels were one of the measures to monitor unauthorized persons from entering or leaving the country. The old system thus prevented operations from commencing immediately after berthing and increased the turnaround time of the vessel.

The improved system has received positive feedback and support from shipping lines and port users. With faster turnaround, shipping lines that call at DCT enjoy more efficient operations and time-savings. DCT is also the only port in North China to successfully implement the new arrangement.

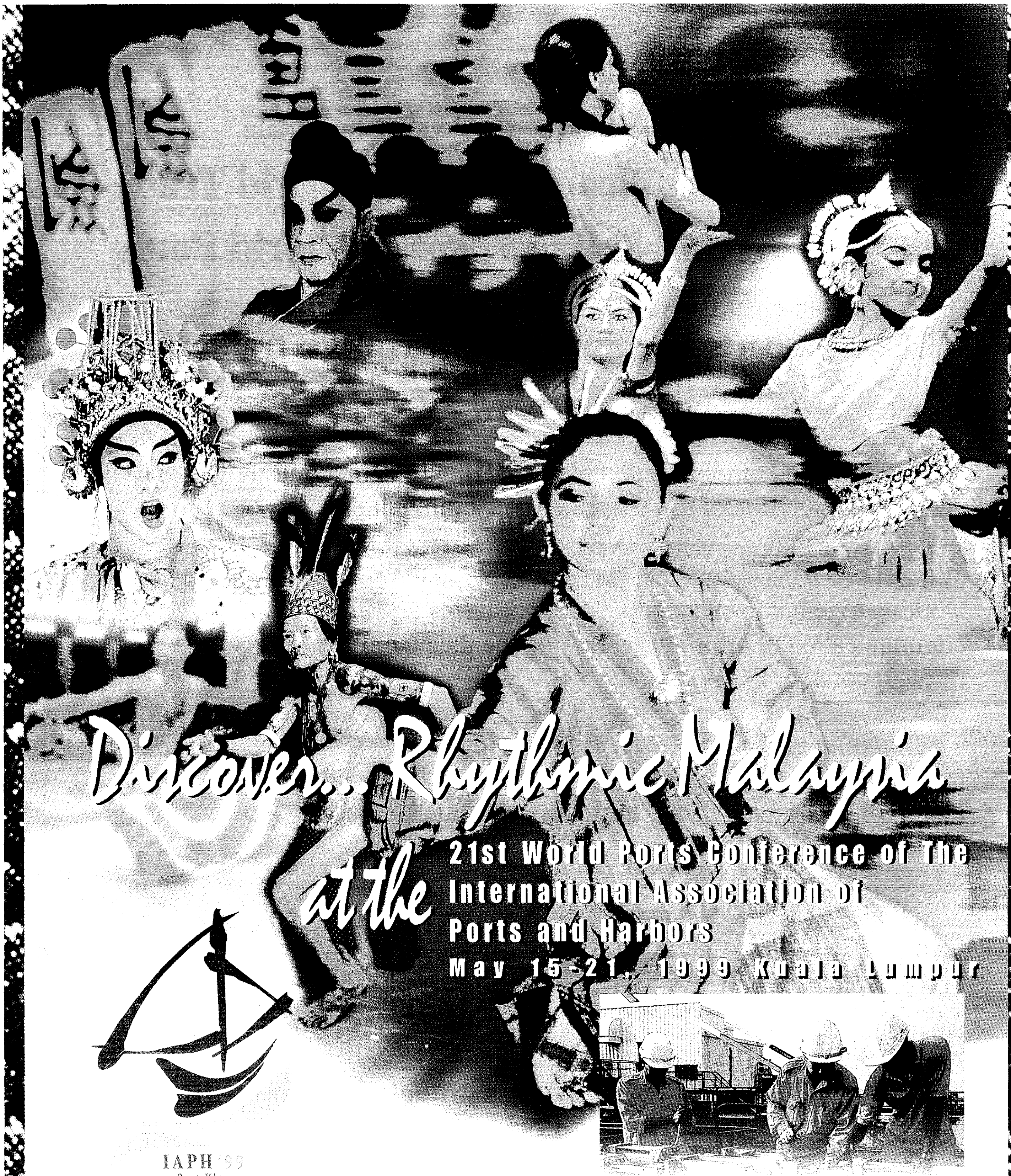
The close working relationship and co-operations with the Immigration Bureau have enabled DCT to achieve the new arrangement of re-deploying the Immigration officials in the terminal. Said Mr Ma Kui Xian, Deputy Chief of Dayaown Immigration Bureau, "The revised arrangement is a good step towards improving the operational efficiency while maintaining DCT's security standard. It is also the only port in North China to first reposition the Immigration officer at the container gate instead of the wharves".

Mr Jens Tindborg, Branch Manager of Maersk Line, said, "We are constantly seeing improvements and better efficiency at DCT. As a customer, we appreciate the latest steps taken to improve not only turnaround times for our vessels but also security which in the past was a concern for us."

Mr Roger Tan, General Manager of DCT, added, "We are thankful that the Immigration Bureau is supportive of the new practice. The revised arrangement is part of our continued efforts to improve the operating environment and efficiency of DCT for the benefit of the shipping community and customers. We will continue to work with the government agencies to help ensure that customers are given excellent services and their needs are met".

Since operations began in 1996, DCT has been achieving positive growth in container and cargo throughput. DCT's container throughput to-date (January to September 98) grew by about 12% over the same period last year, reaching 340,497 TEUs. The consistent throughput growth has also positioned DCT as one of the most advanced and efficient ports in North China.

In March 1998, PSA Corporation opened its first overseas Representative Office in Dalian, China. The Representative Office allows PSA to better administer its expanding interests in China and seek new business opportunities. PSA's vast interests in Dalian include the Dalian Container Terminal, a joint venture container terminal project with the Port of Dalian Authority; the Dalian BHR Consultancy Services Co Ltd, PSA's first wholly-owned overseas subsidiary for the development of computer software and systems for PSA and the Chinese market; and now the PSA Corporation Ltd Representative Office.



Journey into the world of magical Malaysia...and discover the splendour of a cultural heritage that lies beneath a nation of many faces, enveloped in the history of a multi-racial background. A Culture which has crystallised into the Malaysian way of life, a tradition which is practised in everything we do.

While serving a global community, we realise the need to understand your business and way of life.

We believe in creating one international community, living in one global synergy. That is why we believe in giving you that personal touch, a touch of the Malaysian culture where your business and interests are our business. A reflection of magical Malaysia and her people - the rhythm of our culture and hospitality.

Discover The Journey - IAPH'99
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Klang Port Authority

Mail Bag Service 202,
Jalan Pelabuhan, 42005 Port Klang, Malaysia
Tel : 603 - 368 8211 • Telefax : 603 - 368 9117

昭和四十九年十一月十五日第三種郵便物認可 誌名「PORTS & HARBORS」