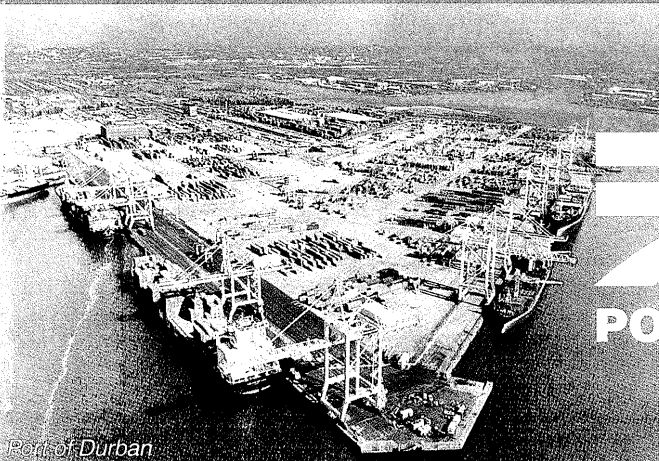
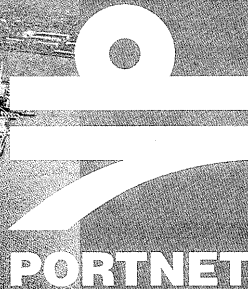


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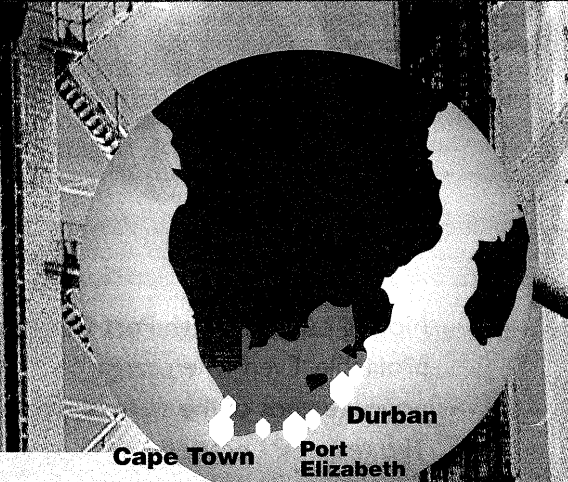
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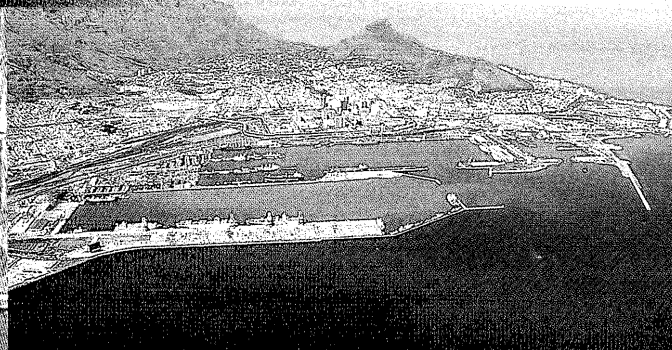
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**P**ortnet is South Africa's port authority, controlling and managing seven ports on the southern African coast. These ports are: Richards Bay, Durban, East London, Port Elizabeth, Mossel Bay, Cape Town and Saldanha. Related article on page 36.

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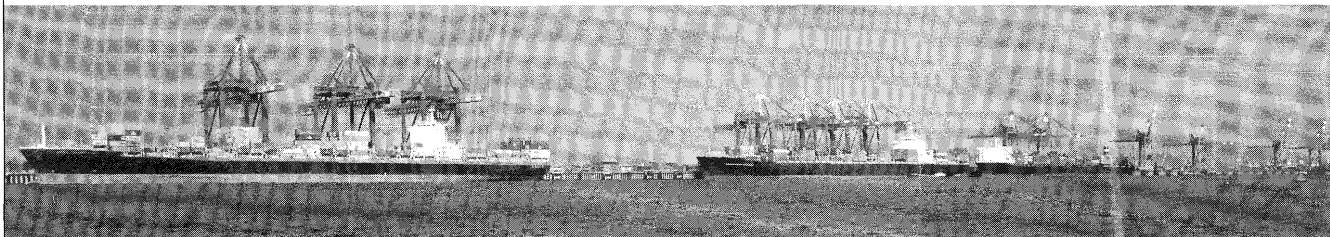
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## Jean Smagghe

President of IAPH

It is the tradition at this time of the year, for the President of IAPH to present his New Year's greetings in the pages of our "Ports & Harbors" house magazine. I am only too happy to go along with this tradition to the full!

In truth, IAPH is just one great big family, the members of which are the representatives of ports throughout the world – large and small, in both rich and developing countries – without distinction of culture or religion. The members of this family are drawn from the public and private sectors, and represent Port Authorities and the Port Industry alike. Their bond is their common contribution to the service of international trade. Through the IAPH, they have numerous opportunities to meet and share their experiences, defend joint causes, and establish and maintain links of friendship which are both strong and extremely useful in practical terms.

May I take this particular opportunity to express to each member of our worldwide port family my very best and warmest wishes for the New Year of 1999, the last of the old millennium.

This occasion is also appropriate for reviewing the last twelve months and attempting to identify the broad outlines and main directions for the year to come.

Any mention of the imminent dawn of the third millennium cannot but remind us of our humble relationship with history, the more so as 1998 was once again rich in changes, changes as unexpected as they were momentous and far-reaching. Apart from armed conflict in various parts of the globe, unfortunately not something unique by which to remember 1998, the year has brought us a number of natural disasters of exceptional gravity, while the economies of many countries have suffered severe damage from which they will take long to recover.

As for the financial tornado which struck the Asian zone, destabilising the financial markets round the world in its wake this phenomenon took every body by surprise – even though there are naturally those who now assert that it was "predictable". The fact remains, however, that it has hit the economies of many



## Hiroshi Kusaka

Secretary General of IAPH

Let me extend my hearty New Year's greetings to all members of IAPH's global family!

First, I would like to reiterate my profound thanks and appreciation to the Board of Commissioners of the Port of New Orleans for hosting the mid-term meetings of the Executive and various other committees from the end of April through the first week of May in 1998. As were reported in the journal last June and the July-August issue, thanks to the arrangements preliminary made by the host headed by Mr. Ron Brinson, President and CEO of the Port and his able staff, and also

through handling of the full issues by President Smagghe, the various committee and group meetings proved most worthwhile for all concerned. Especially notable was the Executive Committee meeting, which took full account of views of each member of the Executive and of other relevant people concerning the action plans for the Special Task Force IAPH 2000, whose remit is to examine how IAPH should act in the future for the benefit of its members and also for the maritime community at large. I would like to reiterate my sincere appreciation to our friends at the Port of New Orleans who took part in the IAPH meetings for their efforts.

I am confident that you will agree with me that last year was one of the most fruitful year for IAPH. For example, I can look back on impressive activities of the various Technical Committees and of the IAPH/IMO Interface Group, on the liaison activities involving IMO meetings, on the notable achievements of the IAPH 2000 Special Task Force or the African Ports Seminar held in Mombassa, Kenya, in January and on the first IAPH Seminar on the theme "Ports in the New Electronic Commerce Environment" held in November in Barcelona, Spain. These newly added activities were possible due to the activists of IAPH and of ports and other organizations which supported these valuable events. I wish to thank all those who took the time out of their busy schedule as top officials at the respective ports and organizations for their enthusiastic cooperation in this regard and, of course, each organization and individual who has supported the various new activities of IAPH.

Here I think it appropriate to review the

# New Year's Messages

countries very hard indeed, while international maritime traffic has been seriously affected and the impact felt in terms of port activities throughout the world. Recent history should have taught us the value of modesty. Remember the oil crisis of 1970 and the fall of the Berlin Wall in 1989, both of which "predictable" events had not been predicted, at least not for anywhere near the actual dates.

All this seems to point to a primary need to nurture the adaptability of our enterprises, while steering clear of anything which smacks of excessively rigid commitment for the longer term, with the concomitant risk of financial difficulties should the trend be reversed.

The last decade has witnessed the triumph of globalisation, the new world order which has been made possible by improved communications. These changes have demanded the rapid – and frequently painful – adaptation of every link in the transport chain, and we have seen maritime carriers engaging in a no-holds-barred contest, a contest which has led to irrational cuts in freight rates.

This in turn has initiated a trend in the direction of planetary alliances and a consequent revamping of existing consortia, producing economies of scale on the one hand and intensifying the already excessive pressures on the ports on the other. The process has indeed been momentarily impeded by the financial crisis affecting the entire planet, but the major tendencies initiated will nonetheless be substantiated in the years to come.

Continued on Page 4

Continued on Page 4, Column 3

## New Year's Messages

from Jean Smaghe

In this context, the remarkable efforts observed in the area of adapting and modernising ports over the last few years are certainly not yet finished. Only those able to enhance their quality of service still further, while reducing freight transit costs, will maintain their positions.

For many ports, this has meant major institutional changes, with a common denominator in the shape of a clear separation between the regulatory functions of the Port Authority and those of the Port Operator, the degree of privatisation involved varying from country to country. In addition, the very concept of Port Operator is now moving rapidly towards globalisation. This is reflected in the tendency of companies, set up to operate this or that port terminal, to appear as candidates for investment and operation in ports and terminals in other countries, and other parts of the world.

We are witnessing the emergence of international, multi-port operators, who already represent considerable weight in terms of maritime trade. On the eve of the third millennium, these changes have led IAPH to take a close look at its future, and to set up a strategic appraisal task force under the name of IAPH 2000. The work of this task force since the 1997 London Conference has been quite remarkable.

Its first move was to initiate an in-depth survey of ports throughout the world for the purpose of taking inventory of their current institutional framework and the corresponding reorganisation programmes in process or planned. The initial results of this investigation clearly identify the extent and rapidity of the changes which are occurring. Our task now is to interpret these data with care and precision. The final report, scheduled for spring 1999, will be of major interest to all the ports of the world – and indeed to our Association, which must adapt to the changes in its membership and the latest expectations of its members, old and new alike.

In parallel, the IAPH 2000 task force is now actively engaged in preparing a strategic guideline document which will be presented to all our members at the Kuala Lumpur Conference in May 1999. Adoption of this document will give our Association a new lease of life, on the eve of the year 2000.

The task now is to meet the new expectations of the members of the Association, whether private or public, by adapting the way in which IAPH operates, restructuring the Technical Committees, improving internal and external communications, and so on. We also need to foster the introduction of members of a new type, which have appeared as a result of the recent world-wide changes already mentioned.

However, this must not make us forget that our Association is the only body representing ports on a world scale, and that it is extremely active in this role. One of the most obvious examples is the organisation of increasingly frequent IAPH international seminars, each attended by several hundred port management delegates. Following a first, highly successful African Ports seminar in Mombassa, Kenya, in January 1998, we then had a remarkable seminar on ports in an electronic commerce environment, organised by the IAPH Trade Facilitation Committee in the Port of Barcelona, Spain, in November. The next event in the series, a Europe-Africa seminar, will be organised by the Port of Rotterdam in January 1999.

I extend my New Year greetings also to IAPH itself, an Association which, while it can be regarded as venerable with its 44 years of existence, is nonetheless bursting with vitality. I feel confident that the new directions required to confront the challenges of the year 2000, and the new demands of our members, will be adopted on the occasion of the Kuala Lumpur Conference.

Obviously not even the IAPH can do anything to prevent planetary-scale disruption of the financial markets any more than natural disasters. However, I am sure that the relations, both professional and personal, as also the spirit of solidarity which the Association establishes between its members, can only encourage the development of international trade. This is why I believe that the IAPH motto – "World Peace Through World Trade, World Trade Through World Ports" – continues to be entirely apposite.

Once again, my very best wishes for 1999.

from Hiroshi Kusaka

world economy and the business environment surrounding our port industry. It appears that the US economy is continuing to expand with the domestic consumption growing. In Europe, though we cannot neglect signs of slowdown in some quarters, we see as a whole that most countries have been increasing their exports as their economies have recovered. In Asia, in the light of financial crisis and against the backdrop of the sluggish Japanese economy, consumption in the region has continued to decline. In this situation, Japan's trade with Asian countries has been sluggish.

Under these severe circumstances, shipping companies and the port industry have been faced with the demand for a higher quality of service and greater efficiency in an extremely competitive environment. Furthermore, in the wake of the globalization of the world economy, governments in various countries and economies have been demanding institutional and operational changes, which have affected ports throughout the world. Thus, we are going to face a challenging new year. I wish each of our members great success in their individual endeavors.

As a result of the sluggish economic situations in Asia, we have seen a few members leave IAPH. Fortunately, however, only a limited number have done so.

We at the Tokyo Head Office are fully aware of our members' expectations that we further respond to your needs in view of the changes occurring in our member ports and organizations, are reviewing the activities of IAPH with a view to introducing all possible innovations. We are determined to do our utmost to heighten the quality of service IAPH provides so that existing and new members feel that they are receiving the all benefit of their membership.

Finally, let me refer to the most important for the Association this year. It is the 21st World Ports Conference of IAPH which is scheduled for 15-21 May, in Kuala Lumpur, Malaysia. I would like to express my deep appreciation to our host, Port Klang Authority, and the other Malaysian ports for their dedicated efforts in preparing the Conference. With my thanks to Port Klang for its welcoming message, I would like to invite as many members as possible to participate in the Conference in May.

Let me wish each one of you ever increasing progress and prosperity in the year ahead.

## New Year's Messages

### Datin O.C. Phang

Conference Chairman  
General Manager ICEO, Port Klang Authority

It gives me great pleasure to extend my New Year's greetings to friends and colleagues of IAPH.

1999 marks the last year of this century and we stand on the threshold of very exciting and challenging times as we approach the new millennium. As the world gets closer to each other and demands for services become more sophisticated, we, as members of the global community of ports are confronted with many issues that will determine our success, perhaps even our very survival.

In these days of load centering and the



must be alert and pro-active to the challenges that arise from such developments. "Keep pace with the shipping industry or perish" may sound rather dramatic but it could very well be the only solution if ports want to maintain their stake in the global maritime transportation industry. It might sound paradoxical in an increasingly competitive port indus-

try, but complementing rather than competing with each other might be only solution for port operators for long-term survival in this complex business called maritime transportation.

try, but complementing rather than competing with each other might be only solution for port operators for long-term survival in this complex business called maritime transportation.

1999 is a very important year for Port Klang. We are the proud host of the last IAPH congress this century. When we meet in Kuala Lumpur in May, I hope our conference will be a forum not only to exchange ideas and experience, but also to introduce solutions to the many issues and challenges confronting our industry in the new century.

As the Conference Chairman of IAPH '99, I extend a warm welcome to all members of the IAPH family to Malaysia and extend to you best wishes for the New Year.

See you in Malaysia in May 1999.



## 21st World Ports Conference

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# IAPH ANNOUNCEMENTS AND NEWS

## Trade Facilitation Committee Meets in Barcelona 4 November 1998

### Minutes of the Meeting

#### Present

**Chairman:** **Emili Arbós**  
*Port of Barcelona Authority*  
**Santiago Milà**  
*Port of Barcelona Authority*  
**Alan Long**  
*Port of Felixstowe*  
**Assemian Kablankhan**  
*Port of Abidjan*  
**Lamine A. Dia**  
*Port of Abidjan*  
**Marielle Stumm**  
*INRETS*  
**Volkhard Erdelbrock**  
*DAKOSY (Hamburg)*  
**Ian Flanders**  
*Port of London Authority*

#### 1. Agenda & Opening Remarks

The Chairman welcomed everybody and expressed his sincere gratitude for attending the meeting and the 1st IAPH Seminar "Ports in the new electronic commerce environment" organized by this Committee.

The Chairman also thanked all members for their active cooperation and their suggestions in the organization of the Seminar and highlighted the importance of this Seminar as it shows the effort done by our Committee to achieve a deep knowledge of Trade Facilitation subjects as the electronic commerce.

The Chairman reported apologies for absence received from the following Committee members: John K. Hirst (Sydney), Eric Lui, (Port of Singapore), Rick Pearce (Fraser River Harbour Commission), Hiroshi Koike (Yokohama).

After that, the Agenda itself was approved without any amendment.

#### 2. Reports to the Committee

The minutes of the Le Havre TFC Meeting were read by Mr. Santiago Milà and by Mr. Assemian Kablankhan and were adopted without amend-

ments.

At this point, the Chairman presented the letter included in the dossier sent by Mr. Takehiko Nayayama, on behalf of Dr. Akio Someya, requiring a summary of the TFC activities during the last months in order to be reported to the IAPH officers at their last meeting held in Tokyo on 19th October.

The Chairman asked Mr. Flanders to read the report prepared. After the reading, the Chairman announced that a new paper explaining the latest activities of the Committee will be prepared for the forthcoming IAPH World Ports Conference which will take place in Malaysia in May 1999.

After being asked, no comment was made about this subject by the attendants and the Chairman proceeded with the next item.

#### 3. Membership of the TFC

The Chairman also asked the attendants if any new E-Mail address needed to be included in the TFC membership list, requiring as well the confirmation of their addresses. Mr. Assemian Kablankhan informed about his new E-Mail address.

Following the intention to enlarge the membership of this Committee by ports from South America, the Chairman referred to Mr. Milà professional trip to Brazil where he took the opportunity to visit the port of Suape. Mr. Milà explained that after being reported about IAPH and the TFC activities, the Managers of this port were very interested in joining us. Mr. Milà informed Mr. Kondoh and he sent an official letter of invitation to the Port of Suape offering them to join IAPH.

According to the latest information we received, they have already become a IAPH member. We hope they will soon join the Trade Facilitation Committee.

Regarding the interest, mentioned in our last meeting, of Mr. Caselli (port of Genoa) in the TFC's activities, the Chairman informed that he had a meeting with him the same day of the TFC meeting, as he was in Barcelona for the Seminar, and Mr. Caselli announced that the Port of Genoa will become a IAPH member from the beginning of 1999 and, subsequently, will be joining the TFC during 1999.

#### 4. IAPH Information Technology Award

The Chairman reported that, as agreed in the last TFC meeting, a copy of the Award brochure was included in the May issue of *Ports and Harbors*. It has also been promoted during the Seminar as it has been included in the papers given to the attendants.

A new mailing with a reminder will be sent in the beginning of November in order to make a stronger promotion among universities and other institutions that could be interested in the IT Award. All TFC members present at the meeting agreed to prepare a personalized letter including the IT brochure to these specific organizations.

#### 5. IAPH Electronic Commerce Seminar

Mr. Milà expressed his deep gratitude to all TFC members for their cooperation and their highly appreciated suggestions which contributed in great proportion in the organization of the Seminar as well as the elaboration of the program. He also thanked those TFC members who would be making an speech for their kind acceptance to participate despite their busy agendas.

Mr. Milà explained that the construction of World Trade Center Barcelona, where the Seminar would be held, was behind schedule and, as a consequence, a shuttle bus service would be at the attendants disposal at their arrival and at their departure of the WTCB facilities for their own safety and comfort.

It was highlighted as well the great importance of the participation of the TFC members attending at the Seminar during the panel discussions as the main interest of a Seminar is the contributions of the attending experts and

the discussions based on the speeches.

Following a discussion in our last meeting about the problem of the non-existence of a clear electronic commerce definition and, as agreed, the Chairman offered the following definitions worked out by the most important organizations dealing with electronic commerce:

**WTO definition on electronic commerce:**

"Electronic commerce may be defined as the production, advertising, sale and distribution of products via telecommunication networks"

**OECD definition on electronic commerce:**

"Electronic commerce refers generally to commercial transactions, involving both organizations and individuals, that are based upon the processing and transmission of digitalized data, including text, sound and visual images and that are carried out over open networks (like the Internet) or closed networks (like AOL or Minitel) that have a gateway onto an open network".

**UN CEFAC definition on electronic commerce:**

"Electronic commerce is defined as doing business electronically. This includes the sharing of structured or unstructured business information by any electronic means (such as electronic mail or messaging, World Wide Web technology, electronic bulletin boards, smart cards, electronic funds transfers, and electronic data interchange) with the suppliers, customers, and other partners to conduct and execute transactions in business-to-business or consumer-to-business activities."

After an interesting discussion, it was agreed as the most suitable definition the UN CEFAC definition to which some amendments were added, with the following final wording:

"Electronic commerce is defined as doing business electronically. This includes the sharing of structured or unstructured business information by any electronic means (such as electronic mail or messaging, World Wide Web technology, electronic bulletin boards, smart cards, electronic funds transfers, and electronic data interchange) with the suppliers, customers, and all other participants in the supply chain to conduct and execute transactions in business-to-business or consumer-to-business activities."

**6. Involvement with other organisations**

Mr. A. Long presented the Report, contained in the dossier for the meeting, on the 17th Meeting of the WCO

Electronic Commerce Advisory which was held in Brussels from 7th to 9th September 1998.

The Chairman referred then to the invitation of UNCTAD to participate in its meeting in Lyon and informed that Mr. R. Gomis, Head of Information Systems of the Port of Barcelona, would attend representing the Port of Barcelona and TFC if all TFC members agree. No objection was made.

**7. Any other business**

The Chairman stated that he believed that this Committee had covered one more step by organizing the Seminar. He assured that our main task will continue to follow the electronic commerce improvements and then asked everybody their proposals for other future actions to be undertaken by this Committee.

Mr. Milà informed that the same of this meeting received a fax from Tokyo

informing that IAPH and UNCTAD had signed a co-operation agreement entitled "Partnership for Development" which was also contained in the dossier.

The Chairman affirmed that the Committee had to see which is the amount of work that it would bring us. As a first step, he proposed he would contact UNCTAD to ask for more details of this agreement.

**8. Arrangements for next meeting**

Seeing that IAPH General Assembly will take place in Kuala Lumpur, Malaysia, from 15th to 21st May 1999, the Chairman proposed to meet again two weeks before the General Assembly and to contact Mr. Caselli, from the Port of Genoa, in order to celebrate this forthcoming meeting in that port. Other possibilities proposed by TFC members are Felixstowe and Paris.

## Mr. Kondoh of IAPH Visits Washington and New York

**M**R. R. Kondoh, availing himself of the chance of attending the Special Working Group on Structural Planning (SWGP) of the IAPH 2000, scheduled for Friday, 4 December 1998 in the meeting room of the Legal Department of the Port Authority of New York and New Jersey, visited IAPH members in Washington, D.C.

At the World Bank on Tuesday, 1 December, Mr. Kondoh was received by Mr. Marc H. Juhel, Senior Port Specialist, Transport Division, Transportation, Water and Urban Development, The World Bank, where they exchanged views and comments on the current situation involving ports and shipping and the potential areas of

mutual interest. Also present at the meeting was Mr. Toshiro Tsutsumi, Senior Port Engineer, Transport Sector Unit, East Asia Pacific Region.

On Tuesday, 1 December 1998, Mr. Kondoh was received by Mr. Kurt Nagle, President of the American Association of Port Authorities (AAPA).



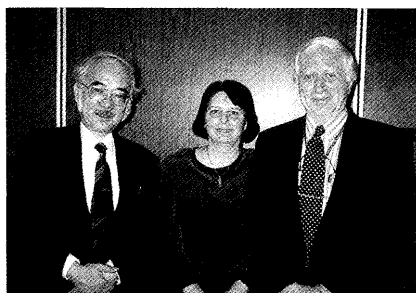
**Picture at AAPA (L to R): Mr. Kondoh and Mr. Nagle**

Among the major topics discussed was how to expand the ties of collaboration for mutual benefit between the two organizations inclusive of the possibility of enabling IAPH members to have access to the educational and professional programs staged by AAPA without duplication and to secure a freer flow of information among the parties.

On Wednesday, 2 December 1998,



**(L to R): Mr. Juhel and Mr. Tsutsumi (taken by R. Kondoh)**



**Picture(L to R): Mr. Kondoh, Ms. Blum and Mr. Someck**

Mr. Kondoh visited the Office of Intermodal Development, Maritime Administration, US Department of Transportation where he was received by Ms. Margaret Blum, Dy. Administrator, Mr. James J. Zok, Associate Administrator and Mr. Richard L. Walker, Director. The arrangement was made possible by Mr.

William Dean, who acted on behalf of Mr. John Pisani, Office of Ports and Domestic Shipping, who was out of the country at the time, together with Mr. Michael Someck, a senior maritime expert who had been stationed in Tokyo.

On Thursday, 3 December 1998, by the instigation of Mr. Patrick J. Falvey, IAPH Legal Counselor, and Mr. Herbert Ouida, Executive Vice President, World Trade Centers Association, Inc. (WTCA, New York), Mr. Kondoh was given a presentation on Trade Card, an electronic trading network system geared to bankers, forwarders, buyers and sellers and created as a core system linking the membership of the World Trade Centers spread over some 180 strategic business locations throughout the world. On that occasion Mr. Kondoh had the opportunity to meet Mr. Guy Tozzoli, Chairman and Architect of WTCA.

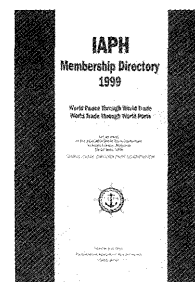
## **IAPH Directory '99 Completed**

**T**HE 1999 edition of the I A P H Membership Directory was completed by the Head Office and sent to all members and related organizations from Tokyo in the first week of December.

The Directory features the names of Regular, Associate (by class and category) and Life Members under the respective countries in alphabetical order. As for the Regular Members, the names of the key officials and positions at the respective ports/organizations, their contact numbers by telephone, fax and e-mail as well as the volume of cargo handled at their facilities are featured, based on the information reported by the members concerned in their updated entries to the new edition of the Directory.

Regrettably, however, some members have not yet returned the updated entries to the new edition of the Directory, and therefore, references to such members was based on the information supplied previously, with an asterisk mark (\*).

If IAPH members require more copies of the Directory, they can be obtained, upon application to the Head Office.



## **List of Contributors to the Special Port Development Technical Assistance Fund**

*( AS of 11 January 1999 )*

<b>ORGANIZATION</b>	<b>COUNTRY</b>	<b>(US\$)</b>
Georgia Ports Authority	USA	1,500
Bintulu Port SDN BHD	Malaysia	1,000
Ports of Auckland Ltd.	New Zealand	500
Fremantle Port Authority	Australia	250
Port Services Corporation	Oman	985
Associated British Ports	UK	1,000
Nanaimo Harbour Commission	Canada	250
Japan Cargo Handling Mechanization Association	Japan	240
South Carolina State Ports Authority	USA	750
Mauritius Marine Authority	Mauritius	1,000
Overseas Coastal Area Development Institute of Japan	Japan	1,000
Port of Rotterdam	the Netherlands	1,000
Port Authority of the Cayman Islands	Cayman Islands	500
Kuwait Oil Company (KSC)	Kuwait	750
Port of Copenhagen	Denmark	1,000
Saeki Kensetsu Kogyo Co., Ltd.	Japan	235
Marine Department, Hong Kong	China	500
Port of Montreal	Canada	1,000
Port Authority of Thailand	Thailand	100
Tanzania Harbours Authhority	Tanzania	1,000
Port of Kobe	Japan	3,000
Japan Academic Society for Port Affairs	Japan	237
Sydney Ports Corporation	Australia	500
World Cargo News	UK	100
Nagoya Port Authority	Japan	3,000
Administração do Porto de Sines	Portugal	500
Maldives Ports Authority	Maldives	100
Port Autonome du Havre	France	1,000
Indonesia Port Corporation II	Indonesia	500
Fraser River Harbour Commission	Canada	250
Kobe Port Terminal Corporation	Japan	500
Canaveral Port Authority	USA	500

**Total in US\$: 24,747**

## **IPD Fund: Status Report on the fund-raising campaign**

**- donation amount \$24,747 in six months -**

**T**HE fund-raising campaign which started in July last year is now underway, although it is proceeding at a rather slow pace, as of 11 January, a little over 35% of the targeted amount of US\$70,000 had been contributed in six months. Since our previous announcement (in the July-August 1997 issue), contributions have been received from Administração do Porto de Sines, Maldives Ports Authority, Port Autonome du Havre, Indonesia Port Corporation II, Fraser River Harbour Commission, Kobe Port Terminal and Canaveral Port Authority. We offer our deep gratitude to those who have made contributions to the IPD Fund and invite all members' continued support to the project.



# 1st IAPH Seminar on Electronic Commerce at Barcelona World Trade Center

By R. Kondoh, Deputy Secretary General of IAPH

In a conference room in the Barcelona World Trade Center now in the final stages of completion, situated on a man-made island in the midst of the inner harbor basin, 130 delegates and representatives of the UNCTAD, WCO, IMO, UN-CEFACT, ICC, Dutch customs, major shipping companies, ports and terminal operators from 21 different countries gathered and talked about electronic commerce, its present and future, for the two full days of Thursday and Friday, 5 and 6 November 1998.

The first IAPH Seminar on Electronic Commerce was made possible with the great support of the Port of Barcelona and at the initiative of Mr. Emili Arbos, Chairman, the IAPH Trade Facilitation Committee, and Mr. Santiago Milà, Director, International Cooperation, and the IAPH Trade Facilitation Committee and its committee members.

Mr. Joaquim Tosas, Chairman of the Port, in his welcome remarks, said that it was timely for the Port of Barcelona to host the workshop when world trade would take yet another significant step towards the new type of systems and practices by means of adapting to electronic commerce. Mr. Jean Smagghe, IAPH President, in his opening remarks, encouraged the delegates to listen to the state-of-the-art presentations on the ongoing and future implications of electronic commerce affecting ports, and to exchange views towards the future.

The two day Seminar was divided into three sessions entitled "Electronic Commerce and Port Community", "Developments and Projects Involving Electronic Commerce" and "Technical and Legal Aspects Involved in the Implementation of Electronic Commerce".

This reporter believes that the workshop represented a global spread of authoritative players in the development of electronic commerce. In this context, it is essential to introduce the themes of the sessions and the panel discussions as well as the authors and panelists together with the titles of the papers presented so that readers can find specific passages concerning the implementation of ways and means to cope with the on-coming wave of elec-



*The first IAPH Seminar on 'Ports in the New Electronic Commerce Environment' was held in Barcelona, on 5 and 6 November 1998. IAPH President Jean Smagghe (seated, right) addressing some 60 participants*

tronic commerce in the transport sector at large. They are as follows:

## Session I: "Electronic Commerce and Port Community"

- "State of the art on electronic commerce related to international trade", by Mr. Santiago Milà, Vice-Chairman of United Nations/CEFACT, Director, International Cooperation, Port of Barcelona
- "Electronic customs clearance and data requirements - The requirements for customs clearance in the age of electronic commerce/business", by Mr. J.R. van Kuik, Senior Policy Advisor, Ministry of Finance, the Netherlands
- "Electronic Customs Clearance - A Case Study", by Mr. Alan J. Long, Maritime Cargo Processing, Port of Felixstowe, UK
- "Implementation of Electronic Commerce in Ports - EDI and New Information Technologies", by Mr. Josep Oriol, Director, Port Authority of Barcelona, Spain
- "Electronic Commerce in the Port Community - The Challenge of Electronic Business for the Shipping

Industry", by Mr. Alex de Lijster, Manager, International Standards & Electronic Commerce, P&O Nedlloyd, the Netherlands

- "Effective Electronic Commerce in Terminal Operations enables Computer Character Recognition (CCR) to achieve paperless gate processing", by Dr. Roger E. Nortillo, Executive Vice President, Maher Terminals, Inc., President, Maher Terminals Logistic Systems, Inc., USA

## Session II: "Developments and Projects Involving Electronic Commerce"

- "The Trade-Card System", by Mr. Bernard Guerra, Business Development Manager, World Trade Center Association Services Corporation
- "International Chamber of Commerce Involvement in Electronic Commerce", by Mr. Christiaan van der Valk, Deputy Director of Policy Commissions and Manager, Telecom and Electronic Commerce, International Chamber of Commerce, France

## Panel Discussion: "Community Systems



## in Ports: Recent developments"

- "Trade in information systems & communication in European ports", by Mrs. Marielle Stumm, Senior Researcher, INRETS, France
- "Community Systems in the Port of Banjul: The approach of a developing country port to the new age of electronic commerce", by Mr. Abdourahman Bah, Director of Operations, Port of Banjul, Gambia
- "Recent developments in Hamburg: Towards Paperless Port", by Dr. Volkhard Erdelbrock, DAKOSY Datenkommunikation System GmbH, Hamburg, Germany
- "New Port Community Systems in the New Electronic Commerce Environment - A joint project of the French Ports of Marseilles, Dunkirk and Le Havre", by Mr. Paul Scherrer, Technical Manager, Port of Le Havre, France

## Session III: "Technical and Legal Aspects Involved in the Implementation of Electronic Commerce"

- "The Evolution of UN/EDIFACT and other standards - The Internet and EDI - What are the opportunities?", by Mr. Kenji Itoh, Vice Chairman, United Nations/CEFACT, Executive Director, JASTPRO, Japan

## Subject Area 1: "The need for an international legal framework and the role of the third trust party"

- "Electronic Commerce and the Law - Main Questions on Legal Security for International Trade in the New Electronic Environment", by Mr. Jordi Domingo, Attorney at Law, Spain
- "International Efforts to establish a Legal Framework for Electronic Commerce: UNCITRAL Model Law - The Port Prospective", by Mr. Patrick J. Falvey, IAPH Legal Counselor, Attorney at Law, USA

## Subject Area 2: New Technical Elements to Guarantee Security: The need for a reliable and safe electronic commerce environment

- "Secure and reliable solutions for electronic commerce in the port community", by Mr. Alec Absalom, Senior Consulting Manager, General Electric Information Systems, UK
- "Business to business relationship based on digital signatures - Chambers of Commerce as trusted third parties in international trade", by Mr. Jordi Masias, Chamber of Commerce of Barcelona, Chairman of the Digital Signatures Technical Working Group of Eurochambres

## Panel Discussion: "The Role of Banks in the New Electronic Commerce Environment"

- Mr. Joan Rosas, Director of International Markets, Caixa de Estalvis i Pensions de Barcelona, "la Caixa", Spain
- Mr. Jordi Vilardebó, Information Technology Division, Area Director of Innovation Projects, Banc Sabadell, Spain
- Mr. Damien Jamet, Vice President, Société Générale, France
- Mr. Graham Sylvester-Evans, Director, Barclays Trade Services, Barclays Bank Plc, UK
- Mr. Ian Finch, Vice President, CITIBANK, UK

## Subject Area 3: Electronic Commerce: International Organizations Developments

- "UNCTAD: Promotion of Electronic Commerce in Developing Countries", by Gary Crook, Economic Affairs Officer, UNCTAD
- "UN/CEFACT Involvement in Electronic Commerce", by Mr. Ray Walker, Chairman, UN/CEFACT Steering Group
- "The Application of Electronic Data Interchange within IMO FAL Conventions", by Mr. Alex de Jijster, Advisor on EDI and Electronic Commerce, International Maritime Organization

The 1st IAPH Seminar on Electronic Commerce was closed by Mr. David Jeffery, Port of London Authority and Chairman of the European Sea Ports Organization. In his closing remarks, he noted that electronic commerce might replace conventional business practices, particularly in the field of international trade, and urged that the port sector needs to be prepared to accommodate such trends as quickly as possible.

Last but not least, the Head Office expresses its heartfelt thanks and appreciation to the Port of Barcelona for its most gracious and generous support towards the successful conclusion of the 1st IAPH Seminar on Electronic Commerce. The same sense of appreciation goes to all the speakers, panelists, participants and the people for their enthusiastic participation in and devotion to this most educational Seminar. Indeed, it was an epoch-making event for IAPH.

## 1999 IAPH Membership Dues: Invoices Sent to Members

A circular from the Secretary General of IAPH with an invoice for the Membership Dues for 1999 has been sent to all members of IAPH from the Tokyo Head Office. The documents were dated December 10, 1998. The dues level for 1999 and 2000 remains unchanged, namely SDR1,070 per unit, making four consecutive years with no dues increase. It was in 1995 that the dues were last increased, by 5%

The value of the invoice is shown in SDR. The term SDR means "Special Drawing Rights", as adopted and applied within the monetary system by the IMF (International Monetary Fund).

The table right shows the SDR value per membership unit for Regular and all classes of Associate members. The equivalent rates are also included in the table.

The Secretariat would appreciate members remitting their dues to the IAPH account at one of the following banks rather than to send checks, so that the Head Office can save on the bank commissions which are necessary if payment is made by check and which are twice as high as when the payment is made through a bank. (Notes: Section

25 of the By-Laws provides as follows: Annual membership dues shall be due and payable in advance irrespective of the time of the calendar year in which the member is admitted. Section 25 - Payment of Membership Dues provides

that the dues shall be remitted to the Secretary General and that the costs of remittance shall be paid by each member.)

The dues payable to the IAPH Head Office should be remitted through:

- **The Fuji Bank Ltd., Marunouchi Branch, Account No.883953**
- **The Bank of Tokyo-Mitsubishi, Ltd. Uchisaiwaicho Branch, Account No.526541**

### Membership Dues for 1999

	SDR* 1 SDR=	Japanes Yen 165.016	US dollar 1.40141	German Mark 2.33054	French Franc 7.80151	British Pound 0.843816
<b>Regular</b>						
1 Unit	1,070	176,567	1,499	2,493	8,347	902
2 units	2,140	353,134	2,999	4,987	16,965	1,805
3 units	3,210	529,701	4,498	7,481	25,042	2,708
4 units	4,280	706,268	5,998	9,974	33,390	3,611
5 units	5,350	882,835	7,497	12,468	41,738	4,514
6 Units	6,420	1,059,402	8,997	14,962	50,085	5,417
7 Units	7,490	1,235,969	10,496	17,455	58,433	6,320
8 Units	8,560	1,412,536	11,996	19,949	66,780	7,223
<b>Associate</b>						
A-X-1, B&C	900	148,514	1,261	2,097	7,021	759
A-X-2	610	100,659	854	1,421	4,758	514
A-X-3	310	51,154	434	722	2,418	261
D	160	26,402	224	372	1,248	135
E	140	23,102	196	326	1,092	118
<b>Temporary</b>	600	99,009	840	1,398	4,680	506

Note: X applies to all categories, I, II, and III

## Mr. Peter Christiaan van der Kluit

### New Liaison Officer with IMO and IAPH Representative in Europe

THIS is to introduce Mr. Peter Christiaan van der Kluit who becomes IAPH Liaison Officer with IMO and IAPH Representative in Europe on 1 July 1999 in succession to Mr. Alex J. Smith who has carried out these dual roles since 25 May 1981.



Mr. P.C. van der Kluit

was born on 31 October 1938. Married to Beatrix (Trix) van der Kluit-de Groot since 1968, he has a daughter, a son-in-law and a grandson of 16 months. Mechanical engineer, post-academic course on safety, Mr. van der Kluit held various management positions in industry and joined Bell Lines from 1967 till 1975 as Group Engineer with responsibilities for all engineering activities of the Bell Group: ships, containers, cranes, etc.

He joined the Rotterdam Port Management in 1975, where he held various positions, the latest being

Executive Secretary, Directorate Shipping, and Senior Policy Adviser.

He has been active in IAPH since around 1980, presently chairing the combined Committees on Port Safety and Environment & Marine Operations.

In support of Mr. van der Kluit's appointment, the Port of Rotterdam has created a Liaison Office in the Marine Safety Rotterdam, b.v. (MSR) (Wilhelminakade 701, 3072 AP Rotterdam, P.O. Box 51290, 3007 GG Rotterdam, the Netherlands, Tel: 31-10-486-66 54, Fax: 31-10-484-60 71, E-mail: pvdkluit@marinesafety.nl)

MSR, which is an educational and training institution dealing with safety of navigation, will provide Mr. van der Kluit with institutional backup just as the British Ports Association has provided for Mr. Alex Smith since 1981.

Pieter (Peter) Christiaan van der Kluit



## Strategic Planning Working Group Meets in New York

A meeting lasting for a full day was held in the meeting room of the Legal Department of the Port Authority of New York and New Jersey on Friday, 4 December 1998. It

was attended by Mr. Dominic J. Taddeo, President and CEO, Port of Montreal (1st Vice President of IAPH), Mr. David Bellefontaine, CEO, Port of Halifax (Chairman of the IAPH Working Group for Strategic Planning - WGSP), Mr. H. Thomas Kornegay, Executive Director, Port of Houston (Member of WGSP), Mr. John Hirst, Executive Director, Australian Association of Ports and Marine Authorities (Member of WGSP), Mr. George Murchison, Commissioner, Port of Long Beach

(Chairman, IAPH Finance Committee), Mr. Patrick Keenan, Port of Cork Company, Mr. Hugh H. Welsh, Deputy General Counsel, the Port Authority of New York and New Jersey (Chairman of IAPH Legal Counselors), and Mr. Patrick J. Falvey, IAPH Legal Counselor. Mr. R. Kondoh, Deputy Secretary General, attended the meeting on behalf of Mr. Hiroshi Kusaka, Secretary General. The details of the meeting will be reported to the Exco and IAPH members in due course.

## Visitors

ON 11 November, Mr. David Whitehead, Director of the British Ports Association, visited the Tokyo Head Office, where he happened to meet Mr. John Hayes, Executive Director, Sydney Port Corporation, who was visiting the Head Office to meet his IAPH friends.



From the NPA, Capt. Takehiko Nakayama and Ms. Ayami Mizutani, who served as an interpreter, accompanied the trainees. While in Japan, it is understood that they visited the Ports of Osaka and Tokyo.

On 18 November, Mr. Bruno Vergobbi, General Manager, Port of Dunkirk Authority, visited the Head Office, where he was welcomed by Secretary General Kusaka



Seated (L to R): Mr. Whitehead, Mr. Hayes and Mr. Kusaka

Under Secretary, in the absence of the Secretary General and his deputy.

On 12 November, a group of officials from Nagoya visited the Head Office. They comprised Dr. Lu Shang Xiong, Vice Director, Shenzhen Municipal Port Authority, Dr. Liu Peng, Ministry of Communications, Mr. Mo YinYi, Vice Manager, China Merchant Shekou Services Co., Ltd., Ms. Jen (an inter-



(Picture courtesy of NPA): Mr. Vergobbi (center) with Dr. Someya (right).

and his deputy Mr. Kondoh. Mr. Vergobbi was visiting the Nagoya area on business and while in Nagoya he visited the Nagoya Port Authority (NPA) and, met Dr. Akio Someya, NPA's Executive Vice President and 2nd Vice President of IAPH.

On 17 November, Mr. R. Kondoh was one of the local members welcoming Mr. Julio Rodolfo Moctezuma, Presidente, Preinversión y Desarrollo, S.A. de C.V., Mexico, who was visiting Tokyo on an economic development

mission from Mexico. Mr. Moctezuma was associated with IAPH during his tenure as president of Pemex after leaving the office of Finance Minister of Mexico and participated in the trade

Mr. Whitehead was visiting Japan as an invited speaker for the Port and Environmental Issues Conference held in Yokohama the previous week. The purpose of Mr Hayes's visit was to attend the 30th anniversary of the sister ports agreement between Sydney and Yokkaichi. In front of Mr. Whitehead is a Wedgewood relief which was presented to IAPH by the BPA in commemoration of the IAPH/BPA Agreement on Representation signed on 25 May 1981 in Nagoya, where IAPH's silver jubilee conference took place.

On the afternoon of 11 November, Mr. David Bendall (seen, center), Chairman of ICHCA Australia with Mr. Koichi Tahara (right) Director, ICHCA, Japan, visited the Head Office, where they were received by Ms. Kimiko Takeda,



Back row (L to R): Mr. Nagai, Mr. Onso, Capt. Nakayama, Mr. Kondoh and Ms. Takeda. Seated (L to R): Ms. Jen, Mr. Mo, Dr. Lu, Dr. Liu and Ms. Mizutani

preter), Shenzhen Haixing Harbor Development Company Ltd. The group was in Nagoya participating one-month training course on port affairs organized by the Nagoya Port Authority (NPA).



Back row from L to R: Dr. Takeuchi, Mr. Kondoh and Mr. Moctezuma

development missions from Mexico for a number of years. Dr. Yoshio Takeuchi, the host of the gathering, was involved in various port development projects concerning Mexico as the counterpart of Mr. Moctezuma while he also associated with a Japanese institution developed in overseas technical cooperation programs. Dr. Takeuchi was directed the Bureau of Ports and Harbours, Japanese Ministry of Transport, and presided over the construction New Kansai Airport, Osaka, Japan.

On Friday, 20 November, **Mr. Bala Subramanian**, Maritime Specialist, **International Labor Office (ILO)**,



Mr. Subramanian (right) and Mr. Kondoh

Geneva), visited the Herad Office and met with Mr. R. Kondoh to exchange views and comments on the matters of mutual interest and the future business relationship between the two organizations.

On Friday, 20 November, **Mr. Erik Stromberg**, Executive Director, **North Carolina State Ports Authority (NCSPA)**, Wilmington, NC, USA, visited Tokyo and met with Mr. R. Kondoh to exchange views on the current economic situation in the region and its effects on trade. Mr. Stromberg was traveling in the region on a trade development mission with **Ms. Sarah Gaillard**, Director for Business Development of the Authority.



Picture taken at Jyosui Kaikan (L to R): Back row: Mr. R. Kondoh and Mr. Stromberg. Front row: Mr. Iwawo, former NCSPA Rep in Tokyo and Ms. Sarah Gaillard and Mr. Aoki, current NCSPA Rep in Tokyo.

On Tuesday, 24 November, **Mr. Karsten Seidel**, **Bremen Institute of Industrial Technology and Applied Work Science, University of Bremen (BIBA, Bremen)**, and Executive Secretary of the Alliance of Maritime Regional Interests in Europe (AMRIE, Brussels), visited the head office where



Mr. Karsten Seidel at the IAPH Head Office

Association Professorial Fellow, Office of Research, **National University of Singapore**, visited the Head Office and exchanged views and comments with Mr. Kondoh on trade and shipping trends in the region. Mr. Chia was visiting Tokyo to attend a regional development conference held in Tokyo.



Mr. Chia and Mr. Kondoh at the Head Office

## Membership Notes:

### Changes

#### Shanghai Port Authority [Regular] (China)

Mailing Addressee: Mr. Lu Haihu, Port Director  
Tel: 86-21-63231871  
Fax: 86-21-63230184

#### Kuching Port Authority [Regular] (Malaysia)

Senari Terminal Tel: +60 82 433533  
E-mail: kuport@po.jaring.my  
Chairman: Mr. Y.B. Awang Beme Pengiran Haji Ali Basah

#### Empresa Nacional de Puertos S.A. [Regular] (Peru)

Mailing Addressee: Mr. Jose Dellepiane Massa  
President

#### Maritime Ports Administration Constantza S.A. [Regular] (Romania) (Formerly Constantza Port Administration)

Mailing Addressee: Mr. Mihaita Emil Visoianu  
General Manager  
Tel: +40.41.611540  
Fax: +40.41.619512  
E-mail: apcms@apc.tomrad.ro



# OPEN FORUM

## IAPH Seminar

# The State of the Art of Electronic Commerce in International Trade

**F**IRST of all, given the fact that I am responsible for opening the seminar devoted to electronic commerce and the port community, I would like to highlight the importance this seminar has for maritime transport in general and the port sector in particular, because it is the first time that the implications of the application of electronic commerce to the port sector are being analyzed.

Before beginning my paper, which, as its title indicates, focuses on the current condition of electronic commerce in relation to international trade, I would like to clarify a few points.

Obviously my paper will not attempt to provide a summary of all the activities being carried out by international and Spanish organizations on the subject of electronic commerce because it would be interminable, especially when the seminar itself provides an overview of the main activities currently in progress in this field.

Nor will I try to summarize the current situation of electronic commerce in

By **Santiago García-Milà**

*Vice-Chairman, United Nations  
CEFACT*

*International Cooperation  
Director*

*Port Authority of Barcelona*

relation to international trade, which, moreover, would be biting off more than I could chew, particularly when not even the leading experts in the world can agree on what should be discussed and regulated when addressing electronic commerce because they simply do not agree as to what is included under this heading.

What I will discuss in my paper is the current situation of the implementation of electronic commerce, that is, the real uses being made of electronic commerce today. I will also attempt to describe what the future of this field holds for the main participants: the parties dealing in international trade and, consequently, the participants in mar-

itime transport.

### Introduction

Having said that, and given the fact that this seminar is focused on the maritime sector, I would like to point out that maritime transport and the port sector in particular are nothing more than tools at the service of international trade and, as such, are always affected by any changes that occur in the area of world commerce. This is why the changes that occur in trade, especially in the methods and procedures of international trade, will directly affect the maritime sector. However, it is also true that the modernization and transformation of international trade will never be complete without suitable adaptation of the maritime transport sector because it is the mode of transport used in more than 80% of international trade transactions.

This has been clear at many points in history: indeed the expansion of the free-market economy, which naturally



Mr. Santiago Milà, Vice Chairman of the UNCEFACT, and Assistant to Mr. Emili Arbos, Port of Spain, the Chairman, IAPH Committee on Trade Facilitation, speaking at the IAPH Seminar "Ports in the New Electronic Commerce Environment".



## IAPH Seminar

contributes to increasing the volume of commercial exchange, would not have been possible without the on-going modernization of maritime transport. The change from steamships to the ones used today, the consolidation of cargo, the increase in the size of ships and their increased speed have permitted and promoted the expansion of international trade. This indicates that international trade and maritime transport are linked in such a way that the transformation and subsequent modernization of the former calls for the adaptation of the latter as a requisite for consolidation of any of its modernizations. In the new era of electronic commerce, this will become ever clearer.

### What is electronic commerce?

Having made this clarification and before speaking on the current condition of electronic commerce and future perspectives, I would like to review the concept of electronic commerce as defined by the CEFAC of the United Nations.

**Definition:** It is understood as follows: "doing business electronically. This includes sharing structured and unstructured business data by any electronic means (such as Email and electronic messenger services, World Wide Web technology, intelligent cards, electronic funds transfers and electronic data interchange) with suppliers, users or other interested parties to conduct and execute transactions in business-to-business or client-company activities."

We could also use the World Trade Organization's definition of electronic commerce as the production, promotion, sale and distribution of products via telecommunication networks.

To conclude this brief overview of what is understood at the international level by electronic commerce, the OECD defines it as "the commercial transactions involving both individuals and organizations based on processing and transmitting digitalized information including text, sound and visual images through open networks (such as the Internet) or closed networks (such as AOL or Minitel) which have an outlet to an open network".

Therefore, electronic commerce is more than just the sale of a product between a company and a client over the Internet.

**Electronic business:** It is the compendium of commercial relations and business-to-business, client-company or machine-person data exchanges performed using electronic means. A completely electronic commercial transaction, then, implies that all the steps and procedures between the parties involved in the relationship are carried out by electronic means and that we not only exchange common electronic information, but we also electronically transfer rights and obligations.

### How does it affect international trade?

Now that we have a definition of electronic commerce, we should determine its influence on the way that international trade currently works and its current level of implementation.

I would like to point out that the current workings of international trade as outlined in the Bretton Woods agreements have been completely transformed as a result of the end of the Cold War, the end of the old East-West confrontation and by the four-part process which currently characterizes international trade: the process of globalization and liberalization of the economy, regionalization, the explosion of information technologies and the transformation of maritime transport. These four trends have completely transformed the traditional model of international trade that emerged after the Second World War.

Specifically, the liberalization of the economy and the process of economic globalization, as well as the development of information technologies – especially the phenomenon of the Internet – have smoothed the way for the emergence of electronic commerce.

The main economic effects of the emergence of electronic commerce on international trade are the impact on intermediation (which is considerably reduced), the changes it produces and will continue to produce on the logistics chain from the design of the product to sale to the end client by limiting costs and procedures, and the profound transformation it will bring to the market structure, thereby making small and medium-size businesses more competitive against large companies and giving them a bigger share of international trade. Electronic commerce may also affect companies' vertical dimension, primarily because of its impact on communication and data-transfer costs.

In and of itself, electronic commerce, as defined here and in light of its influence on international trade, brings with it a number of very profound changes in three different key thematic areas for international trade: law, technology and commercial procedures. The proper combination of these factors is what will lead to the creation of a new world order of international trade sometime in the relatively near future.

### What are currently the real applications of electronic commerce?

What is the current condition of these three vital areas for the development of electronic commerce?

In terms of technology, we can state that practically all the technological means and instruments required for effective electronic performance of any stage of a commercial transaction already exist, except, of course, for physical delivery of goods.

Despite the many technological advances, the use of new technologies for sales purposes is currently limited to consumers purchasing very specific products from companies via the Internet. However, even in this area, purchases are few and Internet users who make use of this service barely account for 10 percent.

In terms of organization and procedures, a great deal of progress must still be made and this is even more evident if we consider that technological advances will necessarily modify the traditional way of doing business: certain traditional intermediaries will be done away with, new markets and products will be created and more direct and fluid relations will be established between companies and consumers.

All this involves new ways of doing business because commercial transactions today are still largely carried out using the old methods and procedures on paper with letters of credit and bills of lading. The delay can be explained by the lack of reliability ascribed to electronic media by the participants in international trade as a way of perfecting commercial transactions due to the lack of a secure regulatory environment. However, the major advances that have recently been achieved in this field cannot be ignored. The implementation in the world port sector of information exchange via EDI is an example of this.

## IAPH Seminar

Consequently, one of the principal problems to be solved is the legal aspect.

There are many reasons for this delay.

First of all, the proper regulation of electronic commerce should be global in scope, that is, a universal legal framework is necessary because electronic transactions are extraterritorial. This global scope is necessary for a number of reasons: because the way to tax electronic commercial transactions must be determined, because the legal framework applicable to electronic commercial transactions must be established, because it is essential to determine the jurisdiction to which any disputes that arise as a result of electronic commercial transactions should be subject, because questions relating to intellectual property rights must be regulated, etc. etc.

All of these gaps must still be regulated but there are already a wide range of varying opinions: some feel that goods and services delivered electronically should be considered transactions carried out in a duty-free zone (whereas physically delivered products should be subject to general rules); others argue that all transactions should be taxed in the same way, even those that end in digital delivery. With regard to the law that should be applied, some believe that the law applicable to an electronic commercial transaction should be that of the seller's country, whereas others feel it should be that of the buyer.

Very few advances have been made thus far in the field of regulation. However, the work done by the United Nation's UNCITRAL organization are worth mentioning, especially as a result of the publication of the Model Law on Electronic Commerce.

In this area we should also mention the OECD guidelines on encoding as a very important step toward a uniform universal approach.

Secondly, the internal laws of individual countries must be modern enough to allow for the application of electronic commerce. For example, the laws of many countries still restrict the use of digital signatures and deny their validity in court, which is an impediment to the digital completion of contracts and agreements between parties. Nor do they regulate questions relating to intellectual property or guarantee that electronic information will be sufficiently

private.

The lack of a secure legal framework impedes full expansion of electronic commerce and even seriously obstructs retail trade over the Internet, which is currently the only sector of electronic commerce in full expansion. In this sense, credit-card purchases over the Internet are easily challenged and before going to court, companies prefer to return the amount of the theoretical purchase given the real danger of having the court hand down a sentence in favor of the plaintiff, despite the fact that the product may have actually been acquired. The fact that this secure legal framework does not exist should not make us adopt the error of over-regulation. In fact, over-regulation is as dangerous as the lack of a secure legal framework because it would cause electronic commercial transactions to lose both speed and efficiency.

Given the serious difficulties arising from the lack of a secure legal framework, the solution most widely adopted by the different electronic commerce projects up and running in the world is the use of a third-party guarantor or private agreements between users. This is the solution adopted by the SET standard, for example, and the Boyer project, which will be introduced later in the seminar.

This type of solution basically consists, in the first case, of establishing a neutral third party or central register, which provides a guarantee between the parties. In the second case it consists of traditional private agreements between the users of electronic commerce platforms, which gives them standard validity in court.

The lack of a suitable legal framework was also brought up at the Ministerial Conference of the OECD held in Ottawa, Canada on the 7th, 8th and 9th of October. At this conference, under the title "A Borderless World: Realising the Potential of Global Electronic Commerce", emphasis was placed on the need for cooperation between governments to reduce and eliminate the obstacles and barriers to electronic commerce, ensuring suitable protection for digital world interests and proportionate, transparent, consistent and predictable government intervention. As I said before, an omnicomprehensive legal framework is necessary, but not one that is out of all proportion.

In conclusion, it is worth mentioning that the proper combination of the three

pillars of electronic commerce – law, procedures and technology – should take place in the three stages into which an electronic commercial transaction is divided and which the World Trade Organization has clearly segmented: the search stage, the stage of purchase and payment and the distribution stage. The search stage takes place when suppliers and consumers or buyers – whether they be companies or individuals – interact for the first time, that is, they meet and, if the situation is to their liking, they negotiate. This stage may end with a commercial transaction or it may not. The second stage involves the purchase and payment of a product or service, normally through electronic transmission of a letter of credit or the details of a bank account. The third stage consists of delivery of the goods or services.

At this time, not even the first stage is in good health. Indeed, there are still very few sectors where the search for a particular product can be done completely by electronic means, especially over the Internet. And this is because the information provided in company websites is often out of date or insufficient. However, great advances are being made in this area and in some sectors it is now possible to find the best supply of a certain product simply by browsing on the Internet or other networks. In fact, there are many closed markets or Internets which offer all the information on a specific sector. The textile industry is a good example of this. These Intranets even allow for the electronic purchase of raw materials between companies.

### What does the future hold?

Now that we have an idea of the current state of electronic commerce and the obstacles that must still be overcome, I would like to end by taking a look at the future scenario of the implementation of electronic commerce.

Technological innovation involves the substitution of all commercial documents on paper for standardized electronic formats which fulfill exactly the same functions and which provide the added value of speed and efficiency, while guaranteeing the fulfillment of the traditional requirements of authenticity, security and originality.

Thank you very much for your attention.

## IAPH Seminar

# UN Proceeding Prudently In Electronic Commerce Area

By **Patrick J. Falvey**

**S**eñoras/Señores, Buenos días. Lo siento, pero no hablo español. I deeply appreciate the opportunity to participate in this important educational event and I commend the Port of Barcelona for sponsoring it. I hope that my remarks will be useful equally to my great joy in returning to this wonderful city.

As your programme states, I shall speak to international efforts to create a legal regime for electronic commerce. My principal focus shall be on the actions of the United Nations Commission on International Trade Law.

As an attorney and consultant on transportation and trade matters, I have been active in IAPH Activities for twenty six years, primarily on legal affairs, as Chairman of Legal Counselor and delegate to U.N. agencies. For forty years, I was a lawyer for the Port Authority of New York – New Jersey, as Chief Counsel for twenty years and executive director or deputy executive director during the period 1984-91.

Since the IAPH enjoys consultative status to UN ECOSOC I have been able to participate in several of the projects of UNCITRAL pertaining to port and maritime affairs. I was an observer and commentator at meetings of the Commission over a period of years dedicated to creating a legal framework for conducting trade electronically rather than by means of our now complex paper based system.

I am pleased to state that UNCITRAL and the UN have already adopted and recommended to member states that they adopt a Model Law on Electronic Commerce. I shall note later a few issues to be addressed at a meeting to be held in VIENNA next spring. I believe that the UN will complete this phase of its effort by the fall of 1999.

In brief, the Model Law is a set of principles of adoption by each nation, the most important being the fact that a contract or action thereunder was consummated by electronic data set forth

in this pamphlet entitled "UNCITRAL Model Law on Electronic Commerce with Guide to Enactment" published in 1996. I am including extracts from the Guide in order to accurately reflect the purpose, content and objective of the Model Law. (pps 15, 16, 17). On p.23 also enclosed is information for getting copies of the relevant papers. Please note that the Model Law applies specifically to contract for the carriage of goods and the underlying transport documents. Articles 16 and 17.

In my report to IAPH on the most recent actions of UNCITRAL, I stated my view which I now echo that the UN is proceeding prudently in this complex field, particularly by not mandating the use of any particular technology and by preserving the autonomy of contracting parties acting bilaterally or through networks subject to applicable local law. Remaining open items to be taken up by UNCITRAL include encryption, digital signatures and the role of and standards for certification authorities for authenticating and protecting electronic commercial transactions.

I shall now share with you my remarks to the Secretary of UNCITRAL on past and future work in this field. In considering these views, you should be aware that I am a cautious, conserva-

tive person, not prone to immediately accepting the latest trend or the counsel of alleged experts to board the latest express train. I prefer to ensure that the train and the racks are safe and I never believe predictions that this is the last or only train.

That said, after research into the security and efficiency aspects of the Trade Card system of the World Trade Centers Association, I have proposed to IAPH officers that their project for year 2000 initiatives should include working with the WTCA to factor port requirements into the system and to otherwise cooperate in the implementation of the Trade Card. A presentation as to the workings of this patented system was technology such as iris and facial identification devices should hackers and business espionage agents break in to steal business data or disrupt transactions. Such protection is essential to the success of such electronic commerce but it should not hamstring the process or detract from its efficiency.

In closing, I submit an anecdote to show that the impact of computer technology is beyond our present comprehension. We do know about the ubiquity of the Internet and its pervasive availability which seemingly would negate its use for global electronic commerce. Voila!! several companies are now offering VPN systems—Virtual private networks. These are claimed to allow using the Internet but with an umbrella of encryption & message authentication codes. And there certainly will be more to come to improve safety and efficiency including, I hope solving Y2K.



*Mr. Patrick J. Falvey, IAPH Legal Counselor and former General Counsel, Port Authority New York & New Jersey*

# Partners for Development Speeding up the Global Movement of Goods

– Lyon, France 9-12 November 1998 –

By **G. C. Crook**, UNCTAD Transport Section

## Introduction

The United Nations Conference on Trade and Development (UNCTAD) convened the summit on Partners for Development at a time when globalization is picking up pace and technologies are evolving at breakneck speed. The challenge is to mobilize new human and financial resources for development by creating new synergies and forging pragmatic partnerships. The trading of goods, services and information has always been an essential pillar of development. UNCTAD is responsible for helping developing countries and economies in transition to participate more effectively in the world economy in conditions which foster their growth. The summit focused, as emphasized by the Secretary-General of the United Nations, Mr. Kofi Annan, "... on concrete partnerships and practical solutions."

The Partners for Development summit meeting brought together more than 2,700 representatives of the private sector, non-governmental organizations, academic institutions and governments, from 172 countries, in an effort to forge development related projects. During the four-day meeting, 18 partnership agreements were finalized between the UNCTAD Secretariat and private and public organizations. They covered the fields of international transport, investment promotion, electronic commerce, the promotion of small and medium-sized enterprises and of entrepreneurship, the conservation of biodiversity and sustainable development, and agricultural commodities.

## Programme

The Partners for Development summit was opened by Prime Minister Lionel Jospin of France. In the spirit of the meeting, he said that France was reorganizing its foreign assistance programmes to move beyond simple aid to "active partnerships." Mr. Jospin called for emphasis on social well-being, especially through local-level efforts, and for

a more stable international and monetary financial framework. The partnerships framed at the Lyon meeting would take on a life of their own, and generate work and prosperity, he said.

The principal segments of the Lyon meeting were entitled: "The Global Electronic Trade UN Partnership" (GET UP), "Partners in Investment," "Bio-Partnerships for Sustainable Development," "The Tripartite Meeting on Micro Finance" (linking micro banks

with national financial authorities and international financial bodies), and "Commodity Price Risk Management and Structured Finance." Leading figures in these fields attended the meetings, together with top government officials.

A special segment under the "Get-Up" track was called "Getting from Here to There: Speeding up the Global Movement of Goods". This segment prepared the ground for the multifaceted partnerships between the private and the public sector which need to be established, locally, nationally and internationally, to put IT systems and networks in place to speed the global movement of goods.

A Round-table on the use of Information Technology in Transport took place with three sessions on the role of information technology in trade facilitation and transport chains; on IT solutions to common problems faced by port operators and port user; and on the use of IT in railway operations. In addi-



**Mr. Gary Crook**, Transport Section, UNCTAD, and Adviser to IAPH Committee on Human Resources

tion there was a plenary session on transport and customs initiatives in the form of a high-level expert panel in the afternoon of Thursday, 12 November.

This session considered future solutions to international transport problems in developing countries and countries in transition and proposed how industry, professional organizations and UNCTAD could jointly work on these issues.

Mr Jean Smagghe, President of IAPH, chaired the session on the use of Information Technology in Ports which took place on Tuesday 10 October. The session was well attended with more than 140 participants. Panellists from the ports of Antwerp, Le Havre, Marseilles, Barcelona and Rotterdam, from Portel (Spain), and from UNCTAD made presentations on port community systems, the use of EDI and Internet, container terminal management systems, standard messages between terminals and shipping lines, creation of a joint venture company to provide IT to the national port community and ACIS PortTracker.

The promotion of this event through IAPH resulted in a very well attended session which reflects the importance of the topic. Mr Peter van der Kluit represented IAPH on the expert panel at the plenary session on Thursday afternoon.

Some general conclusions were reached on the session. Port community systems linking Customs, freight forwarders and transport operators were essential to allow electronic information exchange, to cope with the expanding volume of international trade, and to speed the flow of goods. Larger ports in developed countries have developed these systems but this has taken a number of years. Generally, international standards for messages, such as EDI-FACT, have been used. This is particularly important for the shipping lines which need to transmit information at each port of call. However, there is a tremendous gap in the use of information technology in some developing country ports. There is a need for guidelines on the use of this technology, which will help convince Governments and port authorities to implement change, such as the modification of procedures and legislation, and to install new systems. It is essential to develop software that is adapted to conditions in developing countries. Our partnership with IAPH addresses these issues.

### Partnerships on the movement of goods

Accelerating the international flow of



goods by road, rail and sea was the objective of a string of partnerships agreed by UNCTAD with international transport organizations at Lyon. The agreements have been concluded with the leading organizations in their respective fields.

The International Association of Ports and Harbors (IAPH) and UNCTAD will work together to develop and implement information systems that respond to the particular requirements of ports in developing countries, thus reducing the technology gap with more advanced countries and providing these ports with adapted systems at acceptable cost. Information technology has become an indispensable tool for ports to increase efficiency and to speed up the movement of goods. But, information must precede the goods—rather than follow them.

UNCTAD brings its expertise in improving port performance and developing low cost software for transport systems; IAPH and its international network of members bring the experience in implementing technology-based trade facilitation measures. The text of this partnership is reproduced below.

The International Federation of Freight Forwarders' Associations (FIATA), meanwhile, is joining with UNCTAD to promote the development of international multimodal door-to-door transport and logistics operations. The freight forwarding industry is playing a crucial role in these efforts, which could be strengthened through gaining widespread recognition of freight forwarders as carriers. FIATA will make its network of national associations available to work with UNCTAD on national or regional technical assistance projects in areas of common interest. The two

organizations will also collaborate in analysing current transport issues and proposing solutions to remove operational or administrative transport bottlenecks.

The International Multimodal Transport Association (IMTA), within the framework of a partnership with UNCTAD, will support UNCTAD's initiatives in the fields of door-to-door transport. IMTA, through its network of focal points and its worldwide membership, will act to channel UNCTAD information on multimodal transport and trade facilitation, particularly to SMEs and local administrations. IMTA will also make available to interested UNCTAD member countries its members to undertake short-term assignments as subject matter specialists in international trade and transport.

In yet another measure to improve the operational efficiency of ports and other transport systems working in difficult conditions, UNCTAD's Advanced Cargo Information System (ACIS) has developed tailor-made software packages for developing countries. South African Railways (SPOORNET) has agreed to cooperate with UNCTAD to link its SPRINT tracking system to the ACIS RailTracker, thus providing an integrated information system on the movement of cargo and rail equipment for the whole of Southern Africa. This initiative will be carried out under a project funded by the US Agency for International Development (USAID) and will provide customers and railways of the subregion with the opportunity to track goods and equipment on 15 railways, from Cape Town in the South to Kampala in the North.

Another initiative to promote international rail traffic brings together UNC-



TAD and the International Union of Railways (UIC), an international organization that represents 143 railway systems in 82 countries. The ACIS programme will become part of the work of the UIC on developing an Electronic Data Interchange System, aimed at creating a global standard railway messaging system.

Road transport is the artery of economic growth and development, in Europe as in the developing world. Half the total volume and up to 80 per cent of the value of European trade is transported by road. Given its importance to the world economy, the many bureaucratic and infrastructure obstacles to road transport that remain in place are daunting. Waiting time at borders can take up to 100 hours in some countries, due to a variety of factors including poor infrastructure, antiquated and uncoordinated customs procedures, inadequate information and outright bans on traffic. In one estimate, the Southern African Development Community (SADC) calculated that, in its region, losses amount to \$80 million a year.

In both developing and developed countries, fraud and smuggling, often involving organized crime, are common problems. This reduces revenues for local governments and reduces the credibility of the entire system of customs documentation and control. Customs control and the rapid movement of goods are compatible. At the Lyon Summit, the International Road Transport Union (IRU) and UNCTAD agreed to take action to build a new transit system for the next millennium.

IRU represents the entire road transport industry, with coach, taxi and truck operators from five continents, and monitors road transit with its SafeTIR system based on electronic data interchange. To reduce clearance delays while improving controls, UNCTAD is implementing the Automated SYstem for CUsoms DAta (ASYCUDA), which has introduced Customs modernisation, electronic clearance and information management in more than 70 countries and regions worldwide. The integration of SafeTIR and ASYCUDA will lead to a comprehensive information management system to facilitate legitimate road traffic and target fraudulent operations. In an age of information technology, this will be the first step in the development of a worldwide transit management system to reduce queues and fraud, save billions of dollars and increase competitiveness and business opportunities.

## Partnership for Development between IAPH and UNCTAD

**The partner:** The International Association of Ports and Harbors (IAPH) is a worldwide association of port authorities with more than 400 regular and associate members from 85 countries. The principal objective of IAPH is to develop and foster good relations and cooperation among ports and harbors of the world. One of its activities is to promote greater efficiency of all ports through the exchange of information about new techniques and technology relating to port development, organization, administration and management.

**The issue:** Cargo moving through ports in some developing countries is often delayed because of missing or insufficient information which prevents the planning of operations and blocks the clearance of cargo. The quality of port services can be greatly improved through the use of information technology and modern communication methods. However, certain ports in developing countries lack the revenue base that would allow them to make major investments for sophisticated software solutions. With the availability of high-performance computing power at low cost, what is required is appropriate software that is international, multimodal and open. UNCTAD, through its work on improving port performance and its work on the development of low-cost software for transport systems, has

expertise enabling it to assist in the development of information technology making use of international standards that can be used by such ports.

**The partnership:** The UNCTAD secretariat and members of IAPH will work together to identify those areas where information technology would be of the greatest benefit to ports and particularly small ports in developing countries. The UNCTAD secretariat would prepare a work plan and with IAPH establish a small discussion group to define systems and also more importantly to identify ways management in developing countries can be assisted in the implementation of these systems. IAPH provides an international network of members who could be available to provide guidance and assistance. The first priority for such systems should be to reduce the time cargo is immobilized in ports, and a second priority should be to reduce the turnaround time of ships in port. Systems would be defined and funding sought to develop standard software packages that could initially be aimed at ports in the least developed countries. The UNCTAD secretariat and IAPH could jointly disseminate information on these systems through their existing publications such as the UNCTAD's Monographs on Port Management and IAPH's Ports & Harbors magazine.

## Global Alliances in Container Shipping and Their Potential Effects on Ports

By Kevin Chinnery

(This paper was presented by Mr. Kevin Chinnery, Editor of Lloyd's List Australian Weekly, at the AAPMA Biennial Conference in Adelaide, 26-27 October 1998.)

**C**ONTAINER shipping lines have been willing to go through boggling amounts of upheaval in pursuit of economy of scale, either through merger, or less drastically, through operating alliances and consortia of varying types.

ScanDutch, Trio, and Ace for example were the original models of large container groups. For 20 years before they ended, they represented operational

stability on the Europe-Asia trade lane.

But the ten years since those agreements came to an end has instead been one continuous upheaval. Shipping lines have tried out one partnership after another. It never seems to have settled down again.

It is interesting, because the stakes in these partnership games are very serious, and carriers do not make these moves lightly.

But the key theme in all of these developments – with more or less urgency – was how to safely absorb legitimate fleet growth through fluctuating supply and demand.

World trade has boomed continuously. The liner industry has seen very attractive rates of volume growth. For an owner with an exceptionally large fleet, even global trade growth of 5% a year means that he could be ordering replacement tonnage almost annually, just to keep his fleet up to scratch.

But the industry is also highly fragmented, and desperately competitive. With Asia-Pacific transformed into the workshop of the world, the industry was even into the 1990s absorbing large fresh players from Korea and mainland China, as more Asian countries claimed their rightful share.

Putting the spate of replacement tonnage ordered in the late 1980s into even larger alliances than the Trios and Aces of old looked like the very minimum precaution to take.

Carriers can reduce container unit costs by spreading into bigger ships. They can only do this safely, without triggering more competition, by spreading the bigger ships into bigger organisations.

They could avoid duplication, and build the capacity that will be needed in ten years time, if not now. Carriers need to expand, but contain and sustain that expansion in viable units. They advance, and then consolidate. Through the 1990s, the idea has snowballed. The spate of new alliances formed in the early 1990s – P&O/Maersk, the Japanese trio on the Pacific, and APL-OOCL – were once again unraveled overnight to create something better. By the mid-1990s, the first versions of the current Grand and New World Alliances were going into service.

These were yet another step, true multi-trade alliances combining for the first time carriers from Europe, Asia, and North America.

But as Lord Sterling described it in an interview in 1996, there were still too many ships full of empty slots, waving at each other as they passed in the English Channel or the Malacca Straits. Not waving, but drowning.

P&O even then had decided that the new alliance system alone would not go far enough.

An alliance allows carriers to make major savings on ship costs, and on terminal operations. This is only about half of the shipping line's cost base.

A merger allows shipping lines to bring in the other half – comprised

equally in on-shore transport and overheads. They become alliances under one corporate roof. When more than two players become involved in a single merged company, the more obvious that will become.

P&O Containers' merger with Nedlloyd was its chance to catapult itself alongside the two carriers which sit at the top of the league table. But Maersk and Evergreen got to this position by organic growth over a long time. But even Maersk now does things in close alliance with Sea-Land.

The concentration of power in the industry is after a decade now much more obvious. P&O Nedlloyd now quite openly says that it is looking to create a unit of 5 million teus, twice its present size. All the rumours are only about who it will next absorb, not if it will do so.

Mergers may function in different ways.

The obvious focus has been on internal cost rationalisation. P&O Nedlloyd and NOL-APL laid basically similar operations side by side and then took tight control to strip out the costs.

Other managements have different merger goals.

CP Ships appears to believe that it is better to hold off some cost cutting, and do nothing to unsettle the precious market shares and revenues of individual businesses. You operate your fleets not as a tight merger, but as a kind of wholly-owned federation of independent brands, most in niches, but some of whom actually spend money competing with each other.

The revenue-first approach means pushing brand names upfront. CP Ships for example maintains separate brand names which allow it to draw separate revenue streams out of the same Atlantic trades.

Other industry pioneers also used brand name selling to support marketing by value-added cargo technology, which they hoped would differentiate their product, and their profits, from all the rest. This kind of marketing was seen as one of the great hopes in the mid-1980s.

But neither this, nor anything subsequent has done much to support average shipping line returns. This year's Containerisation International review of line shipping results shows average return on investment dropping back to 3.5%, after reaching 6.3% last year.

In other words, the average industry investment return is back where it was in the early 1990s, just after the last recession.

Asked in 1989 why the value added techniques he had pioneered and had believed in so strongly were not boosting the company's profits any more, APL president Bruce Seaton's response was that others could match or neutralise a technical lead too quickly. It was impossible to preserve any brand name advantage for very long.

Mr. Seaton's anguish is a fairly typical experience in liner shipping.

It seems that whatever you do in this industry – cut costs or pursue value added – such is the fragmentation and competitiveness of the container sector that carriers are soon tempted, or forced, to trade their innovations or market share rather than extra revenue.

And as the others catch up, innovators find they have simply raised the overall expectations of the market place, rather than earned any premium for something exceptional.

If there is one recurring phrase heard amongst liner market analysts for the past decade, then it is given away for market share.

Intermodalism – EDI – value-added services – the dash for bigger ships and economy of scale: all traded off for market share. This is despite all the volume market growth that the industry has enjoyed as world trade has grown.

Now carriers have taken the ultimate step – the ultimate innovation to beat the market and themselves, perhaps – of merging themselves and reducing the basic fragmentation.

Has it worked?

Perhaps the right question should be – has the Asian crisis now obscured what should have been, at last, a decisive demonstration of success by the listed shipping companies that have now merged.

Because of Asia, even less of the forecast saving by P&O Nedlloyd and NOL-APL is ending up on the bottom line.

Lines might argue that things will be far worse for unmerged operators. The huge permanent savings which they have made in their costs, also means that a much smaller rise in rates will carry them quickly back into profit.

The problem is that by now, the financial markets may not be listening anymore.

The underlying profitability of the whole industry remains very poor – and any improvement that the liner industry can show the stockmarkets will be from a very low base.

The excuses might well be very plausible. But they are still excuses. Basically liner shipping has managed to go through a whole economic cycle,

from the last recession in 1991, to the one we are about to have, without making very much return on investment – or being able to fund expansion from its own surpluses.

The burden of Asia means that once again the benefits of change are now being given away to the market, rather than returned to the companies and their investors.

And it must also sound like their metaphorical fuel sources, in terms of outside capital for merger and expansion, are also being burned up pretty rapidly too. If they went to institutions to raise finance right now, they would find few willing to back them in exchanging good cash for shipping assets.

The only currency that shipping lines are likely to find is in swapping each other's equity, and a tighter embrace amongst themselves.

And where does this great process go next?

Alliances will continue to form, and reform. Full corporate mergers to create new brand names, on the other hand, will continue until the regulators step in – as they have shown signs of doing in Europe – or else some new commercial equilibrium has been reached: most likely after new mergers, or re-mergers.

Will this concentration of merged shipping power now work for the shipping lines? More to the point, will shippers now have to pay for higher returns to fewer shipowners?

There is possibly another player at work in this equation.

There is already a new silent revolution going on, of electronic freight forwarders and intermediaries working on the internet, who could start massively extending the control that third party logistics providers already have in the liner market.

They will take over the primary contact with customers, they will be responsible for carrier selection – and it looks as though they might commoditize the provision of seagoing slots even more than it is at the moment.

The fact that the shipping lines who physically provide the slots are becoming far more concentrated, will matter a lot less to shippers if the primary market the shippers are dealing with is dozens and dozens of electronic intermediaries – who will be in turn battling out the rates amongst themselves.

In this environment, the carriers really will need to rely on their cost savings to hold up their margins rather than whatever revenue they can get from these players.

So what about ports?

Even before the creation of the alliances meant even fewer, even bigger customers moving around, there was concern at the size of the downside risks in planning and investing in large increases in terminal space.

There have always been swings and roundabouts for terminal operators. Now there is some concern in that sector about whether there will be roundabouts you do not survive.

The irony is that while the buying power of the carriers has never been greater, the sheer risks involved for container terminals in providing terminal

space is creating a built-in constraint on this purchasing power.

It must now be very difficult to press the idea of perfect competition in container terminals, when their shipping line customers are going in the opposite direction to massive consolidation.

One major terminal operator in Europe told LLAW that you can no longer justify setting up container terminals or even whole container ports so much like a row of shops, hoping that somebody will come in and buy. But provider and customer alike realise that the costs are too great to build excess capacity on this scale.

## The Electronic Container Seal (ECS) System

By ELECTRONIC SEAL PTE LTD.

### Introduction

Seals are used as a form of control to indicate that cargo consigned is untouched en route. They act as a barrier against pilferage, smuggling and sabotage. For the control to be effective, a 100% inspection is required to verify that the seals are not tampered or replaced.

A very fundamental question concerning the use of seals is whether they do in fact serve their function as a security device. If there is no 100% inspection or if the inspections are subject to human errors, the effectiveness of seals as a security device is compromised. In most instances, seals affixed on containers are checked manually (visually) by random sampling. Manual checking and recording have their limitations. They are time-consuming, costly and subject to human errors. Accordingly, it is often not feasible to institute a 100% manual verification at the various checkpoints and transshipment points. Manual checking is also subject to wether conditions, operational safety, etc, and lacks the validity, consistency, traceability and measurability characteristic of an automated system. To overcome the inefficiencies, cost and ineffectiveness of manual checking and recording, E-Seals were recently developed as a superior alternative to the conventional manual seals.

### Types of Electronic Seals and Electronic Seal Technology

The Electronic Container Seal (ECS)

System involves the use of electronics and radio frequency technologies. A PCB is embedded in each seal, transforming the conventional seal into an E-Seal. E-Seals incorporate all the properties, mechanical strength and functions of the conventional mechanical seals. The PCB in each E-Seal renders the intelligence capability in them.

The E-Seals developed to date are for the bolt (bullet) and cable seal ranges, the most commonly used of all mechanical barrier seals. E-Seals come in various forms. The most basic form contains the seal number and seal status (whether tampered or not). The seal number can be read only. The enhanced version has the read and write capability, incorporating not just seal number but also, container number, service route, shipping line, port of discharge, consignee, etc, while the premium version has in addition, a clock to record the time the seal has been tampered with. If the seal is cut or tampered, no reading is possible and an error message is generated. In order that the E-Seal may be used in all climatic conditions, it is built to withstand extreme weather conditions, with temperature range of -40C to +80C. It is splash-proof for sea voyage.

### The Product

E-Seals form part of the electronic Container Seal (ECS) System. The complete user-friendly ECS System comprises the following:

1. E-Seal
2. Base Reader (BR)

3. Hand Held Reader (HHR)
4. Interfacing Software (IS)

The transmission power of the E-Seal is a mere 1 mW, a thousandth of a watt. The low power transmission is insignificant compared to the handphone, which has a power transmission of between 1-2 watt. Both the handphone and E-Seal work on Radio-Frequency (RF) technology.

When the E-Seal is locked, its power will remain active for a period of 3 months. The length of period is sufficient for a container to be moved from a location to any destination in the world, even with the use of intermodal facilities. The current version of E-Seals are designed to be programmed once only. No modification of data is allowed to enhance seal security.

The BR, strategically mounted above the gantry gate or on a pillar beside the container path, receives data emitted by the E-Seals. Such data are transmitted into the central computer system of the port or the railroad terminals. Reports are generated via the Electronic Data Interchange system.

The HHR is a portable battery-powered alternative to the BR. Besides being a reader of data from the E-Seals, it serves also as a data logger for logging seal information before a container is sealed. It is equipped with an RF receiver, LCD Display, key pad and PC downloading port. It is thus the convenient tool not just for port and railroad operators but also for shippers, freight forwarders and warehousing operators.

The IS is a communication software used for site integration with the port or the railroad terminal's existing EDI system and to facilitate the new auto-communication link between the BR and existing container tracking software system.

### Benefits of using E-Seals

Pilferage, smuggling, contamination and sabotage have always been the shipping and transportation community's nightmare. Instances of tampered container cargoes with seals appearing intact are not new. The manual seals had been tampered and/or replaced without detection. Discovery of such is often too late for anyone to determine at which point the tampering occurred. Backtracking by the consignee is in fact impossible as the seal would have been cut by the consignee before discovering the cargo had been tampered with! With the use of E-Seals, the following are possible:

1. Facilitates a 100% verification of seals, hitherto impeded by manpower, efficiency and other constraints (Useful for Customs and Excise, and Anti-Narcotics Department)
2. Improves accuracy with the elimination of human errors in reading, visual inspection or recording
3. Enhances security and simplifies investigations (as time/place of tampering of seal are recorded automatically, helping shippers, insurers and police in investigations and/or apportioning liability)
4. Expedites the checking and container clearance process (benefitting all parties in the shipping chain)
5. Improves operational safety at port and rail gates
6. Improves process flow at port and rail gates (as E-Seals are unaffected by weather)
7. Automates the monitoring and tracking of containers and:
  - 7.1 Provides other useful customer-responsive information online other than the seal number e.g. container number, destination and consignee's name (Benefits all parties in the shipping/transportation chain)
  - 7.2 Reduces cost of documentation as data entry is done once only at the point of loading and this information is shared by all parties down the line (Our study indicates savings of US\$45 for a typical shipment)
  - 7.3 Provides easily retrievable track records for insurance premium negotiations and management decision making.

Intangible benefits and the contingent losses which could be prevented in cases where E-Seals are used include the following:

1. Damage to reputation (If goods are contaminated, delivered late or not at all)
2. Loss of sensitive information or Intellectual Properties (e.g. security/defence sensitive products)
3. Penalties imposed by Customs/Anti-Narcotics Dept
4. Loss of insurance claims (If seals are checked only randomly or if evidence is inconclusive due to human errors in checking and recording)

### Key Markets of E-Seals

For both sea and inland (intermodal) transport, E-Seals are particularly useful to:

1. Shippers of
  - (a) High Value Goods

- (b) High Tech Products
- (c) Military & Defence (Security Sensitive) Equipment
- (d) Pharmaceutical Products (to avoid contamination)
- (e) Food Products (to avoid sabotage)
2. Customs & Excise (to ensure that cargo is not swapped)
3. Anti-Narcotics Dept.
4. Insurance Industry (to deter fraudulent claims; to ascertain party liable for the loss or damage; to obtain track records for premium computation).
5. Banks (in Documentary Credits).

### Future Enhancements

Enhancements in the pipeline include:

1. Transmission of seal information via satellite (e.g. GPS), notifying the shipper immediately, once the seal has been tampered.
2. Linking in-land EDI System to the internet. This will allow smaller shipping agencies and shippers to monitor the container movements by the same E-Seal information.

### Other Applications

Due to its distinct advantages and wide applications, there is a huge market potential for the ECS System. It can be developed for other areas of usage, e.g. container proximity tracking.

### International Standard

The ECS System communication protocol is being submitted for adoption as the ISO Standard for the international Shipping Community.

### Developers & Manufacturers of the ECS System

The ECS System was developed by P-Serv Technologies Pte Ltd. (PST), a Singapore incorporated company specializing in electronics and radio frequency technologies. It will be jointly marketed by Electronic Sea Pte Ltd. (ESPL) and two internationally renowned seal manufacturers, New Jersey-based E.J. Brooks Company and Paris-based Universal Locktainer International.

ESPL is a joint-venture company formed by PST and PSA International Pte Ltd, a wholly-owned subsidiary of PSA Corporation in Singapore. The ECS System was initiated by PSA Corporation in response to the call for a 100% inspection of seals used on containers.

# WORLD PORT NEWS

## IPPPM Port Program in New Orleans in May '99

**S**ENIOR port officials and maritime industry executives interested in learning the latest port operation, planning and management techniques can participate in the fifteenth annual International Program for Port Planning and Management (IPPPM), to be held in New Orleans, La., May 24 – June 4, 1999.

This program is truly international in scope: over the past 14 years, 436 participants from 95 countries have graduated from IPPPM. IPPPM fosters closer ties between the United States and other countries, facilitates international trade between Louisiana and world ports, increases maritime expertise around the world, builds a network of international problem-solvers and contributes to world peace and understanding.

"IPPPM's intimate setting offers a once in a lifetime opportunity for a personal level of interaction with maritime industry peers from around the world," explains IPPPM Director Timothy E. Joder. "Participants will get a close-up look at IPPPM's working laboratory – The Port of New Orleans."

This intensive training program offers maritime industry leaders from around the world a unique opportunity for further professional education and personal enrichment. IPPPM is sponsored by the Board of Commissioners of the Port of New Orleans, the World Trade Center of New Orleans, the Louisiana State University National Ports and Waterways Institute and the University of New Orleans.

A survey of IPPPM's distinguished alumni has helped shape the 1999 program around:

- Port Planning and Development
- Port Pricing/Economics/Tariffs and Cargo Projections
- Port Operations, Productivity and Capacity
- Strategic Planning and Port Sector Reform
- Container Terminal Operations and Management
- Developments in Ship types, Size

- Characteristics, and Cargo Transfer
- Institutional Reform and Privatization
- Port Environmental Considerations
- Port Operations and Cargo Handling Technologies

Additional segments may address:

- Port Authority Marketing
- Port Engineering and Maintenance
- The Role of Ports in the World Economy
- Port Computerization
- Port Terminal Operations
- Capital Projects Management
- Port Safety and Security
- Marine Risk and Management Safety Issues
- Overview of Cargo Transportation – Modes and Economics

"This general curriculum is supplemented by site visits to Port of New Orleans terminal facilities and riverfront development projects," adds Joder. "And after a day of intensive study, there's no place like the French Quarter for entertainment and relaxation."

All courses are taught in English by a distinguished faculty composed of public and private sector maritime industry leaders from the United States and abroad; personnel from the Port of New Orleans, the University of New Orleans and Louisiana State University's National Ports and Waterways Institute; and practitioners from the local maritime industry.

Tuition is \$2,100 U.S. dollars. Accommodations can be made at the Holiday Inn Crowne Plaza for \$99 plus tax (\$112 total) per room, per night, single or double occupancy. Financial assistance for foreign participants may be available from the U.S. Agency for International Development (AID), the United Nations Development Programme (UNDP) and the International Association of Ports and Harbors (IAPH).

For an application or more information, contact: Director, IPPPM; CUPA/LUTAC; University of New Orleans; New Orleans, LA 70148; U.S.A. Or call: (504)280-6519; fax (504)280-6272; E-mail: ppsur@uno.edu.

## New Publications

### IMO Publications

**A**NNEX VI of Marpol 73/78 Regulations for the Prevention of Air Pollution from Ships and NOx Technical Code.

Sales No. IMO-664E, price £14.00 including surface postage – and £3.50 per copy for airmail.

\* \* \*

*International Maritime Dangerous Goods (IMDG) Code amendment 29-28.*

Sales No. IMO-213E, price £28.00 postage and packing £4.00 per copy – or £10.00 for airmail

IMO Secretariat  
Publications Section  
4 Albert Embankment  
London SE1 7SR

### United States Port Development Expenditure Report

**U**NITED States Port Development Expenditure Report. By the U.S. Maritime Administration, Office of Ports and Domestic Shipping. (Washington, DC: October 1998). 22 pages. Table. Appendix. Order from: Maritime Administration, Office of Ports and Domestic Shipping, 400 Seventh Street, SW, Washington, DC 20590. Tel: (202) 366-4357. Fax: (202) 366-6988. Can be downloaded from: <http://MARAD.dot.gov/publications/index.html>. No Charge.

In 1997, for the third year in a row, capital expenditures by U.S. public port agencies exceeded one billion dollars, jumping 18.5% from the 1996 figure to a record \$1.5 billion according to the Maritime Administration's (MARAD) latest review. It was also the third record level in four years and nearly 2.5 times the \$653.7 million reported for 1993.

As with its previous surveys, MARAD compiled the 1998 report from data collected from survey questionnaires circu-



lated by AAPA to all of its U.S. Corporate members. Responses were received from a total of 57 public seaport agencies. According to this report, from 1946 through 1997, the U.S. public port industry invested a total of \$18.4 billion in capital improvements. This does not include spending by the private sector port industry.

The four-year, 1994/97, spending pattern is detailed in Table 1.

**1. U.S. Public Ports  
CAPITAL EXPENDITURES 1994-97  
(Millions of Current U.S. Dollars)**

Region	1997	1996	1995	1994
North Atlantic	\$95.1	\$96.4	\$61.0	\$70.3
South Atlantic	212.7	140.9	172.5	124.9
Gulf	233.5	134.3	159.0	109.3
South Pacific	\$684.8	642.9	673.5	534.0
North Pacific	231.9	241.3	143.9	40.6
Great Lakes	10.8	.3	2.0	0.8
AK, HI, PR, VI(*)	25.5	45.1	192.5	35.4
Guam/Saipan	49.1	--	--	14.4
TOTALS	\$1,542.5	\$1,301.2	\$1,404.4	\$929.6

Note: Due to rounding, numbers may not sum precisely to totals.

(\*) Alaska, Hawaii, Puerto Rico, U.S. Virgin Islands

Source: U.S. Maritime Administration, *United States Port Development Expenditure Report* (October 1998), p. 54.

Projected capital expenditures for the years 1998-2002 are analyzed below:

Recent past and forecast capital expenditure patterns suggest a declin-

**2. U.S. Public Ports  
PROJECTED CAPITAL EXPENDITURES  
1998-2002  
(Thousands of Dollars)**

Facility Type	Expenditure	Share
General Cargo	\$1,087,859	14.2%
Specialized General Cargo	2,690,039	34.8%
Dry Bulk	239,991	3.1%
Liquid Bulk	206,408	2.7%
Passenger	415,125	5.4%
Other	368,660	4.8%
Infrastructure - on Terminal	1,179,233	15.2%
Infrastructure - Off Terminal	592,272	7.6%
Dredging	954,132	12.3%
Total	\$7,733,709	100.0%

Source: U.S. Maritime Administration, *United States Port Development Expenditure Report* (October 1998), p. 13.

ing emphasis on "specialized general cargo facilities" and greater attention to other project categories, particularly bulk and cruise passenger terminals, dredging, and on- and off-terminal infrastructure.

In 1997, as they have for many years, specialized general cargo facilities accounted for by far the largest share, 35.5%, of total capital expenditures. That, however, was down from 41% in 1996. Furthermore, their share of forecast 1998-2002 capital expenditures will drop even further, to 34.8%, according to the data reported to MARAD.

(AAPA Advisory)

## Port and Environmental Issues

**P**ORT and Environmental Issues by the INCOPTS/IAME Yokohama Port and Environmental Issues Conference 1998 executive Committee. 328 pages. Price US\$8.00 including surface postage.

### Contents:

Special Note. Fundamental Trends and Problems of Port Environmental Policy in Japan  
Session 1. Port Management and Port Life Cycle  
Session 2. Environmental Management System of the Port of Townsville and Integrated Approach  
Session 3. Coastal Zone Management  
Session 4. Pollution-wide Regional Adjustment and International Cooperation  
Session 5. Inland Needs for Port  
Session 6. Planning for the Future

Order from: Prof. Fujio Chisawa, Hiroshima National College of Maritime Technology, 4272-1, Higashino-cho, Toyota-gun, Hiroshima, Japan  
Fax: +81 08466 7 3009

## The Americas

### Fraser Port: Asian Flu Kept to a Sniffle

**F**OR the third successive quarter this year, Fraser Port's cargo stats show that cargo diversification and timely investments at its terminals on the Fraser River have helped to ward off the worst effects of the Asian flu. Total international and domestic cargo for 1998 have reached 15,917,233 tonnes, just under the 16,693,658 posted for the same period in 1997.

The capital investments at Fraser Surrey Docks continue to attract more business. By the end of the quarter, 393 ships had called at the port up 9% from last year. The \$6.5 million spent in container terminal upgrades have boosted container traffic by 30% to 17,679 TEUs this year.

Fraser Port's position as the major West Coast auto distribution centre continues to be solid with 201,602 import units recorded over last year's 191,902. The Port is also known as the largest West Coast handler for break-bulk steel and posted increases in both international and domestic steel shipments.

Both automobile terminals were also busy. The declining currency situation,

coupled with increased consumer demand, boosted automobile imports and this is balanced by significant growth in the domestic sector as well.

Fraser Port is located on the Fraser River in British Columbia. The harbour area, administered by the Fraser River Harbour Commission, extends from the Strait of Georgia east to Langley and includes 227 kms of shoreline.

### Fraser Port: On Maiden Voyage From Yokosuka

**I**T was a rare sight on November 6th, when the pure car and truck carrier (P.C.T.C.) MV *World Spirit* docked at Annacis Terminals on her maiden voyage en route from Japan for World Logistics Service Inc. The 174 m ship carried Nissan vehicles directly

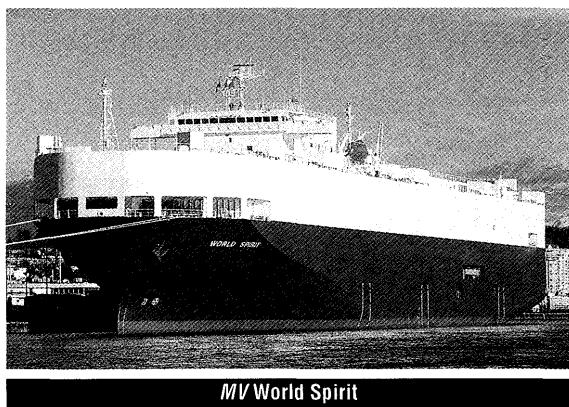


*The M.V. World Spirit was welcomed to Fraser Port on November 6th. Pictured are (left to right). Scott Deichmiller, Vice President and General Manager, Annacis Auto Terminals; Captain H. Tanaka, master of the vessel; Wayne H. Stoilen, Executive Vice-President, Canadian Stevedoring Company; Rick Pearce, Port Manager and CEO, Fraser River Harbour Commission; and Michael Belmer, President, Montship Inc. (Photograph by Cam Heryet)*

from Yokosuka and Kanda to Fraser Port.

The new P.C.T.C. will complement World Logistics' existing *Hual Carmencita* and the *Eternal Ace* that call regularly at Fraser Port. Each of these accommodates ro/ro cargo 15.5 ft. high by 55 ft long. *World Spirit* has a ramp capacity of 80 tons and deck strength of 3 tons/m<sup>2</sup>. The *World Spirit* will improve the fleet's service capability in terms of carrying over-height and heavy ro/ro cargo as well as breakbulk cargoes.

Fraser Port is Canada's major auto port. The economic impact of Fraser Port activity contributes \$1.4 billion



*MV World Spirit*

toward Canada's GDP and 24,000 direct and indirect jobs locally and across the country. In 1997, more than 22 million tonnes of goods valued at \$9.2 billion were shipped through the port.

Jones, current Chairman of the Commission said, "Fraser Port is enormously valuable to the economic vitality of this region and our nation." He noted that the economic impact of Fraser Port activity contributes \$1.4 billion toward Canada's GDP and 24,000 direct and indirect jobs locally and across the country. The goods shipped through the port annually are valued at \$9.2 billion. "You will agree," he continued, "that Fraser Port impacts on the quality and standard of life in British Columbia and Canada."

Chairman Michael Jones accepted a glass commemorative sculpture from Lucille Johnstone, Chair of the Fraser River Discovery Centre on behalf of all staff and Commissioners of Fraser Port, past and present.

Fraser River Discovery Centre, to be built in New Westminster, is destined to become an educational, interpretive, resource centre on all aspects of life in the communities on the Fraser River.

## Halifax Shortlisted for Maersk/Sea-Land Terminal

**T**HE Halifax Port Group, comprising representatives from the Halifax Port Corporation, the Province of Nova Scotia, and Halifax Regional Municipality, is pleased to announce that the Port of Halifax is a finalist for the Maersk/Sea-Land terminal.

"It's official," said Nova Scotia Premier, Russell MacLellan, "We received confirmation today (December 10, 1998), from Maersk Line and Sea-Land Service Inc., that Halifax is one of three ports on the East Coast still in the running to serve as a base of eastern operations for these carriers."

"Making this shortlist means we have cleared another hurdle in the selection process," stated David Bellefontaine, President & CEO of the Halifax Port Corporation. "It proves that the Rockingham site, as the preferred location, is ranked very highly by Maersk and Sea-Land as having the attributes necessary for their operation."

"This decision by two of the world's greatest shipping lines, shows the strength of Halifax's potential as a global shipping centre," said the Mayor of the Halifax Regional Municipality, Walter Fitzgerald.

Nova Scotia Finance Minister, Don Downe, said, "Getting this far is a tribute to how well everybody has worked

## Fraser Port Inducted Into Hall of Fame

**T**HE Fraser River Discovery Centre Society recently honoured Fraser River Harbour Commission for 85 years of service to communities and business interests on the Fraser River. The Commission was the 1998 inductee into the Discovery Centre's Hall of Fame. Fraser Port was commended for their foresight in conceiving a port of the future,

with a commitment to environmental stewardship for sustainable development.

In accepting the award Mr. Michael



together on this project. We believe Halifax will ultimately become a winner because it makes economic sense for Maersk/Sea-Land, as well as their customers in Canada and United States."

The Port of Halifax was one of seven ports in North America, and the only Canadian port, asked by Maersk and Sea-Land to submit a proposal, in May 1998. The ports invited to submit proposals were: Halifax, New York-New Jersey, Hampton Roads, Va., Baltimore, Philadelphia, Quonset Point, RI, and Boston. The two other shortlisted ports are Baltimore and New York-New Jersey.

Maersk and Sea-Land are two of the largest container lines in the world and operate a worldwide alliance. The carriers expect to make their final port selection early in the new year.

## Montreal: Tariffs Frozen For 7th Consecutive Year

**T**HE Montreal Port Corporation is freezing all of its general tariffs and continuing its incentive program for containerized general cargo in 1999.

All port tariffs are frozen for a seventh consecutive year, excluding the fact that wharfage charges on petroleum products increased by one cent per tonne or two per cent in 1997.

"The tariff freeze and incentive program are two of the most important initiatives the Montreal Port Corporation takes in order to assist its shipping lines in the marketplace," said Mr. Dominic J. Taddeo, president and chief executive officer of the port corporation.

"We are able to offer our clients these highly-competitive rates by making cost containment one of our top priorities. While we are aware that port tariffs represent only a small portion of door-to-door cargo transportation costs, we realize nonetheless that our tariff freeze and incentives contribute towards making the entire Port of Montreal System even more appealing to exporters, importers and freight forwarders."

Once again this year the tariff freeze is on wharfage charges for all cargo categories, harbour dues and charges for anchorage and the railway.

Passenger charges remain frozen for a ninth consecutive year.

The incentive program for containerized cargo, meanwhile, enters its 14th

year in 1999. In 1986, the Montreal Port Corporation became the first Canadian port to introduce a tariff incentive program to encourage shipping lines to move as much container traffic as possible through port facilities.

With the incentives and tariff freeze, net wharfage charges on containerized cargo at the Port of Montreal will average \$1.87 per tonne in 1999, compared with the rate of \$2.25 per tonne in 1985, a decrease of approximately 17 per cent.

## Incentive Program for Containerized Cargo

### International cargo

74 cents per tonne for the first 175,000 tonnes handled;  
84 cents per tonne for each additional tonne up to 1.5 million tonnes;  
\$1 for each additional tonne in excess of 1.5 million tonnes.

### Domestic cargo

58 cents per tonne for the first 175,000 tonnes handled;  
68 cents for each additional tonne.

### Additional total container throughput

50 cents per tonne to a shipping line for additional traffic registered at the end of the year compared with its average traffic of the three previous years.

### Western incentive

an additional 17 cents per tonne for containerized cargo west of Ontario in Canada, and west of Michigan, Indiana, Kentucky, Tennessee, Georgia and Florida in the United States.

### Mediterranean traffic

an additional 25 cents per tonne.

### Latin America

an additional 25 cents per tonne for containerized cargo originating from or destined to Latin American ports without transshipment.

### African continent

25 cents per tonne for containerized cargo moving directly between Montreal and the African continent.

### Landbridge

an additional \$1 per tonne for all containerized cargo between Asia and Europe routed through the Port of Montreal.

## Port of Prince Rupert: Rates Freeze for 1999

**T**HE Prince Rupert Port Corporation is freezing tariff rates for 1999, following on the heels of last year's wharfage reductions which were as high as 60% for certain volumes. Resisting inflationary pressures, the port is helping to keep transportation costs in line and working to improve the economic of transpacific trade to provide its customers an advantage in an increasingly competitive global marketplace.

\* \* \*

## New Storage Shed

The construction of the new storage shed at the Port of Prince Rupert's Fairview Terminal is complete and the shed is operational. The port's first customer to benefit from the new storage facilities was Millar Western, which saw its wood pulp arrive at Fairview Terminal from Alberta earlier in the month. The \$2.5 million, 60,000 square foot facility increases the Port's total storage capacity to 175,000 square feet. This expansion will solidly position the port to better accommodate trends in the forest industry towards specialty wood products.

## Army Initiates PED for Deepening of Brunswick

**T**HE U.S. Army Corps of Engineers, Savannah District, has initiated the Preliminary Engineering and Design Phase (PED) for the deepening of the Brunswick Harbor.

The approval by the Savannah District means that work on the final design specifications of the project can move forward despite the delay in Congressional action on a 1998 Water Resources Development Act. According to the Corps, action in partnership with the Georgia Ports Authority allows the PED phase to remain on schedule for completion early in the year 2000.

Congressional authorization of the Brunswick Harbor deepening project remains necessary to move to its next two phases: appropriation of federal funds and then into construction.

"The positive news from the Army Corps of Engineers regarding the PED phase is an important step forward,"

said Doug J. Marchand, Executive Director of the Georgia Ports Authority. "We are pleased with the progress that has been made, and look forward to having a navigation channel deepened to -36 feet mean low water (MLW) to efficiently and effectively serve Georgia's international trading partners." Actual deepening in the Brunswick Harbor can begin early in 2000 and end in 2003, depending on Congressional action relative to passage of a Water Resources Development Act and the matter of appropriations.

This spring the feasibility study of the Brunswick Harbor deepening project was finished. The comprehensive study demonstrated that the project is environmentally sound and that it will provide significant economic benefits to the Brunswick area and the state at large.

"This project is a win-win-win situation for everybody involved," said Marchand.

## More Mega-ships Are Coming to Long Beach

**M**ORE mega-ships are coming to Long Beach. The 6,000-TEU *Knud Maersk* – the sister ship of the *Regina* – is scheduled to arrive December 4 on its maiden call. Like the *Regina*, the *Knud* is 1,043 feet long and 137 feet wide. They are the largest container ships to call in North America.

The *Knud* has been deployed in the same service that the *Regina* serves, making calls on the U.S. West Coast, Asia, the Middle East, Europe, Canada and the U.S. East Coast and then swinging back across Europe, the Middle East and Asia to the U.S. West Coast. The *Knud* was built in 1996 in Denmark. The *Knud* is named after Maersk founder A.P. Moeller's great-great-great grandfather on his mother's side.

The *Regina*, which made its maiden voyage to Long Beach in September, is due to return to Long Beach for Christmas.

NYK Line's newest and largest container ship, the 5,700-TEU *Castor*, is scheduled to make its maiden call Dec. 11 at Long Beach Container Terminal. The NYK *Castor* is one of five 5,700-TEU ships now in the Japanese line's fleet. The *Castor* is 984 feet long and 131 feet wide.

It is being deployed in the Grand Alliance's trans-Pacific Super Shuttle Express service. The Grand Alliance includes Nippon Yusen Kaisha (NYK), Hapag Lloyd, P&O Nedlloyd, Malaysia International Shipping and Orient Overseas Container Line. Hong Kong's OOCL is the primary line calling at LBCT. The Super Shuttle service includes calls in Port Kelang (Malaysia); Singapore; Yantian (China); Hong Kong; Long Beach; Kaohsiung (Taiwan); Hong Kong; Singapore and back to Port Kelang. Six ships work the 42-day roundtrip service.

Three new gantry cranes were delivered last month to the port by Zhenhua Port Machinery Co. (ZPMC) of Shanghai. The dockside container-handling cranes are reportedly the world's largest. They stand 330 feet high with their booms up, and 212 feet high with their booms down. The booms extend out 180 feet, enough to span 20 cargo containers. Each crane has a lift capability of 60 tons.

Three more of the ZPMC cranes were delivered to Pacific Container Terminal in July. The Port of Long Beach acquired the six cranes at a cost of about \$6.2 million each. On the same vessel delivering the latest cranes were two rubber-tire gantry cranes acquired by Maersk.

## Long Beach Seeking Contractor Dredging

**T**HE Long Beach Board of Harbor Commissioners has approved advertising for a contractor to deepen the West Basin and to build a 2,375-foot-long concrete wharf at the former Long Beach Naval Station for a new cargo container terminal. The cost of the work is expected to be about \$81 million – the largest contract yet for a four-month-old Pier T Marine Terminal project.

The work includes the demolition of three existing piers, construction of the wharf, and the dredging of about 3.6 million cubic yards of the harbor floor to deepen the basin to minus 50 feet – deep enough for most of the world's largest container ships.

Advertising for bids will begin January 14. Bids are scheduled to be opened February 24. The awarding of the contract is set for March 1. Work should begin March 15 and be completed in July 2000.

The Pier T Marine Terminal will be at least 200 acres, and built at the former naval complex on Terminal Island. It would be the largest terminal at the Port of Long Beach – the nation's busiest container port.

The Navy agreed to transfer its Terminal Island land to the city in May. The port began in August to demolish the Navy buildings. More than half of the buildings now have been torn down. The port is planning to sign a tenant within the next month or so. Terminal construction is set to begin in April. Completion of the terminal is expected in October 2000.

Preparing for the dredging and wharf work, the Harbor Commission approved a nearly \$1.8 million contract in December with Manson Construction Co. to build a 25-acre shallow-water habitat for the endangered California Least Tern. The project will compensate for the dredging. The new shallow-water habitat, with water depths of less than 20 feet, will be built south of the Navy mole. Work has begun and is to be completed before April, when the Terns' nesting season begins.

Soil dredged from the West Basin will be disposed of at various sites depending on levels of contamination. About 1 million cubic yards of soil is contaminated. The most contaminated, about three truck loads of soil containing high levels of lead, will be disposed of at a landfill. The remainder of the 1 million cubic yards of contaminated soil will be confined within a rock dike and covered with non-contaminated soil to form a 30-acre landfill at Long Beach's California United Terminals. The non-contaminated soil will be used to fill a hole in the port's Main Channel and help to replenish Long Beach beaches.

## Los Angeles Beats Odds, Handles Record Volumes

**E**VERYONE knew that this was, historically, the busiest time of the year for those in the shipping industry. Added to that, everyone knew a glut of imported boxes would be coming through the ports in the face of the Asian financial crisis. Everyone knew about last year's backlog of containers that sat on the docks due to problems with the rail system. And, understandably, everyone was nervous.

Now, the doomsday predictions are all but wiped out and the jitters have been set aside. With the support of our

customers, labor, and the railroads, the nation's busiest port complex is alive and well – and all is calm on the waterfront.

The cargo growth this year has been phenomenal and it's all being handled. No backlogs, no congestion, no cargo chokeholds. All this, in the midst of the busy Christmas and back-to-school seasons.

What has contributed to this success? Several factors including the 4,000 longshore laborers that have been hired to augment the 5,000 full-time members of the ILWU. The railroads, too, have employed more workers, and acquired more locomotives and other equipment. Union Pacific has completed its merger with Southern Pacific, including a switch over to a single computer system. The Port is also making a difference with heavy investments in infrastructure improvements, including some \$200 million to maximize efficient land transportation of cargo while enhancing traffic efficiency for motorists.

The bottom line is that working together, the ships are coming in, the trucks and trains are being loaded and the products are now on the shelves. The shipping lines, terminal operators, ILWU, railroads and the Port have provided ample reason to allow us to put any doubt aside, move forward and complete this record-breaking year, full steam ahead.

## Alameda Corridor's First Major Project Completed

**L**OS Angeles Mayor Richard Riordan, Long Beach Mayor Beverly O'Neill and Los Angeles Councilman Rudy Svorinich, Jr. unveiled a plaque on Nov. 16 to dedicate the new Los Angeles River Bridge, the first major project of the Alameda Corridor to be completed.

The bridge is located at a crucial point near the northern terminus of the corridor, where trains leave the expressway and begin dispersing cargo to railyards in the area.

To avoid bottlenecks and delays at the river, the old single-track structure was replaced by a new three-track bridge. One track is operational, while the other two will be linked to the completed corridor in early 2002.

Construction began in April 1997 and concluded last month at a cost of approximately \$8.9 million. The lead

contractor was Kiewit Pacific Co. and the bridge was designed by Frederic R. Harris, Inc.

Disadvantaged Business Enterprises (DBE) performed more than 25% of the work on the bridge, exceeding the Alameda Corridor Transportation Authority's policy of 22% DBE participation.

## Miami, Seaboard Marine Enter Terminal Agreement

**T**HE Miami-Dade Board of County Commissioners approved a long-term terminal agreement between the Port of Miami and Seaboard Marine Ltd., a shipping line serving Latin America and the Caribbean since 1983.

In 1998, Seaboard moved approximately 2 million tons of cargo through the Port of Miami, or about 35 percent of the Port's total tonnage. The company employs over 500 in its local operation, and provides employment opportunities to an estimated 150 independent truckers in the area, as well as 200,000 hours of annual longshoremen labor. It is estimated that Seaboard has a direct local economic impact of \$480 million, and an estimated total economic impact of \$1.2 billion annually.

Seaboard began operating at the Port of Miami with less than 20 acres. Today, the company utilizes approximately 60 acres. Under the terms of the agreement, the acreage will be increased, allowing Seaboard to consolidate its various activities throughout the Port at one location, making the company's operations much more efficient.

The Port's ongoing capital improvement program (CIP), estimated at over \$350 million, includes the construction of an additional 1,125 feet of gantry berth, scheduled to be completed by the summer of 1999. Another aspect of the CIP is the filling of the NOAA slip, adding approximately 15 acres of container-yard space, contiguous to Seaboard's terminal.

At its inception, Seaboard operated 2 ships to Central America. Today, Seaboard operates 27 vessels serving 19 countries throughout Central and South America, and the Caribbean. Since 1993, Seaboard's tonnage through the Port has increased by 74%.

"Seaboard is the Port's largest carrier and an outstanding corporate citizen," said Port of Miami Director Charles

Towsley. "The company has helped support the local freight forwarding and shipping communities with their efforts to make Miami an important trade center by continuing to route cargo through the port of Miami; Seaboard remains active in the community by assisting many charitable organizations and disaster relief efforts. We are delighted with Seaboard's commitment to the Port of Miami and to Miami-Dade County," said Towsley.

## Port of Seattle's Labor Productivity on the Rise

**N**EARLY one year after the formation of a new labor-management coalition designed to set Seattle apart in the highly competitive maritime industry, productivity on the waterfront has reached its highest level since early 1997, Port of Seattle Executive Director Mic Dinsmore announced on November 6.

"Everyone on the waterfront is working together like never before," Dinsmore said. "It's a direct result of efforts made by the longshore leadership, and rank and file; the employers; and Port staff all of whom continue to embrace the Seattle World Class Port Coalition as the best way to keep this community on the cutting edge of international trade."

The Seattle World Class Port Coalition, which represents the International Longshore & Warehouse Union, Seattle employers, the Pacific Maritime Association and the Port of Seattle, was created to build a strong relationship, promote trust and work together as a team to enhance the work environment, increase production and attract additional cargo to foster economic vitality in the region.

After the 1996-1999 PMA/ILWU contract was implemented, cargo handling production and working relationships suffered on the West Coast, including Seattle. Productivity dipped to 19 container moves per hour. After traditional forms of interaction failed to improve the situation, the Port of Seattle brought the parties together in a new setting and helped form the Seattle World Class Port Coalition.

Since then, the average productivity at the Port of Seattle's six container terminals has increased steadily to 28 moves per hour in October, said Steve Sewell, managing director of the Port's



Marine Division.

"The Coalition's regular meetings have also enhanced morale, work conditions and cooperation on the waterfront," Sewell said. "It gives us an edge that brings in new business and helps create new jobs."

Sewell said a larger Coalition group divided into five teams to address specific local issues, including cones, equipment and cranes; training, safety and work force quality; communications, technology and long-range planning; and flexibility and manning.

"The members of the Coalition have learned that if they seek and understand the interests, as opposed to the demands of all parties, they can more effectively propose solutions," Sewell said. "We have recognized that we have a great deal in common."

### **Exports to Asia Rise Through Port of Seattle**

**F**OR the first time in nearly two years, exports through the Port of Seattle posted a healthy monthly increase, according to Steve Sewell, managing director of the Port's Marine Division.

In October, exports to Asia (which represent about 93 percent of the Port's outbound cargo) rose 13 percent to 37,716 full TEUs (Twenty-foot Equivalent container Units) from 33,284 full TEUs during the same period last year. Imports from Asia rose 13 percent to 57,377 TEUs from last year's 50,619 TEUs.

Although the decline in Northwest exports to Asia began to slow several months ago, October is the first month since February 1997 that the Port has seen an increase in exports to Asia crossing its docks, Sewell said.

"The Port is cautious to call this monthly uptick an upward trend because Asia's economic problems are far from over," he said. "But we are hopeful for our region's exporters that it's not just a bump along the bottom and that the increases will continue."

The October figures may have been skewed somewhat by the fact that the month included five weekends instead of the typical four. The days on or just around the weekend are the shippers' busiest time, Sewell said.

Together with a rise in imports from Asia, the rise in exports across the Pacific lifted the total volume of two-way trade with the world to a new

record in October. The total volume of goods through the Port rose to 135,596 TEUs, an increase of 14 percent from last year. The last record was set in August 1996, when total container volume reached 131,000 TEUs.

For the first 10 months of 1998, total container volume rose 4.3 percent to 1,266,260 TEUs from 1,213,068 TEUs during the same period last year.

### **Tariff Goes on Line at South Carolina State Ports**

**B**EGINNING in November, the South Carolina State Ports Authority's terminal tariffs No. 8 and No. 21, which cover the Ports of Charleston, Georgetown and Port Royal, will be available 24 hours a day to anyone with internet access.

By visiting the SCSFA's website and clicking on the tariff heading, the complete document can be viewed. The on-line tariff covers all charges, rules and regulations governing wharfage, handling, storage and other miscellaneous port terminal or warehouse services. Users may also fill out an electronic request for pricing information which is forwarded directly to a pricing and tariffs representative.

"By making the tariff available on-line we are enabling users of the on-line service to instantly access information which has historically existed only in hard copy form," said Ron Chestnut, South Carolina Ports Authority's manager of pricing and tariffs. "With this on-line posting of the tariff we are definitely putting ourselves a step ahead of the developing trend. It's very simple and easy to scan through or search for a particular regulation, rule or price by name."

Recent changes in the Federal Maritime Commission (FMC) regulation of ports (known formally as the Ocean Shipping Reform Act of 1998) state that port tariffs are no longer required to be filed with the FMC but allow a port to make the tariff available to the public. A downloadable internet version is the most feasible option since it offers access on a global scale with the added feature of instant pricing information on request.

The on-line tariff and pricing information request service is available over the Internet at the Ports Authority's home page at <http://www.port-of-charleston.com/>

(Port News Magazine)

### **Computer System Speeds Flow of Cargo at Tacoma**

**W**HEN it comes to developing new technology, sometimes timing is everything. At the Port of Tacoma, timing played a key role in the development of putting computer technology to work for the Port and the railroads in a project that is helping speed the flow of information and containerized cargo through the Port's South Intermodal Yard.

The computer technology system, known as ITOS (Intermodal Terminal Operating System), allows the railroads, the Port, and the shipping lines to share cargo status information through electronic data interchange (EDI). The Port of Tacoma is the first port in the United States to develop such a communication link between the port, the intermodal yard, and the railroads.

"We did well with our paper system," said Randy Umamoto, terminal manager for Pacific Rail Services, which operates the South Intermodal Yard for the Port of Tacoma, "but ITOS has enabled us to move forward and take advantage of some of the new technology in order to be more productive and more efficient. The quality of the data that is here now due to ITOS is probably 100 percent better than it was under our old system."

The ITOS project got its start in 1996, when the Port's technology initiatives paralleled those of the Union Pacific (UP) Railroad. According to Stephen Moore, manager, electronic commerce, for UP, "I had been trying to come up with a better mousetrap for the last several years, when I finally came up with the idea of using the EDI 418, rail-to-rail consist, to fit our railroad's computer information in with ITOS. This meant that we would depend on the ondock operator to be able to provide the railroad with the information we needed electronically. Once we started down that road, we saw that it was the best way to go."

After a tremendous amount of development work and testing, the new system that was developed was able to make the flow of information about everything from train load plans to the contents of individual containers both quicker and more accurate.

"The advantage that ITOS offers is better and faster communication," said Udo Mehlberg, director of technology and research at the Port of Tacoma, who headed the Port's ITOS development effort. "The key to ITOS was to use existing EDI technology to commu-

nicate electronically with the mainline railroads. Through this system, the Port is able to communicate directly with the railroads."

ITOS is structured so that a variety of electronic information that is prepared by non-railroad entities can be sent and integrated directly into the railroad's computer information system.

In technical terms, ITOS allows the Port to transmit information to the railroad, using the industry EDI standard "rail advance interchange consist" transaction set known as the "418." This report tells the railroad important information such as how the train is loaded, total train weight, where the train is headed, and accurate information to plan proper locomotive power for each train. Most importantly, it is their instruction that the train is fully loaded and ready to be pulled from the intermodal yard.

"Prior to ITOS, there was a lot of trial and error in terms of forecasting tonnages and train length to match power accurately," said Umemoto. "Now we can take and add the cars we have, add up the total length and add up the tonnage in each car, and give the railroads an accurate weight and length of the whole train. That way the railroad can accurately determine their engine power requirements."

In addition to Union Pacific, the Burlington Northern and Santa Fe Railway Company (BNSF) has also benefited from the Port's ITOS system. "Prior to implementing ITOS, there was a lot of faxing and duplication of keyboard data entry work," said Craig Ryan Bowser, project manager, systems and information, for BNSF Intermodal. "ITOS helps us save time, but also eliminates errors that can happen when data is re-entered time and again."

The ease of accessing information via ITOS is also proving to be an advantage. "The system itself is pretty user friendly as far as being able to look at the information available to us in whatever form we want," said Umemoto. "If I want to look at what time we released EDI to the railroad, I can draw up a report myself to look at that information. I don't have to rely on a bank of programmers to do it for me."

The success of ITOS in Tacoma is something the railroads and carriers are anxious to duplicate elsewhere. "This is how UP wants to do data communications with our ondock operators," said Moore, "because it's effective for both the railroads and the ondock operators. Our major ondock operations are all moving to this process and getting

away from the old manual process as quickly as we can."

The ITOS experience has also influenced BNSF's plans for the future. "The Port of Tacoma's work was very significant for BNSF," said Bowser. "Because we've been successful with this in Tacoma, we are now working on implementing similar procedures at other BNSF sites around the country."

ITOS was developed by Sierra Systems under contract to the Port of Tacoma. The total cost of developing the system was about \$240,000.

While ITOS is working well, it is not

the type of system that tends to get headlines. "You can tell how well a system is working by how many people know about it," said Moore. "If not too many people know about it, it's because it doesn't break. ITOS is working well enough that nobody knows it's there. It's really a 'background' system. People don't know it's there, but they sure would know if it wasn't there."

Based on the success of ITOS in the South Intermodal Yard, the Port is now looking at the feasibility and compatibility of implementing ITOS into its North Intermodal Yard operations.

## Hyundai Container Cranes Arrive at Port of Tacoma

**F**OUR massive container cranes for the Port of Tacoma's new Hyundai Terminal arrived at the Port on Friday, November 13. All four cranes were discharged from the vessel that delivered them by Tuesday, November 17, four days ahead of schedule. Two of the cranes are expected to be commissioned and operational by the end of December. The other two will be operational by the end of January.

"The voyage was quite good," said Vladimir Shalayev, Master of *Swift*, the vessel that delivered the cranes. *Swift* is owned by Dockwise, a Belgium-based global operator of heavy lift vessels. High southerly winds delayed *Swift's* arrival in Tacoma by about 12 hours, but the specialized ship and the cranes handled the winds quite well, Shalayev said.

The cranes were discharged by Etalco, an Everett, Washington-based mover of heavy cargoes. "Things went very smoothly on this job," said Etalco President Greg Nordholm. "The wind and rain slowed things down a bit, but we still offloaded the cranes four days ahead of

schedule and got the ship out of here two days ahead of schedule. And we were very happy with the crew we had from the Tacoma local of the iron-workers union."

Hyundai expects to begin operations at the 60-acre terminal in April. The facility will have three vessel calls per week on Hyundai's Pacific Northwest and Pacific Southwest services.

Following are some interesting facts pertinent to the cranes:

All four cranes were built simulta-



Four new container cranes for the Port of Tacoma's Hyundai Terminal arrived on November 13. The "WUT" emblazoned on the cranes' machinery house stands for Washington United Terminals, Hyundai's stevedoring subsidiary. (Port of Tacoma photo)

neously over a period of 15 months by Hyundai Heavy Industry in Ulsan, South Korea, for Hyundai Merchant Marine (HMM), which owns the cranes. Each crane is worth more than \$6 million, according to sources at HMM.

HMM and Hyundai Heavy Industry are divisions of the massive Hyundai conglomerate, South Korea's largest corporation.

The cranes will be emblazoned with the letters "WUT", which stands for Washington United Terminals, a Hyundai subsidiary that will serve as the stevedore and terminal operator.

The arrival of the cranes brings the total number of container cranes at the Port of Tacoma to 19.

This crane delivery marks the first time that four fully-assembled container cranes have arrived at the same time and on the same ship, at a Puget Sound port.

With the boom in the "up" position, the cranes are 323 feet high. When the boom is down, the highest point on the cranes (the apex) is 208 feet.

Each crane weighs 1,210 short tons (1,100 metric tons).

The cranes are designed to lift loads as heavy as 56.1 short tons (51 metric tons).

Outreach, or the distance that the cranes can carry containers along the boom, is 164 feet. That means the cranes can load and discharge vessels wide enough to carry 18 containers across deck.

It takes five minutes to raise or lower the boom.

The cab, where the operator sits, is 110 feet above the ground.

The cab has many amenities designed to improve safety, comfort and efficiency. They include: air conditioning, a heater, window defoggers, venetian blinds, a fire extinguisher, and an air filtration system designed to prevent unsafe levels of ship exhaust from entering the cab.

The crane operator's chair can rotate 270°, has adjustable lap and shoulder belts, and includes a built-in cup holder.

The elevators on the cranes can carry up to four passengers at a time, have a capacity of up to 882 lbs., and travel at a speed of 131.2 feet per minute.

The communications system includes an audible warning device, which has a voice that can issue seven different warnings including "high wind warning" and "overload warning."

## Le Havre Dues Frozen For 3rd Consecutive Year

**D**URING its last meeting, the PAH's Board of Directors ratified the decision to maintain all port dues at the same level in 1999 as in 1998 which had been submitted to the regulatory authorities after the meeting of September 25th, thus marking the continuation of this policy of frozen dues for the third consecutive year.

These general steps come with specific measures presented in the course of the investigation and, therefore, the Board of Directors also approved the proposal made by the Standing Committee of Inquiry to reduce by 50% the port dues on goods for the inward containers unloaded.

For a 40' container, this means a FF.57 rebate on the invoice of the shipper who uses Le Havre and, then, it improves the competitive position of the port. Let's mention again that the outward containers have been exempted from port dues since 1995.

This reduction comes within the scope of the continuous policy followed by the port of Le Havre as regards lower rates in order to make the port more attractive. This policy has had very positive effects so far in the field of container trade and fuel products.

## Africa/Europe

### Euro to Be Home Currency In 2002 at Port of Helsinki

**T**HE Finnish mark remains the home currency for the Port of Helsinki during 1999-2001 and the euro will be used as account currency. The main points of the decision are as follows:

- the euro will become the home currency 1.1.2002
- in accounting, and in accounts payable and receivable, the euro will be used from 1.1.2002
- in economic planning, the euro will be used from 1.1.2002 – the budget for 2002 and economic planning for 2003-2004 will be prepared in euros in 2001
- payment transfers will be in marks until the end of 2001 and after that in euros
- bank accounts will be turned into

euros on  
1.1.2002

- cashes deal both in marks and euros 1.1.-30.6.2002
- parallel rates are allowed 1.1.2000-30.6.2002
- as a rule, invoicing will be in marks till the end of 2001; in exceptional cases business clients will be billed in euros even from the beginning of 2000
- salaries, fees and pensions will be paid in euros from the beginning of 2002
- in agreements, the introduction of the euro will be taken into account
- please bill us in marks till the end of 2001.



### Le Havre: Go-ahead For 'Port 2000' Project

**J**EAN-CLAUDE Gayssot, the Minister of Equipment, Transport and Housing, has signed the go-ahead for the completion of the first phase of the "Port 2000" project for the reception of large container ships in the port of Le Havre.

The press release issued by the Ministry states:

"Port 2000" meets the following objectives:

Develop the port of Le Havre and improve its performance in world seaborne trade, especially with regard to containerised cargo, in order to acquire a better position to cope with the competition of the North-Sea ports.

Take the environment into consideration, by safeguarding the natural environment of the river Seine Estuary and fishing activities.

The development scheme includes the creation of 4 berths outside the

present physical boundaries, with a corresponding access channel and protection breakwater. Should the present facilities be fully congested too soon, one or two additional berths could be built within the port limit.

The improvement of the immediate rail and river accessways are included into the project itself. With regard to rail and road connections with the hinterland, the necessary studies will have to be completed within 4 months.

In order to take the environment into account, a committee of independent experts, under the leadership of the Upper-Normandy Regional Prefect, will propose the ecological work to be carried out and will define the main lines of a Management Plan for the Estuary.

"Port 2000" will contribute to the development of employment in a region which has to cope with serious economic difficulties. 3,500 jobs are due to be created with the project.

The cost of the project is assessed at 3.1 thousand million francs, includ-

ing 300 million francs for the environmental measures related to "Port 2000".

A local Follow-up Commission, chaired by the Regional Prefect, was set up on 5 November 1998, to continue the consultation process.

After the impact study, two public statutory enquiries will be started in 1999:

a public enquiry provided for by the law of 12 July 1983 concerning the democratisation of the public enquiries and the environmental protection.

a public enquiry carried out locally, under the aegis of the Prefect as provided for by the law of 3 January 1992 about water and the "Littoral and coastline" law.

After completion of these procedures, the Minister of Equipment, Transport and Housing will authorise the Port of Le Havre Authority to initiate the necessary work. The coming-on-stream of the berths is expected for 2003.

Dr. Graham Rees, managing director of Minorco Services Ireland Ltd., and Mr. David Hough, Managing Director of Ivernia West, say that the decision to opt for the Port of Cork was taken by the two companies after rigorous appraisal of three ports – Waterford and Foynes, as well as Cork.

Welcoming the decision, the Chairman of Port of Cork, Mr. Frank Boland, said that they were delighted to be chosen for the largest bulk port project in Ireland for many years. They looked forward to working in partnership with the Lisheen mine and he was confident that the expertise of the Port of Cork would ensure all-round success.

The Port Chief Executive, Mr. Pat Keenan, said that the new storage and ship-loading facility, to be built at a cost of £4 million, would be the most advanced of its kind anywhere in the world. Environmental protection was a key factor in its design and the Port has entered into a voluntary commitment to allow independent environmental monitoring at the facility.

Mr. Keenan added that the selection of Cork was a major vote of confidence in the port and the surrounding region, and he forecast that it would lead to significant benefits for the Cork region.

The development of the Lisheen mine, along with the export facilities at Cork, will generate significant employment and revenue, both for the local and national economies.

## Bremerhaven Only German Port for New Service

THE K-Line, COSCO and Yang Ming shipping companies have integrated Bremerhaven as the only German port into the schedule for their new Asia/Europe service. The first ship to call at the BLG Container Terminal was the newly built *Elbe Bridge* on its maiden voyage at the beginning of December.

Eight modern container ships with storage capacities of about 3,500 TEU provide the weekly service. The vessels are operated as company-owned ships or are chartered from K-Line. COSCO and Yang Ming have charter space on the ships. The ports of call in Asia are Kobe, Nagoya, Tokyo, Hong Kong and Singapore. In the Near East region Port Said is part of the route. In Europe Rotterdam, Felixstowe, Le Havre as well as Bremerhaven are served.

The Asia/Europe service is the third new operation that K-Line, COSCO and Yang Ming have concentrated on Bremerhaven this year. The two weekly Atlantic services designated as TAS 1 and TAS 2 are operated jointly with the COSCO shipping company. TAS 2 (Transatlantic Service 2) serves Bremer-

haven, Felixstowe, Rotterdam, Antwerp and Le Havre as well as Charleston, Miami, New Orleans and Houston. TAS 2 supplements TAS 1, with which the three shipping line partners serve the northern section of the North American East Coast. The ports of call in TAS 1 are New York, Norfolk, Baltimore and Halifax.

## Lisheen Zinc Will Be Exported Through Cork

VERNIA West plc and Minorco, the joint owners of the Lisheen zinc mine in Co. Tipperary, have decided to ship the concentrates from the mine through the Port of Cork when it goes into production in the final quarter of 1999.

The Lisheen mine – which will be the fifth largest zinc mine in the world – will generate annual shipments of 340,000 tonnes of concentrates over its projected 14-year life span. The concentrates will be transported by road to Cork for shipping to smelters in Europe and the United States.

## Cork Berthage Extension Contract Awarded to Ascon

N line with the strong traffic growth at the Port in recent years, the Port of Cork has awarded a £5.4 million contract to Ascon Ltd. for a 150 metre extension to berthage at the Ringaskiddy Deepwater Terminal. In making the announcement, Mr. Frank Boland, Chairman, Port of Cork, said that this latest contract was one of a continuous development programme which will ensure that the port continues to provide the widest possible range of modern facilities for its many customers, both ship owners and shippers.

Traffic has been growing steadily at the Ringaskiddy Deepwater Terminal over the past few years and Mr. Boland said that this year had been a particularly successful one in that regard. He said that dry bulk cargoes had



Pat Mulvee, Secretary, Ascon; Theo Cullinane, Director, Ascon; Frank J. Boland, Chairman, Port of Cork; P.J. Keenan, Chief Executive, Port of Cork.

increased by over 50% compared with the first ten months of 1997 and additional services such as the highly successful Grimaldi Euro-Med service, introduced in January 1998, had been putting immense pressure on available berthage.

Port Chief Executive, Pat Keenan said that the port had established itself as Ireland's principal agri port, handling large volumes of animal feedstuffs, cereals, fertilisers, dairy produce, meat and livestock. The substantial investment by the private sector in storage facilities at the Ringaskiddy Deepwater Terminal confirmed the port's status in the important agriculture sector.

At present R&H Hall are expanding their storage capacity at Ringaskiddy and, despite problems in the farming sector at present, he felt that long term prospects were very positive. Mr. Keenan acknowledged the 48% level of EU grant aid which has been allocated by Brussels and he also complimented the officials of the Department of the Marine and Natural Resources for their support for the Port of Cork in facilitating the grant package.

Mr. Theo Cullinane, Director, Ascon Ltd., said that his company was very pleased to be awarded this prestigious contract. He said that Ascon had extensive experience in dealing with marine contracts. In addition to successful contracts at other ports, Ascon have over the years been involved in a number of contracts at Ringaskiddy, including the original deepwater berthage, a passenger handling facility and dredging and reclamation.

Mr. Cullinane said that he was confi-

dent that the contract would be completed on schedule by May 2000. Consultants for the project are Malachy Walsh & Partners/Posford Duvivier.

On completion of the contract, the Ringaskiddy Deepwater Terminal will have 485 metres of berthage and will be capable of handling two fully laden Panamax (60,000 d.w.t.) vessels simultaneously. The Ringaskiddy Terminal is the only public port facility in Ireland capable of handling fully laden vessels of this size. The current contract is part of an overall £13 million development programme for Ringaskiddy. Dredging and reclamation have already been completed and next year it is expected that a further contract will be awarded for the provision of an additional high output crane and hopper. The Port of Cork is enjoying its most successful year ever with traffic levels up by 9.2% over the first ten months of 1997. As last year was a record year in terms of cargo throughput, the current traffic situation bodes well for the remainder of the year.

### **Groningen Seaports: New Ro/Ro Terminal**

**G**RONINGEN Seaports has planned a new public ro/ro terminal in the Eemshaven, the most northerly situated deepwater sea port of the Netherlands. The construction of this new facility will start in December 1998. The ro/ro bridge and the terminal will be ready for use in the

spring of 1999. With this new ro/ro facility Groningen Seaports offers new opportunities to transportation and import/export companies.

In view of the tidal movements in the Eemshaven (the difference between high tide and low tide is 2.50 metres on average) this ro/ro facility will be constructed with an adjustable ramp. This steel ramp will be situated on hydraulic cylinders and has a deck surface of 650 m<sup>2</sup> and a width of approximately 20 meters. This berth facility is suitable for vessels with a length up to 175 meters. The average water depth in the Eemshaven is 11 metres and in the vicinity of the ro/ro facility about 14 metres.

The design of this terminal is in the hands of the Public Works Rotterdam Port Engineering. This terminal will be designed in accordance with the international standard for ro/ro facilities. The terminal will be built by Kraaijeveld from Sliedrecht and Hollandse Staalbouw Maatschappij te Schiedam.

The costs for the construction of this ro/ro facility are estimated at approximately 12 million Dutch Guilders.

In the direct vicinity of this terminal a paved storage area will be constructed with a surface of 50,000 m<sup>2</sup>.

### **Rotterdam Port Coping With Year 2000 Problem**

**T**HE Rotterdam Municipal Port Management (GHR) wishes the port to remain operational for shipping traffic during the days affected by the millennium. Ships must show that they are millennium-proof and take safety margins into consideration which are greater than normal. However, the Port Management is still looking how to evaluate the measures which shipowners and charters take with this connection. The port authorities wish to consult on this matter at both national and international level.

The Port Management itself expects that its own critical systems – the Vessel Traffic Service System and the Data Processing System – will be millennium-resistant at the beginning of 1999.

Pieter Struijs, executive director of Shipping at the GHR, announced this on Tuesday, 3 November, at the conference 'Ensuring Safety and Business Continuity for the year 2000 date change problem in shipping and port



management' in the Chelsea Hotel, London.

## National policy

"Consultations reveal that the large shipping companies are taking the millennium bug very seriously. But there are no international measures in place on the basis of which one can decide which ships are millennium-resistant", according to Mr Struijs. "Shipping companies and ports have the same objective: safety. We must therefore come to terms with each other." At this stage, he is not prepared to comment on which parties could play an important role here. He does say, however, that: "It is impossible to check all ships oneself". Pieter Struijs, also state harbor master, argues in favor of a national, and preferably international, policy. The Port Management expects that some 150 sea-going vessels and about 500 freight barges will want to make use of

the port during the critical period – fourteen hours before and after midnight – at the turn of the century.

## Unambiguous service

The Port Management wants an unambiguous policy in Rotterdam regarding the millennium bug. To this end, there will be co-ordination between the Rotterdam key services and the nautical service providers in the port, such as the tug boats, the boatswains and the pilots. "If a ship is allowed in, it must receive full co-operation from all Rotterdam services", according to Pieter Struijs. On 26 and 27 January the Port Management will be organizing a seminar, together with the other key services. This will provide more clarity on the measures to be taken.

## GHR and the millennium bug

The Vessel Traffic System (VTS) and

the Data Handling System (IVS) are the Port Management's critical systems when it comes to safety and order in the port. The VTS hardware includes 31 radar stations, many computerized radar work places, integrated communication networks and a network of computers. In the IVS, up-to-date and 'historical' information is gathered on every ship entering the port, including draught, previous and next port of call, cargo, berth and agent. In connection with the so-called 'mid-life conversion', which started in 1994, the major hardware was recently modernized or replaced. At the moment, the 'mid-life conversion' is at the rounding-off stage. The Port Management expects the critical systems to be millennium-resistant by the beginning of 1999. The bridges, locks, patrol boats fitted with hardware and software will follow soon afterwards.

## Rotterdam: New Parking Depot for Asian Cars

**T**HE Broekman Groep is to invest 13.5 million guilders in a parking depot for private cars in the port of Rotterdam. It will be built at the concern's technical center, Rotterdam Car Center (RCC). The depot will have four floors and a capacity of 5,000 cars. Building will commence in March 1999. It should be completed by the third quarter of that year.

The Broekman Groep decided to build the depot because it expects a considerable increase in car imports, for which Pre-Delivery Inspection and other value-added activities are carried out. This growth will come from both the existing cargo package and the expected acquisition of new volumes.

The new depot will bring the storage capacity in the Britanniëhaven up to 30,000 cars. The expansion is necessary because the Broekman Groep wants to further increase car throughput in Rotterdam to about 300,000 units. 120,000 of these will receive special treatment at the RCC.

By building the parking depot in a modular fashion, it will be possible to increase the capacity relatively simply, if necessary. The initial size will be 165 by 96 metres, with a surface area of 64,000 m<sup>2</sup>.

RCC and its sister company, Rotterdam Car Terminal, handles

Toyota, Suzuki, Mitsubishi, Hyundai, Kia, Daihatsu, Isuzu (occ.) and Tata. The cars are imported directly from Asia for European distribution or are manufactured in Europe (mainly England and Central Europe) and distributed via Rotterdam again.

## ECT Handles Over 60,000 Containers a Week

**A**S the first terminal in Europe, ECT passed the limit of 60,000 containers (90,000 TEU) handled per week. In the first week of November the throughput on the sea quay was 60,800 containers. From January to October 1998, growth amounted to 11 percent compared to the same period of 1997. Then the figure achieved was 54,000 containers per week. ECT's market share in Rotterdam is some 70 percent.

The week before ECT at its Delta Sea-Land terminal had an average production of 30.5 container moves per hour counted over a week. Highest peak production was over 40 moves per hour. It now is Sea-Land's fastest terminal in Europe, with a rise in productivity of 20% per year.

## City and Port to Market Göteborg as Cruise Port

**H**AVE you ever thought of Göteborg, Sweden as a cruise port? While the leading port in the Nordic region is not the centre of the Caribbean, the Pacific or the Mediterranean, there are still many sights to be seen at the top of the world. And cruise guests find the city friendly, clean and safe.

Best known as a cargo and passenger liner port, Göteborg is also a cruise port of some importance. The City and the Port have joined forces to market Göteborg as a cruise port.

"The cruise calls themselves are important to us, although our presence in this field should also make Göteborg more known generally as a port and city," says Lotta Nibell, business developer at the city-owned promotion company, Göteborg & Co. Together with the Port of Göteborg AB, this company has set up Cruise Göteborg, a network of parties interested in developing Göteborg as a cruise center.

Göteborg is both a turn-round port (start and finish) and a port of call (visit en route). The veteran here is the m/s *Funchal*, a cruise vessel that has been taking guests on North Cape and Azores cruises for over twenty years, starting from the Port of Göteborg.

## Best greetings

During the summer season of 1998,

visiting cruise vessels included the *Royal Viking Sun* and the *Oriana*. Like other cruise vessels calling at Göteborg, they were saluted with fireboat water cascades, a brass band playing on the quay and a red carpet for the passengers.

"Most of the cruise guests come ashore here, which is not as natural as you may think," says Lotta Nibell. "But then again, sunbathing by the pool on boards is not always an alternative on these latitudes."

## **Friendly, clean and safe**

What, then, does the Göteborg region have to offer a discriminating cruise guest? According to surveys carried out by the cruise operators among the cruise guests, they appreciate the friendliness of the people, the cleanliness of the city and the fact that you can move around freely without any sense of fear.

As for sights to see and beautiful nature, Göteborg has some good points although the competition is tough. Nearby Oslo and Copenhagen are both capitals, which Göteborg is not, and this counts. And Norwegian fjords are hard to beat for beauty.

## **A special city centre**

"The natural features around Göteborg are a major plus and the air is clean, as is the water. The city itself dates back to the 17th century and the Dutch city plan, with its many canals, is still very much apparent in the low-built city center," says Lotta Nibell. "During a half-day excursion there isn't the time to take in very much of our cultural activities even if culture is part of the image of the city: the Opera House by the river and the cultural center of Götaplatsen are just two examples."

## **Port of Göteborg Website: Same Address, New Layout**

**T**HE Port of Göteborg AB has a new website. The address is the same - [www.portgot.se](http://www.portgot.se) - although the layout and content are new. Take a look for yourself. We hope we deserve a bookmark in your computer.

Although the site is in English, there is now a section in Swedish. There is also a port-related news headline to be found on the homepage, with a link to the news section for further information. The contents of the website are now edited in-house, which makes the

whole editing process simpler and quicker.

Along with general information about the Port, you will, as before, find a list of the shipping lines that offer direct or relayed cargo traffic through the Port of Göteborg, as well as their frequency and agents.

## **London: Sofrelog System For Safety, Efficiency**

**S**OFRELOG announces the installation of a new Vessel Traffic Management Information System (VTMIS) at the Port of London, Gravesend, U.K. An inauguration ceremony took place on October 27, 1998, and was presided over by Mr William O'Neil, Secretary General of the International Maritime Organization (IMO). This system will provide the Port of London Authority with the technology to monitor and manage all vessel traffic activities in the Thames estuary and lower river.

"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 Port of London Authority, Chief Harbor 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 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.

Sofrelog's product called SYTAR (System for Tracking, Administration and Routing), employs a number of sensors including, multiple radar units, VHF radio, and video cameras and integrates them onto a computer network. The system also provides for future deployment of AIS transponders (Automatic Identification System) when available. The SYTAR network allows trained operators at the Gravesend Centre to track the movement of all vessels on computer screens, and to maintain safe and efficient passages throughout the port area and its approaches. The system is also connected to the Emergency Management Centre at Alexandra House.

SYTAR has been installed in a num-

ber of prominent port and waterway systems. Among these are the Ports of Marseilles, Abidjan in the Ivory Coast and Cotonou in the Benin Rep. In the Ports of Rouen and Bordeaux the pilot associations are using SYTAR for pilotage assistance.

In addition, SYTAR is used by The Royal Danish Navy for coastal monitoring, the Kiel Canal in Germany for lock control, as well as multiple stations on the Dover Strait.

New contracts have also been received for the Thames Barrier Navigation Centre, the ports of Calais, Tunis, Beirut and Tripoli.

## **Portnet Manages 7 Ports in South Africa**

**P**ORTNET is South Africa's port authority, controlling and managing seven ports on the southern African coast. These ports are: Richards Bay, Durban, East London, Port Elizabeth, Mossel Bay, Cape Town and Saldanha.

This puts Portnet in the unique position of being able to offer efficient services to port users throughout southern Africa. Unlike most European ports, each South African port has a natural hinterland with a defined market. This determines, to a large extent, the nature and types of cargo handled at each port, which in turn dictates the type of facilities each port provides. Each port operates and develops its own specialised services.

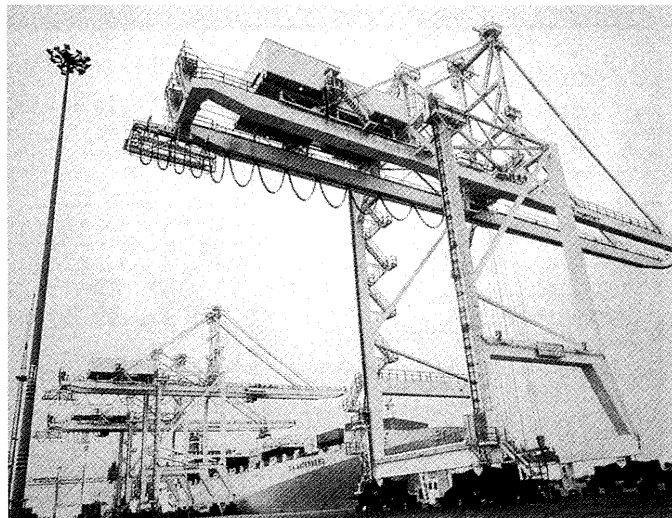
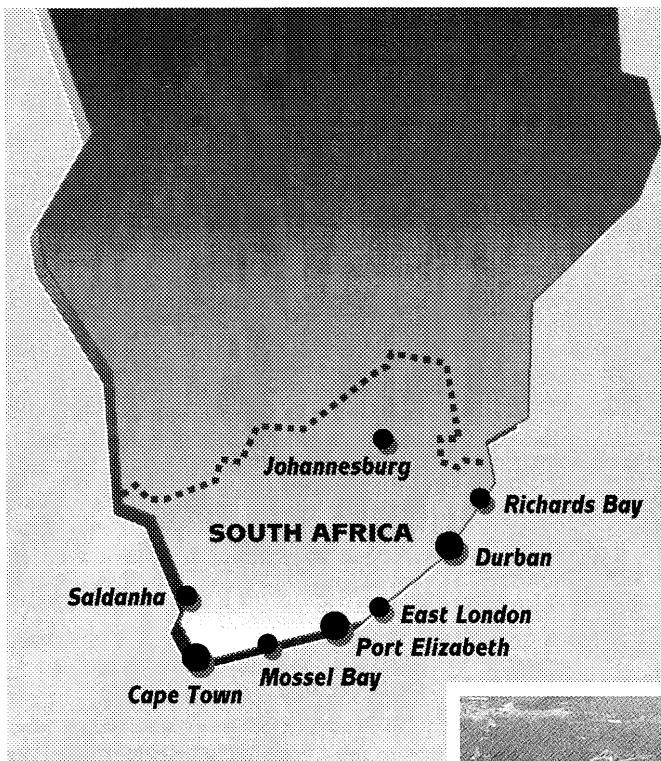
Portnet is one of the divisions of the holding company Transnet Limited, which has operated commercially under the Companies Act since 1 April 1990, with the State as sole shareholder.

Portnet, the South African national Port Authority, offers:

- port facilities to handle all types of cargo and ships through an extensive port network;
- efficient transfer of goods between ship, road and rail through the provision of efficient port services; and
- efficient transportation of goods within and beyond the borders of South Africa through extensive and modern road, rail and sea links.

Portnet, by way of its seven commercial ports, offers a combination of facilities and services which complement each other.

Around the coast of South Africa the ports of Richards Bay, Durban, East London, Port Elizabeth, Mossel Bay,



Cape Town and Saldanha assure port users of the right port and the right facilities to serve their needs.

## Our Ports Provide:

- Pilotage, tug and berthing services.
- Bulk handling installations to handle dry and liquid bulk complemented by storage facilities.
- Container handling facilities.
- Multipurpose terminals for the handling of breakbulk and containers.
- Ship repair facilities.
- Access to rail and road links.
- Feeder services.

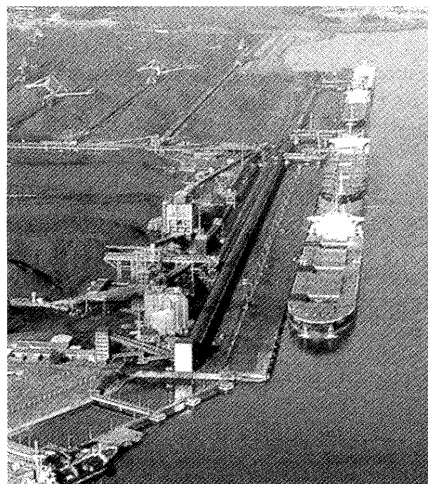
## CAPE TOWN:

The Port of Cape Town is a full-service general cargo port. It is world renowned for its deciduous fruit, perishable and frozen products exports. The fishing industry based at the Port of Cape Town is of major proportion.

The Port of Cape Town is strategically positioned and it is ideally situated to serve as a hub for cargoes between Europe, the Americas, Africa, Asia and Oceania.

The port is fully equipped to handle all types of general breakbulk, containerised and bulk liquid cargo via its own and privately operated specialised terminals.

The port has the benefit of a wide variety of well-equipped cargo terminals linked to a vast well-established and modern inland transport infrastruc-



ture.

Regular interport feeder services benefit the container terminal which is regarded as a gateway for African countries, ideally suited as a hub port for those located on the West African coast. The container terminal has the advantage that in respect of European and American time sensitive cargoes, up to six days saving in transit time for containers and perishable cargo to and from the Gauteng and other inland areas can be achieved through an efficient road and rail network.

Extensive chilling and pre-cooling facilities at the IHS fruit terminal caters for deciduous fruit exports, whilst the port also has one of the few cold stores in the world that can hold products down to -60°C.

## DURBAN:

The Port of Durban is a full-service

general cargo port. It is the busiest port in southern Africa and is also the most conveniently situated port for the industrialised Durban/Pinetown and Gauteng areas and overborder traffic.

Durban has abundant shipping opportunities, both in terms of frequency and destinations served. It is especially effective as a hub port for cargo to and from the Far East, serving both South Africa and East African countries.

## EAST LONDON:

East London is the only commercial river port on the South African coastline. The port has the largest grain silo on the South African coast and grain, primarily maize, is the most important single product exported through the port. Regular feeder services to and from the port, together with effective road and rail networks strengthen the port's ability to land-bridge cargo via its combi-terminal to countries to the north of South Africa. A motor vehicle assembly plant is located in East London and motor vehicle components are the most important cargo imported.

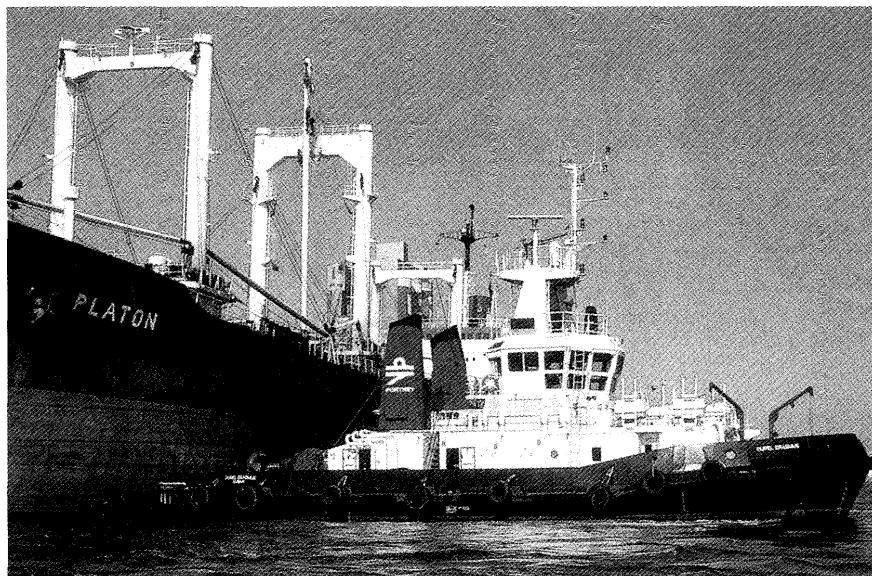
East London is an important coastal feeder port. It was the first South African port to introduce a combi-terminal to the conventional spectrum of terminals.

The combi-terminal on the east bank of the river provides centralised facilities for containerised traffic, ro-ro ships and conventional breakbulk vessels.

Deepsea container vessels equipped with their own gear can also be accommodated.

## PORT ELIZABETH:

Port Elizabeth, with its proximity to heavily industrialised and intensively farmed areas, has facilities for the handling of all commodities presented.



A major fruit terminal caters for fruit exports and the next biggest export commodity is manganese ore which is handled via a bulk installation. A feature of Port Elizabeth is that it not only serves as an entry for the motor car industry in the Eastern Cape but also as an exit for fully built up vehicles. The container terminal is linked to the Port of East London by a regular feeder service.

The flexibility of Port Elizabeth enhances the port's capability to handle general cargo. The port offers a container terminal, various general cargo berths, a ro-ro facility and a dry bulk installation to port users. Container, dry cargo and passenger vessels, tankers and ore carriers are berthed at the most suitable berths, depending on the cargo type to be handled.

## **MOSSEL BAY:**

Mossel Bay, primarily a fishing port of substance with limited commercial cargo activity, also serves the oil industry.

Mossel Bay is the only South African port that operates two off-shore mooring points within port limits. Both mooring points are utilised for the movement of refined petroleum products. It also serves as the oil rig supply boat base.

The port is the hub of the south coast's fishing industry and has four berths. Most of the local trawler fleet use the port as a base.

Quay No. 4 is used for general cargo and its wharf cranes are mostly used for loading of stores and equipment for the supply vessels serving the offshore drilling platform.

## **RICHARDS BAY:**

Richards Bay is South Africa's main port for the handling of bulk cargo. It is a deepwater port and handles about 47 percent of South Africa's total port traffic. The port is well-known for

its facilities for the handling of bulk commodities, e.g. coal, woodchips and other "belttable" as well as non-bulk commodities such as granite, steel, etc. Bulk liquids such as chemicals are handled by pipeline.

The largest volume of cargo shipped through the port is export coal handled at the Richards Bay Coal Terminal (RBCT), the largest coal terminal in the world with a handling capacity of 67 million tons per annum.

## **SALDANHA:**

Saldanha is a deepwater port and is the largest natural port in southern Africa.

The port is unique in that it has a purposebuilt railroad serving a bulk handling facility which is connected to a dedicated jetty for the shipment of iron ore.

Saldanha also serves as a major crude oil importation and transshipment port.

Current developments in the port are the extension of the general cargo quay to support industrial development on the West Coast.

## **Asia/Oceania**

### **Port of Devonport Corporation Governance Statement**

**T**HIS statement outlines the main corporate governance practices that the Port of Devonport Corporation had in place during the year.

#### **Board of Directors**

The Board of Directors has the overall responsibility for the corporate governance of the Company. The Board's most important functions include:

- setting the objectives, goals and corporate direction of the Company;
- adopting and monitoring progress of the Company's strategic plan;
- adopting the financial budget and monitoring financial performance;
- ensuring adequate internal controls exist and are monitored for compliance;



- identifying and managing areas of significant business risk;
- reporting to the shareholders.

#### **Composition of the Board**

The Board comprises six non-executive Directors being those persons who held office as Wardens of the Board of the former Port of Devonport Authority.

#### **Committees of the Board**

To assist in the execution of its corporate governance responsibilities the Board established two committees – the Salary/Organisation Review Committee and the Audit Committee. These Committees have a Committee Charter and detailed terms of reference approved by the Board. The

Committees operate principally in a review or advisory capacity, except in cases where powers are expressly conferred or delegated to the Committee by the Board.

- *The Salary/Organisation Review Committee was established to investigate, develop and report to the Board on remuneration and employment policies for senior executives and the implementation of a staff development program and to review the Company's organisational structure with the objective of achieving maximum productivity and efficiency from the labor force.*
- *The Audit Committee provides a direct link between the Board and the external audit function. It reviews financial statements and reports to the Board prior to signing and reports to the Board on accounting systems, internal controls, audit performance, financial risk management, taxation issues and other financial matters.*

## Access to Independent Professional Advice

In fulfilling their duties the Directors may obtain independent professional advice at the Company's expense.

## Identifying and Managing Business Risk

The Board regularly monitors the operational and financial performance of the Company against the budget and key performance measures. It also reviews and receives advice on areas of operational and financial risk. The Board develops risk management strategies to manage areas of significant business risk.

## Ethical Standards

The Board has adopted a "Code of Conduct" which sets out the standards within which Directors are expected to act. In summary they are expected to act with the utmost integrity and objectivity at all times.

## Review of Operations

The Port of Devonport Corporation Pty Ltd took over the commercial operations of the Port of Devonport Authority on 30 July 1997. In order to permit meaningful comparisons to be made with the previous financial year the statistical information contained in this report relates to the 12 months ending 30 June 1998. The financial information relates only to the trading period of the Port of Devonport Corporation Pty Ltd.

The Port of Devonport returned

another year of outstanding results in its seaport and airport operations for the year under review.

The seaport operations achieved an all time record in terms of total cargo throughput.

The total mass tonnes of cargo handled by the Port increased by 5.1% from 2,313,887 tonnes (5,771,498 revenue tonnes) in 1996/97 to 2,432,373 tonnes (6,240,848 revenue tonnes) in 1997/98.

Container throughput also reached a record level of 101,181 twenty foot equivalent units (TEU's), representing a 17.1% increase over the previous year's throughput of 86,371 TEU's. Devonport now caters for approximately 40% of the State's general cargo.

The number of ship visits for the year was 568, eclipsing the previous record of 552 set in the 1996/97 financial year.

## Sydney: Strong Trade Growth, Increased Profit

**S**TRONG trade growth allowed Sydney Ports Corporation to announce increased profit for the 1997/98 financial year while maintaining its commitment to reduce prices and improve commercial services when its annual report was tabled in State Parliament today (November 17).

1997/98 marked the sixth consecutive year of record container trade in the ports of Sydney and Botany, managed by Sydney Ports Corporation. Container trade increased by 9.6% to 800,778 TEU, and total trade by almost 5% to 22.4 million mass tonne.

### After tax profit and price cuts

Profit (after tax) increased by 7.4% to \$25.5 million. At the same time total port pricing was reduced by 5% through direct cuts in charges and through incentives. These cuts came on top of a 5% reduction in the previous reporting year.

One of the most significant initiatives during 1997/98 was the introduction of a 2.5% rebate on wharfage charges where ship manifests were lodged electronically. At the end of the reporting period this incentive had encouraged electronic reporting of around 20% of cargo, with Sydney Ports targeting an 80% take-up rate by the end of June 1999.

### Recommended dividend

A dividend of \$12.7 million has been

recommended by Sydney Ports to its shareholders, the NSW Government.

### Capital expenditure

Capital expenditure during the year increased from \$3.8 million in 1996/97 to \$16.6 million in 1997/98, due mainly to two strategic land purchases which will help the ports respond to growth needs in the future. Seven hectares of land were purchased within the existing Port Botany area for port-related leasing, while 4.6 hectares were purchased from State Rail at White Bay for a future new port access.

### Customer service

CEO and Managing Director of Sydney Ports, Greg Martin, said a strong focus of the year had been improving customer services.

"During the year Sydney Ports conducted its second Customer Perception Survey, recording an improvement in each key performance area measured. Sydney Ports also enhanced commercial services for customers during the year including reducing the time taken to produce trade statistics and improving terms of trade," Mr Martin said.

### Environmental performance

Sydney Ports has a role in monitoring and protecting the marine environment around the ports. An environmental program carried out by Sydney Ports and Ward Civil Engineering during the year has received state and national recognition in the Case Earth Awards. The restoration of Lady Robinsons Beach at Botany Bay was NSW winner and national runner-up in the \$1 million to \$10 million project category of the awards, given by the Civil Contractors Federation to recognize and promote environmental achievement, responsibility and innovation in the Australian civil contracting industry.

### Outlook

*Sydney Ports Annual Report 1998* also includes an outlook to future activities. These include a further commitment to cost cutting through the abolition of the \$10 wharfage on empty containers. Sydney Ports will launch a new Internet site providing real time information on shipping movements, wind and tides, and giving customers access to the Corporation's statistical database.

"We remain optimistic about growth in trade through Sydney in 1998/97. While adverse economic conditions in parts of Asia are expected to reduce export trade to those countries, the diversification of Sydney's trade in other



markets should offset some of the expected downturn.

"This is evident in the trade results for the first three months of the new financial year. Supported by strong import container growth, total container movements through Sydney Ports exceed the total for the corresponding period last year."

With growth of over 100,000 TEU in container movements through the ports in the past two years, Sydney Ports is pursuing options for further container facilities at Port Botany, with expansion plans to meet projected needs.

The Glebe Island/White Bay port complex is also set for rejuvenation, with demolition of the old silo buildings and a new port access to deliver more efficient rail and road connections.

"Given Sydney's growth projections and planning activities, the ports' future is assured. We look forward to further meeting the needs of customers of additional services and facilities," Mr Martin said.

## Year 2000 Strategy Vital to Ports of Auckland

**P**ORTS of Auckland is taking a strategic approach to managing Year 2000 issues, with a broad-ranging testing programme and contingency planning well under way.

"We are part of New Zealand's important national and regional infrastructure, so our challenge is to achieve business continuity for the wider community as well as our own functions," says Chief Executive Geoff Vazey.

"Our early attention to this project is vital. The more we can achieve now will preclude this issue from becoming a major problem next year." The programme covers suppliers, global shipping agents and third parties such as rail and trucking firms, as well as the ports' extensive internal systems and electronic data interchange systems. So far, internal systems have proved broadly compliant, having been replaced or upgraded regularly. Three administrative systems are currently being replaced.

Straddle carriers and container cranes, which have particularly complex systems, are being tested, along with other equipment such as radios and telephones.

"We're also interested in the state of clients' equipment and in global trans-

## Port of Yokohama Info Offered on Website

**A**T the Port & Harbour Bureau we are using the Port of Yokohama's Internet home page (<http://www.city.yokohama.jp/me/port/>) to offer information concerning the port such as descriptions, history, cargo statistics, port news and cruise ship visiting schedules, etc.

We have also made the home page easier to use by splitting it into 3 main areas: General User, Business User and Children's Study, as well as adding a "What's New" section for the latest port news updates. Before the school summer holidays we put our newly-established study section on-line in Japanese to deepen interest and raise awareness of the port among the school children of Yokohama and Japan.

From July of this year, we have been

expanding the content of the home page in the following ways to actively promote the Port of Yokohama:

1. Offering information to help school children's studies by explaining the role and function of the port in an easy-to-understand way through animation.
2. Expansion of existing information:
  - (i) Enhancing sea-route information – detailed information on sea-routes, shipping companies and agencies, etc. From now on, this section will offer expanded information specifically for the business user.
  - (ii) From November 1998, links will be set up with businesses and public bodies related to the Port of Yokohama as well with our Sister Ports so that a variety of information can be obtained via our home page.

## The new main menu will contain information on the following topics:

News	Press Releases & Topics
General	Port of Yokohama Outline
	Port of Yokohama History
	Port of Yokohama Statistics
	Port of Yokohama's Future Plans
Business	Charges for Use of Port Facilities
	Introduction to Port Related Introduction (J/O)
	FAZ Enterprise & Facility Introduction
	Look at Piers & Warehouses (J/O)
Children's	A Fun Look at the Workings of the Port (J/O)

NB: (J/O) = Japanese Only

port suppliers. Ports of Auckland is an important link in a long international transport chain and could be adversely affected by problems arising elsewhere," says Jim Harknett, Manager Internal Audit and Year 2000 project coordinator.

"We're also sitting down with our key suppliers to share plans and progress, and to jointly work through critical links.

"We need to get people thinking about Year 2000 issues. It's beyond a computer and connectivity problem – it's part of business life and it affects everyone," he says.

Testing will continue right to the end of 1999 because of the dynamic environment, however much will be completed by the end of this year. A budget of \$600,000 has been earmarked for testing, and contingency plans are under development.

### KEY Points:

- Testing and contingency plans are under way
- The key challenge is business continuity for the company and wider community
- The program covers suppliers, clients and third parties

## Ports of Auckland Fetes Its 10th Anniversary

**S**INCE taking over the former Auckland Harbor Board operations in October 1988, the company has achieved impressive operational performance and growth. Cargo volumes have doubled, while ship turnaround and container handling times have halved. Staff numbers are now at sustainable levels and costs have been cut. Major investments have been made in new plant and equipment to improve customer service, and in staff training and development.

Today, Ports of Auckland is New Zealand's biggest and busiest general cargo port. We are the country's biggest container port, handling half the total container trade. While we are proud of our achievements, we are firmly oriented to the future, with business strategies in place that will contribute not only to the economic well-being of the Auckland region, but also to the nation. The next 10 years promise to be as exciting as the last decade.

### Return to the Community over 10 Years: Tax, Rates and Shareholder Returns

Company tax	\$139.1 million
Land tax	\$5.4 million
Rates	\$8.7 million
Returns to shareholders	\$227.2 million
Capital repayments	\$66.3 million
Total	\$446.7 million

## Taranaki: Significance of Blyde Terminal Stressed

**D**EVELOPMENT of the new Blyde Terminal is one of the most significant events in the 120-year history of Port Taranaki, said Westgate chairman, Mr Ralph Latta, at a special ceremony to mark the arrival of the first consignment of export product at the terminal's new dry store.

"The past years have seen some landmark developments take place at our port - developments that time has shown to be crucial to the continued progress of our important export shipping facility," he said.

Such developments have included construction of the breakwaters, the building of the Blyde Wharf, and the transformation of Newton King Wharf into a fully-dedicated tanker terminal.

"Now Blyde Terminal, a project which includes construction of the new 24,000

tonne dry store, can rightfully take its place among those landmark developments," he told invited guests.

"Taranaki is world-class dairying country, and at Whareroa is Kiwi Co-operative Dairies Ltd, the world's largest stand-alone dairy products processing facility, busy turning all those millions of liters of central North Island milk into millions of export dollars.

"However, until now it has been difficult for Port Taranaki to be the major point of export for all that product, despite the fact that the port is less than 100 kilometers from Kiwi. There have been a number of reasons for this, not the least being a lack of dry storage and associated container handling facilities.

"But now we can. Thanks to a combination of very sound long-term thinking, and excellent co-operation between Kiwi and Westgate, Blyde Terminal has been created, and now Port Taranaki is ready and willing to handle all the dairy-based export cargo Kiwi can supply."

## Singapore Seminar on Port Design, Operation

**M**R Teo Ming Kian, Permanent Secretary of Ministry of Communications, officiated at the Seminar On Port Design and Operation Technology on 9 Nov 98 at Amara Hotel, Singapore.

The 2-day seminar was jointly organised by the Maritime and Port Authority of Singapore (MPA) and the Association of Consulting Engineers Singapore (ACES) and was supported by Singapore Shipping Association (SSA), the Institution of Engineers Singapore (IES), the National University of Singapore (NUS), the Nanyang Technological University (NTU) and the Chartered Institute of Transport (CIT).

Held for the first time, the seminar was a valuable learning experience as it brought together both academia and experts in the field to share their expertise and experiences in port development. They spoke on an array of topics of interest in the areas of port planning, terminal design, cargo-handling technology, ship technology and other technologies that would influence the way a port was designed and how the cargoes were transported, handled and stored.

The seminar aimed to give participants an insight into the ports of the future in view of new developments in port design concepts and operation technologies.

A keynote paper on 'Feasibility and Design of Future Mega Container Ship' was presented by Mr Lutz Wittenberg, Director of Projects and Marketing Division, from Germanischer Lloyd. With more than 20 years of experience, Mr Wittenberg also has a master's degree in naval architecture. He spoke on the developments in container shipping and how these would impact on ports and port facilities.

The 2-day conference closed with site visits to Pasir Panjang Container Terminal, Singapore's newest mega terminal, and Jurong Port for all seminar participants to observe the operations and know more of the developments that are being planned.

### Speech by Mr Teo Ming Kian

Distinguished Guests  
Ladies and Gentlemen

Let me first welcome all participants, especially our guests from abroad to this seminar on Port Design and Operation Technology.

When one talks about port operation, some may still conjure up the old image of stevedores carrying large heavy sacks on their shoulders struggling up the gang-plank. But most have replaced this image with one that shows monstrous quay cranes moving huge containers to and from ships to the berths. It is an image of progress, of technology advancement in port operations. But it is still largely an image of simply mechanising strenuous, heavy tasks. This cannot be more wrong.

Port operation can be an easy or an extremely complex task. Some see it as merely providing a landing point. Add to that people and equipment to load and unload cargo, and hopefully ships will call. But this is only the very basic, and if efficiency, reliability or time sensitivity are not of any concern to anybody.

However, the entire chain of activities can be very complex if it were to be optimised to provide shipping lines and shippers the maximum value.

Ship owners will want their ships berthed on arrival, to unload and onload cargoes in the shortest time and be on their way to generate more revenue for them.

Freight forwarders will want their right containers unloaded and sent to the right vessels for onward journey quickly; or to the storage yard for easy retrieval when the right connecting vessels come along; or put on the right prime movers for their final destination.

Shippers will want to have the reliability that their cargoes are not lost or unnecessarily detained going through

the port and to reach the destination in the shortest time.

Consider the number of ships and containers involved, and the complexity multiplies.

But this is not all. The world is undergoing rapid changes. Globalisation is one key factor driving these changes. Global alliances or consortia of shipping companies are in vogue. Partners jump into bed, break up and seek new partners. The relentless march of an open and integrated world trade crumbles, only to face new protective barriers.

Another driving force is the accelerated pace of technology advances. Product cycles are becoming shorter. Larger and faster ships are put in service. IT and telecommunication are ushering in new ways of doing things. E-commerce is the new buzz word. Just-in-time distribution and concurrent manufacturing for shortest time to market become competitive imperatives. The structure of logistics and commerce will change.

All these will have an impact on port design and operation, and increase its complexity.

Knowledge and technology are key to manage such complexities. Unfortunately, technology is like fire. If you could tame it, you can exploit it for great benefits. If not and you are not adequately prepared or ready to use it, it can overwhelm and consume you. Some recent examples have clearly demonstrated the dire consequences of being caught unprepared.

In Singapore, we have the conditions to better exploit technology and build on the knowledge that we have accumulated from many years of port operation. We have a well-educated workforce and professionals, comfortable with technology and conversant enough to implement only those relevant and applicable to the needs that we are able to understand and clearly identify.

We have chosen the strategy of providing shipping lines, freight forwarders and shippers and other partners, maximum value rather than cheap service. This strategy has served us well so far. We must continue to keep in touch with the latest and most advanced technology and methodologies, adopt the relevant ones or customise them to our needs and continuously upgrade ourselves.

We will have to understand the industry development trends and plan well ahead our facilities and further develop our core competencies to meet the new demands. We will have to draw on multi-disciplinary competencies, to achieve quantum leap benefits.

As the national port planner, Maritime and Port Authority of Singapore (MPA)'s task is to ensure that port infrastructure and operations technology meet the changing needs of shipping lines and world commerce, and support Singapore's economic interests. The challenge is to ensure that Singapore remain relevant and competitive in the midst of these changes.

This two-day seminar jointly organised by the MPA, and the Association of Consulting Engineers Singapore, and supported by a host of leading local academic and professional institutes is therefore most appropriate. It is in line with our desire to keep abreast with the state of the art, to anticipate problems and seek solutions, to encourage exchange of views, ideas and experiences among local and international

experts so we can continue to serve and provide our customers with the greatest value.

We could do more.

We are one of the world's busiest ports, where complex transshipment and logistic activities are conducted. We have established centers of excellence in key technology areas relevant to shipping and logistics. Singapore could be a "maritime brain hub", where research is done, where intellectuals like yourselves congregate to discuss and test out ideas, and where innovations bubble constantly to drive even greater improvements in shipping and logistics.

This will be our added contribution to better enhance our ability to serve the world shipping and logistics community.

I wish you all a successful seminar. Thank you.

## MPA to Extend 20% Port Dues Concession

**T**HE Maritime and Port Authority of Singapore (MPA) will be extending the 20% port dues concession for container vessels, excluding long-staying ships, into 1999. The reduction will amount to about S\$5 million a year for the MPA and will help defray some of the business costs of the shipping community during this economic downturn.

Mr Chen Tze Penn, Director-General of MPA, said, "This move to extend the 20% port dues concession is timely and demonstrates the importance we place on our relations with the shipping lines. It also reflects Singapore's continued commitment to maintaining its competitive edge as a global hub port for container ships".

The 20% reduction in port dues for container vessels was first introduced in May 1996 and later extended to 1998. During that period, the rebates granted totalled more than S\$10 million.

With effect from 1 Jan 99, MPA will also be introducing for the first time a rate cut of 20% in port dues for all harbor craft (except pleasure craft for personal use) for one-year in the first instance. This concession is expected to benefit about 2,600 harbour craft plying the waters of the Singapore port. The rebate, which will total some S\$1.8 million a year, will help these companies ride out the tough financial times.

Both measures are the latest in a number of initiatives undertaken by MPA to

keep port costs competitive especially during the current economic crisis. On 1 Sep 98, MPA revised the port dues for oilrigs. The lower port dues translate into cost savings of 50 percent or more for oilrigs. In March this year, MPA also announced the removal of the \$3 per tonne overside bunker wharfage for the supply of bunkers to vessels calling at the PSA terminals. To bunker buyers such as shipping lines, this incentive works out to an annual saving of about S\$17 million.

## PSA Rebates to Help Local Businesses

**P**SA Corporation will give \$25 million in rebates to help the local businesses to remain competitive in this difficult business environment. The one-time 10% rebate will apply to a range of handling and rental charges for one year from 1 January 99.

Over the past few years, PSA has given out rebates to its customers and tenants through customised agreements. PSA's latest cost reduction package is a one-off rebate, given in response to the Government's call to help local businesses, over and above the significant commercial rebates already enjoyed by PSA's customers.

The package of rebates will benefit local importers and exporters, hauliers, and PSA's distripark/warehouse tenants. This \$25 million package comprises a

10% rebate given for:-

- a. Rentals for tenants at PSA's Distriparks, Multi-Purpose Terminals (Pasir Panjang and Sembawang Wharves) and commercial buildings
- b. Wharf-handling, local cargo storage and Lift-On-Lift-Off (LOLO) charges at PSA's Multi-Purpose Terminals
- c. Local storage rates for all local containers at PSA's container terminals.
- d. LOLO Rebates and Off-Peak Incentives for containers at PSA's container terminals delivered within 24 and 48 hours.

In response to the Government's latest decision to extend the 55% property tax rebates for an additional year, PSA Corporation will continue to pass on half of the property tax rebates to its tenants for another year from 1 Jul 99. PSA's tenants will thus enjoy a further \$5 million in rebates on top of the one-off \$25 million package.

Commenting on the cost-reduction package, Dr Yeo Ning Hong, Chairman, PSA Corporation, said, "At PSA, we are continuously responding to real-time market needs and conditions. We understand that the local businesses and our customers are facing some very tough challenges. Through this one-time rebate package, we are lending our support to the Government's cost reduction exercise."

## Details for one-off \$25 million rebate package

1. Rental Rebates for Tenants at all PSA's Distriparks (Alexandra, Pasir Panjang, Tanjong Pagar and Keppel Distriparks), Multi-Purpose Terminals (Pasir Panjang and Sembawang Wharves) and Commercial Buildings. PSA is giving a 10% rebate on net rentals, across-the-board, to lessees of warehouse, office and retail space at PSA's Distriparks, Multi-Purpose Terminals and Commercial Buildings. The rebates will be extended to tenants whose leases commenced before 1 October 1998 and will apply for one year with effect from 1 January 1999. The tenants will enjoy savings of more than \$17 million. This is over and above the \$21 million rebates in rental & property tax, given to tenants of PSA's warehousing, distriparks and commercial buildings, announced in July 98.
2. Rebates for wharf-handling, local cargo storage and Lift-On-Lift-Off (LOLO) charges at PSA's Multi-

Purpose Terminals.

PSA is giving a 10% rebate for wharf-handling, local cargo storage and LOLO charges at Multi-Purpose Terminals. The rebates will apply for one year with effect from 1 January 1999. Local shippers and consignees will enjoy savings of \$1 million.

3. Revised Lift-On-Lift-Off (LOLO) Rebates and Off-Peak Incentives for one year at PSA's container terminals.
  - a. PSA will increase the LOLO rebates and simplify the rebate structure for containers delivered within 24 hrs and 48 hrs from the PSA's container terminals. The revised rebates are as follows:-

	Revised Rebates (\$)	
	20FT	40FT
24hrs	\$35	\$52.50
48hrs	\$10	\$15

- b. PSA will offer one-tier off-peak

incentive rebates for all laden and empty containers delivered within 48 hours from the PSA's container terminals. A 20' container will receive a \$10 rebate and a 40' container will enjoy a \$15 rebate.

The increased LOLO rebates enable local shippers, consignees and hauliers to enjoy savings of \$6.5 million. The revised rebates will apply for one year only with effect from 1 January 1999.

4. Rebates for Local Storage Charges for all boxes/containers.

PSA is giving a 10% rebate on the local storage charges for all local containers (excluding Dangerous Goods Containers) at PSA's container terminals. This rebate is for one year with effect from 1 January 1999. Local shippers and consignees will enjoy \$1.5 million in rebates.

## PSA: Rate Simplification To Help Its Customers

**A**S a customer-focused company, PSA Corporation continues its efforts to simplify its existing rate structure for its shipping lines operating at its container terminals, in response to customer feedback and market situation. This simplification exercise concerns 3 types of charges: Transshipment Storage Rates, Extra Movement and Security (Police & Guard) services. The rate simplification exercise will take effect from 1 January 1999. This is PSA's second round of rate simplification since its corporatisation on 1 October 1997. The simplification of the rate structure will provide greater rate certainty and transparency, and reduce the administrative costs for PSA's customers.

The latest rate simplification exercise is the result of regular discussions between PSA and the Singapore Shipping Association on the need for more simplified rates for the items below:-

- a. Flat rate charge for Transshipment Storage containers after 9 days of free storage at PSA's terminals.
- b. Simplified rate structure for Extra Movements Charges of containers.
- c. Rates of Security (Police & Guard) Services to be based on Turnout charge per request and per hourly basis.

PSA will continually review its charges to make them easy to use by its customers. PSA will continue to improve its services, foster closer working relationships with its customers, and reduce their cost of operating in Singapore.

### Rate Simplification Exercise

1. Transshipment Storage Rates (excluding Dangerous Goods)

PSA will charge flat rates after 9 days of free storage for transshipment (TS) containers instead of the present escalating rates.

	20FT	40FT	45FT
TS GP Laden (Transshipment General Purpose Laden Box)	\$7.50	\$15.00	\$17.00
TS GP Empty (Transshipment General Purpose Empty Box)	\$4.50	\$9.00	\$10.50
TS Reefers (Transshipment Reefer Box)	\$10.00	\$20.00	\$22.50
TS OH/OW (Transshipment Overheight/Overwidth box)	\$20.00	\$40.00	\$45.00

The new structure simplifies the computation of storage charges significantly.

2. Extra Movements

PSA will merge Inspection Moves with Extra Movement Charges into a single item called Extra Movement (including Inspection Moves).

	20FT	40FT	45FT
Extra Movement	\$50	\$75	\$85
(including Inspection Moves)			

### 3. Security (Police & Guard) Services

- (i) PSA will charge for security services based on Turnout charge per request and per hourly rate of \$30 and \$24 respectively. Formerly, the charging for security services was based on per hourly rate according to the rank of the police officer assigned.
- (ii) Instead of the current hourly charge, Security Escort for land transportation of containers will be charged by per assignment at a rate of \$54.

The revised rates give customers greater transparency of PSA prices for the provision of security services.

the Donggang area. The JV company will also be responsible for attracting investments to Donggang and provide consultation services for developers in the area.

"PSA Corporation has the experience and expertise in container-handling business, port development, the management of waterfront facilities and other port-related activities. We are pleased that we have the opportunity to work with PSA again. PSA's 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 whole of China," said Mr Yuan Fuxiu, Port Director, the Port of Dalian Authority.

Dr Yeo Ning Hong, Chairman, PSA Corporation, said: "PSA's cooperation with the Port of Dalian Authority and the Dalian Municipal Government in the

operating of the Dalian Container Terminal has been a successful one. We are confident that our close cooperation will be further strengthened by this Joint Venture. We have been working closely with our Chinese counterparts in Dalian to ensure that the Donggang 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 96. 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. Despite the slowdown in the region as a result of the Asian crisis, DCT's container throughput to-date (January to September 98) grew by about 12% over the same period last

## PSA Corporation Signs JV Contract With Dalian

**P**SA Corporation signed an equity Joint Venture (JV) Contract with the Port of Dalian Authority (PDA), on 30 Nov 98, as a further development from the agreement signed earlier on 16 Oct 98, to promote the redevelopment of the eastern port area of Dalian Port (Donggang) into a modern business hub. PSA and PDA had recently signed an agreement of intent to form an equity joint venture on 16 Oct 98. This JV Contract reinforces the commitment of both parties to create Donggang area into a thriving and bustling commercial area for North China's business community. With the contract, PSA Corporation takes a 50% equity in the joint venture company, the Dalian Marine Centre Development Co., Ltd.

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

Strategically located next to Dalian city's busiest business district and at the Dalian Port's Eastern Sector, the Donggang area has great potential to be further developed into a centre for tourism, waterfront and commercial activities. The Dalian Marine Centre Development Co., formed by PDA and PSA, will take charge of the overall planning, marketing and implementation of the plan for the development of

## Newly Upgraded Singapore Cruise Centre Opens

**P**SA Corporation Limited celebrated the official opening of the newly upgraded and redesigned Singapore Cruise Centre on 4 Dec 98, in conjunction with the Seatrade Asia Cruise Convention held from 1st to 4th Dec 98. Mr Khoo Teng Chye, Group President of PSA Corporation, officially opened the upgraded Cruise Centre at the International Cruise Departure Hall of World Trade Centre. More than 200 dignitaries, guests and delegates from the Seatrade Asia Convention witnessed the event.

The newly upgraded Cruise Centre will cater to the fast growing passenger traffic and is equipped to handle mega cruise ships like the *SuperStar Leo*. The upgrading and revamp of the Singapore Cruise Centre, at a cost of S\$23 million, was completed in November 98.

The upgraded facilities include:-

- (a) A deeper Cruise Bay, with a larger turning radius for megaships of up to 270 metres;
- (b) Extension of International Passenger Berths to accommodate mega cruise ships - Berth 1 has been extended from 245 m to 300 m, Berth 2 from 190 m to 250 m, and Berth 3 from 153 m to 180 m;
- (c) New Food & Beverage outlets and duty-free shops at the revamped Arrival and Departure Lounges of

the International Passenger Terminal (IPT) and Regional Ferry Terminal (RFT);

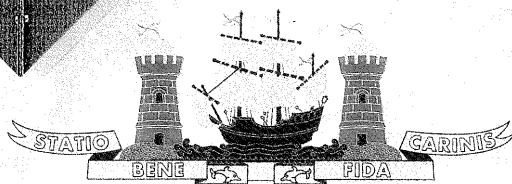
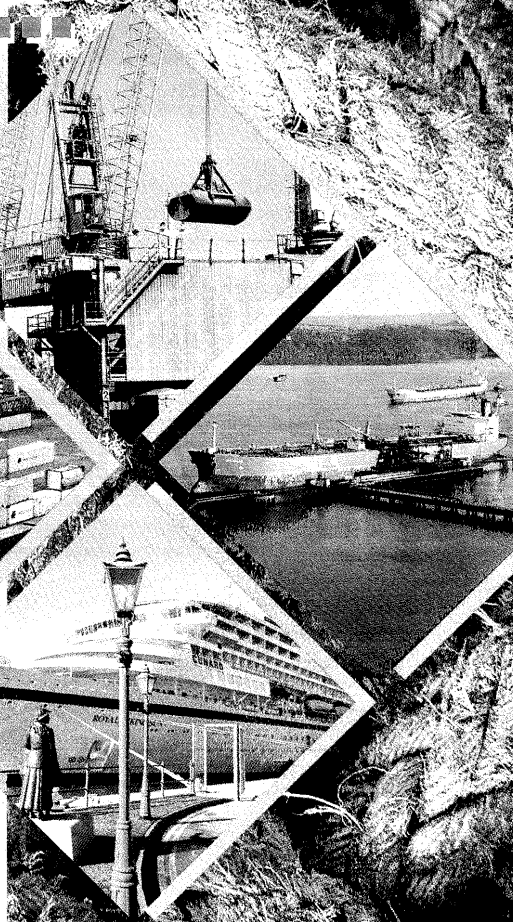
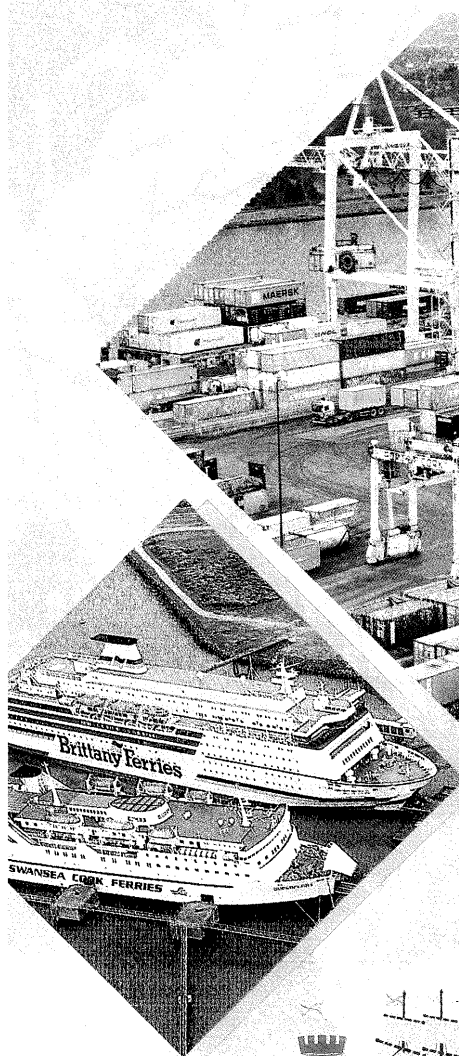
- (d) Repositioning of the Regional and International Passenger Arrival Halls on the ground floor and the Departure Area on the second floor to facilitate smoother traffic flow.

Mr Khoo also unveiled the new Singapore Cruise Centre logo at the event. The new logo reinforces Singapore Cruise Centre's image as Asia's Number One Destination for international cruising. As part of the event, the 200 guests and delegates were also invited for ship inspections on the mega ship *SuperStar Leo*, and the *Sun Viva*.

Mr Khoo Teng Chye, Group President, PSA Corporation Limited, said, "The Newly upgraded Singapore Cruise Centre is all geared up to welcome more cruise ships and cater to the exacting needs of cruise passengers. With the new facilities at the Centre, we are better equipped to offer a unique holiday experience for holiday-makers. We are also very proud to have Singapore Cruise Centre showcase its new identity logo at this opening ceremony. We believe that the newly upgraded Singapore Cruise Centre will further promote the cruise business in Singapore and enhance Singapore's role as a cruise gateway to the Asia-Pacific".



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