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Dar es Salaam, Tanzania

PORTS in Tanzania exist colonial days in the early 19th century, but the Authority came into being only 1977 following the collapse of the East African Community which managed ports in Tanzania and Kenya.

Tanzania Harbours Authority manages the three major ports of Dar es Salaam, Tanga and Mtwara. Dar es Salaam is the gateway into the whole hinterland comprising Africa's greatest lakes zone. The Ports until now operate as public, but privatization is at a very advanced stage to lease terminals to operators. Then the Authority will remain landlord. Related article on page 27.

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At the Mid-Term Board Meeting in Abu Dhabi (April 2002)

John acknowledges appreciation for his work on the farewell night of the 18th IAPH World Ports Conference in Sydney (April 1993)

On the boat cruising along Port Zayed, Abu Dhabi (April 2002)

IAPH ANNOUNCEMENTS AND NEWS

Vale

Mr. John C. Hayes

IAPH Third Vice President

WITH the deepest sorrow, IAPH reports that Mr. John Hayes, the Third Vice President of IAPH and Chairperson of the IAPH Committee on Port Planning and Construction, passed away after a short illness on August 20, 2002 at a hospital in Sydney, Australia.

His contribution to the development of IAPH was longstanding and massive. He had attended all the biennial IAPH Conferences since 1989. He had been the chairperson of the Organizing Committee and was truly instrumental for the success of the 18th IAPH Conference (Sydney) in 1993. He had served the Board of Directors as well as the Executive Committee consecutively since 1993. He had chaired the IAPH Committee on Port Planning and Construction since 1999 and succeeded in publishing the IAPH Guidelines for Port Planning and Design in 2001. He had also served the IAPH/IMO Interface Group since 1995. In 2001, at the 22nd IAPH World Ports Conference in Montreal, he was elected the Third Vice President of IAPH.

Secretary General Dr. Inoue has sent a message to Mrs. Helen Hayes expressing his most sincere sympathies and condolences for the late Mr. John C. Hayes. Reflecting his longstanding contribution and warm personality IAPH head office has been receiving numerous mournful messages of condolence.

He will always be in our hearts.

INTERNATIONAL ASSOCIATION OF PORTS AND HARBORS

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Since 1995

August 22, 2002

Mr. Greg Martin
Chief Executive Officer
Sydney Ports Corporation
P. O. Box 25, Millers Point
NSW 2000, Australia

Dear Mr. Martin:

I am deeply saddened and shocked to learn about the sudden death of Mr. John Hayes. It is very difficult for me to come up with words to express my sorrow and grief.

I had the pleasure of working closely with Mr. Hayes over the past 7 years through the activities of the International Association of Ports and Harbors. He worked very hard over the period as the Chairman of the Port Planning and Construction Committee, as a member of the Executive Committee, and especially as the Third Vice President of the Association since 2001. Through these activities he contributed to a great extent not only to the development of the IAPH but also to the prosperity of the world ports community as a whole. All of us truly appreciated his devotion and enthusiasm, and always enjoyed working with him as he had very warm and pleasant personality. It is extremely difficult for us to accept this terrible tragedy and get over the great loss. We were very naturally looking forward to working with him for many more years to come, and this very sad news was the last thing we ever expected to hear.

Personally, I just met him this past April in Abu Dhabi on the occasion of the IAPH Mid-term Board Meeting, where he successfully organized and chaired the Third IAPH Asia/Oceania Regional Meeting as the Vice President for the Region. I was just about to meet him again at the PIANC Congress in Sydney this September, and further I was looking forward to welcoming him to Japan for the IAPH Exco Meeting in October. It is very hard to believe he is no longer with us.

I can only imagine how serious a damage gives to the Sydney Ports Corporation to lose a great man like Mr. John Hayes. Please accept our deepest sympathy to you at the Sydney Ports Corporation and his bereaved family.

Sincerely,

Akio Someya

Akio Someya
President, IAPH
Executive Vice President
Nagoya Port Authority

SYDNEY PORTS

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26 August 2002

Mr. Akio Someya
President, IAPH
Executive Vice President
Nagoya Port Authority
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1-11-1 Kaigan, Minato-ku
Tokyo 105-0022
Japan

Dear Mr. Someya:

Thank you very much for your kind words regarding John Hayes.

John's tragic and sudden death has shocked and saddened everyone, both nationally and internationally through his involvement with IAPH.

At this early stage, it is still difficult for us here at Sydney Ports Corporation to fully appreciate John's passing as it was only 4 weeks ago that he was here at work carrying out his normal duties with no obvious symptoms of his illness.

It is great comfort to us that you and so many other IAPH members have sent their condolences to us and John's wife and family.

As you state in your condolence note, John was extremely dedicated and committed to IAPH and he will be a great loss to IAPH as well as to us here at Sydney Ports Corporation. As you may know, John travelled to quite a number of IAPH mid-term meetings at his own expense and I know he was particularly proud of the recent publication, "IAPH Guidelines for Port Planning and Design" which he oversaw as Chairman of the Port Planning and Construction Committee. I am also aware of John's very significant contribution to the hosting of the 1993 IAPH Conference in Sydney.

I would be grateful if you would extend our appreciation and thanks to the many members of IAPH who sent condolence notices to Sydney Ports Corporation.

Kind regards,

Greg Martin

Greg Martin
Chief Executive Officer

Committee Report

Trade Facilitation Committee

June 7, 2002, Barcelona

Emili Arbós

Attendants:

- ***Emili Arbós***
  Port of Barcelona Authority, Chairman
- ***Santiago Milà***
  Port of Barcelona Authority, Secretary General
- ***Richard Biagioni***
  Port of Marseilles Authority
- ***Mario Caselli***
  Port of Genoa Authority
- ***Ian Flanders***
  Port of London Authority
- ***Luiz Henrique***
  Port of Panaragua Authority
- ***Maite Roman***
  TFC Secretariat

Agenda Item 1: AGENDA & OPENING REMARKS

The Chairman welcomed everybody to the Port of Barcelona, specially Mr Mario Caselli, from the Port of Genoa, as it was his first TFC meeting, and Mr Luis Henrique who came from Brazil specifically for the logistics exhibition and the meeting.

Agenda Item 2: REPORTS TO THE COMMITTEE

Regarding the minutes of the last meeting, they were approved without amendment as they had been received previously and read by TFC members.

The Chairman informed that a report on the TFC's latest activities had been sent to the IAPH mid-term board held in Abu-Dhabi in April.

Regarding other reports, the Chairman commented that Mr Alan Long attended the meeting of the WCO Information Management Sub-Committee (IMSC) which took place on the same days of the last TFC meeting. Mr Long's report was sent to TFC members together with a letter in which he underlined the most interesting points of the report and informed that he had been able to have direct input into the management summary and accompanying guidelines.

The Chairman explained that, in Mr Long's report, members could read that the discussions at the Sub-committee meeting were focussed on the drafting of a coherent e-commerce strategy for Customs. The main conclusion was that although e-commerce would not significally change the role of Customs in international trade, the increasing efficiency in international trade and transport for door-to-door deliveries would increase the pressure on Customs to provide reliable, predictable and rapid clearance processes. The strategy for Customs to respond to the implications of e-commerce would include measures such as the implementation of best practices as contained in the revised Kyoto Convention, the comprehensive application of information and communication technology (ICT) and the organization-wide application of risk management.

Agenda Item 3: INVOLVEMENT WITH OTHER ORGANISATIONS

Following with the UCR (Unique Consignment Reference number), the Chairman reminded all that the UCR Recommendation was approved in 2001 and that the WCO Information Management Sub-Committee (IMSC) was requested to complete the accompanying guidelines. The first draft of guidelines was presented at its 41st meeting in June 2001, where the Sub-Committee had agreed to set up a Project Team for the completion process under the leadership of the United Kingdom with a view to finalizing the work during the course of the 42nd meeting.

The representative of the Port of Marseilles mentioned that the UCR is an unknown concept at French Customs. However, Mr Flanders explained that British Customs are planning to launch a new export system in October and that the concept of UCR will be used in it. The other attendants expressed their doubts regarding UCR acknowledgement at their Customs authorities.

Mr Arbós commented that the IMSC instructed the Secretariat to forward the guidelines to trade groups requesting their comments by the end of May 2002. The Subcommittee deferred final discussions on amendments to the Recommendation on the UCR until the 44th meeting to allow for a consistent proposal to be prepared and submitted for approval in 2003.

Following this agreement, the WCO invited comments from Trade organisations, the IAPH and TFC among them. As those present could see in the documentation of the meeting, Mr Long had informed the TFC Secretariat about this and Mr Santiago Milà, as TFC Secretary General, had sent the text of the UCR Recommendation and the UCR Guidelines to TFC members inviting them to send their comments.

At this point, Mr Milà asked Mr Henrique, from the Port of Paranagua, Brazil, if the Brazilian Customs was participating in this project. Mr Luiz Henrique explained that there are some changes taking place at the Customs in order to promote exports and improve the bureaucratic Customs system that makes the Customs processes very slow. He said that he thought that with these changes the situation will improve. Mr Arbós admitted that Customs are slow in changing and explained that, however, the Barcelona Customs are introducing a system that decides by objective standards the inspection of goods that increases the speed of bureaucratic process and improve Customs' efficiency.

Mr Milà stressed the important job that the World Customs Organisation is developing in the field of trade facilitation with all these new projects and proposed that, at the next TFC meeting, a representative of the WCO involved in these projects could make a presentation to TFC members. Moreover, Mr Biagioni proposed that a representative of the French Customs could make a presentation regarding the Customs development in France.

At this point, Mr Milà reported on the new UNCEFACT structure and commented that the attendants could find a document regarding this subject in the documentation they received. Mr Milà explained that the impetus for the re-organisation of UNCEFACT started with the acceptance of the e-business strategy, the successful completion of the initial phase of the ebXML project in May 2001, and the subsequent proposal by the UNCEFACT Steering Group at the May meeting for a new organisational structure.

Mr Milà commented that five UNCEFACT Groups will be established to form the new UNCEFACT development structure: TBG (International Trade & Business Processes Group); ICG (Information Content Management Group); ATG

(Applied Technologies Group); TMG (Techniques and Methodologies Group) and LG (Legal Group).

The groups, continued Mr Milà, will structure themselves internally as they deem necessary to undertake their work, e.g. into Working Groups with Project Teams with physical and/or virtual membership. Designated experts will work in these Project Teams and be tasked with completing an approved project within a predetermined timeframe. In addition, standing project teams may be established for ongoing or recurring functions.

The next document discussed was a report on the current work by UNCITRAL in the field of electronic commerce, prepared by the UNCEFACT. The document, explained Mr Milà, referred to the fact that the UNCITRAL has been very active in the field of electronic commerce legislation for over 15 years. Mr Milà affirmed that the document stated that UNCITRAL is monitoring online dispute resolution systems currently being tested. UNCITRAL is also studing the need for adaptations to existing uniform legislative texts. Based on its unique experience in the field of dispute resolution, the UNCITRAL is finalizing the draft UNCITRAL Model Law on International Commercial Arbitration with a view to promoting the use of those instruments in electronic commerce.

Another document to discuss was the "Single window concept" that explains this concept and recommends its use to reduce non-tariff trade barriers and deliver immediate benefits to all members of the trading community.

The next UNCEFACT document discussed, was the "Implementation of Trade Facilitation in Transition Economies". Mr Milà noted that this document describes the problems that the transition economies are facing as they try to adapt to the new requirements of changing economies and to introduce trade facilitation measures.

The draft of the latest update of the "Recommendation No21 on Codes for Types of Cargo, Packages and Packaging Materials" was reported as well and Mr Milà noted that as soon as the final version was published, it will be sent to TFC members by mail.

Following the UNCEFACT documents, Mr Milà commented on the proposal for a "UNECE Trade Facilitation Recommendation on Providing Guidance to Implementators of Electronic Business" presented by the United Kingdom delegation and that the attendants could find inside the dossier. The proposal stresses that Governments should re-assess how electronic business is in practice implemented and used, and restate their objectives and means for its cost-effective deployment. This will help to transform performance in key economic sectors and will support a more profitable allocation of resources.

Mr Milà noted that this draft document was discussed at the last UNCEFACT Plenary and the UNCEFACT is already working to prepare a Recommendation based on it.

The next document discussed was the announcement by the UNECE regarding an agreement between the UNECE and SITPRO, an advanced electronic trade documentation system. Mr Milà delivered a CD of this software to the attendants.

This software system developed by SITPRO and named WebElec Tra, is an internet based software solution that enables traders to create, print and email trade documents that conform to international trade standards and best business practices. Traders can generate the documents in paper format or as electronic documents in UNEDIFACT or XML syntax for integration in to advanced e-business system.

The last document that Mr Milà reported on was the presentation on the "Global Facilitation Partnership for Transportation and Trade" that Mr Marc Juhel, the TFC member from the World Bank, sent to the TFC Secretariat in order to keep TFC members informed of the latest developments of this project. It was the presentation that he made at the "International Forum on Trade Facilitation" held the last week of May.

Agenda Item 4:
PARTICIPATION IN OTHER INTERNATIONAL COMMITTEES

Mr Arbós continued by reminding Attendants about the last TFC meeting's agreement on co-operating closely with the IAPH Committee on Legal Protection in the fields of electronic signature, codes of conduct, and best practices.

Moreover, he stated, following the request of the representative of the Committee on Legal Protection, it was agreed to prepare a first draft of a report regarding "UNCITRAL Model Law on Electronic Signature and Electronic Commerce". Regarding this point, Mr Arbós informed that the Port of Barcelona is already working on this. Mr Milà noted that the best input that TFC could add should be to read it themselves and give their opinion as e-commerce experts, avoiding giving a legal opinion on it. Mr Flanders added that it should be stressed when sending the report that it will be a user's opinion, not as legal experts.

Next, Mr Arbós commented on the offer made by Mr Raven to attend World Customs Organisation meetings. Due to the number of meetings attended by TFC members, Mr Arbós reminded them that at the last TFC meeting it was agreed that his reports could be very useful to the Committee but his attendance should be always in the name of TFC and co-ordinated by our Committee.

As attendants could see in the documentation, the Chairman had sent a mail to Mr Raven informing him about these final decitions of the TFC. Mr Arbós said

that in his response Mr Raven affirmed that he did not know, when making contact with Mr Kondoh, that the IAPH was attending WCO Permanent Technical Committee meetings regularly.

Moreover, he affirmed that as this Committee deals with most of the issues which are likely to interest ports, his attendance would have been a duplication and he did not think that he could add anything useful by representing IAPH at other WCO meetings,

Finally, Mr Arbós reported that Mr Raven added that he was at the IAPH's disposal to help in any other directions as he is a daily visitor to the IAPH offices in Brussels.

At this point, Mr Arbós noted that at the last TFC meeting, it was agreed not to participate in the user group for shipping lines and container terminals, "Ship Messages Design Group" (SMDG) meetings, and Mr Biagioni offered to report about the Minutes of the meetings of this organisation.

Mr Biagioni began his presentation by stating that several messages involving the movement of containers at the terminal were discussed and presented the meeting. As an example, he mentioned the COPRAR (Load/disload order for vessels); COAPRI (Load/disload confirmations) and VESDEP (vessel arrival and departure report). At the meeting, the participants were informed about the progress with the development of an XML directory and with the development of an XML version of the BAPLIE message. Presentations on the EDIFACT implementation in Japan and Southampton were also made.

Mr Arbós stressed the relevance of following up the activities and developments of this organisation, whose next meeting is taking place in Nagoya, Japan next October. The meeting agreed that it could be very useful if a representative of the IAPH could attend as observer. This representative could be from the IAPH Secretariat in Tokyo or Mr Biagioni, as TFC responsible for this organisation. The meeting agreed that the TFC Secretariat would make the request to the Tokyo Secretariat.

Agenda Item 5:
PROGRESS ON MARITIME ELECTRONIC STANDARDS

The Chairman commented on the next document included in the documentation, the "Challenges to Effective Adoption of the Extensible Markup Language" by the Committee on Governmental Affairs of the US Senate.

As Mr Arbós emphasised, it is a very good summary of the current situation of XML as well as its features and advantages. It clarifies that two types of standards are essential for effective use of XML across organisations in either the public or the private sector: 1.- technical standards, which define the basic rules for tagging, structuring, and displaying information and 2.- business standards, which provide the vocabulary and protocols for conducting business electronically.

The XML's technical standards – such as specifications for tagging, exchanging and displaying information - have been largely worked out under the auspices of the World Wide Web Consortium (W3C). These technical standards are focused on providing the generic structure and tools to tag data, transmit it over the Internet, and allow it to be processed by the computer systems that receive it.

Mr Arbós continued by explaining that business standards, though equally important, are generally less well developped, and reaching agreement on them is proving to be difficult when multiple communities of interest are involved.

The next item discussed at the meeting was the development of port XML standards.

Mr Milà commented that the Electronic Business Transition Working Group and the Techniques and Methodology Working Groups met in Barcelona from 20 to 24 May. The meeting was hosted by the TFC and IAPH through the Port of Barcelona. At this meeting the groups continued working on the development of the ebXML. The next meeting was to take place in September in Geneva.

Moreover, Mr Milà informed that the EDIFACT Working Group met in March in Barcelona, hosted as well by the Port of Barcelona and the TFC.

Mr Milà explained that during these meetings he explain the TFC project of developing Port standards and explained that the proposal was widwly welcomed among these Working groups. He emphasised that the organisation dealing with international standards and trade facilitation should be aware of this project as it needed to involve the representatives of the port community (International Chamber of Shipping, WCO, …). Moreover, Mr Milà explained that it was the right moment to develop such a project as the general XML structure is ready and what needs to be undertaken is the specifications for this general structure.

After a discussion among these present, the Chairman proposed to prepare a letter to be sent to Mr Satoshi Inoue, IAPH Secretary General. This letter should highlight the relevance of undertaking the development of the XML ports standards and underline that this is a strategic item for the IAPH. It is a great opportunity for IAPH to adopt a very important role, such as the "IATA" of the air sector. After preparing the letter, the TFC Secretariat will send it to the attendees for their suggestions and comments and then send it to Mr Inoue as soon as possible.

Agenda Item 6:
WORK PROGRAMME

As the most important issues to be developed by the Committee, the attendants concluded that they were the

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** limited to IAPH members only - if you need assistance in entering the Members Area with password, please contact us at info@iaphworldports.org*

above mentioned development of the port XML standards.

Regarding the IT Award, the Chairman noted that as agreed in the last meeting, Mr Flanders reviewed and made some changes at the IT Award leaflet. This new version was sent to the IAPH Tokyo Secretariat, which published it in the IAPH Newsletter and on the web-site.

The meeting agreed that the Secretariat should send a mail to Mr Kondoh reminding him that the IAPH Secretariat should nominate the Port of Durban representative for the Selection Committee. Moreover, Mr Luiz Henrique accepted an offer to take part in this Selection Committee .

Agenda Item 7: ANY OTHER BUSINESS

Mr Flanders asked attendants if they were aware of the "new computerized transit system" which has aims to track movement across European borders on a common computer system and that, as far as he knew, was starting in the UK and Spain. The attendants commented that they had not heard about this project before. The TFC Secretariat agreed to search for information about it and send it to the TFC members.

Mr Biagioni informed that there was another interesting project called "traffic 2000" on the tracking of dangerous goods. He agreed on sending further information to TFC Secretariat to be distributed to the TFC members.

Ms Roman explained that Mr Alan Long was asked to attend at seminar "Electronic Customs Forum", hosted by the European Union and held in Toledo last May. Unfortunately, Mr Long was not able to attend but as soon as the TFC Secretariat received documentation from the event it would be sent to TFC members

Mr Milà referred then to the leaflet included in the documentation regarding the the forthcoming seminar "ICT in Ports", which will be held in London on 18 and 19 September. Mr Milà pointed out that, due to the fact that he will make a speech representing the TFC and IAPH, the IAPH logo was included in the brochure of the event as a supporting association and the IAPH members will be given a special rate.

Mr Milà continued by stating that, as already explained at the last TFC meeting, on 29 and 30 May 2002, the United Nations Economic Commission for Europe (UNECE) held a Forum on Simpler Procedures for World Trade Growth and Development. It was held in collaboration with the United Nations Conference on Trade and Development (UNCTAD), the other UN regional economic commissions, the secretariat of the World Trade Organization (WTO), the World Customs Organization (WCO), the International Chamber of Commerce (ICC), and various other organizations with an interest in trade facilitation.

This event provided a neutral setting for decision-makers from industry and government to meet and exchange views on ways to advance trade facilitation in a coordinated manner in the new global trading environment. There were balanced representation of all regions in the world, bringing together a wide range of organizations and businesses with an interest in trade facilitation. Five hundred delegates from more than 90 countries attended. Mr Milà concluded that this Forum showed that the TFC is working in the right direction as most of the subjects discussed have been already reported at the TFC.

Agenda Item 8: ARRANGEMENTS FOR NEXT MEETING

Following an agreement to hold two TFC meetings per year, the Chairman commented that the next meeting should be held around November. As the Port of Marseilles had offered to host it, the meeting agreed that it should take place on 14 November with the visit to the port facilities in the afternoon of 13 November. Coinciding with the meeting, the Seminar "Mediterranean Sea Transport & Logistics" organised by Intermed, takes place on 12 and 13 November. The Chairman assured that as soon as the brochure of this Seminar became available, it would be sent to TFC members.

Renewal of ISGOTT (4th Edition) Under Way

IAPH PSEMO Chairman van de Laar invites port professionals to join and work together

ISGOTT (International Safety Guide for Oil Tankers & Terminals (4th Edition, published by Witherby, London, in 1996) is a joint product of ICS (International Chamber of Shipping), OCIMF (Oil Companies International Marine Forum) and IAPH.

At the initiative of OCIMF ISGOTT Revision Strategy Group, a kick-off meeting was organized on May 28, 2002 in London, attended by the representatives of the aforementioned three organizations as well as the experts from major oil companies and shipowners, such as, ExxonMobil, Chevron Texaco, Shell, BP, Norwegian Shipowners Association and experts of marine affairs.

IAPH was represented by Mr. Jan Gardeitchik of the Port of Rotterdam at the request of Mr. Fer van de Laar, Chairman, IAPH Committee on Port Safety, Environment and Marine Operation (PSEMO).

Confirmed by the meeting were:

(1) the Authors of the guide would continue to be IAPH, ICS and OCIMF in view that these three bodies could adequately represent the interests of industry functions connected with oil tankers and terminals,

(2) Style and format (of the 4th edition) was suitable, however, during the course of revision consideration should be given to alternatives where they could prove advantageous,

(3) Content: While both ICS and OCIMF noted that they hold a number of proposals for amendments and additions to ISGOTT, it was considered likely that a lot more information was still to be received.

A second meeting of the working group took place in London on July 19. At that meeting the participants divided up the work regarding the sections of ISGOTT that need to be revised.

Chairman van de Laar invites all relevant professionals with ideas for amendments to ISGOTT (4th Edition) to submit their ideas to him in his capacity of PSEMO chair, via Info@iaphworldports.org.

Chairman van de Laar further advises that they should also indicate whether they would wish to participate in the work of the IAPH part of the working group. They would then electronically (by e-mail) receive relevant material for comments.

Invitation from Tanzania

IAPH African/European Regional Meeting and Pan African Ports Conference in Ngorongoro

S.M.E. Luhigo
Director General
Tanzania Harbours Authority

UNTIL we wave 'goodbye' to you after the meeting in Ngorongoro, we will continue saying 'KARIBU', the fond Kiswahili word for WELCOME.

Tanzania anxiously awaits your arrival and has lined up a programme to impress everlasting memories on our ports and harbours fraternity.

During your brief stay in Tanzania in December, you will be able to assess takig in our challenging effort to bring into our normally busy ports and harbours executive a new look to our meetings and business.

From the sprawling port cities to exhilarating exquisite undisturbed flora and fauna, with all the settings of a very demanding executive, is Ngorongoro, where you will find top class amenities in wonderful natural settings and undisturbed wildlife.

We have concluded a meeting programme that will offer the rare privilege of exciting immersion in a potpourri of business and pleasure.

The six themes for the conference within the Africa-Europe and Pan African Ports Conference meetings have been confirmed. The IAPH First Vice President, Mr. Pieter Struijs leads a procession of port executives who will make presentations.

The African-European region will be meeting separately during these three days and so will the Pan African Ports co-operation sessions. But delegates to both events will share their time at the technical conference.

The business programme has been designed to give you enough working space and all the time you needed to slow down and recover by taking in the scenic surroundings, where birds and other small animals sing out fresh tunes during the day and other small animals sing out fresh tunes day and night for your endless listening delight.

The post conference programme has been committed to activities which would make one never want to leave.

Tanzania boasts national parks where wildlife is in sheer abundance. In fact some think the Serengeti in Tanzania must have been the final dock for Noah's Ark. Many people and most travelers go to the Serengeti to witness the world-reknowned wilde beast migration, and the largest lion prey ever known.

You can also celebrate with the breath-taking, but highly fascinating hot air balloon safaris, all of which our travel agents are more than prepared to organize for you.

So go ahead, and conclude your plan to be spoilt by our African hospitality. Do not let your spouses ask how it was-bring them along. There is more than enough business, animals, scenery and KARIBUs for all of you and us.

World Port Symposium in Kobe

Commemorating the 50th anniversary of the Kobe Conference

IN 1952, the 1st International Port and Harbour Conference was organized in Kobe by the Japan Port and Harbor Association (JPHA). Port executives from 16 major maritime countries were invited on the occasion of JPHA's 30th anniversary, and based on a resolution unanimously adopted at the Kobe Conference to create a permanent forum of world port authorities, the International Association of Ports and Harbors was formally founded as a non-governmental organization 3 years later when they met again in Los Angeles in 1955.

Commemorating the 50th anniversary of the Kobe Conference, JPHA has organized the World Port Symposium

Tokyo News Service's Website

Tokyo News Service, Ltd. has posted its website "S&TN OnLine" on the Internet. Provided on this homepage for easy reference are liner shipping schedules and related data extracted from Shipping and Trade News and Sea Sprite.
With use of the website initially being offered free of charge, we would like to invite you to sign up to access the latest updates on the homepage by first entering the information requested on the registration page.

S&TN OnLine

URL: http://www.tokyonews.co.jp/marine

Information posted: 1. Sailing schedules a. Liner shipping schedules (export/import) to and from Japan b. Liner schedules (export) from Asian countries other than Japan c. Feeder schedules to and from Singapore
2. Ship details 3. Telephone and fax numbers of shipping firms and agents 4. Surcharges 5. News (in preparation)

Tokyo News Service, Ltd.

Mr.Pieter Struijs

Mr. H. Thomas Kornegay

Ms.Datin Paduka O.C. Phang

on October 18 to discuss emerging trends and challenges for ports in the new century. The historical aspect will be introduced at the Symposium by a Kodan (Japanese traditional narrative) storyteller as "Samurais of 1952 Kobe Conference."

Mr. Pieter Struijs, IAPH's 1st Vice President and Executive Director of Rotterdam Municipal Port Management, has been invited to make a keynote speech, "A Port Strategy as Logistics Hub". Mr. H. Thomas Kornegay, IAPH's 2nd Vice President and Executive Director of Port of Houston Authority, and Ms. Datin Paduka O.C. Phang, IAPH's EXCO member and General Manager of Port Klang Authority, will be part of a panel discussion

Visits

Mr. Struijs talks with WCO

ON September 2, Mr. Pieter Struijs, IAPH 1st Vice President/ Chairman of the IAPH/IMO Interface Group, and Mr. Peter Mollema, Rotterdam Municipal Port Management, met Mr. Kunio Mikuriya, Deputy Secretary General of World Customs Organization, in Brussels. Subject of the meeting was the WCO Task Force on Security and Trade Facilitation. As reported in August 22 issue of the Online Newsletter, IAPH has appointed Mr. Peter van der Kluit as delegate to this Task Force.

The Task Force has to make measures contemplated in the Resolution of the Customs Cooperation Council on Security and Facilitation. In the beginning of December 2002, the Task Force shall report about the progress made with the development and implementation of this Resolution. The purpose is to ensure that by June 2003, the WCO Data model is re-examined to ensure it includes a standardized set of information necessary to identify high-risk goods.

During the meeting the IAPH delegation learned that recently the IMO got into contact with the WCO about pre-screening of import containers and that the Container Security Initiative of US Customs (aimed at intercepting terrorist weapons prior to their shipment to the United States) will be introduced on a world scale. Mr. Struijs and Mr. Mollema in particular were happy with the statement of WCO that the organization did its utmost to defend trade circumstances. All activities to improve security should not hamper trade. They agreed that on October 15 an IAPH representative should participate in a WCO-meeting about security in Brussels. Subject: of the meeting is 'Security from a Port's Perspective'.

(Tie Schellekens, Rotterdam Municipal Port Management)

Please send us your latest information!

Entry forms for IAPH Membership Directory 2003 sent to members.

ENTRY forms for the IAPH Membership Directory 2003 were sent to members by email/postal mail on September 3. Please update the previous data in an MS Word format attachment. Kindly include your latest information and return it to us by October 31, 2002, even if there is no need to update. Thanks to the assistance and cooperation of members, 208 of 225 Regular Members and 103 of 114 Associate Members responded to our call for the 2001 edition. Of course, there is no charge for listing in the directory, which is widely distributed to IAPH Members, maritime organizations, their business partners and others.

If you have any questions, please contact us at: ***directory@iaphworldports.org*** .

Both IAPH members and non-members are welcome to place an advertisement in the IAPH Membership Directory. For more information and to order, please visit our website at ***http://www.iaphworldports.org/dir03.pdf*** or send us email at ***directory@iaphworldports.org***

Membership Notes

New Member

Associate Member

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Website: http://www.ictsi.com
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Changes (Major changes are highlighted.)

Member's Matters

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Kobe Port Terminal Corporation (Japan) [Regular]
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Mr. Motonori Hashima (Japan) [Class E]
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Port of Palm Beach District (U.S.A.) [Regular]
Executive Director: Mr. Richard Wainio

Tokyo Port Terminal Public Corporation (Japan) [Regular]
Executive President: Mr. Teizaburo Seta

Saeki Kensetsu Kogyo Co., Ltd. (Japan) [Class A-2-1]
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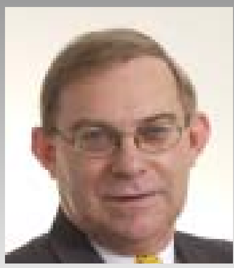
An Australian Perspective on Changes in the Port Industry



by

John C. Hayes

General Manager, Property and Planning
Sydney Ports Corporation, Australia

This is the last paper of the late Mr. Hayes among the number of his great works. He finalized it just before his hospitalization for the PIANC Bulletin No. 111-2002. We deeply appreciate the courtesy of International Navigation Association (PIANC) for their kind permission of the reproduction in "Open Forum".

1. INTRODUCTION

Though containerisation in the late 1960s/early 1970s improved the productivity of Australia's major commercial ports, by international standards the ports remained notoriously inefficient and the services they provided were relatively expensive.

The most common criticism was that service was unreliable (as well as slow). For example, Australia's waterfront was often idle due to stoppages by the labour force. The nation's export competitiveness was said to be constrained by "effects on trade of the direct and indirect costs of inefficiencies in the waterfront industry and the effects of unreliability."

In the early 1980s, the British Government launched an attack on the inefficiency of its ports operating under the National Dock Labour Scheme. This action attracted attention in Australia and New Zealand.

In September 1984, the New Zealand Ministry of Transport published a discussion doument dealing with "the transport, handling and related (onshore) costs of goods carried by sea." Submissions were invited and responses identified "a myriad of diverse issues and problems, covering all links in the onshore transport chain." When categorised, the views of respondents led to establishment of a series of priorities for active attention:

First priority: the structural and institutional framework of the ports industry.
Second priority: land transport up to/from the wharf gate; and waterfront practices.
Third priority: the land/wharf interface.

The outcome of further discussion and review was the introduction to the New Zealand Parliament in 1987 of the 'Ports Reform Bill' which, when enacted, transformed Harbour Boards into Port Companies and introduced competition into the stevedoring industry.

Ever watchful of initiatives being taken by its neighbour across the Tasman Sea, Australia also embarked on a review in 1984 by establishing a Task Force of industry leaders to:

- examine the overall efficiency of the movement of cargo between point of despatch/receipt and shiploading/unloading.
- identify those factors which inhibit maximum operational efficiency of the total system.
- determine practical measures which would increase operational efficiency and lower the cost of land-based elements of the movement of cargo by sea.

The chief focus of attention was to be the "movement of cargo in containers."

When the Task Force reported in June 1986, it recommended reforms in all sectors of industry involved with movement of containerised cargo onshore. For implementation of its recommendations it proposed the establishment of an industry body staffed by a small secretariat and funded by "the main groups and beneficiaries in the industry."

Moving more slowly than its New Zealand counterpart, the Australian Government opted in December 1986 for more investigation. Rather than act specifically as the Task Force had recommended, the Government appointed four bodies and assigned to them "the task of addressing problems in every area of waterfront-related activity:

- management and work practices and employment issues.
- commercial practices, documentation and communications.

- port and rail matters.
- issues affecting importers/exporters.

A Government agency known as the Interstate Commission was given an overseeing role and required also "to formulate a long term integrated industry plan to enable the industry to efficiently meet requirements for the handling, storage and movement of .... cargo through Australian ports."

It took until March 1989 to complete the further investigation. At that point, a plan for reform was released by the Interstate Commission. In the broad, the plan was adopted by Australia's Federal and State Governments. The theme of the plan was "a better deal for shippers."

Under Australia's federal system, port administration is a responsibility of the States whereas industrial relations in the context of cargo handling is a Federal Government responsibility. To implement the 1989 plan, State Governments undertook to address the reform of their port authorities while the Federal Government dealt with labour reforms in the cargo handling sector.

State Governments upheld their commitment and by the mid 1990s many of Australia's port Authorities had been corporatised. Labour reforms also progressed throughout the 1990s accompanied by a steady improvement in productivity at Australia's container terminals.

As an example of microeconomic reform, the process adopted in Australia slowly but surely delivered the desired results - shippers got their "better deal." While it could be argued that Australia needed 15 years to get to where New Zealand was after 5 years, the fact is that ports in both countries, having once been notorious for their inefficiency, are today performing as well as others of equivalent size in developed countries elsewhere in the world.

A closer examination of the changes introduced in Australia's ports since the mid-1980s follows.

2. PORT ADMINISTRATION

Australia's State Governments had begun addressing the performance of their port authorities before the main thrust of inquiry began with establishment of the Task Force on Shore-Based Shipping Costs in 1984.

However, with regard to port authorities the Task Force homed in on two issues:

- lack of commercial orientation.
- reluctance to exercise influence beyond port boundaries.

In the main, Australia's port authorities were (and continue to be) landlords, with the majority also responsible for control of navigation within their ports.

NSW Example

Ports in the State of New South Wales (NSW) had been administered since 1935 by a statutory authority known as the Maritime Services Board of NSW (the "MSB"). By the early 1980s, the MSB had become a complex organisation employing in excess of 3000 staff. Its roles included:

• port infrastructure development.
• bulk cargo terminal operations.
• harbour control (vessel traffic management).
• pilotage.
• regulation of boating on navigable waters.
• waterfront property management.

As a landlord, the MSB traditionally contracted out to the private sector the operation of most of the facilities required for handling containerised and break-bulk cargo.

Concerns began to emerge about the efficiency of the MSB after it raised port charges by 10-11 % each year from 1976 to 1981, then by 21 % in 1982 and 13 % in 1983. The increases were funding a massive program of investment in port infrastructure and bulk cargo export terminals.

Representations to the State Government by industries affected by the increased port charges caused the Government to undertake an efficiency audit of the MSB. The audit, completed in 1983, found that the MSB lacked commercial awareness in that it was intent on continuing its spending program without regard for the financial impacts on import and export trade.

Initial steps were taken by the Government to overhaul the organisation. Under a new Board and management team, the MSB began in 1984 to display a more commercial approach. It took five years to bring the organisation under control and place it on a more businesslike footing. Then, in 1989 a second wave of reform was introduced in terms of a 6-point plan:

• establishment of separate subsidiaries of the MSB responsible for the management of the State's major ports, Sydney, Newcastle and Port Kembla.
• encouragement of more private sector involvement in port development and operation.
• reform of pricing structures along user pays lines.
• streamlining of central management.
• separation of commercial and regulatory functions.
• greater emphasis on strategic planning.

A five year timetable was established for granting each port subsidiary autonomy.

In the space of the following five years, the MSB was reduced from an organisation employing approximately 3500 staff to one employing 600. This was achieved by privatising:

- bulk terminal operations
- provision of pilotage services (Sydney only)
- asset maintenance

and by offering generous voluntary separation packages to staff considered redundant.

By mid-1995, the MSB subsidiaries were ready for autonomy. At this point, the State Government enacted legislation to wind-up the MSB and transform each of its subsidiaries into an independent local port corporation.

The present-day port corporations in each of the NSW major ports operate according to a business model. Each is lean and efficient.

Since 1986 there have been no increases in port authority/corporation charges in NSW. Actual reductions have been granted in many cases to reflect the lowered costs of port administration. In Sydney, for example, port authority charges in 2002 are - in real terms – 53 % lower than in 1990.

The port corporations have a well-defined charter and each year enter into an agreement with the State Government on their financial plans for the ensuing period. Though 100 % State-owned, they are tax-paying entities with no financial dependence on the Government's central budget. In each case, an agreed percentage of profit is distributed to the Government as a form of dividend payment.

The NSW port corporations operate within the portfolio of the State's Minister for Transport. Close interaction among the agencies within the portfolio ensures that port planning is suitably integrated with road and rail infrastructure planning.

Criticism regarding the reluctance of port management to exercise influence beyond port boundaries has now been totally dispelled. For example, Sydney Ports Corporation is actively involved in logistics chain management and, among its various projects, is currently preparing to develop a major 'dry port' on a site it has acquired some 20 kilometres inland from the waterfront.

3 CARGO HANDLING

3.1 Waterfront Reform

Adoption by Australia's Federal Government of the Interstate Commission's plan led swiftly to reduction in the size of the waterfront (cargo handling) labour force through introduction of a redundancy scheme funded by employer contributions and a levy on tonnage.

In a statement issued on 1 June 1989, Australia's Minister for Transport and Communications announced that the Government would be pursuing change in the stevedoring industry -

"where there will be a fundamental change in employment arrangements shifting from the current practice of industry-wide employment to enterprise-based employment for stevedoring labour."

Prior to the introduction of containerisation, approximately 21,000 workers were employed handling break-bulk cargo on the Australian waterfront.

By 1989, the number had reduced to 5,000. For rejuvenation of the labour force, the Government sought to have 3,000 of these employees leave the industry over three years while 1,000 new employees no older than 30 were recruited and trained.

The plan for reform and the success in implementing it are well documented.

Stevedoring performance reporting was adopted at the time of implementation of the Interstate Commission's plan. Each quarter from September 1989 until September 1992, the progress of reform was tracked by a body known as the Waterfront Industry Reform Authority which had been set up to oversee the detailed development and implementation of the plan.

Since July 1994, monitoring of progress in all facets of port industry reform has been undertaken by Australia's Bureau of Transport and Regional Economics. In the main area of interest, container terminal productivity, records have been published for each quarter since December 1989. These show that, on average for Australia's five major container ports, the "crane rate" was below 15 lifts per hour in 1989 and, by 1998 was still less than 20.

A dispute in 1998 between one of Australia's major container terminal operators (Patrick) and the Maritime Union of Australia precipitated a surge in efficiency. For some time, the Australian Government had been stressing that an average crane rate of 25 lifts per hour was needed to bring Australia's container terminals in line with international good practice.

Fine tuning of work practices resulting from resolution of the 1998 dispute saw the milestone of 25 lifts eventually achieved in the year 2000. At the end of 2001, the average crane rate was 26.3.

3.2 Landside Distribution

In April 1992, an Australian Parliamentary Committee published a report which stated "almost eight years after the extravagances and inefficiencies of the transport chain from the warehouse to the wharf began to be exposed (by the Task Force on Shore-Based Shipping Costs) little has been done to remove them."

This Committee went on to recommend a range of measures designed "to improve the efficiency and performance of the sea/land interface."

Until efficiency improvements on the actual waterfront were satisfactorily achieved, reforms in the field of landside distribution failed to receive the priority they deserved. With pressure off the waterfront following the 1998 dispute, changes in landside distribution practices began to emerge. Vehicle booking systems were introduced at Australia's busiest container terminals and intermodal depots began to spring up at railheads well inland from a number of the major ports. Shuttle train services began competing with road haulage for cross-metropolitan movement of containers. In Sydney, one in four containers is now railed between origins/destinations in the hinterland and the port. Five years ago, the equivalent figure was one in eight. Forecasts suggest that, within the next 15 years, 40 % of Sydney's containers may be entering or leaving the port by rail.

Each Australian State has established a Sea Freight Council to enhance export competitiveness by facilitating cargo chain logistics. These Councils bring together senior representatives of all interest groups associated with cargo chain activities.

One of the most significant changes in recent times has been in the rail transport business. In the mid-1990s the private sector was granted access to Australia's railway network under a policy designed to foster competition. New entrants to the provision of rail transport services for containers ranged from companies which drew upon experience in the transport field to companies whose main expertise was in the management of container terminals or depots. These companies started out by competing against government-owned operators. In early 2002, the freight rail operations of the Federal Government and NSW Government were privatised, the successful bidder having been a joint venture between two companies with extensive interests in ports throughout Australia. The new venture has stated its objective as "to dramatically improve above-rail operations share of the domestic and international freight market and to deliver very significant productivity improvements to existing rail users." This integration of a large share of Australia's rail freight business with a large share of the nation's sea cargo handling business is the first major move towards matching the efficiency of landside distribution to the new-found efficiency of the waterfront.

3.3 Related Issues

Restructuring of Australia's port industry is continuing, with attention currently focussed on towage and pilotage services and on the potential for automating aspects of container terminal operations.

Towage and pilotage have been affected by a decline in the number of vessels requiring these services to the degree practised in the past. Consequential increases in the unit costs of providing towage and pilotage services have threatened the viability of several operations. Price increases have not been welcomed in a climate where there have been reductions in most other areas of port service.

Success in improving the operational efficiency of Australia's container terminals has allowed State Governments to continue deferring capital investment in new terminal infrastructure. In Sydney, for example, it was considered in the mid-1990s that construction of additional container handling capacity would need to be commenced in 1998 to accommodate anticipated trade growth. Though trade growth has exceeded the forecasts available in the mid-1990s, the efficiency improvements witnessed since 1998 have allowed deferral by at least seven years of the commencement of construction of a planned new terminal. Detailed technical and environmental studies for development of such a terminal are now progressing.

3.4 Outlook

In 1993, Australia's Bureau of Transport and Regional Economics developed an indicator "to assess whether the interface is becoming more efficient and assess whether the improvements in interface efficiency were being passed on to users in the form of lower costs." Known as the 'National Port Interface Cost Index', this measure stood at A$691 per TEU for imports and A$613 per TEU for exports in December 1992. In December 2001 the equivalent figures were A$650 per TEU for imports and A$595 per TEU for exports. The real reduction over the 9 year period amounts to 31%, verifying that Australia's importers and exporters have indeed gained a considerable benefit from port and related reforms. Shipowners have also benefited through a reduction in ship turnaround time. The average turnaround time for container ships at Sydney is now 32 hours compared to 42 hours in 1993.

Looking ahead, there is one obvious area where potential exists for erosion of some of the gains achieved through efficiency improvements. Since 11 September 2001, much attention has been focussed on tightening the security of goods in transit, part of which has required intensification of security measures within port perimeters. Steps already taken at the local port level have not yet added significantly to the cost of port services. However, Australia is participating in IMO deliberations on the enhancement of ship and port security. If it was to occur, introduction of a harsh regime of controls and inspections could impact heavily on the cost of moving cargo. It will be important for preservation of the "better deal" now being enjoyed by its shippers for Australia to avoid adopting a disproportionately costly system of security measures.

4. DISCUSSION AND CONCLUSIONS

Changes over the past $1^1/_2$ decades in the port industry in Australia have delivered most of the benefits recommended by the Task Force review of 1984-86.

Port administration, waterfront and interface efficiency and landside distribution have all been addressed during the reform process.

While there have been several cases where ports in Australia have been privatised in their entirety during the course of change, the nation's major commercial ports remain in the hands of State-owned landlord/strategic manager entities.

A long history of service provision by private sector operators obviated any significant need for Australia to follow the path seen in other nations where port reform has meant relieving government of responsibility for operating ports and with this, transferring labour into the private sector.

When the UK and then New Zealand set out to reform their ports, all decisions in each case could be made by a national government and the task was largely one of transferring assets and labour from a wholly public system of "operating ports" to a totally new wholly or semi private system.

The port reform process in Australia was more protracted than in the UK or New Zealand largely because of the prominent role historically played in Australia's ports by the private sector. The tiered, federal system of government in Australia was a further complicating factor.

The experience possessed by stevedores and terminal operators in Australia has contributed to the spread of privately operated terminals around the world. In this regard, P&O Ports (a company which originated in Australia) is among the leading operators who have pursued opportunities offshore as nation after nation has gone about privatising the delivery of container terminal services.

As a wave of port industry reform continues to impact on the few remaining maritime nations not yet committed to change, the lessons learnt in Australia can be a valuable aid to the decision-making required. Australia's port reform process has been extensively documented and continuously monitored. The bibliography which accompanies this paper is a relatively brief list considering the wealth of material published during the course of relevant debate within Australia.

The challenge to achieve "a better deal" for Australia's shippers, and - with this - to improve the nation's export competitiveness has been met with a strong and effective response from port industry employers, labour and relevant government agencies. The new challenge is to keep moving forward seeking further efficiency measures.

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Trends in Container Transport

- The modal split -

By
Michel Darche
Director of Development
Port Autonome du Havre

THE IAPH conference held in Piraeus in January 2002 was the occasion to briefly present the Port of Le Havre point of view about the problems linked to the combined transport of maritime containers. This article proposes to go further into the description of the connection between the ports and their hinterland.

The inland transport to/from the hinterland of the ports : a key point in the supply chain

First, it is interesting to present the estimated breakdown of the cost of transport for a 40' container from one point (e.g. Lyon in France) to another (e.g. Atlanta in the USA) in the world. These figures stress the importance of the whole cost of inland transport, the amount of which is up to 36% of the total cost and no less than 20% between Lyon and the port of Le Havre in France. Unfortunately for the ports, they do not control these costs.

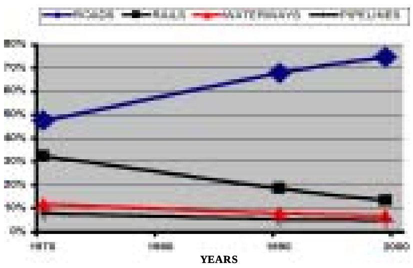
Inland transport Lyon to Le Havre	**20%**
Terminal Handling Charge in Havre	5%
Maritime transport	38%
Terminal Handling Charge in Charleston	21%
Inland transport Charleston to Atlanta	16%
TOTAL	100 %

This example confirms that, more than the handling charges in the port, the key factor of the competitivity of the ports is a cost-efficient means of inland transport.

Facts and figures

Having said that, let's have a look at some other figures. The graph hereunder indicates the broad evolution of the European freight transport modal split. It clearly appears that transport of goods by road is expanding far more than the transport by rail.

European Freight Transport Modal Split
(in tonne.km)



From : Revue de la Navigation January 2002 (European Union :15 countries)

Concerning the European ports (see chart hereunder), it is relevant to stress the fact that the modal split of the inland transport of containers is mainly in favour of the road, particularly in the Port of Le Havre. Thanks to the Rhine river, the ports of Rotterdam and Antwerp have had the opportunity to develop quite a considerable barge traffic.

In the port of Le Havre, the transport of containers by rail has not been able to follow the pace of the traffic growth.

Modal Split of Inland Transport of Containers
(in TEU)
Year 2000

	Rotterdam	Anvers	Hambourg	Le Havre
Road	48.00%	61.00%	63.00%	85.00%
Rail	13.00%	10.00%	37.00%	12.00%
Barges	39.00%	29.00%	0.00%	3.00%

It is today evident that the rail has high difficulty to compete with the speed and the reliability of the road. And barging is limited to the Paris area through Seine River which is very much a road distance.

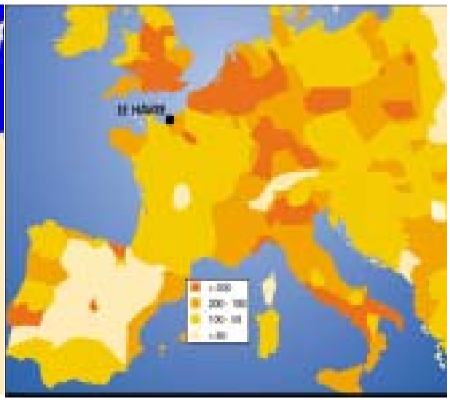
Let's cheer up with another example. The port of Le Havre operates a rising roll on-roll off traffic of vehicles. This traffic increased from 400,000 vehicles in 2000 to 600,000 vehicles in 2001. Modal split is 6% for rail and up to 30% for barges. Why is there such a difference between the modal split of the container traffic and the one of the roll on-roll off traffic of vehicles? The success of the transport of vehicles by barges is mainly due to the fit between infrastructure, the Seine River,on one side, and the market, many Renault car factories and distribution centres set up along the Seine river with one unique door-to-door freight forwarder (CAT), on the other side, both supported by the quality of services and infrastructures in the port. The Port Authority and its partners, stevedores and barge operators, working in close relationship, can assure the best service and offer competitive prices to a single shipper. Moreover, the Port Authority heavily invests in new infrastructure: a berth and a platform. Consequently, the barge transport of cars in Le Havre is successful. The Port of Le Havre Authority is aware of the factors of success: few actors with an evident will to work together, a well-maintained, efficient and non-saturated means of transport, the Seine river, and a close market.

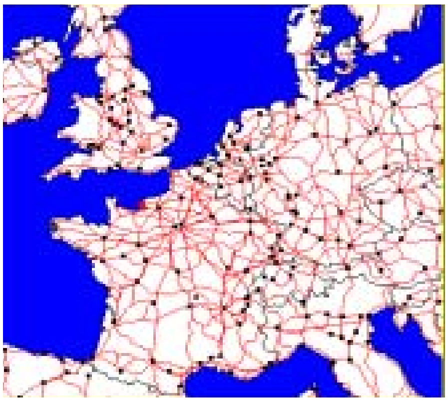
The requirements for a successful transport mode

The experience of the port of Le Havre helps us to define five criteria which are essential to support and to develop inland transport services :

Competitivity – Reliability – Flexibility – Transit time – Development capacity

Therefore, the success of train or barge services depends on the quality





of the infrastructure and on the efficiency of the operators, and still relys heavily on the market structure.

The situation in Europe

But what about the situation in Europe? The three maps hereunder point out the problems met by Europe because of some of its geographical characteristics.

First of all, we notice that North West Europe is served by numerous ports. The consequence is a rough competition between ports of the North West range, from Le Havre to Hamburg. So shippers, forwarders etc... can (theoretically) bear pressure on all costs, especially the costs of inland transports. In this range, the port of Le Havre benefits from an ideal geographic location within the central part of Europe. It usually is the first or the last port of call for transoceanic mother-ships. So the Port of Le Havre provides the shortest transit times for the commercial exchange with all other continents.

The second point, is that the density of population is not equally shared out among the different European regions : the high density zones spread from the North West regions to the South East onesare seen as a “blue banana” by our fellow cosmos flyers.

Finally, we must mention the existence of a dense and well-maintained network of roads and motorways.

Because of high density zones of inhabitants and of a good network of roads serving rather short distances, the worst road congestion occur in North of Europe. In view of the expected traffic growth in the coming years, it is absolutely necessary to reduce the volume of road traffic. The only answer to this problem consists in increasing the volume of goods carried by barges or by trains.

Carrying goods by barge comes upagainst a network very much depending on physical geography. It is obvious that the latter cannot be easily extended.

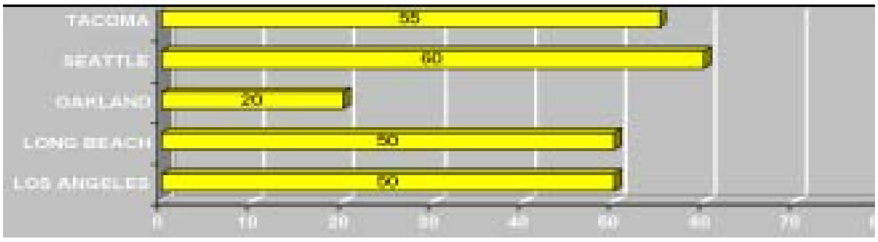
The extension and the linkage of the different basins of the European rivers would demand heavy investments and we doubt these works would be cost-efficient on the basis of the container traffic only.

The other way to bounce the traffic of goods inside Europe, will be to develop the rail. Historically, the railway networks from the different European countries were obviously not conceived to be connected with each other. Are the historical state-owned operators motivated to come up with the solutions which will truly allow trains to cross the European Union? Whatever the economic and social behaviours are, the development of an European railway network is also slowed by technical problems.

In Europe, it is assumed that the maximum distance for transporting goods by road is about 500 km. The map hereunder shows that almost every spots in Western Europe is within this 500-km radius from a port.

Consequently, public and private firms competing fiercely in the railway logistics and the long-distance transports, are not very keen on experimenting new systems.

We must also notice that in Europe, the freight traffic is restricted by the heavy passenger traffic. This traffic is of course mainly concentrated around the biggest cities, the ones that generate the biggest freight trade …



From : miscellaneous (Port Authorities, International Transport Journal ...)

The American example

Compared to the European ports, the part taken by rail to/from the American ports is a lot higher. The figures hereunder give evidence that the 1980's “Staggers Act” which liberalised the US rail system, has been a success. Since 1980, the freight traffic by rail has increased by 47%.

The main reason is a good productivity of the rail compared to the road. This is due to the long distances between ports and between ports and economic centres. It is also noticeable that the rail system is managed by few operators, only five “Class 1”. The US network which is not electrified with few tunnels, allows containers to be transported in double stacks. Moreover the market is good enough to authorise rail operators to heavily invest. Operators do not hesitate to invest several million Dollars in order to enlarge the gauge of tunnels. These last 15 years, rail operators went on modernising their facilities. For example, the building of the Alameda Corridor in Los Angeles cost 2 billions Dollars. This corridor is 20 miles long with 2-3 tracks; this new facility directly connects the ports of Los Angeles and Long Beach to the Union Pacific and Burlington-Santa Fe marshalling yards. It saves 24 hours by speeding up the railway traffic and avoiding the interruption of the road traffic. The investment was paid by the two ports and the City of Los Angeles and will be paid out by a $15 fee on each container.

In the East part of the USA, Norfolk Southern Railway projects to build a 16 Million Dollars terminal dedicated to the Port of Philadelphia. Norfolk Southern Railway manages a 35,000-km network in 22 states.

And so on.

A French example

The Port of Le Havre and its partners are strongly convinced that it is not possible to enlarge the port hinterland without being active in the railway market . That is the reason why Le Havre Shuttles Company (LHS) was created in April 1998 following the initiative of the Port of Le Havre Community in order to meet its customers’ requirements. Le Havre Shuttles contributed to the development of the combined transport to and from the port of Le Havre. Now four shuttle services dedicated to the transport of maritime containers, link Le Havre with Lille, Strasbourg, Dijon and Milano. Among others, the Strasbourg shuttle grew up from 1,500 TEU in 1997 to 12,240 TEU in 2001.

Likewise, the port of Le Havre, through its interest in a multimodal terminal in Paris, has developed with a stevedore and a barge operator a barge service, that connects the Port of Le Havre to Paris. The service was created in 1994 and it carried 39,000 TEU in 2001. There are three return trips every week. One barge has a 400 TEU capacity.

The port of Le Havre commitment in developing the transport of containers by rail and barges also applies within the new Port 2000 facilities. The port extension will include 12 berths for ships up to 12,000 TEU. The first four berths will start operations in 2004 and the next twoearly 2006. Port 2000 is based on the handling of large volumes of containers loaded /unloaded to/from bigger ships connected to mass inland transport by rail and river. The port facilities will need to be adapted for the new scale of operations with ships getting bigger.

So the port 2000 development scheme includes new rail and river terminals with on-site road links and heavy investments in and outside the port area as far as the Paris region.

By 2010, both rail and barge traffics are expected to be multiplied by a factor of 3 to 4.

Four reasons for hope

In Europe already today, some regions are permanently stuck in traffic jams. It is obvious for everybody in charge of inland transport that something is to be done.

One of the first answer will be the European reform which will liberalise the international rail transport: in 2003, any European rail operator duly licensed will be authorised to serve France from another country or vice versa. A complete liberalisation for rail freight transport is planned by 2006 to 2010.

Consequence of liberalisation, new players will propose new multimodal services. Port communities, shipping companies, stevedores and historical operators are among expected investors.

These actors, together with local partners, will also be willing to invest in a network of dry ports providing efficient handling and logistic services.

But all of this will not work without the development of infrastructures dedicated to the freight transport. Three projects are under study: in France, a North of Paris by-pass, in Belgium, the Steel Rhine Line and in the Netherlands, the Betuwe Line.

The Economic Consequences of Terrorism

PART 2

Continued from September 2002 issue

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Increased shipping costs: is there a trade-off between efficiency and security?

IN the days following the 11 September terrorist attacks, the air transportation system was shut off for four days and the Port Authority of New York and New Jersey closed its operations for two days. More generally, the US transportation system was subject to severe disruptions largely resulting from the tightening of security measures. The most severe disruption occurred at the US-Canada land border, where on average half a million vehicles and $1.4 billion in bilateral trade cross each day. There, beside the opportunity cost of long waits, the slowdown of border crossings had a strong impact on the operations of firms, especially in the automotive industry, where the breakdown of just-in-time supply chains led to several factory shutdowns on both sides of the border.[23] As security measures were gradually lifted, and more security personnel was hired, the flow of trucks across the land borders was brought back close to normal, with the average crossing time only slightly longer than before the attacks. The signing in December 2001 of the US-Canada "smart border" initiative to facilitate trade through improved technology, co-ordination and information sharing helped in this regard.[24]

Beyond the short-term impact, tighter security requirements and a series of surcharges have also affected the cost of transporting goods by sea and air. For international sea shipments, this has included notification requirements, more frequent Coast Guard inspections and tugboat escort obligations, which have resulted in increased costs and longer waiting times. For airfreight, higher security-related costs at airports led to the application of security charges, higher commercial insurance premia and war surcharges for certain sensitive regions (Box 5).

In spite of the new security requirements, six months following the attacks most available indices showed little evidence of an increase in shipping costs and some of them had declined. Maritime shipping rates increased by 5 to 10 per cent on average in the two weeks following the attack, but that rise was soon reversed. Airfreight rates, on the other hand, were about 10 per cent higher in late 2001 than before the attacks.[25] Given the sharp deceleration of aggregate demand observed since 2000 and the drop in fuel costs following the attacks,[26] a sharper decline in freight costs should have occurred (Figure 12). The relative resilience of

Box 5. New security measures and surcharges

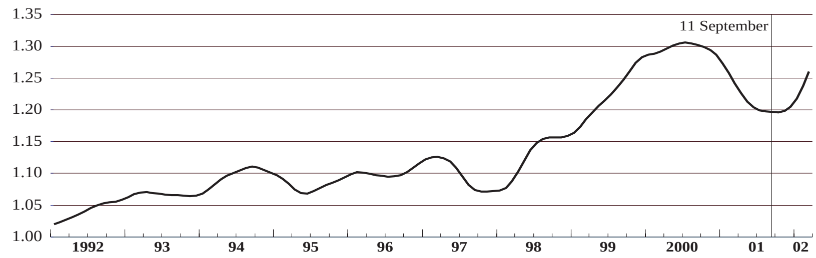
BEYOND the closing down of borders, tighter security requirements and a series of surcharges have affected the cost of transporting goods in the aftermath of the attacks.

Both Canada and the US have instituted a mandatory 96-hour advance arrival notices for ships (up from 24-hour before the attacks) and more frequent onboard Coast Guard inspection of crews and cargo. Also, ships have had to travel at lower speeds inside US harbours, flanked on each side by a tugboat (escort requirements), at a cost of between $1000 and $1500 per ship. Notification requirements have also been tightened, with additional information required for ships arriving or departing US ports.

Higher security-related costs at airports led to the application of security charges by airlines in the range of $0.10 to $0.15 per kilogram of cargo in North America, Europe and Asia.

Commercial insurance premia were raised for both sea and air cargo, by between 0.03 and 0.05 per cent *ad valorem*. Terrorism insurance became largely unavailable. War surcharges have been applied to ocean freight cargo transiting the Middle East, Red Sea, the Suez Canal and the Eastern Mediterranean. Besides neighbouring countries, this has also affected important Europe-Far East trade lanes.

Figure 12. Transportation costs [1]
Cass Price Index



1. "Transportation costs" refer to an implicit price index based on the Cass Information Systems index of the transport industry in the United States (see www.cassinfo.com/frtindex.html for details). The index is calculated as the ratio between shipment expenditure and shipment volumes, is seasonally adjusted and slightly smoothed.
Source: Cass Information Systems and OECD.

23. See Andrea and Smith (2002).
24. In March 2002, a similar initiative for the US-Mexico border was unveiled.
25. The Bank of Japan estimates that the international air freight transportation cost index in December 2001 was 11.2 per cent higher than three months earlier. Ocean freight rates on the other hand, were down 1.2 per cent over the same period (Bank of Japan Monthly Report on the Corporate Service Price Index, December 2001).
26. According to the Air Transport Association, the average price of fuel used by the US airline industry has fallen from 92.2 cents a gallon in December 2000 to 79.6 cents in September 2001 and 60.1 cents in December 2001. Fuel costs account for between 10 and 15 per cent of total operating costs in the US airline industry -- compared with 0.3 to 0.6 per cent for insurance costs and 1.8 to 2 per cent of total operating expenses for landing fees.

freight rates, despite lower fuel costs and under-utilised shipping capacity, would tend to suggest that underlying transportation costs may have increased.

Even though transportation is subject to more security screening than before the attacks, especially air transport, some observers remain concerned that US borders are still too porous and that, as a consequence, the country is vulnerable to further terrorist attacks.[27] Permanently tighter security measures have been advocated to make the borders less permeable. For example, the US Coast Guard has proposed to the International Maritime Organisation a series of measures for the prevention and suppression of acts of terrorism against shipping, and the US Customs Service launched an initiative to increase the security of containers, which account for some 60 per cent of the volume of world trade. Work has started in partnership with authorities responsible for 20 large ports that account for two-thirds of the containers shipped to the US.[28] This involves improved procedures and technology, requiring significant capital investment in ports, ships and containers. Cargo originating in one of these ports would be able to go through more expeditious custom procedures when entering the US, effectively zooming through a "fast lane".

These proposed new security requirements are likely to affect the cost of transporting goods across borders, through both higher direct costs and longer delivery times. Affordable airfreight and the decline in overall shipping costs have been important factors shaping supply chain management over the last decade. A number of industries have internationalised their supply chains and introduced just-in-time systems, most of them highly dependent on the speed and reliability of delivery provided by an efficient transportation system. This has increased opportunities for global specialisation of production and allowed a reduction in business inventories and their related carrying costs (Box 6). This greater openness to international trade has contributed to the increase in productivity levels over the last decade, and has therefore helped increase potential output.[29] It

27. See Flynn (2002).
28. These "megaports" include, inter alia, Bremerhaven, Genoa, Hong Kong, Kaohsiung, Pusan, Rotterdam, Shanghai, Singapore, Tokyo, and Yantian.
29 . See Bassanini and Scarpetta (2001).

Box 6. Shipping costs and supply chain management

LAND and sea-based shipping costs – including freight, handling and insurance costs -- have declined sharply over the past century and a half. This has been the result of cost-saving technological advances in shipping, which have included the development of super-tankers, rollonroll- off ships, containers and refrigerated cargoes. In more recent decades, this decline has also been observed in the cost of airfreight. The real price per kilogram of shipping goods by air has fallen on average by about one third between 1973 and 1993.[1] The ratio between airfreight prices and the value of goods transported (the *ad-valorem* rate) has dropped even more sharply, by about half within the same twenty years. This has resulted in a shift in the relative importance of the different modes of transportation for international trade, with the tonnes-kilometres of cargo flown world-wide increasing by a factor of 7.5 in the quarter century to 1994. By that year, a fifth of US imports and almost a third of US exports were transported by air.

The decline in shipping costs, together with the even sharper fall in communication costs and the reduction of many trade barriers, has been one of the main drivers in the process of globalisation of production and the associated sharp growth of international trade over the past few decades. At firm level, the increased affordability of airfreight and the decline in overall shipping costs have been an important factor in shaping supply chain management. Several industries have internationalised their supply chains and introduced just-in-time systems, most of them highly dependent on the speed of delivery provided by an efficient transportation system. This has increased the opportunity for a global specialisation of production and allowed a reduction in business inventories and their related carrying costs. As a result, both potential output and productivity growth have been enhanced world-wide.

The disruptions caused by the terrorist attacks have raised concerns for the future of the supply chain management model increasingly used by firms in OECD countries. After 11 September, the US authorities have tightened security compliance requirements. More careful background checks are being required for truck drivers, tugboat escort requirements in ports are more stringent, access to aircraft cargo bays has been restricted and the transport of hazardous material is more closely regulated. Insurance rates have also been raised and security surcharges added. All these security measures involve additional costs and can lead to more unpredictable transit times. Although those effects are small under present circumstances, they may be large enough to encourage industries to reconsider the reliance on just-in-time inventory management and include just-in-case buffers in their stocks. This could have an impact on the cost of carrying inventories.[2]

Business logistics (*i.e.* the management of inbound material resources and outbound products) represent a sizeable, though declining, fraction of overall production costs. Estimates by sector specialists put annual spending on business logistics in the United States at about $1 trillion in 2000.[3] This includes approximately $590 billion in transportation costs, the bulk of it being accounted by truckload and airfreight services.[4] The cost of carrying inventories is estimated at $380 billion per year, which includes capital cost, management of stocks, insurance, inventory depreciation and warehousing facilities. The remainder is accounted by administrative costs.

This cost of business logistics is estimated to have fallen from 16 to 10 per cent of GDP during the last twenty years, for two main reasons. First, improved supply chain management models have made it possible for companies to operate with thinner inventories and therefore cut back on carrying costs. Indeed, some companies in the automobile or computer sectors are reported to operate with only one or two days of stocks of material inputs. Thus, the sharp fall in overall inventories, from 25 to 15 per cent of GDP in the last twenty years, presumably stems from the increased reliance on just-in-time models. Second, the cost of transportation services has dropped in relation to other producer prices since the deregulation of the early 1980s.

The terrorist attacks could encourage companies to hold larger inventories as a precaution against possible disruptions in the supply chain. It is admittedly difficult to estimate what new level of inventories businesses would be comfortable with. For illustrative purposes, raising inventories back to the level of 1990 in relation to GDP would require approximately $300 billion in working capital. This would in turn impose an inventory carrying cost of about $75 billion per year (0.7 per cent of GDP). Some companies have indeed announced that they would raise their level of input inventories as a precaution against the uncertainty of deliveries. The trend of private stocks should therefore be kept under monitoring, although some time will be needed to distinguish between short-term cyclical movements and structural changes.

1. *Deflated by the US GDP deflator. See Hummels (1999).*
2. *See MIT Center for Transportation Studies (2001).*
3. *See Delaney and Wilson (2001).*
4. *Measuring the production of the transportation sector is fraught with numerous difficulties. The US Bureau of Economic Analysis and the Bureau of Transportation Studies produce Transportation Satellite Accounts attempting to assess the contribution of transportation to overall output. For 1996, the value-added of the transportation sector is estimated at $379 billion, the equivalent of 4.8 per cent GDP, significantly less than the cost measured by sector specialists, perhaps because of differences in definitions and methodology.*

has also been an important factor in spurring growth in emerging economies and combating poverty in many regions of the developing world. Reversing the trend towards higher affordability of transportation costs and tightening border crossing indiscriminately would risk scaling back openness and could have a long-lasting negative impact on growth both OECD-wide and among non-member economies.

Overall, industry experts have estimated soon after the attacks that the total cost of securityinspired measures could amount to between 1 and 3 per cent *ad valorem* (Leonard, 2001). At first glance, this range pales compared with other costs of trading internationally (Box 7). The direct impact on trading costs is, however, of a similar scale to that of the reduction in developed countries' bound tariffs on the imports of industrial goods, of 2.5 percentage points, agreed under the Uruguay Round.[30] To the extent that the extra cost applies to international trade only, it will increase the cost of foreign goods compared with domestic ones. Even small differences in the cost of trading internationally, compared with domestically, may suffice to explain a strong home bias in goods spending. Thus, the trade costs associated with international transactions is found to explain a substantial portion of observed international market segmentation.[31] Hence, the possibility that security measures may have a significant impact on trade flows should not be discarded. Elasticity of trade flows with respect to transaction costs are estimated to range between –2 and –3, implying that even a relatively small increase in the costs of trading internationally in the order of 1 per cent would lead to a drop in trade flows of between 2 and 3 per cent.[32]

Even though a trade-off between security and efficiency of border crossings cannot be fully avoided in the short-term, it is likely that this trade-off can be eliminated in the medium-term. New security measures can be formulated in a way that does not diminish the efficiency of merchandise border crossings. New regulations should for instance be subject to risk-management analyses to ensure that they address the most critical risks. The additional costs can also be minimised by a co-operative approach between the private and the public sector in both the design and implementation phases. Security measures should be introduced with a sufficiently long implementation lag and enough flexibility to allow business to find the least costly way of meeting new requirements. The air cargo security regime introduced by the United Kingdom in the wake of the Lockerbie disaster of 1988 is a good example in this regard. The global impact of security measures should also be carefully taken into account. Bilateral agreements between customs authorities to organise "fast lanes" for containers originating from secure ports appear at first glance to be an efficient solution, but they could be discriminatory, especially against developing countries (Box 8). International co-operation and consensus building would help make new security measures more efficient while reducing their potentially negative impact on trade flows.

Box 7. The cost of trading internationally

IN spite of the long-term decline in transportation and transaction costs, there is strong evidence that national borders and geography still impede international trade and investment. It is estimated that on average trading internationally costs 10 to 25 per cent more than trading domestically.[1] This is the result of several factors, including tariffs, non-tariff barriers, currency conversion costs and differences in legal and payments systems, as well as shipping costs.

- Average tariff rates in OECD countries (on a domestic-production-weighted basis) vary between 3 and 10 per cent. Non-tariff barriers are estimated to have an effect in the same order of magnitude.[2] These barriers can be significantly steeper for "sensitive" products however, including steel, textiles, footwear and agricultural products.
  - The cost of border clearance, which includes the cost of collecting, producing, transmitting and processing required information and documents, can also be significant. These "compliance" costs are estimated at between 2 and 7 per cent *ad valorem*, but can be considerably higher in some developing countries.[3] Once the cost of time delays is added, border clearance can cost between 5 and 13 per cent of the value of the traded good.[4]
  - Shipping costs vary widely, depending inter alia on the good shipped, the origin and destination. The share of transportation and insurance costs in the custom value of goods traded by the United States has remained relatively stable at about 31/2 per cent in the past few years, with insurance alone typically costing between 0.10 and 0.15 per cent ad valorem. There are wide differences however, between trade in medicinal and pharmaceutical products (classified under SITC 54) and trade in vegetables and fruits (SITC 05) – with shipping costs at respectively 1 and 15 per cent of customs value in 2000. Average costs are typically higher for other countries, with less efficient port facilities and less significant economies of scale and scope in the shipping industry.

1. *See Obstfeld and Rogoff (2001).*
2. *See Anderson and Neary (2001).*
3. *See OECD (2002), Ernst & Whinney (1987) and European Commission (1999).*
4. *It is estimated that each extra day of shipping time is worth on average 0.5 per cent ad valorem (Hummels, 2001).*

The impact of growing security and military spending: has the "peace dividend" been reversed?

Immediately after the attacks, the US Administration and (to a lesser extent)

Table 3. **Fiscal support to domestic demand in the aftermath of selected catastrophes**

saar in per cent

		Public spending in the subsequent quarter	
	Episode	quarter-on quarter change	contribution to GDP
Italy	November 1980 earthquake	4.1	0.9
Spain	August 1983 flood	3.1	0.5
United States	August 1992 hurricane Andrew	2.1	0.4
United States[a]	January 1994 Los Angeles earthquake	0.7	0.1
Japan[b]	January 1995 Kobe earthquake	3.5	0.8
Turkey[c]	August 1999 earthquake	13.1	1.1
France	December 1999 storms	3.6	0.9
United States	**11 September 2001 attacks**	**10.2**	**1.8**[d]

a) The increase in the next following quarter was much higher (+8%).
b) The increase in the next following quarter was much higher (+15%).
c) Refers to goverment consumption spending only.
d) Of which 0.7 percentage points at the federal level, with half thereof falling under national defence.
Source: OECD.

30. Although the direct impact on trading costs are of a similar scale, the welfare effect of changes in tariff rates are different, since account needs to be taken of dynamic (secondary) effects, including on government revenues. Bound tariffs on developed country imports of all industrial products were reduced from 6.3 to 3.8 per cent on average with the Uruguay Round of multilateral trade negotiations.
31. See Frankel (2000), Obstfeld and Rogoff (2001) and Parsley and Wei (2000). Obstfeld and Rogoff discuss the role of international trading costs in the existence of a strong home bias in goods spending, as well as in the holding of assets and in the financing of investment expenditures.
32 . See Limão and Venables (2001).

Box 8. The impact on developing countries

THE limited short-term economic impact of the attacks on advanced economies helped allay fears over the fallout on developing countries. The widening of bond spreads, the fall in commodity prices and the weakening of currencies that plagued many emerging markets soon after the attack, have been quickly, if sometimes only partly, reversed. If domestic demand recovers as expected in OECD countries, prospects for emerging markets should improve further. Over the longer-term however, the overall impact of the terrorist attacks on developing countries could be substantial. This impact could come through three main channels: shipping costs, the tourism industry and workers' remittances:

- The effect of the proposed tightening of security on the cost of trading internationally is likely to be asymmetrical. Developing country exports often have higher *ad valorem* transportation costs (notably bulky commodities and perishable goods transported by air) and should thus be affected disproportionately. A "certification" procedure with selected foreign ports could be discriminatory if developing country ports fail to qualify. "Know-your-partner" initiatives, whereby pre-registered intermediaries go through simplified border procedures, may also favour large trading companies over smaller developing country-based firms. These proposed measures risk creating a "slow lane" for developing country exports, increasing relative compliance costs and eroding their competitiveness.
- Heightened fear of travelling following the attacks led to a number of cancellations and a drop in new bookings. Reservations world-wide fell by an estimated 12 to 15 per cent in October 2001 compared with the previous year, and had still not fully recovered by early 2002 according to the World Tourism Organisation. In developing countries, travel services account on average for about 7 per cent of total exports of goods and services and 2 to 3 per cent of GDP. The number is considerably higher in the Caribbean, the South Pacific and for some countries in the Middle East and North Africa region (Egypt, Jordan, Morocco and Tunisia) as well as in South and Southeast Asia (Nepal, Sri Lanka, Thailand and Vietnam). The drop in tourism traffic has also been asymmetrical, with some of the countries that depend most heavily on the industry experiencing the largest number of cancellations. Although the tourism industry is expected to recover as consumers gradually revert to a business-asusual attitude towards travelling, the increase in the perception of risk for some destinations is likely to be more permanent.
- For security reasons, visa requirements and the control of illegal immigration have started to be tightened in advanced countries.[1] This has the potential to lower the number of developing country workers employed abroad, affecting the level of remittances. The fact that a disproportionate share of these emigrants work in the tourism industry (hotels especially) should also affect transfers. Emigrants' remittances are an important source of income for most of Central America, the Caribbean and South Asia, as well as for some countries in the Pacific and in Southeast Asia. Although the exact level of transfers is difficult to determine, since part of them transit through unofficial channels, emigrants' remittances are higher than exports for several countries.[2]

1. *See Human Rights Watch (2001).*
2. *See Puri and Ritzema (1999).*

other OECD governments increased public spending to help reconstruction, strengthen domestic security and combat terrorism. These additional appropriations resulted in a sharp increase of general government spending in the fourth quarter of 2001, which helped support aggregate demand and avoid a decline in domestic output. Such a temporary increase is not unusual after large catastrophes or natural disasters (Table 3) such as the Kobe earthquake or the windstorms that struck part of Europe in December 1999.

Further to this additional appropriation, the US President has requested from Congress an expansion of security-related programmes in the context of the budget for FY2003. Additional spending of $48 billion was proposed for national defence (an increase by 14 per cent from the previous year). In addition, the President asked Congress for an appropriation of $38 billion to boost "homeland security", compared to $20 billion spent in 2001. This seeks to improve the preparedness of "first responders"(firemen, police, rescue workers), enhance defences against biological attacks, secure borders and improve information sharing, and includes $8 billion for domestic defence spending.[33]

The additional spending is being financed by government borrowing. There is little indication that taxes will be raised to finance this effort. The Administration has proposed to hold back the increase in other non-discretionary spending to no more than 2 per cent in nominal terms. This would require an unprecedented degree of discipline in such spending, which might not be accepted by Congress.

Other OECD Member countries do not appear to have increased their security-related budgetary spending to a similar extent, but have nonetheless diverted resources within existing budgets to improve preparedness and finance counter-terrorism actions. Thus, additional resources are being devoted to the military and the police in several cases (Table 4). Canada has started to implement a five-year programme to fight terrorism, costing 0.7 per cent of GDP. Germany has approved an anti-terror package equivalent to 0.1 per cent of GDP. The armed forces in the United Kingdom have requested an additional 0.7 per cent of GDP to meet the requirements of the war against terrorism. Limited information is readily available for the time being on actions taken by other OECD countries (a better picture will emerge when draft budgets for 2003 are presented). Based on anecdotal evidence, it seems that both military and domestic security spending is set to rise, although less than in the United States.

The recent rise in security spending started from a relatively low initial level, as most NATO countries had reduced military spending since the 1980s. In the United States, defence spending dropped to 3 per cent of GDP in 2000, well below the peak of over 6 per cent of GDP at the climax of the Cold War build-up in the mid-1980s. The pro-

Table 4. **Spending on defence and police in selected countries**

As a percentage of GDP

	2000			2001			2002		
	Defence	Police	Total	Defence	Police	Total	Defence	Police	Total
United States [a]	3.0	0.1	3.1	3.0	0.1	3.1	3.3	0.1	3.4
Japan [a]	1.0	0.1	1.0	1.0	0.1	1.0	1.0	0.1	1.1
Germany [b]	..	..	1.3	..	..	1.3	..	..	1.3
France	2.6	0.3	3.0	2.6	0.3	2.9	2.5	0.3	2.8
Italy [c]	1.1	1.5	2.6	1.2	1.5	2.8	1.3	1.6	2.8
United Kingdom [a]	1.9	0.8	2.7	1.9	0.9	2.7	1.8	0.9	2.7
Canada [a]	..	..	1.3	..	..	1.5	..	..	1.5

Note: Figures in this table are based on national budgets (and not on national accounts) and are therefore not strictly comparable across countries.
a) Fiscal year basis, federal (or central) government only.
b) Includes an anti-terrorism package equivalent to 0.07 per cent of GDP in 2002 which is budgeted as a separate item from defence and public order. There is a break in functional budget definitions between 2000 and 2001 for defence.
c) State sector (central government).
Source: National budgets.

33. *In March 2002, an additional $27 billion emergency funding request was made, involving supplemental appropriations for FY2002 (of which $19 billion going to defence and homeland security).*

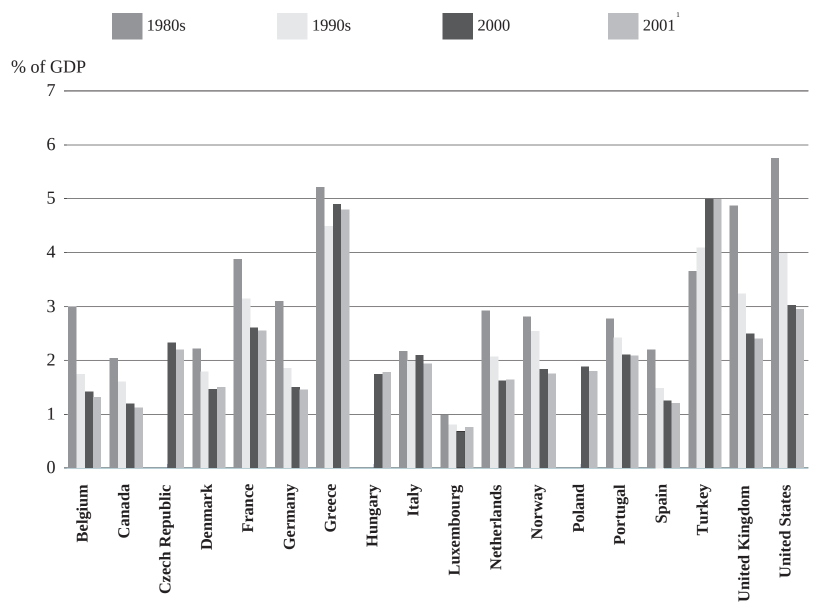
posed increase of national defence and homeland security outlays in the United States would keep spending below 4 per cent of GDP, i.e. below the levels recorded until the mid- 1990s (Figure 13). The increase in military spending actually started before the recent terrorist attacks. World military expenditure[34] reached a low point in 1998 and increased subsequently.[35] All of this suggests that the era of the so-called "peace dividend" is winding down and that OECD economies have entered a new era of increased spending on military operations and domestic security. If previous periods of military build-ups are used to draw a parallel, such increases in public spending could undermine the trend of fiscal consolidation.

The impact of military spending on economic growth has been the topic of theoretical and empirical research, as the "peace dividend" associated with the end of the Cold War was expected to result in positive welfare gains. Analyses suggest that military spending affects medium-term growth negatively through several channels (such as lower capital accumulation, reduced civilian labour force, losses resulting from capital reallocation). Empirical studies have, however, produced ambiguous results.[36] Econometric studies typically have difficulties identifying the impact of military spending on growth because such spending boosts growth in the short-run, even though it may lower it after a lag. Although Knight et al. (1996) find a significant negative impact of military spending on growth using panel data estimation, more recent work by Smith and Dunne (2001) find no strong relations between military expenditure and either investment or growth. Overall, the conventional wisdom is that military build-ups are likely to have a detrimental long-term impact on economic growth, but this impact is likely to be small, and in any case much smaller than other traditional determinants of growth. Smith and Dunne (2001) for instance calculate that, based on commonly accepted parameters, an increase in military spending by one percentage point of GDP is likely to reduce potential output growth by 0.25 per cent during a transition period.

In addition to the rise in public spending, it is likely that private sector spending on security is rising as well. Limited data are available on private security spending, but a study by Anderson (1999) evaluates it at $40 billion annually in the United States. Nearly half of the total spending for security by the private sector is composed of a single category, security guards and other protective service employees. The rest of the spending falls into such categories as alarms systems, computer security, locks and safes, fencing, surveillance cameras, safety lighting and guard dogs. This considerable amount is comparable to what is spent on Federal, State and local police, excluding the armed forces. Higher private spending on security would involve hiring more labour, such as ICT experts and security guards protecting commercial premises, and would therefore reduce the level of labour productivity. Like pollution-reducing spending, private efforts to enhance security improves welfare, but does not produce output the way it is traditionally measured. Other security measures, such as time-consuming controls at airports and borders, would also lead to a lower level of productivity. The medium-term impact of a sharp increase in private security spending is, however, generally gauged to be small. A doubling of private security spending would reduce the level of potential output by 0.6 per cent after five years[37] and the level of private sector productivity by at most 0.8 per cent.[38]

The increase in public and private sector spending on domestic security and the armed forces, even though it does not reverse the peace dividend, cannot be considered as entirely negligible. To calibrate the possible economic impact, the US block of OECD's Interlink model was used to simulate a permanent increase of military spending by 1 per cent of GDP and of government employment by 0.5 per cent of the labour force, spread between 2001 and 2003 and financed by government borrowing. Private spending on security is assumed to increase permanently by 0.5 per cent of GDP. The short-term boost on aggregate demand would increase output above the baseline level during three years. Afterwards, however, higher real long-term interest rates, assumed to exceed the baseline by 30 basis points, would weigh on capital accumulation. The level of labour productivity would be reduced by 0.5 per cent over three years and the real exchange rate would appreciate by about 3 per cent. Hence, starting in the

Figure 13. Military spending in NATO countries
Current spending as a percentage of GDP



1. Estimates.
Source: NATO.

34. *There are several widely known databases on military spending: data compiled by the Stockholm International Peace Research Institute (SIPRI) are considered to be the best for the purpose of economic analysis because they apply a consistent definition of expenditure across countries; other publicly available international databases are kept by the NATO and the IMF.*
35. *See SIPRI (2002).*
36. *See Knight et al. (1996), Ramey and Shapiro (1998) and Smith and Dunne (2001).*
37. *US Council of Economic Advisors (2002).*
38. *See Hobijn (2002).*

fourth year, output would start falling below the baseline level.[39] After five years, real GDP would be reduced by about 0.7 per cent compared to the baseline. The lesson of this simulation is that public expenditure restraint needs to be exercised, so that high public borrowing does not undermine potential growth and labour productivity is not unduly reduced.[40]

In sum

Overall, even though the short-term recovery from the terrorist attacks has been faster than expected, negative medium-term consequences through various indirect channels cannot be excluded. As noted, the rise in security-related public and private spending is likely to have a small, permanent negative effect on production factors and the level of productivity. The shrinkage of terrorism-related insurance coverage may have a detrimental impact on investment, as lenders become wary of greater potential risks, although there is no strong evidence yet of such a pattern. The international trade system is dangerously exposed, with potentially large repercussions for supply-chain management. Another devastating terrorist attack would exacerbate these trends. In sum, close attention needs to be paid to the medium-term consequences of terrorism, and measures to reduce the risk and the economic consequences of further attacks should be both security-effective and growth-friendly.

39. *The decline in welfare from heightened security risks is likely to exceed this figure. This cannot be easily captured by this type of exercise, however.*
40. *See Baily (2001).*

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ANNEX 2. REINFORCING AIRLINE SECURITY IN THE UNITED STATES

THE 11 September attacks highlighted that the airline security standards in the United States were rather lax compared with those prevailing in many foreign countries and prompted a number of significant changes. The Aviation and Transportation Security Act, which was signed into law on 19 November:

– Created a new Transportation Security Administration (TSA) within the Department of Transportation, responsible for the security of all modes of transportation, including aviation, rail, bus, and commercial shipping, as well as ports.
– Requires that all checked bags be screened for bombs and explosives (previously, only a fraction were screened by bomb detection systems).
– Requires that within one year, all security at US airports be handled by federal employees and that all screeners be English-speaking US citizens having passed stringent background checks. Better training and pay are expected to improve the motivation and performance of security personnel.
– Provided for a new system allowing passenger names to be checked against law enforcement watch lists to identify potential terrorists.
– Called for an increase in the number of sky marshals aboard planes, fortified cockpit doors that must remain locked during flights, and mandatory training for flight crews about how to handle a hijacking.

Additional aviation safeguards have been introduced, including restricting carry-on luggage to one bag and one personal item, allowing only ticketed passengers access to gates, banning knives and box cutters, randomly screening passengers and their carry-on luggage at the gates, limiting curbside check-in, and prohibiting passenger movements in the cabin on some flights. Passengers are now asked to arrive at least two hours ahead of time. Moreover, armed US troops and members of the National Guard patrol airports.

The direct costs of these new security measures are substantial. The FY2003 Budget provides $4.8 billion in funding for the TSA in its first full year of operations, with an estimated $2.2 billion to be raised through passenger and air carrier fees. These resources are to fund the well over 30 000 federalised airport security staff, a greatly expanded Federal Air Marshal programme, and explosive detection systems that must be in place to screen all checked luggage by the end of 2002.

At the time of writing, the TSA is still in the process of hiring, conducting background checks on prospective workers and training them. Hiring a sufficient number of screeners and installing enough explosive detection machines to check all the luggage and keep waiting times to no more than 10 minutes, as originally intended, might be impossible within the original timetable.

1. *A new $2.50 security fee is paid by passengers for each flight segment, up to a maximum of $10 per round trip. A proposal has been tabled by some members of the House Appropriations Committee to double this fee.*

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BIMCO: Industry appeal to U.S. Authorities

ON August 29, the Round Table of Maritime Associations comprised of BIMCO, ICS, INTERTANKO and INTERCARGO has been joined by the ISF in submitting a joint industry appeal to United States Immigration and Naturalisation Service (INS) Commissioner James W. Ziglar raising serious concerns regarding the treatment of seafarers and ships arriving at US ports.

During recent months the INS has instructed the US Coast Guard to require security guards on certain vessels in order to prevent ships' crew from leaving their vessels. As a result, many seafarers are being denied shore leave and private security guards with limited or no maritime training have been placed on board ships to enforce such restrictions.

There appears to be little consistency with respect to the enforcement of such measures. Whilst the crew containments and security guard requirements may be strictly enforced at one port, the affected ship with the same crew on board may find that no such requirements are enforced at the next US port of call.

Citing such inconsistencies, the industry appeal points out that such practices are unfair and discriminatory to those concerned.

Officials at the US Department of Justice, the US State Department, the Department of Transportation and the United States Coast Guard have also been informed of the industry's positions.

It is hoped that the appeal will open a constructive dialogue between the US authorities and the shipping industry that will lead to improvements in the treatment of seafarers and ships arriving at US ports.

29-08-2002

Industry Appeal to US Authorities on US Security Costs & Procedures

Commissioner James W. Ziglar
The Immigration and Naturalisation Service
Department of Justice
Chester Arthur Building, 425 Eye Street, N.W.,Washington, DC 20536, United States of America
Fax: 1 202 305 4823

cc:
The US Department of Justice
The US State Department
The Department of Transportation
The US Coast Guard

From: International Shipping Industry Organisations 29 August 2002

Dear Commissioner Ziglar,

Re: The treatment of seafarers and ships arriving at US ports

The treatment of seafarers and ships trading to US ports by the Immigration and Naturalization Service and related agencies has created a situation in which the industry is unified in its concerns and in its resolve to make those concerns heard.

There is no question that the tragic events of 11 September 2001 have changed the way in which international commerce will function. The vulnerabilities of airports were blatantly exposed, and subsequently certain vulnerabilities at seaports have also been identified.

However, in the meantime, significant progress has been made to reduce these vulnerabilities.

At the International Maritime Organization, industry organisations have worked together with national delegations towards the establishment of enhanced maritime security, specifically through amendments to be made to the Safety of Life at Sea (SOLAS) convention. Many of these amendments are based on proposals made by the United States. For the most part these amendments are balanced proposals under which the responsibilities to improve security are shared by ships and ports alike.

More particularly, parallel discussions to revise the international regime on crew identification are taking place in the International Labour Organization, with a view to revision of ILO Convention 108. Here again, the United States has played a prominent part in the continuing discussions.

In comparison with the measures contained in the planned amendments to the SOLAS convention and the ILO Convention 108, measures being taken at several US ports are creating real hardships for ship's crews and major problems for ship operators.

The detention of crew on ships

A ship is a confined space, and crew that have been at sea for extended periods of time have traditionally been entitled to shore leave. Whilst it is understood that certain circumstances warrant limitations on the movements of persons in and around ports, such restrictions should only be implemented when a real threat exists. Unfortunately, reports indicate that crews have been detained on board their ships at US ports with increasing frequency, often on the sole basis of their nationality and in the absence of information indicating a real or imminent threat to the port and its surroundings. This is not only unfair and discriminatory to those concerned, but it also appears to be largely random and inconsistent in its application, making it impossible for shipping companies to minimise the inconvenience to themselves and their crews in a planned manner.

Requirement for Security Guards to protect port facilities

In certain cases where crew have been denied the facility of shore leave INS and Coast Guard officials have assigned private security guards to prevent unauthorised movements. Again, the basis for requiring such security guards seems unclear, the practice appearing to be carried out on an ad hoc and inconsistent basis, thus exacerbating the uncertainties faced by the ship's master and his shipping company.

Furthermore, the costs of the hire of the security guards are charged to the shipowner, not to the supposed beneficiary of the enhanced port security, namely the port and its employees, terminal operators, longshoremen, shippers and the general public.

The amounts involved are by no means trivial and have served to underline the growing concern in the international shipping industry that ships' crews are becoming the indiscriminate scapegoat in the fight against terrorism.

Having drawn your attention to the industry's concerns, we now seek your agreement to meeting with a delegation representing the organisations listed below in order to discuss and identify mutually satisfactory solutions that will address these concerns.

Yours faithfully,

Truls W. L'orange
Secretary General of BIMCO on behalf of:
The international shipping industry as represented by:

- BIMCO, The Baltic and International Maritime Council
- ICS, The International Chamber of Shipping
- INTERTANKO, The International Association of Independent Tanker Owners
- INTERCARGO, The International Association of Dry Cargo Shipowners
- ISF, The International Shipping Federation

These organisations together represent all segments of the industry including the owners and managers of all types of ships and the majority of seafarers.

Official responses to this appeal may be sent to BIMCO for further circulation amongst fellow cosignatories.

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INTERTANKO

INTERTANKO: Comments reflected in re-proposed US Tax Regulation 883 - exemption for lightering

SUBSEQUENT to INTERTANKO's submission of comments and testifying at an IRS hearing, four out of five of our comments were incorporated into the newly proposed changes to Section 883. This is the Code provision principally relied upon by foreign shipping companies to claim exemption from tax on US source revenues derived in connection with the transportation of cargo or passengers to and/or from US ports.

INTERTANKO participated in a broad-based carrier coalition under the leadership of CENSA to address the proposed changes. Represented by the maritime tax expert Derick W. Betts Jr. of Seward & Kissel, INTERTANKO submitted comments on aspects of the proposed changes particularly relevant to the tanker industry, such as those affecting taxation of income from lightering operations, and testified at the IRS hearing on June 8, 2000.

We are pleased to see that under the newly proposed regulations, income derived from lightering activities now falls within the scope of the exemption provided the lightering activities extend beyond US territorial waters - which they typically do in the US Gulf of Mexico. In addition to lightering, the newly proposed regulations accepted and now reflect most of the proposed changes in our comment letter submitted to the IRS in May 2000.

WCO: Task Force meets in Brussels to secure ITSC from terrorism

ON September 5, a Task Force organised by the World Customs Organization commenced work in Brussels with the aim of securing and protecting the international supply chain from terrorism while facilitating legitimate trade. This is in response to a resolution agreed to by the heads of the world's Customs administrations at its June council sessions.

Bringing together Customs administrators, intergovernmental organizations, trade associations and those involved in air and maritime transport, the creation of the Task Force is the first step to develop new guidelines to simultaneously increase supply chain security and ensure the flow of international trade.

Among the topics to be discussed are the enhancement of import, export and in-transit controls, improving technology and automation, the advance electronic transmission of Customs data and using risk management and risk assessment techniques to select goods and conveyances for examination.

There has been increased global concern, most recently expressed by G8 and in the International Maritime Organisation that the international supply chain could be vulnerable to acts of international terrorism or organised crime. The WCO sees co-operation between all those involved in the international trade process as essential to ensure that control is adequate and that legitimate trade is facilitated with a minimum of inconvenience.

In opening the Task Force meeting this morning, the Deputy Secretary General of WCO, Mr Kunio Mikuriya reminded delegates from more than 50 countries and 25 organisations that next Wednesday will be the first anniversary of the terrorist attacks in the US and that the world now recognised terrorism as a common problem. As a result, protecting and safeguarding the national territory had become a major issue.

He said that it was almost self-evident, that such serious security issues have the potential to cause distortion of trade patterns and severe damage to national economies and because of this it was increasingly important that Customs controls are effective, seamless and non-obtrusive. The Task Force is due to complete its work by June next year.

Upcoming Conferences

PMAESA: 28th Council Meeting and Ports Conference

November 2-7, 2002
Cape Town, South Africa

THE conference topice are geared towards discussing issues that affect African ports in general and are in line with the theme of the conference: African ports in transition: What are the challenges and solutions? The session topics are both relevant to the industry and to the region in particular. They cover the areas of:

- Perspectives and challenges of the global economy and trade
- Port reform: What are the challenges facing the African ports?
- Global seaport safety and security issues
- Integrated port logistics and port efficiency
- The integration of ports and leisure activities as tourist attractions

For further information:
http://www.npa.co.za/Pmaesa/pmaesamain.htm

IBC: 15th Annual Conference

The Globalization of Export Controls and Sanctions

November 11-13, 2002, London

A Comparative and Critical Analysis of International, US and EU Regulations

THE 15th annual globalization of export controls conference is the networking event of the year for export controls professionals. It will be a good opportunity for discussion and debate on common problems and future developments in the export controls and compliance arena.

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EXPLORE the latest developments in the transportation of goods, logistics, liner shipping, strategies for ports and terminals, transport of cargo, and security issues in the Mediterranean

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Intermodal Transport & Logistics (ITL) Conference 2002

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International Maritime and Port Security Conference (IMPSC)

January 21-23, 2003, Singapore

THE Maritime and Port Authority of Singapore (MPA) will be organising an International Maritime and Port Security Conference (IMPSC) in Singapore from January 21-23, 2003. In line with the efforts of the International Maritime Organization (IMO), the IMPSC aims to promote maritime security. Theme of the conference is "Maritime Security - Changing Landscape and New Challenges".

For further information:
International Maritime and Port Security Conference
c/o Conference & Travel Management Associates Pte Lte
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Upcoming Seminars

IPER
LE HAVRE

Port Management and Operations

Implementation of Logistic Platforms in Ports

November 4-8, 2002
Le Havre, France

Program:
• Introduction
• The role of Port Aeras in International Trade
• Import and Export Agent's Expectations
• The Legal and Customs Status of Logistic Platforms
• Logistic Platform Operations
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This fee covers: registration, documentation, lunches during lecturing days.

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E-mail: iper@esc-lehavre.fr

Management of Port Equipment

November 18-22, 2002
Le Havre, France

Program:
- Planning of the Port Equipment Inventory
- Equipment Procurement
- Maintenance Management
- Supplies Management
- Management of Equipment Operation
- Manpower Development
- Engineering Management Information Systems (EMIS)
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Participation fee:
1200 euros
This fee covers: registration, documentation, lunches during lecturing days.

For further information:
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New Publications

PIANC:

"2002-2006 PIANC: The Way Ahead Policy Statement & Action Plans"

"BULLETIN" No. 111-2002

"Mooring Systems for Recreational Craft"
Report of Working Group 10 of the Recreational Navigation Commission

For further information:
PIANC General Secretariat
Graaf de Ferraris-gebouw
11th floor Boulevard du Rio Albert 11 20, B.3, B-1000 Brussels, Belgium
E-mail: info@pianc-aipcn.org
URL: www.pianc-aipcn.org

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Ports of India 2002

THIS is the 4th edition and has been compiled with the objective of serving as an integral source of information relating to all the major ports in the country as well as classified information on the service providers in the industry, nationally. It includes indepth information on all the facets of the shipping industry along with ship owners and their fleet profile and training institutes as well.

Price: US$26.00
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Cover of the Month

Tanzania Ports Striding for Development

A quarter of a century after its reformation as a national port authority in 1977, Tanzania Harbours Authority is again drawing anchor in restructuring.

In about two years, the harbour authority will reposition itself as the national port authority, which will be the landlord to operators of a privatized port.

The recommendations of a consultant, the Rotterdam Port Management Group (RMG) appointed by the government two years ago to review the entire maritime transportation structure in Tanzania indicate very strongly that the general cargo and other services than the already privatized container terminal be leased out.

This means that the eight berths now operating general cargo at the port of Dar es Salaam will be on lease, as well as other vital operations, while the two other ports at Tanga and Mtwara will continue as single entities.

All ports in Tanzania were, until 1977 under a sub-regional organization, The East African Harbours Corporation, but events led to the compromise of break-up of the East African Community Treaty, hitherto the parent economic and semi-political body.

The inception of the Tanzania Harbours Authority came also with big plans to revamp the status of the ports, especially Dar es Salaam, which ever since, had been the maritime gateway to Central and Southern Africa; particularly during the political struggles in the region.

Tanzania invested over US$500m in developing a container terminal at Dar es Salaam and rehabilitation of the general

cargo berths.

These projects uplifted the throughput from 2.5m tons to 4.5m. During these developments, new silos accommodating 30,000 tons of grain were also put up and a refined petroleum and edible oils jetty upgraded to handle vessels of up to 45,000 tons. Consequently too, the entrance channel was further dredged to allow bigger ships of 250 grt and more significantly navigational aids were placed to permit night pilotage.

The other two main ports under Tanzania harbours jurisdiction, Tanga and Mtwara in the south have continued to play their respective roles as the country's major agro-export gateways, but the recent private investments in the gold reef zone have generated new traffic for Tanga.

There has been an increase of more than a double of the containers shipped five years ago, compared to the last year. She is now shipping a monthly quota of about 120 containers of copper slug to Japan from Kahama Mines in Central to Western Tanzania.

American Association of Port Authorities

AAPA: 2002 Communications Competition

THIS year's competition attracted 160 entries from 41 ports. Thirty-four communications professionals from the Washington, D.C. area spent more than 40 hours judging the entries at AAPA headquarters in Alexandria. The judges selected entries from 32 ports and bestowed 60 awards, including 30 Awards of Excellence and 30 Awards of Merit. Winners are listed on the ivory attachment.

The Award of Overall Excellence went to the Port of Portland, which received awards of excellence or merit for one entry in the categories of "Promotional Literature" and two entries each in the categories of "Overall Campaign." and "Newsletters." In addition, the Maryland Port Administration and the Virginia Port Authority each won four awards.

Two new categories this year were "Special Events" and "Promotional CD-ROMs." The judges said they observed general improvement in the materials entered during the past decade, with better focus on audience and information they felt was less "industrial" and more targeted toward the general public.

Canaveral: Moody's first onsite visit

REPRESENTATIVES from the world's leading global credit rating firm, Moody's Investors Service, visited Port Canaveral on Friday, August 23 to conduct an onsite visit of the Port.

Moody's toured the Port's cargo and cruise facilities, as well as discuss with various port officials, the current financial position and long range plans. The Authority is currently proposing a refunding bond issue for up to $59 million, which includes approximately $10 million of new capital for various port improvements. The site visit would aid Moody's in assessing the ports underlying credit rating, with is currently "A3".

"This visit is important for Port Canaveral to maintain our excellent relationship with the capital markets and to keep them informed of our current expansion plans and needs for capital in the future," says Donald Molitor, Secretary/Treasurer of the Canaveral Port Authority Board of Commissioners. "A ratings upgrade would result in lowered borrowing costs and thus more funds available for capital improvement projects."

The proposed refunding could save the port over $2.1 million in reduced debt service over the remaining life of the issue.

DRPA: Promotes export sales in Delaware River region

THE Delaware River Port Authority will join forces again with the Pennsylvania Department of Community and Economic Development and the Ben Franklin Technology Partners to promote export sales in the region for the fiscal year 2002-2003. DRPA and the Pennsylvania Department of Community and Economic Development and the Ben Franklin Technology Partners of Southeastern PA have been partners since 1999.

This year, with funding support from its two partners, DRPA will pursue the following goals:

- Total Companies Served: 470
- International Revenue Created: $28 million
- Pennsylvania International Week: 56 companies served and 150 appointments set.
- Finance Referrals: 30
- Oversea Representative Visits: 50 appointments set.
- Biotechnology Program: 25 companies served and $3 million in sales generated.
- Environmental and Infrastructure Program: 20 companies served.

DRPA's Export Development Unit works with small and medium-sized companies in Southeastern PA and Southern NJ that are looking to capitalize on their export potential. DRPA offers educational opportunities through local seminars, international trade missions and business events. DRPA provides counseling at no cost through an extensive network of export consultants and legal professionals. The program also offers market research and educational events to help companies reach overseas customers, and develop customized export strategies.

The Pennsylvania Department of

Community and Economic Development fosters opportunities for businesses and communities to succeed and thrive in a global economy thereby enabling Pennsylvania to achieve a superior quality of life. Through this organization the DRPA's Export Development unit will receive funding through the TEAM PA Export Network and the Stay Invent the Future grant programs.

"We are pleased to have these organizations fund this project again this year and look forward to continued success of the program," said DRPA's Chief Executive Officer Paul Drayton. "Through our combined efforts we are able to reach small and medium-sized companies in PA and NJ and provide them with resources that they would not have access to."

The Philadelphia Metropolitan Area ranks 13th in exports among 253 Metropolitan Statistical Areas in the United States. The region's ranking has steadily improved since 1997, and 120,000 local jobs are directly related to exports.

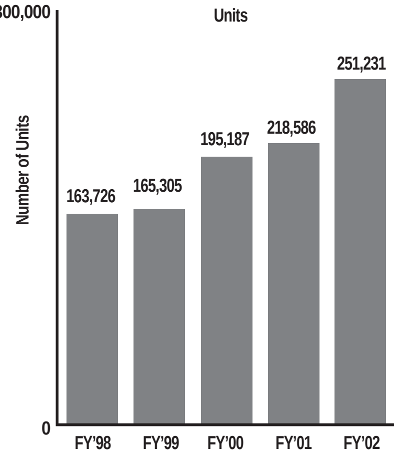
Georgia: Brunswick's Ro/Ro hits new record in FY2002

MORE than 251,230 automobile and machinery units moved via the Port of Brunswick in Fiscal Year 2002 (July 2001 - June 2002), establishing a record year for the Colonel's Island Ro/Ro Terminal.

"Inbound and outbound auto/machinery units grew more than 15% in FY02," stated GPA Executive Director Doug J. Marchand. "The recent announcement by Volvo Cars of North America, LLC and Porsche Cars North America, Inc. will generate approximately 44,000 new units and combined with existing business, should take our totals to more than 280,000 units in Fiscal Year 2003. The Colonel's Island Terminal offers a pristine, environmentally-friendly environment with superior rail and interstate connections."

The GPA completed a new Ro/Ro berth at the Colonel's Island Terminal in October 2001 to facilitate the growing volume of RoRo cargo. With the addition of the new berth, the Colonel's Island Terminal features 1,850 feet of berthing space and includes 350 plus acres of improved land with ample room available to support further development of the automobile/machinery import/export trade.

Port of Brunswick 5 Year Growth in Auto/Machinery



Georgia: Another year of double-digit growth for the Port of Savannah

THE Georgia Ports Authority moved 1.137 million TEUs via the Port of Savannah during Fiscal Year (July 2001 - June 2002) reflecting an 11.3% increase or an additional 115,823 TEUs as compared to FY01 results.

"The 11.3% increase in TEUs for FY02 falls on the heels of last year's 20.1% increase which means more than a 30% increase in terms of container throughput for Savannah in two years," stated GPA Executive Director Doug J. Marchand. "Savannah has attracted all of the top 20 carrier services in the world and 13 import distribution centers are located near Garden City Terminal. We have focused on decreasing the cost of shipping intermodal cargo via port facilities by constructing new intermodal facilities and implementing new services and technology to better serve our customers."

According to the most recent Journal of Commerce PIERS data, Savannah is the 7th largest containerport in the nation and the second fastest growing port during the January through May 2002 periood.

"We are pleased with our results and look forward to increasing our market share and volume handled via Savannah in the coming year," said Marchand.

To further enhance and expand container cargo handling capabilities at the Port of Savannah, a $6.1 million construction project is underway at Garden City Terminal. In the near future, The Authority will construct an eighth container berth, which will boost Garden City Terminal docking capacity by 1,700 feet and will feature 83 acres for the handling and marshaling of containerized cargo.

Houston: Mid-year success

THE Port of Houston moved up two spots in the world rankings and is now the sixth largest port in the world, based on fiscal year 2000 total cargo tonnage reported by the American Association of Port Authorities. "Our sixth place ranking among the world's ports is a testament to our efficient operations, our facilities and our commitment to our customers," said Port Authority Chairman James T. Edmonds.

The Port commissioners reduced steel import tariff rates from $2.32 to $1.65 to stimulate steel imports that have been affected by new trade regulations. This reduction, effective July 1, 2002, has helped turn around a downward trend of steel imports.

The Port's total container volume in the first six months of 2002 increased 8 percent to 568,911 TEUs (twenty-foot-equivalent units) from 522,111 TEUs in the year 2001. Overall container shipping grew to nearly 5.2 million tons, an approximately 7.6 percent increase over the same period of 2001.

In the first six months of 2002, bulk grain shipments increased 33 percent on movement of approximately 1.1 million tons through the Port of Houston Authority's facilities, compared to approximately 865,870 tons during the same period in 2001. In addition, tonnage at the Bulk Materials Handling Plant increased 35 percent to just over 2 million tons of Pet Coke, compared to approximately 1.5 million tons handled in the first six months of 2001.

Exported bagged cargoes totaled

220,483 tons for the first six months of 2002 compared to 204,948 tons for 2001, an increase of 8 percent.

Highlights in the first six months of 2002 include:

- More than 700 local small businesses attended the kickoff of a Small Business Development Program aimed at creating increased contracting and procurement opportunities with the Port for Houston-region small businesses.
- During the months of May and June, the commissioners awarded approximately $1.4 million in contracts to small business providers.
- James T. Edmonds, chairman of the Port of Houston Authority Commission, was reappointed to a second two-year term by a vote of the combined members of the Houston City Council and the Harris County Board of Commissioners.
- To help guard against future terrorist threats following the events of September 11, the Port received a $1.8 million grant from the federal government to enhance the region's maritime security.
- To date, two trade missions have been completed in 2002, one to the South and Central America ports and customers in Venezuela, Peru, and Costa Rica in March and another in April to European ports and customers in England, the Netherlands, Denmark and Switzerland.
- During the second quarter of 2002, the first of several shipments of steel manufactured in China and shipped from Shanghai for use in the construction of the George R. Brown Convention Center Hotel arrived at the Port.

Los Angeles: Official opening of Pier 400

EXECUTIVES from Maersk Sealand, APM Terminals and the Port of Los Angeles have announced the official opening of the Pier 400 container terminal at the Port of Los Angeles, California. The first loaded container vessel, Cornelius Maersk, will arrive on August 17th carrying 3,000+ TEUs. The new facility is projected to handle over 1 million TEUs during the next twelve months.

The nearly 500-acre complex, signed by APM Terminals to a renewable 25-year lease with the Port of Los Angeles, will be the largest proprietary container terminal in the world. Upon completion of the second phase of construction in 2004, projected annual container throughput will be 2.4 million TEUs. Over 40 Maersk Sealand vessel calls per month at the new facility will connect Southern California to every major ocean trade route.

The now completed Phase I of the Pier 400 project includes a 343-acre terminal, 4,000 feet of berth, with 10 post-Panamax cranes, capable of handling 3 post-Panamax vessels simultaneously. There are enough power outlets to accommodate approximately 1,200 refrigerated containers, with advanced remote sensors to assure temperature integrity. The centerpiece of the terminal is a 40-acre on-dock rail facility with 12 loading tracks, each capable of handling eight rail cars. With additional storage tracks, there is a total capacity of 126 railcars. By moving containers bound for interior destinations directly at the on-dock rail facility and through the Alameda Corridor, over 1,000 truck moves a day are eliminated at the terminal alone, resulting in dramatically reduced traffic congestion and improved air quality. Approximately 50% of all West Coast discharged cargo is bound for interior inland points by rail.

The Pier 400 program, which was begun in 1994, required massive dredging and landfill to create what will ultimately be a 484-acre facility (equal in area to almost 370 football fields) at the completion of Phase II of the project in 2004. Over 53 million cubic yards of soil was dredged to accommodate the necessary 55-foot drafts of the world s largest containerships, and 11 million tons of quarry stone was barged from Santa Catalina Island to help build the retaining walls. Environmental concerns factored in heavily in the planning of the landfill and terminal facility, which includes special bridges to accommodate water circulation, an on-site asphalt plant and maintaining an annual nesting site for the California least tern, an endangered seabird.

The construction and operation of Pier 400 has a national economic impact of $3.4 billion, including the generation of 58,813 jobs. Nationwide economic impact is estimated at $1.5 billion, including 27,883 jobs, the California economic impact is estimated at $952 million, including 15,494 jobs, and the local economic impact is estimated at $938 million, including 15,436 jobs.

"Pier 400 promises to write a new chapter in maritime history and it is our hope that this investment in this new facility will serve as a catalyst for the continued growth of international business," stated Thomas Thune Andersen, President & CEO, Maersk Inc., Madison, NJ.

Larry Keller, Executive Director at the Port of Los Angeles said, "Working with Maersk Sealand and APM Terminals, port staff has shown a strong commitment to give our clients a terminal product which exactly meets their needs. As we now get into the operational stage, we look forward to continuing our successful relationship with APM Terminals."

Tony Scioscia, President of APM Terminals North America, the North American unit of APM Terminals, added "Pier 400 has been designed literally from the ground up to offer the best safety and efficiency, using the most advanced technology and security for our customers."

Nanaimo: Brand new voyage starts at port

The excitement is definitely building. At the water coolers, coffee shops, retailers, business offices, meetings, and street corners around town - even in the ranks of the metropolis across the strait, there is a buzz about the goings-on in our industrious, world-class Port.

At the forefront of this growing level of interest are the positive progress reports on the harbour-to-harbour passenger-only ferry service being developed between Nanaimo and Vancouver. It has created a level of excitement in the region likely not seen since the last downtown to downtown ferry service

was in place ten years ago. The Port's role in the development of a reliable and quality service has been considerable, demonstrating their ongoing contributions to Nanaimo's enviable lifestyle.

With the recent announcement that the Nanaimo Harbour Link Corporation (NHLC) has successfully acquired the 40-metre Angel of Freedom as the first vessel in the new service, the Port will begin the realignment of sea plane floasts and the construction of the new ferry float at a cost of approximately $800,000.

"From our perspective," said Port CEO, Bill Mills, "Nanaimo Harbour Links Corporation is keeping on schedule with their business plan. It is definitely on track and we will do everything we can to assist in making start-up in the fall a reality ... we are very satisfied with their progress and activity to date," he said.

The new ferry terminal will be located adjacent to the Sea Plane Terminal and will be an extenstion of an existing float to allow the vessel easy access.

"The float will be generic in nature, but we are making sure that we have everything on it to accommodate the fast ferry and its passengers in comfort," commented Port Marketing Manager, Doug Peterson.

The goal of Harbour Link is to have this much-anticipated service up and running sometime in the fall. Geoffrey McNeill, the ambitious president of NHLC, said "we are so confident that the traffic volumes are here we will immediately look for another ship."

The Angel of Freedom, which is currently located in the Philippines and was constructed in 1997 by Kvaerner Fjellstrand Shipyards of Norway, is a 40-metre passenger ferry capable of carrying 300 people and traveling at a cruising speed of 33 knots.

Cost to the traveling public will be approximately $35 round-trip (plus port tax and GST). The Angel of Freedom will, initially, make eight sailings daily. For more information, see www.nhlc.ca

Palm Beach: New Executive Director selected

THE Board of Commissioners of the Port of Palm Beach District recently selected Richard Wainio as the new Executive Director of the port after an extensive international search.

"We are pleased to announce Richard Wainio as the Port of Palm Beach's new Executive Director. Wainio has numerous years of maritime experience and will be pivotal in guiding the port into the next chapter of its long and successful history," said Blair Ciklin, Chairman of the Board of Commissioners.

Mr. Wainio has over 25 years of executive management and international business experience in the maritime industry. He retired in 1998 as the Director of Executive Planning for the Panama Canal Commission, a highly diversified transportation organization with over 9,000 employees responsible for operating and maintaining the Panama Canal. At the Canal, his responsibilities included strategic and treaty-related planning, global marketing programs, management studies, environmental oversight and a $1 billion, 10-year capital-improvement program. Subsequently, Mr. Wainio spent several years as Executive Vice President of a global shipping company, Vice President of MIT Panama and Executive Director of the American Chamber of Commerce in Panama before moving to Florida last year. Most recently, he has assisted several large U.S consulting firms on maritime related projects.

Mr. Wainio has an M. A. degree in International Business from the American Graduate School of International Management (Thunderbird) and an undergraduate degree from Davidson College.

Vancouver: One year after September 11

THE Vancouver Port Authority (VPA) announced its new and ongoing security initiatives in light of the marking of one year since September 11, 2001. In total, the VPA will be spending more than $3 million a year on security measures at the Port of Vancouver. This does not include the investments that individual terminals will be making to enhance their security.

"As part of our ongoing leadership role in port security and together with our stakeholder committee, we have made great progress utilizing the latest technologies to provide better security both before September 11 and in the year following," said Captain Gordon Houston, President and Chief Executive Officer, Vancouver Port Authority.

To date, the VPA has purchased a $2.5 million VACIS gamma ray machine to assist the Canada Customs and Revenue Agency in screening containers, performed terminal threat risk assessments and matched "level 3" U.S. security capabilities at its cruise terminals. New initiatives underway include the implementation by the port community of a card and gate access program for workers at the Port and its 25 major marine terminals; 24-hour monitoring of Closed Circuit Television coverage of port roadways and cruise terminals; a community incident reporting program to track suspicious activity; an appointment-only system for access to the Vanterm Viewing Centre and Observation Deck, and increased lighting and signage.

"These initiatives will enhance the security of the port," said Capt. Houston. "But security comes with a price tag and is an issue of both national and economic importance." The Vancouver Port Authority supports the federal government's recent announcement to conduct a risk assessment for Canada's seaports. The federal government has the responsibility for national marine security policy, and the VPA looks forward to the federal government's development of the policy and a commitment to specific funding for port security.

Africa/Europe

Antwerp: Ongoing growth

DURING the first six months of 2002 the traffic of maritime goods in the port of Antwerp amounted to 64,073,070 tonnes. During the same period of the previous year 65,595,643 tonnes were handled, as compared to 63,476,127 tonnes in the record year of 2000.

Consequently the first semester of this year positions itself in between the traffic figures of the first six months of the two previous successful years.

As compared to the 2001 figures, the month of June is the first month of 2002 which registered more favourable traffic figures. In June 10,740,827 tonnes were handled. In comparison with the month of June 2001 this represents an increase of 2.3%.

Container traffic once again showed a strong growth of 14.4% as compared to the first six months of 2001. During the first half-year of 2002 containerised goods amounting to 26,136,868 tonnes were handled. Expressed in units, container handling increased by 13.7% to 2,340,382 TEU. The month of June in fact showed a growth in excess of 20%.

On the other hand, conventional cargo dropped by 15.6% down to 7,327,094 tonnes as compared to 2001. This evolution is worrying considering the labour intensive nature of these traffics. The reduced traffic of steel products (-14.6%) as also paper and cellulose (-15.7%) are responsible for the decline. The export of steel remains almost unchanged whilst a structural reduced West-European demand lies at the source of a reduced import. Additionally the reduced inbound traffic of paper and cellulose is the result of economic conditions.

Improved harvests combined with an increased market share are responsible for a 2.7% rise in the handling of fruit.

The ro/ro traffic declined by 5.8%. On the other hand, the number of cars rose by 5.8% as compared to the first six months of 2001. The tightening of the economy is reflected in the increased arrival of new cars from Japan and Korea.

The handling of bulk goods dropped by 10.6% resulting in a total volume of

27,757,037 tonnes. This drop is strongly reflected in the liquid bulk goods (-12.8%). The traffic of crude oil dropped by 24.9%, and that of petroleum derivatives by 14.1%. This decline can be declared through the temporary shutdown of two of the five refineries in Antwerp.

With dry bulk goods (-7.8%) the drop is mainly in the handling of ores (-27.2%). This decline is as the direct result of the closure of one blast furnace in the Walloon part of Belgium.

The number of seagoing vessels calling at the port during the first six months dropped by 2.4% to 7,797. As compared to the same period of 2001 this represents 189 fewer vessels. The global gross tonnage amounts to 108,060,897 GT. This represents an increase of the average gross tonnage from 13,217 GT to 13,859 GT.

KØBENHAVNS HAVN A/S
PORT OF COPENHAGEN Ltd.

Copenhagen: New container crane

IT is early in the morning, 5.30 am on the 9th of August 2002. The hectic atmosphere at the container quay of the Orient Basin in the Free Port of Copenhagen tells us that something extraordinary is about to happen. The quay is always busy early in the mornings, but this day is special. The load of the barge, Levator, arriving by the tugboat, Protector, is of a very special

nature.

The load is a gigantic container crane, delivered from Finland. The job to be carried out now is not an ordinary daily one: The crane, weighing more than 800 tons, is about to be moved from the barge to the tracks on the quay.

Managing Director, Lars Karlsson, says, "I am glad that we, and Port of Copenhagen, were so far-sighted to order this crane shortly after 15th of May 2001, when CMP was founded through a merger between Port of Copenhagen and Port of Malmoe. Throughout the first 6 months of 2002 the cargo turnover has increased by 4% and our expectations of a continuous increase in turnover are positive. And not only the container business is showing progress. At the moment a new ferry terminal for passengers and cargo traffic to Norway and Poland is being built in the Southern Free Port in Copenhagen, and in Malmoe, CMP is building a new terminal for Toyota's handling and distribution of cars to Norway, Finland, Sweden and Denmark.

Facts on the new container crane:

The crane is manufactured by KONE CRANES in Finland. It is a Panamax–type with an outreach of 38 metres and a lifting height of 29.5 metres. The crane handles containers to and from ships of max. Panamax size, i.e., the largest ships to pass the Panama Canal. The lifting capacity is 43 tons under the container spreader and 70 tons in "hook".

The crane is prepared for handling of containers in "twinlift," i.e., 2 x 20' containers at a time.

The container crane is CMP's 5th of the kind. 4 other container cranes are placed on the Levant Quay in Copenhagen and 1 is working in the Free Port of Malmoe.

During the weekend the crane was erected and now, the new crane is going to undergo extensive tests – and the employees will have to be trained. The crane is expected to be operational around 1st of October 2002.

PORT OF GÖTEBORG AB

Göteborg: New Car Terminal Facility receives its first vessel

ON August 22, Wallenius Wilhelmsen' Don Carlos became the first vessel to berth at Port of Göteborg's new car import/export facility. The vessel was set to load ab 800 Swedish cars for North America.

The new car berth, No. 601, adds a fourth berth to the existing deep-sea car terminal at Skandia Harbour. The new berth will also make it possible to re-arrange parking patterns at the terminal to achieve higher storage and throughput capacities.

Berth 601, with a depth of 10 metres, has a 21-metre-wide ramp built to serve oceangoing car carriers. The new car berth represents an investment of ab. €/US$4 million.

The Skandia Car Terminal features a pre-delivery inspection facility as well as rail distribution facilities.

Leading port for trade cars

The Skandia Car Terminal has a deep-sea focus, handling Asian and American imports and Swedish trans-oceanic car exports. Together with the intra-European car shipments of the Port's Ro/Ro Terminal, the total number of cars handled at the port in a typical year is around 300,000. This makes the port the leading port for trade cars in Scandinavia.

Additional role

The deep-sea car facility, on the eastern side of the Skandia Harbour, has an additional role to that of a capacity-boosting instrument: vessel allocation at the south quay at Skandia Harbour will become more flexible during the coming quay reinforcement program to be implemented there.

Hamburg: Achieves higher throughput in first half of 2002

DOUBLE-DIGIT growth in container traffic consolidates Hamburg's eighth place in world container port rankings

Bulk goods throughput stable despite weakness of the economy

Port of Hamburg Marketing, the PR and marketing organization of Germany's largest seaport, anticipates total throughput for the first six months of 2002 of 47.8 million t. For the Port of Hamburg that represented 6.0 percent growth on the same period of the previous year. With cargo throughput in the bulk sector remaining at the previous level, Port of Hamburg Marketing (HHM) attributes the advance to particularly gratifying volume growth on general cargoes. Cargo-handling terminals in the Port of Hamburg handled 10.7 percent more general cargoes than in the same period last year

In the first half of 2002 container traffic via Hamburg climbed by 12.1 percent to 2.53 million TEU (20-ft standard containers), whereas the Bremen ports handled 1.43 million TEU and thus had to accept a 2.5 percent downturn. Hamburg's container growth of 12.1 percent was also distinctly ahead of average first-half growth for the world's ten largest container ports at 8.8 percent. In terms of total throughput Hamburg also once again outperformed its major competitors among the ports of Northern Europe, all of which reported declines in total cargo throughput for the first half of the year. The "general cargo" proportion of all cargoes handled in the Port of Hamburg rose from 57 to 60 percent in the first half of 2002. Hamburg, moreover, consolidated its position as the eighth largest container port in the world.

With container cargoes forging ahead on account of new services, an increase in export cargoes and fresh volume records for traffic with the Baltic region, this year Hamburg's port business community anticipates topping the five-million TEU mark.

Hamburg: CSI agreement between Germany and the U.S.

GERMAN and US customs administration authorities signed a joint declaration on August 1, 2002, in Washington for the purpose of improving cooperation

Container handling has increased considerably on a worldwide scale. In the year 2001, about 4.7 million TEU (20-foot standard containers) were handled in the port of Hamburg. In the first half of 2002, container handling has again increased by 12.1% compared to the period of the previous year to over 2.5 million TEU. Germany's largest universal port is expecting over 5 million TEU for this year.

Security in the port of Hamburg has always been given top priority long before the tragic and devastating events of September 11, 2001 in USA. In the year 1996, the customs authorities in the port of Hamburg put the first stationary two-beam inspection unit for container screening in Europe into operation. Rotterdam started using a similar installation in 1999. The container inspection unit (CIU) of the customs authorities and all other measures and means related to security operations in the port of Hamburg have become increasingly significant as a result of expanding container handling as well as a major demand for security inspection. In addition to drugs and arms smuggling as well as false or non-registration of merchandise, the CIU has now been applied in anti-terrorism activities.

The USA in particular is interested in the inspection of its imports, with attention focused on the ports of shipment. The German customs authorities have declared readiness towards constructive cooperation and are willing to participate in the US "Container Security Initiative (CSI) with the incorporation of the economy. With the seaports of Hamburg and Bremerhaven, Germany is one of the most significant trading partners of USA with reference to container handling. The Federal Ministry for Finance (BMF), which is responsible for the customs administration, has therefore set up a work group "Transport Security" with the objective of establishing proposals on a short-term basis for the improvement of exportation monitoring operations.

In a joint statement signed in Washington on August 1, 2002, the German and the US customs administrations reached an agreement on improving cooperation in the struggle against international terrorism. On this basis of understanding, US customs officials will be allowed to be present during customs clearance operations in the ports of Hamburg and Bremerhaven. With supplementary measures in the initial ports of departure, the objective is to facilitate the detection of risk-related shipments before they arrive in USA. For this purpose, US customs officials will carry out on site a risk analysis on the basis of advance data on sea containers such as country of origin, the sender, and container routes, foreign loading ports as well as manifest data. The exercise of inspection rights continues to remain within the scope of authority of the German customs administration.

Kenya: 23rd IMO – PMAESA Workshop on Maritime and Port Security

THE Kenyan Minister for Transport and Communications Hon. Musalia Mudavadi opened the sub-regional workshop on maritime and port security for Eastern and Southern Africa, in a Mombasa hotel, on July 23, 2002.

Countries in attendance included: Eritrea, Sudan, Somalia, Tanzania, South Africa, Ethiopia and the Indian Ocean islands among others. The workshop drew maritime experts and security officers from the PMAESA region, and continued until July 27.

The Minister elaborated that IMO was taking appropriate measures within the technical cooperation in order to assist governments to assess and put in place appropriate measures to strengthen port safety and security, in light of the September 11 2001 terrorist assault on US.

The maritime industry and port sector is most vulnerable to terrorism due to its worldwide and vast ranging operations, an attack on a mega container ship or a cruise ship would result in great loss of life, property and great damage to marine life, he went on. He recalled the painful Kenyan experience of August 1st 1989 which caused great damage and loss of property, a similar incident also happened in Dar-es-Salaam Tanzania. He challenged participants to come up with recommendations to governments that will guide them assess and modify security in regional and world ports.

Kenya was not left out in the intersessional working group on maritime and port security called by IMO in London in February this year. The session recommended that coast states establish maritime and ports security committees of which Kenya has already established a maritime and port security committee under the chairmanship of the Ministry of Transport and Communications. A law review task force has also been put in place to review and update the existing maritime legislation on issues such as piracy, violent robbery and terrorist attacks. The task force's recommendations and those of the workshop will be legislated when completed, translating them into law. L.Victoria is included in the blue print as its activities have been revitalized by the newly relaunched East African Community.

A national disaster management unit and coast guard have also been established to enhance security and prevent terrorist acts. Other measures will include development of port security facilities, training of port security personnel and arrangements of ships security. Regional govenments' ability to meet the costs of implementing this recommendations should also be taken into consideration. For example, it could require sophisticated equipment and highly trained personnel to scan cargo. The ability of containers to transport terrorists, he said, should also be looked into while devising the safety strategies. Participating governments, delegations, he said, should develop both national and regional capacity to contain terrorism. He cited the piracy on ships along the Somali Coast and said that strong action needs to be taken to contain such actions.

Other guests who attended the meeting included J. P. Mundi, IMO Regional Coordinator, Mr. Siyabonga Gama – Chairman of PMAESA and Chief Executive of National Ports Authority of South Africa, Mr. S.M.E. Luhigo – I.A.P.H. Executive Committee Member and Chairman of Tanzania Harbours Authority and Mr. Harmut Hesse, the Representative of the IMO secretary general.

Le Havre: Traffic figures for the first half of 2002

GENERAL cargo traffic, including bunkering and ship supplies, recorded 34.2 mt by late June 2002 compared to 34.3 mt for the same period of 2001, that is a slight -0.4% decrease.

This result was the consequence of the -7.0% fall in liquid hydrocarbons which was nearly made up for by the high growth in other bulks (+22.1%) and the 9.7% rise in general cargo.

A decrease in liquid bulk tonnage (both incoming and outgoing) was due to declines in the shipment of crude oil (-9.8%) and gas hydrocarbons(-18.9%). Refined petroleum products increased by 6.6 % due to substantial incoming traffic and other liquid bulks rose by 6.9%.

Dry bulk traffic experienced a strong increase of 28.1%, led by coal traffic (+16.5%) and animal feed (+40.9%). Cement traffic rose by 7.9% while cereals decreased (-1.9%). Other dry bulks,

which includes materials for the ongoing construction of Port 2000, soared by 64.4%.

General cargo traffic grew by 9.7% to 9.74 million tons. The growth of container traffic at 13.9% (8.11 mt) contributed substantially to the positive results for general cargo.

As regards containerised trades, this 13.9% rise was broken down to 7.0% in container traffic to the hinterland and 35.8% in transhipments. Transhipment rate reached 28.5% against 24% compared with the same period of 2001.

Lastly, the P&0 Car ferry service linking Le Havre and Portsmouth in the U.K. registered a 2% increase in cross-Channel passengers, to 368,000 passengers in the first half of 2002 from 361,000 in the same period of last year.

Malta: Launches new website

THE Malta Maritime Authority has launched a newly revamped image for its website. In fact, the site has undergone a total makeover in content, layout and structure so that its usability has been enhanced and is now more attractive and user-friendly.

The new website at www.mma.gov.mt goes to further strengthen the customer-centric philosophy of the Malta Maritime Authority. The new website is in fact very userfriendly in terms of online navigation and offers various sections ranging from the Authority's three directorates, namely Ports, Merchant Shipping and Yachting Centres. Other sections include a ship registration guide, safety at sea education, shipping movements, as well as generic information about the Maltese Islands.

Commenting on the launch of the newly revamped website, MMA Chairman Dr Marc Bonello stated "in planning the website's new image, we have sought to include facts and useful information that appeal to our various stakeholders. To further enhance the new site's image we have included a number of interesting and interactive maps, one of them being that of the Port of Valletta indicating the location of all wharves and creeks, besides other useful information."

The site also includes data which are continuously being monitored and updated such as Notices to Mariners, Merchant Shipping Directorate Notices and Press Releases issued by the Authority. An important feature which many would find convenient is the online daily publication of the schedules of Cruise Liners and Naval Ships at the Port of Valletta, together with other vessels calling at the Grand Harbour and the Port of Marsaxlokk.

The site also contains information on the main development projects coordinated by the Authority at Cirkewwa and Mgarr harbours as well as a wide range of links to other Maltese companies and institutions' web sites.

Nambia: Progresses with new software

GIVEN the international thrust of Nambian Ports Authority's (NAMPORT) current business development drive, particularly for imports and exports through the Port of Walvis Bay and the Walvis Bay Corridor linking the SADC region with global markets, it has become imperative for us to provide world class customer service, not only in operations but also on the administrative and systems side of our business.

To this end, the use of appropriate business software together with the required computer hardware represents the backbone of such a financial and administrative support system. Recognizing this, Namport installed the SAP/R3 computer software on its systems some 17 months ago, following a comprehensive tender process. Today brings us to a significant first milestone in our association with this software, with a total number of 10,000 purchase orders being created within this period. This occasion also recognises the ongoing commitment of all our staff using the system and ensuring its continuing success. For this period up to now we have made payments in excess of N$300 million in total to all our suppliers and service providers whereby close to N$40 million has been paid to the State (The Ministry of Finance) in value added taxes. The contribution towards the local authorities in Walvis Bay and Lüderitz amounts to more than N$8 million which is indeed a hefty investment

in the local economy.

A major achievement for the Namport team was to implement the system within required time and budget parameters. This would not have been possible without the assistance and co-operation of the group of SAP staff members, and the Namport team of Mr Pieter Heunis, Mr Jan Serfontein, Mr Danie du Toit, Mr Widux Mutwa, Mr Wessels Feris and Mr Gerhardt du Plessis who were responsible for the implementation of this system at Namport. Mr Avril Green was the Namport Project Manager for this installation. Since the implementation of this system we have also succeeded to obtain valuable information, built up during a short period of time, which is critical for long term planning of the company.

Our future plans include the possible implementation of other modules of the SAP/R3 system, which will enhance our business operations and service to our clients. Like with all the systems some minor teething problems are to be expected, but we were very fortunate to resolve it without major time delays. Namport's success with the system is based on ensuring that the information captured is correct, continuous verification of data and making sure that we are up to date with all the updates, changes and new developments on the system. Namport is also currently looking at the implementation of other systems from a port operations perspective, which will be used to interface with the system to improve client service. The process of Information Technology (IT) development at Namport is done to stay in line with international trends and development and to assist with the improvement of productivity and profitability.

To mark this occasion today, we would like to hand a token of recognition to the Civils Department, for processing order no. 10 000 through the system, and we look forward to many more milestones in this regard.

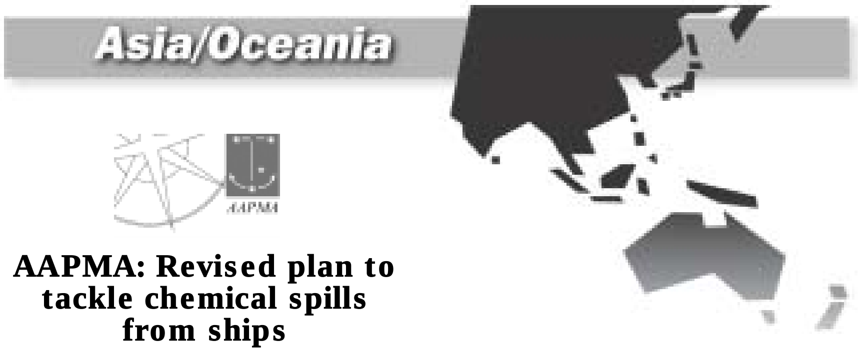
Port of Rotterdam

Rotterdam: Results of first 6 months

THE decline in throughput in the port of Rotterdam remained limited to 1.7% in the first six months of 2002. Over 159 million tonnes were handled, against 162 million tonnes in the first half of 2001. According to RMPM executive director Willem Scholten, the annual result could end up at more or less the same level as last year. The current fall is largely attributable to the decline in throughput of dry bulk (coal -17%, ores and scrap -2%, agribulk -17%, other dry bulk -13%). In the 'liquid sector' the reductions in crude oil (-2%) and other liquid bulk (chemicals, oils and fats, -5%) were compensated for by a strong rise in throughput figures for petroleum products and petcokes (+21%). In the general cargo sector, roll-on/roll-off throughput remained stable and other conventional cargo decreased by 12%. The 3% increase in container throughput managed to drag the sector as a whole back over the line. Total incoming trade dropped by 3.5% and outgoing trade was 5.5% up.

CEO of Rotterdam Municipal Port Management, Willem Scholten commented "Everything that could fall as a result of the economic trends has actually fallen, but only to a limited degree, relatively speaking. I expect some recovery in the second half of the year so that we will eventually arrive more or less at the 2001 level, namely 314 million tonnes. Other general cargo and agribulk are permanently on the decline, but we want to turn this development around by adopting a different and more intensive market approach. The construction of a covered terminal for steel and wood products is an example of this. Throughput of petroleum products was the major 'star' this six months, but it had already been on the increase for years. Here we are dealing with an interesting global process in which refining is shifting to the source. The port of Rotterdam must choose a position for itself here, one that also presents opportunities to profit from these flows in the future. The same applies to the throughput of other liquid bulk. An increasing proportion of this is made up of methanol, which is already replacing oil in certain processes and could even become the most important motor fuel. The aim is to strengthen our position as the most prominent European hub for these 'products of the future'."

This also remains Rotterdam's aim for container throughput. Scholten said "I am pleased that 'the minus' in container throughput has disappeared, but I see absolutely no reason for hanging out the flag. Growth is limited, it was measured against an already weak half year for 2001 and it is smaller than the increase in the total market. This actually contains ports facing the same problems we used to have. Our growth is mainly down to short sea container transport, which RMPM has been promoting for a few years, for example, by investing in specific facilities. The market has picked up on this so well that we now have to pull out all the stops to expand the terminal capacity as quickly as possible. In deepsea container traffic, we haven't yet managed to create a firm upward trend. With a great deal of effort we have more or less prevented the departure of complete lines, but growth is passing us by, literally. Anomalous Dutch regulations and enforcement play a role here. The logistics surrounding the container scan are developing in a positive way, thanks partly to the efforts of the Customs department and the logistic service providers. The review of the 'firework decree' is a good step towards being able to keep in step with rival ports. There is still a lot to be done however, for example, about the way in which veterinary checks are conducted. In the competitive battle, RMPM and the business community naturally have their own important roles and responsibilities. For this reason, measures and plans have been developed to strengthen our commercial position. Some of these are already being implemented. The 'plus' does not just come from nowhere, it is partly a question of new business. All being well, this will be discussed with the clients after the holidays and then made public."



AAPMA

AAPMA: Revised plan to tackle chemical spills from ships

THE protection of Australia's marine environment has been further enhanced with the release on August 9 of a revised and improved contingency plan to tackle chemical spills from ships.

The revised National Marine Chemical Spill Contingency Plan – known as the Chemplan – sets out in detail the responses required in the event of a chemical spill in the marine environment.

The Chemplan has been revised to ensure there are spill response arrangements in place for the ever-increasing array of chemicals being shipped into and around Australia. It sets out clear definitions of responsibility in the event of a spill and includes more information on responding to the many different chemical types entering Australia.

The Chemplan forms part of the Australia's world leading National Plan to Combat Pollution of the Sea and Other Noxious and Hazardous Substances.

Chemplan has been endorsed by the Commonwealth, State and Territory Governments and the chemical and shipping industry.

FREMANTLE PORT

Fremantle: New bulk storage shed

WORK will begin soon on the construction of additional bulk storage facilities at Fremantle Ports' Kwinana Bulk Jetty.

The State budget makes provision of $10 million for this facility which is one of a number of projects associated with the upgrading of Fremantle Ports' bulk handling capacity.

Fremantle Ports will arrange for the construction of the storage shed, which will be used for fertiliser products under a leasing agreement with United Farmers.

Fremantle Ports Chief Executive Officer, Kerry Sanderson, said the provision for this additional storage had enabled Fremantle Ports to attract more business to the Kwinana Bulk Jetty and to increase the usage of the jetty's very efficient and environmentally friendly bulk unloading facilities.

"Fremantle Ports' upgrading of infrastructure at the Kwinana Bulk Jetty will open up further opportunities for trade, with significant benefits flowing back to the people of Western Australia.

"The proposed new bulk storage facilities, with a capacity of 80,000 tonnes, will complement the conveyor facilities and rail spur which were completed in 1998 in association with the Murrin nickel project, and the $11 million bulk unloader which has been recently installed.

"It is also important to note that ensuring low environmental impact has been one of the key considerations in the design of the new facilities, in keeping with Fremantle Ports' strong commitment to managing the port in an environmentally responsible way," Kerry Sanderson said.

Gladstone: Another record result

THE Port of Gladstone has achieved record throughput for the 2001/02 financial year, with 53.8 million tonnes of cargo being handled across its wharves.

This represents a 1.4 million tonne (3%) increase on last financial year's record result.

"To achieve 1.4 million tonnes of trade growth in the past 12 months, on top of the record 6.2 million tonne increase of 2000/01 is an outstanding accomplishment for everyone involved in the port," Gladstone Port Authority (GPA) chief executive officer Leo Zussino said.

"Coal has again driven the port's solid growth with coal exports totaling 37.5 million tonnes, two million tonnes (6%) above the total for 2000/01."

Record coal tonnages were recorded at both the RG Tanna Coal Terminal

(RGTCT) and Barney Point Terminal at 33.9 million tonnes and 3.6 million tonnes respectively.

"The continued growth in coal exports has seen tonnages handled during 2001/02 exceed the port's rated capacity of 35 million tonnes per annum (Mtpa)," Mr Zussino said.

"The expected completion of the current $80 million expansion project in early 2003 could not be more timely given that coal tonnages are expected to continue their upward trend over the medium term."

Tonnages from cargoes associated with major industry such as Queensland Alumina Limited (QAL), Boyne Smelters Limited (BSL), Orica and Ticor remained steady during the year.

Significant tonnage growth was recorded by Queensland Cement Limited with more than 1.3 million tonnes of cement and clinker exported during the 12-month period, representing an increase of 200,000 tonnes (18%) on 2000/01.

Southern Pacific Petroleum (SPP) contributed to the port's growing list of cargoes with the commencement of naphtha shipments during the year.

"Almost 30,000 tonnes of naphtha was shipped through GPA's bulk liquids wharf at Fisherman's Landing. And with the recent announcement of a long-term contract with Mobil, we anticipate significant growth in this commodity into the future.

"The commencement this week of project cargo shipments associated with the construction of the Comalco Alumina Refinery signals the beginning of the next stage of Gladstone's industrial future.

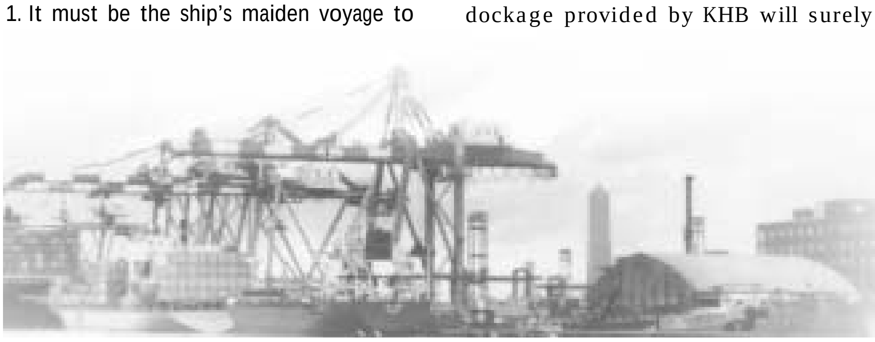
"Expected announcements from other major industries currently undergoing feasibility studies, coupled with expected trial shipments of coal from the proposed new developments at Monto and Rolleston, will see 2002/03 shaping up as an exciting year of further growth for Gladstone and its port," Mr Zussino said.

Kaohsiung: Special incentives to encourage growth of container volume

IN light of the global recession and intense competition from neighboring ports, Kaohsiung Port has decided to attract new customers by offering 50% discounts on dockage to ships that comply with the following conditions from March 1, 2002:

1. It must be the ship's maiden voyage to Kaohsiung Port.
2. The container ship must completely discharge and switch its shipping route at Kaohsiung Port.
3. Repairs must be carried out at either Kaohsiung Port or other ports after completely discharging at Kaohsiung Port.

In recent years, many shipping companies have purchased post-Panamax container vessels to meet the challenges of a new era. On average, there are two huge container ships entering operational service every week. These newly-built container ships are usually fully loaded as per the shipping companies' projections. Subsequently, lower dockage provided by KHB will surely



attract these huge container ships and bring greater cargo turnover.

In addition, according to statistics, every year numerous container ships discharge at Kaohsiung Port due to altering shipping lines. The volume of transshipment is considerable. Based on the new incentives, a 60,000-GRT vessel docking for 17 hours is expected to save NT$40,000 or more. Hence, it is hoped this new program will allow KHB to reach its stated business goal for this year: 8 million TEU.

Klang: Ship simulator training for harbor pilots

PORT Klang Authority (PKA) is the first port authority in Malaysia to introduce ship simulator training in its harbour pilot training syllabus.

PKA, the licensing authority for the port's harbour pilots, has approved simulator training for harbour pilots from Northport and Westport.

The simulator training is conducted at the Star Cruises Ship Simulator (SCSS) in Port Klang.

Capt. David Padman, Assistant General Manager (Regulatory) of PKA and Chairman of the Pilotage Committee, told *Gateway*, “The simulator training is aimed at exposing the pilots to scenarios which are not possible under normal training circumstances, for example, close calls and collision-avoidance. Simulator training, which can compensate actual training on the ship, will also reduce the actual training period by six months, without compromising on quality.”

The SCSS, located within the Star Cruises terminal complex, is believed to be the only one of its kind in the world owned by a shipping line. The US$5 million full-mission bridge simulator was commissioned in 1998 and is operated as a joint-business agreement with the Danish Maritime Institute.

Capt. Gustaf Gronberg, Vice President of Nautical and Fleet Captain of Star Cruises said, “The SCSS is able to provide comprehensive simulator training for a variety of climatic conditions. Courses offered by the simulator include Crew Resource Management or Bridge Resource Management, amongst others, which deal with human factor issues. They are suitable for all categories of officers and maritime pilots as well as shore maritime operational staff.”

He said that simulator training for both Deck and Engine Officers are now widely used in the shipping industry.

“There is clear evidence that structured simulator training does pay off. One major shipping company which started simulator training for its Deck Officers at the Danish Maritime Institute in 1995 has seen the accident rate dropped from 73 to 25 and the Insurance Premium Index from 100 to 65.” he added.

The SCSS is able to simulate the environments of the various ports of call and climatic conditions. Combining audio and video effects, the simulator provides virtual-realistic scenarios of actual port scenes in Port Klang, Straits of Malacca, Langkawi, Kuantan, Kemaman, Singapore, Hong Kong, Xiamen, Phuket, Keelung, Saigon River, Ishigaki and many other locations.

The training center also conducts training programmes for officers from other shipping companies. It has, so far, hosted pilots and officers from AP Moeller (Singapore), Malaysia International Shipping Corporation, Neptune Ship Management Services (Singapore), Hyundai (Korea) and UNOCAL Thailand ltd.

Pilots from Xiamen, Saigon, Laem Chabang, Hong Kong, Sydney, Brisbane, Fremantle and Melbourne have also trained at the SCSS.

Star Cruises, the fourth largest cruise line in the world, operates a combined fleet of 19 ships with over 24,000 lower berths. When a newbuilding now under construction is commissioned in late 2002, Star Cruises with Norwegian Cruise Line will have over 26,000 lower berths.

The line operates cruises to destinations and islands in Asia-Pacific, North and South America, Caribbean, Alaska, Europe, Mediterranean, Bermuda and Antarctica.

Kuantan: Dedicated container terminal to be commissioned partially

THE first dedicated container terminal on the eastern seaboard of Peninsular Malaysia becomes a reality when the first 200-metre of container terminal is handed over to KPC by the end of June.

Dato’ Mohamed

“The contractor, Road Builder (M) Sdn Bhd has completed the first half of the dedicated terminal and we need a couple of weeks to shift the quay cranes from present site to the new site at the newly-dredged inner harbour basin,” said Dato’ Mohamed.

“We will be shifting the quay cranes; however the shifting will not affect the current container operations at the general cargo berth. Once the operation is shifted to the new terminal we can assure container lines a higher level of services and faster turnaround time for their ships,” said Dato’ Mohamed.

According to Dato’ Mohamed the entire length of 400 metres will be handed over to KPC by the end of this year. KPC has invested close to RM100 million on the development of berth and the related handling equipment.

“We have allocated space for an additional 100-metre berth if the need arises. However we are confident the 400-metre container terminal will be sufficient to handle up to 300,000 TEUs at any point of time,” stressed Dato'' Mohamed.

The number of ship calls is expected to grow as some operators are planning to mount additional services.

“We are confident of getting an additional three more services when the full

Name of Company	Frequency Per Week	Type of Service
New Econ Line	1	1 Feeder
Regional Container Lines	2	2 Feeders
Maersk Line	2	2 Feeders
Uniglory Line	1	2 Feeders
PacificInternational Line	3	1Direct Caller 2 Feeders
MISC Bhd	2	2 Feeders
Samudera Icon Line	1	2 Feeders

berth is in operation. This will include some new services strings and increase in frequency in the existing container shipping route," said Dato' Mohamed.

Currently Kuantan Port is being served by seven liners namely the Malaysia International Shipping Corporation Bhd, Regional Container Lines, Maersk lines, Uniglory lines, Pacific International lines, Samudera Icon Lines and New Econ lines.

Mumbai: Agreement with TEC for coal berth

MUMBAI Port Trust and Tata Electric Cos. today signed an agreement for construction of berth at Pir Pau on a Build, Own, Operate and Transfer (BOOT) basis for handling *inter alia* coal, fuel oils and other bulk liquid cargo. This is the first full-fledged privatisation project of Mumbai Port Trust for construction of new berth.

The construction period for the project is 36 months. The licence period is 30 years from the date of commissioning. The estimated cost of the project is about Rs. 200 crores. The minimum guaranteed annual traffic during the first year of operation is 0.8 million tonne increasing to 1.5 million tonnes from the third year onwards comprising 0.5 million tonne of coal and 1 million tonne of other liquid cargo. Minimum royalty payable to the port will be Rs. 2.60 crores during the first year increasing to Rs. 8 crores in the third year with a 4% increase every year thereafter and rent for use of waterfront at Rs. 1.2 lakhs per month.

Coal received at the proposed berth will be conveyed to Tata's power station through conveyors. Transfer of other liquid cargo will be through pipelines.

With the completion of the project, port's capacity would be increased by 1.5 million tonnes.

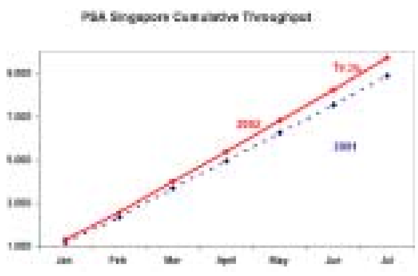
PSA: Container throughput in July 2002 is highest volume in 23 months

Container Terminals	Singapore Terminals	Overseas Terminals	PSA Group
July 2002/Jul 2001	9.9%	129%	34%
Year-on-year comparison for Jan-Jul	9.2%	115%	27%

PSA Corporation's container terminals in Singapore handled 1.48 million TEUs in July 2002, the highest throughput achieved in 23 months. This represented a growth of 9.9% compared to July 2001. The year-to-date growth from January to July 2002 was 9.2%. The good performance in Singapore was due largely to the strong growth in transhipment volumes across all major markets, especially China and South Asia, as well as local exports growth.

PSA Corporation's overseas container terminals for July 2002 registered a 129% growth over July 2001 to 0.78 million TEUs. During January to July 2002, the increase was 115%. This growth in overseas throughput included the volumes handled at Hesse-Noord Natie (HNN), Belgium. Volume increases can be seen in all our overseas ports, especially from the ports in China. Aden Container Terminal, Yemen, also witnessed good growth due to the addition of several new services.

PSA Chairman, Dr Yeo Ning Hong said, "I am pleased to note the continuing good growth of containers through Singapore in spite of the slow recovery of the global economy. This reflects well on PSA's competitiveness as a transhipment hub. The very rapid growth of volumes through our overseas ports is also testimony to our sound strategy of global diversification for our long-term future."



Overall, the PSA Group recorded growth of 34% in July 2002 with a year-to-date increase of 27% in container throughput for January to July 2002.

Sydney: Port trade maintains 7% yearly growth trend

SYDNE's port trade growth has moved beyond the one million-TEU mark for this financial year and maintained its long-term growth trend of seven per cent per year, a 40 per cent increase since 1997.

Sydney Ports Corporation General Manager, Commerce and Logistics, Simon Barney, said preliminary end of year trade figures indicate trade cargo volume has increased by nearly two per cent, and containers have exceeded one million TEUs, with growth in both containerised exports and imports.

Trade trends:

"Container trade has been particularly strong this year since March with volumes exceeding the previous record months in 1999-2000," Mr Barney said.

"The year 1999-2000 was influenced by the cumulative lead up to the Olympics and introduction of the GST, but this year's growth has been achieved despite difficult global conditions."

Consistent with trade figures released by ABS this week, Sydney Ports container exports have shown increases in products such as meat, food preparations, non-ferrous metals and chemicals. The main export destinations were New Zealand, Japan, China (including Hong Kong) and the United States.

Full container imports increased by more than 2 per cent on the previous financial year. The major import commodities were chemicals, manufactured goods, paper products and machinery with the key trading countries remaining China, New Zealand and the United States. However, imports from Germany and Indonesia were up 10 and 16 per cent respectively compared to last year.

Preliminary end of year figures indicate motor vehicle imports were 2.4 per cent higher than last financial year and bulk trades (including cement, sugar and gypsum) were up three per cent.

Business Development:

Supporting Sydney's growth in the motor vehicle trade and container trade, Sydney Ports CEO, Greg Martin and Senior Manager Trade Development, Phil Rosser, are currently visiting shipping line principals, car carriers and manufacturers across Asia, including Singapore, Hong Kong, Shanghai, and Tokyo. Sydney Ports will be briefing these businesses as part of our commitment to industry consultation about the proposed Port Botany expansion, Glebe Island/White Bay developments, and port services. The visit will further strengthen customer alliances following last year's visit to key shipping lines in Japan, Taiwan and China.

Port Productivity:

The latest productivity indicators# show Sydney has moved ahead of the 'five port average crane lift' for the March quarter and two container lifts/hour above the target set by the Federal Government five years ago. Sydney's average crane rate was 26.9 containers per hour up from 25.7 in the December quarter and 0.3 of a container lift/hour above the five port average.

Vessel numbers:

Although trade throughput was up, the number of visiting ships over the past financial year was 2,257, approximately one per cent down on last year. However, Ro-Ro and Dry bulk vessels exceeded visit numbers in the previous year.

* *TEUs: Twenty-foot equivalent unit container*

\# *Productivity indicators: Waterline June 2002, Bureau of Transport & Regional Economics: Final end of year figures will be available during August 2002.*

Yemen: Maersk Sealand ships to call Ma'alla Terminal

CONTAINER throughput at the rapidly expanding Port of Aden has grown from 9,000 TEU in 1992 to a forecast 490,000 TEU in 2002, over 40% per year during this time. This growth is being achieved through the success of both the Ma'alla Terminal, operated by Yemen Ports Authority (YPA) and the Aden Container Terminal (ACT) operated by the PSA Corporation of Singapore, emphasizing the fact that Aden has two terminals with a total of seven container cranes.

Until 1990 Aden had no alongside berths capable of handling containers. Completion of the Ma'alla Terminal in 1990 provided Aden with four berths extending over 750 metres of quay, with Berths 1 and 2 at Ma'alla equipped for container handling. Two Panamax-capable container gantry cranes supplied by Liebherr were installed in 1993 and 1995.

By 1997 the Singapore-based Pacific International Line (PIL) started to operate container transshipment services via Ma'alla and by 1998 the terminal was handling around 6,000 TEU per month. Container handling efficiency, lack of red tape and the ability to turn ships around quickly at Ma'alla were welcomed by PIL and other companies. The port benefited from the revenue generated by this business and invested in the development of staff skills.

Meanwhile construction of the ACT was initiated and by 1999 Aden had deepwater access to 700 metres of new quay, depth alongside 16.0 metres, and a 700-metre diameter turning area 15.0 metres deep. These new container berths fulfilled plans originally developed some 20 years before and demonstrated the confidence of important investors in the ability of Aden to re-gain its pre-independence position as a major regional shipping center. After ACT opened, container volume again jumped from 57,500 TEU in 1998 to 247,913 by 2000 and 377,367 TEU in 2001. Throughput so far in 2002 is 50% up on the 2001 monthly figures.

YPA, which provides the marine services for all ships calling Aden, has benefited from the growth in ship calls at ACT, raising the total from less than 900 ships (other than yachts and fishing vessels) in 1995 to well over 1,900 in 2001. Aden's strategic location and huge protected harbour are a great attraction. Its position as a hub port, with around 86% of container volume now transshipped to ports in the Red Sea, Gulf of Aden, east coast Africa, west coast India and The Gulf, is becoming well established.

With throughput and container transshipment services at ACT growing rapidly since 1999, the opportunity to improve the use of Ma'alla for import and export containers has become increasingly evident. Ma'alla, located in the heart of the commercial area of Aden, provides immediate access to the premises of many of the merchants in Aden, while its 70 refrigerated container power points are an attraction to companies wishing to import frozen goods or export the high-value fish caught in the Gulf of Aden.

The call by the Maersk Sealand vessel 'Este Star' at Ma'alla on 3rd June is a positive result of discussions held between the company and YPA. It demonstrates the confidence of this top world company that YPA has the technical and commercial skills to provide and support the quality of service Maersk Sealand requires. But it is more than this, as it reinforces the fact that Aden has, in only 12 years, developed the ability to offer competitive container handling services at two terminals. ACT, with its 16-metre alongside depth at chart datum and 55-metre outreach cranes, is capable of handling any container ship currently in service or on the drawing board. Ma'alla, with 38-metre outreach cranes and a depth alongside of 11 metres below chart datum, was designed and built for smaller container ships, particularly those shipping cargo into and from the commercial center of Aden.

YPA recognizes the importance of this call by Maersk Sealand at Ma'alla. It values the support given by the company to bring business, employment and an upgrade of staff skills to YPA's terminal, where new computer-based technology for container planning and handling is being introduced. YPA also looks forward to the development of even closer cooperation between Aden's container terminals as they bring more ships and business to the port.