



PORTS & HARBORS

Official Journal of the International Association of Ports and Harbors

Waiting for funds

Insurance is slow to flow in New Orleans

What the shipper wants

How ports can fit into the chain

A hub grows bigger

Portugal's link to the world

Handing over the reins

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In Houston the IAPH presidency moved from Tom Kornegay in the Americas to Datin Paduka OC Phang from Asia/Oceania

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REGULARS

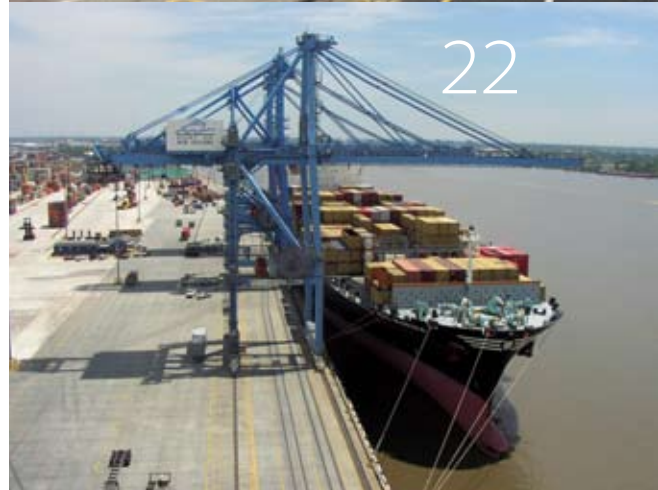
- Comment:** Secretary General Inoue discusses the new container terminal revolution **3**
- News:** The latest industry news, including port updates, dredging projects, people and more **4**
- Open Forum:** A public-private partnership could help market your port, says Dr Jürgen Sorgenfrei **14**
- Cover Story:** Environmental issues were paramount at the 25th World Ports Conference in Houston **26**
- Maritime Update:** State aid guidelines mooted, IHMA wins new members and the world's ports unite **42**
- IAPH Info:** Arjen Doosje reports on the formation of a Wreck Removal Convention in Kenya **44**
- Bulletin Board:** New officers and associate members, plus Tom Kornegay's environment swansong **50**
- Last Word:** Datin Paduka O C Phang reveals the challenges she faces as the new IAPH president **52**

FEATURES

- Security:** Bridget Hogan discusses port and shipper perspectives on supply chain security **16**
- A SECCONDD chance:** Could ports benefit from this proposed world standard for container scanning, asks P&H **20**
- Insurance:** Post-Katrina, New Orleans is stronger, but still awaiting hefty insurance payouts, reports Penny Allen **22**
- Keeping the ports working:** Human error is blamed for a spate of insurance claims at ports and terminals **24**
- Poised for growth:** Bridget Hogan reports on the small Portuguese port with BIG ambitions **40**



20



22



40

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Terminal challenge

Last month, news spread around the world that in the first quarter of 2007 the Port of Shanghai had passed Hong Kong to take its place as the world's second-busiest container port. It looks as if Shanghai is on course to take the place of the Port of Singapore as the world's busiest container port next year. It also seems only a matter of time before the Port of Shenzhen overtakes the Port of Hong Kong. Naturally, the explosive growth of China's container trades is flooding the other end of the trade routes, so that all major ports in every corner of the world are busier to an unprecedented degree. As discussed at the Houston Conference, ports must expand, otherwise they will quickly become a bottleneck in the global supply chain.

An even more serious burden facing ports is the rapid increase in the size of container ships. Ports today are on a treadmill of change: ever-enlarging container ships render terminals rapidly obsolete – unless ports invest constantly to deepen and widen approach channels and renovate terminal facilities, including gantry cranes. As there is no doubt that world container trade will continue to grow in the foreseeable future, economies of scale will drive the shipping industry to deploy ever-larger ships. Ports will, therefore, have no choice but to continue to enlarge their container terminals. But it is not always possible, especially when environmental and space constraints

are taken into consideration.

Container terminals have remained, in principle, the same as designed more than 50 years ago when Malcolm McLean sailed a container vessel, *Ideal X*, from Newark to Houston. In a half-century the world's container traffic has grown to incredible levels that nobody could have predicted in the 1950s. Now could be time for the port

Ports should be more aggressive in developing completely innovative terminals

industry entirely to reinvent the concept of the container terminal itself, switching the initiative from ships back to terminals again. Ports should be more aggressive in facing the challenge of developing completely innovative terminals. The new-generation terminal should be capable of handling economically at least double the throughput of the average modern terminal, to be able to expand capacity easily in phases and achieve high levels of flexibility within a given space.

Some ports have already accepted the challenge and are developing these innovative forms of terminal. At the Houston Conference, the Ports of Hamburg and Singapore discussed in detail the challenges they face. Those challenges are not always straightforward, requiring tremendous energy and determination to make a breakthrough. With port expansion being imperative, however, we should now face up to the new challenges rather than merely duplicating the conventional modules of existing container terminals.

Equally important is the more sophisticated integration of port operations with hinterland transport systems, without which any attempt to build innovative terminals could not be successful. As compared with 50 years ago, we have far more advanced logistics systems and information technologies. With these advances, I am convinced that the port industry will be able to open up a new era of containerisation. PH



Satoshi Inoue
Secretary General, IAPH

Port updates

SECURITY BOOST

Canada's Port of Montreal has commissioned new radiation detection equipment to scan container cargo arriving at its terminals. Unveiling the system at a special ceremony, minister of public works and government services Michael Fortier said: "This will be an important tool for the port, which provides the most direct, most profitable route between North America's industrial heartland and the northern European and Mediterranean markets." The equipment will be utilised by the Canada Border Services Agency to locate and identify sources of both natural and artificial radiation.

PORT COLLABORATION

Port of Seattle CEO Tay Yoshitani and Dalian Port president Sun Hong have signed an agreement to encourage information exchange, trade and business opportunities between the two ports.

MARSEILLES TERMINALS

Another two container terminals are planned for France's Port of Marseilles. Subject to feasibility approval, expected in October, tenders for the Fos 3XL and Fos 4XL facilities will go out next year, a month after work begins at Fos 2XL. Fos 3XL would have a 800m berth and 800,000teu/year capacity and Fos 4XL a 1,000–1,200m berth and 1.2M teu/year annual capacity. The projects form part of the Gravelle container terminal and could open within 10 years of Fos 2XL.

HALDIA READY TO ROLL

India's Port of Haldia has opened an INR400M (\$10M) dry bulk berth. With 50,000m² of back-up space, the facility has capacity to handle 2M tonnes that's required to ease congestion in the dock. Another berth is due for commissioning in September.

KHALIFA ACCORD

DP World has agreed to manage Khalifa Port and its associated free trade and logistics zone in Taweelah, Abu Dhabi. The 2M teu first phase is due for completion in 2009 and includes a multi-purpose offshore facility connected to the mainland.



London Gateway: a new port close to the UK capital

Historic decision for London

The UK government has given the go ahead to the London Gateway container and ro-ro port – what's billed as the capital's most significant port development in over a century.

Located near Shell Haven on the River Thames, the project is considered vital to ensure Britain has sufficient capacity to service continued growth in international trade and to help London maintain its position as one of the UK's leading ports. Construction was due to begin over a year ago, but delays occurred as developer

DP World wrangled with the government over the amount of transport infrastructure it had to pay for.

With a total 3,000m of water frontage, including 2,300m of container berths and the UK's largest logistics and business park, the facility will be built on a 607ha brownfield site just 32km from the capital and close to major markets in the south of England.

In related news, London's Thamesport last month opened its East Park Gate complex, which forms part of a development

designed to simplify and improve service levels to hauliers. According to reports, haulier turnaround times in the empty park have already been reduced to an average of just eight minutes. "Thamesport is the only UK deepwater container port with significant spare capacity," said Chris Lewis, chief executive of Thamesport's owner, Hutchison Ports (UK).

"Lack of congestion enables us to offer levels of customer service unequalled elsewhere in the UK," he added.

Helsinki expansion on track

The Port of Helsinki has announced details of progress on construction projects throughout the port.

The passenger bridge at West Terminal's ferry berth L6 has been extended by 250m to help it accommodate the cruiser *MS Star*, two new passenger boarding gangways have been commissioned and the stern loading ramp has been widened for cargo transport. A major quay overhaul should also have been completed by the time you read this, with the renovated structures serving super-fast boats.

Passenger bridges, gangways and terminal facilities at Katajanokka Terminal are being renovated in preparation for the new passenger ship *Viking Line*, which goes into service in early 2008. The fairway off Jätkäsaari Island will be dredged to ensure safe navigation for large cruise liners.

The first phase of a gate centre at the Vuosaari deep water port is underway and includes construction of the tower section of the gatehouse office building, a passenger terminal and parking facilities. Foundation work for Finnsteve's V9 import terminal at the eastern section of the harbor is underway, while Steveco, Multi-Link Terminals and the Port of Helsinki have signed a joint operational concession for the 21ha area in the western section.

North Korean call

A North Korean-flagged freight vessel has anchored at Busan Port for the first time since the division of the Korean Peninsula in 1948.

The 1,853dwt, 83m-long *Kang Sung* departed North Korea's Nampo Port on 18 May and arrived at Gamcheon Harbor, in South Korea, at 07.20 on 21 May. Once berthed, it unloaded 60 empty containers, then departed for Najin Port in North Korea. A thrice-monthly service will now operate between Busan and Nampo.

Poor links hamper India's ports

Poor planning and inadequate infrastructure at India's ports means that the best routes for cargo are not being used, according to a former secretary of the Indian Ministry of Shipping. Michael Pinto, who only recently moved to another government post, said less efficient transport modes were also being used.

He told the Lloyds Register-Fairplay Indian Ports Forum in Mumbai that FOB costs for iron ore were increased by 30% because the transport links to the modern facilities at Paradip Port were inadequate.

Development of container capacity in Indian ports is "skewed" in favour of only two: Nhava Sheva in Mumbai and Ennore near Chennai, Ganesh Raj of DP World told the conference. The two ports handle 80% of the country's container trade between them, Raj said. "Other ports are languishing for cargoes," he claimed. "Reduce inland distribution costs or develop coastal shipping to make use of this capacity," he urged.

Indian ports will need to handle 11M teu by 2012 on current predictions of growth, the Forum was told. S N Srikanth of port consultants Hauer Associates said that more traffic would be generated by containerisation of



Pinto: inefficient transport modes used

commodities. "In India only 45% of cargo that could be containerised goes into containers," he told the conference. "The proportion for the world is 70%."

Commodore M K Banger, consultant to the Maharashtra Maritime Board Port, agreed that equipment in Indian ports was "lagging far behind" ship technology. "This is a cause for alarm," he said. He advocated development of three deepwater container ports on the west coast of India, which need to be given

full support, namely Mundra, Rewas and Vizhinjam.

"Vizhinjam port needs to be reactivated for use as a deepwater container port," he said. "Mundra port has great potential to be one of world's leading container ports, with its depth of 17m." His final candidate was the long-awaited Rewas port, built on a greenfield site in Maharashtra but not yet opened. Banger said this facility should open in 2009, although so far its advertised opening dates have proved unduly optimistic.

EU customs regs criticised

European Union transshipment trade could be damaged by forthcoming customs initiatives, according to an industry body developing software to deal with the changes.

Peter MacSwiney, MD of industry mutual software provider Agency Sector Management (ASM), claims that new port developments in North Africa and the Middle East provide evidence that terminal operators are hedging their bets in anticipation of expected traffic delays when the new European Union rules are phased in between 2008 and 2016. This period will see the EU introduce a series of

measures before completion of a harmonised single administrative document under its multi-annual strategic plan.

MacSwiney, whose company is developing software under the Sequoia banner for industry use, criticised planned measures for the declaration of all cargo at the first port of entry: "Why bother transshipping through the EU if that's going to be required?" he said at a press conference.

Shippers and carriers would rather go elsewhere, as was the case when US transshipment ports introduced similar rules via the C-TPAT initiative, he said.



MacSwiney: initiatives could create traffic delays at EU transshipment ports

Port updates

FINALLY OPEN

Over five years in the making and at double its initial cost, Quay Four at Brazil's Port of Suape is finally ready for use. When work on the quay first began in April 2002, the estimated construction cost was BRL50.2M (\$25.8M) and the berth was due to be completed within nine months. But dredging and excavation were soon put on hold as federal and state governments battled over who should pay to complete the work. Brasília eventually picked up the tab for 90% of the price and now, five years later, with costs rising to BRL100.4M, the controversial berth is open. Initially it will be used for the bulk handling of sugar, soya exports and wheat.

PSA IN INDIA

Hazira Private Port (HPPL) and PSA International plan to set up a 1M teu capacity, two-berth container terminal at Hazira in the Indian state of Gujarat. Pending approval, PSA would build, own and operate the terminal and pay HPPL a royalty for its use. PSA already operates Tuticorin container terminal with Sical, and the two have also won a tender for a second box terminal at Chennai.

DUBAI DEVELOPMENT

The first phase of Jebel Ali Port's new container terminal development in Dubai is likely to go live this month, with operator DP World on track to deliver phase two of the expansion project next year. Worth \$1.5Bn, the completed facility will take annual container handling capacity from 9M teu to 15M teu and extend Jebel Ali's quay length by 2,500m.

UKRAINE UPGRADES

With a local market estimated at 1M teu, Ukraine's two main container ports are both preparing to expand. According to maritime analyst Alexei Bezborodov, Odessa Port will build a new container terminal to take volumes from almost 400,000teu last year to 700,000teu. And at Ilyichevsk, National Container Company will invest \$12M to lift container capacity to 460,000teu by the end of the year, versus 324,000teu last year.

Port updates

BERTHS OPENING

Two berths under construction at Iran's Pars Petrochemical Port should be ready in a few months' time.

"Development of docks 8 and 9 is slated to finish within two months," said port spokesman Homayun Sadr, quoted in the English language daily *Tehran Times*. Container berths 7 and 13 are ready for inauguration, while berths 1 and 2 are nearing completion, he said. Berth 5 and 14 are operational and being used for the export of petrochemicals and LNG respectively.

MEETING DEMAND

The congested Colombian Port of Buenaventura plans to build a 700,000teu-capacity container terminal. Complejo Portuario Industrial de Buenaventura fought off competition from international operators, including APM terminals and DP World, to win the 30-year concession. Spanish Group TCB has bought 30% of the company and will take the role of terminal operator. With a total cost of \$220M, the initial phase will include a 414m berth – later extended to 782m – and a 16ha container yard – with later expansion planned to cover 31ha.

TAPPING MED GROWTH

The Israeli government has approved the first stage of an ambitious plan to invest \$800M in the country's ports at Ashdod and Haifa. A master plan for development, drawn up by various government ministries, foresees 50 years of steadily growing east Mediterranean trade turning the two ports into a regional hub. Phase one of the plan will involve construction of new berths at both ports, but planners will wait until next year before announcing which project will begin first.

\$MULTI-MILLION LOAN

Albania has agreed a €14M (\$18.97M) 15-year loan with the European Bank for Reconstruction and Development to build a new passenger terminal and improve other infrastructure to increase capacity at its main port of Durres. The loan is part of a total €40M (\$54M) port investment plan.



Algeciras: Outer Isla Verde is one of several large expansion projects in the region

Strait headed for overcapacity

Large container port expansion projects under way at Spain's Port of Algeciras and neighbouring Tangier Med, in Morocco, will cause overcapacity and fierce competition among rival operators, Algeciras Bay Port Authority president Manuel Morón has warned.

Speaking at the European Sea Ports Organisation (ESPO) conference in Algeciras, Morón said he could not envisage that there would be enough containers for everybody: "There will be around 25M teu [capacity] available locally in the future. With 8.5M teu to come onstream at Tangiers, 4M teu already available at Algeciras, plus a further 8M teu after the development of our Outer Isla Verde site, 4M teu at our Campamento site and 1M teu at Málaga."

Tangier Med Special Agency president Said El Hadi said the huge investments were justified, however, adding that they were "based on the very real needs of shipping lines". He claimed capacity of 15M–16M teu would be required in the area in the next 10 years.

Also speaking at ESPO, APM Terminals chairman Tommy Thomsen dismissed claims of future box overcapacity, saying APM would consider making bids for rival container terminal tenders at Algeciras and Morocco. "There would be no overcapacity if stevedores talk to port authorities to make sure flexibility, reliability and cost levels remain competitive. The Mediterranean will provide competition for transshipment in the future. It is not only the Strait," he warned. Thomsen also called for "greater efficiency" at ports on handling, putting pressure on stevedores in Spain to introduce labour reforms in light of competition with low-cost Morocco.

A tender for the first Outer Isla Verde terminal concession, for a 35ha plot with an option for a second of 37ha, was announced last month, while tenders for two new box terminals to be built adjacent to the new Tangier Med facility will be announced in the first quarter of 2008.

Sweet deal in South Africa

Grindrod has bought Tate & Lyle Molasses' South African terminal operations, comprising port-side liquid bulk storage and transit facilities in Durban and Cape Town.

The Durban facility, located in Maydon Wharf, caters mainly for molasses storage and export, while the Cape Town terminal handles imported chemicals and vegetable oils. The new terminal operations will be branded Grindrod Tank Terminals and will service growing demand for

petroleum storage and transit facilities in South Africa.

"We see this acquisition as a significant expansion opportunity as the ports in South Africa do not currently offer shippers a substantial choice in terms of service providers," said Grindrod director Laurence Stuart-Hill. "A new entrant into the market will provide efficiencies, competition and greater volume to service the growing South African economy."

Tate & Lyle spokesman Chris

Roberts said: "Due to the decline in molasses volumes available for export from Durban, the strategic importance to Tate & Lyle of our South African terminal operations declined. As a consequence, we chose to find a new owner to grow these operations."

Grindrod is now also looking at establishing a bulk liquid terminal in the Port of Maputo to meet the demand for chemical and vegetable oils in the nearby Mozambican market.

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LEADING.

Dredging

KING FAHD EXPANSION

The Saudi Petrochemical facility at King Fahd Industrial Port has launched a SR90M (\$239M) second expansion plan that includes channel dredging to 18m to accommodate larger vessels. The project is scheduled for completion in two years and includes enlargement of a cargo area to allow access by ships carrying up to 150 tonnes of cargo.

BRITO GETS TOUGH...

Brazil's new ports minister Pedro Brito said he will pressurise environmental authorities to make dredging in the Port of Santos more effective. He said that he and the Jose Serra state government will together put pressure on local environmental agency Cetesb to increase the amount of material that can be dredged from the Santos estuary. At the moment the maximum is 300,000m³ per month, which barely maintains the current depth. Double that amount is needed to allow vessels over 4,200teu to berth without restrictions.

...AS ELSEWHERE IN BRAZIL

The Port of Paranaguá has been given the go-ahead to buy or lease a dredger to deepen its Canal da Galheta approach channel. Supervisory body Antaq has sanctioned formation of a private-public body – Companhia Paranaense de Dragagem – and a public tender involving Brazilian national companies such as Dragaport and Bandeirantes, plus international dredging companies, is expected shortly.

CANAL CONTROVERSY

India's government has brushed aside opposition to the \$560M Sethusamudram Ship Canal Project (SSCP), work on which was started in 2005. Right-wing parties oppose the project because they claim deep dredging would destroy a bridge of sand supposedly created by the Hindu deity Lord Rama. But shipping minister TR Baalu told parliament that work would go ahead as the so-called Ram Sethu Bridge – also known as Adam's Bridge – was not man-made so could not be considered a religious or cultural artefact.



Aim high: the lift gets begins at Italy's Port of Ortona

Giant load lifted

Specialist project cargo forwarder Advance International has moved an enormous methanol cracker column from Italy to Saudi Arabia as part of a major freight management contract for Mitsubishi Heavy Industries.

Transported on board the heavy-lift transport vessel *Fair Partner*, the 457-tonne shipment was 66.87m long, and 9m high and forms part

of Saudi Methanol Company's multi-million-dollar new AR-Razi V methanol plant being constructed by MHI at Al Jubail in Saudi Arabia.

The column was manufactured by Italy's Walter Tosto Serbatoi and is the longest and heaviest item ever made by the company in over a century of manufacturing. Three other smaller columns were shipped with the load.

Busan targets 16m depth

A feasibility study on dredging Busan Port has recommended that 16m be secured to enable access by container vessels over 10,000teu.

The study, conducted by a port and logistics research center at Bukyoung National University, said Shinsundae Container Terminal's berths 3 and 4, operated by Busan East Container Terminal, and Gamman Container Terminal's berth 4, jointly operated by Korea Express and Hutchison Container Terminal, should be dredged first, as more than 88% of container ships visiting Busan anchor there.

Dredging's expected to cost KWR28.5Bn (\$30.7M), which the report says is a feasible sum if Shinsundae is able to attract over 50,000teu (5% growth per year) and Gamman 22,000teu (2% growth) when work is completed. Dredging will be jointly funded by Busan Port Authority and terminal operators.

Other container terminals, including Shingamman and Jasungdae, also need to be deepened, the report states, but dredging further box terminals will require a huge budget and should only be carried out based on long-term cargo forecasts and financial feasibility.

PSA in for UK shortsea terminal

International Port Holdings (IPH) has formed a joint-venture company with PSA International to operate a shortsea container terminal in Great Yarmouth's forthcoming Eastport Outer Harbour Project development on the east coast of England.

The 30-year concession, with an option for a further 30 years, will see the two invest £30M (\$60M) in an initial phase – to include a 200m quay and 12ha terminal area, providing annual capacity of 250,000teu. The second phase will see the quay length and terminal capacity doubled. PSA will hold 60% of shares in the JV and IPH 40%.

Pierre Timmermans, chief executive of PSA Europe, said: "The Great Yarmouth Port offers the lowest transit times from the northern European mainland and is thus ideally located. By starting a shortsea container terminal in this port, we can offer our customers a fast, congestion-free entry to the UK hinterland."

Work on the Outer Harbour Project is expected to begin any time now, with a joint venture of Van Oord UK and Edmund Nuttall taking on the £50M construction works.

The development scheme requires the construction of two 1,400m breakwaters; dredging 1.6M m³ of sand to reclaim 17.6ha of land for port development; plus construction of a 450m quay, a 225m revetment and associated berthing dolphins.

"When the entire scheme's completed [in about two years' time] it will include up to 1,300m of quay for handling ro-ro, containers, offshore business, wind turbines and other trades such as aggregates," said Alistair Ballie, CEO of Eastport's new owner, IPH.

Plans for a ferry service at the development are also in place, with Superfast Ferries lined up as a potential operator.

UK trust ports must improve transparency

A report commissioned by the UK's Department for Transport has recommended that trust ports take measures to improve their accountability and financial performance.

The study, prepared by independent consultant Pricewaterhouse Coopers, found that "the trust model retains a legitimate role within a mixed ports sector", but also states that the financial performance of trust ports can fall short of those in the private sector.

In a statement, shipping minister Stephen Ladyman said: "Trust ports should do more to identify and account for use of their profits – what the report

terms their 'stakeholder dividend' – to bring them more in line with private-sector ports... the government will bring forward new guidance for trust ports in England and Wales later this year, following further discussion with the industry based on these recommendations."

Trust ports are independent statutory bodies, governed by unique legislation and controlled by an independent board rather than shareholders. More than 50 ports in England and Wales are trust ports, including the Port of London Authority, Dover and Milford Haven.

Charleston breaks ground

A special ceremony on an abandoned naval base marked the commencement of construction for Charleston's new container terminal – the latest step in efforts to keep pace with competitors in neighboring US states.

"A historic day for the SCSA, this region and the entire state of South Carolina," was how South Carolina State Ports Authority (SCSPA) chairman Bill Stern described the groundbreaking for the 113ha terminal, which is designed to accommodate three extra ships along its 1,070m quay, increasing port capacity by about 50%.

"The cycle of economic activity that is international trade is alive and well in South Carolina," said SCSPA president and CEO Bernard Groseclose. "Port expansion at the former navy base will mean great things for our people and our neighbours," he added.

The SCSPA spent four years and \$5.3M on a rigorous approval

process for the facility, culminating in the issue of state and federal environmental permits.

The terminal's first \$500M phase is expected to open in six years and includes nearly \$10M in environmental and community mitigation measures – thought to

be the largest mitigation programme in the state's history (see *P&H* March 2007).

Work to prepare the site for construction is in progress and in the coming months crews will begin demolishing 40 buildings and structures on the property.



New construction: SCSPA president and CEO Bernard Groseclose Jr at the ceremony

Tacoma tests radiation technology

The US Department of Homeland Security (DHS) has selected the Port of Tacoma to begin testing new technology designed to scan cargo during transfer from ship to rail.

By establishing a rail test centre (RTC) at the port, DHS will identify and evaluate radiological and nuclear detection systems for intermodal rail port facilities across the country.

"Use of radiation portal monitors at seaports where cargo containers leave by rail can be very challenging," said Vayl Oxford, director of the Domestic Nuclear

Detection Office. "DNDO is particularly interested in testing the operational needs as well as evaluating innovative technical solutions for intermodal terminals. Any advances will aide the Customs and Border Protection, the US Coast Guard and the Transportation Security Administration."

Projects being considered for further evaluation at the RTC include scanning cargo on the dock, during transport to the rail yard, when entering the rail yard, in the container storage stack, during train assembly and as the train leaves the port.

Dredging

CHINA'S DEEPEST CHANNEL

China's Ningbo-Zhoushan Port is dredging the deepest man-made channel in the country to allow access by 300,000dwt ships. The government's investing RMB500M (\$65M) to take the Xiazhimen channel down to 22.5m below lowest tide and work should be finished by June 2008. The project was begun after the number of vessels over 150,000dwt navigating the channel surged from 80 in 2003 to over 360 last year, said Ren Zhong, deputy director of Zhejiang Port and Shipping Administrative Bureau.

SAND TRAP

A \$1.9M project is under way at Port Canaveral to dredge a pit to trap sand and prevent significant shoaling in the access channel during a storm. The job was begun after hurricane-induced sand build-up shut down the channel and affected waterside operations at the port last year.

OFF ROAD DREDGING

The Nigerian government has approved N43.7M to dredge the River Niger between the ports of Warri and Baro, creating a 100m-wide, 570km-long and 2.5m-deep channel for year-round navigation. The important project will link eight state capitals and provide an alternative freight route to the poor existing road infrastructure.

RIO GAINS A METRE

The Port of Rio de Janeiro has completed \$6.3M worth of dredging to give container terminals Tecons One and Two a high-tide depth of 13m from 12m.

COASTAL CATCH-UP

A \$300M project will see the Delaware River dredged to make ports in Philadelphia and New Jersey more competitive with other US East Coast ports. Pennsylvania and New Jersey governors have agreed that the channel will be deepened from its current 12m to 13.7m to catch up with ports in the New York and Baltimore area, which can already accept larger ships.

People

TWO TO TACOMA

Scott Hooton will head the Port of Tacoma's remediation unit in his new role as environmental programme manager. The unit is responsible for cleaning up contaminated properties and conducting due diligence for the port's industrial real estate staff. Scott has spent 15 years managing environmental remediation and compliance in the energy industry.

Tong Zhu will become the port's director of commercial strategy, a role that will see her direct the port's marketing campaigns and manage its international business planning staff. Before joining Tacoma, Tong was international relations manager for the Port of Seattle.

WELL QUALIFIED

Former NYK Line sales representative Roger Wu has been named marketing manager for the Port of Long Beach's trade relations division. Wu has over 10 years experience in the shipping industry, and at NYK Line was responsible for major accounts in Los Angeles, Orange, San Diego and Riverside counties and Phoenix. At Long Beach he will aim to maintain contacts with the port's terminal operators and shipping lines, analysing trends, evaluating cargo projections, planning trade missions and representing the port at industry organisations.

SENIOR POSITION

Tim Murphy has been named Jaxport's new senior director of engineering and construction, a post that should benefit from his 19-plus years experience with the US Army Corps of Engineers. Most recently, Murphy worked as senior project manager of the Corps' navigation team and has a background in coastal project development projects. At Jaxport he will oversee long- and short-term project planning, development and management, as well as ensure compliance with engineering codes and regulations, also heading large-scale capital improvement projects, including new terminal development.



Natural England CEO Dr Helen Phillips presents the PERS certificate to Nick Palmer (l) and Matthew Kennerley, ABP Port Director for Hull & Goole

Green credentials

UK ports of Hull, Goole, Grimsby and Immingham, have qualified for Port Environmental Review System (PERS) certification in recognition of their commitment to sound environmental practice.

Awarded by the EcoPorts Foundation – a network of ports and their stakeholders promoting environmental best practice – and independently certified by Lloyd's Register, PERS certification acknowledges that environmental-management systems at ports

meet a Europe-wide standard.

"A total of 10 Associated British Ports-owned (ABP) facilities have now achieved PERS certification, while only 14 other ports throughout the rest of Europe have achieved the standard. This demonstrates ABP's continued commitment to achieving environmentally responsible marine and port management," said ABP sustainable development manager Peter Barham.

Nick Palmer, ABP port director

for Grimsby and Immingham, commented: "While we continue to grow our business and expand our operations, we make every effort to ensure that this is not to the detriment of the environment."

The company's commitment to health and safety was recognised at this year's Royal Society for the Prevention of Accidents (RoSPA) occupational health and safety awards, where it won silver in the achievement awards category.

Steve Giblin, ABP group safety manager, accepted the certificate, which is given to companies that reduce the number of accidents in their workplace and which demonstrate a strong health and safety management structure.

ABP has been investing in awareness campaigns to educate its staff on the importance of working safely, with the result that in 2006 ABP's reportable injury rate fell to 5.3 injuries per thousand employees, down from 9.3 in 2005.

Box terminals kept in check



Discussing the CTQI were: (back row l to r) Dr Andreas Baumgart; Wolf von der Mosel; Wilmer Aguilar; Dr Yves Wild; (front row l to r) Kieran Ring; Dr Gustaff de Monie; Harry Mohns; Heinrich Goller; Bernhard Staender and Steve Longbotham

Measuring the effectiveness and performance of container terminals is acknowledged to be an imperfect art, but the development of a new terminal benchmarking system by Germanischer Lloyd looks set to change things.

Ten international stakeholders

from the maritime logistics community – IPC, MTC, Yantian Hutchison, Eurogate, Hamburger Hafen und Logistik, Hamburg Port Authority, Ingenieurbüro Dr Wild, the Global Institute of Logistics and Germanischer Lloyd (GL) – recently met at GL's HQ in Hamburg to discuss the system. There they

agreed that a standard is needed to merit the efficiency and quality of global port terminal operations by combining financial, operational and organisational indicators.

The Container Terminal Quality Indicator (CTQI) standard is scheduled to be rolled out at the end of this year.



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Cash & Cargo

TWINS TO JNPT

Mumbai's Jawaharlal Nehru Port Trust has commissioned two new rail-mounted gantry cranes and a radio data terminal system at its container terminal. Supplied by Singapore-based FELS, the cranes have a 65-tonne lifting capacity and can twin-lift.

TAX EXEMPTION

The Indian government has exempted port construction contracts from service tax payment. Alterations, renovation, restoration, maintenance and repairs are outside the scope of the exemption, however.

ZIM BUYS INTO ANTWERP

Zim Integrated Shipping Services has acquired a 20% stake in Antwerp Gateway Terminal from AP Møller-Mærsk. The terminal will offer a 3.5M teu capacity by 2010.



Pelican Island: Houston and Galveston to join forces

and the Port of Galveston signed an MoU to develop more than 400ha on Pelican Island in Galveston Island's north coast.

The pact calls on both to use land they own on the island for the project, with the completed facility operated by the Port of Houston Authority.

"With container cargo growth expected to continue pacing at double-digit increases, it makes good business sense to plan for the region's long-term capacity needs," said Galveston Wharves chairman Benny Holland Jr.

"Expanded container-handling capabilities and the development of Pelican Island will promote sustained growth of the entire Gulf Coast for decades to come. The project will become vital to the region if we want to remain at the heart of global trade."

US mega-terminal

Two Texas ports have agreed to build a massive \$1Bn container terminal – but not until 2015.

The delayed development of the proposed six-berth facility is timed to coincide with the newly

christened Bayport Container Terminal at Houston reaching full capacity, as well as the projected completion of the expanded Panama Canal, developers say.

The Port of Houston Authority



Feeding time at Rotterdam

Construction of a €145M (\$195M) feeder terminal at the Port of Rotterdam's Maasvlakte development is progressing well, with completion scheduled for early 2008.

Operated by ECT, the Delta Barge Feeder Terminal (DBF) will

feature an 800m quay wall extending the entire width of the Delta peninsula and some 75m out into the water. The resulting basin is being filled with 700,000m³ of sand taken from the future Yangtze dock at Maasvlakte. As you read this, workers are busy installing

pipes and cables and paving the area working from north to south.

The first quay cranes are scheduled for delivery in March 2008, giving the DBF an initial 300,000teu capacity. Final capacity is expected to rise to three times that amount.

LA 'grows green' with billion-dollar plan

The Port of Los Angeles' \$1Bn 2007/2008 fiscal year budget – its biggest ever – focuses on environment, security measures and capital projects.

"The rubber hits the road this year as we 'grow green'," said PoLA executive director Geraldine Knatz. "We're funding more clean air action plan initiatives and we're also getting back on track with our capital improvement programme."

The budget reflects anticipated operating revenues of \$459M, 9.5% up on the previous year, and includes an expected 6% cargo volume increase.

Operating expenses are expected to grow to \$209M,

up 31% on the previous year, due to increased port police staffing, maintenance contracts for facilities and environmental assessment services.

The capital budget has increased 79% on 2006/2007 to \$239M and includes cash for waterfront development projects, enhanced security and other terminal improvements.

Operating and capital environmental programme expenditures include \$25M for the Clean Air Action Plan truck programme and \$10.7M for work to kit out one container terminal and the World Cruise Center with shore-side electrical power.

Cash & Cargo

ECUADOR CONCESSION

International Container Terminal Services unit Contecon Guayaquil has won a 20-year concession to manage and operate the container and multi-purpose terminals at Ecuador's Port of Guayaquil. ICTSI will pay the port authority a premium \$US30M over the next four years, plus a fixed fee per year during the 20-year term. ICTSI will invest \$US80M in equipment and infrastructure during the concession's first year and a total of \$170M over the first three years.

STACKING POWER

Madagascar International Container Terminal in Toamasina has taken delivery of four new rubber-tyred gantry cranes. Bought from Noell Crane, the one-over-five stacking capability will aid high-capacity stacking in the container yard.



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Port marketing – a question of co-operation

The Port of Hamburg's public-private partnership ensures a range of representation in its marketing activities for the common good, explains **Dr Jürgen Sorgenfrei**

Together we are strong! This is the main idea behind initiatives to set up public-private partnerships (PPP). Both sides – public and private – have individual strengths, so a joint venture should be a win-win proposition. PPP can take many forms, but the basic idea is always the same. So, why not take advantage of this concept and set up a PPP for port marketing?

Before finding a common definition for the target group, we have to move back a step, to decide who this “we” is and whom “we” want to represent. This is question one. It sounds trivial, but it is an essential part of a port's self-understanding.

In many ports around the world marketing is the responsibility of the public port authority.

The authorities' marketing departments are not independent and the officers get their guidelines from the port authority management. The managers themselves are more or less closely linked to local, municipal or national politicians.

This is the reason why many publicly driven port marketing papers and activities are highly political and generalised. They rarely address the ports' business activities, for example. In my view, this approach cannot really represent the whole port. And although the authorities would probably deny it, public port authority marketing does not directly cover the diverse interests of the private entities.

Larger seaports today are mostly organised

as operator or landlord ports; the ones that are fully privately owned and managed are exceptions. The port authorities in these cases represent the public element, the stevedores, logistics providers, intermodal operators etc.

Only within an all-embracing approach can we talk about port marketing. This approach considers both sides – the public as well as the private. And the ideal organisation to carry out this task could well be a PPP, representing the whole port. Now it is clear who constitutes the “we” within such an all-embracing approach: the entire port community. This answers question no 1. And as a consequence, port marketing in this sense is marketing for the whole port – including public and private interests.

Port and city: working together to promote business internationally

definition, means a public-private partnership.

It is certainly an intensive process and needs a lot of effort to bring people together, but our experience has shown that a top-down approach within a joint meeting of port marketing performers and port sales managers is very helpful. The sales people know their partners – the contacts within the shipping lines, for example – and the marketing people have to group them. So long as the partners are willing to co-operate this is not a very difficult process: it is more transpiration than inspiration. But it is also true that, the more the partners get into details, the more complex becomes the process of fixing the target groups. An abstract level is adequate for most of the initial activities. Later on the details can be specified by working groups, which we call steering committees.

This brings us to question 4: what is the best way to set up this PPP organisation? The task is not as complicated task as it may seem. Almost any legal form of organisation is possible, so long as it is agreed that both parties, public and private, share the costs. A PPP organisation can work only if both parties pay roughly equal parts of the annual budget, because only then do they have equal interests. Put another way, if the public is paying 95% of the budget, there is no real interest (and no fair chance of adequate involvement) from the private side. Cost-sharing is the key factor of success for a PPP marketing organisation and only then can both parties have the chance to balance the marketing plan. When this happens the marketing plan (ie the activities within the year) can reflect the realistic port marketing approach. Only shareholders are realistic stakeholders.

Balancing the different interests of the public authority and (possibly a great many) private stakeholders is an intensive process. In my home port we sometimes engage in long discussions about the most appropriate way to present the port, just to make sure that we can approach our target groups with the greatest chance of success. Certainly, this takes time and needs money. But, if we don't adopt this attitude, how can we be sure that we best meet the interests of our clients? If we fail to think and act along these lines we stand to lose business!

In Hamburg, the port's marketing arm

**Sorgenfrei:
common target
is to do the best
for clients**

is organised as an association (the German legal form is *Verein*), called Port of Hamburg Marketing. We are public and privately financed with broadly equal shares. None of our association members must be a part of our marketing organisation and all are voluntary members. All the port's stakeholders – the public port authority and the 220 private port companies – belong to our organisation because they understand the synergistic benefits this participation brings. We elect a supervisory board and have several working groups to steer the daily activities.

This is a real public-private partnership for port marketing. The organisation works so long as we face the common target: to do the utmost for our clients! And when we have concerns, it is better that we discuss them among ourselves before approaching the client – because it is the client who finally pays our business. **PH**

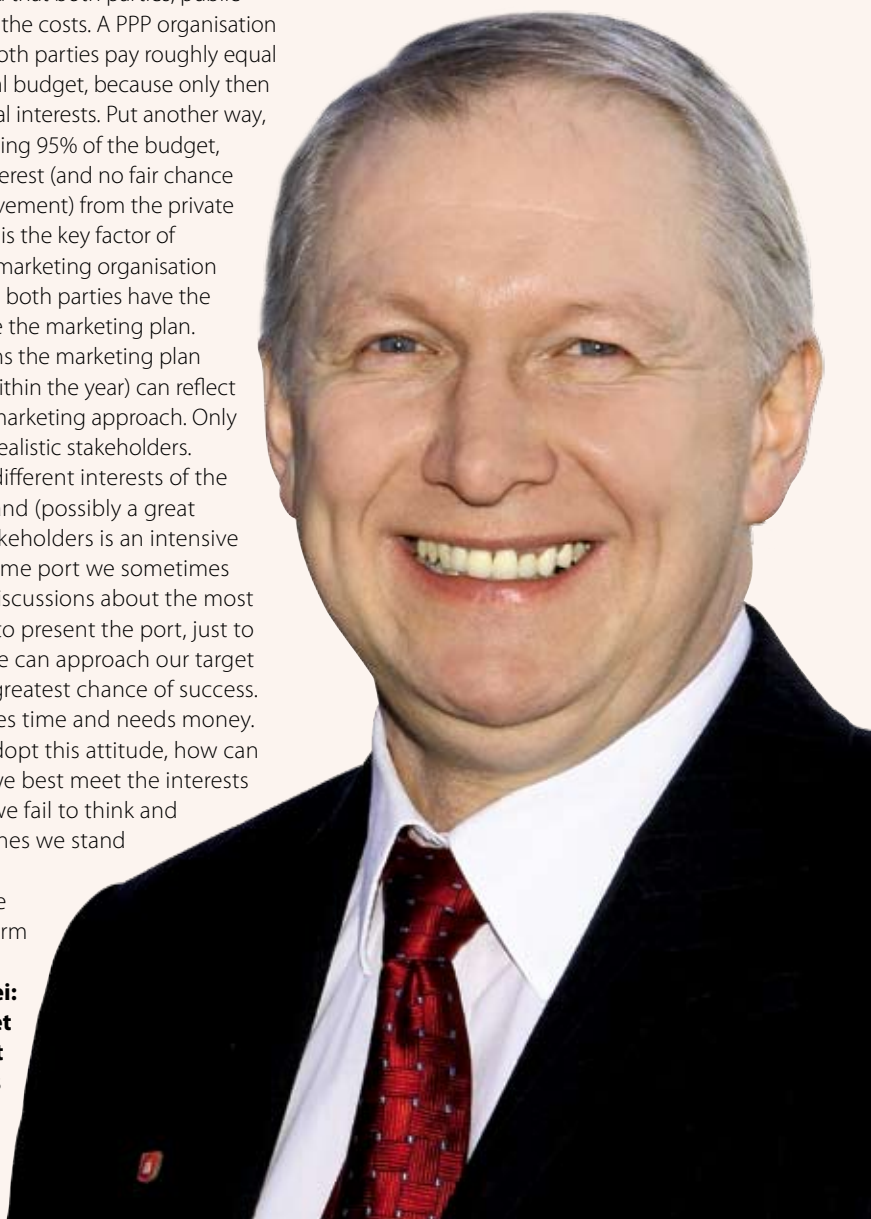
*Dr Jürgen Sorgenfrei is head of marketing for the Port of Hamburg
More info: www.hafen-hamburg.de*

In question no 2 we have to ask: what is the target group and is it the same for public and private entities? First simple answer: no. All parties involved in port activities target their own interest groups, and these change frequently.

Does port marketing take all this into consideration? Here the answer is more mixed. Yes, because on a higher level we cannot exclude important interests. The port marketing plan needs to be a more general plan. And no, because in day-to-day business we must clearly differentiate between marketing and sales, although they should of course work together and define a common port marketing target group.

Question no 3: how do we specify the common targets, and how do we put them together to sub-target groups and transform the ideas for the sub-groups into action plans?

It is far from ideal if responsibility for the overall port marketing ends up in the hands of a single member of the port community. For example, it would be inappropriate for a stevedore to represent highly political infrastructure interests or for a port authority actively to negotiate logistic chain opportunities to its own competitive advantage. The most effective way out of this dilemma is to form an independent port marketing association. And that, almost by





Securing business

Two sides of supply chain security were outlined in Houston – one from the port perspective and the other from a major shipper, as **Bridget Hogan** reports

Ports need to act to ensure supply chain security (SCS) – and it also makes sound business sense. This was the message delivered at the World Ports Conference in Houston by Peter Mollema, director of strategy, port infrastructure and maritime affairs for the Port of Rotterdam.

He described the studies that Rotterdam was undertaking on future security systems, all of which are designed to ensure that actions in the port do not delay cargo. “Good security is good business,” he told the conference, describing how the port authority, port users and others such as customs were being drawn into the studies he is co-ordinating.

In outlining an SCS strategy for ports he asked: “why should you act?” and urged ports to move towards integrated supply chain management. Ports have a role in “championing” the seamless movement of goods through secure international trade supply chains, he said.

An SCS strategy for ports would ensure that they work closely with customs and others, raising awareness on behalf of governments and businesses. Mollema wants ports to promote security certification and in particular the new authorised economic operator initiative being introduced by the European Union.

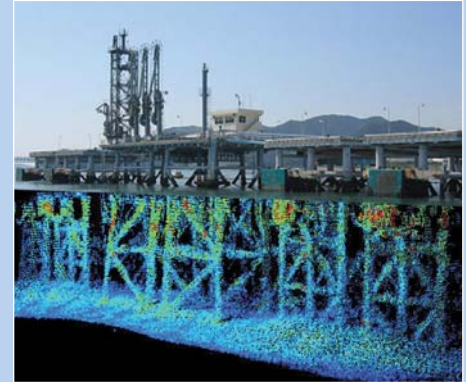
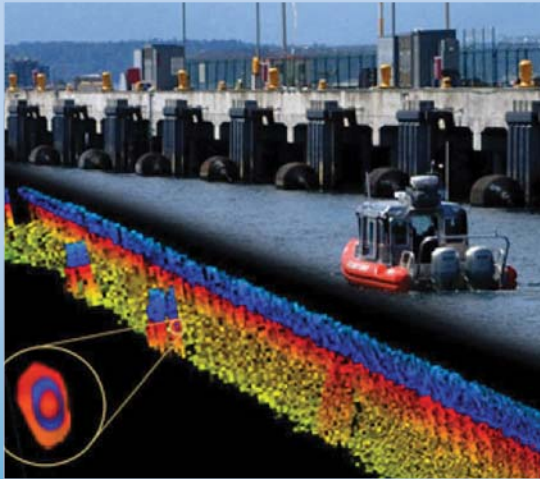
Ports need to be active in devising SCS infrastructure, he continued, and particularly in the detection of radioactive substances.

Mollema also urged the support of green lane initiatives and cited as a case study the Maasvlakte2 terminal, which is under construction in Rotterdam. Here automated container inspection lanes are being integrated into the terminal designs, as part of a joint study by customs, the port authority and port businesses.

Under discussion was an automated container inspection lane, which, although fully automated and non-stop at 13km/h with an X-ray scanner and radiation detection, would not be harmful to drivers, he said.

Jeff Siewert, director of international logistics for The

Underwater Threats Are Not 2 Dimensional



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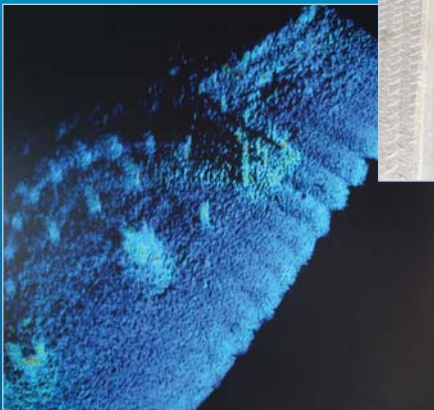
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Home Depot (THD), a major US home improvement chain, explained how the group moved goods between the 35 countries where it sources items for its 600 factories in the US and Canada. More than 250 terminals in 85 ports are involved in transporting to the group's 2,000 stores.

He believes that supply chain security does not have to be at odds with logistics efficiency, and urged ports to work at getting systems right upstream to prevent downstream problems. "We value above all the safety of our associates, our customers, our business partners and our communities. Some trade-off can be worth it," he said.

In terms of the group's preventive controls, he said the aim was to get security right at the start of the process, with supplier qualification requirements, factory audits and import origin risk-tracking. "Terrorism is only one facet," he said. "But once the shipment is under way, we do what we can to catch anything the preventive controls did not filter. Technology may be best answer so far, but there is no one silver bullet."

In particular, he said, technology works with any information that is discovered. "An ideal programme is likely to be a mix of preventive and detective actions," he said. By working with US Customs & Border Protection and the US Coast Guard in the secure freight initiative pilots, THD has gained a clear view of the 'must haves' that need to be in place before the group rushes to a solution.

He urged ports to be clear on the definition of the SCS planned. "There should be clear requirements," he said. "Are we testing for unauthorised entry? For hazardous contents? What will this solution give us?"

He was looking for flexibility rather than rigidity, Siewert explained, and warned that the supply chain was dynamic in nature. "Any solution cannot be a cookie cutter," he said; "it must work across the globe for all players."

The pilots he has worked on have informed Siewert's strong views on the integration of SCS proposals. "The solution must be considered in terms of supply chain operations as well as government programme

objectives. There must be evaluation under normal conditions and hardware must be tested in a real world environment."

He followed by making a plea for standardisation, which he said was "key" to the issue. "All players need to have the same tools and level of competency," he insisted. "We must avoid creating a new supply chain for the solution and show how to manage the inventory of technology hardware that we are faced with."

Any new initiatives should move at the current supply chain speed, where process is still important. And there is one more vital element as Siewert sees it – the human dimension. "You need trusted people and controlled process to run your security system loop. No one device or control can do it all – yet."

He added that he did not feel that SCS was at odds with logistics efficiency. He advocated a risk-based approach with preventive controls able to mitigate downstream risk controls – such as inspections – that could slow down the supply chain.

While conceding that detection was a valuable support to SCS, he urged ports to "address the must-haves" before getting the system in place.

In Rotterdam, the must-haves are being explored, Mollema confirmed. ISPS has been fully implemented at more than 150 port facilities and the port's inspection and enforcement system has initiated about 40 unannounced inspections every month.

Risk analyses of the port's critical infrastructure have led the port to look at security measures for high-risk areas that ISPS does not cover.

In Mollema's view, the must-haves for a secure supply chain are:

- Secure actor (certification)
- Secure box (smart locks and seals)
- Secure gate (screening, nuclear detection, X-ray scanning)
- Certification
- Authorised economic operator.

A layered security strategy was necessary for SCS, he continued. As well as international security certification, new container security solutions were necessary to improve on the results of the pilot phase.

Radiation detection has been widely adopted in Rotterdam and the port awaits new developments in screening to incorporate advanced electronic cargo information and risk management. The move towards 100% was gathering pace. Furthermore, he urged, "Give benefits to secure actors; introduce green lanes". **PH**

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A SECCONDD chance

A European group is developing a potential world standard for monitoring containers on the move, as **P&H** found out

S muggling, terrorism, people-trafficking, theft – the ubiquitous shipping container has the same potential value for criminal activity as it has for legitimate global trade. The shipping industry and its partners have been working for some time on a variety of devices that would help deny criminals and terrorists access to containers.

One such initiative, led by Thales Research and Technology (UK), is making the first moves towards standardising the so-called 'smart container'. The project co-ordinator for this European SECCONDD (Secure Container Data Device) project is Michael Naylor, a technical manager for Thales.

As Naylor expressed it, the problem is that: "The large amount of cargo carried in ISO standard shipping containers or lorries is vulnerable to threats, ranging from low-level pilferage to nuclear terrorism. Without substantial protection against these threats it is feared that it may be only a matter of time before a major terrorist event occurs."

Protection should consist of several independent layers to be effective, Naylor explained. Each layer needs to be complete, with no obvious weak points throughout the supply chain.

The SECCONDD project is directed towards creating an international standard to enable the information stored on smart containers or vehicles to be read by law enforcement and trade officials at ports and border crossings. The data, including stored information from internal security and location sensors, will help establish where the container or vehicle has been, whether items such as explosive devices or people may have been inserted *en route*, and whether it contains hazardous items. "Secondary purposes are to interface to a cargo tracking system and to provide data for automated cargo handling systems," added Naylor.

SECCONDD makes use of radio frequencies that can be used worldwide and will ensure that the device can be read rapidly and at a range consistent with

Thales wants to establish SECCONDD as an international standard for container tracking

port operations. Authentication and data protection features, along with optional data fields to support new sensors, will be incorporated in a small, low-cost device with low power consumption.

Adoption of the SECCONDD proposals will help in the battle against theft and smuggling, Naylor believes. As more devices enter the market, the concept should gain wider acceptance. "Use of standardised interfaces will stimulate the development and deployment of these security systems," he continued.

The SECCONDD team has concluded that it is "highly feasible" to improve the security of shipping containers and trucks by using a goods data device (GDD) installed in the container.

The project team analysed threats and user needs to produce a set of requirements a GDD would have to meet and designed the interface standard that will be required. "This has been evaluated against a variety of different candidate solutions and has been shown to be capable of straightforward implementation," he said.

While the GDD can mitigate the primary threats, it should not be used in isolation but as part of a comprehensive secure supply chain solution. The team admits that more work needs to be done, as significant secondary threats can emerge from using electronic security devices such as the GDD, which therefore require adequate mitigation.

Three main categories of user have been identified, each needing access to different data sets. The standard has been designed to compartmentalise the data, which should be available only to authorised users.

Communication to the GDD needs to be both by short-range and long-range means, to cover the wide range of threats. In many developed areas of the world, mobile telephone coverage is sufficient to cover the most vulnerable parts of the journey. "Satellite communications can offer advantages in remote areas over land journeys, but the cost is prohibitive if applied to all containers," Naylor observed. The team feels there will be little scope for communication with the GDD when onboard ship because of the high cost of infrastructure. However, the standard does not preclude the use of interrogators onboard ships. "Short-range communications infrastructure should be provided at key points such as seaports," he said. Long-range communications can be used everywhere else.

Getting down to specifics, Naylor said that, as the most pervasive mobile telephone system, GSM is the preferred network standard and GPRS is the preferred service, although SMS will be used as a back-up. "This approach offers high availability at a low cost," he said. GPS and Galileo are proposed as the most suitable position-locating systems for tracking purposes.

For short-range communications, the team opted for IEEE802.15.4 as the most suitable basic standard. "Modifications to this have been proposed to optimise it for this application, but these can be implemented in software and do not require changes to existing integrated circuits," he explained.

"A means of identifying the precise physical container being interrogated is needed at critical

points to ensure that the correct data is being read: this can be done using optical character recognition or existing RFID standards," Naylor continued.

Clearly, the system must be electronically secure and the GDD will need adequate tamper protection to ensure that the system does not become vulnerable to secondary threats. Describing the authentication proposed by SECCONDD as "sophisticated", Naylor said that it would meet or exceed user needs.

The project team has consulted widely in the industry and hosted two events for both user and industry stakeholders so far this year. One was a review where requirements for the system were presented and discussed. The other was a stakeholder workshop at which SECCONDD's proposals were put forward and discussed.

"These events were extremely useful in providing feedback to the project team and have helped to steer the project to a satisfactory conclusion," Naylor told *P&H*. The team is working on some of the issues raised in the meeting, such as data duplication. "It was made clear by users that data must not replicate data that is already held elsewhere, to avoid conflicts," Naylor said. "Instead, a pointer to data held elsewhere should be used."

Data confidentiality was another concern raised. Industry feedback indicated that trade data in particular should be held for the minimum time necessary – one journey only. "A way of deleting previous journey data must be found," Naylor said. "However, there are some cases where data needs to be available later, such as for insurance claims." Unsurprisingly, the SECCONDD team was urged to keep costs to a minimum, citing the low profit margins in container shipping business.

Other points raised at the meetings included:

- The need to track the contents of containers, by using RFID tags for example
- Applying GDD to air cargo security
- Enabling consignees need to locate their goods.

Naylor says the SECCONDD proposed standard is a generation leap forward from the electronic seal standard (ISO 18185) and is a candidate to become the next standard adopted by the International Organization for Standardization (ISO) to cover the requirements for secure or smart containers. The project now moves to start the full standardisation process.

There are three possible ways forward:

- Take the proposals directly to the ISO through national standards bodies
- Form a workshop within the Comité Européen de Normalisation (CEN) to form a European consensus on the standards before involving ISO
- Standardise through the International Container Security Organisation (ICSO).

SECCONDD proposes to hold a CEN workshop either this year or next, which this time will be open to worldwide participation. "It is hoped and expected that ISO will then adopt SECCONDD as a starting-point for further container security standards activity," Naylor added. **PH**

More info: SECCONDD.trtuk@thalesgroup.com



Photos: Penny Allen

Managing the risk strategy

Even though New Orleans is still waiting for insurance payouts, it has made a remarkable recovery from Katrina, as **Penny Allen** reports

You cannot escape talk of hurricanes in New Orleans, but the sense of humour has survived. When the enterprising people who have rebuilt the city and the port after Katrina in 2005 retire to the French Quarter for some rest and relaxation they can enjoy a new type of hurricane – a rum-based cocktail.

Katrina caused an estimated \$160M worth of damage to the Port of New Orleans and so far only \$30M has been recouped for the recovery programme. This leaves the port with extensive work to be done just to get back to its pre-Katrina state, never mind expand.

As the Port of New Orleans campaigns tirelessly for funds to rebuild, it received the news that this year's hurricane season, from June to November, could include storms as fierce as Katrina.

However, it came as no surprise to *P&H* that the port is not perturbed by this news. It has disaster

preparation and disaster recovery plans in place rigorous enough to cope with the storm season. "We constantly monitor hurricane activity in the Atlantic and the Gulf, and when there is a threat we activate our plan," a port spokesperson said.

But whatever the weather over the next few months, the port's level of insurance coverage was good and repairs under way or complete total \$20M, the port's president and CEO, Gary LaGrange, told the IAPH World Ports Conference in Houston. The port will continue to make repairs this year to the tune of \$15M, while an estimated \$25M-worth of tenders have been issued for 2008.

According to a port representative, its engineering department has an aggressive schedule to roll out public bids for Katrina repairs in a quick and orderly fashion. "But until we get reimbursed by our insurance companies, that effort is hamstrung," he said.

A further \$175M is also needed to relocate facilities from the Mississippi River Gulf Outlet, which is being shut down to aid flood control. The facilities will move to the river itself, where there is direct access to the Gulf of Mexico.

LaGrange told *Ports & Harbors* that funds are also needed for improvement and expansion projects that were identified 'pre-K'. "We need \$500M to address our initial priorities and \$1Bn to do everything," he said. "The port is very vibrant and has a strong heartbeat. We're going find it one way or another." These ways could include both federal and state funding as well as public-private partnerships.

“Until we get reimbursed by our insurance companies we are hamstrung in efforts to roll out public bids for Katrina repairs”

One of LaGrange's plans for expansion includes developing New Orleans as a hub port for containers, and he's also looking at its current poultry and cold storage facilities. "If you don't build facilities you can't move forward," he said. There must also be money for maintenance, he acknowledged. "If a crane is not working you've got to get it fixed," adding that replacement cranes will cost millions of dollars.

Overall, the port got back on its feet remarkably quickly. On 12 September, 13 days after Katrina, the first shipment left the port by barge – steel destined for the Hyundai plant in Alabama.

Then, by 31 December, in a recovery that took the wider shipping community by surprise, the first cruise ship berthed. In little more than a year after the storm New Orleans was restored as a home port for cruise operators. Rapid restoration work ensured that the Erato Cruise Terminal opened on 15 October 2006, preparing the port for more trade, LaGrange explained. Nevertheless, he acknowledged there is still work to do.

"We need to conquer what we did not get back. I feel cruising is coming back. People love the French Quarter and to question whether New Orleans is worth investing in is one of the dumbest questions I have ever heard," he told *P&H*:

His advice to other ports is firm: "You need to have a recovery plan. You need a plan to batten down the hatches and secure the area. You need a plan to operate again as soon as possible. And maintaining communications is also of utmost importance."

When the telephones didn't work the port staff used text messages, although many had to learn how to text first, he continued. Daily conference calls were arranged and LaGrange is appreciative of the eight vessels supplied by the US Department of Transport Marine Administration (MARAD) that enabled key port staff to continue work and help the port get back on track as soon as possible.

The port's preparation plan details everything the administration would do before a disaster to



minimise destruction. It includes locking down cranes and mooring them to docks, and requires terminal operators to clear facilities of any loose cargo and secure fuel storage tanks.

The recovery plan maps out the route that needs to be taken to get the port operating again as soon as possible. Since Katrina, the Port of New Orleans recovery plan has been completed and a company spokesperson said it would be routinely updated.

It includes a series of practical plans – all based on lessons learned from the 2005 disaster. The emphasis on mobile phones continues: senior managers have been issued with numbers purchased from other area codes because the local network was disabled during Hurricane Katrina. All key staff members are tutored in text messaging.

The harbor police force has a new radio system so it can communicate directly with other agencies including the local police, fire-fighting and emergency medical organisations.

A satellite administrative office has been set up at the Port of Shreveport, in northwest Louisiana, where accounting, human resources and information services will be based if these cannot operate out of headquarters. Executives based at the satellite office would hold daily conference calls with those who remain in New Orleans.

A harbor police officer would also be based at the satellite office and provide a daily transport for satellite office staff to escort them past police barricades and back into the city. This would be a last resort should no other communications be available in or out of the city.

Despite all its best endeavours, such was the damage that the port is still struggling to return to normal operation levels and LaGrange feels that safety and training measures have had to be limited to cope. Staffing is also an issue, with some posts left unfilled. He is candid that the port has had to "sacrifice to make ends meet". **PH**



Keeping the ports working



Human error is being blamed for a spate of claims filed by ports and terminals.

P&H finds out what is happening

Since last September, the ports and terminals group at Through Transport Mutual (TT Club) has noticed a spike in the number of claims. The increased incidence of accidents has prompted the insurance mutual to see if this reflects a trend or not.

Detailed analysis has revealed the claims to be linked to human error. This comes out strongly, according to marketing director Ian Lush. "We can only put it down to the incredible increase in the flow of trade and the increased strain this is putting on infrastructure," he observed.

The group's researches reveal that yard utilisation is high and equipment is being over-worked as ports and terminals come under strain from increased throughput.

TT MD Paul Neagle said net claims were up 109% to \$121.2M for 2006 – an unexpected rise in the

value of large operational claims. This "startling increase" was caused by a sharp upsurge in claims estimates towards the end of the year, most of them in ports and terminals, he said.

Most shipping lines and ports have been working to capacity to cope with booming trade, which has led to more cases of ships striking berths and handling equipment. The club has experienced an increase in injury and death claims at ports, particularly in the US, Neagle added.

Work will now be concentrated on schemes to help TT Club members reduce their accident rates. Port employees are being worked harder too, explained Lush, who feels that, in some ports, procedural rules may have fallen victim to the capacity crunch.

"Certainly the need to increase capacity at almost every port is stretching equipment and it is breaking down frequently," he said. It is also putting strain on port infrastructure.

"With these big ships discharging 4,000 boxes at a port this means an upsurge in the number of vehicles coming through the port gates every day. There could



Photo: USCG

At Mobile Bay, Alabama, the container ship *Zim Mexico III* collided with a container crane



Photo: Joachim Affeldt

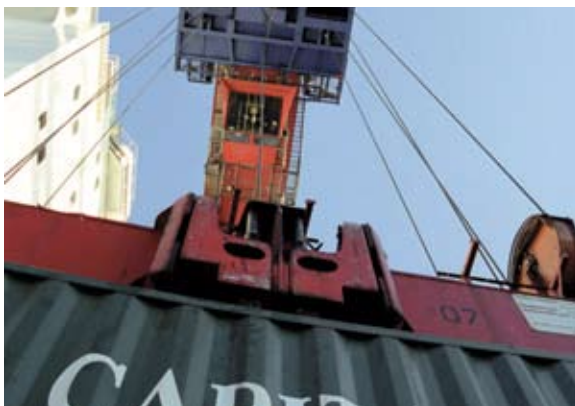


Photo: Joachim Affeldt



Photo: Joachim Affeldt

be as many as 200–300 daily. There are a lot of factors that go into the whole issue of infrastructure."

Claims are getting more complicated too. "There has not been a lot of change to the risk profile in the ports industry over the last 20 years," Lush explained. "What has changed is the complexity of contractual law and the legal solutions that go with it."

One area that is becoming ever more complex is the coverage of business interruption – the "thorniest" issue faced by port insurers, Lush insisted. "This is the hardest area to deal with. All other claims get processed before business interruption."

Usually a forensic accountant has to be called in to investigate performances before and after an incident. "These discussions go on for ever," Lush added.

Several Californian port executives and city officials confirmed recently that business interruption is a concern for more and more port authorities. It was stated at the FuturePorts conference in Long Beach that too little attention is being paid to planning for economic and business recovery following a natural disaster or terrorist attack at a port.

John Holmes, deputy director of operations at the Port of Los Angeles, said: "If LA-Long Beach went down, all the ports on the West Coast, including those in Canada and Mexico, couldn't handle the overflow. We have to think about how we get these ports back on track."

Janice Hahn, a member of the Los Angeles City Council, added: "I am extremely concerned. We have spent a huge amount of energy on protecting ourselves from a security aspect; it is vital we have a

plan for getting things moving again."

Holmes said the port has set up emergency management and communications centres outside California if the Los Angeles offices become unusable. Paul Bingham, senior economist with Global Insight, said foreign trade now accounts for almost 30% of the US economy, compared with only 12% in 1980, making ports that much more important to the nation.

Ports are looking long and hard at the type of insurance they purchase. They are facing increasing risks in running their business, but also higher premiums. Nor is it always obvious which type of cover ports should purchase – but the wrong decision could land administrations with onerous financial penalties.

For instance, routinely taking out insurance cover for settlements, compensation or damages that could be awarded against a port might appear to be straightforward. But even if a port is cleared of liability and is not ordered to pay compensation, there may still be significant legal bills to pay, some of which may never be recovered.

It is certain that ports will continue to do all they can to minimise and retain losses, and many, by identifying losses and eliminating or reducing them, are able to purchase insurance with higher deductibles. This avoids paying extra premiums for frequent small losses that port could control or fund internally, while still maintaining insurance for low-frequency catastrophic events. **PH**

More info: www.ttclub.com

Growing green

– expanding the facilities not the carbon footprint

Over 400 members came together in Houston for the 25th World Ports Conference. The *P&H* team was there to report on the working sessions. Here, **Bridget Hogan** outlines the main points, with additional reporting by **Will Watson**

IAPH members chose the conference to strengthen their determination to tackle the environment issues they face. At the conference's closing plenary session, a unanimous resolution was passed that reaffirmed the need to adopt clean air programmes to aid the world's sustainable development and to show the association's commitment to promote an integrated approach to the issue.

All ports, members and non-members alike, were urged to take "active and effective steps" towards

establishing clean air programmes. The resolution recognised that no one-size-fits-all solution exists for ports, each of which face large variations in pollution levels, emission sources, and geographical and meteorological conditions.

The conference was overwhelming in its support for IAPH as a "unique and effective forum" to share best practices and experiences between the world's ports and others involved. The association committed itself to developing and disseminating guidelines, reference materials and information.

This theme was taken up by new president O C Phang, of Port Klang. In her acceptance speech at the closing dinner, she praised the possibilities for teamwork within IAPH.

The conference resolution also pledged to collaborate with United Nations agencies and other international organisations such as the International Chamber of Shipping, Oil Companies International Marine Forum and regional port and trade associations to create

“ If we can’t
grow green, we’re
not going to be
able to grow ”

Teamwork: new president Phang stressed this element of IAPH as she took over from Kornegay (above)

clean air programmes to help reduce global warming.

The stance won support from Houston mayor Bill White, who enthusiastically supported those ports that are leading the way on green technology. “You are our heroes,” he said. He called on conference attendees to create facilities that reduce the environmental impact of their activities. He urged delegates to take “critically important” environmental factors into consideration when dealing with the expansion of international trade.

The IAPH resolution followed on from the Mumbai Exco deliberations in April 2006, when ports were encouraged to take “practical and effective” measures to create a clean air environment. As a result, IAPH initiated close collaboration with the ISO to develop technical standards for power transfer, also known as alternative maritime power (AMP), and is developing guidance on measures that can be taken by ports. These will be contained in the tool box for port clean air programmes that is currently being developed.

The resolution also reiterated IAPH’s support for moves at IMO to tighten MARPOL Annex VI, which imposes limits on sulphur oxide and nitrogen oxide emissions from ship exhausts and prohibits emissions of ozone-depleting substances.

A call to IAPH to support ship operators in the debate over new pollution rules being drafted at the International Maritime Organization (IMO) was delivered by Peter Hinchliffe, general manager (marine) for the International Chamber of Shipping (ICS). He told the conference that the ICS is calling for an industry-wide group to be set up to discuss the issue (see *Maritime Update* p43).

IMO is driving through amendments to MARPOL Annex VI and plans to implement these by 2008. Hinchliffe said that although the ICS is not opposed to change, present proposals, combined with unilateral action by ports and regions, could result in owners having to burn three different fuels in the course of a voyage, with ports at either end having different rules.



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Technology may be the best answer so far, but there is no one silver bullet

"We have serious misgivings about the IMO proposals," he said. "Some engines will not be able to be modified and, if they can, we need engine-builders to indicate the timescale they need to deliver spares and that they have the workforce to complete the task." He appealed to ports to standardise their requirements for air emissions and work with the ICS at IMO.

The Port of Los Angeles announced that it has successfully reduced air emissions since 2001. The result of PoLA's second air emissions study, conducted in 2005, was announced during the conference and showed that emissions are down from the first inventory in 2001, said executive director Geraldine Knatz.

"This is the first time we have been able to compare emission levels," she said. "The study will show that emissions from ships and terminals have been reduced." This is against a background of increased cargo levels over that time.

Knatz said a number of measures have helped to reduce emissions. Initiatives include a speed reduction programme to 12kt from 20 miles (32km) from the port, the utilisation of newer, cleaner vessels, combined with the port's own programme to retrofit its vehicles with cleaner engines and encourage the use of alternative fuels. "It's not all good news," Knatz warned. "Emissions from trucks and rail are up, so we are focusing on the truck component now."

She was giving an outline of the new IAPH tool box concept that she has been instrumental in developing. It is a web-based programme that will provide IAPH members with quick access to information, options and tools to enable them to begin the planning process to address port-related air quality issues.

Just as ports are expecting record growth, they are under the microscope, facing the challenge of how to grow green, Knatz said. "If we can't grow green, we're not going to be able to grow," she said.

Making a call to action to the conference, she said there was a need for international action. Ports face the dilemma that international sources are often to blame for local air quality issues. Ports with international trade need to collaborate to improve air quality at ports and at sea.

The IAPH tool box will help ports to create their own clean air plan, Knatz added, outlining the steps they can take. Initially these could include instituting a clean air policy, appointing a clean air director, establishing a clean air team and co-ordinating their actions with those of stakeholders and regulatory agencies.

The tool box is designed to help with ports' needs to create and implement their own clean air plans, providing steps that can help in its development. Knatz said maritime activity should be assessed, and an activity-based emissions inventory conducted to establish a baseline and set a benchmark. After this, analysis and evaluation can be undertaken and different emission control strategies researched.

Knatz was confident that the tool box and resource library that IAPH is developing under her guidance would help ports through the experience.

Ocean power may be one of the more environmentally benign of the known alternative electricity generation technologies, but its development could conflict with other uses for coastal areas such as ports and shipping, according to Roger Bedard, ocean energy leader for the Electric Power Research Institute's Renewable Program in the US.

He told the conference there may well be conflicts with other uses of sea space, including shipping.

"The environmental effects of commercial projects are uncertain," EPRI's Bedard told the conference. "Commercial-scale units must be deployed in pilot

"Heroes" - that's the accolade for IAPH (above left and right) from Houston mayor Bill White (above right)





Ports may face a world economy that could grow by over 400% by 2050

**Conference
organisator
Argentina James
of the Port of
Houston working
hard to make it
all run smoothly**

arrays before full build-out and adaptively managed.”

An inspirational presentation by Dr Paula Kahumbu, GM of Lafarge Eco Systems in Kenya, explained the importance of corporate social responsibility (CSR) for companies and why it “makes business sense”.

She said such projects have the potential to make a difference and to give real benefits to a business and its customers. Her vision of CSR is governed by transparent business principles and gives companies benefits from going beyond compliance, she argued.

Indeed, she claimed there are competitive advantages, including improvements to staff morale, but warned: “progressing in sustainability is like running a marathon – we must go for the long run”.

Lafarge Eco Systems has to deal with similar circumstances to those facing ports, Kahumbu said. In one case a major urban development was built around a quarry in Kenya that was turned into a national park. As well as destruction of indigenous flora and fauna, the development had produced air pollution from dust and greenhouse gases, noise disturbance and

nuisance from road transport to and from the port.

A practical port CSR case was outlined by Greg Martin, CEO of Sydney Ports Corporation, who has successfully steered his own port’s Botany Bay development through. He said long lead times are needed for developments and, based on lessons learned in Sydney, he offered advice on the measures to take. For new developments, he suggested the establishment of a buffer zone around the port, and the need to identify and reserve future road and rail corridors to the port.

For established ports, he urged the development of a 30-year port and freight strategic plan and pointed to the need to allow long lead times, of about 10–15 years, for development. He said such ports must maintain a good record of CSR.

If ports are dominant in the local area and have established links to regional development, then their contributions to the local economy and healthy local employment should generate strong community support, he suggested.

But if a port is ancillary to the general economy – as can be the case for major city ports, where there may be divergent interests and competing land uses – then this can lead to alienation from local residents, he warned.

Martin described in detail the community and stakeholder engagement programmes that led to the success of the Port Botany project, including extensive consultation using a variety of liaison, sponsorship, education and media programmes.

The port authority increased habitats for flora and fauna, reinstated a local beach, created a park and provided community facilities, including a gymnasium, for a local high school.

Globalisation

Before the conference went into the detail of the environmental challenges the industry faces, a round-up of trade opportunities was discussed at the opening. The globalisation of the world economy and its impact on ports were all covered in the discussion.

The opening speaker was Nicola Arena, chairman and chief executive officer of Mediterranean Shipping Co (USA). He told *P&H* that he was optimistic about the profitability of liner shipping and expected a return to higher rates “in the long run”. The container industry will be able to absorb the huge amount of tonnage coming into the market, although the next two years will be a “challenge”, he predicted.

Arena was concerned about the ability of ports to cope with ever-growing world seaborne trade, which he expects to double every seven years, unless there is a recession in a major country. US ports will face significant capacity problems by 2010. While it takes just seven months from keel-laying to delivery of a container ship, planning restrictions mean that ports take years to build – except in China.

“Ocean carriers and ports are the indispensable tools of globalisation,” he said. “Without modern ships and efficient ports there would be no globalisation.” Arena added that future growth will come from China, but he

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“ Ocean carriers and ports are the indispensable tools of globalisation ”

Above, Kornegay, James and Inoue enjoy the conference and sessions (below)

did not underestimate the prospects for the US, Europe, India and important players in Asia including Japan, which is growing again, and South America.

Expansion of ports globally to meet projected demand will cost upwards of \$25Bn over the coming five years and shipowners could be asked to pay part of the cost. Neil Davidson, research director for Drewry Shipping Consultants, said that “bigger ships have had a free ride to date and maybe that should change in the future. There will be a demand for bigger cranes, longer quays and more storage space and the question is, ‘Who will pay?’”

He predicted that both demand and supply for port throughput will reach 672M teu by the end of 2011, “and we have to be prepared for bigger ships.” Coping with growth will be a challenge, he noted, adding that an equal balance of demand and supply is not likely: “100% utilisation globally is just not going to happen,” Davidson commented. “You can’t guarantee that port growth will be in exactly the right place.”

The US needs to take advantage of abundant world liquid natural gas supplies and import more, according to Tommy Stone, VP operations and engineering for US-based Trunkline LNG. He said LNG will take an increasing share of the US energy scene and imports will have to grow to meet demand. The most rapid growth in LNG import capacity will take place over the

next decade, with annual capacity increasing four or five times to 2015.

Japanese major shipping operator NYK Line was developing its role as a shipping company into one as a logistics provider, the conference heard. Yuji Hirano, adviser to the president, explained that its diverse fleet of 686 vessels – including container ships, tankers, bulk carriers and car carriers – has been augmented by air cargo and logistics capabilities. NYK Line now has 10 companies operating in its terminal and harbor transport division.

The contribution of terminal operations to the group’s fortunes grew from ¥10Bn (\$82M) in 1985 to ¥112Bn (\$920M) in 2005. Over the same period, logistics expanded from a ¥16Bn (\$131M) sector to one worth ¥426Bn (\$3.5Bn). The group has operated and managed container terminals since 1967 and by 2005 was handling 8.4M teu, he added.

A changed marketplace led by the BRIC countries and featuring people, goods and information moving continuously around the world, offering new market areas and globalisation, was described by Michael Gallis, principal of Michael Gallis & Associates.

He predicted that by 2050, China, India and Russia will be experiencing annual growth rates of over 20%, and Brazil about 15%. By contrast, he expects the US growth rate at the same time to be about 10% and that of the four main European countries – Germany, UK, France and Italy – to be less than 5%.

He defined the new trading blocs of the 21st century as: China, India, Japan, southeast Asia and Australia with 52.8% of world population; Europe, Russia, Africa and the Middle East with 33.5%; followed by the Americas with 13.7%.

Gallis said ports will have to cope with a world economy that may grow by more than 400% by the year 2050, with trade increasing from \$30Tn to \$132Tn. To provide for this growth, he said, China had spent \$42Bn to increase capacity on its railway system by 10% and will add 52,819 miles (85,000km) of roads over the next 30 years at a cost of \$240Bn. Waterways will benefit too – 1,000 miles (1,609km) of the Yangtze River is to be made navigable.

India, while having a reduced spending programme, still plans to spend \$5Bn, adding 6,215 miles (10,000km) of rail by 2010 and will upgrade 8,170 miles (13,150km) by 2009 with investment of \$11Bn. In Europe there are plans to spend \$415Bn by 2013 for TEN-T projects, on rail, road and waterway developments. In the CIS, the primary policy is a road and rail strategy from the Russian Federation. By contrast, in the US and South America there is no continental strategy, he said.

Indian infrastructure has been growing at the rate of 10% a year, according to Jagdip Ahluwalia executive director of the Indo American Chamber of Commerce of Greater Houston. He estimated direct foreign investment in power and transport 2005–2006 as totalling \$5Bn. The globalising of trade and telecommunications and free trade agreements have contributed to the country’s growth, he told delegates.

Renato Bertani, president and CEO of Thompson & Knight Global Energy Services of Houston, said the





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One-third of world container trade is now intra-Asia

The technical innovations line-up

BRIC economies will have a big effect on ports as their projected strong growths generate trade.

He said Brazil and Russia will be energy exporters and China and India will be energy importers. The countries' own internal markets will generate growth as an increasingly educated workforce demands goods. This will lead to trade from and to BRIC countries, he added.

Don Wang, chairman of MetroBank of Houston, explained how China's rapid progress over the past 25 years had produced a new global economic and political superpower.

Much of this growth has been fuelled by foreign investment and trade, he said, but he warned that eventually this type of dependency could be harmful to China's overall economy.

With its population of 1.25Bn China now has the largest trade account surplus in the world – \$180Bn – with GDP for 2006 estimated at \$2.67Tn. China's GDP was growing at a rate of 10.7% in 2006 and it officially announced it was the world's fourth-largest economy, overtaking France and the UK.

The export drivers that have taken China to success include its large pool of cheap labour and land, unrestricted international trade and investments by the government, added to direct foreign investment by multinational companies.

Wang added that although per capita GDP was approximately \$2,000, by the year 2020 up to 100M higher-income households in China could be expected

to be enjoying the equivalent income of a current Western European household.

This would fuel an import boom into China, which the US would lead, he predicted. "China's continuing efforts to open its market to global investors will lead to a greater international division of labour, promoting accelerated global productivity and competition," Wang added, pointing to outsourcing of manufacturing from Taiwan, South Korea, Hong Kong and Singapore to China.

Trade patterns are changing and Wang observed how China's dependence on exports to the US has declined gradually in the past few years, now Europe and Asia have become more "important destinations" for China's exports.

Security

Peter Mollema, director strategy, port infrastructure and maritime affairs for the Port of Rotterdam, described the studies being undertaken in the port for future systems, all aimed at ensuring cargo is not delayed. "Good security is good business," he told the conference, describing how the port authority, port users and others such as customs are being drawn into the studies.

Under discussion is an automated container inspection lane, which, although fully automated and non-stop at 13km/h with an X-ray scanner and radiation detection, will not harm drivers, he said.

Jeff Siewert, director of international logistics for The Home Depot, a major US home improvement chain, explained how the group moved goods between the 35 countries where it sources items for its 600 factories in the US and Canada. Over 250 terminals in 85 ports are involved in transporting to the group's 2,000 stores.

He maintained that supply chain security does not have to be at odds with logistics efficiency, and urged ports to help get systems right upstream so as to prevent downstream problems.

"We value above all the safety of our associates, our customers, our business partners and our communities. Some trade-off can be worth it," he said.

The aim behind the group's preventive controls, he explained, is to get security right at the start of the process, with supplier qualification requirements, factory audits and import-origin risk-tracking. "Terrorism is only one facet," he said. "But once the shipment is under way, we do what we can to catch anything the preventive controls do not filter. Technology may be best answer so far, but there is no one silver bullet."

More than anything, the supply chain is dynamic, he told the conference and must work across the globe for all players. This standardisation is "key", he emphasised. "All players need to have the same tools and level of competency."

Future work of the International Container Security Organisation (ICSO) was outlined by Werner Kruede-wagen, director sector sales for Siemens in Switzerland. The organisation, which was founded last year and is based in Brussels, will develop and publish global



Networking opportunities abound as the conference progresses (below)





Tsunami foresight

Shigeo Takahashi, director of the Japanese Tsunami Research Center, suggested a range of measures to be taken to help mitigate the effects of tsunamis. These included land use planning, a warning system, effective evacuation – using hazard maps and evacuation towers to take personnel out of the path of the water, for instance – and dissemination of knowledge about the phenomenon.

As regards structures, he urged the installation of:

- seawalls
- tsunami gates
- artificial high ground
- conventional breakwaters
- tsunami breakwaters
- large sea gates

wave behaved in comparison with other large waves.

Rick Deel, facilities protection superintendent for Texas-based Lubrizol Corp, explained how a regional industry partnership, Channel Industries Mutual Aid (CIMA), helps companies prepare for future disasters. He said it organises annual zone drills, provides training for the membership and enables the exchange of information by joining together fire-fighting, rescue, hazmat, emergency medical personnel and facilities along the Houston Ship Channel.

Future business

Dealing with a tsunami of a different kind – this time the “Asian tsunami” of cargo coming into the US, particularly from China, was discussed by John Vickerman of US-based TranSystems Corp. Trade into the US from Asia grew at a compound rate of 12% a year over the past five years – with 95% of the growth from China – and will continue to grow in the future, he said.

Globally the container industry is not well-placed to deal with continued growth on this scale. The industry is now a mix of public and private entities with “little or no” cross-communication between them. Vickerman said this leads to the “container paradox” of being in the “best of times and the worst of times” – with cargo growth in prospect but with limited capacity growth.

He said studies by TranSystems indicate that about 12 of the top 16 ports in the US will have serious capacity constraints by 2020. By that time, world trade could exceed capacity more than twice, he claimed. Ports face the challenge of dealing with predicted growth in world trade in the region of 186% by 2024, he claimed.

Mark Knudsen, VP project management and development for US-based terminal operator SSA Marine, said terminal operating companies provide private capital for port development, and have considerable experience in design and construction.

Their strengths are in enabling designs to be optimised and in strengthening customer relationships through their operations in different ports and countries over the world. Most of all, he said, their costs are lower than those of port authorities.

His ‘wish list’ for port authorities when going through the concessioning process includes a transparent and efficient permit process. He said strong anti-corruption

“Drivers spend almost eight working days each year stuck in traffic in the largest cities in the US”

**Get ready for 2009
– Genoa makes
its presentation
(above)**

standards for container security devices and related systems, he said.

Founding members of ICSO include General Electric Company, GreenLineSystems, JPMorganChase, Mitsubishi Corporation and Unisys Corporation, in addition to Siemens. “There are already several other leading companies interested in joining,” he said.

He said the aim was to “rapidly improve” in-transit container security by quickly defining global standards to help protect international commerce. “Technology applications are vital but will not be efficient without standard processes,” he said. “Actors in the supply chain will have to harmonise processes.”

Environment

**Nelson of MarAd:
US ports need
to expand**



“If your port has experienced tsunamis in the past, then you will have tsunamis in future,” was the stark warning from Shigeo Takahashi, director of Japan’s Tsunami Research Center at the Port and Airport Research Institute. “You have to prepare for it to save lives in your port and to secure business continuity.” Tsunamis have caused damage to transport systems, brought vessels up on to dry land and moved installations hundreds of metres from their original sites, he warned.

The centre has set up a tsunami flume and experimented with the effects of the phenomenon on structures and humans. The startling film was shown to the conference audience, clearly illustrating the difficulties encountered and the different way the



Panama Canal: giving a boost to ports as well as shipping

government initiatives are essential.

Asia continues to build new terminal capacity at a rate that far exceeds US port growth, according to Steve Lautsch, executive vice-president for US-based MTC Holdings Corp. "The Southern California ports predict annual growth rates at or below 6.5% for the foreseeable future. A simple extrapolation indicates that the US West Coast will reach approximately 70M teu by 2020," he said (*see box above right*).

A bright future for the US cruise market was forecast by Michael Crye, executive VP of the Cruise Lines International Association (CLIA), in the US. He said that more than 48M North Americans have indicated they plan to cruise over the next three years. "Approximately 16% of the US population target market has ever cruised," he pointed out. In the Caribbean, cruise tourists spend \$1.7Bn each year, the industry employs 41,500, whose wages total some \$600M, he said.

Philip Crannell, president of US company Port & Maritime Group International, said mega cruise ships were helping to drive Caribbean market growth. "Since the 1970s the size of cruise ships has doubled every decade," he said. The latest, the RCI Project Genesis, will carry 6,200 passengers and 2,300 staff. It is 220,000gt, 360m long and 65m high. It also has numerous overhanging structures – a trend in ship design that ports will increasingly have to make provision for.

In the British Virgin Islands, for instance, the cruise pier width will have to be increased from 14m wide to 26m, as the vessel overhangs by 8m. The new mega pier design is 26–30m wide.

Maurizio Bussolo, from the World Port Conference 2009 host, the Port Authority of Genoa, said there is untapped potential, as only 1% of Europe's population

Growth spurt

Lautsch on productivity at US West Coast ports:

2007: 2,200 lifts per acre.

Total of 7.9M lifts in 2006, so 8% growth would mean:

■ 11.6M lifts in 2010 ■ 17.1M lifts in 2015 ■ 25.1M lifts in 2020

If all available land was developed the shortfall would be:

■ 800 acres in 2010 ■ 3,000 acres in 2015 ■ 6,700 acres in 2020

The port had identified \$26.5M saving a year from data sharing

has ever cruised, compared with 3% in the US. "The European cruise market is expected to grow to 4.3M by 2010," he said. "Of the 29 cruise ships on order worldwide, 13 are for operation in Europe."

Logistics opportunities

Angel Gonzalez Rul Alvidrez, the national port director of Mexico and new IAPH Exco member, told the conference that Manzanillo will almost double its container capacity to alleviate port congestion.

He expects the ambitious \$1Bn container terminal project at Punta Colonet on the country's west coast, aimed at serving the lucrative US market, to open in 2010. The new port is expected to compete with west coast ports in the US and Canada for container traffic, with rail links to the heartland of the US markets. Initial capacity will be 800,000 teu, growing to 8M teu.

Free Trade agreements are a key source of growth for shipping and port operations, Commerce secretary Carlos M Gutierrez gave a special lunchtime speech in Houston when he outlined plans to work to ensure passage through Congress of pending trade pacts.

A key architect of the CAFTA-DR (Central America Free Trade Agreement – Dominican Republic) agreement, Cuban-born Gutierrez noted that it only passed by a single vote and fears that the agreement would harm US exports have proved unfounded.

"Prior to CAFTA, we had a trade deficit with the six Central American countries," he said. "Two years after the agreement, our exports were \$19.6Bn and imports totalled \$18.6Bn – a trade surplus." Gutierrez is working to get similar agreements approved with Korea, Colombia, Panama and Peru. "This is not a time for protectionism," he declared.

Plans for tenders for the first contract to start work on the access channel to the expanded Panama Canal were announced at the conference by the waterway's administrator Albert Aléman Zubieta.

The contract includes work to remove non-classified material, the disposal of excavated material and the construction of new gravel roads and ditches at the Pacific entrance to the canal. This will be the first



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“The port authority can be a real driver in moves to establish logistics zones”



Stone: LNG set to become even more important in the US market

part of a series of contracts awarded for “dry excavation”, which, he said, is essential for the canal widening programme. In total, some 46M m² of dry excavation will be needed before the widening is completed in 2014 – work that complements the dredging which has already begun.

Traffic through the canal is expected to double by 2020, Zubieta added. Container volumes increased from 235,000teu in 1995 to 2.9M teu in 2006. Traffic projections suggest these will rise to 4.6M teu by 2010 and 7.4M in 2015.

The US was overtaken as the engine of world growth in 2006 by Asia, according to Robert West, MD of Global Insight in the US. “Asia is now supporting world growth,” he declared. “One-third of world container trade is now intra-Asia. China accounted for one-third of US imports in 2006, and will send half in 2013.”

Once the Panama Canal has built the third set of locks, container traffic will account for 60% of its traffic by 2035, he continued. Daily container ship transits will increase from nine today to 24 by 2025.

The challenge in South Africa is for ports and rail to reduce costs, as logistics now account for a huge 15% of GDP, according to Siyabonga Gama, chief executive of the country’s rail organisation, Spoornet

Gama reported that a total of Rs65Bn (\$9.3Bn) is to be spent on ports and rail in South Africa by 2012, with Rs28Bn (\$4Bn) going to ports and Rs35Bn (\$5.3Bn) to the railways. “In fact, over 10 years this figure will rise to R185bn (\$26bn), according to the government’s port

and rail master plans for future growth for the next 10 years,” he added.

A plea for a greater shift to shortseas shipping in the US was made by Capt William Schubert, president of International Trade & Transportation, who said that modal shift does not mean a total shift away from other modes but instead implies a greater use of the marine-based intermodal system.

The former US maritime administrator is an enthusiastic advocate of modal shift, which, he said, is a matter of “when not if”. This is being driven by congestion, inadequate transport capacity to move freight, the increase in world trade, rising fuel costs and air quality considerations.

The present deputy administrator of MarAd told the conference that one in every nine containers at sea is bound for or coming from the US. Julie Nelson said that by 2020 US ports will have to double their capacity to cope with growing trade.

The EU’s new concept of co-modality was explained by José Luis Estrada, planning and development director of Spain’s Puertos Del Estado. He said the EU sees it as an efficient use of different modes both individually and in combination in order to make optimal and sustainable use of resources

“A modern port acts as an integrated node in a logistics chain and the logistics system extends beyond the port system,” he said. It must be able to add value – usually through the provision of logistics parks.”

The port authority can be a real driver in the moves to establish a logistics zone, but he was adamant that the commitment of the whole port community is necessary for success.

Benefits for ports include jobs that are directly created, improved port competition by offering logistics services and creating loyalty amongst customers that move there who want to ship through the port. and new clients – the 3PL – or third party logistics provider.

Technical innovations

The North American terminal industry has accepted changes with a “crawl, then walk before run” process, according to James Brennan, a partner with US-based Norbridge. He said the emphasis has been on investing in technology to “enable” automation and a “growing into” automation and its benefits.

Improvements in processes that could be cited include the Pier Pass system in Los Angeles, chassis pools, construction of off-dock container yards appointment systems and dedicated lanes for large-volume shippers.

A special design for an existing terminal to improve productivity was outlined by Wolfgang Hurtienne, director of the Hamburg Port Authority. At the port’s largest facility – the Container Terminal Burchardkai (CTB) – the empty containers yard, the railhead and the entry gate will be repositioned. “The finished terminal (by 2009) will have a capacity of 5.2M teu and will include high-density full container storage with RMG,” he told the conference.





**Kornegay:
conference drew
delegates from all
over the world**

A new crane system developed specially for PSA International in Singapore to cope with landside constraints has met all operational expectations and has demonstrated operational superiority over RTGs – but has not proved to be cost-effective in practice.

This was the confession from Goh Mia Hock, PSA's senior VP for group technical and operations development/group media liaison. He said the bridge crane system was designed as an efficient automated yard crane system to increase productivity and expand capacity and reduce the workforce. "Based on our operating experience, it has delivered what it was set out to fulfil at the start," he said. "But it has not been cost-effective."

A presentation of the preliminary findings of the IAPH questionnaire on port community systems was outlined by Santiago Milà, deputy MD of strategy and development for the Barcelona Port Authority.

Milà, who is chairman of the IAPH Committee on Trade Facilitation and Port Community Systems, which devised the questionnaire, said that, based on answers so far received, the initial promoter of the port community systems (PCS) is the port authority in 67% of cases. It either runs the PCS by itself (45%) or jointly with other institutions (22%).

"In 64% of cases PCSs are owned, partly or totally, by a public entity, such as a government or ministry, customs or port authority," he continued. "The most common case is that the port authority leads the implementation process, but it is a private company who finally owns and runs the PCS. Although in most cases the port authority is the promoter (67%), the use

Strong anti-corruption government initiatives were essential in concessions

of the PCS is mandatory in just 33% of systems."

Benefits of online payments were outlined by John Cushing, president of US-based eModal.com. It means that terminal gates are less congested, as some 30% of all problems at terminal gates are believed to be related to fee payments.

"Benefits address infrastructure, congestion and environmental issues," he said. These range from the management of empty containers to reduced time spent by trucks at ports and more efficient operation.

A major project to reduce the impact of the cost of import and export procedures is under way in Senegal, explained Nouhoum Diop, technical adviser to the MD at the Port Authority of Dakar. According to UNCTAD, one international economic transaction can cost as much as 10% of the good's value, involve over 27 players, more than 40 original documents and in excess of 360 copies. In Dakar the PCS is being developed to speed processing and the feasibility study has been completed. Funding will soon be available for the next stage, he added.

Tangible savings of PCS were outlined by Boo-Won Kang, director of the marketing team for Busan Port Authority. He reported that the port identified savings of \$26.5M a year from data-sharing. A further \$1.26M has been saved in communication costs.

Now the port is working on the next step, which will make use of RFID, GCTS/GPS cargo tracking and real-time information, he said. Trucks will be able to clear toll booths without stopping, and there are RFID scanners on toll roads, gantries and transfer cranes.

He expected productivity increases in the order of by 30%, which, if achieved, will deliver \$130M. However, he appealed for RFID standardisation.

A description of the port community system developed for the UK port of Felixstowe was outlined by Alan Long, the port's general manager. The system has grown rapidly since its introduction, but a challenge to be faced is the cost of enhancement, he said. The system does provide a platform for growth and increased accountability. **PH**



**Hirano: trend
towards logistics
providers in
shipping and ports**



Poised for growth

Sines container Terminal XXI is considered the world's first port greenfield BOT project. Now it's expanding, as **Bridget Hogan** discovered

Sines is a natural harbor, with the bulk port at one end (closest to the camera above) and the container terminal on the other side

A second development phase is under way at a small port in Portugal that has big ideas of becoming a major transshipment hub for Europe and Africa. Sines is some 180km south of Lisbon, and the main commercial port facilities flank the little mediaeval town on a cliff above a perfect circular harbor, which is now the fishing port. The liquid and dry bulk facilities, operated by the Port Authority of Sines (APS), are north of the town while the Terminal XXI container facility is to the south.

The company that took on the challenge of investing in the greenfield site at Sines to create a container port was PSA International, noted Jorge Almeida, director of PSA Container Terminal Sines.

Believed to be the port industry's first BOT greenfield project, it is being developed in four phases – 1A, 1B, 2A and 2B. Phase 1A opened for operations in May 2004 and by last year was handling 100,000teu. Capacity is 250,000teu, yet PSA has already embarked on a

programme to double this to 500,000teu in phase 1B.

"Why did we invest in Terminal XXI?" asked Almeida rhetorically. "It is a strategic location which offered excellent sea access with no draught restrictions." Just as important, good road and rail links to the entire Iberian peninsula were in place and there was plenty of land for future expansion. Another key point was what he described as "modern labour practices".

Central to the PSA decision was the government's commitment to develop an Atlantic gateway for Europe – illustrated in continued support today.

Earlier this year, Ana Paula Vitorino, Portugal's secretary of state for transport, described Sines in her presentation to the IAPH Europe/Africa regional meeting in the port city as the country's "great deepwater port". It was a natural point for transshipment, for intercontinental or regional traffic, she said.

She added the government expected Sines to attract more international trade and become a hub for



European and African cargo. "Sines, despite being the newest Portuguese port, has achieved a confirmed strategic position within the national port system, and is doubly important."

"On the one hand, it is the main gateway for energy commodities, namely crude and its derivatives, coal and natural gas. On the other hand, it is an important commercial port, with large growth potential as far as general and containerised cargo are concerned. It aims to be an Iberian, European and, indeed, worldwide hub," added Vitorino.

"We started from scratch," Almeida said of the PSA development. "There was not a single container in Sines at the time. We took a gamble, but not many development opportunities exist where an existing port has such a favourable draught."

The PSA move was justified, he feels – pointing to just one example. "MSC overtook Mærsk as the leading carrier in Portugal after switching from Lisbon and other ports to Sines," he claimed.

Now PSA and APS have put in place plans to continue with developments to bring Terminal XXI to 1.4M teu capacity. In all this will require investment from the two organisations in the order of €239.4M (\$319M), with some €63.2M coming from APS.

APS is providing breakwaters and access to the terminal, but all other costs – including infrastructure and buildings, equipment and railways – will be covered by PSA. Almeida confirmed that the terminal operator's investment is "substantially higher" than that of the port authorities. "This is to cover the ramp-up costs typical of a greenfield project," he said.

The new improvement round includes elements of phases 1A and 2A from the original plan, he continued. Work will also start on expanding the terminal and acquiring equipment specified in phase 1B.

"We think there is a window of opportunity to extend the influence of the port of Sines throughout Iberia and especially to the Madrid market," Almeida said. "We have had a lot of interest from shipping lines interested in using Sines as an alternative to escape congestion in Spanish ports. So we are stepping up investment in the second phase (1B)," he said.

Lídia Sequeira, CEO of APS, said that a new intermodal terminal was to be built to handle the

Terminal XXI will offer

Berths	3
Berth length	940m
Quay cranes	10
RTGs	30
Ground slots	8,500
Reefer points	400
Railway lines	8
Handling capacity	1.4 teu
Breakwater	1,350m

Source: PSA Container Terminal Sines

port's transshipment trade – which was about 60% of all containers handled. She said that Sines can handle "any container vessel" now in service.

Last year APS spent €16M on developments, including phase 1 of the logistics zone, part of the breakwater for the expanded Terminal XXI as well as other port developments.

Sequeira reported that two railway lines have been built to link the port as far away as Madrid, and there is capacity for up to six. According to Almeida, the developments will provide "seamless integration with land logistics".

Last year the Port of Sines recorded record cargo levels of 27.2M tonnes – up 9% on 2005. Sequeira attributed growth to traditional traffic, linked to the energy sector, as well as growth of containerised cargo in Terminal XXI.

In the first three months of 2007, container traffic continued to increase "significantly", she added, growing 26%, over the corresponding period of 2006.

She feels these figures are proof that Sines will continue to expand and become more of a regional force in the medium term. **PH**

More info: www.portodesines.pt
www.internationalpsa.com

The revamped terminal takes shape as development gets under way



More cash for US port security

In what was hailed as "a giant leap forward" by the American Association of Port Authorities (AAPA), President Bush has signed into law a compromise Iraqi war appropriations supplemental bill, cash from which will help ports secure their facilities against terrorism.

The so-called HR 2206 bill includes \$110M in additional fiscal 2007 funding for the federal port security grant programme, and comes on top of an earlier vetoed supplemental bill containing \$190M for port security grants, plus an already enacted bill for \$110M.

"This additional \$110M will go a long way toward helping our nation's ports further enhance security against terrorist acts," said AAPA president and CEO Kurt Nagle.

Nagle added, however, that given the high costs of enhancing facility security, AAPA will continue to advocate the full \$400M appropriation for fiscal 2008.

"Ports still need federal support to help them focus on access control systems, personnel training, waterside security and interoperable communications, as well as the costly facility requirements related to implementing the new Transportation Worker Identification Credential," Nagle commented. "The port security grant programme is an essential component for helping ports make and keep America's ports safe and secure for the future."



Jacques Barrot speaking in Algiers

State aid guidelines mooted

The European Commission will consider establishing state aid guidelines for port investments, EC transport commissioner Jacques Barrot has announced.

Speaking at the European Sea Ports Organisation's (ESPO) annual conference in Algiers last month, Barrot said: "I have asked my services to reflect upon establishing state aid guidelines in the next few months."

Barrot acknowledged that several EU ports have raised concerns that public finance for superstructure equipment and

services may distort competition.

UK port associations present in Algiers were hoping Barrot would provide greater commitment over the guidelines issue, which they claim could affect cargo transport destinations across Europe.

They have called on any future guidelines to include penalties against member states that infringe EU competition rules.

Ahead of the publication of the EC's port policy on 17 October, ESPO also urged the EC not to produce new legislation for ports,

but rather develop a mixture of instruments and measures to stimulate good practice and proactive behaviour. Where necessary, the Commission should clarify treaty rules and simplify existing legislation, it said.

ESPO concluded: "A cohesive and supportive policy framework is needed, which takes into account the specificities and diversity of the European port sector and which overall strengthens its competitiveness, sustainable development and good governance."

IHMA boosts US membership

Increasing its regional expertise in the US, the International Harbor Masters Association (IHMA) has recruited 44 US Coast Guard (USCG) 'captains of the port' (COTP), including all its sector commanders.

The COTP is usually a serving USCG captain, responsible for enforcing port safety, security and marine environmental protection regulations within the boundaries

of a designated zone. He/she is usually also commander of a sector or marine safety office, which may be as small as the waters surrounding a port or encompass a much larger coastal zone. A COTP enforces regulations for the protection and security of vessels, harbors and waterfront facilities, anchorages, bridges, safety and security zones, and ports and waterways.



The USCG is the largest national group registered with IHMA

Photo: USCG

Sea and inland ports join forces

More intensive collaboration between the EU's sea and inland ports will be the result of an agreement signed between the European Sea Ports Organisation (ESPO) and the European Federation of Inland Ports (EFIP).

A festive launch at the Port of Brussels, hosted by Charles Huygens, DG of the Port of Brussels and former EFIP president, marked the declaration of co-operation to establish a platform for European sea and inland ports.

The diverse group cited several reasons behind the co-operation, which included:

- New port logistics strategies required to increase the attractiveness of sea and inland ports to investors, especially in the face of escalating container transport and the increasing complexity of global supply chains
- The EU's expansion to central and eastern Europe
- The common agenda often shared by ESPO and EFIP in terms of EU policy.

"The fact that we will soon see the results of continuing consultations on EU port and maritime policy, plus the latest initiatives in the inland waterway

and rail sectors, underlines the need for a stronger representation for port authorities in Brussels," commented ESPO vice-chairman Maria Nygren.

EFIP president Willy Robijns added: "We hope this initiative will contribute to the development of a more sustainable and efficient transport system in Europe by supporting environmentally friendly modes of transport, such as shortsea shipping, inland

waterways and rail. With this platform, we also intend to strengthen the role of maritime and inland ports as essential nodal points in the transport chain."

Under the new platform, both EFIP and ESPO will keep their own identity but express opinions in common whenever this is feasible and appropriate. A new steering committee will ensure the smooth running of the platform and assess progress next year.



(l to r) ESPO SG Patrick Verhoeven, Maria Nygren, Willy Robijns and EFIP SG Diane Chevreux

BIMCO backs coastal state concept

The BIMCO Executive has endorsed the principle of quality coastal states that deliver proper treatment for ships and seafarers.

At its general meeting in Hong Kong, BIMCO agreed it was time to highlight the responsibilities of coastal states to encourage

safe and secure shipping and promote protection of the marine environment.

BIMCO will now take the concept forward, to ensure coastal states instigate a range of essential services for the proper treatment of ships, such as waste facilities and policies on refuge.

Energy transport policy agreed

"The first ever road map for a European energy strategy for transport," is how German council president Wolfgang Tiefensee described conclusions adopted by EU transport ministers at a recent meeting in Luxembourg.

Members unanimously agreed to adopt the conclusions on a *European Energy Strategy for*

Transport, which puts passenger car fuel consumption top of the agenda, but also includes measures to reduce the impact of maritime transport.

"In maritime shipping, in particular, we have to ensure that more use is made of environmentally sound marine diesel, and I also consider a

speedy improvement in the fuels used in inland waterway transport to be important," said Tiefensee, who is also Germany's federal minister of transport, building and urban affairs. "This will not only reduce emissions, but will also help further improve fuel efficiency through the use of modern engines," he concluded.

Emissions group

International Chamber of Shipping (ICS) chairman Spyros Polemis has recommended setting up a cross-government industry/scientific working group to evaluate a new IMO strategy for further reducing ships' air emissions.

Speaking at the AGM for both ICS and the International Shipping Federation (ISF) in Hong Kong in June, he said: "National shipowners' associations should strongly encourage their governments to support this helpful proposal at the important meeting of the IMO Marine Environment Protection Committee in July".

Acknowledging the urgency and political imperative of more stringent air emission standard "no later than early 2008", Polemis said that he believes the long term goal of ICS and ISF members is near zero emissions, greatly reduced CO₂ emissions, and a neutral overall impact on the environment "once the technology needed is available."

IMB hotline expands

The International Maritime Bureau (IMB) has launched a new maritime hotline that director Pottengal Mukundan says will cover more than reports of piracy incidents.

"We felt the need to broaden our reports," Mukundan said. "Any maritime crime, ranging from piracy to terrorism or human, drug or weapons smuggling onboard commercial ships, can be reported to the new hotline."

The IMB's Piracy Reporting Centre in Kuala Lumpur will remain the contact point and crimes can also be reported to the email address: imbsecurity@icc-ccs.org.uk.

"This will enable seafarers and others in the shipping industry to pass on suspicions regarding any maritime crime on a 24/7 basis," the IMB stated. "Information will be promptly relayed to relevant law enforcement agencies for further action."



Wreck convention is complete

The UN Diplomatic Conference which was held in Nairobi, Kenya in May, saw the successful completion of the Nairobi Wreck Removal Convention. Frans van Zoelen, chair of the Legal Committee, who has worked extensively on the issue, was unable to attend.

Arjen Doosje went on behalf of IAPH instead. Here's his report.

A new convention that is of great importance to ports has been agreed following deliberations in Nairobi. This follows the signing of the Nairobi International Convention on the Removal of Wrecks, 2007, more popularly known as WRC.

The adoption of the convention meant that the very first IMO

diplomatic conference to be held in Africa was a success.

The new WRC is of considerable significance because it will enable ports to recover costs relatively quickly when action has to be taken to remove hazards caused by wrecks, including ships in distress. The system of compulsory insurance and direct action on

behalf of the insurer minimises the risk that ports will not get compensation for at least part of the damage caused by an incident.

The outcome for ports will, however, depend on whether states choose to apply the convention to their territorial seas or waters. Clearly it is in the interest of ports to have the convention

applied in territorial waters.

If the convention is also applied solely to exclusive economic zones (EEZ) coastal states would be able to act in the case of ships in distress, which would reduce the threat of damage to ports. Under these circumstances, it would not be necessary for coastal states to wait until ships have



entered the territorial waters before taking action.

The WRC will enter into force 12 months after at least 10 states have ratified it. Now it is time for governments to take action to ratify this instrument as soon as possible. Then, coastal states, ports and, indeed, the whole world will be able to benefit from the system of compulsory insurance for seagoing vessels over 300gt. In fact there is a series of benefits from ratification of the WRC that will ensure incidents are dealt with swiftly and early on in the casualty. Ships in distress often pose risks to the marine environment and damage to the coastline or related interests – including port activities.

Marvellous hospitality was shown to delegates by the Kenyan government. Officially opened by Kenya's president, Mwai Kibaki, the

conference was expected to approve a convention, but even at this late stage, there were real issues still to be deliberated.

Discussions during the last meeting of IMO's Legal Committee in Paris in October 2006 (see also *P&H* November 2006 and January 2007) made it clear that this diplomatic conference was not just a formality. A major issue outstanding was the scope of the convention – whether to apply it the EEZ or extend it to the territorial sea or even all internal waters.

Those attending the last Legal Committee decided to continue negotiations after that meeting with the aim of achieving the “widest possible” consensus on the issue of possible extension to the territorial sea.

In March 2007 an informal meeting took place in London in

order to achieve this consensus. Ultimately these negotiations ended in a proposal to be put forward for discussion during the Nairobi diplomatic conference.

The proposal contained an ‘opt-in’ system for states to extend the scope of the draft WRC to territorial waters. This was controversial and was opposed on several fronts. Some countries disliked this system on the grounds that it would conflict with the rights of coastal states under the UN Convention on the Law of the Sea (UNCLOS), others because it could lead to confusion on the legal situation in territorial waters.

The proposal led to a profound discussion and eventually the chairman of the Nairobi discussions, Jan de Boer, concluded that a majority of the

delegations were in favour of the compromise proposed by delegations to the London meeting in March 2007. This proposal was therefore included in the draft text of the convention. After this major discussion the conference dealt with a few other issues including whether compulsory insurance should be applied to vessels of 300gt and above, the system of entry into force and the preamble. Finally, consensus was reached on the text of the convention.

The final text of the WRC will be available shortly in the member area of the Legal Committee on the IAPH website. **PH**

This was Arjen Doosje's last report as a member of the legal team for the Port of Rotterdam. He is now with the Dutch Ministry of Transport

IAPH COMPETITIONS

There were seven winners in the two competitions – the IAPH Essay Contest and the IT Award. The IAPH Essay Contest, with two categories this year, is awarded to individuals. The IT Award goes to ports to recognise their good practice. The prize-giving took place in Houston, when some winners and some representatives of winners came forward to accept their certificates.

IAPH IT Award 2007

The IAPH IT Awards 2007 were introduced to demonstrate IAPH's commitment and leadership in promoting the use of IT in ports. This year the awards were presented by

Santiago Garcia Milà, chair of the Trade Facilitation and Port Community Systems Committee. He expressed his delight at the high standard of the 13 entries. He said hoped

that this reflected a desire on behalf of ports to take full advantage of the increased benefits that IT could bring to their activities and help improve performance.



Gold Prize went to: Kelang Multi Terminal, Westport Malaysia



Silver Prize: Israel Port Development and Assets



Bronze Prize: Nigerian Ports Authority

Gold Prize

Enhanced customer service

Westport Malaysia has enhanced its established e-Terminal services and, as a result, improved customer service, it claims in its essay. As IT use spreads in business, its role at ports has expanded.

Users can gain access to the Westport system from any location, as it is a web-based application. The e-Terminal service is available for use around the clock.

The port has noticed increased efficiency and productivity. The e-Submit system means shorter turnaround times for processing load, and discharge lists and change requests are easily made using e-SSR and shipping lines releases with e-DO. With subsequent issuing and distribution of an e-Gate Pass, efficiency in

operation resource allocation is increased, as well as productivity, the port says.

Silver Prize

Israel Port Development and Assets

Some 10 years' work has gone into the development of Israel's EDI message system, with around 44M messages being sent in 2006. The paper gives a number of recommendations for other countries that may be looking to create similar systems.

When ports are privatised, it advises adoption of a single project similar to Israel's, so uniform processes are developed. It is vital that the system be capable of interacting with international systems in the future, so local data formats must not be developed, it adds.

Advanced web tools and utilities such as XML and Web Services should be used to make the system accessible for small users.

Bronze Prize

Nigerian Ports Authority

The SYMPORT system, a port management software application, has been developed in Nigeria. It recognises the infrastructure on the ground in the country's ports, prepares ports for vessel visits and monitors vessels from arrival to departure from territorial waters.

There were many problems to overcome. Over half the ports had poor hardware maintenance and connection constraints, and regular power failures hindered progress. Now the system is being improved and updated.

The winning essays will be published in full in a supplement to be distributed with September's P&H

IAPH Essay Contest

The Akiyama Award is the first prize in the IAPH Essay Contest. Although there was no outright winner this time, there were two whose entries were considered distinguished enough to be celebrated at Houston.

The contest, in memory of Dr

Toru Akiyama, a founder of IAPH and a past SG, is organised by the Human Resource Development Committee, chaired by Eddy Bruyninckx, CEO of the Antwerp Port Authority.

Bruyninckx said there were 10 entries to judge. "We evaluated

them on how they backed up their statements with facts and their problem-solving abilities."

The distinguished Akiyama awards went to:

Indranil Hazra, Kolkata Port Trust, India, for his paper *The importance of port safety*.

Sandhy Wijaya, of the Indonesia Port Corporation I, for his entry on *Indonesia's CPO marketing through the port of Belawan and how port performance improvement led to increased competitiveness for the Indonesian product*.

Distinguished

Indranil Hazra
Kolkata Port Trust

Safety is a challenge at Kolkata where mechanised cargo handling systems operate beside conventional methods. A detailed analysis of the past three years showed that 86% of accidents were caused by slipping, falling and accidents from people being squeezed or hit by objects. All the fatal accidents resulted from human carelessness and over-action.

The port is hoping to change attitudes and lift the competence of the 3,795 employees through in-house and on-the-job training. First, 514 officers and supervisors underwent training, followed by some of the cargo handling workers in sensitive areas.

Distinguished

Sandhy Wijaya
Indonesia Port Corporation I

A stark demonstration of how a port's performance can add real value to the fortunes of its hinterland was given in the paper. Crude palm oil (CPO) shipments through the Port of Belawan were hampered by congestion, because the demands of the loading schedule meant CPO vessels spent longer in port than others did.

The Port of Belawan decided to build a dedicated berth to handle CPO, and the results of its efforts were dramatic. Ships' stays in port were reduced by a day and, as there are nearly 600 visits each year, this has reduced handling costs by \$8.8M, reducing transport costs by \$2.42/tonne. This has made Indonesia's CPO more competitive on the world market.

Houston Open Award

First Prize

Hadi Karimi
Kaveh Marine & Port Services

Creativity in port jobs has coincided with the advent of mechanisation and now there is a challenge in recruiting and retaining staff. This has led to low motivation and adverse effects on efficiency, with the fear that low efficiency could

be disastrous for businesses, the paper warns.

Undoubtedly, by supporting its human resources, a business can improve. This may be as important, if not more so, than the need to care for the mechanical side of the business. Certainly, a business cannot bear fruit unless it cares for its employees.

For this one-off award in honour of the 25th conference, Bruyninckx said the committee had been impressed by the in-depth analysis shown by the winners.

First Prize went to Hadi Karimi, Kaveh Marine and Port Services, of Iran, for his work on *Job satisfaction at ports*.

Distinguished in this category was Theo Notteboom, from ITMMA-University of Antwerp, Belgium, for his paper *What new roles are expected of a port*



authority as a landlord in the context of global competition?

Distinguished

Theo Notteboom
ITMMA

Landlord ports must take the lead in reducing the time taken for planning for new terminals, both in environmental initiatives and in promoting the social values of ports.

Only in this way can the major

delays caused by lack of integrated planning be overcome.

By adding new roles to their traditional landlord functions that promote environmental and social values, seaports will ensure a more integrated approach to the role of ports in the supply chain, he said.



Lone Star state gives five star welcome

Delegates to the 25th IAPH World Ports Conference were in no doubt about the extent of Texan hospitality – they were treated to a range of experiences during the week, including an authentic cowboy rodeo.

The rodeo was pronounced the highlight of the week and delegates got into the spirit of the occasion by wearing stetsons, which were individually fitted by the Port of Houston Authority (PHA) team.

To the delight of delegates, a police escort whisked them off to social events that were held away from the conference venue – on one occasion the police commandeered a lane of the highway especially for the IAPH coaches to ensure they made the journey quickly.

The opening gala dinner showed off Houston's international cultural heritage. IAPH president Tom Kornegay described the association as a "tapestry of nations." He said the conference visit to the Johnson Space Centre was not entirely coincidental. "We at the PHA worked with NASA to develop a computer program to enable ships to go through the Houston Ship Channel in low visibility. It is one

of the busiest and most difficult ship channels to navigate."

Delegates got an opportunity to view the developments at the new Bayport Container Terminal and also heard about plans for when it reaches full capacity in 2015. Then PHA and the Port of Galveston plan to build a \$1Bn six-berth container terminal to coincide with the opening of the expanded Panama Canal.

The port's time capsule was opened in honour of the latest gathering. It was buried at the last IAPH World Ports Conference to be held in Houston, 30 years ago, by among others, a young engineer from the original Houston container terminal, Barbours Cut, called Tom Kornegay.

He was on hand again, of course, to officiate at the burying of a new capsule at Bayport – this time in his capacity as executive director of the Port of Houston Authority and president of IAPH.

The old capsule contained documents from ports around the world predicting what conditions the ports industry would face when it was opened.

The documents could be contemporary.

They include predictions for world trade doubling every 10 or 12 years and discuss container port expansion and developments such as automation.

Originally it was planned to reveal the contents of the capsule in 2014 to mark the 100th anniversary of Houston's port, but the decision was taken to open it earlier in honour of the opening of the new Bayport Container terminal and the World Ports Conference.

For the reburying of the capsule, IAPH members were asked again for their views of the future, with the opening of the newest capsule expected in 2039 when the port will be 125 years old.

So what's the prediction – more trade, more automation, more ports? Subterranean rail systems to take traffic off the roads?

The final, farewell dinner was held at Houston's impressive Museum of Fine Arts where delegates were able to see exhibits including a touring exhibition *The Masterpieces of French Painting: 1800-1920* from the New York Metropolitan Museum of Art. They enjoyed a private view of the paintings.





Benvenuto to Genoa 2009

A warm invitation to the next World Ports Conference was issued by Dr Maurizio Bussolo, CEO-Finporto, Port Authority of Genoa, who said that the deliberations would be held in the centre of the historic port area of the city.

He was elected unopposed as the 2009 conference VP by the closing plenary session and formally took over from the 2007 conference VP, Argentina James from the Port of Houston.

Delegates were given a little taste of what is in store from them at the Italy night celebration held in the closing days of the conference. After showing a film of Genoa and its region, Bussolo remarked: "The best way to get a flavour of Italy is to come and see for yourselves in 2009."

He said there were three major port projects under way in Genoa, including conversion of the existing airport for maritime use and the construction of a new airport.

"The conference itself will be held in an old wool and cotton warehouse which has been converted into a modern conference centre," he said. There will be 8,500m² of exhibition space.

Ana Castellano, Genoa's deputy mayor, urged delegates to come to the European city of culture for 2004. She said the city was firmly linked with the port and proud of its maritime heritage.

"I give you a warm invitation to come to Genoa," she said. "Arrivederci in Italy."



A chance to meet new Exco members

Some of the IAPH's new officers and executive committee (Exco) members introduce themselves and outline their intentions for steering the association in the coming years

Lim Heng Tay

3rd VP Asia/Oceania Region

I am honoured to serve IAPH and in my tenure as the 3rd vice-president, I hope to build on the association's achievements and take it even further.

As ports corporatise, it will be advantageous to look at measures to broaden IAPH's membership base by attracting terminal operators. The inclusion of terminal operators will better serve IAPH to achieve its principal objective of establishing and fostering good relations and close co-operation among member ports and harbors.

As the maritime industry develops and becomes more vibrant, it is an appropriate time for IAPH to be even more visible and

effective in promoting the interests of the maritime community. We will aim to enhance our reputation as the voice of member ports and harbors in the international arena. We can hold conferences that assess the impact of topical issues such as environmental regulations in ports and seek consensus among members on future directions. IAPH can then voice our views at IMO.

Many exciting opportunities lie ahead as I assume my role as the 3rd vice-president of IAPH. I appreciate members' forthcoming support in my new role at IAPH and I look forward to working alongside such an excellent and diverse group of professionals as we



dedicate our efforts to steer IAPH towards greater heights.

Lim Heng Tay
CEO Maritime & Port Authority
Singapore

Manfred Reuter

Exco member Africa/Europe Region

IAPH provides a great opportunity to discuss the challenges ports and harbors are facing in a world strongly affected by the impact of globalisation.

In former times, ports, were considered as public responsibilities. Today, the trend is to understand ports in their economic entity.

In my opinion, future challenges will be to manage the port professionally as an economic entity, to enable the port companies to work effectively and efficiently,

to increase their profits and to create jobs.

Before I became commercial director of the Hamburg Port Authority in 2005, I was responsible for managing and supervising state-owned companies, as well as providing a modern public infrastructure for Hamburg's business sector. This work taught me that it is impossible to provide everybody with excellent services at the lowest price. The price-performance ratio has to be right and there has to be transparency in what we do.



Manfred Reuter
MD commercial, Port of Hamburg

Membership notes

Associate member

PDA Trade Fairs

(a division of Pradeep Deviah & Associates Pvt Ltd)

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Telephone: +91-80-25513078

Fax: +91-80-25542250

Email: pradeep@pdatradeairs.com

Website: www.pdatradeairs.com

Representative: Pradeep Deviah, MD

Nature of business activities: trade fair organiser

XJF Plastics

Address: Units 1 and 2, Southfield Lane Industrial Estate, Whitwell, Nottinghamshire S80 4SB, UK.

Tel: +44-1909-724211

Fax: +44-1909-724560

Email: karry@xjfplastics.co.uk

Website: www.navigationbuoys.com

Representative: Paul Fairhurst, MD

Nature of business activities: rotational moulders

The IAPH is pleased to welcome the following new members to the association

Angel Gonzalez Rul Alvidrez

Exco member Americas Region

I consider that my participation as president of the executive committee of the Inter-American Committee on Ports of the Organization of American States (CIP-OAS), and now as member of IAPH's Exco, will generate opportunities to intensify co-operation between both organisations in areas of mutual interest. I anticipate that the effort that is expected by both organisations to bring benefits to the two organisations will be very intense. I hope my efforts will be seen to improve the way they operate and increase commercial

exchanges between members of both organisations.

Angel Gonzalez Rul Alvidrez
General director of ports
Mexico



Ports and the environment

Environmental protection should be a "fundamental principle" of port development, Tom Kornegay told the first regional conference on the issue, organised by Inter-American Committee on Ports (CIP) and the Panama Maritime Authority (PMA), in Panama.

As one of his last official duties as president, Tom Kornegay told the gathering: "In this modern information age it is unconscionable to even consider the expansion of a seaport without taking into consideration the environmental impact it will have on the surrounding land area, the sea, its community neighbours and the regional economy."

Some 200 delegates from more than 20 countries attended the conference, which considered a paper by the PMA highlighting the need to protect the ocean and coastal zones of the continent. It called for inter-American co-operation in matters of environmental port protection and support for international conventions on protection of the environment in ports.

Kornegay gave two examples that the Port of Houston Authority (PHA) has implemented in expansion programmes. When the Houston Ship Channel was widened and deepened, the port put the dredged materials to use. Environmental protection was emphasised in the development of the PHA Bayport Container and Cruise Terminal too, he said.

"The widening and deepening of the channel was the largest project ever undertaken within the US where the majority of the dredged material would be put to a beneficial use," he explained. Marshes were created along the channel even though the maintenance of these marshes would be more expensive than conventional disposal.

He appealed to ports to adopt the "triple bottom line" including social and environmental measures with economic returns. "If a public entity (such as a seaport) makes decisions only on economic returns and does not have the social or the environmental elements addressed, then overall success of a development will be elusive," he continued.

He estimates that the wetland project will cost approximately \$700M over the 50-year life of the project, with the PHA providing 30% of the total cost. "The PHA built a strong environmental presence with this channel project, and it paid off when strong community support was needed on the Bayport Container and Cruise Terminal development," he continued.

Without public support Bayport might not have been built, but support came as PHA went beyond normal environmental stewardship.

Dates for your diary

Major maritime congresses throughout the world

July

25-27: Inter-American Port Forum on Port Planning – Veracruz, Mexico
More info: www.oas.org/cip

August

25-30: Association of Canadian Port Authorities annual general meeting and conference – Montreal, Canada
More info: www.acpa-ports.net

September

11-14: Fifth meeting of the Inter-American Committee on Ports – Salvador, Brazil
More info: www.oas.org/cip

12-14: WISTA 2007 Annual Conference – Copenhagen, Denmark
More info: www.wista.net

18-19: Bulk Port & Terminal Technology, – Amsterdam, Netherlands
More info: www.millenniumconferences.com

24-26: International Chemical and Oil Pollution Conference & Exhibition – Singapore
More info: www.bsc-asia.com

25-28: 4th International Conference on Port Development and Coastal Environment – Varna, Bulgaria
More info: www.bsc.bg

26-28: MTEC 2007 – Singapore
More info: www.mtec2007.org

27-28: 4th Thai Ports and Shipping 2007 – Bangkok, Thailand
More info: www.transportevents.com

30-4: AAPA Annual Convention – Norfolk, US
More info: www.aapa-ports.org

October

3-5: INMEX India 2007 – Mumbai, India
More info: www.inmexindia.com

9-10: Port & Terminal Technology – Antwerp, Belgium
More info: www.millenniumconferences.com

22-25: EXCO meeting – Kuala Lumpur, Malaysia
More info: www.iaphworldports.org

24-26: PorTech Asia 2007 – Shanghai, China
More info: www.globaleaders.com



Baton handed on as 'first lady' takes the helm

Datin Paduka OC Phang outlines her plans and aspirations in fulfilling her new role as IAPH president

“The tireless efforts of my predecessors will spur me on to establish a dynamic IAPH structure and create an even greater force in the global maritime industry”

In May this year, the IAPH created history by electing its first female president since its formation in 1955. That this historic event could take place in an industry traditionally controlled by men is testimony to the fact that women are now considered equal players in the corporate world of any industry.

I am honoured that the IAPH fraternity has entrusted me with the great responsibility of leading the association as its president. Having already laid down a strong foundation, the tireless efforts of my predecessors will spur me on to establish a dynamic IAPH structure and create an even greater force in the global maritime industry.

In today's world of rapid development, the only constant is change, so we must continue to ensure that IAPH responds effectively to the challenges ahead. We will be dynamic, fast and flexible when reacting to changes in the global marketplace. We will continue to review and evaluate how processes, procedures and responses can be enhanced for the benefit of the IAPH family, while at the same time continuing to build friendly and cordial ties among members.

Mindful of the need for greater regional participation, significant efforts will also be made to expand the Association's membership. IAPH will continue to reach beyond the port community, developing

strategic partnerships with regional players. In promoting greater participation, policy decisions must also be reassessed, so co-operation, views and feedback on established policies and procedures will be much appreciated from members.

My experience over the years with IAPH has made me realise the importance of cultivating future leaders among IAPH members. Exposing middle management personnel to IAPH will help them understand its vision and mission, and encourage them to become the next generation of IAPH leaders and supporters. In due time, the torch will be passed on to allow them to build on our successes.

Let me extend to you my heartfelt thanks for entrusting me with the leadership of IAPH. I shall do my utmost to repay your trust and I look forward to building on the contributions of my predecessors, making IAPH stronger with your support. **RH**

A stylized, handwritten signature in black ink, likely belonging to Datin Paduka OC Phang. The signature is fluid and cursive, with a long horizontal line extending from the bottom.



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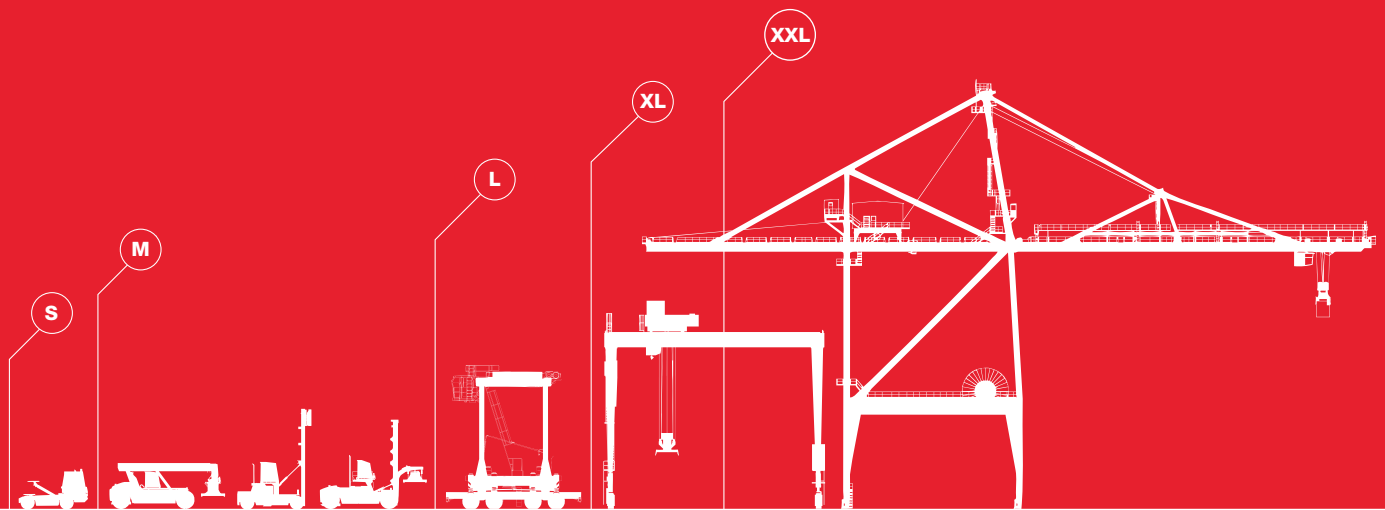
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