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Agenda item 6

DRAFT REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON PORTS

Palais des Nations, Geneva,
25-29 October 1993

Rapporteur: Mr. M. Khelifi (Algeria)

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Note for Delegations

This draft report is a provisional text circulated for clearance by delegations.

Requests for amendments - to be submitted in English or French - should be communicated by Friday, 5 November 1993 at the latest to:

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INTRODUCTION

1. The Intergovernmental Group of Experts on Ports met from 25 to 29 October 1993 at the Palais des Nations, Geneva, further to a decision taken by the Trade and Development Board at its thirty-ninth session in March 1993.

2. The terms of reference of the Intergovernmental Group of Experts, as approved by the Trade and Development Board, were as follows:

"The Group of Experts will examine factors which can contribute to efficient management and sustainable development of ports and related port services in order to foster competitive maritime transport services and to strengthen capacities for trade.

In carrying out its task, the Intergovernmental Group of Experts will:

(a) Focus on two main elements of the new work programme namely:

Port organization, including issues relating to privatization, commercialization, deregulation and existing legislation;

Port management, including issues relating to human resources development, strategic planning, marketing, sustainable development and investment requirements;

(b) Supplement the expertise available in the secretariat through the presentation by selected ports of the experience gained in the fields of port organization and port management;

(c) Assess, while having due regard to competition between ports, the potentialities for increased regional cooperation between ports, in the fields of port organization and management;

(d) Review the relevant publications produced by the secretariat at the request of the 1990 intergovernmental group of experts on ports by:

(i) examining their distribution and assessing the interest they generated, the applicability of their relevant recommendations and what additional information is needed for the development of competitive ports and related ports services, particularly those located in developing countries and countries with economies in transition;

- (ii) providing inputs from the port industry on significant gaps in existing information on port organization and management available from international organizations, port associations, seminars, conferences and publications to ascertain whether there is a need to strengthen the dissemination of the available information;
 - (iii) providing professional opinion on specific subjects of the approved work programme on which the Standing Committee on Developing Services Sectors (Shipping) should accord priority;
- (e) Review the work carried out by the secretariat in the field of port management training and technical cooperation, assess its impact on the development of competitive ports and related port services and, in this context, assess the needs that are not met through the various types of training available from bilateral and multilateral sources in order to assess potential areas for future UNCTAD activities in this field; and
- (f) Prepare a report on the above items for submission to the Standing Committee on Developing Services Sectors (Shipping) at its second session."
3. In the course of its session, the Intergovernmental Group of Experts held ... formal and ... informal meetings.

Opening statements

4. The Chairperson, in her introductory remarks, summarized the objectives of the Group, which were to consider factors affecting efficient and sustainable developments of ports, to consider means of enhancing competition, and to enhance the capacity of world trade through the development of ports. She noted that the meeting of the Intergovernmental Group of Experts was timely, as the world's ports would soon be entering a new century of operation, with nations and Governments staking the future prosperity of their peoples on expanded world trade. This expansion of world trade and the increased pace of trade would place ports under intense pressure to expand facilities and improve services while reducing costs. At the same time, the concentration of power in the hands of mega-shippers increased the risk for ports, as routing changes could significantly change cargo volumes. Added to the challenge facing ports were legitimate environmental concerns which must be met. She suggested that ports could meet these challenges by, firstly, adopting a strategic planning approach, secondly forming alliances with partners to obtain mutual business advantages, and thirdly strengthening the partnership with the city so that the community and port could work together towards sustainable development.

5. The Secretary-General of UNCTAD observed that the presence at the meeting of high officials and port directors from many countries was an indication of their confidence in UNCTAD. The key issues for the consideration of the Group were port organization and management, which included the issues of privatization, deregulation, commercialization, marketing, human resources development, sustainable development and regional cooperation, as well as an assessment of the technical cooperation and training activities of the UNCTAD secretariat. There was a clear link between efficient management and sustainable development of ports and the strengthening of capacities for trade. He noted that UNCTAD sought to provide support to the international port community through port management training and technical cooperation and in particular drew attention to UNCTAD's role in the rehabilitation of the port of Mogadishu in Somalia. Finally, he stated that two international port organizations would hold short meetings in Geneva in coordination with the meeting of the Intergovernmental Group of Experts, and that was a positive step towards the strengthening of cooperation.

6. The Officer-in-charge of the Services Development Division said that, although the most serious problems facing ports were the result of inadequate organization and management, this in turn was often the result of excessive interference by central governments. The mechanisms of restructuring, commercialization and privatization represented means of improving the situation through the development of market-oriented and financially viable ports. Important topics to be considered included port legislation, which was required at the local, national and international levels for efficient development and operations, and sustainable development, the objectives of which were economic development combined with protection of the environment and equitable sharing of related benefits and costs. Regional and international port organizations and associations were asked to provide information on the potentialities for increased regional cooperation amongst ports. UNCTAD training programmes had been made more complementary and covered middle and senior managers, and the Governments of Belgium, France and the Netherlands were thanked for their financial assistance in that connection. UNCTAD technical cooperation would also be reviewed during the meeting of the Intergovernmental Group of Experts, with a presentation on UNCTAD's work in Somalia for the rehabilitation of the Somalia ports.

7. The spokesperson for the Group of 77 (Algeria) asked the Group to show its recognition to the experts based in Mogadishu for their dedication and courage.

Chapter I

PORT ORGANIZATION AND MANAGEMENT

(Agenda item 3)

PUBLICATIONS AND TECHNICAL COOPERATION

(Agenda item 4)

8. For its consideration of these items, the Intergovernmental Group of Experts had before it the following documentation:

"Port organization and management : report by the UNCTAD secretariat" (TD/B/CN.4/GE.1/2);

"The principles of modern port management and organization" (TD/B/C.4/AC.7/13) (background document);

"Legal aspects of port management" (UNCTAD/SHIP/639) (background document);

"Strategic planning for port authorities" (UNCTAD/SHIP/646) (background document);

"Port marketing and the challenge of the third generation ports" (TD/B/C.4/AC.7/14);

"The management and development of human resources in ports" (UNCTAD/SHIP/644);

"Sustainable development for ports (UNCTAD/SDD/PORT/1).

9. The representative of the International Association of Ports and Harbours (IAPH) noted his Association's contribution towards international port cooperation, emphasizing that assistance to developing countries was focused through the Association's human resources committee.

10. The representative of the Permanent International Association of Navigation Congresses (PIANC) presented the work of PIANC and of the Permanent Committee for Development and Cooperation (PCDC). The Association was a non-political, non-profit technical organization that sought to promote both inland and ocean navigation by fostering progress in the design, construction, improvement,

maintenance and operation of inland and maritime waterways and ports. He explained the history and structure of PIANC, its technical activities and its publication, and he described how PCDC worked to provide assistance and expertise to developing countries. Finally, he noted PIANC's desire to increase its cooperation with UNCTAD.

11. The representative of Peru noted that many political and structural changes had occurred in many countries since the last UNCTAD meeting on ports, and it was extremely useful to be able to examine questions of port restructuring and the setting of tariff levels. He expressed his appreciation for the technical cooperation Peru had received through UNCTAD.

12. The representative of Japan outlined the situation of ports in his country and their crucial role for the economy and support for trade. Ports had been regarded as a strategic means for national and regional development. The primary responsibility for port management lay with local governments, while the national government was responsible for coordination and for technical and financial assistance for port development. Cargo-handling operations were performed by the private sector, and this arrangement had worked well in Japan. Japanese ports were being transformed into third generation ports, with more market-oriented services and strong city-port relations. The development of basic infrastructure, coordination and planning was the duty of port authorities, while superstructure, equipment and its maintenance was left to the private sector. A comparative analysis on a country-by-country basis would be useful to assist countries in choosing the best strategy for their specific case. He stressed that ports should not forget that they must provide reliable and efficient services to their customers. Finally, regional cooperation, for example between hub and feeder ports and even between competing ports, was possible and beneficial, and such cooperation would be promoted through the meeting of the Intergovernmental Group of Experts.

13. The representative of Yemen noted that cooperation between ports at both ends of the maritime trade link could be improved. He suggested that seminars and advisory services provided by UNCTAD could strengthen the transport chain.

14. The spokesperson for the Group of 77 (Algeria) observed that the issues to be discussed were very important for developing countries and countries in transition. The development of transport facilities was a fundamental part of development for trade, and the meeting of the Intergovernmental Group of Experts had the full support of developing countries.

15. The representative of Lebanon said that the rapid pace of technological change affecting ports made it difficult for developing countries to recover their investments. It was important for developing countries to learn from the investment experiences, both good and bad, of ports in developed countries.

16. The representative of ILO provided information on ILO's main activities for the port industry up to the end of 1995. ILO would be organizing a regional meeting for Asia and the Pacific in April 1995 on social and labour problems caused by structural adjustment, and that meeting would be followed by a global meeting on the problem, to be held in Geneva in December 1995. ILO was presently developing a Portworker Development Program which was designed to train container terminal supervisors and comprised 30 modules with some 500 hours of training material. Since 1986, ILO had been coordinating a TCDC programme in Latin and Central America for standardizing port training programmes, and this experience would be used for a similar programme in Asia. He concluded by confirming that ILO's technical cooperation programme would continue, particularly for port worker training.

17. The representative of Mexico described the steps that were being taken to modernize the port system in his country. The principal objective was to increase the efficiency of the administration and operation of the ports through a programme of decentralization, deregulation and privatization. Each port would be given operational and financial autonomy through an Integral Port Administration (IAP), which initially would be public but could then be transferred to the private sector. There were a large number of laws dealing with ports that needed to be revised. The IAP must subcontract operations to promote competition, and foreign investment was limited to 49 per cent. He thanked UNCTAD for its assistance in the field of training through the TRAINMAR programme.

18. The representative of India noted that the transport sector competed with other key sectors such as health, education, housing, etc. for economic resources, and that optimum use must be made of existing facilities. The main weaknesses in Indian ports concerned inadequate use of infrastructure, incorrect labour practices, lack of knowledge of latest management techniques and lack of sustained human development policy. Large efficiency gains could be achieved by simplifying documentation and procedures. The experiences of other countries in restructuring their port sector would be of value for India in its consideration of this issue.

19. The representative of Croatia described the status of ports in his country. In the past, ports had been self-financing, with no government assistance for

infrastructure. This had now changed with the new Government's recognition of the importance of ports for development, and port legislation was being introduced to shift services to the private sector, with the public sector functioning as a landlord port authority. The issue of restructuring of ports was therefore very important for his country.

20. The representative of Brazil noted that, rather than a programme of privatization, his country had embarked on a programme of defederalization or decentralization of ports. Towards this end, after a lengthy process, legislation was being changed, which would allow the private sector to operate concessions. The port authority's board was composed of representatives of government, operators, users and unions. Documentation needed to be simplified, and tariffs must be adjusted regularly as a result of the high rates of inflation in Brazil. He concluded by noting the importance of negotiation with all parties in order to reach the goals of improved performance, infrastructure development and employment requirements.

21. The representative of Guinea outlined the developments that had taken place in the port of Conakry since 1980. Funding from international and national development banks had allowed the infrastructure to be modernized, and in 1987 the private sector had taken over cargo handling and storage operation. A port management association had taken responsibility for the port workers, while the public sector managers had been taken over by the private sector and retrained. As a result of government and port authority support and incentive programmes, the experience had been positive, and privatization had been a tool to develop and improve the port.

22. The representative of Norway noted that ports in his country had been privatized for decades, with the land area and quay infrastructure belonging to the port administration, although some private firms had developed and owned their own terminals. The operators were responsible for marketing vis-à-vis the users, as the port authorities considered their customers to be the terminal operators. Public investment in ports must be carefully coordinated through a transport plan to avoid over-investment resulting from the demands of private operators. Tariffs must be monitored to maintain the high use of inland waterways, which were environmentally better than road transport.

Chapter II

ORGANIZATIONAL MATTERS

A. Opening of the session

23. The session was opened on Monday, 25 October 1993, by the Officer-in-charge, Services Development Division.

B. Election of officers

24. At its opening plenary, on 25 October 1993, the Intergovernmental Group of Experts elected Mrs. Lillian Liburdi (United States of America) as its Chairman, Mr. Dinesh K. Afzulpurkar (India) as its Vice-Chairman, and Mr. Menouar Khelifi (Algeria) as its Rapporteur.

C. Adoption of the agenda and organization of work

25. At its opening plenary, the Intergovernmental Group of Experts adopted its agenda, as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Port organization and management
4. Publications and technical cooperation
5. Other business
6. Adoption of the report of the Intergovernmental Group of Experts to the Standing Committee on Developing Services Sectors (Shipping).

D. Other business

(Agenda item 5)

[to be completed as appropriate]

E. Adoption of the report of the Intergovernmental
Group of Experts to the Standing Committee on
Developing Services Sectors (Shipping)

(Agenda item 6)

[to be completed]