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Sectors: Fostering Competitive Services
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Intergovernmental Group of Experts on Ports
Second session
Geneva, 18 March 1996
Agenda item 6

**DRAFT REPORT OF THE INTERGOVERNMENTAL GROUP OF EXPERTS ON PORTS
ON ITS SECOND SESSION**

Rapporteur: Mr. M. de Azevedo (Brazil)

Held at the Palais des Nations, Geneva,
from 18 to 22 March 1996

Speakers:

Officer-in-charge of the Services Development Division Chairman	Venezuela ILO (paras. 15 and 25) Indonesia
Officer-in-charge of the Ports Section (paras. 8 and 17) France	India Romania Morocco
China	United Republic of Tanzania
Sri Lanka (paras. 11 and 19)	Egypt
Russian Federation	Peru

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, 29 March 1996** at the latest to:

The UNCTAD Editorial Section
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INTRODUCTION

1. The Intergovernmental Group of Experts on Ports met from 18 to 22 March 1996 at the Palais des Nations, Geneva, further to the recommendation made by the Standing Committee on Developing Services Sectors: Shipping at its second session in July 1994, which was subsequently endorsed by the Trade and Development Board.

2. The terms of reference for the second session of the Intergovernmental Group of Experts were to assess the progress made in implementing the work programme, to review any new or outstanding issues in the fields of port efficiency, modernization and development, and to make recommendations.

3. In the course of its session, the Intergovernmental Group of Experts held ... formal and ... informal meetings.

Opening statements

4. The **Officer-in-charge of the Services Development Division** said that the presence at the meeting of high officials and port directors from many countries was an indication of their confidence in UNCTAD. He informed the delegates of the financial constraints presently facing the organization and requested them to take this into account when suggesting further mandates. Efficient transportation and communication networks were essential components of the globalizing world economy, one feature of which was a dramatic increase in the value and volume of manufactured goods shipped by sea. In this highly competitive environment, many Governments had adapted their port policies to take advantage of the new opportunities. The key issues for consideration by the Group were port modernization and development, including the issues of strategic port pricing, deregulation, commercialization, privatization, financing port development and regional cooperation, as well as the assessment of the training and technical cooperation activities of the UNCTAD secretariat. Port modernization and development were extremely important in assisting developing countries and countries in transition to facilitate trade and promote their countries' economic development. He noted that UNCTAD, with the support of donors, was providing support to the international port community through port management and training and technical cooperation, and he drew attention in particular to UNCTAD's continuing role in the rehabilitation of the northern ports in Somalia.

5. The **Chairman**, in his introductory remarks, recalled that the primary purpose of the meeting was to examine factors which could contribute to the

efficient management and sustainable development of ports and related port services, to foster competitive maritime transport services and to strengthen capabilities for trade. He noted that it was an opportune moment to consider port management at a time of unprecedented demand for economic efficiency. There were cases where, rather than facilitating trade, ports had acted as barriers to trade. Ports had evolved to become multidimensional systems linked into logistics chains spanning the globe, and Governments had recognized that an integrated plan for the total transport chain was the key to successful port-related economic performance. At the same time, there had been an increasing separation of the regulatory and commercial functions of port authorities. He suggested six key issues on which the Group could concentrate during its session: a pro-active role for ports in fostering trade and economic development; export promotion through integration of transport and communication networks; involvement of the private sector in port operation and development; management of regulatory functions; partnership between government and labour; and regional cooperation as a factor in trade development and environmental protection.

Chapter I

PORTS MODERNIZATION AND DEVELOPMENT

(Agenda item 3)

6. For its consideration of this item, the Intergovernmental Group of Experts had before it the following document:

"Port organization and management: report by the UNCTAD secretariat" (TD/B/CN.4/GE.1/6).

7. In addition, the following UNCTAD publications were made available to participants:

"Strategic port pricing" (UNCTAD/SDD/PORT/2);

"Comparative analysis of deregulation, commercialization and privatization of ports" (UNCTAD/SDD/PORT/3);

"Financing port development" (UNCTAD/SDD/PORT/4);

"Potentialities for regional port cooperation" (UNCTAD/SDD/PORT/5);

"Marketing promotion tools for ports" (UNCTAD/SHIP/494(12)).

8. The **Officer-in-charge of the Ports Section**, introducing agenda item 3, said that port managers needed to be flexible, pro-active, autonomous and accountable for their operational and financial performance if their port was to survive and prosper in the present highly competitive environment. He also informed the Group of the dissemination of information on the secretariat's work via the Ports Newsletter and through miscellaneous ad hoc requests.

9. The representative of **France** emphasized the importance of making UNCTAD's port documentation available to participants in French.

10. The representative of **China** described the progress made in the port sector in his country. The state had made major capital investments, as well as institutional and management reforms. Ports had become distribution platforms rather than just cargo transfer points. These steps had increased the productivity of ports and allowed a rapid increase in containerized traffic, although such traffic represented only a small portion of total seaborne trade.

It was essential to expand port capacity in order for China to benefit from liberalization and globalization. China hoped to learn from the Group's discussions on port policy and looked forward to future meetings of the Group.

11. The representative of Sri Lanka outlined port development in Colombo and the importance of transshipment traffic to the ports trade. Private sector involvement was being considered, as the Government recognized the importance of good management to maintain the competitiveness of the port.

12. The representative of the Russian Federation indicated that there had been many changes in the port sector of his country since the first session of the Group, and in particular various forms of privatization were being introduced. There were two administrations in each port, one dealing with commercial aspects and the second with regulatory aspects such as safety of navigation, environment, and inspection of foreign ships for compliance with international regulations. There was much interest in the work of the secretariat among countries in central and eastern Europe, and it was therefore important that the secretariat's publications in the field of ports be produced in Russian.

13. The representative of Venezuela described how port reform in his country had led to increased productivity in the national port system. The Group's meeting provided a valuable forum in which to exchange ideas and learn from the experience of other countries.

14. The representative of Indonesia said that about 120 commercial and 500 non-commercial ports served the 1,300 islands that made up his country, and commercial ports were managed by four port corporations. He described the port of Tanjung Perak (Surabaya), which handled international and inter-island traffic, and he outlined its expansion plans. It was forecast that Tanjung Priok would be saturated in the year 2000, when 2.5 million TEUs were expected to be moved, and plans to solve the problem included the construction, with private and public funding, of a satellite port linked by a 100 kilometre toll road to Djakarta.

15. The representative of the International Labour Organisation (ILO) explained his Organization's tripartite approach to matters concerning labour and informed the Group of the meeting to be held in Geneva from 20 to 24 May 1996 on social and labour problems caused by structural adjustment. The management of human resources was a key issue for port executives when dealing with port reform.

Chapter II

TRAINING AND TECHNICAL ASSISTANCE

(Agenda item 4)

16. For its consideration of this item, the Intergovernmental Group of Experts had before it the following document:

"Port organization and management: report by the UNCTAD secretariat" (TD/B/CN.4/GE.1/6).

17. The Officer-in-charge of the Ports Section, introducing the item, indicated that the success of the work programme was based on the marriage of research, training and technical assistance activities. He noted the large array of research studies which had been carried out and which could form the basis of future policy seminars, subject to the availability of resources. He described the activities of the secretariat in the organization and delivery of seminars, acknowledging the participation of donors such as Belgium and France. A recent survey indicated the continuing need for training materials, and a middle management certificate course on Modern Port Management had been developed by the TRAINMAR programme. He described the technical assistance activities of the secretariat in the ports sector, notably the rehabilitation of ports in Somalia which had been under way since June 1993, and in that connection acknowledged the contribution of several Indian ports, which had released port officials to participate in the project. Finally, he indicated the advantage to port managers of the Advance Cargo Information System (ACIS) project, which, through improved information, would make the transport chain more efficient.

18. The representative of India confirmed his willingness to continue cooperating with UNCTAD on the Somali project and other similar projects. He noted that, in the Somali project, Indian officials had acted in both an executive and an advisory capacity, often in dangerous situations. He added that the useful Port Development Handbook prepared by the secretariat needed to be updated, and he suggested that donors be sought.

19. The representative of Sri Lanka stated his appreciation for UNCTAD's work in training and technical assistance. In training, it was important to dispel the notion that experience equalled knowledge in the present context of fast technological and institutional changes. Training also needed to deal with the strategic objective of a given organization. A training centre had been established in Colombo in 1982 for the country's three commercial ports and had

provided training to personnel from the public and private sector. There remained new areas to be covered in the training provided, specifically dry ports, marketing and legal issues.

20. The representative of Romania said that the maritime training centre in Constantza had recently joined the TRAINMAR programme, with finance from the European Union Phare programme, and he noted the competitive prices of UNCTAD's contribution. During the current year, four seminars would be conducted with the participation of foreign and local expertise, and one of the seminars dealing with Free Ports would be available to other TRAINMAR members.

21. The representative of Morocco said that his country had joined the TRAINMAR programme in 1983 and was satisfied with the results achieved. He underlined that the continuous training carried out as part of the human resources development plan for port organizations had greatly facilitated their reorganization.

22. The representative of the United Republic of Tanzania was appreciative of the technical assistance provided by the World Bank and the European Union, which had enhanced the efficiency and skills of managers. He emphasized the importance of having an adequate managerial environment to sustain improvements after the completion of assistance.

23. The representative of Egypt indicated that training was needed to cope with change, and the training centre in Alexandria had joined TRAINMAR years ago. National and Sudanese managers had found the training extremely valuable. Training in cruise shipping was now provided in the centre.

24. The representative of Peru said that a centre for research and training had been in operation in Callao for many years and benefited from the help of UNCTAD. With the institutional changes taking place in the country, the privatization of the centre was presently being investigated.

25. The representative of the International Labour Organisation (ILO) said that modules on container handling from the new Portworker Development Programme for the training of dock workers and supervisors were near to completion following testing in Kenya and the United Republic of Tanzania. This programme was receiving funding from the Government of the Netherlands, and close collaboration with UNCTAD for implementation was envisaged.

Chapter III

ORGANIZATIONAL MATTERS

A. Opening of the session

26. The second session of the Intergovernmental Group of Experts on Ports was opened on 18 March 1996 at the Palais des Nations, Geneva, by Mr. R. Vogel, Officer-in-charge of the Services Development Division, acting on behalf of the Secretary-General of UNCTAD.

B. Election of officers

(Agenda item 1)

27. At the first plenary meeting of its second session, on Monday, 18 March 1996, the Intergovernmental Group of Experts elected its officers for its second session, as follows:

<u>Chairman:</u>	Mr. J. Hayes	(Australia)
<u>Vice-Chairman:</u>	Mr. A. Alfred	(Sri Lanka)
<u>Rapporteur:</u>	Mr. M. de Azevedo	(Brazil)

C. Adoption of the agenda and organization of work

(Agenda item 2)

28. Also at the opening plenary meeting of its second session, the Intergovernmental Group of Experts adopted the provisional agenda for the session (TD/B/CN.4/GE.1/5). The agenda was thus as follows:

1. Election of officers
2. Adoption of the agenda and organization of work
3. Port modernization and development
4. Training and technical assistance

5. Other business
6. Adoption of the report of the Intergovernmental Group of Experts on Ports

D. Other business

(Agenda item 5)

[To be completed as appropriate]

**E. Adoption of the report of the Intergovernmental
Group of Experts on Ports**

(Agenda item 6)

[To be completed]