



Asia-Pacific
Economic Cooperation

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Agenda Item: VIII. 1

A Concept Paper on the APEC Port City Service Alliance

Purpose: Consideration
Submitted by: China



Senior Officials' Meeting I
Ha Noi, Viet Nam
1-2 March 2006

EXECUTIVE SUMMARY

This concept paper outlines China's initiative of establishing an APEC Port City Service Alliance, which aims to integrate all stakeholders to create a cooperation network covering major ports of APEC to provide them with services and development opportunities.

The initiative answers to APEC Leaders' renewed commitment to the Bogor Goals and ECOTECH. It also responds to APEC Transportation Ministers' instructions for enabling a prosperous, secure, efficient and integrated transportation system.

Required Action / Decision Points

It is recommended that SOM:

1. Welcome the initiative of establishing the APEC Port City Service Alliance and
2. Task the Transportation Working Group to discuss and further develop the initiative to submit to SOMII for endorsement.

A Concept Paper on the APEC Port City Service Alliance

Proposed by People's Republic of China

Rationale:

At the 13th APEC Economic Leaders' Meeting, the leaders reaffirmed their commitment to the Bogor Goals of free and open trade and investment and pledged to advance economic and technical cooperation to ensure equitable and shared growth. At the 4th APEC Transportation Ministerial Meeting, ministers stated that a principal aim of cooperation in APEC for transportation is trade liberalization and facilitation as well as economic and technical assistance. Ministers called upon industry and officials to continue to work together to promote economic prosperity and a secure, safe, efficient and integrated transportation system for all member economies.

In answer to Leaders/Ministers' instructions, APEC is well-positioned to further facilitate convenient and secure cargo transportation within the region to further enlarge international trade, and to promote technical cooperation among members' transportation sector. At present, ocean shipping business in the Asia-Pacific region accounts for the bulk of the global ocean shipping business and enjoyed the fastest growth in the world. However, envisaging the evolving international trade scenario, ports in our region are faced with greater competition and new challenges. And as global logistic network with port hubs as its core is becoming more relevant in integrating and facilitating the shipping businesses, while service provided by a port city is increasingly indispensable in the expansion of port function, port cities can become important carriers and facilitators in forming port alliance among ports, terminals, shipping lines and shipping agencies. In light of this, there is thus a call for APEC to create such regional service platform to promote shipping business integration, facilitate cargo flow, strengthen economic and technical cooperation, and help meet APEC's goal of secure trade.

Proposal:

China proposes the establishment of an APEC Port City Service Alliance, bringing together port authorities, shipping agencies, logistics companies, warehouse companies, finance and insurance companies and government administrations of free trade zone, bonded area and customs. The Alliance will help establish a comprehensive, trans-regional and cross-sector service platform, through which a cooperation mechanism facilitated by a market mechanism will be put into place with ports playing a major role.

The Alliance is characterized by voluntary membership, cooperation and port-oriented service. It will work to promote business exchange and integration, create opportunities for bilateral and multilateral economic and technology cooperation, and facilitate health development of the shipping industry.

Organizing Structure:

The Alliance will take the form of membership. Governments of port cities in the

region may join the Alliance as group members while port authorities, terminal companies, large shipping lines and shipping agencies as individual members.

A liaison organization will be set up by China to take on preparatory work of the Alliance. It will also serve as the coordinating body running daily work of the Alliance.

After the Alliance is established, work may involve drawing up regulations in line with functions of the Alliance, adopting a declaration, and organizing fora and seminars on such issues relating to development of the shipping industry and port city. At the initial stage, events will be held in Ningbo, China. Once the operation of the Alliance turn into full swing, events could also take place in other member port cities.

Major Functions:

Under the APEC framework, the Alliance will perform the following functions:

- Providing an information and technology exchange platform. The Alliance will provide members with information and expertise for port management and operation through journals, website, seminars, new technology promotion and field trips etc. It will also sponsor specific conferences to encourage exchanges and communication between members and create opportunities for multilateral cooperation to meet specific needs of the members.
- Improving transnational logistics network. Keeping up with the development trend of global logistics network, the Alliance will improve collaboration and strengthen coordination among members, putting together and consolidate business resources and bringing each member's comparative advantages into full play.
- Promoting coordination and cooperation among ports. The Alliance will help create a communication network aim at enhancing trans-regional cooperation among ports and integrating cargo transportation capability of ports in the region and their hinterlands for improved efficiency. It will also help ease possible disputes between members through dialogue and prevent vicious competition to allow win-win development.
- Facilitating business integration and investment cooperation between ports and other organizations. The Alliance will deepen cooperation in various fields as shipping, cargo transportation, logistics, rails, trade and finance in terms of strengthening shareholding rights. It will also integrate different businesses and form a seamless connection of door-to-door cargo transportation, making cargo transportation and trade in more convenient in Asia and the Pacific.
- Mitigating threat to port security. The Alliance will, in close coordination and cooperation with relevant APEC fora, carry out targeted capacity building activities to advance the implementation of major inter-regional secure trade standards and regulations, such as the International Ship and Port Facility Security (ISPS) Code and the APEC Framework for the Security and Facilitation of Global Trade. These activities will complement and contribute to our ongoing

efforts to enhance the security of supply chain in the region.

- Seeking solutions and putting forward suggestions for APEC Senior Officials and Transportation Ministers. With an eye to challenges and problems in port development in the Asia-Pacific region, as well as APEC's goal of free and open trade, security and prosperity, the Alliance will come up with policy recommendations from the practical viewpoint of regional cooperation on the basis of joint discussions and consultation.