

## Summary Report of Symposium on APEC Port Services Network

Ningbo, China, 7-9 June 2007

Symposium on APEC Port Services Network, proposed by China with the co-sponsorship of Australia, Canada, and Hong Kong, China was held in Ningbo, China on 7-9 June 2007 under the auspices of the Ministry of Communications of the People's Republic of China.

The Symposium was attended by participants from 17 APEC member economies: Australia; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; the Republic of Korea; Malaysia; Mexico; Papua New Guinea; the Philippines; Singapore; Thailand; Chinese Taipei; the United States and Viet Nam. Participants also included representatives from shipping, logistics and manufacturing industries, port authorities, enterprises and other port related industries, and experts and scholars from research and academic institutions.

Mr. Weng Mengyong, Vice Minister of the Ministry of Communications, attended the Symposium and delivered a keynote speech. The APEC Secretariat was represented by Mr. Alexander Sukhov, Program Director for the APEC Transport Working Group (TPT- WG).

The Symposium recalled that at the 14th APEC Economic Leaders' Meeting held in Hanoi, Viet Nam in November 2006, Chinese President Hu Jintao proposed an initiative on the establishment of APEC Port Services Network (hereinafter referred to as the Network). The initiative was unanimously endorsed by leaders at the meeting and was reflected in the *Hanoi Declaration*—"We also endorsed the APEC Port Service Network Initiative to facilitate cooperation and communication among ports and related sectors in APEC member economies."

It further recalled the Joint Ministerial Statement adopted by 5th APEC Transportation Ministerial Meeting held in Adelaide, Australia on 28-30 March 2007. The Statement stipulates "We recognise that Leaders endorsed the initiative to establish an APEC Port Services Network. This will stimulate trade and investment in the region by integrating various sectors in shipping business, facilitate convenient and secure freight transportation, enhance exchanges and cooperation among ports and related sectors and promote their development, improve efficiency and

security of logistics systems. We request the Transportation Working Group (TPT-WG) to assist in establishing the APEC Port Service Network in a timely manner.” The Statement also supports the convening of this Symposium as the first step in establishing an APEC Port Services Network. The symposium is aimed at exchanging information, soliciting opinions and suggestions on the operation of the network and ways to enhance cross sector cooperation and capacity building of ports in the APEC region.

Under the theme of “Strengthen Cross-Sector Cooperation, Promote Common Development”, the Symposium conducted in-depth discussion on the subjects of (a) Development of Port Services, (b) Cross-Sector Cooperation of Ports, Logistics, Shipping, Trade and Other Related Sectors, (c) Challenges for Future Development, and (d) Establishment and Operation of APEC Port Services Network. Participants discussed the vital role of ports in economic development, exchanged domestic and international experience and best practices in the development of port and shipping industries, identified challenges and opportunities, elaborated on ways to enhance cross-sector cooperation and capacity-building of ports in the APEC region, and provided enlightened views and suggestions on the establishment and operation of the Network.

### ***Subject 1: Development of Port Services***

Symposium participants heard that the port industry had not only contributed to the development of economy and trade itself, but also brought together and connected a number of port related industries which shared their existence and development with ports such as shipping, commerce and trade, logistics, manufacturing and financial sectors. The sheer volume of international trade flowing through the international freight system has created capacity and environmental issues. The participants heard a brief introduction on the “Clean Ports USA program”. Members are called upon to pay more attention to the port-related environmental quality and to take more positive actions to meet the challenge of landside congestion as an outgrowth of port development.

It was observed that ports in the Pearl River Delta were developing rapidly and there was some transition from container load activities to logistics management centres. When achieving such transitions, efforts need to be made to improve cross-border transport efficiency, and both major logistics providers and small and medium-sized enterprises would be assisted by providing such logistics infrastructure as the Digital Trade and Transportation Network (DTTN).

A renowned shipping consultant spoke on the role that policy makers are expected to play in the development of port and related industries. Analysis of industry characteristics, liner network evolution and APEC volume growth, the needs of liner shipping, and implications for ports were outlined in the presentation. Since liner shipping provides an economical and efficient means of moving a wide range of goods, and ports provide the interface between individual economies and global infrastructure, policy makers should encourage investment and competition in order to promote the advancement of the port industry, especially the port concession agreements which will benefit wider economies.

***Subject 2: Cross-Sector Cooperation of Ports, Logistics, Shipping, Trade and Other Related Sectors***

The participants were provided with an analysis of the trends of the development of the port industry. Faced with challenges such as increases in port throughput, ship size and the increasingly sophisticated logistics demands of port users, ports have gradually been transformed into logistics hubs. Strategies in developing ports including port expansion, advanced terminals, integration of logistics services, and enhanced inland access can only take effect through establishing new partnerships between port authorities and maritime and logistics industries. Therefore, the public and private sectors need to work together to enhance port services and the port authority should play a key role as the coordinator of port community.

The participants listened to the advantages of free trade zones, including improving economic activity, increasing port traffic, generating employment and encouraging greater trade. Free trade zones can provide economic contributions such as reductions in the cost of some imported goods, improvements in the logistic/supply chain performance etc. Free ports can also facilitate the building of port networks.

The participants were provided with an extensive analysis on the prospects for the world's economic development and container throughput growth which also explained certain aspects of today's port development such as the emerging competition among ports to capture trans-shipment container demand, integration of trans-shipments and greater port competitiveness.

***Subject 3: Challenges for Future Development,***

Participants were briefed of the history of Hong Kong as the only gateway to the world for manufactured goods moving to and from China in the 1980s, and its current position as Asia's largest air and sea transport

hub supported by such related industries as logistics, warehousing and trucking services, information technology, and on-shore and off-shore trading. Participants heard about the challenges that Hong Kong faces including the part that Hong Kong will continue to play, and the economic and financial model to be adopted for its ongoing development. A potential “user pays” principle and “demand-led” development model for Hong Kong was outlined. An analysis on the role Government should play in the development of port and related industries was also suggested.

The presentation then covered an analysis of the trends in China’s container terminal market. Mainland China will be the second largest trading economy in the world by 2011 and China’s container port industry is growing at a faster rate than the global industry. Even though extensive achievements have been made in terminal developments, there are still challenges with which both companies and ports authorities will face, such as the balance between the vessel size increase and dock structure design.

A noted insurance specialist spoke of increased risk management for ports. Due to the emergence of a new breed of global ‘mega-risks’ or challenges, such as the terrorism, political risk, port authorities are required to conduct more frequent risk assessments. Greater information exchange and cooperation among ports which the Network is aimed at promoting will be beneficial to the improvement of risk management practices.

#### ***Subject 4: Establishment and Operation of APEC Port Services Network***

The participants were briefed of the significance of efficient ports to the Australian economy and the challenges facing Australia’s (and APEC’s) such as dealing with growth, changing patterns of trade, consolidation in the container industry, new technologies, integration of logistics chains, environment and climate change challenges, regulatory approval processes, maritime security and training skills.

Some possible principles and objectives for the APSN and possible structure for the APSN were discussed. These elements were consistent with the ideas put forward by Vice Minister Mr. Weng Mengyong in his opening address.

Participants were briefed about the development and associated problems of the port industry both in China and around the world. It was pointed out that in the face of new challenges there is a need to establish a

mechanism to consolidate resources, improve efficiency and address development issues in the growth of the port industry and related sectors in the APEC region. Participants discussed in detail the significance, operational mechanism, functions and sustainable development of the APEC Port Services Network.

## **Conclusions and Recommendations**

### **1. Conclusion**

It was noted that the APEC region has experienced robust economic growth in recent years. Port and related industries in the region have also kept a momentum of rapid development. As a result, APEC region has become a significant market of maritime shipping, and witnessed the sharpest increase in port throughput. Nevertheless, ports and related industries in the APEC region are still faced with such challenges as uneven development among ports, competition issues, capacity imbalances, increasing environmental concerns and differentiated regulation. Against this background, the establishment of the Network is intended to assist regional port and shipping industries, help expand their capacities, enhance information and personnel exchange, facilitate investment and smooth flow of trade, further enhance security of the supply chain, and promote regional economic development and common prosperity for all APEC member economies.

### **2. Recommendations**

#### ***Guiding Principles of the Network***

- a) To be mutually beneficial and promote common development. The Network shall provide a platform for all APEC member economies to strengthen cooperation in port and related industries. It is aimed at promoting development of the APEC region through enhancing economic and technical cooperation and capacity-building, accelerating the integration and growth of port, shipping, logistics, manufacturing and financial industries.
- b) To be fair, open and service-orientated. The Network shall be open to all APEC member economies, and each member of the Network shall be treated equally. Port and related industries of each APEC member economy are encouraged to join the Network.

- c) To focus on substantial cooperation through progressive development. The Network will facilitate in a step by step manner, information sharing, technical assistance, personnel exchange and training, commercial and trade cooperation, etc. The Network shall avoid duplicating the work that has been carried out by other relevant international organizations in the field.

### **Major Functions of the Network**

- a) To facilitate information exchange and services through the establishment of an APEC Port Services Network website and other publications;
- b) To increase efficiency of maritime transportation, by promoting port networking, capacity-building, technology transfer and management know how by organizing workshops, symposiums, technical visit and training programs;
- c) To conduct study on areas of common concern in cooperation with ports and related industries in the APEC region, and provide findings to the APEC MEG, and subsequently to the TPT-WG, the SOM and the Transportation Ministerial Meeting.
- d) To encourage trade and investment in the APEC region through activities such as exhibitions, trade fairs and promotion activities for port and shipping industries.

### **Operation of the Network**

- a) The transport authority of each APEC member economy may designate one permanent institution or agency as the focal point for routine work. Based on the principle of openness, convenience and cooperation, any operational institution involved in port, shipping, logistics, trade, manufacturing and financial industries may also participate in the Network, and have access to the resources of the Network and its exchange and training programs. All member organizations will operate in accordance with the operating framework of the Network.
- b) An Assembly comprising representatives of all APEC member economies, who are members of the Network, shall be created to oversee the operations of the Network. The Assembly shall

determine the operating framework of the Network. The Assembly shall report its work to the TPT-WG through its MEG.

- c) An APEC Port Services Network Secretariat shall be established in Beijing, China. The Secretariat shall be responsible for facilitating exchange activities among all Network members. China expressed its willingness to provide necessary office facilities and certain financial support for the operation of the Secretariat.
- d) The Network should be established at a time to be determined by China in consultation with the APEC TPT-WG.

### **Follow-up Actions**

The Symposium invites China to report the recommendations of the Symposium to TPT-WG 29 for consideration, and transmission to the APEC economic leaders' meeting to be held in Sydney, Australia in September 2007. .

### **Acknowledgements**

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