

Cutting Cost and Time on Maritime Container Transport
Final Report

Maritime Experts Group
APEC 29th TPT-WG Meeting

July 2007

Japan

Ministry of Land, Infrastructure and Transport
The Overseas Coastal Area Development Institute of Japan

1. Background

At the 24th APEC Transportation Working Group (TPT-WG) meeting in August 2004, members of Port Experts Group agreed to set an annual activity subject which was based on each economy's proposal. This short term subject is expected to make the group more active and efficient. Basically the outcome summary of the subject will be reported to Steering Committee and HODs meetings.

At the 25th TPT-WG meeting in May 2005, "Cutting cost and time on Maritime Container Transport" was taken up as the first subject to promote the improvement of port and port activities. Japan made a presentation on possible cost-cutting and time-saving measures while each economy was welcomed to introduce its own measures.

In September 2005, Japan sent a questionnaire on this matter to all member economies and has received effective answers from 13 economies, namely Australia, Brunei, Canada, Chile, China, Japan, Korea, Peru, Philippines, Russia, Singapore, Chinese Taipei and Vietnam.

At the Maritime Experts Group (MEG) meetings in 27th and 28th APEC TPT-WG meeting, Japan presented interim reports on this matter. Based on these, Japan will present a final report at MEG meeting in 29th APEC TPT-WG meeting.

2. Questionnaire

Contents of the questionnaire which was sent to all economies by Japan are as below;

(1) Question 1

Which organizations are taking measures to cut cost and time in container transport operations in your economy?

(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)

- (a) Central Government ()
- (b) Port Management Body ()
- (c) Terminal Operator ()
- (d) Shipping Company ()
- (e) Others ()

(2) Question 2

What specific actions or measures are being carried out by each of the organizations identified in Question 1?

Organization ()

- (a) Actions for cutting cost
- (b) Actions for cutting time

(3) Question 3

What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.

(4) Question 4

Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.

(5) Question 5

What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.

(6) Question 6

If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.

3. Responsible Organization for Cutting Cost and Time

Responsible organizations are summarized as below;

Table 1 Responsible Organization for Cutting Cost and Time

	Central Government	Port Management Body	Terminal Operators	Shipping Companies
Australia	O	O	O	
Brunei		O	O	
Canada	O	O	O	
Chile	O	O	O	O
China	O	O	O	O
Japan	O	O		
Korea	O	O		
Peru	O	O	O	
Philippines		O	O	O
Russia	O			
Singapore	O	O		
Chinese Taipei	O	O		
Vietnam	O	O	O	

4. Cost Cutting Action

Cost cutting actions are summarized as below;

(1) Port software action

- (a) Promoting competition (between terminal operators, between carriers)
- (b) Private partner participation
- (c) Political financing for innovation
- (d) 24/365 operation
- (e) Strategic pricing
- (f) Tax exemption for private operators
- (g) Merger of smaller operators
- (i) Solving labor union issues

(2) Port hardware action

- (a) Size-cost effect (larger ships, terminals and cargo handling equipments)
- (b) Updating cargo handling equipment (including automation)
- (c) Updating information system (including EDI and terminal operating system)

(3) Logistic action

- (a) Developing intermodal connection (road, railway)
- (b) Developing logistic center
- (c) Utilizing FTZ

Cost cutting actions of each member economy are as below;

(1) Australia

- (a) Opportunities for competition in stevedoring
- (b) Accommodating larger, efficient vessels
- (c) Expanding existing facility
- (d) Removal to impediments to 24 hour, 7 day operation
- (e) Allocating governmental funds for port projects
- (f) Ensure that ports, roads and railways related is a priority regional plans
- (g) Enhancing rail access

(2) Brunei

- (a) Revising the port tariff and incentives

(b) Improvement of quay crane performance and reduce ship berthing time

(3) Canada

(a) Commercialization efforts for port authorities

(b) Short sea shipping

(c) Trade corridors and gateways

(d) Strategic and targeted investments in transportation infrastructure

(e) Investments in improved intermodal connections

(f) Expanding existing facilities

(g) Improved scheduling of trucks

(4) Chile

(a) Conversion of state-owned ports to independent companies (20-year concession, BOT, lease contract, JV)

(b) Competition between Chile's top two container terminals

(c) Investment in new equipment and technology (-15m berth, gantry cranes, gate)

(d) New shipping lines reduce freight rate

(5) China

(a) National master plan for cost cutting

(b) Barge standardization

(c) Consideration of intermodal connection of terminals

(d) Setting up logistic and freight trade zones/centers just behind the terminals

(e) Using modern technology to improve efficiency (including EDI)

(f) Using bigger ships, barges and terminals (size-cost effect)

(6) Japan

(a) Promoting IT utilization

(b) Integrating berth operator

(c) Allocating budgetary funds for important structures (deep berth etc.)

(d) Offering low interest loans for quality equipment (vehicle management system)

(e) Semiautomatic cargo handling system

(f) Automatic gate system

(g) Tax exemption for private sector

(h) Tariff discount for heavy users

(i) 24 hour operation

(7) Korea

- (a) Increasing the scale of logistic facilities
- (b) Reform of labor union system
- (c) Introducing RFID system, Web-based EDI system and single window system
- (d) Cutting lead time 1-3 days in FTZ (distripark)
- (e) Merger of container terminals
- (f) Customs service improvement such as “total customs clearance system”

(8) Peru

- (a) Introduction of private investment (partnership participation, concession contracts, etc.)
- (b) Modernization and renewal of equipment
- (c) Container clearance at the arrival point

(9) Philippines

- (a) Port de-monopolization initiatives
- (b) Establishment of roll-on roll-off (RORO) network
- (c) Addressing the issue of overcharging in cargo handling tariff
- (d) Acceleration of price competition in the bidding terms of reference (TOR) for cargo handling (i.e. lower price bidder gets higher evaluation.)
- (e) Pegging the government share from the revenue of cargo handling operators
- (f) Suspension of previously approved increases in wharfage and usage fee

(10) Russia

- (a) Minimization of port charges
- (b) Reduction of customs duty regulation

(11) Singapore

- (a) Reducing port dues
- (b) Providing sufficient capacity to meet future demand
- (c) Introduction of IT system and single integrated platform

(12) Chinese Taipei

- (a) Building port facilities via joint venture and BOT
- (b) Tax exemption and low interest loan to private sectors
- (c) Volume discount for heavy users
- (d) Upgrading handling equipment
- (e) Flexible rate

(f) Setting up a free trade zone to simplify administration procedure

5. Time Cutting Action

Time cutting actions are summarized as below;

- (1) Port software action
 - (a) Monitoring productivity of operators
 - (b) Facilitation of port procedures (including single window service)
 - (c) 24/365 operation
 - (d) Coordinating ship arrivals

- (2) Port hardware action
 - (a) Expanding port capacity
 - (b) Updating cargo handling equipment (including automation)
 - (c) Updating information system (including EDI and terminal operating system)

- (3) Logistic action
 - (a) Developing intermodal connection (road, railway)
 - (b) Improving logistic chain

Time cutting actions of each member economy are as below;

- (1) Australia
 - (a) Increasing the port's capacity
 - (b) Enhancing rail and road access
 - (c) Reducing road congestion
 - (d) Coordination activities in the freight chain
 - (e) Securing appropriate service levels through agreements with the port authority
 - (f) Greater use of technological improvements in cargo handling in terminals
 - (g) Creating a seamless freight and logistic system
 - (h) Using information technology to improve logistic chain performance
 - (i) Creating real time tracking of hazardous cargoes in the port

- (2) Brunei
 - (a) Introducing computer integrated terminal operating system

- (3) Canada
 - (a) Providing policy/regulatory framework

- (b) Short sea shipping
- (c) Sharing of expertise & studies
- (d) Trade corridors and gateways
- (e) Investments in improved intermodal connections
- (f) Expanding existing facilities
- (g) Improved scheduling of trucks
- (h) Optimization of operations and land use

(4) Chile

- (a) Conversion to state-own ports to independent companies (20-year concession, BOT, lease contract, JV)
- (b) Competition between Chile's top two container terminals
- (c) Investment in new equipment and technology (-15m berth, gantry cranes, gate)
- (d) New shipping lines reduce freight rate

(5) China

- (a) Facilitation of import/export procedures
- (b) Single window service
- (c) Better information system
- (d) Better planning of operation

(6) Japan

- (a) Promoting IT utilization
- (b) Integrating berth operator
- (c) Allocating budgetary funds for important structures (deep berth etc.)
- (d) Offering low interest loans for quality equipment (vehicle management system)
- (e) Semiautomatic cargo handling system
- (f) Automatic gate system
- (g) Tax exemption for private sector
- (h) Tariff discount for heavy users
- (i) 24 hour operation

(7) Korea

- (a) Increasing the scale of logistic facilities
- (b) Reform of labor union system
- (c) Introducing RFID (Radio Frequency ID) system, Web-based EDI system and single window system

- (d) Cutting lead time 1-3 days in FTZ (distripark)
- (e) Merger of container terminals
- (f) Customs service improvement such as “total customs clearance system”

(8) Peru

- (a) Coordinate related authorities to reduce the time for arrival (4 to 1 hour)
- (b) Electric transmission of data prior to ship’s arrival
- (c) Coordinate vessels arrival

(9) Philippines

- (a) Reducing documentary requirements for arrival and departure clearance for domestic and foreign vessels
- (b) Enhancement of information processing system of port management body

(10) Russia

- (a) Providing efficient and high quality cargo handling
- (b) Cutting time of customs procedures (including the use of EDI)
- (c) Constructing logistic center and providing permanent freight traffic

(11) Singapore

- (a) Reducing port dues
- (b) Providing sufficient capacity to meet future demand
- (c) Introduction of IT system and single integrated platform

(12) Chinese Taipei

- (a) VTS (Vessel Traffic System,) CCTV
- (b) Widening external road link
- (c) Automatic gate system
- (d) Automatic container terminal

6. Obstacles for Cutting Cost and Time

Obstacles for cutting cost and time are summarized as below;

(1) Port software obstacles

- (a) Security measures corresponding to ISPS code
- (b) Lack of price flexibility due to lack of flexibility in the way of refunding political financing
- (c) Constrained budget
- (d) Labor union issues
- (e) Too many smaller operators
- (f) Need for fund for development and maintenance
- (g) Participation of players without compliance

(2) Port hardware obstacles

- (a) Lack of land availability around a port
- (b) Small terminal area
- (c) Lack of appropriate cargo handling equipment

(3) Logistic obstacles

- (a) Road congestion
- (b) Mismatch in the logistic chain
- (c) Imbalance of import and export cargo

Obstacles for cutting cost and time of each member economy are as below;

(1) Australia

- (a) A lack of land availability around the port

There is no room for new entrants to stevedoring sector, because land around the port is already highly developed.

- (b) Road congestion on routes leading to ports, through urban areas (e.g. Port of Melbourne)
- (c) Link in the transport chain sometimes does not work efficiently. (e.g. mismatch of working hours)

(2) Brunei

- (a) Cargo load factor due to high import against low export activities

Relatively small export volume has resulted in high cost of shipping.

(3) Canada

- (a) Financial resources
- (b) On-going operations/volume of business
- (c) Regulatory approvals (environmental issues)
- (d) Security measures
- (e) Competition for waterfront property with non-port users

(4) Chile

- (a) Security measures implemented recently, like ISPS, are working against our efforts to reduce cost, though they are necessary.

(5) China

- (a) Poor hinterland connection

Railway cannot be connected with sea port.

Highway congestions and expensive toll fees

Poor inland waterway infrastructure

No dedicated inland barge terminals in most of the deep sea terminals

High trucking cost

Sea terminals and railway terminal are not directly connected—trucking required

(6) Japan

- (a) Delay on introducing IT to gate process
- (b) Terminal area is too small
- (c) Lack of price flexibility because of fixed payment of development load (cost matter)
- (d) Terminal scale is too small (Each shipping line operates each individual terminal.)
- (e) Inspections and customs procedures take relatively longer time.

(7) Korea

- (a) Constrained budget

Budget insufficient to realize all development plans

- (b) Labor union

Requires long negotiations; new system is being examined.

- (c) Economy scale

Too many small companies operated in the ports and also trucking business

(8) Peru

- (a) Lack of gantry cranes in the nation's largest container port (Callao, share: 95%)

(9) Philippines

(a) Reduction of port fees and charges may affect the budget for the future development and maintenance of port facilities.

(b) Interventions and/or non-compliance of other players and stakeholders in the industry

7. Successful Examples of Cutting Cost and Time

Successful examples of cutting cost and time of each member economy are as below;

(1) Australia

(a) Ports reform by the State and Northern Territory governments

Including corporatization, privatization and the introduction of third party access

More recent reforms of publicly owned ports have led to improve pricing and allocating mechanisms

(2) Canada

(a) Commercialization and adoption of port authority model

(3) Chile

(a) Using technology and introducing EDI for all processes including the customs procedure, in order to reduce cost and time in the whole logistic chain

(4) China

(a) Encouraging use of feeder service in river

(b) EDI application

(c) Single window service of customs and inspections

(5) Japan

(a) Introducing incentive measures to wharfage and container crane fee

(b) Uses of “no-wait” import permit procedure

(c) Use of integrated terminal management system, which manages all container terminals in the port

(d) Discharge of port entrance charge and wharfage for a new-comer ship

(e) 30% reduction in leasing fee of public corporation terminals

(f) 50% reduction in crane fee for domestic feeder cargo

(g) 1/3 reduction of gantry crane fee for Chinese cargo

(h) Reduction of gate processing time by introducing automated gate

(i) Reduction of cargo transfer time by allowing use of international container terminal by domestic feeder ship

(j) Introducing “hot delivery service,” which considers cargo priorities in deciding transport order

(6) Korea

(a) Merger of small operators

(b) Reducing EDI cost by introducing internet based XML/EDI system (normally 50%)

(c) Improvement of customs service

(7) Philippines

(a) Reduction of documentary requirements (19 to 5)

(8) Vietnam

(a) To innovate procedures concerned

(b) To allocate investment funds for constructing/reconstructing infrastructures, updating/improving facilities

(c) To revise related regulations

8. Future Plans for Cutting Cost and Time

Future plans for cutting cost and time of each member economy are as below;

(1) Australia

- (a) Opportunities for competition in stevedoring
- (b) Accommodating larger, efficient vessels
- (c) Expanding existing facility
- (d) Removal to impediments to 24 hour, 7 day operation
- (e) Allocating governmental funds for port projects
- (f) Ensure that ports, roads and railways related is a priority regional plans
- (g) Enhancing rail access
- (i) Increasing the port's capacity
- (j) Enhancing rail and road access
- (k) Reducing road congestion
- (l) Coordination activities in the freight chain
- (m) Securing appropriate service levels through agreements with the port authority
- (n) Greater use of technological improvements in cargo handling in terminals
- (o) Creating a seamless freight and logistic system
- (p) Using information technology to improve logistic chain performance
- (q) Creating real time tracking of hazardous cargoes in the port

(2) Canada

- (a) Pacific Gateway Initiative
- (b) Canada Marine Act review and pursuit of other policy directions
- (c) Further development of Short Sea Shipping initiatives and policies
- (d) Expansion plans at Vancouver and Prince Rupert
- (e) Discussion of port mergers at west coast ports

(3) China

- (a) Encourage use of feeder service in river
- (b) ITS application in intermodal service
- (c) Barge standardization
- (d) E-port development

(4) Japan

- (a) Introducing JCL-Net

- (b) Introducing integrated manning
- (c) Automation of cargo handling facilities
- (d) Introducing “non-stop” gate
- (e) 24 hour-open terminal
- (f) Improvement of cargo handling facilities
- (g) Widening container yard
- (h) Introducing information sharing system using IC tags
- (i) Support for “mega operator” (integrated operator for large scale terminal)
- (j) New incentive
- (k) Introducing IT

(5) Korea

- (a) Keeping the logistic hub policy
- Adding new berths in Busan
- (b) Development of logistic distriparks
 - (c) Establishing logistic database to support decision-making on logistics

(6) Peru

- (a) Introducing gantry cranes to Port of Callao
- (b) Developing new modern terminal through international tender process

(7)Philippines

- (a) Enhancement of information processing system in all PPA ports

(8)Vietnam

- (a)To innovate procedures concerned
- (b)To allocate investment funds for constructing/reconstructing infrastructures, updating/improving facilities
- (c)To revise related regulations

9. Ideas on International Cooperation on Cutting Cost and Time

Ideas on international cooperation on cutting cost and time are as below;

(1) Chile

(a) Using APEC process

(2) China

(a) RFID (Radio Frequency ID) container tags application

(b) Data exchange program for standardizing documentation and sharing information

(3) Korea

(a) Joint study on major obstacles which prevent seamless container flow in individual economy

(b) Joint study on comparing logistics process from port to shipper's door and reverse

Appendix

Questionnaire

September 30, 2005
APEC TPT-WG Maritime Experts Group

Cutting cost and time on Maritime Container Transport **(Annual Activity Subject)**

Member economies are requested to answer an attached questionnaire. Please send it back to the secretariat by November 30, 2005.

For the reference, the background is shown as below.

The secretariat of MEG
Ports and Harbours Bureau, MLIT, Japan
Masahiro TERANISHI
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Background

At the 24th TPT-WG meeting in August 2004, members of Port Experts Group agreed to set an annual activity subject which was based on each economy's proposal. This short term subject is expected to make the group more active and efficient. Basically the outcome summary of the subject will be reported to Steering Committee and HODs meetings.

At the 25th TPT-WG meeting in May 2005, as the first subject, "Cutting cost and time on Maritime Container Transport" was taken up to promote the improvement of port and port activities. Japan made a presentation about the measures and each economy was welcomed to introduce its measures.

The coordinator requests each economy to provide information by answering the questionnaire. A Japanese case is attached as a sample. After collecting answers, the coordinator will make a summary report for the next meeting.

Organization ()

①Actions for cutting cost

②Actions for cutting time

Organization ()

①Actions for cutting cost

②Actions for cutting time

3	What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.

4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.

Sample Answer to Questionnaire

No.	Question
1	<p>Which organizations are taking measures to cut cost and time in container transport operations in your economy? (As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)</p>
a.	Central Government (Ports and Harbours Bureau, Ministry of Land, Infrastructure and Transport)
b.	Port Management Body (Prefectural Government or Municipality, Port Authority)
c.	Terminal Operator ()
d.	Shipping Company ()
e.	Others ()

2	<p>What specific actions or measures are being carried out by each of the organizations identified in Question 1 ?</p>
<p>Organization (Ports and Harbours Bureau, Ministry of Land, Infrastructure and Transport)</p> <p>①Actions for cutting cost In 2004, Ministry of Land, Infrastructure and Transport (MLIT) designated three areas, Keihin Port (including Tokyo and Yokohama Port), Nagoya and Yokkaichi Port and Hanshin Port (including Osaka and Kobe Port) as "Super-hub ports" with the aim of surpassing the major ports in Asia such as Hong-Kong and Singapore in terms of cost and service levels. The objective of the "Super-hub" policy is to cut operation costs by 30 % through the promotion of IT and increasing the scale of facilities. MLIT are preparing the following special measures to fulfill the above objective: 1. Allocating budgetary funds for important infrastructure such as berths. 2. Making low interest loans available to port authorities and terminal operators for the purchase of quality equipment. 3. In order to attract private funds, special tax exemptions and low interest loans will also be made available to the private sector under the government's "Private Finance Initiative" (PFI).</p> <p>②Actions for cutting time Another objective of the "Super-hub" policy is to reduce the time which are able to receive the container gargo from 3-days to 1-days at the container terminal.</p>	

Organization (Prefectural Government or Municipality, Port Authority)

①Actions for cutting cost

Port Management Bodies of Major ports in Japan try to achieve cutting cost and time in container terminals under the policy of "Super-hub ports" by the consultation between many kinds of port related organizations or review the structure of the organization of the terminal operator.

②Actions for cutting time

Organization ()

①Actions for cutting cost

②Actions for cutting time

3	What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.
(not prepared)	

4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.
(not prepared)	

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.
(not prepared)	

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.
(not prepared)	

2	<p>What specific actions or measures are being carried out by each of the organizations identified in Question 1?</p>
<p>Organization: Ministry for Transport (NSW)/ Sydney Ports Corporation</p> <p>①Actions for cutting cost</p> <p>The NSW Government supports a competitive shipping and logistics industry in NSW. The Government believes the growth in container capacity should be delivered in a way that advances this objective. In particular, the Government is keen to provide opportunities for additional competition in stevedoring and the logistics chain generally.</p> <p>②Actions for cutting time</p> <p>Sydney has highly efficient ports, with an average of around 27 containers handled per hour, above the Commonwealth's target of 25 containers per hour.</p> <p>Sydney Ports Corporation has proposed a major investment program to develop a third container terminal and associated infrastructure at Port Botany. Expanding the existing facility at Port Botany is the most efficient step towards the goal of maximising productivity along the State's containerised transport logistics chain.</p> <p>Key elements of the NSW Government's plans to provide for and efficiently manage forecast increases in container trade are:</p> <ul style="list-style-type: none"> • a network of additional intermodal terminals in Sydney's west; • enhanced rail links between Port Botany and major terminals; • better road connections between Port Botany and the key arterial routes to the terminals; • substantial improvements in the efficiency/ organisation of freight services, in particular the coordination of activities by participants in the freight chain; and • associated policy changes necessary to enable the mode share target to be met. (The NSW Government is undertaking detailed work on the rail, road and terminal networks that will be needed to support increased freight movements through Sydney. A key policy goal is to increase the proportion of containerised freight moving to and from Port Botany by rail from the current 21 per cent to 40 per cent by 2011.) <p>The NSW Government has also committed over \$1 billion to a <i>Rail Clearways Program</i> designed to 'untangle' and remove complex interconnections from the Sydney Metropolitan rail network. This is expected to deliver more efficient and reliable passenger services, as well as improve the operating environment for freight trains utilising the metropolitan network.</p>	
<p>Organization: Department of Infrastructure (Victoria)/ Port of Melbourne Corporation</p> <p>①Actions for cutting cost</p> <p>The Port of Melbourne Corporation is currently in the process of obtaining the necessary approvals for a major project to increase the depth of its channels to 14 metres to accommodate the larger, more efficient vessels now being utilised by shipping lines.</p> <p>The Victorian Government in its Victorian Ports Strategic Framework (Nov 2004) has outlined a number of directions for the future development of Victorian Ports. Framework Direction 1 requires ports to build on existing capabilities and competitive strengths and for the Port of Melbourne this particularly relates to providing support for developments to maximise the use of the Swanson Dock container facilities prior to the development of new infrastructure.</p>	

Other strategies under this framework direction include:

- . developing and investing in Melbourne Port@L projects;
- . undertaking the Port of Melbourne Channel Deepening Project subject to environmental approvals;
- . protecting options to reconnect the rail link to Webb Dock.

Investing in improved road and rail infrastructure connections are a major component of the Corporation's future development plans for the port. There are also benefits to be gained from the further development of metro and regional intermodal terminal facilities and their associated value added services.

The Business Activity Harmonisation Study is concerned with the mismatch of operating hours between port container terminals, transport operators, import/ exporters and other supply chain participants. The objectives are to understand the extent of the mismatch, measure the impact on logistics efficient and to improve supply chain outcomes.

②Actions for cutting time

The Melbourne Port@L project is a long term strategic planning initiative to improve the efficiency of the Port of Melbourne primarily by integrating the Port and the adjacent Dynon rail precinct into a single world class intermodal hub. The project will seek to:

- enhance the road and rail access to and between the rail and shipping terminals;
- use information technology to improve logistics-chain performance;
- reduce the road congestion around the port and free up strategic land around the port for freight related activities;
- encourage growth of outer metropolitan intermodal terminals servicing the port; and
- increase the Port's capacity, including its container terminal capacity at Swanson Dock.

The grade separation project at Footscray Road is designed to separate the road and rail intersection at Footscray Road and will provide for significantly enhanced movement of rail traffic into and out of the port. It will also reduce the multiple handling of freight and allow Port Precinct Vehicles to move between the port and the Dynon precinct.

Improvements may be achieved through opportunities to secure appropriate service levels provided by port operators through agreements with the Port Authority.

Gains can also be achieved through the greater use of technological improvements in cargo handling in terminals.

A major initiative being promoted by the Victorian Government is its SmartFreight Initiatives concept which is designed to create a seamless freight and logistics system for the State. The system will promote integrated Information and Communication Technology based solutions to improve effectiveness and efficiency, particularly with the movement of containers in and out of the Port of Melbourne. The industry is being involved through pilot programs.

The major benefit of these initiatives will be that they will help contribute to effective, timely and transparent information flows between parties in the container logistics chain, thus improving operational performance.

Other opportunities exist with respect to the real time tracking of hazardous cargos in the port supply chain (which will maximise the effectiveness of emergency response in the Port, and there is potential for optimisation of transport efficiencies through increased truck/ train utilisation from greater levels of back loading.

Organization: Queensland Transport (Queensland)/ Port of Brisbane Corporation

① Actions for cutting cost/ time

The Port of Brisbane Corporation is to construct a new berth (Wharf 10) that will extend the existing wharf line by a further 402 metres to accommodate continued growth in container traffic and similar trends in general cargo and motor-vehicle trade. It will also allow ease of berthing for the growing number of vessels calling into Brisbane more than 270 metres long and carrying more than 4,000 standard-sized containers. Construction of Wharf 10 is expected to begin before the end of 2005 and be completed by early 2008.

The Queensland State has allocated funds for projects at the port of Brisbane. These are associated mainly with the consolidation of port activities at the mouth of the Brisbane River, including the continued development of port industrial estates at the port and at Lytton, and upgrading existing wharves and terminals.

In 2003-04, the state government funded port network capital infrastructure such as expanding facilities at the Port of Brisbane to promote an efficient transport system.

Organization: Transport SA (South Australia)/ Office for Infrastructure Investment/ Flinders Ports (private company)

Actions for cutting cost/ time

The Strategic Infrastructure Plan for South Australia is aimed at developing a more coordinated long-term approach to infrastructure provision throughout the State. It provides an overarching state framework for the planning and delivery of infrastructure by all government and private sector infrastructure providers. Strategic priorities for the next five and ten years are identified for 14 infrastructure sectors. The plan also presents opportunities for the improved management and use of the state's existing infrastructure assets as well as options for managing demand better so as to defer costly capital expenditure. The plan does not imply any delivery commitment from either government or the private sector, or any funding obligations, for any specific project. Decisions on matters such as priority, funding and delivery mechanisms will be decided by the State Government and/or other appropriate authorities when projects have been properly defined and substantiated.

Channel deepening of the Adelaide Outer Harbour will see the channel deepened from 12.2 metres to 14.2 metres. The main channel at Outer Harbour will also be extended from its current length of 9 kilometres to 11.7 kilometres. Following completion of the dredging in late 2005, Outer Harbour will be able to accept fully laden grain vessels of approximately 80,000dwt and container ships with drafts of 13 metres plus tide.

Opening road and rail bridges will be built across the Port River in Adelaide.

Organization: Department for Planning and Infrastructure (Western Australia)/ Fremantle Port Authority

Actions for cutting cost and time

Policies and measures have been taken by the Western Australian government to achieve greater efficiency in the State regional transport network. These include:

- . assisting in the removal of impediments to 24 hour, 7 day operations by major ports;
- . ensuring that the protection of ports and strategic industry sites and their associated road and rail access corridors is a priority in regional and local plans;

- . protecting land for key transport hubs where air, sea, road and rail transport is integrated;
- . ensuring full use of existing ports and preparing port strategic development plans so that the demands of trade can be handled in the regions;
- . identifying land to be reserved next to key transport hubs, including ports and small boat harbours;
- . ensuring that rail is considered as a transport option for major resource developments;
- . transferring as much freight as possible from road to rail or sea where it is feasible to do so, including a target of moving 30 percent of containers through Fremantle Port Inner Harbour by rail;
- . ensuring that early warning of regional infrastructure needs and coordination of infrastructure provision to serve major projects and associated communities is provided.

Private operators are currently undertaking infrastructure projects to handle forecast increases in traffic, including container terminals at several major capital city ports.

Organization: Department of Infrastructure, Energy and Resources (Tasmania)

Actions for cutting cost and time

The Tasmanian Government recently amalgamated the State's four port entities – Launceston, Burnie, Devonport and Hobart. The consolidated entity should increase the effectiveness of the State's port system in delivering economy wide benefits, particularly with respect to servicing the export market. The new company, the Tasmanian Ports Corporation, will begin full trading operations on 1 January 2006.

Organization: Department of Planning and Infrastructure (Northern Territory)

Actions for cutting costs

The Northern Territory Government has recently invested in new port facilities at East Arm in the Port of Darwin. These facilities have been developed approximately 15 km from the CBD and are not constrained by the city of Darwin's commercial developments. It is readily accessible by rail and road. The inter-modal facilities being developed adjacent to the Port provide rail-front (with direct rail access) properties and the new bulk loading facilities currently being developed.

Actions for cutting time

Feeder roads from/ to the Port of Darwin from outlying regions experience seasonal and periodic closure or weight restrictions due flooding. These feeder roads provide a vital and in some cases only connection for regions to the Territory's arterial highways and the AustraliaAsia rail network, and therefore export markets.

In the vicinity of Darwin's new port facilities at East Arm, several road infrastructure initiatives have been announced to streamline port related and other traffic.

Organization: Federal Government in conjunction with State/ Territory Governments

Actions for cutting cost & time

If infrastructure planning is not improved, the traffic growth forecast for Australia will result in more congestion, higher costs, poorer access to services and increased emissions. Therefore, in June 2004, the Minister for Transport and Regional Services, released *AusLink: Building Our National Transport Future*. This document contains the Australian Government's vision for land transport infrastructure policy.

AusLink will provide an integrated, long-term approach to land transport infrastructure planning in Australia.

3

What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.

The problem of port congestion, from development around the port produces inefficiencies that are obstacles to cost-cutting and time saving. A lack of land availability at most of Australia's major container ports is acting as an institutional barrier to new entrants to the stevedoring sector.

Road congestion on routes leading to ports, through urban areas, is another obstacle. This a problem, for example, for the Port of Melbourne.

Links in the transport chain sometimes do not work together effectively. For example, mismatched working hours can be an impediment.

4

Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.

Federal and State/ Territory governments

In Australia, the development, maintenance and management of ports fall under the jurisdiction of the State and Northern Territory governments. Ports reform by the State and Northern Territory governments has involved the corporatisation, privatisation and, in some jurisdictions, the introduction of third party access regimes to cover various port services. The primary aim of these reforms was the establishment of clear objectives that eliminate any conflicts arising out of the commercial and non-commercial activities of the Government Trading Enterprises (GTE), as well as replicating factor market disciplines. With reform, competition in the provision of port services has increased, mainly through the competitive tendering and franchising to private operators of activities such as stevedoring, pilotage, mooring, general maintenance and ship cleaning.

Ports reform contributed to gains made as part of the implementation of the wide-ranging National Competition Policy (NCP), which the Australian, state and territory governments committed to in April 1995. In effect, NCP represented the consolidation and natural extension of the reforms of the preceding decade.

More recent reforms of publicly owned ports have led to improved pricing and allocative mechanisms. Consumption-based charging has been progressively introduced, resulting in port

users incurring charges that relate to their individual service requirements, rather than the value of their cargo

Australia's Productivity Commission continues to look at these issues and to consider the need for future reform.

5

**What future plans do you have for reducing cost and time in Maritime Container Transport?
Please introduce specific plans, if available.**

[See responses to question 2](#)

6

If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.

No comment

Brunei

No.	Question
1	Which organizations are taking measures to cut cost and time in container transport operations in your economy?
	(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)
<input type="checkbox"/>	a. Central Government ()
<input type="checkbox"/>	b. Port Regulatory Body (Ports Department, Ministry of Communications)
<input type="checkbox"/>	c. Terminal Operator (PSA Muara Container Terminal Private Limited)
<input type="checkbox"/>	d. Shipping Company ()
<input type="checkbox"/>	e. Others ()
<input type="checkbox"/>	

2	What specific actions or measures are being carried out by each of the organizations identified in Question 1?
	<p>Organization (Ports Department, Ministry of Communications, Brunei Darussalam)</p> <p>①Actions for cutting cost Ports Department has proposed to Ministry of Communications for revising the Port Tariff and Incentives, which intend to complement the necessary ways to minimize cost for any port service providers to operate at Muara Port. It is also hoped that these effort can attract new shipping line to use Muara Port as their transshipment base / center.</p> <p>②Actions for cutting time Constant monitoring of port efficiency and productivity e.g. Through Customer Charter</p>

	<p>Organization (PSA Muara Container Terminal Sdn Bhd)</p> <p>①Actions for cutting cost In November 2000, a joint venture between a local company; Archipelago Development Corporation and Singapore PSA Corporation has formed PSA Muara Container Terminal Sdn Bhd (Private Limited) to manage and operate Muara Container Terminal. Such introduction in the use of quay cranes has increase the efficiency and productivity of container handling activities at Muara Port (e.g. container movement of 28 TEUs/hour has significantly reduce ship berthing time / improve vessels turnaround time and thus lower dockage charges)</p>
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②Actions for cutting time

PSA Muara uses Computer Integrated Terminal Operating System (CITOS) to maximize and effectively plan the movements (loading / unloading), storing, tracking and tracing of containers at yard thus effectively improve haulier services.

Organization ()

①Actions for cutting cost

②Actions for cutting time

3	What are the obstacles to establishing cost-cutting and timesaving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.
Cargo load factor due to high import against low export activities (Relatively small export volume has resulted in high cost of shipping)	

4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.
N/a	

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.
N/a	

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.
N/a	

Canada

No.	Question
1	Which organizations are taking measures to cut cost and time in container transport operations in your economy?
	(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)
<p>a. Central Government (Yes)</p> <p>b. Port Management Body (Canada Port Authorities)</p> <p>c. Terminal Operators (Yes)</p> <p>d. Shipping Company ()</p> <p>e. Others (Rail and Trucking Companies)</p>	

2	What specific actions or measures are being carried out by each of the organizations identified in Question 1?
<p>Organization (Government of Canada)</p> <p>①Actions for cutting cost</p> <ul style="list-style-type: none"> - Continuing commercialization efforts for Canada Port Authorities –placing majority of investment/operational decisions in hands of port users; to date has resulted in greater efficiencies in port system and lower costs to users - Developing short sea shipping initiatives and policies - Trade corridors and gateways initiatives and policies - Strategic and targeted investments in transportation infrastructure <p>②Actions for cutting time</p> <ul style="list-style-type: none"> - Actions to reduce time constraints at ports fall under the operational mandate of Canada Port Authorities – role of Government of Canada is to provide appropriate policy/regulatory framework to facilitate greater efficiencies/productivity by port authorities and terminal operators - Developing short sea shipping initiatives and policies - Sharing of expertise & studies regarding technological improvements in cargo handling - Trade corridors and gateways initiatives and policies 	
<p>Organization (Canada Port Authorities, Terminal Operators, etc)</p> <p>①Actions for cutting cost</p> <ul style="list-style-type: none"> - Investments in improved intermodal connections, including partnering with rail operators (transfer of cargo directly from ship onto trains for inland transport) - Construction of new terminal facilities –Halifax, Vancouver, Prince Rupert - Improved handling efficiencies at ports –new and updated equipment to handle additional cargo (super post–Panamax cranes) 	

- Updated computer/logistics programs (IM/IT) and automated facilities
- Increased yard storage, increased number of refrigerated plugs
- Improved scheduling of trucks; studies to explore 24/7 access to certain port and off-dock facilities

②Actions for cutting time

- Investments in improved intermodal connections, including partnering with rail operators – reducing terminal storage times
- Construction of new terminal facilities to expand capacity and cargo handling capabilities – Halifax, Vancouver, Prince Rupert
- Improved handling efficiencies at ports –new and updated equipment to handle additional cargo (super post–Panamax cranes)
- Updated computer/logistics programs (IM/IT) and automated facilities
- Increased yard storage, increased number of refrigerated plugs
- Improved scheduling of trucks; studies to explore 24/7 access to certain port and off dock facilities
- Consultation and coordinated planning with other levels of government, particularly municipalities, for optimization of operations and land use

3	<p>What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.</p>
<ul style="list-style-type: none"> - Financial resources - On-going operations / volume of business - Regulatory approvals (environmental issues) - Security measures - Competition for waterfront property with non-port users 	

4	<p>Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.</p>
<ul style="list-style-type: none"> - The commercialization of Canadian ports and the adoption of the port authority model for 19 major ports across Canada 	

5	<p>What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.</p>
<ul style="list-style-type: none"> - Pacific Gateway Initiative –strategic and targeted funding to improve infrastructure and intermodal facilities and to facilitate the movement of freight through Canada’s West Coast gateway and corridor and meet national trade objectives - Canada Marine Act review –5 year mandatory legislative review of legislation governing Canadian Ports and the St. Lawrence Seaway - Pursuit of other policy directions aimed at increasing operational flexibilities for Canada Port Authorities - Further development of Short Sea Shipping initiatives and policies - Expansion plans at the West Coast ports of Vancouver and Prince Rupert - Discussion of port mergers at west coast ports 	

6	<p>If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.</p>
Empty response area	

Chile

No.	Question
1	<p>Which organizations are taking measures to cut cost and time in container transport operations in your economy?</p>
	<p>(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)</p>
<p>a. Central Government (System of State Owned Enterprises – SEP, State Owned Port Companies, Ministry Transport and Telecommunications, Ministry of Public Works) b. Port Management Body (Port Authority) c. Terminal Operator (Terminal Portuario Arica, Iquique Terminal Internacional, Antofagasta Terminal Internacional, Terminal Pacífico Sur [Valparaíso], San Antonio Terminal Internacional, San Vicente Terminal Internacional) d. Shipping Company (CSAV, CCNI, Ultragas) e. Others ()</p>	
2	<p>What specific actions or measures are being carried out by each of the organizations identified in Question 1?</p>
<p>Organization (System of State Owned Enterprises – SEP, State Owned Port Companies, Ministry Transport and Telecommunications, Ministry of Public Works)</p> <p>①Actions for cutting cost: In 1997, Congress approved a new Port Law (Law Nr. 19.542) mandating the conversion of the ten state-owned ports, previously managed by EMPORCHI (Chilean Port Authority), into 10 independent companies. These newly independent companies are now fully responsible for their management, development, financial administration and assets, but are still owned by the state.</p> <p>Additionally, this law authorizes the port companies to grant 20-year concessions (with a 10 year extension) to private parties to develop, operate, and manage ports. The first four ports, Valparaíso, San Antonio, San Vicente / Talcahuano, and Iquique began their concessions in 2000. Arica was originally slated to be among these but its operations were not successfully concessioned in 2000, but newly in August 2004 the bidding process has been successful, Antofagasta began their concession in 2003. There are just four (minor) other state-owned ports, to be “privatized”.</p> <p>The model is looking for a system open to private investment providing sustainability on the long run. The establishment of ten independent companies allows each company to be under the government of a board and that all acts and contracts are under norms of private law. The board defines an Annual Management Plan (Plan de Gestión Anual) approved by SEP, which includes – as said before – incentives to achieve goals. The modernization model also includes mechanisms to involve third parties in the port operation, such as: Lease contracts; Creation of joint ventures, granting of concessions. Port Companies are able for granting an exclusive concession to a single concessionaire to develop, maintain and exploit the Terminal</p>	

(Mono Operator Scheme).

The board has also planning instruments called “Master Plans“(Planes Maestros) which explain de areas and its uses for a 20 years period and a scheme of project investments to be developed directly or through third parties for a five year period (Calendario Referencial de Inversiones). The private sector has the power to modify both promoting investment projects.

②Actions for cutting time As said before, the board of each Port Authority defines an Annual Management Plan (Plan de Gestión Anual) approved by SEP, which includes incentives to achieve goals. One of the most important indicators is actually “time”.

Organization (Port Authority and the Concessionaires)

①Actions for cutting cost: Competition between Chile’s top two container terminals is fiercer than ever following recent consolidation in the container sector (the same is happening with the other terminals). Concessionaires are investing in new equipment and technology (both TPS and STI with four ship-to-shore gantry cranes each and they are also investing in rubber-tired gantry cranes as part of the improvements in the terminal’s stacking operations. A new smart positioning system and gate technology is also set to make the terminals more efficient. In line to San Antonio (STI), TPS in Valparaiso is planning to dredge to 15 m to enable the terminals to handle vessels of up to 5,500 teu.

②Actions for cutting time: Same

Organization (CSAV, CCNI, Ultragas)

①Actions for cutting cost and time: The companies are expanding internationally and developing new business lines. The companies are financially well placed to ride out any downturn in the market and also have opened offices in Asia and in Europe as a bid to become global players. They are receiving new vessels but the have no plans to go out to become a mega-carrier, but they can compete with their larger competitors from other latitudes in certain trade lanes. Chile is the only economy in Latin America with container lines that are still alive. The advantage of the companies is that their have a light structure.

On the other hand new larger services from aggressive players such as CMA, CGM, NYK Line and Mediterranean Shipping Co all seeking to catch up with rivals, have combined to put pressure on freight rates in nearly all the trades to and from Chile. Rates have fallen by 30% on some trades in the last six months.

②Actions for cutting time: Same

3	What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.
Security measures implemented in the near past, like ISPS, are working against our efforts to reduce costs, but they are necessary.	

4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.
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5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.
The economy is working on reducing cost and time in the whole logistic chain. We are using technology and introducing EDI for all processes including the customs procedures.	

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.
The APEC process.	

China

No.	Question
1	Which organizations are taking measures to cut cost and time in container transport operations in your economy?
	(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)
<p>a. Central Government (1)</p> <p>b. Port Management Body (2)</p> <p>c. Terminal Operator (3)</p> <p>d. Shipping Company (4)</p> <p>e. Others ()</p>	

2	What specific actions or measures are being carried out by each of the organizations identified in Question 1 ?
<p>Organization (1)</p> <p>①Actions for cutting cost</p> <p>Master plan Barger standardization Encouraging the use of inland transport</p> <p>②Actions for cutting time Facilitation of import/export procedures</p>	
<p>Organization (2)</p> <p>①Actions for cutting cost Master plan of container terminals and intermodal connection Setting up Logistics and freight trade zoon center behind the terminal</p> <p>②Actions for cutting time Facilitation of import/export procedures Single window service</p>	
<p>Organization (3, 4)</p> <p>①Actions for cutting cost Use of modern technology to improve the efficiency Use of EDI Bigger ship/Barger and terminals</p> <p>②Actions for cutting time Better information system</p>	

<p>Faster ship Better planning of operation</p>

3	<p>What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.</p>
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<p>Hinterland connection Railway can not be connect ed with sea port Highway congestions and toll fees Poor inland waterway infrastructure</p> <p>Typical example: Shanghai No dedicated inland barge terminals in most deep sea terminals High trucking costs Railway terminal transfer to sea terminal by truck</p>

4	<p>Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.</p>
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<p>Using more feeder service by inland rivers EDI application Single window service of customs and inspections</p>
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5	<p>What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.</p>
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<p>Better use of inland rivers for container shipping ITS application in intermodal Barge standardization E port development</p>
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6	<p>If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.</p>
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<p>RFID (Radio Frequency ID) container tags application in maritime container transport Data exchange programs for standardizing documentation and sharing information</p>
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Japan

No.	Question
1	Which organizations are taking measures to cut cost and time in container transport operations in your economy?
	(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)
	a. Central Government (Ports and Harbours Bureau, Ministry of Land, Infrastructure and Transport)
	b. Port Management Body (Prefectural Government or Municipality, Port Authority)
	c. Terminal Operator ()
	d. Shipping Company ()
	e. Others ()

2	What specific actions or measures are being carried out by each of the organizations identified in Question 1 ?
	<p>Organization (Ports and Harbours Bureau, Ministry of Land, Infrastructure and Transport)</p> <p>①Actions for cutting cost In 2004, Ministry of Land, Infrastructure and Transport (MLIT) designated three areas, Keihin Port (including Tokyo and Yokohama Port), Nagoya and Yokkaichi Port and Hanshin Port (including Osaka and Kobe Port) as "Super-hub ports" with the aim of surpassing the major ports in Asia such as Hong-Kong and Singapore in terms of cost and service levels. The objective of the "Super-hub" policy is to cut operation costs by 30 % through the promotion of IT and increasing the scale of facilities. MLIT are preparing the following special measures to fulfill the above objective: 1. Allocating budgetary funds for important infrastructure such as berths. 2. Making low interest loans available to port authorities and terminal operators for the purchase of quality equipment. 3. In order to attract private funds, special tax exemptions and low interest loans will also be made available to the private sector under the government's "Private Finance Initiative" (PFI).</p> <p>②Actions for cutting time Another objective of the "Super-hub" policy is to reduce the time which are able to receive the container gargo from 3-days to 1-days at the container terminal.</p>
	<p>Organization (Prefectural Government or Municipality, Port Authority)</p> <p>①Actions for cutting cost Port Management Bodies of Major ports in Japan try to achieve cutting cost and time in container terminals under the policy of "Super-hub ports" by the consultation between many kinds of port related organizations or review the structure of the organization of the terminal operator.</p>

②Actions for cutting time

3	What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.
<ul style="list-style-type: none">- Delay on introducing IT to gate process- Too small terminal area- Lack of price flexibility because of fixed payment of development loan (cost)- Too small terminal scale (Each shipping line operates each individual terminal.)- Inspections and customs procedures take relatively longer time	

4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.
<ul style="list-style-type: none">- Introducing incentive measures to wharfage and container crane fee- Use of “no-wait” import permit procedure- Use of integrated terminal management system, which manages all container terminals in the port- Discharge of port entrance charge and wharfage for a new-comer ship- 30% reduction leasing fee of public corporation terminals- Introducing volume incentive to leasing fee of public corporation terminals- 50% reduction of crane fee for domestic feeder cargo- 1/3 reduction of gantry crane fee for china cargo- Reduction of gate processing time by introducing automated gate- Reduction of cargo transfer time by allowing use of international container terminal by domestic feeder ship- Introducing “hot delivery service,” which considers cargo priorities in deciding transport order	

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.
<ul style="list-style-type: none">- Introducing JCL-Net- Introduce integrated manning- Automation of cargo handling facilities- Introducing “non-stop” gate- 24 hour-open terminal- Improvement of cargo handling facilities- Widening container yard	

- Introducing information sharing system using IC tags
- Support for “mega operator” (integrated operator for large scale terminal) (including no interest loan for the operator)
- New incentives
- Introducing IT moreover

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.
(not prepared)	

Organization (Port Authority – Busan and Incheon)

①Actions for cutting cost

Port Authority in Busan and Incheon try to achieve cutting cost and time in container terminals under the policy of “Logistics hub in the Northeast Asia ” by the consultation between many kinds of port related organizations or review the structure of the organization of the terminal operator

②Actions for cutting time

Organization ()

①Actions for cutting cost

②Actions for cutting time

3	<p>What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.</p>
<ul style="list-style-type: none"> - Constrained budget : not sufficient budget to realize all development plans - Labour union : still need long negotiation and investigate new system - Economy of scale : too many small companies operated in the ports and also trucking business 	

4	<p>Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.</p>
<ul style="list-style-type: none"> - The container terminal operator which is run only one berth at Busan Gamman terminal and Gwangyang phase 1 terminal have been merged into a medium sized enterprise - Most of private companies reduced their EDI cost after introduction internet based XML/EDI system. The saving amounts are depends on its transaction, but normally they saved 50%. - Korea Customs Service introduced many reforms such like “Total customs clearance system” to improve process and cut cost and time. 	

5	<p>What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.</p>
	<ul style="list-style-type: none"> - Keep the logistics hub policy : open 3 container berths(06.1.19) and add 3 open 3 container berths in late of this year in Busan new port. - Gwangyang also add 4 berths in this year - Backup logistics distriparkes will be expended in Busan ,Gwangyang, Incheon and Pyeongtaek - To support logistics related organizations in terms of Information Technology, MOMAF set up Korea Logistics Information Center(KLIC) which will provide logistics DB and information to public and private. The goal of KLIC is to reduce cost and time through rational decision making

6	<p>If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.</p>
	<ul style="list-style-type: none"> - Joint study will be needed to investigate followings. <ul style="list-style-type: none"> . Major obstacles which prevent seamless container flow in individual economy . Compare logistics process from port to shipper' s door and reverse

Peru

No.	Question
1	Which organizations are taking measures to cut cost and time in container transport operations in your economy?
	(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)
a. Central Government (Ministry of Transportation and Communications, Ministry of Trade and Tourism) b. Port Management Body (National Port Authority) c. Terminal Operator (Empresa Nacional de Puertos –National Ports Company) d. Shipping Company () e. Others ()	

2	What specific actions or measures are being carried out by each of the organizations identified in Question 1?
Organization (Ministry of Transportations and Communications)	
①Actions for cutting cost The Ministry of Transportation and Communications, through the National Port Systems Law issued in March 2003, currently allows the participation of private investments in construction, maintenance and operation of ports, by adopting the following possible forms: partnership participation, lease contract, concession contracts, shared risk contracts, management contracts, association contracts and others. We consider that modernization and removal of equipment in port is the best way to cutting cost and time for containers operations.	
②Actions for cutting time: Time of arrival for vessels at the port of Callao is presently reduced from 4 to 1 hour because of a better coordination between all authorities involved in the arrival and departure of vessels.	
Organization (Ministry of Trade and Tourism)	
①Actions for cutting cost: The committee of facilitation with different sectors, including Customs, has been created. Results include: – Containers clearance at the arrival point without being temporally stored.	
②Actions for cutting time: – Electronic procedures of documents before the arrival of vessels are permitted so as to reduce containers' time in port. – Containers clearance can presently take approximately 72 hours (it was about 20 days in the 80s).	

Organization (National Port Authority)

①Actions for cutting cost:
 -Coordinate vessels' arrival alongside the berth.

②Actions for cutting time:
 - Vessels' entrance to the berth directly after arriving (in the past, container vessels berthing time was sometimes more than 4 hours), thus representing cost and time reduction.

3	<p>What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.</p>
	<ul style="list-style-type: none"> - Lack of gantry cranes in the port of Callao (95% of containers cargo in Peru is handled by the port of Callao) is a real problem because gearless vessels can not arrive there. - Geared container vessels are more expensive.

4	<p>Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.</p>
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5	<p>What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.</p> <ul style="list-style-type: none"> - The Ministry of Economy will allocate budgetary funds to modernize container berth N° 5 making it possible to purchase 2 gantry cranes. ENAPU (National Ports Company), on the other hand, will carry out works to reinforce the berth structure in the port of Callao. - The National Port Authority is currently developing an international tender process to call for a first class port operator for the construction and operation of a new containers terminal in Callao. A 30-year operational time is established within the bidding conditions. This international tender is supported by Proinversión (a Peruvian organization in charge of developing plans for private or public investments in infrastructure). For more details, click on www.proinversion.gob.pe
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6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.

Philippines

29 June 2005

MR. MASAHIRO TERANISHI

Ports and Harbours Bureau
Ministry of Japan

Dear Mr. Teranishi:

This refers to the endorsement letter we received from the Philippine Maritime Industry Authority (MARINA) containing the Questionnaire on Cutting Cost and Time on Maritime Transport which was developed by the Maritime Experts Group (MEG) during the 25th APEC meeting in the United States of America.

While the Questionnaire specifically focused on cutting cost and time in *Container Transport Operations*, our responses to various queries presented will not only deal with the *container* transport operations at the Philippine Ports but on our overall efforts, as a government corporation, in reducing logistics cost in the transport of goods to spur economic development.

For better appreciation of our role as a Port Management body, the following information provides you with a brief background of our mandate. After which, we will, as much as possible, answer each question based on our thrust as a government entity.

Background

The Philippine Ports Authority (PPA) is a government corporation specifically charged with the financing, management, and operations of public ports throughout the archipelago. Its goal, as spelled out in its charter, Presidential Decree 857, as amended, is to implement an integrated port system with the following corporate objectives:

- ❖ To coordinate, streamline, improve and optimize the planning, development, construction, maintenance, and operations of ports and its facilities;
- ❖ To ensure the smooth-flow of water-borne commerce passing through the country's ports, whether public or private, for the conduct of domestic and international trade,
- ❖ To foster better inter-island sea borne commerce and foreign trade,

- ❖ To redirect and reorganize port administration to the broader function of total port district development, including the full and efficient utilization of the port's hinterland and tributary areas, and
- ❖ To ensure that all income and revenues accruing for the use of facilities and services provided by the Authority will be adequate to defray the cost of providing such services and facilities, and that a reasonable return on the assets employed by the Authority is realized.

(For more detailed information about PPA, please refer to our webpage at www.ppa.com.ph)

Question 1: Which organizations are taking measures to cut cost and time in container transport operations in your economy?

PPA, as a government corporation, is one of the organizations responsible for providing measures to cut cost and time in container transport and other general port-related operations.

Likewise, PPA guidelines/policies allow private parties to offer operational measures in their capacity as either port owners/operators, lessees of the PPA properties or service providers at government ports (e.g., cargo handling operators, shipping lines).

Question 2: What specific actions or measures are being carried out by each of the organizations identified in Question 1?

In the case of PPA, what we can provide are the different government efforts towards the reduction of logistics costs in general. The different programs/policies that we have for this purpose not only deal with the container transport operations but on the overall transport of goods and cargoes from the farm gate to the retailer/consumer.

While transport remains the largest component of logistics costs in the Philippines, our government's program finds its ultimate objective to bring down to the lower level of society the benefits of reducing transport cost to contribute to poverty alleviation.

The PPA has initiated/adopted the following measures to reduced logistics costs:

- a. ***Port De-monopolization Initiatives.*** Promoting competition in terms of service efficiency and rate consideration and allowing the market forces to come into play and dictate the tempo of business in various ports nationwide. For this purpose, PPA is putting premium on whichever port operator can give the best deal for shipping operators not only in terms of service efficiency but also in rate considerations.
- b. ***Establishment of Roll-On Roll-Off (RORO) Network.*** PPA is giving primary consideration to the construction of RORO ramps in other ports to provide seamless interconnection for the country's numerous island links. The Program hopes to achieve lesser cargo handling activities along the way, thereby translating into lesser handling fees. In return, the cargo handling operators will have the incentive to concentrate on improving efficiency in other complementary areas of operations. To date, out of the 178 ports included in the PPA port development plans, 90 ports are now equipped with RORO facilities.
- c. ***Addressing the Issue on Overcharging in Cargo Handling Tariff.*** PPA is addressing this issue through constant validation/verifications of cargo handling operator's compliance with the existing prescribed tariff rates.
- d. ***Amending the Bidding Terms of Reference (TOR) for Cargo Handling.*** Efforts are being exerted in amending the TOR with premium placed on how much lower in terms of rates a bidder can offer for its services to its clients to its clients.
- e. ***Pegging the Government Share of PPA.*** Based on the President's approval of the PPA recommendation to peg the government share from the revenue of cargo handling operators to 10% for domestic cargoes and 20% for foreign cargoes, PPA issued an official Circular for this purpose. Before this, the government share varied from 10-20%. The reduced government share is expected to translate into a reduction in transport cost.
- f. ***Suspension of Previously Approved Increases in Wharfage and Usage Fees.*** The President approved the PPA's proposal to suspend the previously approved increases in wharfage, lay-up and usage

fees with the objective that this will in turn translate to reduction in cost for port users and clients.

In terms of cutting time, the following programs are being initiated:

- a. ***Reducing Documentary Requirements for Arrival and Departure Clearance for Domestic and Foreign Vessels.*** The Guidelines seek to eliminate documents that have duplicating data elements. Significant reduction will translate to savings for ship operators and their agents in terms of operating costs and processing time.
- b. ***Implementing the PPA MIS Computerization Project.*** The Project seeks to develop, implement and manage an integrated information system that will improve mission-critical systems and business operations of PPA through automation of information processing and enhancement of financial, operational, administrative and engineering management controls. Since the Project has not yet been fully completed, its beneficial effects are yet to be realized.

Question 3: What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.

- a. The establishment of RORO Network, for instance, requires an inter-agency efforts consisting of government agencies, financial institutions and private sector groups for the development and implementation of RORO system. To date, however, there appears to be a concern on the lack of integration in planning and/or complete framework/masterplan for this Program since there are a number of agencies that promote their respective agenda on RORO development.
- b. In the case of pegging the government share of PPA from the cargo handling revenue and suspending the increases in other port operations fees, PPA experienced a contraction in its port revenue which could have been earmarked for future development and maintenance of port facilities.

- c. Delays were sometimes experienced in the establishment of other cost-cutting and time-saving measures due to interventions and/or non-compliance of other players and stakeholders in the industry.

Question 4: Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.

- a. The issuance of PPA Circular on the reduction of documentary requirements of arrival and departure of vessels significantly reduced the number of documents from the original 19 to five (5) documents which allowed ship agents or shipping lines' representatives who secure vessel clearances to generate savings in the cost of document preparation and reproduction.
- b. As for other measures, the benefits are yet to be realized and tangible effects of various schemes are still difficult to quantify since there are other variables and economic forces which influenced logistics costs.

A Study conducted by various agencies concerned, including PPA, established that port costs comprise a very small percentage of total logistics cost with shipping costs being the highest.

Question 5: What future plans do you have for reducing cost and time in Maritime Container Transport?

- a. Aside from continuously implementing the above mentioned measures, one of our major projects in the pipeline is the PPA MIS Computerization Project which we hope to implement in almost all PPA ports nationwide. The successful rollout of this Project will redound to drastic reduction in terms of cost and time in the overall maritime transport network through the expected elimination of duplicating tasks to facilitate the processing of every transaction thereby improving productivity in the long run.

Question 6: If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.

- a. PPA is continuously maintaining its working relationship with other economies in the region through its membership with the ASEAN Ports Association and active participation in various conventions

under the auspices of the International Maritime Organization (IMO). Among others, these two (2) organizations have provided an important venue to exchange information on various issues such as trade liberalization, logistics, data interchange, human resource development, and other port development issues.

Thank you and we hope that these meet your requirements.

Very truly yours,

AMELIA M. AQUINO
Manager
Strategic Planning Department

Russia

No.	Question
1	<p>Which organizations are taking measures to cut cost and time in container transport operations in your economy?</p> <p>(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)</p>
<p>a. Central Government (<i>federal state unitary enterprise "Rosmorport", federal state institution "AMP", customs service</i>)</p> <p>b. Port Management Body (-)</p> <p>c. Terminal Operator (<i>International Eastern Container Service; Eastern Stividor Company-Eastern port; Vladivostok Container Terminal</i>)</p> <p>d. Shipping Company (-)</p> <p>e. Others (-)</p>	

2	<p>What specific actions or measures are being carried out by each of the organizations identified in Question 1 ?</p>
<p>Organization (<i>federal state unitary enterprise "Rosmorport", federal state institution "AMP"</i>)</p> <p>①Actions for cutting cost</p> <p><i>Minimization of port charges</i></p> <p>②Actions for cutting time</p> <p><i>Provide efficiency and high quality of ships handling</i></p>	
<p>Organization (<i>customs service</i>)</p> <p>①Actions for cutting cost</p> <p><i>Customs duty regulation</i></p> <p>②Actions for cutting time</p> <p><i>Cutting time of custom processing of cargoes; Creating conditions for leveling technological cycles of the work of state control bodies and container terminals</i></p>	

Organization (*International Eastern Container Service; Eastern Stividor Company–Eastern port*)

①Actions for cutting cost

Cutting stividor rates and rates for other port services

②Actions for cutting time

The project of construction of logistic center has been elaborated. The center is going to deal with storage and sending of cargoes by railroad.

The terminal providing permanent freight trafficking will stop being only a “container warehouse”.

Organization (*Vladivostok Container Terminal*)

①Actions for cutting cost

Cutting stividor rates and for other port services

②Actions for cutting time

The question of the introduction of a 100% electronic declaration procedure has been conformed with the customs

3	What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.

4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.

Singapore

What are the measures that the Singapore Port is taking to cut cost and time in container transport operations?

1. The Maritime and Port Authority of Singapore (MPA) is the regulator of the Singapore port, while the 2 licensed public terminal operators are PSA Corporation and Jurong Port. MPA works closely with the terminal operators to strengthen Singapore as a global hub port, by providing customers and shipping lines with consistently good and reliable service that is cost competitive.
2. Besides various measures introduced by the terminal operators, MPA itself has further extended the 20% concession on ports dues for container ships to end June 2006. MPA has also reduced the port dues for ships that meet certain criteria with effect from January 2005.
3. MPA is planning phases 3 and 4 of the Pasir Panjang Terminal (PPT) to ensure that Singapore has sufficient capacity to meet future demand. Ensuring adequate port capacity and working closely together with our terminal operators on service levels will ensure that ships are readily berthed and ship turn around time in port is kept to a minimum.
4. ALLIES™, an IT system, was introduced by PSA Corporation in 2005 to help shipping lines enhance the competitiveness of their operations with their alliance members in Singapore. ALLIES™ is a single integrated platform for shipping partners to exchange and consolidate information on a regular basis. The system streamlines information exchange on slot forecasting, slot utilisation reporting, and vessel schedules among shipping partners. Furthermore, with ALLIES™, shipping lines can access a central information repository that updates information on a real-time basis.

Chinese Taipei

No.	Question
1	<p>Which organizations are taking measures to cut cost and time in container transport operations in your economy? It depends on what model is applicable. For those terminal leased, the lessee (namely, carrier or stevedoring company) shall have taking measures to cut down cost and shorten time.</p> <p>Right now, almost all of terminals are on the lease basis in Taiwan international ports. And, stevedoring operations also have been privatized since 1996.</p> <p>(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)</p>
<p>a. Central Government (Department of Aviation and Navigation, Ministry of Transportation and Communications) b. Port Management Body (Port Authority) c. Terminal Operator () d. Shipping Company (It is believed carrier who lease terminal shall execute the measures directly or indirectly.) e. Others ()</p>	

2	<p>What specific actions or measures are being carried out by each of the organizations identified in Question 1?</p>
<p>Organization (Department of Aviation and Navigation, Ministry of Transportation and Communications)</p>	
<p>Organization: Port Authority, eg: Kaohsiung Harbor Bureau</p> <p>①Actions for cutting cost In recent years, the port of Kaohsiung has promoted various measures to increase competitiveness and to reduce operating costs for shipping companies and terminal operator. These include :</p> <p>A : implement a regime of flexible rates to lower the cost for shipping companies and terminal operator B : Set-up a Free Trade Zone within the port to simplify administration procedures and to lower the cost C : Build port facilities via joint construction system to private sectors</p> <p>②Actions for cutting time A : Install and operate VTS (Vessel Traffic System) and Implement CCTV (Closed Circuit Television Surveillance System) in the port area B : Widen external road link system to the access to Container Terminal No.3 and No.5 C : Cooperate with Kaohsiung City Government to work on planning of transportation system in Kaohsiung Metropolitan Area and external routes of Kaohsiung Harbor to establish independent and convenient transportation system in a purpose of reducing the impacts on transportation as well as enhancing efficiency of cargo transportation</p>	

D : Establish the automatic system for vehicle entry& exit control in the Container Terminals

Organization (Port Authority, eg: Taichung Harbor Bureau)

①Actions for cutting cost

In order to enhance port competitiveness and to reduce operating costs of shipping companies and terminal operators, several measures are adopted as follows:

A: special discount of port dues and tariffs for heavy-used customers

B: attractive tax exemptions and low interest loans to private sectors

C: introducing Build-Operate-Transfer(BOT) mechanism to private sectors

②Actions for cutting time

A: Encouraging private companies to invest port facilities

B: Occasionally review the structure of the organization of terminal operators

Organization (Port Authority, eg: Keelung Harbor Bureau)

①Actions for cutting cost

We have signed agreements of incentive rates with our major clients to reduce their port cost since 2000. The incentive terms has saved it heir terminal charges about 10% to 20% in 2004.

The objective of the incentive rate agreement is to stimulate the container cargo volume handled at Keelung Port, in order to create a win-win situation.

Same as above. By the way, sound operations plan as well as the cooperation contributed from cargo owners are needed.

②Actions for cutting time

We have some changes in container operation. First, Continually promoting the Automatic System of Container Terminal ,Owing to the limitation in backyard space, it is impossible for Keelung port Container Terminal to store all inbound/outbound containers at CY/MY when they are being loaded/unloaded. To overcome the disadvantage, we have conducted the planning work and detail design of the Automatic System of Container Terminal Project. This project, that emphasizes PORTNET planning, can integrate all container station's sheet, flowing chart, information transmission in a uniform, connected and integrated way. Meanwhile, for solving container heap-up problem, the project also provides the functions of Location Assignment Automation. The whole project will be deemed as a revival engineering that integrates automation facility, hi-technology and information processing. When it be finished, it will strengthen the competitiveness of the Keelung port. Second, **Research of the possibility of renting the container terminals**. In order to have a breakthrough, the container wharves for rental is one of the possible alternatives. However, those complicated problems, for example: how to assign equal using wharves fairly, how to deal with employees' settlement after leasing and how much efficiency could be promoted etc, should be considered before hand carefully.

Organization (shipping carrier)

①Actions for cutting cost

It commonly enhances operations efficiency through handling equipment upgrade, yard management and layout reallocation. Marketing is another measure to solicit more throughput volume for lowering operations cost

②Actions for cutting time

Same as above. By the way, sound operations plan as well as the cooperation contributed from cargo owners are needed.

3	What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.
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4	Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.
(not prepared)	

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.
(not prepared)	

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.
(not prepared)	

Vietnam

No.	Question
1	<p>Which organizations are taking measures to cut cost and time in container transport operations in your economy?</p> <p>(As the terminal operator and the port management body are sometimes the same organization, please specify the name of the organization.)</p>
	<p><u>Fees:</u></p> <ul style="list-style-type: none">- Ministry of finance (MOF)- Ministry of transport (MOT)- Viet nam maritime administration (VINAMARINE) <p><u>Charges:</u></p> <p>Terminal operators/port management bodies (the same organizations)</p>

2	<p>What specific actions or measures are being carried out by each of the organizations identified in Question 1 ?</p>
	<p><u>Fees:</u></p> <ul style="list-style-type: none">- VINAMARINE makes proposals to MOT and MOF.- MOT and MOF consider the Proposals and approve, if satisfied, then- MOF signs the Decisions. <p><u>Charges:</u></p> <p>Charges are determined by Terminal operators/port management bodies</p>

3	<p>What are the obstacles to establishing cost-cutting and time-saving measures in Maritime Container Transport for the ports in your economy? Please provide typical examples.</p>
	<p><u>Answer:</u></p> <p>They are not any obstacle so far.</p>

4	<p>Please introduce successful examples of reducing cost and time in Maritime Container Transport in your economy, if they exist.</p>
	<p><u>Answer:</u></p> <ul style="list-style-type: none">- To innovate procedures concerned;- To invest in: constructing/ reconstructing infrastructures, updating/ improving facilities;- To revise regulations related.

5	What future plans do you have for reducing cost and time in Maritime Container Transport? Please introduce specific plans, if available.
<p data-bbox="248 394 357 427"><u>Answer:</u></p> <p data-bbox="248 468 612 501">The same with item 4 above.</p>	

6	If you have any ideas on cooperating with each economy to reduce cost and time in Maritime Container Transport, please describe them.
<p data-bbox="248 777 357 810"><u>Answer:</u></p> <p data-bbox="248 851 1362 884">They are mentioned in the maritime agreements between Viet Nam and APEC economies</p>	