Ensuring hinterland access; the role of port authorities

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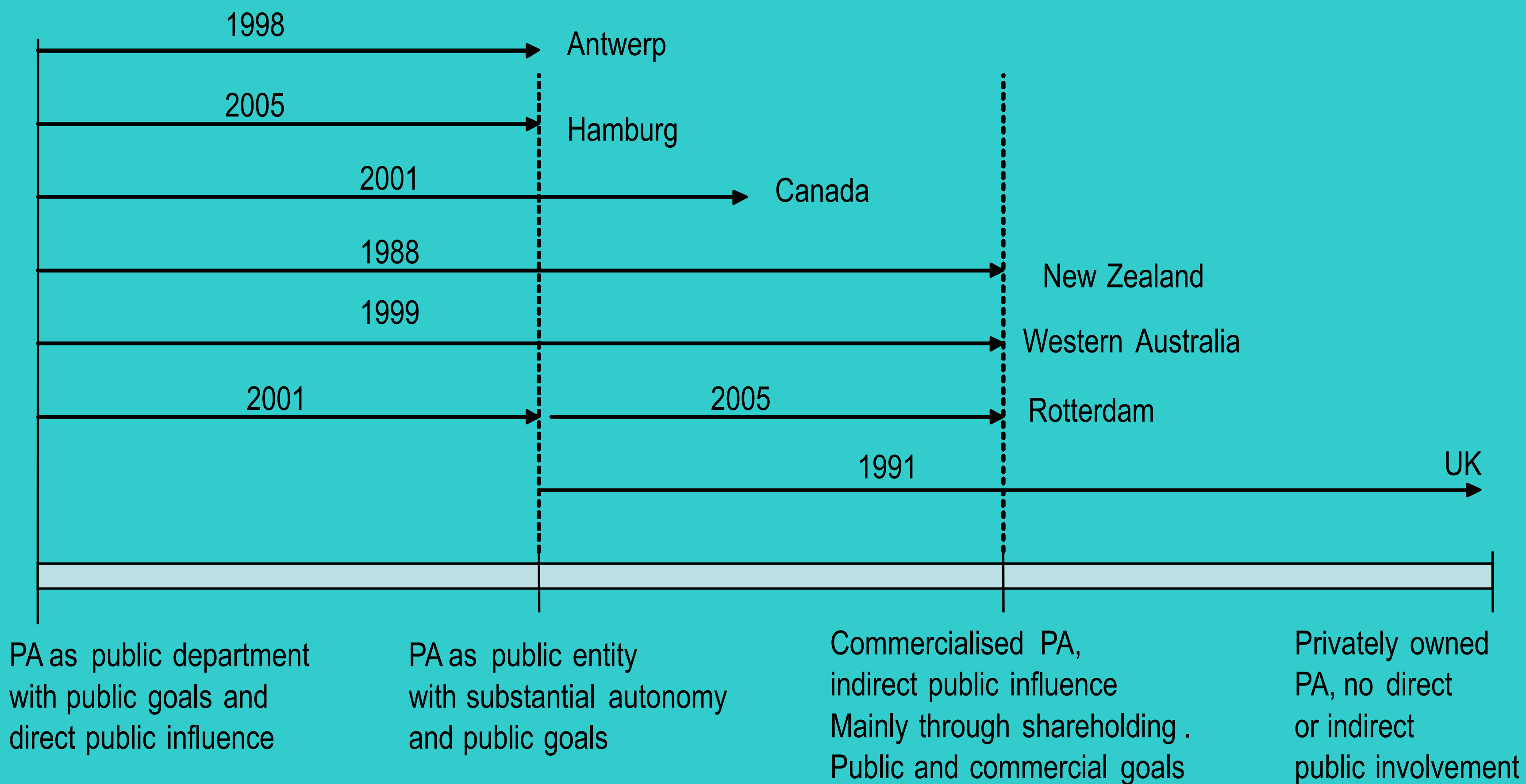
Context: Port authorities are increasingly autonomous and commercial…..

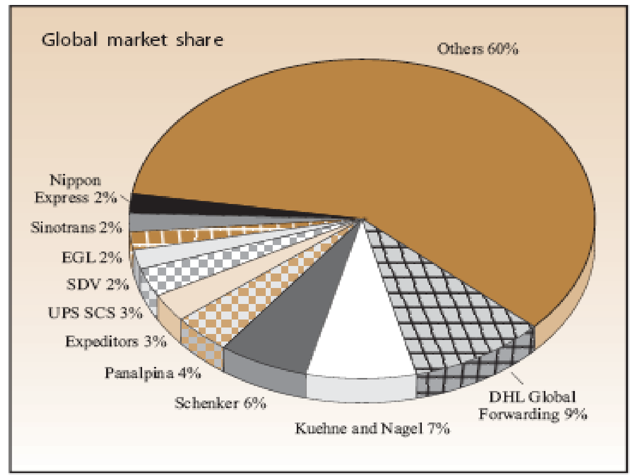


….In an increasingly international market….

Europe–Far East trade: percentage slot capacity share by line/ grouping [26]
(Percentage share)

Operator	Mid-2005	Mid-2006
Maersk Sealand	12.5	21.4
Grand Alliance	22.2	14.5
New World Alliance	10.7	12.9
K Line and Yang Ming	6.8	5.8
CMA CGM/Norasia and others	9.7	5.7
CSAV NORASIA	1.2	2.2
Total	63.1	62.5

Total freight forwarding market: market share



Source: Datamonitor.

Global terminal operators' percentage share of world container throughput
(Percentages)

Global terminal operators	2004	2005	2006
HPH	13	13	13
PSA International	9	11	12
APM Terminals	9	10	10
DP World [a]	9	9	10
Cosco Pacific	6	7	7
Eurogate	3	3	3
SSA Marine	3	3	3
Total share of world throughput	53	56	57
World throughput (in millions of TEUs)	356.6	387.7	440.0

Source: Adapted by the UNCTAD secretariat from information obtained by Dynamar B.V.

[a] DP World includes CSX World Terminals and P&O Ports for all three years.

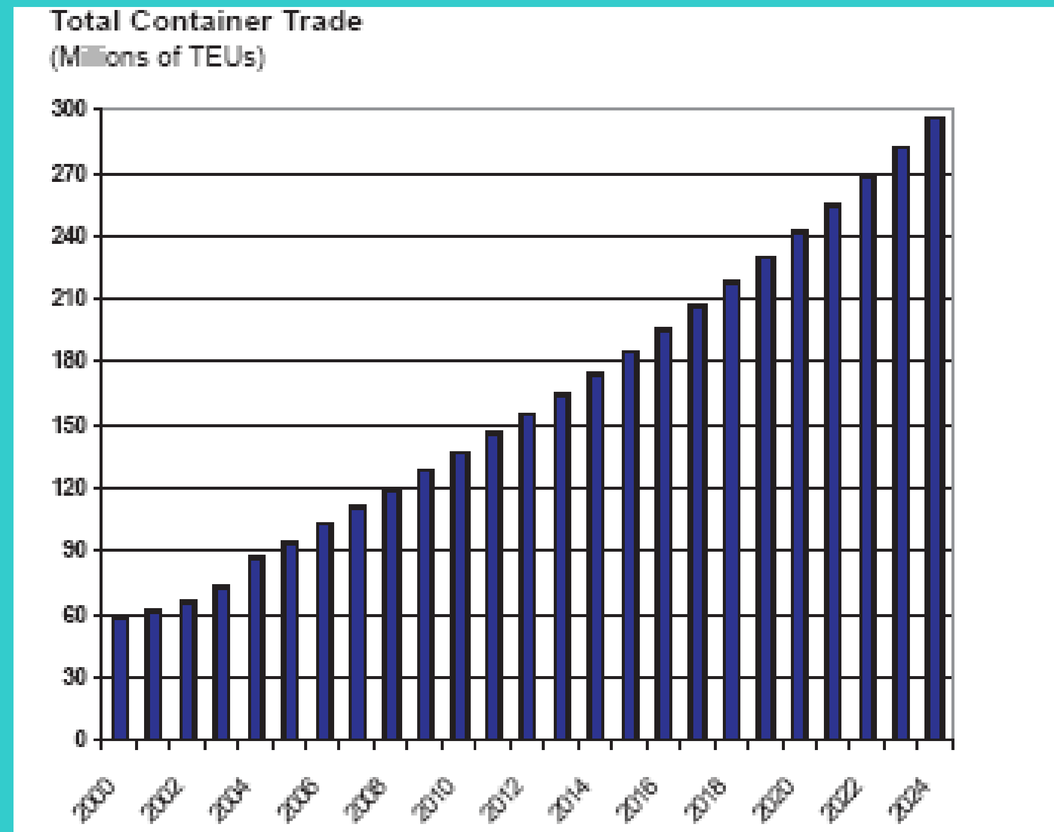
GLOBAL: Mining Firms Bulk Up, Echoing Big Oil Mergers

by Patrick Barta and Robert Guy Matthews, Wall Street Journal
December 18th, 2007

For years now, mining companies have gotten rich supplying the raw materials that have fueled consumer booms from China and India to Brazil. As commodities prices soared, these companies socked away cash and snapped up rivals. Now they are embarking on another round of deals that promises a new class of juggernauts. The resulting megaminers would have great influence over the cost of raw materials like iron ore, copper and uranium -- and, by extension, the price of consumer electronics, cars and new apartment blocks.

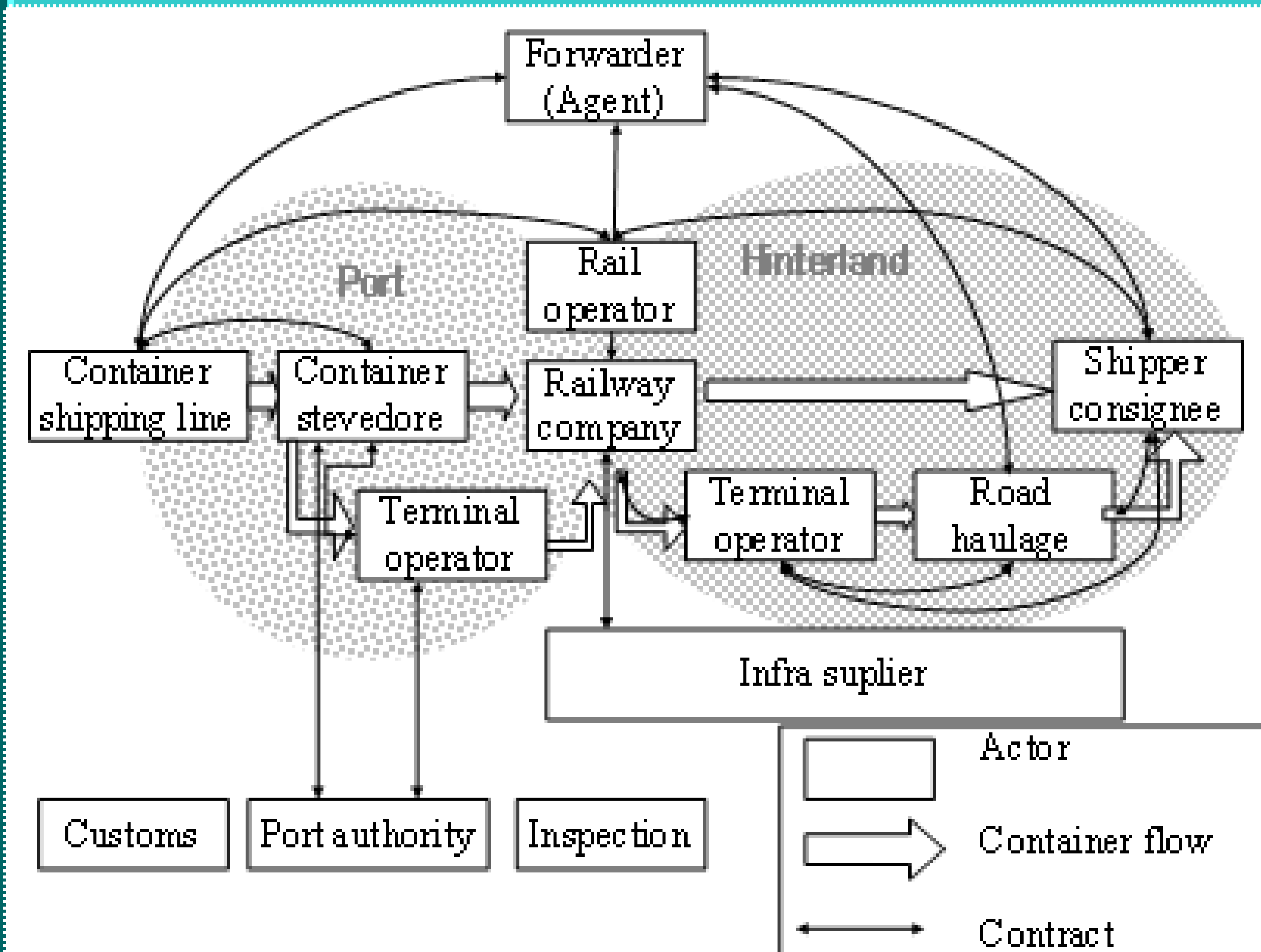
competitive factor between ports…

- In general hinterland costs are a large part of door-to-door costs
- Capacity bottlenecks and congestion
- Opportunities to improve chain efficiency through better coordination
- And a need for action given expected growth



Source global insight

…and interorganisational issues are center stage.

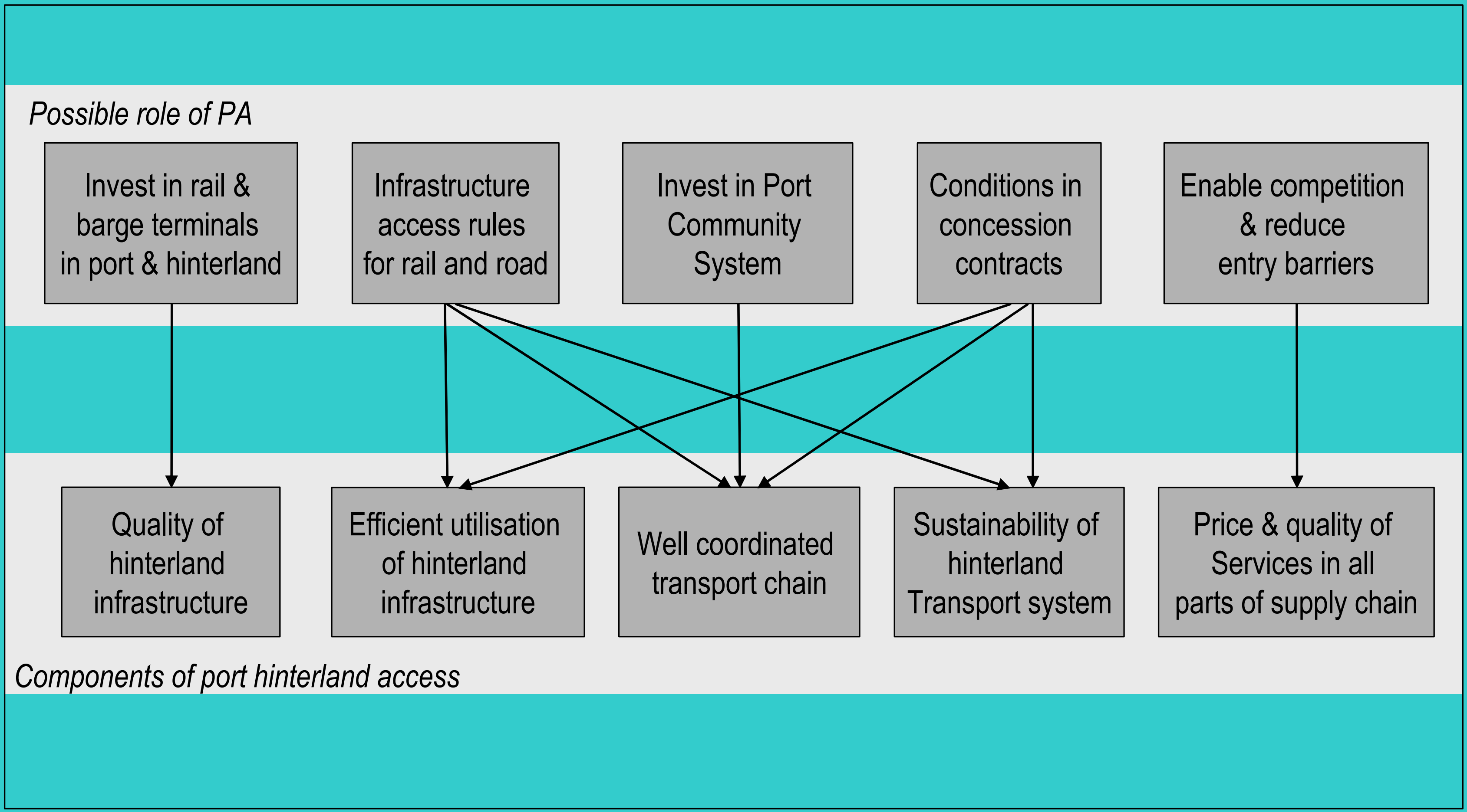


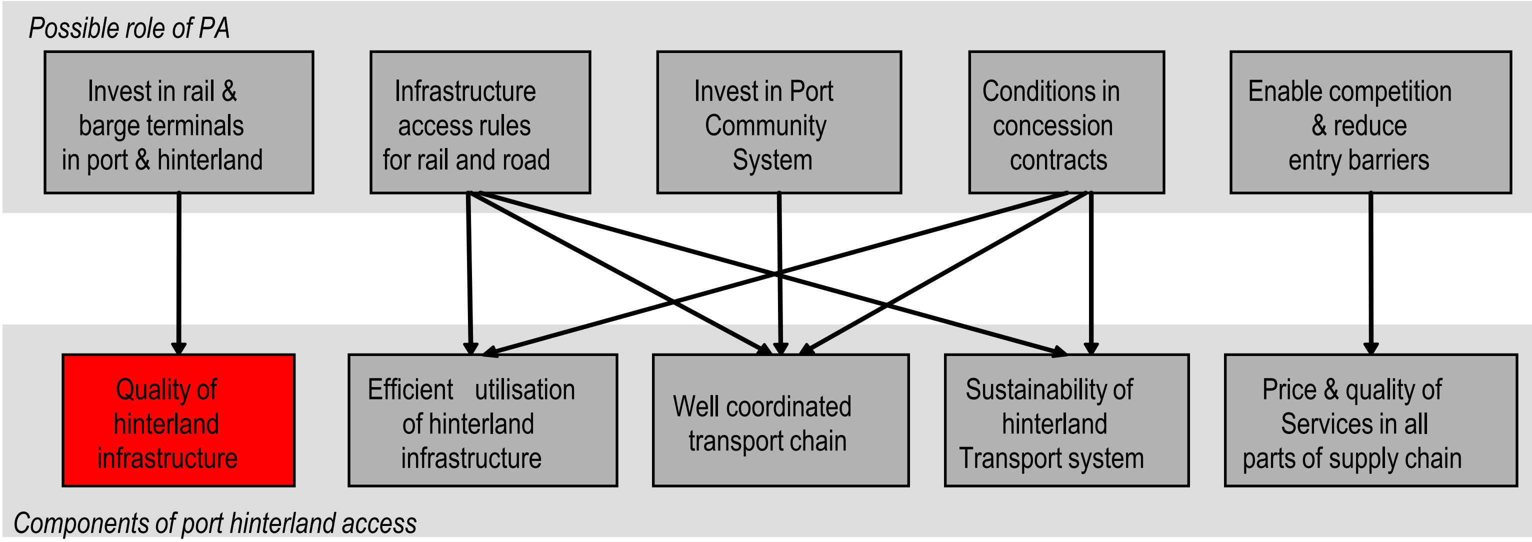
What is the role of the PA in this environment?

Core activities

Traffic management	-Effective, safe & efficient vessel management -Partnerships for traffic management on road and rail
Area management	-Provide space (to new companies) for growth -Intensify land use -Develop the required infrastrucure -Improve environmental quality port area
Customer management	-Attract new customers -Create customer satisfaction -Provide value added for customers as 'business partner'
Stakeholder management	-Invest in partnership in an attractive location climate -Influence relevant regulation -Invest in license to operate

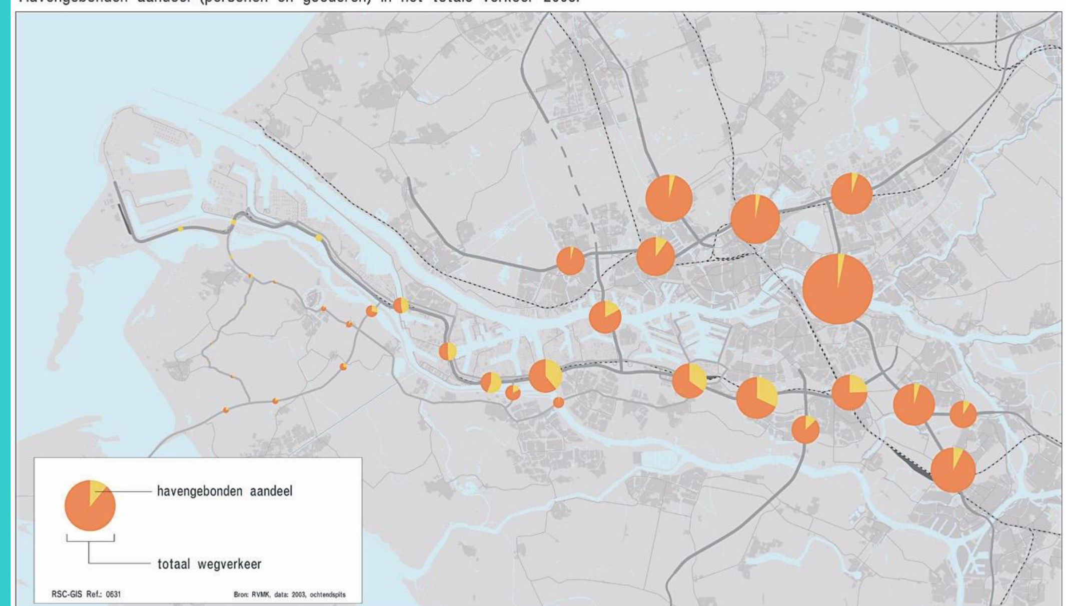
Possible roles for PAs

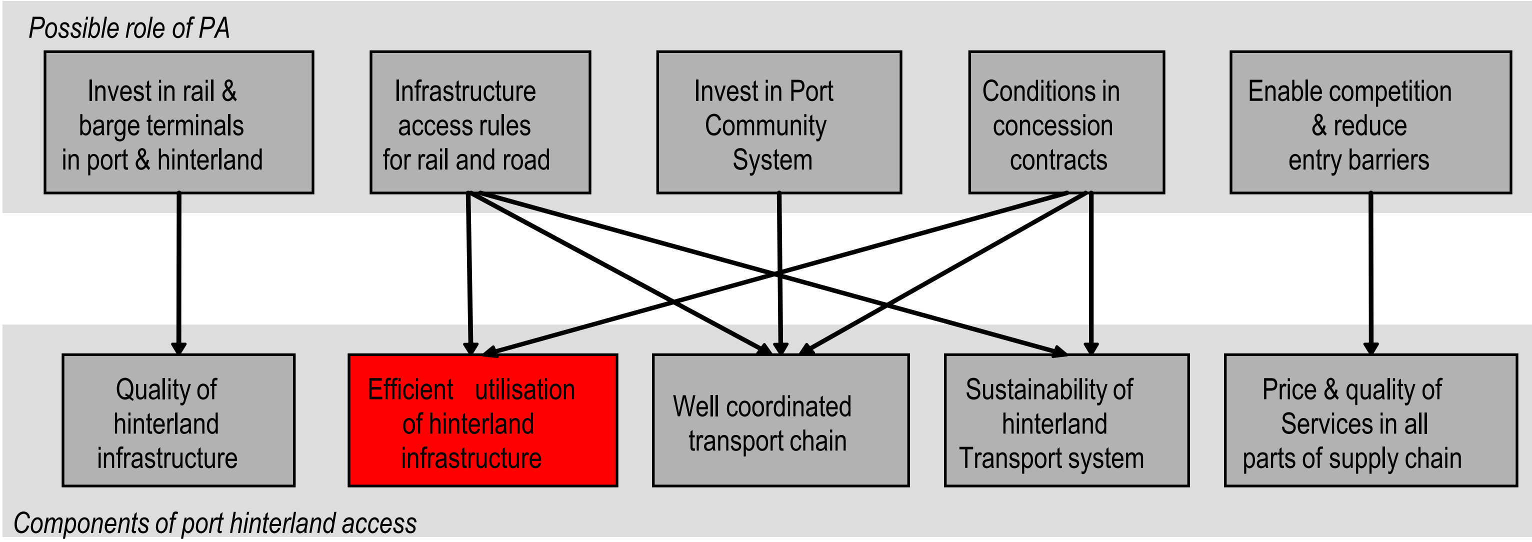




Sufficient capacity of infrastructure is required.
Expansion required given volume growth

Bereikbaarheid haven van Rotterdam:
Havengebonden aandeel (personen en goederen) in het totale verkeer 2003.

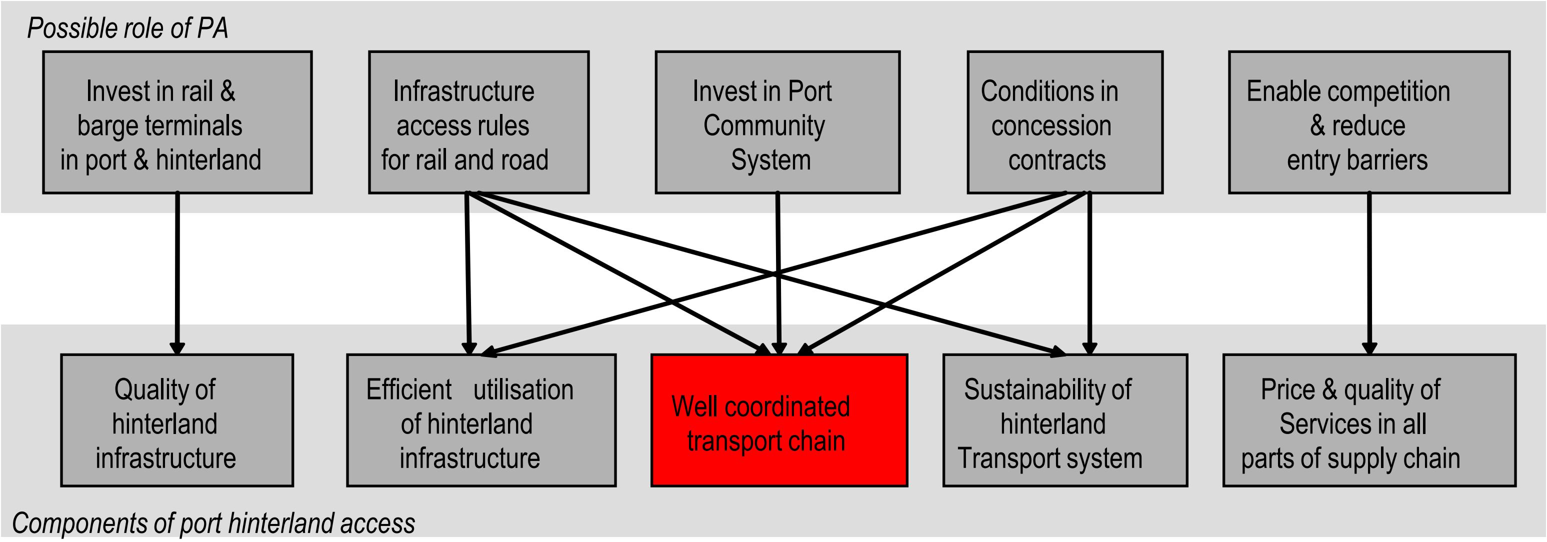




Utilisation of infrastructure is at least equally important

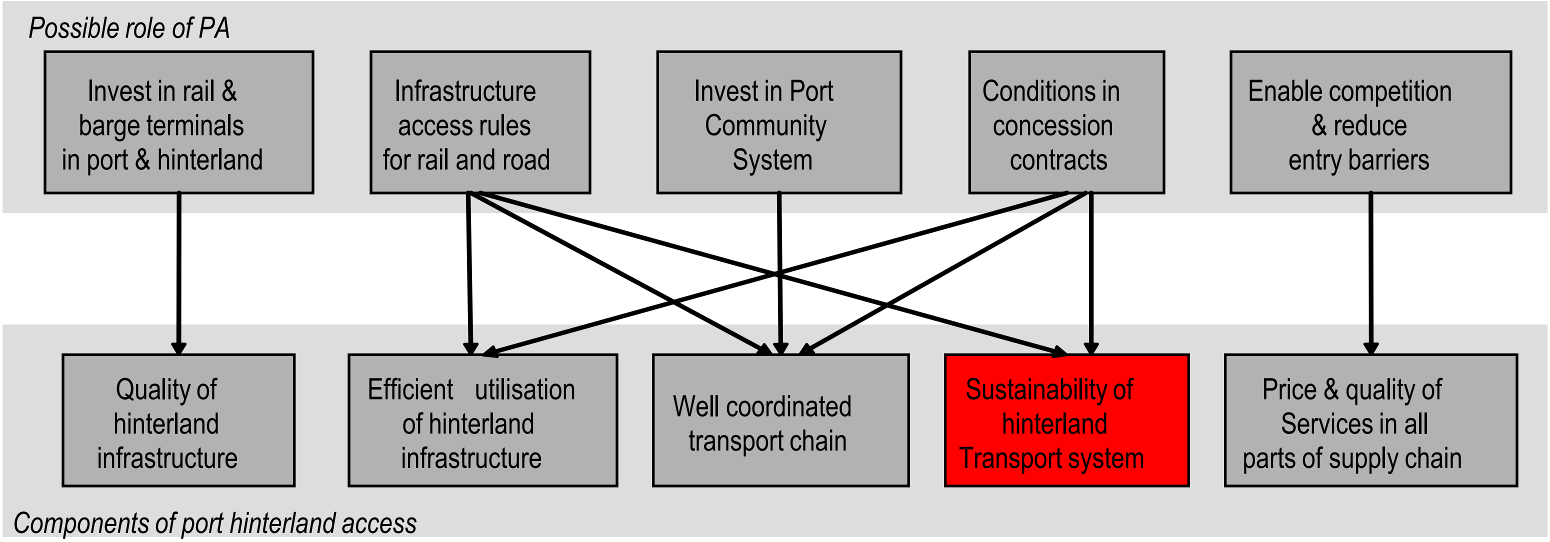
Efficient utilisation does not emerge 'spontaneously'

Clear opportunities, both in terms of traffic management and in terms of mobility management

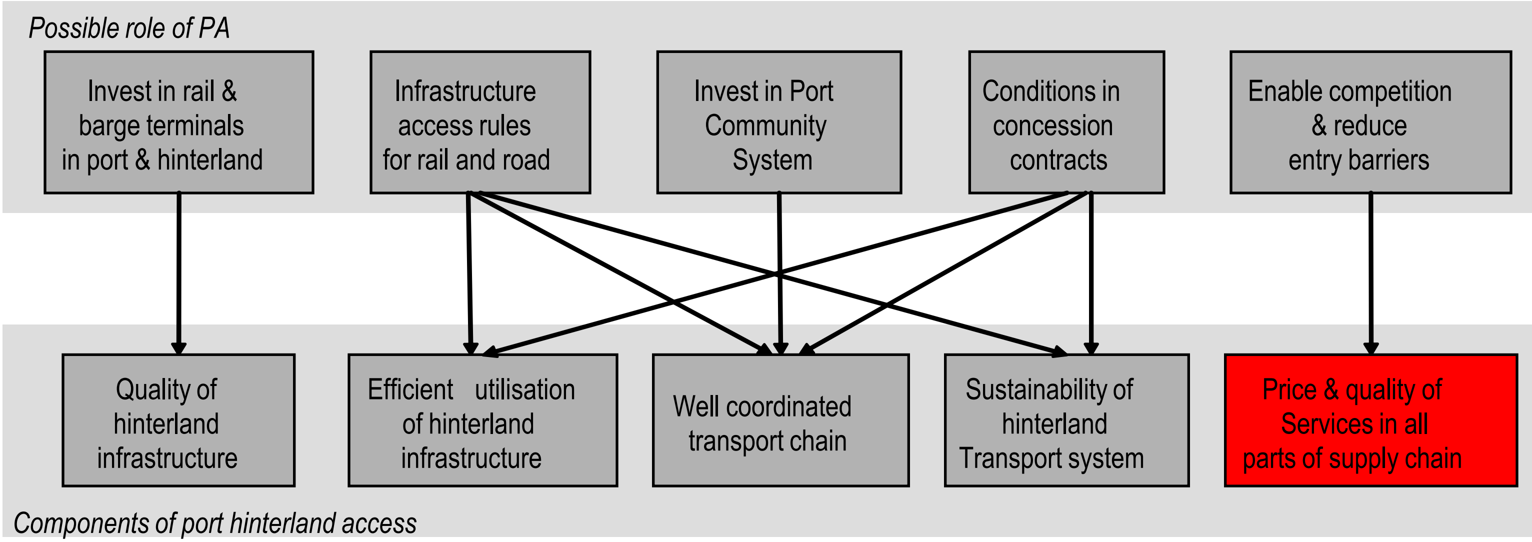


Coordination between various firms in door to door chain is required
This coordination does not arise spontaneously
- free rider
- disbalance of costs and benefits
- short term focus/lack of resources
- no supply chain orientation

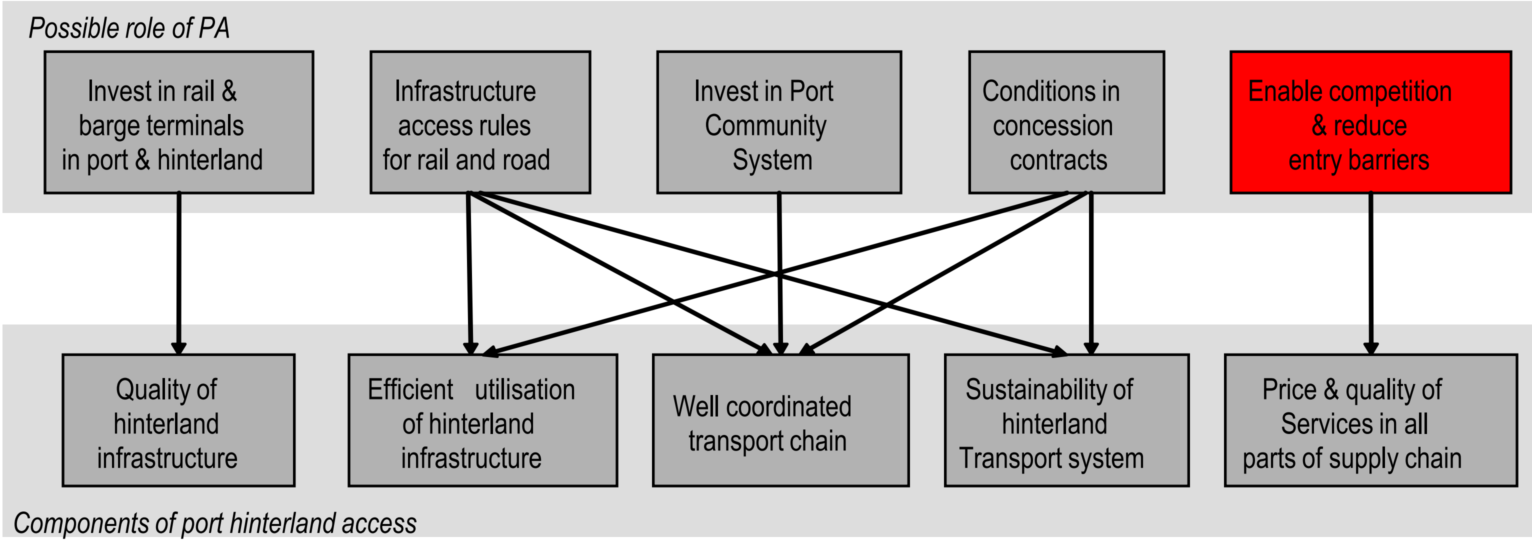
More coordination has substantial benefits



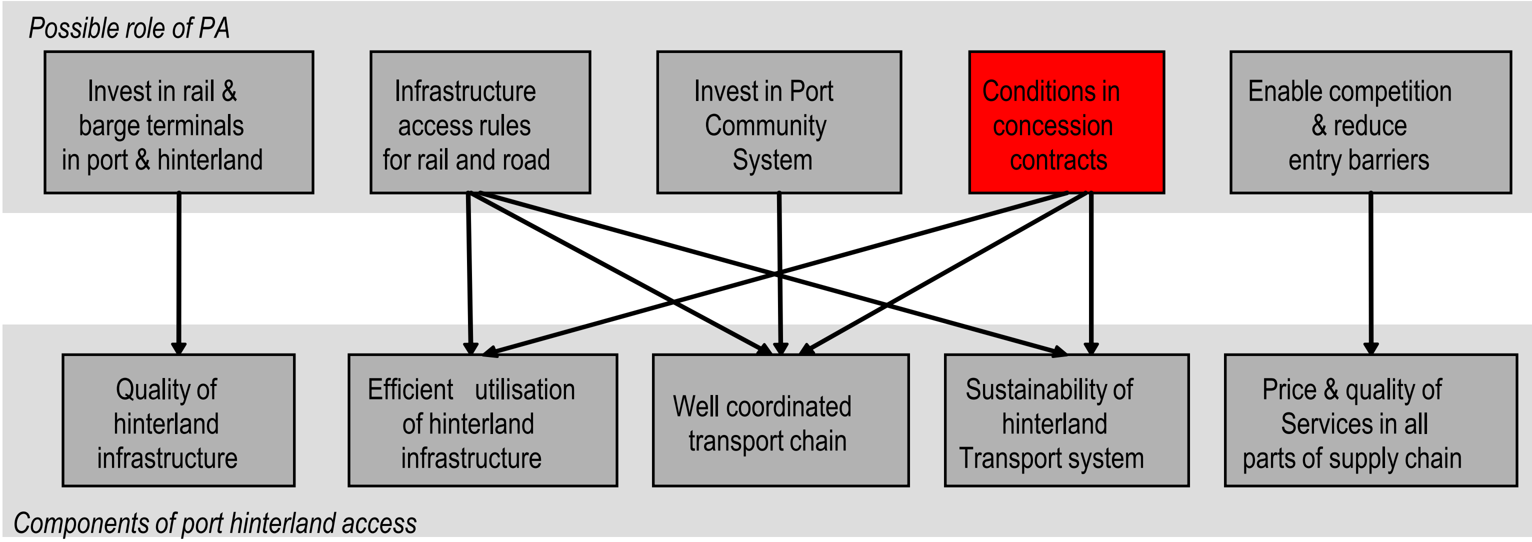
Sustainability of transport chain becomes important for license to operate
Sustainability does not emerge ‘spontaneously’
Especially relevant giving growing volumes



Competitive price & quality levels in all parts of chain are required
Market dominance may reduce price and quality levels

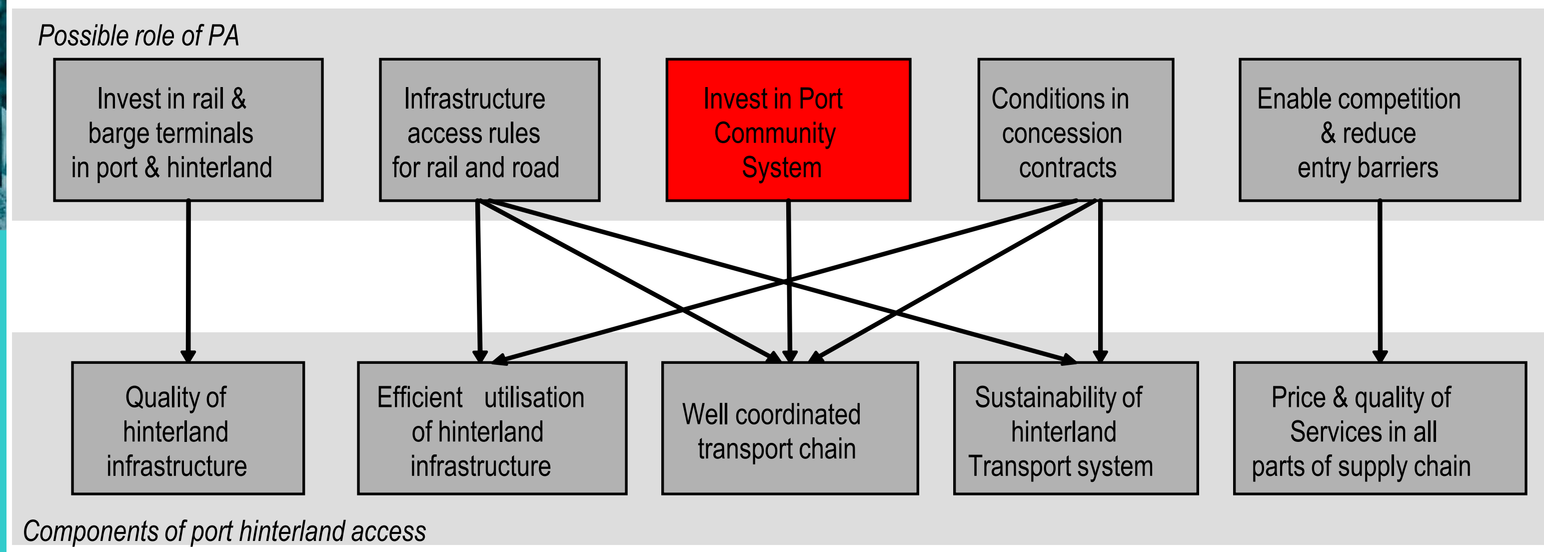


- Securing competition will contribute to price & quality of services
- Competition may not always be attractive from profit maximisation perspective of PA
- PAs can put efforts to reduce entry barriers
    - Regulatory entry barriers (e.g. rail market)
    - Lack of suitable locations
    - Investments in fixed assets
- Competition may be problematic due to large MES in relation to market size. In this case competition for the market may be the second best

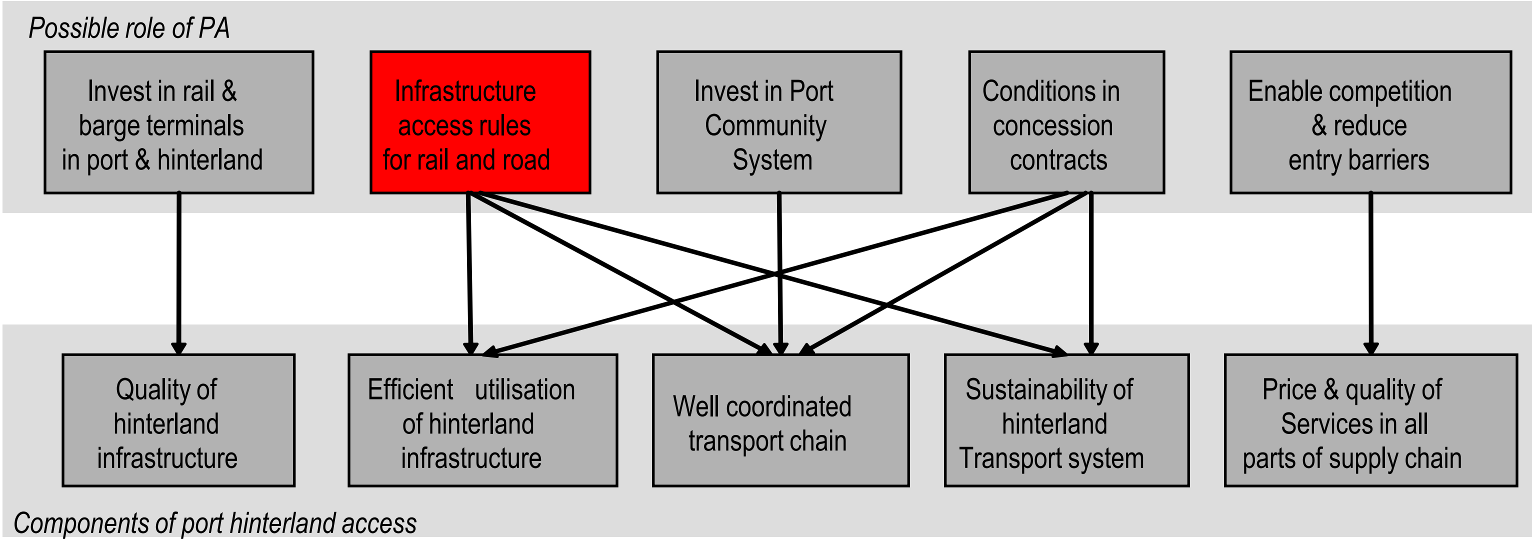


Setting conditions in concession contracts can contribute to sustainability, coordination in transport chains, and efficient use of infrastructure

- Modal split garantuees
- Use of Port Community System
- Service level agreements
- Opening hours/peak shaving



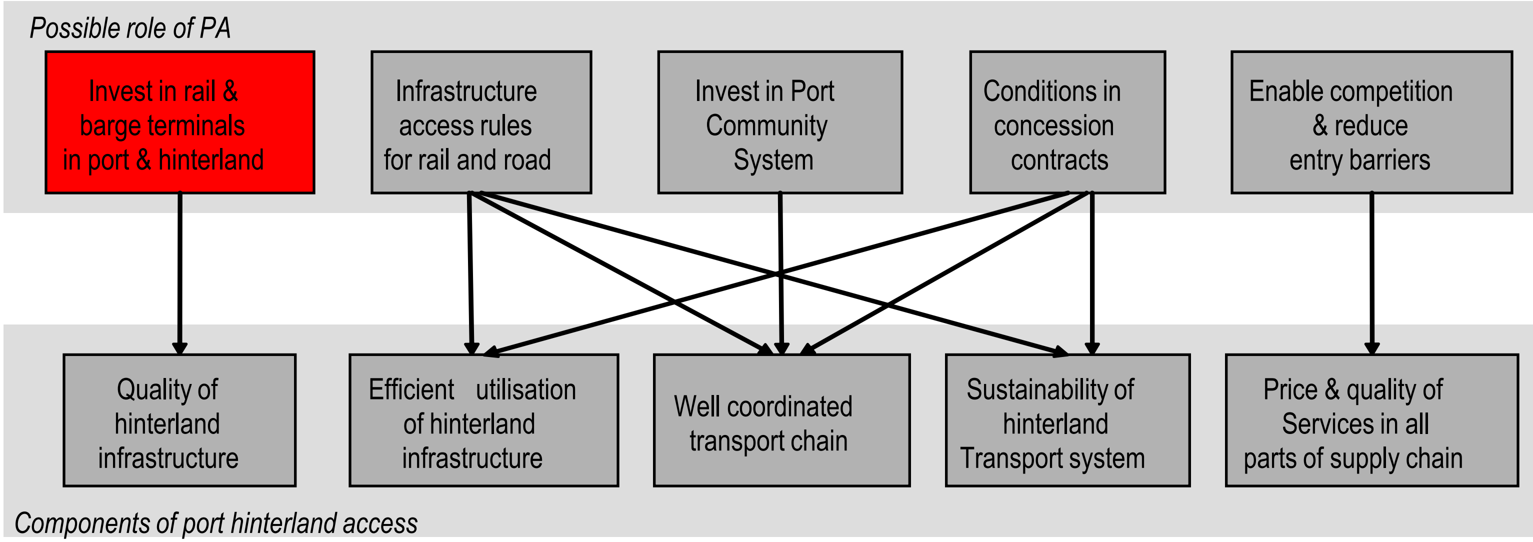
Port community system is crucial to ensure data exchange in port
Connections with customs & inspections
Investments in PCS are a collective action problem
Role for PA to jointly invest in PCS



Infrastructure access rules can improve utilisation, coordination in transport chains and sustainability

- Only allow clean trucks
- Allocate slots (e.g. rail)
- Link infrastructure access to terminal handling slots

PA not by definition in well positioned to develop infra access rules, but may play a role.



PA has planning initiative in port
Forward looking planning & investments required
Beyond traditional port area, ports may invest in terminal capacity as well.
Who takes the planning initiative for inland terminals? For terminals with captive cargo, either large shippers or regional agencies. For ‘transferium’ type inland terminals situation is less clear. Pas may need to play a role here.