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REVIEW OF MARITIME TRANSPORT 2005

Chapter 5

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Chapter 5

PORT DEVELOPMENT

This chapter covers container port throughput for developing countries, improving port performance, institutional changes in ports.

A. CONTAINER PORT TRAFFIC

Table 42 gives the latest available figures on reported world container port traffic in developing countries and territories for the period 2001 to 2003. The world growth rate for container port throughput (the number of movements, measured in TEUs) increased by a remarkable 9.6 per cent in 2003. Although this was lower than the 13.4 per cent growth of the previous year, it reflects the strength of liner traffic during 2003. In 2003, throughput passed the 300-million-TEU mark for the first time in history to reach 303.1 million TEUs, an annual increase of 26.5 million TEUs from the 2002 level of 276.6 million TEUs.

The growth rate for developing countries and territories was 11.9 per cent, with throughput of 122.4 million TEUs, which corresponds to 40.4 per cent of world total throughput. The rate of growth was lower than the remarkable 15.5 per cent reached in 2002, when developing countries' throughput was 109.4 million TEUs. There were 13 countries with double-digit growth in 2003 and 2002 out of a total of 57 having annual throughputs over 100,000 TEUs. These countries were the Republic of Korea, Malaysia, the United Arab Emirates, Thailand, Brazil, India, Saudi Arabia, the Islamic Republic of Iran, the Bahamas, Guatemala, Mauritius, the United Republic of Tanzania and Djibouti. The growth rate in developing countries varies from year to year, owing sometimes to big fluctuations in trade (as is the case with transshipment) and sometimes to improved reporting of data or to lack of data for some years.

Preliminary figures for 2004 are available for the world's leading 20 ports handling containers, and the results appear in table 43. Container throughput in these ports reached 166.62 million TEUs after recording double-digit growth in the previous two years. The list included 13 ports of developing countries and territories and socialist countries of Asia, with the remaining seven ports located in market-economy countries. Of the latter ports, three were in Europe, three in the United States and one in Japan. Fourteen ports were located in Asia, seven of them in China and one in western Asia; three were located in Europe and three in North America.

Hong Kong (China) maintained its leadership with an 19.1 per cent increase, followed by Singapore, which recorded slightly lower growth of 16.9 per cent. Mainland Chinese ports fared particularly well: Shanghai and Shenzhen recorded increases of 28.1 and 27.6 per cent respectively. Busan, Kaoshiung, Rotterdam, Los Angeles and Hamburg kept their position in the list after posting double-digit traffic increases. Dubai managed to displace Antwerp from ninth place after recording an impressive 24.8 per cent increase in cargo traffic. Similarly, Long Beach displaced Port Klang to twelfth place after its trade expanded by 24 per cent. Quingdao, New York and Tanjung Pelepas kept their positions in the ranking. Tokyo, however, was displaced to twentieth place by the remarkable performance of Ningbo, Tianjin and Laem Chabang, which recorded traffic increases of 44.4, 26.6 and 13.8 per cent respectively. Two European ports, Bremenhaven and Gioia Tauro, dropped out of the ranking to be replaced by the Chinese ports of Ningbo and Tianjin.

These top 20 ports accounted for 47.6 per cent of world container port traffic for 2003 (44 per cent in 2002).

Table 42

Container port traffic of 57 developing countries and territories in 2003, 2002 and 2001

(TEUs)

Country or territory	2003	2002	2001	Percentage change 2003-2002	Percentage change 2002-2001
Hong Kong (China)	20 449 000	19 144 000	17 900 000	6.8	6.9
Singapore	18 441 000	16 986 010	15 520 000	8.6	9.4
Republic of Korea	12 993 429	11 719 502	9 827 221	10.9	19.3
Malaysia	10 072 072	8 751 567	6 224 913	15.1	40.6
United Arab Emirates	6 955 750	5 872 244	5 081 964	18.5	15.6
Indonesia	4 560 397	4 539 884	3 901 761	0.5	16.4
Thailand	4 409 996	3 799 093	3 387 071	16.1	12.2
Brazil	4 333 425	3 570 255	2 323 801	21.4	53.6
India	3 916 064	3 208 384	2 764 757	22.1	16.0
Philippines	3 468 803	3 324 796	3 090 952	4.3	7.6
Saudi Arabia	2 440 327	1 958 566	1 676 991	24.6	16.8
Oman	2 246 826	1 415 498	1 331 686	58.7	6.3
Viet Nam	2 195 939	1 771 992	n.a.	23.9	n.a.
Sri Lanka	1 959 354	1 764 717	1 726 605	11.0	2.2
Mexico	1 690 913	1 564 541	1 358 136	8.1	15.2
Panama	1 605 074	1 344 785	2 376 045	19.4	-43.4
Egypt	1 457 976	1 336 044	1 708 990	9.1	-21.8
Malta	1 347 539	1 288 775	1 205 764	4.6	6.9
Chile	1 249 526	1 167 876	1 080 545	7.0	8.1
Islamic Republic of Iran	1 147 656	805 864	618 195	42.4	30.4
Jamaica	1 137 798	1 065 000	983 400	6.8	8.3
Bahamas	1 057 879	860 000	570 000	23.0	50.9
Colombia	995 203	960 723	577 041	3.6	66.5
Guatemala	725 976	360 161	322 136	101.6	11.8
Argentina	718 609	554 796	663 811	29.5	-16.4
Costa Rica	669 259	602 568	n.a.	11.1	n.a.
Peru	627 011	631 757	n.a.	-0.8	n.a.
Bangladesh	625 155	584 222	n.a.	7.0	n.a.
Côte d’Ivoire	612 546	579 055	543 846	5.8	6.5
Venezuela	592 010	780 657	924 119	-24.2	-15.5
Ecuador	515 550	500 471	414 355	3.0	20.8
Dominican Republic	480 650	541 932	487 827	-11.3	11.1
Honduras	470 567	413 843	n.a.	13.7	n.a.
Trinidad and Tobago	440 368	385 233	352 758	14.3	9.2

Table 42 (continued)

Country or territory	2003	2002	2001	Percentage change 2003-2002	Percentage change 2002-2001
Mauritius	381 474	198 177	161 574	92.5	22.7
Algeria	354 724	338 152	311 111	4.9	8.7
Uruguay	333 871	292 962	301 641	14.0	-2.9
Pakistan	332 559	227 000	878 892	46.5	-74.2
Kenya	330 748	278 059	n.a.	18.9	n.a.
Lebanon	305 933	298 876	299 400	2.4	-0.2
Jordan	281 215	277 307	241 037	1.4	15.0
Syrian Arab Republic	266 300	257 586	222 698	3.4	15.7
Cyprus	255 021	233 400	235 100	9.3	-0.7
Cuba	216 587	214 760	258 264	0.9	-16.8
United Republic of Tanzania	204 000	178 154	135 632	14.5	31.4
Djibouti	201 447	178 405	147 908	12.9	20.6
Reunion	170 092	162 636	159 006	4.6	2.3
Togo	166 441	84 783	n.a.	96.3	n.a.
Bahrain	165 700	155 037	n.a.	6.9	n.a.
Qatar	164 137	118 183	n.a.	38.9	n.a.
Sudan	156 607	129 093	120 701	21.3	7.0
Cameroon	156 000	146 737	139 587	6.3	5.1
Yemen	155 717	388 436	377 367	-59.9	2.9
Guam	148 158	140 990	140 158	5.1	0.6
Martinique	142 110	149 901	140 034	-5.2	7.0
Slovenia	126 237	114 863	93 187	9.9	23.3
Guadeloupe	110 073	118 013	n.a.	-6.7	n.a.
Total	121 734 798	108 836 321	93 307 987	11.9	16.6
Other reported[a]	657 445	588 096	1 426 812	11.8	-58.8
Total reported[b]	122 392 243	109 424 417	94 734 799	11.9	15.5
World total	303 108 850	276 552 859	243 814 545	9.6	13.4

Source: Derived from information contained in *Containerisation International Yearbook 2004* and from information obtained by the UNCTAD secretariat directly from terminal operators and port authorities.

[a] Comprises developing countries and territories where less than 95,000 TEUs per year were reported or where a substantial lack of data was noted.

[b] Certain ports did not respond to the background survey. While they were not among the largest ports, total omissions can be estimated at 5 to 10 per cent.

Table 43

Top 20 container terminals and their throughput, 2004-2002

(millions of TEUs and percentage change)

Port	Millions of TEUs			Percentage change	
	2004	2003	2002	2004/2003	2003/2002
Hong Kong (China)	21.93	20.82	19.14	5.33	8.78
Singapore	20.60	18.41	16.94	11.90	8.68
Shanghai	14.57	11.37	8.81	28.14	29.06
Shenzhen	13.65	10.70	7.61	27.57	40.60
Busan	11.43	10.37	9.45	10.22	9.74
Kaoshiung	9.71	8.81	8.49	10.22	3.77
Rotterdam	8.30	7.10	6.52	16.90	8.90
Los Angeles	7.32	6.61	6.11	10.74	8.18
Hamburg	7.03	6.14	5.37	14.50	14.34
Dubai	6.43	5.15	4.19	24.85	22.91
Antwerp	6.06	5.44	4.78	11.40	13.81
Long Beach	5.78	4.66	4.52	24.03	3.10
Port Klang	5.24	4.80	4.50	9.17	6.67
Quingdao	5.14	4.24	3.41	21.23	24.34
New York	4.40	4.04	3.75	8.91	7.73
Tanjung Pelepas	4.02	3.50	2.67	14.86	31.09
Ningbo	4.00	2.77	0.00	44.40	n.a.
Tianjin	3.81	3.01	0.00	26.58	n.a.
Laem Chabang	3.62	3.18	2.66	13.84	19.55
Tokyo	3.58	3.28	2.71	9.15	21.03
Total top 20	166.62	144.40	121.63	15.39	18.72

Source: Containerisation International, March 2005, p. 77.

B. IMPROVING PORT PERFORMANCE

For 2004, many ports reported record traffic increases. Rotterdam posted a 7 per cent increase in cargo traffic to 352 million tons, and Singapore a 5.7 per cent increase in shipping tonnage to 1.04 billion grt. Ports around Ho Chi Minh City posted an 11 per cent increase in cargo traffic to 25 million tons, around a third of the total traffic for all ports in Viet Nam, which reached 73 million tons. Belgian seaports had total throughput of 214 million tons of cargo, with the largest port, Antwerp, posting a 6 per cent increase to 151 million tons. Spanish ports recorded an 8 per cent increase in cargo traffic to reach 410 million tons for the year.

By mid-2004, record traffic volumes meant congestion in many regions. In August, dry bulk ports were reported congested in China, where China Shipping reported up to 20 vessels waiting for berths in spite of record performances at Qingdao, a major bulk port, for discharging Cape-size vessels at a rate of more than 6,000 tons per hour. Similarly congested conditions prevailed in container ports. In Australia, Port Botany and Melbourne indicated that seven out of 10 ships were behind schedule. In South Africa, a 16-hour average delay was becoming normal. In India, the Nhava Sheva Terminal in Jawarharlal Nehru port closed its export gates owing to severe congestion caused by 17,500 boxes stacked in its container yard, whose capacity was 11,500 boxes. In Kenya, up to 8,000 containers accumulated in Mombasa by the end of the year, with performance hampered by lack of equipment and compounded by the arrest of some key staff members on charges of fraud.

Congestion started to build up in Los Angeles and Long Beach in early July, with some sea carriers sailing without loading empty boxes back to Asia in order to keep their schedules. Shortages of up to 38 gangs of longshore labour per shift, coupled with traffic increases and protracted negotiations for extending working hours for terminal gates, were at the origin of the problem. The decision to enlist an additional 3,000 casual workers took time to implement; only 1,000 were engaged by October, with about a fifth of them showing up for work, and these workers having uneven skills. The proposal to open terminal gates 24 hours a day clashed with the working practices of warehouses that close during the night and on weekends and unwillingness to pay for off-peak tariffs. As a result, by early September there were 22 container ships waiting for berth, with a peak of 33 during Labour Day, and one month later there were still 26 vessels on the roads. This situation altered shipping schedules: in Australia ports were skipped to recoup delays on the US West Coast, and 19 ships were diverted to Oakland, Seattle and Manzanillo (Mexico) by mid-September. The situation reverted to normal by the end of November, with ship turnaround times being in the range of three to four days rather than the 7 to 10 days of the previous months.

Diversion of container ships was not always easy. As delays started to build up in Rotterdam, with waiting times of up to 24 hours reported during the summer, four of the five members of the Grand Alliance suggested using the empty Ceres Paragon terminal in Amsterdam. The first mainline vessels called in this terminal in early October, but only for a single call. Across the Channel, congestion in Felixstowe and Southampton was caused by the lengthened dwell time of import containers. In October, the average truck turnaround time increased from six hours to one day. By year's end, the situation reverted to normal. Elsewhere, in spite of Brazil's export boom, the lack of investment in road infrastructure connecting Santos with the greater São Paulo area was said to be at the origin of the 6-kilometre truck waiting line at the entrance of the port.

Strikes impaired the ability of some ports to serve trade. In April, crews and masters of tugboats and barges went on strike for wage increases and an improved health benefit plan. In June, a three-week strike affected the container terminal of Chennai after some workers were dismissed and feeder carriers imposed a $50 per laden TEU surcharge. In July, Israeli port workers started to work on rule, seeking pension rights and other benefits in the wake of Government plans for privatization of the ports of Haifa, Ashdod and Eilat. One month later, it was estimated that 131 vessels had been diverted to Egypt, Cyprus and Greece, with losses to the national economy put at $1 billion. The stoppages ended in September, and in December the port authority agreed to compensate traders with $23 million. Two months later, a five-year labour peace was agreed, with dockworkers receiving a one-time bonus of $11,450 and employees of the three port authorities receiving a 15 per cent pay raise spread over several years.

In South Africa, Durban was affected by strikes of casual workers seeking the return of the dock-labour scheme to replace the current system of labour brokers. Port productivity was affected during November and December in Marseille (France) by work-slow crane drivers being reluctant to give up unofficial operator payments. Later on, crane drivers from Marseille and

Le Havre stated their reluctance to change their status from that of employees of the port authority to that of employees of container terminal operators. In Chile, a two-year wage deal was reached in November to end a three-week strike in Iquique in which workers were injured in clashes with the authority. Some strikes stemmed from issues of national concern – for example, the 24-hour strikes affecting Dutch ports during the year were caused by Government plans to abolish pre-pension and social security schemes.

Other strikes affecting ports were caused by problems facing truck companies. In Miami, there was a two-week strike of independent truck owners seeking higher pay and compensation for waiting time at port. Truck companies in the United States were facing high fuel prices and seeking to change a long-standing commercial practice whereby they and not the sea carriers are responsible for damages to chassis outside port premises. In Colombia a three-week nationwide strike of truck drivers left 9,000 containers stranded at the largest port, Buenaventura, and interrupted coal deliveries to small Caribbean terminals.

In July, after protracted negotiations, working conditions for tug crews for the ports of Liverpool, Southampton, Medway, London, Felixstowe and Hull were aligned with those of UK seafarers. Among the new provisions: working time was not to exceed 48 hours a week for 26-week periods, and breaks of less than two hours were not to be regarded as meaningful rest. During the year, the International Transport Workers' Federation started a campaign against the "port of convenience".

The hurricane season affected operation of ports around the Caribbean. The worst hit was the large trans shipment facility of Freeport in the Bahamas, which in September was hit by two hurricanes that damaged the electric system of gantry cranes and disrupted communications. The Through Transport Club reported damages worth $11 million and has prepared a checklist to help ports minimize the impact of such events.

Other ports in South Florida were affected by hurricanes, but to a lesser extent. The December tsunami in the Indian Ocean had a modest impact on ports, and most of them resumed operation within two days. Chennai reported abnormal siltation that would require dredging at a cost of $2.5 million.

Automation is seen by many as a way to raise performance after teething problems have been solved. In March 2004, the Altenwerder Container Terminal in Hamburg exceeded 100 movements per crane per hour for the first time since being commissioned in 2002, and the following month it handled more than 1,825 truck and 810 rail containers in a day. Unforeseen computer software problems had delayed the start of operation three times and for months created headaches with keeping timetables and schedules. Automation was not limited to large terminals. In Brisbane, after successive trials that had started almost 10 years ago, one manufacturer, Kalmar, and one terminal operator, Patrick Corp., successfully converted straddle carriers into driverless equipment that can follow all typical orders in a terminal – pick up, drop off, corner turn, stop and so on. The operator claims savings of about $15 per move and ordered 14 new driverless straddle carriers for a new terminal.

Cooperation from the labour force was required in order to successfully test and implement new technologies. In October, about 150 dock workers blocked the demonstration in Genoa of a remote-controlled vehicle said to be able to transfer up to 500 TEUs per hour from ro-ro and passenger vessels. The agreement reached in July with clerical workers in the ports of Los Angeles and Long Beach provided that any new job created by new technology would be unionized.

In other cases, it was necessary to challenge long-standing administrative barriers. Members of the Hong Kong (China) port community found that it cost an additional $200 to ship a 40-foot box to destination in southern China owing to a cross-boundary licensing system and the rule that the same truck, driver, container and chassis must do the return trip to the port.

Customers also measured efficiency in terms of charges paid at the port, and they reacted to actual and potential tariff changes. High ship charges in force in Japanese ports were said to be under revision by the Ministry of Transport to align them with those prevailing in other ports of the region, which were said to be 30 to 40 per cent lower. In ports of the European Union, it was feared that dues could rise as guidelines for state aid were revised following a ruling on waived local landing charges in one Belgian airport. In India it was suggested that the policy of attracting direct calls might herald a reduction in ship dues. In Shenzhen (China) new charges were also questioned. A port construction fee of $9.76 per 20-foot box introduced by the Ministry of Communications was opposed by agents, which were asked to pay in advance but feared not being able to recoup the costs later from shippers.

Some complaints reached the World Trade Organization (WTO). In June, the Hong Kong (China) representative charged that the Singapore port was offering discounts on bills and handling expenses, but the representative of Singapore explained that the discounts were provided on a non-discriminatory basis and added that the WTO had not even agreed on a definition of distorting services subsidies; later in the month, the 20 per cent reduction on port dues for container ships was extended to 2006.

Commercial activity in war-torn countries also continued. In May, after suicide attacks damaged some Iraqi sea terminals, it was decided that US Marines would guard them. In October, the United Nations Development Programme estimated the cost of rehabilitating Iraqi ports Umm Qasar and Al-Zubair –mainly to restore access channels to the designed draft and eliminate more than 300 wrecks – at $34 million. Elsewhere, it was reported that the first commercial ship in almost a decade was berthed at the port of Mogadishu in December.

Port capacity increased in Egypt with the commissioning of the Suez Canal Container Terminal in October 2004. This terminal is planned to move up to 0.5 million TEUs during its first year of operation. Development of new port capacity was underway in several countries. In June, the Maasvlakte 2 plan for long-term development of Rotterdam received confirmation of Government funding. This plan will increase port land by 20 per cent, equivalent to 1,000 hectares, and will increase port capacity by 100 million tons. The Government's contribution reached $726 million of the total bill of about $3 billion and was made in exchange for one third of shares in the port authority, with the remaining two thirds being kept by the city. A few months later, it as reported that delays could be expected in the project, as the highest administrative court had raised questions about its environmental impact.

In September, a two-year study concluded that deepening the Scheldt to provide access to Antwerp would not have negative environmental impacts. Accordingly, the Dutch and Flemish Governments were said to be close to a decision about dredging the river to 13.10 metres, although the latter preferred dredging to 14 metres.

Finance-for-development schemes were a concern in several countries. Development of the six-berth port in Ulsan (Republic of Korea), at an estimated cost of $225 million, was financed largely by a syndicated loan of $196 million on the basis of a 50-year build-operate-transfer lease contract. In China, the construction of the 3-million-TEU capacity of Yangshan Port continued with the aim of providing spare capacity for the predicted traffic growth in the Yangtze River Delta. The company in charge of this development is Shanghai International Port Group, which early in 2005 announced its intention of being listed on the Hong Kong (China) stock exchange in order to raise up to $800 million for several port development schemes. In June, the northern port of Dalian signed a strategic partnership with AP Terminals, Cosco Pacific and PSA to develop this port as a complement to the agreed expansion of capacity in Qingdao to serve northern regions of the country. In September, APM Terminals signed an agreement with Xiamen Port Authority to finance on equal shares the development of a new three-berth terminal estimated to cost $350 million.

On the US East Coast, APM stated its intention to invest $500 million to build a container terminal on the Elizabeth River in Portsmouth, Virginia, the largest privately built terminal in the country. In June, the Port of New York and New Jersey signed an agreement with the US Corp of Engineers setting up funding and a time frame for dredging access channels to 50 feet (15.2 metres). It also released $5 million for planning the expansion of the Express Intermodal Facility at Elizabeth Terminals and rail connections reaching the Midwest and Canada to carry up to 1 million TEUs per year. In September a 10-year deal was concluded with a rail operator to operate those connections. Capital budget expenditures for 2005 of up to $50 million were contemplated for upgrading intermodal facilities in the cities of Newark and Elizabeth (New Jersey) and Howland Hook on Staten Island (New York City).

Attracting direct calls was the motive underlying the launch of the $486 million Vallarpadam project off Kochi in southern India. On the east coast, the bulk port of Ennore sought tenders to start a 1-million-TEU terminal, with some road and rail developments underway in the hinterland. Also, the Ministry of Shipping lifted the ban precluding operators of container terminals from bidding for a second concession in the same or a neighbouring port and raised the minimum quay length for these terminals from 800 to 1,000 metres.

More ambitious schemes for commercial ports were under consideration in Kuwait and Panama, namely the $1.2 billion Bubiyan Island and the $0.6 billion Westport mega-hub, respectively.

C. INSTITUTIONAL CHANGE

The acquisition activity of container terminal operators continued during the year. After several attempts, PSA managed to secure a foothold in Hong Kong (China) by purchasing NWS Holdings' stakes in Terminals Three and Eight West for $385 million. PSA was also said to participate in the second phase of Tanjung Pelepas (Malaysia). The winner of the sale of CSXWT assets, however, was Dubai Ports International (DPI), which paid $1.15 billion for them. This purchase allowed DPI to enter Hong Kong with a majority stake in Terminal Three, as this was one of the assets on sale. DPI expanded its network to the Far East and became the sixth largest world operator. In fact, DPI and PSA found themselves partners in Hong Kong. HPH, the world's largest operator, based in Hong Kong and with a strong presence in mainland China, was selected to double the container capacity of the port of Laem Chabang (Thailand), expanding its South-East Asia portfolio.

In April, P&O Ports, which held 67.5 per cent of the shares of Antwerp Gateway, added 3.5 million TEUs of capacity to its operations in this port by signing a 40-year concession for the east side of Deurganckdok. The west side of this dock was controlled by PSA through its subsidiary Hesse-Noord Natie. Three months later, P&O Ports through its subsidiary Bengal Port Ltd. won a 50-year concession to build a new port in Kulpi located 45 miles downriver from Kolkata (India). The investment was estimated at $235 million for a two-berth terminal with initial capacity of 0.5 million TEUs.

In June, MSC, one of the few large container carriers without interests in container terminals, set up a joint venture with Eurogate called MSC Gate Bremerhaven to operate a dedicated terminal in this port. A similar previous deal involving Maersk highlighted this port's strategy of having dedicated terminals. In July, APM Terminals, Maersk's subsidiary, reported adding new terminals to its portfolio in several regions – for example, in Douala (Cameroon) after winning a 15-year concession, and in India after being awarded a 30-year lease jointly with Container Corporation of India for the third terminal of Jawarharlal Nehru Port. Short management contracts signed in Aqaba (Jordan) and Khor Al Zubair (Iraq) added to MSC's strong presence in the Middle East.

Other operators also reported network expansion. ICTSI from the Philippines completed the $80 million development of Gdynia (Poland) and secured a lease to operate Terminals 9 and 10 of the trans-shipment hub of Naha in Okinawa (Japan) together with six Japanese stevedoring companies. HHLA from Germany was expanding in the Baltic in a joint venture with Russian interests to develop container capacity off Saint Petersburg and in the fruit sector with Sea-Invest of Belgium. Mersey Docks and Harbour Co. (United Kingdom) and an American partner secured a 10-year lease for operating the port of Beirut, which had been left by DPI. Finally, Maher Terminals, the largest operator in New York, was selected to develop the container terminal at the Port of Prince Rupert on Canada's West Coast. In Cartagena (Colombia), SPRC purchased the facilities of Contecar, a smaller operator in the same port, for $24 million and secured 70 hectares of land and 1 kilometre of quaywall for future expansion.

The participation of the private sector in the port industry proceeded at a pace adapted to the economic and social situation of given countries. By mid-year, the Russian government discussed the disposal of 20 per cent of the public ownership for the ports of Novorossiysk, St. Petersburg, Murmansk and Tuapse. In Nigeria, 94 bidders were prequalified during the fourth quarter of the year for the envisaged 24 port concessions. The values were estimated to fluctuate between $5 and $100 million, and the durations between 10 and 25 years. In Togo, it was reported in December that a French-Spanish consortium had entered into a joint venture with a Togolese company to develop the port of Lomé as a regional hub. South Africa and Peru followed a parsimonious path, with the former leaning towards public-private partnerships and allocating $340 million for improvement of terminals in Durban, Cape Town and Port Elizabeth and the latter trying to issue tenders that accommodated operators having dissimilar financial capacities.

Contentious issues between authorities and operators surfaced in India and Panama. In India, Jawarhalal Nehru Port and Nhava Sheva International Container Terminal — in which P&O Ports has a majority shareholding — sought arbitration on some vexed points. The former claimed annual royalties, an increase in bank guarantees and a contribution to expenditures on port premises security. The latter disputed the clauses dealing with royalties and guarantees and stated that a landlord port normally ensures security for the entire port premises. In Panama, the issue of a disputed decree that awarded one operator payments similar to those awarded to two other operators was set to be renegotiated by the new government. This position was restated in early

2005 when royalties per TEU were raised by 50 per cent and a down payment of $20 million was agreed to with the two operators in exchange for increased land to expand their terminals.

The conditions available to operators were eased in India and China. In June 2004, India's Ministry of Shipping sought to allow a private operator to develop and run a maximum of two container terminals in a major port, provided a third terminal was tendered out. In China, a new Port Law allows municipalities to negotiate and deal financially with port foreign investors. In the European Union, the new draft directive for port services introduced in October sparked fears of over-regulation of terminal tenders as well as being said to discourage investors in German ports.

The scope and status of port authorities were matters for discussion in some countries. In August, competing claims by the city of Jakarta and a regional port authority to a construction site cast a shadow over a $500 million port development scheme in East Ancol. Later on, the government suggested the merger of the four regional port authorities into one that would have national scope for and thereby achieve greater efficiency. In Malaysia, there were also calls for establishing a national port authority.

In Denmark, the Supreme Court ruled in August 2004 that the port of Copenhagen belonged to the State, and that the prior conversion of the port into a company with the ownership of assets, was against the Constitution. This port had merged with Malmö, a Swedish port across the Oresund Strait, in the wake of the commissioning of the bridge linking the two countries, which had substantially reduced sea traffic. In Germany, calls for efficiency suggested the establishment of a port authority along the lines of a private company in the state of Lower Saxony and Hamburg. The concept of the Straits of Gibraltar as a single port linking Algeciras, Gibraltar, Ceuta and Tanger was broached in Spain in September.

Development of new facilities highlighted the need for a national port policy. The rejection of the Associated British Ports proposal for developing container facilities in Dibden Bay, near Southampton, on environmental grounds prompted statements by several parties. The Transport and General Workers' Union asked the Government to produce a port policy strategy that provided controlled capacity growth in the country. In Parliament it was stated that the Dibden decision had been taken after consideration of alternatives which also seemed to include EU ports. A white paper on transport strategy was planned to review the ports policy framework by the end of 2006. Industry representatives reiterated their opposition to any centralized port planning. In the meantime, the three remaining applications for port development continued to move through the different stages of the planning system. In July, Hutchinson Ports struck a deal with the highway and rail agencies that supported its application for a $360 million Bathside Bay proposal near Harwich. In January 2005, P&O Ports agreed to fund additional infrastructure around its proposed London Gateway Container port to boost its chances for approval. These applications, together with Hutchison's expansion of Felixstowe, were also reviewed in respect of environmental compliance with current EU directives.

The large port development schemes envisaged in northern Germany received a boost when, in June, four coastal states, Hamburg, Schleswig-Holstein, Lower Saxony and Bremen, decided to have a common port development policy. This meant support for dredging the Elbe and Weser rivers to reach the ports of Hamburg and Bremen respectively and for developing the deep-water port in Wilhelmshaven. However, in September the federal government stated that deepening the Elbe and Weser rivers to 16 metres was not included in the national plan. In December, calls for tenders to develop Wilhemshaven were made, and the four coastal states proposed that the federal government reject the new EU draft directive for ports services on the grounds that it would harm the security of new long-term investments.

The importance of environmental concerns in port development was highlighted in several countries. In Spain, Greenpeace objected to development plans in Coruña and Tenerife. In Italy, a dredging ban in La Spezia was suspended after an administrative court accepted an appeal. Dredging was said to cost $30 million and take six months, while the alternative of cleaning the sea bottom could be 10 times as costly. In California, the Governor vetoed a law that would have required drastically curbing air pollution in the ports of Los Angeles and Long Beach, in which a number of vessels already plug into shoreside electric connections instead of relying on ships' engines.