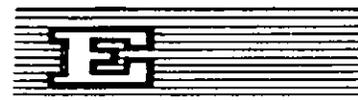


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PORT MANAGEMENT PROBLEMS: I

The Relation between Port Management and Associated Services
and Customers

by Mr. Ian Trelawny

Function of the port

The port is the most vital link in the whole through-transport chain.

It is the point at which the mode of transport changes from land to water or from water to land.

Objectives

The main objectives of the port operator are:

- The fast, safe transfer of cargo from ship to shore or vice versa;
- The rapid turn-round of shipping, for economy in freight rates resulting from maximum ship utilization and for maximum berth and equipment utilization, resulting in reduced costs per unit of cargo handled;
- Avoidance of delay to land transport, for maximum utilization of vehicle and personnel time, resulting in economy in road haulage rates and railway charges;
- Rapid shipment of exports, to get the goods to the point of sale, in saleable condition, sold, and the money back in the pipeline so as to maintain production and development;

- Rapid clearance of imports, to clear quay and shed space for immediate re-use and to provide return loads for land transport bringing exports to the port;
- Maximum cargo throughput, to obtain optimum results from investment and maximum productivity from facilities, equipment and personnel;
- To provide for the community the service which is necessary to the community rather than just desirable to individual members of the community, at a fair cost.

Obstacles to the achievement of objectives

The port is the point in the total through-transit chain at which delay, resulting in additional cost at the point of sale, may most easily occur.

Some of the factors contributing to delay are:

- Effect of weather on shipping schedules - not as important a factor in the case of trans-ocean ships as to the smaller vessels used for shorter passages and coastal deliveries, whose late arrival at the port may result in a back-log of goods awaiting a further stage in transit.
- Clearance of goods - seldom if ever initiated by the Customs authorities, but occasioned by incorrect or inadequate documentation.
- Non or late-arrival of goods for shipment - caused by rail delays, accidents to road haulage vehicles, inadequate delivery instructions or a lack of a sense of urgency at the point of dispatch, resulting in delayed sailings or the goods missing the ship.
- Non or late-collection of goods by the importer - resulting in congestion in sheds and on quays, additional operating costs and reduced throughput capacity.
- Damage to cargo - resulting in additional handling, unprofitable utilization of shed space and time-consuming enquiries.
- Labour disputes and shortages - resulting in slow turn-round of shipping and cargo, with cumulative adverse effects on throughput and on reputation.
- Labour disputes in other ports or in services to shipping - resulting in late or non-arrival of ships and buildup of goods awaiting shipment, or non-collection of goods awaiting delivery.

- Equipment failures - due more often to lack of planned maintenance and unskilled or careless operation than to faults in the equipment.

- Damage to facilities - by accidents involving ships, i.e. collisions with piers, wharfs, etc., or by road transport damaging shore installations.

Philosophy of the port operators

Although by no means complete, that is a fairly formidable list of the difficulties encountered by a port operator in his endeavour to achieve his objectives on a profitable basis.

I use the word 'profitable' advisedly, because, if the port is owned by the State, the community or the municipality, it must, at the very least, be self-supporting. Not just able to pay its way, to avoid being a burden on the community funds, but able to finance its own development.

If it is operated by a private company, that company must be able to make profits and pay dividends so as to attract the investment needed for growth.

The port must be regarded as a business and, just like any other business, it must be profit-orientated. But, unlike most businesses, only to a limited extent can a port plan its own production.

A port is a service organization and the extent to which the services provided and maintained at a constant high level are used and therefore productive depends almost entirely upon the success or failure of the business of the port users. If their business increases, the port must increase the concentration and productivity of the resources at its disposal; if their business decreases, the port's ability to obtain full productivity from labour and equipment diminishes.

If one major port user or shipping service fails or withdraws, for reasons which may well have nothing whatsoever to do with the quality or cost of the service given by the port, the port must immediately replace the failure with another user with equivalent throughput and identical or very similar requirements for labour and equipment. If he cannot, the economic viability of the port is adversely affected.

So the port has to maintain a labour force, equipment, back-up services, buildings and space which are ample to deal with average daily throughput, which can be geared up instantly to cope with peaks of activity, but which must not become an unacceptable burden on the economy during periods in which they are under-utilized.

All cargo is, to some extent, seasonal; all shipping services have their peaks and hollows; yet the port must keep its assets employed regularly and consistently throughout the year.

The port must ensure that at all times its handling facilities are constantly ahead, but just the right distance ahead, of the demands made upon them.

Liaison with port users

One way in which the port can be helped to provide the facilities and services which are expected of it is by frank and frequent exchange of information with port users; with providers of other forms of transport serving the port, be they road, rail, sea or air; with packaging organizations; with trading and industrial associations; with everyone who is in any way involved in the task of moving raw materials or manufactured goods from one place to another through the port.

For example, the management may consider that the port is well situated to handle container traffic. The economies claimed for containerization can only be achieved by maximum utilization of the sophisticated vessels and equipment involved. The capital investment required to handle container ships is immense, so the port has to be absolutely certain that the equipment it buys is the right equipment for that particular application and fully acceptable to the container service operator and that it will be fully utilized.

It is essential that extensive discussions take place between port management and potential user at a very early stage.

This is very necessary in the case of roll-on roll-off services, which require prior consultation and agreement not only on the type of berth and length and width of ramp to be provided, but with the road haulage operators, without whom this form of sea transport cannot exist.

All forms of unitized cargo handling, from pre-palletized goods to containers, present special problems of examination and clearance to the Customs authorities. It is therefore essential to consult and agree upon the facilities required, be they for the external checking of seals only or secure premises in which the contents of the units can be turned out, examined and re-packed, or in which container loads can be broken down for piecemeal distribution.

Methods of packing and handling cargo are under constant review, now more than at any time in history. It is as pointless to pack rubber or tin into 12-ton units and send them via a port which only has a 5-ton crane as it is to deliver a 25-ton container to an inland village store.

The port's facilities must match the reasonable requirements of the port's users.

The shipper must not assume that the port operator is psychic and knows, without being told, and will provide, at no additional cost, the specialist equipment which is ideal for handling his particular commodity but probably useless for any other application.

The port operator must not assume that the shipper knows all about handling cargo at a port, in all its aspects.

We are all experts in telling the other man how he should do his job. It is not beyond the bounds of possibility that some of the suggestions we make may be helpful. The best way to find out is to get together to tell each other our problems.

Marketing organization

No port has a true monopoly. There is always some other way of moving goods from one place to another, from one country to another. The land-bridge concept becomes more and more accepted as a viable proposition; air transport is no longer confined to high-value, urgently required goods.

The real maritime competitor may not be the next port up or down the coast, but a port in an entirely different location, even in a different state or country.

So the port must go out and sell itself. Every potential user, at home and abroad, must be aware, not just of its existence but of its precise geographical location in relation to the users' markets and areas of activity and to land transport services. Every potential user must be kept constantly aware of the port's facilities, of the type of equipment installed; of the costs involved, especially the total through transport costs from point of origin to point of sale; of the special advantages to him, as an individual, of using this particular port in preference to another with rival claims to superiority of location and service.

To a large extent, major importers and exporters dictate their own choice of port, sometimes for reasons which would not stand up to strict and impartial analysis.

But to a large extent, too, shipping companies dictate the ports to be used. Particularly is this so in the case of companies engaged in modern forms of sea transport, such as container and unit load services.

A container ship operator simply cannot afford to call at more than one or two ports on any one continent. If you want to be that port, you have to convince the shipping line that you can provide all that it requires, at the time and the speed which his operation dictates and at a cost that gives him an advantage over his competitors. And you have to negotiate a contract which makes the proposition attractive to both parties over a mutually acceptable period.

It is not only the major shippers and the major shipping lines which are important. The vast majority of goods shipped through any port are the aggregate of numerous medium, small and very small traders. Collectively, they are important not only to the port but to the regular shipping services using the port. It is their goods, just as much as those of the major shippers, which keep the shipping lines in business.

One can go at high level, perhaps even at governmental level, to an international manufacturer or producer, to persuade them to use a particular port. One can go at director level to negotiate agreements with large ship-owners. One cannot contact individually every potential port user in every country of the world; the cost would be greater than the reward. But every potential port user in every country of the world has to be made aware of what the port has to offer.

Publicity

The solution is publicity.

The initial action is to appoint a really effective Public Relations Officer. The size and distribution of his staff will depend upon the magnitude and location of the potential markets.

Having appointed the P.R.O., the management must not just sit back, confident that they have solved the problem, and hopefully await results. They must be very much involved. Not to the point of interfering, having delegated an agreed part of their authority, but to the extent that they are seen to exist, to be more than just interested, to be ready at all times to support and, when desirable, participate in the marketing strategy which has been agreed at top management level, and which they must direct.

Whilst the major port users must always be treated in accordance with their status, the activities of the Publicity Department will be chiefly orientated towards smaller users and potential users.

Some of the ways in which the P.R.O. can accomplish his function are:

Liaison with local and national press, radio and television.

Maintain a cordial relationship with the numerous trade journals, not only those concerned with shipping and transport, but those produced by and/or for specific industries and trades whose products might be induced to pass through the port.

Ensure that the port receives adequate and sustained editorial comment in such journals, irrespective of the volume of advertising material placed with the journals.

Maintain constant liaison with port users, so as to produce joint publicity material, e.g., press releases of cargoes of interest passing through the port, new shipping services, etc.

Maintain liaison with industrial associations with a view to arranging visits to the port or lectures by port representatives on relevant aspects of port work at meetings of such associations.

Arrange participation in suitable trade fairs, exhibitions and congresses, at home and abroad.

In conjunction with providers of other services at the port, e.g., shipping lines, land transport, agents, customs, banks, etc., hold 'port weeks' at suitable venues in the home areas served by the port.

Arrange receptions in suitable locations abroad for heads of relevant foreign government departments, consular officials, trade organizations and existing and potential port users, in co-operation with the state's consular representative in the foreign country.

Organize the port's own film unit, to make documentaries of port operations and development, for showing at receptions, trade fairs and, most important, locally.

Produce an annual Port Handbook and, in addition, brochures and publicity media on special activities.

Above all, keep in constant touch with the officers of the port, so that there may be a ready flow of information in both directions, in order that he may carry out his duties to the best possible advantage of the organization without fear of misunderstandings or recriminations.

The port users association

Whilst it is important, in any consumers' or users' association, that the users' interests be given every possible consideration, it must be borne in mind that the object of a Port Users Association is to maintain and increase trade through the port and it is the port management that initiates and controls the function of the port.

The customer may not always be right in this day and age, but at least he has rights. And the willingness of the port management to recognize those rights is an essential factor in keeping the customer.

From the customer's point of view, the port is a complex of providers of primary and secondary services.

If the port is to provide the user with the services he needs, at a cost which his business can afford, it is essential that the principal and associated services interlock harmoniously. Since this is also essential to the business of the port operators and the providers of the associated services, there should be no basic conflict of interests.

There is, however, opportunity for disagreement as to how these mutual interests can best be served.

Running a Port Users Association is basically an exercise in communications.

It is necessary that port users should be aware of the limitations of the port, and of the reasons for those limitations. Just as in their own businesses, there must be adequate revenues against every item of capital expenditure. There is no economy in installing equipment for a specific use if the volume of usage is not ample to service the cost of the equipment and its operation and maintenance.

It is equally important that the port management should appreciate the limitations of the customers. It is probable that a small producer of a certain commodity cannot afford the equipment to pack his cargo in the same way as a large producer of the same commodity - and the way in which it is packed may well influence the cost of handling it at the port.

It may be that one road hauler is delivering full loads to the port and another conveying full loads from the port, to adjacent areas, neither getting return loads and both including the unladen journey element in their costings.

It is possible that an importer is experiencing difficulty in Customs documentation and could benefit from advice on procedures.

The benefits to be derived from a lively Port Users Association are too numerous and too diverse to detail in this paper. Moreover, they vary from port to port, from user to user, even from day to day.

The first essential in setting up such an Association is to decide upon the composition of the membership and the representation of the membership upon the committee. With the proviso that the port management is the governing body, all providers of associated services and all port users should be represented, in accordance with the degree of their effect upon or utilization of the port facilities.

Membership will inevitably divide itself into two sections - the users and the providers. The users are the shippers and the providers are the port management and associated services - the ship owners, the transport undertakings, the providers of labour, the hirers of equipment, the warehouse owners and the Customs authorities. It is good that there should be two sections, with two points of view, but these two sections must not be allowed to develop into two camps.

Representatives should be elected by each of the various categories of providers and of users. Representatives of the latter may well be nominees of a trade organization, in which they will not only represent a wider viewpoint but will contribute from a less parochial angle.

A strong Chairman is a necessity, if only to prevent the Committee meetings from becoming platforms on which to air petty grievances and misunderstandings. It is well to confine discussions to matters of information and general interest rather than to individual difficulties which can best be resolved by direct contact.

For the setting up of a Port Users Association does not absolve the port operator from any of his duties or obligations to individual port users. Nor does it give the port user the right to circumvent the normal channels of communication.

Criticism is of no value unless it is constructive, unless sensible alternatives are honestly proposed and their feasibility discussed in an amicable and constructive spirit.

Port users, as well as providers of associated services, should be encouraged to think of the port as their port. They should be involved not only in the conduct of port operations, but in the social, marketing and publicity activities, as a body as well as by representation.

Every organization connected with the port should receive copies of the minutes of the committee meetings and should be kept informed, by information sheets, or perhaps by a port magazine, regularly issued, of the progress of the port, of new services, new facilities and projected developments.

Port associations

The atmosphere of this paper up to this point has been parochial. We have had under review the steps which can be taken by individual ports to foster and benefit from co-operative and constructive relationship between the port operators and associated services and customers.

But an individual port has to fit into the national, even the global pattern.

In the context of this paper we have touched only lightly, for the purposes of illustration, upon the modern and future methods of cargo handling and sea transport. A port operator can go blithely on, investing capital in development and equipment, confident that his port and his port alone will reap the benefit of containerization and unitization. But on what does he base this assumption? Where is his port situated in the most economical line between the country's overall production and overall markets? How does his port figure in the national economic strategy? These are things he must know before he commits his port to spending large sums on future development projects.

The associated services can depart and re-establish themselves elsewhere with little if any loss. The port users can use another port. But the port operator cannot take his port somewhere else. Nor can he find an alternative and profitable use for the facilities in which he has invested.

So it is well that he should know his place in the country's plan. It is well, too, that he should have a strong supporter or adviser to fall back upon in case of disputes which he cannot, on his own, resolve.

It is advantageous that there should be an organization to which he can belong, which can be representative of port interests as a whole, which can negotiate legislation at government level, which can agree upon the standardization of those matters which require standardization for their better performance.

The value of a Port Users Association has been demonstrated many times in the United Kingdom and in other countries. So has the value of Ports Associations, such as the Dock & Harbour Authorities Association in the United Kingdom and similar bodies elsewhere. It is to be hoped that in the fulness of time such an organization will be established in West Africa.