TECHNICAL STRATEGIES AND POLICY RECOMMENDATIONS FOR DIGITALIZATION OF SMALL PORTS IN THE PACIFIC ISLAND COUNTRIES

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Kerri Ahn, ESCAP Consultant
I. Introduction

What is Port digitalization?

- **Port digitalization**
  - involves adopting digital technologies to enhance the efficiency, transparency, and competitiveness of ports

- **Smart port**
  - can be considered to mean ports that autonomously process port operations and optimize logistics flow by applying new and advanced technologies

- **Sustainable development in ports**
  - Introducing regulations on various pollutants such as IMO 2020, the sustainability of the port is being recognized as the competitiveness of the port
I. Introduction

Background

- Importance of Maritime transport in global trade
  - Ships are Responsible for moving approximately 90% of the world’s trade (by IMO and Clarkson annual report)
  - Changing globally: Complexity of trade and transport flow ↑, considering environment ↑

- Today, what happening in maritime domain
  - vessel sizes and cargo volumes have surged upwards
  - Needs to strengthen the competitiveness of seaport
  - A dramatic innovation with business model (service) as well as technology

- challenges
  - Lack of efficiency in port operations and on-demand port service
  - Lack of interoperability with other transport means
  - Environmental impacts: ship and port wastes, oil waste and sewage, etc. CO₂ emission
  - Week of physical and cyber port security
I. Introduction

Logistics 4.0

- A machine that replaces or supports human work
- Exoskeleton robot for workers
- Unmanned transport robot
- Underwater construction robot

Monitoring difficult-to-access by human port facilities

- Autonomous
  - AGV (automated guided vehicle)
  - ASC (automated stacking crane)
  - QC (quayside crane)

Can support for port workers carrying heavy loads

Source: Roland Berger, Re-drawn by author using a source
I. Introduction

Regional characteristics of Pacific Island countries

- Remoteness: geographical isolation from major international markets
- Low cargo volumes
- Natural hazards: The Ring of Fire in the Pacific region, frequent volcanic activity, earthquake, and tsunamis
- Heavily reliance on imported fuel


Contents from ADB Report,
Smart ports in the pacific, 2020.11
I. Introduction

Port operation’s characteristics of Pacific Island countries

- Willing to be multipurpose ports
- Low level of digital maturity: Most activities are dependent on manual input and/or paper-based systems
- Lack of standard operating procedures
- No regional vessel planning system, seasonal delays and congestion
- Delays in the customs and biosecurity operations
  - generally insufficient personnel capacity, time-consuming procedures
- Labor-intensive procedures
- Lack of communication or port connectivity
  - without regular communications or connected systems
  - duplicative work among participants and long process times for imports and exports.

Realize port digitalization to solve the challenges of ports, reduce the technical and operational gap, and enhance the capability, productivity, efficiency, and safety and security of ports through business innovation, work automation, and the 4IR technologies such as Big data, IoT, Robots, Drones, e-documents, etc.

It is time to go towards Smart ports through port digitalization
II. Port digitalization

Goal for port digitalization

Ensure efficiency, reliability, safety, security of port
Increase national and port competitiveness

Port digitalization

Innovative Digitalization Autonomous

Regulation
- National-level policy
- Prepare a law, regulation or etc. of smart port
- Setup port community

Methodology
- Business and operation innovation
- Digitalized port operation
- How to harmonize with 4IR
- Stepwise approach

Technology
- Adopt 4IR technology
- Stability & Flexibility
- Common Interface
- Support International standard

IT Environment: 4IR Technology, Increased IT&Industry collaboration model, Eco-friendly Technology

Port Environment: Vessel size and cargo volumes Upwards, Operational complexity, Needs for Optimized operation

Global Environment: Strengthening Technical Barriers, Convergence of technology and humanities, Sustainability
What is next for port digitalization

- The adoption of digital technology
  - Move towards the **digitalized Port** with emerging technology
  - Port digitalization could potentially be deployed to monitor impacts, measure performance, and identify bottlenecks
  - Port business innovation, port automation, and unmanned procedures

- Needs a Stepwise Approach
  - appropriate level of smart port maturity and sophistication should be designed
  - a clear, long-term plan to enhance resilience
  - Ex: a 30-year (2021-2051) port infrastructure development plan (PNG), short-term and long-term plan

- Interoperability through information sharing
  - IMO, UN/CEFACT international standards for implementing information systems such as port management, port community system, national single window, etc.
  - Information sharing between Government agency’s information systems, with other countries
II. Port digitalization

ESCAP project

1st Phase

• Capturing the status of small ports (target countries)
  ◦ Status of the port itself, facilities, port operations, and users
  ◦ Status of informization of their ports, how to handle port operations, etc.
• Best practices of port digitalization focused on small ports or successful digitalized ports
• Gap analysis, capturing requirements of target countries’ small port
• Extracts what they want for port digitalization and designs the recommendation

2nd Phase

• Suggest suitable (proper) port service models from the recommendation of 1st phase
• Implements suitable (proper) port service models of target countries’ small port
• Pilot testing and feedback
• Finalize ESCAP project
III. What to do for digitalization in port

Preliminary requirement

- Environmental and policy perspective: Pursuit a conformation with national policies and strategics, captures operational and technical requirements, Analysis of environmental changes

- Strategic perspective: The legacy laws, regulations, policies, etc. revision, national level master plan or roadmap, Securing budgets, resources, and a professional manpower through high level training

- Process innovation and technical perspective
  - Applying 4IR technologies for a sustainable and resilient port
  - Securing an end-to-end visibility through dataization, providing prediction service and on-demand service

- Standard and structured methodology perspective
  - defines goals, strategies, and action plans through analysis maturity methodology
III. What to do for digitalization in port

BPR - Analysis

Analysis of Environment → Analysis of Status → TO-BE Model → Action Plan

Challenges

- **Challenge 1**: Low performance
- **Challenge 2**: Request to reduce CO₂ emission
- **Challenge 3**: Traffic congestion
- **Challenge N**: Heavy human workload

Requirements

- Interoperability
- Transparency
- Flexibility
- Reliability
- Accuracy
- Automation

Approach

- Paperless logistics
- Automated transport means/facility/equipment
- Port Connectivity
- Optimized planning/scheduling
- 4IR technology-based logistics system
BPR - Analysis

III. What to do for digitalization in port

**Challenges**
- Use Paper document
- Manual processing
- Human handled facility
- Long lead/response time
- Duplicated submission
- Unnecessary operations
- Difficult to find fault(error)

**Requirements**
- Interoperability
- Transparency
- Flexibility
- Reliability
- Accuracy
- Automation

**Approach**
- Paperless logistics by e-Document
- Automated transport means/facility/equipment
- Connectivity
- Information sharing
- Optimized planning/scheduling
- 4IR technology-based logistics system
III. Stepwise approach for Port Digitalization

**BPR - Design To-be Model**

- **Analysis of Environment**
- **Analysis of Status**
- **TO-BE Model**
- **Action Plan**

**Action Items**
- Action Item 1
- Action Item 2
- Action Item 3
- Action Item3

**Setup Action Plan**
- List up Detailed Items
- Define Detailed Items
- Analysis priority of items
- Define the sequence of development
- Define stepwise development plan
- Estimated resource
- Move to Design step
III. What to do for digitalization in port

Informatization

▪ Developing information system
  • Receive and process port operations-related documents electronically from port user
  • Able to prevent manual work and duplicate inputs, and cost and time-saving
  • Connect to external organization including Customs and Information sharing
  • Ex: e-invoicing, cargo declaration, berth allocation, etc.

▪ PCS, Port Community system
  • PCS is a neutral and open electronic platform enabling intelligent and secure exchange of information between public and private stakeholders in order to improve the competitive position of the sea and airports communities

▪ Maritime Single Window (MSW)
  • Since 1 January 2024, all IMO Member States are required to use a single, centralized digital platform or "Maritime Single Window" (MSW) to collect and exchange information with ships when they call at ports
  • on mandatory electronic data exchange in ports for ship clearance
III. What to do for digitalization in port

PCS

Port Community Systems (PCS) are digital collaborative platforms that enable seamless exchange of information among a port’s many stakeholders, including customs agencies, port management, shipping and logistics companies, and freight forwarders.

Source: Port Community Systems released by World Bank Group
III. What to do for digitalization in port

Source: World Port Sustainability Program
IV. Conclusion

Why starting toward to a smart port using digitalization?

- **Digital transformation** and globalization, information should be exchanged between cross-border countries for connectivity, interoperability, reliability, or safety, etc.

- Technical trend is also changing, therefore many organizations try to adopt new technology to enhance their capability.
IV. Conclusion

Next steps

- Port Digitalization Study
  - Questionnaire collection: ~ end of August
  - Analysis of collected Questionnaires: September
  - Draft of analysis: October
  - Present and update the result of the analysis: December 2024
  - Finalize the study report: December 2024

- Upcoming activities
  - Kick-off meeting (virtual): TBD
  - Capacity building workshop on port digitalization and resilience in Asia and the Pacific: early December 2024
 감사합니다.

Thank you

VINAKA VAKALEVU
Technical strategies and policy recommendations for digitalization of small ports in the Pacific Island countries

Contact: Dr. Ahn, Kerri
- The K Consulting -

Email address: ahn.kyeongrim@gmail.com