Introduction to Hub Port Development

High-level Meeting on Strengthening Inter-island Shipping and Logistics in the Pacific Island Countries
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Presentation Outline

• Characteristics and challenges shared by Pacific Island Countries (PICs).
• Role and Significance of Hub Ports in the Region.
• Relevant issues.
• Related Regional/Sub-regional Initiatives.
• Challenges.
• Main Points.
About the Pacific Islands Forum Secretariat (PIFS)

• Established in 1971.
• Inter-governmental Regional Organisation.
• 16 member countries: Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu & Vanuatu.
• Head Quarter in Suva, Fiji.
• Over 100 staff.
• 3 programmes: Economic Governance, Political Governance & Security and Strategic Partnerships & Coordination.
• Check our website www.forumsec.org
Characteristics and Challenges shared by PICs

- Geographically isolated and far flung Islands.
- Huge distances from key ports in Asian, US and Australia and New Zealand markets.
- Small population & limited market opportunities.
- Small agricultural, tourism and manufacturing industries.
- Low cargo volumes & trade imbalance.
- Limited Port infrastructure.
- Lack of economies of scale.
- Lack of financial resources.
Role and Significance of Hub Ports in the Region

• Key role in facilitating the movement of goods and providing logistic functions required by shippers and countries.
  – This means looking at Shipping services, Port services, affordability, efficiency, port administration.
• An improvement in the flow of goods within PICs would boost trade, facilitate growth and development in PICs.
• Could also facilitate trading arrangements as PICTA and the currently negotiated PACER PLUS.
• Current challenges that some countries in the region experience with the high cost of freight with certain shipping arrangements and the slow movement of goods from the hub port to these countries requires reassessing the situation as to how this could be better facilitated.
Significance of Hub Ports in the Region….cont.

• Apart from addressing shipping and feeder issues the functions of the Hub Port are important in facilitating the movement of goods.
• With the growing demand for more services by countries it is appropriate that Hub Ports can meet these.
• Shipping services tend to call at many ports resulting in more movements and slow handling rates.
• Vessels serving fewer ports and offloading larger cargo volumes would allow faster movement of goods.
• This forms a basis for facilitating and improving Hub Ports.

The end point of any network will always face challenges in providing regular and economically viable services.
Relevant Issues – an introduction

- Location (access and closeness to major markets).
- Ability to make quick turnaround times.
- Effective and efficient services. What are the lift rates?
- Commitment to ongoing services – sound operations and maintenance.
- Cost. Port charges vary around the region.
- Supporting logistics networks and supportive infrastructure.
- Sound regulatory environment that provides incentives and sanctions to operators.
- Large local market and economies of scale.

If we ‘build it’ they may not come!
Related regional/sub-regional initiatives – need the support of Hub Ports

• 2013 Forum Economic Ministers Meeting resolution – further integration with Asian Markets. Hence, with the limited direct shipping linkages to and from Asian Markets by certain PICs the concept of Hub ports becomes important to these countries in facilitating and improving movement of goods/commodities both ways.

• Development of a Feeder shipping service to Smaller Island States.

• Complementary infrastructure development. Ports need access to reliable energy, support through integrated logistics with road transport and better use of ICT for planning and response.
Challenges

• Clear objective and outcomes – is it a level of service, costs, or access?
• Does Government need to make any specific interventions? Are there any failures that we are seeking to reduce or remove?
• Requires the support of a reliable feeder shipping service.
• A number of ports in the region are well below international standards.
• Asset management needs to be improved as this is one of the key issues identified for many port facilities (ADB Study in 2007 and PRIF 2013).
• Port facilities in many countries are old and are not designed and equipped to accommodate current (or future) shipping needs.
• What type of model are we using? All government, mixture or private sector?
• Are we learning the lessons from inter-island shipping at the domestic level?
Main Points (to start discussions)

- Data is needed on commodities and trade flows.
- A risk assessment to allow for robust discussion.
- An assessment of consistency between various national standards and requirements.
- Development of a procurement strategy for coordinating incoming and outgoing shipping services and distribution.
- Complementary infrastructure planning.
- Political support in development and implementation. Willingness to compromise national goals for pooled benefits.
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