



THE NEW ECONOMIC PORT LANDSCAPE

Growth and competition

- **Deep changes in transport economics**
 - Increasing ships' size
 - Unitization and intermodality
 - Horizontal and vertical integration
 - Logistics outsourcing
- **Exponential growth in seaports' throughput**
 - growth in **seaborne trade** (annual rate twice as big as industrial production)
 - global **relocation** of industrial activities
 - geographical changes in raw material markets and **consumption** patterns

Consequences for port economies

- **Technical/organisational changes**
 - **Capital deepening**
 - **Labour saving**
 - **Space consumption**
- **Competition**
 - **Overlapping** hinterlands, **volatile** flows, **concentration**
 - Cuts in fares and times, higher flexibility
 - **Overcapacity**
 - Obsolescence old port facilities
- **Lowering profit margins**

The nightmare of demarimisation?

- **A decreasing payback** and local impact
 - Low direct **employment** impact, low prices for **land** use
 - Growing negative **externalities**
 - Lower **catalytic** effect and income **multiplier**
- **A decreasing power** of ports (if not congested)
 - Competition among ports (**caption of economic rent**)
 - Vertical and horizontal integration
 - → **External control** of capital, investment and entrepreneurship
 - financial strength of major carriers and international stevedoring groups

The armwrestling between ports and cities

- **Conflicts** and NIMBY syndromes
 - Although globalisation increases the importance of ports, they may be seen by local communities more as a **threaten** than as a source of added value; local benefits may lower as:
 - reduced demand or low remuneration for local inputs
 - loss of local control and leadership on port and transport industry
 - **Conflicts** arise, namely concerning land use and pollution

Between *de-* and *re-*maritimisation

De-maritimisation does not affect all ports, depending on:

- **opportunity costs** (due to the actual scarcity) of land and other resources;
- local benefits, namely **direct and induced employment impact**

Trade off between different (partly conflicting) goals:

- Utility for shipowners, transport operators, and indirect users
- Local impact (yield, added value, employment, environment, quality of life).

Port policies should increase the **value of ports for the local economy**, thus reinforcing **links** and **preventing social conflicts**

- **increasing the (local) net benefits**
- reducing the land and collective/environmental resources employed
- **stabilising effects** over time

The role for policies

- Policies and strategies for seaport and maritime clusters;
- "Regionalization";
- Changes in the demand for services emerging from the supply chains;
- The emerging importance of alliances and cooperation between the different ports;
- The role of large-scale infrastructure connecting the port to the hinterland;
- The increasing importance of technological infrastructure (RFID-tracking & tracing, e- port, modeling, etc.).
- The ability to attract business linked to the port.

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The role for policies

- Integration in terms of employment, including traditional activities and new skills related to ports;
- The integration between urban and port areas;
- Identity and cultural integration between the port and the city;
- Functional integration with the hinterland.

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The role for policies

port cities will be an extraordinary laboratory for testing the relationship between economic performance and social progress, as recently proposed by Stiglitz, Sen and Fitoussi (*Stiglitz J., Sen A., Fitoussi J-P The Measurement of Economic Performance and Social Progress Revisited*).

The role for policies

"It is clear that the primary motivation for container terminal automation cannot be seen as increased productivity," said, ports and editor of the report.".."Rather it is all about replacing labour costs with capital costs" (Neil Davidson, Drewry's senior advisor - Drewry Report "*Container Terminal Capacity and Performance Benchmarks*", 2011)

Port Performance Indicators

What information might be required for the measurement of the interaction between economic performance and social progress in the port cities?

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- Policies on **location factors** influencing port related firms
 - leadership in **knowledge intensive** activities
 - “Know how” and “know why” in transport and logistics, **training, education, research**, to enhance the capacity of learning and introducing innovations
- Attracting logistics services and players (even through dedicated terminals, also in order to **reduce volatility** of traffic over time)
- To increase the “**value**” of ports for the local community, and the awareness of this value
- To reinforce **links** with local economy and to prevent conflicts
- The improvement of **land use and governance** at the local level, to reduce the consumption of space and environmental costs
 - **Decentralise** standardised activities, even if specialised and with significant local employment and value

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