

2.10 Investment plans for Long-term Plans

2.10.1 Private Sector Participation

(1) General

In recent years, a substantial increase in investments in the power, telecommunications and transportation sectors in the Philippines has occurred. This was made possible through government partnerships with the private sector under the Private Sector Participation (PSP) Program. The upsurge in investment, however, was insufficient to cover the dearth in infrastructure development. Infrastructure development needs to be intensified at the local government level. Many cities and towns remain wanting in transportation facilities. Despite the Local Government Code (LGC) which empowered local governments to develop and fund their infrastructure programs, rising population and the pressures of urbanization have outpaced the development of such programs. Many local governments lack the fiscal and financial resources to accelerate continuous infrastructure development. They need to be provided with new and wider range of tools to generate their own resources to finance their infrastructure needs. In support of this thrust, the Project development Facilities (PDF) is now available to LGUs/las to support preparation and packaging of BOT/PSP projects intended for competitive bidding. To make good use of private sector skills, the government of the Philippines introduced the Republic Act (RA) No. 6957 in 1990. In 1994, the government introduced RA 7718 (an amendment to RA 6958)

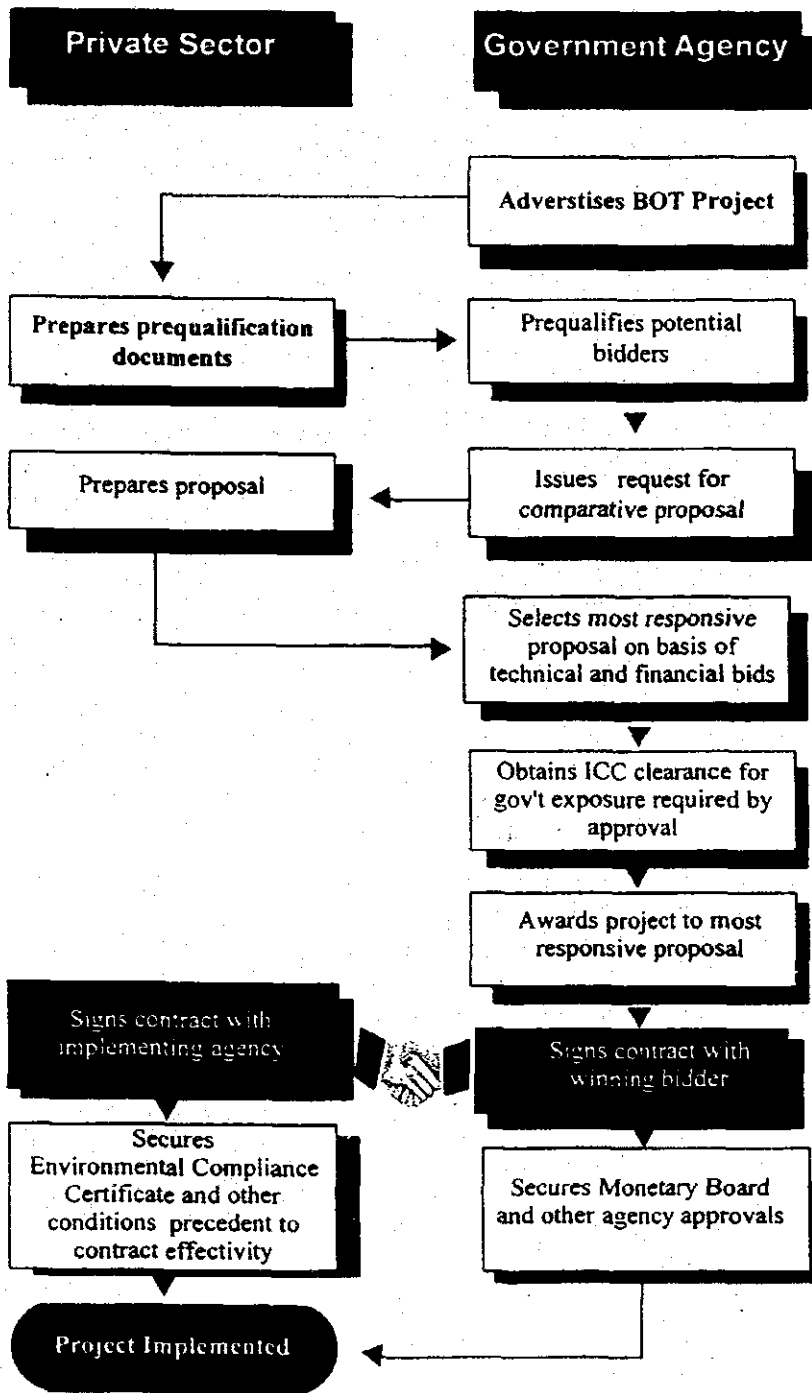
(2) Contract of Private Sector Participation

The procedures for undertaking BOT projects are shown in Fig. 7.10.1-1 and Fig. 7.10.1-2 entitled Public Bidding Process under the BOT Law, and Procedure for Unsolicited Proposals under BOT.

1) Publication of Invitation of Bidder

The Head of the Agency/Local Government Units (LGU) concerned shall, upon the approval of the priority projects ready for implementation under the provisions of these Implementing rules & Regulations, forthwith cause to be published, once every week for three (3) consecutive weeks, in at least two (2) newspapers of general circulation and in at least one (1) local newspaper of general circulation in the region, province, city or municipality in which the projects are to be implemented, a notice inviting all prospective infrastructure or development projects proponents to pre-qualify and bid for the projects so approved. Likewise, the Agency/LGU concerned shall issue official notification to project proponents registered with them. The Agency/LGU concerned shall allow prospective bidders at least thirty (30) calendar days from the last date of publication of the Invitation to Pre-qualify and Bid to prepare their respective pre-qualification documents. For projects costing at least P300million, the period of preparation shall at least be forty-five (45) calendar days from the last publication of the Invitation to Pre-qualify and Bid. In any event, the deadline for submission of pre-qualification statements shall be indicated in the published invitation to Pre-qualify and Bid.

The Public Bidding Process Under RA 7718 (BOT Law)



Notes

Prequalification is based on three criteria; technical experience, financial capability, and compliance with legal requirements. See Rule 5 of the Implementing Rules and Regulations (IRR) of RA 7718

See Rule for bid evaluation

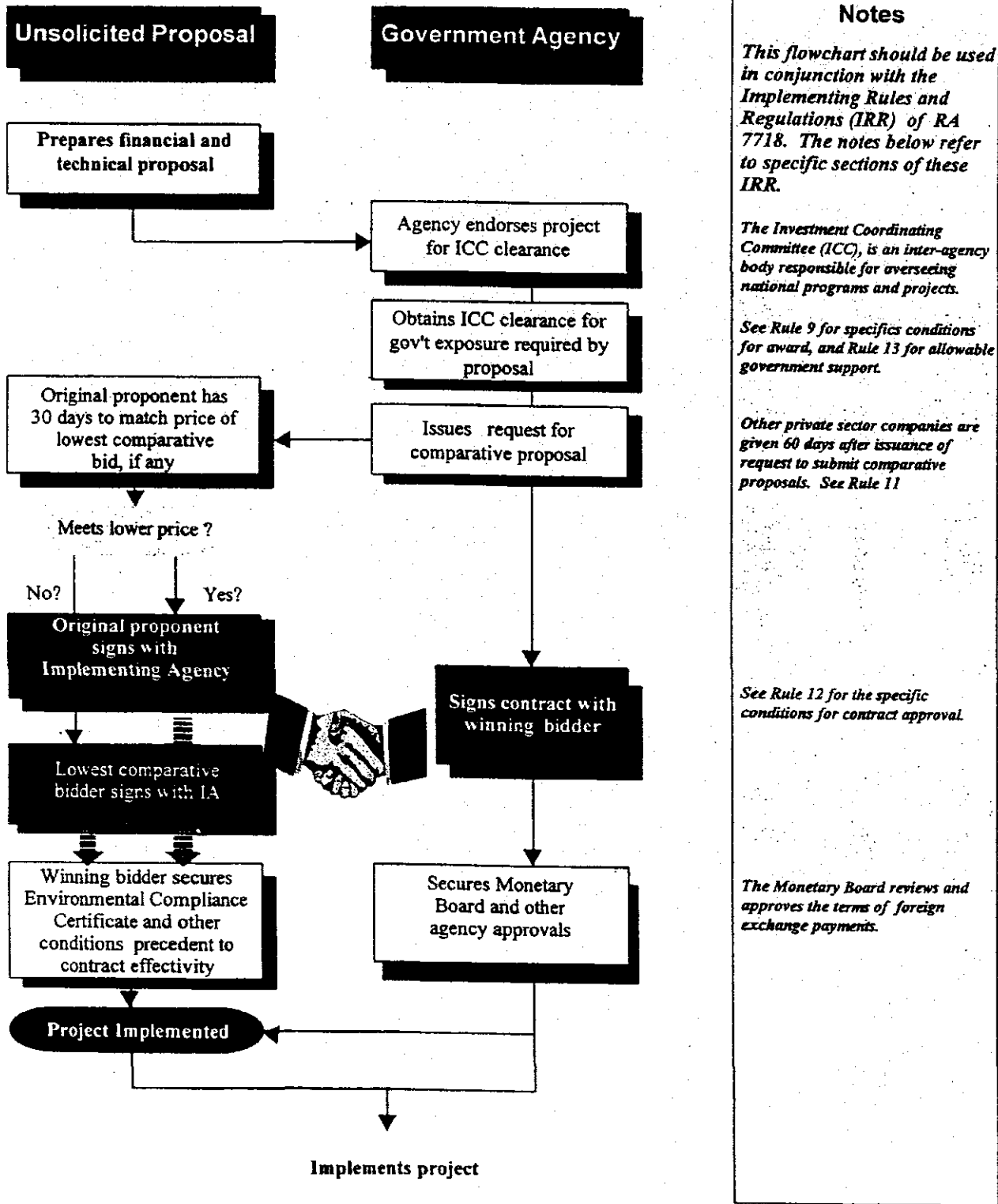
The Investment Coordinating Committee is an inter-agency body responsible for overseeing national programs and projects. See Rule 9 for the specifics conditions for award and Rule 13 for allowable government support.

See Rule 12 for the specific conditions for contract approval.

The Monetary Board reviews and approves the terms of foreign exchange payments.

Fig. 2.10.1-1 The Public Bidding Process

The Unsolicited Proposals Process Under RA 7718 (BOT Law)



Notes

This flowchart should be used in conjunction with the Implementing Rules and Regulations (IRR) of RA 7718. The notes below refer to specific sections of these IRR.

The Investment Coordinating Committee (ICC), is an inter-agency body responsible for overseeing national programs and projects.

See Rule 9 for specifics conditions for award, and Rule 13 for allowable government support.

Other private sector companies are given 60 days after issuance of request to submit comparative proposals. See Rule 11

See Rule 12 for the specific conditions for contract approval.

The Monetary Board reviews and approves the terms of foreign exchange payments.

Fig. 2.10.1-2 The Unsolicited Proposals Process

2) Examination of Pre-qualification

a) Pre-qualification Requirements

To pre-qualify, a project proponent must comply with the following requirements.

- For projects to be implemented under the BOT scheme whose operations require a public utility franchise, the projects proponent and the facility operator must be a Filipino or, if a corporation, must be duly registered with the Securities and Exchange Commission (SEC) and owned up to at least sixty percent (60%) by Filipinos.
- If contractor to be engaged by the project proponent to undertake the construction works of the project under bidding needs to be pre-identified as prescribed by the published Invitation to Pre-qualify and Bid and is a Filipino, it must be duly licensed and accredited by the Philippine registration will not be required at pre-qualification stage, rather, it will be one of the contract milestones.
- By itself or through the member-firms in case of joint venture/consortium or through a contract(s) which the project proponent may have engaged for the projects, the project proponent and/or its contract(s) must have successfully undertake a project(s) similar or related to the subject infrastructure/development project to be bid.
- The project proponent must have adequate capability to sustain the financing requirements for the detailed engineering design, construction and/or operation and maintenance phases of the projects, as the case may be.

b) The pre-qualification, Bid and Awards Committee

The Head of the concerned Agency/LGU shall create a Pre-qualification, Bids and Awards Committee (PBAC) composed of the following

- At least a third ranking offer of the Agency.
- A legal officer.
- One (1) technical officer knowledgeable with the technical aspects or requirements of the projects, duly designated by the Head of Agency concerned on a project-to project basis,
- One (1) technical officer knowledgeable with aspects or requirements of the project from a concerned regulatory body, when applicable, to be invited by the Agency concerned on a project-to project basis.
- An officer knowledgeable in finance.
- An officer knowledgeable in management/operation of the project.
- Two (2) representatives from the private sector: one from duly recognized contracts associations; and, the other from either the facility users, or duly recognized accounting associations.
- A representative from the Commission on Audit.
- One (1) representative from the CCPAP-BOT Center to be invited on a case to case basis.

3) Bid

- Pre-Bid Conference

For projects costing less than P300 million, a pre-bid conference shall also be conducted by the concerned Agency/LGU at least thirty (30) days before the deadline for the submission of bid clarify any provisions, requirements and/or terms and conditions of the bidding documents and/or any other matter that the prospective bidders may raise. For projects costing p300 million and above, the pre-bid

conference shall be conducted ninety (90) to one hundred-twenty (120) days before the submission bids.

- Two (2) separate sealed envelopes

For pre-qualified bidders, their bids shall be submitted in two (2) separate sealed envelopes, the first being the technical proposal and the second the financial proposal.

(a) The Technical Proposal shall contain the following:

- Operational feasibility of the project, which shall indicate the proposed organization, methods and procedures for the operation and maintenance of the project under bidding.
- Technical soundness/preliminary engineering design, including proposed project timeline;
- Preliminary environmental assessment, which shall indicate the probable adverse effects of the project on the environment and the corresponding mitigating measures to be adopted;
- Project cost including operating and maintenance cost requirements and proposed financing plan;
- Bid security in the form of cash.

(b) The Financial Proposal shall contain the following:

- Proposed user tolls/fees/rentals/other charge.
- Present worth of the proposed user toll/fees/rentals/other charges over the fixed term based on the discounting rate and foreign exchange rate prescribed in the bidding documents.

4) Decision to Award

Within seven (7) calendar days from the submission by PBAC of the recommendation to award, the Agency/LGU Head shall decide on the award. The approval shall be manifested by signing and issuing the "Notice of Award" to the awardee within seven (7) calendar days from approval hereof.

5) Incentives of Private Investor

Project proponent under the BOT Law may avail of fiscal incentives and government undertakings. Available fiscal incentives under the BOT Law are as follows;

- Project costing more than one billion (P1 billion) shall, upon registration with Board of Investments, be entitled to incentives as provided under the Omnibus Investment Code. LGUs may provide additional tax incentives exemption or reliefs subject to the provisions of Local Government Code in 1991.
- The government agency or LGU may provide support through cost sharing or credit enhancement.

The Omnibus Investment Code was concluded at 1987 as Executive Order No.226, and subsequently amended a few times. Typical incentives of this law are as follow as under conditions above

- Income tax holiday for 4 to 6 years from commercial operation
- Tax and duty exemption on imported capital equipment
- Exemption from contractor's tax
- Exemption from taxes and duties on imported spare parts

6) Feature of BOT Law

The government's policy is to promote greater private sector participation in port projects. To secure fairness neutrality in carrying out such projects, the BOT Law including the detailed rules should be carried out strictly.

- All concerned government agencies, including government-owned and-controlled corporations and local government units, shall include in their development programs those priority projects that may be financed, constructed, operated and maintained by the private sector. It shall be the duty of all concerned government agencies to give wide publicity to all projects eligible for financing, including publication in national and, where applicable international newspapers of general circulation once every six

- Project proponents may register with the Agency / LGU, indicating which projects are of interest to them, and this purpose, submit its company profile in the form prescribed under annex A. Duly registered project proponents shall be officially and furnished by the Agency/LGU a copy of the list of their respective priority projects and corresponding project updates at least once every six (6) months.

- Upon approval of the projects mentioned in Unsolicited Proposals, the head of the infrastructure agency shall forthwith cause to be published, a notice inviting all prospective infrastructure or development project proponents to participate in a competitive public bidding for the projects so approved.

- It is compulsory to set up PCBA, and it is secured justice and neutrality

- The Coordinating Council of the Philippine Assistance Program (CCPAP) shall be responsible for the coordination and monitoring of projects implement .

(3) Purposes for Private Sector Participation

1) General Explanation

There are some purposes for promotion of PSP. It is very important for the government to clarify the purposes in order to promote private sector involvement not only in port services but also in port development. Those purposes are summarized as follows ;

- To increase capacity of port facilities
- To relieve government from high investment burden
- To introduce higher standards of efficiency through fair competition
- To provide high quality of service with cheaper price to users
- To transfer technology and know-how
- To facilitate fast-track implementation

2) Optimization of PSP

The market in Philippines must be in a state of sound competition in order to optimize these merits brought by PSP. Without a mature market and enough demand for working fields, it will be difficult to

succeed in PSP. Therefore, the government needs to consider the following ;

- To create a competitive environment in which the private sector will be able to compete with each other
- To distinguish between working fields suitable and unsuitable for PSP.

3) Issues of PSP

On the other hand, some potential problems can be pointed out as follows ;

- Unlimited PSP tends to ignore the public interests including environmental consideration and living conditions of the people.
- Competition sometimes result in monopolization by strong private sector, which leads to inefficient operation and high-costs of service.
- As a result, there is always a danger that some private companies go bankrupt.
- Excessive competition often leads to lower service level and discriminatory treatment .
- PSP often forces the government to streamline and restructure their organizations with reduction of a large number of the employees. This sometimes leads to labor issues.

4) Necessity of Moderate and Appropriate Control by Government

With respect to PSP, we tend to put emphasis only on the merits. But at the same time, more careful attention should be paid to the negative aspects. In this sense, moderate and appropriate control through “Port Master Plan” and laws & regulation by the government in private sector is strongly required.

On the other hand, when “competitive theory” works well, too much involvement by the government often discourages the private sector from participating in projects. Therefore, it is necessary for government to balance both requirements.

5) Risk of private sector participation

Private sector participation has various risks as follows ;

Table 2.10.1-1 List of Risk

	Risk	Control
Political Risk	Since legal system and approval are public roles, it is public risk.	The government and CPA are united, and they strive for risk reduction.
Construction Risk	It is a risk that the project isn't completed before the deadline.	Enters contract with contractor within the time limit.
	Since expropriation of land and environmental measures are public roles, it is a public risk.	Since eminent domain and environmental measure are not concerned with profit, it is important to be controlled.
	Construction cost increases.	Enters binding contract, and it is charged to the contractor. Contractor may make use of financing company.
Operation Risk	It is a risk that facilities are not managed correctly. An accident calamity and natural disaster are public risks.	It is pointed out by operators who have experience and trust. It is done with reduction of a risk by insurance.
Commercial Risk	Demand, price, exchange fluctuation are public risks.	It is as much as possible to establish charge connecting foreign currency. The payment security for foreign financing.

6) Examples of other Southeast Asian Ports

Examples of other Southeast Asian Ports are shown in Table 2.10.1-2

Table 2.10.1-2 Examples of other Southeast Asian Ports

Port	Port of Tanjung Priok (Indonesia)	Port of Laem Chabang (Thailand)	Port of Klang (Malaysia)		Port of Manila (Philippines)
Private Sector	Jakarta International Container Co.Ltd.	Laem Chabang International Co.Ltd	Klang Container Terminal Bhd.	Klang Port Management Bhd.	International Container Service Industry
Establishment year	1994.8	1996.4	1986.3	1992.12	1988.6
Scale of facilities	Container Yard 15 ha Gantry Crane 5 units Quay 450m (-14m)	Container Yard 16 ha Gantry Crane 3 units Quay 400m (-15m)	Container Yard 80 ha Gantry Crane 12 units	Container Yard Gantry Crane Quay	Container Yard 29 ha Quay 1,300m
Role of government	Quay Container Yard Dredging of basin Road	Quay Container Dredging of basin Road	Quay Container Dredging of basin Road	Quay Container Yard Dredging of basin Road	Quay Container Yard Gantry Crane
Role of private sector	Gantry Crane Office Utilities Information System	Gantry Crane Office Utilities	Gantry Crane Rehabilitation	Gantry Crane Utilities Rehabilitation Pilotage	Management
Contract Period	20 years	30 years	21 years	21 years	25 years
Features	-JO system -Public sector provides infrastructure.	-BOT system -Public sector provides infrastructure. -The government guided cargo to Laem Chabang Port. -Since soil and wave conditions are good, the investment is not large. -Construction period is less than 2 years. -Land cost is held down low for 9 years at the beginning of the project.	-Lease system -Cargo and handling charges are unified. -The system deals transshipment well. -Priority is given to ships with fixed schedules.	-Lease system -Pilotage is mandatory for all ships.	-Lease system

TANJUNG PRIOK PORT MEDIUM TERM PLAN : 2000 - 2005

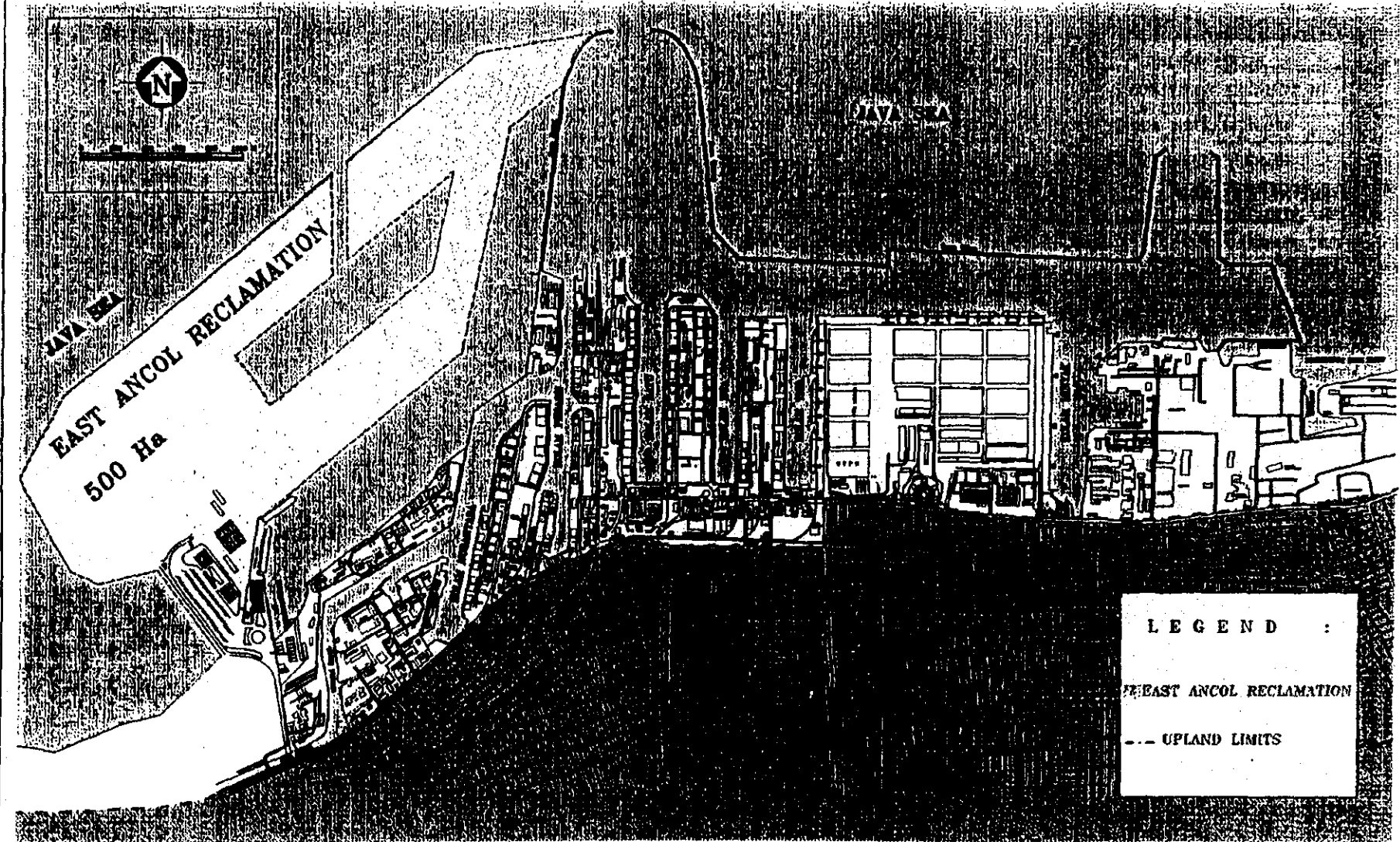


Fig. 2.10.1-3 Port of Tanjung Priok

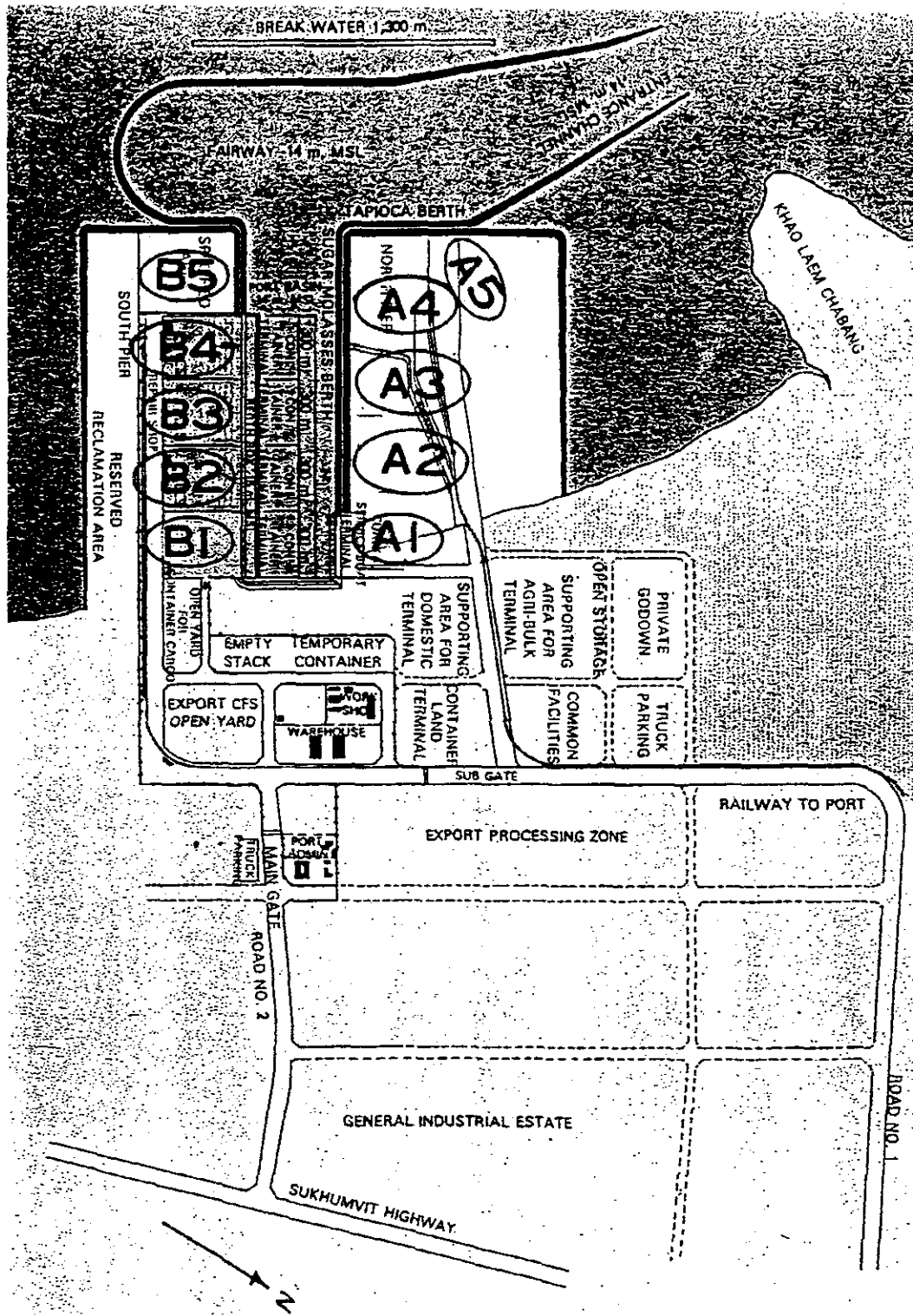


Fig. 2.10.1-4 Port of Laem Chabang

2-237

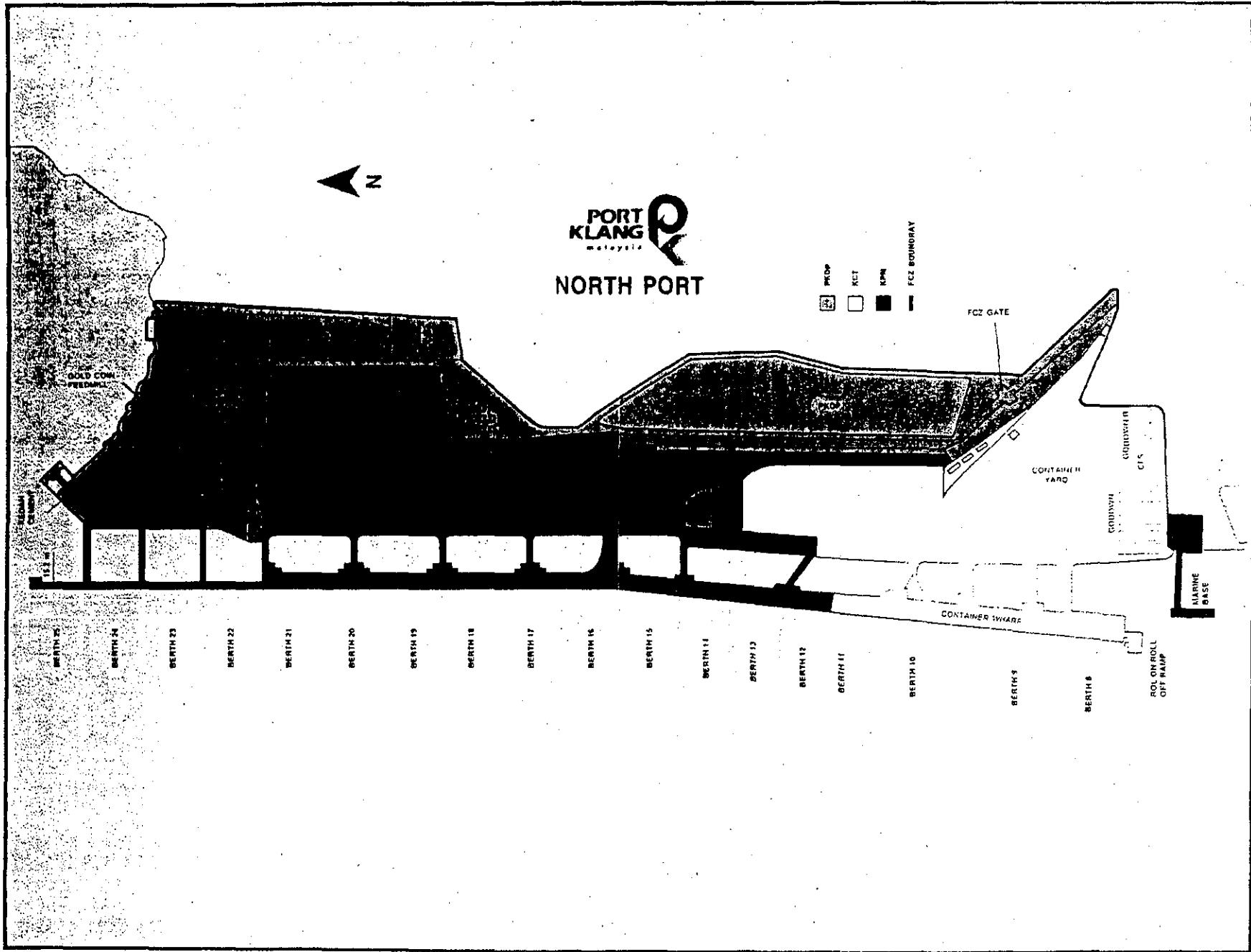


Fig. 2.10.1-5 North Port of Klang

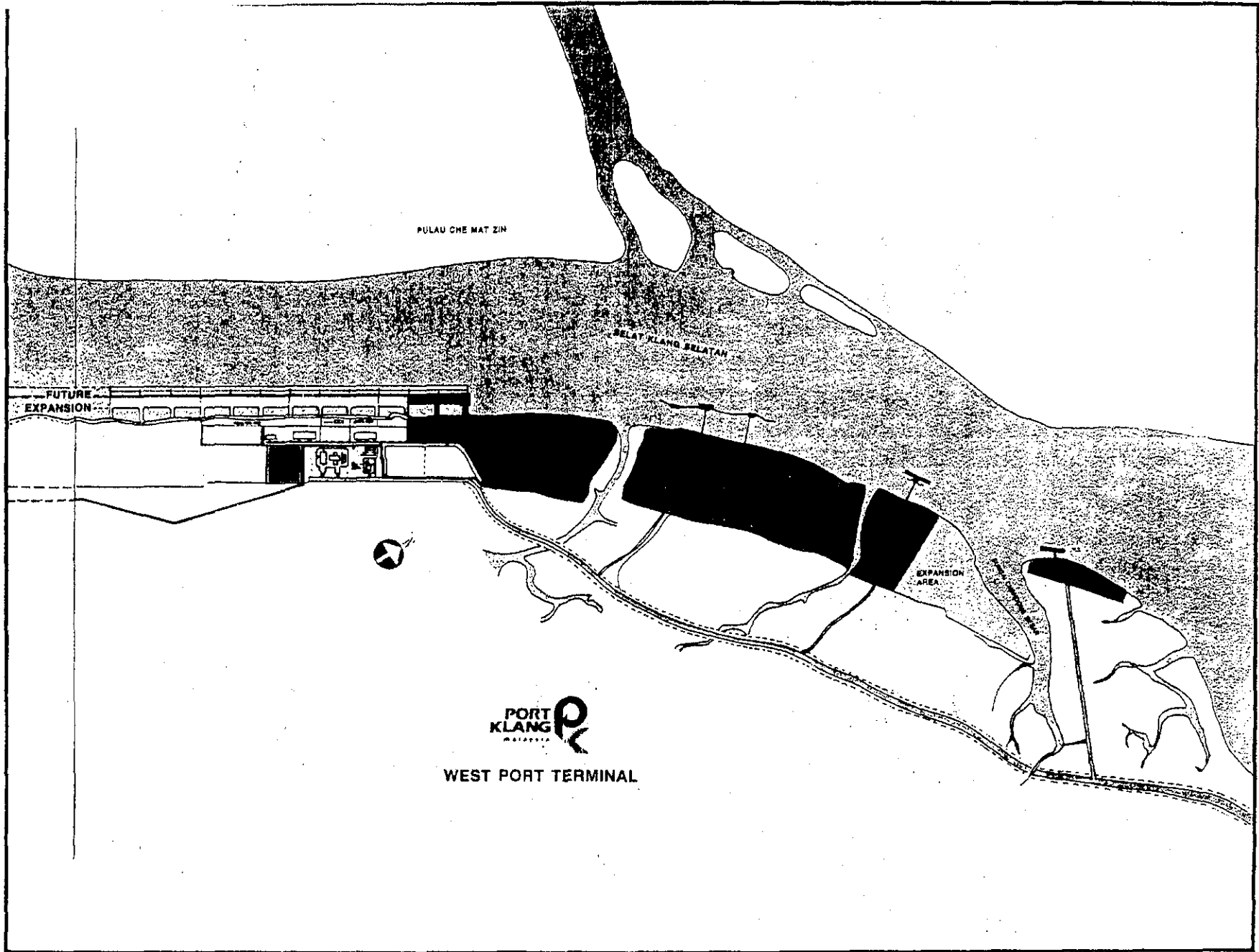
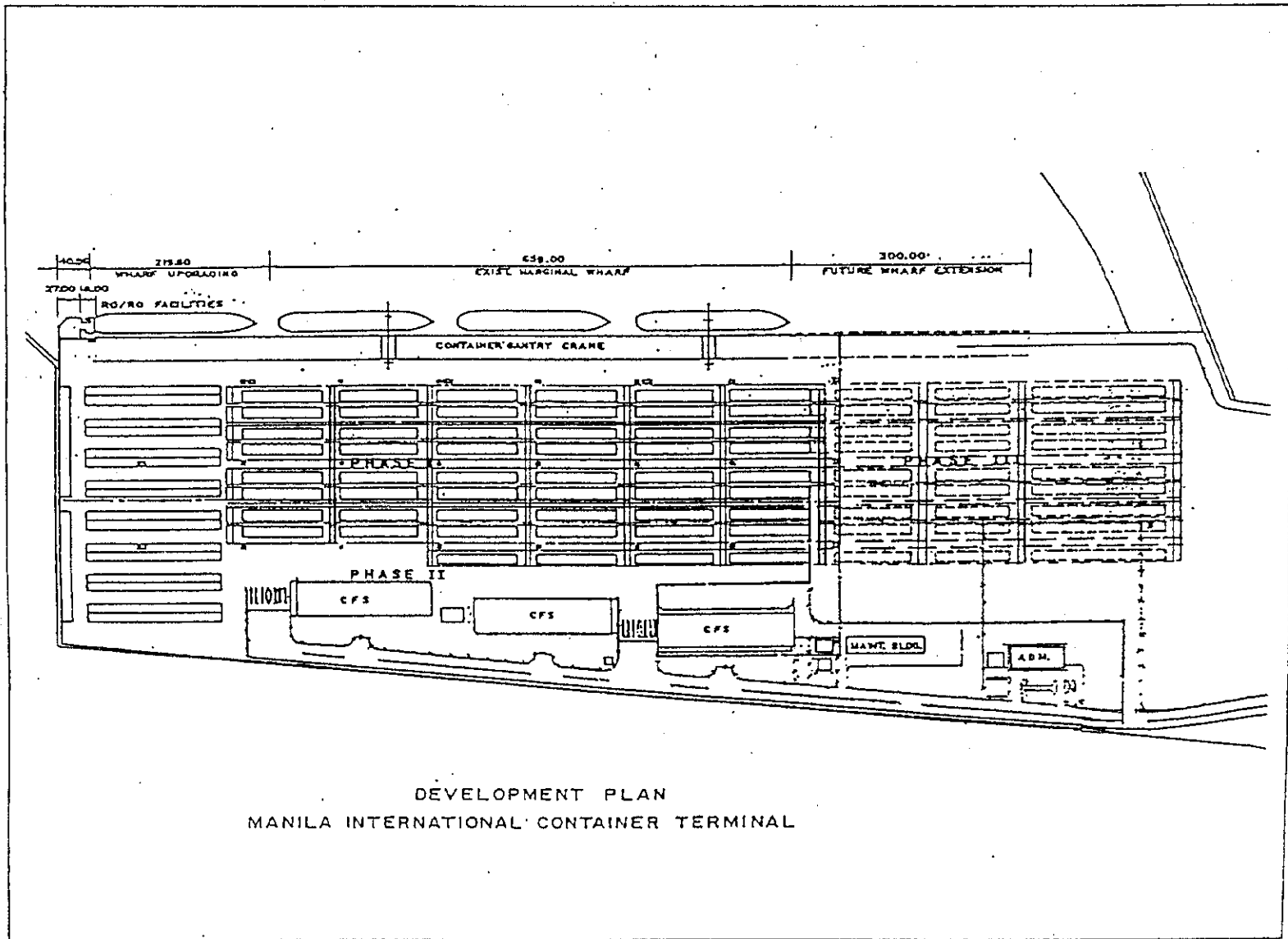


Fig. 2.10.1-6 West Port of Klang

2-239



DEVELOPMENT PLAN
MANILA INTERNATIONAL CONTAINER TERMINAL

Fig. 2.10.1-7 Port of Manila

7) Possibility of PSP at New Cebu Port

Container traffic at New Cebu Port is forecast to be high. Efficient management will be required to obtain the maximum benefit.

It is necessary to consider the following in selecting a management system ;

- Private sector stevedores than public. Private sector should stevedore.
- Port is public. Even in the case of private sector participation, port facilities should be owned by the public sector.
- In the case where the private sector provides infrastructure, a large initial investment is required and the risk is also large. And if project doesn't go well, it is difficult for the public sector to control it.
- In the case that CPA provides infrastructure, it is necessary to secure sufficient funds. But it is large merit that CPA can obtain low interest foreign loans.

It is desirable that CPA should adopt a lease system as follow ;

Table 2.10.1-3 Management System

	Lease	BT	BLT	BOT	BOO
Construct	CPA	Private Sector	Private Sector	Private Sector	Private Sector
Fund	CPA	Private Sector	Private Sector	Private Sector	Private Sector
Operate	Private Sector	CPA	CPA	Private Sector	Private Sector
Own	CPA	CPA	CPA	CPA	Private Sector
Advantage	Private sector displays high operational ability.	It is not necessary to prepare public funds.			
		This is applied when the public sector has more operational ability than private sector.		Private sector displays high operational ability.	
Defect	It is necessary to prepare public funds.	Since it is necessary to make a large investment, private risk is large.			
		Drastic increase in management efficiency can not be respected.		Draw up a detailed contract.	Public sector will lose its control function.
	○	×	×	△	×

Note : ○ Good △ Fair × Poor

- BT : Build and Transfer
- BLT : Build Lease and Transfer
- BOT : Build Operate and Transfer
- BOO : Build Own and Operate

2.10.2 Preliminary Investment Plans

The composition of the investment sectors is one of the important issues on port investment plans. The investment sector is basically separated into the public sector and private sector. To reduce financial burden of public sector and to use private funds and know-how efficiently, private sector participation should be encouraged. But the common problem encountered for the port development is large initial investment and insufficient revenues to recover it, except some facilities, such as container terminals.

Another main issue is financial sources. Main revenue of CPA is port charges, including from private ports. Since CPA can afford to carry out only regular maintenance and small development works within their own revenues, they have to use the loan for the large development. Even though their loans are provided by semi public bank, the interest rate of loans is high. Therefore, availability of soft loan is one of the key factors for the viability of the project.

The priority of the projects based on their urgency and magnitude, and phasing plan should be taken into account for the investment plans.

The preliminary investment plans for each port development are as follows.

1) The New Cebu Port

For the development of the new Cebu port, a lease system is desirable as shown in the results of the evaluation of various management systems (See chapter 2.10.1). CPA will invest in infrastructure and quay gantry cranes, because a large initial investment is required for infrastructure and involves greater risks. Moreover, CPA can use funds with lower interest rate to finance the initial investment. Superstructure, such as cargo handling equipment and buildings, will be the responsibility of the private sector. Private sector aims at high productivity with efficient investment based on its experience and knowledge. Private sector also has flexibility in responding to the social and economic situation.

Based on the above assumptions and the implementation schedule (See chapter 2.9.1), the preliminary investment plan is shown in Table 2.10.2-1.

2) Cebu Baseport

Most projects at Cebu Baseport are renovation of existing port facilities. Since CPA owns these facilities, the renovation and improvement should be conducted by CPA. However, passenger terminal buildings are service facilities for passengers and some of them at large ports are developed by the private sector or the third sector because of its profitability. It is considered that development of passenger terminal buildings at Cebu Baseport also basically should be developed by the private sector. The expansion of back-up area for RORO ferries at the private land in Port Zone should be promoted

by the private land owners under coordination between land owners and CPA.

Based on the above assumptions and the implementation schedule (See chapter 2.9.1), the preliminary investment plan is shown in Table 2.10.2-2.

3) Toledo Port and the New San Remigio Port

From the viewpoint of regional development, these public outports should be developed basically by the public sector because recovering large investment for infrastructure is difficult through port activities. Some facilities, such as passenger terminal buildings, might be developed by the private sector in spite of the limited number of passengers. It is a common practice that the public sector develops all port facilities, except cargo handling equipment, at regional public ports.

Based on the above assumptions and the implementation schedule (See chapter 2.9.1), the preliminary investment plans are shown in Table 2.10.2-3. and 2.10.2-4.

Table 2.10.2-1 Investment Plan of the New Cebu Port

(unit: million pesos)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Public Sector				113	113	2,517	2,199	1,989	105	105	1,252	2,368	1,252	1,334							13,347
Private Sector				23	23	422	556	412	26	26	309	531	309	383							3,020
Total				137	137	2,938	2,755	2,401	131	131	1,560	2,899	1,560	1,717							16,366

Table 2.10.2-2 Investment Plan of Cebu Baseport

(unit: million pesos)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Public Sector	335	220	11	166	138	132	228	141	133	96		8	137	237	114	79					2,175
Private Sector	8	128	199	240	187	54							5	72	71	58	54				1,076
Total	343	349	210	406	325	186	228	141	133	96		8	142	309	185	136	54				3,251

Table 2.10.2-3 Investment Plan of Toledo Port

(unit: million pesos)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Public Sector				6	6	156	156				6	6	211	211							758
Private Sector				1	1	28	28				1	1	37	37							135
Total				7	7	184	184				8	8	248	248							893

Table 2.10.2-4 Investment Plan of the New San Remigio Port

(unit: million pesos)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total
Public Sector				3	3	126	126				3	3	67	67							397
Private Sector				0	0	7	7				1	1	21	21							58
Total				3	3	133	133				4	4	87	87							455

2.11 Basic Strategy for Improvement of Port Management and Operation

2.11.1 Institutional Framework

(1) Formulation and Authorization System of Port Master Plan

1) Significance of the Port Master Plan

Planning for port development in particular is absolutely essential because of its unique nature as indicated below.

- The construction of ports normally requires a large investment over a very long time span because it must often be conducted under complicated and harsh natural conditions. Systematic provision of light quantity of facilities is, therefore, the most important requirement for reasonable realization of a port development project.
- Ports have close relation to the regional, national and international economic activities. In this respect, it is essential that port services be offered under careful planning so that they can support these activities and generate overall prosperity.
- Ports can not play their roles without proper connection with inland transport facilities such as roads and railways. This implies that the systematic development of such facilities can not be realized under absence of a comprehensive port plan.
- Ports are always requested to fulfill many requirements from various parties concerned including local residents and port users as well as representatives of economic, industrial and administrative organizations. Port planning process is indispensable in exchanging views and opinions with these parties so that their opinions can fairly be reflected and incorporated in the port development plan.
- It is almost impossible for the port management bodies to conduct proper operations and management activities without a definite port plan which can provide them with specific guidelines for such essential activities. (In this sense, it is considered appropriate that a port management body be a proponent and responsible entity of port plan as a port planning body.)

2) Basic Nature of a port Master Plan

A port stimulates its own future demand with accumulation of facilities and increase of use. As a result, the port obliges itself to develop further. Hence, port plan which considers not only immediate demand but also the most likely long-term scenario should be established and made public. The port can then be developed efficiently according to such a plan.

3) Function of Port Master Plan

Regional growth can be realized by responding to various regional demands. Port master plan must be able to meet these regional demands in the future. It should serve for systematic integration of various demands and harmonized formation of future superior port space.

Needless to say, the role of port is not limited to the local area. Port must contribute not only to regional growth but also to national economic growth through well-balanced development across the nation, and to the establishment of a comprehensive transportation system. Port occupies surface space from where various activities extend to a wider area. Port mostly forms a part of an urban area, where plural administration bodies carry out various activities. For systematic port development and proper management, it is very important to coordinate with other policies such as land use plans in surrounding areas.

Port Master Plan is to be the framework for realizing the idea port condition. Establishment of an adequate port master plan might attract various related facilities and facilitate cooperation with other parties.

4) Objectives of Port Master Plan

The objectives of the port master plan are summarized as follows.

- To be guideline of long-term investment and operational improvement scheme for the target port
- To be a base for short-term development plan of which contents are required to be consistent with total development scheme.
- To provide port users, investors and other business entities concerned with future prospect of business environment and thus to guide the business behavior of private sector in proper direction consistent with the port development.
- To promote harmonized development of other infrastructures necessary to realize the proposed port development scheme.
- To be a component of the national port plan so that the future development of the target port can appropriately be coordinated with the overall concept of national port development.
- To be a base for consideration of various financing agencies in their investment or financial assistance plans.

5) Applicability and Practicability

In order to secure applicability and practicability of the port master plan, the following requirements of its functional position should be considered by planners or planning bodies.

- Time span of the plan should correspond to other long-term national or regional economic development plans.
- The plan should be flexible enough to adjust to possible future contingencies.

- The plan should be vested with a certain legal power or be authorized by the government to promote its development scheme.
- Easy access to the contents of the plan should be secured for the interested parties concerned.

(2) Policy on Port Statistics

1) It is one of the most significant assignments of any government in the modern world to compile and publish reliable and responsible statistics on every sector of country including natural and socio-economic conditions and situation of national assets and activities. Without a firm base of statistics, accountable policies and plans of the country can not be formed. It is commonly understood that the level (quantitative and qualitative grade) of a country's statistics exactly represents the overall national power of the country.

As far as a census of the population is concerned, most countries in the world have fairly reliable statistics under positive requirement and assistance. However, the actual policy and practice for compiling the statistics in various other fields are generally insufficient and substandard, especially in most developing countries.

While the government of Philippine has a well developed system for compiling various kinds of statistics including the field of port affairs, there may be still some room for improvement in taking more reliable and useful statistics for policy making.

2) Overall statistics System

The official statistics of a country are normally divided into two categories: nation wide statistics designed by laws and regulations, and official statistics to be compiled for administrative purposes of the central/regional government organizations.

Port statistics should be edited in a unified style so that they can be easily accessed and understood by all of the nation and concerned parties. In advance countries, port management bodies acting as port administrators are obligated to compile port statistics according to stipulated statistics agency comprehensively performs the tasks related to the designated statistics including port statistics as well as population census, commercial census, labor force survey and price survey, etc.

Table 2.11.1-1 shows the Japanese statistics designated in a Statistics Law. There are five statistical categories with port management.

Table 2.11.1-1 Designated Statistics in Japan

- 1 Population Census
- 2 Establishment Census
- 3 Vital statistics of Japan
- 4 Survey on Port and Harbor *
- 5 Monthly Labor Survey
- 6 Census of Manufactures
- 7 Current Survey of Production
- 8 School Basic Survey
- 9 Housing Survey
- 10 School Health Survey
- 11 Survey of Textile Distribution
- 12 Census of Commerce
- 13 Census of Agriculture and Forestry
- 14 Current Survey of Coal Demand and supply
- 15 Survey on Vessels and Seaman *
- 16 Survey on shipbuilding and Engineering *
- 17 Labor Force Survey
- 18 Statistics of Building Starts
- 19 Survey on Milk and Daily Products
- 20 Retail Price Survey
- 21 Survey of Farm Household Economy
- 22 Crop Survey
- 23 Survey of Cocoon Production
- 24 Statistical Survey on Domestic Mineral deposits
- 25 Current Production Survey on Gas Utility Industry
- 26 Survey on Machine Tools Installation
- 27 Statistical Survey on Pharmaceutical Industry Production Trends
- 28 Current Survey of Non-Ferrous Metal Supply and Demand
- 29 Current Survey of Petroleum Products Supply and Demand
- 30 Outdoor Employees Wage Survey by Occupation
- 31 Survey of Marine Production
- 32 Family Income and Expenditure Survey
- 33 Unincorporated Enterprise Survey
- 34 Mode-of-Trade Statistics Survey
- 35 Survey of Research and Development
- 36 School Teachers Survey
- 37 Current Survey of Commerce
- 38 Survey of Medical Institutions
- 39 Patient Survey
- 40 Census of Fisheries
- 41 Survey of Sawing Products

- 42 Survey on Current Rolling Stock Production
- 43 Survey on Wages of Local Government Employees
- 44 Survey of Wages and Salaries at Private Firms
- 45 Social Education Survey
- 46 Statistical Survey on Construction
- 47 Employment Status Survey
- 48 Survey on Seaman's Labor *
- 49 Basic Survey of Manufacturing Structure and Activity
- 50 Basic Survey Wage Structure
- 51 Survey of Paper Products distribution
- 52 National Survey of Family Income and Expenditure
- 53 Basic Survey of Commercial Structure and Activity
- 54 Survey on Motor Vehicle Transport
- 55 Survey on Production Cost of Rice
- 56 Statistics Survey on Machinery and Equipment Marketing
- 57 Survey on Coastwise Vessel Transport *
- 58 National Survey of Prices
- 59 Report of Incorporated Enterprise Statistics
- 60 Survey of Selected Service Industries
- 61 Survey of Time Use and Leisure Activities
- 62 Survey of Oil Consumption in Commerce, Mining and Manufacturing
- 63 Comprehensive Survey of Living Conditions of the People on Health and Welfare
- 64 Survey on Service Industries
- 65 Basic Survey of Business Structure and Activity

note * : port related statistics

source : Japan Statistics Bureau

11.2 Port Management

(1) Container Terminal Utilization

There are three types of terminal utilization, which are "Public use", "Commercial use" and "Private use". Generally, each type has merits and demerits. In major Japanese ports, "Public use" is adopted at "public terminals" and "Private use" and "Commercial use" is employed at "semi-public terminals". Table 2.11.2-1 indicates types of container terminal utilization by shipping companies.

(2) Container Terminal Development Scheme

Concerning the new container terminal development, basic idea is as follows.

- The degree to which the private sector can participate is important. As private investment increases, the financial burden of the public sector is reduced. But the private sector is often unwilling to make a large investment because of the substantial risk involved.
- High efficiency can be secured by unified operating berth and land.
- From the viewpoint of efficient use of port facilities and equipment, ports avoid the demerits of monopoly.
- In order to set reasonable port charges, high productivity and a large cargo throughput are essential for port. To achieve this, "Commercial use" system is usually appropriate, and under this system a large shipping company may request to use a terminal exclusively to maximize efficiency. And small shipping companies can also use the terminals. When CPA enters a contract with private sector, it should contain a provision to ensure that the berth is public use.

Table 2.11.2-1 Types of Container Terminal Utilization by shipping Companies

Types	Public Use	Commercial Use	Private Use
Definition	First come, First served base (Grant the use of the facilities as appropriate)	Specific shipping companies are given priorities over tariff & available time on certain conditions such as cargo volumes.	Specific shipping company exclusively leases a terminal only for its own fleets & alliance.
Examples	<ul style="list-style-type: none"> - Japanese public terminals - Pusan (South Korea) - Hong Kong - Major European Ports (Hamburg, Antwerp, Felixstowe) - New York/New Jersey(U.S.) - Singapore 	<ul style="list-style-type: none"> - Some terminals at Gaoxiong (Chinese Taipei) - Some U.S. Ports (Miami, Evergrace & others) - ECT(Dedicate Terminal) at Rotterdam Port 	<ul style="list-style-type: none"> - Japanese semi-public terminal (Tokyo, Kobe, Yokohama) - Gaoxiong (Chinese Taipei) - Major U.S. ports (Los Angeles, Long Beach, Seattle)
Particularities	<ul style="list-style-type: none"> ① Increase of utilization rate can be expected. ② Improvement of productivity can be expected through competition when plural terminal operators exist. 	<ul style="list-style-type: none"> ① This type is very flexible for users. ② Compared with private use, increase of utilization rate can be expected. 	<ul style="list-style-type: none"> ① A shipping company can exclusively use without interference of other lines. ② This type is possible at a port which has certain cargo volumes and can be leased with appropriate prices.

(3) Form of Container Berth at the New Cebu Port

There are many forms of Container Berth. Typical models are shown in Table. 2.11.2-2.

Table 2.11.2-2 Common forms of Container Berth

	Public Berth	Commercial Berth	Private Berth
Ownership	Public	Public/private	Private
Operation	Public/private	Private	Private
Main User	Small shipping companies	Plural shipping companies	Specific shipping companies

1) Public Berth

Advantages;

- A "first come first served" policy can be maintained.
- Risk for private sector is small.
- It is available for small shipping companies.

Disadvantage

- Efficiency of operation is low because operation is not unified.
- The charge to public is high.

2) Commercial Berth

Advantage;

- High efficiency can be secured by unified operating.
- Stevedoring company demonstrates a lot of advanced know-how.
- It is possible to be used by many shipping companies.
- The scale of development can be large.
- It is possible to be developed under control of private sector.

Disadvantage

- There is a possibility of monopolization.
- Operation is not viable unless it is profitable.

3) Private Berth

Advantage;

- The private sector can adapt the most suitable mode of handling for a particular type of cargo.
- Base cargo can be secured.
- The use of public funds is minimized.
- It is possible to be developed under control of the private sector.

Disadvantage

- Scale of development is limited as no other private entity will participate.
- It is necessary to maintain a high cargo handling volume per one berth.
- If the private sector evacuated, the damage would be very large.

The above types of operation are evaluated in Table 2.11.2-3

Table 2.11.2-3 Evaluation of Berth systems

	Public Berth	Commercial Berth	Private Berth
For public use	○	△	×
Risk to private	○	△	×
Risk to public	×	△	○
Efficiency	△	○	○

Note : ○ Good △ Fair × Poor

CPA should secure high efficiency and keep public use. Because the New Cebu Port is not used by only one shipping company, used by plural shipping companies. Since stevedoring company demonstrates a lot of advanced know-how, high efficiency can be secured. Moreover, as Commercial Berth does not limit one shipping company, there is a possibility of development. CPA competes with other ports. CPA encourages the private sectors development. It is recommended that CPA should set up Commercial Berth.

Based on the above, six cases are considered as follows. (See Table 2.11.2-4)

(Case-1) CPA provides all facilities (infrastructure and superstructure). Terminal management is conducted by CPA. Basic berth allocation is Open use system. Private Sector is limited to operation.

(Case-2) CPA provides all facilities (infrastructure and superstructure). Terminal management and operation is conducted by Private Sector. Basic berth allocation is Commercial use system. Terminal facilities and superstructure are leased to Private Sector by CPA.

(Case-3) CPA provides infrastructure while Private Sector provides superstructure. Terminal management and operation is conducted by Private Sector. Basic berth allocation is Commercial use system.

(Case-4) CPA provides infrastructure while Private Sector provides superstructure. Terminal management and operation is conducted by Private Sector. Basic berth allocation is Private use system.

(Case-5) Private Sector provides superstructure and infrastructure. Terminal management and operation is conducted by Private Sector. Basic berth allocation is Commercial use system.

(Case-6) Private Sector provides superstructure and infrastructure. Terminal management and operation is conducted by Private Sector. Basic berth allocation is Private use system.

Table 2.11.2-4 Comparison of Container Terminal Development Patterns

Case	1	2	3	4	5	6
Planning	○	○	○	○	○	○
Management	●	●	●	●	●	●
Concessionaire	●	●	●	●	●	●
Construction	Channel	○	○	○	○	○
	Reclamation	○	○	○	○	●
	Terminal Facilities	○	○	●	●	●
	Superstructure	○	○	●	●	●
Ownership	Land	○	○	○	○	●*
	Terminal Facilities	○	●*	●*	●*	●*
	Superstructure	○	●*	●*	●*	●*
Terminal Operator	●	●	●	●	●	●
Berth Allocation	Public	Commercial	Commercial	Private	Commercial	Private

Note: ○ :CPA ● :Private Sector

* : Transferred to CPA after concession period

An evaluation of above cases is made as follows.

- In case 1 and 2, CPA can improve facilities and equipment easily in case of need of development. But CPA bear all investment costs by itself which involves a substantial risk.
- From the viewpoint of lessening the CPA's financial burden, case 5 or 6 is favorable for the CPA. But in these cases, the Private Sector must make a large investment which involves a substantial risk. Furthermore in case 6, the Private Sector would own the land although a port is public asset.
- For efficient utilization of berths, Commercial use system should be adopted as a basic scheme. A large shipping company may request to use a terminal exclusively to maximize efficiency. And small shipping companies can also use the terminals. When CPA enters a contract with private sector, it should contain a provision to ensure the berth is public use.
- Therefore the berth allocation system should be flexible and Commercial use system should be adopted.
- From the viewpoint of efficient use of port facilities and equipment, plural operators should be considered. In this system shipping companies can use their preferred terminal operators. And since competition is generated, efficiency is increased.
- Considering above mentioned points, case 3 is considered to be preferable.

(4) Port Development and Management

Plural operators including container and multi purpose terminals assumed to be Private Operators because it is generally agreed that efficiency is increased by generating competition.

Multi purpose terminal caters for the needs of the region. Multi purpose terminal is generally difficult to make profitable. Therefore, to support region development, CPA should develop necessary infrastructure and set reasonable lease conditions. Private Sectors should operate and maintain the multi purpose terminal based on the concession.

Port development and management scheme of container terminal and multi purpose terminal is shown Table. 2.11.2-5.

Table 2.11.2-5 Port Development and Management Scheme

		Construction Procurement	Maintenance	Management	Operation
Container Terminal	Infrastructure	CPA	CPA	Private Sector	Private Sector
	Superstructure	CPA	CPA		
	Cargo Handling Equipment	Private Sector	Private Sector		
Multi purpose Terminal	Infrastructure	CPA	CPA	CPA or Private Sector	CPA or Private Sector
	Superstructure	CPA	CPA		
	Cargo Handling Equipment	Private Sector	Private Sector		

2.11.3 Port Operation and Cargo Handling

(1) Improvement of Cargo Statistic System

Present port statistics are insufficient to formulate a future investment plan and effective management of port facilities. For example, at Cebu Baseport the vessel and cargo particulars are grasped in terms of kind of vessels, export/import cargoes and commodity wise. Under the present CPA system commodity wise cargo volumes at CPA berths (along side method), anchorage area and private wharfs can be obtained. However cargoes are not classified by origin and final destination port.

Improvement of statistical system is quite essential to formulate the proper investment plan and effective management of the port. Therefore, it is recommended to improve the statistic system by studying required information to be submitted from port users. It is also recommended for the improvement of statistic system to be conducted as a part of improvement of a whole management system of the port. The system is divided into seven sub systems in each port business field.

- 1) Incoming / outgoing vessel management system
Berth allocation of the vessels and permission to use berths.
- 2) Shed and cargo sorting field management system.
Management of permission for use of shed and cargo sorting field
- 3) Management system of port facilities for exclusive use.
- 4) Management system for port charges and dues (collection and control)

- 5) Management system for port statistics (by online and real time)
- 6) Information retrieval system
- 7) Information distribution system

(2) Container Handling Targeted Productivity

It is required to achieve the target productivity of container loading / discharging operation to handle the future container traffic in the New Cebu container terminal facilities.

Table 2.11.3-1 Container Handling Target Productivity

Year	2010	2020
Productivity (1 QSGC)	28 Boxes/Hour	33 Boxes/Hour

This target means that a Quayside Gantry Crane operator has to finish one cycle of movement within about two minutes. In the case of discharging, a crane operator has to know in advance the location of containers in a hold or on deck to be lifted. An operator of quayside gantry crane should not stop a spreader to find a container to be lifted. In addition, he has to put a spreader on a container exactly and should not hit a spreader or container against other containers. Sway of containers prevents a crane operator from loading containers onto tractor/trailer quickly and smoothly. A crane operator should move a spreader at the appropriate and constant speed to prevent the sway of containers. Drivers of yard tractors should cooperate with a crane operator to minimize delay at the interface between a quayside gantry crane and stacking area in order to achieve the targeted productivity. A crane operator should not stop the movement of spreader to wait for arrival of trailers. Four trailers usually work for one quayside crane. Four drivers make up a team and they transfer containers in turn from quayside to stacking area or versa. If a trailer needs more than about 7 minutes to return to quayside, it is necessary to increase the trailer of one team.

In case of loading operation, before arrival of a vessel, it is necessary to get together and stack containers to be loaded in accordance with the stowage plan of a vessel. It is essential to pick up containers to be loaded onto a vessel quickly based on the loading container sequence list.

In case of delivering containers to consignees, it is required to retrieve nominated containers from the stack quickly. Information system in the new container terminal should be adopted for precise and efficient operation.

Although efficiency of container loading / discharging operation depends largely on the skill or technique of a quayside gantry crane and rubber tire mounted crane

operators. Signalman's role, which is to support a crane operator, is also very important for quick and smooth operation. A signalman must consider the standing position to give signals to a crane operator. If signalman's position is improper, the operator cannot see the signalman. To avoid misunderstanding of signals, hand signals must be standardized and unified. A signalman on shore must instruct a tractor / trailer driver properly to adjust the halt position so that operators of quayside gantry crane / rubber tier mounted crane can load containers onto tractor / trailers smoothly. To give proper signals to crane operators, a crane operator needs to work as a signalman in turn while he is not operating a quayside gantry crane.

(3) Targeted Productivity of Break-Bulk Cargoes

Concerning the discharging operation, the targeted productivity of break-bulk cargo is summarized as below.

1). Bagged Cargo

Typical examples are animal feeds, fertilizer, rice and flour. These commodities are usually stuffed in bags made of hemp, plastic and paper. Forklifts transfer cargoes between vessel side and shed/warehouse and load cargoes on to the trucks.

Cycle time : 3 minutes (20 moves / hour)
Productivity : 2 tons/move (50kgs x 40bags) x 20 moves = 40 t/hour

2). Steel Products

(Steel Sheet)

This commodity is discharged with ship's gear and landed onto flat bed trucks. The steel sheets are enveloped with tin plate and attached with wooden skid. Forklift trucks transfer this cargo from vessel side apron to open storage yard.

Cycle time : 2.5 minutes (24 moves/hour)
Productivity : 5 tons/sling x 24 moves = 120 t/hour

(Steel bar, angle and beam)

Cycle time : 3.5 minutes (17 moves/hour)
Productivity : 5tons/sling x 17 moves = 85 t/hour

3). Lumbers / Timbers (Length 3', 6', 9' and 10')

These commodities are discharged or loaded with ship's gear. Lumber is usually bundled with steel bands. There are two ways of discharging from and loading onto vessel.

Discharging (Forklift trucks are used to transfer lumbers from vessel side to open storage yard.)

Cycle time : 3 minutes (20 moves/hour)
Productivity : 5 tons (2 bundles/sling) x 20 moves = 100 t/hour

Loading (Forklift trucks are used to transfer lumbers from open storage yard to ship hold.)

Cycle time : 4 minutes (15 Moves/hour)
Productivity : 5 tones (2 bundles/sling) x 15 moves = 75 t/hour.

4) Steel Scraps

This commodity is discharged and loaded with ship's gear. Steel scraps are usually bundled with steel band and their shapes are bare styled package. Wire sling, wire net sling and special magnet equipment are used for discharging and loading.

Cycle time : 3 minutes (20 Moves/hour)
Productivity : 3 tons/sling x 20 moves = 60 t/hour

(4) Monitoring of the Performance of Port Operation

As mentioned above, based on the new policy, law and regulations, private companies are allowed to perform container or cargo handling operation. CPA should monitor the performance of operators and recommend the improvement of productivity if the performance is poor. CPA also should consider to reject the renewal of lease contract with private company if the improvement of its performance is not expected.

CPA needs to put pressure on port operators to improve the productivity of operation. This will become an important role of CPA.

(5) Monitoring of the Development of Port Logistics and Industry

When container terminals and other port facilities are constructed, the port related business such as maritime transport and port related industries is an essential factor for port development. These port related businesses are usually carried out by private companies. The port authority should execute its duty of encouragement of this kind of private companies, including newly establishment, and management of them.

These port related industries include the following matters.

- 1) Development of NVOCC (Non Vessel Operate Common Carrier)
- 2) As to import industries, re-packing and marking commodities.
- 3) As to export industries, construction of temperature controlled facilities for disposition of cargoes of fresh vegetables and fruits.
- 4) Construction of large logistics center (large scale warehouse)

(6) Handling of Dangerous Cargo

An area exclusively for handling of dangerous cargo should be established at a remote and special area in the port development plan. This area should be located away from the highly congested cargo handling area, urban area and commercial area. The proposed location at the New Cebu Port is the north end of the berth.

Fire fighting system is required and it should cover buildings, container terminal area, berths and berthed vessels. The means for fire fighting comprise of:

- 1) Fire hydrants installed in or out side buildings
- 2) Fire hydrants installed at strategic point around the marshalling yard (dangerous cargo storage area).
- 3) Fire hydrants installed at the seaside of the berths
- 4) Nylon canvas (light material) hoses installed on reels at the above mentioned hydrants,
- 5) Fire extinguishers of CO2 bottles and bottles with dry powder.

2.11.4 Information System

(1) CPA Internal Office Communication Network

PMO (Port Management office) should have efficient internal communication system. At the start of the preliminary design for communication utilities, an inventory of the communication systems required for adequate and efficient operation of the New Cebu Port and Cebu Baseport. It is envisaged that systems are required for the following purposes:

- 1) On-line communication systems covering each PMO, warehouse, open cargo storage yard, and port entrance gate booth etc, for management, administration and operation with real time information (voice and data links).
- 2) Connection to Philippine telephone network system (voice and data links).

- 3) Telephone control system (equipment control).
- 4) Between vessels and shore side communication link.
- 5) Security system link.
- 6) Other government official offices communication system link.
- 7) Backup system for emergencies.

(2) Port Facility Administration and Management Information System

Since the port facilities are ordinarily common use by private companies, such as shipping lines (or their agents), customs brokers, and so forth, it is important to establish the system for processing data necessary for port administration and management of the facilities for proper utilization, collecting charges and fees from user companies, port statistics, and so on. An example of the steps to improve the computerization is as follows.

Phase – 1: Computers are firstly used for the following purposes.

- To keep records of use of the port facilities (processing in batches system).
- To keep tracks of collection of charge and fee for the facilities.
- To make and analyze statistics.

Phase – 2: Computers are secondly used for the following purposes.

- To allocate the port facilities in advance, such as mooring berths, warehouses, open yards where cargoes are to be carried in and so forth
- To simplify the procedures to be conducted before and after the use of facilities
- To keep and make sure of the actual use of facilities without delay.
- To make arrangement for collection of charges without delay.

Phase – 3: Computers are used at the final stage for the following purposes.

- To establish an on-line network of computers connecting each PMO office located in the port area to make the following matters possible.
- To keep tracks of and ensure the actual use of facilities in real time.
- To process clerical work in real time.
- To manage collection of charge in real time (when necessary)

This type of computer system is essential to efficient port administration and management. (See Fig. 2.11.4-1)

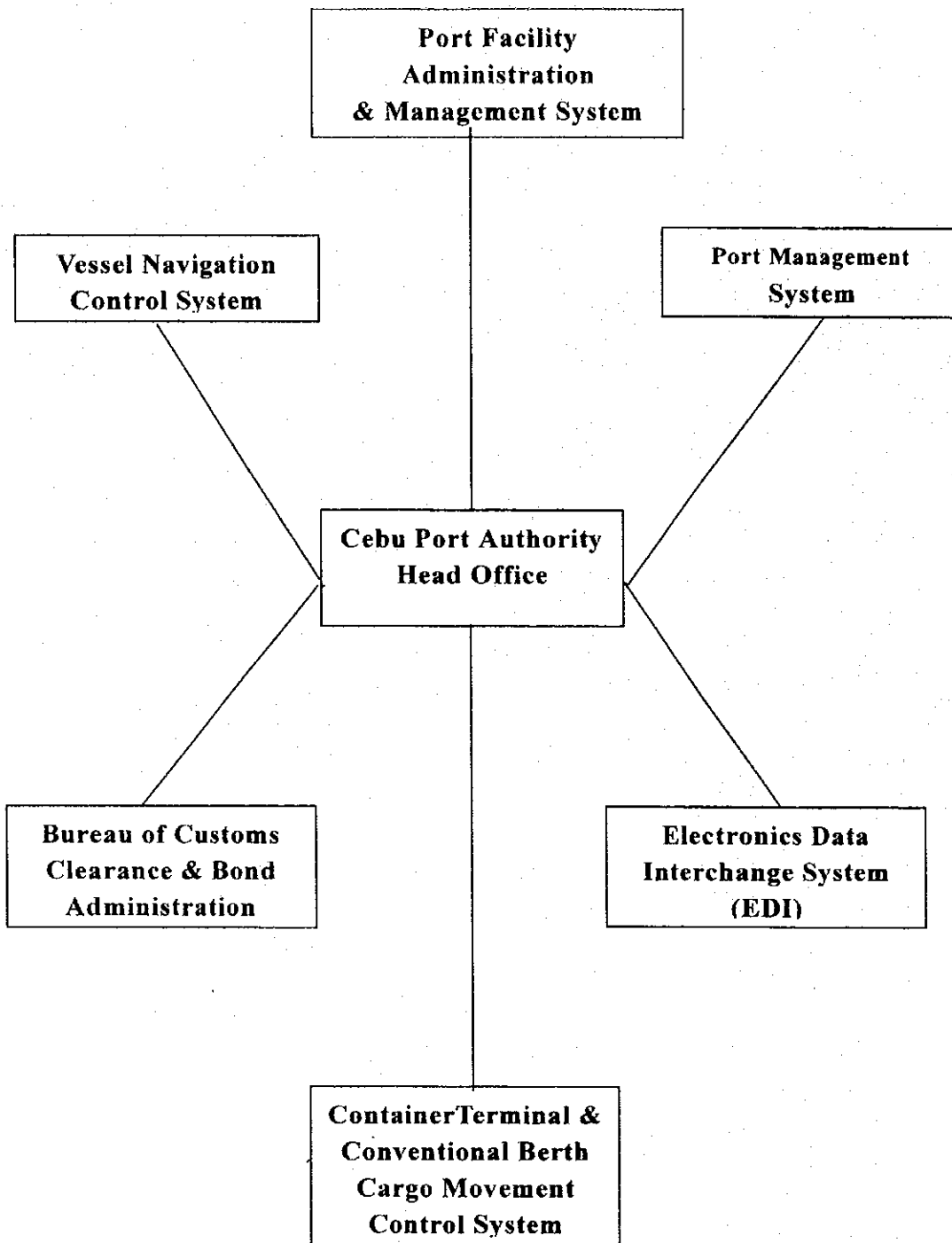


Figure 2.11.4-1 Conceptual Chart of Information System by Computer Viewpoint of Port Management Flow

(3) Port and Harbor Management Information Transmittal Device

The information transmittal instrument currently in use at port and harbor including the container terminals are as follows:

- 1) Radio telephone system
- 2) Mobile radio telephone transmittal on vehicle system
- 3) Mobile telephone (PHS = Personal Handy Phone System) system
- 4) GPS (Global Positioning System) system

Some are used to detect the location of the pilot boat, tug boat, port and harbor service boat and cargo handling equipment in the port and harbor area, in addition to exchanging data information.

(4) EDI (Electrical Data Interchange) Projection at Cebu Port

A review of the global development in EDI suggests that while the EDI global user base is still relatively small, the pace of international progress and EDI adoption is growing very quickly. There is a growing need for East-South Asia countries to keep pace with those developments in order to maintain a competitive position in the international trade scene.

It is apparent that EDI is fundamentally a management issue. The limited success of current EDI systems in the transport sector is related to the lack of adequate planning and proper implementation of the systems rather than for technical reasons.

It may be said that the experiences of the current systems are typical of any pioneering work. They nevertheless raise important implications for the planning and implementation of EDI systems in the East-South Asia and East Asia region. To exploit the maximum benefits of the change from existing documentary and procedural systems to EDI based transmission of information should be accompanied by a thorough review of real needs rather than simple computerization of existing processes. This is not an easy process, business practices and attitudes. The high level participation of government in trading and transporting activities in developing countries necessitates direct involvement in the process of EDI planning and implementation. At the same time, it is crucial that government involvement dose not stifle private initiatives. Whether a Top Down or Bottom Up approach is used, government should provide a framework, which will encourage and support industry participation through responsive EDI policies.

1) Bureau of Customs Participation

Customs participation in the provision of a national EDI service is essential for two main reasons:

- Bureau of Customs role in the clearance of goods is an integral part of the import / export process.
- Bureau of Customs participation can encourage participation of a number of users with large quantity of transaction within the system, which thereby provides the necessary level of revenue.

2) Customer / User Focus

To ensure success of an EDI system in the short and long terms, it is crucial that these are sufficient business reasons to attract the critical mass of users. Therefore, the business needs of the trading and transporting community should be established and should provide a strong focus in the planning and development of an EDI system.

3) Social Attitude

The social attitude, particularly of trading and transporting communities towards the introduction and implementation of EDI is yet another crucial factor in terms of obtaining the necessary support or commitment (financial or otherwise) and acceptance of EDI technology. Therefore consideration should be given to the potential resistance to the introduction of EDI as it may on the traditional roles and practices of the trading and transporting communities must also be given to the potential displacement of personnel resulting from the development and implementation of an EDI system.

4) Computer Training and Education Programs

Given the limited current use of electrical and computer technology and lack of user knowledge in computer, computer training and education programs must be implemented if EDI is to be successfully introduced. This initiative will also benefit other areas of development in all countries of the region.

5) Adequate Funding

Adequate funding is pertinent for the development of the system. Apart from the design and development costs of the system funds need to be allocated for computer education and training programs.

6) Message Standards

To facilitate communication between trading partners and the transporting sector, both on a national and international scale, it is necessary to adopt global message standards such as EDIFACT. This factor has been recognized by many of those countries planning to introduce EDI systems. These factors serve as practical

guideline for the planning and implementation of EDI, in order to minimize problems similar to those faced by pioneer countries.

There is no single EDI system that could provide a role which will be suitable for all countries of the East-South ASIA and East ASIA region. Each country has different trading and transporting needs, practices and economic conditions. However, those countries currently planning for EDI are in the enviable position of being able to learn from pioneers and chose the best features of existing systems to arrive at a solution appropriate to the business needs and priorities of each country.

For the future, there will remain a global need for information on EDI developments so that countries embarking on EDI will be able to exploit the experiences of other in streamlining their own EDI development process.

2.11.5 Marketing and Promotion Strategy

Regional development of Central Visayas will be realized in steps, as the resource base including financial capacity expands and related institutional development takes place in due time.

As the regional development of Central Visayas goes on, a need for an international port, especially a container port, will become greater. At present majority of international container cargoes to the region are transported through the Port of Manila by larger Ro/Ro ferries.

(1) Sales Point

The main aim of the marketing and promotion of Cebu Port is to establish Cebu Port as the major port in Central Visayas Region. Sales points, if employed properly, can become the nucleus of a marketing strategy. Port users are as follows.

Port User for example:

- Shippers / consignees
- Shipping Company / Agent
- Container operator
- Forwarding Agent
- NVOCC etc.,

1) A container vessel operator considers the following when selecting which port to call:

- If the calling port can keep large amount of cargoes, various costs accrued by shipping companies in the port (e.g. port due) will be reduced, thus enabling shipping companies to earn more profits.
 - The time and days necessary to call at the port must come within the scope of one trip in order to maintain the weekly service of the service lines.
 - If the port can offer attractive transit time for shipper and consignees
 - If the port can maintain the standard of service though competing with other shipping companies
 - If the port can offer safe container (cargo) handling operation
 - If the port can offer prevention of cargo pilferage
 - Enhance the efficiency of its operation in arrival and departure of vessels and reduce the waste time in placing vessels on a waiting list such as waiting off shore (24 hours service for arrival and departure at port).
- 2) Condition of selection of port (point of accumulation of cargoes) on shipper and consignees side.
- Superiority over other ports in terms of standard shipping cost and the number of delivery days for final destination.
 - Superior standard of various facilities and service of the port.
 - High frequency of vessels operation on each service
 - Route among shipment port and discharging port.
 - The characteristics of the level of the cargoes (the cargoes from the viewpoint of the time – money account).
 - Presence of a site intended for special cargoes.

Therefore, claiming to make Cebu Port the Capital Port of Visayas without any concrete back- ground is nonsense. For the time being the main competitor of Port Cebu is Manila Port in South Luzon region and Cagayan De Oro Port in North Mindanao region, although these three port have different roles to play in the final stages.

(2) Specific Promotion Material Items and Method:

1) Port Brochure (Hand Book)

Printed brochure is an effective means of promotion. A well conceived brochure can give prospective customers a solid understanding of a port's sales points as well as an out line of its facilities.

2) Video

A video can also be very useful and sometimes more effective than a brochure. It can be used in port sales seminars and shown to port visitors. It can also be used as an initiation tool for new employees and vocational trainees.

3) Home Page (Web site) of Port of Cebu

The internet has become one of the defining symbols of our era and many people from all over the world use it daily to exchange information. Therefore, a web site is an essential means of spreading information about Cebu Port.

4) Meeting

Meeting the key personnel of the industries related to ports and trade, such as trading firms, shipping lines and their agents, shippers, consignees, forwarding agents, NVOCC and waterfront companies is a good way to promote the port.

5) Setting up Port Sales Office Abroad

CPA should have a representative in Singapore, Kaoshiung, Hon Kong, Shanghai and Japan, whose main function is to provide potential customers with accurate information on Cebu Port. Setting up of port sales offices in other countries is a common practice of major port authorities in the world.

6) Advertisements on Newspapers and Magazines

Advertisement should be placed in the International Maritime Newspapers or International Logistics Magazines, and World Trade Magazines etc.