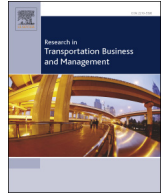




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Revisiting port governance and port reform: A multi-country examination

1. Background and rationale

Ten years ago, a themed volume on *Devolution, Port Governance and Port Performance* was published as part of the Elsevier book series/journal *Research in Transportation Economics* (Brooks & Cullinane, 2007a). The volume was motivated by a wave of port reforms that had been observed taking place around the globe in the 1990s and early 2000s. Although these port reforms were eclectic in both their objectives and the forms they took, they did share a common context in terms of a dynamic world economy characterized by a revitalized globalization of production and consumption, consequent burgeoning growth in maritime trade and, more specifically, booming demand for container transport and its supporting infrastructure provided by container ports and terminal operators. Scholars then active within the international Port Performance Research Network (PPRN) provided some much-needed precision in defining the emerging devolution of responsibilities within the port sector and its (expected) impact on governance and performance, before moving on to examine the then current state-of-the-art with respect to the port management environment. This work, together with that of Brooks and Pallis (2012), are now acknowledged as “important milestones that contributed significantly to understanding the problem of port governance, strategy and performance” (Borges Vieira, Kliemann Neto, & Amaral, 2014). The extensive analyses contained within the volume revealed the complexity and variation in port policies, governance models and resulting outcomes which proliferated across the international arena.

By 2017, port reform has had more than 10 years to evolve. The port reform timeline has moved on, with some countries having implemented no reforms at all, others having achieved significant improvements in performance and yet others rethinking what they have done. The 10th anniversary of the publication of this earlier book provides a highly appropriate time for scholars studying port economics, management and policy to reflect and revisit port governance developments.

The current volume is the outcome of this reflection. In *Revisiting Port Governance and Port Reform*, contributors examine 25 countries with a focus on changes in national port policies with respect to devolution, regulatory reform and newly imposed governance models that have been instigated over the past decade and which have exerted a significant influence on the nature of port management. The impact that these policies have had on port strategies and port performance is analysed on a country-by-country basis, with each contribution examining what has happened over the recent past within their particular geographical domain.

The overwhelming conclusion of scholars studying port reforms at the turn of the century was that “while governments may have had the best of intentions in establishing a more commercialized footing

for port operations, the outcomes had not (at least yet) always delivered the full benefits sought” (Brooks & Cullinane, 2007b: 632). However, such a conclusion may be a function of the timing of the analysis which underpins it; at that time, port governance configurations had rarely been in place for long enough to observe steady-state consequences or results.

Moreover, port reform is a complex process that unfolds and is adjusted over time. Relevant policy actors decide to initiate change in the light of a specific environment, having a vision of (or objective for) what they would like to see as port performance output. Implementing authorities take actions to develop goals and targets and to implement systems and processes that seek to effectively execute these decisions. Changes are accompanied by transition times, and might be affected by several variables. Therefore, intentions and desired goals might not result in respective action. Within the port reform process, port governance decisions (i.e. strategies and structures) are the inputs aiming to produce the best output, as embodied within the performance of the port (Brooks & Pallis, 2008). Either because of flaws in the decisions taken or because of flaws in the implementation of appropriate decisions, inconsistent governance frameworks might possibly produce performance deficiencies. Thus, an assessment of the output of governance should follow the initiation of any change, with the conclusions derived from this assessment, along with the contextual environment, both providing the background for the initiation of further changes aiming to minimally adjust, or comprehensively reform, the specifics of the governance model in place.

Given this context, the studies of national policies on port governance included within this volume serve to enhance our understanding of whether choices made before the end, or at the turn, of the century have produced matching (contextual) environment-strategy-structure framework configurations as proposed by Baltazar and Brooks (2001). This will inform any assessment of whether port policies that have implemented changes in port governance have actually secured the performance outcomes sought. The studies within this volume also reveal how, and when, those responsible for a particular country or port system proceeded to the assessment of the governance models in place; how and which ways they have attempted to fix any mismatched (or inappropriate) configurations, or; used port governance in order to respond to the problems of other sectors which arose during the post-devolution period. In other words, the analyses within this volume not only reveal the prevalence, nature and results of assessments of changes in port governance policy, but also whether decision makers have, during the first 15 years of the 21st century, implemented remedial structural adjustments to port governance arrangements, ranging from relatively simple fine-tuning to complete reversal of previous decisions.

The richness of the analyses contained within the individual contributions to this volume mean that there are considerable lessons to be drawn from comparing and contrasting the port reform experiences of the different nations covered. By so doing, an overarching perspective on the similarities and differences between the experiences of different countries can be developed in order to identify and evaluate causes and effects of the different nature and speed of implementation of port reform processes, as well as the successes and failures achieved. The countries addressed within this volume are listed alphabetically in [Table 1](#), which also provides the date(s) of any major port reform within each country and the major motivation(s) for that reform.

The similarities between the instances of port reform which took place during the first wave in the 1990s appear to be far greater than the cases of reform observed during the past decade and analysed within this volume. The first wave of port reforms in the 1990s was marked by devolution and/or decentralization and the transformation of mostly public port authorities to corporate entities with full or, at least, substantial autonomy. In the past decade, however, legislative adjustments have been of a more complex nature and vary considerably; there is no longer a single theme, such as 'devolution' or 'opening the market to private terminal operators,' that pervades the experience of the immediate past fifteen years as was the case in the 1990s.

This does not mean that there are not common challenges or similar answers. The rich and eclectic nature of the initiatives undertaken around the globe clearly imply that we have moved further away from a belief in, or reliance upon, a 'one size fits all' single port governance model. Despite this, the studies contained within this volume do reveal some commonalities in terms of both issues that decision makers have attempted to address and the observed reforms in anticipated response.

In [Section 2](#), a range of common characteristics to emerge from international port reform processes are identified and analysed individually. In [Section 3](#), the flaws or controversial outcomes that have been identified from individual country analyses are presented and their implications for the further implementation of port reform policies are analysed. [Section 4](#) draws conclusions and outlines a future research agenda for the port governance field.

2. Common characteristics of the port reform process

2.1. Pressure for reform from influences beyond the port sector

While the structuring of port governance frameworks has obviously been the subject of specific legislation that exclusively addresses the organisation of a nation's port sector, the nature of the changes embodied within a revised port policy is often shaped either by policy and/or legislation that more directly relates to other sectors, or to broader macro-economic circumstances. For example, [Caldeirinha, Felício, and da Cunha \(2016\)](#) explain that while Portugal expedited its port reforms in the 1990s and, again, in the 2000s via specific port laws, the governance of Portuguese ports was also shaped indirectly via wider legislation on corporate governance (2006) and public management (2007). Similarly, [Rodrigue \(2016\)](#) details how the emergence of Panama as a major logistics cluster has prompted additional reforms to port governance that, in turn, provide the foundation for the further growth of the cluster.

At the time the original volume was published ([Brooks & Cullinane, 2007a](#)) the world economic environment was very different from that which pertained just two years later. How to respond appropriately to a world economy where much greater uncertainty prevailed emerged as a critical question for which answers were sought. Previously, great faith had been placed in new public management, but the events surrounding the global economic crisis and the impacts that have been felt in some countries has rocked the foundations of that faith as populism gains ground and bureaucrats and politicians come under more scrutiny in the post global economic crisis era. It is clear from the contents of some of the country analyses that port reform has often been

explicitly instigated as part of a wider political strategy to help extricate nations from economic malaise or, indeed, has been foisted on nations as a condition of bailout packages.

The global economic crisis of 2008 provided the impetus for many ports to reform, in particular to transition towards fuller implementation of the landlord model, in order to devolve operational responsibility to the private sector and cut costs, often with the specific objectives of improving efficiency, increasing volumes and enhancing profitability. With major transshipment activity, for example, the port sectors of both Korea and Taiwan are heavily dependent on the state of the global economy and trade ([Song & Lee, 2016; Tseng & Pilcher, 2016](#)). Their competitiveness as transshipment centers, however, was severely undermined during the global economic crisis of 2008. Both countries resorted to port reforms as a partial measure for restoring their international competitiveness as transshipment hubs. In the case of Korea this amounted to amending previous reforms, while in Taiwan their 2012 legislation represented their first major reform of the port sector.

As a result of the economic difficulties faced by some countries, changes to port governance structures have also been prompted, or even imposed, by international institutions. In Portugal ([Caldeirinha et al., 2016](#)) and in Greece ([Pallis & Vaggelas, 2016](#)) in recent years, decisions on port policy and governance have effectively been externally imposed, with a troika of international institutions monitoring the country's adherence to a raft of imposed bailout conditions. Similarly, as [Panayides, Lambertides, and Andreou \(2016\)](#) point out, the financial crisis that engulfed Cyprus in 2013 resulted in the need for international creditors to rescue the State. One of the main conditions for the bailout was the liberalization of inefficient State assets and the commercialization of the Cyprus Port Authority has been viewed as an important element fulfilling this key requirement.

On the other hand, more than any of the other countries profiled in this volume, the United States experienced the least level of reform pressure internally but faced significant pressure from global market forces ([Knatz, 2016](#)). Changes in port investment and port management strategies have been driven by labour unrest and the Panama Canal investment; on the west coast, these pressures have translated into greater cooperative activity (e.g., between Seattle and Tacoma) and on the east coast, the ramping up of the opportunity to serve a larger hinterland due to the ability of the Panama Canal to handle bigger ships has led to substantive investment in port deepening and over-investment in facilities. Therefore, there was insignificant governance reform (some tinkering with the Harbor Maintenance Tax) but there was significant additional funding by government in response to external forces.

2.2. The influence of politics, culture and institutional arrangements

Port policy generally and port governance more specifically have always reflected not only changes in government, but also changing politics within a nation. During the period 2005–2011, Portugal's national port system was still very dependent on government policies, but following a change of government in 2011 the objective of liberalization has dominated ([Caldeirinha et al., 2016](#)). Examining the British case, [Monios \(2016\)](#) stresses the importance of politics by analysing how a change in government has fundamentally altered the port governance landscape; port privatisation lost all impetus in the UK with the defeat of the Conservative Party by the Labour Party in 1997. The cases of Italy ([Parola, Ferrari, Tei, Satta, & Musso, 2017](#)) and Greece ([Pallis & Vaggelas, 2016](#)) provide evidence of similar shifts following electoral results and highly politicised processes lasting almost, or more than a decade to conclude (Italy 2006–2016, Greece 2008–present).

The examination of port governance and related reforms in Italy by [Parola et al. \(2017\)](#) reveals a convoluted process of drafting, approving, implementing, and fine-tuning that involves different port communities and stakeholders reacting to national and global changes. It is asserted that the strong negotiating power held by local port stakeholders such

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