

Financial Approach for Solving Stakeholders' Conflicts of Interests in Port Redevelopment : Incheon Inner Port

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Abstract

This paper presents a conflict solving model to resolve different stakeholder demands in the port redevelopment of the Incheon Inner Port. The different interest groups involved in this current project in South Korea include the land owner of Incheon Port Authority (PA), governmental regulator of Ministry of Maritime and Fishery (MOMAF), private port interests, port labor, business interests and port neighborhood near target area in port. TOCs are in favor of new terminals to maintain their business, while the PA has concerns about the financial burden of creating replacement terminals. The model used for solving conflicts between TOC and PA is a multi-criteria one of BC (Benefit and Cost) ratio, Net Present Value and Internal Risk Return. The analysis provides a transparent explanation to all parties that there is not a viable financial solution for creating new berths. The results are also important contribution to the stakeholder engagement process with port labor, government, business interests and neighborhood community.

Key Words : Conflict Solving Model, Port Redevelopment, Financial Analysis, Stakeholder Engagement

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I. Introduction

In port redevelopment, there are various possible approaches to reconcile the various stakeholders' interests. This paper aims to solve the stakeholder' s conflicts regarding to develop the alternative berths for port redevelopment and to set negotiation conciliation procedure with financial approach.” There are different ways to classify the groups involved in port redevelopment. One way is to look at public versus private interests with the Ministry of Maritime and Fishery (MOMAF), Incheon Metro City (IMC) and Incheon Port Authority (IPA) as a public sector; the other group consists of TOC, port labor, residents who live at target area, and the association of port companies as comprising the private sector. The other route is to divide groups by their functional interests. This paper contends that the root of the conflict is the dividing line between the port function and the community interests. MOMAF, TOC, and port labor have an interest in continuing the port functionality. On the other hand, the city and residents would like to see the redevelopment of this valuable waterfront property. The question for IPA is by which criteria it should resolve the conflicting calls for preserving port capacity and the waterfront redevelopment.

Chapter Two explains the background and literature review of port redevelopment in the port of Incheon. Chapter Three explores the specific concerns and goals of various stakeholders. Chapter Four handles the method and procedure for solving the conflicts between participants specifically addressing the challenge of the paying for port capacity to replace the capacity reassigned to community waterfront.

II. Literature Review

1. The Current Status of the Port of Incheon

The port of Incheon which is located near China and Seoul has been increasing the volume of throughput using geographic advantage. The present volume is recorded about 1.3 million tons and shows 9.8% of total

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