

THE MARITIME *Economist*

CONNECTING ACADEMIA AND PROFESSIONALS

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COLLEGE OF TRANSPORT
AND COMMUNICATIONS,
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SHANGHAI MARITIME
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IN Plain

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Institutional Erosion in Environmental
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Development and Formation of
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Commentaries

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Message from the Editor



Adolf K.Y. Ng
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Welcome to The Maritime Economist (ME-MAG). ME-MAG aims to create an active platform for merging academic studies with practice. It encourages IAME members to express their studies in plain language in line with the interests of policymakers and practitioners in the maritime industry. Also, it encourages experts in the maritime industry to share knowledge and experiences about emerging topics, challenging issues, and rising problems. As the world is facing unprecedented challenges that range from climate change to the Covid-19 pandemic, including maritime transport, I genuinely believe that the launching of ME-MAG is pivotal in filling the gap in bridging connections between practitioners and scholars.

A key feature of the ME-MAG lies on its quick publication process. All accepted articles will be published as “Early View” on ME-MAG’s website (www.me-mag.org) within two weeks before being published in an issue. The ME-MAG webpage will be hosted by the IAME website and appear in webpage format and other forms of social media. In this case, I would like to thank Thanos Pallis, the IAME President, the co-editors and editorial board members of ME-MAG, and, of course, contributors and readers for your support.

Last but not least, hope that you will find the issue interesting and inspirational.

Keep safe and healthy!

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The MARITIME ECONOMIST (ME-MAG) is the official magazine of the International Association of Maritime Economists (IAME) (www.mar-economists.org). Its aims to create an active platform for merging academic studies with practice. It serves as a promotion stand for scholars, policymakers, and industrial practitioners in the industry. In this way, it motivates and encourages both IAME and non-IAME members to express their studies in plain language in line with the interests of policymakers and practitioners. Also, it encourages experts in the maritime industry to share knowledge and experiences about emerging topics, challenging issues, and rising problems.

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Dealing with E-wastes in Ghana: The Role of the Ports

Francis Adzraku, Mawuli Afenyio

Introduction

How do extremely dangerous e-wastes¹ end up in ports of Africa? What roles do the corporate governance structures of ports play in allowing e-waste, for example, into emerging markets like Ghana and other African countries? It is very important to prevent e-wastes and other dangerous goods from entering Ghana. Ghana can gain a lot as an emerging market if she allows the Global Compact on sustainability to influence her decisions of corporate governance of its ports. The various ISO codes are indeed applicable to African ports just as any ports anywhere in the world. These ISO codes must be treated as practical instruments but not as only theories on paper. It is an undeniable fact that African ports need to adopt best practices such as proactive stakeholder engagement in terms of sustainability in order to compete fairly at the global level. For Ghana to achieve sustainability within its ports, she needs to adopt appropriate technologies and tools that can help regulate the quantum of e-wastes that ends up polluting its environment. The focus of this article is on the West African country Ghana — one of the few with a vibrant maritime industry on the continent.

Ports of Ghana

Ghana has two main ports, the Tema and the Takoradi Ports. Recently both have undergone extensive modernization and expansion. The Ghana Ports and Harbours Authority has expanded its Tema port at the cost of US \$1 billion, funded by APM and its partners Meridian Port Services (MPS), Bolloré Africa Logistics, which was completed in the first quarter of 2020. According

to the current deputy Minister of Finance, Kwaku Kwarteng, “the government had an overall industrialization agenda for the port industry which included three fundamental targets and includes: automating all ports clearance process, eliminating multiplicity of vendors that provide IT, capacity building and other services for MDAs, and also have the Government of Ghana be able to own and control all data gathered through the port clearance process”. He further explained that the government intends to achieve a full automated port clearance process. The Port of Takoradi, located in western Ghana, is also undergoing a major expansion and infrastructure upgrade to increase its handling of cargo and storage capacity and also aimed at accommodating larger vessels. The \$450m project was in two phases: between 2013 and 2016, with the second phase beginning in 2018. While these are well designed and thought of, subsequent governments keep changing the system and so setting it back. For example, the original system employed, GC-NET, was working quite well only for a new administration to change it to UNIPASS², which has had a lot of issues. This is a typical example of what happens most of the time. That is when one government does something, the other wants it overhauled. While this may not be peculiar to Ghana, for a country that has monetary issues, she cannot afford to keep wasting money doing the same thing over and over again. If these things are done properly it would equip the ports with the capacity to deal with illegal e-wastes importation into the country.

¹E-wastes are electronic products nearing the end of their useful lives. For example, computers, televisions, photocopiers etc.

²<https://www.myjoyonline.com/business/aviation/freight-forwarder-bears-teeth-at-government-over-unipass-take-off/>

The E-waste Menace in Ghana

Over the years, Ghana and other third world countries have become a dumping ground for e-wastes. In fact, it is so bad that many diseases have been linked to the attempted burning of e-waste in the country. Many health professionals and stakeholders have advocated for an increased role of ports in dealing with this serious problem. It is proposed that imported products that do not meet a certain standard should not be allowed into the country. Policies have failed to deal with the importation of expired and outmoded machines that at the end become a danger to the environment. First of all, no country should become a dumping ground for other countries' wastes. The Philippines recently returned a huge ton of waste back to Canada and indeed others, paving the way for other countries in that region to follow suite. This same approach could be adopted by the Ghanaian government, but the role of the ports cannot be underestimated in this venture.

Below are some suggestions that are required to make the ports in Ghana equipped and ready to deal with the issue.

- *Building Capacity of Ghana Ports and Harbour Authority (GPHA) leadership on sustainability*

Ports as a corporate organization cannot be treated as an autonomous entity in the social system. The entire world is changing rapidly, and we cannot but agree with the position of the Institute of Democratic Governance, Ghana (IDEG) an NGO in Ghana that *“our future depends on our knowledge and actions. The choices we make today will change our health and the health of our country”*. Together we can *“accumulate and share knowledge for sustainable development, promote a free, just and prosperous society in Ghana”* and above all find the path that will lead us to a greener, healthier future for generations yet unborn in Africa and the rest of the world. This certainly can only be as a result of an enhanced *“capacity of citizens to influence public policy choices for accelerated growth and equitable development,*

and advance democracy and good governance in Ghana, and the rest of Africa.”(IDEG).

It is imperative to note that the sustainability roles of ports in the promotions of transfer of goods from source markets to destination emerging markets such as e-products and mostly e-waste in the context of Africa is the responsibility of all stakeholders most especially those in charge of corporate governance structures of our ports. For successful implementation of sustainability principles in port operations in developing countries, there is a need for a transformational Leadership which emphasizes the relationship of leaders and followers to each other and the importance of value creation in applying sustainability principles. Once the leadership of the ports are trained to accept and practice value creation and rejection of waste, it will definitely be easy to improve the skills of the workers at the ports that will go a long way to aid the end of dumping of the waste in Ghana.

- *Improve the skills of workers at the ports*

When the workers at the ports are properly equipped with the right skills, they are able to detect any abnormality in this regard. First, the workers need to be educated on the dangers of e-waste in the country and the effect on the economy. Secondly, the workers need to be trained in ICT and other related courses which will enhance their ability to communicate and understand the international standard to deal with e-waste. Thirdly, workers need to be exposed to the working practices of other ports around the world. For example, workers from the Tema or Takoradi ports would need to visit some of the world's leading ports such as Montreal, Vancouver, Rotterdam, San Francisco or the Honk Kong to understand how they are dealing with the issue in a sustainable way. This way, they can return and implement learned practices in the Ghanaian ports.

- *Need for extensive digitization*

The ports need to be equipped with the state-of-the-art technologies to detect and return such harmful wastes. Some companies have resorted to disguising

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methods to hide the contents been transported to ports in Ghana. In fact, even if they do make it, sometimes there are people who are bribed to cover it. While some of these are hard to prove, the evidence is in the amount of e-waste that eventually makes it to the refuse dumps in the country, where young men go through the rubbles and constantly burn the waste in search of copper and other precious metals oblivious to the health hazards involved. The ports in Ghana would benefit immensely from recent strides in digital technology like Blockchain, AIS data, machine learning. These would help reduce human involvement in the process of import and exports to the barest minimum. These technologies have been proven in other countries and so will definitely work in Ghana and particularly in the ports to deal with the issue of e-wastes.

- *Enacting of regulations to bar accepting such wastes into the country*

Ports sustainability certainly requires a high level of integrity. There is a critical need for the parliament of Ghana to enact stronger laws to govern the conduct of the port officials and other stakeholders dealing with imports of goods into Ghana. It is worthy to note that in this era of digital operations, the implementation of laws and monitoring of their key performance indexes are made very easy and practicable. There is no specific by-law among the import prohibitions and restrictions of the Ghana Revenue Authority (GRA) prohibiting the importation of e-waste into Ghana. The qualification of such materials allowed into Ghana is left to the subjective judgement of the commissioner of GRA and the staff stationed at the ports. Against this backdrop, goods especially waste that is prohibited in some jurisdictions in the world gets their way to the Ghanaian ports and are eventually allowed to be dumped in the country. It is very important to enact new by-laws, specifically dealing with the prohibition of the importation of e-wastes of certain grades into Ghana and ensure their implementation at the ports in order to prevent the dumping of e-waste in Ghana.

- *Liaise with international organizations to penalize any government or entity involved in the shipping of such goods to Ghana.*

There is also a need to liaise with relevant international organizations in order to make sure that any good leaving one country to another meets the minimum

acceptable international criteria. For example, African countries, including Ghana, can liaise with the appropriate UN organization to make sure that e-wastes are not sent to Ghana. Fines should be imposed on companies and countries that allow this to happen. With these fines in place, countries and for that matter companies, would be deterred from pursuing the policy of dumping e-wastes in other countries. In fact, countries that give contracts to companies responsible for dumping e-wastes should be scrutinized thoroughly.

Conclusion

There has not been a more critical time than now to address the problem of e-waste through the role of ports in Ghana. Enhanced leadership, digitization and the implementation of strong regulations are among the key measures identified to address this menace. Ports as an instrument for combating the e-waste problem cannot be underestimated, but proper management is the only way to make them efficient and effective in this regard. An environment that is free of e-waste means a healthy environment.



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COVID-19: Canadian Ports in Face of a New Risk Factor

Roosbeh Panahi
Adolf K.Y. Ng

With the cancellation of sales and shipping contracts, late delivery of goods, and emergencies in response to the Covid-19 pandemic, firstly announced in China, maritime importers, exporters, and travelers have been globally affected. One should not forget that maritime transportation is responsible for over 80% of global trade by volume and China is home to several busiest ports of the world. It is challenging to predict the long-term economic effects of the pandemic considering the large degree of uncertainty surrounding it.

Nonetheless, devastating short-term effects are obvious by monitoring the followings indicator of the maritime industry¹:

1. Increased missed port calls (scheduled vessel calls that do not occur due to the lack of volume)
2. Decreased commodity in transit (the amount of a commodity that is in transit aboard ships)
3. Increased floating storage (the amount of a commodity on board that are idle)

Canadian ports with contribution to over 20% of countries import and export and over 213,000 direct and indirect jobs² are no exception. They are affected by/contributed to the following issues:

1. Port traffic reduction (e.g., (a): Suspension of maritime cargo transportation³: If continued, this could be devastating following 2019, a year in which large Canadian ports experienced throughput reduction⁴; (b) Reduction in supply (e.g., due to factory closure/reduced production capacity)).
2. Challenges in conducting manual operations (e.g., manual paperwork).
3. Build-up of empty shipping containers.
4. Practicing/supporting risk control measures (e.g., (a): Extending the validity of Canadian marine personnel certificates (certificate of proficiency and medical certificate for six months), (b): Suspension of maritime passenger transport^{5,6}, (c): Publishing safety brochures for ports⁷ and shipping lines⁸, (d): Quarantine/denial of vessels⁹, (e): Active disinfection¹⁰, and (f): Shore leave access monitoring by seafarer either for short break or crew change¹¹).

However, risk control measures in the form of loss prevention (decreasing the likelihood) and loss reduction (decreasing the severity)¹², if designed/practiced inappropriately, could have a negative domino effect.

For example, stopping access to shore - which is granted by International Maritime Organization (IMO)'s Convention on Facilitation of International Maritime Traffic and also International Labor Organization (ILO)'s conventions for those who have lived on board for weeks - affects quality of life and touches emotional wellbeing which might consequently decrease shipping performance and also increase accidents by affecting their situational awareness. For the case of shore leave access, Transport Canada responded to malpractice of some ports in March 2020 by reemphasizing the importance of shore leave access¹³.

That being said, from a wider perspective, risk managers at ports must consider the interaction among factors (and avoid silo approach) when devising/implementing new measures, especially when it comes to unprecedented risks.

In addition, ports must monitor the market closely and strictly collaborate with logistics partners to prepare for timely actions when the tide turns. Piled up empty containers must be returned, and perishable commodity and agriculture products must be delivered as quickly as possible (e.g., by tight scheduling and incentivizing to use of bigger ships considering port's capacity). In the meantime, communication with cruise liners and their partners to adjust new schedules is pivotal. Besides, ports must get prepared for throughput surge when the story is over. This will put extra pressure on facilities, examine the new levels of readiness and call for new risks.

Last but not least, the ripple effects on the global economy and ports will be felt for some time to come even if the virus is eliminated entirely in the foreseeable future. It is inevitable to predict the throughput contraction curve (turning point and recovery form). For the recovery curve which also determines the recovery time, generally, it is V- or U-shaped (slow/quick recovery) and considering the situation, it seems that we will experience a U-shape recovery.

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This becomes more challenging, considering development plans in Vancouver, Prince Rupert, Montreal and Halifax ports¹⁴, if Covid-19 disturbance lasts for a long time and exacerbated by recession¹⁵. Besides, ports as the 'middlemen of trade' affect a broad range of stakeholders and any such disruptions quickly affect them at different scales, supposedly starting by those with low power and high interest, among which cargo handling, warehousing, trucking, rail and intermodal shipping, and other supporting businesses are most vulnerable ones.

Resources

1. <https://unctad.org/en/pages/newsdetails.aspx?OriginalVersionID=2296>
- 2 A recent study by the Association of Canadian Port Authorities (<http://www.acpa-ports.net/>).
- 3 This situation has affected both export and import. So, for those ports heavily dependent on transpacific container traffic (i.e., Vancouver and Prince Rupert ports), it means far fewer ships. According to the Vancouver port website, trade with China, Japan, and South Korea accounts for over half of freight volume at Canada's Pacific gateway. Besides, it is reported that Vancouver port container traffic from China decreased by 20% in January 2020 compared to the same month last year. However, for those in Canada's East Coast ports with no direct service to China, there has been no significant impact from the virus as of March 2020, but this would not for a long time. For example, the Port of Halifax has direct links with Europe and considering Europe is now the hot spot for COVID-19, it could happen very soon. The situation would be more complicated for the Montreal port as most of its trade with Asia (30% of all Montreal cargo), is transshipped in Europe. As posted on its website, considering ports difficulty finding their Asian leg and slowed handling capabilities at transshipment ports in Europe, this port expects 13% cargo decline in 2020 on COVID-19.
- 4 According to the Vancouver port website it experienced 14% fall on trade with China as its largest partner in 2019 amid Political tensions. Also, the total container throughput growth of Canadian ports decelerated from 5.2% in 2018 to 4% in 2019.

5 Transport Canada, 2020, Ship safety bulletin, No. 05/2020.

6 Cruise shipping suspension to those capable of carrying more than 500 passengers and crew members - came into action by Canada government on March 18 2020 and remaining in action until July 1 2020 - significantly affect eastern Canada's cruise ship season (e.g., from/to Port Saint John, the Port of Halifax and the Port of Sydney normally getting underway in late April).

7 https://www.tc.gc.ca/en/services/marine/documents/Keeping-you-safe-at-work_acc.pdf

8 https://www.tc.gc.ca/en/services/marine/documents/20-AA-35-HEALTH_REPORTING_SHIPS_17X11_EN_acc.pdf. There are also guidelines provided by international organizations, e.g., International Chamber of Shipping (ICS)

9 According to globalnews.ca a cargo ship (Siem Cicero) carrying cars from Germany denied entry to the Halifax port as some crew members displayed Covid-19 symptoms.

10 According to the port of Montreal website, a positive a longshoreman tested positive which forced the termination of activities at the port from Friday night March 27 to the Saturday morning to track longshoreman's footprint, disinfect related machineries, and identify and temporary withdraw coworkers.

11 Transport Canada, 2020, Ship safety bulletin, No. 06/2020.

12 According to Saint John, Halifax and Sydney ports' websites, they are expecting to lose out over 145,000 passengers with government announcement on suspension of maritime passenger transport.

13 Transport Canada, 2020, Ship safety bulletin, No. 04/2020.

14 According to ports' websites Montreal port is expanding its Vieux container terminal and has the plan to construct its fifth terminal. Also, Halifax port is about to extend its berth at its south end container terminal. Prince Rupert port is expanding its container yard and in Vancouver port's Centerm container terminal expansion is underway. Also, all ports are improving road and rail access.

15 <https://www.maritime-executive.com/article/ports-wait-for-pandemic-peak>

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The Privatization of Concor and the Indian Logistics Market: Price, Purpose and Priorities

Girish Gujar

1. Introduction

The Container Corporation of India (CONCOR) was set up in 1988 to promote the export- import trade of the country by transporting containers to and from the gateway seaports both by Rail ways and Roadways. It also set up a number of Internal Container Depots (ICDs) and Container Freight Stations at various locations all over the country for the purpose of cargo consolidation and distribution, warehousing, stuffing and stripping of containers, handling and storage of containers and allied activities. It was set up under the Ministry of Railways on land leased by Railways to CONCOR. Over the period, the Indian Railways (IR) diluted its holding in CONCOR by selling 46% of its share holdings to domestic and foreign institutional investors.

The government of India has now decided to privatize Container Corporation of India (CONCOR) in order to reduce its fiscal deficit in this financial year. As of now the government holds about 55% of the shareholding. The government has now decided to sell 24% and hand over the management control too of the company.

CONCOR at present has about 80% of the share of the logistics and transportation of containers market. It operates 86 internal container depots (ICDs) and container freight stations (CFSs). It transports about 20% of the containers by railways and the rest by road. It owns about 15000 rail

wagons and about 200 container handling equipment. The current market capitalization of CONCOR is about 4 billion USD.

CONCOR currently owns about half the ICDs and CFSs while the rest are leased from Indian Railways. It recently returned 15 ICDs/CFSs back to Indian Railways due to non-viable reasons. However the land for the rest of the ICDs/CFSs was acquired from the market at concessionary rates for the purpose of greater public good and development of national infrastructure. As such the question arises as to whether such land so acquired can be sold to a buyer (Domestic or Foreign) at a highest available price along with unfettered usage rights including further sale.

Furthermore, CONCOR, being a government enterprise was granted a first mover advantage for almost 20 years. This allowed them to develop a monopolistic dominant share of the market. Their return on capital too is very handsome (300% per annum). It is noted that CONCOR was allowed to charge the Indian consumer such a handsome premium under the passenger traffic subsidization policy of the Indian railways. The risk due to the existent laws of multi-modal transport is minimal. The second question that arises in these circumstances is whether a non-governmental firm can be allowed to own such dominant market position and exploit the Indian consumer. If so at what price?

2. Background

Indian Railways (IR) had begun to transport containers in mid 1980s. CONCOR was incorporated in March 1988 under the Companies Act, and it commenced operations in November 1989 taking over an existing network of seven inland container depots (ICDs) from IR. Railways had a policy of leasing its land to its customers for facilitating their activities as well as to gain traffic, viz. for stacking of bulk cargo such as coal, and cement, permitting concrete sleeper production for captive use on railway land, providing connectivity to sidings from railway stations etc. In addition, IR also leased land for short term uses like commercial licensing, plantation, Grow More Food Scheme, etc. The land lease charges were a function of the size of the land leased and the local rates, determined by a set of well-established rules.

For providing land for rail transportation of containers, IR adopted new norms. The land lease charges were linked to the number of containers handled, irrespective of the size of the land leased to CONCOR. Such an arrangement was a win-win for both IR and CONCOR as:

1. CONCOR was a fully owned subsidiary of IR, and no allegation of favouring a customer was possible.
2. In most cases, the land was lying surplus to railway's use. By allowing CONCOR to establish Container Terminals, railways could prevent encroachment.
3. The arrangement of calculating the lease rental was simple and transparent.

In 2007, IR appointed 15 private Container Train Operators (CTOs) in addition to CONCOR for transportation of containers by rail. Building a new ICD was an uphill task for new operators as land prices soared. It requires a minimum of 50 acres to set up an ICD. The land has to be accessible by rail and road. Nearly all such land parcels were already in possession of CONCOR.

The concession agreement claimed to provide a level playing field to all the CTOs including CONCOR, which was owned by IR. CONCOR was to be treated at an 'arm's length basis'. It said that no additional privileges would be granted to CONCOR. However, the land leased to CONCOR for ICDs continued to remain with CONCOR on the old terms. CTOs grudgingly accepted that status as the lease had been done well before 2007, prior to the agreement.

To appease the CTOs, a new policy guideline was issued on 2008 that allowed setting up of ICDs on surplus railway land;

“For providing rail terminal (ICD), the license fee should be based on the circle rate fixed by the Revenue Authority or the industrial rate, whichever is higher.”

But IR continued to fix the license fee for CONCOR as per the old agreement. For instance, CONCOR currently pays about Indian Rupees 1,160 per container to Indian Railways as land license fee for the Tughlakabad ICD, its flagship facility in Delhi.

3. Issues Concerning the Privatization of CONCOR

In 2019, IR decided to privatize CONCOR by selling the majority stake to private parties. As per terms of land lease agreement between IR and CONCOR, the lease would lapse as and when CONCOR's majority stake is not with the government. IR is in a fix. Legally it cannot transfer the lease agreement to the new private owner of CONCOR on the following grounds:

1. As per terms of land lease agreement between IR and CONCOR, the lease would lapse as and when government becomes a minority shareholder in CONCOR.
2. As per the Concession Agreement 2007 between IR and CTOs, IR has to create a 'level playing field'. Allowing a single CTO the exclusive right to ICDs on railway land would be in violation of the agreement.
3. In 2008, Audit has already flagged the issue of loss suffered by IR on land leased to CONCOR:

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The policy of charging of license fee for the land given to CONCOR on the basis of TEUs handled instead of linking it with the market value of land resulted in loss of revenue to the extent of Rs.551.26 crore during the period 2004-07. (Para 2.12.3 of Report No. PA 8 of 2008 (Railways) Chapter 2 on Land Management in IR)

4. Can IR sell its land to CONCOR (or anyone else)?

A simple answer is no, certainly not without violating the existing provisions under which the land was acquired by IR from the state governments. As IR is prohibited from selling its land to public, it has limited options:

1. It can return the land to the state governments who had acquired it for IR's bona fide use only.
2. It can allow Rail Land Development Authority (RLDA), a special agency created for this purpose, to commercially utilize the surplus land under its possession.

In 2018, IR has identified nearly 12,066 acres of surplus land which it wants the state governments to either buy or exchange these for developmental projects (The Economic Times, 2018). The complexities in attempting to develop/commercially utilize surplus land are best illustrated by the incident where IR attempted to develop an ultramodern mall/shopping complex on a 3-acre land in Bandra, Mumbai in the 1990s (the site was acquired by erstwhile BB & CI Railway under the provisions of the land acquisition act, 1894 which was published in the Bombay Government Gazette on 27.05.1909). The commercial value of that parcel was estimated to be several thousand crores of rupees. An international design contest was held, but the state government insisted that the land could be used only for bonafide railway purpose and if that was surplus, it had to be returned to the state government.

After taking into consideration the present market capitalization, the sale of 24% of the shareholding will not fetch more than one billion dollars. For a country like India with more than 500 billion dollars in reserves, this amount is utterly negligible. Also, the question arises whether government monopolies created in the interest of public good can be disposed of to private interests. India being a constitutionally

declared socialist welfare state is supposed to accord public good its highest priority. As such, it is doubtful whether the sale of such a public enterprise will meet its stated purpose of public good. Or is it land speculation by another name?

Another issue which complicates the privatization process is the government insisting on CONCOR raising debt from the market to buy the land owned by the Railways (albeit at concessionary rate) and then sell it to a highest bidder. The problem is there are other bidders for the same railway land who are willing to pay a higher, if not equivalent, price to the Railways for the same parcel of lands. In any case, CONCOR is not capable of raising huge debts in the market to buy the Railway's land at market price. This indicates that CONCOR owns very few assets and its market capitalization is very optimistic to say the least. Given this scenario, there should be no doubt in anybody's mind that the sale would be challenged in higher courts right at the outset if the government decides to go ahead with it.

There is another factor which needs to be considered. Being a government organization, CONCOR was allowed to issue guarantee bonds to the Customs against the possible liability for loss of revenue. The value of these bonds far exceeded the net worth of the company and was accepted by Customs purely on the grounds that CONCOR was a government company. This extraordinary privilege is unlikely to be extended to a private organization without paying a huge cost. This additional cost will render the new owner price uncompetitive.

In addition to the issues listed above, another factor also needs consideration. CONCOR by the virtue of its market dominance acts as a price maker in respect of warehousing rent and container transportation tariff. Since the introduction of the Direct Port Delivery (DPD) Scheme by the government of India in March 2019, CONCOR has increased the free time granted to the warehouse users from seven to 55 days. As such, it hardly collects any revenue on containers or cargo stored at their warehouses (Gujar et al., 2019). However, this business model has severely affected the revenues of private warehouse operators.

The issue is similar to the case of container transport by rail or road. Due to its dominant market share CONCOR is able to charge a tariff which cannot be

be exceeded by any other transporter due to fear of losing business. Thus, its pricing strategy acts as a floor and a ceiling for other road/rail transporters. Anybody charges less than CONCOR runs the risk of eroded profit margins and anybody charging more than CONCOR runs the risk of losing traffic. These factors have made other dry port operators wary of the government proposal to privatize CONCOR.

The market expects one of the major port operators such as APM terminals, DPW, PSA or Adani Ports could manage to win the bid and create a dominant niche in the Indian logistics market. The question that arises is whether such dominance would be in the interest of the Indian consumer? The answer is likely to be negative. In such circumstances, would the government consider splitting the company and selling it in bits and pieces? Would that serve the government objective of garnering a handsome amount? Most importantly would any buyer be interested?

Finally, it is ironical to note that CONCOR was established to promote foreign trade of India. After three decades, it is being rendered irrelevant by introducing the DPD law and is now being privatized to unlock the value of the land on which the ICDs/CFSSs were built. This too is being done when the foreign trade of India has fallen considerably and needs to be redeveloped. The government of the day has concluded that CONCOR or other such entities do not have a positive role to play in the development of the foreign trade of the country. This brings us back to the question as to whether CONCOR ever had any role to play in development of the foreign trade or was it a land speculation exercise always?

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Girish Gujar

Dr Girish Gujar is an ex-Marine Chief Engineer with a decade of sailing experience. Apart from a PhD from Erasmus University Rotterdam, He also has Master degrees in Finance, Maritime Economics and Law. On completion of his sea going career he was appointed as a Chief Executive Officer of Logion BV, a Logistics and Consultancy company based in Netherlands. Subsequently he joined Erasmus University Rotterdam and The Hong Kong Polytechnic University as a Lecturer. At present he is an Assistant Professor in United International College, Zhuhai, China. He has published numerous academic papers in highly esteemed peer reviewed journals and is a regular speaker at numerous international conferences. In addition he has published four books.

In Plain

Institutional Erosion in Environment Policymaking for Maritime Transport

Jason Monios, Adolf K.Y. Ng

In 2018, maritime transport produced 1,076 million tonnes of greenhouse gas (GHG) emissions, 9.6% more than in 2012 and representing 2.89% of global anthropogenic GHG emissions. The recent IMO GHG study predicts that by 2050 this figure will increase by anything up to 50%, and even the best-case scenario shows no reduction of GHG emissions (IMO, 2020). Despite the clear IPCC requirement for full decarbonization of all sectors by 2050 (IPCC, 2019), the official IMO target remains only 50% reduction by that date, and currently the only policies relate to efficiency improvements through EEDI and SEEMP. Market-based measures (MBMs), such as emission trading schemes and carbon taxes, have been discussed at the IMO for over a decade but no agreement has yet been reached.

The continued inaction at the IMO MEPC illustrates how such groups can function as placeholders preventing real structural change. This technocratic style of governance can be endlessly side-lined in technical committees without solving the underlying political impasse. The MBMs currently being discussed at both the IMO and elsewhere (regional emission trading schemes and small carbon taxes) reveal that only incremental changes are acceptable to industry stakeholders. The maritime sector remains insulated from wider societal calls for GHG action.

Institutional erosion was first defined by Ng et al. (2019) as an incomplete process of deinstitutionalization whereby the legitimacy of an existing institution erodes, but high levels of inertia

prevent the institution either changing or being replaced completely. Monios and Ng (2021) applied the concept to the impasse in GHG policymaking at the IMO as a result of competing “business-as-usual” and “sustainability” logics. This leads to an ongoing erosion of the legitimacy of the institution of maritime transport governance and a state of inertia with no new institution able to emerge. This stagnation is, in some ways, worse than a decline because current issues cannot be addressed, leading to a loss of trust in the system, further stagnation and impasse, and no action on GHG emissions.

The continued inaction at the IMO demonstrates little likelihood of renewing its dominance as the main venue for GHG policy making at the international level, but the increased unilateral actions of policy makers such as the EU or voluntary industry actions cannot achieve any more than partial gains and will not lead to an industry-wide change and new institution. These alternative actions erode but they do not replace the current international institution. The problem is that the current institution of maritime governance centred around the IMO is too strong to be replaced by a new institution but too caught in inertia to improve and renew itself. The key issue with institutional erosion is the temporal aspect; the longer the erosion without change continues, the greater the weakening of the trust that will be necessary for whatever future institution emerges. Erosion prevents new building and makes it more difficult to respond to any new uncertainties and challenges, especially the longer that this state exists. Figure 1 illustrates the process of deinstitutionalization and erosion in maritime governance.

Both studies on institutional erosion suggest that the current institutional form cannot deal with either existing challenges (climate change mitigation by reducing GHGs – Monios and Ng, 2021) or a new challenge (climate change adaptation at ports – Ng et al., 2019). Understanding how increasingly ineffective institutions continue to exist and function, and the strategies used by actors to navigate this uncertain environment, can therefore shed light on the challenges of multi-level policymaking for reducing GHG emissions in the maritime sector as well as other industries.

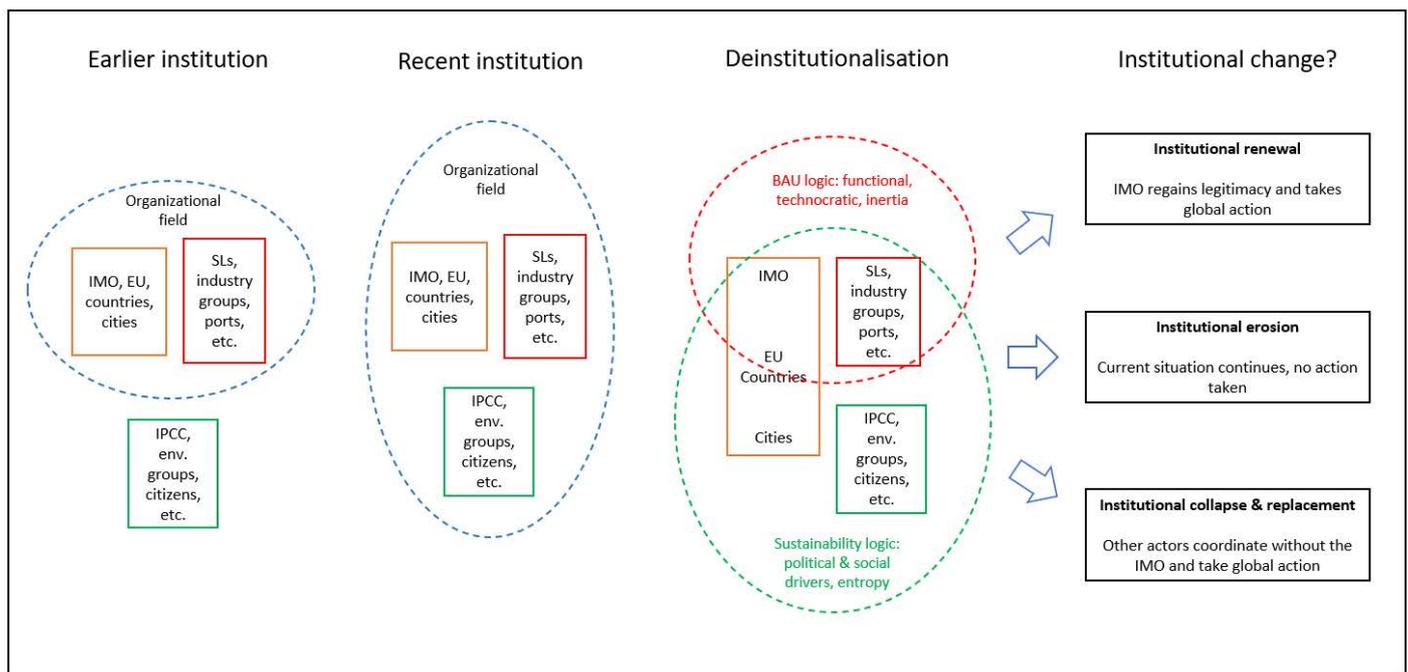
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The full manuscript can be accessed at Jason Monios and Adolf K.Y. Ng (2021). Competing institutional logics and institutional erosion in environmental governance of maritime transport. *Journal of Transport Geography*. 94: 103114.

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Figure 1: The process of deinstitutionalization and erosion in maritime governance (Source: Authors)



In Plain

Jason Monios

Jason Monios is Professor of Maritime Logistics at Kedge Business School, Marseille, France. His research areas include intermodal transport and logistics, port system evolution, collaboration and integration in port hinterlands, transport governance and policy, institutional and regulatory settings, sustainable transport, climate change adaptation, autonomous and electric vehicles and urban freight transport and logistics. He has led numerous research projects on these topics with a total budget of over €1m and has over 100 peer-reviewed academic publications. He has worked with national and regional transport authorities and co-authored technical reports with UNCTAD and UN-ECLAC.



Adolf K. Y. Ng

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In Plain

Development and Formation of the CRUISE Framework in Hong Kong and Shanghai

Yui-yip Lau

Introduction

Cruise is defined as “any fare paying voyage for leisure onboard a vessel whose primary purpose is the accommodation of guests and not freight normally to visit a variety of destinations rather than to operate on a set route” (Wild et al., 2000). In other words, cruise mainly performs an unexpected and fantastic cruising experience via visiting various destinations with changeable routes. The cruise industry has been arisen from North America and Europe since the late 1960s. Because of Asian region has unique features of diverse cultures, exotic experiences, and attractive cruising destination, a number of western cruisers considered Asian region as “a desirable destination” to experience in a cruise travel. In this way, some Asian countries like Mainland China, Hong Kong, Japan, South Korea, Vietnam, Singapore, and Taiwan are striving towards upgrading cruise terminal facilities or establishing a new cruise terminal to serve mega cruise ships. Indeed, Hong Kong and Shanghai have

set up two cruise terminals to develop homeport cities in the 21st centuries. The Ocean Terminal and Kai Tak Cruise Terminal mainly serve for cruise ships in Hong Kong while Shanghai Port International Cruise Terminal and Shanghai Wusongkou Cruise Port Terminal currently provide service for cruise ships in Shanghai. Surprisingly, Kai Tak Cruise Terminal and Shanghai Wusongkou Cruise Port Terminal are newly established cruise terminals to improve service quality and increase capacity to cruisers and cruise lines. Both cruise terminals are now facing under-capacity problem due to the poor site selection process. Thus, addressing port location feature is the crucial elements of enhancing a sustainable cruise tourism.

Literature Review

In the past research studies, cruise research papers have been inclined towards tourism area. Only 55 academic articles have investigated the cruise

industry in the maritime transport research papers. Concerning about cruise terminals or cruise ports, passenger handling capacity, onshore cruise tourism products, surrounding hotel facilities, accessibility of the port, tourist facilities, local public transportation, connection to the airport or flight services, security, safety, and human capital are significant cruise port planning factors. In general, the location of cruise ports influence the cruise port characteristics, cruisers' satisfaction and ports of call.

Cruise Terminals in Mainland China

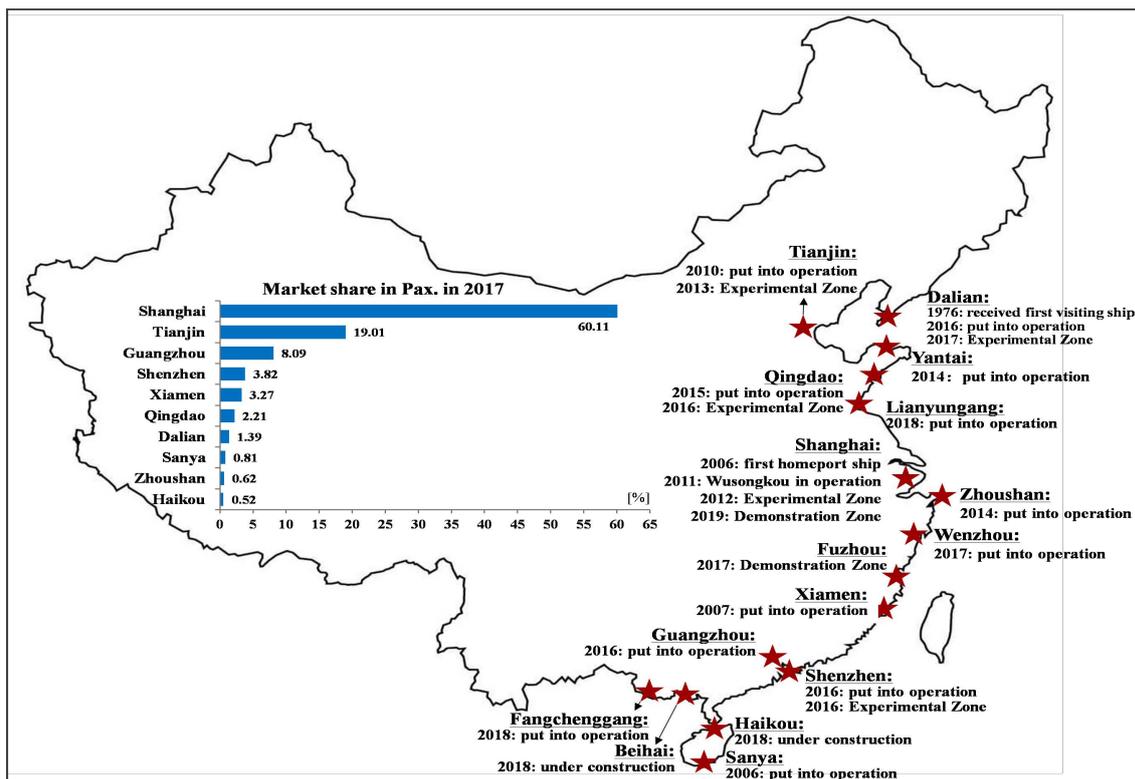
China has only developed cruise industry just over a decade. The first homeport cruise ship, Costa Allegra was deployed in Shanghai Port International Cruise Terminal in 2006. This provides a symbol that

Chinese cruise industry development has been arisen. Although China cruise industry is at the introductory stage, there are 17 cruise ports have well been established along the coastline including Tianjin, Dalian, Weihai, Qingdao, Yantai, Weihai, Shanghai, Linyungang, Wenzhou, Zhoushan, Guangzhou, Xiamen, Haikou, Shengzhen, Beihai, Sanya, Fangchenggang, and Fuzhou (under construction). The overview of cruise terminals in Mainland China is shown in Figure 1.

A CRUISE Framwork

A CRUISE framework is further developed from the Porter's diamond framework. To this end, the proposed CRUISE framework integrates external environment and locational characteristics

Figure 1: Overview of Cruise Terminals in Mainland China (Sun et al., 2019)

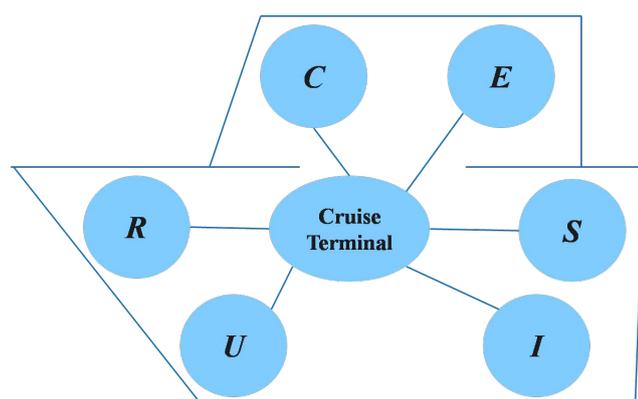


In Plain

of cruise terminals to improve sustainable development in the cruise industry. In general, the CRUISE framework includes the six key elements to demonstrate a cruise terminal operation. The CRUISE framework can be explained as C refers to connectivity. Connectivity concerns about the location of cruise terminal should be proximity to the city center and accessed conveniently. R refers to regional competitiveness. Regional competitiveness is suggested by attracting investment via public, private and foreign capital, fostering technological advancement, and producing innovation environments by human capital. U refers to utilization. The utilization is determined by institutional and natural seasonality. I refers to infrastructure. The cruise terminal infrastructure like pier width, pier length, and terminal space can accommodate the large size of vessel and frequent cruise ship schedules. S refers to security. The security covers cruise port security construction, security plan, and customs control. E refers to environmental management. The environmental management mainly focus on the cruise terminals adopt the building's energy conservation measures. A CRUISE framework is provided in Figure 2.

Within the CRUISE framework, it expects that different industry practitioners, government bodies, policymakers, associations, cruise lines, and cruise terminal operators collaborate with each other.

Figure 2: A Cruise Framework (Sun et al., 2019)



Some typical collaborations can be considered like roundtable discussion, conference, seminar, workshop, to name but a few. The sustainable competitive advantages and first mover advantage will be demonstrated in the forthcoming years.

According to the CRUISE framework, we compare four cruise terminals, namely The Ocean Terminal and Kai Tak Cruise Terminal in Hong Kong and Shanghai Port International Cruise Terminal and Shanghai Wusongkou Cruise Port Terminal in Shanghai. The comparison between four cruise terminals in Table 1. Through the comparison, we can compare similar items quickly and investigate a series of significant attributes easily among four cruise terminals.

Discussion and Conclusion

The poor site selection process clearly reflects the government ignoring the predilection and rationality of the cruise industry. Eventually, Hong Kong and Shanghai cruise terminals encounter with the main common problems including poor connectivity, an inadequate infrastructure support, low capacity utilization, a lack of regional competitiveness, an insufficient new cruise tourism product, and most of cruise lines are not willing to set up the headquarter or regional office in that city. Establishing a sustainable home port in both Hong Kong and Shanghai is reserved in the future.

As a home port, we expect that the cruise lines and cruisers would stay longer to boost up cruise tourism. Thus, the related and supporting cruise tourism pertaining to tourism, hospitality, logistics, exhibition, repair and maintenance, and entertainment are crucial.

In the recent decades, developing an environmental city to ease the climate change problem. E-transport system, waste management, and a shore power system are the possible ways to maintain green marine environment. Although, a shore power

system becomes a popular tool to support cruise port operations. Nevertheless, a lack of clear guidelines and mechanisms to implement a monitoring system for effective measuring green indicator as well as, cruise vessels required to be changed to fit with the power equipment specification pose the challenges of establishing a green cruise port in the forthcoming years.

Clearly, Shanghai cruise ports still face a security problem. In order to enhance a security level, we suggest that cruise port operators provide regular staff training consists of cruise ship exercises and drills, design security plans, carry out cruise ship security alert system linking with land-based authorities of maritime piracy, terrorist attacks, and possible hijackings, to name but a few.

Remark

The full manuscript can be accessed at Xiaodong Sun, Tsz Leung Yip, and Yui-yip Lau (2019), Location Characteristics of Cruise Terminals in China: A Lesson from Hong Kong and Shanghai, *Sustainability*, 11, 5056-5070

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Table 1: Comparison of CRUISE Framework Elements of Shanghai and Hong Kong Cruise Terminals

CRUISE Framework Elements	Hong Kong		Shanghai	
	Ocean Terminal	Kai Tak	Shanghai Port	Wusongkou
Connectivity	+++	-	+++	-
Regional Competitiveness	+++	+	+++	+
Utilization	+++	+	+++	+
Infrastructure	+	+	+++	+
Security	+++	+++	+	+
Environmental Management	+	+++	+	+

Remarks: Excellent refers to “+++”; Moderate refers to “+”; and Poor refers to “-”

In Plain



Yui-yip Lau

Mr. Lau is now working at Division of Business and Hospitality Management, College of Professional and Continuing Education, The Hong Kong Polytechnic University. Until now, he has published more than 180 research papers in international journals and professional magazines, contributed 7 book chapters, 2 books presented numerous papers in international conferences. He has also secured over HK\$6.8 million research grants. His research interests are supply chain management, health logistics, cruise, ferry, climate change, regional studies, higher education and training.

Commentaries

U.S. Unable to Respond to Arctic Oil Spill

Matthew K. Redihan

According to the U.S. National Academy and industry leaders, the United States has no effective Arctic oil spill response. This could be directly addressed by the U.S. procuring a fleet of modern, heavy classification icebreakers.

The U.S. has five icebreakers, two of which are held by private companies. Of the three Coast Guard Cutters, one is out of commission, the second the USCGC Polar Star, a heavy icebreaker, and the third is the USCGC Healy, a medium icebreaker.

The privately-owned icebreakers are classified as light and cannot be heavily relied upon to aid in an emergency. The Healy lacks the ability to clear passage in the ice of large tankers. The Polar Star has to support both Arctic and Antarctic operations.

With the emergence of the Arctic Sea Routes as a result of global warming, the need of the U.S. having the capacity to clear passages for major tankers has never been greater. The Northwest Passage Sea Route (NWP), above Canada and Alaska, is now a feasible shipping route during certain times of the year,

with an estimated 1.5 million tons of cargo to pass through in 2020 and 4 million by 2021. The U.S. lacks the current capacity to support this economic mission in addition to lacking the capacity to respond to search and rescue efforts.

It is not like the U.S. to be lacking when it comes to naval capabilities. The U.S. Navy has the largest fleet in the world, with eleven of the eighteen active aircraft carriers. In contrast to the U.S., Russia has forty-four active icebreakers to support its operations in the Northern Sea Route (NSR), another emerging Arctic Sea Route of which twenty-seven are in the service of the Russian government with the rest privately owned.

A modern fleet of heavy icebreakers operated by the Coast Guard would allow the U.S. to be more politically and economically active in the Arctic; supporting both freighters and tourist vessels by clearing the ice and providing an infrastructure of search and rescue, in addition to assisting in scientific exploration and research.

It should be noted that Canada, which like Russia has massive territories in the Arctic, has the second largest icebreaker fleet in the world with twenty-one icebreakers, nineteen of which are owned by the Canadian Coast Guard. A coalition between the U.S. and Canada, as longstanding allies, could mitigate Russian influence in the Arctic by combining resources and missions.

The threat of an Arctic spill is very real. Recently, more than 20,000 tons of oil have leaked from containers into local rivers near Norilsk. It has been described as the second worst oil spill in modern Russian history. 140 miles² has been contaminated with total costs of cleanup at \$1.5 billion. Cleanup is estimated to take 5-10 years.

Those threats should continue to increase and result in larger oil spills. Both the U.S. and Russia have development plans for the Arctic that include drilling for oil and natural gas with the U.S. easing its environmental restrictions and Russia placing 10% of the nation's economic investments in the Arctic Region which includes not only the development of fossil fuels but also mining deposits of nickel, copper, and palladium.

A group that is particularly threatened by oil spills is the indigenous peoples of the Arctic. Oil spills destroy their traditional fishing and hunting territories in a region where grocery stores are not common, threatening a major food source as well as a way of life. However, the natives might be a valuable resource in responding to oil spills. With limited wage paying jobs in the region, resulting in abandoned settlements, having the native populations of the Arctic quickly respond to oil spills, per a binding agreement

of the Arctic Council, could solve not only economic issues in the region, but ecological as well.

Unless the U.S. has the capacity, with a modern fleet of heavy icebreakers, an oil spill in U.S. Arctic territory could be an unmitigated disaster, causing continuous damage that could eventually flow out of the Arctic and affect both the Atlantic and Pacific Oceans.



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Organizational Blocks

College of Transport and Communications, Shanghai Maritime University, China

Ying-En Ge

Shanghai Maritime University (SMU) is a multi-disciplinary university with her specialties in the fields of shipping, logistics, and oceanic engineering. Chinese maritime education was originated in Shanghai and developed from the Shipping Section of Shanghai Industrial College founded in 1909. On such basis, the Shanghai Maritime Institute was set up in 1959 and renamed as the Shanghai Maritime University in 2004. At present SMU runs 21 PhD programs, 59 master's degree programs, and 48 bachelor's degree programs. It owns an aquatic training center and two ships for teaching and training: one is a 10-thousand-ton container ship, and the other is a newly built 48-thousand-ton dry bulk carrier.

Currently, SMU composes of more than 10 colleges or schools, including Merchant Marine College, College of Transport and Communications, College of Logistics Engineering, School of Economics and Management, Law School, College of Information Engineering, College of Ocean Science and Engineering, College of Arts and Sciences, etc. SMU has more than 16,500 undergraduate students and 6,000 plus postgraduate students, among which about 1,000 are from the overseas.

The higher education at this university is fulfilled by about 1,200 faculty members, including over 190 full professors. The graduates from SMU mainly work in shipping companies, port enterprises and governmental departments or institutions.

In the past century, SMU has established a solid link of exchange and cooperation with overseas institutions and industry companies, including teacher exchange, joint degree programs, research cooperation, student exchange, to name but a few. The main collaborators include world-class shipping organizations/institutions, such as International Maritime Organization, The Baltic and International Maritime Council, and Lloyd's Register Foundation.

In this regard, the College of Transport and Communications (hereafter called the 'College') consists of three departments and four undergraduate programs, specialized respectively in shipping operations and management, port operations and management, logistics management, and traffic engineering.

The undergraduate programs on shipping and ports represent the history and specialties of SMU. At present, more than 2,300 undergraduates and 400+ postgraduates are enrolled in the College, including about 100 overseas students.

The College is experiencing a quick development period in the past few years. The publications contributed by the College's 75 faculty members mainly appear in internationally scholarly journals, e.g., Transportation Research Parts A-E, Maritime Policy & Management, Maritime Economics and Logistics, etc. Their research is mainly funded by the National (Social) Science Foundation (NSF/NSSF) of China, Lloyd's Registration Foundation, varied provincial funding bodies, industrial income, to name but a few. There are three main research directions that have emerged in the College, namely maritime policy and management, transport and environment, and transport accident and resilience. Nowadays, the College has grown to be the hub of new idea exchanges and blue-sky research on maritime transportation and logistics. To support cutting-edge research and world-leading education, it organizes a couple of international conferences/workshops as well as invite about 30 well-established scholars from all over the world to visit us and deliver seminars on campus each year.

The current campus of SMU, more than 1.3 square kilometers, opened in 2008 and is situated at the far south-east end of Shanghai, at the starting point of the East-Sea bridge leading to the Yangshan port and you can see container trucks coming and going on the bridge while standing on the campus. It is 35 minutes' car journey from the Pudong International Airport to the campus. Thus, it is well located regarding the specialties of the university and the facilitation of world first-class maritime cluster formation. The move of SMU from the Shanghai Downtown area to this location represents the national as well as local ambition to develop and construct a world-leading international shipping center in Shanghai.



Ying-En Ge

Dr Ying-En Ge is Professor and Dean of the College of Transport and Communications of Shanghai Maritime University. Before joining SMU in December 2013, he worked in universities and consulting firms in the USA and in the UK for more than 10 years. He currently also serves as Associate Editor for Transportation Research Part D: Transport and Environment, Maritime Policy and Management, etc.

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We are interested in (but not limited to) the following topics:

- Economics of maritime transportation
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- Arctic shipping and development
- Maritime policy and governance
- Climate change adaptation and resilience in the maritime sector
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All submissions to different sections by scholars, policymakers, practitioners, and other maritime stakeholders will be considered. Authors should keep in mind that ME-MAG is not only published for scholars but to the larger society of the maritime industry and policymakers. Readers may not have a background on the presented topic and so authors should present the

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2.1 InFocus

This section is dedicated to industry professionals for presenting innovative solutions, created knowledge, and R&D results in practice. Authors should refrain from telling success stories and focus on the drivers and requirements for successful results. This section promotes research activities at non-academic institutions and encourages authors to present research achievements as well as core concepts and created knowledge. Authors should present some evidences for supporting arguments.

- **Not more than 2,000 words per article.**

2.2 InPlain

This section is dedicated to academic research performed by scholars and or professionals in maritime research. Scholars can briefly present a research which will be published shortly in an academic journal or an already

Submission Guidelines

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This section is dedicated to draw attention to critical problems in the maritime industry and academic research. It should be in op-ed format that provide comments on particular hot topics in the maritime industry. Authors can submit a short article dealing with the problem and draw attention of readers to that challenging topic.

- **Not more than 700 words per article.**

2.4 Organizational Blocks

This section is dedicated to the introduction of maritime organizations (e.g., professional maritime organization, maritime department in a university, etc.). For this section, authors are encouraged to first discuss with the editorial team before making a submission.

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This section is dedicated to articles that report a maritime-related conference. For this section, authors are encouraged to first discuss with the editorial team before making a submission.

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3. ARTICLE FORMAT

Your manuscript should be in single-column format, double-spaced, and with line numbers with Times New Roman 12 simple. Please keep the layout of the text as simple as possible. Submitted manuscript should have been spell checked, grammar checked, and free from plagiarism. Finally, authors should acknowledge the organization(s), individual(s), and or funding source(s) in supporting their study, if applicable.

3.1 Figures, Tables, and Photos

Authors are welcomed to contribute figures, tables, and photos. However, they must have full ownership or ensure that they have full right to use them (i.e., a written permission from the owner) in ME-MAG. All figures, tables and photos should be numbered and have an appropriate caption (e.g., Table 1-, Figure 1-).

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Authors must ensure that all non-original sources are cited and referenced in the manuscript and reference list, respectively. Use APA citation style for references. A maximum of five (5) references is allowed.

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The submitted article must include the name, title, affiliation(s), and a 50-100 words biography of each author. Please state clearly a) the order of the authors, b) the corresponding author (for multiple authorships) and the contact details of the corresponding author.

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