

# Port Governance, Commercialization and Investment in China

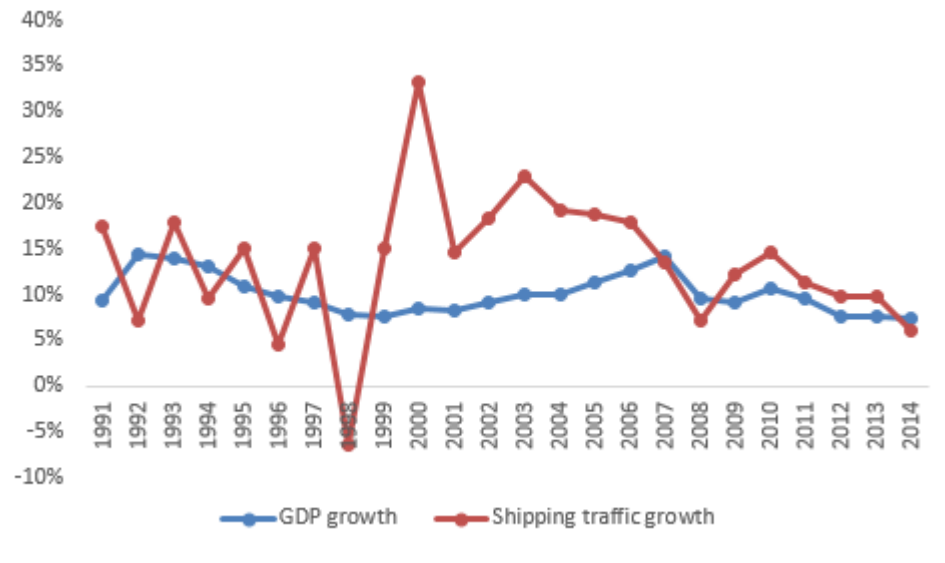
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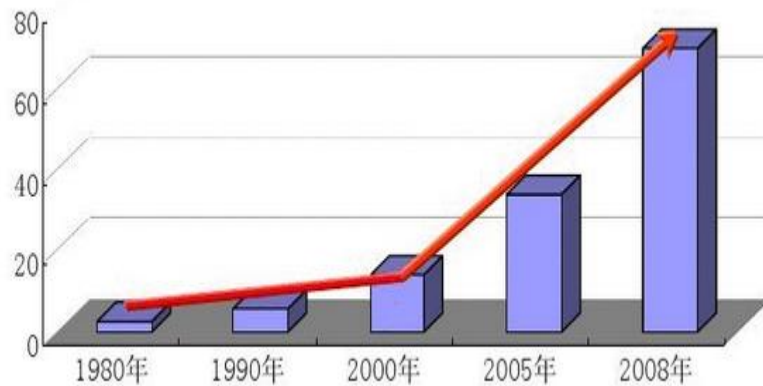
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# The Development of Chinese Port



## Ports through in China since 1980



MOT China, 100 million ton

**China is the No.2 Trade country;**

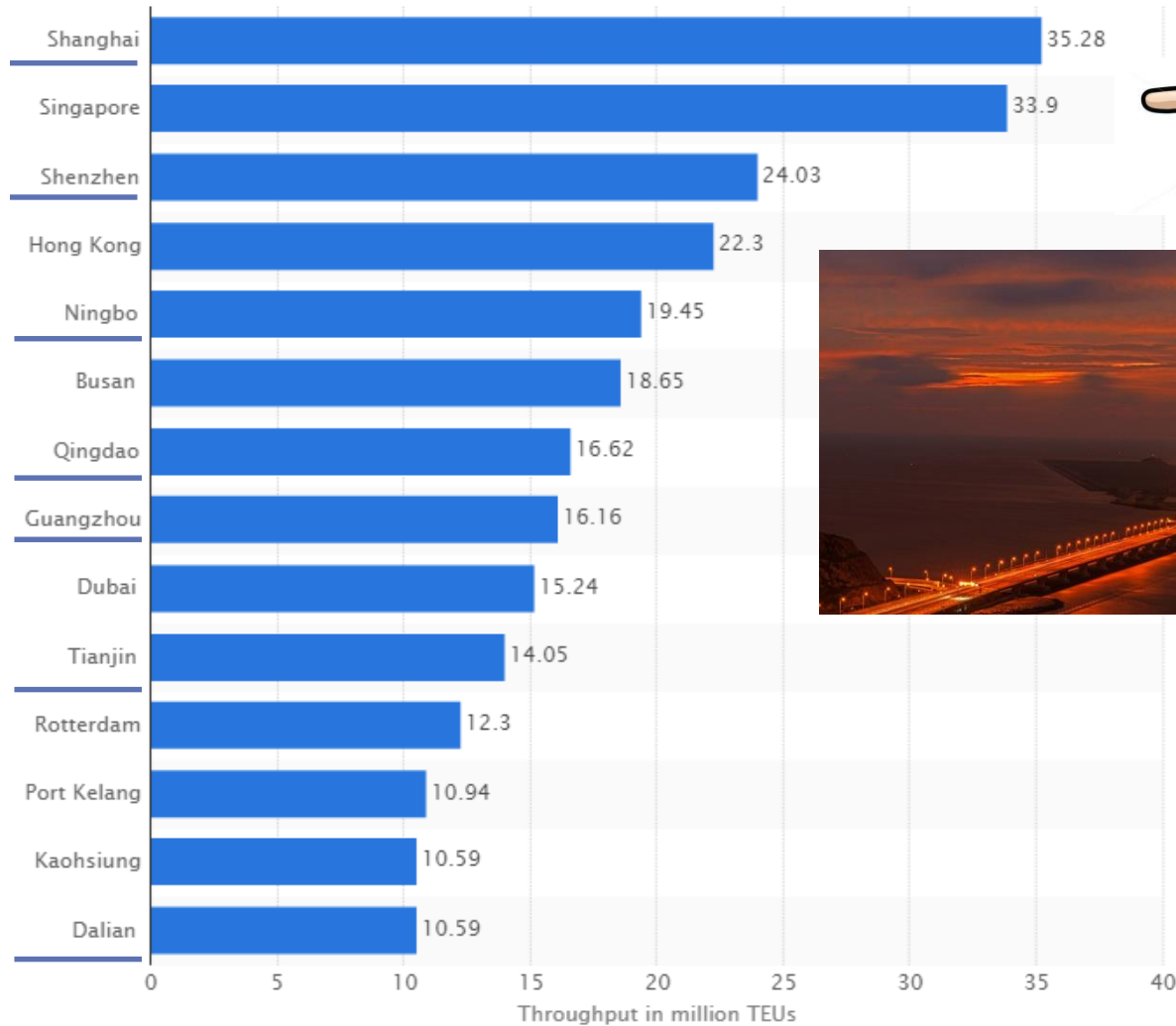
**China has the biggest maritime demand, iron ore and coal import and container traffic;**

**China will become the No.1 oil import country.**

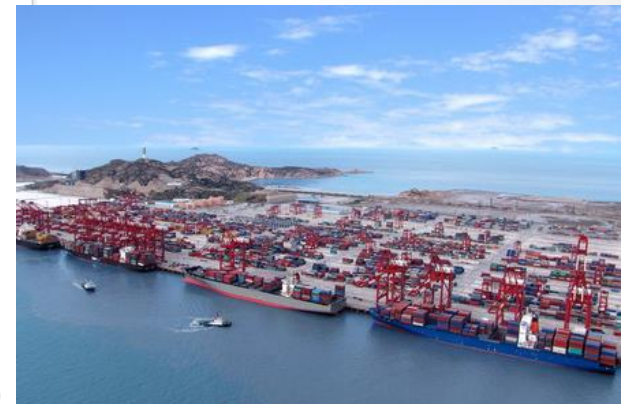
# The Development of Chinese Port



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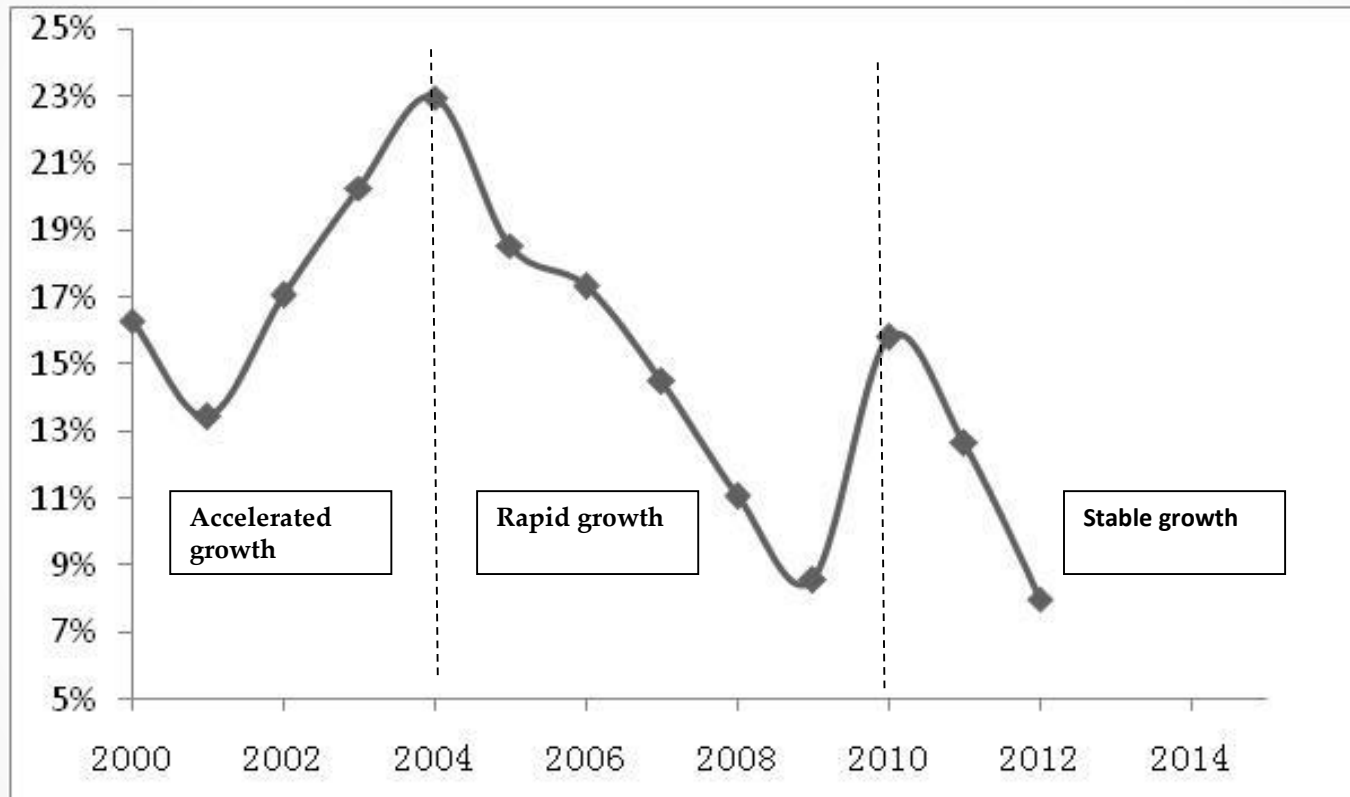
Top Container ports





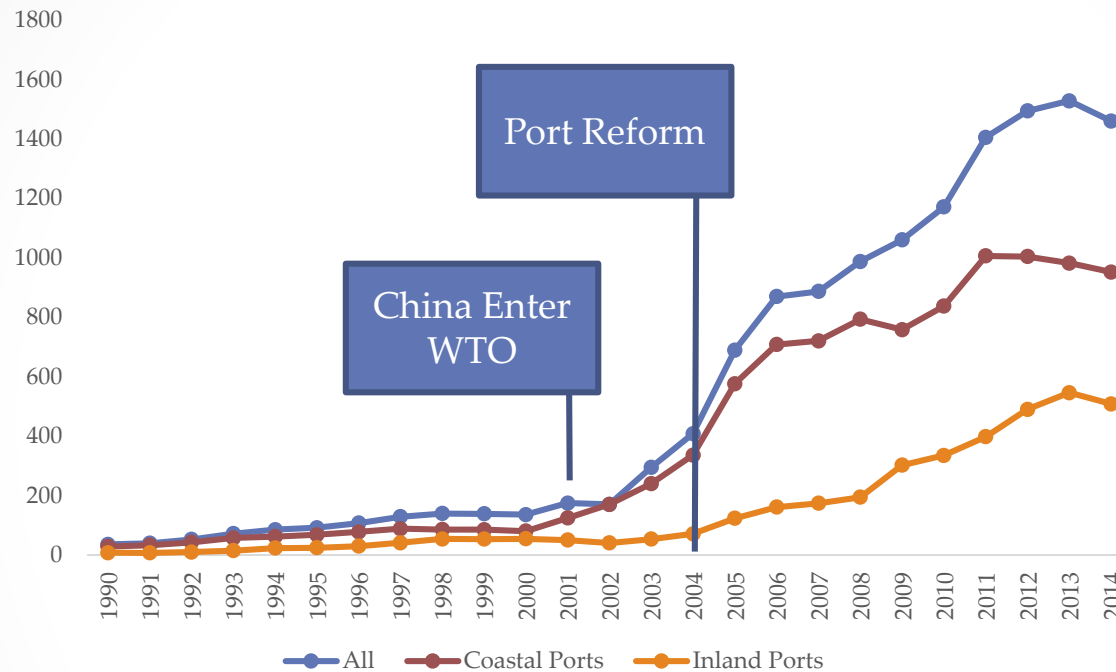
# The Development of Chinese Port

## The Throughput Growth of Chinese Coastal Ports



2000-2004 Double  
2005-2010 Double  
2011-2020年 ?

# Chinese Port Investment



MOT China, 100 million ton

## Chinese Port Law

Article 5: The State encourages domestic and foreign economic organizations to invest in port construction and operations in accordance with law

# Port Governance in China

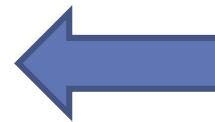
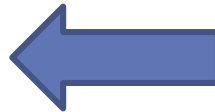
- Centralization (Before 1984)

Before 1984, the Ministry of Communications directly controlled the 38 major ports in China, consisting of 13 coastal ports and 25 ports along the Yangtze River. the Ministry determined all aspects of business in the ports and local governments did not have much input into the port industry in their regions.

Planned Economy



Operation plans: annual financial targets and budgets



operation revenues



Actually achieved corresponding financial targets ?

# Port Governance in China

- Semi-decentralization (1987-2004)

After 1987, 37 of the 38 major ports were transferred to a semi-decentralization or dual-administration system, being jointly controlled by the MOT and the local governments. The only exception was Qinhuangdao Port that is of its national significance as the largest coal transport port and was still under direct control of the Ministry.

Individual ports could retain certain proportions of the profits. use the funds for the port development and innovation projects that had been approved by the Ministry



Operation planning,  
procurement,  
infrastructure/equip  
ment enhancement  
and development,  
finance and others



Managing human  
resources



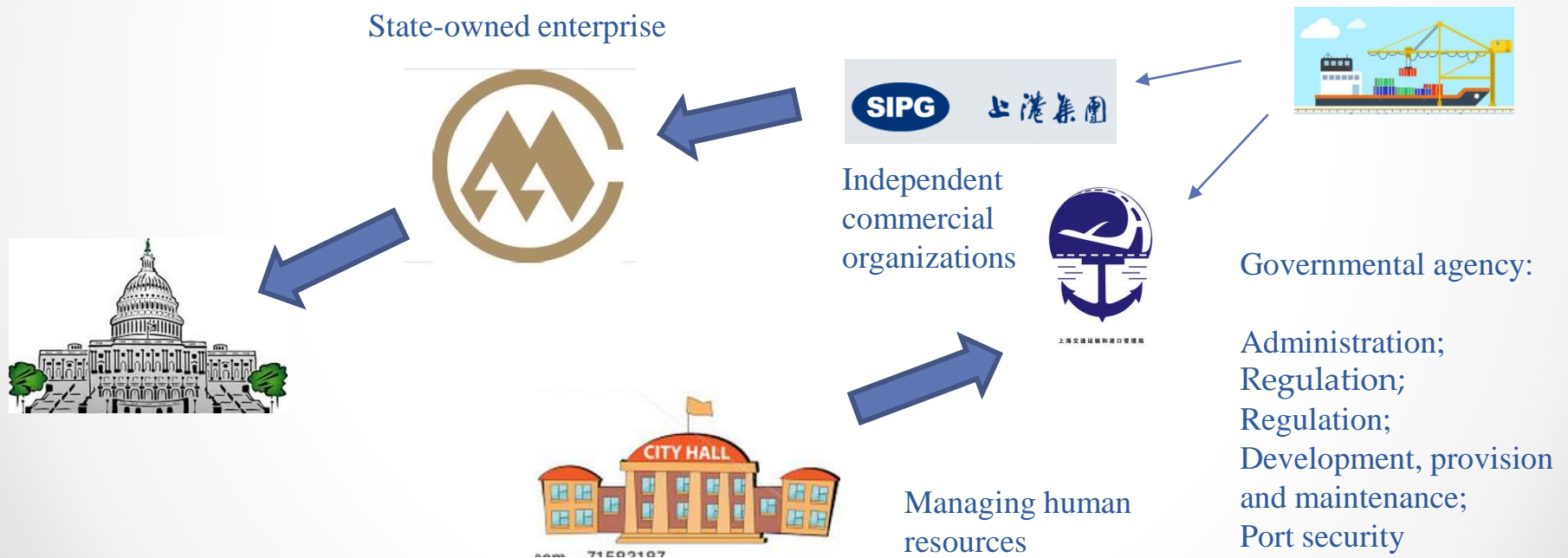
Port regulation, planning  
and operations



# Port Governance in China

- Decentralization (since 2001)

A large scale of decentralization was symbolized by the fact that all 37 ports under the dual-administration were transferred to the corresponding local governments by March 2002, following a decree from the State Council of the People's Republic of China



# Port Governance in China

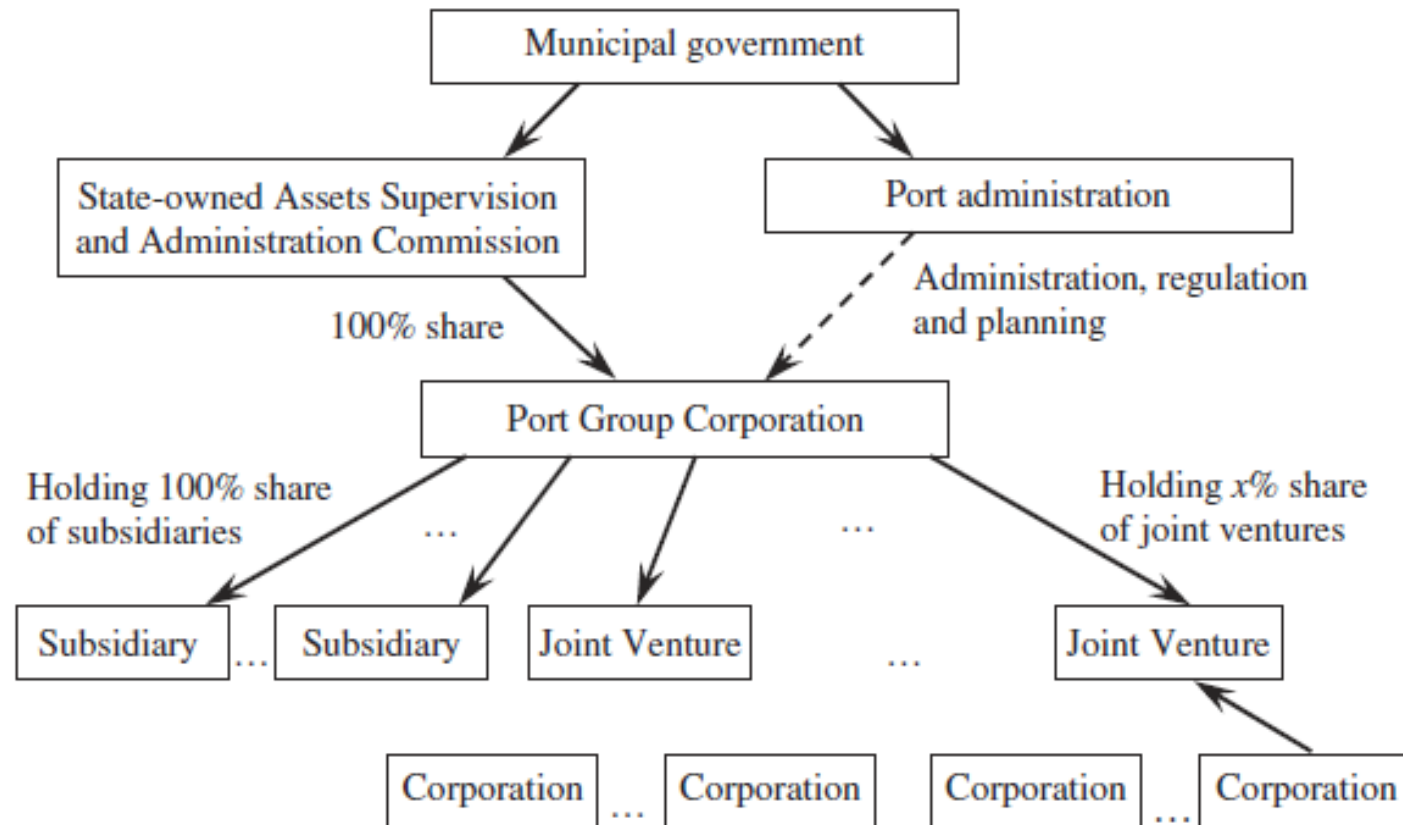


Figure 10. A generic model of port governance in China.

# Port Governance in China

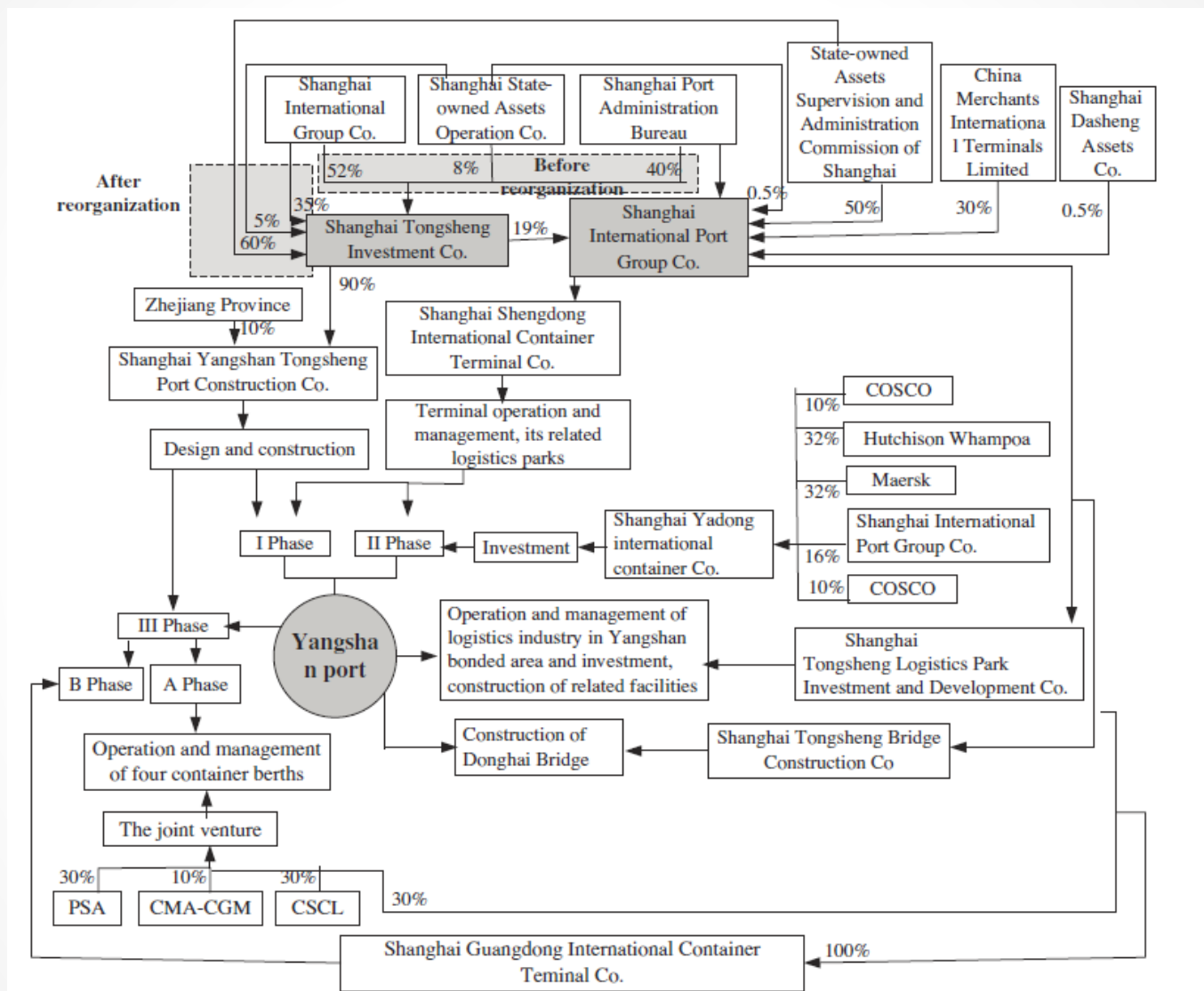


Fig. 6. Governance structure of Yangshan port. Source: Own realization based on Yearbook of China Transportation and Communication.

# Port Governance in China

- 1) Shenzhen Yantian Port Group Co., (Joint-venture)
- 2) Shekou Port Precinct, Chigang Port Precinct and Mawan Port Precinct (individual commercial organizations)
- 3) Xiatong Port Precinct and Shayuyong Port Precinct (three oil and gas corporations)

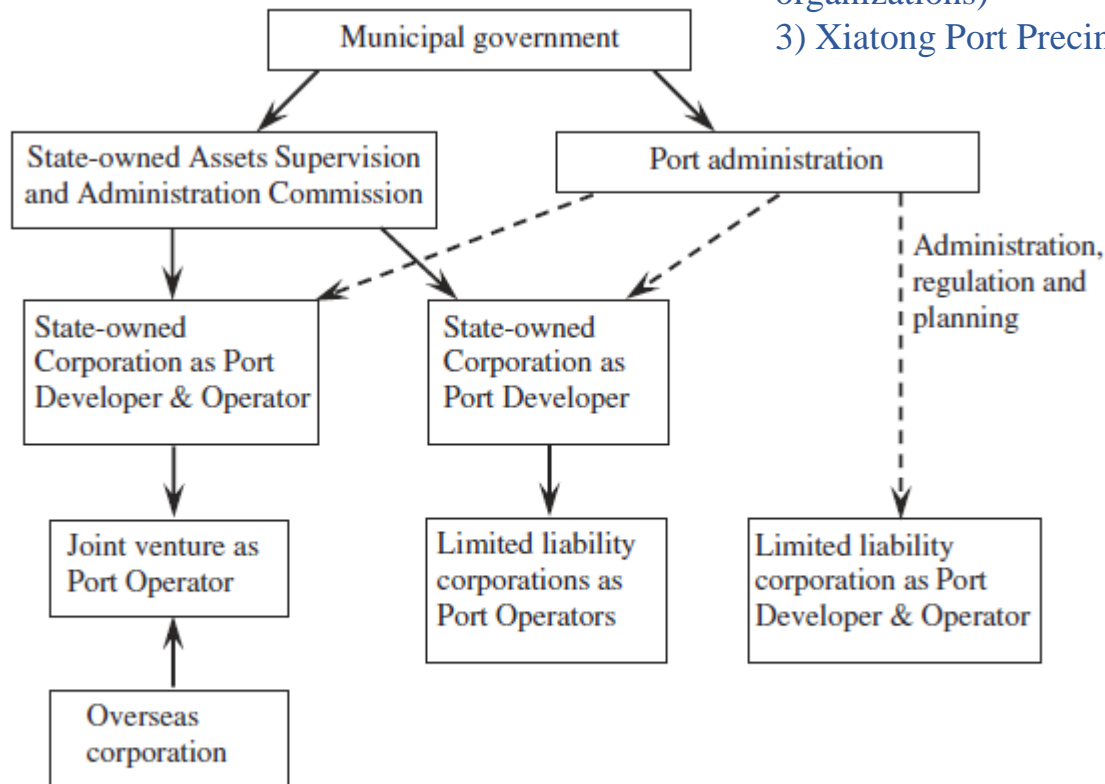
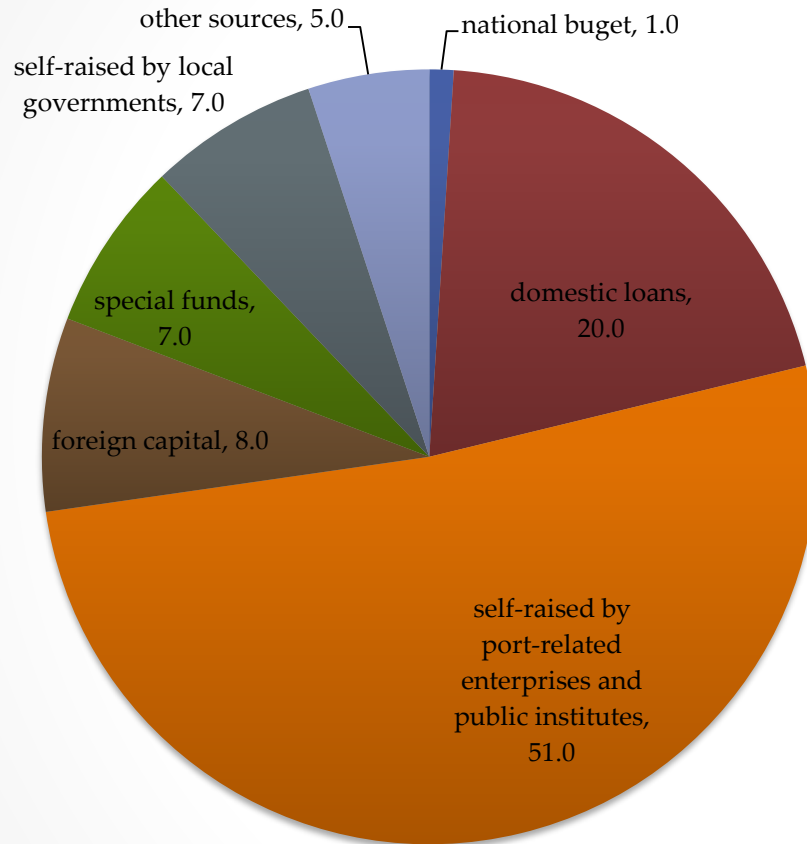


Figure 12. The Shenzhen model of port governance.

# Port Investment in China



Since the introduction of Port Law, private capital has been active, breathing new life to ports. Major investment models are privatization, BOT, acquisition, joint venture, etc. Meanwhile, financing by listing on stock markets is also a choice for ports.



# Port Investment in China (foreign investment)

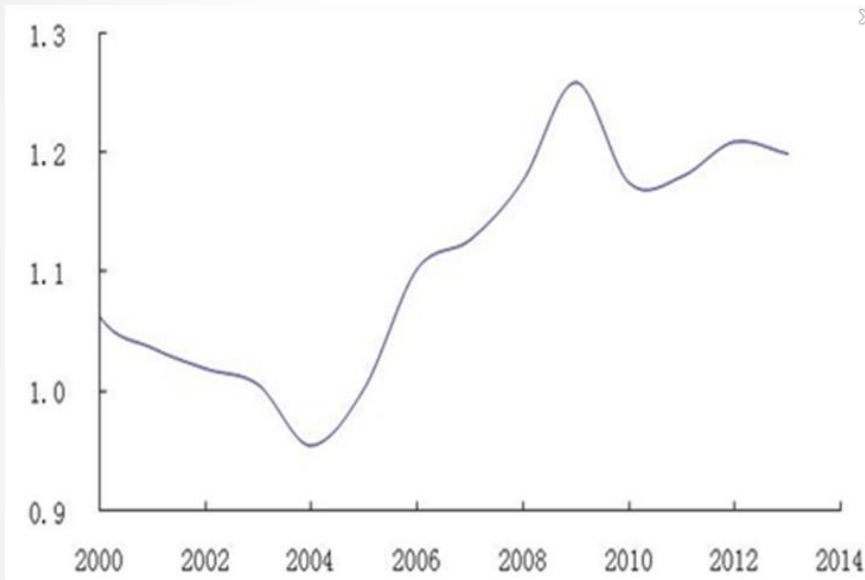
Port	Terminal	Design capacity (million/terminal)	Investor	Share
Dalian	DL Container Ter	1.8/5	MPA/MSK	49%
Tianjin	TJ Orient Container	1.4/4	DB world	49%
Qingdao	Container T phase 2\3	1	P&O Nedlloyd MSK /Cosco	--
	YG container Terminal			50%
Shanghai	SCT container	1.7/10	Hutchison	50%
	Waigaoqiao phase 4 container	1.8/4	MSK	49%
	Pudong international container	1.6/3	Hutchison	30%
	Waigaoqiao phase 1 container		Cosco	20%
Ningbo	Beilun phase 2	0.8/3	Hutchison	49%
Fuzhou	Jiangyin International cont	1.5/5	PSA	---
Xiamen	XM international container	2	Hutchison	49%
	XM Xiangya free-trade zone		HK NWS	50%
Shantou	ST International Container		Hutchison	70%
Shenzhen	Yantian international container	400/5	Hutchison/China Merchant	73%/32.5
	Shekou container	50/2	Cosco/P&O	%
	Chiwan container	85/3	Nedlloyd/Swire China Merchant Kerry(SG)	17.5%/25 %/25%/20 % 25%
Guangzhou	GZ container termianl	6	PSA	49%
Others	Nanjing,Nanhai,Jiangmen,Zhuhai...	More than 10	Hutchison, Cosco and so on	More than 50%

# Port Investment in China (Listed enterprises)

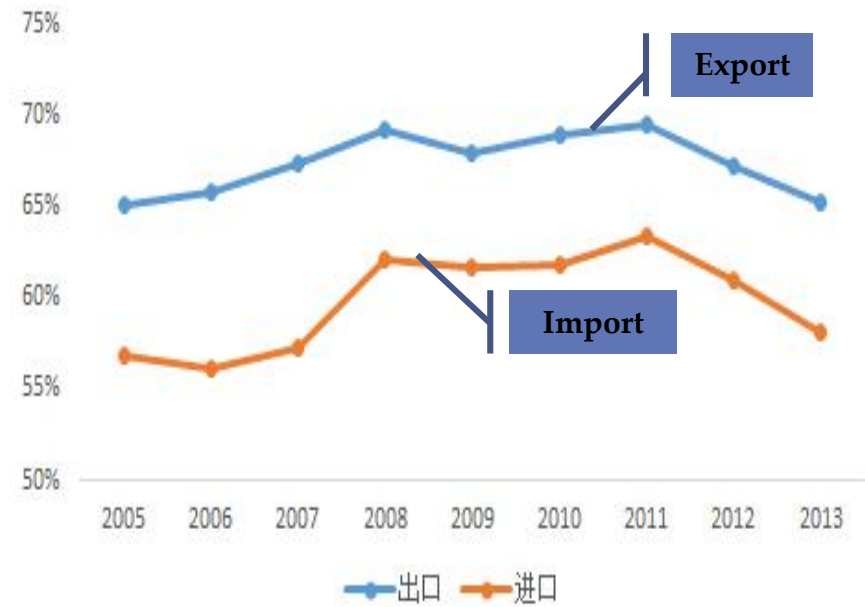
No.	Port	listing location	Listing Date
1	Shenzhen (Chi Wan)	Shenzhen	1994-06-24
2	Beihai	Shenzhen	1995-11-2
3	Tianjin	Shanghai	1996-06-14
4	Xiamen Gangwu	Shenzhen	1999-04-29
5	Shenzhen (Yantian)	Shenzhen	1999-06-09
6	Jinzhou	Shanghai	1999-06-09
7	Shanghai	Shanghai	2000-07-19
8	Chongqin (Gang Jiu)	Shanghai	2000-07-31
9	Yinkou	Shanghai	2002-01-31
10	Wuhu	Shanghai	2003-03-28
11	Nanjing	Shenzhen	2005-03-25
12	Xiamen Gangwu	Hong Kong	2005-12
13	Dalian	Hong Kong	2006-04-28
14	Tianjin Fazhan	Hong Kong	2006-05
15	Lianyungang	Shanghai	2007-04-26

# Port Capacity Improvement and its impact on Trade

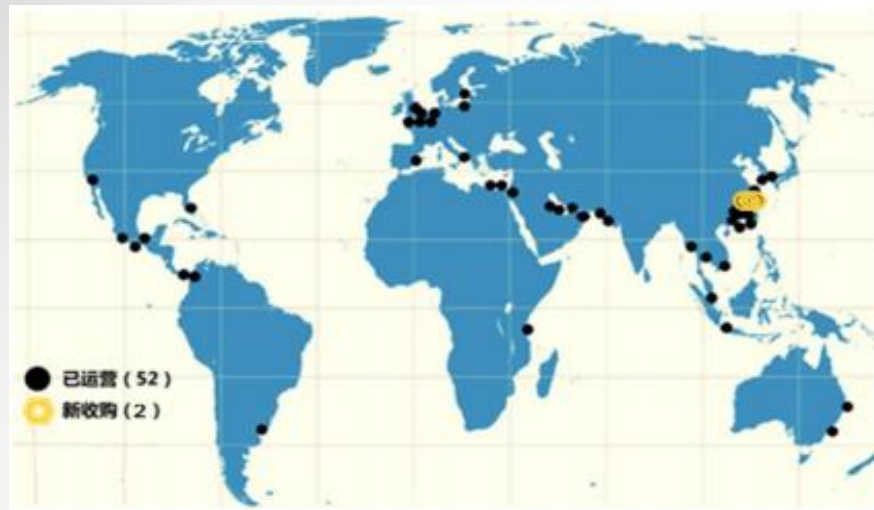
Port Capacity/Throughput



Sea trade value/total trade value



# Chinese investment in foreign ports (2014)



Hutchison



Cosco



China Merchant



China Shipping

# Case of Port of Piraeus



The port of Piraeus recorded the highest percentage increase in container traffic in the 2009 - 2013 period, with an increase of 476%, among 50 ports worldwide, according to data released by the International Association of Ports and Harbors (IAPH).

The IAPH said that the port of Piraeus recorded cargo traffic of 3,163,000 TEUs in 2013, from 665,000 TEUs in 2009, for an increase of 476 pct. Container traffic in Piraeus grew further to 3,700,000 TEUs in 2014. 5558



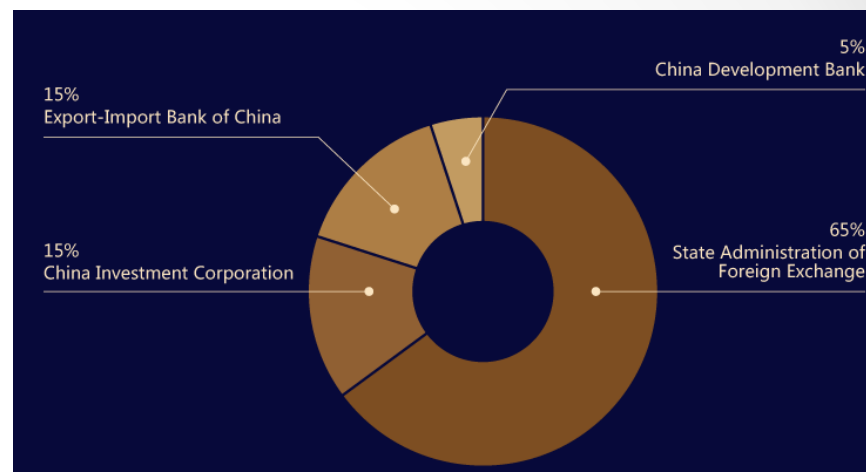
# Chinese investment in foreign ports (2014)



# SILK ROAD Funding



# SILK ROAD Funding



The Fund was established in Beijing on December 29, 2014, with investment from the State Administration of Foreign Exchange, China Investment Corporation, Export-Import Bank of China and China Development Bank.

## **Purpose and Objectives**

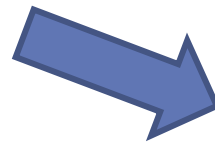
Following a philosophy of openness, inclusiveness and mutual benefit, the Fund mainly provides investment and financing support for trade and economic cooperation and connectivity under the framework of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road Initiative (hereinafter referred to as the Belt and Road Initiative). In collaboration with domestic and international enterprises and financial institutions, the Fund is designed to promote common development and prosperity of China and other countries and regions involved in the Belt and Road Initiative.



# SILK ROAD Funding

## Positioning

The Fund is a medium to long-term development and investment fund. Through a variety of investment and financing vehicles, mainly consisting of equity, the Fund is dedicated to supporting infrastructure, resources and energy development, industrial capacity cooperation and financial cooperation in countries and regions involved in the Belt and Road Initiative to ensure medium and long-term financial sustainability and reasonable returns on investment.



## Reference:

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*Thank You For Your Attention!*

