

**ORGANIZATION OF AMERICAN STATES**  
**Inter-American Committee on Ports**

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**PROPOSAL**

**PLAN OF ACTION FOR 2004-2007**  
**OF THE INTER-AMERICAN COMMITTEE ON PORTS (CIP)**

**I. Guidelines of the Plan of Action**

This Plan of Action takes into account the guidelines and orientations that have emanated from summit meetings, high-level fora, and specialized meetings on the political and technical orientation of the port systems of the Americas should take into account to accelerate their modernization and improvement to help sustainably facilitate the socioeconomic development of the hemisphere.

Special attention has been given to the declarations, resolutions, and results of the Eighth Meeting of the Transportation Ministers of the Western Hemisphere (Ixtapa 2003), the World Conference of the International Association of Ports and Harbors (IAPH) (Durban 2003), the Conference of the International Maritime Organization (IMO) (London 2002), the Second Meeting of the Inter-American Committee on Ports (CIP) (San José 2001), and the Fourth Meeting of the Executive Board (Montevideo 2002) and the Third Meeting of Executive Board (Santo Domingo 2001), both of the CIP of the Organization of American States (OAS). In addition, recognition has been accorded the results and recommendations of the meetings held in recent years by the World Trade Organization (WTO), the World Customs Organization (WCO), and the United Nations Conference on Trade and Development (UNCTAD) on development and trade facilitation and their impact on port security and development.

In preparing the Plan, attention has also been given to the macroeconomic policies being implemented in the hemisphere, and the effects of agreements, international standards, and relevant practices that are impacting favorably on the development of the maritime port sector, as well as the short-term aspects of the contemporary economy, and of the port sector internationally and in the hemisphere. Of these, special mention is made of the following:

1. The globalization of the world economy and of markets, resulting in particular from the development of new technologies in transportation and telecommunications, has made it possible to cut costs significantly. The falling costs of maritime transportation have not been an exception to this trend. At the same time, the impact of the trade in finished manufactured goods, with greater value added, and which are getting lighter and taking up less space, is taking on greater relative importance vis-a-vis the commercial movement of unprocessed raw materials. This has reduced the natural barriers of time and space between countries, therefore cutting the cost of sending goods and services, persons, capital, and information from one country to another, which has facilitated the internationalization of the economies, making the world smaller. No doubt another important element of globalization has been the

liberalization in the trade of goods and services as a result of the rounds of WTO negotiations, complemented by regional and sub-regional trade negotiations in each continent, and transcontinental negotiations. All this has resulted in the steady and significant growth of world trade. Four-fifths of the trade in the Western Hemisphere is carried by water, which has translated into an urgent demand for ports in keeping with the needs of the maritime industry, technological development, and globalization.

2. That new globalized scenario of freedoms and multinationalities has posed the inevitable challenge of attaining efficiency and competitiveness in the port systems and related services. This requires modern, up-to-date, novel, and pragmatic legal, administrative, commercial, industrial, and institutional structures, in line with the technological advances of the maritime port industry. To this end, major changes and reforms should be carried out in areas such as: reviewing legal and institutional standards; reviewing business structures and types of management; incorporating concepts and modern techniques from computer science and information technologies; developing logistical platforms; conceptualizing dynamic principles on strategic planning and administration; security; the effective application of re-engineering; benchmarking; and in particular, according proper recognition to the human development of port workers, entrepreneurs, and executives, all without neglecting the priority of customer satisfaction.
3. The development model based on economic opening and trade liberalization has produced favorable results in terms of economic growth in the hemisphere, but with a critical deficiency in the distribution of wealth. Nonetheless, the premises and foundations of the model, i.e. efficiency, fair competition, and therefore ending monopolies, subsidies, and tax loopholes, have led to reforms of ports in a single country, in different countries, and even among domestic and foreign merchant marines. In other words, a conception different from the traditional approach for developing the port industry has been adopted, aimed at providing comprehensive services, incorporating the private sector and reducing or eliminating the role of the state as entrepreneur.
4. Reforms of the state make it small yet strong, focused mainly on standard-setting, regulation, and oversight; in the context of the port system, the state's role is no different. From this point of view its function is also geared to minimizing the bureaucracy; providing a more flexible institutional structure; giving greater autonomy to its institutions with modern and expeditious methods for total quality services, with professionalized human resources with continuing training, in adequate numbers, and with reconversion of the workforce, all of which is to say, with unequivocal modernization of the entire state apparatus. In addition, it must establish strategic and intelligent partnerships with the private sector, particularly to channel its investments towards sectors that are strategic for trade and development, such as the port sector.
5. The schemes for hemispheric integration have been revised and strengthened, as observed in the North American Free Trade Agreement, Mercosur, the Andean Community, the Central American Common Market, and the Caribbean Community. The growth of intraregional trade has spurred the overall growth of the economies of the hemisphere. Moreover, all those arrangements entail the unified establishment of a great expanded market that is to constitute the largest free trade area in the world, the Free Trade Area of the Americas (FTAA). The increase in intraregional trade will result in a larger flow of port traffic, with the consequent urgency of modernizing and improving the port systems, and making them more competitive.
6. The evolution of the concept of ports includes new and modern activities and resources with a major contribution to value-added, multi-modal systems, tourism, and growth and economic and social development in general. Ports have ceased to be mere freight transfer stations, from an aquatic to an overland means of transportation, and have become nodes in the logistical chain of transportation and distribution, which implies effective integration of the productive chain, the development of new functions and activities, and port management with

an entrepreneurial logistical approach geared to accelerating the circulation of freight and cutting total transportation costs. This new approach places the port strategically at the center of the development of multimodal connections with the interfaces of overland, rail, riverine, and air transportation. In addition, modern ports have generated tourism in their immediate vicinity that not only serves the tourism market of cruisers, but has also made such areas centers for entertainment for the local community. Ports with passenger terminals have an additional comparative advantage, on generating infrastructure and facilities around them with major levels of investment. Finally, ports also contribute substantial support to industrialization and employment generation through their connections with the development of zones for industrial, commercial, and logistical activities.

7. Comprehensive security is fundamental and takes on special importance in today's world. The recent provisions adopted by international organizations, as well as the laws adopted by the United States and those about to be adopted in various developed countries, make it urgent to reinforce maritime port security and to review the present-day conditions in order to direct large investments to this area to address the needs of the institutions and the market. Nonetheless, at the same time, there is a pressing need to make efficiency compatible with security in the port business so as to maintain the expected balance, and ensure that the weight of one not overwhelm the other.
8. The development of communications, informatics, and information technology has been incorporated in all aspects of maritime port activity, and will impose a series of requirements that make necessary investments in order to have suitable equipment, programs, and personnel, and thereby to be able to make many port operations more efficient. This includes electronic data interchange, which will simplify and accelerate procedures and operations, and effectively support port security.
9. The prosperity derived from environmental protection, in its full context, and particularly from port and maritime activity, is a conditioning factor where there is still much room for moving forward. Nonetheless, there is a favorable understanding of the acceptance and awareness of the need to work with clear criteria for environmental protection in the port setting, and to prevent maritime pollution.
10. The CIP, as the only intergovernmental forum that brings together the highest-level national governmental authorities of the port sector for port improvement, modernization, and development, with the active participation of the private sector, is to play a key role proposing solutions to the difficulties and problems, and seeking joint solutions that are politically and economically viable, designing inter-American cooperation programs, strengthening intelligent partnerships with the private sector, and generating new projects with other international cooperation agencies.

## **II. Objectives of the Plan of Action**

The key objectives of the Plan of Action are as follows:

1. Strengthen the inter-American port dialogue consistent with the effort to integrate the hemisphere, and with the active participation of the private sector.
2. Foster the improvement and modernization of the port systems of the Americas based on efficiency criteria but supplemented by the demands on maritime port security established with the new international provisions and standards.
3. Formulate and implement new cooperation policies in keeping with the economic and social scenario that foster, strengthen, and facilitate the development of the hemispheric port sector, geared to obtaining the maximum benefit to be offered by the FTAA.
4. Strengthen cooperation with the international and regional organs and agencies and with the governments and state agencies of developed countries, and establish intelligent partnerships with the private sector to stimulate investment in the port sector.

### **III. Priority areas**

The key objectives of the Plan of Action will be achieved by developing the following 14 priority areas of strategic interest:

1. Reforms to and modernization of port systems
2. State oversight and participation
3. Comprehensive port security
4. Excellence in port management
5. Strategic port planning
6. Environmental protection of ports
7. Port facilitation and the logistical chain
8. Ports and the tourism industry
9. Port technology
10. Development of river and lake ports
11. City-port relations
12. Port costs and fees
13. Developing human potential
14. International cooperation

A brief description of each of these areas is presented below. Each description will be the basis for and give guidance to the preparation of programs and activities to be carried out in the next four years.

#### **1. Reforms to and modernization of port systems**

The last ten years have witnessed an increase in the process of port reforms aimed at modernizing the ports, increasing their productivity, and improving their competitiveness through concessions of terminals and other port infrastructure and services to private operators. This process has been essential in view of the need to capitalize the sector, and given the lack of government resources, recourse has been had to the private sector. This will enable the countries of the region to participate actively and in competitive conditions in the FTAA and other integration processes, which will result in a larger trade flow, and, therefore, more port activity. In light of the events and port reforms carried out today, three groups of countries can be discerned: those that began their reforms in the early 1990s and are in a second stage, introducing new reforms; those countries that put mechanisms in place to initiate the modernization process but that are moving forward slowly in carrying it out; and finally, those countries that have yet to make progress in this area, and which continue studying substantial reforms. The reforms should take into account the new vision and multiple functions that a modern port has today.

The specific objectives of this priority area are:

- (a) To promote port reforms in the countries of the region, mindful of the stage they are at, and step up the sharing of information and experiences on the different models and technologies in use today.
- (b) To identify, learn about, and evaluate the best experiences with the reforms and port modernization in the member countries to correct mistakes and build on the positive experiences.
- (c) To evaluate the effects of the FTAA on the port systems of the region and identify areas of cooperation with prospects for common actions.

#### **2. State oversight and participation**

In the wake of the port reforms the state is playing a new role, geared to performing mainly regulatory, coordinating, and oversight functions that are essentially pure, ceasing to provide

services and stepping out of the entrepreneurial role. Nonetheless, the experiences have been varied and some not very positive, thus it is necessary to evaluate and characterize these experiences.

The modern trend leads to the action of the state in enhancing the standard-setting, regulatory, and oversight and enforcement functions; and its role administering port infrastructure. In carrying out these functions, the state should seek to strike a proper balance between the public function and the area of operation of the private actors. Three kinds of agencies have been put in place in the hemisphere to perform these functions.

The upper-level regulatory agencies, which formulate port policy and the rules for port operations. They coordinate the involvement of the various authorities that have to do with the port system, such as customs, the maritime authority, and immigration services, among others, but do not oversee compliance with the rules they make, as this function is passed on to another government agency, thereby avoiding a situation in which the same agency would be judge and party. These agencies have as their main objective issuing the general rules for port activities; establishing the requirements for being entered in the registries and for granting licenses or authorizations to the companies that are going to perform operational functions and the companies that provide related services; and, finally, granting port concessions.

The oversight agencies that operate with greater autonomy than central government organs, and are engaged in overseeing the various natural and juridical persons engaged in port activities, be they port operators, service providers, or concessionaires of ports or parts of them. Their functions include: General oversight of the activity, supervising compliance with legal and regulatory provisions, keeping the registries of the economic actors of the sector; regulating free competition; ensuring that the anti-trust provisions applicable to ports are observed; and regulating the concessions, among others. These are oversight agencies, which monitor compliance with the rules in force, and which have the power to impose penalties and fines, but which do not perform administrative or operational functions.

Finally, are the administrative agencies, which are entrusted with administering government assets, i.e. the port infrastructure, whether their use is handed over to the private sector (landlord model) or they are administered directly by the state (mixed model of port activity). These agencies are in charge of making the daily assignment of ports of anchor and of determining the places for depositing merchandise within the port facilities, and in general of performing the functions of administration and maintenance of the port infrastructure.

The specific objectives of this priority area are:

- (a) To disseminate the new role of the state in developing the port system and the degree of participation it should have for supporting improvements to the industry.
- (b) To assist the countries in implementing the agencies entrusted with complying with the state's new port functions.
- (c) To identify the mechanisms used by the states to perform the functions of regulation, oversight, and administration of port infrastructure, and to disseminate them regionally.

### **3. Comprehensive port security**

Traditionally port security has been an issue of concern to port authorities and executives because of its direct effect on port operations and the extent to which it can help attract public and private investment. Nonetheless, the issue was addressed partially and was not a priority matter for the undertaking.

In recent years the concept of port security has been expanded and strengthened with the new approach geared to comprehensive security, understanding this to refer to physical security,

industrial safety, and risk prevention, and security in terms of environmental protection. This integrated approach is the one currently in place and is what ports should provide.

Physical security has been given the greatest coverage over time, on securing freight, preventing theft and stowaways, detecting illegal trafficking in drugs and merchandise, and criminal and terrorist acts generally. Incorporating industrial safety, with the concepts of risk prevention, has led to considering all the problems that impact the persons, freight, and vehicles that operate within a port system, and therefore it is in this area that navigational aids, navigational control systems, the problems of practical pilots, and of signaling and the placement of buoys should be addressed in these analyses. Furthermore, incorporating the environmental question highlights the need to evaluate the environmental impact of port activities, both those that stem from the construction of civil works and those that arise from dredging operations, handling of hazardous freight, handling of bulk freight, oil and gas spills, management of waste from ships; and in generally preventing all kinds of pollution, in the effort to ensure clean and efficient operations.

September 11, 2001, is a historic date in terms of security worldwide. As a result of the terrorist acts in the United States, priority recognition has been accorded the role of comprehensive security, which is especially valid in the maritime transport industry, which handles 80% of world trade. The stability of the global economy depends to a considerable degree on port security.

In this regard, the countries, under the leadership of the United States, have reinforced their security and adopted stricter measures to ensure their maritime security. The Maritime Transportation Security Act of 2002 of the United States is one example. Other countries such as Canada and Japan, and the European Union, have announced they will adopt similar maritime port security measures in coming months. Furthermore, the IMO, with a view to bolstering maritime security, and preventing and reducing terrorist acts in international maritime transport, adopted a set of measures relating to the security of port facilities at its December 2002 conference, with responsibilities for the shipping companies and the governments, as well as amendments to the SOLAS Convention (International Convention for the Safety of Life at Sea), which are to enter into force on July 1, 2004.

The specific objectives of this priority area are:

- (a) To foster compliance with the new norms and with international regulations on comprehensive security in the ports of the hemisphere.
- (b) To generate technical assistance and cooperation activities specifically geared to the neediest ports for adoption of port security provisions that are in force.
- (c) To foster enhanced security along with the sustainable development of ports, ensuring the quality of their services and the attainment of adequate levels of efficiency.
- (d) To promote the joint action of international agencies to help the countries improve comprehensive security at their main ports.

#### **4. Excellence in port management**

Advances in the subregional integration arrangements, increased trade, and the incorporation of the private sector to the port system have been accompanied by the search for port efficiency, which is fundamental in making ports competitive. Investments have been made in this context, particularly related to cutting-edge technology in communications (informatics), to modernize, increase rates of return and productivity, optimize the service and attention to clients, and offer systems with world-class excellence. This area includes three sub-areas: total quality, electronic commerce, and international certification.

### *Total quality:*

The methodologies developed by the disciplines of organizational management and business management have devised models of excellence in port management, such as the Ibero-American model of excellence in management. These management methods are important tools for analysis and study of leadership and management style, of management policy and strategy, of the development of persons, of resources and associates, of clients, and of the results of interaction with clients, individuals, and society. They promote self-evaluation, communication, and training to bring about continuous improvements. The self-evaluation is an overall, systematic, and regular examination of the activities and results of the port enterprise compared with the model of excellence in ports. Self-evaluation makes it possible to discern clearly the strengths and areas of improvements, and culminates in planned and measurable actions for improvements, i.e. it is a tool that gauges both management and improvements in management. The challenges the ports face create a natural demand to increase their levels of excellence in management.

The specific objectives of this sub-area are:

- (a) To disseminate the models of management in place and applicable to the ports of the hemisphere and to foster their use as tools for making ongoing improvements to the port systems.
- (b) To promote self-evaluation, communication, and training as basic tools for making ongoing improvements.
- (c) To disseminate the results of applying those management models.
- (d) To generate exchange of information on total quality, best practices, and a computer system for information on quality management.

### *Electronic commerce:*

The simplicity and ever lower cost of Internet access as well as access to the significant and astonishing increase in information from companies and consumers have brought about a spectacular virtual network with electronic commerce that will continue to grow for some time. First, the Internet has overcome barriers within and between firms, resulting in profound changes in the entire value chain. It has led to changes in processes in companies, in their relationships with suppliers, partners, and clients. Second, electronic commerce is no doubt a tool of both the entrepreneur and the consumer, and of the actors, which enables the entrepreneur to obtain a comparative advantage in the market, serving a relevant trade facilitation role. It is a new way of doing business. These new technological platforms should be incorporated into the design and implementation of the maritime port systems for the purpose of increasing their productivity, modernizing the organization, minimizing costs, simplifying procedures, and in general making the port systems and the global trade in goods more competitive.

The specific objective of this priority sub-area is: To foster the massive use of electronic commerce as an indispensable element for improving the interconnectivity of the port systems of the hemisphere and making them more competitive through the optimal management of information, providing incentives for the creation of modern and efficient ports.

### *International certification:*

One of the key elements for verifying the advances of a port in the areas of total quality and environmental protection is the mechanism for the international certification of quality (ISO 9000) and environmental protection (ISO 14000) established by the International Organization for Standardization (ISO). When these certifications are done by internationally recognized specialized agencies, they make it possible for a port to come up with administrative strategies and tactics for attaining high levels of service for the users, at the same time respecting the

fundamental criteria for monitoring the environment. All this will not only be useful for making comparisons with other ports generally, it will also foster the development of more competitive port systems and operators, striking an adequate balance among the social, economic, and environmental benefits.

The specific objectives of this priority sub-area are:

- (a) To foster the implementation of quality management and environmental protection standards in the ports of the hemisphere, seeking to have them certified by internationally recognized agencies.
- (b) To bring about the exchange of experiences and dissemination of the best practices in terms of optimizing effectiveness of port quality control, and in terms of environmental management standards.

## **5. Port strategic planning**

All the port administrations are committed to some type of planning that is offered by the port managers. The most sophisticated such planning is strategic planning, as it provides guidance, goals, and broad objectives that will be useful for giving form to future port development. It refers to how the port wishes to relate to its environment and how its resources will be used. In other words, it enables the port to formulate guidelines for allocating resources, i.e. land, labor, and capital.

With the change in strategies and policies, the current entrepreneurial/port framework is characterized by the existence of a large number of actors who face off in the search for greater efficiency. One can observe the need for profound transformations in the levels of quality and efficiency demanded for the services, and a greater integration of the client-supplier value chains. Ports become the main node of complex logistical networks where, taking advantage of the breakdown of freight cargo, the demand for comprehensive services increases, and there is a major and sustained increase in container traffic, leading to greater competition and new logistical structures. Furthermore, there are major flows of information, and technological elements and tools are needed that turn them into center for the distribution and exchange of information. With these new challenges the ports leave behind their traditional functions and must enter a world of increasing complexity and varied alternatives that requires modern tools and a new vision of the future, where strategic planning and administration are essential for competing. Therefore, it is necessary to prepare at all levels of the port organization to use the most modern techniques and methodologies that make it possible to enter these new fields of exploration and the search for new horizons. Effective strategic planning will offer a better understanding of one's own port, identifying the strengths and weaknesses and the opportunities and challenges one faces. The specific outcome is the strategic plan itself.

The specific objectives of this priority area are:

- (a) To disseminate and foster the use of modern methods for strategic planning applied to the ports of the hemisphere.
- (b) To develop training programs on these new methodologies.
- (c) To identify the most successful mechanisms in these functions and to disseminate them to the various ports of the member countries.

## **6. Environmental protection of ports**

Attaining sound sustainable development is one of the main goals that the different economic sectors, businesses and governments, seek to attain. It is very important to gain awareness of the possible consequences that maritime port activities can have on the environment and the context that surrounds them daily. In some parts of the world, such as Europe, environmental codes of conduct have been established. These refer to the current and future practices of the

port industry for the purpose of identifying all the areas in which each port should have a clear policy around environmental benchmarks.

In particular, the transportation of hydrocarbons poses a serious hazard in that regard. Pollution of the oceans, seas, and rivers, and its repercussions for the ports of the world, is a growing international concern. Unfortunately, at present events involving the pollution of maritime ports are increasingly common, due simply to the increased maritime traffic and the failure to adopt preventive measures. All this has led to a wide array of standards and regulations to prevent possible environmental harm. Moreover, new legal principles have been developed that have given rise to a special regime to regulate maritime pollution. One of the most significant advances has been the establishment of civil liability for maritime pollution, adopted as a precept in a range of international instruments to establish adequate mechanisms to make reparation for maritime damages. The IMO has adopted a series of decisions aimed at preventing maritime pollution of hydrocarbons and to set the limits of liability and compensation in the event of spills of hydrocarbons.

The objectives of this priority area are:

- (a) To disseminate and promote the implementation of programs, regulations, and practices that ensure the sustainable development of port activities.
- (b) To foster the beginning of a draft environmental code of conduct for the ports of the Americas.
- (c) To generate greater exchange of information on the experiences of the legal regimes on civil liability referring to spills of hydrocarbons and maritime port pollution.
- (d) To foster the adoption of national and regional standards and regulations in keeping with the principles established in the international fora on environmental preservation and the diversity of bordering ecosystems.

## **7. Port facilitation and the logistics chain**

The concept of port facilitation is so broad and could even be ambiguous, accordingly it should be understood as any intentional action aimed at simplifying the operational and bureaucratic procedures and at reducing or eliminating the transaction costs that affect port operations. Accordingly, the thematic areas associated with port facilitation are very diverse and related to the port-ship interface, freight, provisions on board, the relationship between crew and passengers, customs, stowage and unstowage, infrastructure, port-related services, quality standards, logistical chain, electronic commerce, transparency, control, security and simplification, services associated with payments, relations with port workers and private actors, among many others. In particular, in 1965 the IMO approved the Convention on Facilitation of International Maritime Traffic (The FAL Convention) along these lines, and mindful of similar purposes, which regulate many aspects of port services, and which to date, has been amended several times.

As these are so many issues, it would make sense to move forward in those that are not covered in other parts of the Plan of Action, and with respect to which there have been theoretical and practical contributions to facilitation.

In this regard, we prioritize three sub-areas: simplification of port procedures, support for the logistical chain, and port-customs relations.

*Simplification of port procedures:*

The development of electronic exchange of information has intensified such that international organizations such as the WTO, WCO, IMO, and UNCTAD, among others, are promoting a reduction in the excess of documents, the simplification of procedures, and the use of standardized practices in the maritime port sector. To this end, a set of actions has been developed aimed at diminishing these problems, which induce alarming cost overruns in international trade. The FAL Convention is a good example. All those actions seek to diminish to the minimum the use of port paperwork, which is replaced by electronic information. To attain these objectives, a process of re-engineering business processes has taken place, incorporating electronic data interchange (EDI) systems, supported by modern information systems and the use of the Internet. The significant and speedy technological advance suggests the advisability of adopting these administrative practices in the ports of the hemisphere; these measures will have a positive and sustainable impact in the long term, improving their competitiveness and attaining economic returns in keeping with investors' expectations, be they public or private, and levels of service that satisfy the mounting expectations of the end users.

The specific objectives of this priority sub-area are:

- (a) To provide an incentive for the massive use of the ports of the hemisphere, simplified procedures, and standardized digitalized documents to improve port facilitation in commercial trade.
- (b) To promote the use of the FAL Convention of the IMO.
- (c) To foster the sharing of information and experiences and to generate education and training activities.

*Support for the global logistical chain:*

In the design of the delivery of comprehensive services and in the search for global operations that make it possible to cut costs and complexity based on greater trade, integrated inter-modal logistical platforms have been created to make it possible to satisfy the requirements of the whole supply-and-demand chain, from the supply of inputs and productive resources to placement in the markets for final consumption. No doubt that the ports present as one comparative advantage their capacity to mobilize voluminous or heavy merchandise, and at the same time offer possibilities of great diversification, achieving savings based on cost, time, diversification, and distance, which would be hard to obtain in other transportation interfaces.

As ports are the principal points of liaison for the global trade in merchandise, they must be endowed with an infrastructure that enables them to engage in easy and economical couple with the domestic multimodal system, based primarily on rail, highways, and airports. Moreover, ports are the axis for the development of logistical support zones and centers for freight distribution, supported by modern systems for managing containers and handling merchandise that allow for economic rates of return and service yields, and which create sustainable competitive advantages. This will make it possible to integrate efficiently suppliers, manufacturers, distribution centers, retailers, and customers, throughout the value chain (*port-to-port* or *door-to-door*), also obtaining a strategic role and value added in managing the chain of supplies and demand.

The specific objectives of this priority area are:

- (a) To foster the design, implementation, and operation of integrated intermodal logistical platforms that enable the ports of the hemisphere to occupy a strategic position for international maritime transport.
- (b) To foster the exchange of information and experiences.

*Port-customs relations*

This important inter-institutional relationship works in different ways in the ports of the region, but generally there is a broad area of activity to simplify procedures and documentation, cut costs, and make this partnership a fluid, simple, and effective relationship, for the benefit of both parties and the users. No doubt automated procedures in port and customs management are contributing to this, such as the UNCTAD system. Delays in implementing such automated systems are the main reason for this imbalance. With effective inter-institutional or bilateral coordination, or coordination under the framework of the port community, it will be possible to provide timely solutions, at reduced costs to the users, to problems of siting customs in the port, inspection of containers, uniform documentation, use of data by both institutions, and security measures, among others.

The specific objectives of this priority sub-area are:

- (a) To step up coordination between the port authority/administrations and the customs authority so as to solve common problems that affect the users, and seek viable and effective solutions that lead to simplification of procedures and reduced costs.
- (b) To bring about sharing of information and experiences.
- (c) To foster education and training actions among the personnel of both institutions to study and analyze shared issues and to seek compatible solutions.

## **8. Ports and the tourism industry**

The maritime tourism industry is one of the most significant emerging areas of tourism with the greatest annual growth, with major contributions to GDP in many economies of the hemisphere, particularly in the Caribbean. Ports with passenger terminals have produced a major flow of additional income for their economies. Nonetheless, it is an industry in which there is much room to increase and diversify the activities of the port community and the port cities. In the relationships among cruisers, ports, and port communities, along with the need to cover efficiently the security and comfort of passengers and ships, several complementary services are generated that are offered around the port. These include transportation and telecommunications systems, facilities and infrastructure for access to commercial centers, massive changes in crews and groups of passengers, sales of crafts and certain local products, the opening up of and visiting of other near-by areas such as archeological zones and eco-tourism, among others. All these elements, as well as the expanding investment programs and improvements, are taken into account by the passenger lines when scheduling their itineraries.

The specific objectives of this priority area are:

- (a) To strengthen the regional sharing of experiences and information on the efficient and safe development of ports for cruisers and passenger terminals.
- (b) To promote the integration of the supplies of port services and services in the surrounding areas to the cruiser ships and their passengers, such as they can be coordinated by the respective port community.
- (c) To ensure that the services offered are of competitive quality so as to improve the supply of the ports and so that they will be attractive to the tourism cruiser lines.

## **9. Port technologies**

The technological advances in the maritime port industry in recent years have been considerable. Their impact has been seen in the design of ships with spectacular range, size, and even new types of packaging, high-efficiency equipment for handling freight, security equipment, systems for refrigeration of perishables, equipment for handling hazardous freight, engineering equipment, navigation equipment, and equipment for delimiting the channels for accessing the port, and

many others, and of course for telecommunications. This has meant that for their operations, construction, and administration, ports must adapt and have much of this equipment, machinery, and systems, as the industry has become capital-intensive. These technological advances facilitate the attainment of efficiency and excellence, so as to be able to compete effectively. The main limitation of much of the recent technological advances is the high cost they represent and consequently the high levels of investment that the port needs to obtain them. Adequate information systems will make it possible to have better knowledge of the market in terms of products, conditions, and prices.

The specific objectives of this priority area are:

- (a) To identify the technological advances that impact on the operational areas, construction, and port administration, to evaluate their impact on the efficiency of the ports.
- (b) To foster the sharing of information and experiences on procurement of technology and equipment for port use.
- (c) To encourage the use of best practices as a means of helping seek a common optimum that will serve as a tool for collective improvement.

#### **10. Development of river and lake ports**

In the search for alternatives for transportation, river transportation is considered the most economic means of massive transportation. The development observed along the Mississippi river and other rivers of North America are well-known examples. But other extensive navigable waterways such as the Amazon, the Paraná, and the Orinoco are still at incipient stages of development, as are their ports. The development of these waterways depends largely on the cost structure, the capacity of the ships, their speed and ease of operation and contracting, among other considerations. In addition, there should be sustainable projects, agreements with the populations along the banks, and a major environmental protection component. The important strides forward in the Paraná-Paraguay Hydrovia is one positive example that should be studied and analyzed. Lakes and their ports have developed similarly.

In this challenge, special attention should be given to the importance of having rules for the use and administration of the international waterways and their ports that facilitate the procedures and expedite the flows and costs of their maintenance and development, all of which will redound to the common benefit of the countries that can use these alternative waterways.

The specific objectives of this priority area are:

- (a) To support the development of the river and lake ports of the hemisphere, in keeping with the needs for integration and development, and to generate an exchange of information in relation to their modernization.
- (b) To disseminate the progress in the Paraná-Paraguay Hydrovia.
- (c) To identify and evaluate the possibilities of developing joint projects in the areas of river and lake waterways and ports.

#### **11. City-port relations**

The city-port relationship is an issue that needs to be evaluated from different points of view, as it encompasses the aspects related to conversion of the cities' waterfronts and the recovery of port spaces now obsolete in terms of their key function, yet this discipline also includes all those issues related to port planning and development and its impact on the urban areas bordering the port. These relationships and developments should be coordinated with local land-use management plans and with the need to establish basic and technical criteria to prepare analyses, studies, and proposals for the port cities that are drawing up projects to convert their waterfronts, or which, in connection with a program for modernization, restructuring, or

expansion, must coordinate the rules for co-existing for their mutual benefit and development with the cities where they are based.

The specific objectives of this priority area are:

- (a) To disseminate experiences that make it possible to evaluate the planning and land-use management of the port space and its relationship with urban planning efforts.
- (b) To develop basic criteria and techniques for preparing studies on these matters.
- (c) To train the port staff to take on these challenges.

## **12. Port costs and fees**

As a result of the recent changes in port management, questions have been raised about the new methods being used, which have not been accompanied by cost increases to end users, as has happened in other areas of the economy subject to similar processes. Accordingly, one of the most critical factors of the processes is to have full clarity on the costs of using port facilities, and of the provision of services; there should be transparent information about the components of the total cost of trade throughout the entire supply-demand value chain. There are direct and indirect costs related to the commercial activities in the port that significantly distort the port charges paid by the users of ports. In addition, the incorrect allocation of port cost overruns (e.g. administrative expenses of the ports), as a result of the use of traditional accounting systems, aggravates this problem. Therefore, it is important for the costs to be addressed directly and pragmatically by adopting accounting techniques and methods that reflect as realistically as possible the use of port resources vis-a-vis the level of activities involved in the trade process. In this way, one will be able to get an undistorted picture of port efficiency that will make it possible to redirect tactical and strategic efforts to more adequately administer port resources and to offer a service in keeping with the users' needs and international standards. All this will redound in more competitive ports that improve the take of foreign exchange, facilitating access to goods and services at real costs in local and export markets.

The specific objectives of this area of interest are:

- (a) To disseminate and promote the implementation of port cost systems that accurately reflect the provision of port services and activities.
- (b) To identify uniform criteria for allocating cost overruns in the ports of the hemisphere.
- (c) To bring about an exchange of information and training on the issue.

## **13. Development of human potential**

In implementing the port reform and modernization processes, special emphasis has been placed on the great importance of having human capital trained in port techniques, but also de-politicized and with knowledge based on digital technologies and on the new concepts of business administration. All this shows that these human resources, so conceived, represent the most important asset of the organizations if they are to advance and remain in the increasingly competitive and demanding markets. Given these circumstances, it is necessary to reinforce that concept of developing human potential.

Along these lines, the programs for training and education of technical staff, professionals, and executives of the ports on issues particular to the sector (management, security, engineering, costs and fees, environmental protection, and port facilitation, among others) should be considered and deepened. In addition, training should be incorporated in Internet-based issues

(trade, learning, and e-government) to facilitate a new kind of link among organizations, individuals, and governments for the exchange of goods, funds, knowledge, and regulations. For all the foregoing, emphasis is given to forming centers for higher education and universities with a regional vision that have been providing these services in this sector.

In addition, promoting distance education is a viable alternative in order to achieve economies of scale in the dissemination of knowledge. Given budgetary limitations, continuing and injecting dynamism into intelligent partnerships with international organizations and OAS observer countries to pool efforts, attain common objectives, and cut costs will be an effective strategy.

Finally, and given the progress in subregional integration mechanisms, the eventual free movement of human resources among the member countries is an approaching reality. It opens up the possibility of port human resources being able to perform their functions in any of the ports of that subregion. Therefore the urgency of providing mechanisms for accrediting professionals and experts in the maritime port area with the aim of achieving greater breadth in the projection and dissemination of relevant knowledge and experiences, as well as standardizing administrative functions.

The specific objectives of this priority area are:

- (a) To encourage, promote, and develop programs and activities for training and educating port professionals, considering the contribution of regional training centers, the transfer of on-site or distance education technologies, and the production and dissemination of study and research materials.
- (b) To promote the establishment of an expeditious mechanism and reasonable costs so as to facilitate the accreditation of port experts and professionals, so that they can certify their skills and perform tasks and functions in the different positions of port activity in the member countries.
- (c) To support the creation and start-up of centers of higher education and universities in the region focused on the maritime port sector.

#### **14. International cooperation**

The serious budgetary limitations of most countries of the hemisphere, and in the cooperation agencies, demand that optimal use be made of their scarce resources and that they pool cooperative efforts to attain common objectives. Moreover, under the current criteria for integration, these premises should be applied with even greater rigor. In the port area, the situation is similar, thus the CIP plays a leadership role in this regard, since it brings together the government port authorities, incorporates the private sector, and convokes the international agencies and observer countries interested in the sector. Nonetheless, the initiative of pooling and expanding those efforts and interests is still far from having attained its limit. Therefore, special attention should be focused on joint actions with the AAPA, ALADI, IDB, World Bank, Andean Community, CARICOM, ECLAC, COCATRAM, CSA, IAPH, IMO, and PIANC, among others.

In this connection, the CIP has important cooperation mechanisms that should be updated as soon as possible, such as the Agreement for Cooperation and Mutual Assistance among Inter-American Port Authorities adopted in Costa Rica in 2001. In addition, there are also agreements and memoranda of understanding with agencies from developed countries (Spain and Netherlands) to attain those objectives. Also, through the Technical Advisory Group, the space is offered to involve the private sector in specialized direct cooperation projects.

Under the OAS framework, the General Secretariat has entered into cooperation agreements with various international agencies, e.g. the IMO. In addition, the Inter-American Agency for Cooperation and Development (IACD) offers the framework for formulating and supporting projects for this sector. This Plan of Action shall maintain a close link with the Strategic Plan of

the Inter-American Council for Integral Development (CIDI) and will guide its programs and activities so as to participate in the Special Multilateral Fund of CIDI (FEMCIDI). Joint action with other OAS bodies, such as CICAD and the Inter-American Tourism Congress, CICTE, and Environment Unit, and the Trade Unit, among others, should also be reinforced.

The specific objectives of this priority area are:

- (a) To urge the member countries to sign and bring into force the Agreement on Cooperation and Mutual Assistance among Inter-American Port Authorities.
- (b) To strengthen relations with the IACD and the other OAS agencies.
- (c) To encourage the participation of the private sector, particularly through the TAG in the programs and activities aimed at developing the port sector.
- (d) To strengthen cooperation with international organizations, international cooperation agencies, and port entities of the OAS observer countries.

#### **IV. Instructions for Implementing the Plan of Action**

The Committee adopts the following instructions to implement the Plan of Action:

1. Authorize the Executive Board so that at its next regular meeting of 2003 it identifies programs and activities in each area of interest, which can be structured with verifiable goals annually. In addition, so that through its subcommittees is assigns specific actions to be developed by the countries, the Secretariat, and other cooperation agencies, as the case may be.
2. Authorize the Executive Board to transfer to the Technical Advisory Groups that are established in those areas of interest of their purview.
3. Instruct the Technical Advisory Groups to include in their biennial Work Plans the respective areas of interest of their purview.
4. Instruct the Executive Board to evaluate the progress and implementation of the programs and activities of the areas of interest at its next two regular meetings (2003 and 2004).
5. Request the member states to give their maximum cooperation and support to the implementation of this Plan of Action.
6. Instruct the Secretariat to assist in implementing the terms of this Plan of Action and to see to it that it is fully implemented.

## **V. Resources for Implementing the Plan of Action**

To implement the Plan of Action, financial, material, and human resources will be provided from the following sources:

1. The member countries that will conduct the activities assigned to them by the Committee and the Executive Board.
2. The Special Port Program, the Regular Fund of the OAS, and other resources from external sources, in the projects and activities carried out by the Secretariat that are entrusted to it by the Committee and the Executive Board.
3. The observer countries, international organizations, national and international cooperation agencies, and other cooperating institutions on carrying out activities of mutual interest with the CIP.