FUTURE PROSPECTS FOR THE PORT OF COLOMBO

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The development of the Colombo Port since 1977 has been spectacular. In August 1979 the Sri Lanka Ports Authority was formed and three institutions which conducted different functions relating to the activities of the Port namely, the Colombo Port Commission, the Port Tally and Protective Services Corporation and the Port Cargo Corporation were merged for better administration and efficiency. This measure paved the way for a dramatic development which has been recounted in an earlier part of this issue. The amalgamation overcame the duplication of functions and helped to eliminate pilferage and strikes and also secured greater welfare benefits for the employees.

The efficiency that was introduced resulted in elevating the Port to the position of the most efficient among the well managed ports in South East Asia.

Modernisation was a pre-requisite for efficient management of the Port whilst providing for additional income generating functions.

Initially the Queen Elizabeth Quay was developed into a container terminal with a quay length of 500 metres and a draft of 12 metres with 10 acres of back up area adjacent to the berth. The Port, however, had 18 alongside berths and 16 stream berths. The shore facilities available to handle containers were strengthened regularly and commenced with the purchase of three gantry cranes; One Tango 3 Ton Gantry and two 130 tonne Liebherr. These purchases were imperative with the containerisation of the national fleet. The effects of this innovative development soon began to change the scenario of the Port. Shipment of containerised cargo developed at a greater speed and tended to transform the shipping activities of this part of the world.

The number of fully containerised vessels that called increased with feeder services operating from Colombo as the pivotal port servicing the Indian sub continent, Singapore and other Indian Ocean islands and even Africa, the Gulf and the Continent. Colombo began to offer facilities to serve all types of modern cargo carriers in addition to the conventional traffic and Lash ships, Roro Vessels, and bulk carriers.

The container terminal at Queen Elizabeth Quay designed and constructed entirely by Local Engineers was ceremonially inaugurated on 1.8.80. Since then facilities became operational. The container throughput of the Port which reached 9,500 TEU per month in 1983 soon increased to 150,000 per year. The rapid development of container traffic through the Port of Colombo made it necessary to provide more backup land and infra structural facilities for the handling of containers. This resulted in the construction of the Jaye Container Terminal under a Japanese Loan Agreement beginning in May 1983 with a fully equipped terminal berth of 300 metres, alongside depth of 12 metres and a back up area of 97,500 sq.mt. The project included the installation of modern terminal handling equipment and back up yards including two more gantry cranes. This terminal was opened in August 1985 and since has been functioning efficiently, augmenting facilities provided by the Colombo Port to achieve a higher throughput. Its second berth is due to be completed by the end of 1986.

The two gantry cranes are capable of handling 35 tons under spreaders and the berth well equipped to handle third generation containers which are built with the least amount of gear to handle cargo. With a higher throughput of containers a computer system was indispensable and one was therefore installed to assist the Ports planning unit. Greater automation inevitably is a desired objective of the authorities to bring operational activities of the Port on parallel with other developed international ports.

The container throughput of the port easily surpassed the 215,000 TEU mark and now greater strain is placed on marshalling and stacking area, though containers are stored three stacks high.

Transhipment

The feeder activities commenced by Ceylon Shipping Lines to the West Coast of India, including Mangalore, Cochin and Karachi laid the foundation for meeting the challenge. Subsequently the COBRA feeder Service (Continent Britain - Asia Container Service) operating across the Bay of Bengal, extending the service area to cover the ports of Chittagong and Calcutta with availability for Chalna and Haldia in feeding overseas Containers Ltd.(OCL), butressed the transhipment potential. Sealand one of the largest container carriers in the world started calling at Colombo from 1983, though with restricted services, as OCL in bringing in-bound cargo and lifting of Indian transhipment cargo from Colombo. Many other lines servicing Sri Lanka developed further transhipment container services through Colombo and transhipment container traffic in this port soon reached considerable proportions. The following table (TEU) (including empties)brings out the dramatic pace of development over this six year period.

	Discharged Transhipment		Loaded Transhipment	
	Laden	Empty	Laden	Empty
1979	636	N.A.	436	N.A.
1981	3,562	171	3,682	224
1982	14,158	2,004	14,118	1,981
1985	47,882	9,337	45,635	9,093

The future potential Sri Lanka enjoys in the development of transhipment is obviously greater due not only to its favourable location, being only a few hours away from the main sea lanes - but also due to many other advantages over, and weaknesses of, its competitors. The comparative advantage of Colombo and weakness of Singapore, Cochin and Madras as effective competitors of transhipment cargo should form the basis of the Port Authority's strategy to consolidate its gains and advantages.

In India, Malaysia, Singapore and Karachi changes are taking place on the same magnitude as in the Middle East, with all these neighbouring countries developing transhipment facilities. Madras is flexing itself to give Colombo competition as the premier transhipment centre in addition to the development of Cochin, where they are planning to develop a Container Terminal at Vallar Pallam.Delhi has already commissioned the dry port of Patpangang and 22 other sites have already been identified by India. Singapore, however , has taken full control of the transhipment of the Malaysian Peninsula and Port Kelang in Malaysia.The various port facilities in the region are therefore competing with Colombo both on facilities and rates. Singapore recently introduced a new tarrif with significant concessions for transhipment This tariff is attractive for operators with a high frequency of calls.

In this context it is very necessary for Sri Lanka to gear itself to the growing competition by offering advanced facilities and attractive rates and conditions.

It is to be ascertained whether Sri Lanka has become the dumping ground for empty transhipment containers. The strain on stocking and marshalling space could be initially reduced by limiting empties off loaded to provide space for laden transhipment containers. Certain warehouses had recently been demolished to provide space for the QEQ marshaling yard.

On account of the limitation on expansion of space within the port a balanced transhipment policy would need to be followed. The problem could be exacerbated with the arrival of fourth generation container vessels. The public is aware that negotiations are being conducted with Evergreem Line of Taiwan and United States Lines are already in service from Colombo both of which posses fourth generation container vessels in their round the world service. These are capable of lifting over 4,000 tons and space should be adequate to meet the requirements of these vessels. On the contrary it should be opened on account of the large capital expenditure incurred in Stage 1 of the port development programme covering the Jaye terminal funded Japanese aid amounted to nearly Rs.1,002 million; while Stage 11, also funded through Japanese aid is estimated to cost Rs. 1,099 million. Implementation of the project commenced in 1985 and is expected to be completed by 1984. It includes further improvement to the Jaye terminal, purchase of gantry cranes, other equipment and construction of infrastructure facilities including the improvement of narrow access roads within the port premises. It is presumed that infra-structural improvement will also cover the provision of direct railway access to the port.

An important challenge is to derive most benefit for the nation form the large investment made. We presume that the investment has been guided by the degree of traffic generation. Criteria of investment such as the internal rate of return and nett present value on different demand projections has been taken into account.

In this context it may be mentioned that investment by public corporations or parastatal bodies should not be determined by their own decisions but related to the general potential of the country and effectively coordinated to avoid over investment and distortion in costs. With more investments it is presumed that these considerations would be taken into account particularly on account of general regional development and likely port development.

In this context it is considered appropriate to discuss the potential development scenario of Trincomalee Port. It is not certain whether Trincomalee with its good water depths and wide calm area would play a complementary or competitive role to Colombo. Mahaweli development should undoubtedly elevate Trincomalee port and give it a bigger role in marine transport in the region.

Modernisation of other Ports

TRINCOMALEE

The natural conditions of Trincomalee port make it a suitable deep sea port, although the facilities for loading and unloading are limited.

The regional development of Trincomalee district cannot be considered in isolation of Trincomalee's port development. The Government is now considering a Master Plan for development of Trincomalee and a short term feasibility study for urgent development of Trincomalee port.

With the progress on the Accelerated Mahaweli Development Programme port development becomes a necesity not only to help accelerate and carry out Mahaweli Development but also to play an important role as a nucleus for regional development.

The industrial activities which are presently located in the Port include two small scale ship yards (belonging to Colombo Dockyard and to Prima Milling Plant with modern port facilities near the Tokyo Cement Plant.

A group of 980,000 ton capacity petroleum stroage tanks (98 tanks have been constructed of which 15 are now in operation) is another facility available in Trincomalee.

A coal fired thermal power generation plant is also due to be constructed here.

GALLE

The Galle port has always been an auxillary port to Colombo. The ton-

nage handled has been minimal. In 1982 only 0.2 percent of the total cargo handled by our ports came through Galle. Even its recent performance amounting to 1 percent in had not altered its character substantially. Inspite of all the incentives offered shippers have not been attracted to Galle. Government efforts to induce rubber and tea shippers to patronise Galle have not met with success.

However, a regional development strategy could usher in a better environment for not only the development of the port but also help in generating additional employment avenues and generally help raise living standards.

Multi Modalism

Another challenge to the port in the future is the ability to accomodate multi modalism. In the very near future multi-modal transport would be a reality in Sri Lanka as a through transport system.

Hitherto the main container movements have been between (a) Container Freight Stations and the Port (less than Container loads)and (b) Shippers warehouses in the neibourhood of the city and port (Full Container Loads):
city and port (Full Container Loads).

Development of multi-modalism involves door to door service eliminating double handling and direct delivery to the port for loading where export cargo is concerned and vice-a-versa for imports.

The Government Railway is alive to this challenge and efforts are already being made to containerise tea in the producing areas for direct delivery by train to the port. The port will be required to provide the smooth changeover and the necessary railway access to the port premises. In this situation both exporters and importers will decide on their modal preferences and certain cargoes will move by highway direct to the port. It will be impossible for a 40 ft. container to traverse beyond the hilly terrain of the Central highlands transporting tea or vegetables. The port may be compelled to oversee a network of container freight stations (depots) and dry ports in the interior as an aftermatch of these changes. The present scenario of receiving cargo from the Freight Stations in the hinterland of the port will be replaced or reduced. There are many compelling reasons for the encouragement of multi-modalism particularly as the system has assumed importance with most of the Sri Lanka's trading partners which should influence Sri Lanka. It is apparent that the economic pressure of shipping Sri Lanka cargo in containers is increasing.

The future development on Sri Lanka's railway's has taken into account the need to; move tea in container loads and the economics of this move could be realised if direct deliveries are made to the port. Additionally, security factors now require packed tea to be sealed so that no tampering would be possible and cargo is accordingly safe for loading.

The present arrangement, however, in the movement of containerised tea by the daily harbour train from Maradana railway yard to port via the Kolonnawa/Port railway line.

It should be noted the railways will purchase over a 3 year period, from 1986-1985, 100 container flats with bogis to accomodate 30ft. and 40 ft. containers.It may be noted that shipowners would find it fairly unplatable to be faced with inland distribution and container unpacking costs etc. while with the development of multimodalism shippers themselves would reject any additional costs.

This would however require a form of rationalisation meeting aspirations of both shippers and shipowners. Today the continuing slump in the shipping market requires more than ever cost effective systems.

Shippers had various reasons to deliver estate produce to Colombo prior to shipment as for example the need to grade in the case of rubber or need to blend in the case of tea. Regional development would encompass such activities in the interior and would greatly facilitate multi-modal development. The economic consequences of the introduction of the door to door concept of multi modalism could be spectacular as this will further compound economic consequences of regional development.

Inspite of rapid containerisation it should be noted that it has been possible to containerise only 46 percent of our trade. The port therefore has to expand facilities to accomodate further development of containerisation for other types of cargo, as for example the bulk handling of cement facilities have to be extended.A case in point is the proportion of cement to the accelerated dam sites of the Mahaweli since 1980 by Mahaweli Marine Cement Company. Since 1980 nearly 950,000 metric tons of cement have been unloaded from 14,000 tons calling at the Mutwal Silos.

The trends are expected to continue as the Company is programmed to supply Samalawewa and Rantambe projects as well for the next three years.

Bulk handling of fertilizer has been proposed in order to explore the potentialities of canal transport. This would take the form of large vessels delivering at suitable points.

The port also has to meet another challenge from the greater use made of coasted shipping. The tonnages presently handled are bound to increase as revealed by 195,000 tons generated in 1985. Further, the coverage would most likely extend to other products as well, including movement of salt, fertilizer and general cargo.

It may be concluded that many challenges face the port in the wake of modernization. Global competition in trade and consequently in port facilities provided by competitors would most likely exert further pressure on the port. Therefore judicious choice of facilities is of crucial importance.