

**HARBOUR CENTRE PORT TERMINAL INC.
THE NEW LOGISTICS HUB OF THE PHILIPPINES**

I. INTRODUCTION

A. Port Life Cycle in Manila

Somebody once said, "the art of life is to know how to enjoy a little and to endure very much". Well, certainly people who live around a port can relate to that statement. They endure very much and enjoy very little.

Such is the life of people whose lives revolve around the piers, or port operations. If we were to go by Philippine experience, a pier or "port operations", seems to have three life cycles.

In its first life, a port operation is pretty much a government operation. Function is its primary reason for being ---the pier being the center of the universe of a country's trade and business. Ships come in and unload their goods and on the way out they bring with them the country's goods for the rest of the world.

To make it run you need an army of people with muscles, as the primary and perhaps only requirement, to take care of the loading and unloading of cargoes. Since these people are never the most highly paid people, they make the surrounding areas their homes and from there an informal settlement develops. Before you know it, the area becomes a world of its own with its own set of rules.

Life begins to improve when the government discovers the wisdom of privatization.

This is the second life in the world of port operations. Some form of order and system enter the port operations and life becomes a little better for everybody. A little.

It is when a competitive environment is born that a paradigm shift happens. This is the third life. It brings forth a stronger customer orientation and social responsibility. This is the result of sharpened management and marketing dynamics for the competing companies.

In the case of Harbour Centre, its entry into the business was not caused by a desire to enter the port management business. Its start can be traced to the government's decision to change the lives of the informal settlers around the ports that grew in numbers but not in income.

B. Start of Harbour Centre Port Terminal Inc.

How Harbour Centre came about is an interesting story. The Harbor Centre Port Terminal was borne out of the government's intent to alleviate poverty in the world famous 21-hectare mountain pile of garbage with 30,000 below poverty line scavengers living on top of it, this garbage mountain is known as the "Smokey Mountain".

In January 17, 1992, then President Corazon C. Aquino started the poverty alleviation project by issuing Presidential Memorandum Order No. 415, issuing a directive to the National Housing Authority to implement a housing, livelihood and employment opportunities via the Smokey Mountain Development Plan.

In August 11, 1994 Philippine President Fidel V. Ramos approved the Joint Venture Agreement between the National Housing Authority and R-II Builders Inc. after a series of public bidding. This joint venture agreement with the National Housing Authority

obligated R-II Builders, Inc. to construct 2,992 temporary housing units and 3,520 medium rise permanent housing units for qualified squatter families of Smokey Mountain. Part of the joint venture agreement is to provide a decent living and employment opportunities to these scavengers, thus the Philippine Ports Authority became a part of the implementing body for the creation of Smokey Mountain development and now with a commercial port terminal.

On December 4, 1995, the Philippine Ports Authority issued Administrative Order No. 6-95 which is the "Liberalized Regulations on Private Ports Construction, Development and Operation. It provided, among others, that the Certificate of Registration and Permit to Operate a private port facility shall be given for a period of twenty-five years, renewable for another twenty-five years.

On the basis of this, R-II Builders invested close to Six Billion Pesos to construct the Harbour Centre Port Terminal with world-class port facilities. In recognition of the economic significance to the Port Project, Malacanang Palace, through Proclamation No. 1260 dated June 23, 1998, proclaimed the creation and designation of the 79-hectare Manila Harbour Centre as a Special Economic Zone.

In June 18, 1999, the Philippine Economic Zone Authority granted the registration of the Harbour Centre Port Terminal as an Ecozone Facilities Enterprise. Presently, Harbour Centre Port Terminal, Inc.-Special economic Zone is authorized to handle foreign non-containerized cargoes and vessels and all types of domestic cargoes and vessels, containerized and non-containerized.

There are various social benefits that result from the Harbour Centre Port Terminal project.

1. This project will generate new job opportunities for 20,000 to 30,000 people. Furthermore, it will elevate them to become members of an emerging decent and respected community.

2. A private commercial port facility like Harbour Centre will encourage greater competence among service providers which will benefit port users who should not be deprived of fast and efficient service in the first place. For the first time in the port of Manila, there is a private commercial port that can potentially complement recurring under capacities in the government ports, especially, in adequately responding to domestic traffic and foreign cargo traffic requirements.

3. In the long run, there will be a reduction in freight and handling costs because of the increased effectiveness in private port operations. With modern amenities and equipment, Harbour Centre Port Terminal cuts down on docking and unloading process by as much as 50%.

Unlike traditional procedure where cargo is unloaded in the port yard, transferred to loading area then moved to a storage area prior to distribution, Harbor Centre has a 15-hectare back up area, allowing for faster and more efficient cargo-handling services.

Cargoes are discharged and handled quickly, with quick and efficient arrastre and stevedoring activities. The result: faster vessel and shipping turnaround. This means huge savings in terms of both time and money. Furthermore, the well-secured yard terminal also guarantees against pilferage, a substantial source of losses for shippers.

4. The government, through the Philippine Ports Authority, will save around 6 billion pesos in port development and land reclamation since Harbour Centre have already undertaken these.
5. The recovery of investments by Harbour Centre Port Terminal, amounting to 6 billion pesos will promote sector confidence in investing locally. More

investments would mean more economic activities including greater job opportunities. The Harbour Centre facilities will generate employment not only for the 20,000 plus beneficiaries of the Smokey Mountain Project, but also for thousands of other people directly and indirectly. The workforce needed involve a wide range of opportunities for port related activities such as stevedoring and arrastre services. Warehousing related employment opportunities will inevitably follow especially considering the incentives available to investors as a result of Manila Harbor Centre's designation as a Special Economic Zone. And since it is privately-managed working to be superior versus competition, Harbour Centre offers straightforward rates, while eliminating undesirable red tape and corruption.

All these efforts are bearing fruits.

Today, Harbour Centre already handles 90% of the country's non-containerized market. And the secret of our success story is no different from those of other industries. Embrace the circle of innovation and you will see at the forefront, the passion for wowing customers.

If customers have a choice, you work harder to be the customers' choice. You hire and work with a team of dedicated professionals empowered to deliver customers' satisfaction. Make the customers happy and the money will follow.

II. Harbour Centre as the Philippines Logistic Hub

The Evolution of Harbour Centre

Now more than ever, we are living in a world full of transitions and change that has generated new situations. A port is not merely a junction between land and sea, and its success no longer depends on simple cargo handling and storage. In order to meet the increasing demand of our customers, Harbour Centre is evolving to become the hub of the nation's economic activities.

Harbour Centre offers One-Stop shop facilities. When goods and services are imported and exported within the port, business has the advantage of having a logistics and distribution solution available in the surrounding industrial zone. Truly a Port, Distribution and Logistics hub for the whole country. Huge cost savings, faster turn-around and strategic vigor are realized. Correspondingly, the port authority's foremost concern is to explore ways of optimizing its competitive advantage.

Take for example, the direction of Philippine President Macapagal-Arroyo's opening of the Mining Industry to propel the economy to foreign investments. Harbour Centre is at the forefront as mined products such as precious minerals and raw metals are stored and logistically operated at the Manila Harbour Centre's Industrial estate. They are, then, exported all over the world through chartered international vessels docked at the Harbour Centre.

The same procedure is also being discovered by scrap metal exporters in China. They make the Industrial park their hub as they export the products to China. Again, the economy grows at a more rapid pace with this facility available.

The benefits of having a logistics center for providing value added services are evident in successful ports in Singapore, Hong Kong, and more recently, Laem Chabang in Thailand. These ports understand the vital role of promoting the port as full-fledged logistics hub. As a result, these countries have sustained a relatively high economic growth rate in spite of the intensely competitive environment in the region.

While Harbour Centre is considered a success story today, we are not about to rest on our laurels. There's more to be done. And there's more that we can do.

Our mantra of "taking care of business" runs parallel to the government's desire to be more responsive to the needs of the business community. Every time we do a good job, we know we help mirror the government's effort.

The more we do that, the more we contribute to the task of nation building. We are proud to have played a role in helping the country's economy move. Hopefully, we shall continue to play an even bigger role in the days to come.