

# OPEN to the WORLD

Since its establishment in 2012, the Taiwan International Port Corporation (TIPC) has been coordinating resources relating to its group of international ports. Increasing operational efficiency through improved service quality and facilities availability, the continued focus at TIPC has been on cooperation, innovation and sustainability. Romana Moares discovered more.

The Taiwan International Port Corporation (TIPC) has four branches in Keelung, Taichung, Kaohsiung, and Hualien and is responsible for operating a total of seven major international commercial ports. In addition to the ports at the four aforementioned cities, the other three under TIPC's influence are the ports in Taipei, Suao, and Anping.

And if that wasn't enough, TIPC is also being commissioned to integrate the two domestic ports of Budai and Penghu into the comprehensive functions of the group. In 2018, TIPC's annual income was approximately US \$666 million.

"In order to enhance operational efficiency of its international ports, TIPC has not only

improved the infrastructure and facilities but also initiated a number of business development programmes such as a new business model in the free trade zone, customised incentive programmes, blue highway incentive programmes, and enterprise resource system integration," said a TIPC spokesperson.

"To support the development and the business scope for diversification, the Corporation has established a number of subsidiaries or joint ventures, each playing an important role in their field of business, such as the TIPC Marine Corporation, TIPC Logistics Corporation, PT. Formosa Sejati Logistics, and Taiwan Foundation International Pte. Ltd. Development to name just a few."

## Investing in the future

The list of major projects that TIPC has been developing is extensive as well as impressive. But one that particularly stand out is the Container Terminal No 7 Project to expand the capacity of the Port of Kaohsiung, which is now reaching full capacity. The total amount injected by TIPC upon this project will total \$1.1 billion and upon completion, the terminal will be the largest container terminal project in Taiwan.

Evergreen has agreed a joint venture with TIPC to invest in the Container Terminal No 7 Project. Port of Kaohsiung is the hub for both south-north bound and east-west bound shipping markets and is believed to be an ideal target for carrier to invest and use it as the transshipment base.

Another project, with a very different focus, is the Green Energy for Port Area-Offshore Wind Power. The Taiwanese government has announced the policy of a 'non-nuclear homeland' and aims

to install around 5.7GW of offshore wind capacity to replace nuclear power by 2025. The Port of Taichung has been accredited the best base port for the development of offshore wind power by both the government and the industry.

TIPC has a plan to provide wharves in the Port of Taichung for wind turbine assembly as well as an industrial zone covering more than 100 hectares of land dedicated to wind turbine manufacturing. It is expected that major companies will invest and build plants in this industrial zone for the production and assembly of wind power parts, localising the wind turbine industry.

## Green operation

Environmental protection and focus on sustainability are an integral part of TIPC's strategy. In 2013, TIPC launched the Taiwan Green Ports Action Plan, which pinpointed four vital aspects: increased tourism-orientation, better cargo handling,

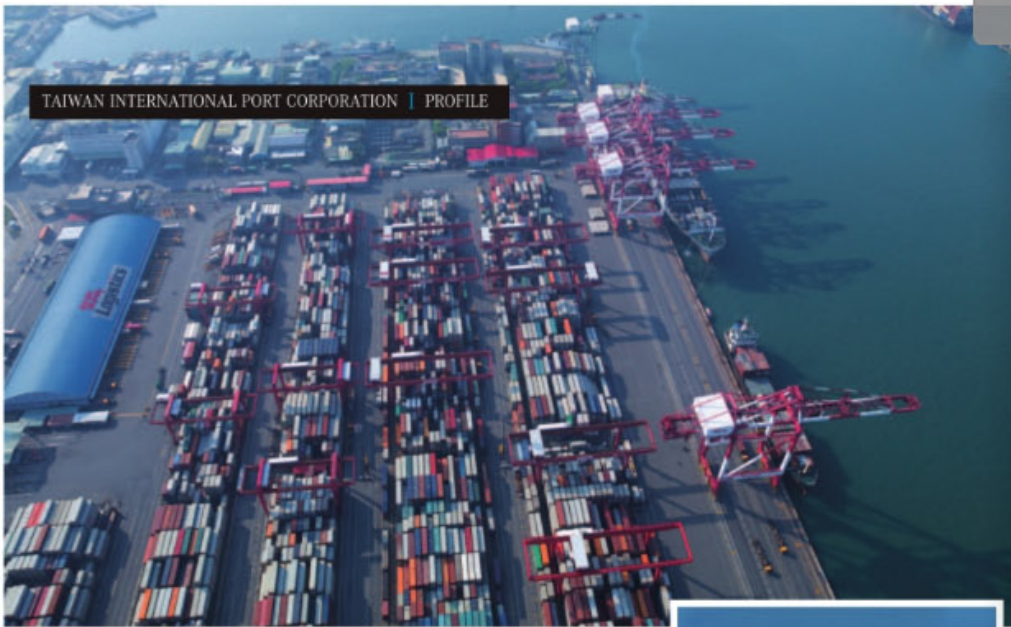
improved port environment, and enhanced community outreach.

On an international level, TIPC participates in the European EcoPort certification programme and has now become the first active member in Asia. The certification program helps TIPC to establish Environmental Management Systems (EMS) that help to holistically improve port environments. In 2017, TIPC reached one of its major milestones, with all seven of its international ports achieving EcoPort certification.

Apart from improving EMS, TIPC regularly works with government agencies to conduct emergency response drills and work on sustainability projects such as the offshore wind power plant project mentioned earlier, in the Port of Taichung. Port of Hualien, on the other hand, has been chosen by the local government for building one of the most advanced rain harvest project in the country.

TIPC also works with businesses on a number of sustainability projects. For example, the Port of Suao has been helping companies to install solar panels on under-utilised rooftops in the port area and claims to have the largest thin-film solar farm in Asia. The Port of Kaohsiung has used its vacant warehouses for creating a hub for the cultural and creative industry in southern Taiwan. Through working with local businesses, the port is able to create sustainable business models out of once deserted spaces.





Currently, TIPC is working with the Environmental Protection Administration (EPA) to tackle air quality issues, which is a serious problem in Taiwan these days. Working off the knowledge that ocean-going vessels (OGVs) emit 50-70% of the ports' air pollution, TIPC proposed three emission reduction strategies: vessel speed reduction (VSR), shore power, and low sulphur diesel.

In 2018, the national VSR achievement rate reached 46.9% of OGVs. To support VSR, TIPC and the EPA put together a \$1.1 million subsidy fund, each OGV that reduces speed to below 12 knots within 20 nautical miles of a port will receive a monetary reward. The goal of the subsidy program is to increase the number of OGVs adhering to VSR from 40% to 60%.

#### Expansion in line with customer orientation

TIPC has been successfully transforming operations throughout Taiwan's ports. As the traditional landlord-tenant model failed to attract the expected volume of long-term investment, a new partnership model – forming joint ventures with clients – was recently introduced. The thinking behind this new approach is down to TIPC believing it can both help clients reduce their capital expenditure and increase their commitment to invest in Taiwan.

In addition to domestic investment, TIPC has implemented a southbound overseas investment plan in line with the government's New Southbound Policy, and continues to visit potential Southeast Asian local governments and local port operators to explore investment possibilities of wharfs or logistic warehouses.

In the second quarter of 2018, TIPC completed its first overseas investment project, operating a container yard and warehouse facility in Surabaya, Indonesia. Further backing its commitment to overseas projects, 2018 also saw TIPC establish an investment company to continuously seek potential investment targets.

In the constantly evolving maritime sector, many challenges remain. One of the major tasks for TIPC in the coming years will be how to compete with other nearby international ports.

To ensure stable growth, TIPC actively strengthens harbour businesses and waterfront tourism by driving forward with the development of passenger transport facilities. TIPC couldn't achieve half of what it sets out to do without close cooperation with the cruise industry, local government and related industries.

\*Recent figures show that Taiwan is becoming the second largest source market for cruise passengers in Asia. Increasing international cruise traffic





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and the rejuvenation of the domestic cruise industry has led TIPC to upgrade and expand its homeport passenger-handling infrastructures," stated TIPC's spokesperson.

"For instance, the Kaohsiung Passenger Terminal is scheduled to open in 2020, and it will not only become a city landmark building but also be able to accommodate the mega cruise class of 225,000 tons. The new facilities and services help visitors make the most of their time at the port and expedite passengers through necessary arrival and departure procedures.

"Moreover, new water recreation areas are being developed and expanded at TIPC

ports, stimulating new tourism-related business opportunities in cooperation with local governments."

Concluding, the TIPC spokesperson succinctly summarised TIPC's future plans; a future that looks set to be promising, profitable and environmentally friendlier.

"In the future, we will continue to seek innovative and feasible new business models in line with our strategy based on cooperation, innovation and sustainability. TIPC will expand its services and collaborate with other business groups based on our core value of customer orientation." ■

