

Razon warns: Don't rollback or else...

ENRIQUE Razon Jr, the chairman and president of international port operator ICTSI, has found a way of fighting against the surging pressure from port users to rollback cargo handling charges by 20 per cent at the container terminal and all other ports nationwide. By making the Philippine Ports Authority (PPA) at its mercy in terms of revenue share, Razon warned that PPA's accession to the demand would mean millions in losses of income shared by the government (PPA) from port operators. ICTSI, being the largest contributor to PPA, gave a single biggest amount of PhP1.5Bn (\$30M) in fixed and variable fees last year. The amount represents 32 per cent of the total revenues of the PPA.

Razon lashed out at the multi-sectoral group Coalition of Shipping and Ports Modernisation (CSPM) which is demanding the rollback of the 20 per cent increase granted by PPA to port operators last and early this year. He branded as illogical the petition for the rollback since the Philippines has one of the lowest stevedoring rates in Asia Pacific, citing Hong Kong at \$353 per container and \$460 in the US. He said the shippers' group

is confusing the domestic rates with international rates. Apart from the Manila International Container Terminal (MICT), ICTSI partly operates three other ports in the Philippines like Subic, Makar Wharf in General Santos and Bauan Terminal in Batangas in partnership with respective local operators.

Instead of clamouring for a reduction in charges to improve the domestic industry's competitiveness, Razon said the CSPM, which is composed of those from chamber of commerce, exporters/importers and business councils, should turn to upgrading and modernising their outmoded plants and facilities. Many of those facilities are 30-40 years old, he said. Razon stressed that a reduction in cargo handling charges would not substantially raise the competitiveness and viability of local companies as the portion accounts for less than one per cent of total production cost.

If ever the port charges will be rolled back, he warned that ICTSI would re-negotiate the \$30M fees being remitted by the PPA, noting that the reduction would give the company a



RAZON: Illogical petition

PhP500 (\$10M) in revenue losses. ICTSI started to manage and operate the MICT in 1988 under a 25-year contract and has since invested PhP6.5Bn in physical infrastructure and computer equipment. The terminal now handles nearly 1M TEU a year from 350,000 TEU prior to ICTSI's takeover.

But despite Razon's making the PPA hostage to the situation, many port users asked: Isn't that the main reason why the port authority has always been on the side of port operators whenever they petition for increases in stevedoring charges.