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# Port Development in Latin America A Key to U.S. Objectives

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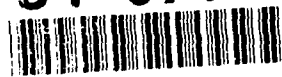
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Latin American Port Development  
A Key to U.S. Policy Objectives

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Abstract

Ports are complex arrangements of narrowly focussed activities organized in whatever manner possible that allows each participating organization to meet its objectives. Because of this convergence of activity in seaports and airports, each person, each group, and each organizational entity bent on completing a set of tasks can benefit from corollary actions of others pursuing seemingly different ends.

The priorities of the port involve issues not far removed from regional and national goals. Border security, quotas for industrial protectionism, immigration controls, national revenue collection, infrastructure development, and contraband interdiction, are just some of the policy issues that affect ports everyday and complicate the simple functional matrix of port organization. Yet in Latin America, it is this overlay of public policy issues upon existing and functioning port-based organizations that offers the port such remarkable potential for generating more effective host-nation programs while fostering new strategies and directions that meet growing U S interests in the region

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## US National Interest in Latin America

With the end of the Cold War and its attendant focus on Europe and Asia, many predict a new period of America looking south toward a closer involvement in political, social and economic affairs of the hemisphere.<sup>1</sup> Such a national reorientation would have advantages, but a major shift will not occur in the short and midterm. Why? Because our perceived national security interests will remain tied to Europe, the Mideast, and Asia in that order. Our economic interest will stay centered within the U S and our major trading partners - Canada, European Common Market, Japan, and Mexico. In fact, critics of the United States' role in the Americas during the Cold War could make a plausible case for predicting less U.S. involvement in the Americas due to the defeat of Communism in Latin America. They would argue that our attention was so preoccupied with the goal of protecting Latin America from communist influence that we had little interest in social or economic growth for its own sake within the region.

### A Closer Alignment Makes Good Sense

A post Communism withdrawal from Latin America is not likely. There are strong reasons to develop a closer political, economic and social working relationship with Latin America. And yet, factors remain that will restrain a rapid change in the social, economic, and political relationships between the United States and Latin America. In our current circumstances, the United States cannot make a full commitment of effort and resources. A tailored strategy that recognizes our divided attention and limited resources is needed, one that could bring about an improved political and economic relationship with Latin America at a cost in dollars and political capital that the United States can afford, and that the governments of the Americas will accept.

What are some of the reasons why the U S needs to develop closer economic and political ties to Latin America? Well, while

we were hoisting the nuclear shield, fighting 13 years worth of regional, hot conflicts in Korea and Vietnam, supporting allies, and trying to become the "Great Society," our economy had reached its apex in the 1960's, and then declined. The erosion of the United States' economic position has continued steadily for twenty years. Our economic rate of growth is stale; our productivity is ailing; and our savings rate necessary to provide a pool for capital expansion is one of the lowest among the industrial nations. Income disparity between the "haves" and "have nots" has regressed to turn of the century levels. The upper five percent of Americans hold as much wealth as the bottom 30 percent. Our middle class may not realize it, but their real income has slipped back to 1970 levels, while many foreign nations have realized a higher standard of living than the United States.

The economic health of the United States is the number one public policy issue. While we look for solutions, the rest of the world is recognizing the value of regional trading blocks to spur the growth of their economies. The regional blocks provide a larger market for manufactured goods and services than would be available to a single country. The population of the European Common Market is larger than that of the United States. Japan's growing position within east Asia may lead to a trading block in that area possibly diminishing the United States' economic access to those east Asian markets.

The U.S. economy has traditionally used its internal market as its major source of economic growth. Two basic choices exist for expansion of the U.S. economy. We can increase our worker productivity at a rate greater than our foreign competitors and replace most of the manufactured imports that we receive with U S made goods, or we can concentrate on increasing our exports in those areas where we have a comparative economic advantage to pay for our increasing preference for foreign manufactured goods, services and commodities. Both strategies are complementary, long

term, and should be pursued. Many feel that increasing exports is the more viable for the mid term. This is where the underdeveloped market of the Americas can help.

Movement in this direction has begun. The North American Free Trade Association is an important positive step in the right direction. But it too, will proceed slowly. Labor interest groups will fight a sniping, delaying action against what they perceive to be a shift of jobs to other countries. Environmentalists will attach caveats that attempt to force Latin American nations into following what the environmentalists consider reasonable standards.

#### Regional Trading: An Engine for Growth

The proportion of U.S. trade among the nations of the Americas not adjacent to the United States is a relatively small six and one half percent of all US trade. This is the same percentage as US - Mexican trade. There is room for growth, but not before debt burdens are reduced, capital-investment funds become available through increased savings rate and direct foreign investment, and infrastructure is improved. If investment-capital flows are a measure of a country's or a region's health in terms of beneficial trade, than Latin America is in a decline that is in its best interest to stem.<sup>2</sup>

The causes for the decline are many. Low labor productivity, poor transportation infrastructure, and stifling bureaucracy have produced low investment rates. Lack of political stability can also deter investment. While the fear of government expropriation of foreign-owned industries is waning, there remains much doubt about the ability of governments in Latin America to provide even the minimal schedule of support services required for development. Security from crime and terrorist plus freedom from incessant corruption are necessary preconditions to a growth in foreign investment.

The competition for investment funds will be won by those developing nations that can provide the highest rate of return



with the lowest risk. If Latin America is to win its share of foreign investment funds it must improve its political, social and economic infrastructure. One of the best places to begin the infrastructure improvements is in the ports.

### Rally Around a Common Interest

Certainly, international trade and investment will be the main motivator toward a closer working relationship with the Americas. International trade is the United States' most serious confrontation. Will the United States keep its place as the leading economic power or will it begin a slow decline toward parity with the European Common Market and the Japanese led Asian economic sphere? And, will increasing economic parity spell concessions in international dealings and increased threats against U S interests and investments overseas? In the past we looked to our internal markets. Now might be the best time to recognize that our growth is increasingly tied to our American neighbors' ability to ignite their economic engines.

Besides economic growth, there are other issues that have been bringing nations together. Governments "will increasingly act as mediators among societies as they deal on a vast range of issues that simply cannot be addressed, let alone solved, within single nations - like communication, AIDS, ozone depletion, financial regulation, farm policy, global warming, drugs and arms dealing and immigration."<sup>3</sup> These trans-national issues rest upon unfamiliar axes and require non traditional responses.<sup>4</sup>

### Trans-National Issues

Quite regularly, these trans-national "societal" issues become linked to traditional state issues such as national security, observance of international law, and the well being of the state's economy.<sup>5</sup> As an example, ongoing negotiations of the North America Free Trade Agreement (NAFTA) are particularly affected by environmental issues. Environmentalists in the United states question whether the Mexican Government will implement reasonable pollution standards upon industry within its

borders. A powerful lobby in the United States, many environmental groups fear that we are merely exporting pollution away from increasingly effective regulation toward a laissez faire pollution arrangement. U.S. labor unions fear that the lack of pollution standards in Mexico will give heavy manufacturing and chemical industries in that country an unfair competitive advantage.<sup>6</sup>

Narcotic smuggling and narcotic abuse are domestic-societal issues that have gone trans-national. Unable to handle the problem either domestically or through a vigorous border, sea and air interdiction, " President Reagan signed NSDD 221 declaring the international drug trade a threat to National Security. President Bush affirmed this condition and the U.S. Congress concurred and financed the Administrations 'War on Drugs.'" <sup>7</sup>. Congress in that same year authorized the Department of Defense to be the lead agency in the "detection and monitoring" of narcotraffickers and allocated funds to accomplish this and other counternarcotics support tasks.<sup>8</sup> Very soon thereafter the newly formed Office of National Drug Control Policy (ONDCP) declared production and shipment of drugs from Andean source countries as a major cause of the United States' drug problem and the United States began organizing diplomatic, economic, and military initiatives within the hemisphere to stem the flow.<sup>9</sup>

The drug trade became an issue for many governments in Latin America; not because of the diplomatic prodding by the United States, but rather those groups capitalizing on the lucrative drug trade were becoming a threat to many of the South American democracies. To the United States it was a drug problem. To Colombia it was to become an issue of state security and sovereignty. By 1989, the drug lords had grown in power to such an extent that they threatened the very foundation of the central government.<sup>10</sup> Colombia's judiciary was rendered ineffective by bribes, terrorism, and executions of judges and prosecutors. The free press was severely inhibited by the same tactics; and the

drug cartel members began a campaign of misinformation regarding the role of the successful narcotics entrepreneur - attempting to create almost a Robin Hood type caricature.

In traditional societies such as Colombia, national pride is a major domestic issue. Colombia's standing in the world community was rapidly falling as widespread violence and public corruption ravaged the country's self perception as a people with a future. Finally it became evident to the Colombians that their economic growth was being threatened.

"Not only is Colombia's political will frayed, but its economic prosperity is increasingly at risk. Colombia's economic growth rate dropped from 3.7 percent in 1989, the third straight annual decline. The economy grew at a rate of about 3.7 percent in 1990, but this is largely because of higher prices for oil, Colombia's chief export . . . Between January and September 1990, foreign investment in Colombia plummeted by 68 percent compared to the same period in 1989. Tourism also suffered; restaurant sales, passenger air traffic, and hotel occupancy rates registered steep declines from 1989 to 1990. Residential construction dropped almost 20 percent over this period. Such losses are largely attributable to the tremendous rise in narco-terrorism during the government's eighteen-month crackdown on the Medellin cartel. The economic and enforcement costs of the drug war, estimated as high as \$2 billion (or 5 to 6 percent of Colombia's GNP) annually, clearly represents a drag on Colombia's economic growth."--

For two years Colombian and United States' national interest coincided on counternarcotics, and a measure of progress was made. Recognizing that his judiciary was unable to prosecute drug cartel members, President Barco allowed extradition of traffickers to the United States for prosecution. Extradition was the one policy that the cartel members feared - so this issue was to become a key bargaining point in the termination policies of the federal government later on. Operational success also came to the Colombian national police, assisted by military forces beefed up with emergency U.S. military aid in the form of equipment and training.

The combined effort of the U.S. and Colombia to supply

and upgrade the Colombian security forces was considered a success. Yet, the success achieved in building a more effective force, only highlighted the policy mismatch between the U S and the rest of the Americas. U.S. goals for drug control are long term employing numerous strategies. One strategy employed is to limit supply from the producing and transit countries by assisting governments in taking action within their own borders.<sup>12</sup> Colombia's concern, like most of Latin America, is not drug abuse in the United States. Colombia's concern is with those groups that threaten Colombian national security through the incapacitation of the government and the hindering of a functioning economy. When the drug cartel members offer a truce in their effort to de-stabilize the government, the primary Colombian national security threat shifts to the insurgency problem. The good news for both the U.S. and Latin American countries is that their pursuit of dis-similar goals converge in the ports. Through good port development, the U.S. gets to reduce the flow of narcotics out of the producing countries, and the Colombians get to increase their capability to guard against political terrorism of important oil export facilities.

#### Port Development: a Point of Congruence

"The experiences of the 1980's have led many developing countries to reconsider their approach to development. Although countries differ in the scale of government intervention and in the extent to which they have already stabilized and restructured their economies, most have decided to rely more upon the private sector and market signals to direct the allocation of resources."<sup>13</sup>

#### Development and the Ports - A Necessary Linkage

In a book explaining the benefits of cities in relation to their overall environment, author Jane Jacobs felt it necessary first to dispel the common myth that cities sprang up naturally as the follow on to rural development in a region. Ms. Jacobs states the opposite. Cities themselves were the cause, not the

effect of rural development. The development of near-city regions was a result of the needs, demand, and technological advantages of the nearby city.<sup>14</sup> Similar is our view of ports. In the American experience, the port, be it a modest anchorage or a bayhead or river terminus, was the major determining factor in the growth and development of an associate city, region and nation.

Yet, today we too often view the port as a mere adjunct to the cities, regions, and countries that they serve. Arguing relative importance of the city versus the port is not the purpose of this paper. But as we plan a course of action to reduce societal problems and to develop mutually supporting economies we would be remiss if we overlooked a common denominator. Port development is one important common denominator.

The port is not just a transportation "enabler." It is the single most important factor in managing the flows of goods, people, and possibly, in the future, information into and out of the nation. The management of flows involves the regulation of the physical commerce through the ports, the charging for service rendered, and the imposition of taxes and duties necessary for the operation of government services. Illegal importation and exportation are matters of growing concern not just to the country but to the world's trading parties. Blackmarket economic activities in Latin America can range up to fifty percent of gross domestic product.

#### Border Security

Border security is a commonly recognized national goal. But meeting the objectives of this goal can be difficult and costly.<sup>15</sup> Port development can provide a cost-effective strategy to meet border security objectives while pursuing the prime objective, increased productivity in commerce. The following example will point this out.

Venezuela has a well developed inland transportation system composed of a major navigable river system, a good road system leading to the major ports, an adequate internal air transportation, and an excellent international airport gateway system. Proven reserves of oil and natural gas have increased and the world market is favorable for increased production. The Venezuelan government is actively seeking increased levels of foreign investment to assist in improving production and developing ancillary industries and services. Furthermore, with democracy taking a firmer hold, Venezuela's leaders feel that their national destiny is to play a greater, positive role in the region, bringing stability by encouraging democracy and freer trade and investment.

While Venezuela's democratic institutions have grown in maturity, its neighbor - Colombia, is under severe internal pressure from both guerrillas and narco traffickers. The increased pressure that Colombia has placed on its own narco traffickers and their favored shipping routes is starting to have an unwanted effect upon Venezuela. Drugs in greater amounts are being transhipped through Venezuela by both legitimate commercial carriers as well as by clandestine vehicles. Venezuela's national police is receiving intelligence on the organizations that are shipping through Venezuela, but the police have no way of correlating what vessels are in port and what aircraft have filed flight plans. The national police need information on legitimate commercial operations in the sea and airports. In law enforcement one has to separate the illicit from the normal background. If little is known about the background of legitimate commerce, little can be detected.

#### Terrorist, Guerrillas, and Vital Port Facilities

Border security is not exclusively a counternarcotics issue. Latin America is a particularly high risk area for terrorist activity. As a region Latin America led the world in the number of international terrorist incidents, and "roughly two-thirds of

all anti-U.S. attacks worldwide took place in Latin America, where US citizens and interests were the principal foreign targets of terrorist groups."<sup>6</sup> "In the first six months of this year, the guerrillas carried out 127 attacks on oil installations in Colombia. Compared with the same period last year, oil production dropped 5 percent and the country lost \$87 million oil export revenues."<sup>7</sup> The investment made in port security measures could serve both U.S. goals in counternarcotics and Latin American goals in anti terrorism programs.

#### Port Users

Ports are complex arrangements of narrowly focussed activities organized in whatever manner possible that allows each participating organization to meet its objectives. Because of this convergence of activity in seaports and airports, each person, each group, and each organizational entity bent on completing a set of tasks can benefit from corollary actions of others pursuing seemingly different ends. The data gathered by the port authority on the movement of cargo by ship "x" into the port is useful to the shipping agent and the customs duty collectors. But it also may be of great value to the investigative law enforcement agencies looking for smugglers and contraband, and in aggregate to the national planner who is encouraging or protecting certain industries.

In this section we will review the activities that take place within the port and the organizations that normally accomplish them. In so doing we will look at cross-over benefits from one organization to another and suggest alternatives that may enhance these beneficial cross-overs. Besides our exploration at the functional level of port activity, we also will examine corollary benefits from the functional area that have a positive influence on possible public policy goals. These public policy goals may have little chance for success on their own in a developing or secondary tier country of the Americas because they stand in line behind other more pressing needs. But

if they can be procured, in part, as a fallout benefit from other activities the country stands to gain. Better environmental protection is one example of an under-funded public good that can benefit as a corollary product of increased port trade productivity . . . if planners keep the environment in mind.

For example, good operating procedures dictate that a ship load or unload in a port as expeditiously as possible.<sup>18</sup> In competitive markets in general, and with certain commodities in particular, the shipping cost is a significant factor. Hence a quick port turn-around is desirable. When ships run aground, collide, or damage hazardous cargo while transferring it, turn-around time slows down. These disruptive incidents often damage the environment as well. Hence a reduction in such port casualties, not only meet the basic goal of increased productivity, but also serve the corollary cause of improved environmental protection.

#### Ports' First Function: Instruments of National Policy

The priorities of the port -- how to organize, where to invest -- are issues not far removed from regional and national goals. Border security, quotas for industrial protectionism, immigration controls, national revenue collection, infrastructure development, and contraband interdiction, are just some of the policy issues that affect ports everyday and complicate the simple functional matrix of port organization. Yet in Latin America, it is this overlay of public policy issues upon existing and functioning port-based organizations that offers the port such remarkable potential for generating more effective host-nation programs while fostering new strategies and directions that meet growing U S interests in the region.

To appreciate the potential of the correct kind of port development, we have to look beyond the vested interests of the individual users of the port. Only then may we determine what cross-over benefits are possible. But who are these users?



### Maritime Transportation

The merchant mariner views the port as a brief interlude in a voyage where he must load or discharge cargo as rapidly as possible. Before entering the port he and his shipping agent determine times and arrange necessary stevedore services for loading or unloading of cargo. The shipping agent passes the cargo manifest to the port authority officials. The port authority then assigns a berth and normally insures that dockside equipment is ready. The shipping agent and the port authority also alert support services to provide fuel, repair, sewage, garbage, and waste oil services and re-provisioning commissary stores. Customs clearances (with duties partially or fully paid) and passport checks for crew and passengers are routine. Health and sanitation inspections may be necessary.

The master of a vessel is paid to accomplish all those requirements, but his profession depends upon his safe navigation of the vessel approaching, entering, mooring, and departing the port.<sup>19</sup> If the master and his crew are doing their jobs right, they won't be in port for very long. So how can the mariners be a factor in meeting the new evolving goals of a redefined port development program? First by performing their tasks to the highest standards of their profession, they will reduce the risk of a marine casualties and potential damage to the people and the environment. This may sound trite, but when the number of marine casualties are revealed that are based wholly or in part on human error, the attention paid to maintaining high levels of professionalism is worthwhile. To the mariner the goal is navigation and cargo transfer safety. To the port this equates into greater personnel and environmental safety.

Another area where the mariners' position and experience can go a long way towards assisting national and international efforts is cargo and vessel security. In the modern container ports of the U S and other industrialized nations, cargo off loading rates can be up to twenty times as great as the load rate

in non container compatible or low tech ports.<sup>20</sup> The high off loading rates in the high tech container ports combined with the rapid transfer of the containers to land transportation systems makes detection of contraband an exceedingly difficult problem. From a contraband detection viewpoint, it is far easier to prevent or detect the insertion of contraband within a shipment at the point of origin in a low tech port than it is after the cargo arrives in the port of a large capacity U.S. container port. What the mariner can do to assist, is to take reasonable measures to insure that the container cargo that he loads is not being used "piggyback fashion" by smugglers.<sup>21</sup>

#### Terrorist Threat and Port Security

The size and value of many of today's ships and cargoes present a tempting target to the terrorist. Procedures have been published that enumerate necessary steps to take in order to reduce the threat of terrorist activity.<sup>22</sup> Where the master and crew can really add value is in the passing of information on suspicious or out of the ordinary activities that may be of great value to the law enforcement officials investigating the potential terrorist activities. Vessels' crews need the means and the access to report information, without fear of retribution.

Finally, increased attention to vessel security would assist in the international problem of illegal immigration. Providing transportation to economic migrants can be a profitable black-market business for smugglers and a financial headache for social welfare systems hard pressed to meet demand for services from those within its borders. In the United States cost associated with temporary housing, medical care, and court hearings for illegal aliens can easily average thirty thousand dollars per immigrant.

#### Shipping Agents

For the shipper, the port is where his cargo is most at risk as it shifts from one transportation mode to another. Cargo pilferage, accidental loss, and delays in off-loading all

increase the degree of risk and the ultimate cost to the shipper. The problem was particularly acute in the "break bulk" days when general cargo was off-loaded without the benefit of the security and automation of dealing with sealed containers. But even today losses due to pilferage, damage, spoilage, breakage and corruption can significantly reduce profits. Latin American port development must concentrate on attracting shippers or there will be no money for infrastructure, which means no money recouping benefits of a thriving trade.

Ports, consequently, must deal with the issue of security for the cargo off-loaded throughout the trans-shipment process. The importance of this particular task is growing, especially in Latin America. If a shipper can't guarantee to his client, or a port can't guarantee to a shipper, cargo security, then that port will be bypassed and that shipper boycotted. Besides ordinary theft, the port security manager must also be prepared to deal with parasitic smuggling -- the surreptitious use of the vessel or cargo to mask an illegal shipment of drugs or other contraband.

Cataclysmic loss of cargo is not as common today as when ships were wooden and propulsion was wind on canvas. Ships are rarely lost at sea today; it is in the transition into and out of ports that most ship casualties occur. And it is not just loss of a cargo that is cause for concern to the shipper. As recent oil spills demonstrate, the damage that can be caused by cargo to a port and its environment can attain value multiples ten to fifty times the cargo value. So port security and environmental protection are of crucial import to shipping agents and their clients.

#### The Customs Collector

Despite the best efforts of the mariners, the shippers, the port administration, and the security manager the cargo will sit at the dock until it has been cleared by a customs official. This individual is oriented almost exclusively toward incoming

cargo, and so is of little help to his law enforcement peers in detecting contraband being exported from the country. The custom official won't release shipments until paper work has been transferred, cargo inspected, payment made or bonds issued to cover duties. In many Latin America ports the speed of his efforts is notoriously slow. A major U.S. export insurer warns clients shipping to many Latin American ports to prepare for customs delays of up to 21 days.<sup>23</sup> The fastest container or bulk unloading systems are of little value if the cargo suffers delay in the customs clearance procedures. Given the great potential for expensive bottlenecks in this area, one would expect a shared goal of industry and government would be to undertake whatever is necessary in the revenue collection area keep the goods and material flowing through the port.

#### Ports: A Revenue Source

The shipping sector is not the only group that depends heavily on the efficiency of the port revenue collectors. Import tariffs are a major component of government revenues in the less industrialized countries of the Americas.<sup>24</sup> Hence, an efficient collection system would maximize revenues for the government. Unfortunately the high tariff rates, the bureaucratically stifling paperwork and administrative procedures necessary to ship goods into the country, and a revenue collection service that is ill trained, ill manned, and ill paid produce two negative results.

First, trade itself is reduced because it is costly, not just in tariffs, but in delays. Delays expose the cargo to greater rates of theft, pilferage, and handling and storage damage and spoilage. More capital is required for warehousing and storage areas. Secondly, the system in which the port revenue official has been placed tends to promote a shadow market or blackmarket system of trade in the hemisphere and increases the propensity towards corruption of legitimate

government functions. Low pay, low status and no job security make for a favorable environment for corruption of the port revenue collection officials. No external threat can rival the debilitating effects of blackmarket and associated corruption on the developing yet fragile democracies of Latin America.<sup>25</sup> The ports are both epicenter of the problem and the potential for positive change.

### Police

When Willie Sutton of the American 1930's was asked why he robs banks, he state forthrightly, "because that's where the money is." In the 90's money can't afford to stand still in a vault. Money is now a flow that courses intra as well as inter nationally. The major criminals and their organizations are not attacking money in its fixed bastions. Major criminals are traders of goods and services in the blackmarket economy. Hence the role of the police is to investigate and apprehend those dealing in the more socially dangerous commodities of the illegitimate economy, drugs, guns and terrorism. And in doing such, they find themselves more and more involved with the transborder flows of people, contraband, and money, usually US dollars.

Seaports and airports have become the focal points for these illegal flows. And to seize the contraband and apprehend the criminals, national police organizations have found that their information requirements and investigatory activities are becoming more and more focussed on the ports.

### Naval Services and the Ports

The naval services of the Americas are co-tenants of the ports and the designated protector of the ports, the nation, and the maritime economic zone from national security threats. For years the national security threats were determined to be largely external. And the focus of the navies was on bluewater operations. The role of the ports was for support and logistics and in some case for use as a forward operating base for

strategic reasons. Such reasons might be to enhance or hold a claim for territory, to initiate development in sparsely populated region, or to sit near major regional or world trading routes. As the threat of regional adventurism diminishes the naval services are looking closer to home for their reasons for being.

Latin American navies find their mission orientation becoming more like the United States' Coast Guard than blue water sea control missions. Many South American nations have formed coast guards as an element of their naval forces.<sup>26</sup> Their navies mission remains one of protecting the national security. But, it is a protection against threats that are more akin to national and international law enforcement than to prevent aggression by another state.

We have covered a few of the key port elements. This group is not all inclusive. The labor required to load and unload ships in port, stevedores, play an important role in the port. Individuals charged with regulating immigration, environmental protection, and navigational safety have also not been discussed in detail, yet. They will be. The direction of our analysis of ports will shift to examining the organizations in the port, their goals and the potential for cross over benefits, shared investment, and mutual goals.

#### Port Authorities

To successfully conduct the commerce function of the port requires the participation of shipping line, mariners, and cargo/shipping agents/ stevedores with equipment - all working within the capital plant consisting of a harbor, wharves and quays, off/on loading equipment. The organizational umbrella under which most of this takes place is the port authority. The tasks and goals of port authorities in the Americas are similar enough for them to be treated as a defined entity. In practice each port authorities jurisdiction, range of freedom, supporting organizations, can vary quite markedly. The way they are

organized and operated reflects the specific port situation, regional goals, and national priorities. Port authorities can be private or public organizations. They can be limited in scope to that narrow band of developed land at the water's edge, or they encompass both seaports and airports, bridges, and mass transportation rail and road networks and ancillary businesses.

Port authorities have the three basic functional tasks; provide for investment in the port; administration - management; and strategic development.<sup>27</sup> Port authorities normally accomplish these tasks under the guidelines and provisions of a governing entity such as a city, regional government, or national sovereigns. As such the goals and the strategies of the port are kept in consonance with the goals of the governing entity. The mechanisms needed to keep the political master and the port administrators on the similar paths are a key design aspect in the port - state relationship. It is this drive for compatibility of goals that can be used to meet other related state goals in the management of the port. National goals for regional economic development, border security, environmental protection, regional prestige, among just a few, can be enhanced through directed port development. The Director of the Port Authority of New York pointed out that one of the port authority's goals was to set the standard for fair labor treatment as a social goal of his tri-state region:

"I think we have an opportunity here also - in fact, I've just written to all the major public agencies in the region - to say that one of the things we have to do with the multi-billion dollar capital programs that we're all undertaking, New Jersey Transit, New York Department of Transportation, MTA and everyone else, is to insure that the construction work that emerges is a construction work force that gives opportunity to local people."<sup>28</sup>

This is an example of a port authority pursuing corollary goals of the governing regional governments.

#### Provisioning of Operating Funds and Investment Capital

One mechanism for insuring consonance of state and port

goals is the providing of investment capital and operating funds if necessary. In the British tradition, port operating companies were expected to cover their costs through charges for use of the port. Ports on the European continent were more flexible in covering operating cost with the realization that ports are an asset to the region that they serve and, therefore, a worthy candidate for subsidies from the central government. While the requirements for each port must be assessed by the government entity that provides oversight, it is reasonable to expect that when a strategy is employed that seeks to increase trade through the port, that some funding separate from port revenues is a reasonable strategy. It is very common to see port authorities given expanded duties in the region. The expansion of port authorities duties airports railhead, roadways, and even bridges and tunnels in a region are a natural and positive step toward coordinated intermodal transportation. However, the more the focus of the port authorities duties shifts, the more the resource allocation scheme, or funding must take in the externalities of regional growth and other national goals.

#### Administration and Strategic Development

Action on providing operating expenses often falls on a port tariff. A common goal is to set tariff rates at such a level where operating expense can be recouped. This is the standard practice of port management organizations. However, often the competitive situation among ports and countries leads to a port charge - tariff structure that sets rates to be competitive with rates set elsewhere. Or, funds from the regional or central government are provided in recognition of the value of the port to the region, and the need to remain competitive with other ports.

Administration of all port functions is usually broken up among a number of agencies. The port authority structure would handle the administration of those capital facilities such as docks quays cranes and possibly the supporting transportation



entities such as truck, railroad and bridge connections. Often the administration of facilities is indirect, ie, facilities may be leased to a private firm for operation with oversight remaining with the port.

There usually exist a need for a country-wide management hierarchy above the level of the port authorities. The strategic development of the nation's ports is usually placed within an upper level agency that has access or leverage on the sources of future development capital and possibly source of operating expense.

#### Export Generation

Some port authorities may engage in activities that not only improve port efficiency, but also encourage development of supporting and clientele industries. Port investment should be related to city development. One approach available, is to coordinate the taxing, savings, and investment role of a port authority to include industrial developments that will generate exports.

Many ports in Latin America are single bulk commodity ports, ores and oil. Reliance on a single commodity opens the local economy to the swing of the cost price pendulum that has been particularly severe in the commodity trade. The port is usually unable to take advantage of the increased shipments during periods of high demand because of a lack of capacity due to low investment. The owners of the resource would receive higher income for what is shipped, but would lose the advantage to ship more because of port/ machinery/ transportation limitations. In a developing nation, port authority activities may have to expand to provide road, rail, airport, bridge and or ferry facilities so that they can meet their goals of increasing traffic and revenue through the port.

#### Revenue Collection/ Customs Duties

In today's world trading community, tariffs are often viewed as a necessary evil that will hopefully be displaced by a world

wide free trade system. Yet in the Americas, tariffs and port duties remain a significant source of tax revenues for all countries except the United States and Canada. While the hemisphere's policy makers will continue to push for reduced tariffs, the functional need to collect these revenues will remain. In fact the degree of difficulty in collecting the tariffs will actually increase at least in the midterm as countries such as Mexico transition toward a free trade agreement with the U. S and Canada. Automated systems, information sharing, and technical assistance are available from the major industrial nations. Technical assistance in using these systems is available from the U.S. Customs Service through the State Department. But the will, the financial support and a professional customs collection and inspection function are investments each nation will have to make.

Activities to collect fees and duties within a port are one of the earliest activities of the ports. As people and goods are concentrated, as they pass through the port transportation node, the assessment and collection of fees become practical. This collection is relatively straightforward for those services provided to the ship and the importer. Such services would include pilotage, use of quays and equipment, loading/ unloading services commonly known as stevedoring, waste oil and garbage disposal, and other services being directly supplied to the user. The collection of revenues, taxes, tariff duties are more difficult, and usually involves action by the public sector acting through its customs collection function.

Because of the ease of collection and the remoteness of the tax from the nations voting population, import taxes have been a popular form of revenue generation for developing nations. The role of the import tariff has been particularly important to nations of the Americas as they try to protect their developing industries by reducing competition within their consumer markets. Secondly, when facing expanding national debt and trade deficits,

a reduction of import consumption is an often accepted aim. The well intentioned policies of the central government, converge in a maze of regulations on the customs administrator in the ports as they attempt to recoup revenues from imported goods and carry out a sliding scale of charges and allowances depending from where the cargo came and what type of good it is. The following passage is thumbnail sketch of recent changes to the Venezuelan tariff structure.

"Effective May 17, 1991 the government introduced the third stage of import tariff reductions. The maximum rate, applicable to finished goods, was lowered to 40 per cent with the exception of motor vehicles with an engine size greater than 3000 cc and alcoholic beverages, which remained at 50 per cent. The rates for intermediate goods were lowered to 20-30 per cent, except for products included in the Andean Pact programmes for petrochemicals, steel and metal working, which have a maximum rate of 15 per cent. Finally, raw materials and capital goods now pay a maximum rate of 5 per cent when no equivalent is produced in the Andean Pact or 10 percent if the same items might be obtained in a member country of the Pact." <sup>25</sup>

This list is, of course, is not all inclusive. However, it does show that duties collection is a quantitatively complex problem that would benefit from effective automation to improve productivity.

#### Law Enforcement, Regulation, and Safety

Whereas port authorities are organized to meet the direct commercial needs of the port, a number of other organizations have either main functions in the port or significant collateral duties associated with the port. Law enforcement issues have been discussed. In the regulatory enforcement areas, in addition to the customs import rule and duties, there are health and safety rules to enforce, environmental protection requirements, immigration controls, and vessel security and navigation safety requirements to be met. Many of these are enforced by separate organizations that would require coordination with other organizations a major problem that needs to be addressed.

### Navigation Safety

A major collision or grounding of a vessel today can be nothing short of cataclysmic to the ports of today. Modern technology has brought a number of significant improvements to the safe handling of a vessel. Radar allows a safer passage in periods of reduced visibility and also provides powerful navigation and anti-collision assistance. Loran, Omega, and satellite navigation systems allow much safer transits to the approaches to this hemisphere's ports. But has the technology reduced the risk to the individual vessel, only to see the safety margin diminished by the introduction of extremely, large deep-draft vessels, hazardous cargoes, and small operating crews. And while the relative accident rate has declined, the remaining accidents have become ever more dangerous due to the increased size and hazards of the cargoes.

Navigation safety and efficiency is vital to the port. The port authority structure often takes the lead in meeting the demands for efficiency. Channel depth and width, and suitability of anchorages and docks are the strongest determinants of what can move into a port. The port authority is usually the organization that is responsible for the improvements to these systems.

The importance of safety in relation to the ongoing maritime activities in and near the port could best be plotted by a series of step functions. Each rise is due to the recognition, usually cataclysmic, that increased attention and measures must be paid to marine safety. Meanwhile technological advances in efficient maritime transportation increase in a linear fashion. Ships propelled by sail gradually shifted to steam. Wood gave way to steel for construction, and in the process the vessels increased in size and carrying capacity. The amount of cargo carried either people or goods increases. No matter that the overall risk of failure has decreased, if a vessel and its cargo were to be lost, it would become a much more significant event. The most recent

example of a port disaster would be the EXXON VALDEZ grounding.

The Tanker EXXON VALDEZ was carrying over one million barrels of Alaskan crude oil when she ran aground on Bligh reef while departing from Valdez, Alaska. As hazardous cargoes go, crude oil is relatively safe from a crew safety point of view. From the environmental point of view, when such large amounts enter the maritime environment a biological kill will take place. How extensive and irreparable the environmental devastation proves to be is a matter for others to decide. But in the case of the EXXON VALDEZ, when negotiations were concluded, the owners of the vessel agreed to hand over nearly one billion dollars as compensation, and to fund additional cleanup measures.<sup>30</sup>

#### Port Security

Related to navigation safety is the safety of vessel, port facility, and people within the port. This area we will call generically as port security. It covers the moored vessels and port facilities. Port security can best be described by breaking it down to the threats that are faced. Port security is sometimes defined as a military mission. During wars and national emergencies a nation needs to defend its vital port facilities. Of course the easiest thing to do for security purposes is to close the port. This is unlikely because in wartime the importance of the port is never greater. Hence a workable program for the ports of the nation in time of war is a necessity. In Latin America this function would most likely be a mission of the armed forces with the help of national and local police.

To North Americans, the probability that a wartime condition would occur is remote. But to those nations planning for their national security, the perception is much higher.<sup>31</sup> In designing the overall port system, consideration should be given for the port security military operations mission. The likelihood may be low but the perception of need will be present.

The second area of the port security mission is that of the terrorist threat. The expectation of a terrorist event in the ports of Latin America is great, and the probability compared with other parts of the world is high. In many Latin American economies there is a strong reliance on the export of commodities. The 1980's have been a particular tough decade for commodities.<sup>32</sup> Non-petroleum commodities were selling in 1989 at a discount of about 25% of their 1979-1981 index. With margins of profit low and suppliers hungrily competing, an inability to produce or ship a commodity can mean loss of markets to other commodity producing countries. With the loss of shipments the loss of highly desirable foreign currency would be severely felt. It is in this environment that a destructive event by a terrorist could have strong and rippling effect through a developing nations economy.

Two additional factors make the commodity export picture more perilous. As a result of the tight profit margins on the production of commodities, only the minimum amount of fund are invested in plant and equipment. Facilitating loading and shipping is generally has little or no redundancy to cover the unexpected. Therefore, a terrorist act could be crippling to the industry. Furthermore, the nature of commodity shipments is often cyclical to meet cyclical demand. Hence, a terrorist intervention at a peak shipment time could lead to a search for a more reliable supply elsewhere.

Finally, certain commodities are hazardous of themselves. Crude oil is one, but the item of growing concern would be the development of liquified natural gas. Natural gas has the potential to become a significant export for Venezuela, Ecuador and Peru. But in the case of Peru, one development project has been stalled due to lack of investor willingness to fund a pipeline. This is due to the insurgent terrorist threat. And its not just the investors who feel they have a stake in potential terrorist destruction. There are environmental concerns

as well. Liquefied natural gas shipments have the potential for cataclysmic incidents. Terminals require state of the art facilities - storage, transfer, and maintenance.

#### Information Flows

"The sophistication of a country's information infrastructure is closely correlated with national wealth (rich countries are also information-rich countries), and, while the evidence for a causal relationship between information-intensity and level of development may be tenuous, there are good reasons to believe that higher investments in information can have more than proportional effects on economic growth and social development."<sup>33</sup>

Most of the discussion on ports and trade among nations relates to people and merchandise. But services have been capturing an increasingly important share of the international trade market, garnering approximately 17 percent by 1980.<sup>34</sup> Ports are in a good position to assist in the nation's development of a technological infrastructure, the collection of information, and the funneling of that information to different sectors, both the public and private. Modern ports must develop information-sharing systems for their needs. Computer-automated cargo manifest systems have been developed that can provide much earlier notice to ports and agents on inbound cargo to facilitate faster customs clearances and the more efficient use of terminal transportation resources.<sup>35</sup> Operational data on vessel arrivals and departures can be used to efficiently schedule port services such as pilotage, quays labor and other port facilities. In ports sensitive to high densities of traffic, ship arrival schedules could be adjusted to reduce the probability of ship casualties.

With the investment in hardware, software and telecommunications equipment, ports can recapture a portion of the investment expense by sharing services with other public agencies and private companies. Data could be shared with law enforcement officials who may be attempting to target certain

types of cargo, specific shippers, and individuals. Information on the crews of vessels and passenger lists at seaports and airports could be merged with national and international law enforcement data bases to further police investigative efforts.<sup>36</sup> Pollution incident data bases throughout the world can be queried to help assess the operational performance of a ship or company in meeting environmental standards before it arrives in port.<sup>37</sup> Financial and insurance data bases can be tapped to insure proper coverage, check for outstanding liens, and allow local vendors to extend credit with less risk.

As ports become more sophisticated in traffic management and port security, sensor data becomes another data input that has to be concentrated and evaluated. In this case an operations center of some type is normally required with manning commiserate with the task. Tasks for the operations center can include port security, navigation safety, and coordination of port services such as tugs, lighters, and pilot vessels. A port operations center can be used as a dispatching center for regulatory inspectors and can provide the twenty four hour link with the telecommunication/information center.

#### How to Get a Port Development Program Underway

If the United States' experience with Latin American in-country counternarcotics programs can provide one lesson, that lesson should be that no matter how much money you have to wave, every nation will, in the long run, do what is in their best interest. Countries may take the money and give cursory attention to the goals of the United States, but their main attention will be focussed on what they feel is the main threat.<sup>38</sup> What makes port development so attractive is that it should have a great deal of appeal to the government's of Latin America. The stimuli of more efficient means of trade could spur some troubled and some growing economies. At the same time measures to increase security against economic terrorist, and recoup revenues lost to corruption and blackmarket activities certainly should be



appealing to struggling democracies. And for the more developed economies, the need to attract foreign investment has never been greater and the competition for such investment has never been greater with the growth of the east Asian "tigers" and the east European capital poor situation.

The United States is not in a fiscal position where a major injection of government provided foreign assistance for port development can be made. It is simply not available. And given the incremental nature of port development, large amounts of U.S. funds probably could not be effectively spent in the short term because port development must be preceded by a willingness of public and private sector agencies to work together using shared operations and communication and information handling systems. So how do we start the program?

#### Port Development Action Plan

The focus on port development is due to the fact of life that neither government nor the private sector can be expected to formulate an all inclusive United States - Latin American Strategy. Platitudes and generalities about our shared objectives abound. And perhaps, we will become closer economically, socially, and politically within the hemisphere. But, it won't be as a direct result of a coordinated strategy. The field of endeavor is far too wide, the horizons are all too distant and the list of specific goals is too long to enumerate. This is not a realization borne of pessimism. It is just the way the system works. Therefore a strategy that can be pursued effectively in separate increments is needed. A strategy that doesn't require full mobilization of the heads of nations and their legislatures will have a much greater chance of success than the grandiose that can only be remembered by their slogans rather than accomplishments.

Two guiding principles are necessary if a strategy such as port development is to succeed. The first is problem recognition; the second is mutual benefit. The strategist as a

change agent must understand that there is a wide range of policies, initiatives, resources and requirements in the United States - Latin American relationship to which a strategy must be adjusted. These are topographical facts of life for the planner journeying down the byways of improvement. Port development is a goal that is rich in cross cutting issues that can help or hinder.

The inducement to enlist strategist in cross cutting fields is the promise of mutual benefit. Policy makers in the public sector, investors and entrepreneurs in the private sector all have to solve to a net bottom line benefit. The successful strategist will enlist as many allies as practicable in a coalition to meet mutual ends. The counter-narcotic planner would be just as happy to interdict drugs in the port than in the jungle growing and refining areas. The shipping agent will gladly utilize an expanded information network to speed his shipments through the ports.

#### Public Sector Action Plan: Crises and Pipelines

Democratic governments are moved to action only when faced with an issue that cannot be ducked. Then, all of the elements of a pluralized decision making process come together, and produce a policy and an implementing structure. An immediate crises is usually the spark that provokes action to find a solution producing mechanism. It is here where the "pipeline" concept comes in. To implement a solution, the government bureaucracy gathers the necessary factors to produce the required action or result. In the United States' Federal Government, authority to act, personnel to manage the delegation of authority, and funds to allocate are placed into an organizational form empowered to meet a set of goals. This organization becomes the pipeline with the flow of funds dependent on yearly Congressional budget allocations. The pipeline becomes a fixed and continuous organizational solution to the crisis which continues to exist long after the previously

mobilized political decision makers who have gone on to solve other crises. These pipelines can be bent and shaped to fit the mutually beneficial goals of port development.

#### Security Assistance Pipeline

Security assistance is a program that can be conceptualized as a pipeline of people, policies and resources brought together to assist other nations' military defeat threats to their national security. For Latin America those threats were initially communist insurgents. The flow and direction of this pipeline has changed considerable to meet the needs of the nineties. Without a credible communist threat in Latin America the flow has dwindled. Yet, what remains of the program in Latin America has been directed at increasing the military role in counternarcotics operations, and could be further shifted to roles for the military such as port security.

#### Drug Interdiction Pipeline

Counter-narcotics also has its separate pipeline. With two president-level "Drug Summit" conferences completed, it remains at the apex of U.S.-Latin American policies. And, the level of funding attached to this policy remains relatively high. Organizational commitment to counternarcotics is strong. While I would argue that development of mutual trade is a far more important issue for the involved countries, counternarcotics has captured the attention of the hemisphere's public. If a portion of the counter-narcotic program's people and resources could be directed at the ports, benefits would accrue to the counternarcotics program and to the intersecting programs involved with overall port development. As an example, command, information, and communication centers for regional and country-wide operations could be located in the ports thereby providing multiple use capabilities for other programs. Economic migrations of productive, if under-utilized, citizens could be reduced, benefitting both the involved country and the United States. Linkage of counternarcotics goals with economic goals is

a common cry of the underdeveloped Latin American nations.

#### Customs and Tariffs

Reliance on high customs duties as both protection of home industries and for revenues leads to socially unhealthy blackmarket and corruption conditions. These conditions not only hamper trade through delays and increased costs, they also produce a climate for other illicit activities. More professional customs services are needed in Latin America. And a first positive step in that direction could be accomplished by free trade agreements such as the proposed North American Free trade Agreement (NAFTA). With blackmarket profit margins gone, improved data bases and communication systems, and a more technically demanding job, the professionalism of the customs services in Latin America can be improved. At the same time trade among the partner countries increases benefitting the economies of all involved.

#### Economic Development and Humanitarian Assistance

For as long as we remain a rich nation in both wealth and spirit, funds will be allocated to improve the conditions of poverty in third world countries. With that distribution goes the requirement to assess the effectiveness of such grants to eliminate the factors that cause the conditions of poverty. This pipeline of funds can also be directed at improving the infrastructure of the developing countries with the goal of providing productive jobs for the underclass. Port development offers many opportunities in this area.

#### A Proposal

The strategic objectives of the United States are clear, if broad in scope. And, for each goal there is a set of strategies that chart the course for accomplishment of the objective. The problem lies not in the articulation of goals and strategies but rather in the tactical accomplishment of these strategies. Unfortunately, these strategies are pursued relatively singularly

by government officials who have neither the time, resources, nor authority to deal with other strategies that could impact favorably upon their own. A management solution must be developed that emphasizes the tactical accomplishment of national goals through a more interrelated strategic approach. Woe be to the military commander who utilizes only forces from his own organization when the tactical situation demands assistance. So too, must the United States take advantage of all of its complimenting efforts in supporting national strategies. As has been shown in the area of port development, there exists a tactical opportunity at the center of mass of a number of U.S. strategies to reach objectives of mutual benefit to the United States and Latin America. We just need a method of organizing and managing our effort within the government.

After solving the government organization question, the next step would be to develop a joint plan for government and industry cooperation in the area of port development. Without getting into the issue of industrial policy, the potential levels of investment in port infrastructure development far exceed those amounts that can be generated by governments. Targeting, however, is done only on those areas where there is a reasonable expectation of a profitable return<sup>39</sup>. Involved governments can provide incentives and secure conditions to make the private investors more favorably disposed towards their country. Quasi public organizations such as the World Bank, Export-Import Bank and others can play a significant role in assisting the private investors.

## Notes

1. Kal J. Holsti, " Politics in Command: Foreign Trade as National Security Policy," International Organization 40, 3, (Summer 1986). The author states that as military security concerns decrease, national interest in trading relationships become more important. Written before the break up of the Soviet Union points remain extremely valid today.
2. Paus, Eva "Direct Foreign Investment and Economic Development in Latin America: Perspectives for the Future", Journal of Latin American Studies Vol 21 Part 2 May 1989 p 224-23
3. Gelb, Leslie H. (1991, December 8) "Fresh Face", NY Times Magazine p. 50. The Author also states, ". . . this emerging world requires a new foreign policy agenda, and fresh faces to execute that agenda. the trouble is , the same old experts are foreign policy and most of them only dimly understand the world they preside over."
4. From lecture given to ICAF students at State Department by Richard Heclinger, 6 Dec 1991 Dean Acheson Auditorium
5. Greth Porter, " Post Cold War Global Environment and Security," The Fletcher Forum of World Affairs 14 (Summer 1990): 332-344. The author compares the declining trend of Cold War security trends with the emergence of global environmental issues.
6. The New York Times, 5 December 1991, predicted no U S - Mexican Agreement until after the 1992 elections. This appears to be holding true.
7. Murl D. Munger and William W. Mendel, Campaign Planning and the Drug War (Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA), 10.
8. The first direct guidance for DoD to take a positive role in the administration efforts against drug smuggling was contained in the FY-88 DoD Authorization Bill.
9. Coordination of activities with our neighbors did not proceed as rapidly as our military/law enforcement planning and execution. We didn't recognize the impact of our efforts on our neighbors in the Americas. Very soon after DoD was brought into the "Drug War" an intensive air and sea interdiction operation was planned for January of 1989. Combined U S forces had planned to employ a carrier battle group and other associated resources to detect, monitor and interdict sea and air smugglers departing

off the Coast of Colombia and Venezuela. While the operation was to take place entirely in international waters, the perceived intrusiveness of the operation to Colombia and Venezuela raised strong protests of violation of national sovereignty and caused a cancellation of the operations. These two governments, which we thought of as allies in the fight against drugs, were placed in a difficult situation with domestic factions that would play on domestic fears of national domination by the United States.

10. See John D. Martz, "Colombia at the Crossroads," Current History (February 1991) 69-72.

11. Lee, Rensselaer W, "Policy Brief: Making the Most of Colombia's Drug Negotiations," Orbis: A Journal of World Affairs, 35, 2 (Spring 1991) 238.

12. See National Drug Control Strategy for 1989, 1990 and 1991, (GPO, Wash. DC)

13. World Development Report 1989 Published for the World Bank; Oxford University Press page iii

14. Jane Jacobs, The Economy of Cities (Random House, New York, 1969).

15. See Sealing the Borders : The Effects of Increased Military Participation in Drug Interdiction, Peter Reuter, et al., (Rand, Santa Monica, CA 1988). Projections were given for three levels of resources required to "seal" the borders of the United States from drug traffickers. The number of naval combatants required made the rational thinkers quickly realize that full border security was an economic impossibility. Other more cost effective strategies must be developed.

16. US Dept. of State Publication 9862 Patterns of Global Terrorism: 1990, ( April 1991) 18.

17. James Brooke, "Two Rebel Armies Create Chaos AS Colombia Longs for Peace" New York Times, 17 July 1991

18. "Recent developments in shipping, of which containerization is the clearest example, have highlighted this problem. Ships now spend a much smaller percentage of their working life in port, so that a delay of a day or two is regarded as serious. Port installations are heavily equipped with expensive capital items of mechanical equipment, whose cost has to be serviced

whether they are working or not. Dock labor is now, in most developed countries, employed on a regular basis, in many cases receiving a fixed wage irrespective of the work done." S.C. Ryder B Sc., "Ship Arrivals and Port Resources," The Dock and Harbor Authority , March 78, p444-445

19. A more inclusive list of duties and responsibilities is contained in Elements of Port Operation and Management, Alan E. Branch 1986

20. UNCTAD, Manual on Port Management( Geneva: UNCTAD,1976),pt 3 from Yehuda Hayuth, Seaports: The Challenge of Technology p87

21. See the US Dept of Treasury's Sea Carrier Security Manual. US Customs Service has initiated a "Carrier Initiative Program" to foster increase cargo security in drug trafficking areas.

22. See Maritime Security, Kenneth Gale Hawkes, (Cornell Maritime Press, Centerville MD 1989)

23. CIGNA Company's Publication Ports of the World, p 15 -27

24. Interview with Dena Henry, U.S. Customs Service trade analyst for Latin America.

25. see Hernando de Soto, The Other Path, Harper Row Publishers, New York 1989

26. Countries that have Coast Guards include Colombia, Venezuela, Ecuador, Uruguay, Costa Rica, and Panama. Others have sub elements performing coast guard type missions.

27. Zbigniew Taylor, "Seaport Development and the Role Of the State: The case of Poland," Seaport Systems and Spatial Change, (1984 John Wiley and Sons) 227.

28. Interview of Stephan Breger, " Port Authority Capital Projects and Public Responsibility," Empire State Report, (May, 1987) 42.



29. Economic Intelligence Unit (EIU) Country Report No 3 1991 Venezuela, Suriname, Nehterland Antilles.

30. For a full description of the events surrounding the EXXON VALDEZ disaster, see Out of the Channel : The EXXON VALDEZ Oil Spill in Prince William Sound, John Keeble, (HarperCollins, New York, 1991) and In the Wake of the EXXON VALDEZ, Art Davidson, (Sierra Club, San Francisco, CA, 1990)

31. Latin American societies are extremely sensitive to historical tradition. As such, events that modern North American culture has long since forgotten, are normal media events. Small wars and skirmishes that took place decades and even a century ago are rekindled constantly within the societies. Although the War of the Pacific where Chile bested Peru and Bolivia took place in the 1870's, to Peruvians it might as well have happened yesterday. In the late 1970 Argentina and Chile were close to war over a border dispute. At the urging of the Pope the matter was arbitrated. Other examples abound.

32. World development Report 1989 World bank page 11 graph

33. Jequier, Nicolas "Intelligence Requirements and Information Management for Developing Countries" in Information Economics and Power, The North-South Dimension ed. Rita Cruise Obrien, Westview Press, Boulder, CO 1983

34. "U.S. National Study on Trade in Services: A Submission by the United States Government to the General Agreement on Tariffs and Trade," (Washington, DC, 1984) cited in International Telecommunications and Trade in Services by John V. Langdale in Telecommunications Policy Sept 89 p. 203

35. U.S. Customs Service has developed a system for it use and for other countries to hook up to. However, a system developed by the French has become more popular with developing nations due to its simplicity.

36. This is being done with a low tech micro-computer based system that is operational in The Dominican Republic and it covers all points of entry, airports and sea ports.

37. The U.S. Coast Guard has a "Marine Safety Information System" (MSIS) that provides this type of information to all of its port personnel.

38. Hernando de Soto, "OP-ED" in The Wall Street Journal, Feb 14 1992 p 11.

39. F. Parlinson, " Latin America, Her Newly Industrialising Countries and the New International Order," Journal of Latin American Studies 16 (May 1984): p. 136. The author points out that over 80% of foreign investment in Latin America went to four countries: Brazil, Argentina, Mexico, and Venezuela.