



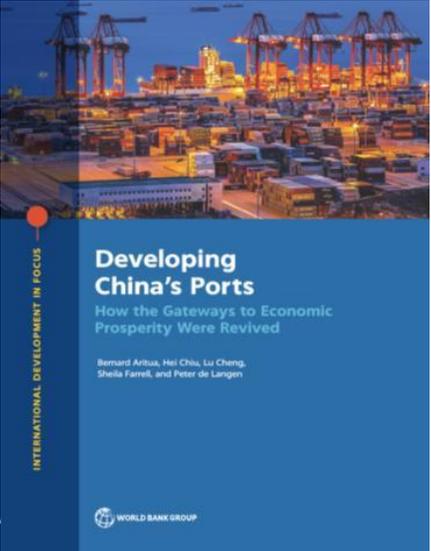
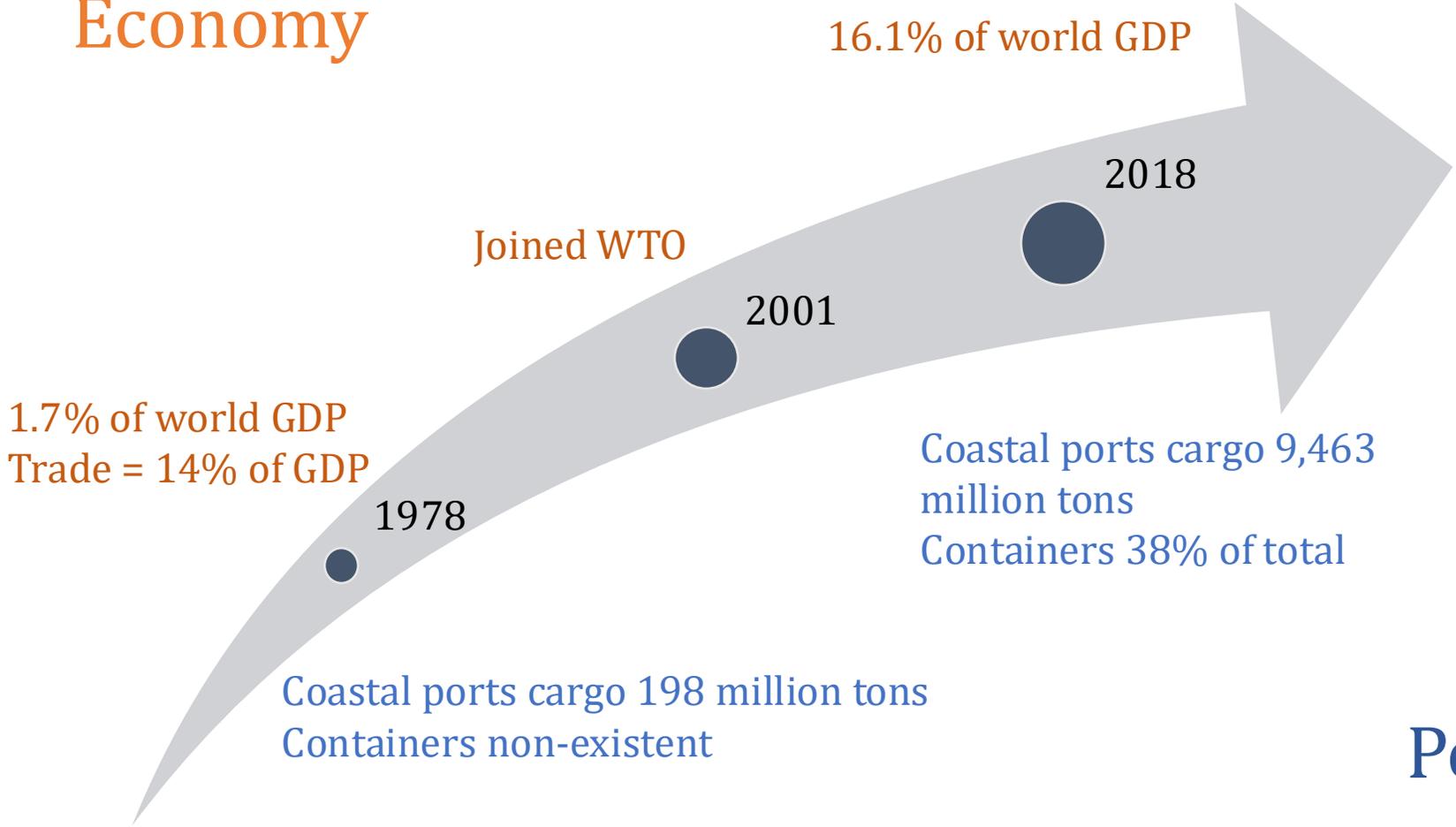
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Transport

Developing China's Ports

The growth of China's ports

40 years of rapid economic growth linked to port development

Economy



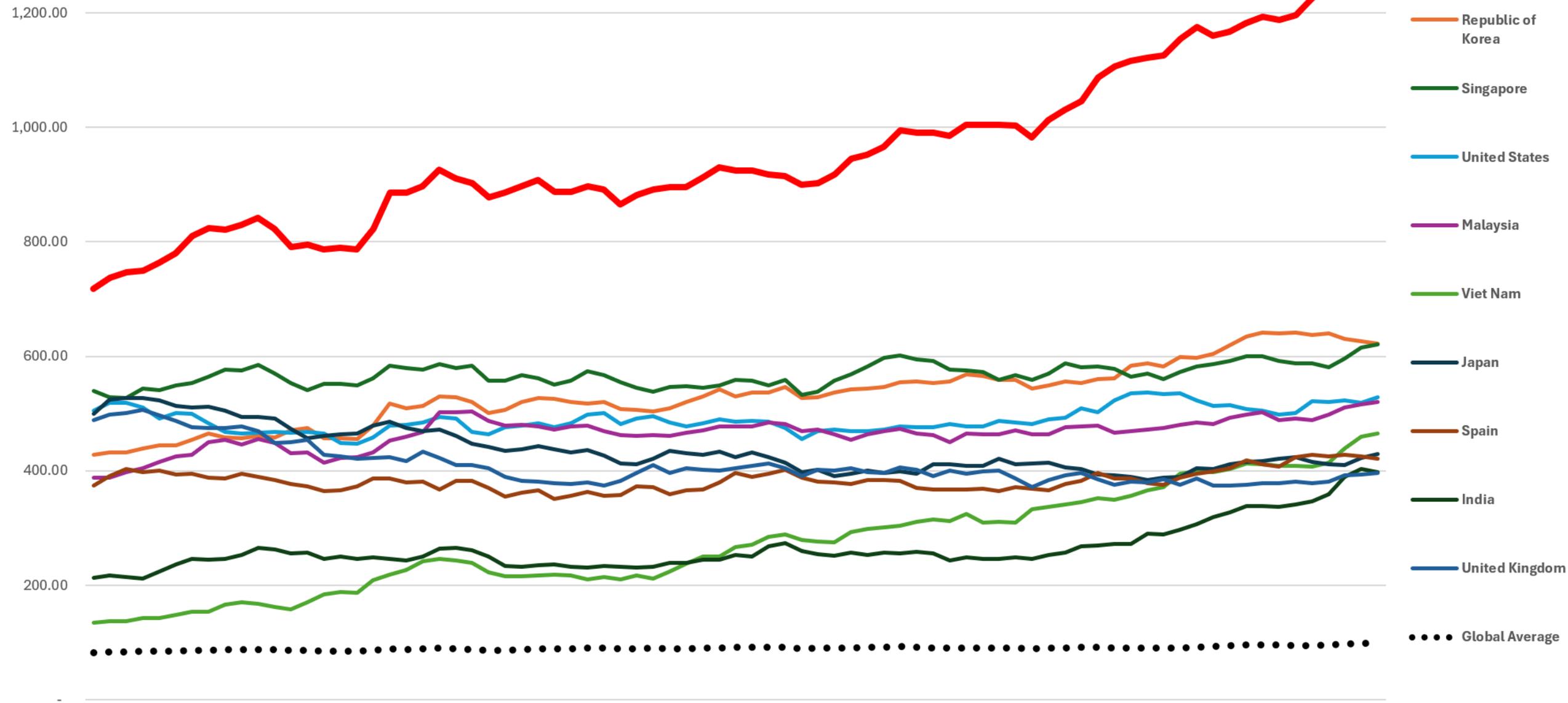
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Ports

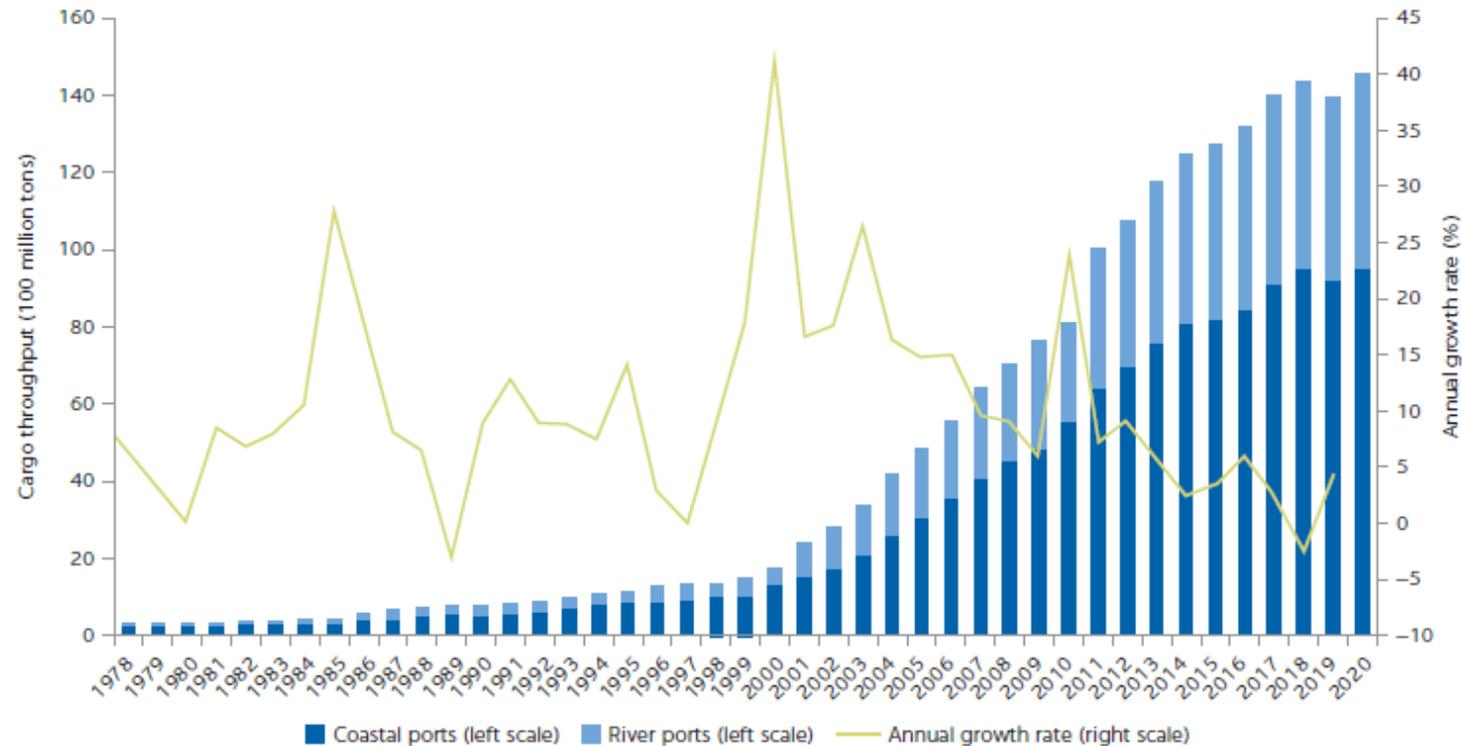
Liner Shipping Connectivity Index (LSCI)

Q1 2006 to Q3 2025

Top 10 Economies, and global average LSCI



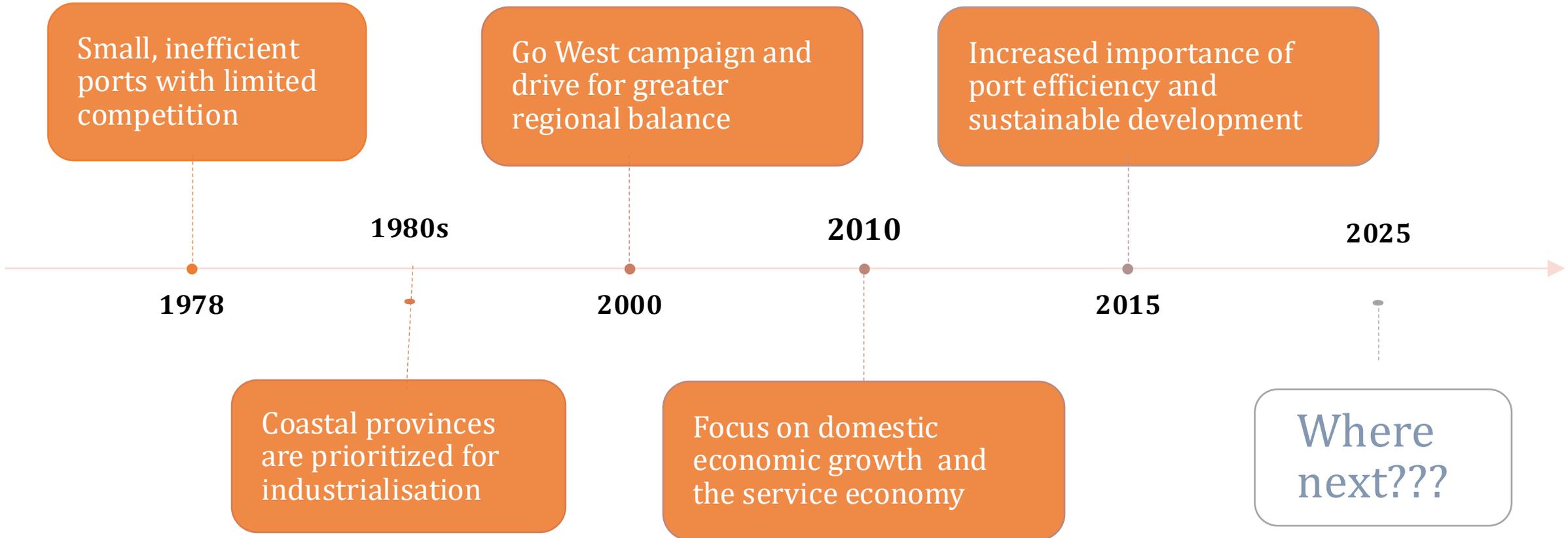
Coastal ports and river ports have both contributed to the growth



River ports account for 35% of port traffic

The coordinated development of coastal and river ports has been a big Chinese success story
 Dry ports and port-related SEZs have also had an important role in traffic growth

Port development has been driven by changes in economic policy



Lesson 8: Test the waters before scaling up

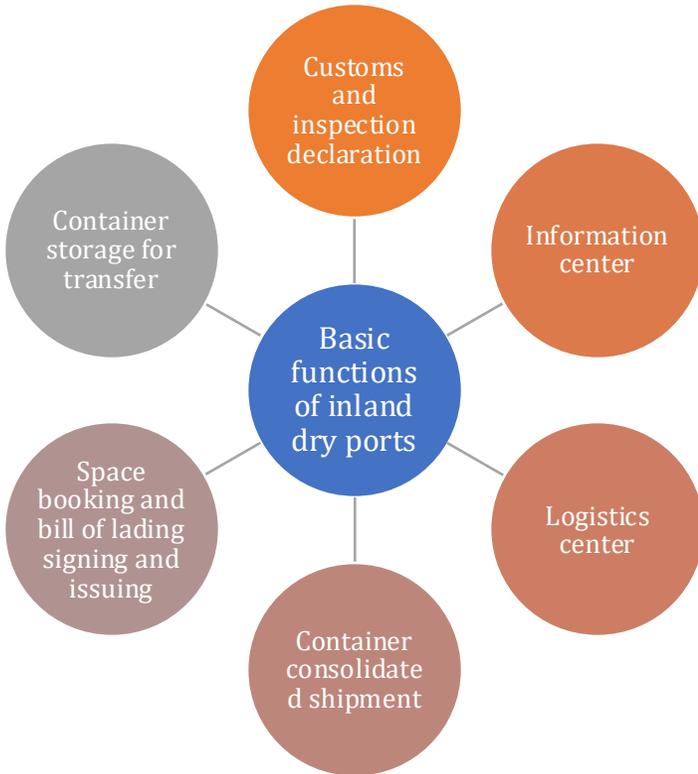


Developing China's Ports

Hinterland connectivity

Dry ports

Basic functions of inland dry ports



Critical success factors

Multiple ownership models

+

Active involvement of inland port cities

+

Customs reforms

+

Investment in transport corridors

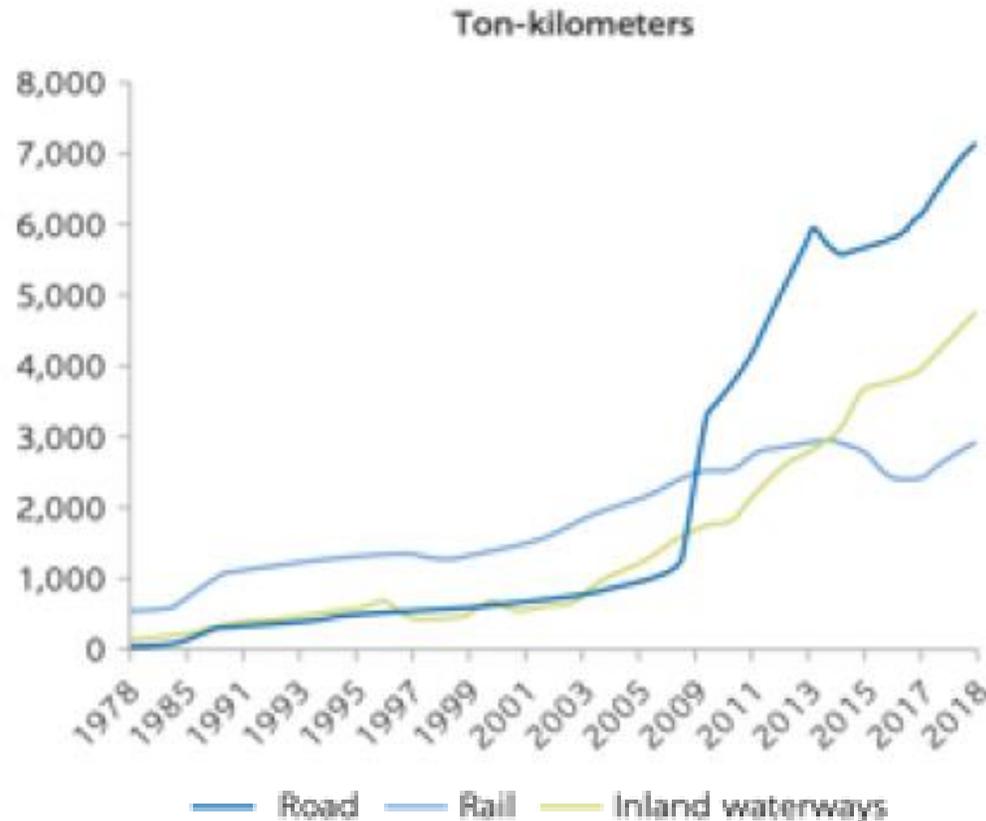
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Logistics efficiency

Success depends on bringing together many different players

Attempts to develop sustainable transport corridors have met with mixed success

In China the majority of freight still moves by road



- Road transport has benefitted from the construction of toll expressways
- China's inland waterway system is the most heavily used in the world, and benefits from strategic direction, robust funding, and clear roles & responsibilities
- A railway development fund was set up in 2014, but the freight network remains small as priority was given to high speed passenger trains
- Shifting freight from road to rail is a priority of the 14th Five Year Plan (2021-25)
- Multimodalism was not well established

Countries seeking regional economic balance should strengthen links between ports and their hinterlands

Lesson 1: Port development should not stop at the port gate

- ✓ Expand the frontiers of traditional port planning
- ✓ Use multistakeholder steering committees
- ✓ Create opportunities for public and private organizations to interact

Lesson 3: Long-term competitiveness needs strong transport networks

- ✓ Avoid overreliance on road transport
- ✓ Central government investment in key corridors
- ✓ Facilitate multimodal transport contracts
- ✓ Provide financial (and other) incentives for economic development to spread inland

A port is expected to serve its country as well as its city



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Developing China's Ports

Port Governance and Finance

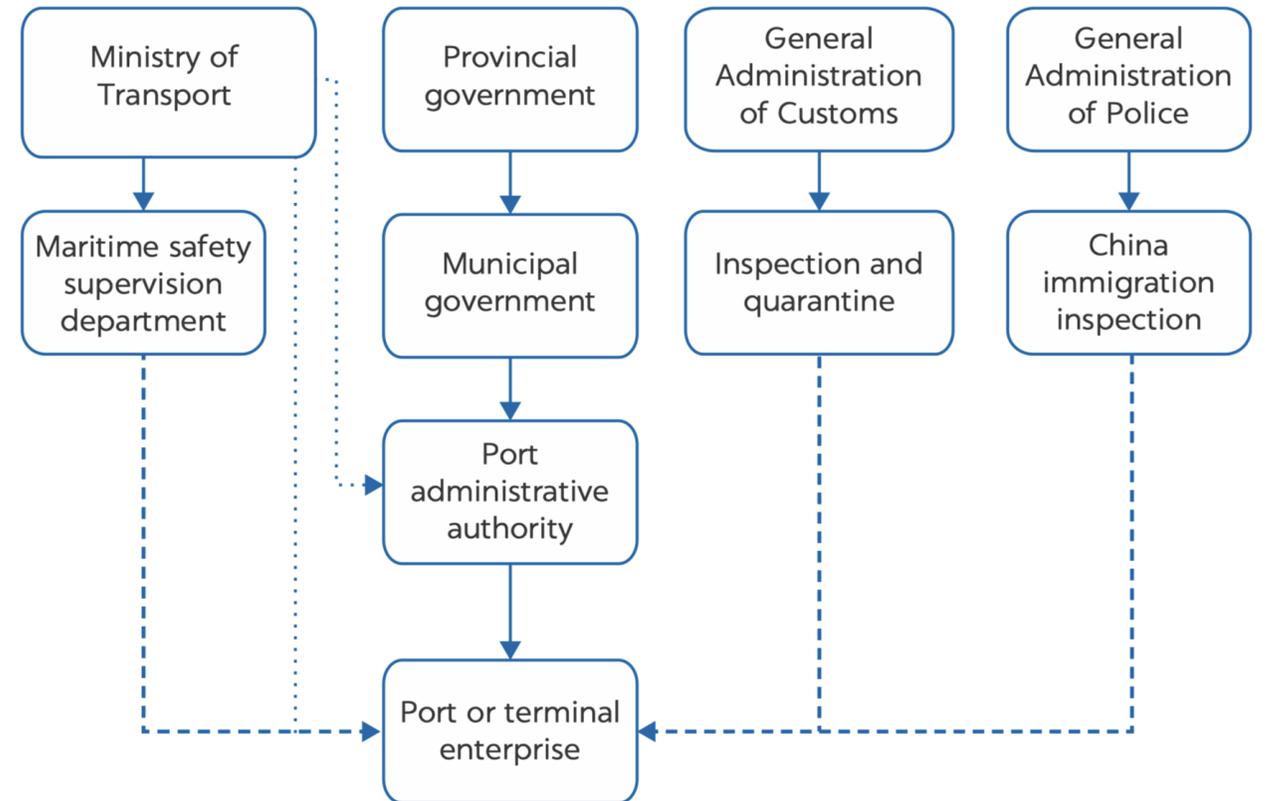
Port governance and reform

After 1992

The policies after 1992 changed the structure of port governance

- Port assets were transferred to municipal governments
- The port bureaus were split into two separate bodies responsible for the administrative and commercial aspects of each port
- Local governments set up new units to oversee port administration
- Operational functions and assets were assumed by new business enterprises created by the local government

China's port governance model, 2001-11

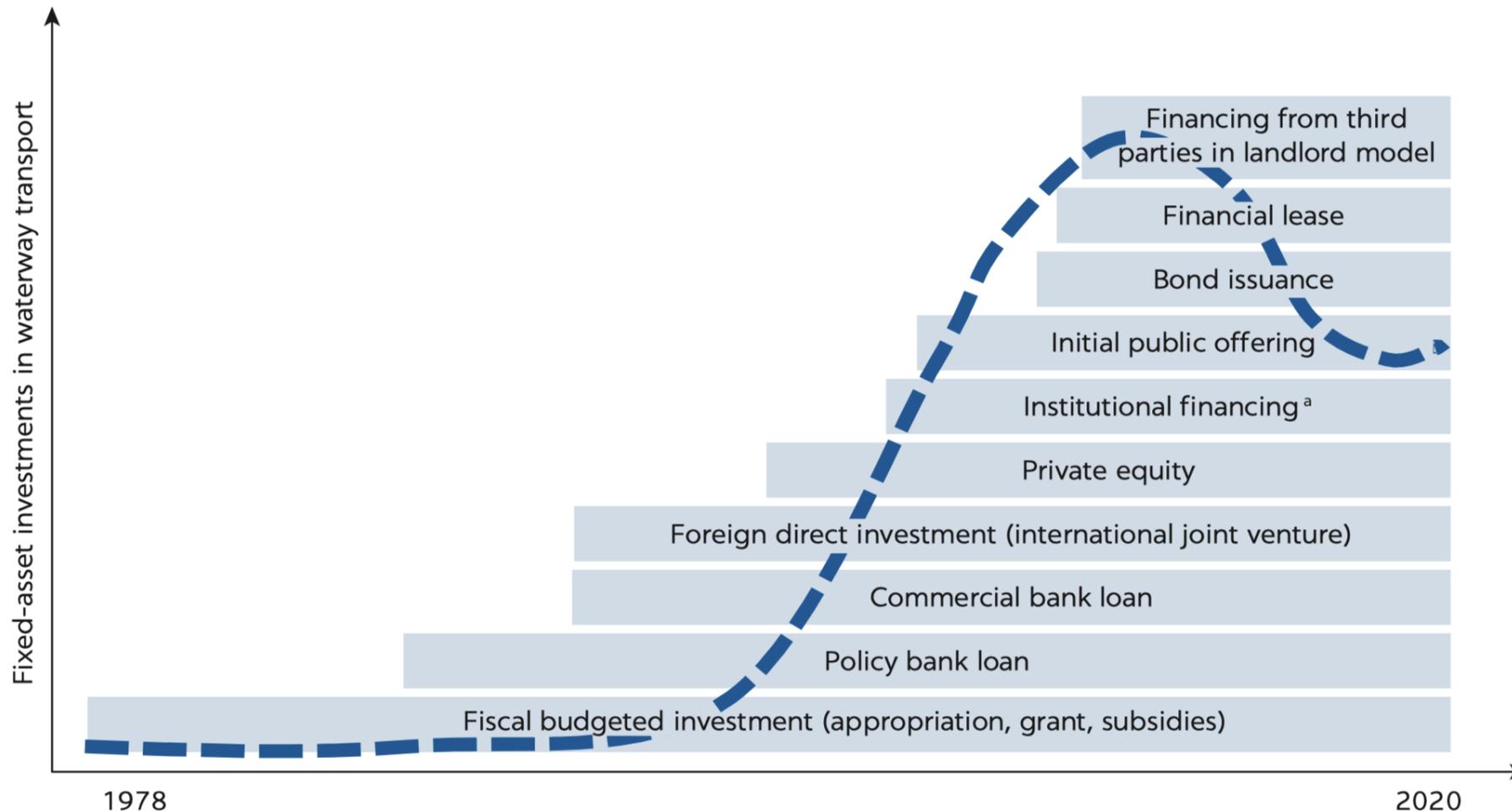


← Subordinate relationship ← - - - Exercise of duties ← ··· Guidance and administration

Source: World Bank.

Diversification of financing sources

Evolution of financing sources for China's port sector, 1978-2020



- Rapid increase in investments
- An equally rapid increase in cargo volumes
- Huge investments, increasingly financed with market based mechanisms

Source: Original analysis conducted for this report by PricewaterhouseCoopers (PwC).

a. Institutional financing refers to financing from institutional investors such as pension fund managers, insurance companies, and so on, rather than from international financial institutions.

Lesson 2: Consider how to balance decentralization, central coordination, and local initiative

- ✓ The importance of combining decentralization with a mechanism for regional coordination (port clusters)
- ✓ Decentralization
- ✓ Phases of decentralization
 - Established a dual management system (China's case)
MoT is responsible of strategic planning, port development, financing, and high-level regulation, while local government oversees day-to-day management
 - Dual roles split from the local government (China's case)
New port administrative authorities bear administrative and regulatory functions, while newly established state-owned port enterprises have commercial functions
- ✓ Risks of excessive decentralization: overcapacity



Developing China's Ports

Port city development

Ports impact on land use, transport and economic development

Land use

Problem As cities grow, land use patterns change



-
- Solutions**
- Move commercial ports to new locations
 - Relocate port-related industry to new industrial parks
 - Mixed use redevelopment of urban waterfronts
 - Urban zoning plans to minimize conflicts
-

Transport

Problem Traffic congestion is a major problem in port cities



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- Solutions**
- Limit hours when trucks can travel to ports
 - Transfer freight to rail and inland waterways
 - Segregate port traffic within urban road network
 - Build new infrastructure specifically for port traffic
-

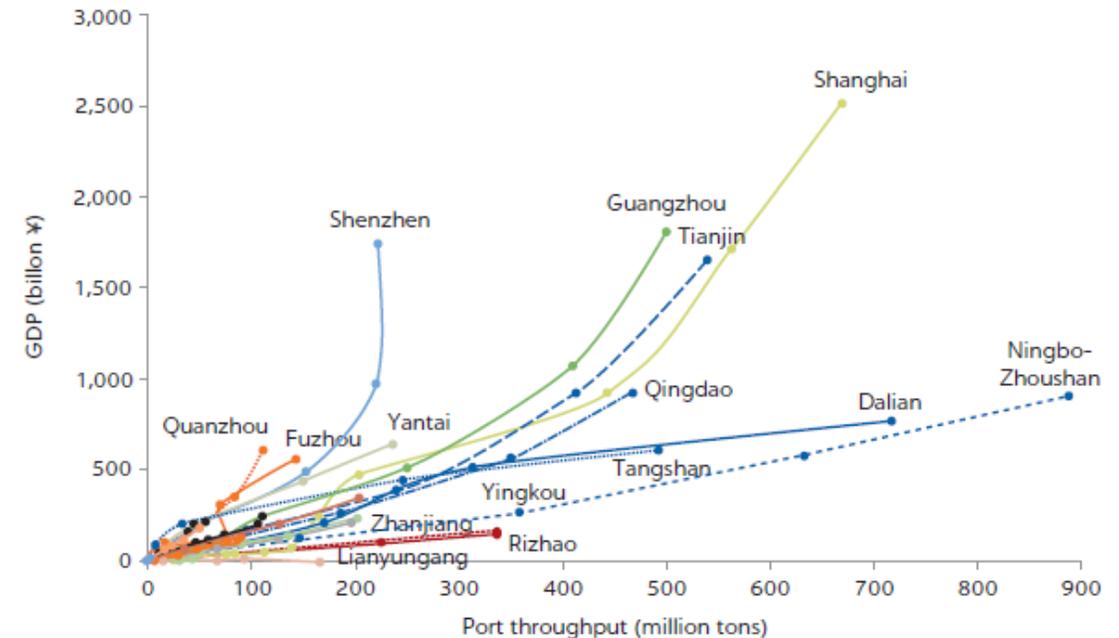
Ports impact on land use, transport and economic development

Economic development

Problem Variable relationship between port size and economic growth

- Does port development generate economic growth, or is it the other way round ???
- The economic structure of port cities has a large effect on additional income generated by the port
- Large ports have attracted economic growth at the expense of smaller ports
- Early starters have done well, as have port cities with SEZs and other financial incentives for industrial investment

Relationship between port throughput and GDP in several Chinese port cities, 1980–2015



How to grow port cities

Lesson 4: Develop strategies to maximize the economic benefits of the port

- ✓ Ensure that land use, transport and economic development strategies are properly integrated
- ✓ Be aware of the need for city-center regeneration
- ✓ Relocate port activities to areas with room for long-term expansion
- ✓ Ensure that new port areas are accessible, and provided with all of the infrastructure and services they need
 - including housing and residential services
- ✓ Seek out investors in logistics and manufacturing activities that will benefit from proximity to the port
- ✓ Continuously monitor and evaluate the impact of the port



Thank
you