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[Field Research]

Lessons from British Port Privatisation*

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Abstract

Purpose – In recent years, concerns over privatization have been growing in some public sectors. Privatization in Britain offers lessons for those who have intended to privatize their industry, and in particular, the port industry. Therefore, it is useful for researchers to examine British port privatization in detail, particularly the implications of UK port privatization.

Research design, data, and methodology – After reviewing the historical development of the UK port industry, the important factors determining the success of the British port privatization process were identified. The interpretations could be lessons for some other country to consider port privatization in near future.

Results – The key factors in relation to port privatization are first, regulation; second, ownership; and third, utilities and operations, which includes autonomy, efficiency, and competitiveness. In addition, the UK port management system is a pure private port system, which has been successful.

Conclusions – In Britain, after deciding to privatize the erstwhile public ports, they were fully privatized, focusing on the aforesaid key factors. This offers important lessons for the privatization of other ports in the world.

Keywords: The UK, Port Privatisation, Efficiency, Competitiveness, Trust port, Private Port.

JEL Classifications: L32, L33, L90.

1. Introduction

The modern word ‘privatisation’ came into being during the late 1960s and was later attributed to the UK government’s reforms on ownership and operation of numerous companies managed by the state.

Many governments have begun to deregulate economic activities and decentralize decision making, with the objective of increasing financial viability and productive efficiency in the public sector. In this context, governments worldwide are presently reformulating the way they control, regulate, and manage ports, with the general principle of reducing direct intervention.

Ports which are in public ownership are assumed to be operated in the public interest, even when their lack of clear policy objectives provides little support for this hypothesis. In practice, the “public interest” is often no more than a compromise between the key stake holders – government, employees, shipping lines, traders and other port users – which has evolved over many years to produce investment, labour conditions, quality of service and a price structure which all can generally live with. With privatisation this equilibrium is disrupted.

In Britain, privatisation of the Associated British Ports had three beneficial economic impacts. Through employee share ownership, privatisation led to a more cooperative and productive work place. Second, privatisation eliminated the restrictions on diversification imposed by the 1962 Transport Act and hence provided opportunities for profitable investment outside core port functions. Third, by accessing private capital markets and facilitating the disposal of assets, privatisation made more resources available for capital investment.

As set forth earlier, privatisation is global trend for most government to cope with against regulative, inefficiency and uncompetitive situations of public sector, for more customer-oriented and friendly approaches of private sector. Seaport is not a exceptional one, so that British lesson which has privatised towards market could be a mirror for some countries to consider port privatisation in the future. In that sense, it will be investigated into why the UK has to decide to privatise British ports and what is key points and lessons for such a move. For the countries studying private port system, it will be useful research for their countries to plan or to apply to port privatisation in case.

This paper outlines first conceptual aspects of port privatisation, then analyses private port of port management system and traces British port privatisation as well. In addition, it points to some lessons and messages suggested that ports in the world wish to privatise might learn from the UK experiences. In Korea,

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it could be more examined at further study case that is different port system from the UK.

2. Privatisation and Port

2.1. Concept of Port Privatisation

Port privatisation can be defined as the transfer of public assets to the private sector by liquidating the port through the outright sale or long term lease of the property and assets by tender or through the flotation of shares on the stock market (Transport Canada's divested ports and harbour; British Trust ports; several ports in Victoria and South Australia).

2.2. Objectives of Privatisation

Principal aims of privatisation in the UK could be described as follows;

1) improving efficiency and productivity
2) reducing the public sector borrowing requirements
3) introduction and promotion of competition
4) government revenue
5) exposure of management to market discipline
6) reducing government involvement in enterprise decision-making
7) easing problems of public sector pay determinants
8) widening share ownership
9) encouraging employee share ownership
10) monitoring by Stock Exchange and Shareholder accountability
11) strengthening capital markets and
12) gaining political advantage

2.3. Port Functions

Within the port system, one or more organizations fill the following roles.

- Landlord for private entitles offering a variety of services.
- Regulator of economic activity and operations.
- Regulator of marine safety, security, and environmental control.
- Planning for future operations and capital investments.
- Operator f nautical services and facilities.
- Marketer and promoter of port services and economic development.
- Cargo handler and storer.
- Provider of ancillary activities.

3. Private Port in Port Management System

3.1. Four Models of Port Administration

Port privatisation is not new and it is important to realize that there is more than one form of port privatisation. It can be reviewed that there are four main models, or types, of port administration <Table 1>.

The first model is what could be called the pure public sector approach. In this, all three elements - utility, regulatory, and land ownership – are controlled by the public sector. An example of this type of port would be Singapore, where the entire port area is managed by the port of singapore authority. The UK trust ports, or at least those not yet privatised, also conform to this model.

The second model, referred to as public/private, is where the cargo-handling function is controlled by the private sector within port areas owned by the public sector. In effect, stevedores lease waterfront land from the port authority. There are many examples of this type of port, e.g. New York, Los Angeles, Rotterdam and Antwerp. In this model, public sector port authorities' also retain control over regulatory matters.

In the third model, described as private/public, both the utility function and land/terminal ownership are in the hands of the private sector. The regulatory function (navigation, etc), however, remains in the hands of the public sector. Examples of this type of arrangement include the ports of Hong Kong, Felixstowe, and Harwich Parkeston Quay.

The fourth and final model can be described as pure private sector. In this instance, as well as the utility function and land ownership, the regulatory function is also in the hands of the private sector. Few examples of this model exist outside of the UK. Mersey Docks & Harbour company, and the ports portfolio of Associated British Ports (privatised in 1983) conform to this model.

<Table 1> Four Models of Port Administration

Models	Port functions Landowner	Regulator	Utility
I Pure public sector	public sector	public sector	public sector
2 PUBLIC/private	public sector	public sector	private sector
3 PRIVATE/public	private sector	public sector	private sector
4 Pure private sector	private sector	private sector	private sector

Source : Baird (1995)

3.2. Some Factors To Be Considered

To differentiate between each of four models of port administration, there factors must be considered : the utility cargo-handling function within the port ; the regulatory function within the port ; and the question of land ownership within the port.

3.2.1. Regulation

Where the quick development of competition proved difficult, the government resorted to establishing a new regulatory structure. It was recognised that regulating prices and services from government departments, as had occurred under nationalisation, would leave the industries open to political manipulation and would be likely to frighten away private investors.

Many recently-privatised ports are subject to regulation of one form or another, and regulation is still in its infancy in the ports sector, and agreement on “best practice” is hard to find. In some areas, such as investment, private operators appear over-regulated whilst in others, such as the creation of more competitive markets, the regulators have been strangely silent, reluctant to involve themselves in areas which are technically complex or require subjective judgements.

3.2.2. Ownership

The ownership and institutional structure of ports can also differ considerably. First, It is public versus private ownership. Historically, the dominant model for ports has been public ownership combined with vertical integration of the port landlord and port operator. Typically, port authorities designed, constructed and financed the port from public funds. This may be of relevance for competition when considering the issues of competitive neutrality or non-recovery of publicly provided funds.

And then, landlord, leased or full service. Ports can be organised under a range of contractual structures. In some ports the landlord owns only the basic infrastructure and private companies own and operate other parts of the infrastructure. In other ports the landlord may own all the infrastructure, but lease out certain facilities. Lastly, there are ports where the integrated port authority owns all the assets and provides all the services.

3.2.3. Utilities and Operation

The overseas trend in transferring government port operations and assets to the private sector suggests that world public ports can benefit from greater private-sector participation. By improving incentives to perform, greater reliance on private management and capital will increase autonomy, efficiency, and competitiveness of world ports.

3.2.3.1. Autonomy

While governments the world over face growing demands to develop transportation infrastructures as means of promoting trade and enhancing economic development, they lack the necessary resources to maintain and modernize these capital-intensive facilities. Increasingly, international competitive pressures encourage shippers and ship operators to direct cargo traffic to ports which have the most cost-effective industrial bulk-handing techniques and better intermodal coordination. These tend to be ports where private managers have greater autonomy and incentive to adopt technological changes and efficient labor practices.

In fact, ports may enjoy autonomy under different each legal regimes: as public state undertakings, as mixed public undertakings (in France) as private-law entities (in Benin) or as national corporations (in Senegal). In the case of commercialization, although the public port is not transformed into a private company, it is given more autonomy and made accountable for its decisions and overall performance.

However, along with autonomy has been practised by public and private sectors, different responsibilities is shown, according to each option, for the private and public sectors under forms of private sector participation <Table 2>.

<Table 2> Responsibilities for the Private and Public Sectors under Forms of Private Sector Participation

Option*	Asset ownership	Operations & maintenance	Capital investment	Commercial risk	Typical duration
Service contract	Public	Public and private	Public	Public	1-2 years
Management contract	Public	Private	Public	Public	3-5 years
Lease	Public	Private	Public	Shared	8-15 years
Concession	Public	Private	Private	Private	25-30 years
Build Operate Transfer	Public and private	Private	Private	Private	20-30 years
Divestiture	Private or Public and private	Private	Private	Private	Indefinite (may be limited by licence)

* Under a service contract, a private firm is appointed by government to provide various services and both parties take responsibility for operations and maintenance. Under a management contract, the private operator provides managerial services and bears operational responsibility. A lease contract allows the private operator to use government property for a specified period of time and rent. Under a concession agreement, the government specified the rules under which the company can operate locally.

Source: World Bank (1997)

3.2.3.2. Efficiency

As part of a wider programme of opening up the economy to market forces, privatisation can lead to efficiency gains, from which consumers and taxpayers benefit. However, these efficiency gains are not guaranteed. Improvements in efficiency tend to be associated with the arrival of competition and better regulation rather than privatisation per se. It can be said that the efficiency of public or private sector companies is usually measured by either labour productivity or total factor productivity.

The apparent superior efficiency of private sector operations has to do with constraints imposed on public sector ports through long established rules, traditions and practices which are difficult to change. Since most ports are monopolies, simply transferring their activities to private enterprise without carefully designed, appropriate regulations could easily be against the public interest. However, it is probably easier to control private sector participation especially where competition can be developed than to try to motivate the public sector to operate efficiently.

However, policy makers in the ports have shown and quantified that port efficiency is a relevant determinant of a country's competitiveness. Unlike most other relevant variables, such as distance, economies of scale, and most other determinants of transport costs, port efficiency can be influenced by public policies, and big differences still exist between ports. Therefore, port efficiency is within the scope of national policies, both at public and private level.

3.2.3.3. Competition

There are three categories of port-related competition. Interport competition arises when two ports in the same or in different countries compete for the same cargo. The scale of interport competition often depends on the size of the hinterland of the concerned ports. For example, Rotterdam competes with Antwerp, Hamburg, and Bremen for cargoes destined for Central Europe. Transshipment container trade competition often concerns an entire region; for example, in the South Asian region, the port of Colombo is competing with Singapore, Tanjung Pelepas, Dubai, Salalah, Aden, and possibly in the future with Vallarpadam.

Intraport competition refers to a situation where two or more terminal operators within the same port area compete for the same type of cargoes. Intraterminal competition refers to two or more (stevedoring) companies competing within the same terminal. This situation is rare and usually only exists within small ports operating under the service port model with independent stevedores.

3.3. Comparison between Public and Private Port

3.3.1. Public and Private Port

Public and private model of port concerns ports that have different characteristics concerning the ownership of infrastructure, equipment, terminal operation and who provides port services such as pilotage and towage.

Public service ports is that the port authority of public service ports performs the whole range of port related services, in addition of owning all the infrastructure. They are commonly a branch of a government ministry and most of their employees are civil servants. Some ancillary services can be left to private companies. Because of the inefficiencies they are related with, the number of public service ports has declined.

On the other hand, private service ports is that the outcome of a complete privatisation of the port facility with a mandate that the facilities retain their maritime role. The port authority is entirely privatised with almost all the port functions under private control with the public sector retaining a standard regulatory oversight. Still, public entities can be shareholders and thus gear the port towards strategies that are deemed to be of public interest.

However, there are some criticism about port privatision process in the UK that first, sales procedures, valuations and amounts raised, arguring there was little competition in the bids, second, official objective behind the privatisation scheme were mostly ideology-driven, and third, any productivity and efficiency gains were largely attributable to deregulation for port labour, following the repeal of the National Dock Labour Scheme, and that there was no clear-cut pattern of efficiency in favour of on or the other type of ownership.

3.3.2. The UK Port Authorities

Ports in the UK are owned and operated by broadly three kinds of authority : trust ports, municipal ports and private ports. Trust ports are set up by an Act of Parliament and controlled and administered by a self-governing independent statutory body, often known as Conservancy Boards or Harbour Commissions.

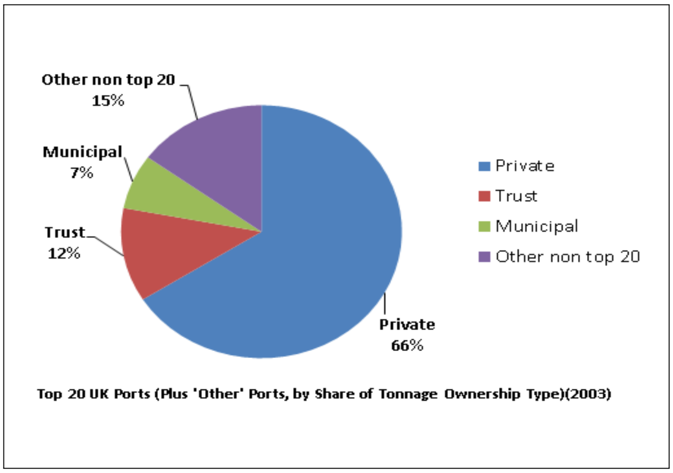
Figure 1. shows that 66 percent of UK port volumes are controlled by private ports among the top 20, 12 percent by trusts and 7 percent by municipal ports; collectively 85 percent of UK port volumes are handled by these top 20 ports. The remaining 15 percent of tonnage is handled by a myriad of smaller ports outside the top 20, of which some are also privately owned. This implies that approximately 70 percent of the UK ports industry by tonnage is today handled by privately owned ports.

Trust ports were generally profitable. Few, if any, made losses. Opponents of privatisation claimed that once the trust ports were privatised, these profits would simply be used to meet dividend payments, reducing the likelihood of retained profits being invested back into the ports. It was also argued that the trust ports already had access to very competitive lending arrangements with both central and local government agencies, thus reducing the significance of private capital. Raising capital elsewhere would cost more.

Several major ports in the UK are managed as trust ports, which are governed by their own legislative framework and do not have shareholders. Large trust ports include:

- Port of Dover: The Port of Dover is a major port in ro-ro and international ferry traffic, carrying over 16 million passengers annually.
- Milford Haven: The port of Milford Haven is the largest in

Wales and a major route for oil and gas traffic into the UK.



Source: Baird & Valentine (2006)

<Figure 1> Port Privatisation in the United Kingdom

In a similar way to trust ports, a local authority may act as a landlord with private terminal operators acting as tenants. Municipal ports, which are managed by local authorities, are typically smaller and predominantly run as leisure or fishing ports. Municipal ports accounted for approximately eight percent of volume in 2009. Important municipal ports include:

- Portsmouth: Portsmouth, owned by Portsmouth City Council, is the second largest ferry port in the UK and also handles bulk goods.
- Sullom Voe: The port of Sullom Voe is a major deep water harbour, handling oil tankers which transport oil from the Sullom Voe oil complex.

Selling a public port directly to a private company may generate concerns about industry concentration and fears that private monopolies might be created. However, some of these concerns could be handled through appropriate limitations and conditions in the sale of the public port. Privately owned port companies in the UK include the following <Table 3> :

- Associated British Ports is the largest port company (in terms of volume handled).
- Forth Ports was until recently the only publicly-listed ports company in the UK, but an agreed sale to Arcus Infrastructure Partners will shortly take it private.
- Hutchison Ports is a private company owned by Hutchison Whampoa, the world's largest port operator. Hutchison owns important container port facilities (Felixstowe, Thamesport) in the South-East of England.

<Table 3> Top 10 UK Ports by Tonnage (2012)

Port Name	Tonnage handled	Percent	Type and Cargo	Ownership
Grimsby & Immingham (Humber Estuary)	60,091	12.0	Leisure, fishing, commercial(coal and ores)	Private,ABP Holding (coal and ores) Ltd
London	43,742	8.7	Leisure, commercial	Trust, port of London Authority
Milford Haveb (Wales)	39,832	8.0	Commercial (bulk fuel, LNG, oil products	Trust, Milford Haven Port Authority
Southampton	38,107	7.6	(crude oil), ferry terminal leisure, commercial	Private, ABP Holding Ltd
Tees and Hartlepool	33,967	6.8	Commercial (iron&steel products), ferry terminal	Private, PD Teesport
Liverpool	32,924	6.6	Commercial (agricultural products)	Private, Peel Ports
Felixstowe (East Anglia)	26,269	5.2	Commercial (container traffic)	Private, Hutchison Ports
Forth Ports (Scotland)	25,332	5.1	Commercial (LNG, crude oil)	Private, Forth Ports
Dover	22,902	4.6	Leisure, commercial, ferry terminaln (ro-ro main freight units)	Trust, Dover Harbour Board
Clyde (Scotland)	15,421	3.1	Commercial (coal)	Private, Peel Ports
All UK Ports	500,860	100		

Source: DfT Port Statistics (2013)

4. British Port Privatisation

4.1. Background

To a large extent, privatisation in the UK was a response to the dreadful economic situation of the 1970s, a period when widespread strikes, especially in the public sector, caused immeasurable damage to the overall economy. As a policy, privatisation dates back to the first government of Margaret Thatcher, who became Prime Minister in 1979.

Extensive commercialization and privatisation of British ports did not occur until the election of the conservative Government in 1979. However, the Conservative Government's privatisation programme was slow to reach municipal and trust port. In the House in May 1990 the then Minister for Aviation and Shipping reiterated the government's view as to the 'desirability' of trust ports being privatised.

Contemporary estimates in 1989-1990 indicated that there were 111 trust ports, approximately one third of all UK ports. Of these 111, 23 were commercially viable, with turnovers in excess of £1 million.13 Of these, a further 14 had a turnover of more than £5 million: Blythe, Dover, Harwich Haven, Ipswich, London, Medway, Milford Haven, Poole, Tees & Hartlepool, Tyne; and, in Scotland: Aberdeen, Clyde, Dundee, Forth.

4.2. Reason for UK Port Privatisation

Three reasons stand out as being important in the British government's decision to privatise the country's ports. One, before 1980, most port services were controlled by public harbor boards and trusts that restricted competition and increased the cost of port services. Two, to remain competitive with European ports and other British cargo transport systems, ports had to be able to quickly adapt to market conditions and implement new technology such as containerization.

Lastly, under the control of public harbor boards or trusts, the business that ports could enter was restricted. This meant that not only could publicly controlled ports not diversify into more profitable commercial ventures but that the real-estate assets owned by the British ports could not be transferred to more economically valuable uses.

4.3. The Method of UK Port Privatisation

The method of port privatisation adopted in the UK remains highly unusual, as it involved the wholesale transfer of all three core functions of the port- landowner, utility (i.e. port operations) and regulator. This represents the pure private sector model of port administration, which has attracted particular attention of other countries studying port privatisation.

4.4. The Process of UK Port Privatisation

In the process of UK port privatisation, the official government objectives in privatising ports were essentially three fold : (1) to improve the financial and economic performance of ports ; (2) to raise revenue for government ; and (3) to encourage employee share ownership.

It summerises the main steps in the privatisation process (Table. 4). The process started 1981 with the abolition of the National Ports Council, a so called quango (Quasi government organisation) established in 1963 to give advice on port planning issues. The actual privatisation of ports tool place in two distinct phases.

The first phase mainly consisted of the sale of state-owned and railway ports under British Transport Docks Board, which were reconstituted as Associated British Ports (ABP)[1] in 1982. In 1983, 49 % of ABP shares were floated on the shock exchange. The government sold its residual holding in 1984. In that same year, Sealink ports were sold through a negotiated sale to Sea Containers, which in turn sold some of the ports to Stena Line.

<Table 4> Overview of the 1980s and 1990s Privatisation of UK Ports

1981	Abolition National Ports Council.
1983-4	Flotation shares British Transport Docks Board(Associated British Ports). Sales of Sealink ports.
1989	Repeal of the National Dock Labour Scheme.
1991	Port Act enabling voluntary and mandatory privatisation of trust ports.
1992	Tees and Hartlepool, Clyde, Forth, Medway and London (Tilbury) Voluntarily privatised.
1996	Dundee sold.
1997	Compulsory sale of Ipswich approved. Incoming Labour government cancels privatisation of Tyne.

Source : Verhoeven (2014)

The second phase wes based on the 1991 Ports Act, which enabled both voluntary and mandatory privatisation of trust ports. Trust ports represent a rather unique form of governance, in that they are independent statutory bodies, each governed by their own, individual statutes. There are no shareholders or owners. Any surplus is ploughed back into the port for the benefit of the stakeholders of the trust port. These stakeholders inlcude the local community, local authority, local business, port users and port employees. Based on 1991 Act, five port were voluntarily transferred to the private sector : Tees and Hartlepool, Clyde, Forth, Medway and London, that is, the terminals at Tilbury. The port of Londen authority itself remained a trust ; its regulatory functions were not privatised.

In between the two initial privatised phases, the Thatcher government repealed the National Dock Labour Scheme. This was an import element of deregulation, abolishing a restrictive and archaic employment scheme (for an extensive account). Finally, it should be noted that some port, so-called 'company ports', were already in private ownership prior to the reform, including Felixstowe, Liverpool and Manchester.

1) According to ABP Annual Review (2014), ABP contributes £5.6 billion to the UK economy every year, ABP supports 84,000 jobs, ABP's planned investment promises an extra £1.75 billion for the economy every year, ABP handles over 30 million tonnes of exports.

5. Lessons From the UK Experience

There were two distinct phases of port privatisation in the UK, with phase I involving the sale of state-owned ports and railway ports in the early 1980s, and phase II the disposal of major trust ports. However, it remains that the method and approach used to privatise ports in the UK differs markedly from the privatisation process for ports in most other countries, very few actually selling off port land.

During the past few years an increasing number of countries have restructured their shipping ports into commercial companies and begun to transfer operation and ownership responsibilities to the private sector. The critical role of ports in facilitating trade and economic development means governments must ensure that ports are managed efficiently.

In 1983, when ABP was privatised, most employees owned at least 1,000 shares, since then labour productivity has increased by 40%. Privatisation also caused re-allocation of port property which was put to new use- doubling its capital value and stimulating local economies. However, the promises of greater competition, greater capital investment and general improved commercial efficiency had not occurred in UK ports, at least not as a result of privatisation.

5.1. Port Management System Side

Fully privatised ports (which often take the form of a private service port) are few in number, and can be found mainly in the United Kingdom (U.K) and New Zealand. Full privatisation is considered by many as an extreme form of port reform. It suggests that the state no longer had any meaningful involvement or public policy interest in the port sector. As far as the UK private port is concerned, it has autonomy to play all functions, unlike that of other countries, which finally have something to do with port's productivity and competitiveness. Therefore, pure private port of the UK could be an answer for public port that plans to privatise in the future.

5.2. Regulatory Side

While governments elsewhere tend to adopt a mixed public/private approach, with regulatory control always left in the public sector, this is not the case in the UK. In the absence of a port regulator in the U.K., for example, privatised ports are essentially self-regulating. In the UK, the state has therefore more or less withdrawn from its ports industry and indeed today the state does not even have a specific port regulatory body. Internationally, this is a highly unusually stance to take with regard to something normally considered to be as strategically important as a nation's seaports, through which virtually all trade flows.

Therefore, it is well recommended for other ports that is still not in position of privatisation, to self-regulate or to manage autonomously some matters which is previously regulated by public sectors. In terms of this matters, the UK approaches for private port could be meaningful lessons.

5.3. Ownership Side

A striking feature of the UK ports sector is its diversity of ownership models. Most of the larger ports in the UK are now in private ownership, following several privatisation rounds since the 1980s. Ports under private ownership accounted for around 64 per cent of total volume in the UK in 2009. However, there are also major ports owned by statutory corporations (trust ports) and by municipal authorities.

The prevalence of the pure privately owned ports in the UK, where a private company owns the infrastructure and also acts as the harbour authority, is in contrast to the typical arrangements found in mainland Europe where the harbour authority functions are often retained by a public organisation. Across several large European ports such as Antwerp and Rotterdam, a public body retains the harbour authority functions and downstream operators often lease facilities from the public body.

5.4. Utilities and Operation Side

The overall message regarding privatisation is that port performance and efficiency can be substantially improved by adopting a moderate approach to promote private sector development that encourages the private sector, not necessarily to replace the public sector, but to introduce a healthy competitive environment.

Port privatisation in the UK was never about creating new and improved port infrastructure and facilities to benefit the economy, which was the aim in other countries; it was simply a mechanism used to remove port assets from public ownership. The wider purpose of seaports in facilitating trade and generating economic and social benefits still tends to be stressed by public-owned (but private operated) ports in most other countries, whereas the narrower profit-making goal of private enterprise is paramount in the UK.

The United Kingdom's experience selling the 19 ports (21 ports, year 2014) that made up the Associated British Ports (ABP) also provides insights into how, in addition to achieving more efficient and competitive ports, privatisation can directly benefit workers and surrounding local economies. By giving workers a direct stake in a port's performance, employee share ownership as initiated by the British government secured worker cooperation and raised productivity. And port diversification, especially through property development, was successful in reallocating port property to more efficient use, thereby stimulating local economies.

Also in more recent years, UK privatised ports have undertaken what might be regarded as significant investments in new port capacity as their existing facilities operate close to or beyond designed limits due to trade growth (e.g. Southampton, Liverpool, Tilbury, Hull Immingham, forth and Teeport). Expansion has also continued at Felixstowe and Thamsport container terminals, both owned by Hutchison Ports, though these two facilities have always been privately owned and were, therefore, not subject to the privatisation process.

6. Conclustions

It is well recognised that port privatisation in Britain was based on decrease of port productivity owing to inefficiency and lack of competitiveness in the UK port industry within gloomy economic situations in 1970s. Especially government owned and operated ports face many problems such as commercial competitive pressure and a little incentive to operate port efficiently, which has asked government funds.

Alternative solutions to be adopted is to sell off and transfer ownership to private companies, so called, privatisation. The port management model the UK to adopt was unique and different from system that the other countries have practiced in field, and it is approach of pure private sector to regulate, own and operate British ports. This is a kind of full privatisation port system so that all the matters related to ports bought have been dealt with by private port autonomically.

In this port management system, UK port has exercised a regulatory control by their own, unlikely the case in the other country that has in public sector. Therefore, UK does not have a specific port regulatory body, it means port has been purely exposed on market competition, then do best for attracting port users. As for ownership transfer, the UK has also sold port land from the public to the private sectors. The ports to be privatised were 19 of the country's government-owned ports in 1983, which composed of Associated British Ports (ABP). For the most important aspects the private port has, it may be utilities and operation side in modern port industry and is directly or indirectly linked with port productivity as autonomy, efficiency as competitiveness.

In this regards, UK private ports has been achieving port's productive performances in terms of efficiency and competitiveness, which at the same time can benefit workers and local economies. However, it eventually makes port users, shipping companies, shipping and another third parties, etc., be competitive in their business and economic activities. In this sense, it is desirable for Korean ports to learn from British port privatisation as useful lesson. In conclusion, it is well recognised that the UK port privatisation has attributed to port competitiveness.

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