

# The Governance of Seaports in China

*A Model for Competitiveness of the Ports along the Maritime Silk Route?*

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DIPARTIMENTO DI  
**SCIENZE POLITICHE,  
DELLA COMUNICAZIONE,  
E DELLE RELAZIONI INTERNAZIONALI**

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## *During Mao's Era the 'Lines and Blocks Administrative System'*

Key word: CENTRALIZATION

The China's economy and political landscape futured by a centrally planned model.

 the State exerted strong control over all lines of economic sectors and life.



一年之计在于春，一天之计在于晨

Make your whole year's plan in springtime and make your whole day's plan in the morning.

👉 Plan ahead, plan early.

#### 4 Key policy initiatives

- Modernization of *corporate governance* ➡ ???
- Go West Policy ➡ *filling the gap*
- OBOR ➡ *fostering economic cooperation from the western Pacific to the Baltic Sea and braking the connectivity bottleneck in Asia through infrastructure investments*
- Establishment of FTZs ➡ *boosting the import-export activities, lowering and breaking some administrative barriers.*



## *During Mao's Era* **China's ports** (seaports and river ports)

- Small number of ports (1950-late Seventies)
- Mainly: Yangzi River Delta and the Bohai Rim





## *During Mao's Era*

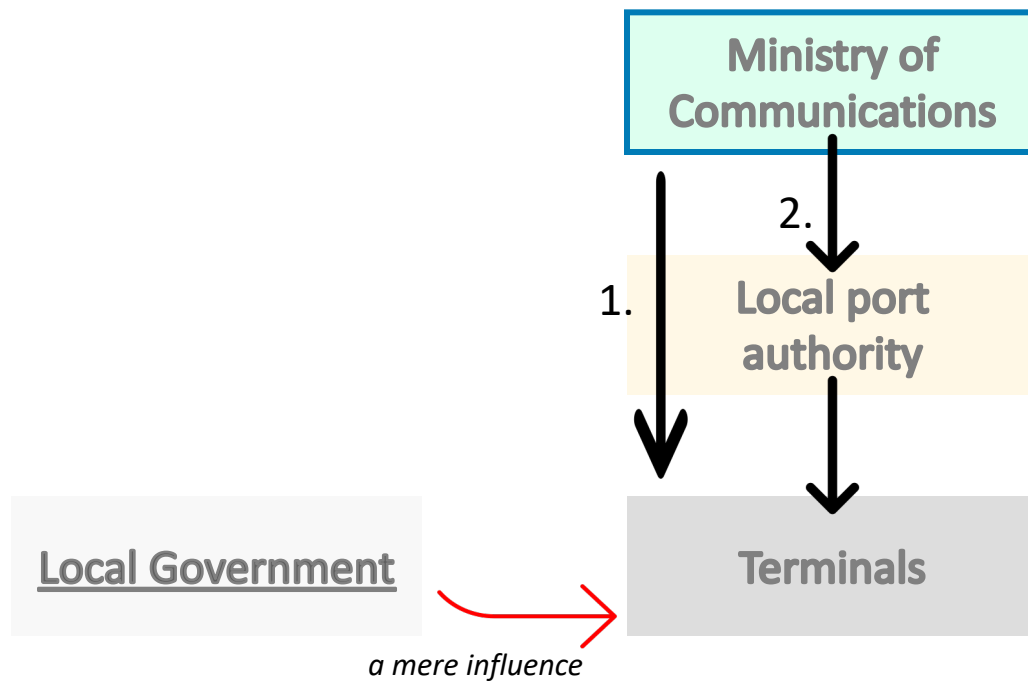
### **The Governance model**

(structured on the *chuizhi xitong* system, the *integrated vertical system* or the *family-style unitary State*)

1. Central controlled by **Ministry of Communications (MOC)**, as the representative of the Chinese central government - generally those large and main river ports -
2. Jointly managed by **MOC** and **local port authority**, as representative of the local municipal government - small ports, often managed by local authority transport authorities/bureau.



## *During Mao's Era* **The Governance model**



The MOC had the ownership of the port and managed all related activities and decision making.

**Blue-outline** = MOC had the major responsibilities.

The local port authority, had less or smaller responsibility **but** had a direct control and management on the terminals.



## The *integrated vertical system* or the *family-style unitary State*

### 1^ RING

Administrative regions (which now have the highest power of auto-management)

### 2^ RING

Provinces

'Autonomous' regions at provincial level (minorities non-HAN or distant/border people)

Municipalities (Beijing, Shanghai, Tainjin)

### 3^ RING

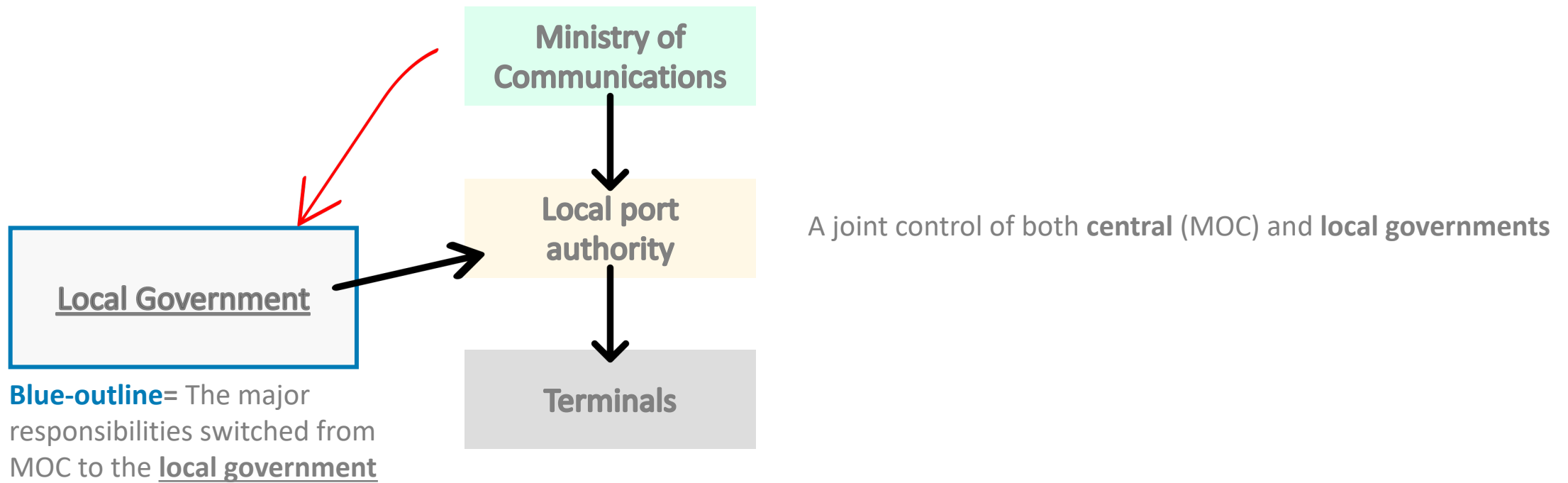
Counties

Cities



## *Deng Xiaoping: reform and opening-up*

### **The Governance model** (except for the Qinquandao Port, still under the control of the State)







## *Deng Xiaoping: reform and opening-up* **Reasons of changes**

- Open door policy (ODP, late Seventies).
- Ports started to *change* with the effect of policies, actually this trend started immediately after the proclamation of the PRC (1949) but the major effects was after the ODP.
- *Tianjin pilot project*



## *Deng Xiaoping: reform and opening-up (~ -up to 2004)* **Reasons of changes**

### *Focus on Local port authority*

They started to be more *market-oriented* since they are organised in the structure as companies (SOEs).



These SOEs were different from Local port authorities during Mao's Era.  
They were in structure organized as companies as well, but in the form of TSOEs (+ PSUs).



## *The last stage (2004 - nowadays)*

- 中华人民共和国港口法 - Law of the People's Republic of China on Ports (2004)

### **CONTENT**

Chapter I General Provisions

Chapter II Port Planning and Construction

Chapter III Business Operation of Ports

Chapter IV Port Safety and Supervision

Chapter V Legal Liabilities

Chapter VI Supplementary Provisions

- Rules on port operation and management



## Law of the People's Republic of China on Ports (2004)

### Article 1

“The present Law is enacted with a view to strengthening the administration of ports, maintaining the safety and business order of ports, protecting the lawful rights and interests of the parties, and promoting the construction and development of ports.”

### Article 5

“The state encourages the economic organizations and individuals at home and abroad to make investment on construction and operation of ports and protect the legitimate rights and interests of investors by force of law.”



## Law of the People's Republic of China on Ports (2004)

### Article 6

“The competent traffic authority of the State Council is in charge of the national administration of port works. The administration of ports by local people's government within its administrative division shall be determined according to the provisions on the port administrative system of the State Council. For the ports under the administration by the local people's government of the city and county level as per the port administrative system determined herein, the local people's government concerned shall designate a department for actual implementation of the administrative management of the ports concerned; and for the ports under the administration by the people's government of the province, autonomous region and municipality directly under the Central Government, the people's government of the province, autonomous region and municipality directly under the Central Government shall designate a department for actual implementation of the administrative management of the ports concerned. The departments determined herein for actual implementation of the administrative management of the ports are hereinafter referred to as the administrative management of the ports.”



## Law of the People's Republic of China on Ports (2004)

### Article 56

“Where the competent department of communications, the port administration authority or the maritime administration authority fails to perform its duties in accordance with law and commits one of the following acts, the persons directly in charge and the other persons directly responsible shall be given administrative sanctions in accordance with law; if a crime is constituted, criminal responsibility shall be investigated in accordance with law: [...]”



## Law of the People's Republic of China on Ports (2004)

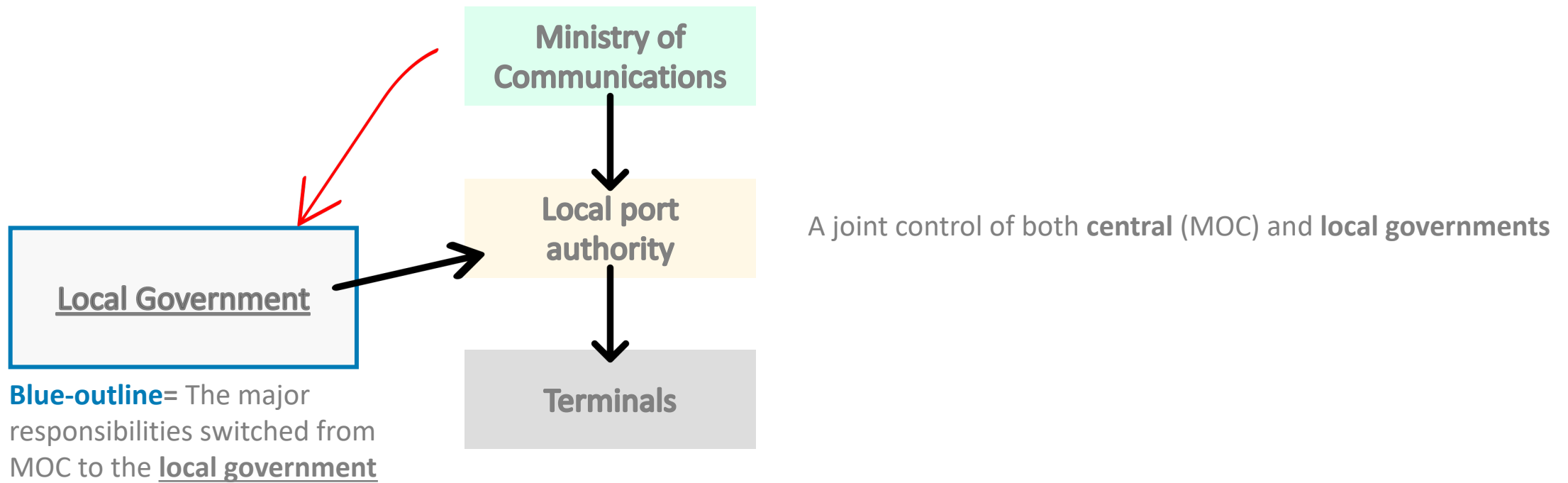
### Article 57

“Where an administrative organ interferes with the right of a port operator to make his own decisions for his operation, it shall be instructed by the administrative organ at the next higher level or a supervisory authority to rectify; where such an organ collects money or things of value from among port operators or collects fees from among them in violation of law, it shall be instructed to return the same; and if the circumstances are serious, the persons directly in charge and the other persons directly responsible shall be given administrative sanctions in accordance with law.”



## *Deng Xiaoping: reform and opening-up*

### **The Governance model** (except for the Qinquandao Port, still under the control of the State)







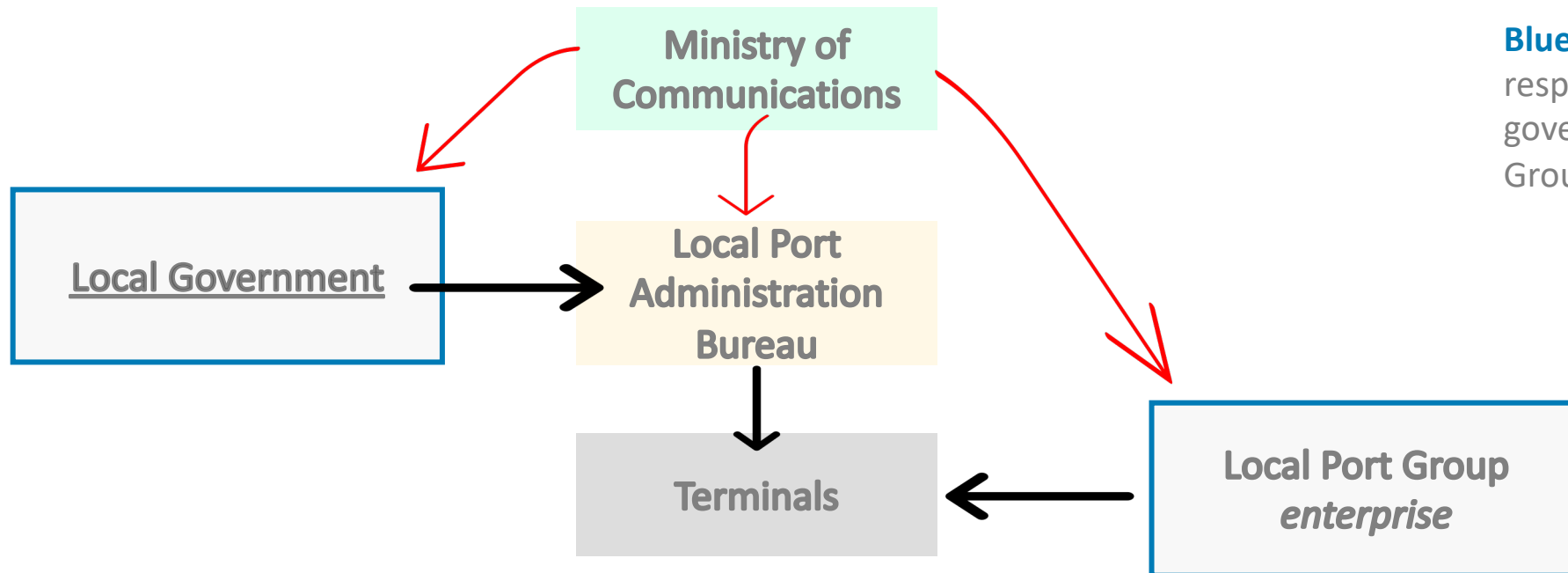
## *The last stage (2004 - nowadays)* **The Governance model**

**Two main events** have taken China to the current model of port governance:

- The ratification and the accession to be part of the WTO (2001) ➡ greater opportunities for foreign investors to compete with domestic investors and with overseas investors at equal treatment.
- The effect of the already cited Law OF PRC on Ports (2004, then amended lastly on 2018).

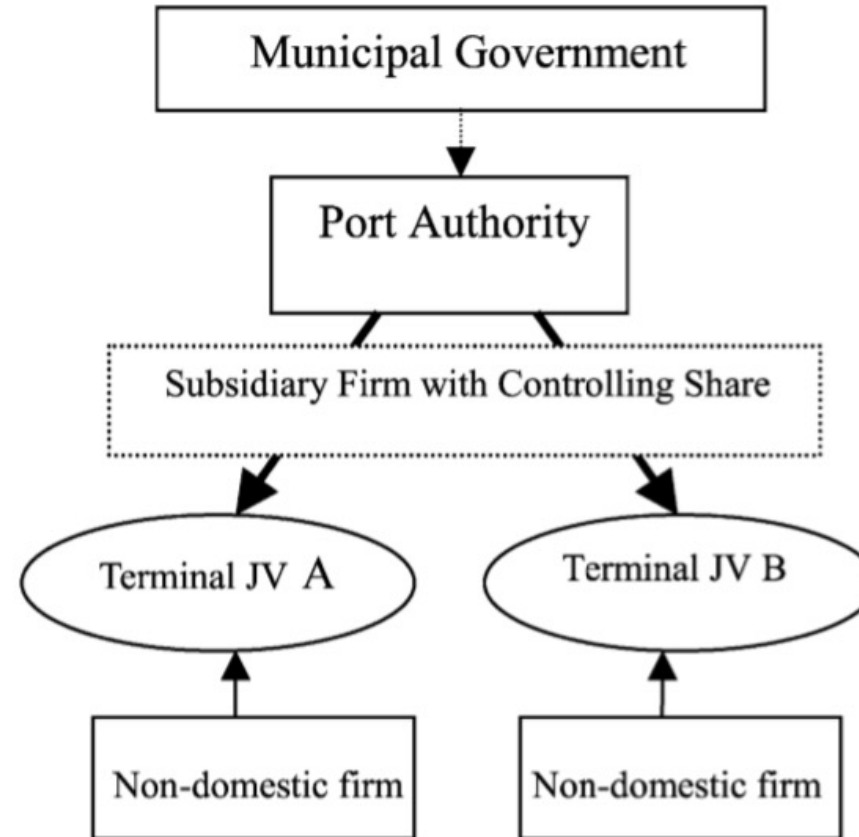


## The current Governance model



**Blue-outline**= Entities with major responsibilities: Local government and Local Port Group enterprise

### The Shanghai Sub-Model

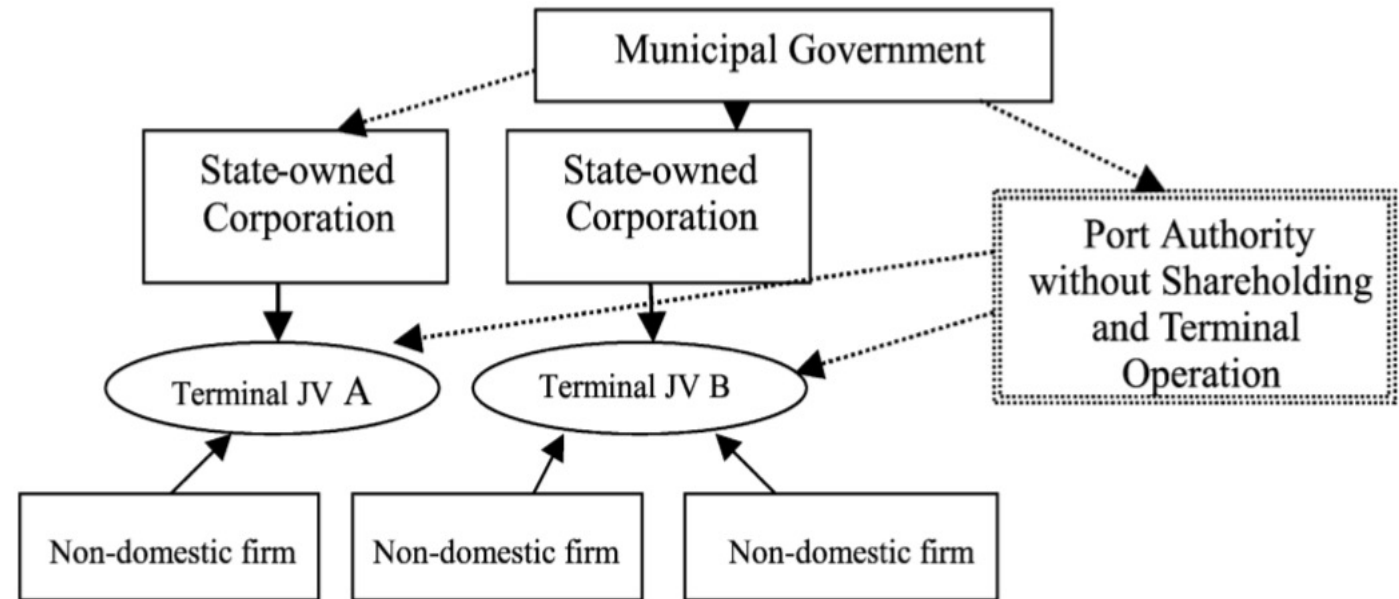


*The*  
**SHANGHAI**  
Governance  
model

Source: J.J. Wang et al. / Transport Policy 11 (2004) 237–250

# The SHENZHEN Governance model

## The Shenzhen Sub-Model



.....➔ Leadership without direct financial interest in the terminals  
——➔ Leadership with direct financial interest in the terminals

Source: J.J. Wang et al. / Transport Policy 11 (2004) 237–250