

# A compromise that leaves nobody happy

ONLY the next few months will decide whether the Government, in splitting Container Terminal 9 (CT9) between two domestic rivals, has displayed the wisdom of Solomon, or merely cowered when circumstances demanded a hard decision be made.

Amid a great deal of regrettable confusion yesterday over exactly what the Government now proposes for the ownership structure of CT9, early reaction indicates that none of the groups seeking to develop the project, which is certain to be lucrative, is happy with the decision. Their dismay runs in degrees.

The United Terminal Consortium (UTC), led by Taiwan's Evergreen group and international container leasing giant Genstar, is sorely disappointed to have missed out on the chance to establish a beach-head in one of the world's fastest growing ports.

Much of the criticism of the current port regime is that a clubby atmosphere prevents the chill winds of competition from working their effects on prices and services. This latest development will not dispel that notion.

Regardless of the techni-

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cal merits of UTC's proposal, an unwieldy decision that excludes a powerful international group and "divvies up" the new port spoils among established local players, albeit with some new shareholders behind some of them, sends a potentially damaging message: Hongkong reserves the most lucrative business opportunities for its own.

The remaining three groups must temper their distress at not gaining an exclusive franchise at CT9. For some reason the Government would rather force bitter rivals to work together than choose one over the others.

The three groups form two sides. Hongkong International Terminals and Modern Terminals Ltd dominate the port and are already working together to develop Terminal 8.

Their refusal to comment on the Government's decision must be taken as an expression of dismay.

The Tsing Yi consortium was at least able to express some guarded optimism.

It may be keener to settle differences that have turned to rancour in order to work out the logistical and finan-

cial complexities of taking two berths each of the four new ones slated for CT9.

The negotiations will be formidable. What technologies will be implemented? Who will build the facility? And can the three decide on the way to finance the project?

Other questions to be decided include whether they might still opt for a Monopoly boardgame-like swap of land parcels so that the three operators can bundle their existing facilities together. If not, the three groups will find they have berths scattered all over the Kwai Chung area.

As the proposal stands now, the potential for inefficiency is greater than for efficiency, as all three companies are forced to truck containers back and forth across a bridge they will have to build across the Rambler Channel.

Perhaps this Government tactic will help to decide who really wants the CT9 baby. But it appears, despite a genuflection towards competition, that our mandarins cannot resist trying to stitch together a compromise among the old guard.

- KEVIN MURPHY