2.4. **Port Management System**

2.4.1 **Overview**

Ports and harbors are viewed as the core of national and regional development. They are specifically planned as a strategic means of regional development, and constructed and administered accordingly. As a result, Japan’s ports function not only as mere marine transportation terminals, but also incorporate a multitude of other functions, including those related to industry, distribution, housing, and recreation.

The Port and Harbor Law, the basic law for the management and administration of ports, stipulates that ports (mainly port facilities) be managed by port management bodies. In addition to the Ministry of Land, Infrastructure and Transport, a wide variety of government agencies, including the Ministry of Finance, the Ministry of Agriculture, Forestry, and Fisheries, oversee the various social and economic activities that take place at the country’s ports.

2.4.2. **Port Management Bodies**

All of Japan’s ports and harbors are managed by the public sector. In accordance with the Port and Harbor Law, public sector port management bodies are limited to three configurations (see p. 6).

1. Terminal corporations that have been established by a local public body in the Ports and Harbours Bureau
2. [Certain] local public entities may function autonomously as port management bodies.
3. New management associations founded by multiple local governments (prefectures or prefectures and cities) for the purpose of managing ports

2.4.3. **“Ports and harbors” Subject to Port Management**

Both marine zones (port area) and land zones (waterfront zones) exist in Japan. The former refers to zones authorized by the national government as areas required for the management and operation of ports. The latter refers to zones that are intended to function in coordination with port zones as a single unit in order to ensure smooth management and operation of ports. These zones are designated in the City Planning Law or authorized by the national government. The establishment of management zones serves to 1) delineate the confines of the zones in which port management bodies possess management rights, 2) set criteria for the approval of port facilities, and 3) clarify regional limits of the national government’s share of costs for port development.

2.4.4. **Port Management Bodies’ Functions and Duties**

Japan’s port management bodies consist of proprietary-type organizations. In addition to building, maintaining, and managing port facilities (navigation channels, breakwaters and other basic facilities and quay walls, cargo handling and other functional facilities), port management bodies formu-
late policies for basic development plans in consideration of the development of the inland regions. Port facilities (functional facilities) are leased to the private sector under the management of the port management bodies. Actual operation (port transport, storage, land-based transport, etc.) is entrusted to the private sector, as stipulated by the relevant laws and regulations.

The Port and Harbor Law forbids port management bodies to interfere with the ventures of the private sector or to conduct any business that competes with the private sector. In the course of managing and operating the port, they are also forbidden to make any prejudicial distinctions in their treatment of persons or entities connected with the port. Systematic guarantees of operation by the private sector are thought to provide greater efficiency than direct operation by local government.

The Port and Harbor Law sets forth the items listed on p. 7 as the functions and duties to be carried out by port management bodies.

2.4.5. **Systematic Framework for Port Management and Administration**

Ports are subject to a variety of activities, including maritime transport, shipping, and marine services. Beyond port management bodies, an interlocking network of various administrative organizations manages port-related social and economic activities. At present, port users and administrators (port management bodies and port management and administration organizations) are being urged to electronically exchange information on administrative procedures. (For details on port information system, see the item on the “Port Information System: Port and Harbor Electronic Data Interchange (EDI)”.)
### Activity

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*Tonnage tax and special tonnage tax*: national taxes levied on foreign cargo ships based on net tonnage. Of the two, the special tonnage tax is distributed to the municipality in which the port is located as a general revenue source that supplements tax revenues.

### 2.4.6. Financing of Port Management Bodies

Most port management bodies form bureaus of local governments. The general accounts of the local public entity budget for major port construction projects, and the special port development budgets include items for the management, operation, and construction of functional facilities.

Both of these budgets are based on cash accounting, not accrual (corporate accounting). The underlying idea of this practice is that the goal of port management and operations is for ports to serve as public establishments available (offering services) to the public, not to turn a profit.

Port management bodies assess such fees as port dues and fees for use of port facilities (including quay wall usage fees and cargo handling equipment usage fees). These fees are determined on a cost accounting basis and set forth by port management bodies through regulations. Unlike the tonnage tax and the special tonnage tax, port dues are levied on all vessels in exchange for the use of the port as a whole; the port management body levies these dues in accordance with enacted regulations. Port dues may be calculated and assessed based on the expenses necessary for managing the water area facilities (excluding anchorages), outlying facilities and environmental development facilities for which it is difficult to recoup the expenses incurred for offering services from fees. Note that port dues are those fees authorized by the government (the Minister of Land, Infrastructure and Transport) for specially designated major ports.

To promote the use of ports and harbors, some port management bodies offer incentive systems whereby fees for use of port facilities and port dues are reduced.
Main port facility usage fees (in the case of Yokohama)

Charges for use of wharves,
Charges for use of mooring buoys,
Charges for use of mooring facilities for small boats,
Charges for use of shed & warehouse,
Rental charges for use of land,
Charges for use of area for cargo handling,
Charges for use of landing platforms,
Charges for use of cranes,
Charges for use of gantry cranes

2.4.7. Private Wharves

There are many privately owned wharves in Japanese ports. In order to support the rapid growth of Japan’s economy that began in the latter half of the 1950s, the promotion of sites for the heavy chemical industry, which was considered a basic industry, was deemed necessary and the demand for plant sites in coastal regions increased dramatically. In order to respond to this demand, financial support was extended to port management bodies to help them reclaim coastal lands as plant sites. The reclaimed land was sold to private entrepreneurs, and construction of steel, chemical and generating plants, as well as private wharves, began.

Each private entrepreneur managed and operated his own private wharf. Despite this, reclaimed land is sold on the condition that it only be used for its original purpose for a certain period of time. Any change in the way the land is to be used must be authorized by the port manager under the supervision of the central government or the prefectural governor.