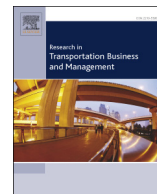




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# Port governance in Taiwan: How hypocrisy helps meet aspirations of change

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### ABSTRACT

In Taiwan, significant port reform commenced in 2012 that aspired to enhance port performance and competitiveness. Previously managed by four units, the ports are now managed by only two: the Maritime and Port Bureau (MPB) (a port regulator) and the Taiwan International Ports Corporation (TIPC) (a full state-owned company). In this article, we consider the rationale for this reform, the degree of its success and impact, and the challenges of introducing it. We first outline Taiwan's main international ports and some basic trends regarding cargoes, containers, ship numbers and port operation efficiency from 2001 to 2015. Then, drawing on the literature, and on Nils Brunsson's organisation of hypocrisy, we describe Taiwan's pre-2012 approach to port governance and its reforms of 2012. We then detail how we conducted in-depth expert interviews with eight port governance officials, before presenting their thoughts on the hopes, challenges, and future of Taiwan's port governance. We draw on Brunsson's organisation of hypocrisy to view how Taiwan's port reform has considered numerous differing stakeholders and perspectives. We discuss how such an approach has allowed Taiwan to aspire to greater competitiveness, but generated challenges such as the need to adjust workforces, and of assessing the impact of reform in Taiwan.

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## 1. Introduction

In 2012, Taiwan introduced a significantly transformative reform of its port governance with the aspiration to create greater competitiveness and profit from its ports. In this article we consider the rationale for this reform, the degree of its success and impact, and the challenges associated with introducing it. To do this we first provide some background and basic information about Taiwan and its port trade from 2001 to 2015. This provides a context for a subsequent discussion of some theories and processes of port governance from the literature which are framed around Nils Brunsson's (2002) organisation of hypocrisy. We draw on Brunsson's work in order to provide a suitable lens and frame through which to view port governance reform in general, and port governance reform in Taiwan in particular. In brief, and by way of an introduction for the reader, Brunsson's theory is that rather than being something negative or harmful, hypocrisy can in fact be a positive and helpful tool for governments to be flexible and move forward with policy introduction. Brunsson defines hypocrisy as an organisation's ability to be able to 'say' one thing but 'do' another. In this way organisations have the flexibility to move ahead with reform and policy as it allows

them to retain a previous stance but implement a new one. In a port reform context, hypocrisy (conscious or not) can allow governments to say they are introducing new approaches to governance, but nevertheless retain some of the old approaches in order to help smooth the introduction of the new.

Following this section discussing the literature, we then outline Taiwan's approach to reform, and the situation pre-2012 and post-2012. This is followed by a brief section which describes and justifies our approach to collecting empirical data through in-depth interviews with eight key participants in Taiwan's port governing structure. We then present and analyse this data in the context of the literature and through a lens of organised hypocrisy. We consider Taiwan's motivation for introducing the port reform that took place, the degree of its success and impact, challenges associated with introducing it, and the future direction of Taiwan's governance. We then conclude with a section that discusses the implications of this data and makes suggestions for future research in Taiwan specifically, and in the field of port governance in general.

### 1.1. Taiwan: some basic data and information about its port trade

Taiwan is an island economy entity, of about 23.5 million people living on 36,000 km<sup>2</sup> of land. Its central mountainous terrain means Taiwan's major population and economic activities occupy a narrow,

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north-south corridor along the west coastal plain. In 2015, Taiwan's gross domestic product (GDP) was about US\$563.57 billion. Its gross export and import values were US\$280.38 and US\$228.62 billion, accounting for 49.75% and 40.57% of the GDP.<sup>1</sup> Taiwan is highly dependent on foreign trade, and thus international transportation, through ports, is critical for the sustained prosperity of the economy. According to one statistical report published by the Ministry of Transportation and Communication,<sup>2</sup> over 99% of Taiwan's annual foreign trade in tonnes is carried by sea. It is therefore not an understatement to say that port governance is thus one of the most significant factors in Taiwan's economic outlook.

As shown in Fig. 1, Taiwan has four main international ports: Kaohsiung, Keelung, Taichung and Hualien.<sup>3,4</sup> In addition, there are a number of smaller ports that also operate internationally (Anping, Suao, Mai Liao, and Ho Ping).

Fig. 2 shows a trend of cargo loading/unloading volume in the main Taiwanese international ports between 2001 and 2015. In 2015, Kaohsiung port accounted for a majority of the volume (450,383,327 tons, 62.96%), followed by Taichung (121,916,825 tons, 17.04%), Keelung (62,478,862 tons, 8.73%), Taipei (67,996,913 tons, 9.51%) and Hualien (12,550,856 tons, 1.75%). In particular, due to the financial crisis in 2009, volume of most ports had decreased. As Taipei port is a new port and adjacent to Keelung port, some of the cargo from Keelung port have moved to Taipei port in recent years.

In 2015, Kaohsiung port accounted for approximately 70% of Taiwan's total container throughput (1,445,337 TEUs), the remaining 30% being handled by Taichung (10,264,420 TEUs), Keelung (1,447,390 TEUs) and Taipei (1,334,506 TEUs). In particular, the emergence of Taipei container port in 2009 has attracted port cargo volume from Keelung port, as shown in Fig. 3.

Fig. 4 describes the trend of ship numbers in the main Taiwanese international ports. In 2015, Kaohsiung port was the busiest port (34,456 ships, 47.39%), followed by Taichung (15,587 ships, 21.33%), Keelung (11,839 ships, 16.28%), Taipei (8278 ships, 11.39%) and Hualien (2546 ships, 3.50%).

Fig. 5 shows the operation efficiency (measured in ton/person-hour) of each port in Taiwan. In 2015, Taichung port had the highest operation efficiency (174.49 tons/person-hour), followed by Kaohsiung (163.35 tons/person-hour), Keelung (148.65 tons/person-hour), Hualien (138.34 tons/person-hour) and Taipei (115.47 tons/person-hour). In particular, the operation efficiency of Taipei shows a significant increase during the years 2009–2012 due to its container terminals having started to operate in 2009.

With regard to operation efficiency in tons/machine-hour, Fig. 6 shows each port's situation in Taiwan. In 2015, Kaohsiung port had the highest operation efficiency (952.76 tons/machine-hour), followed by Keelung (840.12 tons/machine-hour), Taichung (564.77 tons/machine-hour), Taipei (583.07 tons/machine-hour) and Hualien (385.01 tons/machine-hour). In particular, Taipei port began operating in 2004 and its figure significantly increased during 2009–2012 after its container terminal began operation in 2009.

In summary, with regard to trends in cargo/container (see Figs. 2–3), ship numbers (see Fig. 6) and the operation efficiency (see Figs. 5–6) of Taiwanese ports, there is no noticeable or significant change in before and after year 2012, i.e. the year the port reform was introduced. However, it is easy to argue, and see, that most figures in cargo/container (see Figs. 2–3) and ship number (see Fig. 6) fell significantly in the year 2009–2010 during the global financial crisis. Consequently, it is possible to argue that although no significant changes happened after

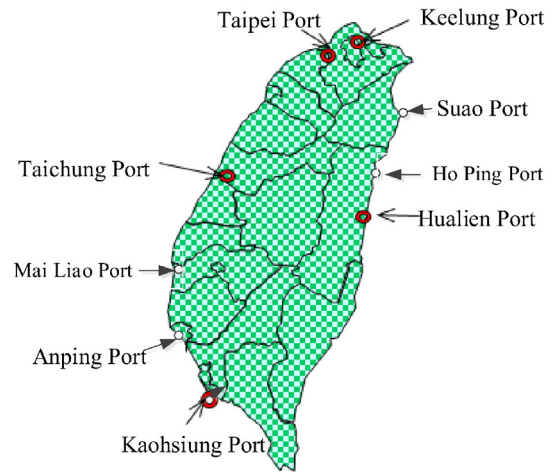


Fig. 1. Location of main international ports in Taiwan.

2012, it may in fact be the case that the port reform helped stabilize the figures. Actually substantiating such an argument, is highly complex however, not least for the fact that the port reform, although introduced in 2012, has to some degree not yet been fully implemented.

2. The development of port governance globally, and in Taiwan

2.1. Organised hypocrisy and port governance

Traditionally, organised hypocrisy, or where “talk and decisions pointing in one direction do not encourage actions in the same direction” (Brunsson, 2002, p. XV) can be regarded as “morally wrong” (Brunsson, 2002, p. XVII). Yet, not only is hypocrisy “a way of handling several conflicting values simultaneously” (Brunsson, 2002, p. XIII) but its absence has been defined as fanaticism or as too strong a commitment to one’s values (Newman, 1986, cited in Brunsson, 2002). Organised hypocrisy therefore allows flexibility and a way to move forward with what may appear to be inconsistent goals. An example Brunsson (2002) cites is of the Swedish referendum in 1980 on nuclear power. Despite widespread opposition to nuclear power amongst the public the decision that was made was that nuclear power would be expanded to the largest per capita production in the world on the basis that nuclear power plants would be shut down in 25 years’ time. This allowed the government to meet immediate demand for electricity and at the same time say it would shut down nuclear power. Thus, hypocrisy allowed the government to handle several conflicting values

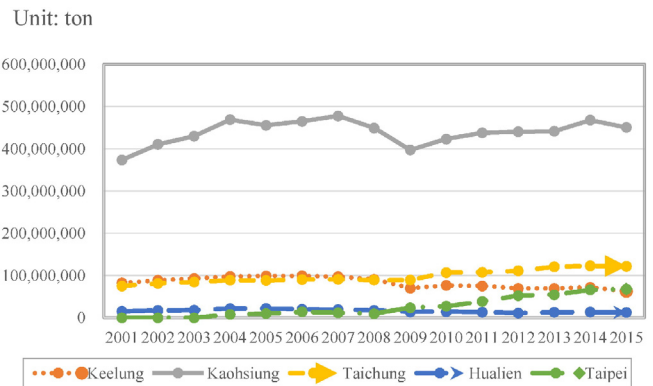


Fig. 2. Growth in cargo loading/unloading volume (in tons).<sup>5</sup>

Cargo loading/unloading service in Taipei port was started in 2004. Source: Ministry of Transportation and Communication <http://www.motc.gov.tw/en/index.jsp>

<sup>1</sup> Bureau of Foreign Trade, Taiwan. <http://cus93.trade.gov.tw/FSCI/>  
<sup>2</sup> 2015 Transportation Research Statistics <http://www.iot.gov.tw/mp.asp>  
<sup>3</sup> Established in sequence is Keelung, Kaohsiung, Taichung and Hualien. Kaohsiung port was ranked as 3rd in the world during the 1990s, however, it is ranked as 14th in 2015.  
<sup>4</sup> Taipei port and Suao port are auxiliary ports of Keelung Port. Anping port is auxiliary port of Kaohsiung port. <http://stat.motc.gov.tw/mocdb/stmain.jsp?sys=100>

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