



22 China Dalian Port Dayao Bay First Phase Construction Project

Contributing to the improvement of the distribution system in Dalian, gateway to the three northeastern provinces

Loan Amount/Disbursed Amount 6.655 billion yen/4.308 billion yen
Loan Agreement January 1995
Terms & Conditions Interest rate 2.6%, Repayment period 30 year (grace period 10 years), General untied
Final Disbursement Date February 2000
Executing Agency Ministry of Communications of the People's Republic of China (<http://www.moc.gov.cn/>)



Project Objectives

The project's objective was to improve convenience and safety while responding to rapidly increasing cargo handling demands by the improvement and expansion of Dalian Port Dayao Bay facilities, thereby contributing to the economic development of the region.

Effectiveness & Impact

Rating **a**

Completed in 2003, this project consisted of the construction of two general cargo berths and the provision of cargo-handling equipment. The volume of cargo handled by Dalian Port is increasing every year. In 2004, the port's annual cargo handling volume was about 165 million tons, of which 18 million tons (approximately 18%) was handled by Dayao Bay. Moreover, the actual percentage of handled cargo accounted for containers reached 84.8% (2004), exceeding the planned figure of 61.5%. In response to the upward trend in container cargo handling volume, the use of the general cargo berths constructed through this project was changed to that of container berths in 2004. They have been used effectively since then.

According to a beneficiary survey (given to 11 shipping companies), seven of the companies mentioned that the convenience, safety, and quality of services of port facilities had got better compared to the situation before implementation of this project, though the survey also confirmed that there is a need to improve services such as port usage charges and main line discount charges. Dalian's economic growth rate has exceeded the national average since the 1990s. The three northeastern provinces (Liaoning, Jilin, and Heilongjiang) that form the hinterland to Dalian Port are experiencing the same growth trend. The port developments implemented through this project played a major role in the economic growth of the region targeted by this project, as well as the surrounding areas. Therefore, this project rates a highly satisfactory level of effectiveness since it has largely achieved its objectives.

Breakdown of Dayao Bay's cargo handling volume over time

	2000 (forecast volume)		2003 (work completed)		2004	
	(10,000 tons/year)	(%)	(10,000 tons/year)	(%)	(10,000 tons/year)	(%)
Grain products	300	23.1	189.5	13.0	171.3	9.6
Steel	120	9.2	14.8	1.0	16.2	0.9
General cargo	80	6.2	77.9	5.3	82.8	4.7
Containers, etc.	800	61.5	1,177.0	80.7	1,507.5	84.8
Total	1,300	100.0	1,459.2	100.0	1,777.8	100.0

Relevance

Rating **a**

Both at the time of the appraisal and at the time of the ex-post evaluation, this project has been highly relevant to China's national policies. At the time of the ex-post evaluation, both Liaoning Province's and Dalian's development plans included Phase Two construction of container berths as a subsequent project of this project in order to further expand Dalian Port's functions. Accordingly, this project remains a high priority.

Efficiency

Rating **b**

Although the project costs were almost as planned, the project period turned out to be much longer than planned (160% of planned time); therefore, the evaluation for efficiency is moderate. The main factor behind the project delays was the time needed for construction work due to design changes for a container terminal and breakwaters in the area targeted by this project.

Sustainability

Rating **a**

The operation and maintenance of this project are being carried out by the Dalian Port Grains Company, which is under the control of the Dalian Port Group Corporation. No major problem has been observed for capacity of the executing agency or the operation or its maintenance system; therefore, sustainability of this project is high.

Conclusion, Lessons Learned, Recommendation

In light of the above, this project is evaluated to be highly satisfactory. In the future, it is hoped that the reduction of port usage charges, the simplification of customs procedures, and a switch to an EDI system*1 will be considered in order to achieve efficient port operations.

*1. Electronic Data Interchange. An electronic application system that utilizes the Internet for procedures at port facilities, including customs procedures.

Third-Party Opinion

Even though the container trade business in Dalian Dayao Bay has had a tardy development in recent years, it can be expected to grow more in the future, since it has been approved as China's third bonded port*2. Business efficiency was raised with the installation of the latest systems. In the future, however, it is hoped that port facility services will be improved.

*2. An area with combined functions as a bond area and port.

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