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**我國自由貿易港區政策過程分析之
倡導聯盟架構觀點**

**An Analysis of Taiwan's Free Port Policy
Process: A Policy Advocacy Coalition
Perspective**

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我國自由貿易港區政策過程分析之倡導聯盟 架構觀點

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中文摘要

本文係從公共政策理論之倡導聯盟架構（Advocacy Coalition Framework）觀點，論述2003年自由貿易港區設置管理條例三讀立法通過及施行前後，多元的利害相關政策行動者彼此策略互動，並對於其彼此間的信仰體系認知之相互調適過程進行檢視。高雄港作為臺灣最大的港埠，在1999年仍是全球第三大貨櫃港埠，但2000年的貨櫃裝卸量為南韓釜山港所超越，上海港在2000年超越高雄港，而深圳港的貨櫃裝卸量也在2003年超越過高雄港。文中將多元行動者的策略互動分為三個階段，政策制定前期（1990年至2002年10月）；政策制定期（2002年10月至2003年7月）；以及政策執行期（2003年7月迄今）。發展聯盟與反對聯盟各有其不同的其信仰系統，包括規範性之核心信仰、政策核心信仰、以及工具性之政策信仰，本文均進行深入的理論探討。

關鍵字：倡導聯盟架構、自由貿易港區政策、政策執行、高雄港、上海港。

I. Introduction

From ancient times, port cities continuously adapted their maritime façade, their window on the world of maritime commerce, to enhance their competitive position in trading terms (Hoyle, 2000). Containerized trade crossing the Pacific basin is the most active in the world. Increases in container traffic were stimulated by a rapidly changing economic region characterized by the moment of high-value goods, especially between the United States and Japan. More recently, this growth has been sustained by the newly industrialized economies, especially the heavy container users such as China and South Korea. Faced with pressure to develop its ports, the Taiwanese government has sought various ways to meet these challenges. One of the most important policies was the 2003 Free Port Initiative.

This study's insights and conclusions are based on an analysis of a prominent case in Taiwan: the planning and decision making of the Free Port Initiative for Kaohsiung, one of the leading harbors in the world. Due to the globalization of enterprise production chains, the amount of goods transported worldwide is growing. In 2004, the Port of Kaohsiung handled 9.71 million TEU (Twenty-foot Equivalent Unit of containers), whereas Rotterdam, the largest container port in Europe, handled 8.24 million TEU and Shanghai, 14.56 million TEU. In comparison with throughput in the year 2000, while Kaohsiung handled 7.54 million TEU, Rotterdam handled 6.09 million TEU and Shanghai handled 5.61 million TEU. This critical challenge raises questions of how to deal with Kaohsiung's declining competitiveness and China's prosperous port development.

In terms of economic development, many stakeholders were in favor of port throughput growth, and thus the government initiated the free port draft

in 2002, completed legislative process that was promulgated by the president on July 23, 2003, and implementation regulations were released in September 2003. However, in a modern network society, public and private actors take their interaction with other actors into account in order to enhance port competitiveness through advocacy coalition and bottom-up implementation rather than through top-down policy planning and control.

In this study, the author explores the factors that account for the gap between dream and reality within a conceptual framework such like the advocacy coalition framework, and distinguishes fundamental from secondary beliefs/interests in order to examine the strategic interaction of advocacy coalitions. This guides the research focus to a two-fold question: **why was the free port policy needed** and **how do different actors and coalitions interact and negotiate**. In order to compete with rising Shanghai, coalitions with diversified goals for Taiwan's free port policy have tended to endure for periods of a decade or more. Although coalitions are assumed to coalesce around abstract policy core beliefs rather than calculating short-term self-interests, one should not expect substantial coalition stability over time in relatively complex situations because policy subsystems incorporate actors from a variety of institutions at multiple levels of governments and pressure groups.

A. Policy Background in the East Asia Context

Sustained economic growth across East Asia has made the region the world center for containerized traffic, surpassing both North America and Western Europe in the past decades. Apart from being East Asia's leading container ports, Hong Kong and Singapore are key transshipment ports as well. Both have the advantages of being strategically and geographically well

placed and built upon these advantages by becoming totally service oriented. Since 1987, Hong Kong has been the first in terms of throughput, except for 1990, 1991, and 1998 when Singapore took the top spot (World Cargo News, 2005).

Table1. Container Throughput/World Rank of Major Container Ports

Unit: Million TEU

	2004 Throughput	2002 World Rank	2000 Throughput	1996 World Rank	1991 World Rank	% Change 1991-2004
Hong Kong	21.93 (1)	1	18.1 (1)	1	6.16 (2)	256%
Singapore	20.60 (2)	2	17.04 (2)	2	6.35 (1)	224%
Shanghai	14.56 (3)	3	5.61 (19)	10	0.58 (19)	2,410%
Pusan	11.4 (4)	4	7.62 (3)	5	2.69 (5)	324%
Kaohsiung	9.71 (6)	5	7.43 (4)	3	3.91 (3)	148%
Rotterdam	8.24 (7)	6	6.3 (5)	4	3.77 (4)	119%

Source: Evergreen Marine Transportation Co. Ltd. (2001). Statistics.

Aside from the dominant roles of Hong Kong and Singapore, Kaohsiung also plays a vital role in this region (Chou, 2002). The deep-water port of Kaohsiung in southwest Taiwan was the third busiest container port in the world in the 1980s and 1990s. Pusan and Shanghai have emerged as dominant competitors since the 1990s. From 1991 to 2004, Shanghai's annual TEU throughput has soared, rising from 0.58m in 1991 to 14.56m in 2004. Meanwhile, Pusan's throughput increased from 2.69m in 1991 to 11.4m in 2004. Pusan replaced Kaohsiung as the third busiest container port in 2000 and Shanghai replaced Pusan as the world's third busiest in 2002. As indicated in Table 1, from 1991 to 2004 the throughput growth rate of Shanghai was an incredible 2400%, while the European hub port, Rotterdam, was only about 120% and Kaohsiung nearly 150% in the same period.

Since the 1990s, the governments of many other ports in this region have begun to target the transshipment market by developing their own hub and reducing dependency on feeder services out of the busiest ports. The focus of this port competition is both on protecting local markets and on increasing transshipment market share. Due to Singapore's distance from Hong Kong and Kaohsiung, port competition between Singapore and these two ports has been minimal. But competition between the operators at Hong Kong and Kaohsiung has been intense.

Owing to their close proximity, Hong Kong and Kaohsiung must vie with each other for increasing shares of transshipment cargoes from China, a competition that will become especially sharp after Taiwan government lifts the ban on cross-strait direct shipping links sometime in the future. According to Comtois (1994: 202), transshipment of cargo from China accounts for more than 20% of Hong Kong's container traffic and Hong Kong might lose 20% of its container traffic if China and Taiwan reach a direct trade agreement. As O'Mahony (1998: 59) asserts, the greater the proportion of transit cargo, the more vulnerable a port is to competition. Since intensification of port competition in this region in the coming years is inevitable, geography alone does not guarantee a position and there are a number of emerging contenders. In the future, only keen commercial and business acumen will allow a port to maintain a leading position (G. P. Wild Ltd., 1995: 17).

In response to the challenge of port competition, the Taiwanese government launched and formulated a set of strategic designs and organizational changes, including the Asia-Pacific Regional Operations Center (APROC) in 1995, the Offshore Transshipment Center in Kaohsiung in April 1997, and port reform as well as maritime institutional adjustments since 1998. At present, direct shipping links between Kaohsiung and the

Chinese ports are limited to the so-called "Offshore Transshipment Center," which permits containers in transit to a third country from only two ports in China: Fuzhou and Xiamen. These policies did not release pressure for the enhancement of port competitiveness. Pusan replaced Kaohsiung as the third busiest container port in 2000 and Shanghai replaced Pusan in 2002 as mentioned above (Huang, 2004: 334). The Taiwan government thus launched the 2003 Free Port Initiative.

B. Free Port Initiative

Taiwan lies fewer than 150 kilometers southeast of mainland China (PRC). Including its tiny satellite islands, Taiwan has an area of 36,188 square kilometers and is around three times as long from north to south as it is east to west. Taiwan is comparable in size to Belgium or the Netherlands, but with much less arable land and far larger population (23 million in 2005). Currently, there are five international commercial ports, two specific-use industrial ports, several domestic commercial ports, and hundreds of fishing ports. Both international and domestic commercial ports, including Kaohsiung Harbor Bureau, are administered by the Ministry of Transportation and Communications (MOTC), whereas industrial ports are administered by the Ministry of Economic Affairs (MOEA) and fishing ports are administered by the Council of Agriculture. Besides seaports, two renowned shipping companies, Evergreen Marine Corporation and Yang Ming Marine Transport Corporation, play important roles in the world maritime industry.

International corporations have begun to widely deploy the global logistics model of operations. There are more than six hundred free ports and free trade zones in the world (Lin, 2002: 7). Governments in Europe and the Americas, as well as in East Asia (especially Singapore and Hong Kong) use

free ports as a means of offering commercial trade, industrial processing, technology development, and logistical services all in one location. Moreover, the port of Shanghai, for example, was the world's 18th busiest container seaport in 1991 and became the 6th in 2000 and the third busiest in 2002 (Chou et al., 2003: 694).

As Taiwanese enterprises have expanded overseas, they have been greatly impressed by the benefits that free ports offer and have developed a deep understanding of how advantageous such ports are to corporate operations. Taiwan's geographical position makes the island an ideal location for free ports. In 2002, the draft legislation for free ports sent by the cabinet, the Executive Yuan, to the legislature, the Legislative Yuan, incorporated two major innovations (Ho, 2002: 5). One is the simplification of administrative procedures and the second is the adoption of the "inside the country, outside the customs" concept. There is a "Free Port Coordinating Committee" under the cabinet that includes relevant ministries and agencies to oversee free ports development. Inside a free port, there are no customs duties or commodity or business taxes. Enterprises are allowed to undertake limited commercial activities and do some advanced processing.

The "Statute Governing Establishment and Management of Free Ports" completed its legislative process in July 2003, began accepting applications since then, and the free trade harbor zone of Kaohsiung began operation in January 2005. Types of places that can be designated as free ports under the statute include international airports, export processing zones, science-based industrial parks, and bounded factories. Such places do not fall under the control of local governments and thus local governments cannot make an issue out of getting a free port based on their local interests (Ho, 2002: 10).

Therefore the statute clearly states that a free port “indicates an area, determined by the central government, within an international airport, international harbor management zone, or a special zone in a neighboring area.”

Nevertheless, an opposition party lawmaker from Kaohsiung proposed another statute to make Kaohsiung a municipal port city of commerce and trade (Chen, 2002: 13). Under this proposal, Kaohsiung would enjoy a high degree of autonomy. Although the central government has jurisdiction over sovereignty, national defense, and diplomacy, Kaohsiung would have the right to sign commercial treaties with other countries and areas. However, if these free ports can incorporate the functions of “Offshore Transshipment Center”—where transshipped goods do not clear customs and not officially enter Taiwan—to facilitate goods from Mainland China to some third destination or from some third location to the Mainland, then this policy initiative may expand the operations of the offshore transshipment center at Kaohsiung harbor (Lin, 2002: 8). If the two functions of free port and offshore transshipment center can be successfully integrated, it can serve as a substantial test case for a direct link between Taiwan and China.

II. Policy Implementation and Advocacy Coalition Framework (ACF)

To achieve the policy goal of the 2003 Free Port Initiative, the government faces two challenges: the increasing role of local governments and the contribution of both the maritime industry and the academic community. The intertwining of the public and private sectors calls for new forms of governance and this makes the implementation of policies and projects a complex issue, requiring interaction and coalition-building with various actors. This section briefly discusses different perspectives of policy implementation and provides a literature review of ACF.

A. Perspectives of Policy Implementation

Implementation studies emerge as today's hot issues (Chalmers and Davis, 2001; Hill and Hupe, 2002; Exworthy et al., 2004; Schofield, 2001). Governments across the world have placed great stress on partnerships (Ling, 2002). There is also a move from hierarchies towards flatter organizational forms, including governance (Rhodes, 1997; Newman, 2001), horizontal government (Peters, 1998), and networks (Exworthy et al, 1999).

Generally speaking, the policy implementation literature describes conditions for policy success and failure (Kingdon, 1984; Pressman and Wildavsky, 1984). The literature emphasizes the difficulties of implementation, importance of political influences, technical constraints, and serendipitous outcomes. Kingdon believes that sub-government politics affect original objectives at the implementation stage due to the tradeoffs and compromises that have to be struck by network participants interested in the policy (Chackerian and Mavima, 2001).

As Long and Franklin (2004: 310) indicate, implementation theory provides a useful foundation for examining the link between the process of implementing policy directives and the resulting outcomes. The top-down approach is a centralized process that tends to neglect “strategic initiatives coming from other policy subsystems,” whereas bottom-up implementation is a decentralized process where “policy is determined by the bargaining between members of the organization and their clients” (Lester and Stewart, 1996: 103-105). However, as Thompson (2000: 519) argues, “top-down directives appropriate to the macro-context and characteristic of past reform are not appropriate where change is directed at the more micro elements of administration such as those that characterized reinvention.” And Long and Franklin (2004: 309) thus conclude that using a top-down, one-size-for-all policy direction to mandate a bottom-up implementation approach is paradoxical.

Moreover, Imperial (1998) emphasizes that a central debate in the implementation literature focuses on how to model this intergovernmental process. Bottom-uppers view implementation as the result of a bargaining process, rather than being due to the explicit control of central governmental decision-makers (Elmore, 1982). In Imperial's (1998) opinion, the debate has also begun to find a home in research on intergovernmental management (Agranoff and McGuire, 1998).

B. The Advocacy Coalition Framework (ACF)

This study's literature review of ACF mainly builds upon the previous work of Jenkins-Smith and St. Clair (1993), Jenkins-Smith et al. (1991), Zafonte and Sabatier (2004), and Weible et al. (2004). According to Zafonte et al. (2004), the ACF distinguishes fundamental from secondary beliefs/

interests in order to examine coalition stability and resilience in the face of potentially disruptive events. The author applies this conceptual framework and analyzes coalition groups in Taiwan's free port policy implementation in the next section.

William Riker's theory of political coalition starts from the premise that actors choose coalition size in order to maximize the benefit of a single victory to each coalition member (Riker, 1962, 1980). "Minimum winning coalitions" achieve this goal among the smallest number of coalition numbers. Seeking to maximize average benefits over the long-term would be irrational, particularly if the future is quite uncertain. Additional coalition members increase the degree of compromise necessary to form the coalition while reducing the extent that individual members can claim credit for resulting political victories. An alternative rationale for short-term, fluid coalitions comes from the "issue networks" concept of Helco. If most actors in an issue domain are either small organizations with uncertain staying power or individuals who flit from organization to organization, the instability of members will make coalition formation difficult and short-term (Hula, 1999).

In contrast to the incentives for short-term coalitions, there are at least two reasons to expect that coalitions will be relatively long-term enterprises—reciprocity and values (Zafonte et al., 2004). The first mechanism promoting long-term coalitions stability is derived from arguments incorporating multiple time periods into the rational actor formulation of the coalition problem. Actors pursuing relatively similar policy objectives in these situations should perceive that their long-term average benefits require maintaining fairly stable coalitions. In addition to reciprocity, the second factor promoting stable coalition composition is the existence of fixed basic values. Organizational missions may play important roles in promoting long-

term stability when studying coalitions that include administrative agencies and interest groups because these missions often imply relatively fixed values along with policy strategies for achieving those values (Browne, 1988).

In their ACF, Sabatier and Jenkins-Smith developed an alternative model of belief system that categorized beliefs by substantive scope and topic rather than by levels of abstraction (Peffley and Hurwitz, 1985). The ACF posits a three-tiered hierarchical structure to belief systems, with deep core beliefs at the highest level constraining policy core beliefs in the middle and secondary beliefs at the lowest level. Deep core beliefs include topics such as the conventional left-right political ideology, attitudes toward individual freedom versus social equality, or such procedural questions as preferences for collaborative institutions versus top-down approaches to decision-making (Sabatier, 1998: 113; Sabatier et al., 1999: 133). Policy core beliefs are normative and causal perceptions that are restricted to an entire policy subsystem. Secondary beliefs deal with the seriousness and causes of a problem in specific locales, perceived policy impacts in specific locales, and policy preferences for proposals dealing with only a subset of the entire policy subsystem. Secondary beliefs are theorized to be more malleable than policy core and deep core beliefs because their more restricted scope requires less information to induce belief change (Weible et al., 2004).

The ACF emphasizes the role of coalitions in policy change within subsystems over periods of a decade or more (Sabatier et al., 1993, 1999). It contains arguments relevant to this case study research of Taiwan. Some scholars describe stable subsystem structure and dominant upon policy output over long periods, but they do not examine whether policymaking coalitions consist of stable combinations of actors (Baumgartner and Jones, 1993; Worsham, 1997). This research focuses on strategic interaction that applies

directly to the composition of coalitions in policymaking.

III. ACF Analysis of the Free Port Policy-Making Subsystem

This section describes the free port policy-making system through the lens of the ACF model. In particular, the author discusses: (1) exogenous variables affecting the free port policy-making system, (2) the advocacy coalitions within the subsystem contesting for policy control, and (3) the deep core and policy core belief structures of two major advocacy coalitions.

A. External Factors—Relatively Stable System Parameters

The stable parameters that constraint and structure Taiwan's free port policy include: the complex body of related statutes, composed of the Port Law, Maritime Law, and the Commercial Harbor Law; the complex and cumbersome port management system involving at least two major central ministries, more than ten local governments, and several public and private entities at the regional and local levels; and the unequal distribution of commodities and port capacities within Taiwan, where more than two-thirds of the population and incoming and outgoing goods originate in northern Taiwan, while 60% of these goods are handled by the southern Port of Kaohsiung.

Other stable system parameters include the enduring regional development balance conflict between northern and southern Taiwan. Taiwan is around three times as long north-south as it is east-west. While the central government and business/finance centers are located in populous northern Taiwan, the largest industrial city and the busiest seaport, Kaohsiung and its harbor, are located in agricultural southern Taiwan. Over the past years, local governments in southern Taiwan have thus been pushing for maritime

deregulation and the establishment of free ports to balance south-north regional development.

Finally, socio-cultural beliefs embodied in institutions, policies, and routinized political behavior all must be viewed as “a relatively stable system parameter” (Munro, 1993: 113).

The governmental structure in Taiwan is divided into four main levels: central, provincial/municipal, county/city, and rural/urban township, each of which has well-defined powers (Peng, 2000). However, the cross-strait relationship is hindered by institutional barriers and thus endangers the enhancement of the competitiveness of Taiwanese ports. These limitations include: (1) unattractive business and investment climates in recent years (Huang, 2000), (2) a weak and inadequate managerial maritime infrastructure, (3) the lack of a viable domestic market capacity, (4) the lack of mutual political trust between the new ruling party since 2000 and the former ruling party that ruled the island from 1950 to 2000.

B. External System Events

Perturbations in political, economic, and social conditions from outside the subsystem have drastically influenced the evolution of Taiwan's free port policy making. The 2000 party turnover did change Taiwan's port development policy making. Evolving antagonistic cross-strait political conditions were soon to shatter the new ruling party's hope for a prospective win-win future. Adjustment of Taiwan's free port policy is conditioned and constrained by China's strong economic growth and speedy container seaport development. The ruling party, the Democratic Progressive Party, thus shepherded legislation creating the Free Port Zone in 2003 as the second-best policy choice without direct shipping links between Taiwan and China.

Moreover, Taiwan's lagging economic growth rates since the late 1990s set the stage for a general movement toward the free port policy initiative that encouraged the expansion of transshipment containers from mainland China. Largely in response to the needs of port authorities and maritime industry, especially in the early 21st century, the government adopted policies that encouraged more efficient use of existing wharves and the protection of the existing five major international commercial ports. The efforts to use this external event to promote fundamental policy and institutional reform, however, have been challenged by local governments and lawmakers in the national legislature. Conflicts and events in other policy subsystems have also affected free port policy making. In particular were the growing protests from local governments and the legislature, which resulted in the passage of the "loose regulation" of the free port law and complicated the policy outcome of "stringent scrutiny" conflict.

IV. Internal Structure and Policy-Making Subsystem

A focus on the formation process directs attention to the beliefs of policy actors and responding strategies associated with reinforcing those beliefs. The adoption and implementation of Taiwan's free port policy in recent years has occupied a prominent place in the ACF of port development. Table 2 presents the actors and beliefs of advocacy coalitions in Taiwan's free port policy and demonstrates the three phases in the policy making process.

The first phase (1990-Oct. 2002) was characterized by widespread criticism of the central government's regulatory international commercial port policy. Leading to passage of the "Statute Governing Establishment and Management of Free Ports," the central government responded by adopting a competitive stance and drafting the free port statute. As Kaohsiung's annual

Table 2. Advocacy Coalitions of Taiwan’s Free Port Policy: Actors and Beliefs

<u>Pre-Policymaking Period (1990- October 2002)</u>
Actors: Academics, Maritime Industry (including multi-national and domestic shipping companies and related business), Executive Yuan, Council for Economic Planning and Development (CEPD), and Ministry of Transportation and Communications (MOTC)
Belief: Desirability by maritime industry for the establishment of free ports—physically within national territory yet “outside” the country as far as customs laws and duties are concerned; ensure Kaohsiung as a world top ten container port
<u>Policymaking Period (October 2002-July 2003)</u>
Actors: Academics, Central Government—Executive and Legislative Yuan, MOTC versus Ministry of Economic Affairs (MOEA), Local Governments and City/County Councils
Belief: Policy legitimization of the statute; local governments/councils and the national legislature prefer liberal entry, while the central government prefers limited participation for free ports
<u>Policy Implementation Period (July 2003 to the Present)</u>
Actors: Domestic commercial and industrial seaports and maritime industry, local governments, the central government.
Belief: For the Executive Yuan, applications under regulations; for local governments, ports/free ports should be administered by local governments

container throughput continued to deteriorate in the late 1990s, maritime industry suffered from worsening port and macroeconomic development. To enhance port competitiveness, the academic community proposed the free port initiative—i.e., the port is physically within national territory yet “outside” of the country as far as customs laws and duties are concerned.

The second phase of the policy-legitimization process commenced when the central government drafted and submitted the free port statute to the national legislature in October 2002 and continued with the Legislative Yuan beginning an oversight investigation of statute regulations. This period was marked by debates over the relative merits of a statutory control for the limited participation of five international commercial ports versus minor adjustments to the statutory framework that would allow broad participation

of two industrial ports and other local seaports. An option for some degree of broad participation gained support with lawmakers from different cities, counties, and local governments. However, because of limited policy resources, the central government gained the support of academics. Lawmaker conversion resulted in passage of a free port law in July 2003 that was based on the assumption that the problem with Taiwan's port policy was policy regulation itself. Working from this assumption, lawmakers concluded that the solution was a reduction in regulatory intervention for current seaports.

The legislature's endorsement of the policy initiative set the stage for the third phase in the implementation process. The free port coordination committee was formulated in this phase. However, although local governments attempted to be in charge of the committee matters, the responses of the MOTC and port authorities were quite different. This phase was characterized by administrative supervision when the Port of Keelung began operating in November 2004 and later Kaohsiung Harbor began operating January 2005.

Table 3 illustrates the interaction of coalition actors more clearly. In the first phase, four actors appeared. Academics and maritime industry lobbied for policy initiatives to enhance port competitiveness, and the CEPD and MOTC drafted the free port law in 2002. During the period of policy legitimization, other actors—such as MOEA, the legislature, and local governments and councils—also joined the process. Since July 2003, the free port authority MOTC has faced challenges from industry members, the MOEA, and local governments and councils. Under the cabinet, the free port coordination committee did not function well given that many levels of government are semi-autonomous.

Table 3. Phases and Actors of Advocacy Coalitions

	Academics	Maritime Industry	CENTRAL				LOCAL	
			CEPD	MOTC	MOEA	Legislature	Local Gov.	Local Councils
Phase I	⊙	⊙	⊙	⊙				
Phase II	⊙		⊙	⊙	⊙	⊙	⊙	⊙
Phase III		⊙		⊙	⊙		⊙	⊙

The ACF explicitly argues that most policy subsystems, and the coalitions within them, include actors from multiple levels of government. This notion was confirmed by this case study. As predicted by the ACF, there is also evidence that members of a specific coalition use a variety of agencies at different levels of government in order to achieve their policy objectives. In this case, the broad participation coalition sought to restrict the central government's role via an extensive deregulation of the free port law, while the limited development coalition sought to expand the role via an alternative interpretation of the same statute.

V. Belief Structures of Free Port Advocacy Coalitions

Economic growth rates for major maritime powers during the past few decades are indicated in Table 4. China's economy registered annual average growth rates of more than 8% throughout the 1990s, and by 2025 China will be the second largest economy in the world (Drewry Shipping Consultants Ltd., 2003:1). With China's economic expansion boosting demand for shipping, Shanghai has become poised to overtake Rotterdam, Kaohsiung, and Pusan as the world third largest container port, behind only Hong Kong and Singapore.

Ever since Kaohsiung overtook Rotterdam as the world third largest

container port in 1992, both ports experienced container traffic growth, while their world container port rankings declined. Since the 1990s, Hong Kong, Singapore and the Netherlands suffered from a fluctuating economy, but Hong Kong and Singapore have still retained the top spots. Throughput at Pusan grew 10% in 2004 and the port is close to cementing its place as a hub port for services to China and Japan (World Cargo News, February 2005). Due to sluggish economic development in recent years and the lack of transshipment cargo from mainland China, the Kaohsiung Harbor Bureau firmed up plans to build the four-berth Container Terminal No. 6, at an estimated cost of US\$260 million. Construction will start in 2006 and be completed in 2009 (World Cargo News, September 2003).

Table 4. Economic Growth Rates for Major Maritime Powers (%)

	Taiwan (Kaohsiung)	China (Shanghai)	Hong Kong	Singapore	South Korea (Pusan)	Netherlands (Rotterdam)
1992	7.49 (4)*	14.24 (18)	6.59 (1)	6.69 (1)	5.44 (5)	1.98 (3)
1994	7.11	12.66	5.48	11.40	8.25	6.70
1996	6.10 (3)	9.59 (10)	4.31 (1)	8.15 (2)	6.75 (5)	3.05 (4)
1998	4.57	7.80	-4.97	-0.86	-6.69	3.09
2000	5.86 (4)	8.00 (6)	10.16 (1)	9.41 (2)	9.33 (3)	3.47 (5)
2001	-2.18	7.30	0.46	-2.37	3.10	1.22
2002	3.59 (5)	8.00 (3)	2.27 (1)	2.25 (2)	6.35 (4)	0.24 (6)
2003	3.24	9.10	3.32	1.10	2.80	-0.90
2004	5.71 (6)	-- (3)	-- (1)	-- (2)	-- (4)	-- (7)

Source: Website of Directorate-General of Budgeting, Accounting and Statistics, Executive Yuan.
http://investintaiwan.gov.tw/zh-tw/env/stats/gdp_growth.html (25/08/2005); Chou (2002:61).
 Note: * () indicates the world ranking that year for container ports of major maritime powers.

However, changes in the systemic governing coalition during the late-1990s also affected Kaohsiung's infrastructure construction and the port development policy-making subsystem. In Table 5, the author presents the

belief systems of Taiwan's free port policy coalitions: normative core beliefs, policy core beliefs, and instrumental policy beliefs. The free port policy-making system in the past decades can be segmented into two advocacy coalitions: the limited development coalition and the broad participation coalition. The limited development coalition was composed of most personnel from the MOTC, harbor bureaus of international commercial ports, and some top political officials in the executive branch. The broad participation coalition was composed of top officials of local governments, members from county/city councils, and the MOEA. Because the MOEA was assumed to administer specific-use industrial ports, it spent a great deal of time and effort to influence the free port policymaking.

In the middle of these two advocacy coalitions are actors who at various times played the role of "policy broker." For example, in the cabinet, the Council for Economic Planning and Development (CEPD) attempted to keep the political conflict within reasonable bounds by proposing the free port statute principle—"Loose Regulation, Stringent Scrutiny" that would gain political support and provide additional legal guarantees for local governments. To achieve its policy goal, the CEPD thus moved in and out of a brokering role. At certain points during the legislative struggle over the Statute, the CEPD attempted to mediate between the two advocacy coalitions. The CEPD vigorously consolidated the opinions of academics and maritime interest groups in public hearings and heightened the level to the statute lawmaking. At other times, the CEPD was a member of the pro-limited development coalition.

Belief systems are the central organizing principle for advocacy coalition. Both the limited development and broad participation coalitions have distinctive and opposing belief structures. These beliefs can effectively

be organized in accordance with the categories established by Sabatier (Munro, 1993: 115). Specifically, each advocacy coalition has a deep normative core belief, a set of fundamental policy beliefs, and instrumental beliefs. Table 5 outlines the various beliefs of both the limited development and broad participation coalitions since the 1990s.

Normative core beliefs include priority of policy values and character of port competition. While the limited development coalition favored consolidating Kaohsiung's position as top container port and regarded the port as a symbol of national power, the broad participation coalition focused on a balance between domestic multi-port development and economic development.

Table 5. Belief Systems for Taiwan's Free Port Policy Coalitions

Belief Category	Limited Development Coalition	Broad Participation Coalition
<i>Normative Core Beliefs</i>		
<u>Priority of policy values</u>	Consolidating Kaohsiung's position as top container port	Balance of domestic multi-port development
<u>Character of port competition</u>	Symbol of national power	Essence of economic development
<i>Policy Core Beliefs</i>		
<u>Scope of government</u>	Quantity control of free ports	No upper-limit policy control
<u>Inter-governmental relations</u>	Central control/management	Administered by local governments
<u>Desirability of participation</u>	International commercial ports and airports	Also open to industrial ports
<u>Direct Shipping Links</u>	Only open to international commercial ports and airports	Also open to industrial ports
<i>Instrumental Policy Beliefs</i>		
<u>Impact of stopping initiatives</u>	Disaster for port development	Status quo
<u>Importance of port integration</u>	Top-down port integration	Market rules for integration
<u>Necessity of institutional reform</u>	Forward to "administrative cooperation" re-structuring	Port-city/county (local government control)

Policy core beliefs include scope of government, intergovernmental relations, and desirability of participation. The limited development coalition preferred setting quantity control and administrative guidance upon free ports, and more importantly, other than international commercial ports and airports, no application is permitted. Nevertheless, the broad participation coalition preferred no-upper limit policy control, local government administration of free ports, and the openness to two existing industrial ports. Instrumental policy beliefs include impact of stopping initiatives, importance of port integration, and necessity of institutional reform. The former regarded the impact of stopping policy initiatives as disasters, whereas the latter regarded it as the status quo. While the former laid stress on top-down port integration and restructuring “Administrative Cooperation,” the latter highlighted the market rules for integration and initiated the port-city/county policy.

During the period 1990-2005, the policy core and instrumental policy beliefs of some members of the limited development advocacy coalition came to incorporate ideas and principles borrowed from public policy science—most notably, an emphasis on providing more policy alternatives for multifaceted actors. The incorporation of these ideas into the limited development advocacy coalition's beliefs is a concrete example of what Sabatier and Jenkins-Smith termed “policy-oriented learning.” But not all members of the coalition accepted these beliefs and thus the MOTC adopted and implemented the policy principle, loose regulation and stringent scrutiny (i.e. legitimate regulatory examination approach) as a response to its belief system transformation.

VI. Conclusions and Implications

Critiques of the classical model assert that “real world” policy

implementation occurs in a multi-jurisdictional, multi-organizational environment characterized primarily by uncertainty (Matland, 1995; Perry et al., 1999). From this perspective, the logic that underlies the achievement of Taiwan's free port goals in the statutory language probably does not coincide with local standards of successful implementation. For the central government, competition as a regulatory tool was to be used cautiously because of its potential to destabilize port operations and profit levels. Thus when the top-down limited development coalition collided with the bottom-up broad participation coalition, domestic port competition was allowed and encouraged through liberal entry policies, based on the principle of loose regulation and stringent scrutiny.

To achieve its goals, the central government is based on hierarchical demand mechanisms and defines demands of society on an aggregated level (Teisman and Klijn, 2002). Although the central government is unwilling to abandon its formal superior position, inter-governmental chains and maritime networks are a reaction to the rising expectations and demands of clients. The central government is becoming more and more dependent upon local governments, private sector actors, and academics. In this respect, governmental organizations and actors are functioning in similar networks (Teisman, 2001). This makes the implementation of the free port policy a complex process of interaction between various coalition actors.

A twofold question, why the free port policy initiative was needed and how different actors and coalitions interact and negotiate, has been answered through the ACF analysis. By dealing with these two questions at the same time, this study has been able to better demonstrate the splits that many governments find themselves in.

Three features can be incorporated into theorizing the implementation of

the free port policy: (1) The achievement of the goals of each individual actor and advocacy coalition requires activities by the other actors (Teisman and Klijn, 2002); mutual adjustment and effective combinations of partnership and hierarchy are an important prerequisite. (2) Complexity is a result of the interaction and negotiation processes between different actors and advocacy coalitions, whose supports and resources are indispensable for a joint undertaking. All these actors and coalitions bring their own belief systems and strategies (Klijn, Koppenjan, and Termeer, 1995; Lissack and Gunz, 1999). (3) The decision-making process of Taiwan's free port policy indicates how difficult it is to establish a partnership, in spite of all the sincere efforts made by various coalition members. Scholars therefore should focus on the inter-organizational processes and network-like co-ordination mechanism and policy instruments that shape a growing amount of public policy.

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An Analysis of Taiwan's Free Port Policy Process: A Policy Advocacy Coalition Perspective

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Abstract

Insights and conclusions of this study are based on an analysis of a prominent case in Taiwan: the planning and decision making of the Free Port Initiative for Kaohsiung, one of the leading harbors in the world. Generally speaking, political coalitions are critical because of their importance in passing and implementing major policy initiatives. This study utilizes the theory of advocacy coalition framework in order to analyze the policy implementation of Taiwan's free port policy. The author then presents three phases of analysis: the pre-policymaking period (from 1990 to October 2002), the policymaking period (from October 2002 to July 2003), and the policy implementation period (from July 2003 to the present). Two belief systems—the limited development and the broad participation coalition—are also illustrated. The paradox of the free port policy is that the Taiwan government uses a top-down and one-size-fits-all policy direction to mandate a bottom-up implementation approach.

Keywords: advocacy coalition framework, free port policy, policy implementation, Port of Kaohsiung, Port of Shanghai.