The EU port system
Challenges and policy development

Victor Schoenmakers – Chairman ESPO
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Summary

1. Introduction to the EU port system
2. Market developments
3. Common challenges
4. Evolution of EU ports policy
5. 2007 Ports Policy Communication
6. Short term EU ports policy agenda
7. Conclusions
1. Introduction to the EU port system

“L’ennui naquit un jour de l’uniformité”
“Boredom was one day born out of uniformity”

Antoine Houdar de la Motte (1672-1721)

Cited by Sir Fernand Suykens, Founding Chairman of ESPO
at the AAPA Annual Convention held in New Orleans on 18 October 1995
• The EU port system is anything but uniform
• EU has 27 Member States of which 22 have seaports
• Coastline of 70,000 km along two oceans and four seas
• Approximately 1200 commercial seaports:
  – 700 ports handle less than 1 million t per year
  – 10 ports handle more than 50 million t per year
Category A seaports
Source: European Commission 2005
Logistics core regions and multi-port gateways – Source: Notteboom 2008

Gateway port
- Transhipment/interlining port (transhipment incidence >75%)
- Gateway port also handling substantial transhipment flows

Logistics core region

Multi-port gateway region

Inland corridor

Main shipping route

Multi-port gateway regions:
1. Rhine-Scheldt Delta
2. Helgoland Bay
3. UK SE Coast
4. Spanish Med
5. Ligurian Range
6. Seine Estuary
7. Black Sea West
8. South Finland
9. Portugese Range
10. North Adriatic
11. Gdansk Bay
Market shares of port regions in Europe based on container throughput in TEU (2007)

- West Med (Europe): 29.5%
- Hamburg-Le Havre range: 45.6%
- Atlantic Range: 2.8%
- Black Sea (West): 1.8%
- East Med (Europe): 2.1%
- UK/Ireland: 10.1%
- Scandinavia/Baltic: 8.0%

Source: ESPO/ITMMA 2008
2. Market developments

- Economic crisis has fundamental impact on shipping & ports

- Photo: layed-up ships in Singapore

- Ports in North West Europe decline in throughput for the first months of 2009: roughly between -10 and -15 % compared to 2008
Trade reacts very strongly to economic cycle

Illustration Rotterdam

Throughput Rotterdam
Growth EU 15


9/11

Current crisis
Medium term future: three scenarios

THREE SCENARIO’S FOR THE MEDIUM RUN, throughput Port of Rotterdam

NB: for the long run, solid traffic growth is expected
3. Common challenges
Challenges

• Integration in logistics chains:
  – Ports are key elements in value-driven logistics chains
  – This offers substantial network possibilities but also poses numerous coordination problems

• Strategies of market players:
  – Powerful and footloose actors control freight from origin to destination
  – Global groups invest and operate terminals in several ports worldwide
  – These actors and groups have strong bargaining power

• Sustainable development of ports:
  – Ports development calls for continuous investment in port facilities and connections
  – This creates ecological and societal pressures
Implications for port governance

• Ports have become key elements in logistics networks
• Rapidly changing environment creates lots of opportunities … and lots of uncertainties
• What determines port competitiveness?
• What is the role of a port authority?
Key capabilities of a port authority

• Act as facilitator / business promoter in logistics networks
• Create strategic partnerships
• Secure public and private investments
• Ensure optimal performance of service providers
• Provide value-added services
• Solve bottlenecks
• Develop a clean, safe and secure environment
• Accommodate conflicting interests
• Promote positive public image of the port
Influence governance system

• Governance system strongly influences capabilities and tools port authority to cope with challenges
• Bottom-up motivations for re-organisation port authorities vs. top-down government imposition of port reform
• Various forms: privatisation, corporatisation, commercialisation
• Outcome reform programmes generally unsatisfactory
• Important factors:
  – Financial and commercial autonomy
  – Political influence
  – Management culture
  – Legal framework
4. Evolution of EU ports policy

Signing of the Treaty of Rome – 25 March 1957
**Some key dates**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1974</td>
<td>Foundation of the « Community Port Working Group »</td>
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<td>1992</td>
<td>Signing of the Treaty of Maastricht</td>
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<td>1993</td>
<td>Foundation of ESPO</td>
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<td>1995</td>
<td>Communication on Short Sea Shipping</td>
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<td>1997</td>
<td>Green Paper on Sea Ports and Maritime Infrastructure</td>
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<tr>
<td>2001</td>
<td>First « Ports Package »</td>
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<tr>
<td>2004</td>
<td>Second « Ports Package »</td>
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<td>2007</td>
<td>Communication on a European Ports Policy</td>
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A sometimes bumpy road ...

Dockers unions demonstrate in Brussels and Strasbourg against EU plans to open market access to port services (2003-2006)
Ports did not remain immune to EU law

- **Case-law:**
  - application EU Treaty rules
  - decisions European Court of Justice / European Commission
  - particularly with regard to competition and internal market
  - often far-reaching impact on port governance

- **Secondary legislation:**
  - Directives and Regulations
  - in the fields of environment, safety, security, customs, ...
  - often not specifically written for ports but again far-reaching impact, e.g. for port development

- **Up to 2007 no coherent EU policy framework for ports**
EU Transport Commissioner Jacques Barrot opens the consultation on a new European ports policy at the annual conference of ESPO - Stockholm, 2 June 2006
Six areas for action

a) Port performance and hinterland connections
b) Expanding capacity while respecting the environment
c) Modernisation
d) A level playing field – clarity for investors, operators and users
e) Establishing a structured dialogue between ports and cities
f) Work in ports
Port performance and hinterland connections

- Promotion of environmental-friendly modes of transport (shortsea, rail and inland navigation)
- Review of the Trans-European Transport Networks (infrastructure masterplan)
- Solving of infrastructure bottlenecks
- Ensure regional balance in Europe
Category A seaports
Source: European Commission 2005
Middle East – Far East
Main shipping route

Americas

Americas

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Logistics core regions and multi-port gateways – Source: Notteboom 2008
ESPO 2009 Conference
Marseilles 14-15 May 2009

The European Port System
Towards a Sustainable Network Vision

Info & registration:
www.espo-conference.com
Expanding capacity while respecting the environment

- Guidelines on the application of EU environmental legislation to port development
- Revision legislation on waste reception facilities
- Revision of legislation affecting dredging operations
- Measures to combat climate change (including ship emissions)

Nynäshamn project - Stockholm
Modernisation

- Internal market for intra-EU shipping (no administrative formalities)
- Reform of EU Customs Code
- Use of electronic procedures
- Development of port performance indicators
Level playing field

- Guidelines on the use of public funding (State aid)
- Legislation on financial transparency of port accounts
- Guidance on concessions
- Guidance on monopolies for technical-nautical services
- Guidance on use of labour pools
Structured dialogue between cities and ports

- Encourage dialogue between port and city authorities
- Raise awareness about ports with the general public
- Improve the public perception of ports
- Make port areas attractive and accessible (security challenge)
Work in ports

- Social dialogue at EU and local level
- Improve health and safety conditions
- Qualifications of port workers and training programmes
## 6. Short-term EU ports policy agenda

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<th>Chapter</th>
<th>Concrete proposals</th>
<th>Timing</th>
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<tbody>
<tr>
<td>1. Port performance and hinterland connections</td>
<td>TEN-T review (hinterland connections to ports)</td>
<td>2008-2010</td>
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<tr>
<td>2. Expanding capacity while respecting the environment</td>
<td>Guidance on application EU environmental legislation</td>
<td>2009</td>
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<td></td>
<td>- Performance indicators</td>
<td>2009</td>
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<td></td>
<td>- Concessions (+ ESPO code of good governance)</td>
<td>ongoing</td>
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<td>5. Establishing a structured dialogue between ports and cities</td>
<td>- ‘Open ports day’</td>
<td>annually</td>
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<td></td>
<td>- Support for research projects etc</td>
<td>ongoing</td>
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<td>- ESPO award</td>
<td>2009</td>
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7. Conclusions

- The challenges of European ports are not substantially different from ports elsewhere in the world.
- The supra-national policy level of the EU however has a significant influence on the development and governance of European ports.
- EU ports policy has two objectives:
  - Fair level playing field in terms of competition rules etc.
  - Sustainable and balanced development of the EU port system.
- Debate on EU ports policy has been difficult given the diversity of the port sector and resistance of certain actors.
- 2007 EU Ports Policy Communication was developed in close collaboration with the port sector and provides a more stable and coherent framework.
- New approach also finds broad political support.
nevertheless ...
Thank you for your attention