

Port governance and performance

Reflections from an EU perspective

Patrick Verhoeven

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Summary

1. A renaissance of port authorities ?
2. Recent developments in EU ports
3. EU policy perspective
4. Work of ESPO



1. A renaissance of port authorities?

- Role port authorities under pressure
- Review of port authority functions
- Governance and port competitiveness
- Influential governance factors



Role port authorities under pressure

- Evolution of the port concept:
 - Operational
 - Spatial
 - Societal
- Three basic lines of stakeholder pressure:
 - Market players
 - Government
 - Societal interest groups
- Existential options (*Heaver et al. 2000*):
 - Fully-fledged partners in logistics chain
 - Supporting role
 - Disappear



Review of port authority functions

	Conservator	Facilitator	Entrepreneur
Landlord	Passive real estate “manager”	Active real estate “broker” Mediator in B2B relations Strategic partnerships beyond port perimeter	Active real estate “developer” Direct commercial B2B negotiations Direct investments beyond port perimeter
Regulator	Passive application and enforcement Rules set by others Financial revenue on “tariff” basis	Active application and enforcement Other + own rules Provide assistance in compliance Tariffs + differential charging options to promote sustainability	Idem facilitator Idem facilitator + commercialising Financial revenue on commercial basis
Operator	Mechanistic concession policy	Dynamic concession policy “Leader in dissatisfaction” Provide public services / specialised services	Dynamic concession policy Shareholder in private service provision Private commercial and public services
Community n	Not actively developed	Solve economic bottlenecks Provide public goods Solve conflicting interests Promote positive externalities	Idem facilitator but more direct commercial
	Local	Local + Regional	Local + Regional + Global

Influential governance factors

- Balance of power with government
- Legal and statutory framework
- Financial capability
- Management culture



2. Recent developments in EU ports

- Privatisation port services
- Corporatisation port authorities
- Regionalisation



Privatisation port services

- France:
 - Law 4 July 2008
 - Affects former “ports autonomes” (larger ports)
 - Completes privatisation process (equipment and crane drivers)
 - Problematic implementation (labour and private operators)
- Greece:
 - Concessions for terminals in Piraeus and Thessaloniki
 - Piraeus concession agreement (Cosco) to start in November but still contested by labour interests (+ enquiry EC)
 - Operator Thessaloniki (HPH) withdrew from the agreement
- Sweden:
 - Individual initiatives municipal ports Stockholm and Gothenburg
 - Stockholm – container operations granted to HPH
 - Gothenburg – selection process operator ongoing



Corporatisation port authorities

- France:
 - Law 4 July 2008
 - Transforms “Ports Autonomes” into “Grands Ports Maritimes” (GPM)
 - GPM own land and governance structure has been modified to allow more business-oriented strategies
- Italy:
 - Revision law 1994 under discussion
 - Creation of greater financial autonomy
 - Several attempts so far unsuccessful – position central government
- The Netherlands:
 - Corporatisation Port of Amsterdam
 - Similar process as Port of Rotterdam (?)
 - Linked to financial support / participation of national government
- Germany:
 - Creation Hamburg Port Authority (HPA) – law 29 June 2005
 - Current proposal to amend the law



Regionalisation

- Belgium:
 - Flanders Port Area – initiative Flemish government linked to investment policy and financial support
 - Conflicts with Hanseatic tradition of local port management
 - Problem especially for largest port (Antwerp)
- The Netherlands:
 - Mainport policy government recognises dominant status Rotterdam
 - Further co-operation between ports seen from this perspective
- Italy:
 - Certain regions (Liguria / North Adriatic) consider “multiport gateway” concept for regional co-operation between ports
 - Conflicts with national perspective – also within port sector
- Sweden:
 - National ports plan
- Germany:
 - National ports plan



3. EU policy perspective

- General
- State aid
- Concessions
- Port performance



General

- Supra-national level EU has potential of setting more independent legal / policy framework for governance EU ports
- So far influence mainly indirect:
 - Case-law and indirect impact secondary law
 - Two “port packages” failed
- 2007 EC Ports Policy Communication puts port governance centre-stage but proposes mainly “soft law” action



EU perspective on role port authorities

EC Ports Policy Communication

Section 4.1. 'The role of port authorities' – p.8:

“The set-up of port management varies considerably across the Community [...] The Commission does not intend to intervene in order to harmonise this heterogeneous scenario. In fact, it is at the national/local level that the best setting for port management can be shaped. However, the Commission recognises that the important tasks of port authorities can be better fulfilled if they enjoy a sufficient degree of autonomy. As for financial autonomy, in particular, the Commission recalls that it is a prerequisite for allowing an efficient allocation of investments and, in the end, for allowing ports to develop.”



State aid

- State aid guidelines could have harmonising impact on port governance in Europe:
 - Establish more transparency (e.g. use of public selection procedures, separation of accounts ...)
 - Influence investment and tariff policy port authority
- Internal legalistic disputes within Commission delay publication
- Meanwhile confusing case decisions, e.g.:
 - JadeWeserPort decision (2008)
 - Enquiry French port reform (2009)



Concessions

- General principles set out in Ports Policy Communication:
 - Transparency obligation
 - Port authorities can set selection criteria autonomously
 - Durations should balance investments / competition
 - Port authorities can include quality and performance clauses
- Certain elements remain unclear, e.g. end of contract arrangements (prolongations, take-over of staff, ...)
- Follow-up uncertain:
 - Horizontal legislation concessions ?
 - Port Package 3 ??



Port performance

- Broader context performance logistics chain
- Commission wants to identify “generic performance indicators for terminals and ports” and establish a “European port observatory”
- Call for research project (inventory of relevant indicators)



4. Work of ESPO

- Fact Finding Report
- Code of Practice Concessions
- Code of Practice Societal Integration
- Port performance indicators



Fact Finding Report

- Origins: Community Port Working Group (1974)
- Aim: descriptive overview institutional and administrative structure European seaports
- Four editions so far: 1977, 1986, 1996, 2005
- Influence FFR:
 - For a long time used to prevent EU ports policy (“diversity”)
 - Influenced “traditional” view on State aid for ports
 - Extensively used (copied) by EU institutions and consultants
 - Basis of EU definition of a seaport
- Objective new edition: “EU port governance barometer”
- Methodology: desk research + survey
- Timeframe: 2010



Code of Practice Concessions

- Basis: 2007 ESPO/ITMMA survey on the awarding of seaport terminals to private operators (current practices and viewpoints)
- Issues:
 - Awarding procedures
 - Awarding process
 - Contract provisions (durations / fees / clauses)
 - Ending of contract / extensions
- Co-operation with American ports (AAPA)
- Objective: guidance based on best practice, taking into account transparency principle
- Timeframe: 2009/2010



Code of Practice Societal Integration

- Background: “community manager” function port authority
- Context:
 - ESPO Award on Societal Integration of Ports
 - Project “People around Ports”
- Aspects:
 - Co-operative synergies with cities and local communities
 - Improve quality and accessibility of port areas
 - Promote positive image of the port (experience, live and work)
- Objective: guidance based on best practice
- Complements ESPO Environmental Code of Practice
- Timeframe: 2010 (ESPO 2010 Conference – Helsinki 27-28/05/10)



Port performance indicators

- Response to EC objective
- ESPO workshop Bilbao September 2008
- Proposal for EC call (inventory of relevant indicators / European Port Observatory)



Thank you for your attention



Patrick Verhoeven – Secretary General

European Sea Ports Organisation (ESPO)

Treurenberg 6 – B-1000 Brussel / Bruxelles - Tel + 32 2 736 34 63 – Fax + 32 2 736 63 25

Email: pverhoeven@espo.be – www.espo.be

