



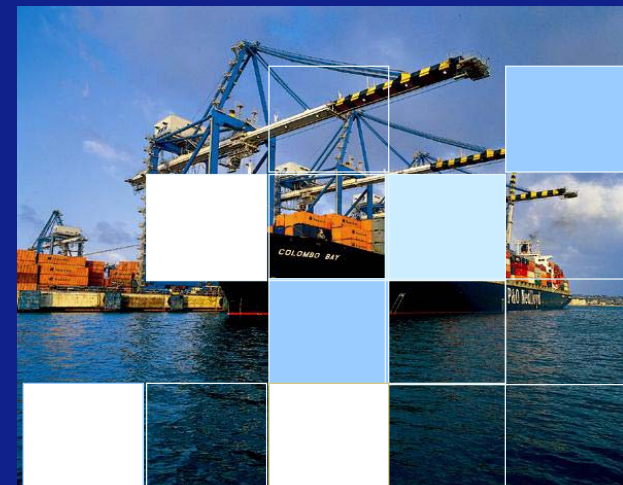
DIAGNOSTIC STUDY

Module 5

Maritime Shipping and Ports

a key sector to foster intra-regional trade relations

Core Expert : Mr. D.KOSTIANIS





Module 5 : Maritime Shipping & Ports

1. EU-Mediterranean maritime traffic characteristics

2. Ports

Major issues – bottlenecks
Conclusions - Recommendations

3. Shipping

Major issues – bottlenecks
Conclusions - Recommendations

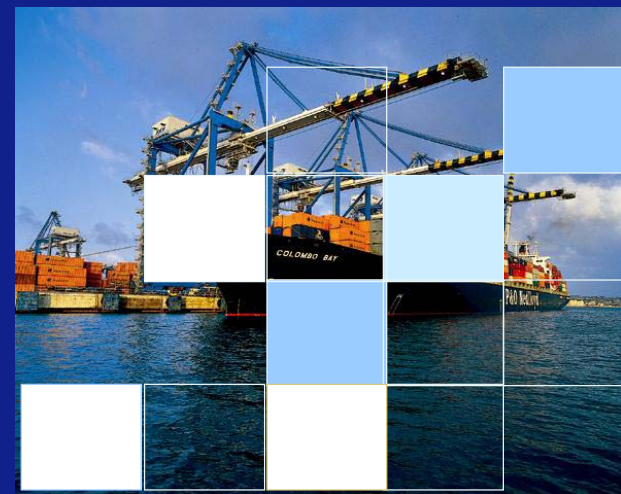
4. Maritime Safety - GNSS

Major issues – bottlenecks
Conclusions - Recommendations



1

Maritime Traffic Characteristics



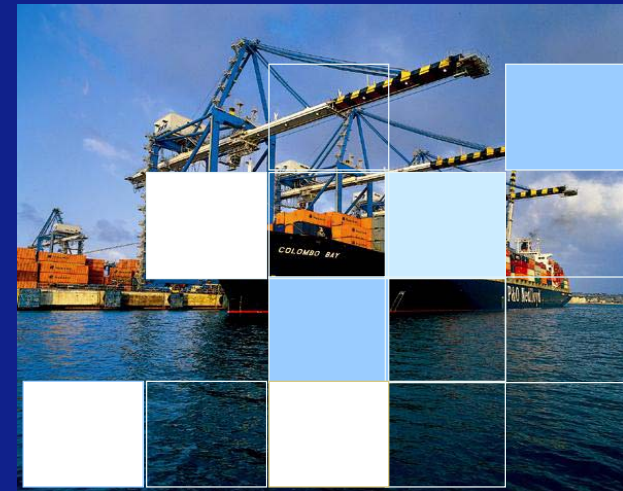
GENERAL

1. Maritime predominance in cross-border trade of MEDA countries
2. Negligible domestic and limited intra-regional traffic
3. Largest contributors: Turkey, Algeria, Egypt & Morocco
4. Concentration in few major ports per country
5. Low containerization and high percentage of empties stemming from trade imbalances
6. Limited transshipment (Malta & Egypt) although Mediterranean is an established maritime route and transit area
7. Small sea-passenger traffic with limited growth rates - Few regular ferry routes concentrated mainly in Morocco, Egypt and Turkey
8. Potential for cruiser traffic growth (currently Cyprus, Malta, Tangiers)



2

Ports





Major issues - bottlenecks

1. Border-trade barriers prevent port competition and subsequent motives for efficiency

2. MEDA ports in their vast majority are:
 - publicly owned

 - strongly protected public monopolies

 - highly inefficient and severely overstaffed

 - lacking of customer orientation, modern infrastructure and handling equipment, competent management skills, accountability, operational independence, IT infrastructure and know-how

 - ineffective in liaising with public administration (customs mainly)

3. In general, government acceptance of landlord port model and Private Sector Participation in ports – just started PSP in the form of terminal concessions



Major issues - bottlenecks

4. Governments keen to port reform but incapable since lacking:
 - know-how for necessary legal, institutional and regulatory reform
 - open market culture and experience
 - an active business-oriented private sector
 - will to face political costs
 - trained human resources to support reform changes
5. Highly inefficient and expensive port handling services (in majority of cases broken down & badly coordinated, monopolized by unions, lacking investment)
6. Varying degree of private sector maturity and open market culture
7. Higher security requirements due to growth of terrorism and illegal immigration (ISPS Code)

Major issues - bottlenecks

8. Maritime Safety in ports – strong need of attention with new regulation (nautical services) and investment (VTS-VTMIS etc)
9. Inefficient interconnections with land networks in cases (Algiers, Beirut)
10. Transshipment potential for some ports (Marsaxlokk, Egyptian ports, Izmir etc)
11. Lack of specialized / trained personnel on modern port operations / equipment
12. Limited penetration of IT and EDI technology
13. Limited development of integrated logistics services with ports (exception of Marsaxlokk)
14. UAPNA (Union des Administrations Portuaires du Nord de l’Afrique) possesses an important role for regional port development in North Africa)

Conclusions - Recommendations

1. MEDA ports present a major and serious challenge in improving maritime transport efficiency and safety within Mediterranean
2. Port reforms necessary in all countries but more mature to advance in Cyprus, Malta, Tunisia, Egypt, Morocco and Lebanon.
3. Minimize border trade barriers
4. Gradually allow liberalisation of port tariffs and promote inter-port and intra-port competition
5. Choose ports, port terminals and port services to allow PSP – focus at first to main country ports – investigate and customize the suitable form of PSP mode
6. Prepare and implement suitable legal, institutional and regulatory framework (emphasis on labor reform)
7. Introduce competent and experienced port management

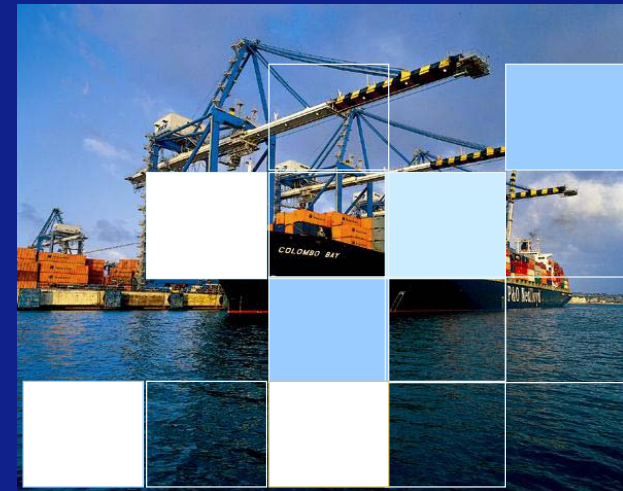
Conclusions - Recommendations

9. Promote investment and training on IT and EDI technology within major ports
10. Promote better integration of administration services within ports
11. Promote development of modern logistics services within and close to ports
12. Promote investment and training with respect to Port Security (ISPS Code) and Maritime Port Safety (pilotage, towage, VTS / VTMIS, application of international conventions)
13. Regional assistance needs for
 - Modern port operations
 - IT systems use
 - Maritime safety / security
 - Port environment protection



3

Shipping



Major issues - bottlenecks

1. High maritime costs mainly imposed by
 - Low port efficiency (insufficient / inefficient infrastructure and inefficient port services)
 - Disequilibrium between import – export trade flows
 - Low containerization
 - Absence of integrated logistics chains
2. Foreign operators not allowed to provide maritime services between domestic ports (cabotage restrictions)
3. Access restrictions to maritime market (local majority) with exception of Malta, Cyprus and Turkey
4. Heavy state involvement in maritime transport (state owned maritime companies) with liberalization tendencies



Major issues - bottlenecks

5. National fleets facing problems of ageing and underinvestment in modern technologies
6. Problematic multimodality, mainly due to inefficient ports and hinterland interconnections
7. Increased Maritime Security needs – implementation of ISPS Code from 1/7/2004

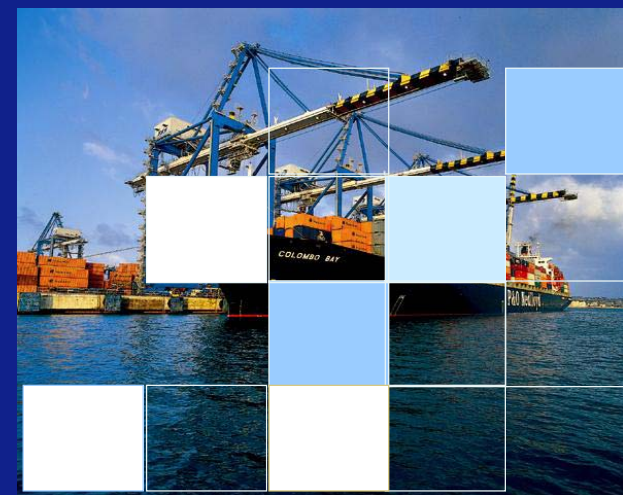
Conclusions - Recommendations

1. Promote port infrastructure / port services efficiency mainly by liberalization and PSP
2. Improve connections of ports to the hinterland and support the development of logistical platforms within and close to ports (Short Sea Shipping)
3. Promote competition in maritime transport by further liberalization
 - Lift cabotage restrictions
 - Lift restrictions on foreign investment (local majority)
 - Minimize state-owned fleet
 - Set up efficient regulatory framework (supervising & ensuring competition)
4. EU support (technical assistance and training) on ISPS Code implementation – Regional cooperation



4

Maritime Safety - GNSS



Major issues - bottlenecks

1. Increased maritime traffic within Mediterranean with emphasis in petroleum products and derivatives (in 2001 395 mil tons – 800 oil tankers)
2. Increased worldwide sensitivity on maritime safety and marine environment pollution
3. Continuous upgrade of international maritime safety / pollution framework
4. Capacity gap (legislation & implementation) between Barcelona Partners EU members and non-EU members
5. Differentiation between Euro-Med Partners with respect to implementation of international conventions due to lack of know-how and implied costs
6. Cyprus & Malta are ready to comply fully with EU legislation
7. Insufficient infrastructure and know how on maritime traffic monitoring (VTS / VTMISS) – lack of regional cooperation



Major issues - bottlenecks

8. Positive standing towards adopting GNSS – limited knowledge of maritime applications
9. Difficulty of Med partners to participate in the development of GNSS due to lack of sources of finance

Conclusions - Recommendations

1. Thorough audit assessing current flag state compliance with EU maritime safety legislation and effectiveness of existing enforcement mechanisms
2. Identify potential and difficulties of Euro-Med partners to implement Mediterranean MoU on Port State Control including Syria's position in that respect
3. Promote maritime administrations capability (technical assistance, training, enforcement mechanisms know-how) of Euro-Med partners for effective implementation of EU legislation and international conventions, in coordination with SAFEMED program activities
4. Promote the development of regional maritime traffic monitoring systems integrated in the overall European System (regional VTMISS cooperation)
5. Marketing of GNSS applications to governments and private sector (training and demonstration centers)