

EUROMED



# Training Seminar on Port Reform

Marseilles, 26-30 September 2005

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## Stage 2: The Port Reform Process

The Blue Paper on Regional Transport Policy and its  
Directions regarding Mediterranean Ports & Port Operations

***Ali ANOUTI***  
*Transport Policy Advisor*  
*EuroMed Transport Project (Main Contract)*



# The Blue Paper on Regional Transport Policy and its Directions regarding Mediterranean Ports & Port Operations

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# The Blue Paper on Regional Transport Policy and its Directions regarding Mediterranean Ports & Port Operations

## Chapter 1: Introduction & Overview of the Blue Paper

## 1.1 - Objectives of the Blue Paper

- **Specific Objective:** to define the main regional policy directions, in common agreement by the Mediterranean Partners, that are necessary to promote an integrated, efficient, sustainable and multimodal Euro-Mediterranean transport system

- **Overall Objective:** to facilitate the creation of the future Euro-Mediterranean Free Trade Area, and to promote a region with enhanced economic integration and prosperity (i.e. support the Barcelona Declaration)



## 1.2 - Peculiarity of the Blue Paper (1/2)

- **Regional cooperation in relation to improving the transport system in the Mediterranean Area is not unprecedented. Several initiatives in this regard have been undertaken, or are currently ongoing, such as:**
  - Efforts of the Arab League
  - Efforts of ESCWA in the Arab Mashrek
  - Efforts of UMA in the Arab Maghreb
  - Multilateral transport projects between the EU and MEDA Partners (Regmed, Destin, MEDA Ten-T, etc)
- **However, a common feature of these initiatives is their 'limitation' in geographic coverage or technical scope or political back-up.**

## 1.2 - Peculiarity of the Blue Paper (2/2)

- **To this end, the Blue Paper stands out as a comprehensive and far-reaching effort as it offers:**
- Full geographic coverage addressing the issue of integrating transport systems across all MEDA countries, as well as between them and the EU
- Complete technical coverage addressing institutional & regulatory dimensions of transport as well as the physical infrastructure aspects, for both passengers and freight traffics.
- A shared future vision as it has been prepared in a highly participatory approach bringing together the points of view of high level transport officials from all MEDA partners & the EC.
- Strong political support as the vision of the Blue Paper will be endorsed by the Ministers of Transport of the region in the First Euro-Mediterranean Conference of Transport (Marrakech, Morocco, 15 December 2005)
- A practical implementation tool as an accompanying Regional Transport Action Plan will be designed containing a series of actions and measures aimed at executing the policy proposals and putting the identified transport vision into life

## 1.3 – Organisation and Structure of the Blue Paper (1/3)

- The Blue Paper consists of two main parts; a Diagnostic Part and a Recommendations Part. This is in addition to a stand-alone Executive Summary



### Part I: Overview and Diagnosis of the Mediterranean Transport System

Core Factors Constraining the Development of the Regional Transport System

### Part II: Recommendations for a Regional Transport Policy

Switching from Transport Fragmentation to Transport Integration

## 1.3 – Organisation and Structure of the Blue Paper (2/3)

# BP PART I

1	General Data and Statistics
2	Institutional Structures and Human Resources
3	Maritime Shipping and Ports
4	Civil Aviation and Airports
5	Road Transport
6	Rail Transport
7	Multimodal / Intermodal Transport
8	Border-Crossing Issues
9	Global Navigation Satellite System (GNSS)

## 1.3 – Organisation and Structure of the Blue Paper (3/3)

# BP PART II

**10**

**The Logic behind the Policy**

**11**

**Strengthening and Modernising the Institutional Dimensions of Transport**

**12**

**Integration and Cohesion of Infrastructure Networks**

**13**

**Maritime Transport at the Heart of a Smooth Multimodal Freight Transport Chain**

**14**

**Exploiting the Full Potential of Air Transport and Boosting Air Passenger Traffic**

**15**

**Making Transport in the Mediterranean Safer and Sustainable**

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**Overcoming the Headache of Funding**



# The Blue Paper on Regional Transport Policy and its Directions regarding Mediterranean Ports & Port Operations

## Chapter 2: The BP Policy Directions on Ports and Port Operations

## 2.1 – Context of Port Reform within the Policy Framework (1/2)

- **The concept of Port Reform falls under Pillar 3 of the Proposed Regional Transport Policy ‘Maritime Transport at the Heart of a smooth Multimodal Freight Transport Chain’**
  - This pillar aims at ensuring the smooth and uninterrupted flow of freight in the region, across the different transport modes and across the different countries.
  - The Pillar comprehensively tackles all issue related to transporting freight from origin to destination, including ports / maritime transport, road and rail transport, border-crossing issues and logistical aspects.
  - Nevertheless, the Pillar considers that ports / maritime transport should constitute the nucleus upon which efforts should primarily be focused and concentrated, given the predominance of this mode in regional trade.

## 2.1 – Context of Port Reform within the Policy Framework (2/2)

- **Port Reform represents a crucial necessity for optimising the functioning of MEDA ports, consequently enabling them to play their required roles as focal nodes in multimodal freight transport chains**
- **This requires that a true change and a genuine transformation be made in the management culture of ports through various approaches**
  - Decentralisation of port management
  - Commercialisation of ports
  - Introduction of advanced PSP in ports
  - Port Community Concept
- **The optimal approach (or approaches) to be adopted by MEDA countries requires taking into consideration the specificities of their ports (ownership, management, function, size, physical set-up, geographic location, etc.)**

## 2.2 – Policy Guidelines on Decentralisation of Management (1/2)

### ■ Decentralisation of Port Management targets

- Separating the task of port regulation from the task of port management
- Encouraging decentralisation and autonomy of the task of port management from the national level to the local level

### ■ Main Benefits to be gained include

- More independence in management would lead to more efficiency in the functioning and performance of the ports
- The Management Authority becomes in direct contact with its customers and more aware of their needs, and can provide customer-oriented service
- Inter-port competition is enhanced, and consequently costs are reduced and service is improved

### ■ Since the different MEDA countries are at different levels of development, then different efforts need to be made in this respect

## 2.2 – Policy Guidelines on Decentralisation of Management (2/2)

### ■ The differentiated approach

- Morocco and Tunisia, where centralisation currently prevails, are encouraged to reverse this situation and decentralise as soon as possible. In the meantime, separate accounts could be introduced for the different ports and different activities to promote transparency and accountability
- For Cyprus and Malta, the centralisation of port management is not an issue, given the small number of ports and the proximity of ports to each other. Focus would thus be to enhance the freedom and performance of the port authority and ensure that separate accounts exist for each port and each activity
- For Turkey, the aim would include not only decentralising the management of the major ports falling under TCDD, but also separating the port sector from the rail sector and ceasing to use the port revenues to cross-subsidise the railways
- In Algeria, where some decentralisation exists as 3 regional authorities manage the ports under their respective regions, further efforts in this regard could be pursued, at least for the biggest and major ports. As a minimum, different accounts could be made for the different ports under each authority
- For Jordan, Egypt, Israel, Syria and Lebanon where decentralisation is already achieved, the focus would thus be to further enhance the freedom, functioning and performance of the port authorities to the maximum possible extent.

## 2.3 – Policy Guidelines on Commercialisation of Ports (1/2)

### ■ Commercialisation of Ports targets

- Allowing / increasing PSP in the provision of port services and operations
- Deciding on the priority services for PSP should take into account the level of efficiency of the public sector in providing port services, with the services demonstrating the lowest levels efficiency being accorded the highest priority.

### ■ Main Benefits to be gained include

- Momentum is injected into the competitive spirit of the port
- Intra-port competition is enhanced, costs are reduced and service is improved
- Better labour relations and discipline
- A potential source to finance capital investments in the future

### ■ Since the different MEDA countries are at different levels of development, then different efforts need to be made in this respect

## 2.3 – Policy Guidelines on Commercialisation of Ports (2/2)

### ■ The differentiated approach

- Syria, Jordan, Israel and Algeria are encouraged to put their public operators, who undertake most port services, in competition with private sector as soon as possible. Immediate efforts could focus on major ports of regional importance, through introducing at least one private operator to compete in cargo/container handling. Subsequent efforts would focus on enhancing this initiative, and extending PSP to other ports and other services (these countries have initiated such effort and are encouraged to complete it)
- In Tunisia, Morocco and Turkey, the aim would be to enhance the existing level of commercialisation, which can be described as moderate, both in scope and size. At major ports, efforts could focus on introducing one or more private operator(s) for cargo & container handling besides the existing one (if space allows), in addition to liberalising any services which might still be reserved to the public sector at these ports. Subsequent efforts could focus on extending commercialisation to other ports
- In Egypt, Lebanon, Cyprus and Malta, enhancing commercialisation of services in scope and size is also recommended. This would require efforts of a lesser scale due to the already significant involvement of the private sector in port services and operations
- Fragmentation of cargo handling activities across different operators (e.g. Casablanca and in Cyprus) should be avoided at all ports. This requires allowing the operators the rights to provide both vessel on-board handling and ground handling services

## 2.4 – Policy Guidelines on Introducing Advanced PSP in Ports

### ■ The introduction of advanced PSP in ports targets

- Seeking an advanced and sophisticated degree of private sector involvement in ports, in terms of management, operation, financing and investment
- Transfer of accountability and responsibility from the public sector to the private sector
- Relieving MEDA governments from making the heavy investments that would be needed in the future at their ports

### ■ Type of advanced PSP to be adopted in Ports

- Several international models exist to achieve an advanced degree of PSP in ports, each model having different implications and results
- The decision by MEDA countries on which model to adopt needs to consider the specific conditions and characteristics of their ports
- Nevertheless, it could be generalised that the Landlord Model could be sought as a primary option, given that it is widely common at the international level with huge successes
- There are some successful examples of advanced PSP in ports in the region (Ain Sukhna in Egypt, Marsaxlokk Container Port in Malta, Ambrali port complex in Turkey, etc.) that are useful to consider by MEDA countries

## 2.5 – Policy Guidelines on Port Community Concept

### ■ The Port Community Concept targets

- Optimising the overall work environment of the port and raising its global efficiency
- This concept is encouraged to be sought by all MEDA ports, giving priority to the ports of regional / international importance.

### ■ Requirements for a Port Community

- Establishing direct and effective means of communication and coordination between all actors involved in the port, both public and private (port authority, customs, police, private operators, freight forwarders, customs brokers, labour unions, etc.).
- The above could be achieved by creating a joint committee that guides and coordinates all major decisions to be taken in the port and all important actions to be implemented
- Implementing advanced IT port management systems, which allow the electronic interchange of data EDI among all actors, and allow the conduct of all applications associated with clearing freight in an electronic manner (including banking)
- Simplifying customs procedures and revising the current procedures affecting the passage of freight through ports to promote shorter dwell times

## 2.6 – Policy Guidelines on Port Equipment & Infrastructure (1/2)

### ■ Port Equipment

- The lack of modern and sufficient equipment for handling general cargo and containers is a common problem in the majority of MEDA ports, although at different extents.
- One of the by-products of port reform is that the required equipment will be made available by the private sector, in addition to well-trained staff to operate this equipment
- However, completing port reform is a complicated process that might take a significant period of time to materialise, even with strong government support.
- Accordingly, it might be justified for MEDA governments to make by themselves the required investments in equipment (at least for the major ports), and to later on rent-out or sell-back these equipments to the private sector at the appropriate point in time.
- This decision needs to be studied on a case-by-case basis, taking into consideration, at each port, the ability of existing equipment to accommodate current and projected demands, importance of the port, available budgets, expectations of when private operators will be allowed to enter the market, etc.

## 2.6 – Policy Guidelines on Port Equipment & Infrastructure (2/2)

### ■ Port Infrastructure

- Additional provisions in infrastructure will be needed in the future at many MEDA ports, particularly to handle the expected rapid growth in container traffic.
- Such additional infrastructure needs to be made available at the required points in time
- Until the extended facilities can be brought into place, it would be necessary to enhance the levels of efficiency of existing terminals to mitigate congestion problems.
- To this end, the importance of Port Reform and Port Community stand-out again, as the changes that would be introduced in relation to practices, procedures, equipment, training, institutional set-ups and regulatory frameworks would raise port productivity and efficiency and providing, in many cases, sufficient capacity for the medium term.
- As an example, one direct consequence of port reform & port community is the reduction of container dwell times through simplified customs procedures, revised storage tariffs, facilitated banking procedures, modern equipment, etc. If dwell times could be reduced to half, an automatic doubling would be generated for the terminal's capacity, thereby delaying the need to make infrastructure investments.

## 2.7 – Other Supporting Policy Guidelines

- **Other measures that need to be taken to support the functioning of ports within the multimodal freight transport chain include**
  - Improvement of maritime transport services (restructuring of public shipping companies, fostering PSP in maritime shipping through improved regulatory frameworks, etc)
  - Promoting the enhanced use of containers in maritime shipping, not only as a means for reducing transport costs of cargo, but also for protecting cargo from damage and theft.
  - Making investments in logistics platforms, both at the ports and in the hinterlands
  - Promoting the use of hub ports as an alternative to direct shipping services, as this can produce significant savings in the cost of container transport.
  - Enhancing port hinterland connections, by improving road and rail access to the ports

***Thank you for your attention***