

EUROMED

Training Seminar on Port Reform

**Case Study: Maltese Port Reform Experience
towards the EU Acquis**

Marseilles, 26-30 September 2005

**Charles V Schembri
Executive Director (Ports)
Malta Maritime Authority
Ministry for Competitiveness and Communications**

Port Reform – A MALTA Perspective

❖ Malta Data Sheet

❖ Port Reform:

- Port Reform Strategy Plan
- Action Plan
- Legal framework
- Labour Issues
- Private Sector Participation
- Identified results

Port Reform – A MALTA Perspective

❖ Malta Data Sheet

- Land Area - 315 square kilometres
- Population - 400,000
- Economy - Manufacturing
Tourism
Banking, Insurance and Financial Services
Maritime Industry
- Maritime - 4th largest Fleet world-wide
- Ports - 2 International Ports:
Projected capacity around 3 million TEUs
30,000 ship moves p.a.
1.4 million TEUs, 8 m. tons liquid bulk
500,000 passengers,
Bunkering & ancillary shipping services,
Ship-repair yards
Direct/Indirect jobs in ports - 3,500

Port Reform – A MALTA Perspective

❖ Malta Institutional legal & administrative set up

- Ministry for Competitiveness and Communications
 - Maritime Affairs
 - Communications
 - Standards
 - Fair trading, Consumer Affairs
 - Competitiveness
- Malta Maritime Authority
 - The Regulator for shipping and ports
 - Designated competent authority re EU acquis
 - A shipping register
 - A harbour Authority

Port Reform – A MALTA Perspective

❖ Malta - Port Reform Strategy Plan (1)

➤ Objectives

- To adequately serve the needs of the economy, generate investments and jobs
- To expand transshipment/added value activities
- To further increase the transshipment market share
- To finalise privatisation process
- To act as catalysts for MOS and SSS
- To establish ports as high quality service centres
- To enhance the competitiveness of the ports

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❖ Malta - Port Reform Strategy Plan (2)

Parallel initiatives

- Implementation of an EDI system (Malta PortNet) through a single window (web based) facility, linked with the future SafeSeaNet
- Further upgrading of administrative capacity
- Commissioning of VTMIS by mid 2006
- To initiate action in co-operation with neighbouring EU and MEDA states for the establishment of Central Med VTS region

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❖ Malta - Port Reform Strategy Plan (3)

- To restructure Ports Institutions
 - Update service providers legislation
 - Streamline and harmonise port processes and port charges
 - Transfer regulation of service providers to contract law
 - Authorise service providers with definite durations, including Public Service Obligations/Services of General Economic Interest as applicable

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❖ Malta - Port Action Plan (1)

- Studies
- Ports Strategy Plan
- Ports Consultative Council
- National Ports Policy
- Ports Development Plan
- Approval by Cabinet of Ministers
- Establishment of a Steering Group
- Privatisation – Selection process
- Discussions with service providers

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❖ Malta - Port Action Plan (2)

▪ National Ports Policy

- A Port system
- Marsaxlokk – a hub & spoke container terminal
- Valletta – a multi-purpose port with niche transshipment businesses
- Setting up of a distribution centres/logistics platforms
- Establish a Shortsea Promotion Centre to develop awareness, set up data bases, carry out specific research
- Embark on educational/training programmes at all levels
- Complete the privatisation process in Valletta
- Harbour Authority to: regulate and control service providers, to develop the ports, to promote the ports, to act as the ‘main manager’ of the ports to facilitate trade

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❖ Malta - Port Action Plan (3)

▪ Ports Development Plan

- A Master Plan for the Ports identifying businesses and development plans**
- An economic feasibility study and environmental impact assessment of proposed projects**
- An economic and financial model for the ports**
- Port development plans are estimated at around 400 million Euros, apart from further expansion of port areas**
- Time frames for port infrastructure 2013 or earlier**

- NO FINANCIAL ASSISTANCE FROM CENTRAL GOVERNMENT**

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❖ Malta - Port Action Plan (4)

- **National Ports Policy and Development Plans approved by Cabinet of Ministers**
- **Setting up of a Cabinet Committee to oversee port development projects**
- **Establish a Steering Committee, led by Ministry, to conduct discussions with service providers, reporting to Cabinet**
- **Launch an international call for the Expressions of Interest for Cargo Handling Management Terminal in Valletta**

Port Institutional Reform to be completed by mid 2006

Port Reform – A MALTA Perspective

❖ Malta - The Legal Framework (1)

- *The challenge*

- **International Legislation (IMO & ILO)**
- **EU Acquis on maritime safety and ports**

- **The process:**
 - **Prior EU Accession Malta had signed/ratified a number of international conventions**
 - **A screening process was initiated to appraise local legislation with the EU acquis**
 - **Considerable chapters of the EU ports and maritime safety acquis had to be transposed into national law**
 - **Over the past decade the EU has enacted volumes of legislation affecting ports, at times enforcing the implementation of IMO Conventions**

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❖ Malta - The Legal Framework (2)

- *The challenge*

- **IMO - SOLAS, MARPOL
Intervention & Salvage Conventions
OPRC**
- **ILO - Occupational health and safety
Working conditions for port employees**
- **UNCLOS/BARCELONA Conventions
Obligations of a coastal state in cases of ship
casualties and pollution response**

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❖ Malta - The Legal Framework (3)

- *The challenge*

EU Acquis

- Directive on ships monitoring, notification, places of refuge, response (the VTS directive)
- Directive on port reception facilities
- Directive on reduction of sulphur content in fuels
- Regulation on enhancing shipping and ports security, to be followed by a directive for all port areas and a proposal for security measures throughout the whole transport chain
- Transparency of Accounts directive as applicable to ports
- Cabotage directive as affecting ports
- Multifarious legislation relating to environmental matters
- State aids guidelines on shipping
- Eurostat directive
- The “ERIKa” packages relating to maritime safety

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❖ Malta - The Legal Framework (4)

- *The challenge*

EU Acquis

- **No specific or “ad hoc” legislation relating to management of ports**
- **Competition issues and access to services is generally covered by the EU Treaty.**
- **The recent re-introduction of the port services directive**
- **The proposal for the introduction of port infrastructure charging**

A highly controversial and debated issue

Port Reform – A MALTA Perspective

❖ Malta - The Legal Framework (5)

- *The challenge*

EU Acquis

EU Member States firmly believe that Maritime Transport could be a solution that

- Reduces road congestions**
- Reduces costs related to road construction**
- Enhances protection of the environment**
- Reduces transport costs**

EU realises the importance of PORTS in this inter-modal transport chain, including the enhancement of cohesion amongst member states, islands and peripheral regions

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❖ Malta - The Legal Framework (6)

- *The challenge*

EU Acquis

For long years the EU has promoted **SHORT SEA SHIPPING**, through financially assisting start up costs to shipping lines and setting up of SPCs

The High Level Group of the TEN-Ts has prioritised on shipping and ports projects introducing the **MOTORWAYS OF THE SEA**

The EU has immediately kicked off with discussing the MOS with member states, has issued a *Vademecum* and subsequently a call for proposals

Available are numerous EU financing instruments targeting shipping, ports, R&D and training

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❖ Malta - The Legal Framework (7)

- *The challenge*

EU Acquis

These concepts require

- **a sound legal framework**
- **the commitment by governments**
- **the acceptance by the shipping and ports industries**
- **the identification of new shipping routes**
- **the need for ports to be upgraded, to enhance productivity, to provide cost-effective services, to facilitate trade**

Port Reform – A MALTA Perspective

❖ Malta - The Legal Framework (8)

- *The challenge*

EU Acquis

The adoption of international legislation

- A sound appraisal of existing national legislation
- An analysis of existing institutional regime in the ports and port practices
- Identification of the players, public or private involved
- Differentiation between the Hard legislation (the legal concepts) and the Soft legislation (the enforcement and routine legal provisions)
- Prioritise and identify possible bottlenecks
- Initiate an “open” dialogue with involved government agencies and service providers

Port Reform – A MALTA Perspective

❖ Malta - The Legal Framework (9)

- *The challenge*

EU Acquis

- **It is important that the adoption of new legislation is:**
 - **To the benefit of the country at large, its economy and its trade relations with neighbouring states**
 - **Not a theoretical desk exercise that is problematic to implement, but one that reflects the specificities of the country**
 - **Backed up by a sound administrative capacity that has the acumen to sustain the gradual evolution of the industry and to adapt to unforeseen changes**
 - **Accepted by all industry players and stakeholders (this could indeed be a long process of persuasion and an educational exercise)**
- **To date Malta has adopted all maritime and ports acquis**

Port Reform – A MALTA Perspective

❖ Malta - Labour Issues (1)

- **Diverse “service providers” entities often enjoying legislative or time-honoured exclusivity**
- **No surplus labour**
- **Educated workforce, flexible, multi-disciplined and innovative**
- **High remunerative regime**
- **A restructuring process is necessary**
- **Retention of existing job security**
- **Conscious that the ports require to retain their competitiveness vis-à-vis transshipment operations in view of cut-throat competition from existing and emerging neighbouring ports**

Port Reform – A MALTA Perspective

❖ Malta - Labour Issues (2)

- Being small is beautiful but could be problematic**
- Given limited economies of scale, often one has to deal with exclusive service providers**
- Ports are the “life-link” of the islands**
- Having just two ports engaged in international trade requires that supply of services is uninterrupted**
- The imposition of reforms could lead to the closure of ports putting the economy at a standstill and jeopardise jobs**
- Drastic measures could mean the loss of skilled labour, a long term learning curve for new recruits, additional expenses in training, congestions and loss of contracts**

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❖ Malta - Labour Issues (3)

- **The cautious approach that rendered Maltese ports successful**
 - **A long process of persuasion explaining the benefits of gradual change**
 - **The notion that earnings could increase with increased volumes (transshipment) that otherwise would go to other ports**
 - **Introduction of training schemes and developing a sense of belonging**
 - **Gradually introduce flexibility in number of gangs, allocation of port work, interoperability between sectors, discipline**
 - **Realisation that added-value cargo operations have to be and remain competitive**
 - **Certain services that may not be required by a private operator have to be forfeited**

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❖ Malta - Labour Issues (4)

➤ The Way Forward

- Determine a practical operational regime within a “terminal operator” management model
- Streamline operations through assimilation of sectors
- Encourage various service providers to establish themselves in legal entities that could conclude service agreement with terminal operators under contract law
- Authorise such legal entities for determined periods subject to qualitative criteria and obligations
- Determine services that are no longer required, provide retraining for redeployment
- Determine which services are subject to SGEIs that stand to benefit the islands if exclusivity were ascertained through a selection process

Port Reform – A MALTA Perspective

❖ Malta - Private Sector Participation (1)

- **There is NO “ad hoc” privatisation law in Malta**
- **Existing legislation provides for**
 - **the transfer of property to third parties**
 - **the conclusion of emphyteuta, leases and concessions for a number of years**
 - **the right to enjoy through duration of arrangement the benefits from the management of site**
 - **the guarantee that the grantor (government or harbour authority) defends the operator against any claims from third parties in terms of Land Disposal Act**
 - **the right of establishment in Malta**

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❖ Malta - Private Sector Participation (2)

➤ Privatisation process to date:

▪ Valletta:

- **Cruise/Ferry Passenger Operations -VISET**
- **Grain Silos, Cement Silos, Direct delivery/export bulk cargoes**
- **Petroleum Installations**

▪ Marsaxlokk:

- **Container Terminal – CMA CGM**
- **Petroleum Installations – OilTanking**
- **Petroleum, gas Installations**

▪ Technical/Nautical services

- **Pilotage**
- **Moorage**
- **Towage**

Port Reform – A MALTA Perspective

❖ Malta - Private Sector Participation (3)

➤ Privatisation process to date:

▪ Valletta:

- Cargo Terminal Management

A Call for Expressions of Interest has been issued for this last phase of privatisation process to replace present arrangement between harbour authority and the present private shore operator

- Criteria:

Good standing

Terminal management expertise and proved record

Business Plan identifying new cargo volumes

Investment Plans

Business Plans

The duration is for a minimum of ten years and a maximum of thirty years depending on investment programmes

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❖ Malta - Private Sector Participation (4)

➤ Privatisation results to date:

❑ Millions of Euros in investments:

Viset: Rehabilitation of Valletta Waterfront

Restoration of historical sites

Construction of Cruise terminal

Expansion of Ferry Terminal

Introduction of various commercial outlets

Silos: Construction of silos and automatic handling equipment

Container Terminal:

Upgrading of stacking areas

Introduction and upgrading of new gantries, RTGs, cargo prime movers, training

Port Reform – A MALTA Perspective

❖ Malta - Private Sector Participation (4)

➤ Privatisation results to date:

- ❑ Increase in Cruise/Ferry Passenger Volumes**
- ❑ New cruise lines & hubbing concept**
- ❑ Increase in Cargo volumes & productivity**
- ❑ A wider spread of origination & destination ports**
- ❑ More accountability and reduction in claims**
- ❑ Better enforcement of discipline on labour force**
- ❑ Generation of direct and indirect jobs**
- ❑ More structured marketing/business plans**
- ❑ More effective representation abroad**
- ❑ An expanded Investment and Risk Venture Capital accessibility**
- ❑ Introduction of more cost-effective and efficient operations management**
- ❑ A more effective and influential lobby with Government agencies**

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❖ Malta – Identified results (1):

Privatisation shall provide investments in ports and maximise on their potential, thus relieving the harbour authority from commercial obligations. Private operators are better placed to attract new businesses, to act more aggressively in the competitive market and are more proactive in adapting themselves to market demands.

Labour Reform shall enable the streamlining of operations, enhance accountability, efficiency and cost-effectiveness of the ports, and, once better trained, employees shall positively adapt to the continuous changing trends of shipping and ports.

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❖ Malta – Identified results (2)

Government Agencies and Harbour Authority shall restructure themselves in order to develop intelligent policies and to assume a more proactive regulatory role. Harbour authorities shall act as the “main manager” of ports and as catalysts towards the facilitation of trade through the elimination of bureaucracy, the introduction of effective EDI systems and the good governance of ports, whilst protecting the public domain.

Finally but most importantly to enhance and sustain the

Competitiveness of the Ports

Port Reform – A MALTA Perspective

❖ Malta – Concluding

L P Heartly:

“The past is a foreign country, they do things differently there.”

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❖ Much thanks

charles.schembri@mma.gov.mt