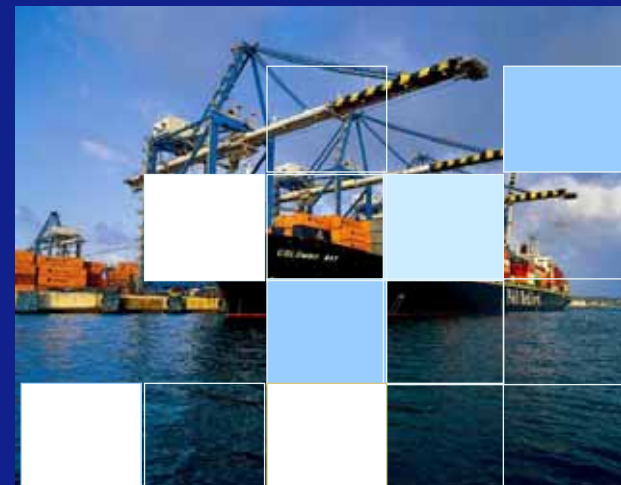


DIAGNOSTIC STUDY

Module 5 :

MARITIME AND PORT SECTOR - PORT REFORM ISSUES

Core Expert : Mr. D.KOSTIANIS





Module 5 : Maritime & port sector

1. Main issues covered by MODULE 5

2. EU-Mediterranean maritime traffic characteristics

3. Port Reform

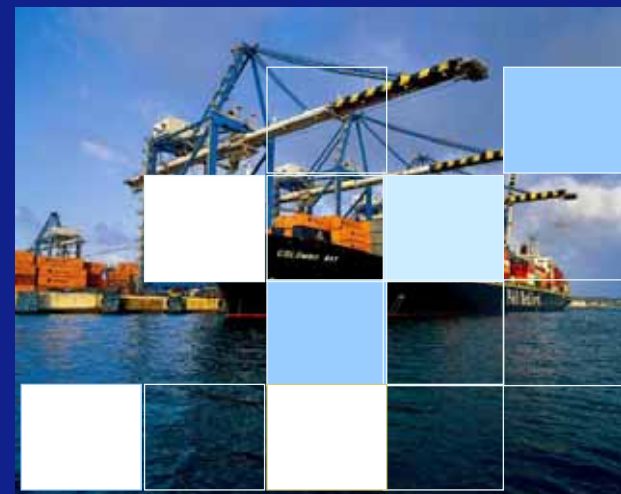
Main issues covered by MODULE 5

- 1. Maritime policy**
- 2. Shipping**
- 3. Ports and Port Reform**
- 4. Maritime Safety and Global Navigation Satellite System (GNSS)**



1

Maritime traffic characteristics



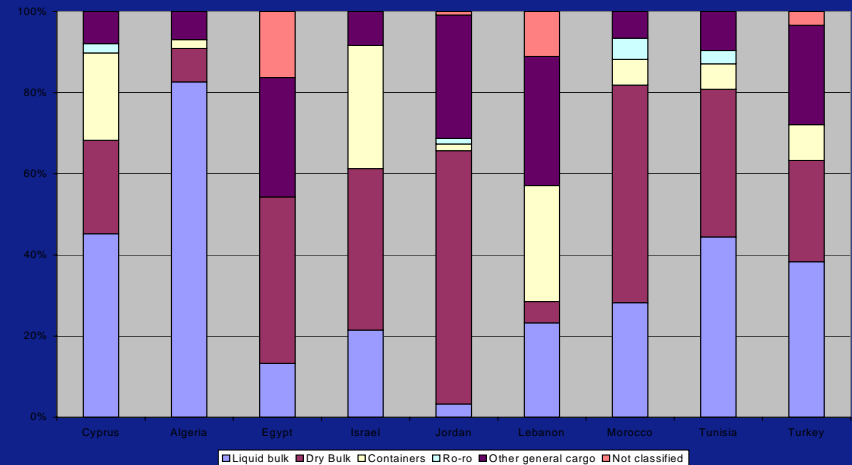


- Most southern Mediterranean trade is sea borne with a stable modal share (in volume) over 75%
- Largest contributors: Turkey (132.3 M tons), Algeria (100 M tons)
- 25 major maritime corridors carry over 2 M tons/year, mostly oil and oil derivatives transport.
- Regular maritime lines are operated on a regular basis from each major MEDA port.
- Low containerization (except Israel) / high bulk & high percentage of empties stemming from trade imbalances / variation of cargo type share
- Limited transshipment (except Malta & Egypt) although Mediterranean is an established maritime route and transit area – European ports used instead
- Limited sea-passenger traffic with low growth rates - Few regular ferry routes concentrated mainly in Morocco, Egypt and Turkey
- Growth potential for cruiser traffic (Malta, Cyprus, Tangiers)

Table 1. EU External trade with the MEDA region by mode of transport

Mode of transport	In million tonnes				In million €				€/tonne
	1990	1994	1998	2001	1990	1994	1998	2001	
Sea	106	118	133	144	31	39	57	77	536
Rail	2	1	1	4	1	1	1	1	401
Road	5	6	6	6	13	17	26	29	4 477
Air	1	<1	<1	<1	9	13	18	23	61 646
Inland waterways	3	2	1	1	1	1	<1	<1	293
Others	18	23	31	30	4	4	7	10	324
Unknown	1	2	2	3	1	1	2	4	1 367
TOTAL	135	153	175	188	60	74	110	145	770

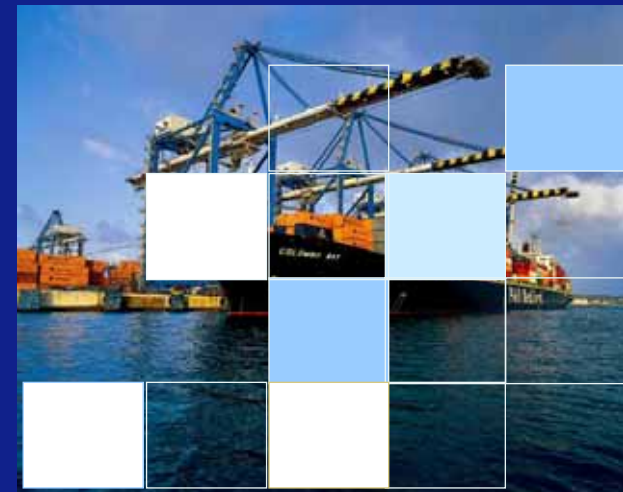
Breakdown of maritime traffic by cargo type varies significantly per country





2

Port Reform



KEY FACTS

OWNERSHIP – OPERATION

- **Public Sector in charge of all three functions (ownership, operation, regulation) with some local differences (independent port bodies in Algeria or national port offices in Cyprus, Morocco, Tunisia). In some cases, port management is carried out by the railway company (as in Turkey or in Israel, where privatisation is in progress)**
- **Limited examples of concessioning port operations to privates (East Port Said & El Shokna container terminals in Egypt, Jorf Lasfar in Morocco)**
- **In general landlord port management model is accepted (exception of Algeria and Cyprus) –In Syria the tool port model would be rather preferable**

KEY FACTS

ABSENCE / DISTORTION OF PORT COMPETITION - no LEVEL PLAYING FIELD

- cross border barriers caused by political reasons (e.g. Algeria / Morocco, Israel / Arab neighbours, Syria not allowing own exports / imports through foreign ports)
- inefficient hinterland land-side connections (e.g. Algiers, Beirut port connections)
- government intervention (uniform port tariffs are imposed amongst country ports irrespective of production costs and national / international competition)
- inadequate legislation in order to promote the modern role of ports as logistics services integrators, although progress is on the way (e.g. Tang-Med port Free Trade Zone, new Free Trade Zones in Tunisia)



KEY FACTS

MARKET ACCESS in PORT SERVICES - no LEVEL PLAYING FIELD

- Port services monopolised by state-owned ports and unions (exception of private stevedoring companies in Egypt, towage / pilotage in Casablanca)
- In general, lack of regulatory framework is discouraging PSP

KEY FACTS

PORT EFFICIENCY & COMPETITIVENESS (1/2)

- **Tariff levels not linked to costs, port services quality and customers satisfaction level**
- **Lack of sufficient and suitable modern infrastructure and equipment (e.g. Algiers, Lattakia, Tartous) – Underinvestment in public Turkish ports with cross-subsidisation of railways - Egypt has developed few very efficient ports (benchmarking example)**
- **Severe overstaffing (exception of Tunisia) implying very high social and political costs – Need for labor rationalization plans**
- **Lack of specialised and trained personnel – Training needs of port staff on modern / specialized technical and management techniques and methods (modern port operations and equipment)**
- **Port handling services in vast majority are highly inefficient broken down into inefficient and badly coordinated sections (e.g. Tunisia, Cyprus, Morocco)**

PORT EFFICIENCY & COMPETITIVENESS (2/2)

- Interfacing of ports with other public administration (customs) is poor
- Port average costs for a 20' container unit vary: €370 in Casablanca port, €330 in Haydarpasa port, €210 in Rades-Tunis port and €70 in Alexandria port
- For ordinary cargo (not JIT delivery cases), port transit delays average on 15-days in Alexandria, 9-days in Casablanca and Tunis
- ICT and EDI penetration varies
 - Egypt (main ports), Israel, Malta state of the art
 - Turkey, Algeria, Syria at the very early stages of basic IT applications in port management only

KEY FACTS

PRIVATE SECTOR PARTICIPATION

- Limited examples of concessioning port operations to privates (East Port Said & El Shokna container terminals in Egypt, Jorf Lasfar in Morocco, Valetta International Sea Terminal in Malta)
- Several BOT's in line (Beirut, Tunis, Tang-Med, Larnaca) – doubtful success due to lack of clear government strategy and regulatory framework - Although port concessions have already been granted (Egypt, Morocco), these port terminals have been treated legally as exceptional cases (no legislation to cover all cases uniformly)
- Morocco: new Port Law (expected in 2004) is supposed to consider for privatization several port infrastructure facilities / services in Casablanca and Mohammedia
- Varying degree of private sector maturity and open market culture (Syria and Algeria: very low - Jordan, Egypt, Turkey: low - Morocco, Tunisia, Lebanon: developed - Cyprus, Malta: well advanced)

KEY FACTS

PORT REFORM

- Variable level of maturity for implementation of Port Reform in each country – indicating different priorities. For example:
 - **Tunisia, with a well developed private sector shows high commitment and maturity (labour reform already in place) – lagging back with respect to institutional and regulatory framework**
 - **Morocco is currently working on a new legal, institutional and regulatory framework – labour reform issues present a serious challenge**
 - **Algeria, the new legal framework already established it's difficult to be implemented due to issues related to commitment / experience, limited private sector and open market culture, overstaffing problems**

KEY FACTS

Growing MARINE ENVIRONMENT PROTECTION AWARENESS but INEFFECTIVE ENFORCEMENT (lack of financing and know-how)

**VTS in almost all countries (except Syria and Algeria) – VTMIS in Cyprus and partly in Turkey – Need to develop regional maritime traffic networks
VTS/VTMIS in eastern and western Mediterranean**

ISPS Code application on study stage in vast majority of cases

PORT REGIONAL COOPERATION progressing (UAPNA, UPA) – questionable effectiveness in terms of results

Potential Soft Actions

ACTION DIRECTIONS	HOW	SPECIFIC ACTIONS
Promote Port Reform	Capacity building for the Ministries of Transport in the field of PORT REFORM	<p>ACTION 5.1a: Prepare and implement training seminars to raise awareness among key officials of the Ministries of Transport (MASHREK)</p> <p>ACTION 5.1b: Prepare a Port Reform Strategy for selected key commercial ports, with significant national and regional importance (MASHREK)</p>
Provide integrated support on port reform issues on a regional basis	Setting up regional observatories	<p>ACTION 2.1a: To undertake a preliminary assessment of the key issues associated with the establishment of Transport Observatories</p> <p>ACTION 2.1b: To prepare a detailed plan for establishing regional observatories.</p>
Improve port connections with hinterland and support the inter-modal role of ports - development logistics platforms within and close to ports in all countries	Providing support for the Development and Enhancement of Multi-modality & Inter-modality in Freight Transport	<p>ACTION 4.3a : Training seminars</p> <p>ACTION 4.3b : Study tours</p> <p>ACTION 4.3c : Studies</p> <p>(ALL MEDA COUNTRIES)</p>
Promote PPP and gradual market access in all countries.	Capacity Building in the Field of Public Private Partnerships	ACTION 3.9 : Training Seminars (ALL MEDA COUNTRIES)

Potential Soft Actions

ACTION DIRECTIONS	HOW	SPECIFIC ACTIONS
<p>Promote competition in seaports within Mediterranean</p> <ul style="list-style-type: none"> •by lifting cross-border trade barriers •by liberalising port tariffs and rationalisation of port labour organisation in all countries 	<p>Support for the Simplification and Harmonisation of Border Crossing Procedures</p>	<p>ACTIONS 4.1: Training Seminars & Studies (ALL except CYPRUS / MALTA)</p>
	<p>Capacity building for the Ministries of Transport in the field of PORT REFORM</p>	<p>ACTIONS 5.1b: Prepare a Port Reform Strategy for selected key commercial ports, with significant national and regional importance (MASHREK)</p>
<p>Fight inefficiency of administration procedures within ports (customs and immigration) by process rationalisation, effective computerisation (IT and EDI technology) and development of regional co-operation</p>	<p>Support in the Field of Electronic Data Interchange</p>	<p>ACTIONS 4.2a & 4.2b: Training Seminars & Studies – Promoting dialogue between public and private stakeholders (MASHREK)</p>
	<p>Pilot Project for implementing EDI Technology in three main Maghreb Ports (Casablanca, Algiers, Rades)</p>	<p>ACTION 4.5: Study and Technical Assistance (TUNISIA, MOROCCO, ALGERIA)</p>