

The Northern Adriatic Port Association



Position Paper on

THE FUTURE OF TRANS EUROPEAN NETWORK POLICY

NAPA Answer to the Public Consultation on “ the future TEN-T Policy” -

Background

NAPA, the Northern Adriatic Port Association, is the first regional European port organization in the Eastern Mediterranean to includes ports from different member states, was set up by the agreement signed the 1 March 2010 in Trieste by the Ports Authorities of Ravenna, Venice and Trieste (Italy) and the Port of Koper (Slovenia). The Port Authority of Rijeka (Croatia), was also invited and will join the Association when Croatia will officially join the EU. The Association has been created to address several issue which are relevant for all port within the Northern Adriatic range.

In details Napa’s objective could be summarized as follows:

- Developing initiatives to harmonize and exchange of best practices within the port communities, according to the specific characteristics of each port.
- Endorsing a coordinated planning investment of development of maritime, road, railways and IT infrastructures
- Removing the infrastructural and technical bottlenecks which hamper the development of the members
- Enhancing inland connections, whit a special focus on the railways link
- Building an ITS “*Single Window*”
- Supporting the development of the Baltic Adriatic Axis and its inclusion on the Trans European Transport Network
- Representing Northern Adriatic’s interest to the National and European Institutions
- Promoting the Northern Adriatic to the international business community

Introduction

Current debate on TEN-T policy revision is focusing on the criteria for defining both the Core Network and the Comprehensive Network, on the outcome of the TEN-T days in Zaragoza, and previously on the result of the work of the TEN-T Expert Groups. The individuation and selection of the Core nodes, especially for port is the most a key step within this process.

This paper is aimed at answering to the public consultation on the new Core TEN-T network planning , tackling the issue which are crucial for NAPA :

- 1) Ports as Core Nodes within the Core TEN-T Network
- 2) Change in the Economic and Maritime Pattern to be considered while planning the TEN-T
- 3) NAPA as Multiport Gateway Region
- 4) Connecting Ports with Inland Core Nodes
- 5) Implementing and Financing TEN-T

Ports as Core Nodes within the TEN-T Network

On the public consultation on the Green paper on the future of TEN-T policy ESPO suggested – and on the position paper on the public consultation reaffirm (COM(2010)212) – also the determination of core nodes (and ports) the following four iterative steps (p.6-7): where the identification of core networks and their links is the most important.” *developing a strategic vision of the core network, identifying future cargo trade flows in Europe in accordance with global trade flows, determining the future priority network in Europe and determining the future priority network and consequently defining the required steering measure to stimulate the usage of the desired priority network.*

In this framework, the individuation and selection of Core Nodes, especially ports, is crucial because they link EU economy with the rest of the world economy as gateways. In the past this issue has been neglected as pointed out on the latest TEN-T guidelines report.

The selection criteria has been carried proposed based on the different sector of goods carried (mainly dry and liquid bulks, Containers and RoRo). For containers (the most concentrated market) the port choice has been more difficult. The European Sea Ports Organization (ESPO) proposed to consider as core nodes some category of port:

- 1) Stand-alone gateway ports
- 2) Some Multiport Gateway Regions consisting of “clusters of neighboring ports with shared hinterland to be identified only”

The criteria for identifying a Multiport Gateway Regions have been also proposed by ESPO:

- 1) Shared local hinterland of neighboring ports
- 2) have a similar focus on the development of more distant hinterlands. Multi-port gateway regions compete with each other but equally ports within these regions
- 3) Calling patterns of shipping lines: shipping lines usually do not call at two ports in the same multiport gateway region within the same global service liner or loop.

NAPA endorses ESPO’S and EC approach on the selection of core network, and supports the application of the concepts “Multiport Gateway Region” and “Standing alone Core Port” for containers but recalls the need of a “holistic” vision on port activities.

Thus NAPA stresses the importance to not only focus on the container sector as the only or the main criteria for the selection of main gateways doors (and overall their connection with inland nodes) because other maritime sectors such as bulks and general cargo are relevant for traffic flows, influencing the supply chain (e.g. raw materials) and distribution patterns. Moreover passengers traffic (Ro Pax, ferry and cruise) should also be included into the evaluation of ports for their contribution to ensure a sustainable accessibility to most remote regions and to achieve the objective of the Cohesion Policy.

As for the criteria for individuating a Multiport Gateway Region, a further focus should be paid to the presence of other activities carried out within the framework of the Multiport gateway region (such as planning of common infrastructure links or ITS projects), to check whether it is working in reality or it is only artificial or ports have been grouped “artificially”.

NAPA suggests that the concept of “*co-opetition*” should be applied to any Multiport Gateway Region. This implies a real and effective cooperation among ports to attract cargo within the region, improving hinterland connection, and a strong competition among themselves for attracting cargo in the single port.

NAPA underlines that hub and spokes is not longer the main pattern in liner service design, but, sustained by evolving pattern in distribution, a growing number of ocean direct service have been established. These new services are calling at more ports within the same Multiport Gateway region, replacing a feeder service to a transshipment hub. The recently launched AAX services performing the Adriatic and the Far East is only one example.

NAPA suggests that these criteria should be well defined to make the multiport gateway region a reference for other EU policy (such as environment, maritime etc.)

Shift in Trade and Maritime Pattern to be considered by within TEN-T Planning

Economic, Trade and Maritime pattern are change quickly, modifying traditional well established traffic flows. This should be more evident, considering the consequences of current economic and financial crisis and the changes that maritime industry (and broadly speaking the transport industry as a whole) is currently facing. In other words, the demand for port and, more in general, for transport infrastructures is under transformation and a clear picture has not yet emerged.

Since Transport demand is a derived from the underlying demand of goods and mobility. The growing role of the “*so –called*” the BRICS and other emerging countries - located especially for manufacturing in Asia- could be easily identified analyzing the latest economic performance which shows that Europe, USA and Japan are still facing an economic and financial crisis. This is not the case for Emerging economies, whose growth is boosting the export of some developed economies as Germany. On the Mediterranean projections shows that countries of the South and Eastern coast will enjoy a sharp growth in the next years (around 4.5%, source IMF), while Northern and Western Coast will face a lower rate (less than 2%). In the EU the so called “*Eastward tiling of the EU*”, the shift towards the East of the manufacturing and production patterns will increase the traffic towards the direction East- West and North South.

Trans European Network Policy (TEN-T) choices will strongly influence for the next century , with the possibility of modifying the current infrastructure system, based on the link between main EU production areas (the Benelux, Germany, France) with the main market (Northern America). Nowadays, Asia is the main economic center and manufacturing activities moved towards Eastern Europe. The evolution of maritime freight route reflect this change: the route Europe Asia through the Mediterranean and the Suez channels (17 millions of TEUs- estimation 2009) is already three times the traditional Transatlantic Europe Northern America route (5 millions of TEUs). However thiese changes have not been already taken place on the Port Systems since Northern Range ports are sharing most part of the traffic.

These transformation will influence heavily maritime transport and should be carefully evaluated in the infrastructure planning phase.

New Gateways for Europe: three strategies have to be devised on the TEN-T network planning as pointed out on the Annex 3 of the EG 4 final reports to select the gateways to rest of the world

- 1) **A better use of the potential accumulated in the big North Sea ports, above all Rotterdam, Hamburg and Antwerp, which will push to strengthen the land transport network (road, rail and fluvial), to widen their connections to most part of Europe.** In the short run, this strategy will guarantee an higher economic efficiency, reinforcing the current economic advantage of the Northern sea ports; On the long run environmental external costs might be higher than other strategies.
- 2) **A balanced strategy “business as usual”, investing the funds available both in the Mediterranean - Baltic Sea ports and in the Northern Sea.** This strategy will entail from one side the improvement of land connections with a selection of Mediterranean and Black sea ports, in particular those which might become relevant of Motorways of the Sea traffic with non EU countries and to improve accessibility to Central and Eastern Europe. Conversely, on the Northern range side some investment in increasing the capacity of seaports to avoid congestion and to boost shift from land transport to inland navigation and to railway is needed.
- 3) **Reinforcing the Mediterranean and the western Black Sea gateways, naturally closer to the Far East via Suez and also via Gibraltar, along with the upgrade of the main infrastructure network for their service – part of the core TEN-T –, pursuing the target of rationalizing logistic chain, maximizing the shipping routes and minimizing those by ground, also helping reduce the impacts of energy costs and CO2 emissions.** This strategy is also consistent with the objectives of cohesion policy, because will create additional investments in the Mediterranean and Black Sea .

NAPA supports the adoption of the “balanced strategy” to guarantee balanced investments in all the port regions . In any case a special attention should be paid to the coherence between economic efficiency (scale economies – critical mass) and the CO2 and decarbonization effects because cargo concentration can not always ensure a reduction of CO2.

Transshipment is a key issue for an efficient logistics chain. in principle, Transshipment ports should be included within the core network as main nodes. However a special attention should be paid to those ports which have mainly a transshipment function with a limited (or not exiting) gateway function, less than 20% of throughput to the hinterland and the so called “*pure transshipment ports*”. The Competitive advantage (and attractiveness) of those ports of relays on **handling costs** and **on their location (requiring the shortest deviation from the main trade route)**. In the Mediterranean basin, some of EU pure transshipment ports will face the competition of alternative transshipment ports located in the Southern side of the Mediterranean. Those countries enjoy a lower labor costs which will be translated into lower handling costs. In some case this transformation is already undergoing.

Napa has the opinion that within the revision of the TEN-T policy, a choice should be made in the future between defending the EU transshipment ports (allowing for instance tax exemption and subsidies) or letting the market free to operate its selection, and investing in improving and securing gateway ports and feeder connections to the new hubs.

Motorways of the Sea, (MoS): the TEN-T revision might imply the revision of the concept of the Motorways of the Sea which were included among the list of Priority Projects. The concept could be modified to not consider only the sea leg connection but also the land links with the core network (connections to port) or extended as a real corridor (as a door to door links).

To the concept should be revised including also soft measure such as the ITS application through the “co-modal center” to strengthen effectiveness and competitiveness of the MoS.

Napa underlines the importance of the extension of the MoS concept to the third countries included into the neighborhood policy. A special attention should be paid to the Euro Mediterranean MoS, coherently with the Euro-Mediterranean Strategy, implemented through the Union of the Mediterranean and MoS are included among the priority projects lists. First results of EU projects already implemented on the area, such as the MEDAMOS as well as should be considered the basis for criteria and planning of the extension of MoS to third countries. Existing maritime links between Neighbors Countries and the EU, in principle should not be affected by the establishment of MoS. However, the principle of not distortion of current competition should be not raised to hamper the extension of MoS to third countries.

NAPA a Core Multiport Gateway Region

NAPA is including all the main ports within the Northern Adriatic the region with a total throughput of more than 121 billions of tons (around the 3.25% of the whole EU-port throughput) and passengers more than 4 million passengers.

Table 1 NAPA position in maritime sectors

Category (*)	Total EU	Share TOP 20	NAPA	NAPA Ports on top 20
Dry Bulk	946193	35,72%	3,16%	Ravenna , Venice
Liquid Bulk	1503356	43,93%	3,81%	Trieste
General Cargo	243125	29,51%	4,51 %	Venice, Ravenna
RoRo	428906	17,89%	2,27%	Koper (car terminal)
Container [TEUs]**	82238	78,47%	1,5%	

(*)Thousands of tons

**= Thousands of TEUs

Source VPA elaboration on EUROSTAT database (2010)

Category	Total EU	Share TOP 20	NAPA	NAPA Ports on top 20
Total passengers	9412881	72,06%	1.65%	

NAPA is a key multiport gateway region, which might not appear immediately if only the container is applied as main parameter for the selection of core nodes. NAPA indeed has an higher share in the freight transport, liquid bulks and, especially general cargo and Cruise Passenger. This issue might arise if ports are not considered “*globally*” but only if a single sector is taken into consideration.

The Northern Adriatic Port is already a Multiport gateway region because it produced some concrete result, showing that the ports are effectively cooperating (and competing), underlying that the port clustering is not artificial: the recently launched service Far East – Adriatic (AAX) and calling at NAPA ports, have been established only with the joint cooperation of all the members. Moreover, apart from being partner in several EU projects, Northern Adriatic Ports already submitted to the call for proposal the first multiannual project, the “ ITS Multi-port Adriatic Gateway” aimed at creating the a co-modality center within the Adriatic in the occasion of the 2010 TEN-T Motorways of the Sea. As result of these actions the competitiveness and the attractiveness of the Northern Adriatic port system is expected to increase.

Extrapolations of the current situation as those depicted by the preliminary result of the study “*TEN-t ports and their connections within the TEN-T*”, recently carried out 2010 on behalf of the EC by the consortium chaired by NEA, could show the limited role of NAPA even in 2030. NAPA have been included among the 40 core port candidates.

The current trend is deemed to be easily modified **if new and planned investments by NAPA ports both on port infrastructure and in improving inland connections are fully implemented. These facts have to be properly considered on the process of core nodes selections because they are underway and because they provide a better answer to the requirements of a energy and environmental European policy.**

The whole EU would benefit if NAPA will reach the critical operational scale that will attract new regular lines to the Adriatic in order to exploit its geographical advantage. **Indeed Northern Adriatic ports are the closest point to feed Central and Eastern European markets from Asia through the Mediterranean Sea.** Those areas are most dynamic economies and this eastward tilting of both EU and world economy is a trend which must be considered among future trends in the definition of the Core Network. **It is undeniable that** scale economies on vehicles (such as vessels, barges and wagon), could allow a further reduction on the CO2 and other GHG emissions, but the geographical

Geographical proximity would entail lower energy costs and lower multimodal GHG emissions than those one produced on the actual routes (from Port Said to Central and Eastern Europe through Northern Sea ports), a reduction in both port and inland congestion on the Northern Sea and an higher competition in the internal market, coherently with de-carbonization and

competitiveness goals as stated into EU2020 strategy on the flagship initiative “Resource Efficient EU”. Indeed, as demonstrated by a study carried out on the framework of the EU funded Project - South North Railway Axis (SoNoRA), the Northern Adriatic is the most efficient ports both for the transit time and the GHG emissions per TEU on the compared with traditional shipping routes, for the connections Europe – Asia as on the following tables and on the Map on the Annex, showing ISO carbon emission for door to door delivery through railways.

Table 2 Emission and Transit Time comparison

From Port Said	To Paris				To Warsaw			
Via	Rotterdam	Hamburg	Genoa	North Adriatic ports	Rotterdam	Hamburg	Genoa	North Adriatic Ports
Distances								
Sea+road (km)	6514	7510	3710	3715	7477	7538	4102	3835
Sea+railway (km)	6503	7503	3638	3619	7625	7544	4162	3903
Transit Time								
Sea+road (min)	111840	13040	5836	5538	12758	13372	6121	5576
Sea+railway (min)	1214	13907	6525	6416	13898	13968	7311	6841
Consumption [KOE/ teu, kg of oil equivalent / teu]								
Sea+road (kg/teu)	316	447	332	369	527	452	418	396
Sea+railway(kg/teu)	243	291	158	161	314	295	189	179
Emissions [CO₂, NO_x, SO₂, NMVOC, PC] [kg/teu]								
Sea+road (kg/teu)	146	209	157	175	247	212	198	188
Sea+railway(kg/teu)	112	135	73	75	145	136	89	84

Source (2010), A. CAPPELLI, *New EU Freight Corridors in the area of the Central Europe*, SoNoRA Project

NAPA will play an important role on the Eastern Mediterranean if hinterland connections will be enhanced and if negative externalities will be fully internalized. NAPA members have already a great role in ensuring sustainable accessibility to Greek regions, coherently with the EU regional Policy Aims, and Turkey, through frequent Ro Ro services. The EU enlargement process will increase this trend since sea link have been already established whit potential and candidates countries: Albania, Croatia and Montenegro. Additionally, the expected growth of Mediterranean countries will open new rooms of opportunities for new MoS connections. Nowadays the only existing MoS within the Eastern Mediterranean countries within Madams framework is working with NAPA ports, Egypt and Syria. This trend is expected to growth more due to geographical position of NAPA ports.

For the above mentioned reasons NAPA would welcome its inclusion as a Core Node among the European multiport Gateways Region.

Connecting Core ports whit Inland Core Nodes

The Latest Progress Report on TEN-T Priority Projects clearly states that ports are not yet well linked into the TEN –t network (p.126) and on the core network this issue is tackled considering main ports as core nodes and ensuring proper multimodal connections.

NAPA will be playing its important role as Multiport Gateway Region on the Core Network, as alternative route to reach Central and European markets competing with main European **Gateways only reaching the adequate scale dimension**. This is requiring on one hand an ambitious investment plan to increase and improve both maritime and hinterland capacity, to

produce high scale economy and lower transport costs. On the other hand, all the stakeholders at any level, should fully commit themselves to implement this plan under their competences. This investment plan should, sustainable from a financial point of view and coherent with the needs of the market, as pointed out by the EC itself¹.

NAPA endorses the idea that the revision of TEN-T policy should not lead to an excess of infrastructure planning and stress the importance of ensuring continuity with project undergoing, in particular by all the stakeholders involved according to their competence.

On **the maritime side**, NAPA members have already launched an impressive investment plan about of €5,5 billion Eur that will lead to an handling capacity between 5 and 10 million TEU in 10 years (*see the annex for details nd*) as well as several tens of additional millions tones in dry, liquid bulks and general cargoes. **Those projects will let Northern Adriatic Ports handling more maritime cargo coping with the ship size increase and reaching the critical volume required to serve Central and Eastern European economies.** Investments' goals are in line with future trend in transport and logistics and coherent with ESPO's policy principles and objective contained on their position paper. These projects are funded both by Public and by Private funds under Public Private Partnership (PPP).

On **the inland side**, several infrastructure investments are required to increase both connectivity and competitiveness, highlighting the added value of the NAPA maritime side investments.

Investments on inland connections are out of port competence, and **NAPA requires a real commitment of European Institutions and Member States in ensuring a timely implementation and in solving financial constraints of current TEN-T projects. The latter should be included on the core network, as requested by the EC and ESPO.**

- **PP1 Railway Axis Berlin – Verona / Milano- Bologna – Napoli –Messina - Palermo**
- **PP6 Railway Axis Lyon-Trieste –Divaca /Koper- Ljubjana- Budapest –Ukrainian Border**
- **PP23 Railways Axis Gdansk – Warszawa – Brno – Bratislava – Wien and its extension to Koper / Trieste / Venice – Bologna / Ravenna . NAPA strongly support the extension of PP23 from Wien to Bologna / Ravenna that will comprise the undergoing Austrian projects of Semmering base railway tunnel and Korlam Railway Graz tunnel and the existing Italian railway line “Pontebbana” currently not fully exploited.**

Napa would stress that the quick implementation of the these priority projects will increase the competitiveness of Northern Adriatic Ports to serve Central and Eastern Europe, the most dynamic EU economies. Transit times, transport costs and GHG emissions will be dramatically cut by building flat railways under mountains and removing the historical natural barer of Alps, with EU – wide benefits for the internal market, for the competitiveness and for the decarbonization of EU economy.

¹ [Planning a core network is not meant to initiate a new infrastructure program of immense scope neither: ensuring continuity for ongoing projects, giving due attention to the removal of key bottlenecks and building largely on existing infrastructure, it aims at becoming the basis for an efficient, less carbon intensive, safe and secure transport system....]

Implementing and Financing TEN-T

Coordination of financial instruments is undeniably needed to implement all infrastructure investments in all EU area. Existing EU and BEI financial instruments should be coordinated in order to ensure on one hand the implementation at latest of the core network and on the other hand to deal with shortening of public budgets and to attract private funds from existing demand of long term investments.

An EU funding strategy should be aimed to cope, with new challenges which will arise from the changes both on the shipping market and on the international and national transport demand both for goods and for passengers, on the medium and long term.

NAPA claims that overall budget for TEN-T should be increased and TEN-T funds available on the Multiannual framework should finance only infrastructure investment on the EU core network, and in the case of maritime transport, this will imply funding only ports within the main network and their connections to the Core nodes. TEN-T Annual Program should be aimed at financing both “hard and soft investment” on the Core network and connections to regional and local nodes. For instance the under the TEN-T Annual Plan should be eligible improvement of railway links from a Core Port to regional and local inland center or an ITS application to improve the access at the a Core ports

Cohesion and regional funds should be devoted to improve capacity and connections of links and nodes both on the core network and on the local network. For instance, works to deep the channels of ports within the “comprehensive network.”

Public and Private funds should be strictly coordinated in particular Public and Private Partnerships should be enhanced under a framework that attracts capitals. Moreover investment within the same corridor should be coordinated in order to be implemented within a fixed time-framework to generate network externalities.

Northern Adriatic Ports have carried out and coordinated an impressive investment plan (on the annex) to reach a critical mass to exploit positive externalities from scale economies, Northern Adriatic Ports launched an impressive Investments planned as stated on the final Koper Declaration, subscribed by all the NAPA presidents in the occasion of the meeting, the last 5 of July 2010. On the agreement, each member officially endorse the investments of other ports.

The investments **have been planned after economical and financial analysis and market – driven and based on Public and Private Partnership under BOTM schemes (Built Operate and Transfer Manage), true concession scheme will be implemented. To this framework NAPA is in the opinion that Concession schemes should be one of main instruments for financing PPP for Port investments. In principle they should be not-discriminatory and to comply with state aid rules and to build infrastructure that are assigned to private although they are public.**

Annex I Investment Plan

Ravenna

- **Deepening of canal bed up to –14,50 m. and adjustment of operational quays** (including new container terminal quays, public funds):
 - total cost € 509 mln
- **New container terminal** (private funds):
 - total cost € 240 mln
- **Strengthening of road and railway links:**
 - total cost € 205 mln

Venice

- **New Terminal RoRO/RoPax for the motorways of the sea (36ha).**
 - total cost: € 250 mln
- **New container terminal and distripark (90ha)**
 - total cost: € 600 mln
- **New off-shore terminal (oil and container)**
 - total cost € 1300 mln
- **Strengthening of Railways links**
 - Total cost 153 mln

Trieste

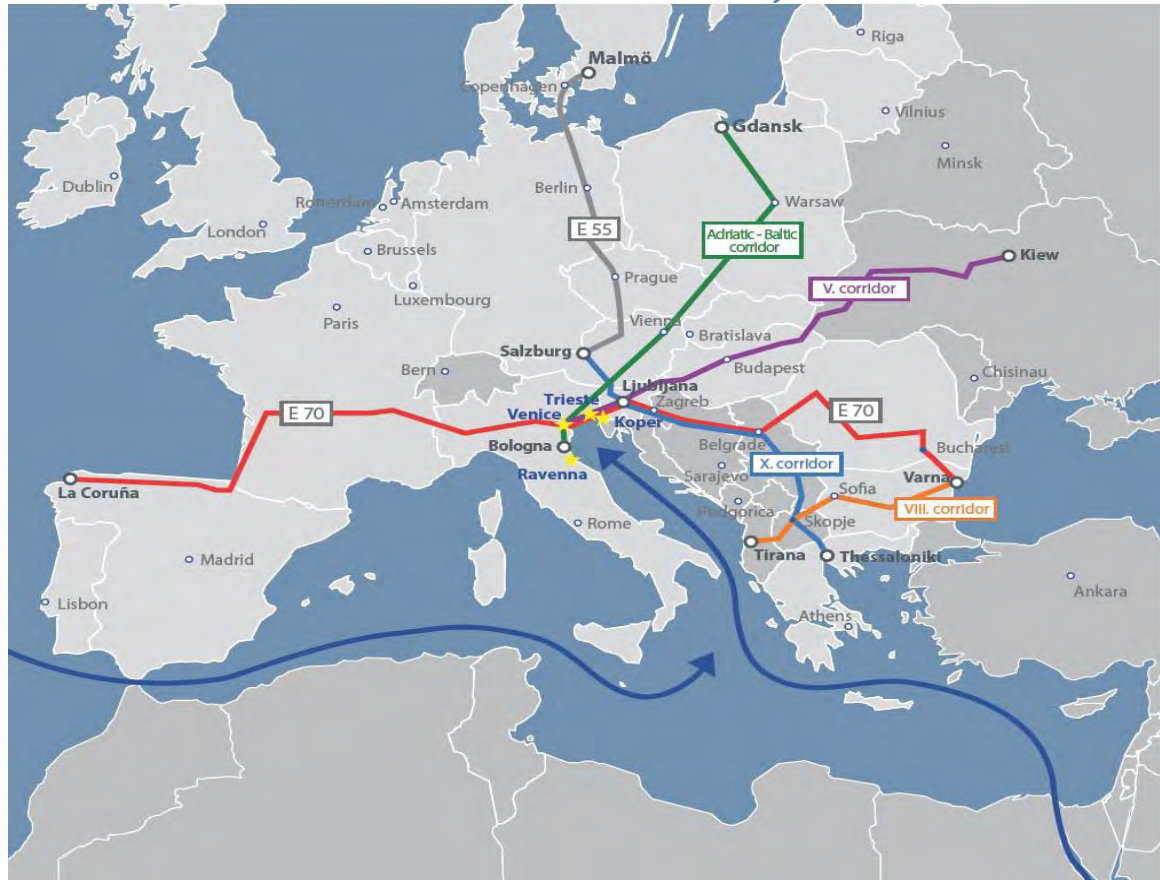
- **Logistic Platform (24 ha),**
 - total cost: € 335 Million
- **Extension of Pier V, Pier VI and Pier VII (70 ha):**
 - Total cost: € 214 Million
- **New Container Terminal Pier VIII (90 ha)**
 - Total cost: € 800 Million
- **New RoRo terminal and extension of existing cruise terminal**
 - Total cost: € 420 Million
- **Enlargement of North Shore of Pier 7**
 - Total Costs: € 70 Million

Koper

- **New National Spatial Plan for an integrated investment development of the whole port area and confirming port's future orientations (to be adopted in 2010)**
- **Main new investment projects: Pier III- container terminal and various of storage capacity various of storage capacities and optimization of accessibility**
 - total cost: € 500 million

Total: 5196 Million Eur

ANNEX II NAPA LOCATION AND PRIORITIES PROJECT



ADRIATIC – BALTIC CORRIDOR

The Southern Part

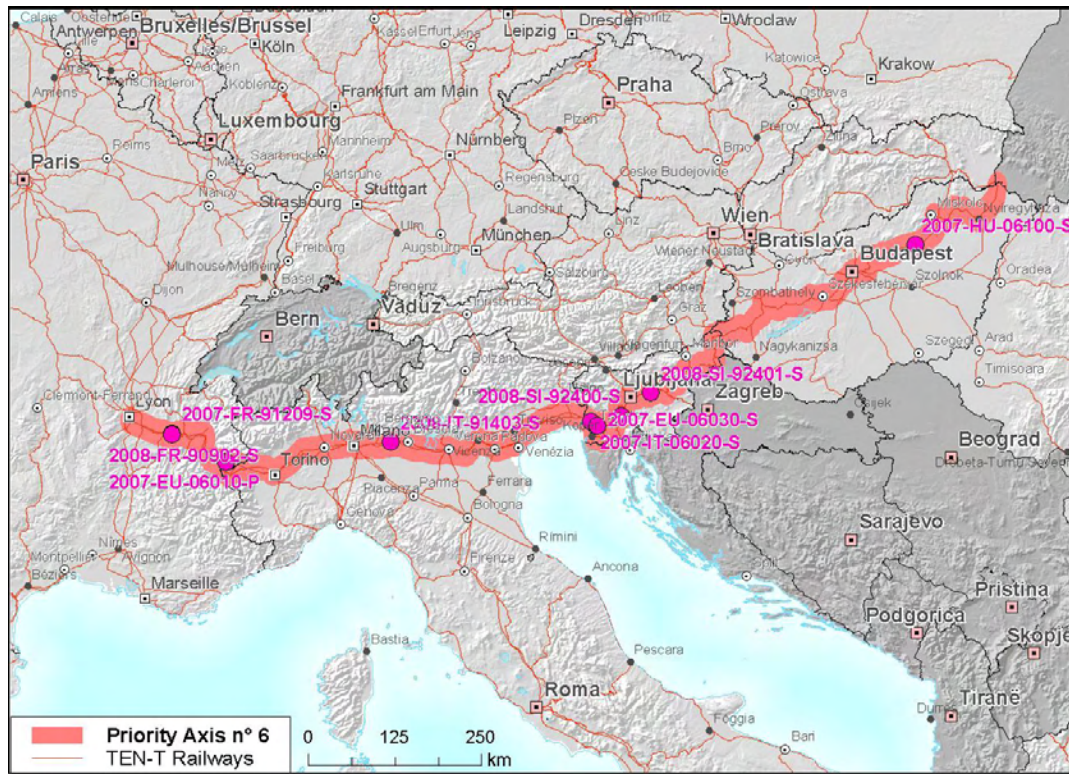
PRIORITY PROJECTS 23 AND 25 EXTENTION TO BOLOGNA / RAVENNA

- Ten-T Axes
- Interested railways
- - - Implementing highway
- Highway (E45)












































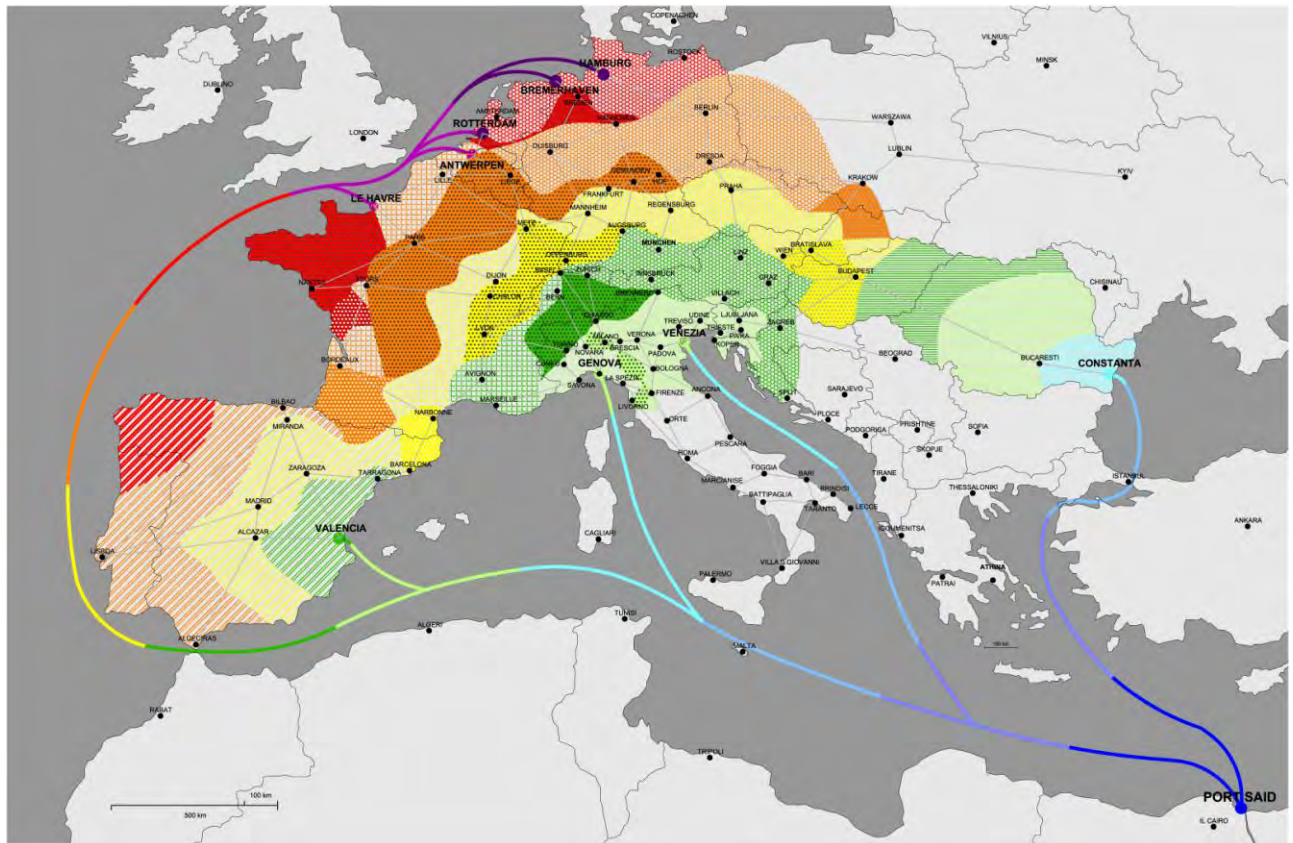
Please notice that Koper is linked to the Adriatic Baltic via Lubjana, PP 6

Focus PP6



Annex III CO2 Emission Comparison for a Container sent from Port Said to different EU destination

EMISSION CLASSES CO2 kg/TEU	CO2 MARITIME EMISSIONS	CO2 MULTIMODAL EMISSIONS				CO2 EMISSION EQUIVALENCE CLASSES			
		Via Constanta	Via Venezia	Via Genova	Via Valencia	Constanta Venezia	Venezia Genova	Genova Valencia	Venezia Genova Valencia
0-10									
11-20									
21-30									
31-40									
41-50									
51-60									
61-70									
71-80									
81-90									
91-100									
101-110									



Source (2010), A. CAPPELLI, *New EU Freight Corridors in the area of the Central Europe*, SoNoRa Project