

The current crisis brings the critical and central role of Europe's ports to the forefront

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The unprecedented health and economic crisis the world is facing today will be radically overturning current realities, assumptions and strategies. Our economy and life are affected in almost all its aspects. And let it be clear, the world will find itself in economically heavy weather for some time.

Although today this might sound strange, we should also remember that a crisis can lead to opportunities and solutions to certain challenges; or as the old saying goes: never waste a good crisis.

From a port perspective, there are three important takeaways from the COVID-19 crisis. It has clearly put the critical and essential role of Europe's ports on the forefront. The crisis has also highlighted the agility and adaptability of ports and, most important, ports can play a central role in Europe's recovery strategy.

Since February this year, when the COVID-19 pandemic landed in Europe, ports have been doing everything possible to ensure the continuity of their operations. Notwithstanding the radical lockdown measures in most Member States, European ports remained open and fully operational. They have successfully activated contingency plans, demonstrating their role as essential and critical infrastructures, being crucial in the supply of necessary goods such as essentials, raw materials and medical equipment. It will therefore

be essential for Europe to further recognise that ports are an essential part of an emergency supply chain and identify ports as part of the critical infrastructure of strategic importance in the framework of the InvestEU's Strategic European Investment policy window. Moreover, this recognition of ports as strategic assets should not be limited to the context of the current pandemic crisis, but should also be seen in the light of the increasingly instable geopolitical circumstances. A significant geopolitical crisis can further jeopardise the supply of good to Europe, including the much needed sources of energy. This in turn can challenge the role and resilience of ports as hubs of energy.

Secondly, the current crisis has clearly demonstrated the agility and responsiveness of port managing bodies and their ability to find quick solutions for sudden problems and changing circumstances. Ports are often seen as slow movers. They are a heavy asset, adapting plans and strategies often implies asking authorisations, wide stakeholder consultations and obtaining a sound financial plan. But during this crisis we have seen many good examples of how ports have been reorganising their operations overnight, setting up measures to ensure the continuity of critical functions and teams throughout the heat of the first wave of the COVID-19 pandemic. The way ports have been responding to the fear of a sudden shortage of warehouses illustrates the same.

Because of the lockdowns in many European cities and big consumption centres and the obstructions in the hinterland because of temporary closure of borders, many goods got stuck in warehouses awaiting their final destination. Very quickly ports anticipated to the expected shortage of warehouses by facilitating agreements with temporary unused cruise terminals or by renting extra plots of lands in the wider area.

The third message I would like to convey is based on the above and is looking at the recovery strategy. We have seen how important it is to have resilient supply chains for getting through and over such a crisis and for keeping the economy going. We have also seen from the financial crisis in 2008-2009 that ports are resilient and tend to recover quickly.

Even if the current crisis cannot be compared one on one, the 2009 crisis can give an indication. From 2008 to 2009, the EU-28 GDP dropped by -4.3%, which led to a fall in total throughput for the EU-28 ports of -12.14%. In 2010, the GDP in the EU grew again by 2.1% generating a growth in throughput for European ports of almost 6%. These figures indicate that negative economic trends have a multiplied impact on cargo volumes in ports, but when the economy recovers, ports recover even faster. Ports can thus clearly be seen as a catalysator for recovery.

End of May, the Commission presented its Recovery Strategy,

which not only aims at preserving the achievements of the last seventy years, but takes a leap forward. The strategy wants to ensure that the recovery in Europe, which is being put forward under the name of Next Generation EU, is climate neutral, digital, social and ensures that Europe remains a strong global player in the future. Or as Commission Vice President Frans Timmermans said at a September virtual event: “There’s no going back to business as usual. Even the strictest penny pinchers will admit that now. It’s just bad economics: why spend money to keep things as they are, when you know you’ll require money again to change them in the near future?”.

Recovery projects that allow to progress on decarbonisation, greening and digitalisation will be prioritised. Ports are, by definition, not only worth to be supported because of their role as engines of growth and recovery but, as hubs of energy, they are also ideally placed to play a role in achieving the green ambitions.

It is true that in the short term important European oil ports might face challenging times. The demand for oil has been slowing down and is, as a consequence of the greening, not following any longer the pace of economic growth. Moreover, the current standstill of the economy has led to never seen drops in the demand of energy sources, in particular oil.

But the clear ambition of Europe to become the first climate neutral continent and the unambiguous message to go for a green recovery could be good news for many ports. It will trigger and accelerate the development of renewable energies and climate neutral technological solutions. And Europe’s ports can play an important role in this development. They can be a node in the development of these new value chains and can, depending on the situation be facilitator, co-investor,



catalysator or who knows even operator.

Hydrogen is a good example in that respect. Port areas can be ideal spots for the production, transport and storage of hydrogen. The use of hydrogen can be stimulated in and through ports, combining the use for transport with the use for the industry sectors active in the port.

Another interesting field is the circular economy. Many European ports are hubs of industry and/or situated in or near big urban agglomerations. The waste streams of the city can be re-used as energy for the industries active in the port, or vice versa, where the waste of the port becomes the energy for the city. In addition, the waste can be transported through ports in view of achieving the most optimal valorisation of waste flows.

The port being the unique interface between sea and land, ports will also play an increasingly important role in the development and deployment of

renewable off shore energy and blue energy.

Furthermore, ports can play an important role in the transport and supply of the raw materials – often critical - that are needed for the new energies. This might imply changing the connectivity to and from the ports and adapting the infrastructure in the port.

The Commission is currently rolling out strategies for each of these areas and foresees large support for boosting the energy transition. By pumping the extra recovery money into these innovative energies and technologies, we might be reaching a tipping point for breakthrough of these solutions. It is now to the ports to cease these opportunities. It is up to the policy makers to recognize the role ports can be playing and support it not only through financing but also by updating policies. Recognising pipelines as a mode of transport and coordinating the European transport and energy networks are essential in that respect. ●