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DELIVERABLE 5.3

Policy linkages, interrelations and benchmarking suggestions (Governance and financial indicators)

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POLICY LINKAGES, INTERRELATIONS AND BENCHMARKING SUGGESTIONS (GOVERNANCE AND FINANCIAL INDICATORS)

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LIST OF ABBREVIATIONS

CEO: Chief Executive Officer

CSR: Corporate Social Responsibility policy

EBIT: Earnings before Interest and Taxes

EBITDA: Earnings before Interest, Taxes and Depreciation

EC: European Commission

ESPO: European Sea Ports Organization

EU: European Union

EU ETS: EU Emission Trading System

FTE: Full-Time Equivalent

GBER: General Block Exemption Regulation

ICT: Information and Communication Technology

LNG: Liquefied Natural Gas

NGO: Non-Governmental Organisation

PA: Port Authority

PORTOPIA: Ports Observatory for Performance Indicator Analysis

PPP: Public-Private Partnership

PSR: EU Port Services Regulation

RME: Renewable Marine Energy

ROA: Return on Assets

ROCE: Return on Capital Employed

SGEI: Services of General Economic Interest

TEN-T: Trans-European Transport Network

1 INTRODUCTION

The present report is the third deliverable (D5.3) of Work Package 5 (WP5). The aim of WP5 is to provide an updated picture of the port sector in terms of governance models and to develop concrete governance and financial indicators, including benchmarking suggestions.

Deliverable D5.3 compiles the results of task 5.4 which examines the links between the governance and financial indicators developed in WP5 and EU policy objectives. It also provides an overview of the main trends identified in the evolution of the port model between 2010 and 2015 and that were decisive to select the port governance indicators of WP5. Finally in the final section of the report, a number of benchmarking possibilities are suggested.

This deliverable has been prepared by the European Sea Ports Organisation (ESPO) (WP5 leader).

2 POLICY LINKAGES

In this first section, the report examines the links between the indicators developed in WP5 and EU policy objectives.

2.1. WP5 Governance indicators

Before tackling the linkages, it is considered useful to provide some general remarks on the indicators developed in WP5:

The indicators developed in WP5 have been defined in agreement with the port sector thanks to the active participation of ESPO members in the process of definition and selection (See previous deliverables).

Therefore, indicators have the support of port authorities who are the main data providers of these indicators. This ensures data collection is possible and implementation can take place.

Indicators that require data that is commercially sensitive or that require huge data collection efforts were discarded.

The indicators under WP5 were not selected with the purpose to monitor policy objectives. They have been compiled to provide an up-to-date picture of the governance and organisation of EU ports and to monitor overtime the evolution of the main features of the European port sector. In this context, one can establish some useful links between some WP5 indicators and a number of policy objectives but these indicators can't be directly used with this purpose.

The fact finding surveys consisted of more than 150 questions which form the basis to construct the WP5 indicators. Only a limited number of the whole set of possible indicators have been implemented in the Portopia platform. As a result, data compiled

through the fact finding surveys was only partially transferred to the Portopia platform mainly due to time constraints and limited resources. However, a wealth of data remains available that can be transferred at a later stage or used for complementary analysis.

The PORTOPIA platform aims to make the collection and storage of reliable data more efficient in a way that it reduces the burden for port authorities to provide data and to keep it updated. (See deliverable D5.2.) . On this basis, indicators on the governance of EU ports can be monitored over time.

2.2. EU policy and ports

Before examining concrete EU policy objectives with an impact on ports, it is relevant to underline the role ports play for the EU:

- Ports are acknowledged as major contributors to economic growth and stability as well as prerequisites for Europe's competitiveness, thus enablers towards better life conditions and welfare of the citizens (2011 White Paper);
- The European Union is highly dependent on seaports for trade with the rest of the world and within its Internal Market. 74% of goods imported and exported and 37% of exchanges within the Union transit through seaports. Ports guarantee territorial continuity of the Union by servicing regional and local maritime traffic to link peripheral and island areas.
- They are the nodes from where the multimodal logistic flows of the trans-European network can be organised, using short sea shipping, rail and inland waterways links to minimise road congestion and energy consumption.
- European ports are the gateways of the trans-European corridors. 329 ports of common interest have been identified in the EU legislation, including 104 ports of strategic interest ("core ports") which must be better connected to the rail, inland waterway and road networks. Ports as nodal points in the transport network are important to achieve the envisaged modal shift from road to sea. Investment needs into infrastructure are supported by the core and comprehensive TEN-T port network plans;
- Ports as nodal points for information exchange and administrative procedures, such as customs, are supported e.g. through the Blue Belt initiative and the National Single windows as IT-interfaces for ship reporting with the aim to ease maritime traffic within the EU common market;
- Ports are acknowledged as important creators of jobs and as working places; a committee for a social dialogue was created in June 2013. Goal is the implementation of the social agenda for maritime transport, including social dialogue and training of port workers;
- Ports are energy nodes and play a key role in Europe's supply, storage and production of fossil and renewable energy. As such, port authorities have a key role in addressing Climate change, steering the energy transition towards renewable sources and the decarbonisation of the economy.
- Ports are industrial nodes, creating synergies between transport, logistics and industrial activities. Port authorities can support the re-shoring of industrial activities in Europe and are in this context, key players in the development of the circular economy.

In this broad context, a number of EU initiatives are particularly relevant from a port governance perspective. The most relevant ones are listed below:

EU Ports Policy

- Regulation (EU) 2017/352 of the European Parliament and of the Council of 15 February 2017 establishing a framework for the provision of port services and common rules on the financial transparency of ports.
- Communication from the Commission - Ports: an engine for growth - COM(2013)295 final

Port financing

- Infrastructure analytical grid for port infrastructure (http://ec.europa.eu/competition/state_aid/modernisation/grid_ports_en.pdf)
- Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union [http://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:52016XC0719\(05\)&from=EN](http://eur-lex.europa.eu/legalcontent/EN/TXT/PDF/?uri=CELEX:52016XC0719(05)&from=EN))
- General Block Exemption Regulation (GBER) of 17 May 2017, amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure
- Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility

Port infrastructure

- Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network
- Directive 2014/94/EU 352 of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure
- Directive 2000/59/EC on port reception facilities for ship-generated waste and cargo residues

Administrative simplification

- Directive 2010/65/EU of the European Parliament and of the Council of 20 October 2010 on reporting formalities for ships arriving in and/or departing from ports of the Member States

The EU port sector is embedded in the European transport system. In its White Paper for 2011, the European Commission defined a roadmap of 40 concrete initiatives for the next decade to build a competitive transport system. These initiatives that touch upon the different transport modes are not examined in the report.

In addition to the specific initiatives for ports and transport, a number of horizontal policies are relevant for ports but will not be analysed in the report, such as the 2020 climate & energy package, the EU Emissions Trading System (EU ETS), the Digital Single Market strategy, the EU industrial policy, public procurement directives and the award of concessions Directive, etc....

The table below compiles the EU objectives defined by the relevant initiatives that form the current broad legal framework for ports. EU policies should provide ports with the

necessary tools to achieve their mission, which implies performing several roles, ensuring the sustainability of the port complex and engaging with its many stakeholders to achieve it.

Table 1: Objectives of EU policies

EU initiative	EU objectives
EU Ports Policy	
<ul style="list-style-type: none"> - Regulation (EU) 2017/352 of the European Parliament and of the Council of 15 February 2017 establishing a framework for the provision of port services and common rules on the financial transparency of ports. 	<ul style="list-style-type: none"> - to level the playing field in the sector - to create a climate more favorable to efficient public and private investments - Increase transparency of public funding and of charging for the use of port infrastructure and port services - Eliminate unfair or unlawful restrictions for port services providers to access the ports' services market - Facilitate the handling of complaints
<ul style="list-style-type: none"> - Communication from the Commission - Ports: an engine for growth - COM(2013)295 final 	<ul style="list-style-type: none"> - improving port operations and onward transport connections at the 329 key seaports which belongs to the trans-European transport network
Port financing	
<ul style="list-style-type: none"> - Infrastructure analytical grid for port infrastructure (http://ec.europa.eu/competition/state_aid/modernisation/guid_ports_en.pdf) 	<ul style="list-style-type: none"> - to facilitate efficient public and private investments by increasing legal certainty of investments
<ul style="list-style-type: none"> - Commission Notice on the notion of State aid as referred to in Article 107(1) of the Treaty on the Functioning of the European Union (http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52016XC0719(05)&from=EN) 	<ul style="list-style-type: none"> - to provide more flexibility to Member States to decide public funding of certain port investments without having to seek a prior Commission's approval
<ul style="list-style-type: none"> - General Block Exemption Regulation (GBER) of 17 May 2017, amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure 	
<ul style="list-style-type: none"> - Regulation (EU) No 1316/2013 of the European Parliament and of the Council of 11 December 2013 establishing the Connecting Europe Facility 	<ul style="list-style-type: none"> - Support better planning, financing and funding of port infrastructure and their connexions in the trans-European network
Port infrastructure	
<ul style="list-style-type: none"> - Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network 	<ul style="list-style-type: none"> - To develop the trans-European transport network
<ul style="list-style-type: none"> - The Birds and Habitats Directive 	<ul style="list-style-type: none"> - To ensure the conservation of a

	wide range of rare, threatened or endemic animal and plant species in port development
- Directive 2014/94/EU 352 of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure	- To gradually substitute fossil fuels with fuels of renewable origin for decarbonising transport and to diversify EU's energy sources.
- Directive 2000/59/EC on port reception facilities for ship-generated waste and cargo residues	- To protect the marine environment by reducing discharges into the sea of ship-generated waste and the remnants of cargo material.
Administrative simplification and digitalisation	
- Directive 2010/65/EU of the European Parliament and of the Council of 20 October 2010 on reporting formalities for ships arriving in and/or departing from ports of the Member States	- to simplify administrative procedures in ports to ensure efficient ship port calls and throughput of cargo

The following section analyses in more detail the linkages between the underlying objectives of EU policies and the indicators of WP5 which are aimed to keep track of the port sector main governance features and its evolution over time.

The analysis of linkages focuses only on the most relevant and recent initiatives of the EU in relation to ports.

2.2.1. Port Services Regulation (EU) 2017/352

The Regulation (EU) 2017/352 of the European Parliament and of the Council of 15 February 2017 establishing a framework for the provision of port services and common rules on the financial transparency of ports (PSR) came into force on March 24. EU member states will be required to implement the legislation within two years of the abovementioned date meaning that the PSR will be effective from March 24, 2019.

The new regulation establishes a framework for the provision of port services and common rules on financial transparency, port services and port infrastructure charges.

Market access, provision and operation of port services

The PSR aims to provide a framework for the organisation of port services in EU ports and make sure there are no unfair or unlawful restrictions for port services providers to access the market. Recital 11 of the PSR states that “In accordance with the general principles set out in the Treaties, providers of port services should be free to provide their services in maritime ports covered by this Regulation. However, it should be possible to impose certain conditions on the exercise of that freedom”. The PSR concerns the technical nautical services (mooring, towage and pilotage) and other services provided to ships like bunkering or the collection of waste and cargo residues generated by ships. Cargo and passengers handling are exempted from the provisions concerning the organisation of port services.

According to the recent fact finding survey of ESPO, in European ports, the operation of the main services provided to ships is mostly in private hands with the exception of pilotage which is still under considerable public influence. In some cases, in the interest of the most efficient and sustainable operation of a port, the port authorities have also a role in the organisation of the port services through the issuing of licenses or authorizations to port services providers. These are aimed to ensure a level of service and to set the requirements to the provider(s) in relation to safety, security or protection of the environment. In some Member States, another entity different from the port authority has the competence for issuing licenses or authorisations. On the other hand, when a port decides to limit the number of service providers, port authorities award the service to one or more provider(s) on the basis of a concession following the organisation of an open selection procedure. In these cases, there is a contractual link between the port authority and the service provider. Some technical nautical services can be considered as a public service by the state or have elements of public service (e.g. SGEI, public service obligations). Finally, the harbor master, integrated or not in the port authority organisation usually takes care of the operational coordination for the technical nautical services.

WP5 indicators can provide a good overview of how port services are organised in EU ports in relation to the following aspects:

- The involvement of port authorities (or other competent authorities) in the organisation of port services.
- Port authorities as internal operators (port authorities that operate port services themselves or through subsidiary companies).
- Instruments available to control the level of service of service providers (licenses, authorisations, etc...).
- Market limitations on the basis of concessions

This information is compiled for all the services to ships, including pilotage, towage, mooring, bunkering, onshore power, reception facilities for waste generated by ships.

On the first round of implementation in the Portopia platform, not all the indicators have been implemented due to time constrains.

Table 2: Indicators related to the provision and operation of port services

Does the port authority operate cargo handling facilities (directly or through subsidiary company it fully controls)?	YES/NO
Does the port authority operate passenger handling facilities (directly or through subsidiary company it fully controls)?	YES/NO
Does the port authority operate (directly or through subsidiary company it fully controls) any technical nautical services to ships?	YES/NO
If, yes, for which services:	
	Pilotage outside the port
	pilotage inside the port
	towage outside the port
	towage inside the port

	Mooring
	Bunkering
	onshore power supply for commercial vessels
	waste reception facilities
Does the port authority organise the provision of technical nautical services? (i.e. Has a role in the provision of technical nautical services, without being the operator of the service)	
	If yes, please specify for which services.
	Pilotage outside the port
	pilotage inside the port
	towage outside the port
	towage inside the port
	Mooring
	onshore power supply for commercial vessels
	waste reception facilities
Does the port authority provide any license, authorisation or establishes any minimum requirement to the service provider as a condition to perform the service in the port?	Options:
Question to be repeated for all these services: Pilotage, Towage, Mooring, Waste reception facilities, Bunkering)	
	No, this is the competence of another body/authority;
	Not applicable (No licenses or minimum requirements are requested to perform the port service in the port)
Please specify whether there is a contractual agreement between the port authority and the service provider for the following services:	
	YES/NO
Question to be repeated for all these services: Pilotage, Towage, Mooring, Waste reception facilities, Bunkering)	
Are the following services to ships considered as a public service by the state or have elements of public service (e.g. SGEI, public service obligations)	
	YES/NO
Question to be repeated for all these services: Pilotage, Towage, Mooring, Waste reception facilities, onshore power supply for commercial vessels, Bunkering	

Port charging and financial autonomy

The PSR states in recital 47 that “In order to be efficient, the port infrastructure charges of each individual port should be set in a transparent way in accordance with the port’s own commercial strategy and investment plans and, where relevant, with the general requirements laid down within the framework of the general ports policy of the Member State concerned.”

Managing bodies of the ports provide port infrastructure in very dynamic and competitive markets. International trade growth, the increasing size of modern vessels, long term planning requirements, all lead to a continuous need for modernization, upgrade and maintenance of port infrastructure. This continuous investment effort is financed through the port dues that are charged to ships and cargo transported to and from the port and through the income from land lease or concessions to cargo handling operators. Only in some Member States, the port manager is the entity fully in charge of setting the level and structure of the port infrastructure charges. Port charging frameworks and practices are very diverse across Europe. The level of autonomy given to port managers in relation to port infrastructure charging and to investment decisions vary considerably from Member State to Member State. It is therefore relevant to define indicators that monitor financial autonomy of port managers.

Also, in some Member States, port managers have flexible charging frameworks in order to react to the needs of dynamic markets and of increasingly footloose and powerful customers. Negotiating individually with port users, for instance to attract new traffics or retain existing ones during downturns (e.g. Mega ships, new markets such as bio-mass, etc..) is part of the port’s commercial strategy.

On the other side, port managers have sometimes limited autonomy on the decision making in relation to investments in capital assets (i.e. port infrastructure). In some Member States, financial targets are imposed to port authorities. These targets can take the form of dividends to be paid to the public or private shareholders or of rate of return to be achieved.

The indicators developed under WP5 provide a good picture of the charging practices and financial autonomy of port managers. Again not all these indicators will be implemented in the Portopia platform by the end of the project.

Table 3: Indicators on port charging and financial autonomy

The port authority is responsible for setting the level of the infrastructure charges	YES/NO
Is there a ratification needed from government or other public body of the level of the general port dues?	YES/NO
Who is the final beneficiary of the income generated with the general port dues?	Port authority in full
	Port authority partially
	Others. Please specify
The port authority can decide on the allocation of the financial result	YES/NO
The port authority can decide on new investments on capital assets	Yes fully
	Yes, up to a threshold
	No
The port authority has financial targets to fulfil towards its owners or	YES/NO

shareholders (e.g. dividends, return on investment, etc..)

If yes, please specify the targets to be fulfilled:

The Regulation also underlines the importance for port users to be adequately informed about the port charges. The indicators selected in WP5 show that most of the port authorities publish official tariffs on the website and many provide information on the structure of the charges and on the services and infrastructure provided in return for the charge levied.

Does the port authority publish information on the level of the general ports dues	YES/NO
Does the port authority publish information on the structure of the general ports dues	YES/NO
Does the port authority publish information on the various services and infrastructure provided in return for the charge levied	YES/NO

Transparency and accounting practices in EU ports

As mentioned in the previous section, the PRS also brings rules to ensure transparency of port charges and public funding of ports and a more effective and fair application of EU competition rules in ports.

The two latest FF surveys have proved that port managers are subscribing more and more to good governance principles as reflected in the accounting practices based on transparency and accountability.

Accounting practices of port managers in Europe are mostly following international accounting standards, in particular for TEN-T ports which are the majority of the ports that participated in the two previous surveys. The international accounting standards ensure that port authorities follow guidelines and detailed procedures for preparing financial statements and handling specific accounting situations. In most of the cases the annual financial reports are public and audited by external experts.

Port managers are also increasingly using analytical accounting which displays financial data based on needs and questions, rather than simply balancing accounts. For instance it can track cost and revenue accounts by categories in order to derive profit and loss by activity. This is an important tool for cost control and accountability. Similarly, port authorities provide for depreciation in their accounts which results in a more transparent picture of the results of the port since it takes into account the use and tear of the infrastructure.

The following indicators are linked to transparency practices of port authorities. Not all of them will be on the Portopia platform from the start.

Table 4: Indicators on accounting practices and transparency of port authorities

The port authorities' annual accounts are maintained according to international accounting standards.	YES/NO
The annual accounts of the port authority are public	YES/NO
The port authority uses internal analytical accounting process	YES/NO
The port authority's accounts are audited by an external auditor	YES/NO
The port authority provides for depreciation	YES/NO

Port Management models

The European Commission remains neutral as regards the ownership of ports and the model of management and organisation selected by Member States. This is clearly stated in the recitals 9 and 10 of the EU port Services Regulation:

(9) This Regulation should in no way prejudice the rules in Member States governing the system of property ownership applicable to maritime ports, and should allow for different port structures in Member States.

(10) This Regulation does not impose a specific model for the management of maritime ports and does not affect in any way the competence of Member States to provide, in conformity with Union law, non-economic services of general interest. Different port management models are possible, provided that the framework for the provision of port services and the common rules on financial transparency set out in this Regulation are respected.

It is however relevant to monitor whether this diversity in the maritime port sector is maintained over time and whether there are features that converge. A number of indicators were defined for this purpose:

Table 5: indicators on port managers nature and functions

Official name of the port authority	Text
Number of ports under the responsibility of the port authority	Numerical
Name of the ports under the responsibility of the port authority	Text
Is the port authority organisation governed by one or more legal acts (e.g. Port decree, Port law) specifically created to define port management matters and scope?	YES/NO
If yes, please specify name and date of the(se) act(s)/law(s):	Text and numerical
Is any of these specific legal frameworks common to all ports or to a number of the ports in the same country?	YES/NO
	If yes, please specify which:
Please specify the legal form of the port authority:	Independent public entity
	Independent commercial entity (e.g: Ltd/SA/GmbH)
	Other
Please specify the legal form of the port authority (e.g.: Ltd, SA, GmbH):	Text
Does the port authority company have shares?	YES/NO
Is the port authority (or the company owning the port authority) listed in the stock exchange?	YES/NO
If yes, please specify which is the percentage of shares that are listed?	Numerical
Is the port authority subject to private commercial law?	Yes fully
	Yes, unless incompatible with the provisions of the port authority own specific legislation.

	No
Please specify in which areas there are incompatibilities with private commercial law:	
Ownership of the port authority:	public ownership
	mixed public private ownership
	private ownership
In case of mixed public private ownership, please indicate:	public sector owns a majority share
	equal public and private ownership
	private sector owns a majority share
Public ownership of the port authority per government level	State, Municipal, region, province, other...
Does the port authority grant the use of port land to third parties for:	YES/NO
Cargo handling activities	
Industrial partners	
Logistics and warehousing activities	
Over what percentage of port area does the port authority have power to lease, concession or sell land?	Numerical
Please specify whether these land-related contracts are governed under public or private law.	Most land contracts are under public law
	Most land contracts are under private law
	There is a mixture of public and private contracts
Does the port authority operate cargo handling facilities (directly or through subsidiary company it fully controls)?	YES/NO
Does the port authority operate passenger handling facilities (directly or through subsidiary company it fully controls)?	YES/NO

Consultation of port users and key stakeholders

The PSR emphasizes the importance of involving port stakeholders in the running and planning of the port. Recital 52 explains that “It is necessary to ensure that port users and other stakeholders be consulted on essential issues related to the sound development of the port, its charging policy, its performance and its capacity to attract and generate economic activities. Such essential issues include the coordination of port services within the port area, the efficiency of the connections with the hinterland and the efficiency of the administrative procedures in ports, as well as environmental issues. Such consultations should be without prejudice to any other specific competence related to those issues, as well as to the possibility for Member States to hold those consultations at a national level. The managing body of the port should in particular consult port users and other relevant stakeholders regarding port development plans”.

The fact finding survey has tackled ports’ stakeholders management in a more broader context, that of corporate social responsibility in order to allow comparison with other sectors.

Table 6: Indicators on corporate social responsibility policies in port authorities

Does the port authority have a formalised corporate social responsibility (CSR) policy?	YES/NO
Is the formal CSR policy integrated in the port’s mission and organisation?	YES/NO
Does the port authority report on the performance of its corporate social responsibility policy with measurable objectives?	YES/NO
Please provide some examples of measurable objectives or provide a link to where they can be found:	Text
In which areas does your CSR policy focus mainly? (Multiple choice)	Employees
	Environment and sustainable development
	Social and community activities
	Ethical issues
	Business practice and conduct (e.g. accountability, transparency, etc..)
Which main stakeholders do you involve in your CSR policy? (Multiple choice)	Employees
	Customers
	Tenants
	Providers
	Local community
	Wider community (region and beyond)

2.2.2. GBER and state aid policy

The Commission Regulation amending Regulation (EU) No 651/2014 as regards aid for port and airport infrastructure, and regional operating aid schemes for outermost regions and amending Regulation (EU) No 702/2014 as regards the calculation of eligible costs, was approved by the European Commission on 17 May 2017.

This Regulation is produced in the context of the Modernisation of State aid control undertaken by the Commission to simplify procedures and focus on measures that genuinely affect competition in the Internal Market. The Regulation sets out the criteria aid measures in favor of ports must meet in order to be exempted from the obligation to obtain prior approval by the Commission under EU State aid rules.

Port Financing, public funding and state aid

Financial indicators at EU level have proved very difficult to develop due to confidentiality of the data and difficulties in finding harmonised data. In deliverable D5.2, however, a number of indicators are proposed for future implementation. These indicators focus on port investments, return on capital and financial health and performance of port authorities.

From an EU policy perspective, the European Commission encourages the increase of private investment in ports so it is relevant to monitor public private partnerships (PPP) in port investments. It is also important to examine the financial performance in relation to how efficient the management of a port authority is at using its assets to generate income. Finally the financial health of port authorities is also key to assess its sustainability and the need for public support.

Table 7: indicators on port investments, return on capital and financial health and performance

<u>Private investment in total port investments</u> : this indicator shows the % of private financing over all port investments.
<u>Distribution of port authority and private investments over all executed (%)</u> : This indicator shows the weight of the investments of each party.
<u>Return on capital employed (ROCE)</u> = Earnings Before Interest and Tax (EBIT) /Capital Employed. It is a financial ratio that measures the efficiency with which its capital is employed. A higher ROCE indicates more efficient use of capital.
<u>Return on assets (ROA)</u> = Net income / total assets (in %). ROA gives an idea as to how efficient the management of a port authority is at using its assets to generate earnings. Sometimes this is referred to as "return on investment". The higher the ROA number, the better, because the company is earning more money on less investment and that means it is better at converting its investment into profit.
<u>Revenue or turnover</u> : Is the income generated from sale of goods or services, or any other use of capital or assets, associated with the main operations of an organisation before any costs or expenses are deducted.
<u>Operating income or EBIT (earnings before interest and taxes)</u> : Operating income measures how much of a company's revenue will eventually become profit. (Operating income = gross income - operating expenses - depreciation – amortization)
<u>EBITDA</u> (or free cash flow for investments): Represents the earnings before interest, taxes, depreciation.
<u>Debt ratio</u> = the ratio of total debt / total assets (in %). This ratio represents the part of the company's assets that are financed by debt.

These indicators are often found in the annual reports published by EU port authorities. They contribute to measure the importance of public and private

investments in the port and to monitor its return and the impact on the port authorities financial health and performance.

Corporate taxation

The payment of taxes on the ports' financial result is also a topic of interest in state aid control and competition between ports. An indicator on the corporate taxation of port authorities was included in the first fact finding survey and was in the second survey in 2015 further developed to capture the diversity of situations across Europe.

Table 8: Corporate taxation of ports

Does the port authority pay corporate taxes?	Yes, fully (e.g. for port dues, lease fees, services, etc..)
	Only for a part of the revenue generated by the port authority.
	No. The port authority does not pay corporate taxes at all.
What is the corporate income tax rate applicable to the port authority?	Number (%)

2.2.3. Ports in the TEN-T and transport policy

The Regulation (EU) No 1315/2013 of the European Parliament and of the Council of 11 December 2013 on Union guidelines for the development of the trans-European transport network sets the pillars for the European infrastructure policy. In this regulation, European ports are the gateways of the trans-European corridors. 329 ports of common interest have been identified in the EU legislation, including 104 ports of strategic interest ("core ports") which must be better connected to the rail, inland waterway and road networks. Ports as nodal points in the transport network are important to achieve the envisaged modal shift from road to sea. Investment needs into infrastructure are supported by the core and comprehensive TEN-T port network plans.

Port developers and proactive TEN-T networkers

Notwithstanding their diversity, European port authorities are in the process of becoming dynamic and commercial port developers. Policy at all levels should help them performing this role which in many cases extends beyond the borders of the port (e.g. investments in inland ports) and the responsibilities of the port authorities (eg. Initiatives to improve customs and other administrative bodies' performance)

Table 9: Indicators on port authorities as proactive TEN-T networkers

In which areas is the port authority leading initiatives to improve the port competitiveness?	Improvement of the hinterland connections of the port Improvement of maritime access of the port Improvement of land access to the port Reengineering of processes Intermodal operations in the port Performance of government agencies acting in the port (customs, health, veterinary, etc...) Facilitation of administrative procedures Deployment of ICT (Information and Communication technologies) Fostering innovation Others
Has the port authority developed strategic partnerships with other seaports, inland ports and /or dry ports	YES/NO Please specify:
What kind of activities is performed by the port authority in the foreland?	Marketing and promotion of the home port Consulting and advisory services Port management services Port development services Investments in foreland ports No activities

3 PORT PERFORMANCE

3.1 Evolution of port model

The ESPO Fact Finding surveys are a tool to monitor the evolution of the port authorities in Europe in terms of governance models and of port concept.

A number of aspects and trends are highlighted below which were identified when analysing the results of the two editions of the fact finding surveys 2010-2015 and that were pivotal in the selection of the governance indicators to be included in WP5:

- Increasing privatisation and commercialisation of port authorities
- Increased cooperation and merging of port authorities, be it top-down or bottom-up
- Decreasing role of port authorities in the organisation, provision and operation of services to the ships
- More active role of port authorities in hinterland connections and in infrastructure investments outside the port
- Energy transition and role of port authorities in energy developments in and outside the ports
- Dependency of port authorities from industrial partners in terms of revenues and uncertain future of fossil based sectors, chemicals or other traditional sectors based in ports.
- Port authorities increased efforts on Corporate Social Responsibility initiatives and reporting, including environmental impacts of port activities, education, job quality, etc...
- Role of port authorities in fighting climate change

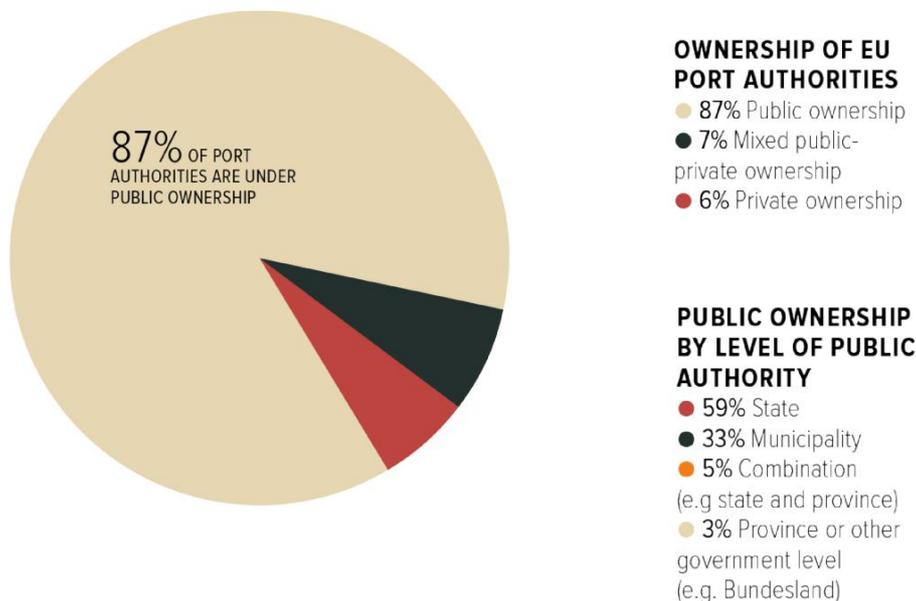
Each of these trends is developed in the following section.

3.1.1. Seaports remain under public ownership but are moving towards more independent business-like management

Even if the large majority of European seaports is under public ownership, many recent reforms have led to a growing trend of independent port management. This can be easily showed through a comparison of the results of the ESPO Fact Finding 2010 and 2016.

In 2016, most port authorities in Europe remain publicly owned. Full ownership by the state or by the municipality remains predominant. Only very few port authorities combine ownership of different government levels (eg. state-municipality, province-municipality). Mixed public-private ownership is still very rare and exists only in a few countries. In these cases, the public sector owns the majority of shares and private shareholders' participation is rather limited. Port authorities listed in the stock exchange remain the exception in 2016. Full private ownership, where the port authority is fully owned by one or more private parties, is characteristic of some ports in the UK. There are no other fully private ports from other countries in the sample of respondent ports.

Figure 1: Ownership of EU port authorities



The ownership picture did not change substantially since 2010, despite the financial and economic crisis and the pressure on Member States' budgets. EU seaports take a different path than EU airports, which undergo a clear trend towards more private ownership.

Compared to 2010, more port authorities are structured as independent commercial entities (Ltd-“Limited Companies”, SA-“Soci ete Anonyme”, GmbH, AB-“Aktiebolag”, Sp lka Akcyjna, etc.) and operate in a commercially-oriented manner. In the Fact Finding Report 2016, they account for 51% of the respondents. Next, 44% of port authorities are still independent public bodies with their own legal personality and

different degrees of functional and financial dependency from the public administration.

These two main categories, while operating under different legal forms, may share similar principles like self-financing, and commercial and entrepreneurial behaviour to increase market share and to attract private investment. They may also share same levels of influence from public authorities through participation in the governing board of the port.

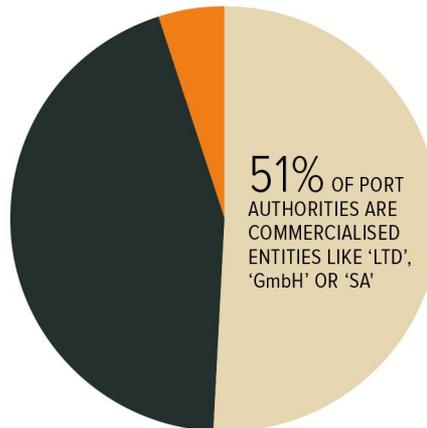


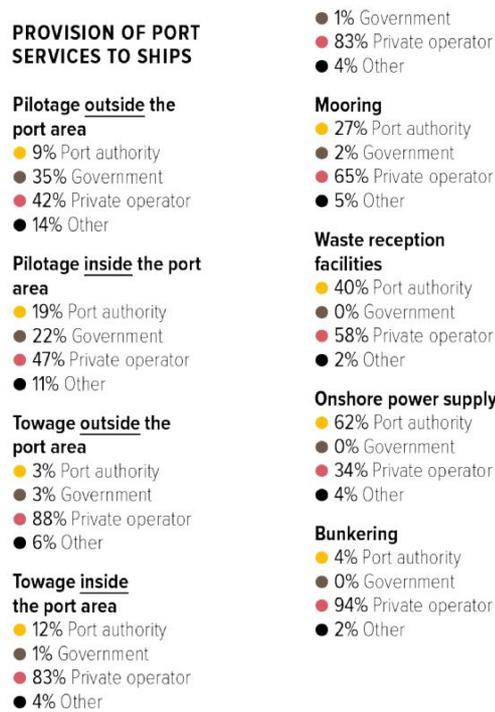
Figure 2: Share of commercialized entities through the EU Port authorities

Moreover, most port authorities, irrespective of their legal form, already comply with normal commercial law. The ESPO survey 2016 shows that only 20% of respondent ports are exclusively subject to public law. The survey also shows that most port authorities continue to operate within an established legal framework set by specific legal acts (port decrees, port laws, etc.).

3.1.2. Main port services are in private hands

In European ports, as shown in the ESPO Fact Finding 2016, the operation of the main services provided to ships is mostly in private hands with the exception of pilotage, which is still under considerable public influence. Sometimes, the port authority may have an influence on the quality of certain ship services through the issuing of licences or authorisations, but the port authority does not always have this competence. The harbour master, whether integrated or not in the port authority organisation, takes on the coordinator role for the technical nautical services.

Figure 3: Provision of port services to ships



Cargo handling services are in the hands of private operators who are generally granted the use of port land through lease agreements or public domain concessions. Integrated ports where port authorities provide a full range of services and other mixed cases are the exception. As shown in the ESPO Fact Finding 2016, transport services are also provided by private parties in most cases.

Figure 4: Provision of services to cargo



3.1.3. A growing cooperation trend

Port cooperation aims at increasing the competitiveness of individual ports in joint effort and offers the potential to manage public and private infrastructure and superstructure investments in parallel to mitigating the investment risk. Different needs could lead port authorities to cooperate: a marketing objective, an economic optimization of operations, the exchange of know-how, land use planning, etc. The intensity of the links established between two or more port authorities can be variable, from simple partnership to more formal cooperation schemes, leading to shared commercial strategies, joint promotion or pooling of certain resources (e.g. North Adriatic Ports Association, Haropa, etc.). The strongest cooperation link is represented by a real merger of two or several port authorities and the consequent formation of a joint venture company (e.g. Malmö-Copenhagen, Kotka-Hamina, Umeå-Vaasa etc.). As the Fact Finding 2016 shows, cooperation and partnerships amongst European seaports represent a growing trend.

Figure 5: Partnerships with other seaports, inland ports and dry ports



More cooperation also leads to another phenomenon: port authorities increasingly manage port land and infrastructure for several ports in the same country. Since the 2010 edition of the Fact Finding, merging of neighbouring port authorities happened either bottom-up, as a result of cooperation between port authorities, or driven by government's policy.

Figure 6: Number of ports managed by a port authority



Some cooperation examples

Elbe Seaports and RheinPorts are examples of coopetition of neighbouring ports in proximity in Europe. Port authorities, business development organizations and a private terminal operator agreed on marketing of services enriched by sourcing of services communicated by Elbe Seaports, and traffic management for efficient use of resources, joint IT system incl. traffic information exchange, and area allocation pursued by RheinPorts.

Malmö-Copenhagen and the ports of Kotka and Hamina are examples of the merger of seaports located in different countries in Europe. Port authorities and terminal operators integrate two ports into one joint venture company overtaking all port services. Next to the port authorities and terminal operators, private shareholders also participate in the new company structure. In the reference cases in Denmark, Sweden and Finland, especially, close geographical distance enables coordination of port areas and services. It is worth to add that the ports of Gent and Vlissingen/Terneuzen are currently assessing the possibility of a future merger.

3.1.4 A more proactive approach outside the port

Traditionally, the regional-hinterland level close to the port is not a direct competence of the port authority. Motivations for extending the assessment of port governance into the hinterland relate to the fact that ports are competing as parts of complete transport and logistics chains. Notteboom (2010) argues that container throughput dynamics in Europe can best be analysed by using 'multi-port gateway regions' as units of analysis, i.e. seaports in locational relationship to nearby identical traffic hinterlands. Port authorities have an interest in the hinterland level both from the overall perspective of port performance and port authority revenue. Also sustainability arguments apply, such as reduction of congestion and better use of existing port capacities, an issue which has become very topical since the economic crisis. For all these reasons, port authorities (especially the big ones) are now developing an entrepreneurial role in this respect by making direct investments in the hinterland or play a facilitating role through the development of strategic partnerships with inland ports, dry ports and co-operation or with other neighbouring seaports.

Although port authorities have an international scope because a large amount of their clients are located abroad or overseas, their core activity is the development of a specific port territory. In line with this focus, the first international activities of port authorities are generally focused on port marketing to international clients (Dooms, van der Lugt, de Langen, 2013). However, port authorities are also engaged in real 'internationalisation' activities:

- **Transfer of port specific knowhow** : Historically, these activities have mainly been driven by development aid programs, where a number of experts of port authorities was sent out to developing countries to assist local management (mainly governmental agencies) to develop or renovate port infrastructure in view of increasing the competitiveness of these countries (without specific objectives of increasing the connectivity and/or the cargo volume base)
- **Equity partner in port development abroad:** In an equity partner mode, a port authority plays the role of a developer and landlord outside the home country and deploys, next to human resources, also financial resources to build,

maintain, lease and sometimes operate infrastructure. In general, such initiatives are set up as partnerships. The number and type of partners (local/international and public/ private) vary from case to case. In this case, the investment, which can also take the form of financial participation (shareholdership) in a foreign port, in the first place aims at increasing the connectivity and the related traffic volume growth, but could also aim to strengthen the position of the port authority itself.

Recent years show a growing role of port authorities expanding their operating base as a so-called ‘multinational entrepreneur’, building long-term relationships with companies in the port industry and using unique competencies that were developed in the home port.

3.1.5. A stronger ‘licence to operate’ of port authorities

Meanwhile a new functional role has emerged, which we can best refer to as that of the ‘community’ or ‘cluster’ manager, a functional concept which was mainly developed by De Langen (2004; 2007). This new function is intrinsically linked to the changing nature of port communities and stakeholders and has both an economic and societal dimension that corresponds with the stakeholder pressures.

The community manager function is essentially a coordinating function, meant to solve collective action problems in and outside the port area, such as hinterland bottlenecks, training and education, ICT, marketing and promotion as well as innovation and internationalization. It also aims to shape accommodation between conflicting interests in order to defend the ‘license to operate’ and ‘license to grow’ of the port.

The economic and societal dimension can meet, for instance in case of port authorities inciting private operators to engage in sustainable behavior, thus linking up with the landlord and regulatory functions.

Developing the port hand in hand with the local community and key stakeholders

Port authorities are in most cases responsible for port development. Producing a port masterplan is nowadays common practice. According to the ESPO Survey 2016, 64% of port authorities surveyed have produced a masterplan, of which 78% date from 2010 or were produced after that.

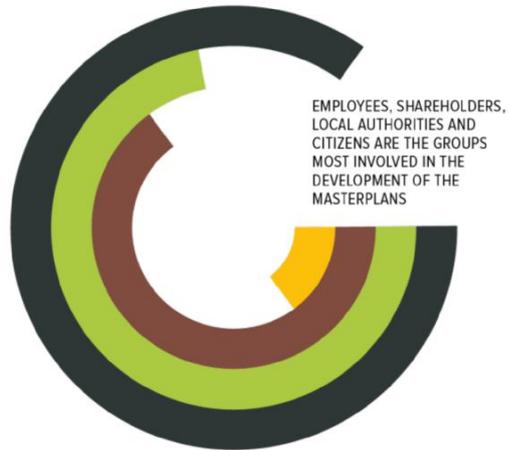
A port masterplan sets out the port’s strategic planning for the medium to long term. It provides a clear view on how the port will be developed during this time frame and shows the potential impact on the surrounding community. The time frame covered by port masterplans is generally long, ranging from 15 to 30 years. The masterplan must therefore be flexible and can be reviewed and adjusted according to changing circumstances. The port masterplan is a public document available on the ports’ websites.

A masterplan also provides credibility to the port authority when searching for public and private investors. Giving key stakeholders the opportunity to raise their concerns and expectations is a crucial part of the process. For this reason, in the process of producing a masterplan, port authorities involve public authorities at different levels, citizens, NGO’s and key stakeholders like port employees, tenants and users.

Figure 7: Categories of stakeholders involved in the development of the Masterplan

CATEGORIES OF STAKEHOLDERS INVOLVED IN THE DEVELOPMENT OF THE MASTERPLAN

- 85% Internal stakeholders (employees, shareholders, ...)
- 72% External non-contractual stakeholders (local authorities, citizens, NGO's, ...)
- 65% External contractual stakeholders (shipowners, terminal operators, ...)
- 15% Others



Building a beneficial relationship with employees and the local community

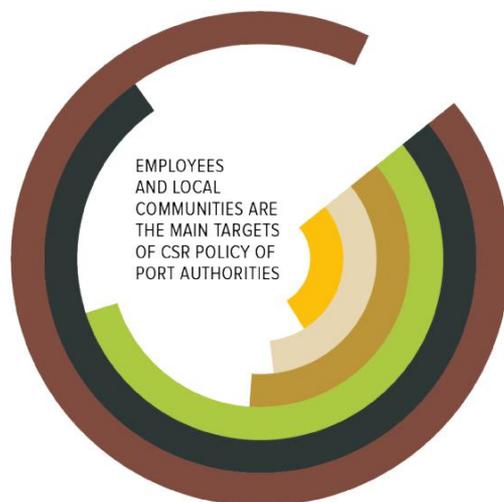
Many ports already advertise their corporate social responsibility (CSR) values on their websites and in their public reports. In this sense, the survey shows that already more than half of the respondent port authorities (up to 54% of the ESPO Fact Finding 2016 respondents) have a formalised CSR policy. Of those, two thirds already report on their corporate social responsibility performance through measurable objectives.

The commitments and achievements are often displayed in the ports' sustainability reports that are published (annually) and are available online. Port employees and local communities are the main beneficiaries of these proactive policies.

Figure 8: Stakeholders involved in corporate social responsibility initiatives

STAKEHOLDERS INVOLVED IN CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

- 93% Employees
- 76% Local communities
- 56% Clients
- 37% Providers
- 34% Tenants
- 27% Region and beyond

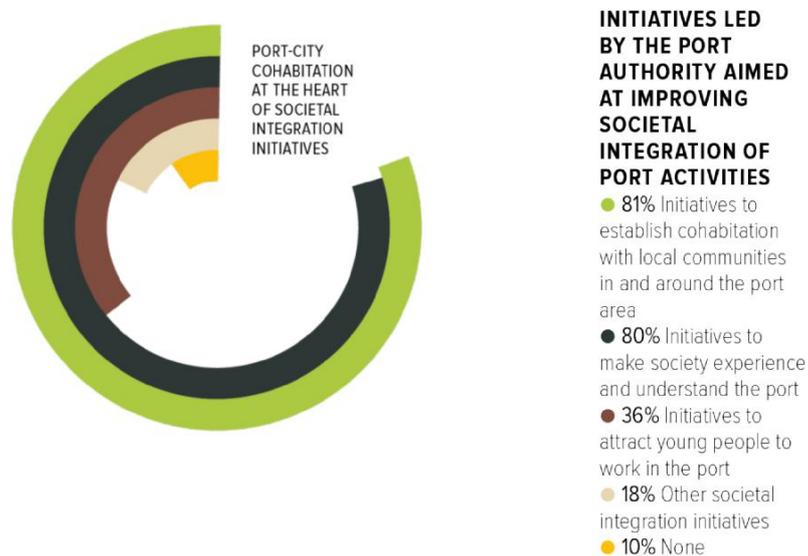


Urban ports and societal integration of port activities

Most of the ports surveyed are located in or very close to an urban area (91% of the ESPO Fact Finding 2016 respondents). Proximity to urban centres may trigger tensions, so port managers need to proactively manage the city -port relation to secure their “licence to operate and grow”. In this sense, a majority of port authorities design and implement initiatives to establish good cohabitation and to make the general public experience and understand the positive effects produced by the port activity (i.e. employment, added value, wealth creation, taxes paid to the region, connectivity, etc.).

Finding the optimal balance between port operations, and city developments and well-being is one of the main challenges of port managers today.

Figure 9: Initiatives led by the port authority aimed at improving societal integration of port activities



To promote societal integration of ports, ESPO created in 2009 an annual award that selects the best initiative among European ports to enhance the city-port relations through innovative projects (<http://www.espo.be/events#espo-award-2>). In 2010, ESPO also developed a Code of Practice on Societal Integration of Ports¹ with recommendations on how to proactively respond to this challenge.

3.1.6. The pivotal role of port authorities in fighting climate change by facilitating energy transition

As major players in globalisation, ports have benefited from the growth of the resulting industrial and logistical zones. Port -cities are also among the most exposed to extreme weather conditions resulting from climate change and public health and economic risks, as well as to the geostrategic evolutions of the global economy, especially in terms of energy. This is especially so in the area of renewable energy/alternative fuels development.

The land, functional and logistical resources available to port-cities are an undeniable asset in support of the development of new industries based on carbon-free energy,

¹

<http://www.espo.be/media/espopublications/ESPOCodeofPracticeonSocietalIntegrationofPort2010.pdf>

using solar power, bio-fuels or Renewable Marine Energy (RME). With 35,000 jobs created in 2012, offshore wind power was the industry which created the largest number of jobs in Europe. RME are starting to stamp the port-industrial landscape of many European port-cities, as once refineries did. In Bremerhaven, Esbjerg and Le Havre, port infrastructures are making space for manufacturing generator parts, and providing the logistics for the assembly of large units, which in principle contribute to carbon savings; they offer berths to the ships which serve the construction and maintenance of offshore wind-parks. The development of renewable energy is also of special interest for port-cities through the implementation of solutions for managing the intermittent nature of energy production and the resulting need for storage. Successful energy transition naturally requires renewable energy to offer the same flexibility of use during consumption peaks as fossil energy sources. For example, sea water can be pumped to a high point in the port-city during periods of excess energy production, where it is stored and released on demand to generator turbines. Several European projects are studying hydrogen production by electrolysis in situ in industrial-port zones. This molecule can then, for example, be combined with captured CO₂ to produce methane, which can be re-injected into LNG systems. These projects are at the heart of the practices of industrial ecology in which many port territories have already become involved.

The example of the port of Rotterdam

In order to understand the ambitious aims of ports in terms of energy transition, one can take the example of the port of Rotterdam that is responsible for 3 percent of the Netherlands' national income and also for about 20 percent of the national CO₂ emissions.

Research by the Wuppertal Institute has mapped out which transition pathways Rotterdam's industrial sector can follow to drastically cut back its CO₂ emissions in order to meet the goals of the Paris agreement, while continuing to manufacture products for which there is a public demand like fuels and chemical products. The main conclusion of this study is that by using a number of different techniques, it is possible to reduce CO₂ emissions by up to 98%. The institute's study was commissioned by the Port of Rotterdam Authority, which aims to turn Rotterdam's port area into a frontrunner in the current energy transition.

The Port Authority wants to help companies implement ways to reduce CO₂ and/or introduce new, climate-neutral industry as much as possible. To quote Allard Castelein, CEO of the Port of Rotterdam Authority: *“The research shows that it is possible to drastically reduce CO₂ emissions, and that the various projects we are presently working on align very well with the detailed transition pathways – particularly the utilisation of residual heat and the capture and storage of CO₂. But the report also establishes that many of the local companies will need to switch to different technology in the decades ahead. The energy transition involves a large number of steps taken by a large number of parties over an extended period. The present study shows that this transition is feasible, and can mainly be seen as a call to launch new initiatives. Start with a small project and scale it up later on. We can do this in Rotterdam, although we do require a robust long-term policy and the support of both the Dutch state and the European Union.”*²

² For more information on the energy transition aims of the Port of Rotterdam: <https://www.portofrotterdam.com/en/the-port/energy-transition>

Additionally, the port of Amsterdam has announced in its Strategic Plan 2017-2021 that it works on a scenario in which it will be coal-free by 2030. The port is seeking to accelerate a low carbon transition by encouraging innovative start-ups and investing in clean energy by making room for the development of new activities and innovations. New industries at the port include a factory that converts water-softening granules into chemical products and a project to extract valuable materials from used disposable nappies.

The port exports waste heat to Amsterdam city, co-owns a wind farm and is building a 100,000 square metre solar array for completion by 2020.

The port of Aalborg also announced that it has become CO₂-neutral. Since 2010, a series of initiatives have resulted in significant energy savings and reductions in CO₂ emissions. The diesel consumption has been reduced continuously by replacing vehicles and machines. The latest initiative concerns the installation of three charging stations at the harbour area along with replacing the official car of the guard on duty with an electric car.

In 2012, the port's office, along with other buildings, was renovated in accordance with the most rigorous standard for energy efficiency, namely the Passive House Standard, which among other things reduced the heat consumption in the building with a total of 85%. During the same year, the port initiated its renovation of roadway- and local lighting. In 2013, the port constructed a large solar cell system, with an annual production capacity of 80,000 kWh, which is enough to cover the consumption of electricity in the port's operating department and administration buildings. In 2014, the port's four large mobile cranes were replaced with three new cranes. These cranes have a significantly lower consumption of electricity and diesel. Despite a significant growth in crane tasks in 2016, the total energy consumption is actually lower than before.

3.1.7. Port authorities are facilitators and supporters of the energy transition

These examples show that one of the main elements of port governance is the facilitator role of port authorities. Even if port authorities are not directly a large source of CO₂ emissions, they can act as a facilitators and promoters of energy transition for the whole port cluster and stakeholders. As demand for cleaner energy increases, fossil fuels are gradually being complemented or replaced by renewable/alternative energy sources. To support the energy transition, many port authorities have taken up a key role by hosting renewable energy production and promoting its uptake. As the Fact Finding 2016, 41% of respondent port authorities secure land to generate or support clean energy, thus fulfilling their traditional role as landlords. 38% of respondents are initiating or facilitating that investors bring renewable energy production to the port or the region. A smaller percentage of ports go further and become (co-)investors (16%) or operators (13%) of the facilities.

While employment data in this sector is not readily available for most of the ports surveyed (64%), jobs linked to renewable energy in ports are forecasted to grow considerably in the next five years.

³ For more information on the Strategic Plan 2017-2021 of the port of Amsterdam:
<https://www.portofamsterdam.com/en/press-release/port-amsterdam-accelerates-energy-transition>

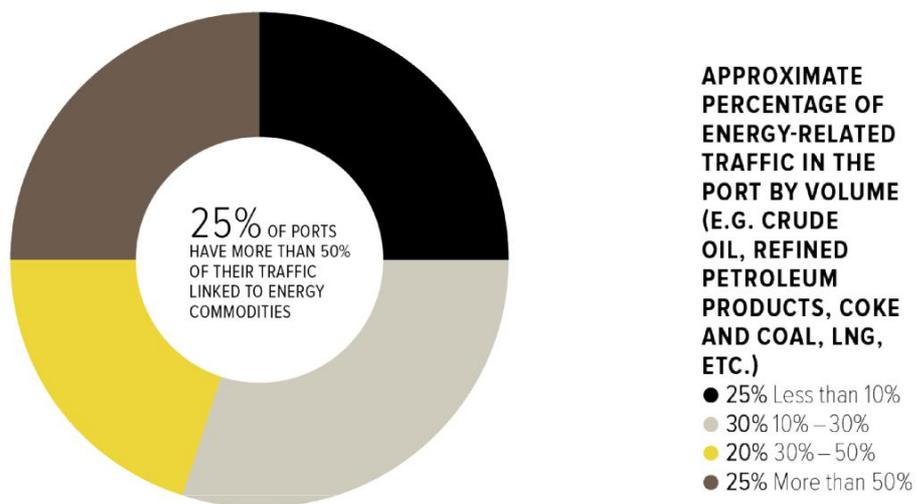
Figure 10: Role of port authority in the production of renewable energy



Ports are main entry points of energy commodities

Energy commodities represent a substantial part of traffic volumes of many European ports. Ports play a key role in the import, export, storage and distribution of fossil and other energy sources (crude oil, gas, LNG, coal, biomass, etc.). Developments impacting these commodities such as EU and government policies, geopolitical problems, price fluctuations, changes in energy suppliers and demand, etc. are therefore very relevant for the ports’ business and strategy. Most ports are at the centre of large population concentrations, hence their being the main entry point for energy commodities.

Figure 11: Approximate percentage of energy-related traffic in the port by volume



Ports are locations for energy production

Ports are traditional locations for energy production because of the easy access to raw energy sources. The ESPO survey 2016 shows that 50% of respondent ports have energy production plants located in the port area. In addition, energy production can also be located right in the vicinity of the port, which is not captured by the survey. Together with traditional fossil-fuelled energy plants, ports are increasingly generating sustainable energy with wind and solar, biomass and waste-based energy production expanding in ports.

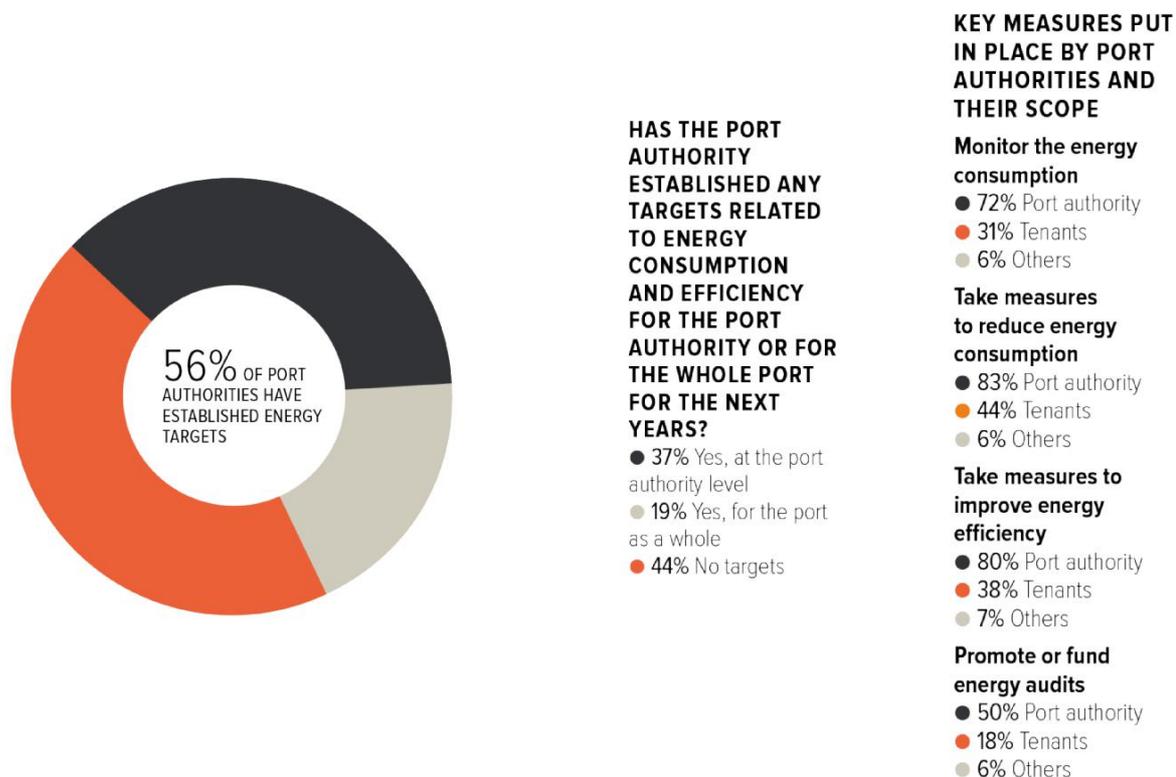
Electricity provision

Electricity is a rising cost due to carbon pricing schemes which are currently implemented such as the EU Emissions Trading Scheme (ETS), automation and more intensive port operations. 39% of the respondent port authorities are still electricity providers for the port area, directly or through a subsidiary company. The electricity is mainly sold on a cost-recovery basis although some ports do it on profit basis. 31% of respondent ports do not play any role in the provision of electricity in the port. In some cases, port authorities are owners of the infrastructure grid.

Energy management is a key concern of port authorities

The ESPO Environmental Review 2016⁴ revealed that energy consumption is the second environmental priority of European ports. This demonstrates that port authorities are increasingly aware that reducing energy use saves money and contributes to CO₂ reduction. The survey shows that more than half of the respondent ports have already established energy targets, among which two thirds of respondents target the port authority's owned and controlled facilities. Fewer port authorities extend these targets to all the port operations and facilities. European ports vary in size and activities. Influencing the energy performance of the whole port can be very challenging. Therefore, port authorities set up targets and take measures according to their resources available. The survey captures some key measures put in place by port authorities and their scope.

Figure 12: Establishment of targets and key measures related to energy consumption and efficiency by the port authority



4 BENCHMARKING SUGGESTIONS

In this section, benchmarking suggestions are proposed for the indicators implemented in the Portopia platform during the life of the project. Naturally, benchmarking the performance of EU ports in relation to their governance features seems quite tempting. However this is not a straightforward task given the many variables that influence port performance and the diversity of EU ports. In addition, port performance can be examined from many different perspectives, ie. Profit, benefits for local industry, customer satisfaction, environmental performance of the port, ...etc. Therefore some suggestions are made but are only approached from a theoretical point of view and are far from being possible in practice with existing data and interest from stakeholders.

Table 10: Port governance features and performance aspects to be benchmarked

Port governance features	Performance aspects to be benchmarked
Public port- Private port	Environmental performance (energy mix, air quality, decarbonisation, water quality, noise, etc...)
Commercial entity - public entity	Financial performance (revenues, financial targets, return on investment, dividend, etc...)
Port authority managing one port – Multiport ports port authority	Levels of investment (total public and private investments per year)
Municipally-owned port authority – central government owned port authority	Importance of public and of private investment

	<p>Customer experience and satisfaction</p> <p>Port services prices and transparency</p> <p>Operational performance</p> <p>Stakeholder management</p> <p>“License to operate” performance (Demonstrate levels of efficiency and wider impact of port activity like socio-economic impact, Responsibility to users and local community, Profits reinvested back into the port)</p> <p>Complaints raised to the independent supervisory entity</p> <p>Transparency and accounting practices</p> <p>Jobs (number of FTE)</p> <p>Number of accidents</p> <p>Safety policies</p> <p>Security breaches</p>
<p>Port authority setting its own charging policy- port authority with no charging autonomy</p> <p>Level of autonomy in investment in capital assets</p>	<p>Financial performance (revenues, financial targets, return on investment, dividend, etc...)</p> <p>Levels of investment (total public and private investments per year)</p> <p>Importance of public and of private investment</p> <p>Customer experience and satisfaction</p>
<p>Private port service providers and internal operators</p>	<p>Customer experience and satisfaction</p> <p>Port services prices and transparency</p> <p>Complaints raised to the independent supervisory entity</p>
<p>Landlord port authorities – integrated port authorities (also providing port services)</p>	<p>Customer experience and satisfaction</p> <p>Port services prices</p> <p>Complaints raised to the independent supervisory entity</p> <p>Number of accidents</p>
<p>Formalised CSR policy – non formalized CSR</p>	<p>Stakeholder management</p> <p>Transparency and accounting practices</p> <p>“License to operate” indicators of performance (Demonstrate levels of efficiency and wider impact of port activity, Responsibility to users and local community, Profits reinvested back into the port)</p>

On another different perspective, it is also relevant to establish benchmarks between EU ports and ports in other areas of the world to explore whether the trends in Europe in terms of ownership are also taking place in other parts of the world.

It is also interesting to benchmark the port sector against the airport sector with which the port sector shares a number of characteristics and issues.

ANNEX:

Table 11: Indicators proposed for the governance dashboard and benchmarks suggested for implementation in the platform

Indicators implemented in Dashboard	Description of the indicator
<p>Ownership of the port authority (public, mixed, private)</p>	<p>This indicator examines the type of ownership of the port authorities' organisations (not the port land) in terms of whether the ownership is public, private or a mixture.</p> <p>While the EU port sector is mainly in public hands, it is a relevant indicator to capture whether there will be indeed a confirmation of the trend towards mixed ownership (e.g. Greece, Slovenia, etc...) like in the airport industry.</p>
<p>Port authority ownership by government level (Fully state-owned, fully municipality-owned, province-owned, combination of government levels, etc...)</p>	<p>Public ownership is true for the majority of EU port authorities. It is relevant to have an indicator that examines the ownership by government level (municipal, state, etc...). This will allow comparison of certain features of port governance, like autonomy, CSR, etc... in terms of which administration is the owner of the port authority.</p> <p>There is no sign that ownership changes occur in EU ports. So capturing the evolution over time of this indicator is not required at the moment.</p>
<p>Port authorities by legal form (Public independent entity, Limited company, others...)</p>	<p>Classification of port authorities organisations in terms of the legal form adopted is relevant.</p> <p>More and more port authorities are becoming limited companies and moving away from administrative departments and from special public entities status.</p> <p>It is particularly interesting to analyse the</p>

	<p>evolution over time of this indicator and also to establish a regional comparison.</p>
<p>Number of ports managed by port authority (1 port, 2 ports, 3 to 5 ports, 6 to 10 ports, >10 ports)</p>	<p>This indicator captures the type of port authority in terms of number of ports under its management.</p> <p>While most of the port authorities currently manage one single port, there is a clear trend towards more cooperation and even merging of port authorities.</p> <p>Again it is particularly interesting to analyse the evolution over time of this indicator as well as to establish a regional comparison.</p>
<p>Port authorities as managers of the land</p>	
<p>Use of port land for which activities</p> <ul style="list-style-type: none"> - % of PA granting the use of port land to third parties for cargo handling activities - % of PA granting the use of port land to third parties for industrial activities - % of PA granting the use of port land to third parties Logistics and warehousing 	<p>The main function of a port authority is the management of the port land and the optimisation of the land use in relation to the activities taking place in the port area (eg. For instance through a masterplan). This multiple indicator captures whether the port authority is developing this landlord function.</p>
<p>Port authorities as operators of services</p>	
<ul style="list-style-type: none"> - % port authority operate cargo handling activities - % port authority operating passenger handling activities - % port authority operate services to ships 	<p>This multiple indicator looks at another function developed by the port authority, the operation of port services. While most port authorities are mostly focused on the landlord function, a number of port authorities still operate services in their ports. This indicator captures which are these services still performed by the port authorities.</p> <p>Evolution over time of this indicator is very interesting as it is the regional comparison of the situation.</p>
<p>Financial capability of</p>	

port authorities	
<ul style="list-style-type: none"> - % of PA responsible for setting the level of infrastructure charges - % of PA can decide on the allocation of the financial result - % of PA can decide on new investments on capital assets - The PA has financial targets to fulfill towards owners or shareholders (and types of targets) 	<p>This multiple indicator captures a basic picture of the existing autonomy of port authorities in respect to their main income stream and of the allocation of results and decision making on investments.</p> <p>It is especially interesting to establish a regional comparison of this indicator and to monitor the evolution over time of the situation and the links with the legal form of the port authority.</p>
Corporate Social Responsibility	
<ul style="list-style-type: none"> - % of port authority having a formalised corporate social responsibility? - % PA for which the formal CSR policy integrated in the port's mission and organisation? 	<p>Port authorities are more and more active in the field of corporate social responsibility. This is a way to maintain their license to operate but also part of their public role. Port authorities lead initiatives to improve sustainability of port activities and society general wellbeing.</p>
<ul style="list-style-type: none"> - Areas in which CSR policies focused (Employees, environment & sustainability, social and community activities,) 	<p>These indicators will capture the trend of increased importance of CSR in port organisations but also which areas are receiving more attention from port authorities.</p>