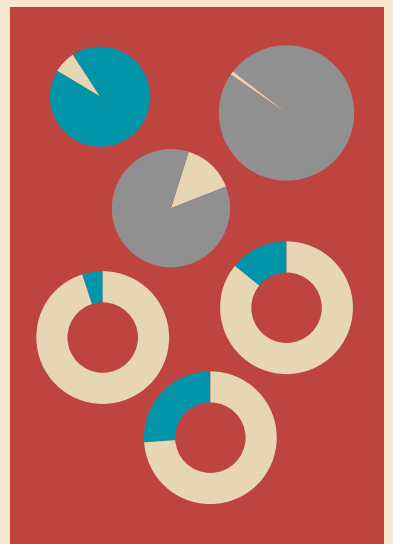
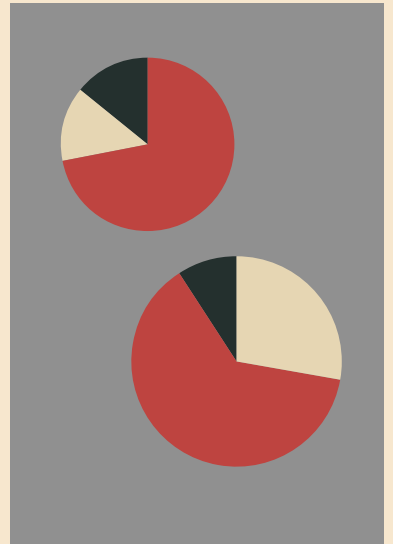
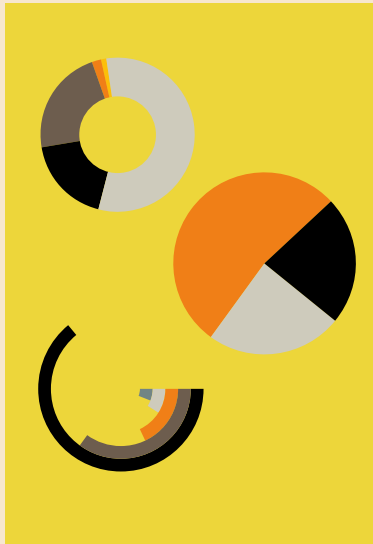
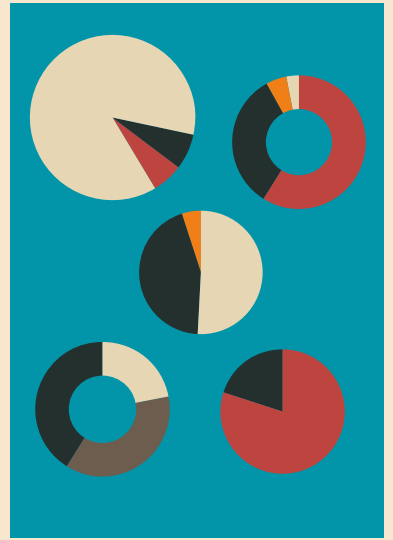


TRENDS IN EU PORTS GOVERNANCE 2016



FOREWORD

It is with great pleasure that I am presenting you the report 'Trends in EU Ports Governance 2016'.

This publication is based on the results of the latest fact-finding survey. Even though it builds on the merits and know-how of the previous five editions, we have tried to take it a step further. We have extracted from the findings those data and graphs that can illustrate certain trends and that can be of added value for both the port industry sector and EU policy makers.

This report shows the hybrid and unique character of European ports, combining both public and commercial interests. It also shows that European port authorities are developing different ways to connect with their stakeholders. Moreover, it illustrates how ports, in line with the new TEN-T policy framework, are doing their utmost to play their role as nodes in a multimodal transport chain and to connect with both other ports and the hinterland. It is interesting to see how port authorities are increasingly engaging in the energy sector, be it as facilitator of the energy transition, as advocate of reducing the energy consumption or to improve the energy efficiency for their activities and their users. Finally, this report also shows that transparency is more and more considered as a way for port authorities to maintain their licence to operate. Sharing data on environmental performance and being transparent in the accounts is becoming common practice.

Three main factors determine the quality of a Fact-Finding Report. First, there is the quality of the survey. Second, the respondents must give trustworthy answers, and finally, a lot depends on the quality of the assessment. I believe that this edition of the survey and this publication have these three ingredients. This would not have been possible without the support of the Portopia project, which has allowed the secretariat to dedicate enough time and resources to optimise the survey and analyse the answers in a thorough way. I would like to thank the secretariat for their engagement and work in that respect. I am also very grateful to the Port Governance Committee for their advice when developing the survey and to our members who completed the survey and thus contributed to the quality of the report.

This publication is a first outcome of the fact-finding survey 2016. We hope to work further with the data collected and to provide further intelligence through our website to policy makers and to the port industry in the months and years to come.

Santiago Garcia-Milà
Chairman

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Although all efforts have been made to ensure the accuracy and reliability of this report, neither the European Sea Ports Organisation nor the individuals that have contributed to the publication accept any responsibility in this regard.

ACKNOWLEDGEMENTS

All port authorities that filled in the survey and provided the data for this report.
The ESPO Port Governance Committee for the support and feedback in drafting the survey and the report.

This publication was edited by Martina Fontanet and Charlotte Max of the ESPO secretariat.

GRAPHIC DESIGN

Catapult (www.catapult.be)



This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 605176

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THE ESPO ‘FACT-FINDING REPORT’

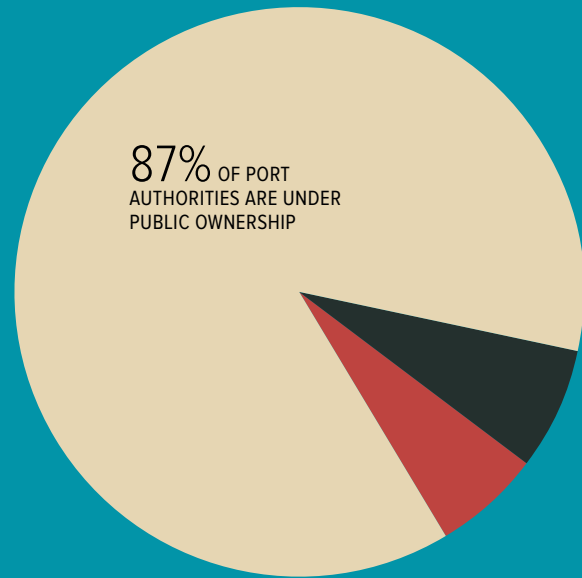
The 2016 edition of the ‘Fact-Finding Report’ is the sixth in its kind. It builds on a tradition that finds its origin in the 1970s. The aim of these reports is to monitor port governance and organisation in Europe and its evolution over time.

Although building on tradition, the 2016 edition introduces two new topics: energy developments and industry in ports. The aim of this ‘Fact-Finding Report’ is to look at the role port authorities play in the many dimensions of a port beyond its key role in transport. These include nowadays the ports as home and key partners of industrial clusters, the energy transition, innovation and the sustainability of port activity.

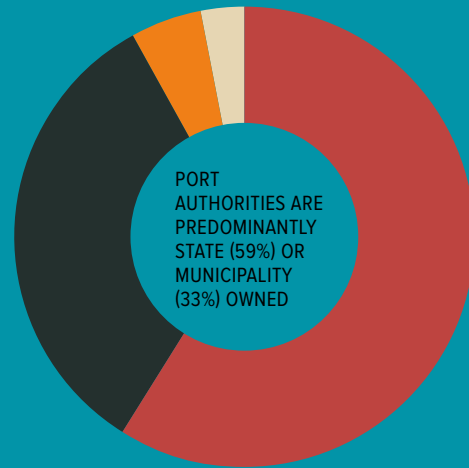
The figures provided in this publication are based on a web-based survey that was sent directly to individual port authorities. 86 port authorities from 19 EU Member States, Norway and Iceland completed the questionnaire¹. Together, they represent more than 200 ports and more than 57% of the overall volume of cargo handled in the European Union. The port industry is collegial and ports routinely compare experiences and learn from each other. The high level of response to ESPO’s governance survey reflects this important feature of the port industry.

This publication presents only selected findings of the survey. A more comprehensive analysis, including the full results of the survey, is being produced and will be the basis for further work of ESPO. The ESPO fact-finding survey 2016 is part of the work performed under the governance dimension of the EU project PORTOPIA on port performance indicators. The project is co-funded by the European Commission under the FP7 framework.

1. Norway and Iceland are included as EEA members.



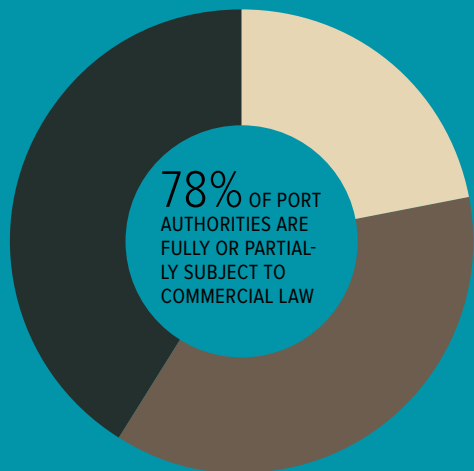
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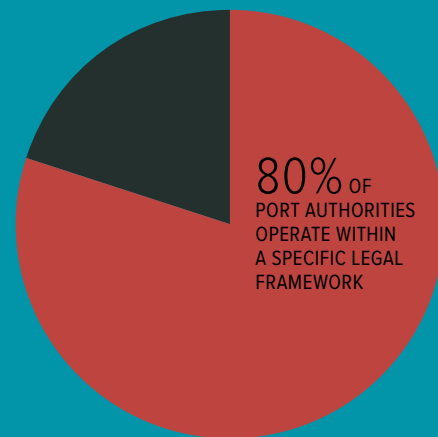
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5

1 OWNERSHIP OF EU PORT AUTHORITIES
 ● 87% Public ownership
 ● 7% Mixed public-private ownership
 ● 6% Private ownership

EXAMPLES of mixed public and private ownership exist in Piraeus and Thessaloniki (GR), Koper (SI), CMP (DK) and since 2011 also in Constanza (RO).
 In April 2016, China's Cosco group acquired 67% of the shares of Piraeus Port Authority (PPA), a listed company that has a concession to operate the port until 2052. The Greek State will own 7% of PPA after the sale is approved by the Greek Parliament.

2 PUBLIC OWNERSHIP BY LEVEL OF PUBLIC AUTHORITY
 ● 59% State
 ● 33% Municipality
 ● 5% Combination (e.g. state and province)
 ● 3% Province or other government level (e.g. Bundesland)

3 PORT AUTHORITIES BY LEGAL FORM
 ● 51% Limited companies
 ● 44% Independent public bodies
 ● 5% Other

EXAMPLES
 On 1 April 2013, the Port of Amsterdam was officially corporatised. Now 'Havenbedrijf Amsterdam NV' is a limited liability company of which the City of Amsterdam is the main shareholder.
 Finnish ports are limited liability companies since 1 January 2015.

As from January 1st 2016, the Port of Antwerp became 'Havenbedrijf Antwerpen NV van publiek recht' a corporation under public law.

4 PORT AUTHORITIES SUBJECT TO COMMERCIAL LAW
 ● 41% Fully subject
 ● 37% Partially subject
 ● 22% Not subject

5 PORT AUTHORITIES GOVERNED BY SPECIFIC LAW/ACTS
 ● 80% Yes
 ● 20% No

THE HYBRID NATURE OF PORT AUTHORITIES

Seaports remain under public ownership

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 ① & ②. 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 ownership².

But are moving towards more independent private-like management

Compared to 2010, more port authorities are structured as independent commercial entities (Ltd-“Limited Companies”, SA-“Société Anonyme”, GmbH, AB-“Aktiebolag”, Spółka Akcyjna, etc.) and operate in a commercially-oriented manner. In 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 ③.

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 port³.

Reinforcing this idea, the survey shows that in 2016, most port authorities, irrespective of their legal form, already comply with normal commercial law. Only 22% 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.) ④ & ⑤.

2. The ownership of Europe's Airports 2016 (www.aci-europe.org).

3. More detailed analysis and insight would be necessary to establish more clearly where the key differences exist between the characteristics of commercialised port management and public management.

Port authorities have a mixture of economic and non-economic objectives

7 out of 10 port authorities consider themselves as mission-driven entities where cost recovery or profit is a must. 15% classify themselves as non-economic public bodies run with general interest objectives. The rest of the port authorities declare to be profit-maximising companies (6).

When asked which option describes best the goals of the port authority, 63% of respondent ports choose the balance between the public and private interests. For 28% of the respondents, the realisation of public interests is the main goal (7).

Port authorities pursue a mixture of economic and non-economic objectives.

The top 3 economic objectives stated are:

- Financial sustainability of the port
- Maximisation of added value
- Maximisation of port throughput

Corporate-like objectives such as maximisation of profit of the port authority or of the (public or private) shareholders are only present in 20% of the answers. Only few port authorities declare not to have any economic objectives.

Port authorities also pursue multiple objectives that contribute to the general interest of the society (8):

- **Facilitating trade and business:** The most important objective of freight ports is ensuring that companies that use the port to receive imports or ship exports remain highly competitive.
- **Ensuring that port activity is sustainable in the long run:** This clearly shows that port authorities work towards balancing the economic, social and environmental effects of the port activities.
- **Social and economic growth of the region:** The contribution of ports to the regional economy can be measured in terms of value added, wages, local and national taxes paid, jobs, etc. Port authorities are key to stimulate growth of the regional direct, indirect and induced benefits connected to the ports.
- **Developing maritime and hinterland connectivity:** Linking goods to consumers, and companies in the hinterland to global markets is also a key objective.

8

SOCIAL AND GENERAL INTEREST OBJECTIVES OF PORT AUTHORITIES

Facilitate trade and business	82%
Ensure sustainability of the port activities	78%
Social and economic growth of the region	76%
Develop maritime and hinterland connectivity	62%
Create employment in the region	58%
Promote and support leisure, tourism, sport and other related activities	34%
Be part of the emergency supply chain	22%
Ensure transport connection to/from a peripheral area or island and the mainland	19%
Other	6%

6

PORT AUTHORITY BY TYPE OF ORGANISATION

- 71% A mission-driven entity where profit/cost recovery is a must but not the only consider
- 15% A non-economic public body run with general interest objectives
- 14% A profit-maximising business

7

GOALS OF THE PORT AUTHORITY

- 28% The realisation of public interests
- 63% The balance between public and private interests
- 9% The realisation of private interests

EXAMPLES

Rotterdam Port Authority's mission

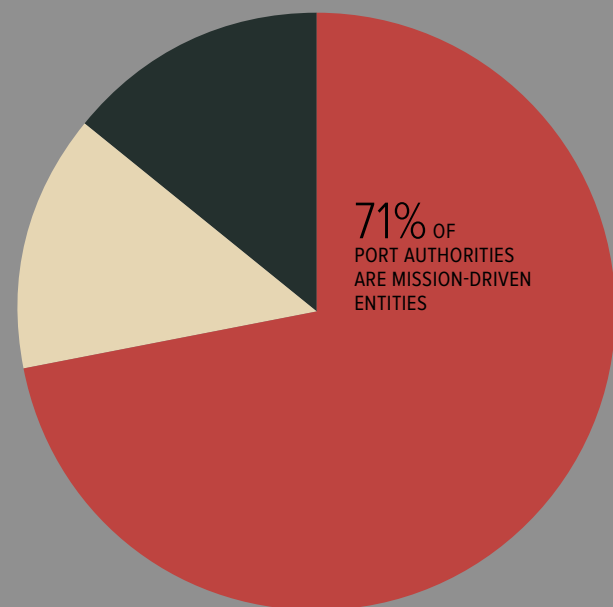
"The Port of Rotterdam Authority creates economic and social value by working with customers and stakeholders to achieve sustainable growth in the world-class port."
www.portofrotterdam.com

Mission of the Port Authority of Algeciras Bay

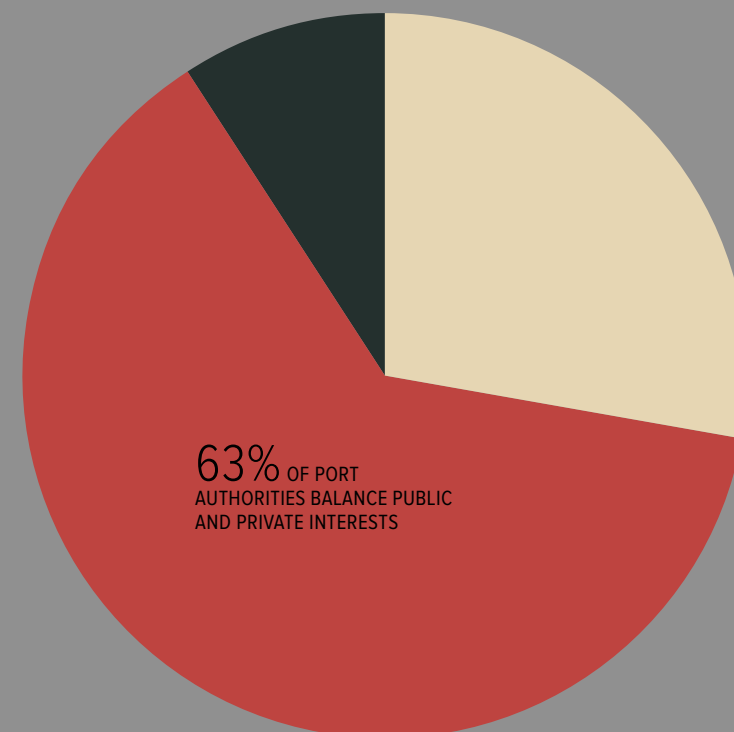
"To spearhead the supply of competitive, sustainable port and logistics services that generate added value in close harmony with our customers and to benefit our regional economy and employment rates."
www.apba.es/en

Associated British Ports

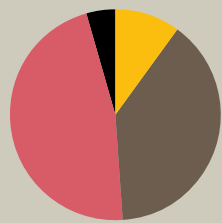
"Our investment is designed to respond to the needs of our customers whose businesses rely on our ports for access to international and, in some cases, domestic markets. Helping these firms compete on the global stage and protecting national energy security are key roles our ports play in the UK economy".
www.abports.co.uk



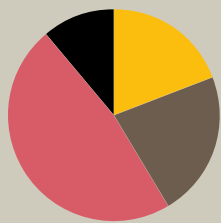
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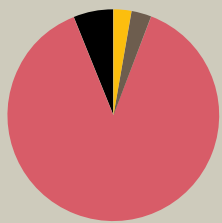
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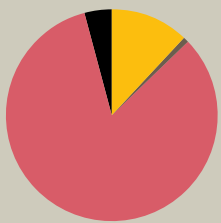
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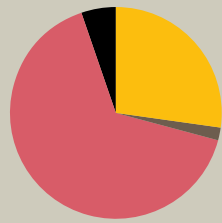
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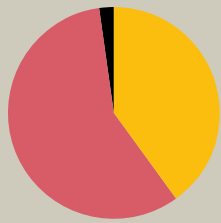
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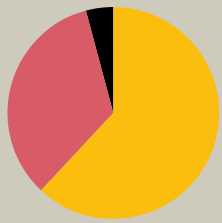
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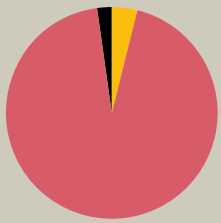
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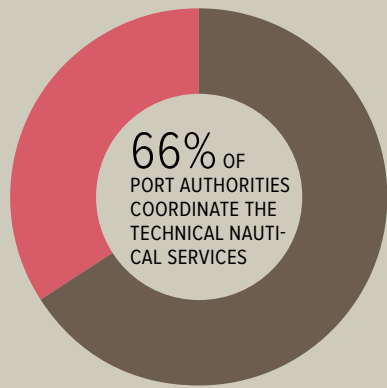
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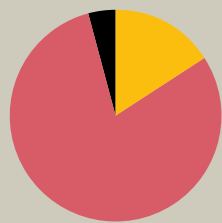
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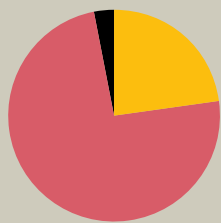
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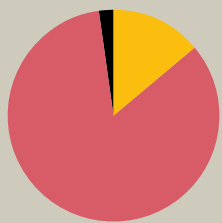
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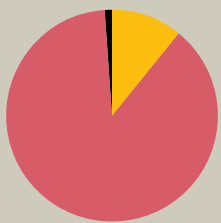
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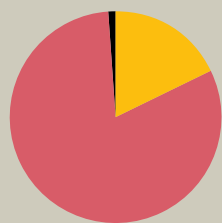
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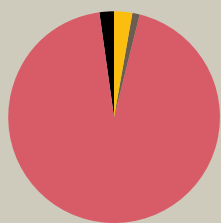
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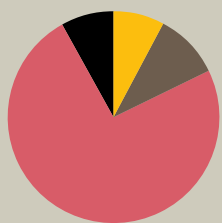
11D



11E



11F



11G



11H

9 **PROVISION OF PORT SERVICES TO SHIPS**

- 9A **Pilotage outside the port area**
 - 9% Port authority
 - 35% Government
 - 42% Private operator
 - 14% Other
- 9B **Pilotage inside the port area**
 - 19% Port authority
 - 22% Government
 - 47% Private operator
 - 11% Other
- 9C **Towage outside the port area**
 - 3% Port authority
 - 3% Government
 - 88% Private operator
 - 6% Other
- 9D **Towage inside the port area**
 - 12% Port authority
 - 1% Government
 - 83% Private operator
 - 4% Other
- 9E **Mooring**
 - 27% Port authority
 - 2% Government
 - 65% Private operator
 - 5% Other
- 9F **Waste reception facilities**
 - 40% Port authority
 - 0% Government
 - 58% Private operator
 - 2% Other
- 9G **Onshore power supply**
 - 62% Port authority
 - 0% Government
 - 34% Private operator
 - 4% Other
- 9H **Bunkering**
 - 4% Port authority
 - 0% Government
 - 94% Private operator
 - 2% Other

10 **DOES THE PORT AUTHORITY COORDINATE THE TECHNICAL NAUTICAL SERVICES?**

EXAMPLES
The diversity in the organisation and provision of port services to ships in EU ports is well known. Pilotage for instance can be a public service provided by the government, like in Sweden or Finland, or it can be provided by private pilots, like in the Netherlands.

Another example of how many different models exist, concerns the provision of port reception facilities for ships to deliver waste. While the service is in many cases provided by the port authority, the facilities are commonly operated by private parties contracted by the port authority, like in Stockholm (SE), or more exceptionally they can be operated by the port authority through a subsidiary company like in Tallinn (EE).

11 **PROVISION OF SERVICES TO CARGO**

- 11A **Cargo handling on board ship**
 - 16% Port authority
 - 0% Government
 - 80% Private operator
 - 4% Other
- 11B **Cargo handling ship-shore**
 - 23% Port authority
 - 0% Government
 - 74% Private operator
 - 3% Other
- 11C **Cargo handling shore-inland transport**
 - 14% Port authority
 - 0% Government
 - 84% Private operator
 - 2% Other

- 11D **Logistics services**
 - 11% Port authority
 - 0% Government
 - 88% Private operator
 - 1% Other

- 11E **Warehousing services**
 - 18% Port authority
 - 0% Government
 - 81% Private operator
 - 1% Other

- 11F **Road haulage**
 - 3% Port authority
 - 1% Government
 - 93% Private operator
 - 2% Other

- 11G **Rail operation**
 - 8% Port authority
 - 10% Government
 - 74% Private operator
 - 8% Other

- 11H **Inland barging**
 - 0% Port authority
 - 0% Government
 - 100% Private operator
 - 0% Other

EXAMPLES
In some ports, for instance in Stockholm (SE) or Piraeus (GR), port authorities still operate cargo handling terminals next to private operators. Some port authorities, such as Port of Koper in Slovenia or the Port of Felixstowe in the UK, provide all cargo handling services in their ports.

Main port services are in private hands
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. 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 9 & 10.

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 11, transport services are also provided by private parties in most cases.

OPTIMISING LAND USE IS A KEY FUNCTION OF PORT AUTHORITIES

Port authorities manage the port land and infrastructure, sometimes in more than one port in the same country. Since the last edition in 2010, merging of neighbouring port authorities happened either bottom-up, as a result of cooperation between port authorities, or driven by government's policy (12).

As regards land ownership, almost half of the respondent port authorities fully or partially own the land they manage. For the other half of port authorities that do not own the land, a legal framework exists which entitles port authorities to manage the port land on behalf of the owner. These legal frameworks differ from country to country. For example, these arrangements may include concession or lease agreements from the state, service agreements with the region or derive from specific laws or regulations. In these cases as well, the ownership of the port land is mostly in the hands of the state (64%) and the municipality (35%). For one third though, the land is owned by a mixture of public authorities and/or the private sector (13) & (14).

Only one third of the ports have priority rights for buying land located in the port area. On the other hand, a majority of port authorities (70% of the respondents) could sell port land although it is seldom done in practice.

12

NUMBER OF PORTS MANAGED BY A PORT AUTHORITY

- 56% 1 port
- 18% 2 ports
- 22% 3–5 ports
- 2% 6–10 ports
- 1% +10 ports

EXAMPLES

Kvarken Port is a new company since 1 January 2015 and is running the ports of Umeå (SE) and Vaasa (FI) as a single joint venture. The aim of this cooperation is to develop the ports' market position in the Baltic Sea trade.

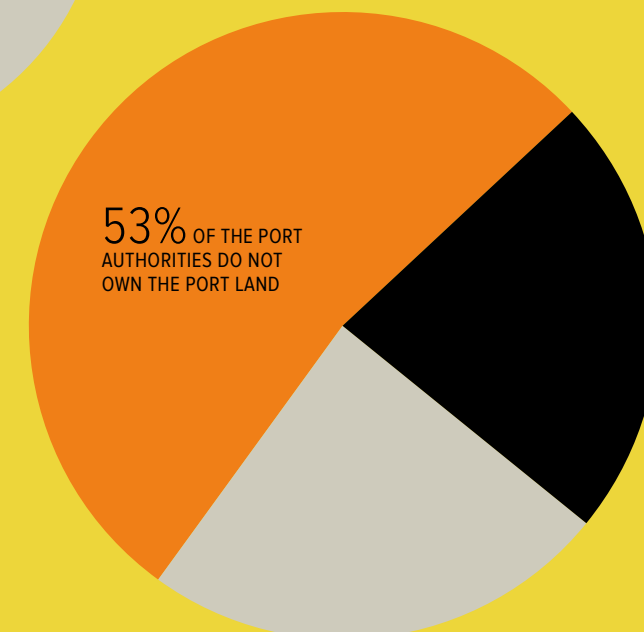
Copenhagen Malmö Port (DK) was until recently the only entity managing ports in different countries, namely the ports of Copenhagen (DK) and Malmö (SE).

HaminaKotka is a merge between two limited companies in the ports of Hamina and Kotka in Finland which took place on 1 May 2011.

The new Italian port reform that is being discussed at the moment in Italy merges the current 24 port authorities into 15 port system authorities that will manage 54 ports.



12



13

13

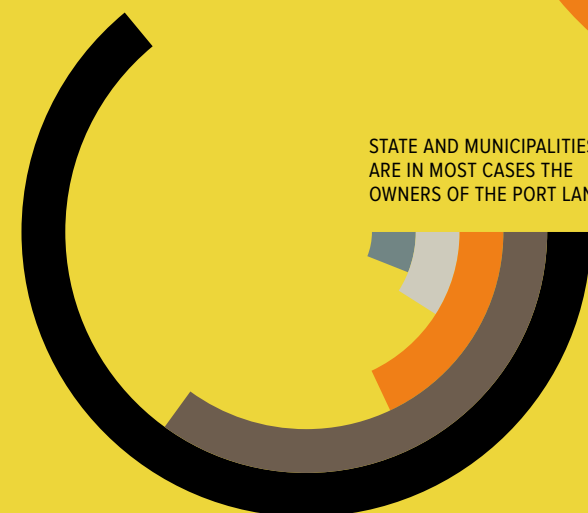
OWNERSHIP OF THE PORT LAND BY THE PORT AUTHORITY

- 23% Full ownership of the land
- 24% Partial ownership of the land
- 53% Port authority does not own the land

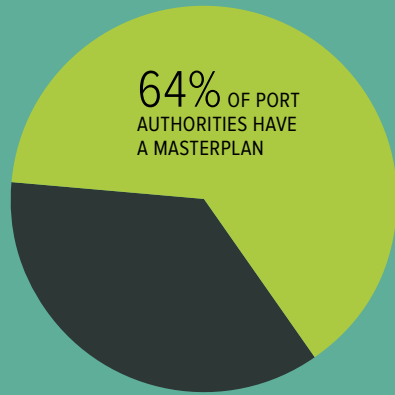
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(CO-)OWNERS OF THE PORT LAND

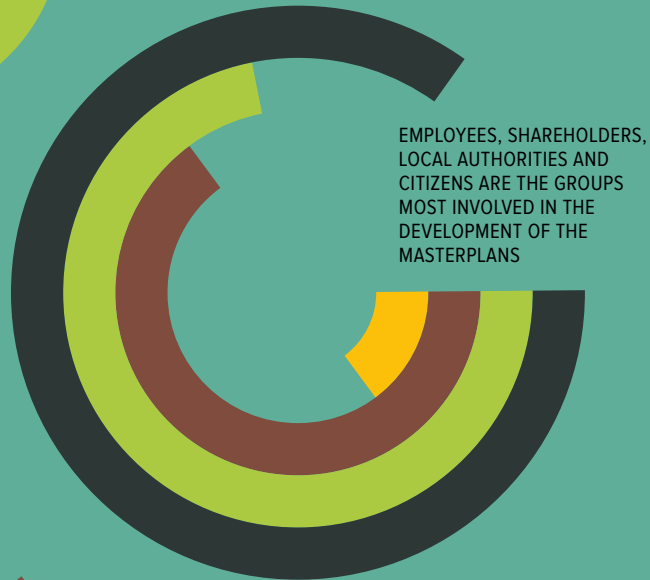
- 64% State
- 35% Municipality
- 18% Private sector
- 9% Other
- 6% Region



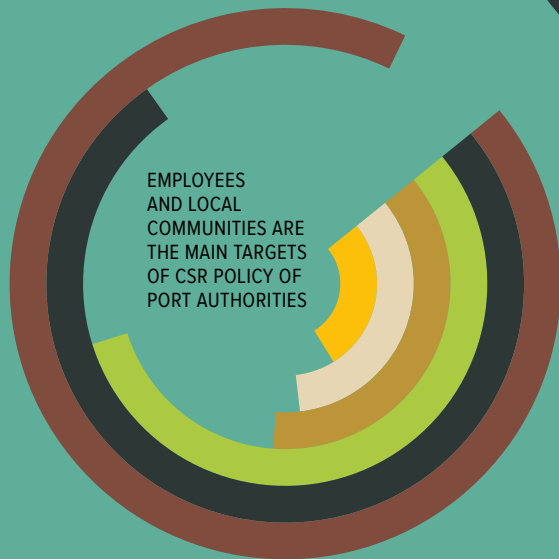
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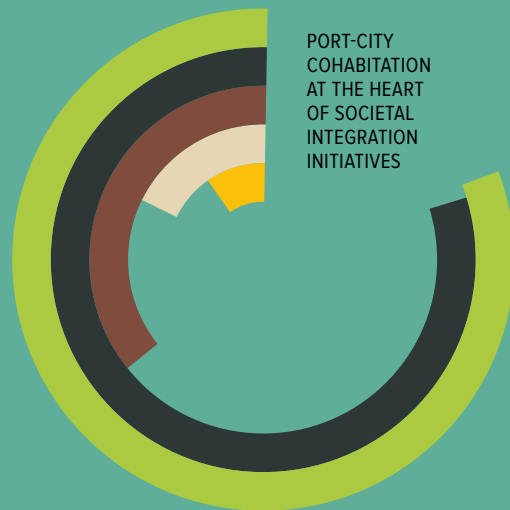
15



16



17



18

15
PORT AUTHORITIES WITH A PORT MASTERPLAN

- 64% Yes
- 36% No

EXAMPLES

The masterplan of Dublin Port Company (2012 – 2040) is available on the website www.dublinport.ie/masterplan

The Port of Southampton published its 2009 – 2030 masterplan: www.southamptonvts.co.uk

16
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

17
STAKEHOLDERS INVOLVED IN CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

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

EXAMPLES of measurable objectives to report on corporate social responsibility (CSR) can be the annual expenditure on CSR or the port's carbon footprint.

The Port of Gothenburg (SE) conducts its operations in accordance with the City of Gothenburg's climate programme and is currently working to

ensure that shipping in Gothenburg can reduce its carbon emissions by at least 20% by 2030, as compared to the 2010 level. www.portofgothenburg.com

18
INITIATIVES LED BY THE PORT AUTHORITY AIMED AT IMPROVING SOCIETAL INTEGRATION OF PORT ACTIVITIES

- 81% Initiatives to establish cohabitation with local communities in and around the port area
- 80% Initiatives to make society experience and understand the port
- 36% Initiatives to attract young people to work in the port
- 18% Other societal integration initiatives
- 10% None

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. 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. 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 (15 & 16).

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.

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 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 (17).

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 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.) (18).

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

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 (www.espo.be). In 2010, ESPO also developed a Code of Practice on Societal Integration of Ports⁴ with recommendations on how to proactively respond to this challenge.

4. www.espo.be – 'Our publications'

PORT AUTHORITIES ARE PROACTIVE TEN-T NETWORKERS

Since the adoption of the new TEN-T policy framework in 2013, ports have a key role to play as crucial nodes in the TEN-T. Port authorities take up this role by turning into proactive infrastructure managers who lead initiatives to enhance the overall port competitiveness across key areas.

The top 3 initiatives include first of all the improvement of maritime and land access and of the hinterland connections of the port. The second group of initiatives covers the development of ICT, of intermodal operations and the simplification of administrative procedures. Thirdly, port authorities lead initiatives in the reengineering of processes, in the performance of government agencies acting in the port (e.g. customs) and in fostering innovation (19).

When the legal framework allows it, some port authorities invest beyond the port perimeter directly in hinterland networks, at national and international level. This can include direct financial participation in concrete projects or in relevant companies outside their own port, for instance in intermodal terminals, logistics platforms or in rail or road infrastructure.

Port authorities develop strategic partnerships with other seaports either at national or international level to take action in specific areas. Partnerships may include joint promotion efforts, developing joint ICT projects or participation in European projects within the TEN-T financial framework (e.g. Motorways of the Sea projects).

To a lesser extent, cooperation with inland and dry ports is emerging and can even lead to integration under one umbrella organisation (e.g. HAROPA) or to direct financial participation in inland and/or dry ports (20).

Port authorities are the main promoters of the port

As in 2010, in many instances, port authorities lead the overall promotion and marketing actions of the port on behalf of the port community. In some other cases, the promotion of the port is jointly developed with the whole port community and the region.

The efforts of promotion and marketing by the port authorities stretch out to the foreland of the port, reaching the overseas ports and markets linked by shipping services to the port (21) & (22).

Stimulating innovation is in the port authorities' agenda

The 2016 survey also examines for the first time the role of port authorities in bringing innovation into the port. Innovation has many different dimensions. Two thirds of respondent ports are looking for new business models and opportunities for the port authority. Like in other sectors, new business models and start-ups may radically change the way a sector operates.

Two thirds of port authorities also partner in innovation projects with customers, port operators or other companies as a way to stimulate the uptake of innovative solutions in the port. The adoption of emerging technologies and digitalisation is also taking off in the port sector with 60% of port authorities active in this field.

It is remarkable that already one third of the ports are working to create an innovation ecosystem in the port, bringing together resources and actors in a favourable environment for innovation.

19 AREAS IN WHICH PORT AUTHORITIES ARE LEADING INITIATIVES TO IMPROVE THE COMPETITIVENESS OF THE PORT

- 87% Improvement of maritime access of the port
- 78% Improvement of land access to the port
- 73% Improvement of the hinterland connections of the port
- 58% Intermodal operations in the port
- 58% Deployment of ICT (Information and Communication Technologies)
- 56% Facilitation of administrative procedures
- 45% Performance of government agencies acting in the port (customs, health, veterinary, etc.)
- 45% Fostering innovation
- 42% Reengineering of processes
- 5% Others

EXAMPLES

The Port Authority of Barcelona (ES) directly invested in several inland terminals located in Zaragoza (ES), Madrid (ES) and Perpignan (FR) to improve the rail connections in the broader hinterland of the Port of Barcelona.

20 PARTNERSHIPS WITH OTHER SEAPORTS, INLAND PORTS AND DRY PORTS

- 37% Seaports at national level
- 51% Seaports at international level
- 16% Inland ports at national level
- 9% Inland ports at international level
- 25% Dry ports at national level
- 7% Dry ports at international level

EXAMPLES

Amongst others, cooperation can be found in cruise promotion efforts, but also in umbrella organisations such as HAROPA, which brings together the ports of Le Havre, Rouen and Paris, or NAPA, the North Adriatic Ports Association.

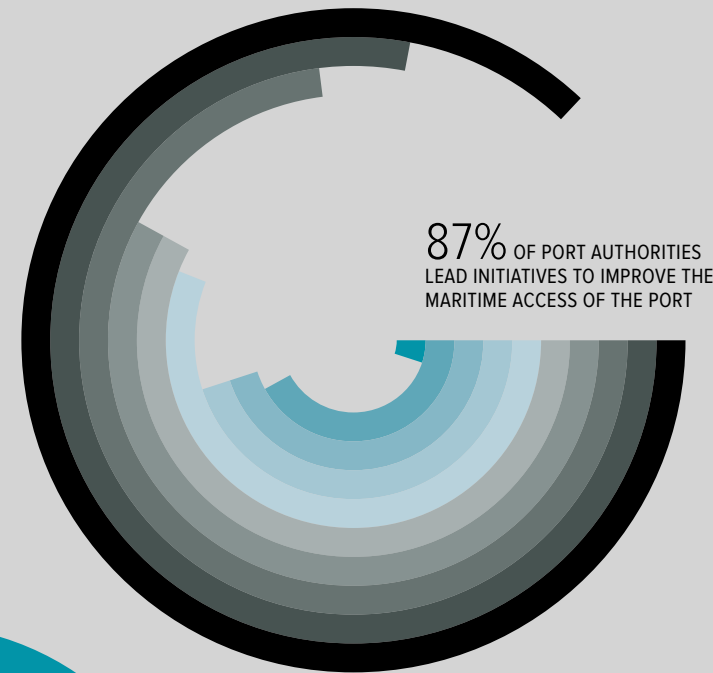
Cooperation regarding to hinterland connections can be found in the FERRMED work on the Med Corridor.

21 IS THE PORT AUTHORITY LEADING THE OVERALL PROMOTION AND MARKETING ACTIONS OF THE PORT ON BEHALF OF THE PORT COMMUNITY?

- 86% Yes
- 14% No

22 ACTIVITIES PERFORMED BY PORT AUTHORITIES IN THE FORELAND

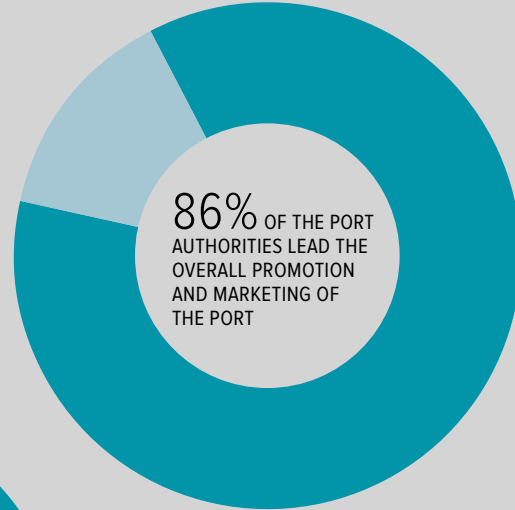
- 81% Marketing and promotion of the home port
- 17% Consulting and advisory services
- 13% Port development services
- 7% Port management services
- 6% Investments in foreland ports



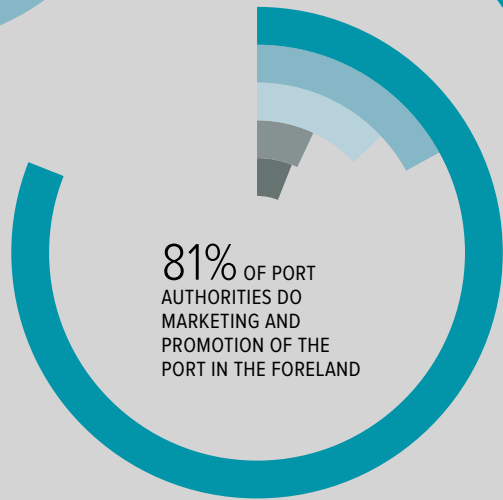
19



20



21



22

23

SECTORS OF INDUSTRY IN THE PORTS

- 63% Shipbuilding
- 54% Chemical
- 51% Food industry
- 49% Electrical power
- 49% Petroleum
- 49% Construction
- 40% Steel industry
- 35% Fishing industry
- 23% Automotive
- 35% Other

EXAMPLES

The ports of Antwerp (BE) and Rotterdam (NL) are known for hosting huge chemical and petrochemical industries.

The Port of Hamburg (DE) is also an important industrial area. The port is home to various industrial companies from the energy sector, the basic materials industry, drive engineering, shipbuilding and mechanical engineering.

The Port of Marseille Fos (FR) hosts refineries, steel industry, chemical industry and ship-repair activities with 9 dry docks, including the largest dry dock in the Mediterranean.

24

OWNERSHIP OF THE PORT LAND BY INDUSTRY

- 31% Industrial companies own the land
- 69% Industrial companies do not own the land

PORTS ARE HOME AND KEY PARTNERS OF INDUSTRIAL CLUSTERS

66% of respondent ports are hosts to industrial plants. The main industrial sectors in the sample relate to ship building and repairing, chemical and energy-related industry, construction and steel industry, and food and fishing industry. These plants benefit from their location in a port for the import of raw material or for export of finished goods, thanks to the shortening of the transport leg. Synergies and clusters are also created in the ports, which generate even more advantages, for instance energy availability, circular economy, etc.

Industrial partners may lease the port land from port authorities through lease agreements or mixed contracts (i.e. including works) or own at least partially the land where they are located. The contracts of the port authorities with industrial companies are usually for a period of time between 20 to 30 years. Shorter and longer contracts also exist depending on the sector.

Port authorities generate revenue both from the leasing of the land to industry and from the cargo throughput linked to it. European and global markets and macroeconomic trends will have a clear impact on whether certain industries will continue to be present in ports. This remains outside the control of port authorities who still need to set the long-term planning and strategy of the port with the uncertain long-term situation of their important tenants and source of port traffic.

SHIPBUILDING, CHEMICAL AND ENERGY-RELATED INDUSTRIES ARE MOST PRESENT IN THE PORTS IN THE SAMPLE

23

69% OF PORT AUTHORITIES LEASE PORT LAND TO INDUSTRY

24

PORTS ARE KEY PLAYERS IN THE ENERGY SECTOR

Ports are main entry points of energy commodities

Energy commodities represent a substantial part of traffic volumes of many European ports (25). 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.

Ports are locations for energy production

Ports are traditional locations for energy production because of the easy access to raw energy sources. The survey 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 (26).

Port authorities are facilitators and supporters of the energy transition

As demand for cleaner energies increases, fossil fuels are slowly being complemented or replaced by renewable 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. 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 (27).

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.

25

APPROXIMATE PERCENTAGE OF ENERGY-RELATED TRAFFIC IN THE PORT BY VOLUME (E.G. CRUDE OIL, REFINED PETROLEUM PRODUCTS, COKE AND COAL, LNG, ETC.)

- 25% Less than 10%
- 30% 10% – 30%
- 20% 30% – 50%
- 25% More than 50%

EXAMPLES

The Port of Milford Haven is the UK's largest energy port. In terms of its marine operation, it is almost exclusively focused on handling bulk liquids such as petroleum products and Liquefied Natural Gas (LNG). It hosts some of Wales' most important employers in the energy sector.

The main business of the Port of Nantes Saint-Nazaire (FR) is energy in bulk for several local industries: an oil refinery, a coal-fired power station and the LNG terminal.

Reinforcing the port's role in the supply of energetic products to the country was one of the guiding lines of the Port of Sines' (PT) Strategic Plan for 2003 to 2015.

26

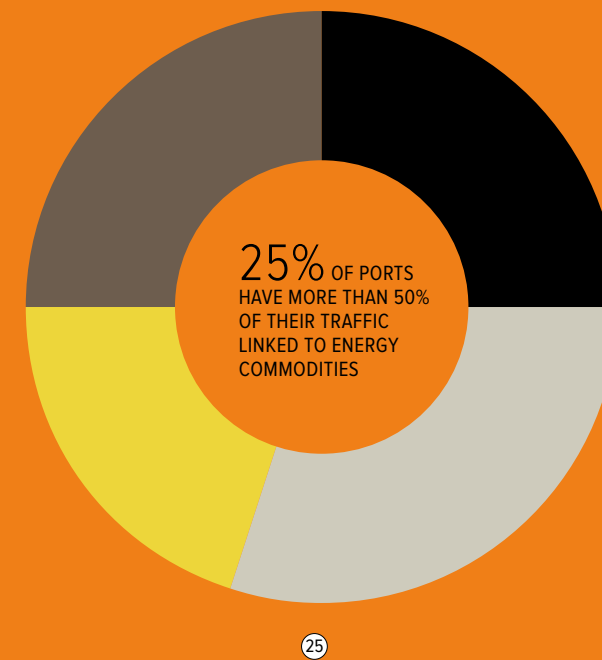
ENERGY SOURCES FOR ENERGY PRODUCTION IN PORTS

- 38% Wind
- 31% Oil/petroleum
- 31% Coke and Coal
- 31% Solar
- 29% Natural gas/LNG
- 26% Biomass
- 24% Waste incinerator
- 2% Wave
- 2% Nuclear
- 5% Other

27

ROLE OF PORT AUTHORITY IN THE PRODUCTION OF RENEWABLE ENERGY

- 41% Provider of land
- 38% Initiator/facilitator
- 16% Logistics support
- 16% Investor/co-investor
- 13% Operator of the facilities
- 5% Other roles

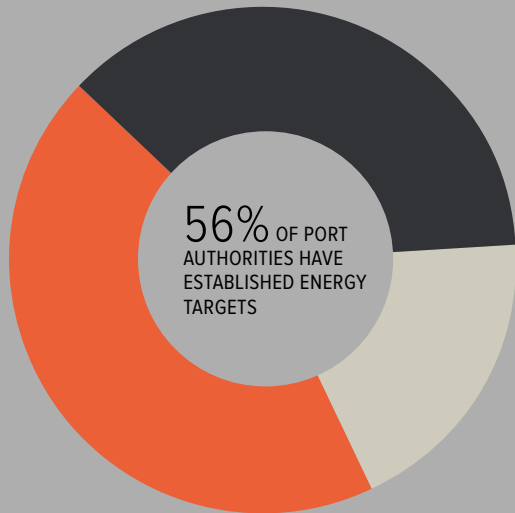


PRODUCTION OF RENEWABLE ENERGY IN PORTS IS INCREASING

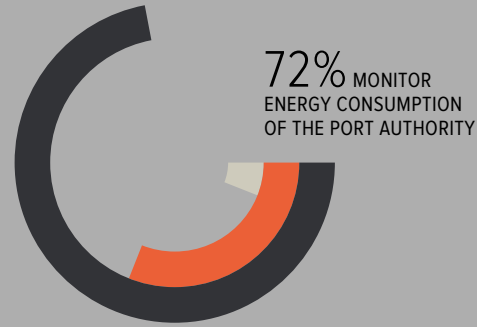


38% OF PORT AUTHORITIES ARE FACILITATORS OF RENEWABLE ENERGY PRODUCTION IN THE PORT

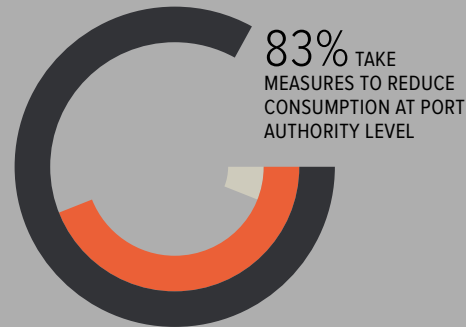




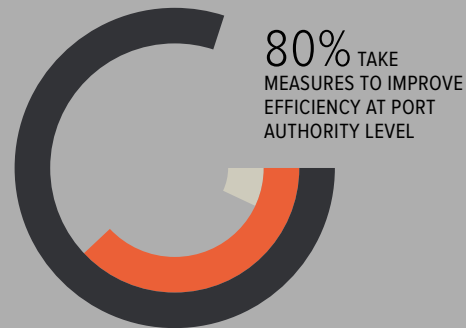
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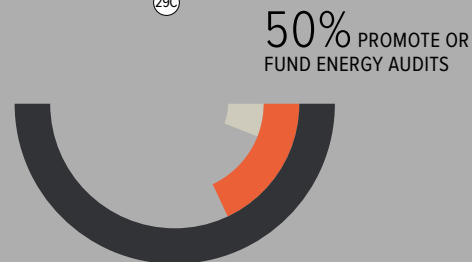
29A



29B



29C



29D

28

HAS THE PORT AUTHORITY ESTABLISHED ANY TARGETS RELATED TO ENERGY CONSUMPTION AND EFFICIENCY FOR THE PORT AUTHORITY OR FOR THE WHOLE PORT FOR THE NEXT YEARS?

- 37% Yes, at the port authority level
- 19% Yes, for the port as a whole
- 44% No targets

29

KEY MEASURES PUT IN PLACE BY PORT AUTHORITIES AND THEIR SCOPE

29A Monitor the energy consumption

- 72% Port authority
- 31% Tenants
- 6% Others

29B Take measures to reduce energy consumption

- 83% Port authority
- 44% Tenants
- 6% Others

29C Take measures to improve energy efficiency

- 80% Port authority
- 38% Tenants
- 7% Others

29D Promote or fund energy audits

- 50% Port authority
- 18% Tenants
- 6% Others

Energy management is a key concern of port authorities

The ESPO Environmental Review 2016⁵ 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, most of them targeting 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 possibilities and resources available. The survey captures some key measures put in place by port authorities and their scope (29).

Electricity provision

Electricity is a rising cost due to 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.

5. www.espo.be – 'Fact and Figures'

PORT AUTHORITIES WORK TOWARDS INCREASED TRANSPARENCY

Port authorities, similar to other public bodies and regular companies, have come under pressure to demonstrate good governance principles. Transparency, openness and accountability to stakeholders are the main principles demanded.

As in 2010, the survey shows that port authorities' annual accounts are in most cases publicly available (up to 93% of respondents) and practically all of these accounts are audited by an external auditor (30) & (31).

There is a significant increase compared to 2010 of port authorities using internal analytical accounting systems (up to 86% of respondents in 2016). This implies that rather than only balancing accounts, cost and revenue can be tracked by categories and financial analysis is available per activity or investment. This is an important tool for transparency and accountability (32).

Compared to 2010, more port authorities need to provide for depreciation in the accounts, which provides a more transparent picture of the real profits.

The European Commission's proposal for a new port services regulation in 2013 underlined the importance for port users to be adequately informed about the several port charges. The 2016 survey examined the situation regarding port dues which are the infrastructure charges levied to ships and cargo for the general usage of the port.

95% of port authorities publish information on the level of the general port dues. The official tariffs are often available from the port authorities' website. 86% of port authorities also provide information on the structure of the charges and up to 74% of port authorities also publish detailed information on the services and infrastructure provided in return for the charge levied (33).

The 2016 survey also explores for the first time how customer-oriented port authorities are. The results show that more than half of the port authorities already formally monitor customer satisfaction and more than one fourth monitors and reports on the quality of the service providers (34).

In addition, ports increasingly adopt internationally recognised standards as ISO (ISO 9001 Quality Management, ISO 14001 Environmental Management, etc.). For instance, the environmental review of 2016 shows that 70% of European ports are certified under either ISO 14001, or EMAS (European Management and Audit Scheme) or under the EcoPorts Port Environmental Review System (PERS). Furthermore, European ports have been reporting since 1996 on the sector's performance and its evolution over time through dedicated surveys by ESPO and EcoPorts (www.ecoport.com). The review of 2016 shows that 2 out of 3 European ports produce a publicly available environmental report on a regular basis. This figure has more than doubled from the 30% in 2004 and the continuous positive trends demonstrate the ports' progress towards increased transparency.

(34)

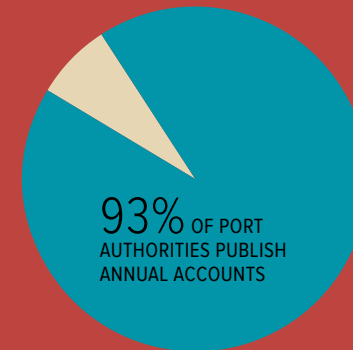
PORT AUTHORITIES MARKETING INITIATIVES

The port authority monitors port customer satisfaction	54%
The port authority monitors and reports on the quality of service providers within the port area	27%

(30)

ANNUAL ACCOUNTS OF THE PORT AUTHORITY (BALANCE SHEET, PROFIT AND LOSS ACCOUNT, CASH FLOW REPORT) ARE PUBLIC

● 93% Yes
● 7% No

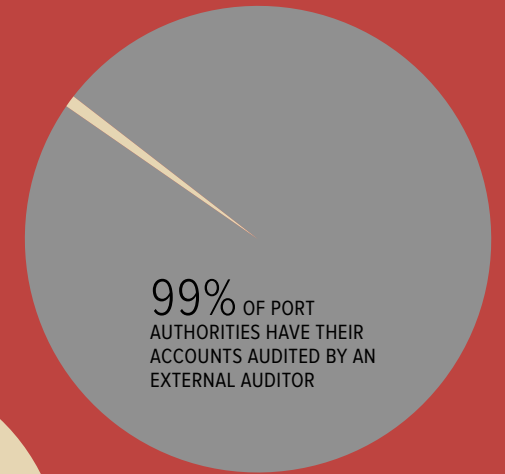


(30)

(31)

ACCOUNTS OF THE PORT AUTHORITY ARE AUDITED BY AN EXTERNAL AUDITOR

● 99% Yes
● 1% No

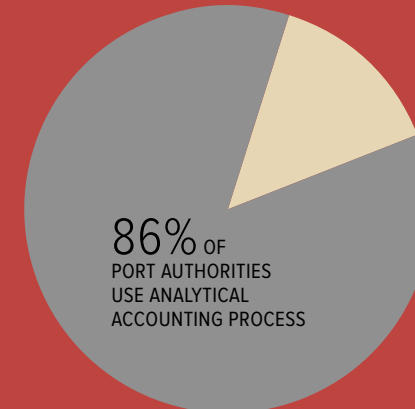


(31)

(32)

PORT AUTHORITIES USING AN INTERNAL ANALYTICAL ACCOUNTING PROCESS

● 86% Yes
● 14% No



(32)

(33)

PORT AUTHORITY PUBLISHES INFORMATION ON

(33A) The level of the general port dues

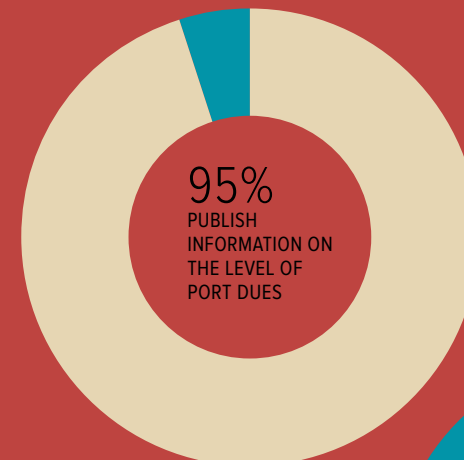
● 95% Yes
● 5% No

(33B) The structure of the general port dues

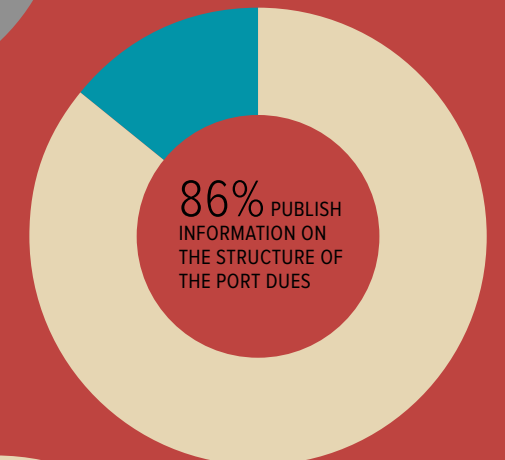
● 86% Yes
● 14% No

(33C) The various services and infrastructure provided in return for the charge levied

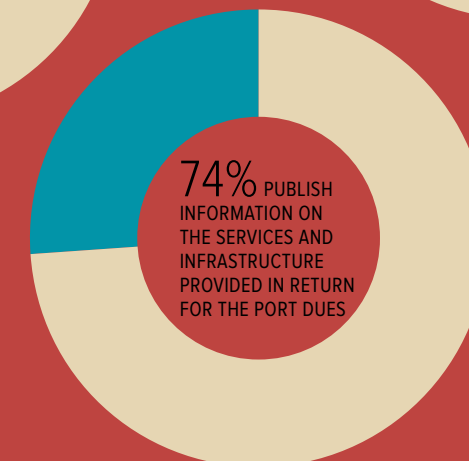
● 74% Yes
● 26% No



(33A)



(33B)



(33C)

(34)

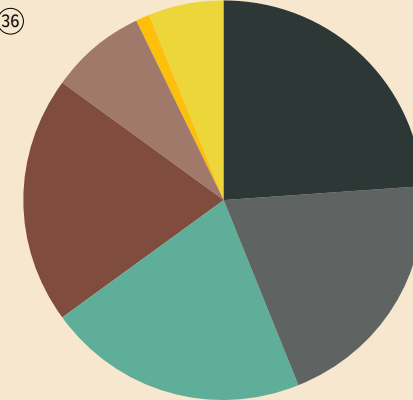
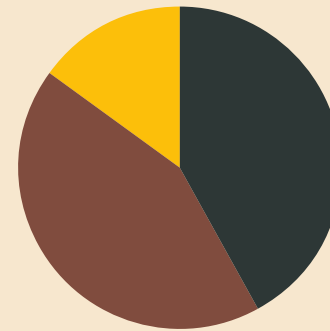
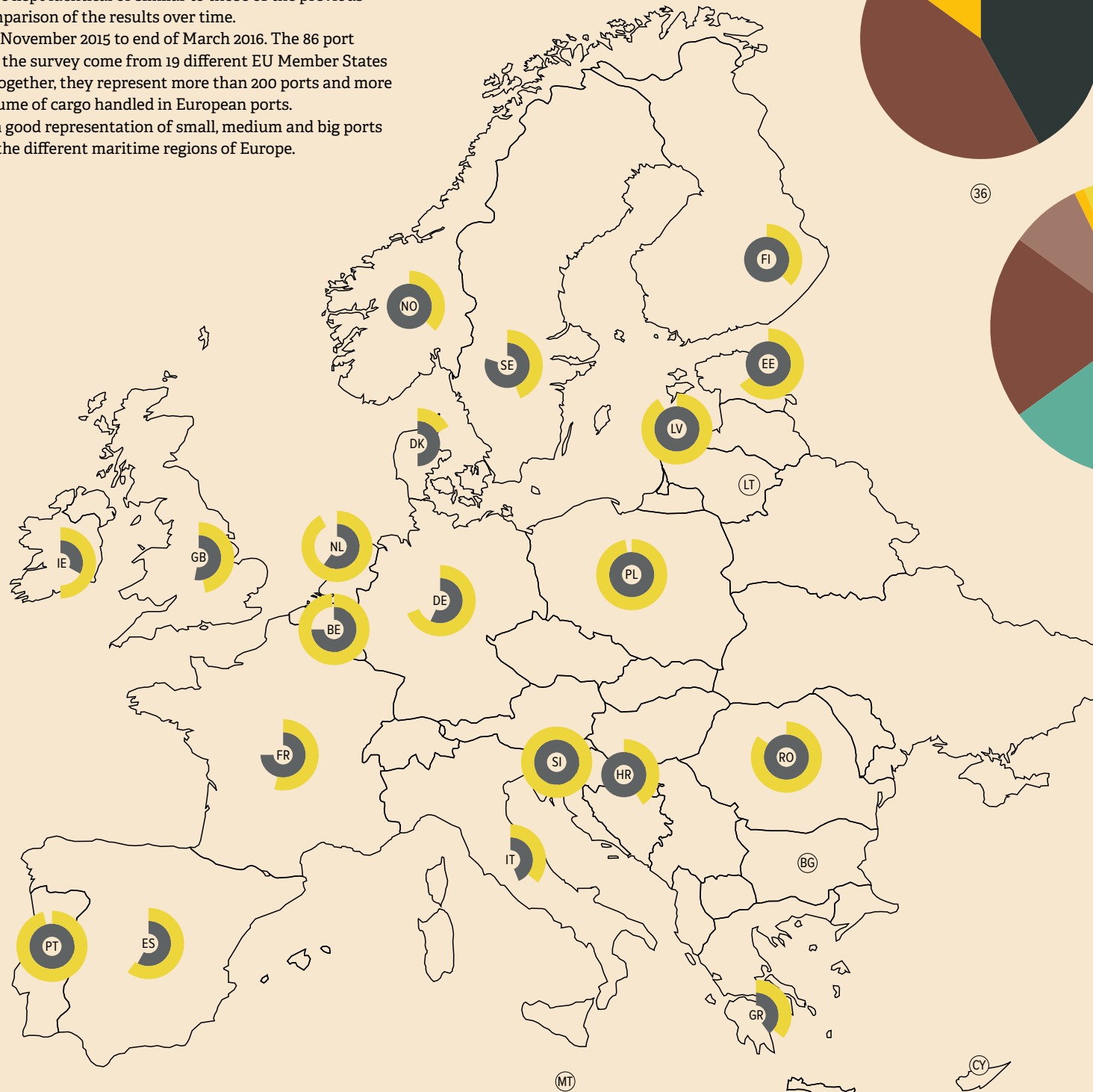
EXAMPLE

The Port Authority of Valencia (ES) established a Quality Seal for port services. Operators of services adhere on a voluntary basis and the port authority monitors compliance. www.valenciaport.com/en/VALENCIAPORT/ValoresCompromisos/Paginas/Calidad.aspx

SAMPLE OF RESPONDENTS TO THE FACT-FINDING SURVEY 2015 – 2016

The ESPO fact-finding survey consisted of 160 questions in 21 different sections. A number of questions were kept identical or similar to those of the previous edition to facilitate the comparison of the results over time. The survey was open from November 2015 to end of March 2016. The 86 port authorities that completed the survey come from 19 different EU Member States and Norway and Iceland. Together, they represent more than 200 ports and more than 57% of the overall volume of cargo handled in European ports.

Graphs 36 and 37 show a good representation of small, medium and big ports in the sample as well as of the different maritime regions of Europe.



- Italy**
 - 36% Tonnage
 - 44% Core ports
- Greece**
 - 36% Tonnage
 - 40% Core ports
- Denmark**
 - 17% Tonnage
 - 50% Core ports
- Bulgaria**
 - 0% Tonnage
 - 0% Core ports
- Cyprus**
 - 0% Tonnage
 - 0% Core ports
- Lithuania**
 - 0% Tonnage
 - 0% Core ports
- Malta**
 - 0% Tonnage
 - 0% Core ports
- 36 DIFFERENTIATION OF RESPONDENTS ACCORDING TO SIZE (IN MILLION TONNES)**
 - 42% 0 – 10
 - 43% +10 – 50
 - 15% +50
- 37 DIFFERENTIATION ACCORDING TO REGION**
 - 24% Baltic Sea
 - 20% North Sea
 - 21% Atlantic
 - 20% West Mediterranean
 - 8% East Mediterranean
 - 1% Black Sea
 - 6% Others
- 35 RESPONDENTS BY COUNTRY**
- Slovenia**
 - 100% Tonnage
 - 100% Core ports
- Belgium**
 - 99% Tonnage
 - 75% Core ports
- Poland**
 - 97% Tonnage
 - 100% Core ports
- Portugal**
 - 96% Tonnage
 - 100% Core ports
- Netherlands**
 - 92% Tonnage
 - 60% Core ports
- Latvia**
 - 91% Tonnage
 - 100% Core ports
- Romania**
 - 85% Tonnage
 - 100% Core ports
- Germany**
 - 69% Tonnage
 - 57% Core ports
- Estonia**
 - 65% Tonnage
 - 100% Core ports
- Spain**
 - 60% Tonnage
 - 58% Core ports
- France**
 - 54% Tonnage
 - 75% Core ports
- Ireland**
 - 50% Tonnage
 - 33% Core ports
- United Kingdom**
 - 47% Tonnage
 - 53% Core ports
- Sweden**
 - 44% Tonnage
 - 80% Core ports
- Croatia**
 - 41% Tonnage
 - 100% Core ports
- Finland**
 - 38% Tonnage
 - 100% Core ports
- Norway**
 - 37% Tonnage
 - 100% Core ports



EUROPEAN SEA PORTS ORGANISATION is the principal interface between European seaports and the institutions of the European Union and its policy makers. It represents the port authorities, port associations and port administrations of the seaports of the Member States of the European Union and Norway at EU political level. ESPO also has observer members in Iceland and Israel.

In addition to representing the interests of European ports, ESPO is a knowledge network that brings together active professionals from the port sector and national port organisations. Through various bottom-up initiatives, ESPO supports significant improvements in the port sector in the key fields of environmental management, societal integration, reporting of key performance data, and cruise and passenger issues. As a knowledge network, ESPO also produces this 'Fact-Finding Report', which identifies the ongoing trends in EU ports governance.

