

**Opening address by the Minister of Communications and Works Dr Erato Kozakou-Marcoullis
at the ESPO 2011 Conference, in Limassol**

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It gives me great pleasure to address today this impressive gathering of the European Sea Ports Community (ESPO). I would like to congratulate both ESPO and the Cyprus Ports Authority for their initiative to organise the 2011 European Sea Ports Organisation Conference in Cyprus.

The two thematic areas of today's Conference, "Optimising port performance and reviewing port policy", are core issues to the effective development of ports.

There is no doubt that seaports play a vital role for trade and transport, contributing substantially to the European economy. The ports industry is a vital source of employment and ensures dynamism and development of whole regions, including those at the periphery of the EU, in line with the Lisbon strategy.

The new White Paper on EU Transport Policy and its vision towards a competitive and resource efficient transport system, recognises the vital role that seaports can play. Seaports are significant logistics centres and require efficient hinterland connections. Their development is vital to handle increased volumes of freight, both by short- sea shipping within the EU and with the rest of the world.

The key role of ports as nodal points should result in the prioritization of infrastructure and hinterland connections between seaports and land transport networks. Ports shall become key nodes in the transport chains they serve, by attracting new types of logistics operators and new types of investment. New forms of collaboration and burden-sharing between ports, modes and transshipment facilities should be developed. The creation and effective implementation of a "Blue Belt" through the so-called "Blue Lanes"- concepts which will promote innovation and simplification on port operations and formalities and optimizing hinterland connections - will undoubtedly increase port capacity in response to growing and sophisticated transport needs.

In order to optimise ports as nodal points to become an integrated part of the EU transport and logistics chains, it is not only necessary to create the right port infrastructure and to minimize formalities, but it is essential to remove barriers to the free flow of commerce and shipping, ensuring open and non-discriminatory access to ports and to intermodal hubs. The new White Paper on EU Transport Policy underlines the need for further improvement to market access to ports.

In this respect, we would like to emphasize the need for urgent action to be taken towards lifting measures that are working in opposite objectives. In particular, Turkey is knowingly opposing the development of ports by preventing ships, under Cyprus flag or ships irrespective of flag but managed from Cyprus-based companies or having as last port of call Cyprus ports, from entering Turkish ports.

Taking into account that Cyprus features the largest ship management industry in the world and the total fleet managed from Cyprus represents 25% of the world third-party ship management market in terms of gross tonnage, it is quite obvious how harmful such restrictive measures are and how extensive the financial losses are, especially for EU interests. Such measures constitute serious obstacles and distortions in the direction of free trade and fair and free competition in shipping trade within the EU.

The Turkish restrictive measures are not only detrimental to Cyprus as a state of ship registry, a major ship management centre and a transshipment hub, but also to EU ship owners and managers connected with Cyprus and the sea trade between the EU and Turkey. These restrictions violate all commercial principles in shipping, including freedom of navigation, freedom of transit, freedom of access to ports and have a negative impact on the development of EU policies and objectives, such as the "Motorways of the Seas" and "Short Sea Shipping". A total of 2800 vessels, including Cyprus flag, and other EU or non EU flag vessels managed from Cyprus, are not allowed to trade in Turkey, with obvious extensive financial losses to both Turkey itself and to ship owners and ship managers

around the globe.

The competitiveness of Cyprus ports has been considerably influenced over the past 24 years by the Turkish restrictive measures which were first imposed in 1987 and further reinforced and broadened in 1997. The transit trade through Cyprus ports presents an enormous reduction caused by the Turkish embargo. As a result of this embargo the reduction of transit trade through the Cyprus ports and its consequences to the Cyprus economy accounts to an annual loss of earnings of around €100 million.

The issue was discussed in the EU Transport Council meeting in December 2010, where all EU Transport Ministers were briefed on the adverse effects of Turkish restrictive measures on EU maritime transport and free trade.

I am aware that ESPO has recently addressed this issue to all the EU institutions requesting the EU to exercise the much needed and long overdue pressure on Turkey, in the context of its accession process, aimed at the immediate lifting of these restrictive and illegal measures. The Republic of Cyprus is grateful to ESPO for this initiative and for the solidarity expressed so far by your Organisation and by our partners in the European Union. However, more concerted actions need to be taken by the EU in order to remove the arbitrary and discriminatory restrictions against Cyprus-related shipping and free trade, which adversely affect EU interests and hinder the Union from expanding its leading role in the world fleet and the international maritime sector.

We count on your cooperation and strong support.

Concluding, I would like to wish to all of you a stimulating and fruitful Conference.