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## *The 2008 Challenge of growing markets*

# Dear BPO members and friends,

**T**he new 2008 year has just started. How is it going to be? It is rather obvious that port business in the Baltic will face rather fast growth. In contrary, the world economy will challenge uncertainty in the upcoming months, however, Baltic transport development is driven by the fast economic growth in Russia and in the new EU members states (Poland, Lithuania, Latvia and Estonia). There are some difficulties in the last three countries (rising inflation, rapid growth of wages), nevertheless, there should be no big changes in the "Baltic scale" of economy as such.

The container business is still booming in the Baltic. Many ports benefit from the transshipments of goods to Russia (consumer goods), economic growth in the new EU countries as well as from an increase in trade volumes to/from

Scandinavia and Germany. Car import to Russia is developing very quickly giving lots of business to ports ranging from Finland to Poland.

As some North Sea ports are now facing capacity problems, Baltic ports are rather well prepared to handle the future growth in the region. Nevertheless, similarly to big EU ports, Baltic ports must pay more attention to effective land utilization in the ports, as well as to efficient hinterland connections.

In many Baltic ports, there is a tendency to move the port operations from the city centres to the areas further from the agglomerations. This trend will be continued. On one hand, ports are giving land, which is commercially very attractive for city development projects, to the cities; on the other hand, new constructed or planned port terminals (e.g., Vasari, Newhamn project) are very

modern and well connected with the hinterland infrastructure. Is it a win-win situation for ports and cities? It is rather difficult to generalize, but at least it is a good case study for other ports that are now doing business just in the cities.

In the ports, where there is no room for green field development, new projects are foreseen (at the time being, rather as a visionary stage) at the reclamation land, so ports develop more to the sea side, which is in fact a world-wide observation.

It is rather sure that this year will bring more cargo to the Baltic ports. Doing business in a growing market environment is a positive challenge, so with this assumption, I would like to wish you all a successful and profitable year 2008. ■

*Bogdan Ołdakowski*  
*Secretary General Baltic Ports Organization*

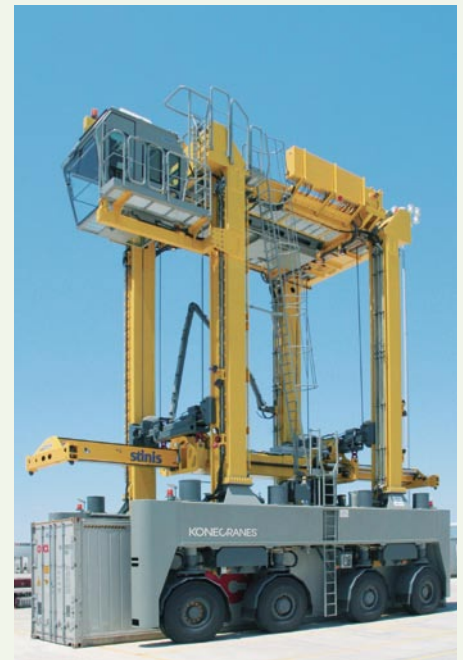
## *BPO welcomes Konecranes – a new friendship member*

# Regional market leader for harbour cranes

**B**altic Ports Organization is open to co-operation with all partners who provide solutions and services for harbours. Konecranes is the second commercial member of the BPO after Visy Oy. "We are glad that we are welcoming a company with huge experience in providing advanced lifting technologies to seaports," says Bogdan Ołdakowski, Secretary General of the BPO.

The company, headquartered in Finland, is a world-leading provider of lifting solutions and services, with a track record in pioneering, leading, and shaping developments in the industry. Konecranes is also the leader in the development of preventive maintenance services operating from more than 370 service depots worldwide, being meanwhile the number one in the Baltic Sea harbour cranes providers market.

Konecranes' history dates back to 1910 when the electrical motor repair shop KONE Corporation was founded. In 1973 the company started to expand internationally and made its first acquisition in Norway. In 1983 the company established its first foothold in the U.S. In 1986 Konecranes acquired a company in France. Two years later, crane operations were organized into the KONE Cranes Division of KONE Corporation. A large restructuring programme was launched which carried on until 1994. Among other actions, crane production facilities were cut from 19 to 4. KCI Konecranes was formed on April 15, 1994, when KONE Corporation, as part of structural changes which involved disposing of all its operations, excluding its elevator business, sold the operations of its crane division. The company is organized along



three global business areas: Heavy Lifting, Standard Lifting and Service. Konecranes sales totalled EUR 1,472.8 million in 2006, and employs approximately 7,500 people in 41 countries. Konecranes' shares are listed on the Helsinki Stock Exchange. ■

*Port consolidation proves successful – at least in the case of Copenhagen and Malmö*

# Seven prosperous years

Photo: Copenhagen Malmö Port (CMP)



**The international consolidation of ports is a relatively recent, yet radical idea. Two ports that have been successful in implementing this new concept are the Port of Copenhagen and the Port of Malmö – known collectively as the Copenhagen Malmö Port (CMP).**

In their case, it's a truly unique cross-border alliance. It is the first time in history that two ports in different countries have joined all their port operations into one company, one organisation and one legal entity. The merger officially took place on 1 January, 2001.

In 1997 the two ports got together to consider the possibilities of closer co-operation while the fixed link across the Øresund was being built. Politicians, researchers, the business community as well as the public discussed how to take advantage of the opportunities presented to the region by the Øresund bridge. There was general consensus that synergies could clearly be gained in transport and logistics. Therefore,

it was no surprise that in September 1998, the idea of close co-operation became so tangible that the two ports decided to merge.

## Equipment renewal every year

However, before this decision could be implemented, the Act on the Port of Copenhagen had to be amended to accommodate the new opportunities in the Øresund region. This amendment was passed in May 2000, and on 1 November 2000, the Port of Copenhagen became a state-owned limited company, enabling it to merge with the Port of Malmö. The boards formally decided to merge the two ports in December 2000.

Currently, they employ approximately 460 people. The organisation comprises a range of business areas, which are committed to bringing the best possible service to its customers – whether provided in the Copenhagen or Malmö harbour. They provide services for containers, Ro-Ro, Lo-Lo, cars, general cargo, liquid bulk, dry bulk, logistics, and for ferry as well as cruise passengers.

The Copenhagen Malmö Port prides itself on investing large sums of money in equipment renewal every year. The most recent investments were the acquisition of a new gantry crane, and the investment in three straddle carriers in 2007. Both terminals are operated according to the same principles of using gantry cranes, straddle carriers, reachstackers and container trucks. The Copenhagen terminal has three Gantry cranes: 50 tons/43 under frame while the Malmö terminal has one crane: 40 tons/32 under frame and a one multi-purpose crane: 40 tons. Both terminals have an impressive warehouse capacity – 155,000 m<sup>2</sup>

# for CMP

in Copenhagen and 100,000 m<sup>2</sup> in Malmö, respectively. CMP experienced a 10% growth in containers in 2007, measured in units.

## New dry-bulk area

Not only did they experience a growth in containers, but dry and liquid bulk also

### Facts and figures

CMP is a major busy port operator offering customers and companies modern services and facilities for efficient distribution and transshipment of their products.

A great number of ships call every day, and CMP services about 8,800 vessels a year. Annual turnover is around SEK 600 million

#### CMP – selected key figures

- Production area of approx 2 million m<sup>2</sup>
- Development area of approx 3 million m<sup>2</sup>
- Quay length: 16.5 km
- Railway tracks: 36 km
- 10 ferry and RO/RO berths
- Warehouse: 255,000 m<sup>2</sup>
- Two harbours, one with free port status
- 2 modern container terminals: 250,000 m<sup>2</sup>
- 4 container gantry cranes and 1 mobile crane
- 10 rail-mounted cranes
- 4 car terminals with pre-delivery inspection facilities (PDI)
- Bulk terminals, the largest of which handles 12,000 tonnes a day
- Transshipment of cargo to Panamax vessels
- Tank capacity: 2 million m<sup>3</sup>

Cargo turnover	2006
Total cargo turnover, million tonnes	16,6

Of which:

Containers, TEUS	175.000
Trucks and trailer, units	294.000
New cars, units	440.000
Oil products, million tonnes	6,2
Bulk, million tonnes	3,4
Passengers, million	1,5



Photo: Copenhagen Malmö Port (CMP)

rose, 10% and 20%, respectively. Although dry-bulk requires vast areas of land, CMP is planning a new dry-bulk area in the southern part of Prøvestenen. When the filling of the area is complete, a new tailor-made dry bulk area will be available. The filling extends the existing Prøvestenen area by 50%. The water depth at the new dry-bulk quays will be 13.5 m to match the water level in Sweden, as the current water level in Copenhagen is 12.0 m. The dry-bulk area, with its infrastructure and road network, is dedicated to dry bulk, meeting customers' needs for operating space, flexibility and proximity to the Copenhagen city centre. When the expansion of Prøvestenen is complete, the dry-bulk activities in the other port areas will be scaled down and moved to the new area, making attractive areas available for urban development purposes. CMP's annual liquid bulk turnover is about five million tons: three million tons via the Copenhagen terminal and two million tons via the Malmö terminal. Presently, Prøvestenen handles most of Copenhagen's liquid-bulk traffic. This port area has seen a significant growth in turnover of particularly bunker oil for shipping and jet fuel for Copenhagen's international airport in Kastrup. The Copenhagen bulk terminal includes 834,000 m<sup>2</sup> of land with a one million m<sup>3</sup> tank capacity.

CMP is the largest port in Northern Europe for importing new cars and currently serves some 20 different brands that are making use of the car terminals. Measured in units, CMP processed 19% more cars in 2007. Søren Balken at the port relates that to ca. 505,000 new cars being served last year.

## Europe's leading cruise port

The consolidated port also offers its fair share of domestic and international cargo routes serv-

iced by such companies as Unifeeder, DFDS Tor Line, DFDS Scandinavian Seaways, Finnlines Danmark A/S, Nordö, Franck & Tobiesen and Polferries operating Lo-Lo and Ro-Ro services. Besides servicing its Nordic partners, destinations also include Felixstowe, Hamburg, Travemünde, Bremerhaven, Rotterdam, Antwerp, Świnoujście, Tallinn, Klaipėda, and St. Petersburg.

As we have mentioned many times before, Copenhagen has become Northern Europe's leading cruise port, even during Christmas. As Per Schmidt, chairman of the Cruise Copenhagen Network and General Manager of Copenhagen Malmö Port stated, "since 2004, we have worked with a strategy that would get the cruise lines to discover the possibilities Copenhagen has to offer – both traditional and original that differentiates the destination from its competitors – even in December." With more than 300 calls every year and over 380,000 cruise passengers, the City of Copenhagen has lots of attractions within walking distance from the passenger landing. However, the cruise lines also have many incentives to call at the port, as Copenhagen offers them very favourable terms. For example, cruise ships can stay for the first 2 x 24 hours with no additional harbour charges, there is no tide, there is no maximum width or height, and there is no compulsory pilotage/tugging. It is also a convenient base for cruises to the Baltic countries, i.e., to St. Petersburg, Helsinki, Tallinn, Riga and Stockholm or, alternatively, along the Norwegian west coast to North Cape and the midnight sun.

As for the consolidation, it looks like it has paid off. CMP is a major port operator offering customers and companies modern services and facilities for efficient distribution and transshipment of their products. A great number of ships call every day, and CMP services about 8,800 vessels a year. According to Mr. Balken, overall cargo turnover in 2007 was approximately 18 million tons.

Alison Nissen

## What's new in the ports?

The cargo turnover in the **Freeport of Riga** during 2007 reached 25.9 million tons, which is 2.3% more than in 2006 when 25.4 million tons of cargoes were handled. The most significant rise in the turnover was for general cargoes reaching 5.6 million tons, which is 10.8% more when comparing to 2006 when 5.1m tons of general cargoes were handled. The number of passengers served at the Freeport of Riga increased by 79% to 441,914 passengers. For comparison, 246,885 persons were served in the Freeport of Riga during 2006.

A new rail link, known as the Triangle track, was opened in **Göteborg**. The track creates a direct link between the Port of Göteborg and the Norway/Vanern line. Previously, rail traffic had a time-consuming turn close to Göteborg, which took half an hour or so in each direction. The Triangle track has had a marked impact on transport efficiency between the port and companies in Göteborg and Norway. The new track is 1.2 kilometres

long, including a 550 metre-long bridge. The volume of goods transported by rail to the port is increasing steadily. Every day 70 trains arrive at the Port of Göteborg from major towns and cities in Sweden and Norway.

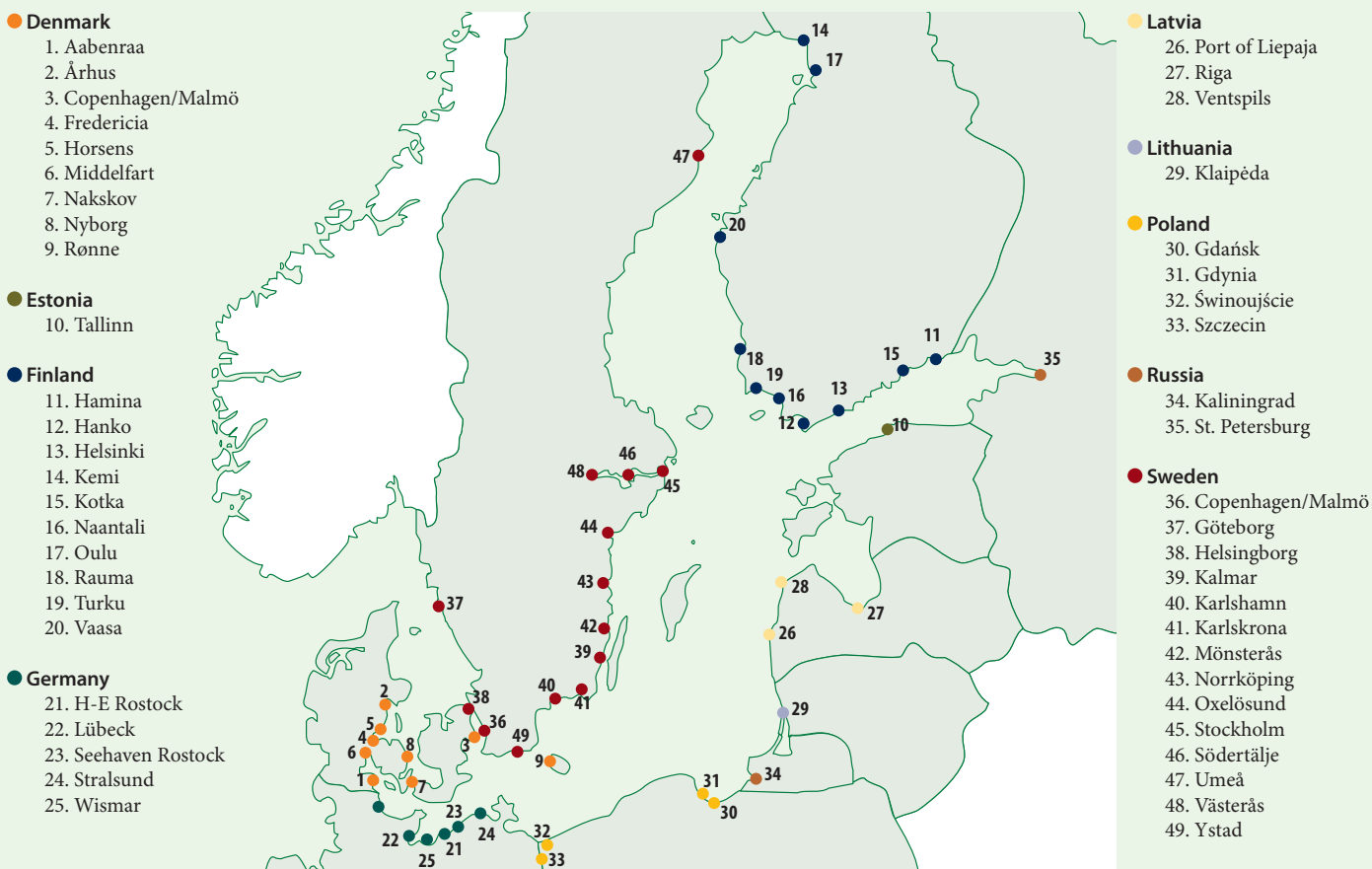
Over 6,000 Christmas shoppers from Great Britain visited **Copenhagen** on three Christmas cruise ships between the 10<sup>th</sup> and 14<sup>th</sup> of December, 2007. For comparison, in 2006 the cruise season began in early May and continued through the end of September. Furthermore, the 2008 season begins in early April and the cruise lines have already scheduled two Christmas cruises. Interest in cruising Northern Europe has increased since 1992 when the Cruise Copenhagen Network began its focused efforts on getting more cruise companies to choose Copenhagen. During the past five years, the number of cruise passengers has increased from 173,000 to 502,000.

The modernization of the track systems at the **Rostock** seaport to allow for in-

creased capacity in cargo handling from ship to rail has been completed and the track systems are ready for use. The European Union, Federal Government and Deutsche Bahn AG invested a total of around EUR 34 million in the project to lay 38 km of tracks and renew 93 switches.

As a result of comprehensive investments of over EUR 800 million in the modernization and expansion of the track system in **Mecklenburg-Vorpommern** over the past five years, the railway connections of the Baltic Sea ports are well-equipped to handle the forecasted growth.

A cargo turnover of 27.4 million tons was reached in the **Klaipėda** port in 2007, which is 16% more than during 2006. The biggest growth in 2007 was reached in handling timber +50.4%, containers +43.9% and agricultural products +39.7%. Container handling increased by 38.8%, and ro-ro units by 7.0%. During 2007 the total figure of ferry passengers increased by 18.7% and reached 285,200.



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