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1520 Strategic Partnership: the Baltic Region

East-West corridor



Vladimir Ivanovich Yakunin, head of RZD state-run Russian railway company.

Railway transportation can only compete with truck traffic by offering a more reasonable price.

How to make this possible was the main topic of the International Regional Railway Business Forum “1520 Strategic Partnership: the Baltic Region.” It was held from February 13-15, 2008 in Riga with the presence of more than 350 participants from 17 countries. BPO was represented by its Secretary General, Bogdan Oldakowski, who participated in the panel discussion “Up-to-date logistics infrastructure in the Baltic region: how to develop a competitive multimodal service?” The successful competition would become possible only in the case when all the components of a complex chain – railway tariffs and the rates for processing of containers, transshipment costs in the ports and the cost of the ship freight are coordinated, reasonable and transparent.

Speaking about the cooperation results between Russia and the Baltic States, Vladimir Yakunin, head of the state-run Russian Railways (RZD) said that the container transportations in 2007 have doubled thanks to the regular operation of the train “Baltic-Transit” running from the Baltic ports to the countries of Central Asia. A quadruple increase in this proportion is expected by 2020. The development strategy of the railway transportation of the Russian Federation until 2030 provides the construction of more than 1,500 km of new railway lines and modernisation of the existing infrastructure in the Northwest Federal District of Russia.

At the Forum, the Minister of Transport of the Republic of Latvia, Ainars Slesers, and the Head of the Latvian Railway, Ugis Magonis, informed that Latvia does not plan to switch over to the narrow European railway track (1,435 mm). The railways of the Baltic states are actually within the 1,520 mm area of railways and both the Russian Federation and the countries of the Baltic region have plans to considerably invest in the development of the existing railway sector. Moreover, participants of the Forum discussed the issue of building an “East-West” railway corridor. It was understood that the solution of the said problems should be provided by setting up joint ventures throughout the transport and logistical chain, and their economic efficiency should be based on the reliable and stable ‘Strategic Partnership 1520’ which is a communication platform in the “1520 Area.”

Different standards, legal, statutory and normative acts as well as customs rules were also discussed at the Forum. Participants of the ‘1520 Area’ will have a chance to discuss the further development strategy of the railway freight turnover at the next Forum which will be held in Sochi in May of this year.

BPO invites:

Large Projects to be presented in Brussels

II BPO Seminar 2008 Lunch Debate
Date: 16th April 2008

Venue: European Parliament, Brussels
Main theme: “Transport Investments in the Baltic Sea Region”

The meeting is organized by BPO in cooperation with Mrs. Anne E. Jensen, Member of the European Parliament and Member of the Transport and Tourism Committee of the EP.

The seminar will gather about 20-30 persons including members of the European Parliament, European Commission, representatives of transport trade organizations, ports, media, etc. The seminar will take the form of a working lunch. There will be a few speeches where the largest projects in the Baltic ports will be presented.

If you are a BPO member and you are interested in participating, please contact the BPO Secretariat at: bpo.office@actiaforum.pl

BPO will gather in Lübeck

BPO General Assembly 2008

Date: 11-12th September 2008

Venue: Music and Congress Centre in Lübeck
Main theme: “Innovations in Sea Ports”.

“Climate change, cargo handling, efficient land utilization. Hinterland connections.”

This year’s BPO General Assembly is organized in cooperation with the Port of Lübeck, which is hosting the event. The Conference will be dedicated to innovations in sea ports. An accompanying subject will be the threat of climate change, cargo handling and efficient land utilization. The whole event will gather about 80-100 top executives from all major Baltic ports, speakers representing governments, politics, academia, transport sector, media, etc.

Please, book the date in your calendar.

Main investment projects in

BPO has just published the Baltic Seaports Outlook 2007. It presents the current condition of the ports and the latest investments in the sector.

The container turnover in the top 20 Baltic ports has risen by more than 16 percent in 2006 comparing with figures from 2005.

The regional ro-ro sector has also shown a steady increase. In order to handle future cargo movement, the ports developed their infrastructure and built new terminals or extended existing ones.

The largest investments are being noticed in container capacities and associated logistic parks in the ports that serve as gateways for the growing economies of Russia and the new EU countries. At the same time another trend is observed that large terminals are being built as “green field” projects and very often are connected with the movement of cargo operation from city centres to locations far from the agglomeration areas.

Below, the largest port investments (just finished, in the construction phase or planned) have been listed.

Investments in container capacity

Ust-Luga. National Container Company (NCC), the leading terminal operator in Russia, has started the construction of a container terminal in Ust-Luga. The opening stage of the first phase is due to be completed in December, 2008 and will provide for a throughput capacity of 150-180,000 TEU per annum. The planned growth is as follows: 250,000 TEU in 2009, 1.5m TEU — in 2012 and 3m TEU — in 2019. The total investment of the project is estimated at USD 800m.

The **Port of Tallinn** is enlarging its facilities in Muuga Harbour. The development project includes the formation of a ca. 66-hectare size new area and construction of a 1,200 m new quay line.

In the **Port of Gdańsk**, the first phase of development of Poland’s new deepwater container terminal, DCT Gdańsk, was completed in October 2007. DCT Gdańsk comprises, at this stage, a 36-hectare container terminal capable of handling 0.5m TEU per annum and a roll-on roll-off (ro-ro) berth with an extra 160,000 freight units of capacity.

In the **Port of Gdynia** a USD 100m investment programme is underway in the BCT terminal. The second of Gdynia’s container terminals GCT is also going through the investment programme. The planned capacity is estimated to 240,000 TEU per year.

The expansion of the **Port of Århus**, which began in 1998, is planned for approximately 25 years. When it is complete, the port area will be increased to double its present size and will cover 360 hectares. The annual cargo-handling capacity will grow to approximately 20m tons. The projected maximum water depth will be 15.5 metres alongside the quays. The cost of the building of the new harbour is estimated to exceed DKK 2 billion. The first stage of the development plan – the new container terminal East – was built

The **Port of Lübeck**. The new Terminal Seelandkai for the handling of containers and ro-ro cargo has been in operation since summer 2006. LHG handles trailers, new cars and containers on an area of 20 hectares. At Lübeck-Siems a 18.5-hectare big terminal began operating in the middle of 2006. The terminal is used for loading/unloading conventional cargos and containers with gantry cranes.

Movement of port operations out of city centres

The construction of the **Vuosaari Harbour** is considered as one of the largest port infrastructure



The construction of the Vuosaari Harbour is considered as one of the largest port infrastructure projects in the Baltic Sea.

as an extension of the present Eastern harbour. At present there are three Post-Panamax gantry container cranes available – each with a lifting capacity of 90 tons, two Super-Post-Panamax cranes and one Panamax crane.

The **Port of Hamina** extends its container terminal in order to handle the growth of trade with Russia. About 33 hectares of container storage space and 400 metres of new quay will be built in the port. When the HARC project is completed in 2010, it will permit a container terminal capacity of about one million TEU per year.

In 2006 the **Port of Kotka’s** Container Terminal Mussalo became the largest container port in Finland with a record volume of 461,874 TEU per year. The terminal is prepared for an annual volume of 1m TEU. In 2008, approx. 150 hectares of new logistics areas will be completed in the Palaslahti area at Mussalo.

projects. The overall aim of the Vuosaari Harbour is to move the cargo operation from western and northern harbours located in the heart of the City of Helsinki out of the city centre.

The Vuosaari Harbour will offer a competitive and modern service package, with harbour operations connected to other logistic and industry services. The harbour centre will comprise the gate area, the closed port area, the adjacent Harbour Business Park and the Meriportti Business Park. Vuosaari will come into operation at the end of 2008. The harbour will serve both stern-loading ro-ro and crane-loaded lo-lo vessels. Some vessels will carry passengers as well as cargo. The logistics area will have a flow-through terminal model, with terminals and warehouses located between the harbour machines’ operating area and the traffic zone. The first stage of terminal construction in the logistics area began in April 2007 and 70,000

the Baltic seaports

square metres will be built by the end of 2008.

The Meriportti Business Park is also being built next to the Vuosaari Harbour. The companies in the business park will not be directly linked to port operations but will take advantage of the proximity of the harbour and shipping channel. The Vuosaari Harbour will provide around 1,500 jobs, the Harbour Business Park about 2,000 jobs and Meriportti Business Park 500 jobs. The total cost of the project is estimated at EUR 687.5m.

The second large-scale project that just recently received the go-ahead is the new **Stockholm-Nynäshamn port** at Norvikudden. The Stockholm City Council approved investments in the project, which are estimated at SEK 1.7 billion. The port at Norvikudden will primarily replace freight and container handling at Frihamnen in Stockholm. Construction is planned to begin next year, and the first phase should be open for shipping in 2011. The major objective of the project is to reduce the environmental impact of freight transport coming into the Stockholm region. The area of the port at Norvikudden will be 50 hectares with 1,500 m of quay. There will be 6-8 berths. The container terminal capacity will be 300,000 units.

An industrial park and a logistics centre are being built adjacent to the port. The logistics centre will, among other services, consist of transfer terminals, warehouses and traffic zones. Incoming goods are transferred directly to the terminal, where they are reloaded for transportation by road or rail. The area, which is some 100 hectares in size, is owned by and will be developed by NCC.

Investments in ro-ro and passenger terminals

In coming years, the **Port of Trelleborg** will have 10 ro-ro berths to handle road as well as rail vehicles, which will enable traffic to grow by 50%. When the redevelopment is completed in 2008/2009, the port will have invested SEK 450m, which is the biggest investment ever made there.

The **Port of Lübeck** is modernising its Terminal Skandinavienkai, which already is one of the biggest ro-ro and ferry terminals in Europe. Furthermore, the new terminal for combined transport operated by Baltic Rail Gate is directly located on-site.

The **Port of Rostock** recently modernized its track system for EUR 34m. It is part of a larger investment programme (EUR 120m) scheduled until 2012. Investments (the lay of 38 km of tracks and renewal of 93 switches) allows for increased capacity in cargo handling from ship to rail.

The **Port of Gdynia** is planning to construct a universal, multi-functional ferry-passenger

terminal in its eastern port. Furthermore, ro-ro facilities will be extended in the Baltic General Cargo Terminal Gdynia (BTDG).

In the **Ust-Luga Port**, the multipurpose transloading complex (MTC) Yug-2 is intended for transshipment of roll-on cargoes, including new imported motor-cars, container and general cargoes. The design capacity of the motor car terminal of the multipurpose complex is 360,000 new foreign-made vehicles per year. The first stage of the motor car terminal for 100,000 cars will start operating in the first quarter of 2008. The overall cost of the project is RUB 8.4 billion.

In order to handle the growth in car transport to Russia, the **Port of Hamina** recently constructed a 10-hectare vehicle storage area in Hailikari. An access control and pattern recognition system was introduced on the road leading there. The extension of the storage facility for cars by 11 hectares has been started.

Cruise sector

The **Copenhagen Malmö Port (CMP)** recently decided to invest EUR 30m in the cruise sector. A new port section will be created in the North Harbour, while the well-known and popular Langelinie Pier and the Nordre Toldbod Pier, closest to the city centre will both remain. The new pier will be introduced in two stages: Firstly 800 m – accommodating 2-3 Turn Around ships – to be further extended by 1,600 m – allowing the Genesis Class to call. By doing this, Copenhagen will have the biggest cruise facilities in Northern Europe by 2009.

Ports of Stockholm is also extending its cruise facilities in the capital city of Sweden. The company is now reshaping an old warehouse into a modern cruise terminal. The terminal is to be ready for the start of the 2008 season.

Investments in bulk terminals

The largest investment in the bulk sector is taking place in the Russian ports in order to handle the increase of crude oil and coal export.

The **Port of Primorsk** is steadily expanding its capacity. In 2007 it increased transshipments of oil by 12%, year-on-year, to 74,226.9m tons. Now the port is capable of loading four tankers at one time. The depth near mooring berths amounts up to 17.8 m which enables accepting ships having 307 m in length, 55 m in width, and with 150,000 tons of deadweight. The total capacity of the pump filling stations is 48 ths. m³ of oil per hour. The average period for the

loading of one tanker is 14 hours. The Russian government has already begun consultations with Transneft (national oil transporting company) to expand the capacity of the Baltic Pipeline System by 45m tons, to 120m tons a year.

In the **Port of Ust-Luga** the liquid bulk cargo terminal for export of oil and marine fuel is under development. The design capacity of the terminal is up to 10.5m tons per year with the possibility to extend to 13-14m tons per year. The design depth of 16.0 m at the berths will make it possible to admit tankers with a displacement of 120,000 tons. The completion of the bulk cargo complex is scheduled for the end of 2008/beginning of 2009.

The coal terminal is also under the extension stage. The design capacity of the terminal is 8m tons per year and it is scheduled to be completed and commissioned in 2008. The terminal will be further extended up to 12-15m tons of coal per year.

Also a liquefied gas terminal is under construction in the **Port of Ust-Luga**. Construction of the first stage of the terminal involves transshipment of 300-400,000 tons of LHCG per year. The first stage is to be put into operation in 2010.

In the **Port of Gdańsk**, the coal handling company Port Północny Ltd. is now looking for an investor to carry out the necessary development of terminal facilities. For the time being, the company is only able to export Polish coal, but due to the changes in the coal market, Port Północny Ltd. would like to offer facilities for coal import to Poland.

The **Copenhagen-Malmö Port** has invested EUR 9.5m in upgrading its two terminals for liquid bulk. The quays at Olje Hamnen in Malmö have been renovated and upgraded. The new pier 840, capable of serving 180-meter vessels, is under construction. CMP is planning a new dry-bulk area in the southern part of Prøvestenen in Copenhagen. When the filling of the area is complete, a new tailor-made dry-bulk area will be available. The filling extends the existing Prøvestenen dry-bulk area by 50%. 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.

The Polish government, the gas company PGNiG and the **Ports of Szczecin and Świnoujście** Authority have announced to build a large LNG Terminal in Świnoujście. The terminal will receive vessels of 70,000 DWT. According to the plans, the annual handling capacity will vary from 2.5 to 7.5 billion cubic metres of gas following market demand.

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What's new in the ports?

The **Port of Helsinki** commissioned a study of the port's economic and employment impact on the Helsinki region and of the port's significance for industry and commerce. The study showed that the port employs 11,800 persons directly and, taking into account the multiplier effect, a total of 17,800 persons. This represents 3.0% of the employment in the Helsinki region. The added value produced by the Port of Helsinki is EUR 1.35 billion per year, which corresponds to almost 3% of the gross domestic product of the Helsinki region.

The **Port of Södertälje** won a new customer – Autolink. The Norwegian company is responsible for the transport of certain volumes for Volvo, Hyundai, Renault, Land Rover and Mercedes Benz. The cars arrive daily by railcars to the Port of Södertälje and the stevedores of the port discharge and place the cars in a dedicated area. From this storage area the cars are

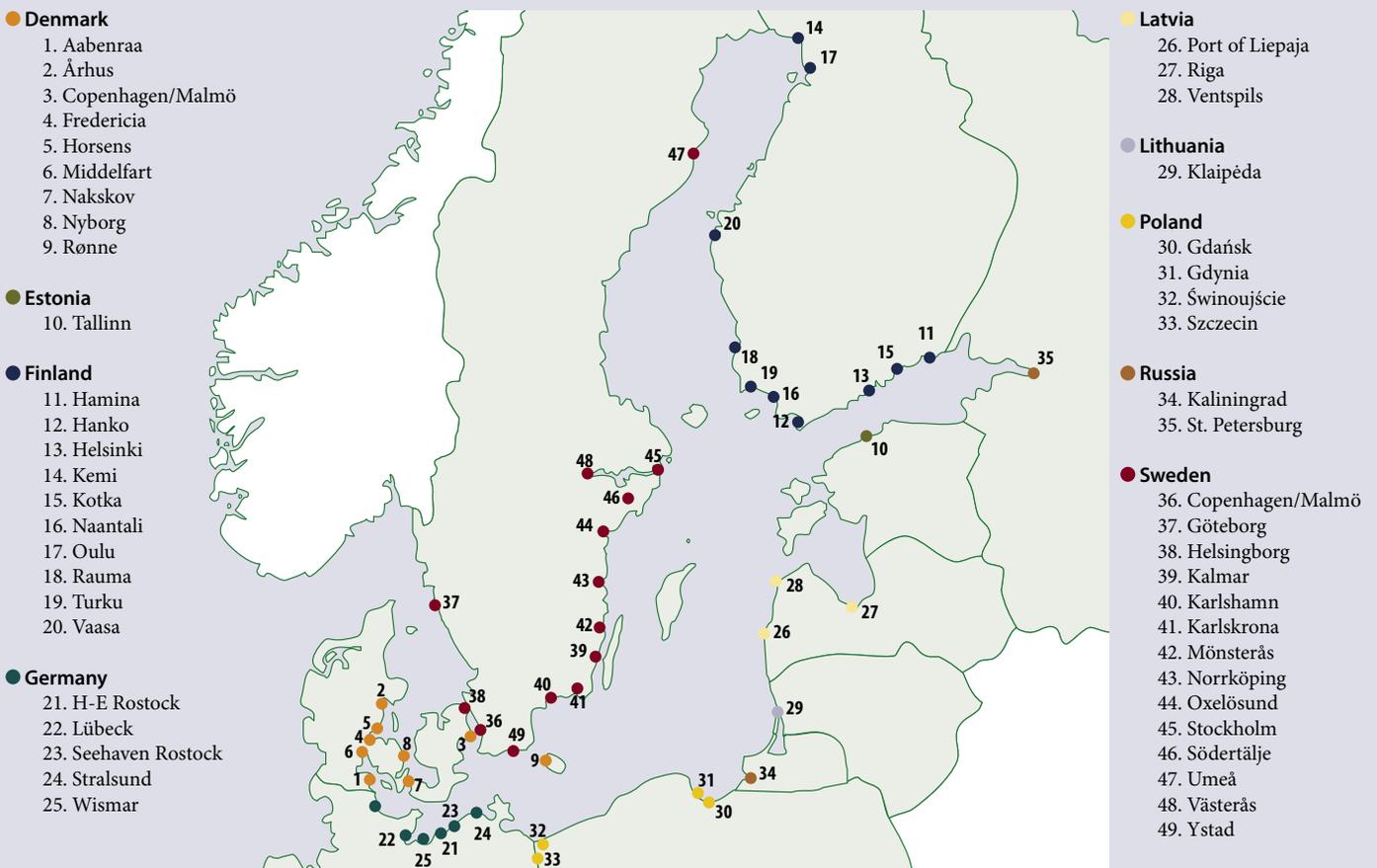
transported by Autolink to the car sales stores, by trucks used for car transport. The Port of Södertälje has become a hub in the Stockholm region for Autolink.

The **Port of Norrköping** welcomed a new service to England. The weekly container traffic between Norrköping and Goole was launched by the shipping company Transatlantic. The Norrköping region is rapidly growing in importance as a key transport centre. There is a strong industrial base and a large hinterland, ideal for the import and export volumes that Transatlantic can attract with their service. The expansion of Norrköping, as a logistics centre, has resulted in the growth of new establishments setting up in the region and increased cargo volumes.

The **Port of Gdańsk** has been chosen by the shipping company United European Car Carriers as a transshipment location for passenger cars such as Honda and Mit-

subishi destined for the Russian market. Car carriers operated by UECC call at DCT on a twice-weekly basis as part of the regular shipping service on the Gdańsk-Kotka route with the task of loading cars brought from the Far East on board vessels owned by WWL and EMC.

A new cement plant will be built on a 25,000 m² site in the **Copenhagen Malmö Port**. The cement company Cementa will invest several hundred million SEK in this project. Planning and design work will start this year, and the actual construction work will commence in 2009. CMP is to invest a total of SEK 50m (EUR 5.3) in the 250-metre long, 9-metre deep quay, which will include a rail connection. The new plant will allow Cementa to unload cement from the quay and distribute it by rail to the south of Sweden. With a throughput of approximately 350,000 tons of cement in 2007, Cementa's Malmö terminal is one of the company's biggest in Sweden.



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