

The BPO Newsletter is prepared by the Baltic Transport Journal
www.baltictransportjournal.com

BPO General Assembly in Lübeck, 11-12 September

German ports to double their cargo by 2025

“German ports located on the Baltic will double their cargo turnover by 2025,” announced Dr Jens-Albert Opper, managing director of the ISL-Baltic, while speaking at the BPO General Assembly.

The Assembly took place in Lübeck and gathered delegates from all ports around the Baltic Sea. The discussion was dominated by themes of port efficiency, climate change and smart solutions for hinterland connections. The German government has sponsored the research program called ISETEC which will identify the main bottlenecks in the ports and in the hinterland. Hans-Gerd Gieleßen, managing director of Lübecker Hafen-Gesellschaft, host port of the BPO General Assembly, said that the training of people is a key factor in sustaining port growth in the future. In the opinion of many BPO delegates, ports may suffer from a lack of qualified young professionals in the future.

The event gathered about 80 executives from all major Baltic ports, port-related industries, port international organizations, consulting companies, academia and media. The official opening of the conference ‘Innovations in sea-ports: cargo handling, efficient terminal utilization, hinterland connections, climate change’ was made by Mr. Julian Skelnik, BPO Chairman, and top-level spokespersons – representatives of governments (Mr. Stefan Musiolik, Ministry of Justice, Employment and European Affairs of Land Schleswig-Holstein), ports (Mr. Hans-Gerd Gieleßen, LHG), politics (Mrs. Gabriele Schopenhauer, Mayor of the City of Lübeck) and academics (Mr. Maciej Matczak, Gdynia Maritime University). Both days of the event gave participants an opportunity to attend interesting lectures and learn more about new port projects



Photo: BPO

(Railports Scandinavia, the new Vuosaari terminal) as well as innovations and developments in ports (Ust-Luga Seaport). A big part of the conference was dedicated to climate change and what ports can do to minimise the effects of it and be environmentally friendly.

In the evening there was a Gala Dinner and a bus tour through the Port of Lübeck.

The BPO General Assembly was kindly sponsored by LHG, Konecranes and Visy Oy with support from Ehrenberg Kommunikation, who was the PR Partner of the conference.

Next year the General Assembly will be held in Denmark, 3-4.09.2009. Bjarne Mathiesen, director of the Port of Aarhus, has already invited all delegates to attend the event.

New faces in BPO

Jarosław Siergiej



Photo: ZMPSPS

Jarosław Siergiej is the new chairman of the Management Board of Szczecin Świnoujście Seaports Authority.

In his first official statement he declared that he had found the company in a good shape. He expressed his determination to continue two main investment projects: the West Pomeranian Logistic Centre and the container terminal at Ostrów Grabowski, in spite of the difficulties. "The lease of such a large area for the Logistic Centre appears to be very difficult," says Mr. Siergiej. "We are expecting a lot from our partners. We would like the companies that will work at the Centre to promote project cargo handling in the port. That is why we are not only focusing on using the site, but also the landing piers."

Another main project is the modernization of the ferry terminal in Świnoujście. The most important action will be the construction of quay No. 1 to enable the mooring of ships over 200 m in length. Another project involves modernising quay No. 6 and extending it.

Mr. Siergiej confirmed that in the next few years the company plans to invest PLN 500 million (EUR 140m), partly from bank loans.

Jarosław Siergiej is 44 years old. He graduated from the Maritime University in Szczecin, where he studied maritime transport and Warsaw University, where he studied marketing and management. His last position was serving as chairman of the Management Board of the chemical port in Police. His hobbies include literature, film, boxing, and parachuting.

Kaliningrad handled 15.6m tons last year, its capacity is twice

Pros and cons of being

With 15.6 million tons of turnover in 2007 the Port of Kaliningrad ranks as the 15th biggest port in the Baltic Sea.

No other Russian seaport lies within less than 600 kilometres from the capitals and ports of Poland, Germany, Denmark, Sweden and the Baltic countries. But Kaliningrad's favourable geographical location also results in some important limitations, since it is separated from the main Russian territory.

For centuries Königsberg (the former name of Kaliningrad) was a prosperous Hanseatic port competing with Gdańsk for the title of the biggest trade centre in the southwest of the Baltic Sea. In fact in the 16th century it was the second biggest port in the Baltic Sea. After World War 2 the completely destroyed city and the surrounding region was annexed by the Soviet Union. It was the westernmost port of the country, but the location of an important naval basis in the neighbouring Baltiysk for decades limited the commercial usage of the port in favour of Klaipėda, Riga and Tallinn (all of them belonging to the USSR in those times). The port was first opened for foreign vessels in 1991. By that time Kaliningrad Oblast (region) had become an enclave of the Russian Federation, sandwiched between Poland and Lithuania, separated from the main Russian territory. That is the reason why its importance for the national transport system was not as big as the port authorities had wished.

Soya for fertilisers

The latest development of the port has been driven by the creation of the Special Economic Zone (SEZ) in 2006. It guarantees a free customs zone and some important tax reductions. For the first six years the tax rate is 0%, for seven to twelve years the tax rate on organisations' property is reduced to 50% and the organisations' income tax rate as a concern of allocation to the regional budget is reduced to 50%. It also implemented a simplified visa procedure for foreign citizens. When the SEZ was introduced, there were opinions that Kaliningrad would become the "Hong Kong of the Baltic Sea" and a pilot region for Russian-European integration.

"We recorded a 2.6% growth in cargo turnover in 2007," says Nikolay Mamenko from the Kaliningrad division of Rosmorport (Russian Seaport Administration – see the frame). "But the capacity of all port terminals is almost 30 million tons. It is

almost twice as much as last year's results. We have places for new cargos, new ships."

90% of Kaliningrad's 15.6 million tons of turnover was export, and 70% of this export was oil and oil products. Other important materials handled in the port were ferrous metals, coal, coke and fertilisers. The structure of import looked as follows: containerized cargo – 39%, fish products – 26%, grain – 20%, refrigerated – 7%, other – 8%.

What's more, the biggest soya producing centre in Russia lies in the Port of Kaliningrad. In 2007 the Sodruzhestvo terminal, used mainly for soybean import, was opened. Its capacity is 2.5 million tons and there are plans for further development.

"The idea is to build a terminal for transshipment of fertilisers, which will allow unloading of ships that import soya beans from Brazil and then load them with Russian and Belarusian fertilisers and send them back to South America, where they will be used in the process of growing new plants," reveals Nikolay Mamenko.

Potential in containers

The Port of Kaliningrad is linked by container lines to the ports of the Netherlands, Great Britain, Germany, Belgium, Denmark and the Baltic countries. In its container terminals

Port of Kaliningrad

- Lay-out
 - outport of Baltiysk
 - internal harbours in Kaliningrad
 - terminals along the sea canal (43 km long)
- Berth
 - 111 berths with 16,761 m in length
- Canal parameters
 - a half distance from the canal entering: depth 10.5 m; width 80 m
 - the second part: depth 9.0 m; width 50 m
 - provides passing of vessels with a length up to 170 m on all canals and with a length up to 205 m to Baltiysk
- Throughput
 - Design throughput – 30m tons
 - Cargo turnover (2007) – 15.6m tons

as much an enclave

252,000 TEU were handled in 2007. Comparing to 2006, it means a 67% growth, the greatest in all Eastern Baltic ports. No wonder container companies see a potential here.

“APM Terminal, a daughter company of Maersk, plans to build its own terminal in the port of Kaliningrad with a capacity of 250 thousand TEU. Hutchison is also looking for some grounds to construct a terminal,” says Nikolay Mamenko.

Containers are mainly used to import cargo for factories in Kaliningrad Oblast. They produce consumer goods, which are then shipped to the main territory of Russia by rail or trucks.

According to Nikolay Mamenko the problem of isolation of the enclave is constantly trying to be resolved.

“There is a problem only with some kinds of cargoes, concerning transit through Lithuania and Latvia. The main problem in this field is the rail tariff in Lithuania, which is higher than for instance transit to Poland. That bothers us.”

The situation could be improved if the container block train Mercury, connecting Kaliningrad/Klaipėda with Moscow, could be re-launched. It was an international project of Russia and Lithuania railways, which started in 2005 but was suspended after some time.

“Everybody wants to re-establish it,” says Mamenko, “but there are problems: tariffs and lack of platforms for containers. The potential market for transit is huge. Now 90% of containerised cargo is used for local consumption. If we could only manage to organize the transit of containers to the main territory of Russia...”

Cargo on wheels

Another way of developing the port is to attract ro-ro cargoes. Before 2002 there was no ferry terminal at all in the Kaliningrad region. In the beginning of that year permanent work started on the terminal in Baltiysk. Introduction of the passenger-and-cargo ferry George Ots on a ferry-line to Saint Petersburg gave regional citizens the possibility to go to Russia without border problems. But, according to the Kaliningrad Regional Government, losses from operation of the St. Petersburg – Kaliningrad ferry line in 2008 will reach 260m rubles (around EUR 7m).

More successful was the line Baltiysk – Klaipėda – Karlshamn, which opened in 2005. It is being served by the ferry Lisco



Photo: ROSMORPORT

Patria with a tonnage of 1,710 running meters, passengers capacity – 258 people and is operated by one of the oldest Danish ferry companies, DFDS LISCO.

By the end of 2007 the regular ferry communication on line Baltiysk – Sassnitz (Germany) was started. It is the rail ferry Vilnius, which is capable of accepting trains on-board. Its cargo capacity achieves 1,700 meters, passenger capacity is 132 people. German and Russian railway authorities declare that this ferry-line is an important part in the transportation of transit cargoes from Germany to Central Asia, Ukraine and other countries on the continent.

Among foreign investors taking advantage of cheaper labour costs and the special economic zone are the carmakers KIA and BMW. On the other hand, Kaliningrad's share in the car import market to Russia is marginal. But the situation might change.

“We are constantly monitoring the situation with this cargo,” admits Nikolay Mamenko. “We know that on the Russian-Finnish border there are a lot of problems with transiting cars. We started to think about it last year. We've found a rail operator who has special wagons for transshipping cars and, together with him, we plan to build a little car terminal in Baltiysk. We have a crane for loading special wagons on car-carriers and we have a storage place for a thousand cars. We have plans to expand it but have no investor yet. But we are ready to help the company.”

Tourist attraction?

There's a lot to be done regarding passenger movement in the port, too. Although the

necessary infrastructure for cruise vessels and passengers is in the Baltiysk terminal, with about 20 calls from cruise passenger liners and 1,000 passengers a year, Kaliningrad is not an important point on the Baltic tourist map yet. The local government's attempts to restore some of the historic squares and streets of the city and the new law that allows gambling might attract more visitors. A tourist boom could also be driven by a new EUR 37.5 million airport terminal, which has been built to turn the city into an international hub linking Great Britain, Germany, Italy and Spain with ten Russian cities. ■

Dariusz Szepter

Rosmorport was set up in 2003 due to the reorganisation of the port authority system in the Russian Federation. Rosmorport's aim is to provide the management of the federally-owned property in Russian ports. Its main functions are: technical maintenance and development of port infrastructure; securing safe navigation; organization and rendering services for vessels and cargoes in port; attracting investments in the development of port infrastructure; performing the function of the building owner of construction and modernization of port objects; assignation to rent the state property (berths). Rosmorport has a central office in Moscow and there is a branch office in every port of the Federation.

What's new in the ports?

The Port of Helsinki has had a great increase in the number of cruise ship passengers this year. 270 cruise ships visits with over 360,000 passengers onboard arrived at the port this year, which is more than last year (238 and 260,000 respectively). Another goal for the Port of Helsinki is to increase ship visits for the exchange of passengers. With already 17 such cases last year the port has opened a temporary terminal with the aim to gain experience in such endeavours.

The Port of Kiel celebrated its most successful cruise season ever, reaching 200,000 passenger mark for the first time this year. The season ended on September 21st with the departure of the last vessel Alexander von Humboldt. The port has been entered 126 times (compared to 117 in 2007) by 23 different ships. The terminals handled

more than 220,000 departing or arriving passengers. These numbers make Kiel the most popular cruise ship destination in Germany. The Ostseekai Cruise Terminal played a major role for its second season on peak days handling even 7,500 passengers in a few hours.

The Port of St. Petersburg starts accepting visa-exempt entry for passengers on ships with scheduled routes and timetables. The exemption is valid only for passengers who stay on-land no more than 72 hours and do not change the vessel they travel on. Yet these voyages cannot be interchanged with land or air transport. The visa exemption is expected to begin by the turn of November and December 2008.

The Port of Göteborg has become Honda's new port of entry for distributing vehicles in the Scandinavian region. Two models, Civic and CR-V, produced in Swindon, England will now be

shipped on the Immingham-Göteborg route partly due to vessel departure frequency. The Swedish and Danish markets will be supplied with Honda vehicles in the annual number of 8,000. This decision reinforces Göteborg as the leading vehicle port in the Nordic region, with 320,000 vehicles imported and exported last year.

The Port of Tallinn decided to undertake the construction of a new container terminal. The first stage of works will concern the area of 27 ha and is to create a new 385 m quay, lengthening the current one by 100 m. The construction is set to be finished in autumn 2010 and the terminal should be functional by May 2011. The second stage will include creating another 400 m of quay as well as modernizing railway infrastructure. By the year 2015, these operations are believed to make Tallinn one of the largest container ports in the Baltic region.

Denmark

1. Aabenraa
2. Århus
3. Copenhagen/Malmö
4. Fredericia
5. Horsens
6. Middelfart
7. Nakskov
8. Nyborg
9. Rønne

Estonia

10. Tallinn

Finland

11. Hamina
12. Hanko
13. Helsinki
14. Kemi
15. Kotka
16. Naantali
17. Oulu
18. Rauma
19. Turku
20. Vaasa

Germany

21. H-E Rostock
22. Lübeck
23. Seehaven Rostock
24. Stralsund
25. Wismar

Latvia

26. Port of Liepaja
27. Riga
28. Ventspils

Lithuania

29. Klaipėda

Poland

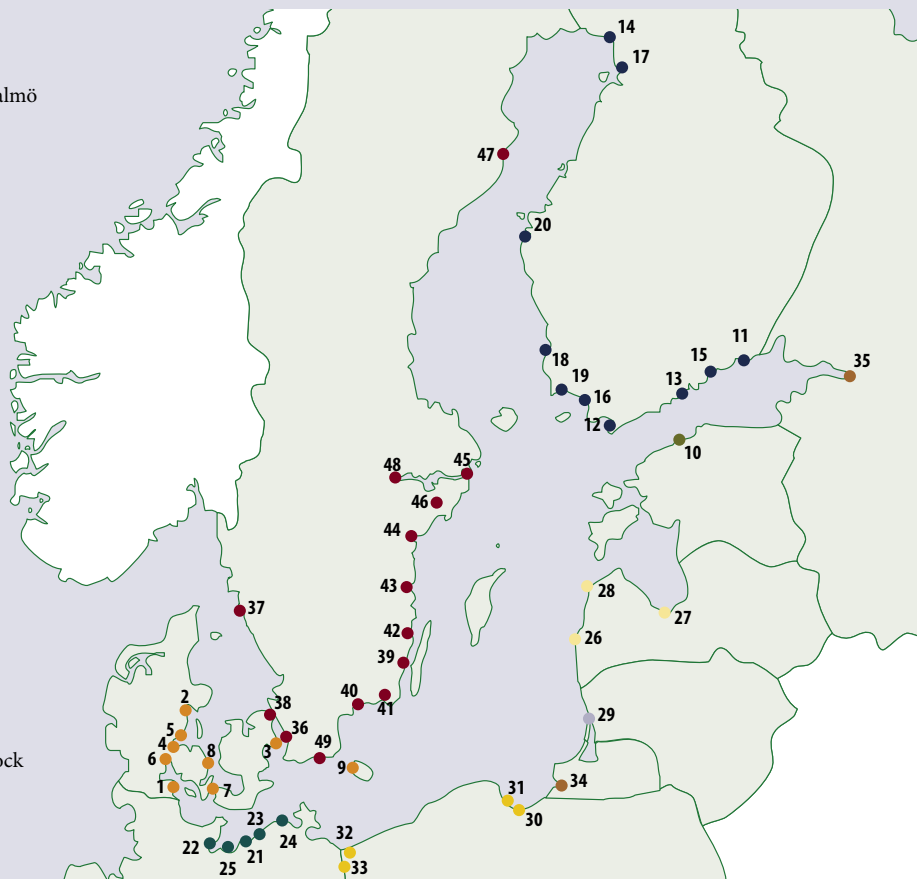
30. Gdańsk
31. Gdynia
32. Świnoujście
33. Szczecin

Russia

34. Kaliningrad
35. St. Petersburg

Sweden

36. Copenhagen/Malmö
37. Göteborg
38. Helsingborg
39. Kalmar
40. Karlshamn
41. Karlskrona
42. Mönsterås
43. Norrköping
44. Oxelösund
45. Stockholm
46. Södertälje
47. Umeå
48. Västerås
49. Ystad



BALTIC PORTS ORGANIZATION

Secretariat Office – Actia Forum Ltd.

ul. Pułaskiego 8, 81-368 Gdynia, POLAND, ph.: +48 58 627 24 67, fax: +48 58 627 24 27

e-mail: bpo.office@actiaforum.pl, bpo.gs@actiaforum.pl, <http://www.bpoports.com>