

On balance

by Przemysław Myszka

Year 2017 welcomed us with mixed feelings on macroeconomics and geopolitical developments, but on the other hand and for the most part also with positive port performance. We talk with Bogdan Ołdakowski about ports' ways of keeping a sense of balance in uncertain times, both when it comes to the Baltic market itself, as well as its ties with world trade. We also discuss the pros and cons of the region being the first to be subjected to stricter rules, and advancements throughout the LNG industry.

■ **What is the condition of Baltic seaports at the beginning of 2017?**

After two crisis years, 2016 was fairly good for our region's harbours, as we approached 2017 with impressive results in ro-ro handlings and the number of served passengers. The sharp fall in container volumes has luckily met its end, and the Russia's Baltic market is more stable these days, though both are far from being in their best shape. The Baltic Sea region saw the conclusion of several impressive investments last year, too, just to name doubling the capacity of the Deepwater Container Terminal Gdańsk, Stockholm's new Värtahamnen ferry terminal, Finland's first Liquefied Natural Gas (LNG) terminal in Pori, and the continuous roll out of the Baltic's youngest port, Bronka. Meantime, other projects entered their "shovel" phase, the brand-new greenfield ro-ro and container port Norvik in Nynäshamn probably being the most outstanding one. The TEN-T corridors are developing as well, and the Baltic ports along them as beneficiaries of the Connecting Europe Facility. However, this is to be taken with a grain of salt, because the Motorways of the Sea programme isn't progressing as smoothly as it should, by and large because Member States do not have a clear focus on this element of maritime transport. One of our jobs at the Baltic Ports Organization is therefore to convince cabinets that this form of cross-border cooperation is really worth a shot.

■ **What are the BPO's plans for the nearest future?**

We'll continue representing the interests of the region's ports both locally and on an EU agenda, e.g. the latter when it comes

to establishing a Europe-wide level playing field in terms of regulations. It is true that the Baltic is usually the pioneer or one of the first to test various eco-concepts, just to name already being part of the Sulphur Emission Control Area (ECA) and the first in Europe, together with the North Sea to be also a Nitrogen ECA. It gives us a competitive edge, because we obtain first-hand know-how and develop new technologies which can then be exported, but at the same time – given that other regions aren't subjected to stricter rules – its burdens the Baltic maritime transportation industry with higher costs. As much as we're proud to be trendsetters, we'll actively work towards having a single European port market, not by-laws as is unfortunately the case today.

■ **Are you planning any new projects, covering e.g. infrastructure, widening port cooperation, or in the field of LNG?**

The Green InfraPort project is one of our latest initiatives, aimed at helping to target ports' investment needs, as well as to match their strategies with regulations, like the one on port reception facilities. The Green InfraPort also gives an opportunity to create other projects between ports through an increased cooperation level. Lately, we've also set up the Comprehensive Ports Group (CPG) to assess the position of these kinds of ports across the TEN-T map. And there's always the LNG topic, as we've already been exploring this market since 2011. We firmly believe that this fuel is the marine bunker of the future, even though the initial forecasts of exactly how many ships will be using it proved to go through the roof; the oil price dump didn't help in

this regard either. Nevertheless, we mark some tangible market developments both on- and offshore across our region, and in the case of the latter advancements made in providing bunkering infrastructure are particularly encouraging. There are more and more LNG-driven vessels as well, and not only ferries like Tallink's brand-new *Megastar* addition to the Baltic LNG fleet, but also tankers, the world's first gas-run dry bulker *Greenland*, and soon also Europe's first container carriers will feed by LNG. In other words, the future outlook for LNG is stable.

■ **What about approaching issues outside of the BPO's influence, but which can have a profound impact on the port sector, like e.g. political (under) developments?**

While being in its core a port organization, the BPO must keep its fingers on the pulse of macroeconomics and politics. However, it is far easier here to identify the risks and write scenarios on how things will go than actually find or create remedies within ports' portfolios, as simply some events completely go beyond ports' scope of power, just to recall how the West-Russia economic war mishandled the Baltic port market. As such, we and our members closely watch how the free trade vs. protectionism debate unfolds, what effect Brexit is having, but also what effect the trade agreement with Canada will have on Baltic countries' economies, in which direction EU-US-Russia relations will head, and of course Trump's effect as well etc. Surely, our next conference in Trelleborg, to take place between 7th and 8th of September, will circulate around these topics, too. ■