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INFLUENCE OF PORT POLICY ON THE DEVELOPMENT OF CROATIAN CONTAINER PORTS

ABSTRACT

It is important to consider the port development throughout the world from the aspect of economical, transport and port policy and their mutual impact on commerce and efficiency of ports. By examining such relations in the context of development of the Croatian container ports, it is possible to define reasons for lagging behind of Croatian ports compared to the world movements.

The main reason for the negative trend of development of Croatian container ports lies in the non-existence of adequate measures of transport, maritime and port policy. Analysis of statistics over the past decade and comparison of structure and volume of the general cargo traffic in the Rijeka port and the neighbouring ports in the area of North Adriatic are both showing significant size discrepancy and uncompetitiveness of the Croatian port. Disturbances that have brought to such a situation result from inadequate port policy and non-harmonised activities between various modes of transport.

In order to overcome such situation, the authors suggest determining of clear tasks, goals and measures of the port policy that have to be undertaken so that the Croatian policy could be compatible with the main aspects, development tendencies and measures of the EU port policy.

KEY WORDS

port policy, container port, measures of port policy

1. INTRODUCTION

Expansion of every economic branch, as well as transport, is based on adequate economic policy that includes certain defined goals, measures and implementation ways. Port policy is a part of maritime and transport policy while its meaning is particularly shown in the countries historically and by nature oriented to maritime activities. Port policy includes the total of measures and activities that are used by state administration to influence the port system and individual ports within the system by focusing their growth on the society needs.

Cargo structure in the Croatian ports shows that the share of container cargo in the total structure is modest although, for example, some ten years ago Rijeka container terminal throughput was six times higher than today. By comparing traffic and structure of cargo in the neighbouring ports of the North Adriatic, it is obvious that Trieste port container throughput has grown by 4.9 percent per year, while the Koper port container throughput has grown by 14.5 percent per year compared to 1980. At the same time, container cargo share in the total structure of general cargo in Rijeka port is twice smaller than in Trieste port and four times smaller than in the port of Koper.

It is obvious from these data that the reasons for the drastic fall in container traffic in the Rijeka port, and of transferring cargo instead to other traffic directions, lie within specific political-economic circumstances under which ports, ship industry and the whole maritime economy have been operating in the past period. However, a significant reason for such negative trend of container traffic is also the absence of adequate measures of transport, maritime and port policy. Such a situation has resulted in strategic mistakes that have emphasised the already negative trend of traffic fall and additionally disturbed the position of ports and maritime economy that have already been burdened by economy and transitional problems in general.

2. CAUSES OF RE-DIRECTING CONTAINER TRAFFIC TO OTHER PORTS

At the end of 1980's, major changes in cargo transport and port operation have occurred throughout the world. Processes of trade liberalization and world's economy globalization have affected globalization of sea ship industry and determined directions of future development of container ports. Many ports broke through wider gravitation areas by their developing and tax policy and the need for defining criteria of loyal competitors became evident. Concentration of

Table 1: Container traffic of the Mediterranean ports in the period from 1989 to 1999 (000 TEU)

Port	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Algeciras/ La Linea	397.2	552.6	761.8	780.3	807.0	1 004.0	1 155.0	1 307.0	1 537.6	1 825.6	1 833.0
Barcelona	440.0	447.9	480.9	552.0	501.0	605.0	689.0	767.0	972.0	1 095.0	1 235.0
Piraeus	389.0	426.0	463.0	500.0	508.0	517.0	600.0	575.0	684.0	933.0	965.0
Valencia	390.3	387.2	364.4	371.0	385.0	467.0	672.0	708.0	832.0	1 005.0	1 124.0
Genova	238.2	310.2	344.4	330.0	343.0	512.0	615.0	826.0	1 180.0	1 266.0	1 234.0
Gioia Tauro	...	...	...	...	...	...	16.0	572.0	1 448.5	2 125.6	2 253.0
Trieste	113.6	142.4	136.1	80.5	150.5	146.1	151.7	176.9	204.3	174.1	185.0
Koper	83.3	94.8	62.1	46.6	60.4	61.2	58.3	64.6	66.9	72.8	78.2
Rijeka	52.4	47.9	38.0	44.6	49.9	45.0	40.7	29.2	15.9	12.5	8.0

capital in sea ship industry has influenced the traffic and capital concentration in the largest world ports that have become centers of various economic activities and have been transformed into cargo-distribution, industrial and logistical centers.

Ports became traffic and economic factors and their significance grew beyond the national boundaries and national interests, while their mutual competitors were getting stronger. The level of actuality of land infrastructure and availability of greater number of transportation technologies became the essential factors in the market attractiveness of a port. Quality changes in ports were done in the area of managerial organization and financing of port systems.

Over the past decade, Croatian container ports (Rijeka and Ploče) evidenced a fall in the container traffic compared to the neighbouring Mediterranean and North Adriatic ports, due to a difficult time of transition and post-war period. Such negative trend was particularly visible in the major Croatian container port of Rijeka (Table 1 and Figure 1).

Events that caused re-directing of container traffic and demeaning of the Rijeka port as a destination of container traffic may be presented in the following way:

- 1) Absence of investments in modernization of container terminal;
- 2) Re-directing of cargo flows due to the war conflict;
- 3) Loss of market on the territory of the former state;
- 4) Insufficiently defined maritime and port policy;
- 5) Lack of regular container services.

During the eighties there were no investments in modernization, construction and expansion of the container terminal in the Rijeka port, while ports of Koper and Trieste did a great deal in that field and adjusted to the market needs. For instance, the port of Koper reconstructed the port management in 1977, extended and modernized container terminal in 1981 and 1983 and constructed two Ro-Ro terminals in 1980 and 1982. The Trieste port invested also into cap-

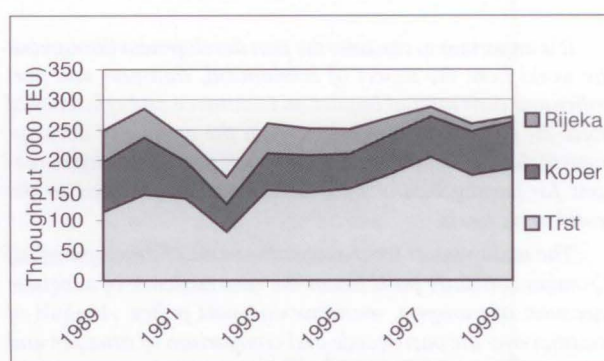


Figure 1 - Comparison of contribution of container cargo transportation in ports of Rijeka, Trieste and Koper

ital facilities and constructed a new container terminal in 1971 and doubled its traffic in 1987, and also constructed roads that connected it with highway and railway [1].

War conflict on the territory of the Republic of Croatia strongly affected the re-directing of cargo to neighbouring ports, while the breakdown of the former state re-directed part of traffic to other routes due to political reasons. Decrease of transit cargo is especially important because in the period from 1980 to 1997 the port of Rijeka lost almost 2.5 tonnes of transit cargo while the Koper port raised its transit traffic by approximately 3.5 tonnes during the same period. The amount of domestic cargo in the overseas exchange is very small as the majority of foreign exchange between the Republic of Croatia and Western European countries is done mostly by land transport means.

Undefined maritime policy of Croatia in the past period and phasing out of the largest Croatian shipping liner company Croatia Line had a leading role in decreasing container traffic. National liner shipping companies are the basis for domicile container port development and it is important to support the expansion of liner industry and its sub financing in order to meet the preconditions for returning transit cargo to this traffic route.

Additional problem concerning the port functionality is the absence of law regulations, difficulties in the process of privatization, as well as the still unclear concept of combined transport development. Transport and port policy are still not harmonized in the expected manner, especially when it comes to the co-ordination of expansion of different modes of transport and transport infrastructure on a certain route. It is impossible to increase container and combined traffic without such co-ordination, without assessment of total expenses, without harmonized and unique taxes and without adequate level of service quality through overall traffic direction.

Logistic support to container traffic is a relevant factor when choosing the means of transportation and in addition to that, forwarding agents have the leading role because of their influence on shippers and consignees, their experience and know-how concerning complete organization of container cargo transportation.

During organization of internal transport process on container terminal, the important element is automation of the whole process by implementing modern information and communication technologies, as well as within physical cargo traffic on terminals as in processes of issuing necessary documentation.

To support efforts to change the current situation and stop further decrease of container traffic in the Croatian ports only two cases should be mentioned:

- 1) In 1993/94, on the Rijeka-Zagreb-Budapest route an international container train was engaged with connections from Koprivnica, Osijek and Varaždin up to container terminals in Hungary and with transit for the Czech Republic, Slovakia, Poland, Romania and the countries of the former Soviet Union. However, due to irregular traffic and lack of container units the Hungarian Railway discontinued the train in 1996/97. [2]
- 2) At the beginning of March 1999, line ship feeder service was established on the Rijeka-Ploče-Gioia-Tauro-Malta route and was operated by the Croatian Shipping Company Lošinjaska Plovidba. It was sub-funded by the state budget with an amount of 1.5 million USD. This feeder service justified its existence by up-to-date results although the traffic completed through it was far below the traffic that was compiled by the Rijeka port over the eighties.

3. REQUIRED MEASURES OF PORT POLICY IN ORDER TO STIMULATE DEVELOPMENT OF CONTAINER PORTS

At the end of 1988 the Transport Commission of the European Parliament announced a Report that in-

cluded the proposal of joint port policy. According to the European Commission opinion, the main points of the European port policy included:

- Raising of port efficiency in order to improve trade exchange and integration of ports into the Trans European Network system (TEN);
- Ensuring free and correct competition between ports;
- Expense coverage by port users;
- Avoiding discrimination.

For establishing a uniformed European port policy it is important to point out a study prepared by Marconsult S.p.a. (Italy) and the Ocean Shipping Consultants (UK) that was published by the European Union in 1993 as draft material. Proposals given by the study were based on the following principles:

- 1) Availability and modernization of port capacities;
- 2) Ensuring free and correct competition between ports;
- 3) Port integration through joint transport policy;
- 4) Social acceptability.

There are two principles emphasised in the study:

- Responsibility for the construction and financing of port infrastructure is to be entrusted to the port authorities (regardless of the legal status of such port authority);
- Port calculations (traffic and financial indicators) must be clear because it is the main condition for exact estimate of a port as competitor.

Respecting the above mentioned, as well as the influence of various factors on the Croatian container ports present situation, the establishment and realization of parameters of port policy according to criteria of port policy of the Western European countries must lie within priority goals in the next period. Such policy should be based on the following:

- 1) Long-term, clear, feasible and within time-frame strategy of the Croatian port system;
- 2) Long-term strategy of developing modern transport technologies and terminals with special emphasis on the growth of multi-modal and combined transport;
- 3) Clear and transparent system of management, financing and concessions assignment in ports;
- 4) Quality management and marketing in ports;
- 5) Expansion of feeder service and co-ordinated activities of all participants in transportation on the traffic means;
- 6) Planning and construction of traffic connections with continent - roads and railways;
- 7) Modernization of equipment on container terminals as function of relationship between concessionaire and port management, in order to improve work and expand quality of service and competition;

- 8) Modernization of land transporting capacities and establishment of container transport on railways: Rijeka-Zagreb-Budapest, Zagreb-Vinkovci-Tovarnik and Zagreb-Graz;
- 9) Rationalization of network of port continental terminals, supporting further development and respecting all the European standards of environmental protection;
- 10) Introduction of complete information technology of the whole process of container transport with special emphasis on co-ordination of all elements and participants in the transportation chain.

Realization of such a policy is in correlation with the government possibility to finance transport and port infrastructure and private capital that requires transparency and clearly defined goals of port policy so that they may appear attractive.

Beside main principles based on which port policy needs to be looked at through measures of general transport policy such as:

- Investment policy - supporting concession investments and adjusting legal regulations that would attract foreign capital;
- Normization and standardization of process of transport infrastructure maintenance at the same level of importance;
- Policy of real transporting prices - sub financing of a part of real prices where there is a need, deregulation of prices etc.;
- Acceptance of regional policy of development of all transport and economic sub systems into a general economic and transport system;
- Supporting scientific and researching the approach and educational aspect of transport.

4. CONCLUSION

For the negative trend permanently present in the Croatian port system for over ten years the crucial factors lie in insufficiently profiled and not defined transport and port policy. Consequently, unreal plans and improper measures were taken to prevent such a trend. Such situation also resulted in accumulating many problems amongst which the most significant are the lack of adjustment to modern technologies of transportation, old-fashioned port infrastructure and sub-structural capacities, low productivity and lack of quality management.

In order to stop that trend and turn into another direction, it is essential to determine the actual and the possible strategic goals of port services based on the development of modern transport technologies, quality and efficiency of port services and quality management in ports of national interest.

SAŽETAK

UTJECAJ LUČKE POLITIKE NA RAZVITAK HRVATSKIH KONTEJNERSKIH LUKA

Razvitak morskih luka u svijetu posebno je važno razmatrati s gledišta međusobne sprege gospodarske, prometne i lučke politike i njihovog djelovanja na poslovanje i efikasnost luka. Proučavajući te odnose u kontekstu razvitka hrvatskih kontejnerskih luka mogu se utvrditi razlozi zaostajanja hrvatskih luka za svjetskim kretanjima.

Osnovni razlog negativnog trenda razvitka hrvatskih kontejnerskih luka nepostojanje je odgovarajućih mjera prometne, pomorske i lučke politike. Analize statističkih podataka posljednjih desetak godina i usporedbe strukture i volumena prometa generalnih tereta u luci Rijeka sa susjednim sjeverno-jadranskim lukama pokazuju veliki nesrazmjer veličina i konkurentnost hrvatske luke. Poremećaji koji su doveli do takvog stanja rezultat su neadekvatne lučke politike i neusklađenosti djelovanja različitih prometnih grana.

Za prevladavanje takvog stanja autori predlažu utvrđivanje jasnih zadataka, ciljeva i mjera lučke politike koje je potrebno poduzeti da bi lučka politika Hrvatske bila kompatibilna s osnovnim načelima, razvojnim tendencijama i mjerama lučke politike EU.

NOTES

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