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Panel: Financial capabilities of Port Authorities

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I wish to start my speech recalling the recent ESPO report on the "Governance" of European Ports. It shows the existence of manifold models of governance of European ports, and almost everywhere these are public. The good performance of "public" shows that the concept of "efficiency" is not in antithesis with the public role of port governing bodies.

Regarding Italian Port Authorities, these have been established by the port reform law 84/1994 and have the legal status of non-economic public bodies. The State has entrusted them with its own duties. The port areas that are part of Port Authorities are State owned.

The Italian Port Authorities are "regulatory" bodies of port activities according to the principle of a clear separation between the "regulator", that is the Port Authority, and the "regulated", that is the different private economic operators performing port operations and other commercial and industrial activities in ports.

Law 84/1994 expressly foresees, among the competences of Port Authorities, those of policing, planning, coordinating, promoting and controlling. It clearly excludes the possibility for Port Authorities to perform port operations and related activities. Therefore, in Italy, Port Authorities do not – and cannot - perform any port operations or provide port services in competition with private operators.

As I said, among the Port Authority's tasks there is the planning and programming of port areas and related activities. The investment interests of private operators should arise from such activities. As the promoter of private investments, the Port Authority also needs to adopt initiatives / measures, to make the operational context coherent with the needs of operators and transport companies. For this reason, the Port Authority may hold shares in undertakings performing activities for the development of multimodal transport, logistics and transport networks.

It seems rather clear that the conditions for the implementation of what is necessary to make the port areas economically desirable to private investors and operators depend on the available resources of the Port Authority. These resources should result from a real and effective financial autonomy of Port Authorities. This is exactly what we have been asking for years.

The financial autonomy of Port Authorities is also recognized by the European institutions. The European Commission itself recognizes that the financial autonomy of Port Authorities is an essential condition to guarantee

an effective allocation of investments and, accordingly, to allow ports develop public-private partnership initiatives, in a situation of limited resources. These partnerships should start from clear rules and a clear separation between commitments and risks among private operators and public bodies.

Here comes the need of a real and effective financial autonomy for port governing bodies, as we believe that every port must have resources in accordance with the economic wealth it creates for the territory. At the same time, of course, a system which guarantees the general development of the whole port system has to be put in place. In our opinion, financial autonomy should be implemented through the devolution to Port Authorities of a quota of the VAT and excise taxes deriving from port activities (mainly from import and export operations). Such resources can be earmarked for the realization of general port infrastructures, for which major investments are needed, and which are not able to produce sufficient cash flows in order to recover costs, even in the long term. Let us think, for example, dredging works; brake-waters and offshore defense; railway connections among terminals; "last mile" railway and road connections; and areas and marshalling yards. In general, all those infrastructures for which the investment of private capital is unlikely due to high costs and low rates of return, but which allow a port to produce sizable economic and social benefits.

As a Port Association we consider the implementation of public-private partnerships for the realization of port infrastructure able to attract private investments in ports very important. Public-private partnerships have a fundamental role for the realization of certain port works (terminals, quays, storage areas, etc.). These are nowadays even more important given the economic crisis and the evident difficulty of public budgets.

In our opinion, a fundamental aspect in the implementation of public-private partnerships is the provision of measures for the correct division of the economic risks of the new infrastructure among the private investor and the public body; and this to avoid, first of all, that these risks be entirely placed on the public sector and on the general public.

Therefore, we consider of vital importance to ensure that public-private investments be coherent with the competition principles as well as the national and European Union competition rules. In our opinion, the guidelines on the selection of the private partner and the evaluation of the project proposal contained in the Green Paper of the European Union must be respected. The project proposal should be detailed and it should generally be referred to the construction and management of the infrastructure. In any case we deem important to ensure that models of management which are likely to create confusion among the "regulator" and the "regulated" are avoided.

To conclude my speech let me shortly approach a couple of themes of particular interest which are currently under discussion: State Aid and TEN-T review.

As State Aid is concerned, it seems that the European Commission (Directorate General for the Market in particular) is to consider as State Aid the financial flows from the State to the ports, independently from the intended use of the funds (also those meant for port infrastructure). At least for our country this approach does not seem to be correct as it poses serious doubts about the possibility of the State to invest in its own properties. On this point we would make a proposal to the European Commission which approaches the issue from a diametrically opposite position: i.e. to evaluate the financial flows from the ports to the State and, only at this stage, verify how many of such resources are really returned to ports. In Italy, for instance, against few hundred millions of Euro of State resources to ports, the State budget has collected from the same ports about 9 billions of Euro of VAT.

Regarding TEN-T, in our opinion the TEN-T revision is an opportunity to pursue the objectives of social and economic cohesion, to achieve a better distribution of transport infrastructures among European territories as well as a better distribution of traffic flows towards all territories for a balanced and sustainable development. The review is also a valuable opportunity to help economic recovery. Actually, we believe that public resources made available by Member States for the implementation of the TEN-T network should be considered out of the Stability and Growth Pact (as well as for all the public resources devoted to the implementation of public works). This is not only necessary to facilitate economic recovery, which strongly needs new investments, but also to create a level playing field among Member States in order to give them the same accessibility to the European Union financial resources.