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Vice-President and Commissioner for Transport

**Steering a course for the future:  
Europe's ports in the 21<sup>st</sup> century**

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European Sea Ports Conference

**Sopot, 11 May 2012**

Minister, ladies and gentlemen

It is a great pleasure to return to Sopot, such a beautiful resort town. It was only some six months ago that I was last here, at an informal meeting of EU transport ministers.

Then, we were talking about how to generate financing for transport infrastructure. And that, of course, must also include ports: the gateways for Europe's exports and trade flows, and a vital link in the transport logistics chain.

I expect ports to grow in the years ahead. They are already the transit point for up to 90% of Europe's freight exchanges with the rest of the world and 40% of those in the internal market. But they will also have to handle even more tonnage: for the 2030-50 period, we estimate growth of between 30% and 50%.

To cope with the rising demand, ports will need adequate financing – public and private - as will other parts of Europe's transport infrastructure.

But we have to ask ourselves where that growth and demand will actually leave our many hundreds of seaports in the next 20 years.

The challenges that ports face in productivity, investment needs, sustainability, human resources, integration with cities and regions can in no way be underestimated.

Today's many bottlenecks are often due to low efficiency and sometimes to restrictive labour and other non-competitive regimes operating inside the port.

Ports act as major logistics hubs linking waterborne and land-based transport to deliver cargo smoothly door-to-door. This is our objective and the reason why ports are so important for the Trans-European Network as we build a single joined-up transport area for Europe.

It is also crucial if ports are to be properly efficient and compete globally against rival ports in North Africa or in Asia - particularly China.

We cannot afford constraints at seaports or inland ports. This is important for Europe's economy to recover and enjoy long-term growth. For the future, I believe we need to improve access to ports as well as raise their efficiency and overall performance.

The sector needs pro-business reforms. And also more transparency.

With so many different operating models and lack of clear EU-wide rules which - in some cases - prevents a fair competition environment, it is now time to set a more coherent European ports policy.

It is also time to give legal clarity to port operators and service providers, not least as an incentive to attract long-term investments.

Let me now underline some specific areas:

There are issues to be resolved over state aids, port charges and concessions to provide services. In addition, port workers do not have enough social protection. And the relationship between port authorities and providers is not always very clear.

These are all, of course, extremely sensitive areas. I am also aware there is a great deal of concern within the port community about making changes. But changes are needed to make sure the sector stays competitive in the long term.

The proposed policy review is not about micro-management, nor about disrupting longstanding business models if they are working well. And if we see a problem at one port, there should be no need for all ports to be penalised.

So this will not be a 'one size fits all approach'. After all, there must be sufficient flexibility to take local circumstances into account.

Ladies and gentlemen: it is certainly not for the Commission to tell ports how their business should be run, or to suggest particular business models. But it is about having greater transparency and fewer restrictions, to remove barriers for new entrants wanting to tender fairly and openly for port services.

Fair competition is a healthy – and I would say, usual - requirement for improving port performance generally and for the system's overall efficiency.

So how do we go forward? Firstly, we naturally want to hear your views and valuable input. This is the purpose of our consultation, which will be followed by an impact assessment including all possible options. We want to hear from you, from the entire ports community, what best should be proposed.

There are many issues, all of them beneficial for the sector as a whole. Our difficult task at the Commission will be to strike a good balance that is in the interest of the entire EU ports community.

With this in mind, I invite you all to Brussels in the last week of September for a conference and workshop to discuss this in more detail.

A major area of concern is the provision of services, vital for port efficiency. But service provision today is riddled with inefficiencies – in cost, quality and reliability.

No EU-wide rules exist to cover the wide range of regulatory conditions and legal arrangements for this, which makes it difficult to monitor or measure performance. EU countries also apply different concepts to concessions, which are not always awarded in a non-discriminatory, objective or transparent way.

The Commission's internal market directorate is looking at revising EU rules on public procurement, including for concessions. But it is not yet clear if complementary rules would be needed for ports. We will be asking for your input on this during the consultation process.

In any case, the idea is not to create more rules. It is to standardise the different conditions that exist today for concessions in many Member States and to make them more transparent.

Many ports operate in a competitive environment. But some service providers can face difficulties in entering the market.

This situation is also linked to the relation between port authority and service provider. Some countries have a national port authority; others have local, regional and even private ones.

My concern comes when a port authority acts simultaneously as a commercial operator, because then we might be looking at a potential conflict of interest.

The different roles and responsibilities of the two sides should now be properly defined – and the rules clarified and simplified.

One thing is clear: public authorities awarding concession contracts must adhere to a transparent, objective and fair procedure. This will give legal certainty to commercial operators and provide incentives for much needed longer-term port investment at the same time.

These conditions should also apply to port charges. At the moment, there is no certainty that they are set in a transparent and non-discriminatory way.

We have a situation where different ports apply different structures and systems. Charges should be set at an appropriate level that reflects the cost of the infrastructure and service provided.

With the threshold in existing EU rules, a large number of publicly owned ports do not have to keep separate accounts between their economic activities. This makes it hard to track the funding streams between public authorities and their commercial operations – and to ensure there is no breach of state aid rules.

With state aid, once again there are large differences around the EU. While some ports seem to need public subsidies to operate, others do not – and are still profitable.

Although state aid is not part of the transport portfolio, personally I believe that there is a need for port-specific state aid guidelines.

Finally - labour issues.

This works well in some ports. But in others, some of the practices are highly restrictive and amount to what is, in effect, a 'closed shop' where service providers may not employ personnel of their own choice. So we need to learn from best practices. And we need to find a balance where there can be clear guarantees of social protection.

Ladies and gentlemen

I would like to encourage the entire ports community to contribute as much as possible to this consultation process. We need the sector's experience and expertise so that we take the right decisions on the most appropriate next steps.

This is not about making rules for rules' sake. This is about identifying the problems, listening to everyone's views and working together to make the most and best of Europe's ports – for the benefit of everyone.

Thank you for your attention.