



## Comparison of European Port Authorities

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### Abstract

The paper will outline different management approaches and different organisational structures inside the Port Authorities of some of the major European ports.

This research has been carried out within the framework of a continuous training project for the Ligurian port-related activities launched by the Port Authorities of Genoa, La Spezia and Savona, in partnership with the Ligurian Regional Administration, thanks partly to funding from the European Union (July 1997 - May 1998). The ports analysed are: Antwerp, Bilbao, Genova, Hamburg, La Spezia, Rotterdam and Savona.

All these profiles and the comparisons have been made on the basis of direct interviews with senior managers from these ports.

The paper will present final results of the comparison between the 7 ports, on the following topics:

- **Mission and strategy** (Port Authority's mission, planning and development process)
- **Organisational - Institutional arrangement** (Port Authorities' organisational arrangements, management of leases and rents)
- **Cost - Income structure** (Cost - income structure of the Port Authorities)
- **Marketing and promotion** (Port Authorities' role in marketing and promotion of a port, port promotion structures)
- **Training in ports** (Port training institutions, relations between training, port promotion and consultancy)

The result of this paper is a comparison of different approaches towards management of ports, a sign of different situations inside European ports.



# 1 The research

This research has been carried out as part of the "Continuous training project for the Ligurian port-related activities" launched by the Port Authorities of Genoa, La Spezia and Savona, in partnership with the Ligurian Regional Administration, thanks partly to funding from the European Union (July 1997 - May 1998).

Within the framework of the project, a seminar was held on "The strategic and institutional role of the Port Authorities". A comparative analysis of the following ports was carried out: Antwerp, Bilbao, Genoa, Hamburg, La Spezia, Rotterdam and Savona.

The analysis of the ports and the Port Authorities examined was conducted based on six structural variables (strategy, organisational-institutional arrangement, composition and dimension of the port community, maritime traffic structure, sea-overland connections, cost-income structure of Port Authorities.) and on five organisational processes (planning and development, marketing and promotion, management of leases and rents, management of human resources, management of information). All profiles and comparisons have been elaborated on the basis of direct interviews with senior managers from the above-mentioned ports.

Following is a summary of the most significant aspects which arose from the comparison between the various ports, in particular concerning strategies and structural and organisational arrangement.

## 2 Mission and strategy

As regards mission and company strategies, the following aspects were analysed:

- the mission of the Port Authority
- strengths and weaknesses
- strategic options
- the contents of the development plan
- processes for strategic change implemented and planned

The stated "missions" as reported by the senior managers from the Port Authorities analysed turn out to be particularly interesting. This is due to the different approaches towards ports management and a sign of the different situations inside each European port.

In particular, it is significant how in the following situations the relationship between "port" and "territory" is dealt with by the different Port Authorities.

**HAMBURG:** "to keep the port competitive by promoting entrepreneurial development and setting up new initiatives, and by guaranteeing planning and development, maintenance renewal and extension of infrastructures" (*the port as a business in itself*).

**ANTWERP:** "to find the best way to use port areas for port, logistic and industrial activities, in order to generate within the port area maximum employment and the maximum added value for the entire region" (*the port as a generator of wealth for the whole region*).

**ROTTERDAM:** "to strengthen the position of the port, and of the related industrial complex, within a European framework, changing RMPM's role from a *landlord* to a *mainport manager* and to a facilitator in the development of the complex of port industries" (*the port from a European perspective*).

**BILBAO:** "to serve the local hinterland and encourage its growth, by providing specialised quality services" (*the port as a service provider to its hinterland*).

**GENOA:** "to plan the territory and to regulate the port-related businesses" (*the territory as strategic resource for the port*).

**SAVONA:** "to encourage the socio-economic development of its allotted territory and consequently the development of port traffic and tourism" (*the territory as the linchpin for the port*).

**LA SPEZIA:** "to develop the *port-related* activities and in particular, for the port of La Spezia, the commercial activities, shipbuilding and pleasure vessels" (*the port as a business in itself*).

The main features of the strategic plans of northern European ports are:

- timeframe spanning more than one decade,
- attention to timing,
- attention to the needs of the clients,
- attention to competitors,
- some plans are even for image,
- inclusion of action plans for the structure.

From a goods and operational point of view, all the major port business development plans have some significant similarities:

- ✓ development of the container sector,
- ✓ maintenance of the share of the bulk sector,
- ✓ attention to niche sectors,



- ✓ stimulation of the development of industrial complexes,
- ✓ support and stimulation to increase logistics centres,
- ✓ increase of capacity in connections with the hinterland.

In particular, focusing on the container sector means ensuring that carriers will be able to operate without problems ships up to 6,000 teu and above. To achieve this objective, the following actions have been planned (to be implemented by the first few years of next century):

- ✓ building of new terminals,
- ✓ dredging of river and sea bottom for ships with draughts over 14 m.,
- ✓ entry into operation of the new generation portainers,
- ✓ restructuring of connections with the hinterland (new railway lines and inland waterway links, new inland terminals).

### 3 Organisational - Institutional arrangement

The Port Authorities interviewed have stated that organisational processes linked to planning and land management inside port areas are priorities, together with promotion and marketing.

Table 1. Major organisational processes for Port Authorities.

	HAMBURG	ANTWERP	BILBAO	ROTTERDAM	GENOA	LA SPEZIA	SAVONA
Planning and development	X	X	X	X	X	X	X
Marketing and promotion		X	X		X	X	X
Infrastructure financing	X		X	X			
Infrastructure maintenance				X	X	X	X
Management of leases and rents							
Operation control	X				X	X	X
Common services control					X	X	X
Management of human resources							

In northern European ports, port areas fall under the jurisdiction of the municipalities. In Bilbao a system of local autonomy has been introduced. In Italy the areas are the property of the state and their management is left to each individual Port Authority.

In Hamburg and Rotterdam the areas are rented out with private law contracts; any work needed, starting with paving, is at the expense of the

lessee. The commercial operations of the terminal operator are not controlled; the only constraint is the intended use. The ports of Antwerp and Bilbao are in a period of transition with two systems in place concurrently: the new regulations, which are similar to those in force in the other ports mentioned above, co-exist with the type of contract based on leases and rents (in accordance with public law) and leases exist which include not only the areas but also warehouses and superstructures. The Italian system entails leases and rents, with some forms of control over the work of terminal operators.

When selecting lessees for new areas, most Port Authorities choose on the basis of an evaluation of the "business plans" for the proposed activities for the site.

## 4 Cost - Income structure

Conducting a comparative analysis of the various Port Authority cost/income structures is not a simple matter.

Table 2. Cost-income structure of the Port Authorities.

	ROTTERDAM	ANTWERP	HAMBURG	BILBAO	GENOA (3)	SAVONA (3)	LA SPEZIA (3)
HARBOUR DUES	60%	46%	44%	67%	12%	13%	18%
RENTS	35%	33%	56%	13%	48%	30%	39%
SERVICES	5%	(1) 21%	-	(2) 18%	31%	(4) 21%	(5) 34%
STATE CONTRIBUTION	-	-	-	-	9%	36%	5%
OPERATING ACCOUNT	-	-	-	-	-	-	4%
FINANCIAL PROCEEDS	-	-	-	-	-	-	-
<b>INCOME</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
PERSONNEL	16%			24%	43%	54%	40%
OPERATING EXPENSES	22%			20%	32%	15%	30%
DEPRECIATIONS AND FINANCIAL CHARGES	50%			37%	15%	5%	5%
OTHER CHARGES	-			-	7%	11%	2%
<b>COSTS</b>	<b>88%</b>			<b>82%</b>	<b>97%</b>	<b>85%</b>	<b>77%</b>
<b>RESULT</b>	<b>12%</b>			<b>18%</b>	<b>3%</b>	<b>15%</b>	<b>23%</b>

- (1) CRANES - PDWER SUPPLY - TOWING  
 (2) CRANES - WAREHOUSES  
 (3) RECLASSIFIED ECONOMIC ACCOUNTS EXCLUDING  
 EXTRAORDINARY ITEMS

- (4) RAILWAY SERVICES  
 (5) POWER SUPPLY-SECONDED PERSONNEL

The financial statements for northern European ports are drawn up in accordance with state provisions (with the exception of Hamburg); thus, the main income and cost items are easily determined.



## 28 Maritime Engineering and Ports

By contrast, the financial statements of the Italian Port Authorities are difficult to compare due to:

- the different nature of the balance sheet itself,
- the presence of both ordinary and extraordinary entries,
- actual difficulty in interpreting.

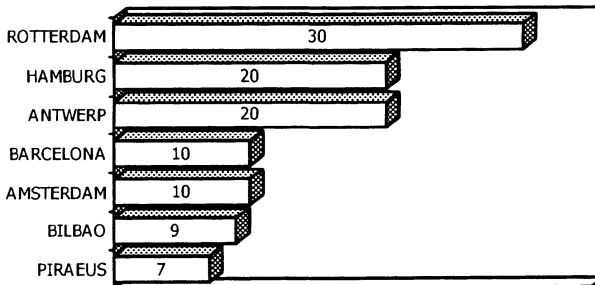
In some cases, the financial statement is used for communication and promotion purposes, and is therefore simplified and easily comprehensible (e.g.: Rotterdam and Bilbao).

## 5 Marketing and promotion

The resources allocated directly to promotion and marketing are substantial, also within the Port Authorities, showing there is particular interest in this area.

The following table shows the number of resources utilised in promotion in some of the ports analysed, within the Port Authorities and within the marketing and promotion joint ventures.

Table 3. Resources utilised in promotion in some European ports.



In the Italian ports there are no joint ventures devoted to institutional promotion, and there are no marketing and promotion offices within the Port Authorities either.

Various levels of development/maturity of promotional activity may exist in a port: the basic situation entails only the involvement of the Port Authority in the activity of institutional promotion, while more developed models feature the Port Authority with the assistance of other institutional



actors (e.g.: Chamber of Commerce, professional associations), and reach the stage of the establishment of an ad hoc company with joint public and private ownership.

Some of the European leading ports have been analysed: in all cases institutional promotion is conducted by the Port Authority with resources set aside for the purpose and in collaboration with other institutional bodies. The more developed cases are those where port promotion and marketing activity is performed by ad hoc joint public and private companies formed for this purpose; examples include:

- RPPC, Rotterdam Port Promotion Council
- Agha Assiport (Antwerp)
- HHVW, Port of Hamburg Marketing and Public Relations
- Uniport (Bilbao)
- APZI, Association Port of Zeebrugge Interest
- BHV, Bremen Port Promotion Association
- Comite Havrais de Developement du Trafic Transmanche (Le Havre)

Further information is provided below as a guide to some of the main European joint ventures set up to manage promotion and marketing activity (particularly worthy of note is the majority holding of private port operators).

Table 4. Marketing and promotion joint ventures.

	ROTTERDAM	ANTWERP	HAMBURG	BREMEN	BILBAO
COMPANY NAME	RPPC	AGHA ASSIPORT	HHVW	BHV	UNIPORT
YEAR ESTABLISHED	1934		1945	Circa 1945	1988
EMPLOYEES	10	10	45		5
MEMBER COMPANIES	300		180	220	117
BUDGET (£ million)	2.800		10.000		300
SHARE OF P.A. CONTRIBUTION	45%	50%	60%	< 50%	40%

Many ports make use of structures abroad which are devoted to port promotion (belonging directly to the Port Authority or to the promotional body), located in the markets of origin and destination of the goods.

Considering a total of 9 ports analysed in Europe and North America, there are some 111 agencies abroad, situated in particular in the Far East (35) and in the European Community (32).

The Italian ports do not have structures of this type, although the port of Genoa is planning to open an office at the EU.

## **6 Training in ports**

All the major northern European ports have one or more specialised training institutes operating in the shipping and port sector, and owned by the Port Authority and by private operators.

Many of these centres have been operating on the national and international market for many years, for example:

- ROTTERDAM: Tempo (1978), Shipping and Transport College (1949), International Maritime Transport Academy (1981)
- HAMBURG: Hamburg Training Centre, Hamburg Port Training Institute (1981)
- ANTWERP: Dockworkers Training Centre (1980), Institution for the Vocational Training of Port Employees (1945)
- BILBAO: Escuela de Administracion Maritima (1987)
- LE HAVRE: Port Institute of Training Research
- TILBURY: Port of Tilbury Training Services (1989)
- MALTA: Freeport Training Centre (1992)

A substantial percentage of the Port Community workers attend the continuous training programmes annually.

The implementation of the "Continuous training project for the Ligurian port-related activities" provides an opportunity to structure the supply of specialised training in the port sector even in Liguria, pooling together and rationalising the core competencies which already exist in the territory.

Several training institutes carry out a substantial amount of activity on the international market; in this regard, by way of example, mention can be made of the collaboration arranged between the Shipping and Transport College (Rotterdam) and the Freeport Training Centre (Malta), and that between the Bremen port training institution and the Escuela de Administracion Maritima (Bilbao).





In many northern European ports there are structures aimed at providing technical / managerial consultancy with a marked specialisation in port-related matters and logistics. It is worth noting that there is often an indissoluble link binding the structures of port marketing and promotion with those involved in training and in consultancy, thus creating an integrated fabric in the development of the port community.