

Port of Thessaloniki: A new investment era

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Changes in the port industry

Radical changes in the world economy, and consequently in global transport systems, have altered the operational, organisational and, in some cases, ownership status of the port industry. Ports have become a capital intensive competitive industry, playing a crucial role in world trade, and by extension, in the world economy.

In the case of European ports, two different approaches emerged in recent years. On the one hand, north European ports adopted new organisational models to increase their competitiveness, effectiveness and their ability to adapt to a speedily changing economic environment. On the other hand, south European ports took longer to adapt than their north European competitors. Spain, Italy and Turkey are among the countries that made reforms with positive results and an increase in their competitiveness.

The case of Greece

Greece has been a quite different example. The attempts to follow the changes that occurred in Europe and elsewhere were delayed, even in comparison with other Mediterranean and south-east European countries. The Greek state proceeded with a reform of the national port policy aiming to alter the Latin tradition of state-owned comprehensive port organisations a decade ago. This resulted in the transformation of 12 Greek ports of national interest to state-controlled autonomous companies. Two companies, Thessaloniki Port Authority SA and Piraeus Port Authority SA have been listed on the Athens Stock Exchange since 2001 and 2003 respectively.

Greek ports face increasing competition from other ports in the region, as the last few years non-Greek ports invested heavily in new infrastructures and superstructures usually with the participation of private funds. Moreover, Greek ports, especially Piraeus and Thessaloniki, lost a significant part of their throughput due to port labour protests that lasted almost two years – back in 2008 and 2009 – as trade unions resisted the government's intentions to proceed with a concession of the Thessaloniki

container terminal and Pier II of Piraeus container terminal. The result of the process was the concessioning of pier II of Piraeus container terminal to COSCO Pacific for 35 years. In the case of Thessaloniki, delays, and the insecurity produced by the financial crisis of 2008 resulted in the decision of the nominated winner of the tender to withdraw its interest.

The port of Thessaloniki

Thessaloniki port is the second biggest in Greece, after Piraeus. The port facilitates all kinds of cargo (dry bulk, general, liquid bulk, containers, Ro-Ro) as well as passenger traffic (ferry and cruise) but mainly it facilitates dry bulk and general cargoes. In 2011, the port of Thessaloniki handled 295,567 twenty-foot equivalent units (TEUs), 6,095.321 tonnes of liquid bulk cargoes, 3,592.957 tonnes of dry bulk cargo, 4,020.035 tonnes of general cargo and 64,800 passengers. About 46.28 per cent of the vessels that entered the port in 2011 were dry bulk carriers and general cargo vessels and 33.5 per cent of the total port throughput was dry bulk and general cargo (44.46 per cent liquid bulk and about 22 per cent containerised cargo).

It has six piers with a total quay length of 6,200 metres and a sea depth ranging from eight to 12 metres. The storage area consists of open and indoor areas with a total surface of 600,000 square metres. The port is divided into three terminals: the passenger terminal which facilitates ferry and cruise ships; the container terminal which is equipped with two panamax and two post-panamax cranes; the dry and general cargo terminal which is equipped with 44 rail-mounted gantry cranes with a capacity of up to 40 tonnes and two mobile cranes with a capacity of 100 tonnes.

The dry bulk and general cargo terminal is made up of piers four and five and the eastern part of pier six (dock 24). Dock 24 is the locomotive of the terminal as it facilitates about 40 per cent of the port's dry bulk and general cargo traffic. It is equipped with six rail-mounted gantry cranes with a capacity of 40 tonnes (four of them) and 32 tonnes (the remaining two) and has a length of 640 metres, a width of 160 metres and a depth of 12 metres.

The port's major hinterland is the southern Balkan area.



Aerial view of the port of Thessaloniki.



Dock 24 of the port of Thessaloniki

More specifically, the port facilitates the trade of north Greece, the majority of the Former Yugoslav Republic of Macedonia's (FYROM) trade, as well as a small amount of cargo destined for or coming from south Bulgaria and south Serbia. In 2011 out of 4,597.672 tonnes of general and dry bulk cargoes, 2,134.692 tonnes were from or destined to FYROM, thus enterprises from this country are among the major users of the port of Thessaloniki. The port of Thessaloniki is the only port in Greece which is directly connected with the national rail network while it is a node in the Pan-European Corridors IV and X.

Thessaloniki port is investing in its future

The port of Thessaloniki faces increased competition from neighbouring ports (for example, Durres in Albania, Bar in Montenegro, Burgas in Bulgaria) serving the same hinterland. In an effort to maintain its market share and to gain back the cargoes that were lost during the turbulent period 2008-2009, the port authority developed an investment plan. This will modernise the cargo handling equipment at the port and expand the port's infrastructure, mainly at the dry bulk terminals (as well as at the container terminal). Given the magnitude and the scope of the planned investment, the port of Thessaloniki will eventually increase its competitiveness and maintain its leading position as the main gateway port for the southern Balkan area.

Improving infrastructure at the dry bulk terminal

The strategic port infrastructure development plan of the port authority is based on the expansion of the port's pier six. The port authority aims at expanding the eastern part of the pier which is the main dock (number 24) of the port that facilitates dry bulk cargoes and mostly coal and mineral ores. It facilitates bulk carriers up to handymax class although panamax class vessels (not fully loaded) are not rare. The expansion will result in a new dock

of 300 metres in length, 160 metres wide and, most importantly, a depth increased to 16 metres, giving the ability to the port of Thessaloniki to facilitate cargo ships with a capacity up to 80,000 deadweight tonnes (DWT). The project is nearing the end of feasibility and environmental studies and an international tender for the selection of the constructor will commence in early 2013. The estimated budget is €50 million without including the additional investment on new cargo handling equipment to equip the expanded part of the dock, with the necessary funds coming from the port authority's equity capitals. The project is of vital importance for the port as it will give a competitive advantage comparing with its main competitors (and especially Durres which experiences depths up to 9.9 metres with the exception of one dock which has a depth of 11 metres). Moreover, it is expected to increase the port's capacity for dry bulk cargoes by 45 per cent. The ability to facilitate ships up to 80,000 DWT will give shippers the potential to decrease the transport cost per tonne of cargo, thus making the port more attractive.

The future plans of the port authority include further dredging works around pier five (docks 20-22) in order to increase the operational depth (now ranging from 9.5 to 12 metres) by one metre. Pier five is planned to be used only for steel products (metal shall, steel plates, coils etc.) and this will become a specialised terminal, which should increase the productivity and attract some steel products shipments that now are handled by dock 24 (which will then facilitate only dry bulk cargoes). This specialisation will be helped further by the rearranging of cargo handling equipment. A rail-mounted gantry crane of 15 tonne capacity will be moved from pier four to pier five and a new one will be ordered to further reinforce the docks of pier five. Also, it is worth mentioning that the free zone of the port will be expanded 7.5 hectares for the storage of dry bulk cargoes. This will ensure that the port will be able to cope with the expected increase in the dry bulk traffic in the years to come.

Additional investments are also planned in infrastructures at the port of Thessaloniki, apart from those in the dry bulk terminal.

The major one is the expansion of the container terminal (eastern part of the sixth pier) by 500 metres in length and 365 metres in width. The new dock will be a depth of 16 metres and able to facilitate new panamax container vessels (capacity up to 14,000 TEUs). The project awaits the green light from the Greek government in order to start the construction works.

Modernising handling equipment

Apart from investing in port infrastructures, Thessaloniki Port Authority SA is also implementing an investment plan for the acquisition of new, efficient and technologically advanced cargo handling equipment. Since 2010, the port has been equipped with a new mobile harbour crane with a capacity of 100 tonnes as well as with a variety of machinery for the handling of dry bulk cargoes. The cost of this equipment has reached €7 million. Another tender for the acquisition of a new rail-mounted gantry crane (40 tonne capacity) is also underway and the expected delivery time is the third quarter of 2013, at a cost of €4.5 million. The new crane is destined for dock 24, further increasing the dock's ability to handle dry bulk cargoes. In the next five months, the port authority will launch a new tender for two new rail-mounted gantry cranes of 40 tonnes, with an estimated total cost of €10 million. One of them is going to equip dock 24 while the other will be placed in pier five. Parallel to these purchases, the port aims to further strengthen the handling equipment of the dry bulk terminal with the supply of excavators, three new bulldozers with a capacity of 5 cubic metres, more trucks, 12 crane grabs and two train wagon tractors. In total, the investment plan for dry bulk cargo handling equipment for the period 2010-2013 is expected to reach €22 million.

Always thinking of the environment, safety and security

Apart from reinforcing the infrastructure and cargo handling equipment, the port authority continues to pay considerable attention to the protection of the environment, the security of the port operations, as well as the safety and health of personnel.

Thessaloniki port was among the first in Europe to be certified with the PERS Certificate from the ECOPORTS (a European Sea Ports Organization initiative). In an effort to minimise the environmental impact from the loading and handling of dry bulk cargoes, the port authority developed a system which sprinkles the dry bulk cargoes that are stored in open areas of the port thus reducing the amount of dust escaping into the atmosphere. The port authority also applies a programme for the recycling of packaging materials (from general cargoes) as well as for the recycling of the materials used for the cargo handling (ie. equipment, machinery oils, tyres). In 2011 the port recycled 2,462 tonnes of materials. The port personnel are qualified and well trained in issues related to environmental protection, health and safety measures in the work place. Finally, the port invests in security equipment in order to minimise security risks in the port area – with the port being ISPS Code certified.

Promoting the port

A proactive marketing strategy will attempt to bring back the lost cargoes of the period 2008–2009 (29 per cent of the dry bulk and general cargoes and about 38 per cent of the container traffic). To this end, the port authority has been launching road shows to major economic centres of the neighbouring countries aiming to

promote the port and its services. Regular visits to neighbouring countries and meetings and discussions with current and potential customers are all part of the programme.

A second key step is the reduction in port tariffs that has already increased the competitiveness of the port compared with its direct competitors. The port authority also developed a pioneering initiative: the Port Development Board, which brings together participating representatives of port users, haulage unions, the coast guard, customs authority and local and regional chambers. The members of the board discuss the problems of the port as well as potential solutions for the mutual benefit of the port community. Through this board many stagnated problems have been discussed and resolved. Finally, the port applies a customer-centric policy aiming at satisfying the needs of each customer.

Facing the future with confidence

The efforts of the port authority of Thessaloniki to modernise the port, and increase the quality of the services provide signs for a bright future. Despite the economic crisis that has affected Greece over the last two three years, Thessaloniki has managed to increase its market share and financial results mainly by investing in extroversion of its activities. Since the beginning of the economic crisis in early 2010, total throughput of dry bulk and general cargoes has increased by 15.5 per cent (from 5.75 million tonnes in 2009 to 6.66 million tonnes in 2011). The financial results of the company have been positive as well, allowing for further investments in the port's future.

The completion of the purchase of new cargo handling equipment along with the commencement of the construction works for the port expansion will further increase the quality of the port services and the port's competitiveness, helping in the further enhancement of the role of the port of Thessaloniki as the major gate to the southern Balkans.

ABOUT THE AUTHOR



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ABOUT THE PORT

The port of Thessaloniki is the second biggest in Greece and the natural gateway for the markets of Southern Balkan area, facilitating mainly dry bulk traffic. Thessaloniki Port Authority S.A. which governs the port is a company listed in the Athens Stock Exchange. The company is one of the biggest in Northern Greece, playing a crucial role for the regions economy with a workforce of about 450 people, an annual turnover of more than 50 million and a throughput of more than 15 million tones of cargoes and 270,000 TEU every year. The strategic goal of the company is to be established as the major port for the countries of the Balkan Peninsula.

ENQUIRIES

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