

Freeport of Riga: planning a bright future

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Following a year of intense work, BMT Transport Solutions (based in Hamburg), has submitted a draft port development plan to the Freeport of Riga (in partnership with their Riga based partner NK Consulting). The major outcome of this plan has been BMT's development of a model to assess port traffic in relation to overarching trends in the economy.

Therefore, the primary focus of the plan has been a thorough analysis of the commodity markets in the Freeport of Riga's hinterland and catchment area. A cargo forecast model that's been created as a result of this can demonstrate the relationship between commercial movements within port terminals and the GDP growth which Latvia and the Baltic Sea region have seen over the last decade. The overall objective of using this model is to provide assurance that port traffic will increase after a period of economic uncertainty.

Versatility

In addition to handling key commodities such as oil and coal, the versatility of the Port of Riga is an advantage as increasing numbers of containerised goods are shipped through the terminal. To accommodate this, new terminals will be created for containers, general cargo and energy related shipments in order to streamline operations and improve efficiency and environmental

performance. The role of Freeport of Riga as an energy hub will be further supported by a biofuel plant located within the port boundaries. Finally, a new cruise terminal will cater to the increasing number of tourists visiting the attractive city.

As coal and oil products largely originate from Russia and Belarus, traffic in the Freeport of Riga is and will continue to be dominated by outbound cargo. However, political and port related measures from the cargos' countries of origin apply, so it is essential for the Freeport of Riga to be flexible in terms of meeting these.

Analysis

Initially, there was a perception that the current port infrastructure would not be able to maintain the increases in traffic which BMT's model predicts. However the large areas of land and waterfront surrounding the Port of Riga highlight significant opportunity for development if the need arises. However, the proximity of these areas to a residential complex poses a challenge for sustainable developments.

In order to develop a comprehensive SWOT analysis and port strategy, BMT and NK Consulting sought advice from Freeport personnel. Two workshops were held covering subjects such as infrastructure, environment, navigational safety, security and



Handling coal in the Freeport of Riga.



Cruise ship arriving at Freeport of Riga.

marketing. In addition to this, regular port users were interviewed, in order to establish prospects for demand.

Communication

BMT and NK Consulting also worked closely with other stakeholders (including Riga City Council), relevant ministries and NGOs in order to address any concerns which may exist. Close communication with stakeholders during execution of the project also ensures the objectives of separate port and rail projects do not clash. In turn, cargo forecasting will help infrastructure providers to set priorities and adjust to the capacity needs created by the growing port.

Improvements

The port development plan provides the foundation for many improvements which go far beyond the provision of new berth and terminal space. Indeed, the Freeport will embark on an action programme covering a wide range of economic, social and environmental issues which embrace the principles of sustainable development. A core objective will be to develop a port community with a platform that offers free exchange of information, thereby enabling Freeport to better understand and

adjust to the needs of stakeholders. On a wider level, community consultation and involvement is crucial in order to avoid objections, which create delays.

Performance indicators

The port development plan also encourages the development of a key set of performance indicators, ranging from operational features to issues such as community perceptions and port reputation.

It is proposed that the first year of the development programme (2010–2011) should establish baseline and benchmark data, as well as the development of some quantitative targets. Although difficult during times of economic uncertainty, this will enable progress to be monitored in the years ahead.

It is tempting to put a rigid framework in place which covers the project's duration (2010–2018). However, project managers can react better to changing circumstances by regularly assessing strategic targets to ensure they remain realistic, and adjusting the development plan to take account of any variables. In doing this, Freeport of Riga has the freedom to expand and enhance its competitiveness as a major hub for exports from the Baltic Sea region, Russia, Belarus, Ukraine and Central Asia.

ABOUT THE COMPANY

Based in Hamburg, Germany, **BMT Transport Solutions** provides strategic business advice to the transport sector to enable sustainable, efficient and effective transport solutions to be developed. It offers intermodal transport, intelligent logistics, infrastructure, port development and freight market consultancy services involving sophisticated analytical, computer simulation and forecasting techniques.

ENQUIRIES

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