



**Tourism and shipping are two sectors of great opportunities for Greece, since our Country has in these two sectors a significant comparative advantage.**

**Greece offers a unique natural capital consisting of a large number of beautiful islands, clean seas and a mild climate, in a secure and peaceful environment. These factors constitute an ideal environment for the development of sea based tourist activities such as cruise, yachting, diving etc.**



On the other hand, Greek shipping is set to expand. At 190 million deadweight tonnage, the fleet is today larger than ever, while the prospects have never been better. In the shipbuilding sector, Greek-owned shipping achieved once again impressive rates. By the end of March 2006 new building orders by Greek interests, excluding passenger, miscellaneous and offshore

vessels, amounted to 364 vessels, representing 25.8 million deadweight tonnage. Out of these vessels, 183 are tankers corresponding to 14.9% of world tonnage (deadweight tonnage) and 92 are bulk carriers, corresponding to 14.4% of world tonnage (deadweight tonnage). The outstanding new building orders for Greek Owners are a good sign for the future expectation



of the fleet development. It must be stressed that the impressive order book of newbuildings on behalf of Greek ship-owners resulted in a further reduction of the average age of the Greek-owned fleet to 15.3 years compared with 15.9 in 2005, whereas the average age of Greek registered fleet is 11.7 years compared to 11.6 years in 2005 (including vessels on order).

Furthermore, Greece has a strategic geopolitical position in the freight transport system of the Mediterranean area and so a great potential for the further development of seaborne transport, especially in the perspective of a prosper Short Sea Shipping and of the Motorways of the Sea which will facilitate the enormous and continuing trade in the broad area.



It is obvious that the development of a sea based tourism and of the shipping industry requires adequate port facilities, as well as high quality port services. Therefore, there is a continuously increasing demand for modernisation and development of the infra- and superstructure of ports and marinas.

### **RECENT DEVELOPMENTS AFFECTING THE PORT INDUSTRY IN GREECE**

In the recent years, the shipping and port industry worldwide has experienced a considerable restructuring. Ports must respond to a totally new reality, formed through the ongoing globalization processes, new transport needs related to modern consumer and production patterns, as well as major economic and technological changes. The globalization of world

trade, significant technological and organizational changes and the liberalization of the world market has affected the modern port industry. The traditional port-gate has been replaced by the port logistics centre which provides complementary transport operations, supports logistics services and co-ordinates multimodal traffic. The continuing growth of the world trade, increased significantly the demand for transport services, while the advantages of seaborne transport in terms of economic efficiency, security and safety, as well as environmental protection have become more and more obvious. In a time of intensive competition, ports are facing significant challenges that require both productive and organizational restructuring, in order to secure a competitive edge.

On the other hand, there are some



major recent developments in the EU transport policy which affect the broader area of the South East Europe and Eastern Mediterranean and set the scene for the development of the Greek ports. Political developments in Central and Eastern Europe, the EU enlargement, political stability and rapidly growing economies economic capacity in the wider region of East Mediterranean and the Black Sea, as well as increasing commercial relations with the Black Sea and the East Med region, indicate the importance of the extension of Trans and Pan-European Networks and the development of Short-Sea Shipping in the East Med. These developments changed gradually the traditional role of the Greek ports, transforming them into nodal points in the Mediterranean basin, as well as into potential network hubs of the East Mediterranean transport system, providing

the smooth operation and promotion of intermodal transport.

Taking these factors into consideration, it is evident that there is a continuously increased demand for ports and port services, resulting in a prosperous environment for low risks investments in this sector.

### THE GREEK PORT SYSTEM

The Greek port system consists of:

- 12 port Authorities (12 major Greek ports: Piraeus, Thessaloniki, Alexandroupoli, Elefsina, Heraklion, Igoumenitsa, Kavala, Kerkyra, Lavrio, Patra, Rafina, Volos)
- 39 state port Authorities
- 32 municipal port Authorities
- More than 100 Private port installations
- More than 500 fishing ports, marinas etc.

The twelve major ports listed above operate as Société Anonyme. Two of these ports, Thessaloniki and Piraeus, are listed in Athens Stock Exchange. The institutional and operational status of the ten other ports of major national significance has recently been changed. They have been transformed into Société Anonyme. The State, being up till today the only shareholder of these ports, has a supervising role on a strategic level.

### OBJECTIVES AND POLICY TARGETS

After the establishment of the General Secretariat of Ports and Port Policy in the Ministry of Mercantile Marine in the year 2001, all matters concerning port organization, as well as the formulation and implementation of port policy fall into the responsibility or co-responsibility of this body.

The Ministry, aiming at high quality port services and the strengthening of ports competitiveness, pursue:

- The facilitation of transport in a way that the economic activities are promoted, while a well balanced national and regional development can be achieved, as well as the economic and social cohesion and the coherence of the national territory.
- The establishment of an integrated, effective and reliable institutional framework regarding the organisation and operation of the Greek port system.
- The modernisation and development of infra- and superstructure of ports and their

hinterland connections, as well as the completion of a number of significant administrative and organizational changes in the ports.

The development of the port industry is of great strategic importance in Greece, since our country has a very long tradition in shipping, a strong and vital shipping industry and a unique geographical position in Southeast Europe, connecting the European countries with the Middle East, the Black Sea and North Africa. This geopolitical advantage becomes more intense because of recent developments in South East Europe such as the opening of new markets in the Balkan region, the connection of main Greek ports with the European and Pan-European Transport Networks, the development of the East Mediterranean Motorway of the Sea and the Euro-Mediterranean cooperation. Greek port policy seeks to exploit the geopolitical advantages of the Greek ports. For this reason, the modernization and development of the infrastructure (piers, dredging works etc.) and superstructure (passenger reception buildings, warehouses, equipment etc.) of ports and their hinterland connections are top priorities of the Greek port policy. The ongoing modernization of the Greek ports will enhance port competitiveness and guarantee high quality port services, so that the current and future demands of the national and Mediterranean transport market will be met. The policy efforts that are currently running respond to the changes that occurred in the role of the Greek ports. In the perspective of developing the Trans-



& Pan-European Transport Networks, intermodal transport and interconnectivity of the systems becomes a real challenge for transport infra- and superstructure. The hinterland connections of the ports is here also of great importance and so a priority for the Ministry of Mercantile Marine.

### PORT POLICY AND RECENT INITIATIVES

The Greek government, in order to meet the challenges of the new environment in the world transport market, has planned an ambitious investment plan for the development of the Greek ports in the period 2006-2015 of an amount currently estimated at 6 billion EUR. The plan includes the construction and improvement of infrastructure and superstructure, the purchase of modern mechanical equipment, information technology projects,

personnel training programs etc. The improvement of the hinterland connections of the major Greek ports is also a priority for the Ministry of Mercantile Marine and for this reason, a cooperation between the Ministry and the Greek Railways has already been launched.

To ensure a sound financial basis for the investment plan, a Financing Protocol between the Ministry of Mercantile Marine and the European Investment Bank (EIB) has been signed, according to which the Bank will provide loans for investments in ports up to the amount of 3 billion EUR. The loan conditions are favourable, since an attractive and stable rate of interest is foreseen, while there is a loan duration of 25 years and a grace period of 7 years. The financing depends on the viability of each individual project. The Ministry is about to hire a consultant,

## GATEWAY GREECE

who will support the implementation of the Protocol. The Consultant will among others examine and suggest possible TEN-T-projects and identify cooperation fields for the European Partners.

The contribution of the European Investment Bank to 2006-2015 port development plan will facilitate and encourage the participation of investors from the private sector. Many important firms have already expressed their interest in relevant projects and therefore we are very optimistic about a strong participation of the private sector. The attraction of private capital to the port industry for investments in infrastructure and superstructure and the collaboration of the public and private sector are a priority of the Greek Ministry of Mercantile Marine. The foreseen privatization of the two container terminals in the ports of Piraeus and Thessaloniki according to the European Union tender procedures reflects the strong belief that the involvement of the private sector in the port industry re-

sponds to the call of our time and will lead the ports to further development. Nevertheless, in the great majority of the Greek ports public investments are expected to continue playing the basic role for the development of the transport infrastructure, while private sector will probably focus on investments in superstructure and cargo - handling.

The Public Private Partnership method is considered as the most appropriate approach to achieve the policy goals. PPPs provide new financial sources for investment projects, encourage innovation and the spread of best practices, guarantee flexibility, while PPP projects often deliver greater value for money compared with the conventional methods, because of the reduction of operating costs through the achievement of synergies. Therefore, the Greek Government has already taken important initiatives towards the modernization and simplification of the legal framework for investment, meaning the Cargo Distribution Centres Law (3333/2005), the new Development and Investment Law



(3299/2004) and the Law regarding the Public Private Partnership (3389/2005).

Some examples of investments in Greek ports, which are foreseen to be implemented as PPP projects are:

- the construction of the new port of Patras with an estimated budget of 120 million EUR
- the construction of the cargo centre in the port of Igoumenitsa with an estimated budget of 150 million EUR
- the construction of a new international exhibition and congress center in the port of Piraeus with an estimated budget of 70 million EUR
- infra- and superstructure works in the port of Alexandroupoli with an estimated budget of 25 million EUR
- investments in Greek ports to meet the requirements of the International Ship and Port Facility Security Code (ISPS Code)
- the TEN-T projects in Greek ports, which will be defined with the Master Plan of the Motorway of the Sea of the South-east Med, which has been approved by the European Commission as a TNT-project and is currently about to start running.

Some other investments are considered as very important for the capacity of the biggest two Greek ports, Piraeus and Thessaloniki:

- The construction of the Pier I in the Port of Piraeus will increase the competitiveness of the port concerning the facilitation of container transport. This project, with an estimated budget of 70 million EUR, is co-financed by the European Investment Bank within the context of the Financing Protocol. In the long term, the construction of Pier III is planned with the purpose of increasing the number of containers operated to 4.5 million annually. Furthermore, the creation of a railway commercial station within the port land zone in Ikonio area will give a strong push to the containers transportation from Piraeus to Western and Northern Greece, making use of the advantages provided by the Inter - European Transportation Networks.
- Another important project for the competitiveness of the Greek port system is the extension of the Pier VI in the port of Thessaloniki with an estimated budget of 100 million EUR. The completion of this project which is also co-financed by the European Investment Bank, will increase the capacity of the port to facilitate container cargoes to a total volume of 1,5 million TEU annually.

In the new political, economic and technological environment for the Greek ports, security became a crucial factor in transport. The implementation of the ISPS-Code and the EC Regulation 725/2004 is a basic requirement for succeeding this target and also an obligation of our country. In all

Greek State ports, are applied equivalent security measures, from the Hellenic Coast Guard personnel. Also all the major 11 national ports of great importance which are obliged to implement the new security requirements, have approved Port Facility Security Assessments (PFSA) and Port Facility Security Plans (PFSP). The 68 other national ports, including those that serve exclusively ships engaged in domestic voyages and obliged to implement the EU Regulation 725/2004 and the EU Directive 2005/65, are in the process of awarding a contract for the elaboration of their PFSAs and PFSPs. Furthermore, the Ministry of Mercantile Marine, has already hired two consultants (PSC-I U.S.A.: Professional Security Consultants-International LLC Houston and Lloyd's Register) to support and assist actions of the Ministry for the above mentioned projects. High cost investments are planned and to a large extent already implemented. For instance, in the 12 Port Authorities S.A. (ports of Piraeus, Thessaloniki, Elefsina, Lavrion, Rafina, Heraklion, Alexandroupolis, Kerkyra, Volos, Igoumenitsa, Patras and Kavala) the Ministry is about to run a programme concerning the implementation and maintenance of security systems according to the ISPS Code (estimated budget 400,000,000€). Additionally, from July 2004 the

Container Security Initiative has become operational at Piraeus, the biggest port of our country, under the cooperation of the US Customs and Border Protection (CBP) and the Greek Directorate General of Customs.

### Final Remarks

We go through a crucial period of time and the choices we make will determine the development perspectives for the Greek ports and the port industry. The recent legislation regarding the Public Private Partnerships represent an appropriate framework to facilitate the attraction and the efficient realisation of investments. Having in mind, the mutual interest for both the public and the private sector in investing in the Greek ports, we believe that potential investors will take advantage of the new investment opportunities opening up in the port sector. The Ministry of Mercantile Marine will strongly support business initiatives.

### USEFUL LINKS

Ministry of Mercantile Marine  
[www.yen](http://www.yen)

Piraeus Port Authority  
[www.olp.gr](http://www.olp.gr)

Thessaloniki Port Authority  
[www.thpa.gr](http://www.thpa.gr)