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Welcome to the first edition of Gateway, APM Terminals Bahrain's periodic newsletter from Bahrain, which we hope you will find both informative and educational.

APM Terminals Bahrain was both proud and delighted to have been chosen by the Kingdom of Bahrain last year to operate and manage the country's international seaport.

APM Terminals is part of the A.P. Moller-Maersk Group, which has conducted business in Bahrain in partnership with the Yusuf bin Ahmed Kanoo Group for more than 50 years.

This 25-year concession for APM Terminals Bahrain represents a significant vote of confidence in the group.

As a part of the agreement APM Terminals Bahrain took over the operation of the existing port, Mina Salman, on December 8, 2006. Upon completion of the Khalifa bin Salman Port, the entire operation at Mina Salman will be migrated to the new port. This is expected to take place in the third quarter of 2008.

We have been fortunate that many of the port's former government employees have elected to work with APM Terminals Bahrain, facilitating the transition to the private operation.

Having successfully overcome the transition challenges, Mina Salman is now providing port users with improved service levels.

Truck turnaround times have reduced substantially and are now at 35 to 40 minutes per transaction. Similarly, productivity on container ships has seen a steady improvement. Hourly crane performance is at an average of 16 moves per hour and berth productivity now ranges between 30 and 50 moves per hour. We expect productivity to settle at 21 moves per crane and 48 moves per berth hour.

This is an important step in our efforts to build up a customer-friendly port facility, and it also establishes a firm platform from which to migrate to Khalifa bin Salman Port in little over a year's time.

Jorgen Madsen
Managing Director
APM Terminals Bahrain
History of Bahrain Ports

From small beginnings

Gateway traces the growth of Bahrain’s port services over the decades.

Bahrain’s seafaring tradition goes back thousands of years but it was only in the 20th century that the Kingdom began to develop its ports.

In the 1930s, the country built its first port on the northern side of the island, which was appropriately called Mina Manama. This tiny port could accommodate vessels drawing up to 4 metres of water.

Later, wharves reaching depths of 9 to 13 metres were built to the north-east of Sitra Island, for the refinery.

Construction of Mina Salman, Bahrain’s first modern port, began in 1954 when the first approach channels were dredged, and construction contracts for the original pier followed in 1956.

Mina Salman launched a major expansion in 1962 with the opening of its first deep-water wharf, which allowed up to six vessels to berth simultaneously. The new wharf also allowed vessels to unload their cargoes directly into the port’s warehouse, for the first time.

Business at Mina Salman continued to flourish throughout the sixties and by the seventies cargo throughput began to rise exponentially, due to an increasing demand for exported goods throughout the Gulf.

By 1975, cargo throughput had increased by 50 per cent and by 1976, a further 100 per cent. This led to severe congestion problems at the port with vessels waiting for nearly two months before being allowed to unload and over a million tonnes of cargo lying uncleared, prompting shippers to slap a 60 per cent surcharge to Bahrain freight rates.

Decisive measures were put in place to overcome the situation, which was costing the government millions of dollars in extra surcharges.

First, portable jetties were flown in from Singapore to allow more vessels to berth. Then facilities at Sitra were expanded to accommodate the overflow of cargo from Mina Salman, and new handling equipment was purchased, and even airfreighted to Bahrain, in some cases.

Also, modern documentation procedures were adopted and trained stevedores recruited.

As a result of these measures, the Mina Salman became the first Gulf port to free itself of congestion in 1977, by which time cargo levels had hit the two-million-tonne mark.

A $170 million port development plan was then initiated and completed in 1979, with the port becoming the first in the Gulf to have a dedicated container terminal.

Mina Salman went on to get its own extensive ship-repair facilities in the form of two major yards: the Arab Ship Building and Repair Yard (Asry) and the Bahrain Ship Repair and Engineering Company (Basrec), and over the years played a key role in supporting Aluminium Bahrain (Alba), one of its biggest users.

However, the future lies across the harbour, at Hidd, and when the new Khalifa bin Salman Port opens in 2008, Bahrain will proudly enter a new era in shipping.
On a course of growth

Bahrain was one of the first countries in the region to build a container terminal and provide a transshipment facility back in the 70s. However, while other Gulf states moved with the times by restructuring and privatising their port operations, Bahrain was unable to build on its early successes and was left behind.

Until a few years ago, Mina Salman, Bahrain's only public port, was mired in difficulty due to organisational reasons and poor infrastructure. Served by a deep water channel with maximum depth of 10.5 metres, and surrounded by residential areas, Mina Salman was managed and operated by the Directorate General of Ports as a governmental body. The difficulties which were experienced by Mina Salman were impacting other industrial ports in Bahrain because of their complete reliance on Mina Salman for pilotage and towage services.

Considerable efforts were made to improve operations at Mina Salman and other industrial ports, including attempts to privatise towage services and introduce logistics services. However, they met with little success.

Development plans

Bahrain's government realised that in order to further develop its maritime industry it would need to provide a modern port infrastructure and suitable organisational structure, with the involvement of the international and local private sector.

Thus in the late 90s, the government launched a project south of Muharraq island which consisted of an industrial area and a deep water port covering a total area of 830 hectares. The government was aware of the need not only to develop the port, but also the related businesses and facilities if an effective maritime industry were to be established. This was the main reason behind the establishment of a 95-hectare cargo distribution free zone located 5 km from the port.

The next step was to establish an effective organisational structure. Establishing proper modern infrastructure is one thing and making the best use of it is completely another. Bahrain's government was well aware of this fact.
and worked very hard to provide the most effective organisation structure to manage and operate the new port facility. The envisaged structure comprises two elements: the direct involvement of the private sector and the establishment of an independent regulatory entity.

**Clear objectives**

Getting the private sector involved is by far the most challenging task because the success of the marine industry relies very heavily on the model of private and public partnerships and the effective implementation of the privatisation project.

The key to the success of any privatisation programme lies in setting clear objectives, identifying the private entities which best match the objectives, deciding the extent of foreign private sector involvement, carrying out the bidding process in the most transparent manner, and setting clear evaluation criteria.

It is very important to manage the negotiation process effectively, as the spirit of partnership must prevail.

The establishment of a regulatory body is also vital. Involving the private sector in the management and operation of a public facility requires some form of protection of public interests. This may be in the form of setting prices for services delivered to the public by the private operator and ensuring the interests of the operator are protected.

This is best achieved by restricting the role of the government or the authority to regulation and facility development and the provision of a level playing field for the private sector to operate.

**Restructure in place**

Over the past four years Bahrain has managed to restructure its ports by building of one of the most modern port facilities in the region and privatising all public port services.

By awarding APM Terminals Bahrain a concession of 25 years covering Mina Salman and Khalifa Bin Salman ports, the government has secured a long-term partnership with one of the biggest port operators in the world.

In the short period since APM Terminals Bahrain has taken over, the results have been astounding. The company has already injected considerable investment in the operation which is leading to considerable savings to the industrial companies.

It may be worth mentioning that one company has already made a saving of $300,000 in demurrage and its total savings is expected to reach about $1.3 million for 2007.

Looking ahead, once APM Terminals Bahrain moves its operations to the new port, the savings to Bahrain’s economy will be tremendous.
Bahrain made a momentous decision to privatise its ports in June 2002. The Ministry of Finance (MoF) was tasked with the project and a port privatisation committee was formed comprising representatives from the Customs, Ports & Free Zones Affairs (CPFZA), the MoF, and the Economic Development Board (EDB).

In November the same year, the committee appointed a Malaysian seaport services company as project consultant to prepare a feasibility study.

The study revealed the project was of importance to Bahrain, given the massive growth and developments of ports across the world, and in the wake of globalisation and privatisation. It also stated that privatising the country’s ports would contribute to the growth of the national economy.

In November 2003, a consortium of consultants led by KPMG was chosen to assist the committee in implementing the project.

The consultant undertook a comprehensive study of Bahrain’s ports and prepared a report and plan for the privatisation, which was accepted by the committee.

The targeted goals of the privatisation process were to:

- Enhance the country’s port services;
- Attract more business;
- Support the national economy;
- Implement the latest technology and best port practices;
- Enhance human resources productivity;
- Reduce government funding to the port sector; and
- Get good returns from the new Khalifa Bin Salman Port over the concession period.
Bids requested

In August 2004, the committee requested for preliminary bids from international shipping and port operators. Nine companies submitted their offers, and after they were evaluated four of them – APM Terminals, Hutchison Port Holding, International Container Terminal Services Inc (ICTSI), and Mersey Docks – were shortlisted as successful bidders.

In January 2005, the government requested for final bids from three companies after Mersey Docks withdrew from the competition, and final bids were submitted in April 2005.

Evaluation process

A special sub-committee was formed to evaluate the final bids based on the following criteria:

- Financial and Commercial
- Economics and Marketing
- Legal Aspect
- Technical

On 11th July 2005, APM Terminals was selected as the Preferred Bidder to negotiate the final terms and conditions.

As an interesting anecdote, APM Terminals had been the last company to enter the race – submitting its indicative bid at 11.46 am on 15th October 2004, just 16 minutes ahead of a 12 noon deadline – but a late start proved no damper, as they steadily progressed to a winning finish.
Within six months of taking over the operations of Mina Salman, APM Terminal Bahrain has invested in infrastructure to boost the port’s facilities, streamlined its operations and made it more user-friendly.

All this has resulted in higher productivity levels and better services at the port. The initiatives included:

- The installation of an Automatic Identification System (AIS) in the tower.
- The provision of three new tug boats.
- The introduction of fixed berth windows for container ships.
- Implementation of the Navis operating system.
- Issuance of container interchanges receipt.
- Increased daily number of import containers stripped from 120 to 160 TEUs.
- Introduction of pre-gate system for containers.
- Taking over the yard and vessel planning from agents.
- A preventive maintenance programme for equipment.
- Refurbished offices and buildings.
- Enforcing HSSE standards.
- Renovating and upgrading the clinic.
- Removing the customs clearance hall.
- Opening a staff canteen.
- Introducing a one-way traffic flow.
- The purchase of new container handling equipment and forklifts.
- Interviewing nearly 2,000 job applicants.
- Implementing a comprehensive training and development programme.
- Providing new IT hardware and software for the organisation.
- Launching the Bahrain Gateway brand and Waterfront.
- Commissioning work to revise the port tariff.
- Establishing a Help Desk for port users.
- Pre-gate staging.
- Nominating empty containers.

All these initiatives are bearing fruit.

In the last six months the port witnessed 141 vessels with 77,958 moves (110,101 TEUs), at an average 0.84 vessel calls per day.

Also, new highs were hit in berth productivity (50.48 moves per hour) and gross crane productivity (26.5 moves per hour), while the lowest gate turnaround time of 25.7 minutes was also recorded.
“Productivity”, “Efficiency”, “Reliability” – expressions resonated by our customers in Bahrain to describe overall APM Terminals Bahrain port operations in Mina Salman since December 8, 2006.

MSP now operates in accordance to international standards and protocols; during the process of procedural implementation, APM Terminals Bahrain was confronted by opposition, but through operational excellence, determination, and the quest for a “World Class Port”, APM Terminals Bahrain triumphed by utilising experience and sound business practices to persuade officials/customers affiliated with daily port functionalities.

The first quarter has been phenomenally prolific in terms of infrastructure investment initiatives and container/general cargo volumes. The successful implementation of the new terminal operating system – NAVIS – has revolutionised overall container processes, streamlined financial analysis, and improved the integrity of report generating practices pertaining to container movements.

Furthermore, APM Terminals Bahrain has invested and refurbished equipment to accommodate the influx of volumes during our temporary presence in MSP.

APM Terminals Bahrain’s stellar operational performance is not only contributed by investment initiatives in the purchase of new equipment, but also by the efficient performance and dedication by our employees. Personnel are trained and skilled in various tangents of terminal operations through the APM Terminals Training Program.

Furthermore, we envisage Bahrain as a regional hub for transshipment business to Northern areas of the Gulf; we will continue exploring various tangents of growth and look forward to future challenges with absolute optimism and perseverance.

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The Port of Mina Salman has new safety and security rules in place, under a new initiative being implemented by APM Terminals Bahrain.

Under the new system the following measures have been adopted:

- New gate passes have been issued.
- A series of port safety training programmes are under way.
- A new fully-equipped clinic has been opened.
- A raft of stricter safety measures as well as new security rules are being implemented.
- It is now compulsory for all port users to wear safety gear.
- There are now dedicated areas for smokers.
- Safety leaflets are being distributed on an on-going basis.
- Changes have been made to the roads system, with new roads being added, and new instruction signs are in place.
- Fire alarm and fire detectors have been installed in all departments and will be checked and maintained on a regular basis.
- Finally, a traffic plan is in place to facilitate an optimal flow of traffic to the port.
Budding Picassos had a chance to show off their talents at a ‘Day of Colours’ held at the APM Terminals Bahrain canteen in June.

The festival was organised by the APM Terminals Bahrain Social Committee for employees, their families and children.

At the event, the children were asked to paint images of what they had observed during their tour of Mina Salman Port, which were then used to decorate the canteen.

As many as 44 children took part in the painting event, which was followed by lunch.

Other departments – Commercial, HSSE, Purchasing, and Stores – extended their support towards the Social Committee in making the day a success.
The Budding Picassos showing their art work
Workers honoured

Four APM Terminals Bahrain staff - Hanan Sharif from the Technical Department, Alya Al Jeshi from the Finance Department, and Mohammed Al Humaidi and Hamad Al Omran, both from the Operations Department – were honoured with ‘Employee of the Quarter’ award.

At a ceremony held at the canteen, each of them were given a cash prize and treated to a special luncheon with the company’s managers.

Social Events

$13,500 for charity

APM Terminals Bahrain donated BD5,000 ($13,500) towards the 12th Against The Clock (ATC) charity drive which was held at the Bahrain International Circuit (BIC) in Sakhir earlier this year. Organised annually by the Rotaract Club of Manama-Salmaniya, the fund-raising event is a family carnival where corporate and family teams compete in a range of physical and mental games, all while racing against the clock.

“We look forward to contributing to the kingdom’s prosperity at several levels,” said APM Terminals Bahrain sales and marketing general manager Iain Rawlinson. “APM Terminals Bahrain has always been committed to the development of the countries it operates in, and wholeheartedly undertakes an active socially responsible role.”

APM Terminals Bahrain was a diamond sponsor of the event.
Family fun at Sakhir

Employees and their families from APM Terminals Bahrain enjoyed a fun day out at Sakhir on a Friday earlier this year. The company provided music and entertainment as well as lunch for everybody during the day.

Public Relations Manager Ali Sultan expressed his thanks to the Southern Governorate for its help and support in organising the event.
APM Terminals Bahrain held its first general staff meeting at the Diplomat Hotel on June 21. Held over two separate sessions, the meeting focused on the company’s achievements over the last six months. APM Terminals Bahrain Managing Director Jorgen Madsen praised all departments for their unstinting efforts towards the company’s success since APM Terminals Bahrain took over Mina Salman’s operations. He also unveiled the company’s plans for migration to Khalifa Bin Salman Port next year.

School gets support

APM Terminals Bahrain sponsored a festival held recently at the Yathreb Girls School in Bahrain as part of its corporate social responsibility (CSR) programme.

Titled ‘My Rope’, the event featured a number of rope games.

The company’s CSR initiatives are aimed at supporting the local community.
Royals visit port

Mina Salman played host to Royal visitors earlier this year when Bahrain’s Crown Prince and Commander-in-Chief Sheikh Salman bin Hamad Al Khalifa together with Britain’s Prince Charles and his wife, the Duchess of Cornwall, visited the British naval vessel HMS Sutherland which was docked at the port.

Water cool idea!

With summer at its zenith, workers and visitors to Mina Salman port are being advised and warned on the dangers of dehydration, under a health initiative from APM Terminals Bahrain.

The ‘Beat the Summer Heat’ campaign – running from June to August – encourages employees to regularly drink lots of water in order to avoid getting dehydrated and heat-related illnesses.

Informative health leaflets, refillable water canisters and bottled water are being handed out to the port’s employees as well as visitors.

*APM Terminals places safety first in the way we operate our terminals and we are committed to protecting the health and safety of our employees and others,* comments APM Terminals Chief Executive Officer Kim Fefer.
Construction of the state-of-the-art Khalifa Bin Salman Port is rapidly nearing completion with Bahrain's newest sea gateway on target to open its doors to business by the third quarter of next year.

Being built at a cost of BD200 million ($530.8 million), the new port will be the most modern of its kind in the region, situated in deep waters southeast of Hidd next to the dry dock east of Muharraq, the second largest island of the Kingdom.

Khalifa Bin Salman Port, which is due to become operational by the middle of 2008, is designed to receive most of the largest container and general cargo vessels in the world. The port will have the most sophisticated equipment including state-of-the-art radar systems to ensure maritime safety, and six quays, a total of 1,800 metres long and 15 metres deep.

The port covers an area of 110 hectares, while its container yard has a ground slot capacity of 5,226 TEUs. The covered spaces is about 60,000 square metres and there are three 300-metre-long berths for containers, one 300-metre-long multi-purpose berth and two 300-metre-long quays for general cargo. There are 896 reefer points.

The Container Terminal is designed to have an annual capacity of 1.1 million containers.

Khalifa Bin Salman Port aims to boost trade and attract investments to the transport, shipping and other logistics sub-sectors within Bahrain, as it is located in an industrial and investment zone which extends up to 247 hectares. The goal of the zone is to strengthen the international industrial and investment sectors. A 95-hectare cargo distribution free zone is also located near the port.

All these facilities are open to GCC international investors who can benefit from the Free Trade Agreement (FTA) signed between Bahrain and the US.
The opening of the free zone will coincide with that of Khalifa Bin Salman Port next year. The government seeks to support the economy by setting up points to store and distribute international products imported or manufactured in the free zone.

The zone will have all facilities and infrastructure needed by investors and will also be supported by necessary services.

Furthermore, the government encourages investment in all sectors in general and in logistics and transport sectors in particular, realizing the direct impact of the latter on the economy. It strives, therefore, to attract cargo distribution companies into Bahrain.

International companies can benefit from a variety of incentives offered which include facilities in all sectors, simplification of registration procedures, tax exemption and foreign capital freedom.

All these measures enable companies to be based in the zone and take advantage of the strategic location of Bahrain, near the densely populated areas in the Central and Upper Gulf region.

The privileges offered to investors include:

- Quick issue of licences;
- The facility to build and totally own projects;
- Sponsor-free operations;
- No taxes on profits;
- Accommodation for workers within the zone; and
- Nominal and competitive rents.

Investors will also be able to capitalise on the many advantages that Bahrain offers. It is a major financial centre, has a high-quality telecommunications network, diverse human resources, technical training centres and other services for development of human resources.

The free zone will enable investors to boost their presence easily in the region as Bahrain International Airport - which is only a few minutes away from the Zone - and the King Fahd Causeway, which links Bahrain to Saudi Arabia, both provide easy access to the regional markets.
APM Terminals Bahrain predicts a bright future for the Khalifa Bin Salman Port.

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he island of Bahrain is strategically located between Saudi Arabia and Iran, and is ideally positioned to serve the Central and Upper Gulf in transit cargo – to the end, the new Khalifa Bin Salman Port aims to be a transshipment hub in the region.

With evolutionary improvements to containerisation and technological advances in vessel construction, regional hubs are increasingly the ports of choice to serve the East-West shipping routes.

Decades ago, large-capacity vessels packed with cargo found the going hard in the Gulf, which has several ports such as Salalah in Oman and Jebel Ali in Dubai.

These large ocean-going vessels started calling on the Gulf in the early seventies, not long after these countries became independent and began to use their oil wealth to develop their infrastructure.

However, these vessels – most of which were carrying building materials – had to sometimes wait up to 60 days before berthing.

The Gulf’s ports looked for solutions and Bahrain imported two floating jetties from Singapore and reclaimed more land for cargo storage, which solved the problem of vessels waiting in anchorage.

In the seventies Bahrain became an important hub for transit cargo. Goods were imported via Mina Salman and shipped by dhow to other Gulf states through the smaller seaports in Manama, Muharraq and the south pier near Mina Salman.

The eighties witnessed a spurt in transit and transshipment operations following
the commissioning of a container terminal at Mina Salman in 1979, and Maersk started to use Bahrain as its centre of operations in the Gulf.

These two developments made Bahrain a transit hub before Dubai took the lead with huge investments in facilities for shipping lines and cargo forwarders.

Following a period of inertia, Bahrain woke up to the fact that its main port is outdated and needed a major upgrade. The government realised that investing in the old port was not the way forward, and after a detailed study opted to build a new port. The government also took a visionary step by privatising all ports services in a transparent way, resulting in APM Terminals Bahrain winning the concession to operate Bahrain’s ports for the next 25 years.

APM Terminals Bahrain is well known for its port operational expertise with 40 terminals around the world, and the company started operating Mina Salman on December 8, 2006. The company is committed to developing Bahrain’s maritime business and transshipment operations, once it moves to the new port.

With its successful track record, APM Terminals Bahrain is confident that it will be able to reposition Bahrain as a transshipment hub and cargo distribution centre for several reasons.

First, the new port has comprehensive facilities and buildings complemented by state-of-the-art handling equipment, while the free zone adjacent to the port will attract investors and boost cargo trading and distribution. Also light industry stands to benefit from these developments.

Bahrain enjoys a strategic location in the centre of the Gulf which allows it to serve the Upper Gulf’s cargo needs. It also has a well-established financial centre which allows investors to operate in a tax-free environment.

Last but not least, Bahrain has an FTA with the US which investors can benefit from to work and export cargo.

All these factors make APM Terminals Bahrain believe that Bahrain will be a transshipment centre within the next five years.
Ports around the world stand to gain from joining a US security initiative.

Since the emergence of containerised cargo in the early sixties, the industry has grown tremendously effecting world trade patterns and revolutionising the entire shipping industry. Today, more than 200 million cargo containers move between major seaports around the world each year carrying almost 90 per cent of the world’s cargo.

Following the September 11 terrorist attacks, the US Customs and Border Protection (CBP) began developing anti-terrorism measures to help secure the country’s safety, and within months formed the Container Security Initiative (CSI) programme.

Initiated in 2002, CSI was developed in order to increase security of containerised cargo bound to the US from across the world. It proposes a security system to ensure all containers that pose a potential risk of terrorism are identified and inspected at foreign ports before they are placed on vessels destined to the US.

In implementing the programme, multi-disciplinary teams of US officers from both the CBP and Immigration & Customs Enforcement (ICE) work together with the host countries’ governments, and the counterpart authorities have the right to do the same.

Their task is to prescreen containers and to develop additional investigative leads linked to terrorist threats in cargo destined to the US. The core elements of CSI consist of:

- Establishing security measures for identifying high-risk containers, based on advance information and strategic intelligence.
- Prescreening containers that pose a potential risk of terrorism before they are shipped. Containers are screened early on in the supply chain, generally at the port of departure.
- Using latest technology to prescreen high-risk containers to ensure it is done swiftly and does not slow down the movement of trade. This technology includes large-scale x-ray and gamma ray machines and radiation detection devices.
- Using smarter and more secure containers.

In view of the huge impact this programme had on world container trade and ports’ competitiveness (especially ports moving large volumes of container cargo to the US), ports around the world competed to modify their procedures and operational strategy to meet the minimum requirements set by the CBP for joining the CSI programme.

So far, 42 ports worldwide have joined the initiative, including Dubai and Sallalah from the Gulf region.

The CBP has certain standards and requirements for ports in order to be

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Bahrain needs to join CSI at the earliest

by Hassan Ali Almajed
eligible to join the program. These requirements are:

- Seaports must have regular, direct, and substantial container traffic to ports in the US (not required in stage two of the implementation).
- Customs must be able to inspect cargo originating, transiting, exiting or being transshipped through the country.
- Non-intrusive inspection (NII) equipment (x-ray machines) and radiation detection equipment must be provided.
- An automated risk management system is mandatory.
- Data, intelligence and information must be shared with the CBP.
- A thorough port assessment must be conducted and port infrastructure vulnerabilities must be resolved.
- Integrity programmes must be maintained to identify and combat breaches in integration.

Joining and implementing the CSI initiative gives ports a competitive advantage while facilitating the smooth movement of legitimate trade.

By launching the programme, the CBP has shifted the burden of checking potentially-threatening containers or detecting any illegal shipment of weapons of mass destruction from the port of entry to the exporting port - well away from US borders.

Ships arriving in the US from CSI-affiliated ports enjoy preferential treatment over other ports, as the screening and inspection process time of their manifests is minimised, leading to quicker clearing of their container cargoes.

On the other hand, containers from other ports would still have to go through the risk management system, and investigation of the ship’s manifest would take place well before the vessel’s arrival. Should there be any suspicion over any container the ship would be barred from entering US territorial waters.

As a result of this, major shipping lines now prefer to operate out of CSI-affiliated ports, to enjoy the security that ports have and benefit from the facilitation received at US ports.

Bahrain has entered into a 25-year concession agreement with APM Terminals to increase operational efficiency and with the aim of becoming a regional hub. It has also entered into a Free Trade Agreement (FTA) with the US – a move which should increase the volume of trade between the two countries.

Thus, Bahrain should be looking at joining the CSI programme sooner, rather than later.
A new ports policy is the need of the hour.

Europe urgently needs to invest in larger and safer ports in order to meet the future demands of the container transportation industry, APM Terminals Chairman Tommy Thomsen said.

A failure to do so would hamper growth, lead to serious congestion and bottlenecks and hit global trade, he warned.

Thomsen also called for the creation of a new European port policy which would facilitate growth, level the playing field and attract investments.

Thomsen, who is also a partner in the A P Moller-Maersk Group, made the comments at the 2007 European Sea Ports Conference which was held in Algeciras, Spain, in May.

In a keynote speech entitled ‘A Port Policy for All Seasons’, Thomsen said the container transportation industry plays a vital role in globalisation, but though larger vessels were being commissioned, larger ports were not being built. “The average size of the vessels is increasing,” he told delegates. “For instance A P Moller-Maersk’s Emma Maersk – the world’s largest container ship – has a capacity of more than 11,000 TEUs. World trade and the seaborne transportation of containers will continue to grow, and more container vessels of large capacity will be delivered from shipyards to handle this demand. We, however, are not seeing a similar increase in terminal capacity.”

Container terminals perform their best at around 70–75 per cent of their capacity, but several major European terminals were now working at higher loads, he said. “Ports can barely manage current demand and some may soon face serious congestion problems. The terminals, including the supporting inland infrastructure, are increasingly becoming bottlenecks for the European container transportation industry.”

The need of the hour is plans for larger, safer and more efficient terminals, he said. “And we need to plan right now to meet future demand.”

“But port developments are expensive and much more complex than building additional tonnage. To attract the investors and operators for such developments, it is important to have an investment environment conducive to long term sunken infrastructure investments – and moreover the political will to make this happen,” he said.
“Six years ago, the European Commission developed a directive on Access to Port Services, but little has been done since,” said Thomsen. “That initiative presented a good opportunity to facilitate a sound investment environment and an open and competitive playing field. “However, it was not supported by the European Parliament and therefore we now need to consider alternatives. The initiative of the EC to launch a debate on the future port policy is a welcome opportunity for such thoughts.”

Thomsen continued: “Terminal operators seek engagement where they see business opportunities. Therefore, when they point out short or long-term infrastructure challenges, not only the terminal operators and their customers will benefit from the suggested improvements, but also the local community will benefit through the creation of business opportunities and jobs.”

“The regulators and authorities must work together with the container terminal industry to improve Europe’s competitiveness in a global market,” he said, adding that EC Transport Commissioner Jacque’s Barrot’s discussions about a new port policy was a step in the right direction.

Ahead of the Spanish conference, Barrot had spoken of the “European Vision of the Oceans and Seas” at an EU conference in Germany, and the crucial role that Europe plays in the global logistic chain and the world market.

“Any new initiative however, must strike a balance between the open and competitive market environment, while still providing a necessary degree of certainty for investors,” Thomsen warned. Looking ahead, Thomsen called on the industry to make a commitment to deliver the stability and certainty required by the end-customers, or risk slowing down the economic development of Europe.

“Expanding existing terminals and building new ones are obvious actions but we must also become more efficient and turn the vessels around faster,” he said. “Also, the supporting inland infrastructure throughout Europe has been pushed to the limit and must expand. All members of the industry must work together throughout to make these improvements happen and there must be a political willingness to make the required developments and encourage investments.”

“In making these improvements, we must also acknowledge the importance of protecting the environment. It is important that we minimise the impacts our new terminal developments have on the local environment and communities.”

In conclusion, Thomsen said that six years have passed since the EU Port Directive proposals were first presented - and world trade has undergone significant changes and growth. “We must be prepared for the changes and growth which are ahead of us. Let us commit to resolving the remaining undecided issues in a fair and responsible manner so that we may continue to grow and prosper, as businesses, as communities, and as people,” he said.