



Repowering Latvia's ports

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Board member
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Outline

- Europe's perspective
- Latvian Ports outlook
- How to shape competitiveness of ports

EU at “maritime crossroads”

- Europe’s ports to drive trade and growth
- EU port cargo volumes will rise more than half by 2030
- Legal and regulatory certainty, and much less red tape
- EU policy review focuses on the 319 seaports



National reforms and re-organisations



Siim Kallas

*Vice-President of the European Commission
in charge of transport*

European Sea Ports Conference, Varna
31 May 2013



Cargo Turnover

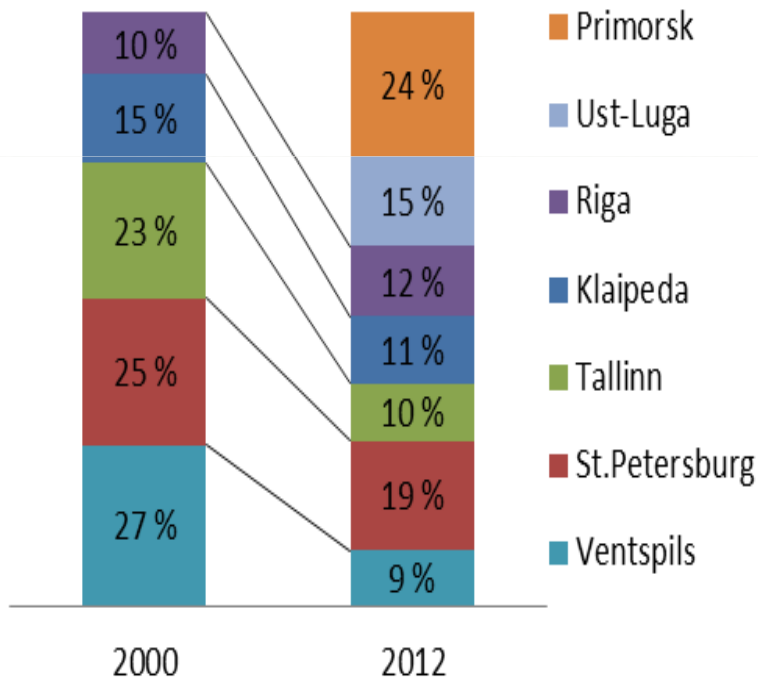
(tūkst. tonnas)

2012	29 760	36 052	7432	30 346	35 240
2011	36 467	34 072	4857	28 452	36 590
2010	36 650	30 476	4384	24 815	31 280
2009	31 597	29 723	4381	26 640	27 860
2008	29 077	29 566	4190	28 570	29 880
2007	36 028	25 933	4039	31 037	27 360
2006	41 259	25 358	4003	29 062	23 610
2005	39 528	24 429	4509	29 862	21 790
	TALLINA	RĪGA	LIEPĀJA	VENTSPILS	KLAIPĒDA

Market Shares in the Region in 2000 & 2012

Latvia's share of total regional ports traffic is down from 37% to 21%

If Russian ports are excluded, Latvia's share has remained steady at 50%



	Million tons		Share		
	2000	2012	2000	2012	
Riga	13.3	36.1	14%	28%	↑
Ventspils	34.7	28.5	36%	22%	↓
Klaipeda	19.4	35.2	20%	27%	↑
Tallinn	29.3	29.5	30%	23%	↓
Total	96.7	129.3	100%	100%	

World Bank analysis, Phase 1 Workshop,
May 7, 2013



Port territory, land (ha)





PROFIT

tūkst. EUR (2011)



EUR/tonna (2011)



TALLINA

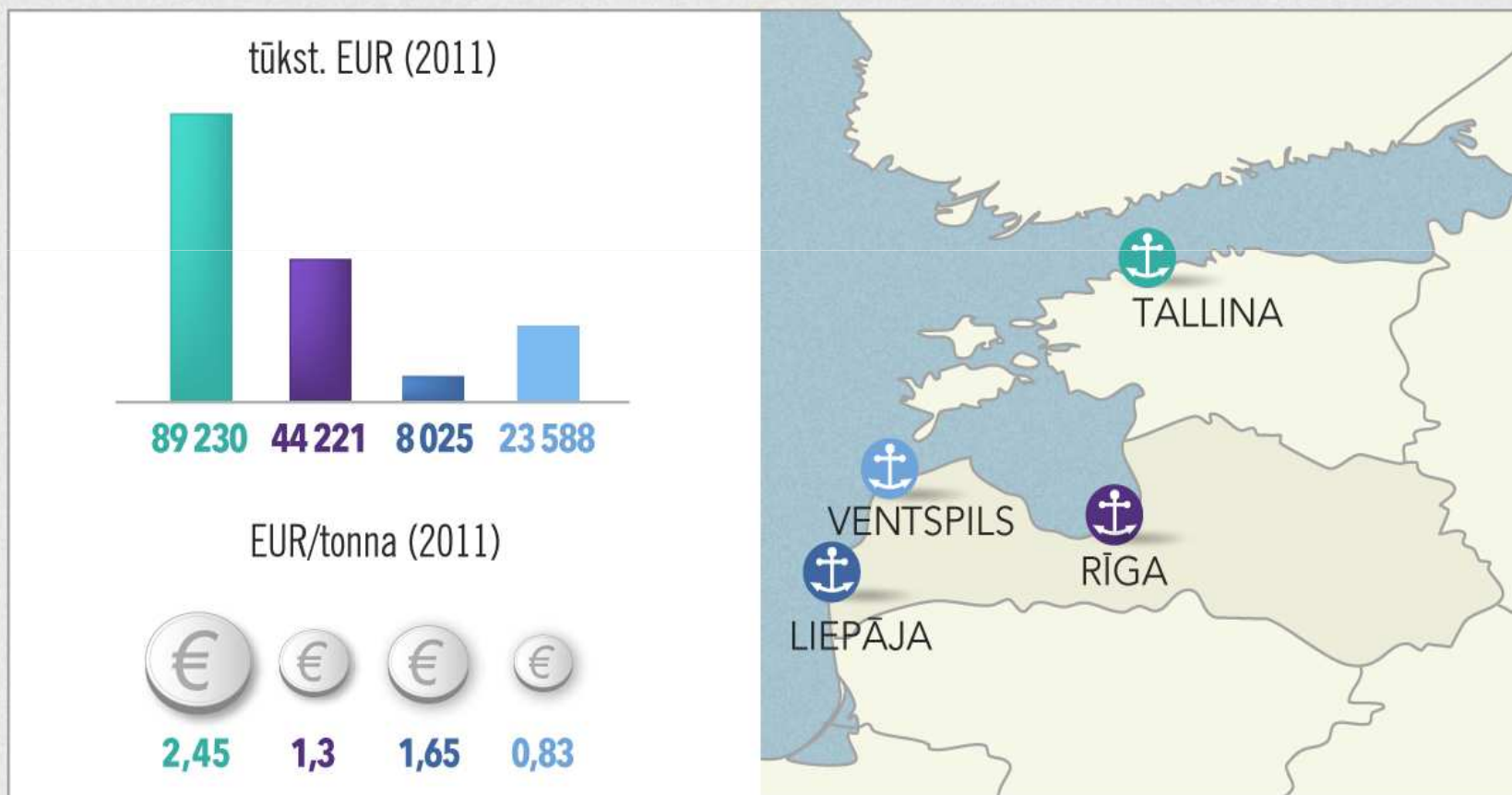
RĪGA

LIEPĀJA

VENTSPILS



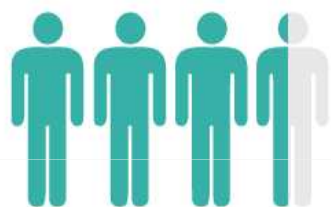
Turnover (Total Sales)



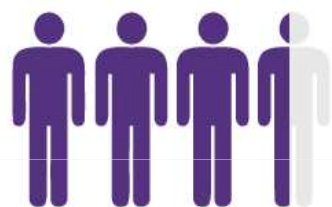


Employment within Port Authorities

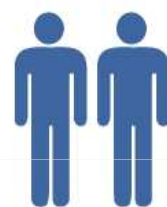
Darbinieku skaits ostās 2011. gadā



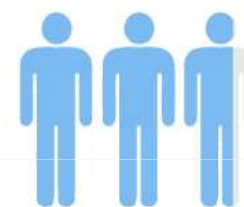
349



347



203



271

Vidējā gada alga 2011. gadā (tūkstošos EUR)



25,84

TALLINA



31,42

RĪGA



12,89

LIEPĀJA










16,74

VENTSPILS

Comparative Factor Analysis

- World Bank, Doing Business Index
- World Economic Forum, Global Competitiveness Index
- Logistics Performance Index
- Court rulings
- State Audit office report

Logistics Performance Index

Latvia		2012	2010
LPI Index		76	37
Efficiency of the customs clearance process		56	40
Quality of trade and transport-related infrastructure.		86	49
Ease of arranging competitively priced shipments		84	21
Competence and quality of logistics services.		93	46
Ability to track and trace consignments.		64	29
Frequency with which shipments reach the consignee within the scheduled or expected time.		90	49

HARD INFRASTRUCTURE:

1. Physical infrastructure - the level of development and quality of ports, roads, and rail infrastructure.
2. Information and communications technology - interpreted as the extent to which an economy uses information and communications technology to improve efficiency, and productivity as well as to reduce transaction costs. It contains indicators on the availability, use, absorption, and government prioritization of ICT.

SOFT INFRASTRUCTURE:

3. Border and transport efficiency - quantifying the level of efficiency that is reflected in the time, cost, and number of documents necessary for export and import procedures.
4. Business and regulatory environment - the level of development of regulations and transparency. It is built on indicators of irregular payments, favoritism, government transparency, and measures to combat corruption.

Some uncertainties in Latvian ports

- Two hats: Private law vs. Public law
- Requirement to conclude an agreement with Port Authority (about 15 procedures)
- License issued for 1 to 5 year
- Criteria to conclude an agreement
- Subjective requirements (good reputation, stable financial position, experience)
- Business and investment plan, (the more, the better)
- Arbitration clause
- Three days notice to brake an agreement, etc.

Repowering Latvia's Ports

1. Objectives and functions of the port authority



2. Institutional framework of the port authority



3. Financial capability of the port authority

Key Performance Indicators

- Recognized as an important management tool for ports
- Currently only one type of KPI – gross level of activity, e.g., total tonnages
- KPIs should reflect not only performance of individual terminals but also for landside and waterside connectivity since they affect routing decisions for transit cargo

**Not past performance, but future
challenges**