

# The French ports reform of 2008

Romuald LACOSTE, Marie DOUET  
ERA FRET - SPLOTT - INRETS

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pour  
l'avenir**

## Research: the framework

FRET (Freight and Territories), a research team associated with the French National Institute for Transport and Safety Research (SPLOTT unit).

Research programme about the French ports reforms.

### Legal framework of the French ports reforms:

- ❖ 2004: decentralization law (secondary ports).
- ❖ 2008: Great Maritime Ports law.
- ❖ 2010-2011: waterway port bill (under examination).

### Working calendar:

- ❖ 2007-2009: research about decentralized ports.
- ❖ 2010-2014: research about the Great Maritime Ports, and about relationships between those and the other ports.

**Research: the topic of this paper:  
is there a French way for the landlord port model ?**

The law n°2008-660 of the 4th July 2008 reforming the autonomous maritime ports.

Decrees of the 9th October and 6th November 2008 establishing 7 Great Maritime Ports: Marseille/Fos, Le Havre, Dunkerque, Rouen, Nantes Saint-Nazaire, Bordeaux, La Rochelle.

Changeover from the tool port to the landlord port: analysis of the adjustment of the landlord port model to French major ports.

Implementation and local solutions.

- Governance:

How does the new governance scheme impact the power relationships between stakeholders ?

- Terminals and concessioning:

Does the reform simplify the scheme of port services ?

- Sustainable development and logistics:

Could the predictable impacts match the expected objectives ?

### Methodology:

Analysis of the law and decrees.

Analysis of the 7 port strategic plans.

Case studies regarding the implementation of the reform by the port players.

### The following topics will be detailed:

Governance (p. 6 – 10)

Terminals concessioning (p. 11-13)

Implementation (p. 14 – 19)

Sustainable development (p. 20- 24)

Tendencies (p. 25 – 28)

# Governance: the new organisation chart

## Before 2008

### Autonomous ports

#### **Board of directors**

Decides, manages, controls  
26 members.

#### **General Management**

Carries out the decisions of the Board  
of directors.  
1 chief executive officer.

## From 2008 on

### Great Maritime Ports

#### **Supervision Council**

Defines strategic options and controls the  
executive board.  
17 members.

#### **Executive Board:**

Manages and carries out the decisions of the  
supervision council.  
3 or 4 executive officers.

#### **Development Council**

Advisory capacity about strategic options  
and tarification.  
20 to 40 members.

**Scientific council** (Estuaries: Seine, Loire,  
Gironde).

## Governance: a new balance of power

### **Before 2008**

#### Board of directors membership:

State representatives: 3  
Local communities: 5  
Chambers of Commerce: 2  
Labourship (other than dockers): 5  
Dockers: 1  
Port users: 3  
Experts: 7  
  
Total : 26

### **From 2008 on**

#### Supervision council membership:

State representatives: 5  
Local communities: 4  
Port labourship: 3  
Experts: 5  
  
Total : 17

More State representatives: + 2 members.  
Less local representatives (local communities/Chambers of Commerce): - 2 members.  
Less port labourship : - 3 members.  
Less port users and experts: - 5 members.

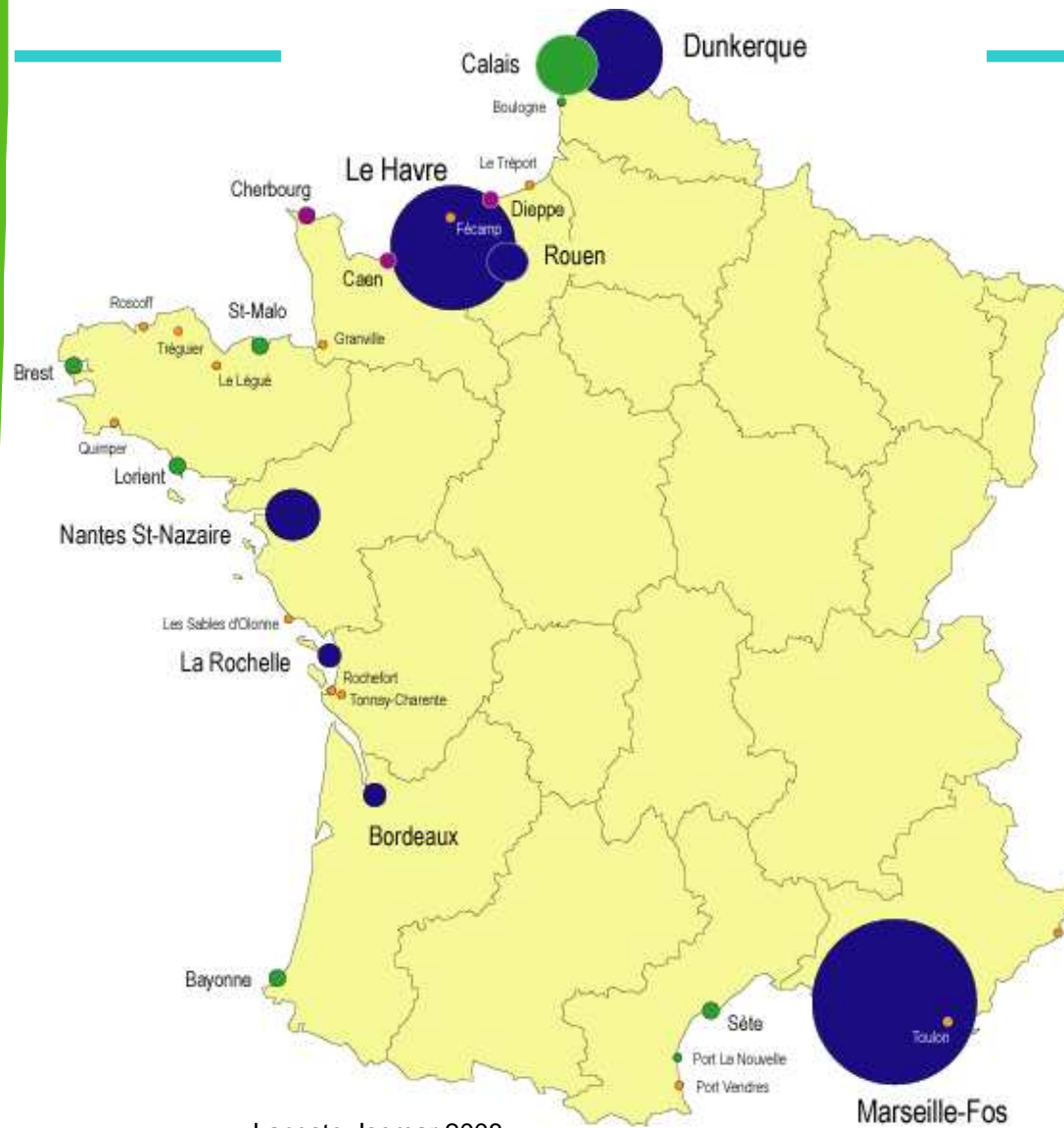
<u>Objectives</u>	<u>Comments</u>
To keep apart management and control	May be successful thanks to contrasted prerogatives granted to the supervision council and to the executive board
To strenghten the place of local communities by the State (press file, MEEDDM 15th January 2008)	Worthy of note advisory place for local communities inside the development council.
To adjust the users role and the port labourship role according to the concessioning movement	Users and port labourship were on the Board (decision power); they have now seats in the development council (advisory capacity).



# Governance: decentralized ports and Great Maritime Ports



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Lacoste, Isemar 2008.

The State power increases despite a decline of its financial involvement.

From 1997 to 2007, the autonomous ports resources came from: equities and loans 60%, local communities 19%, State 12%, ERDF 9%.

(Source: Cour des comptes, 2006).

The French state increases its (political) power upon the major ports (in blue) compared with that of local communities, a few of which now own decentralized (minor) ports (in other colours).

This clears up their respective role within the different French ports.

# Governance: the missions of the Great Maritime Ports (Law 4th July 2008, art L 103-1)

- Nautical access.
- Police, safety, security.
- Property management.
- Infrastructure management and development: docks, quays, land service ways.
- Planning and management of industrial and logistic areas.
- **Management and protection of the nature public property.**
- **Enhancing the role of railways and waterways for hinterland traffic.**
- **Activities and investments outside the local port area.**
- **Superstructure operation (in case of derogation only).**

## The changes

### **More and more implication in:**

Environment  
Modal shift  
Logistics

### **End of :**

Terminal operating

## Terminals and concessioning: the French scheme

The goals of the 2008 law were:

- To bring together dock labour (dockers and crane drivers) and equipment under a single management: Operating Agreement (CE).
- To rationalize handling in accordance with the main European port examples. (press book, MEEDDM 30/10/2010)
- To improve productivity.

### **Before 2008**

Crane drivers: public status,  
Employees of the autonomous  
port.

Dockers: employees of the  
stevedores (since 1992).

The autonomous port leases  
equipments and crane drivers to  
the stevedores.

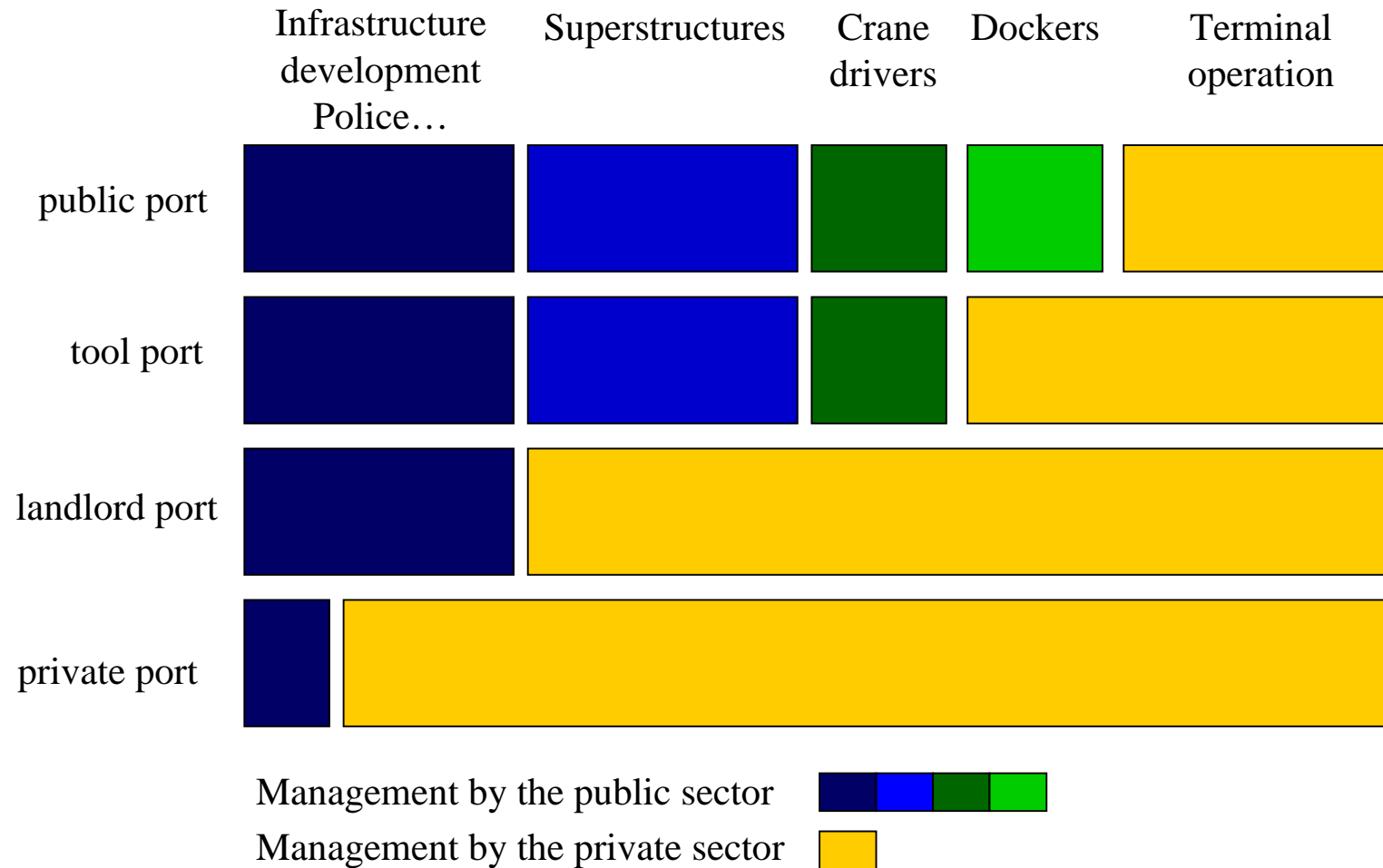
### **From 2008 on**

Crane drivers: private status,  
employees of the stevedoring  
societies.

Dockers: employees of the  
stevedores (since 1992).

The equipments (superstructures)  
are now owned by the stevedores.

# Terminals and concessioning: the workforce in the World Bank toolkit scheme



## Terminals and concessioning: from the scheme to the practice

The rule: each terminal must be operated by a private company under an Operating Agreement (CE). 3 remarks:

1. Derogations allowing ports to operate terminals have been granted (according to the law 4th July 2008, article L 103-2):  
Port authorities keep on operating activities.
2. Negotiations based on mutual agreements with former stevedores.  
In case of failure, tender negotiations: very few newcomers.
3. Local adjustments to cope with local conditions:  
Almost as many solutions as terminals: private/private and public/private joint ventures for managing cargo handling equipment and/or workforce.

## Implementation: exemptions allowing port authorities to operate terminals / cargo handling equipment

4 cases are covered by the law:

- To detain national and strategic interests. Example: the crude oil terminal of Marseille-Fos.
- To operate terminal in case of failure of the negotiations.
- To carry out ancillary services. Example: the maintenance of cranes / quays.
- To hold a minor financial participation in a private company. Example: the participation of the Marseille port authority in Intramar, the handling company of the Mourepiane container terminal (Marseille East port).

Almost each of the 7 ports uses one or more of these exemptions.

## Implementation: mutual agreement versus tender

### Positive effects for the port authority:

Negotiating mutual agreements facilitates concessioning. The reform creates a complex transition phase with a transfer (crane drivers) from public to private structures. The local handling companies are well known from crane drivers.

Negotiating mutual agreements promotes stability of the port community. It carries on the business action and the relationships between the port companies and their customers during a delicate stage for the port. Port authorities trust the incumbents.

### Negative effects for the market:

No renewal of the port community members.  
No newcomers to stimulate the intra-port competition.

## Implementation: tender negotiations

Most terminals have been granted to operators by mutual agreements.

### Tenders concern two main cases:

Terminals with low productivity, low traffic and low growth potential.  
Example: Forest products terminal, Nantes Saint-Nazaire.

Terminals the specifications of which are not in accordance with the candidates' wishes (former stevedores).  
Example: Marseille Fos Graveleau container terminal.

Tenders will be closed by the third quarter of 2010.  
The French port handling situation will be fixed by the first quarter of 2011.



## Implementation: a difference between the handling company and the terminal operator

Terminal operators in the main European ports control their workforce (dockers and crane drivers). This will be the case in the French Great Maritime Ports at the end of the reform process. However, there are still exceptions.

The reform suits large terminals (container or bulk) with high volume, regular traffic, specialized equipment.

It does not square well with small terminals where an adaptation of the scheme is searched by operators and ports authorities.

Notwithstanding the size of the terminal, historical relationships between different players drive local solutions.

## Implementation: local adaptation- example of Dunkirk

Peculiar situations in which the terminal operator is not the handling company. Example : STE, Dunkirk.

Private companies create joint ventures for managing workforce and joint ventures for operating cargo handling equipments, with or without the port authority. Example: Seabulk, Dunkirk.

Terminals	Tools	Workforce*	Unified management
STE – Scheldt Terminal Company	STE – Scheldt Terminal Company	Sea Invest	No
QPO – West Bulk Terminal	Seabulk (Sea Invest & Port of Dunkirk)	Seabulk (Sea Invest & Port of Dunkirk)	Yes

\* STE: crane drivers, QPO: crane drivers and dockers

## Implementation: local adaptation – example of Bordeaux

Terminals	Superstructures	Workforce
Container terminal	Joint venture Sea Invest + Balguerie	Joint venture Sea Invest + Balguerie + Bordeaux port authority (minority participation)
Agribulk terminal	Sea Invest	
Bulk and general cargo terminal	Joint venture Sea Invest + Balguerie + Bordeaux port authority	
Other bulk terminals and private berths: oil, grains...	Private operators	Private operators workforce

**Projected repartition of terminals and workforce: Bordeaux strategic plan, 2009.**

## The sustainable development: the French context

Background: two forums about the sustainable development held by the French government which initiate several political orientations: « Grenelle » of the environment, « Grenelle » of the sea.

Consequences on the port reform: two new missions are included in the port authority abilities.

- The sustainable development by the management and safeguarding of the nature areas of the port.
- The modal shift from road to other modes by the promotion of the rail, river and highways of the seas services.

The name of the ministry in charge of transport and equipment has changed in order to include environmental concerns. The new acronym : MEEDDM – Ministry of Ecology, Energy, Sustainable Development and Sea.

## The sustainable development: from fighting against pollution to safeguarding the nature areas

### Usual environmental concerns:

Air, water, soil quality.

Energy savings for port activities.

To decrease the carbon footprint of ship calls (cold ironing).

Waste management.

Research of qualification labels.

Respect for landscapes and biodiversity.

Definition of compensatory measures for port development.

The ports had already incorporated the fight against pollution in their policy (compliance with laws and regulations on water quality ...).

The law outpaces this traditional vocation of the port authority. Now, the ports must protect identified nature areas.

## The sustainable development: the management and safeguarding of the nature areas of the port

Could a Port Authority be judge in its own case about the economic development relating to the environment ? There is a potential conflict of interests between the two missions.

Nevertheless, French procedures for infrastructure development are very restrictive. The phases of public debates require a global consensus on projects. The quality of environmental compensation measures are decisive. French ports are used to manage complex and long cases. The new scientific councils of estuaries (Seine, Loire, Gironde) inherit from existing agencies, except for Bordeaux.

The port reform strengthens the skills of ports on environmental issues.

## The sustainable development: the modal shift

Objectives set by the government: to increase the market share of non-road modes in freight transport in France from 14% to 25% in 2022.

According to the Ministry of Transport, inland transport from / to ports generate between 15 and 20% of national freight traffic. Out of this total, less than 15% uses a mass mode.

Port authorities are expected to contribute significantly to this modal shift effort. In many cases, this implies investments in logistic equipments.

Each port wants to develop railway shortline operations to desserve the 100 – 500 km away from the port with mass rail services. On the Atlantic coast, given the lack of extended river networks, the shortlines are the only way to increase the modal shift.

The French ports also want to develop ferries and roll-on roll-off trades (Marseille, Le Havre, Dunkirk) and highways of the seas lines (Le Havre, Dunkirk, Nantes Saint Nazaire).

## The sustainable development: the modal shift - example of Marseille

French ports are willing to develop logistic activities.

The strategic plans of ports (2008-2013) highlight the investments:

- to improve relations with the hinterland and to extend this hinterland.
- to accelerate the modal shift to rail and river.
- to accommodate more companies specialized in logistics.

Marseille:

- Rail investment: 140 million euros to increase the modal share of containers from 13.7% to 30%.
- River investment : 65 million euros to increase the modal share of containers from 4.7% to 10%.
- No road investment: to decrease the modal share of containers from 81.6% to 60%.
- Investment in logistic areas: 47 million euros.

Share of rail and river in the total investment over 2008-2013: 34%

Share of rail, river and logistics in total investment over 2008-2013: 42%



## Tendencies: dynamic positioning among the French ports



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### Main traffic orientations (2008 – 2013)

	liquid bulk	dry bulk	general cargo	containers
Bordeaux		X	X	
La Rochelle		X	X	
Nantes Saint Nazaire				X
Le Havre				X
Rouen		X	X	
Dunkerque		X		X
Marseille	X			X

The ports relying on containerisation should develop their links with the hinterland. The law allows them to invest outside the port limits. Although this ability existed before, it was seldom used.

## Tendencies: Marseille and Le Havre

### Let us consider Marseille and Le Havre:

They focus 85% of container traffic in France (Isemar 2009).

They have already developed mass rail container services.

They can rely on fairly good river connections (Seine and Rhône Saône).

They are linked to powerful hinterlands (Paris / Ile de France and Lyon / Rhône Alpes).

They draw state support: between 1999 and 2005, Le Havre and Marseille received 70% of funds committed by the French State, the other Great Maritime Ports sharing the remaining 30%. (Source Cour des Comptes 2006)

Thus endowed, they gather the best assets to meet the objectives of the reform: French ports must increase their market share in Europe.

At the beginning, Marseille and Le Havre will probably gain market shares at the expense of the other French ports.

Dunkirk and the Atlantic ports might be left on the fringe, because:

- Dunkirk is highly challenged by Le Havre and Antwerp.
- Nantes Saint-Nazaire, La Rochelle, Bordeaux, are away from the main freight corridors under construction.

This is the reason why the law stipulates that interport councils will be established.

- Interport council of the Seine (15th october 2009) : Great Maritime Port of Le Havre and Rouen + autonomous river port of Paris.
- Interport council of the Atlantic (4th december 2009) : Great Maritime Port of Bordeaux, La Rochelle, Nantes Saint-Nazaire.

Objective:

To promote a comprehensive range strategy. There is no interport council of the French northern range: Dunkirk is isolated.

The Great Maritime Ports and the decentralized ports can initiate joint actions as well. But this is not the current trend.

## Tendencies: a prospect for ports' organization

The new organization sketches 4 main port areas regarding the European scale

Ranges	Ports	Total traffic million tons 2009
Mediterranean sea	Marseille (and others ?)	96 (?)
Atlantic ocean	Bordeaux, La Rochelle, Nantes Saint-Nazaire	50
Grand Paris ports	Le Havre, Rouen, Paris*	122
North area	Dunkirk, (and Calais ?)	58 (98 ?)
total		366

\* Paris and Calais are not Great Maritime Ports

The river ports bill under development could facilitate a large cooperation along the Seine river.

In France, the landlord port model is adapted with a strong presence of the State (governance) and of the port authority (concessions). As far as concessioning is concerned, the scheme of port services is not always easier to understand compared with the former situation. Many original features have been displayed in this paper.

As far as the sustainable development is concerned, French ports become main players in the environment field.

As far as logistics and modal shift are concerned, the reform can strongly enhance the influence of Marseille and Le Havre on the French territory.

The law confirms, validates and facilitates many former actions about:

- Concessions: the Operating Agreement (CE, 2008) come after the Terminal Operating Agreement (CET, 2000) implemented in a few terminals (Le havre, Dunkirk, Bordeaux).
- Logistics: Marseille and Le Havre hold participations in dry ports (Paris and Lyon).
- Modal shift: Marseille and Le Havre have experiences about barge and rail operations.
- Environment : the ports have a long experience and knowledge in compensatory measures.

Autonomous ports have underutilized abilities they were already qualified for. The law clarifies the functions of each stakeholder. Will this new law be able to give a decisive business impetus to French port communities ?