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[short report]

maritime  
economy

## *Analysis of Italy's Competitors: Spanish Ports*

The importance of ports for the Spanish economy can be inferred from the fact that over 60% of exports and 85% are seaborne; these figures exceed 90% when considering trade with countries outside the European Union. The activities related to the port sector directly contribute to the country's economy being 1.8% of the Spanish GDP and provide an annual gross value added of over 9 billion euros which, if we take into account the indirect and induced effects, doubles and rises to 18 billion euro .To this it must be added the 100,000 direct jobs generated by the Spanish ports and the additional 175,000 indirect jobs.

The Spanish port system is regulated by the “Ley de Puertos” of 2010, which recognised 28 Port Authorities which manage a total amount of 46 ports of general interest, with considerable autonomy in the pursuit of their own economic and strategic objectives.

In order to be classified as a port of general interest in the Spanish legislation it is necessary that at least one of the following conditions be ascertained:

- the port carries out commercial activities;
- the hinterland of the port significantly affects more than an autonomous region;
- the port serves industries or systems of strategic importance for the national economy;
- the annual returns of port activities and the characteristics of the maritime commercial activities classify the port as fundamental in the overall economic interests of the state;
- the specific geographical or technical condition of the port will constitute essential elements in the security of maritime traffic particularly in island regions.

The most relevant aspect of the law which reformed the economic system and the service performance in the ports of public interest, concerns the tariff arrangements, with the aim of making it more competitive. Port Authorities are granted the right to independently define the level of fees charged in the harbour, so as to make ports more attractive and convenient for shipping companies and other types of users. The reform also aims at ensuring autonomy and flexibility in funding. As a matter of fact besides taxes, ports can be financed through: state transfers – divided among the various authorities according to the degree of efficiency shown in the management of the infrastructure under their control and the level of productivity of each port; – products and annuities of assets, revenues from transactions with private bodies, percentage received by the compensation fund, grants of different origin, revenues from fines levied, donations, legacies and other incomes attributable to the legal system. Nevertheless, the levels of port taxes must comply with at least the financing of costs incurred for the management of ports and ensure the achievement of minimum performance targets, which will be established by the Spanish Ministry of Development (Ministerio de Fomento) for each Port Authority through special ministerial orders.

Such flexibility and autonomy however, is accompanied by a strong accountability: PAs are annually required to draw up a strategic-economic plan (Plan de Empresa) in which they should indicate amongst other things, the economic and financial forecasts and management objectives pursued, with a description of the initial situation. This measure is intended to prevent the debt of such institutions, encouraging good governance in terms of quality and efficiency of the services provided to its users. The Port Authorities are also required to write a Sustainability Report accompanying the Plan de Empresa (in order to encourage the development of environmental best practices). This reform has been inspired by the need to ensure greater efficiency and competitiveness for Spanish ports which, as the Italian ones, suffer the competitive pressure from the other Med ports (mainly North African).

Spanish Port Authorities are public bodies coordinated, controlled and supported by a separate state body, called Puertos del Estado, which has the overall responsibility in respect of the system of state-owned ports and is responsible for the implementation of the government port policy and for the coordination and control of the overall status of the port infrastructure. Although the latter remains the property of the General Administration of the State, the link with the related territory is ensured by the fact that the Chairman and a significant proportion of the members of the Board of Directors are appointed by regional communities.

In addition to the state-owned ports there is a whole range of port infrastructures, belonging to the autonomous communities' governments of the territory they are located in. These ports are generally fishing harbours, ports intended for recreational activities and ports of refuge.

Another important aspect of the Ley de Puertos regards the freedom of private initiatives which can contribute to the development of the infrastructures through special agreements with the Port Authority. The presence of private operators is increasingly larger and more intense, particularly for the management of terminals and the provision of logistics services. Cost containment, quality and innovation (with the development of automated terminals), the presence of private investors, the integration into intermodal transport chains, along with safety and sustainability are all elements that play an important role in the future competitiveness of the industry. The regulation's effects haven't been awaited long: in fact, among others, one of these results was the investment made in the port of Barcelona by Grimaldi Group, which in July 2013 opened a new Short Sea terminal worth 20 billion euros and which has secured the concession for 15 years. The same year Hutchison Port Holdings announced an investment of a further 150 million euros in the port of Barcelona.

In September 2013 the Spanish government announced the adoption of two other measures aimed at raising the competitiveness of Spanish ports and consequently of the Spanish economy: a 5% reduction on the duties paid for the use of port facilities by vessels, passengers and goods, and a 8.5% reduction on duties for the use of port land. According to government's estimates, these two measures will have a positive impact on businesses of about 45-50 million euros. Thanks to the progress made by state port systems in terms of efficiency and competitiveness, Puertos de Estado closed the year 2013 with a net profit of 250 million euro.

As regards the volume of cargo handled by Spanish ports, they represent the fourth power of the European Union with approximately 11% of the total traffic. More specifically, in 2013 the goods transiting through the ports of the country were 445.36 million tonnes, marking a decrease of 3.38% compared to 2012; on the contrary, data relating to passenger traffic are positive as they amount to 28.73 million, an increase of just over 7%.

Bahia de Algeciras ranks first among the main Spanish ports by both the overall amount of cargo handled and the amount of containers; in 2013 in this segment the port, thanks to an increase of 5.5% over the previous year has regained primacy in the Mediterranean preceding the other Spanish port, Valencia.

**Tab. 1 – Container trade by major Spanish ports. 2012 - 2013**

PORTI	2012		2013		%13/12	
	Tonnes	Teus	Tonnes	Teus	Tonnes	Teus
Bahia de Algeciras	83,268,833	4,111,840	85,628,280	4,337,816	2.8%	5.5%
Valencia	65,662,845	4,469,874	64,553,033	4,327,838	-1.7%	-3.2%
Barcelona	41,487,423	1,749,974	41,377,396	1,718,779	-0.3%	-1.8%
Bilbao	28,952,727	610,131	29,602,329	606,827	2.2%	-0.5%
Cartagena	30,102,993	66,588	29,374,439	80,955	-2.4%	21.6%
Las Palmas	22,387,903	1,207,962	19,431,825	1,017,401	-13.2%	-15.8%

Source: SRM elaborations on Puertos de Estado data, 2014

The support for private initiative provided for by the Ley de puertos can be partly explained by the budgetary restrictions imposed by the Spanish economic situation that affected the infrastructure policy. As a matter of fact, the 2013 Budget has provided a total allocation of 9,608 billion euros for this industry (-15.6% compared to 2012). Railway infrastructures particularly benefitted from the distribution of available resources (3.779 million euro) and the road infrastructures (2,567 million euro) taking part in the total expenditure with shares of 39.3% and 26.7%, respectively. The budget addressed to port infrastructure is substantially lower, reaching 736.6 million euros (7.7% of the total), of which 733.02 million euros has been allocated to Puertos del Estado (state ports) and to the Port Authorities.

**Tab. 2 – Spanish investment in infrastructure**

Type of infrastructure	Budget law 2012 € m	Budget law 2013		% chg 13/12
		€ m	% of total	
Road	2,740.48	2,566.67	26.71	-6.34
Railway	5,107.11	3,778.74	39.33	-26.01
Ports and Maritime Security	774.62	736.64	7.67	-4.90
Airport and Aviation Security	1,025.91	847.42	8.82	-17.40
Hydraulic	1,449.97	1,446.98	15.06	-0.21
Environmental	234.48	191.67	1.99	-18.26
Others	54.32	39.78	0.41	-26.77
Total investments	11,386.89	9,607.90	100.00	-15.62

Source: SRM on Agenzia ICE data, 2013

The state policy adopted for this segment besides the limitations imposed by the economic crisis, responds to the strategy of the PITVI Plan de Infraestructuras, Transporte y Vivienda (Plan for Infrastructure, Transport and Housing) (2012-2024) in which it is shown that at present the Spanish port network presents a high capacity due to the huge investments they have received in the past. Therefore, the strategy designed in the PITVI document is guided by the principles of optimisation of the existing infrastructure, highly entrepreneurial management and rationalisation of investments based on the criteria of economic and social efficiency.

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