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EUROPEAN COMMUNITY SEAPORT POLICY: COMPETITION OR COOPERATION

A Paper in Partial fulfillment of the
requirements for the Degree of Masters
of Marine Affairs

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A. Introduction

The objectives of the European Economic Community (EC), as established by the Treaty of Rome in 1957, are the economic and political integration of Europe. The EC is unique among regional international organizations in that it has carried these objectives further than any other regional arrangement.¹ One measure of the economic success of the EC is the favorable growth in trade, both internal and external, it has had. The original membership of six Western European nations has increased to nine, and recently the tenth member, Greece, has become a full member.²

Despite a successful economic history and geographic expansion, the EC has made slow progress in developing a unified policy for an important element of its economic development and trade, its seaports. Europe, the smallest continent of all, is large in terms of port business. EC ports include the largest in the world, Rotterdam. These ports are centers for Community trade, commerce, and industrial expansion. They handle over 25% of the world's total maritime trade.

The Treaty has a section (Articles 74-84)³ devoted exclusively to transportation because the framers recognized the economic importance of an efficient and harmonized transportation system. However, it is very vague about maritime transportation and nowhere can the word "port" be found. Seaport policy became embroiled in a debate over the interpretation of the Treaty and its maritime shipping provisions.

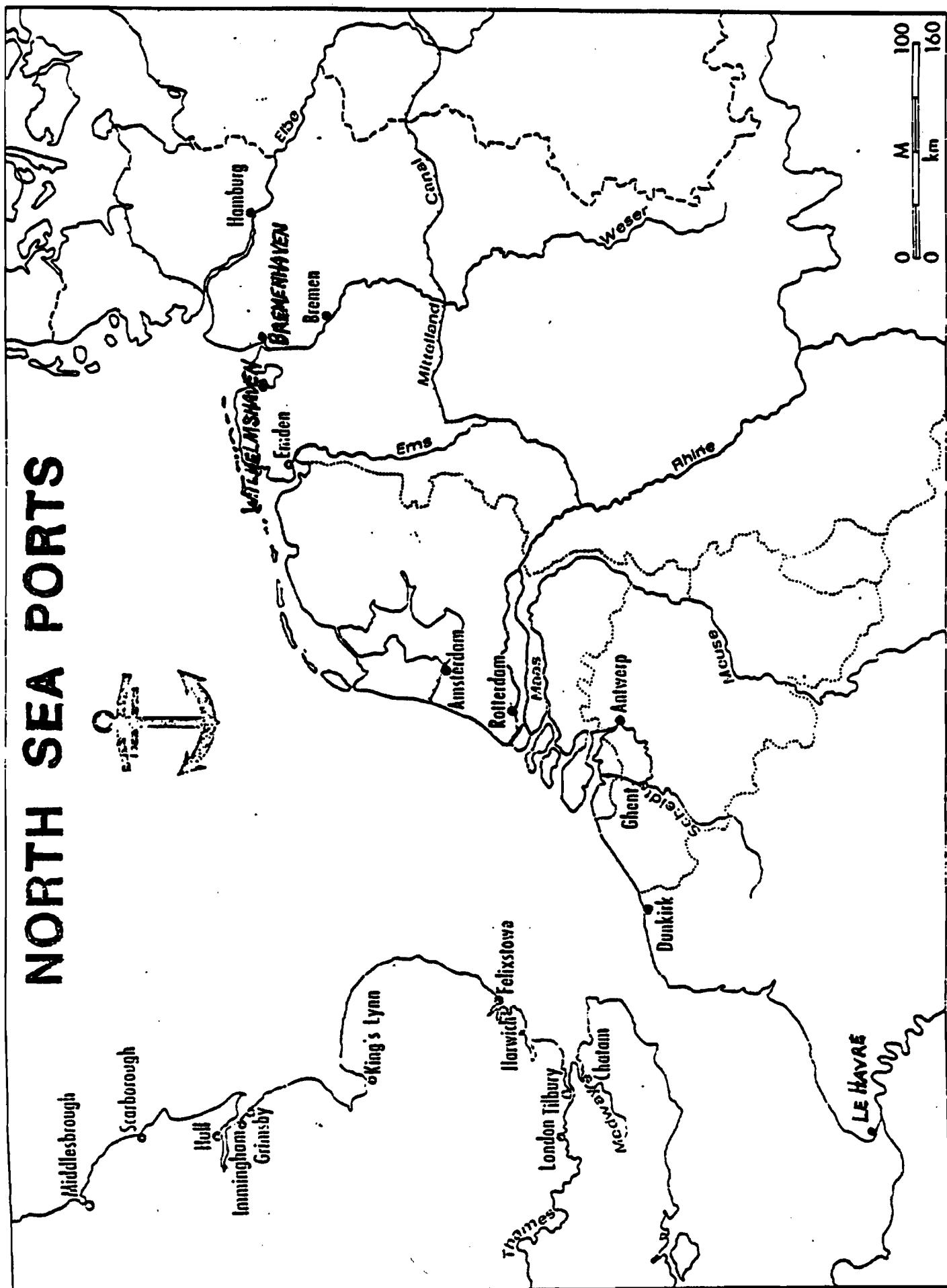
Ports are complex. Their development and management is affected not only by geographic and economic circumstances but a host of social and

political factors. In addition to the debate over the interpretation of the Treaty, other factors impeding the formulation of a port policy have been the intense competition between Community ports and the impact of national port policies on this competitive situation.

The objective of this paper is to examine the development of Community port policy and analyze how and why certain factors have impeded progress in this sector of the EC. This paper will test the hypothesis that there are major economic, technological and political forces, outside of the EC, which are moving Community ports towards regional cooperation. Further European integration in a variety of fields, including ports and maritime transportation is not only desirable but inevitable. A new port-related organization to promote and direct this cooperative port effort will be proposed.

Geographically this paper will focus on the North Sea port region from Le Havre to Hamburg. (See Map 1). This relatively small area is where port competition is most concentrated. The ports of Denmark, Ireland and the U.K. are not directly competitive with those on the western continental coast. Conflicts of interest between North Sea and Mediterranean ports are not far reaching.⁴ The development philosophies, national port policies, and reaction toward a common port policy by the ports of the North Sea range will be discussed. However, the conclusions and recommendations pertaining to a Community port policy would be applicable to all ten member states.

Map 1



B. Community Port Geography and Trade

The North Sea Coast of Europe has for more than four centuries served the world through its true geographic role, namely as a leading region in world transport and trade.⁵ A broad, low lying, coastal plain, rarely reaching 300 meters in height, it is bordered by the North Sea and the English Channel. Around the great lowland area stretch the European Uplands running west-east from Brittany and southern France to the central uplands of trunk Europe.⁶ A number of large, navigable rivers cut across the lowlands and form major lines of internal transport and access to major coastal and ocean shipping routes. The major ports of Europe are located on these rivers in their protected estuarine areas. The most important of these are: Le Havre on the Seine, Antwerp on the Scheldt, Rotterdam on the Rhine, Bremen/Bremerhaven on the Weser, and Hamburg on the Elbe. The delta port of Amsterdam and the artificial port of Dunkirk are also major ports included in this range. The relative size of North Sea ports and other Community ports is indicated by the port tonnage statistics in Table 1.

The naturally favorable interface of land and sea is not the only factor in the development of these major European ports. Their hinterland encompasses the national economic core regions of Western Europe.⁷ The greatest concentrations of industry are to be found in a triangle formed by eastern France and Paris, the industrial zone built along the Rhine and its larger tributaries including the Ruhr Industrial District, and the delta area of Belgium and the Netherlands.⁸ Population density is greatest in this region. Belgium and the Netherlands have overall population densities of 322 and 339 persons per square kilometer (1977) respectively, which are the highest of any Community member country.⁹ The delta-Rhinelands area as a whole also has a very

TABLE 1. SEABORNE TRAFFIC AT SELECTED EUROPEAN PORTS-1975
(in 1,000 metric tons)

<u>PORT</u> <u>NORTH SEAPORTS</u>	<u>TOTAL</u>	<u>OIL AND</u> <u>OIL PRODUCTS</u>
HAMBURG	47,482	17,272
BREMEN/BREMERHAVEN	21,030	3,308
EMDEN	10,724	2,285
WILHELMSHAVEN	23,703	22,713
ROTTERDAM	263,836	165,440
AMSTERDAM	17,425	4,214
ANTWERP	60,481	14,720
GHENT	14,348	3,683
ZEEBRUGGE	8,664	4,964
LE HAVRE	72,019	60,056
DUNKIRK	29,851	10,653
<u>OTHER COMMUNITY PORTS</u>		
MARSEILLES	95,782	79,972
GENOA	52,514	36,053
TRIESTE	32,377	28,108
VENICE	21,377	12,229
LONDON/TILBURY	41,479	22,544
LIVERPOOL	22,543	12,984
TEES & HARTLEPOOL	20,051	11,249

(Source: Port Working Group Report, 1977)

high gross domestic product per capita; it is 120 per cent that of the European Community as a whole.¹⁰ Per capita energy consumption is also higher in this region than elsewhere in the Community.

The transportation and communications network is intensely developed in these economic core areas. Motorways, pipelines, electrified railways, and inland waterways crisscross, run parallel and connect these areas to one another. Sea transportation is a relatively important mode for the North Sea Coast countries, in terms of international trade, as shown in Table 2.

TABLE 2. INTERNATIONAL GOODS MOVEMENT BY MODES 1979
(1,000 metric tons, excluding transit)

	RAIL	ROAD	INLAND WATERWAY	SEA	AIR
BELGIUM*	34,248	35,145	59,988	96,027	627
FRANCE	50,450	69,564	33,104	252,890	416
GERMANY, F.R.	13,539	103,204	141,338	136,999	465
NETHERLANDS	10,602	48,707	122,487	349,045	249

* Data for Belgium is for 1978.

(Source: UN Annual Bulletin of Transport Statistics for Europe 1979.)

Although port traffic is carried by four modes, the inland waterway system has special importance to ports in this range. The advantageous cost margins over road and rail make the canals and waterways the cheapest means of transporting goods. The cost factor and extensive waterway network increase the hinterland of the North Sea ports for bulk cargoes and have figured prominently in their development.¹¹ The tonnage carried by inland waterway vessels and the extent, in terms of kilometers of the canals and waterways are generally expanding (See Table 3). Many small Class I and Class II waterways (accommodating barges of less than 600 ton carrying capacity) are being upgraded to Class IV and Class V (barges of approximately 1350-2000 tons capacity). This general trend toward larger canals and bigger barges indicates a strong interest in this means of transportation. Of the total inland waterway network in the North Sea countries, approximately 50 percent is made up of Classes IV and V.¹² Although bulk commodities are the most prominent cargo transported, container movements on the Rhine have recently grown from 10,000 containers in 1975 to an estimated 120,000 in 1981. The barge is

TABLE 3.

	LENGTH OF NAVIGABLE INLAND WATERWAYS* (in kilometers)		GOODS CARRIED ON INLAND WATERWAYS (000's of metric tons)	
	<u>1970</u>	<u>1978</u>	<u>1970</u>	<u>1978</u>
BELGIUM	1,523	1,510	91,565	100,924
FRANCE	6,094	6,221	110,350	91,556
F.R.G.	4,080	4,159	240,001	246,313
NETHERLANDS	3,422	3,377	241,445	277,612

* Canals and rivers capable of accomodating craft of 250 ton capacity minimum.

(Source: UN, Transport, Statistics for Europe, 1978 and 1979).

developing into an efficient and economic carrier of containers which can deliver containers from Europort to Mainz in 26 hours and can compete with subsidized national railroads.¹³

One of the most ambitious waterway projects in the world will interface with North Sea ports when completed. The Europakanal, also known as the Rhine-Main-Danube (RMD) Canal, reaches across Europe from the Black Sea to the North Sea. A sophisticated series of canals and locks connects three European rivers, the Rhine, Main and Danube, to form this 3,500 kilometer waterway system.¹⁴ It will link the industrial core area of the Rhine with the Danube basin states of Austria, Hungary, Rumania, Bulgaria, Yugoslavia and the Soviet Union. On the RMD canal the emphasis is on raw materials moving upstream including petroleum products, chemicals, fertilizers, grain, ore and building materials. When the RMD canal is completed in 1985 it is forecast to move 18 million tons of cargo a year.¹⁵ In France, work on the Rhine-Rhone canal is

due for completion in 1982. This will mean that barges will be able to travel from the North Sea to the Mediterranean emerging in the vicinity of Marseilles and the industrial complex at Fos.¹⁶

Another element of port geography, along with a well developed hinterland and transportation connections, which accounts for the vitality of the North Sea ports are their forelands. Forelands, as defined by Weigend, are "the land areas which lie on the seaward side of a port, beyond maritime space, and with which the port is connected by ocean carriers."¹⁷ The traditional seafaring nations of the North Sea Coast and Britain have been active participants in world trade since the development of trading companies, such as the Dutch East India Company, in the 17th century.¹⁸ The financial resources of these companies and their fleets of ships provided an important early stimulus to the development of the North Sea ports and brought them into the commercial world. With the coming of steamships and liner trades, the focus of trade began to shift to commerce between the growing industrial nations. Since World War I, ocean trade between North America and Western Europe has resulted in one of the busiest trade routes in the world. During the 1970's the Community's trade with the United States was characterized by spectacular growth. The rising standard of living in the vast market of the EC and the low level of the Community's common external tariff, made this an attractive outlet for American products. Similarly, there has been substantial growth in Community exports to the United States.¹⁹ Table 4 shows that the U.S. is the single largest trade partner of the EC by value, both in imports and exports.

The North Sea Coast from Le Havre to Hamburg stands out as the focal area of this trade for Europe, just as the maritime region from Boston to Norfolk plays a similar role for the U.S.²⁰

TABLE 4. 1979 EC EXTERNAL TRADE: BY COUNTRIES

Import			Export		
	Million EUA ¹	%		Million EUA ¹	%
1. U.S.A.	34.362	15.8	U.S.A.	25.040	12.9
2. Saudi Arabia	14.260	6.5	Switzerland	17.753	9.1
3. Switzerland	12.563	5.8	Sweden	10.429	5.4
4. Sweden	10.291	4.7	Austria	9.792	5.0
5. Japan	9.792	4.5	Spain	6.525	3.4
6. Soviet Union	8.407	3.9	Saudi Arabia	6.392	3.3
7. Spain	6.684	3.1	Soviet Union	6.310	3.2
8. Norway	6.198	2.8	Japan	4.632	2.4
9. Austria	6.091	2.8	Yugoslavia	4.411	2.3
10. Iraq	5.969	2.7	Norway	4.358	2.2
11. South Africa	5.639	2.6	Greece	4.077	2.1
12. Nigeria	5.336	2.4	Algeria	3.816	2.0
13. Canada	5.096	2.3	Nigeria	3.551	1.8
14. Libya	4.876	2.2	Libya	3.387	1.7
15. Kuwait	4.527	2.1	Canada	3.357	1.7

¹ European Unit of Account

(Source: Commission of the European Communities, Europe Information 39/80)

Table 5 shows that, with the exception of France, the North Sea Coast countries have a relatively higher percentage of their international seaborne trade with North America than do the other Community members.

TABLE 5. INTERNATIONAL SEABORNE TRADE: EC - U.S./Canada 1978
(1,000 Metric Tons)

	TOTAL WORLD	U.S./CANADA	PERCENT U.S./CANADA
BELGIUM/LUX.	96,027	17,317	18.0
FRANCE	227,402	9,986	4.3
GERMANY, FED. REP.	139,285	16,708	12.0
NETHERLANDS	319,148	33,670	10.6
DENMARK	42,081	1,103	2.6
ITALY	267,658	20,971	7.8
IRELAND	28,200	860	3.0
UNITED KINGDOM	236,752	26,738	11.3

(Source: OECD, Maritime Transport, 1979)

The North Sea Coast, once peripheral to the main trading area of the Mediterranean, is now one of the most intensively used by the shipping fleets of the world.

The member states of the European Community have been major contributors to world trade growth. One of the foundations of the Community is the free movement of goods between member states.²¹ By July 1968, the customs union for the original six members was completed, customs duties were eliminated and a common external tariff was established.²² The result was a substantial increase in trade among the six members from \$6.8 billion in 1958 to \$60 billion in 1972, just before the three new member states joined. Since the 1973 enlargement, trade among the Nine has increased from around \$111 billion to almost \$192 billion in 1977 when the customs union for the nine members was completed.²³ Economic activity and trade with third countries has also grown rapidly. As a result, the EC is now the largest single trading unit in the world economy. In 1978, it accounted for 34 percent of total world trade by value, and over 20 percent of the volume of world trade.²⁴

Despite the magnitude and importance of Community trade, there are some significant differences in the relative importance of trade and maritime activities to individual member countries. Table 6 is a summary of trade activity by the EC and its members.

TABLE 6. EUROPEAN COMMUNITY SEABORNE TRADE 1978¹

	(IN 000's Metric Tons)					
	With Community Members			World Trade		
	Imports	Exports	Total	Imports	Exports	Total
Belgium/Lux.	8,808	10,344	19,152	58,674	37,701	96,375
Denmark	12,309	3,150	15,549	34,297	7,784	42,081
France	15,791	12,867	28,658	188,106	39,296	227,402
Germany, Fed. Rep.	24,707	8,190	32,897	104,519	35,028	139,547
Ireland (1977)	N.A.	N.A.	N.A.	17,000	8,700	25,700
Italy	10,039	11,525	21,564	223,964	43,694	267,658
Netherlands	23,321	39,445	62,766	246,450	73,042	319,492
U.K.	36,111	44,031	80,142	155,253	80,954	236,207
Total EC	131,006	129,552	260,728	1,028,263	326,129	1,354,500

¹ Goods loaded and unloaded at seaports including transshipments.

(Source: OECD, Maritime Transport 1979 and UN, Annual Bulletin of Transport Statistics for Europe 1978.)

One indicator of relative economic importance of trade is the value of trade per capita. In Table 7, the lowland countries on the North Sea Coast, Belgium and the Netherlands, substantially lead other Community members in the amount of trade per capita.

TABLE 7. EXTERNAL TRADE PER CAPITA
(1977 U.S. Dollars)

	<u>IMPORT</u>	<u>EXPORT</u>
BELGIUM/LUX	3,939	3,676
DENMARK	2,601	1,988
FRANCE	1,328	1,197
GERMANY, FED. REP.	1,640	1,920
IRELAND	1,686	1,378
ITALY	843	798
NETHERLANDS	3,294	3,155
U.K.	1,140	1,030

(Source: UN, 1978 Yearbook of International Trade Statistics)

The relative economic importance of trade can also be viewed in terms of the relationship of trade to the rest of the economy. Table 8 uses the gross domestic product (GDP) as a comparison to trade of the EC member countries.

TABLE 8. COMPARISON OF GROSS DOMESTIC PRODUCT AND TRADE
(Millions of 1975 U.S. Dollars)

	<u>GDP</u>	<u>External Trade</u>	<u>Ratio GDP/Trade</u>
BELGIUM	62,880	59,498	94.6
DENMARK	37,690	19,080	50.6
FRANCE	338,820	106,461	31.4
GERMANY, FED. REP.	420,250	164,229	39.0
IRELAND	8,100	6,971	86.0
ITALY	192,050	73,196	38.1
NETHERLANDS	82,800	69,648	84.1
U.K.	229,410	97,600	42.5

(Source: UN, 1978 Statistical Yearbook and Annual Bulletin of Transport Statistics for Europe 1978.)

The ratios of trade to gross domestic product indicate, as did the per capita trade statistics, the heavy reliance on trade by Belgium and the Netherlands. These countries, therefore, place great importance on modern port development and facilities which will keep hinterland cargo

of this highly populated and industrialized area from being diverted to other port ranges.

The North Sea ports are vitally important to the EC and its member states. This major economic role, combined with the limited geographic range of ports which serve a common hinterland, has resulted in intense competition. In a situation where part of the Western European continent is divided into national customs areas, port hinterlands would tend to be distorted according to the height of the customs barriers for various cargoes.²⁵ However, the establishment of a common market, with internal tariffs eliminated, fosters movement across international borders. It encourages movement between a port of one country and peripheral areas of another which are closer to that port than the ports in the home country.²⁶ The seaports of the EC had been developed in response to economic demand and supply in nine national hinterlands; now they serve one economic hinterland, the European common market.²⁷

An example of the competition engendered between North Sea ports is illustrated by the current interest in coal transportation. Rotterdam, which currently handles about 27 percent of the coal traffic in the Le Havre to Hamburg port range, is proposing to build a new \$85 million coal terminal on a large reclaimed area at the terminus of the Rhine River in order to meet the growing demand for imported coal and to maintain its competitive position.²⁸ The Port of Amsterdam (65 kilometers from Rotterdam) is also planning a large deepwater coal terminal to compete with its primary rivals in the coal trade, Rotterdam and Antwerp. The proposed 75 acre terminal to be built at the terminus of the North Sea canal would cost approximately \$45 million.²⁹ Amsterdam's restricted draft of 45 feet has not hindered coal traffic since most imports come from Polish Baltic ports and U.S. East and Gulf Coast ports which cannot

handle ships over 100,000 dwt. However, with coal carriers of up to 200,000 dwt being planned for coal loaded in South Africa and Australia, Amsterdam officials want to have a deep-water facility ready when these larger ships come on line. Presently, Rotterdam and Marseilles are the only European ports that can work these large ships.³⁰ The large investment necessary for these two competing projects will include public expenditures for dredging and infrastructure.

Criticism has been raised about such "hectic and cut-throat" port competition in such a relatively restricted geographic area.³¹ It is feared that unbridled competition among Community ports, especially on the North Sea, may be harmful for all concerned if it leads to each port investing in expensive new facilities to meet the demands of maritime technology. Deep-draft coal terminal facilities are a possible example of this competitive investment. The port authorities and their national governments, on the other hand, have traditionally resisted the imposition of a common port policy that would control port investment and development. Even the European Parliament, following the conclusions of the Seefeld Report,³² recommended that competition should be the basis for a European port policy. This endorsement of competition was qualified by referring to sound competitive practices based on actual costs, including new investments.³³

The member state governments consider it to be vitally important for their seaports to be competitive. Several proposals for a common ports policy have been rejected because the member governments feared they would harm the competitive position of their ports.³⁴ However, differences in the institutional structure of Community ports and different management schemes have a profound influence on port competition. The Seefeld Report and others make repeated reference to

port subsidies and distortion of competition.³⁵ The causes of distortion are due primarily to the degree of autonomy of the port with regard to functions and organization, type of financial arrangements between the port and government, the system for investment and financial decision-making and the existence of government aids or subsidies. European port managers view the distortions as differences in the starting points for port development.³⁶ Their concern is that a common port policy that eliminates all subsidies may upset the competitive "balance" which exists and disrupt business and industry which has developed around a port. Therefore, Community ports have developed in a competitive environment with varying degrees of government involvement. They have opposed any common port policy which would drastically change this modified form of competition.

In order to better understand the relationship between port competition and government policy, it is necessary to briefly review the national port policies in the North Sea Coast region. These national policies relate directly to the development of a common ports policy.

C. National Port Policies

The impact of the "human factor" in port development on the North Sea Coast can be traced back at least to the decisions of local administrators in the fifteenth century to capitalize on the discovery of the route to Asia round the Cape of Good Hope, thus bypassing Mediterranean ports' trade between the Orient and Northwestern Europe.³⁷ Government policy has always influenced port development due to the fact that a port is partly a public service and partly a commercial activity. Governmental influence is decisive on seaports, especially with regard to port infrastructure, which without a doubt performs a public function.³⁸

Few European countries have their own uniform national port policy. Any generalized description of policy is usually fraught with exceptions to take into account specific characteristics of smaller ports or industrial port complexes.³⁹ The structure and organization of Community ports had been the result of historical and political developments, local circumstances and legal evolution. Without repeating the detailed comparative analysis of Community port structures as was done under the European Commission by the Port Working Group,⁴⁰ it is possible to generally categorize and discuss the organization of North Sea ports. They fall into two overlapping groups, municipal and autonomous ports. A relatively homogeneous category, municipal ports, are those which come under the authority of local government jurisdictions. In Belgium, Germany and the Netherlands the municipal port administrations do not have separate legal status.⁴¹ For example, the port of Antwerp is governed as a department of the City, with the elected City Council as the governing body. Its decisions are subject to approval by the central government.⁴² In the Netherlands, the administration of the municipal owned ports of Rotterdam and Amsterdam has been entrusted to a separate municipal service, "Havenbedrijf."⁴³

The autonomous ports are also operated locally, but they are not under a municipal government. They have their own separate and autonomous legal status. The major ports in France, including Le Havre and Dunkirk, are operated under a "regime of autonomy," a system in which the ports are given a high degree of administrative and financial autonomy.⁴⁴ However, French economic planning extends to ports and the central government decides major port infrastructure investments.

Organizationally, all of the North Sea continental ports are managed or operated locally.⁴⁵ However, the degree of autonomy from the

national government is subject to qualification. In most cases, the central government can intervene in the management and especially in investment decisions of local ports. This does not apply in German ports where the municipality (in Hamburg the city-laender⁴⁶) manages the ports with practically no involvement by the federal government except for dredging.⁴⁷

Functionally, Community ports are very diverse with a variety of divisions of responsibility and powers. However, there are two broad schemes which can be used to classify them. The first is used by Goss and it distinguishes between "total organization and landlord" ports.⁴⁸ A port of the former type would carry out virtually all of the port functions directly and employs the labor to do so.⁴⁹ Landlord ports are the type operating on the North Sea Coast. In these ports, functions are divided so that the port organization is responsible for the planning and development of the port facilities (portions of both infrastructure and superstructure) themselves, which are leased out to private operators for cargo handling and other services.⁵⁰ Water and inland transportation access routes to and from landlord ports are usually the responsibility of the central government, as is the case with the four North Sea Coast states.⁵¹

The second broad classification of European ports is based on two functional objectives. One involves the concept of a port as a commercial enterprise, which has as its objectives efficient service at least cost to users and also renders some return on public investment.⁵² Britain may be used as an example of this approach. All ports are expected to cover full operating costs and provide a return on invested capital.⁵³ This philosophy was clearly expressed in the Report of the Rochdale Committee:⁵⁴

As far as the major ports are concerned, we entirely reject the concept of 'public service' in so far as this might be held to limit the authorities' responsibility for conducting their financial affairs on the basis of sound economic and accounting principles. In other words, we see no reason why the major ports should not be treated for this purpose as commercial undertakings.⁵⁵

The other objective (which does not necessarily have to be exclusive of the first) views the port as a public asset whose purpose is the generation of economic benefits in the surrounding community, outside of the port itself.⁵⁶ These economic benefits or impacts are usually in terms of income, jobs, taxes or other economic measures. The economic activity generated by a port is determined by demand for goods and services and includes the direct and indirect impacts of the port industry on a region. This approach is taken by most of the continental Community members including the North Sea countries. The difficulty resides in quantifying the benefits.⁵⁷

Under this view, the port may be subsidized to support the economic benefits it confers on its city and hinterland.⁵⁸ There is wide Community recognition of the role of ports as magnets to attract industry and public capital used to support development.⁵⁹ Most Community members believe that seaports create external economies so that some form of subsidy is worthwhile.⁶⁰ However, the difference between the two functional objectives of EC ports has important financial consequences and has generated disagreement over the role of subsidy and the resulting distortions in port development and competition.

Although most North Sea ports would acknowledge support from the central government, there is a lack of agreement over a common definition of subsidy. Financial assistance for ports can be direct or indirect, ranging from grants or payments by the central government to tax exemption or loan guarantees. All of the major North Sea ports get 100

percent or a majority of their channel dredging and maintenance and navigation works from the national government, as shown in Table 9. This is also true for other Community members, with the notable exception of the U.K.⁶¹ Being an island nation, the UK can afford to pursue a strict commercial policy of requiring each port to pay all costs, even dredging. Competition is primarily limited to other UK ports.⁶²

Table 9. RESPONSIBILITY FOR COSTS OF
NAVIGATION CHANNELS AND WORKS

	<u>CHANNEL DREDGING</u>	<u>SEA LOCKS AND BREAKWATERS</u>
BELGIUM	100% National Gov.	100% National Gov.
GERMANY	100% Federal Gov. outside port	Landers and Municipalities
FRANCE	80% National Gov. ¹ 20% Port Authority	80% National Gov. ¹ 20% Port Authority
NETHERLANDS	2/3 National Gov. ¹ 1/3 Municipalities	2/3 National Gov. ¹ 1/3 Municipalities

"Havenbedrijf" in Rotterdam responsible for entire initial cost of channels over 58 feet.

¹ Maintenance is 100% National Government.
(Source: Port Working Group Report, 1977).

What are the implications, if any, of the different functional objectives? Does the level of subsidy affect port performance or competitive standing? There have been attempts to correlate level of subsidy and level of performance; however no definite conclusions have been reached. A 1974 British National Ports Council study, for example, indicated the percentage increase in revenues needed for various European ports to break even on a full cost basis.⁶³ The increase in port charges necessary to break even were: 29 percent for Rotterdam, 36 percent for Dunkirk, 67 percent for Antwerp and 78 percent for Hamburg,

while the British ports of London and Southampton did slightly better than break even.⁶⁴ However, port performance in terms of growth of traffic as a portion of national total waterborne commerce does not appear to be affected by the level of subsidy as measured in terms of break even percentages. For example, Rotterdam appears to be the least subsidized and Hamburg the most. Despite Hamburg's large subsidy, Rotterdam's tonnage is growing faster than the total trade for the Netherlands because it handles a significant share of German foreign trade.⁶⁵ The most important point about the statistics produced by the National Ports Council and other studies is that they do not show consistent cause and effect relationships between subsidies and port performance. It has not been shown that subsidies have led to any marked movements of traffic or distortions in the EC.⁶⁶ There are many other elements in port competition such as efficiency of service, inland rates, vessel calls and services, labor and cargo safety, which are more important than the level of port tariffs due to subsidy.

However, subsidies remain a question for Community ports. Attempts to formulate a common port policy have been impeded by both the resistance to completely do away with subsidies and the inability to show what the effects of subsidies are. The issues of subsidies and competition are intertwined and are the most important issues to be addressed by a common port policy. In the EC, port competition goes beyond national borders and becomes part of the establishment of a common market.⁶⁷ How the European Community functions and its authority over issues such as transportation competition are key elements in the evolution of a port policy. North Sea ports have been active in the process and it is worthwhile to review the nature of the EC and how it functions.

D. Community Institutions and Decision-making

The function and performance of modern ports go beyond being determined by site and other physical factors. The "situation" of a port in terms of hinterland, foreland, intermodal transportation interface and trade patterns, must take account of the human factor as paramount in port development.⁶⁸ These factors range from world events, such as wars or political alliances, and national economic and transportation policies, to local level port administrations. For ports on the North Sea, the European Community is a strong influence. Economic, social and political forces impacting the ports of this region are not directly controlled by them but by the EC and its member states. The European Community forms a unique relationship between sovereign states. Some of its innovations in structure, procedure and legal competence have lead to a description of the institutions of the EC as supranational agencies.⁶⁹ A brief examination of these regional insitutions, their authority and decision-making procedures is useful background for understanding the development of Community port policy.

The principles of the European Economic Community were established by the Treaty of Rome, signed on the Capitoline Hill, March 25, 1957.⁷⁰ The broad outline of this agreement, signed by the six countries who had established the European Coal and Steel Community (ECSC) in 1952, was to establish policy for the gradual economic and eventual political union of Europe. Since July 1967, all three Communities (ECSC, EEC and the European Atomic Energy Community) have been administered by common institutions headquartered in Brussels.⁷¹

The two decision-making institutions are the Council of Ministers and the Commission. The Council, an intergovernmental body, represents member states and is supreme to the extent that it alone has power on

important decisions.⁷² The Minister from each member state is aided by a permanent representative of ambassadorial rank who is both "the eye and ear of his government".⁷³ He is a member of the Committee of Permanent Representatives (CPR). Members of the CPR have tended to serve for periods of from five to eight years, and this relatively continuous experience is an advantage when dealing with their more transient Ministers.⁷⁴ The CPR, as an advisory body which reflects national interests, and permits public and private interest groups at the national level to interact with the political authorities of the EC.⁷⁵

For Council decisions, the Treaty framers rejected the requirement of unanimity which exists in most intergovernmental organizations. Instead, a general rule of majority vote is specified. Qualified majorities are required on common policies proposed by the Commission.⁷⁶ Unanimous vote, as provided by Article 149, has been interpreted to be necessary on far reaching matters outside the scope of the Treaty. In practice, majority voting has not been used on any major question, even when permitted by the Treaty.⁷⁷

The Commission, a supranational executive body, is responsible for proposing policy and carrying out the decisions of the Council.⁷⁸ Proposals for new policies always come from the Commission; this power to "animate" and initiate is central to the Commission's authority.⁷⁹ The Commission, which has the ability to be supranational and has the common interest of the Community in mind, is sometimes in conflict with the CPR, which has the opposite role of asserting national exigencies into the Commission.⁸⁰

The European Parliament is not a decision-making body, but rather is a forum that is consulted by the Commission and Council in all important matters. Its chief powers are budgetary, but it can also dismiss the

Commission under Article 144. Similar to many European parliaments after which it was modeled, the members of European Parliament submit questions to the executive branch, which is the Commission, in order to receive clarification of policies and monitor Commission activities. In June 1979, the members of the European Parliament were for the first time elected directly by the people in the nine member states instead of indirectly by their national parliaments.⁸¹

The Treaty endows the European Court of Justice with authority to settle particular types of disputes and, in general, this jurisdiction is exclusive.⁸² The Court is empowered to: interpret the Treaties and related agreements between member states; review the legality of both Community acts and those of member states derived from their treaty obligations; and, rule on appeals from private individuals or courts of the member states concerning regulations or decisions related to the EC.⁸³ In the case of proceedings against member states, the effects of an adverse decision go beyond mere political embarrassment and can extend to establishment of liability for damages caused to individuals and companies.⁸⁴

The Economic and Social Committee (ESC) is an independent advisory group of more than one hundred members, concerned with economic and social activities, and comprised of trade unionists, employers, consumers, etc. It issues opinions when consulted by the Council or Commission. The ESC has provided a permanent channel of informed comment and criticism and has served as a relay for information back to interest groups in member countries.⁸⁵

Strictly speaking, Community law being partly based on treaties, is international law. However, it has characteristics which are not found

in traditional international law, such as compulsory Court jurisdiction over member states.⁸⁶ The sources of law are not limited to the Treaty, as in international law based solely on constitutive treaties, but include acts of Community institutions and general principles of law. Community law is common internal law in member states. Thus, certain acts of Community institutions, such as regulations, become internal law of the member states without any further act of implementation.⁸⁷ In summary, the Community legal system is binding and operates independently of national legal systems, is linked to international law but creates internal law in member states. The Community has authority to regulate a vast number of activities and the ability to enforce its jurisdiction.⁸⁸

However, the supranational authority of the EC is not without strict, practical limits. Generally, Community institutions have not exploited to the fullest their limited capacity for operating independently of government approval. They have shown a certain timidity and prudence in consulting and seeking support and have attempted to achieve unanimity even when not required to do so.⁸⁹ Ultimately, power still lies with the national governments, all of which have at times placed national interests above the collective.⁹⁰ National as opposed to Community interests must be kept in mind when examining efforts to achieve a common ports policy.

E. Development of Community Port Policy

The Treaty of Rome embodies a basic principle of freedom of movement within the countries of the EC for goods, services, persons and capital. The importance of transportation to achieve this purpose was recognized, as apart from agriculture, it is the only major economic activity with

its own section in the Treaty.⁹¹ However, the transportation section relates primarily to road, rail and inland waterways and makes only brief mention of air and sea transport. There is no mention of ports at all in the Treaty. The drafters of the Treaty did not have time to overcome wide differences in transportation precepts, therefore, in order not to delay the signature, it was agreed that the Community institutions would be responsible for developing common transportation policies⁹² Member states also had very different interests in the field of ocean shipping. The result was a vague statement on maritime transportation, the interpretation of which has been a barrier to reaching common policy.

It is worth reviewing the efforts to clarify Article 84(2), referring to maritime transportation. It is relevant to ports, which are an integral part of this transportation system. The "mysterious and pregnant"⁹³ words of Article 84(2) are:

The Council, acting by means of a unanimous vote, may decide whether, to what extent and by what procedure appropriate provisions might be adopted for sea and air transport.

Two diametrically opposed positions arose over the interpretation of this provision. One may be called the "discrete view" of the Treaty which relies on the literal wording of this provision in isolation, i.e., until the Council makes a unanimous decision, nothing can be done.⁹⁴ This view was supported by European ports and maritime interests. For example, shipowners represented by the "Comite des Associations d'Armateurs des Communautés Europeennes" (Organization of the Shipowners' Associations of the European Communities, CAACE) have repeatedly opposed regulation of the industry by the EC.⁹⁵ In its annual report for 1978, CAACE summarized its position as follows:

Attempts are being made both within and outside the Community to regulate EEC shipping or sectors thereof

in such a way that its general level of operation is being endangered; but to place shipping in such a straight jacket alongside other manufacturing or service industries would be the worst alternative which could be envisaged at present.⁹⁶

The Commission has taken a different, "universal view" which holds that according to Article 84, only those Articles covering transportation policy in general (Articles 74-83) should not be applied to seaports and sea transportation, but the remaining provisions of the Treaty should be applied to the maritime industry.⁹⁷ As a result of the divergent views, the Council of Ministers implied in 1962 (EEC Regulation No. 141) that any decision would have to be postponed, "...in the field of sea and air transport one cannot foresee whether and on what date the Council will take appropriate measures..."⁹⁸

Meanwhile, the European Parliament in 1961 began a series of discussions and extensive reports on ports and transportation which were conducted over the next ten years.⁹⁹ The major points of these reports can be summarized as follows:¹⁰⁰

1. Kapteyn Report (1961).

- a. Port policy should be based on the principle of absolute equality in law and in the treatment of seaports.
- b. There should be no imposed division of traffic between the various ports and no interference of any kind in the normal conditions of competition.¹⁰¹
- c. A common seaport policy could lead to a sound transport policy of which the policy on seaports is a fully integrated element.

2. Seifriz Report (1967).

- a. Ports should be competitive and the division of activity between the ports, i.e., the traffic flows, should spring only from competition and economic factors and not by artificial means.

- b. It is necessary to draw up, without further delay, a common policy for port traffic. This forms a vital part of a common transport policy, as any application of the latter to rail, inland waterway or road could have considerable repercussions on port competition.
 - c. Much investment is necessary to meet the new demands of the shipping industry. All the Community's ports should be kept informed of port investment elsewhere in the Community.
3. Seefeld Report (1972).
- a. There should be no discrimination between ports, no one region of the Community should be specially favored.
 - b. Competition should be the base of port policy and competition should be based on actual costs. Competition must not degenerate into competition in the provision of subsidies.
 - c. All subsidies should be brought out into the open in order that eventually they should be abolished.
 - d. Changes in technology have led to major demands for new port investment.¹⁰² Cooperation between ports should mean that mistaken investments and overcapacity are avoided.

Three main ideas emerged from these reports:

- 1. Non-discrimination between ports and a recognition that unsubsidized competition should be the basis of a port policy.
- 2. Because a goal of the EC is economic integration, port policy should be an integral part of a common transportation policy.
- 3. To meet the technological changes in transportation, ports may have to coordinate investments.

The Seefeld report was succinct (14 pages of text and 12 pages of annexes) and specific in terms of firm recommendations for achieving a

port policy.¹⁰³ This is one reason why, although the report was approved by the European Parliament in April 1972, approval was not unanimous. Many ports gave a mixed reception to the report, due in part to its recommendations on elimination of subsidies and coordination of investment. This was to be expected in view of the different national attitudes on the port industry.¹⁰⁴

After more than 10 years of discussion, there was no concrete progress on a port policy. Community institutions were still at the first step of forming policy, that of "consultation".¹⁰⁵ At this stage, activity centers on consultations with port administrators and users, and collecting information on port activities. Representatives of port organizations were successful in resisting moves towards further harmonization, namely a progression from consultation to common action to coordination, and finally agreement on a common port policy.¹⁰⁶ They were very reluctant to establish any mechanisms, such as a port consultative committee or port institute, which would promote the prospect of obligatory Community cooperation.¹⁰⁷

Despite the activities of the European Parliament and consultations with ports by the Commission, these Community institutions were unable to bring about any material action towards a port policy. Political requirements of common action on a Community level are such that a lack of consensus by member countries can effectively stall any policy decisions by the Council of Ministers.¹⁰⁸ Individual national interests in port development and related economic activities were too strong to be subdued by Community action.

F. Transportation and Maritime Shipping Policy

Resistance by Community ports and political considerations by the EC were not the only factors limiting progress on port policy. The lack of a overall transportation policy for the EC and the legal question of how to interpret the shipping clause in the Treaty (Article 84(2)), were important contributing factors to the delay.

It is axiomatic that economic integration of continental Europe cannot be brought about without a common transportation policy. This sector cannot be left entirely to market forces. Therefore, it was the Community's intention to create an alignment of operating and competitive conditions in transportation.¹⁰⁹ Title IV of the Treaty (Articles 74-84) sets out the broad aims of the Community's transport policy but there are no specific provisions for Community action to alter transportation patterns to fit new conditions created by the common market.¹¹⁰

European rail, road, waterway and air transportation systems are complex and harmonized policies are difficult to develop. National policies on railroads vary considerably.¹¹¹ Rail subsidies are widespread and often indirect. In 1961, the European Commission issued its first memorandum on the "general lines of the common transport policy."¹¹² Sea and air transportation were ignored or dealt with only slightly in this document and in other discussion papers which followed. It was agreed that general transportation policy and development of a port policy are linked, but a debate arose over which should come first. As a result of the Seefeld Report, the European Parliament passed a resolution stating that the delay in introducing a common transportation policy was due to the absence of any Community action regarding ports. Port representatives argued that a port policy was impossible to

formulate, or would be a pointless exercise without a common transportation policy.¹¹³ Such a "chicken and egg" debate would obviously impede initiation of any common action.

Port policy is also closely linked with maritime shipping policy. Article 84(2) of the Treaty was vague and ambiguous about sea transportation policy and a debate arose over Community authority to set policy in this field.¹¹⁴ Port organizations were allies of the commercial shipping industry in opposing regulation of ocean shipping by the EC and this spillover from sea transportation policy slowed any progress on a port policy.

In 1974, a decision by the European Court of Justice concerning employment in the French Merchant Marine partially settled the debate over the interpretation of Article 84(2).¹¹⁵ Briefly, the facts of the case concern the French Code du Travail Maritime of 1926 which provides that a certain proportion of the crew of a French ship must be French nationals. The Ministry for the Merchant Fleet issued an order in 1969 that the bridge, engine room and wireless on French vessels are to be manned by French nationals and general employment on board is limited to the ratio of three French to one non-French. In the view of the Commission, this order contravened the Treaty provisions ensuring the free movement of workers and prohibition of any discrimination based on nationality.⁴⁷ After inviting the French government in October of 1971 to amend its legislation, and considering the response inadequate, the Commission took the French Government to the European Court of Justice.

The Court held that the issue was whether, in the sphere of transportation, member states are bound by the general obligations of the Treaty and, specifically, Articles 48-51, concerning the movement of goods, services and capital. Their ruling matched the universal view of

the Commission regarding the interpretation of Article 84(2), i.e., the establishment of the common market is applicable to the whole complex of economic activities of the Community. Therefore, the Court reasoned that while sea and air transportation, under Article 84(2), is excluded from the common transport policy rules, it remains on the same basis as the other modes of transportation, subject to the general provisions of the Treaty. "It thus follows that the application of Article 48-51 to the sphere of sea transport is not optional but obligatory for Member States."¹¹⁷

Although the case referred to a detail of the administration of a merchant marine, it is nevertheless very relevant to ports.¹¹⁸ It would have been possible to deny the EC a legal interest in port policy if a discrete interpretation of the Treaty's provisions to sea transportation had been made.

G. The Port Working Group

Following approval of the Seefeld Report in 1972, efforts to formulate a port policy entered a new phase. In November of that year, the Commission organized the first meeting of representatives of the major European port authorities in Brussels.¹¹⁹ The purpose was to exchange ideas on possible action at the Community level in the port sector. For a variety of reasons (enlargement of the EC and reorganization of the Commission's services) the next meeting was not held until February 1974. At this meeting, it was agreed that before undertaking any discussion of the need for starting common port action, it would be essential to have information on the ports' institutional and administrative structures. In order to do this, the Port Working Group was set up. It was chaired by a representative of the Commission.

Members were a port representative and a deputy from each maritime member state. It was agreed that the main tasks of the Port Working Group would be to:

1. establish, for the purposes of future work, common definitions of port activities.
2. on the basis of this work, draw up questionnaires and conduct a "fact-finding" survey of ports, which would focus on organizational structure, division of responsibilities, finance and port statistics.
3. prepare a report based on this information.¹²⁰

If there had been divergent views among the ports previously, it was not to be expected that there would be some sudden, miraculous agreement just because they had formed a Working Group.¹²¹ They were able after several meetings to unanimously agree on the definition of "seaport," "port locality," "port authority" and "port economy." However, the definition of "port policy" was more difficult to establish. The German port representatives favored a narrow definition which limited seaport policy to infrastructure and services in ports in connection with sea transportation.¹²² The representatives from Rotterdam and Amsterdam were concerned that a limited definition of "port policy" and restrictions on the field of investigation by the Port Work Group would lead to serious omissions in the Group's final report. In their opinion, it was necessary for the study to go further into the industrial function of ports; the effect of ports on other Community-level policies such as energy, transportation, regional development and monetary policies; social aspects of and working conditions in ports; and aspects of competition. After the fifth meeting of the Group a compromise definition of "port policy" was agreed upon by a majority of the port representatives.

For the purposes of the Group's present work the term, "port policy" covers all measures taken by the authorities which are related to activities and services carried out in a seaport (as previously defined)¹²³ and which influence the operational and economic activity of the port.¹²⁴

The Group began to draft and translate a port questionnaire for its fact-finding study at its first meeting in April 1974. The final report was approved by the Group at their 12th meeting in March 1977.¹²⁵ It contained information from all eight EC maritime countries with regard to port structure and organization, division of responsibilities, financial questions, labor relations, and statistical responsibilities. The Group obtained data on 112 seaports, which handled about 80 percent of the Community's seaborne trade. All major ports participated in the fact-finding effort. Never had there been so comprehensive a survey of European seaports.¹²⁶

Despite the comprehensiveness of the fact-finding report, it stayed clear of any policy matters. The ports considered the report useful information. It helped to remove much of the past inter-port distrust. However, they did not consider the report part of their mandate to deal with the question of Community port policy and avoided controversial areas such as the role of competition.¹²⁷ Meetings between the Commission and ports failed to resolve whether it would be useful or desirable for the EC to take any action on port policy. It was felt that it was still premature to draw up a detailed Community port policy program.¹²⁸

It was agreed, after completion of the report, that the Group should push on. They set up another Working Group (basically with the same port representation as the first) with the task of organizing further research to assess how differences in port management, operations, finances and legal obligations, as indicated in the first report, may lead to serious

distortions in competition. They were to analyze the effects of these differences on the costs of shipping. On the basis of these analyses the Group was mandated to draw up a list of initiatives for Community-level action in the port sector.¹²⁹

It is not hard to imagine how difficult this assignment was. In the first place, no single definition of "distortion of competition" had been worked out in any other Community context which could serve as a guideline for seaports. This is a very difficult concept to describe accurately. Secondly, it is no easy task to do a comparative survey of costs for cargo and costs for ships passing through a port.¹³⁰ Published tariffs, in spite of their complexity, do not clearly reflect the principal costs. Recovery of cost of marine terminal land and structure by means of pricing, has never been a clear cut objective of public port administrations.¹³¹ Port charges play a small role in interport competition; frequency of sailings, services and inland transportation rates are more significant.¹³²

Questions regarding port pricing and distortion of competition would lead to an analysis of how ports make investment decisions. This would raise difficulties with EC ports for several reasons. Policy on port investment can not be made in terms of just competition in the area of shipping and transportation. An underlying factor, especially for North Sea ports, is industrial development.¹³³ This impacts the national economy and comparisons of the investment decisions involved, by government and industry, would be difficult to make. Goss, in his comparative study of world ports, found that there were a wide variety of investment decision practices used by ports and that some major ports had no real system of deciding investments; they claimed to respond to the needs of their users.¹³⁴

A series of meetings of the Group in 1978, 1979 and early 1980 were devoted to investigating these tasks. A committee of national port officials was debating the 13th draft of a report in May 1980.¹³⁵ A majority held the view that existing differences between Community ports imply no distortion of competitive conditions. On the other hand, representatives from Danish and Dutch ports believed they do and wanted further study of competitive conditions.¹³⁶ It turned out to be infeasible to quantify the effects of subsidies to ports on the cost of shipping. Though it was possible to produce data for vessel costs, information on the cost for goods shipped was considered proprietary and was not available.¹³⁷ Without completing these two tasks, it was impossible for the Port Working Group to study what appropriate measures could be taken by the Community in the port sector. The development of a common port policy appears to be stalled at this point, while competition between North Sea ports remains as keen as ever.

In summary, national port policies and politics of the EC have slowed movement towards a common port policy for almost 20 years. Some progress has been made. The authority of Community institutions and application of the Treaty to maritime activities and ports has been clarified by the European Court. The report issued by the Port Working Group documented the numerous differences in structure and administration in Community ports and provided a useful data base for further common action. It also demonstrated that the ports of the EC can work together in an atmosphere free of suspicion.

However, the problems encountered thus far, in attempting to formulate a port policy, have been formidable. Intense competition, especially between North Sea ports, is the most important factor. It is generally recognized that competition on an equal basis will also be a

key principle of Community port policy. Historic practices have caused distortions in port competition. Although it has not been possible to accurately quantify how these distortions effect shipping costs and port tonnages, port officials fear that economic dislocations would result from the harmonization of port policy and government practices. Any attempt by the European Commission to implement a port policy with balanced investment and regulated captial projects would meet a wall of resistance from major North Sea ports.¹³⁸ Even though the Commission is ultimately responsible for, and has the general authority for, initiating Community action in the port sector, it will not force moves towards a port policy without consensus of the maritime member states.

The evolution of a European Community port policy is a long term process. As such, it is subject to a host of political, economic and maritime industry factors, many of which are outside of the influence or control of the Port Working Group or the individual ports. The next section will examine some of these long term forces and evaluate their impact on future prospects for a Community port policy.

H. Future Trends in Community Trade and Port Development

Matters concerning ports extend beyond national and regional boundaries. As an integral part of the flow of international trade, ports are affected by changes in international economics, patterns of world trade, new shipping technologies and international relations. The dynamic influences on port development complicate predictions for the outcome of a common port policy. The swiftness of change blurs a "snapshot" of the situation and results in an unclear picture of the future of the North Sea ports.

These trends impact ports and port policy, but are not controlled by

the EC or its member countries. They should be examined because they tend to counter the impediments to a port policy.

The actual growth of trade since 1950 and the extent to which international trade and investment have reshaped the world economy have exceeded all predictions (See Table 10). The increased internationalization of the economy has been made possible by the constant growth of international transportation, in particular, marine transportation.¹³⁹ The general economic trends which have provided the impetus for port and maritime developments are of world magnitude. In the face of such trends, the behavior and adjustments are not limited to one country, but to a group in a similar situation. The developments which affect ports occur at the Western European level.

TABLE 10. GROWTH OF INTERNATIONAL SEABORNE TRADE
(Million metric tons)

<u>Year</u>	<u>Dry Cargo</u>	<u>Oil</u>	<u>Total</u>
1950	300	225	525
1955	450	350	800
1960	540	540	1080
1965	780	860	1640
1970	1110	1420	2530
1975	1380	1650	3030
1978	1520	1870	3390

(Source: OECD, Maritime Transport 1978 and 1979.)

As previously examined, Community trade has grown significantly and presently accounts for approximately one-fourth of the world's total trade. It is heavily concentrated in the North Sea Coast region, whose ports serve the highly industrialized and populated centers of continental Europe (See Tables 4-8 and accompanying text). What will be the future of trade for this region and how will it impact ports?

Forecasts of trade and related port development are a delicate and dangerous art. Generally, the 1980's are expected to show a slower

growth in oceanborne tonnage than in the 1960's and 1970's.¹⁴⁰ This will be partially due to a lessening in the demand for petroleum and a slower growth in oil shipments. However, there will still be growth in world trade and this has been interestingly analyzed by Nobel economist, Professor Wassily Leontief in a paper he presented at the 11th Conference of the International Association of Ports and Harbors, in April 1979.¹⁴¹ Based on the assumption of a conservative economic scenario, growth in world trade from 1970 to 2000 would be approximately 4.1 percent per year. The Western European region is impressive in comparison to the eight other regions of the world in the size and growth of its general cargo trade. It is projected to increase from 380 million metric tons in 1970 (the largest of any region) to 1,721 million metric tons by 2000, an increase of 1341 million metric tons.¹⁴²

Projections in the study, broken down by regions, by types of cargo and by specific commodity groups, provide the basis for an assessment of the additional port facilities of particular types that will be needed to handle cargo by the year 2000. Using various construction cost profiles, this data was developed into projected investment in port facilities as shown in Table 11. Western European port investment is projected to be the highest of any region, with the largest share being used for general cargo and container facilities.

TABLE 11. PROJECTED REGIONAL INVESTMENT IN ADDITIONAL PORT FACILITIES
TO HANDLE INCREASE IN SEABORNE TRAFFIC FROM 1970 TO 2000: BY REGION
AND TYPE OF PORT
(Millions of U.S. Dollars)

Region	Liquid Bulk	Type of Port		General Cargo*	Total Invest- ment in Ports
		Dry Bulk Minerals	Other		
North America	804	681	2484	8248	12217
Western Europe	965	318	1788	26383	29454
Japan	2252	672	3636	5828	12388
USSR, E. Europe	70	85	996	4002	5133
Oceania	72	160	180	751	1163
Latin America	238	565	636	2330	3769
Asia	242	411	2052	2128	4833
Africa	39	341	528	1649	2557
Middle East	7460	162	444	7399	15465
World Total	12142	3395	12744	58718	86999

* General cargo port includes container handling facilities.

(Source: Wassily Leontief, "Future of World Ports.")

Prof. Leontief's projected trends for Western European trade indicate that Community ports will continue to expand and handle more traffic. General cargo and containers make up the largest share of growth, and it is this type of cargo which generates intense competition between ports. The projected port investments needed for this region to meet the cargo demands is a staggering sum. Any methodology which will help to control this investment and prevent over expenditure for duplicated or unnecessary facilities will be of interest to ports.

Compensating somewhat for the high cost of modern port development is the fact that the general availability and increase in cargo allows for more freedom to adjust port rates and charges upwards.¹⁴³ There is a trend toward self-support in port operations which appears to be of

worldwide dimensions. The financing burden of modern port installations has convinced governments that port development can and should be treated as a self-sufficient enterprise.¹⁴⁴ In order to keep port charges at a remunerative level, competition can not be allowed to be so "cut-throat" as to keep ports tied to substantial subsidies. Port organizations in the North Sea range recognize the need to strengthen their revenue base and to control the harmful financial impacts of competition.

At the same time, increased port tonnage and projected stable growth, and allows for some selectivity as to the types of cargo to be handled.¹⁴⁵ Specialization tends to lessen competition between ports. Once a port has developed a facility to handle a specialized commodity, such as LNG, it will have few rivals for that commodity in a fairly large geographic area. Specialization, therefore, can break down barriers to port cooperation.

A form of specialization that has had a significant impact on North Sea ports is port industrial development. This type of development uses a large water dependent industry and its related port infrastructure as a magnet to attract other port users.¹⁴⁶ Large port industrial complexes have literally changed the face of many major North Sea ports.

The petroleum industry has been at the center of many of these port projects. International petroleum shipments have grown to compose the dominant share of world shipping (See Table 10). In Western Europe, this has been reflected by the importation of massive quantities of energy products and metallic raw materials largely from Third World countries. These imports largely replaced consumption of domestic raw materials and energy products consisting mainly of iron ore, coal, lignite and hydro-electric energy. This phenomenon was the origin of the development of port industrial zones.¹⁴⁷

The basis for port industrial development stems from several related factors: dominance of the petroleum sector, influence of economies of scale, and influx of public capital into the economy.¹⁴⁸ A large share of petroleum tonnage in EC shipping (See Table 1) is for the petroleum industry's own needs and those of the related chemical industry. The Community's oil industry is marked by a high percentage of imported crude. Nineteen in every 20 gallons of oil products are refined from imported crude, and while the sources of supply vary from country to country, the most important are the Middle East and Northern Africa.¹⁴⁹ All imports from these areas are handled by oil tankers. As a consequence of the large volume of tanker imports and the cheapness of refining at coastal sites and distributing the products from there to the interior; terminal, distribution and refinery capacity is concentrated on the coasts. North Sea refineries have one-third of the total EC capacity. The most suitable sites in the area are those having deep water, available land and good connections with the large industrial areas in the immediate interior. Rotterdam is the foremost example. Beginning in the 19th century, the mouth of the Rhine was excavated to form a straight, deep channel leading out to the North Sea. Subsequent channel and port development led to the decision after World War II to embark on a series of massive deepening and land reclamation projects intended to bring manufacturing and processing industries to the port area.¹⁵¹ With a hinterland that encompasses in a 300-mile radius 160 million people and an intense network of roads and canals linking it to the major economic core areas of Western Europe, Rotterdam has been able to develop its industrial as well as commercial port areas into the busiest in the world.

Other Community members are also concentrating heavy industrializa-

tion at North Sea port complexes. Le Havre, Dunkirk and Antwerp have been stimulated by the establishment of basic ocean linked industries such as steel, oil refining and alumina production.¹⁵² The German "alternative" to Rotterdam is Wilhelmshaven, a deep draft industrial port on the Jade Busen, east of Bremerhaven.¹⁵³ **Oil companies** looking for a suitable North Sea port in 1956 to supply crude petroleum by pipeline for refineries in the Rhine and Ruhr area decided on Wilhelmshaven and constructed terminal facilities and a 389 km pipeline.¹⁵⁴ By 1975, volume at this German port exceeded 23 million tonnes (1 tonne = 1000 kg.) almost exclusively oil.

Concentration of these industries, especially petroleum in port areas, partially can be explained by economies of scale being achieved during this period in maritime transportation and production.¹⁵⁵ The move towards gigantism in tankers is well known. A rule of thumb holds that resistance increases with the square of the hull dimensions while carrying capacity increases with the cube.¹⁵⁶ This accounts for savings in power and construction. Only a modest increase in manning scales are required to operate larger ships. The collective impact of these economies is reflected in the declining daily costs per ton with increases in vessel size.¹⁵⁷ The continued expansion in the size of the largest tanker vessels is shown in Table 12.

TABLE 12. INCREASE IN TANKER SIZE 1945 - 1971

	<u>1945</u>	<u>1950</u>	<u>1955</u>	<u>1960</u>	<u>1965</u>	<u>1970</u>	<u>1975</u>
Size (000 dwt)	21	30	47	104	130	326	477
Draft (feet)	30	84	38	49	54	82	92.5

(Source: Bertrand L. de Frondeville, et al, Foreign Deep-Water Ports: Lessons for American, 1973.)

The immediate repercussion to ports of this phenomenon is the depth of water required by vessels. In order to accomodate these large vessels, ports had to make investments necessary to increase water depth. Depending on local conditions, this could involve the deepening and maintenance of channels, construction of new locks, mooring bouys or quays in deeper water and even construction of artificial islands at sea.¹⁵⁸ Environmental costs are also involved. For example, in Rotterdam, salt water intrusion in the Rhine River, due to a deeper channel, became a serious problem. Its solution required the port and Dutch government to invest in steps across the river bottom to reduce penetration of the denser salt water into valuable agricultural and horticultural lands nearby.¹⁵⁹

The technical and institutional characteristics of port industrial complexes combined with financial requirements to make them a probable place for public investment. Although in principle, the construction of port infrastructure, such as docks and quays, is amortized by the port through user tariffs or leases to the industrial firms; relieving the users from having to undertake the investment costs of infrastructure, which would have such a long life represents a considerable economic advantage.¹⁶⁰ In addition, the governments of the Community members on the North Sea have provided the structural elements necessary to spur industrial port development, such as the expansion of transportation infrastructures. Industrial port development plays a central role in broad, national social and economic development programs in France, Belgium and the Netherlands.¹⁶¹ However, financial inducements are difficult to identify and sort out. The Port Working Group met this difficulty in trying to quantify the impacts of government financial support for industrial ports on shipping costs. Not only are costs and

subsidies difficult to sort out and identify, but the economic benefits of industrial port complexes can go beyond city, state and national boundaries and can not easily be limited to a specific geographical area.¹⁶² Therefore, there is a rationale for having the economic decisions concerning these industrial ports made on a regional or supra-national level.

Growing volumes of cargo and changing patterns of trade have facilitated the introduction of new shipping technology. These developments have a tremendous impact on ports but are not controlled by them. Change, once initiated, tends to gain a momentum of its own as ship operators, shippers, port authorities, shipyards, and research and development interests compete with one another to offer the most modern services.¹⁶³ The ports on the North Sea range have had to adapt quickly to new technology because they are located at the terminus of the long distance, deep ocean, high volume trades which establish a "leading edge" for marine technology.¹⁶⁴

In addition to accommodations made by ports for large bulk carrying vessels mentioned previously, containerization is another good example of demand and technology creating a radical and expensive change in port facilities. The first fully integrated, regular container service started in the North Atlantic trade in 1966. Its rapid spread appears to have been more the product of competitive pressures than of the system's immediate economic return. Port authorities indirectly subsidized shipping lines' conversion to containerization by only partially charging the large investment in new facilities to their users.¹⁶⁵

The ease with which containers can be transferred from one vehicle to another has stimulated the development of intermodal transportation systems. Land bridge and unit train services operate to and from North

Sea ports, such as the Rotterdam to Milan unit train. The effects of containerization on ports include an interdependency between functions of a port, concentration of traffic through fewer ports and a need for more cooperation between ports on specialization and investment.¹⁶⁶ To maximize the economies of containerization, port calls should theoretically be kept to a minimum. From the container operator's point of view, it is desirable to be able to choose and limit his number of ports served.¹⁶⁷ Based on this assumption, competition by ports for container traffic could lead to overcapacity and mis-investments.¹⁶⁸ On the other hand, port authorities can argue that with the rapid development of container services and the long term scale of port investment, it is necessary to plan for future handling capacity well in advance of actual demand.¹⁶⁹ Due to the intense competition between North Sea ports and the large share of cargo which is containerized, rationalization of container ports takes on crucial importance. Some degree of coordination among Community container ports will be necessary in the future.

Other trends in world shipping, which increase the need for ports to deal with rationalization pressures on a joint basis, are intergovernmental agreements and cargo sharing schemes. The liner trades, which have been controlled by international shipping conferences, are subject to international rules under the UNCTAD Code of Conduct for Liner Conferences. Provisions of the Code, such as the right to participate in the carriage of liner cargoes (with a recommended 40-40-20 formula for cargo allocation) and extensive rules for consultation between the conference and shippers, will facilitate rationalization.¹⁷⁰ Shipping agreements tend to concentrate power in shipping into larger units, i.e., a conference of liner companies or the lines of the two trading nations and their governments, versus individual ports. The result is ports have

little influence over rationalization decisions which would affect them. Further unitization of cargo and the trend towards economies of scale, when combined with international cargo sharing agreements, will place a great deal of emphasis on rationalization in the liner trades and port calls. Whether this will lead to an agreement by Community ports to rationalize their development remains to be seen.¹⁷¹

I. Regionalism and Community Ports

The forces shaping port policy and development in the EC are many and complex. Growth in trade, especially in the EC, may slow down but should continue to expand. The demand for port facilities will continue and Community ports will be faced with the high cost of new investments. Changes in shipping technology, such as larger vessels and unitization, will raise the cost of port development even higher. The port industry has become less labor and more capital intensive. New technology will provide the opportunity for specialized port facilities. The high cost of port development will focus on the dangers of intense port competition which exists between North Sea Coast ports. The long term planning and development of industrial port complexes is an important economic factor in this region, with national governments participating financially in their development. Previously localized port economic impacts are now national, and in the case of Western Europe, international. International relations will continue to play a role in port development as "shipping nationalism"¹⁷² increases and government regulation of shipping and rationalization of shipping services become more widespread.

Most of these trends are long term and their magnitude and eventual impact on ports is hard to predict. They are also difficult to control on an individual port basis. National governments and the EC are often

unable to influence, to any great degree, many of the international trends in ocean shipping. Ports are facing a situation where they increasingly must deal with larger, consolidated groups in the shipping industry and they are losing any degree of parity they had in dealing with these interests.¹⁷³ North Sea ports are organized locally and are often inadequate to deal with concentrations of capital and control.

Despite the fact that local and national port interests have impeded action on a Community port policy, there is a growing interest, due to the impact of forces beyond the control of individual ports, in regional port development cooperation. Regionalism is an indefinite concept due to the many and varied uses it can assume.¹⁷⁴ The European Economic Community is a prime example of regional economic cooperation. Cooperation is necessary because nation states are too small to be effective economic units. In regards to ports, regionalism means ignoring existing political jurisdictions because they are arbitrary and instead consider geographic areas which reflect economics or the area benefitting from the port.

A logical geographic area for port regionalism is the EC. Regional economic cooperation is most developed in this portion of Western Europe. In this small cluster of states, there are strong feelings of regional identity based on geographic and cultural affinities.¹⁷⁵ The economic impacts of the common market have increased the interdependencies of the member states and have raised intra-Community trade. This situation should facilitate the development of regional port cooperation.

J. Recommendations

Regionalism involves the examining of new institutional arrangements for ports.¹⁷⁶ In those countries on the North Sea where port management has been fairly decentralized (in all with the exception of France), there was felt a need for greater coordination at the national level. In this regard, there has been established the National Port Council in Great Britain, the National Commission for Port Policy in Belgium and the Seaport Consultative Commission in the Netherlands.¹⁷⁷ On the Community level, the manifestation of this centripetal trend is the Port Working Group.

The existing Port Working Group has been primarily a data gathering organization. This is an important initial and continuing function of a regional port organization. Good national and regional transportation policy requires reliable quantitative analyses of the effects of alternative policies. Establishing research grants for systems analysis of the probable effects of various Community port and transportation actions should be a first step towards a port policy.¹⁷⁸ Although the report by the Group on port structures and administration provided useful information, the Group lacked a data base to go on to evaluate the relationship between subsidies and shipping costs.

The EC must move beyond the stage of data gathering if it is to formulate an effective port policy. The next objective should be to develop the process of collective decision-making. As this process becomes institutionalized, it will draw more support and cooperation from the ports.¹⁷⁹ The result will be a substantial port policy that will create benefits for the region as a whole.

How will this process of collective decision-making come about and what institutional forms are needed? Based on the long standing

independence of port organizations in the EC, it is most unlikely that the Commission would try (or member states allow) centralized control of port development and finances.¹⁸⁰ On the other hand, after almost twenty years of studies on ports and shipping by the Commission and Parliament, it is doubtful that they would stand by while progress on port policy is stalled.¹⁸¹ A new Community port organization is necessary to bring about further cooperation between EC ports without central control. Coordination is a function which animates the effective management of a complex organization.¹⁸² There is a need for an organization at the Community level to provide positive, active coordination and not merely be a passive clearinghouse or data bank.

Based on the assumption that EC ports (and their national governments) recognize the necessity of cooperation, a new European Ports Council should be formed. It would have basically the same membership as, and replace, the Port Working Group. Its primary responsibilities would be to:

1. Establish a standardized data base for port tonnages, vessel statistics, operating conditions and financial practices on a detailed systems basis.
2. Develop and standardize measures of efficiency for ports. Physical and financial measures of efficiency should be the basic measures. They should also be published and used as a basis for comparison of Community ports.¹⁸³ If equal competition is to be a basis for Community port policy, a reliable and standard measure of port performance is necessary.
3. Make policy recommendations to the Council of Ministers via the Commission. This would be the key on-going function of the European Port Council. It provides the opportunity for the

Council to be an active coordinator of Community port policy. The Port Council will be in a good position to develop a consensus among the ports and act as a liaison with Community institutions to facilitate port policy development.

4. Represent Community ports in international arenas. Ports will be impacted more in the future by intergovernmental organizations dealing with port-related concerns such as shipping and trade, vessel safety, marine pollution, etc. Represented as a unit, Community ports could be very influential.

The evolution of a Community port policy is a long term process which will probably proceed no faster than the pace of European integration itself.¹⁸⁴ However, a European Port Council, with a mandate to actively promote the research and cooperation necessary to build a consensus among Community ports, can possibly initiate Community port policy ahead of other integrative efforts of the EC.

Further European integration was challenged in the 1970's by the oil crisis, the recession and other economic disruptions. The EC should have moved from "negative" integration directed at eliminating obstacles, towards a "positive" phase based on common economic and financial policies.¹⁸⁵ Although the addition of three new member states during this period did not result in moving towards this positive integration, it did help the EC weather the decade's economic problems. Pragmatism is the main approach to the problems that the EC has dealt with in its development.¹⁸⁶ A pragmatic approach will be characteristic of the further evolution of a port policy. Progress may continue to be slow but there will be no reversing incremental steps taken toward a port policy because in the process of achieving consensus, commitment to a common port policy will be made by the member states.

K. Conclusion

The ports of continental Europe's North Sea Coast serve one of the world's most active trade routes, the North Atlantic, and have as a hinterland a densely populated industrial core area of Western Europe. These ports have traditionally operated independently in a competitive environment. Since World War II, they have grown to be the major commercial centers for the growing trade of the European Economic Community.

Despite the authority of the European Commission to set policy for member states in regard to trade and transportation, a Community port policy has made little progress. Intense competition, which exists between the North Sea ports, has been a major impediment to agreement on Community action. The ports and Community institutions agree that complete equality should be the basis for a port policy. However, there is concern that the existing patterns of inter-port competition have been distorted by governmental involvement in the provision of infrastructure, financing, and other forms of subsidy. Any attempts by the Commission to restore and keep port competition free and equitable would raise fears by ports and national governments that disruptions of economic conditions in port areas would occur.

The way out of this situation and the way to get stalled port policy moving is to organize a new European Ports Council whose main function will be to promote regional port cooperation. Full cooperation will be achieved only gradually and through a pragmatic approach. An active European Ports Council will ensure that the pace of formulating a port policy does not lag behind the pace of European integration itself.

Footnotes

1. A. Le Roy Bennett, International Organizations: Principals and Issues (Englewood Cliffs, N.J.: Prentice Hall, 1977), p. 313.
2. Full entry of Greece occurred in January 1981. Its impact on the EC has not yet been fully felt or evaluated. Greek ports are geographically not competitive with the major Community ports on the North Sea Coast. Therefore, data on Greece and Greek ports are not included in this paper.
3. Treaty of Rome, 298 United Nations Treaty Series 11. Hereinafter: the Treaty.
4. Robert L.M. Vleugels, "The Ports in the 80's, the European Scene," Ports and Harbors, June 1980, p. 15.
5. Charles C. Colby, North Atlantic Arena (Carbondale, Ill: Southern Illinois University Press, 1966), p. 70.
6. Geoffrey Parker, The Logic of Unity, 2nd ed. (London: Longman Group Ltd., 1975), pp. 7-10.
7. Ibid., pp. 15 and 156-160.
8. Directly across the English Channel from this continental economic core is Britain's central economic region. It also is built around navigable rivers and coastal ports and stretches diagonally across lowland Britain from the Mersey to the Thames. See Parker pp. 17-19.
9. United Nations, Statistical Yearbook 1978 (New York, 1979), p. 72.
10. Parker, p. 158.
11. EEC Shipping, "Cinderella of the Land Transport Systems Reaches Fulfillment" (Colchester, U.K.: Seatrade Publications Ltd., 1979), pp. 41-43.
12. Ibid.
13. "Container Movement on Rhine River Growing Dramatically," Fairplay International Shipping Weekly, 23 April 1981, p. 10.
14. Col. H.R. Haar, Jr., "Rhine, Main, Danube-Linked by Ambitious 3,500 km Project," Ports and Harbors, January-February 1980, p. 36.
15. Ibid.
16. EEC Shipping, "Cinderella of Land Transport....," p. 43.
17. Guido G. Weigend, "Some Elements in the Study of Port Geography," The Geographical Review 2 (April 1958): p. 189.
18. Colby, pp. 79-81.

19. European Commission, "The European Community and the United States," Europe Information 39/80 (Brussels, November 1980): p. 9.
20. Colby, pp. 222-223.
21. Treaty of Rome, 298 United Nations Treaty Series 11, Title I, Articles 9-37. Hereinafter: the Treaty.
22. A customs union is one stage of economic integration. These stages, in order of increasing involvement of participating countries, are: Free trade area - an arrangement between states by which they agree to remove all customs duties and quotas on trade passing between themselves. Customs union - tariffs and quotas on trade between members are removed and members agree to apply a common level of tariff on goods entering the union from without. Common market - free movement between states of the factors of production (labor, capital and enterprise) existing alongside the customs union. Economic union - the ultimate stage in which there are common policies on all economic matters, as well as a common currency, all operated under a supra-national authority. See: D. Swann, The Economics of the Common Market (Middlesex, U.K.: Penguin Books Ltd., 1970), pp. 29-32.
23. European Community Publications, "European Community Facts," 1979, p. 9. This statement assumes that the existence of a customs union has lead to an increase in trade within that union because of (a) increased specialization and production by members, and (b) possible diversion of trade to and from non-member countries towards member states. For an explanation of the economic principles of trade diversion and creation see: Alan H. Charnley, The EEC: Study in Applied Economics (London: Ginn & Co. Ltd. 1973), pp. 34-36.
24. United Nations, 1978 Yearbook of International Trade Statistics (New York, 1979). 1978 World trade (in millions U.S. dollars, FOB) was \$2,601,724.0. Community trade was \$894,316.0 or 34.35 percent.
25. J.H. Bird, "Maritime Transport in an Enlarged European Economic Community," from a conference at the "Universita Degli Studi Di Trieste," August, 1968, pp. 135-136.
26. Ibid.
27. J.H. Bird and E.E. Pollock, "The Future of Seaports in the European Communities," Geographical Journal 144 (1978): p. 25.
28. Bruce Barnard, "Rotterdam Seeks to Retain Coal Edge," The Journal of Commerce, 28 April 1981, p. 1.
29. Bruce Barnard, "Amsterdam Seeks More Coal Trade," The Journal of Commerce, 29 April 1981, pp. 1 and 12.
30. Ibid.
31. "European Report," 156, Brussels, July 1974.

32. "Rapport sur la Politique Portuaire dans le Cadre de la Communauté Européenne" European Parliament, Document 10/72. Hereinafter: Seefeld Report. See text at notes 101-102 for a discussion of the Seefeld Report.
33. P.J. Powrie, "The Community and the Ports" National Ports Council Bulletin 7 (1975): p. 9.
34. "Wide differences between support regimes for European sea ports - also from country to country," Ports and Harbors, October 1978, p. 26.
35. Powrie, pp. 7-9.
36. "Wide differences....." Ports and Harbors, October 1978, p. 25.
37. Weigend, pp. 187-188.
38. F. Suykens, "European Seaport Policy" (Parts 1 and 2), Ports and Harbors, October and November 1979, p. 1:12.
39. Ibid., p. 1:15.
40. Commission of the European Communities, Report of an Enquiry into the Current Situation in the Major Community Seaports drawn up by the Port Working Group, September 1977. Hereinafter: Port Working Group Report. For a description of this major survey of Community ports see text at Note 120.
41. Port Working Group Report, p. 31.
42. R.O. Goss, A Comparative Study of Seaport Management and Administration, 2 vols. (London: Government Economic Service, Departments of Industry, Trade and Prices, 1979), p. 2:107.
43. Ibid., p. 2:240.
44. John L. Hazard, "The national role in world port development: United States and Western Europe," Maritime Policy and Management 5 (October 1978): p. 276. Other autonomous ports in the Community include: the Port of Copenhagen and major ports in Italy and Ireland.
45. The exception in the EC are the nationalized ports of the UK administered by the British Transport Dock Board. These 19 nationalized ports handle more UK cargo than any ports in the British port system. See: Port Working Group Report, pp. 10-11 and 33.
46. The Federal Republic of Germany is a federation of "Landaers," similar to States in the U.S. They have extensive powers governing land and water usage and hence ports. Emden and several smaller German ports belong to the Land in which they are located. Bremen/Bremerhaven are municipally controlled. The port of Hamburg is under the City and Land, which in this case are identical. Goss, p. 2:169.
47. Hazard, p. 278.

48. Goss, p. 1:11.
49. Ibid. The only example of a total port organization in the EC are British ports where the port organization is responsible for providing their own channel dredging, navigation aids, oil pollution control and charge conservancy duties for these services.
50. Suykens, p. 1:16.
51. The division of functions is very similar to that found in most U.S. ports where the federal government is responsible for navigation channels and the interstate highway system; local port authorities for planning, development and promotion of the infrastructure and related port facilities; and private companies for operations and services.
52. Hazard uses these two classifications, ports as commercial enterprises and public assets, to measure port performance. See Hazard, pp. 278-281. Bird and Pollock use the same categories as port policy objectives. See Bird and Pollock, pp. 26-28.
53. Hazard, p. 274 and note 15. The goal of British nationalized ports is a return of not less than 9 percent on average net assets after depreciation but before interest.
54. In July 1967, the UK government set up the Committee of Inquiry into Shipping under the chairmanship of the Rt Hon the Viscount Rochdale. The Committee's purpose was to review the organization and structure of the UK shipping industry its operation, efficiency and competitiveness. Under this broad mandate, the role of ports in British maritime industry was also examined. See: S.G. Sturme, "The development of the Code of Conduct for Liner Conferences," Marine Policy (April 1979): pp. 133-148.
55. Bird and Pollock, p. 26.
56. Hazard, p. 279.
57. Bird and Pollock, p. 28. Many U.S. ports have produced port economic impact studies which attempt to quantify their contributions to the local, regional and state economy. Some have produced value-added figures or multipliers for each ton of cargo moving through the port. Several of the most widely recognized U.S. port economic impact studies are: Eric Schenker, The Port of Milwaukee: An Economic Review, 1967; Seattle Port Commission, Seattle Maritime Commerce and Its Impact on the Economy of King County, 1971; Aisl Gezen, Economic Benefits of the Port of Detroit, 1976; University of Maryland, The Economic Impact of the Port of Baltimore on Maryland, 1969.
58. Hazard, p. 279.
59. Bird and Pollock, p. 27.
60. Bird, "Trieste Conference," pp. 139-140.

61. Port Working Group Report, Tables 1, 2 and 3, pp. 42-44.
62. Hazard, p. 271.
63. Bird and Pollock, pp. 28-29. The report is entitled "Comparison of the Costs of Continental and British Ports - 1974" and was done by Touche Ross & Co. for the National Ports Council.
64. Ibid.
65. Hazard, p. 280.
66. Suykens, p. 1:17.
67. Vleugels, p. 15.
68. Weigend, pp. 186-170.
69. Inis L. Claude, Jr., Swords into Plowshares, 4th ed. (New York: Random House, 1971), p. 108.
70. Katherine Savage, The History of the Common Market (London: Longmans Young Books, Ltd., 1969), p. 7.
71. Ibid., pp. 80-82. Brussels is the center for Community activities, with offices of the Council, Commission and Economic and Social Committee. The Court of Justice and European Parliament are headquartered in Luxembourg. The Parliament meets in plenary sessions in Strasbourg and Luxembourg. Selection of a permanent site for Parliament is being discussed by member governments. See: "Nomadic MEPs demand a permanent home," Euroforum, 5 December 1980, p. 7.
72. Roger Broad and R.J. Jarrett, Community Europe Today (London: Oswald Wolff, 1972), p. 109.
73. Alan H. Charnley, The EEC: A Study in Applied Economics (London: Ginn & Co., Ltd., 1973), pp. 268-269.
74. Ibid.
75. Leon N. Lindberg and Stuart A. Scheingold, "The Rule-making System of the European Community," Regional International Organizations/Structures and Functions, ed. Paul A. Tharp, Jr. (New York: St. Martin's Press, 1971), p. 94.
76. Treaty, Article 148 (1-2).
77. Broad and Jarrett, pp. 116-117.
78. Treaty, Articles 155-157.
79. Charnley, p. 269.

80. The delicate balance of power that exists between the Council and Commission is analyzed by Lindberg and Scheingold, Note 75, pp. 101-108.
81. Werner J. Feld and Gavin Boyd, eds., Comparative Regional Systems (New York: Pergamon Press, 1980), p. 115. Supporters of a united Europe hoped that this would strengthen the Parliament and lead to the acquisition of new powers. But low voter turn out for the election diminished these expectations.
82. Paul D. Reynolds, "The EEC and the Law of the Sea," Marine Policy (April 1977): p. 120. See: Treaty, Articles 164-188, and the Protocol on the Statute of the Court of Justice of the European Economic Community.
83. Treaty, Articles 173, 174 and 177.
84. Reynolds, p. 120.
85. Charnley, p. 272.
86. Reynolds, p. 119.
87. Ibid, p. 120.
88. Ibid.
89. Claude, pp. 111-112.
90. Broad and Jarrett, p. 28.
91. Treaty, Articles 74-84.
92. P.J. Powrie, "The Community and the Ports," National Ports Council Bulletin 7 (1975): p. 3.
93. Bird and Pollock, p. 24.
94. Ibid.
95. Annual reports of the Organization of the Shipowners' Association of the European Communities (CAACE), 1973, to 1978. CAACE was formed in 1962 by EC member countries. It was expanded with the enlargement of the Community to nine and is headquartered in Brussels.
96. CAACE Annual Report 1978, p. 2.
97. J.H. Bird, "Seaports and the European Economic Community," Geographical Journal (September 1967): p. 302.
98. Ibid., pp. 302-303.
99. R.E. Baxter, "The Ports and the European Economic Community," National Ports Council Bulletin No 4 (1973): p. 3.

100. Powrie, "The Community and the Ports" (See Note 92) gives an excellent chronology of the actions taken to develop a common port policy from 1958 to 1973. This summary is based on Powrie's work.
101. The Kapteyn Report recommended special consideration for ports whose hinterlands had been cut-off or altered because of the division between Eastern and Western Europe, e.g., the Port of Hamburg.
102. Horst Seefeld was rapporteur for two subsequent reports for the European Parliament on sea transport problems. Both of these reports stressed the importance of considering ports in any sea transport policy, especially where technological developments in ships would impact port investments. See: European Parliament Working Documents, document 305/74, 25 October 1974 and document 5/77, 25 March 1977.
103. Powrie, p. 9.
104. Ibid., p. 10.
105. "The Need for a Community Ports Policy," European Report, 13 July 1974, p. 6.
106. Powrie, p. 8.
107. Ibid., pp. 10-11.
108. See text at Notes 76-77.
109. Parker, p. 20.
110. Ibid.
111. Ibid., pp. 27-28.
112. Powrie, p. 3.
113. European Report, 13 July 1974, p. 7.
114. See text at Notes 94-98.
115. Commission v French Republic, Case 167/73, 1974, ECJ Rep 359. Summarized in: Leading Cases and Materials on the Law of the European Communities, 3d ed., edited by D.J. Gijlstra et al. (Amsterdam: Europa Institute, 1980), pp. 148-150.
116. Commission v French Republic, in Gijlstra et al., p. 150.
117. Ibid.
118. Bird and Pollock, p. 25.

119. Port Working Group Report, p. 1. Representatives of the following ports attended: Antwerp, Ghent, Copenhagen, Hamburg, Bremen, Bordeaux, Dunkirk, Le Havre, Marseilles, Dublin, Venice, Genoa, Naples, Trieste, Amsterdam, Rotterdam, Clyde, British Transport Docks Board, Port of London Authority and Mersey.
120. Port Working Group, p. 3.
121. Powrie, p. 13.
122. Port Working Group, pp. 6-7.
123. The term "seaport" was defined as, "an area of land and water made up of such improvements works and equipment as to permit, principally, the reception of ships, their loading and unloading, the storage of goods, the receipt and delivery of these goods by inland transport and can also include the activities of businesses linked to sea transport." Port Working Group, p. 6.
124. Ibid.
125. Ibid., pp. 24-25.
126. "Wide differences..." Ports and Harbors, October 1978, p. 25.
127. "EC Ports Policy Seen Years Away," The Journal of Commerce, 22 April 1977, p. 11.
128. "Towards Definition of Eventual EEC Action in Field of Seaports," "Europe Press Release," 13/14 June 1977.
129. Ibid.
130. Suykens, p. II-18.
131. Paul A. Amundsen, Current Trends in Port Pricing, prepared for U.S. Department of Commerce, Maritime Administration, Office of Port and Intermodal Development, August 1978, p. 2.
132. Complete equality for ports means that any inland transport rates favoring certain ports are contrary to the Treaty (Article 80). Bird, "Seaports and the European Economic Community," p. 303.
133. L.H. Klaassen and N. Vanhove, "Macro-Economic Evaluation of Port Investments," from The Future of the European Ports, ed. Rudolf Regul, 2 vols. (Bruges, College of Europe, 1971), pp. 2:542-543.
134. R.O. Goss, "The Economic Efficiency of Seaports," Ports and Harbors, November 1979, p. 24. This article was based on Goss' research on comparative port systems as part of a traveling fellowship from the British Government. See reference 42.
135. H. Peter Dreyer, "EC Makes Little Headway Toward Common Ports Policy," The Journal of Commerce, 6 June 1980.

136. Ibid.
137. Ibid.
138. "Common port policy fears on the waterfront," Seatrade, August 1980, pp. 115-117.
139. S.A. Lawrence, International Sea Transport: The Years Ahead (Lexington, Mass.: Lexington Books, 1972), p. 121.
140. Vleugels, p. 16.
141. Prof. Wassily Leontief, in collaboration with Carl Gray and Richard Kleinberg, "The Future of World Ports," Ports and Harbors, September 1979, p. 10.
142. Ibid., p. 13.
143. Amundsen, p. 10.
144. Ibid., p. 12.
145. Ibid., p. 10.
146. The concept of water dependent industries developed from coastal land use planning. Two types of water dependency defined by the State of Washington's Department of Natural Resources are: 1) Water-dependent, those which cannot exist in any other location but on the water; 2) Water-oriented uses, those which may be helped by location on the water, but which can function away from the water. See: Marc Hershman, et al., Under New Management (Seattle: University of Washington Sea Grant Publication, 1978), pp. 76-79.
147. Paul Hanappe and Michel Savy, "Industrial Ports and Economic Transformations," an eight part series in Ports and Harbors, March 1978 to October 1978. March 1978, p. 19-21.
148. Ibid. April 1978, p. 22.
149. Parker, p. 63.
150. Ibid., p. 64-65.
151. Goss, A Comparative Study..., p. 2:247.
152. Bertrand L. de Frondeville, et al., Foreign Deep Water Ports: Lessons for America (Washington, D.C.: Gryphon House, 1973), pp. 41-42.
153. G. Eickmeier, "Wilhelmshaven, the German Alternative for Transshipment of Bulk Commodity," The Future of the European Ports, see reference 133, pp. I. 272-273.
154. Ibid.

155. Hanappe and Savy, April 1978, p. 22.
156. John L. Hazard, Transportation: Management, Economics, Policy, (Cambridge, Maryland: Cornell Maritime Press, 1977), p. 300.
157. Ibid., p. 301.
158. Hanappe and Savy, April 1978, p. 24.
159. Goss, p. 2:248.
160. Hanappe and Savy, April 1978, p. 29.
161. Bertrand L. de Frondeville, et al., p. 97.
162. Rudolf Regul, "Summary and Conclusions," The Future of the European Ports, p. II: 742.
163. Lawrence, p. 153-154.
164. Ibid., Note 13:1, p. 290.
165. Ibid., p. 162.
166. Th. Thorburn, "The Function of Maritime Ports," from The Future of the European Ports, see reference 133, p. I:16-17.
167. Organization for Economic Cooperation and Development, Developments and Problems of Seaborne Container Movements 1970, Maritime Transport Committee, Paris, 1971, pp. 47-50.
168. Regul, p. II:746.
169. OECD, p. 50.
170. Lawrence Juda, "World Shipping, UNCTAD, and the New International Economic Order," to be published in International Organization, Summer 1981.
171. Of the EC countries on the North Sea the UK is the only one which has fully accepted the need to rationalize port development on a national basis. See: Dudley Perkins, "A Port Director's View of Planning," The Future of the European Ports, see reference 133, p. I: 389.
172. This term is often used to refer to governments and shipping lines which adopt a policy of close mutual protection and support to the exclusion of other interests. See: Lawrence, pp. 52-53.
173. David J. Olson "Regionalism in Port Development: The Pacific Northwest Experience," a paper delivered at the Regional Port Institutions Seminar, New England River Basins Commission, Boston, 4-5 August 1980, pp. 7-8.
174. Ibid., pp. 8-9.

175. Feld and Boyd, pp. 56-57.
176. Olson, p. 9.
177. Suykens, p. 1:13.
178. Thorburn, p. I:26.
179. Feld and Boyd, p. 14.
180. Bird and Pollock, p. 33.
181. Ibid.
182. Edward Wenk, Jr., "International Institutions for Rational Management of Ocean Space," Ocean Management 1(2), (July 1973): p. 190.
183. Goss, Comparative Study..., pp. 1:49-52. The ways in which port authorities around the world monitor their own efficiency are recorded in the appendices to Goss' study. He found that there is often a need for the integration of physical (in terms of labor productivity) and financial measures of efficiency. Also port efficiency indicators can be used to further port coordination.
184. Suykens, p. 2:18.
185. Andras Inotai, The EEC at the End of the Seventies. (Budapest: Hungarian Scientific Council for World Economy, 1979), p. 9.
186. Suykens, p. 2:15.

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