



## Strengthening Social Dialogue in the Process of Structural Adjustment and Private Sector Participation in Ports



### *TIMETABLE OF NATIONAL TRIPARTITE WORKSHOP – Rijeka, Croatia 29 June – 03 July 2009*

	MONDAY (29.06.09)	TUESDAY (30.06.09)	WEDNESDAY (01.07.09)	THURSDAY (02.07.09)	FRIDAY (03.07.09)	
9:00	Arrival and registration of participants	9:00	Representation of the Social Partners and Interest Representation in Participants' Ports  <i>Peter Turnbull/Participants</i>	EU Ports Policy: Contemporary Developments  <i>Peter Turnbull</i>	Making Social Dialogue Work  <i>Peter Turnbull</i>	Implementing Social Dialogue  <i>Peter Turnbull</i>
9:15	Introduction: Workshop Programme and Participants' Presentations  <i>Marios Meletiou/Peter Turnbull/Participants</i>					
10:15	Arrival of guests	10:20	<i>Tea/coffee-break</i>	<i>Tea/coffee-break</i>	<i>Tea/coffee-break</i>	<i>Tea/coffee-break</i>
10:30	Opening Session	10:40	Social Dialogue in Situations of Structural Change  <i>Peter Turnbull</i>	National Port Developments  <i>Local Expert(s)</i>	ILO Model of Social Dialogue  <i>Peter Turnbull / Marios Meletiou</i>	Monitoring and Evaluating the Process of Social Dialogue  <i>Peter Turnbull</i>
11:00	<i>Tea/coffee-break</i>					
11:20	The ILO's Social Dialogue Programme  <i>Youcef Ghellab</i>					
<b>12:30</b>	<b><i>Lunch break</i></b>		<b><i>Lunch break</i></b>	<b><i>Lunch break</i></b>	<b><i>Lunch break</i></b>	<b><i>Lunch break</i></b>
14:00	ILO Activities in the Ports Sector  <i>Marios Meletiou</i>	14:00	Private Sector Participation (PSP) in European Ports  <i>Peter Turnbull</i>	Stakeholder Presentations:  <b>FEPOR, ETF</b>	Planning for Social Dialogue  <i>Peter Turnbull</i>	Mobilizing the Resources Needed for Social Dialogue  <i>Peter Turnbull</i>
14:40	The History of Social Dialogue in Ports  <i>Peter Turnbull</i>					
15:20	<i>Tea/coffee-break</i>	15:20	<i>Tea/coffee-break</i>	<i>Tea/coffee-break</i>	<i>Tea/coffee-break</i>	<i>Tea/coffee-break</i>
15:40	The History of Social Dialogue in Ports  <i>Peter Turnbull</i>	15:40	EU Ports Policy: Historical Overview  <i>Peter Turnbull</i>	Round Table Discussion: Social Partners	Initiating Social Dialogue  <i>Peter Turnbull</i>	Review and Presentations by Government, Employer and Worker Representatives
16:20	The New Agenda for Social Dialogue in European Ports  <i>Peter Turnbull</i>					Closing Session / Presentation of certificates
<b>17:30</b>	<b><i>End of day</i></b>	<b>17:00</b>	<b><i>End of day</i></b>	<b><i>End of day</i></b>	<b><i>End of day</i></b>	<b><i>End of workshop</i></b>

**EC funded ILO Technical Cooperation Project: “Strengthening Social Dialogue in the Process of Structural Adjustment and Private Sector Participation in Ports in Bulgaria, Croatia and Romania”**

**National Tripartite Workshop in Croatia**  
**29 June to 3 July 2009, Rijeka, Croatia**

**Government Nomination of Participants**

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## Employers' Nomination of Participants

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## ***CROATIA***

### **STUDY RESULTS- FINAL REPORT**

**This report refers to the ILO Technical Cooperation Project entitled “Strengthening Social Dialogue in the Process of Structural Adjustment and Private Sector Participation in the Ports in Bulgaria, Romania and Croatia”.**

**Unedited English translation**

## **1. INTRODUCTION**

A Constant and coherent social dialogue is recognized as the vital instrument through which the harmonisation of public interests of port industry development in the Republic of Croatia, with the particular interests of workers/Unions and employers, can be assured. The development of maritime transport, the port sector and the port industry directly revealed the need to consider the social dialogue in the port sector. This Project has thus derived from an awareness of the importance to promote the development of social dialogue with the aim to create an understanding of the role of different social partners in the port industry. Accordingly, this should be carried out within the framework of the Croatia and European Union's (EU) legal and social framework, both in the areas of employment and social policy. In this context, the Project has incorporated a wide range of research using analysis and synthesis methods, induction and deduction as well as comparative methods. The results of this research have demonstrated the need for further development of a social dialogue with the aim to ensure satisfaction and security of the large number of employees in the port industry in Croatia, with emphasis on the nature of their required activities. This is of particular importance both in the process of the accession of Croatia to the EU and for the purposes of practical implementation.

## **2. PORT LEGISLATION IN THE REPUBLIC OF CROATIA**

### **2.1. Maritime Code and The Seaports Act**

In the context of the entire social transformation in the development process of the independent Republic of Croatia, a new legislative framework pertaining to ports has been established.

The Maritime Code of 1994 and the Seaports Act of 1995 are the main pillars of maritime legislation in Croatia. Both laws are based on the tradition of this region regarding the legal status of a port area, whereby the port area has a status of a "maritime demesne", an area defined as a public domain of interest for the Republic of Croatia over which no property rights can be established. The term "port" is defined as a "water area and an area of land directly connected with the water, with constructed and non-constructed waterfronts (quays and piers), breakwaters, installations, facilities, and other structures designed for berthing, anchoring, and sheltering ships and boats, embarking and disembarking of passengers, loading and discharge of goods, storage and other cargo handling operations, production, refinement and processing of goods, and other economic activities associated with these activities on a commercial, traffic-related, and technological basis." (Article 5.1.31. of the Maritime Code and Article 2.1.1. of the Seaports Act.).

The provisions of the Seaports Act are built upon the provisions of the Maritime Code. The most important novelty is the classification of ports open for international traffic into three categories according to their size and the importance for the Republic of Croatia (Article 5.1. of the Seaports Act) The classification of the ports open for international traffic is of particular importance to the entire port system's regulation, since it determines the

identification of the port founder and the system of financing port infrastructure and suprastructure projects.

The majority of the main transport corridors in the Republic of Croatia have been defined through the classification of ports, according to traffic and other relevant parameters. For this purpose, ports are divided into two categories: ports open for public traffic, and special ports.

All ports are open for either international or solely domestic traffic.

With respect to the purpose they serve, special ports could be divided into the following categories:

- Military ports;
- Ports designed for the use by the Ministry of the Interior;
- Marinas (Ports of nautical tourism);
- Industrial ports;
- Fishing ports; and others.

The Seaports Act, in accordance with its main appropriation, which is the distinction between the management of the port's infrastructure, maintenance and development from the port operations, detailed the specific rules and mechanisms pertaining to the model. This is an example of distinction between the role of the state and the role of private entities both in relation to property rights and to management issues.

In general, the Seaports Act reflects the traditional and existing circumstances in Croatian sea ports on one hand, and summarizes the different European port management models on the other.

Based on the *Decision on the criteria for the classification of the ports open for public traffic* (Official Gazette, 31/96), each port open for public traffic, as already presented, can be classified according to its size and importance in the following categories: ports of particular (international) economic interest for the Republic of Croatia; county ports and local ports.

In accordance with the classification assigned to a port, the founder of a port authority is defined. In the ports of particular (international) economic interest for the Republic of Croatia a port authority is founded by the Government of the Republic of Croatia, while for the county or local ports on the territory of a county, a port authority is established by the County council and, as a rule, one port authority is established for all ports open for public traffic on the territory of a given county. This decision leads to the establishment of a port authority, a port area-maritime demesne over which a port authority exercises its jurisdiction is defined, as well as the relative port activities and port infra- and suprastructure.

As laid down by the Seaports Act and the Law on Institutions, a Port Authority is a non-profit-making legal entity.

The bodies of the Port Authority are the Administrative Board and Managing Director.

The Administrative Board of the Port Authority has eight members: the president and four members, representing the majority vote, are elected by the founder, the City Council in the town where the port authority has its seat and the respective County Council elect one member each, while the concessionaires operating in the port elect one representative member on the Port Authority Administrative Board.

## **2.2. The Maritime Demesne and Seaports Act**

In 2003 the Croatian Parliament passed the Maritime Demesne and Seaports Act which has incorporated legal matters previously regulated by two different legislations: The Maritime Code as related to maritime demesne and the Seaports Act.

This course of action resulted from the recognized needs to ensure a more systematic and transparent approach to the normisation of different references related to maritime demesne management and protection.

Apart from removing a certain vagueness and inconsistency in the legal text, the new legislation did not change the basic principles which, in practice proved to be effective. It did, however, include important amendments.

The Maritime Demesne and Seaports Act kept the existing, traditional definition of the term „maritime demesne“. But, it has introduced an important new instrument- a „mortgage on concession“. The concession granting procedure both in the ports open for public traffic and in the special ports have been simplified and different kinds of concession have been introduced. The transfer of a concession is enabled, which, in conjunction with the mortgage on concession and the prolongation of the maximum concession period, significantly contributes to the increase of investments in the port sector.

This Act was amended in 2006. The amendments applied to the parts related to a port equipment, the definition of port operations in the ports open for public traffic were specified,, the maximum concession period was prolonged for the ports open to public traffic, and the criteria to define the port area in both county and local ports were established.

In accordance with the Article 1 of the Amendments to the Maritime Demesne and Seaports Act the words „and other capital transshipment objects” (permanently fixed dock cranes, etc.) have been deleted and the new term „transshipment equipment,, has been introduced and defined.

The amendments related to port cargo handling equipment have changed the legal status of port cranes and other capital port assets. According to the Amended Act these are defined as the transshipment equipment which does not make a part of maritime demesne. Consequently, the Act enables the establishment of ownership and other property rights over port equipment (e.g. port cranes, machinery, process installations, and other equipment) which emphasized the modernization of ports open for public traffic, and provides a stimulating environment for public-private partnership in port development projects. The legislation clearly distinguishes the legal status of a port’s infra and supra structure from the legal status of port equipment which remains in the ownership of the port operator or the concessionaire.

Additionally, the requirement for a more precise definition of port operations, particularly in the passenger ports, was reflected in the Article 7 of the Amendments to the Maritime Demesne and Seaports Act. The new Article 65 reads as follows:

„ The types of port operations in the ports open for public traffic are:

1. mooring of ships, yachts and fishing, sporting and other boats and floating vessels;
2. loading, discharge and transshipment, transport and storing of goods and other materials;
3. car handling and direction of vehicles in the course of the loading and unloading of vehicles at dedicated port areas;
4. embarkation and disembarkation of passengers using port equipment;
5. other economic activities relating to maritime transport development and to the activities mentioned above under 1-4 (i.e. ship chandlers’ services, providing services to passengers, towing, port mechanization services and other services, custom clearance services, quality control services, etc.).

A port area can be used for conducting other activities, provided this is stipulated by a special Act, as well as for such other activities as do not affect or obstruct regular port operations and activities specified in Section 1 of this article.

Port/Ship agency and forwarding services are conducted in accordance with a special approval obtainable from the competent port authority.

The Minister shall pass an act stipulating the criteria and technical conditions for conducting such activities, and shall determine the criteria and maximum tariff amounts, making allowance at the same time for distinguishing cargo ports from passenger ports. The Minister shall also determine the criteria for extending the validity of concession as per Art. 9 of this Act.”

According to the quoted provision, the activity of embarkation/disembarkation of passengers has been distinct from the car handling and direction of vehicles to the place of loading and unloading. The important rationale behind this provision, apart from the pure distinction of the various activities, is a need to insure and adequately equip the port area for the described activity.

A possibility of extending the concession period has also been legislated both in respect to a ports open to public transport, both in respect of the priority concession and of the concessions granted on the basis of the public offer. The previously described possibility does not apply to concessions granted through direct negotiations.

In fact, the legal provisions set out above arise out of the need for new investments in the port system, involving not only the increase in the volume of port traffic but also of other port-related economic activities and for improving the quality of port services. This also includes the need for expanding the spectrum of activities and services leading to the creation of strong distribution and processing centres linked to the respective ports.

The described legislation was motivated by the need to create a market-friendly environment in the port sector, to attract investments, which have a positive impact on not only to the port but also to the other related economic sectors, and to the transformation of ports into modern transport logistics centres.

It is believed that the aforementioned Articles of the Amended Maritime Domesne and Seaports Act contribute considerably to the increase of the competitiveness and flexibility of the Croatian port system, enabling a permanent adjustment of the system to the needs of the international maritime and port service market. The legal status of the concessions in the ports open for public traffic and special ports have been equalized in respect to the possibility of the prolongation of a concession period.

### **2.3. The participation of port operators/concessionaires in the decision making processes in the ports open for public traffic**

As we have seen, the ports of particular (international) interest for the Republic of Croatia open for public traffic are managed by their respective Port Authority.

The bodies of the Port Authority are the Administrative Board and Managing Director.

One of the members of the Administrative Board is a representative of all port concessionaires elected by the Port Advisory Board.

The Port Advisory Board consists of the representatives of port concessionaires, the Ministry of the Sea, Transport and Infrastructure, and other legal entities necessary for the port's competitiveness.

The tasks of the Advisory Board are:

1. The harmonisation of the port operational and development plans;
2. The harmonisation of the port investments;
3. Proposing measures to increase the port competitiveness;
4. Consulting the Port Authority's Administrative Board on matters of general policy, port organization and management and matters of interest for the transport corridor.



The Advisory Board provides a forum ensuring the participation of all entities relevant to the port's operation, decision making processes, and in the harmonization of interests, with the aim to insure sustainable port development. The Council has the capacity to ensure the protection of existing standards of port workers' rights and their implementation in accordance with the applicable national and international standards, providing at the same time the continuous and sustainable development of the port industry.

### **3. THE MOST SIGNIFICANT COMMERCIAL PORTS IN CROATIA**

The sea ports in Croatia are regulated by the Maritime Demesne and Sea Ports Act as *lex specialis*.

According to the Maritime Demesne and Seaports Act, all ports open for public traffic are divided into the three categories based on their size and importance for the Republic of Croatia, as described in the Chapter 2.1. below.

Among these ports, the port of Rijeka and the port of Ploče are recognized as the major commercial ports in Croatia, according to their traffic volume and their importance within the Croatian and European transport network.

In the period from 2006-2013 the planned investments in the port sector are estimated to be 531 million euros. The investments will be distributed as follows: Port of Rijeka – 170 Mil. EUR, Port of Zadar – 140 Mil. EUR, Port of Ploče – 114 Mil. EUR, Port of Dubrovnik – 55 Mil. EUR, Port of Split – 40 Mil. EUR and Port of Šibenik – 12 Mil. EUR.

#### **3.1. The Port of Rijeka**

##### *3.1.1. Infrastructure facilities*

In accordance with the present regulations in force, the port of Rijeka is defined as the port of particular (international) economic importance for the Republic of Croatia, having a status of a port open for international traffic. Under the law, the port is managed by the Rijeka Port Authority. The port area, according to its legal status, is considered as maritime demesne where no property rights can be established. Based on the concession, the leading port operator, Port of Rijeka j.s.c (hereinafter referred to as 'Port of Rijeka, Inc.>') carries out port activities as well as other related economic activities within the Rijeka port area. The Port of Rijeka, Inc has been established by the transformation of a previously publicly-owned port enterprise into a corporation whose core businesses are port-related activities, such as: loading, unloading, transshipment, transport and storage of general cargo, timber, bulk and similar cargoes, liquid cargo, livestock, bananas, tropical and other fruits, wheat, soya beans and other cereals; mooring and unmooring of ships within the Rijeka port area and other related activities such as port machinery servicing, maintenance of the port's infra and superstructure, cargo lashing and securing, bagging of cargo and vehicles, use of port infra- and superstructure and the related water areas, as well as control of cargo quality and quantity. The Port of Rijeka Inc. is authorized to perform these activities on the basis of the Priority Concession Agreement. The Port of Rijeka is placed on two important pan-European transport corridors: notably the corridor V and X. Being placed in the Northern part of the Adriatic Sea, and connected by highways and railways with the European transport network, the port of Rijeka serves as a transit port for a number of countries in the region (Hungary, Slovakia,

Czech Republic, Austria, etc.), and provides a link to the transport routes towards the Mediterranean, the Black Sea, Far East and Africa.

The total surface area of the port terminals assigned to the Port of Rijeka Inc. is 1.176.043 m<sup>2</sup>, including the area of protected warehouses. The total length of quays is 5.052 m providing berthing accommodation for ocean-going vessels.

The port consists of the following specialized terminals:

- The Cereals Terminal- Silo

The maximum annual capacity for handling and warehousing of wheat, soya beans and oil-seeds is 800.00 tons with up to 56.000 tons at a time. It has an operative wharf which can accommodate ships up to 60.000 DWT, with sea depth of 12 meters, and a loading/unloading capacity of 400t per hour.

- Cold Storage Terminal

The Reefer Terminal has a total surface of 8.000 m<sup>2</sup>. It can accommodate ships with a draught up to 8 meters. A cold storage facility was built in 1991, with a chamber capacity of 3.175 tons, and maximum annual capacity of 50.000 to 100.000 tons. It consists of two large chambers for fruits and two chambers for frozen meat.

- General Cargo Terminal

The General cargo terminal has 11 berths which can accommodate ships with a draught of up to 12 meters, or ships up to 30.000 DWT. The maximum annual capacity is around 2.000.000 tons out of which the most frequent are steel and iron products, machinery and mechanical equipment, marble and granite blocks, salt, cement, paper/cardboard and special bulk cargo. It extends on two locations: Rijeka and Susak basin.

- Timber Terminal

Terminal has a single storage capacity of 35.000 to 50.000 m<sup>3</sup> of timber, depending on the type of timber. If additional storage areas are used, the maximum total annual capacity of the Terminal reaches 500.000 tons. Sawn timber is also stored in the back-up warehouses located at Škrlevo, approximately 10 km from Rijeka. On the terminal the preparation of timber for transport (impregnation, marking, packing bundling, etc) can be carried out.

- Container and Ro-Ro Terminal

Container and RO-RO terminal was comprehended by ten years development plan of Luka Rijeka, Inc. that foresees the final phase to widen warehouse space to east part and belonging new docks as extensions to the existing. With container terminal modernization realized is one of the most important development investments in Rijeka's port. New container bridges have increased the loading capacity to 30 cycles by newly purchased bridge what will enable manipulation speed up to 80 boxes per hour per ship, and in five years plan included is also renovation of warehousing and transport equipment. With new handling capacities container terminal becomes competitive to the other north Adriatic ports, what was proven by growing interest from foreign companies, leading world liners become more and more interested in Rijeka's port.

- Bulk Cargo Terminal

The Bulk Cargo Terminal is located in Bakar, 13 km from Rijeka. The sea depth alongside the operative wharf is 18 meters which enables the accommodation of ships up to 170.000 DWT. The maximum single-time storage capacity for iron ore is 400.000 tons. The maximum annual capacity of this terminal is 3.500.000 tons.

- Terminal Bršica

The terminal in Raša has two specialized terminals: Štale for general cargo (timber) and Bršica for livestock.

- Terminal Škrlevo

The Terminal Škrlevo is located 10 km from Rijeka and it serves as facility for final processing, remaking and packing of different cargo. Back-up warehouses cover an area of

389.913 m<sup>2</sup>, with total of 44.000 m<sup>2</sup> covered warehouses and around 130.000 m<sup>2</sup> of open storage area, while on the remaining area additional warehouses with the cargo handling equipment is planned to be built on the remaining area.

- Passenger terminal

The passenger terminal is located in the centre of the city and it is predominantly used by ships engaged in domestic lines.. Its complete reconstruction is foreseen in the Rijeka Gateway Project.

**Evaluation of the infrastructure capacities:** Rijeka Port is the most sufficiently equipped Croatian port capable for the implementation of up to date transport technologies and it has a significant potential for traffic growth.

### 3.1.2. Transport Development Dynamics and Transport Structure

Dynamic of transport development and transport structure for the port of Rijeka in the period 2006-2007 is given in Table 1 below.

**Table 1. Traffic volumes in the Port of Rijeka in the period from 2006 - 2007 compared to the total traffic volume of all Croatian ports**

Year	Cargo	Croatia - all ports	Rijeka
2006	<b>TOTAL</b>	<b>26.284.428,5</b>	<b>11.483.114,0</b>
	Bulk	11.981.153,0	3.059.477,0
	Liquid	9.558.231,0	6.317.599,0
	Container (t)	663.268,0	537.145,0
	Container (TEU)	113.905,0	62.223,0
	Dangerous	9.451.418,0	6.355.062,0
	General	1.627.918,0	1.031.035,0
	Ro-Ro (t)	2.453.858,5	2.512,0
	Ro-Ro No. of Units	5.228.923,0	10.861,0
	Import	7.863.702,0	4.730.316,0
	Export	6.187.872,0	1.320.238,0
	Transshipment	7.293.504,0	4.012.783,0
	Domestic	4.931.692,5	258.703,0
	2007	<b>TOTAL</b>	<b>30.081.245,1</b>
Bulk		13.615.783,0	3.233.209,0
Liquid		11.111.339,0	8.271.540,0
Container (t)		1.200.075,3	928.163,3
Container (TEU)		181.771,5	146.638,0
Dangerous		11.079.489,5	8.327.536,0
General		1.743.822,3	1.090.040,0
Ro-Ro (t)		2.410.225,5	606,0
Ro-Ro No. of		5.526.977,0	10.737,0

Year	Cargo	Croatia - all ports	Rijeka
	Units		
	Import	9.670.231,4	6.392.592,0
	Export	6.407.729,3	1.275.421,3
	Transshipment	9.046.180,0	5.487.036,0
	Domestic	4.956.954,4	368.509,0

Source: Ministry of the Sea, Transport and Infrastructure, Zagreb, 28 Oct 2008

The statistical data for 2007 cover the following areas: Harbour Master's Office Rijeka (Port of Rijeka-Rijeka basin, Port of Rijeka - Sušak, Port of Rijeka - container terminal Brajdica, Port of Rijeka - passenger port); HMO Rijeka- Branch Office BAKAR (Port of Rijeka - basin Bakar, Port of Bakar); HMO Rijeka- Branch Office OMIŠALJ (Port of Rijeka- Omišalj basin); HMO Rijeka- Branch Office RAŠA (Port of Rijeka)

The traffic forecast for the major Croatian port, based on the achieved traffic is generated by input-output cargo flows, cargo terms on the B branch of the Corridor V, the size of the related hinterland area and the industrial potential in the related hinterland areas. Traffic forecast for the Port of Rijeka is shown in Table 2 below.

**Table 2. Traffic Forecast for Rijeka Port until 2020 (000 tons)**

Cargo	Low scenario			Medium Scenario			High Scenario		
	2005.	2010.	2020.	2005.	2010.	2020.	2005.	2010.	2020.
General	904	1.132	1.650	1.144	1.793	2.636	1.313	2.115	3.251
Bulk	2.057	2.604	3.933	2.199	3.185	4.774	2.266	3.696	6.082
Timber	189	220	282	174	251	320	189	320	435
Total	3.150	3.956	5.865	3.518	5.228	7.730	3.768	6.130	9.768
Containers (000 TEU)	12	15	23	31	56	85	48	80	129

Source: Port Functions Reconstruction and Development Study - Rijeka port project RMG, May 2002.

**Table 3. Container traffic forecast in Rijeka port until 2010**

Year	2002.	2003.	2004.	2005.	2006.	2007.	2008.	2009.	2010.
<b>Total (TEU)</b>	19.000	21.000	25.000	30.000	35.000	40.000	45.000	50.000	55.000

Source: Port Functions Reconstruction and Development Study- Rijeka port project RMG, Netherlands, May 2002.

Beside the cargo traffic, the port of Rijeka sees significant passenger traffic. The total passenger traffic of all major Croatian ports is shown in Table 4.

**Table 4. Traffic (passenger) in ports of particular importance 2001-2007**

		RC all ports	Rijeka	Zadar	Šibenik	Split	Ploče	Dubrovnik
2001	TOTAL	16.108.165	112.715	1.375.000	441.000	2.287.000		431.000
	domestic		112.715	1.331.000	440.000	2.084.000		146.000

	Foreign		0	44.000	1.000	203.000		284.000
	Cruisers		11.768	21.000	1.000	7.000		95.000
2003	TOTAL	19.057.193	183.203	1.619.000	508.000	2.891.000		743.000
	domestic		183.203	1.556.000	505.000	2.600.000		322.000
	Foreign		0	63.000	3.000	291.000		420.000
	Cruisers		11.075	7.000	3.000	46.000		260.000
2005	TOTAL	22.077.270	221.399	1.917.440	251.978	3.229.095	105.091	774.775
	domestic							
	Foreign							
	Cruisers	685.782	1.120	1.346	6.143	46.368		458.427
2006	TOTAL	22.941.607	221.307	1.983.614	260.474	3.439.076	120.484	675.393
	domestic							
	Foreign							
	Cruisers	781.164	1.313	8.675	5.264	45.129	4.335	593.737
2007	TOTAL	24.366.758	213.853	2.094.611	256.434	3.659.926	128.509	657.181

Source: Ministry of the Sea, Transport and Infrastructure (28 Oct. 2008)

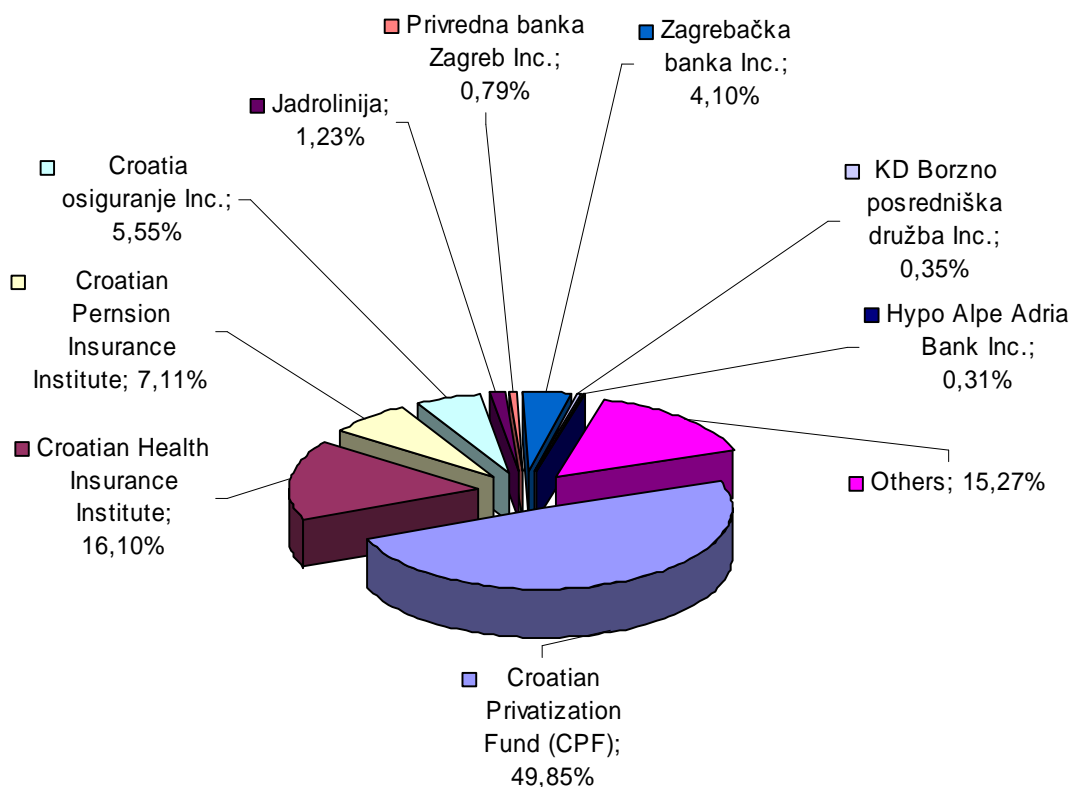
The statistical data for the total number of passengers in a single ports do not include passengers on cruises ships. Statistical data for cruisers also includes tourist ships (sailing ships, etc.) Statistical data for the period 2001-2003: The total traffic for all ports in the RC includes all ports irrespective of their significance and purpose. Source: Annual Report of Harbour Master Office. Traffic in Port of Rijeka, Ploče, Šibenik, Zadar, Split and Dubrovnik – Source: data of the Port Authorities (estimated data).

Statistical data for the period 2004-2005: The total traffic of all ports in the Republic of Croatia includes all ports irrespective of its significance and purpose– Source: Registration of arrival and departure of ships, traffic of passengers and cargo in Croatian ports (State Office for Statistics). . Traffic in the ports of Rijeka, Ploče, Šibenik,, Zadar, Split and Dubrovnik – Source: registration of arrival and departure of ships, traffic of passengers and cargo in Croatian ports (Source:State Office for Statistics).

### ***3.1.3. Ownership structure***

The Port of Rijeka, Inc. is a joint-stock corporation registered for providing services in maritime transport, port services, warehousing of goods and forwarding. Capital share of the corporation is 598.047.500, 00 Kuna into 3.011.830 shares.

The ownership structure of the Port of Rijeka Inc. according to the Stock Exchange data is illustrated on the Diagram 1.



**Diagram 1. The Port of Rijeka Inc., ownership structure**

Source: Zagreb Stock Exchange (<http://www.zse.hr>, September 2008)

### 3.1.4. Human resources

A total of 957 employees are employed in the Port of Rijeka Inc. There are three trade unions whose members are employed in the Port of Rijeka. These are:

- Autonomous Rijeka port employees Union;
- Independent Rijeka port employees Union;
- Free Port Union.

### 3.1.5. Rijeka Port Development Activities

For the purpose of the implementation of the transport policy, several development studies for the Rijeka Port have been developed in the recent years by reputable expert groups, which have been used for the development of the ten-year and the two-year development plans of Rijeka Port. The introduction of these plans was urgent due to the need to reverse a decreasing trend in the port of Rijeka's traffic as well as to create more favourable conditions for an efficient performance of port activities.

The proposal of the Rotterdam Maritime Group from the Netherlands, which were conducted to carry out the Rijeka Port Modernization Study was accepted by the World Bank and the Rijeka Port Authority.

On 12 July 2003 the Loan Contract by which the World Bank has granted the loan to the Croatian Government in the amount of 155 million USD was signed. The projects aim to

modernize and enlarge existing terminals as well as to develop new port terminals. For the City of Rijeka the so-called “waterfront project” aimed at transforming the central part of port basin into an area for commercial activities and opening that part of the port and coastal area for citizens and visitors, are equally important. That presumes a different spatial and urban approach for the passenger terminal, the southern part of Delta and port of Baroš, which will endure around the clock access to all citizens into that city area. This is expected to result in the creation of new, attractive city centres typical of the Mediterranean cities.

The preparation for the fishing port in the former Torpedo basin has also been initiated. A break-water restoration and enlargement project is under development as well as a port dredging in the port of Rijeka. The Rijeka Port Authority and the City of Rijeka share the right of ownership over the majority of objects around the Torpedo harbour. Through that project, the Rijeka Port Authority is to resolve the shortage of port areas for fishing vessels caused by the construction of the new passenger terminal in the old city port. Within the Project the ideas to establish a Fishing Market and other related services (stores, restaurants) in the immediate vicinity to the fishing port were elaborated. World-wide examples show that fishing ports are an important part of port cities which appreciate their tradition and wish to create an attractive district and offer various services and activities to attract citizens and tourists throughout the day.. This Project will also stimulate various entrepreneurs to manufacture or provide different services within the fishing port area. By that, fishing activities in Rijeka have regained their value heretofore being an economic activity relatively neglected.

The Rijeka Port and Roads Modernization Project, financed by EBRD is a highly complex project. It is foreseen that the Project, besides the modernization and the reconstruction of the port, will also include the construction of the eastern part of Rijeka bypass roads, from Orehovica to Križišće, the connecting road of Draga-Brajdica, the connecting road Čavle-Križišće and the restoration of the bridge connecting mainland and the island of Krk. Through this Project, Rijeka and the wider surrounding region should be provided with an efficient connection to the Rijeka – Zagreb – Budapest highway which is the part of the European transport corridors. The project, as presented above, should resolve the most important problems of the Rijeka transport junction.

## PROJECT IMPLEMENTATION PHASES

- The Western Part of Rijeka Port- Zagrebačka Wharf

By the development of new areas in the Rijeka basin, as well as by the construction of a new wharf, the project of gradual transfer of cargo handling activities from the existing inadequate areas to newly prepared areas in the western part of the port will be initiated. In that part of the Rijeka basin the construction of a multi-purpose terminal (containers, timber, and general cargo) has been planned. The Rijeka Gateway Project deals with financial aspects and construction of the first 250 meters, out of a total of 600 meters, of the new wharf. By the construction of additional 600 meters of the same wharf its total length will reach 1200 meters and there will cover around 300,000 m<sup>2</sup> of operational terminal area. A new access road (D-403, 1.9 km long) will be built in order to provide an appropriate road link to the newly built Rijeka bypass road, also providing links to the motorway and other main road routes to Zagreb, Ljubljana and Dalmatia.

- Passenger terminal (Central Part of the Port - Porto Baroš - Delta)

This component of the Project foresees the reconstruction of 17 hectares of land areas in which different port activities, warehouses and parkings are currently located. The Project includes the construction of:

Modern ferry terminal, planned along the existing passenger piers, on the part of Rijeka breakwater; and with different supplementary objects on the Senjski Pier;

- Passenger port;
- Nautical centre (marina);
- Various commercial and cultural activities;
- A connection road which is to connect the port with the Rijeka motorway.

Under the Project the construction of a new road (D-404 in the length of 4,4 km) over the Brajdica terminal is planned, which will connect the container terminal and the whole Susak basin directly to the Rijeka bypass motorway, and the main road routes to Zagreb, Ljubljana and Dalmatia. This Project also foresees a partial conversion of the cargo port into a passenger port due to insufficient loading/unloading facilities on the existing area. These activities require the relocation of cargo operations that are currently carried out in the central part of the port (timber and bulk cargo) to new dedicated terminals. The implementation of this part of Project will enable the development of various attractive activities which will help restore the image of Rijeka as a maritime and Mediterranean city.

### **3.2. The Port of Ploče**

#### *3.2.1. Infrastructure capacities*

In February 1997, the Government of the Republic of Croatia established the Ploče Port Authority for the purpose of administrating, constructing and economic exploitation the port of Ploče. The port of Ploče is defined as a port open for international public transport, and according to its size and significance it is declared as a port of particular economic importance for the Republic of Croatia.

The Port of Ploče is located in the southern part of the Adriatic coast and due to its good road and railway connections it is an important stakeholder in the traffic system of Bosnia and Herzegovina, Serbia, Montenegro, and Hungary but also to other countries in central and south-east Europe. By road it is connected to the Adriatic motorway (E-65) which leads from Trieste to the final southern point of the Republic of Croatia. It is also a part of the motorway E-73 (Baltic-Adriatic): Hungary – Osijek - B.Šamac – Zenica – Sarajevo – Mostar – Metković - Ploče. The port area is located on two locations: the Ploče basin and the Metković basin. It consists the following:

- General Cargo Warehouses

Warehousing area in Ploče, covered storage area of 45 305 m<sup>2</sup> open storage area of 241.384 m<sup>2</sup>, warehousing area in Metković, covered storage area of 1.300 m<sup>2</sup> open storage area of 10.000 m<sup>2</sup>.

- Dry cargo Warehouses

Warehousing capacity of 300.000 tons and loading/unloading capacity of 10.000 tons/hour

- Cereals Warehouses

Storage capacity of 35.000 tons and loading/discharge capacity of 300 tons/hour

- Silo for hydrated alumina

Storage capacity of 20.000 tons and loading/ discharge capacity of 800 tons/hour

- Petroleum coke Warehous

Storage capacity of 10.00 tons and loading/ discharge capacity of 260 tons/hour

- Timber Terminal

Storage capacity of 50,000 m<sup>3</sup> and the total surface of the terminal 46,464 m<sup>2</sup>

- Liquid Cargo terminal 1

*Heavy Oil:* Storage capacity 20,000 m<sup>3</sup>, unloading capacity (ship-terminal) 700-1,000 tons/hour, loading/ discharge capacity (terminal-wagon) 300 tons/hour and loading/ discharge capacity (terminal - truck) 80 tons/hour;



*Gasoline/Petrol and similar products*: Storage capacity 60,000 m<sup>3</sup>, unloading capacity (ship-terminal) 200-500 tons/hour, transshipment capacity (terminal-wagon) 50-150 tons/hour

- Liquid Cargo terminal 2

Oil Products: storage capacity of 20,000 tons, and non-refined edible oil storage capacity 8.500 tons.

Out of the total port area almost 115 hectares is still undeveloped and is targeted for further development of port capacities. The Trade and Transport Integration Project based on the Agreement concluded by the Government of the Republic of Croatia and the World Bank that aims to achieve the enlargement of port capacities and the increase in the efficiency and service quality along the southern part of the Transport Corridor Vc.

The Project includes the construction of two modern port facilities:

- The Dry Bulk Cargo Terminal (with a maximum annual capacity of five million tons of different bulk cargoes);
- The Multi-purpose/Container Terminal (for an annual traffic of 60,000 TEU in the first phase).

**Evaluation of infrastructure capacities: Port with a potentially highly favourable location, while further investment in the development of container and RO-RO terminal is necessary.**

### 3.2.2. Transport Development and Transport Infrastructure Dynamics

Transport Development and Transport Infrastructure Dynamics for the port of Ploče from 2006-2007 is given in Table 5

**Table 5. Traffic volumes in the Port of Ploče in the period from 2006 - 2007 and compared to the total traffic volume of all Croatian ports**

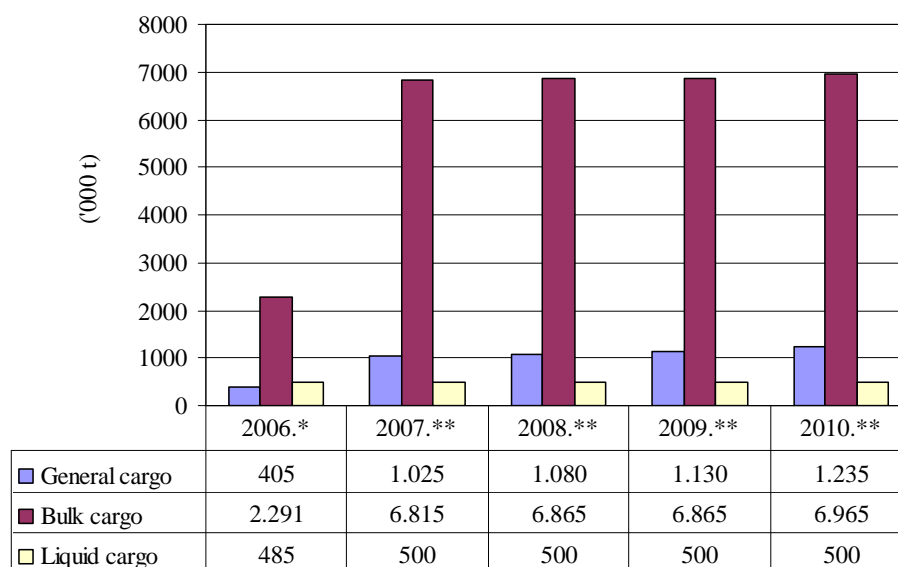
Year	Cargo	RC all ports	Ploče
2006	<b>TOTAL</b>	<b>26.284.428,5</b>	<b>3.080.661,0</b>
	Bulk	11.981.153,0	2.264.126,0
	Liquid	9.558.231,0	485.551,0
	Container (t)	663.268,0	107.870,0
	Container (TEU)	113.905,0	17.995,0
	Dangerous	9.451.418,0	403.972,0
	General	1.627.918,0	209.188,0
	Ro-Ro (t)	2.453.858,5	13.926,0
	Ro-Ro (NO of Units)	5.228.923,0	42.698,0
	Import	7.863.702,0	196.380,0
	Export	6.187.872,0	10.406,0
	Transit	7.293.504,0	2.545.453,0
	Domestic	4.931.692,5	328.422,0
2007	<b>TOTAL</b>	<b>30.081.245,1</b>	<b>4.207.855,0</b>
	Bulk	13.615.783,0	3.184.880,0
	Liquid	11.111.339,0	520.164,0
	Container (t)	1.200.075,3	228.713,0
	Container (TEU)	181.771,5	29.951,0
	Dangerous	11.079.489,5	506.142,0
	General	1.743.822,3	260.483,0

	Ro-Ro (t)	2.410.225,5	13.615,0
	Ro-Ro (NO of Unites)	5.526.977,0	43.131,0
	Import	9.670.231,4	269.712,0
	Export	6.407.729,3	1.902,0
	Transit	9.046.180,0	3.498.965,0
	Domestic	4.956.954,4	437.201,0

Source: Ministry of the Sea, Transport and Infrastructure, Zagreb, 2008-11-17

**Statistical data for 2007 includes the following areas: HMO Ploče (Port of Ploče), Branch Office Metkvić (Port of Metković- cargo port)**

The total traffic of the Port of Ploče according to the share of export, import, transit and domestic trade for the period 1988-2007 is illustrated in Diagram 6. The transit traffic for example, if compared to the traffic handled in the year 2000, has grown for 400%, which is an exceptionally high growth indeed. That particular information shows the status and the importance of the port of Ploče as the most important transit port in the Republic of Croatia, which almost entirely serves the related neighbouring areas in the Bosnia and Herzegovina. The traffic forecast for the port of Ploče based on the traffic achieved is generated by input-output cargo flows, cargo movement on the C branch of the Corridor V, the size of the corresponding hinterland area and the industrial potential of the related hinterland areas. The traffic forecast for the Port of Ploče is shown in the following diagram.



**Diagram 2. Traffic forecast for the Port of Ploče in 2005-2010 (in 000 of tons)**

\*Data on the traffic handled; \*\*Traffic forecast for the Port of Ploče

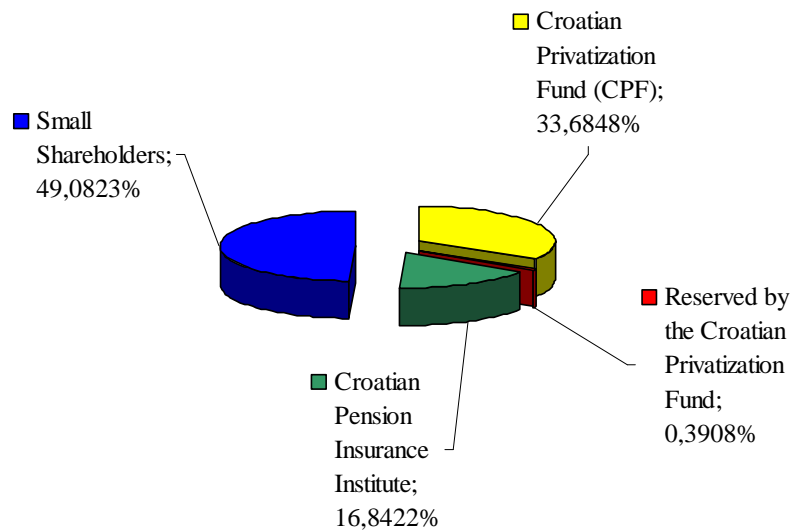
Source: Port of Ploče, Inc., Market Research Department

The passenger traffic in the port of Ploče is given in Table 4.

### 3.2.3. Ownership structure

The Ploče Port, Inc. is a joint-stock corporation registered for providing services in maritime transport, port services, warehousing of goods and forwarding. The capital stock value of the corporation is 89,045,600.00 Kuna into 222.614 shares.

The ownership structure of the Port of Ploče Inc., according to the Stock Exchange data is illustrated in the following Diagram.



**Diagram 3. The ownership structure of the Port of Ploče**

Source: Court Registry (<https://sudreg.pravosudje.hr>, September 2008)

### 3.2.4. Human resources

There are 558 employees employed in the port of Ploče. Two Unions have been established in the port of Ploče. These are:

1. Autonomous Ploče port employees Union;
2. Independent Ploče port employees Union.

### 3.2.5. Port of Ploče Development Plans

The following are the port development areas:

- A: Multipurpose Container Terminal
- A1: Multipurpose Container Terminal – Phase 2
- B: Dry Bulk Cargo Terminal
- C: Area for other port activities
- D: Programmes in Free Zone/ 1
- E: Programmes in Free Zone/ 2
- F: Port Reception Facilities for ships' solid and liquid wastes
- G: Liquid Cargo Terminal.

Out of the total port area almost 115 hectares are still not built and are aimed for the development of port capacities.

In the year 2005, the realization of the activities gained from the Trade and Transport Integration Project was initiated. The Project is based on the Agreement signed by the Government of the Republic of Croatia and the World Bank, with the aim to ensure the enlargement of port facilities and to increase the efficiency and service quality along the southern part of the Transport Corridor Vc with special emphasis on the port of Ploče as its starting point. The loan and the guarantee contract were signed on the 20 November 2006 with the World Bank for the "Integration of Transport and Trade in the Port of Ploče" Project. The total amount of the loan is 70 million. EUROS, out of which 58.8 million EUROS is granted by the World Bank loan, while the remaining 11.2 million EUROS is granted by the loan provided for by the EBRD. The share of the Government of the Republic of Croatia in the total costs of the Project is 25%, which is 21 mil EUROS. The Project can be considered as a response to the economic trends in the related hinterland areas, bearing particularly in mind the fact that after the large multinational corporations have taken part in the ownership structure of important port users in the metallurgy sector in Bosnia and Herzegovina, the cargo volumes transiting through the port of Ploče have increased significantly, overwhelming the existing port capacities.

The defined goals will be reached as follows:

The enlargement of the port facilities by constructing two sophisticated port terminals:

- Dry Bulk Cargo Terminal

The future Dry Bulk Terminal is planned to have a total annual capacity of 5 mill tones of different cargoes. The construction is planned to be finalized by the end of 2010. The terminal construction project will result in 25 hectares of the new port areas and the new 300 meters-long quay which can accommodate ships up to 150.000 DWT. The implementation of this Project will provide a response to the requirements of the economy of Bosnia and Herzegovina and other countries connected to the Transport Corridor Vc. The supra-structure will be built on the basis of BOT or PPP;

- Multipurpose/Container Terminal

The Container Terminal is to be developed gradually providing that by the end of the Phase 1 it could achieve a total annual traffic of 60.000 TEU. The end of the Project is expected by mid 2009. By the accomplishment of the development of the container terminal, the port of Ploče will have an additional 12 hectares of operating areas, and the 300 meters of wharf to accommodate container ships. The supra-structure objects will be built in accordance with concession agreements following the invitation of public tenders. The modern container terminal would strengthen the position of the port of Ploče within the intermodal network and enable the increase in the number of containers, mostly the feeder services, compared to the present level.

- Removal of administrative barriers for railways on the Corridor Vc as well as the increase of the efficiency and harmonisation of border-crossing formalities;
- Optimization of the transport to and from the port of Ploče by usage of an integrated information system;
- The introduction of a market-friendly environment encouraging the public-private partnership to take part in achieving the priorities and to enable further development of port capacities and equipment necessary for efficient cargo handling in port

The Port of Ploče may expect a synergetic effects of the described logistic centre since this would lead to the further attraction of cargo to be transported through the port of Ploče which would, in turn, this would garner additional income and increase the employment rate. Through the promotion of logistical activities the evolution of the port of Ploče from a

traditional port as the intersection of two transport modes and the place of transshipment and storage of goods, into a hub port of an integrated logistical platform of the international trade, will be ensured.

## 4. OTHER COMMERCIAL PORTS IN CROATIA

In this chapter the ports of Zadar, Šibenik, Split and Dubrovnik are analysed.

### 4.1. The Port of Zadar

#### 4.1.1. Infrastructure capacities

Under the Croatian law the port of Zadar is defined as a port of particular (international) economic importance for the Republic of Croatia, having a status of a port open for international traffic. According to the law, the port area is managed by the Zadar Port Authority and it covers two locations – the passenger port and the port of Gaženica. The port is located in the central part of the Adriatic which, in conjunction with its favourable road connection (motorway A-1) creates an excellent environment for port development, particularly in respect to passenger traffic (it is surrounded by numerous islands).

The passenger port has nine wharves which could accommodate ships of different sizes. Out of them, one wharf has 200 meters of length and a draught of 7.5 meters, one wharf can accommodate ships up to 150 meters and a draught of 8 meters, and seven wharves for ships from 50 to 70 meters and draught of 5 to 7 meters.

The cargo port in Gaženica consists of eight terminals:

- Liquid Cargo Terminal

Terminal characteristics: a wharf length of 60 m (it could accommodate ships up to 190 m in length and ships up to 40,000 DWT), a storage capacity for oil products of 60,000 m<sup>3</sup> (Tankkomerc), a storage capacity for chemicals of 15,000 m<sup>3</sup> (Kepol), a storage capacity for VCM of 9,000 m<sup>3</sup>, pipelines - 17 pieces, 300 m of floating booms, terminal is equipped by the fire-alarm and the foam-based fire-fighting system.

- Oil-platform Supply Terminal

Terminal characteristics: wharf length of 180 m, 9 meters ramp, and open storage area of 20,000 m<sup>2</sup>, covered storage area and workshops.

- Bulk Terminal (cereals)

Terminal characteristics: wharf length of 140 m, size of ships up to 80,000 DWT, terminal capacity of 500,000 t annually, loading capacity 400 t/hour, transport conveyors 400 t/hour, and normal-gauge railway tracks ensuring the capacity of 60 wagons/day of cereals, 40 wagons/day of oil, and the possibility of the simultaneous loading in wagons at two railway tracks. Warehousing capacities: covered storage area of 30,000 m<sup>3</sup>, cereals silo of 38,000 m<sup>3</sup>.

- Tropical Fruit Terminal

Terminal characteristics: wharf length of 135 m, size of ships up to 10,000 DWT, terminal capacity of 35,000 t/annually, railway track – possibility of loading to wagons. Warehousing capacities: the total surface of refrigerated storage area is 3,400 m<sup>2</sup>.

- General Cargo Terminal

Terminal characteristics: size of ships up to 20.000 DWT, 24 m long RO-RO ramp, covered storage area of 34.000 m<sup>2</sup>, open storage area of 150.000 m<sup>2</sup>, and industrial railway trucks along the entire terminal with the capacity of 140 wagons/day of general cargo

- Cement Terminal

Terminal characteristics: silo capacity for cement of 1,000 tons, loading capacity of 50 t/hour, annual capacity of 40.000 t, possibility for unloading ships from both general cargo wharfs, truck loading and distribution possibilities as well as cement weighing up to 50 t.

- Timber Terminal

Terminal characteristics: size of ships up to 20,000 DWT, terminal capacity of 70,000 m<sup>3</sup>/annually, open storage area and sheds of 25,000 m<sup>2</sup>, industrial railway tracks along the entire terminal. The most common cargoes are logs, sawn timber and other timber products

- Container Terminal

Terminal characteristics: length of wharf of 150 m, sea-depth from 8. 7 m to 10. 2 m, length of wharf of 170 m, sea-depth from 7, 0 m to 8. 7 m, ships sizes up to 20,000 DWT, RO-RO ramp 24 meters in length.

**Evaluation of infrastructure capacities:** Favourable position for development and application of modern transport technologies, investments in port mechanization and port supra-structure needed.

#### 4.1.2. Transport Development Dynamics and Transport Structure

The dynamic of transport development and transport structure for the port of Zadar in the period 2006-2007 is given in Table 6 below.

**Table 6. Traffic volumes in the Port of Zadar in the period from 2006 - 2007 and compared to the total traffic volume of all Croatian ports**

Year	Cargo	RC all ports	Zadar
2006	<b>TOTAL</b>	<b>26.284.428,5</b>	<b>483.523,5</b>
	Bulk	11.981.153,0	104.229,0
	Liquid	9.558.231,0	357.142,0
	Container (t)	663.268,0	5.593,0
	Container (TEU)	113.905,0	635,5
	Dangerous	9.451.418,0	301.335,0
	General	1.627.918,0	15.707,0
	Ro-Ro (t)	2.453.858,5	852,5
	Ro-Ro (No of units)	5.228.923,0	226,0
	Import	7.863.702,0	280.144,0
	Export	6.187.872,0	30.080,0
	Transit	7.293.504,0	24.226,0
	Domestic	4.931.692,5	149.073,5
	2007	<b>TOTAL</b>	<b>30.081.245,1</b>
Bulk		13.615.783,0	120.685,0
Liquid		11.111.339,0	344.523,0
Container (t)		1.200.075,3	5.922,0
Container (TEU)		181.771,5	796,5
Dangerous		11.079.489,5	304.189,0
General		1.743.822,3	23.355,4

	Ro-Ro (t)	2.410.225,5	304.524,0
	Ro-Ro (No of units)	5.526.977,0	334.307,0
	Import	9.670.231,4	320.473,4
	Export	6.407.729,3	65.820,0
	Transit	9.046.180,0	10.789,0
	Domestic	4.956.954,4	402.016,0

Source: Ministry of the Sea, Transport and Infrastructure, Zagreb, 28 October 2008

**Statistical Data for 2007 include the following areas: HMO ZADAR (port of Zadar- passenger port, port Gaženica- cargo and passenger port)**

Passenger traffic in the port of Zadar is shown in Table 4.

#### *4.1.3. Ownership structure*

The Zadar Port Inc. is a joint-stock corporation registered for providing loading/unloading and other services in the maritime transport, with the capital share of 21,249,200.00 Kuna. As from 12 February 2008 the shares of the Port of Zadar Inc. have been listed in the Zagreb Stock Exchange. Last year, Zadar Port Co.Ltd earned a profit of 5.1 mil Kuna (HRK), which upon the decision of the annual share-holders' meeting at the end of the year made possible the payment of dividends. The statutory reserve of 258,000 Kuna is ensured, while 1.62 mil. kuna has gone to share-holders. The ownership structure will be known after the first year of share trading on the Stock Exchange.

#### *4.1.4. Human resources*

The Port of Zadar has 115 employees. Workers are organized in the Zadar Port Workers' Union.

#### *4.1.5. Development Activities in the Port of Zadar*

The Zadar Port Authority, a public institution founded by the Government, has signed a Guarantee Contract and a Leasing Contract for the construction of new Zadar passenger and ferry port Zadar in Gaženica, the project value being 220 milion EUR. The Project will be financed by the German KfW Bank the amount of 120 million EUR and the European Investment Bank (EIB) in the amount of 100 million EUR. The remaining 16 million EUR will be financed by the Zadar Port Authority from their own funds. The Project shall include the transfer of the ferry terminal, placed at present in the heart of the historic zone of the city, and the construction of a new ferry port at Gaženica in the Bay Bregdeti, located 3.5 km south from the city centre.

The project is to include the following:

1. The excavation of underwater rocks and dredging of sea sediments of about 250,000 m<sup>3</sup> so as to provide appropriate navigability, reclaiming approximately 1.2 mil m<sup>3</sup> of substrate at approximately 20.5 ha in order to dry out the present water area, as well as the construction of a secondary breakwater (L=270m);

2. The construction of 1420 m of wharf with 12 berths for local ferries (connecting nearby islands), ships in international trade and cruisers, construction of 300 m of wharf for a new fishing port and the construction of the primary breakwater (L=180 m);
3. The construction of about 1560 m of access roads connecting the port with the city road network, construction of basic terminal infrastructure (around 13.5 ha of port area) including docks and berths, area for traffic logistics (waiting-areas, loading and unloading areas, pedestrian areas), construction of water-supply and drainage system;
4. The construction of the passenger terminal building.

The construction of the new passenger and ferry terminal in the Bay Bredgeti is to enable direct access from the highway and the future railway bypass into the new port and accordingly its transport connection to the countries in the region. The maritime route connecting the port of Zadar with Italy, its western Adriatic counterpart, is the shortest maritime route connecting Croatia with the European Union. By the realization of the planned construction of inter-regional transport infrastructure (e.g. Adriatic-Ionian motorway, motorway to Zagreb, and future Adriatic high-speed railway and railway to Zagreb), Zadar will be only about 2-3 hours away from Zagreb, which will also be the time distance from Zadar to Rijeka and to Dubrovnik. These facts are essential for the appraisal of future development and the importance of the Zadar port as the whole. The finalization of the construction of the new port is planned for 2012.

## **4.2. The Port of Šibenik**

### *4.2.1. Infrastructure capacities*

The port of Šibenik is located on the Krka river delta. It has an area of 430 ha, length of 10 km, it is 300-1200 m wide, and with a sea-depth of 8 to 10 meters. It is specialized for bulk cargoes with a maximum annual capacity of two million tons. It is well connected with the hinterland by the railway lines of Šibenik- Knin, Oštarije- Zagreb and Šibenik - Knin - Bosanski Novi – Zagreb railways, as well as by the motorway Šibenik- Benkovac - Obrovac - Karlovac – Zagreb.

The port consists of the following terminals:

- Bulk Cargo Transshipment Terminal

The total length of the terminal is 240 m with a sea depth of 10 m. The total terminal capacity is one million tons and it can accommodate ships of up to 30,000 DWT. It is equipped by a 400 t/hour cargo-loader. Storage capacity is 105,000 tons of various cargo or 120.000 tons of single cargo. The storage facility has five separated storage areas with the capacity of 15.000 tons each and one of 30.000 tons of cargo. Rail loading station has two tracks, length 600 m (two scales), with the capacity of 7,000 t/day and the possibility of simultaneous handling of two different types of cargo.

- Bulk Cargo Export Terminal

The total length of the terminal is 250 m with the sea-depth of 10 m. The maximum annual terminal capacity is 400,000 tons and it could accommodate ships of up to 30,000 DWT. It has two storage areas, each of 2,500 m<sup>2</sup>. The loading capacity is 150t/hour, it is equipped with two belt conveyors for ships of up to 5,000 tons, two shiploading cranes with grabs and bucket loaders (capacity of 300 t/hour), transport system; movable conveyor systems with the capacity of 200 tons/hour. Terminal has a packing unit with the capacity of 20 t/hour for bags up to 50 kg, and the possibility of truck loading during the packing process.

- General purpose port area (general and bulk cargo transshipment)



The total length of the terminal is 200 m with the sea-depth alongside of 10m where up to three ships can be moored at the same time. The open storage area has a capacity of 20,000 m<sup>2</sup> of concrete-paved surface equipped with three portal cranes (two with the maximum loading capacity of 7 tons and one of 5 tons), which enables loading using hook or grab. Two railway tracks, 400 m in length, also serve the terminal.

- Timber terminal

The total length of the terminal is 310 m with the sea-depth of 7 m. The terminal has covered storage areas with the total capacity of 13,400 m<sup>2</sup>, as well as an open storage area with the capacity of 55,000 m<sup>2</sup>. Terminal is equipped for loading/unloading and storage of timber and products, as well as for drying, sorting, sawing, packing and marking of timber.

**Evaluation of infrastructure capacities:** The absence of specialized terminals where modern transport technologies may be applied. Substantial investments required.

#### 4.2.2. Transport Development Dynamics and Transport Structure

The dynamic of transport development and transport structure for the port of Šibenik in the period 2006-2007 is given in Table 7 below.

**Table 7. Traffic volumes in the Port of Šibenik in the period from 2006 - 2007 and compared to the total traffic volume of all Croatian ports**

Year	Cargo	RC all ports	Šibenik
2006	<b>TOTAL</b>	<b>26.284.428,5</b>	<b>1.262.211,0</b>
	Bulk	11.981.153,0	1.200.719,0
	Liquid	9.558.231,0	12.388,0
	Container (t)	663.268,0	0,0
	Container (TEU)	113.905,0	0,0
	Dangerous	9.451.418,0	2.120,0
	General	1.627.918,0	45.655,0
	Ro-Ro (t)	2.453.858,5	3.449,0
	Ro-Ro (No. of units)	5.228.923,0	1.750,0
	Import	7.863.702,0	480.766,0
	Export	6.187.872,0	761.502,0
	Transit	7.293.504,0	3.346,0
	Domestic	4.931.692,5	16.597,0
2007	<b>TOTAL</b>	<b>30.081.245,1</b>	<b>1.270.795,0</b>
	Bulk	13.615.783,0	1.146.779,0
	Liquid	11.111.339,0	19.239,0
	Container (t)	1.200.075,3	0,0
	Container (TEU)	181.771,5	0,0
	Dangerous	11.079.489,5	0,0
	General	1.743.822,3	98.665,0
	Ro-Ro (t)	2.410.225,5	6.112,0
	Ro-Ro (No of units)	5.526.977,0	4.116,0
	Import	9.670.231,4	497.233,0
	Export	6.407.729,3	743.332,0
	Transit	9.046.180,0	0,0
	Domestic	4.956.954,4	30.230,0

Source: Ministry of the Sea, Transport and Infrastructure, Zagreb, 28 October 2008

**Statistic Data for 2007 includes the following areas: HMO ŠIBENIK (port of Šibenik)**

Passenger traffic in the port of Šibenik is shown in Table 4.

#### *4.2.3. Ownership structure*

The Šibenik Port Co.Ltd. is a limited liability company registered for providing cargo loading/unloading services, with a capital share of 15,678,000.00 Kuna (HRK).

#### *4.2.4. Human resources*

The Port of Šibenik has 159 employees. The Šibenik Port Workers' Union has been established in the port of Šibenik.

#### *4.2.5. Development Activities in the Port of Šibenik*

The development of a passenger terminal in the port of Šibenik is planned, and the Project is being estimated at 4 million EUR. The development of a passenger terminal would provide a long-term solution for the passenger traffic in the port of Šibenik - today passenger traffic is located on a part of the wharf primarily provided for cargo traffic. At the same time, this will enable the accommodation of cruisers for which there is a growing interest. Also it will resolve some administrative issues such as the provision of adequate premises for the Harbour Master Offices, Custom, Police and the Port Authority.

The superstructure is planned to be built following concessions granted through a public tender.

### **4.3. The Port of Split**

#### *4.3.1. Infrastructure capacities*

In 1997 the Government of the Republic of Croatia, recognizing the particular economic importance of the port of Split for the Republic of Croatia, established the Split Port Authority to administrate, construct and utilise the port of Split. The port of Split is defined as a port open for international public transport. The Port Inc. Split was established in May 2002.

The southern part of the port, located near the city centre serves passenger traffic, as the main port activity, while cargo loading/unloading is located in the industrial area, the northern port area of Vranjičko-Solin Basin and the Kaštela Basins.

The port of Split, located at a favourable geographic position in the Mediterranean region, is one of the most important local and international maritime transport hubs. Its position in the central part of Dalmatia, with sufficient sea-depths alongside which enable the accommodation of large ships, as well as the road and rail connection to the hinterland make the port of Split an outstanding hub port for passenger traffic.

Terminals:

- Free Zone Split

In December 1998, the Government of the Republic of Croatia endorsed the decision of the Split Port Authority to establish the Port of Split Free Zone. The Zone became operative on 1 January 2001.

The Port of Split Free Zone is located within the Vranjic basin and it consists of two parts: a land area with a total surface of 259,900 m<sup>2</sup> and a sea area of 24,000 m<sup>2</sup>.

**Evaluation:** The absence of specialized terminals where modern transport technologies may be applied. Investments required.

- Vranjičko-Solin Basin

The Vranjičko-Solin Basin is intended for accommodating cargo ships in international and domestic trade, Ro-Ro ships, container vessels, bulk carriers, laid-up ships, and other purposes. The total length of the operating wharf is about 1630 meters.

- City Port Split

The City Port of Split is used on a regular basis by passenger ships in domestic and international trade, smaller vessels engaged in tourist transport, public and war ships, while Ro-Ro ships with up to 7,9 meters of draught only use it occasionally. The basin is divided into eight areas. The port has 28 berths in total (with the length of 63-173 meters) out of which nine berths serve cruisers. The terminal can accommodate ships up to 250 meters in length, with the maximum draught of 7.9 meters.

*Kaštela Basin A* - terminal is intended for cargo ships.

*Kaštela Basin B* - terminal is intended for cargo ships.

*Kaštela Basin C* - terminal is intended for cargo ships, tankers, laid-up ships, etc. The total length of the berthing accommodation is 870 meters, with the sea-depth from 4 to 11.6 meters.

#### 4.3.2. Transport Development s and Transport Structure

The dynamic of transport development and transport structure for the port of Split in the period 2006-2007 is given in Table 8 below.

**Table 8. Traffic volumes in the Port of Split in the period from 2006 - 2007 and compared to the total traffic volume of all Croatian ports**

Year	Cargo	RC all ports	Split
2006	<b>TOTAL</b>	<b>26.284.428,5</b>	<b>2.796.782,0</b>
	Bulk	11.981.153,0	1.542.343,0
	Liquid	9.558.231,0	449.252,0
	Container (t)	663.268,0	11.668,0
	Container (TEU)	113.905,0	1.185,5
	Dangerous	9.451.418,0	460.148,0
	General	1.627.918,0	124.240,0
	Ro-Ro (t)	2.453.858,5	669.279,0
	Ro-Ro (No. of units)	5.228.923,0	691.489,0
	Import	7.863.702,0	552.327,0
	Export	6.187.872,0	946.968,0
	Transit	7.293.504,0	64.236,0
	Domestic	4.931.692,5	1.233.251,0
2007	<b>TOTAL</b>	<b>30.081.245,1</b>	<b>2.734.654,0</b>
	Bulk	13.615.783,0	1.600.432,0

Liquid	11.111.339,0	402.374,0
Container (t)	1.200.075,3	130.880,0
Container (TEU)	181.771,5	3.477,0
Dangerous	11.079.489,5	395.743,0
General	1.743.822,3	100.436,0
Ro-Ro (t)	2.410.225,5	600.968,0
Ro-Ro (No. of units)	5.526.977,0	713.535,0
Import	9.670.231,4	698.483,0
Export	6.407.729,3	846.874,0
Transit	9.046.180,0	37.825,0
Domestic	4.956.954,4	1.151.397,0

Source: Ministry of the Sea, Transport and Infrastructure, Zagreb, 28 October 2008

**Statistic Data for 2007 includes the following areas: HMO SPLIT (port of Split- City port, Port of Split-Northern Port, Port of Split- Terminal Silo, Port of Split- Salonit Vranjic Factory, Port of Split-Shipyard "Viktor Lenac, Port of Split- Ina-Petronafta, Port of Split- Cement Factory ST. Kajo, Port of Split- Cement Factory St. Juraj, Port of Split- Terminal INAVINIL)**

The traffic forecast for the port of Split, based on the traffic movements so far, is calculated by taking into account input-output cargo flows, the size of the related hinterland area and the industrial potential of the related hinterland areas. The traffic forecast for the port of Split is shown in the Table 9.

**Table 9. Traffic forecast for the port of Split based on data provided by the Port Authority**

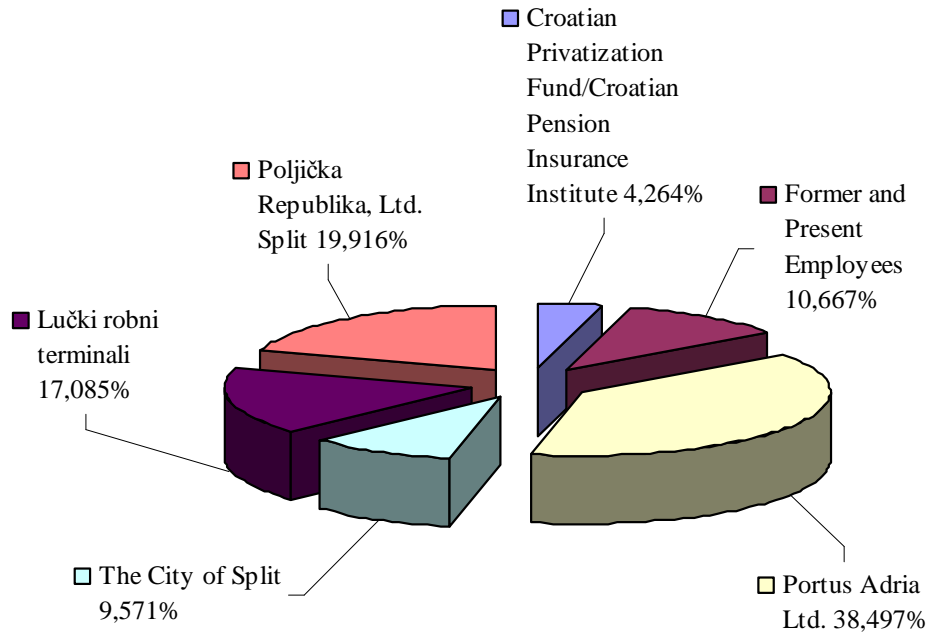
	2002.	2005.	2010.	2011.
Split – total traffic	2.000	2.750	3.700	4.000
Split – public transfer	60	100	200	300

Source: N. Perko: The development of Dubrovnik passenger port to accommodate large tourist ships, M.Sc Thesis, Faculty of Transport Studies, 2006

The passenger traffic in the port of Split is shown in Table 4.

#### 4.3.3. Ownership structure

The Port Inc. Split is a joint-stock corporation. Its capital share is 21,249,200.00 Kuna into 82,647 shares. The ownership structure of the Port Co.Ltd, according to the Stock Exchange data is illustrated in the following Diagram:



**Diagram 4. The Port Inc. Split ownership structure**

Source: [http://www.lukasplit.hr/opci\\_podaci.htm](http://www.lukasplit.hr/opci_podaci.htm) (22/10/2008)

#### 4.3.4. Human resources

In the port of Split there are 171 employees. Three Unions have been established in the port of Split. These are:

- Autonomous Split port employees Union;
- Independent Split port employees Union;
- Port of Split Longshoremans' Union

#### 4.3.5. Development Activities

The most important infrastructure investment in the port of Split in the last decade was the enlargement of St. Peter's Pier. With this project, finalized on 17 August 2007, this pier, in the largest Croatian passenger port, has been extended by 146 meters. It is now 16 meters wide and can accommodate cruisers up to 180 meters in length or up to two catamarans. The southern side of the pier is 135 meters long with the loading/unloading ramp 19,50 m wide, while the northern side of the is 156 m long, with three sub-stations for water supply and power supply. The total surface of the extended part of the pier is 2,669 m<sup>2</sup>. The construction costs were 29 million Kuna, out of which 20 mil were financed by the State, and 9 million by the Port Authority. The project includes in addition to berth, the construction of a ferry ramp on the southern side of the pier enabling the significant reduction of the workload for the other parts of the port.

Another planned project is the construction of "Summer berths" and Ro- Ro terminal on the southern side of the breakwater in the city port. The project value is 20 million Kuna. It is planned to be financed by a commercial bank loan granted to the Port Authority, with the Government of the Republic of Croatia as a guarantor, while the superstructure in the port of Split will be developed on the basis the concession agreements and an international public

tender. Within the first phase of the project is the construction of a 250 m long quay which can accommodate two ferries in local or international trade or one large cruiser. In the second phase the construction of a 90 meters long quay is planned, where even the largest cruisers could be accommodated. The multipurpose nature of the “Summer berths” will enable the accommodation of the larger number vessels in the international trade and cruisers, providing at the same time a reduction of the ferry traffic workload during the summer season, particularly on the most frequent line to Supetar which represents 54% of the total traffic in the port of Split.

The vision of future port development also foresees the construction of new passenger terminal on the main breakwater, transforming the breakwater into the main backbone of the international traffic in the area, whereas the existing terminal on St. Duje Pier will be reserved for domestic passenger traffic.

#### 4.4. The Port of Dubrovnik

##### 4.4.1. Infrastructure capacities

A major part of quay area was significantly damaged due to lack of maintenance, war devastation and construction inadequate to withstand high propeller thrust of large ships. Different parts of the quay foundation are impaired and cracks could be observed in the wharf. The quay apron, the asphalt or the concrete surface are in poor condition. Poor drainage conditions obstruct port operating activities during the rainy season.

The port administration building encompasses an area of 1750 m<sup>2</sup>. The ground floor with the surface of 350m<sup>2</sup> is used as the passenger terminal, with the lobby for passengers in international transport. The first and second floor are used for administrative and commercial purposes. The building was severely damaged during the war.

The commercial and housing area of “Kantafig” consists of several objects with total area of around 900 m<sup>2</sup>. This represents the former railway facilities which have been handed over as apartments and industrial facilities. Their area is between 100 m<sup>2</sup> and 300 m<sup>2</sup>, made of rocky walls with roof covered with tiles. They are relatively well maintained.

The port equipment includes 3 portal cranes of 5 tons lifting capacity and 1 portal crane of 25 tons, type GANZ type, fitted in 1958. The cranes were written off a long time ago, and are in poor state of maintainance. Due to the reallocation of the flow of goods, absence of any commercial traffic, particularly of general cargo traffic, and the transformation of the port of Dubrovnik into a passenger port, the cranes need to be removed. They already disturb the use of the quay, particularly by to cruisers.

##### 4.4.2. Transport Development Dynamics and Transport Structure

The dynamics of transport development and transport structure for the port of Dubrovnik in the period 2006-2007 is given in Table 10 below.

**Table 10. Traffic volumes in the Port of Dubrovnik in the period from 2006 - 2007 and compared to the total traffic volume of all Croatian ports**

Year	Cargo	RC all ports	Dubrovnik
2006	<b>TOTAL</b>	<b>26.284.428,5</b>	<b>6.973,0</b>
	Bulk	11.981.153,0	4.080,0
	Liquid	9.558.231,0	1.048,0

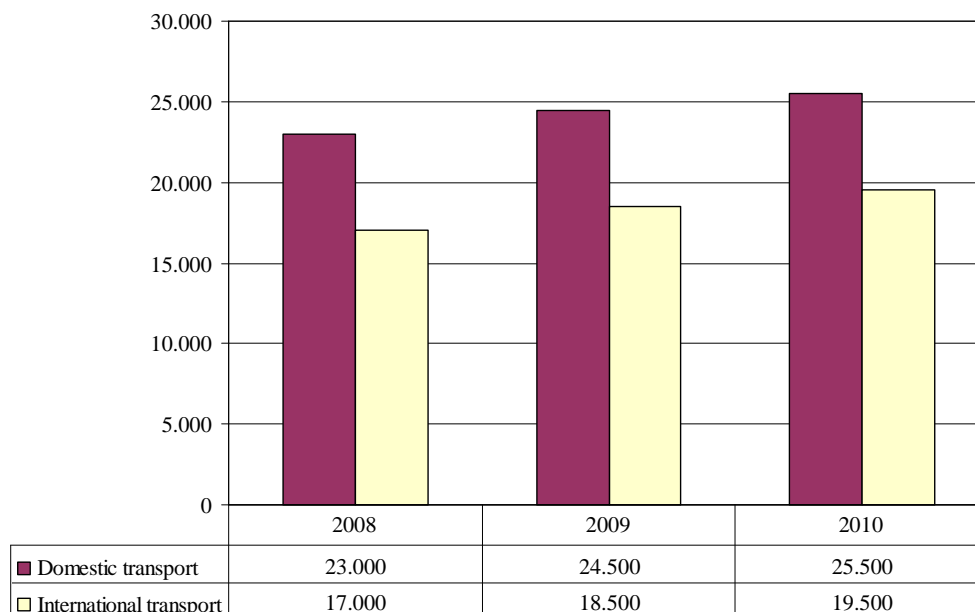
	Container (t)	663.268,0	0,0
	Container (TEU)	113.905,0	0,0
	Dangerous	9.451.418,0	1.368,0
	General	1.627.918,0	327,0
	Ro-Ro (t)	2.453.858,5	1.518,0
	Ro-Ro (No. of units)	5.228.923,0	26.402,0
	Import	7.863.702,0	302,0
	Export	6.187.872,0	120,0
	Transit	7.293.504,0	0,0
	Domestic	4.931.692,5	6.551,0
2007	<b>TOTAL</b>	<b>30.081.245,1</b>	<b>8.620,0</b>
	Bulk	13.615.783,0	3.430,0
	Liquid	11.111.339,0	2.438,0
	Container (t)	1.200.075,3	0,0
	Container (TEU)	181.771,5	0,0
	Dangerous	11.079.489,5	2.438,0
	General	1.743.822,3	6,0
	Ro-Ro (t)	2.410.225,5	2.746,0
	Ro-Ro (No. of units)	5.526.977,0	25.973,0
	Import	9.670.231,4	131,0
	Export	6.407.729,3	0,0
	Transit	9.046.180,0	0,0
	Domestic	4.956.954,4	8.489,0

Source: Ministry of the Sea, Transport and Infrastructure, Zagreb, 28 October 2008

**Statistic Data for 2007 includes the following areas: HMO DUBROVNIK (Port of Gruž-passenger port, port of Gruž)**

The Port of Dubrovnik achieved the highest passenger cruisers traffic in 2007, when a total number of passenger reached 682.060, or 72% of the total cruising market in the Republic of Croatia. An average annual rate of growth of passenger cruiser traffic in the port of Dubrovnik is 21%.

The passenger traffic in the Port of Dubrovnik, compared to other ports, is shown in Table 4. The traffic forecast for road vehicles in the port of Gruž, based on the traffic handled and foreseen by an expert evaluation is illustrated in the following Diagram.



**Diagram 5. Expected trend in the number of vehicles in the port of Gruž in the period 2008 – 2010**

Source: <http://www.portdubrovnik.hr/index.php?lan=hr&action=luka&kat=119&pdl=102> (23/10/2008)

#### 4.4.3. Ownership structure

The Port of Dubrovnik Inc. is a joint-stock corporation. The capital stock of the corporation is 5,936,000.00 Kuna (HRK) into 14,840 ordinary registered named shares, each with a nominal value of 400 Kuna, type “A”.

#### 4.4.4. Human resources

The Port of Dubrovnik has a total of 75 employees. Port of Dubrovnik Longshoremen’s Union has been established in the port.

#### 4.4.5. Development Activities

The Project of reconstruction and development of the port infrastructure in the port of Dubrovnik, financed by the Loan Agreement with the European Bank for Reconstruction and Development is on-going. The Project value is 25.5 million EUR. The superstructure is planned to be built following the signature of concession agreements and also on the basis of an international tender. Under the project the port plans to construct a new 900 meters of new cruiser wharf and develop a new port area of 15,000 m<sup>2</sup>, which is to enable simultaneous accommodation of up to three large modern cruisers, and a capability for the embarkation/disembarkation of 10,000 passengers at a time. The development of the infrastructure is a precondition for the development of accompanying facilities such as a passenger terminal, garage, shopping centre or hotel-casino, based on the BOT or PPP model.



On the location of the old cargo port another modern passenger terminal is planned to be built in the port of Dubrovnik, This project includes:

- Reconstruction and development of port infrastructure, Berths 10-16

Reconstruction and development of port infrastructure on Berths 10 to 16, i.e. the project of future port area for cruisers.

- Construction of the Batahovina quay

The project includes the construction of new quay of 600 meters in length in the area of Batahovina. The commencement of the project is anticipated for 2009, with its termination in 2011.

- Development of port superstructure

The planned superstructure facilities in the port area can be divided into the following categories: basic or necessary for daily port operations - like maritime passenger terminal, bus terminal; and additional facilities like hotel, shopping centres, recreational and entertainment facilities, public garage, etc.

The basic objective of these plans and projects is the development of Dubrovnik as a major passenger seaport with the aim of keeping and ensuring its high position among the leading Mediterranean cruise ports, meeting all the requirements of high quality tourist service. The necessary pre-condition to achieve this aim is the development of such port facilities that will not only contribute to the quality of the port but also, at the same time, improve the quality of tourist services in the Dubrovnik area, thus making an overall contribution to Dubrovnik as a top tourist destination.

## **5. SOCIAL DIALOGUE IN THE PORT INDUSTRY**

### **5.1. The Status and the State of Development of the social dialogue in the port industry in Croatia**

The Conventions adopted by the International Labour Organization (two basic Conventions in the area of freedom of association, i.e.: ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organize and the ILO Convention 98 on the Right to Organise and Collective Bargaining) and the Constitution of the Republic of Croatia regulate the basic workers' and employees' rights (stipulated in the chapters on economic, social and cultural rights, Article 59 which regulates the freedom of association). The Labour Act determines the minimum framework of labour relations while, through collective agreements and other autonomous sources of law, the entire scale of labour relations have been defined in details.

The social partnership, as an essential precondition for the equilibrium of economic and social interests in Croatia, has been established in conjunction with the establishment of a free market economy and it is implemented through the bipartite and tripartite co-operation of social partners. The strategy of promoting freedom of collective bargaining, social and economic rights, with a view to achieving the balance of interests and implementing harmonized economic, social and development policies, has led to the institutionalization of a tripartite dialogue. Therefore, a tripartite Economic-Social Council was established in January 1994 as a result of an agreement between the Government of the Republic of Croatia, the Trade Unions and the Employers.

In spite of the challenges and circumstances under which social partnership and tripartite cooperation were unveiling, the Constitutional and legal framework, and particularly practical

considerations, have been strong encouragements to the promotion of the freedom of association and the activities of Unions. This has resulted in tripartite consensus on many important issues. A particularly important outcome of the tripartite co-operation could be exemplified by the level of consensus reached during the law-making process of the Labour Act (Official Gazette 137/04, consolidated text), which has been in force since 1 January 1996. The experience gained in social partnership until the Labour Act was passed, was reflected in legal formalization of the Economic- Social Council by means of the Labour Act. By means of the new Agreement of the social partners, entered on 16 May 1999, the opportunities for substantial tripartite co-operation of the Government, Unions and employers in the areas of particular importance for economic and social system, like redefinition and the reform of social security in the context of transition and complex international relations, globalization and global economy, have been established. This has been a significant event for the development of the social dialogue in ports, since the port industry and the port system represent an open and dynamic system highly dependent on market fluctuation. There is a strong competition of the demand of port services as related to port industry in general, where the wages of employees and their satisfaction are directly generated by the demand for port services.

Through their policy and the related activities the Government of the Republic of Croatia have shown high interest in the institutional forms of social dialogue. In this context particular emphasis has been placed on its participation in the work of the Economic-Social Council. However, the Government of the Republic of Croatia cannot disregard other forms of social dialogue, confrontation of arguments and finding out balanced solutions to important issues, particularly in respect of the port sector and port industry.

When analyzing the status of social dialogue in port industry in the Republic of Croatia, the role and the duties of the Government of the Republic of Croatia to promote different forms of civil society in general, and thus to understand the need for adjustment of all forms of social dialogue rather than supporting monopoly, needs to be emphasized. These principles were important and relevant for the Agreement on the Establishment of the Economic-Social Council which has a consultative role in the creation of economic and social policy in the Republic of Croatia. As already mentioned, the port sector and port industry is a particularly important element of the Croatian economic system. Consequently, it is of particular importance that the Government of the Republic of Croatia in its entirety respects the principles of freedom of association, freedom of establishment of associations and honours their representatives. While it is true that the results of the tripartite co-operation of the social partners in port industry may have been even more successful, they have had a positive impact on the international position of the Republic of Croatia.

Following the continuous promotion of freedom of association, collective bargaining and trade unions activities, adoption and ratification of relevant conventions of the International Labour Organization was an important step forward, ensuring the implementation of international standards in the tripartite co-operation and social dialogue in port industry.

Shown below is the chronology of the development of social dialogue and the signing of collective agreements in ports:

1. On 9 September 2004 in the Port of Rijeka, Riva 1, the new Collective Agreement for the employees of Rijeka Port Inc. was signed by the employer, represented by Corporation Management, and the three Unions organized in the port of Rijeka. By the Collective Agreement rights and duties of employer, Unions and employees of Rijeka Port Inc. have been defined. Apart from the Collective Agreement, the Regulation on wages and wages accounting as well as the Decision on the acceptance of board complexity coefficient has been signed by Management and Unions.

2. The Independent Split port employees Union, the Autonomous Split port employees Union and Luka Inc. Split signed the Collective Agreement on rights and duties of employees and employer of Luka Inc. Split, on 1 July 2005.
3. On 22 November 2007 the Collective Agreement between the employees of the Dalmatian HUS Split, subsidiary of the Split Port Authority employees and Split Port Authority signed the Collective Agreement. Split Port Authority was the first port authority to sign a collective agreement with their partners.

The following are the Seafarers and Dockers Unions in Croatia:

1. Croatian Seafarers Union, Krešimirova 4, Rijeka;
2. Independent Dockers Union of Dalmatia, Put sjeverne luke bb, Split;
3. Croatian Dockers Union, Verdijeva 11, Rijeka;
4. Plovput Split Employees Union, Obala Lazareta 1, Split.

Croatian Seafarers Union has 10,000 members, and the remaining unions have approximately 2,500-3,000 members.

On 17 March 2008 in Šibenik the Coordination of Croatian Seaports Unions was established, acting within the Croatian Trade Unions Association. The most important task of the Coordination is to draft and initiate the signing of the united collective agreement for the entire port sector, which would apply to all port employees.

In six Croatian Adriatic ports, Rijeka, Zadar, Šibenik, Ploče, and two ports in Split, there are a total of 2,350 employees. Their difficult job and challenged position has been additionally threatened by other port labour suppliers (co-operator companies) which, for example, do not pay overtime or night work for their employees. The founding of the Coordination of Croatian Seaports Unions is intended to protect labor and social rights of all port workers, including those employed by private companies. The achievement of this goal should be easier when unions act together through the Coordination rather than to struggle in each port individually. It is expected that the participation in the privatization of the Croatian ports granting the control share package to port employees will also be ensured by the instrument of a unique collective agreement for the entire port sector.

## **5.2. The Role of Social Dialogue in the Port Industry in Croatia and its Importance for Transport Development**

The social partnership in micro-economic units, e.g. in port systems, is one of the main elements of successful business. Being a platform for the determination of costs and working conditions, social dialogue in the port industry, directly effects port sector business expenses and the productivity of the port corporation. Apart from costs and working conditions, which are defined by collective bargaining as the main instrument of social dialogue, the other important aspects of social dialogue are the definition of an employees' educational system in the port industry, health protection and the defining of future workers' supply needs.

Continuous education and training enhance the motivation of employees in the port industry and thus increase the port productivity, profits and economic effects in general.

Moreover, through ongoing education, port employees foster their future growth, since education raises their employment opportunities. This fact is particularly important for the Republic of Croatia and the analysed ports (see Chapters 3 and 4) since the annual traffic of certain ports is variable and therefore the educational and qualification structure of port employees is considered to be a competitive advantage of the port industry. The desire for

competitiveness of labour in the port industry in the Republic of Croatia is emphasised by the proximity of the competitor ports in Slovenia and Italy (Koper and Trieste).

The Croatian Dockers Union is the Union with the largest membership in the port industr. It is an independent, voluntary, free, professional and autonomous association of maritime and inland water transport employees in Croatia, and its primary task is to implement and enhance the economic interests of the Croatian Dockers and other workers whose activities are related to port areas.

The traffic increase and structural transformation of Croatian ports (stabilisation of management structure and ports' share trading at a stock exchange) has created a solid basis for a qualitative and coherent social dialogue. The traffic increase has also created a need for qualified manpower and a is a requisite for additional port labour education. The ports of Rijeka and Ploče have recognized the requirements described and have significantly increased their investments in human resources. The traffic increase and the need for additional qualification of manpower in port industry is a continuous interactive process with the aim to enhance the port sector efficiency and to raise the qualification structure of employees. Other Croatian ports show a lower level of investments in human resources, and do not sufficiently emphasize social dialogue, which is consequently reflected in dissatisfaction of port employees and their social and employment insecurity.

### **5.3. Communication and social dialogue development in the port industry of Croatia**

Social dialogue must have a central role in proposing and implementing reforms in the restructuring process and in the participation of the private sector in ports. In this respect, there has been a tendency of improving the role of research and development.in the Croatian port industry and in individual ports in particular. The relative development plans and infrastructure facilities have been analysed in Chapters 3 and 4. The port sector is aware of the importance of competitiveness of the Croatian economy and therefore emphasis is placed on employment policy and integration of unemployed persons into the labour market.

Poor or insufficient social dialogue is reflected in the lack of a planned strategic approach towards the employment of persons with special needs (physically disabled) and such sensitive unemployed categories as long-term unemployed persons, single parents, etc. Persons belonging to the above categories should be specially trained and employed to carry out jobs fit to their psychophysical characteristics.

The Union advocates and promotes democracy and freedom and objects to any discrimination based on race, nationality, sex, religious or political commitments or any form of totalitarianism. The Union is organized on the entire territory of the Republic of Croatia and is based on the principles of solidarity and reciprocity, co-operating with trade union members in Croatia and worldwide.

The Union objectives are organization and association of port workers in Croatia, collective bargaining and signing of the agreement on behalf of their members, as well as promoting economic, social, cultural, educational and other labour-related interests of the members, like the working conditions, work and social protection, training for members, designated persons and workers' representatives, promoting social policy and improving existing social standards and rights, democratisation of the economy sector and the society in general.

The activities of the Union are the following:

- Promoting ratification of the ILO Conventions No. 137 and No. 152 and Recommendation 145

- Promoting ratification of the ILO Convention No. 87 on Freedom of Association and Protection of the Right to Organize and the ILO Convention 98 on the Right to Organise and Collective Bargaining
- supporting the work of the non-governmental and civil society organizations in the activities that promote peace based on social justice and economic progress
- protection, support and development of economic, social, professional, training and cultural interests of its members
- assistance in the development of research activity dealing with issues and trends that influence work conditions, labor law, union organizing and collective bargaining, as well as all other issues relating to reaching the purpose and goals of the Union

The Union reaches its goals based on the following principles:

- openness to all the workers under the same conditions
- voluntarism in joining and leaving the Union
- independence from the employer and its associations, government, political parties, religious communities and other organizations
- democratic elections and responsibility of institutions and elected officers
- public nature of its work
- independence in the structure of internal organization, work program, elections and dismissal of the entities and its officials and financing
- democratic representation and democratic expression of the will of its members

In accomplishing its goals, the Union establishes relationships among all the union-organized employees in all the ports in the Republic of Croatia, as well as on the international level, and develops and coordinates programs of intra-Union solidarity. It also provides information to its members by means of its publications and offers or provides financial support to the employees who are Union members.

In achieving its goals, with the purpose of protecting and promoting the interests of its members, the Union, acting as a social partner, the Union promotes collective bargaining and implementation of collective agreements. It also promotes imposition of labor and social regulations and measures of the economic, social and developmental policies resulting from the agreed and harmonized interests of all the social partners.

In promoting and implementing its goals, the Union cooperates, in accordance with the Law, with the Economic-social Council. The Union also submits its proposal and initiatives directly to the Croatian Government, to the competent ministries, funds, employers and their associations. Union members are obliged to pay membership fees as well as to participate in the industrial actions organized by the Union, either independently or together with other Unions, and act in accordance with the Union's goals.

The central bodies of the Union are the following: The Assembly (the highest in the hierarchy), Governing Board and President (the highest permanent body).

Following the analysis of the port sector, the interviews conducted, and having consulted the legal basis that regulates the collective bargaining, the following can be concluded:

1. In the process of transforming port companies into joint stock companies, such an environment should be created so that each employee is given a possibility to participate in the ownership package and to secure employment, while using the legal framework provided for by the Seaport Act and the Law on Privatization.
2. In the work process, implementation of the Collective Agreement and the Employment contract must be secured.

3. It is indispensable to encourage the process of stipulating the payment schedule (tariff section) in the Collective Agreement in the ports as well as on the state level.
4. It would be useful to initiate the establishment of liability in the work of the Board, in the event of failure to fulfill the goals set out and in case of any abuse of authority and position. This is of extreme importance in Croatia as employees should become aware of the existence of protection mechanisms.
5. Organisation and attendance of seminars, as well as education of union leaders are the necessary preconditions for competitiveness of the Croatian ports in the Adriatic, as well as for the survival of ports with lower cargo traffic rates.
6. Moreover, it is indispensable to raise the personnel activities to a higher level, i.e., managing human resources. This is particularly emphasized by the fact that the port industry employs 2,500-3,000 workers who are Union members. By joining the Union, they have expressed their intention to improve their status and work conditions. The level of success of the efficiency measures, in proportion to the satisfaction of the members, directly influence on the business operations and efficiency of the ports.
7. It is necessary to intensify activities related to work safety of employees, protection in the case of injury at work, insurance and compensation.
8. For the purpose of developing social dialogue it is important to exchange information and knowledge with other Croatian and foreign ports.

Unfortunately, in many situations in the port industry in Croatia, social dialogue is merely a formal forum. In the upcoming period, Croatia should secure the mechanisms of social dialogue and strive to recognize and create such social partners that will successfully carry on their duties.

## **6. CONCLUSION**

In this study, the state of the social dialogue in the port industry has been determined, all the information significant for the description of the state in the port sector in the Republic of Croatia has been gathered and analyzed, with a particular emphasis given to social dialogue. From the statements above, one may conclude that there is a developed institutional framework for the functioning of social dialogue and participation of civil society in decision-making. Also, social dialogue in the port industry has been reached such a level, turning from the state of consultations into the social partnership model. The entire institutional framework for tripartite social dialogue in the port industry of the Republic of Croatia works satisfactorily and provides the social partners with a wide space for consultations on all crucial economic-social issues.

In the forthcoming period, it is necessary to put more effort to the elaboration of key principles of social dialogue and social politics, dedication to the development of social dialogue in the ports and promotion of social participation, as well as to the measures for applying social dialogue and to enhancing social protection. The strengthening of the role of social partners, especially the unions and civil society organizations, should begin immediately. Greater public awareness of the issues of social participation and social dialogue is very important, primarily in the field of the port industry in Croatia encompassing a great number of employees. In the process of joining the European Union, Croatia must strive to gradually adopt the European social model and promote high standards in social politics and social dialogue in the port industry.



**PROJECT TITLE:**

**“Strengthening Social Dialogue in the Process of Structural Adjustment and Private Sector Participation in Ports in Croatia”**

**LIST OF MEMBERS OF THE  
NATIONAL TRIPARTITE PROJECT STEERING COMMITTEE (NTPSC)**

<b>No.</b>	<b>ORGANIZATION</b>	<b>NAME, POSITION</b>	<b>CONTACT INFORMATION</b>
1.	Ministry of Economy, Labour and Entrepreneurship	<b>Marija Knežević Kajari,</b> Head of department for labour market and employment	Tel: 01/6106-259 Fax: 01/6109-159 E-mail: <a href="mailto:marija.knezevic-kajari@mingorp.hr">marija.knezevic-kajari@mingorp.hr</a>
2.	Ministry of Sea, Transport and Infrastructure	<b>Nina Perko,</b> Head of directorate for sea transport, maritime good and ports	Tel: 01/6169-034 Fax: 01/619-59-56 E-mail: <a href="mailto:nina.perko@pomorstvo.hr">nina.perko@pomorstvo.hr</a>
3.	Croatian Employer's Association	<b>Rajko Barbir,</b> General affairs manager of the Port of Ploče	Tel: 020/603-263 Fax: E-mail: <a href="mailto:r.barbir@luka-ploce.hr">r.barbir@luka-ploce.hr</a>
4.	Croatian Employer's Association	<b>Arsen Randić,</b> Director of general affairs and personnel of the Port of Rijeka	Tel: 051/335-508 Fax: 051/331-493 E-mail: <a href="mailto:arsen.randic@lukarijeka.hr">arsen.randic@lukarijeka.hr</a>
5.	Croatian Trade Union Association	<b>Rusmir Cimirotić,</b> President of the Independent trade union of employees of the Port of Rijeka	Tel/fax: 051/373-057 GSM: 091/761-80-37 E-mail: <a href="mailto:nszrl@lukarijeka.hr">nszrl@lukarijeka.hr</a> ; <a href="mailto:hus@zg.htnet.hr">hus@zg.htnet.hr</a>
6.	Union of Autonomous Trade Unions of Croatia	<b>Robert Stijelja,</b> Secretary of the Dockers' union of Croatia	Tel: 051/333-093 Fax: 051/212-286 GSM: 098/277-441 E-mail: <a href="mailto:robert.stijelja@slrh.hr">robert.stijelja@slrh.hr</a>



**Cross - Fertilization Workshop on Social Dialogue in Ports in Bulgaria, Croatia and Romania**  
**Bruxelles, 15 & 16 October 2009**

**NATIONAL PLAN  
OF FUTURE SUSTAINABILITY OF THE PROJECT - CROATIA**

**Profile of the port sector**

In the Republic of Croatia there are six ports of outstanding (international) economic importance and those are the ports of: Rijeka, Zadar, Šibenik, Split, Ploče and Dubrovnik. Ports of Rijeka and Ploče are also important for connection to the trans-European transport corridors (corridor V). There are also 2 river-ports: Sisak and Vukovar

During the period 2004-2007 the State invested in those ports a total amount of over EUR 52 million in capital infrastructure projects and for the period 2006-2013 the planned investment for the six ports will reach the total sum of EUR 531 million.

**Work-force in the ports and trade unions coverage**

The sector employs about 3,000 workers, and the trade unions' coverage is very high; from 60-95%. For example:

- Rijeka
  - Total number of employees: 970
  - 3 trade unions – 910 members (94% coverage)
- Ploče
  - Total number of employees: 669
  - 2 trade unions – 557 members (83% coverage)
- Šibenik
  - Total number of employees:
  - 1 trade union – 120 members (63%)

These are the official numbers, obtained by the management and the trade unions operating in the ports. However, these data are not to be taken literally, because there is a peculiar situation in the ports of Croatia; if there are more than one trade union operating in the particular port, a large number of workers are members of more than one trade union at the same time.

**Social dialogue in the port sector in Croatia**

There is a developed institutional framework for the social dialogue and trade unions' participation in decision-making. There are workers' councils, shop stewards and representatives of workers in the Supervisory boards.

The social dialogue in port industry is at the developed level, rising more and more from the level of consultations towards the social partnership model. It is a platform for determination



of salaries, benefits, working conditions, health and safety at work issues and is mainly conducted in the form of collective agreement negotiations.

However, in the European Commission's **Croatia Progress Report for 2008**, it is evaluated that the sectoral social dialogue in Croatia remains weak and needs further strengthening.

### **National tripartite workshop – evaluations**

Most participants have given very high grades to the workshop, especially for quality of materials, describing them as very comprehensive and detailed with good examples from world ports.

However, some said that it was too long and some suggested it was too much information for such a short training.

Most participants were very satisfied with mutual cooperation during the workshop, especially in the light that they did not know each other before the workshop. They particularly liked the discussions among participants, so the recommendation by several participants is to provide more time for discussions.

Majority of participants (2/3) stated a high level of meeting personal goals and a complete satisfaction with the workshop.

### **Objectives of the plan:**

To build the capacities of the social partners, Government and other institutions included in the port sector to be able to address all the issues in the port sector through constructive social dialogue, including the conclusion of the sectoral collective agreement and to sustain this capacity through training and promotion, especially in the process of reconstruction and private sector participation imports.

This will provide the opportunity for larger numbers of Government employees, members of workers' and employers' organizations in the port sector to adopt appropriate knowledge and attitude and develop skills necessary for the process of social dialogue in ports and to advise their organizations in conducting an effective social dialogue in general and to encourage consultations on structural adjustments and private sector participations process in ports (ports in Croatia are mostly State-owned at the moment).

There is a need for further development of social dialogue with the aim to ensure the job satisfaction and security for a large number of employees in the port industry in Croatia. This is of particular importance in the process of the accession of Croatia to the EU and inclusion of the social partners in the European social dialogue.

### **Basis of the project**

- Outputs of the ILO / EC funded project (workshop materials and ILO Guidelines – translated into Croatian)
- Trained personnel – 20 participants of the first workshop and possible trainers from abroad
- Including any other updates from national or European legislation that will become available in the future

### **Method of implementation:**

- workshops and discussions at national, regional and group level and in tripartite, bipartite or group setting series of 1,5 to 3-day workshops

## TARGET GROUPS

### At the national level

- members of trade union confederations
- members of employers' association
- ministers and other high-ranking officials in the ministries dealing with the different aspects of the port sector

### At regional level

- Trade unions: presidents and secretaries of trade unions; trade unions stewards, worker's representatives in Supervisory boards, representatives of Workers councils in ports, representatives of trade unions for health and safety at work in ports
- Employers: members of the board in ports, directors of divisions/sections in ports, heads of business units
- Government: employees of ministries and port authorities directly dealing with the port sector

### At group level

- representatives of each interest group by themselves, i.e. trade unions/workers, employers, Government

**Lead role in programming:** National tripartite project steering committee (NTPSC) in present formation or enlarged with new members.

**Lead role in implementation:** Office for social partnership in Croatia (OSP). The OSP is an Governmental office, independent of any ministry, working directly under the Office of the Prime Minister of Croatia. Among its other duties and responsibilities, the OSP is functioning as the secretariat of the national Economic and Social Council in Croatia and coordinating different tripartite and bipartite meetings and other activities on the national and regional level in Croatia. .

### Partners:

- Employers in port sector
- Trade unions in port sector
- Line ministries (Ministry of Sea, Transport and Infrastructure and Ministry of Economy, Labour and Entrepreneurship)

### Materials

- based on ILO workbook, shortened to 1,5 to 3 days
- ILO Guidelines on social dialogue in the port sector
- In addition, at the end of each workshop there will be a session on mediation in solving labor disputes (collective and individual) and presentation of practical experience in social dialogue by representatives of trade unions and employers associations

### Trainers

Group of 20 persons who completed the first ILO workshop in Rijeka in June/July 2009 and possible trainers from abroad, like prof. Turnbull or representatives of FEPORT or ETF, depending on financial possibilities.

### **Workshops venues**

There will be four regional training venues:

Port of Rijeka – for participants from Rijeka and the counties close to Rijeka

Port of Split – for participant from Split (and area), Zadar and Šibenik

Port of Ploče – for participants from Ploče and Dubrovnik

### **Certificates of completion**

Ministry of Sea, Transport and Infrastructure, as the line ministry for the port sector, will be responsible to issue certificates of completion and to keep records of all participants who completed the training and obtained the certificates.

### **Publicity of the project**

Informing the public is of high importance for sustainability of the project in rising awareness of the people working in the sector, but also for the experts studying the sector and conducting research. The beneficial factor is that now days every organization has its web page, so the plan is to commit all the project's partners to regularly publish all relevant information on the progress of the workshop, the relevant materials and other useful information. There will also be a press-conference after each workshop.

### **Duration of the project**

The project will be conducted in cycles, each lasting for the period of 2 years. At the end of each cycle there will be an evaluation, revision and adjustment of the program, by the NTPSC, and design of the plan for the next cycle, according to the lessons learned and new conditions in the sector.

During the first cycle (2010 and 2011) there will be:

- 1 national awareness conference
- 4 regional works-shops (twice a year)
- 3 group workshops (each group separately)

## **FINANCIAL ASPECT**

### **Cost per workshop**

- Estimated amount: 6,000 Eur
- Includes: printing of materials, refreshments for participants, rooms and presentation equipment, travel expenses for participants and trainers

**Total estimated amount per year: 18,000 Eur**

### **Finance resources**

- Office for social partnership (50%)
- Trade unions – contributions in kind – travel costs (20%)
- Employers in ports – contributions in kind – training rooms, presentation equipment, (20%)
- External resources (10%)

## **IMMEDIATE IMPACT OF THE PROJECT**

The Port of Rijeka is consulting with the trade unions about a training program for port workers in container transport under the title „Port workers Development Program“ (PDP). It is a specialized program for container terminals and it has been approved by the ILO and the World Bank. He proposed that the Ministry of Sea, Transport and Infrastructure could, when announcing public tenders for concessions, include in the tender a paragraph of giving priority to those offers who have included the obligation of the concessionaire to ensure appropriate training for port workers, which is based on the ILO's PDP program. ETF and FEPORT have already started discussions on including the PDP program in the relevant training programs within the port sector. This way the private companies participating in the ports would be obligated to „import“ this program into the port sector. The ILO is willing to help the ministry with consultations, in the preparatory phase of tenders, to precisely define the clause within the tender which deals with this issue.