

THE INCLUSION OF THE PORT OF KOPER PASSENGER TERMINAL IN THE MEDITERRANEAN CRUISE MARKET

Uključivanje putničkoga terminala Luke Koper u mediteransko tržište kružnih putovanja

Igor Trupac, Ph. D.

Faculty of Maritime Studies and Transport
University of Ljubljana
E-mail: igor.trupac@fpp.edu

Elen Twrdy, Ph. D.

Faculty of Maritime Studies and Transport
University of Ljubljana
E-mail: elen.twrdy@fpp.edu

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Summary

The first vessel with passengers entered the Port of Koper in 2006. Since then the vessels have been arriving regularly (Fred.Olsen, Kristina Cruises, Thomson Cruises, Elegant Cruises & Tours, Discovery World Cruises).

This paper aims to review the current state of the development of the global and Mediteranean cruise market, introduce the orientation of the management of the Port of Koper to dedicate more to the passenger business and introduce recent/new strategies to enlarge passenger terminal to accept also ships with the largest dimensions.

Key words: the global cruise market, Mediteranean cruise market, Port of Koper, passenger terminal

Sažetak

Prvi brod s putnicima uplovio je u Luku Koper 2006. godine. Od tada brodovi dolaze redovito (Fred.Olsen, Kristina Cruises, Thomson Cruises, Elegant Cruises & Tours, Discovery World Cruises).

Osnovni je cilj članku prikazati sadašnje stanje u razvoju globalnoga i mediteranskoga tržišta kružnih putovanja, predstaviti orijentaciju vodstva Luke Koper da se posveti putničkom prometu i prikazati strategije za proširivanje terminala za prijem brodova najvećih dimenzija.

Ključne riječi: globalno tržište kružnih putovanja, mediteransko tržište kružnih putovanja, Luka Koper, putnički terminal.

INTRODUCTION / Uvod

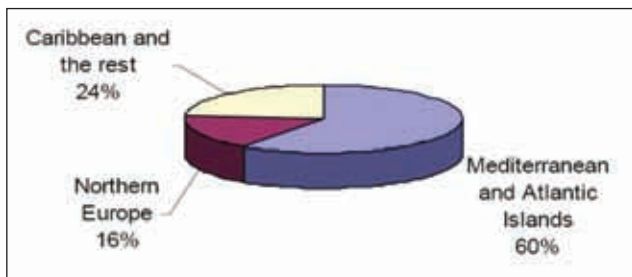
The world cruise market has been lately on constant increase. In 2005 the number of passengers travelling by cruise ships amounted to 14,4 millions, this means 7,5% rise with respect to the year 2004 (Annual Cruise Review, Passenger Shipping Association, May 2006). Among them there were North Americans in the first place (9,7 million in 2005), followed by Europeans (3,2 millions in 2005).

The three main destinations are the Caribbean, Europe (the Mediterranean, Northern Europe and Transatlantic) and North America. The rest of destinations, such as Asia, South America and Africa represent 6%. Asia, and in particular China, has a strong potential that has to be acknowledged as an emerging market.

By the year 2010 30 new ships are expected to join the market. The main features of new ships is a permanent growth of passengers carrying capacity, as

in 1996 it was 720 passengers, in 2004 it rose to 1.300, and to the end of this decade it is expected to grow to 1.600 passengers.

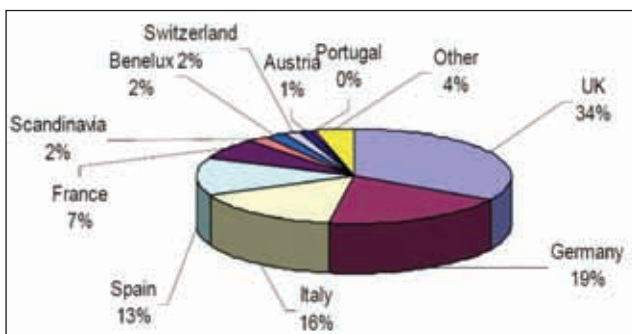
The Mediterranean ports strive to prove the companies that it is possible an all-year-round cruise industry in the Mediterranean, following the example of the situation in the Caribbean.



Graph 1. European Cruise Market by Destination – 2007

Graf 1. Evropsko tržište kružnih putovanja po destinacijama – 2007.

Source: European Cruise Council, Statistics and Markets 2007, p.2



Graph 2. Source Markets - % share 2007
Graf 2. Udio tržišta u 2007.

Source: European Cruise Council, Statistics and Markets 2007, p.3

Considering present trends in the Mediterranean cruise shipping the overall overnight accommodations rose to 22,3 million in 2012. Today the average expenditure by passenger has been estimated in 100€ by "home ports" (not including air fares) and 50€ for passengers in transit (total direct impact in the year 2005: 8.326 mio. € (expenditure by pax, shipbuilding, supplies/provisions and 187 300 jobs)(European Cruise Council 2007).

THE PORT OF KOPER / Luka Koper

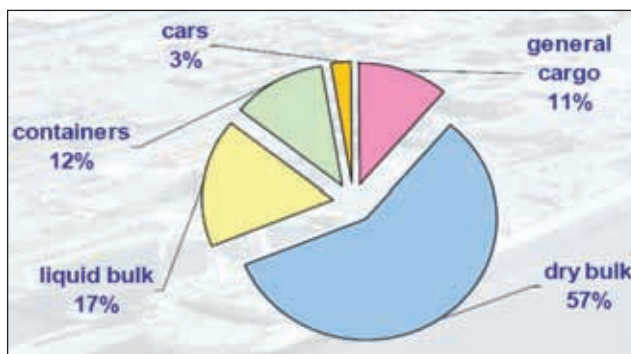
The Port of Koper is a public limited company and operates as a holding. The strategy of the port company,

as well as the changes in functional policies should contribute to build up a higher competitiveness and a more efficient operation.

The strategy of the Port of Koper is based on the following basic directions:

- the universality of the range of port services offered on the highest quality level;
- the Port of Koper company ('Luka Koper') - a commodity distribution centre;
- an efficient information network and logistic connection with the world;
- stability and profitability of the operation in the long run.

The entire area of the Port of Koper including the development area extends on over than 1,600 hectares. The Koper port is designed for the handling of various types of goods such as general cargo (coffee, cacao, metals & non-metals, iron, paper, wooden products, fruits and light-perishable goods, etc.) livestock, containers, cars & Ro-Ro, timber, dry bulks, ores & coal, liquid cargo, alumina, cereals. The basic activities are performed by eleven specialised and highly efficient terminals, i.e.: Container and Ro-Ro Terminal, Car Terminal, General Cargo Terminal, Livestock Terminal, Fruit Terminal, Timber Terminal, Terminal for Minerals, Terminal for Cereals and Fodder, European Energy Terminal, Alumina Terminal, Liquid Cargoes Terminal. All terminals are located alongside the berths and are equipped with up-to-date loading, transport and storing technology. At each terminal special warehouse facilities are available: silo, shore-tanks, air-conditioned and deep- freezing storage areas. All of them are directly linked with railway.

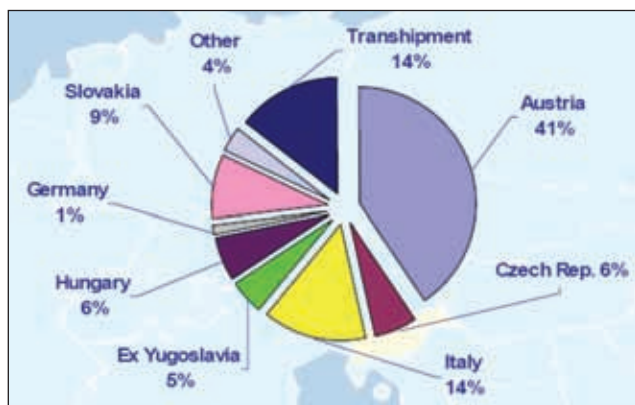


Graph 3. The Port of Koper is a multipurpose port
Graf 3. Luka Koper je višenamjenska luka.

Source: The Port of Koper (www.luka-kp.si)

Exports and imports through the Port of Koper represent a minor share, whereas the traffic in transit has the major share: this proves that the Koper port has

predominantly a transit character. Significant shares of traffic of the Koper port are with Austria and Hungary. 70% of land traffic is transported by railway and 30% by road.



Graph 4. The Port of Koper is a transit port
Graf 4. Luka Koper je tranzitna luka.

Source: *The Port of Koper* (www.luka-kp.si)

Today the Port of Koper performs most of its services for hinterland countries such as Austria, Hungary, the Czech Republic, Slovakia, Poland, southern Germany, Italy, Switzerland, Croatia, Bosnia and Herzegovina, Serbia and also for Ukraine and Russia.

The entire territory of Port of Koper has a status of a Free Trade Zone a part of which is used for storage, distribution and processing, remaking of commodities, a part is intended for performance of various industrial, trade and financial activities. The Port of Koper has the certificate for quality for complete port services. ATNET - the information exchange network has been established for support and easier distribution of documents between Port of Koper authorities, Custom, Shipping and Forwarding Agencies.

In the Port of Koper a lot of attention is devoted to the environmental concern. For several years the Port of Koper is actively collaborating with the competent institution. In April 2000, the Port of Koper acquired the certification of its system according to the ISO 14001 standard, whilst in May 2006 this certification was upgraded to ISO 14001:2004.

On the basis of survey results, the management of the company decided to initiate a project for establishing a system of human resources development. A special place in the Port of Koper is dedicated to the development of programmes to further innovation: a substantial rise in innovation can be attributed to that policy. The innovation concerned have contributed to productivity rise, improvement in the quality of services, or savings

in material or time, safety at work improvement, or ecological friendliness, resp.

The year 2008 was a pretentious year for business, especially due to the uncertain international economic situation and the events in the Middle and the Near East. Nevertheless the Port of Koper increased the quantity of handled cargo to the new record -16 million tons (record was also reached in the container traffic with 353,000 TEUs). In addition to investments in technological modernisation, in connection with the further development of container services, the preparations for the construction of a new container terminal on Pier III are accelerated (enabling total transhipment of 1,000,000 TEUs). In all, 36% of the handled cargo was designated to or coming from the Slovenian market and 64% to or from hinterland countries.

The strategic goal of the Port of Koper is to become one of the best ports in the southern Europe, to develop from a handling port into a commodity distributional centre (in view of attracting also the economies of the Far East, such as India, Indonesia, Australia, Korea, Japan, China, Africa, America, etc., in addition to European ones).

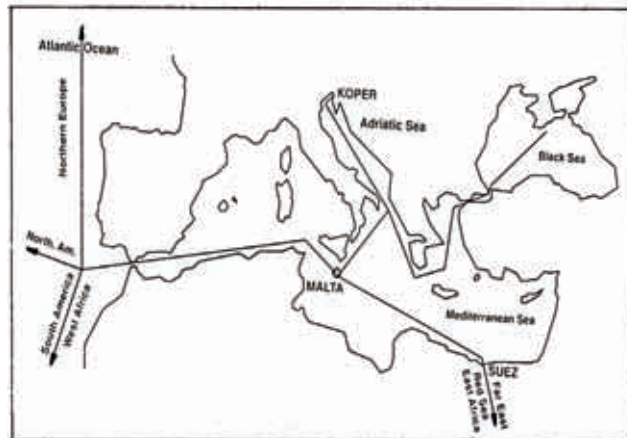


Figure 1. Maritime connections of the Port of Koper
Slika 1. Pomorska povezanost Luke Koper

Source: *Port of Koper* (*Bulletin of the Port of Koper*)

The Port of Koper is some 2000 nautical miles closer to the destinations east of Suez than the ports of Northern Europe. From Koper there are regular and reliable shipping container lines to all major world ports. More than thirty container lines use the Port of Koper. Land transport from Koper by road and by railway to the main industrial centres in Central Europe is approximately 500 km shorter than from North European ports. Some two-thirds of cargo is transported by rail, which means that more than 500 wagons arrive and leave the port on a daily basis.

A larger volume of transport and consequently a better exploitation of the Port of Koper and the railway depend and will in the future depend on increased transit. The Port of Koper envisions its possibility of further development in highway and railway connections in the direction Ljubljana-Maribor with a branch to Austria and Hungary. Taking into consideration all that, the geo-transport position requires a more rapid construction of the highway and railway network, chiefly in the main transit connections through Slovenia – the 5th and 10th Paneuropean traffic corridor for which also the European Union is interested (and also prepared to provide the funds for the construction).



Figure 2. Main transport corridors important for Slovenia.

Slika 2. Glavni transportni koridori važni za Sloveniju

Source: Traffic Institute (Bulletin of the Port of Koper)

The Port of Koper is one of the most relevant generators of the development of transport. The economic effects of port activity are multiplicatively reflected in direct surroundings and wider environment. These effects are most visible in the activities of maritime, road and railway carriers, in freight forwarding, agencies, and in trade, catering, tourist, financial and other services. Per one unit of generated value in a direct port activity, eight additional value units are generated in the whole Slovenian economy.

Today, the Port of Koper must direct its efforts more to the hinterland and to the foreland to initiate and organise various participants. Operational efficiency of the transport-logistics cycle is affecting, by all actors involved: linear companies port authorities, stevedores, forwarders, agents, as well as hinterland transportation modes.

THE NEW ACTIVITY OF THE PORT OF KOPER – THE PASSENGER TERMINAL / *Nova aktivnost Luke Koper - putnički terminal*

Beside the aforementioned activities, the Port of Koper wishes to develop new activities from which the passenger terminal stands out.



Figure 3. Location of the Passenger Terminal
Slika 3. Lokacija putničkoga terminala

Source: The Port of Koper (www.luka-kp.si)

The passenger port of Koper can count on the presence of two very important passenger ports in the Adriatic in its transport declarations. These two being the passenger port of Dubrovnik and Venice. Because of them ship owners do cruise business in the Adriatic and the eastern Mediterranean. The port of Venice is especially important because of its convenient distance and besides that it faces great pressures from ships. Most ships do passenger exchanges in Venice (80%). In view of the overburdening of the port of Venice it is expected that medium and small cruise ships will search for new ports in the northern Adriatic that could be used as »turn-around« (exchange of passengers in ports) in the next medium-term period. This is exactly what the port of Koper can take advantage of, obviously on the presumption that it joins this form of maritime and tourist offer in time and quality.

It is estimated that it will be necessary to ensure a passenger terminal building and a passenger boarder crossing in a scale and adequacy for accepting ships with a capacity of up to 2.400 passengers for the port of Koper. There are ships with greater capacities but this average is estimated with an upper limit because there are going to be moments with two ships and a somewhat lower number of passengers. A simultaneous arrival of two ships already appears with an essentially lower work range as it is expected on a long-term plan. In proportion with this, all the necessary infrastructure and all hinterland activities connected to this will have to be assured. With this the very important fact is that the ship owners decide on the quality of the terminal – port services that reflect on the speed of performing all of the services like luggage transfer and performing passenger boarder crossing control.



Figure 4. Passenger terminal
Slika 4. Putnički terminal

Source: *The Port of Koper* (www.luka-kp.si)

Estimated expectation of ships in arrival / *Procjena dolaska brodova*

The largest ship that reached the Port of Koper in 2008 measured 220 m or 55.451 grt with 7.5 m of draft. It could take 1.266 passengers on board and employed almost 600 members of the crew. For the following years ships of all sizes are expected, which means that there will be ships in the Port of Koper from 70 up to 280 m or even 320 m. These are ships with 2.700 passengers and over 1.000 crew members. Negotiations and discussions with all the largest ship owners that possess the aforementioned ships with the largest dimensions are underway.

Because they have positive experience and references with the Port of Koper in freight transport, they expect good collaboration also in this area.

Besides the classic cruise passenger ships it is necessary to include within the passenger terminal also the acceptance of ultra-modern car passenger ferries. The development of the passenger terminal will be conditioned in the future with the capability to accept such types of ships, which means that one is conditioned by the other. These are the state of the art passenger ferries that beside passenger vehicles accept passengers in saloons or cabins on the ship.

Passenger terminal construction conditions / *Uvjeti izgradnje putničkoga terminala*

The development strategy of the passenger terminal predicts 100.000 passengers till the year 2015. This can be achieved in reality if 25.000 passengers are reached already in 2008. If construction on the multi purpose building and the rearrangement of the port capacities does not start till 2009-2010, then the ship owners will leave Koper. This can endanger the project for the following 10 years.

The biggest threat in the construction of the passenger terminal of Koper is within the states »demand« that the Port of Koper establishes or constructs a passenger terminal but contributes nothing and at the same time it turns a deaf ear to reform the legislation. This way the Port of Koper has no interest because the project is economically unjustified and it does not go through the supervision committee (the major owner is the state). The Koper commune or the Port of Koper have enough means for investment in infrastructure (also in separate products) but will not invest if the ownership relations between the state and the investors will not be cleared. At this moment only the Port of Koper manages with the passenger terminal. The wish is to establish a company that would manage the passenger terminal but this is

not possible with the present legislature. The investment goes over to the state property after 10 years and that is why private funds avoid such investments. Investing in the infrastructure of Koper passenger terminal has to be done now. A »concessionary relation« needs to be arranged between the state and the Port of Koper. It is proposed that a tax would not be earmarked only for the maintenance of the operational coast but also as a terminal service (so that the Port of Koper could account at least for something and the terminal manager could make a certain income).

CONCLUSION / Zaključak

The Port of Koper realizes its economic power, competitive capability and exceptionally favourable geopolitical position. With responsible personnel on a national and regional level, it wishes to develop new activities among which the passenger terminal stands out.

Good cooperation on a national and regional level (multiplication effects of cruising) will influence beneficially other development projects of the Port of Koper among which stand out the extension of pier I and II and the construction of a the new pier III (see Fig.3, p.8) for container transport capacity of 1.000.000 TEUs.

The city of Koper has all the conditions to become a starting point for cruising in the eastern Mediterranean and the Adriatic with the cooperation with the Port of Koper. It has an international airport with unexploited capacities in the direct vicinity and a rail and road infrastructure that connect Koper to the hinterland.

The success of Koper as a cruise destination will depend on passenger satisfaction as well as expectations and satisfaction of the port, tour operators and the local communities. If the success until now is measured by the number and size of the cruise ships and the number of passengers they carry, then the future looks good.

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