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DEVELOPMENT POLICIES FOR THE POLISH MARITIME INDUSTRY

Abstract

Polish shipping industry after period of recession is slowly regaining its former position in the European shipping market.

The first step of the development is directed to the activation of cargo transport in the relations of the "short sea shipping" (SSS).

The growing demands of the passenger traffic will be accomplished by ferry – services in the Baltic Area.

1. The economic situation of the Polish shipping

The tonnage of the Polish merchant fleet reached its peak in 1981, amounting to 4 580 thousand dwt. It is worth noticing that both the highest output of the Polish shipbuilding industry and the highest tonnage level of the country's fleet have been taking place in the years of the progressing economic depression which hampered the growth of Poland's maritime economy likely as it has done in the other countries in Europe.

The anticipated revival in the world economy failed to materialize especially in the liner shipping. Many of the European liner shipping companies declared its bankruptcy.

Also, in Poland the shipping trade was hampered in its growth and the shipping companies recorded substantialy losses.

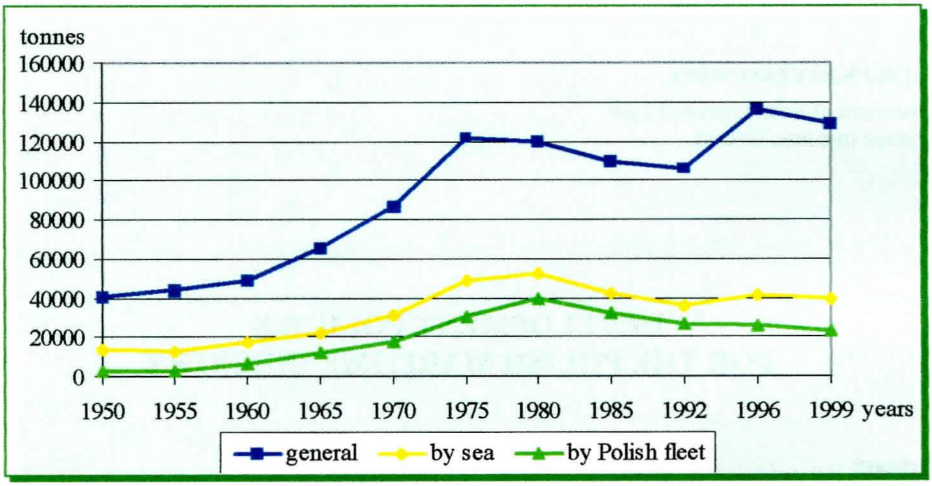
The economic situation of the country was worsened due to the strikes and blooless revolution leading to the final political changes giving power to "Solidarity".

The re-establishing of the Poland's democracy in 1989 resulted by implementation by the government the new economic policy concentrated on reducing the budgetary deficit and improving the level of competition private economic subjects.

Limiting of economic position of state sector and favourisation of the private enterprises have substantinaly stimulated the development of the market economy mechanisms, creating the growing competitiveness between particular enterprises including maritime industry.

The shipping companies which had the basis in the country's ports have concentrated mainly its activities on transportation of cargo mostly derived from the Polish seaborne trade.

The cross- trade operations between foreign ports and transportation of transit cargo represented rather small percentage in the global turnover of transported cargo.

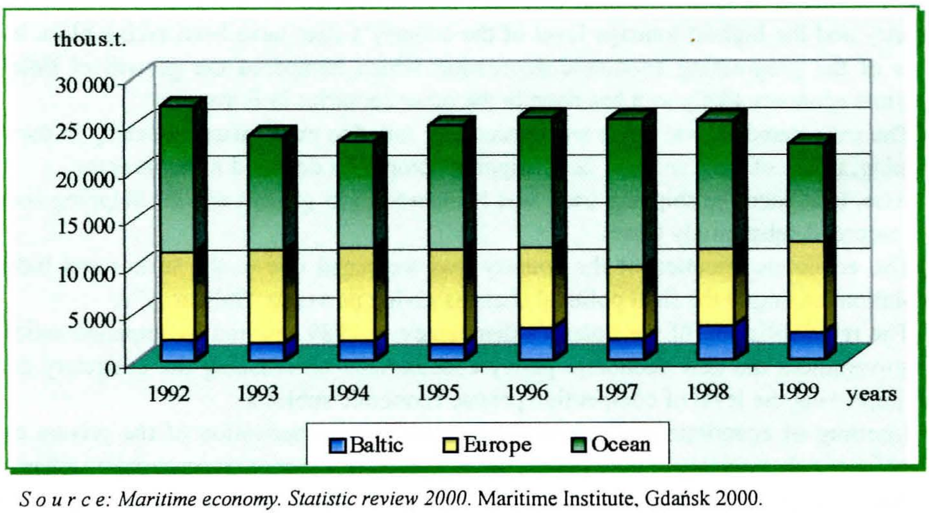


S o u r c e: Maritime economy. Statistic review 2000. Maritime Institute, Gdańsk 2000.

Fig. 1. *Transport of Polish foreign trade cargo*

The mentioned economic crisis and political changes in the Polish economy, have resulted in the radical downfall of quantity of loaded cargo in the Polish ports resulting of about 20 million tons.

Due to insufficient volume of cargo in home ports the operators started to activate cross – trade simultaneusly diminishing costs by partly reflaging its tonnage and using open registry as an integrated part of the international free trade operation being determined to reduce over heads to the maximum.



S o u r c e: Maritime economy. Statistic review 2000. Maritime Institute, Gdańsk 2000.

Fig. 2. *Seaborne trade by range of shipping*

In order to achieve a financial balance the companies have been gradually repaying debts improving competitivines at the difficult shipping market.

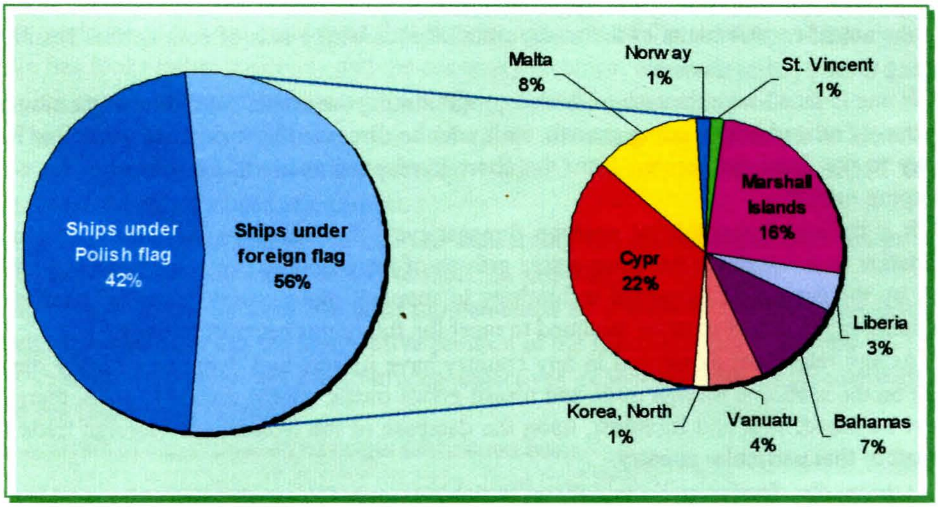
At present Polish companies are operating to some extend a decapitalised tonnage hardly facing the competition with modern tonnage of the European shipping companies.

The liberal government of the country representing motto "laissé faire, laissé-passer" is far of giving any assistance to the merchant marine, on the contrary is introducting high taxation, concentrating rather its attention on privatisation and restructurisation of the state owned factories.

Table 1. The Polish cargo carrying sea fleet in years 1997-2000

Specifications	1997	1998	1999	2000
Total fleet				
Number of ships	162	148	149	128
BRT	2 198 000	1 964 000	2 083 800	1 783 000
DWT	3 393 840	3 021 181	2 956 736	2 551 300
Polish Ocean Line group				
Number of ships	37	34	34	.
BRT	410 602	282 300	253 540	.
DWT	375 200	388 718	349 093	.
Polish Steamship Co. group				
Number of ships	101	89	91	81
BRT	1 719 140	1 469 588	1 490 000	.
DWT	2 780 803	2 375 677	2 409 513	2 161 880
Polish Baltic Shipping Co.				
Number of ships	12	12	12	11
BRT	57 997	57 997	57 997	.
DWT	19 054	19 054	19 054	17 084

Source: Data of Central Statistical Office, Warsaw 2001.



Source: *Maritime economy. Statistic review 2000.* Maritime Institute, Gdańsk 2000.

Fig. 3. *Polish fleet under national and foreign flag in 1999*

Nevertheless in the last years some positive changes might be observed in two companies as in the Polish Steamship Co. Group and in Polish Baltic Shipping Co. where worn out tonnage is replaced by the modern ships.

The Polish Ocean Lines (POL) Group have drastically diminished the quantity of operated tonnage. The Group owns 6 ships – 4 Ro-Ro and 2 Multipurpose.

Ships are operated by POL Subsidiary Company POL Levant Shipping Lines from Baltic to East Meditereanen ports.

POL Group shipping strategy is short shipping in accordance with European Union transportation policy.

Polish Ocean Lines are controlled by Consortium of investors:

Gdynia Shipyard S.A.	- 24%
Warta Insurance S.A.	- 12%
Agency for Industrial Development	- 39%
Ministry of Transport and Maritime Economy	- 25%

At the and of 2000 the tonnage of the Polish Merchant Marine operating under national and open Registry flag amounted 2 551 300 dwt.

2. Prospective tendency of development of the maritime industry

2.1. General concideration on shipping markets

Evaluating the development of trade and shipping, Arnljot Stromme-Svendsen observed the phenomenon of varying periodicity, of the recurrence of boom and recession periods within the market fluctuations in seaborne trade, with a tendency for those periods gradually to become shorter.

At the early nineties diversification of the world shipping market followed, due to the increasing keener competition, eventually resulting in the formation of spot markets, representing typical form of growing supply of ships and the demand for special tonnage, meeting the actual requirements of the trade, simultaneous with a loss of commercial flexibility among these pecular markets.

If one is faced with the task of further programming the commercial fleet expansion and its closely related shipbuilding growth, he is soon to discover the "restricted trust" that must apply to the database derived from the short lived phenomena taking place in the world shipping market.

It is the multi-year market position forecast cycle that has to be followed as a general guideline to forestall further prospective growth of the seaborne trade and shipping, modified by the aspects of advanced technology to supplant older vessel types and change the shipping practice that must be assumed to meet the future market expectations.

At any rate, fleet expansion in any country have its size and dynamic strongly dependent on the seaborne foreign trade and transit goods traffic via the domestic ports, therefore must be based, first and foremost, upon the database of the dynamics of foreign trade and transit of that particular country.

Admittedly, foreign trade in general is liable to undergo similar fluctuations of market boom and recession, but in this case they are somewhat litigated by the multi-year intergovernmental economic treaties which also settle the matter of share of the particular volume of goods to be transported by sea.

The main target of the investment activities in the Polish shipping were to stop its decapitalization process while attempting to regain an adequate position in the shipping market, ensure good entering for the transportation demands of country's and international shippers.

The social and economic changes in Middle and Eastern Europe have resulted in continuing dynamic changes in the trade within the Baltic Sea Region.

2.2. The development of the Baltic and short sea shipping operations

Baltic Sea region is about to regain its historical position as an important area of trade in Europe. In order to secure the right economic development an effective transport system is needed within the region and to and from the international markets.

Baltic traffic depends first at all on development of the mutual seaborn trade of the Baltic countries and their links with the ocean borne international trade which constitutes 9% at present.

The total Baltic turnover amounts over 300 mln tons of cargo annually, 60% of which consists of traffic across Baltic Sea and 40% of the inter Baltic traffic.

South Eastern Baltic is the natural route for passenger transportation services and cargo transport between Norway, Sweden, parts of Denmark and to some extent Northern Germany on one hand and the Baltic states and Finland, central and Southern Russia, Poland, Czech and Slovak Republics, eastern Hungary, Bielorussia, Ukraine, Romania and Bulgaria on the other. The population of this area is roughly 300 mln The traditional ferry connections between Polish, Swedish, Danish and German ports have to be substantially enlarged including new relation with other Baltic countries.

The most effective and a major priority within the transport policy of European Union is transfer of goods from road to more environmentally sustainable modes, especially "short sea shipping".

In 1997 at the Liner Shipping Symposium in Hamburg I have presented a conference paper on the development and prospects of the short sea shipping in the Baltic, analysing existing transport relation, types of vessels and adaptation of ports to the new technological demands.

It might be at present concluded that the development of the short sea shipping in the Baltic Sea looks rather positively and the necessary technical innovations in ports and in the shipping as well as better management will bring expected reasonable profit.

The Polish Ministry of Transport and Maritime Economy has presented in September 2000 an important document under heading: National Transport Policy for period 2000--2015, embracing all modes of transport.

It has to be emphasized that in analysis concerning the maritime transport the priority has been given to the development of the short sea shipping.

The report of the ministry has been supplemented by a study of the Maritime Institute which examined inter alia the competitive position of the short shipping in Europe.

The study has presented the following objectives connected with implementation of short sea shipping in Poland:

1) analysis of cargo flow on an origin destination basis,
2) potential possibilities of shifting the cargo from road or rail to SSS,
3) adaptation of the Polish ports the new technology and organization covering the demands of SSS,
4) analysis of fleet on a national regional basis including pre- investment studies,

5) incorporation the SSS in the total transportation structure.

Research related to SSS has been concentrated on the feasibility studies concerning selected sea- routes including the evaluation of new types of ships covering the demands of the analysed spot- markets.

Among proposed design of coastal ships the 4000 grt multipurpose vessel and 1600 grt container – feeder vessel having been recommended.

The speed of the SSS vessels was comparable to those of the road transport. Therefore the authors have proposed a light structures and high power gasturbins for fast ships.

The examples having been taken also from the experience of fast cargo vessels operating already in several routs of the European Union.

Analysing the bulk cargo the selfunloading bulk carriers having been proposed.

These kind of ships are used in various types and operations as shutle services of iron and coal which could cover the traditional services connected with export of coal from the Polish ports and import of ore from Sweden.

Bulk commodities in general have a low unit costs, therefore without the low cost transport and discharge technology of the selfunloader these trade would be in the mentioned relation economically not justified. The implementation of the SSS system nedds activitation the biggest ports and also the small ones.

The continuing process of market economy in Poland based on competition, leads to an increase regional autonomy which is giving a chance for the bodys able to conduct regional policy relying on own resources.

Beneficial for the small port is the Act of Seaports implementing state policy of regional development towards small and medium sized enterprises.

The perspective for integration with the European Union is stimulating the regions able to cooperate with the partners in Europe.

2.3. Development of land transport routes as a factor of improving the situation in ports and seaborne trade

The development of the Polish shipping will activate also the Atlantic and Far East shipping relation following the development of the Baltic and short sea shipping covering the route from Baltic to Mediterranean Sea.

The growing demands of trade and passenger traffic should give high priority to maintenance and upgrading of existing roads which are interconnecting national networks.

Among national projects an important instrument for the implementation of the Agreement of Main International Traffic Arteries in Central, Eastern and South-Eastern Europe is the Trans-European Motorway Project (TEM). This projects is being coordinated by the United Nations Economic Commission for Europe as executing agency and constitutes a modern network of high-capacity highway linking north with South-Eastern Europe.

The idea of extending to the TEM transportation corridor linking Baltic Sea with the Mediterranean ports of Greece and Turkey has been proposed by the Scandinavian countries.

According the regional initiative taken by the Baltic Institute in Karlskrona a project "TEM-Scandinavia" was established.

The project TEM-Scandinavia was realised by a sub-group with members from Sweden, Norway, Lithuania, Poland and Russia (Kaliningrad). It is evident that the demand for transit transportation of goods and passengers from Scandinavia via Karlskrona-Gdynia to Southern Europe makes this project very necessary and important. TEM named also (E 77, E 75 or A-1) is the key element in meeting of this demands.

It might be emphasised that the TEM project has been included in the list of project under negotiations between European Bank for Reconstruction and Development and Polish government (Ministry of Transport and Maritime Economy).

The total extended TEM network has lenght of 20 160 km. Approximately 5000 km of the motorway is already in operation and 2000 km under construction.

The extension to Oslo of the TEM-Scandinavia will provide a transport corridor that will be of great importance to Swedish and Norwegian industry for trade with countries in Central Eastern and Southern Europe as well as with Middle East.

The trade exchange between Scandinavia (Sweden) and the former Eastern Block is at present rather insignificant, but rapidly growing. For the Baltic countries like: Bielorussia, Russia, Ukraine and other Visegrad countries growth is expected for some years to come.

A rather cautious forecast for the future growth of Poland's economy and of commercial exchange between Poland and Sweden implies a substantial growth of traffic on TEM in both Poland and Sweden.

Passing through the Polish territory, parallel to Vistula River and railway line, the TEM is creating, together with other modes of transport a sea-land corridor of multimodal system.

The idea of building the TEM motorway has been a subject of numerous studies, location materials prepared by Transprojekt Gdańsk, concerns 334 km section from Gdańsk to Łódź at present under construction.

The second important project in the making is the Via Baltica highway. Starting in Finland (Helsinki) through ferry boat connection to Estonia and further to Latvia, Lithuania to Poland and to Western and Southern Europe is linking to the TEM network. The idea of Via Baltica was a joint result of initiative by International Road Federation and Viatek Group in Finland.

The initiative from Finland was supported by the mentioned Baltic Republic considering Via Baltica as a very important road junction for domestic and international traffic.

It might be emphasised that North TEM transport corridor will be crossed by the East-West motorway (A-2) linking Moscow, Warsaw, Poznań with Berlin.

The Polish authorities have confirmed the need of construction of the third important motorway (Nr 3) linking the Szczecin area with Gorzów Wielkopolski, Zielona Góra and the capital of Czech – Praha.

The highway has direct connection with the Baltic ferry terminals linking port of Świnoujście with terminal in Ystad.

A route of the highway has been definitely established, considering demands of the whole motorway. Some reconstruction works have been already started in the middle part of this motorway.

The present road linking the port-cities: Szczecin and Gdańsk will be reconstructed to the express road standard. This project is related to the idea of Estonian, German and Russian (Kaliningrad) Group which have prepared project of the international motorway named Via Hanseatica.

The project of Via Hanseatica starting in Lubeck would in part coincide with Via Baltica in its northern section and with the recent Polish road network development programme.

Important part of this projects are the road connecting Elbląg in Poland located south east of the harbour of Gdańsk with Kaliningrad in Russia. The role of the project road in regional and inter-regional perspective will be highly dependent of the future economic and political integration of the Baltic region in general and development in Kaliningrad – Elbląg area in particular.

The "Baltic Coastal Road" connecting the ports on the south-east coast line of the Baltic could facilitate the coastal shipping activities.

All studies and prepared projects are paying particular attention to the transportation links with the port – cities and the hinterland which generally are not sufficient to meet demands of growing traffic.

The improvement of nautical access to the ports of Świnoujście – Szczecin and the land roads to the general cargo area including the construction of new bridges connecting ports and cities with road systems are the fundamental tasks which have to be done.

The good location from the sea side of New Port in Gdańsk doesn't need any improvements for the entrance to the port. On the other side, the access to the rail and road systems of ports of Gdynia and Gdańsk needs a construction of bridges and reconstruction of a branch of Vistula River providing direct sea access to the Gdańsk Refinery, two shipyards and fishing vessels and yachts harbours.

The transport system of the Baltic Region needs to be improved and better connected with the Trans-European Network. The substantial problem destined for the implementation, is strictly connected with the intensification of the cargo streams well operated by logistics centres.

According the project of the localisation of the logistic centres in Poland executed by the Maritime Institute in 2000, the six centres having been localized.

Two of them were located in the port area of Gdańsk and Szczecin. The area of the port-centres is likely the same as the German first centre in Bremen located close to the international sea- port occupying area of 200 ha.

In the future close cooperation is expected with the centre in Rostock – Warnemünde presenting similar territory as the above with the vast reserved area for development.

Analysing the economic situation in all branches of Polish maritime industry it has to be emphasized that the shipbuilding industry has already consolidated his position on the world market.

The closer cooperation between shipbuilding and shipping industries will in the nearest future bring positive effects, also in shipping.

The growing activity of the Polish foreign trade and growing turnover of the transit cargo will substantially improve the present situation of the Polish ports and shipping and the future membership in the European Union will strengthen the cooperation between operators and shipper of the consolidated Europe.

The long distance forecast of the development of the Polish ports anticipate the growth of loaded and unloaded cargo in containers with the tendency of diminishing the bulk cargo, especially coal.

The permanent process in shipping of replacement the used, worn out tonnage by the modern vessels will weaken the present declining trend to the turning point in the 2003.

The further radical improvement of the position of the Polish shipping is expected after joining the European Union.

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