

Development of Ports in Croatia



PORTS

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Overview

The strategic objective of the Croatian Government is to join the European Union (EU) as a dynamic and competitive economy able to rapidly achieve convergence to EU living standards. The development of Pan-European transport corridors plays a central role in this convergence strategy. In particular, the Government of Croatia places priority on developing and expanding its two largest international seaports, in **Rijeka** and **Ploce**, as gateways to Central and Eastern Europe. The World Bank has been supporting such priorities since 2003 through a series of three projects that will transform the system of port development in **Croatia** by introducing long term concessions and private investments and developing additional physical capacity in the ports and along the corridors.

[Rijeka Gateway Program](#)

Challenge

The ports of Rijeka and Ploce are two transit ports acting as gateways for the Pan European corridor to Central Europe and Bosnia and Herzegovina respectively. Both the Rijeka and Ploce ports and related land corridors were faced with inadequate infrastructure to answer market needs. This reflected rapidly evolving markets as well as an extensive period of under-investment under a development model of state supported investments in infrastructure and equipment. With its physically protected position and natural depth of 25 meters, the port of Rijeka is capable of handling the largest vessels.

However, between 1980 and 1997, the Port of Rijeka lost almost 70 percent of its total throughput in general and bulk cargo. While the total Northern Adriatic market (Rijeka, Koper, Trieste excluding liquid bulk traffic) increased from about 16 million tons in 1990 to 23 million tons in 2001, Rijeka's share of the market declined from 35 percent to 12 percent. The main reasons for the decline in traffic at Rijeka during that period were the wars in Croatia and Bosnia and Herzegovina, the loss of traffic to/from the former Republic of Yugoslavia, restructuring of the economies of the region resulting in a decline of bulk traffic, inefficient operations and inadequate port facilities in Rijeka, and poor land connections.

Moreover, as most port-cities, Rijeka faces the complex challenge of balancing the demand for additional space for both port and city activities. Free space in Rijeka is scarce,

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1,000 %

of sharp growth in container traffic between 2002 — 2008

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as the city is bordered by a mountain range and the sea. The present layout of the port provides insufficient and inadequate space for modern cargo operations. High urban density and very limited sea access still give Rijeka an industrial image. This reduces its attractiveness as a tourist and business destination.

The port of Ploce faced rapidly growing traffic, which would rapidly exceed the capacity of existing infrastructure in the port and along the Pan European transport corridor Vc.

MATERIALS

- » The World Bank in Croatia
- » Projects and Operations

PARTNERS

- » Port of Rijeka Authority

Approach

In 2003, the Government of Croatia, with the Port of Rijeka Authority, the Croatian Road Company, the Croatian Motorway Company, and the City of Rijeka together with the World Bank initiated a \$156.5 million investment project known as the **Rijeka Gateway Project**. The Project evolved into a Program, when the Bank approved \$48 million equivalent of the Additional Financing in May 2007, and further approved \$122.5 million for the Second Rijeka Gateway Project in December 2008 to better answer to rapidly evolving market needs.

The Rijeka Gateway Program is using an integrated approach aimed at improving the competitiveness of Rijeka as a port city by developing through public-private partnerships the capacity, financial performance, and quality of services in the port of Rijeka to meet growing traffic demand, while facilitating urban renewal by enabling the relocation of port activities and better integrating Rijeka into international transport corridors. More specifically, through the Program, the capacity of the port will be further developed by expanding the existing Brajdica container terminal and by supporting the construction of a new container terminal to accommodate the largest container vessels in service. The Program will support the creation of a new urban area by a private developer in the City of Rijeka by enabling the relocation of port activities from this central area and supporting the selection of a private developer.

The Trade and Transport Integration Project in the Port of Ploce supports the development of the port physical capacity for bulk and container traffic, improving information flows, while strengthening its corridor connection to major clients in Bosnia and Herzegovina through dialogue and cooperation with other regional programs. The Project was approved in November 2006 for a total value of \$116.6 million and is in the process of being scaled up.

Results

Over the past six years, the Rijeka Gateway Program has generated new momentum in port development, city life quality, and connectivity in the third largest city in Croatia. Some significant results achieved by the port and other stakeholders include:

- Sharp growth of 1,000 percent in container traffic between 2002 — 2008.
- Sharp improvement in the financial situation of the port authority.
- Rehabilitation of an existing cargo berth.
- Opening of the Orechovica – Sveti Kuzam section of the Rijeka Bypass.
- Opening of part of the Eastern connecting Road D404 with the full road to be opened soon, which once opened will provide direct road access between the main motorway and the Brajdica container terminal and reduce truck traffic within the city.
- Rehabilitation of the small arch of the Krk Bridge and ongoing rehabilitation of the large arch.
- Opening of the new passenger terminal in October 2009, reopening a large part of the waterfront to the citizens of Rijeka.
- Preparation of design guidelines for the redevelopment of the port of Baroš and Delta

area into an urban area.

- Launch of a tender to select a private partner for the existing container terminal.

Over the past three years, the Port of Ploče Authority has successfully implemented the Trade and Transport Integration Project. The first port container terminal is expected to be completed by the summer of 2010, while the construction of a new bulk cargo terminal is now ready for tendering. Long-term concessions have been signed for the two new terminals foreseeing major private investments in port equipment. Those new facilities will greatly enhance the capacity and efficiency of the port making it a regional asset for both Croatia and its neighbors.

Toward the Future

Looking forward, the stakeholders expect that, by 2014, the Rijeka Gateway Program will bring multiple benefits to the Port, the city, and more importantly the inhabitants of Rijeka and its surroundings. The Port has the potential to develop into a major regional Container Port with sound financial performance generating over \$20.7 million of annual revenue. The port activities could generate annually over \$109 million of revenue for the various transport participants in Croatia. City life will be enhanced by providing the inhabitants and visitors with much improved access to the sea, while the Delta and the Port of Baroš areas transform into lively urban areas in an attractive location. Finally, global experience in port city redevelopment points to opportunities for job creation in Rijeka and its surroundings in the first phase of Delta redevelopment.

Looking forward, the port of Ploče would be able to accommodate some of the largest bulk vessels, reducing significantly the cost of transportation for cargo destined to major industrial centers of either Bosnia and Herzegovina or to Eastern Italy.

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