

# Marseilles Fos aims high as strikes peg 2010 growth to 3%

Driven by container and dry bulk volumes, throughput at leading French cargo port Marseilles Fos totalled 86 million tonnes last year – a 3% increase on 2009 despite lengthy nationwide strikes over the government's port and retirement age reforms.

Passenger numbers dipped 2% overall to 2.06 million, but cruise passengers rose 8% to 700,000 to confirm Marseilles as France's top cruise port.

Although other French ports averaged only 1% cargo growth in 2010, Marseilles Fos stressed that its volumes were up 8% to the end of June – just above the European average – before being hit by the second-half strike action.

Container traffic grew 9% to 953,435 teu. Strike diversions cost the port 107,000 teu when it was set to pass the million mark – but the increase still bettered the southern Europe average of 7.7% and also led general cargo to a nine-point improvement on almost 16MT.

Dry bulks soared 40% to outstrip the Europe-wide average of 18% and reach nearly 12MT. In contrast, liquid bulks – representing almost two-thirds of total throughput – slipped 3% to 58MT following reduced oil refinery demand and a month-long autumn strike at the oil and gas terminals.

Annual turnover rose 2.3% to EUR175m despite income losses of EUR3m due to the refinery cutbacks and EUR4m because of the strikes. Infrastructure investment fell from the record-equalling EUR130m of 2009 to EUR74m as the port completed its share of works on the Fos 2XL container development, which will create two privately operated terminals.

Arrangements to transfer port personnel and equipment to these and various existing terminals under the French port reforms must be completed by a government deadline of April this year. Supervisory board chairman Patrick Daher said this was a priority in order to restore the port's reliability, urging: "It's time to reunite all parties in building the port of tomorrow. I have the firm conviction that Marseilles Fos must aspire to the level of major city-ports in the mould of Singapore, Hamburg or Shanghai."

The port authority added that, despite the difficulties, 2010 had shown encouraging signs for the future. This included delivery of the first ship-to-shore cranes for Fos 2XL, the first call by a 13,000 teu boxship, expansion of the Fos Distriport logistics zone and plans for major new methane and agro-industrial facilities. The port is targeting 4% cargo growth for 90MT in 2011 – including a 5% rise in container volumes to 1.005 million teu.

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### Port activity

#### General cargo

The container total of 953,435 teu was marked by a 34% increase in intra-Mediterranean trades via the Marseilles harbour area, which handled 251,000 teu. The Fos deepsea terminal bore the brunt of the strikes and throughput rose by only 2%.

Ro-ro traffic contributed 4.3MT (+6%) to the general cargo total after UN RO-RO launched the port's first-ever Turkey service and trade with Tunisia reached a ten-year high of 1.3MT. Conventional trades grew 21% to 2.1MT thanks to steel product exports.

Growth was helped by six other new services. Fos added container lines to the US-Gulf of Mexico, Asia and North Africa from Hapag Lloyd, CSAV Norasia and United Seas Shipping respectively. Apart from UN RO-RO, Marseilles gained Lubda's ro-ro service to Libya, CMA CGM container sailings to Morocco and a Grimaldi con-ro operation to West Africa.

Regular calls by 6,500 teu-capacity containerships on Asia services also proved significant – underlined in November when the port handled its first 13,000 teu vessel, MSC Beryl.

#### Dry bulks

The 40% increase to 11.8MT stemmed from increased steel demand as the world economy improved. Although demand slowed in the second half, raw materials for the steel industry rose 63% to 7.6MT for the year. Bulk volumes were also helped by revived demand for construction materials.

#### Liquid bulks

Like the 58.3MT total, the 55.1MT represented by crude oil and petroleum products was down 3%. Adding to the impact of strike action, these trades suffered from widespread difficulties in the European refining industry - ranging from technical shutdowns to reduced capacity. LNG proved an exception with 9% growth to 5.5MT, helped by the new Fos-Cavaou terminal - the port's second methane facility - coming on stream last April.

Other liquid bulks rose 2%, mainly on the back of industry demand for chemicals.

#### Hinterland logistics

Inland waterways volumes rose by 3.9% to almost 2.8MT. Dry bulks – mainly cereals – and liquid bulks each topped 1.03MT but general cargo stood out with 10.8% growth to 0.65MT. This included a 7.4% increase in container traffic to 59,419 teu. The modal share of river services was stable on 6.2%, but rail's share of container traffic slipped a point to 8.3% according to operator estimates.

#### Passengers

Competition on Corsica ferry services largely explained the 2% decline in passenger numbers, while a further rise in 'home port' passengers accounted for the cruise sector's 8% growth.

#### Shiprepair

Cruise ships boosted Italy's San Giorgio Del Porto when the repairer started operations at Marseilles in October under its concession for dry docks 8 and 9. Six out of the seven contracts handled by the company during 60 days of occupation were for cruise vessels.

### Port developments

#### Fos Distriport

Expansion of the logistics zone continued with PRD AXA starting the second phase of its 84,000m<sup>2</sup> warehouse project. The 48,000m<sup>2</sup> first phase was completed in 2009 and the rest will be ready later this year. Meanwhile plans were announced for two new 35,000m<sup>2</sup> projects – one by the developer Barjane and the other by leading distributor Maison du Monde.

#### Methane terminals

Public enquiries took place between September and December on two methane terminal proposals - modernisation of the existing Tonkin facility to provide a 20-year life extension; and construction of a terminal with annual capacity of 12MT for Fos Faster. Subject to official sanction, the companies could confirm their projects during 2011.

#### Fos 2XL

Two super post-panamax cranes were delivered in December for the Fos 2XL-A terminal to be operated by the Port Synergy venture between CMA CGM and DP World. Two more will be delivered in late 2011 for Fos 2XL-B operator MSC.

Both terminals are due in service early next year, doubling Fos container capacity to 2m teu. Annual capacity should rise by a further 1.5m teu in 2018 when Hutchison Port Holdings plans to start operations at another new terminal, Fos 4XL.

#### Graveleau terminal

A call for tenders was issued last May to develop and run container and general cargo operations at Graveleau, the current container base at Fos. The concession was awarded to Eurofos, one of two existing stevedores at the facility. The company will maintain Graveleau services until Fos 2XL comes on stream, when other aspects of the agreement will come into force.

#### Vegetable oil refinery

Following a decision in 2010, the port authority is now about to call for tenders for an agro-industrial complex of between five and 15 hectares dedicated to the production of vegetable oils.

#### Mourepiane terminal

Consultations took place last year on creating a combined transport terminal at Mourepiane in the Marseilles harbour area. A call for tenders will be launched later this year.

### Port investments

The port's 2010 investment spend of EUR74m included EUR33m of co-finance from national and regional government as well as local authorities.

Spending of EUR23m on container and logistics infrastructure included EUR15m on Fos 2XL, EUR3m on Fos Distriport and EUR2m on Fos yard areas. Investment in oil terminal facilities totalled EUR8m, with EUR2m each spent on a new berth, a new discharge arm, ship access gangways and renovation of the fire-fighting system.

Other spending included EUR4m on the Tellines grain terminal; EUR12m on improvements to ro-ro and passenger terminals; and EUR27m on projects such as sea wall and quay renovations, dredging and upgrading of the utilities network.

### French port reform

Implementation of French port reform legislation by the April 2011 deadline will include the transfer of 450 personnel – out of 1,500 currently employed by the port authority – to various companies that are to run future operations.

As agreed by the supervisory board in October, the Fos and Lavera oil and gas terminals will be operated by a specially formed company, Fluxel, in which the port authority will hold a 60% stake. Private partners for the remaining 40% are due to be announced at the board's meeting on February 25. The port is focused on finding diversification opportunities to compensate for the reduction in crude oil imports.

In June the board agreed terms for the handover of equipment at the Mourepiane container terminal. Negotiations are continuing on the manning and operational arrangements.

Arrangements for the transfer of personnel and equipment from Graveleau container terminal to the Fos 2XL operators were set out by the supervisory board last April.

At the same meeting, the board also signed agreements for the handover of equipment to Sea-Invest, the stevedores at the public ore terminal and the Tellines grain terminal. Operational agreements with the company were signed in June.

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*For port images, see Espace presse/Phototheque at [www.marseille-port.fr](http://www.marseille-port.fr)*