Interreg

EUROPEAN UNION

Danube Transnational Programme

DAPhNE

National report on port management models Hungary

Work Package 4

Activity 4.2

PP Responsible: HFIP

Date: 30/11/2017

Version: 1.0 [Final]

Project co-funded by European Union funds (ERDF, IPA)

Interreg
Danube Transnational Programme
DAPhNE

Document History

Version	Date	Authorised
Version 1.0	30/11/2017	HFIP

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1 Scope of the document

The business strategies applied by the inland cargo ports in the Danube Region are the scope of this document and how efficiently they are implemented are related to the port management models employed all along the river. **When we use the term of 'ports' in this document, it only means the inland cargo ports in the Danube Region. If a port is both maritime and inland cargo port, the activities shall be split between the inland and maritime port functions.** In order to ensure a balanced development of the Danube port sector and enable it to become a key element in the EU transport network, first there needs to be a clear analysis performed in regard to the status-quo. This activity will deal with this topic by first assessing the current practices in the Danube region on the port management and operation models applied and providing for a SWOT analysis thereof. In order to present the port management models of European ports, the key definitions of port operation should be presented as follows.

1.1 General terms

In the context of the port management models of Danube cargo ports, the key definitions of port operation should be understood as follows according to the Commission Regulation (EU) 2017/1084 of 14 June 2017 as regards aid for port and airport infrastructure.

1.1.1 Port and infrastructure / Definitions

Port

'Port' means an area of land and water made up of such infrastructure and equipment, so as to permit the reception of waterborne vessels, their loading and unloading, the storage of goods, the receipt and delivery of those goods and the embarkation and disembarkation of passengers, crew and other persons and any other infrastructure necessary for transport operators in the port.

Inland port

'Inland port' means a port other than a maritime port, for the reception of inland waterway vessels.

Port infrastructure

'Port infrastructure' means infrastructure and facilities for the provision of transport related port services, for example berths used for the mooring of ships, quay walls, jetties and floating pontoon ramps in tidal areas, internal basins, backfills and land reclamation, alternative fuel infrastructure and infrastructure for the collection of ship-generated waste and cargo residues.

1. **Privatization:** Process of incorporating the private sector into the port operations, administration and investments.
2. **Concession**: Rent or leasing of existing facilities, equipment and infrastructure along with the right to grant services using those assets, and the right to charge for those

services. This includes the commitment to make specific investments to improve the quality and amount of those services in a long-term period.

3. **Canon**: Cost to the private agent by the use of facilities or services.
4. **Tariffs**: fee charged to the users of the harbour facilities, for the utilization of the ports services.
5. **Employment agency**: Database that contains personal and professional information of capable people to carry out a determined task and that it can be consulted by the employers according to their necessities.
6. **Stevedore Company**: is a company in charge to carry out the port operations of manipulation of the merchandise. Generally, it holds an administrative concession granted by the corresponding port authority, which authorizes to use, with exclusive character, a space located at wharf edge.

Port superstructure

'Port superstructure' means surface arrangements (such as for storage), fixed equipment (such as warehouses and terminal buildings) as well as mobile equipment (such as cranes) located in a port for the provision of transport related port services.

2 Introduction of the Port Management Models

Main actors of port management and operation

The definitions of the main actors are as the following. It is necessary to highlight that these categories include many actual actors. E.g. there are no single port owner or manager actor in Hungary.

Port owner

'Port owner' of a (public) port shall mean the owner / trustee[1] of the port area. The area of a national public port shall be owned by the state or managed by a trustee company established by decisive state majority. There are also private ports.

In Hungary there are public and private ports existing.

Port manager

'Port manager' of a port shall mean a business company or organization responsible for keeping the entire port in a state suitable for proper operation, as well as for the coordinated operation and development thereof – as owner of the port in case of a public port specified in

[1] Unless otherwise provided by law, the trustee shall be due to have the rights of the owner and shall be burdened by the owner's obligations, including the obligations of bookkeeping and reporting under the Accounting Act, provided that the trustee may not alienate such property and may not encumber it by any right of use, easement right or other right in rem, may not provide it for security and may not assign trusteeship to any third party, except for contracts of such content concluded by and between central budgetary organizations.

Act XLII of 2000 on Waterway Transport or as a party entitled to operate the port by contract or on any other title.

Port managers' tasks shall be as follows:

- Tasks of operation, including:
  - organization, operation, and management of port logistics activities;
  - organization, operation, and management of services operations within the port;
  - operation, upkeep, maintenance, and renovation of port facilities as specified in the contract;
  - completion of environment protection tasks in the port;
  - organization and operation of the logistics / information system of the port;
- Completion of tasks related to utilization contracts;
- Performance and management of development tasks, with particular regard to drawing up the principles of further port developments;
- Completion of marketing tasks.

The port managers may also own superstructures within the port area.

In addition, the Act XLII of 2000 created a designation, called a *national public port* which is operated by the state through a business company incorporated by itself or with its participation for the same purpose. There are more than one national public ports in Hungary and there are many port manager companies/organizations.

Port operator

A (public) port is most often operated by a business company. The 'port operator' shall be the owner of the floating establishment / port, and any party entitled to operate such floating establishment / port by contract or on any other title. In our wording, this may include the port owner, the port managers, as well as the port operators of the (public) port.

There are numerous port operators in the Hungarian ports. Pursuant to Point 40, Article 87 of Act XLII of 2000, the operator shall be the owner of the floating establishment / port, and any party entitled to operate such floating establishment / port by contract or on any other title. In our wording, this may include the port owner, the port managers, as well as the port operators of the public port. However, the port managers may only be an "operator of a public port". Most of the Hungarian port operators are privately and publicly owned companies.

Public and Private Participation

We do not have the 2010 data in the required categories. The following tonnages are from the 2016 dataset.

1. Table: Cargo volumes of the Hungarian Danube ports in tons (2016)

Tons per year	Private Ports	Terminals Concession-granted	Ports not given in concession
Solid bulk cargo	2 228 914,2	985 144,3	not applicable
Liquid bulk cargo	610 760,6	441 092,5	
Containers	0,0	9 464,4	
General cargo	728 493,8	390 655,4	

The ratio of cargo traffic between private and concession-granted ports was not significantly different in the previous years as the port ownership structure among the Hungarian freight ports practically remained the same. The private ports' cargo traffic takes up roughly two thirds of the total transported cargo.

Port authority

The 'port authority' is the organization responsible for the planning, authorization, coordination and control of services within the port. In some instances, it also provides services.

The port landlord is the entity that owns the land on which the port is constructed and will usually own the essential infrastructure (e.g. the quays and breakwaters) as well. The port landlord is the entity practicing the ownership rights: therefore, it is the owner itself or somebody entitled by the owner. Typically, the port authority is also the port landlord, although the landlord may be a separate entity.

The Hungarian ports differ from each other as each of them have different organization that can be categorized as 'port authority'.

Port service providers

In order to use a port, a range of intermediary services is often required, which can be provided by the port itself or by independent intermediary parties.

- Towage is a service provided by tug boats which move larger ships that either should not or cannot power themselves.
- Cargo-handling involves the movement of cargo in and around a port. This includes marshalling services (the receipt, storage, assembly and sorting of cargo in preparation for delivery to a ship's berth) and stevedoring services (the loading of cargo onto and discharging cargo from ships).

The port services are mostly provided by separate companies in the ports, however there are ports where the port operators and/or the port manager provide these intermediary services. There are private ports where the single owner-operator company provides all of the services.

Commercial Disbursement

There are no common practices or regulation of commercial disbursements in the Hungarian ports.

E- customs, digitalization and automation

There are no common practices in the Hungarian ports. E-customs are provided by the National Tax and Customs Agency and these services are not specific to ports.

Information sharing platforms, port communication & information

There is no shared and common information sharing platform between the Hungarian ports. Although they have access to the River Information System (RIS) about ship movement. Information exchange between ports are irregular and are of informative nature.

Clearness, transparency and partnership with the private sector

The Hungarian Federation of Inland Ports is the main forum for partnership between ports and port manager companies. Owners and managers of the various ports usually meet and communicate with each other through the association. This association collects and augments the needs of the ports and has a working partnership with government authorities, foreign ports and port associations and the relevant EU bodies.

Port users

A wide range of customers make use of ports, including freight shippers, ferries, cruise ship operators and private vessels. Depending on the specific port, users may access different parts of the port.

The port users of the Hungarian freight ports are almost exclusively freight shippers, in a few cases ferries.

End-customers

The ultimate users of port services are passengers or freight customers who consume a good that has been shipped through a port. Freight forwarders are companies that specialize in arranging shipping services for their customers and thus act as intermediaries to the ultimate consumers of the freight goods. The area in which these customers are located is known as the port hinterland.

In order to better understand the particularities and specialties of different port management and operation models, in the Danube region countries, it is of high importance to analyse in detail how the operation and management structure is set up in the different inland cargo ports.

As defined in the previous chapter there are many different roles and thus actors in most of the ports who mostly define the given operation structure individually.

Public and Private Roles in Port Management: There are five main port management models based upon the respective responsibility of the public and private sectors. They include the public service port, the tool port, the landlord port, the corporatized port and the private service port. Each of these models concerns ports that have different characteristics concerning the ownership of infrastructure, equipment, terminal operation and who provides

port services such as pilotage and towage. While service and tool ports mostly exist to promote public interests, landlord ports attempt to balance public and private interests. At the other end of the spectrum, private service ports are maximizing the interests of their shareholders.

- **Public service ports**. The port authority of public service ports performs the whole range of port related services, in addition of owning all the infrastructure. They are commonly a branch of a government ministry and most of their employees are civil servants. Some ancillary services can be left to private companies. Because of the inefficiencies they are related with, the number of public service ports has declined.
- **Tool ports**. Similar in every aspect to a public service port, the tool port differs only by the private handling of its cargo operations, albeit the terminal equipment is still owned by the port authority. In several cases, a tool port is a transitional form between a public service port and a landlord port.
- **Landlord ports**. Represents the most common management model where infrastructure, particularly terminals, are leased to private operating companies with the port authority retaining ownership of the land. The most common form of lease is a concession agreement where a private company is granted a long-term lease in exchange of a rent that is commonly a function of the size of the facility as well as the investment required to build, renovate or expand the terminal. The private operator is also responsible to provide terminal equipment so that operating standards are maintained.
- **Corporatized ports**. Concerns ports that have almost entirely been privatized, with the exception that ownership remains public and often assumed as a majority shareholder. The port authority essentially behaves as a private enterprise. This management model is unique since it is the only one where ownership and control are separated, which lessens "public good" pressures landlord port authority are facing and "shareholder value" pressures private ports are facing. The Hungarian national public ports' management model resembles an intermediate model between this and landlord ports. Budapest Freeport is managed in this model, see below in Chapter 2.2.
- **Private service ports**. The outcome of a complete privatization of the port facility with a mandate that the facilities retain their maritime role. The port authority is entirely privatized with almost all the port functions under private control with the public sector retaining a standard regulatory oversight. Still, public entities can be shareholders and thus gear the port towards strategies that are deemed to be of public interest. The majority of the Hungarian inland cargo ports are considered private ports, and can be characterized with this model, see the details in Chapter 2.2.

2.1 Operation and management models in Hungary

2. Table: Operation and management models in Hungary

Name of port	Port (land) owner(s)	Port authority	Port manager(s)	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Csepel National Public Port (Budapest Freeport)	MAHART-Szabadkikötő[2] is the landowner, the area of the freeport was given in concession to FBL for 75 years, it has a right of use of the land and infrastructure on it	FBL[3]		various companies, namely the most significant ones: MAHART Container Center Llc. MAHART Gabonatárház Llc. ArcelorMittal Distribution Hungary Llc. Kelet Trans 2000 Llc.	FBL and port operators	port operators, to lesser extent FBL	port operators and the FBL jointly	port operators and port service providers	it's a national public port, obliged to give equal treatment to every customer

[2] MAHART-Szabadkikötő Zrt. – MAHART Freeport Inc.

[3] FBL: Budapesti Szabadkikötő Logisztikai Zrt. – Freeport of Budapest Logistics Inc.

Name of port	Port (land) owner(s)	Port authority	Port manager(s)	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
				Dunatár, Eurotank, MOL etc.					
Ferroport Budapest	Ferroport Llc.	FBL, Ferroport Llc.		Ferroport Llc.	port operator	port operator	jointly with FBL	port operator	public port
Baja National Public Port (Port of Baja)	MNV[4] (Hungarian State) and the Municipality of Baja are the landowners, the area of the port is leased to Bajai OKK (some smaller pieces of land are owned by private entities)	Bajai OKK[5]		Bajai OKK, Áti Depo Inc., Gemenc Inc., Hungaria Agro Llc., Port Almas Llc., RWA Hungary Llc.	port operators	port operators	port operators jointly with Bajai OKK	Bajai OKK, port operators and port service providers	it's a national public port, obliged to give equal treatment to every customer

[4] MNV Zrt. – Hungarian National Asset Management Inc.

[5] Bajai Országos Közforgalmú Kikötő Kft. – Baja National Public Port Llc.

Name of port	Port (land) owner(s)	Port authority	Port manager(s)	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Győr-Gönyű National Public Port (Port of Győr)	ÉDUVIZIG[6] is the trustee of the land (property right owner: MNV)	Port of Győr[7] / EDUVIZIG		Port of Győr (Thyssenkrupp Ferroglobus Inc., Wuppermann Hungary Llc.)	Port of Győr / EDUVIZIG	Port of Győr / EDUVIZIG DB Cargo Hungária Llc.	Port of Győr / EDUVIZIG	port operators and port service providers	it's a national public port, obliged to give equal treatment to every customer
Port of Paks	Sygnus Co. Ltd.[8] and ADUVIZIG[9]	Sygnus Co. Ltd.							none
Port Harta	Sygnus-Port Harta Llc.	Sygnus-Port Harta Llc.							none
Port of Adony	Adony Logisztikai Központ Ltd.	Adony Logisztikai Központ Ltd.							none

[6] Észak-dunántúli Vízügyi Igazgatóság - North-Transdanubian Water Directorate (agency of the Ministry of Interior)

[7] Győr-Gönyű Kikötő Zrt. – Győr-Gönyű Port Inc., Port of Győr

[8] Sygnus Kikötő és Tárház Kft. – Sygnus Port and Storehouse Co. Ltd.

[9] Alsó-Duna-völgyi Vízügyi Igazgatóság – Southern Danube-valley Water Directorate (agency of the Ministry of Interior)

Name of port	Port (land) owner(s)	Port authority	Port manager(s)	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Centroport (Dunaújváros)	Glencore B.V. 49% and Port-Grain Ltd. 51%	Centroport Ltd.							none
Port of Dunaújváros (Dunaferr Port)	ISD Dunaferr Co.	ISD Portolan Llc.		ISD Portolan Ltd.	ISD Portolan Llc.	ISD Portolan Llc.	port operator	ISD Portolan Llc., Centroport Ltd.	none
Port of Bogyiszló	BLÓKERT Inc.	BLÓKERT Inc.							none
Port of Dunavecse	Dunavecse Kikötő Llc.	Dunavecse Kikötő Llc.							none
Port of Bóly (Mohács)	Bóly Inc.	Bóly Inc.							none
Margitta Island	Margitta Island no.92. Agro-production, Sales and Service Llc.	Margitta Island no.92. Agro-production, Sales and Service Llc.							none
International Port of Mohács, Mohács Port Border	Municipality of Mohács through its company: MVR Nonprofit Llc.	MVR Nonprofit Llc. (National Police as	MVR Nonprofit Llc.	MVR Nonprofit Llc.	MVR Nonprofit Llc.	MVR Nonprofit Llc. (National Police as	MVR Nonprofit Llc.	MVR Nonprofit Llc. (National Police as border police,	The port also operates as a ferry berth, a border

Name of port	Port (land) owner(s)	Port authority	Port manager(s)	Port operator(s)	Owner(s) of superstructure	Owner(s) of the port equipment	Who define(s) the tariffs of the port	Who is the provider of the different port services	Public service obligations if relevant
Crossing Point		border police, National Tax and Customs Bureau)				border police, National Tax and Customs Bureau)		National Tax and Customs Bureau)	crossing, customs entry point, Office for veterinary and plant health inspection and control

2.2 Analysis of the port management and operation model in Hungary

2.2.1 Characteristics of the operation models

There are two dominant port management models practiced in Hungary.

The National Public Ports are operated in a model which can be characterized as ***landlord or corporatized ports***. The two types are closely related to each other. The largest port, the Budapest Freeport (National Public Port of Csepel) and the Port of Baja are more of corporatized ports, and the Port of Győr is more closely resembling a landlord port.

Freeport of Budapest

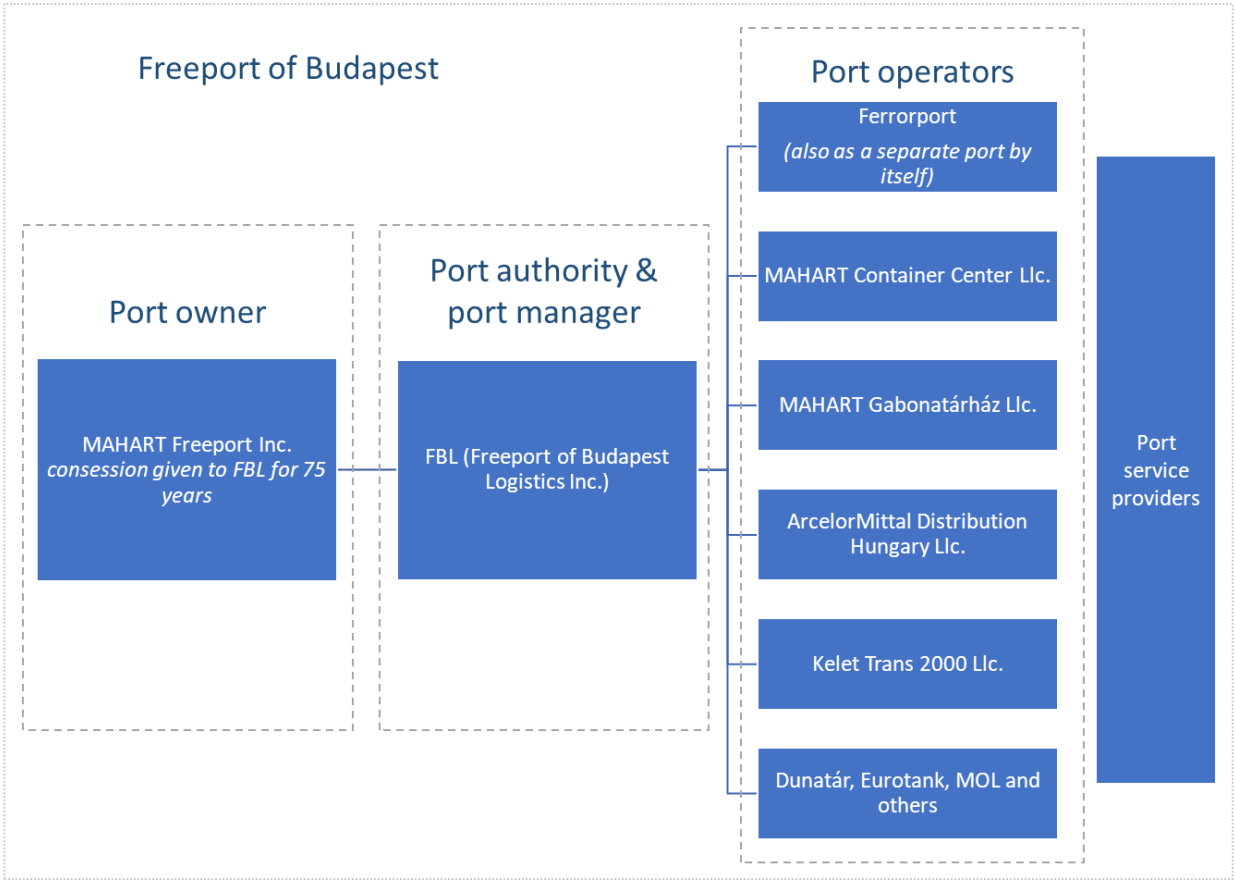
In case of Freeport of Budapest, the ownership of the area, the water basins and all of the port infrastructure and superstructure is trusted on the corporation of FBL (Freeport of Budapest Logistics Inc.) by the landowner MAHART-Szabadkikötő Inc. The landowner does not take part of the management and operation of the port, however the FBL not only functions as a full port authority but it also provides basic port services by itself and by contractors. Originally the company (and its predecessor) operated the Freeport with all of its services and infrastructure and it was responsible for cargo handling as well. As a result of privatization process and due to the owner's long-term strategy FBL outsources almost all of its functions and services to other commercial companies. It retains the ownership of most of the infrastructure (roads, rail, warehouses, quays, etc.) and superstructures (mostly cranes, though some of them are sold to port operators). Almost all of these are rented and leased out to the port operators. The owner's strategy was to reduce operating risks and operation problems and through outsourcing and leasing maintaining a steady flow of income and profit.

As a port authority FBL is responsible for the development of the port which it carries out regularly with the inclusion of investments, own sources, EU funds and bank loans. The port authority is also actively engaged in business development and is working on bringing new port users who would bring more IWW cargo traffic.

As the Freeport is a designated National Public Port, it has to provide services to every customer on equal terms. This is ensured by FBL who jointly sets the tariffs and service fees with the port operators and service providers. FBL also makes these tariffs open to the public and customers. This level of transparency is required by the status of National Public Port.

In the Freeport FBL controls the flow of road, rail and waterborne traffic through direct control and regulations. The port authority also provides a common billing system. This means that it bills the customers for weighing, quay usage, train movement, train car storage, ship and barge movements and navigation, electricity, water utilities for ships and general security in the name of the port operators and service providers. This customer friendly approach not only serves the port operators but provides insight and information of port activities for the FBL.

1. figure: Freeport of Budapest management model



Regarding the tendencies, the strategy of the owner and the port authority remains the same. This administration and management model works according to their expectation.

This more corporatized and less 'landlord' management model is used in the Port of Baja. The ownership of the land is different in Baja, but the port authority and port manager organisation is functioning somewhat like the FBL in Budapest Freeport. Baja also has many commercial port operators and service providers.

Port of Győr is a smaller National Public Port where the landowner is the ÉDUVIZIG (Northern Danube Water Directorate of the Ministry of Interior) which retained some functions to itself and the port authority company is more directly subordinate to the landowner. They are working on the development of the port and provide some port services to the customers. There commercial port operators in Port of Győr but they are much less numerous than in Baja or Budapest Freeport.

It should be noted that the large national public ports' port authorities finance themselves from port rentals and fees and do not require public funding.

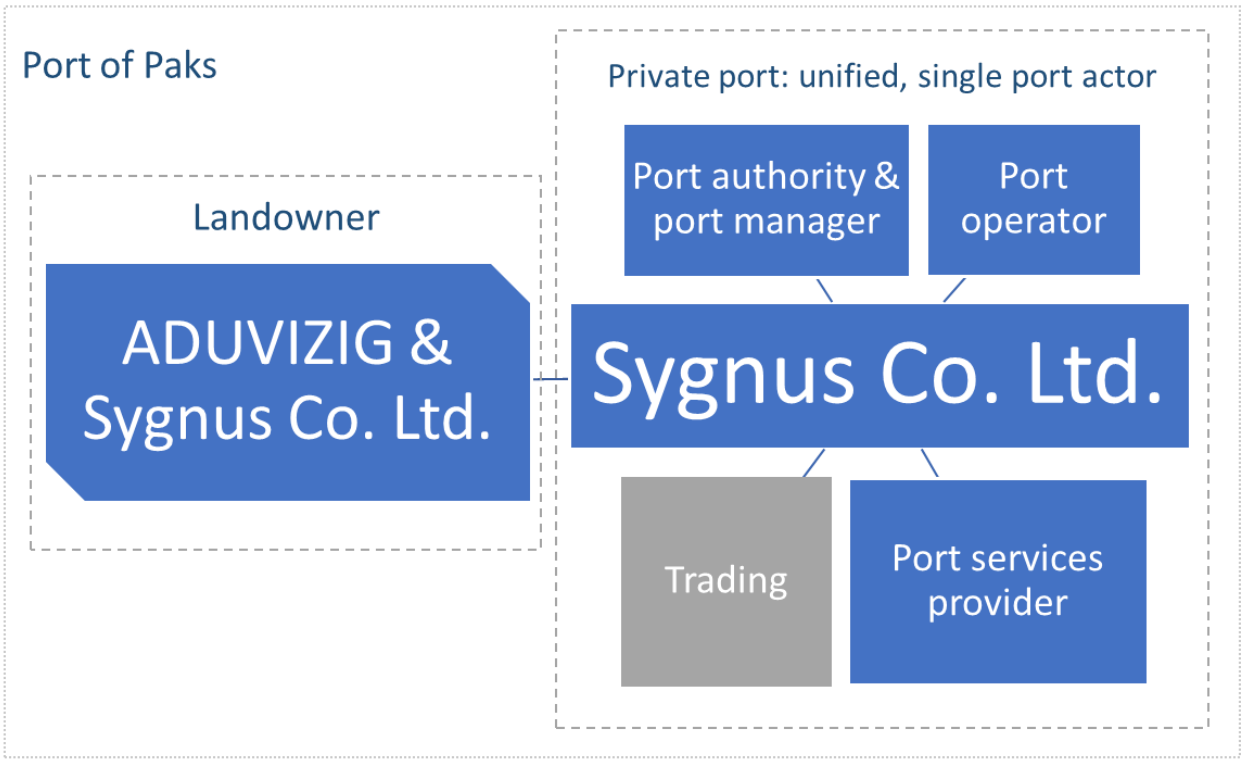
The other dominant port management model in Hungary is the ***private service*** port model. Most of the smaller port alongside the Danube are owned, managed and operated by private commercial entities. The main difference from the national public ports are that these private ports are single actors providing the full vertices of necessary port services. These companies

(ports) are operating on market terms. They do not provide public services, they are no open 0-24 and they are financed from the port tariffs, fees and other incomes. Many of these companies operate ports as an addition to their other main activities (agriculture, industry, warehousing).

Port of Paks

As an example, for private service port model, the Port of Paks is owned and operated entirely by the Sygnus Co. Ltd. which is also an agricultural trading and warehouse operator. The owners are developing the port with EU funds and bank loans as *they expect the investment to be returned*. Ownership strategy includes that the private port has to provide as many service and infrastructure as needed to serve the customers without outsourcing or the inclusion of third-party service providers.

2. figure: Port of Paks as an example for private port model



Comparison of the two models

Even though the corporatized port authorities of the national public ports plan to develop and improve like the private ports, the approaches to port operation activities and services are very different. The private companies owning, managing and operating their ports are willing to take certain risk and investment if it means raise of income and profit. On the other hand, in the corporatized/landowner ports the port authority/management is generally more guarded about long-term port development.

Also, it must be taken into consideration when analyzing the behaviors and strategies of the actors of these two different models, that port size and cargo handling capacities define the professional and organizational requirements of a port managing company. Smaller ports with fewer quays, and less types of cargo handled are much more flexible, more easily governed and managed. The Freeport of Budapest with its much higher traffic, intermodality, many types of cargo would require a much larger and more diversified organization if managed directly. (More than a thousand employees work in the Freeport of Budapest for the various companies, when for example the Port of Paks has only fifty employees.)

2.2.2 Nature and content of the contractual relationships

In case of the National Public Ports, owners of the port have concession/rent contracts with the port authorities and managers.

Port manager companies are renting out the property, land, infra- and superstructure to port operators. The lease agreements are usually for 5 or more years (7-10). Port authorities are less likely to contract for 3-year lease. In case the port operators rent the land and have built on it, they retain the right of use of the land and the port authority retains the pre-emption rights to buy the land if they want to sell it. In some cases, the port authority may have sold some part of the port lands and/or superstructures to the port operator.

Port operators and port services providers contract each other and with customers through service contracts.

In case a private port does not own the land, it operates on it is a lease agreement with the landowner who could be a municipality, the Hungarian asset manager.

Regarding the usage of Danube basin and its surface for port operations, these are leased by the appropriate trustee of the water area (most likely one of the Danube Water Directorates of the Ministry of Interior) for a 5-year period.

2.2.3 Rules and legislation

Port operations are regulated by the mentioned Act XLII of 2000 about water transportation. Act on Water Transportation regulates all IWW passenger, cargo traffic and leisure activities by any waterborne vehicles. (The Act was created by the national legislation.)

The Act XLII describes that the state actively regulates water traffic and port operation through a single authority which is the National Transportation Authority of the Ministry of National Development.

Legislations connected to Act XLII:

- Ministerial Decree of Minister of Economy and Transportation no. 49/2002.[10] about the general operation regulations and the application of maintenance regulations of port, ferry and other shipping facilities
- Ministerial Decree of Minister of Economy and Transportation no. 50/2002.[11] about the creation, installation, usage and maintenance of port, ferry and other shipping facilities
- Government Resolution no. 1019/2005.[12] about designating the Port of Csepel a National Public Port
- The Ministerial Decrees of Minister of National Development no. 46/2014 and no. 77/2012[13] changed the ownership and ownership structure of the Budapest Freeport.

Licences and approvals:

- Any port infrastructure construction connected directly to shipping needs to be approved by the National Transportation Authority.
- Port licence is granted by the National Transportation Authority (based on Act XLII) for a 10-year period. It must be regularly extended.
- Warehouse need to have storage license which has 3 levels: notification requirements, site license regarding certain materials, site license for storage of hazardous materials
- Handling, transportation and storage of hazardous materials (like synthetic fertilizer) requires certain licences and hazardous material standards to be present (ADR, RID, AND, SEVESO licences, etc.)
- Water licensing permit is given by the local Directorate of Disaster Management
- Cargo weighs need to be authenticated

The internal regulations of ports are the following:

- Port Order Regulation (mandatory internal regulation to be created by each port about the usage of ports by ships and barges – to be approved by the National Transportation Authority)
- Bylaws, Organisational and Operational Rules (to be created by the port managing company)

[10] 49/2002. (XII. 28.) GKM rendelet a kikötő, komp- és révátkelőhely, továbbá más hajózási létesítmények általános üzemeltetési szabályairól, valamint az üzemeltetési szabályzatok alkalmazásáról

[11] 50/2002. (XII. 29.) GKM rendelet a kikötő, komp- és révátkelőhely, továbbá más hajózási létesítmény létesítéséről, használatbavételéről, üzemben tartásáról és megszüntetéséről

[12] 1019/2005. (III.10.) sz. Kormányhatározat A Csepeli Szabadkikötő országos közforgalmú kikötővé nyilvánításáról és ezzel összefüggésben alehetséges privatizációs megoldásokról

[13] 46/2014 (XI.19) NFM rendelet z egyes gazdasági társaságok felett az államot megillető tulajdonosi jogok és kötelezettségek összességét gyakorló szervezet kijelöléséről szóló 77/2012. (XII. 22.) NFM rendelet módosításáról, 77/2012 (XII.22) NFM rendelet egyes gazdasági társaságok felett az államot megillető tulajdonosi jogok és kötelezettségek összességét gyakorló szervezet kijelöléséről

- Port Site Regulation Rules (to be created by the port managing company, applied to port operators)
- Additional Service Instructions for rail traffic (to be created by the port manager/authority about the rail traffic on its rail tracks, applied to trains, cars – to be approved by the track maintaining company)

Other norms, standards:

- ISO standards (9001, 22000), ISCC, HACCP
- Standards MSZ EN ISO 14001:2005, MSZ EN ISO 9001:2009

Those port authorities we consulted provided us that these regulations are necessary, and they regulate the port operations thoroughly. Compliance is more of an issue for the smaller ports, operating more on informative basis. Larger ports had to create their own internal regulations and had to follow these and other standards in order to function efficiently, compliance is not just a regulatory requirement for them.

2.2.4 Relevance of Regulation (EU) 2017/352

The Regulation (EU) 2017/352 was issued in 2017 after several years of preparation and consultation with various stakeholders of the European port industry. This regulation has a binding force only on maritime ports, the inland ports are not covered by the legislation. However, rules similar to those laid down in this legal act, might have relevance in the IWW sector. In frame of the current activity, we would like to assess the scale and scope of applicability of these rules for Danube ports in the participating countries.

3. Table: applicability of Regulation (EU) 2017/352 in Hungary

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
Article 4 (1)	"According to the regulation the managing body of the port, or the competent authority, may require providers of port services, including subcontractors, to comply with minimum requirements for the performance of the corresponding port service."	Partially	Other than the before mentioned legislations, currently there are no such requirements and the stakeholders are not keen to implement such barriers for port service providers and subcontractors as this would reduce the competition.
Article 4 (2)	In your country is there any minimum criteria determined by the managing body of the port, or the competent authority in relation to the following: (a) the professional qualifications of the provider of port services, its personnel or the natural persons who actually and continuously manage the activities of the provider of port services;	No	There are no requirements for professional qualifications. It would only be possible if there were appropriate training and education available for personnel.
Article 4 (2)	(b) the financial capacity of the provider of port services;	No	
Article 4 (2)	(c) the equipment needed to provide the relevant port service in normal and safe conditions and the capacity to maintain this equipment at the required level;	No	
Article 4 (2)	(d) the availability of the relevant port service to all users, at all berths and without interruptions, day and night, throughout the year;	Partially	The National Public Ports are open 0-24. Smaller ports do

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
			not have the capacities nor the commercial demand to be open all the times.
Article 4 (2)	(e) compliance with requirements on maritime safety or the safety and security of the port or access to it, its installations, equipment and workers and other persons;	Partially	Regular working safety measures are required (not only in ports).
Article 4 (2)	(f) compliance with local, national, Union and international environmental requirements;	Yes	
Article 4 (2)	(g) compliance with obligations in the field of social and labour law that apply in the Member State of the port concerned, including the terms of applicable collective agreements, manning requirements and requirements relating to hours of work and hours of rest for seafarers, and with applicable rules on labour inspections;	Partially	National laws require every company to comply with such requirements. The port authority would not be able to enforce it alone.
Article 4 (2)	(h) the good repute of the port service provider, as determined in accordance with any applicable national law on good repute, taking into consideration any compelling grounds to doubt the reliability of the provider of port services.	No	
Article 4 (3)	Does a flag requirement exist for waterborne vessels predominantly used for towage or mooring operations in ports located on its territory?	Yes	
Article 4 (4)	Shall the minimum requirements: (a) be transparent, objective, non-	Yes	

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
	discriminatory, proportionate, and relevant to the category and nature of the port service concerned;		
Article 4 (4)	(b) be complied with until the right to provide a port service expires?	Yes	
Article 4 (5)	Where the minimum requirements include specific knowledge of local conditions, shall the managing body of the port, or the competent authority ensure adequate access to information, under transparent and non-discriminatory conditions?	Yes	
Article 5 (1)	Shall the managing body of the port, or the competent authority treat providers of port services in a transparent, objective, non-discriminatory and proportionate manner?	Yes	
Article 5 (1)	Shall the managing body of the port, or the competent authority grant or refuse the right to provide port services on the basis of the minimum requirements established in accordance with Article 4 within a reasonable period?	Partially	
Article 5 (1)	If yes, shall any such refusal, by the managing body of the port, or by the competent authority, be duly justified?	x	
Article 5 (1)	or shall any limitation or termination by the managing body of the port, or the competent authority, of the right to provide a port service be duly justified?	Partially	Such cases are contractual matters. Contracts have limitation or termination clauses.
Article 6 (1)	May the managing body of the port, or the competent authority limit the	Yes	

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
	number of providers of port services for a given port service for one or more of the following reasons: (a) the scarcity or reserved use of land or waterside space, provided that the limitation is in accordance with the decisions or plans agreed by the managing body of the port and, where appropriate, any other public authorities competent in accordance with the national law;		
Article 6 (1)	(b) the absence of such a limitation is obstructing the performance of public service obligations as provided for in Article 7, including when such absence leads to excessively high costs related to the performance of such obligations for the managing body of the port, the competent authority, or the port users;	Yes	
Article 6 (1)	(c) the absence of such a limitation runs counter to the need to ensure safe, secure or environmentally sustainable port operations;	Yes	
Article 6 (1)	(d) the characteristics of the port infrastructure or the nature of the port traffic are such that the operations of multiple providers of port services in the port would not be possible;	Yes	
Article 6 (1)	(e) where it has been established pursuant to Article 35 of Directive 2014/25/EU that a port sector or subsector, together with its port services, within a Member State carries out an activity that is directly exposed to competition in accordance with Article 34 of that Directive. In such cases, paragraphs 2 and 3 of this Article shall not apply?	No	

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
Article 7 (1)	May the Member States decide to impose public service obligations related to port services on providers of port services and may entrust the right to impose such obligations to the managing body of the port, or to the competent authority, in order to ensure at least one of the following: (a) the availability of the port service to all port users, at all berths, without interruption, day and night, throughout the year;	Partially	Except smaller private ports.
Article 7 (1)	(b) the availability of the service to all users on equal terms;	Partially	Smaller private ports might not be able to do that.
Article 7 (1)	(c) the affordability of the service for certain categories of users;	No	
Article 7 (1)	(d) the safety, security or environmental sustainability of port operations;	Yes	
Article 7 (1)	(e) the provision of adequate transport services to the public; and	No	
Article 7 (1)	(f) territorial cohesion?	No	
Article 7 (1)	Besides the above mentioned is there any rule or regulation concerning the following fields regarding the inland cargo ports in your country?	No	
Article 9	Safeguarding of employees' rights	Partially	
Article 11	Transparency of financial relations	Partially	
Article 12	Port service charges	Yes	
Article 13	Port infrastructure charges	Yes	
Article 14	Training of staff	Yes	

Regulation (EU) 2017/352	Regulatory item	Answer	Comments
Article 15	Consultation of port users and other stakeholders	Yes	
Article 16	Handling of complaints	Yes	

2.3 SWOT – analysis of Port Management Models

2.3.1 SWOT analysis of the national public ports' management model (landlord/corporatized model)

4. Table: SWOT analysis of the national public ports' management model (landlord/corporatized model)

STRENGTHS	WEAKNESSES
▪ National importance ▪ Highly professional staff working at the port authority/manager company ▪ Well-developed infrastructure with the necessary superstructures ▪ Highly intermodal with many different actors ▪ Diverse and large cargo traffic ▪ Outsourcing of the port operation activities and port services result in a more stable financial situation ▪ Equal treatment for customers ▪ More favorable geographical position ▪ More predictable organizational and business structure on the port management level, focus on profit sustainability	▪ Many port actors (port operators, port service providers, etc.) are more difficult to coordinate/cooperate with ▪ National public ports are less flexible about the previously set and agreed fees and tariffs ▪ Slower adaption to changes (technology, market environment, regulation) due to less flexibility ▪ The port authority/management cannot affect the port operators' traffic. ▪ Changing tariffs is less regular and requires more organization ▪ Less interest and financial motivation in the increase of waterborne transport volume
OPPORTUNITIES	**THREATS**
▪ Capital and larger customers, larger possible cargo handlers (port operators) are more likely to move to larger public port ▪ The various port actors and the high cargo traffic can attract further	▪ The partnership of large organization with many actors carry the risk of poor coordination, cooperation ▪ High costs of maintenance and development of the large infrastructure of the port

investments and new tenants within the port ▪ More business and trade opportunities ▪ Opportunities in city logistics	

2.3.2 SWOT analysis of the privatized port management model

5. Table: SWOT analysis of the private port management model

STRENGTHS	WEAKNESSES
▪ Flexible organization, easier adaption to market environment ▪ Highly commercialized operation ▪ Direct and personal connection with customers – more understanding of market trends and changes ▪ Single actor ports ▪ Unified organization ▪ The private port is interested in higher cargo traffic ▪ More customer-oriented management model ▪ More interest in the overall waterborne transport volume growth	▪ Smaller scale ports ▪ Smaller cargo volumes ▪ Could be financially weak ▪ Fewer types of cargo are handled ▪ Less regulation often causes inaccuracies in daily operations (delays, waste, damage, etc.) ▪ More extension to market changes ▪ Less opportunities and aid intensities in state/ EU funding schemes ▪ Developing intermodal links are proportionally more expensive with the small size
OPPORTUNITIES	**THREATS**
▪ Innovative solutions are more likely to be developed/invested in ▪ Port development does not require extensive cooperation and partnership ▪ Smaller ports tend to be closer to possible customers (mostly agricultural producers who want to load in their crops quickly and close by) ▪ Higher level of adaption, flexibility, innovation and taking risks can lead to higher profitability ▪ The unified port services ensure higher profits during better business cycles	▪ Informal daily operations raise compliance issues ▪ Economic recessions strongly affect the operation and the financial stability of the port manager/operator/owner company ▪ Without outsourcing, the risks of higher operating costs and lower profits are higher during less fortunate economic climates

2.4 Potential success factors

2.4.1 Success factor: Costs and revenues of port maintenance

The port managers that we have met agreed that the costs and revenues of port maintenance and operation are the clearest success factors. These indicate the success of the port management model applied.

For example, both models outlined in this document have understandable financial indicators. Even though the owners of the public ports are settled with a lower, but more stable and less risky revenue with the least amount of maintenance costs (due to outsourcing).

At the same time, the followers of the private model are willing to take risks and willing to finance all port maintenance costs, however the ratio between these two and the possibly higher revenues indicate the successfulness of the management model.

Measurement method: indicators of annual costs vs annual revenues.

2.4.2 Success factor: Cargo traffic growth (including green cargo traffic)

The interviewed port managers also agreed that the cargo traffic growth is also a simple but meaningful success factor when comparing the port management models.

Measurement method: indicators of annual cargo traffic growth

2.4.3 Success factor: Flexibility and adaptability

Private ports tend to be more flexible and adaptable in Hungary, but these are not directly related to the ownership of the port but the size and the single-actor, integrated nature of a port. Being adaptable to changes in the market and consumer demand is clearly essential. Flexibility and adaptability are comparative advantages. For example, when a port authority/management quickly solves an irregular consumer problem or fulfills its previously unpredictable needs it can achieve a higher customer satisfaction and maybe a better market position “at the end of the day”.

Measurement method: flexibility and adaptability are easy to comprehend, however difficult to operationalize and measure. Non-regular consumer needs are not always documented, and solutions of the port are not always part of the regular operation. If these needs can be monitored and the port’s answer and prompt solution can be also followed than an indicator can be created about flexibility for each observed port.

2.4.4 Success factor: Integrated port management IT solutions

Managing a port with all its interconnected subsystems (trade, cargo handling, cargo registration, cargo meta data collection, cargo transportation, cargo loading, loading machine maintenance, superstructure coordination, holistic logistical system, vessel information systems, data collection, data supply to other partners, etc.) requires an integrated IT approach.

At the moment no such systems are in use in Hungary, only under development. An integrated port management solution would ease on the human workload and would collect, refine and present many more data than currently port managers can have.

Measurement method: checking if the ports have IT solutions supporting their operation and management. Measuring the level of integration of these systems and identifying the subsystems excluded from IT support. These can indicate the level of such IT solutions. Measuring the number of inaccuracies in daily operation could also be an indicator of the system.

2.4.5 Success factor: Investments, external investors

A clear and understandable success factor is the level of investments and the inclusion of external investors (other than actual port actors).

External investment is a clear sign that the market stakeholders are positive and optimistic about the port's future.

Measurement method: rate of annual investments in comparison to the port's existing capital or approximate value.

2.4.6 Success factor: New port operators/port services providers/tenants

This is applicable to public ports and landlord/corporatized ports. A clear measurement of the attractiveness of a port is the actual number of new port actors and tenants migrating to the port.

Measurement method: Indicator of yearly new port operators/port service providers/tenants (Alternatively the growth of actual tenants can be measured as well.)

2.4.7 Success factor: Lean port authority/management organization

Port authorities and managers need to have a highly efficient, well organized and proficient (internal) organizations. Staff costs make up a significant portion of the running costs of a port, thus the way the internal procedures are organized influences the size of the port authority/management's staff and directly the costs too. Having a lean organization where these internal procedures and processes are well thought out, carefully planned and efficiently carried out contribute to the overall effectiveness of a port authority/management (including cost effectiveness) and can be considered as a success factor for any type of port management model.

Measurement method: number of employees of the port authority/management is a simple and clear indicator. These indicators can be compared to the softer indicator of port authority/management tasks and responsibilities to understand how these two are related to each other.

2.4.8 Success factor: Acquiring EU funds for port development

Port development requires external financial sources and an efficient way to acquire such is to apply for EU grants. The interviewed port managers mentioned this as a success factor. EU grants are more beneficial than investing in developments with the aid of bank loans.

Grant successes are closely related to port management as the granting process relies on the willingness and professionalism of the port managers and their employees, partners.

Measurement method: Indicator of annual EU funds received by the port.

2.4.9 Success factor: investments from own resources

This success factor is strongly related to the absorption of EU grants, however, when comparing the infrastructural development activities of private and corporatized ports, the available opportunities and aid rates significantly differ. The ability to invest from own financial resources, even as an own contribution for EU projects or bank loans for infrastructural investments, more reflects the economic viability or business potential of the given port and the prospects for economic return of the given investment.

Measurement method: Annual expenses on development from own resources (including bank loans).

2.4.10 Success factor: Port developments, service improvements

Developing a port is a task of the relevant port authority. While improving the port services, carrying out infrastructural development the overall rating of the subjected port raises. Customers, tenants, port operators alike are attracted by such improvements.

Realizing these improvements and developments are closely related to the successfulness of the port management model. If a certain model can ensure more of these, it can be considered a success.

Measurement method: Indicator of annual development and improvements carried out, indicator of customer satisfaction raising, indicator of port service rating increasing.

2.4.11 Applicability of the identified success factors for best practices on port management and operation model

2.4.12 Relevance

All of the above listed success factors are relevant for all of the port management models observable in Hungary.

2.4.13 Applicability

The listed success factors can be grouped by measurement.

The costs and revenues, cargo traffic growth, investments and the applied and received EU grants can be measured with indicators based on the accounting and logistical statistics of ports.

The integrated port management IT solutions require the – field – analysis of the IT infrastructure and software of ports.

New port operators/port services providers/tenants factor can be measured by observing the number of tenants at a port for a certain period to have data for the indicator.

Lean port authority/management organization require the measuring of organizational indicators, human resource statistics. Port developments, service improvements factors are to be measured with customer satisfaction surveys and quality of service surveys.

2.4.14 Comparability

These success factors are generally applicable for EU countries and if the measurement methods are clearly defined, high level of comparability can be achieved.

3 Best practices

3.1 Association of Danube ports

Creating a lasting partnership between various Danube ports is a considerable Hungarian best practice. The Hungarian Federation of Inland Ports (HFIP) and its work is very beneficial to the port owners' and operators' community. HFIP actively augments the harbor managers' opinion and professional needs and communicates them to the relevant authorities (Ministry of National Development). The federation maintains and actively widens its professional network in Hungary and abroad.

The association and its forums serve the overall interests of Hungarian port authorities and managers.

3.2 Performance pay for harbor masters

A harbor master is the daily operative conductor of port activities. The harbor master organizes the cargo handlers, vessels and vehicles, orders the stevedores, plans the details of the logistics of loading and unloading cargo.

We have found out that in most cases this is an influential and essential job in a port. The speed of loading (which is paid for by the customer) is dependent on how the harbor master organizes the process. Hence motivating the harbor master to increase traffic and decrease loading times with performance pay will raise the performance of the port itself.

This best practice is related to port management, and can improve port effectiveness.

3.3 Port operator training

In Hungary someone could not enroll in any types of education that trains or prepares for specific port jobs and occupations. University of Dunaújváros hosted the first Port Operator Training (it is not only about port operations but port management) in 2016. The training's courses were organized with extensive support of the HFIP. The aim of the training was to provide students with complex knowledge that meets the current professional requirements. It was launched because the profession needs well-trained specialists who are aware of a port's operation system and shipping. The subjects of the course were divided into two main groups. Port economics, which included port and human resource management, commercial and marketing skills, and port business economics. In addition, harbor operations, including port engineering, shipping knowledge, handling, environmental protection and security and foreign language skills were part of the curriculum. The training consisted of theory and

practice. The theoretical part was taught at the University of Dunaújváros and the practice at the Dunaújváros, Csepel and Baja harbors.

The training is filling a longtime need. It is going to contribute to the increase of port service quality through the ongoing education of harbor professionals (and future to-be-harbor managers).

We think it is a best practice to be followed in other countries because the training of port operator and management staff (life-long learning) has a positive effect on port management quality. (This best practice is not restricted to any types of port management models.)

3.4 Common billing service by the port authority

As mentioned above, FBL is providing a common billing service for the customers of various port services. By this, most of the port operators and port service providers are freed from the burden of billing and the customers don't have to be in contact with all the various service providers. Thus, the business process is more efficient and more transparent to every actor.

The port authority (FBL) is entitled to have information about the port services prices, tariffs and cargo traffic, hence the common billing does not violate any of the participants' trade secrets and business interests.

In other landlord/ corporatized ports this practice can be incorporated into the daily operation. One of the prerequisites of applying this type of common billing service is to have openly accessible port tariffs. Another factor is that the port should be open to public and should treat customers equally. (In Hungary these are true for the national public ports.)

We've chosen this service because it improves the service qualities of a landlord/ corporatized port applying a strength of the private ports (namely the flexibility of unified management and structure).

3.5 Linking of loading and storage services (incl. short term buffer storage)

During the interviews with various stakeholders, we were presented with a business model, which is related to the private ports. Some Hungarian ports have not only loading and loading related services available to customers, but storage services and warehouses too. The latter may include a more specific service which is short term buffer storage of mostly agricultural bulk products, like grain.

Successful private ports offer and promote these services and likely attract more customers. It is easier for possible carrier to use the warehouses and silos of the port where they already plan to unload/load in their cargo. Also, this may be a decisive factor for a carrier or the owner of the product when choosing a port.

Linking of these services are likely reducing the prices and the costs of the customer.

However, this practice is much easier to create and maintain in private single-actor ports and would require much more cooperation among the actors of a landlord/ corporatized port.

We consider this as a best practice as it improved the port services quality and competitiveness of an inland port.

4 Other sources

- Act XLII of 2000 on Waterway Transport
- Ministerial Decree of Minister of Economy and Transportation no. 49/2002. about the general operation regulations and the application of maintenance regulations of port, ferry and other shipping facilities
- Ministerial Decree of Minister of Economy and Transportation no. 50/2002. about the creation, installation, usage and maintenance of port, ferry and other shipping facilities
- Government Resolution no. 1019/2005. about designating the Port of Csepel a National Public Port
- Hungarian Central Statistical Office, Cargo traffic data from the Online Statistical Data Collection Programme
- *National Transportation Authority, website:* https://www.nkh.gov.hu/web/hajozasi-foosztaly1/hajozasi-foosztaly
- HFIP publications
- *HFIP website:* www.hfip.hu
- http://uniduna.hu/hirek/hirek-almenu/537-huszonk%C3%A9t-szakember-v%C3%A9gezte-el-az-els%C5%91-kik%C3%B6t%C5%91-%C3%BCzemeltet%C5%91-k%C3%A9pz%C3%A9st
- *Danube Logistics Portal:* www.danube-logistics.info
- *Freeport of Budapest Logistics website*: www.FBL.hu
- *Danube Water Directorates, website:* http://www.vizugy.hu/
- *PannonRIS (River Information System), website:* http://www.pannonris.hu
- *Sygnus Co. Ltd., website:* http://www.sygnus.hu/home