

EU port cities and port area regeneration

SUMMARY

Ports have always been an important asset to Europe, serving as gateways to the rest of the world and as connection points to rivers across European territory.

For centuries, ports and their cities developed hand in hand, the port generating prosperity for the city. This has changed with the industrial revolution, globalisation and the rapid development of containerisation. Most ports moved out of their cities and their mutual relationship began to suffer.

Today, this relationship experiences a new dynamism, driven on both sides by the aspiration to revive ports after the recent crisis, while at the same time making the most of their potential as a stimulus for city life and regeneration.

In recent years, a variety of policy options have been identified and their efficiency tested. Port authority organisations were among the first to realise that for ports to flourish in the long term, their cities also need to prosper, and began taking steps towards improving their mutual relations. The progressive development of the EU's urban policies can pave the way to further joint development of ports and cities and offer new solutions to urban challenges, essential for achieving the smart, sustainable and inclusive society envisaged in the Europe 2020 strategy.



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This briefing is an update of an [earlier one](#), from November 2016, produced at the request of a member of the Committee of the Regions, in the framework of the Cooperation Agreement between the Parliament and the Committee.

Introduction

The European Union (EU) depends on its seaports for trade with the rest of the world (74 % of goods imported and exported), for exchanges within the Union (37 %) and for transporting 400 million passengers per year. Directly or indirectly, EU ports employ over 3 million people. At the same time, the EU also recognises the increasing importance of ports along inland waterways and their contribution to sustainable mobility in Europe. Therefore, the general issues dealt with in this briefing relate to some extent both to seaports and inland ports; more information, however, is currently available on seaports.

Ports and their cities, changing relations

After centuries of close relations between ports and their cities, the link between the port and city prosperity has weakened. The rapid growth in vessel size and volume of cargo transported over the past 30 years has led to ever-growing demands on port space, not only for new berths to accommodate bigger vessels, but also for cargo-handling and storage facilities, cargo-related industries and the necessary transport infrastructure. Gradually, ports have moved out of city centres, leaving the port-city with fewer direct economic benefits, but having to cope with various negative local impacts, such as on air and water quality, noise and traffic. It is no longer taken for granted that a well-functioning port automatically has a net positive impact on the city. The already challenging port-city relationship has further intensified with globalisation and related industrial restructuring.

In the last decades, urban waterfronts have been rediscovered for urban redevelopment.¹ No longer used for port industry activities, many derelict port areas have been transformed into upcoming neighbourhoods. Often, these projects resulted in a uniform type of architecture being developed, without any link with the actual port.

Options available for port development being limited by the lack of available sites and strict environmental requirements, the struggle for space between the port and the city has sharpened. Some ports have been obliged to maintain their activities near, or return them to, urban areas. Social acceptance of port operations remains low, and security measures require strengthening due to the increased risks of terrorism.

The role of port authorities

The scope of action of port authorities has expanded. They have come to play a more important role in the community outside the port itself. By taking a broader perspective on their corporate social responsibility, strategic relations with stakeholders and environmental management, they improve relations between the port and the surrounding society to defend the port's 'license to operate'. This involves dealing with conflicting interests linked to environmental protection, urban development, labour conditions, residents' interest, the overall economic development, and recently also dealing with migrants.

According to a 2016 survey conducted by the European Sea Ports Organisation (ESPO), European port authorities are developing different ways to connect with their stakeholders. To counter the tensions triggered by the proximity of the port to urban areas, they implement initiatives promoting good cohabitation (81 %), explaining positive effects of the port activity, such as on employment, taxes paid to the region and connectivity (80 %) and attracting young people to work in the port (36 %). Only 10 % of ports report no such initiatives. Most (64 %) have adopted, in consultation with public

authorities and key stakeholders, a port master plan, outlining the port's strategic planning for 15-30 years and potential impacts on the surrounding community.

To some extent, port ownership influences the readiness of the port authority to cooperate with the city administration. In Europe, the majority of seaports (87 %) remain under public ownership, mostly owned by the state or by the municipality, as mixed public-private partnership is still rare (7 %), while full private ownership is common in the United Kingdom (6 % of EU). However, more ports are moving towards private-like management structures and comply with normal commercial law.

Balancing the impacts of ports on their cities

Challenges

Differences among European port cities are considerable. Due to the diverse nature of ports (in terms of size, function and geographical characteristics) and cities, each port city faces its particular mix of challenges. They all, however, share one common objective: to increase the net positive impact from their ports and, in this way, support the local urban economy. For the EU, a coherent response to urban challenges is [critical](#) for achieving the smart, sustainable and inclusive society envisaged in the [Europe 2020 strategy](#).

Negative environmental impacts of ports comprise air and water [pollution](#); solid and liquid waste from ships and cargo; noise; dust; and harmful aquatic organisms from ballast water impact on biodiversity. Depending on their proximity to urban activities, the odours and visual impacts produced, related to stacking of bulk cargo, containers, and artificial lighting for 24 hours a day, are also problematic. Ports generate heavy traffic and congestion, with associated public health consequences.

Other impacts are of a mixed nature and concern the space occupied by the port and its land use, impacts on the social life of local communities, recreational activities and tourism. Moreover, due to their location in low-lying areas and deltas, ports are particularly vulnerable to climate change and can be affected by rising sea levels, floods, storms and strong winds. Recently, security risks have become more of a concern.²

In ports, a variety of good practice on mitigating environmental impacts exists. Many ports provide shore electricity to ships, have introduced differentiated port charges based on the [environmental ship index](#), replaced old polluting trucks operating in the port and encourage modal shift (for instance by giving a discount on port dues for containers arrived by train). The port-cities limit these impacts by creating buffer zones. They restrict urban development in the proximity of the port to within a certain distance and provide either a nature-linked compensation (a golf course in Helsinki) or create areas with mixed development (creative workplaces in Amsterdam, a maritime training institute in Rotterdam). Alternatively, they allow port and urban functions to co-exist, but mitigate the impacts using dust covers, sound walls and exhaust filters.

Opportunities

Ports and port-cities take action to increase the economic benefits from ports while mitigating the negative impacts. The process of generating economic benefits may be described with reference to three economic policy models:

- **Maritime clusters** are key to the maritime domain, as shipping and port industries depend heavily on subcontracting and require a specialised local workforce. As maritime clusters can generate high added value to the surrounding city and region, governments use a range of instruments to support them. However, as the success of these instruments depends on the local context, the cluster policy should respond to

locally identified needs. Clusters typically bring together the port and logistics, shipping and maritime services, shipbuilding and repair.

- **Port-industrial development** creates linkages with the local economy. The circular economy can seize opportunities for ecological synergies offered by the proximity of industrial firms from different sectors (such as for heating or waste treatment). Also, renewable energy can be developed, in particular offshore wind energy, which however requires a competitive institutional framework set by the national government.
- **Port-related waterfront development** transforms former industrial port sites into urban places. Successful projects have achieved a mix of functions that make the waterfront economically vibrant. This typically includes port functions, recreational and cultural activities, as well as food markets or restaurants. They rely on a master plan agreed by the different actors involved, which should provide public access to – and enjoyment of – water, as well as solutions for transport and water and land use.

As an over-reliance on the performance of the port can be risky, some port-cities reduce their dependence on the port through economic diversification (Antwerp: fashion business; Hamburg: local media industries; Rotterdam: architecture centre). To face common challenges, neighbouring port-cities engage in regional networking.

Policy approaches

Given that a 'typical port-city' does not exist, the impact of concrete measures depends on local circumstances. Therefore, an effective policy mix needs careful balancing, building on existing strengths and developing new capacities and assets. The chosen policy mix should be coherent. Nevertheless, in the market-driven environment of global shipping, the room for manoeuvre for public policies is limited.

Port authorities and city governments usually differ in their goals and perception of challenges (see Figure 1). Port authorities focus on aspects that make the port competitive, such as connections to other ports, effective port operations, quality of inputs (labour, equipment and land), efficient organisation and strong [hinterland connections](#).

Figure 1 – Policy aims for typical ports and cities

Area of interest	Port	City	Port-city
Economic	Port volumes	Value added, diversification	Smart port growth strategies Maritime clusters
Transportation	Freight	Passengers	Dedicated freight corridors or smart coexistence of freight and passenger traffic
Labour	Efficiency	Employment	High value added port- related employment
Environment	Limit impacts	Quality of life	Green growth
Land use	Cargo handling, industry	Urban waterfront as opportunities for housing	Mixed developments, with a role for port functions
Structural logic	Closed industrial cluster	Open networks with pure agglomeration effects	Mix

Source: [The Competitiveness of Global Port-Cities](#), OECD, 2014.

While port policies enhance port traffic [performance](#), the prosperity of the port-city derives from high value-added and jobs generated by the port.³ Many cities have tried to stimulate port-city development by public policies, some being more successful than others in increasing the prosperity of both ports and port-cities.

According to the OECD, the [most effective](#) policies for both sides are transportation and R&D. What is more, policy effectiveness (even in highly successful port-cities) could be further increased by focusing more on transportation. On the other hand, policies aimed at creating port-city synergies have proven relatively ineffective. City prosperity directly depends on port activity, but not so much on port-city policies. Similarly, spatial and communication policies also have mixed results.

These findings complement the concept of 'soft values', developed by Professor Eric Van Hooydonk of the University of Antwerp.⁴ It values the non-socioeconomic assets of ports, whether spiritual (ports are perceived, for example, as places of refuge or sources of artistic inspiration), or tangible (ports as collections of built heritage, tourist attractions or recreational resorts). While management, promotion and development of soft values are key to achieving ports' societal integration, they need to be complemented by hard values, such as attracting employees by investing in educational infrastructure. The port city renovation should exploit the *genius loci* of port city centres, to 'tell the port story' and promote port heritage and culture. It should also break through the port boundaries, invite people to experience port life, and broaden the port community's perspective.

Main factors to be considered – input from stakeholders

Having realised that the long-term economic prosperity of ports can be safeguarded only with equal growth in societal innovation, port organisations are actively promoting cooperation between ports and cities. Port development depends on future demands on space, energy generation and transition, climate change adaptation and the needs of the next generation of consumers, making it essential that societal integration should be an established element of port management.

The **International association of cities and ports (IACP)**, together with a number of EU port cities, compared good practices for the redevelopment of city-port linking spaces.⁵ In its view, to develop a functional and spatial mix of ports and cities, planners should:

- Respect access to port areas and manage accessibility to city-port interface sites, exploiting all the potentials provided by the water.
- Reduce reciprocal impacts, communicate and obtain acceptance for certain nuisances.
- Treat the port like an urban space, be flexible and not 'freeze' spaces, organise blending of spaces that link and benefit ports and cities.
- Render the port visible, open to people and integrated into the city life, and prepare for tomorrow's jobs.

Building on these elements, ESPO published the **Code of practice on societal integration of ports** in [2010](#), followed by the **Code of good practices for cruise and ferry ports** in [2016](#). The goal is to improve port image and general public support, foster education and labour market initiatives and develop port-city relationships. In addition to limiting negative port impacts and involving people who live close to the port, ESPO offers further recommendations on port-city regeneration:

- **Waterfront regeneration projects should combine residential urban actions with port activities**, to maximise the port-city feeling, but also to allow for logistic solutions

for both passengers and traffic. For instance, Marseilles has carried out a development programme sustaining port operations, while renovating old port districts. One of the [renovated buildings](#) now provides a combined space for culture and offices, while the space underneath is reserved for port operations.

- **Offer transport and logistic solutions to cities, for cargo and people.** Opt for shared waterfront use instead of surrendering waterside transshipment space entirely to residential property development, which reduces the use of rivers and puts more trucks on roads. In London, for example, after years of development pressure, the Port of London Authority in 1990 reserved several strategic wharves along the Thames for cargo-handling, reversing the trend towards less river transport. Similarly, passenger transport needs investment in dedicated berths and waiting zones.
- **Exploit the potential of cruise tourism and ferries.** Cruise traffic is on the rise, both [maritime](#) and on [inland waterways](#), and together with ferries form an important part of the economy. Cruise tourism generates revenues for the city. Good practice consists, for instance, in transforming the cruise terminal into a multipurpose centre, which during the low tourist season can be used for conferences, exhibitions, educational activities, while also offering services to passengers.

The Worldwide network of port cities (AIVP) recently published a very detailed [guide of good practices](#) on how to plan cities with ports and, every two years, organises a [world conference](#) for port and urban decision-makers to develop and share know-how.

EU legislation and funding

Ports

In 2007, the European Commission, in both its [port](#) and [maritime](#) policies, underlined the need to establish better dialogue between ports and their cities and regions, as a way to improve not only efficiency, but also the image of ports, ensure their social acceptance, and achieve better spatial organisation for urban functions, recreation or tourism. In [2014](#), the Commission further affirmed its support to good environmental practices and good social climate in ports. The 2017 [regulation](#) on provision of [port services](#) should transform⁶ port-city relations by ensuring transparency on public funds received by the port authority, setting charges for port services and for port infrastructure use. Moreover, the port authority will need to consult port users and other stakeholders on matters such as the coordination of port services within the port area, improving hinterland connections (including inland waterways), environmental matters, spatial planning and health and safety of port workers.⁷

EU legal obligations related to ports

- ensure security in the [port perimeter](#) and physically separate the port from the surrounding area ([Directive 2005/65/EC](#));
- collect waste from ships and cargo residues ([Directive 2000/59/EC](#)), soon to be [revised](#);
- improve port environmental practices by introducing liquefied natural gas and shoreside electricity infrastructure ([Directive 2014/94/EU](#));

Investments in [port infrastructure](#) are cofinanced from the EU budget through the European Structural and Investment (ESI) Funds, mostly the European Regional Development Fund (ERDF) and the Cohesion fund (CF) under shared management,⁸ but also through the Trans-European Networks-Transport (TEN-T) programme and the Connecting Europe Facility (CEF) under direct management.⁹

Unlike the ERDF, the CEF [targets](#) the ports of the [trans-European transport network](#). Moreover, in ports participating in the [Motorways of the Seas](#) initiative, the CEF can co-

finance a whole range of infrastructure and facilities, such as intermodal terminals, transport connections to hinterland, and measures to ensure all-year navigability.

In addition to EU grants and the available [loans](#) from the European Investment Bank (EIB), the EU and the EIB have jointly developed several [financial instruments](#). These can support funding from ESI funds by transforming EU resources into financial products, taking the form of [project bonds](#) (used for instance to extend the [Port of Calais](#)), or be delivered through the European Fund for Strategic Investments ([EFSI](#)), financing for instance rail and road access to [Spanish ports](#).

Cohesion policy

The EU seeks to strengthen its economic, social and territorial cohesion by reducing disparities between the levels of development of its regions. Regional and cohesion policy [funding](#) is channelled through ESI Funds, mainly the ERDF, the CF and the European Social Fund ([ESF](#)). The revised 2014-2020 cohesion policy framework introduced several instruments to enhance the [urban dimension](#) of cohesion funding, including a new rule earmarking a minimum amount of ERDF funding for integrated projects in cities.¹⁰ Several ERDF investment priorities target urban areas and [urban development](#) is among ERDF [fields of activity](#). An [urban development network](#) (UDN) was set up and tasked with reviewing how European funds are implemented in cities and with knowledge sharing among cities involved. Sustainable urban development is earmarked with [€15 billion](#) from ERDF and [urban innovative actions](#) with [€371 million](#).¹¹

The [URBACT III programme](#) supports projects, where networks of several cities work together to develop solutions to specific urban challenges. The chapter on [integrated urban development](#) addresses such themes as [urban renewal](#). In addition, the EU launched a three-year programme to promote [international urban cooperation](#) in 2016.

Urban Agenda

The [Urban Agenda](#) (UA) is a [new working method](#) maximising the growth potential of cities and tackling social challenges. Under this approach, European partnerships will be developed (involving the European Commission, Member States and cities), focusing on 12 agreed priorities. Four partnerships have already started (on air quality, housing, inclusion of migrants and refugees and urban poverty). In addition, 11 cross-cutting issues have been identified, which partnerships should consider when organising their work, one of them being urban regeneration. Critics, such as Iván Tosics of the Metropolitan Research Institute in Budapest, have [pointed out](#) imbalances between economic, environmental and social aspects, while also noting that the UA should focus more on a geographical approach.

Several of the priorities target issues important for port cities (circular economy, energy transition, air quality, climate adaptation, sustainable use of land). Once partnerships are set up for these themes, and if they duly take the cross-cutting issue of urban regeneration into account, the resulting action plans could put forward proposals helping port cities in terms of better coordination of the existing regulations, use of financial instruments and knowledge exchange.

Support of the European Parliament and other EU bodies

The European Parliament plays an active role in strengthening EU cohesion and the urban dimension. It was actively involved in the negotiations on the reform of cohesion policy post-2013. In its 2015 [resolution](#) on the urban dimension of EU policies, Parliament urged the Commission to suggest elements for a new model of multi-level governance based on

partnerships and genuine cooperation. In the [negotiations](#) on market access to port services, Parliament insisted that the port authority keep separate accounts for public funds received, reinforced social aspects with a reference to national social standards, and upheld port user and stakeholder consultations.

With respect to the regeneration of port cities and areas, the European Committee of the Regions recommends¹² that EU policies take account of the development challenges of ports and port cities, and systematically integrate environmental considerations into projects supporting the revitalisation of port areas. Considering that synergy effects in port-city relations could be enhanced by soft law policy instruments (such as the exchange of experience, communication, codes of conduct and guidelines), it also seeks the Commission's support to projects improving transport links between ports and their hinterland, as well as the connectivity of remote and island and outermost areas.

Main references

European Sea Ports Organisation (ESPO), [Code of practice on Societal Integration of Ports](#), 2010.
OECD, [The Competitiveness of Global Port-Cities](#), 2014.

Merk, O., Dang, T. [The Effectiveness of Port-City policies: a comparative approach](#), OECD Regional Development Working Papers, 2013/25.

Endnotes

¹ Andrew Jones (1998) Issues in Waterfront Regeneration: More Sobering Thoughts - A UK Perspective, *Planning Practice & Research*, 13:4, pp. 433-442.

² [EcoPorts](#), a network of specialists, monitors environmental priorities of EU ports and how they evolve. For instance, while in 2016 the most pressing environmental issues for ports are air quality, energy consumption and noise, the top concerns in 2004 were port waste, dredging (navigability maintenance) and the resulting disposal of sand.

³ As regards employment, for example, while higher port throughput (cargo volumes) in general brings more jobs to the port region (private ports having the largest impact), this is less true for liquid bulk (tankers are loaded by pipelines, meaning less jobs) and the effect is insignificant as regards passenger transport ([OECD](#), 2014).

⁴ Soft values of seaports: a strategy for the restoration of public support for seaports, Eric van Hooydonk, Garant, Antwerp – Appeldorn, 2007.

⁵ The 'Hanse Passage' project, co-financed under the EU Interreg IIIC programme, 2007.

⁶ The new rules contained in [Regulation \(EU\) 2017/352](#) will apply as of March 2019.

⁷ A thorny issue, port labour is not regulated at EU level, but the Commission supports the negotiations within the [Social Dialogue Committee](#) for the port sector. In 16 Member States, port labour regimes depart from general labour law.

⁸ The [CF](#) is reserved for Member States with gross national income per inhabitant lower than 90 % of the EU average.

⁹ Between 2000 and 2013, around [€6.8 billion](#) was provided from the EU budget for investments in seaports, mostly (91 %) from the ERDF/CF.

¹⁰ At national level, [at least 5 %](#) of the ERDF resources shall be allocated to integrated actions for sustainable urban development. Urban authorities shall be responsible for tasks relating, at least, to the selection of operations.

¹¹ Commission Delegated Regulation [\(EU\) No 522/2014](#) sets the detailed rules for the selection and management of innovative actions in the area of sustainable urban development.

¹² [Regeneration of Port Cities and Port Areas](#), rapporteur Stanisław Szwabski (EA, Poland), 8 February 2017.

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