



GOVERNMENT OF ROMANIA

DEPARTMENT FOR INFRASTRUCTURE PROJECTS
AND FOREIGN INVESTMENT

**FUNDING, DESIGN AND EXECUTION OF A
NEW LARGE CAPACITY TERMINAL IN
CONSTANTA SOUTH PORT**



Estimated value for infrastructure and overstructure works:**EUR 165,261,250****1. Estimated completion deadline:****36 months for the infrastructure and 24 months for the overstructure****2. Project beneficiary:****CN Administrația Porturilor Maritime SA Constanța****3. Brief description of the project****3.1. Characteristics and role of Constanța Port**

In the past years, Constanța Port confirmed it was the most important distribution center for Central and Eastern Europe, as well as the most significant container hub in the Black Sea.

It is the main Romanian port and it ranks in the top 10 European ports based on the quantity of goods operated.

Constanța Port has a very favorable geographic location, being located on the route of 3 pan-European transport corridors: Corridor IV, Corridor IX and Corridor VII (the Danube) – which link the North Sea to the Black Sea through the Rhine-Main-Danube Waterway. The road and railroad infrastructures are vital, given that Constanța Port plays a major role in the European intermodal transportation network. To maximize the potential of Constanța Port, investments are needed in



■ Corridor IV

■ Corridor VII
(Danube)

■ Corridor IX

the road and railroad infrastructure, so that it may become a gate to the Black Sea for the countries in Central and Eastern Europe.

Given the geographic features and natural parameters of this port, there are obvious premises that it ranks among the top ports in Europe.

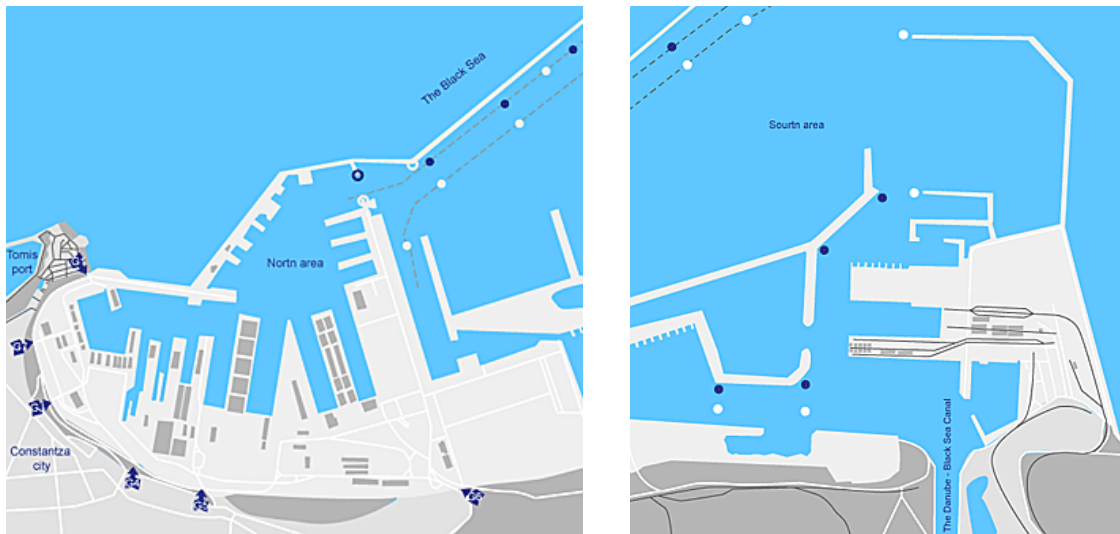
Constanta Port is located on the Western coast of the Black Sea, at 179 nM from the Bosphorus Strait and at 85 nM from Sulina Branch, through which the Danube empties into the sea. It covers a total area of 3,926 ha, of which 1,313 ha of land and 2,613 ha of water. The two breakwaters located northwards and southwards shelter the port, creating the safest conditions for port activities. The present length of the North breakwater is 8,344 m and the South breakwater is 5,560 m. Constanta Port has a handling capacity of over 100 million tons per year and 156 berths, of which 140 berths are operational. The total quay length is 29.83 km, and the depths range between 8 and 19 meters. These characteristics are comparable with those offered by the most important European and international ports, allowing the accommodation of tankers with capacity of 165,000 dwt and bulkcarriers of 220,000 dwt.

3.2. Project location

The Port of Constanta is located at the crossroads of the trade routes linking the markets of the landlocked European countries to Transcaucasus, Central Asia and the Far East. It is the main Romanian port and it ranks in the top 10 European ports.



Constanta Port



1. Constanta North Port

2. Constanta South Port. *In 1976, construction works were started on a new port, named Constanta South, of a total area of 2,500 ha, located immediately to the South, designed for a large perspective stage, which in the end could accommodate vessels of up to 250,000 dwt. Thus, this port facility has become the largest in the Black Sea basin and one of the major European ports.*

3.3. Project opportunity

The Black Sea and Constanta Port play a role that has become more and more important in container transport. The construction of a new terminal in Constanta is justified by the explosive growth of trade between Europe and Asia, by the fact that the route through Constanta is the shortest to the center of the old continent, but also by the fact that terminals in other European ports are overloaded.

The South Area of Constanta Port currently has greater development possibilities than the North area, in what regards infrastructure and overstructure works. The main feature of this area is that it has significant depth, allowing the mooring of large capacity vessels. Numerous companies have been and are interested in operating in the Constanta Sud Port, due to the developments opportunities of that area in the near future.

3.4. Technical features of the project

The building of of Wharf 3 and Wharf 4 will increase the goods handling capacity of the Constanta Sud / Agigea Port.

The construction of the **Wharf 3 S** infrastructure and the related berthing facilities generates large development possibilities for a specialized terminal with big quay depth, allowing the berthing of large ships.

The investment includes filling and earth works on an area of about 37 ha, and the completion of the existing berthing structures, resulting in six new big depth berths.

The estimated value of the project is 67 millions Euro, according to the feasibility study prepared by the General Designer of the Port in the year 2006.

In order to build the infrastructure of the **Wharf IV S**, the feasibility study defines 3 development stages for implementing the project, due to the large costs required. The project is intended to facilitate the construction of new specialized terminals in the southern part of the Constanta Port which, considering its natural depth, allows the operation of large ships.

The total estimated value is 400 millions Euro, of which:

Stage I: EUR 118 million - 35 ha.

Stage II: EUR 155 million - 55 ha.

Stage III: EUR 140 million - 70 ha.

3.5. Brief history

The works for the wharves 3S and 4S were included and initially approved within the investment "Constanta Sud Port. Duty Free Zone". The works at this investment started by derogation in the year 1986. Starting with the year 1992, the investment became dormant, the works remaining at the stage existing at that date. Being permanently under the influence of the maritime environment, the unfinished works, especially those above sea level, suffered significant damage.

The Wharf 3 S is oriented along the North-South direction, with a designed width of 261.00 m, the eastern side being 749.4 m long and the Western side being 500.7 m long.

The executed works include only berthing quays in various stages of construction.

The wharf quay is built about 80%, being generally at the quay wall level, without crest. Port arrangements are missing almost entirely, only a partitioning dike being built.

3.6. Works executed so far

The infrastructure works carried out so far at the wharf III S are in various stages of execution:

- The wharf quay is built about 80%, being generally at the quay wall level, without crest.
- Port arrangements are almost missing, only a partitioning dike being built.

Under the circumstances, no other infrastructure works such as roads, railway connections and utility grids were possible.

The completion of the III S wharf includes 6 new berths accommodating large ship operation.

The completion of the areas adjacent to the berths includes about 23 ha that can be assigned to a performing specialized terminal. To that area, about 14 ha located at the wharf base can be added if fillings are executed as far as the Southern Dyke. Out of this area, about 11 ha can be offered for rent, together with the 23 ha, the remaining 3 ha adjacent to the Southern Dyke being necessary for the development of the railway system.

The completion of the deep quays, followed by the generation of the adjacent areas, the construction of transport connections and the drawing of the utilities near the site, generate opportunities for the building of specialized terminals.

4. Resolutions / tenders – status until now

2006. CN Administrația Porturilor Maritime SA Constanța ordered a **Feasibility Study** for the 3S Wharf concerning the completion of the infrastructure works and berthing structures, facilitating the development of specialized terminals. The Feasibility Study was prepared by SC IPTANA SA București and completed in June, 2006.

Starting from the shape of the area assigned to the new terminal, an analysis was done regarding the possibility of building a container terminal with all the necessary features. According to the Feasibility Study prepared by **SC IPTANA SA**, that area is suitable to accommodate such a terminal as it includes large areas for storage, railway terminal, grouping storehouse and functional buildings. In this case the length of the railway connection and access road included in the infrastructure works will be smaller.

2007. As a result of several letter of intent received by CN APM SA from foreign companies who showed interest in carrying out the construction works and the operation of the III S wharf, Constanta Sud Port for a determined period of time, the BEC meeting of 03.07.2007 and the Board of Directions of 26.07.2007 approved the start of the legal procedures for the operation of Wharf III S.

The legislation (HG 71/2007, Art. 8 (1)) required *Substantiating study of the concession decision* was prepared for the initiation of the procurement procedure for selecting the Contractor, stating the desire to conclude a works concession contract and regarding the preparation of a basic engineering design, the financing

and performance of construction works and the operation rights of the III S Wharf for a determined period of time.

The Substantiation Study for the concession of III S Wharf in the Constanta Port was prepared by **SC IPTANA SA** București under the Service Contract no. 3919/2007 and approved by The Technical and Financial Committee (CTE) of CN APM SA of 27.11.2007, by the CN APM SA Board of Directors in the February 2008 meeting and by the CTE of the Ministry of Transport (MT) on 17.03.2008.

2008. COMPANIA NATIONALA "ADMINISTRATIA PORTURILOR MARITIME" SA CONSTANTA arranged a bid for the "Completion of infrastructure works and berthing structures at the 3 S Wharf, Constanta Sud", with an estimated value of 65 000 000 (VAT not included). The date of completion was decided for the year 2010.

For the granting of the Public Works Agreement, an **open tender** procedure was applied. The tender was initiated by the publication in SEAP of a call for tender on 03.09.2008, followed by publication in the European Union Official Gazette on 05.09.2008. Although a significant number of companies bought the bid documentation (about 30 copies) until the deadline, i.e. 06.11.2008, no tender was submitted. Several companies asked for an extension of the submission deadline by at least 2-3 months, to allow them to survey the land and to investigate the development perspectives and the opportunities of the southern part of the Constanta Port, allowing them to prepare feasible business plans.

The concession agreement award documentation was acquired by the following companies: APM Terminals Romania SRL, SC TRANSTERRA LOGISTICS SRL Constanta – for NYK Line, PENTA OCEAN CONSTRUCTION Co, Ltd, Tokyo, MOCHLOS SA Greece, Romanian Branch, SC ROMAR SHIPPING AGENCY SRL – for ARCAS Turkey, SC EUROEST OPERATION SRL, SC CONSTANTA SOUTH CONTAINER TERMINAL SRL, MOBIUS BAU Germania, MITSUI & Co., Ltd Japan, Hutchison Port Holdings Ltd., (Hutchison Westports Limited UK Office), Marubeni Corp. Bucharest Office, LEADER YAHT, Terminal Link France – representative CMA CGM, KAPITAL LEADING TRANSPORT – representative "K" Line (Kawasaki Kisen Kaisha Ltd., KOTRA BUCHAREST (for DONGBU EXPRESS KOREA), SC ARGOS SA Cernavoda, CGM Consultrade, SL Spania, SN GN ROMGAZ MEDIAS, JAN DE NUL, SC NORECO AGENCIES LTD SRL, ARCHICOM CONSULTANTS AND ENGINEERS SRL, MOTA-ENGIL ENGENHARIA E CONSTRUCTAO SA PORTUGAL Romanian Branch, HANJIN SHIPPING Co., Ltd Korea, SC ROMCARGO MARITIM SRL, FCC CONSTRUCCION S.A. BARCELONA BUCHAREST BRANCH, CONSAL TRADE SRL, SC RHENUS LOGISTIC SRL ROMANIA for RHENUS AG Germany, SC ARCELORMITTAL Galati SA, SC MINMETAL S.A., CARMAR SHIPPING SRL, SC TOMINI TRADING SRL.

2008. In 2008, Hutchison Port Holdings (HPH), considered the world's largest investor in ports, developer and container operator (operating 292 berths in 47 ports in 24 countries located in Asia, Middle East, Africa, Europe, North and South America and Australia) showed interest in investing in the Constanta Port.

The group was interested in building a new container terminal located on the III South Wharf. Consequently, HPH representatives made a documentary visit to Compania Națională Administrația Porturilor Maritime Constanța [National Company "Maritime Ports Administration" Constanta].

2011. In the year 2011, European Gateways Platform, a private - public entity supported and financed by the Dutch government, completed another study regarding the 3S and 4S wharves, in order to identify the most advantageous alternatives for building a container terminal and a logistic zone.

European Gateway Platform presented three concepts in that study, concerning the building of the container terminal, also recommending a third concept as being the most advantageous by cost, due to the small quantity of filling works, compared with the other two examined concepts.

The total filling volume required for the concept no. 3 is 4,730,500 m³ and the estimated value is 165,261,250 Euro, of which:

- 94,261,250 Euro for infrastructure works including demolitions, fillings and quays
- 71,000,000 Euro for superstructure, i.e. the container terminal.

The conclusions to the two studies carried out by SC IPTANA SA and European Gateways Platform support the necessity and opportunity of building a container terminal in the southern part of the Constanta Port, the Wharves 3S and 4S being adequate for a container terminal due to the large area and deep berths.

Generally, the building of terminals is possible and becomes attractive only after the completion of infrastructure works, namely the completion of quays, territories, road and rail connections and drawing near the site the main utility grids.

5. Works to be performed

The project includes the completion of infrastructure works and the berthing structures, facilitating the creation of new territories accommodating a container terminal and a logistic zone.

The following works are required:

- completion of fillings with material resulted from the Danube - Black Sea Channel, material dumped on the channel banks;
- roads, railway connections and utility grids;
- the completion of the III S and IV S wharves meaning new berths accommodating large ship operation;
- completion of all the related areas back of the berths.

The new terminal of the Constanta Port will be developed for container handling and storage in the southern part of Constanta Port.

The container terminal involves several development stages:

The first stage includes the construction with a capacity of 1,000,000 TEU/year and an area of 71 ha. The other stages will be developed later, depending on the future market demands.

The forecast on which the study was based shows a traffic of 5.9 million TEU in 2035 in the most optimistic scenario and 2.9 million TEU in the most pessimistic one.

The recommended concept includes a container terminal occupying the largest part of the southern section of the III S Wharf. The barge quay can use the existing lockers and quay. The depth in that area is merely 7 m.

The project also includes the construction of a logistic park in Constanta Sud Port as a key element in the optimization of the port logistics and enhancing the attractiveness and activities of container management.

The area intended for building the logistic park is currently under water. This plot of land is included in the total area intended for the new container terminal. It is about 15 ha of land to be recovered from the sea and requiring 12.3 million Euro investments to prepare the ground for buildings, specific infrastructure (providing access to the logistic park) and connections to utilities.

The completion of the quays for the wharves 3S and 4S will include in the first stage deep quays 600 m long, barge quays 300 m long, the area of the container terminal being of 71 ha and including a logistic zone with an area of 19 ha.

The completion of the quays for the wharves 3S and 4S will include in the second stage deep quays 600 m + 4407 m long, barge quays 300 m long, the area of the container terminal being of 71 ha + 140 ha and including a logistic zone with an area of 19 ha + 13 ha.

6. Current situation

Currently, CN APM SA is implementing the procurement procedure regarding the technical assistance and the preparation of a new **Constanta Port Master Plan**, defining the medium and long term development strategy for the Constanta Port. The estimated period for completing that strategic document is 12 months since the signing of the contract by the winning bidder (that deadline was established by the Contracting Authority for the preparation and adoption of the strategy proposed in the new master Plan - June, 2014).

After that document is accepted, an analysis of the opportunities and necessity of new steps of implementing this project will be made, in the opinion of CN APM SA.

7. Domestic/foreign funding sources for 2013

Considering the estimated date of completing the Master Plan for Constanta Port (2nd quarter of the year 2014), on the basis of which the opportunity of resuming the project will be assessed, no internal/financing sources have been provided for this investment (not even for updating the feasibility study prepared in the year 2006);

8. Impact / Duplication effects

The impact of the project consists of the increase of the operating / handling / storing capacity of the Constanta Port, the construction of new berthing structures (deep quays) and specialized terminals, allowing an increase of the traffic in the Constanta Port and the consolidation of its "hub" port position at the Black Sea.