

Maritime Summary Note n°224 – October 2020

« French Ports : General perspectives and prospects »

The social movements of the winter of 2019–2020 and the terrible effects of the Covid-19 pandemic must not overshadow the fact that French ports have been in motion for nearly fifteen ans. First came the reforms that reorganized the national port order between the State and local territories. Within the GPMs (Grands Ports Maritimes), the privatization of terminals has done its work, leaving economic responses to the market up to private enterprises. The other key aspect has been the transformation of governance, though not without leaving avenues for potential improvement. At a time when the new strategic projects of the GPMs are being drafted, numerous questions arise within the development dynamics of our ports: near-port logistical warehousing parks, river and rail intermodality solutions, the implementation of various facets of the energy transition, and the smart port. A portion of these issues fits into the inter-port cooperation strategies along maritime facades and/or river axes (Seine, North, Saône) currently being established. Naturally, one cannot disregard the cyclical context (Covid, Brexit, social unrest) weighing on ports. Let us leave these current events aside to conduct a status report on the issues of governance, economic dynamics, and innovations within the French port complex.

The port order

At the beginning of the 2000s, France still possessed a specific "port order" in Europe. State-controlled ports were divided between "autonomous ports" (*ports autonomes*) and "ports of national interest" (*ports d'intérêt national*). The former, organized in 1965, were primarily autonomous from local private and public influence. Conversely, the latter were entrusted for management to the Chambers of Commerce and Industry (CCIs). By comparison, Spanish and Italian ports were and remain entirely state-controlled, while Belgian, Dutch, and German ports fall under territorial competence. Only Great Britain features a coexistence of private ports, municipal ports, and public trust ports.

With the decentralization reform of local ports in 2004 and the state port reform in 2008, France thoroughly disrupted its "port order." Consequently, state-controlled ports number seven in mainland France, comprising the six former autonomous ports (Dunkirk, Le Havre, Rouen, Nantes Saint-Nazaire, Bordeaux, and Marseille) alongside the promoted port of La Rochelle. Since 2012, four overseas ports have acquired this status (Martinique, Guadeloupe, French Guiana, Réunion). Thus, France possesses a reduced number of ports under the oversight of the central State, whereas Spain retains 28 and Italy, following its 2016 port system reform, concentrated them into about fifteen.

French port decentralization created a "carte blanche" territorialization of ports under the oversight of regions, departments, or urban agglomerations. The supervisory authorities are not only different depending on the case, but each operates port management according to its own choices (direct public management or concessions). Regional oversight is the general rule in Hauts-de-France, Normandy, Brittany, Nouvelle-Aquitaine, and Occitanie. In Provence-Alpes-Côte d'Azur, Toulon is under the oversight of the urban agglomeration, while Nice is under the department. Departmental ports still persist here and there.

A law was intended to encourage regions to take over the management of these ports, but without final realization. Brittany is the only region to have regionalized the vast majority of its ports, though without unifying them, whereas the Normans established a single joint institutional syndicate (*syndicat mixte*). Far from adhering to a preconceived model, decentralization thus leads to a diversification and complexification of governance structures across French ports.

The very degrees of governance within territorial oversight are therefore highly variable, leaving the impression of an ad-hoc, "à la carte" operation. Moreover, with the exception of Brittany and Occitanie, regions also host state-controlled ports within their borders. The creation of the GPMs had left them a minor place in governance, which the Leroy Law (2016) nevertheless slightly modified. A greater

presence of local authorities within the governance of state ports¹ is not contradictory to the development of GPMs and the proximity required by leverage investments. Beyond this, the question of co-governance with the regions for state-controlled ports could be a path for the future. There remains a final, unresolved question: the representation of the private sector within the governance of the GPMs, specifically within the supervisory board (*conseil de surveillance*). The choice has been made in 2008 to exclude the private sector fabric, and the Leroy Law did not modify anything in this regard, with the exception of the port investment commission (*commission des investissements portuaires*). However, this body only provides a consultative opinion on GPM projects to businesses and local authorities. The choice of whether or not to include businesses remains a matter of debate. Since the transfer of activities ten years ago, they have reinvested extensively and actively participate in port dynamics. By way of comparison, the governance of Spanish and Italian ports includes representative bodies from both the private sector and trade unions. It does not appear logical that representatives of maritime unions (*unions maritimes*) are absent from supervisory boards, even though the local CCI (Chamber of Commerce and Industry) is always present. One could also mention the potential restructuring of ports into corporations with public capital, which would obviously alter the nature of the board of directors for such structures, incorporating "shareholders" (the State, local territories?) alongside economic (CCIs, maritime unions) and social (trade unions) representatives.

French ports have never lacked reports for establishing diagnoses, yet few have yielded practical effects. The latest ones from the central administration² in 2019 and the Senate in 2020 contain recommendations that merely await implementation. A national port strategy, as outlined by the government in 2018, can serve as a general declaration of intent³, but it must translate into action. In response to the current crisis, the State announced a stimulus plan focusing on "sustainable transformation" and "greening" for ports (€200 million) —measures that are useful but carry relative impacts for the industrial sectors.

Port groupings

Port cooperation is currently in vogue. The 2008 reform established port coordination councils (*conseils de coordination portuaire*) for the Seine axis, the Atlantic coastline, and the West Indies–French Guiana range, aiming to create synergies in commercial and investment policies. Along the Atlantic facade, for Nantes Saint-Nazaire (NSN), Bordeaux, and La Rochelle, this was ultimately never implemented, and it remains unclear whether it is better to build a coastline coordination system (the limit of which is the competition between ports) or to create inland corridors (Loire⁴, South-West), even though the economic density of these French regions is relatively limited.

For the Seine axis, the momentum of the *Grand Paris* project culminated in a merger between Le Havre, Rouen, and Paris, forming the HAROPA GIE since 2012 [1]. The next step will be the merger of the three ports in 2021 [1].

The Rhône axis was first embodied by the Medlink Ports port association (2008), centered on intermodality within the Rhône-Saône river basin and bringing together the GPM of Marseille, the Port of Sète, the *Compagnie Nationale du Rhône*, and *Voies Navigables de France* (VNF). The axis coordination council dates back to 2017, followed by the "Interministerial Mission for the Development of the Mediterranean-Rhône-Saône Port and Logistics Axis" in 2018. The situation here is more complex than on the Seine, primarily because the Mediterranean facade associates the GPM of Marseille with Occitan and Provençal territorial ports whose competition is a tangible economic reality. Conversely, the energy transition and "smart port" concepts are topics that must be addressed collectively. For the river corridor, the issue is simpler but demands strong political will from all port and territorial stakeholders (businesses, ports, urban agglomerations, and regions). The river and rail infrastructure, alongside energy and smart technology, are easier to conceptualize since axis strategies are specifically designed with these goals in mind.

¹ Since 2019, the presidency of the supervisory board of the Grand Port Maritime of Nantes Saint-Nazaire has been held by the president of the Pays de la Loire Regional Council.

² Inspectorate General of Finance and General Council for the Environment and Sustainable Development (2019)

³ The establishment of a port and logistics council can serve as a tool for constructive exchange between the State and its port communities.

⁴ The Nantes Saint-Nazaire development council welcomes representatives from the Centre-Val de Loire and Brittany regional administrations.

To the north, in the Hauts-de-France region, the NordLink Ports association has, since 2017, connected the two regional ports (Calais and Boulogne), the GPM of Dunkirk, and various inland ports (Lille, Valenciennes, etc.) through their managing CCIs. In April 2019, the State established an inter-port and logistics coordination council for the Northern axis⁵. The underlying objective remains all-round cooperation to effectively compete with Benelux ports.

The role of port authorities

Since 2008, our ports must be conceptualized differently because they possess a dual nature: on one side stands the port authority (the GPM), and on the other is the network of private enterprises that drive them economically. The port authority acts as the manager of the state-owned port, ensuring sovereign (*régalien*) missions and creating an attractive, innovative, and competitive ecosystem. It must champion a medium- and long-term vision, even if this currently translates into a highly technocratic strategic project—which stakeholders would prefer to see as a more pragmatic action plan co-developed with private and public players.

The most critical outcome of the 2008 reform was the transfer of cargo handling (*manutention*) to the private sector, bringing France into alignment with all other European nations. It is now up to private operators to invest, as demonstrated by the installation of new container gantry cranes in Fos and, more broadly, the structural renewal of equipment across our ports.

Nevertheless, port authorities are expected to make structural infrastructure investments. The Brittany region is investing €220 million in the Brest polder, and the Occitanie region is injecting €200 million into Port-La-Nouvelle, not to mention the €862 million dedicated to the "Calais Port 2015" expansion. While the necessity of these works can be debated, the proactive determination of these regions cannot. Regarding the GPMs, Le Havre is completing a 20-year program with the final two berths of Port 2000⁶ (€155 million). In Marseille, the Fos4XL project no longer has a set timeline. Dunkirk has designed an ambitious project ("Cap 2020"), featuring an initial €300 million phase for a new 1,000-meter quay. However, the core challenge lies perhaps less in port infrastructures than in networking the hinterlands. One of the primary functions of a port authority remains driving intermodal dynamics, especially as this sits at the very heart of river/rail axis strategies. At their scale, ports must develop their intermodal interfaces. Le Havre has opted for a centralized intermodal yard, while other ports may favor more "berth-side" solutions, particularly since the expansion of rail motorways for Ro-Ro trailers complements container traffic. This focus on networks must not overshadow the imperative development of warehousing parks within port spaces (such as Fos Distriport, Parc de Normandie, etc.).

Port authorities are now also tasked with developing other types of networks. The primary one is digital, encompassing various information systems (such as port call management and cargo processing). The "smart port" concept has formally entered the scope of ports, leaving it up to each port community to invent its own smart port based on its unique needs and ambitions. There are yet other networks to be constructed. With the ongoing energy transition, developing shore-power systems (*cold ironing*) at berths is an absolute imperative. Dunkirk was the first to embark on this journey. The northern port is also a step ahead regarding the circular economy (its "industrial fabric"), which can interconnect the port and industrial network. This includes smart grids for efficient energy management and, more broadly, anything that can be recycled.

Market status report

On the energy side, the balance sheet is mixed. Oil-dependent France has contracted and now relies on three primary hubs: the two refineries in the Lower Seine valley, the two refineries in Fos and Lavéra (plus the Lyon refinery), alongside the Donges refinery (NSN). It remains difficult to predict the future of refining in Europe in general due to economic reasons (such as refining margins in the era of Covid) and societal factors (lower consumption, decarbonization). The energy transition is already affecting coal activities in Le Havre and NSN, with the scheduled closure of thermal power plants in the name of climate imperatives.

⁵ The members will consist of local authorities, the **Société d'Exploitation des Ports du Déroit**, Eurotunnel, Nordlink Ports, VNF, the **Société du Canal Seine-Nord Europe**, SNCF Réseau, and road network managers.

⁶ To this must be added the €125 million river connection works for Port 2000, known as 'la chatière'.

LNG is once again entering a positive cycle. After a strong start in the 2000s, the 2008 crisis and especially the post-Fukushima aftermath (high prices in Japan) had reduced volumes, particularly at NSN (and less so in Fos). The role of natural gas as a hydrocarbon that generates fewer atmospheric emissions is driving its development in France and worldwide. The ports of NSN and Dunkirk also serve as transshipment hubs for Russian gas, as ice-class LNG carriers do not venture out of the European space for economic reasons. Grid gas, rail-transported gas, truck-delivered gas, and bunkering gas: LNG is undoubtedly one of France's new growth markets.

The agricultural function of our ports is highly notable. This primarily involves exporting grain from our production basins through nearly all of our ports, with Rouen and La Rochelle holding leadership positions. Naturally, climate hazards weigh on port performance, but beyond that lies the formidable competition from Black Sea grain⁷. French agriculture is also heavily centered on livestock, a major consumer of animal feed. The ports of NSN, Lorient, and La Rochelle serve as the main entry points for soybean meal. Here, the question arises regarding the future of livestock farming (domestic consumption, exports) as well as protein crops (Brazilian soy versus European production). In the same vein lies the fertilizer sector, tied to a mutating agricultural consumption that dictates the flow of manufactured or raw fertilizers for factories.

For Ro-Ro shipping, new vehicle traffic is relatively well established, though it may eventually shift according to French consumption and international industrial relocations. Trailer and tourist traffic in the English Channel and the Strait is primarily conditioned by Covid and the post-Brexit situation. In the Mediterranean, traffic to Corsica and the Maghreb is more structural for passengers. Rolling freight flows to Turkey and Tunisia could benefit from more near-European relocations in the coming years at the expense of the Far East (which remains hypothetical).

The development of rail motorways is therefore an absolute imperative. Already, Calais toward the continent and Sète for Turkish freight carry out rail transfer activities for trailers.

Brittany Ferries plans to do so between Cherbourg and Bayonne. The development of rail motorways is also a legitimate ambition for the Port of Marseille and will be for NSN as well.

The balance sheet of French containerization remains a mixed bag. To be clear, at least one million containers—particularly for imports—still transit through Antwerp and Rotterdam. The ports of Marseille (1.5 million TEUs) and Le Havre (2.9 million TEUs) are growing steadily at around 3% on the national market. The Norman port is, however, somewhat undermined by the shifting transshipment strategies of shipping lines. As for Dunkirk, the port has doubled its activity in ten years (0.450 million TEUs), with the legitimate ambition of being the preferred port for regional shippers, first and foremost the Mulliez Group. For Nantes Saint-Nazaire (NSN), traffic remains stable (0.180 million TEUs), but capturing cargo within a relatively wide hinterland remains a challenge. Brest operates within a niche, and Bordeaux is heavily challenged by overland competition heading toward Le Havre.

For ports, the weapons in the container battle are well known. The first is to possess near-port warehousing zones; Fos Distriport is a success, Le Havre continues its development, Dunkirk relies on well-established foundations, and Montoir for NSN holds significant potential. The second, intermodality, is twofold: inland waterways drain the axial hinterland (85,000 TEUs in Marseille, 206,000 TEUs in Le Havre), while rail serves the deeper national hinterland (200,000 TEUs in Marseille, 95,000 TEUs in Le Havre). The objectives are clear: win market share against Antwerp within the Paris and Lyon basins, and conquer poorly drained areas (Grand Est, Switzerland).

Changes to expect

As strategic elements of the French economy for both international requirements and exports, our ports are a sensitive subject. The pension reform during the winter of 2019–2020 resulted in severe social conflict within the ports. From the over-mobilization of port workers to the hostile anxiety of shippers and fears of an irremediable destruction of trust, the conflict is bound to leave its mark. A severe social conflict is always harsh for a highly competitive activity. The diversion of freight through foreign ports is an old reality, and curbing the Belgian threat⁸ remains an absolute imperative, particularly for Le Havre. The threat from Barcelona or Genoa appears more diffuse; it remains far more relevant to route cargo through Marseille.

⁷ The market shares of Russian and Ukrainian grain in Mediterranean markets are largely gained at the expense of French exports.

⁸ For 150 years, Antwerp has seen the transit of French cargo, accounting for perhaps 20% of its container flows, but under no circumstances is it the primary French port, notwithstanding the common cliché.

The core objective remains that shippers must be persuaded of the reliability of our ports—a trust that now needs to be restored. With the 2008 reform (the creation of the GPMs and the transfer of cargo handling to the private sector), France brought itself into alignment with its European neighbors. Infrastructure is keeping pace, and warehousing logistics and intermodality are fully operational. There remains, it must be admitted, the social climate. The labor relations context is challenging across all port environments, whether in Spain, Portugal, the United States, or even Belgium. France, however, pays the price for a long-standing and redundant conflictual culture that is sometimes entirely disconnected from port-specific issues. The negative impact on shippers is notorious and does not help our ports. The difficult period of the winter 2019–2020 social unrest was immediately succeeded by something far worse: a major economic crisis triggered by the Covid-19 pandemic. The two-month lockdown had port repercussions that can only fade through a relative return to an economy less strained by the health crisis; as of autumn 2020, a full return to normalcy remains difficult to evaluate.

Perspectives

Once again, governance issues hold no intrinsic interest unless they actively foster partnership actions involving the State, GPMs, local territories, and the private sector. Port communities are already deeply familiar with the guidelines reaffirmed in various reports: land availability, investment attractiveness, the improvement of intermodality from the quayside to the very heart of the hinterland, keeping pace with smart port and environmental trends, and achieving social peace. Therefore, at a time when GPMs and port communities must once again commit to their Strategic Projects, one is tempted to tell them that the hour calls for short- and medium-term action plans tailored by traffic type, rather than grinding through their broad general guidelines once more.

Trust must be placed in the planning and programming expertise of the GPMs; observers are instead waiting for commercial aggressiveness and the ambition of direct action. There is no shortage of undertakings in our ports. First and foremost, the pandemic has created an unprecedented crisis that will have to be "digested." Beyond that, the continental battle for container traffic, the post-Brexit landscape, shifts in agribusiness, industrial mutations, and the energy transition will remain paramount. The decade will force our ports to take an unexpected turn; it is up to the port community to steer down the right path.

Paul TOURRET
English translation generated by Gemini AI