# Container Ports of Turkey

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Turkey has four major container ports, Haydarpasa, Ambarlı, Izmir and Mersin. Except Ambarli, the other three ports are operated by a large governmental agency namely TCDD (Turkish State Railways).

Although the Mediterranean trade is one of the fastest growing container sectors, Turkish ports have not seen any spillover effects from this. One could argue that Turkish ports have certain level of centrality but not sufficient enough to reach the hub port status.

There are some positive trends in the market as well. Turkey's volatile economy appears to be increasing. The low ocean freight rates are helping the carriers compete more effectively against the road haulage alternative, i.e., Turkey to northern Europe. Carriers are also launching new services and upgrading the existing ones.

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MEDITERRANEAN
MIDDLE EAST
LOCATION OF TURKEY
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Czech Republic
Lithuania
Belarus
Ukraine
Moldova
Kazakhstan
Monaco
San Marino
Italy
Bulgaria
Macedonia (FYROM)
Greece
Georgia
Turkmenistan
Uzbekista
Tunisia
Malta
Syria
Iran
West Bank
Gaza Strip
Jordan
Kuwait
Bahrain
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The role of containerization in facilitating global commerce has been well documented by various scholars. It has altered the structure of the liner shipping industry besides altering the historical trade-flows from well-defined hinterland regions through traditional seaports. The level of competition among container ports to maintain and/or enhance their market share is also readily visible today.

Solely from that perspective, one can argue that the Turkish ports are geographically challenged to be a hub port or a transshipment port compared to the other Mediterranean ports like Marsaxlokk, Gioia Tauro and Port Said. However, one should note that there are factors over and above deviation distance responsible for the choice of a transshipment port such as the port's inherent centrality and its operational efficiency, cost, conveniences, the availability of a shipping milieu and efficient hinterland connections to the interior points.

# Turkish State Railways Ports

Shipping movements constitute a major component of Turkish economy approximately 90% of the nation's foreign trade being transported by sea. About 40% of the total cargo handled ports in Turkey is handled at the TCDD ports. Currently, TCDD operates six ports on behalf of the Turkish government, which includes the top container ports of Izmir and Haydarpasa.

It has been argued that Turkish ports have the potential to be the key drivers of national economic growth if the appropriate environment is facilitated by the policy-makers.  New public policy measures suggested includes privatization of the TCDD ports so that they can be run with greater efficiency and accountability.  Such an environment would foster the modernization of the ports and their growth through the infusion of private capital.  Furthermore, there is the potential for Izmir and Mersin to become regional hub ports and the Turkish Black Sea ports, the logical gateways for trade with the Central Asian Republics.

# Privatization of TCDD Ports

The TCDD ports, namely, Izmir, Mersin, Iskenderun, Derince, Bandirma and Samsun Ports have been included in the privatization portfolio by the decision of the Privatization Higher Council in 2004.

Haydarpasa Port is not included in the portfolio since it will be part of a tourism complex project. These six ports within the portfolio are the most important ports in Turkey considering their location, size of investments, infrastructure and superstructure, connection to railways and highways, and hinterland.

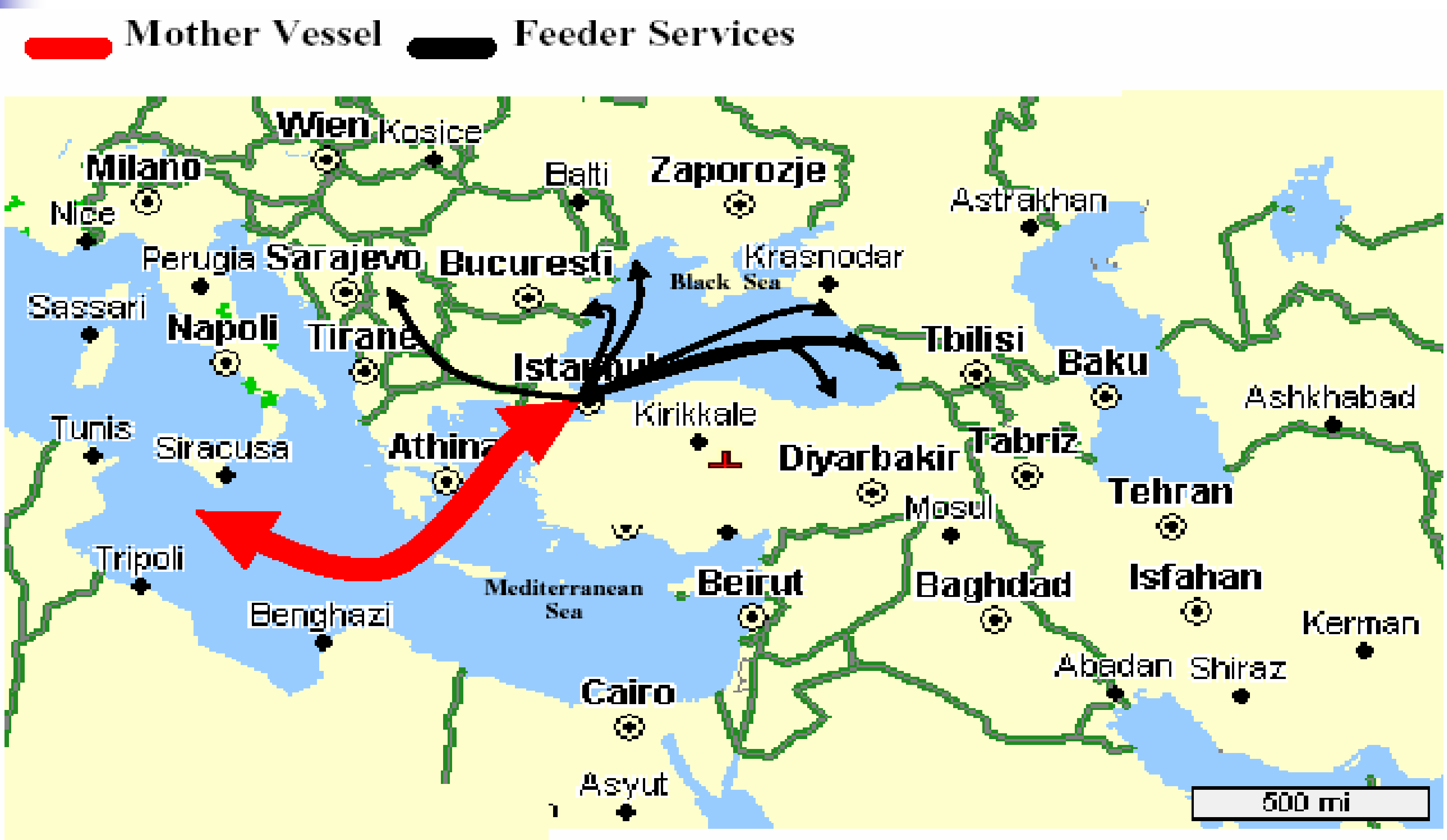
The privatization strategy has been decided as transfer of operational rights, in which the ownership of the ports and the port assets and land will remain to be public property. The operational rights will be transferred to the private sector for a period of 49 years for Izmir Port and 36 years for the other ports. TCDD will be further responsible for the post-privatization performance monitoring of the private sector performance of the port operations.

The highest bid offers were given by a company namely PSA-AKFEN concortium group to Mersin Port and the transfer procedures of Mersin Port has completed at 11 May 2007. Except Port of Mersin, privatization process of TCDD Ports are going on.

# Opportunities for the Major Turkish Ports

This section discusses the potential growth opportunities for the three major Turkishports despite their current weaknesses and difficulties. A recent study recommended three potential hub port scenarios for the nation.  One alternative, shown below, is to develop a hub port in the Sea of Marmara.

# Illustration 1: Alternative I – Hub port in the Sea of Marmara



The Marmara region, one of seven regions of Turkey, is known for its vast contributions to the Turkish economy. Most of Turkey’s industrial plants are located in this region and is hence the prime hinterland for the bulk of the nation’s export-import cargoes. A hub port in the Sea of Marmara with mother vessel port calls, could serve the Black Sea region as well.

Additionally, the anticipated Trans Caucasian Railway project that will connect Europe, the Caucasian countries and the Central Asian countries, could become an efficient artery for the movement of containers to various interior points. The biggest disadvantage of this alternative is the Marmara region’s location being far away from the major Mediterranean trade lanes.

# Illustration 2: Hub port in the Aegean Sea

The second alternative in which the Port of Izmir becomes the hub, serving the Sea of Marmara region and the Black Sea region. The port has superb road connections to its natural and extended hinterland, and appears to be a logical hub port choice. However, it has its limitations as well. First and foremost is the port’s draft limitation. The entrance channel must be dredged to accommodate mother vessels and the second phase of the port expansion project must be completed to enhance the port’s capacity. Another potential problem could be the evolution of new competitors in the same region. As an example, a proposed new port in the North Aegean region with a capacity 1.5 million TEU per year would easily drain the volume out of Izmir if that port is run with greater efficiency.

## Illustration 3: Hub port in the Mediterranean Sea

The third alternative in which the Port of Mersin could be a hub port serving the Caucasian countries and the Middle East as well as the northern and eastern parts of Turkey. This initiative could result in a new landbridge service originating at the port. It is expected that the increase in agricultural outputs resulting from the Southeastern Development Project will enhance the demand for containerized cargo movements. Another advantage for the port is that a free trade zone abuts the port. The Port of Mersin was the fastest growing container port in the year 2007 with an annual growth rate of 20% and maintained its performance in 2007 because of strong exports from the region.

From the above discussion, one could argue that the Port of Izmir and the Port of Mersin appear to be in a better position to be a hub port than the Port of Haydarpasa or any other port in the Sea of Marmara because of their closer proximity to major Mediterranean trade lanes.

# Conclusions

It is a genuine concern that although the analysis showed that at least two Turkish ports, Izmir and Mersin, have good potential to become hub ports for the region, ongoing institutional lethargy would diffuse such potential, delegating the Turkish ports to feeder port status forever while providing the fodder for growth of other hub ports in the region.

The adoption of a more relevant set of rules and regulations appropriate for the contemporary container port industry would greatly facilitate a better performance on the part of the ports in Turkey. Indeed as Turkey aspires to be a member of the growing European Union of nations, it really has no choice but to shape up and meet the entry standards for which the port sector could be a vital catalyst under the right environment.

Thank you for your attention