



Facility for Euro-Mediterranean Investment and Partnership • Facility for Euro-Mediterranean Investment and Partnership



FEMIP

A Euro-Mediterranean network of logistics platforms





Message of the Vice-President

The Union for the Mediterranean (UfM) provides a new impetus for stronger relations and a closer partnership between the countries of Europe and the Mediterranean but it will only realise its full potential if there is a true synergy of interests between the economic players and the projects that they promote. This synergy is given practical encouragement by the Facility for Euro-Mediterranean Investment and Partnership (FEMIP), that brings together all European and Mediterranean countries. FEMIP finances economic and social development projects in the public and private sectors but has also started to exploit the potential of this shared Euro-Mediterranean area.

Against that backdrop, this study, financed by the FEMIP Trust Fund, proposes to establish a network of Euro-Mediterranean logistics platforms covering all the Mediterranean Partner Countries, the LOGISMED network, aimed at helping to develop a private sector-friendly environment. This proposal, which forms part of the EuroMed Transport programme, provides for the creation of centres of excellence in logistics management, with the public authorities playing a support and coordination role. These centres of excellence are expected to have a catalytic effect in terms of upgrading the transport and logistics system of the Mediterranean Partner Countries. These centres will make up the LOGISMED network, which is expected to guarantee their performance in the long term. Furthermore, integrating them into a dedicated telecoms network and establishing a unified training system in order to set up a single market for professionals in the sector will create synergies between the logistics platforms. In this way, LOGISMED will not only become one of the drivers of a prosperous free trade area but also one of the pillars of the Union for the Mediterranean.

Cooperation between the public and private sectors is key to ensuring the success of such a project. FEMIP's financing instruments provide valuable support to both sectors in terms of studies and technical assistance but also for structuring capital projects. The form of networking proposed is innovative, presents major and diverse challenges and holds out the prospect of the qualitative leap required to develop economic trade in the region. We firmly believe that such support represents the kind of value added that the European Union can bring in a spirit of cooperation and partnership.

This study is the first stage of the long process of creating the LOGISMED network. Feasibility studies must now identify and define each of the specific projects that can be financed by FEMIP. The logistics platforms network forms part of the 2007-2013 Regional Transport Action Plan and is one of the UfM's priorities. The Mediterranean Partner Countries must now adopt the proposed guidelines and undertake to build on them. The EIB will support them all the way, as it would any objective targeting closer cooperation and partnership.

Philippe de Fontaine Vive

A handwritten signature in blue ink, appearing to read 'Philippe de Fontaine Vive', written over a horizontal line.



A Euro-Mediterranean network of logistics platforms

Summary Report

Study financed by the FEMIP Trust Fund

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SYNOPSIS

This document sets out the main strategies, justification and recommendations of the project for the rapid establishment of a first network of Euro-Mediterranean logistics platforms (EMLPF) – the first stage of a network intended to develop rapidly and autonomously thereafter.

The document contains:

- **a first section giving a diagnosis of the logistics situation in Mediterranean Partner Countries (MPC) and general recommendations concerning the Euromed logistics platform (EMLPF);**
- **a second section describing the project to develop a network of platforms, and its implementation.**

The study includes a set of basic documents whose titles and contents are shown in Annex I.

Annex II contains a list of contributors to the study, including people met during visits to the different MPCs.



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GENERAL INTRODUCTION AND SUMMARY

3.1. Objectives of the study and resources used

Scope - Beneficiary countries

- Morocco, Algeria, Tunisia, Egypt, Jordan, Israel, Palestinian Authority, Lebanon, Syria and Turkey

Contracting authority

- EIB, FEMIP and Project Directorate

General objectives of the study

- Diagnosis of the logistics needs in Mediterranean Partner Countries (MPC)
- To propose the establishment of a limited number of platforms and define their common features
- To evaluate the interest in creating a **network**
- To devise a specific methodology for the intervention of FEMIP

Specific objectives of the study

- To define the features of a logistics platform (services supplied)
- To define the basic characteristics of the information system and training
- To propose strategies and mechanisms for the development of a network of logistics platforms

Context of the EuroMed partnership

- Partnership and EuroMed Transport Project: Infrastructure

Deliverables

Phase	Deliverable n°	
I	1	Review of literature
I	2	Diagnosis of the need for EMLPF
I	3	Evaluation of the network effects of a logistics platform
I	4	Key features
I	5	Training
I	6	Computerized procedures and exchange of computerized data
I	7	Initial selection of sites
II	1	Case study: financial feasibility and socio-economic evaluation
II	2	Terms of reference



3.2. Summary of the Diagnosis and Results of the Study

3.2.1. Context, issues and implications, and strategic direction of the project

3.2.1.1. Context

The logistics and transport sector has seen a revolution in the developed economies: many manufacturers or large-scale distribution companies have opted to outsource the organization of their transport systems.

It is well known that this “outsourcing” from the producer and distributor to the logistics specialist is justified on various grounds, principally the economies of scale generated by these operators (with a consequent reduction in transport costs), and the guaranteed reliability that this system can offer.

The same issues are at stake for the MPC because of the development of the concept of outsourcing, the establishment of large-scale distribution, increased delocalization and economic modernization.

Use of the services of logistics companies is tending to increase in these countries. This trend is expected to lead to improved productivity and reliability of transport operations and goods handling, as well as savings in transport, a contribution to the reduction of costs to the consumer and, lastly and most significantly, greater competitiveness on the part of national companies.

A stimulus to the coordinated development of logistics platforms in the Southern Mediterranean countries can be provided with FEMIP/EIB support.

3.2.1.2. What is at stake

Countries experiencing the above developments have not always anticipated the changes and have only belatedly begun to focus on the organization of warehouse facilities. Frequently it was the availability of land which determined the location of logistics companies, resulting in sprawling development and dispersed investment.

Similarly – and particularly in Europe – the use of combined transport, and the setting up of logistics platforms, especially in the vicinity of large cities have been hindered by the initial dispersion of logistics warehouses.

Today, the establishment of a network of logistics platforms on an MPC level could provide vital opportunities, such as:

- A much-needed conversion from a traditional organization of transport towards specialist logistics activities and services (efficient and value-adding), which are likely to accompany the current changes in many sectors of production and national large-scale distribution.
- Availability of land for development in areas suitable for intermodal transfers.

3.2.1.3. Strategic direction

It is clear that, in each MPC, the demand for logistics services (and the corresponding infrastructure) is initially driven by the modern production and distribution sectors, seeking reliability, productivity and a reduction in transport costs. National markets in the MPC and their public administration have not always understood the implications, or the benefits they could obtain from developing a logistics infrastructure.

Only robust economic measures or specific regulation will lead traditional production and business sectors currently using informal and/or non-organized transport firms to revolutionize their demand for transport. However, there is every likelihood that after the gradual modernisation of the national production system, these sectors will in turn begin to use transport firms which have



acquired logistics skills, using logistics platforms and other aids to performance (helped in particular by trained staff and new information techniques) as a way of generating cost savings.

Consumers will thus have the possibility of enjoying a wider and more regular supply of products whose transport, packaging and costs will be those of a reliable and modern distribution and production system.

3.2.1.4. The specific objectives of the study

The study concerns the development of an initial network of standardized platforms, beginning with one platform per country – or more than one in those countries where a higher number can rapidly be justified.

The reports:

- summarize the results of the research carried out in each country;
- clarify what could be the common characteristics of an initial network of Euro-Mediterranean logistics platforms (EMLPF);
- consider the specific conditions for the projects in each MPC.

Looking beyond the specific features of the various countries, it is possible to define a **common core** of characteristics for all the platforms envisaged. Specific recommendations will then be made.

3.2.2. The common core of the EMLPF network

3.2.2.1. General comments

These recommendations aim at having a network of platforms offering the main features and qualities which logistics operators will demand:

- the approach to organization of the space and accesses;
- services offered;
- the recommended approach to management;
- regulatory assistance (facilitation, etc.) and legal support (leases, taxation, etc.);
- participation in the Medlog network;
- data processing and transmission;
- staff training, research and the role of observatory and support for change;
- an indicative roadmap for implementation of the facilities.

The elements of the **common core** which have been identified are those needed for certification of the EMLPF, and which will ensure a certain homogeneity of their offer to logistics firms and hence to their customers.

In addition, specific recommendations have been made for each country in terms of the selected sites and the support measures.

In order to obtain the full benefits of these EMLPF, it has been concluded that they will have to be linked in a network.

3.2.2.2. Organization of the space and accesses to the networks

The land required for the project should be State-owned and made available to a promoter/operator under a public-private partnership (PPP) insofar as this is compatible with national legislation.



The public authorities and the promoter-manager will be responsible for constructing or organising the accesses to the zone:

- road and motorway links,
- rail connection,
- connection to the public services (water, sewerage, energy, data transmission).

The public authorities have the responsibility of establishing the operator's terms of reference (which will form part of the prospectus) and ensuring they are complied with.

Under the terms of reference, the promoter is responsible for developing and equipping the platform with buildings or facilities for shared use, and also constructing warehouses to be leased to the logistics operators and transport companies (see details below).

3.2.2.2.1. Installation of the EMLPF

As well as responsibility for accesses to the infrastructure, the promoter is also responsible for developing the platform in accordance with a strict specification which will include the following elements:

- environmental charter,
- safety/security,
- compliance with the prescribed ratio of built areas to undeveloped land,
- green areas,
- traffic routes (road and rail),
- internal broadband communication network (e.g. fibre optic),
- internal water and energy distribution networks,
- equipment for generating renewable energy,
- sewerage, drainage, wastewater collection, reservoirs,
- transport and logistics training centres.

The specification is drawn up for each platform and each country in order to take account of mandatory local constraints, in particular the inherent constraints of the site or of national legislation.

A monitoring committee consisting of local managers (national authority) and representatives of the Medlog network will ensure that the specifications are respected.

3.2.2.2.2. The buildings

The platforms will have to be equipped with the following buildings:

- leased warehouses,
- an administrative centre,
- buildings for communal services,
- controlled temperature warehouses¹,
- buildings and storage facilities for dangerous and polluting substances in accordance with local needs, such as the import of oil products,
- buildings for maintenance and container depots (empties for return).

¹ It is expected that the manager will be responsible for this type of facility which will assist in developing logistical services in the field of cold storage and transport.



3.2.2.2.3. Marketing

The manager is also a property developer, marketing either building plots or – frequently – completed buildings, designed and financed by itself.

Properties will be marketed on two bases:

- leasing (short or long term) in particular for the plots already developed,
- sale (for a relatively small part of the area¹ of the platform – 10 to 15%).

Local marketing of the land and buildings will be undertaken by the promoter and relayed for information to the Medlog Network which will ensure the promotion of the whole of the certified EMLPF (see Implementation of the Medlog Network).

3.2.3. Services offered

In addition to development and marketing which are under its responsibility (relayed and coordinated at Medlog network level) the promoter of the EMLPF is required to set up services for the users of the platform and even for their customers.

These services can be entrusted to specialized third companies under specific terms of reference. They are required for certification of the platform and their availability is a major promotional argument.

They include:

- access control, security, safety (risk prevention);
- waste collection, maintenance of the green areas and the road system, lighting of the area;
- catering facilities for staff and visitors;
- staff transport within the area and to nearby urban centres;
- a medical centre;
- a specialized temporary employment agency;
- a road transport centre, a service providing hire, upkeep and maintenance of handling equipment;
- a container depot, a storage area for dangerous substances, a controlled temperature warehouse;
- a training centre for trades in the logistics sector (see 3.2.7 Training, Research and Observatory);
- a data processing and transmission centre (see 3.2.6 Data Processing and Transmission).

Public services are offered on the EMLPF through the following facilities:

- a Customs centre (administrative buildings and inspection area);
- a medical and plant health centre for food products.

With the possible later addition of:

- a technical inspection centre for vehicles and equipment subject to special regulations;
- a State security centre (national police, local police, etc.).

These functionalities will be installed progressively in accordance with the terms of reference of the EMLPF promoter-manager, taking account of the local constraints and needs. The Public Authorities will ensure they are implemented.

¹ Sale of land provided to the promoter by the State for use as a logistics platform can only occur where the contractual framework allows it. It will have to meet specific contractual conditions and must not hinder any restructuring of the area which may appear necessary over the longer term.

3.2.4. Recommended type of management

3.2.4.1. The objective

Here the aim is to define, within a standard framework, a single and ideal “legal model” to be used in the MPC and rolled out without major modifications, on the basis of experiments already conducted in these countries.

3.2.4.2. The constraints

The constraints when defining this model arise from the fact that the project deals with a wide variety of legal cultures (a centrally-planned approach or private initiative with more or less strong regulation by the authorities), and also differing administrative models.

3.2.4.3. The recommendations

Within these constraints and taking this objective into account, it has been concluded that only the “public private partnership” (PPP) offers this **uniformity**, because of:

- its **contractual** (and thus negotiated) nature which, without ignoring local State regulations, still avoids it being overly constrained by the specific terms of national public procurement rules which do not apply to PPP;
- its **legal recognition** in the majority of the countries of the region (8 countries recognize the PPP already; one is in the process of recognizing it, and one has not yet taken a decision);
- the possibility of supplementing the PPP with further binding technical regulations needed for the development of the Medlog network.

However, other solutions giving an equivalent result can also be considered, although they will not offer the desired uniformity.

In any event, the study undertaken in all countries¹ has provided confirmation of:

- the feasibility of the PPP model in relation to national legal systems;
- the increasing importance and significant use of this system, which is currently extremely popular with countries in the region and whose legal framework is structured either via sectoral regulations or more generally as part of the increased use of the private sector.

3.2.4.4. The advantages

The positive effects of a Euro-Mediterranean network of logistics platforms are as follows:

- the introduction of international standards in the management of national logistics platforms, improving the efficiency of the logistics sector and helping to reduce transit costs;
- improvement of staff skills through training up to international standards;
- strengthening of trade links with Europe and more generally with countries which have modernized their international trade processes, thanks to a better offer in terms of value for money in end-to-end transport and increased trade with – and among – the MPC;
- a faster improvement of the overall international competitiveness of industrial production in each MPC;
- the establishment of Euromed logistics platforms will allow a more rapid control of supply chains by national and international operators, giving them the appropriate tools to develop international trade.

¹ With the exception of the Palestinian Territories



3.2.4.5. The risks

The main risks are the following:

- A pure Medlog network risk related to the political acceptability of the underlying principles of the project by the various parties involved in Euromed.
- A global country risk linked particularly to the administrative implementation of the project.
- A risk related to the economic viability of the project. This economic viability is mainly dependant on the quality of the location of the platform, the investment capability of the international and national operators and the response of local and national markets.
- A preliminary technical study of the site would be necessary to obtain information on soil quality and the costs of preparation and development of the area, as well as potential constraints in terms of construction costs of warehouses and storage facilities on the selected site.

These preliminary studies will be useful both for the launch decision and for the consultation procedure. The results will also foster successful negotiations with the candidates.

3.2.5. Creation of the network

The network is established, in particular, via the certification of the EMLPF as a guarantee of quality, but also via the organization and services offered as well as the lean structures set up to develop the network.

Even before certification, the Medlog network will require the creation of:

- a Development Directorate,
- a Marketing and Promotion Office,
- an observatory/research and training centre - this aspect will be developed extensively in the section on training.

These small-scale bodies will be partly or entirely financed by contributions from promoter-managers of platforms already operational or being developed.

During the initial phase, they could require temporary financial support from FEMIP.

3.2.5.1. The Development Directorate

The small Development Directorate is the point of contact with the Euromed partnership for the logistics platforms project. As such:

- it maintains contacts with financing bodies, in particular the EIB;
- it is represented in forums and other Euromed projects;
- it organizes seminars and study visits for transport and logistics professionals to countries within the network.

It provides the following functions:

- ensuring that the establishment of the network of platforms and its continuous development progress satisfactorily;
- interface with governments, and participation in the set-up of project groups (from the government's side), and agendas;
- technical assistance for the launch and follow-up of tenders for technical assistance (feasibility study);
- the launch of tenders to draw up the public-private partnership contracts;
- follow-up of the procedures for tenders for managers and operators;



- monitoring of the status of the project and the provision of information to government staff; representation on government advisory committees.

3.2.5.2. The Marketing and Promotion Office

Either a private operator or association, it will be selected by tender directed at private firms.

It will provide the following functions:

- centralization of information on services offered on the Euromed platforms;
- centralization and dissemination of offers of property for lease and the relaying of requests;
- representation of the platform network at specialized exhibitions;
- definition of the marketing message on the website;
- certification of operators;
- organization of an “employment exchange” for the Medlog platforms in the MPC and Europe;
- development of promotional and coordination tools.

3.2.6. Data processing and transmission

The system of data processing and transmission is one of the proposed services offered by an EMLPF.

This system presupposes:

- the existence of transmission infrastructure (cable, radio);
- the existence of a packaged commercial communication service, complying with the recommendations of the ITU (International Telecommunication Union).

These conditions are met in all the MPC, at least in terms of connections between the main urban centres and the industrial sites.

The service will have to be offered by the promoter to its customers, the logistics companies. One or more specialized companies can be hired to implement and maintain it, under terms of reference which will have to take account of the need for consistency both at the level of the network of platforms and of the local operators (see below).

3.2.6.1. The role of the data processing and transmission system

The system of data processing and transmission will have the following remit:

- a major role: to provide the interface between the various companies established on an EMLPF and their partners, customers, suppliers and institutions (including the Customs). This mission requires standardization of messages exchanged (EDI, XML etc.);
- a minor role providing smaller firms with access to software applications;
- a complementary role: to assist users both on-line and on the ground.

The system naturally provides the interface with the other EMLPF and the main logistics sites within the country including ports (which often cover both the maritime and port communities). In particular, the system can produce statistics for use by the observatory, according to procedures to be defined with the users.

The exchanges must be absolutely confidential, with confidentiality only broken on a court order or at the request of the parties in the event of a dispute between them.



3.2.6.2. Common design and implementation but local operation

Management of the data processing and transmission system will be entrusted to a specialized company but the users must be involved in its operation and development via a user advisory committee.

The functionalities of the system will be subject to common terms of reference at the network level. The uniformity of the system will constitute a key element in the network.

3.2.6.3. The relationship with Customs

In nearly all MPC the Customs have an information system allowing for electronic declarations. The data processing and transmission system will provide the interface between companies established in the EMLPF and the Customs.

It is important to ensure that the platform has a pilot site for the dematerialisation of data.

The Customs system must cater for the expected electronic (pre-)declaration in order to enable targeting through risk profiling (management risk), to authorize Customs clearance in the EMLPF either at the point of shipment (export) or at destination (import) so that a transit document and a rapid release of deposits can be obtained. This implies that bonded transport conditions will be secure.

With regard to exports, the concept of known shipper (required by the USA since September 11th) must be introduced.

3.2.7. Training, research and observatory

Since implementation of the network is based on certification, which is intended, *inter alia*, to provide a guarantee of quality, staff qualifications are a vital issue.

The objective is to improve qualification levels everywhere and as quickly as possible in order to guarantee that trained personnel will be available to logistics companies wishing to establish themselves on an EMLPF within the network.

3.2.7.1. The reference framework

As a preliminary condition, it is essential to establish:

- a common reference framework of trades in the logistics sector;
- a common reference framework of knowledge and skills by trade.

On that basis and, within an approach using vital educational engineering techniques, it will be necessary:

- to define standard courses (initial training, continuous education) by level and trade (or groups of trades, with options);
- to certify existing training if possible;
- to stimulate the development of new training, possibly leading to the award of a diploma;
- to develop a Medlog Masters for higher-level training.

Taking the various levels into account, it will be necessary:

- to train the trainers;
- to develop educational tools;
- to organize a body of peripatetic teachers;
- to organize exchanges of students and teachers;
- to use the EMLPF and any available training centres (training, internships, availability of professional staff and equipment).



As a complement to specific training in logistics, it is recommended that trained personnel at basic levels should have a good command of their national language and that those at higher levels have a good command of both the national language and at least one other language (English or French).

Trainers in the Medlog network will be members of an association.

Staff qualifications will be a key component of the Medlog quality certification, and training will be a vital component of the network, creating a common culture and language for people in the logistics sector.

3.2.7.2. Applied research

This activity will be developed in three main directions:

- socio-economic studies on transport and logistics in each MPC;
- technological monitoring for the appearance of new methods or organizations for these activities and ways of getting local SMEs to accept them;
- a role of technology transfer, through short or medium-term actions of diagnosis or advice as a support to the development of companies (especially SMEs).

The Medlog network will contribute to the financing of this activity (See Summary Report).

3.2.7.3. Transport and logistics observatory

We recommend the creation of “transport and logistics observatory” units in each MPC which would provide the national “antennae” of a Medlog observatory.

This observatory would have the following roles:

- to collect and analyze data and to undertake or finance (for instance) precise, sector-wide studies;
- to monitor technological developments or conduct experiments with pilot companies.

3.2.7.4. A particular role: responsibility for training certification

This certification will rely on:

- local professional organizations and existing training centres for levels 1, 2 and 3. They will issue certification on behalf of the Medlog observatory.
- local universities and higher education centres for the higher levels. The Medlog observatory will deliver certification directly by agreement with the local bodies. Existing European and Mediterranean experience will be used as a reference.

3.2.7.5. Financing for training

Each country will be able to provide appropriate finance by calling on professional organizations, State contributions and international or regional bodies providing finance for development and training.

The network’s Development Directorate will be required to initiate and support these financial arrangements.



3.2.8. Measures to support transport and logistics professionals in the MPC

It is recommended that the emergence of “a new” profession - national logistician – should be encouraged in each country. A rapid proliferation of firms of this type would ensure that the platforms were fully integrated in the local economy.

In practically all the MPC, the professions potentially likely to become involved in logistics are fragmented. That is a negative factor in terms of their capacity to invest and evolve.

In certain MPC, some professions (e.g. forwarding agents and/or Customs clearing agents) are barred by regulation from expanding into logistics. Regulations of this sort must be changed.

Finally, the profession of logistics specialist must be recognized appropriately and given a specific status.

It is therefore necessary to define, country by country, some measures of support to foster the emergence of logistics specialists as professionals at national level. The creation of a national association of logistics operators could represent a useful contribution.

DIAGNOSIS AND GENERAL RECOMMENDATIONS

A first section presents a diagnosis of the transport and logistics sector in the Mediterranean area. It includes the following elements:

- methodology,
- exchanges of goods and people,
- transport infrastructure,
- transport and logistics sectors.

A second section presents some recommendations for the Euromed platform model:

- characteristics of the platform: features common to the whole network,
- country-specific recommendations and initial choice of sites.

4.1. Section I: General diagnosis of the transport sector and level of development of logistics in the Mediterranean countries

4.1.1. Introduction

Logistics can be defined as the most effective way of managing physical flows and their related flows of information. In Europe, the sector which encompasses these activities is now independent from transport as traditionally defined. It is experiencing a rapid development helped by increased specialization and industrialization of activities, blurring the demarcation between the industrial manufacturing and logistics sectors.

In the MPC (Mediterranean Partner Countries), the situation is mixed: the development of international trade has led to an often haphazard growth in goods transportation, while at the same time certain archaic transport organizations or controls on cross-border trade flows persist.

This is why our research has sometimes extended beyond the logistics sector as normally defined in Western Europe and into problems of transport facilitation, since the services of a logistics platform can provide part of the solution to those issues.

This part of the document presents the main results of the diagnosis and of the studies made on the ground. Some elements already dealt with by the Euromed and MEDA studies have been directly incorporated in this diagnosis (with the sources quoted).

The presentation is organized as follows:

- a brief presentation of the methodology used,
- the general context of the exchange of goods and people in the MPC is described and assessed, followed by
- a summary of the transport infrastructure networks in the MPC.

The two previous parts B and C are based on the results of the former studies (Euromed Main Contract and Infrastructure Project) which are relevant to this work. The data were generally updated during the research.

A thematic analysis of the transport and logistics sectors in the MPC concludes this section. It includes the following points:

- an evaluation of the organization of transport: the main features of the operation and management of the various modes are described;

- an evaluation of the development of the logistics sector, i.e. the activities of international freight forwarders, storage (including preparation), national distribution and collection by independent companies;
- an evaluation of transport facilitation with particular regard to Customs procedures and controls;
- an evaluation of the feasibility of the network of platforms in the MPC.

4.1.2. Methodology

The diagnosis which follows incorporates the main conclusions of the survey carried out on the transport and logistics sectors.

Logistics was defined, rather broadly, as the full range of activities permitting an improved circulation of goods and information.

The entire area of goods transit in the MPC was thus considered, from the organization of transport to the infrastructure and types of vehicle used, and including an evaluation of international transit procedures.

For this project, because of the limits of the contract for this assignment, the evaluation concentrated on the transport of general goods. However the logistics implications of bulk goods must not be neglected. Constraints on the distribution of cereals, construction materials and chemicals are not fundamentally very different from those on general goods.

NB: the question of the organization of flows inside manufacturing sites has not been dealt with: these are problems of individual manufacturers, site and processes.

In addition to a general evaluation of the needs in logistics platforms, the terms of reference of the study included the following elements within the scope of the diagnosis:

- The need for consistency with the European and national projects in progress as part of the Euromed partnership or MEDA programmes.
- Checking the feasibility from a legal point of view of PPP or other types of public/private co-operation (BOT) in the transport sector.
- Evaluation of the feasibility of the network and the viability of platforms operating within a network: telecommunications and training issues were to be dealt with separately under specific proposals.

The approach to this diagnosis was as follows:

- A first stage identifying and analysing previous studies. All the MEDA studies were consulted and aspects concerning infrastructure, trade flows and management styles relevant to logistics platforms were incorporated.
- Country by country diagnoses of the transport and logistics sectors.

For the diagnosis by country, the following procedure was followed:

- Design of an evaluation matrix and interview guide to assess logistics requirements.
- Selection of persons in institutional and professional circles to be contacted for the purposes of the investigation.

Morocco was a "test" country for the fine-tuning of this approach.

The organizations and people contacted were not always the same in each country surveyed: the qualitative investigation presupposes on principle that it can be tailored to the context concerned.

The different level of development of the logistics sector from one country to another, and in particular the levels of access to high-quality and well-structured information, also define the contents of the diagnoses.

The qualitative analysis was rounded off with a quantitative one:

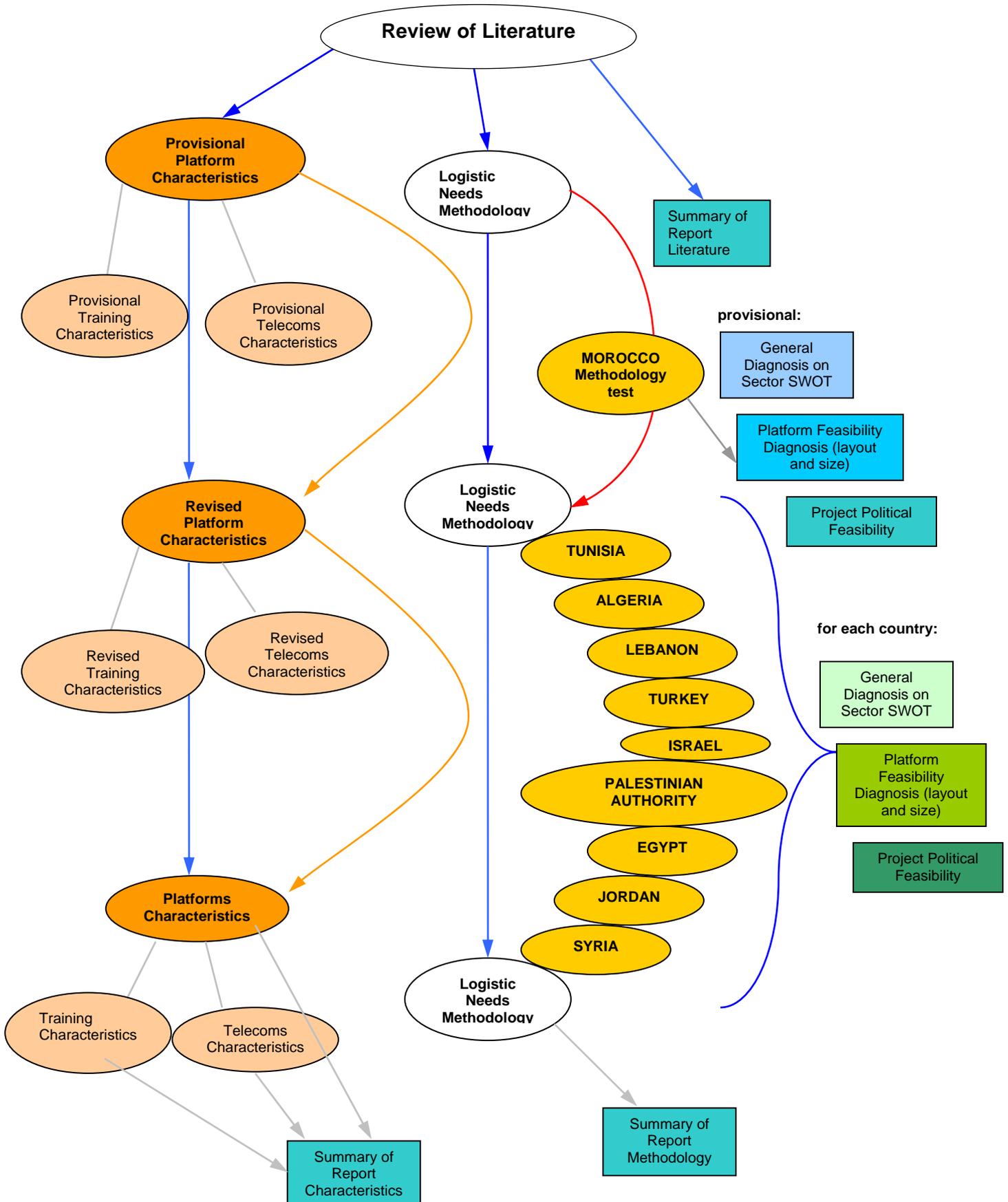
- for background data, WTO and UNCTAD publications were used as sources;
- for sector data, local publications were used.



Local foreign trade data are generally expressed in value rather than by volume. For international comparisons, only values were used.

Port data differ sharply from one organization to another. 2005 data on containers were generally available but rarely anything more recent. Additionally, harmonized port figures are still difficult to obtain in some countries such as Turkey, given the large number of private port operators.

Schedule for Missions and Reports

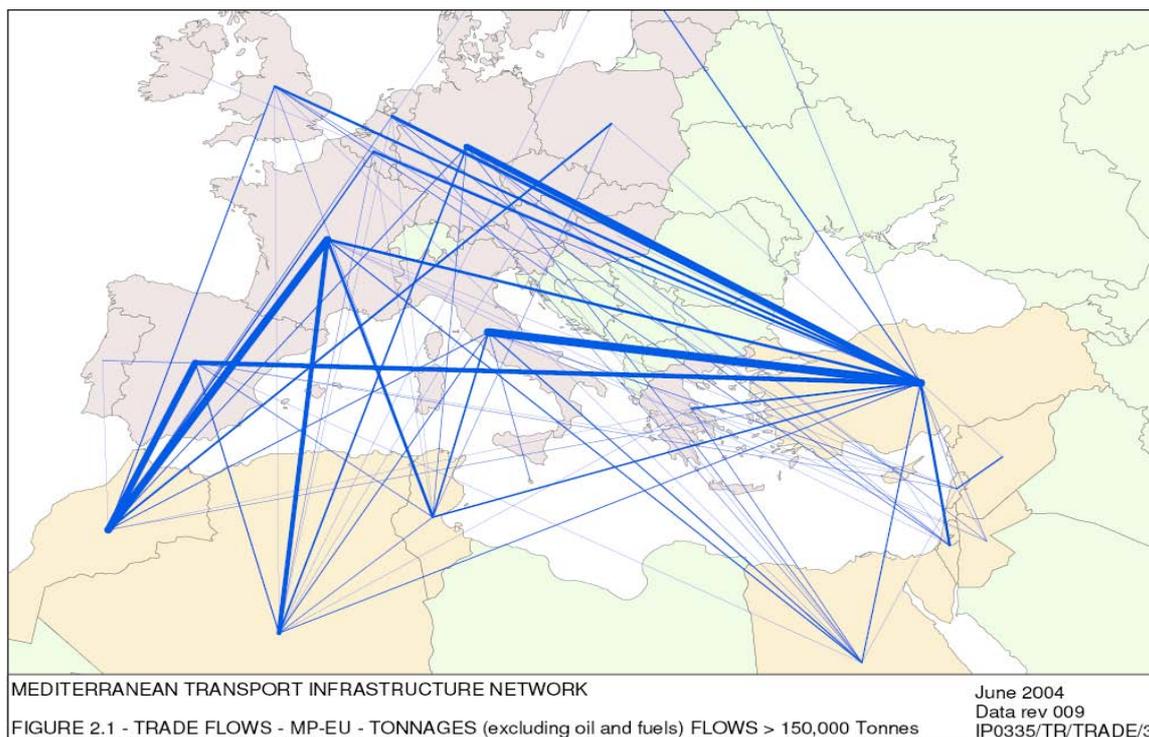


4.1.3. Exchanges of goods and people in the MPC

It is important for a regional study such as this one, to put the Euro-Mediterranean area into its broader context and to be able to evaluate the consistency and cohesion of this area compared to other neighbouring geographical groups such as the Near and Middle East, and Eurasia.

4.1.3.1. Trade flows in the Euro-Med area

Traffic is limited between the MEDA countries, particularly in the Maghreb area, although there are notable exceptions such as Turkey or Israel.



Reliable regional data on trade flows in the Euromed area are unavailable. For this area, the work carried out for the Euromed Transport Infrastructure project has been used. More detailed data by type of goods are only available for the ports and for certain countries.

North-South flows clearly dominate compared to intra-Med trade (East-West). Morocco and Turkey are the main partners of the European Union. The flows between Europe and the Near East countries are, unsurprisingly, less significant. Foreign trade data (see document "Diagnosis of Logistics Needs") largely confirm these observations.

Main maritime corridors used in the Maghreb area

Main maritime corridors used in Mashreq

MEDA country	EU country	million tonnes
Morocco	France	5.2
Morocco	Spain	4.5
Algeria	Spain	9.9
Algeria	France	18.0
Algeria	Netherlands	4.8
Algeria	Belgium	6.6
Algeria	Germany	3.3
Algeria	Italy	12.4
Tunisia	Italy	4.2



Source: Transport in the Euro Mediterranean Area 1990-2001, Euromed Project Infrastructure

MEDA country	EU country	million tonnes
Egypt	Italy	25.0
Egypt	Netherlands	23.0
Egypt	France	15.2
Egypt	Spain	4.6
Egypt	Greece	9.2
Turkey	Greece	7.3
Turkey	Italy	9.7
Turkey	Spain	3.5
Syria	Italy	9.7
Syria	France	5.3
Malta	Italy	3.8
Israel	Italy	3.2

4.1.3.2. Flows of people

The work of the Euromed Transport Infrastructure project¹ gives an outline of the extent of exchanges of people between the Mediterranean countries. The links between the non-MEDA countries are also interesting to evaluate the polarization of the Mediterranean world as shown below².

The analysis of the flows of people confirms the diagnosis based on trade flows: trade between the MEDA countries remain somewhat limited (especially if we compare them with those of an open area such as the European Union); **however, we can identify an Eastern Mediterranean area which appears significantly more integrated than that of the Western Mediterranean.**

Some details:

- The Maghreb countries differ fundamentally from the East Med countries owing to the limited movement of people between them.
- Morocco is different because of its deliberate proximity with Europe. Traffic data with the enclaves must however be interpreted with a degree of caution.
- The Middle East forms a much more integrated bloc in terms of border transit of people: Syria, Jordan and Turkey appear to be transit States within an area which is more open both to the MEDA countries and also to the other Arabic-speaking countries in the region without easy access to maritime transport.

In this context, Turkey appears somewhat exceptional in the sense that it communicates indiscriminately with its many neighbouring countries which are culturally, politically and economically extremely different (Bulgaria, Georgia, Syria, Iran, etc.).

4.1.3.3. Conclusion on the organization of exchanges in the Mediterranean

The main characteristics of the flows of goods and people are profoundly significant in terms of their influence on the logistics sector in the various countries. Diagnoses made on the ground confirmed this observation.

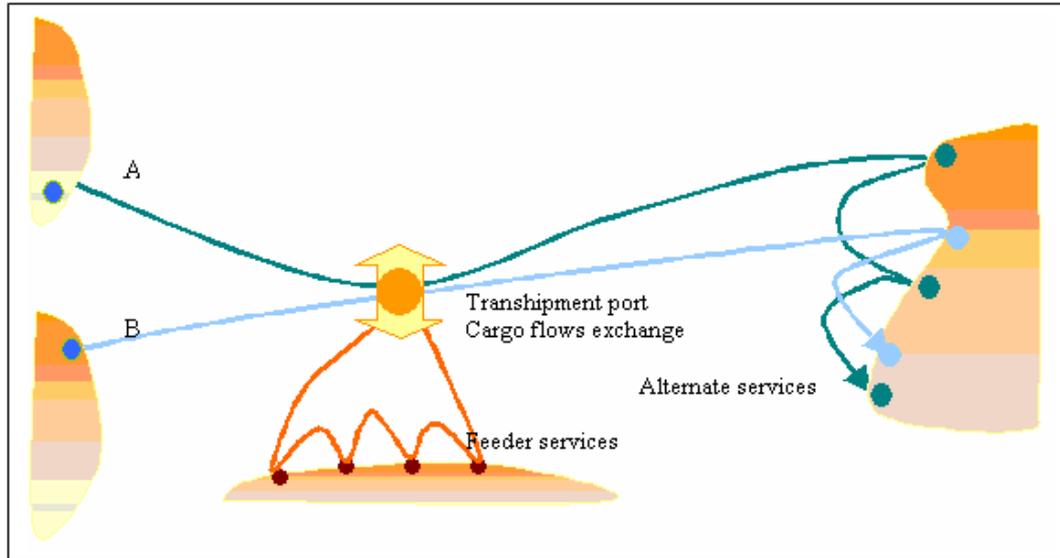
Each of the three Maghreb countries has a vast shoreline and an almost exclusive focus on the European continent; they are also separated from the African continent by natural barriers and from their neighbouring countries by political ones

¹ Technical note 17 – Data Assembly – Surface passengers, Dar Al-Handasah with Arup

² NB. These are **surface and maritime transport passengers** and hence the figures shown below do not include air traffic flows. These figures are **significant for an evaluation of the proximity of the southern Mediterranean populations** particularly in a context in which air transport is primarily used by tourists, business travellers and the affluent.

In this context, a network of differentiated flows with European ports emerges: the Maghreb ports, as satellites of the European ports or Mediterranean hubs, receive most of their freight¹ from Asia or the Atlantic via the large European ports or the hub ports.

Over time, TangerMed should join this group of major ports without compromising this structure.



The hub ports: exchanges of containerized goods (interlining) and regional distribution (feeder)

In the East Med area, Israel and Egypt appear somewhat isolated (the isolation of the former effectively cutting off the latter from the other Arabic-speaking countries).

However, in spite of a fragile political situation, the Near East forms a group in which it is possible to circulate from the Emirates to the Black Sea. Moreover, the main population centres are increasingly moving towards the South East of the Arabian Peninsula to the detriment of the Mediterranean coast.

The prosperity of the oil-producing countries together with the growing trade with Asia are making the ports of Dubai, Rashid and Jebel Ali into the turntables of Asian freight for part of the area. Sophisticated logistics services have sprung up in the area and the managers of the region's transport and logistics companies come here to be trained.

In this group, **Turkey** occupies a pivotal place between Europe and Asia. This obvious geographical situation (almost a cliché) is clearly reflected in trade statistics as well as in the underlying organization of transport flows. The dynamism and the advanced internationalization of Turkish transportation firms (which are not yet proper logisticians) support this position.

The Eastern Mediterranean port market appears much more open than that of the Western Med. Many ports are positioned both as hinterland and hub ports: Beirut, Haifa, Amberli (Turkey), Izmir, etc. The hub ports are positioned near the Suez Canal: Port Saïd, Damietta, Ain Sukhna, all three being in Egypt. Consequently, the port organizations of the Eastern Med area generally appear as globally more competitive and dynamic than those of the Western Med. One conclusion is inescapable: the hinterlands of the ports in the Western Med MPC have less overlap than those covered by the ports in the East Med MPC where some competition exists.

Within the "Eastern subset", the port of Aqaba obviously stands out because of its geographical position on the Red Sea: it can potentially supply Syria, Lebanon and the other countries of the Middle-East, avoiding Suez, but border crossings remain difficult. Aqaba vies with the ports of the Emirates for this turntable role but has the advantage of a shorter land transit. In addition, Jordan

¹ Manufactured goods.

remains a regional business centre because of the instability of its neighbouring countries and the Iraq situation.

Summary: exchanges in the Euromed area

The Maghreb countries are Europe-facing and have only limited reciprocal flows.

The Near and Middle East countries form a relatively integrated bloc thanks particularly to overland transit routes, but they also face the Arabian Peninsula rather than the Med area alone. The European influence and the Mediterranean focus of flows between the Eastern Mediterranean countries are logically less marked than in the Maghreb area.

Turkey has a pivotal role and is a notable transit location: it simultaneously faces Western and Eastern Europe, Central Asia, and the Near and Middle-East.

4.1.4. Transport infrastructure in the MPC

4.1.4.1. Current trends

Extensions of the European transport network towards the neighbouring countries of the European Union are being planned and studied, in particular the setting-up of motorways of the sea and the development of major land transport routes¹.

The choice of Mediterranean ports to serve as bridgeheads for the motorways of the sea will shortly be disclosed. (See work of the High Level group).



Extension of Trans-European Networks (TEN) to the neighbouring countries, High Level group.

4.1.4.2. Existing infrastructure

This section is limited to questions concerning the infrastructure. Aspects relating to the operation and management of the infrastructure - in particular the role of the public authorities in that management - are analysed further on.

Previous Euromed Transport studies devote as much time to analysing the regulatory, institutional and practical issues of national, regional and international transport as the infrastructure used.

¹ The project for the rail tunnel under the Bosphorus Strait should allow direct connections between Europe and Asia, both for freight and travellers.



Much information of use to this study can be found, in particular, in the Euro Med Transport Project document- Diagnostic Study - Part 1 Regional issues - Module 8, Operational concept for the Mediterranean transport infrastructure network - and - Part 2 Country Issues - Modules 1 to 12.

The most useful results for the study are presented here. These elements were updated during missions in the various countries.

In addition, the infrastructure identified in the High Level Group report chaired by Loyola de Palacio is a reference, in particular with regard to port access in the MPC¹. Whenever the choice of certain ports did not seem appropriate in relation to the Euromed logistics platforms (EMLPF), the choice was duly justified.

4.1.4.3. The road networks

Globally, the MEDA countries have devoted much effort to the development and maintenance of their road networks over the last decade. That includes in particular the construction of the first sections of new high-quality roads, offering high capacity over long distances for national and international connections with Morocco, Algeria, Tunisia and Turkey.

The total network of MEDA countries comprises some 750 000 km of main roads, and 3 300 km of motorways.

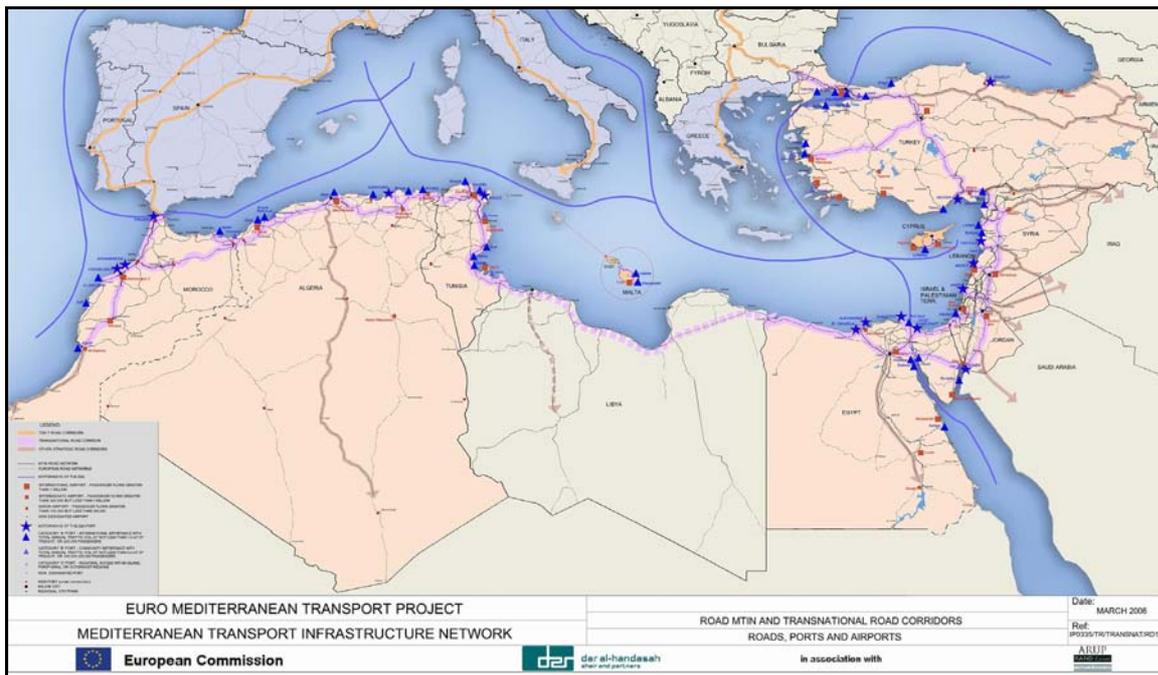
The density of this main road network more or less mirrors the density of the population, which in turn is extremely variable, from high urban density in the Cairo area to minimal density in desert areas. Moreover, the international road networks and current international transport needs are well matched.

This situation is certainly favourable from the point of view of improving the logistics of international trade (both export and import). It will enable road transport to be used more effectively, encourage synergy between transport firms, and allow transport to be expanded and stocks concentrated in the most suitable sites.

However, the current road network of the MPC also has its less positive aspects. Although the state of the road infrastructure is not an obstacle to the circulation of goods at present, it does have certain weaknesses:

- Motorway networks are incomplete, with a few exceptions, and the four largest cities in most of the MPC are not yet linked by motorway.
- All too often, crossing urban centres is a problem: through traffic often mingles with local traffic, and ring roads are non-existent or unfinished. Networks of expressways within the major cities are already seriously inadequate at a time when consumers are buying cars at an increasing rate.

¹ In particular the South-West European motorway of the sea



Given the inadequacy of public transport in most MPC, congestion in the main urban centres and their suburbs can be expected to increase in the coming years.

The high-capacity urban road system is therefore frequently insufficient. This factor will be taken into account in the diagnosis and recommendations: in some cases there appears to be a need to combine the Euro-Mediterranean aims of the platform with a role of urban redistribution, the two functions being able to coexist with no particular problem.

Summary: the road situation

Road networks are generally of average to good quality. Many road and motorway projects (renovation/building) are underway.

The quality of intercity road systems should support the operation of logistics platforms on a national level.

The urban road system: crossing and by-passing towns and cities poses recurrent problems and it is here that the congestion blackspots occur. Logistics platforms should help to rationalise urban distribution by improving the organization of the road network and tightening control of the location of logistics sites.

4.1.4.4. The rail infrastructure

Eight of the ten MEDA countries have a rail network: Algeria, Morocco, Tunisia, Egypt, Jordan, Israel, Syria and Turkey. Lebanon, whose railway network and operational services disappeared in 1975, is engaged in a joint project with Syria to connect the Syrian network to the Bekaa Valley and to the port of Tripoli. The Jordanian network which can be used for freight, is currently limited to a single line of 260 km. The only traffic currently going to the port of Aqaba is bulk transport (Al-Hassa mines) for export.

The following table summarises the railway infrastructure of the MEDA countries (source: Euromed Transport Project Main Contract).



	Length total (in km)	Length in double track	Electrified length	Comments
Algeria	3 875	370 (9.5%)	276	standard gauge: 3 135 Km metre-gauge: 1 110 Km
Egypt	4 296	1 410 (32.7%)	0	standard gauge.
Israel	518	188 (36.3%)	0	standard gauge.
Jordan	660	0 (0%)	0	standard gauge.
Morocco	1 907	370 (19.5%)	1 003	standard gauge.
Syria	1 867	0 (0%)	0	standard gauge. : 690 Km metre-gauge: 1 177 Km
Tunisia	1 850	285 (15.4%)	0	standard gauge. 1 711 Km metre-gauge: 424 Km
Turkey	8 257	414 (5.0%)	1 536	standard gauge.

Railway network of MEDA countries

Diagnosis:

- There is no territorial continuity of railway networks on a Mediterranean scale.
- This continuity does exist between Morocco, Algeria and Tunisia on the one hand and Syria, Jordan and Turkey on the other.
- Freight trains frequently use the lines between Turkey and Syria. This does not apply to the crossing between Syria and Jordan: the Hijaz line (Damascus - Mecca) is metre- gauge and strictly used for passenger traffic.
- The Egyptian and Israeli networks are isolated. The Lebanese network almost disappeared during the civil war. A Northern segment starting at Tripoli should be rebuilt shortly to link up with the Syrian network.
- The Maghreb network does not carry any international rail freight services today, although purely from an infrastructure point of view this would be possible.
- Currently there is no continuity between the MEDA networks and the European ones (except for the European part of Turkey which is connected to the Greek and Bulgarian networks).
- The project of a railway tunnel under the Bosphorus Strait (Marmara Project currently under development) should connect Europe and Asia directly both for freight and passengers.



For all public decision-makers, rail transport now represents an alternative to the increasing difficulties of road traffic. The relentless growth of containerisation has given it added significance for the market in manufactured goods.

Summary: the rail situation

The majority of the MPC have rail networks but they are frequently old and have not always been modernized.

They are primarily used for bulk cargoes and urban passenger transport.

The development of containerized transport could restore the competitiveness of rail for general cargo. The main ports are connected and combined services have recently appeared in several countries.

Logistics platforms should foster the use of rail for container movements.

4.1.4.5. Port infrastructure

The port infrastructure varies widely from one country to another in terms of its characteristics, equipment used, type of traffic handled (passengers, goods, containers), type of management and port services provided.

This study covers only multipurpose ports or major ports which are used both as points of entry for international trade to national markets and sometimes also as transit ports towards a broader hinterland. In all cases, the volume of general cargo and unitized goods (containers, trailers) is significant.

Two different types of port can be distinguished – by performance and by level of equipment.

Traditional ports

These ports, very often enclosed in the city, extended and generally reorganized at the end of the 19th century, neither have handling equipment (conventional cranes are used) nor the infrastructure enabling them to cope with container ships (available drafts generally under 10m), and only smaller vessels can be accommodated.

In addition, the vast majority of these ports still handle a wide range of conventional cargoes. Terminals are not always fully specialised and the space devoted to the various types of traffic is not always defined. All too often, terminal traffic is still badly organised: there are no exchange areas for trailers or containers.

Many Mediterranean ports in city centres have still not shed the image of a hub where dock workers, fishermen and the general public meet and mingle.

Modern ports

These ports have high-quality infrastructure (drafts from 10m up to 14-15m allowing them to accommodate container ships of more than 6 000 TEUs), and modern equipment such as gantry cranes and transtainers for container terminals. They have good quality inland access networks.

Computerized management of container terminals has been completed or is underway. Traffic on terminals is generally segregated; terminals are closed to outside traffic and are organized around exchange areas. With some exceptions (Customs controls), warehouses have disappeared from these ports or are limited to the terminals used for conventional goods.

This second category of port offers more efficient services than the former type. This group includes the ports of Alexandria/Deikheila, Istanbul/Ambarli, Beirut, TangerMed, Aqaba, Haifa, Ashdod, etc.

Between these two extremes, certain ports undertake frequent modernization of their infrastructure. In some of them (Izmir, Casablanca, Tartus, etc.) this process is delayed, but they should be able to catch up rapidly and benefit from improved organization.

Figure 1. Container ports and their traffic

(2005/2006 from various sources: Port Authorities, Ministries of Transport)

Country	Ports	Total traffic (Mt)	TEUs ⁹
Morocco	Agadir *		41 000
	Casablanca	27.4	492 000
Algeria	Algiers	10.1	674 000
	Oran	3.1	100 000
	Skikda	22.0	110 000
Tunisia	Rades	5.1	279 000
	Sfax	4.5	14 000
Egypt	Alexandria/EI Dekheila	18.1	600 000
	Damietta	22.4	300 000
	Port Saïd		920 000
Israel	Ashdod	14.4	550 000
	Eilat		30 000
	Haïfa	20.5	1 000 000
Jordan	Aqaba	20	405 000
Lebanon	Beirut	5.1	600 000
Syria	Lattakia	5.5	300 000
	Tartus		50 000
Turkey	Tekirdag (Istanbul)		150 000
	Ambarli (Istanbul)		1 112 000
	Haydarpasa (Istanbul)		370 000
	Izmir		600 000
	Mersin	17.2	600 000

Recurrent problems

Aspects related to the administrative management of Customs controls, container inspections, road or rail accessibility, and the organization of terminal operations are also critical in terms of the efficient use of ports. In many cases, the problems of congestion in container terminals could be solved by better compliance with international transit procedures and controls. This could also reduce the abuse of the port by certain importers, who view it as a form of bonded warehouse and leave goods for inordinate lengths of time before withdrawing them.

⁹ TEU = Twenty-foot equivalent unit (corresponds to a 20-ft. container)

Although the majority of the ports were connected right from the start to railway networks, the use of rail for the transport of goods is still inadequate. In many cases, the difficulty in crossing the road network (which generally surrounds the port and has been expanded and extended) has not been solved. More modern ports have not always been planned by the public authorities and are often remote from the road or rail networks: this applies to private ports in Turkey such as Ambarli whose capacity is understood to be 2 000 000 TEUs.

Lastly, a great majority of ports are today completely enclosed in cities and suffer from accessibility problems. This applies to Casablanca, Algiers, Alexandria, Haifa, Haydarpasa, Lattakia and Beirut.

In these cases, logistics platforms developed in their close hinterland could serve as an inner harbour and thus contribute to reducing port and urban congestion.

Lastly, it should be borne in mind that redistribution on a regional scale still remains limited: ports are, first and foremost, national ports. This domestic limitation of the hinterland is related to the problems of border crossings, the quality of the infrastructure and occasionally to a government-imposed obligation to use national ports.

Summary: the port situation

The situation in the Mediterranean ports varies considerably: some ports are still organized in the traditional way while others are extremely modern.

The port infrastructure is generally improving.

The quality of road and rail links is still poor: road networks are often badly designed and constitute an irritant to the local population; rail transport is currently under-used.

The Customs have not always adapted to take account of the rapid growth in containerized trade: the techniques, equipment and management of controls remain a constraint and often cause delays in transit operations.

The EMLPF should be able to improve and accelerate containerized traffic within the hinterland by facilitating repositioning and offering container depot facilities (bonded or empty) close to the main consumption or production centres.

4.1.4.6. Air transport infrastructure

The MEDA countries are generally well equipped with airports. All major cities and ports are potentially served by an international airport. It should be remembered that nearly 50% of air cargo traffic uses passenger flights and a strong tourist sector is an essential asset from the standpoint of air transport.

Only three MEDA countries have total air traffic volumes of more than 100 000 tons: Israel, Turkey and Egypt. However, development projects are underway in many countries: for example, Casablanca airport has just been equipped with a freight platform serving DHL's traffic needs. Other developments are expected in Enfidah in Tunisia, and Tel Aviv.

Air transport is now an important vector for trade and its share in the transport of manufactured goods is expanding consistently. Certain segments of MPC exports – fresh goods, luxury goods and clothing – require efficient air logistics. In addition, efficient air freight services and high-quality infrastructure are essential today for the economic development of a country.

However, within the framework of this study, it appeared preferable to concentrate on the major logistics problems in terms of volumes. Maritime and road networks were logically the focus of greater attention.

A solution, even a partial one, to the current problems of transit for international trade by road and sea could have a significant impact on the population, either directly by facilitating the access to certain goods, or indirectly by helping to increase the overall competitiveness of the country.

Moreover, it is worth remembering that air transport consumes a disproportionate amount of energy in relation to its share of overall transportation: in the European Union, air transport is equivalent to less than 1% of the tonnage transported and 8% of passenger traffic¹⁰ but accounts for 13.5% of energy consumption.

Summary: international airports

Each Meda country has one or more international airports.

Air freight remains marginal and below its potential. Dedicated freight services are rare.

Several segments remain to be developed: mail and express parcels, certain fresh products such as fish, fruit and vegetables, etc.

During the diagnoses, the question of access to the air infrastructure did not appear to be vital. The emphasis was placed primarily on the port infrastructure. The link to an international airport remains an option.

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4.1.4.7. Conclusions on the infrastructure

The development of transport networks is today a positive factor in the implementation of logistics platforms:

The MEDA countries can offer suitable sites for the installation of logistics platforms which enjoy both good accessibility and a sizeable local market.

The railway networks are currently little used for the transport of general cargo. Sea containers are generally transported by road, but current traffic levels are sufficient to justify the use of rail from several port sites.

The efforts devoted to container terminals in ports will eventually have to be extended to installations designed for the distribution and collection of goods in their hinterland, in an attempt to maximize the handling of large-scale flows.

Intermodal installations and logistics distribution platforms constitute essential tools for improved distribution of goods.

4.1.5. Diagnosis of logistics and transport services in the MPC

4.1.5.1. Introduction

The diagnosis given below is an evaluation of the effectiveness and quality of transport and logistics services.

¹⁰ These data are expressed in tonne.km and passenger.km; see "The Panorama of Transport in the EU", Eurostat, 2007.

According to the recommendations in the terms of reference document, the diagnosis should also include aspects relating to training, Customs and administrative procedures for the international transit of goods and the condition of the telecommunications infrastructure. Lastly, the question of the feasibility of the network of platforms is also analysed.

This part deals with the following issues:

- port transit,
- road transport,
- rail transport,
- the market for logistics services,
- procedures,
- training,
- the components of the network
- The key elements of the diagnosis – a summary of the previous elements and conclusion on the diagnosis for the sector.

4.1.5.2. Port transit

The productivity of ports, and more particularly of container terminals, can be assessed as average to poor.

These difficulties are primarily due to poor organization of flows through the terminals, the use of inadequate equipment¹¹ and infrastructure, the fact that access to the ports is often difficult (hemmed-in by urban areas), and lastly due to an incomplete computerization of the terminals.

In many cases, there is no competition for the main national port (Algiers, Lattakia, Beirut, etc.) or within the port itself. Port services are still often a public monopoly and suffer from a general lack of investment.

These remarks do not apply in all cases, however: the ports of Alexandria, Aqaba, Amberli (Istanbul), and today the port of TangerMed, among others, offer services of an international standard and in most cases have opted to open up the port services to competition.

Connections with the inland networks are frequently of poor quality even for ports which are otherwise well-organized and modern.

Lastly, for many ports, controls on imported goods are still often managed badly:

- Decisions to carry out inspections (segregation of containers into “green”, “red”, and “orange” lanes) often appear to be arbitrary and unplanned.
- Paper documents (needed for the release of goods) are still used too often.
- Buildings are not necessarily suitable for the inspection of containers or trailers and even less for reefer containers/trailers.
- Modern detection/control equipment (scanners, carbon dioxide, etc.) is still too rarely used.

Generally speaking, procedures are still linked to physical operations whereas a desynchronized approach (advanced and/or deferred) would improve the efficiency of transit through the port for the benefit of all users.

¹¹ Where the operator of the equipment is a State entity subject to long and complex procedures to acquire spare parts, breakdowns and technical down-time are long and damaging.

4.1.5.3. Road transport

In most MPC, road transport, in particular in the national market, remains one of the weak links in the logistics chain. The same shortcomings are encountered in all countries and are typical of a road sector which is in a transition phase:

- Companies are often not very professional and on a very small scale: they tend to be sole traders or family firms and their investment capability is therefore relatively modest.
- Fleets are often of poor quality; problems of securing loads, overloading, reliability and motorization are frequent.
- Drivers are badly trained, in particular in handling goods but also in terms of general driving skills (highway code).
- Road checks are insufficient, in particular on axle loadings, ways of securing loads, speed, etc.
- Access to the profession is not always properly regulated or controlled which allows the informal sector to survive and on occasions to dominate.
- There are very few freight forwarders at a national level. Subcontracting of transport is frequent, but it occurs between the shipper (manufacturer or importer) and a transport company - generally of modest size. Thus, consolidation of freight tends to be the exception rather than the rule, and hence the productivity of transport is low and there are many empty returns.

Here again, two exceptions can be observed: generally speaking, road transport in Israel does not have these problems, while the Turkish road sector and national vehicle fleet which meet European standards for international transit, is also being modernized for the domestic market.

4.1.5.4. Rail transport

Rail networks also have operating problems. The equipment is often obsolete and even more often under-used. Globally, infrastructure usage and the productivity of transport remain low.

In most cases, the market is in the hands of the national railway companies. The process of opening up to competition which is underway in certain countries (Turkey, Algeria) generally follows the European model: separate management of the infrastructure and operation of services, the granting of rail licences for haulage. This is not yet fully effective with the exception of the Hijaz Line (Damascus – Mecca, although this private operation has existed for many years), and of some railway services used for quarries.

The market for wagons is generally open: private operators own and manage their own fleet in many countries. Also, in Turkey, private operators can organize their own transshipment operations on their own sites.

The general cargo market represents a small minority whereas quarry materials constitute the majority of rail freight.

Lastly in ports enclosed within cities, rail can frequently be used only at night to avoid holding up the city traffic.

In spite of these reservations, it is worth noting that the railway companies are determined to participate in investment in logistics and to take a greater market share in port traffic. Most of them have national plans for the creation of combined transport sites.

Container services already exist in many countries albeit on a modest scale: Morocco, Tunisia, Algeria, Syria and especially Turkey. Containerized services are constantly developing on the Turkish network but also on international links, in particular those with Europe.

Lastly, the railway companies often own substantial amounts of land in marshalling yards and close to urban areas. Their partial conversion into logistics areas could be an opportunity for this platform project. An obvious obstacle to the use of these land reserves lies in the status of the rail companies and their desire to cooperate with the private sector.

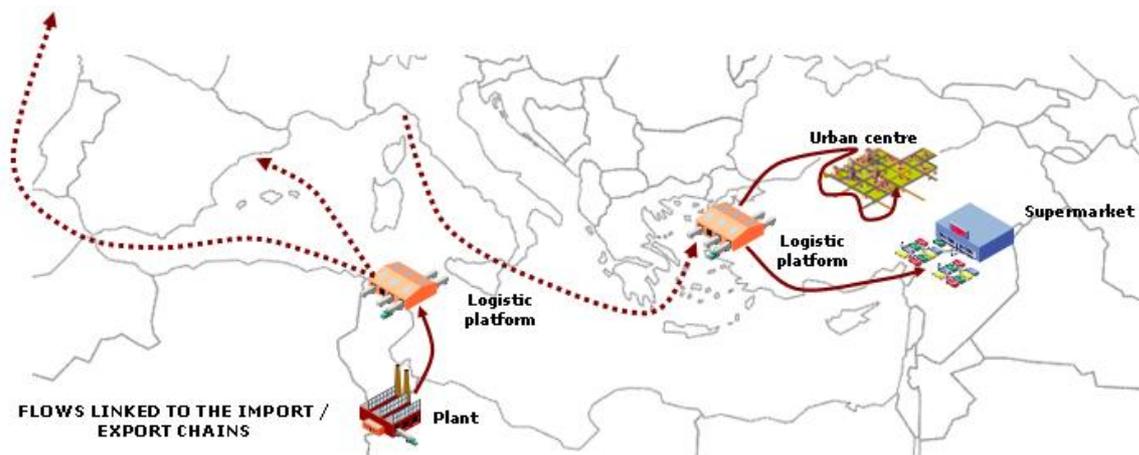
4.1.5.5. The market for logistics services in three sub-markets

The market for logistics services in the MPC can be analyzed through three main segments:

- international transit or logistics for international trade,
- industrial logistics,
- the national parcel delivery market

It would be possible to use slightly different market segmentation or even to add specific markets (refrigerated goods, chemicals, wholesale food supply, etc.). The analysis of the logistics sector based on these three logistics markets appears, however, to be the most relevant one for the MPC.

international transit or logistics for international trade



In the MPC, this segment of the logistics market is either largely dominant or is the only one developed.

Two types of traffic are handled:

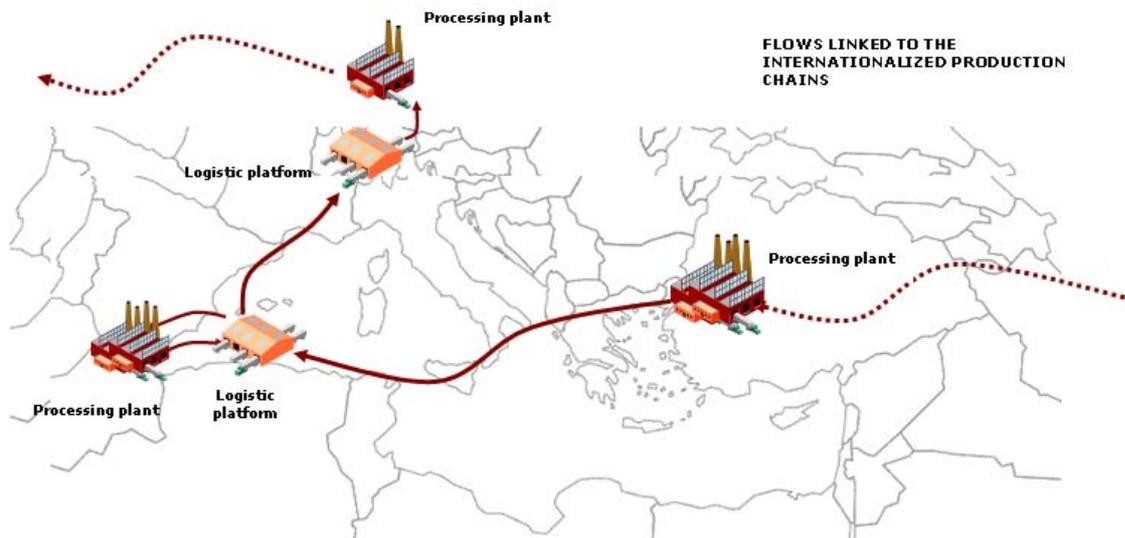
- Import/export flows, representing manufactured goods bought by importers / wholesalers and distributors or exported to Europe.
- Flows are either one-off or regular and, in all cases, correspond to international sales transactions which are generally financed through documentary credits (bank-to-bank payment).

Given the traditional and fragmented nature of the distribution systems in most countries, the imports of consumer staples very frequently follow this procedure. These goods can also be supplies for industry (from the mining or oil sectors).

The services and advantages offered by the platform are as follows:

- consolidation and de-bulking services,
- storage services (bonded storage is frequently demanded),
- better consolidation of deliveries,

- preparation of orders for large-scale distribution or major distributors.



The second category of international flows concerns trade related to global production processes.

The goods concerned are semi-finished or finished products which are served by stable and regular logistics systems linked to a manufacturer or distributor. These flows are of particular importance in the textile and automobile industries.

Main services offered by the platform are:

- For imports: storage and order preparation, de-bulking and distribution.
- For exports: collection, preparation, quality control, consolidation.

The freight forwarder is generally the entry point for the major international operators in the MPC markets.

The local partner then becomes an agency and/or a subsidiary company of the operator. The latter will expand its services and develop storage services, preparation (packaging), quality control, order preparation, and the organization of collection or distribution. It will also invest in a dedicated fleet of vehicles or trailers for this market (the Maghreb countries and Turkey).

This offering is intended predominantly for the major industrial groups or distributors whose subsidiary companies and subcontractors (export sectors, known as 'offshore') need reliable and frequent consolidation services. Operators of this sort include Kühne&Nagel, Panalpina, SDV, Schenker, Graveleau.

It is widely available in Israel, Turkey and Morocco and is being developed in Tunisia.

Industrial logistics

This is also closely linked to the offshore sectors and multinational groups.

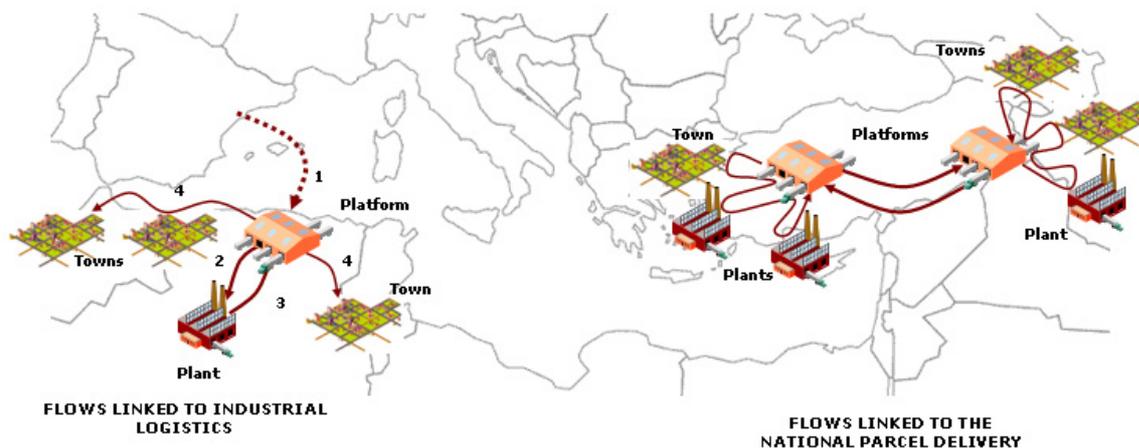
The operator organizes the supplies for a given production unit. These supplies can be imports or semi-finished goods produced locally (spare parts, fabric, cable, solvents, detergents or other chemicals).

The organization is similar to that for the international flows of semi-finished goods, but the services are notably more advanced than in the former case, and in particular the information systems of both the operator and the manufacturer are more closely integrated. Investments have been made in equipment dedicated specifically to the manufacturer. Flows are extremely regular and the contractual links between the operator and the manufacturer are long-term.

The following services are provided:

- order management upstream at the factory (1),
- collection of goods from the port or factory,
- storage and re-packaging,
- supply to the factory (2),
- local distribution of finished products (3 and 4).

Only Turkey and Israel have developed sectors for this type of service.



National distribution is the least developed segment in the sector

The segment covers freight forwarding on a national level, and parcel delivery. The services offered by the platform are the following:

- consolidation/de-bulking,
- organization of collection and distribution.

It is non-existent in most MPC because of the importance of self-employed hauliers, private storage, and the poor quality of road transport which makes competition with the informal sector difficult for professional operators.

In addition, trade circuits, particularly for mass-market products, are still too dispersed to be able to support such a market. However, the recent arrival of large-scale distribution on the MPC markets should gradually enable a quality logistics offering to emerge in the national MPC markets.

The transition is either underway or has already occurred in certain markets, such as Israel, Turkey and, increasingly, Morocco where the national logistics market is emerging as a real segment in its own right.

4.1.5.6. Procedures

International transit procedures remain a real constraint for logistics in the MPC: the time needed - sometimes more than one week to obtain all the permits required "to release" a container - together with the unpredictability, make it difficult to establish regular and reliable logistics services.

The role of the Customs is to authorize or prohibit the entry or exit of goods into or from the country, and to calculate and charge the relevant duty and taxes.

The Customs decision is based on the declaration made by the shipper through an approved forwarder. The traditional procedures are based on the principle of a formal declaration, (using a specific nomenclature) accompanying the goods and supported by various documents. Documentary control is intended to check that the declaration and supporting documentation meet the requirements.

The physical control is intended to check:



- that the declaration matches the goods presented,
- whether there are any prohibited goods.

Electronic declaration is theoretically possible in all the MPC (or will be in the short term) but to be of any real interest, it is necessary - when used - that it completely replaces traditional procedures, i.e.:

- that it occurs in advance – i.e. it precedes the goods, thereby enabling the Customs to take their decision beforehand, even if this decision is revealed only at the time of the entry (or exit) from the territory¹²;
- that it is based on a nomenclature accessible on-line;
- that only the references of the supporting documents are provided electronically.

The electronic declaration made by an approved forwarder having an identification code must confer exemption from a physical submission of the declaration¹³.

On receipt of the electronic declaration, the Customs decide:

- To authorize the goods without inspection (green light). This decision is only revealed at the last moment¹⁴,
- To call for a documentary control which can require either details of the references of missing documents, or presentation of the supporting documents themselves,
- To require presentation of the goods for a physical inspection.

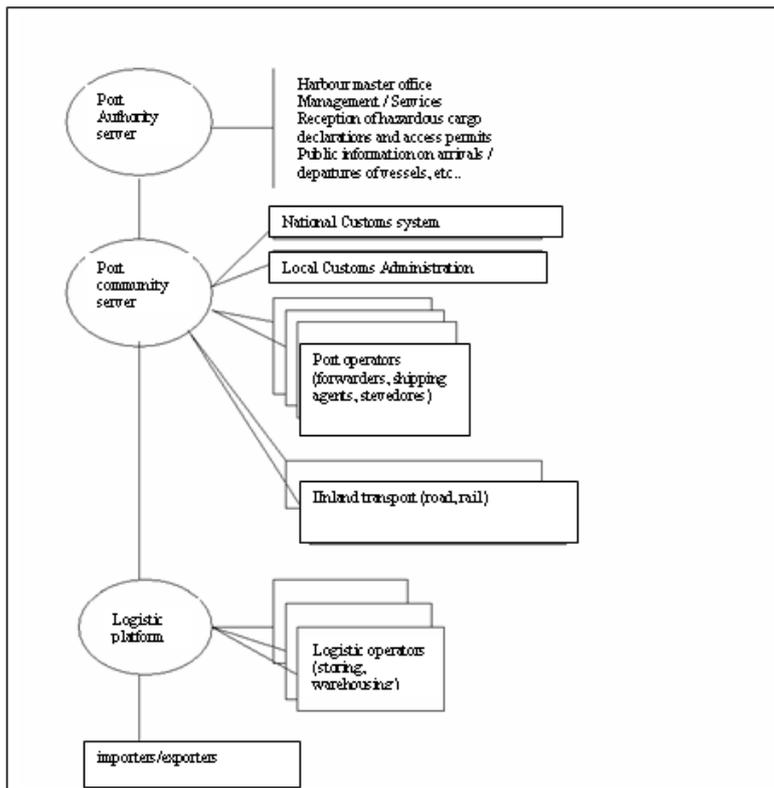
This last request must be the result of a targeted control strategy based on a risk profile (risk management) in order to:

- reduce the number of physical controls which slow down flows considerably;
- reduce or eliminate arbitrary controls.

¹² A bonded or free zone is considered as “extra-territorial” in Customs terms.

¹³ Which can be carried out subsequently for regularisation, with the supporting documents.

¹⁴ For example, when a container enters or leaves a bonded or free area, the input of its number on the spot entails automatic checking of its status such as BAS (“Bon à Sortir” i.e. authorized for entry or BAE (“Bon à Embarquer”) = authorized for export, or “subject to control” etc.



The decision to carry out a physical inspection is transmitted via the data processing and transmission system to the Customs officers on the ground who carry it out.

Implementation of the electronic declaration system will have to overcome resistance from local Customs officers and from the numerous agents who earn their living from the physical transfer of documents, rather than from central government or freight forwarders.

NB: The EMLPF project cannot substitute a government decision to implement these procedures intended to avoid arbitrary local checks and the accompanying bundles of supporting documents. It can however constitute a pilot project in those countries which are implementing them and thus constitute a first step in the creation of the Euro-Mediterranean area from which Customs controls would be eliminated.

In many countries, visual controls with opening of the container or even physical controls where the goods are actually inspected occur with over 50% of the containers in transit, documentary controls are normal and it is impossible to de-synchronize the release of the goods and completion of the documentation.

As in the other fields, progress differs widely from one country to another: Israel already has an efficient system and Tunisia is also well advanced.

4.1.5.7. Key factors from the diagnosis of the logistics system in the MPC

A wide variety of situations

Not surprisingly, there are a wide variety of situations in the transport sector: the significant economic disparities are logically mirrored in the infrastructure and transport services. These very wide variations in the level of development of logistics and transport in the MPC (see Appendix II) make it difficult to draw general conclusions. The information collected has however enabled us to identify the main issues at stake, which are set out below.

In spite of the disparity of the situations, we should underline the role of internationalization - or globalization - of the economies of the MPC as a means of improving the transport and logistics systems.

The numerous instances of industrial delocalization from the advanced economies to the MPC are among the first examples of this globalization. More recently, a second indication has become apparent, namely the arrival of the large specialized or general distributors (METRO, Carrefour, IKEA) whose strategy is based on the emergence of middle and upper class consumers.

This shift towards open economies and consumer societies is occurring at a very different pace in different countries, but it is visible throughout the entire MEDA area, with an obvious impact on logistics.

Three different types of situation can be identified:

1. Developed logistics systems and satisfactory infrastructure networks.

This applies to countries in which the transport and logistics systems generally work well. The market for logistics and transport services is already developed and growing. This does not mean, however, that all the links in the transit chain can be regarded as satisfactory: gaps in the organization or infrastructure networks remain. The projects suggested at the end of the diagnosis provide targeted answers to the problems identified.

Israel and Turkey can be classified in this category.

2. Transport and logistics systems in a transition phase.

In these countries, transport and logistics services are being modernized and the market is taking shape. National or international logistics operators are present but their number is still insufficient to give real visibility to the sector and to have an impact on the current organization of trade. Some links in the chain as well as some networks, however, display real weaknesses (road transport, port management, etc.) which penalize transit as a whole. The situation of the transport and logistics systems is improving gradually. Efforts have been made to improve government awareness of logistics. The proposed platform project can provide a structural stimulus to the offering of logistics services and accelerate its development. The participation of international operators is important.

Morocco, Tunisia, Jordan and Lebanon belong to this category.

3. Transport and logistics systems in a start-up phase

For these countries, the concept of logistics is not very widespread or even familiar to transport operators. Subcontracting of storage remains relatively exceptional and the added-value of outsourcing transport is not always appreciated. However, these countries have begun programmes to modernize their transport infrastructure or management.

International freight forwarders

These operators are present but in relatively small numbers and are limited to the organization of international transit, without investing in a logistics infrastructure. The logistics sector should logically support the opening-up of the networks and of certain professions in the transport sector to competition, and more generally economic liberalization.

The involvement of international operators in this effort of opening-up and modernization is vital.

For these countries, the creation of EMLPF could contribute to a more dynamic development of logistics and to a more professional transport sector, for a number of reasons:

- The project could be the opportunity for a joint discussion of the issues involved in logistics (involving the administrations concerned, transport professionals, and industrial sectors).
- The project as infrastructure can potentially give a structural impetus to the offering of transport and logistics services. Access to the main national markets, connections with the transport networks, and their future development are essential contributors to the location of platforms in these countries where the logistics market is still in its infancy.
- The introduction of efficient logistics services should be able to shake up entrenched positions of some traditional players in the transit sector: the entry of new transport operators may accelerate the liberalization of other segments in the process. Algeria (which could be pressurized into change by rapidly-growing demand), Egypt, the Palestinian Territories, and Syria belong to this last group.



It should be borne in mind, however, that the situation in each country is not quite so clear-cut, and that the above categories are neither rigid nor permanent. Each case calls for specific solutions.

The question of procedures

In most of the MPC, international transit procedures (Customs controls, compliance, safety, bank guarantees, exchange controls, etc.) constitute significant constraints to trade flows. This aspect is further examined at a later stage of this document.

Urban issues

The choice of the sites for the proposed platforms within urban/suburban areas should provide a partial solution to some major problems of accessibility:

- ports badly connected to the interregional road and rail infrastructure;
- crossing of residential areas, conflicts of logistics and residential needs, badly gauged road systems;
- absence of priorities in the urban road system, storage facilities distributed in town centres, congestion of town centres due to delivery vehicles;
- poor management of heavy goods vehicle parking near the infrastructure (ports, road Customs, etc.) and logistics facilities.

Nevertheless, it is recommended that sites be selected which are not in danger of being surrounded in the short or longer term by urban development (and therefore losing their status as industrial or business sites, or becoming inefficient because of urban traffic congestion at their accesses).

The need to enable the local sector to develop in the logistics market

In certain countries, it appears necessary to give the local sector the opportunity to catch up with the international logistics operators. This can be achieved by setting a quota of areas to be allocated to local operators¹⁵ or by making available small storage spaces (these units could be integrated into a modular building at a later date as necessary).

Railway connections between platforms and ports

Direct railway access, without level crossings, to the City's main arterial roads or to its suburbs is often necessary or at least advisable to cope with the growth in container traffic.

Summary: the issues for logistics systems

The MPC have a wide variety of situations, with each country needing a partly customized solution, although economic globalization is a very real phenomenon, supported by delocalization and the emergence of a consumer society in the MPC.

Procedures (Customs, physical controls and financial controls) represent a severe constraint for the circulation of goods (delays, congestion in the port terminals), until the agreements on the Euro-Med area have come into force.

The location of the platform, its integration in the urban environment and the management of road traffic are essential issues for a better organization of the flow of goods.

National transport operators must be involved: the Medlog project is a levelling opportunity and a chance to transfer technology to MPC-based companies.

Rail connections should not be neglected: they will be essential links in the medium and long term between the ports and the major logistics centres. In many countries, combined services are already in place.

¹⁵ An operator can be defined as local when its share capital is held in the country.



4.1.5.8. Conclusion

In all the MPC, the need for logistics platforms has been confirmed by the various governments, but sometimes for very different reasons.

For certain countries, their role will be to accelerate the transition from rudimentary transport systems to more professional ones.

For other countries the challenge is rather to achieve wider opening-up to competition of existing transport systems by creating a platform open to competing operators.

Lastly, urban problems should not be neglected; in certain countries the authorities have realized that a logistics platform could contribute to the restructuring of transport and logistics areas which are frequently unplanned, congested and dangerous.

4.2. Section II: General recommendations

4.2.1. Introduction

This second part presents the recommendations for the improvement of the logistics system in the MPC within the framework of the Euro-Mediterranean area. They relate primarily to the creation of logistics platforms (LPF) and, in particular, a network of Euro-Mediterranean logistics platforms (EMLPF) which in turn would be integrated into the Medlog network.

A logistics platform with the common core of characteristics identified by the present study permits better organization and management on a country level, and lowers the longer-term cost of providing transport flows across a given region.

The following analysis of the various aspects of an LPF is necessary to determine the typical profile of the EMLPF:

- functions of the LPF,
- location,
- activities,
- operators,
- the contractual status,
- financing and set-up.

The specific recommendations and summaries of the specific diagnoses of the various countries should be taken into account outside the framework of this research into the standard profile and common basis for all platforms in the network.

In that way it will be possible to determine the basic characteristics of the EMLPF as well as those of the planned Medlog network.

4.2.2. What is a logistics platform used for?

For a better understanding of the various aspects of a LPF, we should first summarize its main potential functions:

- urban distribution: to improve the organization, distribution and collection of goods in a conurbation, urban centre, or even a region,
- freight forwarding or national parcel delivery: to rationalize transport flows between the various urban and industrial centres of a country;
- transit or international freight forwarding: to simplify and rationalize the organization of international flows of transport;
- industrial logistics: to optimize the organization of a sector or a specific type of goods (for example citrus fruits, fisheries products, car spares, etc.);
- international industrial logistics: to organize imports and re-exports effectively from a free area (or similar).
- large-scale concentration of flows and rationalisation of the use of means of transport;
- rationalisation of the use of storage and handling facilities by operators within the platform.

NB: It is rare for the full range of these functions to be provided by a single platform, and the facility will generally be specialized and prioritized according to the location and the main users involved.



4.2.2.1. Advantages and impacts

Within a transport network, productivity gains thanks to the concentration of flows at a given point in the network result in the following benefits:

- the frequencies to all destinations are higher and the choice of destinations is broader (the “hub and spokes” principle);
- the load factor of road transport vehicles, or any loading facilities is better both for domestic links and international transit;
- the interface between the rail / road networks and the port sites as well as the circulation of heavy goods vehicles in the surrounding urban area is better managed;
- a better control of the vehicles (loading, technical control) can be implemented.

For logistics platforms, these network effects can be observed on several levels:

- Locally, they allow a better organization of collections and deliveries but also reduce empty return journeys, optimizing the redistribution of empty containers,
 - on a national and international level, they increase the frequency of transport and optimize the intake of vehicles, facilitating the rotation of containers/trailers etc.,
 - access to training of an international standard is easier, aiding the development of a market of professional logisticians,
 - a vehicle control system (load, technical control) can be organized as well as a system aiming to optimize the use of vehicles, empty returns are reduced and wear and tear on roads is diminished,
 - a better overall productivity of international transport is achieved.
- The costs of transport should decrease, except in the event of competition from non-regulated operators; the reliability and quality of transport should be improved.
 - These general transport cost reductions give local industrial production access to new markets in which they were previously uncompetitive. Conversely, products which were expensive because of the transport costs should become more accessible to the population of the MPC.

4.2.2.2. Activities undertaken

The major part of the activities of a platform concern the storage of goods, their handling and the organization of their transport. Additional activities (preparation of the goods, reception of vehicles, receipt of drivers, staff training, etc.) are potential add-ons to these basic activities.

4.2.2.3. Characteristics of the platform, classification criteria

The definition of criteria to establish a standard definition of logistics platforms is a complex process, for two main reasons:

- As logistics platforms (LPF) are infrastructure open to a large number of users who are free to carry out their activity, the specialisation of a LPF can only be relative. Some “dominant” features can therefore be identified to characterise a platform, although it must be borne in mind that some of the transport and logistics activities carried out on the site do not meet that description,
- A logistics platform can “belong” to several categories within one standard definition, taking into account the diversity of classification criteria which can be used. That will undoubtedly be the case for the EMLPF (Euro-Mediterranean logistics platforms).



The type of LPF (logistics platform) can be defined using the following criteria:

As a technical infrastructure: an LPF can be classified according to the size and modes of transport served and the modal shares of its overall traffic.

As a tool for regional planning: an EMLPF can be classified according to the criterion of its geographical scope (local, regional, national, international).

As a tool for optimization of the supply chain.

An LPF can be classified according to its specific function in the process of transporting goods:

Receipt of bulk flows and the handling of smaller ones for final distribution, or the other way round, collection of small volumes and the organization and handling of large-scale ones,

Attraction and redistribution of large-scale flows (LPF as a “turntable”, which is the case of the European scale LPF installed at hub points on the main transportation routes).

An LPF as a goods processing centre: an EMLPF can be classified according to the following criteria:

Types of products handled,

Type and technique of loading (dry, containers, bulk, etc.),

Services offered for goods, vehicles and containers/trailers etc.

The LPF can be defined by its type of management:

The role of the entity responsible for the LPF can be limited to management of the “common” infrastructure, equipment and services, while each company on the site develops its activities independently. In other cases, the manager of the LPF is both the “coordinator” of the activities of (some of) the companies present on the site. There are also cases where the manager develops and offers its own logistics services.

4.2.2.4. *The network concept*

The EMLPF are LPF belonging to the proposed network of Mediterranean logistics platforms (Medlog).

This study proposes a Euro-Mediterranean network of co-operation in the logistics sector, whose physical basis will predominantly consist of a certain number of EMLPF located in the MPC, and whose main function will be to service the flows between the MPC themselves and the EU (and beyond).

The Medlog network project is based on an original approach, and the criteria for its success have to be defined:

- its attractiveness must be proven both to the partner countries in which the platforms are installed and to the Member States of the EU,
- its feasibility must also be proven,
- the first stages of its implementation must be identified.

The network concept



The network concept usually refers to the capacity of units (of production, for example a hydroelectric plant, or distribution, for example an airport terminal) to generate an increase in productivity not by enlarging the size of the facility itself (economies of scale) but by increasing the interactions between similar units (productivity grows merely through belonging to the network).

Two different forms of network operation suitable for the EMLPF can be distinguished:

- The technical network, such as a transport, wastewater or electricity distribution network, etc.

It requires an infrastructure, operational techniques, methods of regulating its operation, and a shared provision of information.

The functions of the EMLPF in a technical network require a strong partnership and are based on the acceptance by all the MPC governments of the principle of collective operation, and on a consensus on the type of organization to be adopted.

- The cooperative network, such as the partnerships between research centres, medical centres, etc. It represents a collective operation limited to certain activities (a company's R&D, the sharing of best practice).

It requires meetings and regular means of communication rather than any specific infrastructure.

In spite of its limited structure, this type of co-operation is essential to the installation of a long-term EMLPF network and should not be neglected: the EMLPF network will be both an infrastructure network and a network of the people involved in its creation and who wish to participate in its operation.

For the network to be effective, it is necessary to have:

- Rules governing the collective operation: certain activities will deploy several platforms simultaneously (marketing, exchanges of standardized information, training, etc.),
- Standardized equipment and status: the platforms have many common characteristics and standards (which are based on the organizational models of international logistics platforms). Only the minimum adaptations to fit local conditions must be made.

The smooth running of these two types of network, either on a technical level (sharing of infrastructure) or in terms of co-operation (*ad hoc* sharing of certain resources or functions), relies on one of these two characteristics but frequently on both of them simultaneously. The proposed network of platforms combines these two types of organization – technical and co-operative – in a way which will enable extensive joint activity.

Benefits of the Medlog network:



The positive effects of a Euro-Mediterranean network of logistics platforms are as follows:

- The access to recent, less polluting technologies for the equipment and the services offered by the platform; more efficient technologies (handling, data transmission systems, general or specialist warehouses) standardized throughout the network. The overall performance of the logistics sector is enhanced, the costs of international transport are reduced, and environmental efficiency is improved.
- The technologies introduced and mastered by EMLPF users will be more easily shared with the other national logistics operators; membership of the Medlog network will make it possible to upgrade the overall performance of the transport and logistics sector.
- Improvement of staff skills through a training programme tailored to international standards, hence better productivity and improved working conditions for employees.
- The marketing efforts of each EMLPF are supported and underwritten by its membership of the Medlog network: international operators can be certain of having access to the same technologies and logistics services in all EMLPF in the network, and of benefiting from the same commercial terms and conditions for the leasing of warehouses (leases, improved monitoring services, security services, etc.).
- Reinforcement of the commercial links with Europe thanks to a better service in terms of value for money, and increased trade between the MPC themselves.
- A more rapid improvement of each MPC's general international competitiveness. Improved reliability of transport to consumer markets will be a factor enhancing the competitiveness of manufacturers in the MPC.

The establishment of Euro-Mediterranean logistics platforms will help national and international operators achieve a more rapid mastery of the supply chain, giving them specially-designed tools to develop international trade.

The network effects from the sharing of the technical infrastructure are genuine at the national level, but are limited on an MPC scale.

In the case of the MEDA countries, intra-Mediterranean flows are limited whilst flows between Europe and the South Med countries are a more important – sometimes even a dominant – part of the overall foreign trade of each country.

The platforms which are envisaged will thus firstly contribute to reinforce North-South Mediterranean flows, and to improve transport productivity for national and local traffic. They will also have an impact on South-South flows, although this will be limited in the short term.

The risks of the Medlog network

Within the framework of this project, three different types of risk can already be identified:

- A **“Medlog Network” risk** related to the political acceptability of the principles of the project by the various constituencies involved in the Euromed partnership.

All European Union Member States, MEDA countries, the Commission, the EIB and other financial backers have direct input via the Euromed Transport Forum. It is vital that a consensus be achieved on what is essentially an innovative project, and one which incorporates very wide-ranging recommendations ranging from training to the project's contractual status.

- A **“country” risk** in particular related to administrative implementation of the project. Implementation requires various administrations to be involved in several areas of activity:

effective availability of public finance for the project, use of the loans agreed by the financial backers,



supporting measures to be implemented at the national level (training, transport control, modernization and simplification of procedures, etc.),

classification or acquisition of land reserves, implementation of the infrastructure,

involvement of the Customs services, acceptance of new legal status for the operation and management of transport equipment, etc.,

The dispersion of responsibilities, the diversity of sources of government funding, and the inevitably slow pace of any complex public project are potential sources of delays in the implementation of the project, and could even be a threat to its successful completion. A decentralised independent management and implementation could possibly contribute to reduce this risk.

A first issue to be solved is to allocate responsibility for launching the project (even if it is shared in some areas) to the best qualified and most legitimate administration.

The effective implementation of certain supporting measures (sectoral reforms, adaptation of the legal framework, and the modernisation of certain administrations such as the Customs) is an essential aspect for the national and international credibility of the project.

- **A risk related to the economic viability of the project.** Economic viability is mainly related to the quality of the location of the platform, the capacity of national and international operators to invest in (and promote) the project, and the response of the local and national market.

A badly located project (remote from the main economic and industrial markets or transport networks) can suffer from the competition of better located sites.

It is this type of deviation from the original platform implementation plan which is most frequently seen in this type of project; it is also the only one which cannot be rectified at a later date.

It is almost inevitable that pressure will be exerted by the national authorities to select a site which has lower logistics potential but which fulfils the demands of local development policy.

An unsuitable site can compromise the financial profitability and the interest of the project for the community. It also gives competing projects the opportunity of establishing themselves in the best locations, despite the fact that they do not offer the same guarantees in terms of urban integration, accessibility to the transport networks, and quality of equipment as the Medlog project.

Lastly, a site on which it is not possible to build warehouses able to receive heavy goods will entail costly foundation works which could compromise the profitability of the investments planned.

- **A miscalculated commercial offering** is also a risk frequently seen in this type of project. Excessively high rents, unsuitable warehouses and equipment, and oversized facilities in relation to the short-term needs of the local and national markets all represent serious threats to the financial viability of the project. This can, however, be rectified quickly *ex post*.

A further risk can arise if the commercial offering and manager do not offer sufficient guarantees to the future users, and in particular to international operators. Failure of the manager can have a durable impact on the project in terms of its image and from an operational point of view. Rectifying this situation "ex-post" is expensive and can take time.

- **Risks of overruns in the construction costs** of the platform. These can arise from design problems, technical feasibility studies, or implementation of the project and are also very frequent in infrastructure projects.

The nature of the facility – its technical sophistication – the quality of its promotion and the infrastructure works which a logistics platform requires should provide effective protection against this type of risk. It is reasonable to predict that this project should not present any greater risks than investments in large-scale engineering structures such as marine breakwaters, tunnels or bridges whose expected life extends far beyond the economic forecasts on which their viability is based.



It is however certain that:

- should the Customs system remain opposed to any improvement and simplification or modernization of controls, and
- should the demands for security exceed the capabilities of modern surveillance systems, and
- if, in general, the need to eliminate trade barriers within the Euro-Mediterranean single market were not agreed and implemented,

it would be very risky to make investments without the assurance of some simplification in these fields.

The feasibility of the network

Most of the representatives of the administrations involved have welcomed this project.

The notion of the network was generally understood by our contacts as was the development of standardized Mediterranean logistics platforms across the various countries.

It is also clear that in the short term the network effects would be limited if we only considered trade between the MPC. However, the network will help reinforce the links with Europe and will support the growth of South-South trade.

A network of public logistics platforms on an international scale is a new project with no equivalent in Europe or anywhere in the world.

Networks of platforms exist but they are private networks and are generally on a small scale. Their management is centralized by a single operator, but the aim is not that they should be operated collectively. Moreover, objectives linked to government regional planning policies or local economic development are not part of the priorities of private platform managers.

There are, however, a number of reasons for believing that this network is possible and desirable for both private operators and MPC governments, as well as for the EU Member States.

These reasons are as follows:

- The rapid growth of containerized transport allows the emergence of new methods and new transport capacity in the Mediterranean area. The use of port hubs allows the repositioning of containers at a regional level, providing benefits to Euro-Mediterranean transport.
- International Mediterranean operators have emerged, with the systematic presence in all MPC of:

the three leading global ship-owners: Maersk, MSC and CMA right across the Mediterranean basin,

international transport/logistics operators at the sub-regional or regional level (SDV, Kühne & Nagel, Gezairi, Agility, Aramex, DHL, UPS).

All the services are not necessarily offered and the agencies can have a different status, but there is a pool of major players with a Mediterranean culture.



Summary: The Medlog network and its feasibility

A project whose principle has been approved by public and private transport operators in the MPC.

Mediterranean operators in the logistics and transport sector already exist.

The Medlog network will firstly reinforce the North-South links and later South-South ones.

A co-operative and technical network, with rules governing its operations and standardized characteristics.

The advantages of the network lie in the rapid marketing of the platforms, the possibility of obtaining substantial simultaneous investment from international operators, the implementation of international service standards and education levels, and the strengthening of commercial links with European operators and shippers.

The risks of the network are linked to its status as part of a multilateral international cooperative venture (Euromed), to its implementation on a national level and to its economic viability.

4.2.3. The characteristics of the EMLPF and network membership

The following presentation uses this classification to present the main features of the EMLPF. These features are classified according to whether or not they are standardized at the network level.

For each aspect studied and in order to make the reading of the document easier, tables summarize the choices made using three categories:

- **Medlog network**: the feature must be present in all the platforms of the Medlog network as defined,
- **Optional**: the feature is an additional advantage for the platform without being necessary. Its relevance will be evaluated on a case-by-case basis,
- **Specific**: the feature is necessary but there are various alternatives available (thresholds, size, type of organization, status of the operator) which will depend on the geographical, institutional or economic context.

The elements thus identified relate to all EMLPF components from their institutional structure to their location principles.



4.2.3.1. Geographical scope

5 geographical scales were selected for the Euro-Mediterranean logistics platforms. Multiple combinations of them are possible and even desirable.

Geographical scales				
International	Mediterranean	National	Regional	Local/urban
Integrated in major international trade flows: East-West in particular	Integrated in the network of both North-South Mediterranean trade (principal) but also South-South (minor, to be reinforced)	Integrated in the top-quality rail and road transport networks	A project on both a national and urban scale would normally presuppose regional coverage	Serving the largest cities and suburbs or densely-populated urban areas
Optional	Medlog network	Medlog network	Optional	Medlog network

4.2.3.2. General accessibility

Two types of criteria must be taken into account to evaluate accessibility from the point of view of transport infrastructure:

- infrastructure, quality and size,
- transport services, quality, reliability, cost, frequency, type of container and vehicles.
- direct access to the road infrastructure of the main domestic network appears an essential precondition. The crossing of large urban centres is to be avoided at all costs.

Similarly, for port platforms, the port must be a major one (the leading international port in the general cargo segment, or one of the leading ports in the case of Turkey or Egypt), and connections between the platforms and the ports must be as direct as possible.

The integration of an intermodal railway platform appears to be a priority for the project: the MPC have seen continuous growth in containerized traffic in the current decade, driven by the dynamics of trade with China.

Accessibility: transport networks and network nodes			
Road	Maritime	Railway	Air
Motorway network directly accessible or very near (without crossing urban areas)	The ports must initially be focused on European lines. The relative volatility of certain lines (e.g. ro-ro) can make their analysis difficult	Proximity of a national marshalling centre, and an intermodal site except in a few cases	In the vicinity of the leading international airport
Medlog network	Medlog network	Medlog network	Optional

The domestic automobile market, which is currently being equipped, is seeing rapid expansion. It is feared that in the near future chronic underinvestment in rail networks may cause road congestion on an even worse scale than that facing Western European States, particularly as urban public transport is inadequate in many countries.

This fact, which applies widely to the MPC, has led the experts to regard rail (which is present in many countries) as a particularly important factor in the location of the EMLPF.

Hence, rail connections with maritime ports will have to be as direct as possible in order to benefit from economies of scale in the intermodal segment.

4.2.3.3. Industrial and demographic weight

The importance of the urban area, i.e. of the location of the platform, in demographic, commercial or industrial terms is another criterion when defining its geographical scope.

The selected location criteria are as follows:

Location		
Industrial centres	Free zones	Urban centres
Industrial or agricultural or agribusiness centres (fruit and vegetables)	The creation of a free zone (i.e. Customs free area) is one way of circumventing particularly onerous legislation in certain cases Free zones may be devoted to logistics or also include manufacturing	In general, the largest city of each country was viewed as the first location to be considered
Optional	Specific	Medlog network

4.2.3.4. Urban Integration

Urban integration		
Heavy goods vehicle traffic in the district	Heavy goods vehicle traffic in the city and its suburbs	Availability of land
The traffic plans of which the EMLPF will form a part will have to include action to limit the harmful effects of road transport	The traffic plans of which the EMLPF will form a part will have to enable heavy goods traffic to be rationalized in the urban area and, in particular, to avoid or limit transit through densely populated centres	Amounts available will have to be appropriate to the site and the country: size of the market, real estate market, land availability, etc Warehouses extending over several floors are possible on an exceptional basis. Threshold for available land: 40 ha < X < 150 ha
Medlog network	Medlog network	Specific

EMLPF are large-scale facilities, and will have an obvious impact on surrounding urban centres.

- Good access to local transport networks is an essential component in facilitating and rationalizing flows of goods.
- The EMLPF will generate significant road traffic, and the full range of harmful effects of heavy goods vehicles must be borne in mind. Dedicated routes around the urban centres are desirable in order to reduce the impact of this traffic on the surrounding districts.

4.2.3.5 Activity of the EMLPF, size of equipment and services available

Volumes and goods handled

Areas		Volumes	
First phase	Extension	First phase	Extension
Minimum size of 40 ha The project may be a programme involving several sites developed in parallel and in a consistent manner	Minimum size of 20 ha	For 40 ha with 35 to 40% of the surface area used for buildings: A storage capacity of 350 000t to 500 000t i.e. 800 to 1600 HGVs per day ¹⁶	For 20 ha with 35 to 40% of the surface area used for buildings: A storage capacity of 180.000t to 250.000t i.e. 400 to 800 HGVs per day.
Specific	Specific	Specific	Specific

Given the large variety of types of potential location (land availability) or the size of the market (nature and size of flows), platforms will have different sizes and could be organized on several sites depending on the opportunities available. Potential extensions must be considered from the inception of the project.

¹⁶ Details of calculation: e.g. for a Maghreb country: average length of storage 15 days to 1 month (logistics phase of "transition"), working days 300, namely 7/7 less the month of Ramadan and other religious holidays. The calculation is generic and will have to be reworked specifically for each country.



Containers etc.			
Iso shipping containers	Trailers	Swap bodies	Breakbulk
Where these are used for European traffic, which is increasingly the case as part of the rebalancing of intercontinental East-West services	For countries on the periphery of the Union, trailer traffic remains important (Turkey and Maghreb)	They can be linked to rail services as in the case of Turkey Minority	In certain cases, volumes of traffic with Europe using breakbulk are still significant (big bags, sawn timber)
Medlog network	Specific	Specific	Optional

Naturally, general cargo and in particular unitized goods are the preferred target of the EMLPF.

Consumer staples are included in unitized goods and are the main items which will use the platform. Additionally, certain industrial sectors can be targeted specifically in marketing campaigns:

Industrial sectors				
Textiles	Car parts suppliers and industrial equipment	Agricultural Food processing	Domestic equipment	Pharmaceuticals
Medlog network	Specific	Specific	Optional	Optional

As certain sectors are common to the whole of the MPC and because they are widely dispersed and hence suffer more from transport inadequacies, they have been selected as priority targets for the services of logistics platforms.

In particular, the textile sector could benefit from an improvement in transportation networks and thus develop greater specialization by individual units. This specialization could extend in the long term to the whole of the Mediterranean area and not just between North (manufacture of fabrics and consumption) and South (manufacturing on a subcontracted basis).

Automobile equipment and agricultural production also appear to be local sectors which could benefit from the services of the EMLPF.



The logistics and transport services provided by the EMLPF

Most of these services will be directly dependent on the involvement of the private sector. It is however already possible to define the role and services of the EMLPF.

Transport services				
International forwarding agents	Inland transport (including rail)	International transport	Shipping or air transportation agents	Handling
In many countries local operators are strongly represented in the national market	The majority are local operators but in many cases on a small scale; Minimum safety and environmental standards will have to be adhered to	Local operators are sometimes absent from this market: partnerships with European operators will have to be sought	For port or airport equipment, their presence as a commercial agency (and not only operational) will depend on the location of the EMLPF	Operators with transshipment equipment and standard computerised equipment will be necessary
Medlog network	Medlog network	Medlog network	Optional	Medlog network

Services for drivers and vehicles			
Reception of drivers	Repair / technical control workshop	Repair shops for containers and trailers	Storage / leasing of containers and trailers
The EMLPF will have to supply all driver reception services (hotels, restaurants, shops)			In certain cases, the presence of a container depot or even of a dry port (removal of import containers before clearance or pre-storage before export) improves the performance of the neighbouring port
Medlog network	Optional	Optional	Medlog network



Logistics services				
Storage Order preparation	Packing Quality control	Storage of hazardous materials	Cold store	Post-production (customization)
<p>These services are the essence of the EMLPF concept</p> <p>Local operators are sometimes absent from this market: partnerships with European operators will have to be sought</p>	<p>Few local operators offer these services: partnerships with European operators will have to be sought.</p>	<p>Few operators are present on the market. A real need exists and after confirmation, a specialized public warehouse will be built by the manager.</p>	<p>Few operators are present on the market. Real needs exist and after confirmation, a specialized public warehouse will be built by the manager</p>	<p>Few operators are present on the market. A need exists. The installations will be the responsibility of the logistics operators</p>
Medlog network	Medlog network	Optional	Optional	Optional

Control and police services			
Customs	Plant health and veterinary controls	Quality control	Police and guards
<p>On-the-spot presence of the Customs is a prerequisite</p> <p>Advanced computerization of procedures is a guarantee of fair and rationalized processing.</p>	<p>According to need</p>	<p>Linked to the introduction of new technologies or products. Controls are generally dependant on the Industry Ministry.</p> <p>It would only be a vehicle for improve the procedures.</p>	<p>Presence of the police and security services is often essential</p>
Medlog network	Medlog network	Optional	Medlog network

Tertiary services		
Bank	Insurance	Post office, shops
<p>This could be a common branch for a number of different banks. Clearance documents could be issued quickly in case of shipments settled by documentary credit</p>	<p>This could be a common branch for a number of different insurance companies. Its presence would help to speed up the settlement of claims</p>	<p>Depending on the extent of the tertiary services provided</p>
Medlog network	Medlog network	Optional



Data transmission services

Computerized data transmission services			
Logistics data transmission	Contractual data transmission	Transmission of official documents	Commercial data transmission
<p>Description of goods, goods tracking service for consignees and the various operators (checking at the various stages)</p> <p>Intranet support for companies, etc.</p>	<p>Transmission in advance / validation of actual flows / regularization of orders and deliveries:</p> <ul style="list-style-type: none"> - Purchase of services (transport services , reservation of capacity): E-trade - Transfer of responsibilities between operators (quayside and on-board confirmations, etc.) - Intranet support for companies 	<p>Documents transmitted:</p> <ul style="list-style-type: none"> - manifests, waybills, B/L, pre-clearance documents, - other inspection documents for the goods (plant health, veterinary, compliance certificate), - Other electronic documents to be used for advance import or export authorization (documentary credits, exchange controls, etc.) - electronic signature must be recognized by the other authorities - information systems of the infrastructure operators / managers and Customs must be connected to the server 	<p>Information on schedules of transport services, freight exchange (real-time publication of capacity offered), etc.</p> <p>Internet support platform</p> <p>Information on items available for rent in the area, the available container depots, etc</p> <p>Internet support platform</p>
<p>In all cases, transmission is confidential.</p> <p>The server has a wider catchment area than the area itself, and can be regional or even national if possible. Competition with an existing national operator must be ruled out.</p> <p>There are other server-related services such as applications for SMEs, website hosting, etc.</p>			
Medlog network			

The above factors are described in greater detail in the section on the server operator.

4.2.3.6. Other services

Environment

Action to mitigate environmental pollution will need to be taken on several levels: on a global level (by modal shifts) and on a local one (by avoiding unnecessary road traffic), as well as in terms of the equipment used: treatment of waste and used lubricants (oil, water, etc.), limitations of energy consumption and the installation of alternative energy production systems, treatment and direct recycling of wastewater.

Environment				
Water resources		Energy	Waste	
Wastewater treatment	Rainwater collection and recycling	Total resource management	Ordinary waste	Special waste
Treatment station: settlement tanks and plant health treatment	Rainwater collection tanks, re-use of recovered water for special cleaning, etc	HEQ (High Environment Quality) building Self-generation of energy depending on opportunities, solar or other	Household refuse and sorting of material for recycling (packing, wood, cardboard, glass)	Oils, chemicals, sludge, fuels, liquids, etc will be produced by the warehouses and repair shops
Medlog network	Medlog network	Specific	Medlog network	Medlog network

Urban integration

The platform must be integrated in its urban or suburban environment. The EMLPF will normally be located in lightly-populated urban areas but which will often be occupied already by factories or transport firms. Two conclusions can be drawn:

- The EMLPF must be perfectly served by the urban transport networks in order to facilitate access by those employed there. Providing employment for the widest possible number of people in logistics facilities is one of the social challenges.
- The EMLPF will include a service centre. Over time, they can become integrated or evolve into industrial sites or business parks: the architectural, landscaping and planning aspects of these projects should be given serious consideration. The EMLPF can represent an opportunity to upgrade industrial districts (in Casablanca, Beirut or Alexandria).

The impact of the image of the platform should not be underestimated: clear access areas, a properly maintained road system, appropriate architectural specification, etc.

Urban integration	
Urban transport networks	Town and countryside integration
Service road appropriate to levels of employment in the logistics areas. It should be borne in mind that the density of employment in logistics areas in the MPC can be substantially higher than in those of Western Europe	Giving due importance to the visual aspect of the facility and the way it fits into the urban and architectural background is not only vital from the point of view of local residents, but can only be helpful from a commercial standpoint
Medlog network	Medlog network



Training services, observatories and research centres

The training, observatory and research services are an essential part of the operation of the Medlog network: they are discussed in greater detail in the following section.

Initial and continuous professional training	
Training centre and temporary job agencies	Creation and/or certification of technical and higher courses
<p>The training centre can be linked to the platform; it will be managed by a national body but the users of the platform will be involved.</p> <p>For basic levels, the training centre will require substantial equipment: test tracks for checking loads and safety, a training warehouse, etc. will be required. A large number of workstations are essential, involving the availability of dedicated heavy goods vehicles, handling equipment and computers for training purposes.</p> <p>The temporary employment agency will be linked to the training centre for operational jobs. Loyalty from the workforce can be achieved by offering training opportunities.</p>	<p>For higher levels, the curriculum will be linked to existing university training. For basic training, a national training policy for the sector will provide vital support.</p> <p>The involvement of professional associations and government departments is necessary particularly in terms of the recognition of basic and intermediate levels.</p>
Medlog network	Medlog network

Observatory and research centre	
Mediterranean teachers and logistics researchers club	Observatory
<p>The creation of this club should allow the first exchanges to start between the various platforms: shared teaching, followed by joint research projects, common courses run alternately in several countries.</p> <p>Cooperation with existing bodies (associations, research centres) will be sought on both sides of the Mediterranean.</p>	<p>Deals with the collection and distribution of statistics on the sector.</p> <p>Provides general monitoring across the sector (qualitative information) as well as specific ad hoc studies.</p> <p>It is responsible for the update of the directory of each EMLPF.</p> <p>It liaises with professional and academic circles.</p>
Medlog network	Medlog network



4.2.4. Operators involved

4.2.4.1. The private sector players

The main concession holders		
The promoter and manager of the platform	Communal server for data exchange	Manager of the container depot
Design, development, marketing and maintenance of the platform as a whole: the warehouse area, the service premises, buildings provided, the training centre and, in the majority of the cases, connections to the infrastructure. Maintenance includes the internal transport service within the EMLPF	Data and document transmission (management of procedures) Applications intended for SMEs, User training, maintenance Regulator of the freight exchange	Storage, cleaning, repair, organization of relocation of containers Publication of scale of charges, computerized management and standardized messages
Medlog network	Medlog network	Medlog network

Services under concession are subject to specific authorization by the manager of the platform. Concession holders benefit from a clause precluding competition within a given radius of the platform. The list below is not exhaustive.

Award of the principal contract (for the promoter-manager) is subject to an international invitation to tender as defined by the European Union.

It is possible that certain promoter-managers may apply simultaneously to establish several platforms in several countries. These multiple applications should not be ruled out, and indeed should actually be encouraged. Logisticians can derive benefits from leasing warehouses on several sites and in several countries, with the same operators offering the same services and guarantees.

Limits on the level of participation for international and local players should be set in order to ensure sufficient representation of the latter. Partnerships between multinationals and national companies are encouraged (as in the case of Turkey where this arrangement is common).

The logistics operators will either be tenants or will acquire the land or the warehouses. In all cases, their business partner will be the promoter-manager of the platform.

Private operators: international and national operators				
Forwarding agents		Logistics service providers		
International forwarding services, international parcel delivery	Domestic transport and parcel delivery services	Simple or specialist storage	Order management, stock management, deliveries	Packaging, quality control, consolidation
Medlog network	Medlog network	Medlog network	Specific	Specific



Concession holders for specific services		
Restaurant and services for drivers	Petrol station and maintenance	Banking and insurance services
Catering, possibly an all-night snack bar, full toilet facilities, etc.	The station can be linked to a complete workshop for the repair of heavy goods vehicles, if appropriate	They will form part of a service centre providing an interface between the platform and the urban environment
Specific	Specific	Specific

4.2.4.2. Public sector bodies

The public sector (or comparable) entities involved will have two roles:

They will be involved in the establishment of the EMLPF if the facility is new, or in upgrading it if it already exists, in terms of:

the classification of the area and its protected surrounding area) and the issuance of specific authorizations (storage, public service delegation),

provision of the land (assignment or expropriation),

development of the infrastructure for access: road, rail, water and sewerage, energy, and telecommunications.

They will be directly involved in the operation of the platform as service providers or as a reference authority for controls and management of procedures:

Customs controls and procedures,

police controls,

veterinary, plant health and compliance controls,

transmission of documents (manifests, waybills, etc.),

handling or haulage services exclusively operated by the public operator: rail haulage for example.

During implementation of the project, these bodies will be involved in the operating agreement for the EMLPF either as a contractor (financial backer) or as a third party.

Public sector bodies				
Related to the EMP's services				
National railway operator	National port operator	National airport operator	Customs	Telecoms
Medlog network	Medlog network	Optional	Medlog network	Medlog network

Public sector bodies			
Related to the development project			Related to the financial involvement of the EU
Local authorities	Ministry of Transport / regional planning and public works	Education	International cooperation
Land availability, possible links to public transport networks	Land availability and harmonization with other projects in progress, possible links to transport or other networks	Existing training and projects in progress	Harmonization with other cooperation projects in progress (Euromed in particular)
Medlog network	Medlog network	Medlog network	Medlog network

4.2.4.3. The public-private partnership

Suitable mechanisms have to be introduced for cooperation between the various entities, both public and private, involved in the EMLPF. Their guiding principle will be private management within a framework of public oversight to ensure that the interests of society as a whole are safeguarded. It is the public interest which justifies the investments planned in access infrastructure and, in certain cases, financial contributions to underpin the financial viability of the promoter-manager.

The proposed management and financing structure of the EMLPF has the following aims:

To create the conditions for smooth co-operation between the public sector and the private sector.

To guarantee private, stable and independent management of the facility, albeit within a framework of regulations for the use of that facility.

To be able to incorporate specific rules relating to the Medlog network project.

To set up a scalable framework capable of being adapted to keep pace with the emerging logistics market in the majority of countries.

General comments

To be effective and satisfy the laws of each country, the legal and institutional framework governing the development of the EMLPF must have a certain number of characteristics.

- It must initially be consistent. The various regulations of equivalent weight, and especially laws, should be free of any contradictions or ambiguity likely to create legal uncertainty.
- It must be stable, particularly in a sector where the cooperation of international partners is being sought.

To guarantee a certain stability, the document drawn up to cover implementation of the EMLPF project should be a law rather than a decree or order, both the latter being much more easily open to challenge.

- It must be as simple as possible, to facilitate the rapid implementation of projects.

This means defining an easily comprehensible legal framework. Briefly, that entails legal arrangements governing the logistics and transport sector (law and implementing decrees) together with favourable tax arrangements based on an **Investment Code offering incentives to private or institutional operators**.

These provisions should normally include:

- the guarantee of equality of treatment with any national operator,
- the possibility of opening a foreign currency account,

- the possibility of transferring currencies abroad without problems.
- It must be appropriate for complex operations such as the creation of logistics platforms.

In other words, private sector investment, made attractive thanks to commitments from international backers (FEMIP and others), is only feasible if there are guarantees concerning the local supervisory authorities for the sector and regulatory bodies.

All private sector operators must obtain guarantees from the above-mentioned regulators in order to have the assurance of being treated satisfactorily and obtaining a certain level of return on their investment.

The optimization of risk-sharing to achieve adequate value for money is essential to the success of a public/private partnership project.

All too often, the typical inclination of the public authority is to seek to transfer the maximum amount of risk to the private partner. However, it is essential that the transfer results in the public authority getting the best return from the contract, while avoiding the private partner having to bear unreasonable risks which it will not be able to control and which can lead to the failure of the project in operational terms or to serious disputes which will be detrimental to its success.

The PPP

The traditional ways of associating the private sector in the implementation of projects by the State (concessions and various alternatives such as BOT, etc.), leasing, public service delegation or economic interest groups) are often sources of legal uncertainty, because of their excessively rigid and inflexible regulatory framework compared to the wider context in which they are operating. Contractual specifications and the possibility of introducing changes in the contractual procedures for these contracts cannot eliminate the obligation under public contracts to launch new calls for tender if the situation changes, or when an additional requirement appears as compared to the initial project for which the first invitation to tender was issued.

A new contractual form, known as "**Public Private Partnership**" (see comments below), seeks to improve the appeal to private initiative and finance with the aim of:

- fostering the development of new infrastructure,
- ensuring the supply of services to assist the public authorities in fulfilling their role.

Designed and managed according to specific private sector operating standards, the infrastructure and services are made available to the administration or users (on the principle of non-discrimination) according to terms of reference worked out on the basis of the public service requirement.

In the present case, the facilities of the logistics platform are made available (for leasing) to logistics operators by the promoter-manager. The promoter-manager, which has been selected by the public authorities via a competitive dialogue procedure, has to prepare the site provided, and equip it with storage units and equipment for communal use in accordance with specifications drawn up by the public authorities.

A necessary clarification of the definition of PPP

1. PPP is sometimes considered as a generic name to include all forms of partnership between the public and private sectors:

BOT (and similar contracts),
concessions,
public service delegations,
leases, economic interest groups, etc,
can all be included in this category.

2. In the 1990s, especially in the United Kingdom, these traditional formulae were developed and extended to enable risk transfer (traffic/demand/commercial risk) more suited to investment needs, with the particular aim of simplifying and speeding up the construction of public facilities such as prisons, hospitals and schools.

Among the features differentiating the new forms of contract are the level of discretion left with the contractor (from design to maintenance) and the legal status of the contract, which, in certain countries, exempts the contractor from the contractual provisions of national administrative law.

It is this broad interpretation of PPP, with contracts not subject to administrative law, which has been selected here.

The advantage of this type of contract for the State, especially as regards infrastructure, is that depending on the contractual terms agreed by the parties, the company can provide a full range of services from the **design and construction of the infrastructure to its operation and maintenance**, but with the sharing of risks and rewards being tailored to each situation.

PPPs offer a wide variety of possibilities and management flexibility that distinguish them sharply from public service delegations or concessions, which are more rigid because they are set in legal frameworks which are difficult to alter.

Since a PPP contract is based on an agreement between the parties, one of which is the public authority, it can be released relatively easily from certain public procurement rigidities and can use mechanisms (such as competitive dialogue) which, while maintaining the necessary procedural transparency, enable more appropriate contracts to be drawn up rapidly to increase the efficiency of the project. The contract nonetheless remains subject to the relevant laws and to public order provisions which, although they are rare in this field, cannot be waived.

Application to the EMLPF (Euro-Mediterranean logistics platform)

Such a solution thus makes it possible, within a single contract and hence within a uniform framework, to apply the same terms to all EMLPF in all countries concerned, always subject to any public policy rules, in particular in the property field which, without prejudice to the contractual framework, would introduce more or less significant variances.

The partnership contract is the legal tool which specifies the essential economic elements that the government wishes to incorporate in the agreement it will sign with the manager of the EMLPF.

The contract will thus have to include:

- a detailed description of the respective rights and obligations of the parties,
- procedures to be followed and possible rights of appeal in case of unforeseen events.

The quality and the comprehensiveness of this contract are all the more important as the contract will be signed in countries whose legal system is not particularly based on contract law (unlike the United Kingdom). In any event, recent experience in France has shown that it is possible to develop PPP contracts within the framework of administrative law without this leading to overly detailed contracts.

In the case of the logistics platforms to be developed under this project, the services which generate the bulk of the promoter's revenues are rents to the logisticians and transport companies who choose to use the services and warehouses offered by the promoter - manager. It is thus expected that over time the latter will balance its costs and revenues, as the revenue stream is expected to increase. If it is authorized to sell part of the land and warehouses, the financing structure may, nonetheless, be less demanding in the short and medium term.

Studies prior to negotiation

1. During the early years, and possibly over a relatively extended period, the revenues of the promoter-manager may not be particularly well protected from the competition. In particular, the real estate offered by the EMLPF will be in direct competition with a private offering which is often informal and of lower quality, but financially more attractive (no cost of developing road accesses, lower construction and safety standards, little or no shared equipment). Should this be the case, the local and central government must find ways of discouraging the proliferation of large warehouses and goods storage areas (containers, new vehicles, etc.) on land in the city or its outskirts. Potential promoters can, if their assessment shows that the project is not particularly advantageous, insist on the provision of such guarantees.

2. If they estimate that the profitability of the project remains inadequate even over the longer term (with supply running well ahead of demand) potential promoters can also require a temporary subsidy. This temporary subsidy granted by the public authority (if it appears justified and if the authority sticks to its decision to allow supply to outpace demand) will have to be **linked to performance targets**, in particular in terms of quality and the speed at which the platform becomes fully utilized.

Here again, **each case must be studied on its merits** in order to provide the necessary basis for the negotiation.

It should be noted that this concept of performance criteria is essential in a PPP contract, unlike traditional concession or public service delegation systems which, although they may envisage it in certain cases, do not normally make operational quality an essential part of the contract. The performance requirements are stronger in leasing contracts but it is in a PPP where there is a true determination to optimize the service through normal contractual processes.

The partnership contract has the following characteristics:

The private contractor is given a global role (design, construction, financing, maintenance) including marketing¹⁷.

The guarantee of supply of public services to the EMLPF remains the responsibility of the public partner, the organizing authority, through the terms of reference accepted by the private partner (the promoter - manager).

The facility, after being built or refurbished and then operated, may or may not be returned to the public partner at the end of the contract.

The promoter-manager is in charge of the whole or part of the maintenance of the structure during his contract.

The promoter-manager is the contracting authority for the works.

If the promoter-manager is required to anticipate demand, it may seek a subsidy in the form of a fee payable over a period to be determined, to take account of the investment, operating and finance costs of the contractor and its leasing and other revenues over the term of its contract.

A certain number of risks are transferred to the promoter-manager.

The minimum and maximum term of the partnership contract is not fixed: it depends on the amortization period of the investments or the method of financing selected.

Procurement is frequently via "competitive dialogue" (a procedure recently introduced in EU public procurement law for projects that are technically and/or legally/financially complex).

4.2.4.4. Incentive measures: the attraction of "free zone" status

The location of free zones is not subject to the same constraints as that of a logistics platform: the former must be located in such a way as to be well integrated in the international production system whereas the latter have to be situated on sites which will facilitate the collection and the distribution of goods in their area. Nevertheless, the location may be the same in some cases as in the case of the free logistics zone of Tangiers. Experience in these special areas suggests it may be worth considering the use of the same incentive measures for the EMLPF.

- Taxation

In terms of corporation taxes, the system applied to the EMLPF could be very similar to that applicable in the free zones:

Either a complete exemption throughout the life of the approved EMLPF companies;

Or a provisional exemption which could be identical for each company in the EMLPF, but vary by country. The companies will be then taxed at a more attractive overall rate than in the mainstream system;

Or a maximum tax level agreed from the outset.

In addition, certain "free zone" systems allow total, partial or provisional exemption from VAT, tax on dividends, profit taxes, excise duties, stamp duty and registration taxes, certain country-specific taxes (sales tax, taxation of locally-purchased imports, etc.), or taxes on the salaries of expatriates (and their benefits in kind). Generally speaking, all MPC offer tax incentives to the establishment of foreign companies and these should also apply to the companies setting up within the EMLPF.

- Customs duties

As regards Customs duties, the various free zone systems offer full and permanent exemption on both imports and exports. In the majority of cases, these systems exempt the approved companies from import authorizations and do not subject them to quotas. Here again a large number of countries accept the special Customs status for certain subcontracted goods. This is not particularly important for the EMLPF particularly in the context of the wider Euro-Med market. However what is essential is a performance guarantee from the Customs (opening times, maximum time for clearance, etc.).

- Other incentives

The success of facilities in free zones is closely linked to the performance of the general business environment of each country. The success of a free zone depends on a complex combination of several types of entity which become involved at a given time and for a sufficiently long period:

governments, which intervene in the reform of the business environment and their commitment must be unwavering over the long term,

the aid agencies (dependent on the financing institutions or other governments), whose role can be crucial in improving the business environment,

local and foreign investors: the former bring an additional credibility and vital opportunities in terms of joint investment and subcontracting; the latter are of interest to the States where their presence is part of a medium/long-term strategy and not merely opportunistic,

foreign markets, owing to their interest in "made in..." goods,

the workforce, which should not make excessive demands in the early stages in order to avoid over-burdening the venture at the outset.

These factors are also of interest in terms of the development of the EMLPF, although experience of free zone arrangements shows that they will not be sufficient to justify an investment by international operators. The Governments will have to examine potential incentive measures on a case by case basis to attract investors in the EMLPF. These measures do not necessarily have to be the same in every MPC although it appears logical that they should have a common basis.

Contractual status		
Contract: PPP	Incentive measures	Additional measures
<p>Allows exemption from the inflexibility of national public procurement legislation (concessions, BOT, etc.)</p> <p>Performance criteria</p> <p>Flexible framework allowing for renegotiation</p>	<p>Adaptation of Investment Code</p> <p>Possibility of repatriating profits</p>	<p>Additional fiscal measures (various exemptions)</p> <p>Free zone status</p>
Medlog network	Medlog network	Optional

4.2.5. Financing and structuring

Within the framework of a PPP, the State delegates to a private entity the design, development, marketing and maintenance of a logistics facility operated for the benefit of the whole community.

Logistics platforms already established in countries with developed and efficient transport systems are not usually candidates for a PPP arrangement.

In the case of the EMLPF in the Medlog network, however, a PPP-type contract appears of interest because of its legal advantages.

EMLPF as defined in terms of size, services, access to the transport infrastructure, and quality of service presuppose a certain level of investment, in particular outside the platform itself, which would generally be provided by the State rather than the promoter-manager.

In addition to these public sector investments, there are requirements within the EMLPF themselves in terms of links to the transport infrastructure, telecommunications, water, energy, sewerage, power generation (e.g. a solar power station), and compliance with exacting environmental and social standards, which will all be the responsibility of the promoter-manager and which will probably not be totally covered by the income generated from the marketing of logistics warehouses and building plots.

In the case of this project, the infrastructure also includes buildings made available for State services and a large-scale facility provided as a training centre.

Lastly, in many countries in the region studied, the logistics market is in an emerging phase and hence **the EMLPF project often anticipates demand**, both international and local. It thus presents certain risks in financial terms (see above). It is also obvious that this risk is largely compensated for by the advantages for the community of a well-structured, properly equipped, implemented and maintained facility.

In the case of EMLPF, using a PPP is justified first and foremost by the public interest in the investment, but also by the large scale of the facility planned.

4.2.5.1. The proposed structure

The principles of the proposed financial structure can be summarised as follows:

Public sector equity interest:

The State must undertake to build the access roads to the EMLPF and instal the related public facilities (Customs, rail terminals, etc.). The PPP contract can specify a particular role for the promoter-manager in the construction of the infrastructure and facilities, but this is not a prerequisite.

The State must make available to the promoter-manager the land for the EMLPF. This land, which is owned by the State (if necessary through expropriation), can be:

- a) provided under a long-term concession to the private promoter-manager, which can grant a sub-concession for the land or dispose of it on specific investment terms (this would be the most typical case, known as a Contractual PPP); or,
- b) provided as a contribution to the share capital of a joint venture (promoter-manager) with a minority public sector stake (see below). In this case (an Institutional PPP according to the Community terminology), the call for tenders must directly or indirectly specify the value attributed to the land.

Public sector participation in operating costs:

If the profitability of the investment is not reached within a reasonable time, the national entity in charge of the EMLPF (the so-called national authority) will have to pay a fee (or subsidy) to the promoter-manager to contribute to the amortization of the specific equipment needed for the project.

This fee is generally paid in the form of a regular payment over a given period. Alternatively, it could consist of a substantial pre-payment of a sum representing a large part of the payments scheduled to be made as the facility is established. A combination of the two types of payment appears desirable.

Ideally, market research would be undertaken by an independent consultant before the negotiation in order to provide hard facts on which to negotiate the lowest possible subsidy.

The timing and the amounts of the payments are tailored to each project (characteristics of the infrastructure, potential of the local market and prospects for profitability). They are also subject to alteration and will be adjusted as necessary throughout the period covered by the PPP.

Payment of this fee is subject to a commitment to comply with the design and operational standards of the EMLPF.

This fee paid by the national authority, especially if it includes a substantial element of prepayment, may be covered by a loan to the national authority from FEMIP and other backers.

The income of the platform operator over the longer term is mainly dependant on the operation and marketing of the land, the logistics warehouses and the ancillary services, although in the initial stages the fees paid by the national authority may be very substantial.

4.2.5.2. Promoter-manager structured as a semi-public company

The private promoter-manager formula appears to be the simplest and most effective for the development of the EMLPF. However, it is possible that certain MPC would prefer stronger public sector involvement – which, in any event, should not hamper the private management ethos sought for logistics platforms. This **institutional PPP** model provides the structure with a little more security, but is in danger of introducing rigidity and loss of efficiency if the public sector partner insists on playing a role that is inappropriate in the context.

One option would therefore be for the promoter-manager to be established as an equity partnership between the public and private sectors, an arrangement which would no longer be solely contractual but would also involve the establishment of a common structure, a majority privately-owned joint venture (JV) or semi-public company between the public entity and the private partner selected via an appropriate procurement procedure.

The major disadvantage of this “joint venture” is that it would not meet the desire for standardization in all the MPC because of the differences which can exist in the various countries in terms of company law, and more particularly concerning the rules of governance. However, this disadvantage would be largely outweighed by the close cooperation between the partners through this common structure, which goes well beyond the public authority's role of providing advice and control within a strictly contractual framework.

In terms of the joint-venture (JV), it could be envisaged that the public authority would provide the land on which the platform would be set up in exchange for the allocation of shares in the JV (contribution in kind).

From a financial point of view, as this would be a contribution in kind, a valuation by a third party would probably be necessary, in order to guarantee the value of the assets contributed and to avoid use of an arbitrary method. Consequently, the percentage of the JV held by the public

authority (minority) will necessarily depend to some extent on the quality and value of the land identified for the project. This contribution, depending on circumstances, could be supplemented by commitments to undertake certain preliminary investments, and/or to grant subsidies to the private partner, either directly or through tax incentives similar to those described for the free zone.

As regards the selection of the private partner, and in order to facilitate selection on the basis of objective criteria and avoid potential claims from the rejected applicants, candidates could be requested to set out in their responses to the invitation to tender quantified proposals for:

the amount of the proposed investment in the construction and operation of the platform;

the level of participation in the JV which they intend to grant to the public authority.

If necessary, the responses could include details of the security which the private candidates are offering for any loans granted to them, either directly or more probably through the JV.

4.2.5.3. Financial controls

If the promoter is required to make substantial investments (for example, to finance costly connections to the road network) it could receive a fee/subsidy from the national authority partly covering the costs of supply, operation and maintenance of the facility.

The promoter-operator may be remunerated partly by the income from real estate leasing or sales. However, part of its costs, in particular those related to the infrastructure, the provision of premises for shared services and the maintenance of communal areas may not always be covered by real estate income.

In addition, the manager's costs and revenues are likely to change over time:

the rules governing certain activities are likely to be tightened;

income on real estate may increase substantially or fall short of forecast levels.

The contract will need to envisage trigger points of changes in the promoter-manager's income at which an adjustment of the fee/subsidy will occur. The thresholds above which the fee paid by the national authority will be reduced **must be sufficiently high** so that the operator is motivated to be efficient.

In any event, the fee is not intended to balance the accounts of the promoter-manager nor to transfer most of the real estate revenues to the public purse, but rather to adjust for market changes which could be prejudicial to all parties: the revaluation of the fee/subsidy could thus avoid excessive real estate speculation.

It is therefore recommended that changes in the costs and income of the manager should be monitored and that the results of its activity should be presented to the national authority on an annual basis.

4.2.5.4. Land and its occupancy

Regardless of its initial status, land occupancy will have to be guaranteed by the State. In the event of new purchases of freeholds for use in the project, the land will be acquired by the national authority and registered as private State property. Another option is an internal reclassification of land already in public ownership, after arbitration between the various ministries concerned and/or which have an interest in the selected land.

The public authorities can retain ownership of the site or opt over time to withdraw financially and sell the land with a possible capital gain, while still ensuring that the land remains used as a logistics facility.

As far as possible, capacity should be reserved for future expansion.

The land question has often been perceived as a crucial factor in a number of countries.

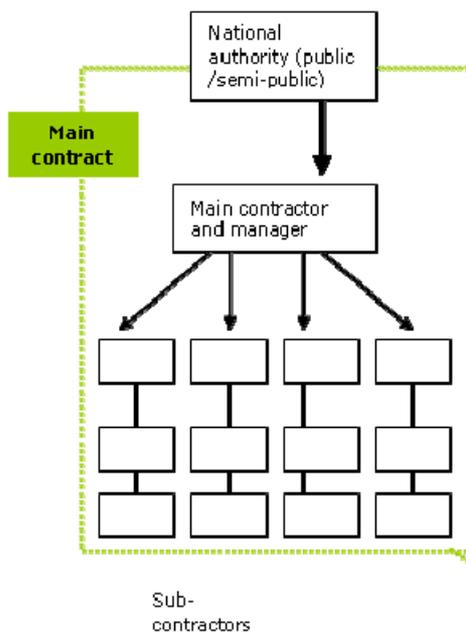
4.2.5.5. Management/operation of the project

The development, operation and marketing of the platform's logistics areas constitute the main contract – the PPP.

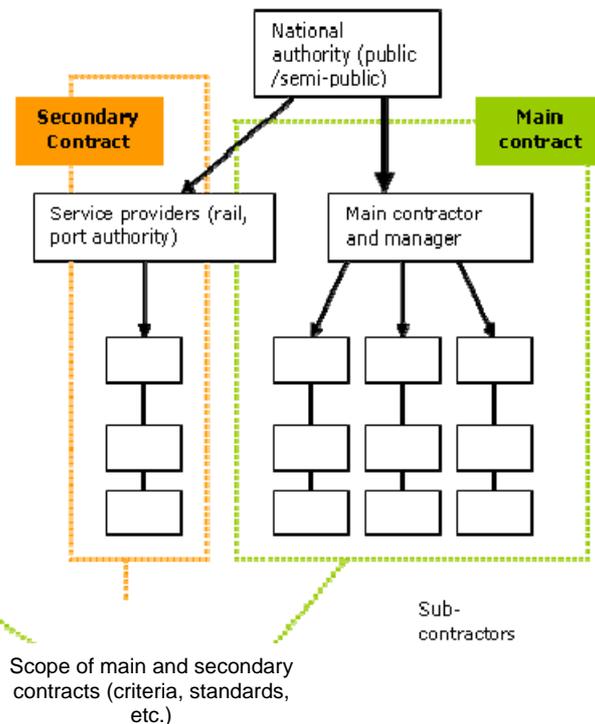
The EMLPF project should in most cases be entrusted to a private operator, but will also include performance criteria as well as the possibility of a joint mediation authority (public and private entities) at the Euromed partnership level.

If possible, this contract should include the operation and marketing of intermodal activities. If that proves incompatible with the status of infrastructure manager or administration, and no solution can be found by amending the laws or regulations concerned, secondary or “parallel” contracts can be proposed (see diagram below).

1 Single main contract



2 Main contract and secondary contract(s)



The main contractor will be responsible for the following:

Defining the programme, the development and equipment (in accordance with the recommendations of the feasibility study and with local regulations).

Preparing the tender documents for the companies (service providers and builders) in conjunction with the steering and control committee, launching the invitations to tender and consultation of the files. The main PPP contract can also consider a packaged offer, either within the framework of a project completely managed by the contractor, or more generally as leader of a consortium for which it assumes responsibility.

Constructing the facility (infrastructure and superstructures, in accordance with the master-plan).

Marketing the space, including the service concessions.

Managing and maintaining the equipment.

However depending on the site and type of operation, and where the status of certain network operators precludes certain types of management, additional modules can be hived off *en bloc* from the main contract and be subject to different types of management (operation of the combined site, management of the training centre, IT server, etc.).



Because of the range of possible situations and the adaptations needed, it does not appear necessary to propose a multi-site invitation to tender for the main contract: **each site could be operated by a different operator, on the basis of standards and performance criteria common to all of them.**

4.2.5.6. Financing of the project

A wide variety of approaches to the financing of the EMLPF are possible and decisions will be taken on a case-by-case basis. The project is however seeking a relatively stable balance of sources of finance.

Three types of financing would be appropriate for participants in the EMLPF project:

long-term loans to the national authority and/or the manager for development of the site and the creation of the infrastructure linking it to the domestic networks,

medium-term loans - credit facilities - for the EMLPF manager and the other contracting parties (concession holders, logistics firms) for the construction and operation of the superstructures,

a “risk capital” tranche could be allocated to loans to local SMEs in the transport and logistics sector, and also to exporters/importers wishing to use the facilities of the platform. This tranche could be managed by a local banking organization (which could be financed by FEMIP).

Financing and structure		
National Authority	Promoter-manager and operator of the EMLPF	Users of the EMLPF Concession holders
Responsible for: Acquiring the land or making it available. The land remains the property of the national authority or is transferred to the Joint Venture In certain cases, connections to the networks are partially financed	Responsible for: Development of the platform Preparing the land Creation of the internal infrastructure and connections to existing networks (interchanges, junctions, rail points)	These are logistics operators or service providers (restaurant, petrol station, etc.) They are customers of the manager via concession, rent or leasing contracts.
It is the financial backer of the PPP contract It can obtain a long-term loan (for example from FEMIP)	It is the PPP contractor It can obtain medium-term loans (for example from FEMIP)	Third parties, contracting with the promoter-manager They can obtain short-term loans (risk capital)
Medlog network	Medlog network	Specific

Multiple ‘à la carte’ financing appears the best solution for two reasons: it will tailor the financing to the local context in each case, and balance the allocation of the contract between local and international players in a flexible manner (i.e. with subsequent readjustments); it will allow the financial backers to take part in the project at various levels and to introduce certain constraints (such as standards, rules, etc.).

4.2.6. Conclusion

The previous description is based on service characteristics which are frequently offered in Europe in an integrated infrastructure such as Interporti, the GVZ, the ZAL in Barcelona or Garonor in the Paris area.



The innovative feature in this case is the application of a common model of services and management to a group of countries – the MEDA countries. The project has no precedent but it is likely to stimulate the logistics market in the MPC:

the presence of a financial institution such as the EIB should provide overall reassurance to potential investors,

the standardization of the real estate proposition and the assurance of having the same investment opportunities should facilitate decision-making in the less advanced countries in the area,

the main challenge of this project concerns the acceptability of the principles of standardization of its contractual framework by the national governments and their ability to put those principles into practice.

Summary: characteristics of the Medlog network platforms

Beyond the essential services of storage, collection, distribution, freight consolidation, transport organization and Customs clearance normally provided by logistics platforms, some elements appeared to have a higher priority than others and are key components of the model. They are the following:

Proximity of port infrastructure linked to European lines.

Direct rail connections and intermodal facilities.

Meeting the immediate needs for rationalization of transport plans in major urban centres.

Equal involvement of the public (national or local) and private (local and international) sectors.

Possibility of EIB involvement and implementation in the short term of EMLPF projects for the first sites (5-year timescale).

The possibility of setting up a global investment programme (coordinated and simultaneous development in several sites) appears to be an interesting option to attract the major international logistics groups.

4.2.7. Country-specific and site-specific recommendations

Country Diagnosis: Morocco

	Level of development, position in the transport market Use of telecommunications network
International positioning	Focusing on trade with the European Union. Export sector specializing in textiles, electrical goods, fruit & vegetables (as well as industrial bulk commodities).
Logistics operators	International logistics groups present and active.
Port management	Numerous ports, mainly Casablanca (insufficient capacity for containers) and TangerMed (to be inaugurated shortly). Open market.
Road Transport	Well served by roads, motorways being extended. Deregulated sector. Easy access to the profession. Predominance of relatively unreliable informal sector which has a serious detrimental impact on the quality of national distribution.
Procedures	Computerised Customs pre-declaration. Computerised manifests. Inspections still common and onerous.
Retail trade	Presence of large-scale distribution.
Rail Transport	Insufficient access to ports. Little used for goods transport.
Other constraints	Financial transactions difficult (exchange controls).
Selected Sites	Casablanca, TangerMed.

Country Diagnosis: Algeria

	Level of development, position in the transport market Use of telecommunications network
International positioning	Large share of imports from EU, poor export sector, except oil and gas.
Logistics operators	No market yet. Few operators.
Port management	Algiers. The port is nearly saturated, problems of container storage.
Road Transport	Good road network. Algiers bypass to be implemented. Liberalised sector. Access to the profession is (too) easy. Predominantly family companies. Poor service.
Procedures	A computerised system is being developed (SIGAD) with connexions with ports, operators, banks, tax administration. System being improved but still many constraints.
Retail trade	Recent introduction of large-scale distribution.
Rail Transport	Main ports linked to railways, little used for goods transport.
Other constraints	Huge weight of the public authorities in the main economic sectors but being liberalised and private sector development is being encouraged. Financial transactions difficult (exchange controls).
Selected Sites	Algiers area as a priority (Rouiba), Djen-Djen if the container terminal is operational.

Country Diagnosis: Tunisia

	Level of development, position in the transport market Use of telecommunications network
International positioning	Trade concentrated on European Union. Export sector specializing in textiles, electrical goods. Economic activity concentrated around Tunis and Sousse.
Logistics operators	Market is being organized. International transport is of good quality (mostly linked to European companies).
Port management	Tunis-Radès port not suitable for containers, approaching saturation, problems of container storage.
Road Transport	Good road network. Tunis by-pass being built. Sector liberalised. Access to the profession is (too) easy.
Procedures	A computerised system is being developed. Quick procedures for off-shore traffic and exports. System being improved and is generally satisfactory.
Retail trade	Recent introduction of large scale distribution.
Rail Transport	Main ports linked to railways, little used for freight. Network and equipment very old and poorly maintained.
Other constraints	Competition of Enfidah project which is leading to a freeze on other projects.
Selected Sites	Tunis-Radès area as a priority, Enfidah if the project is completed.

Country Diagnosis: Egypt

	Level of development, position in the transport market Use of telecommunications network
International positioning	Significant trade with European Union. Weak export sector, except oil.
Logistics operators	No market yet. Logistics training of excellent quality in Alexandria.
Port management	Numerous ports, mostly for international maritime transshipment. Main domestic port: Alexandria-Dekheila. Many terminals are privatised.
Road Transport	Good road network in the Nile Delta but congested around Cairo. Liberalised sector. Easy access to the profession. Few local operators meet international standards.
Procedures	Computerised Customs pre-declaration being introduced. Paper documents to be presented for final clearance. Inspections still common and onerous.
River transport	Network being renovated. Project to re-launch river transport from the ports. No container terminals.
Rail Transport	Alexandria port linked to railways, little used for freight transport. No container terminals. Network and equipment very old and poorly maintained.
Selected Sites	Alexandria - Sixth of October City.

Country Diagnosis: Jordan

	Level of development, position in the transport market Use of telecommunications network
International positioning	Little trade with European Union. Weak export sector. Economic activity concentrated around Amman. Government policy to encourage the private sector and PPPs. Country opening up to its neighbours.
Logistics operators	Huge logistics zone being implemented in Aqaba, focused on Asia, Red Sea and the Gulf. Market being organised, with private storage areas around Amman.
Port management	Only one port on the Red Sea: Aqaba. First-class port, not congested for containers. Being privatised.
Road Transport	Good network. Liberalised sector. Easy access to the profession. Modernisation of the fleet being encouraged by the State. Few local operators meet international standards, but international groups arriving on the market.
Procedures	Computerised Customs pre-declaration being implemented. Paper documents to be presented for final clearance.
Rail Transport	Freight network limited to export of phosphate. No link between Amman and Aqaba.
Selected sites	Madouneh, Mafraq (in progress).

Country Diagnosis: Lebanon

	Level of development, position in the transport market Use of telecommunications network
International positioning	Significant trade with Europe (mainly imports); weak export sector. Currently the role of Beirut and Lebanon has been weakened as far as regional redistribution is concerned.
Logistics operators	Some international operators, local import/export forwarders, good command of telecoms, available areas between 1000 and 3000 m ² . Dispersed storage areas as a rule.
Port management	Modern management of container terminal, computerised, port being modernised, port charges said to be very costly.
Road Transport	Fleet of very poor quality (securing of goods, quality of vehicles), no parcel delivery service.
Procedures	On-line custom pre-declaration, electronic signature not recognised.
Retail trade	Strong presence of large-scale distribution.
Rail Transport	Rail property still exists but is partly occupied.
Other constraints	Dominant position of distributors (manufacturers' agents), price and availability of real estate in Beirut area.
Selected sites	Public transport site (Damascus road), Waqfa site (Damascus road) and coastal site.

Country Diagnosis: Syria

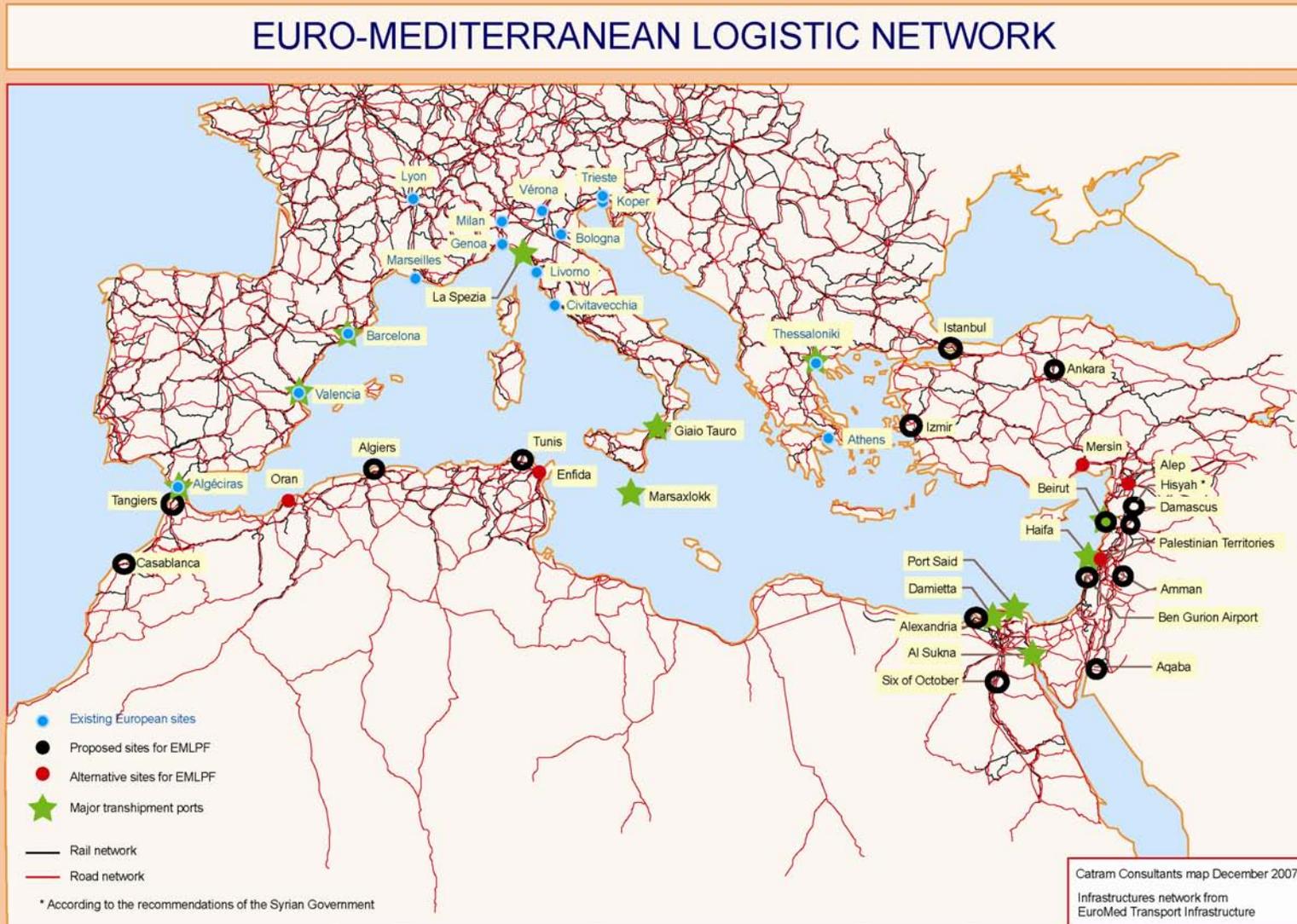
	Level of development, position in the transport market Use of telecommunications network
International positioning	Significant trade with Europe. Modern and dynamic developing export sector. The trade with Asia is however growing fast. Country opening up to its neighbours.
Logistics operators	Market is growing due to the recent opening-up of the country. Modern and dynamic export sector being developed. Exchanges with Asia are however growing rapidly. Opening-up of Syria to neighbouring countries.
Port management	Very old equipment, no computerization, but BOT and concession in process or granted (Tartus), satisfactory infrastructure.
Road Transport	Poor, organised on a roster basis, new legislation will enable modernisation of companies and the fleet by bypassing the roster, satisfactory safety level, domestic parcel delivery service carried out by passenger transport companies.
Procedures	On-line pre-declaration, containers are almost invariably inspected, onerous rules for domestic distribution (return of empty containers).
Retail trade	Family type, very small size, only organised through "souks".
Rail Transport	Obsolete, network being modernised, combined transport from Lattakia.
Other constraints	Weight of the public authorities in the main economic sectors, lack of cooperation from the Customs.
Selected Sites	Adra-Damas, Sheikh Najjar-Alep, Free zone-Alep, Lattakia.

Country Diagnosis: Israel

	Level of development, position in the transport market Use of telecommunications network
International positioning	Significant trade with USA and Europe. Dynamic import/export sector in technology and agricultural produce.
Logistics operators	Local operators very well equipped, large express networks. The market remains national and suffers from a lack of competition.
Port management	Modern but average productivity, port companies have a monopoly position in services, lack of competition.
Road Transport	Satisfactory.
Procedures	Procedures are largely computerized but controls are strict. The Mainsys server can connect all parties in international transport.
Retail trade	Strong presence of large scale distribution, domestic brands.
Rail Transport	Satisfactory, network is progressing and modernising.
Other constraints	Public sector is often present in strategic economic sectors through public monopolies. Ports remain the weak links within a high-quality system.
Selected Sites	To be defined according to the inland platforms project (Tel Aviv -Jerusalem), a joint project between the National Ports Authority and the Railways.

Country Diagnosis: Turkey

	Level of development, position in the transport market Use of telecommunications network
International positioning	Internationalized economy, substantial trade with Europe although growing less quickly than trade with Asia. Large and diversified import/export sectors.
Logistics operators	Numerous and of satisfactory level, mostly hauliers originally, sometimes forwarders linked to manufacturers or European logisticians.
Port management	Public ports being privatised, private ports modern but not linked to overland transport networks, infrastructure dispersed along the coast.
Road Transport	Of European standard as far as international transport with EU is concerned, poorer quality for domestic transport and trade with third countries, but being modernised; domestic parcel delivery is developing.
Procedures	On-line pre-declaration, onerous Customs procedures.
Retail trade	Specialised and general large-scale distribution being developed, retail trade still important.
Rail Transport	Incomplete network, but satisfactory productivity, status of the TCDD being reformed, numerous private investments in the rail sector.
Other constraints	Complexity of the institutional system, city congestion and disorganisation
Selected Sites	Halkali near Istanbul, on the European side, 1 or 2 more sites in Anatolia



4.3. Conclusion of the first part

Diagnosis

- Infrastructure

The transport infrastructure should not hamper the creation of logistics platforms, except in certain ports. In the majority of cases, port congestion is related to the way ports are operated rather than to the infrastructure itself. The inter-city road network is satisfactory. Problems of congestion in the road accesses of the urban centres are occurring everywhere. The rail networks are of average to poor quality but are not used to capacity.

- Transport and logistics sector

Circumstances can vary significantly with three types of situation identified: countries whose transport and logistics sector is generally satisfactory and modern, countries in a transition phase towards a modern sector, countries whose transport and logistics sector is in the process of developing competences.

Generally speaking, international trade linked to the globalization of industrial processes and the opening-up of domestic markets are vital supports to the development of logistics.

- Feasibility of the network

The feasibility of the network is generally confirmed by all parties.

- Risks

Three types of risk have been identified: a risk at Euromed partnership level, a risk related to implementation of the project by the national governments concerned, a risk related to the commercial success of the project.

Recommendations

- Location

The network nodes and the main national markets have to be identified. Access to the European market is given priority, and hence there are many potential port locations.

- Services

The services include all areas covered by logistics and transport. The Medlog network allows for harmonization on the basis of international standards.

- Management and contractual status

The status of the promoter-manager and the mode of operation have several objectives:

- To ensure that conditions are in place for a balanced partnership between the national authority in charge of the project and the promoter-manager of the platform,
- To ensure the reliability and sustainability of the investments made by the users, especially the international operators,
- To ensure that the project can adapt to developments in the international market in line with procedures defined at the level of the Medlog network

The PPP was regarded as the best option; the manager will be from the private sector and will have wide-ranging responsibilities (design, implementation, marketing and management of the facility).



SECOND PART: THE MEDLOG NETWORK PROJECT

This part is entirely devoted to the question of the network, its components, its governance and its implementation.

- Section 1: Principles of the Medlog network,
- Section 2: Parties involved in the network,
- Section 3: The framework of the network: operational components,
- Section 4: Governance of the network,
- Section 5: Implementation of the network.

5.1. The launch phase

Once several platforms are operational, the project must have an organization able to:

support collaboration and the sharing of knowledge between the managers of the platforms in the network;

define and gain acceptance for certification procedures, both for the platforms and their road accesses, as well as training, and to award the EMLPF label;

assist in the settlement of any disputes and promote successful experience from which the entire network can benefit;

continuously foster the upgrading of all the network services as they come on-stream;

to ensure the harmonization of information systems over time;

to promote the services offered.

Inevitably, as the number of platforms increases, this embryonic organization will become more structured, evolving along the lines recommended below as regards its composition, remit and operation. This organization must give meaning and efficiency to the entire Medlog co-operative network of logistics platforms. Initially supported by FEMIP, this organization must achieve financial autonomy without delay.

Establishment of the network should have the following phases:

Phase 0 (2008): Medlog with a provisional Development Directorate initially mandated by FEMIP (assisted by an expert in training in the logistics sector and by a legal and financial expert) with the resources to organize and finance forums and study visits by the potential correspondents¹⁸ of the Euromed transport projects to the ministries of transport of partner and EU countries. This operation will be financed by the Euromed Transport Forum.

Phase 1 (2009-2010?): (first projects in the launch phase) Medlog now has its Development Directorate in final form with the addition of further technical, legal and financial competences; a separate training unit has been established.

Phase 2 (2010 and beyond?): Medlog is established as an independent and private organization under the control of a "monitoring committee" linked to the Euromed Transport Forum. Its role, organization and staffing, as well as its remit, status, financing and oversight are those of a phase in which the overall certification, training, promotion and co-operation processes have forged the initial nucleus of the network of logistics platforms in the MPC. At this stage, Medlog is financed by multiple contributions: the promoter-managers of the platforms, the financing institutions and various other institutions, and the national authorities.

The establishment of these bodies should ensure that the Medlog platforms operate as a network.

(Please see detailed implementation planning suggested in § 5.5.2)



Section I: Principles of the Medlog network

5.1.1. Introduction

This first section contains the following:
an overall presentation of the Medlog concept,
a presentation of its general organization.

5.1.2. The Medlog concept, an integrated and dynamic logistics project

Here the aim is to define the terms and conditions for co-operation between the platforms on a Mediterranean level. The platforms concerned are those of the MPC which form the framework of the Medlog network, and on a secondary level those of the EU States and the players in the Euromed partnership.

The standardized features of the various platforms are detailed in the first part of this document.

The analysis work has focused on:

The definition of co-operation: what does it entail and over what timescale?

The operational conditions: how can we ensure a real common operation between the various EMLPF?

The main implementation stages of this network within the Euromed framework.

The Medlog network aims to bring together on a Mediterranean scale logistics platforms operating in accordance with international standards.

Standardization covers:

Infrastructure: here the aim is to have top-quality infrastructure for the whole site, from the internal road network and its links to the national road and rail networks, including telephone servers and telecommunications networks, as well as all buildings for storage or services.

The quality of service: the logistics services available must be reliable, carried out by trained personnel and based on the best available technologies. Reliability covers other elements which contribute to creating a favourable climate for economic development:

confidence in the public authorities regulating the sector,

security of transactions and procedures,

secure storage locations,

improved import and export transit,

availability of the infrastructure and equipment (handling, wagons, specialized storage, etc.).

This dual objective of standardization means that some intervention in the design of the equipment and its operation is needed. This refers both to **private entities** (the operators of the platform as well as the suppliers of specific services) and **public entities** (for connections to the national infrastructure networks).

The Medlog project **is not limited to** a set of equipment designed according to common specifications, built and delivered to an operator without any monitoring of the way it is used.

The Medlog project is an **integrated and dynamic initiative** which includes responsibility for the equipment and infrastructure, and the follow-up of the respective activities over a long period.

For this reason, the Medlog network is based on four pillars:

1. A certification strategy which:



- enables new projects to be incorporated which are designed and structured according to a common model (briefly described in the previous chapter) but also existing logistics equipment;
 - facilitates global marketing with advantages of economies of scale and a presence in the global market;
 - allows efficient relationships between the EMLPF and the platforms of the EU.
2. A participative organization, based on private management of the EMLPF, thanks to the contractual and flexible PPP system which facilitates operation of the EMLPF by removing it from the political context.
 3. Shared training activity
 4. Common monitoring (observatory, communication, research)

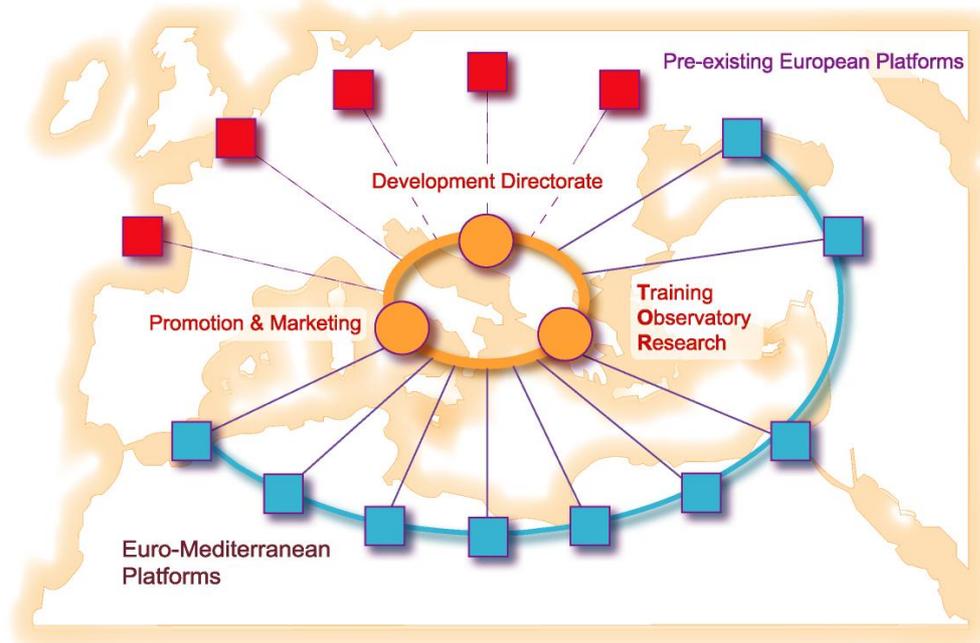
The PPP management model and the system of certification will allow a long-term follow-up of the project by the national and the Euromed authorities: the main financial backers or beneficiaries will thus have the possibility of developing the project beyond its initial phase.

Adjustments and improvements are possible and can be requested by any party involved. The principle of temporary but renewable certification enables standards to be updated to take account of the latest regulations and technological developments.

5.1.3. General organization and the interface with the other Euromed components

The general organizational principle of the Medlog network is that the EMLPF are strongly interconnected around the Medlog Centre (Development Directorate, training and observatory, promotion and marketing) which is linked to Euromed.

The platforms of the EU Member States participate in the network through a more diversified and less formal co-operation.



5.1.3.1. *Euromed management*

Management of the Medlog network would be provided by a tripartite structure (Medlog Centre) which forms part of Euromed:

- a Development Directorate,
- a promotion and marketing office,
- a training function, sector observatory and research centre (acronym: TOR).

These structures are quite distinct as regards their competences, status and financing.

The selection of their locations will have to be balanced among the various Euromed partners.

Medlog management would report directly to the Euromed partnership via the Euromed Forum, and indirectly via the monitoring committee: it would thus be based on close and direct cooperation with all Euromed partners.

The Euromed Transport Forum, a reference authority

The Euromed Transport Forum appears today to be the most appropriate body to provide this cooperation by acting as an authority monitoring and validating progress with the project. It will enable the parties involved to be kept informed and project strategies to be presented in advance for discussion or confirmation.

It will include the following authorities:

- the European authorities which frame European transport policy and Euromed; some of them will be direct contributors to the project,
- national correspondents of the Euromed Transport projects: it is recommended that they should be the direct superiors of the persons responsible for the preparatory activity, in order to simplify communication and the implementation of certain decisions;



- the project managers of current Euromed projects: the main one concerned is the Meda-Mos project;
- external organizations relevant to the successful completion of the project: the persons in charge of transport for the Mediterranean area (the United Nations, GTMO, etc.) other international financial backers (the World Bank, African Development Bank, etc.), study centres or observatories specializing in the Mediterranean area (CETMO, etc.).

Some of these organizations should contribute to the operating costs of the network.

European Authorities	Mediterranean Partner Countries and E.U Member States	External bodies (advisory)
<p>EIB FEMIP</p> <p>EIB Projects Directorate</p> <p>EU: DG Tren, international relations</p> <p>EuropAid, DG Relex</p>	<p>The correspondents of the Euromed Transport projects within the Ministries of Transport of the partners and EU Member States</p>	<p>World Bank</p> <p>United Nations</p> <p>Other relevant bodies</p>

“Medlog monitoring committee” – close monitoring

This would be a committee charged with monitoring the Medlog project, directly linked to the Forum and with powers similar to those of a Board of Directors.

The Medlog monitoring committee would take decisions on detailed implementation procedures for the Medlog project after the principles had been confirmed by the Forum.

It would also be in charge of budgets:

- representing the parties contributing the funds required for implementation of the network (EU, FEMIP, managers of the platforms, international financial institutions, and others if applicable);
- providing a detailed definition of the procedures for drawing loans after their allocation and amounts have been ratified by the Forum;
- monitoring use of the finance.

The monitoring committee could include the following partners:

- one or several EU representatives;
- one or several FEMIP representatives;
- one or several representatives of the Forum;
- one or several representatives of the logistics and transport sector in the MPC (qualified individual(s) proposed by the MPC and member(s) of Mediterranean professional associations if they are considered as sufficiently representative by the professionals);
- one or several representatives of the transport and logistics sector of the EU countries (via existing transport and logistics associations).

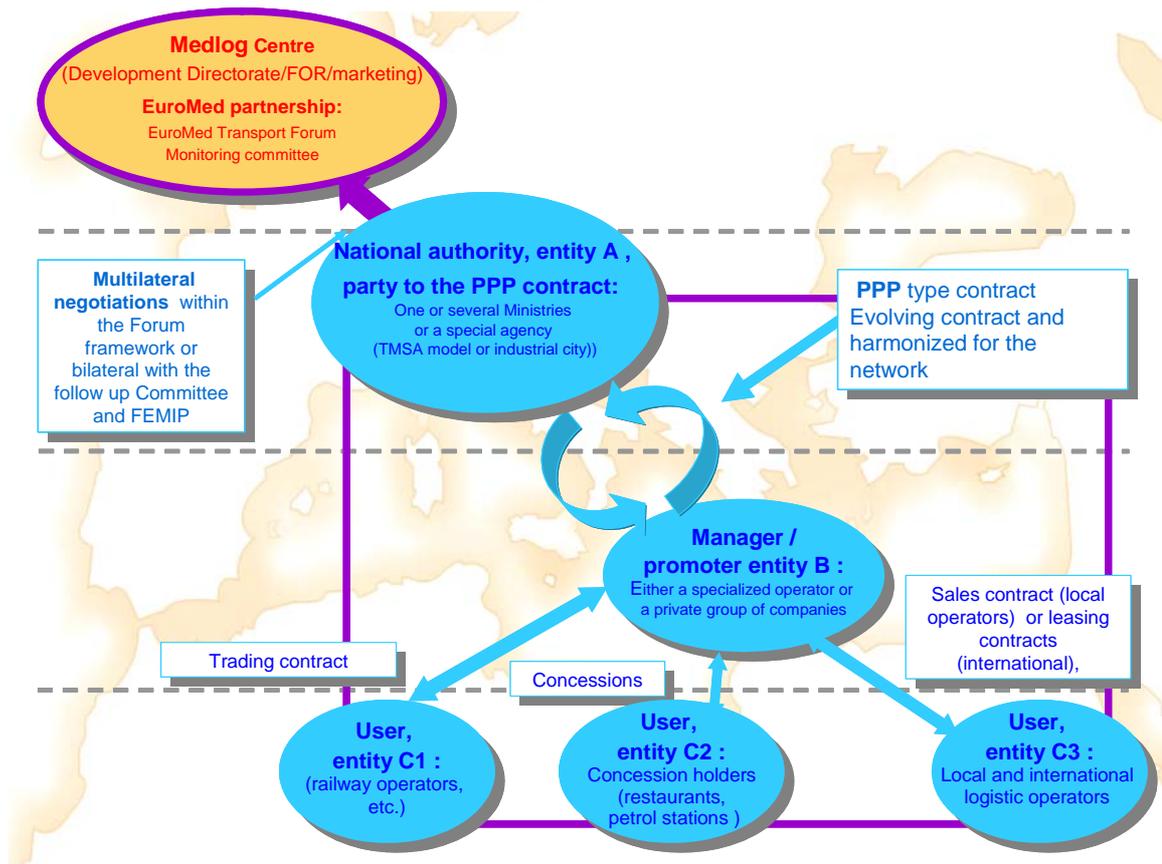
5.2. Section II: Parties involved in the network

5.2.1. Introduction

The second section presents the main entities of the Medlog network as well as the cooperation links and hierarchy existing between them. It is subdivided as follows:

- The network heads. This part presents the Euromed managing authorities for the network, and more particularly the three entities making up the Medlog Centre.
- The preparatory mission / the national authority. This part describes the possible role and status for the government entity which will be responsible for guiding the project in each MPC.
- The promoter-manager of the EMLPF. This is the entity in charge of the design/ implementation /marketing/ maintenance of the project.
- The users of the platform. This part reviews the various categories of users and their links with and obligations to the Medlog network.

Levels of coordination for the Medlog network – national perspective





5.2.2. The network heads

5.2.2.1. The Medlog centre

The creation of an independent operational unit to implement the Medlog network appears to be the best solution to ensure a quick implementation of the project.

Given the variety of the tasks to be undertaken, the preferred option is for a lean, tripartite organization with three types of remit:

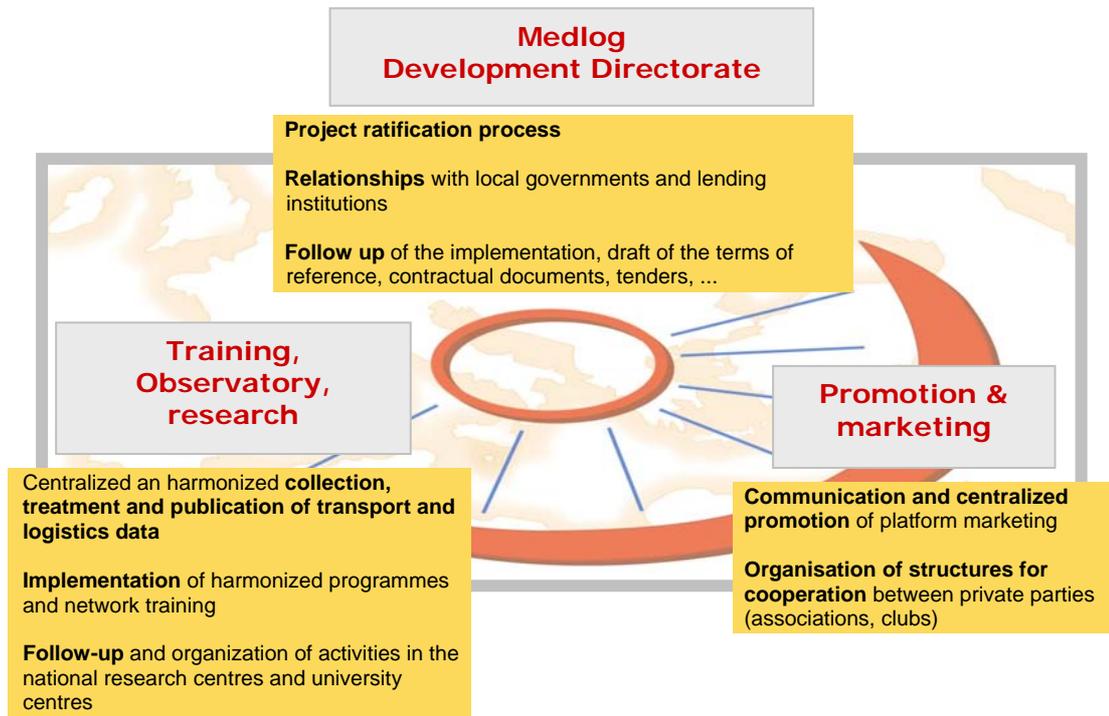
- Institutional oversight of the project which includes:
 - The validation process and relations with the local governments and financial backers,
 - Follow-up of implementation, including the drafting of terms of reference and contractual documents, the follow-up of invitations to tender, the implementation of certification, the criteria to be applied to data transmission systems, etc.
- Promotion and marketing activity, including:
 - Support and facilitation for the marketing of space in the platforms.
 - The organization of structures for co-operation between the private parties (associations, clubs).
- Oversight of the observatory functions, training and research centres linked to the platforms:
 - Observatory assignments (standardized and centralized collection, processing and publication of data on the logistics and transport sector).
 - The implementation of standardized courses and network training (definition of the course content, recruitment of teaching staff, promoting it to the network).
 - The follow-up of the activities of national study centres and the organization of a network of university research centres (common response to calls for tender, organization of conferences, etc.).

Three different entities are in charge of these roles:

The Development Directorate for the institutional oversight.

The training centre, observatory and research centre (TOR) to coordinate these same actions at a national level.

The promotion and marketing office to coordinate the various aspects of commercial activity.





These three entities constitute the Medlog Centre, an interdependent but hierarchical structure:

The Development Directorate represents the senior authority in the system. It delegates certain missions to the other two bodies and validates the proposals submitted to it.

The three authorities have different status and financing methods, appropriate to their particular remit. The training centre and representative and marketing office should, in particular, be financed primarily by the MPC in the short term.

From an external standpoint, the Development Directorate is the body in charge of the Medlog project and the main point of reference.

The possibility of distributing the Medlog entities among the various member-countries of the partnership appears strategic, as does locating two of them in the MPC, since the project is initially directed at the partner countries.

Medlog, the interface between the national and the Euromed level

Fully integrated into the Barcelona process, Medlog is in permanent contact with the parties involved in the Euromed partnership.

There are two preferred methods of dialogue, one at regional level during Euromed Transport Forums, the second at a more local level, with the partners of the project in each partner country:

For the Medlog project, the Euromed Forum is a place for dialogue and decision-making:

Dialogue on proposals from the project or proposals initiated by the Forum.

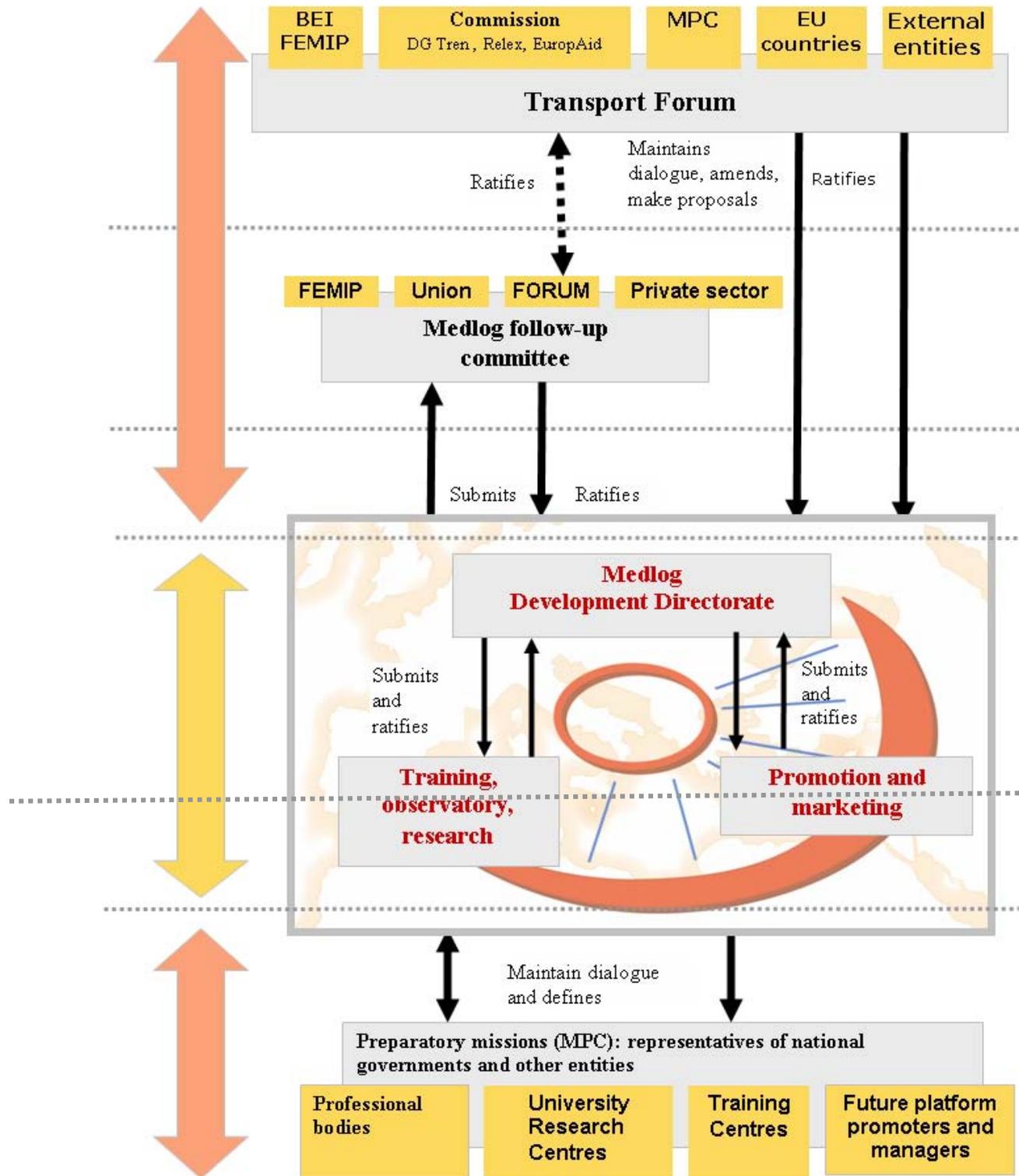
Ratification of the main project options prior to implementation:

- The major principles of the sole PPP contract (between the manager and the national authority), the various stages of implementation of the project and, of course, the powers of the Medlog centre and the governance proposals set out here will have to be ratified.
- The frequency of the Forum meetings will, of course, have to be appropriate to the various stages of the Medlog project.
- The **national preparatory missions** linked to the local and international private participants are the interface of the Medlog centre and provide a stimulus for reflection on the project, with particular regard to:
 - drawing up project procedures specific to the national context. This relates to the identification of the service providers for the IT server, training centres, research centres, final ratification of sites, etc.,
 - assistance with and monitoring of project implementation: for the governments requesting them, these aspects relate to the training of staff and the private entities (understanding of the logistics issues involved), joint work on draft projects, establishment of the national authority, the organization of round tables with professionals involved in the project, etc.
 - The dialogue at national level is organized through formal meetings (e.g. ministerial round tables) and informal meetings.

It is important to obtain input from the national players which will enhance the project. On the other hand, the Medlog centre is also there to guide the implementation of the project and define the appropriate strategy, pending the launch of the certification process.

5.2.2.2. Ratification procedures for the implementation of the project

EuroMed partnership level
 National/EuroMed Interface
 National partnership level





Close follow-up by the Medlog monitoring committee

The Medlog centre is more particularly linked to the monitoring committee which is in charge of its budget.

For this reason, it regularly reports on progress with the project and the decisions taken: the monitoring committee **is the first validation authority** for implementation of the project. It has undoubted legitimacy since it includes the Euromed founding members. It is also highly autonomous in terms of the allocation of financing to the various components of the project.

5.2.2.3. The Development Directorate

General role

In the short term, the **Development Directorate** is responsible for providing support for the **implementation of the project in the MPC** within the framework of the Euromed partnership. It will then be responsible for its follow-up over the medium term.

For this reason, it is an **interface** between the national players, the European authorities and the Euromed partnership.

Status, supervising authority and financing

The Development Directorate is a special agency or an association, with private status but with public capital. It can and must receive financial contributions (or subscription fees) from the managers of the Euro-Mediterranean platforms.

It has its own budget and is managed independently in terms of its running costs.

As delegated project manager for technical studies, it controls the technical studies budgets and will have all decisions concerning the appropriation of those budgets ratified by the monitoring committee and the financing institutions led by FEMIP.

The monitoring committee finances the Development Directorate and acts as its supervising authority:

- Implementation of the project (on a national level in each MPC and at Euromed partnership level) is monitored (fortnightly?) by the committee.
- Proposals for confirmation by the Forum as well as all decisions relating to the allocation of technical assistance are directly approved by the committee and the financing institutions (FEMIP and other partner institutions in the project).
- In addition, round tables and workshops on special topics may be financed via FEMIP within the framework of the technical assistance and under the aegis of the TAIEX (Committee) since the 10 MPC are eligible for this technical assistance. Naturally, all these meetings and workshops may also receive financial support from national institutions, associations and donors.

Responsibilities

The **Development Directorate** is responsible for the promotion and follow-up of implementation of the project:

- Organising and arranging the preparatory missions.
- Objectives: assistance and involvement in setting up the national authority, ratification of PPP-type contracts, confirmation of the sites, terms of reference for the selection of managers, certification standards, mobilization of the various players, and the organization of round tables on special topics.
- Participation in the follow-up of the various invitations to tender and the negotiating procedures with the national authorities. Objectives: negotiations with the national authorities for the launch of projects (connections to the infrastructure, land availability, involvement of government departments), drafting of the terms of reference and launching of invitations to tender to select the platform managers.



- Communication and publication of internal and external documents concerning the status of the project, etc.
- For loans granted to the national authorities or managers for implementation of the project, it will inform and advise the financing institutions on technical issues (risk assessment of projects).

The Development Directorate is responsible for monitoring the activity and hence for monitoring and controlling the budget of the other two network heads to which it has delegated responsibilities for promotion and marketing as well as training and coordination of the observatories and research centres.

The Development Directorate is responsible for certification and quality control and for compliance with the established standards for services provided by the platforms.

This role only comes into effect once a project is completed. Certification assignments will be carried out by specialized independent firms and are part of technical assistance.

In the long term, the **Development Directorate** will incorporate responsibility for information, mediation and consultancy for the whole Medlog network. That role is intended to facilitate settlement of disputes between managers and the national authority, and to exercise surveillance to ensure that network platforms are properly managed.

This role does not carry any legal authority as such and cannot consequently be a substitute for the national arbitration authority.

It constitutes a discussion forum and also aims to follow up development of the network of platforms and its role in the structuring of logistics systems, and to detect possible dysfunctions in the markets within the network (windfall profits or the creation of monopolies).

The Development Directorate is the main interface for the Medlog network and handles the entire communication plan on progress with implementation. As such, it is in charge of the editorial content of the website.

The Medlog network should benefit from the experience of the GTMO. However, extending the remit of an existing structure located in a Member State does not necessarily appear to be a good option for the Development Directorate.

Manpower and operating procedures

Locating the General Secretariat in the capital one of the MPCs appears strategic. The existence of a regional unit of the EIB could be an added advantage when choosing this location.

Over the longer term, the Directorate could have the following human resources:

- a Director-General,
- an Operations Manager,
- Two or three Heads of Mission,
- Two Secretaries and Assistants.

5.2.2.4. The training, observatory and research centre

General role

The centre fulfils three types of remit: training, observatory and research. These functions are, to some extent, distinct and could be managed independently.

However, within the Euromed network, **centralized management will enable co-operation among these various segments to be optimized**. For example teachers within the network can also partly act as researchers. Any adjustments or extra requirements when collecting data will be simpler if the researchers or consultants who use them are directly involved in the observatories, etc

That is why it appears important **to appoint a single network head for all these functions**.



This network head will be in charge of drawing up a common charter for the three functions, but otherwise their establishment will be largely decentralized and entrusted to local organizations in order to gain most benefit from the existing talents and skills in the MPC.

Ultimately, the network head for training, observatory and research (TOR) will be required to coordinate the various members of the network, to help them agree on common options and then to monitor implementation of those options on the ground.

Research issues go beyond the scope of the project, but the Medlog project and the creation of training and observatory functions are an opportunity to structure the research effort into freight transport at a regional level. The fact that research activities are compatible with co-operation in the network makes their association with the project particularly strategic in terms of the increased cohesion of the Medlog network and an enhanced understanding of it on an international level.

Status, supervising authority and financing

- Status: Given the nature of its functions and the missions carried out, several alternatives are possible for the status of the TOR network head:
 - It could be an agency or an association created expressly for this project and receiving Euromed funds, followed up relatively quickly with mixed financing (Euromed + contributions of the EMLPF managers + other financing institutions + the State via the national supervisory authorities), and having operational autonomy.
 - It could be an existing organization in the MPC or EU whose role could be extended. In that case, a specific budget would be required and a follow-up system should be set up to ensure the budget was appropriately allocated within the structure.

There are currently a large number of initiatives and bodies emanating from European States or Institutions which are intended to establish Mediterranean partnerships in the areas of training and research. The FEMISE network is an example of co-operation between research centres in the Mediterranean in the economic field.

With regard to the collection of standardized data, this is undertaken for the Western Mediterranean by CETMO, a body with extensive experience which should be put to good use.

In addition, the conclusions of the Medstat I programmes (1996-2003) and II (2003-2006) will need to be incorporated into the analysis.

- Supervising authority
- For the TOR network head, a system of split supervision is proposed:
 - It is recommended that the Development Directorate should have responsibility for budgetary supervision, reporting to the monitoring committee.
 - As regards the definition of the organization and the content of the networks in terms of the three types of function, it is recommended that ad hoc committees of experts from the MPC and EU Member States should be appointed, as well as representatives from FEMIP, the Commission and the Medlog Development Directorate. Three committees will therefore be established internally which will ratify or recommend procedures for training, the observatories and research, before submitting them to the Forum.

After implementation of the networks, these committees will continue to monitor certification and the organization of TOR networks.

- Financing
- To fund these organizations, long-term financing would be appropriate as the role of the TOR network head will last much longer than the process of setting up the network.
- The following complementary funding sources are available:
 - **EuropeAid:** subsidies can be granted to training courses or establishments (under the heading of "technical assistance"). Study grants could be provided as part of "human capital development" programmes. The Anna Lindh foundation for inter-cultural dialogue,



the Euromed student and youth exchange programme, and short and long-term training programmes.

- **DG Tren:** financing of research programmes through the 7th Framework Programme, subject to the participation of research centres in EU Member States (minimum two or three different centres from three EU countries).
- **FEMIP:** loans for the construction and equipping of training and research centres.

Responsibilities

- Training

The TOR centre will be required to define the content of initial and professional training for the higher levels and to coordinate their implementation in the MPC. It will also be specifically in charge of the organization of the various levels of co-operation in the network.

The common proposals drawn up with the committee of experts should result in a matrix of training and co-operation procedures within a common network. The aim of developing and facilitating communication between professionals will also have to rely on a good knowledge of the working languages (English, French and Arabic). The programme will then be implemented and marginally adapted in each country to take account of new or existing training. The preparatory mission in each MPC will be required to appoint/identify the most appropriate players to implement this training.

For the basic levels and technical training, the national preparatory missions will be required to identify the professionals or government bodies at local level able to take responsibility for this training. The definition and introduction of courses will follow a common matrix but will be more decentralized than for the higher levels in view of the lower impact of the 'network' effect.

Monitoring certification for the various training courses and centres is an important mission for the TOR centre.

- Observatory

The TOR is responsible for defining and collecting transport and logistics data in the MPC. This collection will have to be organized through local observatories which will be identified by the preparatory mission. These observatories could be created as part of this project.

The TOR centre is responsible for publishing and disseminating regional statistics on the sector. Targeted studies (similar to permanent monitoring) will also be carried out by these observatories. Results will be disseminated by electronic or paper bulletins and through the website.

- Research

The TOR centre will be in charge of identifying the transport and logistics research centres in the MPC making up the Medlog network. The integration of existing networks is obviously encouraged.

The TOR centre will be required to coordinate joint responses to international calls for tender for research programmes and to provide stimuli to the network by organizing conferences and seminars on specific topics.

Manpower and operating procedures

Given the opportunity which the inclusion of TOR remits within the responsibilities of existing centres could represent, it appears difficult to impose a particular location.



In addition, the RTAP¹⁹ recommended in Action 18 that **CETMO** missions related to its observatory function should be extended to the East-Med area.

The committees of experts on the three different topics – training, the observatory and research – will not be permanent but will meet in line with the timing of the rollout of the network.

The permanent structure will be organized as follows in the longer term:

- The Medlog network Development Directorate as the body responsible for the TOR centre.
- An Operations Manager.
- Two to three senior researchers for the collection, publication and dissemination of statistics on the sector.
- Three to four representatives responsible for monitoring the establishment of the various networks.
- Four secretaries and assistants.

Given the variety of circumstances in the MPC in terms of training, and the abundance of existing transport and logistics training, it could be appropriate to delegate part of the implementation to two or three regional network heads who would coordinate the standardization and certification of the training in various Med areas. This would relate to intermediate and higher levels of training. For these regional network heads, the capitals and main cities of the MPC are, of course, obvious locations.

Financing

To be agreed between the network partners.

5.2.2.5. The promotion office

General role

The role of the promotion and marketing office is primarily commercial in nature and intended to optimise awareness of logistics and real estate services of the Medlog network by professionals, whether operators or users of the transport and logistics services.

Status, supervising authority and financing

The promotion and marketing office may have the status of agency, association or private company. It is controlled by professionals from the Medlog network with operational autonomy and is mainly financed from its own resources.

Its supervising authority is a Board of Directors on which the representatives of the professionals are in the majority. The monitoring committee, either directly or through the Development Directorate, holds a blocking minority.

Participation by FEMIP will be defined specifically according to the status and detail of its remit, but it will remain a minority stakeholder in any event.

Responsibilities

The promotion and marketing office (PMO) has the following roles:

- To circulate details of the available real estate in Medlog platforms, to centralize requests and to transmit them to the appropriate managers. It will be the first point of contact to negotiate the establishment of international logistics companies in several network platforms.
- To promote the real estate and commercial offering of the Medlog platforms to local and international operators. This will be done through a website, via the publication of directories and books, and through representation at specialist trade fairs at international level and locally at MPC level.



- To organize a network of experts in the platform via a Medlog operators club which will arrange one or two meetings per year (week-ends on specific topics and visits to important projects).
- Given the need to communicate at the national level in each MPC, the PMO will organize information and training meetings for professionals on logistics generally and the Medlog project in particular. Existing associations (forwarders, transport firms, exporters, distributors) will be essential contacts for these sessions, which are eligible for FEMIP technical assistance.

Manpower and operating procedures

The manpower could be structured as follows:

- The Medlog network Director-General as the ultimate head of the PMO,
- One Operations Manager
- Two or three representatives responsible for monitoring the establishment of the various networks, and the creation of books
- Three Secretaries and Assistants.

Having the promotion office located in one of the MPC appears to be strategic.

Financing

To be agreed between the partners of the network

5.2.3. The preparatory mission / the national authority

General role

The preparatory mission, which is required to establish the conditions for the creation of the EMLPF and initiate the institutional process for its implementation, and the national authority are the national contracting authorities and reference authorities.

Status, supervising authority and financing

At the end of the definition study, certain institutions or entities (both private and public bodies) will emerge as being those most directly concerned by the project.

Participation by the ministries of transport is obviously necessary in all countries but it also appears desirable to involve other institutions such as ports, railways, the Customs and undoubtedly the local authorities.

There is obviously no break of continuity between the preparatory mission and the national authority; however, in the latter case the parties involved establish a permanent entity which from a contractual point of view will be the signatory of the PPP contract with the promoter-manager of the platform.

Objectives of the preparatory mission

The main objectives of this mission are:

- to appoint and organize a steering committee for the **creation of the national authority**, possibly for the choice of site, ratification of the terms of the main contract, etc.,
- to appoint and organize a technical committee with the participation of government departments and professional associations; this technical committee will be renewed together with the national authority;
- to be the Medlog centre's point of contact for the EIB and FEMIP, and to take part in the Forum (until the national authority is operational).

The status of this mission will depend completely on decisions made by the governments, but the basic option will probably be a **special mission, an inter-ministerial committee**: this type of structure has no legal personality. Its members are seconded for a limited period for the purposes of the project: a special mission is based on a letter of assignment from the government (minister, presidency, etc.), appointing the people and entities to take part in it. In this case, the signatory of the contracts will have to be appointed from the ministries or one of the entities taking part in the mission.

The priority of the preparatory mission is to hand over to the national authority as quickly as possible. The continuity of activities and roles from one structure to another must be guaranteed in the most direct way possible, for example by reappointing the management and designating a head of mission who, at a later stage, will be the Operations Manager of the national authority.

Status of the national authority

The status chosen for the **National authority as the supervisory authority for the EMLPF** will depend both on the institutional context and on the context of the project: a more global urban reorganization (which could be the case in Casablanca) can predetermine the choice of a particular status. This national authority could also be envisaged as the project manager for the entire future domestic network of logistics platforms, for which the EMLPF would be the model.

We give below the main possible alternatives for the national authority:

- **The State Development Company, such as the Cité Industrielle in Syria, EPA or EPIC²⁰ under French law.** It is a public company or government entity. Its Board of Directors may include representatives of the professional sector or of local authorities, but it will generally be more closely attached to one particular ministry (transport or town and country planning). It has wide-ranging powers in terms of planning: right of expropriation, contractual autonomy. It is a permanent structure whose remit can be extended beyond the EMLPF when the project is completed.
- **The public-private structure - an association or GIP²¹ under French law:** it is governed by an agreement linking several entities and which sets out the objectives and the duration of the GIP. This agreement defines the decision-making procedures and the supervisory authority. It has financial autonomy and legal personality; it can freely include private and public partners, and is managed on either public or private lines. It is necessary to see whether this status is compatible with national planning laws (e.g. right of expropriation).
- **The public-private company, such as the German GVZ²² or the French SEM²³:** this is a very local structure and is responsible for the development of one site in particular. It is governed by private company law, its shareholders are both public and private persons/bodies and it has a Board of Directors which can include non-shareholder members.
- **The special agency, on the TMSA model:** this is the most flexible structure and most scalable. It has private law status but is owned by the government. It tends to report to the Prime Minister or President and the contents of its remit may evolve without affecting its status. It is run by an Executive Board and is overseen by a Supervisory Board. It is entitled to create subsidiaries. There is less involvement of large numbers of local players in decision-making in this type of structure.

Sources of finance will depend on the status of the national authority. However, it can be expected that most of the working capital will be provided by local governments and through technical assistance (staff training) which can be contributed by national or EU institutions.

Manpower and operating procedures

The staffing of the **preparatory mission** like those of the national authority will inevitably need to be adapted in line with its particular status.

Some suggestions can however be made for the organization of **the national authority**:

- A Chairman, representing the national authority (belonging for example to the entity most intimately involved, such as the Ministry of Transport),

- An Operations Manager,
- A legal department (to deal with future contracts),
- A planning and development department,
- A person responsible for procedures and one responsible for telecoms.

As regards the **preparatory mission**, the above permanent organization will be supported by specialist committees:

- A steering committee or Board of Directors: this will comprise the main parties involved – the contractors, shareholders, financing institutions and signatories of the agreement depending on the status chosen for the national authority.
- A technical committee and special issue committees for the various aspects of the project: they will include competent persons within government bodies but also from the private operators concerned.

This staffing will apply in the launch phase of the facility. It can be reviewed in the longer term, particularly if the national authority has a specific role (e.g. if it is devoted solely to the EMLPF). In that case some functions could possibly be transferred to the Ministry in charge of the platform when the EMLPF works are completed.

5.2.4. The promoter-manager of the Euro-Mediterranean logistics platform

General role

The promoter-manager is responsible for the design, creation and development of the platform, and for the marketing of space and buildings.

Over the longer term it will deal with maintenance of the equipment and continuity of the logistics functionality.

Status, supervising authority and financing

The Manager of the platform must be a private law company. Minority shareholdings by the government may be possible in certain circumstances²⁴. This option should probably be tested with future users of the platform. **In addition, cross-shareholdings by platform managers are encouraged.**

The promoter-manager cannot receive subsidies from the European financing institutions except for specific technical assistance from FEMIP.

As the main contractor, it could however receive loans or equity investment (risk capital) from FEMIP.

Given the nature of the contract, its supervisory body is the national authority to which it will have to report on its management of the platform.

In order to obtain EIB support directly (for its own contract) and indirectly (through the infrastructure for which the national authority is responsible), Medlog certification will be obligatory.

The scope of the PPP contract between the national authority and the promoter-manager, as well as the distribution of equipment costs could justify a fee **or a subsidy for the manager of the platform. This subsidy would be paid by the national authority for the creation and development of the platform** if sufficient financial profitability could not be guaranteed to the promoter-manager.

Responsibilities

For the implementation of the EMLPF project, the promoter-manager must adhere to the terms of reference concerning the general design of the equipment, the common services to be provided and the marketing methods used.

Within the framework defined by the terms of reference and the management contract (and hence certification), the manager is free to organize the implementation of the project as it sees fit (implementing the project itself, using subcontractors, membership of a consortium, etc.). It is responsible for:

- Definition of the programme, the development and the equipment (in accordance with the recommendations of the feasibility study and in conformity with local regulations).
- Preparation of the consultation documents for companies (service providers and building companies), the launching of invitations to tender and examination of the files. The main contract can also stipulate a packaged offering by the promoter-manager, either as part of a project entirely under its management, or more generally as the leader of a consortium in which it assumes the leading role.
- The marketing of space.
- Management and the maintenance of the shared equipment (communal buildings and premises made available, connection infrastructure, all utilities, etc.),
- The promoter-manager's period of commitment for the operation and development of the project has been defined in principle as a minimum of 30 years. This commitment can be renewed.

In addition to the promoter-manager, a committee of users (whether tenants or owners, concession holders or occupants of the buildings) could be organized so that some aspects of the collective management can be decided jointly. This aspect is included in the promoter-manager's terms of reference.

In parallel, it would be useful to organize cooperation which could extend to the public services and companies (Customs services, port authorities, railways, etc.).

Manpower and operating procedures

Manpower and procedures will change significantly over time, in particular according to the volumes handled and/or complexity of problems arising from the logistics activities conducted on the site.

When the project is completed, human resources will consist of:

- An Operations Manager,
- Two or three sales people, depending on the size of the project,
- Departmental Managers (environment, security, shared services, energy, etc.),
- One accountant and one or several lawyers,
- Assistants and Secretaries.

5.2.5. Users of the platform

There are three types of user:

- The occupants of the storage premises: Whether tenants or owners, these are logistics operators working for external customers, but can also be manufacturers or distributors providing logistics services for their own account.
- The concession holders: These are services for which the competitive conditions are potentially highly favourable, as they are often the sole service-providers on the platform and have a non-competition clause (or limited competition) for the site and even for its future extensions. The concession principle enables the manager to draw stable revenues from these services, but is also a means of encouraging high-quality services. The concessions cover a 10-year period and are renewable.

These services relate to:

The manager of the container depot (see below). Depending on the configuration of the site, this service can be located outside the main site but within a radius of 5 km of the platform,

The various catering services (including local shops, fast-food outlets, cafés, etc.),

One or several petrol stations (including a workshop for repairs),

Etc.

- External service providers: These services are generally commercial and non-commercial public services. The manager provides the facilities for these services and the costs incurred are, of course, included in the manager's costs.

These services relate to:

The Customs authority and other control services (plant health, veterinary, compliance): they must be available in all circumstances and are important factors for the competitiveness of the platform. The premises are for use by the administrative staff and include an inspection area, part of which is under controlled temperature. Tests are not carried out on the platform itself but it is important to have the local offices of the services involved in compliance checking and veterinary and plant health controls physically present and available for use on the platform.

Police services: these may be present on the platform in certain cases, for example on platforms linked directly to ports, at border posts (e.g. for countries requiring escorts to be provided) and where they are required by legislation governing industrial sites. The premises are intended to house a police station (for 5 to 10 people),

Inter-modal transport services and rail haulage: the promoter-manager will provide an intermodal site, a storage area and an administrative building for the railway company operating the combined railway services.

This service cannot be installed outside the platform except on a location adjacent to the container depot, and within a radius of 5 km of the platform.

The planned combined transport site will include as a minimum a railway marshalling yard with at least five 300 m sidings, a 700 m consolidation track, a container yard for temporary storage of containers, and an administrative building,

Data transmission services: the manager of the communal data transmission server could possibly be located on the platform itself, e.g. in the case of a new server. This is a mixed service as it includes private operators, logisticians, forwarding agents, manufacturers, distributors, etc but also the managers of the infrastructure and various control services,

Training services, temporary employment agency and hire of special equipment (e.g. handling equipment): these are communal services at the level of the platform or urban area in which it is established. The premises will need to include a commercial agency, classrooms or conference rooms and storage areas for any shared equipment.

- Other services on the platform: other areas could be made available for tertiary activities such as banks, post offices, insurance and various shops.

In addition, there are many sub-contracting arrangements for platform services. These are not so much concessions as ordinary service contracts:

private security service for the logistics area,

internal transport services for the area,

supply and maintenance of the electricity generating equipment,

collection, sorting and disposal of ordinary and special waste,

maintenance of green areas,

water supply and treatment,

All these contracts are handled by the promoter-manager of the platform.

5.2.5.1. The operator of the data exchange server

The server for the exchange of computerized data provides two vital functions:

- Secure data transmission between private operators,
- The handling of procedures between operators and government services (clearance, transmission of manifests).

To fulfil this role, the involvement of the State services affected by the procedures is essential. In addition, data confidentiality for all parties must be guaranteed.

The impact of the installation of such a server goes far beyond the logistics platform: it potentially affects operators throughout the national territory. This is why the Medlog project cannot claim to have sole charge of this type of server.

It is thus recommended that initiatives taken by the Customs or port authorities be incorporated in the implementation of the Medlog project.

Classifying the platform as a pilot site for the computerization of certain procedures is one possible way of supporting national projects.

It should also be borne in mind that implementation of computerized Customs procedures is a standard process defined by the world Customs organization and United Nations. Rollout of these systems has already begun in several MPC. At the same time, the nomenclatures used for goods declarations are tending to become aligned with the international nomenclature.

Regarding the port computerized systems and particularly those relating to container tracking, there is a limited amount of software on the market which has been tested in several of the Mediterranean ports. The compatibility of these systems with the common server should not be a major issue since these systems already use standardized formats.

The common servers also offer secondary services:

- Applications and software for SMEs, (ASP function),
- Training courses for the users of transmission software.

5.2.5.2. The depot manager

For a more efficient management of containers, both on a country level and between the Medlog network platforms, and in particular to improve the repositioning of empty containers, a container depot on or close to the platform appears desirable.

All the container depots of the Medlog network will be managed using common procedures.

The shipping companies, forwarders and hauliers will be responsible for the storage of containers. This includes physical storage on the site and the administrative management of the documents covering the return of the containers to a depot registered by the authorities. The manager will also be able to offer a range of complementary services such as cleaning and container repairs, including reefers.

The depot will include a storage area for dangerous goods and another one for reefers.

The service is intended for simultaneous network operation across several Medlog platforms but also in conjunction with other national depots.

The depot manager is obviously connected to the Medlog IT server and follows the standardized protocols used throughout the Medlog network.

The operation of the service is comparable to a concession and renewal will be based on performance criteria. Ideally, the depot manager is protected by a non-competition clause for a given geographical area.



The service is available to all maritime and container depot operators (leasing companies, NVOCC). The tariff is published.

The depot manager can operate the depots of several platforms, and here again cross-shareholdings are encouraged.

5.3. Section III: The structure of the network : the operational components

5.3.1. Introduction

This third section describes the specific network functions of the project. These rely on strong co-operation by the partnership to define standards and implement certification and its follow-up.

The main features of the EMLPF are reviewed briefly. The standard elements of the EMLPF which are the object of certification and which guarantee the Medlog quality of service, are the only ones described.

There is a particular focus on training as it is an important component of the network operation.

The following elements are analysed:

- The principle of Medlog certification.
- The Platform Quality service.
- Training.

5.3.2. The principle of Medlog certification

Certification allows both existing and new projects to converge on the same quality standards. In all cases, it means complying with terms of reference within a certain period of time. Meeting the terms of reference, however, brings undoubted commercial advantages as well as financial benefits in terms of grants or loans at attractive rates from FEMIP and the associated European institutions.

Certification remains an important tool for bringing equipment up to harmonized standards, but certification is no substitute for the network itself. Medlog certification is granted to the platform because that is a precondition for its classification as an EMLPF. However, "quality certification" could also be granted to certain services in the EMLPF or even to external logistics services controlled by the latter, in particular in the areas of training and telecommunications.

The inclusion of existing logistics platforms must continue to be the exception and must not give rise to any watering-down of standards in terms of the location or equipment of projects (in particular as regards the quality of service by transport networks).

However, the inclusion of existing structures within the EMLPF as regards training and shared data transmission servers is a way of integrating and developing those structures and of bringing them into the network. The certification of certain existing units, particularly training centres, will no doubt be the most frequent cases.

Given the importance of the presence of certain government services, it is recommended that the award of EMLPF "service quality" certification to the two main entities, the national authority and the promoter-manager, should be dissociated. The promoter-manager will not have the means to encourage the government services to become involved in the platform whereas their involvement will, in part, determine the competitiveness of its offer.

With regard to training, various institutes will be involved depending on the different levels of qualification, and it appears more appropriate to award certification on a case-by-case basis according to the needs of the sector and the existing supply of training.

Medlog certification covers the bulk of the EMLPF characteristics detailed above and is thus aimed at:

- the manager for the facility in general and for specific services (NB: with particular requirements for telecommunications)
- the national authority for the accessibility of the site both in terms of transport infrastructure and improved transit conditions in general
- the various bodies in charge of training for the Medlog project

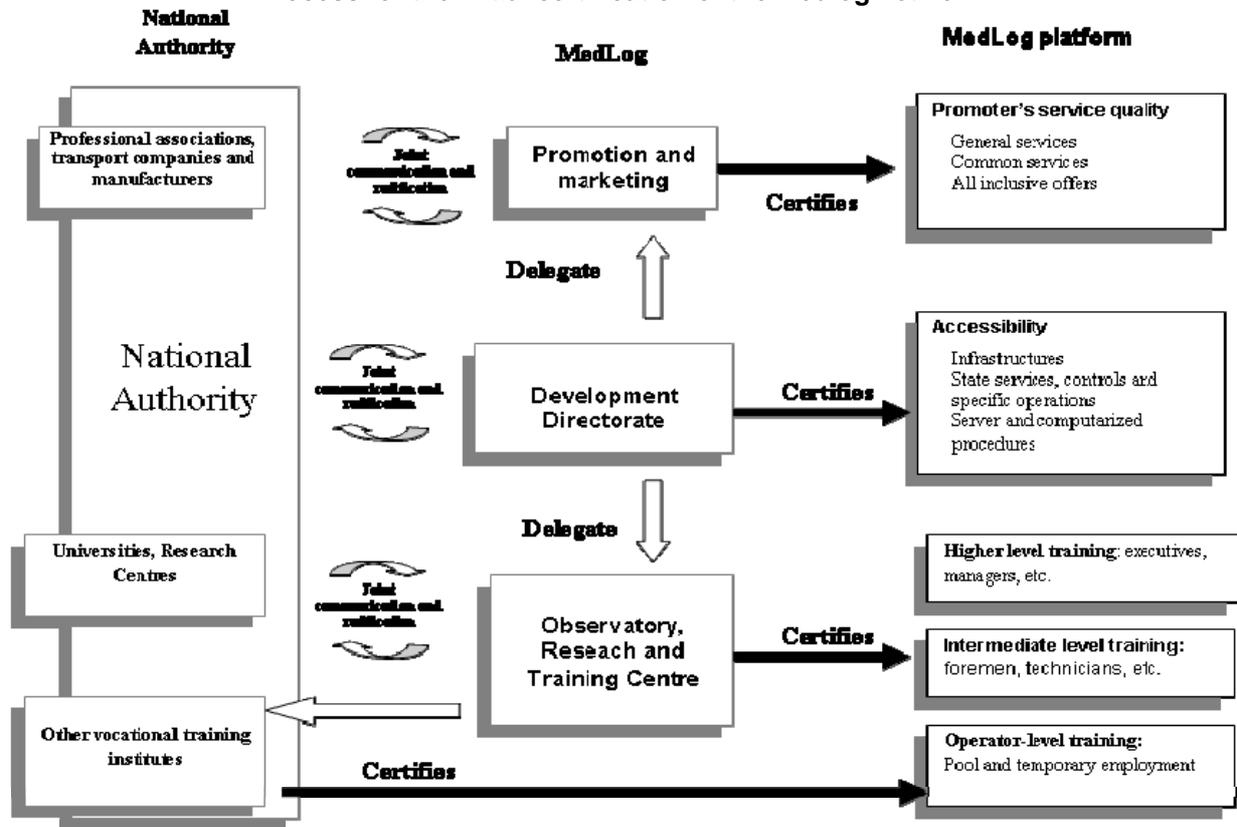
The general responsibility for initial certification is in the hands of the Development Directorate. Given the implications of certification, it relies on a differentiated organization and on the principle of subsidiarity. The Development Directorate will thus delegate the certification of:

- the manager's service quality to the promotion office,
- the training offering to the TOR centre.

They themselves will obtain support from **local bodies** (e.g. for technical training) and from specialized companies (Bureau Veritas for example).

With regard to the contents and requirements of certification, committees on specific topics involving the local players concerned in each MPC and acknowledged experts in the particular field will be organized at Medlog level. The terms of reference which these committees produce will be recommended to the Euromed Transport Forum for validation. It is hoped that the main quality standards will be rolled out gradually to the existing national logistics platforms.

Process for the initial certification of the Medlog network



As far as possible, the existing “ISO 9000” and “ISO 14000” certifications will be used and, after examination by the committees concerned, will be adopted as a benchmark. They will be completed or reinforced as necessary. In addition, certain bodies which could be associated with the Medlog project regularly cooperate with the ISO, such as the Arab Maritime Transport Academy of Alexandria, FIATA (International Forwarding agents Association), the World Customs Organization, the International Union of Railways), etc.

With regard to controlling and renewing the Medlog compliance certification, the secretariat will transfer part of this responsibility to the national authorities.

Nevertheless, the overall quality control and the quality control of certain activities will have to remain under its direct responsibility (e.g. confirmation of the confidentiality of computerized data exchange or the compliance of Customs procedures with the principles of risk management).

The national authorities, as well as the Medlog network heads and the specific committees, can propose changes to the contents of certification.

The contents of certification are detailed below.

5.3.3. Service quality of the Euro Mediterranean logistics platform

The Medlog project is a prestigious project and seeks to be a benchmark for logistics facilities in terms of the quality of access to the road and rail networks, the quality of the buildings and general layout, the communal services and the project's environmental management.

This global quality of the platform requires the joint commitment of the two main players, the national authority and the promoter-manager, and **they should agree on a common timetable for implementation of the project.**

The Medlog project also represents a global and integrated offer of platforms forming a network across all MPC and linked to partner countries, in particular EU Member States.

This project is thus aimed at:

- The major international logistics companies.
- Local operators.

Their needs are different and will be taken into account equally.

5.3.3.1. The infrastructure and layout

- Easy road and motorway access:

The question of road accessibility is particularly important: the aim is to be connected as directly as possible to the main road network and to avoid having to cross residential areas. The choice of the site and the specific developments needed to service the area must take this aspect into account.

- General plan of the area:

The internal road system must ensure internal accessibility of the area with optimum traffic conditions and safety. Pedestrian routes and parking areas, unloading/loading yards and the stopping points for internal shuttles will be clearly identified and marked out. Heavy goods vehicle movements will have to be problem-free inside the site, and in particular the accesses (gates) to the platform entrance will require parking areas for use in the event of controls.

- Built or un-developed plots for warehouses:

The plots will be built upon and organized according to local town planning regulations or internal rules for the area which must include:

Green areas.

A ground occupancy rate ranging between 35% and 50% depending on the site.

Alignment of buildings and compliance with height limits.

- Specialized warehouses: cold stores, dangerous goods area, etc:

These specialized areas will be designed in accordance with standards in force: minimum distances between buildings, guarded fences, airlock-type entrance, etc.

- Buildings designed for communal and public services and dedicated office premises:

The buildings designed for communal services will fit harmoniously into their urban environment and into the site itself. These buildings will be designed to act as the urban façade of the logistics platform as well as the interface with the surrounding urban environment.

- Sewerage, energy, water, telecommunications.
- Rail sidings wherever possible, transshipment sites for containers and container depots (inside the logistics area or in close proximity),
- Transport of passengers:
- use of public transport is necessary and very strongly recommended. The platform will have to include a passenger interchange as a junction for inter-city transport (bus or even rail if the size of the project justifies it), individual transport (permanent or for visitors) and the platform's internal shuttles.

It should be borne in mind that the platform project can incorporate or stimulate multi-functional urban development (services and other commercial or industrial activities).

Adequate planning and good urban management of the broader area surrounding the EMLPF with particularly well-defined limits are essential conditions for the future development of the EMLPF. The aim is to avoid it being throttled over time by ill-controlled urban development. Systems to avoid land speculation in the surrounding area must be considered.

The availability of railway access must be a priority in the selection of the EMLPF site. This access can be directly created in the logistics area or in the immediate vicinity.

5.3.3.2. Logistics and transport services

- Transport and logistics services

The detail of the services offered should not be defined in advance by the manager or in the terms of reference: development of the various components of the logistics services offered will reflect the dynamics of the national market.

However, commercial action should be focused on certain specific services (cold store, and storage of chemicals) if interest in these services is expressed by platform users (via the platform users' committee), and by shippers and national manufacturers (via their professional organizations).

- Control services

The presence of the Customs service as well as plant health, veterinary and compliance controls is an important factor in the competitiveness of the facility. A permanent presence by control staff is not essential but an administrative officer representing the administration concerned will have to be permanently assigned to the platform office so that the recording and transmission of files can be carried out efficiently and easily.



- Data transmission services

The communal data exchange service will, in the long term, have to encompass the Customs, the port and airport authorities, etc. It is open to all users of the platform but the intention is that it should become the benchmark system at national level and serve all public and private entities in the transport and logistics sector, whether or not they are present in the platform. It is therefore important that the project should include local initiatives to create such a server.

- Platform staff

For technical staff, the platform offers two types of service: access to professional training for the basic levels (forklift drivers, HGV drivers, etc.) and the services of a specialized temporary employment agency. The creation of a pool of specialized handling staff paid jointly by the operators present in the platform may, over the longer term, replace or complement the employment agency.

- Specialist Equipment

Possibly linked to the communal employment agency and training services, the leasing of specialist handling or packaging equipment (leasing company or economic interest group) can be offered.

5.3.3.3. General services of the facility

- Architectural Standard

The terms of reference for the development of the platform include the use of a standardized façade and pre-defined building materials.

- Environmental Quality

The terms of reference include specifications for the design and environmental management of the project.

For the design of the buildings, HQE-type standards are imposed.

With regard to waste and wastewater collection, the platform design will need to include appropriate areas and equipment. The manager's contract expressly confers responsibility for those services and the maintenance of the equipment.

Public transport will be used to service the overall area as well as the interior of the platform, thereby combining environmental and social objectives.

The use of alternative energy sources will be encouraged, particularly solar panels which are well-suited to installation in the roofs of the warehouses.

- Security and safety

Regardless of the country concerned, the logistics areas must always be under close surveillance and subject to strict security measures. Effective protection is necessary against theft and damage, fire, the risks associated with the storage of dangerous goods, carriage of illicit goods and illegal immigrants.

- Working conditions

The national and European authorities will not permit degrading or dangerous working conditions in a project they are financing. The manager and the other companies will thus have to comply with applicable national working conditions legislation in the EMLPF (ordinary or specialist activity in the handling of dangerous goods). In case of lacunae in national legislation, International Labour Organization recommendations will be used as a reference. In addition, employees will have regular medical check-ups on the platform itself.

5.3.3.4. The 'turnkey' project or one-stop shop

The attractions of a global turnkey project should not be underestimated when devising the marketing approach, particularly as a way of enhancing the platform's appeal to international operators.

This can be summarized as follows:

- Turnkey facility:

The promoter-manager's commercial department will have to package this offer on a turnkey basis. The all-in service provided to the occupant, whether a tenant or owner, will need to include:

The maintenance and surveillance contract,

Access to energy, telecommunications and water supply,

Access to the communal server for data exchange,

The opening of bank accounts, and the provision of insurance cover,

Obtaining authorizations for specific activities or those requiring a licence (storage of dangerous goods, Customs clearance, etc.),

Access to communal services for staff, etc.,

Additionally, the status of platform user must entitle companies to repatriate profits on attractive terms and conditions. One option is to offer two alternative tax arrangements: taxes paid locally according to legislation in force in the MPC (which may be particularly attractive for direct foreign investment) or payment of tax in the country of origin²⁵.

- Standardized leasing proposition:

Storage premises will be offered on lease for standard durations and on standard terms and conditions (5 to 10 years) to warehouse operators.

The terms for deposits, as well as the conditions for renewal or termination of leasing contracts will also be consistent with standard practice in the international markets.

The logic of a PPP implies that the bulk of the plots, whether built or not, are leased. Leasing of warehouse space is also the prevailing trend in the international market for logistics property. Lastly, leasing provides better control over future rises in property prices and should avoid any speculation.

It is however likely that at least some national operators will prefer outright purchase. In that case, and if the type of PPP arrangement permits, some of the plots could be offered for sale directly under certain conditions:

- commitment on behalf of the buyer to develop a logistics activity for its own use within a 5 year time limit from the purchase of the undeveloped plot, or within 2 years from the purchase of a building,
- in the event of resale, the promoter-manager will have a right of repurchase at market rates as determined by the manager and the national authority.

EMLPF certification implies the definition of common standards, the introduction of a quality label and follow-up of this certification.

The following areas are subject to certification:

- The infrastructure and installations,
- The logistics and transport services, including the Customs and control services,
- The general services of the facility,
- The "turnkey" commercial proposition or "one stop shop".

5.3.4. Training

5.3.4.1. General principles

Logistics is generally underdeveloped in the MPC, resulting in a lack of logistics platforms. Hence there are few trained professionals and the training system is weak (at least in quantitative terms).

The situation varies significantly however from one MPC to another. Some countries have excellent logistics training facilities whereas others offer practically nothing.

There are far more university courses available (first degrees and masters) than training for the basic and intermediate technical levels, for which staff training is undertaken by companies themselves, either in a structured way by private seminars, or more informally by on-the-job training.

The existing structures will of course have to be taken into account, particularly as regards the higher levels involved in a network organization, many of whom already participate in Mediterranean or European university networks.

The various trades in the logistics sector require:

- Specific skills, which can be technical skills (computer systems), theoretical knowledge (economics or management), or specific experience (as logistics manager of a company)
- Management ability.

The contents of training differ according to the definition of logistics: a broad definition of logistics implies overall optimization of the process from shipper to final consignee, while a narrower one is limited to optimizing transshipment. The skills required will also vary according to the place of the logistics function within the company structure.

Globally, the logistics trades will handle physical flows of goods and flows of information, the overall organization of the transport and logistics chain, and transshipment.

The benchmark widely-used internationally identifies 5 distinct levels of education:

1. basic operator, 15/16²⁶ years, training via apprenticeship,
2. skilled operator (e.g. heavy plant driver), 16/18 years or progression from level 1 (through experience),
3. management of a team of operators, progression from level 2 and continuous training,
- 3bis** highly skilled operator (technical, administrative or commercial role), 18/20 years, specific professional training,
4. middle manager (management and/or technical, administrative or commercial role), 20/22 years: short higher education, and often professional training.
5. senior manager (management), company executive, 22/24 years: extended higher education, sometimes professional training.

5.3.4.2. Certification of training

Quality logistics services require a qualified and trained workforce; hence the importance of the initial and continuous training given to future staff.

The various types of training will be certified using an individualized approach which can be tailored to the existing context as well as to the needs of the companies.

The certification of training falls under the overall responsibility of the TOR centre which will delegate widely to local entities:

- The local professional organizations (associations of forwarding agents, road transport associations, international chambers of commerce) will tend to be responsible for **levels 1, 2 and 3**. The existing training centres will of course be incorporated into this programme. If there is no existing training, the professional organizations, organized into specialist committees by the preparatory mission or the national authority, will offer training for these levels.
- With regard to **levels 4 and 5**, the TOR centre, in close co-operation with universities and local higher education centres, will be more directly involved in certification of the training. The Medlog observatory will issue the certificate directly by agreement with the local bodies but will also take part in the organization of the network training.

The more technical levels should be accommodated by the EMPLF in dedicated premises.

For the intermediate levels, the platform premises can only accommodate them if the surrounding context allows it (dense urban area, proximity to other educational establishments). For most of the intermediate levels and for all the higher ones, a "satellite" site created specially or made available by an educational establishment is preferable. The financing available for the organization of training is identified in an earlier paragraph.

5.3.4.3. Network activities

Network training activities will use two approaches:

- the organization of common courses in Medlog accredited training centres, involving a pool of peripatetic teachers,
- the introduction of higher level training.

For the pool of teachers and for the training itself, the Medlog network, supported by the MPC, will be extended to the European centres involved in this type of exchange. The interface with existing Mediterranean or European co-operative ventures will be handled by the TOR centre. The existing programmes for European or Euro-Mediterranean exchanges in the logistics and transport fields (e.g. TransportNet) could thus be certified and integrated into the programme at the request of their managers.

- Creation of the Medlog body of peripatetic teachers:

Certain subjects of levels 3 and 3bis, 4 and 5 (information systems, control of traffic, etc.) will be covered by the "network" training. The teachers are recognized university lecturers or experts who will commit themselves to the programme for a period of one to three years. Depending on their course load and availability, they will teach the certificated training for one year (short seminars) or spread over several years (entire semesters).

Course preparation will follow the recommendations (as to duration and content) of the TOR centre and of other parties involved in certification. Between 3 and 5 teachers can share the same programme and teach in the various centres in turn for 2 to 6 semesters.

- Creation of a Medlog Masters programme

On the initiative of the TOR centre, one Masters course, to be followed by others, will be organized on a peripatetic basis in the Medlog certified centres. This could then be expanded to PhD and post-doctoral programmes.

Students will be selected in each country to undertake Masters courses in a number of Medlog certified institutes and will thus benefit from a wide range of experience and knowledge of national contexts in the transport and logistics sector. Access to the programme will be assisted by a specific Medlog grant for the full duration to cover the normal expenses during the periods of residence.

Peripatetic training, which will extend over 4 to 6 semesters, will entail a change of establishment every semester or every calendar year.

Logistics companies in the Medlog network of platforms will be asked to provide internships or research posts for these students.

5.3.4.4. Organization of the various levels of training

- Levels 1 and 2

This highly technical training could be delivered in a dedicated centre in the EMLPF.

Provision of training to these basic levels is a precondition for the modernization of the entire transport and logistics sector, and can only be fully effective if organized at a national level.

Thus, training for the basic trades in the sector must form part of a national programme, with impetus from the government. It is therefore desirable that professional training be introduced in parallel, with the involvement of:

- bodies responsible for vocational training,
- professional associations in the sector,
- the Ministry of Education.

The example of Morocco which recently set up this type of training can provide a benchmark.

Company apprenticeships (internships, part-time training etc.) will ideally involve the EMLPF logisticians as well as other services (building sites, container depots, servers, etc.).

Training in the use of handling equipment and HGV driving will be delivered in the training centre which will have to include specific test tracks and a training warehouse.

- Levels 3 and 3bis

Most or all of the local training – initial or continuous – will take place in the EMLPF itself, with some of the teachers belonging to the Medlog teaching pool.

- Level 4 (short higher education)

The existing national training will be certified and some of the teachers will belong to the Medlog teaching pool. The premises will tend to be located in an existing university campus, in satellite buildings or in buildings belonging to the body involved in this training.

Combined training for students and continuous training for managers will require the contribution of companies in the platform.



- Level 5 (extended higher education)

The existing national training will be certified and some of the teachers incorporated into the Medlog teaching pool.

One or more programmes will be devised by the observatory as part of the project, in particular the Masters programme and Medlog study grants.

Levels 4 and 5 are not intended to be located in the EMLPF with a few exceptions (internships, on-site observation). This training will be accommodated in satellite sites of the EMLPF, in reserved premises in training institutes (business schools or engineering schools) or universities.

For more details on the contents of the proposed training, please refer to the "Training" report and the previous recommendations on the importance of learning the Medlog working languages needed to work in a network organization (English, French and Arabic).

5.3.4.5. *Coordination with the other components of the TOR centre*

Any training system either at national or Euromed level must be based on:

- applied research including the transfer of technology,
- a transport and logistics observatory,
- teacher training.

For university training and higher education diplomas it is important to involve the teachers in research or study, in parallel to their own activities, in areas such as management of the observatory and the collection of data.

On another level, while initial training is an important aspect, it is recommended that continuous training should not be neglected, particularly for SMEs. The organization of specific training seminars (introduction to IT) will be also handled by the local observatories or training centres and will require the involvement of their teaching staff.

5.4. Section IV: Governance of the network

5.4.1. Introduction

In the longer term, it is important to ensure that the network of Medlog platforms and their facilities remain consistent with their proposed transport and logistics role, and that the managers, local authorities and all other organizations or companies involved in managing the network comply with the terms of reference.

The contractual framework will therefore have to offer the scope for readjustment and incorporate monitoring and inspection systems to ensure compliance with certain requirements (the environment, safety, working conditions, etc.).

The following section describes the governance principles for the network from the national level up to the Euromed level.

It is organized as follows:

- the platform management contract,
- invitations to tender, monitoring and control procedures,

- disputes,
- operation of IT servers,
- clubs,
- creation of a Euromed job market.

5.4.2. The platform management contract

The focus is on using a public-private partnership with a commercial private promoter, as recommended by the legal diagnosis, this structure being vital for the creation of a standardized network.

This has many advantages:

- It can be applied in many national legal contexts provided this legal structure is recognized in the law of the country.
- The usual instruments of national administrative law can be circumvented, unlike contractual forms such as traditional concessions, and it can thus be applied uniformly in the various countries, which is a guarantee of consistency in the management contracts for the platforms in the various Medlog network sites.
- The terms of reference document, combined with the contract, allows a wide range of provisions to be incorporated in terms of the standards to be adhered to, the links between the contracting parties, the possibility of updating and fine-tuning the contractual structure, control procedures, etc.

5.4.3. Procedures for calls for tender

Use of the partnership contract constitutes a derogation: the Public Authority can only use it when it is objectively unable to define on its own and in advance the technical means to meet its requirements, or to establish the financial or legal structure of the project, or when the project is urgent.

Depending on the justification for a partnership contract, the award procedure will either be via a competitive dialogue (a complicated procedure), or a restricted invitation to tender (urgency).

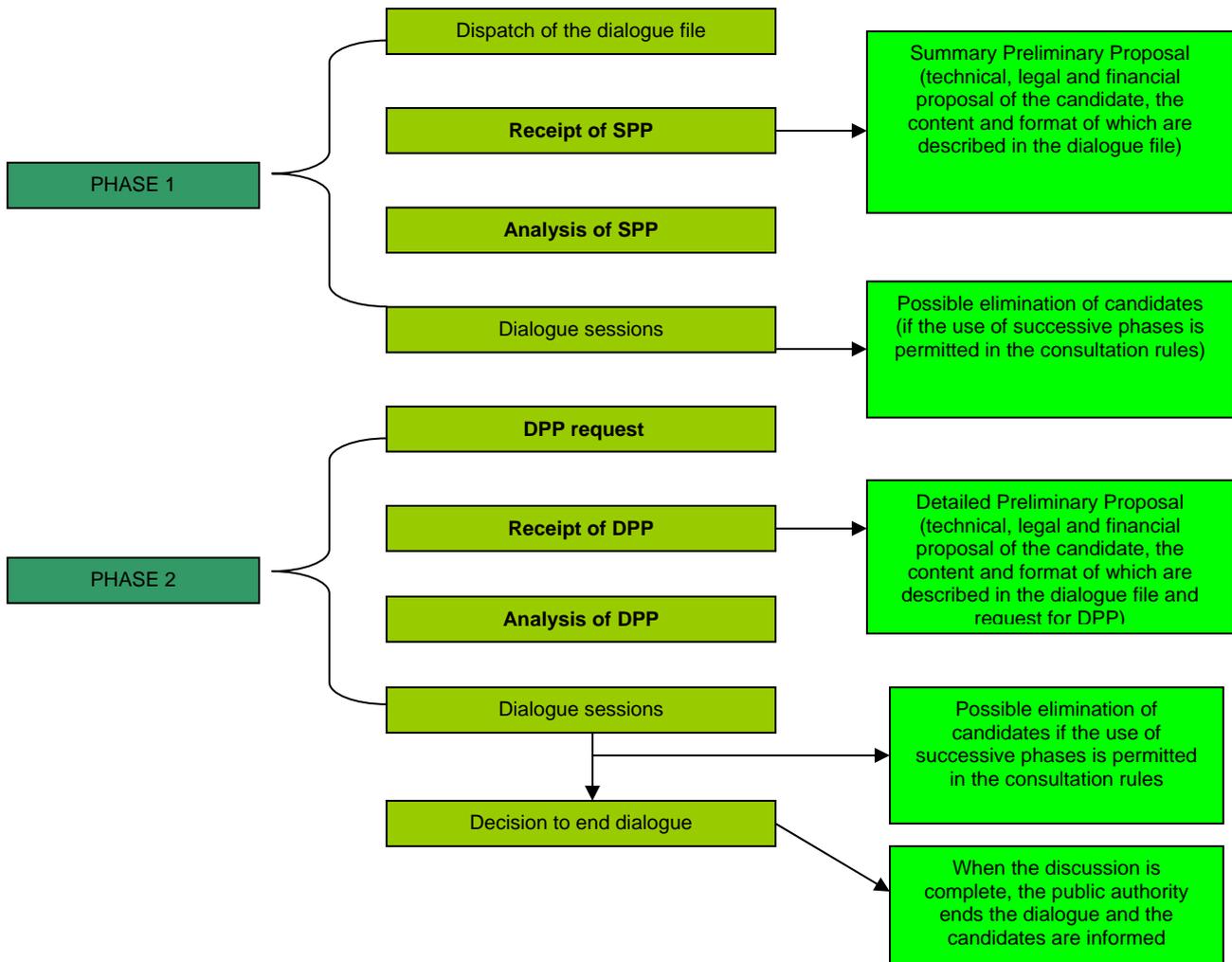
The various stages of the procurement procedure:

The complexity of the operation would, in fact, justify use of a partnership contract. The competitive dialogue procedure would therefore be required.

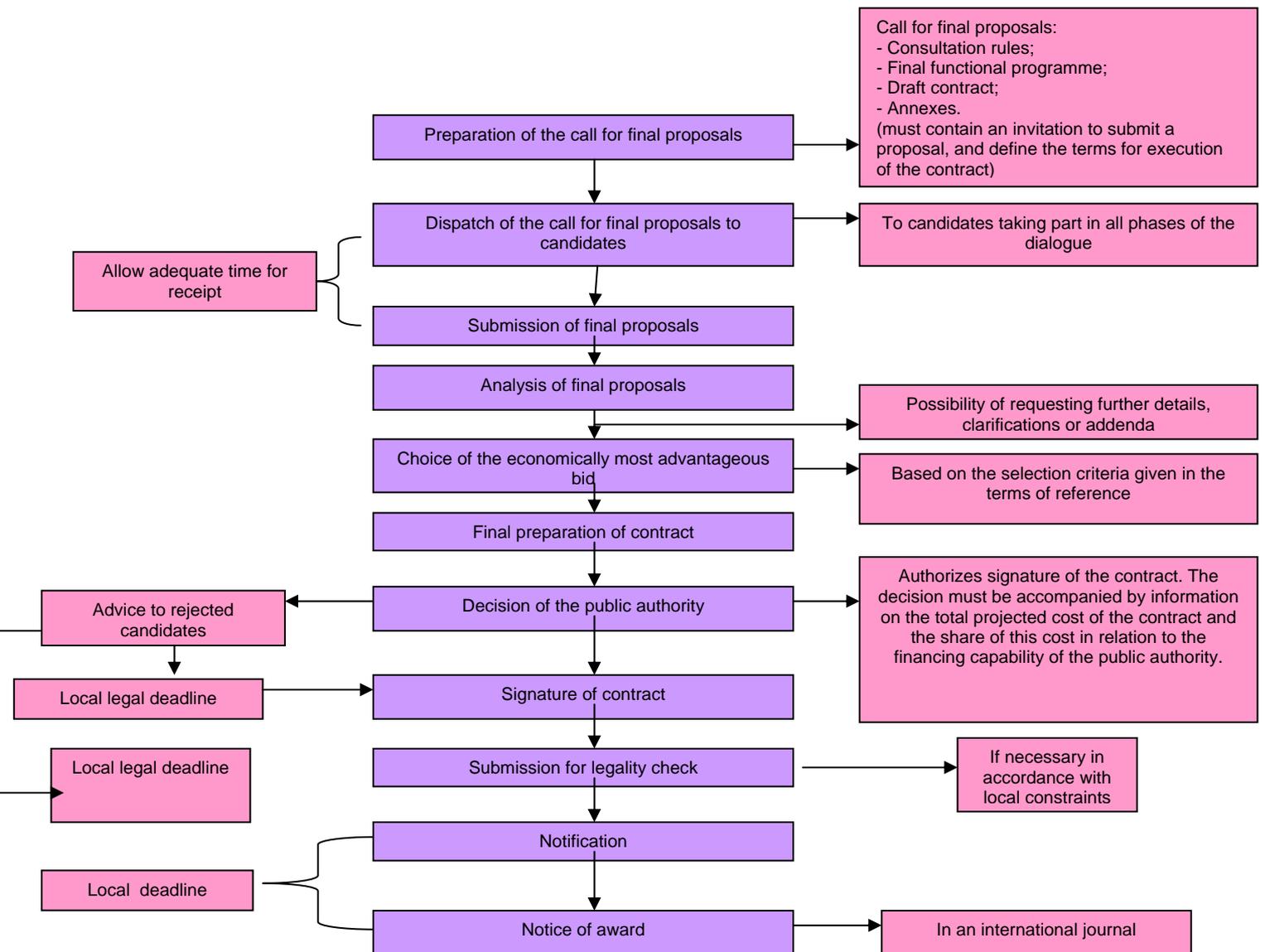
This procedure usually takes 18 months. A 12-month period could be possible, although in that case the dialogue with the applicants would be limited and the quality and precision of the offers could be impaired.

COMPETITIVE DIALOGUE

A number of different phases must be allowed for in the rules of the procedure.
 There is no mandatory number of phases – two are normal, in order to avoid the procedure becoming unwieldy.
 However, more are possible.



SIGNATURE OF THE CONTRACTS



5.4.4. The monitoring and control authorities

Two types of control will be carried out: technical and quality

- The former mainly concerns the EMLPF manager, all certified activities and areas.
- The latter will be handled by the Medlog centre which, as the body responsible for establishing the network, will be responsible for quality control of the network organization.

5.4.4.1. Technical control

Technical control covers all activities and equipment subject to certification. It involves a check that the services supplied by the operators are consistent with the terms of reference.

This control is handled by the Medlog centre jointly with the **national authorities**. Most of the control and renewal of the certification (e.g. environment, compliance with safety and fire standards, quality certification, etc.) is subcontracted to local private suppliers.

Certain aspects considered as strategic will be directly undertaken by the Medlog centre or by the national authorities (working conditions, etc.).

5.4.4.2. Quality monitoring of network functions

Given the special features of certain activities and their innovative aspect, the Medlog centre and more particularly the Development Directorate will set up purely qualitative monitoring of the "network" activities.

If necessary, parties involved in these activities whose performance is not wholly satisfactory will be warned and the national authorities will be asked to intervene.

If dysfunctions are detected across the whole network and over a significant period of time, the Development Directorate, by agreement with the national authorities, will be able to refer the matter to the committee specific to the activity concerned in order to recommend corrections which at a later stage will be subject to approval by the Forum.

5.4.5. Disputes

The only disputes referred to here are those between the main parties involved in the project, principal of which are the national authority, the promoter-manager, other main operators such as the operator of the communal server, the operator of the combined site or the manager of the container depot, etc.

Disputes will be settled in accordance with national law, but the appointment of an arbitration body within the national authorities appears desirable in order to defuse conflicts.

If the dispute is not settled or the judgment is rejected, the Medlog secretariat, as a body not subject to the pressures and remote from the national context, can also provide mediation.

The role is purely one of mediation and the activity of the two arbitration bodies (national and within the partnership) remains purely advisory. **Under no circumstances could the Medlog centre replace the national jurisdiction.**

5.4.6. Operation of the IT servers

The server operator has a particular status among the platform operators:



- Its role must be extendable to other operators outside the platform, ideally becoming the operator of a national server.
- Successful achievement of the mission will involve the active participation of authorities such as ports, railways, civil aviation and Customs, although the operator must remain independent of them in order to demonstrate the absolute confidentiality of data exchanged.

Competition between several servers of this type is possible but it should be avoided at all costs within a single location (port, airport or logistics area).

Before any new system is developed, an attempt will be made to link existing systems²⁷ with the Medlog project and gradually have them certified.

The obligations of the “national authority” and promoter-manager to the server operator will include:

- Access to a high-quality telecommunications infrastructure.
- Management independence (a private operator with the potential for private and public operators to be elected to the Board of Directors, etc.).

The terms of reference of the operator of the data processing server will be drawn up on a common model for all EMLPF, and will include the same obligations and role (common nucleus).

In the event of new projects, international invitations to tender (with reversibility clause) will be organized for the installation and operation of servers.

- The operator is responsible for maintenance of the server and user training.
- Functionality is scalable; updates must incorporate the latest technological innovations used in the market.
- Messages are standardized (EDI, XML).

A committee consisting of users, the manager, other national parties involved (Customs, harbourmaster’s office), supported by the Development Directorate, will monitor operation of the server, on the basis of a code of conduct negotiated between the parties. This monitoring will involve, in particular, an examination of the application of the code of conduct in general and the confidentiality of data exchanges in particular, the updating of the server and its proper maintenance, etc.

5.4.7. Clubs

A network of platforms such as the Medlog network relies on a network of professionals, i.e. people who know one another, meet on various occasions such as trade fairs and conferences, and collaborate on specific projects.

This co-operation among Medlog operators, and with EU operators, is one of the objectives of the Medlog project: it should be encouraged and become more frequent.

The informal aspect should not be overlooked in the emergence of this network of professionals, but organizing it is difficult as it inevitably occurs outside the normal business context.

The role of logistics clubs in the emergence of communities, or as a stepping-stone to professional federations, is well-known and widely used in Europe.

Meetings of these clubs generally occur on the occasion of seminars on specific topics (the application of a new regulation, new technology, presentation of a logistics-related sector, etc.), and during visits to infrastructure or factories.

Meetings on a “national” scale should not be more frequent than bi-monthly or even quarterly. The existence of the Medlog network provides an opportunity to organize this type of event on a Euro-Mediterranean scale twice a year, with a weekend trip to include a lecture and visit to a major project.



These events help to broaden the knowledge of professionals in the sector, who do not always have the opportunity to keep up to date with the latest developments. In addition, they are an opportunity to meet their counterparts on a national or international level, to assess where they stand in relation to the overall logistics market, and to share common experiences.

5.4.8. The creation of a Euromed job market: a Medlog employment exchange

Linked to the emergence of a professional community as described above and contributing to reinforce it, an employment exchange for managers on a Euromed scale could also be organized in the longer term.

The promotion and marketing office would be responsible, with the temporary employment agencies or platform managers acting as local vectors.

As in the case of real estate services, job offers for managers or technicians should be circulated throughout the network. All participants, operators and staff can benefit from this type of organization. Logistics networks and European platform managers can join this exchange. Cross-fertilization of experience and international careers constitute an aid to cohesion for the whole network.

5.5. Section V: Implementation of the network

5.5.1. Introduction:

Implementation of the network is presented in a chronological sequence rather than by topic. It includes the following components:

- the preparatory stages,
- implementation of the network.

5.5.2. Preparatory stages for construction of the network:

These stages constitute a continuation of the present study, which can best be described as a definition study.



Main stages	FEMIP/EIB involvement
<p><i>Ratification of the project and its concept with the interested parties is a first stage</i></p> <p>The principle of a network of logistics platforms was approved in the Regional Transport Action Plan 2007-2013 and completed the process of reflection initiated in the Euromed Transport Main Contract project and the Blue Book.</p> <p>However the “content” of the network, the details of its operation and the principles of governance described above have not yet been ratified.</p> <p>The project should therefore be presented in detail to all parties:</p> <ul style="list-style-type: none"> ▪ To the representatives of the MPC (in bilateral negotiations with each country), ▪ To the representatives of the MPC, EU Member States, and the Commission within the <u>Euromed forums</u>, <p>following which discussions should be undertaken to produce a final text of the project specifications.</p>	<p>Ratification of the project with members of the partnership</p>
<p><i>Once the project has been ratified, the next step will be to appoint a provisional Development Directorate</i></p> <p>That body will act as APM (Assistant to Project Manager) with FEMIP or the Projects Directorate in the initial stages to follow up the preparatory missions. It will not have a legal status but the provisional Directorate and manager of the Development Directorate will hold letters of assignment from FEMIP.</p> <p>To ensure continuity between the provisional Directorate and the permanent Development Directorate, a majority of the people nominated will have to be reappointed to the final structure.</p>	<p>Letter of assignment of the provisional Development Directorate</p>

<p><i>Appointment of project managers in each country</i></p> <p>They constitute a preparatory mission the aim of which is to establish the national authority.</p> <p>The first contacts for the designation of these people will be with the MPC representatives at the Forum.</p> <p>Since the people appointed as project managers and members of the preparatory mission will then have to form part of the national authority, it is recommended that they be expressly seconded for this role. In addition, the development directorate will be responsible for providing information on the project and even training the management of the preparatory missions.</p>	<p>Letter to MPC governments requesting designation of members of the preparatory mission for the national authority</p>
<p><i>Establishment of the Development Directorate</i></p> <p>The final Statute of the Development Directorate, its budget for the initial year(s), its financing and the location of the provisional office will be approved by FEMIP and then by the Forum, based on a proposal made by the provisional directorate. The team will be reinforced if needed.</p> <p>The Directorate will rapidly take charge of setting up the other two network heads.</p>	<p>Ratification of the general secretariat and allocation of a budget for the initial year(s)</p>
<p><i>Initial selection and negotiation with the TOR network head (Training Observatory Research),</i></p> <p>The secretariat will organize meetings and round tables with the planned members (CETMO, Tunis, Sfax, Mohammedia, Alexandria, Izmir, etc.) to examine the operations and remit of the TOR centre in greater detail.</p> <p>The proposal for the TOR centre and associated members will have to be ratified by FEMIP and then by the Forum.</p> <p>Launch of work to define study programmes for all levels and their rollout in the various MPC.</p>	<p>Participation by Projects Directorate in the round tables</p> <p>Ratification of the choice for the TOR network head</p>
<p><i>Definition of the terms of reference for the promotion and marketing office, and launch of the call for tenders</i></p> <p>Terms of reference will be based on comparable structures in Europe or elsewhere. The international call for tenders will be launched in accordance with the rules in force.</p> <p>The choice of service provider will be ratified by the Forum.</p>	<p>Ratify the terms of reference for the promotion office</p> <p>Ratify the operating budget for the promotion office</p> <p>Choose the service provider</p>

<p>Platform sites</p> <p>Once the sites have been ratified by the national governments, the feasibility studies for each platform can be launched. The preparatory mission will be responsible for obtaining this approval. The final choice of the sites will be presented to FEMIP. Choices which cannot be justified in terms of economic feasibility or the objectives of the network will be rejected. The Development Directorate will be responsible for the follow-up and communication of decisions from the preparatory mission to the national authority.</p>	<p>Ratify the final choice of the sites</p>
<p>To finalize the terms of reference for the feasibility studies and adapt it for each country</p> <p>On the basis of generic terms of reference based on the definition study, the Development Directorate will adapt the terms to each site.</p> <p>For each site and each project, the feasibility study will be required to:</p> <ul style="list-style-type: none"> • Define the technical features of the project and provide detailed figures for the infrastructure works, • Define the prospects of financial profitability for the operator and the interest for the community, • Identify precisely the installation works to be undertaken by the national authority and the operator respectively, in order to calculate the amount of the fee payable to the manager. 	<p>Ratify the terms of reference for the feasibility studies</p>
<p>Complete the establishment of national authorities</p> <p>The preparatory missions will be required to negotiate establishment of the national authorities with the various parties involved in the project. The final structures will be submitted to FEMIP. The national authorities will be FEMIP's contact points for matters concerning the granting of loans.</p>	<p>Receipt of Statutes and duties/authorities of the various national authorities</p>

5.5.3. Implementation of the network

<p><i>Definition of certification</i></p> <p>Before drafting generic contracts between the various parties, the contents of the various certificates and the award procedures should be defined in detail.</p> <p>Committees will be organized on the various topics at Medlog and national levels with a precise timetable for implementation.</p> <p>The three Medlog network heads in collaboration with the national authorities will be asked for input. Should the discussions on the various topics lead to any fundamental modification of the certification principles, the Forum would be invited to ratify them again.</p> <p>If necessary, training courses on logistics, and on the issues at stake / impact of new technology will be organized for the national authority and for secondees to the project from government departments.</p> <p>The terms of reference produced by the committees will be incorporated into the calls for tender and contracts for the promoter, server operators and manager of the depot.</p>	<p>Ratification of the contents of certification</p>
<p><i>Drafting the general contract for the promoter-manager</i></p> <p>Following the feasibility studies and their sign-off, a first version of the PPP contract between the national authority and the future promoter-manager will be produced. This is the common generic document for all platforms in the network. The basic contract will include terms of reference. An outside legal expert will assist with drawing up the contract, whereas the terms of reference will be defined by the Development Directorate after consultation with logistics platforms managers and with help from experts in the field.</p>	<p>Ratification of the contract and terms of reference</p>
<p><i>Establishment of a timetable for implementation of the platforms</i></p> <p>The timetable will be tailored to the circumstances of each country. It may be appropriate to have different rollout dates depending on the countries concerned, progress with the national negotiations and the overall readiness of the various sectors.</p> <p>At the end of this stage, the first three platforms, at least, will have to be identified, for implementation in the short term.</p> <p>Selected existing platforms which have expressed a desire to take part in the project will begin the certification process.</p>	<p>Ratification of the implementation timetables; ratification of the choice of the first platforms.</p>
<p><i>First contacts with the future platform operators</i></p> <p>While the contract is being drawn up and the timetable finalized, the Development Directorate and the promotion office will make initial contacts with potential platform managers.</p>	

Launch of the first calls for tender, examination and selection of operators

The first international invitations to tender will be launched. The promotion office will be responsible, inter alia, for dispatching calls for tender, while the secretariat will be in charge of the technical and legal follow-up.

Bids from the candidates will be required to show, in particular:

- Their capacity to undertake and complete large-scale works,
- A marketing strategy for the lease or sale of space,
- Their long-term capability to manage a logistics site in co-operation with the users and local authorities,
- Their financial viability as a consortium or body,
- An implementation timetable, a financing structure, and forecast trading accounts for the promoter-manager for the first 5 years,
- Their commitment to options in the terms of reference for certification in relation to existing projects.

FEMIP will be involved in the choice of operator but the final decision to award contracts is the responsibility of the selection committee which will include, as a minimum, representatives of the national authority, Development Directorate and FEMIP.

The award of the contract to manage the platform is the starting point for negotiations on FEMIP loans.

Participation in the first series of calls for tender

Granting of loans to the national authorities and start of works

The national authorities for the first series of project will be granted, on application, EIB loans for the infrastructure works (connections and others) as detailed in the feasibility study.

Ratification of loans to the national authorities

Other parties involved in the platform

In parallel with the start of infrastructure works and the award of contracts to manage the platform, it is recommended to ensure that the other parties involved are also committed:

- preparatory work for new agencies or branches of State departments must be planned by the administrations concerned,
- the data exchange servers will either be undergoing certification or in the definition phase with the parties concerned.

The Development Directorate and national authorities will be responsible for following up these areas

The probability of slippage in the timetable has only been considered for the identification of a first series of platforms. The programme thus applies to all platforms.

ANNEX I - OTHER DELIVERABLES OF THE STUDY

Deliverables	Contents
Phase 1	
	<p>1 Review of literature</p> <p>Summaries have been made of items of interest to the study from the Euromed Transport, Main Contract and Infrastructure studies, from the Meda studies, RegMed and Destin. A summary concerning the strategies of operators in the Southern Mediterranean has also been added</p> <p>2 Diagnosis on the requirements for EMLPF</p> <p>Sector surveys in the countries have been summarized in the form of a SWOT analysis</p> <p>3 Evaluation of the network effects of a logistics platform</p> <p>The report is presented in the form of a brief review of the advantages of linking platforms in a network. The issue is viewed from two perspectives: national and Euro-Mediterranean</p> <p>4 Platform characteristics</p> <p>This document describes the main features of the planned platforms, from infrastructure to alternative operating methods. Two notes complete this description: one on the legal structures and another on standards for the spatial organization of logistics platforms.</p> <p>5 Training</p> <p>The report describes the principles of training organized on a network basis, and gives a reference framework for trades specific to the needs of a logistics platform.</p> <p>6 Computerized procedures and data exchange</p> <p>The report sets out details of the needs of logistics operators, the varied functionality of a data exchange server, the functional architecture and the various technical alternatives for the server.</p> <p>7 First choices of the sites</p> <p>The various alternative sites are presented, 2 or 3 for each country</p>
Phase 2	
	<p>1 Case study:</p> <p>The case study is a financial and economic evaluation of the Hestia platform in Syria.</p> <p>2 Terms of reference for socio-economic and financial feasibility studies on EMLPF.</p> <p>The terms of reference include specific instructions on issues related to platforms operated in a network and the involvement of FEMIP.</p>
Final	
	<p>Summary report: the Medlog network</p> <p>The summary report concentrates on an examination of the components of the network</p>



ANNEX II –AUTHORS OF THE STUDY

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Summary Report



Facility for Euro-Mediterranean Investment and Partnership



The demand for logistics services and related infrastructure comes from the modern production and distribution sectors, which are looking for reliability, productivity and the reduction of transport costs.

This study concerns the implementation of a start-up network of standardised logistics platforms and describes the results of the fact-finding missions carried out in each FEMIP country. It also identifies what could be the common characteristics of a first network of Euro-Mediterranean logistics platforms and provides recommendations for establishing a common base.

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