Asia's Gate to Europe: The North Aegean Port*

ERSEL ZAFER ORAL
Dr.
Margen Marine and and Land Research
Training Consultancy Services

Dr. Oral graduated from Yıldız Teknik University in 1984. He received his master's degree from the Institute of Marine Sciences and Technology at Dokuz Eylul University (DEU) in 1988 and earned his PhD in the same department in 1999. When he was a PhD student, he took courses on port and harbour engineering at the Port and Harbour Research Institute in Japan. He worked at the DEU Institute of Marine Sciences and Technology, Republic of Turkey Ministry of Energy and Natural Resources, Republic of Turkey Ministry of Transportation, General Directorate of Railways Harbors and Airports Construction. He also served as a lecturer at the DEU Maritime Faculty between 2001 and 2012. He established Margen Land and Sea Research, Training and Consulting Services and he still serves as a consultant on port and harbour engineering and management. His publications include 42 international and 47 national scientific studies and he has taken part in hundreds of project. He currently serves as a consultant at TURKLIM (Port Operators Association of Turkey) and Chamber of Shipping İzmir Branch Office.

E-mail: ersel.oral@margenproje.com

* Translation: Selim Ayan

ABSTRACT

The North Aegean Port has been on the agenda for more than 30 years, however; it has not come to life until today. With the spread of globalization, the increasing importance of transit loads and transit ports has brought the North Aegean Port, which is planned to serve the transit load in the region, into the agenda again. Aegean Region is one of the most important agricultural, tourism, mining and industrial regions in Turkey. The North Aegean (Çandarlı) Port has been planned to serve transhipment loads in order to meet increasing cargo volume in the long term. The North Aegean Port is one of the most favourable locations for cargo to be transferred to the Eastern and Middle Mediterranean, Aegean and Black Sea countries. Thanks to its geographical location, the port can reach more than thirty countries with very short transfer times. With this feature, it is a candidate to be one of the important transfer centers for the Belt and Road Project. The North Aegean Port is a project that can activate the great potential of the Aegean Region in foreign trade. With this feature, it is an important opportunity both for potential investors and those who want to expand their trade with the countries that are under the influence of the North Aegean Port. The North Aegean Port is more than just a transfer port for goods from China and other Far East countries. In a similar vein, the North Aegean Port has the potential and privilege to become a strategic port where goods can be both produced and shipped as a result of cooperative efforts made in the Aegean Region and other regions in line with the basic principles and targets of BRI.

Keywords: Aegean Sea; Belt and Road Initiative; China; Izmir; North Aegean Port

THE ANATOLIAN PENINSULA HAS HOSTED many different civilizations with its history of more than ten thousand years from the Paleolithic period to the present. In this long period, it has experienced very bright periods as well as invasions, wars, epidemics, and earthquakes. Old cities were destroyed and new ones were reborn. However, over the course of time, it has always had an important place on trade routes due to its geographical location between Asia and Europe. The Aegean coast, where the Asian continent ends, has many ancient port cities.

With its location consisting of many ports such as the North Aegean Port, İzmir City, one of the most ancient residential areas in Anatolia, has never lost its edge within its history exceeding 8,000 years. Probably, thanks to its feature, only İzmir City has come as a metropolitan city until today among cities such as Ephesus, Bergamo, Teos, Miletus, Aspendos which are on the list of UNESCO World Heritage Sites.

Although the North Aegean Port has been on the agenda for more than 30 years, it has not come to life until today. Delay and failure of commissioning of the North Aegean Port investment, which started at a time when the private sector port business was just beginning to develop, caused many medium-sized ports to be put into service. This development, which disrupts the supply-demand balance in the region, started a debate on the necessity of the North Aegean Port. With the spread of globalization, the increasing importance of transit loads and transit ports has brought the North Aegean Port, which is planned to serve the transit load in the region, into the agenda again.

Turkey's Port Management Sector

Turkey has 197 coastal resorts (such as piers, moorings, dolfen, platforms etc included). 89 of these coastal facilities corresponding to 45% are in the Marmara Region, 45 corresponding to 23% in the Mediterranean Region, 35 corresponding to 18% in the Black Sea Region and 28 corresponding to 14% are in the Aegean Region (Oral, 2019).

In 2019, 484.1 million tonnes of cargo were handled in total, which equals 224.8 million tons loading and 259.2 million tons unloading in Turkey's ports. On a ton basis, 53.6% of the cargo handled, including all cargo types (liquid bulk cargo, container, etc.) and regimes (transit, cabotage, etc.), is unloading and 46.4% is loading. In the last decade, cargo handled increased by an annual average of 3.3% in Turkey's ports (Türklim, 2020).

32% of cargo handled in Turkish ports is liquid bulk cargo, 31% is dry bulk cargo, 25% is container and 11% is general cargo. Since 2019, the ratio of RO-RO loads on a ton basis remained only 1% (Figure 1) (Türklim, 2020).

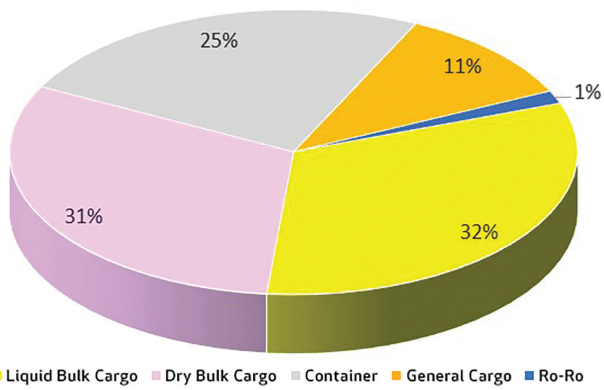

Figure 1. Load distribution at ports in Turkey.

Since the 1980's, container transportation as a significant part of sea business has shown a rapid development in Turkey. Today, there are 28 ports which serve container ships in Turkey. A significant portion of these ports serve other cargoes besides container loads (Figure 2).

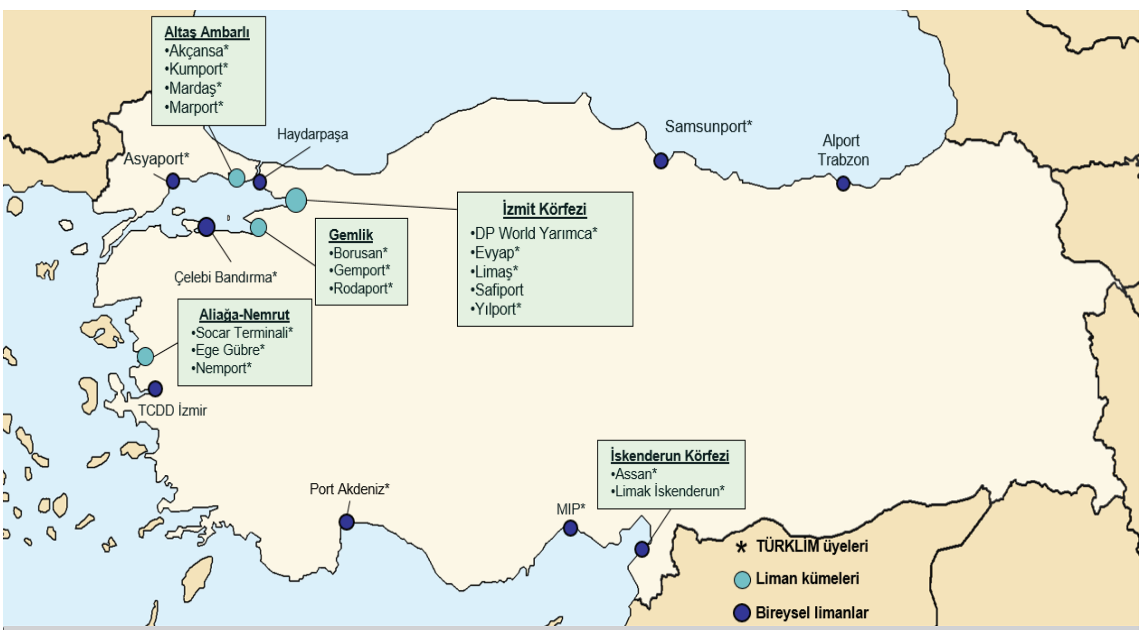

Figure 2. Container handling ports in Turkey (Türklim, 2020).

In addition, there are also some ports that do not provide container services, although container ships are included in the operating permits. Ports serving container loads are concentrated in the Marmara Region. There are 15 ports in total serving container loads in the Marmara Region. Ambarlı, İzmit Gulf and Gemlik, located in the Marmara Region, are important port centers serving container freight and ships.

In 2019, the total number of containers handled at ports in Turkey was 11,750,660 TEU (Twenty-foot Equivalent Unit). Foreign trade and cabotage container represent 8.5 million TEU, and transit containers 3.1 million TEU (Figure 3).

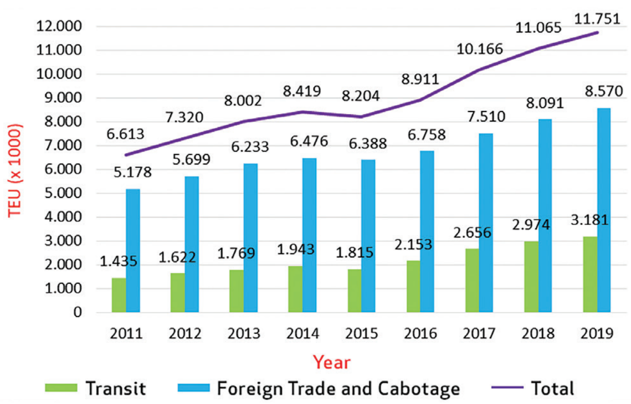

Figure 3. Container handling port development in Turkey (TEU) (Türklim, 2020).

Container handling at ports in Turkey increased by 6.2% in total, foreign trade and cabotage container by 5.9%, and transit container by 6.9% compared to the previous year.

The Marmara Region ranks first with 60.5% in terms of the volume of containers handled in Turkish ports. Following the Marmara Region respectively; Mediterranean Region ports follow with 23.2% and Aegean Region ports with 14.7%. The share of Black Sea Region ports in total container handling volume is 1.6% (Figure 4).

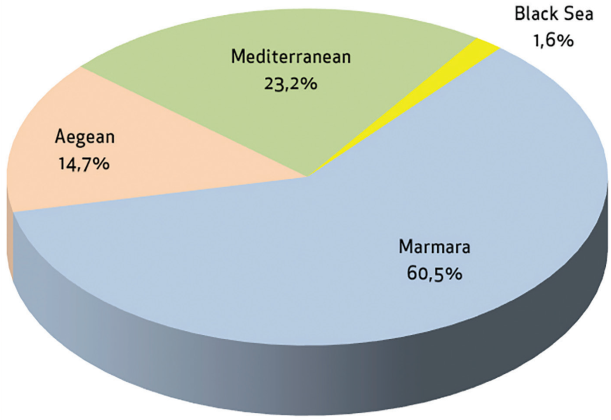

Figure 4. Container handling rates by regions (Türklim, 2020).

Mersin International Port, where 15.6% of the cargo in Turkey is handled, maintains its first place by handling 1.9 million TEU. Marport Port ranked second with 1.7 million TEU and Asiaport Port third with 1.4 million TEU (Table 1).

Ranking	Ports	2017	2018	2019
1	MIP	1,591,983	1,722,711	1,939,029
2	MARPORT	1,711,357	1,573,600	1,679,340
3	ASYA PORT	1,002,133	1,117,749	1,353,409
4	KUMPORT	1,063,246	1,258,294	1,281,850

Table 1. Container ports handled over a million TEU in Turkey (Türklim, 2020).

The Marmara Region has become an important transfer center especially for Black Sea cargoes. 83.9% of the transhipment cargo handled in Turkey goes through the Marmara Region ports. Since 2019, Asyaport has handled over one million TEU transit cargo. With a share of 15.9%, the Eastern Mediterranean Region, where MIP Mersin and LİMAK İskenderun Ports are located, is in the second place.

Aegean Region Ports Cargo Volume

In terms of value, more than 60% of Turkish foreign trade is carried by sea routes and in terms of tonness, it is more than 80%. The Aegean Region ranks second after the Marmara Region in terms of foreign trade volume on the basis of foreign currency. In 2019, 83.9 million tons of cargo were handled at 22 ports in the Aegean Region. 43.3% of the cargo handled on a ton basis is liquid bulk cargo, 37.9% is general cargo (+ dry bulk cargo) and 18.6% is container cargo (Türklim, 2020).

The ratio of wheeled loads is only 2%. 1.7 million of 7.7 million TEU (approximately 14.7%) handled in Turkey's ports are handled in the Aegean Region ports (Figure 5) (MTI, 2020).

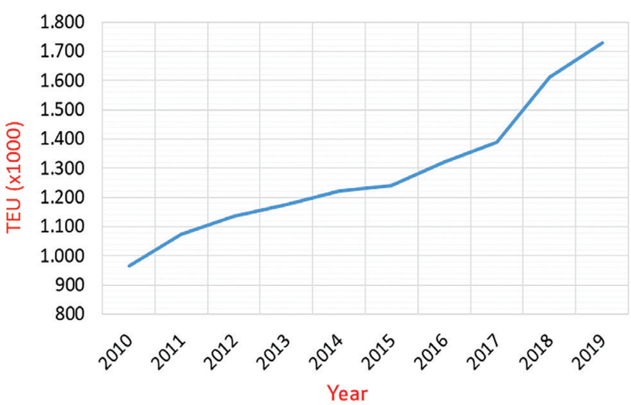

Figure 5. Container handling in Aegean Region ports.

There are 4 ports (TCDD Izmir Port, Nemport Port, Ege Gübre Port and Socar Container Terminal) serving container ships in the Aegean Region. Among the ports in the Aegean Region, TCDD Izmir Port is the largest in terms of both cargo volume and service diversity. In 2019, 605 thousand TEU containers were handled at TCDD Izmir Port (Türklim, 2020). TCDD Izmir Port, previously operated publicly is now at the privatization stage.

Aegean Region Port Investments

Aegean Region is one of the most important agricultural, tourism, mining and industrial regions in Turkey. Therefore, it has a great potential for foreign trade. The Aegean Region can make very little use of current potential, however; it plays an important role in development of Turkey thanks to its suitable geography, agricultural lands, wide agricultural product pattern, rich underground resources and rapidly growing industry. The region needs ports that provide a strong infrastructure of foreign trade in order to be able to actualize its advantages in the most efficient way for the benefit of the country, to increase Turkey's exports and to transfer more resources to the country's economy.

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TCDD Izmir Port, which is the largest port of the Aegean Region in terms of both capacity and handling volume, has been serving the regional industry since 1959. In order to meet the increasing freight volume in parallel with Turkey's economic development, the port was expanded with work carried out starting in 1976. At the end of the 2000s, the port exceeded its theoretical capacity and reached the point of congestion and started having difficulties in responding to freight traffic in the region. In order to meet the increasing load demand in the Aegean Region, the Ministry of Transport and the General Directorate of DLH Construction developed the "Izmir Port Dredging and Extension Project" as a short- and medium-term solution and the "North Aegean Port Project" as a long-term solution.

North Aegean (Çandarlı) Port.
(Sagisman, North Aegean Port website)

TCDD İzmir Alsancak Port has a 3,650 m long dock, ranging from 10 to 13 m, and a port area of 650,000 m2. The port can serve passenger ships as well as general cargo, container, dry cargo and liquid cargo ships (Oral, 2011a).

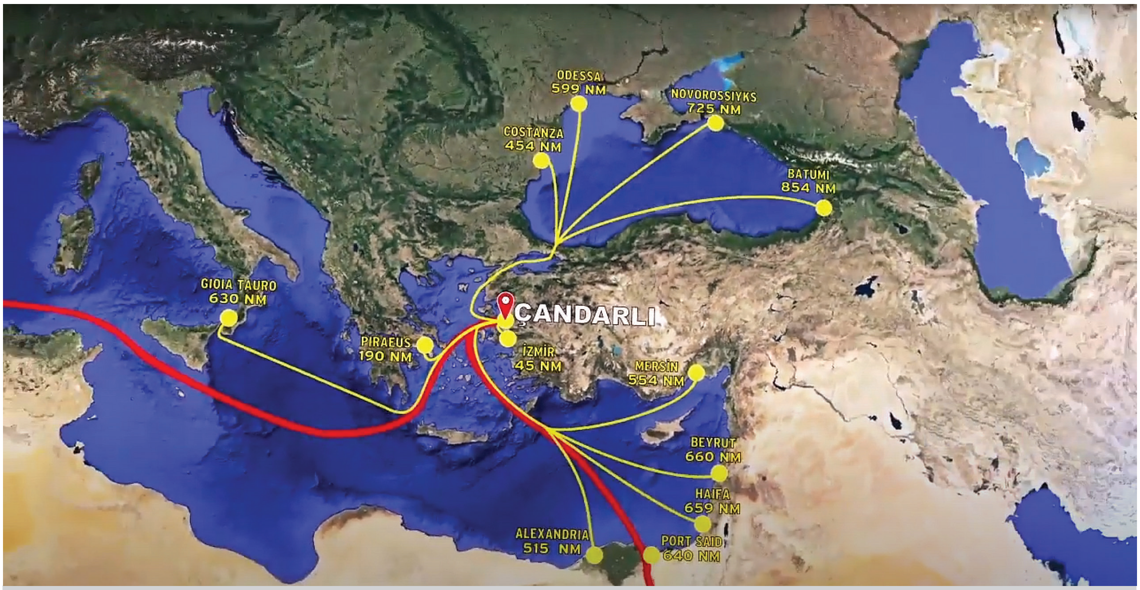
In 2009, TCDD Izmir Port Operation Plan was prepared. In this study, the road map for the development of the port until 2035 was determined (Oral, 2011b). In this context, necessary infrastructure investments (dredging need, construction of new berthing areas, strengthening of existing docks), superstructure investments and equipment investments are planned. In addition, the detailed feasibility of the investments in question has been prepared and the operation plan and feasibility study have been approved by the relevant institutions and entered into force.

The North Aegean (Çandarlı) Port has been planned to serve transhipment loads in order to meet increasing cargo volume in the long term. The North Aegean Port Project site, where studies are carried out by the General Directorate of Infrastructure Investments of the Ministry of Transport and Infrastructure, is located within the borders of Zeytindağ Municipality of Bergama District. Located to the east of the Çandarlı Gulf, which is 20 km long and 25 km wide, the region is 80 km from İzmir by highway and 55 nautical miles by sea.

More than thirty years have passed since the location of the North Aegean Port was selected. However, it has never dropped from the country's agenda over this period. Delayed investment in the North Aegean Port caused new container terminals to be put into service in the region. In this context, Ege Gübre Port and Nemport Port were put into service in Aliağa District of İzmir Province in 2009 and Socar Container Terminal (operated by APM Terminalleri Liman İşletmeciliği A.Ş. until 2018) in 2016. The theoretical container handling capacity of the Aegean Region has reached 2.6 million TEU with the ports put into service (Oral, 2019: 89).

North Aegean (Çandarlı) Port

When the North Aegean Port's construction is finished, which is expected to be tendered with the Build-Operate-Transfer model, will have 2,000 meters of dock and 1 million m^2 of backfield. The breakwater construction of the port, which started in 2011, was completed in 2014. The 1,500-meter-long breakwater, which was built with a cost of 294 million Turkish Liras, was completely covered by the state budget (Çandarlı North Aegean Port website, n.d.).



A ship, arrived in Çandarlı Port crossing Strait of Gibraltar and the Suez Canal will only cover 6,500 miles. (Sagisman, North Aegean Port website)

The most important feature of the North Aegean Port is its geographical location between the Eastern Mediterranean and the Black Sea. Thanks to this feature, it has an extremely convenient position for transfer loads.

The North Aegean Çandarlı Port is planned to be built in two phases. In the first phase, with a 1000 m quay line investment, approximate capacity will be 2 million TEU. It is planned to reach 2,000 m quay line and 4,000,000 TEU capacity by the target year 2035 (Çandarlı Port CFCU, 2009). The total cost of investment in the project (for phase one) is 917 million Euros. The North Aegean Port project was put out to tender in November 2013, but investors were not interested in the tender because of uncertainties in the tender specifications.

The most important feature of the North Aegean Port is its geographical location between the Eastern Mediterranean and the Black Sea. Thanks to this feature, it has an extremely convenient position for transfer loads. The biggest advantage of container transportation is that the cargo is transferred to its recipient at suitable ports. The North Aegean Port is one of the most favourable locations for cargo to be transferred to the Eastern and Middle Mediterranean, Aegean and Black Sea countries. Thanks to its geographical location, the port can reach more than thirty countries with very short transfer times. With this feature, it is a candidate to be one of the important transfer centers for the Belt and Road Project.

Another distinctive feature of the North Aegean Port is its large hinterland. In this way, it offers a suitable site for the development of many sectors such as chemical, automotive, electrical and electronics. The backyard of the port is untouched and not under the pressure of urbanization. In the back field of the port, there is an area, more than 30 million m2, for industrial investment, mainly allocated to various industrial branches (Chemport, 2018).

The first condition for a port to be able to operate effectively and efficiently is to have adequate transportation facilities in the region. The North Aegean Port has an excellent road connection. Thanks to the 1915 Çanakkale Bridge, which is under construction and set to open in 2022, the port will also contribute to road transit transportation, especially with Balkan countries. It is planned that the port will be connected to the national railway network by rail. For this purpose, the necessary survey project works were carried out by the General Directorate of Infrastructure Investments.

Conclusion and Assessment

Throughout its history of more than eight thousand years, İzmir has never lost its feature of being a port city and has played an important role in Asia's trade with Europe for many years. The biggest reason is its location on main transportation routes. Thanks to its location, İzmir is a candidate to become a global logistics center in the future.

An important share of industrial investments have shifted to the Marmara Region in the last thirty years. As a result, there has been a slowdown in the Aegean Region industry. However, the opening of the Izmir - Istanbul highway has created new opportunities for the region. Urbanization in the city has accelerated and the number of companies investing in the region has increased. The recovery in the industry has increased private port investments, Nemport, Ege Gübre Port and finally Socar Terminal were put into service. These three ports in Aliağa Gulf are 12 nautical miles away from the North Aegean Port project. Therefore, Aliağa Region ports are the terminals of a single port with different operators. When considered in terms of total loading volume, the region has a port capacity exceeding 3 million TEU together with TCDD Izmir Port. With the opening of the North Aegean Port, the port capacity will reach 7 million TEU. With this capacity volume, the region has the necessary infrastructure to become a global hub.

The North Aegean Port is a project that can activate the great potential of the Aegean Region in foreign trade. With this feature, it is an important opportunity both for potential investors and those who want to expand their trade with the countries that are under the influence of the North Aegean Port. Finally, it will be useful to mention the importance of the North Aegean Port and the existing or near future port and logistics village facilities in the Aegean and the Mediterranean in the context of the Belt-Road Initiative (BRI).

Turkey, in particular the Aegean Region, with its unique location may serve as a "production base". It thus has a function beyond just being the logistics center where goods from the Far East are shipped to Europe, Black Sea Basin, Western Mediterranean and North Africa after they are handled.

Turkey, especially the Aegean Region, has become prominent with its unique features for BRI. While, Turkey is located in the middle of Europe, Asia and Africa, Izmir City with the whole Aegean Region is at the "Middle Corridor"s west side. The location is just like New Silk Road's west gate.

Turkey functions as an intersection and transit corridor linking the Mediterranean and Black Sea Basin, as well as building a bridge between East and West. Turkey, in particular the Aegean Region, with its unique location may serve as a "production base". It thus has a function beyond just being the logistics center where goods from the Far East are shipped to Europe, Black Sea Basin, Western Mediterranean and North Africa after they are handled.

Companies which invest in the Aegean Region, primarily from China and other New Silk Road countries will obtain a significant logistical and competitive advantage by procuring their goods from a region very close to the aforementioned markets, rather than shipping them from distant ports and logistics areas in the Pacific Basin.

Moreover, particularly applicable for Chinese companies, the tax exemption granted to established industrial companies in Turkey as a result of the Customs Union Agreement between Turkey and the European Union (EU) offers a huge advantage. Thanks to exemptions from customs duties on goods produced in Turkey and exported to EU countries, the Chinese companies that invest in Turkey will not be subject to anti-dumping duties imposed by the EU on certain goods of Chinese origin.

In the light of the brief assessment above (and in the context of BRI), it would be appropriate to improve the general perspective regarding the North Aegean Port. The North Aegean Port is more than just a transfer port for goods from China and other Far East countries. In a similar vein, the North Aegean Port has the potential and privilege to become a strategic port where goods can be both produced and shipped as a result of cooperative efforts made in the Aegean Region and other regions in line with the basic principles and targets of BRI.

When considered from this point of view, it is obvious that the North Aegean Port has no rival. The North Aegean Port and other Turkish ports offer a unique opportunity to access the world's most strategic regions and markets.

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