



World Bank
Croatia Country Office
Contact: Mirjana Milić
Phone: 01/ 235 72 74
Fax: 01/ 235 72 00
E-mail: mmilic@worldbank.org



**Ministry of Sea, Tourism,
Transport and Development**
Marina Halužan
01/ 3784 594
01/3784 521
marina.haluzan@ws.mmtpr.hr

***The Development of the Port of Ploče will
Foster Trade and Transport and Benefit the Region Economically***

Zagreb, March 20, 2006 – Representatives of the Croatian Ministry of Sea, Tourism, Transport and Development (MoSTTD), the Port of Ploče Authority, Luka Ploče d.d. and the World Bank jointly organized a press conference at the Ministry in order to inform media representatives about the preparations for the ***Trade and Transport Integration Project (TTI)***, which entails the development of the Port of Ploče.

The Project is prepared jointly by the Ministry of Sea, Tourism, Transport and Development (MSTTD) and the Port of Ploče Authority (PPA), with the support from the World Bank and the European Bank for Reconstruction and Development (EBRD). The main goal of this Project is to improve the capacity, efficiency of the Port as well as the quality of services on the southern end of the transport Corridor Vc so as to meet the projected traffic demand.

“In addition to investments into other state ports, Croatian Government particularly focuses on the Port of Ploče, the second largest Croatian port, which, as the starting and final point of Corridor V.c represents an export port for the wider region. The Government of the Republic of Croatia considers this Project economically viable because it is based on a real mid-term projection of turnover in the Port of Ploče. On this occasion we would like to thank the World Bank for recognizing the efforts of the Republic of Croatia directed on the modernization of the port system which will foster the economic development of the southern part of Croatia, but also the region as a whole”, said H.E. Božidar Kalmeta, Minister of Sea, Tourism, Transport and Development

The Ministry officials and World Bank representatives have informed the media about the preparations for construction in the Port of Ploče under the TTI project. The preparation for the construction of a bulk cargo terminal and a container terminal is well underway and the location permit was obtained on the basis of the project design for the container terminal. The Environmental Impact Study prepared by EKONERG – Zagreb, together with the environmental protection plan, has also been finished, made available to the public and was submitted to the competent Ministry for review. A draft Port master plan, feasibility studies, technical documents, environmental assessments are now available. Railway companies along Corridor Vc drafted an action plan to increase their capacity simultaneously.

“The World Bank is satisfied with the visible progress in project preparation since the Project concept was accepted in August 2005. I am also very pleased that the Bank supports the TTI Project as an important regional initiative that will benefit Croatia and develop EU’s Corridor Vc. By supporting Project’s goal which is to foster trade and transport in the region as well as benefit South Dalmatia economically, the World Bank supports the Government’s growth strategy which is embedded into the European accession process. Based on our experience from, for example the Rijeka Gateway project and Trade and Transport in SEE

project, we have every reason to believe that the Port of Ploče Project will also be successful, said H.E. Anand Seth, the World Bank Director, South Central Europe Country Unit

The World Bank representatives have also commented on several news articles which claim that the World Bank was willing to give Croatia the loan under the condition that the Port be sold to Bosnian firms and indicated that this information had no basis. The Bank's representatives explained that apart from the main activities MSTTD is committed to implement the main loan conditions in order to ensure that (i) PPA maintains a debt service coverage ratio sufficient to cover its debt; and (ii) railway companies implement the action plan to increase their capacity.

The Ministry and the Banks work as close partners especially on encouraging the involvement of the private sector so as to modernize the Port's facilities and operations and on arranging such Port concessionary as would secure cost recovery for the Republic of Croatia.

Going to Future Port of Ploče in 2010

The annual traffic volume is expected to increase from 2 million tons in 2004 to about 7.2 million tons in 2010.

The Port will increase its bulk capacity to 8.9 million tons.

Container cargo expected to grow from 17,000 in 2005 to 40,000 in 2006.

The Port will increase its direct container handling capacity to 66,000 by 2010.

Rail commercial speed increased by over 35 percent by 2010.

Economic activity is estimated at about US\$8 per ton on average for the Port, the Croatian railway and other transport intermediaries in Croatia

The Project will stimulate economic development for Southern Dalmatia, more jobs, more investments

At the press conference participants agreed that Port of Ploče is one of the Croatian Government's major development projects. The Port of Ploče and the Port of Rijeka are Croatia's two most important cargo ports. They have both evidenced the last several years a significant growth in turnover.

After project completion, Port of Ploče Authority is expected to be able to self-sustain its development, using cost recovery fees for the new terminals from the concessionaire.

Since Croatia joined the World Bank in 1993, the Bank has been active in providing financial and technical assistance, policy advice and analytical services to the country. So far, the Bank has supported 30 projects totaling US\$1.97 billion, and has provided 42 grants totaling US\$44.8 million. All completed projects to date have satisfactory ratings.

Overall portfolio performance in recent years is also above the regional average, and disbursement rates are high.

For more information about the World Bank's work in Croatia, visit

www.worldbank.hr

Or contact our staff members

Gerald Ollivier, Task Team Leader,

gollivier@worldbank.org

Stjepan Gabric, Project Officer,

sgabric@worldbank.org

Mirjana Milić, External Affairs Officer,

mmilic@worldbank.org