

The Propeller Club of the United States Thessaloniki Chapter

Dr. I. Tsaras Speech (Translation from Greek)

January 29, 2007

International Port of Thessaloniki

Ports have always played a particularly important role in national economies and in the development of trade, and during the last few decades this role has become increasingly more important. The port of Thessaloniki is no exception to this rule.

History

The establishment of the port of Thessaloniki dates approximately at the same time as the establishment of the city itself by Kassandros (315 B.C.). Since then, the port of Thessaloniki progressed along with the city's history and became a nodal point between the East and West.

A turning point in the history of the port was the treaty signed between Turkey and France and the establishment of the Societe Ottomane d' Exploitation du Port de Salonique, which undertook the operation of the port. The treaty was signed in 1904 and during that time many works were constructed, some of which exist at the port to this day. Most of you will be familiar with the beautiful Old Customs Building, a section of which houses the port's passenger terminal; the building of the Free Zone; and the railway infrastructure on the first pier.

During the 20th century, important changes took place at the port (i.e. the establishment of the Free Zone in 1914, the institution of the first Public Law Legal Entity that undertook the operation of the port in 1923, under the name "Trusteeship of the Free Zone of Thessaloniki".) However, I would also like to mention some significant events that took place in recent years and led the port to its present-day form.

1970 The management of the port is assigned to the Public Law Legal Entity "Thessaloniki Port Authority" (ThPA)

1999 Commutation of ThPA into a joint-stock company with the name "Thessaloniki Port Authority SA" (ThPA SA)

2001 Trading Commences of the stock of ThPA SA on the Athens Stock Exchange.

Geographical Location

The port enjoys an advantageous location, situated on the crossroads of land transport networks:

-  East West on Via Egnatia (the last sections of this modern highway have been almost completed);
-  North-South via P.A.Th.E. (the Patra- Athens-Thessaloniki-Evzonoï highway, another modern national highway that is being rapidly completed);

The Propeller Club of the United States Thessaloniki Chapter

Dr. I. Tsaras Speech (Translation from Greek)

January 29, 2007

International Port of Thessaloniki

- ✚ The European corridors IV and X (The construction and completion of these routes, in conjunction with the port's capabilities in inter-modal and multimodal transport, such as the railway network on all the piers, establish the port of Thessaloniki as an alternate gateway towards Central Europe. I believe that with the funding of the European Union and the interest that various investors have shown, these projects will continue at a rapid pace)

The road distance between Thessaloniki and the various capitals of the Balkan Peninsula is relatively small. Indicative:

Belgrade	609 km
Bucharest	608 km
Skopje	219 km
Sofia	280 km
Tirana	328 km

Furthermore, the port of Thessaloniki is located very close to the city's International Airport, and exactly one kilometer away from the railway station.

Port Hinterland

The port is a natural gateway for the economic activity of Greece, as well as for the markets of FYRoM, Southwestern Bulgaria, Southern Serbia, and Albania. It serves the increasing needs of these countries for the import and export of raw materials, consumer products, and equipment. (I must note that the accession of Bulgaria and Romania, as European Union member-states is expected to strengthen the port's role in the region. This will be due to the absence of customs procedures on the borders, and consequently the improvement of transport times; but more importantly, it will lead to a further increase of trade, and consequently to an increase of the turnover volumes of the ports.)

The port is a vital element of the national economy, while it also plays an essential part in the effort of Northern Greece, and particularly of the city of Thessaloniki, to become established as the financial center of the Eastern Mediterranean.

Description of the Port and the Company

The port has 6,200 meters length of piers, with operational depth down to 12 meters. It possesses 600,000m² of storage space (closed and open-air), as well as state-of-the-art mechanical equipment for the safe and rapid un/loading of all kinds of merchandise, general, bulk, and containers.

The financial outlook of the company is very good. There are high reserve funds and good liquidity. The company's equipment is in good condition and is continuously

The Propeller Club of the United States Thessaloniki Chapter

Dr. I. Tsaras Speech (Translation from Greek)

January 29, 2007

International Port of Thessaloniki

reinforced. Our annual turnover is approximately 48 million euros, and profits before taxes are around 6 million euros.

Annually, 16,000,000 tons of cargo and 370,000 TEU's containers are transported through the port; approximately 3,000 ships arrive at the port and about 200,000 passengers travel through.

Human Resources

ThPA SA is one of the largest employers in Northern Greece, with over 600 employees, while on a daily basis; over 2,000 people are employed within the port's premises.

Provided Services

- ✚ Cargo: Loading, unloading, handling and storage of every type of cargo (containers, bulk and general cargo) from and to: ships cargo trucks and railway cars.
- ✚ Ships: Anchoring mooring, water supply, power supply and telecommunications, waste management.
- ✚ Passengers: Modern passenger terminal with a variety of services for passengers of coastal shipping and cruise ships.

The company also offers storage space rental for port activities.

Depending on the type of services being rendered, the port is divided into three large sectors:

- ✚ The container terminal
- ✚ The conventional port
- ✚ The passenger port

Comparative Advantages

The port presents several significant comparative advantages:

- ✚ Excellent road and railway connections to the corresponding European networks.
- ✚ Existing double/triple railway lines along the entire length of the piers.
- ✚ Cargo transshipment from ship to ship, directly or via the piers, without customs formalities.
- ✚ Ro-Ro Facilities
- ✚ Container Terminal that operates 24 hours a day, 365 days a year, with flat rates.
- ✚ Conventional port that operates on two shifts, without overtime surcharge,
- ✚ Operation of Free Zone (Control Type I), In accordance with the customs legislation of the European Union and unlimited time storage.

The Propeller Club of the United States Thessaloniki Chapter

Dr. I. Tsaras Speech (Translation from Greek)

January 29, 2007

International Port of Thessaloniki

Quality Standards

- ✚ “PERS” (Port Environment Review System) environmental certification, by the ECOPORTS Foundation, evaluated by Lloyds Register.
- ✚ Secure Conditions that exist at the port and are in accordance with the International Ship and Port Facility Security (ISPS) code.
- ✚ Port Personnel certified by ISO 9002 and trained in accordance with the Port Workers Program of the International Labor Office.
- ✚ I have the pleasure of announcing to you that the Greek translation of this internationally acclaimed and high-level training program was undertaken and completed under the auspices of Thessaloniki Port Authority, following the signing of a Memorandum with the ILO (International Labor Organization). We are now ready to proceed to its publication, for which we hold the exclusive rights for the Greek Territory.

Container Terminal Management Integrated Information System

I would like to expound particularly on the “Container Terminal Management Integrated Information System” that we possess, and which develops technological applications that optimize the existing services provided by the company, while at the same time contemporizing and improving its competitiveness. In brief, the upgrading of the Terminal’s infrastructure and operation with this system is achieved through the following:

- ✚ Installation and use of advanced telecommunications networks.
- ✚ Securing of automated and safe control of movement.
- ✚ Optimization of the time and space of container receipt and delivery.
- ✚ Graphic monitoring of the location of the containers through a Geographic Information System (GIS).
- ✚ Automated completion of the relevant actions.
- ✚ Electronic submission of formal documents.
- ✚ Electronic Information of customers regarding the location and condition of containers in the Container Terminal.

The Integrated Information System functions as a lever, allowing us to set even higher goals. For this reason, we are taking one step further towards the process of certification of the Container Terminal in accordance with the quality management standard ISO 9002:2000. Our company has already been certified by ISO 9001:2000, for the loading and unloading of cargo ships transporting bulk cargo.

The Propeller Club of the United States Thessaloniki Chapter

Dr. I. Tsaras Speech (Translation from Greek)

January 29, 2007

International Port of Thessaloniki

Objectives

Having these competitive advantages, compared to our neighboring ports, our main objectives are:

- ✚ To further improve our efficiency and the quality of the serviced we provide.
- ✚ To improve our competitiveness.
- ✚ To provide added value services to the transported cargos, so that we may play a fundamental role in the supply chain.
- ✚ To strengthen combined transports and to increase our capabilities and our prospects in this field.

Investments

A very important success factor in regards to the above mentioned objectives are the company's scheduled investments. It is no secret that technological advances have changed the operation of ports and the nature of transports in general. The rise of the volume of transports in container, or containerization, as well as the construction of larger container ships, pose an urgent need for the construction of the appropriate infrastructure and the provision of modern equipment, in order to serve trade. Keeping this in mind, we are effecting the largest investments made by a port during the last 50 years. These investments will allow us to render the port of Thessaloniki more competitive and to strengthen the port's role in the Eastern Mediterranean and especially the Balkans. These investments are:

- ✚ The construction of the extension of the 6th pier and
- ✚ The construction of a Logistics provision center.

Allow me to focus on these investments and briefly present them.

The objective of the extension of the 6th pier is the doubling, at least, of the existing storage capacity of the Container Terminal of the port, in order to cover the increasing demand for the transport of containers.

The investment includes the construction and operation of the extension of the west quay wall by 500m, with a totally length of 1000m; the landfill and overlaying of the yard for weights up to 3 containers in height and a depth of 15.8m. It also includes the purchase of the necessary equipment for the operation of the terminal and other associated investments.

The works are expected to be completed, and the terminal stations to be in operation by the end of the year 2010. The funding for the project is secured, given that 50% of the cost of the investment will be covered from the company's own capital, and for the remainder we have already signed a funding contract for 50 million euros, with the European Investment Bank.

The Propeller Club of the United States Thessaloniki Chapter

Dr. I. Tsaras Speech (Translation from Greek)

January 29, 2007

International Port of Thessaloniki

Parallel to the extension of the 6th pier, the company is planning the provision of supply chain services within the port zone, selecting as the most appropriate strategic orientation the provision of 3rd Party Logistics.

The development of networks of combined and multimodal transports, and the recognition of the importance of sea transports for international trade as a prominent factor in viable development, leads towards the functional integration of ports into the supply chain, from producers or suppliers to the final recipient.

Furthermore, the policy of the European Union, for the development of Short Distance Shipping and of Sea Corridors as the functional succession of the trans-European networks, is expected to distinguish a large number of European ports as transshipment centers, and others as important gateways of combined transport; our objective is to establish ourselves as such a gateway. In addition, the need to provide logistics services offers new opportunities, in an increasingly competitive environment, especially in the Balkans. These are only some of the reasons why we have decided to move in the direction of providing 3rd Party Logistics services. For this reason, we have already compiled a viability study and a Master Plan for the development of 3PL services, with 24,000m² of storage space. The available area is located at the base of the 6th pier, to the North.

The creation of new berths, together with the addition of value added services, can and will improve our competitiveness. The completion of the national highways [(Egnatia and P.A.Th.E.), as were mentioned previously], as well as the obvious modernization of the railway network, constitute proof that the port can respond to the demands of modern trade. Nevertheless, all of the above cannot give us the position that we seek, in the Balkans and the Southeastern Mediterranean. Apart from our investment plans, we are also promoting a more rational utilization and systemization of the existing infrastructure, equipment and, of course, of our human resources.

The improved organization and coordination of port operations and port activity can lead to a reduction of the service time required per ship, and consequently to a reduction of our customers' expenses. The utilization of our infrastructure and equipment will allow us to increase our productivity and to provide higher-quality services with speed, efficiency and reliability.

Our success in effecting these changes creates the necessary conditions, not only in order to maintain our competitive advantage, but also in establishing the port as a main gateway of the Balkans.