

A lesson in agility

by Przemysław Myska

My second Finnish autumn 2023 BTJ Trip took me to Finland's capital, where I had the chance to speak with the Port of Helsinki's Vesa Marttinen and Nina Liljeqvist. We talked about the port's performance this and last year, its newest development programme and what changes it'll bring about for its numerous harbours. We also put the spotlight on the environmental and social aspects of sustainability as well as looked at what the port does digitalisation-wise.

■ **How do you assess 2022 and the first three quarters of this year? What is your outlook?**

With a new all-time high of 15.15mt handled last year, a year-on-year increase of 4.7%, Helsinki is Finland's leading port for international trade. The import/export ratio is almost evenly split, which, among others, spares our customers the empty container repositioning headache/added cost.

Taking care of general cargo constitutes the bulk of our freight operations: we handled 13.59mt in 2022, making us the Baltic's 6th busiest port. Out of that, unitised freight totals up to 12.57mt (5th), consisting of 8.8mt of wheeled cargo (4th) and 3.77mt of containerised freight (9th). Unit-wise, we are the region's third-biggest regarding trucks & trailers (over 702k last year) and the 8th for handling containers (almost 492k TEUs).

Not so long ago, we started welcoming Finnlines' *Finneco* ro-ros of 5,800 lane metres (lm) capacity, over 2,500 lm above the average for the Baltic. And while we're not Gdańsk or Klaipėda in terms of oceangoing container traffic, we nonetheless serve Maersk's *Vistula*-class feeders: 3,600 TEUs vs. the region's 1,192 average.

Being the capital port, with the City of Helsinki alone accounting for 12% of the country's population, is certainly advantageous for imports, and it is no wonder that consumer goods and foodstuff top the list in that regard. In the meantime, many export businesses from all over Finland channel their flows through our harbours, chiefly the forest, machinery and tech industries. While the city harbours exclusively serve wheeled traffic and Vuosaari also takes care of containers, we have run the port in Loviisa since 2017, handling dry bulk, break-bulk and project cargo there. Among others, the biomass for Helsinki's power plants goes via Loviisa. The port also houses what's probably Finland's second-biggest grain facility, crucial for the country's food supply security. We shouldn't forget about the Port of Kantvik, where we

manage one of the harbours. It is leased to Kantvik Shipping, which handles dry bulk goods like sugar, cement and coal.

The passenger side of our business is still recovering from the coronavirus pandemic. Whereas before it, we were Europe's biggest, with 11m ferry & cruise travellers going through our quays, we welcomed nearly 8.0m in 2022, a smaller figure that nevertheless made us the most trafficked in the Baltic Sea. Unfortunately for the lines calling our passenger harbours, COVID-19 stripped the Helsinki Airport of its Asia-serving hub function.

As things stand today, at the end of September 2023, we're experiencing the opposite of what we did during the pandemic: cargo traffic is contracting while that of passengers is advancing. The freight downtick can be attributed to the currently not-so-rosy economic climate: less purchasing power, internal and abroad, translates into smaller import and export volumes (around -12% year-on-year in January-August 2023). Among other things, Finland isn't a big construction site, which undermines imports. But that also means less demand for Finnish timber in foreign markets. Then again, Helsinki isn't a transit seaport, meaning that the Russian war had a minor impact on our operations. There were services to St. Petersburg and Ust-Luga in the past, but their discontinuation didn't make a dent in our volumes (and certainly not in passenger traffic). All in all, we're looking at what will likely be a tough autumn and a bumpy start to 2024.

At the same time, there have recently been some interesting developments that diversified our operations. Hernessaari, our dedicated cruise quay, has also started serving NATO visiting vessels, while NATO-related cargo is rolling into Vuosaari. Finland's accession to the Organization has resulted in military exercises on our turf, regular events that naturally cannot go without proper logistics.

■ **How will the Port of Helsinki change following its newest strategy?**

Indeed, it seems that our seaport is constantly evolving. The Vuosaari Harbour went online barely 15 years ago, taking over container operations from the West Harbour. Next, traffic to Sweden used to be our busiest, but it got overtaken by the one to Estonia (e.g., it was 6.32m vs. 1.4m passengers last year). Furthermore, nobody expected the overall ferry traffic to stretch thin the provided capacity so fast, especially its cargo part (particularly the flows that go via the city harbours).

The location is undoubtedly one of our sharpest competitive edges, but it also creates specific challenges. The ferry harbours are located in the city centre, meaning we cannot enlarge our operations just like that. Of course, digitalisation comes in handy, notably a traffic management system that helps us streamline the flow of trucks. That said, more profound changes are ahead of us. In early 2021, the Helsinki City Board made a decision in principle concerning rearrangements of port operations for the South, Katajanokka and West harbours. As a result, the port inked a new strategy in 2022, according to which ship traffic to Tallinn and Stockholm will be centralised at the West Harbour and Katajanokka, respectively, and a harbour tunnel (away from street level) will be built for vehicle traffic from West Harbour to the Länsiväylä Western Highway. Today, passenger traffic to and from Tallinn takes place at Katajanokka and the West Harbour and Stockholm traffic at the South Harbour and Katajanokka. The move will open up public space in the South Harbour, including for building the Architecture and Design Museum. Tallinn traffic will be centralised at the West Harbour around 2028. The place will also get a new West Terminal 1 (T1); the quay and marshalling areas will be expanded.

After the changes have been started in the West Harbour, also Katajanokka will receive the needed berth & terminal updates. In 2024-2026, a new modern ship terminal in Katajanokka will replace the current one.



Photos: Przemysław Myszka

The plan is for the harbour to become a hub for land and sea traffic with Sweden by the 2030s (and smaller cruise ships for good measure). The Makasiini Terminal in the South Harbour is already under demolition. We will also hand over the Olympia Terminal and Harbour House to the City of Helsinki for other than port use. From 2030, the South Harbour will serve cruise traffic (and maybe high-speed ferries).

Though relatively new, Vuosaari will be further developed starting in 2028. The harbour will grow by approximately six hectares by the means of sea reclamation. Three ro-ro berths will be erected there. This project will be interesting also because it will require bringing back to life an old fairway. Whereas Vuosaari now handles a couple of freight trains per day, we would also like to see intermodal going in and out regularly. How to

get containers and trailers on rails has been a recurring discussion in Finland. Let us hope it won't end up as it always did: with no intermodal trains crossing the country eventually. Cargo owners that increasingly pay attention to lowering their scope three emissions may be what tips the demand scale this time. In other words, freight forwarders might be pressured to come up with an intermodal solution before long. However, road hauliers probably won't sit idle, slashing their carbon footprint by investing in green(er) trucks – hybrid, electric, or whatever else the future brings. In the meantime, Vuosaari's road connection is already second to none and will only get better. Also, we have lately commissioned a double ramp to improve serving the traffic with Tallinn's Muuga Harbour.

In a sense, the port and its city are projects in the making. The tricky part is how to satisfy

the needs of one without compromising those of the other. Fortunately, there is room for both of us to manoeuvre collision-free. Meanwhile, we are executing the fifth edition (2021-2025) of the EU-backed TWIN-PORT project with our friends from the Port of Tallinn. The total investment cost of the initiative is around €8.0m for us, of which the funding granted is approximately €4.0m. Our TWIN-PORT efforts will, this time, go towards the development programme: the plans and surveys required for the tunnel, as well as the new T1 and berth redesigning at the West Harbour. Partial funding will also be granted for researching the construction of a carbon-negative terminal. In Tallinn, funding will be provided for the ramp and sewage projects in Muuga, the plans and surveys required by the new Terminal A in Tallinn, and the smart port gate system upgrade in Muuga and Old



City Harbours. Regarding our neighbours, we're also monitoring the development of Rail Baltica, assessing how this project might change the flows, primarily of cargo.

■ **How are you partaking in the green transition?**

We want our operations to be carbon-neutral by 2035. We will achieve that by cutting the consumption (e.g., by installing LED lighting) and procuring green energy for what we need. Luckily, cogeneration in Helsinki is moving away from coal in favour of biomass. Offsetting is also an option.

However, the bulk of the shared responsibility of making the entire Port of Helsinki environmentally friendly rests on the shoulders of our clients. That, naturally, doesn't mean we won't help them – quite the contrary! On land, we encourage stevedores to shift onto greener equipment, perhaps also installing a photovoltaic system atop a warehouse. On the seaside, we provide incentives for shipping lines that care for the environment with their green tonnage. Between the two, we offer onshore power supply, which, according to our conservative calculations, reduces vessel CO₂ emissions by 50-80% (not to mention noise pollution, especially generated by ships that stay overnight), and auto-mooring that enables slower steaming en route

to and from Helsinki. Our seaport was the first in the Northern Baltic to invest in such technology and most likely the second in the region overall. Since then, we have welcomed many guests inquiring about the solution, which, as it happens, is becoming more and more popular in the Baltic Sea. Our plans include fitting Vuosaari with auto-mooring.

We as a port will focus on supporting efficient logistics and won't morph into some energy expert – even though we do produce energy for our own use as well as sell and distribute electricity purchased from power companies. Yet, we'll be more than obliged to connect the dots between producers and consumers, say a power plant operator that sits just next to Vuosaari with one of the harbour's stevedores: two players that might consider working together on, e.g., hydrogen. We see ourselves as facilitators in such instances – and ones who do not fly solo.

■ **And how are you tapping into the so-called digital revolution?**

There are applications that ease passenger traffic (as missing a ferry can ruin anybody's day!) and a smart check-in gate system developed by Visy that weighs, measures, and photographs passenger cars & trucks at the West and Katajanokka harbours. We have received

EU financial support for implementing the project, with the funds used for planning, placing the infrastructure, developing the system, and procuring and installing the required hardware.

We are also partaking in various tests, e.g., of machine vision (a technology used to provide imaging-based automatic inspection and analysis) or drones (for maintenance or security – an overall 'fly-eye' for increased situational awareness). We are slowly yet steadily moving towards more data-enriched operations.

■ **How are you handling sustainability's social side, especially regarding your labour force?**

The experience of the port, likewise our partners from across the transport and logistics industry, is that recruiting new people will be increasingly challenging. At the same time, the demand will grow as the workforce's hair becomes more and more sprinkled with grey. Another difficulty is that there's no 'port curriculum' – newcomers must learn the ropes from the seasoned employees. This situation also poses a challenge, namely to transfer those decades of experience so this wealth of knowledge won't get lost. Moreover, Helsinki, as a capital city, offers plenty of job opportunities, which makes





it all the more difficult to cut through with what we have to offer.

And then certain careers critically important to the transportation sector, like truck drivers, are consistently losing their appeal. Such professions must either be reinvented to make them more attractive to youngsters or automated.

That said, we are doing what we can to familiarise the young generations, our potential workers, with the maritime world. The port job is meaningful – one can feel the importance of their work literally with one's fingertips. Responsibility is also high, as shown by

the pandemic when seaports came to the fore and kept the Finnish society and economy running. Finland is often said to be like an island, primarily supplied by the sea. That 'statistic' went from 80% to 95% because of corona. Unfortunately, the memory of the general public is short, and other issues have since occupied peoples' minds, not necessarily how the supply chain works, let alone the very existence of seaports.

Notwithstanding, the Port of Helsinki has invested in a robust human resources department tasked with ensuring that this continuity of expertise won't crumble. We are also in

constant contact with the communities that may be affected by port operations, in addition to holding open days when people can come and see how we work.

It is a cyclical business, marked by ups and downs, meaning that we'll pull through with dedication – whether we're speaking about freight or passenger slumps or sustainability challenges. The Port of Helsinki will remain a balanced company, not easily blown over by difficulties from one or the other side. If you strive to do things a little better today than yesterday, the chances are you'll be good. Altogether, it's a lesson in agility. ■

