

**PROJECT DESCRIPTION STATEMENT -  
MALTA FREEPORT DEVELOPMENT PROJECT**

Please find hereunder for your perusal the information requested on Malta Freeport Development Project in order to set out the terms of reference for the EIA.

**1. Details of the person wishing to carry out the development**

Malta Freeport Terminals Limited

**2. An explanation of the nature of the opportunities and problems being addressed by the development, and of its general economic, social and environmental objectives**

Malta Freeport Terminals Limited is synonymous with transshipment success in the Mediterranean and is presently amongst the key players in the region. Foreseeing future challenges, the Freeport is implementing overall and all-encompassing strategies which besides representing a veritable step forward for the Company's auspicious expansion potential, are also enabling its clients to widen their business horizons and concretise their standing within the global arena.

Malta Freeport has undertaken capacity studies based on expected throughput growth in the Mediterranean region. According to Drewry Shipping Consultants, it is estimated that in the year 2005 around 30.5 million TEUs were handled by Mediterranean ports, with transshipment traffic accounting for over 35% or nearly 11 million TEUs of the total traffic. Total Mediterranean traffic is forecasted to grow further over the next years to reach almost 50 million TEUs by the year 2013 with transshipment traffic estimated to represent 38.3% or 19 million TEUs of the total traffic. Vide Table 1

<b>Table 1: Forecasts Total Mediterranean Container Port Throughput to 2013 ('000TEU)</b>								
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2007</b>	<b>2013</b>
<b>Direct Calls</b>	14,641	15,587	16,575	17,608	18,684	19,809	22,204	30,685
<b>Transshipment</b>	7,079	7,755	8,481	9,190	9,944	10,743	12,487	19,043
<b>Total</b>	<b>21,720</b>	<b>23,342</b>	<b>25,056</b>	<b>26,798</b>	<b>28,628</b>	<b>30,552</b>	<b>34,691</b>	<b>49,728</b>
<b>T'shipment %</b>	<b>32.6%</b>	<b>33.2%</b>	<b>33.8%</b>	<b>34.3%</b>	<b>34.7%</b>	<b>35.2%</b>	<b>36%</b>	<b>38.3%</b>

Source: Drewry Shipping Consultants Ltd.

With the uptrend in traffic, the heavy investment in ever-larger container vessels to cut unit costs and the growth of alliances and slot charter agreements in order to offer global frequent services, as is apparent from these statistics, carriers are increasingly using transshipment hubs to ship their cargo. Shipping lines are transshipping cargo to avoid time-consuming deviation from the east-west route by large vessels, and because physical limitations at gateway ports may prevent the largest of vessels from calling. Indeed, deep-sea gateway ports have tended to see their transshipment business re-locate to the specialist hubs as a result. The major transshipment ports in the region and hence Malta Freeport's main competitors are Gioia Tauro, Algeciras, Taranto, Cagliari, Piraeus, Damietta and recently East Port Said. Most of these ports are currently undergoing expansion programmes to be able to boost their performance levels and attract a larger share of the forecasted increase in the market.

In fact, although in theory one may state that there is too much terminal capacity, the operational and commercial realities of the Mediterranean market show a different scenario. It should be highlighted that the capacity additions are not in the same region of the Mediterranean and hence do not compete for the same business. According to Drewry

Shipping Consultants, the capacity utilisation is expected to increase from 69.1% in the year 2000 to 126.6% by the year 2010

In the light of the increasing trade being generated, significant opportunities remain for the Mediterranean transshipment market. During the past 5 years there has been a continuously increasing demand for additional berthing space for high volume ship-to-shore operations. Presently Malta Freeport has the capacity to handle 1.7 million TEUs. Since Malta Freeport is operating at nearly maximum capacity and congestion is not an option within the port industry, the Freeport needs to expand its facilities to be able to increase its efficiency and speed up turnaround times for vessels. With the further development of the existing quays Malta Freeport will be in a position to achieve the 3 million TEU mark capacity. It is to be highlighted that transshipment business is always in a state of flux and as such ports need to be prepared to offer potential customers a larger chunk of available capacity since new business always comes in large volumes.

### **3. A description of the general strategy employed, and of the production processes and operational methods to be used, and any alternative methods considered, in reaching the social, environmental and economic objectives of the development**

Since start up of operations in 1988, Malta Freeport has established itself as a major maritime transshipment logistic centre in the Mediterranean presently ranking with the key players in the region. Malta Freeport is presently handling over 1.3 million TEUs per annum and around 1,500 containerships ranging from around 9,068 gross tonnes (9,800 deadweight) to 95,000 gross tonnes (110,000 deadweight) call at the Container Terminals per year. The carriers using Malta Freeport as their transshipment hub enjoy a multitude of benefits including cost-effective operations, proven track record, guaranteed productivity levels and quality service. The proposed development consists primarily of an extension to already existing quay facilities. Hence the same ongoing production processes will be employed by the Company as in the past to increase efficiency and generate increased volumes at the Port.

This expansion will be of particular importance to the local economy. Although over 93% of Malta Freeport's traffic is for transshipment, the Freeport provides a seminal role for the local industry and in fact it is handling around 80% of the local imports and exports. In fact through Malta Freeport, the local entrepreneurs benefit from network connections with around 100 ports world-wide on a weekly basis. These connections are available for the local industry as a result of the transshipment services operating from Malta, which otherwise would simply not be possible since no shipping line would call with a main line service for a market with the restricted size of Malta. The availability of increased berths further widens the business opportunities for the local industry.

The employment opportunities, which could be generated by this development are also important. Due to the expanded facilities, Malta Freeport will also need to employ additional employees to ensure that the necessary resources are in place to provide clients the required performance levels. Within this ambit, training will be given to ensure that the personnel have the required qualifications to meet the demands of the industry. However, besides the employment generated directly with the Freeport one should also consider the indirect employment which would be generated by a number of companies whose activities are related to the services offered by the Freeport. This includes shipping agents, insurance companies, ship chandlers, ship repair, container repair, as well as equipment manufacturers and maintenance.

As with all major projects undertaken by Malta Freeport, the Freeport will be abiding with all necessary regulations regarding the environment during the expansion programme. Developments at the Malta Freeport always conformed to the environmental guidelines provided by the relevant authorities. The planned project will not, in any way, impinge or disturb any activities currently ongoing within the harbour confines such as the fish farms, the environment at the fishing village as well as the beach amenities.

#### **4. An indication of the proposed timing of the project and why this timing was preferred**

It is envisaged that the project would take around 3 years to be fully completed. 12 months are being allocated for the project preparatory work including dealings with MEPA for issuing building permit, for pre-tendering and tendering and for the Environmental Impact Assessment, whilst construction works of the proposed developments are expected to take around 24 months.

Considering the Company's present physical limitations, the Freeport intends to pursue this project immediately and the said time-frame is the most achievable option.

#### **5. An indication of whether the project is economically viable**

Given the present demand for Malta Freeport's facilities by shipping clients, the forecasted market growth trends, as well as the fact that the Freeport is presently operating at nearly full capacity, the Company strongly believes that the planned expansion projects are a pre-requisite to be able to sustain its standing in the Mediterranean transshipment business. Within this scenario, the Freeport is forecasting that it will continue registering an increase in its traffic volumes culminating, within 5 years of the project completion date, in the maximum use of capacity estimated at 3 million TEUs.

#### **6. The location of the proposed development with site boundaries clearly shown on a map**

##### **Proposed Terminal One West Quay Development**

The proposed area is located on the West side of Terminal One corner with Terminal One North Quay. The existing West Quay is 168 metres long with a draft of 9 metres and 1,992 slots for storage of empty containers adjacent to the quay. The quay is presently used for feeder vessels either waiting for their allocation on the main quays for container handling or for feeders undergoing maintenance or for break bulk operations using either the ship's crane or a land-based mobile crane. In its present state, the quay is not suitable for high volume ship-to-shore quay crane operations because of the limited water draft and quay length. Due to the limitations mentioned above, the container storage area adjacent to the quay is presently configured as a block stack buffer for empty containers.

##### **Proposed Terminal Two Development - Squaring-off on the North-West side**

The proposed area is located on the West side of Terminal Two near the Ro-Ro Berth and corner with Terminal Two North Quay. The Terminal Two North Quay is 480 metres, the Ro-Ro Berth is 220 metres and the West Quay is 118 metres. The North Quay is used for high volume ship-to-shore operations, the Ro-Ro berth is used sparsely for ro-ro vessels while the West Quay is not utilised for ship-to-shore operations. The container storage area

adjacent to the quay, which is regarded as a prime storage area is presently configured as a block stack buffer for empty containers.

(Vide Appendix A.1 Location of the Proposed Terminal One & Terminal Two Development)

**7. A brief indication of the alternatives considered, including suitable alternative locations, sites and technologies for the proposed development and alternative arrangement of land uses, on the proposed site**

The expansion of the Freeport’s existing capacity to the required level of 3 million TEUs through the development of the current berths is the most feasible option taking into consideration Malta Freeport’s physical configuration and its impact on the environment. Other options were taken into consideration, including the construction of another port and breakwater, however these alternatives are not viable and with much greater impact on the environment.

**8. A description of the physical characteristics including size, scale, design and phasing of the development using models, photographs, diagrams, plans and maps where appropriate**

In order to achieve its objectives, Malta Freeport is considering extending its current berths. Malta has identified two infrastructural developments that would yield additional berth and yard space for the Company to be able to increase its performance levels capabilities. The first development is related to the expansion of the Terminal One West Quay, whilst the second development includes the squaring-off on the North-West side of Terminal Two (Vide Appendix B.1 – Proposed Development at Terminal One & Terminal Two). Another development which the Company intends to undertake is the dredging and stabilisation of the fairway.

**Terminal One West Quay Proposed Development**

This development includes the extension of the West Quay length from the present 168 metres to an overall length of 318 metres and the water depth will be increased from 9 metres to 12 metres. This would enable the Company to operate a mainliner at the West Quay with the installation of Quayside Cranes. Presently, the West Quay of Terminal One is used only as a lay-by berth although crane rails are already installed.

The development will also include the filling of the basin through land reclamation of an area equivalent to 10,000 cubic metres (reclamation 10,000 square metres x 8 metres = 80,000 cubic metres). This project which will increase the number of ground slots for the storage of containers by 2,162 TEUs will include a total paved area covering 77,236 square metres. The configuration of the stacking area adjacent to the quay would be altered into a Rubber-Tyred Gantry Crane (RTG) stack configuration. Due to their proximity to the quay, the new stacks will be utilised as a prime storage area for full containers. Empty boxes presently stored in the area will be shifted back into the new storage area in the hinterland. (Vide Appendices B.2.1 Proposed Development at the West Quay of Terminal One, B.2.2 - Proposed Development at West Quay of Terminal One – Stacking Area)

<b>Table 3: Terminal One West Quay Expansion Project</b>		
	<b>Terminal One Present</b>	<b>Terminal One After Expansion</b>
West Quay Length	168m	318m
Ground Slots	7,031	9,193

## Terminal Two Expansion Programme - Squaring-off on the North-West side

This project includes the squaring-off on the North-West side of Terminal Two. Through this project the North Quay of Terminal Two will be extended from the present 480 metres to 660 metres. This will allow the construction of a 300 metre quay on the West side of Terminal Two thus enabling the possibility of operating a mainliner on this quay. The development will also be done through land reclamation of a 34,000 square metres area (reclamation 34,000 square metres x 20 metres = 680,000 cubic metres). This will increase the number of ground slots on this Terminal by 900 thus providing an additional 25% increased container storage space on this Terminal. (Vide Appendix B.3 – Proposed Development at Terminal Two)

	<b>Terminal Two Present</b>	<b>Terminal Two After Expansion</b>
North Quay Length	480m	660m
West Quay Length	118m	300m
Ground Slots (TEUs)	4,876	5,776

## Dredging and stabilisation of Fairway

The increased world cargo being transported by sea is instigating carriers to invest heavily in containerships and a significant change in the world fleet was registered over the last years. The first 13,000 TEU vessel is expected to be launched by Maersk this year. Currently no less than 250 containerships over 6,000 TEUs were confirmed on order for delivery over the years until 2009. In view of these developments, to be able to handle the 12,000 plus TEU vessels envisaged to come on stream in the future, dredging works will have to be undertaken at Malta Freeport's facilities in order to increase the water depth to 16 metres LAT from 15 metres LAT. (Vide Annex B.4 – Proposed Development of Fairway)

## 9. A description of present land uses and environmental characteristics of the site

The present land is being used for two Container Terminals, distripark facilities and an Oil Terminal. (Vide Appendix C.1 – Aerial Photo of Malta Freeport's Facilities)

### 9.1 Container Terminals

Malta Freeport's Terminal One, which commenced operation in 1990, consists of an extended North Quay of 1 kilometre with a dredged water depth of 15.5 metres and a West Quay of 168 metres with a water depth of 9 metres. Terminal One covers a total area of 322,106 square metres and offers 7,031 TEU ground slots and 272 Reefer Points. Terminal Two offers a North Quay of 480 metres, a South Quay of 220 metres, a Ro-Ro Berth of 220 metres and a West Quay of 118 metres. It covers a total area of 227,194 square metres offering 4,876 TEU ground slots and 384 Reefer Points.

The Company is presently equipped with 16 Quayside Cranes, comprising 8 super post-Panamax Quayside Cranes with an outreach of 54 metres and capable of handling vessels stacking 18 containers across on Terminal Two, 1 Quayside Crane with the same air-draft and outreach as the Terminal Two's Quayside Cranes on Terminal One with another Quayside Crane presently being upgraded to the same dimensions, 5 Post Panamax Quayside Cranes having an outreach of 42.5 metres and capable of stacking 16 containers across and 1 Panamax Quayside Crane with an outreach of 34.6 metres on Terminal One. An array of modern yard equipment is deployed by the Company for container stacking on

both Terminals. The RTG crane system is the main method for yard stacking with 36 Rubber-Tyred Gantry Cranes deployed on both Terminals. Terminal One is also equipped with 2 Rail-Mounted Gantry Cranes. The Company is also served by several other yard equipment.

### **Present Developments**

The Company is presently undergoing a heavy investment programme to consolidate its competitive edge within the Mediterranean containerisation scenario and ensures that it is geared up to continue operating the largest container vessels afloat. In this respect, Malta Freeport is investing in four super post-Panamax Quayside Cranes capable of reaching 24 containers across the vessel and having a lifting capacity of 65 tonnes under spreader and with twin-lift spreaders capability. They have an outreach of 65.5 metres and an air draft of 39 metres. These Cranes were already commissioned and loaded in Shanghai onto a dedicated barge and are expected to arrive at Malta Freeport in July 2006. In view of this investment, infrastructural works are being undertaken on Terminal One for the fitting of the rails. The additional rail is required due to the larger rail span of 30 metres when compared to the present 18 metre rail span. In the meantime, upgrading works are at an advanced stage of completion on another post-Panamax Quayside Crane of Terminal One to be able to handle effectively containerships stacking 18 containers across. The air draft was already increased to 34.5 metres whilst the boom was extended to 50.5 metres. This Crane will be handed over in May 2006.

As part of this investment programme, Malta Freeport has also purchased ten Rubber-Tyred Gantry Cranes from KCI Konecranes with the option of another six, two Lift Trucks for stacking empty containers and one Forklift Truck. The first 8 Rubber-Tyred Gantry Cranes were already handed over, 7 of which are operational whilst the others will be handed over in the imminent future. These Rubber-Tyred Gantry Cranes are more advanced than the ones on site and are capable of stacking containers one-over-five high which is an extra layer of containers. Moreover, four Quayside Cranes of Terminal Two will be upgraded, namely the two centre Cranes of Terminal Two's North and South Quays, to allow the use of twin-lift spreaders on these four Cranes. This will permit these Cranes to lift two twenty foot containers simultaneously.

Parallel to this investment, the capacity of the Terminals is also being increased through the development of 70,000 square metres of the hinterland. Works on this development are in an advanced stage of completion.

### **9.2 Distripark Facilities**

Malta Freeport has six general purpose warehouses of 2,400 square metres each having 1,000 square metres of covered space. Various operations can be undertaken within these facilities by licenced operators, including storage, labelling, packing, cargo consolidation, light assembly and elements of processing.

The six warehouses form part of an original development of ten warehouses of which four have been converted as operational offices, stores, engineering and various administration offices supporting the Terminal's activities. The six general purpose warehouses are leased to third parties at the Freeport while the four just described are retained by the Company.

### **9.3 Oil Terminal**

The Oil Terminal is a joint venture between Malta Freeport Corporation controlling 30% of the shares and Oiltanking GmbH of Hamburg holding the remaining 70% shareholding. Oiltanking presently has 18 tanks offering a total storage capacity of 359,000 cubic metres.

The Oil Terminal is presently developing the fourth phase of this project which includes the construction of a fourth tank field and the development of additional berthing facilities.

**10. A brief description of surrounding land uses, their nature, their extent and their environmental characteristics**

The Marsaxlokk Bay Plan attached highlights the activities in the area. (Vide Appendix D.1 – Marsaxlokk Bay Plan)

**11. A description of the services, water, foul water sewers, surface water drainage, including storm water drainage, and energy sources available on site**

**Services - Water and Electricity**

**Water**

The development will be integrated into the existing services of Malta Freeport Terminals Limited. No major additional water demand will be created by the development. Fire fighting shall be connected to the main Terminals' fire-hydrant system.

Potable Water: N/A

Foul Water Sewers: N/A

Surface Water Drainage: As per existing facilities

**Electricity**

The electrical supply of the proposed project development will be ensured via Malta Freeport Corporation Limited's main supply to be connected to one of Malta Freeport Terminals Limited's main substations

Energy sources available on site: As per existing Facilities - From 33 KV Distribution Centre, energy is distributed to the local transformer in 11 KV. From the transformer, the Freeport has three phase of 415 Volts and single phase of 240 Volts.

**12. Estimates of the number of persons to be employed with estimates for each phase of the development**

Third party contractors shall be selected for the execution of the development. It is envisaged that total manpower on site combined by all contractors will be circa 50 persons during the execution of works.

As regards to employees directly employed by the Freeport, the Company presently employs 547 employees. The development of the facilities will require Malta Freeport to invest further in its equipment fleet to support the operations. This will require the employment of additional personnel which is estimated to be around 160 persons. This figure might vary depending on a number of forecasts such as performance levels achieved and cranes utilisation amongst others.

The proposed development at the Freeport will also impact directly on the creation of new opportunities in terms of employment generation with companies whose activities are related to the services offered by the Freeport. This includes shipping

agents, insurance companies, ship chandlers, ship repair, container repair, as well as equipment manufacturers and maintenance.

**13. The nature and quantities of raw materials to be used, and wastes generated during construction and operation; the proposed method of storage or handling of materials and wastes, and machinery needed during both the construction and the operational phases**

Material to be used for the reclamation of 80,000 cubic metres on Terminal One shall be sourced partly from works presently being carried out in the hinterland of the Freeport and partly from the building industry inert waste production. Whilst material to be used for the reclamation of 680,000 cubic metres on Terminal Two shall be sourced from the local production / inert material that the building industry generates. As has been done in the past for Freeport projects, the material is delivered on site where it is processed by means of crushers and then sieved and graded for dumping.

The Inert material and dredged material will be deposited offshore in the spoil area as specified by MEPA as per permit 5614/94 of 2nd January 1995 - Amended layout of Harbour works for approved document environmental planning statement dated 9th December 1994.

**14. Access arrangements, parking requirements and parking arrangements on and off the site, during both construction and operation**

Access to and from site shall be arranged via Freeport Main Gates and internal roads, parking shall be provided on site. (Vide Appendix E – General Layout of Freeport Facilities highlighting Parking Areas)

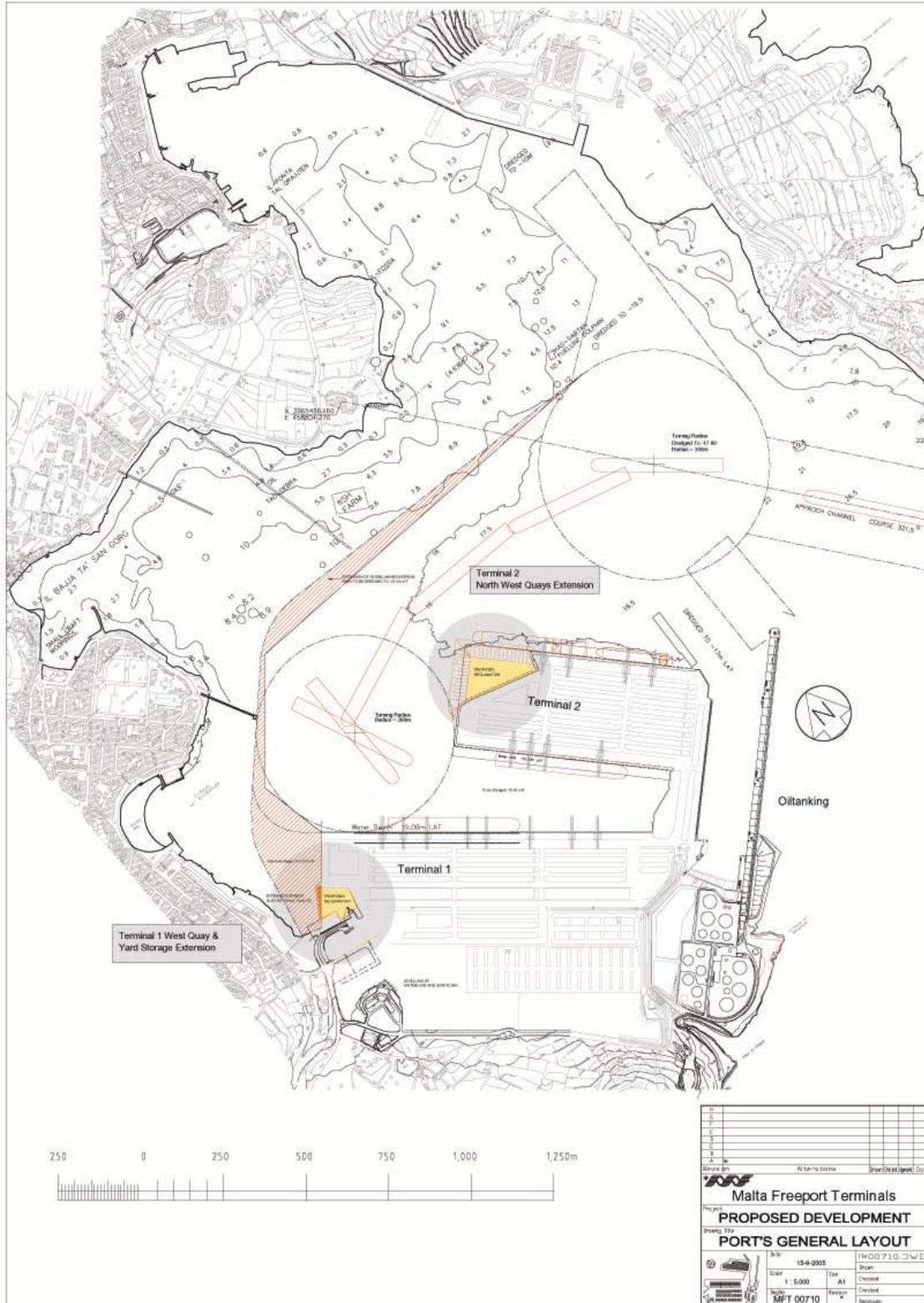
The works currently underway under the European Regional Development Fund (2004 – 2006) includes the restoration and upgrading of the access road to Malta Freeport (Hal Far Phase III). This will impact positively on the access to Malta Freeport from areas around the locality.

**15. Proposals for mitigating the negative effects of the development**

With the full integration of the development into Malta Freeport Terminals' existing operation, which adheres to highest operational standards, no additional negative effects by above described development can be identified. Indeed the safeguards taken during the major developments during Terminal Two construction will be retained.

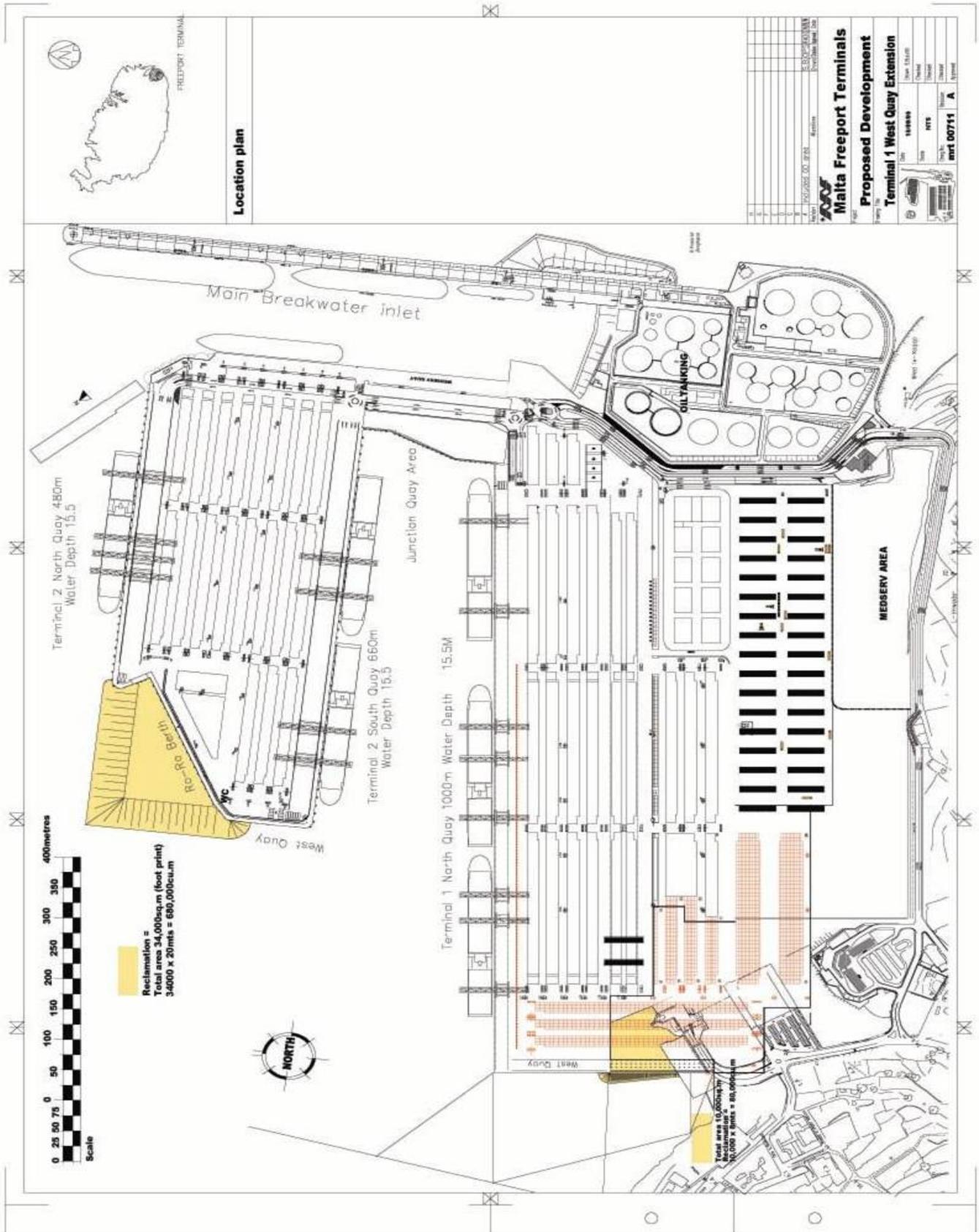
# Appendix A

## A.1 Location of the Proposed Terminal One & Terminal Two Development



Appendix B

B.1 Proposed Development at Terminal One & Terminal Two



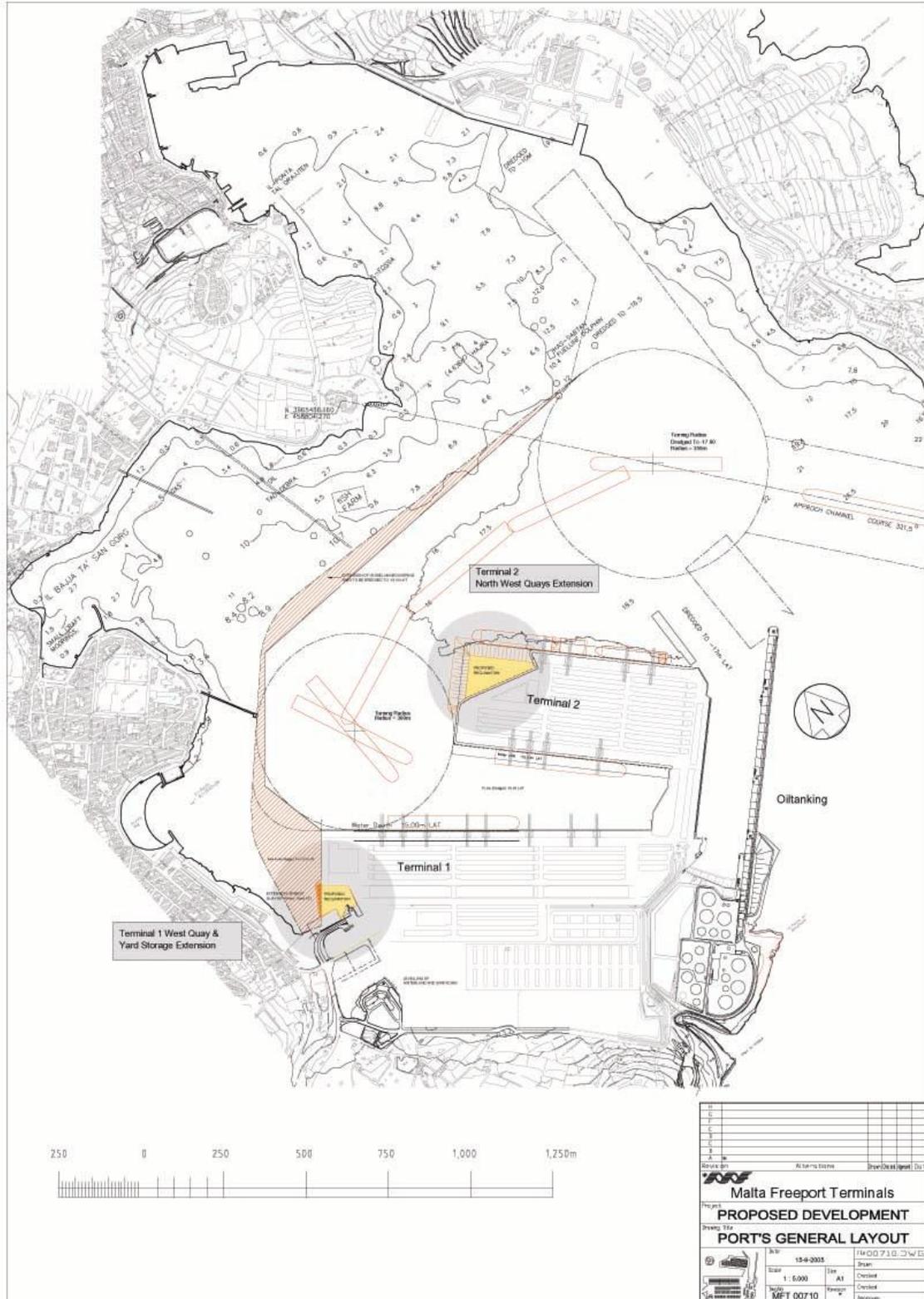






# Appendix B

## B. 4 Dredging and Stabilisation of Fairway



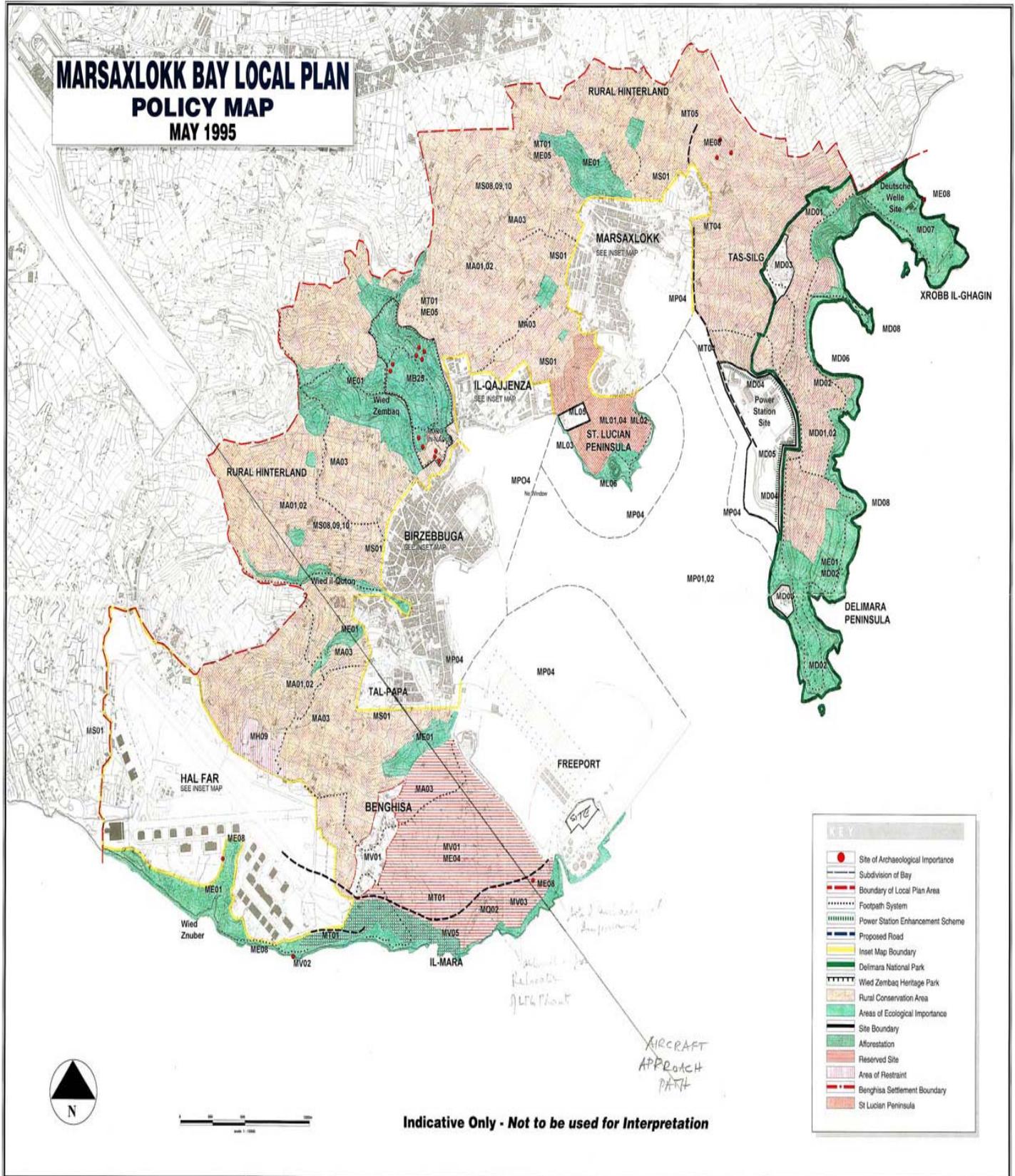
## Appendix C

### C.1 Aerial Photo of Malta Freeport Facilities



Appendix D

D.1 Marsaxlokk Bay Plan



Appendix E

E.1 General Layout of Freeport Facilities highlighting Parking Area

