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The measures promoted by Puertos del Estado to support the economy and employment will generate more than one hundred-million euro savings for port companies

- Toledo: “The wish is for this powerful tool we have recently approved to be as fair and flexible as possible for our ports”.
- The Port Authorities may unilaterally (but justifiably) change their rates, reduce mandatory minimum levels of traffic and activity, and grant deferrals.

04-21-2020 (Ministry of Transportation, Mobility and Urban Agenda). Puertos del Estado has thoroughly reviewed the state-owned port system revenues derived from maritime business activity, in order to help the sector overcome the economic crisis generated by the COVID-19 pandemic. “Cost savings for port companies, exceeding one hundred million euros, and an infusion of funds with deferred payments, both seek to avoid destroying the logistics and employment fabric, and to increase our ports’ competitiveness in this difficult scenario”, explained the president Mr. Toledo.

The public body presided by Francisco Toledo has completed a daily monitoring of the virus’ effects on the world economy and its impact on Spanish port activities, detecting lower activity both in cargo and passenger traffic (the latter has dropped by up to 95%).

He has consequently drawn up a document with measures to provide economic support to maritime sector companies, passed today by the Council of Ministers of the Spanish Government, as part of the royal decree on complementary urgent measures to support the economy and employment. These measures seek to increase competitiveness in



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the port sector by backing up the economy and employment in the sector and, ultimately, of the productive system.

Such measures will have a positive impact on companies making minimum traffic payments to the port authorities, as well as related to occupation, activity and ship rates, tax debts and passenger terminals (among others). This proposal will generate company savings during the present year, which may exceed one hundred million euros.

“The port authorities may unilaterally (but justifiably) change their rates pursuant to the decree-law, reducing mandatory minimum levels of traffic and activity and granting deferrals”, indicated Francisco Toledo.

“The idea is for this decrease in rates to be proportional to the negative impact suffered by different activities; as a result, this powerful tool we have just approved will be as fair and flexible as possible for our ports”, affirmed the president of Puertos del Estado.

This support of authority self-management evidences the trust placed in them and seeks to speed up proceedings, by removing Puertos del Estado’s filter, ensuring a better adjustment to each authority’s specific conditions.

– MEASURES RELATED TO MANDATORY MINIMUM LEVELS OF TRAFFIC OR ACTIVITY

This measure is addressed to concessionaires located in port service areas. The Port Authorities, pursuant to the competencies attributed under the Consolidated Version of the Act on State-Owned Ports and the Merchant Navy, passed by Royal Legislative Decree 5/2011, of 5 September, may justifiably reduce minimum traffic and activity levels required for 2020, thus avoiding penalties due to their non-achievement.



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These measures will avoid economic penalties for a breach of such minimum levels, which is not attributable to the companies but is a consequence of the health crisis.

– MEASURES WITH RESPECT TO THE OCCUPATION RATE

This measure is complementary to the previous one. It is also addressed to port community member companies, many of which provide essential services.

From a quantitative point of view, this measure is the one with the greatest economic repercussion, as it may affect a maximum of 84 million euro in the current year (2020) for the overall port system. Passenger stations or terminals are differentiated from the rest, in order to be able to extend this reduced occupation rate up to 60%, whereas the maximum will be 20% for all other concessions, given the huge impact on passenger traffic of restricted mobility measures and the suspension of regular services by decree-law.

– MEASURES WITH RESPECT TO SHIP RATES

This measure is addressed to shipowners and shipyards working in a port, which are being seriously affected by the COVID-19 crisis. Any ships forced to dock or anchor at a port following orders from a competent authority will be exempt from payment of the rate.

Furthermore, even in the absence of such orders, if a ship needs to dock at a port, resulting in an extended stay, it will pay a reduced rate from the initial docking date, which may reach 30% the first week. This last case is specifically applicable to cruise ships that are now inactive and require a long-term port stay before returning to operation. Reduced rates are also applied to ships providing port services.



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Finally, a 10% reduction in the basic amount is foreseen for the duration of the state of alarm, applicable to all ships involved in short-distance maritime transport. For regular passenger or rolling stock maritime services, a 50% reduction will apply. This reduction seeks to back up and guarantee the continuity of maritime transport services that cover “forced” mobility in maritime surroundings along Spain’s coastline, whether national (maritime connections between mainland Spain and the Canary or Balearic Islands, Ceuta and Melilla and inter-island mobility, amongst others) or related to all other short-distance maritime transport or sea motorways with third countries, to include crossovers along the Straits.

– MEASURES TO DEFER THE PAYMENT OF SETTLED RATES

The Port Authorities may grant payment deferrals of up to six months in port rate settlements, without thus accruing any default interest or the need for additional guarantees.

– PASSENGER TERMINALS

Given that the occupation rate reductions foreseen in this decree may reach 60%, in the case of maritime stations or terminals, in order to avoid an economic imbalance in port authorities that are largely dependent on their passenger traffic flows, it is provided that the Interport Compensation Fund (FCI) may compensate any port authorities in such a situation, whether in the current year or in 2021.