

## **RPT-INTERVIEW-Port Of Rotterdam eyes 170 mln euro Oman expansion**

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**TIANJIN**, China, Nov 2 (Reuters) - Rotterdam port is planning to invest in a 170 million euro (\$246 million) expansion of a port in Oman, even as it enlarges its own facilities to accommodate increased traffic from Asia, its president said.

China's emergence as the world's third largest trading nation has pushed freight rates to record highs and strained port capacity from Europe to the Americas to Australia.

Port of Rotterdam, in the midst of a massive expansion, also is looking at investment opportunities in India.

"As the Port of Rotterdam, we want to invest abroad," Hans Smits told Reuters in an interview in the Chinese port of **Tianjin** on Thursday.

Chinese demand has helped push crude oil prices to record highs, leading to booming demand for steel and consumer goods in the Middle East and supporting new port construction there.

Port of Rotterdam, already in a joint venture with Oman's government to run the Sohar port, will invest directly with its partner in a planned expansion that would accommodate a \$1 billion iron ore pellet project proposed by Brazilian miner Companhia Vale do Rio Doce, or CVRD .

A final commitment awaits CVRD's final decision on the 7.5 million tonne pellet plant, expected by the end of this year.

Port of Rotterdam and its partner would contribute "tens of millions" of euros, with the rest funded through bank financing.

In India, it is looking at possible investments in a greenfield or an existing port, Smits said, but declined to comment further.

"We'll stick to our business and to our core competence. We are not going to invest in terminals themselves; we are sticking to the 'landlord model.' We are very good in the master plan, in designing and operating ports, but we are not a Dubai World".

## EUROPE PORTS GROWING

"Within seven to nine years, container capacity in a number of European ports needs to be doubled, it's as simple as that," Smits said, adding volume is growing by 10-15 percent a year, driven by trade with China, Japan and Korea.

Rotterdam, a major transit point for oil, coal, grains and other commodities, handles about 35 percent of European port traffic by tonnage.

New procedures and a new sense of urgency would allow European governments to speed up decisions on infrastructure investment, Smits said, although he said quicker approvals did not mean ports would no longer be held responsible for environmental mitigation.

The port will buy "natural areas" in Rotterdam and along the coast to offset areas impacted by its land reclamation project, which begins next year, he said.

The Dutch government has purchased 500 million euros of shares in the Port of Rotterdam to help underwrite its expansion.

Germany, the Netherlands and Belgium are all speeding up construction of public infrastructure, while barge traffic is growing along the Seine as capacity increases at the port of le Havre, port executives said this week.

"There is an awareness growing in Europe to speed up decision making, to invest more in infrastructure, to facilitate the growth in the transport of goods to Europe and also the exporting of goods," Smits said.

Rotterdam's 2.8 billion euro expansion will enable between 6 billion and 10 billion euros of investment by other companies, including a 1 billion euro oil refinery upgrade by Royal Dutch Shell .

That also includes biofuel plants capable of producing 2 million tonnes a year of biodiesel and bioethanol and new power plants fuelled by biomass and coal.

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