EU ports: quo vadis?

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Purpose of talk

- Take a ‘holistic’ view of some issues affecting EU ports
  - as regards the ‘mainline’ transport policy thrust
  - as regards other issues (safety, security, environmental protection, etc)

- Try to identify
  - areas of concern
  - opportunities

- Make some recommendations
Some references (1992-2005)


- “SSS-CA: Concerted Action on Short Sea Shipping” (DG-TREN, 1995-2000) NTUA leader
- “TRAPIST project: Tools and Routines to Assist Ports and Improve Shipping” (DG-TREN, 2002-2004)
- “INTEGRATION project: Integration of Sea-Land Technologies for an Efficient Intermodal Door-to-Door Transport” (DG-RTD, 2002-2005)
- NTUA Maritime Transport web site: references, documents, sources, links, etc.
Why EU ports important?

- >90% of EU’s external trade
- >40% of EU’s internal trade
- ~3.5 billion tons of cargo per year
- ~350,000 people work in >1,000 ports

Important element of EU transport policy
WHITE PAPER "European transport policy for 2010: time to decide"

- COM (2001) 0370
- Major policy document of EU
- Outlines EU transport policy for 2010
- All modes
Short sea shipping (SSS)

- Central pillar of EU transport policy: **USE SSS TO SHIFT CARGO FROM LAND TO SEA**

- Goal: reduce road transport ‘external costs’ (congestion, pollution, noise, accidents)

  **External costs:**
  - 2001: 0,5% of EU GDP
  - 2010: rise by 142% to 1% of EU GDP (80 billion EUR a year) if no action is taken
Observation:

- For European SSS to grow...
- .. EU ports should operate efficiently and effectively!
EU: Actions to promote SSS

- Adoption of a Directive standardising certain reporting formalities for ships to arrive in and/or depart from ports;
- New support programme “Marco Polo”;
- Proposal for a Directive on Intermodal Loading Units;
- Introduction of the “Motorways of the Sea” approach;
- Proposal for a Directive on market access to port services (“port package”).
TEN-Ts (Trans-european transport networks)

COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 1.10.2003
COM(2003) 364 final
2001/0229 (COD)

Proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending the amended proposal for a

DECISION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network

(presented by the Commission pursuant to Article 250(2) of the EC Treaty)
Basic concept

- High-level group chaired by Commissioner van Miert
- 29 high priority projects across EU
- Funding up to 220 billion EUR by 2020
- Introducing ‘Motorways of the Sea’
Motorways of the Sea (project No. 21)

- Motorway of the Baltic Sea
- Motorway of the Sea of Western Europe
- Motorway of the Sea of South-West Europe
- Motorway of the Sea of South-East Europe
Marco Polo

- Launched in 2003- successor to “PACT”
- 15 million EUR of EC-funds were available under the first call;
- 92 proposals were received, requesting 184.5 million EUR of EC-subsidy;
- 13 actions were granted EC financial support;
- 13 actions are shifting 13.6 billion ton-km of freight off the road to short sea shipping, rail and inland waterways; (~1%)
- private investments of about 360 million EUR (without infrastructure) will be triggered with selected 13 actions;
- the average environmental efficiency is 15, i.e. for every 1 EUR of subsidy spent, there are 15 EUR of external costs saved for society;
Marco Polo II

- Commission proposes an overall budgetary envelope of **740 million EUR** for the period 2007 – 2013, i.e. roughly 106 million EUR per year.
- This will **shift more than 140 billion ton-km of freight off the road** and will reduce CO2 emissions by 8400 million kg. (~10%)
- In terms of avoided environmental damage and less accidents, less energy consumption and less infrastructure damage, the **benefits are forecast to be about 5 billion EUR.**
- **1 EUR subsidy** given in Marco Polo II will thus generate more than 6 EUR in terms of social & environmental benefits to our society.
Action framework: substantial

Question: Does future look bright as regards EU ports, SSS and intermodality?

Answer:

- we still have a long way to go
- things can be rather unsettling
The not-so-good news...

- SSS grew considerably between 1990 and 2002 (36%).
- But road transport grew even faster (41%).
- Inland navigation growth almost stagnant (<17% in 12 years).
EU-15 modal split

Performance by Mode for Freight Transport:
EU-15
billion tonnes-kilometres
1970 - 2002

ECONOMIST Shipping & Ports Forum,
25/5/2005
Focus after 1985
Not-so-good news cont’d

- in 1985 road surpassed SSS as the top transporter in intra EC trades in ton km,
- a position that it will continue to hold if no serious action is taken
- Recent trends disturbing
Declining shares

### Modal split

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Also..

- EILU Directive: lack of enthusiasm from industry

- Big setback for EU port industry
- By extension, serious setback for Europe’s SSS and intermodal transport
Port package cont’d

Many felt that

- it forced a ‘one-size-fits-all’ model onto a widely diversified industry
- inadequate consultation with trade unions and the industry was a major problem
Port package No. 2

- ESPO and others urged not to rush through it
- Submitted in October 2004
- Opposition from port industry & unions
- Attempts to reform it under way
‘Mainline’ aspects of EU transport policy

(those that deal directly with ports, intermodality, and short sea shipping)

- situation is certainly not as rosy as one may be led to believe at first glance

- How about other aspects???
SSS fleet ageing: a serious problem (source: Wijnolst & Waals, 2005)

- ships between 500 and 10,000 GRT
- ~10,000 ships in Europe
- ~460,000 port calls (2003)
- 38% of fleet over 25 years
- 21% of fleet over 30 years
- 10% of fleet over 35 years!
- Q: How will fleet be replaced?
- Q: What will happen to SSS?
The impact of environmental protection.

LIST OF EU ENVIRONMENTAL DIRECTIVES THAT AFFECT PORTS

- The Health and Safety in the Workplace Directive,
- The Waste Reception Facilities Directive,
- The Wild Birds Directive,
- The Habitats Directive,
- The Bathing Water Directive,
- The Dangerous Substances Directive,
- The Urban Waste Water Treatment Directive,
- The Shellfish Directive,
- The Water Framework Directive,
- The Environmental Impact Assessment Directive,
- The Strategic Environmental Assessment Directive, and
- The Environmental Liability Directive.
After *Prestige*: Commission proposes a Directive to introduce **criminal sanctions** for ship-source pollution offences

- Parliament added **the competent port authority** (for failing to provide an adequate **port of refuge**)

- Seems that, in addition to financial liability, we may see **criminal liability** imposed on port authorities
Environmental framework: impressive

- …BUT one may wonder if all these regulations together place a *rather heavy burden* on ports, just to comply with all of them

- Framework may impede port development?
Example (one of many?)

- 2004: Associated British Ports scrapped plans to build a 2.3M TEU container terminal at Dibden Bay on environmental grounds. Public inquiry lasted a year and had 15,000 pages of documentation!

- “This is a slap in the face for the big boys and the ‘get-rich-quick’ merchants who bullied and blustered that the development was inevitable,” said an opponent of the project.
OLP’s Pier III

- Fierce opposition from city of Perama on environmental grounds
- (they want to build a marina instead)
The impact of security..

- IMO’s ISPS Code (1/7/2004)
- Progress impressive in EU ports
- EU Regulation on ship and port security, (transposes the ISPS code into EU law)
- Proposed EU Directive on port security
- Plan for additional EU legislation on supply chain (intermodal) security
More security..

- EU-US agreements (bilateral and global)
- Container Security Initiative
- 24-hr rule
- “International Port Security Program” of the US Coast Guard
Some questions

- How much all of these measures would really enhance EU port & intermodal security?
- Is there an estimate of the total cost of these measures?
- Is there an estimate of the impact of these measures on trade and on the goal to shift cargo from land to sea?
Where do we go from here?

- Real risk: each policy development outlined before may pull things into a separate direction.
- With the rejection of the port package, European ports are left with a void as to what the institutional and operating environment of the sector will be in the future.
Also..

- If over-regulated ports are handed a maze of additional requirements, SSS and intermodality will suffer.
- That will help road transport increase its share in intra-EC transport even further.
Priorities: stated vs. factual

There is circumstantial evidence that:

- [No. 1] **Maritime security** is the locomotive pulling the overall EU maritime transport policy train, including ports.
  
  [*Locomotive is designed and driven by the US*]

- [No. 2] **Marine environment protection** is the next priority
  
  [*while environmental damage from road transport continues to grow*]

- [No. 3] **Things like EU intermodal efficiency, shifting cargo from land to sea, and opening port services to competition**, follow behind.
Is there hope?

YES, IF:

- Setbacks such as the rejection of the port package can produce lessons that are useful for the future
- Politicians and legislators reassess their current ‘patchwork’ modus operandi and adopt a more ‘proactive’ policy philosophy
- Relevant policy is developed by carefully assessing all of its implications before its adoption
- Overregulation and policy fragmentation are eliminated!
More hope?

- Marco Polo II, Motorways of the Sea

- “WATERBORNE” technology R&D platform (Commissioner Verheugen)

- “Maritime Policy” Green Paper/ Task Force (Commissioner Borg)
But..

- Outcome of all these is by no means certain
- Things will take some time to be implemented
- Things will not happen by themselves (significant input and money! is needed from industry)
- Beware of possible distortions of competition (Marco Polo & M.o.S.)
- “Maritime Policy” Green Paper: will it eliminate the patchwork, or add to it?
In conclusion..

- The EU port industry is at a critical point, to move ahead proactively and meet many challenges, instead of retracting to inertia, complacency and fragmented action.
- This will not happen automatically, and it will definitely require the full energy and cooperation of all stakeholders involved.
PS (for Greece)

- ...will port market be liberalized?
- ...will private capital be used for port development?

- If yes, when and how?
Thank you very much!

Coordinates

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