

# Short sea shipping: towards a great fiasco?

Harilaos N. Psaraftis  
National Technical University of  
Athens



# The answer upfront:

- **NO**, if certain (major) things happen
- **YES**, if these things do not happen

## SCOPE OF THIS TALK:

- Take stock at status of SSS (in Europe)
- Identify problems & opportunities
- Recommend actions for SSS to be a success story



# Some references (1992-2005)

- Short Sea Shipping roundtable conferences (1992,1994,1996)
- “SSS-CA: Concerted Action on Short Sea Shipping” (DG-TREN, 1995-2000) NTUA leader
- “PROSIT project: Promotion of Shortsea Shipping and Inland Waterway Transport by use of Modern Telematics” (DG-TREN, 1998-2000)
- “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.
- Psaraftis, H. N., **“EU ports policy: where do we go from here?”** Maritime Economics and Logistics, Vol. 7, No. 1, 73-82, 2005.

# 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
- 4 parts



# Short sea shipping (SSS)

- Central pillar of EU transport policy:  
**SHIFT CARGO FROM LAND TO SEA**
- Goal: reduce transport 'external costs'

**Congestion/noise/pollution/accidents**

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



# EU: Need of a SSS promotion program

- Adoption of a Directive **standardising certain reporting formalities** for ships to arrive in and/or depart from ports in the Member States;
- Proposal for a new support programme “**Marco Polo**”;
- Proposal for a Directive on **Intermodal Loading Units**;
- Introduction of the “**Motorways of the Sea**” approach in the Commission’s White Paper;
- Proposal for a **Directive on market access to port services** (“port package”).



# SSS promotion cont'd

- Focal points
- Promotion centres
- Maritime clusters



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.7.2004  
COM(2004) 453 final

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL,  
THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND  
SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**on Short Sea Shipping**

{SEC(2004) 875}

Mare Forum Conference, Rome, Italy,  
September 12-13, 2005



# TEN-Ts (Trans-european transport networks)



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 1.10.2003  
COM(2003) 564 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)

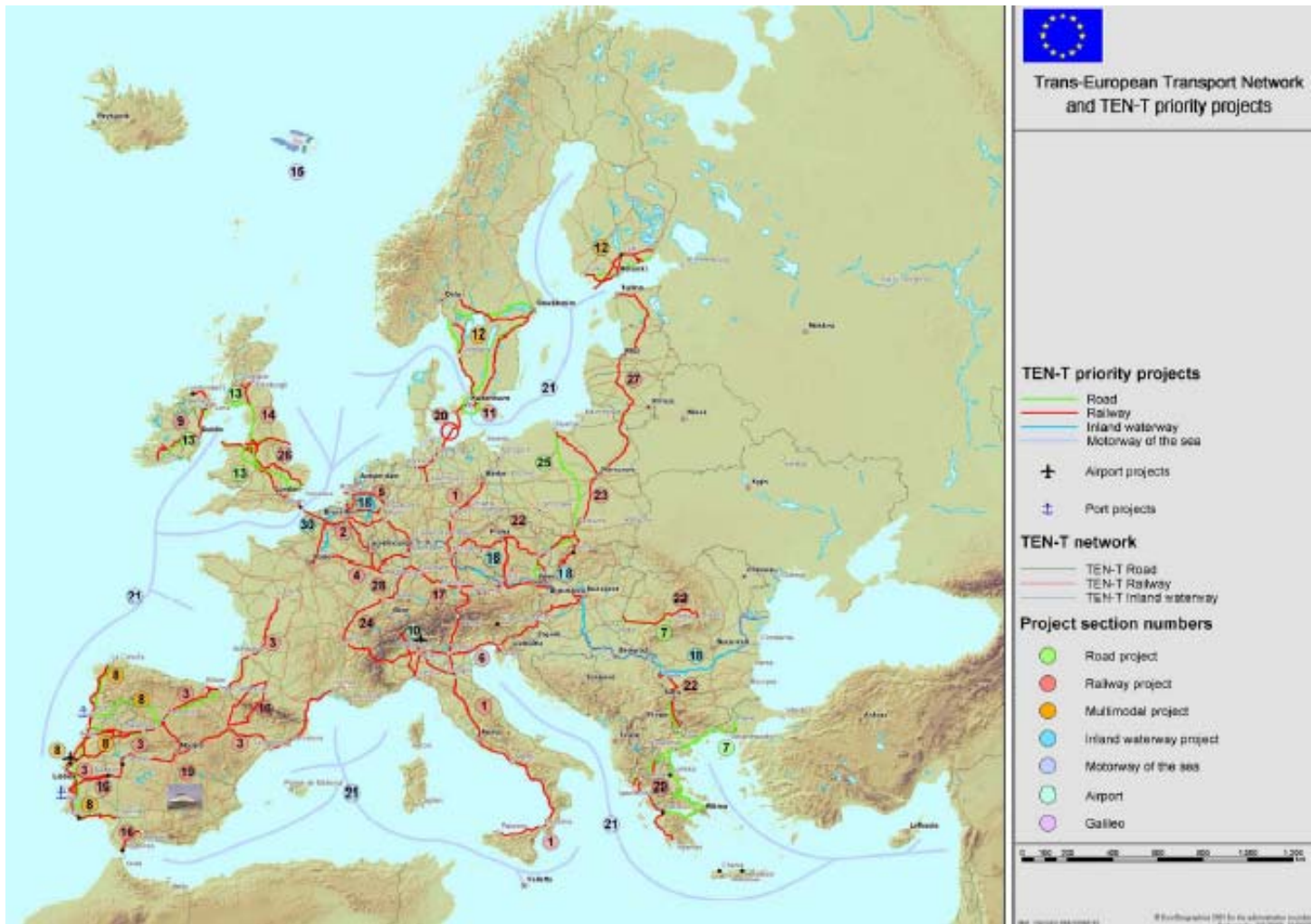
Mare Forum Conference, Rome, Italy,  
September 12-13, 2005



# Basic concept

- High-level group chaired by K. van Miert
- 29 high priority projects across EU
- Funding up to 220 billion EUR by 2020
- Introducing ‘Motorways of the Sea’

# TEN-T priority projects



Mare Forum Conference, Rome, Italy,  
September 12-13, 2005

# 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 program

- “Marco Polo” program launched in 2003
- Successor to “PACT”
- Goal: shift 12 billion ton-kilometers a year from road to non-road modes
- (Note: ~1% of road traffic)



# Marco Polo II

- Based on an independent ex-ante evaluation, the 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 tonne-kilometres of freight off the road (~10% of road traffic!)** and will reduce CO2 emissions by 8400 million kg.
- 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 Euro subsidy given in Marco Polo II will thus generate more than 6 Euro in terms of social & environmental benefits to our society.**



# Action framework: substantial

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

Answer:

- we still have a long way to go
- things can be rather unsettling

# The not-so-good news...

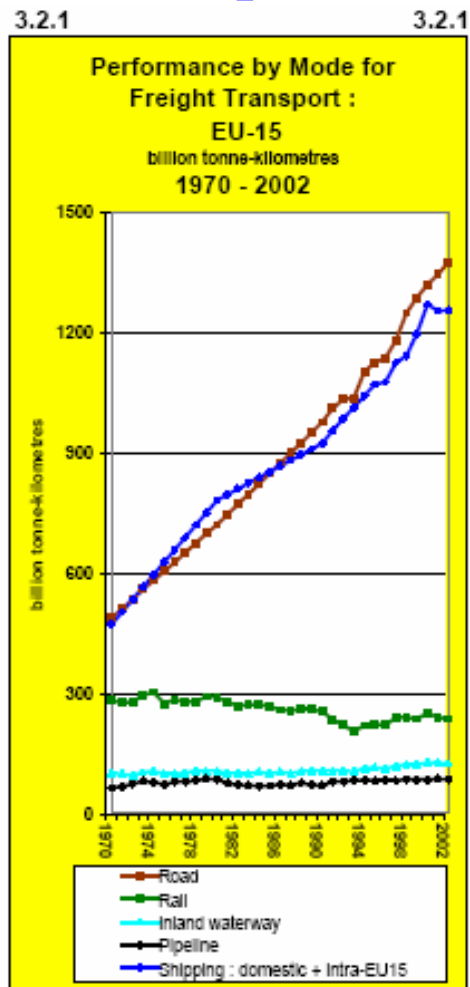
## Between 1990 and 2002:

- SSS grew considerably (36%),
- But road transport grew even faster (41%)
- Inland navigation growth almost stagnant (<17%)
- Rail growth <0 (-7%)



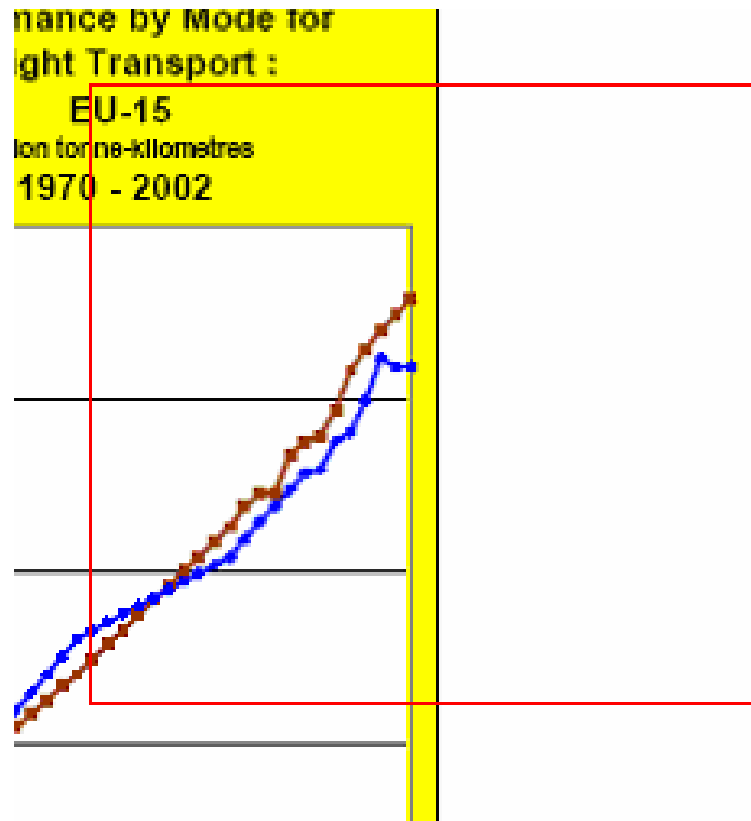


# EU-15 modal split



Mare Forum Conference, Rome, Italy,  
September 12-13, 2005

# Focus after 1985



Mare Forum Conference, Rome, Italy,  
September 12-13, 2005

# 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

%

	Road	Rail	Inland Waterways	Pipe-lines	Sea
1970	34.7	20.0	7.3	4.5	33.5
1980	36.3	14.6	5.3	4.3	39.4
1990	41.9	10.9	4.6	3.0	39.6
1991	42.3	9.8	4.5	3.3	40.0
1995	43.0	8.5	4.4	3.1	41.0
2000	43.2	8.2	4.2	2.8	41.6
2001	44.0	7.9	4.1	2.8	41.1
2002	44.7	7.7	4.1	2.8	40.8



# Is EU-25 better than EU-15?

## FROM ESPO NEWS, August 2005:

- “since May 2004, when Latvia, Lithuania and Estonia became EU members, **maritime transport in the Baltic Sea decreased 10 percent; while road transport increased almost 50 percent.** This is due to a decrease in bureaucracy and administrative procedures for road transport, while legislation on shipping has not or unsatisfactorily been transposed. **This means that an inverse modal shift (from sea to road) is taking place as the result of the enlargement.**”



## More concerns...

- Marco Polo got much lower funding than expected (100 million euros for 2003-2006)
- 1<sup>st</sup> call (Dec. 2003): 15 million euros
- 2<sup>nd</sup> call (Dec. 2004): 20,3 million euros
- Compare with 80 **billion** euros of annual external costs!



# Also..

- EILU Directive: **lack of enthusiasm** from industry
- Port package: **defeated** in EP (November 2003)
- Big setback for EU port industry
- **By extension, serious setback for EU's SSS and intermodal transport**



## Port package cont'd

### **Compromise text that was put to vote in 2003:**

- had little relation to the original text proposed by the Commission
- tried to satisfy almost everybody
- united against it heterogeneous forces (eg, dockers and private ports)





# 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
- EP divided over recent version



# 'Mainline' aspects of EU transport policy

(those that deal directly with SSS and intermodality)

- **situation is certainly not as rosy as one may be led to believe at first glance**
  
- How about other aspects???

# Customs procedures at ports

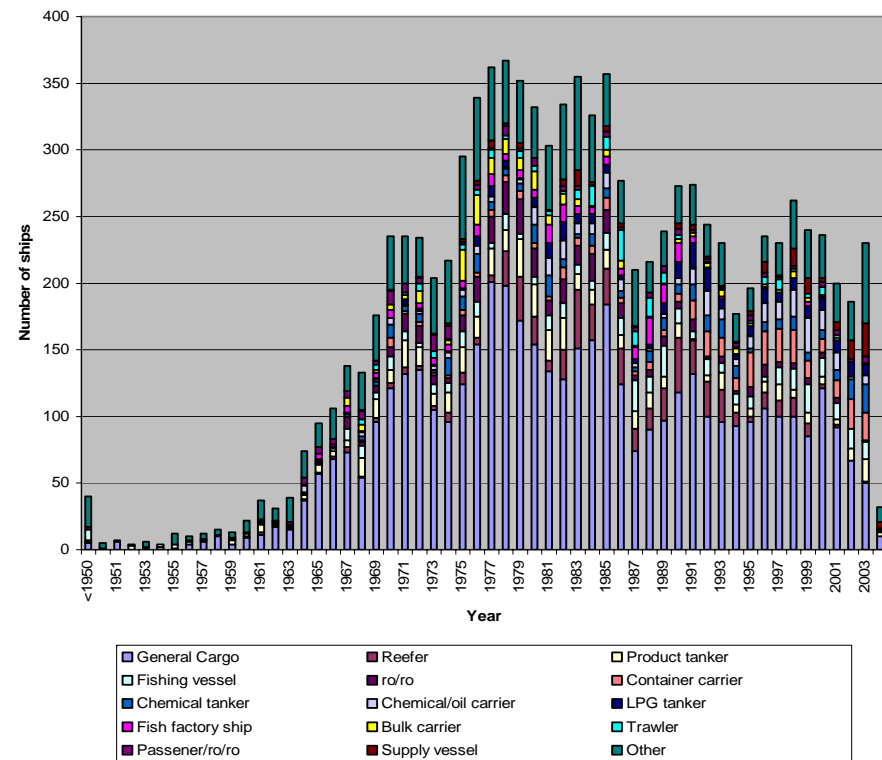
- One stop shop??



# 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 (and, by extension, SSS)

- 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.





## 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 (and by extension, SSS) development?



# The impact of security...

- IMO's ISPS Code (1/7/2004)
- Progress impressive in EU ports





## Security cont'd

- EU Regulation on ship and port security, (transposes the ISPS code into EU law)
- EU Directive on port security
- plan for a future EU Directive 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 port package still open, the EU ports sector is left with a void as to what the institutional and operating environment will be
- By extension, same is true for SSS



# Plus..

- 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



# General picture

- Picture of SSS not very rosy, and some developments are disturbing
- Similar picture for IW



# Is there hope?

## **MAYBE**

- Setbacks such as the rejection of the port package can produce lessons that can be useful for the future
- This will require politicians and legislators to reassess their current 'patchwork' modus operandi and adopt a more 'proactive' policy philosophy
- Maritime transport policy should be developed by carefully assessing *all* of its implications *before* its adoption, and by listening to the industry stakeholders more than is done today



# More hope?

- Marco Polo II and Motorways of the Sea
- “WATERBORNE” technology R&D platform (Commissioner Verheugen)
- “Maritime Policy” Green Paper/Task Force (Commissioner Borg)

(BUT: these will take some years to develop, and some more to be implemented)





# Necessary actions for SSS success

## **DO ALL OF THESE THINGS:**

- Set specific and measurable goals on SSS traffic share (eg, 45% in 10 yrs)
- Develop a Roadmap to achieve these goals (Roadmap: set priorities, proceed in stages, measure progress)
- Internalize external costs of road transport so that it is not artificially cheap
- Develop viable Business Plans for each Motorway of the Sea
- Increase funding for MoS and Marco Polo
- Allocate resources to most cost-effective solutions (do not spread too thin)



## Actions cont'd

- Substantially engage private capital (esp. in MoS)
- Remove customs and other administrative barriers in ports
- Work out an effective port market liberalization scheme
- Modernize SSS fleet
- Eliminate patchwork of policies that impede SSS
- Integrate SSS into a coherent overall Maritime Policy



## In conclusion..

- SSS in Europe 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



# Thank you very much!



## Coordinates

- [hnpсар@deslab.ntua.gr](mailto:hnpсар@deslab.ntua.gr)
- [www.martrans.org](http://www.martrans.org)