Market Access to Port Services: An independent perspective from a former port CEO

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Purpose of talk

- Put “market access to port services” into perspective
  - as regards the ‘mainline’ EU transport policy thrust (ports, intermodal, SSS, etc)
  - as regards other policy 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)
- Author’s experience as Piraeus port CEO (1996-2002)
- NTUA Maritime Transport web site: references, documents, sources, links, etc.
End of Lloyds List article (Jan. 22, 2004):

“...it remains to be seen if policymaking for the European port sector can regroup and live up to the high expectations of these increasingly challenging times.”
Almost 2 years later..

(after TRAN Committee vote of Nov. 22, 2005)
Putting things into perspective

- The “port services directive” is only a part of a complex framework of legislation, regulations, and other policies that affect EU ports, directly or indirectly.
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
Obvious 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”).
Motorways of the Sea (TEN-T 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.
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)
- Rail growth <0 (-7%)
EU-15 modal split
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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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.”
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.
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.
Piraeus Pier III (containers)

- Fierce opposition from city of Perama on environmental grounds
- (they want to build a marina instead)
Customs procedures at ports

- One stop shop??
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?
Port package

- **1st setback**
- **Defeated in EP** (November 2003)
- 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

- ‘Swan song’ of Mrs. De Palacio
- ESPO and others urged not to rush through it
- Submitted in October 2004
- Opposition from port industry & unions
- 2nd setback: TRAN committee vote of Nov. 22, 2005
- ESPO asked for withdrawal and a fresh start
- Will go to plenary in January 2006 (3rd and final setback?)

That will be 8 years since the adoption of the Green Paper on Sea Ports and Maritime Infrastructure
Where do we go from here?

- Real risk: each policy development outlined before may pull things into a separate direction.
- With the port package in limbo, 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.
Is there hope?

YES, IF:

- Policy setbacks (e.g., 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
- There is more consultation with industry
- Over-regulation and policy fragmentation are eliminated!
More hope?

- Marco Polo II, Motorways of the Sea: should be given benefit of doubt

- “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 streamline the patchwork, or add to it?
From Webster’s dictionary:

**Patchwork:**

- Pieces of cloth of various colors *and* shapes sewed together
- Something composed of ill-assorted, miscellaneous, or incongruous parts
- Work performed in random or unsystematic fashion
To be avoided..
In conclusion..

- The EU port industry is at a critical point, to move ahead proactively and meet the many challenges it faces.
- This will not happen automatically, and it will definitely require the full energy and cooperation of all stakeholders involved.
- My opinion: A fresh start is indeed needed, and the port industry must take the lead to make that happen.
Thank you very much!

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