

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

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: Actions to promote SSS

- 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”)**.

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)

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'

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.

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

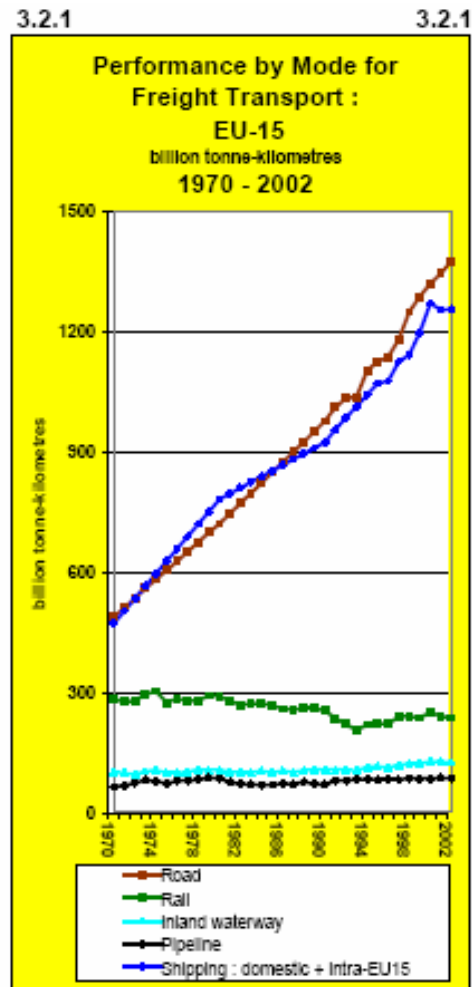
The not-so-good news...

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%)

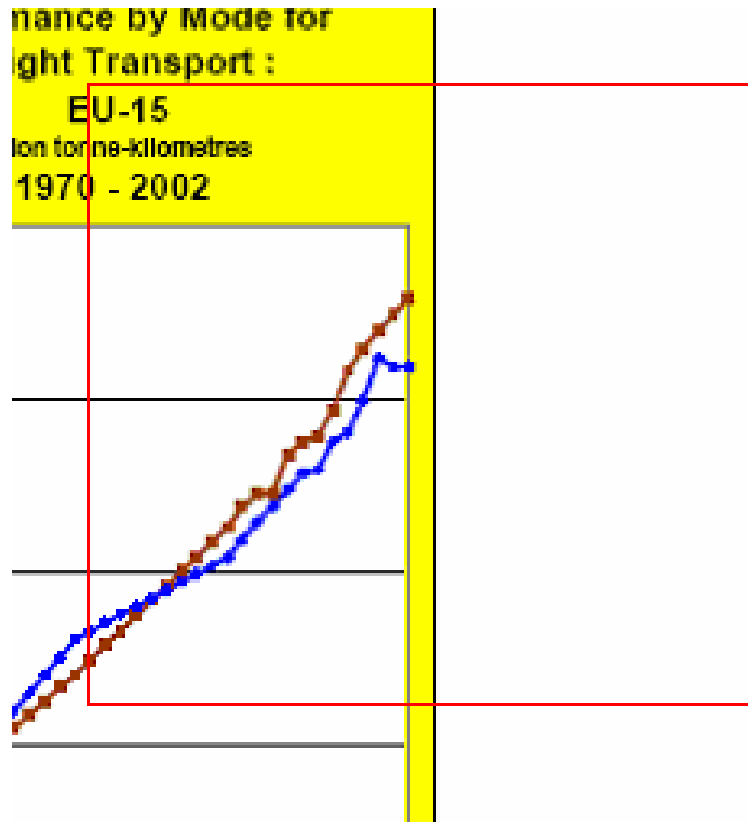


EU-15 modal split



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

Focus after 1985



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 Water-ways	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)
- 1st call (Dec. 2003): 15 million euros
- 2nd 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 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

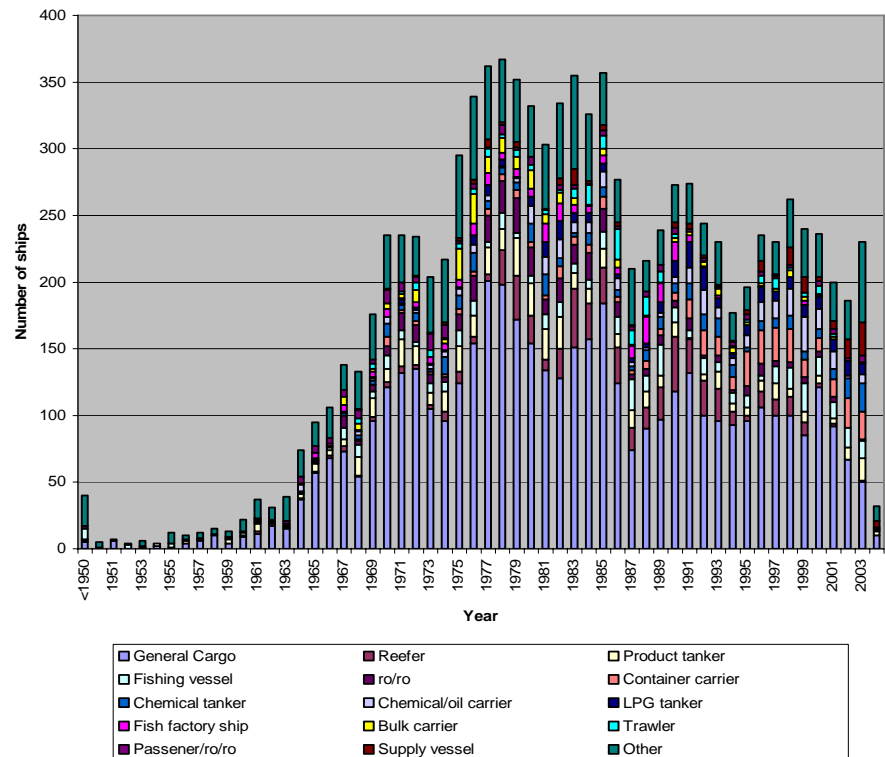
(those that deal directly with SSS and intermodality)

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

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
- 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

Is there hope?

MAYBE

- 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
- www.martrans.org