



ECSA response to the “White Paper 2011-Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system”

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INTRODUCTION

The European Community Shipowners' Associations (ECSA), representing the shipping industry from the EU and Norway, refers to the recent publication of the European Commission's "White Paper 2011: Roadmap to a Single European Transport Area" as well as the ensuing policy debate on the future EU Transport policy. ECSA contributed to the consultation process launched by the European Commission in 2009 on the "Future of Transport", which preceded the publication of the White Paper.

ECSA appreciates the fact that the Commission recognises the Transport sector as being an essential component of the European economy and that "curbing mobility is not an option". ECSA also shares the view of the Commission pertaining to a competitive and sustainable transport system.

The objectives of the new White Paper cover an extensive time period, which will hopefully allow for a broad and comprehensive policy debate as well as reflection on the course of action to be taken in the future.

As far as maritime transport is concerned, ECSA appreciates the Commission's acknowledgement of the need for a global level playing field through global rules and regulations as well as the pressing need for simplifying formalities for ships engaged in intra-EU trade.

ECSA stresses that the policy debate that has now been launched should take into account the Commission's "Communication on Maritime Transport Strategy 2009-2018", which aims at maintaining and improving the global lead position of European shipping by addressing the issues and challenges that the industry will face in the years to come. Indeed European shipping is a world leader, controlling 41% of the global merchant fleet. It should be noted that shipping carries 90% of EU external trade and 40% of EU internal trade. This global character of shipping should continue to be taken into account on all fronts such as the free market access, the competitive position of EU shipping, safety, environment and labour markets.

European shipping is committed to further enhancing its important role within the co-modality concept. The detailed comments below, while focussing on specific maritime issues, aim at a constructive dialogue with the European Commission and other relevant EU institutions on forthcoming policy initiatives and on developing a long term, sustainable transport strategy.



SPECIFIC COMMENTS

AN EFFICIENT AND INTEGRATED MOBILITY SYSTEM

- **A genuinely open and multimodal EU Transport area**

ECSA is a strong supporter of the Commission's intention to create an efficient and truly European Transport area by reducing administrative and customs procedures, improving reliability and quality of services while also enhancing safety and security.

ECSA has duly noted the continued policy of co-modality through multi-modal concepts. As already brought forward in the ECSA response to the consultation process on the "Future of Transport" Communication in 2009, the basis of the co-modality approach consists of using and combining the most appropriate transport modes taking into account elements such as: efficiency, environmental friendliness, and other external costs such as accidents, congestion and noise. The modal shift to waterborne and rail for longer distances as suggested in the White Paper is directly linked to this approach.

- **A true internal market for rail services**

ECSA welcomes the Commission's work on increasing and enhancing the commercial approach of the rail operators. In today's globalised world economy, global logistic chains are only as strong as their weakest link.

Shipping companies are frequent users of rail services while ports and especially their connection(s) to the hinterland are increasingly becoming the focus of efforts to reduce bottlenecks and improve freight mobility (for example, so-called "last rail miles" linking seaports to the wider rail network are often characterized by poor infrastructure, low efficiency and increased costs). Consequently, ECSA fully supports the development of a broad and efficient European rail network and the further liberalisation of rail services towards a true Internal Market for Rail.

- **A Maritime Blue belt**

Ever since the beginning of the nineties, reducing administrative burden and cutting red tape has always been high on the political agenda, with an aim at promoting short sea shipping. Whilst some improvements have already been achieved, further important efforts are clearly necessary in order to establish a 'European Maritime Transport Space without Barriers'. This is all the more so as additional security requirements have increased the workload of companies and crews.



On the basis of the present EU customs regulation, Community goods status is limited to goods travelling inside the EU Customs territory. Consequently, once a vessel leaves this customs territory, goods lose their Community status. This status then needs to be certified upon arrival at the next EU port for those Community goods to be discharged. It is evident that this creates unnecessary bureaucracy, administrative burden and places shipping at a competitive disadvantage in comparison to other modes of transport.

In this context, the Blue Belt initiative, introduced by the Belgian Presidency and endorsed by the EU Council of Transport Ministers in December 2010, can be very helpful. The project is attempting to promote understanding and trust of customs authorities in the use of SafeSeaNet to monitor the movement of ships and as such has received full support from the EU shipping industry. Nevertheless, success of this initiative will depend on customs authorities' responsiveness.

ECSA trusts that potential improvements resulting from this initiative will be reflected in the Modernised Customs Code Implementing Provisions (MCCIP).

- **Multimodal transport of goods: Single document and liability regime**

ECSA is pleased to note that the White Paper takes into account the existence of the new international liability and transport regime, known as the "Rotterdam Rules" (United Nations Convention on "Contracts for the Carriage of Goods Wholly or Partly by Sea") while at the same time acknowledging that an important part of EU maritime nations have signed and/or ratified the Convention.

ECSA is a strong supporter of the new international liability and transport regime and calls upon the remaining EU Member States to sign and ratify the "Rotterdam Rules" as soon as possible, as they are the appropriate instrument for a modern liability regime in co-modal transport with a sea-leg.

Should an EU regional alternative to the Rotterdam Rules be introduced, this would significantly undermine international efforts towards swift ratification. It is important to avoid the adoption of regional regulations and the resulting legal uncertainty, ill-suited to a truly global industry.

- **Reducing administrative costs through the e-Maritime initiative**

ECSA supports the Commission's efforts to increase overall efficiency in the shipping sector and cut down on 'red tape' by streamlining and rationalising the stream of information between various stakeholders (ships, ports, customs authorities etc...). In this context ECSA supports initiatives such as e-Maritime but also e-Freight.



- **Market access to Ports and Port Services**

Modernisation and liberalisation of port services has been on the EU's agenda for a long time. Following the rejection of the two previous draft proposals aimed at liberalising market access to port services, the Commission adopted a soft law approach, issuing in 2007 a Communication which comprised the basic principles of the EU Ports Policy.

However, this set of principles is often not applied.

ECSA therefore welcomes the Commission's intention to reassess the European Ports Policy. Liberalisation of port services, notably of pilotage, towage, and stevedoring (port labour) should be the main objective of the forthcoming review. Efforts should focus on enhancing efficiency and avoiding outmoded or restrictive practices.

Finally, ECSA appreciates the Commission's initiative to launch a study on Pilot Exemption certificates and on innovation and change on pilot services.

- **A Maritime Social Agenda**

ECSA has taken note of the Commission's intention to increase employment and growth in the EU Transport sector. Recently ECSA undertook a project, aimed at promoting best practice in EU Member States in the recruitment and training of seafarers. According to the report, three million people are employed in the EU maritime cluster.

ECSA would also like to draw attention to the fact that in recent years, employment of EU seafarers on board European-flagged vessels has increased, particularly as far as officers are concerned, while the number of students in maritime academies has been on the rise.

The Social Agenda for maritime transport needs to recognise the international character of the shipping industry and the pressures on labour costs that this generates. Shipowners in Europe and the rest of the world have worked hard to establish a global level playing field in labour standards and living and working conditions for seafarers through the adoption at the International Labour Organisation (ILO) of the 2006 Maritime Labour Convention (MLC). In addition, the social partners (ECSA and ETF) have concluded an agreement on the implementation of the MLC in 2009 (directive 2009/13). The MLC will ensure that quality operators are not undercut by those that pay scant regard for their crews – provided that this global level playing field is not disturbed. ECSA urges Member



States to ratify and implement the MLC as soon as possible, so that it rapidly enters into force. ECSA strongly believes that EU legislation on labour conditions needs to be fully in line with international legislation, most notably the MLC and, where appropriate, the IMO STCW Convention.

Increasingly, European know-how and maritime management skills have become especially relevant on-shore. Today, it is almost certain that seagoing officers will find a place in the maritime cluster upon their return to land. However, the perception of the maritime professions in Europe remains a key issue. The career opportunities in maritime transport are excellent and the sector spares no efforts to attract young people by organising large information and marketing campaigns targeted at youth and parents alike. Furthermore, as a social partner, ECSA has, together with ETF, developed a career mapping project, indicating a variety of opportunities of high level jobs in the maritime cluster. This project will be kept up to date. However, the presence of career opportunities heavily depends on the existence of quality maritime know-how in Member States. This know-how can only be safeguarded if there are sufficient numbers of high-quality people opting for careers at sea.

The global character of shipping also implies that any imposition of protectionist employment measures on European shipping would do nothing to increase opportunities for European seafarers – on the contrary, the most likely effect will be the opposite. ECSA strongly believes that such measures must be avoided.

Likewise, the reference made in the White Paper to the “exclusion” of seafarers from certain European social legislation is inaccurate. It is in fact not an actual exclusion, as in most EU Member States there are specific rules or agreements providing equivalent protection to the seafarers. Taking into account the Social Partners' Agreements on Working Time for Seafarers and the MLC (which will enter into force concurrently with the Convention itself), ECSA can assert with confidence that European seafarers enjoy comprehensive employment rights that are at least on par with their shore-based counterparts.

- **Secure Transport - Piracy**

Notwithstanding the efforts by EU NAVFOR and some third countries, piracy at sea is still endangering human lives and is detrimental to international trade. The situation is constantly deteriorating: the affected area, initially limited in the Gulf of Aden and the coast of Somalia has now extended to the whole of the Indian Ocean. Piracy is a global problem, which needs to be better addressed by the international Community. The United Nations Convention on the Law of the Sea (UNCLOS) places this obligation on contracting parties, including EU Member States.



ECSA urges the EU Institutions and the international community to take immediate action, particularly in the Indian Ocean, on key points such as:

- ❖ Improving coordination of convoys and group transits by all military forces in the area;
- ❖ Addressing the “mother-ships” more efficiently (including locating reports through the NAVWARN system) while exercising due diligence in the protection of life of hostages;
- ❖ Providing for stronger rules of engagement of military forces in the area;
- ❖ Analysing the increased use of private armed guards and its consequences;
- ❖ Encouraging Governments to make available military Vessel Protection Detachments (VPDs) in the area (land based forces);
- ❖ Advocating a more formal coordination and a comprehensive EU and global strategy against piracy;
- ❖ Ensuring that pirates are brought to justice.

In addition to much-needed short-term measures at sea, ECSA welcomes the Commission’s intention to increase international co-operation and focus on capacity building and fighting poverty and corruption in the Somali mainland. These long-term shore-based measures, aimed at addressing the roots of the problem, will effectively complement action taken at sea.

In the meantime, the continuous deterioration of the situation calls for an immediate and effective response.

- **Enhanced security of cargo in ports**

ECSA agrees with the Commission’s position on the US 100% container scanning initiative. Implementation of such a regime would severely hamper trade and dramatically reduce port efficiency with minimal contribution towards enhanced security.

The European shipping industry therefore fully supports the Commission on this matter and is of the opinion that the envisaged multi-layered approach is undeniably a more viable policy option, provided that further action is based on existing measures. Any further action undertaken by the EU should take into account the experiences gained from the implementation of the security amendment in the context of the Community Customs Code Implementing Provisions (the so-called EU Advance Cargo Declaration).



- **Safer Shipping**

ECSA remains convinced that international regulation is the most effective way forward for shipping. Regional legislation, or additional regional provisions to international rules and measures, are counterproductive and constitute a burden for a sector as global as the shipping industry.

Implementation of the Maritime Safety Package III completes the EU legislative work on maritime safety. The legislation, largely based on international rules as agreed in the IMO, is now to be applied. ECSA strongly believes that international legislation must continue to be the basis of the EU initiatives on shipping such as the work currently carried out by EMSA on modernising passenger ship safety legislation.

- **An EU register and an EU flag**

This particular concept is certainly not new as the idea of establishing a European Register (EUROS), which would allow for a specific operating framework for European shipping, was first launched in 1989.

ECSA believes that creating an EU register and linking it to a favourable regime (providing benefits such as reductions of port dues, lower inspections and insurance costs) would be difficult, if not impossible. “National treatment” clauses in trade agreements between Member States already cover many of these issues.

Moreover, an EU register would necessitate common economic governance at EU level, which currently does not exist.

Furthermore, providing benefits such as reduced port dues and lower insurance costs would also require the consent of port authorities and insurance companies, which will certainly be difficult to obtain.

In light of this, ECSA firmly believes that the creation of an EU register should not be pursued as it would fail to bring any added value.

- **An EU Coastguard**

Similarly to the concept of an EU Register, the idea of a European Coastguard is a recurring theme. This suggestion is mainly an issue of EU Member States as it lies within their exclusive competence. Coastguard-related activities are dealt with differently in the various EU Member States and, in ECSA’s opinion, the creation of a European Coastguard appears to be unnecessary, but also unlikely to be achieved.



ECSA advocates that efforts should instead be directed towards more achievable targets such as closer cooperation between Member States, particularly on immigration, drug trafficking, etc... Where such co-operative arrangements already exist, efforts should be made to improve them. The anticipated influx of immigrants from North Africa in the Mediterranean Sea is a source of concern and cooperation between Member States should be intensified in that respect.

- **Transport of Dangerous Goods**

While reducing any administrative bureaucracy and red tape should, as a rule, be supported, it should not be done at the expense of safety at sea. ECSA believes that any dilution of the IMO rules should be approached with considerable caution and should not be taken forward without detailed practical discussion with the shipping industry, in order to ensure that ships and seafarers' lives are not put at risk.

- **Passenger rights**

ECSA draws attention to Regulation 1177/2010 of 24 November 2010 concerning the rights of passengers when travelling by sea and inland waterway. While the new rules impose several challenging obligations, ECSA's members remain fully committed to implementing the rules laid down in this new Regulation with a view to ensuring the highest level of passengers' rights.

However, as demonstrated during the consultation process and the discussions leading to Regulation 1177/2010, a "one size fits all" policy approach is unworkable. In light of this, ECSA deems additional rules to be unnecessary at present, particularly when they are not preceded by an appropriate impact assessment.

- **Seamless door-to-door mobility (Single ticket)**

While the idea of seamless door-to-door tickets might look attractive at first instance, it will not always be workable. It should therefore be approached with caution, avoiding at all costs a distortion of free markets as well as the creation of additional bureaucracy.

INNOVATING FOR THE FUTURE: TECHNOLOGY AND BEHAVIOUR

- **Greenhouse Gas Emissions**

With regard to the Commission's intention to reduce EU CO₂ emissions from maritime bunker fuels by 40% (if feasible 50%) by 2050, ECSA points out that, although commendable, the feasibility of these reduction targets should first be explored.



ECSA is a strong supporter of the major debates on how the transport industry in general, and shipping in particular, could best contribute to the EU's political commitment of carbon reduction. ECSA members are convinced that shipping needs to play its part in reducing carbon emissions and are committed to a positive action.

In comparison to other modes of transport, shipping is the most carbon-efficient means of transporting freight, emitting the lowest percentage of CO₂ per tonne km. While carrying 90% of global trade, maritime transports' share in global greenhouse gas emissions corresponds to an estimated 2 to 4%.

In light of this, ECSA believes that modal shift from other, more polluting modes to maritime transport is already an important step towards reducing emissions. What is more, the shipping sector has progressively achieved lower emissions while increasing freight capacity. Efforts are continuing to improve fuel efficiency, the IMO Energy Efficiency Design Index being a good example of this trend. High oil prices and the resulting efforts to reduce energy consumption on board, coupled with the aforementioned efforts of the industry to improve fuel efficiency, will result in a CO₂ reduction in the order **of 20% in relative terms**.

ECSA also appreciates the fact that the Commission has on a number of occasions expressed its strong preference for an international solution and advocates that regional measures can only be suboptimal and counterproductive.

In the event that Market Based Measures (MBMs) are introduced, the EU shipping industry wishes to express its preference for a levy-based compensation mechanism.

- **Sulphur emissions (SO_x)**

ECSA welcomes the IMO agreement on reduction of sulphur and nitrogen emissions reached in April 2008. However, the decision setting a 0.1% limit in sulphur content in bunker fuels by 2015 in the ECAs is of real concern to the European shipping industry. This decision, which was not preceded by an impact assessment, will increase fuel costs dramatically, thus leading to a modal backshift from sea to road transport, which on some routes might reach up to 50%.

Prospects of abundant fuel availability by 2015 are bleak, alternative abatement technologies are still not ready for commercial purposes and the use of LNG as an alternative energy source still needs further development with problems such as bunkering possibilities still to be solved. Despite this, the shipping industry has actively been working on a toolbox. A viable and efficient technological solution, suitable to all vessels will, in all certainty, not be available by 2015. It is therefore of the utmost importance to find an acceptable solution in order to minimise compliance costs to the 0.1% SO_x fuel requirements.



ECSA took note of the references in the White Paper regarding a possible extension of the ECAs to the Mediterranean Sea. This must be properly analysed on the basis of IMO criteria and an appropriate and holistic impact assessment should precede any decision on the matter.

MODERN INFRASTRUCTURE AND SMART FUNDING

- **TEN-T**

ECSA takes note of the Commission plans to set up a fully functional and EU-wide multimodal TEN-T “core network” by 2030, with a high quality and capacity network by 2050 and a corresponding set of information services.

As expressed in the consultation process on TEN-T, ECSA feels that much more attention should be given to port infrastructure and in particular to hinterland connections for the different modes of transport. This contributes to the co-modality approach in which shipping is a key actor.

The above implies that TEN-T support should be available to both Core and Comprehensive networks. This would facilitate the further development of Motorways of the Sea.

In the same context ECSA appreciates the Commission’s proposal for “*a European infrastructure policy for ports paying particular attention to ensuring the availability of ports well connected to the land transport system along the entire EU coastline” and the need for “a more balanced distribution of entry and exit flows into the European transport system.”*

ECSA agrees with the need for an infrastructure funding framework, grouping together and coordinating the use of the various EU financing tools (TEN-T, EBRD, Social and Cohesion Funds).

- **Marco Polo**

Although very limited reference is made to the Marco Polo programme in the White Paper, ECSA hopes that, in the context of Short Sea Shipping promotion, the Commission is willing to reconsider the recently adopted 2011 Marco Polo Work Programme, which specifies that no funding would be available in 2011 for Short Sea Shipping services which do not make use of environmental technologies such as scrubbers, low-sulphur fuel, shore side electricity or LNG. ECSA points out that this new set of policy priorities is in contradiction with the overall objective of Short Sea promotion and will lead to a modal backshift.



Furthermore, in light of the 2015 sulphur requirements, ECSA urges the Commission to take this risk of modal backshift into consideration during the review of the new Marco Polo programme (beyond 2013). The focus of the programme and the EU funds allocated to various projects should reflect the need for costly investments that will allow the shipping industry to reach these new requirements. In any event, the upcoming review of the Marco Polo program calls for a broad and all-encompassing impact assessment, involving all relevant stakeholders.

SMART PRICING AND TAXATION

- **VAT on Passenger Services**

VAT on Passenger ferry services and on cruises is a complex and sensitive issue on which the European shipping industry is working closely with the European Commission.

Over the last decades, the industry has increasingly been burdened with financial and regulatory burdens. Utmost prudence is therefore required to ensure the viability of the industry and avoid the very real risk of reductions or abolitions of services on key routes. For that reason, ECSA reiterates the crucial importance of a holistic impact assessment as a clear prerequisite to any alteration or modification of existing practices.

- **Internalisation of external costs**

The Commission distinguishes between global Greenhouse Gas emissions and local externalities such as sulphur and nitrous oxide emissions (SO_x, NO_x) noise (at sea and at berth), pollution (diffuse oil pollution, litter and waste water, introduction of alien/invasive species through ballast water). For maritime transport, the Commission intends to focus on the local externalities, as it recognizes that Greenhouse Gas emissions should be addressed at IMO level.

Previous discussions on the internalisation of external costs have given evidence that this is a complex issue. The use of port charging in order to internalize these external costs does not seem to be the appropriate solution. EU shipping is already facing the difficult task of complying with strict rules regarding SO_x/NO_x emissions and supports a global solution that will, in conjunction with the industry's own efforts, effectively reduce CO₂ emissions from ships.

THE EXTERNAL DIMENSION

A global free market environment is a *de facto* requirement for shipping given the industry's global nature. EU efforts towards further liberalisation in trade and services



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in the WTO, other international fora and on a bilateral basis are fully supported by the industry.

The Commission's suggestions regarding membership in international organisations such as the IMO are not new. The shipping industry has always recommended extreme caution in this respect. The idea of the EU's single voice at the IMO has also been strongly opposed by the national governments of the EU Member States. Apart from legal and competence implications, it remains extremely doubtful to what extent a single European voice will be a positive development, as it might lead to the creation of regional blocks, thus politicising negotiations at IMO-level. The working of the IMO as a UN body should be fully supported and contribution of EU Member States' expertise should be reinforced. Decisions weakening this objective should be avoided.

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