



ECSA ANNUAL REPORT 2007-2008 - PRESS RELEASE **Press Conference 17 September 2008 – Key Points**

ECSA President Philippe Louis-Dreyfus together with Vice President Marnix van Overklift and the ECSA secretariat presented the ECSA annual report 2007-2008 to the press on Wednesday 17 September 2008.

The annual report was also presented on 17 September to Commission Vice President and Transport Commissioner Antonio Tajani during a constructive exchange of views.

EUROPEAN SHIPPING IN A GLOBAL MARKET

World trade and maritime transport were influenced by the turbulence on the financial markets and the increases in energy costs resulting in lower growth figures. For maritime transport a slower growth of 4.7 % in tonne miles was noted in 2007. A forecast of 3.8 % increase for 2008 seems optimistic. European shipping maintained its leading position with an EEA controlled share of the global merchant fleet of over 40 %.

EUROPEAN MARITIME TRANSPORT POLICY 2008-2018

A competitive operational framework essential to maintain global lead position of European shipping

In last years press conference we referred to the Commission Communication on a future maritime policy for the Union issued in October 2007. The different action points mentioned therein are now taken care of by the relevant Commission Directorates General.

For shipping the key action point, notably the exercise on a future maritime **transport** policy 2008-2018 launched by Vice President Jacques Barrot, is in full process. Both Member States and senior shipping professionals are directly consulted. In this context we last week had a constructive exchange of views with Vice President Antonio Tajani who has taken over the Transport portfolio from Jacques Barrot and we expect that the Communication that will be issued end 2008 will lay a good basis for the future.

A future maritime transport policy will of course cover a variety of issues on which we touch upon in the ECSA annual report. A fundamental point of the maritime strategy is to have an appropriate structural operational framework to maintain the leading position that European shipping has today globally.

In this respect the State Aid Guidelines should be stable, long term and be applied in a flexible way for all relevant types of shipping and maritime services.

European Port Policy

A sound basis that now must be enacted

In previous years discussions on a European Port Policy created quite some emotions particularly the two Directives that were rejected by the European Parliament. The Communication on a European Port Policy published in October last year has overcome these challenges by adopting a soft law approach laying down sound principles. It is however indispensable that these are now properly applied and that their application is monitored at regular intervals.

Short Sea Shipping and Modal Shift

Action in process

The European policy of promoting short sea shipping as a complement and alternative to congested land transport is continuing within the context of co-modality.

The policy is supported by the Marco Polo programme which will be reviewed in 2009 with the aim to make it more accessible.

Motorways of the Sea projects are explored by different task forces. ECSA had a constructive meeting with the Motorways of the Sea Coordinator Professor Luis Valente de Oliveira in May 2008. Most attention was given to the urgent requirement of sufficient port capacity and hinterland connections. The review of the TEN-T offers an excellent opportunity to act in this respect.

ECSA is also in discussion with the Commission services on the modalities of a European Maritime Transport Space without barriers. This is mainly a customs issue which should be solved through a simple and logical regime on the basis of a distinction between EU and non-EU cargoes.

SECURITY

Substantial implementation difficulties to be clarified

The provisions on an Authorised Economic Operator status entered into force on 1 January 2008. The provisions on advance cargo declaration are scheduled to enter into force on 1 July 2009. However, due to ongoing discussions on both the content and the electronic implementation of the advance cargo declaration provisions, it is realised that the deadline of 1 July 2009 will not be met. Consequently, the European Commission, Member States and trade are now developing a contingency plan to address this problem.

A workshop organised by ECSA/WSC in June 2008 allowed shipping companies to have an update from the Commission services (DG TAXUD) on the ongoing discussions at Community level both regarding the legal and electronic implementation of Regulation 1875/2006. Participants could also seek clarification

and guidance from the Commission services to assist them in preparing the implementation of the Community's advance cargo declaration system at company level.

It became clear that a lot of complex issues still need to be clarified prior to implementation.

MARITIME SAFETY

Safety related proposals to be applied

The process on the Maritime Safety Package III is now in a critical stage. Five of the directly safety related proposals are now in the Second Reading stage between the Council and the European Parliament namely:

- Port State Control
- Monitoring and Reporting
- Accident Investigation
- Athens Convention
- Classification Societies (split in two proposals)

ECSA hopes that an agreement between the Council and the Parliament can be reached in the autumn allowing soon application.

The outstanding issues on respectively Flag State Compliance and Civil Liability should be dealt with in a pragmatic way looking for solutions with the best benefit for maritime safety on a global basis and respecting the competence of all parties involved. ECSA reiterates that the prompt ratification of the 1996 LLMC by all EU Member States would to a large extent cover the aims of the controversial Civil Liability proposal.

EMSA

ECSA is committed to working closely with EMSA. It provides valuable technical support and advice to the Commission and Member States in certain key areas and monitors the ways in which the different Member States and organisations are implementing EU legislation; it has also been given an operational task in the field of oil pollution response. The ECSA Safety and Environment Committee met in the EMSA premises in September 2008 allowing a constructive exchange of views on the range of safety and environment issues currently addressed by the agency.

ENVIRONMENT – AIR EMISSIONS

Sulphur (SO_x) and Nitrogen (NO_x)

Substantial action by IMO

The last year witnessed an increased focus on the reduction of ship emissions. The provisional agreement in IMO in April on more stringent standards on the sulphur content in ship's fuel clearly demonstrates the ability of this UN Body to take effective

action enhancing its role as the prime body for regulation of shipping as a global industry.

The key elements of the agreement to be confirmed before the end of 2008 are:

2010 – Emission Control Area (ECA) limit reduced to 1%

2012 – Global limit reduced to 3.5%

2015 – ECA limit reduced to 0.1%

2020 – Global limit to 0.5% but a review in 2018 (with the authority to delay implementation) will determine if this is achievable.

2025 – Global limit to 0.5% notwithstanding the result of the 2018 review.

The agreement makes clear that compliance can be achieved by alternative fuels or abatement equipment, and there are provisions relating to fuel availability. For NOx the three-tier structure for new engines will set progressively tighter NOx emission standards for new engines depending on the date of their installation. As regards the treatment of 'existing engines', the IMO agreed to a so-called 'kit-based' approach.

ECSA supports the agreement but at the same time cautions on the serious danger of a shift from transport by sea to less sustainable land based transport. This is particularly so with the proposal of 0.1 % sulphur content in the ECAs as from 2015. An analysis of the potential problems is being made for discussion with the Commission services.

Carbon

ECSA proactive on a complex issue

Climate change and reductions of carbon emissions are on top of the agenda globally and in Europe to such an extent that it gives the impression to be a hype.

ECSA takes the issue very serious and for the last year has concentrated/worked on a factual analysis of possible measures to further improve the performance of shipping on CO2. These cover technical, operational and legislative options including market based instruments such as ETS.

In this context a workshop on climate change was organised jointly with EMEC in June 2008 well attended by industry, the European Commission, Member States and the European Parliament.

There was a consensus that international solutions are the preferred way forward. ECSA will further deepen its factual analysis towards the best solutions.

THE HUMAN ELEMENT

Eye catcher was the Social Partners agreement between ECSA/ETF to transpose parts of the ILO Maritime Labour Convention (MLC) into EU law. ECSA urges Member States to ratify the MLC leading to global standards for seafarers.

Following the completion of this agreement the social partners will now give more attention to issues that have been on the agenda for some time such as seafarer training and recruitment, the career mapping exercise, and the research project on fatigue.

On the legal front the European Court of justice ruled on two cases which, taken together, strengthens the EU Treaty principles of freedom of establishment and freedom to provide services vis-à-vis the right of unions to take collective action.

MARITIME EXTERNAL RELATIONS

A liberal trading environment is a basic element for shipping services. The breaking up of the WTO discussions in July 2008 should not result in giving up the process. Efforts to come to an overall agreement should be resumed at the appropriate time.

The cooperation between ECSA and the European Institutions on bilateral ad hoc approaches and where appropriate maritime bilateral agreements will be further enhanced in the next year.

APPLICATION OF COMPETITION RULES

Guidelines on the application of EU Competition Rules on maritime transport services appreciated by the industry

Having been involved in a constructive dialogue with the Commission services, ECSA appreciates the guidelines that were issued on 1 July 2008. They take into account the specific character of the tramp sector and will be useful in the continued self assessment exercise by the operators.

For liner shipping the new Guidelines confirm that liner operators may exchange information and/or meet in a trade association. The Guidelines explain how this can be done and summarise the legal position on the extent of exchange of information and discussions within such trade associations.

THE FUTURE WORK AGENDA

As mentioned above the Commission exercise on a future maritime transport policy 2008-2018 covers most of the items that will be dealt with in the near future. Furthermore, the work will continue on the Maritime Safety Package III, security, logistics, Motorways of the Sea, TEN-T review etc.

European Community Shipowners' Associations

ECSA would like to pay tribute to the work of Vice President Jacques Barrot for the maritime sector. ECSA is convinced that his successor Vice President Antonio Tajani will show the same interest and enthusiasm for shipping and is looking forward to a continued cooperation.

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