



## **ECSA Seminar 06/03/07: European Shipping a Global Industry Serving European and Global Trade, TORBEN JANHOLT**

### ***How can Europe contribute to global governance?***

Ladies and gentlemen,

I hope that the former speakers did not leave any doubt that **shipping is a global business**. To further illustrate this I can add that less than 25 per cent of the turnover for Danish shipping is related to Europe, while the rest is spread all over the world, we are truly global. For instance the Danish merchant fleet has some 50.000 port calls a year all over the world.

**Shipping has been and will still be a prerequisite for globalization.** To ensure an efficient servicing of international trade we need global rules, which means international conventions.

### **Why are these international conventions so important?**

Negotiations and implementation of international conventions is a fundamental element to protect the seafarers, the global environment and the cargo. At the same time, international conventions are the simplest way to avoid substandard shipping. Even if EU is the most important import and export area in the world, anything else but global rules as an integrated part of a future EU maritime policy would be meaningless.

Some will argue that international regulation has been too slow and too weak. I strongly disagree with this view. IMO has delivered comprehensive and global rules for our industry for half a century and is in great shape. The international system are continually being improved for instance by an effective system for amendments of existing rules.

We are pleased that the Green Book basically seems to accept this viewpoint. **However, the Green Book also floats ideas of an increased role to the EU in the negotiating machinery within IMO.**

We think the EU and its member states all should be active in strengthening the global regime for shipping via strong institutions for global governance in for example IMO. In this respect it is important that maritime administrations of individual EU Member States take an active part in the work of IMO as well as ILO. Maintaining the expertise, technical resources and the quality in the individual Flag States is also an important contribution in strengthening the national maritime clusters.

I think we should all work together to keep this well-functioning system. The long-standing expertise of the flag state administrations should not be weakened. The expertise of the EU Member States in the IMO has a high reputation and has a major influence in the decision making process.

**One thing is developing new IMO rules - another matter is ratification and ensuring they will enter into-force.**

We believe that all IMO Member States should ratify internationally agreed conventions and ensure that they are properly enforced. In this respect, EU should refrain from enforcing IMO conventions not yet in force through EU regulations, as this process may paradoxical inhibit individual ratifications by Member States thereby hampering a truly set of international rules. Instead we see a more proactive role for the EU and its member states in promoting ratification.

There is clearly room for improvement. As an example I could mention the HNS-Convention, which could have come into force if more EU Member States had ratified it.

**Such improvements could be reached by:**

- Firstly: EU should establish a regular monitoring via Transport Council of the ratification status by all EU Member States of the very important international

maritime conventions such as for example MARPOL Annex VI (prevention of atmospheric pollution) and the Limitation of Liability of Maritime Claims Convention.

- Secondly: EMSA should establish a ratification working group, where EU Member States could exchange experience and problems regarding ratification. Such a working group should report on a regular basis to the Transport Council on the main problems aiming at quick ratification in the EU.

Such initiatives could speed up the ratification process in the EU and reduce the need for EU regulation.

**Let me also give two examples on EU activities that could improve ratification by non-EU-countries:**

- Firstly: Ratification of international Conventions should be an integrated part of EU's external relations policy. This could be done in a number of ways for example in the Commission's transport dialogue with Brazil and China. Here EU should encourage ratification and enquire the status of the ratification process.
- Secondly - and even more proactive policy - would be to support "maritime governance" via EU support to developing countries allowing them to implement international Conventions. This could be done through development aid for education and human resources to implement international Conventions.

**Another UN related shipping matter is the United Nations Convention on the Law of the Sea - UNCLOS.** It provides a careful balance of interests on a variety of sensitive issues - including Exclusive Economic Zones (EEZ) and international straits - at a global level that should be preserved. Any attempt to modify this balanced system at a regional or European level will undoubtedly reopen discussions and have a wider international impact and undermine the objective of global uniformity which has been carefully developed over many years. We should all support this do not happen.

**Let me also highlight another aspect of global shipping: Market access.**

I will strongly encourage EU and EU Member States to keep working for a comprehensive trade agreement in WTO. WTO has brought a lot of benefits to the economic welfare and even if international shipping currently enjoys liberal market access, an important aim of WTO negotiations on services must be to guarantee market access. The Doha Round negotiations are going to be restarted soon and we hope that it could be concluded with a comprehensive agreement.

In the meantime we do support increased efforts by the EU to start or continue bilateral negotiations with a number of countries such as South Korea and India.

**Does global business, however, always rule out regional rules?**

No, not necessarily. Of course protectionist tendencies should be avoided, but arrangements within EU to ease efficient transport might be an example. If that is what is meant with the somewhat subtle wording in the Green Book about the Common European Maritime Space it is positive.

I clearly see an opportunity for reducing administrative burdens for example regarding customs for short sea shipping and shipping as such in the EU. This would perfectly fit in with EU's Lisbon Policy and the efforts towards better regulation. This can perhaps for some sound like an un-ambitious agenda but seen in the light of the problems we are facing for example on the custom side and the complexity in handling these issues, I will call it very ambitious and with a clear added value for the citizens in EU.

**However, I see a serious step-back for the EU if Common European Maritime Space means protectionism.** Such a policy would result in a list of problems such as:

- EU's example could result in similar measures by third countries or groups of third countries. I remind you that EU shipowners control more than 40 per cent of the

global fleet and that many European operators mainly do business outside the EU.

- Increased transport costs due to labour restrictions or special EU technical standards would hamper the promotion of short sea transport and the growth of European trade, and be in clear conflict with existing EU policies, including the Lisbon Policy.
- Expanding the scope on national cabotage to European cabotage will be seen as a hard-core protectionist measure on the international scene. It would seriously undermine the efforts for free market access in which the EU is involved in trade negotiations and WTO. Together with the Commission and EU Member States, the shipping industry has for years tried to open the market for cabotage outside the EU to the advantage of EU shipping, which reflects the role of EU being the leading service provider in the world in shipping.

On that background I will strongly advocate that a Common European Maritime Space should focus on measures with real added value to the EU and remove red tape and make shipping even more efficient. We would be happy to cooperate on such measures.

**Let me close by simply concluding that both the global trade and EU** is completely depending of an efficient shipping sector. Like in other sectors EU should not start global governance on a regional basis. Instead Europe can and should contribute to global governance by strengthening the global regime, which will be to the advantage of EU shipping and for the citizens of the EU.

I therefore hope that EU will keep an outward looking policy as the EU has done for the last decade.

Thank you for your attention.