

*European Shipping A Global Industry
Serving European and Global Trade*

ECSA Seminar - Brussels, 6 March 2007

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It gives me great pleasure to address today this impressive gathering and distinguished audience in the heart of the European Union . I am glad to see that most of our shipping partners are present and would like to express my sincere thanks to ECSA, for giving us the opportunity to share our views relating to European Shipping and how all of us can make things better for the Union.

Shipping is a unique industry and probably the only one which is genuinely global. As such it serves all countries in the world in an efficient and effective manner. Therefore the only aspects of shipping that needed to be regulated by appropriate international standards were those related to safety and security, the protection of the environment, the conditions of living and work of the seafarers and the liability of the carriers in respect of damage caused to third party as a result of shipping operations or risks.

The development of a comprehensive framework of international standards regulating these aspects, accompanied by the introduction of effective enforcement measures, has been instrumental in the enhancement of EU and international standards of maritime transport, without reducing its inherently competitive and efficient operation.

The fact that the European Union is the largest maritime cluster does enable its maritime industry to have a powerful voice and influence in the International law making process, particularly as regards safety and environmental issues. EU's power in number of States that act under a common position and the size of its fleet in terms of tonnage is dominant in international affairs relating to shipping. The 27 together can make a

difference in international shipping as long as what it is deemed necessary to control and regulate takes the form of international regulation and not a regional one.

We have to recognize that the introduction of any regional stricter measures which affect the European and the International shipping industries in different ways convey the wrong message to the shipping community. Unlike other enterprises, the shipping enterprise is characterized by increased flexibility, adaptability and mobility. This is due to the efficiency and the competitiveness of the market in which it operates as a result of which the less efficient are driven out of business. Therefore, international regulating bodies should always be aware that the introduction of measures deviating from truly international solutions causes as a first and immediate step the flagging out of ships from the more burdensome registries to those respectable ones which are not bound to follow the same measures. There are two inherent risks in such an approach. The first is that safety and the protection of the environment will still be jeopardised. The second and most serious as far as the EU is concerned is the gradual decline of European shipping knowhow, as the number of European young people following shipping and maritime careers dwindles. It is really hard and not without consequences any unilateral or regional attempt to interfere with market forces. So, I think that our policies should focus towards the direction of creating a proactive culture in the relevant international fora. Our dynamic presence combined with a well structured, convincing and credible stance will persuade the international shipping community to tailor their safety policy to our own measurements.

In the decision making process, however, there is a principle which should always be respected in order to reach the best possible decisions. This is the principle of plurality, where each one has a voice and should feel free to express his opinion. Even Member States of the large family of the EU bound by community, common or coordinated positions should, in our opinion be able to utilise their richness of expertise and safeguard in international fora

the agreed EU positions. The utilisation and active involvement of Member States' human resources is an absolute must in our attempt to strengthen the EU's international voice and influence.

One more issue that needs to be considered and which is at the moment at stake, is the competitiveness of the European flags. Shipping is a very competitive industry and financial incentives are necessary to be provided in order to maintain a strong European fleet. If shipowners or operators need additional incentives to consolidate their competitive position in the international market they have several alternatives in other registries and maritime centres, away from the Union and closer to the Far East. Can the Union afford this? I am sorry to say that Europe does not have the competitive advantage of other non EU fleets and inevitably this will result in the eventual decline of the EU maritime power. Figures show that in recent years although some European countries have managed, through generous incentives, to attract ships controlled by their nationals, to the national flag, still the majority of the EU controlled fleet uses foreign flags. Giving financial incentives does not necessarily mean lower safety standards to vessels. Safety is not negotiable but when it comes to financial incentives these are important to the shipowners and operators and need to be seriously considered. A large number of ships belonging to European interests are flying non EU flags. We have to provide such incentives as to attract these vessels to our flags. The form of the incentives may be different in each member state but should take into account the international nature of the shipping business as well as what other shipping centres do. We are convinced that it will be to the benefit of the EU to maintain a strong voice in international maritime fora and achieve a sustainable development of the European maritime cluster.

Our country has the conviction that in this very significant sector of maritime transport, which constitutes the spinal column of the world trade, the development of regional solutions must preferably be avoided, or at least to make sure that such regional solutions when adopted, are in conformity with

international rules. Moreover, it is significant, both for Cyprus and for the European Union to have competitive fleets at the international level, while applying appropriate standards of safety.