

European Community Shipowners' Associations



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FUTURE MARITIME POLICY FOR THE UNION

European Shipowners' expectations for a EU Maritime Policy

EXECUTIVE SUMMARY

The European Shipowners Association (ECSA) agrees that “ocean and sea” affairs and activities are interlinked and therefore supports the development of an all-embracing EU Maritime Policy. ECSA recognises that this initiative is in line with what has been undertaken in a number of important states in the world. However, the central difference is that it is the first time that an all-embracing maritime policy is being developed in a region which has the main shipping cluster in the world.

Indeed, European shipping controls more than 40 % of the world fleet and the EU has the most important maritime clusters in the world with a direct employment of more than 1.5 million people and a turnover of more than 160 billion €. It is also well known that over 90 per cent of European external trade is transported by shipping. As far as intra EU transport is concerned more than 41 per cent is seaborne.

Against that background the shipping industry believes that a future EU maritime policy should have the following 5 underlying themes or goals:

Ensure the potential for growth in Europe through adequate transport capacity:

The Lisbon Policy, aiming at making the EU the most competitive economy in the world, should include the further development of an efficient transport system. Shipping services are a key element in the transport system as the most important mode for international trade. Measures endangering the development and the efficiency of maritime transport services, being the key carrier of European trade, and the sustainable development of ports and the necessary hinterland connections, would be in sharp contrast with the Lisbon Policy that is the main strategy for the EU.

A stable and competitive environment for EU shipping: The legal competitive framework (guidelines), that exists today, should remain stable offering an attractive operational environment for shipping in the EU. Unpredictable and often changing rules make it difficult to plan and optimise maritime transport.

Keep regulation global: It has been acknowledged that for a global industry, such as maritime services, regional measures, either by individual Member States or by the EU, should be avoided by all means. There are clear indications in different statements that thought may be given to regional measures such as the unilateral extension of Exclusive Economic Zones. Such proposals should be avoided.

Different regional safety and environment regimes would be unworkable for shipping as a global industry. The efficiency of maritime services would be seriously

endangered with such measures, to the eventual detriment of maritime safety and the environment.

Support a positive development of shipping in EU: The positive development of EU shipping could be supported by a variety of action points such as ensuring that there is sufficient port capacity and good working hinterland connections and by constantly improving the efficiency of port services. Given that shipping operates globally it is key that there is an ongoing effort to further improve the free market environment worldwide. Maritime know how is a basic factor for the EU economy. Therefore a beneficial environment should be created for training and recruitment of qualified seafarers. User-friendly R&D projects that have direct positive results should underpin the further development of European shipping.

An environmental approach with a global perspective: The shipping industry has worked pro-actively on the development of internationally agreed measures on environmental protection. Its environmental performance has improved over the years. A global approach is essential and should be enhanced.

There is also a role for coastal and other states ashore such as on reception facilities and places of refuge. Port state control in the different Member States should have sufficient resources and improve its efficiency through enhanced targeting on substandard shipping. Quality shipping should be rewarded by lesser controls.

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DETAILED COMMENTS AND SUGGESTIONS

The European Shipowners Association (ECSA) is the professional Association representing the interests of the Shipowners Associations of the EU and Norway. ECSA was formed in 1965 and has since then had an excellent cooperation with the EU Institutions.

ECSA agrees that “ocean and sea” affairs and activities are interlinked and therefore supports the development of an all-embracing EU Maritime Policy. ECSA recognises that this initiative is in line with what has been undertaken in a number of important states in the world. However, the central difference is that it is the first time that an all-embracing maritime policy is being developed in a region which has the main shipping cluster in the world. It is a fact that shipping is a thriving sector within the EU economy and is one of the fundamental elements creating the background for the wealth of the EU. This has always been the case historically and will also be so in the future.

To illustrate the key role of shipping for the EU the following facts can be highlighted:

- Over 90 per cent of European external trade is transported by shipping. As far as intra EU transport is concerned more than 41 per cent is seaborne.
- The EEA flagged fleet share of world market is today about 26 per cent and the EU controlled fleet represents more than 40 per cent of world fleet.
- The EU has the most important maritime clusters in the world with a direct employment of more than 1.5 million people and a turnover of more than 160 billion €

- Different studies have proven that shipping is the core industry of the EU maritime clusters.

European Shipping has on all fronts developed enormously over the last 10 - 20 years. This goes not only for size of fleet and turnover but also in other aspects such as on improved safety levels, reduction of oil spills, air emissions and accidents. On the latter points the following main elements provide evidence:

- Energy consumption on ships: In those sectors where it competes directly with other means of transport, shipping remains by far the most energy efficient form of transport. Research undertaken by the UK government has demonstrated that energy consumption of road transport by truck lies in the range 0.7 to 1.2 Megajoules/tonne-km. In comparison, the consumption of a 3,000 dwt coastal tanker at 14 knots is about 0.3 Mj/tonne-km and a medium size container ship (1,226 TEU) at 18.5 knots about 0.12 Mj/tonne km.
- Oil spills: The average number of large oil spills during the 1990ties was less than a third of that during the 1970ties. This dramatic reduction has been due to the combined efforts of the tanker industry and governments (largely through the IMO) to improve safety and pollution prevention. The total amount of oil spilled varies considerably, with a few very large spills being responsible for a high percentage of the total annually. Notwithstanding accidents that attracted public attention such as the ERIKA and PRESTIGE the general trend is an ongoing reduction: Approximately 162.000 tonnes in 1992, 79.000 in 1996, 12.000 tonnes in 2000 and 15.000 tonnes in 2004. It should be mentioned that this decline in oil spills happened notwithstanding the fact that at the same time shipping has grown substantially from a volume just below 20.000 billion tonne miles in 1994 to 27.500 billion tonne miles in 2004 of which some 45 % is oil.
- As mentioned in the Commission Communication on the Future Maritime Policy for the Union of March 2005, 80 % of ocean pollution results from land based human activities.

These key points should be taken into account in formulating an overall policy. ECSA also fully agrees with the Commission that ocean problems cannot be seen in isolation from terrestrial affairs.

Seen from the shipping industry, a main goal for an EU Maritime Policy must therefore be to ensure that this key EU industry will be able to flourish in the future and at the same time ensure sustainable economic development in the EU.

Against that background the shipping industry believes that a future EU maritime policy should have the following 5 underlying themes or goals:

- Ensure the potential for growth in Europe through adequate transport capacity
- A stable and competitive environment for EU shipping
- Keep regulation global
- Support a positive development of shipping in the EU
- An environmental approach with a global perspective

1. Ensure the Potential for Growth in Europe through Adequate Transport Capacity

A prerequisite for continued economic development in the EU is transport and meeting its requirements for growth in the future. Shipping will continue to be a very important part of this transport. This reflects the fact that shipping is the lynchpin of the global economy. Without shipping, intercontinental trade, the bulk transport of raw materials, and the import/export of affordable food and manufactured goods would simply not be possible.

As mentioned in the Commission Communication there can be a conflict in the use of the maritime environment between development of transport services and the use of marine resources, including energy wind farming, and often with the protection of the environment. This can create problems for ensuring the transport capacity for high economic growth in the EU.

There is also a contradiction in policy aims of the EU. On the one hand there is a clear EU policy to promote short sea shipping as an alternative transport mode, supported by EU programmes such as Marco Polo and TEN-T (Motorways of the Sea); on the other hand the development of ports and the necessary hinterland connections is already today often hindered and sometimes even made impossible due to policies on "Habitat", "Birds" Directives and other prescriptions and legislation.

The growth in trade, intra Europe and internationally has already at this stage resulted in congestion in many European ports. Rather than taking more restrictive measures, a policy allowing the necessary development of ports and hinterland infrastructure should be considered.

The Lisbon Policy, aiming at making the EU the most competitive economy in the world, should include the further development of an efficient transport system. Shipping services are a key element in the transport system as the most important mode for international trade. Today, Europe is lagging behind compared with some main global trading partners in economic growth. This process should be reverted. Measures endangering the development and the efficiency of maritime transport services, being the key carrier of European trade, would be in sharp contrast with the Lisbon Policy that is the main strategy for the EU.

2. A Stable and Competitive Environment for EU Shipping

Ensuring a globally competitive and stable environment for European shipping is a major task since its economic effect is tremendous. An appropriate EU framework providing stimulating elements for the maintenance of competitiveness of Member States' fleets and the promotion of European shipping know-how and maritime training, as well as the employment of European seafarers, is essential for shipping and has positive effects for the whole maritime cluster.

The framework has to be stable and has to be applied in a flexible manner taking into account the specific circumstances involved. Key element is that the structural operational environment should be able to meet global competition. It should be

remembered that the main part of the turnover for EU Shipping is earned outside the EU.

The increase of global traffic, in particular between Europe and Asia, poses a major challenge to the European economy, its ports and the maritime transport sector. Shipping underpins EU trade and there is a need for conditions to be in place to ensure a competitive and viable EU shipping sector also into the future.

The legal competitive framework (guidelines), that exists today, should remain stable offering an attractive operational environment for shipping in the EU. Unpredictable and often changing rules make it difficult to plan and optimise maritime transport. Indeed, shipping is clearly a long term form of business with very long business cycles making a long term operating regime essential.

3. Keep Regulation Global

Shipping is one of the most globalized industries in the world and is the backbone of world trade. Therefore the industry needs global rules. Global rules ensure that all countries use effective, clear and knowledge based international rules, which a single country probably could not develop. Furthermore, global rules ensure that European shipping can operate fairly easily all over the World and allow for a level playing field.

It cannot be stressed enough that shipping, be it intra EU or International, is de facto a global industry. This "fact" has been accepted by all EU institutions, the Kinnock Strategy Paper of 1996 gives clear evidence in this respect. Also the OECD has clearly stressed this specific global characteristic of this industry.

The global character of shipping has also been recognised in subsequent Commission decisions. Since 1998 some 22 Directives and 10 Regulations on safety and environment related to shipping have been adopted in the EU. The vast majority of EU Regulations and Directives on safety and environment as well as social issues are based on IMO and ILO Conventions. This philosophy should be maintained for the future and exceptions should be avoided.

As mentioned above it is key for the industry that the global maritime rules are effective, clear and based on knowledge and realities. In this respect the shipping industry wants strong and efficient International bodies to create a global framework of appropriate global legislation. These international organisations such as IMO should make full use of the expertise provided by Member States. Procedures weakening the input of Member States would at the same time gradually weaken the expertise, the technical resources and the quality in the individual Flag States. This should be avoided. Experience has also shown that block voting systems in international organisations gradually paralyse the decision taking process, weakening the efficiency of the organisation. To make International organisations stronger the influence of the 25 Member States should be enhanced and facilitated in some areas by EU coordination.

It has been put forward that some international organizations are working too slowly. ECSA does not share that view due to the fact that IMO have been able to deliver

responses to new developments even faster than the EU in some circumstances e.g. on the accelerated phasing out of single hull tankers after the ERIKA accident.

New EU legislation should not be the prime aim. What is important is that existing legislation, be it IMO and/or EU is properly applied. In this respect EU Member States can directly contribute to enhance high safety standards all over the world by ratifying existing IMO Conventions such as MARPOL Annex VI, the HNS Convention, and the Bunker Convention.

A good example is also the ILO Labour Standards Convention which is being negotiated right now in ILO. The industry supports, the transposition of the ILO Labour Standards Convention - Consolidated version - into EU law, taking effect when the convention enters into force internationally.

New legislation, if required, should be based on international rules and go through a process of cost benefit analysis and impact assessment. As far as the EU is concerned, EMSA should play an important role in giving the necessary technical advice avoiding thereby pure politically based decisions.

It has been stressed repeatedly by the maritime industries that for a global industry, such as maritime services, regional measures, either by individual Member States or by the EU, should be avoided by all means. There are clear indications in different statements that thought may be given to regional measures such as the unilateral extension of Exclusive Economic Zones.

Such proposals are unacceptable for both reasons of principle and practicality. Different regional safety and environment regimes would be unworkable for shipping as a global industry. The efficiency of maritime services would be seriously endangered with such measures, to the eventual detriment of maritime safety and the environment.

Moreover, EU regional measures could lead to similar measures by other countries on a global basis. This would result in a chaotic position for shipping services, providing another argument for a global approach through the appropriate established channels.

Therefore International rules, including UNCLOS, should be respected. If Member States would agree to discuss possible changes this should be taken up through the normal channels within the relevant International Organisations.

4. Support a Positive Development of Shipping in the EU

The positive development of EU shipping could be supported by the following action points:

- The efficiency of all elements of the maritime supply chain should be constantly enhanced. This will directly contribute to making the EU economy

more competitive, the key goal of the Lisbon declaration. In this respect specific attention should be given to the nodal points, and in particular, to further improvements in efficiency of port services. Further liberalization of these services, as in other industries, is a must in this respect.

- Ensuring economic development in the EU for the long term requires more port capacity to deal with the growing trade. Action is urgent in this respect since congestion in ports and in hinterland connections is reaching an alarming level. As mentioned under point 1, an extension of ports and an improvement of hinterland connections should not be hindered by unreasonable restrictions. The criterion of Community interest should be applied more frequently in this respect.
- In the same context, the role of short sea shipping in the overall supply chain should be further promoted by stimulating of well organised infrastructure. At the same time one should respect the agreed prescriptions (vide Marco Polo and TEN-T) on avoiding distortion of competition.
- The economic and political clout of the EU should continue to be used to further improve a global free market environment for shipping services i.a. through ensuring an enhanced liberal shipping environment through acceptable conditions in the WTO Agreement on Trade and Services (GATS). The example of the EU maritime bilateral agreement with China should be followed with agreements with other important global trade partners such as India.
- A beneficial environment should be created for training and recruitment of qualified seafarers with the aim to ensure the maintenance and the growth of the necessary maritime know how in Europe
- Maritime transport is a sector with substantial and increasing high-technology content, requiring a constant effort in research, development and innovation in the cluster of maritime industries. Much is being done for meeting market and societal needs. Still missing is a concise overview of what has and is being done at national and at EU level, together with tangible results. The recently launched Technology Platform Waterborne may well bring the necessary coordinated progress. Important is that R&D projects are user friendly and that they have direct positive results for the industry. This has not been the case up to now in most instances.

5. An Environmental Approach with a Global Perspective

The shipping industry has always taken a precautionary approach when it comes to the protection of the marine environment and has worked pro-actively on the development of internationally agreed measures. Its performance has improved over the years in respect of lives lost at sea, legal and illegal discharges, and environmental pollution from accidents, as mentioned in the introduction.

The industry is also heavily involved in improving the environmental performance of ship engines, particularly in respect of fuel emissions. In this respect it should also be mentioned that MARPOL Annex VI, for the prevention of air pollution from ships, was ratified within the IMO in 2004 and entered into force on 19 May 2005. An EU Directive on the sulphur content of marine fuels was also adopted in this context. The oil industry should now play its part by ensuring that the fuel as required is available at reasonable cost.

There is also a role for coastal and other states ashore. This relates to making facilities available for the discharge of oil and chemical residues, garbage and sewage, ballast water (reception facilities) and a proper procedure and places for shelter when a ship is in distress (places of refuge). Port state control in the different Member States should have sufficient resources and improve its efficiency through enhanced targeting on substandard shipping. Quality shipping should be rewarded by lesser controls. The Green Paper could serve a positive role there.

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