

European Community Shipowners' Associations



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WHITE PAPER: “ *EUROPEAN TRANSPORT POLICY FOR 2010 : DECISION TIME*” - MID TERM REVIEW

Introduction

ECSA is the trade Association representing the shipping industry from the European Union and Norway. European shipowners are active in both intra European transport and International transport as well as in global cross trades between different continents.

ECSA considers that an appropriate transport policy is essential for Europe as the main trading entity in the world. Whilst the Paper focuses on intra European transport, the key role of transport and in particular maritime transport in European international trade exchanges can not be overlooked.

The White paper creates to some extent the impression that transport is a problem for the EU and not a key industry. It is evident that this would be a false impression. As far as shipping is concerned we would stress that 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.

ECSA commented on the White Paper in November 2001 in a constructive contribution key points of which were:

Promotion of Short Sea Shipping

ECSA has been and is heavily involved in the promotion of short sea shipping having now up to 41 % of the goods transport market compared to a share of about 35 % in the early nineties. For short sea shipping to exploit its full potential, the positive trend must be further developed and strengthened, aiming at further increasing its transport market share.

- Action on bottlenecks for the use of short sea services particularly as on port services and documentary procedures.
- Enhanced action by Government National Focal Points on Short Sea Shipping.
- Support to the work of the Short Sea Shipping Promotion Centres

Support actions to the launching of new services, such as Marco Polo and TENT-T can be helpful - especially in relation to innovation and infrastructure - though care has to be taken to avoid distortion of competition with existing services. Moreover too interventionist policies will also be to the detriment of the free market approach on which European trade and services are based.

Competitive position of EU shipping

ECSA appreciates that the Commission recognises the importance of the State Aid Guidelines to improve the structural competitive position of European shipping versus international competition. In view of long term investments in shipping it is essential that the Guidelines are valid for a longer period.

Maritime safety and social conditions

ECSA appreciates the White Paper's signal of continued focus on the rigorous application of the existing legislation and actions against substandard practices both on the safety/environment and social front. In this respect it is key that international regulations and standards as agreed in IMO and ILO should be the basis. EU coordination should not have a negative effect on the working of international institutions

Intermodal Transport

The promotion of intermodal transport has the full support of the shipping industry particularly since maritime intermodal transport operators are key actors in this respect. The White Paper creates however the impression that not much exists in this respect today. It is helpful to be reminded that there are more than 15 million intermodal moves of maritime containers a year throughout Europe. The suggestion to create a new profession, the so-called freight integrator, ignores reality. This profession exists and is very active.

The issue of standardising containers and swap bodies will certainly need further investigation and discussion. In this respect it is essential not to approach the subject on a pure European and isolated basis. International cargo moves to and from Europe should be taken into account; particularly in respect of maritime containers international standards should be respected.

Principles of infrastructure charging and pricing

This complex and sensitive issue should be approached with utmost care. The key message is that there should always be a level playing field between all modes. Charging measures should therefore be introduced simultaneously for all modes and at the same level.

Statistics

There is clearly a lack of appropriate statistical data on transport in the EU. This should be remedied.

Conclusion

The White Paper on a European Transport Policy covers a policy strategy which is of key importance for Europe both for intra EU trade exchanges as well as for Europe as a main trading entity. The complexity of the policy and the broad consequences of the proposed measures make it evident that further analysis and discussion is essential. The sensitivity of many of the ideas as contained in the White Paper is well known. Initiatives taken by the industry, within the philosophy of the White Paper, on a pure commercial basis should not be undermined by an interventionist policy.

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Mid term Review

Whilst maintaining in a consequent way the views expressed in 2001 and summarized above ECSA would like to comment hereunder on the questions (8-9-10) directly relating to the shipping sector.

8. Which actions of the White paper should be enhanced? Which new action should be added and on which new subjects?

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 in the shipping industry ashore and at sea, 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 by the different Member States 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.

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. The current discussions on the Second Commission Proposal for a Directive on Market Access to Port Services should not end with the adoption of a legal instrument that does not liberalize in practice this market, as this would be counterproductive. Under such circumstances it would be better to withdraw the Directive and have the Treaty applied.
- 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. In this respect it should be noted that concentrating freight artificially on a limited number of preselected ports (as it has sometimes been suggested as the way to introduce the Motorways of the Sea) would result in even more congested hinterland connections to these ports. An extension of ports and an improvement of hinterland connections should not be hindered by unreasonable restrictions. The criterium 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. The recommendations as mentioned in the White Paper on modal shift, particularly towards short sea shipping are still valid. At the same time one should respect the agreed prescriptions (vide Marco Polo and TEN-T) on avoiding distortion of competition. As mentioned in the ECSA submission of 2001 an interventionist policy leading to the creation of artificial routes and/or the introduction of public service concepts in short sea shipping is counterproductive and should be avoided.
- 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). ECSA commends the Commission with the conclusion and the monitoring of the EU maritime bilateral agreement with China. This 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. However, protectionist measures to preserve the jobs of European seafarers would ultimately prove to have the opposite effect to those intended, leading to a lack of competitiveness, loss of markets and reductions in the size of the fleets.

- 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 the results from 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.
- Security measures have been on the agenda for some time. Regulation 725/2004 applying the IMO ISPS Code and Directive 65/2005 on Port Security cover maritime services. The Maritime Industries Forum (MIF) has made concrete suggestions for advance cargo declaration largely in line with the recommendations of WCO (25 h prior to loading for overseas containers). It is evident that electronic information exchange is a basic element of these recommendations. The shipping industry looks forward to constructive discussions in the further decision making process.

Philosophy of the White paper

The 2001 White paper was largely based on the philosophy of gradually breaking the link between economic growth and transport growth. We are afraid that practice has proven that this is not possible. On the contrary, in global terms, the observed tendency is exactly the opposite. Though it should be further considered how to organise transport in the most efficient way, the principle of dislinking economic growth and the inherent growth transport is not realistic or needed. Indeed, this philosophy would seriously hinder the aims as brought forward in the Lisbon Policy.

Question 9 - Which should be the priority actions between now and 2010 (congestion limitation, new technologies, Trans-European Network, charging, focus on the corridors, new actions on urban transport)?

The actions to be taken are largely reflected in the ECSA replies to questions 8 and 10. Taking into account the policy launched by Commission President Barroso and Vice President Verheugen on Better Regulation, ECSA advocates to avoid unnecessary red-tape and over regulation. The legislative work of the EU has been enormous during the last decennium. Priority has now to be given to applying the existing regulation in an appropriate way. Unnecessary state intervention should be avoided and cut down where appropriate.

In respect of infrastructure development, as said above, the focus should be on enhancing port-hinterland connections in the whole EU transport net while avoiding artificial cargo concentration in some ports and/or corridors.

10. Which additional action should be undertaken towards 2010 on safety (maritime, air and road transport)?

Key Role for IMO

In its comments to the White paper of 2001, ECSA stressed that safety and environment rules for a global industry, as shipping is, should be based on international rules notably IMO. This comment is confirmed and reiterated. Efforts to further improve the efficiency of the IMO are supported.

In this respect ECSA wishes to stress that 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 is also very important to promote early ratification by the EU Member States of the internationally agreed Conventions, facilitating their entry into force. This should avoid in most cases the need for EU specific legislation and would ensure the global application of the same rules to all ships.

Application of existing legislation

ECSA firmly believes that a key action point on a safety and environment policy is the proper application of existing legislation. In this respect it is essential that Port State Control has sufficient resources.

As expressed in its submission the consultation round on the Maritime Safety Package III, ECSA would like to see Port State Control working on a policy of targeting sub standard shipping and awarding quality shipping through reduced controls. A preferred alternative approach to the present 25 % rule is to concentrate on all ships entering the region for the first time to verify their condition, with due account being taken of inspection records of other PSC MOUs of high standard (for example Tokyo), and on real substandard ships as demonstrated by their target factor record. The latter ones should be re-inspected as often as necessary until their condition is improved or they are driven out of the region. Enhanced communication within the Paris MOU and with other MOUs is essential in this respect. Also, the data on the history of ships as available in EQUASIS should be used more often in the efforts to target substandard ships.

Against this background ECSA would urge that the 25% rule be replaced in the context of the current directive. Ships with proven satisfactory PSC record should be rewarded with fewer inspections, the USCG Qualship 21 perhaps being a model for the way forward within the EU. However, if this does not prove possible, it is strongly felt that wording be included in this context to enable a timely amendment to this element of the Maritime Safety Package III without having to go through the normal lengthy legislative procedure.

Enhanced co-ordination between the Paris MOU on PSC with North African and East Mediterranean countries, including as appropriate the use of relevant EU co-operation funds, is essential to ensure that all ships in transit on the Mediterranean EU coasts are subject to similar enforcement of the international rules.

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.

ECSA looks forward to a constructive exchange of views with the EU Institutions on the Commission's Maritime safety Package III which has been agreed by the Commission on 23 November.

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