

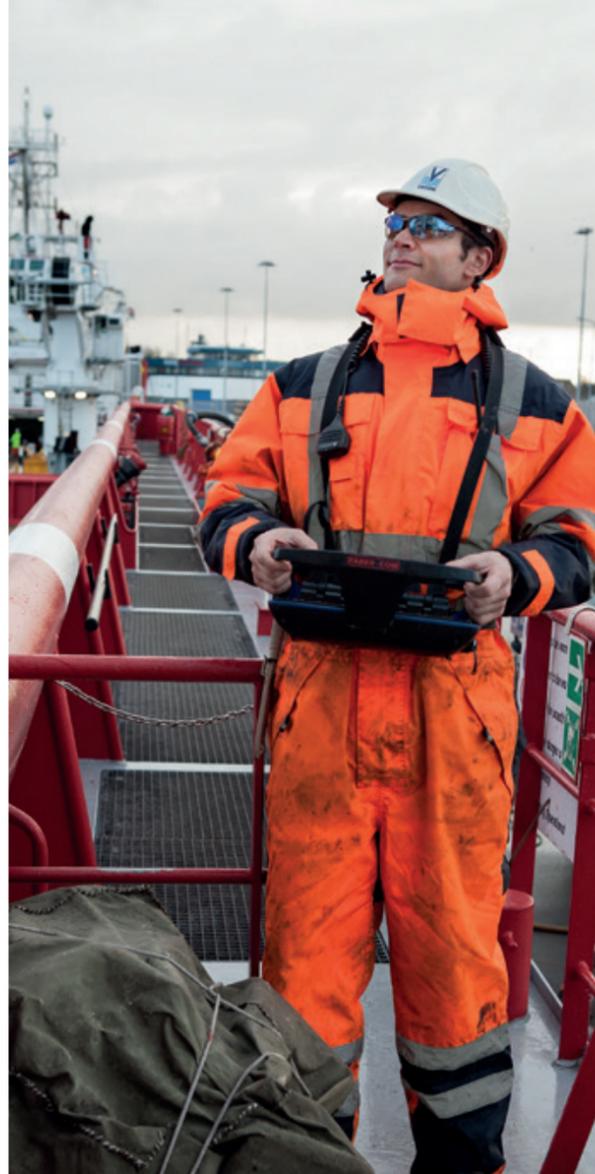
## Shipping is the cheapest transport solution

Thanks to the size of the vessels and the ever improving efficiency of the industry, shipping is by far the cheapest transport solution. Shipping costs only account for a tiny percentage of the shelf price of any product, usually under 2%.

## A wealth of maritime skills and know-how

Europe is a continent with an extensive maritime history and thus has a unique knowledge pool of maritime talent. A network of European maritime academies with over 38.000 students and cadets helps preserve this wealth of maritime knowledge and know-how and provides the global shipping industry with some of the finest seamen. Workers in the EU shipping sector are considerably more productive than the EU average: each worker is estimated to have generated €88,000 of GDP, significantly above the EU average of €53,000.

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# The European shipping industry in a nutshell

## The EU shipping industry, a global leader

The EU is home to the world's largest shipping fleet. At the start of 2014, the EU controlled fleet, which comprises ships whose ultimate ownership or control lies in an EU country, included 450 million gross tonnes and 23,000 vessels. Simply put, the EU controls today around 40% of the world's tonnage and can boast of the world's youngest and most innovative fleet. Continuing a proud maritime tradition, EU shipowners strive for excellence and can be considered as the industry's leaders.

## Shipping contributes to the EU's prosperity

In terms of economic impact, the EU shipping industry punches above its weight: In 2012, it contributed €145 billion to EU GDP and provided 2.3 million Europeans with a job, 590.000 of whom are directly employed. For every €1 million of GDP that the EU shipping industry creates, another €1.6 million is created elsewhere in the EU economy. What is more, workers have the opportunity to switch careers from sea to the so-called wider maritime cluster.

 The EU is home to the world's largest shipping fleets and controls around 40% of world tonnage

## 90% of everything

Almost 90% of everything we use or buy arrives by ship, often travelling thousands of kilometres before reaching its final destination. Clothes, food, oil, gas, cars, electrical appliances; the list is endless. Shipping is the backbone of today's globalised economy, it feeds, clothes, warms, and supplies us. Shipping also carries 40% of intra-EU trade.

## Ships yes, but what kind?

Shipping is incredibly diverse and far less uniform than any other sector of the transport industry. Container vessels, bulk carriers, tankers, reefers, gas carriers, cruise vessels, ferries, offshore vessels, tugs and many more are all examples of the industry's diversity and specialisation. In number of vessels, EU controls 60% of all container vessels, 52% of the world's multi-purpose vessels, 43% of the world's tankers and 37% of the world's offshore vessels. In fact, EU offshore and service vessels are currently the fastest growing segment of the EU shipping industry, while EU shipowners are pioneering arctic shipping.



## Shipping is the greenest mode of transport

Compared to moving goods by plane, train or truck, shipping emits less CO<sub>2</sub> per tonnes-km. This is due to the ever increasing size of many types of vessels, which in turn is brought about by the need to reduce not only costs, through economies of scale, but also the industry's carbon footprint. Shipping accounts for less than 2,2 % of global CO<sub>2</sub> emissions while carrying the overwhelming majority of freight. The industry however does not rest on its laurels and does not shy away from its responsibilities. EU shipowners make every effort to improve their green credentials by taking initiatives aiming at increasing fuel efficiency. In that respect shipping is also, the first industrial sector with a global binding regime that aims at reducing CO<sub>2</sub> emissions, an impressive feat by any standard. Moreover, EU shipowners are proponents of global legislation on issues such as ballast water management and ship-recycling.

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The procedure is markedly more cumbersome for ships doing the same journey. Ships calling EU ports are faced with a mosaic of different procedures and requirements which are not only complex but also repetitive, resulting in huge productivity losses and placing unnecessary stress on seafarers. Disconcertingly, shipmasters have reported spending increasing amounts of time away from the helm to fill in paperwork. Streamlining, rationalising and simplifying these procedures would allow for a more productive shipping industry.

Eliminating the restrictions to market access to port services would also be mutually beneficial to the EU economy and the EU shipping industry. Europe could greatly improve the efficiency of its transport system and benefit from a truly internal market for shipping by abolishing monopolies and addressing the inefficiencies of some European ports. Finally, by making waterborne transport more attractive to shippers, the EU also stands to score points in its efforts to reduce its CO2 emissions.

## Free global trade and secure seas

For shipping to remain a facilitator of trade, a provider of jobs and a dynamic sector of the economy, the EU must carry on with what it does best: continue its role as an economic superpower and a commercial heavyweight. Free Trade Agreements are mutually beneficial to the EU and the shipping industry as they ensure the prosperity of the Union, by relying on the services of the industry.

Consequently, it is vital to keep the open seas secure and eliminate all threats of piracy and armed robbery that put human life as well as the global logistics chain at risk.

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# Shipping and the EU: a mutually reinforcing relationship



## A global level playing field

Shipping companies face increasingly fierce international competition on global scale, which creates the need for an equaliser. In order to ensure the perpetuation of the beneficial impact of European shipping on the EU economy and society, the EU could ensure the continuation of measures allowing for a global level playing field.

To preserve the competitiveness of the industry, the EU has given the possibility to Member States to apply a competitive fiscal and legal framework for shipping companies with its 2004 EU State Aid Guidelines to maritime transport.

Facts speak for themselves: EU-approved state aid measures, most notably in the form of tonnage tax, have allowed the EU-controlled fleet to remain competitive and to grow. On the contrary, those few Member States that have not introduced such measures have seen their controlled fleets shrink considerably.

More importantly, the EU State Aid Guidelines for Maritime Transport preserved jobs and revenue generated by the EU shipping industry. It is estimated that the total economic contribution of the European shipping industry could have been around 50% lower in 2012, in terms of gross value added and employment, if Member States had not introduced tonnage tax regimes and other state aid measures.

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Also, European shipping companies are global movers and, as such, need global rules to maintain their competitive edge in the face of growing competition. Environmental and safety regulation as well as legal matters should therefore remain the prerogative of the International Maritime Organisation.

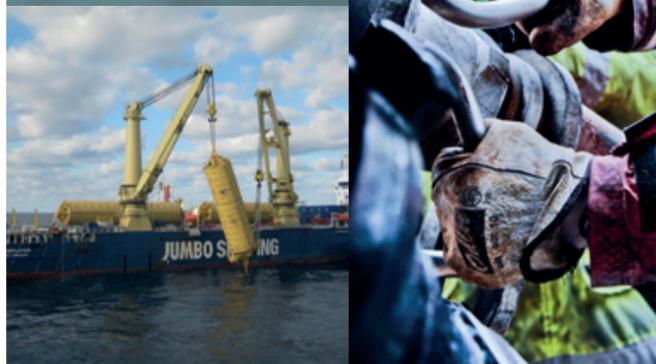
## Shipping as a sustainable transport solution

When it comes to reducing CO2 emissions, shipping can be part of the solution, rather than the problem.

Shipping emits far less per tonne/km than any other mode of transport: it contributes only a fraction of the total volume of atmospheric emissions compared to road vehicles, trains and air transport, as well as other emission sources such as power plants. Shipping transports 90% of the world's goods and emits less than 2.2% of the world's CO2. In other words, in terms of CO2 emissions per tonne of cargo transported over one mile, shipping is recognised as the most efficient form of commercial transport.

However, in Europe shipping only accounts for 40% of intra-EU trade. The EU should rediscover the advantages of shifting cargo from other modes to waterborne transport by placing shipping in the context of the wider EU transport system.

“ By shifting more cargo and passengers to the sea, the EU can exploit the superior energy-efficiency of shipping to reduce its global CO2 emissions



The EU is presented with a unique opportunity to make its transport system more sustainable and achieve its CO2 goals through multimodality. By shifting more cargo and passengers to the sea, the EU can exploit the superior energy-efficiency of shipping to reduce its global CO2 emissions.

Shipowners of course do not rest on their laurels and are actively pursuing the reduction of the industry's carbon footprint. The industry can become even greener without losing its competitive edge, provided that EU environmental standards are aligned with those at global level and that transition periods are foreseen to allow for structural changes when they are needed.

## A wealth of maritime skills and know-how

Europe is a continent with an extensive maritime history and thus has a unique knowledge pool of maritime talent. A network of European maritime academies with over 38.000 students/cadets helps preserve this wealth of maritime knowledge and know-how and provides the global shipping industry with some of the finest seamen. The EU shipping industry offers millions of jobs and promising career paths, both on board as well as ashore, in the broader maritime cluster. However, the industry is currently facing a demographic problem. Without a new generation of seafarers, the whole maritime cluster stands to lose its base.

“ By making the seafaring career more attractive, the EU can capitalize on thousands of job opportunities in one of Europe's most competitive sectors

Europe can tap into the wealth of maritime skills and know-how by supporting the recruitment and training of young professionals and promoting maritime careers. The key objective must be the improvement of the attractiveness of the seafaring profession.

Administrative burdens are a prime example of an area in which sizeable gains are to be made. Red tape is a major issue for current and future seamen, as a mosaic of inefficient, duplicative and arcane procedures at national level weigh down on crews. The image of the profession is also tarnished by the unfair criminalization of seafarers which often occurs after maritime accidents or safety-related incidents take place. By making the seafaring career more attractive, the EU can capitalize on thousands of job opportunities in one of Europe's most competitive sectors.

## A key to the single market

The internal market has not yet delivered its full potential for shipping as important administrative burdens and customs hurdles remain throughout Europe, preventing the EU from reaping the fruits of a truly European Maritime Transport Space without Barriers. Customs procedures are burdensome and place shipping at a disadvantage when compared to other modes of transport. A truck transporting goods from Poland to Portugal will drive through various national jurisdictions with minimum administrative formalities and burdens.

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