



EUROPEAN
SHORT SEA
SHIPPING
2014

EUROPEAN SHORT SEA NETWORK UNDER GREEK PRESIDENCY



Priorities and pending obligations

By Dr A.J.Corres – SPC Greece

Ladies and Gentlemen, Good Day

- My presentation will be short.
- Matters concerning the priorities of the Greek Presidency will be dealt with by the Greek Focal Point.
- I shall therefore limit myself to general issues within the remit of today's tripartite meeting on European Short Sea and some ESN specific priorities.



European Shortsea Network

Special Emission Control Areas

We are keenly interested – and to a certain degree worried- about the degree of preparedness of the EU to address the consequences of the measures in the SECAs as of 2015. These regions account for almost half the SSS movements.

We are unsure if the present regulatory framework of the EU allows for measures of assistance to these regions.

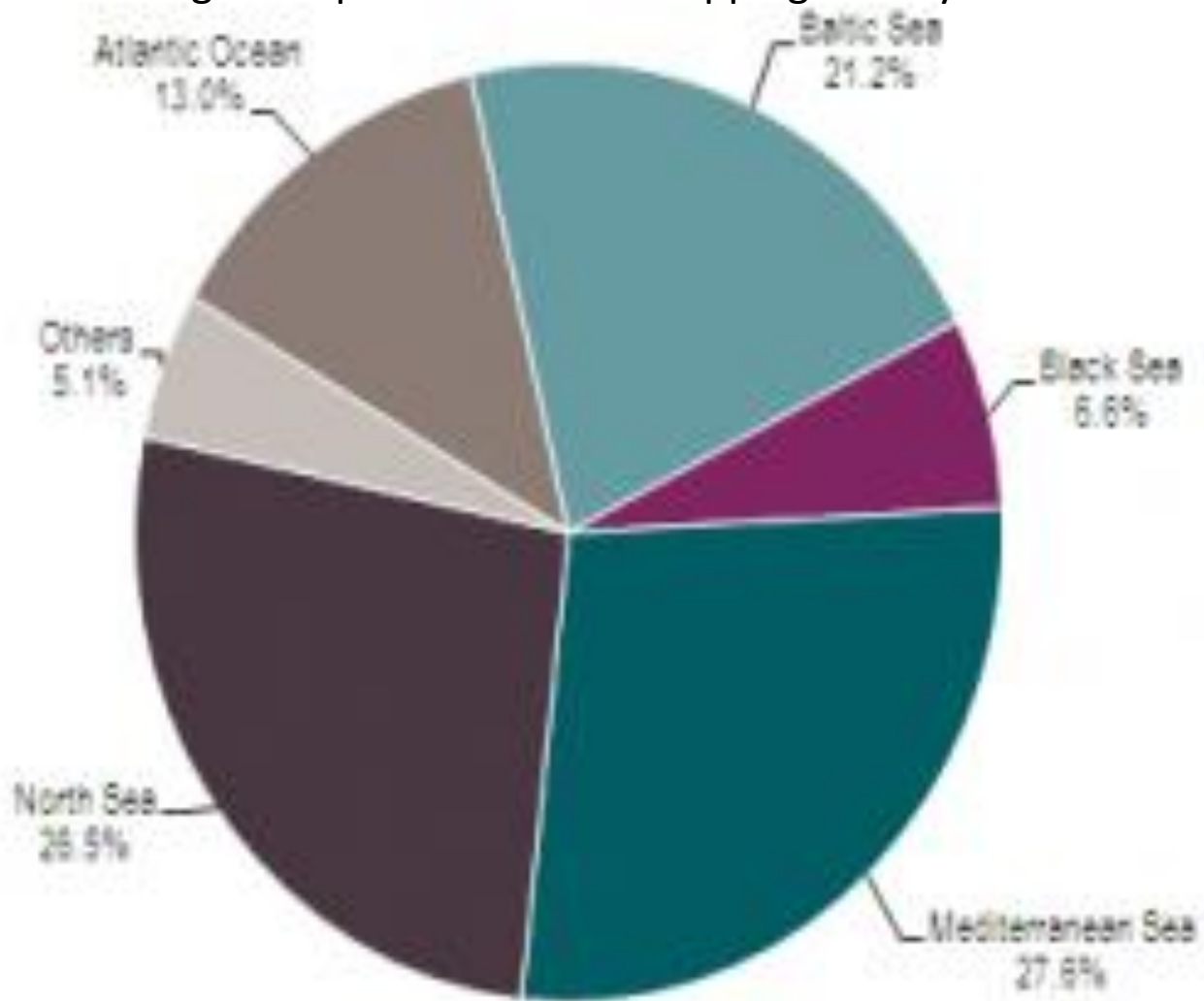
If not, the country-members will have to resolve the issues alone.

For them, it is a major change, for the rest of the EU and the world.. It is a *prova generale* of the global cap on sulphur after 2020.

I would like to stay on this matter for a while.



Regional split of Short Sea Shipping activity



SECAs Continued: Studies that we have seen make it clear that LNG and Scrubber retrofits are not financially feasible for medium and high age vessels.

However, as Professor Wijnolst and Dr Waals have indicated in a paper a few years ago, more than half of the EU SSS fleet belongs to that category. Their conclusion was recently reconfirmed by a Norwegian study claiming that 70% of the SSS owners will opt for the “do nothing” solution.

That leaves us with the 30% of the young fleet to retrofit and any new construction. Sadly, there is no time to see anything substantial from the latter before 2015, and one wonders how many of the 7,200 young age ships entering the EU SECA area (1/3 of the 24,000 every year) could be ready in time in absence of incentives.

Consequently, most SECA traffic after January 1st 2015 will run on low sulphur marine gasoil which today is considerably more expensive. Time will show if its prices will stay there in absence of market interventions. Oil companies, though prompted recently in Paris, remain silent on this matter.

SECAs continued: If we take the longer view for a minute the picture does not change very much.

We were told by the Mr Verheye of DG Environment at the ESSF plenary meeting last month that the external costs for the EU emanating from atmospheric pollution are from 300 - 900 billion euros yearly and for that the longterm intention is to have an LNG run fleet.

We share his concerns and the solution could eventually be LNG burning newbuildings and a good network of bunkering facilities.

It is regrettable however that such a huge shipbuilding programme will have to be implemented outside the EU in absence of a shipbuilding industry. Seven shipbuilding directives in a row have been instrumental for this outcome.

There is also a questionmark on the sources of funds to finance such a gigantic newbuilding programme under the present economic climate. We are advised that the EU provisions on state aids are under review. It is nice to hear, but these should have come twenty years earlier to be of use in this issue.

The Short Sea Initiative

Indications from another Norwegian study make mention to a traffic backshift from the sea to the road. That alone means there will be an increase in external costs and a need for additional spending on road infrastructure.

We all know road transport has been slowly gaining on SSS the last five years. Forecasts tell us this phenomenon will probably accelerate after 2015.

As European Shortsea Network we will be bitterly disappointed to see a reversal of fortunes here. SECA regions account for almost half of the SSS in the EU.

The Shortsea Initiative has been approved by all EU institutions and it is today widely supported by both, shippers and the public..

A single coastline and Regulation 3577/92 on Cabotage

The mainland to island, and also the island to island provisions on ship manning of this old Regulation have been effectively preventing the creation of a Single Market in EU's short seas.

The other big issue is of course that the EU, unlike all its commercial rivals, does not have a single maritime space and that has an impact on customs procedures and delays.

A single maritime space would make possible a European flag, after the lessons learnt a few years back and would be beneficial in two ways. The Cabotage Regulation would be unnecessary and the Customs' Code would need no further changes.

It may be time to reconsider these provisions also in the light of SECAs.

A final remark

We see signs of true interest and imaginative approaches by the Commission recently. We would like that to continue.

There is no doubt that tough times lie ahead. We agree we need to improve on our ways of cooperation, both within the ESN membership and with the Focal Points and the Commission.

Short Sea Shipping is the domestic shipping of the EU. It needs to receive the attention it deserves and not to be treated as the poor cousin of deep sea shipping.

As ESN we are grateful for the recognition of our efforts and we are thankful for the support the Commission and the Focal Points have provided us with.



E.R. SHANGHAI

NO SMOKING



Thank you for listening.