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Short Sea Shipping: the full potential yet to be unleashed

High Level Meeting on Short Sea Shipping

15 February 2016, Amsterdam

Niels Smedegaard, ECSA President



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ECSA President

- ▶ Established in 1965, based in Brussels
- ▶ National shipowners' associations EU + Norway
- ▶ All trades – all sectors
- ▶ ECSA members control 40% of the global fleet and are pioneers in terms of safety, security and environmental performance

CEO DFDS

- ▶ DFDS (*Denmark*), founded in 1866, today in 20 European countries
- ▶ One of Northern Europe's largest shipping and logistics companies, employing 6,800 people with a revenue of 2 Bill.EUR
- ▶ DFDS operates a network of 25 routes with 50 freight and passenger ships



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- What is Short Sea Shipping?**
- Why is Short Sea Shipping so important for Europe?**
- Deep dive into "National Single Window"**
- What is ECSA suggesting?**



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What is Short Sea Shipping (SSS)?

- 'Short Sea Shipping' is the movement of **cargo** and **passengers** by sea over short distances
- Traffic between ports situated in the Europe Union or between EU ports and non-EU ports situated in the EU's vicinity
- 37% of the intra EU transport is done by Short Sea Shipping





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A diverse sector



Dry Bulk



Ro-Ro



Container



Ro-Pax



Liquid Bulk



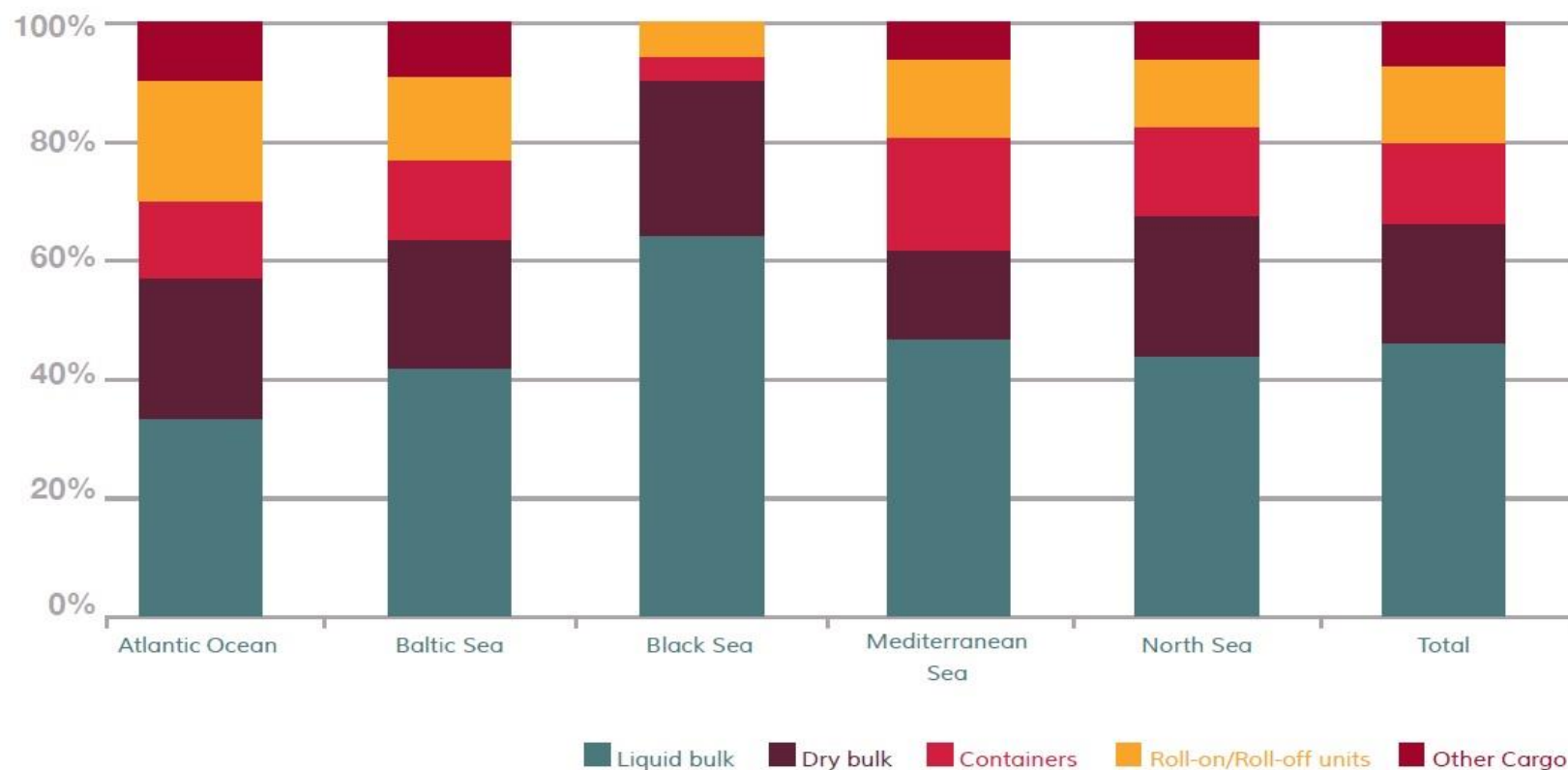
Other



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Breakdown of SSS cargo by region



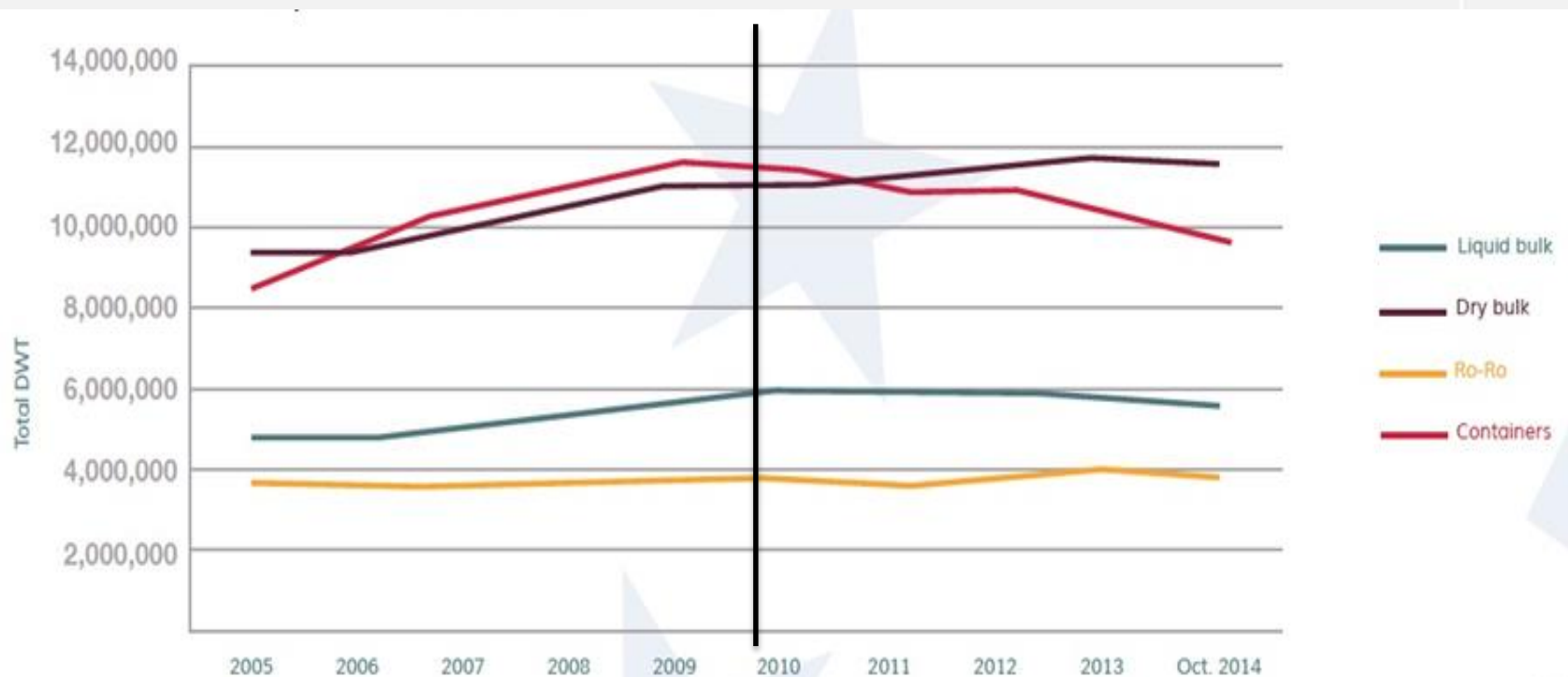
Source: Eurostat, 2014



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Development of the European Economic Area SSS Fleet



Source: Analysed by the authors, based on Eurostat data



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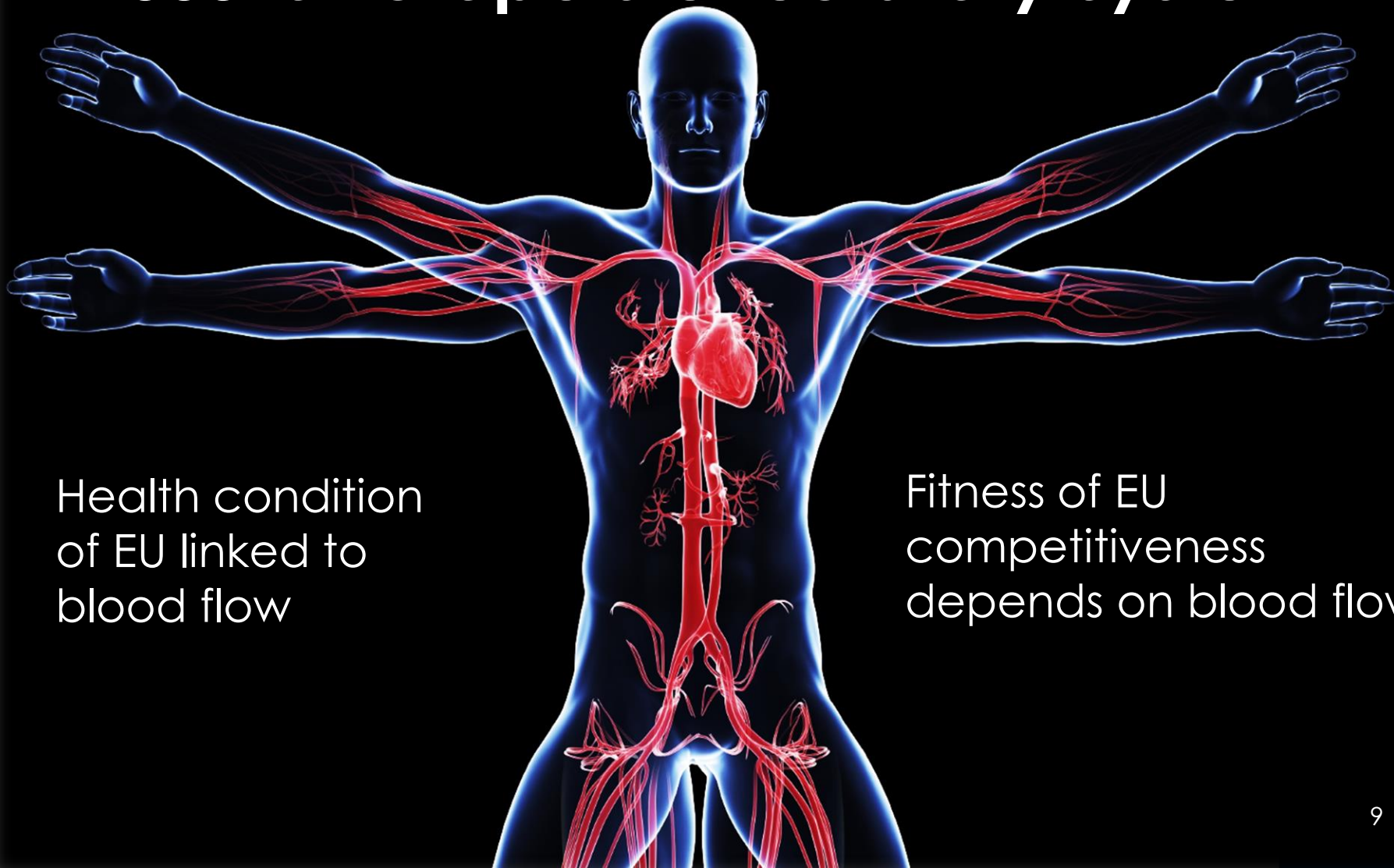
Why is Short Sea Shipping so important for Europe?



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SSS is Europe's circulatory system



Health condition
of EU linked to
blood flow

Fitness of EU
competitiveness
depends on blood flow



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**Our job is to improve "the fitness"
of SSS and the flow of goods in
Europe**





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Many obvious benefits of SSS

- Integrated part of the EU intermodal transport infrastructure (Road, rail, rivers, ports)
- Reduce congestion and accidents on roads
- Environmentally attractive
- Direct and indirect job creations, also in remote areas
- Important economic impact for yards, manufacturing, ports and land organizations
- Reduce need for expensive infrastructure investments



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Regulation impacts the "fitness" of SSS

- ▶ New low sulphur requirements
(50% fuel cost increase or scrubber installation 5-7 MEUR per vessel)
- ▶ National Single Window
- ▶ Ballast water treatment requirements
- ▶ Potential Nox area legislation
- ▶ Potential regional recycling legislation
- ▶ Potential regional CO₂ legislation
- ▶ Ten-T/CEF Funding opportunities

We must take our fair share of responsibility, but let us avoid « unintended consequences » of the regulation

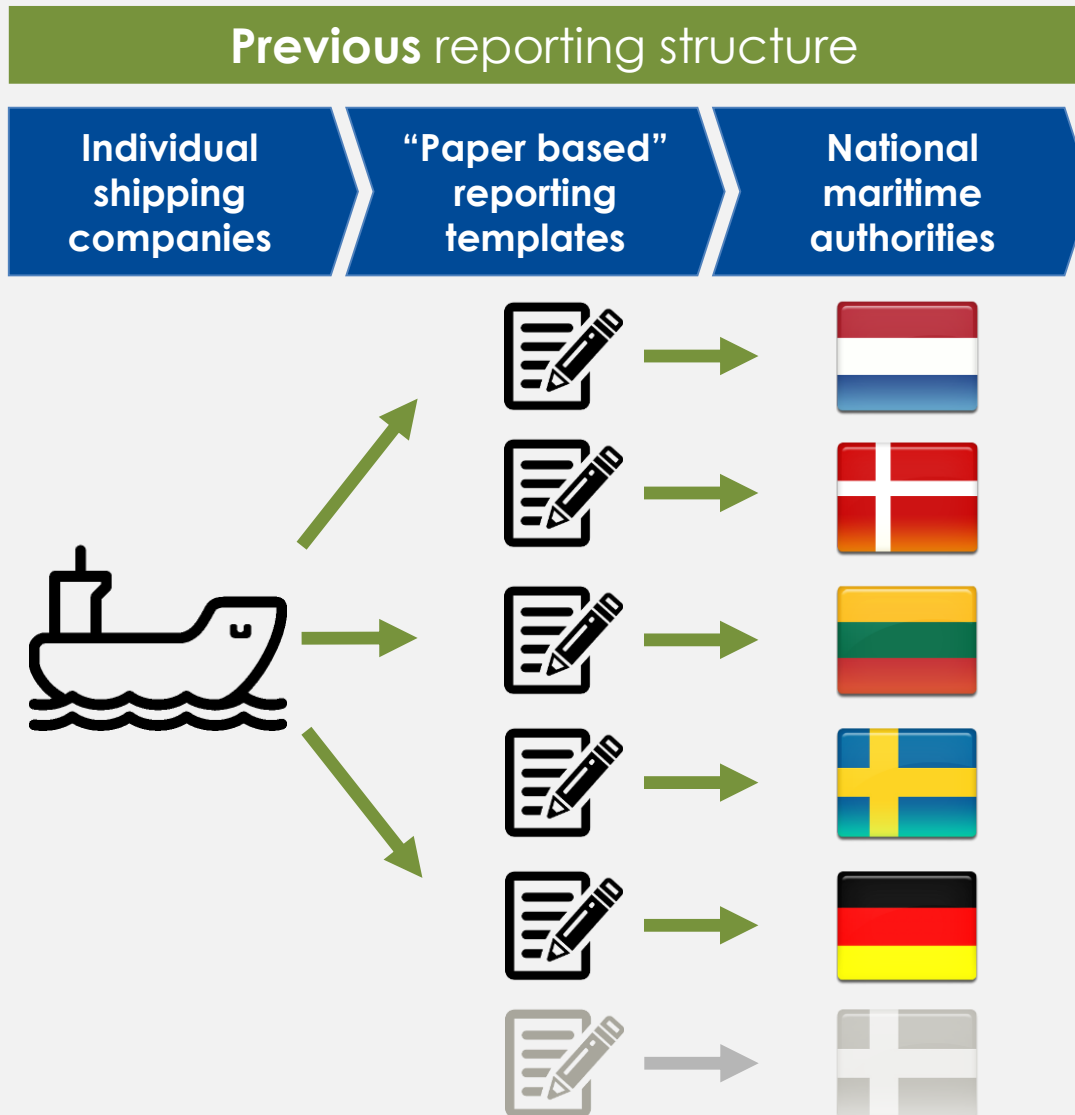


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Deep dive on the National Single Window

THE PREVIOUS REPORTING STRUCTURE WAS CUMBERSOME FOR THE NATIONAL MARITIME AUTHORITIES TO HANDLE



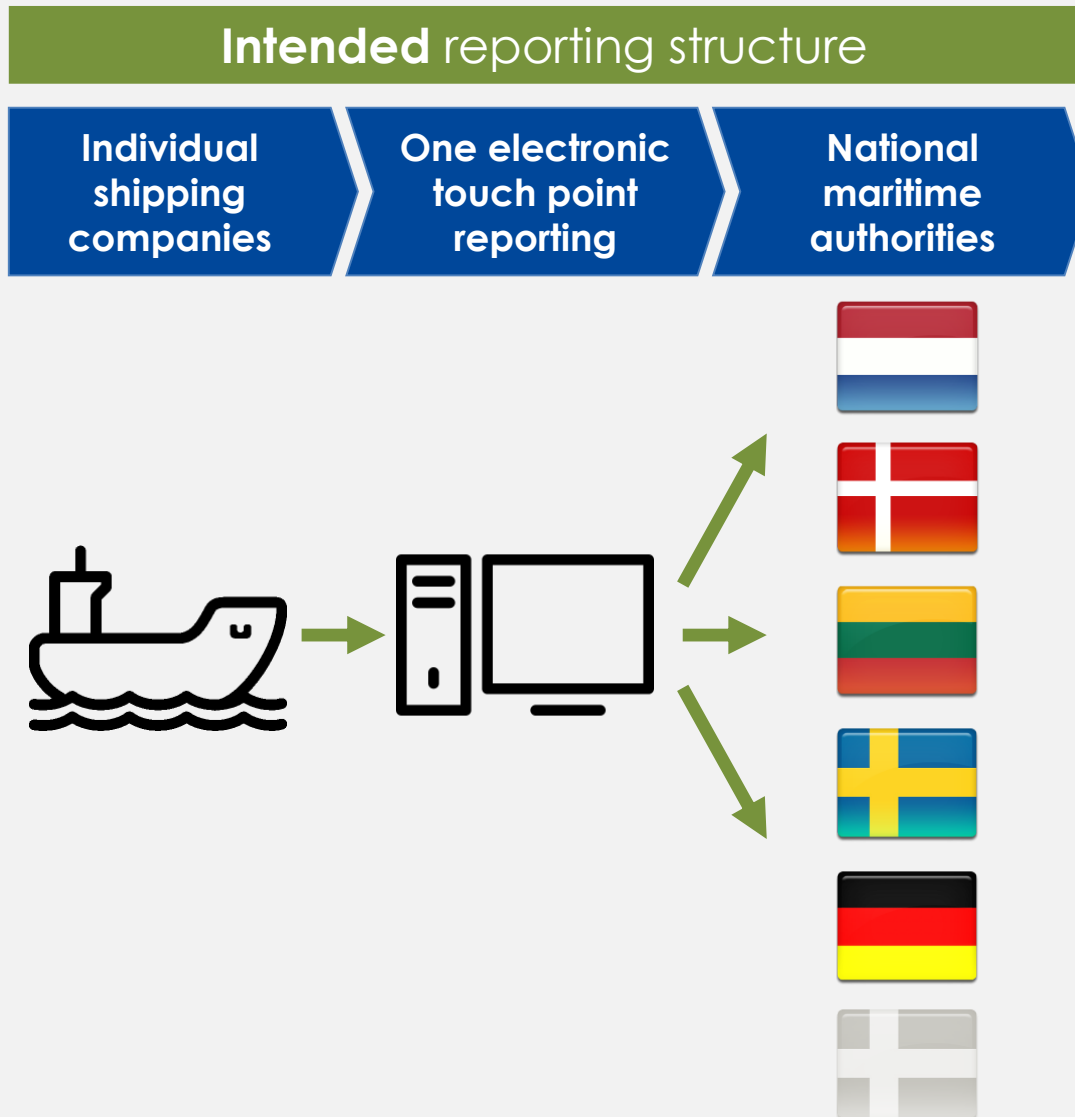
Previous Set-up

- “Paper based” systems between national authorities and shipping company
- Submission via emails, fax or use of ship agents
- Easy to “re-use” templates/ information per voyage

Challenges

- Risk of errors and duplications in documentation
- Less transparency
- Time consuming from a national authority point of view

THE INTENDED REPORTING WAS GOING TO MAKE LIFE EASIER FOR BOTH SHIPPING COMPANIES AND NATIONAL MARITIME AUTHORITIES...



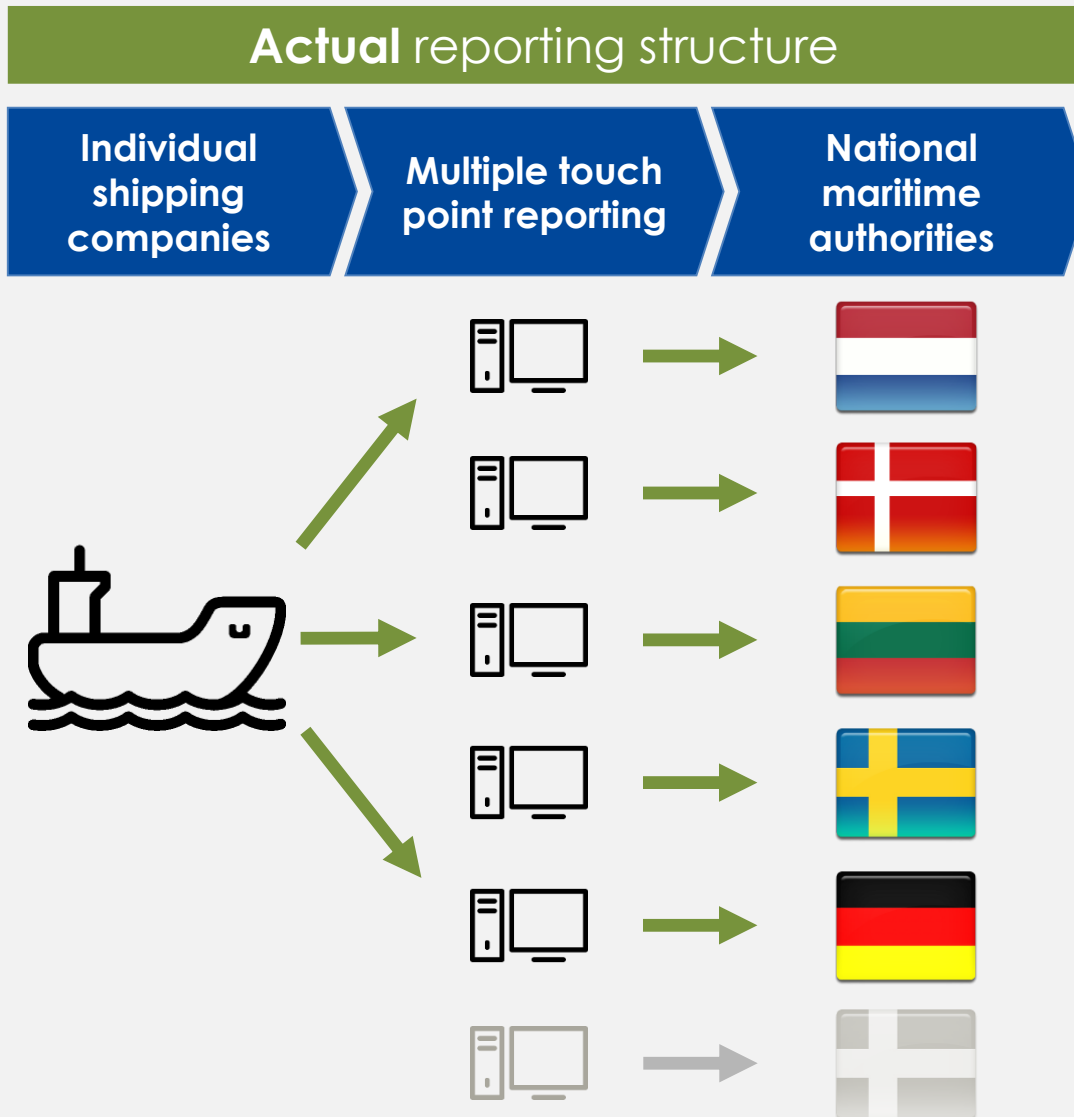
Intended set-up

- Simplify and harmonize the admin burden when reporting “Go digital”
- Clear definition on intended set-up – however, the countries were responsible for developing their own systems

Benefits (in theory)

- One single, simple reporting set-up for the shipping company and authorities
- Further transparency and easy sharing of data across national authorities

...HOWEVER, IT ENDED UP BEING A NON-COORDINATED APPROACH LEAVING THE SHIPPING COMPANIES WITH ADDITIONAL REPORTING



Actual set-up

- Member states have developed their own systems – no coordination from the industry's point of view
- Shipping companies to report to multiple national systems
- Cumbersome online reporting
- Shipping companies to enter all information per voyage – no easy duplication of data

Challenges

- High IT cost (EDI/infrastructure set-up for shipping companies)
- Online reporting is difficult for vessels due to little upload speed (satellite)
- Upload issues due to server capacity
- Unclear roll out – differs from country to country



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Concluding on the National Single Window

- Previous reporting structure had found its own "easy to use" format – from the shipping industry's point of view
- The industry welcomed the intentions of the new system
- It ended up with non-coordinated individual reporting systems for each national authority – resulting in much increased time spent/cost of reporting for the industry
- Involve the industry early, ensure national compliance with intentions from Commission and roll-out only when/if real benefits for all
- Today The National Single Window is unfortunately seen as another "blood clot" in the circulatory system of Short Sea Shipping



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What is ECSCA suggesting..?

ECSA policy recommendations

1. Identify all barriers that prevent the development of true **Motorways of the Sea**:

- ▶ SSS is a vital part of the EU intermodal supply chain infrastructure
- ▶ Launch an intra-Commission REFIT-style task force to identify key barriers
- ▶ Listen to all stakeholders and act fast

ECSA policy recommendations

2. Complete the single market for shipping:

- ▶ The internal market one of the biggest successes of EU, but some sectors are not there, including shipping
- ▶ Most agree on the benefits of SSS, so let us now get it done
- ▶ The potential is huge for all
- ▶ An example...

No Single Market for shipping

Transport of a container from Nijmegen (The Netherlands) to Borås (Sweden) via:

Road transport

The driver issues a CMR letter

Short sea shipping

- 1 Transport to the port of loading – The driver issues a note
- 2 The consignor declares community status of goods
- 3 The shipping company enters the container in the port community system at the port of loading terminal
- 4 The shipping company submits a bill of lading to the terminal and declares community status of the goods
- 5 The port terminal checks the documentation of community status of the goods
- 6 The manifest of the ship is being updated by the shipping company including information about the status of the goods
- 7 The ship issues the required IMO FAL forms to the different Dutch authorities and the Port of Rotterdam before departure (Single Window not in place yet)
- 8 The ship submits data to the Swedish National Single Window before and after arrival to Gothenburg and at the time of departure
- 9 The shipping company enters the container in the Swedish customs system by submitting the manifest
- 10 The shipping company declares community status of the goods in the port system in Gothenburg
- 11 The port terminal checks the documentation of community status of the goods
- 12 Transport from the port of discharge – The driver issues a note





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ECSCA policy recommendations

3. Simplify procedures for regular short sea services with third countries:

- ▶ Simplify and rationalise administrative procedures for short sea services that also call at non-EU ports
- ▶ Extend the simplifications benefitting intra-EU services to members of the Common Transit Convention, which include Norway, Iceland and Turkey



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ECSA policy recommendations

4. Ensure market access to port services and guarantee free movement of goods:

- Ongoing legislative process on port regulation will not deliver expected results on “open market access”
- Alternative solutions needed: focus on individual cases and a more structured approach to TEN-T
- Commission should also set up common framework for Pilot Exemption Certificates (PECs)
- In order for SSS to prosper, ports need to remain open to all traffic that wishes to use them

ECSA policy recommendations

5. Devise competition–neutral ways to financially stimulate short sea shipping:

- Consider SSS as European infrastructure and “relax” requirement under CEF facilities
- Support “first-movers” financially for qualified environmental upgrades and retrofits
- Consider financial incentives for the demand side (customers) of SSS. (Inspiration from Italian Eco-bonus)



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Wrap up

- ▶ Short Sea Shipping is a vital component of the EU single market and the EU economy
- ▶ Let us work together to improve the “fitness” of Short Sea Shipping
- ▶ Let us make sure that we avoid « own goals » in European legislation when it comes to Short Sea Shipping, there is a limit to what sector can handle and grow
- ▶ Let us make real progress towards completing the single market for shipping during the next three years



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Thank you!

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