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REPORT

SHORT SEA SHIPPING AND MOTORWAYS OF THE SEA FOCAL POINTS MEETING HELSINGØR, DENMARK 19-20 APRIL 2012

OPENING SESSION

The meeting chair (DG MOVE) **welcomed** the participants and thanked the Danish Maritime Authority and SPC/Denmark for hosting the meeting.

Opening speech by the Director-General of the Danish Maritime Authority:

- Underlined the important role of Short Sea Shipping in ensuring sustainable transport in the European Union.
- 2 main challenges:
 1. Environment, reduction of SO_x and NO_x. Both environmental and economic sustainable solutions should be looked at. More out of the box thinking needs to be encouraged (e.g. promoting use of LNG for other application as urban freight transport).
 2. Decrease the current amount of paperwork and reporting. Blue Belt project is a good start.

Key note address by DG MOVE:

- Commission's 2 main focus areas in 2012 in the field of SSS:
 - Simplification of administrative provisions
 - Further implementation and facilitation of actions to promote SSS, in particular SWTT (Sustainable Waterborne Transport Toolbox).

- TEN-T programme: new agreement (22-03-2012, Transport Council) on new regulation for TEN-T guidelines:
 - New EU transport core network + 9 major transport corridors
 - Crucial objective to connect 96 European ports with rail and road links by 2030.
 - Vote European Parliament foreseen early 2013, adoption final text 1st semester 2013.
- Economic data collection (agenda item n°4): important for the Commission to base its political decisions on sound and correct economic data received from maritime, in particular SSS stakeholders, through the respective authorities in the Member States.
- Clean shipping:
 - Important not to further delay the adoption of the proposed directive on the alignment of EU norms on the contents of sulphur in marine fuels with IMO requirements. Maritime transport as opposed to road transport is no longer the cleaner mode!
 - In collaboration with EMSA some regulatory aspects related to the distribution and bunkering of LNG to ships are being examined.
 - Impact Assessment for the Clean Power for Transport initiative almost finalised (looking into the requirements at EU and national levels to guarantee a minimum coverage for alternative fuels infrastructure). Initiative planned for end 2012.
- Greenhouse gas (GHG) emissions from ships:
 - On-going discussions at IMO level. Solution on international level would be beneficial to European SSS, as in line with objective of addressing EU GHG emissions and yet avoiding major competitive disadvantages for EU shipping industry.
 - EEDI (Energy Efficiency Design Index) adopted in June 2011: can be seen as an indicator that some international partners (Japan, U.S., Canada, Australia) are on same line of thinking with us. Still opposition from mainly China, India, Brazil and Saudi Arabia (need to come to a solution with agreement on measures for existing ships).
- EU initiatives for reduction of administrative burdens for SSS:
 - Blue Belt pilot project: EMSA about to finalise the evaluation of the pilot project¹. The Commission will continue to analyse the results of this pilot project, aiming at further facilitating intra EU shipping in terms of customs formalities.
 - Deployment of e-Maritime services:
 - Initiative to be launched soon, aiming to complete the data with regard to the ship's routes and ports of call with sound information on the goods it is carrying.

¹ In the meantime the evaluation report was presented and discussed at the Transport Council in June 2012.

- e-Maritime applications can be either administrative (to comply with legal reporting obligations) or business oriented (e.g. booking of berths and port services).
- Conclusions:
 - No doubt about the importance of SSS for EU economy.
 - Even though affected by 2008 crisis, SSS operators continue to contribute significantly to the efficient flow of passengers and goods across the EU.
 - Authorities' role to be vigilant and to produce selective and smart legislation.

Session I: SHORT SEA SHIPPING (SSS) PROMOTION AND EU FUNDING

Item 1. Work Programme for grants in the field of TEN-T for 2012 (Motorways of the Sea)

- **Presentation** by DG MOVE
- **Additional information** provided by the TEN-TEA:
 - 2012 Call for proposals (WP 2011): 153 proposals received; opening to start soon; external evaluation planned first half of May; internal evaluation end of May; Results expected to be submitted to TEN-T Financial Committee in July.
 - Multi-annual Work programme adopted 15/03/2012:
 - Overall priority: saturate number of implementation projects, targeting more 'classical' MoS projects, aiming at improving environmental performance of transport.
 - Looking for wider benefit actions, projects at pan-European or regional level.
 - Environmental performance: possibility kept open for LNG + installation of scrubbers (not addressed to single shipowners; correlation either with implementation action on overall corridor, or with other EU partners (pilot project or under benefit actions)
 - At least 2 EU Member States to participate in the project (as opposed to annual Work programme)
- **Discussions:**
 - MoS North-sea Task force proposal to evaluate MoS policy
 - 1) Lessons learnt since 2004
 - 2) Recommendations on how to implement MoS in new TEN-T regulation
 - DG MOVE:
 - Acknowledged need for clearer views on how all parties involved would like to see MoS function under new financial perspectives.

- Assessment from Task Force on past functioning MoS welcome.
- Despite the agreement on a general approach for the new TEN-T, negotiations on Connecting Europe Facility are still on-going; Agreement targeted for the Transport Council in autumn. In the meantime though any contributions, thoughts, suggestions or recommendations from the MoS North-Sea Task force are welcome.
- MIF: Intention to approach the EU institutions with a clear demand to stick to the proposal of 32 billion €, wanting to convince them more than ever of the importance of transport as a lifeline of the European economy.
- Floor: EU transport needs to transform itself. A lot of emphasis should be put on innovation and pilot projects testing new technologies (even at high risks). Therefore a "toolbox" helping the transport sector with this innovation would be needed.
- DG MOVE:
 - Recognition of the fact that transport cannot be moved forward without offering the financial capacity to deploy innovative technologies and services.
 - New TEN-T guidelines include some horizontal actions, including innovation and alternative fuels.
- A lively discussion between some FoPs, the Commission, TEN-TEA and MIF with contributions from the above mentioned meeting participants took place on the adequacy of developing some indicators to measure the success of MoS. A large majority agreed that putting indicators in place would be rather difficult and risky, for the following reasons:
 - Difficult to measure the success of investments, as many factors influence figures and statistics
 - The concept of MoS is much wider than just the provision of a service between 2 ports (e.g. the aspect of innovation, which is an absolute necessity, but not a service)

Item 2. TEN-T (Motorways of the Sea): "MOS4MOS" project

- **Presentation** by the Valenciaport Foundation
 - a) An overview of the MOS4MOS project, which main objective is to simplify ports- and customs formalities. As such it has obvious links with both the Blue Belt and e-maritime initiative.
 - b) A more detailed presentation on the electronic T2L, which is one of MOS4MOS pilot projects. The T2L is the document by which the European status of the goods is certified.

The electronic T2L already exists in Belgium and Estonia. Once the pilot project will be finished and following a presentation by Spanish customs of its outcome to DG TAXUD and DG MOVE, the electronic T2L will also be introduced at national level for all ports in Spain.

- **Discussions:**

- MIF: the electronic T2L is a good solution as an intermediate step for replacing the current paper T2L, however this document is meant to become superfluous and be abolished in the future, once the electronic manifest will be established.
- Valenciaport Foundation: agrees with this position, but stresses the fact that the document is still needed and then preferably in an electronic format, as long as the electronic manifest is not a fact.
- FoP, twofold question:
 - 1) With regard to any practical experience, Mr Llop confirms that big companies are currently involved in the project and that it has been tested in real environments.
 - 2) On the applicability to 3rd countries, Mr Llop confirms that this possibility exists, but is not put in practice at the moment, as 3rd countries due to TEN-T limitations are not participating in the project.

Item 3. Update on Marco Polo programme + next steps

- **Presentation** by DG MOVE

Item 4. Presentation and round table on short-sea economic data collection

- **Presentation** by DG MOVE
- **Discussions:**
 - The need for clear guidelines on terminology/definitions was expressed
 - MIF indicated that ports are the key players to provide good quality and early statistics.
 - It was suggested the Commission should approach Eurostat and convince them to reveal data at least at an earlier stage.

Session II: Clean shipping

Item 5. Introduction by the Commission: "Clean shipping – Status and current developments"

- **Presentation** by DG MOVE / key issues:
 - First reading agreement on Directive hoped for soon by the Danish presidency
 - Majority of shipowners now reporting to be for LNG and realising that the first ones that go will be clearly rewarded by the market.

Item 6. Presentation by ECSA on LNG fuelled shipping – State of the art and update on on-going initiatives

- **Presentation** by ECSA / key issues:
 - Retrofitting is not considered to be the way for the future
 - The price of LNG remains an open issue and it not known for how long it will still be lower than fuel (Germany closing nuclear centrals + changing to LNG. This will increase the demand!)
 - ISO for safety is not perceived as a good idea: this needs to be done by technicians!
 - The Commission's Toolbox is appreciated by industry, but is not enough to mitigate negative effects (backshift) as a result of the new sulphur limit of 0.1% by 2015.
 - The use of LNG is estimated to increase costs for ship building by 30-40%.

- **Discussions:**
 - A lively discussion was held between ECSA, other meeting participants and DG MOVE about the way safety rules/standards for LNG should be put in place, i.e. ISO (it was confirmed they do have a working group on LNG lead by an expert) alone or collaboration ISO/EMSA.
 - One FoP informed DG MOVE that financing of LNG infrastructure is a very important issue. DG MOVE asked to share any results in this respect with the Commission.
 - The necessity of including a "fuel availability clause" into the Sulphur Directive was questioned. Some FoPs confirmed ports in their country to be working on an LNG supply master plan.
 - DG MOVE stressed the importance of having safety measures in place, in order to change public perception on LNG (some inland waterway shipowners now wanting to hide LNG tanks below the deck).

Item 7. Project presentation: "LNG in the Baltic Sea Ports"

- **Presentation** by the Port of Aarhus / key issues:
 - Baltic Sea region to be perceived as a market on its own
 - Whilst EU-initiatives support increased modal shift from road to sea, the Baltic Sea is threatened by severe pollution
 - Overview of the maritime transport network in the region
 - Comments on future SECA limitations
 - Update on on-going MoS projects ('The Baltic Sea Hub' and 'Spokes System')
 - Presentation of TEN-T project "LNG in the Baltic Sea Ports"

- **Discussions:**
 - The above presentation was followed by a dynamic discussion on the use of LNG in general, with keen participation of all meeting participants (DG MOVE, ECSA and FoPs). Key points emerging from this exchange of views were:

- Some participants were wondering about the reasons of the market showing mainly defensive reactions on the Sulphur Directive and would find it more constructive to also get some offensive responses (i.e. "wanting to be the first MS to have positively implemented new rules and as such having contributed to a greener industry. The good example of Denmark being now the leader in the wind mill industry was cited.
- For the production of LNG engines Europe is in the lead.
- The necessity in many ports for the different players to sit together was highlighted. LNG terminals should be stretched towards all potential users (SSS, trucks, etc.) Connections need to be extended.
- Bunker berths need flexibility.
- It was suggested to include the use of LNG in trucks in EU regulation.
- There's an urgent need for guidelines on how, when and what to do with the bunkering infrastructures, coming either from the Commission or from ECSA. DG MOVE indicated however that information received by the Commission at the occasion of a recent shipowners' meeting, revealed that the market would prefer to see LNG bunkering infrastructure left up to the market, rather than being imposed by the regulators.

Item 8. Presentation on green shipping and the way for shipping companies to comply with sulphur limitations in Short Sea Shipping

- **Presentation** by DFDS / key issues:
 - How to handle routes with vessels not feasible for scrubbers? (stability may be a problem)
 - The problem of bottlenecks (e.g. yard facilities, scrubber production)
 - The inclusion into EU regulation of a grandfather clause would be welcomed.
 - Besides emissions also the handling of waste water should be looked into.
 - Suggestion to consider an increase of road tax for freight transport to prevent modal back shift
 - Current EU initiatives will not be sufficient to prevent modal back shift.
- **Discussions:**
 - Difference in scrubber waste handling depending on whether a sea water system is used (no caustic soda = advantage – sulphur however going to the ocean = disadvantage) or a fresh water system (presence of caustic soda = sludge). DFDS is currently handling the sludge themselves, through an agreement with a specialised company.
 - DG MOVE acknowledged the existence of a legislative gap what sludge handling is concerned. This will be taken care of by the Commission in adapting legislation.

- Retrofitting to LNG would mean 10% increase of price to customers.
- In relation to the claimed risk for modal back shift, DG MOVE drew the attention to the fact that this is a perfect example illustrating the urgent need for better statistics. It will be of utmost importance for the Commission to be able to convince the European Parliament and the Council via adequate statistics (i.e. "Is it a real modal backshift or not?")

Session III: EU initiatives facilitating Short Sea Shipping

Item 9. Reporting formalities Directive implementation and e-Maritime initiative – Update by the Commission

- **Presentation** by DG MOVE / key issues:
 - At this stage, no legal initiative exists to impose e-Maritime on top of reporting formalities, only soft measures.
 - Adoption of a Communication on e-Maritime is foreseen for by mid-2012.
- **Discussions:**
 - On a question from one of the FoP on the implementation of e-Maritime, DG MOVE confirmed that ports will be asked to harmonise the interface with the users, not to review the whole system.

Item 10. "Blue Belt Pilot Project" – Presentation by Unifeeder on their findings as a participating company in the project

- **Presentation** by Unifeeder / key issues:
 - Awareness is no longer the obstacle for Short Sea Shipping.
 - Today's obstacles are mainly coming from regulation (e.g. currently more than 5% of the working time – equivalent to more than 25.000 hours/year) are spent on customs formalities). In addition, regulation is differently implemented across Member States.
 - The existing differences between the rules on parties paying for road versus SSS infrastructure were questioned.
- **Discussions:**
 - On a question from the floor regarding the potential future use of an electronic T2L, Unifeeder's position was positive.
 - On a reaction from the floor questioning Unifeeder negative experience with Blue Belt, Unifeeder clarified not to stand negative towards Blue Belt, but rather towards customs.

Item 11. "The Blue Belt Pilot Project: What's next?" – Update on the project by the Commission

- **Presentation** by DG MOVE / key issues:
 - Notwithstanding some negative echo's mainly related to customs, the Commission still feels that it is its grasp to change the whole reporting approach in maritime transport in the near future.
 - Collaboration from FoP was asked to talk to their respective national ministries (i.e. other than 'transport-')
 - Simultaneously DG MOVE will re-address the issue with DG TAXUD
 - Concerning the participation of the shipping companies in the Blue Belt Pilot project: it was never the purpose to have exemption from customs formalities as this possibility is not foreseen by the Community Customs Code
 - The differences between road and sea transport related to customs formalities were highlighted:
 - Nature of goods in trucks and vessels: one cargo owner/loading unit in general versus many cargo units
 - Sea transport dealing with more complex routes from several loading ports to several discharging ports.
 - The total abolishment of customs procedures is not a realistic goal for the near future, therefore it is important to have industry's view on any transitional measures, such as an electronic T2L.
 - An unexpected though positive effect from the Blue Belt Pilot Project was that certain authorities in the port all of a sudden started to talk to other authorities.
 - It is foreseen that decisions on the future of Blue Belt shall be taken at the next Transport Council in June.
- **Discussions:**
 - Specifications were given by the co-ordinator of MOS4MOS project on the difference between e-T2L and e-Manifest, whereby in their opinion an e-T2L should be favoured over an e-Manifest. DG MOVE confirmed the Commission would come back on the T2L.
 - The Danish presidency has the intention to put the Blue Belt initiative on the agenda of the June Transport Council and firmly hopes on strong support for the work to be continued.
 - DG MOVE clarified the difference between a PDF format of a paper manifest versions versus a real electronic manifest.
 - One FoP deplored the fact that although it is positive that through Blue Belt customs authorities are now sure of the fact that no additional cargo is added to the one on board the vessel, no information is yet provided on the cargo itself. The only thing they can do when approaching customs authorities is to try to convince them of the fact that a big effort and a considerable part of the facilitation has already been done, but that the ball is now in their (i.e. customs') camp.

- On a question from one FoP the Danish presidency confirmed that at the June Transport Council only political discussions will take place and that discussions of the financial part will be for a later stage.
- On a twofold question from one FoP respectively related to the Blue Belt evaluation report and to the position on Blue Belt from the next (CY) presidency, DG MOVE confirmed that the Blue Belt evaluation report will be available by mid-May. The position of the next CY presidency on Blue Belt however is not yet known. The Commission however hopes to be in possession of the CY working paper before the June Transport Council.
- The Danish presidency advised having the intention to draft questions on the Blue Belt report, in order to structure the debate in the Council.

CLOSING REMARKS

- DG MOVE (chair) thanked all speakers and attendees for their contributions, the sponsors for providing refreshments, lunches and dinner and the Danish authorities for hosting and organising the meeting.
- Feedback on this new formula of FoP meeting with more room for discussion is very welcome
- The next meeting will be held in Brussels and will be a joint meeting FoP and SPCs.

All presentations will be made available on CIRCA.