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**REPORT**

**JOINT SHORT SEA SHIPPING AND MOTORWAYS OF THE SEA  
FOCAL POINTS AND SPCs MEETING  
BRUSSELS, BELGIUM  
18 DECEMBER 2013**

**OPENING SESSION**

**Opening address** by DG MOVE. Key points included:

- An overview of the agenda items of the day, with particular emphasis on the purpose of the group discussion session in the afternoon.
- It was stressed that today's discussions were to be considered as a first approach in the exercise of re-assessing the role of the SPCs, and no conclusions were to be expected at this stage.
- Attendees' attention was called to the suitable timing of having such a revision now, in view of the forthcoming installment of a new Commission.

**Address** by the Lithuanian (exiting) Presidency of the Council of the European Union. Key points included:

- Notwithstanding the fact that maritime transport was not amongst the priorities of the Lithuanian Presidency, a number of maritime dossiers have been dealt with by various Working Parties :
  - Shipping Working Party :
    - "EU Maritime Safety Agency Regulation": negotiations with the European Parliament are expected to be closed in the coming days.
    - "Marine equipment Directive": negotiations with the European Parliament have started, however this file will be handed over to the Greek Presidency.
  - Working Party on Integrated Maritime Policy (IMP):
    - "Maritime spatial planning Directive": a General Approach was reached at the General affairs Council of 17/12/2013.

- Intermodal Working Party :
  - "Alternative fuels Directive": a General Approach was reached at the Transport Council meeting of 05/12/2013. Negotiations with the European Parliament started on 17/12/2013.

The main provision with respect to Short Sea Shipping is the obligation for Member States to ensure an appropriate number of LNG refuelling points in maritime ports of the TEN-T core network by 2030.

In relation to the Alternative fuels Directive, DG MOVE congratulated the Lithuanian Presidency on the General Approach reached at the latest Transport Council meeting. DG MOVE also confirmed that it will closely follow up the discussions with the European Parliament. More specifically with regard to the existing divergence between the implementation date of 2030 targeted in the General Approach versus 2020 in the Commission's proposal, DG MOVE is hoping for constructive discussions with the new Commission.

**Addresses** by the Greek (incoming) Presidency of the Council of the European Union.

#### **I. Presentation by the Greek Ministry of Shipping, Maritime Affairs & the Aegean**

Key points included :

- The Greek Presidency intends to attribute particular importance to measures and policies which will enhance the competitiveness of the European ports, the facilitation of the maritime traffic whilst reducing the administrative burden and the simplification of the administrative procedures with the objective of the enhancement of the competitiveness of the European shipping in general.
- Priority legislative proposals at the Council of the EU will be :
  - Marine equipment Directive, repealing Directive 96/98/EC – The target for the Presidency is the completion of informal trilogies with the European Parliament.
  - EU Maritime Safety Agency Regulation – If still needed, the Presidency will give appropriate gravity to the Council and the European Parliament's final deliberations on the file.
  - Regulation on market access to port services and financial transparency of ports – The Presidency will pursue the progress with achievable results in the Transport Council of June 2014.
  - Alternative fuels Directive (Clean Power for Transport) – The Presidency will pursue progress of the discussions/negotiations, in close collaboration with the responsible Ministry of Transport, within the Council aiming at reaching an agreement with the European Parliament at first reading.
  - Regulation on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport, amending Regulation (EU) 525/2013 – The Presidency intends to attribute special attention to this proposed Regulation. The Council should have the necessary time to elaborate on its technical aspects whilst taking into account the relevant deliberations at IMO. A realistic goal could be to present a progress report to the Environment Council, probably in June 2014.

- An Informal Maritime Ministerial Council will take place on the 7<sup>th</sup> of May 2014 in Athens. The main objective will be to assess the midterm review of the European Maritime Transport Strategy until 2018.
- As an issue of priority, the Greek Presidency will seek to increase visibility and opportunities for the further promotion of Short Sea Shipping. In this context, emphasis will be given to further simplification of administrative procedures as well as to access EU funding through TEN-T and CEF. A set of Council Conclusions will be foreseen to address these issues at the Transport Council in June 2014.
- The Greek Presidency will promote initiatives with significant interest for Short Sea Shipping, including Blue Belt, Maritime Single Windows, e-Maritime, Ports investments, Motorways of the Sea and Environmental Issues.

DG MOVE completed this presentation by expressing its appreciation of the high focus that will be put on the maritime dimension and declared to look forward to a strong policy direction in the area of maritime transport. In addition, DG MOVE uttered its hope to see some of these concepts taken over by the next Italian Presidency.

As for the mid-term review, DG MOVE announced that in view of the upcoming institutional changes it was decided not to present a formally adopted paper during the term of the Greek Presidency. Instead, the discussions at the informal Maritime Council in May shall serve as the basis for a more formal mid-term review to be adopted already by the new Commission.

## **II. Presentation by SPC Greece - Key points included :**

- In the presentation, severe worries related to the preparedness of the EU to address the consequences of the coming into force of the new SECA rules in 2015 were expressed.
- Several studies have shown that a large majority (70%) of SSS shipowners will opt to have their fleet running on MGO, which today is considerably more expensive. As for the remaining 30% that decided to retrofit, it is unsure whether they will be ready by 1<sup>st</sup> January 2015. In addition, newbuilts running on LNG or other alternative fuels will not enter the market before 2015.
- While LNG burning newbuilts could eventually be the solution, it is regrettable that – in the absence of an EU shipbuilding industry – such a huge shipbuilding programme will have to be implemented outside the EU.
- A Norwegian study foresees a traffic backshift from sea to road, which ultimately will create a need for additional spending on road infrastructure.
- The provisions for island traffic under the current EU Regulation 3577/92 on Cabotage are preventing the creation of a Single Market in EU Short Sea Shipping.
- Furthermore, the lack of a single EU maritime space has a negative impact on customs procedures and delays. By creating such a single EU maritime space the Cabotage Regulation would be unnecessary and the Custom's Code would need no further changes.
- Now that undoubtedly tough times are lying ahead, ESN acknowledges the need for SPCs to improve their ways of cooperation, both within the network and with the Focal Points and the Commission.

**SESSION I: SHORT SEA SHIPPING (SSS) PROMOTION  
and ENVIRONMENTAL ISSUES**

**Item 1. Update on EU policies**

- Presentation by DG MOVE.
- Key updates included :
  - Blue Belt initiative :
    - Adoption of the Blue Belt Communication on 08/07/2013
    - Adoption of an Implementing Act of the customs code enhancing Regular Shipping Services on 05/11/2013
    - Discussions on e-Manifest on how wide the right scope should be are still internally ongoing in the Commission.
  - Reporting formalities Directive Implementation :
    - Several meetings of the eMS group and on data mapping and functionalities have taken place
    - EMSA is currently developing a protocol for information exchange between MS via SafeSeaNet
    - An agreement on technical specifications for the development of National Single Windows is pending
    - The first draft of the report to the EP and the Council on RFD implementation had to be reviewed following the identification of discrepancies between the study (done by a consultant) used as a basis for the report and reality. The new report is now expected to be ready by 1<sup>st</sup> quarter 2014.
    - The TEN-T funded project ANNA (Advanced National Networks for Administrations), with the participation of 14 Member States, took off in October 2013. The objective of the project is to support the effective implementation of the RFD.
  - e-Maritime initiative :
    - Whilst part of the approach was already accomplished through the adoption of the RFD and the VTMIS Directive, the need for looking at it in a wider context has now arisen.
    - In 2014 a more permanent structured work with the stakeholder community will be launched, aiming at resulting into policy proposals by 2<sup>nd</sup> half 2015.
  - Motorways of the Sea :
    - The Importance of the MoS concept was reconfirmed in the revised TEN-T guidelines. Furthermore a third country dimension was included.
    - Terms of Reference for a study on the concept of MoS are being finalised. In addition to the objectives of assessing the development of

MoS since 2001 and identifying possible ways to improve alignment with EU policies, special attention has also been given to making sure that the results of the study shall facilitate the future work of the TEN-T coordinator.

○ Statistics :

- During the 2<sup>nd</sup> meeting in October 2013 of the Working group ESTAT-DG MOVE-EMSA it was confirmed that sectorial data for maritime cabotage and island traffic can be provided by ESTAT.
- As for sectorial data related to feeder traffic, no data appear to be available in most Member States. The Working group will be looking into what can be done.
- In relation to environmental factors, ESTAT has a project ongoing on establishing a methodology for estimating maritime emissions at EU level.
- The importance of having more timely information, including types of cargo, types of maritime services, etc. was repeated.

○ Marco Polo :

- The last call of the existing Marco Polo programme closed in August 2013, notification of results will take place early 2014 and contracting is foreseen for March/April 2014.
- Under the new Financial Framework from 2014 onwards a separate legislative base for freight transport services will no longer exist. Instead a new support scheme for freight transport services was proposed by the Commission under the revised TEN-T using CEF.
- An ex-ante study aiming at identifying rationale, detailed actions and funding criteria was launched by the Commission in September 2013. A Workshop with the Member States on this study is scheduled for early 2014.
- Whilst modal shift has been maintained as a policy objective, it will be part of others, such as supporting more sustainable or innovative freight transport services, thereby allowing for participation of single mode operators.

○ Pilotage Exemption Certificates (PECs) :

- Following the 2010 mandate given by the EP and the Council to the Commission to examine the possibility of introducing a harmonised framework on granting PECs in the EU, a preparatory study was carried out in 2011-2012.
- The main findings of this study were the lack of a harmonised approach towards granting PECs in the EU on the one hand and absence of a significant difference between the numbers of accidents when comparing vessels with PEC holders versus vessels with pilots on board on the other.
- Whilst on the basis of this study an Impact Assessment was started by DG MOVE with the aim of preparing a legislative proposal to be

adopted by summer 2014, the area of PECs showed to be a complicated policy field in terms of which angle needs to be addressed. Therefore the target date of summer 2014 might no longer be realistic and it should even not be excluded that ultimately the originally pursued legislative proposal will be replaced by a softer approach.

- Sustainable Waterborne Transport Toolbox :
  - On 28/06/2013 the Commission published the first Progress Report on the implementation of the Toolbox, outlining accomplishments as well as challenges hampering the implementation of the measures.
  - Focus was placed on a better use of existing financial instruments towards improving the environmental performance of shipping.
  - 70% of the total funding of 145 Mio € under TEN-T for greening the maritime transport took place in the last 2 years, i.e. since the publication of the amended Sulphur Directive and the Toolbox. The last TEN-T call under the Ports and MoS 2007-2013 framework was recently published and will stay open until 14<sup>th</sup> March 2014.
- European Sustainable Shipping Forum (ESSF) :
  - On 24/09/2013 the Commission published a Decision on setting-up the ESSF, stipulating its main objectives :
    - Creating the framework conditions for the use of marine LNG as ship fuel
    - Creating the framework conditions for the use of scrubbing technology in shipping
    - Providing guidance on the implementation of the Sulphur Directive
    - Exploring and evaluating all the available financing opportunities
    - Coordinating research and development activities and encouraging innovation
  - The number of members of the ESSF Plenary was deliberately kept at 60 (28 MS + 32 Industry stakeholders) in order to ensure it would stay a discussion group.
  - SPC Greece and SPC Spain participate in the ESSF Plenary.
  - The first meeting of the Plenary took place on 27/11/2013 and the first meetings of the 3 sub-Groups on LNG, Scrubbing Technology and Implementation of the Sulphur Directive between 11-13/12/2013. The first meetings of the Financing and Research and Innovation sub-Groups are scheduled for January 2014.
  - At these first meetings the setting-up of a 6<sup>th</sup> sub-Group on the Economic Impact of the legislative framework was anticipated. Terms of Reference of this latter sub-group will be circulated to the forum before Christmas.

- DG MOVE stressed the fact that under no circumstance the work of the sub-Group on Economic Impact was meant to amend the new legislative framework, neither on substance nor on timing of coming into force.

## **Item 2. "ESN, the way forward" – Final results**

- Presentation by the contract coordinator, SPC France.
- The presentation gave attendees an outline of the different working methods and major results achieved during the entire duration of the project from 01/09/2012 until 31/12/2013.
- Work under Work Package 1 (Market Observation) resulted in some regional reports for "Atlantic Arc", "Channel, North Sea and Baltic", "West med" and "East Med & Black Sea" containing market information on ports, ship operators as well as some general statistical information. These reports will be distributed to the market once validated by the Commission together with the final technical report.
- Work under Work Package 2 (Environment) resulted in the creation of an environmental website, the regular dissemination of environmental shortsea newsletters, the creation of a LinkedIn shortsea Group and last but not least the production of an Emission Control Area Report (SECA report).
- Work under Work Package 3 (Promotion) resulted in the creation of a new ESN website, the regular dissemination of ESN shortsea newsletters, numerous participations in events and the publication of a Recommendations Report with a total of 27 recommendations for SPCs in terms of communication, promotion, market approach, statistics, innovations, European projects, training initiatives, etc.

## **Item 3. ESN report "SECA 2015 preparedness"**

- Presentation by SPC Finland.
- The presentation gave an outline of the SECA report, which was one of the deliverables under the "ESN, the way forward" project. Contents can be summarized as follows :
  - Facts on the European SECAs
    - SECA traffic, fuel consumption, fuels used, bunkering
    - Impact of the new Sulphur Directive on SECAs
  - Current status on market preparedness for 2015 and beyond
    - How ship owners, ports and other stakeholders are prepared
    - Situation today and prospects for 2015
  - Opportunities / alternatives available
    - MGO, LNG, scrubbers, alternative fuels
    - LNG distribution, infrastructure, bunker suppliers
    - Port plans for SECAs – Infrastructure; onshore power
    - Support facilities

- Decision making
  - What are the issues affecting decisions as to making choices between alternatives
  - Considerations on payback time

### **Discussion on item 3**

- A question was raised with regard to the further use the Commission would make of this report. DG MOVE confirmed that it will be used as one of the pieces of market information serving as a basis for future policy decisions.
- It was questioned how it was possible that shipowners had already made their choice of alternative fuels or other actions, at a time where further discussions on this are still needed in the ESSF. DG MOVE stated that the information contained in the report was referring to shipowners intentions, which cannot be considered to be final choices.
- An observation was made on the market situation in Sweden, where a decrease of 4% in Short Sea Shipping is expected to the benefit of rail. In view of the major problems that are currently experienced with rail transport, the possibility that the shift will eventually shift to road should not be excluded.
- A comment was made as to the estimated 70% use of MGO on 01/01/2015, which was considered to be even too low. In this light, the Commission was asked if something could be done on the cost of MGO. As a reaction, DG MOVE drew again the attention to the fact that 4 years ago the Commission had insisted on an early reaction from the market. In parallel, the hope was expressed that for the coming into force of the 0.5% sulphur limit in non-SECA area's in 2020 there would be a substantially quicker reaction. As for the 0.1% limit in SECAs from 2015, valuable time has been lost.

### **Item 4. Creating competitive coastal shipping – the Norwegian initiative**

- Presentation by SPC Norway of the "CargoFerry" (EN translation of NO "Godsfergen") project
- The main objective of the project is to recreate a competitive coastal transport in Norway as well as to and from neighbouring countries which is meeting customers' needs on the following points :
  - Daily service
  - On the hour
  - Cost saving ranging from 10 to 30%
  - 60-70% eco gain
  - Flexibility
  - Simplicity
  - Next day delivery



- Radical solutions are projected and include :
  - Construction of a new type of coastal vessel with a capacity of 100 x 45' containers.
  - Construction of new automated coast terminals : unmanned!, 24/24 and 7/7 access, secure and in/close to port
  - Ship arrival : unmanned port, use of side thrusters, mechanic mooring
  - Loading and unloading : unmanned port, robotized cranes on ship, loading directly to chassis, truck shuttle in and out
- Participants in the project are customers, ports, shipping lines, research institutes and solution providers.
- The project is for 50% funded by the government and for 50% by the industry, and is managed by SPC Norway.

#### **Item 5. The Italian Ecobonus – Concluding findings**

- Presentation by RAM (Rete Autostrade Mediterranee S.p.a.)
- The presentation gave an overview of the background and major findings of the Italian Ecobonus system that was in place during 4 years from 2007-2010 (3 years + 1).
- The Italian Ecobonus was an incentive promoted and implemented by the government that provided reimbursements up to 30% of the costs sustained by road haulage for companies that chose to use Motorways of the Sea rather than roads and motorways. The innovative factor in the incentive scheme was to be found in the fact to incentivise the demand- rather than the supply side.
- To obtain Ecobonus, companies had to carry out a minimum of 80 journeys on each incentivised route by the end of the reference calendar year. In addition companies were obliged to maintain the same volume of traffic in the subsequent three-year period. An additional bonus was provided to companies having carried out at least 1600 journeys on the same incentivised route within a year.
- Between 2007 and 2010 the number of subsidised journeys increased by 22% and the tonnage by 26%. In total the amount awarded on Ecobonus was equivalent to abt 74 mio €.
- In view of the success of the Italian Ecobonus system, the Italian authorities hope to have paved the way for an extension of the measure to the wider Europe.

#### **Discussion on item 4 and 5**

##### **Item 4**

- In relation to the social dimension in the Norwegian project, a question was raised by DG MOVE as to the risk of loss of jobs as a result from the automation of cargo handling and terminal operations. SPC Norway confirmed that given the current non-existence of any coastal terminals, the risk of losing jobs was non-existent.

## **Item 5**

- When asked for a reaction on the possibility of expanding the Italian Ecobonus system to the wider Europe, DG MOVE stated that different options were under analysis at the moment, however some major issues still need to be looked at, such as :
  - The complexity of the administrative management
  - What are the benefits in such system for the maritime operators?
  - Are road hauliers the right beneficiaries for an incentive (i.e. supporting road haulage after all)
- A comment was given by one of the Focal Points that support from the demand side should rather be seen as a counter measure to the risk of back shift. In any case in a common market an EU managed approach with common rules should be favoured.
- In a reaction to this, RAM stated that Ecobonus should not be viewed as the sole solution for avoiding back shift, instead a mix of solutions should be offered.
- On a question whether the Ecobonus system was applicable to whole trucks or just trailers, RAM confirmed that both trailers and trucks had been incentivised.
- From the side of TEN-TEA a concern as to the effectiveness of the ex-post control system was expressed. More information on this is needed.

## **SESSION II – Group discussion**

### **FUTURE ROLE AND FINANCING OF THE SHORTSEA PROMOTION CENTRES**

#### **Introduction by DG MOVE – Key points :**

- Attendees' attention was drawn to the final objective of the group discussion, i.e. coming to a consensus on the mission, the political role and the added value of the SPCs.
- The questions sent in advance to the meeting participants concerning the future role of the SPCs (Round table 1) as well as in relation to the future financing of the SPCs (Round table 2) were briefly commented.
- The response rate and some first findings were shared :
  - Answers received from 15 countries, 9 of them being jointly elaborated between national authorities and the SPC
  - From the information received on the role of the SPCs, no harmonized approach amongst Member States could be detected, neither when it comes to the set-up of a collaboration structure, nor to the degree of involvement of the SPCs in national SSS policy making and/or other decisions.
  - Furthermore, the SPCs showed to have very different funding structures in each of the Member States, varying from 100% public funding to 0%, + all variations in between.
  - A clear link however could be identified between the authorities' view on the role of the SPC (either or not strongly involved in political decisions) and the level of public funding adhered.
- Eventually some practical proceedings for both Round tables were explained.

#### **Round table 1 – Discussion on the current and future role of the Shortsea Promotion Centres**

- Each Member State or candidate/EEA-country was invited to briefly comment on their view points with regard to the issues advanced in the questions related to the current and future role of the SPCs.
- As for the first question on the collaboration between the SPCs and their respective national authorities, a large majority of the SPCs appeared to have a very satisfying way of cooperating with their Ministries. It should be noted that in a minority of the Member States such collaboration is not formally organised nor structured, without however having any negative effect on mutual interactions.
- When it comes to involvement of the SPCs in SSS policy (second question), while many of the SPCs are expected to assist with the implementation of the policies, only a few of them is really involved or consulted in the process of SSS policy development.

- In the third question the SPCs were asked to summarize their main role and mission so far, as well as to describe their views in terms of opportunities for enhancing their added value in the future.

As far as their current and past role is concerned, a number of common activities emerged :

- Promotion of SSS, also vis-à-vis the policy makers
- Provision of data and market information to the authorities
- Give advice on SSS policy (mostly however without receiving any feedback on their recommendations being either or not taken on board)
- Act as a contact point for EU programmes and -funding.

As for the second part of the question related to enhancing their added value, in spite of the minor contributions on this point, a few noteworthy ideas were collected, such as :

- Intensified development of inter company-, inter industry- and inter sector (public/private) networking activities;
  - Active participation in EC co-ordinated consultative committees on specific policy matters (in analogy with the already existing participation of some SPCs in the ESSF);
  - Act as a single and centralised source for guidance on logistics training;
  - Enhance guidance given to industry application procedures for EU funding;
  - Development of practical tools, e.g. the Simulator of multimodal transport chains;
  - Monitor, analyse and assess the national regulatory framework and the way it sustains or rather jeopardises SSS development.
- In reply to a question from the floor on the conception of SPCs, DG MOVE explained that in 1999 they had been created mainly to promote Short Sea Shipping in the respective Member States, according to the principle "unknown is unloved", and EU funding was started simultaneously. Today however, the situation has completely changed : while the need for promotion of SSS was urgent way back in 1999, it has nowadays no longer this urgent character. In addition, on the start of EU funding in 1999, it was the Commission's understanding that after a while the SPCs would become self-sufficient.
  - To conclude, DG MOVE emphasized the importance and necessity for the ESN to present a longer-term perspective on their future activities. In the same context, it was underlined that the ESN as a network could undeniably offer more added value than individual SPCs.

**Round table 2 – Discussion on the current and future financing of the Shortsea Promotion Centres**

- An introductory explanation on the differences between an Action grant and an Operational grant was given by DG MOVE.
- From a question addressed by DG MOVE to the floor, it appeared that out of 6 SPCs receiving public funding, only 2 of them were fully and exclusively financed by their Government, the remaining 4 functioning on a mix of public and private funding. Furthermore, regardless of their financing structure, only 2 SPCs witnessed a financial improvement over the last 2 years. Finally, with regard to financial stability, only 6 SPCs were in a position to confirm to be in a stable situation.
- Participants were invited to comment on the above findings and in due case make a link to their individual situation.
- Finally, DG MOVE stated that whilst there is no absolute need for the financial framework to be harmonized, finding an added value for the SPCs is now the top priority to be addressed.

In conclusion of the afternoon discussion sessions, DG MOVE confirmed its earlier recommendation not to look for the money at this stage, but to first come up with a work programme. It is indeed essential to have a clear view on the actions to be funded in order to be able to identify the appropriate source(s) of the money.

**CLOSING REMARKS**

- The Chairman thanked all participants for their contributions and the lively debate.
- The next Short Sea Shipping and Motorways of the Sea meeting will be held in the spring of 2014 and will be organised with Focal Points only.