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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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ECSCA President

- ▶ Established in 1965, based in Brussels
- ▶ National shipowners' associations EU + Norway
- ▶ All trades – all sectors
- ▶ ECSCA 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



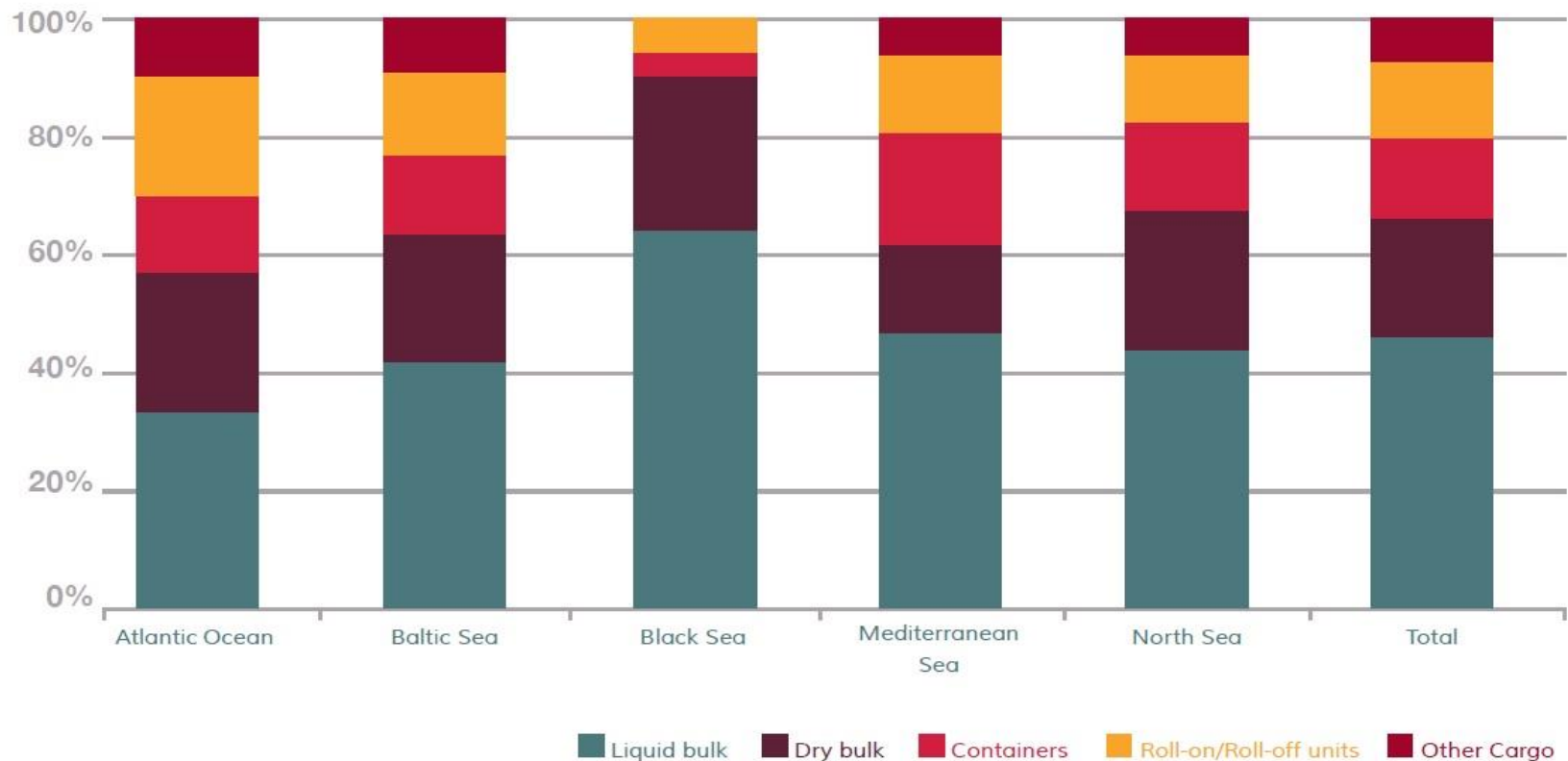
Other



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Breakdown of SSS cargo by region



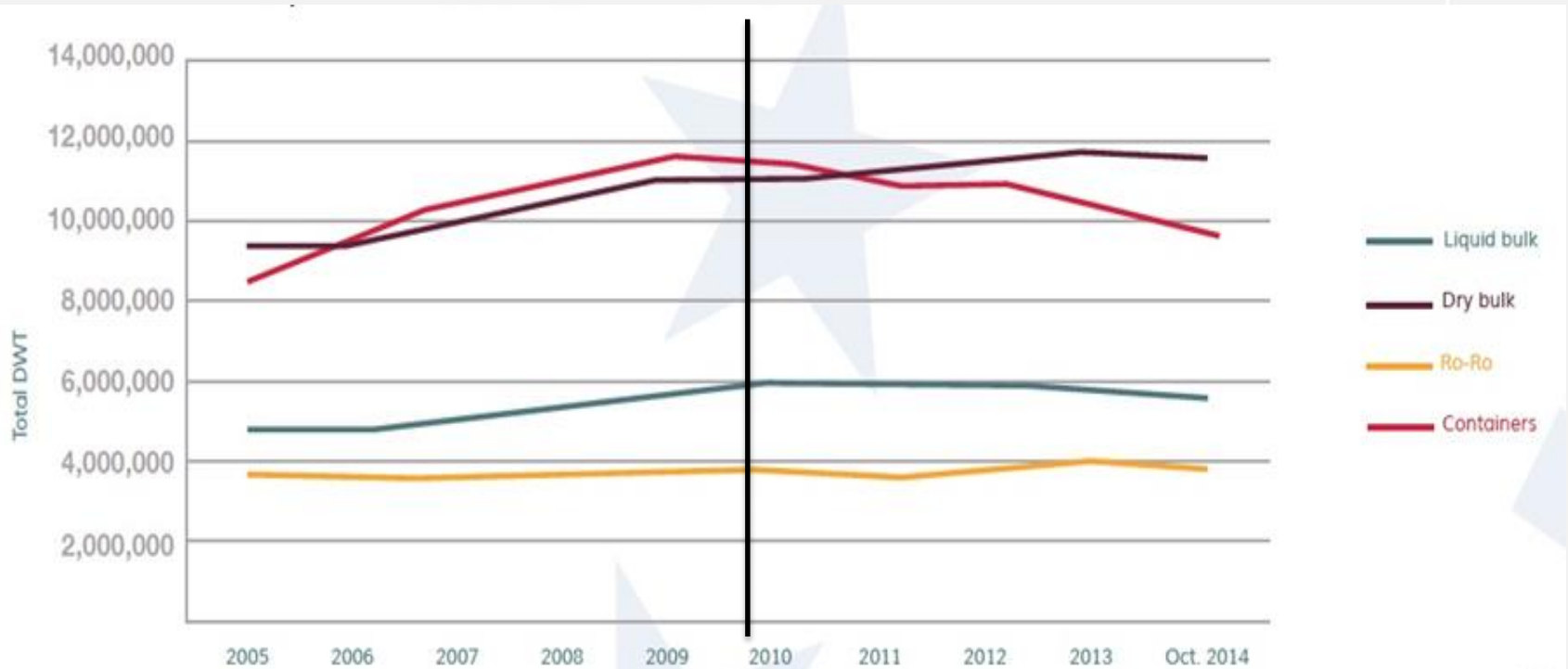
Source: Eurostat, 2014



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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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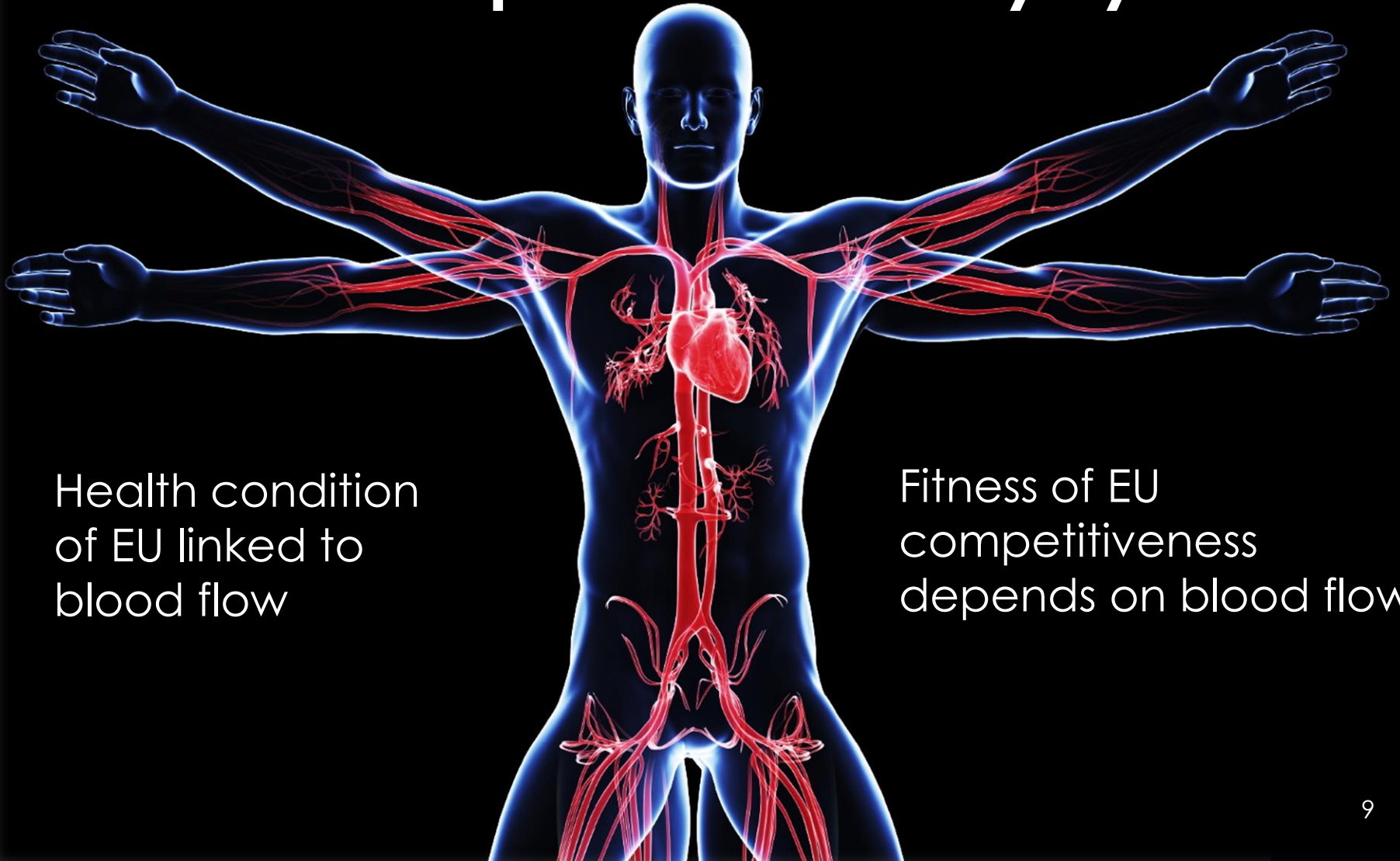
Why is Short Sea Shipping so important for Europe?



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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

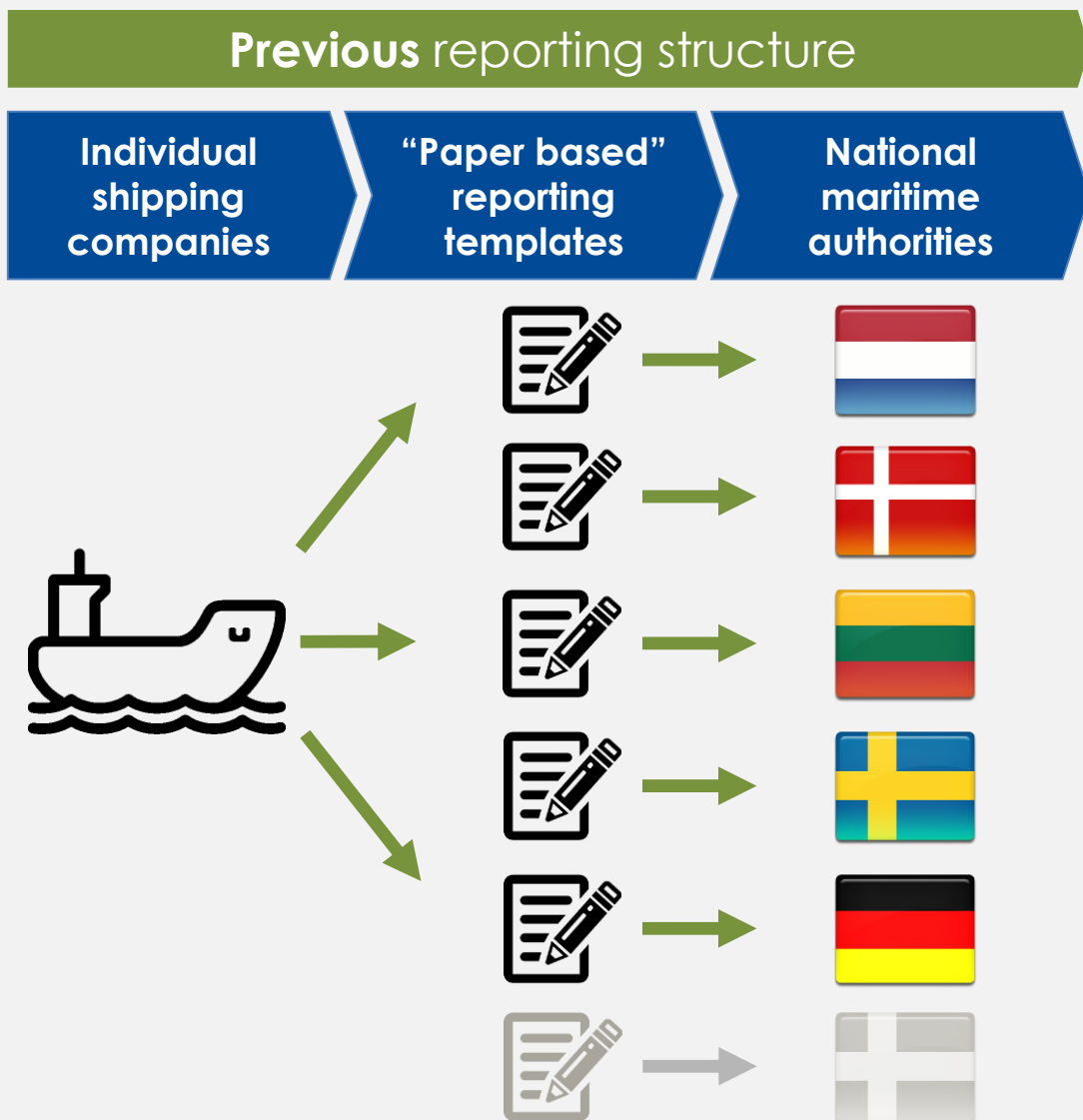


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Deep dive on the National Single Window

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



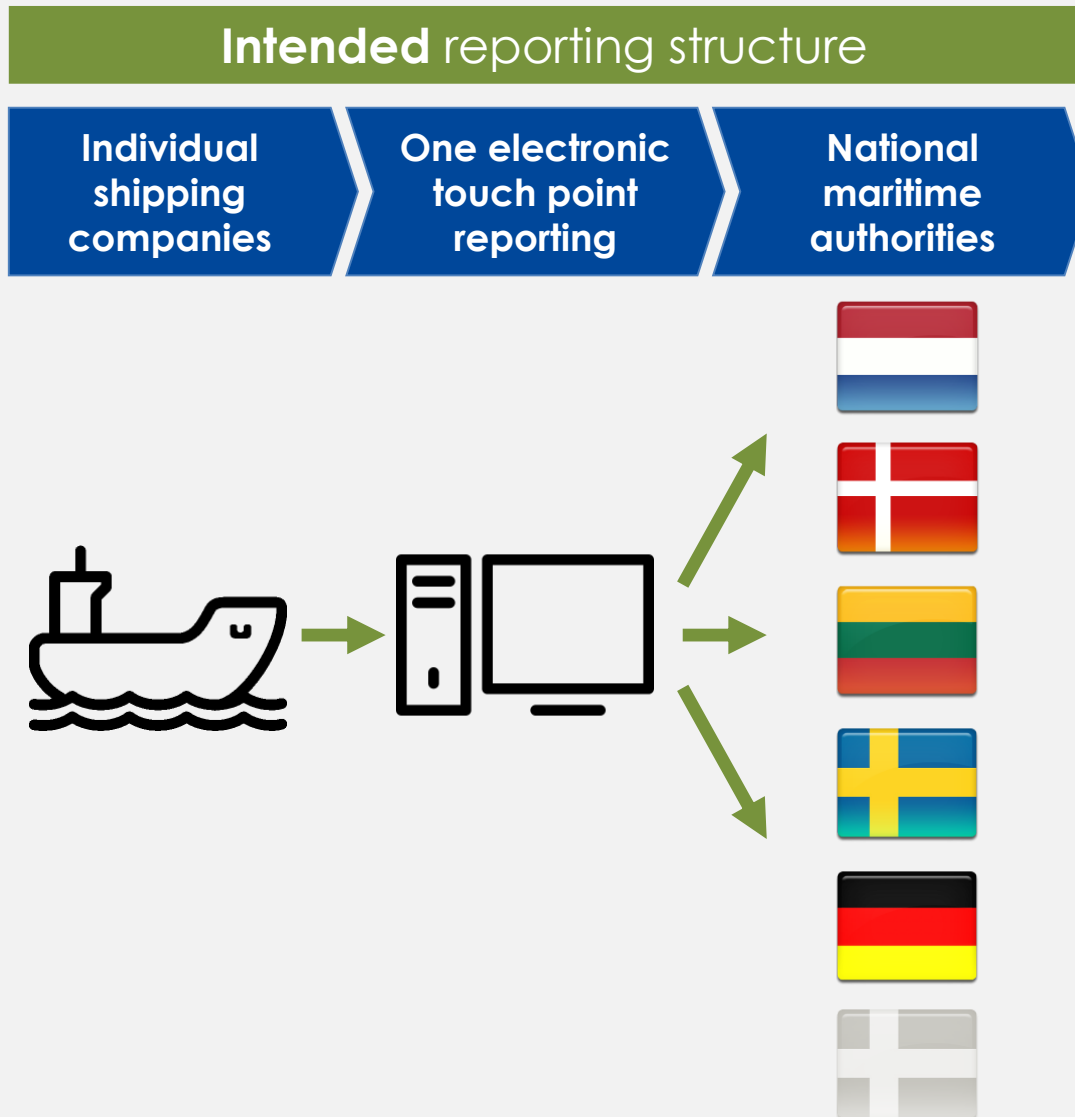
Previous Set-up

- “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...



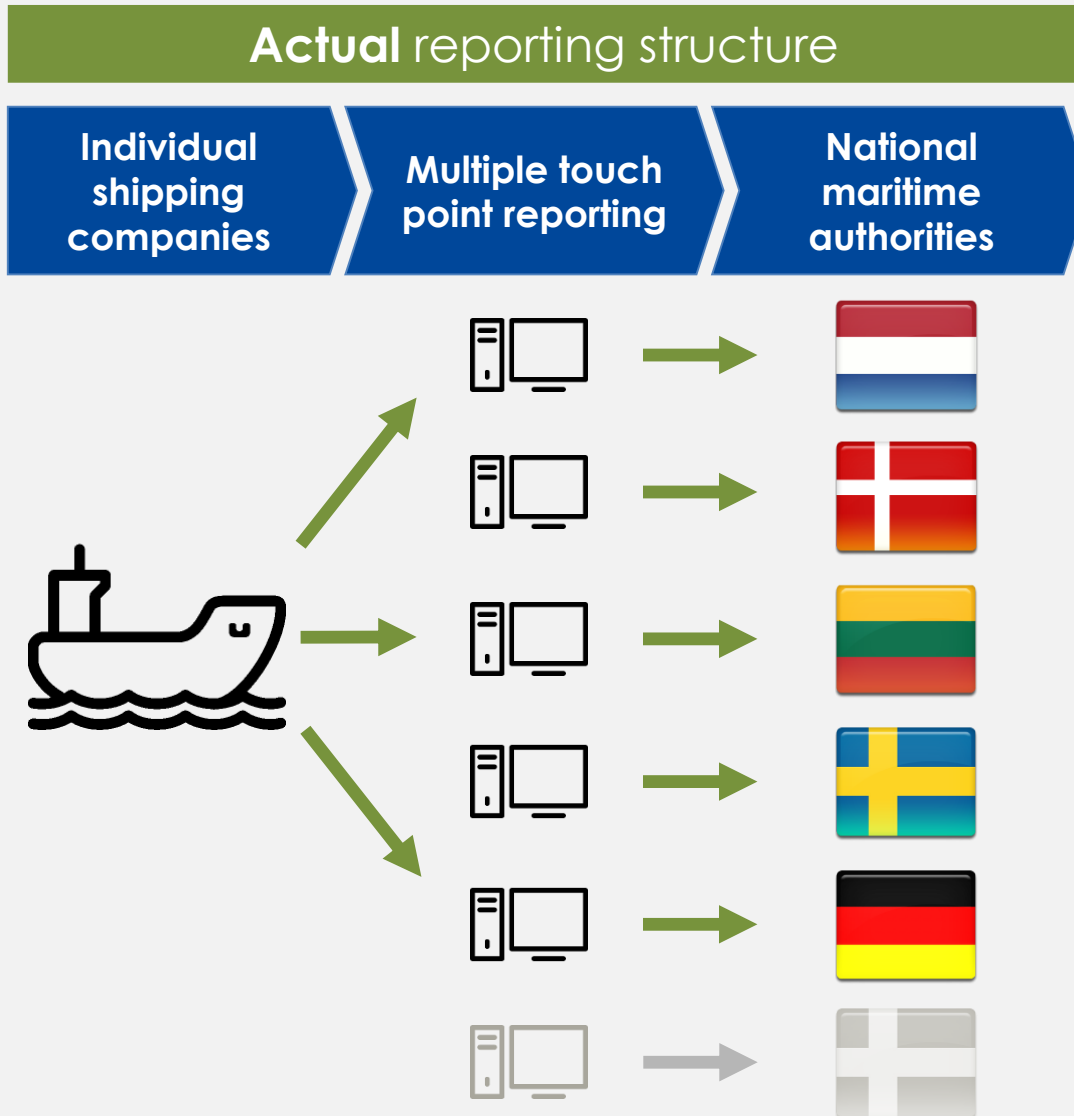
Intended set-up

- 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..?



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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



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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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ECSCA 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



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ECSCA 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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