



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.7.2004
COM(2004) 453 final

**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL,
THE EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND
SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS**

on Short Sea Shipping

{SEC(2004) 875}

1. BACKGROUND

The Commission presented a Communication on Short Sea Shipping in 1995¹ and a progress report in 1997². A further Communication in 1999³ incorporated a second report on progress. It also analysed a number of obstacles that hinder the development of Short Sea Shipping and advocated a comprehensive door-to-door approach with one-stop shops to promote the mode.

Furthermore in 2001 the Commission White Paper on European Transport Policy for 2010⁴ set a number of ambitious targets to ensure competitive and sustainable mobility in Europe.

In June 2002, the European Union Transport Ministers held an informal meeting in Gijón (Spain) dedicated entirely to Short Sea Shipping. Following this meeting, the Commission prepared a Programme for the Promotion of Short Sea Shipping⁵. The programme sets out 14 actions that have the objective to improve Short Sea Shipping and remove obstacles to its development.

The Commission now presents a further Communication on Short Sea Shipping in Europe highlighting the progress achieved since 1999 and linking it to the Programme for the Promotion of Short Sea Shipping (see Annex I).

2. SHORT SEA SHIPPING IS GROWING

In the last progress report, we examined the potential of Short Sea Shipping. However, in the meantime we have realised that it is much more than just a potential. For instance, in the 1990's it was the only mode of transport that proved able to keep up with the fast growth of road transport. Between 1995 and 2002, the tonne-kilometre performance of both Short Sea Shipping and road grew by 25 %. In 2001, Short Sea Shipping performed 40 % of all tonne-kilometres in Europe while the share of road transport was 45 %⁶. For more details, see Annex II.

There is no doubt that passenger transport is an important part of Short Sea Shipping and helps increase cohesion. However, since the main objective of promoting Short Sea Shipping is to achieve a modal shift for goods transport, and since the potential of alleviating traffic congestion by shifting passengers from road to sea seems marginal in comparison with freight, this Communication concentrates on goods transport.

¹ Communication from the Commission on the Development of Short Sea Shipping in Europe - Prospects and Challenges, COM(95) 317 final, 5.7.1995.

² Commission Staff Working Paper: Progress Report from the Commission Services following the Council Resolution on Short Sea Shipping of 11 March 1996, SEC(97) 877, 6.5.1997.

³ The Development of Short Sea Shipping in Europe: A Dynamic Alternative in a Sustainable Transport Chain - Second Two-yearly Progress Report, COM(1999) 317 final, 29.6.1999.

⁴ White Paper on European Transport Policy for 2010; Time to Decide, COM(2001) 370, 12.9.2001.

⁵ Communication from the Commission: Programme for the Promotion of Short Sea Shipping, COM(2003) 155 final, 7.4.2003.

⁶ EU Energy and Transport in Figures: Statistical Pocketbook 2003.

3. ENVIRONMENTAL BENEFITS AND DEFICIENCIES

Maritime transport has a higher energy-efficiency than other modes of transport and is, in general, less harmful to the environment. Increased use of Short Sea Shipping would generally be in line with the Community transport and environmental policies (see Annex III).

4. OVERCOMING OBSTACLES TO THE DEVELOPMENT OF SHORT SEA SHIPPING

As was stated in the 1999 Communication and the subsequent 2003 Programme for the Promotion of Short Sea Shipping, a number of obstacles still hinder the mode from developing faster:

- It has not yet reached full integration in the intermodal door-to-door supply chain;
- It has not yet fully shed its past image of an old-fashioned industry;
- It involves complex administrative procedures;
- It requires high port efficiency.

Developing Short Sea Shipping is primarily a task for the industries. Nevertheless, the authorities have a clear role to play in creating an appropriate framework and keeping the mode continuously high on the political agenda, as has been the case in the past years.

Logistics chains involving Short Sea Shipping should be managed and commercialised by one-stop shops, such as freight integrators⁷. These shops should offer customers a single contact point that takes responsibility for the whole intermodal supply chain door to door. This requires efforts from all parties but is a win-win situation.

4.1. “Bottleneck Exercise”

The Commission, in co-operation with the Short Sea Shipping Focal Points⁸ and industry, has been collecting a list of obstacles that hinder the development of Short Sea Shipping⁹. In 2003, two meetings of the Focal Points were dedicated to addressing those alleged bottlenecks one by one in the following categories:

- Image of Short Sea Shipping;
- Door-to-door Short Sea Shipping;
- Administration and documentation;
- Ports and port services;
- Country-specific issues.

⁷ Cf. http://europa.eu.int/comm/transport/logistics/index_en.htm.

⁸ For more details on the Short Sea Shipping Focal Points, see chapter 7.1.

⁹ See: http://europa.eu.int/comm/transport/maritime/sss/policy_bottlenecks_en.htm.

A number of bottlenecks on the original list have been solved (see Annex IV for examples). Work on addressing the remaining 67 bottlenecks in a systematic manner will continue.

4.2. Customs Procedures for Short Sea Shipping

The Commission presented in 2002 a Guide to Customs Procedures for Short Sea Shipping¹⁰. The Guide has a two-fold purpose. First, it outlines the EU Customs rules that apply to Short Sea Shipping, including the opportunities that are available to use simplified Customs procedures. And, second, it gives a concise basis for identifying whether there could be concrete needs for modifications or further simplifications.

European-wide consultations on the Guide ended in April 2003 and the first analyses of the contributions indicated that concrete problems associated with the general EU Customs rules might be less numerous than was earlier thought. The main comments focused on the so-called “Authorised Regular Shipping Service”¹¹ which is a service authorised by the Customs to carry Community goods between two Member States with minimum formalities. Indeed, for Community goods, this service can be compared to a road bridge between two or more points in the Customs territory of the Community where there are no Customs checks on either end of the bridge. The status of Community goods carried on this service does not need to be proven any more than is the case in road transport. For non-Community goods, this service can apply for simplified transit procedures, such as using the service provider’s own manifests for Customs purposes.

To address questions surrounding this Authorised Regular Shipping Service, its practical application, and the relaxation of paperwork that it offers, the Commission presented in March 2004 a Working Document¹² explaining the modalities of the service and the procedures on how to become an Authorised Regular Shipping Service. The Document gives a direct response to the shipping industry by making the service more known and accessible to companies that could benefit from it.

Some perceived problems in the contributions were of a purely practical nature and could often be simplified or solved by the introduction of electronic transfer of Customs and other administrative data (e-Customs).

As one of the first steps in e-Customs, some 3000 Customs offices in 22 countries have now implemented the New Computerised Transit System (NCTS) since mid-2003. Under the current system, the procedure relating to transport under the single administrative document (SAD) is replaced by electronic messages. Additional functionalities are planned to be introduced into the NCTS in the future.

¹⁰ Commission Staff Working Document: Guide to Customs Procedures for Short Sea Shipping, SEC(2002) 632, 29.5.2002.

¹¹ Cf. Commission Regulation (EC) No 75/98 of 12 January 1998, OJ L 7. 13.1.1998, p. 3, as subsequently amended.

¹² Commission Staff Working Document: Simplified Customs Procedures in Short Sea Shipping: ‘Authorised Regular Shipping Service’, SEC(2004) 333, 17.3.2004.

The Commission presented in July 2003 a Communication on a simple and paperless environment for Customs and Trade¹³. The Communication suggests co-ordination between different authorities boarding the ship. This could ultimately lead to one-stop administrative shops (or ‘single windows’) for traders, who would then have to deal with just one administrative body instead of three or four at present. Accordingly, information relating to any given import consignment would have to be sent only once.

The Communication also suggests adjusting the Customs Code so that electronic declarations and messages become the rule and paper-based declarations the exception. To achieve this will, however, take some time because the necessary data flows will have to be organised and compatible IT systems set up.

A number of perceived problems that were indicated in the consultations related to national, regional or local applications of Community Customs rules. Some of these issues could be addressed under the initiatives to approximate national applications of Community Customs rules and improve co-operation between national Customs services, in particular through the action programme for Customs in the Community (Customs 2007)¹⁴. Furthermore, two contact groups¹⁵ of Customs offices work towards increasing practical co-operation and co-ordination between the Customs offices of major EU ports. These Groups examine practical operational issues, set standards, and aim to achieve an equivalent application of controls.

Based on the consultations and further developments in the Customs field, the Commission periodically updates the original Guide to Customs Procedures for Short Sea Shipping. The latest working version of the Guide is version No. 3, updated on 14 January 2004.

4.3. Port Services and Security

Short Sea Shipping needs efficient and short-sea friendly ports whether these are seaports, island ports or sea-river ports. It needs reasonable turnaround times, and transparent procedures and charges. Only with ports operating seamlessly in the intermodal chain, can Short Sea Shipping enhance its true role in Europe. And these pre-conditions are not always being met.

Consequently, the Commission made in 2001 a proposal on access to the port services market¹⁶ in the European Union. This proposal aimed to increase the efficiency and lower the costs of certain port services: pilotage, towing, mooring, services to passengers and cargo handling.

However, the European Parliament voted against the proposed text after conciliation with the Council. Consequently, competition in the port services market continues to be less intense than it would have become with a specific Directive.

¹³ Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee: A simple and paperless environment for Customs and Trade, COM(2003) 452 final, 24.7.2003.

¹⁴ Decision No 253/2003/EC of the European Parliament and of the Council of 11 February 2003 adopting an action programme for customs in the Community (Customs 2007), OJ L 36, 12.2.2003, p. 1.

¹⁵ RALFH dealing with major northern EU ports and ODYSSUD dealing with major southern EU ports.

¹⁶ Proposal for a Directive of the European Parliament and of the Council on market access to port services, COM(2001) 35 final, 13.2.2001, as amended by COM(2002) 101 final, 19.2.2002.

In the port security domain, Short Sea Shipping could benefit from the opportunity in the SOLAS (Safety of Life at Sea) Convention to conclude bilateral or multilateral agreements between the Member States on alternative security arrangements (see Annex V).

4.4. Loading Units

Harmonisation and standardisation of loading units can have a positive influence on Short Sea Shipping, for example, by enabling it to penetrate the all-land swap-body market (see Annex VI).

5. MOTORWAYS OF THE SEA

The White Paper on European Transport Policy for 2010 strongly emphasised the concept of “Motorways of the Sea”. These Motorways of the Sea should become part of the trans-European network (TEN-T) - just like land motorways and railways - and reduce road congestion and/or improve access to peripheral and island regions and States. In addition to reducing the number of lorries on the main roads, they could also in certain cases contribute to fostering the transport of passengers by sea since vessels can carry freight and passengers at the same time.

Motorways of the Sea should become an integral part of door-to-door logistics chains and offer efficient, regular, reliable and frequent services that can compete with road, for instance, in terms of transit time and price. The ports connected to the Motorways should have efficient hinterland connections, rapid administrative procedures and a high level of service that is targeted to making short-sea operations successful.

Although Short Sea Shipping would be the mode to operate on the Motorways of the Sea, its underlying concept is broader than that of Motorways of the Sea, because, apart from trans-national links between European Union Member States, Short Sea Shipping also includes connections with close third countries, domestic connections, and connections from mainland to islands.

In October 2003 the Commission proposed a revision of the Community Guidelines on the development of the TEN-T¹⁷ including 29 priority projects to be implemented by 2020 at the latest. These priority projects would be declared to be of “European interest” and receive priority funding from the relevant Community resources. Project No. 21 is the priority project on the development of Motorways of the Sea. Four Motorways of the Sea areas are proposed as part of that priority project (see map in Annex VII):

- Motorway of the Baltic Sea (linking the Baltic Sea Member States with Member States in Central and Western Europe, including the route through the North Sea/Baltic Sea canal);
- Motorway of the Sea of western Europe (leading from Portugal and Spain via the Atlantic Arc to the North Sea and the Irish Sea);

¹⁷ Amended proposal for a Decision of the European Parliament and of the Council amending the amended proposal for a Decision of the European Parliament and of the Council amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network, COM(2003) 564 final, 1.10.2003.

- Motorway of the Sea of south-east Europe (connecting the Adriatic Sea to the Ionian Sea and the Eastern Mediterranean, including Cyprus);
- Motorway of the Sea of south-west Europe (western Mediterranean, connecting Spain, France, Italy and including Malta and linking with the Motorway of the Sea of south-east Europe, including links to the Black Sea).

The European Parliament approved the Council's Common Position on the Commission's proposal in April 2004. The new article 12a on Motorways of the Sea would now allow Community aid for a series of measures in the framework of the trans-European network. The mechanism would enable Member States, with Community assistance, to support, *inter alia*, infrastructure, facilities and logistics management systems based on an appropriate tendering procedure.

Support for the development of the Motorways of the Sea should be based on the same criteria as under Marco Polo¹⁸, such as avoidance of distortions of competition and viability of the project on its own after the period of Community funding¹⁹.

To help this process, the Commission is developing guidelines that would set out the criteria and procedures for the funding of Motorways of the Sea projects under the rules of the trans-European transport network thereby facilitating the practical application of those rules. The guidelines are expected to be ready shortly after the new TEN-T Guidelines enter into force.

Shipping links with major characteristics of Motorways of the Sea already exist (see Annex VIII for examples), the links across the English Channel and the strait of Kattegat (Denmark/Sweden) being most obvious examples. Nevertheless, highest quality standards and a considerable expansion of such links will be required to fulfil the ambitious target of the Commission White Paper on European Transport Policy for 2010, namely to have a significant part of transport growth absorbed by Short Sea Shipping and, in particular, by links on Motorways of the Sea.

¹⁸ Regulation (EC) No 1382/2003 of the European Parliament and of the Council of 22 July 2003 on the granting of Community financial assistance to improve the environmental performance of the freight transport system (Marco Polo Programme), OJ L 196, 2. 8.2003, p. 1.

¹⁹ Other main conditions under Marco Polo are that the action would lead to an actual, substantial and measurable modal shift from road; have a realistic business plan (and, according to it, be viable after Community financing); the procedure for selecting third-party services would have to be transparent, objective and non-discriminatory; the action would involve the territory of at least two Member States or at least one Member State and one close third country; projects would have to be submitted by consortia of two or more undertakings established in at least two different Member States or at least one Member State and one close third country; and there would be an aggregated ceiling for Community and State aid which is compatible with the State aid arrangements laid down in the Treaty.

6. MARCO POLO

The programme “Pilot Actions for Combined Transport” (PACT)²⁰ expired at the end of 2001. It was succeeded by a new programme, “Marco Polo”, in August 2003²¹. This new programme is wider than its predecessor because it can subsidise actions in all sections of Short Sea Shipping, rail and inland waterways. Marco Polo has an ambitious goal to shift 12 billion tonne-kilometres a year from road to non-road modes. The budget of the new programme is EUR 100 million for the period 2003-2006.

The first call for proposals under Marco Polo was published in October 2003 with a budget of EUR 15 million. Under this call the Commission received 87 eligible proposals requesting subsidies totalling EUR 182.4 million.

Thirty-six per cent (36 %) of the proposals related directly to Short Sea Shipping, while 34 % were rail projects, 5 % were inland waterway projects and 25 % involved more than one non-road mode (e.g. Short Sea Shipping in combination with rail or inland waterways).

The short-sea proposals made in the selection round were generally of high quality and a substantial share of accepted projects will involve Short Sea Shipping.

7. PROMOTION NETWORKS AT ADMINISTRATIVE AND PRACTICAL LEVELS

Not everyone is, so far, aware of the modern benefits of door-to-door Short Sea Shipping. This is being tackled by general promotion at EU level²² and two separate European networks of promotion each with their specific tasks: Short Sea Shipping Focal Points and Short Sea Promotion Centres.

7.1. Short Sea Shipping Focal Points

Short Sea Shipping Focal Points are highly-qualified civil servants in national administrations and responsible for the mode nationally within their public administrations. They work in co-ordination with the Commission and EU policy. On the initiative of the Commission, the Focal Points have networked at EU level to exchange experience, discuss ways to promote Short Sea Shipping, address bottlenecks that hinder the development of the mode, and come up with new strategies to improve the attractiveness of the mode among transport users. On average they meet twice a year under the chairmanship of the Commission. The Maritime Industries Forum is represented as an observer in those meetings.

Almost all coastal Member States have nominated Focal Points, and so have the European Economic Area countries Norway and Iceland, and candidate countries Bulgaria, Romania and Turkey. Furthermore, Croatia has a Focal Point.

The Focal Points are the key actors in Member States’ administrations to co-ordinate Short Sea Shipping policies within their administrations and with other administrations. They also ensure that Short Sea Shipping is kept high on the political agenda.

²⁰ For more information, see http://europa.eu.int/comm/transport/marcopolo/pact/projects_en.htm.

²¹ See footnote 18.

²² See http://europa.eu.int/comm/transport/maritime/sss/index_en.htm.

The Focal Points have been very active and have made a clear difference to the perception of Short Sea Shipping in national administrations. They also work to achieve co-operation between different administrations, between administrations and relevant industries, and between administrations and Short Sea Promotion Centres. They have been instrumental in solving a number of administrative bottlenecks to the benefit of Short Sea Shipping.

7.2. Short Sea Promotion Centres and European Short Sea Network

Furthermore, 16 national Short Sea Shipping Promotion Centres²³ operate in Europe. These Promotion Centres work in line with the Commission policy but they demonstrate a wide variety of working methods to approach their national audiences. They are led by business interests that understand the benefits in having a neutral body that promotes the use of Short Sea Shipping.

These Centres help prospective Short Sea Shipping users with advice and information. Promotion work is done, *inter alia*, through the media of presentations for target audiences, bilateral meetings with targeted groups, responses to individual inquiries, mail-shots (fact sheets), press releases and exhibitions. Shippers and road-hauliers are being specifically targeted by this work to influence their mindset and work with Short Sea Shipping. Some Promotion Centres are also running specific initiatives, such as introducing young people to careers in the Short Sea/maritime logistics sector.

The establishment of further national Short Sea Promotion Centres is under consideration in a number of other European countries.

And since shipping is an international business with customers at both ends of a short-sea route, the national Promotion Centres are networked at European level. Their European Short Sea Network allows potential Short Sea Shipping users to benefit, not only from full geographic coverage but also from the collective expertise of individual Centres.

The European Short Sea Network has a mission to raise the profile of Short Sea Shipping in Europe. It aims at becoming the leading source of information on the mode. It gives added value to the work of individual Promotion Centres by providing a medium for them to exchange information and ideas, by giving guidance and support to new Centres and by ensuring on-going development of the Network's common web portal.

The European Short Sea Network offers a unique product which is available on the Internet (www.shortsea.info). This is a database of Short Sea Liner Services in Europe. The first phase of the database is already operational and is regularly extended and updated. In the second phase, enhanced possibilities will be added for extraction and exchange of data.

The financing sources of different Short Sea Promotion Centres demonstrate a wide range between public and private. For the Centres to reach their objectives, it is important for them to have, at least, medium-term financial security. Public support is a good way of ensuring the neutrality of the Centres and improving their credibility. Apart from this, wide industry participation is a prerequisite for the Centres.

²³ Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Lithuania, the Netherlands, Norway, Poland, Portugal, Spain, Sweden and the UK. For hyperlinks, see www.shortsea.info.

The European Commission strongly supports these Promotion Centres and their Network and works to ensure their good functioning and give necessary policy guidance for their concrete activities.

8. NATIONAL DEVELOPMENTS

While preparing this Communication, the Commission requested input from the Short Sea Shipping Focal Points. The Commission is grateful for the input that has been reflected in several places in this Communication and, in particular, in Annex IX.

9. IN CONCLUSION

Whereas Short Sea Shipping was considered for many years to be a less performing mode, it has now proven its ability to reach levels of competitiveness normally attributed to road alone. Nevertheless, expected growth in European goods transport makes it necessary for Short Sea Shipping to expand even further so as to make its full contribution towards alleviating current and future transport problems in Europe.

In spite of the clear positive message of this Communication, it should be remembered that the promotion of Short Sea Shipping is a long-term exercise and the impact of the ongoing work can be properly evaluated on a Europe-wide scale only over a longer time perspective. The Commission will continue to promote Short Sea Shipping and review its developments; to this end, it intends to present further Communications or progress reports when appropriate.