Council of Ministers

SUSTAINABLE DEVELOPMENT

Recommendations on Short Sea Shipping

This document has been approved by the Council of Ministers on 30-31 May 2000 in Prague.
The conclusion to emerge from the report on “Short sea shipping: an alternative to European inland transport, or a complementary mode?” [CEMT/CM(2000)9], which deals exclusively with freight transport, is that short sea shipping (SSS), must now be regarded not simply as an alternative to road transport, but also, in the context of modal complementarity, as a separate component in its own right of an integrated transport network aimed at optimising the efficiency of logistics. It is important to acknowledge in this respect the global character of the shipping industry as a whole. Although statistics are lacking, it is generally estimated that 30 per cent of intra-European freight is carried by maritime transport and a major part of this by short sea shipping. Short sea shipping is particularly relevant to countries with a coastline on the enclosed seas bordering Europe (in particular, the Baltic Sea, the Black Sea, or indeed the Mediterranean Sea) and is expected to expand with the increasing globalisation of trade.

Certain of the main features of short sea shipping reviewed in the report prompt a number of conclusions, in some cases inescapable, as regards short sea shipping in its own right and as part of the transport chain, more particularly the combined transport chain. The present summary focuses however solely on the role that short sea shipping could play in combined transport.

1. Promoting short sea shipping

By integrating short sea shipping with combined transport, the aim is to include maritime shipping as a type of transport in multimodal traffic flows. It will thus be possible for the combined transport sector to achieve the modal shift from road to alternative environmentally-friendly transport modes — in this case, the waterborne transport chain — on a wider scale.

Ports — as interfaces — are particularly important for the integration of short sea shipping with combined transport modes. For combined transport, ports are major transhipment points at which road, rail and river and sea traffic converge. As such they, and particularly the port transfer terminals they require, should be included in appropriate combined transport promotion programmes, responding to the criteria set up in paragraph 6 below, just as inland transfer terminals are. This is a role that could be played by the SSS information bureaux that have already been set up in some European ports.

Land and river access is increasingly a key factor in the competitiveness of seaports. If short sea shipping is to be integrated with combined transport, it is vital that rail and river infrastructure links and where necessary for access to ports, road infrastructure links, be improved.

2. Harmonising terms of competition and progressive market liberalisation

While free and non-discriminatory access to Europe’s transport markets is vital for the efficient operation of transport networks and logistics services, market liberalisation will not be enough to ensure sustainable mobility, without incentive measures. The first step is to establish a level playing field as soon as possible, particularly as regards social, environmental, technical and fiscal conditions. Given the high costs of transport infrastructure, particularly for rail and inland waterway modes, the longer term would require a more sustained effort to internalise external costs. Since neither a level playing field nor free market access has been achieved at this stage, government policy to develop combined transport in Europe, including short sea shipping, needs to be strengthened.

As market regulators, governments have to ensure that markets are fair. The problem of fair competition can be approached in a number of ways, depending on whether the focus is competition between modes or competition within modes. In both cases, another issue that arises is the harmonisation of the terms of competition in the transport sector and its regulation.
3. **Infrastructure investment**

As regards infrastructure investment planning, the challenge now is to integrate ports more closely into the TEN-T, taking into account their transhipment function (nodes). The European Commission’s Communication of 29 June 1999, *The Development of Short Sea Shipping in Europe, Second Two Yearly Progress Report* [COM(99)317], deals with the practical and operational functioning of the infrastructures and superstructures in ports. This Communication therefore makes for a better understanding of the role of governments in infrastructure planning and the respective role of public and private sector operators in financing infrastructure for both seaports and the inland terminals linked to them. To this end, the conditions for private investment in port areas -- in handling operations, for example -- could usefully be reviewed, without ruling out the possibility of extending the scope of private activity.

4. **Optimising logistics chains: developing interoperability between modes and networks**

With reference to the development of interconnected and interoperable transport networks and the part that they can play in optimising logistics chains and, more generally, with reference to facilitating intra-European freight flows, central government should ensure that the efficient utilisation of the networks is not hampered by inappropriate regulatory, administrative or technical standards. For instance, the problems posed by customs transit and other administrative formalities (e.g. public health formalities) and the incompatibility of loading units are often mentioned as major obstacles to the development of maritime transport and its integration into transport networks.

From this standpoint, the development of inland waterway transport in general and inland waterway/maritime transport in particular as an integral part of inland port development policy, will necessitate:

- the use of sea-going vessels with suitable characteristics, draught and overhead clearances for this type of navigation;
- technical modifications and open access to inland waterways.

Moreover, in order to ensure the interoperability of the different modes of transport, close attention should be paid to the compatibility of loading units, the priority considerations being compatible internal and palette dimensions, overall dimensions compatible with all modes, and reliability and safety, particularly where maritime transport is concerned. It should be noted that the dimensions of ISO1 containers are not compatible with Europallet sizes, thus making automated loading operations impossible.

As ports are vital interconnection points the key elements needed to encourage greater use of short sea shipping in Europe can be defined as follows:

- improved port services, to reduce ships’ costs and transit times in ports;
- better integration of ports into modal infrastructure networks and connection to intermodal terminals, and;
- streamlined administrative formalities for ships and cargoes passing through ports.

Furthermore, integrating short sea shipping services into an efficient information system (EDI) compatible with the methods used by government administrations (customs, for example) and by other transport operators, would seem to be essential for the efficient operation of an integrated logistics chain.
Despite the improvements foreshadowed, the development of logistics chains which include a short sea shipping leg is encountering major problems: first, except in certain specific regions of Europe, i.e. the Baltic Sea, logistics trends over the last 10 years seem to be running counter to this type of chain; second, for short sea shipping to be more cost-effective than inland modes, freight origin and destination points have to be relatively close to ports.

5. **Improving legal rules for inland waterway/maritime transport and adapting administrative structures**

Another disadvantage of maritime transport that is often mentioned is its lack of flexibility, compared with road transport mainly because it does not penetrate very far inland in Europe. In this connection, the first priorities should be to ensure permanent free access to inland waterways and to abolish the unfair conditions that seaports still apply to vessels operating inland waterway/maritime transport services.

Given the extensive inland waterway networks in Central and Eastern Europe, short sea shipping and inland waterway transport throughout Europe could become a much more attractive option if they could be integrated and use inland waterways without hindrance.

While it is generally agreed that the role of governments is primarily to facilitate the integration of the transport modes, often they are handicapped by the fact that their functions are organised on a modal basis. Efforts to reorganise administrative structures should focus on improving the documents required in ports and on port procedures, including customs and phytosanitary procedures. One of the achievements of the Maritime Industries Forum was to have encouraged the appointment within national administrations of a “contact point” for short sea shipping. Given the pan-European dimension of short sea shipping, other European countries could also usefully designate “contact points”.

6. **Support for the modernisation of the sector**

Although some short sea shipping traffic is state of the art, modernising the sector in order to integrate it into the European transport and logistics system will entail major investment -- and major financial risks -- particularly to modernise fleets and improve port productivity. Given the scale and number of research and development initiatives directly or indirectly related to the short sea shipping sector, the transparency and co-ordination of innovation support measures should be considered essential for the furtherance of the objectives cited in paragraph 1.

Under certain conditions, policy-makers may consider it appropriate to contribute to the investment costs of combined transport development projects which include an SSS component, in which case they would wish to ensure that projects do actually promote a switch from road to sea transport. They would also have to ascertain that a number of other conditions are met, such as:

- **Additionality**: any government contribution should be to finance additional development and should not simply be a substitute for private sector investment that would have been forthcoming in any case.

- **Competitiveness**: the project would have to do more than simply absorb traffic from other short sea shipping movements or other environmentally friendly transport modes.

- **Viability**: the project would have to be financially viable itself in the long term, without further government support.
Minimum intervention: government funding should be limited to the minimum necessary for the project to continue. This ensures that public funds are used efficiently and that financial resources will be available for other projects.

Moreover, transport seems to be one area that shows how our societies are developing towards economies based on the flow of information and on new skills. The development of logistics services calls for such new skills. In order to establish a favourable climate for maritime transport and integrate it more closely into logistics chains, support should be provided for initiatives to train personnel who need to develop their logistics skills and to familiarise them with current best practice. At present, training initiatives are essentially the province of maritime sector co-ordination bodies. They could be particularly useful for the countries of Central and Eastern Europe and the New Independent States, inasmuch as improving skills is a key factor in achieving the balanced development of transport and logistics systems and practices on a Europe-wide scale.

7. Co-ordinating transport policy

Given the geographical coverage of its Member countries, the ECMT could play an important role in developing a coherent, co-ordinated transport policy throughout Europe that still leaves some scope for competitiveness. A dual policy of co-operation and co-ordination now seems more crucial than ever as the role of government has changed with the changing structure of the market where traditional transport services are increasingly being integrated into complex logistics management services. As the market evolves towards a transport and logistics system, governments will have to adopt or intensify a multimodal approach in framing their transport policies.

Preferably, at least for maritime transport and ports, co-operation and co-ordination efforts should focus on all aspects of transport policy including infrastructure finance, the definition of rules for ensuring a level playing field in the transport market, and further efforts towards harmonisation in conjunction with market liberalisation.

At national level, Member countries should also ensure that the policies implemented by other bodies or other sectors (regional or environmental policy, for example) will contribute to the transport policy objectives and vice-versa.

In implementing these policies it is important that support (financial, fiscal or other) granted by governments be co-ordinated in order to further the general policy objectives referred to above and to avoid distortions or discrimination that would be counterproductive, particularly for the development of short sea shipping.

Lastly, the need for a better understanding of markets and, for governments, the need to anticipate how those markets will develop in the future, makes the availability of reliable, consistent statistics and as detailed as possible an inventory of bottlenecks doubly necessary.
The Council of Ministers, meeting in Prague on 30 and 31 May 2000,

NOTES the report on the development of short sea shipping [CEMT/CM(2000)9] and the summary preceding this Resolution;

RECALLS previous Resolutions on the development of combined transport, in particular the Resolution adopted in Annecy in 1994 [CEMT/CM(94)13/final] and the Declaration adopted in Budapest in 1996 [CEMT/CM(96)16];

SUPPORTS ECMT efforts, in close co-ordination with the European Union and the other policy bodies concerned, to:

- continue with studies aimed at paving the way at pan-European level for a coherent policy that will ensure fair competition for all modes, principally through the formulation of a policy designed to internalise the costs of infrastructure usage so that each mode will cover all of the costs it generates;

- support, within the frame of international law and commitments, the harmonisation of social, technical and fiscal regulations applicable to each mode of transport at pan-European level;

- take an active part in the extension of EU legislation to the whole of Europe, thereby strengthening its role as a “bridge” between EU member and non-member states;

NOTES also that short sea shipping can play a significant part in achieving the objectives of a sustainable transport policy, by facilitating the implementation of an integrated, efficient and safe pan-European transport and logistics system, in a context of open, non-discriminatory access to competitive markets, in particular through the use of the most appropriate transport modes.

RECOGNISES the importance of short sea shipping not simply as an alternative to road transport, but also as an integral part of a transport system that is based on complementarity between modes, even though its area of development is geographically limited.

CONSIDERS that, as part of overall transport policy, short sea shipping can help to improve the links between ECMT Member countries and, in particular, help to revitalise peripheral regions;

and that, to this extent, specific initiatives must be taken to ensure its development;

RECOMMENDS for these purposes that Member countries, on the basis of work conducted by all of the organisations concerned:

- take measures to ensure that coherent and reliable statistical data is available, taking into account the joint action developed by the organisations concerned;

- carry out as detailed as possible an inventory of bottlenecks that could hinder the development of short sea shipping;

- step up the co-ordination of infrastructure investment, harmonising terms of competition and progressive market liberalisation, and the definition of the conditions needed to ensure a level playing field in the transport and logistics markets;
− ensure that support measures -- financial, fiscal and others -- are co-ordinated so that they contribute to the efficiency of the transport and logistics network at pan-European level;

− intensify efforts, at both national and international levels, to co-ordinate environmental and land-use development policies with transport policy, including policy on ports;

− review, on an on-going basis market conditions for combined transport incorporating a maritime leg;

RECOMMENDS, in particular,

in regard to the role of ports as interfaces between transport modes that:

i) active support be given, in conjunction with the organisations concerned, to technical or legal initiatives that could improve network transfer operations;

ii) short sea shipping information bureaux, as already set up in some European countries, regions and ports, be encouraged;

promotion of the development of inland waterway/maritime transport in Europe and, with this in view, restates the need to:

i) continue to bring networks up to technical standards, particularly from an environmental standpoint, and to ensure their compatibility;

ii) continue the policy of liberalising access to these networks under non-discriminatory terms;

iii) harmonise and simplify the regulations and administrative procedures for this type of transport;

SUPPORTS, in the interests of continuity of the transport supply, the designation in the non-EU member states concerned of contact points for the promotion of short sea shipping which will be responsible for:

− seeing that government policies, in particular their social, environmental, technical and fiscal aspects, that could have an impact on the development of short sea shipping in their country are compatible with this mode; and

− encouraging the streamlining of administrative procedures for short sea shipping in Europe, if necessary, through their harmonisation;

INSTRUCTS the Committee of Deputies

− to make the report and Resolution available to all national, international, government and industry organisations concerned with short sea shipping;

− to develop means by which the ECMT could contribute to the co-ordination of initiatives to support the modernisation of the sector, in collaboration with the other organisations concerned -- chiefly the European Union -- in order to help achieve the objectives outlined above;

− in particular, to co-operate with the EU on the work concerning inventory of bottlenecks by addition of a similar inventory for non EU countries;

− to report in due time on actions taken and progress on the recommendations set out in the present Resolution.