



# EU ports: quo vadis?

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# Purpose of talk

- Take a 'holistic' view of some issues affecting EU ports
  - as regards the 'mainline' transport policy thrust
  - as regards other issues (safety, security, environmental protection, etc)
- Try to identify
  - areas of concern
  - opportunities
- Make some recommendations

# Some references (1992-2005)

- **Psaraftis, H. N., “EU ports policy: where do we go from here?” *Maritime Economics and Logistics*, Vol. 7, No. 1, 73-82, 2005.**
- **Short Sea Shipping roundtable conferences (1992,1994,1996)**
- **“SSS-CA: Concerted Action on Short Sea Shipping” (DG-TREN, 1995-2000) NTUA leader**
- **“PROSIT project: Promotion of Shortsea Shipping and Inland Waterway Transport by use of Modern Telematics” (DG-TREN, 1998-2000)**
- **“TRAPIST project: Tools and Routines to Assist Ports and Improve Shipping” (DG-TREN, 2002-2004)**
- **“INTEGRATION project: Integration of Sea-Land Technologies for an Efficient Intermodal Door-to-Door Transport” (DG-RTD, 2002-2005)**
- **NTUA Maritime Transport web site: references, documents, sources, links, etc.**

# Why EU ports important?

- >90% of EU's external trade
  - >40% of EU's internal trade
  - ~3,5 billion tons of cargo per year
  - ~350.000 people work in >1.000 ports
- 
- Important element of EU transport policy

# WHITE PAPER "European transport policy for 2010 : time to decide "



- COM (2001) 0370
- Major policy document of EU
- Outlines EU transport policy for 2010
- All modes

# Short sea shipping (SSS)

- Central pillar of EU transport policy:  
**USE SSS TO SHIFT CARGO FROM LAND TO SEA**
- Goal: reduce road transport 'external costs' (congestion, pollution, noise, accidents)

## **External costs:**

- 2001: 0,5% of EU GDP
- 2010: rise by 142% to 1% of EU GDP  
(80 billion EUR a year) if no action is taken

# Observation:

- For European SSS to grow...
- .. EU ports should operate efficiently and effectively!



# EU: Actions to promote SSS

- Adoption of a Directive **standardising certain reporting formalities** for ships to arrive in and/or depart from ports;
- New support programme “**Marco Polo**”;
- Proposal for a Directive on **Intermodal Loading Units**;
- Introduction of the “**Motorways of the Sea**” approach;
- Proposal for a **Directive on market access to port services (“port package”)**.



# TEN-Ts (Trans-european transport networks)



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 1.10.2003  
COM(2003) 564 final

2001/0229 (COD)

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**

(presented by the Commission pursuant to Article 250(2) of the EC Treaty)

# Basic concept

- High-level group chaired by Commissioner van Miert
- 29 high priority projects across EU
- Funding up to 220 billion EUR by 2020
- Introducing 'Motorways of the Sea'

# Motorways of the Sea (project No. 21)

- Motorway of the Baltic Sea
- Motorway of the Sea of Western Europe
- Motorway of the Sea of South-West Europe
- Motorway of the Sea of South-East Europe



# Marco Polo

- Launched in 2003- successor to “PACT”
- 15 million EUR of EC-funds were available under the first call;
- 92 proposals were received, requesting 184.5 million EUR of EC-subsidy;
- 13 actions were granted EC financial support;
- 13 actions are shifting 13.6 billion ton-km of freight off the road to short sea shipping, rail and inland waterways; (~1%)
- private investments of about 360 million EUR (without infrastructure) will be triggered with selected 13 actions;
- the average environmental efficiency is 15, i.e. for every 1 EUR of subsidy spent, there are 15 EUR of external costs saved for society;



# Marco Polo II

- Commission proposes an overall budgetary envelope of **740 million EUR** for the period 2007 – 2013, i.e. roughly 106 million EUR per year.
- This will **shift more than 140 billion ton-km of freight off the road** and will reduce CO2 emissions by 8400 million kg. (**~10%!**)
- In terms of avoided environmental damage and less accidents, less energy consumption and less infrastructure damage, the **benefits are forecast to be about 5 billion EUR**.
- 1 EUR subsidy given in Marco Polo II will thus generate more than 6 EUR in terms of social & environmental benefits to our society.



# Action framework: substantial

Question: Does future look bright as regards EU ports, SSS and intermodality?

Answer:

- we still have a long way to go
- things can be rather unsettling

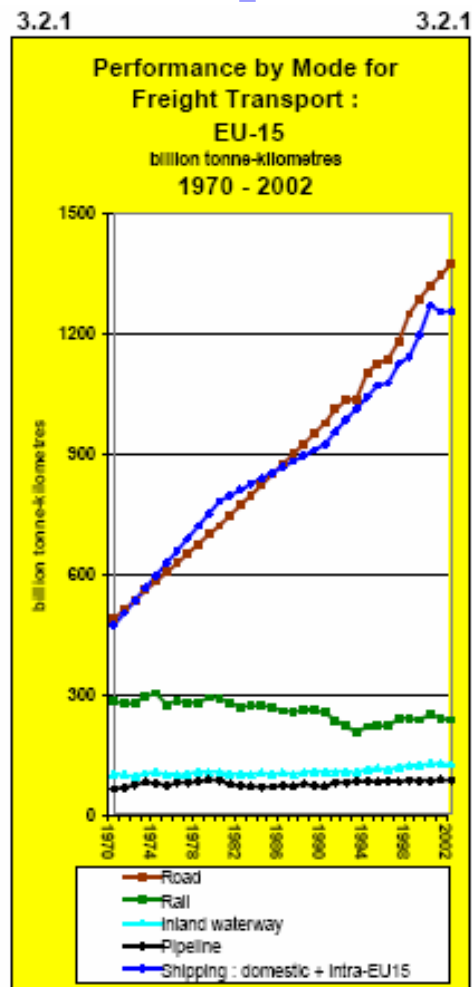


# The not-so-good news...

- SSS grew considerably between 1990 and 2002 (36%),
- But road transport grew even faster (41%)
- Inland navigation growth almost stagnant (<17% in 12 years)

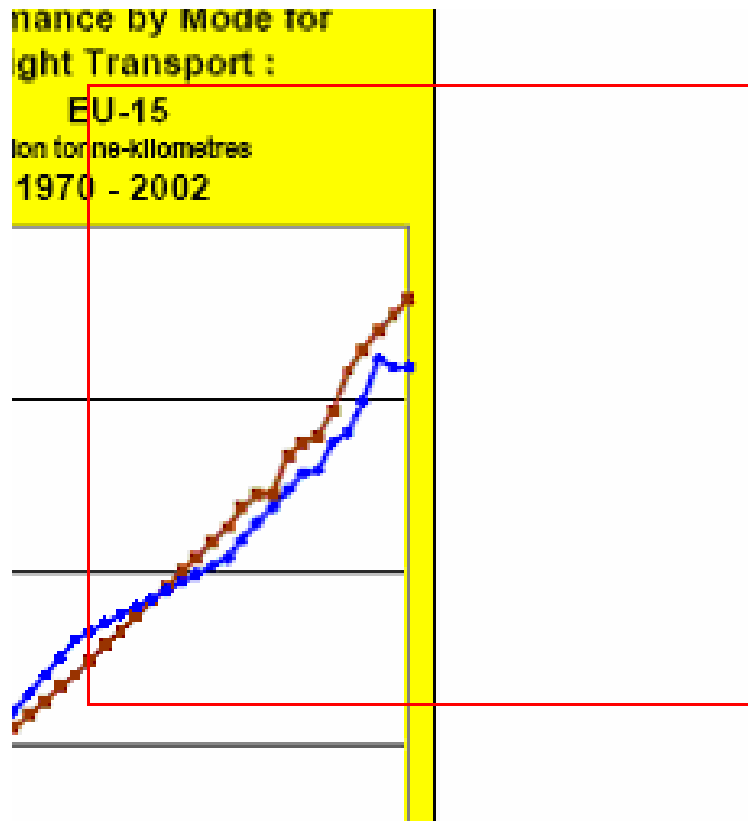


# EU-15 modal split





# Focus after 1985



# Not-so-good news cont'd

- in 1985 road surpassed SSS as the top transporter in intra-EC trades in ton km,
- a position that it will continue to hold if no serious action is taken
- Recent trends disturbing



# Declining shares

## Modal split

%

	Road	Rail	Inland Water- ways	Pipe- lines	Sea
1970	34.7	20.0	7.3	4.5	33.5
1980	36.3	14.6	5.3	4.3	39.4
1990	41.9	10.9	4.6	3.0	39.6
1991	42.3	9.8	4.5	3.3	40.0
1995	43.0	8.5	4.4	3.1	41.0
2000	43.2	8.2	4.2	2.8	41.6
2001	44.0	7.9	4.1	2.8	41.1
2002	44.7	7.7	4.1	2.8	40.8

# Also..

- EILU Directive: **lack of enthusiasm** from industry
- Port package: **defeated** in EP (November 2003)
- **Big setback for EU port industry**
- **By extension, serious setback for Europe's SSS and intermodal transport**

# Port package cont'd

## Many felt that

- it forced a 'one-size-fits-all' model onto a widely diversified industry
- inadequate consultation with trade unions and the industry was a major problem

# Port package No. 2

- ESPO and others urged not to rush through it
- Submitted in October 2004
- Opposition from port industry & unions
- Attempts to reform it under way

# ‘Mainline’ aspects of EU transport policy

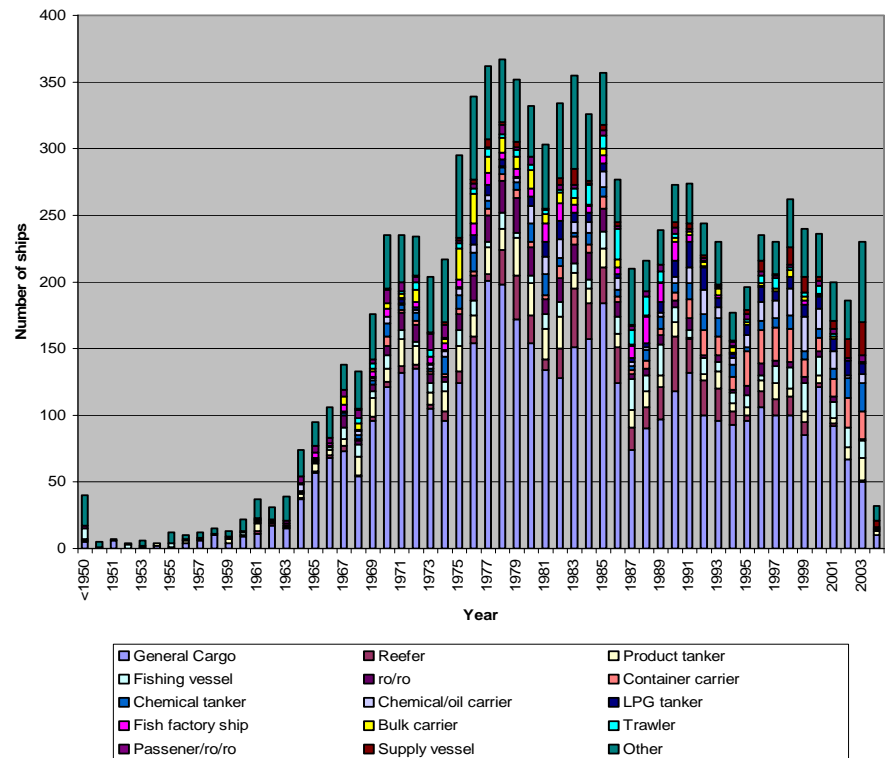
(those that deal directly with ports, intermodality, and short sea shipping)

- **situation is certainly not as rosy as one may be led to believe at first glance**
- How about other aspects???

# SSS fleet ageing: a serious problem

(source: Wijnolst & Waals, 2005)

- ships between 500 and 10,000 GRT
- ~10,000 ships in Europe
- ~460,000 port calls (2003)
- 38% of fleet over 25 years
- 21% of fleet over 30 years
- 10% of fleet over 35 years!
- Q: How will fleet be replaced?
- Q: What will happen to SSS?





# The impact of environmental protection..

## LIST OF EU ENVIRONMENTAL DIRECTIVES THAT AFFECT PORTS

- The Health and Safety in the Workplace Directive,
- The Waste Reception Facilities Directive,
- The Wild Birds Directive,
- The Habitats Directive,
- The Bathing Water Directive,
- The Dangerous Substances Directive,
- The Urban Waste Water Treatment Directive,
- The Shellfish Directive,
- The Water Framework Directive,
- The Environmental Impact Assessment Directive,
- The Strategic Environmental Assessment Directive, and
- The Environmental Liability Directive.



# More..

- After *Prestige*: Commission proposes a Directive to introduce **criminal sanctions** for ship-source pollution offences
- Parliament added **the competent port authority** (for failing to provide an adequate **port of refuge**)
- Seems that, in addition to financial liability, we may see **criminal liability** imposed on port authorities



## Environmental framework: impressive

- ...BUT one may wonder if all these regulations together place a **rather heavy burden** on ports, just to comply with all of them
- Framework may impede port development?

# Example (one of many?)

- 2004: Associated British Ports scrapped plans to build a 2,3M TEU container terminal at Dibden Bay on environmental grounds. Public inquiry lasted a year and had 15.000 pages of documentation!
- ***“This is a slap in the face for the big boys and the ‘get-rich-quick’ merchants who bullied and blustered that the development was inevitable,”*** said an opponent of the project.





# OLP's Pier III

- Fierce opposition from city of Perama on environmental grounds
- (they want to build a marina instead)



# The impact of security..

- IMO's ISPS Code (1/7/2004)
- Progress impressive in EU ports
- EU **Regulation** on ship and port security, (transposes the ISPS code into EU law)
- Proposed EU **Directive** on **port** security
- Plan for additional EU legislation on *supply chain (intermodal) security*

# More security..

- EU-US agreements (bilateral and global)
- Container Security Initiative
- 24-hr rule
- “International Port Security Program” of the US Coast Guard



# Some questions

- How much all of these measures would really enhance EU port & intermodal security?
- Is there an estimate of the **total cost** of these measures?
- Is there an estimate of the impact of these measures on **trade** and on the goal to **shift cargo from land to sea**?



# Where do we go from here?

- Real risk: each policy development outlined before may pull things into a separate direction
- With the rejection of the port package, European ports are left with a void as to what the institutional and operating environment of the sector will be in the future

# Also..

- If over-regulated ports are handed a maze of additional requirements, SSS and intermodality will suffer
- That will help **road transport** increase its share in intra-EC transport even further

# Priorities: stated vs. factual

There is circumstantial evidence that:

- **[No. 1] Maritime security** is the locomotive pulling the overall EU maritime transport policy train, including ports.  
*[Locomotive is designed and driven by the US]*
- **[No. 2] Marine environment protection** is the next priority  
*[while environmental damage from road transport continues to grow]*
- **[No. 3]** Things like EU intermodal efficiency, shifting cargo from land to sea, and opening port services to competition, follow behind.

# Is there hope?

## YES, IF:

- Setbacks such as the rejection of the port package can produce lessons that are useful for the future
- Politicians and legislators reassess their current 'patchwork' modus operandi and adopt a more 'proactive' policy philosophy
- Relevant policy is developed by carefully assessing *all* of its implications *before* its adoption
- Over regulation and policy fragmentation are eliminated!

# More hope?

- Marco Polo II, Motorways of the Sea
- “WATERBORNE” technology R&D platform (Commissioner Verheugen)
- “Maritime Policy” Green Paper/ Task Force (Commissioner Borg)

# But..

- Outcome of all these is by no means certain
- Things will take some time to be implemented
- Things will not happen by themselves (significant input and money! is needed from industry)
- Beware of possible distortions of competition (Marco Polo & M.o.S.)
- “Maritime Policy” Green Paper: will it eliminate the patchwork, or add to it?

# In conclusion..

- The EU port industry is **at a critical point**, to move ahead proactively and meet many challenges, instead of retracting to inertia, complacency and fragmented action
- This will not happen automatically, and it will definitely require the **full energy and cooperation** of all stakeholders involved

# PS (for Greece)

- ...will port market be liberalized?
- ...will private capital be used for port development?
- If yes, when and how?





# Thank you very much!



## Coordinates

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