European Economic and Social Committee

TEN/138-TEN/143
Short Sea Shipping
Intermodal Loading Units

Brussels, 29 October 2003

OPINION

of the European Economic and Social Committee

on a

Communication from the Commission *Programme for the Promotion of Short Sea Shipping*
Proposal for a Directive of the European Parliament and of the Council
on Intermodal Loading Units

COM(2003) 155 final – 2003/0056 (COD)

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On 29 April 2003 the Council decided to consult the European Economic and Social Committee under Articles 71(1) and 80(2) of the Treaty establishing the European Community, on the

Proposal for a Directive of the European Parliament and of the Council on Intermodal Loading Units
COM(2003) 155 final - 2003/0056 (COD).

On 7 April 2003 the Commission decided to consult the European Economic and Social Committee under Article 262 of the Treaty establishing the European Community, on the

Communication from the Commission Programme for the Promotion of Short Sea Shipping
COM(2003) 155 final - 2003/0056

The Section for Transport, Energy, Infrastructure and the Information Society, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 10 October 2003. The rapporteur was **Mr Chagas**.

At its 403rd plenary session of 29 and 30 October 2003 (meeting of 29 October 2003) the European Economic and Social Committee adopted the following opinion by 83 votes to 2 with 1 abstention:

1. Introduction

1.1 The development of the European Single Market as proposed in the 1985 Communication implied a structural change in the way business was being conducted until that moment. A consequence of the free circulation of people, goods, capital and services proposed to start on 1 January 1993 was a direct increase of transport services. In view of the expected pressures on the environment that such mobility could cause, the European Commission carried out a study on the impact of transport on the environment and its outcome was presented on the same day the Maastricht Treaty was signed[1]. This document presented a comprehensive assessment of transport impact on the environment, and also proposed the strategy for a Community response. The objective was to create a public debate with the participation of Community institutions and respective stakeholders on issues concerning transport and environment[2]. At the same time, it provided an insight into how should it be possible to integrate the environmental component into transport policy and it proposed to create an awareness of its importance given the objective of the Treaty of Maastricht to develop a sustainable

1 Green Paper on the Impact of Transport on the Environment. A Community Strategy for sustainable mobility. COM(1992) 046 final, 20.2.1992.

2 Communication from the Commission - The future development of the common transport policy - A global approach to the construction of a Community framework for sustainable mobility, COM(1992) 494 final, 2.12.1992.

growth for Europe. Transport is never environmentally neutral; its effects depend on the mode of transport under consideration[3].

1.2 In view of the findings, the principles of sustainable development and economic growth were seen as being at the core of European policy as a strong global economy can only be sustainable if it integrates economic, social and environmental issues and benefits within its development[4/5]. To meet the above-mentioned objectives, the Commission presented the 1992 White Paper on the future common transport policy[6]. Two important issues have resulted from this document. Firstly, transport is seen as an element without which the completion of the internal market cannot be achieved even if artificial regulatory barriers were eliminated; this presupposes the promotion of fair competition in the field of transport. Secondly, this document considered that transport should adopt an overall approach rather than one based on the individual characteristics of the modes, which promoted the shift of goods from road to sea. This met the objectives of the Maastricht Treaty in promoting sustainable development as set out in Article 2 and came as a response to the Green Paper presented in February 1992.

1.3 Short sea shipping as a valid instrument for achieving sustainable mobility moved to the centre of transport policy and the European Commission subsequently presented a number of communications on the issue. The most important ones were released in 1995[7], 1997[8] and 1999[9]. The 1995 Communication presents an overall approach of short sea shipping. Besides presenting its advantages it also addresses the challenges that short sea shipping has to overcome if it is to eliminate its present drawbacks. The Commission addressed three issues: to improve the quality and efficiency of short sea shipping, to improve port efficiency and port infrastructures and finally to prepare short sea shipping for an enlarged Europe, which will take place on 1 May 2004. The 1997 document presented as a Commission Staff Working Paper was a response to the Council Resolution of 11 March 1996 on short sea shipping. It called for progress reports to be delivered every two years. In it the Commission presented a number of measures undertaken and planned. Finally, the 1999 Communication examined short sea shipping potential in the light of a sustainable and safe mobility

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3 See footnote 2.

4 **Walley, N.** and **Whitehead, B.** (1994) – It's not easy being green, Harvard Business Review, Boston, United States, Volume 72, Issue 3, pp. 46-52.

5 **Clark, R.A.** (1994) - The challenge of going green, Harvard Business Review, Boston, United States, Volume 72, Issue 4, pp. 37-50.

6 COM(1992) 494 final, 2.12.1992.

7 Communication from the Commission -. Development of Short Sea Shipping in Europe. Prospects and Challenges, COM(1995) 317 final, 5.7.1995

8 Progress Report from the Commission services following a Council resolution on short sea shipping of 11.3.1996, SEC(1997) 877, 6.5.1997

9 Communication from the Commission - The development of SSS in Europe. A dynamic alternative in sustainable transport chain. A second two-yearly progress report, COM(1999) 317 final, 29.6.1999

framework, of its image and existing barriers to its development, and as part of a process of integration in European logistic transport chains. In addition, it recommends further action. Once again, the three main reasons for promoting short sea shipping are stressed: (1) to promote the general sustainability of transport in order to strengthen the cohesion of the Community, (2) to facilitate connections between the Member States and between regions in Europe and to revitalise peripheral regions; and (3) to increase the efficiency of transport in order to meet current and future demands arising from economic growth.

1.4 On the Commission website a web page is devoted to short sea shipping[10] and there a list of success stories can be seen[11]. In 1992[12], 1994[13] and 1996[14], the Commission supported three roundtables where industry and academia got together to discuss short sea shipping issues. Parallel to this and following the outcome of the APAS report on short sea shipping and the EURET report on maritime logistics, the Commission has been supporting numerous research projects under the fourth and the fifth research framework programmes. Information concerning this research can be seen on a web page that the Commission has prepared[15]. The output of these projects is huge and short sea shipping can benefit from its application. The sixth framework programme is now under evaluation. A lot of progress has been made on the basis of efficient cooperation between the Government appointed Focal Points on Short Sea Shipping, the Promotion Centres and the Maritime Industries Forum (MIF), supported by heavy investments and sales efforts of the shipping industry. According to EUROSTAT 2002, the short sea shipping market share has increased from 34% in 1970 to about 41% in 2000. This growth is less notable from 1990 until 2000; within this period, the short sea shipping market share has stabilised. Despite this and within the very same period, road and short sea shipping annual growth rates are very similar, i.e. 3.4% and 3.3% respectively. Rail transport has lost market share in that period and the share of inland waterways has remained, with a small increase recently.

1.5 In order to promote short sea shipping, the Commission has extended the PACT - Pilot Action on Combined Transport Programme to this transport mode. This was seen as a step forward to introducing short sea shipping in intermodal transport services. Although the PACT programme no longer operates since 31 December 2001, it has nevertheless been replaced by the Marco Polo Programme. Being broader in scope, the Marco Polo intends to foster modal shift projects

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10 http://europa.eu.int/comm/transport/themes/maritime/english/sss/index_sss.html, accessed 1 July 2003.

11 http://europa.eu.int/comm/transport/themes/maritime/english/sss/sss_successstories_files/sss_successtories-1.htm, accessed 1 July 2003.

12 Proceedings from the First European Research Round Table Conference on Short Sea Shipping, 26–27.11.1992, Technical University Delft, London: Lloyds of London Press, 1993.

13 Conference Papers of the Second European Research Round Table Conference on Short Sea Shipping: Strategies for achieving cohesion in Europe through short sea shipping, 2–3 June, Athens/Vouliagmeni. Delft: Delft University Press, 1994.

14 Conference papers of the Third European Research Roundtable Conference on Short Sea Shipping, 20-21.6.1996, Bergen, Norway. Delft: Delft University Press, 1996.

15 http://europa.eu.int/comm/energy_transport/en/pfs_5_en.html, accessed 1 July 2003

in all segments of the freight market, on the basis that only modal shifts from road towards short sea shipping, inland waterway and rail transport are eligible for Marco Polo support. The list of PACT projects which have addressed the maritime leg can be seen in Annex 1.

1.6 Despite all this support, the demand for road transport, as shown by the recent EUROSTAT statistics, has increased and will go on increasing if no measures are taken to curb this growth.

2. The Commission proposal

2.1 In view of the mixed performance of the common transport policy, of the congestion due to the effect of imbalance between modes, the expected growth in transport in an enlarged European Union and the need for integration of transport in sustainable development as proposed by the European Council meeting in Gothenburg 2001 in which European citizens were guaranteed economic stability, social security and a clean, sustainable environment, thereby stipulating that important policy areas be assessed for their economic, social and ecological effects[16], the *White Paper on European Transport Policy for 2010: time to decide*[17] sets a number of ambitious targets to ensure competitiveness and sustainability of transport by 2010.

2.2 In this Communication, the European Commission addressed the issue of intermodality and stressed the need to make use of underused capacity, namely short sea shipping and rail, to avoid the numerous bottlenecks that are still affecting transport and consequently the environment. Given the characteristics of both modes and of short sea shipping in particular, it is obvious that the latter has a role to play in reaching the objectives of European Union policy as a whole and of the common transport policy in particular. This importance is such that more recently the informal meeting of the European Union Transport Ministers in June 2002 in Gijón, Spain, reconfirmed its role in saying that "*Short sea shipping is an important option for alleviating road traffic growth in situations where the transport market is suited to its specific economic and operational characteristics. It can contribute to reducing traffic congestion, accidents, noise and air pollution. Short sea shipping in Europe should be intermodal and, as a consequence, it must be based on the complementarities of maritime and land transport modes. Therefore, its development implies the integration of the different transport modes through the interconnection and interoperability of maritime and land transport networks (which includes road, railways and inland waterways transport)"*[18]. The important role of short sea shipping was also re-affirmed at the recent informal meeting of EU Transport Ministers that took place in July 2003 in Naples, Italy.

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16 http://eu2001.se/eu2001/news/news_read.asp?iInformationID=16063, accessed 2 July 2003

17 COM(2001) 370 final of 12.9.2001.

18 Summary of the Presidency of the Informal Council of Transport Ministers, held at Gijón, 31 May, 1, 2 June 2002, http://register.consilium.eu.int/pdf/en/02/st09/09911en2.pdf, accessed 2 July 2003.

2.3 In response to the invitation made by the European Union Transport Ministers by which the Commission and the Member States were invited to develop an action plan on key issues that promoted short sea shipping, including its full integration into intermodal transport chains under efficient and cost-effective conditions, and which is expected to be assessed by the Council in the second half of 2004, the Commission presented on 7 April 2003 a Communication on an Action Programme for the Promotion for Short Sea Shipping and a Proposal for a Directive on Intermodal Loading Units[19].

2.4 **A programme for the promotion of short sea shipping**

2.4.1 The objective of the action programme is to address in a systematised way what has been done in a non-systematised way; in this context, the European Commission proposes a path to be followed. The present Communication comprises fourteen individual actions which are divided into measures. For each measure proposed, the responsible actors and timetable for its implementation are given. The fourteen individual actions embrace legislative, technical and operational issues to be taken from 2003 onwards as follows:

A – Legislative actions

1. Implementation of the Directive on certain reporting formalities for ships to arrive in and/or depart from ports in the Member States (IMO-FAL)
2. Implementation of Marco Polo
3. Standardisation and harmonisation of intermodal loading units
4. Motorways of the Sea
5. Improving the environmental performance of Short Sea Shipping

B – Technical actions

1. Guide to Customs Procedures for Short Sea Shipping
2. Identification and elimination of obstacles to making Short Sea Shipping more successful than it is today
3. Approximation of national applications and computerisation of Community Customs procedures
4. Research and Technological Development

C – Operational actions

1. One-stop administrative shops
2. Ensuring the vital role of Short Sea Shipping Focal Points
3. Ensuring good functioning of and guidance to Short Sea Promotion Centres
4. Promote the image of Short Sea Shipping as a successful transport alternative
5. Collection of statistical information

19 COM(2003) 155 final of 7.4.2003.

2.5 A proposal for a directive on intermodal loading units

2.5.1 The second part of the present Communication is the proposal for a directive, which was announced in the 2001 White Paper. By proposing a sustainable solution to transport problems that can reduce congestion, particularly road congestion, the directive aims at making intermodality more attractive for transport users. With a focus on the several modes of transport rather than only short sea shipping, the proposal deals with the issue of containers and swap bodies. The reasons behind the present proposal are threefold:

– With the exception of Ireland, all Member States are signers of the International Convention for Safe Containers, 1972 (CSC); this is a consequence of the 1979 Council Recommendation[20]. Additionally, only the Netherlands have signed the 1993 amendments to the Convention. These concern the information contained on the CSC Approval plate and also amend some of the test loads and testing procedures required by the Convention.

– To gain up to 50% of time along transhipment points which translates into 20% savings of the direct transfer costs.

– To obtain a compromise solution between sea containers and swap-bodies.

2.5.2 The objectives of the proposal are:

2.5.2.1 The harmonisation of interoperability characteristics of intermodal loading units

– To standardise the handling of intermodal loading units (ILUs), facilitate their storage and to secure ILUs on transport equipment more efficiently; in other words, to guarantee the efficiency of transhipment operations, the handling and securing devices of ILUs need to be made more uniform.

– To define harmonised standards for each class and category of ILU.

2.5.2.2 The creation of the European intermodal loading unit (EILU)

– Europe needs an *optimal intermodal loading unit*, the EILU that combines the benefits of containers (their solidity and stackability) with those of swap bodies (in particular their greater capacity). The creation of this loading unit can also be seen within the scope to substitute the 45' container; this one will be allowed in Europe until the end of 2006. Such an EILU could be used by the four modes of transport (rail, road, sea and inland waterways), be stacked four-high and its transhipment between the different modes simplified.

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20 Council Recommendation of 15 May 1979 on the ratification of the International Convention for Safe Containers (CSC), OJ L 125, 22.5.1979, p. 18.

– The use of EILU will not be compulsory.

– The EILU will comply with the Council Directive 96/53/EC of 25 July 1996 laying down for certain road vehicles circulating within the Community the maximum authorised dimensions in national and international traffic and the maximum authorised weights in international traffic[21].

2.5.2.3 **Safety and security of Intermodal loading units**

– To guarantee the safety of transport.

– The new ILUs will have to integrate anti-intrusion alarm devices, such as electronic seals.

– The Directive presents provisions on maintenance and periodic inspections which are in accordance with the provisions presented in the 1972 United Nations' and International Maritime Organisation (IMO) Convention for Safe Containers (CSC). The objectives of the latter are to maintain a high level of safety of human life in the transport and handling of containers and to facilitate the international transport of containers by providing uniform international safety regulations, equally applicable to all modes of surface transport. The CSC Convention is made up of two Annexes; Annex I includes Regulations for the testing, inspection, approval and maintenance of containers; Annex II covers structural safety requirements and tests, including details of test procedures.

2.5.2.4 **Procedures for assessing conformity of ILUs and periodic inspections**

– To comply with all relevant requirements established by Council Decision 93/465/EEC of 22 July 1993 concerning the modules for the various phases of the conformity assessment procedures and the rules for the affixing and use of the CE conformity marking, which are intended to be used in the technical harmonisation directives[22].

– To develop procedures regarding assessment and inspection which are in accordance with the provisions made in the CSC.

3. General remarks

3.1 The drawing up of an action programme with a view to promoting short sea shipping is a positive development. This market segment needs to be given more transparency/visibility since for many years it has been hidden. People seldom think how the goods have come to supermarket or retail store shelves and what alternatives exist other than unimodal transport, in particular road transport. Current European logistics trends and business practices have forced the wide use of road

21 OJ L 235, 17.9.1996.

22 OJ L 220, 30.8.1993.

transport with its particular characteristics[23], despite the advantages of short sea shipping and potential as presented in the literature. In fact, awareness only exists of the shipping industry when accidents occur with ships, especially when pollution results. Such accidents do not offer a very good image of the industry as a whole and of short sea shipping in particular, and the key role it plays in the international and regional trades. The burden will naturally fall on the national contact points and on short sea shipping promotion centres; they will have the responsibility to change that image.

3.2 The promotion plan being proposed addresses some important issues that for some time have been causing bottlenecks in the intra-European movement of cargo by waterborne transport; these have to be overcome in the shortest possible time, if short sea shipping is to be the leading transport mode in the movement of goods. The existence of these bottlenecks also explains why the demand for short sea shipping has stabilised between 1991 and 2000 as shown by the statistics released by EUROSTAT in 2002. Despite this, substantial work has been done on short sea shipping bottlenecks *although* more progress has to be made. The Commission, the National Focal Points, the Promotion Centres and industry (the MIF) are working on this.

3.3 **On the proposed action programme for the promotion of short sea shipping**

3.3.1 **Implementation of the directive on certain reporting formalities for ships to arrive in and/or depart from ports in the Member States (IMO-FAL)**

3.3.1.1 The IMO ship formalities are not new and should have been implemented a long time ago. The Convention on Facilitation of International Maritime Traffic (FAL Convention), adopted on 9 April 1965 entered into force on 5 March 1967. It comprises two aspects: the FAL Forms and Certificates. The FAL Forms comprises a list of documents which public authorities can demand of a ship and recommends the maximum information and number of copies which should be required[24].

3.3.1.2 The problem with its non-implementation is partly due to the ports and the Customs Authorities. The latter do not implement existing EU Regulations in a coherent way, thus, imposing different requirements to ships Also shipping companies are willing to use their own formats rather than those of IMO; this allows using the company's logo on their own documents. In the light of this and of §3.3.1.1 its implementation by 9 September 2003 should be seen as a strict deadline. The electronic delivery of ships' formalities implementation, even when ships are at sea, should be considered. Very often goods are lost in port calls because the information flow does not accompany

23 Road transport inherent characteristics are: service reliability, service regularity and frequency, it allows the shipment of small consignments which meets time-based management strategies such as just-in-time.

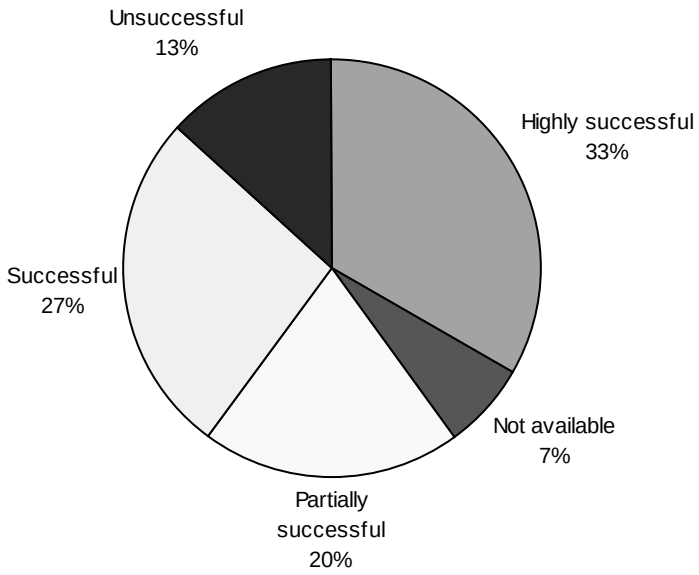
24 These include: IMO General Declaration, Cargo Declaration, Ship's Stores Declaration, Crew's Effects Declaration, Crew List, and Passenger List, Dangerous Goods. Two other documents are required under the Universal Postal Convention and the International Health Regulations. The list of certificates to be carried on board ships and depending on the type of ship include: International Tonnage Certificate; International Load Line Certificate; Intact stability booklet; Damage control booklets; Minimum safe manning document; Certificates for masters, officers or ratings; International Oil Pollution Prevention Certificate; Oil Record Book; Shipboard Oil Pollution Emergency Plan; Garbage Management Plan; Garbage Record Book; Cargo Securing Manual; Document of Compliance and Safety Management Certificate (International Safety Management (ISM) Code).

the physical one. By the time ships arrive in port all port formalities should have been handled so that no delays exist along the international supply chain. Streamlining the interface/port processes is the next step to improve interface/port performance and consequently short sea shipping position vis-à-vis other transport modes.

3.3.2 **Implementation of Marco Polo**

3.3.2.1 The Marco Polo programme is a good support for the development of short sea shipping services integrated in multimodal logistics supply chains. The reduced number of PACT projects which included a maritime leg and its level of success is a good indicator of the success that Marco Polo projects are expected to achieve (see Figure 1). However, it should be taken into consideration that the degree of Marco Polo success will depend upon short sea shipping owners' willingness to participate and to take advantage of such a programme; in view of this a change in short sea shipping operators' attitude towards research is required. With few exceptions the short sea shipping is unwilling to participate in these projects for fear of giving knowledge away and therefore of losing market to their competitors. There is also a fear that subsidies particularly for starting up of services would distort competition with existing services. The project has therefore to be implemented in a way which safeguards full transparency based on objective criteria.

Figure 1: Level of success of PACT projects involving a maritime leg



3.3.3 **Standardisation and harmonisation of intermodal loading units**

3.3.3.1 Lack of standardisation complicates and delays handling operations resulting in additional friction costs to intermodality. Furthermore, this complicates investments in intermodal loading units. Swap bodies are confined to land transport and short roll-on-roll-off journeys while containers are mainly used for waterborne modes. The proposed action aims at addressing the

standardisation and harmonisation of intermodal loading units so that the movement of these units between modes is done in the most effective and efficient way given that time lost in their handling in port and/or inland terminals should be limited to the minimum required. A standardised and harmonised system can therefore only be of value to the intermodal industry and to the sustainable mobility of Europe. This issue is further addressed in § 3.4.

3.3.4 **Motorways of the sea**

3.3.4.1 Motorways of the sea being seaways that adequately serve short sea shipping routes and which are selected according to a set of criteria including safe navigation, shorter/faster port-to-port distances, integration into trans-European networks and the promotion of intermodality, have as their objectives to overcome present European bottlenecks. Those include geographical and urban constraints which hinder the seamless movement of goods. In addition, they must comply with the shippers' requirements regarding their logistics' strategies and be used to promote other modes of maritime transport other than liner transport, i.e., bulk transport (dry and liquid). Shippers do not regard as important the means by which port cargo is moved. They operate on a just-in-time basis and for that they must be sure that the cargo will be available when they need it. The motorways of the sea concept and those that are chosen to promote the concept, must be bottleneck free, which means that some of the actions being adopted in the COM(2003) 155 need to be implemented before the motorways of the sea are a reality.

3.3.5 **Improving the environmental performance of short sea shipping**

3.3.5.1 Shipping is already an environmentally friendly transport mode vis-à-vis other modes[25]. Although it is understandable that to meet the Kyoto Protocol environmental pollution should be reduced, an additional burden will be placed on the transport industry. If the cost structure of a ship is examined, it can be seen that certain resources are being used to comply with international environmental regulation on marine emissions as required by SOLAS/MARPOL. The industry is carrying out research and development which is already contributing to reduce pollution. This is the case for example with the EcoSilencer system developed by the Canadian company Marine Engineer[26]. Therefore, and even though this is an action to promote short sea shipping, it is not seen as a crucial one. The problem is not so much with shipping but rather with road transport that is still a long way from complying with the legislation. Air transport is also an important source of pollution. Attention should be focused on other modes of transport and whether they follow the same "polluter pays" principle?

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25 International Union of Railways (2000) - The way to sustainable mobility. Cutting the external costs of transport. International Union of Railways.

26 Fairplay Solutions (2003). Scrubbing out the Sox. Ferry trials promise cleaner air. *Fairplay Solutions*, June, p. 6.

3.3.6 **Guide to customs' procedures for short sea shipping**

3.3.6.1 Customs issues are crucial for short sea shipping. They were addressed by the Commission in 2002[27] where the EC Customs Rules were set as they apply to short sea shipping, in order to facilitate its use. In this document, the Commission makes use of the concept proposed in 1998 of "regular shipping service" which is equivalent to road haulage and in which ships sailing only between European ports do not need to prove that the goods being carried are carried by an "authorised regular shipping service". In reply to the Commission exercise on customs procedures for short sea shipping, maritime industries made a priority point of enhancing the use of the simplified procedure on the basis of the Authorised Regular Shipping Status. However, this in itself is not enough as the underlying problem relates to the speed of implementation since some countries may give more importance to their national shipping policy than others. Likewise this deadline for implementation should be seen as a strict one. Unless this is overcome, short sea shipping will not be able to operate and to achieve the desired results as expected by the European Commission.

3.3.7 **Identification and elimination of obstacles to making short sea shipping more successful than it is today**

3.3.7.1 This problem has been very much discussed and talked about in the various European communications on short sea shipping, in the media and in some academic work being carried out. A recent work has been carried out by Paixão and Marlow (2002) which addressed the strengths and weaknesses of short sea shipping and aimed at carrying out a literature review and concentrating the elements in one paper[28]. As such, the existing bottlenecks must be addressed thoroughly wherever they exist. However, if in the future new bottlenecks are to be identified and eliminated this is to be done on a trade corridor basis and in that sense the Marco Polo programme will contribute in an important way to their elimination. This action can be seen also as a sub-action of the implementation of the Marco Polo approach; and if this is accepted they should be addressed together. In addition, and although a study has been carried out on routes with the most potential for short sea shipping, it would be valuable if that study were to be updated[29]. The European Commission could therefore suggest the routes which present the greatest potential for short sea shipping.

3.3.8 **Approximation of national applications and computerisation of Community Customs procedures**

3.3.8.1 This is also a crucial action and is closely linked to action presented in §3.3.6. Priority should be given to the implementation of electronic systems to promote the fast delivery of

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

28 **Paixão, A.C.** and **Marlow, P.B.** (2002). Strengths and weaknesses of short sea shipping, *Marine Policy*, Pergamon, London, United Kingdom, Vol. 26, Issue 3 (May), pp. 167-178.

29 Communication from the Commission - The Development of Short Sea Shipping in Europe: Prospects and Challenge, COM(95) 317 final, 5.7.1995, pp. 8-12.

information/documentation, and to accelerate the customs' process for both the cargo and the ship. Without the functioning of proper information flows, the physical flows cannot proceed causing friction costs to the whole chain.

3.3.9 **Research and Technological Development**

This is a valuable support as it will help substantially to overcome some technological issues encountered in the integration of short sea shipping in multimodal logistics supply chains. However, research should also examine the strategic aspects of short sea shipping. It is a point that most research studies avoid dealing with but it is time that these are taken into consideration as well.

3.3.10 **One-stop administrative shops**

3.3.10.1 This must be dealt with in association with §3.3.1, §3.3.6 and §3.3.8. On its own it will not work out and this implementation should be carried out in the shortest possible time. The implementation should take place at the same time and at a European level.

3.3.11 **Ensuring the vital role of short sea shipping focal points**

3.3.11.1 The focal points which are representatives of national maritime administrations should be more proactive in identifying existing bottlenecks and in creating promotion programmes for short sea shipping. This requires a close collaboration with the industry and they need to work together with the short sea shipping promotion centres to develop a concerted action on a national basis. It is important therefore that their work is monitored to ensure that they play a vital role within short sea shipping.

3.3.12 **Ensuring good functioning of and guidance to short sea promotion centres**

3.3.12.1 This should be done together with paragraph 3.3.11. Their work should also be monitored. It is not useful to have a network of short sea promotion centres if its working activities do not meet the expected requirements and outcomes.

3.3.13 **Promote the image of short sea shipping as a successful transport alternative**

3.3.13.1 This is part of the work carried out by short sea shipping focal points and short sea shipping promotion centres (see paragraphs §3.3.12 and §3.3.11). However, from a marketing point of view, the best way of promoting short sea shipping is to deliver effective and efficient transport services. In this way, it is also the role of short sea shipping to develop the correct logistics strategies that will lead to its integration in multimodal logistics supply chains[30]. The best way for promoting a

30 See Casaca, A.C.F.C.P. (2003) - The competitiveness of short sea shipping in multimodal logistics supply-chains. Unpublished Ph.D. Thesis, Cardiff University.

service is to give customers what they want and to satisfy them. In the same way that word of mouth has a negative effect, it can also have a positive one.

3.3.14 **Collection of statistical information**

3.3.14.1 This has been an issue addressed previously in several communications from the Commission. The lack of statistical information emerges as being a problem to carry out market analysis. This should be done to help short sea shipping operators in defining where they are going to operate and which new potential services could be developed. However, without this sort of data market research is minimal and prevents the development of studies regarding the viability of potential trade corridors. This work has been proposed in the 1992 Communication but its implementation is still lagging behind. This subject requires a very strict monitoring.

3.4 **On the Directive concerning Intermodal loading units**

3.4.1 As indicated in §2.5 this directive addresses four important issues which include: (1) the harmonisation of interoperability characteristics of intermodal loading units; (2) the creation of the European intermodal loading unit (EILU); (3) safety and security of intermodal loading units; and (4) procedures for assessing conformity of ILUs and periodic inspections.

3.4.2 Items (1), (3) and (4) aim at solving the lack of intermodality in short sea shipping and to drive the implementation of certain rules and regulations within national Member State law. This action must be seen as a step forward since much is yet to be done at port level and in relation to short sea shipping integration along transport chains. The latter players will be the drivers promoting the changes still to be achieved by this industry.

3.4.3 As far as item (2) is concerned, the proposed European intermodal loading unit aims to provide a solution that meets the transport characteristics of road, rail and short sea shipping/inland waterways. For this reason, the EILU has been designed according to Council Directive 96/53/EC of 25 July 1996, and applies to all modes of transport. The EILU is not to be adopted by short sea shipping on a compulsory basis as may be the impression when reading the whole Communication. In this context the Directive is clear when stating that the use of EILU will not be compulsory.

3.4.4 The proposed EILU must be seen as a possible alternative to the present 45’ containers that are allowed to circulate on European roads until the end of 2006 following which 1 January 2007 they will be banned from European roads, and which are being offered by some short sea operators. As such, the proposed EILU aims to fill a gap that will eventually occur at some point in time. Also it will allow road transport to make best use of its capacity since these boxes are able to carry 30% more pallets, which eventually will reduce the number of trucks on the European road network, and therefore reduce environmental impact levels.

3.4.5 Not all trades and not all ships will be able to receive the European loading unit. If short sea shipping is to break even in certain trades, as it does now, it needs to mix two types of trades: the feeder and the pure intra-European ones. While the first implies a standard maritime

transport from A to B and is an extension of deep-sea trades, the second is a far more dedicated approach which covers the specific requirement of shippers. The first trade particularly applies to the north-southbound short sea trades where the fleet being operated consists mainly of fully cellular containerships. However, even in these trades there is also the possibility to carry a reduced number of EILU in the aft of the ship or in front of the ships superstructure if the EILU is designed in accordance with the width of the traditional 20'/40' containers. If that is achieved, then the shift of goods from road to sea may be a reality.

3.4.6 Within this environment, and given that the earning capacity of a container ship is dependent upon the number of units it will carry and not a function of the actual cargo being carried in a container, it is important that short sea operators negotiate directly with buyers of short sea services in the provision of door-to-door transport services rather than with freight forwarders or other third party operators. This for two reasons: the short sea shipping market suffers from an overcapacity and there are always alternative means for conveying the goods. In the absence of new data, the conclusion reached by APAS in its 1996 report on short sea shipping and which is part of the research study carried out to develop the 4th Framework Programme is extremely important. Shippers are willing to give up unimodal transport in favour of an intermodal transport comprising a sea leg when door-to-door costs are reduced by 35% to compensate for the amount of cargo that must be along the logistics pipeline. This suggests that the transport of the EILUs by short sea operators will be balanced between service quality and costs.

3.4.7 However, if both units, i.e. the EILU together with the traditional 20'/40' containers, keep their own dimensions as presented in the proposal, its adoption by short sea operators in the north-southbound trades will be almost impossible given the logistics nightmare that the two disparate units can cause. One first drawback is the fixed dimensions of the ships' cell guides which also extends to the cargo being carried on deck despite the fact that the market already provides moveable cell guides that adjust to the dimensions of the cargo units. The problem with the latter is that its use is very expensive not to mention the space that may be lost in the ships' holds, resulting eventually in a decrease in revenue. Attention therefore needs to be drawn to the width and/length of these units and to the present dimensions of the fixed cell guides. Second, to adopt the new EILU in the north-southbound short sea trades, means that short sea operators will have to make new investments in new purpose built ships, which in the present market conditions seems doubtful. In addition, this new unit will require new tracking and tracing systems. In this case, the question to be raised is "Who will pay for this new innovative and revolutionary transport system"? The probable scenario is that many short sea operators will go on trading as they have been doing for a long time and may even disregard the pure short sea operations. They may prefer the establishment of contracts with the bigger operators that ply the deep-sea trades and that give them certain income, even if that income is low, rather than being exposed to the risk of implementing a new system that will cost hundreds of euros and will not be used since shippers will go on using road transport. Road haulage industry opposition to this new cargo unit also contributes to this situation.

3.4.8 The introduction of the EILU poses problems for the inland navigation sector which are not readily surmountable: as far as the width is concerned, the proposal itself admits that the

loading capacity for some barges will decrease, due to the fact that only three EILUs can be placed side by side on board, instead of four, which will cause problems from a commercial point of view. The height of the EILU is also of relevance given the standard height of many bridges in Europe. The EILU is higher (2.67 m) than a high cube ISO-container (2.59 m), which already causes a problem for a number of bridges. If one layer less can be carried as a consequence of the height of the EILU, the intended efficiency advantage concerning the number of pallets will be nullified.

Furthermore, contrary to what is suggested in the proposal, the adjustment of vessels, especially when for instance it involves container cell guides, is a very expensive matter. At present all new vessels are built based on the width of the current sea containers. Lock widths are also based on these dimensions.

3.4.9 Therefore, and under present circumstances the probable market for the EILU is the short-distance short sea shipping trades where operators employ roll-on-roll-off ships and where the trade routes have a strong component made up of trailers and semi-trailers and have the experience of using units such as the STORA Box. This applies particularly to the North-European including the Baltic geographical area where most ships of this type are already being employed. Another issue that very much contributes to it is the industrial concentration in this region; about 70% of the European Union industry is located in the United Kingdom, Germany, France, Denmark, Sweden, Finland, Ireland and the Netherlands.

3.4.10 In view of the above statements, the market will determine the number of European loading units to be employed by short sea operators, at a time when short sea operators will involve themselves in their acquisition only when they are sure that they have a market share that will cover the investment being made. However, short sea operators will eventually have to operate two systems for controlling the traditional sea containers and the new intermodal units. This represents an additional cost to an industry that is suffering from numerous pressures. One important outcome that may result from the introduction of this loading unit is the possibility for transport operators to think beyond the operation of their own transport mode, and for the first time to address the issue of complementarity between modes which contribute towards the development of intermodal transport chains. This aspect is of particular importance to short sea shipping as for many years this industry has very much adopted a centralised management approach which reflects the reluctance to delegate decision-making processes which is synonymous with a control culture implemented by the founder family (Evangelista and Morvillo, 1998)[31].

3.4.11 Despite this, the following thoughts must be kept in mind whenever a new technology or legislation is brought into the shipping industry in general and short sea shipping in particular. The shipping industry is already struggling with cost increases arising from the safety and environmental rules and regulations that are required to be implemented for the development of safe maritime transport. The new European intermodal loading unit will oblige short sea operators to incur

31 **Evangelista, P.** and **Morvillo, A.** (1998) - The Role of Training in Developing Entrepreneurship: The Case of Shipping in Italy. Maritime Policy and Management, 25(1), pp. 81-96.

additional investments. When freight rates are as low as they are and road transport is a long way from internalising its external costs, are short sea operators willing to go ahead and implement the new system?

3.5 **Other issues**

3.5.1 Although not envisaged in the present Communication, the new ISPS Code must be borne in mind. With a view to fight organised crime and illegal immigration, its implementation will constitute one more additional requirement that short sea shipping has to overcome. It is time that shippers are given the responsibility to comply with the Hague and Hague-Visby Rules concerning bills of lading. Shippers are often reluctant to say what type of cargo is being carried in a container. This practice, even though an old one, should be changed. The way that this will be done requires deep thought, in order to avoid frightening shippers and making them choose road transport rather than short sea shipping. Short sea shipping must be seen as the truck of the sea.

3.5.2 If these actions were to be listed according to their importance in promoting the short sea shipping industry, the following outcome could be achieved:

Rank	**Type of Action**
First	1.Implementation of the Directive on certain reporting formalities for ships to arrive in and/or depart from ports in the Member States (IMO-FAL)
	6. Guide to customs procedures for short sea shipping
	8. Approximation of national applications and computerisation of Community customs procedures
	10. One-stop administrative shops
Second	14. Collection of statistical information
Third	2. Implementation of Marco Polo
	3. Intermodal loading units
	4. Motorways of the sea
	7. Identification and elimination of obstacles to making short sea shipping more successful than it is today
Fourth	5. Improving the environmental performance of short sea shipping
	9. Research and technological development
Fifth	11. Ensuring the vital role of short sea shipping focal points
	12. Ensuring good functioning of and guidance to short sea promotion centres
	13. Promote the image of short sea shipping as a successful transport alternative

3.5.3 Overall the promotion programme is positive **but** the most important point is to **keep the deadlines as tight as possible**.

3.5.4 As far as the **actors** responsible for applying the foreseen measures are concerned, the more that are brought into the system, the worse the situation will be. There may even be conflicts of interest between them. It would be sensible that only one national actor is responsible for applying the

measures and that actor would respond to the Commission regarding the issues achieved within the proposed programme. The strategies that such an actor would adopt on a national basis would depend on the national context although they should be designed in such a way to apply the proposed measures.

4. Conclusions

4.1 In the light of the above and without prejudice of the remarks set out, the Economic and Social Committee supports the Communication from the Commission on the **action programme for the promotion of short sea shipping**.

4.2 The success of short sea shipping depends on the strict implementation of the deadlines proposed by the Commission in its communication. Without certain bottlenecks being removed short sea shipping cannot evolve into intermodality.

4.3 A continuous monitoring of implementation should be carried out; immediate measures should be applied whenever actions for implementation are not meeting the proposed deadlines.

4.4 With respect to the proposal for a **directive on intermodal loading units**, the European Economic and Social Committee supports the objectives contained therein, but considers that certain issues still have to be addressed. The list that follows presents some of the issues that ought to be taken into consideration:

– A clarification of the European intermodal loading unit concept must be given to transport modes operators. The present proposal targets all individual transport industries, i.e. road, rail and waterborne, and not a particular transport mode.

– The definition of the European intermodal loading units dimensions as these do not meet the technical specifications of the present container ships that trade in European waters:

  - in respect to width only if these units are to be carried on deck like the 45’ containers;
  - in respect to both width and length if these units are to be carried in the hold of the ships.

– The difficulties that will arise in using the new intermodal loading units in certain transport modes and certain routes because of its bigger dimensions (constraints because of tunnels, bridges, etc.).

– The high costs involved in order to adapt the existing infrastructures ashore and at sea for the use of the new intermodal loading unit.

Unless this is done, the performance of intra-European short sea trades will be affected considerably and additional pressures will be put on short sea shipping operators.

Brussels, 29 October 2003.

The President of the European Economic and Social Committee	The Secretary-General of the European Economic and Social Committee
Roger Briesch	**Patrick Venturini**

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N.B.: Appendix overleaf.

APPENDIX: List of PACT Projects involving a maritime leg

Lead partner	**Project Objectives**	**valuation**
the Kombiverkehr (D)	Introducing regular multimodal train-ferry service Sweden-Italy	*ighly successful*
European Feeder Lines (F)	Setting up an intermodal maritime service La Rochelle-Le Havre-Rotterdam	*uccessful*
Czar Peter Lines (NL)	Setting up an intermodal maritime service Vlaardingen (NL)-St. Petersburg (Russia)	*artially successful*
P&O Transcontinental (UK)	Introducing a maritime and rail service Ireland-France-Italy	*nsuccessful*
Port de Bruxelles (B)	Installing a quadri-modal crane and new combined transport services, Brussels-Antwerp-Rotterdam.	*uccessful*
MDS France/APAA (F)	Conducting a feasibility study on maritime hub and spoke system	*uccessful*
Port of Trelleborg (S)	Introduce innovative trailers to improve interconnection between road, rail and maritime transport	*uccessful*
Port Autonome de Bordeaux (F)	Conducting a feasibility study for setting up new intermodal maritime services UK-F-P.	*uccessful*
Port de Dunkerque (F)	Introducing "Nord Container Service", with integration of inland waterway and rail	*uccessful*
Grimaldi (I)	Setting up maritime intermodal service Italy-Ireland-Denmark	*uccessful*
Port of Zeebrugge (B)	Setting up sea-river service Belgium-Germany	*ighly successful*
Puerto Seco Azuqueca de Henares (E)	Setting up intermodal maritime/rail service Madrid-Bilbao-Germany	*artially successful*
DBR (D)	Conducting feasibility study for sea-river transport of paper rolls UK-Germany-Sweden	*uccessful*
ANTRAM (P)	Conducting feasibility study for a new maritime service Leixoes (P)-Rotterdam	*uccessful*
Napier University of Edinburgh (UK)	Conducting feasibility study for a fast intermodal maritime service Scotland-Belgium/Netherlands	*uccessful*
Danzas Italy (I)	Setting up intermodal maritime shuttle for trailers Italy-Greece	*ighly successful*
MDS France (F)	Setting up a maritime hub and spoke system UK-F-Spain	*nsuccessful*
SeaCombi (S)	Introducing an intermodal maritime service Northern Sweden-Germany	*nsuccessful*
Navicon (E)	Setting up an intermodal maritime/rail service Madrid-Murcia-Livorno	*nsuccessful*
Port of Barcelona (B)	Intermodal sea-river service Barcelona-Lyon	*ot available*
Fredericia Shipping (DK)	Intermodal maritime service Fredericia-Hamburg-Bremerhaven	*uccessful*
OTC (I)	Intermodal maritime service Portugal-Italy	*nsuccessful*
VBD (D)	Feasibility study on seariver transport Duisburg-	*uccessful*

Lead partner	**Project Objectives**	**valuation**
	Goole (UK)	
Global Container (D)	Commercial introduction of 45' containers	*nsuccessful*
Grimaldi (I)	Intermodal maritime service for trailers Valencia-Livorno-Salerno	*ot available*
EVAG (D)	Short sea feeder service Emden-Hamburg-Rotterdam- Felixstowe	*ot available*
Superfast Ferries (GR)	Fast maritime service for trailers Rosyth (Scotland)-Zeebrugge (B)	*ot available*
Oy Langh Ship (FIN)	New intermodal service for unitised steel products Finland-Central Europe	*ot available*
Amsterdam Port Authority (NL)	Improving quality in logistics using short sea shipping	*ot available*
Explotaciones Portuarias Fluviales Vegater (E)	Intermodal waterborne service Salamanca (E)-Oporto (P)- Germany	*ot available*

Source: Adapted from Commission Staff Working Paper, Results of the Pilot Actions for Combined Transport (PACT Programme) 1997 - 2001, *Status: 30 September 2001*