OECD WORKSHOP ON MARITIME TRANSPORT

SHORT SEA SHIPPING: THE EUROPEAN EXPERIENCE

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THE DEVELOPMENT OF SHORT SEA SHIPPING

1. What is short sea shipping?

Before dealing with the important issues that arise in the development of short sea shipping (or which we refer to herein as "short sea") a definition is given. This is the definition which is used by the transport ministers in the European Union.

*Short sea shipping means the movement of cargo and passengers by sea between ports situated in geographical Europe or between those ports and ports situated in non-European countries having a coastline on the enclosed seas bordering Europe.*

2. This means that apart from traffic between the member states of the EU, the concept of short sea shipping also extends to maritime transport between the member states of the European Union and Norway, Iceland, the Baltic Sea, the Black Sea and the Mediterranean. Domestic transport by sea is also short sea shipping.

3. Short sea operations can be divided into (regular) liner shipping and tramp shipping operations. The types of cargo that are shipped are containers, trailers (RoRo), dry or wet bulk, conventional cargo and neo-bulk (like paper, wood and steel). Cargo in containers can be broken down into: palletised cargo in containers, LCL/FCL, liquid bulk, food or non-food in tank containers and dry bulk, such as plastics in 30ft bulk containers.

4. Short sea shipping policy in general is aimed at shifting cargo from ‘road to sea’. This implies that the emphasis with short sea policy is especially on containers and RoRo traffic.

2. Why short sea?

5. What makes short sea such an interesting mode of transport?

6. From a governmental point of view short sea can contribute a great deal to the process of decreasing the pressure on the European road-network. Short sea is an attractive alternative for road transport over longer distances and it also presents possibilities for shorter distances. It requires relatively little investment to expand the capacity of the existing infrastructure.

7. Also short sea has a considerable potential to perform in a sustainable environmentally friendly way. Short sea can gain very low emission rates per ton kilometre. Further, short sea is a relatively safe mode of transport. For shippers short sea can offer reliable, low-priced and environmentally friendly services with guaranteed transit times and sufficient capacity.

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1. Less than Container Load/Full Container Load.
8. Not all of these points are deciding factors for the shipper or logistical chain manager. Market share is determined by factors such as price, frequency, transit time and transport conditions (such as the possibilities for refrigerated or supervised transport).

9. There are a number of opportunities and obstacles currently associated with short sea in its current position in Europe. The table below summarises the advantages and obstacles from a government and shipper perspective.

<table>
<thead>
<tr>
<th>Advantages/opportunities</th>
<th>Obstacles</th>
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<tbody>
<tr>
<td><strong>A. Government</strong></td>
<td></td>
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<tr>
<td>- Low infrastructure costs</td>
<td>- Short sea is relatively unknown</td>
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<tr>
<td>- Uses limited space</td>
<td>- More congestion around sea ports</td>
</tr>
<tr>
<td>- Environmentally friendly and</td>
<td>- Infrastructure abroad is sometimes inadequate</td>
</tr>
<tr>
<td>low energy consumption</td>
<td></td>
</tr>
<tr>
<td>- Almost unlimited capacity</td>
<td></td>
</tr>
<tr>
<td>- Relatively safe</td>
<td></td>
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<tr>
<td><strong>B. Shippers</strong></td>
<td></td>
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<tr>
<td>- Attractive price, especially</td>
<td>- Relatively unknown to a large section of the</td>
</tr>
<tr>
<td>over long distances</td>
<td>market</td>
</tr>
<tr>
<td>- Reliable</td>
<td>- Relatively poor image in a large section of the</td>
</tr>
<tr>
<td>- Alternative to traffic across</td>
<td>market</td>
</tr>
<tr>
<td>the Alps or congested areas</td>
<td></td>
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<tr>
<td>- Few congestion problems at sea</td>
<td>- Longer transit times</td>
</tr>
<tr>
<td>- No problems with maximum driving times</td>
<td></td>
</tr>
<tr>
<td>- Relatively safe</td>
<td>- More complex management due to transhipment</td>
</tr>
<tr>
<td>- Environmentally friendly and</td>
<td>- Transparency of the market</td>
</tr>
<tr>
<td>low energy consumption</td>
<td></td>
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<tr>
<td>- Also available at the weekend</td>
<td>- Differences in (and complicated) Customs procedures in various countries</td>
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<td><strong>2. COM(2001) 370, 12.9.2001.</strong></td>
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10. The European Commission describes in its “White Paper on European Transport Policy for 2010: time to decide” short sea shipping as an obvious choice to play a key role in reaching such policy targets as tackling congestion and establishing a safe, high-quality transport system.

3. The problems today with the development of short sea in Europe

11. As the statistics under heading 6 show, short sea is quite a success story in Europe. In the Netherlands short sea is a fast growing mode of transport. However there are still some bottlenecks to be solved. The most important bottlenecks in the development of short sea are nowadays:

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To present attractive alternatives to road transport, short sea must be fully integrated in logistical door-to-door chains. Although some operators can offer complete door-to-door services on a frequent basis, co-operation among short sea operators as well as co-operation between short sea operators and other actors in the logistical chain should be stimulated. Special attention should continuously be paid to the commitment of shippers to the short sea shipping concept.

Although being a modern industry capable of delivering considerable speed, reliability, regularity and cargo safety short sea still has an image problem. A large amount of potential shippers suppose short sea to be an old fashioned mode of transport, not capable of meeting their demands. The Short Sea Promotion Centres that have been set up in most of the member states and their network ESN play an important role in changing this perception.

Documentary and administrative procedures in ports, like customs and other checks create a set back for short sea compared to intra-European road transport. Harmonisation, simplification and rationalisation of procedures in the different member states is necessary. Special attention should be paid to using the possibilities of modern information and communication technology.

Although short sea is an environmentally friendly mode of transport, the short sea industry should work on a better performance for the short and the long term, especially for SOx and NOx emissions.

4. What is happening in the EU?

12. Since a number of years short sea is high on the agenda in the EU. In 1999, the European Commission released their progress report “A dynamic alternative in a sustainable transport chain”\(^4\). In 2000, a Europe-wide short sea bottleneck exercise followed. Under the umbrella of the European Commission twice a year short sea policy advisors from the member states, the so called short sea focal points, come together to discuss policy developments and to take joint action.

13. In May 2002, during the Spanish chair of the EU, an informal Transport Council was held in Gijón. This Council was completely dedicated to short sea shipping, underling its importance for the development of a sustainable European transport network. The Ministers of Transport discussed key issues to be worked on in the coming years. The issues considered to be topics of great importance are: integration of short sea in the logistical door-to-door chain, removing administrative bottlenecks, improving the environmental performance and development of streamlined corridors (denoted by the European Commission as the concept ‘Motorways of the Seas’). The commission and member states are now developing an action plan. In 2004 during the Dutch presidency of the EU an evaluation of the work done since Gijon will take place. Current policy actions of the European Commission are:

**IMO-FAL**

14. To simplify administrative procedures the EU has adopted the IMO-FAL directive. This directive prescribes that the standardised IMO-FAL forms, which are used to deliver information to the authorities

\(^3\) European Shortsea Network. Website: www.shortsea.info. Shortsea Promotion Centre Holand: www.shortsea.nl.

when a ship calls at a port, have to be recognised in their standard format in all EU ports. This should decrease the variety of differences between forms which are in use in different ports today. It concerns the basic reporting formalities relating to the ship, its stores, its crew’s effects, its crew and – for cargo ships – also its passengers.

**Customs Guide**

15. In 2002 the Commission released a working document called ‘Guide to Customs Procedures for Short Sea Shipping’. The customs guide forms the basis for discussion between the industry and policymakers of the member states in the process of simplifying procedures.

**Marco Polo**

16. Marco Polo is a stimulation programme for transport projects that contribute to the development of sustainable transport in Europe. The project supports modal shift actions and some accompanying measures. Short sea falls under the umbrella of Marco Polo. The programme is scheduled to be running from 2003.

**Loading Units**

17. Today different types of loading units in different configurations are used, like containers and swap bodies. This creates problems in the handling operation for short sea shipping. To improve the interoperability of loading units the Commission is working on harmonising certain handling characteristics of loading units. An option that is considered is a European loading unit that would combine the stack ability of a container with the cargo space of a swap body.

**Trans European Network (TEN)**

18. The Guidelines for the Trans-European Transport Networks (TEN-T) fund will be revised in 2003. One of the objectives is better integration of short sea in the programme. In order to do so the concept of Motorways of the Seas is introduced. The Commission will work together with the member states to make this concept more concrete. Special attention will be paid to the integration of short sea in logistical chains by looking at hinterland connections.

**Short Sea Shipping Promotion Centres**

19. As stated earlier improving the image of short sea and the familiarity of the shippers with the opportunities of this mode of transport is very important. In almost every member state as well as in Norway and Poland a Short Sea Shipping Promotion Centre (SPC) has been established. The SPCs are led by business interests. The SPCs have comprehensive information on short sea services available and can give advice to anybody showing an interest in short sea shipping. The SPCs are able to provide targeted information or know where the relevant information is available. The website of the Dutch SPC (www.shortsea.nl) provides a lot of information. The site also provide links to the websites of the other SPCs in Europe. Their sites can also be found at the website of the European Shortsea Network, www.shortsea.info.
20. Another benefit of the SPCs is that they provide the short sea industry with a representative body. Since this year the SPCs have established a network called ESN. This network puts short sea strongly on the European map. The network shares information and best practices and supports newly established Promotion Centre’s. The network is also working on a shared database with information of all services available in Europe and its surroundings.

**Port Services**

21. The Transport council adopted a proposal by the Commission (port package) that is aimed at increasing the efficiency and lowering the costs in ports. This should lead to better circumstances for short sea shipping.

5. **What is happening in the Netherlands?**

22. Since short sea policy started in the Netherlands in 1995, several stages of policy development have included:

- Studying the potential and possibilities of short sea.
- Creating political awareness and awareness of the industry and shippers.
- Creating a body in the form of the Dutch Round Table on Short Sea Shipping in which representatives of all parts of the logistical chain as well as governmental parties were represented.
- One important result of the Round Table was the founding of the Short Sea Promotion Office in 1997 (the first in Europe).

23. Short sea is now put firmly on the national and international (European) agenda. Also in the Netherlands a large amount of services are now available. According to the Short Sea Promotion Centre Holland, 202 liner services offer 390 departures weekly to destinations in the whole of Europe and surrounding areas. Almost all of them are door-to-door services.

24. However to make sure that short sea comes to its full potential as an important link in a sustainable European transport network there is still some work to be done by governments and by the industry. As mentioned before, during the Dutch presidency of the EU, the evaluation of the informal council of Gijón will take place in 2004. In the Netherlands emphasis will also be placed, at national and international level, on the following topics:

- Better integration of short sea in the logistical door-to-door chain, by furthering co-operation, involving shippers and streamlining of corridors.
- Removing bottlenecks in the field of administration and procedures (like customs and other inspections) by harmonisation, simplification and rationalisation.
- Improvement of the environmental performance of short sea. There are some clean ships sailing around but especially the emission of NOx en SOx should be lowered.
25. The Dutch government sees for itself a role mainly in facilitating short sea shipping (bringing parties together), creating the appropriate circumstances and where possible removing obstacles. The government aims to encourage short sea shipping in partnership with the business community. The ultimate success of the policy depends largely on how the business community responds to this challenge. Clear emphasis is placed on the business community’s own responsibilities.

**Short Sea Promotion Centre Holland**

26. The SPC Holland was founded in 1997. The goals of the SPC are to promote, and to give impartial information on, short sea shipping. In 2000 it was decided to enlarge the role of the SPC, and it acts as the representative body for the short sea industry and co-ordinates research and development. Participants in the SPC are the Ministry of Transport, the Dutch seaports, the Dutch representative bodies from ship agents, ship owners, road transport, port industry and some terminals. The SPC is supported by the Dutch shippers organisation and the Dutch forwarders organisation. In 2001 the SPC received 444 requests for information.

27. The database of the SPC Holland contains 202 liner services from Dutch ports. This interactive database is available on the SPC’s website. There is a link to the European database of the ESN network. The website has been operational since 1998 and has 39 users daily. There is a news flash every 14 days.

28. The SPC Holland distributes a newsletter and the Short Sea Journal. Both have 4 editions a year. The newsletter (3300 copies) is especially for the shippers, whilst the Short Sea Journal (2000 copies) addresses the operators. The aim of the SSJ is to create a common understanding for making a better short sea product.

29. Other activities of the SPC Holland are to give presentations at seminars and on other occasions such as visits from foreign ministers and delegations, and to organise meetings with shippers and operators and meetings with operators and road haulers. Also the SPC gives potential customers special information on opportunities like country specific information or sea-river shipping. For the short sea industry the SPC publishes information on possible national and European financial aid.

6. **Some statistics**

30. The most recent statistics by the European Commission show that short sea now has the same growth rate as road transport.

5. [www.shortsea.nl](http://www.shortsea.nl).
31. Short Sea Shipping kept its market share at 42% of the total freight market from 1990 to 1999. Although road transport increased its share from 42% in 1990 to 46% in 1999, it is estimated that that share went down to 45% in the year 2000 to the full benefit of Short Sea Shipping.

7. What could be done in other countries? (lessons learned)

Create awareness and knowledge

32. The start of setting up a fruitful framework for short sea policy is the creation of awareness of this mode of transport and the need to promote and develop it. This awareness should be created on the political side as well as on the side of the operators and their potential customers: the shippers. Short sea shipping focal points (who are representatives of national maritime administrations) should be created. To put short sea on the (political) map the problems with today’s road traffic and the solution short sea can offer in some cases, should be stressed. Therefore study must made of the areas where short sea can offer an attractive alternative to road transport. Obstacles and opportunities must be mapped. The results should be presented at seminars and conferences and to the media to put short sea on the agenda of relevant institutions and people. Here governments and research centres play an important role.

Bring parties together to create a body

33. Short sea is not just a ship sailing from port A to port B. Short sea is a logistical chain going from door A to door B. In this chain a lot of parties are active, apart from the operator of the ship. All the actors in the logistical chain, such as inland transport operators, ports, terminal operators, agents, stevedores, forwarders and ship owners should be aware they sell a product called short sea shipping. On the other side the shippers, the potential customers of short sea are a very important, if not the most important party. Bringing these parties together to discuss mutual problems and to make the supply side aware of the demands of their potential customers is essential for the development of the short sea product.

34. The Dutch Round Table for Short Sea Shipping was founded in 1997 and representatives of all parties in the logistical chain came together three/four times a year to discuss obstacles and possibilities. The Dutch Ministry of Transport was the driving force behind the establishment of the Round table. The Ministry also held the secretariat. In the Round Table bottlenecks were identified and addressed to the relevant authorities. The Round Table recognised the importance of improving the image of short sea and the importance of increasing the familiarity of the shippers with short sea. The Round Table was the driving force behind the founding of the Short Sea Promotion Centre Holland (1997). The government plays an important role in the process of bringing parties together. However an active attitude and commitment of the industry are essential.

Identify promising markets, chart and solve bottlenecks

35. In a generic way governments can study the potential for short sea. For instance, by identifying corridors where short sea can play an important role. In this way it becomes clear which parties should be brought together. It is important is to bring operators and shippers together. These operators can also be road transport organisations for whom it becomes more and more important to look at other ways to do their business, for instance by going from ‘road to sea’.

36. However it is up to the market to make the potential a commercial success. The governments can only set the boundaries by identifying and solving bottlenecks that hamper the development of short sea. In the process of identifying bottlenecks the industry plays a very important role. It is the task of the industry to provide detailed information to authorities on the problems experienced and to provide what they consider are solutions. The governments should then work on these solutions. In Europe many bottlenecks are for example experienced in administrative procedures, such as customs and other procedures. In 2000 a
Europe wide bottleneck inventory was held. The Commission and member states are now working on the solution of the bottlenecks.

**Create (bilateral) understanding and commitment on ‘both sides of the line’**

37. Short sea can only come to its full potential when things are all right on ‘both sides of the line’. Therefore it is important to work together with governments on the other side of the corridor to make sure the whole corridor is free of bottlenecks. A Memorandum of Understanding could be signed at Ministerial level to work on improvement on a structural basis. Governments can reach agreements on market access. Corridors can be monitored by benchmarking their performance. In this way bottlenecks can be identified and the corridor can be promoted to the market. For the development of short sea balanced trades are important. Governments can bring parties from both sides of the line together. In order to do so events like seminars or business markets can be organised. The experience is that to be successful and have real business to business contact, such events should be of a modest size. Again, to make things work commitment from the industry is essential. Developing the concept of short sea shipping requires good teamwork between the government and the business community.