



## **ESPO Policy View on the Future of Transport**

30 September 2009

### **1. Introduction**

#### **1.1. The future of transport: A forward-looking exercise**

The Communication “A sustainable future for transport: Towards an integrated, technology-led and user friendly system” adopted by the Commission on 24 June defines a vision for the future of transport and mobility until 2020, taking into account scenarios that may possibly arise decades beyond this date.

With this policy document, the European Sea Ports Organisation (ESPO) wants to contribute to the Commission’s forward-looking exercise which will be the basis for the elaboration of a new Transport Policy White Paper covering the period 2010-2020.

#### **1.2. Seaports’ priorities for the next Transport Policy White Paper**

ESPO proposes the following priorities to be taken into consideration and to be translated into policy actions in the next Transport Policy White Paper:

- Strengthening the role of nodal access points such as seaports and inland ports and improvement and further development of hinterland connections between ports and land transport networks.
- More attention and resources for freight transport with the possibility to create dedicated infrastructure networks.
- A better integration of transport and environmental policy objectives at the level of the EU.
- A better connection between the Common Transport policy and the Trans-European Transport Policy.
- Alignment of transport infrastructure needs and urban development requirements through enhanced planning procedures.

- Full implementation of the policy framework set out in the European Commission's 2007 Ports Policy Communication.
- A rapid and harmonised implementation of the European Maritime Transport Space without Barriers, to turn short sea transport into a viable and competitive alternative to inland transport.
- Full rail market liberalisation.
- A level playing field, both between ports and between transport modes, as well as enforcement of applicable EU Treaty rules, international agreements and relevant secondary EU legislation (e.g. in the field of environment, customs, etc...).

## **2. Seaports at the service of Europe's competitiveness**

The European Seaports Organisation (ESPO) represents seaports in all maritime EU Member States and Norway and has observer members in Croatia, Iceland and Israel, ensuring that seaports have a clear voice in the European Union.

Seaports are indispensable components of the European single market and play a fundamental role in the overall competitiveness of the European Union. As gateways of most of Europe's external trade and half of its internal trade, seaports are indisputable key parts of logistics chains designed to provide a vital link between the industries and their market and supply sources. Seamless logistic and transport systems ensure the cost competitiveness of the existing industry and encourage the establishment of new companies, increasing employment opportunities and thus fulfilling the Lisbon Agenda's objective of improving growth and jobs in Europe.

At the same time, seaports increasingly function with high environmental, safety and security standards. Without sacrificing these standards, the European Commission needs to ensure that competition in and between ports can take place on a level playing field.

Despite the current economic slowdown, the next decades will likely bring a solid growth in EU external trade and transport demand as well as increased environmental and energy-related concerns. The European Transport Policy for the next decade should be aimed at strengthening the position of the European transport system in general and, in particular, the role of seaports in order to face the forthcoming challenges.

ESPO furthermore believes that the Commission should, as guardian of basic rules regarding free and fair competition, act promptly against any decisions and/or actions from Member States which disturb or threaten to disturb competition in or between ports. This includes decisions and/or actions which violate principles of the EU Treaty or any other lawfully concluded international agreements.

### **3. Transport infrastructure planning and development**

#### **3.1. Ports at the heart of Trans-European Transport Networks (TEN-T)**

The continued globalisation of world trade and hence the growth of trade volumes to and from Europe are to be considered the drivers for the improvement of the European transport system. In the longer run, the growth of trade volumes will trigger again the ever increasing pressure on seaports to increase capacity for and efficiency of the handling of large cargo flows but will also put strain on the transfer of these flows from maritime deep sea networks to coastal maritime networks and to inland networks. To avoid that seaports become the bottleneck of (global) supply chain networks and to ensure a smooth and efficient flow of goods to the hinterlands, it is essential to build a sustainable pan-European transport network connecting all relevant ports with main inland nodes. This network should be developed in line with macro-economic developments across Europe and in accordance with the EU Treaty.

ESPO therefore believes that the next Transport Policy White Paper should connect the Common Transport Policy with the Trans-European Transport policy which will equally be revised in 2010.

In this context, ESPO welcomes that the Commission's Communication recognises the development of sea and inland ports as well as intermodal terminals as a key element in optimising the functioning of the transport system and integrating the individual parts of the network.

ESPO fully agrees with the objective to achieve an integrated transport network which would connect all transport modes. To that end, the key role of seaports as nodal points should result in the prioritisation of infrastructure development aimed to improve and further develop port infrastructure and hinterland connections between seaports and land transport networks.

In the same context, ESPO would also like to highlight the importance of developing a sea-based European transport network to support shortsea shipping, and to ensure that it is fully integrated with the general land-based transport network.

ESPO elaborated its views on the integration of ports in the TEN-T in the submission it made earlier this year to the Commission's consultative Green Paper<sup>1</sup>.

#### **3.2. Integration of objectives and enhanced planning procedures**

The public interest of vital transport infrastructure projects should be recognised, resulting in fast-track procedures to allow their speedy execution and compliance with environmental and other assessments. A better balance of transport and environmental policy objectives should be reached at EU level, for instance by acknowledging that projects that have been granted TEN-T status fulfil "Imperative Reasons of Overriding Public Interest" (IROPI) or similar criteria. For the smooth functioning of seaports it is moreover necessary that maintenance operations which do not negatively

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<sup>1</sup> See: <http://www.espo.be/downloads/archive/cc2c4280-f234-471f-853a-3665fd4f38f9.doc>

affect environmental status, such as maintenance dredging, are not subject to cumbersome and costly assessment procedures.

As regards infrastructure planning, land is scarce and is claimed by multiple interests. ESPO believes that planning tools can help achieving greater legal certainty for port development and simplify and modernise the current complex patchwork of costly and lengthy procedures. Such planning tools should also be used to ensure an appropriate balance between economic, environmental and social objectives.

In particular, in view of the ever expanding urban areas and transport networks, the planning of both developments should be much more aligned so as to take early consideration of safety and environmental requirements (e.g. transport of dangerous goods) and avoid that transport restrictions arise at a later stage.

ESPO considers that planning instruments are a responsibility of Member States. Harmonisation at EU level could however avoid distortion of competition and be effective in cross-border matters.

### 3.3. Financing

The Commission predicts in its Communication that transport infrastructure will need to become increasingly self-financed in the coming years. ESPO believes that the provision of general infrastructure, i.e. infrastructure that connects ports to transport networks, including both land and maritime access, should remain a task of public authorities. ESPO calls for this view to be reflected in the forthcoming State aid guidelines for ports. In the case of crucial infrastructure and other elements pertaining to the European priority network, this responsibility should be raised to EU level.

### 3.4. Focus on freight transport

The future European Transport Policy should devote more attention and resources to freight transport. In this context, ESPO is of the opinion that when necessary, dedicated transport infrastructure for freight should be considered. In that sense, ESPO welcomed the Commission's proposal aimed to create a rail freight oriented network. ESPO encourages the Commission to further work towards facilitating efficient freight transport by eliminating infrastructure and operational bottlenecks related to the shared use of rail infrastructure by passengers and freight.

On the other hand, seaports are increasingly seeking co-operation with strategically located inland nodes, such as inland ports, in order to build a priority network for freight transport. This co-operation should strongly be encouraged by the Commission.

## **4. Towards co-modality**

As intermodal nodal points, seaports benefit from all transport modes and simultaneously suffer from their shortcomings and externalities. ESPO therefore believes that policy measures should be aimed at helping each transport mode to

exploit its full potential. Once this would be achieved, co-modal transport chains would naturally emerge, leading to a modal shift in favour of sustainable transport. Enhancing service levels of short sea shipping and rail transport have to remain an immediate priority in this respect.

#### 4.1. Short sea shipping

The creation of an internal market for short sea shipping, through a rapid and harmonised implementation of the European Maritime Transport Space without Barriers would simplify administrative procedures for intra-EU maritime transport and would bring it on a more equal footing with road transport. Short sea shipping should also be considered broader in scope than just a port-to-port flow.

So far, the Commission's efforts to further develop intra-EU short sea shipping as a real alternative to land transport and to reinforce the sea-based European transport network, have had a rather limited success. The existing support measures which include two separate programmes targeting service (Marco Polo) and infrastructure (TEN-T Motorways of the Sea) haven't been effective enough. ESPO encourages the Commission to reduce the shortcomings of the two programmes currently in place (e.g. red tape linked to financial support, complexity of concept, problems of distortion of competition) and exploit potential synergies between both programmes (e.g. single agency, uniform definitions ). Furthermore financial support should focus on integrating maritime and land-based transport networks through the improvement or development of port infrastructure and hinterland connections.

#### 4.2. Port services

As regards ports services, ESPO calls for the full implementation of the policy framework set out in the European Commission's 2007 Ports Policy Communication. The Commission should also assess after an appropriate time whether the soft law approach used in this context has been effective.

#### 4.3. Rail transport

As regards rail freight transport, as pointed out in the Commission's own evaluation study<sup>2</sup>, the introduction of legislation has not in itself been sufficient to ensure that markets are opened in practice. Real competition is taking place only on certain corridors and segments. ESPO believes that full rail market liberalisation and technical harmonisation across Member States are indispensable to achieve better rail performance and more interoperability which would help resolve rail bottlenecks and make rail transport more competitive in the long distances.

#### 4.4. Inland waterways

Europe is blessed with a dense network of navigable rivers and canals. The potential of inland navigation should be enhanced so that it can play a more important role in

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<sup>2</sup> Evaluation Study: Commission study which analyses the performance of the Common Transport Policy in reaching the objectives laid down in the 2001 transport White Paper and in its 2006 mid-term review. [http://ec.europa.eu/transport/strategies/2009\\_future\\_of\\_transport\\_en.htm](http://ec.europa.eu/transport/strategies/2009_future_of_transport_en.htm)

improving cargo flows within Europe and in achieving a better environmental performance of freight transport. Europe should take further advantage of the large capacity available on the inland waterways and from the ability of inland shipping to carry large volumes.

#### 4.5. Pipeline transport

Further attention should also be paid to this modality of transport which plays an important role in inland transport of liquid bulk goods.

#### 4.6. Internalisation of external costs

The Commission is also pleading in its Communication for a correct pricing system of externalities for all modes of transport. Theoretically, a policy framework ensuring that prices applied by service providers reflect all costs, both internal and external, would go in favour of more environmentally-friendly transport modes such as short-sea shipping, rail and inland navigation. However, pricing is far from being the only factor which determines the choice of a transport mode. A cost-recovery system for externalities for all modes of transport should be integrated in a broader approach together with the creation of an integrated transport network, administrative simplification and harmonisation and the earmarking of the revenues for investment in sustainable infrastructure projects.

Any initiative leading to increased transport costs should be approached with care and ensure that the result is in the end not counterproductive to Europe's overall competitiveness and more in particular to environmentally friendly transport modes such as maritime transport.

### **5. Ports in a sustainable transport system**

ESPO recognises the importance of reducing the undesired environmental consequences of transport. In that sense, environmental management has become a widely accepted element of good port governance and seaports are working to create a level playing field in port-related sustainable management, eliminating the environment as a competitive factor.

As regards climate change, ESPO acknowledges the responsibility of port authorities to participate in the effort of reducing Green House Gas (GHG) emissions. The direct impact of port operations on GHG emissions is relatively small and port authorities are working towards further reduction. To this regard, ESPO believes that source-oriented measures are the most effective tools in reducing GHG emissions and improving air quality generally.

In this context, ESPO endorses the development of the World Port Climate Initiative (WPCI) project on carbon footprint calculation<sup>3</sup>. ESPO also encourages the creation of carbon inventories of the port and the supply chain and the creation of structures

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<sup>3</sup> More information on this and other WPCI projects can be found on: [www.wpci.nl](http://www.wpci.nl)

and reporting schemes to internalize CO<sub>2</sub> self assessment and monitoring. A distinction between cargo handling operations and industrial activities would be useful in this respect.

ESPO is convinced that reducing the carbon footprint of ports and increasing their energy efficiency opens up a wide range of business opportunities for the port sector. Port authorities can strive to improve CO<sub>2</sub> performance in a variety of fields, taking into account the differences in national legislation and jurisdictional regimes as well as the cooperation of the different economic operators involved. It should indeed be acknowledged that European seaports are very heterogeneous entities. There is no one-size-fits-all solution when it comes to applying the results of the WPCI projects or making use of best practices from other ports. What works in one port, may not work in another. Solutions like shore power for instance, have to be assessed for each individual port and cannot be universally applied.

Nevertheless, as key players in global supply chains, ports are able to positively influence the sustainability of these chains by stimulating co-modality in hinterland transport. Contribution to this objective can for instance be achieved by including modal shift criteria in terminal lease agreements or concessions. ESPO also proposes other elements to achieve a more sustainable transport such as:

- The development or improvement of logistics chain management systems with the aim to maximise transport chain efficiency in the entire supply chain.
- The development of sustainable road transport systems for short-ranged transport, aimed at increasing loading capacity per truck whilst avoiding an increase in road transport moves, lower emission levels and more efficient planning systems.

ESPO encourages the Commission to support sector-driven initiatives and projects which aim at self-regulation, promoting best-practices and achieving high European standards in the field of environmental port management. At the same time a level playing field needs to be ensured when it comes to applying relevant EU and international regulations.

Seaports also realize that the effects of climate change will increasingly be felt in the next decades. Therefore seaports are aware of the need to adapt to floods, draughts and other negative implications and that timely adaptation strategies have to be developed to avoid negative economic effects for the ports. ESPO refers to the European Commission White paper on Climate Change Adaptation<sup>4</sup> and will further develop its own adaptation policy view.

## **6. Visibility of European Seaports**

Because of technological progress, ports need a qualified and well-trained workforce covering all services and operations, i.e. both landside and onboard ships and including blue as well as white collar staff. Qualified and well-trained employees will

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<sup>4</sup> European Commission White Paper on climate change adaptation COM (2009) 147 final

ensure both efficient and safe port performance. Aware of the importance of the human factor in ports and of potential future scarcity of professionals, port authorities are devoting more attention to restore the positive perception of ports. One of the objectives is to attract young people to pursue a career in the various port and port-related professions.

Competition for land use, negative externalities of port operations as well as safety and security concerns have over the last few decades indeed contributed to a negative public image of many ports. Improving public acceptance and the image of ports are objectives to reach in the near future and which have to be undertaken by the port sector itself. ESPO is convinced that the economic function of ports can only be sustained in the longer run if it has the support and understanding of the society.

To this end, ESPO has taken the initiative to give out an Award to promote innovative projects of European port authorities that develop co-operative synergies with cities and local communities, improve the quality and accessibility of port areas and generally promote a positive image of the port as a place to experience, live and work. This initiative has generated an encouraging response and the first ESPO Award on Societal Integration of Ports will be handed out in 2009. ESPO furthermore actively participates in the “People in and around ports” project which will lead to an ESPO code of practice on societal integration of ports.

Seaports and the freight transport sector in general need a policy framework which stimulates the awareness of their crucial role for Europe’s economy, welfare and competitiveness.

## **7. General conclusions**

ESPO believes that future policy actions at EU level in the field of transport should be primarily aimed at enhancing efficiency, competitiveness and sustainability of the European Transport system. This involves, in particular, development of infrastructure, creation of an internal market for shortsea shipping, further liberalisation of railway transport, and a general policy framework favourable to freight transport. In addition the Commission should ensure a level playing field and enforcement with regard to application of relevant EU and international agreements and legislation.

*Since 1993, ESPO represents the port authorities, port associations and port administrations of the seaports of the European Union. The mission of the organisation is to influence public policy in the EU to achieve a safe, efficient and environmentally sustainable European port sector operating as a key element of a transport industry where free and undistorted market conditions prevail as far as practical.*

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