

From Valletta to Tallinn:

Statement of the European Sea Ports Organisation (ESPO)

to mark the Maritime Year of the European Union

3 May 2017

The European Sea Ports Organisation (ESPO) welcomes the Valetta Declaration setting the priorities for the EU's Maritime Transport policy until 2020. ESPO would like to thank the Maltese Presidency for having involved the different stakeholders in the debate.

ESPO considers the **Valletta declaration** as an **important first milestone of this Maritime Year**. With the present statement, ESPO aims at following up to the Valetta Declaration and at giving its contribution to the Maritime Year by highlighting its priorities:

Importance of well-connected and modern ports

ESPO cannot but agree *“that well-connected and modern ports play a key role to preserve and attract new industries and logistic activities, to link up the different regions within the internal market of the European Union and support the greening of transport.”*¹

Ports are facing several challenges that have a major impact on the requirements for infrastructure investments: new trends in the maritime industry (increasing vessel sizes, increasing market power through alliances); the decarbonisation agenda; greening of vessels; digitalisation, national budgetary austerity; increased security challenges; geopolitical developments, re-emerging economic nationalism, Brexit. There are many more requirements for developing new and adapting existing port infrastructure than simply increasing capacity.

If European ports are to fulfil their essential role as primary nodes in the transport network and starting points of the TEN-T corridors, **Europe has to continue to increase its investments in the port sector**. The port sector is making its best efforts to take advantage of the financial instruments offered by the Juncker Plan (EFSI) and will continue to do so. But, there are essential port infrastructure projects with a high added value and wider economic returns for the port community, which cannot attract private funding because of their inevitably low financial returns for the port itself. The same counts for infrastructure projects that anticipate EU policy and serve general interest objectives. For these projects, **CEF grants are and must remain the critical component of the funding mix**.

Moreover, in view of the forthcoming mid-term review of the CEF and the development of a new Multi Annual Financial Framework (MFF), ESPO recommends:

- To develop a **well-defined and transparent methodology** to define “EU added value” and “maturity” of the project in order to make it easier to understand on which basis a project

¹ Paragraph 2 Valetta Declaration

might be supported; the “EU-added” value should focus on the contribution to the common market and to the completion of the TEN-T network;

- **A stable financial framework and long-term vision** allowing ports to submit well-prepared and high quality projects;
- **A more even distribution of the grants and other facilities** over the period and a more fair balance between different modes of transport;
- Reduce the administrative burden both at port and Commission level through the development of a **shortlist mechanism**, obliging the applicants to submit the complete information only in an advanced selection phase.
- **Not to change the current status of TEN-T “Core” and “Comprehensive” ports**; this status already implies a series of obligations in terms of European legislation and has been taken up by national and regional authorities as a basis for investment and development plans and in some countries, as a framework for national port policies. Changing the status would create legal uncertainty. The funding priorities and conditions for core and comprehensive ports should however be assessed and if needed, be amended.
- Further attention should be paid to the **funding of innovation projects in ports**; innovation projects are often projects with a small budget need; future calls should make it possible to get funding also for these smaller projects (lower budget thresholds).

As regards the application of relevant Treaty rules on the public funding of ports, European ports need a fair, pragmatic, predictable and stable environment for port authorities allowing them to develop together with all parties involved (including public authorities and private investors) a long-term strategy for port investments and thus limiting the legal uncertainty that might result from a case-by-case approach of the Commission. **ESPO believes that the introduction of a GBER for ports could contribute to this aim.** ESPO also believes that the resources freed up from analysing standard aid notifications should be used to speed up the examination of state aid cases that remain above the thresholds. Advantage should be taken of the transparency provisions of the recently adopted Port Regulation which should allow a better flow of information between managing bodies of the ports about sources of funding and facilitate the control of state aid.

But, ESPO would like to see formally confirmed which port infrastructure investments are not to be considered state aid (and thus outside the scope of article 107 TFEU). This should be the case for public funding for access and defence infrastructure to the port, both from the maritime and the landside insofar this public funding is not selective (or not “dedicated”) and potentially benefits (through the port) a whole region, hinterland, and/or corridor, and/or potentially links those with the rest of the world. This should also be the case for infrastructure that is strictly needed for and linked to the operation of Services of General Non-Economic Interest.

Finally, ESPO asks the European and national policy makers to consider ports as **strategic assets**. European ports are essential nodes in the transport chain and important gateways to the world. But many ports are also strategic nodes for energy generation, trade, storage and distribution, and increasingly important clusters of industry and blue economy. **Investments in to essential and/or critical European port infrastructure of general interest should be assessed from that perspective.**

Maritime trade facilitation and administrative simplification

ESPO strongly believes that **accomplishing the internal market for maritime transport will improve the efficiency and attractiveness of the maritime transport and port sector**. To realise this, the main focus should be on administrative simplification and on removing customs obstacles to EU goods transported between European ports.

Reporting formalities when ships call at EU ports are necessary for both customs and port authorities to play their respective roles, but there is clear scope for simplification (reduce formalities) and harmonisation (asking the same data in the same way).

ESPO believes that **a single window environment can only be achieved in a successful way if the following considerations are taken into account:**

- The **first priority** for European ports is to **simplify reporting requirements** and strengthen the efforts on **harmonising** the reporting formalities by ensuring that the same data elements can be reported to each Member State/port in the same way. Only when justified by specific local circumstances, additional data at the level of the port should be required.
- The **“reporting only once principle”** is a valid principle, but has only a **very limited scope**. The majority of reporting formalities are “dynamic” data (between two port calls, the situation of the ship and the cargo and thus the data are changing and need to be updated). Moreover, when considering the data to be submitted to the different receiving authorities in a given port (country), there seems to be only a very limited amount of overlapping requirements (= same data asked by different authorities).
- All ongoing initiatives and efforts to **standardise the format** through which the data are reported have to be supported and further encouraged. Harmonised formats ease the life of both the provider and the receiver of information.
- The **cooperation between maritime and custom authorities** and harmonisation of certain aspects of maritime and customs legislation at EU and national level should be a priority. For example, ‘timing’ and ‘updates’ of notifications could be aligned, and underlying issues such as use of same data elements by different authorities for different purposes could be solved.
- When it comes to developing a system, the reporting should be done through **resilient and robust yet flexible systems** that ensure the **reliability of data**. Liability issues related to reporting should be addressed through adequate solutions. Differences in roles and responsibilities of the different parties involved should be respected. Any system should allow the receiver to follow up with the source of the information to cope with the dynamic character of maritime transport operations.
- Developing a European Single Window as an interface through which the data provider, be it the ship owner or his representative, passes all requirements linked to one ship call in one go, can only function if this structure is more than a technical interface. **A single window should also have a governance dimension:** e. g. this Single Window should have the competences and responsibility to distribute the data to the respective authorities. **If not**, the single window will not result in trade facilitation and simplification, but will **just shift the burden from the ship side to the competent authorities**. In this same context, a risk assessment in terms of data privacy protection should be done and considered into the governance framework of the European Single Window.
- The scope of the European Single Window should be clearly defined with regards to how its concept could **satisfy both administrative and operational requirements** by different parties.

Overall, European ports feel that from a technological point of view there has been enormous progress since the adoption of the first National single Window in the maritime world more than a decade ago. Today's **innovative digitalisation technologies** offer often far more advanced, more interoperable, safer and cheaper solutions for many of the above mentioned challenges (e.g. block chain technology). This next technological level should already be taken into account when developing a single window system. This would help solving some of the outstanding issues.

At a moment where every effort is made to reduce formalities in maritime transport, the questioning of globalisation, upcoming protectionism and geopolitical developments risk to radically change trade patterns and create new barriers. ESPO and its members express their concerns about these possible new barriers and their impact on the free flow of goods and just-in-time logistics. ESPO believes though that, **if new trade barriers are being introduced, these should be tackled in the most effective way**. Solutions should be developed so as to avoid unnecessary red tape. Every effort should be made to ensure that European ports can remain efficient and seamless entry and exit points for trade.

[The sustainable agenda of ports](#)

Port authorities in Europe assume both public and economic responsibilities. 90% of European ports are situated in or close to urban agglomerations. This implies that ports are very much part of their local communities and are part of their societal concerns and their engagement towards environment and sustainability. Ports in Europe need to secure their "licence", ports must assure the people living around the port and society as a whole that their operations and investments are sustainable.

Decarbonisation and Climate Change

Limiting the increase of global temperature well below 2°C and tackling climate change are probably one of the greatest challenges of human history. As an essential part of the logistic chain, main gates to the world, nodes of energy and industry clusters, **European ports must contribute to the global, European and national climate and decarbonisation agenda**. Moreover, ports are literally on the first row when sea levels are rising and coasts are hit by heavy storms.

- Although the Paris agreement does not explicitly mention emissions from international shipping, its objectives cover all sources of global emissions. Climate change being a global challenge and shipping being a global industry, ESPO strongly believes that **IMO would be by far the optimum forum in which to introduce CO2 target and measures to reduce emissions from shipping** in line with the Paris Agreement.
- In that respect, ESPO believes that the roadmap agreed at the IMO MEPC meeting last October is a starting point for the discussions. On the basis of available scientific evidence, the IMO needs to strengthen its efforts and submit an initial reduction target to the stock-take process of the Paris Agreement in 2018 accompanied by short-term measures. By 2023, IMO should introduce the necessary target and measures to bend down the CO2 emissions curve.

- ESPO believes that a six year period is sufficient time for the IMO to discuss and agree on the necessary target and measures. **2023 must be seen as a milestone.** In case this deadline is not met, EU measures will have to be introduced. It should however be clear now that in case of an international agreement by 2023, the EU measures are to be repealed.

Moreover, **many ports are nodes of energy²** and increasingly **important clusters of industry and blue economy.** Therefore, ports in Europe are developing a low carbon strategy which is in the first place aimed at cutting the emissions and improving energy efficiency linked to the transport and industrial activities in the port. But given the fact that ports play a crucial role in the energy landscape, this strategy can go further. Since energy is an important commodity for many ports, ports also have to anticipate the energy transition and look at ways to turn the path towards decarbonisation into a successful business case.

But working on mitigation will often not be sufficient. Even if it is “all hands on deck” to limit the warming of our planet, we will not be able to avoid all negative consequences of climate change completely. **Adapting the port infrastructure to the effects of the warming** and make it resilient and climate-proof is a must for every port. Given their locations, ports are at immediate risk as sea levels are rise and when extreme weather conditions lead to strong winds, storms and extremely high tides and damaging wave action.

The decarbonisation of the shipping industry as well as the overall greening of the shipping sector, **imply additional investments and facilities in ports**, ranging from LNG refuelling installations, on shore power supply to additional facilities to manage new sorts of waste (e.g. scrubber waste). Moreover, ports are facing costly investments to make their infrastructure resilient to the consequences of climate change. Finally, ports can play a vital role in stepping up the use, production, supply and export of alternative sources of energy. This will also require huge investments.

Some of these investments will not be bankable in the short run. ESPO believes that **additional grants and other financial instruments are essential for decarbonising the ports, for making ports more resilient to the consequences of climate change and for helping ports to contribute to decarbonising the economy.**

Reducing air emissions

European ports are also convinced of the environmental and public health benefits of reducing **sulphur emissions.** ESPO very much welcomes the decision of IMO in favour of setting 2020 as the deadline for the global 0.5% sulphur cap. This means that the timing is being aligned with the EU timing as foreseen in the current Sulphur Directive. Limiting the sulphur exhaust emissions can have an enormous impact on the local air quality, public health and the environment. This decision thus means a big step forward for the maritime and port industry and the people around the ports.

² Following the 2016 ESPO fact finding survey² run in the framework of the EU funded Portopia, 25% of ports have more than half of their traffic linked to energy commodities. The survey also showed that 38% of port authorities are facilitators of renewable energy production in the port. 16% of port authorities are even investing or co-investing in renewable energy production. Finally, energy consumption has become second in the ESPO top 10² ranking of environmental priorities of European ports that was published last spring.

After the implementation of the Sulphur Emission Control Area in the North Sea and the Baltic Sea, the IMO decision to implement a **Nitrogen Emission Control Area (NECA)** in these dedicated areas is the next step to reduce health and environmental risks by exposure to nitrogen oxides in port cities and adjacent areas. As cities, especially those close to port or industry clusters, are particularly under pressure to comply with the national emission ceilings (NEC) in accordance with the Directive 2016/2284/EC, the countries and ports concerned will have to make additional efforts to bring down NOX emissions both from the land and the water side.

However, since it will take time to see the results of the implementation of NECA because of the relatively slow fleet renewal³, the feasibility of transitional accompanying measures for nitrogen emissions of vessels at berth in port cities should be explored.

Review of the Waste Reception Facilities Directive

Finally, as concerns the forthcoming review of the **waste reception facilities directive**, European ports are of the opinion that the current directive has been successful in substantially decreasing ship waste discharged at sea. Aiming at addressing existing gaps and shortcomings, ESPO supports the alignment of the directive with MARPOL. ESPO believes however that **the review should safeguard the flexibility of the different fee systems while addressing the problem of delivery of an “unreasonable” amount of waste in a given port.**

³ NECA only applies to new ships