



Position of the European Sea Ports Organisation
on
a Strategy for Sustainable and Smart Mobility

22 September 2020

EXECUTIVE SUMMARY

European Transport Strategy:

Ports as Engines of a sustainable, innovative and resilient Growth and Recovery

The forthcoming new EU Transport Strategy must set the long-term goals and initiatives for the European transport sector for the coming decade in the framework of Europe's major ambitions in terms of decarbonisation and digitalisation. It should however also integrate the consequences (both societal and economic) of, and lessons learned from, the COVID-19 pandemic crisis, building as much as possible on the new post-crisis reality.

Over the last months, European ports have been playing a critical role in the supply and distribution of goods and in keeping the economy running. As gateways to the world, being at the crossroads of supply chains, hubs of energy, industry and blue economy, **ports are at the centre of different strategies and can be unique engines of growth and recovery.**

Europe's ports should more than ever be seen as the cornerstone of a European sustainable, competitive, innovative and resilient transport system. To continue to play their role, Europe's ports must remain resilient and fit for future. They will need a policy framework that gives them the support but also the flexibility to respond to sudden changes and developments. Moreover they will need to adapt their strategies to remain resilient while pursuing the policy ambitions put forward.

These are ESPO's priorities for a sustainable, smart and resilient transport policy:

1. Europe's transport policy must recognise European port managing bodies as facilitators of the port ecosystem. Port managing bodies nowadays do more than just administering port land and regulating nautical safety. They have a broader range of tasks that add value to the wider port community, the logistics chain, business and trade in general and the societal and environmental context in which ports operate. They have turned into facilitators of a genuine port ecosystem at the service of their customers involving wide-ranging interests, a much larger port community and a much wider range of stakeholders. European ports are increasingly taking up new responsibilities and are involved in new services, which open new perspectives and will also impact on the ports' needs in terms of infrastructure, operations, skills and management. Furthermore, ports have a significant economic impact in terms of employment, both directly and indirectly.

2. European ports must be identified as strategic ecosystems central to European value chains. Since the start of the COVID-19 crisis, Europe's ports have been demonstrating their role as essential and critical infrastructures, being crucial in the supply of necessary goods. This critical role of ports should be better reflected in Europe's future transport policy. They must be identified as part of the critical infrastructure of strategic importance in the framework of the

InvestEU's Strategic European Investment policy window. This is important in the context of the current pandemic crisis, but the increasingly instable geopolitical circumstances are equally relevant in this context.

3. Ports are engines of growth and recovery. It is important to support and step up investments in ports enabling them to remain resilient and fit for a sustainable and digital future. Port investment needs in infrastructure and enhanced capacity will also remain valid, notwithstanding the expected volume drops in the short term. Moreover, ports need to create additional capacity to serve the new responsibilities, such as in the area of circularity, sustainability and energy provision. The expected diversification of suppliers and nearshoring of industry will also change connectivity needs and increase the interest in ports as location to accommodate certain industries. Investing in Europe's ports must be seen as investing in strategic and critical infrastructure.

4. European seaports are key partners in implementing the Green Deal ambitions. Ports are not only part of the problem. They are also part of the solution: they play a positive role in the decarbonisation of the EU economy. Ports are producers, suppliers and facilitators of clean energy solutions. They can create synergies between the industries in the port, and bring production and labour closer to the urban agglomerations and centres of consumption. Ports are also becoming important centres of circularity. There is no time to waste: the recovery must be green. There is no money to waste: more than ever, the search for the most effective measures and most cost-effective investments to deliver the Green Deal ambitions will be important. Greening the port involves all actors in the port ecosystem. It implies both greening the activities and operations under the direct responsibility of the port managing body, as well as helping stakeholders green the wide range of activities they undertake in the port area. European port managing bodies can act as catalysts by including tools to facilitate, promote, raise awareness and encourage the decarbonisation and greening of their stakeholders in their port strategies and roadmaps. For a long time, European ports have been addressing environmental issues, sustainability and climate as part of their license to operate. To further encourage this bottom-up engagement, ESPO will be developing a new Green Ports's Guide giving guidance and sharing good practices to enhance the environmental performance. Finally, waterborne transport and ports must be prioritised in climate resilience and adaptation efforts. Hence, the importance of the upcoming climate adaptation strategy.

5. The greening of shipping is a first priority for European ports. ESPO fully subscribes the 50% CO2 emission reduction target put forward by the IMO in 2018, but recognises that this target will not be ambitious enough to reach the Green Deal Ambition. The green transition in shipping must deliver both in terms of air quality and decarbonisation. ESPO supports the setting of specific emission reduction targets for ships at berth as a way to complement the emissions reductions during navigation, but they can not replace or delay the overall greening of shipping. The greening of shipping is a responsibility that primarily lies with the shipping sector itself, but ports are committed to facilitating its transition to a zero-emission future in cooperation with the

shipping sector and within the limits of their competence. EU legislation should accompany the ongoing development of different promising technologies to gradually eliminate shipping emission by stimulating innovation through investments in R&D and by taking away both financial and non-financial barriers, rather than prescribing one solution. Demand and supply driven policies must be coordinated and aligned. Such a stimulating and innovative legislative framework should be based on clear goal setting, pushing the different stakeholders involved to work together to deliver. Coordinated approaches and solutions between stakeholders at port level and between ports must be stimulated. Any market based measure must lead to significant emissions reductions. Its revenues should be earmarked and finance investments that pursue the aim of the measure, in particular investments in port infrastructure and new technologies in the maritime sector.

6. The completion of the TEN-T network remains a priority for European ports. ESPO is a strong supporter of Europe’s Transport Infrastructure Policy framework. The forthcoming review should be used as an opportunity to update the TEN-T network in relation to new policy objectives, new market realities, new societal challenges, new needs and as a consequence the changing role of European ports. For ESPO it is time to realise that completing TEN-T is also completing its maritime dimension and enhancing short-sea-shipping connections between EU member states and regions on an equal footing with the land-based network. Short sea shipping should be included alongside rail and inland waterway transport as a sustainable transport mode to reach modal shift objectives. Zero-emission trucks must also be encouraged, where other modal shift options are not possible. Pipelines should also be recognised as a sustainable mode of transport. An important share of rail and inland waterway transport being seaport related, ports play an important role in enhancing the modal shift. Efficient last-mile connections between the terminals and the national transport network are key for well-functioning sustainable hinterland transport for all modes. In order to facilitate multimodal transport chains and enhance the “network” rationale, more emphasis needs to be placed on the multimodal connecting points. Completing the TEN-T network also implies ensuring the connectivity with and in insular and outermost regions, through their ports.

7. Making the internal market more resilient. The TEN-T network must be considered as Europe’s lifelines, which have to remain open, also in crises periods, enabling the efficient transport to final destinations of the cargo. To ensure the resilience of maritime transport operations, ship crews and transport workers have to be recognised as critical workers and receive frontline status when passing internal borders. In general, the TEN-T core network corridor status has to be legally strengthened in order to avoid that its development is hampered by individual Member States or regions. Increasing the transport network’s resilience means addressing both the capacity of the network, the efficiency of operations and the use of existing infrastructure as well as efficient and adequate border inspection services for passengers and goods.

8. Ports are at their best in an open trade environment. Vice versa, well-functioning ports are a pre-condition for open economies. An open, fair and, above all, stable trade environment is essential for Europe's ports. As facilitators of trade, ports are heavily impacted by sudden changes in the trade environment. Even if ports are not determining trade, it is clear that every barrier to trade, is an extra barrier for ports. ESPO welcomes the Commission's proposal to pursue an "Open Strategic Autonomy" approach in its trade policy, which aims at strengthening the EU's own interests independently and assertively, while continuing to work with partners around the world and restoring stability in its trade relations. The EU should bring back trade partners to the WTO table. It should also refrain from taking unnecessary protectionist measures. To be sustainable, there must be a global level playing field in which companies can operate, with respect for international regulations and standards and market access reciprocity. Ports should also be considered as key players in the geopolitical environment. They are strategic assets which are much desired as investment by certain third countries to gain geopolitical influence in Europe. Investments into essential and/or critical European port infrastructure of general interest, which enable effective participation in the management or control of a company, should therefore be assessed from that perspective.

9. Enhancing the digitalisation of the port ecosystem is a priority. Digitalisation is instrumental for making the port ecosystem fit for future. It has the potential to increase the efficiency, safety, security and environmental performance both in the port as well as in the whole transport and logistics chain. Port managing bodies can support and help to facilitate the ongoing digitalisation process, as they are often a neutral matchmaker between all parties involved. Digitalisation can also be seen as an important tool in managing the health crisis. The COVID-19 crisis has given a boost to the digital transition in transport and logistics. The short-term accelerated transition to paperless operations in transport must be seen as a window of opportunities and must be further consolidated. European ports wish to remain closely involved in the implementation of the European Maritime Single Window environment (EMSWe). The role of Port Community Systems (PCS's) must be further supported. PCS's can become data hubs where all stakeholders can bring data together, allowing a more efficient and secure logistics chain and connecting industry. Proper digital infrastructure and data transmission capabilities such as high capacity broadband, WIFI and 5G have to become available in ports. It will be important to keep smaller ports on board in the digital transition. The growing dependence on digital solutions and data-driven operations must go hand in hand with a cybersecurity and -resilience framework. Ports should therefore be closely involved in the ongoing revision process of NIS Directive.

10. EU transport policy should support the restoration of responsible and sustainable maritime passenger transport. The ferry and cruise business has faced the lion's share of the negative impacts of the COVID-19 pandemic. Maritime passenger transport and ports must receive special attention in the recovery plans, with a view of safeguarding transport connectivity, territorial cohesion and restoring tourism activity in Europe. The pre-COVID challenges the cruise sector

was facing, have not changed. The recovery should therefore be seen as an opportunity to deliver on the greening and digital ambitions Europe has put forward. The recovery of the maritime passenger transport will not be a return to business as usual, but will be based on co-existence with pandemic threats . It will require policy makers to properly asses the short-term measures and prepare for a sustainable, responsible but workable longer term strategy. Europe’s passenger ports would benefit in that respect from a more coordinated approach, ensuring the best possible results in terms of health prevention and at the same time ensuring a certain level playing field between ports in Europe.

European Transport Strategy:

Ports as Engines of a sustainable, innovative and resilient Growth and Recovery

Since the publication of the latest White Paper for Transport in 2011, Europe has been facing numerous new challenges and the European policy makers have defined new policy ambitions, the ambition to becoming the first carbon neutral continent by 2050 being probably the most important one. Even if it was already obvious that a new EU Transport Strategy would be more than a “business as usual” update, the unprecedented health and subsequent economic crisis the world is facing today risks to radically overturn current realities, assumptions and strategies. Our economy and life are affected in almost all its aspects.

While a new EU Transport Strategy must set the long-term goals and initiatives for the European transport sector for the coming decade in the framework of Europe’s major ambitions in terms of decarbonisation and digitalisation, it should integrate the consequences (both societal and economic) of and lessons learned from the COVID-19 pandemic crisis, building as much as possible on the new post-crisis reality.

However, since the current crisis is an unprecedented one and it is not yet stabilised, it is extremely difficult to develop a strategy that fully takes into account the “new normal”.

*Even if Europe’s ports are already experiencing substantial impacts of the current crisis, it is impossible at this moment to measure the full damage. The only possible reference that could be looked at is the impact of the financial and economic crisis of 2008 on ports and their recovery. From 2008 to 2009, the EU-28 GDP dropped by -4.3%, which led to a fall in total throughput for the EU-28 ports of -12.14%. In 2010, the GDP in the EU grew again by 2.1% generating a growth in throughput for European ports of almost 6%. Even if the current crisis cannot be compared one on one and this crisis might have a much more severe impact on the economy, these figures indicate that **negative economic trends have a multiplied impact on cargo volumes in ports, but when the economy recovers, the ports recover even faster**. Ports are resilient and as engines of growth, they must be seen as an important pillar of Europe’s Recovery Strategy.*

It is clear that the world will find itself in economically heavy weather for some time. This will require ports to remain agile and flexible to respond to sudden changes, developments and challenges, turning them into opportunities where possible. European ports are ready to be fit for the future and contribute to delivering the “Next Generation EU” ambition. They will need a policy framework that provides flexibility and allows them to adapt their strategies to be agile and remain resilient, while pursuing the policy ambitions put forward.

For ESPO it is important that this forthcoming Transport Strategy delivers on the decarbonisation and digitalisation of the transport sector. These ambitions not only need to be fully integrated in the recovery process and support measures, but they need to be sustained by a long-term strategy. Over the last months, European ports have been playing a critical role in the supply and distribution of goods and in keeping the economy going. As gateways to the world, being at the crossroads of supply chains, hubs of energy, industry and blue economy, they are at the centre of different strategies and can be unique engines of growth and recovery. Europe’s ports should more than ever be seen as the cornerstone of a European sustainable, competitive, innovative and resilient transport system. At the same time, Europe’s transport system must be seen as a precondition for making “Next Generation EU” happen. No transport, no recovery, no growth.

1. European port managing bodies are facilitators of the port ecosystem

About 75% of Europe's trade with the rest of the world and more than one third of intra-European trade is shipped through its seaports. But, European ports are much more than a component of the maritime transport sector. European ports are at the **crossroads of supply chains**. They are **nodes of transport and energy, clusters of industry, hubs of circularity and are an important player in the blue economy**.

In the current TEN-T guidelines, maritime ports have been rightly defined as **strategic nodes of the transport network, connecting all modes of transport**. Port managing bodies connect deep sea and short sea shipping with rail, road, inland waterways and pipelines and provide digital solutions to the stakeholders of the port ecosystem, enabling efficient logistics chains. Port managing bodies can therefore be considered as genuine community managers, accommodating and connecting all modes of transport.

European ports are increasingly **taking up new responsibilities and are involved in new services**, such as carbon capture and storage, greening services, sustainable energy production, circular economy as well as industrial ecology, to name some.

More and more European port managing bodies are **playing an active role in attracting innovation and local start-ups to the port** and thus matching supply and demand for innovative solutions for the port and its stakeholders and making the port ecosystem an attractive place for innovative ideas and local young start-up talents.

These new responsibilities and functions open new perspectives and will also impact on the ports' needs in terms of infrastructure, operations, skills and management.

The **economic value of our oceans is growing**. We increasingly depend on them for our food, energy, raw materials and tourism. It will be important to further use this asset in a sustainable way. Ports are the **unique interface between land and sea** and will be instrumental players in the further development of a sustainable blue economy.

European port managing bodies are mission-driven entities working in close cooperation with the local community, which makes decarbonisation and environmental performance a top priority for them.

Notwithstanding their differences, **European port managing bodies share the same ambition to become dynamic, commercial port developers and community interfaces**. Port managing bodies nowadays do more than just administering port land and regulating nautical safety. They have a broader range of tasks that adds value to the wider port community, the logistics chain, business and trade in general and the societal and environmental context in which ports operate. **They have turned into facilitators of a genuine port ecosystem at the service of their customers**

involving wide-ranging interests, a much larger port community and a much wider range of stakeholders. Ports serve the economy in a sustainable and resilient way.

European ports have a significant economic impact in terms of employment, both directly and indirectly down the supply chain. It is estimated that the European port system supports at least **2.5 million jobs** (in Full Time Equivalent, both directly and indirectly).¹ The upcoming Transport Strategy needs to aim at increasing the attractiveness of the transport sector, as well as the diversity among the workforce to address labour shortages in the transport sector. In the light of progressing digitalisation, automation and greening, re- and upskilling as well as continued training will be important to counter a mismatch of skills.

The increasing commercial drive of European ports has led to **more financial autonomy of ports**. The port infrastructure charges are an important part of the income of port managing bodies and are thus an important instrument for pursuing the ports' strategic goals and for ensuring the financial ability of ports to invest and to enhance their resilience. The Port Services Regulation (EU)2017/352 recognises the necessary autonomy of European ports to set their charges in line with their strategy. As such, setting and modulation of charges as well as rebates, deferral and waiver of port fees in certain cases must remain a port decision.

2. European ports are strategic ecosystems central to European value chains

Since the start of the COVID-19 crisis, Europe's ports have been doing everything possible to ensure the continuity of their operations and thus the security of supply. European ports have successfully activated contingency plans, **demonstrating their role as essential and critical infrastructures, being crucial in the supply of necessary goods**. By being fully operational, flexible and by adapting quickly to the circumstances, European ports have contributed to the resilience of supply chains to the benefit of European citizens and Europe's economy as a whole.

This shows that the current governance models of European ports, whereby the port can proactively develop strategies and set out its own crisis management, are a solid basis in situations where the critical role of ports is coming to the forefront and is being challenged.

Ports are an essential part of an emergency supply chain. **The critical role of ports should be better reflected in Europe's future transport policy** and should also be part of Europe's economic recovery strategy which aims at making Europe more resilient. More specifically, ports must be identified as part of the **critical infrastructure of strategic importance** in the framework of the **InvestEU's Strategic European Investment** policy window.

¹ Portopia, European Port industry Sustainability Report 2017

Moreover it should be clear that the recognition of the strategic and critical role of European ports is not limited to the context of the current pandemic crisis. The increasingly instable **geopolitical circumstances** also have an impact on European ports and are therefore equally relevant in this context.

3. Ports are engines of growth and recovery: Investments must be stepped up and supported

The COVID-19 crisis will have a devastating impact on the global economy, and by consequence also on the European port sector. The long-term effects on trade patterns and the maritime industry as a whole are still uncertain.

A strong Multiannual Financial Framework (MFF) is essential for Europe to invest in a sustainable, digital and resilient future. Maintaining, further developing and strengthening Europe's transport arteries should be seen as a fundamental pillar of Europe's recovery. More specifically, European and national policy makers should see the necessity and urgency of stepping up the investments **in Europe's ports**, enabling them to strengthen their role **as engines of growth and drivers of recovery and making them fit for a sustainable and digital future.**

In this regard, **the Connecting Europe Facility (CEF) instrument is an absolute prerequisite for completing the TEN-T network** and for supporting European ports in achieving their objectives under the EU Green Deal. Such projects require substantial investments which often have a slow, limited or uncertain return for the investing port managing body, while at the same time creating high societal value. As the ongoing COVID-19 pandemic will put pressure on the income and financial capability of many European ports, public funds and financial instruments are even more crucial to enable ports to do the necessary investments. Therefore, an accelerated implementation of already planned and mature transport and port projects should be considered as part of the European recovery plan.

Port infrastructure constitutes a heavy asset of the supply chain and port managing bodies generally develop infrastructure projects as part of a long-term strategic plan. Therefore, **port investment needs in infrastructure and enhanced capacity remain valid, notwithstanding the expected volume drops in the short term.** This is even more true, considering that capacity needs in ports nowadays must meet new responsibilities, such as in the area of circularity, sustainability and energy provision.

At the same time, the global crisis has revealed the shortcomings of relying on a single source of production or supply, heavily impacting the resilience of the European Union, and its ability to cope with crises of this magnitude. Consequently, supply chains should be re-organised, and the production of certain goods brought back or relocated nearer to Europe. Diversification of suppliers and nearshoring of industry will change connectivity needs of ports. Port ecosystems are ideally suited to accommodate businesses that want to bring back production to Europe.

More in general, investing in Europe's ports must be seen as **investing in strategic and critical infrastructure**. The current crisis has shown how critical ports are for keeping both the economy and society going. It is in that same respect, that certain port investments should be considered as an imperative reason of common overriding public interest.

4. European seaports are key partners in implementing the Green Deal ambitions

ESPO welcomes Europe's objectives set out in the European Green Deal to become the world's first net zero emission area by 2050, and to reduce emissions by 55% towards 55% compared with 1990 levels by 2030. The European Union has to take the lead in transforming Europe's economy and society by embarking on a path of green growth in Europe. **European ports want to be a partner in making this happen.**

Being at the crossroads of transport, supply chains, industry and energy, port areas are often seen as major sources of CO₂ emissions placed at the nexus of where major greenhouse gas emitters come together. But **ports are not only part of the problem.**

European ports are also part of the solution: they play a positive role in the decarbonisation of the EU economy. Ports are producers, suppliers and facilitators of clean energy solutions. **They can create synergies between the industries in the port, and bring production and labour closer to the urban agglomerations and centres of consumption. Ports are also becoming important centres of circularity.**

European ports agree that there is no time to waste. Very rightly, the relaunch and recovery of Europe's economy after COVID-19 must not forego, but accelerate investments that make it possible for Europe to reach its climate ambitions. **The recovery must be green.**

There is no money to waste. The search for the most effective measures and most cost-effective investments to deliver the Green Deal ambitions will therefore be more important than ever before. In order for investments to deliver the most effective emission reductions at the lowest cost, they must be well thought-through and fit for purpose. **Stranded assets must be avoided.**

Achieving the European Green Deal objectives will require the involvement of many policy areas, and will have an impact on a very wide range of stakeholders. **The European Green Deal will require an unprecedented level of co-operation** and understanding across all relevant policy departments and stakeholders. Whenever needed, port managing bodies will play an active role, facilitating the dialogue between all stakeholders.

Greening the port involves all actors in the port ecosystem. For ESPO, it is clear that **greening the port** implies both greening the activities and operations under the direct responsibility of the port managing body, as well as helping stakeholders green the wide range of activities they

undertake in the port area. Whilst the main responsibility for the latter lies with each stakeholder, **European port managing bodies can act as catalysts** by including tools to facilitate, promote, raise awareness and encourage the decarbonisation and greening of their stakeholders in their port strategies and roadmaps.

For a long time European ports have been addressing environmental issues, sustainability and climate as part of their license to operate. ESPO's Ecoports network, the main environmental initiative of the European port sector, gathers more than 110 ports. The EcoPorts initiative raises awareness on environmental protection through cooperation and sharing of knowledge between ports, and improves environmental management. To further encourage this bottom up engagement of Europe's ports, **ESPO will be developing a new Green Ports's Guide** giving guidance and sharing good practices to enhance the environmental performance of port managing bodies within the different areas of their responsibility and competence.

Finally, European seaports would like to emphasise the **importance of the upcoming climate adaptation strategy**. Waterborne transport and ports must be prioritised in climate resilience and adaptation efforts. Ports often experience the negative effects from global warming first-hand, as rising sea levels and erosion hit ports early and hard. Making port investments climate resilient will therefore be essential. The year-round operability/use of inland waterways is under threat if investments in inland waterway infrastructure and its maintenance are not stepped up.

5. The greening of shipping is a first priority for European ports

Even if shipping remains the most CO₂ efficient mode of transport, it is also responsible for the largest share of supply chain related emissions in the port. **The Fourth Greenhouse Gas Study², which was recently published by the International Maritime Organisation (IMO),** finds out that shipping emissions are likely to rise by 50% by 2050 if no additional action is taken. **It is therefore time to act.**

ESPO fully subscribes the 50% CO₂ emission reduction target put forward by the IMO in 2018, but recognises that this target will not be ambitious enough to be compatible with the objectives set out in the Green Deal.

Moreover, Europe's ports believe that the green transition in shipping must deliver both in terms of air quality and decarbonisation: both emissions of SO_x, NO_x and CO₂ must be tackled.

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<https://www.dropbox.com/s/xzbw6jgjjg61bbn/IMO%20%282020%29%20Fourth%20IMO%20GHG%20Study%202020%20-%20Final%20report%20%28Secretariat%29.pdf?dl=0>

For ESPO, emission reductions targets for shipping can be accompanied by specific emission reduction targets for ships at berth, addressing in that way local air quality problems. But, an emission reduction standard at berth is in itself not sufficient to achieve the decarbonisation of shipping³. Moreover, specific targets and measures at berth may not be a way to delay or compensate for lacking emissions reductions during navigation.

In accordance with the **polluter pays** principle, the **greening of shipping is a responsibility that primarily lies with the shipping sector itself**. But ports are **committed to facilitating the greening of shipping** and its transition to a zero-emission future in cooperation with the shipping sector and within the limits of their competence.

Different promising technologies to reduce or even eliminate shipping emissions are under development. **EU legislation should aim at accompanying these bottom-up exercises** by stimulating innovation through investments in R&D, encouraging promising technologies while allowing for equivalent solutions to develop in parallel. It should take away both financial and non-financial barriers in the development and uptake of alternative sustainable technologies. It should facilitate the uptake of a variety of clean fuels, rather than prescribing specific fuels for shipping. Demand and supply driven policies must be coordinated and aligned. Investment decisions made on the basis of current legislation should be taken into account.

Such a stimulating and innovative legislative framework should be based on **clear goal setting**, pushing the different stakeholders involved (shipping lines, ports, energy providers and cargo owners) to work together to achieve the emissions reduction targets put forward. Individual roadmaps at port level are an important tool for ports to assess what is needed and effective in terms of investments, taking into account the diversity of shipping segments and particular circumstances of the port. **Coordinated approaches and solutions between stakeholders at port level and between ports must be simulated**.

While ESPO is supportive of a policy framework that encourages investments in OPS and takes away the barriers for using OPS, it must be assessed case-by-case against other green solutions and must be seen in the context of the rapidly evolving zero-emission propulsion technologies (including hydrogen and ammonia).

The roll out of **market-based measures** can be an additional instrument to accelerate the greening of shipping. The European Union must in that respect act if the IMO is not coming up with meaningful measures by 2023. To **be effective and successful** and reach the goal for which

³ The 2018 Annual EU MRV report found that emissions at berth only consisted of 6% of total emissions covered by the EU MRV Regulation.

it is designed, European market-based measures must lead to **significant emissions reductions**. They must be designed in such a way that it avoids creating market distortions and negative competitive effects in Europe. **The revenues should be earmarked and finance investments** that pursue the aim of the measure, in particular investments in port infrastructure and new technologies in the maritime sector.

6. The completion of the TEN-T network remains a priority for European ports

ESPO is a strong supporter of Europe's Transport Infrastructure Policy framework as set out in the 2013 TEN-T guidelines (Regulation 1315/2013). The upcoming revision should maintain the rationale and basic aims of the TEN-T policy, which is to achieve an efficient, sustainable and multimodal Transport Infrastructure Network. The forthcoming review should be used as an opportunity to update the TEN-T network in relation to new policy objectives, new market realities, new societal challenges, new needs and as a consequence the changing role of European ports.

The development of the Trans-European Transport Network should be **closely coordinated with the European energy and telecommunication networks** to enable and maximise synergies between the sectors.

The importance of a well-functioning European transport system for the supply of essential goods has been clearly demonstrated during the ongoing COVID-19 crisis. **In addition to investments in hard infrastructure, investments to meet the challenges for environmental sustainability and to enable the digitalisation of the transport sector, new connectivity needs and an increased resilience of the transport sector will have to be addressed.**

The first Strategic Foresight Report of the European Commission very rightly considers transport infrastructure together with the single currency and diversified economic sectors as amongst the key enablers of the economic resilience⁴.

For ESPO it is time to put the maritime dimension of the TEN-T network on an equal footing with the land-based network. Facilitating Short Sea Shipping connections will be instrumental for completing the TEN-T network and enhancing Europe's connectivity in a sustainable way. **In this regard, short sea shipping should be included alongside rail and inland waterway transport as a sustainable transport mode to reach modal shift objectives.** Tools explaining short sea shipping and its benefits to market parties should be supported.

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/new-push-european-democracy/strategic-foresight/2020-strategic-foresight-report_en

Moreover, **European ports** can serve as **enablers of re- and near-shoring of production**, as **enablers of more diversified supply chains and as locations for strategic reserves**. Motorways of the Sea (MoS) and Short Sea Shipping can accompany this development as flexible solutions for the necessary new transport connections and as a resilient mode in times of border crossing restrictions. In the framework of near-shoring, the strengthening of MoS links with third countries neighbouring the EU will become increasingly important. This will also be important in the context of the withdrawal of the UK from the EU.

The green transition will also impact cargo flows of Europe's ports. While oil and coal will be decreasing, new container flows and pipelines transport will increase sharply. These developments will impact on ports' needs in terms of connectivity and hinterland links.

In relation to the **hinterland transport**, many ports set modal split objectives and/or invest in sustainable hinterland transport modes to facilitate the decarbonisation of the supply chain and to reduce congestion around the port area. The initiatives vary from port to port, depending on the local circumstances and available hinterland modes. An important share of rail and inland waterway transport being seaport related, ports play an important role in enhancing the modal shift. Efficient last-mile connections between the terminals and the national transport network are key for well-functioning sustainable hinterland transport. The use of zero-emission trucks should be encouraged, where other modal shift options are not possible. This is in particular the case for short distances from rail, inland waterway and short sea shipping to the final destination.

In the context of sustainable transport, **pipelines**, used for transport within and beyond the port area, should also be recognised as a sustainable mode of transport when reviewing the TEN-T guidelines.

State of the art technological solutions in seaports can bring high added-value to the efficient functioning of the entire logistics chain. In order to facilitate multimodal transport chains and enhancing the "network" rationale, **more emphasis needs to be placed on the multimodal connecting points**.

Last but not least, completing the TEN-T network also implies ensuring the connectivity with and in the insular and peripheral regions of the EU. The **outermost and insular ports** are the almost unique entry points for goods on these regions.

7. Making the internal market more resilient

Even if the COVID 19 pandemic is a global crisis, it has been hitting different Member States at different times and speed and has been managed in different ways by the national competent authorities. This has put some pressure on the functioning of the internal market.

During the pandemic, ports have remained open and fully operational, even in those areas of Europe where the pandemic has hit hardest. While port operations continued, transport disruptions appeared at different land borders, because of health checks and (unilateral) border closings, hindering the flow of cargo to and from the hinterland of European ports.

The “Green Lanes” concept has been an effective short-term emergency tool to overcome major transport disruptions in this crisis period. However, ESPO considers that the “Green lanes” concept should be further developed, not only restricted to a limited amount of land border crossings, but more broadly on the entire TEN-T network. **The TEN-T network must in that perspective be considered as lifelines, which have to remain open, also in crises periods, enabling the efficient transport to final destinations of the cargo.**

Moreover, to ensure the resilience of maritime transport operations, **ship crews and transport workers have to be recognised as critical workers and receive frontline status** when passing internal borders. The change of ship crews should be better coordinated between Member States, enabling the border crossing to reach departure airports in another Member State, or a vessel located in another Member State than the arrival airport.

In general, the **TEN-T core network corridor status has to be legally strengthened** in order to avoid that its development is slowed down or blocked by individual Member States or regions. Too often, national interests of Member States hinder the progress of the development of the TEN-T network.

Increasing the transport network’s resilience means addressing both the capacity of the network as well as **the efficiency** of operations and use of existing infrastructure, as well as efficient and adequate border inspection services for passengers and goods. .

8. European ports are at their best in an open, fair and stable trade environment

About 75 % of Europe’s trade with the rest of the world and more than one third of intra-European trade is shipped through its seaports. For a long time, international trade was able to flourish under worldwide economic growth, globalisation and the strengthening of the rules-based trading system. As a result, total trade in the EU has increased by almost 25% in the last five years alone. Trade has always been a driver of economic prosperity in the European Union.

Ports are at their best in an open trade environment. Vice versa, well-functioning ports are a pre-condition for open economies.

Over the last years, world trade has been increasingly under pressure due to protectionism, economic nationalism and geopolitical struggles. In addition, we are seeing a deep crisis within the World Trade Organisation (WTO), the intergovernmental organisation that was created to guarantee a rules-based and liberalised trading system.

At the same time, the current pandemic and its accompanying lockdown measures is hitting international trade hard. According to estimates, world trade volumes will drop by between 9% (IMF) and 32% (WTO) in 2020⁵. The COVID-19 crisis also has seen an additional wave of export restrictions not only for medical products, but also for food.

An open, fair and, above all, stable trade environment is essential for Europe's ports. As facilitators of trade, they are heavily impacted by sudden changes in the trade environment. Even if ports are not determining trade, it is clear that every barrier to trade, is an extra barrier for ports.

European ports consider **the WTO as an essential instrument** in assuring this open, fair and stable international trade environment, as well as an important part of the solution to address the considerable challenges world trade is currently facing. **ESPO therefore calls on the EU to bring back trade partners to the WTO table**, in view of adapting and updating WTO rules.

ESPO also believes that the EU should **refrain from taking unnecessary protectionist measures**, as additional barriers such as tariff and non-tariff measures create additional barriers to trade.

Nevertheless, European ports realise that an open trade environment can only be sustainable if there is a **global level playing field** in which companies can operate, with respect for international regulations and standards and **market access reciprocity**.

In this same context, ports should also be considered as **key players in the geopolitical environment**. They are **strategic assets** which are much desired by certain third countries to gain geopolitical influence in Europe. Investments into essential and/or critical European port infrastructure of general interest, which enable effective participation in the management or control of a company, should therefore be assessed from that perspective.

For all these reasons, ESPO welcomes the Commission's proposal to pursue an "Open Strategic Autonomy" approach in its trade policy, which aims at strengthening the EU's own interests independently and assertively, while continuing to work with partners around the world and maintaining/restoring stability in its trade relations.

9. Enhancing the digitalisation of the port ecosystem is a priority

The digital transition of Europe's economy and society is rightly one of the top priorities for the European Commission. Digitalisation is also one of the biggest game changers for the transport and logistics industry.

⁵ 2020 Strategic Foresight Report, European Commission

Even if digitalisation is not an aim in itself, it is instrumental for making the port ecosystem fit for future.

Digitalisation can bring significant gains for ports, who function as multimodal nodes, where maritime, road, barge and rail transport converge, by increasing the efficiency of the supply chain. Port managing bodies can in this respect support and help to facilitate the ongoing digitalisation process, as they are often a **neutral matchmaker** between all parties involved in port operations, the ship-port interaction and hinterland connectivity. They can help to create data hubs and provide interconnectivity and digital services to stakeholders in the transport and logistic chain.

By gathering, sharing and exchanging more data between different parties, **the interconnectivity of logistics processes can be improved and transport infrastructure can be used in a more efficient way.** In addition, analysing collected data can also disclose interesting patterns of historical data, which may improve operations and help to prevent delays. Delays in the maritime or hinterland leg and unexpected delays in departure/arrival or last-minute cancellation of ship calls challenge the flexibility of all port stakeholders. Availability of advanced information and proactive communication between all stakeholders in the logistics chain is more than ever necessary to improve the use of transport infrastructure, to match the connections between transport modes and to avoid unnecessary delays.

Furthermore, digitalisation can also play an important role in **port asset management.** By measuring and monitoring the use of infrastructure and maintenance needs, ports can rationalise infrastructure investments.

At the same time, digitalisation of processes, enhanced data availability and a change towards data-driven workflows can also **enhance the safety and security of the supply chain** through early warnings, real-time alerts and optimised checks.

The digital transition of the transport and logistics sector can moreover be **beneficial to the ongoing green transition.** Digitalisation can help to enhance environmental performance in the supply chain through a better use of transport infrastructure and transport means (trucks, trains and ships). Additionally, digitalisation has the potential to make the supply chain more transparent and can therefore be an interesting tool in providing awareness of the carbon and environmental footprint of a given supply chain. Companies can subsequently use it in the development of their supply chain sustainability strategies.

The COVID-19 crisis has given a boost to the digital transition in transport and logistics. It has showed that digitalisation can also be seen as **an important tool in managing the health crisis.** Digital technologies have enabled many workers in the transport and logistics sector to continue to perform their jobs, while reducing the need to have close contact between them. Moreover, the social distancing measures have required quick solutions for contactless interaction in the

transport and logistics chain. The short-term accelerated transition to paperless operations must be welcomed and further consolidated.

ESPO welcomes last year's adoption of the Regulation establishing a **European Maritime Single Window environment** (EMSWe). In particular, the objective of harmonising and simplifying reporting formalities (harmonisation of data definitions and data sets), must be considered as a priority. European ports therefore wish to remain closely involved in the implementation of this regulation.

In order to fully exploit the potential of digital technologies, many ports are **developing their traditional Port Community Systems (PCS) into data sharing platforms**. The larger and advanced PCS's are more than just portals; they facilitate from a neutral position data exchange between all port stakeholders (both public and private) and make use of state-of-the-art technology. European policy should continue to support PCS's, which can play a pivotal role in enhancing the digitalisation of the transport and logistics chain, as they can become data hubs where all stakeholders can bring together data, allowing a more efficient and secure logistics chain and connecting industry.

Digitalisation has the potential to increase the efficiency, safety, security and environmental performance both in the port as well as in the whole transport and logistics chain. However, in order to fully exploit this potential in ports, **proper digital infrastructure and data transmission capabilities have to become available such as high capacity broadband, WIFI and 5G**. It will be important to keep the smaller ports on board in the digital transition. This will require adequate investments allowing this ports to be step by step ready for a digital future. This poses a particular challenge for small ports, which often do not have the financial means to make the necessary investments to keep up with the ongoing digital transition, and therefore risk to lag behind.

The ongoing digital transition will also require ports and their stakeholders to address the human element. It is crucial to adapt the curricula of education and training programmes to the changing job reality and to develop strategies to address the transition.

The digital transition in ports has to be seen together with the overall development of the platform economy and society. At a rapid pace, digital platforms are becoming the main gateways for economy, society and connectivity. Currently, digitalisation is the main driver in changing production and distribution patterns. The role of many intermediaries in the supply chain (such as forwarders, brokers, agents, etc.) might drastically change through the emergence of new data platforms and e-commerce giants, taking over (parts of) the logistics processes.

The growing dependence on digital solutions and data-driven operations must go hand in hand with a **cybersecurity and -resilience framework**. Developing a policy that protects business continuity and mitigates the risks of cyber-attacks, without curtailing the rapid pace of digital innovation, must be seen as one of the major objectives. In this context, ESPO believes that ports

should be closely involved in the ongoing revision process of the Directive on Security of Network and Information Systems (“NIS Directive”), which identifies port as operators of essential services.

10. Enhancing responsible and sustainable maritime passenger transport

European ports are key players in the transport of passengers. In 2018, 410 million passengers passed through EU ports, reaching once again the record levels of 2008 after ten years. Most of these travellers are ferry passengers, while 3.3% are cruise passengers.⁶

Ferry lines and ports are real lifelines, connecting regions and countries, as well as ensuring the territorial cohesion of European islands with the mainland and its markets. In some cases, ferry lines and ports provide the only regular connection between two places, and can therefore in many cases be considered a public service. In addition, ferry transport between European ports is an important sustainable transport mode for travelling within the EU.

Cruise is a specific segment of European tourism. It is following the overall growth of tourism in Europe. While growing, it remains though a very small share of the total number of tourists. Over the last years, cruise activity in Europe has been under pressure because of its negative externalities, relating mainly to air pollution and over-tourism in certain destinations. European ports have taken these concerns very seriously and strongly believe in the sustainable growth of the European cruise business.

The ferry and cruise business has faced the lion’s share of the negative impacts of the COVID-19 pandemic. Measures introducing lockdown and restrictions on internal and external mobility, including border closings, were generally seen as important to stop the spread of the virus in Europe. A side effect of this has been a reduction of the frequency and connections of certain ferry lines for some months, and the complete cessation of cruise tourism.

In view of mitigating and overcoming the COVID-19 crisis, passenger ports are working to ensure the responsible and safe resumption of maritime passenger transport in Europe. As part of this, different health and safety measures have been developed, and capacity limitation have been put in place to respect the social distancing policies. The combination of needed investments and reduced incomes has a severe impact on the financial situation of passenger ports and operations. Important passenger ports are facing never-seen-before drops in the number of

⁶ Only the turnaround cruise passengers are counted in this figure. This figure would be considerably higher if one would take account of cruise passengers disembarking and embarking for a day trip during their journey (transit passengers).⁶

passengers, and many ferry connections are no longer financially viable under the current conditions.

The cruise sector is going through a never seen before crisis. The restoration of the cruise business must be seen as an important element in the restoration of Europe's tourism sector. In 2017, the cruise industry contributed a record of €47.86 billion to the European economy.⁷

For these reasons, ESPO believes that **maritime passenger transport and ports must receive special attention in the recovery plans, with a view of safeguarding transport connectivity, territorial cohesion and restoring tourism activity in Europe.**

At the same time, ESPO recognises that pre-COVID challenges this segment has been facing will not disappear. **Therefore, the recovery should be seen as an opportunity to deliver on the greening⁸ and digital ambitions Europe has put forward.**

The recovery of the maritime passenger transport will not be a return to business as usual, but will be based on co-existence with the COVID-19 virus. It will require policy makers to properly assess the short-term measures and prepare for a sustainable, responsible, safe but workable longer term strategy. Europe's passenger ports would benefit in that respect from a more coordinated approach, ensuring the best possible results in terms of health prevention and at the same time ensuring a certain level playing field between ports in Europe.



The European Sea Ports Organisation (ESPO) represents the port authorities, port associations and port administrations of the seaports of 22 Member States of the European Union and Norway at political level. ESPO has also observer members in Iceland, Israel, Ukraine and the United Kingdom. ESPO is the principal interface between the European seaport authorities and the European institutions. In addition to representing the interests of European ports, ESPO is a knowledge network which brings together professionals from the port sector and national port organisations. ESPO was created in 1993.

⁷ European Economic Contribution Report, CLIA

⁸ Already in 2016, ESPO published with all partners in the Cruise and Ferry Port Network a **Code of Good Practices for Cruise and Ferry ports**⁸. The Code formulates good practices on five preidentified challenges and can be seen as an important bottom-up initiative to improve the sustainability of the cruise port activity.