



## **Motorways of the Sea – Implementation through Art. 12a TEN-T**

Reply to the DG TREN Consultation Document

29 September 2004

### 1. General

The integration of seaports in the Trans-European Transport Network (TEN-T) recognises the prominent role seaports play in the development of a sustainable transport system. To function optimally, ports need to have adequate infrastructures as well as efficient maritime access and hinterland connections. The introduction of “Motorways of the Sea” (MoS) underlines this vital function of seaports.

During the discussion on the revision of the TEN-T Guidelines, ESPO indicated that, in order to turn the notion “Motorways of the Sea” into a clear and effective concept, the following basic principles should be met:

- a) MoS should not be artificially developed as this would give ports not linked to such motorways a disadvantageous status and lead to distortion of competition;
- b) Public financing should be approached with care, especially where investments in facilities, ships and services are concerned. Public funding should only be allocated if a genuine modal shift can be demonstrated and not simply a shift in traffic from one port to another. Public financing in the transport chain or in ports must not lead to a distortion of competition between ports.
- c) Every individual project should be assessed on its own costs and benefits.

ESPO welcomes the intention of the Commission to create a clear framework for MoS and appreciates the opportunity to put forward its views.

### 2. Replies to specific questions raised by DG TREN

- a) Making choices - tendering procedure

It must first of all be made clear that the parallel drawn by the Commission between fixed road motorways and sea motorways is not entirely correct.

Shipping is per definition a flexible mode of transport not fixed to a particular categorisation of infrastructure. Unlike road infrastructure, which is always planned and developed at governmental level, maritime infrastructure, i.e. seaports, follows a much more market-driven concept. Maritime traffic tends to shift from port to port, depending on the commercial conditions of these ports.

Moreover, the effect of the “concentration” thinking proposed by the Commission would lead to the support of mature, well-developed routes already carrying large volumes of traffic. Apart from distorting competition with other routes and ports, it may also bring congestion in ports and hinterland transport, which would be opposite to the aim of the whole MoS exercise.

From this perspective, and taking into account that MoS projects should emerge with as little government intervention as possible, ESPO believes that the second tender procedure, which leaves room for wider consortia, including ports, to bid for becoming MoS projects, is the most appropriate. It should not be left to Member States to pre-select the ports involved, unless the choice is an obvious one (e.g. small countries with only a few ports under the same management).

Consideration should also be given to the possibility to extend the strong focus on bi-national links to multi-national connections to adapt to the geographical situation of some MoS areas where potential flows are more dispersed and less intensive.

It should finally be clarified to what extent Member States can delegate the selection procedure to national public entities and agencies.

#### b) Assessment and selection criteria

ESPO emphasises that there should be “waterproof” guarantees that any project will effectively move cargo from road to sea and will be commercially viable after a limited start-up time. In that respect, sufficient private risk capital should be involved to avoid MoS lines being turned into inefficient public services.

The competition analysis should in all cases be rigorous. As mentioned above, the selection process should allow ports to participate in the tender.

#### c) Quality criteria

ESPO has mixed feelings about developing additional quality criteria for governments, port authorities, terminal operators and maritime service operators. Whilst the paper introduces some elements which no doubt would have clear added value, e.g. simplified administrative procedures, the Commission seems to ignore that “quality” is a relative concept. Something of high quality for one port customer can be totally unnecessary for another. It is very difficult to set objective quality criteria which would apply to all ports or port service providers, e.g. dedicated short sea facilities and the “first come, first serve” principle are not always in the interest of overall port efficiency. This depends on the specific circumstances of each individual port.

Also, some of the criteria proposed would have no added value at all. The best example is the proposal of the Commission to include the use of the new European Intermodal Loading Unit, which is not supported by the maritime industry.

ESPO therefore proposes to concentrate on the basic principle that projects should be tested on the basis of their viability, credibility and capacity to move cargo from road to sea without distorting competition. The potentially controversial exercise of setting quality criteria, especially for ports, should be approached with care, given the diverse situation of ports throughout Europe. Such criteria, if developed, should be mainly indicative, and not serve as a “check list”.

d) Legal framework for MoS consortia

There should be no specific legal framework for MoS consortia. This is a matter for the consortia themselves.

e) Any other comments

i. Interpretation of State aid rules

The Commission refers to a “steady practice” as regards the assessment for State funding of infrastructure. The interpretation given in the paper seems to indicate that the Commission is quite advanced with the development of State aid guidelines for port infrastructure, something which ESPO would welcome.

ESPO therefore seeks confirmation from the Commission, whether the approach suggested in the consultation paper can generally be applied for port infrastructure, i.e. not only in the context of MoS. Certainly further clarification on some of the concepts mentioned would be welcome.

ii. Level of funding

The reference to TEN-T funding in the paper is very brief and merely states that Community assistance will not be higher than 20 % of the total investment costs. ESPO would like to know whether there will be a minimum threshold for the value of the project as there has been with TEN-T feasibility studies. Also, it would be useful to have more information on the total level of funding available.

As regards cumulative funding through TEN-T, Marco Polo and national aid, ESPO agrees that cumulative funding for the same eligible costs should under no circumstances be allowed. The Commission should however also avoid that cumulative aid for different eligible costs results in such a degree of public funding that would take the commercial risk completely away. A maximum total percentage of public funding therefore seems advisable.

*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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