



A review of Short Sea Shipping policy in the European Union

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ARTICLE INFO

Keywords:

Europe
Transport policy
Short sea shipping
Ro-ro market
Modal shift
Motorways of the seas

ABSTRACT

Short Sea Shipping (SSS) has attracted a lot of attention in the European Union in the last 15 years. It is considered as a mode favoured to alleviate road congestion. Alas, promises have not been met and cargo transfers have not reached their objectives yet, despite strong financial will and a programme for modal shift implemented by the European Union (EU). The hypothesis raised by this paper is that Short Sea Shipping has not been well defined in the EU and market potential for modal shift from land to sea has been overestimated. Therefore, this has a great impact for policy-making. Studies have covered many topics such as its implementation using case studies, cost-benefit analysis compared to land-transport modes, general European shipping policy and its environmental contribution. Therefore, little has been written on the role of public institutions in its implementation and no critical assessment of the success of supporting public programme in the EU has been done. This paper explains how the lack of a final definition has led to misadapted public policies favouring modal transfer in the EU and how misknowledge of SSS markets has led to the overestimation of the modal shift potential.

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1. Introduction

In recent years, the EU White Paper stated that about 10% of the road network in Europe is affected daily by traffic jams (European Commission, 2001). It is forecasted that road freight traffic will have increased by 2013, thereby worsening congestion and hindering the European competitiveness. The shifting of production networks from west to east redefines logistics planning in the new expanded European Union. To accommodate such increase in production, transport infrastructures of both West and East Europe will have to offer sufficient capacity and facilitate access to markets.

While the main attention and financial resources have been invested in the reconstruction and improvement of land transport (road and rail), since the mid 1990s, the EU is now emphasising the implementation of a Short Sea Shipping scheme. Short Sea Shipping is proposed as an alternative mean of freight movement to reduce the number of trucks that daily congest about 4000 km of road networks and associated social costs which cannot be removed unless huge investments in infrastructure are made at the expense of more social costs (Blonk, 1993a; European Conference of Ministers of Transport, 2001). It is also regarded as a key factor of European economic cohesion and proximity between regions, namely be-

tween West and East Europe. Many studies regarding the shift of freight from road to Short Sea Shipping have been conducted using case studies (Torbianelli, 2000), cost-benefits analysis compared to land-transport modes and its environmental contribution (Lombardo, 2004) and the general European shipping policy (Paixao and Marlow, 2001). But there is still a need to understand the role of countries in its implementation, especially since the EU has clearly demonstrated its interest in a modal shift from road to sea.

The goal of this paper is to demonstrate why despite major efforts provided by the EU with its modal shift policy, objectives of freight transfers from road to the sea remain disappointing. Our hypothesis is that an unclear definition of SSS used by the EU leads to the implementation of unfit, contradictory public policies and that the potential for modal shift has been overestimated by the EU. The demonstration is organised in four sections. The first one presents how the concept of Short Sea Shipping has evolved during the last 25 years. Secondly, the financial tools provided by the EU for its implementation are presented. Section 3, using three case studies, reveals how the modal shift potential is limited and was not clearly acknowledged by the EU. The last section discusses the EU's public tools in the support of Short Sea Shipping.

2. Short Sea Shipping: no decisive definition

Prior to assessing the public financing programmes and tools provided by the EU, it is necessary to clearly identify its object of

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intervention. Defining Short Sea Shipping is a difficult task that has not reached academic agreement yet. The lack of a conceptual definition of SSS has been acknowledged as far as in the early 1990s and has led to methodological problems and obstacles for policy-making, market analysis, strategic planning and scientific research. A concise, unambiguous definition of Short Sea Shipping does not exist. This semantic confusion prevents us from analysing Short Sea Shipping universally in such a way as to develop public policy initiatives and understand the market conditions that are essential for commercial success (Lombardo, 2004). Depending on the definition used in any SSS analysis, flows may vary considerably (Peeters, 1993; Blonk, 1993b).

2.1. Before the EU definition (1982–1999)

The first academic definition of SSS is 28 years old, when Balduini presented it as: ‘a maritime transport between ports of a nation as well as between a nation’s port and the ports of adjacent countries’ (Balduini, 1982). This first definition includes the type of service, being cabotage or coastal within the ports of a nation and extends the geographic coverage to the adjacent countries. In 1992, the European Commission presented its first definition, not of SSS but cabotage, used as a synonym, that is a carriage of passengers and goods by sea between ports situated on the mainland of one member state without calling at islands, offshore supply services and services between ports of one member state where one or more ports are situated on islands (Commission of the European Communities, 1992).

The First European Research Roundtable Conference on Short Sea Shipping held in 1992 has produced a wealth of definitions of SSS based on various aspects. Many criteria have been employed to define what it is and what it is not. Early SSS definition fixed an arbitrary size of ships to a maximum of 5000 gross tonnage (Criley and Dean, 1993). Bagchus and Kuipers define SSS ships size irrespective of whether it involves small ocean-going vessels, large ocean-going vessels or coasters (Bagchus and Kuipers, 1993). The SSS industry’s traditional organisation is characterised by a lack of strategic cooperation between the actors in the sector, but also between SSS and other transport modes actors, such as road hauliers (Van Gunsteren et al., 1993). Technical innovation, lobbying and marketing efforts are said to be passive within the SSS industry (Van Willigenburg and Hollander, 1993). SSS can be segmented into different markets, such as freight (general cargo and bulk) and ferries (Psarrafis and Papanikolaou, 1993). Hoogerbeets and Melissen define the markets of Short Sea Shipping into four categories; first, the traditional single-deck bulk carriers; second, container-feeder vessels; third, ferries; fourth, bulk carriers and tankers. They summarised the role of SSS as “either performing a distributive function by linking main ports to smaller ports or a main line function on low volume trade links, or between ports which have limited accessibility” which brings a geographical differentiation between the centre – the main markets and deepsea ports, served by global carriers – and the periphery – small to medium markets not included into international routes and trades and smaller ports, served by SSS operators (Hoogerbeets and Melissen, 1993). SSS is seaborne goods transport that does not cross an ocean (Bjornland, 1993). Marlow et al. also used technical criteria such as ship size and type, cargo handling methods, ports, networks and information systems to describe SSS (Marlow et al., 1997). SSS is also defined as a feeder service in competition with a road service, which creates for the first time, the opportunity for modal transfer (Stopford, 1997).

2.2. From the EU definition on

In 1999, the EU adopted a comprehensive Short Sea Shipping definition that embraces several non-oceanic services regardless

of the type of commodities carried, with precise geographical boundaries (Commission of the European Communities, 1999): ‘the movement of cargo and passengers by sea between ports situated in geographical Europe or between those ports and ports situated in non-European countries having a coastline on the enclosed seas bordering Europe. Short Sea Shipping includes domestic and international maritime transport, including feeder services, along the coast and to and from the islands, rivers and lakes. The concept of Short Sea Shipping also extends to maritime transport between the Member States of the Union and Norway and Iceland and other States on the Baltic Sea, the Black Sea and the Mediterranean’. It is important to emphasise that river–sea shipping is explicitly included.

In 2005, the US Maritime Administration defined SSS as: “a commercial waterborne transportation that does not transit an ocean. It is an alternative form of commercial transportation that utilises inland and coastal waterways to move commercial freight from major domestic ports to its destination” (US Department of Transportation, 2008). Consistent with the MARAD definition, Yonge and Henesey provide the following elements to the above mentioned definitions: intermodalism, feeding, border crossing, inter-regional cargo, transshipment, hub and spoke networks and an alternative to road transport for container or trailers (Yonge and Henesey, 2005).

These definitions confirm the Bjornland and national maritime administrations point of view: Short Sea Shipping implies ships that do not cross an ocean. The geographic criterion then seems to be the most operative one for a definition especially since the range of companies is as diverse in short sea as in deep sea shipping. SSS companies can own and operate many ships or just one (Paixao and Marlow, 2002). SSS services are also operated by international shippers implementing their own feeding services, competing in the traditional niche of regional shipping lines, although the direct impact on the structure of the industry is still unclear (Brooks and Frost, 2004). What is clear is the competitive environment that is building up on certain legs in specific markets. For example, not less than a mix of 11 global and regional shipping lines were competing for cargo on the Hamburg/St. Petersburg container route in 2003 (Cappuccilli, 2007).

2.3. The “Motorways of the sea”

Since railways can operate as rolling roads, could not ships operate as “sailing roads”? A working group chaired by Karel van Miert considered in June 2003 “motorways of the seas” as floating infrastructures that move goods by sea from one Member State to another which aim to substitute motorways of land to avoid congested land corridors, give access to countries separated from the European Union mainland and enable a better integration of waterborne transport with surface modes” (Paixao Casaca, 2008). Justifications for the implementation of the “Motorways of the Sea” concept have then been developed (Tostmann, 2004), and the main objective of Short Sea Shipping policy in Europe is nowadays built around this idea and on actual, substantial and measurable modal shift from road. The EU has never given a precise definition of the motorways of the seas. From different publications¹ it can be deduced that a motorway of the sea is a door to door regular (with high frequency) service including a short sea leg allowing a significant modal shift from the road. The service should be international, link at least two European ports and have road hauliers as customers. It is then a roll on roll off service linking at least two different European countries. Although they belong to

¹ EU, European transport policy for 2010: time to decide, white paper, COM (2001) 370 final, page 42. EU, Decision no. 884/2004/EC of the European Parliament and of the council of 29 April 2004, pp. 15–17.

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