



ECSA Newsletter

European Community Shipowners' Associations

- N° 6/07

ECSA ANNUAL REPORT 2006-2007

ECSA President Philippe Louis-Dreyfus together with Vice President Marnix van Overklift and the ECSA secretariat presented the ECSA annual report 2006-2007 to the press on Monday 15 October 2007.

The annual report was also presented to Commission Vice President and Transport Commission Jacques Barrot during a constructive exchange of views beginning October.

Key points of the annual report 2006-2007 are:

European Shipping in a Global Market

The past year showed again a healthy growth of world trade and maritime transport with in general good results. European shipping maintains a leading position in global maritime services with a substantial share of 41 % of the global merchant fleet. The expectations for the future are positive for most sectors. However, high fuel costs, imbalances and congestion, together with tonnage oversupply in some sectors, may have a negative influence.

Blue Paper on a Future Maritime Policy – Maritime Transport Policy 2008-2018

ECSA appreciates the unique consultation process that has taken place on the Green Paper on a Future Maritime Policy and has actively contributed to it through various submissions. The Blue Paper that has been presented on 10 October needs of course detailed analysis particularly taking into account the many action points that have been proposed.

One of the key action points for the shipping industry is the announced White Paper on Maritime Transport Policy 2008-2018. ECSA appreciates this initiative since long term planning is essential for investments in shipping. It is evident that many of the views and suggestions brought forward by ECSA in its submissions to the Green Paper are also valid for the White Paper on a Maritime Transport Policy.

In this respect the de facto global character of shipping is the main theme that should be taken into account on all fronts particularly on safety and environment issues, the global labour market in which shipping operates and the competitive position of European shipping in the global market. ECSA appreciates that this philosophy has been acknowledged in the Blue Paper.

ECSA will of course contribute to the development of the White Paper on Maritime Transport Policy and hopes that it will create an appropriate framework attracting further investments in shipping and contributing to further enhance the global leadership of European shipping and its catalyst role for the whole maritime cluster.

Whilst the different action points brought forward in the Blue Paper will need further analysis and discussion, ECSA notes that some of its practical suggestions have been taken on board such as the enhancement of ratification of IMO Conventions by EU Member States as well as internationally. The vital role of European shipping for European and international trade

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has also been recognised. This should be a key theme in the further development of a sustainable overall maritime policy.

During the consultation process all stakeholders expressed support for an integrated approach to maritime policy. ECSA believes that the Blue Paper offers the basis towards such a policy. It is also encouraging that the Lisbon Policy – making Europe the most competitive and knowledge based economy – has been taken into account in this process.

ECSA wishes to reiterate the five underlying themes for a Future Maritime Policy that were brought forward in its first submission in 2005:

- Ensuring the potential for growth in Europe through adequate transport capacity.
- Ensuring a stable and competitive environment for EU shipping.
- Keeping regulation global.
- Supporting a positive development of shipping in the EU.
- Taking an environmental approach with a global perspective.

The Competitive position of European Shipping

European shipping is clearly a global leader. This position should be maintained and further enhanced. The 1997 State Aid Guidelines that have been extended in 2004 for another period of 7 years are at the basis of the success of European Shipping.

Recently we have seen a rather dogmatic approach by the Commission services on the interpretation of the scope of the Guidelines. A case has been launched against Denmark on dredgers and cable layers. Taking into account that such services are subject to global competition this will have counterproductive effects resulting in flagging out and loss of employment. Flexibility in interpretation respecting the basic philosophy of the State Aid Guidelines is essential.

Investments in shipping are de facto long term. Therefore the Guidelines should be maintained for a longer period and remain stable in substance and interpretation. ECSA hopes that the White Paper on a Future Maritime Transport Policy will lay the basis for such a policy.

European Ports Policy

ECSA has actively contributed to the six workshops on a European Ports Policy that have taken place in 2006/2007 in preparation of a Port Policy Paper. The consultation process was constructive and we take it that the Policy Paper that the Commission will publish on 17 October will take the views expressed into account.

ECSA and many other stakeholders have stressed the necessity of extension of port capacity and hinterland connections. This is a priority. At the same time we should get the best out of existing capacity by increasing the efficiency of all port services. This is of particular importance for the promotion of short sea services. We also take it that the four freedoms of the Treaty will be applied on port services.

Logistics and Motorways of the Sea

Short Sea Shipping has positively developed during the last decennium. This should continue. We look forward to the Commission Communications that will be issued on 17 October on Motorways of the Sea and linked to it on Freight Logistics. Intra EU cargoes transported by ship should not be subject to more administrative procedures than transport by road. ECSA will continue to actively contribute to discussions in this respect through the further process towards a European Maritime Space without barriers. ECSA has also very

much contributed to the ongoing exercise on bottlenecks in the logistics chain and looks forward to further contribute to the process of elimination of them.

SECURITY

EU

Most attention has been given to customs rules notably the AEO status (01/01/2008) and advance cargo declaration (01/07/09). The problems of liability for filing of NVOCCs/forwarders have much to our regret not been solved as yet. ECSA also wishes to reiterate that electronic filing is the only workable way for advance cargo declaration.

US

A joint industry letter was sent by 18 Brussels based trade associations to EU Commissioner Laszlo Kovacs, most of them belonging to the Maritime Industries Forum representing the European maritime cluster, commending him for the Commission's outspoken opposition to the 100 % container scanning legislation.

The trade associations stressed the disastrous effect of scanning of all EU export containers on the supply chain and on European trade and the poor added value of such a system for security. The trade associations insisted on the need to seriously discuss the US initiative both at the EU-US summit and the Trans Atlantic Business Dialogue with the aim to collectively review the US intentions towards a workable system with clear added value for security.

Guidelines on the Application of EU Competition Rules

The draft Guidelines on the application of Competition Rules on both Liner and Tramp services are now in a consultation process. ECSA is analysing the details and consequences of the draft Guidelines allowing a submission to the Guidelines in due course.

On liner shipping ECSA hopes that the gathering of data and a possibility to have an exchange of views on them will be the final result.

On tramp shipping ECSA wishes to stress that there have been no complaints for years and that shipping pools have very much contributed in providing the necessary space and services for global tramp shipments. In addition to the detailed information already supplied to the Commission ECSA will in its commentary further explain the relevant market of tramp shipping services as well as the activities of tramp pools.

In short the European shipping industry hopes that tramp services can continue to operate in the same framework as they have done over the years without complaints and to the benefit of European and global trade.

The Maritime Safety Package III

Political agreement on three safety proposals out of the Maritime Safety Package III has been reached in the Council notably on: Port State Control, Monitoring and Reporting and Accident investigation. We appreciate that the Commission has acknowledged that maritime safety should be dealt with on a global basis through the IMO. The further process on the three safety related proposals on which there is political agreement should now be speeded up so that they can be applied soonest with a direct benefit for maritime safety.

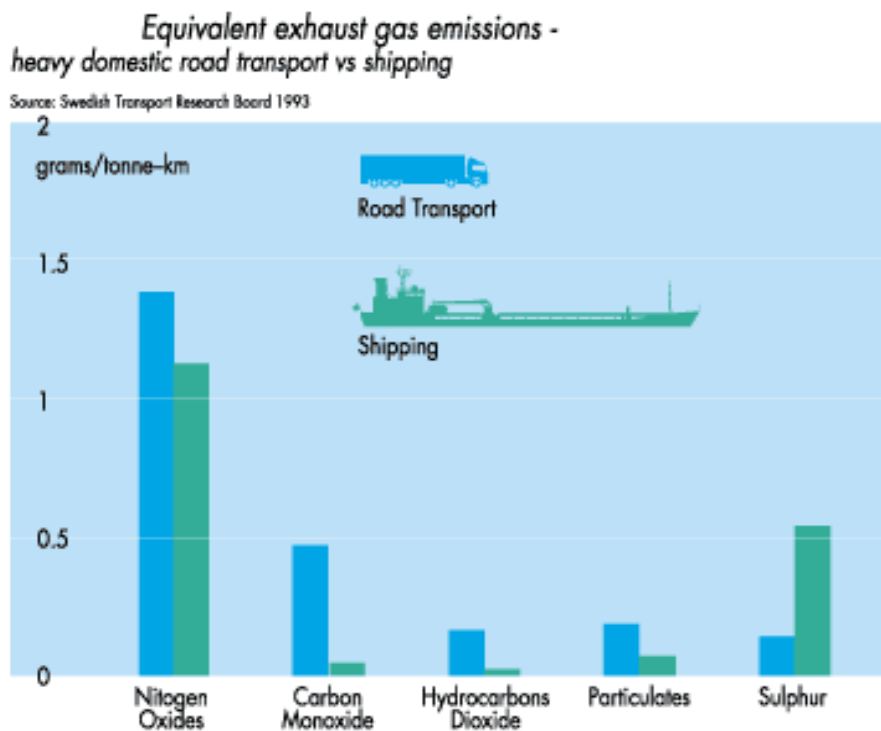
The Portuguese Presidency is dealing within the Transport Council with the proposals on applying the Athens Convention and on Classification Societies. The controversial proposals on Civil Liability and Flag State Compliance have not been dealt with in the Council.

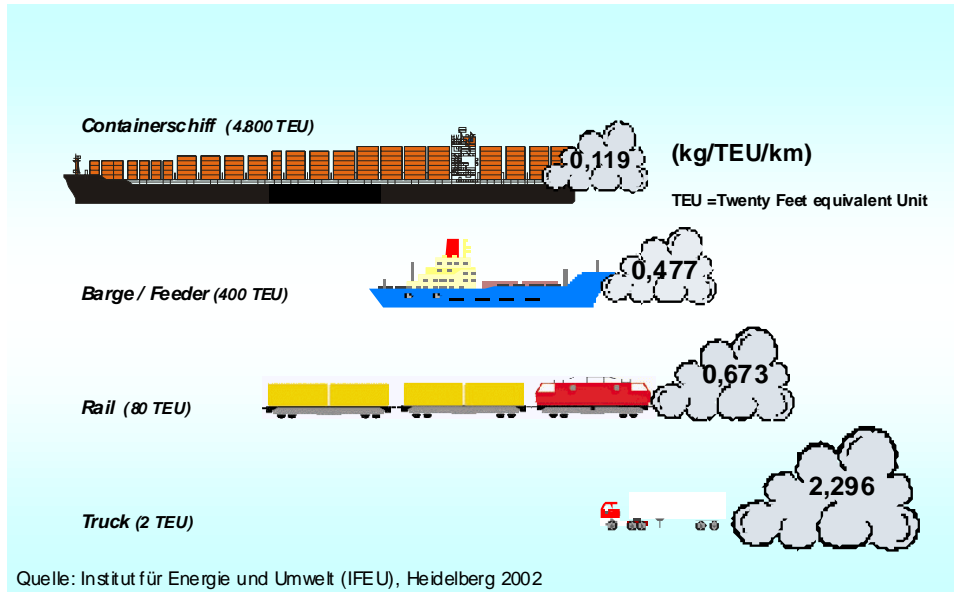
As mentioned on many occasions, ECSA reiterates that the priority should be to put pressure on Member States to ratify the relevant IMO Conventions. The reporting process on ratification at Transport Council meetings has the full support of ECSA.

Environment: Air Emissions/Ship Recycling

Emissions

Ship emissions are high on the agenda on a global basis. Shipping is clearly an environment friendly transport mode.





This good performance of shipping is not a reason for complacency. Shipping a de facto global industry needs global regimes this is particularly so for measures on reducing emissions. In this context ECSA urges the IMO to come forward next year with suggestions for amending IMO MARPOL Annex VI.

As far as CO2 is concerned the shipping industry of course draws attention to its excellent performance but at the same time is looking for further improvements.

Ship Recycling

In response to the Commission Green Paper on ship recycling ECSA strongly advocated a global solution through the forthcoming IMO Convention. Pending the approval and application of the Convention the shipping industry has issued interim measures inter alia encouraging shipowners to select quality yards and complete an inventory of hazardous material in the ship. Regional legislation would be counterproductive.

The Human Element: MLC Convention

ECSA is fully aware that Europe – being the main trading entity in the world – needs maritime know how, not only for shipping but for the whole maritime cluster.

At the same time it is realised that as in any industrial sector the highest qualification is required for Europeans employed in the whole cluster. With the career planning exercise the social partners ECSA/ETF have contributed to this aim.

Conditions for seafarers will be improved on a global basis through the ratification of the ILO Maritime Labour Convention (MLC). The discussions between the social partners ECSA/ETF to transfer parts of the MLC into EU Legislation are progressing positively.

As the shipping industry stressed repeatedly labour protectionist measures, will have the opposite effect of what one expects from them and should be avoided.

Relations with Third Countries

ECSA commends the Commission for its active role in relations with third countries on maritime transport. The Maritime Bilateral Agreement with China on which there will be an implementation monitoring meeting in Rotterdam on 17/18 October has proved to give positive results.

Though more difficult we hope that a similar agreement can be concluded with India. In addition ad hoc actions towards third countries where specific problems arise should be further enhanced.

A hectic Work Programme

There is a hectic programme before us for the period 2007/2008. We referred to the different running and shortly forthcoming policy issues:

- Review of the Competition Rules
- Blue Paper on a Future Maritime Policy
- Motorways of the Sea
- European Maritime Space Without Barriers
- Logistics
- European Port Policy
- Discussions between the social partners on the MLC
- Further discussions on security

And last but certainly not the least the preparation of a Commission White Paper on a Maritime Policy 2008-2018 which is clearly for the long term a fundamental exercise of key importance. ECSA is will actively and constructively contribute to this exercise.

The ECSA annual report is available on the website www.ecsa.eu and hard copies can be obtained on request.

COMMISSION COMMUNICATION ON A EUROPEAN PORTS POLICY

As mentioned in the above summary the Commission issued on 18 October a Communication on a European Port Policy. The Communication follows the consultation process with 6 Workshops to which ECSA actively contributed. It is useful that the main views expressed by stakeholders during the consultation process are attached to the Communication.

It is evident that the Commission Communication needs further study and analysis. ECSA has noted that the necessity of extension and investments in ports and hinterland connections, as brought forward by all stakeholders as a priority, has been taken on board. It now remains to be seen how present procedures can be improved.

ECSA notes that, as already suggested in the Blue paper on Maritime Policy of 10 October, Guidelines concerning funding of ports will be issued in 2008 and that the Transparency Directive will be applied.

A soft law approach as suggested by the vast majority of stakeholders has been followed. It must however be clear that further improvement in efficiency, modernisation of services and ensuring the relevance of services remains a necessity for all services including technical-nautical services. In this respect existing legislation particularly the four freedoms of the

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Treaty and the Competition Rules should be properly applied. This is confirmed in the Communication. The reference to Pilot Exemption Certificates and an enhanced use of technological innovation is appreciated.

ECSA will after detailed study give the appropriate follow up to the Commission Communication. It speaks for itself that ECSA wants to be directly involved in all future discussions with stakeholders and the EU Institutions on the application of the European Port Policy.

COMMISSION COMMUNICATION OF THE EU's FREIGHT TRANSPORT AGENDA

Also on 18 October a Commission Communication on "Freight Transport" was issued including two Commission staff working documents respectively on a European Maritime Space without Barriers and a report on Motorways of the Sea.

The report on Motorways of the Sea (MOS) is helpful. Having played an active role in the promotion of short sea services ECSA has noted the new initiatives to broaden the concept of the MOS and will actively contribute to the consultation process.

The initiative on a maritime space without barriers should be used to do away with all superfluous and cumbersome administrative procedures. High political support should force a breakthrough towards a full simplification of procedures for intra EU cargoes transported by sea. ECSA will continue to contribute to this exercise.

As a follow up to its contribution to the bottleneck exercise on logistics ECSA will give further input to the Commissions Freight Logistics action plan.

18.10.07