

## **Measure 27: Promotion of Short Sea Shipping, in particular by simplifying Customs procedures**

### **First page:**

*Policy package:*

**4A:** Sea and Inland Waterways liberalisation and harmonisation

#### *Measure 27*

Simplify the regulatory framework for maritime and inland waterway transport by encouraging in particular the creation of one-stop offices for administrative and customs formalities.

#### *What is the problem being addressed ?*

The White Paper sets a number of ambitious targets to ensure competitiveness and sustainability of mobility also in 2010. Short Sea Shipping (SSS) is an obvious choice to play a key role in reaching these targets. It can help curb the 50% increase in heavy goods vehicle traffic forecasted in the Paper, it can help rebalance the modal split, bypass land bottlenecks, and it is safe and sustainable.

However, to fully utilize SSS in Europe, it needs to be successfully integrated into logistic chains and offer seamless door-to-door operations. This is primarily for the industries to accomplish, but efforts at other levels can help the process and alleviate the framework obstacles that hinder SSS from developing faster.

The overall Community “**Programme for the Promotion of Short Sea Shipping**” (see COM/2003/155) mentions at this regard the following measures:

- Marco Polo programme (Measure 42 of this report).
- Proposal for a Directive on Intermodal Loding Units (annexed to COM/2003/155 – Measure 43 of this report).
- Introduction of the “Motorways of the Sea” approach (Measure 28 of this report).
- Proposal for a Directive on market access to port services (Measure 29 of this report)
- Improving the environmental performance of Short Sea Shipping, in particular by reducing the sulphur content of marine fuels (Measure 41 of this report)
- Simplify and harmonize customs procedures for Short Sea Shipping (these are discussed in the following as Measure 27)

Therefore, in the context of the overall Programme for the Promotion of Short Sea Shipping, measure 27 aims to simplify administrative aspects of SSS. The Commission presented in 2002 a Guide to Customs Procedures for Short Sea Shipping. The Guide has a two-fold purpose. First, it outlines the EU customs rules that apply to SSS, including the opportunities that are available to use simplified procedures. And, second, it gives a concise basis for identifying whether there could be concrete needs for modifications or further simplifications. As stated in the recent Communication on Short Sea Shipping (COM/2004/453 final, 2.7.2004) “European-wide consultations on the Guide ended in April 2003 and the first analyses of the contributions indicated that concrete problems associated with the general EU Customs rules might be less numerous than was earlier thought”. According to the mentioned Communication, the main comments focused on the so-called “Authorised Regular Shipping Service” which is a service authorized by the Customs to carry Community goods between two Member States with minimum formalities. Indeed, for Community goods, this service can be compared to a road bridge between two or more points in the Customs territory of the Community where there are no Customs checks on either end of the bridge. The status of Community goods carried on this service does not need to be proven any more than is the case in road transport. To address questions surrounding this Authorised Regular Shipping Service, its practical application, and the relaxation of paperwork that it offers, the Commission presented in March 2004 a Working Document (see box legislative implementation below) which explains the modalities of the service and the procedures on how to become an Authorised Regular Shipping Service.

Other measures aiming to simplify administrative procedures or render more productive the administrative work were:

- IMO FAL Directive: the European Parliament and the Council adopted in December 2001 the Commission proposal aiming to standardize certain reporting formalities for ships to arrive in and/or depart from ports in the Member States. The Directive require the Member States to accept the standard IMO FAL forms when the relevant arrival/departure information for a ship can be obtained with these forms. This means that the multitude of different national forms is now being replaced by

one common set of forms (the Directive has replaced the earlier multitude of some 50 different forms by 5 standard ones).

- e-Customs: introduction of electronic transfers of Customs and other administrative data. As one of the first steps in e-Customs, some 3000 Customs offices in 22 countries have now implemented the New Computerised Transit System (NCTS) since mid-2003. Under the current system, the procedure relating to transport under the single administrative document (SAD) is replaced by electronic messages. Additional functionalities are planned to be introduced into the NCTS in the future.
- Customs 2007: in the context of the initiatives aimed at speeding up the Customs formalities, approximation of national application and computerization of Community Customs procedures is achieved also through the action programme for Customs in the Community (Customs 2007), which aims to improve co-operation between national Customs services.
- One-stop administrative shops: the Commission presented in July 2003 a Communication on a simple and paperless environment for Customs and Trade. The Communication suggests co-ordination between different authorities boarding the ship. This could ultimately lead to one-stop administrative shops (or “single windows”) for traders, who would then have to deal with just one administrative body instead of three or four at present. Accordingly, information relating to any given import consignment would have to be sent only once.

Based on the consultations and further developments in the Customs field, the Commission periodically updates the original Guide to Customs Procedures for Short Sea Shipping. The latest working version of the Guide is version No 3, updated on 14 January 2004. This Community process ultimately aims to improve knowledge of procedures and regulation in trade via EU seaports. In this way it is believed that the measure contributes to a more smooth and efficient carrying out of the customs procedures, hopefully resulting in reduced waiting times, less errors and causing less annoyance for port customers. The measure is therefore indirectly aiming to contribute to modal shift policy objective.

*Measure's costs and/or benefits:*

There are no estimates of the reduction of costs for the port authorities and the sea shipping operators deriving from the simplification and harmonization of the procedures, and the introduction of electronic data exchange, but in any event significant reductions of money and especially time costs are expected.

*Legislative implementation at the EU level:*

Directive 2002/6/EC of the European Parliament and the Council of 18 February 2002 on reporting formalities for ships arriving in and/or departing from ports in the Member States of the Community, OJ L 67, 9.3.2002.

Decision No 253/2003/EC of the European Parliament and of the Council of 11 February 2003 adopting an action programme for customs in the Community (Customs 2007), OJ L 36, 12.2.2003

Communication from the Commission to the Council, the European Parliament and the European Economic and Social Committee: A simple and paperless environment for Customs and Trade, COM(2003) 452 final, 24.7.2003

Commission Staff Working Document: Simplified Customs Procedures in Short Sea Shipping: “Authorised Regular Shipping Service”, SEC(2004), 17.3.2004.

Commission Staff Working Paper: Guide to Customs Procedures for Short Sea Shipping, SEC(2002) 632, 29.5.2002 (last version updated on January 2004)

*What are the objectives ?*

The objective to improve knowledge of customs procedures as such is of course realised by providing the information free of costs in an easily accessible way (DG TREN website). However, it is difficult to prove whether or not the indirect benefits - facilitating the use of ports by means of the measures described above - are realized, although it stands to reason that it should have an impact.

The most concrete way of measuring impacts could be through sample surveys at ports and/or involving shipping operators aiming to assess the speeding-up of the formalities for ships as well as formalities relating to hinterland transport (road, rail and inland waterways) into and out of the port area.

*Interactions with other WP measures:*

The measure will interact positively with efforts to increase the modal share of sea transport (like “motorways of the seas (27), Marco Polo (42), standardisation of transport units (43) .

**Second page:**

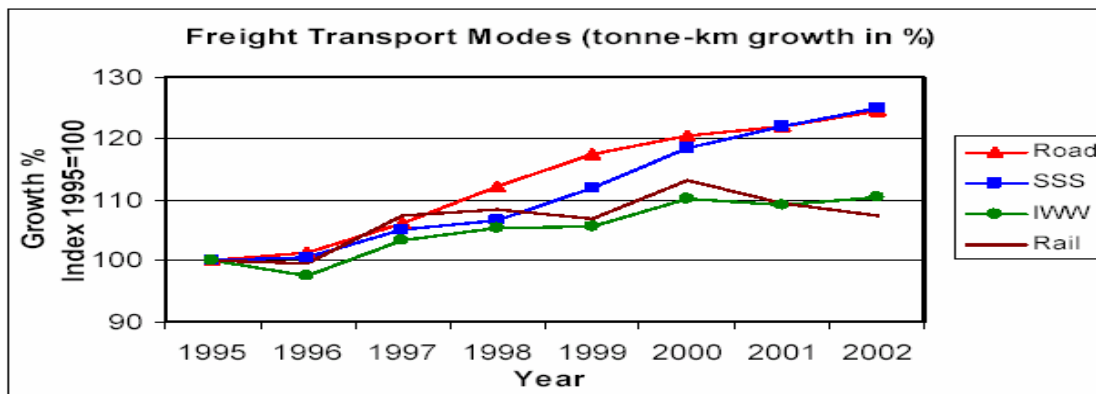
*Output indicators:*

Output indicators which concern the single measures are:

- e-Customs: number of customs offices using the New Computerised Transit System (some 3000 Customs offices in 22 countries have now implemented the NCTS since mid-2003).
- Guide to Customs procedures for Short Sea Shipping: this is now provided free in a easily accessible way at the DGTREN website. A straightforward indicator could be the “number of people using the Guide” (e.g. hits/pages on website).
- One-stop administrative shops: survey of the offices installed at European ports

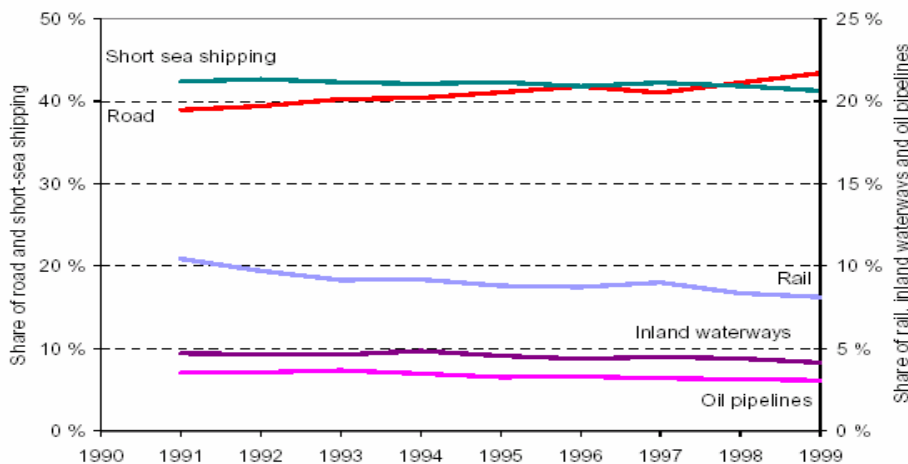
*Outcome indicators: intermediate impacts on transport markets*

The overall Programme for the Promotion of Short Sea Shipping aims to support an increasing sea transport market share. Already today Short Sea Shipping is highly successful and it is the only mode that proved able to keep up the growth of road transport. It performs circa 40% of all tonne-kilometres in Europe while the share of road transport is 45% (data for the year 2001, source EU Energy and Transport in Figures 2003). Its growth rate is above that of EU industrial production and its tonne-kilometre performance grew by up to 38% in the 1990’s as compared to 40% in road transport (see figure below)



There is no doubt that passenger transport (not considered here) is an important part of Short Sea Shipping and helps increase cohesion. However, since the main objective of promoting Short Sea Shipping is to achieve a modal shift for goods transport, and since the potential of alleviating traffic congestion by shifting passengers from road to sea seems marginal in comparison with freight, this measure concentrates on goods transport. Figures about the modal shares in freight transport demand shows that Short Sea Shipping is still the second most important freight transport mode:

**Modal shares in freight transport demand (EU15)**



NB: Shares based on tonne-kilometres.

Source: Eurostat, 2002a.

Although short sea shipping, growing on average by 2,9% per year, was more important than road in the early 1990s, it seems to have lost this lead from 1996-98 onwards. However, lack of recent data for short sea shipping on country level prevents this mode from being included in these modal split figures. Especially in the case of Greece, Portugal and Finland, where the share of short sea shipping was above 70% in 1996, the inclusion of short sea shipping could drastically alter the assessment:

**Shares of modes in freight transport (including SSS) by country in 1996 (%)**

**Shares of modes in freight transport (excluding SSS) by country in 1999 (%)**

	Road	Short sea shipping	Rail	Inland waterways	Oil pipelines
Austria	41	-	35	6	19
Belgium	35	51	7	5	1
Denmark	44	45	4	-	7
Finland	20	73	6	0	-
France	51	26	14	2	6
Germany	51	18	15	13	3
Greece	18	82	0	-	-
Ireland	32	65	3	-	-
Italy	46	45	6	0	3
Luxembourg	79	-	13	8	-
Netherlands	32	45	2	18	3
Portugal	24	70	6	-	-
Spain	44	48	5	-	3
Sweden	39	38	23	-	-
United Kingdom	39	54	4	0	3
<b>EU-15</b>	<b>42</b>	<b>42</b>	<b>9</b>	<b>4</b>	<b>3</b>

Source: Eurostat, 2002a.

	Road	Rail	Inland waterways	Oil pipelines
Austria	40	36	5	18
Belgium	71	14	12	3
Denmark	72	5	-	22
Finland	73	26	1	-
France	76	16	2	6
Germany	65	17	15	4
Greece	98	2	-	-
Ireland	92	8	-	-
Italy	87	8	0	5
Luxembourg	79	14	7	-
Netherlands	49	4	42	6
Portugal	87	13	-	-
Spain	86	9	-	5
Sweden	63	37	-	-
United Kingdom	84	10	0	6
<b>EU-15</b>	<b>74</b>	<b>14</b>	<b>7</b>	<b>5</b>

The specific impacts of measure 27 are related to the simplification of Customs procedures and are more difficult to assess. Port specific data shall be used and most probably ad hoc surveys to ascertain the extent to which the efficiency of customs procedures is improving, measuring in particular the following indicators for a sample of ports:

- Average processing time of SSS customs procedures
- Number of errors of SSS customs procedures

The Commission has partly used data provided by 41 member ports of the European Sea Ports Organisation (ESPO). This source may be exploited in the future to provide sample values of the above mentioned indicators. However, the situation will improve over time because the Council Directive on maritime statistics (Council Directive 95/64/EC of 8.12.1995) has now fully come into effect as of year 2000. There are about 350 ports providing detailed data under the Directive, which can provide most of the data needed for the Short Sea Shipping with the availability of data on "port-to-port" level. Nevertheless, it will take a few years for the directive to produce data series for analyzing trends.

*Outcome indicators: final impacts on transport users and non users*

The overall Programme for the Promotion of the Short Sea Shipping, and Measure 27 as a building block of it, will have a positive impact on energy consumption and the environment. Indeed, maritime transport has a much higher energy-efficiency than other modes of transport and is, in general, less harmful to the environment than other modes of transport per tonne or passenger carried. A modal shift to SSS could, for instance, constitute an important element in the Community strategy to fulfill the Kyoto obligations.