





Update on the Motorways of the Sea concept as part of TEN-T

Work Package C-5

October 2010

| | |
|--|--|
| Type of Report: Transnational | |
| Main Title: Update on the Motorways of the Sea concept as part of TEN-T | |
| Main responsible institution/company: Flemish Ministry of Mobility and Public Works | Cooperating institution/company: FDT – Association of Danish Transport and Logistics Centres |
| Main author: Pim Bonne | Contact persons in StratMoS: Pim Bonne, Flemish Ministry of Mobility and Public Works |
| Summary: Short overview of recent changes in the Motorways of the Sea concept, as defined in art. 12a of the TEN-T guidelines. | |
| Indexing terms: MoS, TEN-T | |
| Report No.: 1.0.2 | Date of first issue: September 2010 |
| Revision No. | Date last revision: October 2010 |
| Work carried out by: Pim Bonne, Flemish Ministry of Mobility and Public Works | Work verified by: Kent Bentzen, FDT |
| Logo of main institution/company: <div style="text-align: center;">  <i>departement</i> Mobiliteit en Openbare Werken </div> <div style="text-align: center;">  </div> | |



Preface

The StratMoS project is a part of the North Sea Interreg IVB programme. The StratMoS project is in progress from January 2008 to September 2011 and has partners from Norway, Belgium, Denmark, Germany, United Kingdom and The Netherlands. Furthermore StratMoS partners remain in co-operation with partners from North-West Russia. This present Work Package C report has been developed and written by Pim Bonne from the Flemish Ministry of Mobility and Public Works.

Responsible author:

Ir. Pim Bonne

Flemish Ministry of Mobility and Public Works

Ports and Water Policy Division

Koning Albert II-laan 20 bus 5

B-1000 Brussel

Belgium

Telephone: +32 2 553 62 51

Fax: +32 2 553 77 15

E-mail: pim.bonne@mow.vlaanderen.be



Contents

Contents 4

1. The original MoS concept..... 5

2. Problems encountered with the original MoS concept 6

3. Recent modifications on the MoS concept (2010)..... 8

4. Looking forward 10

5. Sources 10

1. The original MoS concept

Motorways of the Sea were introduced in the TEN-T Guidelines in 2004, when the latter were reviewed. Article 12a concerning Motorways of the Sea was added to the Guidelines. At that time, however, Motorways of the Sea (MoS) was still a merely theoretical concept. It was only after the start of the new TEN-T multi-annual work programme 2007-2013 that the first Motorways of the Sea projects were submitted to the European Commission. An attempt to clarify the concept towards the maritime sector was done in several regional MoS Task Forces, such as the North Sea MoS Task Force, in their regional calls for tender.

Below is the complete text of article 12a on Motorways of the Sea.

Article 12a

Motorways of the sea

1. The trans-European network of motorways of the sea is intended to concentrate flows of freight on sea-based logistical routes in such a way as to improve existing maritime links or to establish new viable, regular and frequent maritime links for the transport of goods between Member States so as to reduce road congestion and/or improve access to peripheral and island regions and States. Motorways of the sea should not exclude the combined transport of persons and goods, provided that freight is predominant.
2. The trans-European network of motorways of the sea shall consist of facilities and infrastructure concerning at least two ports in two different Member States. The facilities and infrastructure shall include elements, in at least one Member State, such as the port facilities, electronic logistics management systems, safety and security and administrative and customs procedures, as well as infrastructure for direct land and sea access, including ways of ensuring year-round navigability, in particular the availability of facilities for dredging and icebreakers for winter access.
3. Waterways or canals, as identified in Annex I, which link two European motorways of the sea, or two sections thereof, and make a substantial contribution to shortening sea routes, increasing efficiency and saving shipping time shall form part of the trans-European network of motorways of the sea.
4. The projects of common interest of the trans-European network of motorways of the sea shall be proposed by at least two Member States and shall be geared to actual needs. The projects proposed shall in general involve both the public and private sectors in accordance with procedures which, before aid granted from the national budgets can be supplemented, if necessary, by aid from the Community, provide for a tendering process in one of the following forms:
 - (a) a public call for tenders organised jointly by the Member States concerned, intended to establish new links from the category A port, as defined in Article 12(2), which they select in advance within each sea area, as referred to in project No 21 in Annex III;
 - (b) in so far as the location of the ports is comparable, a public call for tenders organised jointly by the Member States concerned and targeting consortia bringing together at least shipping companies

and ports located in one of the sea areas, as referred to in project No 21 in Annex III.

5. The projects of common interest of the trans-European network of motorways of the sea:

- shall focus on the facilities and infrastructure which make up the network of motorways of the sea,

- may include, without prejudice to Articles 87 and 88 of the Treaty, start-up aid if, as a result of the tendering process referred to in paragraph 4, public support is deemed necessary for the financial viability of the project. Start-up aid shall be limited to two years and shall be granted only in support of duly justified capital costs. The aid may not exceed the minimum estimated amount required to start up the links concerned. The aid may not lead to distortions of competition in the relevant markets contrary to the common interest,

- may also include activities which have wider benefits and are not linked to specific ports, such as making available facilities for ice-breaking and dredging operations, as well as information systems, including traffic management and electronic reporting systems.

6. The Commission shall, within three years, submit to the Committee referred to in Article 18 an initial list of specific projects of common interest, thereby putting the concept of the motorways of the sea into concrete form. This list shall also be communicated to the European Parliament.

7. The projects of common interest of the trans-European network of motorways of the sea shall be submitted to the Commission for approval.

2. Problems encountered with the original MoS concept

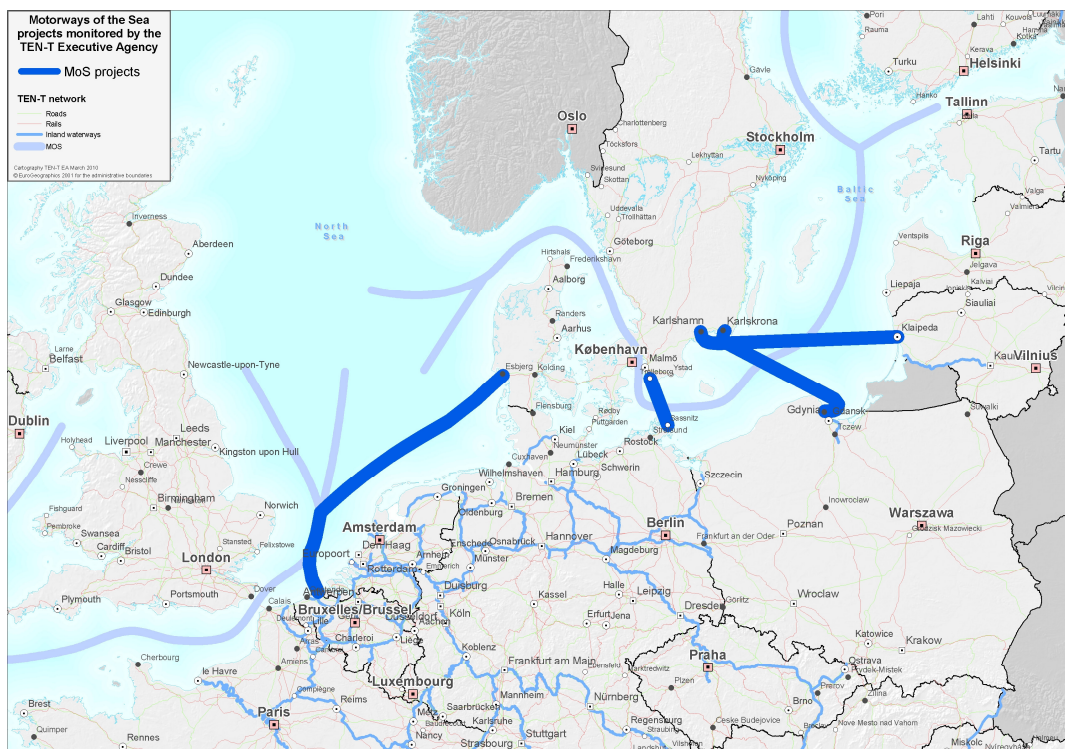
The implementation on the MoS concept did not go as smooth as expected. The response to the annual MoS calls, published by the European Commission was low. Quality of the submitted projects was poor.

In 2008 only three out of eight submitted project proposals were retained for co-financing from the TEN-T funds. It concerned following projects:

- High Quality Rail and Intermodal Nordic Corridor Königslinie, a project between the ports of Trelleborg (Sweden) and Sassnitz (Germany).
- Motorways of the Sea projects in the Baltic Sea Area Klaipėda-Karlshamn link, a project between Sweden and Lithuania.
- Motorways of the Sea Esbjerg – Zeebrugge, a project between Denmark and Belgium.

In 2009 only one out of six submitted MoS project proposals was retained for co-financing, a project between Karlskrona (Sweden) and Gdynia (Poland).

So at the end of 2009, almost five years after the launch of the Motorways of the Sea concept, only four projects in the whole EU were labelled as Motorways of the Sea under the TEN-T programme.



The Motorways of the Sea concept and its requirements were clearly not well understood by the maritime transport sector. In particular following shortcomings were identified when reviewing the 2008 and 2009 calls:

- there is insufficient integration of the maritime and hinterland services in the proposals received;
- the requirements of the MoS concept may be too restrictive, in particular regarding the involvement of a maritime operator in the proposals;
- the risk of receiving no European co-financing is deemed to high if the transport service doesn't materialise as foreseen.
- horizontal issues or wider benefits such as systems integration are not successfully or insufficiently addressed.
- the two-stage bidding process, involving both a Member State and a European evaluation of proposals, is considered too long and too bureaucratic.

The issue of the involvement of a maritime operator was also encountered in the contract negotiations with the European Commission and the TEN-T Executive Agency for the Motorways of the Sea Esbjerg – Zeebrugge project, where the author of this paper was involved. The maritime operator associated to the project was not able to give hard guarantees concerning service level upgrades, especially in times of economic crisis. One could consider if it is realistic to demand hard long-term guarantees from private sector partners for this kind of projects? This resulted in a very uncomfortable situation for the beneficiaries of the project, as the awarding of co-financing for infrastructure works in the two ports involved was made directly dependent of the service level upgrade by the maritime operator. So public partners depended on the performance of a private partner, which was working in a quickly changing commercial environment, for obtaining their share of the awarded TEN-T co-financing. This led to the conclusion that the MoS concept was not adapted to the way of working in commercial maritime transport.

Other difficulties encountered in the contract negotiations concerned the quantification of modal shift and reduction of emissions linked to the specific MoS project.

The paper produced in StratMoS DP 2 and 5 called 'Review and analysis of Motorways of the Sea policy in Europe' has reviewed the MoS policy in the EU from a more academic perspective by analysing relevant policy papers, communications, reports, ... and matching this analysis with the existing experiences on the field. This analysis came to similar conclusions on the bureaucratic policy mechanism, the confusion between available funding sources, the difficult application process and the uneven playing field between road and sea bases transport in EU transport policy. The authors of this paper advocated investigating the application of an Ecobonus scheme on European level. Such an Ecobonus scheme consists of a tariff rebate for truckers using maritime services for the main part of their journey. The possibility of setting up a European Ecobonus scheme might be taken up in the ongoing review of the Motorways of the Sea concept (cfr. §4).

3. Recent modifications on the MoS concept (2010)

Taking into account the experiences from the 2008 and 2009 MoS calls, the European Commission took the initiative to modify the requirements for Motorways of the Sea project proposals in the TEN-T multi-annual work programme 2010, based on following key points:

- the objective remains the same, i.e. to concentrate flows of freight on sea-based transport services integrated in logistic chains
- modifications to the approach must remain within the framework of the existing TEN-T guidelines

The main changes to the work programme 2010 concerned:

1. the involvement of a maritime operator is no longer an **eligibility criteria** - but involvement is still necessary;
2. studies taking the form of pilot actions having the objective to deploy new and innovative concepts and technologies in a pre-implementation phase can be submitted as well;
3. the transport (maritime) service must be achieved at least 6 months before the end of the project – otherwise the EU financial aid will be reduced to 10%;
4. more emphasis on wider benefit issues;
5. any MoS application, including study proposals, must be supported by minimum two Member States.

Pilot actions were something new in relation to the MoS concept. Pilot actions should pave the way for deployment of new and innovative concepts and technologies contributing to implementation of the MoS concept through prototyping, testing and validation. They can vary from actions related to innovation in setting up new or improving existing maritime links to achieving MoS actions of wider benefits.

The particular examples of such innovations may include, but are not limited to:

- integrated IT systems for cargo tracking and tracing within the whole MoS chain;
- reduction of administrative burden by implementation of IT information exchange/reporting systems or single windows for MoS services;
- validation of the operational benefits of new Ro-Ro ship prototypes or of innovative, environmentally friendly ship propulsions/engines for MoS services;
- new logistics concepts for providing alternative energy carriers (e.g. LNG) to MoS vessels;
- innovative logistics concepts accelerating intermodal operations in terminals, including automation of intermodal cargo handling terminals for MoS;
- regional organisation of icebreaking operation for MoS;
- innovative dredging concepts significantly reducing further maintenance of fairways or basins designated to MoS services;
- test operations for door-to-door MoS services involving at least a maritime operator, two ports in two different Member States and a rail or inland navigation operator.

However, for MoS link projects, the key issues remain the same:

- freight flows justifying the link must be demonstrated;

- market, competition, cost/benefit analyses are indispensable to demonstrate that the link has/can gain a fair market share and demonstrating that it realistically becomes profitable for operators;
- focus on intermodality and logistic chain integration (hinterland connections!);
- appropriate participation of transport operators (covering the maritime link) and ports are required. Involvement of other stakeholders expected as appropriate (e.g. infrastructure owners/managers, hinterland transport service providers);
- early involvement at ministry level.

The European Commission has also launched a one-stop helpdesk for Motorways of the Sea projects. This helpdesk should help interested parties to identify the different co-financing options for potential projects. See <http://www.mos-helpdesk.eu/>

4. Looking forward

The 2010 TEN-T Motorways of the Sea call closed on 31st August 2010. Within the North Sea region alone, the modifications may have resulted in renewed interest from private partners in the MoS concept. So far the author of this paper is aware five project applications submitted by North Sea countries. Two project proposals are MoS links projects, two project proposals are wider benefits projects focussing on integration of IT systems and one project proposal is a wider benefits project on LNG as alternative fuel.

The European Commission will also start a complete review of the Motorways of the Sea concept, feeding into the new Transport White Paper 2010-2020 and the review of the TEN-T network. Definition, scope, financing and monitoring of Motorways of the Sea will be reviewed.

This review of the Motorways of the Sea concept will be presented and debated on a MoS stakeholder conference to be organised in Brussels on 8th December 2010. During the same conference, the European MoS co-ordinator is also expected to present his third annual report.

This paper will be reviewed early 2011, based on new policy information on the Motorways of the Sea concept and on the results of the TEN-T Motorways of the Sea call 2010.

5. Sources

- European Commission, decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network, as amended by decision No 884/2004/EC (TEN-T Guidelines).



- European Commission, decision C (2010)2664 amending Commission Decision C (2010) 607 establishing a multiannual work programme 2010 for grants in the field of trans-European Transport Network (TEN-T) for the period 2007-2013
- TEN-T Executive Agency, presentation 'TEN-T support for the development of Motorways of the Sea: an opportunity to seize', SSS and MoS Focal Points meeting, Brussels, 18-19/03/2010.
- North Sea MoS Task Force, Notification of an Open Call for tender for Motorways of the Sea projects in the North Sea Region 2009-2013, last amended 01/06/2010.
- StratMoS Demo Projects 2 and 5, Review and Analysis of Motorways of the Sea Policy in Europe (Rev. 2, June 2010)
- <http://www.mos-helpdesk.eu>