

3rd Annual Stakeholders' Conference of FEPORT - 30 November 2017
DG MOVE Director General Henrik Hololei

Dear Ms Schretter, President Bonz, Ladies and Gentlemen,

- Thank you very much for inviting me here. It is a great pleasure to open this third conference of the Federation of European Private Port Operators and Terminals.
- I am equally very pleased of the opportunity to bring in the European Commission points of view to your discussions and to share with you the challenges and opportunities of the maritime and logistics sector.
- Global trade after a weak trade growth of just 1.3% in 2016, the WTO is forecasting that it will expand by 2.4% in 2017. The value of global goods trade is expected to grow by an average of 3.3% per annum until 2030.
- Maritime transport and logistics are the backbone of the globalised economy, playing very important role in the overall competitiveness of any world region.
- Europe is one of the leading maritime transport centres in the world. Three European ports in the top 20 container ports in the world. Our vibrant port sector, trades annually almost 4 billion tonnes of cargo and 400 million passengers in European ports (% of EU population). This is something we should be proud of.
- 80% of all traded goods are transported by ship. EU shipping adds around €150 billion to EU-GDP (directly and indirectly) and supports the employment for an estimated 2.2 million people. Shipping also helps the creation of further jobs and growth in the wider economy. 5% of the EU employment is generated by the logistic sector.
- The recent trends in maritime transport markets indicate increased current growth in the container line traffic and dry cargo markets.

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- Recently there has been a trend of mergers and acquisitions as well as a trend for vertical integration. The market is experiencing overcapacity. Consolidation and alliances may help in the balance of the market as they can secure a better use of the tonnage and improved control of the supply.
- We need to work hard to achieve **emissions reduction and decarbonisation**. It is time for IMO to take a strong lead and deliver an ambitious initial strategy to reduce greenhouse gas (GHG) emissions in April 2018 and a revised strategy in 2023.
- The industry needs to be mobilised in view of the coming IMO meetings. We need to ensure support for a strategy that ensures that: (i) sectoral emissions do not exceed 2008 levels and (ii) we have decarbonisation by 2050.
- In the field of **safety and security** I am happy to announce that the Commission has started together with EMSA, the review of the rules on safe loading and unloading of bulk carriers (Directive 2001/96/EC). Throughout the coming years we will be able to see what are the best practices in the Member States and reflect on possible improvements of the legislation if needed.
- Let me point out **four elements in relation to maritime and port logistics** that we will be faced with in the next years to come.
- **Firstly, we need to embrace digital transformation and innovation**
- Logistics is a very complex business requiring agility and resilience in response to a rapidly changing environment: globalisation versus growing protectionism; clients' requests for increasing customisation of products and services leading to smaller consignments and more frequent transshipments; changes in consumption patterns driven by e-Commerce; rising demands for a low-carbon, low-energy and circular economy.

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- As we speak, new and innovative solutions are transforming the transport sector. Digitalisation, artificial intelligence, automation, robotics, Internet of Things are all "game changers", if not to say disruptors and they will tremendously affect the concepts how things are produced and goods transported.
- People, businesses and societies are interacting in ways previously unimagined: new business models and services appear, based on collaboration and sharing economy principles and enabled by data and information and communication technologies. Ships "talk" to ports, cars "talk" to infrastructure, infrastructure "talks" to infrastructure – this is a whole new ecosystem that we are experiencing.
- In digital times, traditional businesses run the risk to be changed by outsiders, like tech -giants. If the sector does not change, it will be changed. We would like to see the sector itself to be in charge and not be forced from outside to change. That means that the sector must embrace the change and be ahead of the curve.
- This is also why we, the regulator, need to make the **right regulatory choices** to embrace the future, incentivise the change and not to limit the potential.
- We must keep in mind that there is also an evolving wider societal change, how to make digitalisation acceptable for those who see this as a threat? We should not repeat the mistakes of the past, when we embraced globalisation as an irreversible process serving us well without harnessing its benefits enough and convincing the doubters of its added value.
- **Data is becoming a new "fuel" for our economies. Building a secured and trusted environment** is therefore of utmost importance. We need clear rules for data ownership and behaviour – who is allowed to do what with the data in his/her possession. We need to treat parties equally and transparency should be the norm.

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- Digitalisation and automation will also have without doubt an **impact on the profile of jobs as well as on the** required competencies of people. Adaption is needed and certain jobs are likely to transform while new ones will emerge.
- It is equally plausible that the way traditional businesses have operated until now will change. We are going to see more collaboration between businesses facilitated by data sharing. Capacity sharing e.g. is becoming more prominent beyond the maritime boundaries. Increased collaborative logistics will also result in new business models.
- The digitalisation of the sector should not be limited to this. We need to be forward looking and develop a legal and technical framework which is **flexible enough** to ensure that it serves maritime transport also **in the next decade**.
- Advanced resource optimisation systems, automated cargo handling equipment and efficient information sharing between all actors will help us in improving efficiency.
- **Secondly, we need to cut administrative burden and further optimise logistics chains**
- Digitalisation is an increasingly important driver for **efficiency, simplification and lowering costs**. It increases the efficiency of our transport systems as well as the utilisation of existing resources and infrastructures. It reduces administrative burden, optimises supply chain visibility and resilience, improves safety and security, and enhances environmental performance of transport and logistic operations.
- The Commission, since 2015, has actively engaged the stakeholders and the member states in the framework of the **Digital Transport and Logistics Forum (DTLF)** in order to develop a common vision and devise measures to bring that vision to reality.

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- The use of the **electronic transport documents** which accompany the cargo is one of the first areas where the DTLF has identified a clear need for EU level intervention. The Commission is currently preparing the impact assessment for a possible related initiative. The recognition and acceptance of electronic transport documents is expected to have a significant positive impact on administrative cost reduction, including reduced administrative burden for all the actors involved in the transport and logistics operations.
- It is evident that administrative burden is challenge in maritime transport and a major concern of stakeholders. An important thing we can do to change this is to **rationalise and simplify the reporting formalities**. Information should be reported only once and shared between authorities. Obsolete requirements should be removed and reporting requirements harmonised. From my interactions with all of you it is clear that there is a strong need to remove the bottlenecks and cut the administrative burden that unnecessarily gets in the way of your business.
- The **European Maritime Single Window and the e-manifest** are crucial in this respect: simplifying ship reporting and digitalising cargo formalities will help integrating maritime into the logistic networks and make it a more attractive alternative to land transport.
- The European Maritime Single Window Environment is underway. The impact assessment process was launched end of July 2017 aiming at a legal proposal in spring 2018 which will create the relevant policy framework. Throughout this process the EU maritime industry's active involvement and strong support is essential. We count on your participation to the ongoing open and targeted consultations. We need your help in showing the benefits of this initiative.
- Another important deliverable expected from the DTLF is a generic concept for establishing interoperability through a federative platform facilitating data sharing between all stakeholders in supply chains and thereby optimising cargo flows

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along transport corridors. Such federative network of platforms should allow for easy plug-in and play in a trusted, safe and secure environment, and facilitate the provision and access to technology-independent services.

- We need to implement these solutions to make the logistics more user-friendly, efficient and more simply manageable.
- **Thirdly, digitalisation and automation will facilitate multimodality.**
- The digital layer is a key enabler for connecting, managing and monitoring intelligently the physical components of the transport system, in return of facilitating mobility as a service and supply chain management. The political context is becoming increasingly demanding for making multimodality a reality.
- Digitalisation allows for the optimisation of traffic flows, but more importantly, also for a much better integration of all types of transport. This will mean that the users can easily mix and match transport modes according to their needs. This is the gateway to genuine multi-modality.
- Let me also remind you that 2018 is a Year of Multimodality and we intend to promote this as well as raise awareness about it. We intend to pull together a series of policy initiatives and events aiming at promoting the functioning of the transport sector as a fully integrated 'system'.
- **Fourthly, we need to strengthen our ports**
- Ports have long been the places where vibrant industries can prosper, creating valuable employment, and providing much needed connectivity for European trade. European ports employ around half a million people directly and help sustain 3 million jobs.

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- The challenges they are facing are not minor: global political changes, new alliances along with ultra large container vessels, new technologies creating new business models, lack of investments, stronger environmental requirements.
- Europe needs strong and well-functioning ports. Therefore, our aim is to support **efficiency, sustainability and competition in ports**.
- The **Ports Regulation** which comes into full effect in March 2019 is a first step in "levelling the playing field" between European ports. This legislation means more transparent and thus more efficient public funding, more access to port services, better dialogue between port authorities, providers of port services and users. It will also give necessary stability and predictability for the sector as we have no intention to propose new legislation and would concentrate on enforcement and implementation.
- Ports play a crucial role in **decarbonising** transport. When talking about differentiated port charges as means to stimulate "greening of the fleet", I am happy to note that some ports are at the forefront, and would encourage other ports to follow their example. With regards to ports' own emissions, I would invite ports to be ambitious and aim for **zero emission port operations**.
- To discuss these issues and other matters that fall under EU ports policy, an expert group – the European Ports Forum – has been set up. This brings together Member State authorities and industry organisations, such as FEPORT and the European Sea Ports Organisation (ESPO).
- Last but not least, we must always defend our strategic assets and protect our collective security. In accordance to new EU framework for investment screening, **foreign investments** in European ports should only happen in transparency, fully respecting European legislative framework, standards, norms and rules.

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Conclusions

- Ladies and gentlemen, major breakthroughs and innovations always come with many challenges and risks. I actually think that we might be too risk-averse and complacent. Without taking a calculated risk, there is little chance that something big in technology / digitalisation will emerge, something that truly benefits our people and businesses.
- At the same time, we must also reflect on what is in Europe's interest. Transport is one of the sectors where we have global success, global reputation and where we are globally competitive.
- Europe is strong and successful when it tears down barriers, and if we want to have a digital single transport market, we need to break down the barriers. Same standards and interoperable systems are the best recipe for success.
- I am convinced that the European maritime sector and terminal and ports operators can prosper if they continue to innovate and show leadership in innovation while promoting the highest social, safety, environmental standards.
- With all of the stakeholders on board, I am confident we can meet the challenges and stay ahead of the curve globally. Let's work together to amplify Europe's strengths and think big, as well as outside the box. Only then would the EU companies be among the "winners" in the new world.
- And lastly, let me just say that we all work to make sure we are not only ready for the new world (*the title of today's conference*), but that we proactively shape the new world!