



The Federation of European Private Port Companies and Terminals



## *Newsletter April 2019*

### **“Ask not what your country can do for you...”**

*“Ask what you can do for your country”* ... or for the port neighbouring areas, for the people working in ports or for citizens living close to ports. This famous quote from John F. Kennedy reflects quite well the mindset prevailing among private port companies and terminals. Most of them have indeed taken proactive measures to minimize the environmental impact of cargo handling operations in European ports well beyond minimum levels of compliance under the current environmental regulatory framework<sup>1</sup>.

For FEPORT members, high levels of environmental performance and safety standards should not be viewed as matters of competition, but as the ultimate responsibility of the wider maritime logistics community towards port neighbouring areas and society in general.

Bringing global emissions down to a sustainable level is possibly the biggest issue that has to be addressed in the 21st century. This has been recognised by national governments and European institutions as a key challenge to be tackled. The EU has set a target of reducing greenhouse gas emissions by 20% compared to 1990 figures by 2020, 40% compared to 1990 figures by 2030 and 80-95% compared to 1990 figures by 2050. To ensure that future generations can inherit a world in which sustainable development is possible, it is crucial that all actors within the logistics chain coordinate and take their responsibility to reduce carbon emissions seriously.

Private Terminal Operators are investing millions of Euros in sustainable equipment and in training in order to perform environmentally friendly operations on terminals. They are also working with their partners along logistics chains (i.e. with shipping lines, road hauliers, combined transport operators and inland waterways) to minimize the effects of cargo handling and transport operations and improve the “intermodality footprint”.

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<sup>1</sup> The Bathing Water Directive, The Dangerous Substances Directive, The Wild Birds Directive, The Shellfish Directive, The Urban Waste Water Treatment Directive, The Habitats Directive, The Environmental Impact Assessment Directive, The Port Reception Facilities Directive, The Waste Reception Facilities Directive, The Water Framework Directive, The Strategic Environmental Assessment Directive, The Environmental Liability Directive, The NRMM regulation...

But there is a need to do more: all, individually and in cooperation with each other. There is a need to decrease the number of blank sailings and to ensure vital information such as ETAs (Estimated Time of Arrival) are accurate and communicated in good time.

Positive steps have been taken by FEPORT members to play their part in the greening of the energy supply chain. This is best displayed through the production of wind and solar energy by the terminal for its own use. Terminals are also actively taking steps to green their fleets through the use of alternative fuels such as electric vehicles. FEPORT members have also been supportive of European legislation, such as the NRMM Regulation, which set emission limits for new engines entering the market, which will in turn lead to the greening of European port equipment.

Terminal operators and cargo handling companies have also been taking positive steps to use energy as efficiently as possible. FEPORT members are constantly looking into new, innovative ways to get the most out of the energy they consume.

Terminal operators are currently exploring the possibility of using alternative fuels in terminal equipment. By doing so, terminals can diversify their fuel source and take concrete steps towards energy efficiency.

FEPORT members have taken this responsibility to reduce carbon emissions seriously through the development of a common methodology for calculation carbon emissions. The methodology (EEEG/FEPORT Guidance for Greenhouse Gas Emission Foot printing) elaborates how terminals can calculate their emissions over a set period of time. Thereby, terminals will get a stable set of data on which concrete actions to reduce carbon emissions can be based and measured.

It has to be recognised that these efforts have little effect over the most important part of the total port emissions which originate from other sources. As shown by several studies such as “Increased energy efficiency in short sea shipping through decreased time in port”<sup>2</sup> and “Reducing GHG emissions from ships in port areas”<sup>3</sup>, even if port stakeholders produce tremendous efforts to optimize, minimize, communicate, digitalize, and enhance productivity, emissions savings for short sea shipping bulk vessels will not exceed 2-8%. One may reasonably deduct that, for deep sea traffic, potential savings will be around 1 to 4%. Terminal emissions themselves also account for less than 10% of total port area emissions.

Ongoing and upcoming discussions (among others within the European Port Forum) about the sources of emissions in ports will offer a good opportunity to stakeholders to explain how each actor of the maritime logistics chain intends to take active measures to reduce them. It will be also useful to evaluate what is the status of implementation of the existing legislation applicable to ports and where the possible gaps are. We also hope that discussions will allow dissemination of good practices that have been initiated by port stakeholders and other actors of the maritime logistics chain to optimize the calls, reduce the carbon footprint and allow cargo to move fast into the hinterland.

Let us wish that during the next IMO MEPC, debates will focus on the main topic, namely the main sources of GHG emission in ports, and on the necessary effective measures to reduce them...

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<sup>2</sup> Johnson H. & Styhre L., *Increased energy efficiency in short sea shipping through decreased time in port*, in “Transportation Research Part A: Policy and Practice”, Volume 71, January 2015, pp. 167-178.

<sup>3</sup> Winnes H. Styhre L. & Fridell E., *Reducing GHG emissions from ships in port areas*, in “Research in Transportation Business & Management”, Volume 17, December 2015, pp. 73-82.

## 08-04-2019 – Sustainable Ports Sub Group – Port Forum – Brussels

On 08th April, FEPORT participated in the 1st meeting of the “sustainable ports” subgroup of the European Port Forum. Amongst other issues, the Forum was created by the European Commission advice to the Commission on initiatives to promote and support a uniform implementation of Regulation (EU) 2017/352 establishing a framework for the provision of port services and common rules on the financial transparency of ports.

The 1st subgroup meeting focused on possible measures that could assist in the sustainable development of ports. There was an agreement that there is a clear need to identify the various actors in ports and how they can take actions to improve port sustainability. The sub-group agreed to work towards clear deliverables which have a real added value and to coordinate with other Commission fora such as the European Sustainable Shipping Forum.



FEPORT stressed the need to proceed to a mapping of the sources of pollution in ports and to identify the gaps in the significant legislative framework regarding environmental legislation applicable to ports before making additional proposals.

The European Maritime Safety Agency made an interesting presentation regarding the LNG Bunkering Guidance to Port Authorities and Administrations which could serve as a good practice when it comes to stimulating the uptake by port users of environmentally friendly solutions aiming at reducing shipping emissions in ports.

## 09-04-2019 – TGC Plenary – Brussels

On 09 April, FEPORT participated in the 54th Plenary meeting of the Trade Contact Group. FEPORT is a permanent member of the Trade Contact Group. The Trade Contact Group provides the European Commission with regular consultations at Union level on the development and implementation of customs related issues and developments of customs policy.



The meeting focused on the revision of the Pan-Euro Mediterranean Convention, the legal situation that will exist once the United Kingdom exists the European Union and what provisions should be put in place to assist with trade, updates to the Union Customs Code and the development of ICS2 (Import Control System).

During the meeting, FEPORT welcomed the Commission’s initiative to raise awareness amongst SME’s regarding the realities of trading with the United Kingdom once it becomes a third country. In the event of the United Kingdom exiting the European Union, it is crucial that all actors in the logistics chain have a good understanding of their responsibilities regarding trade with third countries.

## **10-04-2019 – Conference Competition Law Challenges in the Shipping Sector – Brussels**

On the 10<sup>th</sup> of April, FEPORT was invited to attend KNect365 conference on “Competition Law Challenges in the Shipping Sector”. The event touched upon different and crucial subjects for our industry, such as Brexit, Consortia BER and state aid.

Among the speakers, there were Henrik Morch, Head of Unit at DG Comp, who presented the European Commission’s current priorities in the Shipping sector, and Martin Dorsman, Secretary General of ECSA, who spoke in the panel regarding Brexit.

The speaker for the panel dedicated to Consortia BER was Matthew Levitt, partner at Baker Botts LLP. Mr Levitt explained why, in his opinion, the Consortia BER should be extended as it is and strongly asserted its usefulness, as he finds it to be efficient, relevant and bearer of indisputable EU added value, without which EU economy could be highly affected.

## **12-04-2019 – DTLF – Subgroup 2 – Brussels**

On 12 April, FEPORT participated in the DTLF (Digital Transport and Logistics) subgroup 2 (corridor freight information systems) meeting.

The DTLF is forum established by the European Commission that brings together stakeholders from different transport and logistics communities, from both the private and the public sector, with a view to build a common vision and road map for digital transport and logistics.



The meeting focused on discussing priorities, structure and the work programme of subgroup 2 dealing with corridor freight information systems, with the intention being to allow the work to enter into specific topics that will have a real added value for the logistics chain.

FEPORT is of the view that the DTLF should focus on increasing the efficiency of European logistics and supply chains, and, where possible, assisting existing industry initiatives in creating a truly integrated and interoperable logistics environment.

## **15.16-04-2019 – ITF Roundtable on Future maritime Flows – Paris OECD Headquarters**

Last April 15<sup>th</sup>, FEPORT Secretary General was invited to participate to a Roundtable organized by ITF regarding Future maritime Flows.

Effective planning for transport infrastructure such as ports and their connections to roads, railways and inland waterways, requires foresight of what possible future maritime trade flows could look like.

While many investments for instance in ports are based on the evolution of maritime capacities such as order book of ships, this option has proven to be somehow risky given the current overcapacity in the container sector which is decoupled from the reality of global trade growth. The density of flows should be driven by the demand for traded goods and the cost to transport these.



The Roundtable enabled participants to discuss these determinants for maritime trade flows with the objective to develop an analytical framework that can be used by countries to evaluate impacts on their transportation systems.

The roundtable was chaired by Mrs Angela Bergantino (University of Bari). Mr Young Tae Kim (Secretary General ITF) gave the opening speech which has been followed by the first session dedicated to the emerging patterns of global economic integration. Mr Francisco Furtado (ITF), Mr Pierre Cariou (Kedge Business School) provided their respective views on ITF Freight model and How will economic globalisation evolve and its meaning for maritime trade.

The demand for traded goods is influenced by a variety of factors, such the level of integration of the global economy, population growth and middle class growth patterns class in developing countries. Transport of fossil fuels, such as oil and coal, represents a large share of maritime transport flows, so diversification of energy supplies and transitions towards renewable energy will have significant impacts on maritime trade flows.

The second session concerned maritime transport costs and trade flows.

Mr Tristan Smith (UCL) who explained how demand for traded goods transported by sea might be sensitive to developments in maritime trade costs. The global sulphur cap that will be applied in 2020 might almost double maritime transport costs and possible future greenhouse gas mitigation measures for the maritime sector would add more costs.

These cost increases could translate in less maritime trade, modal shifts to intercontinental train corridors and reconfiguration of maritime flows, towards routes that are shortest and cheapest.

During session 3, Olaf Merk (ITF) spoke about maritime business strategies and the possible changes they may have on maritime route configurations.

Business strategies of maritime companies also have a direct impact on trade flows: e.g. container shipping has been driven by a model based on economies of scale that has resulted in industry concentration, as highlighted in the ITF report “The Impact of Alliances in Container Shipping”. This could lead to emergence of a few mega-hub ports that attract most of the maritime trade flows.

International freight flows are not simply the outcome of the inter-regional interplay of demand and supply of traded goods. They are to a considerable extent determined by infrastructures such as inter-oceanic channels, by maritime transport costs and business strategies of maritime companies.

The last session of the day was dedicated to infrastructures and global trade flows. The recent expansion of the Suez Canal increases the capacity for the Asia-Europe trade lane, whereas the expansion of the Panama Canal makes it possible for larger ships to cross the canal and has changed the configuration of some trade flows from Asia to the US, resulting in more Asia-US East Coast trade flows.

A true game changer in this respect could be regular commercial navigation along the northern sea route, which becomes increasingly viable due to melting Arctic Ice. This would have profound impacts on existing maritime trade routes, ports and related business activity.



Mr Hercules Haralambides (Erasmus University Rotterdam) explained how the Belt and Road Initiative and infrastructure projects that rival the Panama Canal (e.g. Nicaragua Canal) and Malacca Straits (e.g. Cra Canal) and the China Pakistan Economic Corridor may divert current maritime trade flows.

Mr Marten van den Bossche (Ecorys) highlighted the opportunities that the Northern Sea route may represent.

The roundtable was a very interesting exercise and a good and inclusive brainstorming session during which each participant provided its views from the perspective of the industry he or she represented.

## **16.17-04-2019 – Joint Seminar on Ireland’s European Connectivity – Dublin**

On 16-17 April, the European Commission, on behalf of Motorways of the Sea, organised a joint seminar on Ireland’s European Connectivity. The joint seminar had a strong focus on Ireland’s connectivity to continental Europe post-Brexit, the continued viability of the “land-bridge” and possible short-sea alternatives.



The seminar focused on existing maritime connections in the Atlantic Ocean and how this is expected to evolve in the coming years. In general, there was a recognition that there is currently not enough capacity to shift all “land bridge” cargo onto short sea, and whether such an alternative would be desirable for shippers’.

The seminar also focused on Ireland’s connections specifically in the context of Brexit, and possible risks and benefits. The primary conclusion on this topic was that the current level of uncertainty over the status of the United Kingdom was problematic as business needs clarity.

## **18-04-2019 – Adoption of the European Maritime Single Window**

On 18 April, the European Parliament Plenary adopted the proposed Regulation for the creation of a European Maritime Single Window Environment. The Regulation will replace the existing Reporting Formalities Directive.

FEPOR has welcomed the adoption of the regulation as it will lead to data harmonisation for ship reporting, subsequently reducing the administrative burdens of reporting formalities, whilst avoiding regulating system architecture. This will ensure that operators do not need to invest in updating IT systems to meet regulatory requirements and can instead continue to invest in systems which have an added benefit for the entire logistics chain.

### **FEPOR meetings**

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|----------------------|---|
| <b>21.05.2019</b>    | Social Affairs Committee – Brussels                 |
| <b>23.05.2019</b>    | Environment, Safety & Security Committee – Brussels |
| <b>13-14.06.2019</b> | General Assembly – Burgas – Bulgaria                |
| <b>19.06.2019</b>    | Customs & Logistics Committee – Brussels            |
| <b>20.06.2019</b>    | Port Policy Committee – Brussels                    |
| <b>19.09.2019</b>    | Board of Directors – Brussels                       |
| <b>30.09.2019</b>    | Social Affairs Committee – Brussels                 |
| <b>01.10.2019</b>    | Environment, Safety & Security Committee – Brussels |

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| <b>24.10.2019</b> | Port Policy Committee – Brussels                |
| <b>06.11.2019</b> | Customs & Logistics Committee – Brussels        |
| <b>14.11.2019</b> | Board of Directors – Brussels                   |
| <b>27.11.2019</b> | General Assembly – Brussels                     |
| <b>28.11.2019</b> | Fifth Annual Stakeholders Conference – Brussels |

## **Other meetings**

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| <b>06-07.05.2019</b> | European Business Summit – Brussels                    |
| <b>07-09.05.2019</b> | PortXL Conference – Antwerp                            |
| <b>13-14.05.2019</b> | IMO MEPC Meeting – London                              |
| <b>22-23.05.2019</b> | Waterborne shipping and ports – Brussels               |
| <b>22-24.05.2019</b> | ESPO Conference – Livorno                              |
| <b>22-24.05.2019</b> | ITF OECD Summit – Leipzig                              |
| <b>12-13.06.2019</b> | European Environmental Ports Conference 2019 – Antwerp |
| <b>12.06.2019</b>    | Social Dialogue for Ports Meeting – Brussels           |
| <b>18-20.06.2019</b> | TOC Conference – Rotterdam                             |
| <b>21.06.2019</b>    | Platform for Change – Women in Transport – Brussels    |