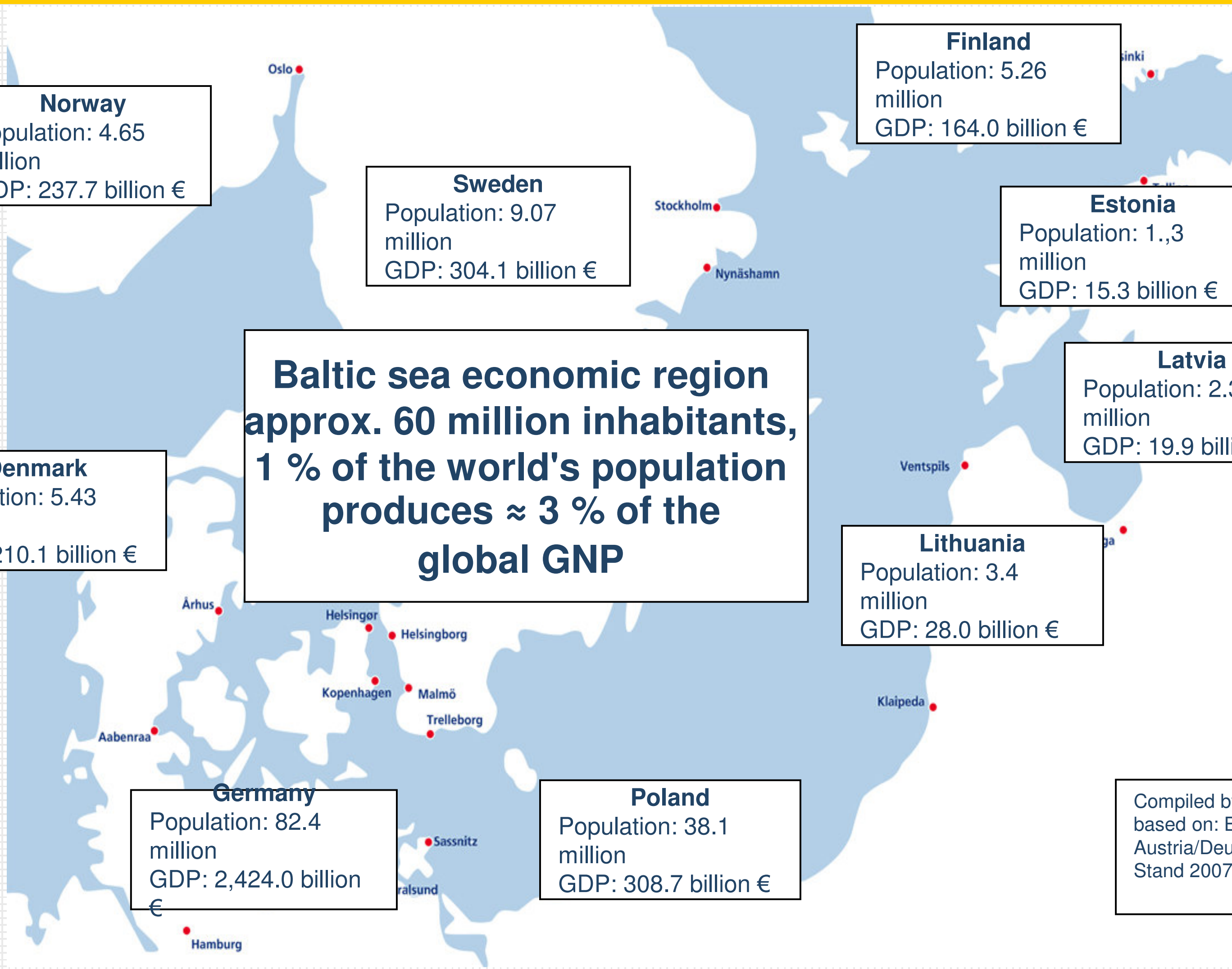
The maritime sector and its answer to the challenge

The Baltic Sea - an economic powerhouse



Norway
Population: 4.65 million
GDP: 237.7 billion €

Sweden
Population: 9.07 million
GDP: 304.1 billion €

Finland
Population: 5.26 million
GDP: 164.0 billion €

Estonia
Population: 1.,3 million
GDP: 15.3 billion €

Latvia
Population: 2.3 million
GDP: 19.9 billion €

Baltic sea economic region approx. 60 million inhabitants, 1 % of the world's population produces ≈ 3 % of the global GNP

Denmark
Population: 5.43 million
GDP: 210.1 billion €

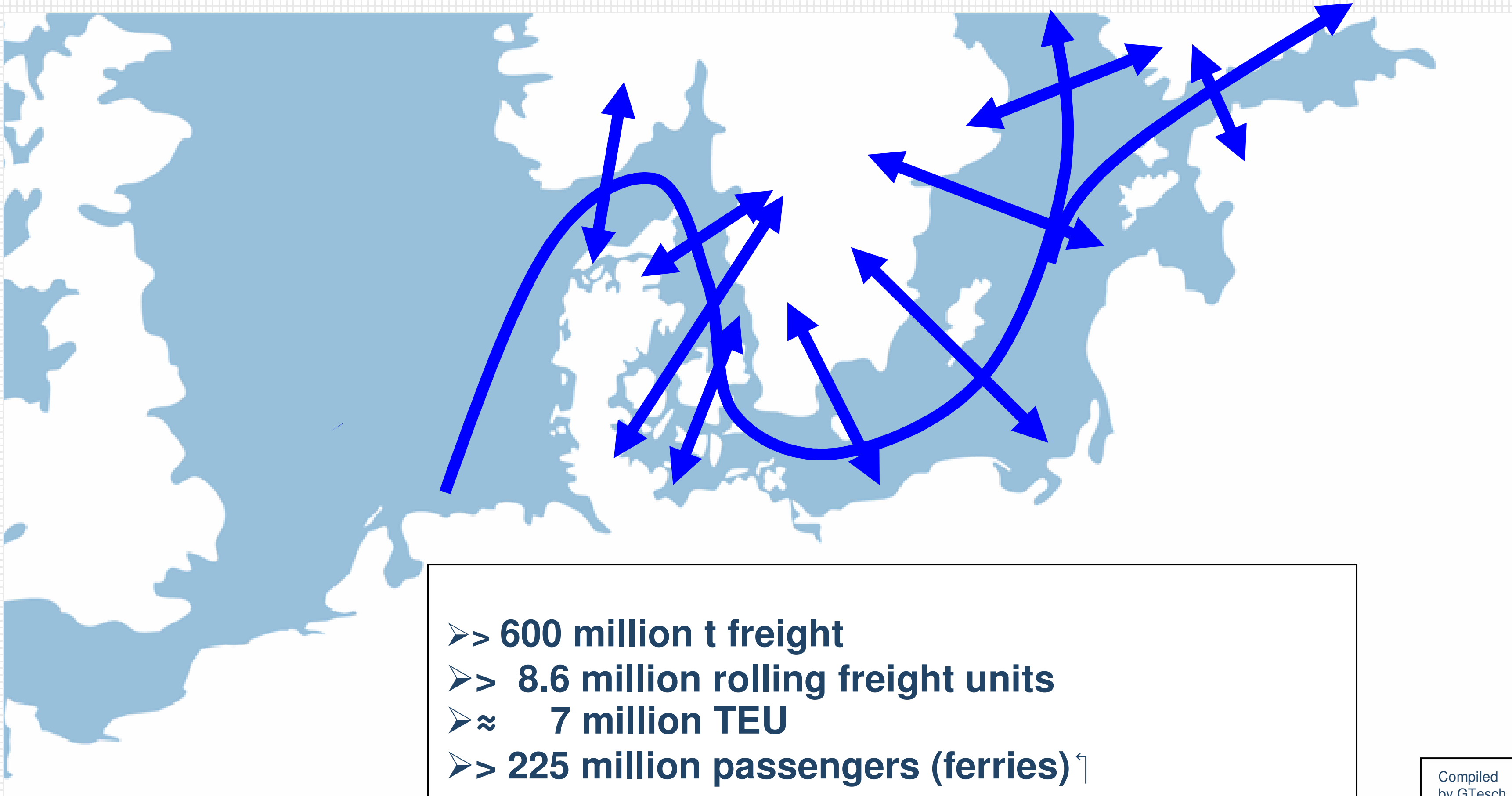
Lithuania
Population: 3.4 million
GDP: 28.0 billion €

Germany
Population: 82.4 million
GDP: 2,424.0 billion €

Poland
Population: 38.1 million
GDP: 308.7 billion €

Compiled by G. Tesch based on: Bank Austria/Deutsche Bank; Stand 2007

Structure of sea traffic in the Baltic Sea



- > 600 million t freight
- > 8.6 million rolling freight units
- ≈ 7 million TEU
- > 225 million passengers (ferries)¹
- > 83 million cars

incl. fixed crossings & Norway
Status 2007

Compiled by GTesch based on CFI

The importance of Short Sea Shipping

- ⇨ Shipping builds an integral part of international logistic chains
- ⇨ Innovative concepts make smooth intermodal activities possible
- ⇨ Sea bound cargo traffic release capacity on road systems
- ⇨ Ports and shipping companies generate employment in peripheral regions
- ⇨ The EU promotes the advancement of the ecological reasonable Short Sea Shipping (Marco Polo & Motorways of the Sea)

Short Sea Shipping in competition with Roads

- ⇨ In the Baltic Sea region, RoRo- and Ferry routes run parallel to motorways
- ⇨ Formalities in the ports are disadvantages compared to traffic crossing the green borders
- ⇨ Smuggling of diesel contributes to increased Road transportation East-West
- ⇨ IMO-regulation will be a heavy burden to Short Sea Shipping

Revision of IMO MARPOL Annex VI

The Marine Environment Protection Committee (MEPC) of the IMO agreed to a new regulation for the emissions of sulphur, nitrates and particles.

New limits refer to the concentration of sulphur in the fuels of ships. The new limits will be introduced according to the following schedule:

a. 2010: 1% limit in Emission Control Areas
b. 2012: 3.5% limit for the "global sulphur cap"
c. 2015: 0.1% limit in Emission Control Areas = Distillates !
d. 2020: 0.5% limit for the"global sulphur cap"
e. 2018: Check of the availability of Distillates. If conclusion is negative postponement of the 0,5% limit to 2025

Revision of IMO MARPOL Annex VI - implications

- Distillates have to be adopted from 2015, refering to the contemporary grade of technology available at this point of time
- The sufficient availability of Distillates has not been proven until now and the complete-Eco-trade account is doubtful (CO_2)
- Distillates are very expensive- the fuel costs are expected to double
- The cargo rates increases -a clear disadvantage for transport in Short Sea Shipping compared to the transport on Roads

Revision of IMO MARPOL Annex VI - implications

- About 30 % of the cargo traffic within ECA area will be relocated to the roads
- In 2008 an average of 8.200 units per day were transported on main Ro-Ro and Ferry connections.
- The Scandinavian and Baltic citizens will be the victims with more trucks on the roads.
- The European citizens will be the victims – to pay for increased costs.
- EU must have one ruling, not only part of EU.

Revision of IMO MARPOL Annex VI - implications

- Worst case – Copenhagen/Malmö, Gothenburg, Hamburg, Bremerhafen, Rotterdam as hubs into the Baltic Sea will loose their importance.
- The feeder traffic will have same burden as Ro-Ro and Ferries.
- The goods from Far East and West will flow into Le Havre, Marseille and other ports south of the ECA Baltic area, and will go on roads to Northern Europe and Scandinavia

Revision of IMO MARPOL Annex VI - implications

- The ferry picture will change
- Operators cannot continue the services with 30% loss in volumes.
- The financial crisis already has a 20-25% impact on freight volumes.
- The longer routes with competition from short routes, from fixed links or from roads/green borders, will close down.
- The traffic will move from Sea to Road !!!!!

Revision of IMO MARPOL Annex VI - implications

- Good intention, but insufficient documentation on the consequences, when the decision was taken.
- Decision does not support free competition in the transport sector.
- Southern part of EU will be favourized.

- One ruling within EU is needed
- Could be 0,5% Sulphur from 2013 to 2020 in whole EU.

What the shipping companies already do

- Since 2006, SO_2-Emissions have been reduced by about 78 per cent (4,5 to 1,0 % in 2010)
- A further decrease by another 50 % is reasonable with a sound balance between ecology and economy (1,0 to 0,5 percent) in total a reduction of almost 90% from 2006.
- The costs for 0,5% fuel can be balanced in the transport sector without risking major reallocation from Sea to Road.

What the shipping companies already do

- There are many investments being made in efficient tonnage
- The Ro-Ro and Ferry sector take and will take their part of the responsibility for the climate.
- The existing tonnage is being improved all the time (ie. through the reduction of fuel consumption)
- New technology is being installed (ie. Scrubbers)
- Reduction in consumption and improved engine technology decreases the CO_2

What will be necessary in the future

- Fair conditions for Short Sea Shipping will support the vision from Road to Sea
- An interpretation of the IMO-decisions adapted to European requirements
- Advancement and economical support of innovative technologies
- Flexible solutions building on the strengths and needs of different traffic systems
- An appropriate Short Sea Shipping masterplan

The Short Sea Shipping Masterplan – An Agenda 2012-15?

A framework linking many already existing initiatives:

- **Regulatory issues: To ease the bureaucratic burden in ports**
- **Economical issues: To make Motorways of the Sea & Marco Polo a success**
- **Environmental issue: To find the balance**
- **Industrial issues: To support innovative shipbuilding**
- **Competition issue: Support competition on equal terms**

Thank you for your attention!

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