



**COMMENTS TO THE COMMISSION GREEN PAPER
ON SEA PORTS AND MARITIME INFRASTRUCTURE**

[COM(97)678 FINAL]

1. INTRODUCTION

UNICE, the voice of all business in Europe, composed of 33 central industrial and employers' federations from 25 European countries, with the mission of promoting continued improvement of the competitiveness of European business, welcomes the Commission Green Paper on Sea Ports and Maritime Infrastructure COM (97) 678 final. UNICE appreciates the attempts made in the Commission Green Paper to propose suggestions in order to develop efficiency in EU ports and to initiate studies on port problems.

An evident link exists between European wealth creation and European industry's competitiveness. In order to optimise productivity and minimise capital costs, European business and industry are increasingly focusing on logistics and logistical chains. Key processes are analysed in order to find optimal production flows. Efficient industrial logistical chains are by nature highly dependent on well-developed transport infrastructures and transport possibilities. Efficient ports play an important role in this perspective since they very often serve as multimodal distribution centres throughout Europe and to the rest of the world.

With the above perspective, ports are not primarily a sea-shipping interest. The purpose of ports is to provide facilities for transfer of goods and passengers between ships of all kinds and inland transport of all kinds and the main role of ports is to provide good links in the logistical chains of the end-users, i.e. industry and the public.

Ports, although they may have ancillary purposes, should according to UNICE be treated as commercial entities, basically regarded in the same ways as airports, railway stations, truck or inland waterway terminals. EU competition rules and Public Aid guidelines should be applied as far as possible.

UNICE recognises the role of ports as engines for European, member state and regional economies and also the present complex structure of EU ports as regards ownership, mission, goods handled, size, organisation, services and administration.

Having the wide variety of ports in mind, UNICE suggests that the Commission focus on the fact that ports should act on the market independently and with financial responsibility for their business.

According to UNICE the Commission should thus establish basic principles for ports rather than searching for an extensive tight regulatory framework for an overall unified EU ports policy.

2. BASIC PRINCIPLES

The basic principles referred to in the introduction should include:

- liberalisation of ports services, step by step with an ambitious timetable.
Increased competition will no doubt strengthen European industry's competitiveness.

(Examples: a new entrant offering tug boat service in Hamburg made prices fall dramatically in a business earlier governed by a monopoly. More efficient pilot services for ports, waterways and rivers and/or combinations of them is another area for rationalisation)
- the establishment of the user-pays principle, meaning that users should, in principle, pay the costs of using infrastructure and services. As far as they can be clearly defined and are able to be charged, external costs should cautiously be internalised (exceptions defined below). A clear definition of the term infrastructure cost, frequently used in the Commission Green Paper, is needed.
- transparency in charging, based on EU guidelines on public aid, clearly separating operations financing and infrastructure financing.
- an assessment of which specific services, infrastructure costs and/or investments that may qualify for public aid. UNICE proposes a definition of which kinds of costs that could be eligible for public aid e.g. costs with very long pay-back period or costs relating to navigational safety, ice breaking, dredging, etc, or expenditures that may be covered by regional aid.
- cost calculation methods, based on marginal renewal costs rather than replacement costs.
- measures safeguarding non-discrimination of users.
- instruments promoting cost-effectiveness. Ports should serve as trade facilitators.
- future possibility for Commission initiatives towards standardisation of containers, etc.
- environmental awareness i.e. future possibilities to act to ensure safety regulations and fight against substandard vessels in European ports.

- promoting a future oriented ports EDI system, connecting the industry and covering major port activities, avoiding patchwork in, for example, customs handling.

3. THE WAY FORWARD

UNICE suggests that the Commission in its continued work applies a process flow approach searching for problems that are obstacles to port efficiency.

Paragraph 26 in the Commission Green Paper, stating that the Commission will undertake a fact-finding study identifying port problems, is a key element.

UNICE suggests that this initiative should be expanded beyond what is mentioned in paragraph 26 to other areas, becoming a general in-depth analysis including mapping of problems especially in the areas of :

1. costs.

Regarding cost structures, the Green Paper mentions, in a footnote, that overall transit costs through ports amount to between 5-60 % of total door-to-door transport costs, depending on type of transport. UNICE would appreciate a deeper analysis in this very important area. Such analysis is, according to UNICE, crucial in order to enable the Commission to focus on the main issues.

Other special areas for analysis, are customs clearance issues and port taxation issues where UNICE, representing European business and industry, speaks for European harmonisation and better integration by having a logistical chain perspective.

2. financing

UNICE finds it necessary to separate infrastructure issues from issues relating to operations.

3. distorted competition

a) Distorted competition which causes problems to other ports.

UNICE strongly supports the Commission initiative to audit ports' accounts and charging principles. It is necessary to make an inventory of direct and indirect public aid, accounts and charging principles in EU ports.

b) Abuse of dominant positions causing problems for users

Complaints regarding dominant position could be better scrutinised under article 86 of the Treaty of Rome. Monopolies are in principle not acceptable.

Improvement of infrastructure in port hinterlands and a liberalisation of its use would create a competitive environment positively promoting port efficiency.

- c) Discrimination between users affecting industry in general.

Also in this area, a more intense use of EU competition rules would be beneficial to industrial competitiveness. General tariff structures can never be regarded as acceptable.

4. UNICE'S FURTHER COMMENTS

Paragraphs 4-6 in the executive summary of the Green Paper deal with the full integration of ports in TEN-T (Trans European Networks - Transport). UNICE can understand the reasons in favour of integration. UNICE however also underlines the importance of treating ports as independent enterprises and giving them equal competitive terms. UNICE therefore sees a risk that integrated TEN-T ports in reality will discriminate against other non integrated ports, especially in peripheral regions.

In paragraph 7 in the executive summary, UNICE strongly questions the accuracy of the Commission's remark ".....the pricing policy for other modes of transport is an important factor for the development of short-sea shipping" especially in the light of the later Communication statements in §29 where the obvious single target is to question the efficiency of road transport. Also the problems the Commission itself has identified in its Communication [COM(95)317] final speak against the above remark. The appropriate measure to improve the ability of short-sea shipping to be adapted to modern logistics cannot, according to UNICE, be an increase in the cost of other transport modes. Such a move would seriously damage the competitiveness of European industry and European employment development.

UNICE strongly support paragraph 10 in the executive summary dealing with the need for increased R&D.

UNICE wonders about the meaning behind the remark in paragraph 13 in the executive summary "...take into account external costs in parallel with other developments in the transport sector".

Paragraph 14 in the executive summary deals with "main ports". UNICE recalls that most ports in Europe are open to international traffic which implies that the inventory of public aid should not be limited to main ports only.

In paragraph 15 in the executive summary, UNICE finds it unclear whether the Commission means that port charges should be financed through the user-pays principle or by tax payers. Precise guidelines based on full transparency are needed, clearly separating infrastructure eligible for potential public aid and operations costs.

Ports are not and should not be treated as a means of transport as mentioned in paragraph 16 in the executive summary .

If treated as a commercial entity, EDI systems as mentioned in paragraph 18 in the executive summary should be available to all.

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