

# **Maritime connectivity in the Western Mediterranean**

## **The role of the Short Sea Shipping in the framework of the Western Mediterranean Sea basin of the TEN-T Network**

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### **Introduction**

Maritime transport plays a key role for the European economy, contributing to transport 75% of its external trade and ensuring smooth and efficient trade flows in and out of the European Union.

The European maritime sector connects the mainland to Europe's peripheral regions and islands and facilitates and redistributes trade flows to and from land based route networks.

In this framework, **Short Sea Shipping (SSS)** represents around 65% of total cargo traffic among the 335 maritime ports belonging to the **Trans-European Transport Network (TEN-T)** (based on Eurostat maritime transport data).

In this scenario, the Motorways of the Sea (MoS) programme is the maritime pillar of the TEN-T. It builds on the core and comprehensive network of European ports and logistics centres as well as on the TEN-T core network corridors.

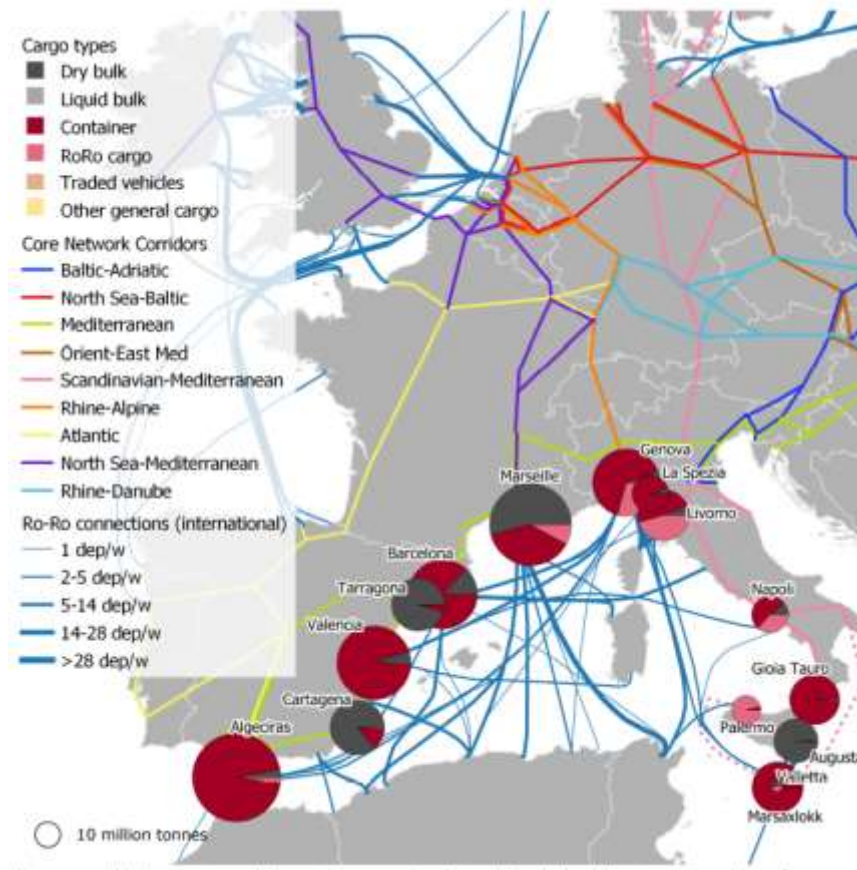
[In 2018, the 335 ports of the TEN-T handled nearly 4 billion tonnes of cargo in total \(including deep sea traffic\)](#). Almost three quarters of this volume were handled in one of the 84 core network corridor (CNC) ports, demonstrating the interconnection of the maritime ports on the TEN-T. It is important to underline that, out of the global cargo handled, 2.5 billion tonnes were related to SSS, demonstrating its relevance at European level.

Taking into consideration current trends and new legislative drivers of the maritime sector, a further development of a well-functioning and sustainable SSS sector in Europe is necessary for the implementation of the **European Maritime Space (EMS)** which connects and integrates the corridors, and more widely the TEN-T ports' network, through the upgrade of short sea shipping routes and the development of maritime ports and their hinterland connections.

Regional particularities, challenges and opportunities need to be taken into consideration when developing the EMS. Six major sea basins has been distinguished, within the **Detailed Implementation Plan for MoS (DIP MoS)** elaborated by Prof. Kurt Bodewig (European Coordinator for MoS): the Baltic Sea, the North Sea, the Atlantic Sea, the **Western** and the Eastern **Mediterranean Sea** and the Black Sea.

Ro-Ro connections in the Western Mediterranean CNC ports prolong the North-South corridors to North Africa. There is an exchange between the CNCs and MoS.

### CNCs ports and regular ro-ro service in the Western Mediterranean, 2018



Source: European Commission, DIP MoS, 2020

There are 15 Core Network Corridors (CNCs) ports in the Western Mediterranean handling more than 500 million tonnes per year and five ports handling more than 50 million tonnes: Algeciras, Marseille, Valencia, Barcelona, and Genoa. The share of container traffic is higher than in any other port range, reaching 42% on average in the basin. This is partly due to the large transshipment hubs (Algeciras, Gioia Tauro and Valencia), but also due to a high share of containers in regional hinterland traffic.

### The SSS’s development prospects in the framework of the European Green Deal

The “European Green Deal” provides a roadmap with actions to boost the efficient use of resources by moving to a clean, circular economy, stop climate change, revert biodiversity loss and cut pollution.

SSS will have a key role in this process and will have access to many financing opportunities within the “Just Transition Mechanism” mobilizing over 100 billion € in the 2021–2027 period to reach a “climate neutral” EU by 2050.

A full integration between the SSS and other transport modes is a priority objective of the EU Transport Policy. In particular, SSS will have a strong role in reaching the EU transport goal of reducing 60% of greenhouse gas emission generated by transport within 2050 and the shift of 30% of road freight over 300 km to other modes within 2030.

However, the plans of the Commission and the efforts of all the other stakeholders have been hindered by the recent Covid 19 crisis, which delayed many of the above-mentioned policies and is having a negative economic impact on all sectors, including SSS.

In particular, according to EMSA, the number of ships calls at EU ports declined by 13.0% in the first 45 weeks of 2020 compared to the same period in 2019. The most affected sectors have been the Chemical tankers, Cruise ships and Passenger ships. Meanwhile, the number of Bulk carriers, Containerships, General Cargo, Oil tankers, and Ro-Ro cargo vessels had a relatively smaller decrease (up to 5%).

In this scenario the Western Mediterranean must be intended as a macroeconomic area of continents, rather than nations, for which it is necessary to identify common maritime environmental (e.g. Green Deal) policies. Within said framework, SSS can play a very important role in the new world maritime planning.

Moreover, there is a clear inversion in the delocalization process of enterprises in the current post Covid 19 era. Because of the delays in communications, the difficulties in completing the deliveries and the increase in the cost of labor and freight rates in Asia, North Africa and part of Europe are becoming increasingly more attractive for enterprises. Due to this change it is possible to see that consumption and production are getting closer to each other.

The delocalization phenomena, especially towards African ports (Free Ports) has a positive impact on infra-Mediterranean countries in terms of Gross Domestic Product (GDP) growth and maritime traffic flows, including SSS, considering both the dimensions and the characteristics of the single ports. This tendency is also connected to the development of integrated systems such as Tanger Med and of green Hydrogen Platforms, in line with the European Green Deal and in the framework of creating a green energy hub. The possibility of bringing back the shipbuilding industry in the Med area is another important aspect that should be considered, especially in Turkey, Italy Malta and France.

The geopolitical stability of the neighboring countries such as Libya, Syria and Lebanon, will be able to contribute as well to the GDP growth in the area, to the increase in traffic flows and to the

redistribution of the production system, considering the push of Next Generation EU and of the National Recovery and Resilience Plans in compliance with existing environmental policies in the transport sector. Said development will be able to have a rebalancing effect towards the migratory policies, mainly in the north African countries.

### **Enabling policies and facilitating measures: Trans-Mediterranean eco-incentive scheme**

In order to support the developing of MoS within the West Mediterranean basin, a **Trans-Mediterranean ecoincentive scheme** could be granted to the users of the maritime services, following the Italian Ecobonus (2007-2010) approach which is recognized as a best practice by the European Commission (EC) and the European Court of Auditors (ECA), and the Marebonus (2018-2020/2021). Both incentives are dedicated to operators choosing a greener option through a simple mechanism: the road haulers choosing to perform part of their trip via the sea instead of using only the road option can benefit of an incentive, equal to a maximum of 30% of the paid ticket for the maritime leg of the trip.

In particular, the **Ecobonus** incentive was aimed to support road transport companies and the use of sea transport, in order to shift the heavy freight container traffic from road to sea routes. The **Marebonus** incentive is aimed to develop the combined road-sea transport mode by creating new maritime services and implementing the existing ones. In particular, it is dedicated to ship owners proposing three-year projects for the development of Ro-Ro and Ro-Pax new maritime services, by means of registered ships for freight multimodal transport, sailing under the flag of a Member State or European Economic Area (EEA), or projects for the enhancement of the same services on existing routes, from/to Italian ports, connecting ports located in Italy or in EU Member States or Members of the EEA, in order to support the implementation of the intermodal chain and reduction of the road traffic congestion. The incentive was estimated on the base of the number of trailers multiplied the distance (in km) subtracted to the Italian road viability, including the overheads of part of the amount received to favor the road transport companies using maritime services.

Even though the incentive is variable on a yearly basis, it foresees a maximum of 10 cents of euros for each embarked unit multiplied the route kms minus the road traveled. There is an obligation to overturn at least 70% of the granted incentive to the users of the service performing at least 150 embarks per year and at least 80% of the granted incentive for users with at least 4.000 units embarked per year.

For certain convention routes the overturning amounts to 100%. The contributions are paid yearly based on the final balance of each 12 months period after presenting the reporting documentation containing the proof of the units effectively embarked.

There are limits on the amount of the granted incentive, such as:

- 30% of the operating costs of maritime transport.
- 50% of the cost differential between road and maritime transport externalities.

Following said positive experiences, an EU incentive scheme for maritime – road combined transport was formulated in the framework of the European project “**Med Atlantic Ecobonus**” (MAE) which was co-financed by the Connecting Europe Facility Program (CEF 2014 – 2020) and promoted by the transport ministries of Italy, Spain, France and Portugal.

Through this project a mechanism was identified, which is in perfect sync with the agenda and priorities of the New Green Deal. It allows for the MoS demand to be directly incentivized via the recognition of an economic benefit to the final users, acting, on one side, on the modal shift leverage and, on the other, incentivizing indirectly shipowners investing in the greening of their fleets and in the improvement of their environmental performances. In other words, the basic principle is that road haulers that choose to use the maritime leg alternative instead of the all-road option will be incentivized and the maritime operators that invest in the environmental sustainability of their routes will receive an incentive as well.

The MAE incentive scheme intends to directly incentivize road haulers using the routes proposed by the shipowners with an incentive, which is proportional to CO2 savings. In particular, the scheme is based on a double call for proposals system. The first call is destined to the shipowners intending to submit the routes on which they offer MoS services and the second call is directed to the road haulers using the incentivized MoS routes.

The European commission is showing an increasing interest towards the formulation of this incentive scheme for combined road – maritime transport.

Moreover, an **external cost calculator** has been specifically designed to measure and monetize the socio-environmental merit that is incentivized based on common references, with the EC’s Handbook on External Costs of Transport as the main one. The merit to be incentivized is the external costs saving from freight units using the improved MoS compared to the road-only alternative.

Besides, MoS has a key role to play in the decarbonisation of the European economy, by supporting environmental efforts through innovation and road decongestion. Furthermore, road decongestion greatly contributes not only to the sustainability goals, but also stimulates the

reduction of external costs, e.g. by effectively reducing the number of accidents and decreasing waiting times.

Moreover, it is important to underline that the presented incentive scheme can be regarded as State aid within the meaning of Article 107 of the Treaty on the Functioning of the European Union (TFEU) being, in fact, aid granted by the Member States “*in any form whatsoever, which distorts or threatens to distort competition, by favouring particular companies or products*”. This definition includes, in addition to the aid provided by individual States at national level, also funds eventually subsidized by the European Union but managed by the Member States.

The position of the EC on State Aid in the maritime sector is represented in the Communication C(2004) 43 of the European Commission on “Community guidelines on state aid to maritime transport” and the Communication (2008) 317 of the European Commission providing “guidance on State aid complementary to Community funding for the launching of Motorways of the sea”.

The abovementioned communications should be revised in order to place on equal footing intermodal maritime transport and rail transport, since the same incentive scheme, if applied to the rail sector, is not considered state aid. It is important to go beyond the current limit of incentivizing solely start up activities, to guarantee the possibility of Member States to directly and independently finance MoS incentives for at least 5 years and work with other West Med countries on a common legal basis allowing each nation to properly incentivize the development of MoS.

Finally, it is important to underline that the proposed innovative financing scheme can be easily extended and applied to multimodal systems, verifying the different route options between any given origin and destination using the only road, railway or MoS options and fostering the most sustainable mode.

## **Reference List**

**Commission communication C(2004) 43** “Community guidelines on State aid to maritime transport”.

**Commission communication C(2008) 317** “Guidance on State aid complementary to Community funding for the launching of the motorways of the sea”.

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