

ESEC Response to Consultation on Mid-term Review of the EU Maritime Transport Strategy

April 2015

Introduction

The East of Scotland European Consortium (ESEC) welcomes the opportunity to respond to the consultation on the mid-term review of the EU's Maritime Transport Strategy. The East of Scotland has an extensive maritime border, is the EU's biggest oil and gas producing region, is a world leader in the development of marine renewable technology and is the location of harbours which handle millions of tonnes of goods annually. The area also retains an important fisheries sector and is the premier white fish landing harbour in Europe. All these industries contribute significantly to the economic development and prosperity of the area and create links to European partners and beyond.

ESEC therefore supports the European Commission's ambitions to strengthen the competitiveness of the maritime transport industry by developing a policy approach which will retain the core human know-how while developing technological expertise to improve the sustainability and efficiency of the sector and that of other related industries.

In general

The mid-term review of the EU Maritime Transport Strategy should place more emphasis on:

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Competitiveness of the EU shipping industry		√			
Increasing the attractiveness and employability of the maritime professions	√				
Enhancing ship safety and the protection of human life at sea		√			
Improving the environmental performance of shipping		√			
Enhancing maritime transport security			√		
Promoting alternative fuels for ships		√			
Improving ports efficiency			√		
Enhancing the promotion of short sea shipping			√		
Offering equal growth opportunity to small and remote islands and insular states			√		
Simplifying administrative formalities for shipping and the maritime carriage of goods		√			
Promotion of maritime research and innovation	√				

Areas in which more should be done to promote global playing field in the maritime transport sector

The EU should address regulatory issues (such as state aid) to support the development of new sectors of activities beneficial to blue growth.

For example, two key activities that could be developed particularly in Aberdeenshire and the wider North Sea region include developing short shipping, and promoting maritime careers in the region. It is believed that both activities would have a beneficial impact on the local and macro-regional economies (by increasing tourism in the area) and would equally participate to the reduction of carbon emissions (by developing further the use of multi-modal transport in the region).

There is only one ferry (NorthLink Ferries) at the moment going to Orkney and Shetland departing from Aberdeen City harbour, and none departing from any of the 32 harbours in and surrounding Aberdeenshire.

As such, the underpinning issue is how can the EU address market failures to support blue growth?

The time is ripe because two projects - consisting of expanding Peterhead harbour and Aberdeen City Harbour - are currently being undertaken locally, targeted specifically at catering for bigger vessels and cruise ships. Given the new impetus from the EU to decrease carbon emissions, and the necessity to create jobs as a driver of blue growth, developing short shipping represents an initiative with great potential. The EU's Maritime Transport Strategy¹ highlights that an EU framework for state aid should be improved to support the development of maritime transport and the development of maritime careers and professions. A specific example of where such an improvement should be considered is the creation of specific state aid rules to support the development of short shipping in the North Sea region.

There is a pressing need to attract young people into the maritime sector. As an industry, it has an aging workforce, with a lower number of young people in work or training, compared to other professions. The European Union therefore needs to take stronger action to protect and develop the EU's skill base. As an example, it should undertake a communication campaign targeted at the North Sea region to promote maritime careers and to make them more appealing. When talking about careers in the maritime sector, policymakers should ensure they promote the wider sector, highlighting the broad range of careers available.

Short shipping could play a key part in the development of blue growth in the North Sea given its ramifications into various sectors of the economy governance and its impact on carbon emission reduction.

Maritime transport in the EU is expected to grow to 5.8 billion tonnes in 2018, meaning that maritime infrastructure will have to handle at least 1.6 billion tonnes than at present. An example of such growth can be witnessed in the North East of Scotland. To cater for the demand of bigger vessels, two major extension projects are currently being undertaken in Aberdeenshire and Aberdeen City. One project is about deepening Peterhead's harbour to cater for bigger vessels. The project should be completed in the coming years and will cost £45 million. The second project is managed by "Aberdeen Harbour Board" that wants to expand its facilities at Nigg Bay (further south). The project should cost around £300 million

¹ <http://www.sweship.se/Files/PDFDokument/TransportStrategy2009.pdf>

and would take approximately 10 years to complete. The project is being developed to support the oil & gas industry (especially sub-sea maintenance and decommissioning), freight traffic and transport links to the Northern Isles.

These infrastructures could be used as an opportunity to further develop blue growth in the North Sea region. Indeed, opening up new routes calling at Aberdeenshire would support tourism in the North East of Scotland by creating a gateway to the rest of the region and has the potential to encourage thousands of new tourists to the area.

To get things going, it is important to develop Private Public Partnership models and for local authorities to support the industry and address market failures. As such, provision of state aid rules are necessary to plan ahead and engage with stakeholders locally and in the North Sea Region.

Within the EU border, the European Union should seek to establish a true Single Market and maritime transport space without barriers. It should seek to implement regulation which would ensure consistency of charges at ports, remove unnecessary administrative barriers and any other issues which might prohibit growth.

What challenges or obstacles maritime transport faces when trading with non-EU partners?

There are limited data regarding trading with non- EU Member States as most of the trading is made within the EU. The exception is Norway that represents an important trading partner in the fishing industry. (60% of Scottish mackerel is landed in Norway).

Consistency of processes and governance across all Member States in terms of health and safety issues, standards and processes would ensure a level playing field and more cooperative and streamlined approach vis-à-vis third countries.

Do you agree that the EU should intensify efforts towards free access to markets and further bilateral maritime transport agreements?

Developing free access to markets and bilateral maritime transport agreements are important factors to facilitate blue growth in the North Sea Region and ought to be strongly supported.

Indeed, maritime transport facilitates the development of a wide variety of other sectors of the economy. For example, Aberdeenshire has no manufacturing industry but has several important harbours, hence facilitating the delivery of operational matters may increase trading activities locally. Furthermore, it will support the development of multi modal transport links in the North Sea region impacting positively on carbon emission levels which in turn will help to deliver national and EU targets.

What actions should the EU and its member states take to improve the attractiveness of maritime careers?

The East of Scotland and communities in Aberdeenshire, Angus and Fife in particular have historically been and still are important hubs for fishing and maritime activities. However, the sector has declined considerably compared to a few decades ago. This is mostly due to the

industrialisation of the fishing sector, and the contraction of military activities (navy etc...) which used to feature prominently in the area.

As such there has been less and less people working and attracted to maritime careers in the region. To counter this tendency and to make maritime careers increasingly appealing going forward, it is essential that the visibility of such careers should be addressed.

The promotion of the maritime sector as providing viable and enduring careers should highlight the broad range of jobs available, and the progression routes and career paths that will be opened up. Accredited training schemes will also increase their attractiveness, particularly among young school leavers.

Despite developing local initiatives (leaflets, marketing material, local projects) by several local authorities, the reach remains limited. Developing an effective communication campaign in the North Sea region as a whole will be an important factor to increase the visibility of maritime careers or to support initiatives undertaken by macro-regional networks such as the Maritime resources and the Transport groups at the North Sea Commission.

Furthermore - and of particular importance given the current economic climate - it is vital to financially support academic and training institutions threatened by budget cuts which specialise in the local provision of maritime training. Indeed, using local institutions to address local maritime needs and to ensure that the right skills are developed at the right place, will be an important part of the "blue growth" equation. For example, the Scottish Maritime Academy (North East of Scotland College) in Aberdeenshire has developed specific expertise to address local maritime needs. The very existence of this institution is now being threatened due to budget cuts, highlighting that the issue of sustaining or safeguarding future maritime training in the Aberdeenshire area is under threat and a matter of urgency to be addressed. Indeed, this type of institution can act as a driver and catalyst to communicate the attractiveness of maritime careers, while providing the relevant skills to develop fishing and maritime activities, and as such ought to be supported by the EU.

Actions that should the EU take to improve skills of seafarers in order to effectively meet the new challenges and technological developments in shipping?

The type of actions that the EU could undertake, include:

- The EU could use the North Sea Commission and other local and regional networks to develop a communication campaign in the North Sea to support visibility and attractiveness of maritime careers.
- The EU should financially support (state aid, funding programmes) local academic institutions offering maritime training courses with local expertise
- The EU could conduct a mapping exercise of skills gaps which would enable the creation of training opportunities and up-skilling programmes to address any identified skills gaps. An example of such a successful programme was a course provided in Angus which up-skilled maritime workers and was supported through the European Fisheries Fund.
- Local Authorities could coordinate EU support with local institutions and create further momentum by building on its own initiatives.

For example, Aberdeenshire Council has developed a 3 month course, in collaboration with industry practitioners (Scottish Fishermen's Federation and Seafish), and the Scottish Maritime Academy (North East College). The course is specifically targeted at encouraging school leavers to become fishermen. The course is a combination of theory and practice - 2/3 of the time spent on the course will consist of practical experience, working on a boat with a fisherman acting as tutor for each student. The course hopes to attract 20 individuals and aims to start in June 2015.

These types of initiatives directly support the development of maritime careers, increase their visibility and their appeal, and supports the development of blue growth in the North Sea Region.

What actions or initiatives should the EU and its Member States take in promoting the smart and better use of ICT for improving quality of life at sea?

Funding opportunities should be used to develop more sophisticated ICT advances to improve the quality of life at sea. However, even basic internet connectivity can be a problem in rural communities in Scotland therefore it is of vital importance to ensure that each Member State has consistent broadband/mobile coverage as a baseline.

In which areas should the EU do more to improve the quality of EU shipping / maritime cluster?

Using macro-regional networks is an important way to maximise collaboration at North Sea level and discuss maritime clusters. Indeed, maritime and fishing activities are being discussed at the NSC Maritime Resources and Transport Group, through which key stakeholders in the North Sea region meet on a regular basis.

Amongst several projects of collaboration being discussed is the creation of maritime clusters as one of the priorities but appears to be complex to develop. A North Sea maritime cluster would enable the development of pockets of maritime expertise in the region, and would avoid duplication. Discussions are on-going to develop a cluster using a public / private partnership model in which local authorities, private companies and leading colleges, research centres and universities in the region offering expertise in the area would collaborate actively. The aim of such clusters is to complement the expertise available in the North Sea region and build on specialisations based on existing knowledge and competitive advantages.

In terms of actions that could be taken at EU level, an official recognition of the "macro-regional cluster status" offered by the European Commission could be useful for the local and macro-regional expertise to be recognised. This could act as a catalyst to develop maritime expertise, and further promote blue growth in the EU.

Furthermore, providing a database of existing maritime clusters freely available to stakeholders in the EU could help support the development, and the promotion of other such clusters in the EU.

Both initiatives can be supported through a dedicated effort from the EU to recognise its clusters for their expertise across the EU and support communication and promotion of maritime clusters in the North Sea region.

Do you think that the existing international and EU legislative framework on ship safety is adequate?

Aberdeenshire is historically a maritime and fishing area and possesses numerous harbours. These harbours comply with current EU and national legislation and take ship safety seriously.

In this regard, two specific on-going safety issues in the North Sea region must be brought to the attention of the European Commission as they need to be tackled as a matter of urgency.

- *Spatial planning needs to be further improved to address safety concerns between the fishing and energy sectors.*

Coordination between fishing activities and energy activities needs to be improved. For example, fishermen use "trawl doors" to open up their nets in the water that can damage energy infrastructure (tidal, connected to wind turbines etc...). A similar problem occurs with anchors which can damage deep sea energy infrastructures. Emphasis should be put on developing a maritime spatial planning strategy which would ensure that different industries were able to work effectively alongside each other and ensure that zones like the North Sea are a safe and productive place for all.

- *Bigger vessels means bigger containers and bigger safety risk*

Indeed cargos sometimes lose part of their containers while sailing. Bigger cargos cater for bigger carriages. When those carriages fall out of ships, most of them float just under the water surface, making them invisible to ships, increasing the risk of damage by the same. Specific legislation and tools should be put in place to address the issue.

Equally, the containers which sink to the seabed increase the risk of damaging existing energy infrastructure and create pollution hazards. This is a potential disaster waiting to happen and it is important to ensure that legislation is put in place to develop relevant safety measures and a system of accountability and rapid response should such an accident occur.

Are there areas in which the EU should do more to improve the environmental performance of shipping?

There are three distinct areas the EU could further develop to improve the environmental performance of shipping, namely manufacturing, operational and regulatory.

In regards to manufacturing, the type of initiatives to be taken revolve around:

- *Innovation: R&D to focus on cutting back on fuel (not on increase of renewable energy use)*

Innovation in the design of ships to make them more fuel efficient is obviously something that ought to be encouraged and developed in the North Sea region.

It seems that a lot of efforts stemming from the European Commission focus on promoting renewable energy (Energy Efficiency Directive, Fuel Quality Directive) to reduce carbon emissions. As is the case with the first generations of biofuel, the use of renewable energy can actually lead to an increase of carbon dioxide, and further issues of land grabbing that are occurring beyond EU borders. This means that the use of renewable energy is not always the panacea and it is argued by many that more research should have been undertaken before imposing targets on the use of biofuels for example.

Looking at other sources of funding, the development of wind farms, tidal, use of hydrogen etc, all offer better long-term prospects but the development of such technologies is particularly challenging in the current macro-economic climate and given the cost of developing the necessary infrastructure and PPP models which need to be developed along with the private sector.

The alternative to the above would be to focus R&D on reducing the use of fuel all together, as opposed to focusing on renewable energy. For example, the use of cavitation when building ships would decrease the use of energy. This has historically been used in the defence sector (submarines) but could be extended to the fishing/cruise shipping sectors to a much larger scale. Another sector that could be developed locally, could be the high-speed passenger transportation industry (such as Jetfoil), which has already several decades of expertise. Jetfoil is fuel efficient because its design increases its speed.

To summarise, the use of existing non-polluting techniques that can be extended to other sectors to develop economies of scale offers much better perspective for the region. It would be a great opportunity to develop blue growth in the North Sea and would contribute exponentially to the two overarching objectives of the "EU Maritime transport strategy", namely increasing competitiveness and sustainability. A shift in policy would provide the starting point for a transition period towards a cleaner future. The loss of jobs in the fuel sector can be compensated by the creation of jobs in Research and Development centres, and ship manufacturing for example. It will also further develop areas of specialisation in the North Sea region and would further support the development of clusters.

In regards to operational matters, the type of initiatives to be taken revolve around:

- *Reducing the price of cleaner fuel*

The cost of fuel is an important factor to competitiveness and is taken seriously by industry players. When looking at the cost of cleaners fuels - for example, removing the sulphur dioxide in fossil fuels increase fuel prices by 25% - it becomes clear that the added cost creates unsustainable trade-offs that forces many to limit their use.

- *Provision of training might become an issue if not further supported*

Budget cuts are threatening the existence of local training centres and colleges that have the infrastructure, the know-how and the expertise to provide specialised training to support the maritime careers locally. Those training centres sit at the core of the development of the blue growth in the North Sea region, hence funding should be provided to support these organisations.

- *Ports should build electricity points for vessels*

Aberdeenshire possesses a number of harbours, and one of the simple ways of increasing the fuel efficiency of boats would be to develop additional energy infrastructures in ports. Indeed, ships have to keep burning oil through the night for operational purposes. By providing electricity points, that could even be providing green electricity, there would be an immediate effect on carbon dioxide emissions, as less fuel would be used.

In regards to regulatory matters, the type of initiatives to be taken revolve around:

- *State aid*

Developing provisions that would support the development of short shipping in the North Sea region in order to address market failures necessary to develop blue growth in the region.

Supporting local authorities in addressing market failures, and develop Public Private Partnerships to make them sustainable.

- *Supporting the development of short sea shipping in the North Sea*

Subsidising short shipping in the North Sea region to help address market failures could offers great potential to support blue growth. Provision of state aid rules should

form part of the EU's agenda to help local authorities address market failures and develop this sector of activities. Two key ports are being developed at the moment in Aberdeen City and Aberdeenshire to cater for demands for cruise shipping. The time is ripe to support the development of this industry in the North East of Scotland, which would simultaneously support blue growth and tourism in the area.

- *Imposing regulations addressing the displacement of species via "merchant's ship ballast water "*

To counterbalance their weights and avoid capsizing, ships have to take water into their tanks that eventually gets discharged into new marine ecosystems.

There are numerous examples in which discharging ballast waters into new coastal waters have created substantial damage to the environment (e.g. expansion of contaminated shellfish or invasive jellyfish that led to a steep decline in marine life), yet a system of accountability is still to be created to efficiently address the issue. Contaminated water from ballast water can represents a substantial risk to the local economy and blue growth in the North Sea region.

Considering that there are efficient ways of eradicating biological stowaways from ballast water (although still costly), the EU should develop a regulatory framework and a system of accountability to address this important issue.

Do you see a strong trade-off between the environmental performance and the competitiveness of the EU maritime transport sector?

No – both elements can to be mutually reinforcing in the context of blue growth. The right balance can be found providing that manufacturing, operational and regulatory matters are addressed. Please refer to B4.4 for more details.

Please provide suggestions on possible actions or initiatives for the promotion of sustainable EU shipping (i.e. meeting environmental challenges whilst maintaining the competitiveness of the sector.)

Furthermore, the promotion and vulgarisation of non-polluting existing techniques such as sail manufacturing, cavitation etc... Possible transfer from other sectors (navy/military for example) to shipping manufacturing to develop economies of scale. This would create jobs in the region, develop further existing expertise (maritime and fishing history in Scotland) in a lasting and sustainable way. Please refer to B4.4 for more details.

What actions or initiatives should the EU and its member states take to promote alternative fuel solutions for ships?

Some of the actions to be taken include:



- Subsidised cleaner fuels to put the price down (through state aid)
- Focus R&D funding on innovative manufacturing techniques that increases the speed of vessels and reduce energy consumption
- Promoting use of existing non-polluting techniques (such as cavitation, sail manufacturing) to develop a new market and create economies of scale that will support competitiveness while reducing carbon emissions.
- Funding through the EMFF to further develop alternative fuel solutions and monitor the current environmental impact from existing fuel types.

Are there areas in which the EU should do more to improve the competitiveness of the EU shipping industry?

- Address market failures for short shipping through state aid
- The development of short sea shipping would be important for the local area for a few reasons. First of all, it supports the objectives of decreasing carbon emissions imposed by the Scottish Government and the EU, because it increases the use of multi-modal transport in the region. Short sea shipping will also support the local economy by providing new jobs, and support local tourism as this could bring thousands of new tourists to the area, contributing further to the blue growth in the North Sea.

Do you think there is a room for further improvement in the existing port systems in order to efficiently accommodate the ever-increasing maritime transport of goods and passengers?

In Aberdeenshire, harbours already have full capacity and it will be difficult to cater for additional needs without widening and deepening existing ports or constructing new ones. In this regard, two harbours in Aberdeenshire and Aberdeen City are being extended, to cater for additional demand, in particular from bigger cargos. For more details please see B2.2

Additionally, the European Union should seek to establish a true maritime transport space without barriers to ensure consistency of charges at ports.

Are there areas in which the EU and its member's states should do more to promote maritime research and innovation?

Please see B4. 4

Do you think more can be done at EU level to promote technological developments and advanced and/or innovative logistics concepts which maximise the efficiency of maritime transport?

Relevant organisations such as Marine Scotland have developed an important set of relevant data to map the seabed of the North Sea region and in areas such as

Aberdeenshire, the use of ICT based applications has been developed substantially over the past decade. Although more work is needed, the data developed so far has substantially improved Maritime Spatial Planning in the area.

The development of technology is particularly challenging and therefore the EU should facilitate the creation of PPP models which need to be developed along with the private sector.

Are there areas in which the EU and Member States should intensify their efforts towards deployment and promotion of e-maritime/digital maritime transport services?

Fish4Market is one of the ICT projects developed for the Peterhead fish market. The system was created by the private sector (with involvement of Aberdeenshire council) and enables fishermen to upload data in regarding to the amount of fish they caught while at sea. The project is in place to provide transparency on fish landings, to attract buyers and stabilise continuity of supply. It communicates fishing activity and provides information on fish due to be landed to Peterhead. This is also a system that may be extended to cover other ports if there is demand for it. Hence promotion and communication at EU about the systems already used in the North Sea region could be further improved.

About ESEC

The East of Scotland European Consortium (ESEC) was established in 1991 to represent the European interests of local authorities in Eastern Scotland. We have membership of 8 Local Authorities within this area (Aberdeen City, Aberdeenshire, Angus, Dundee City, Falkirk, Fife, Perth and Kinross, and Stirling) who collaborate on a shared European agenda. With a population of just over 2.34 million (46% of Scotland's total) the East of Scotland is an area of contrasting industrial, rural and urban landscapes with significant North Sea coastline.

ESEC aims to:

- Influence, where directly relevant, the development of emerging European policy and legislation as it affects Eastern Scotland;
- Maximise European Union financial assistance;
- Foster cooperation between local authorities in Eastern Scotland and to provide a framework for the promotion of appropriate geographic and sectoral groupings; and,
- Develop links with similar regional groupings within Scotland, the United Kingdom and other European Member States and develop Eastern Scotland corporate representation on appropriate bodies.

For more information, please contact:

Joanne Scobie, EU Officer
East of Scotland European Consortium (ESEC)
County Buildings
Market Street
Forfar
DD8 3WD

Email esec@angus.gov.uk
Website www.esec.org.uk
Twitter [@esec2](https://twitter.com/esec2)