On the competitiveness of short sea shipping

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Agenda

- Point of departure
- External factors
- RoRo sulphur case
- Modal shift in EU
- Industry competition
- Key takeaways
Short Sea Shipping?

“The movement of cargo and passengers by sea between ports situated in geographical Europe or between those ports and ports situated in the non-European countries having a coastline on the enclosed seas bordering Europe” (European Commission, 1999).

"In direct competition with other modes of transport"
Modal shift –
Lots of nice words, but no clear results

1999 - European Commission – The development of Short Sea Shipping in Europe:
“Short Sea Shipping can be considered a most environmentally friendly mode of transport, in particular, because of its comparatively low external costs and high energy efficiency. Making more use of short sea shipping could help the Community to reach its CO2-target under the Kyoto Protocol.”

2001 - European Commission – White Paper, European Transport Policy:
“Short Sea Shipping and inland waterway transport are the two modes which could provide a means of coping with the congestion of certain road infrastructure and the lack of railway infrastructure. Both these modes remain underused.”

2009 - European Commission – Maritime Transport Strategy 2018:
“Exploiting the full potential of Short Sea Shipping and sea transport services for business and citizens in Europe”

2014 – Council conclusions – The Athens declaration:
“Emphasizing that Short Sea Shipping needs to play a stronger role in the EU to ensure the necessary accessibility and trade flows, including between the mainland and islands, and to shift long-distance transport away from roads in order to address capacity, energy and climate challenges while noting, in this context, the goals defined in the White Paper on transport policy published by the Commission in 2011.”
The 2030 target of 30% reduction in road transport above 300 km

Source: Tavasszy and Meijeren (2011)
Market equilibrium
MOTORWAYS OF THE SEA
MUCH MORE THAN SHORT SEA SHIPPING

The external costs of heavy goods vehicles (in bn euro)

- Infrastructures: €37bn
- Climate change: €17bn
- Upstream emissions: €3bn
- Noise: €2bn
- Accidents: €14bn
- Congestion: €35bn

Source: CE Delft, 2011. External and infrastructure costs of HGVs in the EU30 in 2011, Odh-E Ce-Del79
Porters 5 forces
The power of the suppliers
The power of the buyers
Threat of substitution?
New entry
- What will be the terms and conditions?
Rivalry among competitors
The RoRo case

Executive MBA in Shipping and Logistics
Class of 2015-2017
Module: 01
Assignment paper (Final version)

Analyzing possible modal shift after 1st January 2015 in RoRo traffic between Germany and Finland

By: Thomas Dospel and Peter Olsen
Coach: Ana Casaca
The traffic between Germany and Finland
The traffic to and from Finland

The RoRo option

The main reason for the increase...
Increase on the Estonia-Finland option

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Figure 15. Transported lorries and trailers on the Estonia to Finland route 2014

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Figure 16. Transported lorries and trailers on the Estonia to Finland route 2015

11.6 % increase in overall volume of lorries and trailer units
Key takeaways

• The 2030 target seems too ambitious

• Market equilibrium
  • Major structural changes are needed, if the modal shift is going to materialize
  • But minor changes also affect the balance
  • Transport of cargo is like water, it always finds the easiest way
Thank you!