



DanishShipping

# 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**



**Copenhagen  
Business School**  
HANDELSHØJSKOLEN



# 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:**

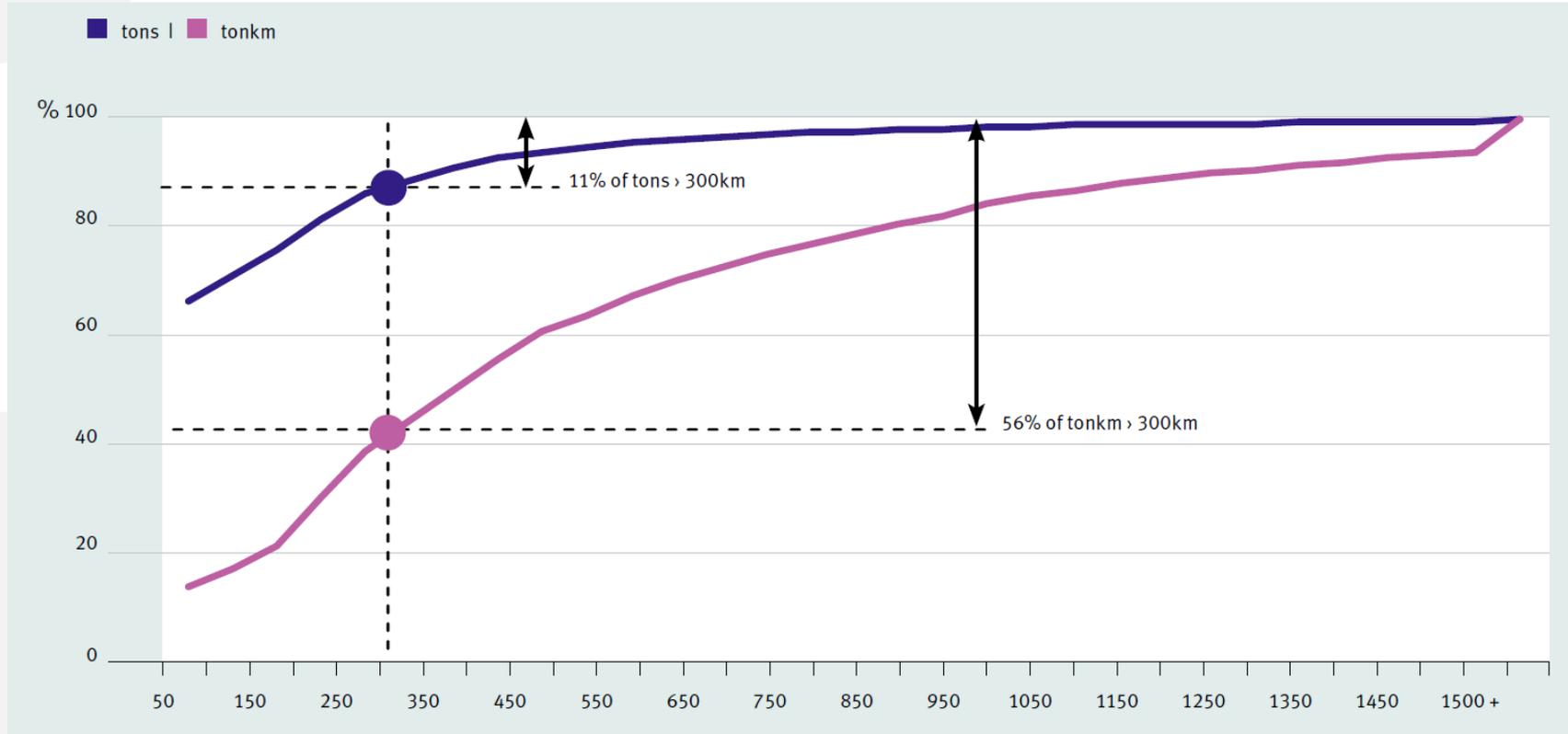
*“**Exploiting the full potential of Short Sea Shipping** and sea transport services for business and citizens in Europe”*

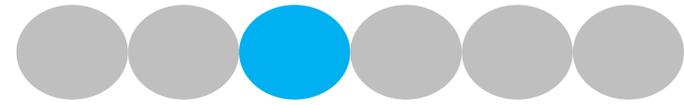
**2014 – Council conclusions – The Athens declaration:**

*“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.”*

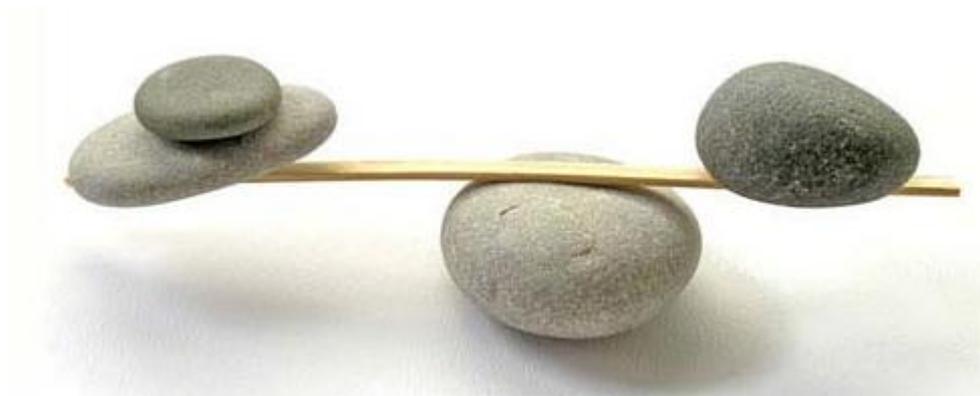


# The 2030 target of 30% reduction in road transport above 300 km





# Market equilibrium

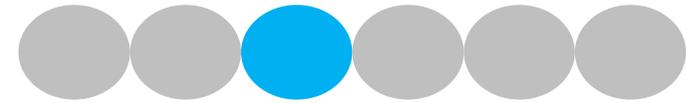




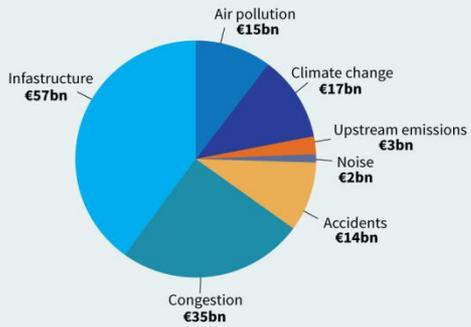
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# MOTORWAYS OF THE SEA

MUCH MORE THAN SHORT SEA SHIPPING



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

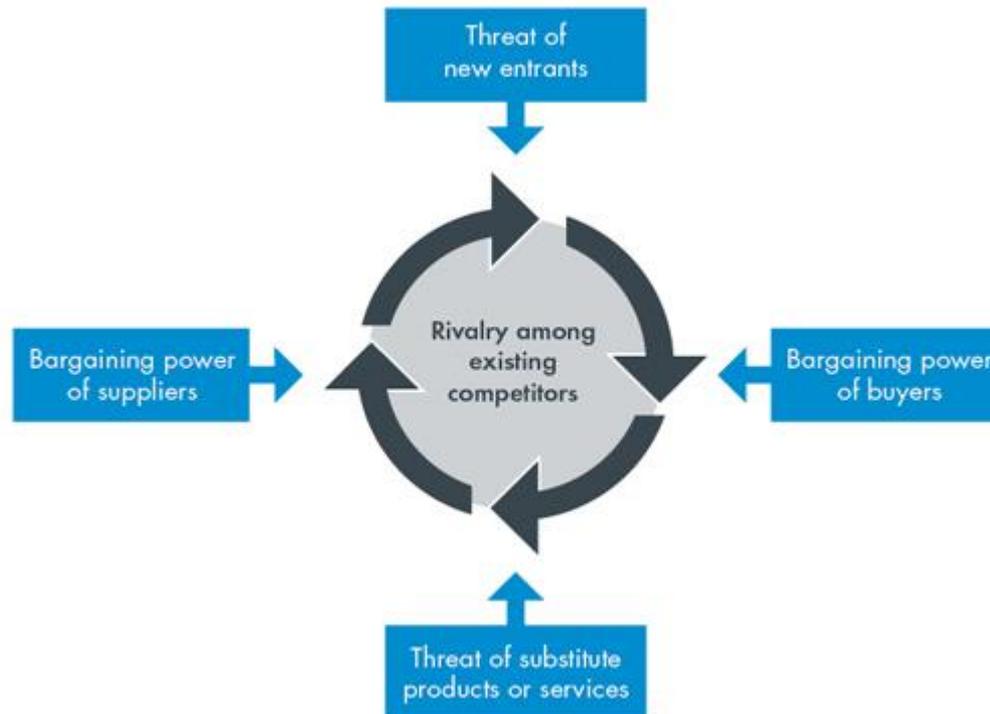


TRANSPORT & ENVIRONMENT @transportenvironment.org Source: CE Delft, 2015. External and infrastructure costs of HGVs in the EU28 in 2013. Delft: CE Delft



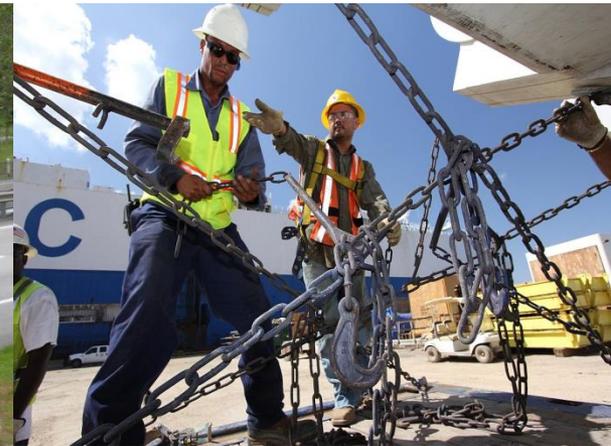


# Porters 5 forces





# The power of the suppliers



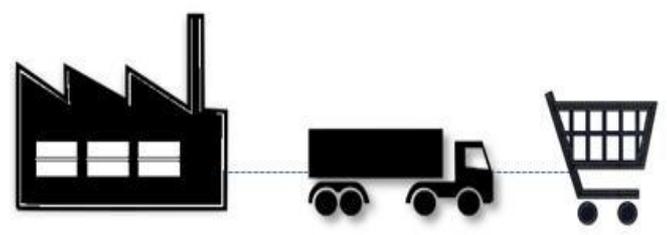
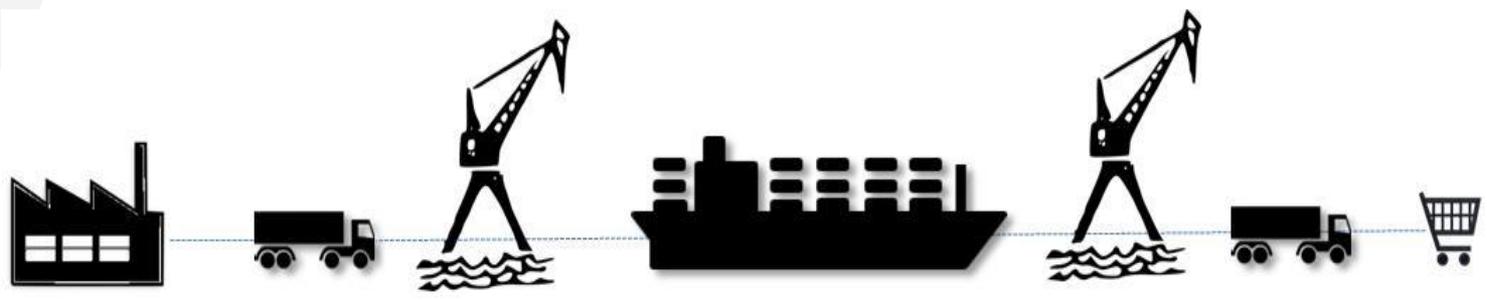


# The power of the buyers





# Threat of substitution?





# New entry

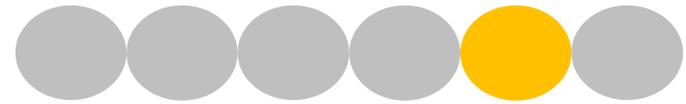
## - What will be the terms and conditions?





# Rivalry among competitors





# The RoRo case



Executive MBA in Shipping and Logistics  
Class of 2015-2017

Module: 01

Assignment paper (Final version)

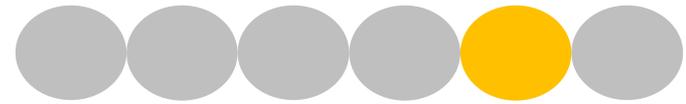
Analyzing possible modal back shift after 1<sup>st</sup> January 2015 in RoRo traffic between Germany and Finland

By: Thomas Dospel and Peter Olsen

Coach: Ana Casaca

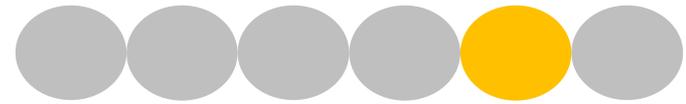


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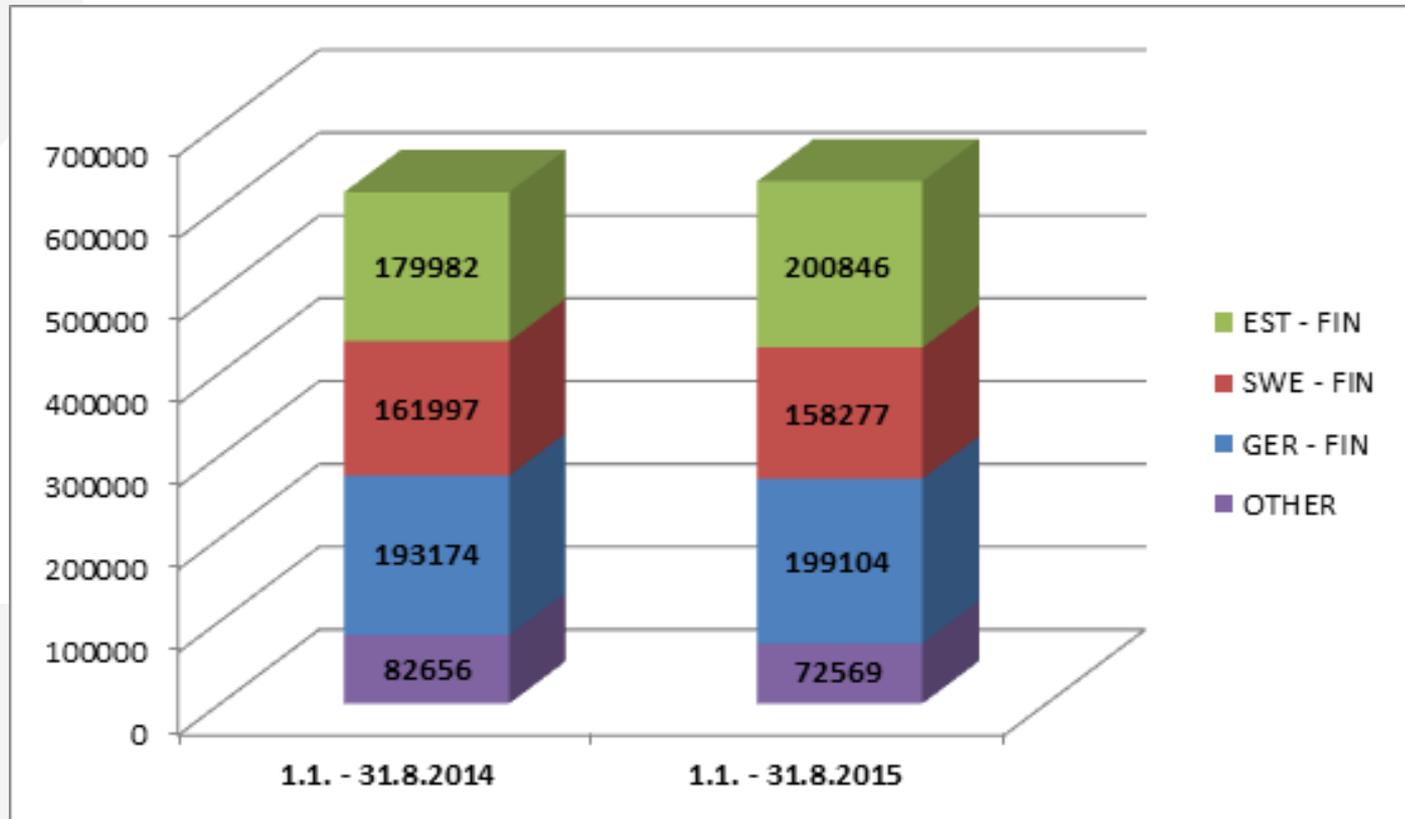


# The traffic between Germany and Finland

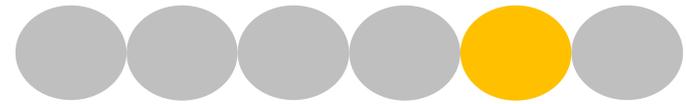




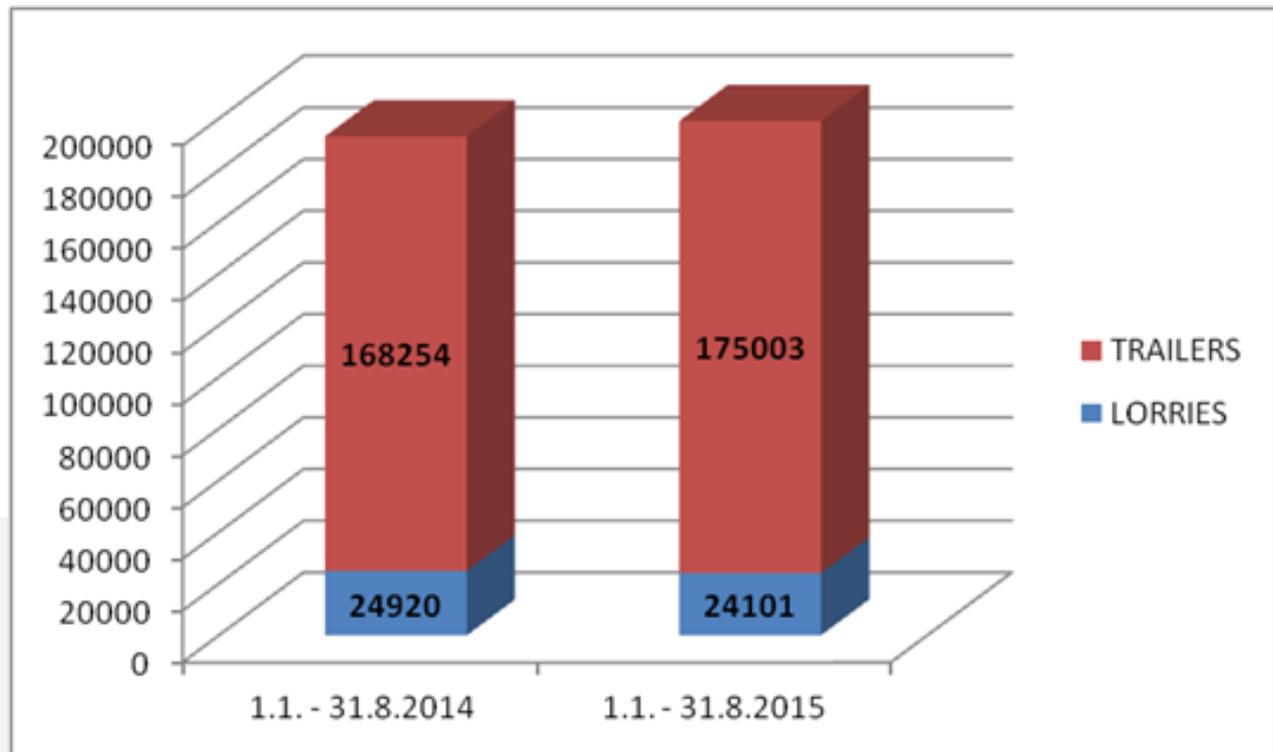
# The traffic to and from Finland



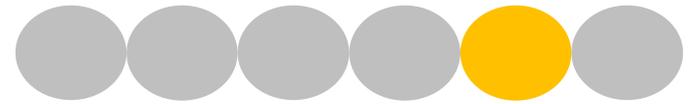
*Source: Finnish Transport Agency (2015)*



# The RoRo option



*Source: Finnish Transport Agency (2015)*



# The main reason for the increase...





# Increase on the Estonia-Finland option

EST-FI trade		LORRIES 1.1.2014 - 31.8.2014			TRAILERS 1.1.2014 - 31.8.2014		
FROM PORT	TO PORT	Loaded units	Empty units	Total units	Loaded units	Empty units	Total units
TALLINN	HELSINKI	77779	5735	83514	4020	149	4169
HELSINKI	TALLINN	72909	14749	87658	3488	1153	4641

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

*Source: Finnish Transport Agency (2015)*

EST-FI trade		LORRIES 1.1.2015 - 31.8.2015			TRAILERS 1.1.2015 - 31.8.2015		
FROM PORT	TO PORT	Loaded units	Empty units	Total units	Loaded units	Empty units	Total units
TALLINN	HELSINKI	89320	5155	94475	3120	98	3218
HELSINKI	TALLINN	84146	15087	99233	2885	1035	3920

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

*Source: Finnish Transport Agency (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!

