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**COMMISSION STAFF WORKING DOCUMENT**

**Accompanying document to the**

**COMMUNICATION FROM THE COMMISSION**

**The EU's freight transport agenda:  
Boosting the efficiency, integration and sustainability of freight transport in Europe**

**Report on the Motorways of the Sea  
State of play and consultation**

**{COM(2007) 606 final  
SEC(2007) 1351}**

## COMMISSION STAFF WORKING DOCUMENT

### Report on the Motorways of the Sea State of play and consultation

#### 1. SUMMARY AND CONCLUSIONS

The Communication on Freight Transport Logistics in Europe<sup>1</sup> highlights the economic importance of the European freight transport logistics sector but also the risks of road-based transport growth for the sustainability and competitiveness of Europe's economy as a whole. Concerns such as congestion and its associated economic costs, problems with traffic safety, energy dependency from imported sources, emission of pollutants and noise and greenhouse gases call for decisive action as they risk weakening Europe's competitiveness in the longer term. Motorways of the sea are one of the key measures proposed in the Freight Transport Logistics Action Plan<sup>2</sup> which can contribute to a lasting restructuring of long distance freight transport in Europe, putting it on a more sustainable path.

This paper has two purposes:

- it provides the state of play for the preparation of the Motorways of the Sea which are part of the Trans-European transport network (TEN-T)<sup>3</sup> and Marco Polo II<sup>4</sup> programme; and,
- it launches a consultation on possible new initiatives to broaden the concept of Motorways of the Sea within the wider development of high-quality Short Sea Shipping as a real alternative to road transport. A wider range of private and public (e.g. Marco Polo II programme) sources of investment can be mobilised to develop Short Sea Shipping connections which offer services meeting "Motorways of the Sea benchmarks" on a number of key performance indicators. Existing Short Sea Shipping lines with clear Motorways of the Sea characteristics should be recognised as Motorways of the Sea.

The Motorways of the Sea initiative introduced by the Commission's White Paper on European Transport Policy<sup>5</sup> of 2001 sets out to make better use of the enormous capacity of Europe's seas and large river systems as floating infrastructure for transporting goods from door to door. Europe's economy needs this capacity for mobility in order to continue on a path of sustainable growth, in accordance with the Lisbon agenda. The Motorways of the Sea

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<sup>1</sup> COM(2006)336 final.

<sup>2</sup> COM (2007) 607 final

<sup>3</sup> Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks; OJ L 162, 22.6.2007, pp. 1–10

<sup>4</sup> Regulation (EC) No 1692/2006 of the European Parliament and of the Council of 24 October 2006 establishing the second Marco Polo programme for the granting of Community financial assistance to improve the environmental performance of the freight transport system (Marco Polo II) and repealing Regulation (EC) No 1382/2003; OJ L 328, 24.11.2006, p. 1–13

<sup>5</sup> COM/2001/370 final

initiative is also emphasised in the Communication on an integrated maritime policy for the European Union as a means to achieve efficient, safe and secure shipping in Europe.<sup>6</sup>

Motorways of the Sea are indeed a new and ambitious initiative actively developed by Member States in co-operation with the public and the private sector. They represent a cost-effective, energy-efficient and climate-friendly alternative to extending motorway networks on land. Both energy consumption and emissions of greenhouse gases per tonne-kilometre are lower than for any other mode of land-based transport and the investment costs for Motorways of the Sea are only a fraction of the cost of new terrestrial motorways.

Motorways of the Sea are a special feature of Short Sea Shipping and can be defined as follows:

Motorways of the Sea are existing or new sea-based transport services that are integrated in door-to-door logistic chains and concentrate flows of freight on viable, regular, frequent, high-quality and reliable Short Sea Shipping<sup>7</sup> links. The deployment of the Motorways of the Sea network should absorb a significant part of the expected increase in road freight traffic, improve the accessibility of peripheral and island regions and states and reduce road congestion.

Motorways of the Sea can be based on existing or upgraded quality Short Sea Shipping links that fulfil the above criteria or new links, with or without the involvement of Community funding.

Implementing and promoting Motorways of the Sea as an alternative to building new or upgrading existing major road highways parallel to the coast can bring important benefits. For instance, a modest start of a Motorways of the Sea between the North of the Iberian Peninsula and the North Sea Member States with four vessels and six round trips per week would realise a modal shift of close to 5 billion tonnes kilometres over 3 years, saving the emission of 125 000 tonnes of CO<sub>2</sub><sup>8</sup> and taking every day a lane of more than 3 km of trucks in both directions away from the highways.

The Community can provide funding for the planning and implementation of Motorways of the Sea through a number of financing instruments, such as the TEN-T, Marco Polo II, structural funds, cohesion funds and research and development programmes. Motorways of the Sea are also eligible for funding under the European Investment Bank and can in some regions benefit from State aid. However, at the end, Motorways of the Sea are for the industry to implement.

Putting the Motorways of the Sea into effect gives rise to a number of challenges:

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<sup>6</sup> COM(2007) 575 final

<sup>7</sup> 'Short sea shipping' means the movement of cargo and passengers by sea between ports situated in geographical Europe or between those ports and ports situated in non-European countries having a coastline on the enclosed seas bordering Europe. See the Communication on the Development of Short Sea Shipping in Europe, COM(1999) 317, p. 2.

<sup>8</sup> Calculated on the basis of a saving of 26 gram of CO<sub>2</sub> per tonne kilometre for transport with ro-ro vessels (2-30 dwt, bunker oil with an average sulphur content of 2.6 per cent, no cleaning of NO<sub>x</sub>) compared to road transport (Euro 3 trucks, maximum overall weight 40 tons, loading 70 per cent, operating on diesel with a sulphur content of 300 ppm) – source Swedish Network for Transport and Environment

- reducing bureaucracy,
- promotion and marketing,
- port capacity, accessibility and efficiency,
- availability of good and non-congested hinterland connections,
- co-operation between all the players in the chain, including between ports,
- seizing the benefits from the booming container traffic,
- establishing integrated information systems,
- ensuring availability of suitable vessels,
- integrating Motorways of the Sea into a broader transport planning perspective,
- co-ordinating the funding instruments,
- balancing incentives for various modes of transport,
- dealing with distortion of competition,
- providing adequate training and attracting young people to the maritime profession,
- improving energy efficiency and reducing (air) pollution.

The success of Motorways of the Sea requires action beyond the framework of the Trans-European transport network. The Commission services are integrating the concept of Motorways of the Sea into the broader policy of promoting efficient and sustainable multimodal transport chains with Short Sea Shipping in the central role. For instance, the Communication on port policy highlights the need for better organised infrastructure and facilities in existing ports, for better hinterland connections, for innovation and training and for simplification. The planned e-maritime initiative<sup>9</sup> is key for streamlining the information flows that accompany the physical transport flows. Motorways of the Sea should be frontrunners in the implementation of e-maritime. Further simplification of administrative procedures should be achieved by establishing a European Maritime Transport Space without barriers<sup>10</sup>. Motorways of the Sea should provide a test-bed for the introduction of such simplifications. Finally, Motorways of the Sea are also coordinated with other maritime actions as set out in the Communication from the Commission on an integrated Maritime Policy for the European Union.<sup>11</sup>

Other challenges are to be taken up by the Member States and the private sector. Various sources of private and public investment would need to be mobilised and combined to help Motorways of the Sea establish. Co-ordination and clarity should be improved between these different funding sources within the existing fora. One possible further way forward are one-

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<sup>9</sup> COM(2006)314 final.

<sup>10</sup> COM(2007) 616 final.

<sup>11</sup> COM 2007/575 final

stop help desks that could provide information on all the relevant sources of financing and support the financial engineering of Motorways of the Sea projects. The Commission services intend to provide additional guidance through "Frequently Asked Questions", to be published alongside its Motorways of the Sea calls under the trans-European transport network (TEN-T) programme.

The evaluation, contracting and follow-up of both TEN-T and Marco Polo project proposals will be accelerated as they will be entrusted to specialised Commission executive agencies<sup>12</sup>, which will devote significant efforts into promoting both programmes among the transport industry and cargo owners/shippers. Also, the Commission services are considering a streamlining of the relevant Community guidelines on State aid to maritime transport in spring 2008.

EU project finance for the development of Motorways of the Sea under TEN-T has been slow to take off, but early indications from the 2007 Marco Polo II call for proposals suggest that the private sector is increasingly able to access public funding for Motorways of the Sea projects. Further, Member States have now started to work in close cooperation with industry to support this development. The Commission services look forward to identifying, from the proposals submitted by Member States, the first Motorways of the Sea projects in 2008 which may receive funding from the TEN-T budget. It is therefore not yet possible – despite the requirement in the TEN-T legislation<sup>13</sup> – to submit an initial list of specific projects of common interest to the European Parliament and to the TEN-T Committee<sup>14</sup>, but this might be achievable in 2010.

The Commission services consider broadening the concept of the Motorways of the Sea and wish to consult stakeholders on possible new initiatives to develop key performance indicators and benchmarks to promote Motorways of the Sea as an efficient and competitive alternative to other transport options and to give recognition to Motorways of the Sea beyond the application of EU financing instruments.

## 2. EU instruments in support of Motorways of the Sea

Motorways of the Sea should be commercially viable projects. Nevertheless, public funding is available as a catalyst to the development of new Motorways of the Sea, including to help finance infrastructure such as modern transshipment facilities or to contribute to start-up operating costs. A diverse range of support instruments are available, each with their own specificities and conditions. At EU level, support for Motorways of the Sea has been substantially increased for the 2007-2013 financial programming period, with the integration of Motorways of the Sea into the multi-annual work programme of the **trans-European transport network**, as a new specific action in the **Marco Polo II programme** and as measures to be funded over a range of operational programmes under the **structural funds**<sup>15</sup>

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<sup>12</sup> Commission Decision 2007/61/EC and Commission Decision 2007/372/EC

<sup>13</sup> Article 12a, §6 of Decision No 884/2004/EC of the European Parliament and of the Council of 29 April 2004 amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network ("the TEN-T guidelines"); OJ L 167, 30.4.2004, pp. 1–38

<sup>14</sup> Committee for Monitoring Guidelines and the Exchange of Information

<sup>15</sup> Council Regulation (EC) No 1260/1999 of 21 June 1999 laying down general provisions on the Structural Funds, OJ L 161, 26.6.1999, p. 1–42

**and cohesion funds**<sup>16</sup>. Furthermore, Motorways of the Sea are eligible for support from the **European Investment Bank** and can in some regions benefit from **state aid**. An account of the various funding instruments is provided in Annex II. The EU research programmes contribute significantly as they foster the development of safer, economic performing and environmentally friendly vessels and infrastructures.

The availability of all these instruments in combination with private sector funding presents opportunities but also major challenges in terms of financial engineering and synergies between the various instruments. The Commission services promote the combination of various EU and national instruments in support of Motorways of the Sea as this may reduce the financial burden and risks associated with its implementation. A typical cycle of identifying Motorways of the Sea projects would be as follows:

1. Motorways of the Sea projects are initiated by industry players and/or public stakeholders, often in response to joint calls for proposals from Member States. While preparing their proposals, the proponents are invited to consider all possible funding sources and to engage *inter alia*, in discussion with the EIB in order to examine whether or not EIB instruments might be used to help finance Motorways of the Sea.

2. After evaluation by the Member States concerned, successful proposals resulting from joint Member State calls can be submitted to the TEN-T programme if infrastructure financing is necessary.

Infrastructure and facilities in Motorways of the Sea projects could be co-financed through TEN-T and services through Marco Polo II. These programmes can be used in combination or separately for co-funding projects. In any event, the coherent development of the land part and the maritime part of the Motorways of the Sea network must always be taken into account.

The Member States and regions concerned should also examine to what extent the Cohesion and Structural funds can be used to provide further assistance, subject to the requirement to avoid funding of the same actions from different EU programmes; they should also consider additional incentives to support sustainable implementation of Motorways of the Sea.

Research and development funds are also eligible as financing instruments for Motorways of the Sea, in particular to devise and demonstrate the concept.

Finally, experience has demonstrated that the rules on the maximum intensity of State aid need to be clarified. Currently, different rules apply to different instruments, causing potential conflicts where different sources of EU and/or national financing are combined. For this reason, the Commission services are considering to prepare an adjustment of Community guidelines on State aid to maritime transport in spring 2008 with a view to streamlining the rules for aid under the different instruments.

The Commission services intend to continue co-ordinating with existing bodies and networks the development of Motorways of the Sea. One possible way forward could be the establishment of **one-stop help desks** to provide information on all the relevant financial programmes and thus support the financial engineering of Motorways of the Sea projects. The

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<sup>16</sup> Council Regulation (EC) No 1164/94 of 16 May 1994 establishing a Cohesion Fund, OJ L 130, 25.5.1994

purpose is to help private initiatives access the most appropriate support instruments and, where several instruments are available, to help them coordinate and combine applications as much as possible.

The Commission has appointed on 27 September 2007 a **European Coordinator** to support the implementation of the Motorways of the Sea. His main role is to motivate the relevant players in the public and private sector to prepare and submit Motorways of the Sea project proposals in the framework of the TEN-T and Marco Polo programmes, to foster co-operation between the public and private sector in the preparation of the Motorways of the Sea, to encourage Member States and regional authorities to create favourable conditions for successful deployment of Motorways of the Sea, to help raising awareness amongst shippers of the benefits of integrated Short Sea Shipping and Motorways of the Sea, to help identifying and solving obstacles to its development and to help targeting financial interventions in support of the Motorways of the Sea. The European Coordinator is expected to issue his first report in March 2008.

### **Support from the programme for Trans-European Networks**

Following the Ministerial Conference on Motorways of the Sea held in Ljubljana on 24 January 2006, preparations have been stepped up by way of the following actions:

- Five task forces have been put in place for five maritime regions (Baltic Sea, North Sea, Atlantic, Eastern Mediterranean and Western Mediterranean Sea), involving all the Member States with a maritime border, apart from Romania and Bulgaria who have joined the EU since January 2007.
- Work on a number of Motorways of the Sea Master plans has started between mid-2005 and mid-2007. A common feature of these Master plans is that they provide a framework for the identification of Motorways of the Sea projects through calls for proposals and for their subsequent deployment.
- A total of eight Motorways of the Sea pilot projects are being prepared under various programmes. Portugal is preparing two pilot projects as part of a Portuguese TEN-T funded study on Motorways of the Sea. Four pilot projects will be carried out under the MOSES integrated research project funded by the sixth Research Framework Programme<sup>17</sup>. In the MEDA programme,<sup>18</sup> two pilot projects will be set up to test the implementation of Motorways of the Sea with the involvement of neighbouring states in the Mediterranean. All these pilot projects will help to identify obstacles and solutions to the implementation of the Motorways of the Sea.
- Four joint calls for proposals for Motorways of the Sea projects have been launched involving at least two Member States: by Finland and Germany (beginning 2006), by the seven Baltic Sea Member States (autumn 2006), by France and Spain (spring 2007) and by the North Sea Member States plus Norway (mid-2007). Further calls for proposals are under preparation for the Eastern and Western Mediterranean.

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<sup>17</sup> MOSES (Motorways of the Sea European Style), an integrated research project funded from the 6th research framework programme

<sup>18</sup> Council Regulation (EC) No 1488/96 of 23 July 1996 on financial and technical measures to accompany (MEDA) the reform of economic and social structures in the framework of the Euro-Mediterranean partnership, OJ L 189, 30.7.1996

The detailed state of play in the four Motorways of the Sea regions<sup>19</sup> is described in Annex III. of this document. All these activities should allow the Member States to send the Commission an initial list of proposals for specific links of the Motorways of the Sea network.

The Commission services have also continued to promote these Motorways of the Sea projects. Since 2006, they have been organising bi-annual meetings of the Short Sea Shipping and Motorways of the Sea focal points to exchange information and to take stock of the progress made. Once a year, these meetings are extended to the representatives of the European Short Sea Promotion Centres. From 2007 onwards, these meetings are preceded by technical coordination meetings of the Motorways of the Sea task forces.

The above overview of activities illustrates that Member States only started to prepare the Motorways of the Sea applications under the TEN-T programme during the period 2005-2006, whereas the announcement of the Motorways of the Sea initiative in the European Commission's White Paper on European Transport Policy dates back to 2001. This delay impacts on the overall progress with the implementation of the Motorways of the Sea. Since 2006, all Member States with a maritime front (with the obvious exception of Romania and Bulgaria) have been actively involved in the preparation of Motorways of the Sea.

There are large differences in demand, trade patterns, types of services and markets in the various Motorways of the Sea regions and this is also reflected in differences in approaches to preparing Motorways of the Sea. A one-size-fits-all design cannot therefore be applied to Motorways of the Sea, which further increases the complexity of the initiative. Nevertheless, with four calls for proposals launched at Member State level, a number of common critical issues can be identified in relation to the importance of

- solid, credible and sustained commitments by partners, both public and private, to developing Motorways of the Sea projects;
- describing at an early stage the commitments of the public sector (including at national and regional level) to establishing a favourable and stable context for the development of Motorways of the Sea;
- balancing infrastructure and facilities against the services part of Motorways of the Sea projects;
- the needs for Member States to clearly identify in their joint calls for proposals the specific objectives for the regions in which Motorways of the Sea projects are to be developed;
- a critical analysis and pre-selection by the Member States prior to submitting Motorways of the Sea projects under the TEN-T programme;
- describing clearly the areas of influence of Motorways of the Sea projects, in particular as regards connections in the hinterland.

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<sup>19</sup> The following Motorways of the Sea areas are defined in the revised Community guidelines for the development of the trans-European transport network (Decision No 884/2004/EC): Motorway of the Baltic Sea, Motorway of the Sea of western Europe, Motorway of the Sea of south-east Europe and Motorway of the Sea of south-west Europe.



Furthermore, a good common understanding is needed of the overall regional context in which Motorways of the Sea are developed, including the demand for freight transport and its evolution, the traffic characteristics of all transport modes, the availability of transport infrastructure, the quality of services, and the main bottlenecks both for short sea shipping as part of door-to-door transport links and for road transport. This information is needed to assess the relevance and quality of proposals for Motorways of the Sea projects and to judge the impact assessments that should accompany them. In a number of regions, additional efforts are required to collect this information and thus to be able to present Motorways of the Sea projects in their proper context and to justify the choices made.

All this information can be gathered and made available in the framework of the elaboration of the Master plans for the Motorways of the Sea.

### **Support from the Marco Polo programme**

The Commission is co-financing Member States' ongoing preparatory actions for Motorways of the Sea under the TEN-T programme. In March 2007, the Commission published the first call for proposals under the Marco Polo II programme, including, for the first time, support for Motorways of the Sea actions. This call has resulted in a number of project proposals for services that, at least from a perspective of frequency, might come close to Motorways of the Sea.

### **Support from the Research programme**

Research co-funded by the European Commission under the sixth Research Framework Programme<sup>20</sup> indicates that even without efficiency improvements and additional infrastructure and equipment, there is clear potential demand for additional high capacity short sea services in the European Union, but that the utilisation rates of those simulated services are not always sufficient. There are also major differences regarding the potential transport demand for new Motorways of the Sea links, depending on which regions and which transport chains are connected.

In May 2007, the Commission signed a contract for the MOSES research project to support the implementation of Motorways of the Sea for the period 2007-2010. The project sets out to develop new advanced logistical and marketing concepts suitable for Motorways of the Sea and to test their deployment in an operational context. It will also support the continuation of the Short Sea Shipping bottleneck exercise and will spearhead the development and use of benchmarking techniques and key performance indicators. Other research projects such as Logbased and Creating support the development of new ship technologies which will lead to higher performance for the Motorways of the Sea.

### **External dimension of Motorways of the Sea**

In accordance with the recommendation of the High Level Group report of November 2005<sup>21</sup> on the extension of the TEN-T to neighbouring countries, the Commission Communication on

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<sup>20</sup> MTCP Desk study on goods flows in Europe for a pre-definition of Motorways of the Sea, BMT, Hamburg, Germany

<sup>21</sup> Networks for peace and development, Extension of the major trans-European transport axes to the neighbouring countries and regions, Report from the High Level Group chaired by Loyola de Palacio, November 2005

the extension of the major trans-European transport axes to neighbouring countries<sup>22</sup> includes Motorways of the Sea as one of the five major transnational transport axes and lists in an annex the Motorways of the Sea ports put forward by neighbouring countries. Implementation of the actions outlined in the Commission's Communication is now under way.

As regards the Mediterranean region, MEDA stakeholders have helped to design the future EU-MEDA Motorways of the Sea connections in Euro-Med Motorways of the Sea projects prior to launching the call for proposals for two Motorways of the Sea pilot projects in September 2007. The Motorways of the Sea project may be further extended to neighbouring countries as part of TEN-T and Marco Polo calls for proposals. At this stage however, few neighbouring countries participate in the Marco Polo II programme. The Commission services call for greater awareness to be made of the possibility of extending the Motorways of the Sea initiative, for the access of neighbouring countries to the Marco Polo II programme to be promoted and for the ground to be prepared for further integration of Motorways of the Sea into the European Neighbourhood and Partnership Instrument.

### **3. MOTORWAYS OF THE SEA: FOCUS ON QUALITY**

#### **Quality and competitiveness as a prerequisite for Motorways of the Sea**

Motorways of the Sea will succeed as an alternative to conventional motorways only if they deliver services of which the quality and competitiveness is comparable with alternatives offered by other modes, in particular road transport.

Quality and competitiveness should be reflected in the regularity and frequency of the transport services offered, in the efficiency and flexibility of port and hinterland operations and services, in the extent to which public and private elements throughout the whole logistic chain are covered, in the reduction of administrative requirements and inspections, for instance, through the establishment of one-stop shops and in streamlined electronic information flows.

Ports should treat Short Sea Shipping as a priority and have sufficient non-congested nautical and terrestrial infrastructure, facilities and hinterland connections including the road, rail and/or inland waterway network. Sustainability, safety and security are also quality features of Motorways of the Sea that should be fully integrated into the door-to-door transport chain in which road transport sections should be as short as possible.

Motorways of the Sea projects should also address bottlenecks in Short Sea Shipping and intermodal transport as identified in the Commission's communications on the Freight Transport Logistics Action Plan<sup>23</sup> and on the Mid-Term Review of the Programme for the Promotion of Short Sea Shipping<sup>24</sup>.

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<sup>22</sup> Communication from the Commission to the Council and the European Parliament - Extension of the major trans-European transport axes to the neighbouring countries - Guidelines for transport in Europe and neighbouring regions COM(2007) 32 final

<sup>23</sup> Communication of the Commission to the Council and the European Parliament on the Freight Transport Logistics Action Plan, COM(2007) 607 final

<sup>24</sup> Communication of the Commission to the Council and the European Parliament, the European Economic and Social Committee and the Committee of the Regions on the Mid-Term Review of the Programme for the Promotion of Short Sea Shipping; COM(2003) 155 final

To help promote the Motorways of the Sea as a quality door-to-door Short Sea Shipping alternative to road transport on major transport corridors, the Commission services are consulting you on the desirability and structure of three possible initiatives:

- 1) development of key performance indicators for Motorways of the Sea,**
- 2) benchmarking of Motorways of the Sea links with other transport modes, and**
- 3) awarding Motorways of the Sea status to existing Short Sea Shipping links.**

### **Key performance indicators for Motorways of the Sea**

The purpose of key performance indicators is to improve performance in the logistics chain while taking environmental and social considerations into account. In 2001, a study<sup>25</sup> was concluded to develop key performance indicators for Short Sea Shipping by transport operators on the link between Rotterdam and Gothenburg. The project was inspired by the successful development of key performance indicators in the air freight sector, which have been widely taken up by the industry. The study resulted in the development of eight key performance indicators for Short Sea Shipping.

Despite similarities with the successful use of performance indicators in the air freight sector, the indicators for Short Sea Shipping have not yet gained widespread acceptance and application. The Commission services would like to revisit the issue in 2008. As a first step, the Commission services would like to understand the key success factors and the level of interest from the sector in such an initiative, which could become a pilot case for the performance indicator action referred to in the Communication of the Commission on the Freight Transport Logistics Action Plan. Obviously, the existing initiatives will need to be taken into account.

These indicators could cover activities such as booking, shipment collection, delivery to terminals, terminal handling, voyage and delivery to destination, they could include environmental sustainability indicators, and they could also include indicators relating to safety and security of the transport chain.

### **Benchmarking Motorways of the Sea links with other transport corridors**

The purpose of benchmarking is to be able to measure the relative performance of Short Sea Shipping-based intermodal chains and Motorways of the Sea in comparison to other modes, so that stakeholders can make justified choices on the basis of economic, financial, environmental and social considerations.

In 2005, an EU-funded study was carried out to benchmark the performance of various alternative transport modes in the delivery of freight from origin to destination<sup>26</sup>. It resulted in a small set of generic benchmarks for comparing the performance of various modes in terms

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<sup>25</sup> Building transparency into supply chains, Mick Jackson, Andrew Trail and Chris Welsh, Freight Transport Association, European Shippers' Council, 2003

<sup>26</sup> Comparative Benchmarking of Performance for Freight Transport across the Modes from the Perspective of Transport Users: Short Sea Shipping vis-à-vis Rail, Road and Inland Waterways, an MTCP study, 6th Research Framework Programme, ISL, Bremen, January 2006

of transport costs, external costs, total transport time, punctuality, availability, flexibility, safety and regulatory framework.

The Commission services are now planning to build on this existing work to develop a possible methodology and set of benchmarks for discussion with the stakeholders, by mid-2008.

### **Awarding Motorways of the Sea status to existing Short Sea Shipping links**

A Short Sea Shipping link that is well integrated to the door-to-door logistics chain and fulfils the criteria of viability, regularity, frequency, high-quality and reliability should be able to receive EU recognition that it constitutes a Motorway of the Sea.

The Commission services are considering ways to provide such an EU recognition which could, for instance, be linked to the benchmarks and indicators above. This would inevitably imply administrative procedures. However, the system should be as simple as possible and keep any administrative burden on industry to a strict minimum. The Commission services are looking for your views on this matter (see question 5 of the consultation below).

### **Consultation**

At the Short Sea Shipping and Motorways of the Sea Focal Points meeting in June 2007, Member States expressed general support for the two first initiatives. The Commission services are now extending this consultation to all stakeholders and invite you to submit your views on the questions formulated below. **Answers to these questions can be provided up to 20 December 2007 via the website <http://ec.europa.eu/yourvoice/>.**

*Question 1: Are you interested in taking part in devising a key performance indicator scheme for Motorways of the Sea and integrated Short Sea Shipping-based door-to-door transport chains? Does your organisation already make use of performance indicators?*

*Question 2: Would you agree to and, if so, under what conditions would you harmonised key performance indicators be used by your organisation?*

*Question 3: What do you consider to be the critical success factors for the widespread acceptance of harmonised key performance indicators for Motorways of the Sea and integrated Short Sea Shipping based door-to-door transport chains?*

*Question 4: Are you interested in helping to establish and use a benchmarking scheme to compare the performance of alternative intermodal options and to make the results public?*

*Question 5: Would you be interested in EU recognition of existing Short Sea Shipping links as Motorways of the Sea and how would you see that such recognition could be carried out in concrete terms (procedures, structure,...)?*

## ANNEX I: SUMMARY OF ACTIONS

Actions	Who	By when
Pursue programme of joint Member State calls for tender for Motorways of the sea proposals	Member State task forces	2007-2012
Significantly step up promotion of TEN-T and Marco Polo programmes	Commission executive agencies	2007-2013
Publication of Frequently Asked Questions to support TEN-T calls for Motorways of the Sea proposals	Commission services	End 2007
Report from the European Coordinator on the Motorways of the Sea	European Coordinator for the Motorways of the Sea	March 2008
Explore establishment of one-stop help desks for financial engineering of Motorways of the Sea projects	Commission services	2008
Following positive feedback from sector, develop Key Performance Indicators for Motorways of the Sea	Commission services and sector	2008
Following positive feedback from sector, develop methodology and set of benchmarks for discussion with stakeholders	Commission services and sector	2008
Start preparing the extension of Motorways of the Sea to the Black sea	Bulgaria and Romania	2008
Possible adjustment of Community guidelines on State Aid to maritime transport	Commission services	2008
As part of the review of the Marco Polo II and the TEN-T programmes, examine the possibilities to better coordinate their support to Motorways of the Sea actions.	Commission services	2008
All Member States to become involved in the organisation of Motorways of the Sea calls for proposals	Bulgaria, Romania, Ireland, Portugal	2008-2009
Publication of initial list of specific projects that put the concept of Motorways of the Sea into concrete form, based upon Member State's proposals	Commission	2009
Complete Motorways of the Sea Master plans	Member State task forces	2009

## **ANNEX II. - FUNDING INSTRUMENTS**

### **TEN-T**

Since the revision of the TEN-T Guidelines<sup>27</sup> in 2004, Motorways of the Sea has become one of the 30 priority projects of the TEN-T programme. The TEN-T programme provides financial support for infrastructure and facilities for Motorways of the Sea and for wider benefit actions (co-financed up to 30% for cross-border sections and up to 20% for the other sections) and can also provide also start-up aid (limited to 2 years) and support for preparatory studies (co-financed up to 50%).

The multi-annual TEN-T work programme for the period 2007-2013<sup>28</sup> includes a budget for Motorways of the Sea of €310 million, subject to revision by 2010. It allows Motorways of the Sea to be supported through multi-annual decisions and schedules yearly calls for proposals for Motorways of the Sea projects (at the end of each year over the period 2007-2012) with increasing budget availability until 2009-2010 in order to allow MOS projects to mature before decreasing again through to the end of the financing period. The first Motorways of the Sea TEN-T call will be issued at the end of 2007.

Motorways of the Sea projects within the framework of TEN-T are selected in two stages. First, Member States issue a joint call to industry and the public sector for proposals for Motorways of the Sea projects. Successful projects from these calls are then submitted for co-financing to the European Commission in the yearly TEN-T calls for Motorways of the Sea projects.

### **Marco Polo II**

Marco Polo II provides financial support mainly for transport services and hence fully complements TEN-T, which focuses on infrastructure and facilities.

Motorways of the Sea are one of five actions supported by the Marco Polo II Regulation. The funding intensity under Marco Polo II for Motorways of the Sea actions can be up to 35% for a maximum of five years. In contrast with the TEN-T, no separate budget has been set aside for the Motorways of the Sea initiative. Consequently, all project proposals from the various actions compete for the same budget and funding priorities are determined in accordance with the Marco Polo evaluation criteria.

The Commission issues during the period 2007-2013 yearly calls for proposals for all Marco Polo projects; these are scheduled at the beginning of each year. These calls are issued to private undertakings.

N.B. Financing from the TEN-T and Marco Polo can be combined for a single project.

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<sup>27</sup> Decision No 884/2004/EC of the European Parliament and of the Council of 29 April 2004 amending Decision No 1692/96/EC on Community guidelines for the development of the trans-European transport network; OJ L 167, 30.4.2004, pp. 1–38

<sup>28</sup> Commission Decision C(2007)2158 of 23 May 2007 establishing a draft of the multi-annual work programme for grants in the field of the trans-European Transport Network (TEN-T) for the period 2007-2013, 23 May 2007.

## **Structural funds and Cohesion funds**

The national strategic reference frameworks and operational programmes under the Structural and Cohesion funds are currently in the process of negotiation and adoption. A number of these programmes provide explicitly for support for the Motorways of the Sea. Additional actions in support of Motorways of the Sea have been co-financed by the INTERREG III programme<sup>29</sup>. Support from the Structural funds and the Cohesion funds needs to dovetail with support from the TEN-T and Marco Polo programmes, in particular so as to ensure that there is no double funding of the same component of the project from different programmes.

## **EIB support**

EIB can provide support for Motorways of the Sea either through senior debt financing or through the Loan Guarantee instrument for TEN-T projects<sup>30</sup> (LGTT) created jointly with the Commission. The latter can be beneficial for those components of the Motorways of the Sea projects whose financial viability is based on revenues, tolls or other income paid by the users, and which therefore may suffer if traffic level turns out lower than expected<sup>31</sup>. The LGTT can be particularly relevant for TEN-T Motorways of the Sea projects with "near-investment" grade creditworthiness of the senior debt. Including the LGTT in the overall financial package of the project shall lift its senior debt credit quality from near-investment grade to investment grade which should result in reducing the cost of senior lending and making the project more appealing to potential investors.

## **State aid**

The 2004 Community guidelines on State aid to maritime transport<sup>32</sup> recognise that launching short-sea shipping services may be accompanied by substantial financial difficulties which the Member States may wish to attenuate in a bid to ensure the promotion of services that aim to improve the intermodal transport chain and to decongest roads. A number of conditions are attached to this aid to Short Sea Shipping, in particular time limits (three years) and funding intensity (either up to 30% of the operational costs of the service, or up to 10% of the investment in transshipment equipment). It should be noted that, back in 2004, these conditions were consistent with Marco Polo and TEN-T and that the State aid guidelines do not distinguish between Short Sea Shipping in general and the Motorways of the Sea.

Recognising that the start-up of regular and frequent Motorways of the Sea services will face financial difficulties of a different order of magnitude from other Short Sea Shipping services, the European legislator has specifically increased the funding intensity and duration for Motorways of the Sea, within the relevant Community support programmes, to up to five

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<sup>29</sup> Communication from the Commission to the Member States of 28 April 2000 laying down guidelines for a Community initiative concerning trans-European cooperation intended to encourage harmonious and balanced development of the European territory - Interreg III; OJ C 143, 23.5.2000, p. 6–29

<sup>30</sup> Regulation (EC) No 680/2007 of the European Parliament and of the Council of 20 June 2007 laying down general rules for the granting of Community financial aid in the field of the trans-European transport and energy networks; OJ L162, 22.6.2007. p1

<sup>31</sup> The LGTT, by providing security for standby credit line facilities covering post construction traffic risk during the early operational phase (5-7 years), aims at countering the problem of the low private sector ability to assume initial traffic revenue risk – a significant obstacle to private sector participation in transport infrastructure investment

<sup>32</sup> Commission Communication C(2004) 43 — Community guidelines on State aid to maritime transport; OJ C 13, 17.01.2004, pp. 3–12

years with a funding intensity of up to 35% (Marco Polo II) and up to 30% for investment in infrastructure and facilities (TEN-T). In view of the problems likely to be caused by the discrepancy in support for Motorways of the Sea between Community programmes and State aid guidelines when Member States also decide to support Motorways of the Sea projects through State aid, the Commission services are currently looking at whether to harmonise the Community guidelines on State aid to maritime transport with the more recent Marco Polo and TEN-T programmes.

Apart from State aid to maritime transport, State aid schemes have been put in place which indirectly support Short Sea Shipping. Italy, for example provides financial incentives to hauliers for cargo transported by sea. Such initiatives help to make Motorways of the Sea a success and the Commission services encourage Member States to discuss such programmes in a wider regional context with other interested Member States.

### **ANNEX III. - STATE OF PLAY IN THE FOUR MOTORWAYS OF THE SEA CORRIDORS**

#### **Motorways of the Baltic Sea**

This Motorways of the Sea area links the Baltic Sea Member States with Member States in central and western Europe, including the route through the North Sea/Baltic Sea Canal (Kiel Canal). Implementation of the Motorways of the Baltic Sea is driven by the Baltic Sea motorway task force established in 2003. In 2005, the task force launched a number of studies supported by the TEN-T programme that contribute to the Master plan for the development of Motorways of the Sea in the Baltic Sea region. These studies, available on the Motorways of the Sea website of the European Commission, have been finalised since mid-2007 and cover the following areas: a study on goods flows and maritime infrastructure, which provides a useful context for the evaluation of Motorways of the Sea proposals in the Baltic Sea region; studies focusing on assistance to winter navigation and contributing to safe year-round operations of maritime traffic in the Baltic Sea; and a study examining the economic, political and commercial feasibility of developing a North Sea/Baltic hub, with a view to providing a response to the rapidly increasing containerisation of trade.

In parallel with the work of the task force, Germany and Finland organised a joint call for Motorways of the Sea projects proposals in February/March 2006, the aim being to pre-select, Motorways of the Sea ports and links in Germany and Finland. Four proposals have been received, two of which were proposed by Germany and Finland in the 2005 call under the TEN-T Programme. The Commission endorsed one of these projects as a pilot project – the establishment of a link between the ports of Hanko and Rostock –, but the project has been aborted because of major changes in the partnership and its key characteristics that would disqualify it as a Motorways of the Sea pilot project.

A second joint call for Motorways of the Sea projects was organised by all the Baltic Sea Member States between September 2006 and January 2007. Nine proposals have been submitted which are currently under evaluation by the Member States concerned. Five proposals have been shortlisted and negotiations are continuing. Proposals resulting from this evaluation are expected to be submitted under the 2007 TEN-T call for Motorways of the Sea projects.



## **Motorways of the Sea of Western Europe**

In this Motorways of the Sea area, which leads from Portugal and Spain via the Atlantic Arc to the North Sea and the Irish Sea, two main initiatives are taking place.

The first initiative is driven by a commitment at ministerial level from France and Spain to developing one or more Motorways of the Sea projects of common interest on the Atlantic maritime front. These projects should help to reduce traffic congestion on the main road axes and in sensitive zones, in particular in the Pyrenees, by shifting a significant number of lorries to these Motorways of the Sea. In October 2005, France and Spain have set up an Intergovernmental Commission for the Motorways of the Sea which is organising a call for proposals for Motorways of the Sea projects in the Atlantic; this was issued in April and is expected to close in November 2007.

Proposals resulting from this call are expected to be submitted by France and Spain in the 2007 TEN-T call for Motorways of the Sea projects and/or in subsequent TEN-T calls.

The organisation of this call for proposals is supported by a TEN-T-funded project which will help to prepare, identify, analyse and support the selection of Motorways of the Sea links by providing direct support for the tendering process, market study analysis, studies on technical solutions and requirements for freight management systems, vessel and cargo traffic monitoring systems, safety and environmental requirements, and inland infrastructure and a range of market and cost-benefit studies of possible regional links to be included in the Motorways of the Sea. The study will end in June 2008.

The second initiative is driven by the task force for Motorways of the North Sea, a Dutch and Belgian initiative involving ministries of transport of most of the North Sea countries and observers representing the maritime industry and regional interests. This task force, which started work in October 2006, focused initially on the organisation of a call for proposals for Motorways of the Sea projects, which took place between mid-July and mid-October 2007. Proposals resulting from this call are expected to be submitted in the 2007 TEN-T call for Motorways of the Sea projects.

## **Motorways of the Sea of South-West Europe**

Work in this Motorways of the Sea area which connects Spain, France and Italy and includes Malta, and links with the Motorway of the Sea of South-East Europe (see below), is supported by TEN-T-financed studies intended to complete the Master plan for the Motorways of the Sea for South-West Europe. It includes preliminary studies on transport supply and demand and on the potential and feasibility of possible Motorways of the Sea. The Task force for the Motorways of the Western Mediterranean was set up in June 2007 to monitor this project and will organise a call for tender for Motorways of the Sea projects (probably beginning of 2008). The results of this call will feed into an analysis of various implementation scenarios for Motorways of the Sea, along with an impact analysis and an implementation plan, which should be finalised by the end of 2009.

Proposals resulting from this call are expected to be submitted in the 2008 TEN-T call for Motorways of the Sea projects.

Preparatory work is also being carried out in Portugal, which can be linked to both the Western Mediterranean and the Atlantic regions. Portugal was the first Member State to start

preparing the implementation of Motorways of the Sea, with the support of the TEN-T programme from its 2004 budget. The project should be finalised in December 2007 and covers the development of both a concept for Motorways of the Sea and an info-structure, which will be tested in two pilot projects.

### **Motorways of the Sea of South-East Europe**

This Motorways of the Sea area connects the Adriatic Sea to the Ionian Sea and the Eastern Mediterranean to include Cyprus and the Black Sea. Following the signing of a memorandum of understanding by the Eastern Mediterranean Ministers of transport in 2005/2006, a task force was set up in October 2006 for the Eastern Mediterranean region in order to develop a Master plan for the Motorways of the Sea of South-East Europe, with a similar scope to the Master plan for the Western Mediterranean region. The task force also receives support from the TEN-T programme. The call for proposals for Motorways of the Sea projects is scheduled between October 2007 and January 2008 and the resulting projects are also expected to be submitted in the 2008 TEN-T call for Motorways of the Sea projects.

No specific activities have been planned yet involving the Black Sea, but some preliminary preparatory work is funded by the Commission from the former TACIS programme to study the improvement of the maritime links between the TRACECA<sup>33</sup> and TEN corridors.

### **Extension of Motorways of the Sea to neighbouring Mediterranean Countries**

Within the framework of the Euro-Mediterranean Transport Forum and its Regional Transport Action Plan, the Commission supports through the MEDA programme a project to support the development of Motorways of the Sea. The project aims at reaching an efficient integration of maritime transport in intermodal transport services in the neighbouring states in the Mediterranean. After having identified the state of play and the main bottlenecks, the project is now preparing the terms of reference of a call for proposals for two Motorways of the Sea pilot projects, in close cooperation with national stakeholders of all States concerned (the twelve neighbouring partner Countries formerly designated as MEDA Countries and Territories, and Malta and Cyprus).

This should allow launching two pilot projects at the beginning of 2008, one in the east Mediterranean and one in the west Mediterranean. These projects will receive technical support from the consultants during the first year and will provide input to the development of a Mediterranean Motorways of the Sea road map at the end of the project.

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<sup>33</sup> Transport Corridor Europe – Caucasus – Asia