

**CONFERENCE “THE NEW EUROPEAN MARITIME POLICY –
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Key Note Address

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Mr President of the European Commission, Ministers, distinguished participants, ladies & gentlemen.

I am particular by honoured for the opportunity to address this conference dealing with the vision of the new European maritime policy. Further more I would like to express my sincere satisfaction for the fact that the new Commission under President Barroso has assigned high a priority to the need for re-examining the European maritime policy and consequently assigning to Commissioner Borg the complex task of co-ordinating all actions, policy positions and visions for defining this new maritime policy.

Allow me to come straight to the point of my presentation today on the topic: “Global opportunities, European priorities and Greek perspectives”. Because of the importance of maritime economics for defining policy priorities, and the bias of my professional background, I will commence by referring to the international shipping market trends.

[1. International Shipping Market Trends.]

Ladies & Gentlemen,

The existence of shipping and the efficient transport of goods across the oceans and seas with its intermodal connections is often taken for granted by the consumer, manufacturing industry and government decision makers alike. It is well known that around 90% of merchandise is transported by sea, in which high quality European shipping is on the frontline in trades from and to Europe, in intra-European and in global cross-trades.

The growth in world trade is now more marked, in relation to the growth in global gross national product, than is usually the case. This is primarily due to China's increasing integration into the global economy. Positive signals from the WTO negotiations make it likely that the process of global economic integration will continue at a good pace. Since the greater part of exports now is transported by sea, this helps boost the demand for shipping services. For international shipping it is very good news that world trade growth is accelerating even more rapidly than usual, in relation to economic growth generally.

World merchandise trade continued to increase during the last year with positive effects on shipping being the main carrier of it. Almost all shipping markets performed very well and no drastic changes to this positive development are expected. The growth in trade exchanges was characterised by specific regional influences particularly in China and India.

[2. Enabling Maritime Transport to play its key facilitating role in International Trade, the Hellenic perspective].

The global economy is expected to expand, but much will depend on the rate of industrial development in Asia, import and export growth in the United States and in Europe, as well as the price of oil. Prudent estimates show a close to 4% growth in global GDP and according to WTO an expansion of world trade by close to 8% for 2005. The outlook for growth in economic activity differs between regions and countries, with China, but also India and South Korea standing out, closely followed by Russia and the United States.

Key to the above mentioned developments is the provision of reliable and efficient maritime transport services to safeguard the supply of the necessary raw materials and to carry the merchandise to the ever more demanding global markets. A fundamental requirement is that the access to markets is free, allowing shipping to serve in a truly competitive market. In an ideal scenario the WTO should soon come to a fully subscribed comprehensive maritime agreement. In the run-up or as alternative, reciprocal freedoms can also be negotiated bilaterally by the EU with third countries.

We strongly feel that the European Commission's responsible services should pave the way towards implementing the above suggested objectives for the maritime industry. Strong leadership and a pro-active international approach of the maritime related work programme within the Community, could without any doubt provide the necessary tools for reaching the end goal. The appropriate institutional tools can be found in the package of the 1986 Regulations.

[3. Community Maritime Policy Priorities and Legislative Action.]

[European maritime transport policy].

Ladies & Gentlemen,

An appropriate European transport policy should guarantee an attractive operating environment for European shipping. This has been stressed among others also by Greece in its submission to the initiative on a “ Future maritime Policy for the Union ” launched by Commission’s President Barroso and co-ordinated by Commissioner Borg. *In this context particular attention was drawn to the importance of the “de facto” global character of shipping necessitating a respective global approach in respect of regulation.*

More over, the review of EU Competition Rules on maritime transport services is in full process. We hope that the ongoing dialogue with the Commission services will result in workable regimes for both liner and tramp shipping. *The latter is “ terra incognita ” for many; therefore we consider that appropriate Commission guidance prior to changes is essential.*

[Maritime safety]. In the initial discussions between Member States, the industry and the Commission on the “Third Maritime Safety Package ” the global character of shipping necessitating global rules was reiterated by industry and acknowledged by the Commission. *We have attributed particular emphasis to the fact that a proper application of existing rules should be essential in a safety and environmental policy. An efficiently working IMO, supported with the necessary expertise from Member States,*

is the backbone of maritime safety for a global industry. Steps weakening the efficiency and the decision-making process of IMO should be avoided.

ERICA III We look forward to a continuation of the constructive dialogue with the EU Institutions on the Maritime Safety Package III when published later this year. Unlike the two earlier packages of safety proposals taken in the heightened political atmosphere in the aftermath of the ‘Erika’ and ‘Prestige’ accidents, there has been sufficient time to develop workable initiatives. *I am confident that the suggested measures will further on define a realistic legal environment for the European shipping industry without providing a potential competitive disadvantage to the European fleet and European sea-borne trade in general.*

[Criminal Sanctions Directive: A long and confusing decision-making process with an unsatisfactory outcome]. As you already know ladies and gentlemen, on the legal front the discussions and the agreement on the Directive on criminal sanctions for pollution from ships have been controversial. The outcome from our viewpoint is considered to be unsatisfactory. The main reason being that the practical application conflicts with international legislation and in particular with the IMO international legislative regime. *From our view point I very much regretted that – for pure political reasons – the much contested criminalisation of accidental ship-source pollution, when it occurs in territorial waters and in Community ports, had been maintained. This is in conflict with MARPOL as well as the fact that serious negligence is taken as a basis for criminal liability.*

[The Human element].

At this point I would like to draw up your attention to the human element issue. It is no secret that shipping faces problems, the more influential of which is, to our understanding, the declining numbers of young people joining the maritime profession and following careers at sea. It is self – evident that the most vital factor, an asset of immeasurable value, is the human resources employed on ships and the on shore maritime related activities. One could not imagine the existence of the shipping industry without its valuable workforce, seafarers.

However, according to BIMCO / ISF' s study “*the world wide demand and supply of seafarers* ” there is currently a world wide shortage of officers corresponding to 4% of the total workshop (16.000 officers) and the prediction is that by the year 2010 the shortfall will rise to 46.000 officers.

The European Union faces the same problem but to an even more serious extent.

The shortfall of EU seafarers impacts negatively the shipping industry as a whole, whereas both the on board and the on shore maritime related work posts face manning problems that may directly threaten the existence of the shipping activity and the sustenance of maritime know –how in Europe.

Responding to the facts identified and described above, among the action taken was the introduction of the working document during the Greek presidency of the EU titled “improving the image of community shipping

and attracting young people to the seafaring profession” which received a warm reception on behalf of the other M-S and thus led to the introduction of the corresponding Council Conclusions of 5 June 2003.

After what I have already mentioned it is no surprise that we received with great pleasure the UK’ s paper which continues and builds upon our previous relevant work. We welcome the initiative of the UK presidency and it feels reassuring that another Member State of the EU with great shipping culture, tradition and historical bonds with the sea is keen to share our concerns regarding the issue in question, for we believe that through common action, ideas’ sharing and coordination we will finally get closer to the desired outcome which is noneother that the maintenance of maritime know-how in the European Community. Europe cannot afford to loose its role as a producer of maritime services in the globalised economy.

[Image of the Industry] Furthermore, what we would like to contribute, is our experience gained and the lessons learnt from our long standing effort to attract more people to the maritime profession. *The Key message is that the image of the maritime profession must be improved.* There is no way to persuade somebody to join a profession which is not generally respected or renowned whatever means, promises or advertising tricks you may use.

Therefore recruitment attempts should try to:

- Improve the image and re establish the status of the maritime profession.
- Improve its popularity and develop momentum.

- Promote the positive aspects (academic status, secured professional development, conditions of work, remuneration).
- Address potential recruits at schools.
- Introduce advertisement campaign which must be continuous and consistent.

[EU Maritime External Relations.]

Ladies & Gentlemen,

Being only a couple of weeks away from the Hong Kong Ministerial related to the GATS negotiations, I would like to make a short reference in respect to the continuous efforts for liberating maritime transport services, within the WTO framework.

WTO / GATS – Maritime Transport Services. Negotiations on services - and also on maritime transport services - have suffered from the general lack of progress of the DDA (Doha Development Agenda). But it is worth noting that maritime transport was included in 42 of the 67 offers that have so far been put on the table in Geneva. This shows a serious interest in getting the sector properly covered during this Round of negotiations. The EU made a comprehensive offer, while in general all the countries that already have made commitments on maritime transport services have improved in their original offers.

In our view the main positive development since the 1996 round of negotiations, is that China and Chinese Taipei are now WTO members, with maritime commitments. China is now taking active part in the informal maritime friends group. In addition the Russian Federation & Saudi Arabia are also including maritime commitments in their accession commitments.

Greece is very keen to see the negotiations come to a good end by way of reaching a critical mass of countries with substantial maritime commitments, from which all parties stand to gain. A solid agreement on maritime transport services should resolve existing regulatory obstacles and bring long term legal certainty for international maritime operators.

[External Relations - A wide mix of aims and issues] At the same time an active external relations policy of the EU through bilateral approaches is fully supported by Greece. The maritime agreement with China and the starting of effective negotiation with India are key elements of that.

In particular the EU – China bilateral maritime agreement, which was signed in Brussels in December 2002, can be clearly seen as the flag ship for the Community maritime external relations, due to the fact that it constitutes the first agreement in the field of maritime transport services at EU level.

In addition, The EU-India Summit of November 2003 brought the long awaited positive reaction from the Indian side to start preparatory talks towards a bilateral maritime agreement. The EU attaches much importance to an agreement, largely formalizing the already existing open access to the Indian market, ports & port services and other related activities, considering also the major role played by India as a qualified maritime labour supplying country. Greece is looking forward to the official initiation of formal negotiations between the Community and India for concluding a maritime agreement.

EU bilateral relations are an area of activity too wide to cover here and to do justice to the efforts made and the intensity of the work, involving very many individual third countries and regions. Maritime transport is recognised as critical to external trade and economic development, serving best under free market conditions.

The different EU bilateral agreements therefore increasingly include more detailed maritime transport clauses on free access to the market, to ports and port services, as well as on establishment and ancillary services. As characteristically mere examples, mention can be made to the Barcelona Process, which is progressing consistently and aiming to evolve into a Euro-Mediterranean Free Trade Area by 2010.

Ladies & Gentlemen,

Concluding this presentation I would like to draw your attention to some elements, which seen from our view point should constitute priorities for EU decision makers in the field of maritime transport.

[Conclusions]

Currently the international shipping market still remains in a “peak phase”, where supply and demand are in a tight balance and consequently freight rates are high. In this situation government decision makers, investors and also ship-owners should exercise responsible leadership with the vision to support the industry as a whole. In particular they should take into account that when supply overtakes demand the market will certainly move into the downturn phase. Although the downturn is generally caused by fundamental factors such as the business cycle, the

clearing of port congestion and the delivery of vessels ordered at the top of the market, all of which take time, sentiment could potentially accelerate the process.

The dominant position that the EU shipping industry enjoys in a world wide context forces the Community decision makers to adopt a pro active policy to all aspects affecting the shipping industry and the European waters.

Greece supports all policies, which would positively sustain the world's maritime sector, ranging from competition policies, to maritime safety & security, the human element and the prevention of marine pollution. The particular importance assigned to maritime external relations and to liberalization policies is evidenced by the global character of the shipping business and the much needed regulatory and economic rallying among all maritime countries.

Another area of cooperation concerns the problems created by protectionism in maritime activity, which, despite the progress made towards liberalism during the last twenty years, continues to constitute a serious threat to world economic welfare. In this respect, we believe that regional regulatory initiatives constitute unnecessary impediments to world trade and that given the international nature of maritime activity we should strive at achieving commonly accepted international solutions. We should also examine thoroughly the impact of regulatory initiatives prior to their adoption.

Ladies & Gentlemen,

I wish you the best for a successful outcome of this much promising conference with important and high qualified participants.

Thank you very much for your attention.