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CPMR ISLANDS COMMISSION TECHNICAL PAPER

MOS ISLANDS AND OUTERMOST REGIONS

This technical paper is an extension of the work carried out in 2015 by the CPMR on maritime transport under the political coordination of Nord Pas de Calais Region, in the framework of the CPMR's Accessibility Campaign. It completes the Technical Note of January 2016 which provided an overview of the CPMR Member Regions' concerns about the Motorways of the Sea and advocated for improvements, by focusing particularly on island regions.

Based on the island regions' perspectives, this paper prepares the ground for the CPMR's next moves in relation to the European Commission and the European Parliament as the Motorways of the Sea are an important element of EU policy in maritime transport. **This paper summarises the conclusions and recommendations of the survey on the Motorways of the Sea conducted by the CPMR among its island Member Regions.**

In **part 1 of this paper**, an analysis of the feedback received from CPMR island members is presented.

Part 2 of this paper is dedicated to realistic proposals that the CPMR can help formulate to promote accessibility for island regions which rely significantly on maritime transport. Part of our proposals fall within the existing financial and legal framework, and could therefore be implemented as from 2016.

Part 3 of this paper proposes a timetable for CPMR action on these issues during 2016. This timetable will need to be confirmed in order to take account of the arrangements – still not known in detail – for the mid-term review of the Multiannual Financial Framework (MFF) 2014-2020.

1 – HOW CAN THE MOTORWAYS OF THE SEA BE ADAPTED TO SPECIFIC ISLANDS CHARACTERISTICS? CONCLUSIONS FROM THE CONSULTATION OF THE REGIONS

A questionnaire was sent out on 8 October 2016 to all CPMR island Member Regions. Thirteen out of twenty-three island regions replied indicating a strong interest in this subject. Answers came from island Regions covering different sea basins including three outermost Regions.

1.1 – Overall appreciation of the Motorways of the Sea versus peripherality and insularity

Among the island regions that replied, no-one considered that the MoS meet the needs of maritime Regions and that their application is satisfactory.

Only 4 (29% of island region respondents) considered that the MoS meet the needs of maritime Regions but that their definition and eligibility conditions should be reviewed.

On the contrary, 6 respondents (43%) were of the opinion that the MoS do not meet the needs of maritime Regions and should be replaced or completed by a separate instrument dedicated to European maritime transport

In detail, almost half of the respondents from island regions agreed with all of the following points. In contrast to the current situation, from island region respondents:

- 64% claim that the level of funding for the Motorways of the Sea should be different depending on location;
- 86% consider that because of the specific nature of their traffic (imbalance and low volume) islands should be granted a preferential rate;
- 43% argue that because of their distance, outermost regions should be granted a preferential rate as regards the intensity of aid;
- 36% argue that a connection between two ports of the comprehensive TEN-T network should become eligible;
- 43% consider that a connection between an EU port and a third country port should be eligible;
- 43% argue that EU aids for start-up maritime routes (which were removed in 2013) must be reintroduced if they do not create unfair competition and if they help to improve accessibility and territorial cohesion.

1.2 – Assessment of governance of the Motorways of the Sea

Almost 80% of the island region respondents considered that a **Consultation Forum** should be set up for the MoS, along the lines of those for the Connecting Europe Facility (CEF) corridors. While Canarias emphasised accessibility, Sardinia considered such a procedure as a means to focus resources on a 'European routes strategy' making maritime transport as competitive as land transport. Through this process, Mediterranean islands would be integrated in maritime corridors and could provide services, such as transhipping, bunkering and LNG distribution, within international maritime routes.

Furthermore, Sardinia emphasised core network nodes such as Cagliari, that are not directly connected to land corridors but if integrated in maritime corridors they could provide a possible open door to third countries. Maritime transport should be better integrated in CEF and TEN-T strategies "*in close relationship with other transport modes*".

Likewise, more than 60% of respondents considered that the MoS are a transversal priority and as such should be systematically **included in discussions and action plans for each corridor** comprising a maritime dimension and therefore be discussed at Corridor Forum meetings. Canarias reported through this survey that the Atlantic Corridor Coordinator, Carlo Secchi, acknowledged in his plan the need for "*further Atlantic connections and a synergic cooperation between the two ports [in Canarias], to be seen as a logistic and administrative transit point to/from the EU*". Madeira also asked to be integrated in the Atlantic Corridor whereas Malta acknowledged some progress to integrate the maritime dimension in the Scandinavian-Mediterranean Corridor.

86% of island respondents did not agree with the following statement: "*A State should not be allowed to block a response to a call for CEF proposals in which one of its entities is involved*". In other words, most of the Regions accept the idea that their central government could block their bid for CEF funding for a MoS-related project. This is a "surprise" result, unless we consider that the question has been wrongly interpreted. Otherwise, Azores and Canarias asked for grants to be allowed to connect two ports of the same Member State.

1.3 – Main conclusions and proposed follow-up

The European Commission has been invited (Article 21 of the TEN-T guidelines) to present "*a detailed implementation plan for the Motorways of the Sea based on experiences and developments relating to Union maritime transport as well as the forecast traffic on the Motorways of the Sea*" before summer 2016. It is the role of the European Coordinator, Brian Simpson, to draw up this plan.

The CPMR General Secretariat after having repeatedly offered to help with the drafting of this plan, met Brian Simpson on 2 March 2016 and advocated for provisions in the MoS that would take island characteristics into account and further strengthen maritime transport within the EU. The CPMR has also stressed the need for a better integration of the MoS in the action plans of the CEF's 9 priority corridors.

The results of this survey give the CPMR's leaders a clear mandate to enter into negotiations with the Commission, with the requested support of the European Parliament and particularly its Seas, Rivers, Islands and Coastal Areas Intergroup. The first step is to organise a meeting between the CPMR Transport Group and the European Coordinator which should hopefully take place in May 2016. Thereafter, the CPMR should be consulted on a regular basis by the Coordinator while he is drafting his report to take into account the characteristics of island regions.

To take this further, the CPMR invites the European Commission to pursue the idea already raised by CPMR – and endorsed by the respondents to its questionnaire – to create a ***European Forum for the Motorways of the Sea.*** This would be inspired by the Forums for the 9 priority corridors of the CEF, which have proved to be useful and pertinent, thanks to the committed mobilisation of DG Move.

In order to avoid any unnecessary duplication, the launch of any such forum specifically devoted to the MoS should take account of the existence of the European Sustainable Shipping Forum (ESSF). This advisory body was set up by the European Commission in 2013 for a period of two years initially, however its mandate has just been extended until 30 June 2018. The CPMR represents the Regional Authorities on the Forum. The ***European Forum for the Motorways of the Sea*** could be a sub-group of the ESSF.

As a first step, the Commission should be invited to make full use of the possibilities available under the 2014-2020 programming framework (Articles 21 and 32 of the TEN-T guidelines, Articles 7 and 10 of the CEF regulation), and adopt appropriate implementing acts. There is also the question of preparing the next multiannual framework so as to ensure that the least accessible territories are able to take full advantage of the MoS (described by the Commission as the "maritime dimension" of the TEN-T), which is not the case at present.

2 – WHICH ARE THE BEST INSTRUMENTS TO BOOST ACCESSIBILITY FOR ISLAND REGIONS?

In their responses to the CPMR questionnaire, only 21% of island Regions consider that, in addition to the CEF, the European Commission should prepare proposals based on financial incentives for hauliers who opt for maritime transport **(European ecobonus)**. Likewise, 21% of respondents from island Regions supported a proposal based on taxation of road transport (**Polluter Pays Principle**) to assist with the funding of sustainable transport services like the Motorways of the Sea.

In actual fact, island Regions cautiously considered such measures since it could further disadvantage them in comparison to mainland areas, as island Regions do not have an alternative choice to maritime transport.

However, the Ecobonus scheme is not the only solution for promoting European maritime transport. The CPMR, supported by 43% of island region respondents, would like the European Commission, with the support of the ESSF, to make rapid progress on formulating appropriate tools to replace the Marco

Polo programme[1]. Nonetheless, as reminded by Malta, this programme "*was not designed with island connectivity in mind*". Instead Bornholm called on the European Commission to "*work for Road Equivalent Tariffs for ferry transport like the system on the Scottish Islands in order to make ferry and land-based transport equal i.e. same price per kilometre*". Furthermore, Canarias asked for grants to start-up maritime routes with third-country ports to foster the external dimension of European maritime transport as provided by Article 10 of the CEF regulation.

Indeed, many respondents from the island Regions consider their insularity and remoteness as an opportunity for the European Union due to their closeness to intercontinental shipping routes. Island Regions could provide a European "open door" to third-countries, reducing congestion of mainland roads and harbours through transhipment and short sea shipping, and hosting LNG facilities for deep sea shipping as 'intercontinental platforms'.

The Azores and Madeira are currently involved in the COSTA study, which foresees and promotes the use of alternative fuels for ships, such as LNG, through an infrastructure network for supply platforms in "privileged locations", such as islands, within international maritime routes. This study completes a similar TEN-T project in the North Sea and in the Baltic Sea.

Orkney and the Western Islands also asked for the financing of "*investment and study into hub facilities for transhipment and clean fuel bunkering*" in islands close to Sea Lines of Communications (SLOCs).

Therefore, island Regions widely supported (86% of the island region respondents) more access for smaller projects to financial instruments designed for the "greening" of maritime transport and more consultation of the Regions.

In particular, as expressed during the meeting of the ESSF financing sub-group on 20 October 2015, the CPMR suggests that the European Commission makes use of Article 32 of the TEN-T guidelines on the question of support for maritime transport services and accessibility. Entitled "*Sustainable freight transport services*", this Article enables funding for "*projects of common interest which both provide efficient freight transport services that use the infrastructure of the comprehensive network and contribute to reducing carbon dioxide emissions and other negative environmental impacts*". One of the objectives of this is to "*improve links to the most vulnerable and isolated parts of the Union, in particular outermost, island, remote and mountainous regions*".

No maritime projects were selected with reference to this Article 32 under the first CEF call for proposals in 2014. This discrepancy should be rectified.

3 – 2016 TIMETABLE FOR CPMR'S PROPOSALS, "SHADOWING" THE EU TIMETABLE

2 March: CPMR General Secretariat met with Brian Simpson, European Coordinator for the Motorways of the Sea

20-22 April: *Contribution of the Azores to the Motorways of the Sea Conference on "Northern transport routes and the position of remote areas" in Region Västerbotten in Sweden and the Regional Council of Ostrobothnia in Finland*

May: Discussion between the CPMR Transport Working Group and Brian Simpson, European Coordinator for the Motorways of the Sea

Spring: Formalisation and promotion of CPMR proposals on the Motorways of the Sea

15 June: ESSF plenary meeting – CPMR to take part. This event could be an opportunity to jointly advocate for post-Marco Polo tools

[1] Marco Polo co-funded direct modal-shift or traffic avoidance projects and projects providing supporting services which enable freight to switch from road to other modes efficiently and profitably. Grants lasted from two to five years and provided financial support in the crucial start-up phase of a project before it pays its way to viability.

20-22 June: CPMR to take part in the TEN-T Days in Rotterdam

6 October (tbc): CPMR advocates for the organisation of a meeting of the EP's SEARICA Intergroup dedicated to Motorways of the Sea and Maritime Transport

17 October (tbc): The Balearic Islands Government hosts an Islands Commission Seminar on the general theme of island transport. Priority topics are to be chosen according to the European agenda.

2016 will be the year in which the mid-term review of the 2014-2020 Multiannual Financial Framework is prepared. The European Commission and the Parliament will be working on this, but the detailed arrangements and timetable were not known at the time of writing of this note. This could be an opportunity to propose a partial revision of the CEF regulation and in particular to:

- Increase the budget for this instrument in order to offset the reduction in resources resulting from the mobilisation of funds for the Juncker Plan;
- Propose a variation of aid intensities so that specific regional situations, such as remoteness or insularity, are taken into account. It is reminded that the co-financing rate of actions to support the development of the Motorways of the Sea is currently set at a uniform rate of 30%;
- Amend Annex 1 of the TEN-T Regulation, which defines the priority projects of the TEN-T core network, to include projects that strengthen accessibility of outermost and island regions, in line with Article 32 of the regulation;
- Propose that the TRAN Committee commissions a study/assessment on the implementation of the CEF, in particular on the territorial distribution of successful (and unsuccessful) projects following the first call last year (more than 40 % of the CEF envelope for the whole programming period, a percentage that increases up to 55% if the CEF budget is not completed by reintegration of the funds diverted from CEF to the Juncker Plan).

If there is indeed a window of opportunity on this occasion, the CPMR must be ready to propose its ideas for improvement, which therefore need to be detailed and clarified over the coming months. Such an exercise would also help the CPMR to prepare for the post-2020 programming period.