

Short Shipping as a potential factor for the development of Europe and Greece

Defining SSS is not an easy task since there is no general agreement on the concept. Hence, it is quite difficult to carry out a universal analysis of SSS, to develop successful public policies and even to understand the conditions for setting such policies.

In 1999 the EU adopted, however, a definition of SSS: «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». Moreover, SSS activity includes “the domestic and international maritime transport, including feeder services along the coast, to and from the islands, rivers and lakes. The concept of short sea shipping also extends to maritime transport between the Member States of the Union and Norway and Iceland and other States on the Baltic Sea, the Black Sea, and the Mediterranean.

The main goal of EU SSS policy is to transfer the maximum number of ton-km from road to multimodal chains involving maritime transport, in order to reduce the environmental impact of freight transport.

SSS has environmental and economic benefits over traditional modes of transport. SSS has a geographical advantage over other transport modes facilitating the door-to-door transport of specific cargoes by sea. This advantage can have an important impact on the European economy, since SSS can contribute to the integration, cohesion, and economic development of the peripheral regions of the EU. SSS is an integral part of global transportation network and mean of expanding freight capacity.

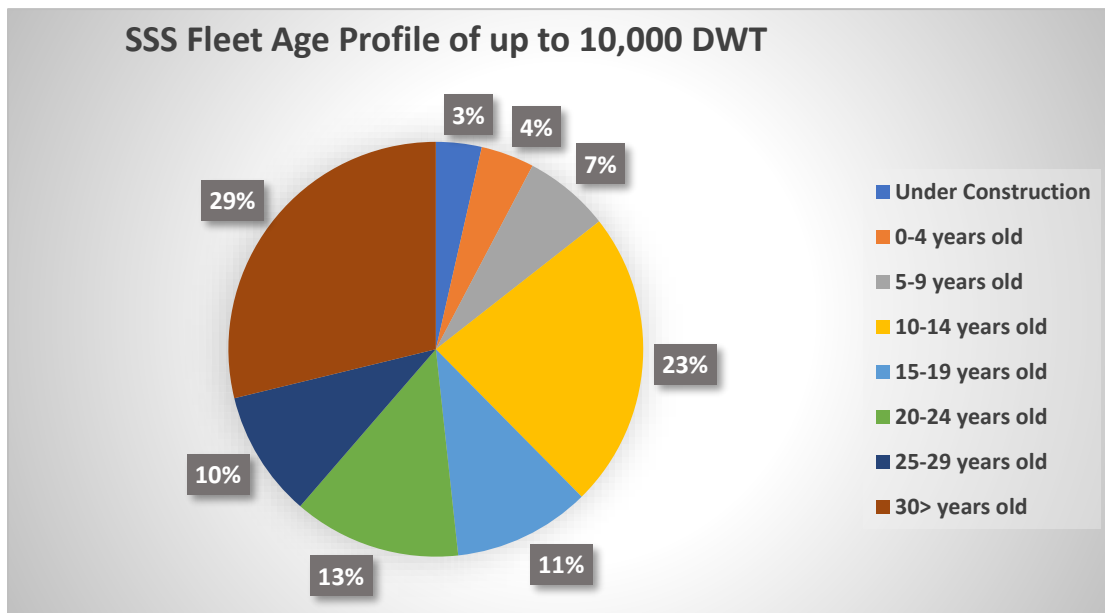
Short sea shipping made up 60 % of the total sea transport of goods to and from the main EU ports in 2019. Italy and the Netherlands accounted for almost 30% of EU short sea shipping in 2019. The total gross weight of goods transported as part of EU SSS was estimated at almost 1.8 billion tons in 2019.

We must realize that the market is changing. Europe, with a population of 500 million, has changed the way it feeds because it has reduced production, leaving it in other countries such as Asia, China, Pakistan, India, places of production from where Europe gets its supplies. Africa will also become a growing producer of goods in the near future due to its cheap labor costs and its proximity to Europe. Multinational giants investments in the agricultural industry in Africa, clearly show the "future" of agricultural production in these countries, while 2/3 of the agricultural land being the "markets / investors' target" is currently in the Black Continent.

This change in trading patterns is directly linked to the relocation of product gateways to Europe. The flow of trade from the East to Europe passes through Greece, as it is proved by COSCO's investment in the port of Piraeus and the change of its role in the transit trade of the Mediterranean. The flow of energy and trade from the Middle East and Central Asia to Europe passes again through Greece, as proved by the investment plans for the TAP gas pipeline and the traffic on the Egnatia Odos.

The expansion and or deployment of the European SSS fleet is necessary. In order for shipping to comply with the objectives of the Paris Agreement, many changes must be made in ships' design and construction, in their fuel and operation, as well as in the ships' activity at port. Europe is working on solutions that are economically viable. One of the examples that attracts attention is the electric ferries because they carry passengers. But we have a long way to go until all the boats are sailing without gas emissions.

An example of the European NMA fleet aging, is the age distribution of ships from 1,000 to 10,000 tons of dead weight capacity. The following graph clearly shows that the percentage of ships under construction is only 3% of the total tonnage while the percentage of ships over 30 years old reaches 30%.



Although Europe needs to renew its fleet immediately there are two main problems. There is no availability of proven ships able to comply with environmental regulations and there is no funding available for the SSS market. The reason for the financing unavailability is the lack of the opportunity analysis provided by this market to both lenders and investors.

There are more than 700 Greek ships up to 20.000 dwt capacity with an average age of 23 years. The shipowner companies of these vessels are well experienced in these vessels' operation with deep and proven know-how. The lack of financing is a brake on the fleet's renewal. This is the opportunity for Greek banks as well as Development banks to stimulate such investments related to the sector.

Given the know-how of our country both in the construction, in the repairs or in the assembly of ships from a multitude of small shipyards, the renewal of the Greek-owned fleet of SSS is possible to be materialized. In addition, young entrepreneurs / shipowners will be able to raise the necessary funds to enter this market. It is a great opportunity and challenge for our country in the context of the development of the maritime economy sector which must not be left unexploited.

During 60's, shipowners and shipyards were looking for the ideal design for "Liberty Ship Replacement". The SD14 was chosen as the most ideal because it was the ship that combined low cost and functionality. The SD14 was designed by Sunderland's Austin and Pickersgill shipyards and many of these vessels were built in Scaramanga Shipyard. The shipowners secured financing on favorable terms from British banks.

At this stage, SSS needs a similar plan. However, the cooperation of all stakeholders is a prerequisite, otherwise Europe will not be able to advance its plans for the SSS and, consequently, for green and sustainable development.

In addition, the European Union must realize the importance of developing maritime transport across the continent. The separation of North and South cannot exist, as a huge volume of cargo now arrives in Europe through the Mediterranean ports, making the South an equally crucial point of concentration with potential prospects for transshipment and therefore the development of SSS.

From the Greek side, the importance of the development of the SSS does not lie only in the need to modernize the Greek Ferry fleet, a market highly specialized and necessary for maintaining the cohesion of the Greek state and the region of Southeastern Europe. It is now necessary to create suitable investment conditions for the development of a competitive fleet of intra-European transport through the SSS network. This fleet will certainly serve the increased cargo handling between Europe, Africa and the Middle East. These conditions require the development of green technology shipbuilding units with ship assembly capabilities, scrapping units for old ships and recycling centers, and of course financial capabilities and incentives. The participation of a shipping country like Greece in the SSS is imperative and provides thousands of jobs and economic growth.

The creation in Greece of one of the 22 SSS Promotion Centers (Short Sea Shipping Promotion Centers) gives the possibility of the growth potentials' recording and of course the necessary and valuable information through which, the industry will develop. Its support from both international and Greek banks is a lucrative business, taking into account the incentives of the green economy and Europe's new maritime transport network.