Motorways of the Sea - MoS Digest #5
7th of April 2016

## Summary

# The GAINN projects are presented in the First MoS Forum on the Environment

**Keywords:** the GAINN projects, MoS Forum, Environment, DIP, Motorways of the Sea, TEN-T, pillars

On 15 March the **GAINN projects** (GAINN4MOS and GAINN4SHIP INNOVATION) were presented by **Eva Pérez**, **Director of Transport Economics of Fundación Valenciaport and coordinator of the projects, during the First MoS Forum on the Environment which was held in Brussels.**

The **Detailed Implementation Plan** (DIP) on the **Motorways of the Sea** (MoS) **TEN-T** priority project will be built around the three development pillars for shipping and ports identified by the **MoS Coordinator, Mr. Brian Simpson**. These priorities are: **Environment, Logistics Integration and Safety**. The DIP once approved by the European Parliament and Member States will constitute a clear and precise guidance document for development and research priorities throughout the Union's Development, Funding and Co-operation Programs. The document will be submitted in June 2016 to the European Parliament.

In order to implement the DIP, three Fora will be organized on the key priorities:

**1 – Pillar 1**: Forum on Environment – 15 March 2016 in Brussels

**2 – Pillar 2**: Forum on Logistics Integration of Maritime Transport in the global Transport Chain – 13 April in Brussels

**3 – Pillar 3:** Forum on Safety, Human Element and Traffic Management – 17 May in Brussels

In these Fora, the wealth of knowledge generated by the **MoS existing 80 projects** (representing more than 2.5 bi€ of investments) will be interacted with the institutional and professional stakeholders know-how.

The discussions in these **three fora and the DIP will not only be a crucial step for the full potential of the MoS to be exploited, but it will also enable the MoS to contribute to the economic strength of Europe in a global context**. MoS has the potential to facilitate and increase trade with third countries, increase transport efficiency (reduce land transport congestion), increase the use of more sustainable modes of transport, improve safety and environmental protection, and deliver access to peripheral regions.

With input and contributions required from institutional, industry, academic and other stakeholders, the DIP will allow bringing all these assets to the forefront of contributors.

The MoS Forum on the Environment on 15 March was developed into three parts during which several shipping and environmental experts presented their achievements and future requirements.

**Mr Brian Simpson, OBE, European Coordinator for Motorways of the Sea – opened the Forum with the collaboration of Captain José Anselmo – MoS Principal Administrator; there were several contributions among which from Claudia Monteiro de Aguiar – Member of the European Parliament, Lord John Prescott – Member of the House of Lords and Michael Kramer – Chairman of TRA Committee at EU Parliament.**

The well-attended event was a great success. Many stakeholders participated in the discussions that followed each presentation and relevant recommendations on future actions concerning MoS and the environment were proposed.

*Source:* GAINN project

*Link:* http://bit.ly/1Whi32s

# EU-Financed Nordic LNG Bunkering Project Gets Underway

Keywords: EU, **Port of Frederikshavn, Kosan Crisplant A/S, Stena Line,** Nordic Maritime Hub project, **Baltic Sea area, LNG, LBG, Brian Simpson**

The **Port of Frederikshavn**, **Kosan Crisplant A/S** (Kosan Crisplant), and **Stena Line** in an emailed press release announced that they have officially launched the **European Union** (EU)-financed Nordic Maritime Hub project, which includes the establishment of a bunkering facility for liquefied natural gas (LNG) in the port area.

"At Kosan Crisplant we see this project as the door way to a big potential market for LNG in the **Baltic Sea area**," said **Bo Larsen**, Commercial Director for Kosan Crisplant.

"The bunkering facility is therefore also just the first step in our broader vision, in that we already have signed an agreement with another project consortium to establish a production facility for LNG and LBG (liquefied biogas) in Frederikshavn. Nordic Maritime Hub is thus essential for the development of the market for alternative fuels, not just in **Denmark**, but in the entire Baltic Sea area."

Under the project, **the Port of Frederikshavn, Kosan Crisplant, and Stena Line** are said to be aiming to improve the port's access facilities, including the establishment of shore power supply, as well as *bunkering facilities for alternative fuels.*

In June 2015, the **Nordic Maritime Hub project is said to have been awarded TEN-T funding from EU's Connecting Europe Facility**, which was established to encourage European transport infrastructure policy.

The project's opening event is said to have been marked by the EU's Motorways of the Sea Coordinator **Brian Simpson**, Mayor of Frederikshavn Municipality **Birgit S. Hansen**, and Managing Director of Port of Frederikshavn **Mikkel Seedorff Sørensen** as an **"opening for a vent that symbolically initiated the dredging of the port basin."**

In February, Ship & Bunker reported that **Bunker Holding Group** (Bunking Holding) announced it will build Denmark's first LNG production facility in the Port of Frederikshavn by 2017, with **Kosan Crisplant** set to design and deliver the production plan.

*Source:* Ship&bunker

*Link:* http://bit.ly/1VfSnlT

# DOOR2LNG project has submitted the proposal to the EU's 2015 CEF Transport 2015 Call

keywords: Motorways of the Sea, Connecting Europe Facility, DOOR2LNG, LNG, door-to-door multi-modal supply chain, Northern European Sulphur Emission Control Area, Trans-European Transport Network

The **DOOR2LNG project proposal has been submitted as a Motorways of the Sea project to the EU's CEF Transport 2015 call**. The Connecting Europe Facility (CEF) for Transport is the funding instrument to realize *European transport infrastructure policy.*

The total cost of the submitted DOOR2LNG project is €73,86 million and applied co-funding is about €22,74 million. The proposals are evaluated by independent experts between February and May 2016. In July 2016 the applicants are expected to be informed whether their project is recommended for co-funding.

The DOOR2LNG project introduces **liquefied natural gas** (LNG) as an alternative fuel for the *door-to-door multi-modal supply chain* in the **Northern European Sulphur Emission Control Area** (SECA) and decreases harmful air emissions (CO2, SOX, NOX, PM) in shipping. The project introduces a competitive and **environmentally friendly alternative** to long-distance road transportation through frequent departures and the use of 45-foot (ft) containers offering the same freight unit loading capacity as standard road trailer. The proposed Action will upgrade two maritime container transport links between the **Trans-European Transport Network** (TEN-T) **Core Ports of Helsinki** (FI), **Rotterdam** (NL) and **Teesport** (UK) in two ways: firstly, the environmental upgrade of new build vessels, going beyond the requirements of legislation, and secondly, the development of port infrastructure – removing bottlenecks of inefficiency and investing in cargo handling capacity and infrastructure.

*Source:* Port News

*Link:* http://bit.ly/1PYerea

# Top 10 Environmental Priorities for E.U. Ports

Keywords: European Sea Ports Organisation, PORTOPIA, E.U. Member States, Baltic, North Sea and the English Channel, carbon footprint, EcoPorts

The **European Sea Ports Organisation** (ESPO) has released the results of its recent **environmental review during the PORTOPIA** conference in Lisbon. As in 2013, air quality remains the number one priority of European ports.

The focus on air quality is in line with the priority given to the issue at E.U. **political level with the implementation of the Sulphur Directive**. The Directive stipulates that as of January 1, 2015, **E.U. Member States** have to ensure that ships in the **Baltic**, the **North Sea and the English Channel** are using fuels with a sulfur content of no more than 0.10 percent.


Overall, all the priorities of the 2013 top 10 remain in the top 10 of 2016. Energy consumption becomes the second priority issue of European ports. Since 2009, the importance of energy consumption has raised year over year. One of the reasons is the direct link between energy consumption and the **carbon footprint of the ports and climate change.**

Noise appears in number three and has remained a top priority issue since 2004.

Relationship with the local community climbs at number four and confirms again the acknowledgement of ports on this important topic. It is clear that ports grant their license to operate and to grow from their local communities.

Two waste items, port waste and ship waste, remain in the top 10 on the fifth and sixth position respectively. The climbing of water quality at number 8 can be linked with the implementation of the water framework directive and the ongoing discussions on the potential impact of washwater discharges by open loop scrubbers.

Port development (land), dredging operations, and dust are issues that have appeared consistently in the priority list of the European port sector over the last 20 years.

The aim of the review is to update the top 10 environmental priorities of European ports and to produce further benchmark figures in key areas of port environmental management.

***"This data is important, as it identifies the high priority environmental issues on which ports are working and sets the framework for guidance and initiatives to be taken by ESPO,"*** says Antonis Michail, senior policy advisor and EcoPorts coordinator at ESPO.

Building on a long tradition that goes back to 1996, ESPO and EcoPorts regularly monitor the top environmental priorities of European ports authorities. The 2016 exercise builds on data from 91 ports in 20 E.U. Member States. The outcomes include further benchmark figures in key areas of port environmental management and trend analysis and are incorporated in the latest PORTOPIA Sustainability Report, released on March 23.

*Source:* The Maritime Executive

*Link:* http://bit.ly/20dxRDr

# Port Services in the EU: Improving Efficiency to Boost Trade

Keywords: EU maritime ports, European Parliament, MEPs, EU member states, Port, efficiency

Draft rules designed to boost the efficiency and cut the cost of services supplied at **EU maritime ports**, such as mooring and towage, were voted by the **European Parliament** earlier this month.

Ensuring **transparency in the setting of fees for using port services and infrastructure**, and in any public funding that ports receive, should help to prevent price abuse and market distortions and thus boost trade, members of the European Parliament(MEPs) say. But current port service arrangements could remain, provided they meet minimum requirements, they add.

The **EU Commission's initial proposal** would have made free market access the general principle for the supply of port services, but MEPs insist that **"a single system is not appropriate, as the EU port system includes many different models for the organization of port services".** They amended the proposal so that "existing port management models established at national level can be maintained."

"We have been able to dismiss the forced free market access to port services. Especially for safety and security concerns, ports must be able to decide on the organization of port services", said MEP Knut Fleckenstein, a Social Democrat from Germany. "**For the first time in the course of the long discussions on the port package, we have the ports, the terminal operators and the unions on board."**

Instead, MEPs advocate laying down common rules for member states and port managers wishing to limit the number of service providers, to set minimum requirements for them or to provide services themselves, as an "internal operator".

Ports' minimum requirements for service suppliers should be limited to proving professional qualifications, but they should also meet maritime safety and environmental needs and national social standards, MEPs say. The list of "justified cases" in which freedom to supply services may be restricted should include "scarcity of waterside space", port traffic characteristics and the need to provide "safe, secure or environmentally sustainable port operations."

**Public funds must appear transparently in ports' accounts, and separate accounts should be kept for publicly-funded activity or investment and other activities, MEPs say**.

To prevent price abuse in the absence of market mechanisms, arrangements should be made to ensure that fees are "not disproportionate" to the economic value of the services provided and are set in a transparent and non-discriminatory way, say MEPs. Port infrastructure charges should be set "in accordance with the port's own commercial and investment strategy", they add.

**EU member states** should designate one or more independent bodies to handle complaints.

The draft rules would not affect the application of EU member states' social and labor rules. Staff must be granted working conditions on the **basis of binding national, regional or local social standards and member states must ensure that relevant training is provided for every worker in the port sector, MEPs add**.

MEPs approved the amendments to the draft regulation and mandated the EP negotiators to start negotiations with the Council on the final wording of the text based on the amendments passed.

*Source:* Global Trade

*Link:* http://bit.ly/1Vd38qu

# Sustainability - a hot item on board agendas

Keywords: Unilever, sustainability, COP21 Paris agreement, sustainable development, low-carbon, green economy, Tomorrow's Investment Rules 2.0, carbon footprint

TODAY, over 3.9 billion or 54 per cent of the world's population lives in urban areas. By 2050, urban population will grow exponentially to some 6.4 billion, or to 66 per cent of the world's population.

This **rapid population increase and urbanisation has certainly put a strain on natural resources**. Human activities have driven global temperatures to a new peak, with 2015 officially being the hottest year on record. This alarming **rate of change in our environment, coupled with an exploding population growth, can lead to widespread catastrophe if not managed swiftly and effectively.**

The unprecedented **COP21 Paris agreement** is evidence of the urgent need towards **sustainable development**, with 195 countries pledging their commitment to the climate action pact. Many nations have submitted their **Intended Nationally Determined Contributions,** including Singapore which stated its intent to reduce its Emissions Intensity by 36 per cent from 2005 levels by 2030, and stabilise its emissions with the aim of peaking around 2030.

Against this backdrop, the business landscape is fast changing. Sustainability, long-considered a "good-to-have", is scaling the agenda in boardrooms.

There have been many **recent major developments in the sustainability arena with strong impact on businesses**. In the wake of the 2007-2008 global financial crisis, there was growing recognition that the financial system must not only be sound and stable, but also sustainable.

In January 2014, the United Nations Environment Programme launched an inquiry into policy options for guiding the global financial system to invest in the transition to a **low-carbon, green economy**. At the end of 2015, the Financial Stability Board announced the establishment of an industry-led Task Force on Climate-related Financial Disclosures. Led by Michael Bloomberg, the task force will develop voluntary, consistent climate-related financial disclosures for companies to provide information to lenders, insurers, investors and other stakeholders.

Sustainable investments have also grown over the years. The **United Nations-supported Principles for Responsible Investments'** (PRI) signatories grew from 800 in 2010 to nearly 1,400 in 2016. Assets under management by PRI's signatories also increased from US$22 trillion to US$59 trillion.

More stock exchanges are mandating **sustainability disclosures**. Within the region, bourses in **Malaysia, Indonesia, Thailand, South Korea, Hong Kong and Taiwan** have also required listed companies to report on **Corporate Social Responsibility (CSR) or Environmental, Social and Governance (ESG) disclosures**.

PROPOSED SET OF GUIDELINES

In January, the Singapore Exchange released a proposed set of sustainability reporting guidelines. The new "comply or explain" approach and the reporting guidelines are expected to apply to companies from the financial year ending on or after Dec 31, 2017, with reports published from 2018.

Under the guidelines, responsibility is placed on the board to consider sustainability issues as part of its strategic formula and the board is required to sign off the sustainability report. In a way, the board is expected to have a good understanding of the company's sustainability practices and to ensure that strategies and performance are communicated clearly.

Indeed, growing attention has been paid to the accountability of board members on ESG issues. To evaluate quality of management, many investors examine not only ESG performance and the quality of disclosures, but also the governance or management of these issues by executive teams.

A recent study called Tomorrow's Investment Rules 2.0 by Ernst and Young showed that 80 per cent of 200 institutional investors surveyed consider mandatory board oversight of a company's non-financial reporting as either essential or important - a drastic increase from 36 per cent in 2014.

Addressing the rapidly growing interest in sustainable investments worldwide, investors require effective tools to assess and compare ESG attributes of various funds, and how successfully the companies in their funds manage their ESG risks and opportunities. In early March, Morningstar, Inc, a global fund research house, introduced the industry's first sustainability rating for more than 20,000 funds. That same month, global index firm MSCI expanded its MSCI ESG Research coverage to include some 21,000 funds globally, in response to increased client demand.

Apart from investment funds, other financial institutions could also play a key role in achieving a low carbon and climate-resilient world. The finance sector has the power to steer capital towards sustainable development and influence businesses through responsible lending and green financing.

In Q3 2015, companies faced mounting pressure from the prolonged haze situation in Singapore. Paper products sourced from a supplier found associated with peatland burning were pulled off the shelves. Lenders were put under the spotlight with the Association of Banks in Singapore's announcement of its responsible financing guidelines, which encouraged banks to be mindful when lending to firms that might disregard environmental and corporate governance standards.

Increasingly, consumers in developed regions and of younger age groups consider sustainability more of an imperative than a value-add. According to the 2015 Nielsen Global Corporate Sustainability Report, which polled 30,000 consumers in 60 countries, 66 per cent of respondents said that they were willing to pay more for sustainable brands, an increase of 55 per cent from 2014. In a year, millennials' willingness to pay extra for sustainable offerings grew significantly from 50 per cent to 73 per cent.

Brand trust topped the list of sustainability factors that influence purchasing for 62 per cent of consumers globally. This indicates an opportunity for highly trusted brands to outperform those who ignore sustainability.

Simply put, brands that have not embraced sustainability are at risk on many fronts including attracting talent, investors, community partners, and importantly, consumers, particularly millennials with high spending power.

RADICAL TRANSFORMATION

There is no lack of successful cases on integrating sustainability into business practices. In 1994, the late **Ray C Anderson**, who was the founder and chairman of Interface, shifted the company's strategy to include a focus on sustainability without sacrificing its business goals. Since then, Interface has grown into a billion-dollar corporation, named by Fortune as one of the "Most Admired Companies in America" and the "100 Best Companies to Work For".

Unilever is another successful case. CEO **Paul Polman** radically transformed the company's business approach, driven by a bold pledge to halve its environmental footprint by 2020. Unilever has already achieved zero waste across its global factory network, saved a million tonnes of $CO_2$ savings since 2008 and is committed to using 100 per cent renewable energy in future.

In Singapore, the late deputy **chairman of City Developments Ltd (CDL), Kwek Leng Joo,** was regarded as a visionary in sustainability who drove changes in the country's built environment. As far back as 1995, when the sector was widely perceived to be destroying before constructing, he established CDL's ethos to "conserve as it constructs".

Defying norms, CDL made a transformational change in its business and operations by integrating CSR and sustainability. This has helped CDL to innovate, mitigate risks, improve performance, reduce capital cost and engage suppliers to adopt responsible practices. **Conferred the BCA Green Mark Champion and Built Environment Leadership (Platinum) awards in the early 2000s, CDL has helped place Singapore on the global map of sustainability.** It is ranked as the top real estate company in the Global 100 Most Sustainable Corporations in the World in 2016.

In today's business environment, forward-looking directors and CEOs must recognise the strategic importance of sustainability and turn it into growth opportunities.

As **Grant Kelley, CEO of CDL**, puts it: "I foresee that in five years' time, businesses will be held accountable for their **carbon footprint**. In the long run, good ESG performance will not only enhance a company's reputation, but also help companies in risk mitigation and cost management, creating greater value for sales, operational performance and share price - ultimately contributing to the bottomline and long-term growth of the business."

Moving forward, businesses that are committed to embracing sustainability and responsible practices will have a strong licence to operate and gain the support of consumers and investors. This is the formula for the lasting growth of a business, making sustainability a "must-have" item on board agendas.

*Source:* Business Times

*Link:* http://bit.ly/1S7bEHj

# UNCTAD launches novel Maritime Country Profiles

Keywords: UNCTAD, maritime nations, *Maritime Country Profiles,* maritime sectors

Throughout most of history, **"maritime nations"** had their own national fleets, which were built, owned, operated, and manned by nationals of the same country whose flag the ship flew. Today, different countries mostly participate in **different maritime businesses**. Policy makers have an interest to identify those **maritime sectors** where their countries participate at present, or might participate in future. To assist policy makers in depicting their country's market shares and trends in its maritime sectors, UNCTAD in March 2016 launched a novel set of ***Maritime Country Profiles***.

Each Maritime Country Profile consists of six blocks:

1. **Basic Data**: The UNCTAD Maritime Country Profile provides core data on each country's economy, trade and maritime sectors.
2. **Market shares**: A key component of the UNCTAD Maritime Country Profile is each country's share in selected maritime sectors (ship registration, owning, building, demolition and container port traffic) as well as its population, gross domestic product, coastline and merchandize trade.
3. **Merchandize trade**: Each profile gives a snapshot of what commodities are traded (all modes of transport), what is the trade balance, and who are the main trading partners.
4. **Trade in transport services**: Another component of each country profile is a table on basic trade in services data, including trade in transport services, and the trade balance in these services.
5. **The nationally flagged fleet**: The country profile shows trends in the nationally flagged fleet, as well as the composition as regards types of ships.
6. **Liner shipping connectivity**: The Maritime Country Profiles also illustrate each country's position within the global liner shipping network. It includes a time line of the national Liner Shipping Connectivity Index, as well as a list of the countries with the highest bilateral connectivity.

Exemple of the nationally flagged fleet for **Marshall Islands**.

NATIONAL FLEET

**Carrying capacity by type of ship** [4]

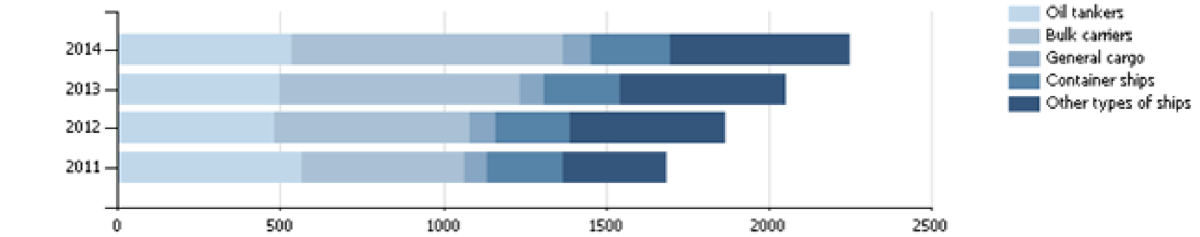
| *(Thousands DWT)* | 2005 | 2010 | 2013 | 2014 |
|---|---|---|---|---|
| Total fleet | 42 105.5 | 77 827.4 | 138 861.9 | 152 355.4 |
| Oil tankers | 27 483.3 | 39 960.5 | 57 557.8 | 59 486.8 |
| Bulk carriers | 8 352.9 | 23 604.9 | 55 962.2 | 65 275.0 |
| General cargo | 1 125.8 | 1 567.3 | 1 242.1 | 1 474.1 |
| Container ships | 3 748.2 | 5 314.4 | 8 672.0 | 9 292.4 |
| Other types of ships | 1 395.3 | 7 380.3 | 15 427.8 | 16 827.1 |

**+9.7 %**

Fleet growth rate in 2014

**Fleet by type of ship** [4]

*(Number of ships)*




The Marshall Islands are one of the fastest growing open registries. A large share of its fleet are oil tankers and dry bulk carriers.

The Maritime Country Profiles will be updated regularly as new data becomes available.

*Source:* Unctad

*Link:* http://bit.ly/1qbuXlQ

# French Utility Investing EUR 100 Million in CNG, LNG Stations Across Europe

Keywords: LNG, ENGIE, France, European Countries,

French electricity provider **ENGIE has announced that between now and 2020**, it will invest EUR 100 million in the setup of **compressed natural gas (CNG) and liquefied natural gas (LNG) stations for European fleets of trucks using natural gas and biogas.**

In order to achieve this goal, ENGIE says it will have to continue its active involvement with customers committing to move to alternative fuels – notably, the truck manufacturers and the **national and European authorities.** The investment will cover the building of 30 CNG stations in France and nearly 70 LNG stations in several other European countries. ENGIE estimates that there are approximately 3,000 CNG and 75 LNG filling stations currently located across Europe.

**ENGIE says that it has 15 years of operational experience with 140 CNG stations, most of which are located in France, with four early LNG stations in France and the Netherlands.** ENGIE is also engaged in the promotion of LNG as a marine fuel, with a bunkering vessel designed in partnership with NYK and Mitsubishi Corp. to be operational by the end of this year in Zeebrugge, Belgium.

ENGIE is also supplying LNG by truck to waterway barges on the Rhine river, and it will build a fixed LNG station for both ships and trucks in the port of Antwerp, Belgium.

*Source:* NGT News

*Link:* http://bit.ly/1oIkdKQ