TransBaltic

Towards an integrated transport system in the Baltic Sea Region

Baltic Motorways of the Sea

Successful projects, barriers and challenges for MoS policy implementation

on the basis of the Seminar and Debate held on 11th May 2010 in Sopot/Poland

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BPO BALTIC PORTS ORGANIZATION

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Baltic Ports Organization is made up of forty plus major ports in the nine countries surrounding the Baltic Sea. The main objective of BPO is to improve the competitiveness of maritime transport in the Baltic region by increasing the efficiency of ports, marketing the Baltic region as a strategic logistics centre, improving the infrastructure within the ports and their connections to other modes of transport.

TransBaltic, as one of the few transnational projects so far, has been granted a strategic status by the authorities of the Baltic Sea Region Programme 2007-2013. The overall objective of TransBaltic is to provide regional level incentives for the creation of a comprehensive multimodal transport system in the BSR. This is to be achieved by means of joint transport development measures and jointly implemented business concepts. TransBaltic is led by Region Skåne and lasts from 1 June 2009 to 31 December 2012.

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1. Introduction

The report **Baltic Motorways of the Sea: successful projects, barriers and challenges for MoS policy implementation** has been prepared by the Baltic Ports Organization and the TransBaltic Project. The content of the report comes mainly from the presentations and discussion during the Seminar held on 11th of May in Sopot, Poland, organized by the Baltic Ports Organization. Part of the report deals with EU transport maritime policy. Another part presents the concept of Motorways of the Seas Policy, discusses the scope and refers to the revision process.

The seminar **Barriers and Challenges of the Baltic Motorways of the Sea** has gathered 40 participants from the ports and shipping sector as well as national administrations and the European Commission. The aim of the seminar was to present the MoS projects, both approved and during the preparation phase as well as to identify the barriers and challenges connected with implementing the Motorways of the Sea policy in the Baltic Sea. The full agenda of the seminar and the participant list are included in the appendices to this report.

According to the last open call for MoS projects in the Baltic Sea for years 2009–2013[1] the main objective of the call is to contribute to the development of the trans-European transport network by inviting consortia to bring together ports and maritime transport operators to prepare and submit MoS project proposals in the Baltic Sea area. The proposed MoS projects should be of European interest and should focus on the development of infrastructure and facilities throughout the transport corridor. The aim is to facilitate smoother integration of short sea shipping in the logistics chain, improve environmental performance, reduce congestion, streamlining freight flows, facilitating an efficient exchange of information and the interoperability of the different elements and modes in the transport chain to favour co-modality, coherent traffic quality and logistics chain integration.

The call for MoS project proposals for the Baltic Sea focuses on the time frame 2009-2013. The total amount allocated to Motorways of the Sea projects by the European Commission for the whole EU area is EUR 310 mln.

The report is addressed towards ports and transport operators (mainly maritime) as well as to the institutions involved in policy making and implementation, both at the national (relevant national agencies and ministries) and European levels (European Commission). Identification of the barriers of implementation of the Motorways of the Sea policy in the Baltic Sea should help responsible bodies to undertake proper promotion and revise MoS policy in such a way that it will stimulate ports and transport operators to deliver successful MoS project proposals for the Baltic Sea.

The main goal of the Baltic Ports Organization within the MoS policy is to influence the policy making process and secure the fair distribution of the MoS aids across Europe.

[1]Notification of an open call for proposals concerning Motorways of the Sea projects in the Baltic Sea area 2009–2013, 25 November 2009, European Commission.

2. EU Policy on the MoS - framework of the concept of Motorways of the Sea development

The qualification 'motorways of the sea' (MoS) was defined the first time in the *White Paper. European transport policy for 2010: time to decide*[2]. Unfortunately, the authors of the document did not present a precise definition of the sea motorway concept, which consists of several, generally known transport policy ideas such as: short sea shipping, sustainable development, intermodal transport, shifting the balance between the modes of transport, linking modes of transport, and development of Trans-European Transport Infrastructure. To sum up, according to the document, sea motorways should become a 'real competitive alternative to land transport'.

According to the assumptions, the concept of sea motorways consists of several shipping line connections which are an extension of land routes. MoS should substitute land transport and resolve bottleneck problems on the roads. The main elements of the MoS concept are: shipping connections, sea ports, regulation and coordination issues.

A very important element of the sea motorway implementation process is placing the concept in the list of priority projects in the *Report of High Level Group on the Trans-European Transport Network (Karl van Miert Report)* in year 2003. The Report considered the concept as one of the eighteen new infrastructure projects in the European Union. Of great significance is also the fact that the Report defines four main areas of concept implementation:

1. Motorways of the Baltic Sea,
2. Motorways of the Sea of Western Europe (leading from the Iberian peninsula via the Atlantic Arc to the North Sea and the Irish Sea),
3. Motorways of the Sea of South-East Europe (connecting the Adriatic Sea to the Ionian Sea and the Eastern Mediterranean to include Cyprus),
4. Motorways of the Sea of South-West Europe (Western Mediterranean), connecting Spain, France, Italy, including Malta, and linking the Motorways of the Sea to South-East Europe[3].

Additionally, the Report defines a list of prerequisite or parallel actions for successful launching of the new sea motorways projects:

- Concentrating freight on maritime routes,
- Convincing haulers, shippers and forwarders about the benefits and merits of the maritime alternative,
- Eliminating customs checks and other administrative burdens and developing electronic reporting for port authorities,
- Providing appropriate facilities that should preferably be specifically designed for this activity (e.g. ro-ro terminals, logistic equipment, parking places) and direct access to ports,
- Adhering to free market competition rules,
- Ensuring year-round navigability in the Baltic Sea with icebreakers.

The network of motorways of the sea consists of facilities and infrastructure of at least two ports in two different Member States. The sea motorway should consist of the following elements: port facilities, electronic logistics management systems and administrative and customs procedures, as well as infrastructure for direct land and sea access, including winter access to secure year-round safety navigation.

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[2] *White Paper. European transport policy for 2010: time to decide.* EC 2001.

[3] *High level group on the Trans-European Transport Network. Report.* 27.06.2003 www.europa.en.it (31.07.2003).

The foregoing report has become a basis for redefining priority projects in years 2003/2004. In the *COM (2004) 884 - Decision No. 884/2004/EC of the European Parliament and the Council of 24 April 2004* formal approval of the projects and new guidelines for TEN were established. Thirty new TEN-T projects were indicated among which 21 incorporated the MoS concept. Despite plenty of documents issued discussing the notion of a sea motorway, a detailed definition of the concept was not developed at that time.

A more precise definition of the MoS was established in *Vademecum* issues in conjunction with the call for proposals TEN-T 2005. The document has indicated crucial elements of the MoS concept, like: eligibility of projects, evaluation criteria, beneficiaries and eligible costs or financing plan with relationships with other support programmes. According to the document, the eligible costs of the programme have included:

- Investment aid in infrastructure and facilities,
- Start-up aid related to capital costs,
- Studies related to Motorways of the Sea projects.

Moreover, the funding sources have been pointed out in the: TEN-Regulation and TEN-T Guidelines (TEN-T fund), Marco Polo programme, Regional funds (Cohesion funds, FEDER, INTERREG) and in addition, the National State Aid. TEN-T funding has been applied for by Member States (Infrastructure), Marco Polo funding by companies (service), EU-Regional funds by Regional or Member States (infrastructure). Actually, the crucial importance in MoS concept development is TEN-T and Marco Polo funding (see Table 1).

Table 1. Characteristics of TEN-T and Marco Polo support for the MoS concept.

Marco Polo	TEN-T
- Transport services, - Ancillary infrastructures, - Modal shift objective, - Private sector driver, - Direct call for proposals.	- Infrastructure and facilities, - Start-up aid, - Creation of a transport network, - Public sector driven, - Member State pre-selection.

Source: www.mos-helpdesk.eu (20.07.2010)

The call for MoS project proposals has been launched since 2005 (within TEN-T) and 2007 (Marco Polo). Two special agencies have been established: in order to establish institutions responsible for the programmes:

- TEN-T Executive Agency in October 2006 (TEN-TEA[4]),
- Executive Agency for Competitiveness and Innovation in May 2007 (EACI[5])[6].

These agencies are responsible for implementing the TEN-T and Marco Polo programmes on behalf of the European Commission. Moreover; they efficiently manage the entire project lifecycle (calls organizing, Member States support), prepare financing decisions and provide feedback to the

[4] http://tentea.ec.europa.eu/en/home.htm (20.07.2010).
[5] http://ec.europa.eu/eaci/ (20.07.2010).
[6] Transformation of Intelligent Energy Executive Agency.

European Commission. The MoS projects which have been selected and financed by the Agencies are as follows:

1. TEN-TEA: 4 projects (calls 2005-2008),
2. EACI: 2 projects (calls 2007-2009).

It could be stated that the portion of MoS in overall transport projects is very low: in case of TEN-T MoS projects constitute only 0.3% of the total budget. Within the Marco Polo programme 72 projects have been selected. Within this amount only two are MoS projects.

The financial sources available in the framework of the MoS concept in the period 2007–2013 for funding the projects amount to:

- Marco Polo: approx. EUR 450 mln contributed to five types of action (Catalyst, Motorways of the Sea, Modal shift, Traffic avoidance, Common learning),
- TEN-T: approx. EUR 8 bln in total includes about EUR 450 mln for the MoS Project[7].

In both cases, TEN-T and Marco Polo, the call for proposals was launched in 2010. The application procedure has finished (the deadline was 18 May 2010) for Marco Polo. The total budget of the call was EUR 64 mln. For the Motorways of the sea action, the grant was limited to 35% of the total eligible costs necessary, and actually incurred. Ancillary infrastructure costs were eligible up to 20% of the total eligible costs. The TEN-T call for proposals 2010 referring to MoS is still open. The maximum budget for the programme is estimated at EUR 85 mln. The deadline for submitting is scheduled for 31 August 2010. Financial contribution of TEN-T co-financing for MoS in 2010 is:

- 20% for infrastructure works and facilities (implementation projects), 30% for cross-border sections,
- 50% for pilot actions,
- 50% for studies or study parts of projects,
- 30% for start-up aid, i.e. depreciation of capital costs.

Important initiatives concerning the development, marketing and implementation process of the MoS concept is creating the *Motorways of the Sea - One Stop Help Desk*. The *mos-helpdesk.eu* website aims to provide:

- information on the funding possibilities for the Motorways of the Sea projects,
- details about information events (called info days) and promotional activities to support the calls for proposals relevant to Motorways of the Sea projects,
- tips on how to prepare funding applications for Motorways of the Sea projects under the TEN-T and Marco Polo programmes.

[7] The TEN-T budget is divided into two parts: Multiannual Indicative Perspective (MIP) and Annual Perspective (non-MIP). Projects funded under the Multi-Annual Calls (MIP) are expected to help complete the TEN-T network as approved by the European Parliament and the Council, with a target completion date of 2020. In general, Multi-Annual projects are of a larger size and longer duration than Annual projects. 80-85% of the TEN-T budget is allocated through Multi-Annual Calls. Annual Calls are intended to complement the Multi-Annual Calls, thus also giving priority to projects that address key TEN-T issues such as bottlenecks or cross-border projects.

3. The Baltic Sea as an element of the European MoS network

The Baltic Sea is the one of the most intensely utilized sea areas in the world. It is connected with the strong activity of both bulk shipping (export of Russian mineral resources – oil, coal) and containers, ro-ro and ferry traffic. The Baltic seaports served over 700 mln tonnes of cargo in 2009. The leading group of cargo was liquid bulk with a share of about 44.2%. The other important areas of activity were: dry bulk (24.1%), containers (8.1%), ro-ro cargo (12.0%) and other types (11.0%).

The base area of MoS concept development is the ro-ro and container segment. It could be stated that the total volume of cargo transported by ferries achieved a level of 84.7 mln passenger cars, 219.8 thou. busses and 8.4 mln trailers in 2008. The majority of the traffic occurred between Baltic seaports. At the same time, the total container traffic served in Baltic seaports achieved a level of 8 mln TEU in 2008 and 5.9 mln TEU in 2009.

The Baltic is almost the inner sea of the European Union, therefore it has a significant position in the process of spatial integration of the EU. The main element of integration is obviously a transport system. Therefore, the process of limitation of road transport between Baltic countries and relocation of traffic on the ferry and sea container connections is so important. At the same time, heavy maritime traffic to/from Russia (e.g. oil, coal, containers) has a significant influence on the situation of the Baltic.

The other group of Baltic features are environmental characteristics concerning the inland location of the sea (limited exchange of sea water and high fresh water outflow from the rivers), a relatively shallow area (limited draught of vessels), difficult conditions of winter navigation (necessity of icebreaking). This significance for recognized ecological or socio – economic reasons has caused the Baltic to be entered into IMO as a Particularly Sensitive Sea Area (PSSA). To sum up the crucial features concerning the Baltic sea, the following elements can be indicated:

- sea area with some of the most dense traffic in the world (oil and chemical tankers, ro-ro, containers, passengers),
- a well developed system of shipping lines (fast growth in container traffic),
- sensitive environment (inland location, shallow, heavy climatic conditions),
- special requirements regarding winter navigation.

The Baltic Sea is an area located in the sea motorway, as has been previously presented, in official EU documents. As a follow up, the Baltic countries and the European Commission have started multilateral cooperation in order to specify, plan and implement the MoS concept in the Baltic. The activity has been provided by several types of actions, like: bilateral or multilateral projects, common actions on the national level and establishment of the Baltic Sea Task Force Group.

The Baltic Sea Task Force Group was established in Copenhagen, during its first meeting in January 2004. Leading countries were chosen to chair the sub-groups working on different key issues within the frames of the Task Force Group. Poland was chosen to lead the infrastructure sub-group, Germany - financing, Finland - information exchange (information motorways), Sweden - icebreaking and Estonia - safety and security. The Group has initiated several studies on the framework of the Baltic MoS Masterplan (e.g. *Baltic Sea Maritime Outlook 2006, Baltic Sea Winter Motorways, North Sea Baltic Hub* or *Baltic Sea Information Motorways*) and made a contribution to such activities, like:

- German/Finnish Call for MoS proposals in February 2006,
- Joint Baltic Call for MoS proposals (14 September, 2006–8 January, 2007).

Special focus should be placed on the second element because in the framework of Joint 'Baltic Call' 13 proposals were prepared. Eight projects were submitted and two of them received TEN-T budget contribution (the first Baltic MoS projects):

1. 2008-EU-21010-P: *High Quality Rail and Intermodal Nordic Corridor Königslinie (MoS: Sassnitz – Trelleborg)*,
2. 2008-EU-21015-P: *Motorways of the Sea projects in the Baltic Sea Area Klaipėda - Karlshamn link*.

The TEN-T call for proposal in 2008 (non-MIP) did not include the MoS action. There existed the option of supporting the development of maritime ports (access, terminals, productivity and efficiency) by the TEN-T fund.

The financial crisis and problems of the global economy has caused a wider scope of financial support provided in the framework of TEN-T. The call for proposals 2009 included: *European Economic Recovery Work Programme* (EUR 500 mln)[8], *Annual Work Programme* (EUR 140 mln)[9] and *Multi-Annual Work Programme* (EUR 370 mln). Within the framework of the Multi-Annual Work Programme it has focused on three fields: MoS (maximum EUR 30 mln), ERTMS[10] (maximum EUR 240 mln), ITS Road (maximum EUR 100 mln)[11]. It is visible that MoS projects had the lowest budget in 2009.

In response to the MoS call, eight proposals were received (two were ineligible). The total TEN-T funding requested by the six eligible proposals amounted to EUR 83,005,800 while the total budget available was EUR 30 mln. The six eligible proposals concerned both studies and projects focusing on infrastructure works. After the internal and external evaluation process only one MoS proposal was recommended for funding (*Baltic Link Gdynia - Karlskrona*). So, a third Baltic MoS project was approved by the European Commission for financing.

In order to encourage Baltic applicants even more, the *Open regional call for proposals concerning Motorways of the Sea projects in the Baltic Sea area for years 2009-2013* was published on 25 November 2009. The main characteristics of the 'open' call are that project proposals should be submitted directly to the transport ministries of the Baltic countries and authorised for a pre-evaluation (not TEN-TEA). The proposals will be evaluated jointly by these ministries and authorities, based on specific evaluation criteria. The MoS project proposals that are approved by Member States directly involved will receive the necessary governmental support and will be presented by the relevant Member States for TEN-T financing. Project proposals can be submitted to the Member States concerned at any time. However the Member States concerned need approximately three months for internal evaluation. When submitting a proposal there is a need to coordinate the time schedule for the relevant EU call.

The other opportunity for submitting a MoS project proposal is the *Call for proposals 2010, Multi-Annual programme: Motorways of the Sea* issued by TEN-TEA on 19 May 2010. The indicative budget available to support MoS projects selected under the 2010 call is EUR 85 mln. The work programme foresees three types of projects: implementation projects (works projects), studies

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8 The *Ad hoc* programme adopted in 2009 in the framework of the Commission's European Economic Recovery Plan aimed to give an immediate boost to the European economy by accelerating investments in infrastructure.

9 Acts as a flexible complement to the efforts developed under the Multi-Annual Work Programme. This includes an amount of EUR 60 mln for the Loan Guarantee Instrument.

10 European Rail Traffic Management Systems.

11 Intelligent Transport Systems for Roads.

taking the form of pilot actions and studies. The deadline for submitting proposals is scheduled for 31 August 2010.

To summarize, as of today (August 2010) three MoS projects located in the Baltic have received financial support from the TEN-T budget.

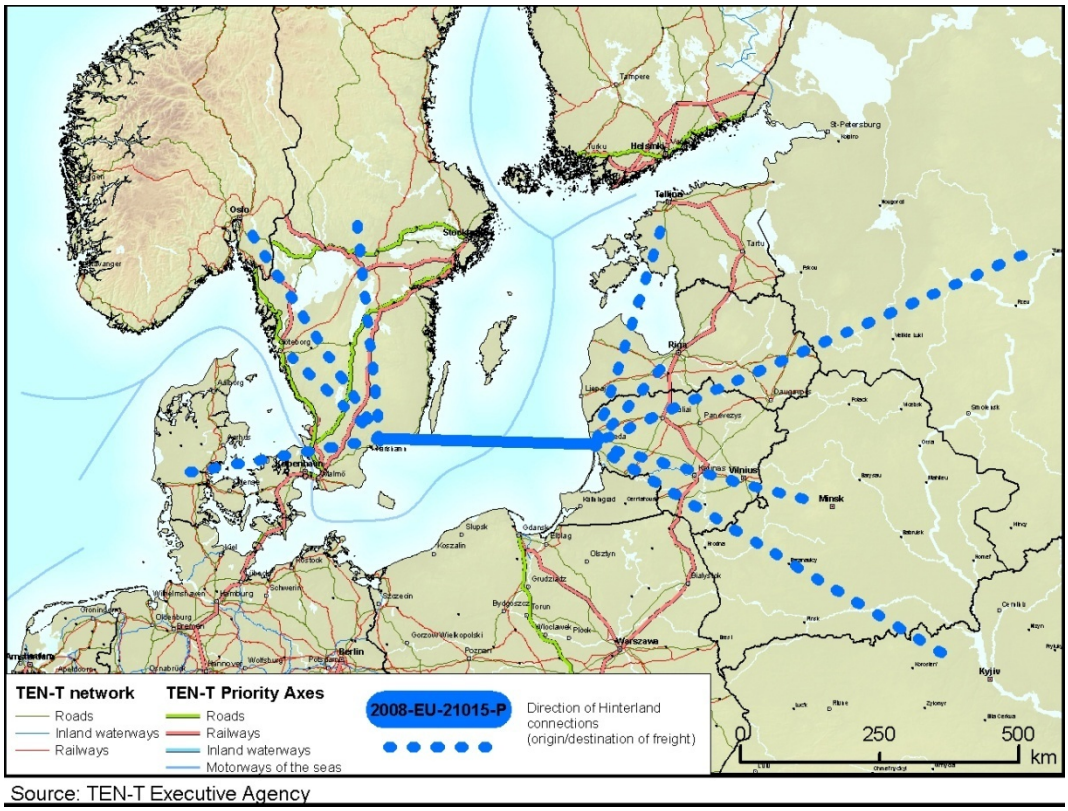
The other way to support the development process of MoS in the Baltic is the **Marco Polo** fund. Unfortunately, no specific Baltic MoS projects have received financial contribution from Marco Polo so far. Two MoS project proposals have been approved (2007: RORO PAST FRANCE, *Netherlands-Spain-Belgium-Finland*; 2009: FRES MOS, *France - Spain*) in which the RORO PAST FRANCE is partially located in the Baltic Sea.

4. The Baltic MoS projects – facts and figures

Hereafter, the three Baltic Sea MoS projects approved and co-financed by the TEN-T programme, are presented.

a. Motorways of the Sea project in the Baltic Sea Area Klaipėda-Karlshamn link

The objective of the action is to increase the share of intermodal transports in the South-East/South-West Baltic Motorways of the Sea link through Klaipėda and Karlshamn. The main goal of the project is to invest in order to increase the capacities and effectiveness of the Klaipėda and Karlshamn ports by transporting more cargo by sea and in this way to decrease traffic on roads. MoS activities in Karlshamn are building a new Shunting yard, building a new Combi Terminal, renovating the port's rail track, investments in a new crane with higher container capacity, a new reach stacker, and a new entrance to the ro-ro terminal.



Source: TEN-T Executive Agency

Figure 1. Visualization of the Karlshamn-Klaipėda link

Following information from TEN-T the operator of the service "DFDS Lisco" has already increased, as of May 2009, the capacity of the link by 21%. At the same time, implementation of the project will considerably improve and enhance the capacity of unitized rail goods handling on the Swedish side. Furthermore, infrastructure investment in Karlshamn will be improved. The current (2009) intermodal share of the corridor is 18% with the aim to reach 56% in 2015 and ultimately in 2025 to reach 71%. Activities of the action focus on[12]:

- Improving environmental sustainability by increasing intermodal transports in the corridor. Furthermore, oil sanitation equipment will be acquired in Karlshamn to mitigate risks due to an increase in traffic,
- Elaborating and implementing a strategy to achieve modal shift, by conducting market studies,
- Increasing the loading/unloading speed of containers to vessels, through the purchase and operation of a new crane in Karlshamn,
- Reducing waiting/transit times with an upgrade and modernisation of the Karlshamn ro-ro terminal,
- Increasing the efficiency and capacity for trains in Karlshamn through the development of a new shunting yard and the electrification and improvement of the port's rail track,
- Doubling the container handling capacity by building a new combined terminal,
- Preparing for the improvement of hinterland rail connections through the development of design and EIA for the "missing link" Karlshamn-Olofström,
- Increasing the efficiency in Klaipėda by improving the quay operability for vessels through the installation of a hydraulic device for ro-ro ferries.

According to the project, the total budget cost of the planned investment is EUR 26,040,000 (Tab. 2).

Table 2. Budget of the Klaipėda and Karlshamn MoS Project

Budget: **National budget:** EUR 20,800,000	**Total project cost covered by this Decision:** EUR 26,040,000	**EU contribution:** EUR 5,240,000
	EU contribution: EUR 5,240,000	

Source: http://tentea.ec.europa.eu

b. The Baltic-Link Motorways of the Sea Karlskrona-Gdynia

This project is a continuation and realization of investments, which were recommended in the former SEBTrans-Link project concluded in 2005 by Polish and Swedish partners. The Karlskrona-Gdynia MoS is the maritime section of North-South Transport which connects the Scandinavian countries with Central and Southern Europe along the axis Gothenburg-Karlskrona in Sweden via

[12] Motorways of the Sea – our joint opportunity, Anders Wiberg, Strategic Manger, Port of Karlshamn, Seminar: Baltic Motorways of the Sea – barriers and challenges, 11 May 2010, Sopot, Poland.

Gdynia-Łódź-Katowice in Poland with further connections through the PAN European Corridor VI to the Adriatic Sea and via other transport links to the Black Sea.

Activities envisaged in the project include investments in port and hinterland transport infrastructure:

1. A new goods terminal in Alvesta, Sweden, in the breakpoint of the Coast-to-Coast line and the TEN-T priority object South Main Line (part of the Nordic triangle),

2. A new ferry berth and upgrading of railway and road access to the port of Karlskrona in Sweden together with investments for noise reduction along the rail and road access,

3. New ferry berths and a ferry terminal together with a new storage yard, intermodal terminal and access roads in the Port of Gdynia. According to the feasibility studies already completed for these infrastructure and investment objects the total investment cost would be around EUR 150 mln[13].

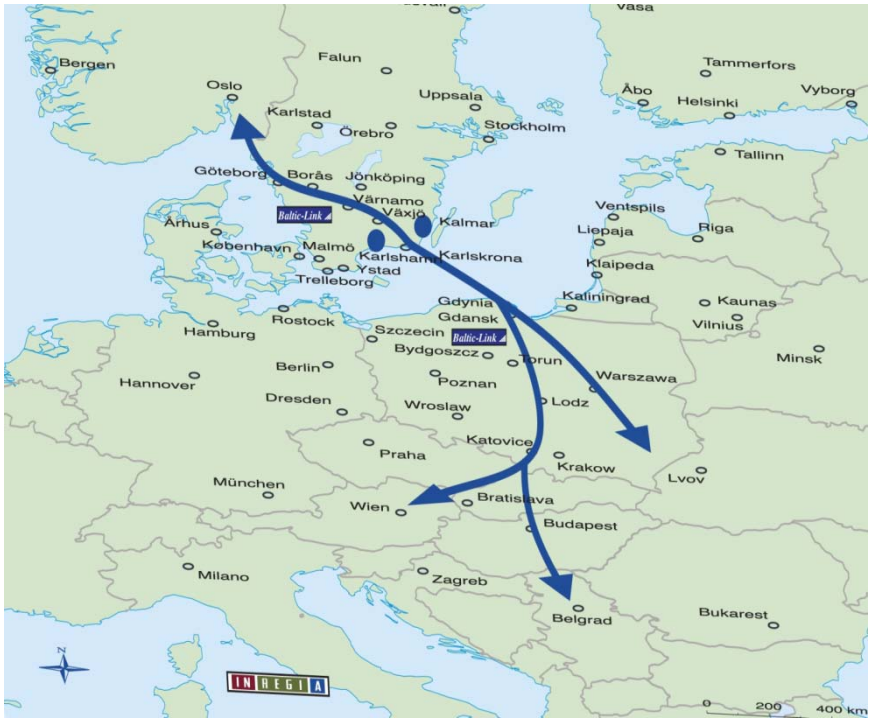


Figure 2. Visualization of the Karlskrona-Gdynia link

Source: Per-Olof Löfberg, "Motorways of the Sea, Gdynia-Karlskrona" presentation, 11 May 2010

The Baltic-Link MoS Action is a joint application by the two Member States Sweden and Poland. Baltic-Link aims to create a modal shift by investing in freight rail structure, moving goods across the Baltic-Link corridor via the Karlskrona-Gdynia ports. The corridor will, by absorbing an increased

[13] www.mi.gov.pl.

volume of goods, avoid road congestion and offer a competitive alternative to road-only solutions due to quality, reliability, frequency and service.

Currently, the Baltic-Link corridor faces some crucial infrastructural bottlenecks hindering intermodal transports. Appropriate rail investments will provide for extensive timesaving, besides the environmental mitigation. The Baltic-Link Motorways of the Sea Action will develop and increase the capacity and service for rail-bound cargo by investing in adequate infrastructure in the ports and their hinterland connections. The main benefit with a strong interoperability along the Baltic-Link is an enhanced Pan European intermodal corridor that offers cost efficient and environmentally friendly transports, connecting Scandinavia and the Adriatic Sea.

An addition to MoS funding is the Polish Cohesion Fund 2007-2013 which improves access to the new intermodal ferry terminal in Gdynia. The Baltic-Link uses the Stena Line single window concept for cargo and goods enabling a liable regime for all institutions such as customs, border guards, veterinary control, fit sanitary control and health control participate in the project together with forwarders, agents, stevedoring and railway companies.

The Baltic-Link MoS Action will improve the facilities for:

- marshalling and rail capacity for the goods transport structure,
- its function as an intermodal transport node in the trans-Baltic transport system,
- freight shuttle train in Sweden,
- a new intermodal ferry terminal in Poland,
- becoming the sustainable link for container traffic between Scandinavia and the Adriatic Sea,
- increased cohesion and accessibility for both port regions,
- a broad PPP as an implementing consortia and cooperation between operators.

Despite thorough measures, environmental impacts are relatively positive and the negative impacts are very limited. The upgraded rail track provides a sustainable connection to the east and west coasts of Sweden but also to Poland, Central Europe, the Adriatic Sea and its extensions. The MoS-project will have a catalytic effect on the regional economy, releasing economic values significantly larger than the investments costs[14]. The budget of the project is presented in Table 3.

Table 3. Budget of the Karlskrona-Gdynia MoS Project

Combined terminal in Alvesta	EUR 2,000,000
Coast to coast line, Emmaboda-Karlskrona	EUR 77,000,000
Investments in the Port of Karlskrona	EUR 5,704,000
Power connection ferries, Stena Line Scandinavia AB	EUR 750,000
TEN-T	EUR 85,454,000

Source: http://tentea.ec.europa.eu

[14] www.baltic-link.se.

c. High Quality Rail and Intermodal Nordic Corridor – Königslinie

The objective of this project is to upgrade the existing rail ferry link between the ports of Trelleborg (Sweden) and Sassnitz (Germany) in order to increase the share of rail and intermodal transport on the Swedish-German corridor in particular and the Sweden-Central Europe/Italy corridor. Improving the existing rail ferry service by offering more capacity, more efficiency, faster handling in the ports and more flexibility due to the option of a sixth departure (in peak demand periods only), will help it compete with alternative and less sustainable routes on this transport corridor. Improving the infrastructure in the ports will enable operation on a sufficient volume base combining rail and intermodal transport. In Trelleborg, the port will be able to efficiently service more than one rail/road/intermodal ferry route. In Sassnitz, the new infrastructure and equipment will enable the port to load, unload and store intermodal transport units (e.g. unaccompanied trailers)[15].

Figure 3. Visualization of the Königslinie Project

The Königslinie route is currently served by two vessels operated by Scandlines AB and Scandlines GmbH. The sailing schedule (in 2007/2008) is 5 departures per day and per direction.

[15] High Quality Rail and Intermodal Nordic Corridor – Königslinie, Roman Poersch, Seminar: Baltic Motorways of the Sea – barriers and challenges, 11 May 2010, Sopot, Poland.

Table 4. General goals of the Königslinie project

European Commission/ EU	Königslinie/ Consortium
High quality transport infrastructure	Service quality improvement (operation, administration etc.)
Long-term rail transport capacity	Ensured/ enhanced rail-bound ferry service
Competitive transport industry	Decreased cost level, rail link choice in regional market
Increased modal shift away from road	Competitive rail-based transport service and „new" markets
Reduction of environmental impact	Reduced bunker, inceased rail share and asset utilisation
Cohesion and access to peripheries	Connection to Nordic countries
Development of domestic market	Linkage of Nordic and central/ southeast Europe markets
Improved mobility of freight	Integrated offer and reduced barriers of an improved service
Increased social welfare	Increased efficiency, creation/ ensuring of work

Source: R. Poersch, "High Quality Rail and Intermodal Nordic Corridor - Königslinie" presentation, 11 May 2010

Together the two vessels have a total capacity of 2,262 lane metres - including 1,419 lane metres for train wagons and 843 lane metres for intermodal units, trucks and cars. The vessels, which are 19 and 26 years old, make the crossing in 3h45 min. - 4h, and approximately 60 minutes is spent at the port to unload and reload before departing again.

Table 5. Budget of the Königslinie Project

<table>
<tr><td rowspan="2">Budget:
Action promoter:
EUR 20,608,846
Other contributions:
EUR 19,540,154</td><td>Total project cost:
EUR 50,349,000</td><td rowspan="2">Percentage of EU support:
Works and studies: 20.26%</td></tr>
<tr><td>EU contribution:
EUR 10,200,000</td></tr>
</table>

Source: http://tentea.ec.europa.eu

From the current 1.7 mln tonnes transported in rail wagons on the ferry route between Sassnitz and Trelleborg (81% of the total 2.1 mln tonnes on the ferry line in 2008), the project aims to increase the volumes to 3 mln tonnes of rail and intermodal transport by 2018. The overall corresponding modal shift is 1.4 bln tonne/km per year in 2018 and 2.1 bln tonne/km per year in 2028. On a cumulated basis, the modal shift is estimated at 21.6 bln tonne/km by 2028 (15 years) and 32.6 bln tonne/km by 2033 (20 years). The project budget is presented in Table 5.

5. Identification of the main barriers to developing an MoS concept on the Baltic Sea

When discussing the MoS policy and EU supported projects in the Baltic Sea one can observe that the number of MoS projects in the Baltic is rather low (3) comparing to the whole of Europe (about 20). Therefore, there must be some barriers casing such distribution of MoS projects over the EU. The low number of MoS projects in the Baltic Sea comparing to the whole EU further causes an unbalanced distribution of EU money supporting transport infrastructure in the Baltic. This situation leads to a disadvantaged position of the Baltic transport system compared to other EU regions and to the region's competiveness on a European scale. Therefore, the MoS policy and the funding procedures should be followed and deeply studied by Baltic transport actors in order to identify the barriers that lead to such a situation.

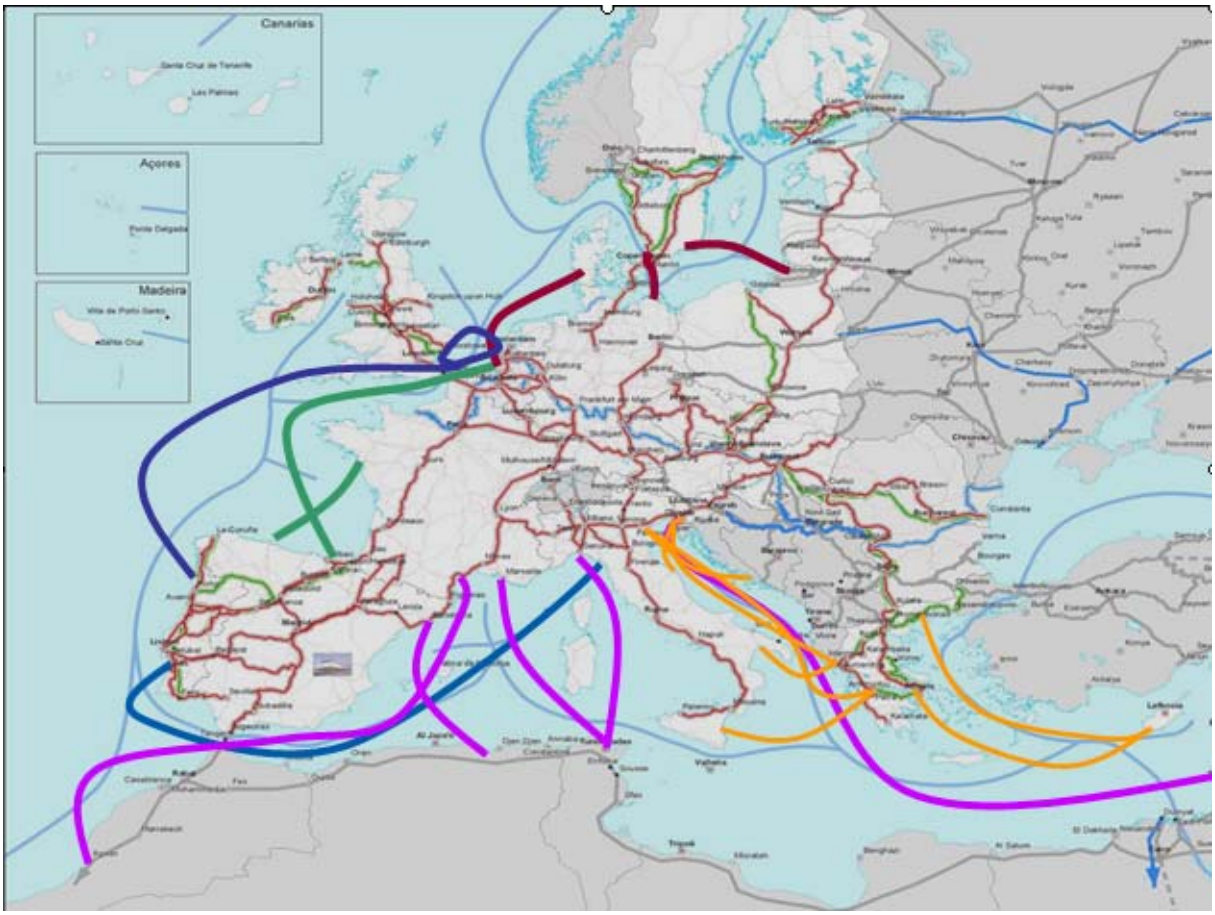


Figure 4. MoS projects in the European Union

Source: Paweł Stelmaszczyk: *Motorways of the Sea: Our joint opportunity!*

During the panel debate organized at the seminar *Baltic Motorways of the Sea* organized by the Baltic Ports Organization within the TransBaltic project, a few barriers were identified and discussed as main bottlenecks hampering the successful implementation of Motorways of the Sea projects in the Baltic Sea.

These barriers are:

The image of the MoS policy (as such) is not positive in the Baltic

When discussed among transport industry players (ports, shipping, and intermodal operators) the image of the MoS policy is not positive. In general, the MoS policy is seen as bureaucratic, not concrete, and not bringing benefits to the real businesses. There is a discrepancy between what policy makers wish to achieve by the MoS policy and funding programme as well as what potential beneficiary bodies think about the policy as such. Among the transport industry, awareness of the results of the MoS implementation is also very low.

In the opinion of industry players, more marketing and interactive communication between governing institutions and transport players (potential beneficiaries) in the Baltic Sea region is needed in order to change this image of the MoS policy. According to the opinion of one of the seminar's speakers, the Motorways of the Sea as a concept was not well-known in national rail and road administrations.

The MoS application process is complicated

Today there are two level application procedures for the MoS application: at first the MoS project must be approved by the relevant national ministries, and at the second level the MoS projects have to be approved by the appointed agency and finally by the EC. Involvement of at least two countries and two national ministries may create uncertainty since the decision process is influenced by national priorities and interests.

During the seminar "the development and harmonisation of national single windows" has been mentioned as a tool to reduce the administrative burden.

The application rules are not clear

The concept of MoS is more complicated than the other TEN-T priority projects so the special focus should be place into simplification of the programme priorities and application procedures.

The criteria of the MoS projects have been discussed by port managers. These criteria, especially proving the modal shift from road to sea have been questioned as they are not clear, and thus hampering interest on the general concept of MoS. There is also a competition issue when discussing potential MoS projects in the Baltic Sea. Such potential MoS projects face competition from other maritime links than from road transport. Therefore, the criteria of modal shift are even more difficult to prove in the Baltic Sea.

Project preparation is rather costly

As indicated by many speakers at the Seminar, the preparation phase of the application and administration of the project requires a lot of effort and it is a very man-power consuming process, therefore it is very costly. Moreover, project administration is either poorly funded or not funded in the project.

There is also a long period between delivery of the application and the final decision, which does not motivate ports to apply for MoS projects.

Geography of the Baltic Sea does not necessarily fit the MoS concept

Furthermore, geography of the Baltic Sea versus the general concept of the MoS policy was discussed. The Baltic Sea is an enclosed body of water and there are many shipping lines with cross-connections between ports on both sides of the sea. Thus, proving a modal shift in the transport pattern's structure is quite difficult. It is worth noting that the three MoS projects (see Chapter 4) already approved are located in the southern Baltic, none of the approved projects is located in another part of the Baltic Sea.

Opportunities and challenges of the MoS Policy

Furthermore, during the debate (as a part of the Seminar), opportunities and challenges of the MoS Policy were discussed.

Recently, the Motorways of Sea policy, together with other transport policies, e.g. the TEN-T and Marco Polo policies, is under a revision process led by the European Commission. During the TransBaltic Seminar the European Commission's view on the future MoS programme was presented Mr. Paweł Stelmaszczyk, Head of Unit Logistics, Co-modality, Motorways of the Sea and Marco Polo, DG Mobility and Transport. The view of the European Commission is presented in detail in Chapter 6.

Swedish Maritime Administration, at the Seminar represented by Mr. Magnus Sundström, Director, Transport Policy and International Co-operation Division, indicated the necessity to implement so-called horizontal projects of wider benefits. Horizontal MoS projects should focus on a reduced administrative burden (e.g. development and harmonisation of national single windows, Eco-efficient e-Navigation (e.g. optimisation of maritime routes), improved environmental performance (e.g. studies and pilot projects on LNG, impact assessments of actions to reduce emissions from shipping)[16]. Swedish Maritime Administration will apply for MoS funding for horizontal projects in the future.

As can be seen from the seminar presentations and debate, the biggest challenge to the MoS policy in the Baltic Sea is to revise the MoS policy in such a way that there will be more MoS projects approved in the Baltic Sea. As a consequence, it will avoid losing the competiveness of the maritime sector in the region compared to other EU regions.

As was indicated in Chapter 4, the number of Baltic MoS projects is very low compared to other EU regions. Thus, the Baltic Sea has been receiving less EU funds for maritime infrastructure comparing to other regions of the EU. By receiving less EU support, the Baltic region and its transport infrastructure are losing their competiveness. In the opinion of Baltic ports a level playing field should be kept all over Europe, thus the EU money stream within MoS funding procedures should be equally distributed throughout Europe. It leads to the conclusion that the Baltic Sea may require different modified criteria for MoS projects.

[16] Motorways of the Sea in the Baltic – the way forward, Mr. Magnus Sundström, Director, Transport Policy and International Co-operation Division, Swedish Maritime Administration, Seminar: Baltic Motorways of the Sea – barriers and challenges, 11 May 2010, Sopot, Poland.

6. Future activities concerning the MoS

The future challenges of European transport need a proper selection of policy aims and instruments created both on an EU and national level. Crucial elements influencing future transport in the EU are: growing an average age of population, migration and internal mobility, environmental challenges, increasing scarcity of fossil fuels, urbanization, global trends affecting European transport policy[17]. On the basis of the abovementioned elements, the following prospects for European transport development should be taken into account:

- continuing growth of cargo volumes and passenger traffic,
- gradual increase in environmental problems concerning transport externalities and the process of implementing the internalization concept,
- co-modality: increase of integration between modes of transport,
- continuing process of market liberalization and integration,
- further development of ICT systems.

All these elements concern the wide scope of transport modes. At the same time, an increase in competition between the modes is expected. In the case of maritime transport operation on the Baltic the following changes are predicted:

- More cargo and bigger vessels in service,
- Environmental impact of shipping,
- Growing importance of safety and security in seaports and on vessels.

Year 2010 is a special period for the European Common Transport Policy because the former main transport document *White Paper - European Transport Policy for 2010: time to decide* is at the end of be in force, so the next White Paper will have to be defined. According to assumptions, a new White Paper should be issued at the end of year 2010.

Simultaneously, key concepts of European transport development are planned to be revised, which include three policies: Trans-European Transport Network, Marco Polo and Motorways of the Sea Policy. It is planned that the following documents should be presented by the European Commission:

- Proposal on TEN-T Guidelines (Spring 2011),
- Proposal on Marco Polo (mid 2011),
- Document on Motorways of the Sea (exact data are not indicated).

All actions are planned to be provided simultaneously, so proper integration between these policy areas should be achieved. As far as MoS policy is concerned, four areas will be under consideration during the revision process:

1) Scope of MoS,
2) Redefining the MoS concept,
3) MoS funding, and
4) Monitoring of the MoS implementation process and practical effects.

Today MoS traffic focuses on the ro-ro cargo and container business. Such kind of limitation restricts the possible areas of MoS development. It concerns both passenger traffic (strictly connected with ro-ro ferry traffic) and bulk cargo (served by universal technology). MoS solutions could improve the environmental aspect of such kind of transfer. An important issue is also the

[17] *A sustainable future for transport.* DG TREN 2009.

international scope of MoS (TEN-T requirements) but in some cases national traffic could also be served in a better way by the vessels (passengers or cargo).

Redefining the MoS concept is connected with improving market orientation of the MoS system. The concept should provide answers for the challenges of the contemporary European transport market in a better way. On the other hand, the utilization of the MoS support should be easier. For this reason, the establishment of a single MoS concept with clear criteria of evaluation is necessary but the regional characteristics should be taken into consideration (e.g. Baltic Sea). The other issue is the spatial discretionarily of MoS projects. The connection between TEN-T priority axes and MoS development should be considered.

A crucial issue concerning the MoS is funding priorities. It should be considered that if today's regulation does have a proper structure (infrastructure, facilities, studies). Such elements like seaports hinterland connections or utilization of soft (smart) infrastructure should be considered. Development of logistics supply chains based on the MoS needs to improve different kinds of infrastructure or amend transport services on land (rail or even road). On the other hand, the critical issue is the attitude towards future effects of the MoS implementation. Thanks to TEN-T and Marco Polo support, the services offered to seaports and shipping operators could be extended.

The crucial element of evaluating MoS proposals is the scale of modal shift (especially in Marco Polo). Despite the influence on the level of externalities considered during the evaluation process, this element should become the main point of assessment. Thanks to that, an environmentally friendly transport solution could replace the others, even in the framework of one mode of transport (an old vs. new ferry).

The problem concerning funding procedures is also a fragmentation of the financial sources (TEN-T, Marco Polo, Cohesion Funds, etc). The possibility of creating a single fund for MoS should be taken into account. That solution could facilitate the application for complex and complete transport solutions based on the MoS. Such kind of initiatives should also be able to be supported by states or other sources of funding (e.g. EIB).

Monitoring of projects is the last area of the MoS concept revision. Today, the core issue assessed in the monitoring procedure is financial elements and the volume of cargo transshipped by the MoS service. The scope of analysis should be improved by other quantitative and qualitative elements. The question of market penetration (market share, possible competitiveness), efficiency of gains (financial and economic analysis of the investment efficiency), safety and security (the real influence on transport safety), social conditions (keeping the rights of workers) or environmentally efficient procedures (limitation of externalities, carbon footprint) are the best examples of qualitative incentives. At the same time, such qualitative elements like easiness of use (customer-friendly solutions), influence on the mode of competitiveness or fulfilment of transport policy priorities. The last question concerns the scope of monitoring. Monitoring should focus on particular projects or analyze the interactions between the MoS projects in the framework of the MoS network.

7. Summary and recommendations

According to the EU concept Motorways of the Sea consists of several shipping line connections which are an extension of land routes. MoS should substitute land transport and resolve bottleneck problems on the roads. The main elements of the MoS concept are: shipping connections, sea ports, regulation and coordination issues.

Funding sources for MoS projects have been defined by EU institutions: TEN-Regulation and TEN-T Guidelines (TEN-T fund), Marco Polo programme, Regional funds (Cohesion funds, FEDER, INTERREG) and in addition, the National State Aid. TEN-T funding has been applied for by Member States (Infrastructure), Marco Polo funding by companies (service), EU-Regional funds by Regional or Member States (infrastructure). Actually, the crucial importance in MoS concept development is TEN-T and Marco Polo funding.

The Baltic Sea is almost the inner sea of the European Union. Therefore, it has a significant position in the process of spatial integration of the EU. The main element of integration is obviously a transport system and as a consequence, the MoS policy has a special role to play in the Baltic.

So far, there have been three MoS projects in the Baltic Sea financed by the TEN-T fund approved by the EC and now under realization. These projects are:

- Baltic Link MoS Project Gdynia-Karlskrona
- MoS Project: High - Quality Rail and Intermodal Nordic Corridor – Königslinie (Trelleborg-Sassnitz)
- MoS Project Klaipėda-Karlshamn Link

The number of MoS projects in the Baltic is rather low (3) comparing to the rest of Europe (about 20). The low number of MoS projects in the Baltic Sea further leads to unbalanced distribution of EU money supporting transport infrastructure in the Baltic. This situation causes a disadvantaged position of the Baltic transport system compared to other EU regions and it may lead to the region losing its competiveness on a European scale.

During the Seminar: Baltic Motorways of the Sea – barriers and challenges, a few barriers hampering the successful implementation of Motorways of the Sea were identified. These barriers are:

- the image of the MoS policy is not positive in the Baltic,

- the MoS application process is complicated,

- the application rules are not clear,

- the project preparation is rather costly,

- the geography of the Baltic Sea does not complement the MoS concept.

The Motorways of the Sea policy, together with other transport policies, e.g. TEN-T and Marco Polo policies, is under a revision process led by the European Commission. Discussion concerning the future of the MoS concept is directed towards four areas of changes: the scope of MoS, redefining the MoS concept, MoS funding and, monitoring of the MoS implementation process and practical effects.

One could assume that successful implementation of the MoS policy in the Baltic Sea needs its priorities and funding tools revised. Based on the outcomes of the Seminar: Baltic Motorways of the

Sea as well as well as on the general discussion about the future maritime policy in the EU, recommendations have been formulated.

Recommendations

Constrictive responses to the barriers listed above as well as to other more general transport policy problems should be taken into account during the revision process of the MoS policy. In particular, the following recommendations should be taken into account during the revision process of the MoS policy:

- More marketing and promotion in the Baltic Sea region is needed in order to change the image of the MoS concept and policy.
- More interactive communication between MoS governing institutions and transport players (potential beneficiaries) in the Baltic Sea region is also needed.
- The MoS concept should be more clearly described (programme documentation) and presented (programme promotion).
- The administrative burden should be reduced, e.g. requirements of providing specific and high quality documentation and studies. During the seminar "the development and harmonisation of national single windows" has been mentioned as one of the tools to reduce administrative barriers.
- The application rules should be clearer, especially regarding the modal shift. Redefinition of MoS priorities from modal shift calculations to external costs/improvement environmental performance calculations (e.g. qualitative development of a shipping service, technology/innovative development – engines, speed) should be considered. Moreover, the logistics efficiency as evaluation criteria should be considered in the evaluation process.
- Application procedures should not be too long to avoid high costs and uncertainty.
- During the revision process of the MoS policy, the geographical phenomena of the Baltic Sea should be taken into account. The following regional characteristics should be taken into consideration when defining the priorities for Baltic Motorways of the Sea: geographic (peripheral) location, technical (icebreaking), economic (imbalanced development of member states) and market (main traffic centres) issues. Moreover, proving a modal shift in the Baltic transport pattern with its many cross-sea links is quite difficult.
- Include other forms of transport services into the MoS concept (especially passengers – RoPax vessels) should be considered.
- An increase in the scope of financial support should be considered: Marco Polo's rules are not enough for shipping lines to create a new service (up to 35%), road services are still cheaper and faster.
- The appropriated and well-balanced stream of EU funding to the Baltic Sea region, when comparing to other EU regions, should be ensured.
- Horizontal projects of wider benefit should be prepared by the Baltic partners and financed by the MoS fund.

8. Appendix 1. Seminar Agenda

Baltic Motorways of the Sea - barriers and challenges

11th May 2010 Hotel Haffner, Sopot, Poland

Organized jointly by: TransBaltic & BPO

The main goal of the seminar is to identify the main barriers in applying the MoS concept to the Baltic Sea.

PROGRAMME:

Moderator: Bogdan Ołdakowski, BPO Secretary General

9:00 – 9:30 Welcome and introduction words:
Mr. Wiktor Szydarowski, Project Manager, TransBaltic Project
Mr. Julian Skelnik, BPO Chairman

9:30 – 10:00 Motorways of the Sea in the Baltic – will it work?
Mrs. Johanna Yliskylä-Peuralahti, Center for Maritime Studies, University of Turku

10:00 – 10:30 EU Maritime Policy and the role of MoS Policy – Where we are now?
Mr. Pawel Stelmaszczyk, HoU, DG TREN, European Commission

10:30 – 11:00 Coffee Break

Baltic case studies: Motorways of the Sea projects:

11:00 – 11:30 Motorways of the Sea project in reality - Karlshamn-Klaipėda in the East-West Transport Corridor
Mr. Anders Wiberg, Strategic Manger, Port of Karlshamn

11:30 – 12:00 Motorways of the Sea projects from the Klaipėda State Seaport Authority perspective
Mr. Arturas Drungilas, Marketing and Administration Director, Klaipėda State Seaport Authority

12:00 – 12:30 Karlskrona-Gdynia Motorways of the Sea Project
Mr. Per-Olof Löfberg, Co-ordinator of Motorways of the Sea project, Baltic-Link, Gdynia - Karlskrona

12:30 – 13:00 Motorways of the Sea in the Baltic – the way forward
Mr. Magnus Sundström, Director, Transport Policy and International Co-operation Division, Swedish Maritime Administration, Department for Transport Policy and Public Affairs

13:00 – 13:30 High Quality Rail and Intermodal Nordic Corridor – Königslinie
Mr. Roman Poersch, Project Consultant, Wilhelm Borchert GmbH

13:30 – 14:30 Lunch

14:30 Debate: Baltic Motorways of the Sea - barriers and challenges

- open call for MoS projects (2009-2013) - new opportunities
- are the ports, shipping lines, terminal and rail operators interested in a EUR 310 mln cake?
- why are there only a few project proposals in the Baltic?
- what makes the Baltic Sea unique in respect to MoS?
- what are the main barriers in applying the MoS Policy to the Baltic?
- polycentric pattern of MoS – concept for the Baltic

9. Appendix 2. List of participants

Name and Surname	Position	Company/Organization
Agnieszka Pawłowska	Editor	Baltic Transport Journal
Anders Wiberg	Strategic Manger	Port of Karlshamn
Andrzej Baron	Port Development specialist	Szczecin and Świnoujście Seaports Authority
Andrzej Gdula	Deputy Director	Ministry of Infrastructure
Aneta Wencel	Director of Shipping Policies	Polska Żegluga Bałtycka SA
Anna Paszek	Editor	Baltic Transport Journal
Artura Drungilas	Marketing and Administration Director	Klaipėda State Seaport Authority
Bengt Göran Svensson		Swedish Transport Administration, Borlänge
Bo Lingwall		Swedish Transport Administration, Borlänge
Bogdan Ołdakowski	Secretary General	Baltic Ports Organization
Curt Kristoffersson	Managing Director	Port of Umeå
Ernest Czermański	Director/Institute of Maritime Transport and Seaborne Trade	University of Gdańsk
Evelina Hansson Malm	Project Secretary - TransBaltic	Region Skåne
Feliks Pankau	Deputy Director	Office of the Marshal of the Pomeranian Voivodeship
Gert Nørgaard	Manager Management	Copenhagen Malmö Port AB
Hans Hakansson		Municipality of Karlskrona, Sweden
Jan Valeskog	Public Affairs Development	Ports of Stockholm
Jan Warchoł	President of the Board	Polska Żegluga Bałtycka SA
Janusz Jarosiński	President of the Board	Port of Gdynia Authority
Jarosław Siergiej	President, Managing Director	Szczecin and Świnoujście Seaports Authority
Johana Yliskylä-Peuralahti		Center for Maritime Studies, University of Turku
Julian Skelnik	Chairman	Baltic Ports Organization
Lech Michalski	Specialist/Regional and Spatial Development	Office of the Marshal of the Pomeranian Voivodeship
Maciej Matczak	Assistant Professor	Gdynia Maritime University, Actia Consulting

Magnus Oldenlburg		Swedish Enterprise Ministry, Stockholm
Name and Surname	**Position**	**Company/Organization**
Magnus Sundström	Director, Transport Policy and International Co-operation Division	Swedish Maritime Administration, Department for Transport Policy and Public Affairs
Marek Heinrich	Project-Member	Technical University of Berlin
Marta Friedrichowicz	BPO Office Assistant	Baltic Ports Organization
Michał Ostrowski	Project Coordinator	Office of the Marshal of the Pomeranian Voivodeship
Mikael Castanius	Manager Port Affairs	Ports of Sweden
Ney Thomas	Infrastructure Strategist	Region Skåne
Pär Aspengren		Alwex logistic Company, Växjö
Pawel Stelmaszczyk	Head of Unit	DG TREN, European Commission
Per-Olof Lofberg	Project Coordinator Motorways of the Sea project Karlskrona-Gdynia	Baltic-Link Association
Piotr Trusiewicz	Publishing Director	Baltic Transport Journal
Radomir Matczak	Deputy Director	Office of the Marshal of the Pomeranian Voivodeship
Roman Poersch	Project Consultant	Wilhelm Borchert GmbH
Sara Jakobsson	Deputy WP3 Manager	Region Västerbotten
Tadeusz Górecki	Councillor	Ministry of Infrastructure
Tatiana Regina	Department of Economic Development	Office of the Marshal of the Pomeranian Voivodeship
Tomasz Parteka	Director	Office of the Marshal of the Pomeranian Voivodeship
Tore Almlof		Municipality of Karlskrona, Sweden
Wiktor Szydarowski	Project Manager	TransBaltic Project
Wojciech Muchlado		Team Lines Polska