

Coastal Shipping and Combined Transport

**Report of the Roundtable held on
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Roundtable purpose


- ▶ To provide policy-makers with perspectives on key issues related to coastal shipping and multi-modal transport, including:
 - ▶ competition
 - ▶ decarbonisation
 - ▶ regional development



Recent trends in coastal shipping

- Increasing concentration
 - Market share of top 10 operators increased from 60% to 78% between 2006 and 2021
 - This mirrors similar increases in concentration in ocean shipping
 - Greater vertical integration across ocean and coastal shipping
 - Top 5 ocean shippers now all among top 10 intra-European shippers
 - Vertical integration also seen via integration of terminal and other logistics activities with shipping operations
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The broader context for coastal shipping

- Coastal shipping is part of a multimodal transport system
 - This includes road, rail, and inland waterway transport.
 - Ports are key nodes enabling this multi-modal system.
 - Some (e.g. Hamburg, Gothenburg), function as major rail interchanges
 - An essential factor is the ability to consolidating cargo from different port terminals in a well-located intermodal facility.
 - Coastal shipping has a key impact on regional development
 - Provides links to hub ports (hence, to global trade)
 - Especially important for islands (lack of modal choices)
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Competition issues

- The high level of concentration means competition concerns are substantial
- Restrictive maritime cabotage regulations underline the problem
 - These are typically adopted in pursuit of other policy goals
 - But frequently stifle competition, innovation and service quality.

Table 1. Countries that exclude foreign-flagged vessels from maritime cabotage

Access for foreign-flagged vessels?	Country
Fully excluded	Belgium, China, Colombia, Estonia, Greece, Indonesia, Lithuania, Slovenia, Türkiye, United States
Partly excluded	Australia, Brazil, Canada, Chile, Costa Rica, Finland, France, Germany, Israel, Italy, Japan, Kazakhstan, Korea, Malaysia, Mexico, New Zealand, Peru, Poland, Portugal, Russia, South Africa, Spain, Sweden, Thailand, Viet Nam
Not excluded	Denmark, Iceland, India, Ireland, Latvia, Netherlands, Norway, Singapore, United Kingdom



Competition issues (2)

- Competition authorities face challenges monitoring & promoting competition, due to:
 - The global scale of the industry
 - Associated data problems
 - Lack of resources
 - Lack of specific mandates
- The result is that many states have found it difficult to liberalise maritime cabotage regulations
 - Despite recommendations from numerous international organisations (e.g. UNCTAD)



The challenge of decarbonisation

- Maritime transport is a “hard to decarbonise sector”
- But characteristics of coastal shipping (e.g. shorter distances) mean it could serve as a testbed for zero/low-emission marine technology
- Several technologies have previously been pioneered in coastal shipping, e.g:
 - LNG-propelled vessels
 - Biofuels
 - container shipping
 - steam power



The challenge of decarbonisation (2)

- Coastal shipping is emerging as a frontrunner in low carbon technologies
 - e.g., electrification and alternative fuels like methanol
- But widespread adoption requires major investments in:
 - Port facilities (e.g., for refuelling & charging infrastructure)
 - Vessels



The regional impact of coastal shipping


- Decarbonisation could transform the regional development potential of coastal shipping.
 - It will change the demand for maritime transport and lead to a global shift in energy flows.
 - Green energy production for alternative ship fuels could be a development opportunity
 - for regions with renewable energy generation potential
 - Demand for shipping fuels could complement local energy demand, supporting investments in renewable energy production.
 - Alternative refuelling facilities could attract shipping activity that could drive exports (e.g., in renewable energy transport).
 - Several countries and ports, including Egypt and the port of Rotterdam, are positioning themselves in this area.
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Recommendations

Strengthen the ability of competition authorities to monitor and undertake enforcement activity in the maritime sector.

- Stronger competition monitoring & enforcement could help liberalise cabotage
 - Better identifying cases where cabotage has stifled innovation & service provision, raised prices &/or reduced availability of services helps make the case for change.
- More international coordination between regulators is needed, to address abuses of market power, including in coastal shipping.

Reform cabotage regulations


- Where retained, they could be used to promote economic development & decarbonisation
 - EG: Exemptions from cabotage restrictions for zero-emission ships, or other measures that use maritime cabotage regulation to decarbonise shipping fleets.
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Recommendations (2)

Governments should include coastal shipping in their decarbonisation strategies

- Given the size of the sector, and its hard-to-decarbonise nature, it is of key importance
- Include shipping in NDCs.
- Help stimulate demand for zero-emission shipping through procurement, subsidies or tax reform (e.g. fuel subsidies)

Support the sector's decarbonisation efforts by reducing investment uncertainty

- Enhance incentives for the decarbonisation of shipping, by adopting higher ambitions at the IMO level.
 - Increase commercial viability of zero-emission shipping by supporting global carbon pricing in shipping, & a global fuel standard, to provide guidance on the sector's decarbonisation trajectory
 - Spell out policies on subsidising supporting infrastructure (e.g. refuelling/charging equipment)
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Recommendations (3)

Utilise the regional development potential of coastal shipping

- Ports, regions and other stakeholders should align their strategies and planning to grasp the regional development potential of shipping.
- Regional and local governments can facilitate port strategies by:
 - Appropriate zoning and land use planning in port areas,
 - creating networks of relevant stakeholders;
 - enabling pilots and experiments.



Thank you