



ECSA

European Community Shipowners' Associations

Transatlantic Trade & Investment Partnership (TTIP)

TTIP: opportunities for the European shipping industry

*Statement by ECSA Secretary General Patrick Verhoeven at the
TTIP Stakeholder Event – Brussels, 16 July 2014*

1. With 90% of all goods transported by sea, shipping is the backbone of today's globalised economy. European shipowners enjoy a leading position in this global market, controlling 40 % of the world's fleet. For container and roro vessels, this even amounts to 60%. Our strongest growth lies in the offshore sector, where our share in the world fleet increased from 28% in 2005 to 37% in 2014. The EU can boast of the world's largest fleet, but also of some of the world's biggest shipping nations with long and proud maritime traditions, as well as of some of the largest and most renowned and innovative shipping companies.
2. As European shipowners, our homeport is Europe, but our fleets trade most of their time outside Europe. This is why liberalisation of global trade is so essential and it explains why we very much welcome the TTIP talks. We hope they will lead to an ambitious transatlantic agreement, including clear commitments on shipping. Given that time is short today, we will not present our entire 'shopping list' for the negotiators, but focus on some of the main suggestions we have.
3. We consider market access and legal certainty key elements of the TTIP negotiations. Whilst European shipowners can enjoy the largely liberalised international shipping market in the US and vice-versa, this free market access is based on national and regional legislation, as well as international practice. It would greatly serve legal certainty if these existing levels of market access would be inscribed in a bilaterally binding agreement. TTIP could in that respect also set the scene for a global agreement on liberalisation of services, in the context of the Trade in Services Agreement (TISA) and, ultimately, a WTO agreement.
4. Our main and primary concern is the liberalisation of international maritime transport services. Restrictions on domestic cargoes, so-called cabotage rules, still firmly exist in the United States. This results from Section 27 of the Merchant Marine Act of 1920, better known as the 'Jones Act'.

5. Whilst it is true that restrictions on pure domestic cargoes may not constitute a prime barrier to international maritime trade, the Jones Act does have implications for the delivery of international cargo. Today's reality of optimising logistics operations, transport patterns and increased ship size, means that very often international cargo must be transhipped from one vessel to another, often smaller, vessel, in order to reach its end destination. Under the Jones Act, feeding of international cargo is currently restricted. The same goes for international relay of cargo. We would therefore welcome ways to grant full access for international carriers to engage in such operations. We believe that transport between US ports of cargo with an international bill of lading or comparable international transport document should not be qualified as 'cabotage' and should therefore not fall under the restrictions of the Jones Act.
6. Another major area where we see potential for greater market access regards offshore and dredging services. Offshore vessels do not actually transport 'merchandise' or 'passengers' and this could create possibilities for non-coastwise-qualified vessels to operate in US waters. On dredging, we fully support the proposals made by our colleagues of the European Dredging Association (EuDA).
7. Finally, we would make a plea for more flexibility as regards transport of empty containers and the establishment of more frequent individual and industry waivers to the Jones Act as well as more flexible and clearer procedures to obtain them. An industry waiver for transport of shale gas and crude oil could for instance be considered.
8. The maritime chapter of TTIP should not just focus on market access restrictions. There are several other fields where progress can be made, for instance in the field of administrative procedures, performance of standard work on board vessels and security procedures. The latter is especially a problem for our crews. Severe security measures in US ports make it virtually impossible for them to work on the quayside, assisting in loading and unloading operations, therefore creating a potential safety issue. To go on shore for rest and recuperation purposes is also a real bottleneck, making the seafarer profession far less attractive.
9. In conclusion, we support work towards a TTIP that will stimulate EU-US trade and will send an example for international trade liberalisation. Shipping services should not be neglected as they constitute the backbone of international trade, providing new opportunities for both the US and the EU.