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COMMUNICATION FROM THE COMMISSION

Ports: an engine for growth

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COMMUNICATION FROM THE COMMISSION

Ports: an engine for growth

1. INTRODUCTION

The Union is highly dependent on seaports for trade with the rest of the world and within its Internal Market. 74% of goods imported and exported and 37% of exchanges within the Union transit through seaports. Ports guarantee territorial continuity of the Union by servicing regional and local maritime traffic to link peripheral and island areas. They are the nodes from where the multimodal logistic flows of the trans-European network can be organised, using short sea shipping, rail and inland waterways links to minimise road congestion and energy consumption.

The 2011 White Paper on Transport and the Single Market Act II emphasise the need for well-connected port infrastructure, efficient and reliable port services and transparent port funding. The availability of adequate port infrastructure, good performance of port services and a level playing field are vital if the Union is to remain competitive in the global markets, improve its growth potential and create a more sustainable and inclusive EU transport system to underpin the internal market.

When faced with the challenge of a fully integrated transport network, the Union's port system is confronted by structural performance gaps. Investments are needed to adapt port infrastructure and facilities to suit new transport and logistics requirements and absorb the expected growth of cargo for the next decade during a time of scarce public funding. If nothing is done an opportunity will be missed to increase options available to transport operators and shippers and create growth and jobs in coastal areas and across the Union as a whole.

This Communication reviews the European Port Policy and builds on the progress achieved. It accompanies and supplements a proposal for a regulation of the European Parliament and of the Council establishing a framework on market access to port services and financial transparency of ports. It identifies eight additional set of EU actions needed to further unlock the potential of ports. This revised European Port Policy covers the trans-European transport network seaports, which account for 96% of freight and 93% of passengers transiting through ports in the Union.

2. CHALLENGES

In its Communication on the European Port Policy in 2007¹, the Commission identified the main causes of the challenges faced by the sector. These related to threats on port performance and hinterland connections, the need to modernise ports while respecting the environment, the lack of transparency in the use of public funding, market access restrictions and issues on the organisation of labour in ports.

The approach taken in 2007 was to address these issues by means of horizontal instruments and soft measures on the access to the market of port services and financial transparency. Since then, some progress has been made and a number of developments have taken place, in particular:

¹ COM(2007)616

- In 2011, the Commission adopted a proposal for a Directive on Concessions². This proposal applies to concession contracts granted in ports, although some form of awarding contracts such as land leases are not covered.
- The Commission has proposed new guidelines for the development of the trans-European network (TEN-T)³ and the Connecting Europe Facility (CEF)⁴ which provide a common planning tool for more targeted investments while widening the possibilities for EU financial support.
- In the context of the European Semester, the economic crisis has led some Member States to introduce reforms of their port sector. These vary in scope and efficiency and have primarily been shaped by the need for fiscal consolidation.
- The Court of Auditors found in 2012 that Structural Funds invested in EU port facilities have limited added value if they are not connected as multimodal nodes to the trans-European, national and regional transport networks.

Admittedly, the soft measures proposed in 2007 on a fair market access and on transparency have had little or no impact. There is no single level playing field for the sector and the interventions at national level since then paradoxically threaten to fragment the internal market even more. Consequentially, most of the issues identified in 2007 are still relevant today. EU ports have yet to take on fully their role as enablers for growth and multimodality.

Structural performance gap between ports

Ports are the main gateways to the trans-European network. The EU requires ports well developed and efficient by international standards in all its maritime regions. While some European ports are among the most performing ports in the world, other ports continually underperform or are in structural decline⁵. Those ports restrict the economies of both the regions they serve and the Union as a whole. This structural performance gap reduces options available to EU and international maritime and logistic operators. Today, 20% of the goods coming to Europe by sea pass through just three ports. High performing ports cannot optimally develop their maritime connections with other EU ports, increasing the risk of congestion in their hinterland, in particular road congestion, to the detriment of citizens living there. The structural gap threatens the development of short sea shipping as an alternative to saturated land routes.

In 2011 EU ports handled 3.7 billion tonnes. According to the latest projections in a low growth scenario, it is estimated that volume will increase by 50% by 2030⁶. All ports across the trans-European network will be needed to help accommodate this growth.

Need for ports to adapt to new requirements

The challenges faced are exacerbated by the fact that the sector is continually evolving and has the potential to make existing port infrastructure obsolete or require significant upgrade. Changes include:

- Increased size and complexity of the fleet, in particular ultra-large container ships, new types of Ro-Ro ferries and gas-carriers. For example, a leading European shipping line has ordered 20 ships for 2015 with a capacity of 18,000 Twenty Foot

² COM(2011)897

³ COM(2011)650

⁴ COM (2011)665

⁵ SWD(2013)181

⁶ SWD(2013)181

Equivalent Units (TEU). This is the equivalent of a continuous lane of heavy goods vehicles from Rotterdam to Paris.

- Stricter requirements on environmental performance and alternative fuels (e.g. cold ironing⁷ and LNG). The Commission's Clean Power for Transport initiative and the proposal for a Directive on the deployment of alternative fuels infrastructure⁸ requires that all maritime ports of the TEN-T Core network are equipped with LNG refuelling points according to common technical standards by 2020.
- Trends in the fast growing cruise industry and in logistics and distribution systems have led to an increased need for value added services within the area of the port; and
- Significant developments in the energy trades, with a shift from oil and refined products towards gas; a need for significant gasification facilities in ports; potential volumes of dry biomass and CO₂ transport and storage.

These changes put pressure on infrastructure and investments including the extension of berths, quays, locks, deepening of basins and canals and reconfiguration to enable manoeuvring of larger ships. Ports require new facilities such as cranes, new passenger terminals, new operational procedures and good sequential or parallel coordination of the different services provided by the port actors inside the port and outside the port in the context of door-to-door logistics. Moreover, ports are important critical infrastructures, as key service providers to the entire economy, and a possible gate for unlawful trades concerning drugs, weapons, counterfeited goods and even CBRN⁹ materials Security concerns will have to be continuously addressed in an appropriate manner¹⁰. Overall, ports will need to invest in order to meet all these technological, industrial, safety, security, environmental and climate change challenges.

A European challenge

EU ports, and especially the ports of the trans-European network, service a hinterland and a catchment area which go beyond their local and national borders. They are vital to the functioning of the European Union: approximately one out of every two tonnes of volume handled in ports comes from or goes to, by sea or land, a Member State which is different from the one of the port in which the goods transit¹¹. The trans-European network is only as strong as its weakest link, so ports must perform well across the board. The absence of a fair level playing field ensuring consistency with the principles of the internal market in the port sector is at the core of the structural performance gap between ports.

Diversity of governance models and ownership structures is an important feature of the European port system, with no two ports operating in exactly the same way. The European Port Policy respects that diversity and does not seek to impose a uniform model for ports.

⁷ Use of shore-side supply of electricity by ships while calling

⁸ COM(2013)17 and COM (2013)18

⁹ N.B. Chemical, Biological, Radiological, and Nuclear

¹⁰ Under the terms of Directive 2005/65/EC and of Regulation 725/204, the Commission in cooperation with the Member States, carries out inspections to monitor the application of relevant security measures in EU ports

¹¹ Resulting from trade between Member States and trade between a Member State and a non-EU country through another Member State.

3. STRATEGY

After a long and detailed consultation process¹², the Commission has come to the conclusion that the review of port policy should pursue the following actions to address the issues raised above. The EU strategy is founded in the principle of avoiding unnecessary interferences with ports that perform well, helping ports lagging behind to implement good practices and sound managerial approaches while fully respecting diversity and particular circumstances.

3.1. Connect ports to the trans-European network

More integrated infrastructure planning, consistent investment strategies and efficient EU funding will be possible in 2014-2020 under the new TEN-T guidelines, the Connecting Europe Facility and the new approach of the Structural Financial Instruments.

Use of the new TEN-T planning instruments

The new TEN-T guidelines have identified the multimodal core network on the basis of an objective methodology¹³. Ports play an important role in this methodology, as they define nodes which are connected by multimodal core links.

The TEN-T proposal includes 319 ports, 83 in the core network and 236 in the comprehensive network. The new core network corridors are the tools which will help develop the core network by 2030 and they start or end in core ports¹⁴. Maritime transport infrastructures of the TEN-T have certain requirements, in particular:

- Connection of TEN-T ports with railway lines, roads and, where possible, inland waterways;
- Availability of at least one terminal in the port open to all operators in a non-discriminatory way and applying transparent charges; and
- Adequacy of sea canals, port fairways and estuaries for connecting adjacent seas or providing access from the sea to maritime ports.

Core TEN-T ports also have to ensure that alternative clean fuels are available in their ports.

Action 1

Particular consideration will be given to projects corresponding to investments identified in the future corridor development plans to be defined by the Coordinators within corridor structures in 2014 as foreseen in the guidelines for the development of the TEN-T.

In the governance of corridors which will be set-up in the framework of guidelines for the development of the TEN-T, ports will be encouraged to act as enablers of inter-modality, for instance by taking the necessary arrangements in order to provide information on traffic flows allowing the better organisation of intermodal logistics.

Target EU funding

Until now, due to a lack of prioritisation and clear criteria EU funding for ports has lacked focus and insufficient attention has been given to the coordination with hinterland access infrastructure.¹⁵

¹² For more details see SWD(2013)181 impact assessment

¹³ See http://ec.europa.eu/transport/themes/infrastructure/doc/web_methodology.pdf

¹⁴ The alignment of the corridors is proposed in the Connecting Europe Facility (COM(2011)650)

¹⁵ From the TEN-T budget €244.6 million was granted to ports from 2007 to 2012, approximately 4% of the total TEN-T budget available. Of this, 58% was devoted to develop port capacity, 27 % to develop

In order to be eligible for funding for the period 2014-2020¹⁶, the regulation establishing the Connecting Europe Facility (CEF) requires ports to belong to the core network or to a Motorway of the Sea linking a port to the core network. It also places importance on the robust cost/benefit analysis of projects. Finally, it introduces new financial instruments like risk-sharing instruments and enhancement mechanisms to project bonds which may be of particular interest to public-private partnerships in ports.

The Commission is considering other elements on which to base its funding in the port sector. Firstly, it will follow up on the recommendations of the European Court of Auditors¹⁷ and check that efficient connections to the European, national and regional levels exist or are planned.

When allocating EU support, in particular under CEF, the added value of the project for attaining the objectives of the EU Transport Policy will be taken into account, including the rules on sound use of scarce public resources and respect of the Single Market core values.

Action 2

Attention will be given to projects which contribute to the coordinated development and management of ports, rail and inland waterways infrastructures and those which enhance port and shipping environmental performances.

The Commission will consider whether to propose to take into account issues such as early application of the provisions set out in the Regulation proposed in parallel to this Communication¹⁸, the quality of the social climate, and if the port has an environmental management strategy.

In partnership with the Member States, the Commission will strengthen the alignment of transport projects funded under the Structural and Cohesion Funds with the TEN-T, promoting priority to projects concerning port access and hinterland connections. The wider impact on the distribution of traffic between ports will be considered. The same approach will be taken with other sources of EU funding, such as loans available through the EIB and other EU lending facilities.

3.2. Modernise port services

Optimisation of port services and operations would result in a number of TEN-T ports being able to handle or attract more cargo and passengers and obtain significantly higher performance with the existing infrastructure, thereby reducing the need for funding.

Fair market access

The quality and efficiency of port services are essential for the overall performance of the port. Typically¹⁹, total port costs can account for a significant fraction of the total costs associated with the logistics chain. For some trades in traditional ports, costs of ports and ports terminal operation may exceed 30% of the total door-to-door logistic costs. In terms of

access to the hinterland and 15% to green technology. As regards cohesion funding, the Court of Auditors has been particularly critical of the lack of coordination with hinterland access.

¹⁶ Commission has presented its proposals for the 2014-2020 Financial Framework in June 2011 (COM(2011)500). Negotiations on the Multiannual Financial Framework are on-going. The funding will be covered within the financial envelopes agreed by the budgetary authority and the relevant legislative acts.

¹⁷ Special Report No 4 of 2012 of the European Court of Auditors: "using structural and cohesion funds to co-finance transport infrastructures in seaports: an effective investments?"

¹⁸ In particular the provisions applying as from 1 July 2025.

¹⁹ There are important variations depending on the port, type of trade, etc. See SWD(2013)181 Impact Assessment.

internal reparation of costs, port infrastructure charges represent between 5-10%, technical-nautical services between 10-15%, cargo-handling between 45-60% and other charges and ancillary services between 10-30%. Historically, port services have operated within frameworks characterised by exclusive rights or *de facto* monopolies of a public or private nature. Restrictions to the freedom to provide service are acceptable only when justified by objective reasons, such as the lack of space in ports or reasons of public service, and as long as they do not lead to abuses and are compliant with the TFUE. However, in such cases the providers of port services should be designated according to a procedure which ensures transparency, equal access and an efficient use of public resources.

The Regulation proposed in parallel to this Communication, which shall apply without prejudice to the Directives on Concessions and on Public Contracts, establishes the freedom to provide services in ports, except for cargo handling and passenger services. In cases of a limitation in the number of providers of port services, the provider shall be designated after an open, transparent and non-discriminatory procedure. The provision of port services by in-house operators, i. e. the port authority or the administration is only authorised in case of public service obligations. In such cases, internal operators are confined to provide services to their port system.

The port sector is a global business. The EU and its Member States have already made commitments via international agreements to open up market access to port services on fair and reciprocal basis. The Commission will monitor that it does not lead to a loss of control over EU strategic interests and will seek to promote a reciprocal market access with third countries.

Action 3

For cargo-handling and passenger terminal concessions, the Commission will ensure that the horizontal Directives on Concessions (soon to be adopted) and Public Contracts²⁰ are effectively applied. This should cover a part of the existing contractual arrangements between port authorities and port service providers and lead to a competitive and transparent award of port services. For contracts not covered by the Directives on Concessions and on Public Contracts, potential breaches of Treaty principles on transparent procedures and fair treatment as interpreted by the Court of the EU will be pursued by the Commission on a case by case basis.

The future Regulation on the access of third-country goods and services to the Union's internal market in public procurement proposed by the Commission in 2012 will be used as a lever to facilitate the negotiation of reciprocal access to non-EU markets for EU-based global players.²¹

Supervision of price and quality

If a port services provider operates under exclusive rights, there is a risk of market distortion, to detriment of its customers and/or competitors. Typical abuses are, e.g. discriminatory conditions, excessive and or predatory pricing practices and/or the refusal to supply to certain users of port services.

²⁰ Proposal for a Directive on the award of concession contracts (COM 2011) 897 final and Directive 2004/17/EC coordinating the procurement procedures of entities operating in the water, energy, transport and postal services sector and Directive 2004/18/EC on the coordination of procedures for the award of public works contracts, public supply contracts and public service contracts.

²¹ COM(2012)124 final, proposal for a Regulation on the access of third-country goods and services to the Union's internal market in public procurement and procedures supporting negotiations on access of Union goods and services to the public procurement markets of third countries

The Regulation proposed in parallel to this Communication introduces common rules to ensure supervision by an independent authority of the port service charges levied by operators which have exclusive rights and which have not been designated through a procedure which is transparent and non-discriminatory.

In addition, port activities that constitute economic activities are subject to competition rules. Agreements that restrict competition and abuses of dominant position, as defined in Articles 101 and 102 TFEU respectively are prohibited. The Commission and national competition authorities may therefore assess the conduct of providers of port services operators.

Administrative simplification in the ports

The Commission has repeatedly recalled that administrative burden reduces the attractiveness of a port and affects its overall performance. The problem is particularly concerning intra-EU short sea shipping which must compete with other transport modes that are not subject to the same controls. In recent years, a number of EU initiatives to reduce red-tape in ports have been put in motion, such as the rationalisation of ships' reporting formalities to ports applicable since 19 May 2012. Those initiatives should be pushed forward and further supplemented for achieving bottom up, networked and consumer-driven port services.

Action 4

The Commission will further develop its initiatives on:

- *"Blue Belt" which aims at reducing the administrative burden for EU goods carried by vessels sailing between EU ports, to a level that is comparable to that of other transport modes, including by further simplifying customs procedures. This initiative is also a key action under the Single Market Act II²²;*
- *the further harmonized and coordinated implementation of Directive 2010/65/EU²³ by establishing guidelines on the "national single windows", due to be operational at the latest by 1 June 2015 ;*
- *"e-maritime" initiative to promote the use of electronic information for the reduction of administrative burden and doing business; and*
- *"e-Freight" initiative which aims to facilitate the exchange of information along multimodal logistics chains and which will contribute to improve port efficiency as ports are important multimodal platforms.*

The Regulation proposed in parallel to this Communication introduces new legal provisions to encourage the dialogue between the port's stakeholders (users, service providers, authorities, workers) and help achieve effective implementation of the actions mentioned above.

3.3. Attract investment to ports

Funding and financing transport infrastructure and facilities is one of the key challenges for the EU transport network in the years to come. Attracting both public and private funding requires a simple and clearly defined framework.

Transparent funding in ports

²² COM(2012)573 final of 3 October 2012

²³ Directive 2010/65/EU of the European Parliament and of the Council of 20 October 2010 on reporting formalities for ships arriving in and/or departing from ports of the Member States and repealing Directive 2002/6/EC.

The lack of transparency of public funding in ports creates uncertainties for investors looking to invest. To tackle this issue, the Regulation proposed in parallel to this Communication will introduce rules ensuring the transparency of financial relations between the public authorities and the port authorities. Greater financial transparency will also ensure a level playing field.

Clarify State aid rules

There are many reasons why a Member State may decide to give public funds to ports: for regional development purposes or for addressing market failures in cases where important port services present little interest for operators acting under market conditions. However, a pre-requisite for ensuring the sound use of Member State resources and avoiding unjustified competition distortions is the respect of the applicable State aid rules.

Action 5

The Commission is currently engaged in the modernisation of its State aid rules for all economic sectors. In this context, the Commission will clarify the notion of aid by the end of 2013 as regards to the financing of infrastructures, in particular in view of the evolving case law of the Court of Justice²⁴.

More efficient port infrastructure charges

Efficient pricing is a prerequisite to efficient port infrastructure investments. As a step towards more efficient pricing, the Regulation proposed in parallel to this Communication introduces a degree of autonomy enabling Port Authorities to establish the structure and level of port dues according to their own commercial and investment strategy. It is vital that prices are transparent and applied without discrimination.

International dimension

Some European ports have concerns about unfair competition from ports in third countries, in particular those close enough to provide competing transshipment services. The Commission remains convinced of the need for enhanced cooperation with neighboring countries, in order to achieve a sustainable transport system benefiting all EU partners based on the core principles of fair competition, transparent use of public funds and fiscal instruments and respect of social and environmental standards.

3.4. Promote the Social Dialogue

EU Ports employ more than 3 million people (directly and indirectly). Economic research has directly linked growth in port throughput with the creation of jobs in surrounding regions.

To succeed and adapt to the changing demands on the workforce, ports must offer good working conditions and improve the quality of the working environment to attract skilled personnel. Industrial disputes that affect relations may damage the image and competitiveness of ports and should be dealt with proactively. Good social climate and genuine social dialogue between the concerned parties is required.

Social Dialogue

Both the day-to-day efficiency and the long-term dynamics of port competition are influenced by the port labour regime. Depending on the type of terminal, port labour can represent a significant share of the operational costs for terminal operators.²⁵

²⁴ Cf case T-443/08 "Leipzig-Halle"

²⁵ 15%–20% at dry bulk terminals; 40%–75% at general cargo terminals

In 16 Member States, as is the case in other sectors, port labour regimes depart from general labour law²⁶. In some cases, those regimes may place restrictions that have an effect on the creation of new jobs or undermine the working environment in the port.

After a prolonged negotiation process, the social partners of the port sector have asked for the creation of a port sector Social Dialogue Committee in line with the competences recognised in the Union by Article 152 of the TFEU²⁷. This is the first time that such a dialogue has been requested in the sector and will allow for key issues, including those that may lead to contractual relations to be addressed. If the social partners so desire, they may then request jointly that agreements concluded by them at Union level be implemented by a Council decision on a proposal from the Commission in accordance with Article 155(2).

At this stage, the Commission does not propose to introduce particular provisions on port labour regimes. It should be stressed that the Social Dialogue at Union level supplements but does not replace social dialogue at national, local and corporate levels.

Action 6

In line with Articles 151 and 154 of the TFEU, the Commission is willing to facilitate the Social Dialogue at Union level by providing technical and administrative support. The EU social partners have already agreed rules of procedures and an open joint work programme and expect the Committee to be formally established on 19 June 2013.

While respecting the autonomy of the social partners, the Commission expects that the EU social partners will be in the capacity to tackle issues related to work organisation and working conditions.

The Commission in coordination with all the EU social partners foresees a review in 2016 that will assess the functioning and progress of the European Social Dialogue for the ports sector and the situation in respect of the provision of both cargo handling and passenger services.

Health, safety and training

Port work remains an occupation with a high risk of accidents and health implications for workers. It is essential to have a system in place to protect the health, safety and welfare of port workers and users, in line with applicable health and safety legislation.

Every port needs to develop working practices that safeguard the safety and health of port workers. This requires good cooperation and coordination between all employers and employees who operate within the port.

Technological changes and new transport and logistics needs will drive requirements for mastering innovative port operations and the need for employees with the right skills, training and qualifications to understand, master and exploit all the advantages provided by the new technologies.

Action 7

Under the 7th RTD framework programme for transport, the Commission will launch before the end of 2013 a concerted action project to examine health and safety, training

²⁶ Study on EU Port Labour (2013)

²⁷ See also the Commission Decision of 20 May 1998 on the establishment of Sectoral Dialogue Committees promoting the Dialogue between the social partners at European level (COM(1998)322 final)

and qualification challenges in EU ports. Social partners will be full involved in this action. The Social Dialogue committee for the port sector will be regularly consulted and informed on these issues.

3.5. Raise the environmental profile of ports

Port activities give rise to significant impacts in terms of emissions, noise, water and soil pollution and fragmentation of habitats. Ports located close to densely populated urban areas may often have to balance the development and management of port activities with the preservation of natural habitats and the quality of urban life.

The Commission published guidelines in 2011 on implementing the Birds and Habitats Directives in estuaries and coastal zones, with a particular focus on striking the right balance between environmental protection and port development.²⁸ Although it is for the European Court of Justice to interpret EU law, the application of the Commission's guidelines can provide a coherent framework for project developers and minimise the risk of litigation.

The Commission welcomes the initiatives taken by the port sector to promote excellence in environmental management and performance by publishing guides to good practices.²⁹ A number of ports have already adopted plans to better manage their footprint on the environment and such initiatives should be encouraged.

Ports should consider whether to reward operators who anticipate or exceed the application of mandatory environmental standards and promote the use of door-to-door low-carbon and energy efficient logistics chains, e.g. short sea shipping. Although existing schemes³⁰ introduced on a voluntary basis by a number of ports to raise their environmental image should continue to be supported, a more consistent application of such environmental variation of port infrastructure charges at a European or regional level would help to increase their effectiveness.

Action 8

To encourage a more consistent application of environmentally differentiated port infrastructure charges, the Commission will propose principles for environmental charging and promote the exchange of good practices by 2015.

The Commission is planning a review of the Directive on port reception facilities in 2013/2014 with the view to further improving the effectiveness and efficiency of the system.

3.6. Encourage innovation

Over recent years, the global port industry has changed significantly. Ports are becoming increasingly dependent on technological innovations across the entire logistics chain.

The competitiveness of European ports will depend on their ability to innovate in terms of technology, organisation and management. Their critical roles as multi-modal hubs require innovative and efficient ways of cross-modal connections and use of management tools in order to further increase their attractiveness.

Research can also be used as a way of addressing social concerns. These can range from health and safety risks for port workers (e.g. impacts of the fumigation of containers) to the

²⁸ http://ec.europa.eu/transport/modes/maritime/doc/guidance_doc.pdf
http://ec.europa.eu/transport/modes/maritime/doc/comm_sec_2011_0319.pdf

²⁹ ESPO Green guide

³⁰ Modulation based on the Environmental Ship Index scheme (Belgium, France, Germany and the Netherlands), on the Green Award certificate (Latvia, Lithuania, the Netherlands and Portugal), or through rebates linked to NOx/SOx emissions or via levying a sulphur fee (Sweden).

need to manage and reduce the impacts of port activities on the environment and the urban areas.

In the context of the implementation of the Horizon 2020 programme to support research, development and innovation from 2014 to 2020, the Commission will propose priority tasks where EU support could be envisaged.

4. CONCLUSION

Ports can contribute significantly to the economic recovery and long term competitiveness of European industries in world markets while adding value and jobs in all EU coastal regions. Ports will have a key role to play in the development of an efficient and sustainable trans-European network by diversifying transport choices and contributing to multimodal transport.

Today, the European Port Policy is at a cross-road. While some European ports perform well, structural problems regarding the insufficient connectivity to the hinterland, the lack of transparency in the use of public funds, market entry barriers, outdated governance models and excessive bureaucracy affect the performance of many other ports. It is high time to address those long standing problems.

In order to monitor the progress of the implementation of this reviewed European Port Policy, the Commission has initiated a project³¹ that will start before the end of 2013 to develop and collect a set of generic European indicators on the performance of ports.

The Regulation proposed in parallel to the European Parliament and Council is designed to tackle the key issues related to the market access to port services and the financial transparency and autonomy of ports. The Commission will provide feedback, in the form of a report, on the functioning and effect of the Regulation no later than three years after its entry into force.

The Commission will address the remaining issues by the following focused actions within its remit:

- fully use the new TEN-T guidelines and EU financial instruments to improve the connections of ports to their hinterland and promote the European Port Policy;
- monitor that existing EU law applicable to concession and ports is correctly applied;
- provide the necessary administrative and technical support to the Social Dialogue at Union level, with a stock taking of progress in 2016;
- present new initiatives to further simplify the administrative procedures in ports, notably customs procedures;
- promote environmental technologies and short sea shipping through common principles on the variation of port infrastructure charges.

The Commission will check progress against delivery of the policy objectives defined in this Communication, notably progress in developing multimodal connections to the port hinterland, modernising port services and attracting investments.

³¹ Under the 7th RTD framework transport programme – call for proposals 2013