

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 27.05.2009
COM (2009)final

**Implementation of Council Regulation 3577/92 applying the principle of freedom to
provide services to maritime cabotage (2001-2005)**

State of play 2009

Commission services non-paper

TABLE OF CONTENTS

SUMMARY	4
1. Legislative developments.....	5
1.1. Legislative developments in the EU Member States	5
1.1.1. Access to the provision of maritime cabotage services	5
1.1.2. Rules on manning.....	7
1.1.3. Public service obligations (PSO) and public service contracts (PSC).....	8
1.2. Legislative developments in the EFTA States	9
2. Market developments	9
2.1. Traffic developments	10
2.1.1. Cargo transport.....	10
2.1.1.1. Total traffic.....	10
2.1.1.2. Categories of freight transported.....	11
2.1.2. Passenger transport.....	11
2.1.3. Island cabotage.....	12
2.1.3.1. Distinction between island and mainland traffic.....	12
2.2. Respective market shares of the first and second registers	13
2.3. Foreign flag penetration	14
3. Crew: manning costs and proportion of EEA personnel.....	15
3.1. Employment	15
3.2. Manning costs	15
ANNEX 1 Rules on manning adopted in accordance with Article 3 of the Regulation	16
ANNEX 2 Crew nationality and/or language requirements.....	18
ANNEX 3 Public service obligations and contracts in the Member States	21
ANNEX 4 Overall view of provisions on cabotage in the EU and EFTA countries	26
ANNEX 5 Types of freight transported in the Member States	34

ANNEX 6 Number of passengers transported in the Member States 35

ANNEX 7 Foreign flag penetration 36

SUMMARY

This is the fifth periodical report on the application of the cabotage Regulation¹. It covers the years 2001 to 2005 and later whenever information was available. Like the previous reports, this report has been based on a study carried out on behalf of the Commission.

The first part of the report describes the state of play regarding legislation. As reflected in the previous cabotage report, almost all cabotage services in the EU were liberalised from 1 January 1999. The Greek market, which was the last to be partly protected, was opened up to Community shipowners since 1 November 2002, well before the expiration of derogation period in 2004. Therefore, as far as legal developments are concerned, Greece has seen the most significant changes. Apart from those recent legal developments, the report specifies the rules on manning imposed by certain Member States on vessels carrying out cabotage with islands and depicts the public service obligations laid down by Member States.

The second part of the report presents the market developments. The complete liberalisation of cabotage services did not lead to any increase in traffic or to any significant penetration of the national markets by vessels flying foreign flags. Stability is the dominant characteristic in maritime cabotage cargo and passenger traffic. This part of the report presents also detailed statistics by country including, in the case of cargo, the breakdown according to type of cargo transported. As in previous years, the greatest market for cargo traffic is that of the United Kingdom, followed by that of Italy. Liquid bulk continues to head in terms of cargo transported. In the case of passengers, Greece has the greatest traffic, followed by Italy and the United Kingdom. This report presents also market developments regarding the island cabotage, including cabotage to small islands.

Finally, the last part of the report briefly presents the manning costs in cabotage services. As in the previous report, the most expensive register is the Finnish register whereas the Portuguese second register, the MAR register, is the least expensive in Europe.

It should be also pointed out that during the period of reference the Commission adopted a Communication on the interpretation of the cabotage Regulation² which in particular deals with the questions of public service, including mainland connections and those with small islands.

¹ Following the consultation of Member States on the content and frequency of reports on the application of the cabotage Regulation announced in the Fourth Report, and without the opposition of the Council (Council conclusions of 5.11.2002) the Commission decided to cover by this report the years 2001-2005 in order to fully analyse the impact of cabotage liberalisation in Greece.

² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions on the interpretation of Council Regulation (EEC) No. 3577/92 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage), COM (2003) 595 final of 22.12.2003 as amended by the Communication COM (2006) 196 final of 11.05.2006 (hereunder referred to as cabotage communication).

REPORT

Following the order of the previous cabotage report, this report is divided in three chapters. The first depicts legislative developments in Member States³ and the EFTA countries. The second presents market trends in these same countries. The third recapitulates manning costs and proportion of EEA personnel in the different registers of the EEA countries.

1. LEGISLATIVE DEVELOPMENTS

This chapter analyses the legal developments with respect to the implementation of the cabotage Regulation, rules on manning and PSO (Public Service Obligation) and PSC (Public Service Contract) during the reference period.

With regard to the Old Member States⁴ and to the EFTA countries, this report aims at updating the previous cabotage report, with indication of any changes that may have occurred in the period concerned. With respect to the New Member States, the report examines their legal regime on maritime cabotage.

1.1. Legislative developments in the EU Member States

1.1.1. *Access to the provision of maritime cabotage services*

As mentioned above, all services (mainland and island cabotage) in the domestic maritime transport sector in **Greece** have now been liberalized and are open to the beneficiaries of the Regulation. In particular, in respect of island cabotage, the application of the principles of the cabotage Regulation to regular passenger and ferry services and services provided by vessels whose capacity is less than 650 gt has commenced since November 2002 by virtue of Part I of Law 2932/2001 published on 27 June 2001⁵.

In 2002, the Commission brought before the Court an action against Greece with regard to the Greek legislation requiring that Community ships entered into a second or international register a certificate issued by the authority of the flag State declaring that this particular ship is authorised to provide cabotage services (Case C-288/02). The Court decided⁶ that although such a national measure constitutes a restriction of

³ Austria, Czech Republic, Hungary, Luxembourg and Slovakia are not covered considering that since they do not have geographical access to the sea no maritime cabotage is carried out in these countries. Although it has geographic access to the sea Latvia is not covered either because its authorities have confirmed that there are no maritime cabotage activities in this country and that maritime cabotage is not regulated. Bulgaria and Romania are not covered since this report concerns the period 2001-2005.

⁴ Distinction is made between 15 Member States ("Old Member States") and 10 Member States which accessed the EU on 1 May 2004 ("New Member States").

⁵ The Greek island cabotage was granted a 1 January 2004 deadline. Thus, as confirmed by the European Court of Justice (hereunder referred to as Court), no rights on individuals were conferred by Article 6(3) of cabotage Regulation prior to January 2004 even where Greece has adopted national legislation implementing the Regulation (Judgement of the Court of 28.09.2006. *Aktoploias v Naftilias* C-285/05, ECR 2006, p.1-97).

⁶ Judgment of the Court of 21.10.2004. *Commission of the European Communities v Hellenic Republic* (C-288/02, ECR 2004, p. I-10071, points 30 to 36).

the principle of freedom to provide services, it may be justified by overriding reasons in the general interest, provided that the national rules are applicable on a non-discriminatory basis, are suitable for ensuring the attainment of the objective pursued, and they do not go beyond what is necessary in order to attain this objective.

Another action brought during the period of reference by the Commission against Greece provided clarification on the scope of cabotage Regulation. In case C-251/04⁷ concerning the Greek legislation allowing only vessels flying the Greek flag to provide towage services on the open sea, the Court decided that despite the non-exhaustive nature of the list of ‘maritime cabotage services’ given in Article 2(1) of Regulation the services falling within its scope are, firstly, normally provided for remuneration and, secondly, as the essential characteristics of the examples of maritime cabotage in that article illustrate, serve the purpose of transporting passengers or goods by sea between two places in the territory of a single Member State. The Court, after having analysed whether the towage services meet those criteria, concluded that they are not covered by the scope of the cabotage Regulation.

In **France** there have been no developments in the legislation on access to the provision of maritime cabotage since the previous cabotage report, except the creation of the French International Register by Law n°2005-412 of 3 May 2005 for vessels operating long course commerce of goods and international cabotage of goods. This register has “Community status”, allowing access to national maritime cabotage within the EU Member States.

In **Germany**, Regulation on Coastal Shipping has been introduced (Verordnung über die Küstenschiffahrt 5 July 2002, Bundesgesetzblatt I S. 2555). Ships under national and recognized EU-flags are allowed to provide cabotage; ships under third country flags are only allowed to cabotage by permission of the competent authority, if there is no tonnage under EU-flag available.

In **Italy** the only changes in legislation concerned the vessels registered on international registers. The legislation gradually developed to increase the number of monthly permitted cabotage journeys from 1 to 6 per month (Law 27, 12/2002 no. 289). Law no. 326 of 24 November 2003 introduced a further modification insofar as, as an alternative to the 6 monthly journeys, it is possible to carry out unlimited cabotage journeys provided that these are over 100 nautical miles.

In **Portugal**, Decree Law 194/98 of 10 July 1998 and Article 2 of Decree Law 331/99 of 20 August 1999 have been replaced by Decree Law 7/2006 published on 4 January 2006. In accordance with Article 6 of the new Decree Law, third flag vessels are not allowed to provide maritime transport services in mainland and island cabotage, except under special authorisations.

⁷ Judgment of the Court (Second Chamber) of 11.01.2007. Commission of the European Communities v Hellenic Republic (C-251/04). Please note that this judgment was rendered out of the period covered by this report.

In **Belgium, Denmark, Finland, Ireland, the Netherlands, Spain, Sweden** and the **United Kingdom** there have been no changes to the legislative framework applicable to the access to the provision of maritime cabotage since the previous cabotage report.

As far as the New Member States are concerned, maritime cabotage in **Cyprus, Estonia, Latvia** and **Lithuania**⁸ is not restricted.

In **Malta** and **Poland**, access to the provision of maritime cabotage services is allowed to vessels flying the flag of an EU Member State. A licence or permission has to be obtained prior to the operation of the activity⁹.

In **Slovenia**, maritime cabotage is regulated by the Maritime Code and is "*free for national persons, whereas foreign persons may provide the service under reciprocity conditions*". By virtue of that Code the EU Member States are not subject to the reciprocity condition.

1.1.2. Rules on manning

Article 3(2) of the cabotage Regulation allows the application of the host State rule to vessels carrying out cabotage with islands and vessels smaller than 650 gt – except in the case of cargo vessels, when the voyage concerned follows or precedes a voyage to or from another State.

Following an action brought by the Commission against the Hellenic Republic, the Court provided clarification to the scope of Article 3(2) of the Regulation in respect to cruise liners¹⁰. According to the Court, the absence of any particular classification of cruise liners in Article 3(1) of the Regulation means that this provision applies to all cruise liners, irrespective of the nature of the cabotage they carry out. Therefore, as regards cruise liners exceeding 650 gt which carry out island cabotage, all matters relating to manning are the responsibility of the flag State.

Asked for a preliminary ruling, the Court provided also further clarification on the definition of the "voyage which follows or precedes the cabotage voyage"¹¹ as referred to in Article 3(3) of the Regulation. According to the Court, this voyage means in principle any voyage to or from another State, whether or not the vessel has cargo on board. However, sham voyages without cargo on board carried out to circumvent the Regulation cannot be permitted. Such an abuse can be found to exist only if, first, notwithstanding that technically the conditions laid down by Article 3(3) apply, the result of the international voyage in ballast is that the shipowner benefits, in respect of all matters relating to manning, from the application of the law of the flag State, frustrating the aim of article 3(2) of the Regulation, which is to

⁸ Despite the current inexistence of cabotage services in Lithuania, maritime cabotage is regulated by the Merchant Shipping Law.

⁹ Except for one route in Malta from mainland to the island of Gozo where only the Maltese company awarded with the PSC is allowed to operate passenger and cargo maritime cabotage.

¹⁰ Judgment of the Court of 21.10.2004. Commission of the European Communities v Hellenic Republic. (Case C-288/02. ECR 2004, p. I-10071).

¹¹ Judgment of the Court (Second Chamber) of 6.04.2006. Agip Petroli SpA v Capitaneria di porto di Siracusa and Others. (Case C-456/04 ECR 2006, p. I-03395). Please note that this judgment was rendered out of the period covered by this report.

allow the application of the law of the host State to all matters relating to manning in the case of island cabotage. Second, there must also be objective evidence to show that the essential aim of the international voyage in ballast is to avoid the application of Article 3(2) in favour of Article 3(3).

The host State rule within the meaning of Article 3 (2) of the Regulation applies only in five Member States: in France, Italy, Spain (as it was already the case in the previous cabotage report), Portugal¹² and Greece¹³.

The host State rule has not been adopted by the New Member States. In **Cyprus**, the previous minimum crew percentage of citizens of the Republic was abolished from May 2004.

The main rules contained in respective legislation on manning are set out in Annex 1 and Annex 2.

1.1.3. *Public service obligations (PSO) and public service contracts (PSC)*

Article 4 of the cabotage Regulation authorises Member States to impose PSO and to conclude PSC for regular services to, from and between islands, provided that these obligations are necessary “to ensure the adequacy” of regular maritime transport services, and are imposed on a non-discriminatory basis in respect of all Community shipowners.

A judgment of the Court answering a preliminary question from the Spanish Supreme Court brought an important clarification with regard to Article 4(1) of the Regulation. The Court stated that this provision is to be interpreted as permitting a Member State to impose PSO on some shipping companies and, at the same time, to conclude PSC within the meaning of Article 2(3) of the Regulation with others for the same line or route in order to ensure the same regular traffic to, from or between islands¹⁴.

The Regulation's provisions regarding public service are not yet applied in their entirety in practice. For example, some **public service contracts concluded before 1 January 1993 (date of entry into force of the Regulation) have not yet expired.** The Regulation itself provides that these contracts **may remain in force until their date of expiry**.¹⁵ Also, some Member States are still not complying entirely with the provisions of the Regulation. Following complaints it has received, the Commission has had to initiate several **infringement proceedings**. It should be noted that infringement proceedings are currently pending with regard to Greece and Malta. The Greek infringement is well on the way to being settled.

¹² In Portugal, according to the Decree Law N° 7/2006 the Host State rule is applicable on the regular transport services of containerised and solid general cargo between mainland and the islands of Madeira and Azores.

¹³ In Greece, all matters relating to manning of ships carrying out island cabotage are subject to host State rule and regulated by the Greek legislation.

¹⁴ Judgement of the Court of 20.02.2001. *Anilir v Administración General del Estado*. (Case C-205/99. ECR 2001, p. I-01271).

¹⁵ See the agreements concluded between the Italian authorities and the Tirrenia group companies in 1991, which will expire on 31.12.2008.

With regard to Spain in the proceedings initiated by the Commission the Court declared unlawful the Spanish legislation¹⁶ which:

- allowed a concession for maritime transport services in the Vigo estuary to be granted to a single operator for a period of 20 years and which included as a criterion for the award of that concession experience in transport acquired in that estuary,
- allowed the imposition of PSO on seasonal transport services with the islands and regular transport services between mainland ports,
- was not the subject of any consultation with the Commission prior to being approved.

In the New Member States, in **Cyprus, Lithuania and Slovenia** there is no regulatory framework for PSO. In **Estonia and Malta** a PSO may be imposed only on the basis of a PSC.

The situation regarding PSO and PSC in the different Member States is recapitulated in a table in Annex 3.

1.2. Legislative developments in the EFTA States

Conditions of access to the market of the EFTA States, with the exception of Norway, have not changed during the reference period.

The table reproduced in Annex 4 summarises the rules governing establishment, the nationality of crews and taxes that are applied to each register in EEA.

2. MARKET DEVELOPMENTS

Concerning the market developments in the period of reference, it must be highlighted that the Commission encountered difficulties in collecting the data needed to draw up this part of report since the statistical system used to track maritime cabotage is becoming increasingly insufficient and unreliable. As it was pointed out in the previous cabotage report, the Member States no longer collect such detailed statistics as in the past. Given that the market has been liberalised, the competent authorities pass the responsibility of recording data to the open market. This often results in statistical tracking becoming an internal question of the private operators, reluctant in providing data to the competent authorities. Moreover, data regarding the New Member States are not always available, either.

¹⁶ Judgement of the Court of 9.03.2006. Commission of the European Communities v Kingdom of Spain (Case C-323/03).

2.1. Traffic developments

2.1.1. Cargo transport

2.1.1.1. Total traffic

As in previous years, the cabotage transport of goods is dominated by the United Kingdom, Italy, Spain and Greece. They make up over 75% of the total traffic.

With regard to the EFTA countries, there is a sharp distinction between the small volume of Icelandic traffic and high, due to the offshore traffic, volume of freight transported in Norway.

Total Volume (in millions of tons)				
	2000	2002	2004	2005
Northern countries				
Belgium	- ¹⁷	-	-	-
Denmark	12.8	13.8	14.9	15.8
Finland	5.2	6.1	5.3	5
Germany	9.3	8.4	8.4	7.8
Ireland	-	-	-	-
Netherlands	-	-	-	-
Sweden	12.7	11.6	11.3	13.1
United Kingdom ¹⁸	159.1	159.2	153	159.3
Southern countries				
France	9	-	-	-
Greece	28.9	37.3	40.1	37.5
Italy	72.6	67.6	66.2	103.7
Portugal	5.7	5.6	5.5	6.1
Spain	71.9	76.3	86.3	87.7
New Member States				
Cyprus	-	-	-	-
Estonia	-	-	-	-
Latvia	-	-	-	-
Lithuania	-	-	-	-
Malta	-	-	-	-
Poland	-	0.5	4.5	1.9
Slovenia	-	-	-	-
EFTA countries				
Iceland	5.1	4.8	5.4	5.8
Norway	-	66.6	66.5	68.4

¹⁷ Hereunder read as "not available": the Member State has indicated that it does not have information.

¹⁸ One-port traffic is included.

Source: Consultrans.

2.1.1.2. Categories of freight transported

The composition of the traffic of goods in each country contributes to a better understanding of the economic nature of the maritime cabotage across the various countries. The United Kingdom is strongly dominated by the transport of liquid and dry bulk, due to its considerable offshore traffics.

In the southern countries on the other hand, the importance of general cargo has increased in recent years. This is linked to the supply of overseas territories that have no other alternative transport. This sector is growing at a faster rate, but is still far from the growth rates in international maritime transport.

Classification by type of freight (millions of tons)										
Freight		Dry bulk			Liquid bulk			General cargo		
Year		2000	2003	2005	2000	2003	2005	2000	2003	2005
Total countries	Northern ¹⁹	40.27	44.04	40.47	122.14	112.7	117.49	34.93	36.99	40.43
Total countries	Southern ²⁰	31.47	31.84	39.04	40.16	40.4	46.41	41.56	59.74	62.87
New Member States		-	-	-	-	-	-	-	-	-

Source: Consultrans.

Detailed data by country are given in Annex 5.

Where the EFTA countries are concerned, dry and liquid bulk transport predominates in Norway. The volume of offshore traffic in this country should not however be forgotten, since it exceeds the volumes of "traditional" freight.

Classification by type of freight in EFTA Countries in 2005 (millions of tons)				
Freight	Dry bulk	Liquid bulk	General cargo	Total
Iceland	1.9	1.2	2.7	5.8
Norway	23.8	33	11.6	68.4
Total	25.7	34.2	14.3	74.2

Source: Consultrans.

2.1.2. Passenger transport

As in the case of cargo traffic, maritime cabotage passenger transport appears stable with consolidated global numbers similar to those registered in previous reports. No significant increases have been recorded in this type of traffic; even the seasonal movements associated with the tourist season are not significant when taken in the context of the total figures. Maritime cabotage passenger transport presents an elevated degree of concentration: the three largest markets amongst the Member States are Greece, the United Kingdom and Italy (nearly 80% of the total). A decrease

¹⁹ The data from Belgium, Ireland and the Netherlands are not available.

²⁰ The data from France are not available.

in the passenger traffic recorded in Denmark from the mid-nineties seems to be stabilised now to a lower number of passengers²¹.

With regard to the EFTA countries, the number of passengers transported in Norway reaches figures that are in the same orders of magnitude as the United Kingdom and Greece (about 45 million passengers per year).

Detailed data by country are presented in Annex 6.

2.1.3. *Island cabotage*

2.1.3.1. Distinction between island and mainland traffic

Cargo traffic between mainland ports is gradually decreasing, as a result of competition from the terrestrial modes. However, this tendency does not occur in respect to traffic between mainland ports and overseas territories (island and others), where the growth continues. Cargo traffic to overseas territories exists in proportion to the size of the populations they serve and of the commercial exchanges of activities located on those territories. The cabotage transport of passengers between mainland ports rarely exists, except in a few cases during the tourist season. The transport of passengers between the mainland and islands maintains itself for short routes. In contrast, the sector that shows most dynamism is the transport of passengers between islands.

Cabotage traffic to islands is generally of high frequency. The majority of fleets fly their national flag, except in some isolated cases (e.g. in Denmark, UK, and Spain). Traffic is predominantly of mixed cargo and passenger type, with ro-pax vessels and includes movements of goods by means of a combination of personal modes (passenger and private car) and commercial distribution modes.

The demands served by the cabotage services are of different nature and vary from pendulum movements of the type "residence to work/ daily services" which are very dominant in northern countries, to massive tourist displacements with a strong seasonality, dominant in the southern countries.

There are only three routes with important capacity for general cargo in containers: the lines between mainland Spain and the Canary Islands, between mainland Spain and the cities Ceuta and Melilla and the routes between Portugal and Madeira and the Azores. This is made up of a regular supply of freight at long distance and a relatively small demand for passenger services (which explains the specialised offer in cargo).

²¹ The fall in traffic recorded in Denmark is due to the opening of the Great Belt (fixed link between Copenhagen and the mainland).

2.1.3.2. Transport to small islands²²

The services to small islands are regular and invariable (except in Greece) and show a strong seasonality in spring and summer. This seasonality does not exist in Denmark but is very noticeable in the southern countries.

Countries	Number of lines	Number of inhabitants	Seasonal variations
Northern countries			
Denmark	39 to 40	<44.000 ²³	Spring-summer 50-55%
Finland	15	<300	Spring-summer 75%
The UK	38	<42.000	Spring-summer 80%
Southern countries			
France	75	-	-
Greece	55 ²⁴	<18.000	Spring-summer 70-90%
Italy	14 to 17 ²⁵	-	-
Portugal	2	circa 240.000	Spring-summer 75-90%
EFTA countries			
Iceland	6	<5.000	Spring-summer 60-70%

Source: Consultrans.

2.2. Respective market shares of the first and second registers

The table below provides the available data on the share of the first and second registers of Member States in cabotage traffic. The most complete data from Portugal allow verifying the situation in the period of reference. The distribution between both registers is quite stable, with the exception of passenger traffic where an evolution that favours the second register can be observed. Moreover, the first register seems dominant in the traffic of general cargo and the second register tends to dominate in the traffic of liquid bulk.

Countries	First and second registers					
	2000		2003		2005	
	First	Second	First	Second	First	Second
France²⁶	100 %		100 %		100 %	
Greece	100 %		100 %		100 %	
Italy						
Passengers	100 %		100 %		100 %	
Cargo	-		-		-	
Portugal						

²² "Small island" as defined in cabotage communication: island where the total annual number of passengers carried by sea to and from the island does not exceed 300 000 passengers. As far as outermost regions are concerned, this threshold only applies to trade within the region (and not trade between an outermost island and the mainland).

²³ Number of inhabitants of the greatest island or group of islands per line

²⁴ Number of islands/ changing routes.

²⁵ Only public lines of Tirrenia Group- no private lines data included.

²⁶ France allowed its second register (RIF) for cabotage traffic only in 2006. The RIF is a EU register, which guarantees to the vessels registered in it access to national European Union members states waters cabotage provided they are not solely exploited on national cabotage.

Passengers	55%	39%	53%	43%	51%	44%
Dry bulk	26%	11%	28%	8%	23%	14%
Liquid bulk	0%	89%	0%	92%	0%	86%
General cargo	74%	0%	72%	0%	77%	0%
Spain	-					

Source: Consultrans.

2.3. Foreign flag penetration

In the recent years a tendency of an increase in the vessels flying non-national flags in cabotage services, especially in transport of goods has been recorded in a few countries (e.g. Finland and Sweden). The greatest number of non-EEA flags is to be found in the United Kingdom (50% participation in both cargo and passenger transport). However, the predominance of national flags remains considerable, with a special case of Greece where 99.75% of the market corresponds to national flag vessels²⁷. In Italy, after a short appearance of non-EEA flagged vessels, the legislation applied in 2003 left the non-EEA vessels presence at zero.

It should be also pointed out that different forms of national interventions aim at reducing the presence of non-EEA flagged vessels: special authorisations (e.g. France, Spain), special protection measure for national flag vessels, etc.

The table in Annex 7 presents the available data on the foreign flag penetration in six Member States in cabotage traffic.

2.4. Maritime cabotage and Short Sea Shipping

Short Sea Shipping (SSS) is defined as maritime transport along the coasts of Europe (including island destinations). It can cover both international and national traffic (cabotage) as well as sea-river transportation by coastal vessels to and from ports in the hinterland²⁸. The main focus of SSS is on intra-EU traffic (including also countries bordering the EU) and plays a key role in ensuring sustainable mobility and also contributes to meeting other objectives, like alleviating congestion and environmental pressure²⁹. This focus is evident through the measures taken to promote SSS³⁰ and the integration of the concept of “Motorways of the Sea” in the Commission’s 2001 White Paper on European transport policy for 2010.

The cabotage market appears to be a small part of the SSS one: as far as goods transport is concerned, being almost 20% of SSS and 45% of SSS in the case of passenger transport³¹.

Looking at the latest development of transport volumes, according to Eurostat between 2004 and 2007 there was an 8% increase in the volume of goods transported

²⁷ Two non-national vessels (Italian flag) provide services in Greece.

²⁸ European Short Sea Network, www.shortsea.info

²⁹ Keep Europe Moving – sustainable mobility for our continent, COM(2006) 314 final.

³⁰ Mid-Term Review of the Programme for the Promotion of Short Sea Shipping, COM(2006) 380 final

³¹ Source: Eurostat.

by sea. For intra-EU27 the increase was almost 7%, while cabotage registered a slight reduction by 0.5%.

3. CREW: MANNING COSTS AND PROPORTION OF EEA PERSONNEL

The information related to crew consists of data about employment, including the proportion of EEA crew members and manning costs. The significant data corresponds to those countries that have cabotage services of relevance, and especially those that maintain the concept of a cabotage fleet, separated from the international traffic fleet³².

3.1. Employment

The available information on employment is very sparse across the relevant countries. In Finland and Portugal a slight decrease in the number of persons employed in maritime cabotage has been recorded in 2005 (in Finland a decrease from 1.697 in 2000 to 1.562 in 2005, in Portugal from 167 in 2000 to 149 in 2005).

Regarding the proportion of EEA personnel it should be noted that in general opinions diverge whether the application of Host State rule acts as a barrier to the incorporation of non-EEA crew. Only Sweden records figures that are significantly different for its passenger fleet (reduction in the proportion of its EEA crew from 92% in 2000 to 73% in 2005). Similarly, in the cargo fleet Sweden presents an important reduction in the proportion of its EEA crew (from 87% in 2000 to 68% in 2005), followed by Denmark.

3.2. Manning costs

The available information on manning costs is very limited. It is possible to observe in the case of Finland an increasing trend in the manning costs that is generally below 5% per year, with the exception of liquid bulk, where the increase is greater than 16%. The Portuguese second register, the MAR register, appears the least costly in Europe with the difference in costs between first and second register vessels of 14.4% in favour of the MAR register.

³² This corresponds to a group of ten countries that due to the lack of detailed statistics can be considered globally in this section: Denmark, Finland, Sweden, United Kingdom, France, Greece, Italy, Portugal, Spain, and Iceland.

ANNEX 1 Rules on manning adopted in accordance with Article 3 of the Regulation

Country/ Text	EEA nationals (proportion) minimum crew	Social security		Training	Working conditions	
		EU/EEA nationals	Third country nationals		Working hours	Wage
Spain Order of 22/07/1999	At least 50% of the crew as well as the captain and the first officer EU/EEA . Application of the SOLAS Convention.	Coverage in one of the EU/EEA States. (EEC Regulation No 1408/1971).	Coverage of the same level as in Spain for accidents, illness, maternity, old age, invalidity and unemployment.	-	Same as on board national vessels performing a comparable service.	At least the minimum wage applicable in Spain.
Italy Decree No 529 of 25/11/1999 Circular of 25/11/1999 Law of 16/03/2001 N° 88	100% EU/EEA (exceptions provided for less qualified crew members). For national vessels, Law of 16/03/2001 N° 18 changed the requirement that the crew be Italian citizens with the exception of cases of necessity. Article 5 of Law 88/2001 allows for crew outside the Community to board Italian vessels subject to trade union agreements. Application of the SOLAS Convention.	Coverage in one of the EU/EEA States.	-	STCW	Same as on board national vessels performing a comparable service.	At least the minimum wage fixed by law and collective agreements.
France Decree No 99-195 of 16/03/1999	100% EU/EEA Application of the SOLAS Convention	Coverage in one of the EU/EEA States	-	STCW Application of Directive 94/58	Same as on board national vessels performing a comparable service.	At least the growth-linked guaranteed minimum wage (maritime SMIC).
Greece	100% EU/EEA for merchant ships carrying out island cabotage, waivers possible where EU/EEA seamen not	-	-	STCW	The working time of seafarers is regulated in accordance with	At least the minimum wage fixed by law and collective

	available.			Application of Directives 2001/25, 2003/103, 2005/23 and 2005/45	Directive 1999/63	agreements
Portugal Decree Law 7/2006	<p>Captain and 50% of the crew must be from EU/ EEA or from countries with Portuguese as its official language, waivers possible where such seamen not available.</p> <p>Host State rule only applicable to the regular transport services of containerised and solid general cargo between mainland and the Islands of Madeira and Azores.</p>	-	-	-	-	At least the minimum wage applicable in Portugal and the applicable effective social and fiscal security regime of the flag State for its nationals.

ANNEX 2 Crew nationality and/or language requirements³³

Country	Crew nationality and/or language requirements	
	1 st Register	2 nd Register
Belgium	Captain shall be Belgian national, waivers possible in case of non-availability.	Not applicable.
Denmark	Captain shall be Danish or EU/EEA-national	DIS register: Captain shall be Danish or EU/EEA-national.
Estonia	Knowledge of Estonian language for service personnel and shipmaster required.	-
Finland	Master shall be Finnish national.	Master shall be Finnish national. At least 50 % crew members shall be EU/EEA nationals Cargo vessels- recruitment of non-EEA crew members is permitted on certain conditions by way of derogation from the usual collective labour agreements. Passenger vessels and passenger ferries excluded. In practice this possibility has not been used- only Finnish collective agreements apply onboard Finnish vessels.
France	Metropolitan Register: - Crew members shall be EU/EEA nationals (amendments relating to French nationality of the master and first mate requirement in progress to open it to EU/EEA nationals).	French International Register (RIF): - Crew Members shall be EU/EEA nationals (35% or 25% for ships acquired without fiscal support). Amendments relating to French nationality of the master and first mate requirement in progress to open to EU/EEA nationals.
Germany	The “Schiffsbesatzungsordnung” (Manning Regulations) applies to all merchant vessels entitled to fly the German flag (also registered in the German International Shipping Register (ISR). Irrespective of the size of the vessel, the master must be an EU citizen and must hold a valid German or recognized foreign certificate of competency. He must have an adequate knowledge of German. Depending on the size of the vessel, one or two crew members must be EU citizens.	The same , but: - Vessels on ISR list, (operating > half year international) may employ all foreigners. - Vessels operating >half year in cabotage cannot enter ISR list and may only employ foreigners if nationals are not available.

³³

The following table refers only to countries having declared crew nationality and/or language requirements.

Iceland	Crew members shall be EEA nationals.	Not applicable.
Ireland	Officers shall be Irish, UK, EU or Commonwealth nationals. Ratings shall be Irish, UK or EU/ EEA nationals.	Not applicable.
Italy	<p>Master shall be Italian national. Crew members shall be Italian or EU nationals, waiver possible for less qualified crew members.</p> <p>Knowledge of Italian language for crew in charge of safety required.</p> <p>For national vessels, Law 16/03/2001 no. 18 has changed the requirement that the crew be Italian/ EU Nationals with the exception of cases of necessity. Art. 5 of Law 88/2001 allows for crew outside the Community to board Italian vessels subject to trade-union agreements.</p>	For vessels of the 2 nd Register, Law 16/03/2001 no. 18 has changed the requirement that the crew be Italian/ EU nationals with the exception of cases of necessity. Art. 5 of Law 88/2001 allows for crew outside the Community to board Italian vessels subject to trade-union agreements.
Lithuania	Captain and chief officer shall be Lithuanian nationals (modification of this rule in progress to replace the Lithuanian nationality requirement by an EU/EEA nationality requirement).	Not applicable.
Netherlands	Captain shall be Dutch, EU/EEA or Swiss national.	Not applicable.
Norway	Captain shall be EEA national (all nationality requirements have been changed from Norwegian national to EEA national).	NIS register: Master shall be Norwegian or EEA national.
Portugal	Captain and crew shall be Portuguese or EU nationals, unless a specific authorization is granted.	<p>Art. 20 of Decree Law 96/98 has been re-drafted by Decree Law 248/2002:</p> <p>MAR register: Captain + 50% of the crew members must be EU/ EEA or countries with Portuguese as official language nationals. Possible waiver in case of non availability of the crew members of referred nationalities.</p>
Spain	Captain and 1st officer shall be Spanish nationals; other crew members shall be EU Nationals.	<p>Canary Island Register (REC):</p> <p>Captain and 1st officer shall be Spanish nationals; other crew members shall be EU nationals (50%), possible waiver for additional non-EU crew if EU nationals not available.</p>
Sweden	Captain shall be Swedish national (no exceptions). All crew retained on collective wage agreements regardless of nationality.	Not applicable.

United Kingdom	Master “of strategic ship-types” shall be British, Commonwealth, EEA or NATO nationals.	Not applicable.
-----------------------	---	-----------------

ANNEX 3 Public service obligations and contracts in Member States³⁴

Country	Route/area	PSO/PSC	Duration	Comments
Denmark	2 routes (Rønne-Ystad and Rønne-Køge)	PSO	-	On the same routes PSC operated by Bornholmstrafikken A/S- Remuneration: 126 million DKK/year
	18 routes	PSC/PSO	On average 5 years	PSC not exclusive, with the exception of route Spodsbjerg-Tårs.
	16 routes	PSC	-	Operated by local authorities; 16 tender procedures cancelled due to lack of interest from operators.
	11 routes	PSC	-	Operated by local authorities; never submitted to tender procedures.
Estonia	2 routes	PSO/ PSC	10 and 5 years	PSC awarded following an open call for tender, no exclusivity
	6 routes	PSC	-	Concluded with local authorities
Finland	South-western Islands, 14 routes between mainland and islands	PSO	2-5 years	Of the 18 public service obligations, 9 routes are operated by the Finnish State Shipping Enterprise (Finstaship) and 9 routes by private entrepreneurs, subsidised by the Government. PSC are exclusive, awarded following an open tender procedure and the duration is usually of 2-5 years with options of 1-3 years.
	Gulf of Finland, 4 routes between mainland and islands	PSO	2-5 years	The provision of ferry traffic service is PSO, remuneration is charter hire, per hour and only one company runs per route.
	Åland Islands, 3 routes	PSC	5 years	Ferry routes, one of the routes covers only 2 months per year in summertime
France	Mainland – Corsica (various routes)	PSO	-	Operated by SNCM-CMN. Maritime transport to 5 Corsican ports. PSC Marseilles-Corsica (operator: SNCM/CMN) & light public service obligations Nice-Corsica and Toulon-Corsica.
	14 routes	PSO/PSC	5-7 years	Regular public maritime transport of passengers and goods to French Islands organised by local authorities (Law N° 2002-276 of 27/02/2002).
Germany	Not applicable	-	-	Cabotage services (even for islands) are not part of the public services system. In general, island

³⁴

Please note that this table is entirely based on data provided by Member States.

				cabotage services are fostered by preferential port tariffs for regular services.
Greece	Ministry of Mercantile Marine, the Aegean and Island policy (MMMAIP) ³⁵ 80 routes	PSO/PSC	1 -12 years	Ship owners requested to submit to the MMMAIP a declaration of interest every year. Fares are set individually by suppliers. On routes for which there is no business interest the MMMAIP publishes tenders for PSC of 3-5 years. In case where, after the above indicated procedure, there is still no satisfactory level of interest, the concrete tenders are issued again for the conclusion of contracts up to 12 years (Law 3482/2006). After tendering procedures the contract is awarded to the lowest bidder. On routes whose continuity and regularity is crucial for island economies and social cohesion, ferry services are obligatory for a 10 month period per year.
Italy	19 National routes 11 to Sardinia 2 to Sicily 2 to Sardinia & Sicily 29 Local routes to Islands	PSO/ Conventional order	20 years	Most PSO are operated by the Gruppo Tirrenia and are governed by conventions of 20-year duration, expiring on 31 December 2008 (Par. 998 of Law 296/06 provides for new agreements to expire not before 31 December 2012- ongoing infringement procedure). Based on these conventions, the companies of the Group are required to guarantee connection lines defined by inter-ministerial decrees (Ministry of Transport, Ministry of Economics and Finance, Ministry of Economic Development). Tariffs are set by such decrees also. The lines are non-exclusive.
Ireland	-	-	-	No restrictions in relation to cabotage.
Lithuania	-	-	-	No island cabotage
Malta	Cirkewwa-Mgarr (island of Gozo)	PSO/PSC	6 years	Infringement procedure ongoing (an exclusive contract awarded without any public tender).
The Netherlands	-	-	-	No PSO/PSC.
Poland	-	-	-	No island cabotage.
Portugal	Mainland Portugal to Madeira and Azores	PSO	At least 2 years.	PSO on transport services of containers and solid general cargo only (Decree Law 7/2006). Authorisation system.

³⁵ Before merging in 2005 the Greek competent authority consisted of Ministry of Aegean (with 39 routes) and of Ministry of Merchant Marine (with 22 routes).

	Madera Island: Funchal – Porto Santo	PSC	-	PSC awarded by means of open tender procedures (competence of Madeira Regional Government) and operated by Porto Santo Line, Lda. No public financial support. Exclusivity.
Slovenia	-	-	-	No island cabotage.
Spain	Balearic Islands (21 routes: Peninsula to Balearic Islands + Inter-islands connections) Canary Islands (18 routes: Peninsula to Canary Islands + Inter-islands connections) Ceuta and Melilla (4 routes: Peninsula to Ceuta and Melilla)	PSO	-	19 companies operate on these routes.
	Balearic Islands (6 routes: Valencia and Barcelona to Palma, Ibiza and Mahón) Canary Islands (1 route: Cádiz to Santa Cruz de Tenerife and Las Palmas) Ceuta and Melilla (3 routes: Algeciras to Ceuta and Melilla to Almería and to Málaga)	PSO/ PSC	5 years	All PSC awarded by means of open tender procedures. No exclusivity.

Sweden	Mainland – Gotland 2 routes: Visby – Nynäshamn Visby – Oskarshamn	PSC	4+2 years	Operated by Destination Gotland AB.
United Kingdom	Northern Ireland Ballycastle – Rathlin Island – 1 route	PSC	2+ 1 years	
	Northern isles Mainland –Orkney/ Shetlands – 2 routes	PSC	5 years	Operated by Northlink Ferries Ltd, Remuneration: GBP 31 million/year.
	Clyde and WesternIsles:-28 routes	PSC	Open-ended	Operated by state owned company (CalMac). Remuneration: GBP 30 million/year.
	Gourock – Dunoon	PSO/PSC	6 years	
Iceland	6 routes	PSO/PSC	3-6 years	There are six routes with ferry services (PSC awarded following a public tendering). A governmental body (Road Administration) carries those contracts out in the name of the transport authorities. The ships are normally provided by the Government and built or bought up to a certain standard in cooperation with the municipalities receiving the services involved. Frequency and regularity is specified in each contract and vary according to the number of the inhabitants receiving the services.
Norway	36 routes West 29 routes North 30 routes Mid	License / PSC	Up to 10 years	The Norwegian Public Roads Administration is divided into 5 departments based at different parts of the country (North, South, East, West and Mid). Only domestic scheduled passenger transport is subject to a license according to the Professional Transport Act (21/06/2002). Licenses are generally for a period of 10 years and the license holder has the duty to perform the transport.

	2 routes South 1 route East			The PSC is awarded for the same period i.e. 10 years. However, where public tender is being used the license and contract period ranges from 3-8 years. In the case of new gas ferries purchased for the operation in question, the period is extended to 10 years.
--	--------------------------------	--	--	---

ANNEX 4 Overall view of provisions on cabotage in the EU and EFTA countries³⁶

Country	Basic Principle on Cabotage	Comment	Waiver system	Vessel ownership requirements	
				1 st register	2 nd register
Austria	No maritime cabotage	-	Not applicable	Vessel owned/managed by EU citizen/company domiciled in Austria.	Not applicable
Belgium	Not restricted	-	Not applicable	Vessel owned by Belgian/EU citizen or a non-EU citizen domiciled in Belgium or by a company having its registered office in the EU. The vessel must be managed from Belgium.	Not Applicable
Cyprus	Not restricted	Bilateral Agreements on Merchant Shipping concluded by Cyprus with RO, BG, LT, IT provide for a cabotage restriction.	-	<p>(a) More than 50 % of the shares of the ship are owned by Cypriot citizens or by citizens of other EU/EEA Member States; or</p> <p>(b) 100% of the shares of the ship are owned either by one or more:</p> <p>(i) Cypriot corporations (including partnerships); or</p> <p>(ii) Corporations of any other EU/EEA Member State; or</p> <p>(iii) "Third countries" corporations (i.e. outside EU/EEA), controlled by Cypriot citizens or natural persons who are citizens of any other EU /EEA Member State.</p> <p>Additional legal requirement for (ii) and (iii) above: appointment of an authorised representative in Cyprus or the entrustment in full of the management of the ship in respect of the safety to a Cypriot/ EU ship management company, having its place of business in Cyprus. The appointment of an authorised representative is also required when citizens of other EU/EEA Member States, not being permanent residents of Cyprus, own the vessel.</p>	-
Denmark	Not restricted except for DIS passenger	By Law 464 of 12 June 1996 DIS cargo vessels	Not applicable	Vessel owned by Danish or EU national or companies	DIS Register: see 1 st register

³⁶

Please note that this table is entirely based on data provided by Member States.

	<p>vessels</p> <p>For micro-cabotage there was a formal restriction, which was repealed by Decree 658/94. This Decree allows all foreign vessels to provide cabotage.</p>	<p>were allowed to Danish cabotage as per 1 December 1996. Passenger DIS vessels remain excluded from Danish cabotage</p>		<p>managed from Denmark.</p>	
Estonia	<p>Not restricted</p>	-	<p>Waivers can be granted to non-EU vessels on the basis of bilateral agreements.</p>	<p>Company or branch office has to be registered in Estonia.</p>	-
Finland	<p>Not Restricted</p> <p>Cabotage governed by Section 4 of Restrictive Trades Practices Act.</p> <p>Non EU vessels are generally prohibited from entering domestic coastal trades.</p> <p>Vessels in the List of Cargo vessels in International Trade have restricted access to cabotage.</p> <p>Island cabotage: services to Aland islands restricted to vessels registered under Aland flag.</p>	<p>Amending Act (1362/94) of 22 December 1994 to the Restrictive Trades Practices Act abolished restrictions concerning cabotage on EU vessels as from 1.1.1995 (accession).</p> <p>-Bilateral agreement with Norway as of 1.1.97. applies to NIS</p>	<p>Mainland cabotage:</p> <ul style="list-style-type: none"> - Special permits obtained from the MOTC for non-EU vessels in mainland cabotage where no other suitable vessel is available. - Permits are granted for a maximum of one year to foreign vessels trading between Aland and the mainland. 	<ul style="list-style-type: none"> - Registration governed by the Marine Registration Act (512/1993) and Finnish Maritime Code (674/1994) (amendments entered into effect on January 2000) - At least 60 % of the vessel must be owned by Finnish citizens or Finnish registered companies. - The MOTC also permits foreign-owned ships to be registered in the Finnish register provided that the person or company owning at least 60 % of the vessel has its domicile or residence in the EEA. - The MOTOC can also permit foreign-owned ships, other than EU/EEA to be registered in the Finnish register provided that the Finnish authorities have the full right to specify the conditions as to use of the vessel in maritime shipping. 	<ul style="list-style-type: none"> - Same as for 1st register. - List of Cargo Vessels in International Trade (Act No 1707/1991) - Cargo vessels may be entered if they are registered in the Finnish 1^o register, if they are primarily used for foreign traffic and if they are less than 20 years old. <p>Only passenger vessels and passenger ferries involved in international traffic may be entered.</p>
France	<p>Restricted</p> <p>- Art.257.1 of the 'Code des Douanes' (Law 85-1404 of 30/12/85 amended by Law 2001-</p>	-	<p>Waivers can be granted to non-EU vessels</p> <p>(Art.257 "Code des Douanes").</p>	<p>-50% of the vessel must be owned by a physical person who is a national of EU/EEA or</p> <p>100% of the vessel must be owned by a company having its registered office in EU/EEA and its operation carried out from a permanent establishment in France.</p>	<p>In RIF similar to 1st register.</p>

	<p>43 of 16/01/2001</p> <p>-UE/EEA vessels are considered equal to French ships.</p> <p>-Decree 99-195 sets the host state rules for vessels/cruises under 650 GT in mainland cabotage and for vessels in Island cabotage, except for vessels in consecutive services.</p>			<p>-French legislation restricts investments from non-EU/EEA parties to less than 50% of the total shares if the company or vessel is still to be considered French.</p>	
Germany	<p>Not Restricted</p> <p>Regulated in section 2 paragraph 1, item 3 of the "Verordnung über die Küstenschiffahrt" of 5 July 2002.</p> <p>Cabotage operations may only be performed by vessels flying German or another EU Member State flag.</p>	-	<p>- Waivers to non-EU vessels may only be granted if no EU vessels are available or if they are available at very unfavourable conditions.</p> <p>- Waivers can also be granted on the basis of reciprocity.</p>	<p>>50% ownership/control by German or EU nationals with representatives domiciled in Germany or by German or EU companies having their registered office, central administration or principal place of business in the EU.</p> <p>(Art. 1& 2 of: "Flaggenrechtsgesetz")</p>	ISR same as 1 st register.
Greece	<p>Not restricted</p> <p>Law 2932/2001 and Presidential Decree 344/2003 (mending articles 165 and 166 of the Code of Public Maritime Law- CPML) completely liberalised Greek cabotage from November, 2002 (14 months earlier).</p>	-	<p>Waivers can be granted:</p> <p>-for certain trips when no EU vessel is available for the transportation of freight for a certain time (Art. 166 CPML)</p> <p>-exceptionally, for regular ferry services on condition of reciprocity (Law</p>		

			2932/01)		
Ireland	Not restricted	-	Not applicable	Following the judgment of the Court of Justice of the European Communities of 12 June 1997 in Case C-151/97, Ireland adopted the Merchant Shipping Act. 1998. Vessels must be owned by EU nationals or a corporate body established under and subject to the law of a Member State and having its principal place of business in a Member State.	Not applicable
Italy	Restricted Regulated in Article 224 of the “Codice della Navigazione” (Shipping Code). As amended by Law 30/98 restricted to Community vessels. -Circular of 25 November 1999 states the host state rules for shipowners that wish to render their services in Italian cabotage.	- Revised art. 224 allows other EU vessels to participate in Italian cabotage in accordance with Reg. 3577/92 -Vessels registered in the International Register can carry out 1-6 journeys per month as per Law 26 no. 289 of December 2002. As per Law 24 November 2003 no. 326, as an alternative to the maximum 6 journeys allowed, it is possible for such vessels to carry out unlimited cabotage journeys provided they exceed 100 nautical miles.	Absolute exclusion of waivers	Over 50% vessel shares must belong to Italian/Community nationals or companies. Art. 143 CDN, as modified by Law 30 of 27 February 1998.	The same requirements as in 1 st register. 2 nd Register not applicable to vessels operating in cabotage
Latvia	No maritime cabotage	-	-	-	-
Lithuania	Not restricted	-	-	Ship may be registered if its owner is Lithuanian citizen or company is registered in Lithuania.	-
Luxembourg	No maritime cabotage	-	-	-	-
Malta	Not restricted	-	-	No restriction for nationals or company established in other EU Member State.	-
Netherlands	Not restricted	-	Not applicable	Nationality requirements amended in 2003 (Article 311 of	-

				Commercial Code). Assimilated to Dutch nationality: any person (physical or moral) with nationality of an EU/EEA Member State or Switzerland.	
Poland	Not restricted	-	-	-	-
Portugal	<p>Restricted:</p> <p>Before 2006: Regulated in Decree Law 194/98 and Decree Law 331/99.</p> <p>From 2006: New Decree Law 7/2006.</p> <p>Free access to continental and island cabotage for all European ship-owners with ships flying Portuguese or any other Member State's register flag, provided that these ships comply with all conditions for carrying out cabotage in that State.</p> <p>The use of Second Portuguese registered vessels (MAR) in mainland cabotage is free, while to be used in island cabotage, the (MAR) must fulfil similar conditions as the first Portuguese register, namely on the composition of the crews, salaries and social and fiscal conditions except under special permits</p>	-	<p>Before 2006: Art.5 of Decree Law 194/98 allows- subject to authorization of the General Directorate</p> <p>From 2006: The Special Regime of Authorization is described in Art. 6 of new Decree Law 7/2006.</p> <p>Authorisation requests to be based on the non-availability of EU flagged vessels with access to national cabotage.</p> <p>The authorization requests must be submitted to Instituto Portuário e dos Transportes Marítimos for mainland and mainland/insular transports, and to each Regional Govern. Departments in case of transports between islands of Madeira and transports among islands of Azores.</p>	Shipowner with residence or head office and main establishment in national territory and to be registered at IPTM.	<p>Madeira register:</p> <p>- (Branch) office or legal representation in Madeira island</p>

	regulated in Art. 6. Third flag vessels are not allowed to perform maritime transports in continental and island cabotage, except under special permits (Art. 6 – Waiver system).				
Slovenia	Not restricted	Art. 7 of the Maritime Code (Official Gazette RS n. 120/06 – Official Consolidated Text) provides that the carriage of goods and passengers from one Slovenian port to another is free for national persons, while foreign persons may provide the service under reciprocity conditions. Under Art. 998 Member States of the EU are not subject to reciprocity conditions.	-	-	-
Spain	Restricted Regulated in Law 27/1992 on State Ports and Merchant Marine. REC vessels have unrestricted access to cabotage. Order of Transport Minister of 22 July 1999 establishes the Host State Rules for ships in Spanish Island Cabotage	RD 2221/98, of 416 October 1998, allowed REC ships to participate in all Spanish cabotage trades (incl. Island cabotage)-	Art.81 of Law 27/1992 regulates the possibility for waivers exceptionally, in case of non-availability of Spanish (EU) ships	Any Spanish or EU national or company with representative appointed in Spain. (Article 76 Law 27/92)	Any shipping company, established either in Spain, EU or in a third country may register a ship under the REC if the vessel is managed from the Canaries or if it has a permanent establishment in the Canary Islands.

Sweden	<p>Restricted</p> <p>Decree of 1 July 1995 amended.</p> <p>235/75. giving access to EU vessels</p>	<p>Trades have been liberalised to EU vessels in accordance with Regulation 3577/92 since 1.1.95 (accession).</p> <p>Bilateral agreement with Norway (1989) applies to NIS</p>	<p>- Exemptions are granted by the Swedish Maritime Administration in cases where no suitable Swedish/EU vessel is available</p> <p>Approximately 20 exemptions awarded each year</p>	<p>- Governed by Maritime Act (1994:1009).</p> <p>>50% to be owned by Swedish citizen/corporations.</p> <p>- Government reserves the right to permit foreign vessels to fly the Swedish flag whose operation is under Swedish control and shows owner has his permanent residence in Sweden.</p> <p>Vessel >50% owned by EEA nationals or companies having their registered office, central administration or principal place of business in the EEA and whose operation is controlled from Sweden may be registered in the Swedish register</p>	Not applicable
United Kingdom	<p>Not restricted</p>	-	Not applicable	Vessel >50% owned by citizen or bodies incorporated in the EU or UK Dependent Territories	Not applicable
Iceland	<p>Not restricted:</p> <p>Open coastline</p>	<p>- Practically unlimited scope for foreign merchant ships to trade between Icelandic ports.</p> <p>- As from 5.10.97 CR 3577/92 applies (Joint Committee Decision No 70/97)</p>	Not applicable	<p>- Governed by Registration of ships Act 115/1985, previously limited registration to Icelandic nationals/residents.</p> <p>- Amending Act 62/1992 gives right of registration to citizens/corporations of EEA countries</p>	Not applicable
Norway	<p>Not restricted:</p> <p>- Open coastline</p> <p>NIS vessels are in principle excluded, but permission is given for cargo vessels if certain requirements are fulfilled</p> <p>Foreign flag vessels have access to cabotage trades in Norway.</p>	<p>Under the Public Transportation Act 1976, all operators deploying vessels on scheduled coastal passenger services are required to obtain a licence from the MOTC. As from 5.10.97 CR 3577/92 applies to all EEA members (Joint Committee Decision No 70/97).</p> <p>The government on 1 January 2005 introduced an exemption from the</p>	NIS vessels can enter some cabotage cargo trades. Such vessels are entered on a list of the Maritime Directorate	<p>- Norwegian ordinary Register (NOR) governed by Maritime Transportation Act.</p> <p>- Open only to EEA citizens/residents or unlimited partnership where at least 60% of ownership is by EEA citizens or the owner is a limited company where at least 60% of the capital and operating powers are in EEA hands.</p>	NIS register put into operation by the Norwegian International Ship Register Act of 12.6 1987.

	<p>The rules for obtaining a licence for scheduled passenger transportation are now contained in the Professional Transport Act.</p>	<p>rules on work permits in Norway for foreign seafarers serving on foreign vessels transporting goods or passengers between Norwegian harbours. The government is now in the process of preparing legislation in order to repeal that exemption. The new legislation will have no effect for EEA seafarers on board EEA vessels.</p>			
--	--	---	--	--	--

ANNEX 5 Types of freight transported in the Member States

Classification by type of freight (millions of tons)									
Freight	Dry bulk			Liquid bulk			General cargo		
Year	2000	2003	2005	2000	2003	2005	2000	2003	2005
Northern countries									
Belgium	-	-	-	-	-	-	-	-	-
Denmark	3.1	5.4	4.2	3.9	3.9	4.3	5.8	6.6	7.3
Finland	1.7	1.6	1.3	3.3	3.7	3.5	0.2	0.2	0.2
Germany	2.4	1.9	1.6	3.7	3	3.2	3.3	3.4	3
Ireland	-	-	-	-	-	-	-	-	-
Netherlands	-	-	-	-	-	-	-	-	-
Sweden	4.1	4.2	4.4	7.4	6.8	6.1	1.2	0.9	2.6
United Kingdom	28.9	30.9	30	103.8	95.3	100.4	24.5	26	27
Southern countries									
France	-	-	-	-	-	-	-	-	-
Greece	13.1	14.6	14.5	10.5	9.7	9.1	5.3	17.3	13.9
Italy	2.9	1.4	5.9	3	2.5	6.7	2.2	2.1	4.5
Portugal	0.9	0.9	1.2	3.4	3	3.2	1.4	1.7	1.4
Spain	14.5	14.9	17.4	23.2	25.2	27.5	32.6	38.6	42.8
New Member States									
Cyprus	-	-	-	-	-	-	-	-	-
Estonia	-	-	-	-	-	-	-	-	-
Latvia	-	-	-	-	-	-	-	-	-
Lithuania	-	-	-	-	-	-	-	-	-
Malta	-	-	-	-	-	-	-	-	-
Poland	-	-	-	-	-	1.9	-	-	-
Slovenia	-	-	-	-	-	-	-	-	-
EFTA countries									
Iceland	2	1.7	1.9	1.2	1.2	1.2	1.9	2	2.7
Norway	-	18.8	23.8	-	34.9	33	-	9.3	11.6

Source: Consultrans.

ANNEX 6 Number of passengers transported in the Member States

Passengers transported (millions)			
	2000	2003	2005
Northern countries			
Belgium	-	-	-
Denmark	10.31	10.42	10.348
Finland	4.1	3.9	3.8
Germany	17.42	17.64	16.83
Ireland	-	-	-
Netherlands	-	-	-
Sweden	1.3	1.4	1.5
United Kingdom	38.22	41.37	40.15
Southern countries			
France	1.39	-	-
Greece	46.15	49.79	41.56
Italy	29.71	32.34	36.39
Portugal	0.6	0.8	0.8
Spain	13.92	13.34	14.66
New Member States			
Cyprus ³⁷	-	-	0.55
Estonia	-	-	-
Latvia	-	-	-
Lithuania	-	-	-
Malta	3.07	3.39	3.46
Poland	0.2	0.19	0.15
Slovenia	-	-	-
EFTA states			
Iceland	-	-	-
Norway	46	46	48

Source: Consultrans.

³⁷ Estimated tourist traffic during summer season.

ANNEX 7 Foreign flag penetration

Percentage of fleet participating in cabotage traffic									
Year	National flag			Other EEA			Other non-EEA		
	2000	2003	2005	2000	2003	2005	2000	2003	2005
Finland									
Mainland freight	78%	73%	48%	19%	21%	38%	3%	6%	14%
Island freight	99%	99%	99%	1%	1%	1%	0%	0%	0%
Mainland passengers	100%	100%	100%	0%	0%	0%	0%	0%	0%
Island passengers	94%	96%	96%	6%	4%	4%	0%	0%	0%
Sweden									
Mainland freight	-	-	43%	-	-	40%	-	-	17%
Island freight	-	-	100%	-	-	0%	-	-	0%
Mainland passengers	-	-	0%	-	-	0%	-	-	0%
Island passengers	-	-	100%	-	-	0%	-	-	0%
United Kingdom									
Freight	15%	14%	13%	37%	37%	34%	48%	48%	53%
Passengers	19%	19%	25%	19%	25%	19%	62%	56%	56%
Italy									
Mainland freight	79%	73%	80%	19%	27%	20%	2%	0%	0%
Island freight	93%	89%	86%	5%	11%	14%	2%	0%	0%
Mainland passengers	53%	95%	94%	9%	5%	6%	38%	0%	0%
Island passengers	100%	100%	99%	0%	0%	1%	0%	0%	0%
Portugal									
Mainland freight	79%	77%	64%	6%	11%	28%	15%	12%	8%
Island freight	77%	76%	65%	15%	15%	27%	9%	8%	8%
Mainland passengers	0%	0%	0%	0%	0%	0%	0%	0%	0%
Island passengers	94%	96%	95%	0%	0%	0%	6%	4%	5%

Source: Consultrans.