

Maritime transport: cabotage and international tramp services

2005/0264(CNS) - 14/12/2005 - Document attached to the procedure

COMMISSION'S IMPACT ASSESSMENT

For further information regarding the context of this issue, please refer to the summary of the Commission's proposal for a Council Regulation repealing Regulation 4056/86/EEC laying down detailed rules for the application of Articles 85 and 86 to maritime transport, and amending Regulation 1/2003/EC as regards the extension of its scope to include cabotage and international tramp services – COM(2005)0651.

1- POLICY OPTIONS AND IMPACTS

The Commission considered three options.

1.1- Option 1 - keep the current block exemption for liner shipping conferences in force and transform it into a Commission regulation for a limited period of five years. This would be followed by a subsequent review which is common for all other block exemption regulations ('No action option').

1.2- Option 2 - repeal the present block exemption and not replace it by any other instrument ('Repeal option'). This option would bring the whole liner shipping industry on equal footing with all other industrial sectors and would imply that conference members, like any other shipping carrier, will have to carry out a self-assessment as to whether their activities would fall within the scope of Article 81 (1) of the Treaty and, if so, whether they would fulfil the conditions for an exemption under Article 81(3) of the Treaty. Lines would be assisted in this regard by the decisional practice of the Commission, various guidelines issued by the Commission and the case law of the Court.

1.3- Option 3 - repeal the present block exemption, but also establish an alternative regime that allows other forms of cooperation between carriers operating liner services to and from the EU ('Replace option'), in addition to current forms of co-operation for which there exists a legal framework (e.g. consortia, alliances or mergers).

CONCLUSION: The Commission's identified the 'Repeal option' (Option 2) as the best available option in terms of social and economic aspects. It also positively contributes to the Lisbon objectives. With respect to the four areas of transport prices, reliability of services, competitiveness of EU liner shipping and small EU carriers, which are of particular importance in the review process, the 'Repeal option' would bring about substantial benefits to industry and consumers.

IMPACTS

Effect on transport prices: In the 'No action option' shippers will continue to pay transport prices that are above competitive levels, i.e. the option has a negative impact on transport prices. The 'Repeal option' has a positive impact on transport prices as it will lead to reductions of the ocean rates and even more so to reductions in surcharges and ancillary charges. The 'Replace option' is most likely to result in total transport prices that are even higher than today and has hence a negative impact.

Effect on price stability: The impact of the 'No action option' is weakly negative since price instability stems from a fundamental and wasteful problem, while the impact of the 'Repeal' and 'Replace option' on

price volatility is neutral. Based on the ICF analysis and the experience in other liberalized transport industries, we expect tariff rates would be less volatile in the long-run under a more competitive system.

Overall consequences of the option for economic growth and employment: Both the 'No action option' and the 'Replace option' will have a negative impact on the Lisbon objectives and economic growth. The 'Repeal option' will have a positive impact on the Lisbon objectives and long-term economic growth.

Effect on the functioning of the internal market:

- The 'No action option' will have a negative impact.
- The 'Repeal option' has a positive impact.
- The 'Replace option' overall has a negative impact.

Impact on small shippers: Overall the 'No action option' and the 'Repeal option' will have a neutral impact on small shippers. Some stakeholders even see a positive impact of the 'Repeal option' on small shippers. A negative impact on small shippers can be expected from the 'Replace option'.

Impact on employment: The impact on employment of all three options is neutral.

Environmental impacts: The 'No action' and 'Replace option' are likely to have weakly negative impacts on the environment. The environmental impact of the 'Repeal option' is difficult to quantify but unlikely to be positive, so is judged to be neutral for the purposes of this impact assessment.

2- FOLLOW-UP

The Commission considers that collective fixing of terminal handling charges does not fall with the scope of Regulation 4056/86 and hence Commission intervention might be necessary in future. Lastly, Commission block exemption regulations are usually reviewed every five years.