

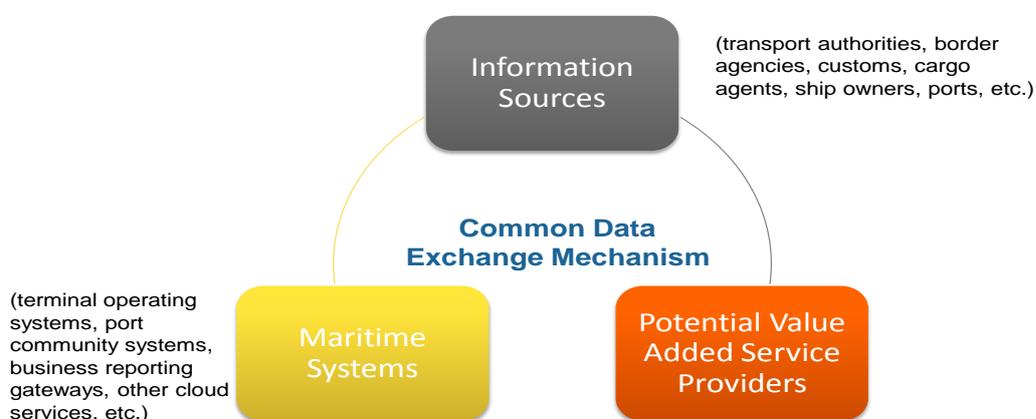
# MariFuture November 2016 Development Paper

## IntelliMariPal: Maritime Cloud Platform – An ITEA Project Idea

### Why IntelliMarPal?

The European Union has introduced a new transport infrastructure policy that connects the continent between East and West, North and South. This policy aims to close the gaps between Member States' transport networks, remove bottlenecks that still hamper the smooth functioning of the internal market. Expert group on Maritime administrative simplification and electronic information services (of EC) are leading the drive to build the core network corridors, which represent the strategic heart of the trans-European transport network (TEN-T) and therefore deserve a concentrated amount of effort and attention for their financing, cooperation efficiency and quality. Within this subject improving maritime freight transport and logistics with more efficient use and reuse of digitalised information currently produced and stored by many different stakeholders. The main obstacles to the **creation of a common information sharing environment** in maritime are diverse users and operator communities, diverse legal frameworks, cross border threats, specific legal provisions. To this end, a project called IntelliMarPal is under preparation for EUREKA ITEA consideration which aims to develop an intermediary communication platform to **increase the interoperability and data exchange** between different users/systems in maritime domain (port level, multi-port level, regional, national, world-wide). The intention of this project is to optimise the exchange of information between the different user communities, building a non-hierarchical technical framework of maritime monitoring and surveillance systems, exchanging non-confidential information between civilian and military authorities, removing obstacles to the exchange of information imposed by specific legal provisions.

### Project idea description



The IntelliMarPal takes note of a recent report by the European Court of Auditors which has expressed concern about the low return on investment on projects funded to improve the port facilities and operations. The report made the recommendation to work with the Member States to reduce the administrative burden and delays in project selection and implementation by promoting the principle of a national 'one-stop-shop' for the issuing, or refusal, of all permits and authorisations for port infrastructure-related investments. Amongst other recommendations, they encourage more consistency in the treatment of user-specific needs and ask Member States to periodically provide specific information on the type and number of customs procedures at individual core ports in order to assess whether ports are being treated equally. The report further recommends the need to improve the competitive position of maritime transport compared to other transport modes by further simplifying maritime transport and customs formalities, in particular by moving towards an EU 'single window'.

## Project idea description



### Functional Requirements:

- Message Routing
- Bridges
- Transport Protocol Conversion
- Message Transformation
- Internal Repository
- Synchronous and Asynchronous Messaging
- Guaranteed Transaction
- Codes Conversion
- Message Validation



The following were extracted from a recent report of the European Court of Auditors

The report commences with a summary stating that seaports are economically very important in the European Union (EU). There are more than 1 200 commercial seaports in 23 of the EU's 28 Member States. They are the key nodes in the global trade network, since they handle around three quarters of the EU's cargo trade with non-member countries and more than a third of intra-EU freight transport. In 2013, the European shipping industry is estimated to have contributed around 1 % to the EU's GDP and supported employment for around 2.2 million people.

The second part of the report focuses on investments in port infrastructures outlining the eligibility of ports for EU co-financing through the European Regional Development Fund (ERDF) and the Cohesion Fund (CF) under shared management, but also through the Trans-European Networks-Transport (TEN-T) and the Connecting Europe Facility (CEF) under the direct management of the European Commission. Overall, between 2000 and 2013, around 6.8 billion euros of funding was provided from the EU budget for investments in ports. In addition to funding from the EU budget, the European Investment Bank (EIB) financed port investments in the form of loans amounting to around 10.1 billion euros.

The Auditors having assessed the Commission's and Member States' EU maritime freight transport strategies and the value for money delivered by EU-funded investments in ports, where they examined 37 new projects and five reassessed projects reached the following conclusions, that:

- The long-term port development strategies put in place by the Member States and the Commission **did not provide a robust and coherent basis for planning the capacity needed in EU ports and for identifying the necessary EU and national public funding for port infrastructures;**
- Funding in similar port infrastructures and superstructures in neighbouring ports has led to **ineffective and unsustainable investments:** based on the 30 of 37 projects examined and already completed between 2000 and 2013, one in every three euros (corresponding to 194 million euros for 12 projects) has been spent ineffectively so far. Around half of this funding (97 million euros of EU funding for nine projects) was invested in infrastructures which were not used or were heavily underused for more than 3 years after the works ended. This highlights shortcomings in the ex ante needs assessment and indicates **a high risk of the amounts invested being wasted;**
- This observation also applies to the five reassessed ports already examined in 2010. This reassessment did indicate **poor value for money overall:** the use of the **EU-funded capacity for these ports was still inadequate after almost a decade of operations.** The port areas in four ports were still at a very low level or empty. **Overall, 292 million euros of the investments was considered to have been spent ineffectively;**
- **Cost overruns and delays are further illustrations of inefficiencies in the examined investments in port infrastructures.** Overall, the EU-funded projects examined had cost overruns of 139 million euros. Moreover, 19 of the 30 completed projects faced delays, out of which 12 were delayed by more than 20 % of the planned project duration. **Relative to the initially planned duration, the delays were of up to 136 %. Of the seven projects (corresponding to 524 million euros of EU funding) not yet completed** at the time of the audit, six were also delayed;
- **Many missing and inadequate links to hinterlands,** such as missing road and rail connections, will need further public funding to make the initial port investments work properly;
- Both the internal coordination within the Commission and the procedure in place between the EIB and the Commission to assess proposed EIB loans for port infrastructures have not been functioning properly as the EIB does not share all relevant information with the Commission. Moreover, for some loan proposals, critical problems were highlighted internally within the Commission, but not signalled to the EIB in the form of a negative opinion by the Commission; and

— The Commission **did not take the necessary actions in the area of state aid and customs procedures to enable ports to compete on a level playing field.** The Commission's state aid control could have been more proactive and more effective by monitoring ex post whether the conditions under which earlier decisions (e.g. for concessions) were taken, remained unchanged or **by refusing support to user-specific superstructures.**

For example, projects which included superstructures used by private operators had been co-financed with around 92.5 million euros from the EU budget.

Auditors in their report, make the following recommendations:

— **Put in place a monitoring of core port capacity, taking account of the Member States' plans for implementing their long-term strategies;**

— **Revise the current number of 104 'core ports' which are necessary to maintain an adequate level of accessibility for the EU as a whole;**

— **Set out an EU-wide port development plan for core ports, maritime waterways and canals;**

— Work with the Member States to reduce the administrative burden and delays in project selection and implementation by promoting the principle of a national 'one-stop-shop' for the issuing, or refusal, of all permits and authorisations for port infrastructure-related investments. Moreover, a 'tacit agreement' principle (e.g. of 2 years) should be implemented as soon as possible;

— Strictly apply the ESIF Common Provisions Regulation and the CEF Regulation on financial corrections due to underperforming investments for the 2014-2020 period;

— Assess the possibility of excluding EU funding for port infrastructure for container transshipment and storage (e.g. construction of quays, docks and storage capacities) during the 2014-2020 period. In addition, superstructures which are not within the public remit should be excluded from EU funding, as these should be considered a commercial environment;

— Prioritise EU co-financing from both CEF and ESIF spending to core ports to **improve their connections to their hinterlands;**

— Fund port infrastructures other than connections to hinterlands only on the condition that there is a clearly established need, where EU added value is demonstrated and where there is a sufficiently large private investment component secured in the overall investment envelope;

— Ensure that all necessary loan information on proposed EIB loans is shared between the EIB and the Commission to facilitate robust assessments;

— Internally clarify, and consistently implement, the procedure for determining whether critical remarks should lead to a negative opinion on a proposed EIB loan;

— Issue state aid guidelines for seaports;

— Ensure consistency in the treatment of user-specific port superstructures;

- Increase the number of desk-based state aid investigations on ports and follow-up of earlier state aid decisions to ensure that the conditions present at the outset remain;
- Member States should systematically notify the Commission of all public financial support to ports in accordance with EU state aid rules;
- Ask Member States to periodically provide specific information on the type and number of customs procedures at individual core ports in order to assess whether ports are being treated equally;
- Improve the competitive position of maritime transport compared to other transport modes by further simplifying maritime transport and customs formalities, in particular by moving towards an EU 'single window'.