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**REPORT FROM THE COMMISSION TO THE COUNCIL**

**Fifth report on the implementation of Council Regulation (EEC) No 3577/92 applying  
the principle of freedom to provide services to maritime cabotage (2001-2010)**

{SWD(2014) 143 final}

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### **Fifth report on the implementation of Council Regulation (EEC) No 3577/92 applying the principle of freedom to provide services to maritime cabotage (2001-2010)**

Council Regulation (EEC) No 3577/92 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage)<sup>1</sup> was adopted on 7 December 1992. The objective of the Regulation has been to gradually implement this freedom, thus creating an internal market for the provision of maritime cabotage services.

Pursuant to Article 10 of the Regulation, every two years the Commission shall submit to the Council a report on the implementation of this Regulation and, if appropriate, shall also put forward any necessary proposals.

This is the fifth periodical report. Following the consultation of Member States on the content and frequency of reports announced in the previous report<sup>2</sup>, and in the light of the Council conclusions<sup>3</sup>, the Commission decided to cover by this report the years 2001- 2010, and later where available. The justification for this approach was twofold. Firstly, the Commission intended to fully assess the impact of maritime cabotage liberalisation in Greece, which was the last Member State to open its market. Secondly, it aimed at analysing the cabotage in Member States which accessed the EU since the adoption of the previous report in 2002 (i.e. enlargements of 1 May 2004<sup>4</sup>, 1 January 2007<sup>5</sup> and 1 July 2013<sup>6</sup>).

This report focuses on countries which have access to the sea<sup>7</sup>. It has been based on the studies carried by independent consultants<sup>8</sup>, the results of consultations of stakeholders and Member States undertaken by the Commission in 2009 and the answers from the Member States to a questionnaire addressed to them by the Commission in 2012.

This report is divided in four chapters. The first depicts the recent Court's case-law and the legislative developments in Member States and the EFTA countries. The second presents market trends in Member States and EFTA countries. The third recapitulates the available

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<sup>1</sup> OJ L 364, 12.12.1992, p. 7.

<sup>2</sup> Fourth report on the implementation of Council Regulation 3577/92 applying the principle of freedom to provide services to maritime cabotage (1999-2000) of 24.4.2002, COM (2002) 203.

<sup>3</sup> Council conclusions of 5.11.2002.

<sup>4</sup> Cyprus, Estonia, Lithuania, Latvia, Malta, Poland, Slovenia, see also footnote 7.

<sup>5</sup> Bulgaria and Romania.

<sup>6</sup> Croatia.

<sup>7</sup> Austria, Czech Republic, Hungary, Luxembourg and Slovakia are not covered.

<sup>8</sup> Consultrans (member of the ECORYS Lead Framework Contract Consortium), "Study in view of the preparation of the 5th periodical report on the implementation of Regulation No 3577/92. Economic part 2001-2005", July 2007. Gomez- Acebo & Pombo Abogados, "Study on the implementation of Council Regulation (EEC) No 3577/92 applying the principle of freedom to provide services to maritime transport within the Member States. Legal developments (2001-2005)", June 2007.

data on employment in maritime cabotage. Due to the lack of reliable and conclusive data this part no longer contains the statistics on the crew costs. The fourth chapter highlights the outcome of the consultations undertaken on the occasion of preparation of this report. Finally, the last chapter contains conclusions and presents the Commission's view regarding future reports.

The Commission Staff Working Document accompanying this report presents more detailed statistical data and analysis of certain issues mentioned in this report.

This report is presented together with the Commission's interpretative communication on Regulation (EEC) No 3577/92.<sup>9</sup>

## **1. LEGISLATIVE DEVELOPMENTS**

This chapter analyses the Court of Justice's case-law and the developments in EU Member States (1.1) and in EFTA States (1.2) regarding the categories of liberalised services, access to the cabotage, rules on manning, PSO (Public Service Obligation) and PSC (Public Service Contract) within the period of reference. A more detailed description of legislative developments is recapitulated in the Table 1 of the Commission Staff Working Document accompanying the present report.

### **1.1. Legislative developments in the EU Member States**

#### *1.1.1. Liberalised services*

Almost all categories of maritime cabotage services have been opened to the beneficiaries of Regulation (EEC) No 3577/92 since 1 January 1999, the date when most of derogations set out in Article 6 of the Regulation came to an end.

The only remaining derogation, until 1 January 2004, laid down in Article 6(3) of the Regulation concerned two categories of island cabotage services in **Greece**: regular passenger and ferry services as well as services provided by vessels smaller than 650 gt.

Following the adoption of Law 2932/2001 published on 27 June 2001 Greece liberalised these cabotage services, well before the expiration of derogation period in 2004. However, the full alignment with the Regulation was achieved in Greece only in 2011, through a series of amendments introduced by Ministerial Decision 3323.1/02/08, Presidential Decrees 38/2011 and 44/2011, and Law 3922/2011 of 4 March 2011. This legislation was adopted in Greece in the context of an infringement procedure that was closed by the Commission in 2011.

In addition, Greece has liberalised its cabotage market even more widely than required by the Regulation by opening it in 2010 to cruise ships registered in a third country (Law 3872/2010).

#### *1.1.2. Access to the provision of maritime cabotage services*

The Regulation foresees that, for a ship to be allowed to provide cabotage in another Member State, it must fulfil all the conditions required for admission to cabotage in the Member State in which it is registered.

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<sup>9</sup> 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(2014)232

Member States allow all vessels registered in their **first registers** to provide cabotage without any restrictions. As a consequence, these vessels have unrestricted access to cabotage in other Member States.

The situation concerning vessels registered in **second registers**<sup>10</sup> can be summarised as follows:

- vessels registered in the Spanish Special Register of ships and shipping companies of the Canary Islands (REC), in the Portuguese Madeira register (MAR) and in Gibraltar have unrestricted access;
- cargo vessels registered in the Danish International Ship Register (DIS) have unrestricted access, passenger vessels in DIS do not have access to cabotage;
- vessels registered in the German International Register (ISR) and in the Finnish List of cargo vessels in foreign traffic have limited access on a case-by-case basis but have no access to regular cabotage;
- France and Italy granted within the period of reference a limited access to cabotage to the vessels registered in their respective second registers:
  - in **Italy**, the second register, which was originally excluded from access to cabotage, has been allowed to provide cabotage only on a case-by-case basis and up to 6 cabotage journeys per month (Law 27, 12/2002 no. 289); Law no. 326 of 24 November 2003 allowed, as an alternative to the 6 journeys per month, to carry out unlimited cabotage journeys provided that these are over 100 nautical miles;
  - in **France**, the French Southern and Antarctic Territories' Register (TAAF) that did not provide access to cabotage has been replaced by the French International Register (RIF) by Law n ° 2005-412 of 3 May 2005; vessels registered in RIF have a limited access to cabotage of goods provided they are not solely exploited on cabotage routes.

### *1.1.3. Rules on manning*

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

In 2004 the Court clarified the scope of Article 3 in respect to cruise ships.<sup>11</sup> According to the Court, all matters relating to manning of cruise ships exceeding 650 gt, irrespective whether they carry out mainland or island cabotage, are the responsibility of the flag State. The host State rules might be applied only to cruise ships smaller than 650 gt.

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<sup>10</sup> As recalled in the previous report, the "off-shore" registers of Member States are not beneficiaries of the Regulation (e.g. the Dutch Antilles Register, the Isle of Man Register, the Bermuda and Cayman Islands Registers) as EU law does not apply to these territories.

<sup>11</sup> Case C-288/02 *Commission of the European Communities v Hellenic Republic*. [2004] ECR I-10071.

In 2006 the Court provided also a clarification on the definition of the '*voyage which follows or precedes the cabotage voyage*<sup>12</sup>: this voyage means any voyage to or from another State, whether or not the vessel has cargo on board.

The rules on manning laid down in Article 3 may be summarised as follows:

Flag State	Host State
<ul style="list-style-type: none"> <li>- vessels over 650 gt carrying mainland cabotage</li> <li>- cruise liners over 650 gt</li> <li>- cargo vessels over 650 gt carrying island cabotage, when the cabotage voyage follows or precedes a voyage to or from another State</li> </ul>	<ul style="list-style-type: none"> <li>- vessels smaller than 650 gt</li> <li>- vessels carrying island cabotage (with the exception of cargo vessels over 650 gt carrying island cabotage, when the cabotage voyage follows or precedes a voyage to or from another State)</li> </ul>

Only six Member States apply the host State rules: France, Italy, Spain (as it was already the case in the previous report), Portugal<sup>13</sup>, Greece<sup>14</sup> and Bulgaria<sup>15</sup>.

The main rules contained in the respective national legislations on manning are set out in Table 2 of the Commission Staff Working Document accompanying the present report.

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

Recital 9 of the Regulation provides that the introduction of public services entailing certain rights and obligations for the shipowners concerned may be justified in order to ensure the adequacy of regular transport services to, from and between islands, provided that there is no distinction on the grounds of nationality or residence. Article 4 of the Regulation authorises Member States to '*conclude public service contracts with or impose public service obligations as a condition for the provision of cabotage services, on shipping companies participating in regular services to, from and between islands*', provided that these obligations are imposed on a non-discriminatory basis in respect of all Union shipowners.

A judgment of the Court of 2001 clarified that Article 4(1) is to be interpreted as permitting a Member State to impose PSO on some shipping companies and, at the same time, to conclude PSC with others for the same line or route in order to ensure the regular traffic to, from or between islands.<sup>16</sup>

Further clarification on Article 4 of the Regulation was brought in 2006. The Court judged unlawful the Spanish legislation which: (1) allowed a concession for cabotage services to a

<sup>12</sup> Case C-456/04 *Agip Petroli SpA v Capitaneria di porto di Siracusa and Others* [2006] ECR I-03395.

<sup>13</sup> 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 Açores.

<sup>14</sup> 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.

<sup>15</sup> In Bulgaria, according to Article 4 of Ordinance No 10 ships of less than 650 gt are subject to the Bulgarian manning regulation.

<sup>16</sup> Case C-205/99 *Analir v Administración General del Estado* [2001] ECR I-1271.

single operator for a period of 20 years; (2) included as a criterion for the award experience in transport acquired on that route; and (3) allowed the imposition of a PSO on regular transport services between mainland ports.<sup>17</sup>

Within the period of reference the following main developments have taken place in the national legislation on the public service:

- **Greece** has replaced the administrative authorisation system by a regime of simple declaration (Law 3922/2011 of 4 March 2011 amending Law 2932/2001).
- **Spain** replaced the Royal Decree No 1466/97 with the Royal Decree No 1516/2007 of 16 November 2007. The new Decree, determines the legal arrangements for regular maritime cabotage lines and services of public interest. The Decree 9/2009 of 27 January 2009 of the regional Government of Canary Islands and the Law 11/2010 of 2 November 2010 of the regional Government of the Balearic Islands have completed this legislative framework.
- **France** has introduced financial sanctions for the ship owners providing cabotage to islands if they do not respect the public service obligations (Decree of 18 September 2008).

The situation concerning PSO and PSC is recapitulated in Table 3 of the Commission Staff Working Document accompanying the present report

## **1.2. Legislative developments in the EFTA States**

On 1 January 2005 Norway introduced an exemption from the requirement of work permits for non-EEA seafarers serving on foreign vessels transporting goods or passengers between Norwegian harbours. However, the work permit requirement has been re-introduced in May 2010. This work permit requirement does not apply to EEA nationals or non-EEA nationals serving onboard EEA-registered ships.

As it was mentioned in the previous report, ships registered in the Norwegian International Ship Register (NIS) do not have access to the cabotage.

The main provisions regarding cabotage in the EU Member States and the EFTA States are summarised in Table 4 of the Commission Staff Working Document accompanying the present report.

## **2. MARKET DEVELOPMENTS**

The Commission encountered difficulties in collecting the data needed to draw this part of report since the statistical tools used to track maritime cabotage in Member States are becoming increasingly insufficient and unreliable. As it was pointed out in the previous cabotage report, Member States no longer collect as detailed statistics as in the past. Moreover, given that the market has been liberalised, it has become more difficult for the national administrations to record the market-related data. This often results in statistical tracking becoming an internal task of the private operators, reluctant in providing data to the competent authorities for reasons of business confidentiality.

The Commission is currently considering developing a methodology in order to collect detailed and timely statistics on maritime transport, including on cabotage.

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<sup>17</sup> Case C-323/03 *Commission of the European Communities v Kingdom of Spain* [2006] ECR I-2161.

This part of the report presents the traffic developments, including the general trends in cargo (2.1.1) and passenger cabotage (2.1.2), the market shares of the first and second registers (2.2) and foreign flag penetration (2.3).

## **2.1. Traffic developments**

### *2.1.1. Cargo transport*

According to data provided by Member States in reply to the Commission's questionnaire, as completed by the Eurostat data, in the period 2001-2007 the maritime cabotage of cargo was generally stable, in several countries recording a continuous increase in volumes. From 2008 the volume of traffic has been falling due to the effect of the economic crisis. This tendency has been most visible in **Greece** and **Italy**. In **Spain**, the impact of the crisis has been recorded mainly in general cargo, due to the decline in general consumption, and in the dry bulk trades, affected by the slowdown in the building industry.

As in previous years, the cabotage transport of goods is dominated by the **United Kingdom** (high share of liquid bulk), **Spain** (high proportion of general cargo) and **Italy** (high volume of liquid bulk traffic). With regards to the EFTA countries the volume of freight transported in **Norway** remains high, mainly due to the offshore oil traffic (see Table 1). Available data on the categories of freight transported are given in Table 5 of the Commission Staff Working Document accompanying the present report.

Table 1: Cabotage transport of goods

	Total Volume (in millions of tons)									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>BE</b>	-	-	-	-	-	-	-	-	-	-
<b>BG</b>	-	-	-	-	-	-	-	-	-	-
<b>CY</b>	-	-	-	-	-	-	-	-	-	-
<b>DE</b>	-	8.4	8.4	8.4	7.8	7.2	7.9	8.1	6.9	6.3
<b>DK*</b>	13.5	12.0	13.7	13.0	14.6	17.0	17.8	16.9	13.2	14.8
<b>EE*</b>	-	0.4	0.5	0.7	0.5	0.3	0.7	0.2	0.1	0.2
<b>EL*</b>	23.4	30.5	36.3	35.0	32.4	33.7	34.3	30.8	27.2	22.2
<b>ES</b>	76.9	76.3	78.7	86.3	87.6	87.0	91.4	86.0	76.6	80.7
<b>FI</b>	5.8	6.1	5.5	5.3	5.0	5.7	6.1	6.1	5.3	8.0
<b>FR</b>	9.1	9.8	10.1	10.4	10	9.3	9.9	9	8.7	8.1
<b>IE</b>	-	-	-	-	0.9	0.8	0.9	1.0	1.0	0.9
<b>IT</b>	70.2	67.6	59.9	66.1	103.	73.8	72.7	67.6	60.7	58.6
<b>LT</b>	-	-	-	-	-	-	-	-	-	-
<b>LV</b>	-	-	-	-	-	-	-	-	-	-
<b>MT</b>	-	-	-	-	-	-	-	-	-	-
<b>NL</b>	-	-	-	-	-	-	-	-	-	-
<b>PL</b>	-	-	-	-	-	-	-	-	-	-
<b>PT*</b>	5.6	5.6	5.7	5.8	6.8	6.8	7.7	8.0	7.1	8.3
<b>RO</b>	-	-	-	-	-	-	-	-	-	-
<b>SE</b>	12.2	11.6	11.9	11.3	13.1	11.4	12.5	12.1	9.9	11
<b>SI</b>	-	-	-	-	-	-	-	-	-	-
<b>UK*</b>	105.	102.	96.4	95.7	97.0	88.7	88.0	84.6	79.6	71.3
<b>IS</b>	-	-	-	-	-	-	-	-	-	-
<b>NO*</b>	-	46.7	45.0	46.2	46.7	49.0	48.2	46.2	44.0	42.5

\* Source: Eurostat. Data collected by Eurostat include information for ports handling more than 1 million tonnes annually.

### 2.1.2. Passenger transport

Maritime cabotage of passengers appears stable, with consolidated global numbers similar to those registered in previous reports. No major 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. Due to the effects of the economic crisis the number of passengers has fallen in the last three years (the figures in **Spain** in 2010 had fallen back to the levels recorded in 2004- 2005, in **Greece** to the levels of 2001).

Maritime cabotage of passengers presents an elevated degree of concentration: the two largest markets are **Greece** and **Italy**, followed by **Spain**. A decrease in the passenger traffic recorded in **Denmark** due to the opening of the Great Belt (fixed link between Copenhagen and the mainland) from the mid-nineties seems to be stabilised now to a lower number of passengers, oscillating between 8 and 9 million passengers per year (see Table 2).

No statistics on number of passengers are available for EFTA countries.



Table 2: Cabotage transport of passengers

Total Passengers (in millions)										
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>BE</b>	-	-	-	-	-	-	-	-	-	-
<b>BG</b>	-	-	-	-	-	-	-	-	-	-
<b>CY</b>	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05
<b>DE</b>	-	-	-	-	-	-	-	-	-	-
<b>DK*</b>	8.4	8.7	8.9	8.9	8.8	9.1	8.9	8.7	8.3	8.2
<b>EE</b>	-	-	-	-	-	-	2.0	2.0	1.9	1.8
<b>EL</b>	50	60	55	66	75	74	76	76	61	52
<b>ES</b>	16.6	16.0	17.0	18.5	18.3	19.4	20.1	19.7	18.4	18.2
<b>FI</b>	0.6	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
<b>FR*</b>	5.0	5.0	4.5	3.7	4.0	4.2	4.5	4.8	-	-
<b>IE</b>	-	-	-	-	-	-	0.4	0.4	0.5	0.5
<b>IT</b>	34.4	35.9	32.4	36.9	36.4	42.2	41.0	37.3	38.9	39.0
<b>LT</b>	-	-	-	-	-	-	-	-	-	-
<b>LV</b>	-	-	-	-	-	-	-	-	-	-
<b>MT</b>	3.1	3.3	3.4	3.5	3.5	3.6	3.8	3.4	3.8	4.0
<b>NL</b>	-	-	-	-	-	-	-	-	-	-
<b>PL</b>	-	-	-	-	-	-	-	-	-	-
<b>PT*</b>	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.3
<b>RO</b>	-	-	-	-	-	-	-	-	-	-
<b>SE</b>	1.3	1.4	1.4	1.5	1.5	1.5	1.6	1.5	1.6	1.7
<b>SI</b>	-	-	-	-	-	-	-	-	-	-
<b>UK*</b>	4.0	4.2	4.1	3.7	3.2	3.1	3.3	3.1	3.0	3.1

\* Source: Eurostat. Data collected by Eurostat include information for ports handling more than 200 000 passengers annually.

## 2.2. Respective market shares of the first and second registers

The first register is dominant in the cabotage of passengers. Only **Spain** and **Portugal**, which allow cabotage of passengers by vessels registered in their second registers, record minor participation of such vessels.

The role of second registers tends to increase in the cabotage of goods. In **Italy**, further to relaxing the conditions of access to cabotage of vessels registered in the Italian International Register a considerable increase of participation of those vessels in cargo cabotage could be recorded. According to the Italian authorities this trend is likely to continue in the near future.

## 2.3. Foreign flag penetration

The presence of non-national vessels is most visible in the cabotage of goods. In **Finland**, the presence of non-Finnish EEA flags has increased from 25% in 2001 to 36% in 2005 and 47% in 2010. In **Italy**, the presence of non-Italian EEA flagged vessels has increased in cargo transport in mainland cabotage from approximately 43% in 2001 to almost 47% in 2009. In **Germany**, on average more than half of the total cargo is transported by non-German EEA vessels: in 2002 this share represented 52%, in 2010 it has risen to almost 56%.

The predominance of national flags remains considerable in respect to passengers' cabotage, with a special case of **Greece** where the quasi totality of the market corresponds to national flag vessels (out of about 300 ships operating passenger cabotage only 4 are non-Greek flagged, but Greek owned).

The available data is presented in Table 6 of the Commission Staff Working Document accompanying the present report.

### 3. EMPLOYMENT

The available information on employment in maritime cabotage is very scarce.

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)<sup>18</sup>.

In **Spain**, the number of seafarers on Spanish flag cabotage vessels has decreased by 49.5%, from 5.350 in 2001 to 2.649 in 2010, mainly due to the reduction in the number of ships (small cabotage vessels have been replaced by lower number of modern ships with higher tonnage).

In **Malta**, the employment in maritime cabotage sector records 240 persons (including seafarers) and according to the Maltese authorities has a significant growth potential. It is estimated that a further 500 persons are to be employed in next years.

### 4. CONSULTATION

In 2009 and 2012 the Commission consulted the maritime administrations of Member States and other interested parties<sup>19</sup> with a view to assessing the impact of the Regulation.

This consultation proved that the cabotage market is very heterogeneous across the EU. The submissions received in the framework of this consultation showed that the Regulation seems to respect this diversity and the demo-geographic specificities of Member States.

It appears that abolishing barriers in access to cabotage markets has not led to any significant increase in the number of shipowners interested in providing cabotage services. This might be linked to the inherent features of the cabotage market, which, with a few exceptions of routes of very high commercial interest<sup>20</sup>, consists in rather small passenger traffics and limited cargo volumes. Furthermore, the geographical position often does not give any advantage to maritime services compared to land transport, for instance by requiring specific technical features of the ships (e.g. ships sailing in the northern Europe often need to have an ice class).

Moreover, it should be noted that some shipowning companies ensure their presence on cabotage markets of other Member States by acquiring the shares in national shipowning companies<sup>21</sup> rather than by physically deploying the cabotage services.

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<sup>18</sup> Source: Consultrans.

<sup>19</sup> Conference of Peripheral Maritime Regions (CRPM), European Community Shipowners' Association (ECSA), European Sea Ports Organisation (ESPO) and European Transport Workers' Federation (ETF) contributed to this report.

<sup>20</sup> E.g. the cabotage transport between mainland France and Corsica, originally provided only by SCNM, has attracted other shipowners: Corsica Ferries and in 2010 Moby Lines.

<sup>21</sup> E.g. in 2008 the Italian shipowning company Grimaldi Compagnia di Navigazione SpA acquired an additional share in the Greek Minoan Lines S.A. and thus became its biggest shareholder.

The received submissions highlighted that the Regulation succeeded in providing a legal framework for public service contracts (PSC) and public service obligations (PSO) and has contributed to achieving more transparency in their attribution.

Several submissions emphasised that provisions of the Regulation in respect to PSO and PSC enable public authorities to negotiate with shipowners in a position of relative strength, and give the administrations an element of control over the level of fares. This general appreciation needs however to be mitigated by examples of transport to islands representing low commercial interest. According to the Greek maritime administration, the lack of effective competition on some lines appears to have led in Greece to higher costs to compensate for discharging public service.<sup>22</sup>

The consultation revealed that the derogation provided in Article 3(2) of the Regulation allowing the application of the host State rules in respect to matters relating to manning is of significant importance to several Member States. The submissions highlighted that this derogation guarantees equal conditions of competition. However, the Commission became aware that the lack of an easy access by the shipowners to the legislation of the host country on manning requirements could be a barrier for further development of island cabotage.

Finally, some respondents to the consultation indicated that the opening of the cabotage market on the commercial routes has in some cases accelerated the modernisation of the fleets and contributed to improving the quality of services on offer.

## **5. CONCLUSIONS**

### **5.1. The impact of liberalisation**

Almost all cabotage services in the EU have been liberalised from 1 January 1999. The Greek market, which was the last to be partly protected, has been opened up since 1 November 2002.

Until 2007, the maritime cabotage market was generally stable, recording a continuous increase in volumes of goods and numbers of passengers transported in several countries. Since 2008 it has experienced a considerable decline, due to the impact of the economic crisis.

As in previous years, the greatest market for cargo traffic is that of the United Kingdom, followed by that of Spain and Italy. Liquid bulk continues to lead in terms of cargo transported.

Regarding passengers, Greece has the greatest traffic, followed by Italy.

The penetration of the national markets by vessels flying non-national flags has increased in the cabotage of cargo, while it remains limited in the cabotage of passengers.

It is apparent from the consultations conducted by the Commission that the liberalisation has had an overall modest but positive impact leading in some Member States to the modernisation of national fleets which have been faced with the increased risk of competition.

### **5.2. Further actions**

Following the consultations of 2009 and 2012 mentioned in section 4 of this report, and drawing on the experience gained during several years of application of the Regulation the Commission believes that the Regulation is fit for its purpose and does not require revision.

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<sup>22</sup> In Greece, public financing for the coverage of public service obligations reached 24 million € before the implementation of the Regulation, in contrast to more than 100 million € for the years 2009 up to 2011, constituting an increase of more than 400% on a yearly basis, when compared with 2000.

However, the Commission recognises that several questions raised in the submissions witness problems of interpretation and implementation. Therefore, the Commission has addressed these issues in its new interpretative communication on maritime cabotage.<sup>23</sup>

Given that the available statistical information on maritime cabotage has become scarce and as the liberalisation has now been completed and the market is stabilised, the Commission proposes to report on the economic and legal progress of liberalisation only in the case of significant developments in this field and in any case not later than by 2018, in order to fully assess the impact of liberalisation of maritime cabotage in Croatia, which benefits from the temporary derogation from certain provisions of the Regulation until 31 December 2014.

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<sup>23</sup> See footnote 9.