Simplification of Port Processes

With trade volumes growing, ships getting ever larger and shippers stepping up their demands for efficiency and speed in highly complex, time critical supply chains, there is huge pressure on Europe’s ports and shipping industry. At the same time, these needs must be balanced with the need to ensure safety, security and legal trading.

Policymakers and the industry agree on the urgent need to reduce the administrative burden on the shipping industry – but how are the two sides responding, how do their views differ and where do they coincide, and what will be the impact?

These thorny topics were tackled in depth at a high-level conference organised by the European Port Community Systems Association (EPCSA). The ‘Simplification of Port Processes’ conference, hosted by the World Customs Organization, featured presentations by a series of prominent speakers, and also included in-depth panel discussions in which delegates were able to raise specific issues.

In essence, the conference considered: What are the key strands of European Union policy relating to port processes? How are they viewed from the differing perspectives of the European Commission and the shipping and ports community? What role do Port Community Systems play in the processes and procedures, and why is this so critical? And, finally, what is needed next to drive forward trade facilitation within and beyond Europe, particularly in the context of the Single Window environment?

“The conference offered a well-balanced programme of speakers, including policymakers and regulators on the one hand and trade – including shipowners and forwarders – on the other,” said EPCSA chairman Alan Long. “It also underlined the strong position in terms of influence and practical application that EPCSA holds, only two years after the association was officially launched.

“It is crucial that EPCSA and its growing membership continue to press home the important role that Port Community Systems play in trade facilitation – in smoothing processes through ports that would otherwise be awash in paperwork and likely to grind to a halt as a result. Port Community Systems are at the centre of swift, secure and efficient supply chains. They already perform the functions that would be critical to the success of National Single Windows, and we must re-emphasise, over and again, the importance of using that expertise and not endlessly reinventing the wheel.”
Opening address: EPCSA chairman

Simplification of processes is necessary to improve the throughput of Europe’s sea and airports, said EPCSA chairman Alan Long, as he opened the conference.

“We have seen a lot of Directives, initiatives and regulations coming out in the transport and Customs area and we need to remember: although we need simplification, we need to make sure we don’t re-invent the wheel and throw away what we have already got.

“Every Port Community System has its own way of operating but the overall objectives remain constant. It is vitally important to use information as much as possible and as efficiently as possible. Port Community Systems can act as clearing centres for information. The advantages seem quite straightforward to us – avoiding double or multiple input of information and re-using information. The alternative, previous to Port Community Systems, was seven copies of a manifest around the port, with all seven having to be amended when anything changed.”

Using Port Community Systems as clearing centres also maximises the use of existing information, said Long. “Where you have a Port Community System, you have a sophisticated IT structure. Use it to the maximum. It also increases transparency; everyone knows they have carried out their functions efficiently and effectively.

“A Port Community System can also be linked in to Vehicle Booking Systems (VBS), delivery systems, transport orders and other functions.

“Finally, the use of Port Community Systems in the move towards Single Window will minimise change. If you use what is already there, you don’t enforce change on the very people you are trying to simplify the processes for.”

EPCSA members handle in excess of 10 million electronic messages per day and 65% of EU trade goes through sea ports where EPCSA’s members operate, said Long, and the association continues to grow.

“We need to make sure we don’t re-invent the wheel and throw away what we have already got.”
There is one clear reason for the European Ports Policy; we see that ports are supporting more and more trade, and they need funds to handle larger ships, create connections with rail, etc.,” said Urrutia.

Sanderson added: “The proposals are intended to provide a level playing field free from ‘interpretation’, and to reduce the administrative burden. It is about connecting ports to the Trans European Network; we have many good ports but often their hinterland connections are poor. This policy is about attracting investment – capital is needed if ports are going to continue to grow.”

Key elements of EU policy include applying the rules of the new Concessions Directive to cargo handling concessions; insisting on financial transparency (it is quite surprising, said Sanderson, that there are still ports in member states that don’t actually keep accounts); provision for regular consultation by ports, with port users and other stakeholders; and open discussion of infrastructure and service charges. The proposals could be in force by 2015.

“The proposals are intended to provide a level playing field free from ‘interpretation’, and to reduce the administrative burden.”
Jukka Savo: Administrative simplification in ports

If a crew list has already been submitted in another EU member state port, and the crew hasn’t changed, is there really a need to submit the same list every time? It’s a question used by Jukka Savo as an example of administrative burden that the EU’s e-Maritime initiative is looking to ease.

"e-Maritime is asking: is there really this need to provide information because of geographical boundaries and time, such as distance to a port, or should it be submitted rather when there is something new to report, to update the existing information?" he said.

In his presentation on e-Maritime, Ships’ Reporting Formalities and the Blue Belt project, Savo said: "The EU is highly dependent on maritime transport. Shipping has several advantages; lower costs and lower impact on the environment. But shipping isn’t used to its full potential and we can look at the barriers that might be there to reduce its efficiency – the considerable administrative burden."

Directive 2010/65 on Ships’ Reporting Formalities requires member states to implement National Single Windows by 1 June 2015. "On that day we will move from paper to electronic. We have no transfer period; we should be able to do it overnight. This requires a lot of technical preparation and also mental preparation," he said.

"National Single Windows require the information that is required by law to be reported only once. That statement is very clear and powerful. No authorities should come and ask the same information again. Once that information has been seen/submitted, the relevant authorities should go to the national system and get the information from there, and not go back to the vessel and ask for it again. That is, the information has to be made available to all the competent authorities."

Member states have to make sure that those Port Community Systems which are connected to the National Single Windows have the same safety and security levels as the national systems, he said. But crucially, he emphasised: “Don’t throw away existing systems if they are already serving their functions; they should remain there, and the information should be exchanged with the national system.

“Port Community Systems play an important role in ports. Without them, planning and executing ship, cargo and passenger movements in ports and with their hinterland connections is difficult. If the National Single Windows will be important for reducing the administrative burden, Port Community Systems remain the core of improving the overall operational efficiency in the ports."
Continued...

Jukka Savo: Administrative simplification in ports

There is also a need to look at the move from paper to electronic information more objectively and analytically, said Savo. While the use of electronic information is aimed at improving efficiency and reducing the administrative burden, often not much thought is given to improving the process itself along the way.

“We don’t always think when we change from paper-based processes: is there actually a way of improving the process itself? Many processes have just been taken from the paper form directly into the same form in an electronic way. Maybe this information can already be combined from different electronic sources and there is no real need to ask this information again. We need to look at the processes closely to see: can we do things better?”

The Commission is planning to set up an e-Maritime forum which is likely to include 50 to 60 people representing member states, research organisations, the industry itself and other interested stakeholders. The aim is to produce an ‘action list’, presenting the EC with short, medium and long-term actions recommended for reducing the administrative burden in shipping and ports. The Call for Interest to participate in this work is planned to take place early this autumn; the first meeting would be in November and the action list should be ready by the end of 2014.

“We don’t always think when we change from paper-based processes: is there actually a way of improving the process itself?”
“Therefore, even though administrative simplification procedures for maritime transport have already been introduced by EU legislation, vessels travelling between EU ports have this additional burden.”

“The Single Market Act II is designed to take away the administrative burden and ensure there is a level playing field in shortsea shipping, compared to other modes of transport, i.e. road, rail and air, whilst still enabling Customs authorities to play their role in protecting and safeguarding the EU’s financial, economic, safety and security interests,” she said. “To achieve this, it is important to make use of existing systems or systems that are being developed currently.”

In her presentation on the Blue Belt initiative, de Coster said that to keep Blue Belt limited to intra-EU shipping would not make sense, because on many rotations ships call at non-EU as well as EU ports. “There are two proposed solutions: first, the presumption of Union status in an enhanced RSS and, second, Union status proven on re-entry. The most important part of this is a harmonised e-manifest, to which we could add the possibility of indicating the status of the goods.”

The harmonised e-manifest idea would be mandatory, and involve a system of ‘trusted traders’, she added. It will require changes to the Customs legislation to be discussed and agreed at the Customs Code Committee. The aim is to implement such a harmonised manifest by June 2015.

“The harmonised e-manifest idea would be mandatory, and involve a system of trusted traders.”
From the beginning of this century, the world’s Customs authorities have faced conflicting demands from society, said Theo Hesselink.

“Following the terrorist attacks in the United States and also in London, Madrid and elsewhere, there was a clear demand for better protection and Customs was supposed to provide part of that. But there is also an increased demand for facilitating legitimate trade,” he said. “These conflicting trends need to be managed by Customs internationally.”

There are many challenges for Customs, said Hesselink: globalisation of business and trade, international terrorism, the increasing importance of environmental protection, and the increase in transnational threats.

“But, on the other hand, there are numerous opportunities to change things,” he added.

Achievements and advantages include a global Customs network, improved cooperation, better management of borders, and a deeper understanding and more expertise within Customs regarding the supply chain and how it works.

The building blocks for Customs in the 21st century include Integrity and Capacity Building, said Hesselink. Since 2001 and even before then, it became clear that Customs globally needed to work more closely together if they want to achieve supply chain visibility and security.

“Globally Networked Customs is not a global IT system but it does hope to achieve standardisation of information within Customs,” he said. “The WCO is developing protocols, standards and guidelines. This should also lead to lower implementation costs – if a system works for one Customs authority, then it will probably work for another. It may just need tweaking, rather than re-inventing the wheel.”

There is not a one-size-fits-all solution, said Hesselink. “You can harmonise but the local situation dictates how you do that. However, that doesn’t mean you can’t work with standards, etc.”

The WCO has 179 members worldwide, who between them deal with 98% of world trade. All 27 EU member states are members of the WCO.

Hesselink said: “The World Customs Organization is all about delivering effective information and modern Customs procedures and standards. We work internationally and try to build knowledge and capacity so our members can meet the needs of governments and society.”

The WCO has developed a series of packages to enable its members to improve organisation development, compliance and enforcement, and revenue. It is now focusing on an ‘economic competitiveness’ package.

“We know the economic crisis has had its impact on world trade and with this package we would like to help countries know whether they can improve their effectiveness, efficiency and competitiveness, in order to make an impact on recovery and sustainable growth” said Hesselink.
Christophe Tytgat, European Community Shipowners’ Associations (ECSA)
Plea for a level playing field

“Our plea throughout the years and especially now in the context of Blue Belt is that we are trying to get a level playing field with other modes of transport,” said Christophe Tytgat, representing the European Community Shipowners’ Associations.

An important aspect of the Blue Belt initiative is that, for the very first time, transport and Customs are sitting down together, he said. “I think the Blue Belt pilot project has been instrumental in starting the discussions that are happening today.”

He outlined the way in which the Blue Belt pilot project had demonstrated that ships can be tracked and traced once they leave territorial waters, an important element in moves to simplify the administrative burden for shortsea and deepsea shipping.

“There was this obsession that a lot of ships were transferring containers on the high seas, and so on!” he said. In the context of the Blue Belt pilot project, 250 ships were tracked and traced on their voyages and the information and history sent to Customs.

As a result of the project, a good level of trust was built in which Customs authorities could see that they could make better (risk) assessments on the basis of SSN (SafeSeaNet), he said.

Tytgat also talked about Directive 2010/65, and its requirement for member states to impose Single Window. “Where we see a problem, member states will still have the possibility to impose national requirements, so we may end up with X number of Single Windows, depending on the number of member states we have – and that is clearly not what we had in mind,” he said.

“We don’t mind sending information in an electronic way and standardised. If we have it, we certainly don’t mind sending the information only once to whatever system is needed – but we definitely need to know what we have to do and we need, preferably, a system that is unique to the EU – a system that is more or less workable throughout the EU from the carriers’ perspective.”

Simplification of administrative issues is not just a technical issue, but also a human issue, he emphasised. “The administrative burden for seafarers is a key issue for the social partners in maritime transport. Captains spend many hours filling in forms, demanding formalities. There is a difference between member states but also a difference between one port and another within the same member state. That is not the way forward. We do hope that within the context of e-Maritime, etc., we will be able to really create the simplification that we presently need.”
Damian Viccars, World Shipping Council

Europe – ‘a mosaic of requirements’

The EU remains a mosaic of national, regional and even port-specific reporting requirements, said Damian Viccars, representing the World Shipping Council.

“This really doesn’t make sense in the context of a single market,” he said. He made a plea for a set of reporting formalities that would be accepted ‘in every EU port from Liverpool to Limassol’ and urged that harmonisation should be achieved across the field as soon as possible. The World Shipping Council wants to see rules established that simplify and rationalise processes for the shipping industry, stripping away unnecessary administrative burdens, but in a way that still balances the needs of industry with those of regulators, said Viccars.

“It is vital for the success of the EU’s shortsea shipping concept to be able to fuse Customs facilitations for intra-EU goods with the reality of globally routed shipping services,” he said.

In addition, the WSC has concerns as to whether the Shipping Formalities Directive, ‘probably the EU’s most important effort to date at simplifying port processes’, is on track for genuine improvements.

For both these issues, he said, there were solutions. A harmonised e-manifest, a solution the WSC is developing and promoting together with ECSA, could be used, together with Port Community Systems, to achieve the operational, economic and political ambitions that industry and regulators have.

“Of course, the manifest is hardly a revolution in shipping, not even an electronic one. Your members and ours have been working with them in many parts of Europe for decades. But a harmonised e-manifest, accepted in every EU port, characterised by a single uniform data set and a common data structure – that would be a breakthrough. We want a leap forward, with a unique EDI-based carrier submission, using Cuscar or XML format and valid everywhere in the EU.”

The e-manifest would have two parts: part 1 equating to the arrival notification lodged by the vessel operator and including basic information about the ship, a brief description of the cargo and the number of crew and passengers; and part 2 equivalent to the bill of lading issuing the carrier’s cargo declaration.

A Customs goods status indicator on the manifest should allow for Customs at an EU port of discharge to arrange for the swift, non-bureaucratic release of Union status goods.

“Within our vision, as a vessel sails around the EU, the e-manifest containing these common data elements would be updated and pushed from one port to the next, taking into account each loading and unloading of containers – thus the departure manifest for one port could become the arrival manifest for the next, and so on.”

“The EC wants to make a meaningful maritime contribution to the Single Market Act II. RSS requires ships to call only at EU ports. Thus alone it is not enough. The vast majority of EU goods carried between EU ports are on ships that have come from, continue to, or call intermediately at non-EU ports. The e-manifest will thus be key to facilitating these shipping services and putting their full potential at the disposal of the EU’s single market.”

The overall political, economic and operating case for a harmonised e-manifest is evident, said Viccars, and the aim should be to make it a reality by 2015.
Port Community Systems have a vital role in providing a Single Window environment, said Nicolette van der Jagt, but she highlighted three key issues. First, neutrality needs to be guaranteed. Second, data confidentiality – who is owning the data? And third, interconnectivity between Port Community Systems would be welcome.

"Some Port Community Systems are more developed than others," she said. "Meanwhile, the need for simplification of business is becoming more and more complex, with increasing security and safety issues, compliance issues and the need for cargo traceability along the supply chain."

Van der Jagt highlighted an important factor in the mix: the new roles of ports, which are transforming into effective logistics platforms for trade beyond the port boundary.

"CLECAT supports legal instruments to reduce the administrative burden," she said.

Speaking about challenges to the Logistics Service Provider, she said that LSPs need to innovate and discover new paths for growth and differentiation. Innovation is obviously becoming more challenging as the logistics industry matures and markets become more global. Major areas for innovation are still there, in particular in the area of IT and mobile solutions; there is a growing need for visibility and there is a huge potential in the use of SaaS and Cloud-based solutions, together with real-time data, anywhere access to data-enabled mobile apps etc., she said.

But in addition, developments such as centralised clearance will lead to LSPs increasingly competing at all levels – national, European and global. More and more, the data will be disconnected from the physical flow of goods.

"The beauty of these innovations is that business parties are not only looking at the internal approach of each individual company, but look beyond their own companies."

She added: "We believe the way into the future is overall solutions, interoperability and the integration of systems – a holistic approach."

"CLECAT supports legal instruments to reduce the administrative burden."
ESPO sees e-Maritime as an opportunity towards setting the requirement for an efficient system that would facilitate procedures and information exchange in port areas and the logistics chain, said Txaber Goiri.

But his key message was that existing Port Community Systems need to be maintained and to be integrated within the National Single Window. “We need to secure the relationship between National Single Window development and the e-Customs initiative in order to avoid the two co-existing and the industry ending up with one Single Window for vessels and another for cargo reporting,” he said.

SafeSeaNet is currently only of limited value for ports, insisted Goiri. “SafeSeaNet should be more proactive in terms of automatically disseminating information to ports relating to arriving vessels. There are examples of data inaccuracies within SafeSeaNet are often reported by ports having access to SSN data,” he said.

“We need to secure the relationship between National Single Window development and the e-Customs initiative.”
Conclusion

The European Port Community Systems Association conference was a unique opportunity to talk about the need for simplification in port processes from all angles, and there was a clear consensus that reducing the administrative burden would encourage the movement of more cargo by sea rather than road, said Richard Morton, secretary general of EPCSA.

“We were delighted to be able to bring together stakeholders from the policy and trade dimensions. European policymakers were able to outline the EC initiatives under way in the drive to increase maritime trade and ensure a ‘level playing field’ between transport modes. Equally important, our speakers from the ‘sharp end’ – the world of shipping and transport – had the opportunity to highlight the challenges and problems they face in their day-to-day operations, and explain the measures they believed would boost intra-EU shipping and trade.”

For further information on EPCSA or the conference please contact, Richard Morton, Secretary General, richard.morton@epcsa.eu or at www.epcsa.eu.

“We were delighted to be able to bring together stakeholders from the policy and trade dimensions.”
The European Port Community Systems Association (EPCSA) was formed in June 2011 by six of established Port Community Systems (PCS). These Founding Members are MCP (Felixstowe), SOGET (Le Havre), Portbase (Rotterdam), DAKOSY (Hamburg), Portic (Barcelona) and dbh (Bremen).

EPCSA was formed to give Port Community System Operators (PCSO) a platform in Europe to speak as a trade grouping to the European Commission and its Agencies, as well as international associations such as World Customs Organization (WCO) and UNECE. PCSs and their role and activities within the logistics chain are not fully understood by the European Commission, the trade and others and, as such, there was a need to develop a wider understanding of the critical part they play.

The Founding Members of EPCSA developed a PCS definition which is now considered by the EC and other international organisations as the formal definition of a PCS.

A Port Community System (PCS):
- is a neutral and open electronic platform enabling intelligent and secure exchange of information between public and private stakeholders in order to improve the competitive position of the sea and air ports’ communities;
- optimises, manages and automates port and logistics efficient processes through a single submission of data and connecting transport and logistics chains.

EPCSA Committees
EPCSA has five committees that organise workshops on specific areas of interest in order to facilitate the exchange and sharing of knowledge and experience.
These committees are:
- Standards and Technical Committee
  Chaired by: Portbase
- Business Application Committee
  Chaired by: DAKOSY
- Customs and other Organisations Committee
  Chaired by: dbh
- Research & Development Committee
  Chaired by: SOGET
- European PCS Development Committee
  Chaired by: EPCSA Secretary General

Membership
Membership is open to Port Community System Operators and Port Authorities, as well as international organisations involved in the electronic exchange of information.
Membership is welcomed from organisations both within and outside the European Union. For more information, contact Richard Morton, Secretary General of EPCSA.

Contact Details
Richard Morton
t: 0044 7796334960
e: richard.morton@epcsa.eu
w: www.epcsa.eu

Membership is open to Port Community System Operators and Port Authorities, as well as international organisations involved in the electronic exchange of information.
Membership is welcomed from organisations both within and outside the European Union. For more information, contact Richard Morton, Secretary General of EPCSA.

Contact Details
Richard Morton
t: 0044 7796334960
e: richard.morton@epcsa.eu
w: www.epcsa.eu