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Press Release

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EU maritime transport: "Much investment ineffective and unsustainable, with a high risk of waste", say Auditors

A third of EU spending on facilities such as quays, docks and breakwaters at EU seaports between 2000 and 2013 was ineffective and unsustainable, according to a new report from the European Court of Auditors. One euro in three spent on the projects examined (€194 million) went on projects which duplicated existing facilities nearby. €97 million was invested in infrastructure which was either unused or heavily underused for more than three years after completion.

The auditors assessed the maritime freight transport strategies of the European Commission and the Member States and the value for money delivered by EU investments in port services, which totalled €17 billion in grants and loans between 2000 and 2013. They visited 19 seaports in five EU countries – Germany, Italy, Poland, Spain and Sweden. They found that the long-term strategies in place did not provide a robust basis for port-capacity planning. Neither the EU nor the Member States had a strategic overview of which ports needed funding and for what, while the funding of similar types of infrastructure in neighbouring ports led to ineffective and unsustainable investment.

A re-assessment of five projects already examined in 2010 indicated poor value for money: the use of the EU-funded infrastructure added to these ports was still inadequate after almost a decade of operations. Relevant port areas in four ports were still either empty or nearly so, while the fifth one did not have any operations at all.

"*Maritime transport in the EU is in troubled waters*,**" said Mr Oskar Herics, the Member of the European Court of Auditors responsible for the report**. "*Needs assessments are weak and there is a high risk of the money invested being wasted. Overall, this relates to almost 400 million euros of investment examined.*"

EU-funded projects audited were also inefficient, with cost overruns of €139 million, while 19 of the 30 completed projects examined had been subject to delays of up to 136% of initial estimates. Seven out of 37 newly audited projects (with €524 million of EU funding) had not been completed at the time of the audit.

In addition, the coordination between the Commission and the EIB on the funding of port infrastructure did not function properly: granting loans by the EIB to neighbouring ports outside the EU (e.g. Morocco) had hampered the effectiveness of EU funding invested in EU ports.

The purpose of this press release is to convey the main messages of the special report adopted by the European Court of Auditors.
The full report is on www.eca.europa.eu

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As EU funding at project level was tied to outputs, but not to results, their costs were still eligible for EU co-financing even though some of the EU-funded infrastructure was not actually in use.

There were also many missing and inadequate links to the hinterland (i.e. road and railway) in 14 ports examined. These will require further public funding to make the initial port investments work properly.

Finally, the Commission did not take the necessary action in the area of state aid and customs procedures to enable seaports to compete on a level playing field. To avoid distorting markets, state aid checks should have been made more effective by carrying out ex post monitoring to assess whether the conditions under which earlier decisions (e.g. for concessions) had been taken remained unchanged, or by having clear lines on which user-specific superstructure could receive support. The auditors make a range of recommendations, mostly to the Commission; the key points are as follows.

- Revise the current number of 104 core ports and set out an EU-wide port development plan.

- Consider the exclusion of EU funding for port infrastructure for container transhipment and storage as well as for superstructure which is not within the public remit.

- Ensure that all essential loan information on proposed EIB loans is shared between the EIB and the Commission.

- Prioritise core ports and key waterways with EU support for investment only where EU added value is clear and there is sufficient private investment.

- Issue port-specific state aid guidelines and monitor and follow up earlier state aid decisions.

- Reduce administrative burden and delays by promoting national “one stop-shops” for issuing permits and authorisations.

- Improve the competitive position of maritime transport compared to other transport modes by further simplifying maritime transport and customs formalities.

Notes to Editors

In 2013, the European shipping industry is estimated to have contributed around 1% to EU GDP and supported employment for about two million people. 1,200 commercial seaports in 23 EU Member States handle three quarters of cargo trade with non-member countries and more than a third of freight within the EU.

Investment in port infrastructure is eligible for EU co-financing through the European Regional Development Fund and the Cohesion Fund under shared management and through the Trans-European Networks-Transport and the Connecting Europe Facility under the direct management of the European Commission.

Between 2000 and 2013, some €6.8 billion of funding was provided from the EU budget for investment in ports. In addition, the European Investment Bank provided port investment in the form of loans amounting to around €10 billion.

Special report No 23/2016: “Maritime transport in the EU: in troubled waters - much ineffective and unsustainable investment” is available in 23 EU languages.