



The European Union Response Against Covid-19 Pandemic on Maritime Transport

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Abstract

The European Union joint maritime policy is a wide approach of all European Union policies linked with the sea. This policy is based upon the idea that by coordinating all activities linked with oceans, sea and coasts, the European Union would benefit higher rates of yields by its maritime space with a smaller mass of impact on environment. The joint maritime policy aims at strengthening the so-called 'blue economy', which includes all the economic maritime activities. The maritime transport plays a fundamental role and will continue to do so at world and European trade. In economic terms 77 percent of European foreign trade and 35 percent of that between European Union countries happen through the sea. This is the key reason because the maritime transport represents a core part in the international supply chain. Even with the decline of this activity in maritime sector due to Covid-19 Pandemic, a significant increase is foreseen in the next 10 years. To face challenges of Pandemic, the European Union took few measures that are linked with the health security, repatriation and maritime traveling ways of passengers and other persons on the boards. This article seeks to analyze the response that European Union and its institutions have provided to the situation through recommendations and regulations to normalize an important sector for the future of the Union.

Keywords: European Union, Maritime Transport, Covid-19

1. Introduction

The pandemic has negatively influenced over the global economy, including the maritime transport which has canceled many destinations due to Covid-19.

The global pandemic has influenced and continue to do so in a negative way by risking the worldwide economy especially in key points such as import-export, portual and logistic traffic.¹⁵

The epidemiologic emergency which continues even though in reduced rates has influenced in a logistic re-evaluation in terms of protection on widespread virus. The maritime transport represents the international trade epicenter, with 90 percent of goods that travel through the sea.

The maritime transport and logistics make up equal to 12 percent of the global GDP. Looking at this important weight over economy, the IMF forecasts showed a decline of world GDP when referring to the pandemic, almost -4.9

¹⁵ Metalla O, Fortuzi Sh. "Covid 19 Effects on SME businesses in Durres Region", International Scientific Conference ERAZ 2021, Prague, Czech Republic, pp.51-58.

percent in 2020 and a slight increase in 2021 with +5.4 percent.¹⁶

The international trade has registered a large loss equal to 12 percent in 2020, even though it was predicted a slight increase with +8 percent in 2021.

The maritime transport performance goes hand in hand with that of global GDP at -4.4 percent in 2020 and +5 percent in 2021.¹⁷

Due to the Covid-19 pandemic, maritime trade transports have become both more slowly and expensive because of the pandemic extended period. This is the continuity of the study on pandemic impacts over maritime transport and logistics. In 2019, accordingly to studies, for a ship transporting a container by sail from China to the United States of America took 39 days, while in 2020 the sailing time took more at around 49 days and in 2021 peaked at 68 days.

Taking more time and huge amounts of costs, in 2019 it used to cost on an average 1.421 USD to shift a container on a sea route; in 2020 this cost was at 2.171 USD while in 2021 reached the price of 7.565 USD. Maritime transports through the sea are taking much more time and costs more due to pandemic and that goods are always late at destination point. The payments to shift a container from one side to another continue to go high. Accordingly, to World Container Index which provide data on this issue, these payments mark increase year by year.¹⁸

Accordingly, to studies, the Mediterranean marks a positive trend even though maritime transport and harbors continue to register heavy traffic, besides issues and weaknesses at the Suez Channel. As if the pandemic were not enough, the blockade of the Suez Canal on March 23, 2021, was the "icing on the cake" of an already complicated period. A ship that transports Container "EVER GIVEN" gets stuck in the channel blocking all crossings and traffic for several days. This episode had a great media effect and a great impact especially in the maritime transport sector causing great damage considering the difficult period that was already going through.¹⁹

This was a new shock to the sector. The dynamics of the accident remain unclear, but the result was a blocking channel that has served for the transit of ships over hundreds of years. It connects the Mediterranean, the Middle East, and the Far East. This segment remained blocked for 6 days. In the Suez Channel, 50 up to 60 container ships pass daily for transit, thus in a period of 6 days there was a queue with almost 350 ships.

2. The Risk of Monopoly

Although officially shipping companies are in competition with each other, some of them operate based on several agreements and division of segments called alliances, coordinating time and dividing spaces across ships. Moreover, shipping companies have been able to circumvent antitrust laws in the major EU countries and in the United States.

The pandemic showed how these companies have enhanced to manage the shipping space, reducing them when covid 19 first hit the world economy and increasing them when demand soared, pushing prices to unprecedented levels.

Freight forwarders have highlighted that the tendency of alliances to freely modify the system - ships, time, speed, and millions of cans in circulation - has created an imbalance in the pricing mechanism.

In 2021, a Pennsylvania home furniture importer, Mcs industries, filed a lawsuit against Mcs and Cosco at the Federal Maritime Commission, Fmc, the agency in charge of overseeing shipping companies in the USA. Mcs explained that Msc and Cosco "worked together to exploit the chaos created by the pandemic and gain more at the expense of American consumers." Mcs has accepted a reserved mediation with Coscon, while proceedings against Msc are still pending.²⁰

"This market does not work for everyone," to quote James Hookham, Director of the Global Shippers Forum, who represents importers and exporters and owns cargo ships. "We are convinced that an investigation into this market is needed to reassure customers that they will not be penalized."²¹

Maritime shipping companies highlight that high price are an anomaly provoked by the imbalances imposed by the pandemic and the distribution chain which are regulated by the market. John Butler, the delegated administrator of the World Shipping Council, who represents maritime shipping companies, has defended the alliances, arguing that they are

¹⁶Fondo Priamo "L'impatto della pandemia sui trasporti marittimi nel rapporto SRM" 05/11/2020.

¹⁷ Idem.

¹⁸ World Container Index, <https://www.drewry.co.uk/supply-chain-advisors/supply-chain-expertise/world-container-index-assessed-by-drewry>.

¹⁹ Gwynne Dyer "Il blocco del canale di Suez mostra i problemi del trasporto marittimo" 29/03/2021

²⁰ Internazionale.it, [Lauren Etter, Brendan Murray, Bloomberg News, "Gli affari d'oro delle compagnie di trasporto marittimo durante la pandemia"](#), 24/01/2022.

²¹ Idem.

just agreements to make the whole system work efficiently. The World Shipping Council highlights the fact that the erratic increase in demand in the USA and the fact that Butler points the finger at land transport problems are part of the cause of this anomaly.²²

Before the pandemic, the situation was quite another. For the most part in the last 20 years, the experience has been marked by great availability, low prices, and abundance of services.

3. The EU Followed Policies to Support Maritime Transport Sector

To deal with all these issues, the European Union has set in motion to protect such an important sector. Due to the Covid 19 Pandemic, various measures have been taken to respond to the difficulties encountered in the maritime sector.

On April 8, 2020, the European Commission issued some guidelines related to the preservation of health, repatriation, and maritime travel, of passengers and other persons on board ships, and invite Member States to establish a network of harbors in order that crews could change in a faster way.

EU Regulation (2020/698) issued on 25 May 2020 included certain specific and interim measures concerning the Covid 19 pandemic in the light of renewing or extending certain certificates, licenses and authorizations or postponing certain periodic verifications and training activities in some sectors of transport legislation.²³ Considering the troubling health situation, such a regulation was modified in February 2021 (EU regulation no. 2021/267) to enable these documents to be valid for an additional of 10 months if they were to expire on 1 September 2020 and 30 June 2021.²⁴

EU Regulation 2020/697 of 25 May 2020 amends Regulation 2017/352 in order to enable a harbor management body or competent authorities to be flexible in terms of tax collection and harbor infrastructure usage rights in the context of the Covid 19 pandemic.²⁵

To deal with this high risk of economic crisis, the European Commission has published an interim framework of measures to be taken in order to assist countries C / 2020/1863 (Updated several times to be responsive to the situation). The latter framework allows EU countries to provide assistance to enterprises, beyond the assistance provided to states. The member states have then proposed a series of measures at the economic level and some sectoral measures.

On 14 July 2021 the Commission used a package of proposals (known as the Fit for 55% package) in the framework of the European Green Deal. This package is designed a new tool of self-binding target to achieve climate neutrality by 2050. The Fit for 55% policy was established to include various measures in order to provide extended EU policies in the field of climate, energy, land use, transport and fiscal to make them capable to reduce gas pollution and the planthouse effect by at least 55% by 2030 compared to 1990. Some of the proposals are related to in general and in particular to maritime transport, as follows:

- A proposal to include for the first-time maritime transport emissions in the exchange system of these EU emission measures (COM (2021) 0551).²⁶
- A revising proposal for the regulation of infrastructure relations on alternative energy, which is particularly imposed on ships access to electricity at key harbors (COM (2021) 0559).²⁷
- A proposal on the use of renewable energy sources with low carbon emissions in maritime transport (FuelEU Maritime) which amends Directive 2009/16 / CE (COM / 2021/0562).²⁸

The shipping sector is interested in major changes. Over years this has been not only a less supported sector, but

²² Idem.

²³ Official Journal of the European Union "Regulation (EU) 2020/698 of the European Parliament and of the Council of 25 May 2020", L.165, 27/05/2020.

²⁴ Official Journal of the European Union "Regulation (EU) 2021/267 of the European Parliament and of the Council of 16 February 2021", L60/1, 22/02/21

²⁵ Official Journal of the European Union "Regulation (EU) 2020/697 of the European Parliament and of the Council of 25 May 2020", L165/10, 27/05/2020.

²⁶ European Commission "Proposal for a Directive IRECTIVE of the European parliament and of the Council amending Directive 2003/87/EC establishing a system for greenhouse gas emission allowance trading within the Union, Decision (EU) 2015/1814 concerning the establishment and operation of a market stability reserve for the Union greenhouse gas emission trading scheme and Regulation (EU) 2015/757", Brussels, 14/07/2021.

²⁷ European Commission "Proposal for a Regulation of the European Parliament and the Council on the deployment of alternative fuels infrastructure, and repealing Directive 2014/94/EU of the European Parliament and of the Council", Brussels, 14/07/2021

²⁸ European Commission "Proposal for a Regulation of the European Parliament and the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC" Brussels, 14/07/2021.

also with fewer set of innovations, either for a traditional reason or for the large number of entities involved. The huge increase towards the Sustainable Development goals set by the UN within the 2030 agenda, has triggered a push in the change of all transport sectors including the maritime one.²⁹

4. Conclusions

The near future of maritime transport is that on energetic transition, aiming to further reduce emissions of gases produced by ships.

Not only green harbors but also Smart harbors will be a very important point in the future of shipping. A lot of attempts are taken so that the ships, as soon as they arrive at the harbor berths, turn off their engines and work with electricity in order not to emit gases, and for this the harbors must offer modified berths to provide this service. In parallel with this, the digitalization of harbors is developing, which started more or less 20 years ago, creating a Harbor Community System which optimizes the administration management of harbors. The future of harbors will be the evolution of PCS into Smart Ports, where in digitalization will dominate all processes, from tracking systems to cybersecurity management for cyber-attack protection, to the most innovative blockchains for process certification to forms of electronic transition through virtual currencies.

The whole area of maritime transport will be affected in the coming years by profound changes, which will make it more modern, highly integrated, and competitive, but above all it will be more suited to the needs and requirements of a society in a profound transformation not only in technology, but also sustainable and more environmentally friendly.

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