



REPUBLIC OF CYPRUS
**MINISTRY OF TRANSPORT,
COMMUNICATIONS AND WORKS**



**DEPARTMENT
OF MERCHANT SHIPPING**
LEMESOS

Circular No. 30/2016

TEN 5.13.09
TEN 4.2.05.22

17 October 2016

To all Registered owners, Registered bareboat charterers
Managers and Representatives of ships flying the Cyprus Flag

Members of the Cyprus Shipping Chamber c/o CSC
Members of the Cyprus Union of Shipowners c/o CUS

Subject: Connecting Europe Facility (CEF) - Motorways of the Sea

I refer to the above matter and further to my Circular No. 3/2015, I would like to inform you that the 2016 CEF Transport Calls for Proposals, opened on 13 October 2016.

A short Note on the "Motorways of the Sea", as described under the amended Multi-Annual Work Programme 2014-2020 in 2016, which might be of your interest, is herewith attached.

Owners, interested to participate in the CEF funding projects, are kindly requested to contact Ms. Elpida Epaminonda, Executive Engineer/CEF Coordinator, at the Public Works Department, Ministry of Transport, Communications and Works, at epamenonda@pwd.mcw.gov.cy or e.epaminonda@gmail.com.

Ioannis Efstratiou
Acting Director
Department of Merchant Shipping

- Cc: - Permanent Secretary, Ministry of Transport, Communications and Works
- CEF Coordinator, Ms. Elpida Epaminonda
- Permanent Secretary, Ministry of Finance
- Permanent Secretary, Ministry of Foreign Affairs
- Diplomatic Missions and Honorary Consular Officers of the Republic
- Maritime Offices of the Department of Merchant Shipping abroad
- Acting General Manager, Cyprus Ports Authority
- Cyprus Shipping Chamber
- Cyprus Union of Shipowners
- Cyprus Shipping Association
- Cyprus Bar Association

EPr/



CONNECTING EUROPE FACILITY (CEF)

Funding Objectives of CEF relating to maritime transport: “Motorways of the Sea” (MoS):¹

General objectives:

Motorways of the Sea (MoS) are considered the maritime pillar of the Trans-European Transport Network. They consist of short-sea routes, ports, associated maritime infrastructure and equipment, facilities as well as simplified administrative formalities enabling Short Sea Shipping or sea-river services between at least two maritime ports (core/comprehensive), including hinterland connections.

They shall contribute towards the achievement of a European Maritime Transport Space without Barriers, connect Core Network Corridors by integrating the maritime leg and also facilitate maritime freight transport with neighbouring countries.

In this context, they shall also promote sustainable shipping concepts which contribute to reducing negative impacts of heavy fuel oil powering in support of the implementation of the requirements of Annex VI of the IMO MARPOL Convention and of Directive 2012/33/EU² of the European Parliament and of the Council, the Directive 2014/94/EU³, as well as reduction of CO₂, NO_x and PM in maritime transport.

The general objectives of the present work programme for MoS are consistent with the Detailed Implementation Plan (DIP) of the European Coordinator for MoS. More specifically the DIP identifies three pillars of action in view of developing further the MoS priority:

- 1) Environment. This pillar aims to reduce the overall environmental impact from maritime transportation.
- 2) Logistics and integration. This pillar aims to integrate MoS better in the trade and logistical chains.
- 3) Safety, human element and traffic management. This pillar aims to promote seamless and safe movement of people and goods.

Actions addressed by this programme may concern works or studies with pilot activities.

¹ CEF Multi- Annual Programme 2014-2020 in 2016, Annex, Motorways of the Sea, page 32-36.

² Directive (EU) 2016/802 of the European Parliament and of the Council of 11 May 2016 relating to a reduction in the sulphur content of certain liquid fuels (OJ L 132, 21.5.2016, p. 58–78)

³ Directive 2014/94/EU of the European Parliament and of the Council of 22 October 2014 on the deployment of alternative fuels infrastructure (OJ L 307, 28.10.2014)

Specific objectives:

I) To support Motorways of the Sea, the following measures shall be promoted:

- Development of emission abatement methods⁴ contributing to environmentally sustainable maritime transport, covering batteries, innovative propulsion such as wind assistance and hydrodynamic improvements, new clean fuels facilities and related on-board installations (LNG, methanol and other), contributing to the reduction of air emissions such as CO₂, SO_x, NO_x and PM. Innovative technologies shall be admitted provided that they allow reducing emissions beyond requirements of current legislation. Early adoption of technologies intended to meet future, more stringent requirements of legislation can also be considered⁵, Use of shore side electricity, and energy efficiency measures fall under this category.
- Infrastructure development in ports and upgrade of existing or establishment of new sea-based transport services integrated in logistics chain.
- Development of infrastructure for sea access, hinterland connections and freight terminals, in the effort to increase collaboration and efficiency in shipping and port operations. Moreover, actions aiming at reducing bottlenecks in maritime transport and multimodal routes, providing safer, more secure and more environmentally-friendly maritime transport services will be promoted. This may include improvements in quality and capacity handling of ro-ro or ro-pax services and transfer of cargo to inland waterway and rail freight.
- Development of sea-based transport services, in combination with port investments, which are open, integrated in door-to-door logistic chains and concentrate flows of freight on viable, regular, frequent, high-quality and reliable Short Sea Shipping links connecting the Core Network Corridors.
- Development of maritime ICT systems and services addressing logistics management systems in ports, safety and security for port handling operations as well as administrative and customs procedures. The developed systems shall fully comply with the regulatory and technical specifications established under the relevant EU legal acts (Directives 2010/65/EU⁶, and 2002/59/EC⁷, Regulation (EU) No 952/2013⁸).
- Promotion of "wider benefits" of the MoS development, not linked to specific geographic areas or ports but benefiting the industry widely, such as services and actions to support the mobility of persons and goods, improvement of environmental performance (clean fuel provisions in ports including either a fixed or mobile LNG

⁴ Art. 2 (o) of the Directive (EU) 2016/802 ('emission abatement method' means any fitting, material, appliance or apparatus to be fitted in a ship or other procedure, alternative fuel, or compliance method, used as an alternative to low sulphur marine fuel meeting the requirements set out in this Directive, that is verifiable, quantifiable and enforceable;')

⁵ For example in accordance with art. 6 p. 1(b) of the Directive (EU) 2016/802, outside SO_x Emission Control Areas, 0,50 % sulphur limit in marine fuels will enter into force as of 1 January 2020.

⁶ Directive 2010/65/EU of the European Parliament and of the Council of 20 October 2010 on reporting formalities for ships arriving in and/or departing from ports of the Member States and repealing Directive 2002/6/EC (OJ L 283, 29.10.2010, p. 1)

⁷ Directive 2002/59/EC of the European Parliament and of the Council of 27 June 2002 establishing a Community vessel traffic monitoring and information system and repealing Council Directive 93/75/EEC (OJ L 208, 5.8.2002, p. 10)

⁸ Regulation (EU) No 952/2013 of the European Parliament and of the Council of 9 October 2013 laying down the Union Customs Code (OJ, L 269, 10.10. 2013, p. 1)

refuelling equipment⁹ and/or infrastructure, waste reception facilities etc.), icebreaking and year round navigability, geographical surveying, infrastructure development in ports, notably including alternative fuelling facilities, safety and vocational training.

II) Priority will be given to funding the following areas:

- Implementation of actions focusing on **upgrading or establishing new MoS links** with a considerable port investment component (expected port involvement representing minimum 50% of the project budget); especially when clearly demonstrating synergies between MoS service and other transport sectors, especially in the context of assuring a connection with the Core Network Corridors.
- **Acquiring superstructure units such as port cranes, fork lifts, vehicles, etc is not eligible.**
- Actions supporting the development of **port reception facilities for oil and other waste**, including residues from exhaust gas cleaning systems.

III) Two types of actions will be promoted for the purpose of Motorways of the Sea:

- 1) **Studies with pilot activities** considered as projects testing or deploying new technological solutions in real operational conditions. Actions of this type may address a wide spectrum of needs in maritime sector including alternative fuels and new emission abatement technologies (in particular related to NO_x, PM and CO₂,) or pilot projects permitting to increase the image and quality of shipping. The innovative and unique character of such projects must be clearly demonstrated.

Pure studies projects will not be supported.

- 2) **MoS works** considered either as wider benefit implementation measures (e.g. construction of LNG bunkering infrastructure for ships serving a group of ports, coordinated enhancement of maritime security or safety systems both on board at sea as well as in ports, in several countries) at regional or EU level, or as implementation measures for the purpose of upgrading an existing or setting up a new maritime link with a possibility of its further intermodal extension i.e. integration with other modes of transport on the TEN-T network.

The wider benefit actions may include, but not limited to, a group of EU ports, infrastructure managers, ship owners or consortia bringing together different maritime entities. The proposed Actions related to the upgrade or establishment of a maritime link, must involve at least two EU ports (two core ports or one core and one comprehensive), which is demonstrated by considerable port investments, corresponding at least to 50% of the total investment costs, and a maritime operator. The involvement of the operator may be direct as a beneficiary or indirect as an associated entity participating in a project without receiving a grant.

⁹ Art. 2 (8) and (9) Directive 2014/94/EU ('(8) *'refuelling point'* means a refuelling facility for the provision of any fuel with the exception of LNG, through a fixed or a mobile installation; (9) *'refuelling point for LNG'* means a refuelling facility for the provision of LNG, consisting of either a fixed or mobile facility, offshore facility, or other system.')

IV) The eligible costs of upgrading MoS links may involve, among others, costs borne by ship owners in order to comply with the provisions of the MARPOL Convention Annex VI and Sulphur Emission Control Area requirements, or costs contributing to better environmental performance of a maritime service, including installations related to on-shore power supply or deployment of alternative clean fuels in ports and on-board.

These kinds of actions should be promoted by ship owners operating strictly on a particular maritime link together with the EU ports the link relates to. Upgrades on vessels are limited to the additional efforts for environmental purposes and cannot cover the full costs of acquiring or constructing a vessel. Projects purely involving the retrofitting of fleets/larger number of vessels under one proposal or an aggregated number of proposals and non-related to the specific maritime link upgrade are not supported.

Should the upgrade of the existing link or establishment of a new MoS service not be implemented by the end of a co-funded project, the European Commission reserves the right to revoke, reduce or recover part of the grant accordingly.

Ships receiving support through the MoS Programme will be required to serve the co-funded actions within the EU area for at least 5 years after the project end date.

For large multi-beneficiary actions, project proponents should exploit the possibility of establishing European Economic Interest Grouping (EEIG) for the purpose of project implementations in line with Council Regulation (EEC) No 2137/85 of 25 July 1985.

Eligible applicants:

Applications must be presented by:

- one or more Member States, and / or
- with the agreement of the Member States concerned, by international organisations, joint undertakings, or public or private undertakings or bodies or entities established in Member States.

In addition to the above all proposals in the areas of motorways of the sea (MoS) must include applicants from (and be supported by) a minimum of two different Member States.

Proposals may be submitted by entities which do not have legal personality under the applicable national law, provided that their representatives have the capacity to assume legal obligations on their behalf and offer a guarantee for the protection of the Union's financial interests equivalent to that offered by legal persons.

Project proposals submitted by natural persons are not eligible.

Maximum co-financing rate for MoS actions

The CEF Programme can co-finance up to a maximum of 30% of eligible costs for works, or up to 50% of eligible costs of studies (including pilot activities).