



Commercial effects of regulation

The Greek cabotage

Shippax 2007 on board Mariella
Yiota Krassakopoulou
17/4/2007



1000 islands



Two regimes

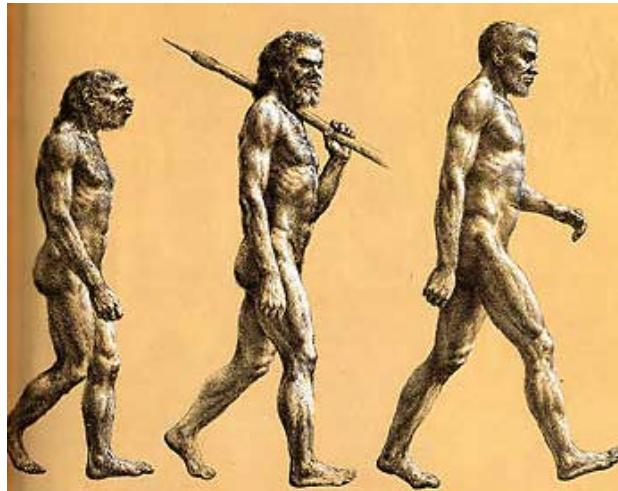
ADRIATIC

- ✍ Free market
- ✍ Competition
- ✍ Low entry barriers
- ✍ Many operators
- ✍ New vessels
- ✍ Advanced services

DOMESTIC

- ✍ Protectionist market
- ✍ State interference
- ✍ Authorisation/ license
- ✍ Few companies
- ✍ Old vessels
- ✍ Minimum services

Three periods in Greek cabotage

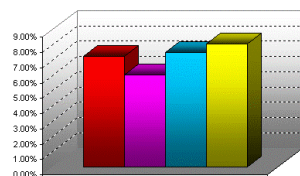


Pre-2001 2001-2004 2004-

3577/92 as driver of change?

- ✍ Regulation 3577/92 Freedom to provide services to maritime transport within Member States (maritime cabotage)
 - ✍ Applied in 1993
 - ✍ The Greek exemption: application (partial) only in 2004
 - ✍ Non-discrimination on basis of nationality
 - ✍ Free and open competition

Period of false hope 2000-2004



✍ Increased investments

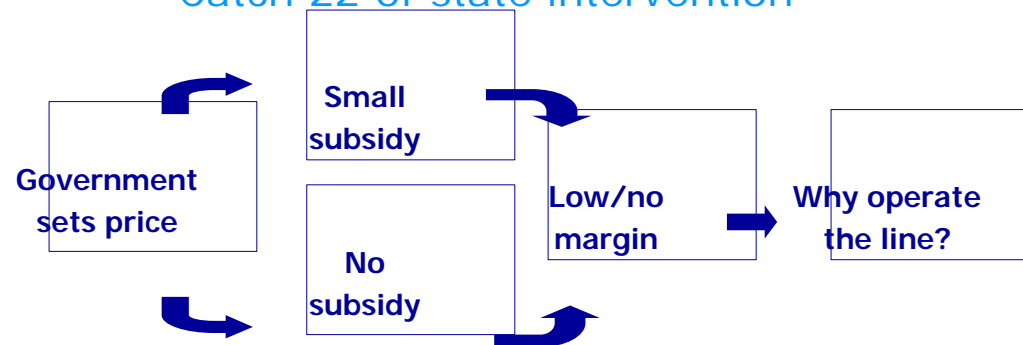
✍ New boat orders

✍ New services and business approach

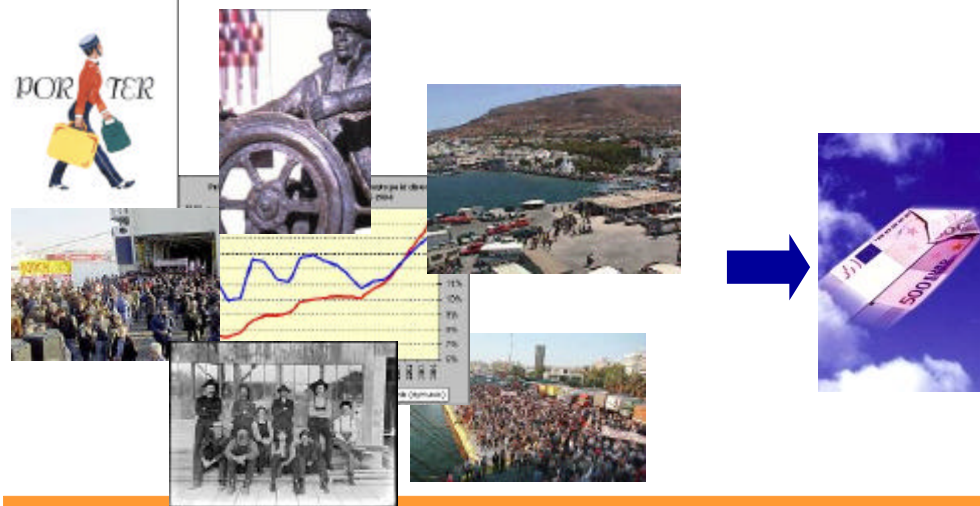
Infringement and EU intervention

- ✍ Greek deadlock and stubborn Governments
- ✍ Legal and political fight with encouraging results
 - ✍ Opening of investigations
 - ✍ Pressure on Government
 - ✍ Reasoned opinion to Greece by the European Union
 - ✍ Threat to take Greece to the EU Court
- ✍ Freedom to deploy vessels of any EU flag country
 - ✍ Any island, any route
- ✍ Partial liberalisation of fares

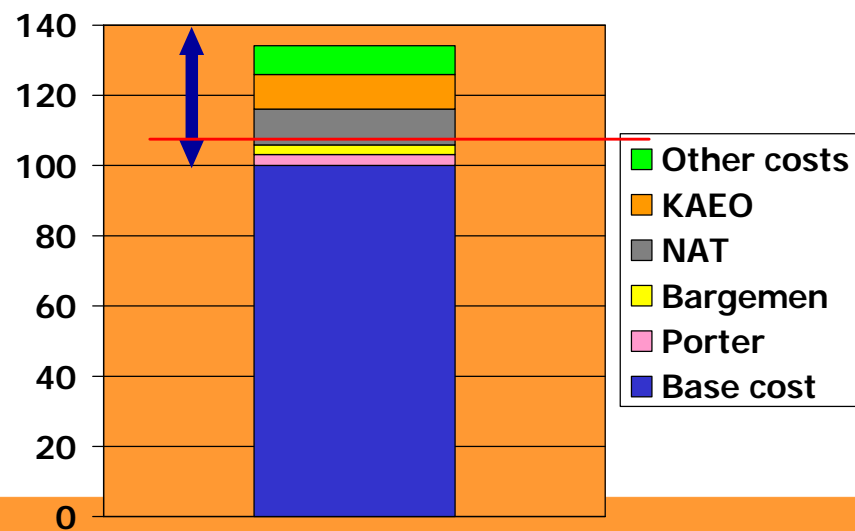
Catch 22 of state intervention



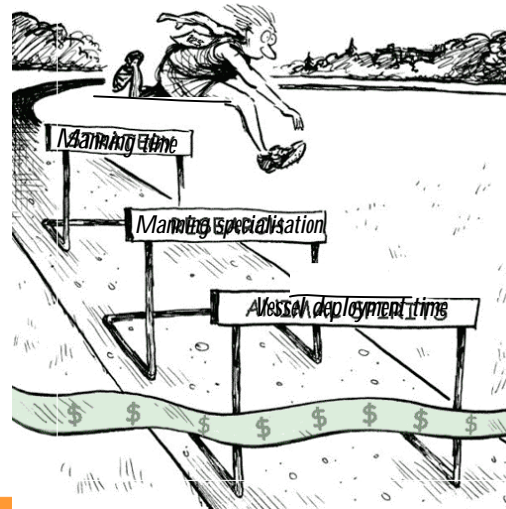
Pricing dilemma



Impact on margins



Remaining obstacles



Conclusions

- ✍ Free market conditions guarantee better prices, higher level of service, optimal timetables, employment
- ✍ State has a role to play
 - ✍ Encourage business initiatives on less frequent routes
 - ✍ Promote new services and entrepreneurship
 - ✍ Supervise, but not operate