

Selected European Shipping Policy Priorities Topical ECSA Agenda items

1. CLIMATE CHANGE

CO₂ Emissions from ships – ETS

The EU Emissions Trading System (ETS) Directive 2003/87/EC established a system for GHG emission allowance trading within the EU in order to promote reductions of GHG. The European Commission has not included shipping in its proposal for the ETS review, the Council also resists inclusion of shipping in the ETS Directive revision, while the European Parliament has proposed the inclusion of shipping. Currently, there are ongoing trilogue negotiations taking place at EU level (EP, Council and the Commission). The aim is to conclude the ETS negotiations at the trilogue of 12 October 2017.

Shipping should stay excluded from the revision of the EU ETS. **ECSA supports an ambitious international framework in the IMO, having fully endorsed the ICS leadership in reducing CO₂ emissions of global shipping ([Appendix 1.1 and 1.2](#)).** Instrumental in this is expected to be the related solid industry submission to the October IMO Intersessional Working Group meeting on reduction of GHG emissions from ships ([Appendix 1.3](#)).

MRV Alignment

The EU MRV Regulation (EU) 2015/757 was published in May 2015. It establishes an EU-wide system for the Monitoring, Reporting and Verification (MRV) of carbon dioxide (CO₂) emissions from large ships starting in 2018. Next to data on CO₂ emissions and distance sailed, the Regulation requires ships to report cargo-related information, in order to measure their energy efficiency. IMO MEPC 70 adopted the mandatory Global Data Collection System with 2019 as the first monitoring year. There are some principal differences between the two systems however, notably regarding accessibility of data, transport work metrics and independent verification. **The EU MRV Regulation should be fully aligned with the IMO Fuel Data Collection System.** ECSA has joined ICS and other shipping organisations in a letter addressed to Commissioners Bulc, Cañete and Vella, promoting full alignment ([Appendix 1.4](#)).

2. EU SHIPPING POLICY REVIEW

The Commission organised in 2015 a mid-term review of its Maritime Transport Strategy. DG Move has identified 5 priority policy fields: safety and security, digitalisation and simplification, environmental sustainability and decarbonisation, global player, seafarers and maritime professions. No major new plans or projects announced. It is mainly a technical exercise of checking whether current EU legislation is still fit for purpose.

ECSA sees the process as an opportunity to put shipping stronger on the EU agenda. In this context, ECSA published (2015) its brochure ‘Setting Sail for 2017’ in which it presented 16+1 proposals for the review of EU shipping policy (**Appendix 2.1**). **One more message to be strengthened is that shipowners bring added value to the EU and that they are at the centre of the maritime cluster.** In June 2017 EU Transport Ministers turned the “Valletta Declaration” into formal Council Conclusions. They set the main challenges and goals in the EU's shipping policies beyond 2018, i.e. competitiveness, simplification and digitalisation, decarbonisation and the reduction of air emissions. Commissioner Bulc organised an informal brainstorm meeting with shipping company CEOs and Associations in Florence early May. The Commissioner made no commitments to a future EU shipping policy and/or its orientations. The EC will draft a new shipping policy document along the priorities identified in the current one but timing remains unclear.

EU Shipping competitiveness

ECSA commissioned (2017) a study on the global competitiveness of EU shipping from Monitor Deloitte (**Appendix 2.2**). The study underlines **the need for the EU to formulate a comprehensive and globally oriented shipping and maritime policy in the EU and to improve legal clarity around the application of the SAGs, while it also stresses that deviating from or going beyond IMO/ILO Conventions in EU and Member State regulation should be prevented.** In particular, it is stressed that EU policies on Short Sea Shipping must be complemented by a policy with a view to improve the EU's competitiveness as a location for international shipping at a global level, as the largest share of EU shipping is international and crosstrading, carrying cargoes between third countries. Furthermore, the policy should be comprehensive by cutting across policy fields like transport, taxation, environment, etc, and thereby cover the key competitiveness factors.

The EU should, also, increase the clarity around the applicability of the SAGs by clarifying the principles and objectives applied. While the SAGs should remain soft regulation, there is a need for continued flexibility in the member state application of the Guidelines. A one-size-fits-all model that drives out the particularities of individual member state shipping sectors would be very harmful to the competitiveness of EU shipping. The EU should aim at setting medium/long-term horizons for the applicability of the SAGs to induce increased legal certainty, and it should not question previous decisions that were duly notified and approved.

3. TRADE AGREEMENTS / MARKET ACCESS

Given the absence of a truly international trade agreement at the level of the WTO, the EU has embarked upon an agenda of bilateral trade agreements. In 2015 the Commission put forward an ambitious programme of new negotiations (Australia, New Zealand, the Philippines, Mexico, Turkey and Tunisia) on which it has been working throughout 2016 and 2017. **ECSA wants to ensure that EU shipowners have access to overseas markets and strongly supports the EC in its trade policy of Free Trade Agreements (FTAs) and in getting a good deal for shipping in the bilateral and multilateral discussions.**

Overall EU shipowners are more and more confronted with market access barriers in Africa, e.g. the entire sub-Saharan continent, as worrying legal or policy initiatives are

seen in Angola, Ghana, South Africa, Kenya and Sierra Leone. ECSA favours open markets and efforts should be stepped up to get trade barriers removed and avoid protectionist measures of any kind. Generally, the EU should continue to be ambitious when negotiating principles about shipping in its trade deals and ensure that EU shipowners face a more open and more efficient environment in the respective countries. ECSA published its priorities for an external EU shipping policy during ESW 2017 (**Appendix 3.1**), while it has also published relevant position papers (e.g. on TiSA).

4. DIGITALISATION – SHORT SEA SHIPPING

For a long time simplification, harmonisation and digitalisation of Short Sea Shipping (SSS) operations have been on the EU agenda. It was the focus of Single Market Act II of 2012 and the EC Blue Belt Communication of 2013. However, the simplification expected from the Reporting Formalities Directive (which entered into force June 2015) did not materialize. The European Commission aims to push an EU Single Window and electronic cargo manifest by the eManifest project.

ECSA presented a brochure on SSS in February 2016 (**Appendix 4.1**), presenting the sector and outlining the needed policy actions. The simplification of administrative formalities for shipping and maritime carriage of goods, as well as the introduction of a comprehensive electronic document would bring direct, substantial benefits, especially to the SSS sector. To this end, **an appropriate follow-up to the review of the Reporting Formalities Directive, including the introduction of the e-Manifest through a harmonized European Maritime Single Window environment, providing information on a regular basis to all stakeholders involved needs to be pursued.**

5. SOCIAL MATTERS

Manning

During the European Shipping Week 2017, European Transport Workers' Federation (ETF) and some MEPs made calls for 'European area of Maritime transport and maritime activities without social dumping', while in discussions with ETF on the work programme for the Sectoral Social Dialogue Committee (SSDC) for Maritime transport for 2017-2019, ETF proposed to launch negotiations aimed at developing 'a regulation on a European maritime space without social dumping', which was not accepted by ECSA. In June 2017 it was decided that **ECSA and the ETF will hold informal, non-committal and away from the SSDC and with no Commission presence discussions concerning the shared objective of having more Europeans working at sea.**

Social Partner Agreement on the 2014 MLC amendments

In 2014, a series of amendments to ILO MLC 2006 were adopted, which relate to the need to have an effective financial security system in place to assist seafarers in the event of redundancy, and a financial security system to assist seafarers in covering outstanding wages, other expenses and essential needs such as adequate food and clothing. In December 2016, ECSA and ETF signed an agreement on the issue (**Appendix 5.1**) with a request to submit it to Council for implementation through a

legislative act amending Directive 2009/13/EC. On 27 July 2017, the Commission adopted its proposal for a Council Directive to give effect to the Social Partners agreement by ECSA and ETF on the 2014 amendments to the MLC, 2006.

Blueprint project on future skills needs

The College of Commissioners has approved the inclusion of shipping in the Blueprint on Sectoral Cooperation on Skills (which is part of the Commission's New Skills Agenda). ECSA and ETF are working to put in a bid involving the sectoral social partners in the sector. ECSA and ETF are taking the initiative to create a high quality consortium for this project and an outreach exercise is therefore currently underway to find high quality partners.

6. SHIP FINANCE - BASEL III/IV

After the 2008 financial crisis a new set of rules on financing was established by the Basel Committee on Banking Supervision. These proposals were transposed into EU legislation. New proposals are currently being developed by the Basel Committee and these are worrying for the EU shipping industry. The Basel Committee proposals would make ship financing in the EU less attractive and more costly. The EP Plenary adopted in November 2016 a Resolution expressing its criticism about the new developments within Basel. MS and EP are also looking at proposals from the EC to the Capital Requirements Regulation (CRR).

ECSA contributed to the consultations by the Basel Committee and shared its views with the EC and some MEPs. **ECSA is against the removal of the Internal Rating Based approach for specialised lending exposures, including shipping finance (Appendix 6.1). An ECSA position was adopted on the CRR with a focus on mortgages (and put it at equal level of risk assessment as real estate mortgage) and covered bonds (Appendix 6.2).** The covered bonds report was voted in the ECON Committee. It requests the EC and the European Banking Authority to have a close look at covered bonds in shipping. The timeline of the relevant CRR part has not yet been agreed in the EP.

7. BREXIT

ECSA adopted a position paper in May 2017 (**Appendix 7.1**). It identifies the objectives for the long term, namely a level playing field for EU and UK shipping and global rules and common standards. ECSA also stresses the opportunity of close cooperation on global issues, such as trade. In the short term, ECSA identifies three immediate priorities: 1) frictionless traffic by sea between the UK and the EU, 2) free movement of seafarers, onshore staff and passengers and 3) continued market access to the domestic trades and the offshore sector.

8. GLOBAL VS REGIONAL REGULATORY FRAMEWORK

Shipping requires universal international rules and Regulations under the auspices of the IMO in order to operate. It is sad when the authority of the IMO as the global regulator of international shipping is not supported and acknowledged enough. Even more importantly, it is especially damaging when the authority of the IMO, as the global shipping regulator, is undermined by regional initiatives. The criticisms that

IMO takes too long to agree measures and that the standards it sets are not high enough are unfair and untrue.

Regional arrangements run counter to the very needs of shipping. Furthermore, regional measures for shipping make it extremely difficult to comply, often entail unnecessary costly investments and delays in the implementation of IMO Regulations and ultimately discourage the work of the IMO.

The EU should actively participate in the IMO in close collaboration rather than confrontation. **The EU should offer its contribution, but it should not pre-empt the international regulatory process and should not impose variant regional regulations for an international sector.** Implementation of regional regulations undermines the sustainability of EU shipping and may also invite retaliation in other parts of the world, leading to the collapse of an efficient regime for a vital international industry.

9. ROLE OF REGULATORS VS INDUSTRY

The Better Regulation Initiative, as well as the Regulatory Fitness and Performance (REFIT) Program, can bring about legislative efficiency and enable the enactment of business-friendly rules, which can facilitate and support European Shipping. In line with the above initiatives, the legislative process concerning the shipping industry should be made with due consideration to the economics of world trade, the actual operational parameters, practices and possibilities of shipping and its sustainability.

This way, regulations will be workable and enforceable rather than merely aspirational and mandating, *inter alia*, equipment or specifications not yet available, or setting unrealistic goals.

The sincere co-operation between the Member States, industry stakeholders and the EC Services should continue and should be strengthened, which will undoubtedly improve the existing legal framework to the benefit of the shipping sector as a whole. Also, a more holistic and dedicated consultation between the DGs is needed since provisions of other sectors' legislation with a horizontal application directly affect shipping when adopted.

**Attach: Appendices (1.1, 1.2, 1.3, 1.4, 2.1, 2.2,
3.1, 4.1, 5.1, 6.1, 6.2, 7.1)**