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## Shipowners welcome European Parliament backing for EU ETS plans

*Proposals including responsibility of commercial operators and channelling of ETS revenues into industry-specific research fund are carried overwhelmingly*

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by **Nigel Lowry** | [nigel@lowry.gr](mailto:nigel@lowry.gr)

Shipping groups remain divided on the merits of a binding clause to pass the costs of carbon credits from owners to charterers



WHILE THE PLENARY VOTE WAS A BIG STEP TOWARDS INTRODUCTION OF THE PROVISIONS, THE PACKAGE WILL STILL BE SUBJECT TO NEGOTIATIONS BETWEEN THE EU COUNCIL AND PARLIAMENT IN THE AUTUMN. *Source: Andrey Kuzmin / Alamy Stock Photo*

A EUROPEAN Parliament vote in favour of a blueprint for incorporating shipping into the European Union emissions trading scheme has been welcomed by shipowners' groups.

The environment committee report was overwhelmingly supported by the June 22 plenary, two weeks after political wrangles resulted in a surprise rejection of the report and its referral back to the committee.

Although large swathes of the shipping industry have long seen carbon trading schemes as ill-suited to the sector, especially bulk and tramp shipping companies, shipowners have lined up behind the compromise proposals adopted by the committee.

These include plans for commercial operators, rather than registered owners, to pay the costs of carbon allowances, in line with “the polluter pays” principle. Another provision that has satisfied owners is for 75% of the revenues from the carbon market to go into an ocean fund to finance decarbonisation research for shipping.

The planned revision of the ETS provides for road transport and heating, as well as shipping, to be included in the scheme.

“European shipowners welcome the increased climate ambition of the ‘Fit for 55’ package,” European Community Shipowners’ Associations secretary-general Sotiris Raptis said in a statement. “The role of the commercial operators is key for reducing emissions. The earmarking of the revenues to shipping is a prerequisite for financing the uptake of cleaner fuels.”

Mr Raptis said the package was “a make-or-break moment” for the decarbonisation of shipping and the competitiveness of the sector.

While the plenary vote was a big step towards introduction of the provisions, this is still not certain as the package will be subject to negotiations between the EU Council and Parliament, scheduled for the autumn.

Ecsa said it hoped to “engage” with both bodies to find an “adequate solution” for the issue of ice-class vessels and shipping in the outermost regions of the EU.

Major national owners’ associations also hailed the vote as a positive outcome.

The Union of Greek Shipowners, Europe’s largest national shipowner body, was among the first to hail the parliamentary resolution as sending “a strong message”.

“It demonstrates its determination to promote solutions that take into account the proposals of the shipping industry as a strategic partner of the EU,” its president Melina Travlos said.

The union urged regulators to ensure that fuel suppliers and commercial ship operators were obliged to comply with the FuelEU Maritime regulation.

Also, quick to hail plenary support for the EU ETS proposals were Cypriot shipowners, who have emerged as playing a key role in the consultations that led to the environment committee ultimately adopting plans palatable to the industry.

The Cyprus Union of Shipowners originally highlighted in a report the idea that for any ETS to work efficiently for the shipping sector it would need to address the “transporter”, said president Andreas Hadjiyiannis.

The transporter became the commercial operator in the final report that owners have generally backed.

The commercial operator, rather than the shipowner, was “the decision maker on matters such as cargo, optimum speed, route and triangular trade, and we explained that this was in line with the ‘polluter pays’ principle,” said Mr Hadjiyiannis.

## EU carbon market amendments pass key vote

By Declan Bush

17 May 2022

The European Union’s environment committee votes for a host of changes to the carbon market, including the expansion of the emissions trading scheme to cover 100% of voyages by 2028

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A virtual debate on the issue was hosted by the Cyprus Shipping Deputy Ministry in December 2020 and the proposal was later adopted by the European Commission's Directorate-General for Climate Action.

"It is gratifying for Cyprus shipping that the report reflected these positions, which are based on realities of the shipping industry that need to be understood," said Mr Hadjiyiannis.

The World Shipping Council urged lawmakers to do away with the binding charterer-pays clause.

The liner lobby group said the parliament position on the responsible entity "presents a loophole to shield shipowners with a mandatory contractual pass-through of costs to operators, delaying innovation".

"Legislation that is narrow and includes binding pass-through clauses will distort the market signal and delay progress to reduce greenhouse gas emissions," said president John Butler.

The council contracting parties should decide who pays for the ETS and this was best achieved without contractual terms imposed by legislation.

Danish Shipping said it was "a shame and paradoxical" that the parliament decided not to include life cycle assessment of emissions in the proposal, adding the measure would create a better incentive to invest in green fuels.

"It makes much more sense to look at the total carbon footprint of a fuel — meaning from extraction, production and combustion — and not only at the amount of CO<sub>2</sub> a ship emits when it sails on a given fuel," said Maria Schwenn, the shipowner group's director of climate, environment and security.

## European Parliament rejects carbon market report

By Nigel Lowry and Declan Bush

08 Jun 2022

Based on precedent, shipowner bodies had expected the plenary vote would be a shoo-in. But in a move Brussels insiders say was without precedent in recent memory, MEPs overwhelmingly rejected the report

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