

Sailing ahead  
**European shipping  
sets ambitious  
goals for its  
next chapter**

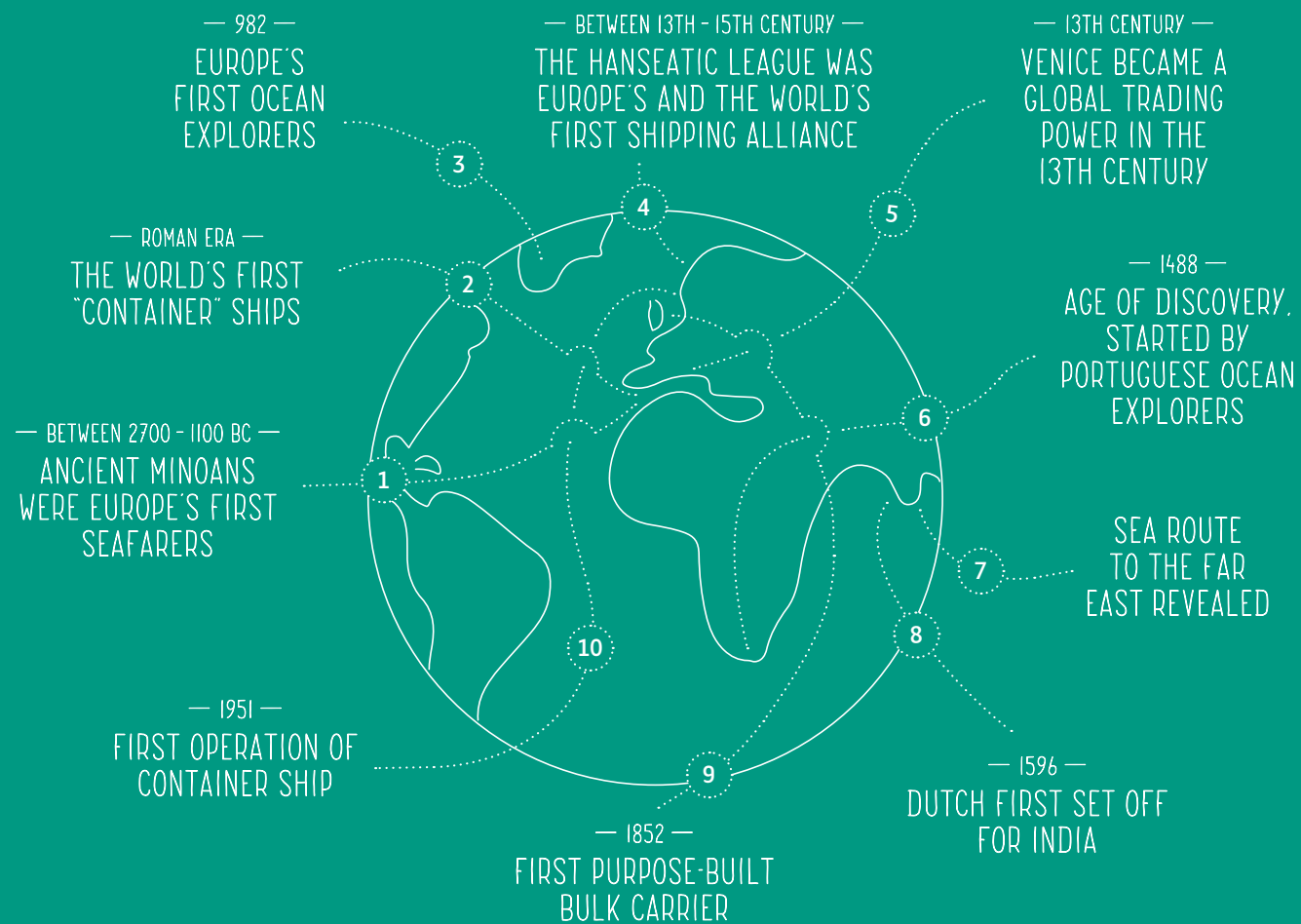
Strategic priorities  
for EU shipping policy  
2019–2024



**ECSA**

European Community Shipowners' Associations

# History of European shipping



1 → Ancient Minoans were Europe's first seafarers. Between 2700 - 1100 BC, they were trading by sea with the Cyclades, Cyprus, Egypt, and Anatolia.

2 → As early as in the Roman era, Europeans have already invented the world's first container ships. A standard freighter of the Roman merchant fleet, the *Oneraria*, put both solid and liquid food into identical terracotta jars, much like how we use the containers today. But the largest Roman cargo ship is the *Corbita*, measuring 55 metres long and 14 metres wide. It was able to carry up to 2,000 tons of goods, which is the equivalent of 40,000 amphoras.

3 → The Vikings were Europe's first ocean explorers. They reached Greenland by the year 982 and Vinland (eastern Canada) in 1000.

4 → The Hanseatic League was Europe's and the world's first shipping alliance. Between the 13th and 15th century, cities across the Baltic and the North Seas were engaged in maritime trade through the League. The main ports of

the League's trade routes included Novgorod, Riga, Visby, Danzig, Falsterbo, Lübeck, Hamburg, Göttingen, Cologne, Bruges and London.

5 → Situated at the far end of the Adriatic Sea, Venice became a global trading power in the 13th century by monopolising maritime trade between East and West. Venetians built huge commercial galleys called the *"galea grossa"* that could carry 200 crew members and weighed up to 250 tons.

6 → The Venetian monopoly was only stopped by the rise of the Age of Discovery, started by Portuguese ocean explorers. Bartolomeu Dias was the first person to sail round the Cape of Good Hope in 1488, and Vasco da Gama was the first European to reach India by ship in 1497-1499. Ferdinand Magellan not only crossed the Pacific Ocean, he also was the first to circumnavigate the earth in 1521.

7 → The Portuguese would have had the monopoly in

world trade, if not for a book called *"Itinerario"* written by Dutchman Jan Huygen van Linschoten. Van Linschoten revealed the well-guarded sea route to the Far East, and the book was translated into English, French, German and Latin.

8 → Based on van Linschoten's sea charts, the Dutch first set off for India in 1596. Soon after, the Dutch East India Company was formed in 1602 to trade with India and Southeast Asia.

9 → More recently, the first purpose-built bulk carrier — merchant ship designed to transport unpackaged bulk cargo such as grains and ore — was the SS John Bowes built in 1852 in Newcastle, UK. Today, these giant ships form 21% of the world's merchant fleets.

10 → Containerization marked a revolution in the global shipping industry. The first purpose-built container ship began operating in Denmark in 1951. Today, more than 90% of non-bulk cargo is transported by container ships.

# The EU shipping industry 10 priority areas

- 1 **CLIMATE AND SUSTAINABILITY** → 8  
Work together with the EU, the IMO and our maritime partners towards the sustainability of our sector and in our common fight against climate change through innovation and research
- 2 **TRADE** → 14  
Support the EU's free trade agenda and oppose growing commercial and maritime protectionism
- 3 **COMPETITIVENESS** → 18  
Work with European regulators to maintain and heighten EU shipping's global competitiveness in order to safeguard Europe's position as a major shipping region
- 4 **INTERNAL MARKET** → 22  
Engage with EU regulators to cement the maritime aspect of the internal market through borderless intra-EU Short-Sea Shipping
- 5 **INNOVATION & DIGITALISATION** → 26  
Position European shipping as the global leaders of maritime innovators and pioneers of connected maritime transport
- 6 **HUMAN RESOURCES** → 30  
Maintain Europe's leadership in maritime knowledge by making the sector more attractive and ensuring diversity in the workforce
- 7 **SAFETY** → 34  
Work with EU policymakers to ensure a high standard of safety for crew, passengers, vessels and goods
- 8 **LEGAL AFFAIRS** → 36  
Support the EU's engagements with international maritime bodies to maintain a common global shipping regulatory environment that safeguards a level playing field for EU shipowners
- 9 **TAXATION** → 40  
Secure a stable and competitive tax framework recognising the intricacies and the global character of the shipping industry
- 10 **BETTER REGULATION** → 44  
Participate actively in the EU's drive for smarter and better regulation to help make European shipping stronger and more competitive

# The EU shipping industry

## A success story

Did you know that **76% of the EU's external trade**<sup>1</sup> is shipped by sea and **40% of the world fleet**<sup>2</sup> is controlled by European shipowners?

In today's hyper-connected world, the seamless and sustainable transport of goods and passengers is a key enabler for growth and prosperity. **90% of everything we consume arrives by sea.** Without any doubt, shipping is at the very heart of global trade.

**The European shipping industry is a success story and a geostrategic asset to the EU in the face of global challenges.** European shipowners operate one of the largest, youngest and most innovative fleets in the world. With its diverse fleet of container ships, tankers, passenger ships, bulk carriers, offshore service vessels and many other specialised ships, the EU shipping industry contributes a total of €147 billion to the EU's annual GDP<sup>3</sup>. The fleet also boasts one of the best safety records in the world.

**The European shipping industry is a success story and a geostrategic asset to the EU in the face of global challenges.**

### EU trade by sea in numbers

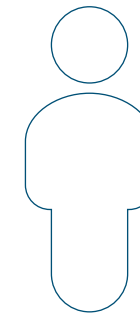
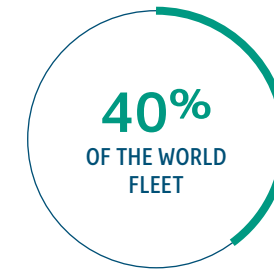


The industry is firmly anchored in the **European economy**, with a strong presence of shipping companies, a strategic deep-sea fleet and a unique Short Sea Shipping sector serving the EU transport network. The shipping sector is the backbone of the European maritime cluster consisting of amongst others shipbuilding companies, research institutes, educational institutes, maritime suppliers of goods and services and ports. Thanks to its extensive global outreach, the EU shipping industry is active in all markets around the world, facilitating trade to and from the EU, with a substantial engagement in cross-trading between third countries. In fact, the largest share of EU shipping is international.

**European shipping also plays an important geopolitical role for the EU.** Different segments of our industry serve the different needs of our continent. Ferries that transport goods and passengers are an integral component of the interconnected transport network of Europe, and together with the short sea shipping segment, facilitate the Single Market. Liners maintain Europe's trading capacity through a network of regular scheduled services that connect us to our trading partners. Dry bulk carriers, tankers, LNG/ LPG carriers ensure the security of our supplies in energy, raw material and staple goods. In this way the EU shipping industry plays a crucial role in safeguarding the EU's geopolitical independence through supply diversification.

### Total economic impact

**€ 147 BILLION TO THE EU'S ANNUAL GDP**



**2.1 MILLION PEOPLE EMPLOYED**

**Through the maritime professionals, the industry retains a wealth of maritime knowledge, skills and heritage unique in the world.**

The sector directly employs over 640,000 workers at sea and on shore. It supports over 1.4 million workers through indirect and induced employment. This European know-how should be cherished and protected, not to be lost to other regions in the world.

Shipping is a sustainable mode of transport, and the sector is committed to working towards becoming carbon-neutral within this century. New means of propulsion, new low carbon or fossil free fuels available worldwide and collaboration with partners in the supply chain are necessary to ultimately reach full decarbonisation. European shipowners cooperate with the shipbuilding sector, ports, equipment manufacturers and the research community so that innovative and sustainable solutions can be found to drive the whole maritime industry together towards a greener future, including in key areas such as air emissions, waste management, and the protection of marine life. The European maritime industry embraces these challenges and is committed to taking the global lead for clean shipping.

<sup>1</sup> European Commission, EU Transport in Figures – Statistical Pocketbook, (Luxembourg, Publications Office of the European Union, 2018), 29

<sup>2</sup> Id., 98

<sup>3</sup> Oxford Economics, The Economic Value of the EU shipping industry, (London, Oxford Economics, 2017), 5

# Better EU regulation leads to a stronger and more competitive European shipping sector.

## The rapidly changing global shipping landscape

Our world is changing much faster than before, driven by challenges such as climate change, digitalisation, societal developments, the increase in barriers to free trade, and security concerns.

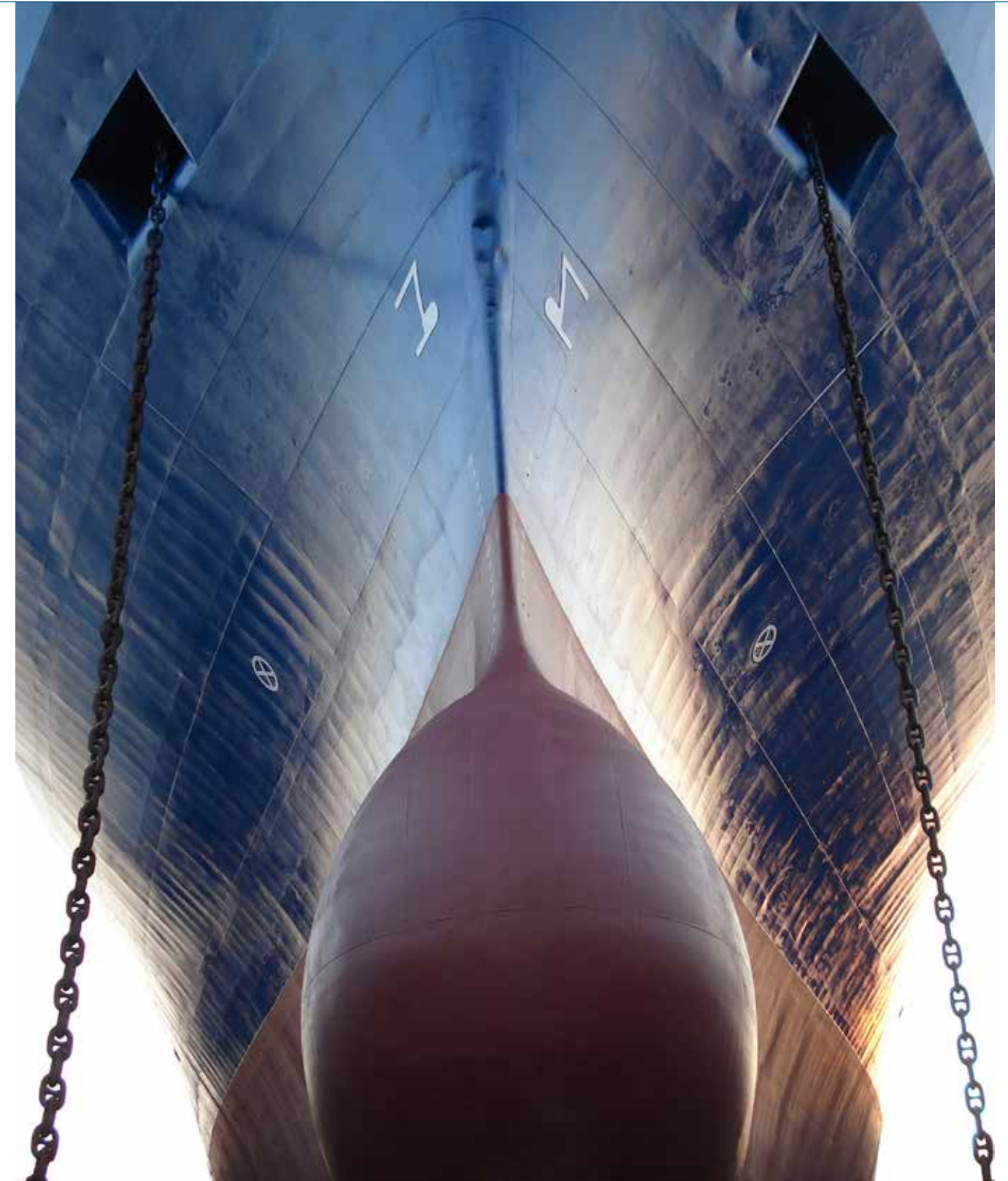
These global challenges need to be urgently addressed through robust regulations set by international bodies. Within the framework of these rules, the EU shipping industry is committed to placing itself at the forefront of change. European shipowners will continue to contribute to this process through pro-active engagement and a relentless drive for innovation.

Better EU regulation leads to a stronger and more competitive European shipping sector. With the continuous support of EU regulators, who understand the national and international challenges faced by the European maritime sector, our industry will be better placed to benefit from quality standards and be a leader in the sector-wide implementation of globally-recognised rules.

Through an open dialogue with EU regulators, the European shipping industry strives to achieve the goals it set for itself in **10 priority areas**:

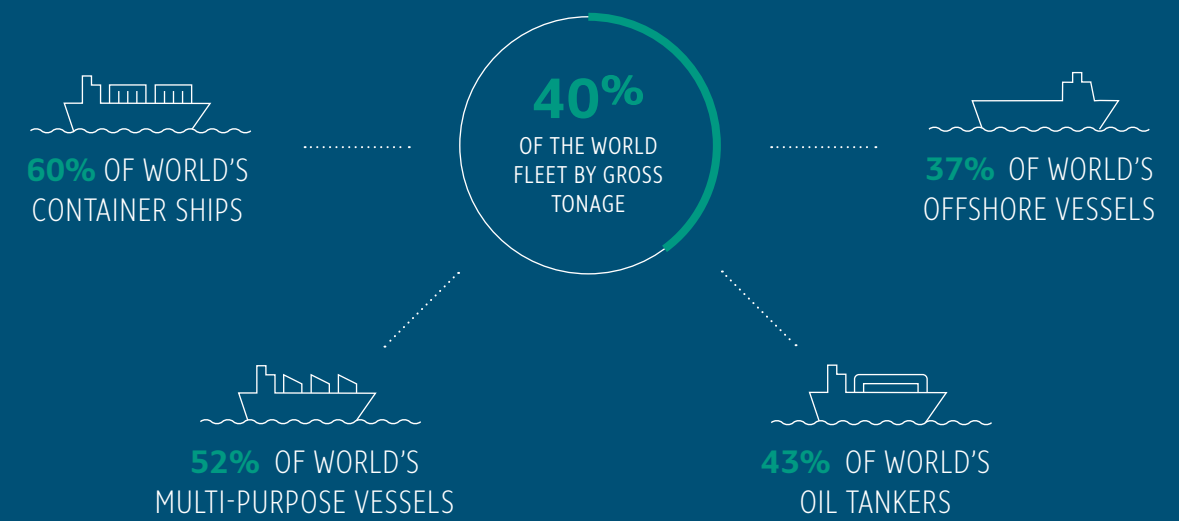
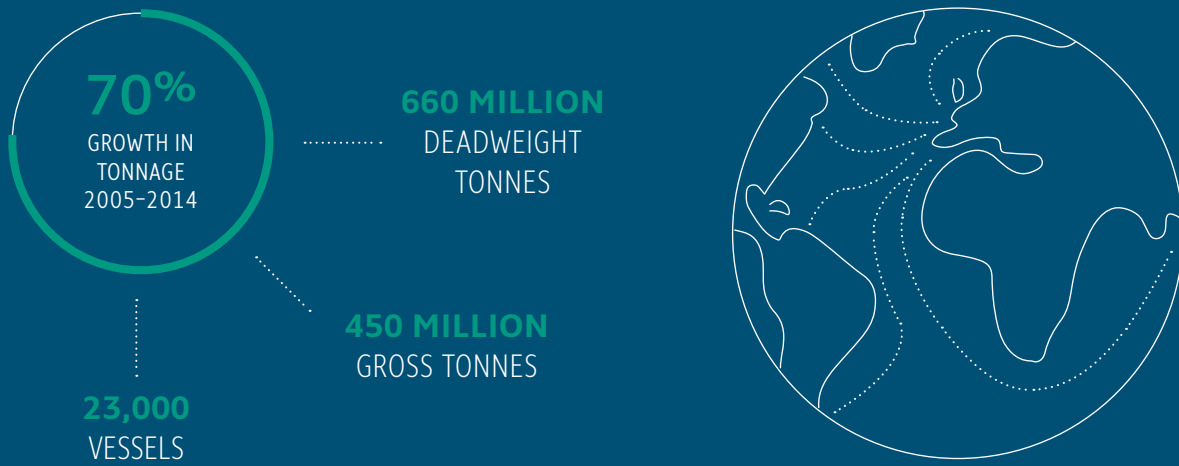
- 1 CLIMATE AND SUSTAINABILITY**
- 2 TRADE**
- 3 COMPETITIVENESS**
- 4 INTERNAL MARKET**
- 5 INNOVATION & DIGITALISATION**
- 6 HUMAN RESOURCES**
- 7 SAFETY**
- 8 LEGAL AFFAIRS**
- 9 TAXATION**
- 10 BETTER REGULATION**

Europe is proud of its centuries-old maritime traditions and of its unique shipping industry. Building upon our extensive knowledge and know-how, in combination with the latest innovations and digital tools, and the strong commitment of EU and national policymakers, our industry is confident we can turn current challenges into a growth opportunity for Europe.

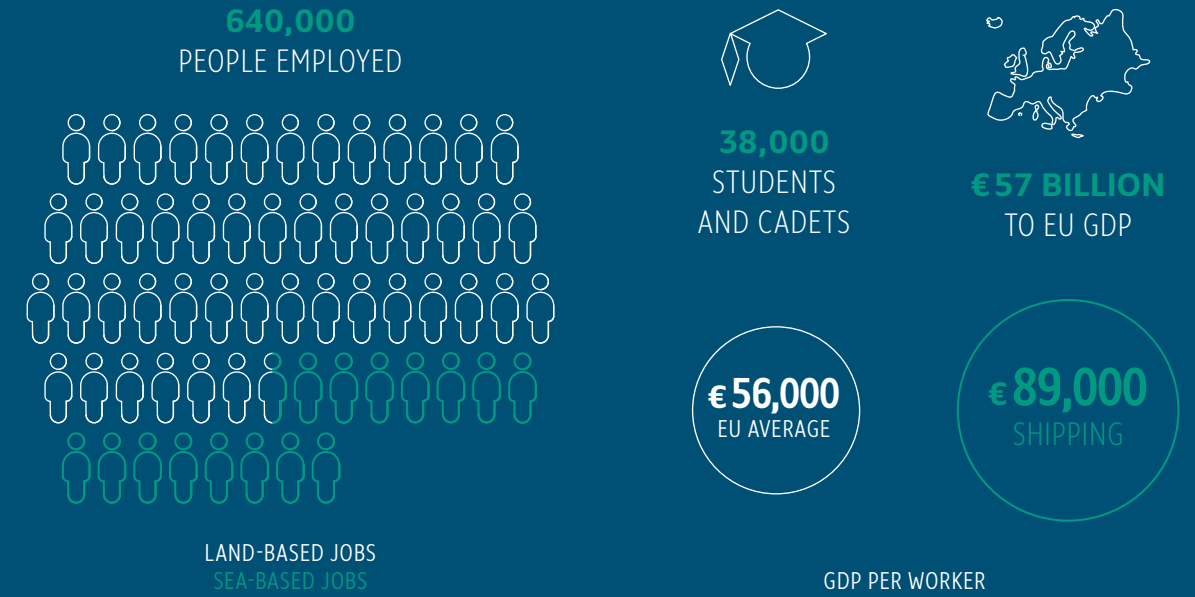


# The economic value of the EU shipping industry

## THE EU CONTROLLED SHIPPING FLEET IN NUMBERS



## DIRECT ECONOMIC IMPACT



## INDIRECT IMPACTS

**€60 BILLION** CONTRIBUTION TO GDP

**980,000** JOBS

## INDUCED IMPACTS

**€30 BILLION** CONTRIBUTION TO GDP

**477,000** JOBS

## TOTAL ECONOMIC IMPACT

**€147 BILLION** TO EU GDP

**2.1 MILLION** JOBS

FOR EVERY **€1 MILLION** OF GDP THE SHIPPING INDUSTRY CREATES, ANOTHER **€1.6 MILLION** IS CREATED ELSEWHERE IN THE EU ECONOMY

## PRIORITY 1

Work together with the EU, the IMO and our maritime partners towards the sustainability of our sector and in our common fight against climate change through innovation and research

The European shipowners are committed to achieve the global IMO CO<sub>2</sub> reduction targets. This requires extensive research, development and innovation in new, alternative fuels.

#### The reduction of greenhouse gases

In April 2018, the International Maritime Organisation adopted a historic climate strategy, setting the shipping industry's path towards a carbon-neutral future. It requires the global shipping sector to reduce by 2030 its CO<sub>2</sub> emissions per transport work, as an average across international shipping, by at least 40% compared to 2008 levels, while pursuing efforts towards 70% by 2050. Furthermore, the total annual GHG emissions from international shipping should be reduced by at least 50% by 2050 compared to 2008 whilst pursuing efforts towards phasing them out as soon as possible in this century. This is the first time sector-specific CO<sub>2</sub> targets have been set on a global scale.



As shipping is a truly global industry, global regulations are the most effective and efficient way forward. Regional measures will lead to carbon leakage, can be seen as protectionist and might slow down progress on the global framework. They might also lead to modal shifts from sea transport to less fuel efficient land based transport modes and be harmful to EU jobs and growth.

The IMO Climate Strategy also identified a list of candidate short, medium and long term measures for CO<sub>2</sub> emission reduction. EU shipowners support this ambitious step and are committed to adopting short and medium term measures and being part of the solution through their continued investment in innovative and sustainable solutions. At the moment, international shipping is fossil fuel captive. Full decarbonisation requires alternative, low carbon or zero carbon marine fuels and/or breakthrough propulsion technologies, to become widely available. Close cooperation with our partners in the maritime cluster and supply chain is necessary to ultimately reach this goal.

#### ECSCA calls for

- Global rules to be developed at the international level to avoid any reduction in the competitiveness of European shipping
- The EU to support the industry through a constructive role at IMO level
- EU support for Research & Innovation that will help drive the whole maritime sector towards decarbonisation
- Funding from the EU that will help the deployment of projects on the reduction of maritime GHG emissions
- Vast improvements in land-side port facilities for alternative fuels and waste reception installations to support the industry's drive for green shipping

## Offshore sector as enabler of the energy transition

The offshore sector is an important part of the European shipping industry. Cargo and offshore service vessels play a vital role in the development of renewable offshore energy such as wind energy. As Europe searches for different sources of renewable and emission-free energy sources, the shipping industry is keen to work with the EU regulators to further develop the offshore segment as one key contributor to the fight against climate change.

## Sulphur emission reductions

As a transposition of IMO MARPOL Convention Annex VI, the EU Sulphur Directive 2016/802 requires since 1 January 2015 ships sailing in the Sulphur Emission Control Areas — the Channel, the North Sea and the Baltic Sea — to use bunker fuels with a sulphur content of maximum 0.1% m/m.

In addition, to globally reduce SOx emissions, the IMO has set a global sulphur limit of 0.50% m/m from 1 January 2020. In order to be compliant with the new limit, new fuels will be introduced. This introduction leads to concerns about the availability globally and the quality of the new fuels. Compliant fuels have to be safe fuels in order to first of all ensure safety of life at sea and protection of the environment and to avoid related insurance and liability implications.

Besides bunkering compliant fuels ships can use equivalent emissions abatement methods such as exhaust gas cleaning systems (EGCS, also called scrubbers) to meet the EU and IMO's sulphur requirements when sailing on high sulphur fuels.

As marine fuels provided to ships will need to be increasingly cleaner, shipowners call upon the EU to also recognise the important challenges this brings to the industry.



## ECSA calls for

- The EU to work closely with all other stakeholders within the IMO to ensure that the European shipping industry has access to safe, environmentally sound and compliant fuels worldwide
- The EU to strive for the adoption of a clear, long-term, harmonised and based on sound technical evidence approach to the use of equivalent emissions abatement methods. The principle of grandfathering must be maintained to ensure that European shipowners that made investments in good faith to be compliant with the Sulphur Directive and IMO rules are not unfairly penalized
- The European regulators to recognise the lesser-known medium-term routes to reduce or/and eliminate SOx, such as biogas and LPG. Support by the regulators in the uptake of such fuels will be necessary to help the industry transition later to an efficient zero-emission fuel when the technologies will have matured

## Ship recycling

In 2009, the IMO adopted the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships (HKC). The HKC was developed to address specific safety and environmental issues arising in ship-recycling. The underlying principle was the real and urgent need to address the poor working conditions, the lack of training, recurring accidents and the negative environmental externalities suffered in many of the world's ship-recycling facilities. To achieve this, the HKC sets itself as the global standard for recycling facilities worldwide, rather than a yardstick that separates the very good facilities above the rest. The European shipping industry is committed to such global efforts to improve the conditions of recycling operations and we welcome the reflection of the HKC requirements in the European Union's Regulation on ship recycling. The regulation rightfully aims to facilitate the entry into force of the HKC worldwide.



## ECSA calls for

- The EU Member States to ratify the HKC as a matter of priority and strive to ensure that key Recycling States and Flag States follow suit. Only this will guarantee a global supply of high quality ship recycling available to the global and EU shipping industry
- The EU and its Member States to acknowledge the progress already made in non-EU countries and encourage further sustainable transformations by including in a transparent way and as quickly as possible non-EU yards on the EU list of approved ship recycling facilities. This would certainly incentivise the non-EU yards to raise their social and environmental standards
- The EU and its Member States to follow its own principles of sustainable development. Sustainable development consists of three pillars: economic, environmental and social. To achieve sustainable development in third countries, EU policies in the three areas must work hand in hand together and support one another to deliver positive change. To support sustainable development, one must start with providing safe and stable jobs locally, where it is most needed. One common factor of the main ship-recycling countries (India, Pakistan and Bangladesh) is their need for ferrous scrap for steel manufacturing and the high number of companies and jobs directly related to ship recycling. It is important to recognise and support the economic benefits of the ship-recycling industry in these developing economies while at the same time encourage the rise of social and environmental standards

PRIORITY 2

Support the EU's free trade agenda and oppose growing commercial and maritime protectionism



Shipping transports around 90% of the global trade in goods, making it the backbone of world trade. Shipping also includes the offshore sector, part of which is the fast growing renewable energy sector such as wind farms at sea. The sector enjoys a high degree of liberalisation, and EU shipowners benefit substantially from free and open access to international shipping markets.

Shipping accounts for 76% of the EU's external trade and plays by consequence a very important role in the EU's connectivity to the rest of the world. EU shipowners are world leaders in the offshore sector, including the offshore wind segment.

However, current geopolitical developments are calling into question the principles of free, rule-based trade and open markets. This is putting global trade and other maritime services under increased pressure. It is important — now more than ever — to avoid taking open market access for granted, and for the shipping industry to raise its voice

to ensure an open and level playing field worldwide. The efficiency of the shipping sector is dependent on a rules-based trading system. This requires the negotiation of and adherence to bilateral and regional trade agreements, including those which cover maritime transport services, as an important complement to multilateral agreements concluded under the auspices of the World Trade Organization (WTO).

The EU's unique voice is powerful outside the EU and will often impact much more than individual Member States' actions. By consequence, it makes sense that shipping — especially maritime clauses that safeguard free and non-discriminatory market access — forms part of any trade-related discussion the EU has with third parties, be it at bilateral or multilateral level, be it in the context of trade negotiations, economic partnership arrangements, development aid or diplomatic encounters. Considering the strategic commercial and political importance of shipping to the EU, it should never be used as a trade-off.

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### Brexit

After the departure of the UK from the EU, a level playing field for EU and UK shipping should be respected. In the short term, regulators should ensure frictionless traffic by sea between the UK and the EU, the free movement of seafarers, onshore staff and passengers, and continued market access to the domestic trades and the offshore sector. In the long term, the future relationship should facilitate close cooperation on global issues. The EU and the UK should aim for alignment in legislation relating to maritime affairs and ECSA would like to see this recognised as a guiding principle for the long-term relationship. A strong EU-UK maritime dialogue should offer the platform to discuss common approaches among the two parties, as well as with regard to the global policy framework of the IMO, the OECD, the ILO and the WTO.

### Security

It is vital to keep the seas secure and eliminate all threats of piracy and armed robbery at sea. The EU has shown leadership in being a frontrunner in addressing the piracy problem, among others, through the establishment of Operation Atalanta back in 2008. More than ten years later, the problem is unfortunately still there and other hot spots such as in the Gulf of Guinea have emerged. The situation in the Gulf of Guinea continues to deteriorate and shipping companies and seafarers face unacceptable risks. Continued efforts to address the root causes are essential.

Shipping is also confronted with the challenges posed by migration by sea. The EU shipping industry is committed to helping people in distress at sea, in line with its international legal and moral obligations. It is essential that concrete measures are taken in coastal states to ensure that merchant vessels conducting rescues are afforded prompt and predictable disembarkation, consistent with the obligations of the IMO's SOLAS Convention, and to safeguard the security, health and safety of the ship's crew.

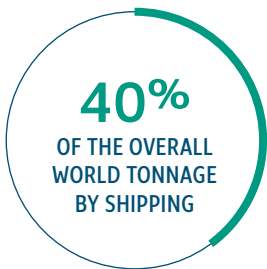


## ECSA will continue to

- Support the EU's free trade agenda and oppose growing commercial and maritime protectionism
- Advocate for the shipping industry to take centre stage in any EU trade and development policy agenda
- Call for free and non-discriminatory access to international maritime transport services including offshore services through EU trade and maritime agreements
- Support any initiatives by the WTO and its Member States to resume full negotiations on trade in services including maritime transport and offshore services, as well as resuming multilateral negotiations as a whole
- Support seamless movements of seafarers, personnel, passengers and goods in a post-Brexit Europe
- Advocate for EU efforts to ensure secure seas across the globe
- Advocate for a clear mandate for EU delegations in third countries to assist with issues related to market access

PRIORITY 3

Work with European regulators to maintain and heighten EU shipping’s global competitiveness in order to safeguard Europe’s position as a major shipping region



The EU shipping sector benefits from a policy framework which is overall strong and consistent. The EU’s *Guidelines on State Aid to Maritime Transport (SAGs)* have been a precondition for the competitiveness of the European shipping industry, allowing our companies to grow their controlled fleet to 40% of the overall world tonnage. To this end, the Guidelines must remain flexible and fit for purpose.

However, as other global shipping centres around the world gain ground with intensive support from their governments, preserving and improving the existing policy framework is essential to keep the EU shipping industry competitive. Monitoring and taking inspiration from developments globally in terms of the framework applicable to shipping is crucial to ensure the EU is on pair with other shipping centres around the world.

The backbone of the EU maritime cluster are the shipping companies: the presence and development of European maritime industries and, by extension, of employment opportunities and retention of skills and expertise, is conditional upon the existence of a globally competitive EU shipping.

A strong shipping community is not only indispensable for the European maritime cluster, but for the European Union as a whole, as EU shipping is a solid contributor to the European agenda of jobs and growth and one of the very few strategic assets to the EU.

To help advance its competitive edge, EU shipping needs stable access to competitive financing in Europe. For the EU there is a lot at stake. The EU has strong interests: adequate financing

helps to maintain shipping companies’ presence in Europe, which in turn ensures the added value to remain in Europe. Having a strong ship financing community in Europe also benefits the European maritime cluster and the European economy at large. With stricter capital requirements for banks and many European banks leaving ship finance, it is high time to make ship financing a priority. In this context, it is timely to look at what financing tools are best suited to the sector. Depending on the size of company, the nature of the sector, and the investments needed, shipping companies need to have access to traditional banking tools, covered bonds, or other alternatives. The access to financing is key for the maritime cluster to be competitive globally, especially for smaller and medium-sized shipping companies challenges are considerable.

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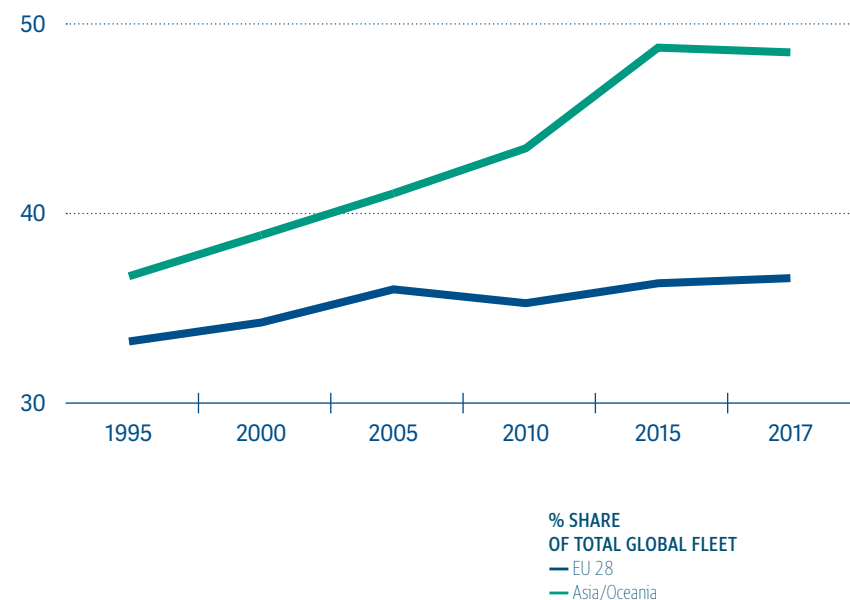


## ECSA encourages the regulators to

- Formulate a comprehensive and globally oriented shipping and maritime policy in the EU, with a strong focus on supporting the global competitiveness of the shipping and wider maritime sector, which cuts across policy fields like transport, taxation, environment, social and others
- Avoid deviating from or going beyond IMO/ILO conventions in EU and member state regulation
- Maintain the effectiveness of the existing SAGs, improve legal clarity around their application and ensure an efficient and swift EU approval process for national state aid measures
- Support the creation of attractive EU ship-financing schemes, that cater for the nature of the sector that includes many SMEs. New instruments such as Horizon Europe and the forthcoming Connecting Europe Facility (CEF) II must support the shipping sector in its Research & Innovation and deployment efforts
- Strengthen ship-financing expertise and capacity in Europe
- Ensure EU shipowners can continue to secure adequate and attractive financing from banks in Europe, as well as from other sources
- Develop a benchmarking exercise to map out what third countries are offering in terms of competitiveness and other growth initiatives, to ensure the EU is not losing out

## European shipping is facing unprecedented competition

Since 1995, Asian-controlled fleets have been on the rise ever since and pose the strongest competition to European shipping, and by extension, the European economy. Today, the Asian share as a percentage of the controlled global fleet stands at approximately 50%, whereas the EU-28 market share is somewhat below 40%.<sup>4</sup>



<sup>4</sup> European Commission, EU Transport in Figures - Statistical Pocketbook, (Luxembourg, Publications Office of the European Union, 2018), 98.

PRIORITY 4

Engage with EU regulators to cement the maritime aspect of the internal market through borderless intra-EU short-sea shipping



Short Sea Shipping is a sustainable form of transport that carries goods and people across Europe and to its closest neighbours. It has the potential to further cement the Single Market and facilitate the free movement of goods, people, services and capital.

Yet more can be done to increase its share. Despite being a sustainable solution, Short Sea Shipping only moves 32% of goods within the EU, compared for example to road transport (49%).

Important work on reducing the administrative burden facing shipping is being carried out by the European Maritime Single Window environment initiative, much welcomed by EU shipowners. The Short Sea Sector in particular, due to its frequent port calls within the EU and for every port call fulfil different administrative requirements, will benefit greatly from the simplification and harmonisation of reporting. The EU shipping

sector, fully committed to make the initiative work and reach its objectives, calls upon the European Commission, Member States and all stakeholders involved stakeholders to make speedy progress. The sector also flags the need to align the initiative with the digitalisation exercises in the customs domain.

Unfortunately, shipping is confronted with customs procedures from the moment the ship leaves the territorial waters of a Member State. When calling the next Member State, customs procedures come into play. By contrast, a truck crossing the land border between Member States does not have to face any customs procedure. Modern means of surveillance and the like can very well track and trace vessels or cargoes to ensure they have not entered non-EU customs territories.

The efficiency of the short sea leg is part of the overall efficiency of the logistics chain. To improve the overall multimodal performance and create real maritime waterways, the efficiency of all partners and the entire infrastructure network must be looked at, such as port operations, hinterland connections and the implementation of the TEN-T priorities.

Intra-EU short sea shipping has the potential to further cement the Single Market and facilitate the free movement of goods, people, services and capital.



To seize the potential of the internal market, ECSA is keen to work with the regulators to

- Complete the internal market for shipping: other modes already benefit from the absence of customs checks when crossing internal borders within the EU
- Fully and rapidly harmonise and digitalise the reporting of ship formalities when entering or leaving EU ports
- Work towards the digitalisation of key documents including bill of lading
- Complete the TEN-T network and eliminate bottlenecks. A truly multimodal transport sector in which Short Sea Shipping plays an important part can only be achieved through safe, efficient and connected infrastructure
- Identify and implement possibilities to increase the efficiency of logistical chains especially in ports

PRIORITY 5

Position European shipping as the global leaders of maritime innovators and pioneers of connected maritime transport

Research and Development (R&D) and innovation are vital for the long-term sustainability and competitiveness of the EU shipping industry. Investing in R&D and innovation is investing in Europe’s future. Europe needs to act fast to lead the new wave of innovations and set the standard for global competition in shipping. Initiatives such as the Maritime Industry Decarbonisation Council (MIDC) and the Waterborne Technology Platform can contribute to this.

The shipping industry wants to take its responsibility in the fight against climate change and decarbonise as quickly as possible in accordance with the IMO’s April 2018 initial strategy on reducing international shipping’s

GHG emissions. Full decarbonisation is only possible with a transformation to alternative propulsion systems and/or low carbon or zero carbon fuels, that are globally available.

This challenge offers vast opportunities for the European maritime cluster, that is well positioned given its extensive know-how and expertise. However, competition from outside the EU is rapidly intensifying, with strong governmental support. Combined and focused efforts by the European institutions and the European maritime cluster are needed to make sure that the challenges can be turned into opportunities, to the benefit of the European economy, growth and jobs.



The shipping industry will also go through fundamental changes as a consequence of the continued process of digitalisation. In combination with the new development of increased degrees of autonomy of vessels, the shipping industry will face new challenges and opportunities.

Digitalisation and automation can create opportunities such as increased efficiency, safety and environmental performance. It can be a source for environmental sustainability as it continues to provide maritime services whilst being more energy- and resource-efficient.

It is important that the human element — all human interactions with the design, construction, management and operation of ships — is taking into account. The demand for specialised and highly skilled crews will increase and

reskilling, upskilling and new skills will be required in order to operate ships and will be essential to ensure the sustainability of the sector.

Training seafarers in new technologies will enable them to benefit from new opportunities that arise from technological developments. The skills strategy being developed by the SkillSea project will be most pertinent in this regard. There will also be a need for updated international standards required by the IMO’s Convention on Standards of Training, Certification and Watchkeeping (STCW) to reflect the demands of new technologies. On this, we are involved with the European Transport Workers’ Federation (ETF) in a research project on the use of digitalisation to improve on-board safety and its impact on shipping operations generally, including employment at sea and ashore.

## Europe needs to act fast to lead the new wave of innovations and set the standard for global competition in shipping.

As the industry becomes increasingly digitised and automated, the repercussions of cyber-risks on safety and reliability also require consideration. Cyber threats may cause profound disruption to shipping operations. The industry is fully engaged in discussions at both European and international levels to find the best approach to combat cyber-crimes. Cyber-security and safety management is an area that will require more attention as new technologies are being introduced.

The development of new technologies and increased digitalisation should also be seen from a broader perspective and focus should be on the entire transport and logistics chain. Moreover, the shipping industry and the maritime cluster need to establish cross-sectoral cooperation with other modes of transport, the logistics' chain and other industries.



## ECSA calls for

- A fair and increased share of Research & Innovation support to be allocated to the whole maritime cluster
- EU R&I schemes to support innovative shipping solutions such as alternative fuels and means of propulsion
- The EU, the maritime cluster, and infrastructure and service providers to work together with the IMO to mitigate the risks of cyberattacks both at sea and ashore
- The regulatory clarity of existing international legislation that is holistic and encourages sustainable innovation
- EU institutions and stakeholders to involve the social partners in any discussions in EU fora on these developments

PRIORITY 6

Maintain Europe’s leadership in maritime knowledge by making the sector more attractive and ensuring diversity in the workforce

In view of its global nature, the living, employment and working conditions of seafarers and the standards for their training and certification are regulated through two international instruments that provide the overarching framework for human resources in the global shipping industry.

The ILO’s Maritime Labour Convention (MLC) regulates the employment and working conditions of seafarers while the IMO’s Convention on Standards of Training, Certification and Watchkeeping (STCW) for seafarers ensures the respect of quality standards for training and certification. Both these Conventions

are transposed and implemented in EU Directives<sup>5</sup>. Within this framework, EU shipping employs 640,000 people on board and onshore, and creates meaningful career opportunities for young people. The EU shipping industry cannot exist without skilled professionals. They are a wealth of knowledge and expertise that should be protected and preserved.

<sup>5</sup> The Social Partners’ Agreements on the ILO Maritime Labour Convention, 2006 (MLC) implements the Convention into EU and is appended to Directive 2009/13/EC as updated by Directive 2018/131/EC, while the implementation of the STCW Convention is done through Directive 2008/106/EC on the minimum level of training of seafarers and Directive 2005/45/EC on the mutual recognition of seafarers’ certificates issued by the Member States.

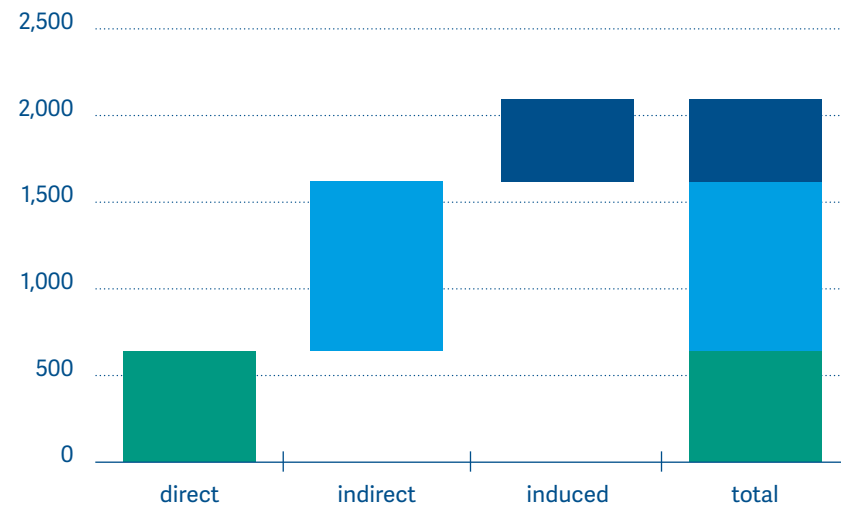


# European shipping should not only remain the leader in maritime shipping, but also the leader in maritime knowledge.

## Shipping helps create jobs in the European economy

For every direct job the shipping industry supports, an addition of 2.3 jobs are supported elsewhere in the European economy.

TOTAL EMPLOYMENT IMPACT OF THE EU SHIPPING INDUSTRY, IN THOUSANDS (2015)



Representing the EU shipping industry, ECSA is committed to the promotion of European shipping as a world leader in quality and competitiveness. An essential component of this is the availability of a highly skilled and motivated seafaring workforce. The maritime industry is a major source of employment in Europe, both on ships and in the shore-side maritime clusters, where persons with sea-going qualifications are in high demand. Positive measures have been and continue to be taken by the EU legislators, national governments, the social partners and shipping companies to encourage young Europeans to embark on careers at sea.

ECSA is very proud to represent the employer group in the sectoral social dialogue committee for maritime transport which is among the most effective — and quite possibly the most productive — of all the European sectoral social dialogue committees. Not only have the social partners adopted two agreements that have been appended to directives, implementing the Maritime Labour Convention<sup>6</sup> and on Working time arrangements<sup>7</sup>, they have also played a major role in formulating a directive on enhancing the labour conditions for seafarers<sup>8</sup>. Moreover, we work with our social partner on several initiatives to improve the shipboard working conditions. These include improving guidelines to eliminate shipboard harassment and bullying, sector-wide career mapping, addressing the human element in



increased digitalisation and opening up the shipping sector for women. Further topics jointly worked on are the reduction of administrative burden on seafarers, Schengen visas for third-country seafarers, shore leave, migrants at sea and the effect on merchant ships and seafarers, criminalisation of seafarers, and stowaways.

Looking forward, ECSA sees the development of a European Maritime Growth plan as a framework for encouraging a sustainable operating environment for EU shipping.

<sup>6</sup> Directive 2009/13/EC as amended by Directive 2018/131/EC  
<sup>7</sup> Directive 1999/63/EC  
<sup>8</sup> Directive 2015/1794/EC

## ECSA is committed to

- Continue working with the European Transport Workers' Federation (ETF) as social partners to maintain and build on the successes of the Sectoral Social Dialogue in the Maritime Sector
- The development of a European Maritime Growth Plan — for sustainable maritime jobs, growth and competitiveness — enhancing the attractiveness, opportunities and competitiveness of both the EU fleet and EU seafarers
- Work together with other partners in the SkillSea Project on a skills strategy for the shipping industry to enhance the skills base and ensure the education and training provided to EU seafarers is future-proof

## PRIORITY 7

## Work with EU policymakers to ensure a high standard of safety for crew, passengers, vessels and cargo

Some regulatory gaps remain mainly due to the fact that some of the IMO Conventions have still not entered into force or have not been ratified by enough Member States, including those from the EU.

The EU has been successfully engaged in the field of maritime safety for over twenty years.

Member States are party to a number of international conventions and codes adopted by the IMO, such as the *Safety of Life at Sea Convention (SOLAS)*, the *International Convention for the Prevention of Pollution from Ships (MARPOL)*, and the *Convention on the International Regulations for Preventing Collisions at Sea (COLREGs)*. In addition, the EU is, as well as some of its Member States, party to international conventions with a regional focus, such as the 1976 *Barcelona Convention* (for the Protection of the Mediterranean Sea Against Pollution) or the 1992 *Helsinki Convention* (for covering the same objectives for the Baltic Sea) or the 1992 *OSPAR Convention* (for the North-East Atlantic). This international framework is supplemented by EU legislation, which only applies on a regional basis to the EU, but sometimes include obligations for non-EU flagged vessels.



Accidents in shipping have substantially decreased over the years thanks to legislative packages introduced at the EU and international levels.

However, some gaps remain mainly due to the fact that some of the IMO Conventions have still not entered into force or have not been ratified by enough Member States, including those from the EU.

One example is the *International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea, 1996* (the HNS Convention) and its Protocol of 2010.

## ECSA is keen to engage with the regulators to

- Continue the dialogue on safety issues
- Maintain the EU's involvement on safety issues at the international level
- Foster open debates on future maritime safety challenges at both EU and the international levels
- Promote a swift ratification of the 2010 HNS Convention

## PRIORITY 8

# Support the EU's engagements with international maritime bodies to maintain a common global shipping regulatory environment that safeguards a level playing field for EU shipowners

The global and EU shipping industries are proponents of the implementation of the comprehensive regulatory framework provided by the United Nations' International Maritime Organisation (IMO) and International Labour Organization (ILO).

ECSCA promotes the joint industry ratification of maritime conventions campaign by the International Chamber of Shipping (ICS) and the Comité Maritime International (CMI). The current campaign focuses on the *IMO Convention for the Safe and Environmentally Sound Recycling of Ships* (Hong Kong Convention), *IMO 2010 Protocol to the International Convention on Liability and Compensation for Damage in Connection with the Carriage of Hazardous and Noxious Substances by Sea (HNS)*, *IMO 2003 Supplementary Fund Protocol to 1992 Fund Convention*.

The *EU Environmental Liability Directive (ELD)* provides for maritime 'exceptions' in Article 4 paragraphs (2) and (3) which were expressly created in recognition that the international regime for liability and compensation for environmental damage from a shipping incident has benefits over the EU's ELD. The shipping industry strongly supports the continued retention of these exceptions so as to maintain the primacy of the international conventions and the application of the international regime laid down in the IMO conventions without conflict with the ELD.



**A fragmented global regulatory environment with conflicting national or regional rules would not only compromise the efficiency of world trade, create market distortions and administrative confusion, but would also endanger the EU's position as a global trading power.**

There has been and will continue to be increasing attention on the future of international ocean governance. ECSA engages with EU regulators to ensure the European shipping industry's views and specific contexts are taken into account in the discussions, both at the EU level and when taking up common EU positions in the negotiations on a *United Nations Convention on the Law of the Sea on the conservation and sustainable use of Biological diversity in areas beyond national jurisdictions* (BBNJ). While the industry supports the objectives of the negotiations, it is important that the new instrument recognises the central role the IMO plays in regulating the shipping industry and avoid inadvertent or adverse effects by any measures agreed under the new instrument.

Also important is the EU legislation related to Passenger Rights and Passenger Liability for waterborne transport. ECSA has been following the complementary EU Accessibility Act and will be eager to engage on any review of the sectoral passenger rights regulation expected over the next legislature. ECSA supports initiatives that help improve the implementation of existing sectoral regulations and the provision of more information on available services (like journey planners), through guidance and information that is consistent with national law and practices. ECSA sees no compelling need for any new initiative on passenger rights in a multimodal context. The contractual, legal, insurance, practical, operational and economic implications for different transporters will far outweigh the possible gains for the passenger and cannot be justified.



**ECSA would like to encourage regulators to**

- Ratify the international maritime conventions of the IMO, the ILO and other UN bodies that impact on shipping, in particular the Hong Kong Convention, HNS Convention and Supplementary Funds Convention
- Maintain the specific considerations made for the liability framework of the shipping industry in the EU's Environmental Liability Directive
- Ensure that shipping interests are taken into account in the discussions within both EU and international contexts on the future of international ocean governance
- Consider the negative implications of any EU legislative initiative on passenger rights in the multimodal context on the industry
- Support the work in the IMO's Legal Committee on developing a unified interpretation of the text for breaking shipowners' right to limit liability under the IMO conventions

## PRIORITY 9

# Secure a stable and competitive tax framework recognising the intricacies and the global character of the shipping industry

The shipping industry manages the supply security of energy, food and other commodities worldwide and in the EU. A stable and robust tax framework supports the industry in this role. The EU shipping industry, competing with non-EU shipowners, requires an equivalent tax environment unaffected by the horizontal tax policies and regulations in the EU and with deference to the shipping institutional tax regimes in Member States.

Of particular interest for the EU shipping industry are discussions on the reforms of the EU VAT regime, Corporate Taxation, Energy Taxation, Digitalisation and the corresponding talks at the OECD and the UN levels.

In the VAT field, ECSA is particularly concerned with possible changes to the VAT treatment of passenger transport by sea. The European shipping industry actively advocates for the retention of the current system which provides for a simple working solution for businesses that strongly rely on a stable VAT framework that creates no distortion of competition.

The current VAT system has served the international nature of the shipping industry and should therefore be retained. Any changes will jeopardize Europe's social, economic and territorial cohesion by making passenger traffic to the peripheral and insular regions more expensive, with negative social impacts as a consequence.



Taxation of shipping income is regulated at several levels. It is regulated at national level, by means of specific provisions for shipping. At the international level the OECD's Model Tax Convention and the corresponding UN Convention provide guidelines and legal methodological tools for tax issues which have an inherent international – in most of the times bilateral between two national legal orders – character and application with reference to the prerogative application of a national shipping rule or regulation. ECSA advocates that while the EU should actively influence the international discussions at G20/OECD/UN levels to ensure legal and tax certainty, stability and continuity, EU tax-related rules and regulations should respect this. Stricter or more difficult to apply EU rules will harm the competitive position of EU shipowners and should thus be avoided. Such a scenario is not beneficial for the competitiveness, growth and jobs of the EU and would not improve the international tax system.

In this regard, ECSA follows closely the negotiations on the common corporate tax base, the taxation of digital services and the BEPS implementation measures in view of possible implications on the taxation of shipping income. ECSA strongly advocates the exclusion of shipping income subject to tonnage taxation from the Common Corporate tax base.

The availability of tax-free bunkers and luboils in Article 14 of the Energy Taxation Directive (ETD) are a reflection of the international norm and standard practice all over the world. A continuation of the relevant exemption under the ETD is therefore essential for EU companies, so as to be able to compete on the same footing as shipowners and suppliers from outside of the EU. This enables EU shipping companies to provide the transport (and other) services on which the wider economy relies, at a price that is competitive and affordable.



**Any changes to the current VAT arrangements for passenger transport by sea would be difficult, complex and would lead to a distortion of competition.**

The 2011 Commission proposal recognised these arguments and left the exemption for international maritime transport unchanged. It also realised that unilateral actions from Member States would create a risk of competitive distortions. The arguments remain equally valid today.

Any revision of the ETD must take into consideration the global nature of the industry and the IMO Strategy for the reduction of GHG emissions from ships so as not to jeopardise the process



with regional measures that may be counterproductive. ECSA considers that the ETD should be updated to provide for a technology neutral tax exemption for energy carriers (i.e. fuels and electricity, including shore-side to merchant vessels and to dredgers). This will lead to equal treatment of the energy supplies to the shipping industry thus closing the gap between heavy fuel oil, alternative fuels and electricity which hampers investments and the uptake of cleaner technologies such as shore-side electricity, fuel cells, methanol etc.

ECSA has also been highlighting the considerable problems being faced by the industry in view of the very varied digital tax reporting (DTR) requirements in Member States and advocating for a harmonised approach in Member States.

**ECSA would like to work with the EU regulators to**

- Maintain the current legal framework in the field of VAT treatment of vessels
- Adopt a technology-neutral approach when considering revisions to the Energy Taxation Directive in order to provide for the equal treatment of energy supplies to the shipping industry
- Maintain the exclusion of shipping income subject to tonnage taxation from the Proposal for a Common Corporate Tax Base
- Adopt a harmonised approach to digital tax reporting requirements in Member States

PRIORITY 10

Participate actively in the EU's drive for smarter and better regulation to help make European shipping stronger and more competitive

The European shipping industry fully supports the European Union's drive for smarter and better regulation.

The European shipping industry fully supports the European Union's drive for smarter and better regulation.

Through our dialogue with both EU and national regulators, our industry agrees with our stakeholders and partners that regulations can help make shipping stronger and more competitive. Only with the unwavering support of both national governments and the EU institutions, European shipping, as the cornerstone of Europe's global trade, can remain the world leader both in terms of quantity and quality.

There is however improvement to be made. The trilogue process could be more transparent and there should be more reasonable time scales to respond to consultation exercises. The application process for EU funding programmes could be further simplified.

ECSA stresses the importance of proper impact assessments being made and stresses the need to ensure that proper consultations are held ahead of initial thought processes underway for any proposal. Consulting ECSA and other stakeholders in a very early stage of policy making is a key condition for effective and efficient regulations.

ECSA stands ready to engage with regulators at all stages of policy-making. Better regulation entails not only an assessment of whether new initiatives and especially legislative ones are necessary but also that new initiatives, legislative or not should work first and foremost through a bottom-up approach if they are to be successful, cater for the needs of all players, and avoid being counterproductive.

There are positive examples of how the shipping industry is engaged in the advisory consultations, such as the European Sustainable Shipping Forum (ESSF) through which ECSA and other stakeholders can deliver technical input for the Commission and Member States. ECSA is likewise engaged in the European Commission's Market Access Advisory Committee and the Stakeholder Advisory Group on Maritime Security.

For these reasons, ECSA supports

- The EU in becoming a more transparent and accessible regulator. This will benefit the quality of its regulations and encourage the broader uptake of its initiatives



## Our Members

- BELGIUM  
Royal Belgian Shipowners' Association
- CYPRUS  
Joint Cyprus Shipowners' Association
- DENMARK  
Danish Shipping
- ESTONIA  
Estonian Shipowners' Association
- FINLAND  
Finnish Shipowners' Association
- FRANCE  
Armateurs de France
- GERMANY  
Verband Deutscher Reeder
- GREECE  
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- SLOVENIA  
Slovenian Association of Shipowners
- SPAIN  
Asociación de Navieros Españoles
- SWEDEN  
Swedish Shipowners' Association
- UNITED KINGDOM  
UK Chamber of Shipping

## Colophon

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## The next steps

THROUGH CONTINUOUS INNOVATION AND RESEARCH, THE EUROPEAN SHIPPING INDUSTRY IS COMMITTED TO DOING ITS PART IN THE GLOBAL AND THE EU'S FIGHT AGAINST CLIMATE CHANGE AND DRIVE TOWARDS DECARBONISATION. HERE ARE SOME EXAMPLES

→ In 2015, Swedish Stena Line ferry — *the Stena Germanica* — became the first ferry in the world **to use methanol** as fuel.

→ To meet the Global Sulphur Cap 2020 and the GHG 2050 targets, a group of shipping companies led by the Royal Belgian Shipowners' Association, their maritime partners and the UCL Energy Institute set up the **Maritime Industry Decarbonisation Council (MIDC)** in 2016. The MIDC is a thinktank that looks at the **development of an evidence-based policy on GHGs** that will enable the sector to reduce its GHG emissions in the most cost-effective way. The MIDC brings structure in the debate on short-medium-, and long-term solutions, looking at their CO<sub>2</sub> reduction potential, cost, technical maturity, and scalability.

→ Belgium built the *Hydroville* in November 2017 — the **first certified passenger shuttle that uses a hydrogen-powered engine**. The shuttle is now used as a platform to test hydrogen technology for commercial seagoing vessels, the fuel is free of carbon dioxide, particulate matter or sulphur oxides when burnt. In the first phase, the *Hydroville* transports passengers from Kruibek to Antwerp during rush hours.

→ In 2018, the *MV Afros*, a 64,000 dwt Greek bulk carrier, won an award for being fitted with a Flettner Rotor system. The system utilises an aerodynamic phenomenon known as the Magnus Effect to provide useful propulsion to the vessel by **harnessing wind power** to enhance vessel efficiency, reducing net fuel consumption and lowering exhaust emissions.

→ **The all-electric ferry built in the framework of the EU's Horizon 2020 programme** was baptised "*Ellen*" on 12 June 2019 in Denmark and will soon set sail between the islands of Ærø and Fynshav. With a capacity of 4.3 MWh, she has the **largest battery pack currently installed on a ship**. The new electric ferry will save an estimated 2,000 tons of CO<sub>2</sub> per year in its operation.

→ From August 2019, the *Brim Explorer* — a small electric cruise ship — will start operating in Norway's pristine fjords. The design allows the ship — with maximum 150 persons onboard — to plug onto any pier and is both completely emission-free and silent.

→ Starting in May 2020, twelve *Grimaldi GGSG* ro-ro freighters will start operating in the Mediterranean powered by lithium batteries to guarantee **zero emissions inside ports** when in 'eco' mode. Initially, this will be implemented on vessels operating the Barcelona-Porto Torres-Civitavecchia line. Each vessel has the capacity for 3,500 passengers, 271 cars and 210 heavy vehicles.

# ECSA

## The European shipping industry

The European Community  
Shipowners' Associations (ECSA)  
is the voice of the European  
shipping industry.

Founded in 1965, ECSA promotes  
the interests of 20 member  
associations of the EU and Norway.  
ECSCA strives for a regulatory  
environment that fosters the  
international competitiveness  
of European shipping.