



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR MOBILITY AND TRANSPORT

Directorate D - Logistics, maritime & land transport and passenger rights
D.1 - Maritime transport & logistics

European Sustainable Shipping Forum
2nd Plenary Meeting

Brussels, 26 June 2014

Draft meeting report

Welcome address by the Chairman - Fotis Karamitsos

1. The Deputy Director General of DG MOVE, Fotis Karamitsos, welcomed the members of the ESSF. He praised the work in the 6 sub-groups and thanked EMSA for the extensive support as secretariat of the ESSF, both in technical expertise and in man power. Although sulphur limits have been agreed in 2008 by the IMO, we'll need more precious time to elaborate some solutions, e.g. standards in LNG. The new Clean Power for Transport Directive will also address this, requiring a sufficient number of LNG refuelling stations along the TEN-T network by 2025. Also the Connecting Europe Facility was mentioned, especially the new opportunities provided for the maritime sector (eligibility and budget). To conclude Mr. Karamitsos mentioned the interest in the ESSF shown by stakeholders and administrations from outside the EU, proving the pioneer work performed by the ESSF. He encouraged the members to continue this mind opening work to reap the economic benefits in the end.
2. Mr. Verheye, Head of Unit of Air & Industrial Emissions in DG Environment briefed the Forum of the on-going negotiations in the European Parliament and Council on the EU Air Quality Review Package and notably the National Emissions Ceilings Directive. He stressed that air quality is still an important matter of concern in the majority of the Member States especially when it comes to compliance with limits for fine particles, NO_x and ozone. In addition, bad air quality still contributes to about 400.000 premature deaths and 570 million restricted working days per year in the entire EU. For that reason the proper implementation of existing air quality legislation is a priority for DG Environment which requires contribution of all sectors, including shipping. In this context DG Environment welcomes the cooperation with the wider shipping community through the ESSF.
3. EMSA has been acting as the technical secretariat of the ESSF since its creation, and as such has been very closely collaborating with many of the industry experts in the context of the different ESSF sub-groups. Mr. George Christofi, Head of Unit of Marine Environment and Port State Control in EMSA, further thanked the Rapporteurs and co-chairs of the sub-groups for the excellent cooperation in drafting the different complex submissions and discussion papers. Mr. Christofi further mentioned that in parallel to the ESSF activities, EMSA will work on further

assisting the Member States with the implementation of the Sulphur Directive through enforcement tools and practical guidance. The need to do so has also been expressed by the EMSA Administrative Board where during the recent meeting the importance of enforcement of the low sulphur requirements was emphasized.

4. The minutes of the first meeting and the agenda were adopted without changes. Following this the ESSF agreed to alter the Rules of Procedure to bring them in line with the decision establishing the ESSF in relation to possible observer status for EFTA countries (article 6).

Sub-group LNG

5. Ludovic Laffineur, rapporteur of the LNG sub-group presented the progress made in this sub-group and introduced the three submissions.
He highlighted that the sub-group mainly works on finding preferably international solutions for the identified outstanding regulatory barriers hampering the uptake of LNG in the EU.
6. It was stressed that many rule making initiatives, both at the ship side as on the port side, are underway but so far no harmonized and mandatory legal framework is in place. At the same time the sub-group is of the opinion that ensuring an equal and high level of safety, especially when bunkering LNG, should be guaranteed all across the EU. To that end the sub-group has worked intensively on recommendations that could serve as appropriate framework conditions (guidelines, standards, regulations) for the use of LNG in the EU (also in the context of the future EU Directive on the Deployment of an Alternative Fuel Infrastructure).
7. The submissions to the Plenary focus on defining a standard LNG connector, a standard LNG bunker delivery note (BDN) and on the LNG emission reduction potential and gas quality.
On the first two topics the sub-group recommends sending in submissions to IMO, so that both items can be discussed internationally with a view to setting an international standard. There was support within the Plenary for both submissions.
8. In relation to the standard connector some Plenary members stressed that by defining a standard connector innovation should not be stopped and in addition early movers that already use certain connectors should not be penalized. It was furthermore questioned whether the draft IGF Code was the appropriate body for standardization or whether that should be ISO. The sub-group had examined this question and recommended that either the IGF Code could make a reference to a standard through a footnote, or that IMO could also request ISO to work on such a standard.
9. The work on a standard LNG bunker delivery note was also welcomed, but it was stressed that suppliers cannot guarantee the final specifications of the LNG that goes into the engine due to possible changes to the LNG on-board the ship. This was

recognized by the sub-group, and the ship owners in the Plenary emphasized that especially for safety reasons, precise information is needed about the LNG that is being delivered. In the future when the number of LNG suppliers starts growing, such considerations will become increasingly important.

10. Some discussion took place about the calculation method of the methane number and what should be a minimum methane number of the LNG delivered to a LNG or dual-fuelled vessel. Reference was made to ongoing work by ISO and CEN and the sub-group was tasked to further work on this matter. Further comments were made about the presented CO₂ equivalent of methane and new studies in that respect calculating the impact for 20 years and 30 years. The sub-group was also asked to further look into the difference of methane leakage between high pressure engines and low pressure engines.
11. Finally questions were raised about the EU competence over the standard connector and a standard LNG bunker delivery note, and about the procedure of sending this to IMO. The Commission would further investigate this and keep the Plenary members informed.

Sub-group R&I

12. Mr. Lucian Manzon, rapporteur of the sub-group on Research, Technological Development and Innovation reported on the progress made in the sub-group. The sub-group has so far been taking a broad view on research and innovation and discussed a very wide array in topics. However three recommendations could be made to the ESSF (see paper). These were discussed by the members and respective recommendations adapted after the discussion (see conclusions below).
13. Greece requested to take note of research carried out by the National Technical University of Athens (NTUA) presented to MSC 93 (as MSC 93/21/5) related to the safety aspects of the *Interim guidelines for determining minimum propulsion power to maintain the manoeuvrability of ships in adverse weather conditions* (MSC-MEPC.2/Circ.11) which fits within the overall context of the on-going discussions regarding greenhouse gases and the Energy Efficiency Design Index (EEDI).

Conclusion

14. The ESSF welcomes the progress made by the sub-group on research and innovation.
15. The ESSF asks the sub-group to work first on the most urgent matters, being short sea shipping and solutions to bring down the cost in the short term. However the sub-group can also work on supply chain logistics, including shippers, passenger and user perspective, and international

shipping, but a distinction should be made between results on the short term, mid-term and long term and between short sea shipping and international shipping. Future developments in shipping should not be forgotten (e.g. Baltic Sea as test case for shipping in the arctic).

16. The ESSF asks the sub-group to look further into the interdependencies between evolving vessels designs and the need to adapt infrastructure and procedures in order to accommodate these vessels.
17. The ESSF asks the sub-group to look further into the role/importance of R&I in business plans and the relation between investments in R&I and performance of companies in the maritime industry, not forgetting the barriers to uptake of innovations and ways to remove them and taking into account the different positions of manufacturers and shipowners and the importance of R&I to remain competitive at a global scale.
18. The ESSF asks the European Commission to consider an integration of the sub-groups on financing, competitiveness and R&I.

Sub-group scrubbers (EGCS)

19. John Bradshaw, rapporteur of the Exhaust Gas Cleaning Systems Sub-group, after stating that the sub-group largely contributed to open discussions, problem sharing and common solution finding within the remit given by both the Plenary and legal framework, delivered a presentation on the progresses made so far, actions to be taken and future foreseen tasks.
20. An introduction to the work carried out confirmed the confidence of this sub-group on the effectiveness of wet-scrubbing technology as an equivalent method to comply with MARPOL Annex VI and the Sulphur Directive, its carbon dioxide (CO₂) benefits in comparison with oil-refinery desulphurisation, its feasibility for new-builds in general and with recognised limitations to certain retrofits.
21. Amongst the work-packages covered, priority was given to wash-water discharge criteria, plume pH verification and approval aspects of the EGCS (i.e. trials vs commissioning and the possibility of using HFO). These items were presented in form of three recommendations with a view to seek the Plenary's endorsement, notably on introducing the findings of the sub-group to IMO. Having in mind the short deadlines ahead of the entry into force of the low sulphur requirements and the take-up of scrubber technology, it was recommended to support the continued efforts of the sub-group to develop harmonised solutions for both immediate and medium/long term application towards EU and IMO requirements' consistency (i.e. MARPOL Annex VI and Sulphur Directive).
22. Two of the recommendations put forward, on the pH plume verification and on the issues related to commissioning and trials of EGCS received general support by the Plenary whilst the third one, concerning wash-water discharge criteria was noted and received support for continued work by both the EGCS and the Implementation sub-groups. Requests for further interpretation and legal certainty as regards the links between the Water Framework Directive and Sulphur Directive were made especially by the industry, whilst recognising that

the Commission (DG-ENV) and Member States (through their National Competent Authorities) should cooperate and contribute to this work. Again, a plea was made for a pragmatic approach to be adopted, in particular to avoid punishing the 'early movers'.

23. An additional item was also presented in form of a request for Plenary's support, concerning a MEPC 67 submission to amend the bunker delivery note (BDN). It also got principle support, and the sub-group was tasked to further work on this.
24. The Plenary reached a common understanding that the ESSF SG should continue to work towards technical solutions and avoid re-opening the discussions on existing requirements at the IMO.
25. Some Plenary members raised concerns over EU competency although DG-MOVE/DG-ENV reassured that the sub-group will apply and respect the existing procedures, through the established EU coordination process, before submitting documents to the IMO.

Sub-group Implementation

26. Timothy Wilson, rapporteur, presented the progress of the work carried out by the sub-group on Implementation of the Sulphur Directive, leading to three papers discussed by the ESSF (on sampling methods, sampling frequency and reporting obligations). Apart from this, the sub-group also started working on emission monitoring tools, transition to MGO and the use of scrubbers in ports.
27. Further, EMSA gave a presentation on THETIS-S and reporting to be carried out by the Member States.
28. The ESSF supported the proposals and the recommendations of the sub-group on implementation, but a lot of questions and concerns remain. The European Commission proposed to tackle them in the sub-group as they consider details and not the general principles laid out in the papers. Examples are the role of the supplier and guarantees on quality of supplied fuel, sanctions from other member states and possible users and use of THETIS (involvement third countries and mandatory use).
29. DG ENV expressed their preference for cooperation with and between Member States and availability of real time information.

Conclusion

30. The ESSF welcomes the papers prepared by the sub-group on Implementation of the sulphur directive, but asks to tackle remaining questions and concerns in the next meeting of the sub-group.

31. Considering **sampling methods**, the ESSF

- Agrees that the recommendations in Section 2.1 of paper 6b are used to develop Guidelines that will be integrated into or support Implementing Acts on sampling methods and defining representative sampling under the Sulphur Directive;
- Accepts that, whilst tank sampling is advocated in Article 6.1a(c) as one location to draw samples from, due to the difficulties of tank access and the health and safety risks involved, tank sampling should be only carried out when in-depth investigation deems it absolutely necessary;
- Accepts that, sampling of the marine fuel for on-board combustion while being delivered to ships is advocated in Article 6.1a(b), will not provide sufficient evidence of what fuel has or is being used;
- Therefore, accepts that the concept of sampling at different points in the fuel supply system is needed to be developed further, and be included the Guidelines underpinning the Implementing Acts;
- Agrees that enforcement guidelines are needed to back up the sampling guidelines to ensure a robust and thorough inspection process;
- Agrees to further development of the items in section 2.3 of paper 6b in order to enhance enforcement of the Directive.

32. Considering **sampling frequency**, the ESSF

- Recognises the urgency of joint action and supports the proposed developments in the THETIS database to cater the provisions of Directive 2012/33, being a development of a common database for monitoring of compliance, reporting and sharing of sulphur content inspection results, including fuel related data, and the use of it by all Member States.

33. Considering **reporting**, the ESSF

- Encourages the continuation of the discussions within the sub-group about the appropriate content and format of the annual reporting by Member States for the purpose of improving the verification of compliance with the Sulphur Directive and in view of the foreseen adoption of the relevant Implementing Acts.
- Recognizes that the contents of the Implementing Act on reporting should be closely aligned with other developments related to enforcement (including penalties), and notably the Implementing Act concerning the frequency of sampling.
- Agrees that a harmonised approach to reporting would be beneficial and that an electronic format would make it more efficient and less burdensome for both Member States and the Commission.

Sub-group financing

34. Adam Kapella, rapporteur of the sub-group, gave a short introduction to the problems with financing in shipping and presented the two papers submitted by the work group. He also referred to state aid by France and Finland.
35. The members welcome the increase of available EU-funds and the greater access to grants in the CEF. Also the idea of a retrofit fund was welcomed. However, also some critical notes could be heard. The conditions of the current framework were claimed to restrict some projects and more flexibility was asked for the CEF call in September. More guidance from the European Commission on the different funds was requested, also attentions for smaller companies and especially access to loans were asked. A possible private public fund should also address new builds.
36. The European Commission stated that the current legal framework forms the condition in which they can work. They want to focus on the most urgent needs: retrofitting, support of smaller projects and innovative financing. It is difficult for the European Commission to elaborate a comprehensive vademecum on funding because of the multitude different needs of possible users. They want to assist the industry associations, but the associations should take the initiative and specify the needs.

Conclusions

37. The ESSF supports the work in the sub-group on financing.
38. The ESSF recommends that, in view of the challenge for the maritime transport industry to meet environmental requirements, CEF/TEN-T calls contain, in line with the TEN-T work programme, a high priority and flexibility for projects implementing solutions to meeting these environmental requirements.
39. The plenary recommends to the associations of the industry and public (regional and local) authorities to provide tailored information and create better awareness among their members / stakeholders on the (new) possibilities of the Connecting Europe Facility (CEF) and other EU-Funds (including ERDF, Interreg, EMFF). The ESSF asks the sub-group to identify/assemble, in cooperation with the European Commission / INEA, appropriate information material to that regard.
40. The ESSF requests the sub-group to continue working on the idea of a PPP retrofit fund and/or bond instrument with the aim of launching a pilot project in co-operation with the Commission and the EIB.

Sub-group competitiveness

41. Mr. Patrick Verhoeven presented the proposal for monitoring of the competitiveness, agreed by the sub-group. Due to the lack of time this was only discussed very briefly. The members got 10 days extra to share their opinion on the proposed approach for monitoring competitiveness.
42. Some members expressed their deep concerns about the viability of some routes from 2015 on and state that the ESSF has its merits, but comes too late. There are still too many uncertainties about e.g. LNG and scrubbers, funding will come too late and commercial decisions for 2015 are taken now.
43. Also some concerns were expressed about the proposed methodology, more specific about the lack of an independent party that could validate the findings of the study.

Annexes:

1 - List of Papers

2- List of Presentations

Annex 1

List of papers

-  1 AGENDA - ESSF Second MEETING 26JUN14.doc
-  2c ESSF_Rules of Procedure_adjusted.doc
-  3b ESSF LNG - WP1 - standard connectors.docx
-  3c1 ESSF LNG - WP 4 - standard BDN.DOCX
-  3c2 ESSF LNG - WP 4 - Sulphur and CO2 reduction potential-3.docx
-  4b PLEN26062014 paper_RD_final.docx
-  5b EGCS SG - WP 5&6 - Approval, Trials and Commissioning_Revised.docx
-  5c EGCS SG - WP 7 - Washwater pH_Revised.docx
-  5d EGCS - WP 8 - Washwater Plume pH Verification_Revised.docx
-  6b ESSF SG Implementation - WP 3 - Sampling methods.pdf
-  6c ESSF SG Implementation - WP 5 1 5 2 -Sampling Frequency.pdf
-  6d ESSF SG Implementation - WP 6 - reporting.pdf
-  7b PLEN26062014 paper_Fin_EUfunding_final.doc
-  7c PLEN26062014 paperFin_privfin.doc
-  8b PLEN26062014 paper_Competitiveness_final.docx

Annex 2

List of presentations

1. LNG as marine fuel- overview of the progress made in the subgroup (Ludovic Laffineur - Royal Belgian Shipowners Association)
2. Expert Sub-group on Research, Technological Development and Innovation (EG R&I) – Report to Plenary - Sub-group rapporteur Luciano Manzon - Waterborne
3. Expert Sub-group on Exhaust Gas Cleaning Systems (EG EGCS) - Report to Plenary - Sub-group rapporteur John Bradshaw – Lloyd's Register Marine
4. Expert Sub-group on Implementation - Report to Plenary - Sub-group rapporteur Timothy Wilson - Lloyd's Register Marine
5. Reporting by Member States – Roel Hoenders – EMSA
6. Implementation Sub - group “Thetis-S” - Georgios Christofi - EMSA
7. Report of the works of the Sub-group Financial Mechanisms - - Report to Plenary - Sub-group rapporteur Adam Kapella – French Ministry of Ecology, Sustainable Development and Energy
8. Monitoring economic impact and modal backshift - ESSF Sub-Group on Competitiveness - Report to ESSF Plenary - Patrick Verhoeven - ECSA