



**THE EUROPEAN COMMUNITY ASSOCIATION OF
SHIP BROKERS AND AGENTS**

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ECASBA POSITION PAPER ON SULPHUR EMISSIONS FROM SHIPS

The European Community Association of Ship Brokers and Agents (ECASBA) represents the ship broking and ship agency sectors in twenty two European Union and EEA member and applicant member states, that is: Belgium, Bulgaria, Croatia, Cyprus, Denmark, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Malta, the Netherlands, Norway, Poland, Portugal, Slovenia, Spain, Sweden and Turkey.

The association's ship broking members are responsible for arranging transport contracts for the movement of significant quantities of bulk and containerised cargo around Europe by sea and its ship agent members act as the coordinators of the ship port interface. As such, the agent organises and supervises the efficient movement of cargo between the ship and shore and to and from the port by other modes such as road, rail or inland waterways. As a consequence, any action which affects the free flow of cargo by sea around and across Europe will have a direct impact on our membership.

In concert with its colleague associations representing other sectors of the European maritime industry, ECASBA has consistently called for the application of internationally agreed actions to regulate the shipping industry and therefore fully supports the measures contained within MARPOL Annex VI as part of the overall policy of reducing sulphur emissions from ships in Europe and internationally. In the case of the decision to amend Directive 1999/32/EC (to the extent that it goes significantly further than the IMO provisions) the effect of the proposed measures will be extremely damaging to the entire European maritime sector, ECASBA members included. These concerns primarily relate to the anticipated adverse impact on shipping in European waters as a result of the decision to apply a limit of 0.1% sulphur in fuels to be used in the designated Emissions Control Areas and the expected high levels of modal backshift that will result therefrom.

The expansion of short sea shipping in Europe in the recent past has been a major success for the Commission and the maritime sector working together and the benefits to the economic, quality of life and environmental standards across the community have been significant. Whilst the measures to reduce sulphur emissions further in the ECA's, and the expansion of that policy proposed by the European Parliament's ENVI Committee in February this year, may give the impression of further progress on this initiative, the commercial and practical realities of surface transport are such, however, that the overall effects of these measures will in fact be extremely negative.

As has been stated on a number of occasions, whilst the decision by IMO to introduce the Baltic and North Sea/English Channel ECA's was based on scientific evidence, it did not take

into account the wider consequences for the maritime transport sector. That no impact assessment was undertaken by IMO or the Commission is a major omission that should be rectified at the earliest possible opportunity.

A number of independent assessments have been undertaken by Member States and at least two European universities however, and these have clearly shown that the cost burden on short sea shipping of using ultra low sulphur fuel, which some studies indicate could increase by as much as 87% compared to current fuels, will by itself result in a significant reduction in the cost-effectiveness of SSS as a viable mode of transport in these areas and thus force cargo movements back from short sea shipping to road transport. One study indicated that the level of modal backshift could reach 50% of the total cargo currently carried by short sea shipping and another indicated that approximately 1 million containers and 600,000 trailers would be added to German roads alone. So, whilst the proposed actions would indeed reduce sulphur emissions in the regions, they would at the same time increase emissions of CO₂ and Particulate Matter, increase overall fuel consumption, place significantly more strain on the available road network, raise the number of road accidents and otherwise adversely affect the livelihood of European citizens living along the main transport routes.

The effects will also apply equally to ferry services and cruise operations, in this case in all EU waters, and again this is expected to result in significant reductions in usage as a result of increased operating costs – and therefore fares and possibly route reductions – once again leading to increased road volumes. Surface mobility within the European Union will therefore be considerably constrained as road congestion and ticket prices increase and capacity is cut back and this will inevitably lead to a further expansion of intra-European air transport and thus an increase in overall emissions and commensurate reduction in air quality.

In short therefore, the outcome of obligation to use ultra-low sulphur fuels in the SECA's is broadly negative when all the factors are considered together, rather than just taking sulphur emissions in isolation.

Serious questions also remain as to the level of availability of ultra low sulphur fuels at all EU ports. Should the proposed measures be implemented, there will be a significant increase in demand for such fuels (the majority of which are currently allocated to road use) and as supplies are presently limited due to refinery capacity constraints, shortages are inevitable. This will of course drive fuel costs even higher across all modes and these additional costs will flow through to the ultimate consumer in increased prices. The proposal by the Parliamentary ENVI Committee in February to include in the Directive amendments a fuel availability clause, similar to that in Regulation 18 of MARPOL Annex VI, is however a positive step and will go some way to mitigating the undoubted impact of fuel shortages that will inevitably arise following the introduction of the planned SECA measures.

The proposals by the Committee to expand the 0.1% sulphur emissions areas to all EU territorial waters in 2015 and applying limits on all EU seas of 0.5% from 2015 and 0.1% from 2020 are, however, of significant added concern to the shipping industry. As these measures would effectively extend the SECA provisions by up to 200 miles from the coastline, the scale of the issues facing the shipping industry – as stated above – are increased by a significant order of magnitude. Indeed, such are the scope of the additional proposals that they would significantly undermine the internationally agreed standards within MARPOL Annex VI, and indeed could ultimately threaten the validity of the Annex itself.

Given the significant and overwhelmingly detrimental impact on European short sea and – as a consequence of the proposals by the ENVI Committee – deep sea services that will result from the application of the amendments to Directive 1999/32/EC, ECASBA supports its

colleague associations in calling for the European legislation to be brought back to the same limits as those enshrined in MARPOL Annex VI and also to provide enhanced support to the shipping industry to enable it to meet those requirements. It is clear that the technological developments necessary to allow existing vessels to meet the Directive requirements, for example abatement equipment such as scrubbers or conversion to use alternative fuels such as LNG, are either not yet available or sufficiently well-developed to meet the operating requirements of the vessel concerned or are extremely expensive to install.

ECASBA therefore echoes the calls from our colleagues for the Commission to:

- Bring the Directive proposals back to ensure compliance in all respects with those applicable under IMO MARPOL Annex VI
- To provide support, and adequate time, to the shipping industry to enable it to develop the technologies and make the modifications necessary to ensure compliance with the MARPOL requirements. The Mitigation Toolbox is a start but as initially proposed is too limited in scope and too generic to achieve the desired effects and
- To urgently undertake a full impact assessment of the measures proposed in both MARPOL Annex VI and the amended 1999/32/EC proposals.

ECASBA looks forward to a constructive and effective dialogue on the Directive proposals and is ready to provide further input to those discussions.



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