

Brief
On
Summary of developments
In the EU and the EU Fit for 55 policy package
January-March 2024

EU ETS

Background

On 1 January 2024, the EU extended the coverage of its ETS to incorporate the maritime sector, as part of the broader EU ETS reform that came into force in June 2023.

Summary of developments

- The Commission Implementing Decision (EU) 2024/411 including **the list of administering authorities in respect of shipping companies was published** in the Official Journal of the European Union today.
- A **fourth Webinar** by the European Commission's Directorate General for Climate Action (DG CLIMA) and the European Maritime Safety Agency (EMSA) was held on 5 March.
- **DG CLIMA and EMSA hosted the 5th webinar** on the extension of the EU ETS to Maritime transport on 18 March.

More information in our circulars:

- *Ref 0208 - F/TC > (EU REGULATION) EU ETS Maritime Operator Holding Account – Considerations*
- *Ref 0109 - F/TC > (EU REGULATION) EU ETS: Publication of the delegated act on rules on the verification activities, and approval of monitoring plans*

Next steps

- DG CLIMA has received many questions on the possibility for the shipowner to authorise **the bareboat charterer**, via a contract, to become the responsible entity for MRV and ETS compliance purposes and **will clarify the FAQs to make it clearer**.

INNOVATION FUND

Background

The Innovation Fund 2023 calls were launched on 23 November. The documents concerning the 5 different calls under the EU Innovation Fund can be found [here](#).

Summary of developments

- There are **no dedicated calls for the maritime sector**.

More information in our circular :

- *Ref 0103- F>(EU REGULATION) Summary of developments in EU and the EU Fit for 55 policy package- November- December 2023*

Next steps

The deadline to submit a project proposal is 9 April 2024

Background

FuelEU Maritime Regulation will apply from 1 January 2025 and promotes the use of renewable and low-carbon fuels in maritime transport for ships above 5000 GT, intra-EU traffic + 50% international, EU ports (same as for ETS).

- Establishes below **target reduction %** for the yearly average GHG intensity of the energy used on-board (gCO₂eq/MJ). Reference value: 91.16 g CO₂eq/MJ:
- Inclusion of **CO₂ methane and nitrous oxide** on a full **Well-to Wake** calculation.
- **Flexibility mechanism** via banking and borrowing surpluses and (small) deficits can be carried over to the next year
- Voluntary and **open pooling mechanism** to reward/ incentivise overachievers and encourage the rapid deployment of the most advanced options.
- Monitoring and Reporting is **based on MRV** approach, with some additional data.
- **Wind Assisted Propulsion is incentivized** through a reward factor given in function of installed Wind Power

Summary of Developments

- The Commission has decided to select DG MOVE's interpretation which is that all low GHG fuels purchased and used to ensure compliance with FuelEU should be counted when calculating the annual total reduction in GHG intensity of the energy used under FuelEU,
- DG MOVE has opened **three consultations** on the secondary legislation related to FuelEU Maritime Regulation until the 14 April

More information in our circulars:

- *Ref 0329 - F/TC > (EU REGULATION) FuelEU Maritime open consultations on template for the monitoring plans & verification*
- *Ref 0118 – F/TC > (EU REGULATION) FuelEU Maritime: DG MOVE presentation made during the ECSA internal workshop (16 January)*

Next steps

- **Additional delegated and implementing acts** will be prepared to implement the regulation.
- The publication of the **FAQs on FuelEU Maritime** is expected to take place **mid-April**

WASTE SHIPMENT REGULATION

Background

A provisional agreement on the revision of the waste shipment regulation was reached by the co-legislators on 17 November 2023. It was confirmed by the Council on 6 December 2023 and by the Parliament's ENVI Committee on 11 January 2024.

Summary of Developments

- Article 82 of this revised waste shipment regulation **amends the EU Ship Recycling Regulation** to clarify the legal framework **applicable to the recycling of EU flagged ships**.
- Ships can be recycled in recycling facilities located outside the OECD, if they meet the requirements of the EU SRR and are added to the EU list.

Next steps

The next steps related to the waste shipment regulation and the application of non-OECD yards to the EU SRR list are:

- In the coming weeks: the regulation will be signed by the co-legislators.
- **End of April (tbc):** It will be published **in the EU Official Journal**.

- On the 20th day following its publication: the regulation and its amendment to the EU SRR will enter into force.
- The Commission **will contact the yards located in non-OECD countries** to inform them that the legislative process ended and to ask them to confirm their application to be added to the EU SRR list.
- After the yards have confirmed their interest, the Commission will sign a contract with the auditor to go **and audit the concerned yards**.

SCHENGEN BORDERS CODE

Background

The rules governing border control of persons crossing the external EU borders of the EU Member States.

Summary of Developments

- The Council and the Parliament have reached a provisional agreement to update the Schengen Borders Code
- **seafarers have been classified as essential workers** and have been included in the list of exemptions from entry restrictions to the EU in case of the large-scale health emergency situations.
- Additionally, one proposed solution to facilitate the smooth transit of goods, transport personnel, and seafarers, involves establishing dedicated 'green lanes' to ensure uninterrupted operations and free movement of key workers.
- **Temporary travel restrictions during health crises** are planned with exemptions for certain groups, **including seafarers**.

Next steps:

- This provisional agreement **will have to be formally adopted** by both co-legislators.
- The indicative plenary date at Parliament is 22 April 2024 and 13-14 June 2024 for the Home Affairs Council.

CORPORATE SUSTAINABILITY DUE DILIGENCE DIRECTIVE

Background

The Directive aims to enhance the protection of the environment and human rights in the EU and globally. The Directive will set obligations for large companies regarding actual and potential adverse impacts on human rights and the environment, with respect to their activities in their value chains.

Summary of Developments

- Although member states delayed the adoption of the agreement, the Belgian Presidency of the Council of the European Union circulated a new compromise, which finally received support in the Council.

Next steps

- The **law is possible to be finalised** by the ordinary legislative procedure in this term and before the EU election **in June**.

MARITIME SAFETY PACKAGE

Background

On 1st June, the Commission published the Maritime Safety Package, including the updated EMSA mandate that seeks to align the Agency's activities for a sustainable and smart mobility strategy

adopted in December 2020 and with the “Fit for 55” package, among other objectives , and which proposes the revision among other Directives.

Summary of Developments

The Council and the Parliament reached a provisional agreement on the revision of the Directive on the investigation of accidents in the maritime transport sector on 12 February, on ship-source pollution on 15 February, and on flag state requirements and port state control on 27 February. The below summarises some important points of the outcome of the negotiations on these four directives.

Port State Control

- The Inclusion of the **carbon intensity indicator (CII) in the ship risk profile was not included** and the Commission shall assess its suitability as an environmental parameter used for the determination of a ship risk profile of a ship under this Directive and consider a legislative proposal as appropriate after the IMO has concluded the revision of its carbon intensity indicator (CII).
- The **HKC is added** to the list of parameters of the ship risk profile.
- Electronic certificates are not included in the list of parameters of the ship risk profile.
- If an inspection is not performed due to extraordinary and unforeseen circumstances, it shall not be counted as a missed inspection and the reason for missing the inspection shall be recorded in the inspection database. These circumstances shall be duly justified and reported to the Commission.

Flag State Requirements

- **Electronic certificate** will become mandatory “at the latest **six years after the entry into force**” of the Directive for a limited number of items.
- Clarification and alignment with international rules, mainly regarding the IMO instruments implementation code (‘III code’).
- A wider adoption of digital solutions was agreed: the set-up of an EU database managed by EMSA on ships flying the flag of a Member State but limited to IMO number and when and where ships are coming from; national inspections reports were kept out of the EU database for the time being.
- Electronic certificates to be mandatory for all Members States no later than five or six years after the entry into force.

Next Steps

- These provisional agreements will need to be formally adopted by the Parliament and the Council before being published in the EU Official Journal.
- Member states will have 30 months from the directives' entry into force to transpose the provisions into national law.

NET ZERO INDUSTRY ACT (NZIA)

Background

On 16 March 2023, the Commission submitted to the European Parliament and the Council a proposal for a Regulation establishing a framework of measures for strengthening Europe’s net-zero technology products manufacturing ecosystem (Net Zero Industry Act). The NZIA aims to establish a framework of measures for strengthening Europe’s net-zero technology products deployment and manufacturing capacity.

Summary of Developments

- On the NZIA, the Parliament has decided to delete the annex on “strategic net-zero technologies” and to add a broader list of net-zero technologies aiming to foster manufacturing in the main text under Article 3.

- The Council has included a **reference to the maritime sector and a reference the sustainable alternative fuels**, which will to covered by the FuelEU Maritime Regulation.
- During the workshop organised by the Commission on the open public consultation on the Industrial Carbon Management Strategy, the Commission informed the participants that an implementation report on CCUS will be published later this year.

Next steps

- CCUS will be covered by the 2040 targets strategy, which will be published in Q1 2024.

RENEWABLE ENERGY DIRECTIVE

Background

The directive is introducing a combined energy-based **target for advanced biofuels and biogas** and renewable fuels of non-biological origin, including a minimum share for renewable fuels of non-biological origin.

More information available in our circular *ref 1012- F > EU Renewable Energy Directive (RED III) adopted by the EU Council, in December 2023*

Summary of Developments

- The Commission is **expected to formally approve** Annex IX to the Renewable Energy Directive as a delegated act within the upcoming days.
- In essence, through Annex IX **the aviation sector will have prioritized access to biofuels vis-à-vis shipping, which is problematic.**
- There is a **possibility to initiate pilot projects** at the European Parliament. MEPs have the right to submit a pilot project proposal, as a supplementary tool to legislation when they believe that there is a gap or to improve the existing legislation.
- A pilot project on « dedicated marine alternative fuels », which can be linked either in RED III or FuelEU Maritime could be proposed. Pilot projects and preparatory actions (PP/PAs) are tools introduced in the EU budget that aim at testing new policy initiatives and/or preparing the ground for the adoption of future measures. These tools give Members of the European Parliament the possibility to initiate innovative policies and fund them in advance of a legal basis being set. Both new PP/PAs and those continued from previous years must be included in the EU budget through the annual budgetary procedure. The maximum value of pilot projects is EUR 40 million, while that of new preparatory actions is EUR 50 million.

Next steps

The **revised directive will soon be published in the Official Journal of the EU** and will enter into force on the 20th day following its publication. Member States will have 18 months after the date of entry into force of the Directive to transpose it in their national legislation.

CORPORATE SUSTAINABILITY REPORTING DIRECTIVE (CSRD)

Background

The proposal is part of the Commission's communication to rationalise reporting requirements and reduce reporting burden by 25% for companies. The Commission's proposal requires that **listed companies should disclose information** about the risks and opportunities arising from social and environmental issues to evaluate the green and social sustainability of their activities.

- The first ESRS Delegated Act for all sustainability topics was adopted on 22 December 2023.
- These must be followed by sector-specific standards, standards for SMEs and standards for **third country companies with a €150 million turnover in the EU** and which have at least one subsidiary or branch in the EU.

Summary of Developments

- The Delegated Act was published in the Official Journal on 22 December and started applying as of 01 January 2024. You can find the text [here](#).
- On 7 February, the Council and the European Parliament reached a provisional political agreement **to delay the adoption of sustainability reporting standards** for certain sectors and for certain third-country undertakings amending the Corporate Sustainability Reporting Directive (CSRD). The text of this provisional agreement is not available yet.
- The date of application for third country companies will remain the financial year 2028, as set out in the CSRD.

Next steps

- All these new standards were scheduled for adoption on 30 June 2024, but now will be postponed to 30 June 2026.
- The Commission will publish eight sector-specific reporting standards before the new deadline on 30 June 2026.
- The provisional agreement reached now needs to be endorsed and formally adopted by the European Parliament and the Council.

OTHER

Communication on the EU 2040 climate target

The Commission published its [communication on Europe's 2040 climate target](#) and path to climate neutrality by 2050, in which it recommends a **90% net GHG emissions reduction compared to 1990 levels as the EU climate target for 2040** for all the sectors of the EU economy.

For shipping, reference is made to the “Fit for 55” measures.

More information may be found in our circular *ref. 0207 - F/TC > (EU REGULATION) EU 2040 climate target communication published*.