



RBSA
Annual Report



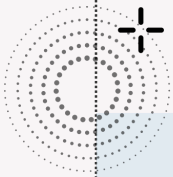
Wilfried Lemmens
Managing Director



Ludwig Criel
Chairman



Retrospective



The coronavirus pandemic posed an enormous challenge to Belgium's shipowners in 2021. They spared no costs or efforts to move crew to and from the vessels according to schedule, at least as much as possible.

Belgium was the first country in the world giving seafarers an opportunity to get vaccinated, regardless of their nationality. Up to now, 16,000 seafarers have been vaccinated in our ports! Our gratitude and appreciation go out to all medical teams who made these vaccinations possible.

The worldwide merchant fleet is responsible for 3% of GHG emissions. Through the green deal and the fit-for-55 package, Europe has taken the initiative to reduce said emissions. As a worldwide level playing field is vital for the Belgian shipowners, we regret that the International Maritime Organization is still lagging on this issue, and we expect the IMO takes the lead again. By means of large investments, the Belgian shipowners remain at the forefront in the development of new techniques to design and launch "zero emission ships" as soon as possible.

The Flag State Contact Group meetings ensure a professional cooperation with the Federal Public Service for Mobility. This cooperation has helped to create and preserve a quality register among the best in the world.

The constructive consultations with the trade unions, characterized by due respect for the points of view and challenges of both employers and employees, contribute to the success of the Belgian merchant navy.

Finally, we thank the Belgian navy for their commitment to help secure and protect the global shipping trade routes so crucial for our population.





The Belgian Fleet



At the end of 2021 the fleet flying the Belgian flag numbered 242 vessels with a gross tonnage of 6.148.653. The average age of the merchant vessels was 10,69 years, with a weighted average of 8,25 years.

| TYPE | End of 2019 | | End of 2020 | | End of 2021 | |
|----------------------------------|-------------|------------------|-------------|------------------|-------------|------------------|
| | Nr. | GT | Nr. | GT | Nr. | GT |
| Merchant vessels | 93 | 6.252.293 | 91 | 5.709.188 | 89 | 5.830.266 |
| Dredging vessels | 32 | 167.533 | 36 | 202.629 | 33 | 182.818 |
| Tugs and offshore supply vessels | 45 | 31.370 | 49 | 41.589 | 50 | 47.684 |
| Passenger vessels | 5 | 1.320 | 5 | 1.320 | 5 | 1.320 |
| Special Craft | 2 | 510 | 2 | 510 | 2 | 510 |
| Floating building material | 70 | 93.512 | 61 | 78.989 | 63 | 77.055 |
| Total Gross Tonnage | 247 | 6.546.538 | 244 | 6.034.225 | 242 | 6.148.653 |

Source: Federal Government Agency for Maritime Transport

Ownership of worldfleet

Ranked by dead-weight tonnage, 2021 (thousands of tons)

| | Country | National flag | % | Foreign flag | % | Total |
|----|-------------------|---------------|---------------|---------------|---------------|---------------|
| 1 | Greece | 58.067 | 15,55% | 315.350 | 84,45% | 373.417 |
| 2 | China | 105.657 | 43,20% | 138.898 | 56,80% | 244.555 |
| 3 | Japan | 35.107 | 14,52% | 206.741 | 85,48% | 241.848 |
| 4 | Singapore | 73.258 | 52,68% | 65.805 | 47,32% | 139.064 |
| 5 | Hong Kong | 72.367 | 69,44% | 31.851 | 30,56% | 104.218 |
| 6 | Germany | 7.437 | 8,63% | 78.759 | 91,37% | 86.196 |
| 7 | Republic of Korea | 15.096 | 17,54% | 70.995 | 82,46% | 86.092 |
| 8 | Norway | 1.899 | 2,97% | 62.144 | 97,03% | 64.043 |
| 9 | Bermuda | 300 | 0,47% | 63.733 | 99,53% | 64.034 |
| 11 | United Kingdom | 7.160 | 13,34% | 46.524 | 86,66% | 53.684 |
| 10 | United States | 10.395 | 18,91% | 44.576 | 81,09% | 54.971 |
| 14 | Denmark | 47 | 0,11% | 42.185 | 99,89% | 42.233 |
| 15 | Belgium | 8.974 | 29,00% | 21.969 | 71,00% | 30.943 |
| 23 | The Netherlands | 5.577 | 29,73% | 13.185 | 70,27% | 18.762 |
| 27 | France | 1.592 | 11,72% | 12.004 | 88,28% | 13.597 |

Source: UNCTAD based on data from Clarksons Research





Piracy



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2021 saw the lowest number of piracy and armed robbery incidents globally since 1994. This reduction in the number of incidents is attributed in part to actions by authorities specifically in the Gulf of Guinea and Indonesia, which KBRV applauds. However, there were still 132 incidents reported and the threat remains.

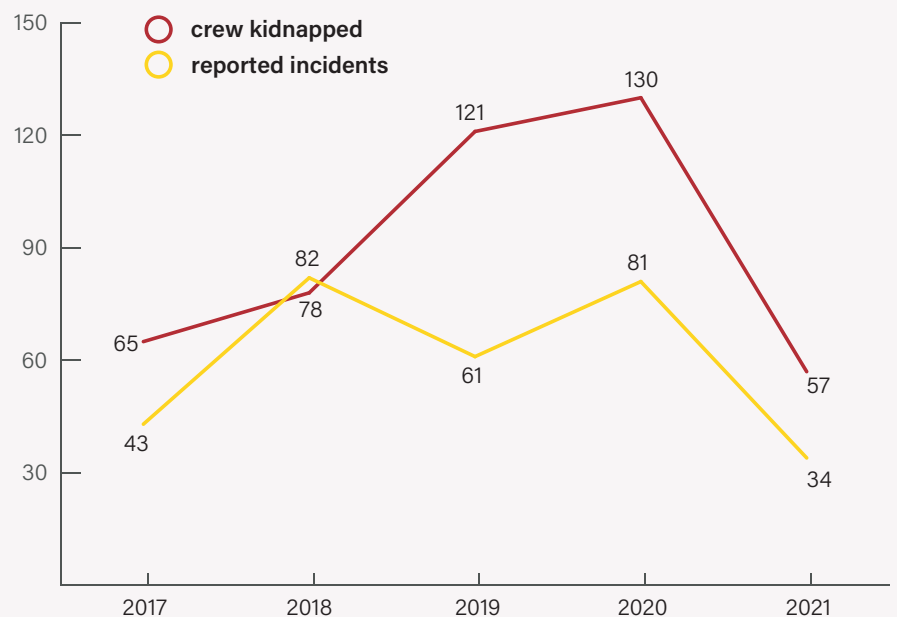
In the Gulf of Guinea there were 34 reported incidents in this region as against 81 in the previous year. However, the region remains the piracy hotspot globally. Singapore Straits, on the contrary, has recorded the highest number of reported incidents since 1992, where 35 incidents were reported while vessels were underway. This is an increase of 50% in 2021 as compared to 2020.

The following eight locations contributed to 71% of the total of 132 incidents reported in the period January-December 2021



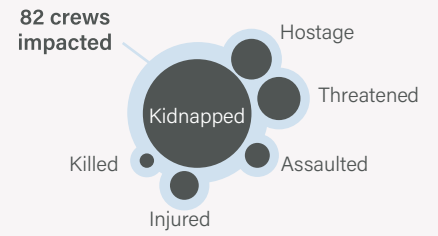
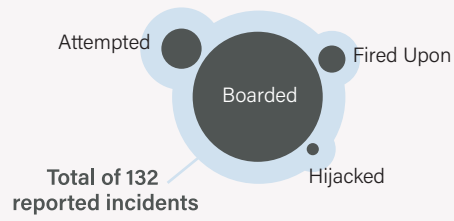
Gulf of Guinea

Total crew kidnapped and reported incidents from 2017 until 2021





Gulf of Guinea Total reported incidents and impact on crew



[read article](#)



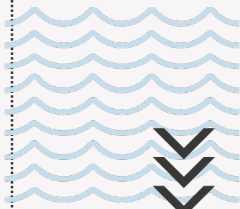


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Are you Waterproof?

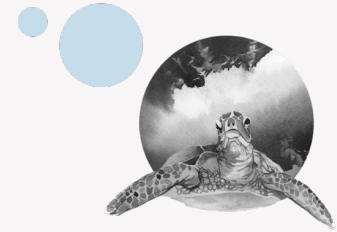


The Belgian shipowners have kept up their endeavours to promote maritime training and occupations through Are you waterproof, a de facto association. During the various promotion campaigns the opportunities offered by a maritime career were highlighted.



[read more](#)





Underwater Radiated Noise

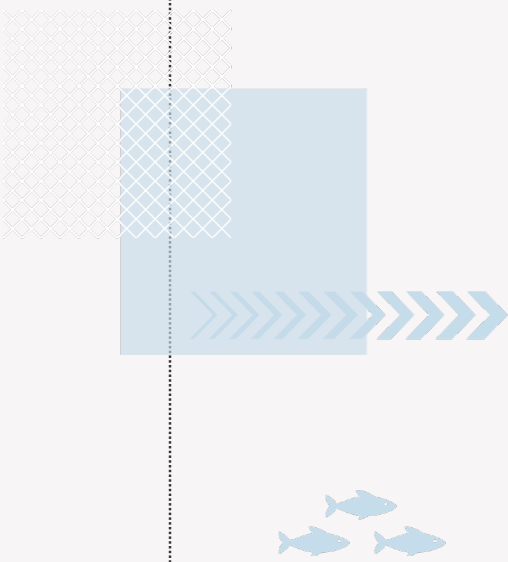
Over 90% of the world's trade occurs via maritime transport. Air pollution, greenhouse gas (GHG) emissions and underwater radiated noise are unintended by-products of this international shipping.

The maritime sector is aware of the urgency to reduce its impact on climate change and greenhouse gas emissions (GHG). Thereto, in 2018, the International Maritime Organization (IMO) adopted an Initial Strategy on reduction of GHG emissions from ships. Besides this, IMO has also taken a progressive reduction approach of NO_x, SO_x and particulate matter to prevent air pollution from ships. Since last year, to help protect maritime wildlife, IMO's work also includes the reduction of underwater noise from ships. By contributing to **this important study**, commissioned by the BE competent authorities, the RBSA aims to contribute to the important work ongoing at the IMO.

Science and policy need to go hand in hand, only when there is solid, objective facts and data available, a good and sustainable international policy can be developed. Ideally, measures taken to reduce GHG emissions would also reduce underwater noise, but the link between the two has not yet been clearly demonstrated. In this study, researchers have investigated all options for reducing GHG emissions as well as underwater noise, with a focus on our Belgian shipping fleet.

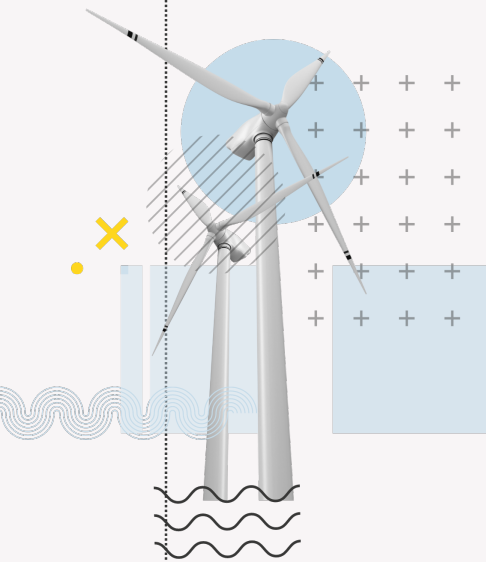
ultimately, there will need to be an international policy in place to ensure the world fleet's competitiveness, and to protect the frontrunner shipowners who are taking substantial risks at times, be it to reduce their GHG, waste or noise.

Important study





EU Fit for 55



In July 2021, the RBSA welcomed the increased climate ambition of the 'Fit for 55' climate package, recognising that the climate crisis is one of the greatest humanitarian, economic and environmental challenges our societies are facing.

To combat climate change, Belgian Shipowners have frequently called upon to its legislators to support urgent progress at the IMO, as the international level is the preferred and most sustainable long term way forward to regulate an international industry. In the absence of this progress, the EU is trying to take meaningful initiatives within its powers to reduce the industry's impact on climate change and to transform the Union into the world first net zero emissions economy.

For the maritime industry, the package puts forward several proposals and ideas, among which:

ETS

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Emission Trading System (ETS)

The proposal published by the European Commission in July 2021 sets out an ETS for all ships above 5000 GT performing a maritime transport activity. Maintaining a threshold at 5000 GT could however create a market distortion between smaller and larger ships. Lowering the threshold, would include many more shipowners into the ETS, and a tremendous administrative burden for the many smaller vessel owners. In addition it could create a modal shift to road, which will or will not have its own separate ETS. A move away from the more environmental friendly short sea shipping segment to road would increase emissions in general and needs to be avoided and not facilitated by EU legislation.

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How the final ETS will look like will remain to be seen and will depend on the outcome of the trilogue negotiations in 2022 between stakeholders in the EU Commission, the EU parliament and the EU Council of Member States.



Fuel EU maritime proposal

The FuelEU Maritime proposal is a critical piece of the puzzle, that the whole Fit for 55 package could crumble for the shipping industry if the EU does not get it right. From the point of view of Belgian shipowners, FuelEU Maritime should fully align with the rest of the package, and it should go further to directly address longstanding issues such as the transparency of the fuel supply chain, in order to help shipping advance towards decarbonisation.

At first glance, the proposed regulation looks like the maritime version of the ReFuel EU Aviation proposal. Both introduce targets for alternative fuels and like ReFuel EU, FuelEU Maritime promotes fuel blends that are progressively carbon-neutral starting from 2025 to 2050. The legislation applies to all fuels used by ships at EU ports of call, on voyages between two EU ports of call, and on 50% of the fuels used between an EU port and a third country. But the similarity stops there. A more careful reading of the FuelEU Maritime reveals a high level of inconsistency with the rest of the package, which in some instances are counter productive. The RBSA found three main issues that make the proposed regulation unfit for purpose:

1. Is it really necessary to introduce another MRV system?
2. The reliance on compliance certificates from non-EU fuel suppliers is a gaping enforcement loophole.
3. An independent body should decide on OPS exemption, not port authorities.

Additionally, the proposed regulation should address the following shortcomings:

1. Enhance the transparency of current fuel supply chains.
2. Ensure consistency with the other proposals such as EU ETS and RED to avoid leaving shipping behind.
3. Work with the IMO.

The course of the negotiations between all EU legislators in parliament, Council and Commission over the year 2022 will in the end determine how the instrument will look like.



D

Alternative Fuels Infrastructure Regulation (AFIR)

The AFIR proposes to set national / regional targets for the deployment of alt fuels infrastructure and rules. In practice it only relates to requirements regarding on shore power supply and LNG.

The RBSA finds the package as whole and the AFIR in particular, rather weak on the requirements for the production and supply of green hydrogen-based e-fuels. This while on the other hand, the FuelEU Mar introduces penalties for ship owners (and not fuel suppliers) who do not meet the requirements on carbon intensity as set out in that proposal. It is estimated that by 2035, the new hydrogen-based e-fuels will be needed for ships to meet the targets in the FuelEU Mar proposal. If those fuels are not available to the owner by then, ship owners will not be able to comply and be penalised for it, even facing expulsion.

Negotiations over the year 2022 will hopefully bring further improvements and more ambitious requirements on the production and supply of Renewable Fuels of non-Biologic origin.

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The need for a dedicated maritime Innovation Fund

The introduction of a fund under the EU ETS has been another essential element of the position of the RBSA. Auction revenues from the existing ETS go mainly to Member States' budgets. Based on the Commission's proposal, Member States will be required to spend all of their auction revenues from emissions trading on climate- and energy-related projects. The proposal did not specify which part of the revenues will finance the general EU budget except for the revenues which will finance the Innovation Fund, the Modernisation Fund and the Social Fund. Among the ETS funds, the Innovation Fund is more relevant for the energy transition of shipping. The new Directive makes a specific reference to the support for innovative projects aimed at accelerating the development and deployment of renewable and low carbon fuels in the maritime sector under the Innovation Fund. The rules on the operation of the Innovation Fund, including the selection procedure and criteria will be determined via a delegated act by the Commission at a later stage. Importantly, the Innovation Fund will support the Carbon Contracts for Difference (CCDs). CCDs will aim to guarantee investors in innovative climate-friendly technologies a price that rewards CO2 emission reductions above those induced by the current price levels in the EU ETS.



Carbon Border Adjustment Mechanism (CBAM)

The Commission has also put forward a proposal for a Carbon Border Adjustment Mechanism (CBAM), which addresses the risk of carbon leakage for products in a targeted number of sectors, by pricing the carbon content of products imported to the EU. The CBAM is an alternative to free allocation. To ensure a smooth transition from one system to the other, the Commission will phase out free allocation under the EU ETS as the Carbon Border Adjustment Mechanism is phased in for products from these sectors.



Work with the IMO

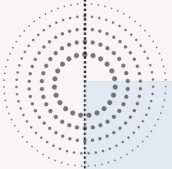
Apart from the need for consistency with the rest of the Fit for 55 package, as well as placing the responsibility on the right parties in order to encourage real changes, the shipping industry requires a clear commitment from the EU for full alignment with the international level when the IMO delivers.

For the EU to be a true frontrunner, we must ensure that more will be able to follow our Climate ambitions. So even more than being a frontrunner, we should be enablers as well. Without doubt shipping should contribute its share to address the climate crisis, at EU level as well. Therefore, we not only urge for more consistency but also for a clear commitment to full alignment with the international level when the IMO delivers.





MASS Think Tank/platform



Following the setup of a first think tank MIDC with a strong focus on alternative fuels and energy efficiency measures, RBSA has now also established a MASS think tank. The vision of the MASS think tank is to increase automation on board of ships with full autonomy as ultimate goal by bringing different stakeholders such as shipowners, technology providers, the research communities, classification societies together, mapping their individual needs and identifying gaps (knowledge/regulatory/...). Just as within MIDC, the mission of the think tank is bringing the different stakeholders together with the intention to (1) connect people and (2) exchange knowledge (3) on a regular basis. In order to optimise the exchange of knowledge it is important that the members of the think tank get to know each other, get to know the projects that others are working on. During the kick-off session, the members got the opportunity to get to know each other and representatives from FPS Mobility & Transport gave an overview of the state-of-play of the international framework.





Vaccination of Seafarers



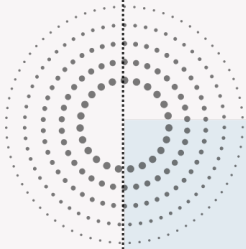
In 2021, Covid-19 continued to significantly impact life on board. Organising crew changes remained quite a challenge, as countries banned signing on and off or made crew movements towards and from the vessels impossible in practice.

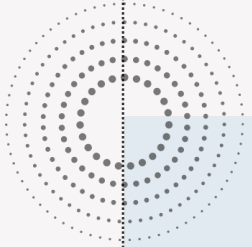
Shipowners often had to deviate from their intended sailing routes to swap their crews. These operational changes caused much extra expenditure. Additionally, intended crew changes were often compromised, as planned crew suddenly tested positive to the virus and the shipowner was unable to get crew that had tested negative to the new location in time.

The continuous delaying of crew swaps increased mental pressure on seafarers who had already signed on. Moreover, crew were restricted in their freedom of movement, as shore leave was rarely granted. Crew morale suffered, even more so since they were deprived of any social safety net. As a result, shipowners called in external organizations to provide 24/7 psychological assistance to seafarers in need of such support.

As soon as it became clear, in late 2020, that approved vaccines against Covid-19 would soon become available on the market, the Belgian authorities developed a vaccination strategy, determining which groups would be vaccinated and when. Thereupon, the RBSA insisted with the authorities that a separate vaccination effort should be developed for seafarers, using the Johnson & Johnson vaccine. Because of the specific nature of their job, seafarers are not often at home. Therefore, there was a very real risk that they would not be in the country when the opportunity arose to get vaccinated. And even if they happened to be at home in time to get a first dose of the vaccine, it was highly unlikely that they would still be there at the time of the second scheduled vaccination (for vaccines requiring double vaccination).

On 2 June 2021, **the vaccination campaign for Belgian seafarers was launched**. Both at Mediport (doctor Verbist) and with doctor Vandamme, seafarers could – they still can – get inoculated. Belgium was the first European country to vaccinate seafarers as a separate category. The vaccination campaign met with instant, overwhelming success.





Shortly thereafter, the Vaccination Taskforce and the Interministerial Conference for Public Health developed a plan, upon a proposal by the Vice Prime Minister and Minister for the North Sea, the Royal Belgian Shipowners' Association and the Directorate-general for Shipping, **to vaccinate all seafarers, irrespective of their nationality.**

Seafarers who:

- resided and worked on board of an ocean-going vessel in a Belgian port, or
- arrived in Belgium to go on board of an ocean-going vessel in a Belgian port, or,
- left the ship in a Belgian port to return to their home country by way of Belgium

were entitled to vaccination. Roving vaccination teams were created to go on board of ocean-going vessels in Belgian ports.

Vaccinations were generally performed on board of ships, under the supervision of Mediport and with the assistance of hospitals from the Gasthuis Group in Antwerp.

For these seafarers as well, the single-dose Johnson & Johnson vaccine was chosen.

Belgium wanted to vaccinate all seafarers, because the virus had the potential to be carried swiftly to other ports and virus variants would then spread quickly all over the planet. Seafarer vaccination reduced this risk considerably.

In this respect, Belgium once again played a pioneering role. Belgium, Germany and the United States were the first countries to vaccinate foreign seafarers.

As soon as it became clear that the WHO was offering **a booster vaccine**, foreign seafarers could also benefit from it





Collaboration with Maritime Campus Antwerp

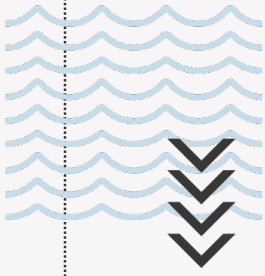
In October, RBSA co-hosted a workshop together with MCA that focused on the use of Sustainable Development Goals (SDGs) as a strategic framework for innovation.

The idea was to turn the challenges that we face as an industry into opportunities. The SDGs can serve as a strategic framework for innovation and sharing the same goals can serve as glue for our collaboration so we can face these challenges together. If we all start from our own strengths and reflect on how they might impact other goals, we get the chance to better know and understand each other and collaborate on common goals.



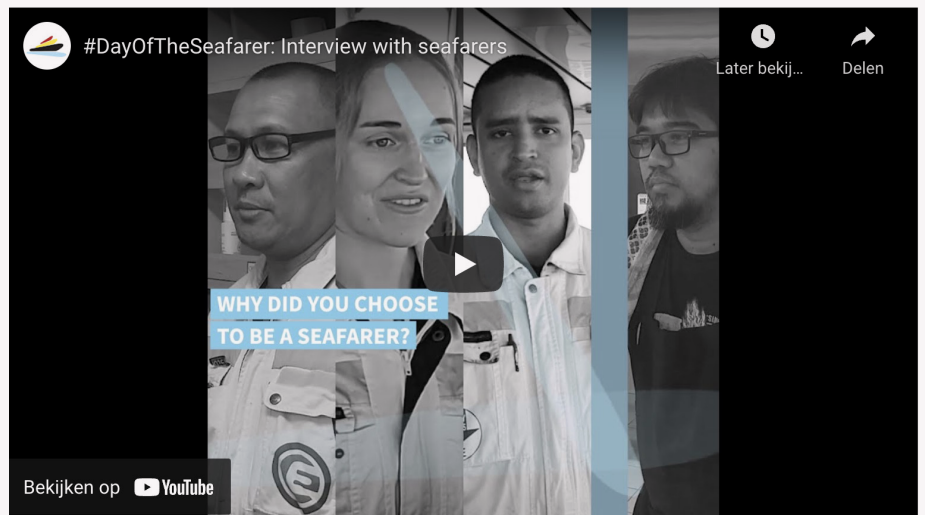


Day of the Seafarer



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more

For 25 June, Day of the Seafarer, the Royal Belgian Shipowners' Association has produced a series of interview videos to honour seafarers for the vital role that they play in sustaining the global supply chain.





Ship Recycling



During the year 2021, the European list of approved ship recycling facilities did not change so much. The list still contains only EU and Turkish facilities and 1 facility in the US.

On 17 November 2021, the European Commission published a proposal for a new Regulation of the European Parliament and of the Council on shipments of waste^[1] (Waste Shipment Regulation, WSR). It contains changes with regards to ship recycling. The main purpose of these changes is to align the EU's legal regime on the export of end-of life ships with the EU's international obligations stemming from the Basel Convention following the entry into force of the Basel Ban Amendment. The legal text proposal amends the current EU Ship Recycling Regulation (EU SRR) and EU WSR.

The Commission's proposal clarifies that those EU-flagged ships which become waste^[2] in the EU shall be subject to the relevant provisions of the WSR which implements the Basel Ban Amendment (i.e. an export ban outside the OECD). This means that EU flagged ships which become waste in the EU shall only be recycled at those facilities included in the EU list of ship recycling facilities which are located in the OECD. However, in all other aspects, the SRR will continue to be applicable to these ships.

On the other hand, EU-flagged ships which become waste outside the EU can go for recycling in any of the facilities included in the EU list, including in those approved facilities which are located in non-OECD countries (if any). Those vessels will need to comply with the EU SRR. However, it is not entirely clear to what extent these vessels would need to comply with the provisions of the EU WSR, should they call an EU port after it has been decided that they would go for recycling (or a non-EU port located in a (Transit) State which is party to the BC).

The proposal does not contribute further to the purpose of the EU SRR per se (as per EU SRR, art 1), which is to prevent, reduce, minimise and, to the extent practicable, eliminate accidents, injuries and other adverse effects on human health and the environment caused by ship recycling; nor does it facilitate the ratification of the Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships, 2009 ('the Hong Kong Convention').



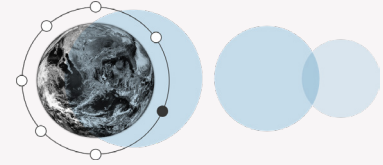
In absence of the one global regime, the HKC, which has not yet entered into force due to a lack of sufficient ratifications by IMO States, the RBSA has been supportive of the regional EU regime, which could have facilitated the early entry into force of the HKC, should it have been inclusive.

Considering whether or not a non-EU ship recycling facility operates in a safe and environmentally sound manner, depending on the location of the commercial vessel itself, is not driven by the intent to prevent, reduce, minimise and, to the extent practicable, eliminate accidents, injuries and other adverse effects on human health and the environment caused by ship recycling, nor by the will to facilitate the ratification of the Hong Kong International Convention by EU and non-EU States. In addition, the current proposal creates more legal uncertainty and in-transparency for EU shipowners as well as for ship recycling facilities worldwide.

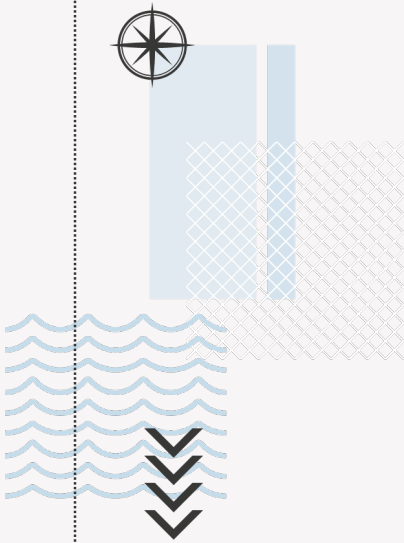
Shipowners, ship recycling facilities but most of all workers worldwide and the environment deserve a sustainable solution which can ensure the worldwide development of safe and environmentally sound ship recycling, and as such a ban on substandard recycling practices. When the EU instrument which was created to facilitate the HKC is delaying and even hampering its entry into force, conclusions should be drawn by the EU legislators and a critical evaluation of the regional instrument should be considered, as well as a re-focus on the one global regime, the Hong Kong Convention. Only the final entry into force of the HKC can ensure a global level playing field in such a way non-EU and EU shipowners and recycling facilities can compete against the same global sustainability criteria and substandard ship recycling facilities can be banned worldwide.

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1. https://ec.europa.eu/environment/publications/proposal-new-regulation-waste-shipments_en
 2. According to the EU WSR and the European Waste Framework Directive, "waste" means "any substance or object which the holder discards or intends or is required to discard".





EU Taxonomy: Publication of first delegated act



The first delegated act, published in December 2021, focuses primarily on Climate Change Mitigation & Climate Change Adaptation. For maritime transport this resulted in three chapters:

- 6.10. Sea and coastal freight water transport, vessels for port operations and auxiliary activities
- 6.11. Sea and coastal passenger water transport
- 6.12. Retrofitting of sea and coastal freight and passenger water transport

With respect to the climate change mitigation goal, the following technical criteria were defined:

Substantial contribution: vessel not dedicated to the transport of fossil fuels + at least one of the criteria

| | Freight | Passenger | Retrofit |
|---|--|---|--|
| Criterion a | Zero direct emissions | Zero direct emissions | |
| Criterion b 2022-2025 | Hybrid vessels with min 25% of zero direct emission fuel mass or plug-in power for their normal operation | Hybrid vessels with min 25% of zero direct emission fuel mass or plug-in power for their normal operation | Min 10% fuel consumption reductions in gr/dwt/Nm, as demonstrated by CFD, tank tests or similar calculations |
| Criterion c 2022-2025 (short sea) | For coastal services: 50% lower than the average reference CO2 emissions value defined for heavy duty vehicles | N/A | |
| Criterion d 2022-2025 | Attained EEDI value 10% below the EEDI requirements applicable on 01/01/2022 | Attained EEDI value 10% below the EEDI requirements applicable on 01/01/2022 | |

Main reflections:

- Vessels should be eligible regardless of the cargo they transport: even though it is important to have ambitious goals, the green transition unfortunately will not happen overnight. Therefore it is important that as long as there is a demand for fossil fuels, the supply is organised in the most environmentally friendly way.
- All retrofits that improve the energy efficiency of a vessel should be eligible: for progressive shipowners that have already been making their fleet more energy efficient over the last years, 10% is a high threshold. This criterium will result in "rewarding" laggards and excluding frontrunners.





EU Environmental Liability Directive

The European Commission launched in December 2021 a call for evidence for an evaluation of the EU Environmental Liability Directive (hereafter ELD). This evaluation will assess whether or not the Directive is fit for purpose and identify any shortcomings it may have.

ECSA, ICS and IG P&I have sent in a joint submission supporting the International regime for liability and compensation for environmental damage from a shipping incident and strongly urges the continued retention of exceptions so as to maintain the application of the international regime without conflict with the ELD.

RBSA took a critical look at the ELD regarding environmental damage from shipping accidents as well, and came to the same conclusion.

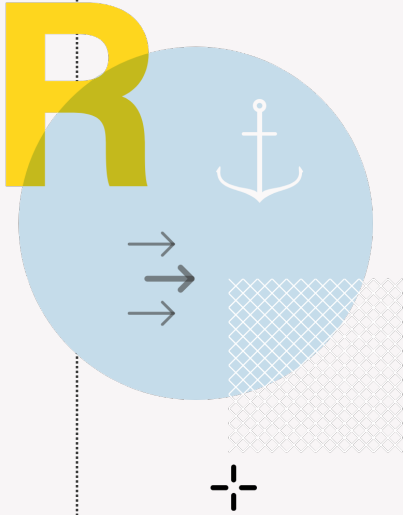
While it can be argued that the ELD is an ambitious framework that embeds some new and often challenging concepts, it may be less well-equipped to define, allocate and financially secure liability for environmental damages from the international shipping industry. This might include problems arising from jurisdiction, choice of law, standard of liability, and enforcement of judgment that typically plague cross-boundary pollution claims and which by definition often occur in the shipping industry. Quite frequently, these problems result in protracted litigation and delayed payment of damages. These experiences demonstrate the difficulties that nations face in adopting liability systems. As a result of a lack of legislation and/or patchwork of legislation that would apply to international shipping, the International Maritime Organization (IMO) has put in place a set of international conventions covering liability and compensation for marine pollution.

position
paper





External Relations



Year in review 2021

Sotiris Raptis, Secretary General, European Community Shipowners' Association (ECSA)

2021 started with COVID-19 imposing lockdowns in Europe and globally. Nevertheless, shipping continued to deliver despite uncertainty. As vaccination campaigns started to be rolled out in Europe, shipowners faced new challenges to guarantee seafarers' mobility as key workers. Shipowners across Europe worked tirelessly with ports, national governments and health authorities to ensure access to vaccination to their crews. Belgium was among the countries that lead the way with its vaccination scheme for seafarers in spring 2021. Both at EU and Member State level, shipowners advocated for seafarers to be prioritised in national vaccination strategies and aimed to ensure that the specificities of the seafaring profession are recognised by authorities, for instance when issuing vaccination certificates. As Europe reopened and travel slowly restarted for the summer season, the swift development and deployment of the EU Digital Covid Certificate was overall a great success, but came with operational challenges. Consistent implementation across Member States for the facilitation of passenger transport (including by sea) became a priority. The ongoing pandemic did not hold back the ambitions of the European Commission on climate. 2021 saw the publication of the ground-breaking "Fit for 55 package", which put forward an extensive strategy addressing among others transport, energy and taxation policies to achieve a net reduction of greenhouse gas emissions of at least 55% by 2030.

Two main proposals were specifically addressed to the shipping industry: the inclusion of shipping into the EU Emission Trading System (ETS) and the FuelEU Maritime proposal, which aims at promoting the development and uptake of sustainable maritime fuels. European shipowners have been working with the regulators to shape the proposed legislation in a way that it is fit for purpose and helps the industry to deliver on its own decarbonisation objectives. ECSA welcomed the increased climate ambition of the climate package, recognising that the climate crisis is one of the greatest humanitarian, economic and environmental challenges our societies are facing. However, European shipowners criticised a lack of consistency among some of the proposals which may undermine its environmental objectives and therefore urged for more consistency. ECSA published with ICS a study highlighting the shortcomings of the FuelEU Maritime as well as a position paper, a technical annex and a summary of the sector's main policy proposals. A clear priority for European shipowners has been the shared responsibility between shipping companies and fuel suppliers which should be held responsible for the availability and quality of fuels.



ECSA launched an open dialogue on the ETS proposal six months before the proposal was published organising a webinar with panellists from the sector, the Commission, MEPs and NGOs. On the occasion of this public event, it published the main policy points that are prioritised by the European shipowners, the Framework Conditions for an EU market-based measure. This paper was updated twice since its publication. ECSA also set its clear priorities on the ETS proposal: the establishment of a sector-dedicated fund to earmark the revenues for shipping and finance innovation and the price gap between clean and conventional fuels as well as the pass-through of the ETS costs to the commercial operators.

A parliamentary event was organised on ship recycling bringing together MEPs, industry stakeholders, NGOs and the Indian authorities. ECSA welcomed the efforts of the Commission and Member States to ensure safe and environmentally sound ship recycling practices and standards. The European shipping industry is committed to improving the conditions of recycling operation in order to ensure that ships are recycled in a responsible manner without risk to life, health or the environment. ECSA also highlighted that access of the European shipowners to recycling facilities outside the EU or OECD should not be limited by any EU measures.

To deliver on decarbonisation, we must not forget about the need for competitive ship financing. Shipping is a sector which is transitioning towards decarbonisation: to get to the end goal, we need to ensure a mix of market financing and EU and national funding in support of retrofitting. This will allow us to meet the intermediate goals in the short and medium term while supporting research and development of new technologies for the future. At the same time, work on innovative, zero emissions technologies is ongoing but where technologies exist, these are often not yet affordable and economically viable. European shipowners are working with regulators and stakeholders to ensure that provisions are in place to support R&I and market uptake.

Environmental sustainability goes hand in hand with social sustainability. ECSA's work on seafarers' welfare, inclusion and training continued in 2021 through our work as social partner with the European Transport Workers Federation (ETF). Work is advancing on EU-funded projects such as SkillSea (Future-proof skills for the maritime transport sector) and WESS (Contributing to an Attractive, Smart and Sustainable Working Environment in the Shipping Sector), for which key deliverables were completed in 2021.

As seafarers' safety is a top priority for European shipowners, piracy remains high on the agenda. In 2021, ECSA actively supported the European External Action Service (EEAS) in the deployment of the EU Coordinated Maritime Presence in the Gulf of Guinea (GoG), and kept regular engagement with the EU NAVFOR ATALANTA mission in the lead up to its review in 2022. Despite an uptick in incidents in the GoG towards the end of the year, the number of piracy incidents appear to be declining. As uncertainty remains high in Europe and globally, the European shipping industry seeks to become more resilient and more competitive. This is key to achieving our climate objective while continuing to deliver value for EU citizens.



External Relations

Achieving Net Zero Carbon Emissions

Guy Platten, Secretary General, International Chamber of Shipping (ICS)

Working closely with its national members, including the Belgian Shipowners' Association, ICS has been focused on co-ordinating the industry's response, and the provision of assistance and advice to ship operators, required by the crisis in Ukraine, plus the ongoing disruption caused by COVID-19. But despite these major challenges, ICS remains committed to the complete decarbonisation of international maritime transport and the delivery of the ambitious greenhouse gas (GHG) reduction targets already agreed by IMO. At the UN Climate Summit in Glasgow, ICS committed the global industry to a net zero target for 2050, but with the firm understanding that this will only be plausible if IMO Member States take the urgent steps required to make this possible within a global regulatory framework.

These urgent steps include the immediate approval of a US\$5 billion IMO Maritime Research Fund (IMRF) to accelerate the development of zero-carbon technologies and fuels, and the rapid application, via IMO regulation, of a global carbon price to international shipping to close the price cap between conventional and zero-carbon fuels and to raise the enormous funds needed to expedite a fair and equitable transition in which developing countries will not be left behind.

In March 2022, in co-operation with governments, ICS submitted a revised version of the R&D Fund proposal to IMO which is it hoped will be approved by the IMO Marine Environment Protection Committee (MEPC) in June 2022. ICS has also come forward with a detailed proposal to IMO to demonstrate how a global levy on CO₂ emissions could be readily implemented by IMO. To facilitate consensus among governments, including that those that have legitimate concerns about the impacts on trade, ICS has also submitted ideas on how the current IMO GHG reduction strategy might be revised to incorporate a net zero emission target for 2050.

Following the 'Code Red' report issued by the Intergovernmental Panel on Climate Change (IPCC) in August 2021, which stressed that time is rapidly running out to meet the Paris Agreement goal of limiting the global temperature increase to 1.5 degrees centigrade, the first task for IMO Member States is to recognise that the scale of challenge involved in decarbonising shipping and the urgent need for action are truly difficult to exaggerate.



In June 2021, with much supportive input from ICS, IMO adopted a package of mandatory technical and operational measures that will help to ensure that the existing global fleet will reduce its carbon intensity by at least 40% by 2030 (compared to 2008). But the challenge of decarbonising the sector completely – what ICS has dubbed the Fourth Propulsion Revolution – is of a completely different order, especially as demand for maritime trade is projected to continue growing as the world’s population and its expectations of higher living standards continue to increase.

The complete decarbonisation of shipping will only be possible with the use of zero-carbon technologies and fuels such as hydrogen, ammonia and electricity produced from renewable energy sources. But these don't yet exist in scale or form that are ready for immediate application to global shipping, especially large ocean going ships on intercontinental voyages, whilst the cost of these new zero-carbon fuels is likely to be prohibitively expensive unless the price gap between conventional and alternative fuels can be closed via the application of a market-based measure (MBM) implemented globally by IMO.



Sea you next year