



EUROPEAN TUGOWNERS ASSOCIATION

Newsletter December 2023

ETA calls on the European Commission to prevent cargo diversion from EU ports and carbon leakage

The European Tugowners Association has supported the decarbonization of the shipping and the mitigation of climate change effects, and thus, shares the EU ambitions to become a carbon neutral continent by 2050, as established by the Green Deal.

Nonetheless, ETA notes that one of the measures that are a part of that policy initiative, the inclusion of shipping emissions in the European Emissions Trading System (ETS), which will come into force on the 1st of January 2024, will severely impact several ports on Europe's peripheries.

One of the scopes of this regulation is to reduce CO2 emissions and adopt a polluter-pays approach, thus intrinsically rewarding those shipping companies that have embarked on decarbonisation as early adopters. However, as reality demonstrates, this scope will only be partially reached since shipping lines are trying to circumvent this tax at the cost of European port competitiveness, employment and investment.

Carbon emissions leakage

With the introduction of the ETS, it will be more attractive for transshipment to visit non EU ports since they would either pay 50% of ETS or none at all. All this while still polluting. Hence, European Mediterranean ports will lose transshipment activities and the taxes generated.

Reduced competitiveness

The ETS for the maritime sector will reduce the competitiveness of specific ports within Europe. Once it is cheaper to use hubs in North Africa or the UK, because of no or low ETS, EU ports, which were hubs, will lose their competitiveness as they will no longer be attractive as hubs.

Reduced investment

Ports have their investment plans to ensure resilience, competitiveness and sustainability. However, the threat of losing competitiveness will inevitably slow down or stop such investment. Indeed, such is the cost advantage that has been awarded to non EU ports, that shipping lines have rushed to invest in added and new transshipment capacity in North Africa, most notably in Egypt and Morocco.

Employment

A natural consequence of loss of competitiveness and fewer transshipment calls within ports will be the loss of employment. Ports, port services, and freight logistic companies will be faced with lesser work, and consequently, a natural development would be laying off people.





The European Commission will not extend the Consortia Block Exemption Regulation

The European Commission (EC) has decided not to extend the Consortia Block Exemption Regulation (CBER) beyond April 2024. This EU law allows for the establishment of liner shipping consortia under certain conditions, exempting them from the EU general antitrust rules.

CBER had been extended in 2014 and 2020. This last extension's justification was based on the absence of a deterioration in the parameters of competition in the sector, like freight rates, reliability or availability of services and on the assessment that CBER generates efficiency gains for the shipping sector that are transferred to consumers.

The EC decision to not extend CBER follows a review process launched in August 2022, with which the Commission competition services aimed at gathering evidence on the functioning of Regulation since the last extension. ETA participated in this process and together with 9 European associations signed a joint letter calling for "a change of the legislative framework in which the container shipping lines are able to cooperate and therefore not for an (unaltered) extension of the de Consortia Block Exemption Regulation" as the benefits of the exemptions from general competition law enjoyed by the liners were not shared fairly with the rest of the logistics chain.

The evaluation process opened by the EC has collected evidence from the different stakeholders and its Staff Working Document indicates that the efficiency gains that justified CBER were quite low or limited throughout the 2020-2023 period, and thus, it no longer promotes competition in the shipping sector.

The EC published a proposal on a revised Combined Transport Directive

The European Commission has presented its new proposal for a revision of the Combined Transport Directive. This review will have a stronger emphasis on reaching a modal shift from long-distance road transport to rail, inland waterways and short-sea shipping.

The proposal aims to make intermodal transport more efficient and competitive by supporting operations that may reduce by at least 40% the negative externalities caused by road transport, such as CO2 emissions, congestion, noise and accidents.



The Combined Transport Directive has not been revised since 1992. The EC attempted to update the Directive in 1998 and 2017, but the co-legislators did not reach an agreement. The main actions included in the proposal are the following:

- Setting a competitiveness target for Member States to reduce the average door-to-door cost of combined transport operations by at least 10% within 7 years.
- Establishment of a new EU gateway for intermodal transport information to enhance transparency and accessibility.
- Requirement for terminal operators to provide information on their services and facilities at EU transshipment terminals.

Next events

11-14 June

Helsingør

ETA Annual Meeting

