WEBINAR Q&A SUMMARY

Questions and Answers

Webinar: Maritime regulations that will shape the industry in 2025
Date: 16th December 2024
Time: 09:00 – 10:00am GMT

Panellists:
Helge Hermundsgard (HH)
Lotten Kronudd (LK)
Valentina Keys (VK)
Peter Sand (PS)

1. To Lotten: How is 50% of international travels (or in/out EU) defined?
LK: The EU ETS Directive covers emissions as follows:

- 100% of emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State (e.g. Hamburg to Marseille and Marseille to Hamburg);

- 100% of emissions from ships within a port under the jurisdiction of a Member State (e.g. in the port of Antwerp), i.e. emissions released at berth and during movements within such a port;

- 50% of emissions from ships performing voyages departing from a port under the jurisdiction of a Member State and arriving at a port outside the jurisdiction of a Member State (e.g. Rotterdam to Shanghai);

- 50% of the emissions from ships performing voyages departing from a port outside the jurisdiction of a Member State and arriving at a port under the jurisdiction of a Member State (e.g. Shanghai to Rotterdam)

Helge talked about how to interpret the 50% definition under FuelEU Maritime and the person asking me this question later in the chat said their question was answered by Helge.

2. How might the Commission's priority on European competitiveness affect the implementation timeline of green shipping corridors?
HH:

LK: While the EU is not in any way against green shipping corridors, it is not a concept in the EU legislation.

Ideally, Europe's new found interest in competitiveness can result in increased alternative fuel production in Europe. That can in turn have a positive impact on green shipping corridors.

VK:
PS:

3. What potential challenges arise from coordinating CBAM implementation with existing maritime regulations?
HH:

LK: The big risk of introducing the CBAM in the first place is how it may reshape trade conditions and routes, but it is also one of the aims. The EU's Carbon Border Adjustment Mechanism (CBAM) is the EU's tool to put a fair price on the carbon emitted during the production of carbon intensive goods that are entering the EU, and to encourage cleaner industrial production in non-EU countries.

CBAM will apply in its definitive regime from 2026, while the current transitional phase lasts between 2023 and 2025. The Commission is keeping a close eye on this, and is soon due to present a report on the impact of the EU ETS (in particular to detect evasive behaviour). Moreover, we expect the European Commission to consult stakeholders on the expansion of the scope of the maritime ETS in February 2025. At the same time, a technical review of the CBAM regulation is to be proposed by the European Commission.

VK:
PS:

4. How might the "faster and simpler" approach impact the quality of environmental compliance verification?
HH:

LK: This is the big balancing act going forward under the new European Commission that took office on 1 December, and in the EU as a whole. There is an underlying tension between increased competitiveness and maintaining (or even increasing) strict environmental regulations. The European Commission has already promised to simplify and consolidate EU ESG reporting requirements through a new "omnibus" Regulation, aimed at addressing overlaps in EU legislation and reducing administrative burden for companies. To some, that sounds like watering down much needed environmental legislation, to others it makes perfect business sense.

VK:
PS:

5. What role will the Mediterranean Commissioner play in balancing regional port development with environmental goals?
HH:

LK: As the Transport Commissioner, he is likely to prioritise port development and the forthcoming European Port Strategy over new environmental legislation. He will however need to find compromises on this with the other Commissioners, notably the Environment Commissioner and the Climate Commissioner.

VK:
PS:

6. How might the emphasis on "implementation rather than additional regulation" affect the achievement of the 90% GHG reduction target by 2040?
HH:

LK: We might see an overall target agreed for 2040, but for the means of how to reach it to be left for the next Commission starting 5 years from now. That might be challening in terms of investment predicability.
Based on the recent discussions at EU level, it will be more difficult to fully implement the Fit for 55 package by 2030 than to find an agreement on an overall 90% GHG reduction target by 2040.

VK:
PS:

7. How will the interplay between EU ETS and FuelEU Maritime affect small vs large shipping companies differently?
HH:

LK: It is likely to be easier for the larger shipping companies to find solutions to pass on the costs of the two market based measures to customers, but hopefully the smaller companies can piggyback on some of the solutions provided e.g. by and through business associations.

The FuelEU Maritime Regulation moreover provide options to pool, bank or borrow credits to easier comply with the set up targets

VK:
PS:

8. What role do you see for the IMO in harmonizing EU regional measures with global standards?
HH:

LK: Since everyone in the industry would like to have global rules, I think everyone stands to gain from as much dialogue and collaboration as possible. The EU is unlikely to scrap its basket of measures unless the IMO measures are on par with the EU framework

VK:
PS:

9. Valentina: How might pooling arrangements under FEMREG create competitive advantages or disadvantages?
VK:

10. Valentina: What legal implications arise from the mismatch between ISM responsible person and FEMREG requirements?

VK:

11. Valentina: How might the lack of a "market standard" affect contract negotiations and dispute resolution?
VK:

12. The EU maritime legislation that we've seen so far has been notable by its poor drafting and its understanding of exactly how international shipping really works. Do you think that the EU will manage to improve on this poor performance so far, and if so, how will it do so?
HH:

LK: This is exactly why lobbying is so important. While some still see it as a negative element in law making, it is seen as key in Brussels. Without it, EU institutions struggle to sort out the competing interests of companies, NGOs and citizens. If you do not speak up on issues of important to you, others will decide for you.

VK:
PS:

13. Valentina: What legal challenges could arise from the banking and borrowing provisions under FEMREG?
VK:

14. What legal challenges arise from the interaction between EU ETS and charter party performance warranties?
HH:
LK:
VK:
PS:

15. How might the BIMCO clause evolution affect existing charter party agreements?
HH:
LK:
VK:
PS:

16. Can vessels of different types and sizes be pooled together?
HH:
LK:
VK:
PS:

17. How long down the timeline can FuelEU credits be banked?
HH:

LK: For as long as you want. Banked compliance surplus does not expire.

VK:
PS:

18. What is MOHA in EU ETS?
HH:

LK: MOHA is short for Maritime Operator Holding Account. In order to be able to buy, trade and surrender allowances, shipping companies need to open a Maritime Operator Holding Account (MOHA). This is an account in the EU ETS Registry, the online system of accounts and emission allowances for participants in the EU Emissions Trading System (EU ETS).

VK:
PS:

19. DNV: How does the prioritised fuel allocation methodology address the risk of carbon leakage?
HH:
LK:
VK:
PS:

20. DNV: What implications does the energy allocation methodology have for multi-cargo vessels?
HH:
LK:
VK:
PS:

21. DNV: What challenges arise from integrating shore power calculations into overall emissions reporting?
HH:
LK:
VK:
PS:

22: Over the past 3 years, Bimco has formed a number of sub-committees tasked with producing clauses for both voyage and time charters in respect to FuelEU and ETS. These clauses have proved to be particularly challenging to draft, mainly due to the poor drafting of the legislation. Whilst most of these new clauses have now been adopted, none are perfect, and they may well develop further after 'real world' experince is built up. Newly agreed charter Partys will probably require some/all of these clauses to be inserted. New versions and revisions of exisiting Bimco charter partys will probably have to include these new standard clauses where appropriate.

HH:
LK:
VK:
PS:

23. What organizations are working on or leading the work on the "One Universe" of third-party verified emissions data?
HH:
LK:
VK:
PS:

24. Do alternatives solutions to renewable fuel also impact the calculation used for the FuelEU penalties? If so, how?
HH:
LK:
VK:
PS:

25. What software tools or platforms are available for data sharing when necessary?
HH:
LK:
VK:
PS:

26. Data is great, and compliance deadlines help, but in the end it will be technology that will deliver the actual results. The technology providers that will enable the largest steps in decarbonisation are also stakeholders in ths process, but we are rarely consulted. There is already technology available to reduce consumption and emissions and improve efficiency, but ship owners will be slow to uptake them because there is little clarity on key questions - acceptable use of CO2 from OCCS technologies for example.
HH:
LK:
VK:
PS:

27. Can you pool with more than one company during the year?
HH:
LK:
VK:
PS:

28. Are the EU concerned about the lack of MOHA,s being taken up so far? and if so are they doing anything about it?
HH:
LK:
VK:
PS:

29. Are there financial penalties for a lack of compliance to IMO regulations (CII, EEDI, EEXI), like the ones for FEUM and ETS?
HH:
LK:
VK:
PS:

30. Please make a last remarks about methane slip regulation that will live soon as well?
HH:
LK:
VK:
PS:

Disclaimer: Responses are presented verbatim.