The Fit for 55 package discussed during BPO's Board meeting

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The Board of the Baltic Ports Organization (BPO) has gathered for an online session to discuss several topics, including the Fit for 55 package introduced earlier this year by the European Commission (COM). BPO believes that a discussion is needed to ensure that the proposal fits the purpose.

The BPO welcomes and supports the overall climate goals and initiatives put forward by the COM, among others, greening the transport sector, including seaports and ships. However, the process of making the maritime industry more environmentally friendly requires a deepened dialogue between policymakers and stakeholders from across the European port and shipping business. It is paramount to the continued competitiveness of the sector that this cooperation tightens during the next legislative steps.

The package covers several items that require further consideration and discussion. The two proposals, linked directly to how the Baltic and all European ports will compete with their foreign counterparts, are the addition of shipping to the EU Emission Trading System (ETS) and the revision of the Energy Taxation Directive.

Shipping – part of the ETS

Under the plan, shipping is gradually added to the ETS from 2023 and phased in over three years. Shipowners will have to buy permits under the scheme when their vessels pollute or otherwise face possible bans from EU ports. In addition to ships sailing only within the EU, the proposal will cover half of the emissions from international voyages starting or ending in an EU Member State port.

The above may lead to changes in shipping patterns due to the possibility of evasive port calls or transhipment. For example, the proximity of non-EU seaports, which are not subject to European regulations, can directly affect Baltic's if the costs resulting from including shipping in the ETS are not carefully calculated. Kimmo Naski, BPO's Chairman, commented in this regard, "The Baltic ports are strongly supporting clean measures to improve the environment and climate. However, a number of ports have expressed their severe concern over the inclusion of shipping in the ETS. Environmental goals need to be weighed also against the costs of implementation of the tools meant to achieve them and the diverse nature of all ports. A lack of careful consideration of all of the arguments may result in the industry having to bear the costs without actually achieving the goals set before it. It could lead to a significant decrease in the overall competitiveness of the European port sector."

Removal of tax exemptions on marine fuels

Revision of the Energy Taxation Directive is another concern. It proposes to remove the tax exemption on bunkers sold within and for use in the European Economic Area (EEA). The proposal put forward by the COM intends to remove tax exemptions on aviation and marine fuels in 2023.

The move will likely alter the price difference, potentially eliminating the current cost advantages of bunkering in EEA ports. It could, in turn, cause a shift in bunker demand away from EEA ports, which could also lead to operators moving their services outside the EU.

Similar to the uncertainties surrounding the inclusion of maritime transport in the ETS, this is another point that requires careful consideration and further analysis, the BPO states.

The way forward: a team effort

There is no silver bullet to greening the maritime industry. It is a marathon, which will require forwarding carefully crafted policies and similar extensive planning by the affected industries. Open and transparent dialogue between sector representatives and policymakers will be crucial to achieving the common goal.

Combating climate change is and always will be a team effort. BPO is ready to engage in this problem-solving communication and work together with its Members, other bodies making up the maritime transport ecosystem in Europe, the COM, the European Council and Parliament, and other EU representatives.

A recently published statement regarding BPO's stance on the contents of the Fit for 55 package offers further insights related to the above topics. It also includes comments on other proposals that are part of the package, like the obligation to provide onshore power facilities by ports and coordination issues linked to legislative work on the package against the backdrop of other EU policies. ■