



BSPC

BALTIC SEA PARLIAMENTARY CONFERENCE

**Report by the Rapporteurs of the
Baltic Sea Parliamentary Conference
(BSPC) on developments in
Integrated Maritime Policy**

Report 2016/2017



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The BSPC Rapporteurs on
Integrated Maritime Policy

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The Baltic Sea Parliamentary Conference (BSPC) was established in 1991 as a forum for political dialogue between parliamentarians from the Baltic Sea Region. BSPC aims at raising awareness and opinion on issues of current political interest and relevance for the Baltic Sea Region. It promotes and drives various initiatives and efforts to support a sustainable environmental, social and economic development of the Baltic Sea Region. It strives at enhancing the visibility of the Baltic Sea Region and its issues in a wider European context.

BSPC gathers parliamentarians from 11 national parliaments, 11 regional parliaments and 5 parliamentary organisations around the Baltic Sea. The BSPC thus constitutes a unique parliamentary bridge between all the EU- and non-EU countries of the Baltic Sea Region.

BSPC external interfaces include parliamentary, governmental, sub-regional and other organizations in the Baltic Sea Region and the Northern Dimension area, among them CBSS, HELCOM, the Northern Dimension Partnership in Health and Social Well-Being (NDPHS), the Baltic Sea Labour Forum (BSLF), the Baltic Sea States Sub-regional Cooperation (BSSSC) and the Baltic Development Forum.

BSPC shall initiate and guide political activities in the region; support and strengthen democratic institutions in the participating states; improve dialogue between governments, parliaments and civil society; strengthen the common identity of the Baltic Sea Region by means of close co-operation between national and regional parliaments on the basis of equality; and initiate and guide political activities in the Baltic Sea Region, endowing them with additional democratic legitimacy and parliamentary authority.

The political recommendations of the annual Parliamentary Conferences are expressed in a Conference Resolution adopted by consensus by the Conference. The adopted Resolution shall be submitted to the governments of the Baltic Sea Region, the CBSS and the EU, and disseminated to other relevant national, regional and local stakeholders in the Baltic Sea Region and its neighbourhood.

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*Jochen Schulte**Jörgen Pettersson*

Preface

This report summarizes the developments in the Integrated Maritime Policy (IMP) field since the renewed appointment of MP Jochen Schulte (Mecklenburg-Vorpommern) and of MP Jörgen Pettersson (Åland Islands) as BSPC Maritime Rapporteurs by the Standing Committee at the conference in Riga, Latvia. It reflects the great significance the Baltic Sea Parliamentary Conference attaches to maritime policy issues and to the common sea-related challenges and opportunities of our time, mainly addressing EU legislative developments in the field and selectively referring to important maritime events the BSPC Maritime Rapporteurs have attended.

A number of important conferences have taken place throughout the past year, such as the Ferry Shipping Conference in Civitavecchia, the European Maritime Day in Poole and the Maritime Day in Mariehamn. For further information on the conferences, please refer to the first part of the report.

The second part of the report, comprising four subsections (I-IV), presents legislative developments at the EU level with regard to Blue Growth and overarching aspects, energy-related aspects as well as infrastructural and environmental aspects of maritime policy.

Continuous cooperation between the Baltic Sea Region countries to bridge the gap between adapting to pressing environmental challenges on the one hand, and maintaining sustainable economic growth on the other, is a prerequisite for the Baltic Sea region's attractiveness and perception as a model region.

For us as Baltic Sea Region Parliamentarians it is of utmost importance to continue observing and formulating a core theme for our common future – the Maritime Policy.

Hamburg 21 August 2017

Jochen Schulte
Maritime Rapporteur

Jörgen Pettersson
Maritime Rapporteur

A – Activities of the Maritime Rapporteurs and other Important Events

1. *Seventh Strategy Forum of the European Union Strategy for the Baltic Sea Region (EUSBSR): “One Region, One Future - Vision 2030 for the Baltic Sea Region”*

From 8 to 9 November 2016 plenaries and political seminars discussed the future of the Baltic Sea Region in a 2030-perspective in Stockholm during the Annual Forum on the European Union Strategy for the Baltic Sea Region (EUSBSR). High-level representatives from the Baltic Sea region have addressed the implementation of a digital strategy for the Baltic Sea region, developments in the creative and cultural economy and the vision for juvenile cooperation. Sustainable transportation routes, environment and climate protection and sustainable tourism have also been part of the seminar programme.

2. *Annual Meeting of the informal Baltic Sea Group, Brussels*

At its annual meeting in Brussels on November 16, 2016 the informal Baltic Sea Group (iBSG) held a seminar on digitalization in the Baltic Sea region. Broadband development, job creation and innovation in the information and telecommunications industry have been among the central topics. According to notable companies in the IT sector, the Baltic Sea region is a fast-growing one with regard to IT innovation. The seminar has, amongst other things, examined how these innovations could also benefit rural areas.

3. *Executive Committee of the Baltic Sea Commission of the Conference of Peripheral Maritime Regions (CPMR) met in Schwerin*

The Baltic Sea Commission Executive Committee held a meeting in Schwerin, Germany on 11-12 January 2017, hosted by the Ministry of the Interior and for European Affairs of the Land Mecklenburg-Vorpommern.

The discussion centred around the preparation of the Annual Meeting of the Baltic Sea Commission on 12 June 2017 in Berlin, and of the 8th Annual Forum of the EU Strategy for the Baltic Sea Region (Berlin, 13-14 June 2017). Since the CPMR - Baltic Sea Commission together with the German Federal Foreign Office was going to host the Forum in close cooperation with the European Commission, a working group was installed which met after the Executive Committee Meeting in Schwerin.

4. Meeting of the Baltic Sea Parliamentary Conference in Brussels

On 23 January 2017 the Standing Committee of the Baltic Sea Parliamentary Conference (BSPC) met with the active participation of the Maritime Rapporteur Jörgen Pettersson at the European Parliament in Brussels. Subsequently, Sylvia Bretschneider, President of the regional parliament of Mecklenburg-Vorpommern, chaired a session of the BSPC Working Group on “Sustainable Tourism” on 24 January 2017 at the Information Office of the State of Mecklenburg-Vorpommern at the European Union.

The BSPC Standing Committee exchanged information with the Council of the Baltic Sea States, the Helsinki Commission (HELCOM) and the EU Commission about current common issues and to prepare the upcoming Baltic Sea Parliamentary Conference in Hamburg. The Icelandic chair of the Council of the Baltic Sea States reported on its exchange of experience regarding the integration of refugees. Additionally, HELCOM gave impetus to enhanced cooperation in the field of biodiversity and combating eutrophication and hazardous substances in the Baltic Sea on the basis, for example, of the ongoing project to analyze the Baltic Sea’s environmental status. The EU Commission invited the BSPC to participate in the Strategic Forum of the Baltic Sea Strategy, 13-14 June 2017 in Berlin.

The Working Group on “Sustainable Tourism” was preparing a resolution which shall be adopted during the next BSPC plenary session in September 2017 in Hamburg. The discussion between scientific experts, representatives of the EU Commission and of the World Tourism Organization (UNWTO) displayed consensus on the increasing importance of tourism due to the development of new markets and growing demand. Therefore, the tourism sector needs to contribute to reach climate protection goals and to meet rising demands of travellers. An instrument shall be developed

which helps tourists to compare travel destinations and routes regarding their carbon footprint. BSPC activities are going to be integrated in the UNWTO's Sustainable Tourism programme 2017.

5. Second International Conference on Maritime/ Marine Spatial Planning (MSP)

The main objective of the Conference was to review the status of Maritime/Marine Spatial Planning (MSP) - one decade after the first International MSP Conference – and to identify a path forward that addresses multiple global challenges from 2017 onwards.

The outcome went far beyond expectations, showcasing an international community of planners and stakeholders ready to identify solutions and commit to cross-sectoral actions in order to conserve our oceans and seas and to use their resources in a more sustainable way.

Exchanging experiences and networking, including through innovative tools such as gaming and cartooning, brought together 300 maritime players around the table and empowered them to promote the planning of the maritime space around the globe.

Across eleven thematic sessions, conference speakers highlighted MSP as a significant planning tool and process to implement global ocean governance goals and in particular the UN 2030 Agenda for Sustainable Development. It can ensure that the global ocean remains healthy and sustainably managed, delivering economic growth, jobs and resources to all countries.

The Second International Conference on MSP reflected the international momentum for a global boost in MSP implementation. Participants walked out with renewed appetite for joint initiatives and further cross-border collaboration, and the two co-organizers kicked-off a significant political commitment through the joint MSP roadmap.

6. *Participation in a survey on the implementation of the “Sustainable Blue Growth Agenda for the Baltic Sea Region”*

In the Baltic Sea Region, there is a huge potential for the development of the maritime economy. Growth rates are above average growth in the EU; offshore wind energy has increased, as well as cruise tourism and marine aquaculture. These three sectors, along with short-sea shipping, shipbuilding and blue technologies, are among the most promising sectors of the Baltic Sea maritime economy.

The EU Strategy for the Baltic Sea region (EUSBSR) has been the EU framework for regional action in the Baltic Sea area for the past years, and its Action Plan has an important maritime component. The Action Plan contains further actions related to the blue economy, such as the „Submariner network“ addressing sustainable innovative uses of marine resources (focus on aquaculture, blue biotech and wave energy), maritime related innovations ranging from maritime industries to renewable energy or enhanced cooperation in research and fisheries management.

Against this background, the European Commission adopted the “Sustainable Blue Growth Agenda for the Baltic Sea Region” on 16 May 2014. The Baltic Sea agenda for sustainable growth provides a blueprint for harnessing the region’s strengths to boost innovation and growth in the maritime area. Sustainability is an integral part of the plan as it can act as a driver for innovation and more jobs, like in the area of clean shipping.

The Baltic Sea region’s specific characteristics provide it with the opportunity to combine responses to environmental challenges with extraordinary assets, such as competitive and innovative research and business sectors and a strong tradition of cooperation. The document makes several proposals such as:

- Consistent approach to innovations, increased sustainability.
- Innovation streams should cut across the areas, such as maritime technologies, biotechnologies, renewable energy, port reception facilities, maritime and coastal tourism including cruise industry, and aquaculture.
- Focus on the right skills and qualifications, cluster development.

- Better targeted funding to support maritime projects.
- Implementation through multi-sectoral stakeholder dialogue, building on existing work, in full coordination with the EU Strategy for the Baltic Sea region and making full use of available funding.

Growth and a healthy marine environment should go hand in hand. Sustainability is an integral part of the regional Blue Growth Agenda. Moreover, it is a driver of innovation and more growth and jobs. Clean shipping is only one example.

After having adopted the Agenda, the European Commission took the development one step further. The aim was to develop an implementation strategy for the Sustainable Blue Growth Agenda for the Baltic Sea Region. With this initiative, the European Commission organizes a multi-sectoral stakeholder dialogue to discuss and identify in greater depth the processes to realize the Baltic Blue Growth Agenda. The implementation strategy comprises a vision for 2030, charting strategic transformation maps. These identify the necessary transformative steps, structure and highlight priority actions, targeting all relevant stakeholders in the Baltic Sea Region. It is based on a multi-sector and cross-Baltic approach to innovation and sustainability and takes due regard of the most urgent industry challenges and entrepreneurial opportunities throughout the region. Starting in September and running for ten months, the process followed a step-by-step approach with various formats of involving and reaching out for stakeholders:

1. Desk research provided an initial overview of existing actors, projects and initiatives to identify the most important development trends and action gaps in each of the chosen opportunity areas.
2. Surveys were carried out to verify and complement the desk research. The surveys were open to all stakeholders.
3. Interviews were held with selected stakeholders to gain deepened insight on priorities and possible actors.
4. Scoping papers were developed for each of the four opportunity areas to capture the results of the three previous steps and identify the most important development fields that have the biggest potential for sustainable growth.
5. Four interactive discussion workshops were held to discuss and agree on the identified entrepreneurial opportunities,

industry challenges and to explore the necessary transformative steps and structures as to finalize the strategic transformation maps for each of the chosen opportunity areas.

6. The implementation strategy was published, outlining possible activities, projects and interventions.

An online survey targeting all stakeholders was launched in 2016. The aim was to give the Commission an understanding of which areas of development and economic opportunities are most important to the stakeholders. Interested stakeholders were encouraged to fill in the survey and therewith participate actively in the development of an implementation strategy for the “Sustainable Blue Growth Agenda for the Baltic Sea Region”. Jochen Schulte, rapporteur for integrated maritime policy, took part in that survey. By this means, he actively contributed to shaping the implementation of the EU’s Baltic Blue Growth Agenda. The questions he answered concerned future projects and initiatives addressing different challenges and opportunities like Maritime Experience Industry, Cultural Heritage Tourism and Health Tourism.

7. Ferry Shipping Conference Civitavecchia

On 5-7 April 2017 Jörgen Pettersson actively participated in the fifteenth edition of the Ferry Shipping Conference.

”Optimism paves the way in the current shipping industry.”

With these words, the moderator and co-organizer Bo-Lennart Thorbjörnsson set the tone of this year’s Ferry Shipping Conference, arranged on board the Grimaldi-owned GNV ferry La Superba, which operates between Civitavecchia on the Italian west coast and Palermo in Sicily. As of last year’s conference, it was clear that new times and new ways of thinking are emerging in the industry. This is first and foremost thanks to falling fuel prices, but that is not the only explanation, according to Bo-Lennart Thorbjörnsson:

”The year of 2016 was a very good year for several of the major shipping companies. DFDS, Tallink Group, Eckerö Line, Attica and Irish Ferries are examples of those who made large profits. Even considering bunker prices, we also have low interest rates and rationalization measures taken in organizations since the 2009/2010 crisis year, and now the operations are running at considerably lower costs.”

What can we anticipate in the future as a result of the profits? Probably a much clearer view and more confidence.

”I think we will see new developments in the next five to six years, despite the fact that European shipping yards currently have their order sheets stacked. For example, China has shown great interest in developing more capacity in the passenger ship sector.”

His prophesy came true right away. On the same day as the conference commenced aboard *La Superba*, the Viking Line in the Åland Islands announced that they intend to fulfill the letter of intent for a new passenger ferry by signing a contract with the Chinese shipyard Xiamen Shipbuilding Industry Co. The first ship will be delivered in 2020 and the contract includes an option for a second vessel. Despite the fact that fuel prices and interest rates are expected to rise, meaning that the expected consolidation, i.e. collaborations and mergers, will not happen quickly, Mr. Thorbjörnsson also forecasts good years to come for the shipping companies based on the successes of the last year.

”Nevertheless, it is not a completely uncomplicated future ahead of us.”

Bo-Lennart Thorbjörnsson describes today’s market situation with the acronym VUCA (Volatility, Uncertainty, Complexity, Ambiguity). The current political situation in particular brings difficult challenges. The combination of the forthcoming Brexit and the new President in the United States have created a situation, which is every company’s worst nightmare: unpredictability. Therefore, he directs the following question directly to the industry: ”Are we flexible enough in a dynamic market place? Can we shift to smart ships, green ships, remote controlled ships, digitalization and more...?”

As if this challenge were not enough, competition from new - and in many ways revolutionary - companies is still on the rise. New business models challenge old ones, with modern technology and the internet driving these challenges. For example, Uber is hard to stop despite the fact that many countries are trying to limit their activities through legislation, the online market takes business from retail shops and booking sites cause the big hotel chains to dwindle. All this is a clear challenge for old school companies.

Peder Gellert Pedersen (DFDS), Matteo Catani (GNV), Christophe Mathieu (Brittany Ferries), Björn Blomqvist (Eckerö Line) and Paul Kypriano (Grimaldi Group) presented in order to answer these questions posed by Mr. Thorbjörnsson and offer input. They started with an analysis of their own companies before joining in a panel discussion.

Gellert Pedersen brought attention to the continued need for digitalization, and it is his belief that shipping has so far only scratched the surface in this regard. With link connectivity, digital twins, blockchain technology, power and propulsion, equipment monitoring, asset tracking, route optimization, unmanned and fully automated vessels, advanced materials and big data, he illustrated the development in this area and provided concrete tips about the so-called 5x5x5-method: "Five people get five weeks and five thousand euros to come up with new ideas. It may be about optimizing terminal services, simplifying boarding for passengers, or similar developments. According to him, there are more possibilities than threats in the development."

Matteo Catani, CEO of DNV, gave an outlook on newbuildings and market focuses. He thinks the future looks quite bright, thanks to a strong dollar and labour regulation that will bring back competitiveness to European shipyards.

"Blueprints of newbuildings will be led by energy efficiency, lean on-board Food & Beverage processes and Wi-Fi connection. We will also adopt liquefied natural gas (LNG) technology depending on port infrastructure development and retrofitting of existing fleets", Catani said, and he also expected new shipbuilders, mainly from the Far East and China.

Christophe Mathieu, Brittany Ferries CEO, presented overall risk analyses in his speech. There are many scenarios to balance: "Brexit means we have to deal with a completely new political agenda. In regards to safety, we must never forget the terrorism that we have seen spreading in Europe that may one day even hit us. In addition, we see an increasing awareness of environmental issues and sustainability and of course new digital challenges and opportunities."

Regarding opportunities in the industry, the CEO of Eckeröline Björn Blomqvist mentioned better logistics and new terminals, for example the Helsinki West Harbor from where "his" M/S Finlandia departs for Tallinn every day. However, this can also be a challenge in the form of the increasing gentrification (urban renewal) that spreads in cities such as Helsinki, Stockholm, Gothenburg, Marseille, Barcelona, etc. In short, an improvement of social status in port areas leads to an emergence of different concepts in urban planning and settlement. It is no longer a given that you will be allowed to build large warehouses in the city port areas.

"We need to focus on constantly explaining that our activity de facto benefits the countries to a greater extent than beautiful

apartment houses do. If we are to maintain the ports in the city centers, it is important to ensure that our vessels are beneficial to the city and not only create noise, smell and congestion”, Blomqvist said.

Paul Kypriano, Grimaldi Group, spoke about the current state of the ferry sector and concluded that: “The ferry industry is very fragmented worldwide and we are facing an ongoing consolidation process in Europe that impacts competitiveness and investment capacity.

With regard to shipping in the Mediterranean, 2020 is on most people’s lips. By then the Sulphur directive will be a reality which the entire industry must relate to; regarding low sulfur or scrubbers or anything else.”

Question: Innovation for customers. What can you do differently? How do we stimulate passenger traffic?

”There is no simple answer to that question. We devote more to evolution than revolution. It is about constantly trying to make it easier to travel, removing obstacles and developing the product in relation to what it was yesterday. It should be easy to book and easy to access. On the cruise side it is important to find attractive destinations and ensure that we are competitive with leisure activities in the country.”

Brexit is another deep concern emerging among ship-owners. Everyone agrees that the risks of what is going to happen are greater than the possibilities. However, if you were able to return to tax-free trading, it may look different.

Then we have to go back to what was before and start selling cigarettes and spirits again,” said Christophe Mathieu, from Brittany Ferries.

“Another challenge that is particularly current is terrorism that emerges where one least anticipates it. The shipping companies’ security departments today are extremely important for individual companies as well as for the entire industry. It is a tough task, since nobody wants to introduce security controls that are as rigorous as those on airplanes.

It would make the whole industry go down”, says Mathieu.

“We must consider all threats seriously. If it happens to one of us, it affects all of us; and this does not disappear, it is rather a matter of when, not if. We are open and easy targets and we must never forget to raise this question.”

What is next for ferries - is UK still open?

Mr. Guy Platten from UK Chamber of Shipping played a prominent role in the Conference. The Brexit-referendum took the industry by surprise. Nevertheless, after the first moment of shock there is now a will to find out how to actually profit from the uncertain future.

“Many companies are in the process of finding out how to deal with the situation and I do believe that trade between the EU and the UK will continue,” says Mr. Platten.

That is probably very true. The trade on Ro-Ro-freight between the two is massive, i.e.:

- 40% of UK's International Trade arrives or leaves in lorries and trailers.
- 2.5 million units a year pass through Dover – UK's busiest RO-RO terminal.
- 1 million units pass through Humber terminals.
- 850.000 units a year flow between UK and Ireland and another additional 770.000 units between Northern Ireland and Britain.
- 550.000 units a year through Thames Ports.
- 350.000 units a year through Harwich.
- 250.000 units a year through Portsmouth.
- Significant number of units are also handled through a variety of other ports.
- Traffic Volumes rose significantly during 2016 (for example Dover handled 10.558 freight vehicles on 23 November 2016).

We are right now facing three different scenarios, all depending on the political outcome of the upcoming negotiations between the EU and the UK:

1. Continue the current regime of free movement of goods (perhaps under a different name).
2. Full border controls.
3. Customs controls with no frontier element.

“Scenario number two is the nightmare scenario which will probably create chaos and make trade extremely difficult. We prefer number one with number three as a back-up,” says Mr. Platten.

“The way to convince politicians of the need for a trade as smooth as possible is to pursue continuous discussions on many levels with the objective of a continued frictionless movement of goods and the protection of the position of ferry companies...We will continue with lobbying and discussions with the UK Government, with individual EU members such as France, Ireland, Belgium etc. and, of course, with the European Commission.”

Christophe Mathieu who is the CEO of Brittany Ferries has his worries about the future, as his company is French, but its revenue comes from the UK.

“We business people have to convince the politicians that there are no winners in this process. We need to be realistic and make sure our industries can continue to produce jobs!”

Equally important is that the upcoming negotiations do not become “a show for the politicians” eager to make easy points, that will only pollute the public opinion.

”The market is worried over a hard Brexit and the uncertainty, which is like fog clouding the way. We have already seen a concrete effect in the fall of the pound sterling. The politicians have a huge responsibility in this to not seek personal gains or start blaming the other side. That would only be tragic.”

8. *The European Maritime Day (EMD) in Poole and follow-up*

Since the conclusion of the BSPC Working Group on Integrated Maritime Policy, the BSPC has been represented at the European Maritime Day conferences through its Maritime Rapporteurs.

The 10th EMD conference “The Future of our Seas” took place on the 18th through 19th of May 2017 in Poole, UK. Over 600 participants attended the conference, taking part in plenary sessions, stakeholder workshops, exhibitions and project presentations. The conference was followed by the Poole Maritime Festival (18-21 May 2017), which engaged the public and celebrated Poole and Dorset’s local maritime heritage and environment.

The outline of the Maritime Day read as follows:

”Seas and oceans are precious resources of our planet and important drivers for Europe’s economy. Ten years ago, the EU launched a vision for an integrated approach to maritime affairs that has since grown into a very articulate and successful set of policies. From maritime spatial planning to the fight against illegal fishing, from ocean mapping to marine science, from habitat conservation to regional strategies, a number of initiatives have transformed the way Europe collectively goes about its maritime business. The next step, a new strategy on plastics and the circular economy that will act against marine litter, is a good example of how marine issues are now mainstreamed into EU policy-making. The EU has also been looking further afield. Last year it presented 50 concrete actions to international partners in an effort to improve ocean governance worldwide and has been forming alliances with third party countries across the Mediterranean to rekindle the blue economy of the basin.”

European Commissioner for Environment, Maritime Affairs and Fisheries Karmenu Vella, said:

”This year marks a special anniversary and we have reason to celebrate. But we cannot be complacent. A successful transition to a blue economy where growth and sustainability go hand in hand doesn’t come about overnight and doesn’t happen by itself. Challenges like marine litter, ocean acidification or climate change will only get worse unless we act strongly and cohesively. If we want to leave a healthy ocean to future generations, we need serious commitment not least from the business community.”

9. *Maritime Day in Mariehamn, Åland – 1 June 2017*

On 1 June 2017 Jörgen Pettersson took part in the Maritime Day in Mariehamn.

The Maritime Day in the Åland Islands has become a serious and popular meeting point for the shipping industry around and beyond the Baltic Sea. There are a number of seminars about shipping, techniques, insurance, finance etc. The first to take place this year was the Government of Åland Shipping Policy Seminar, which was opened by the Minister of Finance, Mr. Mats Perämaa. He was followed by the new CEO, Tiina Tuurnala, from the Finnish Shipowners' Association and her colleague Rikard Engström from the Swedish Shipowners' Association.

Minister Perämaa drew attention to the fact that shipping is the most important industry on the Åland Islands for historical reasons. More than 20% of the GDP comes directly from shipping, and much more comes indirectly from shipping.

The Finnish Shipowners' Association is a trade association with an interest in industrial and labour market policies. Its members include 24 Finnish shipping companies. CEO Tiina Tuurnala's presentation headline was: "Maritime Policy in Finland, what the future will bring?":

- National focal points of the Finnish Baltic Sea policy are as follows:
 - a sustainable blue growth
 - a forerunner in bio and circulation economy
 - a connected Finland
 - a safe and secure sea
 - innovation and competitiveness
 - collaboration and influence

- The European Transport Ministers adopted the "Valletta Declaration" on the EU's maritime transport policy in March 2017, outlining the following priorities until 2020:
 - decarbonization
 - digitalization
 - competitiveness
 - an efficient internal market
 - a world-class maritime cluster

- At its Annual General Meeting in Istanbul the 10th of May, 2017 the International Chamber of Shipping (ICS) has agreed to urge the International Maritime Organization (IMO) to adopt some dramatic CO₂ reduction objectives, on behalf of the international shipping sector as a whole, in order to match the ambition of the Paris Agreement on climate change.

- In a submission to IMO Member States made in conjunction with other shipping organizations, ICS will propose that IMO should adopt three aspirational objectives:
 1. to maintain international shipping's annual total CO₂ emissions below 2008 levels;
 2. to reduce CO₂ emissions per ton/km¹ by at least 50% by 2050, as an average across international shipping, compared to 2008, and
 3. to reduce international shipping's total annual CO₂ emissions by an agreed percentage by 2050, compared to 2008, as a point on a continuing trajectory of CO₂ emissions reduction.

- On global, European and national levels, it is vital to have a competitive and stable framework, which will also support green shipping and innovations. No additional or tighter regulation on European/ national levels should be established, as all regulations should be in the IMO. Strong and competitive shipping will result in benefits for the whole maritime cluster.

The Swedish Shipowners' Association was formed in 1906 and has 60 ship-owners as members, with offices in Gothenburg and Stockholm. CEO Rikard Engström presented: "Swedish Maritime Policy – A Sleeping Beauty Awakens":

The vision is to offer Europe's most sustainable shipping services and to improve Swedish competitiveness. More specifically, the policy aims to develop sustainable competitiveness and business opportunities through R&D, developing innovative, environmentally friendly, safe and secure transports.

¹

As an average across international shipping.

Why shipping from a political perspective? A modal shift requires a mental shift.

- Economy – create jobs (growth and competitiveness)
- Economy (investment and maintenance)
- Environment and climate change
- Safety and security

10. Eighth Annual EU Baltic Sea Strategic Forum in Berlin on 13-14 June 2017

From 13 to 14th June 2017 three plenary sessions and about 30 seminars and workshops took place, which brought together participants from governments, international organizations, NGOs, universities, local and regional administrations and business. A broad range of issues relevant for the Baltic Sea Region was discussed. The theme of the 8th Annual Forum was connectivity. This motto highlighted the necessity to intensify contacts throughout the Baltic Sea Region including its neighbouring regions and to develop a better awareness of each other's perspectives. Cooperation in form of mutually beneficial projects may have beneficial spill-over effects and contribute to confidence-building in politically difficult times. Furthermore, connectivity relates to efficient and comprehensive collaboration among all levels of government. Be it in communication, cultural exchange, energy, research activities or transport - connectivity is crucial for modern, network based and outward looking business.

B – Legislative Developments at the EU level with regard to all BSPC members

I. Blue Growth and overarching aspects

1. *The Commission Work Programme 2017*

The EU Commission's Work Programme 2017 "Delivering a Europe that protects, empowers and defends", published on 25 October 2016, outlines ten priorities:

1. Give impetus for jobs, growth and investment, using the innovative potential of the Circular Economy (plastic recycling and minimum quality requirements for reused water, revision of the Directive on drinking water) and delivering on the UN Sustainable Development Goals
2. Strive for a connected Digital Single Market
3. Work on a resilient Energy Union and a forward-looking climate change policy, e.g. by delivering on a comprehensive package aimed at managing the modernization of the economy, by placing energy efficiency first and by pursuing the ambition to become world number one in renewable energies; legislative action will be taken on the design of the electricity market and on the governance rules of the Energy Union; an initiative to Accelerate Clean Energy Innovation will support research and market uptake of technical innovation; all Energy Union related legislative proposals presented in 2015 and 2016, including the Security of Gas Supply Package, the EU emission trading system and related rules, e.g. on effort-sharing, will continuously be addressed; the EU Commission will also follow up on the Strategy on low-emission mobility
4. Deepen the Internal Market and strengthen the industrial base, e.g. through action to help SMEs and start-ups to grow, an Intellectual Property Rights Package, a Services Package and a company law initiative to facilitate the use of digital technologies throughout a company's lifecycle and cross-border mergers and divisions; the single market in goods is going

to be strengthened by facilitating the mutual recognition and addressing the increasing amount of non-compliant products on the EU market through regulatory fitness and performance reviews (REFIT) of the relevant legislation; building up on its Strategy for low-emission mobility, the Commission will work in an integrated way on mobility and connectivity; it will also continue its work on the regulatory environment, ecosystem-building, resource efficiency and standardization to facilitate the market introduction of increasingly efficient autonomous and connected vehicles; the Commission will put forward proposals to upgrade and streamline problem-solving tools, including the SOLVIT network, promote awareness among citizens and companies of their rights, e.g. through the Single Market Information Tool and the Digital Single Gateway, and further empower National Competition Authorities; Commission work will also include a mid-term review of the Capital Markets Union Action Plan, a REFIT revision of the European Market Infrastructure Regulation (EMIR) and legislation on business restructuring/ second chance next to a strategy on sustainable finance and measures to facilitate funding of infrastructure corporates; in parallel with its Work Programme, the EU Commission is re-launching the Common Consolidated Corporate Tax Base with a compulsory common tax base as the first step; in addition, the Commission is presenting further measures to tackle tax fraud and evasion, including via third countries; taking account of the ongoing consultation, additional measures in the area of tax transparency over the next year could include a proposal to increase oversight of promoters and enablers of aggressive tax planning schemes; as a key component of the External Strategy for Effective Taxation, the Commission will work with Member States to finalize an EU list of third country jurisdictions which fail to comply with international tax good governance standards and implementation of the relevant international agreements on best practices against profit shifting and base erosion; the EU Commission will also bring forward measures to implement the VAT Action Plan

5. Deepen the Economic and Monetary Union, including, among other things, a proposition on a European Pillar of Social Rights which will offer a policy compass for fair and dynamic labour markets and for well-functioning and sustainable welfare systems
6. Create a reasonable and balanced Free Trade Agreement with the US and - building on a successful network of Free Trade

Agreements - continue negotiations with Japan, Mercosur, Mexico, Tunisia and ASEAN countries; the Commission also aims at seeking new mandates with Turkey, Australia, New Zealand and Chile and emphasizes work in the World Trade Organization, including plurilateral agreements, as well as a swift ratification of the Comprehensive Economic and Trade Agreement with Canada (CETA); the EU Commission will also update and modernize Europe's trade defence instruments, including the lesser duty rule, and it will also play a leading role in the implementation of the Global Forum on steel excess capacity, under the auspices of the G20.

7. Preserve justice and fundamental rights within the EU based on mutual trust, following up on the EU Security Agenda towards a Security Union, including the European Travel Information and Authorisation System (ETIAS) which will complement the already proposed entry and exit system for third country nationals; the EU Commission continues to work on the proposal for systemic controls on EU nationals crossing EU external borders and will present improvements to the Schengen Information System; the interoperability of existing and future law enforcement and border management systems shall be improved alongside the implementation of the EU Action Plan on tackling terrorism financing and work to strengthen Europol and the European Counter Terrorism Centre; the European Data Protection Regulation will apply as of 2018, and the Commission will also explore new adequacy decisions on exchange of personal data with third countries to ensure high standards when personal data is transferred to third countries, and announced a REFIT revision of the e-privacy Directive; in addition, the Commission continues its work towards accession of the Union to the European Convention on Human Rights
8. Deliver on a responsible migration policy
9. Strengthen the EU's role as a global actor
10. Work on better regulation, democratic accountability and transparency, for example through the Commission proposal on a mandatory Transparency Register

2. European Parliament Resolution “How to make fisheries controls in Europe uniform”

In its resolution adopted on 25 October 2016, the European Parliament sets out how to make fisheries controls in Europe uniform.

The main principle to be respected in this regard is the equal and non-discriminatory treatment of fishermen when it comes to controls and sanctions. Fishery supervisors should among other things receive a common, Europe-wide basic education.

3. EU Commission Survey on Blue Growth in the Baltic Sea Region

On 29 October 2016 the European Commission’s Directorate-General Maritime Affairs and Fisheries has launched an online survey on Blue Growth in the Baltic Sea region where it locates the hotbed for maritime innovation and Blue Growth. The survey’s aim is to identify and visualize maritime innovation activities, which the Commission implementation strategy for the Baltic Blue Growth Agenda can build upon. The implementation strategy shall enhance potential investment and more strategic inter-regional and inter-cluster cooperation. Taking part in this survey allowed stakeholders to contribute to shaping the framework for the implementation strategy for the Baltic Blue Growth Agenda. The survey was open for participation until 2 December 2016.

4. International ocean governance: EU’s contribution for safe, secure, clean and sustainably managed oceans

The Commission and the High Representative for Foreign Affairs and Security Policy adopted a Joint Communication on 10 November 2016, proposing actions for safe, secure, clean and sustainably managed oceans.

Therewith, the EU underlines its leading role in the implementation of the United Nations’ 2030 Agenda for Sustainable Development.

The proposal sets out actions in three priority areas:

- Improving the international ocean governance framework: enforcement of internationally agreed Sustainable Development Goals (such as creating the 10% target for Marine Protected Areas by 2020 with funding under Horizon 2020 and LIFE programmes), and implementation of the EU’s Maritime Security Strategy
- Reducing human pressure on the oceans and creating the conditions for a sustainable blue economy: Implementation of the Paris Agreement, fight against illegal fishing by using satellite communication; reduction of maritime litter, e.g. through the EU Strategy on Plastics under the “Circular Economy Action Plan”; EU contribution to international guidelines on Maritime Spatial Planning
- Strengthening international ocean research and data: extension of the EU’s “Blue Data Network” to a worldwide marine data network.

5. Horizon 2020 Annual Monitoring Report 2015: Falling success rate

The EU Commission has published its Horizon 2020 Annual Monitoring Report 2015 on 28 November 2016 as well as the operating figures of the first two years of the programme’s operation. The report indicates that the programme’s success rate in terms of eligible proposals has fallen again from 13,2 % in 2014 to 10,7 % in 2015. Hence, this value has almost halved compared to the years between 2007 and 2013, and in both years more than €40 billion would have additionally been needed to provide funding for all eligible proposals. Member states that have acceded to the EU since 2004 are only slowly catching up compared to the EU-15. Only Estonia and Slovenia constitute exceptional cases.

On 16 December 2016, the Bundesrat adopted a Resolution on the Horizon 2020 Framework Programme for Research and Innovation, noting that financial resources are insufficient. The Bundesrat stated that there should be no further regrouping in the EU budget account of Horizon 2020, for example in favour of the European Fund for Strategic Investments (EFSI). In addition, the Bundesrat pointed to several weak points and made suggestions which should be considered with regard to future research funding in the EU.

6. The EU Commission announces members of High Level Group to produce vision for future EU research and innovation

On 29 November 2016, the European Commission announced the 12 members of the new High Level Group whose task is to formulate a vision for future EU research and innovation and to make recommendations on maximizing the impact of EU investments in this area. The members hold key posts in universities or research organizations, are leaders of industrial giants and dynamic small and medium-sized enterprises, serve in high-level policy positions in national or international organizations, and play important roles in civil society organizations. The group is chaired by Pascal Lamy, President Emeritus of the Jacques Delors Institute, and is to present an evaluation report in summer 2017 of Horizon 2020, the EU's current research and innovation funding scheme. The report also provides an indication for the preparation of the new programme 2021.

7. Call for proposals - Nautical Routes for Europe

The EU Commission has published a call for proposals for EU grants under the European Maritime and Fisheries Fund (EMFF) on 29 November 2016. The aim of the call is to develop and promote transnational touristic thematic routes and transnational thematic tourism products in the fields of nautical tourism and water sports tourism. With these projects, the rich maritime heritage of Europe shall be emphasized. National tourism administrations are supposed to cooperate with actors of the cultural and creative economies to diversify the tourism offer. Up to €1.5 million is available for funding. The deadline for submitting proposals was 15 March 2017.

8. High participation rates in “Blue careers” and “Blue labs” calls

In total, 125 proposals have been received in response to “Blue careers” and “Blue labs” calls of the EU Commission. Ten proposals are expected to be funded (six for Blue Careers and four for Blue Labs).

9. Joint Roadmap of the Intergovernmental Oceanographic Commission of UNESCO (IOC/UNESCO) and the Directorate-General for Maritime Affairs and Fisheries of the European Commission (DG MARE) to accelerate Maritime/ Marine Spatial Planning processes worldwide

The Intergovernmental Oceanographic Commission of UNESCO (IOC/UNESCO) and the Directorate-General for Maritime Affairs and Fisheries of the European Commission (DG MARE) adopted on 24 March 2017 a „Joint Roadmap to accelerate Maritime/ Marine Spatial Planning processes worldwide“. The roadmap identifies common challenges and proposals for actions to be implemented in the coming years, reaching out for collaboration with other UN bodies and EU member states.

This Road Map is a practical outcome of the Second International Conference on Maritime/ Marine Spatial Planning (MSP) organized jointly by DG-MARE and IOC-UNESCO on 15-17 March 2017. The roadmap was going to be submitted to the UN Conference on Sustainable Development Goal 14 - Conserve and sustainably use the oceans, seas and marine resources for sustainable development - by IOC-UNESCO and DG MARE (5-9 June 2017) as part of a joint voluntary commitment highlighting the contribution of Marine/ Maritime Spatial Planning (MSP) to the implementation of Agenda 2030. The two organizations hosted a special side event on Marine/ Maritime Spatial Planning during the Conference to present the MSP roadmap and to catalyse partnerships with all relevant stakeholders.

10. Revised version of the Action Plan for the European Union Strategy for the Baltic Sea Region

The EU Commission has presented a revised version of the Action Plan for the European Union Strategy for the Baltic Sea Region (EUSBSR). In the field of education, a new Action shall enhance integration of migrants to the labour market, e.g. through vocational education and training.

The Annex to the Action Plan has also been updated. It contains all ongoing and completed flagships of the EUSBSR. The flagship project Think Tank Transbaltic (TTT) will establish an interdisciplinary collaboration between seaports in the Baltic Sea Region. It shall raise the attractiveness of seaports for tourists and inhabitants and enrich urban planning.

11. Commission Report on Blue Growth

On 6 April 2017, the Commission presented a report on Blue Growth which takes stock of the past five years since the initiative has been launched and depicts future activities in that area. According to the Commission, the maritime sector offers great potential for growth and jobs. In addition, progress has been made in the five most promising sectors, i.e. maritime energy, aquaculture, coastal and maritime tourism, blue biotechnology and underwater mining in the following ways: obstacles have been removed, market distortions eliminated, and innovation and investment have been financed without passing new regulations. The only directive that was successful in the Commission's view was the directive on maritime spatial planning.

The report names concrete achievements, for instance in medical research, mapping of the oceans, seafood and tourism. Most importantly, maritime policy has become an inherent part of the international agenda, and the EU member states have become aware of the importance of the maritime economy. A major challenge the Commission foresees is the implementation of research findings into marketable products. With regard to funding, it encourages stronger use of the European Fund for Strategic Investment (EFSI).

The Commission also announced an implementation strategy for the agenda on Blue Growth to be presented at the Annual Forum of the Baltic Sea Strategy in June in Berlin.

12. Staff Working Document on Nautical Tourism

On 6 April 2017, the EU Commission published a Staff Working Document on Nautical Tourism, taking up its corresponding strategy from February 2014. The document describes several areas where action is needed to unleash economic potential and to overcome existing obstacles to growth. It also stresses the need to minimize adverse environmental impacts. Issues addressed in the paper include:

- recognition of professional and private skippers licences
- harmonization of on-board safety equipment

- innovation for marinas and boating development – marinas need to become more innovative to keep them accessible to an ageing population and to make them attractive to younger people and families
- the potential of combined nautical and coastal tourism products – combined products can help the tourism sector cope with seasonality and volatile demand
- end-of-use boat management and recycling

13. Informal Ministerial Conference in Malta and Council Conclusions on Blue Growth

The Council conclusions on Blue Growth recognize the importance of Europe’s marine and maritime sectors for jobs and growth. They also reaffirm the political commitment to boost the EU’s sustainable blue economy by endorsing the Valletta Declaration signed by the European maritime ministers in Malta on 20 April 2017.

According to the declaration, sustainable Blue Growth shall be continuously supported, because the maritime sector today already comprises 5.4 million jobs in tourism, aqua culture, maritime energy and biotechnology. Additionally, it annually contributes 500 billion Euros to the EU’s economy, and Europe is leading in the development of technologies to produce maritime energy. Further growth is dependent on healthy oceans, coasts and marine ecosystems.

The Council conclusions set a new direction for the Blue Growth Initiative and highlight the importance of research and innovation, funding and investment, cross-sectoral synergies and sustainability, while recognizing the need for a stable regulatory framework. They welcome the European Commission’s recently adopted Staff Working Documents on Blue Growth and Nautical Tourism, endorse the Initiative for the Western Mediterranean and come a few months before the EU-hosted 2017 “Our Ocean Conference” (Malta, 5-6 October).

The Committee of the Regions adopted a resolution on 12 May 2017, stressing the importance of the maritime economy and claiming a stronger role of the regions.

14. Fisheries: Simpler rules for collection and use of data

On 25 April 2017, the Council adopted a regulation on the collection, management and use of biological, environmental, technical and socio-economic data in the fisheries sector. The Union framework integrates existing provisions of the field and adapts them to the requirements of the Common Fisheries Policy reformed in 2014, including marine environmental protection, sustainable management of all commercially exploited species, and in particular the achievement of good environmental status in the marine environment by 2020. The regulation aims at facilitating the collection of reliable data at EU and regional levels, for example on the condition of the stocks or on cultivation measures. A better basis for scientific advice and political decision-making, as well as long-term measures and plans for the management of stocks or for reaching the maximum sustainable yield goal can thereby be achieved. The European Parliament adopted the regulation on 16 March 2017.

15. European Commission evaluation of the fisheries control regulation

The European Commission has published its evaluation of the fisheries control regulation on 25 April 2017. The report shows that member states have generally implemented the main obligations set by this regulation, which remains a key instrument to achieve the objectives of the Common Fisheries Policy (CFP). However, the Commission concluded that many member states are yet to fully implement it. Consequently, uneven situations emerged within the EU.

Since its adoption in 2009, the fisheries control regulation has contributed to simplifying the system and to improving the overall level of compliance with the CFP. It has also helped enhancing communication and data sharing among stakeholders, providing more and better quality fisheries data, as well as fostering the level playing field among operators.

Shortcomings in the implementation mainly concern sanctions and point system, follow up of infringements, data exchange and data sharing, traceability, but also monitoring and catch reporting tools for vessels below 12 metres. In addition, the lack of clarity in some provisions and the exemptions granted to smaller vessels are considered by bigger actors to hamper the effectiveness of the entire fisheries control system.

The evaluation revealed that many stakeholders have concerns with regard to the control of some of the new obligations set in the reformed CFP, as for instance the landing obligation.

The Commission will present the result of the evaluation to member states, to the European Parliament and relevant stakeholders to identify joint and effective solutions.

16. Conservation of fisheries through technical measures: deal on Council negotiating position

On 11 May 2017, the Agriculture and Fisheries Council agreed its position on a proposal for new rules on the conservation of fishery resources and the protection of marine ecosystems, often referred to as „technical measures“. The Council’s position builds on a Commission proposal that aims at modernizing the existing rules on how and where fishermen may fish. These cover the taking and landing of fisheries resources, the specifications and operation of fishing gear, and measures to mitigate their impact on sensitive species or areas.

The Council’s position on technical measures further improves the coherence of the Commission proposal with existing EU law and enhances two key elements: simplification and regionalization. In particular, the text streamlines the procedure for regional cooperation and strengthens the role of member states’ joint recommendations, in line with the reformed Common Fisheries Policy (CFP).

The Council’s general approach also strikes a balance between the current rules allowing for lawful fisheries’ practices, which may be maintained in order to guarantee business continuity, and the need to provide for viable and innovative solutions in the future.

Other distinctive elements of the Council position are:

- quantitative targets: the Council goes for a workable solution by ensuring that catches of marine species below minimum conservation reference sizes are reduced as far as possible
- safeguard measures: the possibility to take urgent measures in case stocks decrease worryingly is confirmed; more space is left to the participation of regional actors
- high level of selectivity: the Council allows for technical

innovation in full respect of the need to abide by high conservation standards, thereby helping to implement the landing obligation

- mesh size specifications: the legal basis for possible adjustments is clarified
- pulse fishing: the general approach allows for its continuation provided that there is a scientific assessment of the likely impacts of using such gears on the targeted species and on sensitive species and habitats

The European Parliament's position is expected to be adopted in Autumn 2017.

In September 2016, the EU Commission already adopted new conservation measures for the protection of the marine environment that support the implementation of the Marine Strategy Framework and the Habitats and Birds Directives. The first regulation applies to the North Sea, the second concerns the Danish Natura 2000 sites of the Baltic Sea and replaces Regulation (EU) 2015/1778. The new measures aim at protecting reefs, as well as both sea-pen and burrowing fauna. The protection measures prohibit fishing with bottom trawling gears or - in some cases - any kind of fishing. As an additional control measure, the use of automatic identification systems has become mandatory for vessels not required to have vessels monitoring systems on board in the Swedish protected area.

Both regulations were adopted in accordance with Article 11 of Regulation 1380/2013 and are based on joint recommendations issued by the three Member States concerned, i.e. Denmark, Germany and Sweden.

17. (Deep-sea) Fishing Opportunities

The EU Commission stated in its communication on the State of Play of the Common Fisheries Policy and Consultation on the Fishing Opportunities for 2018, that over the past few years there has been significant progress in implementing the 2013 Common Fisheries Policy and in ensuring that the exploitation of living marine biological resources restores and maintains populations of harvested species above levels which can produce the maximum sustainable yield.

On 17 July 2017 EU fisheries ministers met to discuss the principles for fishing opportunities for 2018 set out in the communication. The public consultation is open until 15 September 2017.

In addition, the EU fisheries ministers have already in November 2016 agreed on the 2017 and 2018 fishing limits (Total Allowable Catches, TACs) for 19 deep-sea stocks. For the first time in six years, a unanimous agreement was reached on deep sea TACs and quotas for the next two years. One of these will be fished in accordance with Maximum Sustainable Yield (MSY) for the very first time next year.

The agreement reduces the TACs of most stocks, as is the case for most stocks of black scabbardfish, all stocks of roundnose grenadier, most red seabream and greater forkbeard. The decision is justified by scientific advice and by the status of these stocks. A few other TACs are kept stable from 2016, as is the case for the red seabream in the Azores. Thanks to this agreement, roundnose grenadier in Northern areas will be fished at MSY in 2017. This is the only stock for which MSY advice is available.

The Commission had proposed stronger cutbacks for some stocks, but the Council decided for more lenient reductions because of the socio-economic impact for some small-scale fleets and because some stocks are inevitably fished as bycatch in the demersal (whitefish) fishery. This is in line with the common fisheries policy, which stipulates that both biological and economic factors should be taken into account when setting fishing opportunities.

The agreement adds orange roughy to the list of prohibited species.

For Northern red seabream the fishing limits were reduced, and can only be used to cover bycatches. This is done in order to protect the stock, which is at a historically low level and near collapse.

A new element of the agreement is that it contains three small, scientific TACs for deep-sea sharks. These are caught as unavoidable bycatch in fisheries that use selective longlines targeting black scabbardfish. As the sharks are dead when hauled on board, and since we still lack proper data on deep-sea sharks, the Commission proposed to allow landing the bycatches on a trial basis, which lets the Commission improve the management framework for the black scabbard fishery on the one hand and obtain data on deep-sea sharks on the other.

The European Commission on 29 August 2016 tabled its proposal on fishing opportunities in the Baltic Sea for 2017. The proposal

was based on the adopted multiannual fisheries management plan for the Baltic Sea, and took into consideration scientific advice received in May 2016. The Commission proposed to increase catch limits for six out of ten fish stocks (Western, Bothnian and Central herring, sprat, plaice and main basin salmon) and to decrease catch limits for two stocks (Gulf of Riga herring and Gulf of Finland salmon). The Commission was going to collect more information before proposing catch limits for the remaining two stocks (Western and Eastern cod).

In socio-economic terms the Commission proposal should improve overall economic performance in the Baltic Sea as a whole, in spite of significant differences across fleets segments and fisheries. This proposal could increase both profits by €13 million and employment at sea basin level.

The biggest proposed increase concerns plaice, whose catch limit under this proposal would rise by 95%. This reflects the good shape of the stock, which has been growing since 2008. It is also due to the fact that, from 2017 onwards, fishermen will have to land all plaice they catch in an effort to eliminate the wasteful practice of discarding.

At the same time, the state of the Western Baltic cod does not seem to have improved in 2016, according to the International Council for the Exploration of the Sea (ICES). Fishing pressure from commercial and recreational fisheries remains high, and past measures have not had the desired effect in helping the stock to recover.

The Commission has been examining with national authorities and stakeholders – including commercial and recreational fishermen – which steps are needed to give this stock a chance to recover, while also ensuring the economic viability of the fishing industry.

Member states can use allocations from the European Maritime and Fisheries Fund (EMFF) to support fishermen through a period of necessary quota reductions. The Commission has already assured the member state authorities of its support in making such funding available quickly and efficiently.

In addition, the Commission has asked its scientific advisory body, the Scientific, Technical and Economic Committee for Fisheries (STECF), to analyse the impact of recreational fishing on Baltic cod stocks and assess different possible stock management measures. The Commission will propose catch limits for the Baltic cod stocks (Western and Eastern) once these clarifications are available. The

proposal was discussed by member states' fisheries ministers at the October 2016 Fisheries Council in Luxembourg, where they have agreed on fishing limits (TACs) for ten fish stocks of the Baltic Sea for the year 2017. These TACs were the first to be set in accordance with the long-term management plan for the Baltic basin that had been adopted by the Council and the European Parliament.

The agreement includes an increase in catches for herring (except in the Gulf of Riga), plaice, and salmon (except in the Gulf of Finland) in line with the Commission proposal. Ministers also decided for a smaller increase for sprat and for no increase for salmon in the main basin. These increases were made possible by the industry's efforts of previous years.

Moreover the following reductions were also agreed on: -25% for Eastern cod, -56% for Western cod, -11% for herring in the Gulf of Riga and -20% for salmon in the Gulf of Finland.

The cod stocks, and especially the Western stock, are deteriorating fast. To let them recover as quickly as possible, the Commission had proposed to reduce the current quota by 88%. However, as Member States agreed to complement quota reductions for Western cod by a comprehensive set of other conservation measures, such as the extension of the fisheries closure period from 6 to 8 weeks and limitations to daily catches by recreational anglers during the closure, the Commission is satisfied that the reductions agreed are consistent with both scientific advice and the multiannual management plan for the Baltic Sea. All the TACs agreed are in line with the objectives of the Common Fisheries Policy, with the principles of the multiannual management plan for the Baltic sea, and with scientific advice, in particular the advice provided by the International Council for the Exploration of the Sea (ICES).

The European Maritime and Fisheries Fund is available to national authorities to support the industry, and particularly artisanal fishermen, during this challenging but hopefully short period. Under the new Baltic management plan, Member States also have the possibility to adopt tailored measures through regionalisation, like for instance redistributing national quotas to those small fleet segments that are most affected.

18. Strengthening Innovation in Europe's Regions: Strategies for resilient, inclusive and sustainable growth

The EU Commission wants to support European regions in making better use of the advantages of globalization. On 18 July 2017, the Commission published its communication “Strengthening Innovation in Europe’s Regions: Strategies for resilient, inclusive and sustainable growth“, making several proposals on smart specialization, which shall help the regions in Europe to become more competitive, more resilient and to invest in their niche areas of competitive strength.

19. Seafarers: New measures to improve working conditions

The European Commission is proposing that an agreement between social partners to improve the working conditions of seafarers on board of EU-flagged vessels, be enshrined in EU law. The proposal will ensure that seafarers are better protected against abandonment in foreign ports in the future, and will strengthen their rights to compensation in the event of death or long-term disability due to an occupational injury, illness or hazard. With this proposal for a Council Directive, an agreement between social partners in the EU’s maritime transport sector, i.e. the European Community Shipowners’ Associations (ECSA), representing employers, and the European Transport Workers’ Federation (ETF), representing workers, will be transposed into EU law. The agreement was concluded based on amendments to the Maritime Labour Convention (MLC), which the International Labour Organization had approved in 2014.

The global nature of the shipping industry, with different national laws applying depending on the state of the ship owner, the flag state of the vessel or the nationality of the crew, make it difficult for seafarers to get speedy and satisfactory redress in case of abandonment, injury or death, so the Commission is proposing improvements to the existing system.

The proposal will improve seafarers’ protection in the event of abandonment, including when the ship owner fails to pay contractual wages for a period of at least two months, or when the ship owner

has left the seafarer without the necessary maintenance and support to execute ship operations. This will not only benefit seafarers themselves, but also all EU port authorities, as it will result in fewer problematic cases of abandonment.

The proposal will also improve the mechanisms by which compensation is provided. This will make the payment of claims quicker and easier, which will help avoid the long delays in payment and red tape that seafarers or their families frequently encounter in case of abandonments or in case of death or long-term disability resulting from accidents or illness at work.

II. Energy aspects with regard to maritime policy

1. *Ocean Energy Roadmap “Building Ocean Energy for Europe”*

The Ocean Energy Forum handed over to Commissioner Vella the results of 18 months of work on the future of ocean energy in Europe: its strategic roadmap “Building Ocean Energy for Europe”. The headline recommendation is the need for a 250 million euro investment package and a 70 million euro insurance fund to attract investors and offset risk.

The report sets out a viable strategy, which would see 10% of Europe’s electricity delivered by wave and tidal energy by the year 2050.

Ocean energy is abundant, geographically diverse, renewable and reliable. It could contribute to the EU’s objective of reaching at least 27% of renewable energy by 2030 and reducing greenhouse gas emissions by 80-95% by 2050.

The roadmap is a comprehensive blueprint for building up ocean energy in Europe – from the initial R&D all the way to the industrial roll-out. It also identifies several priority areas for technological progress, concentrating on improving the technology’s performance and reducing the costs related to installation and logistics services. Based on current and planned deployments of wave energy

converters and tidal stream devices, the sector is expected to move to the pre-industrial phase by the mid-2020s.

The European Commission is actively supporting the ocean energy sector in line with its 2014 Blue Energy Communication. It does that by bringing together all stakeholders, supporting research, improving ocean governance, developing maritime spatial planning, and providing financial support.

The Commission will now closely study the roadmap's recommendations, and will promote the roadmap in its talks with member states, financial institutions, and the research and business community.

The "Ocean Energy Forum" was created by the European Commission in April 2015, to bring together business and the public sector in support of this emerging technology.

The Roadmap proposes six actions to facilitate the emergence of a market for ocean energy in Europe. These actions are:

- To create an EU-wide phase-gate approach for technology development
- Identify the most suitable sites for early deployments and support pre-commercial farms there
- Create a packaged approach for financing farms
- Create an EU insurance fund to underwrite project risks
- Increase collaboration to reduce costs and plan deployments
- Create an integrated consenting programme

Ocean Energy Europe is working with the EU and member state governments to implement these actions, thereby creating a market for ocean energy in Europe, and opening up export markets around the world.

2. *“Winter” Package of the EU Commission: More Energy Efficiency, more competition in the renewables sector*

The EU Commission on 30 November 2016 presented a package of measures, revising its energy and climate policy in the time period until 2030. The measures shall keep the European Union competitive as the clean energy transition is changing the global energy markets. The EU Commission wants the EU to take the lead in the clean energy transition. For this reason the EU has committed to cut CO₂ emissions by at least 40% by 2030 while modernizing the EU’s economy and delivering on jobs and growth for all European citizens. The legislative proposals cover energy efficiency, renewable energy, the design of the electricity market, security of electricity supply and governance rules for the Energy Union. The Maltese Presidency of the EU, during the first half of 2017, focused on the energy efficiency and governance part, while the following Estonian Presidency laid emphasis on the design of the electricity market and renewables.

The Commission’s proposals are directed towards three main goals: putting energy efficiency first, achieving global leadership in renewable energies and providing a fair deal for consumers.

Regarding the promotion of renewable energy resources, security of supply shall be realized across borders through a common European resource adequacy assessment, which will provide an increasingly reliable basis for determining the need for capacity mechanisms. The proposal gives the Single Market priority over capacity markets, which are only temporarily allowed.

The goal adopted by the European Council to enhance energy efficiency by at least 27% by 2030 will rise to binding 30%. Building restoration is a central issue in this regard. The directive 2010/31/EU on the energy performance of buildings will be revised, and demands on nearly zero-energy status tightened.

The Commission also proposes a new electricity market regulation and new governance rules for cooperation between the Commission and the EU member states to implement Europe’s Energy Union. Ecodesign measures shall ensure that only energy-efficient products and materials reach the markets.

In order to meet the target of a 27% share of renewable energy consumption by 2030, the Commission wants to render member states’s funding systems more competitive and open them up to foreign investors.

Gross electricity generation from renewable sources shall increase from 29% today to 50%. Priority feed-in of renewables will be cut back for new bigger plants. The Commission aims at balancing fluctuations of supply on the electricity market through cross-border cooperation between network operators.

Many of the changes directly affect consumers. For example, it will become easier for private consumers to generate electricity and to switch suppliers.

3. State aid: Commission approves auction scheme for electricity from renewable sources in a member state

The EU Commission on 20 December 2016 has found amendments to the German renewable energy scheme to be in line with EU state aid rules. The renewable energy scheme could enter into force, according to schedule, on 1 January 2017. In the future, auctions will be organized to select offshore wind installations, onshore wind installations above 750 kW, solar installations above 750 kW and biomass and biogas installations above 150 kW. Each auction will be limited to a specific technology.

Germany has demonstrated that specific auctions for each technology would ensure a more cost-efficient result than a bidding process in which all or several technologies compete, in view of the specific conditions present in the German electricity market.

4. State aid: Commission clears Network Reserve in a member state for ensuring security of electricity supply

On 20 December 2016, the European Commission has approved under EU state aid rules a member state's (Germany) plans to put in place for four years a reserve to ensure sufficient electricity capacity in southern part of the country (the Network Reserve). The measure maintains security of supply without unduly distorting competition in the Single Market.

Under the scheme, German transmission system operators pay operators of power plants that have notified their intention to close down but that are relevant to keep the electricity system in balance, for remaining available to the network. In addition, foreign power

plants located for instance in Austria and Italy can also be contracted and subsequently required to increase or decrease production to keep the grid in balance if so instructed by the transmission system operator.

The domestic power plants are granted a cost-based remuneration, whereas the foreign plants are selected based on a call for interest. The German energy regulator Bundesnetzagentur has estimated the costs of the Network Reserve to amount to € 126 million in 2016. The transmission system operators can pass these costs on to network users via the network tariffs.

The Commission considers that the Network Reserve constitutes a type of strategic reserve and hence a capacity mechanism. The Commission's 2014 Energy and Environmental Aid Guidelines allow Member States to put in place such measures under certain conditions. The Commission has found that in the case of Germany, State intervention is necessary in view of severe internal congestion in the German electricity grid that prevents sufficient power flows from Northern to Southern Germany. As the country has committed to undertake substantial investment in its grid infrastructure to relieve the congestion and ultimately make the Network Reserve redundant, the Commission has approved the scheme as a temporary measure until June 2020.

In order to remove the necessity for the Network Reserve in the future, Germany will also implement a number of additional measures to improve congestion management by the transmission system operators. Most notably, Germany has committed to support the review of bidding zones undertaken by the European Network of Transmission System Operators for Electricity (ENTSO-E) and to take into account its outcome, including the possibility of different bidding zones within one Member State.

The Commission concluded a state aid sector inquiry into capacity mechanisms on 30 November 2016. The final report highlighted that capacity mechanisms must target a genuine adequacy need and must be designed in such a way as to deliver security of supply at least cost to consumers. In particular, the sector inquiry found that inefficiently defined bidding zones create distortions both within a country and across borders, and concluded that an appropriate definition of bidding zones is likely to be the most efficient way to avoid the need for costly re-dispatching.

III. Infrastructural aspects with regard to maritime policy

1. *Connecting Europe Facility (CEF) Synergy Call*

On 28 September 2016, the Innovation and Networks Executive Agency (INEA) launched the first call for proposal to support synergy actions between the transport and energy sector, with a total budget of €40 million. The call was open until 13 December 2016.

€20 million of funding is made available for modern transport technologies and systems. The same amount of money is provided for projects in the energy sector, which lead to a further integration of the internal energy market, which increase interoperability of electricity and gas networks across borders and which remove internal constraints.

The evaluation of proposals has been completed in February 2017. Selection decisions have been adopted in May 2017.

2. *Connecting Europe Facility (CEF) Transport Calls for Proposals*

The 2016 CEF Transport Calls for Proposals, opened on 13 October 2016 by the EU Commission's Innovation and Networks Executive Agency (INEA), made €1.9 billion of funding available for projects of common interest in the transport sector. The call was open for applicants from all member states until 7 February 2017.

Cohesion calls were open exclusively for proposals in EU member states eligible for funding from the Cohesion Fund, with a total indicative budget of €1.1 billion.

General calls were open to all EU member states, with a total indicative budget of €0.8 billion.

Within the framework of the annual programme, cohesion countries receive approximately €250 million to bridge missing links in the core network. In addition, the EU Commission's general call aims at stimulating efficient transport systems and decarbonization of transport.

The multi-annual work programme, comprising approximately €850 million for cohesion countries and €650 million for the general call, pursues three objectives:

1. Removing bottlenecks and bridging missing links, enhancing rail interoperability, and, in particular, improving cross-border sections
2. Ensuring sustainable and efficient transport systems and decarbonization
3. Optimizing the integration and interconnection of transport modes and enhancing the interoperability of transport services, while ensuring the accessibility of transport infrastructures

The evaluation of projects was planned for May 2017.

3. Extension of the General Block Exemption Regulation (GBER) to harbours and airports

The EU Commission has presented the second public consultation on a targeted review of the General Block Exemption Regulation (State Aid) on 13 October 2016, which is supposed to be extended to harbours and airports.

The new draft does not consider the results of the first consultation of spring 2016. The exemption of certain infrastructure and maintenance dredging has not been addressed. All investments made within a period of three years are counted as one investment project, although the single investments neither may factually nor functionally be related to each other.

As in the first draft, the EU Commission stipulated an exemption from the earlier notification of state aid, if investments in harbours of up to 100 million Euros or in airports processing less than 3 million passengers are concerned. There shall be additional easing for particularly small investments (below 5 million Euros in seaports and below 2 million Euros respectively in inner harbours) and for exceptionally small airports (processing less than 150.000 passengers).

The consultation was open until December 8, 2016.

4. Agreement on common rules on the safety of passenger ships

The Council of the European Union (Transport) on 1 December 2016 adopted a general approach on two Commission proposals to update and revise common rules on the safety of passenger ships.

The general directive on passenger ship safety rules and standards sets out detailed technical requirements that vessels must respect in areas such as construction, stability and fire protection. It leaves small ships under 24 metres to be regulated at national level.

The current directive on surveys for ro-ro ferries and high-speed craft provides for different types of inspections for these vessels. The new rules will create a streamlined but robust inspection regime that will eliminate overlaps, reduce the administrative burden for ship owners and increase the time during which the ship can be commercially exploited. At the same time, they rationalize the inspection efforts of member states' authorities, while continuing to ensure a high common level of safety. The general approaches are the Council's position for talks with the European Parliament. Both institutions must agree on the texts before they can enter into force.

5. Port services: European Parliament adopts regulation

On 14 December 2016, the European Parliament adopted a legislative resolution on the proposal for a regulation of the European Parliament and of the Council, establishing a framework on market access to port services and financial transparency of ports.

The European Parliament thereby confirmed the agreement reached between the Council and the Commission end of June 2016. For the European Parliament it was of great importance that the new regulation not only leads to more financial transparency of ports, but also to new rules about education and training of employees. In addition, the regulation contributes to fostering social dialogue. Pilotage and dredging services are exempted from the regulation. Reacting to the European Parliament's urge, the Commission agreed to clarify the term infrastructure and to include harbour infrastructure in the General Block Exemption Regulation (see above).

6. EU Commission sets timeframe for introducing European Rail Traffic Management System

On 5 January 2017, the European Commission adopted an implementing regulation on the new European Rail Traffic Management System European Deployment Plan (ERTMS EDP), setting a date to put the standardized European railway signalling system in place, which constitutes a control, command, signalling and communication system for railway management and safe regulation.

The system allows trains to run seamlessly across borders by replacing 25 differing national technical systems. The plan sets new targets until 2023 by which about 50% of the Core Network Corridors shall be equipped.

ERTMS allows a more competitive rail sector compared to other transport modes. Especially cross-border routes will benefit, e.g. goods traffic routes from Mecklenburg-Western Pomerania to Scandinavia.

7. Public consultation on the setting up of the voluntary ex ante assessment mechanism for large infrastructure projects

Having launched the public consultation on 20 January 2017, the EU Commission wants to provide member states with a tool for the voluntary ex ante assessment of large infrastructure projects. The assessment mechanism shall help reduce delays in the planning phase of big infrastructure projects and minimize the risk of infringements once a project has been set up. The public consultation was closed on 14 April 2017, and it is linked to the “Investment Plan for Europe”, a Commission Communication published on 29 November 2016. Therein, the EU-Commission announced a one-stop-shop for all EU member countries, bringing together all responsible Commission services – including its Representation offices in the member states – in a single investment policy team. This one-stop-shop concerns all relevant EU rules and procedures, e.g. EU funding, public accounting rules, environmental permits and public procurement.

IV. Environmental aspects with regard to maritime policy including climate protection

1. Conclusions of the Council in the area of environment regarding sustainable water management

On 17 October 2016 the EU environment ministers unanimously adopted conclusions with regard to sustainable water management. Therein they emphasize the need to fully implement the existing EU water policy in a coherent and effective way and to achieve the objectives of the EU water acquis. The conclusion highlights the importance of ensuring the protection of waters against the deterioration of their status and of securing sufficient supply of good quality water for the population as well as for all other sustainable uses of water. The member states are called upon to seek a balanced combination of green and technical infrastructure when choosing the ways and means to achieve the EU water policy objectives and to promote the efficient use of water in all relevant economic sectors.

The Commission will review the Water Framework Directive in 2019. By then member states shall develop timely and legally sound options to enable continuous and ambitious national implementation.

2. Consultation on minimum standards for reused water

The European Commission has launched a consultation (from 28 October 2016 to 27 January 2017) to collect the views of stakeholders and citizens with regard to the policy options to set minimum quality requirements for reused water in the European Union.

3. The Marrakech climate conference and national caps on emissions

Among the most important results of the Marrakech climate conference (Conference of the Parties, COP 22), which ended on 18 November 2016, is the Marrakech Action Proclamation. It is a call for the highest political commitment to tackle climate change. Parties made good progress on the elements of the Paris rulebook, which will guide the implementation of the agreement and in particular on transparency and the five-year ambition cycle. Parties agreed a way forward that will ensure the rulebook will be ready by 2018. All Parties also welcomed the further efforts by the developed countries in increasing their public climate finance contributions and the progress by donors towards reaching the goal of jointly mobilising climate finance. Accordingly, USD 100 billion shall annually be made available by 2020 to mitigate climate change.

The EU is yet going to miss its financial target for climate protection: In order to respond to climate change and the associated substantial investment needs, the EU has agreed that at least 20% of its budget for 2014-2020 should be spent on climate-related action. In a report published on 22 November 2016 the European Court of Auditors (ECA) concluded, that the European Union is going to miss that target and that additional efforts will be required. In view of ECA, the implementation of the target has led to more, and better-focused, climate action funding in the European Regional Development Fund and the Cohesion Fund. In the European Social Fund, and in the areas of agriculture, rural development and fisheries, however, there has been no significant shift towards climate action. According to the EU Commission, the portion of financial resources used for climate protection 2014-2016 amounted to an average of 17,6%. In order to meet the target in 2020, the share of climate action funding would need to be increased to 22% on average during the years 2017-2020. In addition, ECA recommends comprehensive reporting on and monitoring of results next to a more solid and realistic assessment of necessary climate change action.

On 23 November 2016, the European Parliament has approved a proposal for a directive of the European Parliament and of the Council on the reduction of national emissions of certain atmospheric pollutants. The new legislation sets out national emission reduction commitments for sulphur dioxide (SO₂), nitrogen oxides (NO_x), non-methane volatile organic compounds (NMVOC), ammonia (NH₃), and fine particulates (less than 2.5 micrometers in diameter). The Council had insisted on excluding methane from the scope of the directive.

4. Low Emission Shipping – The “Environmental Impact of Low Emission Shipping: Measurements and Modelling Strategies (EnViSuM) – Project

The European Union, using its European Regional Development Fund, has funded the “Environmental Impact of Low Emission Shipping: Measurements and Modelling Strategies (EnViSuM)”- Project. It aims at providing policy makers and authorities with tools and recommendations for the development of future environmental regulations, and the shipping sector with guidance to support future investment decisions. € 3.2 million are available in the EnviSum project to study technical efficiency and socio-economic impacts of clean shipping solutions by 2018.

Sulphur Emission Control Area (SECA) was created in May 2005 to enforce a stricter control to minimize airborne emissions from ships. Thus ships that operate within SECA must use on board fuel with sulphur content of no more than 0.1% from 1 January 2015. A global 0,5 limit will enter into force in 2020 outside SECAs.

The EnviSuM project addresses measurement and modelling strategies to assess present and future cost and the health and environmental effects of ship emissions in view of the International Maritime Organization (IMO) emission regulations that entered into force in January 2015. The sulphur regulations had already been politically agreed on back in 2005. They were part of the IMO’s International Convention for the Prevention of Pollution from Ships (MARPOL Annex VI).

Available measures (fuels and abatement techniques) to meet the emission reduction targets will be investigated in the project and their performance and level of compliance assessed. The EnviSuM project shall provide tested and analyzed results on the efficiency of the different clean shipping solutions allowing the project consortium to make recommendations benefiting the environment, the health of the people of the Baltic Sea Region while still supporting the maritime businesses and promoting economic growth.

The Danish Maritime Development Center organizes the event “What will be the challenges for the ship owners in 2020? Enforcement of the sulphur regulation – jurisdictional limitations and opportunities” on September 28, 2017, at the Danish Maritime Authority, 31 Carl Jacobsens Vej, Valby, 2500, Denmark.

An ongoing survey, run by the University of Tallinn, is about the Economic impacts of Sulphur Emission Control Area (SECA) regulations on maritime market stakeholders in the Baltic Sea Region.

5. HELCOM work to reduce ship exhaust emissions (NO_x and SO_x) in the Baltic Sea

At the March HELCOM Annual Meeting, all coastal countries and the EU agreed to submit the Nitrogen Emission Control Area (NECA) proposal to the International Maritime Organization's (IMO) Marine Environment Protection Committee. After finalizing the proposal in a series of workshops, hosted by Denmark and the Russian Federation, the HELCOM delegates requested Finland to submit the application to the Marine Environment Protection Committee. The latter has approved the NECA proposals by the Baltic Sea and North Sea countries for circulation and final decision by the IMO Marine Environment Protection Committee in May 2017.

We will continue to monitor the development and inform the BSPC accordingly.

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