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Executive Summary

In this issue of the EU quarterly monitoring for IMEC, LOGOS is covering a couple of new topics, including REACH, a more in-depth coverage of the European Sustainable Shipping Forum (ESSF), some highly relevant EU-wide news, and two new initiatives as part of the Delivering on the Circular Economy Action Plan (we have fused the coverage of **the Circular Economy Package** and the **Delivering on the Circular Economy Action Plan** into one single topic, outlining developments in a total of six initiatives). Thus, in the present document we are covering the European strategy for plastics, the Communication on the Interface between chemicals, products and waste, the Communication on a monitoring framework for the circular economy, the Report on Critical Raw Materials in the context of the Circular Economy, the Legislative proposal on minimum quality requirements for water reuse and the Proposal revising the Drinking Water Directive (DWD).

Regarding **ESSF**, the Commission recently decided to give the expert group a permanent status. The call for applications is closing on the 10th of October, but following an exchange with the Commission's responsible official in DG MOVE's D1 Unit, a later application could be considered but only with an observer status.

We also cover **REACH**, adding some key developments in relation to diisocyanates. Moreover, even though related to a different initiative which indirectly related to REACH, it is worth highlighting that the European Parliament recently released its position on the Commission's Communication on a European Strategy for Plastics in a Circular Economy. The Resolution contains a series of recommendations to the Commission on the implementation of its European strategy for plastics. The text urges the Commission to make resource efficiency and circularity overarching principles, which should apply also to non-packaging plastic items through the development of product standards and broadening the scope of the Ecodesign Directive, including for **paints**. Plus, Commission Decision (EU) 2018/666 extending the validity of the ecological criteria for the award of the EU Ecolabel to indoor and **outdoor paints and varnishes** was published in the EU Official Journal on 2 May 2018.

In what concerns the **Machinery Directive** and the **Non-Road Mobile Machinery Directive**, there have been a couple of relevant updates, which will be discussed further in the forthcoming GEME Expert Group and Machinery Working Group meetings, taking place on the 17th of October and the 5th of November respectively.

There have also been very relevant developments concerning other **EU-wide news** in areas of interest to IMEC. We have compiled a series of highlights on topics which range from Inland waterways, aid to shipbuilding or Alternative Fuels Infrastructure Implementation to yacht damage disputes in relation to the EU product liability directive, excise duty exemptions for fuels in relation to recreational craft or to the Spanish tax lease system on ships. It is worth noting that all these pieces of news are somehow related to EU institutions or Member States, with a therefore different approach to the type of news presented in Section IV which are more connected to general industry developments, presenting some interesting updates in fuels, engine technologies, NO_x ECAs, propulsion or recreational boating market growth.

There have also been developments in the **Deployment of Alternative Fuels Infrastructure (DAFI) National Emissions Ceilings Directive (NECD)**, and **Ocean Governance**, including some activities and events in the **European Parliament Intergroups** of interest to IMEC.



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SECTION I – Environmental Legislation and Initiatives

1. EUROPEAN SUSTAINABLE SHIPPING FORUM

Latest developments

As a temporary group, the original mandate of ESSF ran until the 30th of June of 2018. However, the Commission believes that taking into account the most recent international developments in the field of maritime emissions, it is therefore justified that the activities pursuing those objectives should continue via this group.

Thus, for reasons of clarity and in order to take into account the Commission's horizontal rules on expert groups, a new decision setting up the group of experts, with the same name, should be adopted, instead of amending [Decision C\(2013\) 5984](#) final once again (initially establishing the expert group). Decision C (2013) 5984 final should be repealed accordingly. You can access the new decision [here](#).

The most recent activities of the Group include a plenary meeting that took place on the 1st of June 2018. As well as a meeting of the ESSF's Air Emissions from Ships Sub-group. The subgroup is composed of most of the members of ESSF, including other relevant stakeholders such as ABB, Cruise Lines International Associations Europe, DNV GL, European Community Shipowner's Associations (ECSA), Exhaust Gas Cleaning Systems Association (EGCSA) FEPOR or the International Association of Classification Societies Ltd. (IACS), among others.

This meeting took place in June 2018, under the following [agenda](#).

Some of the topics covered included preparations for the 2020 0,50% sulphur content requirement (with presentations on enforcement strategies on ships, best practices and smart measures; recommendations on operational aspects in ECAs, including lessons learned from the use of ECA fuels) and general aspects of emissions from ships (which saw conversations on conventional or alternative compliance methods – impacts on emissions; experiences with ship emission modelling; and **NOx ECAs: implementation and enforcement challenges**).

Regarding this last item on NECAs, **Denmark** (sub-group leader), through Ms. Dorte Kubel, introduced a draft matrix of technical and operational issues related to the main routes for maintaining compliance with the Tier III NOx requirements. Some members expressed concerns that the current IMO framework (NOx-Technical Code and guidelines) was not sufficient to ensure that the Tier III technology was actually delivering the expected NOx-reduction in NOx-ECAs. One member expressed concerns that the comments expressed regarding early keel-laying/ships built before 2021 could lead to retrospective regulation. Another member informed that remote measurement methods for NOx-emission from ships were currently being developed and could play a role in enforcement of NOx-ECA's.



While recognising the focus of the sub group was on the preparation to ISWG – the NOx implementation subject matter of NOx received some consideration. It was suggested to invite an expert to present the current IMO framework for ensuring continuous compliance with the NOx Tier III standard.

The next meeting of the ESSF Plenary will take place somewhere between December 2018 and January 2019, once the final structure of the ESSF is defined and agreed with applicants.

Background

The ESSF provides a platform for structural dialogue, exchange of technical knowledge, cooperation, and coordination amongst relevant maritime industries' stakeholders and the European Commission and its services to better address the environmental sustainability challenges confronting the EU maritime transport sector.

The ESSF objectives of fostering the sustainability of maritime transport and promoting the competitiveness of maritime transport in Europe remain important tasks, which require further dialogue between the Commission, Member States and stakeholders, in particular in light of the recent international developments on decarbonisation, energy efficiency, the upcoming entry into force of the global 0.5% cap on the sulphur content of marine fuels in 2020.

ESSF is formed by a total of 5 sub working groups, which cover some the following areas: Marine LNG, Competitiveness, Air Emissions from Ships, EGCS (exhaust gas cleaning systems) and PRF (Port Reception Facilities).

The leading Directorate General in this initiative is DG MOVE, and the relevant contact person within the European Commission who is in charge of the ESSF's Secretariat is **Antoine KEDZIERSKI**, Policy Officer working in the European Commission's Directorate-General for Mobility and Transport in the unit responsible for Maritime Transport and Logistics (D1). The associated DGs are DG CLIMA and DG ENVI.

The Commission chairs the ESSF and its SGs. As a rule, the ESSF Plenary is convened two times per year. The mandate of ESSF ran until the 30th of June of 2018. From that date onwards the ESSF will continue addressing the remaining issues via a Commission Decision, as shown above.

Relevance on marine sector

This Expert Group covers a series of issues that are of direct relevance to the maritime sector, as included in the background section above. Although not directly of impact to IMEC's main areas of influence (with the exception of PRF) considering the items that the members of the association manufacture, the nature of the topics that are dealt with in the Expert Group make it a very interesting forum for discussion, and obviously a prime source of intelligence regarding the evolution of all initiatives that concern the maritime sector in the fields of fuels, emissions, competitiveness or port reception facilities (this last area does make direct reference to recreational craft though).

Moreover, according to Article 4 of the Commission Decision, members shall include organisations active in maritime transport, covering a wide-



range of expertise, in particular ship owning, management and operations, short sea shipping, maritime transport use and services provision, **sea ports management and administrations**, terminal management and operations, **shipbuilding and marine equipment**, ship safety, health and environment protection, research and innovation, investment and financing, energy and fuel supply (including alternative / sustainable fuel sources) and **technical standardisation**.

Moreover, in mid-September 2018, as part of the renewal of the group's mandate, the Commission is revising the structure of the group. Bearing in mind the broad aspects of sustainability covered by the group, and the significant interest in participation expressed by individual experts and relevant organisations, the Commission has decided to launch a new public call for applications (which you can access [here](#)).

Therefore, IMEC could consider joining the activities of the group. The application deadline is on the 10th of October but Mr. KEDZIERSKI informed us that there is a possibility of joining as an Observer at a later stage.

Membership

As well as all of the EU Member States via their Environment and Maritime Affairs ministries (in most of the cases), the ESSF is formed by a several private and public stakeholders which include several national associations (such as the Royal Association of Netherlands Shipowners or the Swedish Shippers Council), SEA Europe, the European Association of Internal Combustion Engine Manufacturers (EUROMOT), GDF SUEZ, DNV/GL, or Transport & Environment (T&E). The group has a total of 49 members.

2. DIRECTIVE 2014/04/EU ON ALTERNATIVE FUELS INFRASTRUCTURE (DAFI)

Latest developments

On 24th September, the TRAN Committee adopted its [Report](#) responding to the Commission's Communication. The Report, would call on the Commission to extend the scope of DAFI to the entire TEN-T comprehensive network and to take into account the projected and realised uptake of alternative-fuel vehicles and their technological progress, *allow Member States to flexibly determine* how to reach the targets and pursue the goal of having a trans-European infrastructure network for all alternative fuels that is accessible, compatible and interoperable. In turn, Member States would review their energy taxation framework to facilitate and incentivise the uptake of low-carbon and carbon-free alternative fuels and to remove present disparities in energy taxation between different transport modes (for example on electricity used for shore-side supply for ships and energy used to generate alternative fuels).

Moreover, the Report would call to support the decarbonisation and the gradual adoption of alternative fuels by shipping of the maritime and shipping sector with a clear focus on innovation, digitisation and adaptation of ports and ships; and the establishment of a common "LNG blue corridors project for islands" (CA.11 & AM.12).

It is worth highlighting that on 26th July, the TRAN Committee published the [amendments](#) to MEP Ertug's Draft Report. Several amendments shed lights on the challenges posed by the adoption of alternative fuels at regulatory level in the shipping sector and calling for a gradual adoption. On 29th August, during the debate on the tabled amendments, the promotion of alternative-energy infrastructure though realistic recommendations and technology-neutrality were regarded as crucial points of the Committee work on the file. Interestingly, Matthijs van Miltenburg (ALDE, the Netherlands) spoke on behalf of Gesine Meissner (ALDE, Germany) and said that she supported LNG, but for long-distance shipping and in absence of other alternative fuels, this could help. Sulphur limits will go down and many more ships will need LNG. A second problem in ports is related to energy taxes. It is cheaper to produce electricity with ship engines onboard instead of connecting to local electricity grids. This practice does not help to improve air quality around harbours. The lack of implementation in Member States is problematic. She supports the revision of the directive. On his own behalf, he said that they should not create a new fund and that they should not micro-manage funds. He believed that this was not the way forward.

Background

In 2014, the Directive on the development of alternative fuels infrastructure for transport (DAFI) was adopted. The purpose of the Directive is to foster the deployment of infrastructure for the supply of these alternative energies for road and waterway transport.

According to experts, the most efficient sources of alternative fuels in road transport include electric batteries, hydrogen fuels and compressed natural gas (CNG) and liquid fuels for long distance. At the same time, as regards waterways, the most promising alternative fuels are compressed hydrogen

(for inland navigation and small boats), liquid gases such as LNG (maritime activities), and liquid biofuels (for all vessels). Among the obstacles that hinder the market uptake of alternative fuels is the lack of adequate infrastructure for refuelling. The main purpose of the Directive is to accelerate the adaptation of the existing infrastructure in order to boost the market uptake of a new generation of vehicles and vessels.

The directive requires Member States to adopt national policy frameworks for developing the market for alternative fuels and to ensure that minimum infrastructure is set up for their supply in water-borne transport. Each Member State should ensure that ports should be equipped with shore-side electricity supply for vessels by end-2015, LNG supply should be available for navigation along the core Trans-European Transport (TEN-T) network in maritime ports (by 2025) and inland ports (by 2030).

On a further note, the Commission adopted the Draft Delegated Regulation on the technical specifications ([here](#)) with regards to the recharging points for L-category motor vehicles, shore-side electricity supply for inland waterway vessels and refueling points for LNG for waterborne transport on 17 November 2017. The Regulation sets technical specifications for both the recharging points for L-category motor vehicles and refueling points LNG for waterborne transport, which was previously object of another expected measure. The Commission will no longer present a proposal that would only affect technical specification on refueling points for LNG for maritime and waterway vessels. Instead, the Commission has decided to merge the expected Delegated act on technical specifications for refueling points for LNG for maritime and inland waterway transport with the proposal on refueling points for LNG and CNG motor vehicles.

The presented measure amends Directive 2014/94/EU on the deployment of alternative fuels infrastructure for what concerns the connectors for motor vehicles for the refueling of gaseous hydrogen. The key modifications included - For **inland waterway vessels** only (Art. 2): The shore-side electricity supply for inland waterway vessels have to comply with standard EN 15869-2 "Inland navigation vessels - Electrical shore connection, three phase current 400 V, up to 63 A, 50 Hz - Part 2: Onshore unit, safety requirements".

For **inland waterway vessels and sea-going ships** (Art. 3) : (1) when they are not covered by the International Code of the Construction and Equipment of Ships Carrying Liquefied Gases in Bulk (IGC Code), their refueling points for LNG have to comply with standard EN ISO 20519. The new technical standards would apply from 24 months after the entry into force of the Delegated act.

The [Delegated Regulation updating EU rules on recharging and refueling points](#) was published in the EU Official Journal on the 4th May 2018. It entered into force on the 24th May but it will only apply from the 24th May 2020. The Delegated Regulation sets technical specifications for both the recharging points for L-category motor vehicles and refueling points

LNG for waterborne transport, which was previously object of another measure.

**Relevance for
marine sector**

Considering some of the issues listed in the Report on regarding a gradual adoption of alternative fuels by shipping in the maritime sector and comments from MEPs such as Van Miltenburg (ALDE, NL) and Meissner (ALDE, DE) on the inclusion of maritime activities in DAFI, it is clear that the use of alternative fuels in the marine sector will become more and more important in the near future, and therefore IMEC should carefully follow developments in the field of alternative fuels in the near future.

Despite being seriously watered down by Council and Parliament, DAFI sent out a good signal to the market and the industry e.g. by setting up a common standard for recharging infrastructure for electric vehicles. The Commission regretted it and in contrast to its Draft proposal, national binding targets will only have to be developed for CNG, LNG and electricity, while the Directive offers more flexibility to Member States for developing hydrogen refuelling points. CNG and LNG will play a major role in Europe's fuel strategy.

As of today, 25 Member States have officially submitted their NPFs to the Commission and it would be important for IMEC to monitor whether Member States have the intention to roll-out ambition plans. Additionally, only 8 out of 25 Member States have so far fully implemented the Directive. This will definitely ensure the market uptake of a new generation of vessels powered with electricity or LNG although it may not concern in the first place crafts below 24 meters but this could set a future industry trend, already observed for instance in one of Waterborne TP's reports on Future Global Trends.

The current legislation does not set any binding targets in terms of number of recharging points. This means it will be up to MS to determine their objectives. This represented one of the core element in discussions that took place before the adoption of the Directive. Therefore, IMEC would benefit from intelligence included in EC's assessment reports of NPF.

One issue has been spotted in the past few months regarding fuel labelling provisions. Member States had until November 2016 to transpose the Directive into national laws. Art. 7 of the Directive clearly states that "motor vehicles" are covered in the scope of the Directive without providing any clear definition. This means that any "vehicle" equipped with an engine is considered to be in the scope of Directive and that related fuel labelling provisions should apply. Until now, the EC acknowledged it did not consider marine engines to be covered by the scope of the Directive, however they stressed that Member States are free to go beyond motor vehicles and apply provisions to other engines.

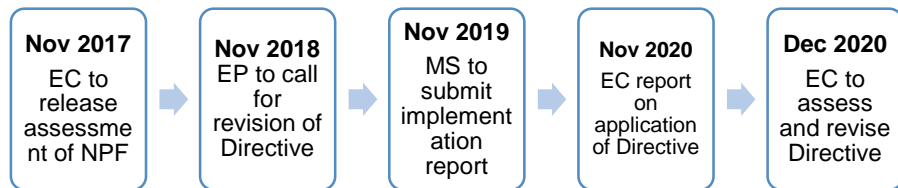
Since the CEN has finalised its work on a standard for common labelling provisions (replacing the originally foreseen Implementing Act) before the official deadline for transposition, the threat of different labelling requirements depending on each Member State has faded away. Even if

one Member State decides to include marine engines in the scope of its national legislation, the provisions will have to be in line with the EN 16942.

Next steps

Following the adoption of the TRAN Committee responding to the Commission Communication, the text is scheduled to be submitted to the European Parliament Plenary. This is currently expected to take place during the plenary week starting on 22 October 2018.

Moreover, according to the requests contained in the TRAN Committee Report and information provided by the Commission, the Commission intends to move forward. On 30th August, discussing the amendments tabled to then Draft Report, the Commission clarified that it will start soon to evaluate the national policy framework and the **Directive** on alternative



fuels infrastructure in a more systematic way. However, at the time of writing, more information on an envisaged timeline are yet to be made available.

Key stakeholders

The most relevant Commission staff for this initiative are:

DG MOVE, Dir C — Innovative and Sustainable Mobility, Unit 1. Clean Transport and Sustainable Urban Mobility

- Mr Van Honacker - Lead Policy Officer

DG ENERGY, Unit C1 – Renewables and CCS Policy

- Ms Donnelly (Director for Directorate C)
- Ruta Baltause, Policy Officer

EP – TRAN Committee

- Rapporteur Ismail Ertug (S&D, Germany)
- Shadow Rapporteur Massimiliano Salini (EPP, Italy)
- Shadow Rapporteur Mark Demesmaeker (ECR, Belgium)
- Shadow Rapporteur Gesine Meissner (ALDE, Germany)
- Shadow Rapporteur Keith Taylor (the Greens/EFA, UK)
- Merja Klyllonen (GUE/NGL, Finland)



3. NATIONAL EMISSIONS CEILING DIRECTIVE (DIRECTIVE 2016/2284)

Latest developments

The Directive (EU) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants entered into force on 31 December 2016. It was published in EU Official Journal on 19 December 2016. Member States are required to transpose the new rules into national legislation by 1 July 2018.

At this moment in time, the only EU Member State that still has not transposed this Directive into national legislation is Bulgaria. The Commission might therefore take actions against this situation, which might involve a formal notice (before taking the issue to the European Court of Justice).

As informed in the past, the Commission is expected to carry out a review of EU rules setting national emissions limits of certain atmospheric pollutants by 2025. While reviewing the Directive, the Commission is also required to take into account scientific and technological progress and the implementation of Union climate and energy policies. Particularly in what's related to ammonia, the Commission is required to assess:

- The latest scientific evidence;
- Updates of the UNECE Guidance Document on Preventing and Abating Ammonia Emissions from Agricultural Sources of 2014 (the 'Ammonia Guidance Document') and the UNECE Framework Code for Good Agricultural Practice for Reducing Ammonia Emissions as last revised in 2014;
- Updates of the Best Available Techniques established under [Directive 2010/75/EU](#) (the Industrial Emissions Directive);
- Agri-environment measures in the framework of the common agricultural policy.

Based on the results of this review, the Commission may present a legislative proposal for emission reduction commitments for the period after 2030.

In the past, LOGOS was in touch with Mr. Hoenders, who informed us that Member States have been working on their National Air Pollution Programmes taking into account the Commission's guidance document which you can find [here](#). The Ambient Air Quality Expert Group met on the 5th of July (you can find the meeting agenda [here](#)), where among other issues, they discussed the state of play of the fitness checks of the Ambient Air Quality Directives.

Moreover, earlier in September, Member State experts voted in favour of the [draft measure](#) (and [annex](#)) laying down a common format for national air pollution control programmes under the NEC Directive. The "comitology" Committee on Ambient Air Quality (composed of Member State experts) delivered a favourable opinion on the draft measure through a written consultation which took place from 16 July until 7 September.

Following the favourable opinion of the Member State experts, the Commission is now expected to adopt the draft measure in the coming

weeks. It will then be published in the EU's Official Journal and enter into force.

The draft Commission Implementing Decision would lay out the common format for the national air pollution control programmes as referred to in Article 6(10) of Directive (EU) 2016/2284. The national air pollution control programme is the principal governance tool under the NEC Directive supporting Member States to plan their national policies and measures with a view to complying with the national emission reduction commitments laid down in that Directive for 2020 and 2030.

On a further note, it is worth mentioning that the Commission presented its second Report on the on the implementation of [Regulation \(EC\) 166/2006 establishing the European Pollutant Release and Transfer Register \(E-PRTR\)](#) on 13 December 2017. The Report was published together with a Staff Working Document containing the results of the REFIT evaluation of the Regulation. Regulation (EC) 166/2006 replaces the European Pollutant Emission Register (EPER) from 2009 and establishes an integrated Pollutant Release and Transfer Register at EU level (E-PRTR). The E-PRTR is a publicly accessible electronic database. It contains information on releases of certain pollutants to air, land and water and releases of pollutants from diffuse sources. In particular, the Report notes that the implementation of the Regulation has improved with regard to quality of data and user confidence and data use and exchange. According to the Commission, the E-PRTR's IT infrastructure will be upgraded to include a 'registry' for industrial facilities. This, in line with INSPIRE requirements, would harmonise information on common administrative parameters, such as operator name, address and location. Additionally, future initiatives will coordinate better with a couple of key Directives such as the [National Emission Ceilings Directive](#), the Industrial Emissions Directive or the Urban Waste Water Treatment Directive.

Background

[Directive \(EU\) 2016/2284 \(NEC Directive\)](#) sets ceilings for each Member State of the maximum emissions of certain pollutants allowed per year until 2030. The overall ambition level of the national emission commitments is estimated to reduce the health impact of air pollution by 49.6% by 2030 (compared to 2005). The Directive covers the emissions of five pollutants: sulphur dioxide, nitrogen oxides, non-methane volatile organic compounds, ammonia and fine particulate matter. The European Parliament and the Council reached an informal agreement on the revised NEC Directive on 30th of June 2016. The new Directive was then published in EU Official Journal on 19th of December 2016 and entered into force on 31st of December 2016.

The proposal, which was presented on 18th of December 2013, was part of a package of measures on the EU air policy review which included a Commission Communication on a Clean Air Programme for Europe and a proposal on combustion installations below 50 MW.

According to Article 13 of the Directive (EU) 2016/2284 (NEC Directive), the Commission is required to carry out a review of EU rules on the reduction of national emissions with a view to safeguarding progress towards EU air quality objectives by 31st of December 2025.

While reviewing the Directive, the Commission is also required to take into account scientific and technological progress and the implementation of Union climate and energy policies. The expected Commission initiative would review Directive (EU) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants on the basis of scientific and technical progress. The review would also assess the latest scientific evidence on ammonia emissions in Member States.

The Commission has previously stated that it will present a Report on the implementation of EU rules establishing national emissions limits of certain atmospheric pollutants by early 2020. In fact, according to Article 11, the Commission is required to present a Report assessing the implementation of the Directive in Member States by April 2020.

The expected Commission Report would assess the implementation of Directive (EU) 2016/2284 on the reduction of national emissions of certain atmospheric pollutants. It would, among others, assess the progress achieved by Member States towards meeting the national emissions commitments set out in the Directive. In particular, the expected Report would provide an assessment on some of the following elements (among others):

- Progress towards: (a) the indicative emission levels and emission reduction commitments in Member States and, where applicable, the reasons for any non-achievement; (b) ambient air quality levels in line with the air quality guidelines published by the WHO; (c) the Union's biodiversity and ecosystem objectives in line with the 7th Environment Action Programme;
- Identification of further measures required at Union and Member State level to achieve the objectives of the Directive;
- The uptake of Union funds to support the measures taken with a view to complying with the objectives of the Directive;

Relevance for marine sector

Member States are entitled to decide on the measures to adopt in order to comply with the emission reduction commitments set out in the NEC Directive. Generally, this goes in the direction of reducing emissions from anthropogenic sources and introducing national air pollution control programmes applicable to all relevant sectors, including energy, industry, road transport, inland shipping, and use of NRMM among others. Theoretically speaking, setting national emissions ceilings for these fields could potentially have an effect on the emissions coming from recreational craft engines. Therefore, monitoring the steps that Member States take regarding national measures would be advisable to keep track of what could affect the activities of IMEC in the future.

Next steps

The next meetings of the Ambient Air Quality Expert Group will take place on the 23rd and 24th of October 2018, where discussions on the issues mentioned above will continue.

The Commission is expected to carry out a review of the NEC Directive by 2025. At this stage of the procedure, it is not yet known which legal form this initiative may take. The results of the review may be presented in the form of



a Staff Working Document (SWD) or a Commission Report. Based on the results of this review, the Commission may present a legislative proposal for emission reduction commitments for the period after 2030.

As regards the report on the implementation of the NECD, once published, it will be sent to the European Parliament and the Council which may decide to formally respond to it in the following months. The European Parliament would respond through the adoption of an Own-initiative Resolution, while the Council would adopt Conclusions in response to the Report.

Key stakeholders

The relevant staff in the Commission pertains to DG ENVI – Unit C.3 Quality of Life –Clean Air:

- Francois WAKENHUT (Head of Unit)
- R. Hoenders (Policy Officer)
- S. Brockett (Policy Officer)

Whilst in the European Parliament the lead Committee is ENVI but no Rapporteur has been appointed yet.

4. CIRCULAR ECONOMY STRATEGY

General background

In December 2014, the Commission decided to withdraw its legislative proposal on waste, but the Commission committed at the same time to use its new horizontal working methods to present a new package by the end of 2015 which would cover the full economic cycle, not just waste reduction targets, drawing on the expertise of all the Commission's services. The European Commission then adopted this ambitious Circular Economy Package, which includes revised legislative proposals on waste with the objective of stimulating Europe's transition towards a circular economy which will boost global competitiveness, foster sustainable economic growth and generate new jobs. The following legislative proposals have been adopted:

- [Proposed Directive on Waste](#)
- [Proposed Directive on Packaging Waste](#)
- [Proposed Directive on Landfill](#)
- [Proposed Directive on electrical and electronic waste, on end-of-life vehicles, and batteries and accumulators and waste batteries and accumulators](#)
- [Staff Working Document - Implementation Plan](#)

With the objective of following up on technological progress and key sustainability initiatives worldwide, the Commission also released a Communication containing an [EU Action Plan for the Circular Economy](#) that establishes a concrete and ambitious programme of action, with measures covering the whole cycle: from production and consumption to waste management and the market for secondary raw materials. The proposed actions will contribute to "closing the loop" of product lifecycles through greater recycling and re-use, and bring benefits for both the environment and the economy.

As part of its continuous effort to transform Europe's economy into a more sustainable one and to implement the [ambitious Circular Economy Action Plan, in January 2018](#) the European Commission adopted a new set of measures, including:

1. A Europe-wide [EU Strategy for Plastics in the Circular Economy](#) and annex to transform the way plastics and plastics products are designed, produced, used and recycled.
2. A Communication on [options to address the interface between chemical, product and waste legislation](#) that assesses how the rules on waste, products and chemicals relate to each other.
3. A [Monitoring Framework on progress towards a circular economy](#) at EU and national level. It is composed of a set of ten key indicators which cover each phase – i.e. production, consumption, waste management and secondary raw materials –

as well as economic aspects – investments and jobs - and innovation.

4. A [Report on Critical Raw Materials and the circular economy](#) that highlights the potential to make the use of the 27 critical materials in our economy more circular.

To ensure a more comprehensive coverage, and in reference to the [Circular Economy Action Plan from 2015](#), Logos is also including coverage of the following two initiatives:

5. A [legislative proposal on minimum quality requirements for water reuse](#).
6. A [legislative proposal revising the Drinking Water Directive \(DWD\)](#)

Below you will find an analysis of each of the aforementioned texts.

Communication on a European strategy for plastics

The Commission presented a [Communication on a European strategy for plastics](#) in a circular economy on the 16th January 2018.

Background: The Commission's strategy seeks to address the environmental and economic challenges posed by plastics throughout the value chain. It contains key commitments for action at EU level by the Commission and a list of measures recommended to national authorities and industry. The Commission strategy aims to, inter alia, improve the economics and quality of plastics recycling, curbing plastic waste and littering, driving investments and innovation towards circular solutions and harnessing global action. The ENVI Committee coordinators previously decided to request the authorization from the Conference of Presidents to draw up an Own-Initiative (INI) Report in response to the Commission's strategy on plastics. On the 20th March, the ENVI Committee discussed the file in Parliament. Many ENVI Committee MEPs including Shadow Rapporteurs Karl-Heinz Florenz (Germany, EPP), Simona Bonafè (Italy, S&D), the Rapporteur Mark Demesmaeker (Belgium, ECR) and MEP Françoise Grossetête (France, EPP) generally welcomed the Commission's strategy. Shadow Rapporteur Karl-Heinz Florenz asked the Commission whether it intends to propose a "plastics' tax" in order to increase the cost of virgin plastics, especially now after the China's ban on imported waste. MEP Miriam Dalli (Malta, S&D) asked about possible measures to tackle the leakage of microplastics into the environment and the issue of marine litter. She also asked about the status of bio-plastics in tackling plastic pollution. On the 4th April, the [draft Report](#) by the Environment Committee was published. The Council is expected to adopt conclusions on the file at the end of the month.

Additionally, an 8-week public stakeholder [consultation](#) on the expected legislative proposal on marine litter closed on the 12th February 2018. The consultation was launched on 15 December of 2017. The aim of this exercise was to seek stakeholders' views on the expected legislative

initiative in relation to marine litter, particularly on single use plastics and fishing gear.

Latest developments: On 13th September, the European Parliament adopted its Resolution responding to the Commission Communication on a European strategy for plastics in a circular economy.

The text welcomes the Commission's Communication as a step forward towards managing plastics in a sustainable way throughout the whole value chain and thereby contributing to the EU's transition towards a circular economy. In particular, the Resolution supports the ambition of the Commission to make all packaging plastics placed on the European market reusable or recyclable by 2030. However, it urges the Commission to make resource efficiency and circularity overarching principles, which should apply also to non-packaging plastic items through the development of product standards and broadening the scope of the Eco-design Directive. The Resolution also welcomes specific legislation on single-use plastics that should contribute to a significant reduction of marine litter of which more than 80% is plastic.

Responding to the subsequent Commission proposal to reduce plastic marine litter from single use plastic items and fishing gear, the European Parliament's ENVI Committee Draft Report, prepared by the Rapporteur Frédérique Ries (Belgium, ALDE) and made available in late July, covered the key topics in the report. In the area of fishing gear, the rapporteur believes that the absence of effective monitoring of fishing gear losses at EU level means the problem remains unsolved. Over 30% of litter from fishing and pleasure vessels, which should be taken back to port, is not returned and most probably ends up in the sea. In the rapporteur's view, it makes sense for the extended responsibility principle to be applied to fishing gear. She proposes adding to Article 8(3) a 15% recycling target, since, like any robust equipment, fishing gear can easily be reused and must therefore be returned to port

Impact on marine sector: In relation to the specific mentioning to marine or maritime environments, the references to pollution appear to be only related to littering and discharges of sewage and solid waste (plastics).

As the target set by the Communication would be to reduce the leakage of plastics into the environment, effective waste collection systems, combined with a drop-in waste generation and with increased consumer awareness, to avoid litter and ensure that waste is handled appropriately is envisaged. This would reduce the marine litter from sea-based sources such as ships, fishing and aquaculture. However, the impact of the strategy on engine manufacturers could be considered as residual. Notwithstanding the fact that recreational crafts are mentioned by the revision of the Port Reception Facilities Directive (PRF), being PRF one of designated instrument to tackle sea-based sources of marine litter, no additional requirements are envisaged on engine manufacturers.

Similarly to what stated in relation to the Strategy on Plastics per se, the marine and maritime environments are mentioned as "destinations" of

littering and discharges of sewage and solid waste (plastics). In this sense, the impact of the proposal on the manufacturing side is entirely restricted to those actors producing single-use plastic products.

Next steps: As both the European Parliament and the Council have adopted their positions on the Commission Communication, the procedure for this dossier is deemed complete.

Environment Ministers are scheduled to be debriefed on the state of play of play on the Commission proposal on 9th October 2018. During this Environment Council meeting, the Austrian Presidency of the Council of the EU is expected to debrief Ministers on the state of play of the proposal. The Council's Working Party on the Environment is expected to continue to discuss the proposal in the coming weeks with a view to preparing the Council's internal position (General Approach). The Austrian Presidency aims to reach an agreement on the Council's internal position by the end of 2018, possibly at the Environment Council meeting scheduled for 20 December.

In parallel, the ENVI Committee is scheduled to vote on Draft Report and tabled amendments on 10th October.

**Communication
on the interface
between
chemicals,
products and
waste**

Background: The EU action plan for the Circular Economy recognized the need to assess the interaction of legislation on chemicals, products and waste in order to decide the right course of action at EU level to address the presence of substances of concern, limit unnecessary burdens for recyclers and facilitate the traceability and risk management of chemicals in the recycling process. Therefore, as part of the Circular Economy package, the Communication presents an analysis of the legal, technical and practical problems of the interface between chemicals, products and waste legislation. The analysis aims to ensure the recycled materials can be turned into fit for purpose products that may be reintroduced in the product cycle. The [Communication on the interface between chemicals, products and waste](#) identified four different issues and sets out the Commission's objectives as well as its planned actions. The four issues are information on the presence of substances of concern is not readily available to those who handle waste and prepare it for recovery; waste may contain substances that are no longer allowed in new products; EU's rules on end-of-waste are not fully harmonized, making it uncertain how waste becomes a new material and product and rules to decide which wastes and chemicals are hazardous are not well aligned and this affects the uptake of secondary raw materials.

On the 19th April, the ENVI Committee published a draft motion for a Resolution and two oral questions for the Commission and the Council. While the Rapporteurs welcomed the Commission Communication, they stressed that swift action in order to tackle the 'interface' problem is needed. Additionally, the draft motion for Resolution called on the Commission and ECHA to step up their regulatory activities to promote substitution of substances of very high concern (SVHC) and to restrict substances that pose unacceptable risks to human health or the environment in the context of REACH. The draft Resolution underlined that substances of concern should be tracked and information relating to these

substances should be fully available to recyclers and to the public. Additionally, the Rapporteurs believe that measures should be taken at EU level to bring about more harmonisation in the interpretation and implementation by Member States of end-of-waste provisions laid down in the Waste Framework Directive.

Latest developments: On 13th September, the European Parliament Plenary adopted the [Resolution](#) on the interface between chemicals, products and waste. The Resolution reiterates that moving towards a circular economy requires strict application of the waste hierarchy and, where possible, phasing out of substances of concern, in particular where safer alternatives exist or will be developed.

It also calls on the Commission to develop a Union strategy for a non-toxic environment, as laid down in the [7th Environment Action Programme \(EAP\)](#) and also calls on the Commission and the Member States, and the European Chemicals Agency (ECHA), to step up their regulatory activities to promote the substitution of substances of very high concern (SVHC) and to restrict substances that pose unacceptable risks to human health or the environment in the context of REACH. Among other issues, the resolution calls on MS, EC and ECHA to increase efforts so that by 2020, all relevant SVHCs, including substances that meet the equivalent level of concern criterion, are placed on the REACH candidate list.

Additionally, on 23rd July, the Commission launched a [public consultation](#) on the topic. The consultation, via a [questionnaire](#), builds upon the Commission's analysis of the Interface in the Communication published on 16th January 2018 and has the objective of assessing the reaction of stakeholders to the different options and questions posed regarding the four main issues described in the Communication.

Previously, the Council adopted [Conclusions](#) responding to the Commission Communication. The Council emphasized the need for information on substances of concern for all actors and to ensure at the latest by 2030 the traceability of substances of concern in materials, including those in imported Arts, through the entire supply chain, including end-of-life operations and urges the Commission to develop harmonized tools to track substances of concern throughout the supply chain, including the end-of-life operations, promoting the use of digital information systems and digital solutions. The Council also called upon the Commission to ensure that SVHCs in imported Art.s are restricted when these substances are not authorized for the production of similar Art.s in the EU under REACH and encouraged Member States and other stakeholders to promote the use of voluntary methods of environmental performance certification. Other issues mentioned included the need for the development of sustainable alternatives including non-chemical solutions for materials and substances in the design phase while ensuring a high level of protection of human health and the environment and a request to the Commission to urgently conclude the fitness check of all chemicals legislation except REACH and develop in close collaboration with the Member States an overarching ambitious strategy for a non-toxic

environment in line with the 7th EAP and the Better Regulation agenda, building on the main conclusions and findings from the various ongoing chemical processes.

Relevance for marine sector: Considered the broad range of topics that the Commission is scheduled to address, a high relevance for IMEC could be expected. As the questionnaire attached to the public consultation aptly points out, information about substances of concern in products and waste and the difficulties in the application of EU waste classification methodologies represent clear obstacles to waste management practices. In this sense, new definitions for the concept of “substance of concern”, with clear impact on the presence thereof in secondary material, may lead to a profound change in the uptake of secondary raw materials. Additionally, as a revision of the rules for classifying waste as hazardous or non-hazardous is suggested, an additional burden on the manufacturing sector could be envisaged.

Next steps: The Commission's public consultation will close on 29th October 2018. Additionally, a study on further development of indicators to monitor environmental and health benefits of EU chemical legislation, started on 1st January 2017, will provide data to the key indicators from the previous Report on the calculation of the benefits of chemicals legislation on human health and the environment focusing on 2014-2018. The study is expected to be completed by December 2019.

Communication on a monitoring framework for the circular economy

Background: The Commission presented a [Communication on a monitoring framework for the circular economy](#) on the 16th January. The Communication proposes a monitoring framework which aims to measure progress towards a more circular economy at EU and national level via a set of indicators that would capture the main elements of the circular economy strategy. The monitoring framework has a set of ten indicators grouped into four stages of the circular economy: production and consumption; waste management; secondary raw materials and competitiveness and innovation. The Commission argues that the framework would not only allow to assess the progress towards a circular economy at EU and national level but also to identify best practices and differences of performances in specific areas, as well as the possible need for further policy action.

During a meeting on the 20th March, the European Parliament decided to officially respond to the Commission and to work towards the adoption of an Own-Initiative Resolution in response to the Communication. The ENVI Committee discussed a draft Motion for a Resolution on the Commission Communication on the 21st June. The draft Motion for a Resolution noted that the indicators identified by the Commission focus primarily on waste generation. Therefore, MEPs regretted that the Communication did not present a more comprehensive and holistic set of indicators covering the full range of objectives and actions of the Circular Economy Action Plan. During this meeting, MEPs were critical towards the monitoring framework proposed by the Commission as they felt it does not cover all the aspects

of the circular economy. MEP Giovanni La Via (Italy, EPP) spoke on behalf of one of the Rapporteurs Florenz Karl-Heinz (Germany, EPP).

According to La Via, the framework should be based on holistic indicators and comprehensive data. The indicators proposed by the Commission are a good start, but they need to be further developed in order to cover all the key objectives of the circular economy action plan. Additionally, the indicators miss a clear link with the Sustainable Development Goals (SDGs) and especially SDG 12 related to sustainable consumption.

Latest developments: On 13th September 2018, the European Parliament's Environment (ENVI) Committee adopted its Motion for a Resolution on the Commission Communication on a monitoring framework for the circular economy. The Motion for a Resolution, adopted unanimously, notes that the indicators identified by the Commission focus primarily on waste generation. MEPs regret that the Communication does not present a more comprehensive and holistic set of indicators covering the full range of objectives and actions of the Circular Economy Action Plan. MEPs also noted that the main aim of the framework should be waste prevention, which is mainly achieved in the design and production phase, MEPs say.

Among other issues, the Motion stresses the need to review the current indicators and come up with new ones, as there is no indicator that would efficiently measure the progress towards completing Sustainable Development Goals, specifically SDG 12 that indicates responsible consumption and production patterns. The Motion also calls on the Commission to improve its knowledge base and overall data availability and requests that the Commission ensure that monitoring framework complements analytical work of the Resource efficiency and Raw material scoreboards. It also requests the introduction of indicators that measure the success in reducing harmful substances in the circular economy while closing the loop of the circular economy.

Impact on marine sector: The ten indicators of the monitoring framework presented by the Commission provide a broad picture of the key leverage points to increase the circularity of the EU's economy. As the initiative represents a list of indicators, the direct impact on IMEC's activities can be considered as limited. However, some interesting findings were presented. For example, the Communication concludes that in the EU, the level of demand for raw materials exceeds what could be supplied even if all waste were turned into secondary raw materials. Therefore, the supply of primary raw materials will remain necessary. For many bulk materials, secondary raw materials satisfy over 30 % of total demand for materials (e.g. copper and nickel). However, for a large number of materials, including almost all critical raw materials, the contribution of recycled materials to satisfying the demand for raw materials is still small to negligible. This may lead to further initiatives that could have an impact of the profitability to recycle them. Moreover, as the indicators will be continuously updated and developed, a continuous monitoring is suggested.



Next steps: The Motion for a Resolution is expected to be submitted for a Plenary vote in late October.

Report on Critical Raw Materials in the context of the Circular Economy

Background: On 16th January 2018, the Communication presented a Report on Critical Raw Materials in the context of the Circular Economy. The report was produced under the Action Plan on Circular Economy in which the Commission set out to issue a report on critical raw materials and the circular economy, in order to ensure a coherent and effective approach, provide key data sources, promote best practices and identify possible further actions.

The Report aims at highlighting the potential to make the use of the 27 critical materials in the European economy more circular. It provided a detailed analysis for some specific sectors, such as extractive waste, landfills, electric and electronic equipment, batteries, automotive, renewable energy, defense and chemicals and fertilizers, describing the current state-of-play for key critical raw materials and identifying a number of good practices in each sector. The report concludes that for several economic sectors in the EU, the use of critical raw materials is far from being fully circular. The gaps are due to various factors, including the loss of materials during collection and recycling of end-of-life products.

The Report follows the publication of a Communication reviewing the EU list of critical raw materials on 13th September 2017. With the Communication, the Commission provided an updated list of 27 critical raw materials for the EU. It followed on two subsequent Communications on raw materials, which established a list of 14 critical raw materials in 2011 and a revised list of 20 critical raw materials in 2014. The primary purpose of the list was to identify the raw materials which display a particularly high risk of supply shortage and which are particularly important for the value chain. The list is intended to be used by the Commission as a supporting element when negotiating trade agreements, challenging trade-distortive measures, developing research and innovation actions and implementing the 2030 Agenda on Sustainable Development and its Sustainable Development Goals (SDGs).

Critical raw materials are also a priority area in the Circular Economy Action Plan in order to foster their efficient use and recycling. The revised list included nine new critical raw materials as compared to the 2014 list. The Communication indicated the existence of domestic production of certain critical raw materials in the EU, notably hafnium. However, China has been shown as the most influential country in terms of global supply of majority of critical raw materials, such as rare earth elements, magnesium, tungsten, antimony, gallium and germanium among others.

According to the Communication, several other countries have dominant supplies of specific raw materials, such as Brazil (niobium) or USA (beryllium and helium). Supply of platinum group metals is concentrated in Russia (palladium) and South Africa (iridium, platinum, rhodium and ruthenium). Raw materials, even if not classed as critical, are considered as important for the European economy as they are at the beginning of

manufacturing value chains. Their availability may quickly change in line with trade flows or trade policy developments.

Latest developments: It is key to mention that neither the European Parliament nor the Council are expected to officially respond to the Commission's Communication reviewing the EU list of critical raw materials.

Impact on marine sector: Due to the fact that the minerals and raw materials that are listed in both the Report and the Communication, a low relevance for IMEC can be deduced. Interestingly, conflict minerals are mentioned only with regards to Tantalum and Tungsten.

Next steps: As neither the European Parliament and the Council decided to respond to the Commission Report and Communication, the procedure for this file can be considered concluded.

Legislative proposal on minimum quality requirements for water reuse

Background: The Commission presented a [legislative proposal on minimum quality requirements for water reuse](#) on 28th May 2018. The proposal for a Regulation would establish harmonized minimum requirements (notably key parameters on reference pathogens) at EU level on the quality of reclaimed water for agricultural irrigation. The Commission's proposal was mentioned in the [Circular Economy Strategy](#), presented on 2 December 2015. According to the strategy, water reuse in agriculture contributes to nutrients recycling by substitution of solid fertilizers. It was presented together with a Staff Working Document including the Commission's impact assessment on the proposal ([here](#), [here](#) and [here](#)). The proposal aims to increase the uptake of water reuse for agricultural irrigation in the EU. It would set minimum requirements for the reuse of treated waste water from urban waste water treatment plants, covering microbiological elements (for example, levels of E. coli bacteria) and monitoring requirements for routine and validation monitoring. These minimum requirements are based on the [JRC's final technical report](#) on this issue. The proposal would also set out risk management tasks in order to guarantee that the reuse of treated waste water is safe and addresses the issue of water scarcity.

Latest developments: On 25th June, the Environment Council briefly discussed the Commission's proposal on minimum quality requirements for water reuse. During this meeting, the Commissioner for the Environment Karmenu Vella briefed Environment Ministers on the content of the proposal. According to Vella, the Commission's impact assessment concludes that the proposal can enable Member States to reuse more than 50% of the total water volume theoretically available for irrigation from waste water treatment plants at an affordable price. This would result in a more than 5% reduction of water stress in the EU, Vella said. Some Member States, including Italy, Malta and Cyprus expressed support for the proposal. Following this debate, the Council's Working Party on the Environment will continue to discuss the proposal over the coming months with a view to preparing the Council's internal position.

Shortly before the meeting, the Environment, Public Health and Food Safety (ENVI) Committee was selected as lead Committee on the Commission proposal. Simona Bonafè (S&D, Italy) has been appointed Rapporteur, while Francesc Gambús (EPP, Spain), Jan Huitema (ALDE, Netherlands) and Lynn Boylan (GUE/NGL, Ireland) will act as Shadow Rapporteur.

Impact on marine sector: As the proposal focuses on urban waste water and its treatment for agricultural purposes, the relevance for IMEC is limited. However, in more general sense, the proposal perfectly fits the recent legislative trends of the Commission. As a matter of fact, it is explained that water reuse often turns out to require lower investment costs and energy, also contributing to reduce greenhouse gas emissions. Reuse of treated wastewater can be considered a reliable water supply, quite independent from seasonal drought and weather variability and able to cover peaks of water demand. A similar reasoning has been followed also in the context of the plastic strategy, raw materials and all the proposals belonging to the Circular Economy Package.

Next steps: The European Parliament's Environment (ENVI) Committee is scheduled to hold a debate on the proposal on 18 October. During this meeting, MEPs would discuss the Draft Report to be prepared by the Rapporteur Simona Bonafè. ENVI Committee MEPs will then have until 25 October to submit their amendments to the Draft Report. The vote in the ENVI Committee is provisionally scheduled for January 2019. Plenary MEPs are then expected to approve the mandate to start inter-institutional negotiations with the Council during a plenary session in February or March 2019.

**Proposal
revising the
Drinking Water
Directive (DWD)**

Background: The Commission presented a [proposal revising the Drinking Water Directive \(DWD\)](#) on 1st February 2018. The proposal would revise the DWD and recast its previous amendments in one single legal act for the purpose of clarity and simplification. It was presented together with a Staff Working Document including the Commission's impact assessment on the proposal ([here](#), [here](#) and [here](#)). The proposal would revise the Drinking Water Directive with a view to improving access to quality water in the EU, ensuring a higher quality of drinking water as well as adapting monitoring and analysis provisions to scientific and technical progress. In particular, the most important changes introduced by the proposal are:

Quality Parameters – The quality standards and values set out in Annex I of the Directive were considered outdated. Therefore, the proposal would introduce a new Annex I with updated parameters based on the recommendations of the World Health Organization.

Risk Assessment Approach – The proposal contains new Art.s (7-8-9-10) aiming at introducing a risk based approach to water safety in the Directive.

Information to Consumers – The proposal introduces a new Art. 14 with a view to improving transparency and access to up-to-date information for consumers.

Access to water intended for human consumption – This is a new Art., prompted mainly by the calls of the European citizens' initiative 'Right2Water' and the Commission's reply to the initiative. The Art. foresees 2 main obligations: improve access and promote use of drinking water and to take all measures necessary to ensure access to drinking water for vulnerable and marginalized groups.

Contact Materials – Former Art. 10 is deleted as it was considered an obstacle to free trade in materials in contact with drinking water. It is, therefore, replaced with a new Art. 10 on Domestic Distribution risk assessment which would take over some of the obligation formerly contained in that Art.

The proposal is based on the findings of the Commission evaluation of the Drinking Water Directive which was published in December 2016 ([here](#) and [here](#)). In particular, it aims to address the problems emerged during the Fitness Check of the Directive.

Latest developments: On 10th September, the European Parliament Environment (ENVI) Committee adopted its Report on the Commission's proposal revising EU rules on the quality of drinking water. The text of the Report, as adopted by the ENVI Committee, would modify the Commission's proposal on the following key issues:

Quality Standards (CA 5) – Art. 5 – Member States would be required to set values applicable to water intended for human consumption for the parameters set out in Annex I. Member States would need to take all necessary measures to ensure that the treatment agents, the materials, and the disinfection procedures used for disinfection purposes in water supply systems do not adversely affect the quality of drinking water.

Risk Assessment Approach (CA 7-8) – Art. 7-8 – Water suppliers must carry out a supply risk assessment carried out in each water supply system for the purposes of safeguarding and monitoring the quality of the water they supply.

Substances and materials in contact with water (CA 11) – Art. 10a – Member States would need to take all necessary measures to ensure that substances and materials for the manufacture of all new products in contact with drinking water used for abstraction, treatment or distribution, or the impurities associated with such substances: do not directly or indirectly reduce the protection of human health provided for in this Directive; Do not affect the smell or taste of water intended for human consumption; Are not present in water intended for human consumption at a concentration above the level necessary to achieve the purpose for which they are used; and do not promote microbial growth.

Access to water intended for human consumption (CA 15A) – Art. 13 – Member States would need to, whilst taking into account the local and regional perspectives and circumstances for water distribution, take all necessary measures to improve universal access for all to drinking water.

Impact on marine sector: Regarding the applicability of the Directive, it is clear that it covers all ranges of water in which IMEC's engines have an activity. Perhaps, the most relevant Art. of the proposed Directive is Art. 8, mandating Member States to perform a hazard assessment of bodies of water used for the abstraction of water intended for human consumption. All the surfaces of water producing more than 10 m³ a day as an average should be regularly assessed. Currently, in the EU's Member States, the major sources for drinking water are groundwater, which provides 50% of the total resource use, and surface water (37%), such as lakes or rivers. Bank filtration or artificial groundwater recharge as modified water systems play a minor role in drinking water sources. Other water sources are coastal water, or a mixture of groundwater and surface water reservoirs. As pointed before, these water bodies often overlap with areas in which IMEC's engines have an activity. Additionally, the identification of hazards and possible pollution sources is done employing the same modalities introduced by the Water Framework Directive (WFD). This would imply, in turn, that the considerations presented for the WFD will apply also here.

Next steps: The European Parliament Plenary is expected to approve the mandate to start inter-institutional negotiations with the Council during the plenary week of 22-25 October.

Additionally, likely by November 2018, the Commission is expected to present a synthesis Report on the quality of drinking water for the period 2014-2016. The expected Commission Report would present an overview of the quality of drinking water and its improvement at EU level for the period. It would be based on an assessment of Member States' results of water quality monitoring against the standards set out in the Drinking Water Directive.

Key stakeholders

The relevant staff in the Commission pertains to DG ENVI – Unit A.2 Waste Management and Recycling:

- J. GARCIA BURGUES (Head of Unit)

As well as DG ENVI — Directorate-General for the Environment, Dir A — Green Economy, Unit 1. Eco-Innovation and Circular Economy:

- SCHALLY Hugo-Maria - Head of Unit
- D'CUNHA K. - Deputy Head of Unit

Whilst in the European Parliament the lead Committee is ENVI: -

- Rapporteur: Simona BONAFE (S&D, ITA)
- Shadow Rapporteurs :
 - o Karl-Heinz FLORENZ (EPP, DE)
 - o Gerben-Jan GERBRANDY (ALDE, NL)
 - o Davor ŠKRLEC (Greens/EFA, HR)
 - o Mark DEMESMAEKER (ECR, BE)

The ENVI Committee has appointed Mark Demesmaeker (ECR, BE) as Rapporteur on the EP's Own Initiative in response to the Plastics Strategy. Shadow Rapporteurs:



- MEP Karl-Heinz Florenz (Germany, EPP)
- MEP Simona Bonafè (Italy, S&D)
- MEP Anneli Jäätteenmäki (Finland, ALDE)
- MEP Marco Affronte (Italy, Greens/EFA)
- MEP Estefanía Torres Martínez (Spain, GUE/NGL)
- MEP Piernicola Pedicini (Italy, EFDD)
- MEP Sylvie Goddyn (France, ENF)

5. CHEMICAL LEGISLATION - REACH (INCLUDING RESTRICTIONS)

Background REACH ([EC 1907/2006](#)) is a Directive which was published back in 2006 by the European Commission. It aims to improve the protection of human health and the environment through the better and earlier identification of the intrinsic properties of chemical substances. This is done by the four processes of REACH, namely the **registration, evaluation, authorisation and restriction** of chemicals. The text places responsibility on industry to manage the risks from chemicals and to provide safety information on the substances. Manufacturers and importers are required to gather information on the properties of their chemical substances, which will allow their safe handling, and to register the information in a central database in the European Chemicals Agency (ECHA) in Helsinki. The Regulation also calls for the progressive substitution of the most dangerous chemicals (referred to as "substances of very high concern" or SVHCs) when suitable alternatives have been identified.

Latest developments The Commission published its [Communication on the review of the REACH Regulation](#) on 5 March 2018. The Commission has been discussing the outcomes and follow-up actions set out in the review with the European Parliament, Member States and stakeholders. The Communication is the second evaluation of the REACH Regulation and it has been carried out as part of the programme for Regulatory Fitness and Performance (REFIT) in accordance with the Commission's Better Regulation guidelines. The document builds on the previous REACH evaluation findings and examines key developments during the period 2010-2016.

In general, the Communication document focuses on the actions to take in order to improve the overall work under the REACH Regulation. It identifies several shortcomings and key issues that hamper the achievement of REACH objectives, of which four issues require the most urgent action:

- (a) Non-compliance of registration dossiers;
- (b) Simplification of the authorisation process;
- (c) Ensuring a level playing field with non-EU companies through effective restrictions and enforcement;
- (d) Clarifying the interface between REACH and other EU legislation, in particular that on occupational safety and health (OSH) and on waste.

The Communication finds that incentives are lacking for companies to update their registration dossiers and more should be done SMEs. Member States should ensure a more effective and harmonised enforcement of REACH. Furthermore, the lack of coherence of the REACH Regulation with other EU legislation is highlighted. This is mainly the case with regards to the interface with the Directive on the restriction of hazardous substances (RoHS) and the Regulation on persistent organic pollutants (POPs)

A list of 16 actions that need to be taken in order to improve the work under the REACH Regulation, which range from improving evaluation procedures, promoting substitution of substances of very high concern or improving

restriction procedures to interface REACH and OSH legislation, support compliance by SSMEs or review registration requirements for low tonnage substances and polymers.

The main conclusion according to the EC is that the **REACH Regulation is being fully implemented, and all its processes are operational**. In general, the work of Member States and ECHA led to important improvements; however, there is still a need to improve certain specific REACH processes in order to make the system more workable and efficient, in particular, authorisation evaluation and restriction.

At a stakeholder conference on the REACH Review during June 2018, Commissioners Karmenu Vella and Elżbieta Bieńkowska noted that according to the review, the Regulation is working well and throughout the years many improvements have been made. However, both Commissioners agreed that there were challenges ahead. Commissioner Vella mainly mentioned issues with compliance and also noted that Member States should help out small and medium sized enterprises with compliance. Additionally, Commissioner Bieńkowska highlighted that authorisation procedure should be simplified and the overall implementation of the Regulation still needed to be improved. As for the Council Presidency, Dotchka Vassileva, chair of the Environment Working Party, noted that one area of improvement was substances of very high concern (SVHC) in the supply chain.

Key developments on diisocyanates should also be discussed, as Member State experts discussed the [German proposal for a restriction](#) of this substance under REACH at the end of September.

The German proposal would restrict the placing on the market and use, on their own or as a constituent of other substances, or in mixtures, for both industrial and professional use, of 19 diisocyanates and formulations in which they are contained, all sharing the classification as “Respiratory Sensitiser 1” (listed in the German proposal). The expected draft Commission Regulation would therefore add a new restriction for diisocyanates under Annex XVII to the REACH Regulation to restrict their use and placing on the market.

Certain exemptions for use would apply:

- If the cumulative concentration of diisocyanates in the substance or mixture is less than 0.1% by weight;
- Measurements under realistic conditions demonstrate according to Appendix M that only an acceptable residual risk is present if the substance or mixture is used as described and intended;
- The substance or mixture is used in accordance with the provisions described in Appendix N. The employer or self-employed worker would have to ensure that measures and training is given prior to the use of the substances or mixtures in accordance with the provisions described in the Appendix on Trainings and Measures.

Similar exemptions for the placing on the market would apply:

- If the cumulative concentration of diisocyanates in the substance or mixture is less than 0.1% by weight;
- Measurements under realistic conditions demonstrate according to Appendix M that only an acceptable residual risk is present if the substance or mixture is used as described and intended (the substance or mixture in the form in which it is supplied to the user, including the combination of such substance or mixture, its packaging and any application aid must be compliant with Appendix "Exemptions");
- The substance or mixture is supplied to a downstream user who uses the substance or mixture in accordance with the provisions described in Appendix N. According to the German proposal the latter condition could be assured if those involved have been trained by the person that placed the product on the market (product stewardship).

Product/use combinations which are possible candidates for exemptions are One Component PU Foam (OCF) or PU construction sealant.

This would require manufacturers and importers of diisocyanates on their own or as a constituent in other substances and importers of mixtures containing diisocyanates to develop a set of teaching material in accordance with the provisions of Appendix "Trainings and Measures" in an official language of the Member State where the substance or mixture is placed on the market before placing the substance or mixture on the market.

The proposal explains that the aim was to identify the diisocyanate-based products with very low potential of risk for all used applications, when developing the Appendix on Exemptions. Specific requirements for the safe handling of these substances are already contained in the German Technical Rules for Hazardous Substances No. 430 and served as a basis for Appendix "Trainings and measures".

Moreover, even though related to a different initiative which is indirectly related to REACH, it is worth highlighting that the [European Parliament recently released its position on the Commission's Communication on a European Strategy for Plastics in a Circular Economy](#). The Resolution contains a series of recommendations to the Commission on the implementation of its European strategy for plastics. The text welcomes the Commission's Communication as a step forward towards managing plastics in a sustainable way throughout the whole value chain and thereby contributing to the EU's transition towards a circular economy.

The text urges the Commission to make resource efficiency and circularity overarching principles, which should apply also to non-packaging plastic items through the development of product standards and broadening the scope of the Ecodesign Directive. More to the interest of the marine sector, the paper calls on the Commission to set minimum requirements in product legislation to significantly reduce the release of micro-plastics at source, in particular for **paints**, textiles, tyres, and cigarette butts.

On a further note, [Commission Decision \(EU\) 2018/666](#) extending the validity of the ecological criteria for the award of the EU Ecolabel to **indoor and outdoor paints and varnishes** was published in the EU Official Journal on 2 May 2018 and entered into force on the same day. The Commission Decision prolongs the validity of the ecological criteria for the award of the EU Ecolabel to indoor and outdoor paints and varnishes until 31 December 2022. In fact, the Commission is expected to carry out a revision of EU Ecolabel criteria for paints and varnishes revising the specific ecological criteria that indoor and outdoor paints and varnishes must meet in order to be awarded the EU Ecolabel. These criteria may include the chemical products used, the recyclability, emissions and waste management. The product group "indoor and outdoor paints and varnishes" comprises indoor and outdoor decorative paints and varnishes, woodstains and related products.

Relevance for marine sector

The legislation applies to substances (a chemical element and its compounds in the natural state or obtained by any manufacturing process, including any additive necessary to preserve its stability and any impurity deriving from the process used, but excluding any solvent which may be separated without affecting the stability of the substance or changing its composition) manufactured or imported into the EU in quantities of 1 tonne per year or more. Generally, it applies to all individual chemical substances on their own, in preparations or in articles (if the substance is intended to be released during normal and reasonably foreseeable conditions of use from an article).

Some substances are specifically excluded, such as radioactive substances, substances under customs supervision, transport of substances, non-isolated intermediates, waste or some naturally occurring low-hazard substances. Some substances, covered by more specific legislation, have tailored provisions, including human and veterinary medicines, food and foodstuff additives, plant protection products and biocides, isolated intermediates or substances used for research and development.

Thus, it is quite evident that all manufacturing industries are greatly affected by REACH, obviously including those areas where IMEC is involved. LOGOS thereby recommends IMEC to carefully monitor the developments regarding specific chemicals that are needed for the day-to-day work of its members.

Brexit is another important factor to take into account when considering REACH. Via a guidance document titled "[Regulating chemicals \(REACH\) if there is no Brexit deal](#)", the UK tried to clarify the picture for the chemical sector in a. This guidance is part of the series of technical notices to allow businesses to understand what they would need to do should the UK leave the EU on 29th March 2019 with no agreement on the future relationship. This document still fails to address the many challenges facing the chemical industry, but also downstream users. On the positive side, the UK made clear that any future regulatory framework in the UK would be based on the REACH model, including HSE and DEFRA's roles.

The guidance focuses mainly on registration, introducing a new notification system for importers of chemicals from the EEA, and asking all producers to

develop a new registration dossier which needs to be identical to the REACH dossier. How EU producers are going to share their data, and who is going to pay for this cost is not mentioned in the guidance. The guidance does not forget about authorisation, as all existing authorisations under REACH will be carried over in UK-REACH.

To summarise, what happens for chemicals in the UK after Brexit is still a big question mark. This document would only apply in case of no-deal Brexit, and major consequences for the chemical industry and many downstream sectors might all depend on political discussions at the level of heads of government. Thus, the future of REACH in the UK will depend on the conclusions of the European Council meetings to come.

Overall, when considering REACH, it is essential to consider its impacts also in relation to other pieces of legislation, such as the WFD.

In relation to waste, it is not considered a substance, mixture, or article under REACH and most obligations do not apply to waste. REACH requirements do apply to recovered materials once they are no longer be considered waste however. There is also an obligation to share information in the supply chain to manage the risks of chemicals in the waste lifecycle stage. This is to clarify the status of recovered materials and to describe the conditions under which recovered substances could still be considered waste.

There is also a link to the Directive (2011/65/EC) on the restriction and use of certain hazardous substances in electrical and electronic equipment (RoHS). A Common Understanding paper has been prepared with a view to achieving coherence in relation to risk management measures, adopted under REACH and under ROHS. The paper is based on the premise that, as regards product-specific legislation on electrical and electronic equipment, RoHS should be given priority in addressing risks pertaining to the use of substances in EEE.

Regarding Persistent Organic Pollutants (POPs), the Stockholm Convention on Persistent Organic Pollutants (the "POP Convention") requires the prohibition and/or elimination of the production, use, import, and export of chemicals listed under Annex A; and a restriction of the production and use of chemicals listed in Annex B. A [Common Understanding paper](#) has been prepared, which examines the relationship between the POP Convention, the POP Regulation and REACH, with regards to restrictions and authorisation requirements.

Next steps

In December 2017 and following many delays, the Commission published [the finalised study on the Impacts of REACH Authorisation](#) which will contribute to the REACH General Report expected in 2022. The study, prepared by Apeiron-Team NV, Eftec, Peter Fisk Associates Limited (PFA) and The Economics Interface Limited, will be taken into account in the 2017 REACH General Report but its results and conclusions will only be fully analysed in the 3rd REACH General Report. The key findings of the study are presented in five areas of investigation: EU market changes for SVHCs

(and their alternatives); Instances of substitution; Costs of authorization; Benefits of authorization and affordability of authorisation for SMEs

The Commission has indicated that the expected General Report on REACH evaluation focusing on 2017-2022 would include another supporting study on the impacts of REACH authorisation. The start date of the study on further development of indicators to monitor environmental and health benefits of EU chemical legislation was 1 January 2017. The study is expected to be completed within 36 months of contract signing, i.e. by the end of 2020.

A public consultation on the Report is planned to be launched in the third quarter of 2021. Once the drafting of the Report is completed, it will be submitted for internal approval by the Commission services. The Commission is required to present the Report during 2022.

Once the Report has been presented, it will then be sent to the European Parliament and Council for examination. Either or both may decide to formally respond to the findings of the Report.

The Commission will consider by first quarter 2019 further measures (such as recommendations, guidance documents, training and pilot projects), under the relevant legislative instrument, to clarify and enhance the role of REACH enforcement authorities as well as customs authorities in the enforcement of REACH.

Regarding diisocyanates, further discussions are expected to take place during their future meetings to be held over 23-24 October and 4-5 December. A vote on the measure might take place during the December meeting. If the Committee issues a favourable opinion on the draft, the Commission would then send it to the European Parliament and the Council for scrutiny. The scrutiny period would last for 3 months. If neither of the institutions objects to the draft, the Commission would then adopt the Regulation, which would be subsequently published in the Official Journal of the EU before entering into force. However, the timeline would very much depend on the launch of the 2 month World Trade Organisation (WTO) consultation assessing whether or not the expected draft measure poses a technical barrier to trade. The possible Commission draft measure would be adopted through the 'comitology' procedure with scrutiny or the procedure of delegated acts (if the changeover to this procedure is completed by then)

Key stakeholders

The relevant staff in the Commission pertains to DG GROW – D1 REACH

- Michael FLUEH - Head of Unit
- O. LINHER - Deputy Head of Unit
- M. BENGYZOV - Desk Officer chemicals
- T. POPOVA - Policy Coordinator - Chemicals
- A. M. BLASS RICO - Policy Officer – Chemicals
- A. BORRAS HERRERO - Legal Officer – Chemicals

Moreover, DG ENV B2 Unit on Sustainable Chemicals also has several officers dealing with REACH:

- Cristina DE AVILA - Head of Unit



- V. BERTATO - Policy Officer - Chemicals in particular REACH Regulation and international
- M. GALLEGO - Policy Officer - Chemicals in particular REACH
- J. HELBIG - Policy Coordinator - Chemicals / in particular International

6. OCEAN GOVERNANCE: EU CONTRIBUTION TO RESPONSIBLE OCEANS STEWARDSHIP

Latest developments

On 17th July, the European Commission published the [2018 annual economic report on the EU blue economy](#). In the report, the Commission examines the progresses of the blue economy in the European Union, in its attempt to reach a sustainable development of oceans, seas and coastal resources. Hence, the sectors composing the blue economy are analyzed in their direct socio-economic impact in terms of employment and value added. The data presented point to the exception growth of the blue economy of some Member States (e.g. Portugal, Spain and Belgium), in which this portion of the economy has grown more than their national economy.

This “responsible” economic development, however, is regarded as being only one side of the coin. As a matter of fact, pursuant to its commitment to strengthening the international ocean governance, the Commission engaged with the UN in negotiations to establish new legal instruments. On 17th September, the Commission attended the first international conference to elaborate a new international agreement to preserve and sustainably use marine biodiversity at the high seas. The next round of negotiations will take place between 25 March and 5 April 2019.

The commitment of the EU will be renewed at the Our Ocean Conference in Bali in October 2018.

The ongoing talks for a new agreement between the ACP (Africa, Pacific and Caribbean) countries and the EU represented a renewed commitment from the European Union to have a leading role in the fight against climate change via a responsible management of oceans.

Background

The Commission's Communication on "A Global Partnership for Poverty Eradication and Sustainable Development after 2015" foresees a leading role for the EU in international ocean governance. The planned Communication on Ocean Governance is to provide a policy outline for the EU in shaping international governance in the UN, in other multilateral fora and bilaterally with key global partners, and foster the blue economy. The objective of the Communication is to address the increasing importance of marine resource use and maritime economic developments in a sustainable blue growth context. The Communication is of course linked to the [Roadmap on Ocean Governance and the EU's contribution to responsible oceans stewardship](#), released on the 05th of May 2016, which will affect the EU as a whole, including third country partners, economic operators and civil society within Member States.

The political context of the initiative relates to the inefficiency of the current existing international governance framework, and the need to find a more balanced equilibrium between the environmental impact caused by the EU maritime sector and the potential of EU maritime economy (where the EU has established a clear lead in pursuing a “[Blue Growth](#)” policy that is internationally recognised). One of the main problems that comes with this is lack of compliance and inadequate implementation of existing rules and

policies, which overlap and tend to not be properly enforced or coordinated between international institutions. Creating a targeted EU policy to develop ocean governance is also an objective, as currently there is no coherent approach to improve ocean governance, which has led to inconsistencies and fragmentation in EU action at international level. This could lead to a lack of business certainty for Europe's maritime industries and risks creating a competitive disadvantage for them at the global level.

On 20th June, the UN Environment and the European Commission agreed to deepen their cooperation through the [2018 Oceans Roadmap 2.0](#). The roadmap continues to support the conservation of marine biodiversity and ecosystems on the way to the Our Ocean Conference in Bali in October 2018 and beyond. In the new roadmap, the European Commission and UN Environment reaffirmed their commitment to protect the world's oceans and seas by:

- Addressing land-based sources to combat marine pollution. A staggering 8 million tonnes of plastic end up in the world's ocean every year.
- Working through existing governance structures such as the Regional Seas Conventions and the Regional Fisheries bodies and other relevant organisations to share best practices and lessons learnt.
- Supporting healthy marine and coastal ecosystems, which can help strengthen capacity for sustainable fisheries.
- Contributing, at regional level, to the implementation of relevant targets and Sustainable Development Goals.

The new roadmap presents opportunities for mutual exchange between the regional governance frameworks and for learning from their current experiences, such as the Barcelona Convention for the protection of the Mediterranean coastal and marine environment. The Convention has a longstanding experience of implementing the ecosystem approach and has been pioneering the sustainable consumption and production approach such as in a regional plan on marine litter.

On the 28th November 2017, the ENVI Committee voted in favour of its [Draft report](#) on the International Ocean Governance: an agenda for the future of our oceans in the context of the 2030 SDGs. The MEPs adopted the Draft Report prepared by Rapporteur Faria (EPP, PT), [amendments](#) (1-267) as well as on the compromise amendments (1-13) tabled by the Committee MEPs. All the compromise agreements were adopted in the ENVI Committee MEPs. The latter request the following key issues to be reflected in the ENVI report, a more effective and integrated governance and protection of the oceans, cooperation between the MS on issues like the ocean research, capacity building and the transfer of technology, stakeholder involvement and public participation in decision-making and access to justice in environmental matters as required under the Aarhus Convention, a reference to deep-sea mining industry and to the need for the Commission to find sustainable alternatives to these activities, sustainable fisheries management practices through the implementation of



management measures and a reference to the ecological and socioeconomic benefits of Marine Protected Areas. The final text of the European Parliament is now available: [here](#).

Relevance for marine sector

The European Parliament's ENVI Committee Report emphasised the key objectives pursued by the ENVI Committee; improving the international ocean governance framework, creating the conditions for a sustainable blue economy and addressing the increasing shipping emissions from maritime transport. This will put an increased regulatory pressure on improving sustainable maritime transport and decreasing GHG emissions. It is clear that the Commission is seriously concerned with the sustainability of the seas and one can expect more initiatives to be presented on this field during the remaining legislature.

The particular policy objectives of the initiative relate more to International Law of the Sea issues, fisheries, seabed mining, and other high-level maritime treaties with extra-EU countries. Therefore, some of the only partially applicable points that could perhaps fall under IMEC's areas could be the "conservation and sustainable use of marine resources" and contribution to the "sustainable growth of Europe's ocean-based economy". The impact to IMEC should be limited given the broad and horizontal approach of the Joint Communication, which focuses more on high-level governance, seabed research, fisheries and security rather than on purely maritime and coastal policy. The Communication has indeed been directed following the results of the [Consultation](#) that took place last year. The scope of the Communication is rather broad and with a strong focus on horizontal environmental policies and security.

Next steps

As both the European Parliament and the Council have responded to the Communication, the legislative procedure could be considered as finalised.

Key stakeholders

DG MARE, Directorate B — International affairs and markets, Unit 1. International affairs, law of the sea and regional fisheries organisations

- NURMI S. - Deputy Head of Unit
- Mr VAN BARNEVELD R. - International Relations Officer

DG MARE, Directorate E — Baltic Sea, North Sea and Landlocked Member States, Unit 1. Maritime Policy Baltic and North Sea

- SIEMERS Haitze - Head of Unit

DG MARE, Unit C1 — Atlantic, Outermost Regions and Arctic, SHEPHERD Iain - Acting Head of Unit - Senior Expert on Integrated Maritime Policy

SECTION II – Other Relevant EU Policies

1. MACHINERY DIRECTIVE 2006/42/EC

Latest developments

Following the publication of the Technopolis study, there have been no other substantial developments in the file.

Moreover, the Machinery Directive Working Group will meet in Brussels on the 5th of November of 2018.

Some key items that will be discussed include the following:

- Information on ongoing activities in the machinery sector
 - Revision of the MD – Impact Assessment
 - Commission Report on broader implications for, potential gaps and orientations for the liability and safety frameworks for AI, IoT and robotics
 - New regulations on road circulation of NRMM
 - Evaluation and impact assessment study on the Outdoor Noise Directive
 - Standardisation requests under the MD
 - Information on CENCENELEC standardisation activities
- Information on market surveillance/Machinery Administrative co-operation activities
- Questions and discussions on standards, including on the guide to the application of the MD, manual boat winches and applicable EU legislation, storage tanks, powered doors, etc.

LOGOS will inform IMEC of the discussions taking place in the meeting in the next update to be delivered in December.

Moreover, the inter-institutional (trilogue) negotiations on the second proposal for a Directive amending EU rules on the [Protection of Workers from Carcinogens and Mutagens Directive](#) are continuing in mid-October. The next trilogue meeting is scheduled to be held on 11 October 2018. If an agreement is reached, then the resulting compromise text will then need to be approved by the EMPL Committee and then submitted to plenary for approval. The Directive would then be adopted by the Council, without debate and then be published in the EU's Official Journal before entering into force.

The proposal for a Directive would amend the Carcinogens and Mutagens Directive to introduce new Occupational Exposure Limits (OELs) for 8 priority chemical agents to which workers are exposed to, with the aim of improving occupational health by reducing exposure to carcinogenic chemical agents.

The proposal suggests:

(1) Adding a new point in Annex I to include work involving exposure to mineral oils that have been used in internal combustion engines, including automobile and motorcycle engines, diesel rail engines,

marine engines, aeroengines, and in engines in portable machinery.

Annex III is also amended to add a skin notation for these substances.

(2) Adding the following limit values for carcinogenic substances:

(a) Trichloroethylene (54,7mg/m³, 10ppm TWA; 164,1mg/m³, 30 ppm for STEL with skin notation); (b) 4,4'- Methyleneedianiline (0,08mg/m³ for TWA with skin notation); (c) Epichlorohydrine (1,9mg/m³ TWA with skin notation); (4) Ethylene dibromide (0,8mg/m³, 0,1ppm for TWA with skin notation); (5) Ethylene dichloride (8,2mg/m³, 2ppm for TWA with skin notation); (6) Polycyclic aromatic hydrocarbons mixtures containing benzo[a]pyrene (with skin notation); (7) Mineral oils that have been used in internal combustion engines and in engines in portable machinery (with skin notation); (8) Benzene (with skin notation).

Directive 2004/37/EC (Carcinogens and Mutagens Directive) sets out health and safety rules regulating exposure to carcinogens and mutagens in the workplace. The Commission proposal aims to update existing rules in line with the latest scientific research in order to improve occupational health by reducing exposure to carcinogenic chemical agents.

Background

The Machinery Directive 2006/42/EC was published on 9 June 2006 and became applicable on 29 December 2009. It was amended by Directive 2009/127/EC. It governs the harmonisation of essential health and safety requirements for machinery at EU level and covers a very large range of products i.e. machinery, interchangeable equipment, safety components, lifting accessories, chains, ropes and webbing, removable mechanical transmission devices and partly completed machinery. The Directive is a total harmonisation Directive based on the principles of the "New Approach to Technical Harmonisation and Standards". It lays down the essential health and safety requirements that machinery must fulfil in order to be placed on the market as well as the applicable conformity assessment procedures to demonstrate that the machine fulfils the requirements.

The majority of the machinery in its scope can be self-certified by the manufacturer who must show compliance with the essential health and safety requirements of the Directive. Certain categories of machinery, with higher risks, defined in Annex IV to the Directive, can be certified making recourse to the involvement of a notified body or by the manufacturer himself when they are produced in compliance with the provisions of European harmonised standards that cover all the applicable essential health and safety requirements of those machinery.

Six years after its implementation, the Machinery Directive has been placed on the "REFIT" list in 2013 in order to evaluate its performance, assess whether a revision is necessary to improve it and align it fully with the New Legislative Framework. An update to the 2nd Edition of the Guide to application of the Machinery Directive has been completed to include the amendments made to the MD by the Directive 2009/127/EC on Pesticide Equipment and the Regulation (EU) No 167/2013 on the approval and market surveillance of agricultural and forestry vehicles. In addition, guidance on "partly complete machinery" and "assemblies" have been added, as well as

inserting clarifications and corrections to the concepts of "safety components", "new and used machinery", and "marking of machinery".

LOGOS informed that the Commission was expected to prepare and come forward with a set of standardisation mandates requesting the European standardisation organisations to develop new harmonised standards for specific machinery. **However, there do not seem to be any specific mentions that should be relevant for the activities of IMEC:** According to the [Annual Union Work Programme for Standardisation 2018](#), the EC highlights that there is a market need for new harmonised standards for specific types of machinery for 3D printers, robots, autonomous vehicles and automated machines. The AUWP states that such innovative products are being developed quickly in response to demand and are spreading fast on the European market and in order to overcome the current situation of self-certified conformity procedures, it is very important that European standards are available to ensure market access. Moreover, the EC also issued a [Communication in the framework of implementation of the MD](#) on 9 June 2017, which referred to the **publication of titles and references of harmonised standards under Union harmonisation legislation**.

The final draft of the study by Technopolis was finally published on the 29th of September 2017 (you can find it [here](#)). The findings and conclusions are based on a programme of research and analyses, which included a public consultation, a series of targeted consultation surveys, a programme of interviews and an analysis of statistical databases and reports. Moreover, the Commission did publish a [Communication in the framework of implementation of the Machinery Directive](#) on 9 March 2018. The Communication provides an updated summary list of references and titles of harmonised EU standards concerning safety requirements for machinery parts. The measure has a merely informative value and replaces all previous lists.

Notwithstanding, the Machinery Directive Working Group met on 19th-20th April 2018 where among other issues, the Group discussed the Evaluation of the MD as well as a Communication on AI and Robotics.

Ms. Bonvissuto (HoU, European Commission's DG GROW C3) stated that the evaluation of the MD is ongoing following the publishing of the Technopolis evaluation study and that the EC would make their analysis available. She informed that the EC have concluded that the MD meets its main requirements and remains relevant, effective, efficient, and coherent. However, she noted that there is a need for greater clarity on some of its provisions as well as greater coherence with other legislation without giving examples. She further commented that some administrative burden was identified and required simplification and that there are some shortcomings in terms of monitoring and effectiveness. She outlined that the MD remains sufficiently flexible to handle technological developments and concluded by stating that If and when the EC propose a revision of the MD an impact assessment will be required. **Orgalime** agreed that the MD allows sufficiently flexible for technological developments but questioned whether this accounts



for the standardisation sector. The EC clarified that its study and the EC's own analysis took this into consideration.

Relevance for marine sector

A list of 9 "higher risks" products have been drafted with the Commission for the consultant to focus on (subject to potential changes pending the feedback of stakeholders): Engines and turbines; Machinery for textile, paper, rubber and food; Machines for metal working; Non-road mobile machinery; Woodworking machinery; Lifts for lifting persons and loads; Lifting accessories; Electric power tools (particularly hand-held and hand-guided); Robotics and automation. As outlined above, engines and turbines are indeed considered as one of the "higher risk" products, therefore IMEC should make sure as a first step that it provides a timely answer to the consultation(s) in order to position itself ahead of the overall review of the Machinery Directive.

Next steps

The next meeting of the Machinery Directive WG will take place on the 5th of November 2018.

Key stakeholders

DG GROW, Unit C3 – Advanced Engineering and Manufacturing Systems:

- Barbara Bonvissuto, Head of Unit,
- Felicia STOICA, Policy Officer
- Mario GABRIELLI COSSELLU, Policy Officer

Study consortium:

- Neil Brown, Senior Consultant at Technopolis

2. NON-ROAD MOBILE MACHINERY (NRMM)

Latest developments

The European Parliament's Internal Market and Consumer Protection (IMCO) Committee is expected to discuss the [Commission's proposal on the EU type-approval legislation \(including non-road mobile machinery\) regarding the UK withdrawal from the EU](#) in mid-October. The discussion would then feed into the amendments to be tabled by Rapporteur Marlene Mizzi (S&D, Malta). Subsequently, unless members or a political group or groups reaching at least the medium threshold in the Committee object to the amendments by 30 October 2018, the Report would be deemed to have been adopted by the IMCO Committee, which can then be sent to plenary. In parallel, the Council Working Party on Technical Harmonisation - Motor Vehicles is scheduled to further examine the Council Presidency compromise text (not publicly available) on the proposal on 10 October 2018.

The Commission proposal would establish a specific derogation from the current EU rules on type-approval of engines for use in non-road mobile machinery, as well as other (agricultural and forestry vehicles, motor vehicles and their trailers or two and three-wheeled vehicles and quadricycles).

The proposed Regulation would, in derogation to the current type-approval rules, allow a manufacturer holding a UK type-approval to apply with a Union type-approval authority for a Union approval of the same type, before the day when Union law ceases to apply in and to the United Kingdom. Moreover, the Union type-approval could be granted on the basis of the same test reports which had previously been used for the granting of the UK type-approval in accordance with the applicable provisions. However, the proposal clarifies, the Union type-approval authority would be allowed to request the repetition of specific tests. Finally, the proposal clarifies that the forthcoming Regulation would enter into force on the third day following its publication in the EU Official Journal.

The proposal would aim to ensure continued compliance with EU law by manufacturers holding type-approvals issued by the United Kingdom type-approval authority by addressing the following problems:

- It should be still possible for manufacturers with type-approvals issued by the UK to apply with the type-approval authority of an EU-27 for new type-approvals for the same types already in production;
- The new regulatory framework should allow, where the tested requirements have not changed, reusing existing test reports for the new applications regardless of whether the technical service in question has been previously designated and notified by the Member State to whom the new type-approval authority belongs;
- It should be allowed to type-approve against requirements all new vehicles need to meet for registration and not against the requirements which all newly approved models (types) have to meet. This would create a level playing field between manufacturers holding a United Kingdom type approval and those already holding

EU-27 approvals. These manufacturers must equally adapt their ongoing production to comply with new vehicle requirements; and

- The full responsibility of EU-27 type-approval authorities for the new approvals they have issued should be maintained, and also obligations for in-service conformity and conformity of production for vehicles (products) already on the market under the United Kingdom type-approval.

Moreover, LOGOS was in touch with DG GROW's C4 Unit, who informed us that the Commission is still planning to present a Report assessing the possibility of installing retrofit emission control devices in engines in non-road mobile machinery (NRMM) during the first quarter of 2019. The Commission Officials clarified that a supporting study which is being carried out by an external contractor is due to be finalized by the end of 2018. Following the presentation of the Report, the Commission will communicate it to the European Parliament and the Council, which may decide to officially respond to it. The expected Commission Report would assess the possibility of laying down harmonised measures for the installation of retrofit emission control devices in engines in NRMM already placed on the EU market. The Report is also expected to address technical measures and financial incentive schemes as a means of helping Member States to comply with air quality legislation, by assessing possible action against air pollution in densely populated areas, as required by Article 60(1) of Regulation (EU) 2016/1628 on emission limits and type-approval of NRMM.

Member State experts discussed the [draft](#) Commission Delegated Regulation amending EU rules on the **monitoring of gaseous pollutant emissions from in-service internal combustion engines installed in non-road mobile machinery (NRMM)**. Previously, the European Commission had launched a short public consultation on the draft on the 1st February. Stakeholders had until the 1st March to submit feedback on the draft measure. During the last meeting of the Group of Experts on Machinery Emissions (GEME) which took place on the 7th March, experts held a Q&A session with Commission representatives on the draft measure. Mr Sanchez Galindo, the Commission's representative held that the ISC was completed as well as that harmonization required for 'properly maintained' and on the number of engines to be tested. Euromot raised a question on the ownership of engines under field-test provisions and an enterprise having multiple legal entities in different regions. The debate will feed into the Commission work. After the GEME meeting, an updated draft was circulated. Compared with the previously available draft, the updated version of the text added a new Article 3a to Commission Delegated Regulation (EU) 2017/655. The new Article would empower until 31 December 2018, national authorities to continue to grant type-approvals to engine types or engine families in accordance with the abovementioned Regulation. At the end of May, the Commission adopted the [Delegated Regulation](#).

The Regulation entered into force on 8 August 2018. The measure was published in the EU Official Journal on 19 July 2018.

The new Article empowers, until 31 December 2018, national authorities to continue to grant type-approvals to engine types or engine families in accordance with the abovementioned Regulation. Moreover, until 30 June 2019, Member States are allowed to permit the placing on the market, of engines based on an engine type approved in accordance with this Regulation.

Regarding the **draft Commission Implementing Regulation correcting and amending EU rules laying down the administrative requirements relating to emission limits and type approval for internal combustion engines for non-road mobile machinery (NRMM)** GEME discussed the draft during the last GEME meeting. During a meeting of the Technical Committee – Motor Vehicles (TCMV) held on the 22nd March, the experts held the final discussions and then voted on the draft Implementing Regulation. The Commission had previously launched a short public consultation on the Commission’s draft on the 30th January, with a deadline for input on the 27th February. On the 8th March, the Commission circulated an [updated draft](#). Compared to the previous draft, the updated version of the text would add a new Article 12a to the Commission Implementing Regulation (EU) 2017/656. The new Article would empower, until 31 December 2018, national authorities to continue to grant type-approvals to engine types or engine families in accordance with the abovementioned Regulation. Moreover, until 30 June 2019, Member States would be allowed to permit the placing on the market, of engines based on an engine type approved in accordance with this Regulation. The Commission presented the draft of the measure for a vote by the Technical Committee – Motor Vehicles (TCMV) on 22nd March, which was adopted by unanimity. The Commission is now expected to adopt it in the coming weeks. Once adopted it will be published in the Official Journal and enter into force.

The Regulation entered into force on 8 August 2018. The measure was published in the EU Official Journal on 19 July 2018. The new Article 10a empowers, until 31 December 2018, national authorities to continue to grant type-approvals to engine types or engine families in accordance with the abovementioned Regulation. Moreover, until 30 June 2019, Member States will be allowed to permit the placing on the market, of engines based on an engine type approved in accordance with this Regulation.

Member State experts are expected to approve the **draft Commission Delegated Regulation amending Commission Delegated Regulation (EU) 2017/654 on the technical and general requirements related to emission limits and type-approval for internal combustion engines for non-road mobile machinery (NRMM) in mid-December 2018**. During a meeting of the Member States Expert Group on Non-Road Mobile Machinery (NRMM) to be held on 14 December, experts are scheduled to discuss the draft measure. Experts would then vote on Commission Delegated Regulation. Following the approval by the NRMM Expert Group, the Commission would send the draft measure to the European Parliament and the Council, who would have two months to raise objections to the draft Delegated Regulation. This period can be extended by two months by either

the European Parliament or the Council. If no objections are raised, the measure would then be published in the EU Official Journal and subsequently enter into force.

The Regulation (EU) 2018/989 amending and correcting the technical and general requirements related to emission limits and type-approval for internal combustion engines for non-road mobile machinery (NRMM) entered into force on 8 August 2018. The measure was published in the EU Official Journal on 19 July 2018.

The Commission Delegated Regulation introduces minor corrections and amendments to Commission Delegated Regulation (EU) 2017/654 on technical specifications for NRMM engine emissions.

Background

Non-Road Mobile Machinery (NRMM) covers a large variety of combustion engines installed in machines. These range from small handheld equipment such as chain saws, hedge trimmers, grass trimmers, brush cutters and blowers, construction machinery and generator sets, up to railcars or locomotives as well as inland waterway vessels.

The main objective of this legislative package is to progressively reduce emissions from compression and spark ignition engines, as between them they emit high levels of CO₂, HC, NO_x and PM.

The main Directive is 97/68/EC and is complemented with amendments introduced through several other Directives. Directive 2004/26/EC included inland maritime engines (inland waterway transport sector). It extends the scope of 97/68/EC, which covers diesel fuelled engines from 19 kW to 560kW for common NRMM and regulates the emission in 3 further stages.

Following technical reviews, public consultations and impact assessments, the EC presented the 'Proposal for a Regulation on requirements relating to emission limits and type-approval for internal combustion engines for non-road mobile machinery' on 25/09/2014. The proposed measures have the objective of cutting emissions of major air pollutants from engines in non-road mobile machinery, and cutting the complexity of the legal framework in this sector, as several technical reviews have shown that the legislation had to be updated as it no longer reflected the current state of the art technology. The new Regulation will replace a patchwork of 28 national laws. It will also repeal the current extremely complex directive that comprises 15 Annexes and has been amended eight times since its adoption in 1997.

On 05th July 2016, the European Parliament adopted in first lecture the compromise reached with the Council on the new NRMM Regulation by a large majority of 623 MEPs in favour. The Council adopted the act subsequently on 18th July. The new [Regulation \(EU\) 2016/1628](#) of the European Parliament and of the Council of 14 September 2016 on requirements relating to gaseous and particulate pollutant emission limits and type-approval for internal combustion engines for non-road mobile machinery, amending Regulations (EU) No 1024/2012 and (EU) No 167/2013, and amending and repealing Directive 97/68/EC" was published in the OJEU on 14th September 2016.

On the 13th of April 2017, three Regulations on Non-Road Mobile Machinery type-approval and emissions were published in the EU Official Journal:

- 1) **Commission Delegated Regulation (EU) 2017/654 supplementing Regulation (EU) 2016/1628 with regard to technical and general requirements relating to emission limits and type-approval for internal combustion engines for non-road mobile machinery.**

17 different issues are covered in the Delegated Regulation: Requirements for any other **specified fuels, fuel mixtures or fuel emulsions**, Arrangements with regard to **conformity of production**; Methodology for **adapting the emission laboratory test results to include the deterioration** factors, Requirements with regard to **emission control strategies**, NO_x and PM control measures; Measurements and tests with regard to the area associated with the non-road steady-state test cycle; Conditions, methods, procedures and apparatus for the **conduct of tests and for emission measurement** and sampling; Method for data evaluation and calculations; **Performance requirements and test procedures for dual-fuel engines**; Technical characteristics of the reference fuels; Detailed **technical specifications and conditions for delivering an engine separately from its exhaust after-treatment system**; Detailed technical specifications and conditions for the temporary placing on the market for the purposes of field testing; Detailed technical specifications for special purpose engines; **Acceptance of equivalent engine type-approvals**; Details of the relevant **information and instructions for OEMs**; Details of the relevant information and instructions for end-users; Performance standards and assessment of technical services; Characteristics of the steady-state and transient test cycles.

- 2) **Commission Delegated Regulation 2017/655 supplementing Regulation (EU) 2016/1628 with regard to monitoring of gaseous pollutant emissions from in-service internal combustion engines installed in non-road mobile machinery.**

This Regulation applies to the monitoring of the gaseous pollutant emissions from NRE-v-5 and NRE-v-6 categories of inservice engines of emission Stage V installed in NRMM. Moreover, the Regulation **applies to engine manufacturers** but not to OEMs. Nonetheless, the Regulation does not apply where the manufacturer demonstrates to the approval authority that it is not able to obtain access to any engine installed in a NRMM for the purposes of in-service monitoring.

The Annex describes the overall procedure step by step, highlighting the general requirements for in-service monitoring, the plan for monitoring in-service engines, test conditions, data sampling methods, test procedures and data pre-processing and validation, test data availability, calculations, confirmatory tests and finally reporting procedures. Moreover, the Appendices describe how to approach the issue from a PEMS perspective, describing the test procedure for in-service monitoring with PEMS, as well as

the procedure to calculate gaseous pollutant emissions or ECU data stream information requirements and conformity of the ECU torque signal.

3) **Commission Implementing Regulation laying down the administrative requirements relating to emission limits and type approval of ICE for NRMM in accordance with Regulation (EU) 2016/1628.**

Finally, the Implementing Regulation is all about administrative requirements and templates which are contained in 10 different in relation to: information folders and information documents, statements of conformity, marking of engines, EU type-approval certificate and information on its numbering system, format of the test report, format for the list of engines referred to in Article 37(1) of Regulation (EU) 2016/1628, templates and data structure for the exchange of data by means of IMI, parameters for the definition of engine types and engine families, and their operation modes, and finally technical details for prevention of tampering.

Additionally, the Commission is expected to present a Report on the potential of **a further reduction of pollutant emissions from engines used in non-road mobile machinery (NRMM)** by the end of 2020. Following the presentation of the Report, the Commission will communicate it to the European Parliament and the Council, which may decide to officially respond to it. The expected Commission Report would assess the potential of a further reduction of pollutant emissions from engines used in NRMM, on the basis of available technologies and a cost-benefit analysis, as required by Article 60(2) of Regulation (EU) 2016/1628 on emission limits and type-approval of NRMM. More specifically, the Commission would have to assess, especially for engines of categories IWP and IWA, the technological and economic feasibility of:

- (i) A further reduction in the emission limit values for PN and NO_x emissions;
- (ii) A further reduction in the A-factor for fully and partially gaseous-fuelled engines in the framework of a climate neutral operation compared to diesel-fuelled engines;
- (iii) The addition of PN limit values to those engine categories for which such values have not been set out in Annex II to the NRMM Regulation.

The Report would also have to identify potentially relevant pollutant types that do not fall within the scope of the NRMM Regulation. The Report may be accompanied by a legislative proposal, if appropriate.

In terms of future initiatives, the Commission is expected to present a **Report on the application of EU rules regarding the type-approval procedures of engines for use in non-road mobile machinery (NRMM)** by the end of 2022. Member States are expected to inform the Commission of the application of the type-approval procedures laid down in the Regulation on emission limits and type-approval of NRMM by the end of 2021, as required by Article 59 of that Regulation.

Furthermore, the Commission is also expected to present a **Report on exemptions and type-approval tests of EU rules on emission limits for engines used in non-road mobile machinery (NRMM)** by the end of 2025. The expected Report would assess the use of exemption clauses provided for in Article 34(4) and (5) of Regulation (EU) 2016/1628 on emission limits and type-approval of NRMM and the monitoring of emission test results. It would furthermore evaluate the tests required for the type-approval of engines as set out in Articles 24 and 25 of the regulation with a focus on the extent to which those tests correspond to real engine operation conditions. The Report should also evaluate the feasibility of introducing tests for particulate pollutant emissions as part of in-service testing. The Report may be accompanied by a legislative proposal, if appropriate.

Relevance for marine sector

Originally, due to a change in the way the scope of the NRMM was defined, all engines falling outside the RCD but not qualifying as sea vessels or inland-waterway vessels were falling into the generic diesel or gasoline engines categories intended for land-use.

Following action taken by IMEC in coordination with Euromot, the scope has been corrected during the trilogue negotiations.

Following the adoption of the new Directive (EU) 2016/1629 replacing Directive 2006/87/EC, the final NRMM Regulation now features an extra-paragraph excluding: “craft as defined in Directive (EU) 2016/1629 of the European Parliament and of the Council and not falling within its scope” as well as:

- sea-going vessels requiring a valid maritime navigation or safety certificate;
- the propulsion or auxiliary purposes of inland waterway vessels of a net power of less than 19 kW;
- watercraft as defined in point (1) of Article 3 of Directive 2013/53/EU of the European Parliament and of the Council.

This excludes most of the engines used for commercial purposes which had been accidentally included in NRMM scope but is only limited to the “crafts” defined by the Directive laying down technical requirements for inland waterway vessels. This definition therefore excludes only the following crafts from the NRMM emission requirements (on top of the other exemptions mentioned above:

“(a) ferries;

(b) naval vessels;

(c) seagoing ships, including seagoing tugs and pushers, which:

(i) operate or are based on tidal waters; or

(ii) operate temporarily on inland waterways

provided that they carry at least:

- a certificate proving conformity with SOLAS, Load Lines Convention, IOPP or MARPOL
- for seagoing ships not covered by the first indent, the relevant certificates and the freeboard marks required by the laws of their flag states,

- for passenger vessels not covered by the first indent, a certificate on safety rules and standards for passenger ships in line with Directive 2009/45/EC
- for recreational craft not covered by the first indent, a certificate of the country of which it carries the flag, demonstrating an adequate level of safety.

Given the lack of more specific definitions as regards “tidal waters” in EU legislative framework, it is anticipated that margin of appreciation will be left to Member States. Nonetheless, given the difficulties linked to applying a classification of engines based on their future use, it will most likely create little issues in real-life.

Given that the NRMM Regulation has been supplemented with three different texts, mainly related to technical and general requirements on emission limits and type approval (including a series of administrative requirements and templates) and monitoring of gas pollutant emissions, it would be advisable for IMEC to evaluate what possible outcomes could these texts bring to the industry at EU level. It is also worth mentioning that during the last months (as described in the last report), the JRC conducted a series of measurements on engines below below 19 kW in the framework of its In-Service Monitoring pilot programme using alkylate fuel. The results showed a strong decrease in emissions, which could potentially pave the way for a wider roll-out of such fuels which could also be applied to marine engines.

Moreover, it would also be relevant to monitor any developments following the news on the fact that the Commission is expected to present a Report assessing the possibility of installing retrofit emission control devices in engines in NRMM by the end of 2018.

Next steps

The Commission is expected to present the Report by 31st of December 2018. The expected Report will then be sent to the European Parliament and the Council, which may decide to officially respond to it.

The expected Commission Delegated Regulation would introduce minor corrections and amendments to Commission Delegated Regulation (EU) 2017/654 on technical specifications for NRMM engine emissions. The expected measure would be a delegated act under the Lisbon Treaty. The launch of the 4-week-public consultation is still awaited. It was expected in November. Member States Expert Group on Non-Road Mobile Machinery is scheduled to discuss and vote on the draft delegated act on 14 December. Following the approval by the NRMM Expert Group, the Commission would send the draft measure to the European Parliament and the Council, who would have two months to raise objections to the draft measure. This period can be extended by two months by either the European Parliament or the Council.

Regarding the Commission's proposal on the EU type-approval legislation (including non-road mobile machinery) regarding the UK withdrawal from the EU, the IMCO Committee will debate the proposal on 10 October. The IMCO Rapporteur is expected to table the amendments to the Commission proposal

by 12 October 2018. Subsequently, the IMCO Committee MEPs would have until 31 October 2018 to raise objections to the amendments. If no objections are raised, the draft Report would be deemed approved.

In parallel, the Council Working Party on Technical Harmonisation - Motor Vehicles is scheduled to further examine the Council Presidency compromise text (not publicly available) on the proposal on 10 October 2018. Subsequently, the COREPER is expected to hold discussions on the proposal in the coming months, with a view to establishing the Council's internal position (General Approach).

Once both the European Parliament's Committee and the Council have established their positions on the proposal, informal negotiations with the aim of reaching a first reading agreement on the proposal are then expected to begin. Any resulting compromise would need to be approved by the European Parliament and by the Council.

Key stakeholders

The main actors within the European Commission are in **DG GROW, C-4 "Automotive and Mobility Industries"**:

- M Hocine, Deputy-Head of Unit
- Philipp TROPFMANN, Lead policy officer
- Luis ESCOBAR GUERRERO Policy officer
- Efren SANCHEZ GALINDO Assistant Policy officer
- Adolfo PERUJO, Technical Projects Officer – JRC

Regarding the **European Parliament**, they are:

- Elisabetta GARDINI, Rapporteur (EPP, Italy)
- Seb DANCE, Shadow rapporteur (S&D, UK)
- Ian DUNCAN, Shadow rapporteur (ECR, UK)
- Jan HUITEMA, Shadow rapporteur (ALDE, NL)
- Stefan ECK, Shadow rapporteur (GUE, DE)
- Bas EICKHOUT, Shadow rapporteur (Greens, NL)
- Evi ELEONORA, Shadow rapporteur (EFFD, IT)

Council Working Party on Technical Harmonisation:

- Magnus LINDGREN, SE national expert
- Douglas HANNAH, UK national expert
- Theun STOFFELS, NL national expert
- Karl-Heinz ZIEROCK, DE national expert
- Franz WURST, AT national expert
- Luca ROCCO, IT national expert
- Krisztian UHLIK, HU national expert

GEME Working Group

The GEME meeting gathers industry, Member States representatives under the chairmanship of DG GROW, together with DG MOVE support (and DG ENVI or JRC on an ad hoc basis) and intends to be a forum for discussion and recently focused on the NRMM co-decision procedure as well as to a large extent on drafting the supplementing legislation.

The last GEME meeting took place on the [7th March 2018](#). First, there was a Q&A on the implementation of Regulation 2016/1628. The Chair explained

the likely consequences of Brexit, a notice of withdrawal from TA to stakeholders was published on the 8th February related to motor vehicles only (2007/46/EC). Similar notes will be published also for vehicles/machinery under Regulation 2016/1628 and 167/2013. The key consequences in practice is that UK established economic operators will need to appoint a representative in the EU. Manufacturers' representatives established in the UK will no longer be considered as established in the EU. UK TAA will cease to be an EU TAA, and thus will no longer be able to perform any function or activity for TAs granted prior to the Withdrawal date and will not be able to issue revisions or extensions of TAs. Euromot asked about the impact on replacement and transition engines and whether the UK type-approved engines would then be considered as such. The Chair, Mr Tropmann from the European Commission explained that such matter should be brought to the EC Task-Force 50 which is taking care of all practical consequences to raise awareness, but cannot commit to the outcome. Euromot also asked whether type-approvals issues before the mandatory date of application of Stage V can still be updated. The Chair said he will be providing written clarifications on this issue as per NRMM Regulation provisions.

There was also a Q&A on the Commission Regulations Supplementing Regulation 2016/1628. On the Amendments to Regulation 2017/654 on technical requirements and test methods, Mr Sanchez Galindo stated that the legal service agrees with one overall text for the amendments and corrections with the same date of application and no retroactive application. On the 1st January 2019, the transitional provisions became applicable for new types and from the 1st July for the placement on the market.

On Amendments to Regulation 2017/655 on in-service monitoring provisions, Mr Sanchez-Galindo stated that the ISC is completed, that harmonization required for 'properly maintained' and on the number of engines to be tested.

The next GEME meeting will take place on the 17th October 2018. LOGOS will inform IMEC of the outcomes of the meeting in the next monitoring issue in December.

The key items in the agenda include the following:

4. Questions and answers on the implementation of Regulation (EU) 2016/1628 of the European Parliament and of the Council;
5. State of play of the Commission proposal for a Regulation complementing EU type-approval legislation with regard to the withdrawal of the UK from the Union
6. Questions and answers on Commission Regulations supplementing Regulation (EU) 2016/1628:
 - 1) Regulation (EU) 2017/654 on technical requirements and test methods
 - 2) Regulation (EU) 2017/655 on in-service monitoring provisions
 - 3) Regulation (EU) 2017/656 on administrative provisions



7. Status report - implementation of the Internal Market Information (IMI) database;
8. Update - Pilot programmes on in-service monitoring (ISM);
9. Update on amendments to UNECE Regulations 96 (Uniform provisions concerning the approval of compression ignition (C.I.) engines to be installed in agricultural and forestry tractors and in non-road mobile machinery with regard to the emissions of pollutants by the engine), 120 (net power of tractors and NRMM) and 132 (Uniform provisions concerning the approval of Retrofit Emission Control devices (REC) for heavy duty vehicles, agricultural and forestry tractors and NRMM equipped with compression ignition engines);

3. OTHER EU-WIDE NEWS (INLAND WATERWAYS, EXCISE DUTIES ON FUEL, TAX LEASING, ALTERNATIVE FUELS, AID TO BOATBUILDING, ETC.)

Inland Waterways – EU Developments

Council experts examined the draft Council Conclusions on the promotion of inland waterway in late September. The Austrian Council Presidency is expected to present a first draft of the forthcoming Council Conclusions (not publicly available). At the time of the writing, the Austrian Presidency aims to adopt the Council Conclusions during the Transport, Telecommunications and Energy (TTE) Council to be held on 3 December 2018. The expected Council Conclusions would emphasize the potential of this mode of transport as well as the necessity to continue the current NAIADES II Programme. The NAIADES II Programme focused on making long-term structural changes in the inland waterway transport sector, in line with the objectives of the 2011 Transport White Paper.

Moreover, the Commission has presented its [proposal for a Council Decision](#) on the position to be taken by the EU in the European Committee for drawing up Standards in the field of Inland Navigation (CESNI) and in the Central Commission for the Navigation on the Rhine (CCNR) on the adoption of standards concerning professional qualifications in inland navigation. The Council Decision, published on 17 September 2018, would have the EU agree to the adoption of the envisaged standards for professional qualifications in inland navigation within the CESNI and at the meeting of the plenary session of the CCNR.

The envisaged standards to be adopted by the CESNI would concern standards for competences, for practical examinations, for medical fitness and for approval of simulators. Subsequently, the CESNI standards would be incorporated into EU law in accordance with Directive (EU) 2017/2397. This would constitute the formal EU position to be taken at the meeting of CESNI, to be held on 8 November 2018 and at the meeting of the plenary session of the Central Commission for the Navigation on the Rhine (CCNR) regarding the envisaged adoption of the European Standard laying down Technical Requirements for Inland Navigation vessels ('envisaged standards').

Italian regulation on licensing requirements for engines

There has been a recent change in the Italian regulation regarding licensing requirements for engines below 40 hp (30 kW to be precise).

Under the previous Italian Decree (DL 171 of 18/07/2005), a driving license was required to drive a boat fitted with an outboard engine:

- Above 750 cc if carburetted 2-stroke
- Above 1 000 cc if 4-stroke or direct injection.

You can access the Italian Official Journal [here](#) (article 39).

However, a new Decree entered into force last 13 February (DL 229 of 03/11/2017), according to which a driving license is now required for a boat equipped with an engine:

- Above 750 cc if carburetted or direct injection 2-stroke



- Above 1 000 cc if 4-stroke.

You can access the Official Journal [here](#) – see article 29 modifying article 39 of the previous decree.

The new Italian Decree makes licensing requirements more stringent than before for direct injection 2-stroke, placing them in the same category as carburetted engines. This is not in line with the emission regulation logic behind RCD II and other national rules (such as Switzerland), which legitimately differentiate carburetted and direct injection 2-stroke.

There have also been updates in the Codice Della Nautica on Safety Equipment and on Safety & Rescue Means (you can access them [here](#) and [here](#)).

Commission calling BE, DE and LU on Alternative Fuels Infrastructure Implementation

Recently, the European Commission requested **Belgium, Germany, and Luxembourg** to [fully transpose into national law the European rules on alternative fuels infrastructure \(Directive 2014/94/EU\)](#). These rules, which concern inter alia harmonised standards for alternative fuels infrastructure and basic provisions to enable electric mobility, play an important role for the functioning of the EU internal market. They also aim to reduce the dependence of transport on oil and to mitigate its environmental impact. The Directive should have been implemented by Member States by 18 November 2016. All Member States concerned now have two months to ensure full implementation of the Directive; otherwise, the Commission may decide to send a reasoned opinion. In 2017, the Commission had already called on 21 other Member States to implement the same Directive without delay.

Excise Duty Exemption for Fuel

The European Commission recently sent a letter of formal notice to **Italy** for treating [chartered pleasure boats as commercial vessels](#), and therefore allowing them to benefit from excise duty exemption on fuel to power its engines. This infringes EU tax rules ([Energy Tax Directive, Council Directive 2003/96/EC](#)) which do not allow such vessels to benefit from excise duty exemption. If Italy does not act within the next two months, the Commission may send a reasoned opinion to the Italian authorities.

It is yet to be seen how the issue will evolve, but the topic should surely be monitored as there are some concerns which could have possible side effects on chartered recreational craft which could be treated as commercial vessels.

EU Aid to Shipbuilding SMEs

Back in early 2018, the European Commission has approved under EU State aid rules Polish support to SMEs in the shipbuilding sector. This measure will encourage new investment and benefit regional development in Poland. Separately, the Commission opened an in-depth investigation into a Polish tax scheme for shipyards. It has concerns that the scheme would give some shipyards a selective advantage over competitors.

The Polish regional investment aid scheme aims to support small and medium-sized enterprises (SMEs) in the shipbuilding sector in the Polish



Pomorskie and Zachodniopomorskie regions. The aid will take the form of grants, interest-rate subsidies and guarantees. The overall budget is around €18 million. The Commission found that the aid will encourage new investment to modernise a sector that has traditionally been very important for the local economy. The Commission also found that the aid was limited to the minimum necessary. It therefore concluded that the positive effects of the project on regional development clearly outweigh any distortion of competition brought about by the State aid.

Moreover, in September 2016, Poland adopted a law giving shipyards operating in Poland an option to pay a 1% flat-rate tax on sales from the building and conversion of ships, instead of paying the generally applicable corporate or personal income tax. This option gives shipyards the possibility of paying less tax than under the normal corporate income tax (19% on taxable income) or personal income tax regime (18% or 32% on taxable income for natural persons, or 19% for entrepreneurs). In addition, the payment of the flat-rate tax is postponed until the building or conversion of a ship is completed.

The Commission started looking into the proposed tax incentive for shipyards after Poland notified the measure to the EC in December 2016. The Commission does not question Poland's right to decide on its tax system. However, under the EU Treaty the Commission has to verify that the tax system respects EU State aid rules and does not selectively favour certain companies over others. At this stage, the Commission has concerns that the proposed flat-rate sales tax constitutes so-called operating aid, which uses public funds to relieve shipyards from costs they would otherwise have to bear in their day-to-day activities. The Commission will now investigate further to determine whether its initial concerns are confirmed.

**EC makes
competence pitch
ahead of IMO
submissions on
non-compliant fuel,
bulk carrier
inspections**

The European Commission has produced a detailed legal explanation of its right to coordinate the European Union's position in IMO ahead of submissions on the carriage of non-compliant fuel and inspections of bulk carriers. In a [proposal for a Council Decision](#), the Commission seeks to justify claims of EU competence over amendments to be discussed in forthcoming meetings of the IMO's marine environment protection committee and maritime safety committee.

The amendments concern Marpol and the ban on carriage of non-compliant, high sulphur fuel in 2020, when global low-sulphur limits kick in, as well as the International Code on the Enhanced Programme of Inspections During Surveys of Bulk Carriers and Oil Tankers.

The justification for a coordinated EU position in IMO dates back to the Lisbon Treaty, though the Commission's Directorate-General for Mobility and Transport has until now not shown any haste in implementing the principle in London. A number of EU governments are unwilling to let the Commission have a bigger say, despite European Court of justice rulings that support the bureaucracy's position.



Yacht damage dispute clarifies product liability implications under EU directive



logos public affairs

The Utrecht Subdistrict Court has provided further guidance under EU [Directive 85/374/EEC](#) regarding product liability in a significant dispute for yacht insurers. The key issue was whether damage suffered by a yacht which caught fire as the result of a safety defect in an air conditioning control panel should be considered damage to the defective part only, or damage to the yacht itself. The German yacht insurer argued that it was entitled to full recovery of the damage caused to the yacht, whereas the Dutch shipyard which had sold the newly built yacht maintained that recovery should be limited to the damage to the air conditioning control panel.

Facts - The owner entered into an agreement with the Dutch shipyard, a yacht dealer, for the purchase of a motor yacht. Subsequently, the seller instructed a foreign shipyard to build the vessel. However, within three months of delivery, a fire caused damage to the vessel. After expert investigation it was established that the fire was caused by an electrical defect in the control panel of the air conditioning system.

The yacht insurer indemnified the insured and sought recovery from the seller of the yacht. The court held that the fire had been caused by a short circuit in the control panel of the air conditioning system.

Legal issues - According to Article 7:24 of the Civil Code, where an object has been supplied pursuant to a consumer sale agreement but falls short of expectations based on that agreement, the owner is entitled to compensation for damages from the seller. However, under Article 7:24(2), the seller cannot be held liable where the failure in performance under the purchase agreement is due to a defect referred to in the articles concerning product liability. Hence, in cases involving product liability, the insurer can hold the seller liable for the defective part only (in this case, the control panel of the air conditioning system), limiting the insurer's chances of recovery. The question at issue, then, was whether the case concerned product liability.

Product liability is at issue when:

- a product has a safety defect which causes death or personal injury; or
- the product has caused damage to another object which is usually intended for private use or consumption and which has been used or consumed by the person suffering the loss, principally for private purposes (Articles 6:185 and 6:190 of the Civil Code).

The shipyard contended that the air conditioning control panel must be differentiated from the yacht itself, thereby leaving the yacht insurer with only limited recovery options. However, the court agreed with the insurer.

Decision - The Utrecht Subdistrict Court held that since the fire had originated in the control panel of the air conditioning system, it could be assumed that there was a safety defect. The question remained as to whether the yacht should be considered 'another object' and therefore separate in relation to the control panel. In other words, was the yacht

defective as a consequence of the air conditioning being defective or did the defect affect the air conditioning only?

The court held that, in accordance with Article 6:187 of the Civil Code, a 'product' is a movable object and should be considered a product even after its incorporation into another movable or immovable object. Therefore, the control panel of the air conditioning must be considered separate to the yacht. However, the question of whether the yacht should be considered 'another object' and therefore separate from the control panel could not be answered on the basis of the definitions on product liability in the Civil Code. Moreover, EU Directive 85/374/EEC does not define 'another object'.

The court reverted to the general provisions regarding property law. In Dec. 2012 the Supreme Court (*ProRail/Rijswijk Wonen* NJ 2013/571) ruled that an object could be considered part of the main object if:

- the two objects were constructed specifically for each other; or
- the main object would be incomplete if that specific component were missing, meaning that the main object would no longer be suitable for its designated use.

The court held that the yacht without the air conditioning control panel would still be suitable for its designated use. However, the control panel was specifically designed for use in the vessel, with a measured recess having been made in the wooden panel against the back wall of the crew cabin where the control panel was placed. Therefore, the control panel of the air conditioning system was part of the yacht and could not be considered another object pursuant to Article 6:190 of the Civil Code.

The court held that the damage to the vessel did not result from product liability; therefore, the seller need not limit its liability on the basis of Art. 7:24(2).

Comment - The decision provides guidance for yacht insurers and increases the possibility of successful recovery. Previously, there was no clear ruling in the Netherlands regarding the question of what should be considered 'another object' within Article 6:190 of the Civil Code and, indirectly, within Article 9(b) of the directive.

The court attached great value to the fact that the control panel was constructed to fit the vessel and therefore the air conditioning system must not be considered 'another object'. Further, the judgment is in line with the directive. However, the applicability of national provisions may not affect the impact of the directive, as for both categories of damages – as mentioned in Article 9 – a reasonable and full compensation for damage caused by the defective product should be guaranteed.

Spanish tax lease system is State aid, ECJ rules

The European Court of Justice (ECJ) on 25 July 2018 ruled that the Spanish tax lease system constitutes State aid in case C-128/16 P (*Commission v Spain and others*), overturning a ruling of the EU General Court. The Spanish tax lease system allowed maritime shipping companies to benefit from a 20–30% price reduction when purchasing ships

constructed by Spanish shipyards, to the detriment of the shipyards of other Member States.

In 2013, the EU Commission declared the law partially incompatible with the internal market as three of the five fiscal measures provided by the system constituted illegal State aid to economic interest companies (EIGs) and their investors and because the law had been unlawfully implemented by Spain since 1 January 2002. The Commission ordered the recovery of the aid from investors and did not permit them to transfer the burden of recovery to other persons. In particular, the Spanish system worked on an ad hoc legal and financial structure organised by a bank, which acted as an intermediary between a maritime shipping company (buyer) and a shipyard (seller).

When a ship was sold, a leasing company and an EIG set up by the bank was interposed by the bank. Then, the bank sold to investors shares in the EIG which took a lease out on the ship from a leasing company as soon as construction began and in turn leased it to the shipping company under a bareboat charter.

The aim of the arrangement was to generate tax advantages for the investors in the EIG and to transfer part of those advantages (between 85 percent and 90 percent) to the maritime shipping company in the form of a rebate on the price of the vessel, the investors retaining the other advantages as a return on their investment (between 10 percent and 15 percent). The tax advantages are derived from five fiscal measures applicable to finance leases (accelerated depreciation and — with authorisation — early depreciation of certain goods), incentives to EIGs (fiscal transparency) and to maritime shipping activities (special regime of tonnage taxation).

The decision was appealed before the General Court. By its judgment of 17 December 2015, the General Court annulled the Commission's decision. The EU Commission then applied to the Court of Justice to set aside the judgment of the General Court. The European Court of Justice set aside the General Court's judgment and hence the case was referred back to the General Court.

The ECJ's opinion - The ECJ noted that the General Court concluded that the EIGs could not be the beneficiaries of State aid on the ground that, as a result of the tax transparency of those groupings, it was the investors, and not the EIGs, who had benefited from the tax and economic advantages resulting from those measures.

The ECJ pointed out that this conclusion incorrectly applied Article 107(1) TFEU on prohibited State aid and contradicted the finding in paragraph 116 of the General Court's judgment that the EIGs had benefited from the three tax measures.

Those advantages favoured the activity of acquiring vessels through leasing contracts, in particular with a view to their bareboat chartering and subsequent resale, carried on by the EIGs, the ECJ said.

Thus, the ECJ stated that the General Court failed to take into account the case-law providing that the classification of a measure as 'State aid' cannot depend on the legal status of the undertakings concerned or the techniques used when it held that the EIGs could not be the beneficiaries of State aid solely because of their legal form and the relevant rules on the taxation of profits.

Additionally, the ECJ affirmed that the General Court's analysis in its judgment is based on the incorrect premises that only the investors, and not the EIGs, could be regarded as the beneficiaries of the advantages arising from the tax measures at issue. Consequently, the condition relating to selectivity was incorrectly examined by reference to the investors, and not the EIGs.

Furthermore, the ECJ stated that the General Court committed an error of law in holding that the advantages obtained by the investors which participated in the STL operations could not be regarded as selective, since those operations were available, on the same terms, to any undertaking, without distinction, without ascertaining. In fact, the ECJ pointed out, the Commission had established that the tax measures at stake, by their practical effects, introduced differentiated treatment of operators, where the operators which benefited from the tax advantages and those which were excluded from it, were, in view of the objective pursued by that tax system, in a comparable factual and legal situation

Finally, the Court of Justice declared that, contrary to what the General Court concluded, the Commission's decision is not vitiated by a failure to state reasons or by contradictory reasoning. Hence the decision of the General Court must be set aside.

SECTION III – European Parliament Intergroups

Background

In the European Parliament, the bulk of MEPs' work is carried through parliamentary committees. They are several committees dealing with topics that may impact IMEC:

- Transport (TRAN)
- Environment and Climate Change (ENVI)
- Internal Market and Consumers (IMCO)
- Industry, Research and Energy (ITRE)

In parallel, some MEPs that wish to be further involved in topics under their responsibility also conduct other initiatives in the framework of intergroups. These groups can be formed by Members from any political group and any committee, with a view to holding informal exchanges of views on particular subjects and promoting contact between Members and civil society.

These intergroups are less formal than Committees and are not Parliament bodies. They cannot express Parliament's opinion but are more used as a way to promote dialogues and conduct more detailed discussions with a larger panel of stakeholders. Intergroups do not meet as often as parliamentary Committees but do offer more opportunities in terms of informal lobbying.

The developments of three intergroups would be of particular interest for IMEC to monitor.

[Seas, Rivers, Islands and Coastal Areas](#)

Latest developments:

The SEARICA Intergroup has been extremely active in the aftermath of the Summer break. Only in September, they held three events. One event on 'The slowing Gulf Stream – A science-policy breakfast discussion' on [4th June](#), where they discussed about the Atlantic Meridional Ocean circulation and its potential on weather and climate in Europe. The discussions, of an essentially scientific nature, aimed at elaborating a framework that would allow to quantify the risk of extreme weather events in the future, and develop early-warning indicators. The second event, held on [5th September](#), focused on the EU Strategy for the Baltic Sea Region (EUSBR). The event represented an opportunity to discuss the results achieved so far by the EUSBR in preventing the pollution caused by hazardous substances such as chemical contamination and plastics in the Baltic Sea Area. The discussions aimed at preparing policy recommendations for the future of the Strategy. The third and last event, on [25th September](#), focused on the educational landscape currently producing European professional marine experts. In this sense, the event resulted in a discussion about what is needed to achieve fit-for-purpose training to ensure that the blue economy benefits from the talent of marine graduate.

Background:

80 MEPs from six different political groups participate in the discussions of the group. This intergroup was launched in 2010 and its work focuses on various policies such as the Integrated Maritime Policy, the Directive on Maritime Spatial Planning, the new European Maritime and Fisheries Fund and the Strategy for Blue Growth reflect the European Institutions' awareness of the possibilities offered by the seas and oceans. More specifically, discussions touch upon areas relating the marine environment, maritime industries, research, maritime transport and European maritime and coastal areas in a specific and transversal way.

Key players

- **Chair:** Ms MEISSNER Gesine (ALDE, DE)
- **11 board Members and 80 MEPs**

[Climate Change,
Biodiversity and
Sustainable
Development](#)

Latest developments:

The CBSD has organised six events since the last monitoring issue.

MEPs Jytte Guteland and Herbert Dorfmann, Co-chairs of the 'Sustainable Forest Management' Working Group of the European Parliament Intergroup on "Climate Change, Biodiversity and Sustainable Development" held a conference on "Which role for forests in the future Common Agricultural Policy?" on [7th July](#). The event aimed at highlighting the essential importance of forestry in terms of positive benefits on the climate and the European circular economy.

MEPs Ricardo Serrão Santos and Alain Cadec, Vice-Chairs of the European Parliament Intergroup, hosted an event on 'The effect of marine litter on fisheries & oceans' on [5th September](#). The event focused on the recently proposed Commission proposals that followed the commitment made with the 'European Strategy for Plastics in a Circular Economy'. More specifically, the event took into account the Commission's 'Proposal for a new Directive on Port Reception Facilities', aiming to tackle sea-based sources of marine litter, and the introduction of the 'Reduction of the impact of certain plastic products on the environment' proposal, addressing the prevention and decline of plastic marine litter from single use plastic items and fishing gear containing plastic, that can potentially be transformed to micro-plastics.

On [26th September](#), MEP Christel Schaldemose, Chair of the 'Polar Regions' Working Group of the European Parliament Intergroup held the event 'At the frontline of climate change: Key changes in the Polar Regions that call for European action'. The event aimed at highlighting areas of polar change that have profound societal, environmental, economic and political impacts – both locally and for Europe at large – in need of urgent attention from both European scientists and policy makers.

On [27th September](#), MEPs Ricardo Serrão Santos and Sirpa Pietikainen held the event 'Science for Post 2020 Environmental Targets: Insights

from Earth Observation of Protected Areas'. The event aimed at highlighting the positive impact that the use of Earth Observation in Protected Areas across Europe can have, in challenges in preserving biodiversity and achieving policy targets.

On [4th October](#), MEP Miapetra Kumpula-Natri, Chair of the 'Bioeconomy' Working Group of the European Parliament Intergroup held an event on 'From research to reality: How Europe's bioeconomy is leading the way to a truly circular economy'. During the debate, panelists could present how, across Europe, innovative companies are growing the bio-based economy, helping create jobs, spurring research and improving people's lives.

Background:

The group was created in 1994 and benefits from a large visibility compared to other intergroups. It is supported by the European Bureau for Conservation and Development (EBCD) and the Fisheries Expert Group (FEG) and its size is also considerable. It is subdivided into 11 working groups chaired by 17 MEPs. The work of the working groups is closely linked to the one carried in the ENVI Committee. On top of that, an Advisory Group represented by Intergroup's stakeholders advises the secretariat and the bureau. The intergroup areas of focus are broad and include environment at large without specifically including marine industry so far. Should there be a relevant event scheduled in the near future, this could be a good opportunity to represent IMEC and get visibility if needed.

Key players:

- **Chair:** Mr Pavel Poc (S&D, CZ)
- **17 Vice-Chairs (MEPs)**

[Long Term Investment and Reindustrialization](#)

Latest developments:

On [26th June](#), the Intergroup organized an event called 'Blockchain – The real fintech revolution?'. The event represented an opportunity to debate about the potential of Blockchain to disrupt practices in the financial markets.

On [25th September](#), the event 'What place for the maintenance of infrastructure in the next MFF?' took place. In the aftermath of the tragic Genoa bridge collapse, speakers discussed the correct ways to ensure a proper level of investments for the maintenance and upgrade of the European transport network.

The day after, on [26th September](#), 'Investing in a social Europe – social infrastructures and the next MFF' shed light on how to tackle the social challenges in the EU via tailored investments.

On [3rd October](#), during the event 'Making better use of public funding: the role of National Promotional Banks and Institutions (NPBIS) in the next EU budget', a study, going by the same name and performed by the Jacques Delors Institute was presented.



Background:

The Long-Term Investment and Reindustrialisation Intergroup aims to provide the European Parliament with a horizontal tool supporting the activities of the relevant committees (ECON, BUDG, ITRE, TRAN, REGI, EMPL, ENVI, etc.), enabling to develop an overview on these topics

Its missions include in particular defining long-term financing needs, identifying bottlenecks and barriers that constitute obstacles for long term investments or discussing and identifying a regulatory framework more conducive to long term investors. Its main objective is to bring around the same table the relevant stakeholders concerned about the long-term horizon (project promoters, investors and legislators). The Secretariat of the intergroup is greatly supported by European federations, national associations and private members (mostly corporate organisations) from different horizons. Intergroup initiatives do not directly touch upon the marine/maritime industries but may be encompassed in larger horizontal topics.

Key players

- **Chair:** Mr Dominique Riquet (ALDE, FR)
- **3 board Members and 80 MEPS**

SECTION IV – Other Relevant Industry News

1. METHANOL FUEL FOR COMMERCIAL MARINE

Content

In attempts to reduce the emissions from marine engines, methanol has been trialled as a fuel in larger marine diesels with some success. Now methanol is being used successfully as a fuel for smaller craft with trials taking place on engines fitted to a pilot boat. This development is taking place under the GreenPilot scheme being developed with the cooperation of a number of Swedish research institutes.

Methanol is an alcohol based fuel and it is mainly produced from natural gas but it can also be extracted from some residual fuels and other organic waste. By using methanol as a fuel for marine engines the emissions of nitrogen oxides, sulphur oxides and particulates are considerably reduced. This makes methanol a viable fuel for use in built up areas hence the development of this fuel for use in a pilot boat and the trials have shown up to a 90% reduction in the emissions.

The GreenPilot trials involved adapting two Scania 13 litre diesel engines to operate on the fuel. Because of its light fuel characteristics, the engines were initially converted to spark ignition with the fuel injected into the air intake of the engines. The final version of the engines now uses compression ignition in a similar manner to a diesel engine which will make them more acceptable in the commercial sector. The methanol engine produces 400 kW and meets all current emission standards. Following the successful trials with these engines in the pilot boat it is anticipated that engines for full scale trials will be delivered in 2019. The fuel works with both variable speed engines such as those in the pilot boat and for fixed speed units such as generators.

You can read more [here](#).

2. SMARTER ENGINES FOR A SMARTER FUTURE

Content

Modular design of engines like the Wartsila 31 will make further digitalisation and hybridisation easier Modular design of engines like the Wartsila 31 will make further digitalisation and hybridisation easier.

For the smart marine ecosystem to emerge – with ships operating to maximum efficiency as well as communicating with ports to reduce waiting times - you need smart marine engines. To help make machines smarter, an internal reorganisation has brought the four-stroke business within Wärtsilä closer to the company's hybridisation and digitalisation expertise, Kytölä reports. The importance of this proximity is evident in the new Wärtsilä HY propulsion concept, under which the company is marketing integrated propulsion packages that combine battery packs of different sizes with engines.

The battery element means that the HY systems are capable of harnessing power from non-traditional inputs – for example renewable

wind and solar power – with the flow of energy directed by a ‘smart’ power management system that monitors power demand across the ship system and decides whether energy needs to be stored in or drawn from the batteries.

One notable step towards standardisation is a modular approach to engine design. One benefit of this approach is that it enables easier introduction of new features required for smarter operations. This idea influenced the design of the recently launched Wärtsilä 31 engine, which was initially revealed at the Norshipping exhibition in 2015.

You can read more [here](#).

3. CHINA MAKES FURTHER CHANGES TO ITS ECA TIMELINE

Content

The Chinese regional authorities of Shanghai, Zhejiang and Jiangsu Provinces have issued formal notices stating that ships calling at the provinces’ ports on or after 1 October 2018 will be required to use fuel with a sulphur content not exceeding 0.5% while navigating and berthing within the provinces’ waters and port areas. According to Huatai Insurance Agency & Consultant Service Ltd., the authorities’ recent notices signify an earlier than expected start of a 0.5% sulphur cap in the Yangtze River Delta ECA and amend the original timeline as follows:

- Since 1 January 2018, ships have been required to burn fuel with a sulphur content not exceeding 0.5% while berthed at all ports within the three ECAs. Ships must switch to compliant fuel within one hour of arriving at their berth and burn compliant fuel until not more than one hour prior to departure.
- From 1 October 2018, ships must burn fuel with a sulphur content not exceeding 0.5% at all times while operating inside the Yangtze River Delta ECA. Hence, from this date, any fuel change-over operation should be completed prior to the entry into or commenced after exit from the Yangtze River Delta ECA.
- We understand the situation in the Pearl River Delta and Bohai-rim Waters ECAs remains unchanged and the requirement to burn compliant fuel at all times inside these ECAs will take effect as per the original timeline, that is, from 1 January 2019.

The correspondent states that ships may use exhaust gas cleaning systems or other alternative means to meet the emission control requirements. In addition, the authorities emphasise that, in ports where shore power is available, ships with shore connection capabilities must use them while at berth. See also our correspondent’s circular PNI1814 of 31 August 2018 for further details.

Recommendations - Vessels trading to Chinese ports are advised to note the above and instruct their ships accordingly. To avoid any delay or penalty being incurred by the ship, owners and operators should:

- Revisit bunkering strategies and fuel change-over procedures to ensure compliance with the relevant Chinese ECA requirements;

- Emphasise the importance of proper logbook recordings, such as the date, time and position of the ship when any fuel change-over operation is completed, in order to demonstrate compliance;
- Ensure that the quality of fuel purchased can be documented, e.g. by obtaining and retaining onboard bunker delivery notes (BDNs) and representative samples of the low sulphur fuel oil delivered;
- Verify the applicable ECA and port requirements at any given time with the local agent or port authorities well before arrival as local cities and relevant authorities continue to evaluate the implementation of the new regulation and the control measures to be taken.

You can read more [here](#).

4. MAN ADDS LPG BURNING ENGINE TO TWO-STROKE DUAL-FUEL LINE-UP

Content

At a ceremony at its PrimeServ facility in Copenhagen, Denmark, before a group of shipowners, shipbuilders, designers, and the international media, MAN Energy Solutions unveiled its latest two-stroke engine, the dual-fuel MAN B&W ME-LGIP engine designed to burn Liquefied Petroleum Gas (LPG).

Attendees to the event witnessed the seamless switchover from diesel to LPG on the ME-LGIP engine on the test bed. MAN Energy Solutions says the MAN B&W ME-LGIP is the only liquid gas injection dual-fuel engine on the market. It will allow ship operators to switch from Heavy Fuel Oil (HFO), Marine Gas Oil (MGO) and LPG fuels with no loss of performance. Burning LPG could offer owners another choice to comply with IMO's 0.5% global sulfur cap on marine fuels starting January 1, 2020. LPG contains zero sulfur and is readily available globally. MAN Energy Solutions also reports that the ME-LGIP engine has experienced an up to 18% reduction in CO₂ and about 90% reduction in particulate matter when running on LPG, compared with HFO.

This past March, MAN Energy Solutions won its first order for the new engine for two VLGCs (Very Large Gas Carriers) being built for Belgium's EXMAR at Hanjin Heavy Industries' facility in Subic Bay, the Philippines. The 80,000 m³ newbuildings will each be powered by an individual MAN B&W 6G60ME-LGIP Mk9.5 engine.

You can read more [here](#).

5. ROLLS-ROYCE UNVEILS ECO POD PROPULSION SYSTEM

Content

Rolls-Royce has launched a minimal oil 'Elegance' pod system for propulsion which includes a Permanent Magnet (PM) motor driven Pod with a hydrodynamic design for optimal efficiency over a large speed range. The compact ice-class pods for the 1.5 MW to 7 MW power range have a low oil content and double barrier seal solution for minimal environmental impact. They are also optimised for performance through their compact design and high hydrodynamic efficiency. The new Twin



Tail improves the unit efficiency further, as well as reducing noise and vibrations.

The pod's low noise and vibration offers quiet operation which is useful for applications such as research vessels. The pods are delivered in a system with Rolls-Royce's Active Front End Converters, either fed from a conventional 690V system or through transformers on a medium voltage distribution system, such as the company's SAVe Step solution. The different Rolls-Royce SAVe electric systems are designed to fit a various range of vessels, giving an enhanced diesel-electric performance that is optimised for each shipowner's use.

Batteries from the SAVe Energy portfolio can be integrated into the SAVe systems to perform load smoothing on the engines and increases the redundancy in the propulsion system. The SAVe system can then deliver continuous power to the pods, allowing a power-generating capacity reduction by up to 30%. This means the pods could operate on battery power alone when in harbour, or for limited periods with zero emissions, dependent on the battery capacity.

You can read more [here](#).

6. RECREATIONAL BOATING MARKET IN U.S. TO WITNESS AROUND 5% CAGR TO 2024

Content

Increasing customer spending for tourism is boosting the U.S. recreational boating market demand. Proliferating usage of boats for leisure and water sports activities such as river rafting, kayaking, racing, and sailing are enhancing the production of pleasure crafts, thereby strengthening industry size over the forecast timeframe.

Continuous government support to upgrade and maintain the recreational boating infrastructure will drive the industry share over the forecast timeframe. For instance, in 2015, the U.S. Fish and Wildlife Service through the Boating Infrastructure Grant (BIG) program announced grants of worth over USD 14 million. It aims to maintain and upgrade the boating infrastructure along with providing strong support for manufacturers.

Florida recreational boating industry will exhibit over 6.5% CAGR over the study period. This growth can be attributed to the increasing government initiatives to educate and encourage the participation of customers for recreational boating. The U.S. recreational boating market size from the outboard boats segment will capture the highest volume share accounting to more than 70% over the forecast time frame. This growth can be attributed to the enhanced space availability in the cockpit, improved maintenance owing to easier detachment of the engine from the boat, and maneuverability further supporting the industry growth.

In terms of power, the engine powered segment from the U.S. recreational boating market share will show a significant growth rate of around 4% between 2018 and 2024 owing to the increasing usage of engines in several boats including inboard boats, outboard boats, and PWCs. The engines powered by ethanol, petrol, and diesel fuels provide alternatives



to customers contributing towards the industry revenue share. The stringent regulations by the U.S. Environmental Protection Agency leading to the introduction of hybrid and electric boats will play a key role in driving the business revenue.

You can read more [here](#).

7. WÄRTSILÄ HY HYBRID POWER MODULE GETS FURTHER VALIDATION WITH AIP FROM ABS

Content

The technology group Wärtsilä's hybrid power module, Wärtsilä HY, has been granted Approval in Principle (AIP) by ABS, a leading global provider of classification and technical advisory services to the marine and offshore industries. This AIP follows another issued by ABS in 2017 for Wärtsilä's hybrid propulsion tug designs.

The Wärtsilä HY was developed by leveraging Wärtsilä's technical strengths in engine design and electrical & automation (E&A) systems. The fully integrated hybrid power module combines engines, an energy storage system, and power electronics optimised to work together through a newly developed energy management system (EMS). It is the marine sector's first hybrid power module of this type produced, thereby establishing a new industry benchmark in marine hybrid propulsion.

With the increased industry focus on environmental compliance and operational performance, many ship owners and operators are shifting their attention to electric propulsion and non-conventional sources of power. The ABS Advisory on Hybrid Electric Power Systems has been published to provide guidance in the development of new concepts.

You can read more [here](#).