

May 2019

Quarterly EU Report



*Logos has completed this report with the help
and input of ICOMIA's Environmental and
Technical Consultants*

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Executive Summary

There have been important updates concerning the developments of the **Ship Recycling Regulation**, as yards in Norway (5), Denmark (2) and Turkey (1) will be added to European list of 'approved' ship recycling yards. The European Community Shipowners' Associations (ECSA) has also released a report of its fact-finding mission to India's ship-recycling facilities in Alang, in the State of Gujarat.

Regarding the **Biocidal Products Regulation**, this last quarter has not seen key updates on Product Type 21, but it is essential to mention that a Commission Report on the regulatory Fitness of all chemicals legislation (excluding REACH) will be released before the Commission's high-level EU Chemicals Policy 2030 conference in Brussels on 27-28 June. Moreover, during the Chemical Watch Biocides Symposium in Rome, stakeholders dealing with BPR and even institutional representatives called for the complexity of BPR regulations, stating that according to estimates, bringing a new substance to the EU market takes at least 5 years and a minimum cost of 750k€, making ROI extremely shallow especially for SMEs.

On **Port Reception Facilities**, the key developments since the last report relate to the fact that the European Parliament and the Council reached an agreement on the Commission's proposal. These new EU rules on the delivery of waste from ships are expected to enter into force in the second quarter of 2019. According to statements made by the Council, the Commission also took note of the co-legislators' call to assess the need to review Directive 2005/35/EC on ship-source pollution and on the introduction of penalties for infringements to provide an adequate legislative framework to address ship pollution and also to align it to the PRF Directive. The new PRF Directive would in fact have a wider scope by covering waste as defined in MARPOL Annexes I, II, IV, V and VI. The German delegation also submitted a statement, explaining that it does not support the agreement reached during the last trilogue, stressing that it opposes the introduction of compulsory arrangements for cost recovery systems. With regard to this, the delegation indicated that the compromise reached does not take in sufficient account the different size and structure of ports, and that fees fall under the competence of Member States.

On the **Marine Strategy Framework Directive**, we provide an update mainly related to ICOMIA Environmental Consultant's report serving as a contribution to the public consultation as part of the Fitness Check of the EU WFD. In this report, among many other issues, ICOMIA stresses that there are many issues to be solved which directly affect MSFD topics, including Transitional and Coastal Water Bodies and a lack of policy coherence between the MSFD and WFD in a series of areas such as hydromorphology, new projects in coastal waters, etc. Logos also comments on the GloFouling Partnership, a project to address the transfer of harmful aquatic species through biofouling in some of the developing regions of the world.

As mentioned above, on the **Water Framework Directive**, we focus our reporting on the Fitness Check of the WFD, providing a general view of ICOMIA's feedback to the European consultants dealing with this. Some key issues put forward by ICOMIA include the lack of recognition of the role of sediments, overlaps between the WFD and the MSFD, the impact of climate change in WFD implementation, a sheer need to ensure better coordination between different EU regulations and directives (as there are incompatibility issues between some of the objectives of these texts), diffuse pollution, etc. ICOMIA concludes by stating that the 2027 is not realistic

considering past experiences. Logos also mentions that there is a preparatory study being prepared assessing the economic value of water and water services in the EU.

The 8-week public consultation on the Revision of the **Monitoring, Reporting and Verification of CO2 emissions from maritime transport** file showed disagreement among the stakeholders with regards to evaluation of vessels' performance and reporting parameters. However, the European Elections represented a considerable obstacle for the activity of the co-legislators on the legislative proposal. Substantial developments are only expected to start after the summer 2019.

Regarding the **Proposal on the Protection of Workers from the Risks related to Carcinogens and Mutagens at Work**, the most important update related to the fact that a fourth amendment is expected (but not confirmed yet) which would include the following substances: nickel compounds, acrylonitrile and benzene. On the third amendment, it is key to mention that the Council formally adopted the compromise agreement reached on the Commission's third proposal on 21 May 2019.

On the **EU Timber Regulation**, the FLEGT/EUTR Expert Group met in Brussels on the 30th of April of 2019, and covered highly relevant topics including concerns on Myanmar and an application of the joint non-negligible risk assessment, updates on EUTR implementation, reports on trade in illegally harvested timber and derived products from Myanmar and Africa-China (EIA), update on support services for implementing the EUTR and FLEGT Regulation (UNEP WCMC), etc. Moreover, starting from June 1, Vietnam will be able to export only verified legal timber products to the European Union (EU) markets as the Voluntary Partnership Agreement on Forest Law Enforcement, Governance and Trade (VPA/FLEGT) will officially enter into force.

In what concerns the **EU-US Trade War**, there are very relevant ongoing updates. EU trade ministers met on the 27th of May to discuss state of play of the EU-US trade war after the decision by President Trump to postpone by 6 months the imposition of duties (up to 25 %) on auto parts. However, President Trump made the request to find a solution within that timeframe to restrict import of cars and auto parts from the EU and Japan. In parallel, negotiations with the US on tariff reductions have stalled upon the scope of these tariff eliminations. The US is asking for agriculture products to be covered. The threat of imposing tariffs on cars has started to raise some discording voices among Member States, notably Sweden which has an approach to extend the scope of products covered by the tariff elimination to all sectors in order to avoid tariff on cars. This approach was rejected by the French government, so the discussions promise to be complex.

On **Brexit**, the 2019 European elections and pending change of the Commission have moved the EU to make changes to its Brexit negotiation team. Large changes to the British negotiation team are expected as a result of the Conservative leadership contest and the pending change of Prime Minister. The European Council summit on 20-21 June will assess the developments in the UK and its conduct in the EU Institutions will be subject to a review. Once taking office, the new UK Prime Minister is expected to attempt to renegotiate the Withdrawal Agreement with the EU. The decision on how the UK leaves the EU will therefore be for the next Prime Minister to decide, with a more hardline stance expected to be adopted. This is likely to lead to more opposition and as such could precipitate a General Election. The 25 September is the latest date for the opposition to force a General Election and be able to install a new UK Government before the withdrawal of the UK from the EU on 31 October.