

Challenges still lie ahead with EU ETS for shipping



Implementation of the EU Emissions Trading System (EU ETS) for shipping is still creating challenges for the industry with some parts of the legislation yet to be enacted and decisions to be made on who will be responsible for paying the charges still undecided.

[Nick Savvides](#) | Nov 24, 2023

According to a recent paper published by law firm Watson Farley and Williams (WFW) there are two options available to the authorities, the shipmanager or the owner and these were set out by partner Dr Clemens Hillmer.

“In such cases, should a shipowner and its manager decide in their bilateral management agreement which of them is responsible for ETS obligations (“Option 1”)? Or should the manager *always* be responsible for those obligations provided the shipowner has delegated responsibility to comply with the ISM Code to him (“Option 2”)?”

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Hillmer said that the EU published a draft an EU Implementing Act on 1 September 2023 which deals with this dilemma. The EU had opted for option 2.

Effectively the EU has allowed owners and managers to choose who is responsible for compliance with the EU ETS, but if a manager is chosen then the company must supply the administering authority with a document from the owner confirming the decision.

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The EU Implementing Act, which does not have to be ratified by member state parliaments, is mentioned as one of the uncertainties that still persists in the implementation of the EU ETS less than two months from the enforcement date.

Albrecht Grell, MD at OceanScore, said that the majority of charterparties have not agreed a method to deal with the EU ETS; while much of the regulation is in place some elements are still to be worked out, including whether some elements of the new regulations were enforceable.

He asked, "If a Chinese operator manages vessels for a Japanese owner and the EU comes after you, how is this enforceable?"

Even so with the enforcement date looming, and an understanding that enforcement will be eased over the initial period, the most pressing factor for many operators is managing the EU ETS process.

At a press conference in London on 22 November Grell made a compelling case for his company to handle the process with its OceanScore technology that automates much of the EU ETS process.

OceanScore is essentially a one-stop automated system barring some processes that cannot be automated. Grell argues there will always be manual inputting of

a limited amount of the data, mainly due to the access requirements to the Union Registry, where EUAs are acquired.

Managing the system will require trained staff said Grell, putting OceanScore at the forefront of meeting those challenges, which has been recognised by such companies as MSC and vessel owner Peter Döhle.

While the larger companies have sought to employ OceanScore, it is interesting to note the comments of a more modest player, the Hamburg-based OKEE Maritime, which operates a fleet of seven feederships and two MR2 tankers.

OKEE's Managing Partner Georg von Rantzau said the company was looking for a holistic and efficient solution for the handling its emissions. "In partnering OceanScore with StormGeo, we found their solutions best suited in preparing for the upcoming challenges on our path to a more sustainable and greener future."

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