Containers Regulatory

Tanger Med, East Port Said added to EU's upcoming emissions regulations

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To reduce the risk of evasive port calls and relocation of container transhipment activities to ports outside of the European Union, the European Commission has announced that containerships sailing from a non-EU port to discharge cargo at an EU port by the way of Tanger Med or East Port Said will pay for 50% of emissions.

A recent European Commission directive set out an exclusion from the definition of 'port of call' of stops of containerships in a neighbouring container transhipment port.

For a port to be identified as a neighbouring container transhipment port, it needs to meet several criteria. Namely, the port's share of transhipment of containers must exceed 65% of the total container traffic of that port during the most recent 12-month period for which relevant data is available. Also, the port must be located outside the EU but less than 300 nautical miles from a port under the jurisdiction of a member state. Both Tanger Med and East Port Said fulfil all these conditions and, according to the European Commission should be identified as neighbouring container transhipment ports.

The industry has already pointed out the <u>risks</u> of possible cargo diversion due to ETS inclusion in shipping which is coming into force in January. This could directly affect the competitiveness of European ports and the entire supply chain related to these ports.

Without the European Commission's directive, there was a risk of shipping companies avoiding costs derived from the ETS by changing the order of port calls, so the main part of the voyage is done between two non-EEA ports and reconfiguring the routes, making non-EU terminals transhipment ports and thus, diverting much of the traffic that feeds the major European terminals.

Industry players previously <u>predicted</u> a reduction of the transhipment business with ships of Asian and American flags choosing to dock at other non-European ports such as Tanger Med, East Port Said, and in Turkey.

The European Commission stated that it should monitor the implementation of the EU ETS in relation to maritime transport and detect evasive behaviour to address such behaviour at an early stage. The commission added that it would propose, where appropriate, measures to address this kind of behaviour. To ensure the effective functioning of the EU ETS, this regulation will apply from January 1, 2024.