



**EUROPEAN SEA PORTS ORGANISATION** ASBL / VZW  
**ORGANISATION DES PORTS MARITIMES EUROPEENS** ASBL / VZW

**To ENVI committee members,**

Dear....,

The European Sea Ports Organisation (ESPO) represents the port authorities, port associations and port administrations of the seaports of the Member States of the European Union and Norway.

We are writing you regarding the upcoming debate and vote in the Environment, Public Health and Food Safety Committee about the European Commission proposal for a ship recycling regulation, that takes place next Tuesday 26 March. We would like to share with you our concern on the proposed amendments related to the establishment of a ship recycling fund and the effects of these proposals on European seaports.

**ESPO acknowledges the need for action towards conscious ship recycling**

We agree that it is unacceptable that end-of-life ships are being dismantled in conditions that violate human rights, labour rights and environmental protection laws. In this respect, we acknowledge the need for action and fully support the early ratification and entry into force of the Hong Kong Convention. We therefore also understand the fundamental reasoning which is at the basis of the Commission's regulation proposal and the draft ENVI report.

**ESPO opposes the suggested "tonnage-based port levy" as it is proposed**

According to the compromise proposal on article 5a, a recycling fund has to be created, that will help to finance the extra cost of conscious recycling. Every ship calling at an EU port has to pay a tonnage-based recycling levy irrespective of its flag. In other words, the fee is to be paid independent of the freight that is loaded or unloaded in the port. Following this amendment proposal, the port authorities are made responsible for 1) collecting the respective taxes per port call of both EU and non-EU ships and 2) transfer them on a regular basis to the central authority that will be managing the recycling fund. In addition, the suggested mechanism leaves open issues related to the management and control of the number of port calls and respective payments and the issue of enforcing compliance of the ships.

We oppose the proposed "tonnage based port levy" for different reasons:

1. Increased costs of maritime transport in Europe and associated risks

The main effect of making port authorities responsible for collecting the ship recycling levy and our main point of concern is the unwanted increase of the cost of calling at European ports and the potential unwanted effects of evasion of traffic to non-EU ports, change of traffic patterns within the EU, and modal back shift from sea to inland transport modes.

The proposed port levy (0.05 euro per gross tonne) would increase significantly the costs of calling at EU ports. ESPO members reported an average increase up to 25%. The impact assessment that was commissioned by the European Parliament predicts even more dramatic increases (up to 167%) in the cost of port calls (table 19, page 55). At the same time, the impact assessment implies that this would not have serious

consequences on traffic patterns, ignoring the fact many EU ports are located in very close proximity to non-EU ones.

We emphasise that the impact of the proposed recycling levy has to be examined together with other regional measures that already seriously influence the cost of maritime transport in Europe and the competition with non-European neighbouring ports. This is in particular the case for the new regulations in Sulphur Emission Control Areas (SECAs) and further EU initiatives that are in the pipeline (e.g. regional measures for controlling GHG emissions from ships).

The sum-total risk of evading traffic to non-EU ports therefore needs to be seriously considered, especially in the Mediterranean, the Black Sea and the Baltic Sea. As a consequence of the increased costs of calling at EU ports, one could imagine that non-EU ports would be preferred. For example, North African or Turkish ports could become a preferred choice as the first ports of call in the Asia-Europe corridor (with a series of feeder services to then serve the continent) and could also absorb any transit services from Asia to the American continent that currently call in South European ports.

Change of traffic patterns within Europe could potentially occur as a result. For example, one could imagine an increase in the number of feeder vessels that would call at EU ports if the above described shift to non-EU ports takes place. This could in turn have negative environmental effects through increased traffic and air emissions. A potential modal back shift from sea to inland transport modes is also a serious threat that is particularly relevant in the Baltic Sea, again in combination with the SECA regulations that will be applying by 2015.

Even if at this stage we are not in a position to assess the exact magnitude of the above risks, we cannot accept the arguments of the impact assessment that no risk or problems are to be foreseen.

## 2. Conscious ship recycling is primarily the responsibility of shipowners / operators and ship dismantlers

We believe that conscious ship recycling should remain the primary responsibility of shipowners / operators and ship dismantlers. Within their regulatory role, port authorities are responsible for ensuring high environmental and safety standards when it comes to own operations and operations within the broader port area that have an immediate local and regional impact. In line with the sector's commitment to voluntary self-regulation, European port authorities can demonstrate evidence of continuous improvement of their own environmental performance over 15 years. It is clear that the sustainable performance of port users is an important element of local and regional impact. In that respect, port authorities have set up different voluntary initiatives to encourage shipowners to improve their environmental performance. The success and positive results of initiatives such as the Environmental Ship Index and the Green Award scheme that aim to reward "green" shipping demonstrate that this approach works very well.

## 3. Port authorities are not tax collectors

We fundamentally oppose the fact that the proposed recycling levy would impose an enforcing, tax collector type of role upon port authorities through the proposed recycling levy. This falls outside their responsibilities and is completely in contrast with their role as port developers. The proposed mechanism is very burdensome and would

undoubtedly add a varying level of administrative, technical and financial burden to port authorities. We believe that this is contrary to the polluter pays principle.

**In conclusion**, even if we acknowledge the need for action towards conscious recycling of ships, we believe that the negative effects of a tonnage-based port levy in terms of losing competitiveness against non-EU ports, market distortions, deteriorating well established sustainable transport targets and causing additional bureaucracy, clearly outweigh the potential benefits of stimulating better recycling methods.

In line with the above, we kindly ask you to reconsider your views on the recycling levy as proposed in the compromise amendments. We are willing to continue the discussion with all interested parties on how to achieve the well-intended aims for conscious ship recycling while avoiding the risks of potential side effects.

Sincerely yours,



**Patrick Verhoeven**

Secretary General

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