

6. ENGLISH SUMMARY

6.1. Chairman's review

The first part of 2022 has confirmed, after two years shaped by the flow of the pandemic, persisting uncertainty and instability worldwide, with maritime transport that is continuing to be impacted. If the sanitary emergency has come to an end, shipowners companies are facing even more challenging situations although demand has finally raised back even for short sea-shipping for passengers, which has been particularly harmed during the crisis. After the drastic reduction in passengers' traffic, said services have resumed at least partially, in 2021; this positive trend is backed by the estimates of the current year. Cruise services are experiencing the same rise, with a full recovery expected in 2023. This upgrade has been linked to the strict and thorough sanitary policy that shipowners have enforced to assure basic necessities and crucial industrial supplies, despite the challenging operating conditions generated by the pandemic. As stated, 2022 is bringing new challenges with the Russian-Ukrainian conflict that has led to the application of MarSec 3 in the Black Sea and in the Azov Sea. To face this crisis, several Countries such as the EU Member States and the USA have imposed strict economic sanctions against Russia which, from its side, has implemented akin policies towards those who decided to support militarily Ukraine. The conflict has directly impacted maritime transport, which, by nature, is very much affected by geopolitical tensions. Assarmatori has actively participated on the ongoing discussions at the national and international levels and, as during the pandemic, the role of maritime transport as an essential infrastructure and as more generally the backbone of the economy, has been highlighted by the Russian-Ukrainian conflict. While stressing its value and importance on the global realm, the current crisis has, once again, emphasised the fragile nature of shipping. 2022 is also the starting point for the shipping decarbonization, which definitely represents a substantial challenge for the sector, also due to the following application of the European Fit for 55 legislative measures. Since its publication on the 14th of July 2021, Assarmatori has raised its voice at the European level concerning the risk of penalizing the national maritime and port sectors and has conducted a thorough analysis of all the impacts of the Package's relevant proposals on the national fleet. Likewise, the opening of the Assarmatori's office in Brussels represents a milestone of the outgrowth of the Association's activities before the Institutions that define the future of our sector. This year will, in addition, be the turning point for the revision of the legislation related to the Italian Law No. 30/98. Ensuring the extension of state aid to local, national and international transport by Ro-Ro/Ro-Pax ships will avoid the risk of delocalising national enterprises and reducing competitiveness in respect of countries with a more favourable fiscal regime, with, in the end, marked positive spill-over effects on maritime employment.

Finally, the extensive opportunities of the National Recovery and Resilience Plan and of its linked Complementary Fund, must necessarily go alongside to a simplification of the countless laws governing the sector, which should provide for a unified governance of the "sea sector". Shipowners move goods and passengers with passion and professionalism despite the several challenges occurred, improving the reference framework during the past and ongoing crisis and seizing any opportunities to support the decarbonisation of the sector without demeaning the efficiency of the services provided and reducing the maritime employment rate.

6.2. Sustainability challenge and false myths

6.2.1. Concrete possibilities and false expectations about decarbonisation: the Fit for 55 package

The decarbonization of shipping, to which Assarmatori's members are fully committed, arguably represents the sector's greatest ever challenge. Shipping is indeed the hardest to abate sector because it is completely dependent on the support of technologies, fuels and infrastructures to be developed ashore. As demonstrated in various studies, the alternative fuels of the future and related necessary production, storage and distribution infrastructures are currently not sufficiently mature and available at scale for shipping. Nor will they be so for several years. Especially in a country like Italy, where the morphological characteristics of its ports (almost all contiguous to, if not embedded within, the city's urban context) make it also difficult to equip them with the required facilities for the storage and supply of such fuels. The sector is nevertheless striving to use all the solutions currently available and is fully committed to further reducing the carbon footprint and harmful emissions of its operations by transitioning from the use of fossil fuels to carbon-neutral e carbon-free fuels. Yet, despite some promising developments (still at an early or experimental stage), one should not lose sight of the fact that the sector's green transition will be complex, long - a few decades - and not linear, requiring smart policies to successfully accompany and support this journey. In this context, Assarmatori has raised strong concerns on some of the legislative proposals in the Fit for 55 package presented by the European Commission on 14 July 2021. Despite their well-meant objectives, such proposals risk – if not adequately recalibrated – to disproportionately penalize the national maritime and port sector. With dangerous boomerang repercussions, such as carbon leakage to non-EU hubs and modal back shift (from maritime to all road transport), ultimately endangering both the competitiveness and green transition of the sector. In this regard, Assarmatori has filled an existing awareness gap by conducting a comprehensive analysis of all the impacts of the Fit for 55 package's relevant proposals on the national ferry fleet, taking as well as into account the additional impacts of the impending new IMO rules (such as the Carbon Intensity Index, CCI).

6.2.2. The FUEL EU Maritime initiative and the proposal to include shipping into the EU ETS

Amongst the Fit for 55 package's proposals greatly impacting the shipping sector is the FUEL EU Maritime proposal. This proposal provides that ships calling at EU ports use fuels whose GHG intensity will have to progressively decrease until 2050 according to certain percentage values. Failure to comply will expose the shipowners to the risk of heavy sanctions. While supporting the ultimate objective of this initiative, Assarmatori has expressed strong doubts in relation to the proposal which presupposes a path of development and availability in ports of alternative sustainable fuels that is currently very hard to predict. If the incentive can represent a valid support to accelerate the process, the obligation for shipowners to comply with predetermined quotas

of “alternative fuels”, in the absence of certainties on technological, infrastructural and supply developments, will be ultimately punitive against a sector which would be exposed to sanctions due to other parties’ responsibilities.

Another proposal of the Fit for 55 package that risks penalizing the national maritime and port sector, due to the country’s geographic and morphological characteristics, is the inclusion of maritime transport in the ETS system, the EU emissions trading system. As illustrated in the analysis conducted by Assarmatori, the proposal will result in 20/25% cost increases per journey penalizing in particular the national ferry fleet, namely vessels providing services of territorial continuity with the islands as well as those operating in the Motorways of the Sea with negative repercussions on the local mobility and tourism as well as intermodally. To these impacts must be added the risks of relocation of transshipment activities in non-EU hubs but close to the EU, since ships could evade EU ports to avoid / reduce EU-ETS compliance costs and thus favour non-EU destinations subject to less stringent environmental regulations and more favourable tax and labour regimes with resulting carbon leakage effects.

Assarmatori’s concerns and recommendations were echoed in various recent institutional documents at national and EU level and were also partly reflected (at the time of writing) in preliminary positions and draft amendments by the EU Council and the European Parliament. The Association will continue to engage with the EU Council and European Parliament in the ongoing negotiations at EU level with the aim of contributing to adequately recalibrate, and improve, the afore-mentioned proposals before their final adoption.

