

Copenhagen, 16 December 2014

3rd international Steering Committee meeting held on 7 October 2014 in Copenhagen

Final minutes

Present at the meeting were representatives from relevant authorities of EU Member States bordering the Baltic Sea, the European Commission, ongoing Flagship Projects and Seed Money Projects of the Priority Area as well as private sector representatives.

1) Opening

Mr Bjarke Wiehe Bøtcher, Priority Area Coordinator of the Priority Area on Clean Shipping in the EU Strategy for the Baltic Sea Region welcomed the participants to the 3rd Steering Committee meeting and to Copenhagen. Noted that the meeting was one among numerous international events going on as a part of the Danish Maritime Days.

Danish Maritime Days is a major event for the global maritime industry, which aims to gather a broad set of stakeholders from across the industry with the objective to find new solutions to the most important challenges facing the maritime sector.

Among the events taking place was a conference focusing on clean shipping held the day prior to the Steering Committee meeting, entitled “cleaner and more energy efficient shipping”, at which PA Ship projects had had a stand.

2) Approval of the agenda and confirmation of the final minutes

The agenda was adopted as presented and the final minutes of the 2nd Ship Steering Committee meeting were confirmed.

3) Activities of the Priority Area

Referring to the enclosed list of activities Mr Bøtcher showed a few images from the most recent activity of the Priority Area - the joint stand of the Flagship Projects in the exhibition area at the above mentioned conference. The stand had i.a. served as an opportunity for the projects to disseminate results and inform about their work.

As regards external activities of the Priority Area, Mr Bøtcher noted that since the last Steering Committee meeting the Priority Area Coordinator had allocated a good deal of resources to follow the developments in the most relevant EU-funding programs as well as liaising with these. Many new programmes would be launched in the coming months and projects were in much need of assistance to understand and liaise with the programmes. For this reason, the Priority Area Coordinator was planning an EU funding-event in cooperation with the Priority Area on Maritime Safety and Security and the Baltic Maritime Science Park project on 18 November in Helsingør, Denmark. Mr Bøtcher encouraged Steering Committee members to attend or to extend the invitation to the event to relevant project-makers. At the event, it would be possible for projects to liaise with many relevant funding programmes at the same time and to develop and get feedback on project ideas by the experienced project consultants present.

Mr Bøtcher also pointed out that since the summer break the Priority Area Coordinator had to allocate many resources to internal evaluations. The review of the EUSBSR Action Plan (see agenda item 4 and 5) had sparked discussions on the level of commitment required within the member states and especially among stakeholders having an official role in the EUSBSR. This had also

been the case in Denmark and in the Danish Maritime Authority. A part of this discussion was related to the decision about future funding opportunities for Priority Area Coordinators and Horizontal Action Leaders. This opportunity now seemed to be secured, albeit at somewhat less attractive conditions, but the discussions concerning the revision of the Action Plan would most probably continue until the end of the year.

Apart from funding activities the Priority Area Coordinator had also been greatly involved in the planning and conduct of the Baltic Leadership Programme in Clean Shipping (see agenda item 7).

The Steering Committee took note of the activities of the Priority Area Coordinator in the reporting period.

4) EU Strategy for the Baltic Sea Region

Mr Bøtcher briefed on the most recent developments in the EU Strategy for the Baltic Sea Region.

Since the last meeting it was particularly worth mentioning the 5th Annual Forum of the EUSBSR held in Turku, Finland in June. It was the largest forum ever held. The next Annual Forum of the EUSBSR is planned to take place in Jurmala, Latvia during the Latvian EU Presidency on 12-15 June 2015. He encouraged Steering Committee members to consider attending the Forum. **Ms Joanna Kirylo** urged interested participants to register immediately when the registration opened as it had already been announced that there would be a limitation of 500 participants.

Mr Bøtcher recalled that a review process of the Action Plan was currently ongoing as had been announced at the last Steering Committee meeting. However, the review process had turned out to be more demanding than expected. At the Annual Forum a possible reduction in the number of Priority Areas and Horizontal Actions was much discussed. It was noted that with 22 priorities it was difficult to define what the real priorities are for the region. Hence from several levels there was a call for fewer or simpler priorities – not least in the light of public financial constraints in several member states. The discussion at the Annual Forum had led to a discussion in the Member States which is still ongoing. Mr Bøtcher urged the Steering Committee members to take part in this discussion in their own country. The discussions are led by the Ministries of Foreign Affairs. Also in Denmark, budget cuts were expected, and thus it was likely that the resources to undertake activities on behalf of the Priority Area on Clean Shipping might also be somewhat reduced as from 2015.

Ms Kirylo supplemented by giving a brief overview of how the EUSBSR has evolved from the Commission's point of view. She noted that it was important to keep in mind that the EU Strategy for the Baltic Sea Region, when it was adopted in 2009, was the first of its kind in the world. Therefore it had been necessary to conduct several updates and reviews. The current review process had started when the Commission had conducted meetings with all Priority Area Coordinators (PACs) and Horizontal Action Leaders (HALs) in December 2013 and January 2014 as they were seeing very different levels of commitment from the PACs and HALs and wanted to uncover the reasons for this. During the interviews the PACs and HALs had been very frank about their involvement and level of dedication to the strategy and this had uncovered clear differences in the efforts of the PACs and HALs, which reflected not so much the dedication of the individual PACs and HALs but could in some cases be contributed to the priorities of the member states or the institutions acting as PACs or HALs. On the basis of the interview the PAs and HAs could roughly be divided into three groups:

1. Relevant and well-managed PAs and HAs
2. Relevant but ill-managed PAs and HAs
3. Irrelevant PAs and HAs

At the moment an internal process was ongoing in the Member States on their input to the review process. The NCPs would discuss the outcome of this process at their meeting on 8 December 2014, and hopefully after this a decision would be made on which Priority Areas and Horizontal Actions

should stay in a revised Action Plan and which would not, or whether any of the areas would be merged or changed to reflect the real priorities of the member states.

As a comment to this description, Mr Bøtcher mentioned that he was under the impression that PA Ship was seen as one of the more dedicated Priority Areas in the Strategy.

Ms Kiryllo, in response to **Ms Laura Sereniene** who inquired when an updated document would be circulated, informed that a short document was being prepared for the NCP suggesting which Priority Areas and Horizontal Actions should be maintained, be merged or deleted. It would not be a completely updated Action Plan. Hopefully the fully updated Action Plan would be available in the beginning of 2015.

Mr Bøtcher noted that updating processes in the multi-level governance framework of the EUSBSR can be lengthy and sometimes frustrating. He expressed hope that the purpose of such a thorough process was that the revised Action Plan would be functional for some time as it was indeed important to define the areas which the region should prioritise.

Mr Tommy Halén agreed that quality was better than quantity in the EUSBSR although it was also positive to have many projects. He asked what could be done to projects that did not fulfil their obligations. Mr Bøtcher specified that at the moment the discussion was about overall priorities in the Strategy – meaning Priority Areas and Horizontal Actions. However, the question of projects was important as well. Ms Kiryllo commented that contrary to what many stakeholders thought the Strategy is actually not only about projects – it is about priorities and the projects listed in the Action Plan are an expression of these. She specified that it was not the intention of the Commission to throw well-functioning Priority Areas, projects or other actors out of the Strategy. They had merely uncovered problems related to the work of the strategy and were asking the member states to solve them. Therefore the NCPs were consulting the national stakeholders at the moment.

5) Review of chapter on PA Ship in the EUSBSR Action Plan

Mr Bøtcher expressed regret that the review process mentioned above had not come further at this point in time. The review process had affected the work with the update of the chapter on Clean Shipping in the Action Plan. Although everyone seemed to agree that PA Ship was active and performing well, it was still somewhat uncertain whether the Priority Area would continue unchanged after the adoption of a revised action plan, or if the topic could be merged with another priority area. The PAC had found it pointless to devote a lot of work to the detailed updating until this was clarified. However, there would not be much time to update the chapter if the Priority Area would be maintained at the NCP meeting in December 2014. Therefore the PAC had decided to keep the update of the chapter on the agenda of the meeting and collect input from the members present.

When commenting on the Action Plan Mr Bøtcher asked the participants to consider the overall goals of the EUSBSR - to save the sea, connect the region and increase prosperity.

Mr Bøtcher recalled that the Priority Area on Clean Shipping was formally listed under the Strategy's "Save the Sea" objective for administrative reasons. However, in the process of the review it might be relevant to discuss whether this is the right place for it or whether it is at all useful to group each Priority Area under specific objectives. Mr Bøtcher noted in this context that shipping could be said to contribute to all three main objectives of the Strategy and that PA Ship's contribution to "Connect the region" and "Increasing prosperity" were to a certain extent neglected in the current text of the Action Plan. If the Steering Committee so agreed the Priority Area Coordinator would take this into consideration when drafting a revised text and try to present a text which would balance the contribution to each of the three cornerstones.

The written input received before the previous deadline had been sent out to the Steering Committee prior to the meeting and Mr Bøtcher opened the floor for further comments by the participants.

Ms Charlotte Vinding raised the issue of reflections of results in the Action Plan. As a project partner she wanted to focus on which results her project had provided and how these paved ground for further actions. At the moment this was not reflected in the chapter on PA Ship in the Action Plan.

Mr Bøtcher recalled that completed Flagship Projects were reflected in the Action Plan as they were moved to an Annex at the end of the Action Plan, however, there might be scope for discussing whether this was the correct way to reflect the progress and results of the Action Plan. As a part of the review process it might be worth it to include somehow what the Priority Area has already achieved and look at where we go from there.

Ms Kiryllo supplemented by saying that the Commission was on a biannual basis asking the PACs and HALs to provide a report which reflected the results of the PAs and HAs. She agreed with Ms Vinding that the focus of these reports should be on concrete results of the projects – on how the projects have contributed to the positive development of the region.

Another comment from Ms Vinding concerned the contribution of PA Ship to the cornerstones of the EUSBSR. She agreed with Mr Bøtcher's comment that PA Ship could be considered to contribute to all three as the maritime transport connections were very important in strengthening the connectivity of the region and as the maritime sector was traditionally one of the strongest sectors in many countries of the region improvement of this sector could indeed be said to contribute to increasing prosperity. The objectives were also connected because cleaner solutions usually demanded investments of some kind and the maritime sector could naturally only invest in new solutions if it had a good revenue. In conclusion, a more prosperous maritime sector also had greater potential to become a cleaner maritime sector.

Ms Anna Bizzozero suggested to structure a new chapter in the Action Plan by breaking the overall goal – to reduce ship pollution – into actions and projects within these actions. She mentioned that from the point of view of the Swedish Transport Agency a merger between the two maritime Priority Areas would entail that the environmental aspects of shipping were given less attention.

Mr Bøtcher noted that questions had indeed been raised in the review process of whether it would make sense to merge the two maritime Priority Areas (PA Ship and PA Safe). A final decision had not been made regarding this issue. However, in Mr Bøtcher's opinion there was reason not to rush into such a merger. Apart from the fact that the Priority Areas were concerned with different topics, some structural issues could also arise from the fact that the stakeholder groups of the two areas were quite different. The stakeholders engaged in the Priority Area on Maritime Safety and Security (PA Safe) were actors concerned with safety and security of shipping, often representing Coast Guards, Ministries of Defence and Civil Protection Agencies whereas the stakeholder group in PA Ship was very different. In the latter, the national representatives were coming from ministries of environment and transport and many other stakeholders such as ports, ship owners, NGOs and other private actors were involved. Mr Bøtcher was concerned that if these two groups were merged they might not see the same benefit of meeting and the group would be so large that the informal atmosphere in both Steering Committees, which was seen as a real benefit by the members and stakeholders, would easily be lost.

Mr Silver Vahtra suggested that a new version of the chapter of PA Ship in the Action Plan could look into the issue of marine and maritime governance. He referred to article 82 in the [Regulation \(EU\) No 508/2014 of the European Parliament and of the Council of 15 May 2014 on the European Maritime and Fisheries Fund and repealing Council Regulations](#), which stated how the Integrated Maritime Policy should be linked to macro-regional and sea-basin strategies.

Mr Bøtcher noted that in connection with the review of the Action Plan the PAC had also initiated a preliminary discussion with HELCOM Secretariat regarding HELCOM's role in the chapter of PA Ship. HELCOM is currently Flagship Project Leader of two Flagship Projects in PA Ship's chapter of the Action Plan. Mr Bøtcher explained that originally some HELCOM policy proposals/actions had been lifted into the Action Plan as it was considered a way to raise awareness of the topic and lift it to another policy level within the EUSBSR. However, as the EUSBSR had evolved it now seemed as if this model perhaps did give the added value expected. One of the issues is that the HELCOM secretariat can hardly be held responsible for the progress and results of these projects in the same way that other Flagship Project leaders, as the projects led by HELCOM are in fact rather policy processes depending on the will of the member states, rather than traditional pro-

jects with a concrete target, a limited timeframe and a fixed budget. One issue is the administrative burden which reporting to the EUSBSR may put on the Secretariat.

Mr Vahtra, who represented the Estonian Chairmanship of HELCOM agreed that HELCOM was a more policy oriented body than PA Ship and noted it could be raised at the next HELCOM Maritime meeting

Mr Ilya Ermakov believed that clean shipping was such an important issue in the Baltic Sea Region that it would naturally be a priority in any Baltic Sea organisation. However, it was important that the organisations defined the different parts they played in contributing to the development and that the bodies continued to work closely together and liaise among themselves. He believed that the added value contributed by PA Ship was especially strong within project development. Policy making would be dealt with in other forums.

Mr Bøtcher thanked the participants for their input at the meeting and for the written input received prior to the meeting. He promised that the PAC would take these suggestions into consideration and prepare a draft text for a new chapter which would be ready for a quick written procedure if the conclusions of the review showed that PA Ship would be maintained in the revised Action Plan.

6) Status of ongoing Flagship Projects and Seed Money Projects

All **Flagship Projects** briefly presented their projects' progress since the last Steering Committee meeting.

- a) **Mr Andrius Sutnikas** presented the progress of the project *Martech LNG*, which was currently in the last phase of implementation. Although the project was approaching the end, a lot of activities were still ongoing. At the moment the project was on tour with a road show showing stakeholders how to implement small scale LNG bunkering technologies. Mr Sutnikas recapped the project results so far by demonstrating the project's website www.golng.eu where the project had created a database which would match the different parts of the LNG value chain and a map showing LNG bunkering facilities in the Baltic Sea region. Mr Sutnikas completed his presentation by inviting the Steering Committee members to the final conference of the project, which is to take place in Klaipeda on 9-10 December 2014.

Mr Tommy Halén underlined that a map such as the one developed by the MarTech LNG project was very useful if it showed prospective LNG bunkering facilities, as the existing infrastructure was unfortunately quite scarce. He also noted that although there was an obligation for core ports in the TEN-T network to provide LNG bunkering facilities for ships, this did not necessarily mean that they had to provide it by means of bunkering facilities in their own port. In the case of the port of Trelleborg, an opportunity could be to conclude an appointment with the nearby port of Helsingborg where LNG would probably be available. Mr Sutnikas responded that the map was indeed showing prospective LNG bunkering facilities as it was a map of businesses which had expressed plans to establish themselves as a part of the value chain of LNG bunkering facilities. He noted that a map of current bunkering facilities of LNG in Europe was available on the website of Martech LNG.

Map <http://www.gie.eu/index.php/maps-data/lng-map>

Brochure. http://www.golng.eu/files/Main/files/LNG_Supply_Chain.pdf

- b) **Mr Rickard Lindström** gave an update on the progress of the *Clean Shipping Index*, and started by noting that it had been very useful for the Clean Shipping Index to participate in the conference and stand the day prior to the meeting. The project very much appreciated such initiatives from the Priority Area Coordinator as it could use all help it could get in promoting the index to relevant stakeholders. At the most recent Steering Committee meeting the project presented to the Steering Committee that the Clean Shipping index was looking into merging its database with the Clean Cargo Working group. This process was still ongoing and negotia-

tions were going on about how to merge. There had also been discussions about a possible collaboration with the Environmental Ship Index (ESI) as there was a growing demand from ship owners and other stakeholders to reduce the number of indexes. The link with ESI would make it easier to make a clear link between financial benefits and environmental performance as many ports use the ESI to give discounts on the port dues. Another important development in the Clean Shipping index was that more and more vessels in the index had their data verified by 3rd party verification societies. There was a higher demand for 3rd party verification from the cargo owners and this verification increased the credibility of the index.

Mr Halén noted that the link with the port dues surely was important, however, from a port perspective it was a difficult topic as some ports were giving discounts and others were not and this created unfair competition. After 1 January 2015 when the Sulphur directive would come into force there would be a new debate on what other environmental performances to give discounts on. For instance, the Port of Gothenburg had announced that they would give 40 % discount on port dues to ships using LNG for propulsion.

Mr Bøtcher thanked the project for the update and for being present at the meeting and urged the project to move on with the merging process, despite the difficulties encountered, as a single, widely accepted and widely used index was an expressed wish from many stakeholders.

- c) **Mr Silver Vahtra** from the Estonian Ministry of the Environment – Head of Estonia’s Delegation to HELCOM presented the two HELCOM-led Flagship Projects and the general work of HELCOM especially in the maritime field. Estonia had been chairing HELCOM since 1 July 2014, and a pamphlet of the [Estonian priorities during the HELCOM Chairmanship](#) was distributed to the participants. Mr Vahtra started his presentation by showing the participants a [video](#) of the maritime developments in the Baltic Sea since the beginning of the HELCOM work made on the basis of AIS data. Recently HELCOM’s structure had been altered, and Mr Vahtra presented the new structure. However, the most important group for maritime issues – the HELCOM Maritime Group – remained unaltered in the new system. In HELCOM Maritime the work on establishing the Baltic Sea as a NECA was on the top of the agenda at the moment. At the same time the group was dealing with important issues such as sewage reception facilities with the purpose of establishing the Baltic Sea as a Special Area for Sewage from 2016. Mr Vahtra pointed out that the HELCOM SECA Correspondence Group was crucial for finding solutions to how the new SECA rules should be enforced from 1 January 2015. Mr Vahtra noted that he had taken part in the “Cleaner and more energy efficient shipping” conference – and at this conference he had heard the deep concern from the shipowners about the possible distortion of competition from 1 January 2015 when some shipowners would start to comply with the SECA rules and pay a much bigger price for fuel or investments in abatement technologies or retrofits than some of their competitors who might disregard the rules and run their ships on cheaper high-sulphur fuels. The HELCOM contracting states had to take the shipowners’ concerns seriously and would continue to work in the Correspondence group on ways to enforce the rules. The Correspondence Group would report to the HELCOM Maritime Group during its next meeting on 4-6 November 2014.

Mr Bøtcher thanked Mr Vahtra for the useful overview and asked Mr Vahtra to convey the greetings of the Steering Committee to the HELCOM Secretariat who unfortunately were not able to attend. The cooperation between HELCOM Maritime and PA Ship was crucial as many issues were overlapping between the bodies. However, they had different competencies and it was important to supplement each other’s work. Although a representative from the HELCOM secretariat could not be present at the Steering Committee meeting PA Ship was looking into the possibility of sending a representative to the HELCOM Maritime meeting in November in order to strengthen the strong ties even more and present the work of the Priority Area to the group.

- d) **Mr Per Olof Jansson** presented the Flagship Project *LNG in Baltic Sea Ports*. This project is in its final stage. Most ports in the project have finished their studies and the final delivery of the project – a handbook for ports on how to establish LNG infrastructure in ports – is being produced. The last stakeholder seminar was held in Tallinn in late September. At the moment the maritime actors were starting to make decisions about what to do when the SECA-regulations would enter into force in a few months – and it was becoming clear that the maritime market for LNG was not yet ready in the Baltic Sea Region. A decisive factor in pushing this development would be a 25-30% difference in LNG prices compared to MGO. At the moment most ports were waiting and not investing in LNG infrastructure. The port of Helsingborg was planning to build a liquefaction plant and to engage in the design of a small bunker vessel. Some of the project partners in the project had decided to create a follow-up project which was going to look more concretely at investments. The project would be called *LNG in Baltic Sea Ports II* and was linking itself closely to *LNG in Baltic Sea Ports*. The project partners in the new project were all ports with concrete investment plans. They would find the funds for the investments separately when the investment plans were completely developed. When the ports in *LNG in Baltic Sea Ports* and *LNG in Baltic Sea Ports II* were put together they made up 11 ports in total with investment plans in the Baltic Sea. This could be said to be a start of an infrastructure for the region. Mr Jansson noted that most of the investment plans were in fact not relying on the maritime market as this was considered to be too small at the moment. The Port of Helsingborg were building their investment plans on the basis of an estimated market for LNG-trucks. Mr Jansson invited the Steering Committee to attend the final conference of the project, which would at the same time kick-off the new project, should this be granted funds from the Motorways of the Sea Programme. The conference would take place 2-4 December 2014 in Stockholm.

Mr Bøtcher congratulated the project with the results achieved so far and applauded the effort to move into a more investment-oriented project. It was high time to invest. Mr Bøtcher noted that previously there had been examples of projects which had their Flagship Project status extended to include a follow-up project by agreement in the international Steering Committee without applying to the Commission for Flagship project status. Should the project be granted support and wish to keep its Flagship Project status in the follow-up project, the PAC would enquire whether a formal acceptance from the international Steering Committee would be sufficient to retain Flagship status.

One of the two ongoing **Seed Money Projects** was not present at the meeting. The SMILE project regrettably could not be present at the Steering Committee meeting as the Lead Partner was engaged elsewhere in Copenhagen during the Danish Maritime Days. The seed-project was offered the opportunity to submit a progress update to the minutes. The other ongoing Seed Money Project was present at the meeting and Ms Vinding presented the *Environmental impact of low sulphur ship fuel: measurements and modelling strategies (EnviSuM)* project.

- a) The project, which is working with measurements of the impact on the environment and human health after 1 January 2015, briefed on its progress. The main purpose of the project had been to compile the main project application. Several meetings had been conducted with the stakeholders. One of the partner meetings had been held in St Petersburg together with a stakeholder conference where the project partners met Russian stakeholders. The consortium which consisted of 5 partners from the outset had looked for new partners based on the competence gaps which they had identified throughout the project. So far this strategy had added 5 partners to the main project consortium. At the moment the project was in dialogue with the Baltic Sea Region Programme regarding a possible project application. Ms Vinding underlined that the entire project idea was based on collaboration with Russian partners. The main measurements were planned to be made in St Petersburg and Gothenburg, so it would have a large impact on the project whether Russian partner participation could be financed or not.

Mr Bøtcher noted that from the point of view of the PAC the project looked promising and that it was politically interesting that the project was involving Russian partners as closely as seems to be the case.

Although the approval process had not been completely finalised regarding the Seed Money project *Improving Risk assessment of Invasive alien Species and cost-efficiency analysis of ballast water treatment methods (IRIS)* the PAC had decided to invite the project to the meeting to present the planned project. The reason is that the financial decision would be taken within a couple of weeks after the meeting, for which reason the PAC thought it would be useful for the project to present itself and meet other Seed Money projects while these are still ongoing (at the time of the distribution of the draft minutes the project has received its final approval from the Seed Money Facility).

- b) **Ms Annukka Lehtikoinen** from the University of Helsinki (Lead Partner) and **Ms Miina Karjalainen** from Kotka Maritime Research Association presented the IRIS project. Ms Lehtikoinen noted that the background of the project was the need for authorities to decide on Ballast Water Management exemptions in 2016 and the fact that shipowners have to select Ballast water treatment systems for their vessels. Therefore there was a need to create an overview of e.g. the ship traffic in the Baltic Sea, the spread of alien species and cost of ballast water management systems and to create a probabilistic risk assessment tool on the basis of this knowledge. The project was planning to use the Bayesian method as its main research method. Ms Karjalainen presented the Seed Money project which had 4 project partners from the outset: University of Helsinki (Finland), Kotka Maritime Research Association (Finland), Chalmers University of Technology (Sweden) and Environmental Development Association (Latvia). The main purpose of the Seed Money project was to find a good partner consortium and to prepare a good project proposal aiming for the first call of the Baltic Sea region programme. The project welcomed warmly comments and suggestions to the project application and possible partners for the main project consortium.

Mr Bøtcher thanked the project for the thorough presentation and noted that the issue which the project had taken up was very important. He noted that the project idea of giving advice as concerns marine life as well as to the maritime community at the same time seemed to be very ambitious, and encouraged the project to look into whether credible efforts could be paid towards both these different target groups.

Mr Vahtra noted that the Ballast Water Management Convention was one of the top priorities of HELCOM and proposed the project to write an information letter about the project to the HELCOM Maritime Group.

7) Baltic Leadership Programme in Clean Shipping 2014

Mr Bøtcher gave an update on the first module of the Baltic Leadership Programme in Clean Shipping recalling that the programme had been presented by the Swedish Institute at the preceding meeting. Several Steering Committee members had been helpful in identifying suitable participants from their countries to participate in the programme. The contact details of the participants could be found in the meeting folder or can be required from the PAC. Steering Committee members were encouraged to keep in touch with their national participants to learn whether the programme has been beneficial to them and their organisations and in order to make use of the acquired skills in future project initiatives.

The first module had taken place in Malmö, Sweden in the second week of September and the second module was to take place in the last week of October in Brussels.

Mr Bøtcher asked Mr Vahtra who participated in the programme to share his view on the programme. Mr Vahtra found the strategy development part the most enlightening part of the programme. The presenter had given a very refreshing approach on strategy development which Mr

Vahtra had started to implement in his own organisation. Mr Vahtra also mentioned the study visit at MAN Diesel and Turbo as one of the highlights as it had shown the participants how EU-projects can lead to actual change.

8) Update on funding opportunities for projects in the period 2014-2020

Ms Ditte Folke Henriksen gave an update on a series of the most relevant EU-funding programmes for clean shipping projects. The EU had just started a new funding period in the period 2014 - 2020 and against this background a number of relevant calls for maritime stakeholders were launched this year and can be expected during 2015.

The most relevant call in the research funding programme, **Horizon 2020** had already closed. It had two phases and the second phase was currently about to close. In the upcoming calls in December and April in Horizon 2020 the themes were not so relevant for clean shipping projects, however themes such as – "System modelling and life-cycle cost optimisation for waterborne assets" and "Transport societal drivers" might be relevant to some clean shipping project makers. It was expected that other relevant calls in the programme would be announced after 2015 and Ms Henriksen noted that the Horizon 2020 programme was indeed a programme to keep an eye on as the support rates were very high – for most partners 100% or more. However, the programme also demanded excellent results from their projects and were usually only accepting large research projects. As a new feature Horizon 2020 also had an SME-instrument, designed to support innovative business ideas in SMEs and to prepare them for market access. This instrument was open for applications all the time and projects interested in this should contact their national Horizon 2020 desk for more information and assistance.

The Baltic Sea region also had its own research programme - the **BONUS** programme. As the BONUS programme was a cooperation programme where Baltic Sea countries had to negotiate the funds they would spend, it was not always easy to predict a long time in advance if relevant calls would have sufficient funds for projects. Ms Henriksen was informed that there might be funds available in a call at the very end of 2014, so interested project-makers were encouraged to keep up to date with the developments in the BONUS programme.

Contrary to Horizon 2020 and the BONUS programme the **Connecting Europe Facility** had a very relevant ongoing call with many possibilities for clean shipping projects. Officially the call would close on 26 February 2015. However, stakeholders who were interested in applying for funds within this programme should not wait until February, as coordination with national authorities responsible for the Connecting Europe Facility is often required and a deadline for submitting the application to the national authorities may be set several months ahead of the deadline to the Commission. The ongoing call in the Connecting Europe Facility would most probably be the biggest in this programming period. 11,9 billion € was allocated for the call and although most of the funds had been earmarked to some of the biggest infrastructure projects in the countries there were still a substantial amount for other projects. In the *Motorways of the Sea Programme* which was meant for transnational cooperation between e.g. ports and ship owners, and "wider benefits" projects such as support for ice-breakers or digital infrastructure it had been announced that 250 million € would be set aside.

Ms Kiryllo supplemented Ms Henriksen's presentation by giving an update on the status of the **Baltic Sea Region Programme** which also had a strong focus on e.g. low-carbon transport projects. The Baltic Sea Region Programme 2014-2020 was planning to launch its first call on 2 December, closing on 19 February. As a new feature in the programme the projects were asked to submit their applications in two steps. The first step was a concept note – a template for this was provided at the programme's webpage and if this was accepted the project would be asked to send in a more extensive application. The programme was organising a kick-off conference on 26-27 November in Warsaw, Poland. Unfortunately, it was no longer possible to register for this event – however the programme had decided to organise another smaller seminar especially for Lead Applicants on 3 December in Riga. The new Baltic Sea Region programme had three main priorities: Environment, innovation and transport. There was a fourth priority, but this was meant as technical support

for the EUSBSR. Annual Forums and other joint events were funded from this priority and stakeholder, among others Priority Area Coordinators could apply for support for their activities.

As a response to Ms Vinding's question during her presentation of the EnviSuM project, Ms Kiryllo gave an update on the status of inclusion of Russia and Belarus in the Baltic Sea Region Programme. At the moment a financing agreement is going to be submitted – however, the paperwork is not going to be ready for Russian and Belarussian partners to be able to receive funding in the upcoming call. If projects have engaged Russian partners Ms Kiryllo encouraged the projects to contact the Swedish Institute who were able to provide funding for Russian partners in EU projects. Reportedly it could also be possible to apply for national funds in Russia to support Russian partners engaged in Baltic Sea Region Programme projects – as Russia had expressed a willingness to provide funds in the transition period before the programme was ready to do so.

Ms Kiryllo noted lastly that the new programme had a strong focus on the private sector which had not been the case in the previous Baltic Sea Region programme due to state aid rule complications.

Ms Kiryllo also noted that due to the strong ties between the EUSBSR and the Baltic Sea Region programme, projects which were involved in the EUSBSR as Seed Money or Flagship Projects and which were planning to apply for support from the Baltic Sea region Programme could ask for support letters from the Commission or their Priority Area Coordinator if they wanted to show their affiliation with EUSBSR in their application.

9) Compliance monitoring in the Baltic Sea Region from 2015

Mr Bøtcher noted that at the conference on the previous day the importance of creating a level playing field in the maritime sector in the Baltic Sea after 1 January 2015 had been on top of the agenda. Shipowners had called for strict enforcement of the Sulphur regulations to ensure compliance and although the methods for measuring sulphur content in exhaust gases were new, they were being tested at the moment by two Danish projects. Mr Bøtcher noted that it was important that activities such as these were not just taking place in one country, so he hoped that the projects could inspire other countries to undertake similar actions and noted that the experienced project makers involved in PA Ship activities could well take part in such future regional projects.

a) “Sense” project

Mr Jon Knudsen of the company *Explicit* gave a presentation on the “Sense” project using remote censoring equipment – a so called sniffer - installed on unmanned aerial systems (drones) to detect possible breeches of compliance with the new Sulphur emission regulation. Mr Knudsen had brought several drones to the meeting and had given a demonstration of the detection equipment in the lunch break. The drones could fly into the plumes of exhaust from the vessel and stay there long enough to detect the content of SO₂, CO₂, NO₂ and NO. Mr Knudsen pointed out that the sniffer drones could merely be used as an indicator on sulphur content in ships fuels. If the sulphur content was estimated to be higher than permitted an alarm would alert the authorities. According to Mr Knudsen the main advantages of using sniffers to monitor the sulphur content in ships fuels were that it would be possible to detect exactly which ship would be non-compliant as the GPS-data from the drone was matched with AIS data of the ship, the drones were mobile so it would not be possible for a ship to know in advance when they were being monitored and drones were very cheap compared to small airplanes and helicopters which were also being used for this in some countries. At the moment the project was experiencing some challenges with regard to the operation of the drones. The transport authorities did not allow drones to operate beyond the visual line of sight at the moment and as the range of a drone was 25 km this was very limiting to the activity of the drones. Mr Knudsen was therefore in contact with the authorities and hoped that this issue could be solved soon. When such issues were solved Mr Knudsen would very much like to do test flights with drones from land in busy areas such as narrow straits. A par-

ticularly interesting place to conduct such tests would be the Island of Ven between Denmark and Sweden. At the moment it was not possible to fly the drones from the island, but he hoped to make arrangements with the Swedish Authorities regarding this. Currently the “Sense” project was financially supported by the Danish Environmental Protection Agency, but was in the process of applying for co-funding through other sources – among others the Horizon 2020 SME instrument and as a partner in the CompMon project led by the Finnish Meteorological Institute to develop the system further. Explicit hoped that their business idea could be sustainable if governments and other actors would find the system useful for enforcement of emission regulations. Completing his presentation, Mr Knudsen noted that Explicit offered up to three test- and demonstration flights free of charge to potentially interested actors with an interest in SECA compliance monitoring.

b) “Surveillance of sulphur and particle pollution from ships” project

Mr Morten Køcks from the *Danish Technological Institute* briefed about another pilot project which was looking into ways to monitor the sulphur content of ship’s fuels. The “Surveillance of sulphur and particle pollution from ships” commonly referred to as the “Great Belt sniffer project” is investigating the possibility of monitoring the sulphur content of ships fuels with a fixed censoring device mounted on the Great Belt Bridge. The motivation for this project as well as for the drone project is that it is very difficult for the authorities to check and monitor ships sulphur content at the moment. Bunker delivery notes can be falsified and fuel samples are very rarely checked in a laboratory. Mr Køcks pointed out that the project is being carried out in cooperation with Danish Shipowners’ Association because the shipowners have a great interest in strict enforcement of the SECA rules – as non-compliance gives a competitive advantage. As most ships enter the Baltic Sea either through the Great Belt or Øresund, the bridge is the best place to place a fixed installation. The project started in close cooperation with Chalmers University – having experience with a fixed sniffer installation in the Gothenburg Channel. However, this solution is quite expensive and at the moment only the port authorities are using the data collected here. At the moment the Great Belt project is testing the best place for the sniffer in the conditions on the Great Belt bridge, but the project is planning to carry out a dedicated measurement campaign during the fall of 2014 and spring of 2015. Mr Køcks noted that the sniffer on the Great Belt should not be the only method of monitoring the ships, but should be supplemented with for instance drone surveillance. In the future he imagined that an effective enforcement system would include fixed installations in ports, by inland waterways and other bridges complemented by drones or airplane measurements. As Mr Knudsen, he pointed out that the measurements can only be an indication of who the perpetrators are – the proof has to be collected by means of a fuel sample or another method when the ship is in port. During his presentation Mr Køcks posed a series of questions as food-for-thought for the Steering Committee: Who is responsible for monitoring and enforcing the rules? Who has the jurisdiction where? Who is going to be the driver of the process towards efficient enforcement? What will happen to non-compliant ships? Although he did not expect the questions to be answered at the meeting he pointed out that there is a need to find answers to them partly by increasing collaboration between the Baltic Sea countries on these issues.

Mr Bøtcher thanked Mr Knudsen and Køcks for two interesting presentations and noted that the two projects showed that it was in fact possible to monitor ships exhaust gases. Although these two small projects alone would not be sufficient to ensure effective enforcement they were part of a pilot action. Other actors were looking into a Baltic Sea region project, where the two presenters were also partners, so things were moving ahead. However, Mr Bøtcher encouraged the Steering Committee

members to go back to their respective countries and check what was being done there – whether additional national projects regarding this was being carried out.

Mr Halén rhetorically asked who was going to pay for the enforcement and the monitoring campaigns as they were costly. He noted that there was a European discussion going on in EMSA and suggested e.g. to look into more Danish-Swedish cooperation in this field.

10) The vision to become the most climate-smart port of the Baltic

Regrettably, there was not sufficient time for Mr Halén to give his presentation of Trelleborg as a climate-smart port in the Baltic. Instead Mr Halén summed up his main points and promised to distribute his Power Point presentation to the Steering Committee, so they could read about the numerous efforts of the Port of Trelleborg.

Mr Halén's main point was regarding the role of ports in the development of clean shipping solutions. Although ports were making efforts to supply solutions which could enable clean shipping and create better incentives for shipowners to be more environmentally friendly, ports had very different conditions for doing this. One of the major challenges of the port of Trelleborg, Mr Halén pointed out, was that the port was the landlord as well as the operator of the port. This presented a problem for instance in the provision of Onshore Power supply. Other ports might be able to offer Onshore Power Supply without having to pay for network charges. However, the Port of Trelleborg was not able to do this although the port had the facilities. Mr Halén had brought the issue of Onshore Power Supply to the EU level and was proposing to create a project which looked into how ports could provide Onshore Power Supply in a more harmonised way. Another issue was the port dues. Some ports were offering rebate-schemes to ships sailing on different fuels or ships which were able to prove that they were more environmentally friendly. Other ports were not.

Mr Bøtcher added that the solution cannot be that ports have to pay for all environmental issues. The parties have to look at a way to divide the costs and efforts.

11) Any other business

Ms Sereniene informed about the upcoming inauguration of the first full-scale LNG regasification unit in the region. As of 1 January 2015 the LNG import terminal in the Port of Klaipėda in Lithuania would be fully functional. The main function of the terminal was to supply natural gas to the land connection. A cooperation between Klaipėdos Nafta, Litgas and Statoil regarding the import of gas and the partnership would probably also be able to provide LNG as a maritime fuel in the future once there was a demand for it in the area. Ms Sereniene pointed out that the regasification vessel, named Independence, could function as a regional LNG-bunkering station not only for Klaipėda and Lithuania but for Lithuania's neighbours as well. Ms Sereniene added that the project had developed much faster than expected and was a good example of a fruitful Lithuanian project.

Mr Bøtcher invited Steering Committee members and Flagship Project representatives to consider regional events, which would have the interest of many committee participants and which the next Steering Committee could be held back-to-back with and to inform the PAC of any such ideas. The PAC would take such ideas into consideration and distribute invitations to the next Steering Committee meeting after the above mentioned outstanding issues in the ongoing review of EUSBSR had been clarified.