AGREED MINUTES OF THE UNITED STATES - EUROPEAN UNION SHORT SEA SHIPPING MEETING

February 27, 2020 Washington, D.C.

The Maritime Administration of the United States and the Directorate-General for Mobility and Transport (DG-MOVE) of the European Commission held a bilateral maritime meeting for Short Sea Shipping Promotion and Facilitation at the Maritime Administration in Washington, D.C. on February 27, 2020. The EU delegation was led by Magda Kopczynska, Director, Waterborne Transport, DG-MOVE and the U.S. delegation was led by Maritime Administrator Mark H. Buzby. Both sides held discussions on a variety of topics of mutual interest, focused on potential cooperation in the areas of increased trade and efforts to promote short sea shipping.

Director Kopczynska presented the developments on the EU's Maritime Transport Policy and referred to the Political Guidelines of the European Commission's President as the basis for EU work in the next five years. The Political Guidelines cover leading themes with a strong focus on environmental sustainability improvement and digitalization. The derived EU maritime policies will aim to push for strong R&D to support industries in reaching IMO's non-binding targets on greenhouse gases (GHG); to find a long-term solution for emissions; to develop and test emission reduction technologies ready for deployment by 2030; and to promote legislative initiatives on the use of alternative fuels in the EU addressing both the demand and supply side.

Administrator Buzby gave an overview of the National Maritime Transportation Strategy titled "Goals and Objectives for a Stronger Maritime Nation" that was signed by Transportation Secretary Elaine L. Chao in February 2020. The Strategy's four main goals include actions to strengthen national security and economic prosperity; ensure availability of trained personnel to support sealift resource needs; support of U.S. port infrastructure and performance; and innovation in information, automation, safety and environmental impact. The EU delegation expressed interest in learning more about the signed strategy and look forward to discussing it during the next bilateral meeting.

The U.S. stated that the Maritime Administration has established the Port Infrastructure Development Program to support efforts to improve growth,

competitiveness, and reduce internal and external congestion in other modes of transportation. The program provides grants and services to ports in the areas of port project and system planning, stakeholder engagement, operational and capital financing, and project management. The EU delegation highlighted that in addition to the importance of investing in port infrastructure and development, urgent action is needed to attract more young professionals and women in the constantly evolving maritime sector.

In terms of short sea shipping, the U.S. discussed America's Marine Highway projects to reduce highway congestion and expand the utilization of U.S. navigable waterways and coastlines for movement of containerized freight. The program has included 26 designated marine highway routes and 35 designated projects. U.S. inter-agency efforts are required to expand the awareness of the Marine Highway Program, including partnering with the Environmental Protection Agency's SmartWay Program. Both programs have common goals considering the environmental benefits of moving freight on water, but there is a need to adapt detailed processes and metrics. Both delegations agreed that there is a global need to standardize GHG metrics. EU delegation suggested to consider the related ongoing work at ISO on the "Methodology for calculation and reporting of energy consumption and GHG emissions of transport." The EU delegation also expressed interest in exchanging successful practices on resource mobilization strategies and grants/investment projects at state and national level.

The U.S. Department of State explained its perspective toward LNG usage as a response to the IMO 2020 sulfur cap standard. The U.S. stated that LNG is a cost-effective, abundant and lower-emissions alternative to conventional marine fuels, and that as a top world supplier, the U.S. is well positioned to promote LNG's role in transitions to cleaner maritime fuel sources. The U.S. supports the smooth and consistent implementation of Regulation 14.1.3 of MARPOL Annex VI. This includes bringing transparency to implementing the 2020 sulfur cap and addressing concerns over fuel availability, compliance, fuel safety, and economic impacts of the standard.

The EU Delegation discussed their perspective on GHG and Climate change. LNG is currently used as a first alternative for long distance shipping to reduce GHG and the EU views it as a transition technology for the next 10 to 15 years. The EU suggests that LNG transition needs to be quickly implemented to reduce impact in climate change. EU urges industry to focus on new technologies for vessels to

utilize electricity instead. The EU stated that international regulations on Sulphur should be complied with and further conversations with the IMO on LNG transition should be addressed promptly. The U.S. informed several projects that are currently in process to accelerate the LNG transition, including a LNG bunker barge projects in Jacksonville, Florida, Port Canaveral, Florida, and on the Great Lakes, among others.

Administrator Buzby thanked the EU delegation for their attendance and discussion. Director Kopczynska thanked the U.S. delegation for a productive meeting and for their hospitality. Both sides agreed on the importance of maintaining a close relationship and will follow up on the items discussed during the meeting.

Done in Washington, D.C., February 27, 2020.

Mark H. Buzby

For the Department

of Transportation

United States of America

Magda Kopczynska

For the Waterborne Transport

DG-MOVE

European Union