

## **MISA Response to the European Commission Consultation on an EU Strategy for Islands**

### **Introduction**

The Malta International Shipowners' Association (MISA) welcomes the European Commission's initiative to develop an EU Strategy for Islands.

This contribution reflects positions previously expressed by MISA, including in the context of the EU ETS consultation.

The development of such a strategy is particularly important to ensure that EU policies, across sectors, adequately reflect the structural realities of island Member States, including their dependence on maritime connectivity and the absence of alternative transport modes.

This is consistent with the broader EU climate framework, including the European Climate Law, which recognises the need for a fair and inclusive transition that takes into account different starting points and structural constraints, including those of island territories.

### **Island realities and maritime dependence**

For island Member States such as Malta, maritime transport is not one mode among others but the only physical link to the European mainland. Trade, energy supply and economic activity depend on efficient and competitive maritime connectivity.

EU policy must therefore take into account the permanent structural disadvantages faced by islands, as recognised under Article 174 TFEU, and ensure that measures affecting transport and energy do not disproportionately impact island economies.

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## **EU regional measures – impact on island Member States**

MISA has consistently highlighted that shipping is a global industry requiring a globally consistent regulatory framework to ensure a level playing field.

Recent regional climate measures, including the EU ETS and FuelEU Maritime, illustrate how EU policy can have disproportionate impacts on island Member States where structural constraints are not adequately taken into account. These measures apply cumulatively, creating stacked regulatory and cost impacts for island operators.

When not matched by equivalent international obligations, such measures risk creating market distortions, carbon leakage and rerouting of traffic, thereby undermining both environmental objectives and competitiveness.

These effects are particularly pronounced for island Member States, where there are no viable alternative transport modes and where increased maritime transport costs are transmitted across the wider economy.

In island contexts, these impacts are transmitted across supply chains and directly affect the cost of essential goods and services, with broader implications for economic resilience and cost of living. In such circumstances, these measures do not function as an incentive to shift behaviour, but rather as a non-avoidable cost on essential connectivity. Certain operators serving island Member States are fully exposed to such measures, without the possibility to re-route or adapt logistics chains.

Decarbonisation and cohesion must therefore be pursued in parallel, ensuring that climate measures do not undermine the connectivity and economic resilience of island Member States.

At present, shipowners are among the only actors in the maritime value chain directly regulated and financially exposed under regional measures. However, they do not control key enabling elements of the transition — including the production, availability and pricing of alternative fuels, or the development of supporting infrastructure — which creates a structural imbalance in the allocation of responsibilities and costs. This results in an asymmetrical cost burden in a structurally global and competitive sector, where EU-based operators may be disproportionately affected without corresponding global impact on emissions.

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MISA's position remains that decarbonisation of shipping should be pursued through a global framework at IMO level. Regional measures should therefore remain transitional and, where maintained, should be adjusted to address distortions and preserve competitiveness pending the implementation of an effective global mechanism.

MISA fully supports the objectives of decarbonisation of the maritime sector and the EU's climate ambition. These considerations are not aimed at reducing climate ambition, but at ensuring that decarbonisation measures are designed and implemented in a manner that is fair, proportionate and effective, taking into account the structural constraints of island Member States.

### **Island-related provisions and equal treatment**

In line with its previous submissions, MISA supports the review and strengthening of existing island-related provisions, including those in the current EU ETS maritime framework, with a view to ensuring that the island exemption and associated population threshold are appropriately extended to reflect the realities of larger islands and island Member States.

MISA has previously highlighted the need to ensure that such provisions adequately reflect the specificities of larger islands and island states, as well as the structural dependence of island economies on maritime transport.

MISA also notes that these issues have been raised by its members operating essential connectivity services to and from Malta, who face full exposure to EU ETS obligations without viable modal or routing alternatives.

A uniform application of EU measures to structurally unequal contexts risks producing disproportionate outcomes, highlighting the need for a more context-sensitive approach.

In this context, MISA considers that:

- the current population threshold should be reviewed and extended; and

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- the scope and application of the existing framework should be adapted to ensure appropriate treatment of island Member States facing comparable structural constraints.

Island Member States such as Malta, which constitute a NUTS I region in their entirety, face structural constraints comparable to those of island regions within other Member States and should be treated on an equivalent basis.

Ensuring a level playing field and addressing disproportionate impacts is essential to preserve connectivity, competitiveness and territorial cohesion.

In this context, MISA notes that discussions at EU level have increasingly referred to the concept of an “Island Clause” to address such structural challenges, and considers that any such approach should ensure appropriate treatment of island Member States alongside island regions.

Similar considerations should be taken into account in the context of the review of FuelEU Maritime.

## Conclusion

The EU Islands Strategy provides an opportunity to ensure that EU policy better reflects the structural realities of island Member States.

EU measures should be designed in a manner that ensures proportionality, preserves the international competitiveness of EU shipping and supports a globally aligned framework.

Given the risk of structural and potentially irreversible changes to connectivity patterns, it is important that such considerations are addressed in a timely and forward-looking manner, rather than only after impacts have materialised.

We therefore respectfully suggest that EU policy frameworks, including the upcoming review of the EU ETS, should consider the strengthening and appropriate application of existing island-related provisions, including through proportionate and targeted

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measures, to ensure that obligations relating to maritime transport and connectivity are applied in a manner that reflects the specific circumstances of island populations.

MISA remains committed to contributing constructively to this process.

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MISA is a full member of the International Chamber of Shipping (ICS) and European Community Shipowners' Associations (ECSA), and a corporate member of the Chartered Institute of Logistics and Transport (Malta Branch), Malta Chamber of Commerce, Enterprise and Industry and the Malta Maritime Forum (MMF)

