

Position paper ECSA

A Green Deal for the European shipping industry

The shipping industry is **fully committed** to **eradicating its GHG emissions completely**, in line with the ambitious targets agreed for the sector by its global regulator, the UN International Maritime Organisation (IMO) as part of the initial IMO GHG strategy agreed in 2018, and consistent with the 1.5 degree UNFCCC climate change goal.

This IMO Strategy has been agreed by virtually every IMO Member State including all EU Member States which are parties to the IMO MARPOL Convention which, inter alia, addresses GHG reductions from international shipping.

The **IMO Strategy includes a target to cut total GHG emissions from international shipping by at least 50 per cent by 2050** (compared to 2008) regardless of maritime trade growth, whilst pursuing efforts towards phasing them out as soon as possible in this century. The IMO Strategy also includes, as mid-term candidate measure, the development of a global market-based measure to help deliver the agreed targets. The strategy will be further revised in 2023 to ensure a **pathway to full decarbonisation** for international shipping as quickly as possible.

Emissions from shipping, being an international transportation sector, cannot be attributed to individual nations. Therefore **international shipping is not covered by the Nationally Determined Contributions committed by Parties to the UNFCCC Paris Agreement** (including those made by EU Member States). It is the UN IMO's responsibility under the UNFCCC process to address the sector's GHG emissions reduction. **The GHG reduction targets agreed by the IMO are actually more ambitious** than those committed so far, in total, by the Parties to the Paris Agreement with respect to the rest of the world economy.

Shipping is already, by far, the most carbon-efficient form of commercial transport in terms of CO₂ emissions per tonne of cargo moved one kilometre. According to estimates made by environmental NGO, the International Council of a Clean Transportation, the shipping industry reduced **its total CO₂ emissions** between 2008 and 2015 by about 8 per cent, despite a significant increase in maritime trade during the same period. This indicates that the sector has already **improved its carbon efficiency by as much as 30 percent** over the past decade.

The above notwithstanding, the shipping industry acknowledges that much more needs to be done and is therefore an **active contributor** to the IMO discussions on both **short-term and long-term measures** consistent with the initial IMO GHG Strategy to further lower the CO₂ emissions from shipping.

As a global industry, **regulations to address GHG from shipping must be set at the global level via the UN IMO**. Regional regulation carries the risk of being suboptimal, resulting in carbon leakage and the distortion of the level playing field, as well as undermining the good progress made by the IMO.

We **appreciate the commitment at the EU level** to lead the way in the fight against global warming. Any possible **EU initiatives should contribute to the global rule-making process** and strengthen **the competitive position of the EU shipping industry and subsequently of the EU maritime cluster**. ECSA will contribute to the stakeholders consultation and the impact assessment foreseen for later in 2020 to express its opinion on the effectiveness and efficiency of the proposal by the European Commission to include global shipping in the regional EU ETS.

Full decarbonisation necessitates the **development of alternative and innovative green technologies and fuels**. The first results are promising, especially for smaller ship sailing on short routes (short sea shipping). The use of “drop-in” alternative fuels, for example, can start reducing emissions immediately. R&D spending has to increase considerably and technologies have to be mature before they can be applied, also to deep sea shipping. To achieve this **efforts by all maritime stakeholders** are needed. The international associations representing the shipping industry submitted a joint proposal to IMO to **establish a US\$ 5 billion maritime R&D fund**, financed by the shipping industry via a surcharge on bunker fuels.

New technologies and fuels should become available globally as quickly as possible and **the shipping and maritime industry should be incentivised** to make the necessary transition to these new technologies and fuels as soon as they become globally available.

To conclude, shifting to **smart and safe zero-emission shipping is possible** but it requires a **radical change** throughout the whole maritime industry and its supply chain, from fuels producers to the engineers on board. The **shipping industry embraces these environmental challenges** and is also ready to **contribute financially** to these long-term goals through the **dedicated maritime R&D fund proposed to the IMO**.

What Europe can do together with the European shipping industry

1. Take the lead in the international regulatory process

The EU needs to have a global and holistic perspective and has a unique opportunity to lead in the world's efforts to mitigate climate change. It needs to take stock of the obligations already undertaken at the IMO and become a front runner in areas pertinent to the shipping industry which are complementary to the IMO's Initial Strategy in a way that does not distort international competition.

Europe should **take a leading role in ensuring that the reduction targets set by the IMO are met.** This should be done by influencing the regulatory process of the IMO in a constructive and balanced way. To this end, while promoting a high level of ambition, the EU should work towards ensuring consensus among the IMO Member States by inter alia taking into consideration the concerns of Small Islands Developing States and Least Developed Countries.

2. Incentivise the modal shift in transport from roads and air to ferries and short sea shipping – need for an ambitious strategy

Maritime transport is the most efficient mode of transport resulting in low CO₂ emissions. Compared to road transport short sea shipping is two to four times more fuel efficient. Passenger transport by sea emits less than one tenth of that from air transport. Shifting passengers and goods to inland waterways, ferries and short sea shipping within Europe, will per se reduce CO₂ emissions in Europe. ECSA encourages **the development of a strategy paper on the way forward for modal shift from road and air to sea**, including concrete suggestions for incentivising this shift. ECSA will contribute to this work.

3. Research and Development - make the EU a frontrunner in low- and zero-carbon technologies

3.1 An EU strategy for a clean and competitive shipping industry must involve all segments of the maritime cluster, as the shipping industry is dependent on the relevant bunker infrastructure, fuels, engines and ship designs. Ships will need new technologies to provide them with low carbon or carbon-free power and propulsion needed to continue to sail and to trade. As such, the whole maritime industry needs supporting measures to shift away from technologies based on conventional fuels and to incentivise a swift transition to climate neutrality. Extensive research is therefore needed in the EU, to the benefit of the whole cluster and the society.

3.2 The power of collaboration within the EU maritime cluster can entail a true opportunity for the whole EU maritime industry supported by **a first mover facility.** By facilitating cooperation and providing the right framework for more research and innovation, the EU can guarantee the long-term competitiveness and resilience of its maritime sector in this changing climate.

3.3 In order to make the transition to fossil-free fuels and carbon-neutral propulsion power, large-scale investment in R&D is necessary. The industry is ready to be effectively involved, but shipowners cannot make the transition by themselves alone. The EU has a unique opportunity **to serve as test and demonstration centres for the development and deployment of new fuel types**. All with a view to be up-scaled to a global level. This will have the potential to give the EU a competitive advantage in new green technologies creating opportunities for jobs and growth.

4. Port call optimisation

Recent trials of port call optimisation show that substantial CO₂ reductions can be achieved **by optimising the access of ships to ports** in a planned schedule. The Rotterdam Port Authority for example monitored for one month the approach of vessels. 50% of them had to wait before being able to enter the port. The potential for harvesting such low-hanging fruits has to be recognised and put into effect as a matter of priority. The Commission **should include a study on port call optimisation** in a maritime strategy for delivery in the shortest possible timeframe, including concrete measures for ensuring that port optimisation will take place.

5. Shore power and infrastructure for alternative fuels

ECSA encourages the Commission **to evaluate the roll out of infrastructure for the delivery of alternative (non-fossil) fuels** in key European network ports, including electricity (shore power), as foreseen by 2025 in the Directive 2014/94/EU on the deployment of alternative fuels infrastructure. In its Green Deal, the Commission proposes “[...] to oblige docked ships to use shore-side electricity.” ECSA supports the transition to no pollution in ports. Shore-side electricity is one of many solutions. It is important to keep our eyes on the target and not focus on one specific instrument, as new regulation must be technology neutral.

ECSA furthermore encourages the Commission **to investigate soft measures to incentivise the use of electric shore power** from renewable sources by ships when docking.

6. Establish a green financing programme for the electrification of ferries

ECSA, together with Interferry, call for the Commission to investigate the possibility of creating a programme to finance the electrification of ferries, including the building of infrastructure such as charging facilities at European ports.

7. Use the offshore potential for renewable energy

ECSA welcomes the Commission’s objective of 450 GW offshore wind power before 2050. It is important for future European competitiveness and the green transition that Europe is ambitious with regard to wind power. The Commission must continue supporting the technology development of wind power and encourage a

competitive environment for testing and demonstrations, such as the development of floating wind power.

8. Digitalisation

ECSA welcomes the Commission's proposal to focus more on digitalisation. Increased digitalisation has enormous potential to increase efficiency and reduce emissions from ships and vehicles around seaports.