



## COMMISSION COMMUNICATION “EUROPEAN GREEN DEAL”

(COM(2019) 640 final) 11.12.2019

### Inclusion of international Shipping in EU ETS

#### SEA Europe position

#### “A DEDICATED EU FUND TO ACHIEVE CLIMATE-NEUTRAL WATERBORNE TRANSPORT”

Brussels, 19.01.2021

**SEA Europe fully supports the ambitions of the ‘European Green Deal’ (EUGD) and firmly believes that European shipyards and maritime equipment industry (known as ‘maritime technology sector’) are able to make the waterborne transport sector achieving its zero-emission ambitions towards 2050. The EUGD will offer stimulating opportunities for the maritime technology sector provided that the right framework conditions are adopted, such as incentivising first movers, ensuring legal certainty, adopting goal-based policies.**

As regards the EU’s plans to extend the EU Emission Trading Scheme (ETS) to shipping, SEA Europe fully supports the concept that the reduction of greenhouse gas emissions should be incentivised by internalising the external cost of these emissions. In line with this concept SEA Europe proposes to set-up a **dedicated EU Maritime Fund** – as an opt-out alternative to the proposed ETS extension. The EU Maritime Fund will serve as an incentive to develop green technologies; to mature sustainable alternative fuels and to integrate them onboard ships; as well as to deploy green infrastructure, and to financially stimulate first movers.

Whilst continued financial support for RD&I is needed to achieve zero emission waterborne transport<sup>1</sup>, SEA Europe would like to underline that the proposed EU Maritime Fund should primarily aim at supporting the **implementation of mature energy saving technologies and zero-emission solutions**. Therefore, the scope of the use of the revenues from the EU Maritime Fund should be primarily directed to achieve the EUGD 55% reduction goals by 2030 and ultimately reaching EU ambition of climate neutrality by 2050.

The waterborne transport sector is also fully aware that cross-cutting cooperation and innovation will be key to cope with the many technical challenges of climate change, in particular on the introduction of climate neutral fuels. Therefore, the EU Maritime Fund should be designed with sufficient inducement to bridge the additional costs of ships with improved safety and environmental standards. This includes alternative fuels life-cycle assessment; environmental externalities in the entire life-cycle from the design and building stage of ships; their operation and maintenance, and ultimately their safe and environmentally sound dismantling.

As the European Parliament position to establish a European hybrid market-based measure – called ‘Ocean Fund’, the SEA Europe position – likewise – suggests that **shipping companies will have to choose between either entering the EU ETS auctioning system or contributing directly to the EU Maritime Fund.**

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<sup>1</sup> In particular for the co-Programmed Partnership on Zero-Emission Waterborne Transport provide and demonstrate zero-emission solutions for all main ship types and services before 2030, which will enable zero-emission waterborne transport before 2050.

Shipping companies opting for EU ETS can benefit from free allowances of which the conditions are to be defined by European regulators. The share of free allowances allocated to those shipping companies will have to be reduced over the years, providing an incentive to have the most efficient ships. The largest part of the auction revenues from ETS will then be paid into the EU Maritime Fund.

Shipping companies opting for a direct contribution to the EU Maritime Fund will face fewer administrative constraints than under the EU ETS auctioning system. The shipping company's contribution to the EU Maritime Fund will be based on the ton CO<sub>2</sub> reported per ship under the EU Regulation on monitoring, reporting and verification of carbon dioxide emissions from maritime transport (**EU MRV Regulation**). The level of contribution to the EU Maritime Fund will increase as the reduction target level set under the EU ETS becomes higher. Such a target-based contribution to CO<sub>2</sub> emission reduction from shipping to the EU Maritime Fund will represent a cost incentive for shipping companies to further cut emissions back. The EU MRV Regulation provides the necessary transparency to stimulate the uptake of new technologies and operational measures. The EU MRV Regulation could be extended to the reporting of other GHG or pollutants emissions provided that they can be measured, reported and verified with a high level of accuracy.

**SEA Europe believes that a dedicated EU Maritime Fund will accelerate the reduction of CO<sub>2</sub> emissions from the waterborne transport sector and thereby contribute to the EUGD ambitions. It will provide better opportunities than EU ETS to control the appropriate use of the funds available for the maritime greening.** The major advantage of this approach consists of the fact that revenues generated by the sector itself can be specifically allocated to the greening of waterborne transport. Any money collected under the EU Maritime Fund should be used to stimulate **shipping companies to invest in new innovative green ships, in line with the objectives from the 'European Green Deal' and 'Next Generation EU'**.

Consistently with the EUGD ambition, these objectives do not only aim to combat climate change but equally to support a strategy for growth for the EU economy, and in particular, with reference to the money that would flow into the Maritime Fund, for the growth of the whole European maritime technology sector.

Furthermore, the EU Maritime Fund could also **stimulate fleet renewal across Europe**, based on common objectives, principles, preserving the EU's strategic maritime technological sovereignty and capabilities, and at the same time **stimulate investments from shipping companies in new innovative green technologies**, in line with the European Green Deal.

Finally, SEA Europe believes that any EU initiatives should not prevent from setting up a world-wide market-based measures (MBM) by the International Maritime Organization (IMO) which is indispensable to incentivize climate-friendly energy converters/fuels and to discourage the use of carbon intense energy options.

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## Background Note

SEA Europe represents close to 100% of the European shipbuilding industry in 16 nations, encompassing the production, maintenance, repair and conversion of all types of ships and floating structures, commercial as well as naval, including the full supply chain with the various producers of maritime systems, equipment material, and services. For further information, please visit <http://www.seaeurope.eu> or contact: Christophe Tytgat, Secretary General, [ct@seaeurope.eu](mailto:ct@seaeurope.eu) / Benoît Loicq, Technical & Environment Director, [bl@seaeurope.eu](mailto:bl@seaeurope.eu)