

FEPORT Position Paper on the EU Commission proposal for a FuelEU Maritime Regulation

Introduction

FEPORT is the European association which represents the interests of 1225 private companies and terminals performing cargo handling and logistics related activities in the seaports of the EU.

Our association comprises both national associations as well as national, regional and global companies.

FEPORT fully subscribes to the objectives of the Green Deal and welcomes the opportunity to provide comments regarding the EU Commission proposal for a FuelEU Maritime Regulation.

Together with the inclusion of shipping into the EU ETS, this proposal constitutes a necessary step to ensure that all sectors contribute equally to the realization of the climate targets of the EU for 2030 and 2050.

FEPORT would like to provide the following comments:

1. Adopt the “polluter pays principle”, but ensure that revenues are invested back into the maritime sector which also encompasses port stakeholders

FEPORT agrees to the underlying principles of the EU Commission proposal for a FuelEU Maritime Regulation. It is important that the shipping sector is regarded as the principal actor being responsible for its own emissions and it is therefore logical that FuelEU Maritime will introduce requirements for GHG intensity limits of energy used on-board of ships as well as to reduce emissions while at berth. This is particularly important for port neighboring communities since they can be adversely affected by air pollution from sulfur oxides, nitrogen oxides and particulate matter which is also rightly acknowledged by recital 20 of the Commission proposal.

FEPORT also supports the Commission’s proposal to introduce penalties for non-compliance with the energy intensity requirements of FuelEU Maritime and reinvest them back into the sector through the Innovation Fund. Such a fund could finance the use and distribution of low carbon fuels

and help maritime operators to meet their climate and environmental goals (see article 20 and recitals 37 and 40).

This support for the decarbonization of the maritime transport sector is very welcome but it should also be inclusive of port stakeholders since most of the investments that will be made in ports will enable the shipping sector to meet its climate targets. The proposed FuelEU Maritime Regulation should therefore also explicitly mention the port sector as a possible recipient of funding. Furthermore, it is key that funding aimed at greening the maritime and ports sectors does not only focus on research into disruptive technologies, but also on the deployment or improvement of the market-readiness of existing solutions.

2. Prevent that applying EU climate legislation to shipping will lead to a diversion of cargo away from EU ports or a distortion of competition between different transport modes

Ports and terminals do not only compete amongst themselves but also with non-EU ports in the Mediterranean and other neighboring regions. Furthermore, there is a real risk of a loss of competitiveness vis-à-vis UK ports in the context of Brexit, with the UK having announced a “freeport initiative” which could also entail tax breaks and subsidies for the companies operating and established in these freeports.

FEPOR members think that it is crucial to prevent that EU policies imposing environmental standards on shipping will lead to a diversion of cargo away from EU ports.

It is however also understandable that the EU seeks to set an international example and subscribes to the principle that external costs should be internalized.

Climate measures with an international scope must nevertheless be always assessed in a broader perspective which includes the trade and environmental policies of non-EU competitors. At any time, special care should be taken towards the possibility of the emergence of alternative trade routes in which first a neighboring non-EU port is visited after or before the long haul to other continents thus avoiding higher costs. The neighboring port can then be more easily used to offload or transship cargo.

For many European terminals, a diversion of cargo flows away from EU ports as a consequence of FuelEU Maritime as well as EU ETS would constitute a real threat and this issue should therefore be tackled with urgency. At the same time, any measure aiming at preventing carbon leakage or cargo diversion should be assessed carefully in order to prevent disputes with EU trading partners.

Aside from ensuring that cargo flows to the EU will not ultimately decrease, it is equally important to assess whether all transport modes pay the same price for the GHG emissions they are responsible for. Hence, the importance of analyzing all “Fit for 55” proposals jointly and holistically. This will indeed be an essential prerequisite for ensuring fair competition as actors in the logistics sector do not only compete within but also across transport modes.

3. Consider the interests of port stakeholders when designing policies related to shore power, be it on the user or infrastructure side

In its response to the public consultations regarding the revision of the Alternative Fuels Infrastructure Directive and FuelEU Maritime, FEPORT has underlined the importance of adhering to a technology neutral – or agnostic – approach in order to stimulate research and innovation into clean technologies.

This point is relevant for each transport sector but especially for the maritime one as many details regarding this sector's pathway to decarbonization still remain unknown and it might be that this part of the transport sector will reach climate neutrality by means of various fuel and energy solutions (energy mix) at the same time.

FEPORT therefore understands the rationale behind article 5(1) and 5(3.b) of the FuelEU Maritime Regulation proposal as it requires ships to connect to shore power as of 1 January 2030 onwards, while exempting those ships that already use another zero-emission technology. In this way, technology agnostic and goal-based approach is followed, while ensuring that ships actually make steps towards zero-emissions at berth.

However, for port stakeholders, allowing for the use of different zero-emission technologies, might discourage private investments. Very few private port stakeholders will be tempted to invest in onshore power supply, if they are not sure that by 2030 shipping companies will be using OPS or another zero-emission technology.

Investments into OPS should in principle be public. Private port stakeholders could play some supporting role, but this will depend on the existence of a business case which is largely determined by demand.

In order to stimulate investments – mainly from the public but also from the private side – sufficient demand must be available in order to prevent stranded assets. FEPORT therefore supports that article 5(1) of the FuelEU Maritime Regulation makes connecting to shore power mandatory as of 1 January 2030, although some exceptions are provided for. In the same vein, it is crucial that the AFIR sets a high target for the deployment of OPS infrastructure, requiring those maritime core and comprehensive ports covered by article 9(1) of the AFI Regulation proposal to have sufficient shore-side power output available to cover at least 90% of existing demand.

It is crucial that in the framework of the interinstitutional negotiations, these targets are not watered down. Only with sufficiently high targets for both the deployment and uptake of OPS, will port and shipping stakeholders be willing to take measures to ensure an increased usage of shore power by ships at berth.

However, in order to stimulate shipping lines to also use OPS before it becomes mandatory in 2030, EU policies should guarantee that the price of OPS is at least not higher than the price paid for more polluting alternatives such as Heavy Fuel Oil. Tax measures can help in this regard. Therefore, in the framework of the Energy Taxation Directive revision, FEPORT called for a total tax exemption for

electricity provided to vessels at berth. Similarly, infrastructure standardization will certainly be a factor that can contribute to the accelerated uptake of shore power.

Finally, a number of constraining factors must be taken into account when implementing OPS targets in the EU. For instance, possible adverse effects on the Level Playing Field must be considered. As electricity prices differ per Member State, obligations to connect could favour some ports to the detriment of others. In addition, it should be considered whether the electricity provided to vessels at berth actually leads to a net contribution to climate change mitigation.

4. Concluding remarks

FEPORT welcomes that the FuelEU maritime regulation sets energy intensity standards for ships, both during voyages and while at berth. However, any EU funding based on the revenues generated through the implementation of this Regulation should also benefit port stakeholders as the shipping sector cannot become climate neutral without significant port investments dedicated to the decarbonization of shipping. Moreover, when designing policies to reduce the GHG impact of maritime transport, it is also important to assess possible repercussions for the competitiveness of EU industries.