



SUSTAINABLE & SMART **MOBILITY STRATEGY**

Fit for 55 package for maritime transport and ports & Actions at IMO



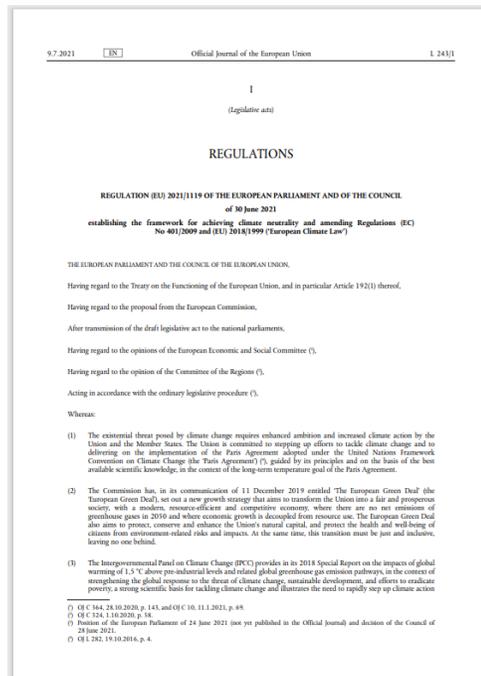
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19 September 2022
EUROPEAN COMMISSION
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Context: Delivering the European Green Deal

14 July 2021



A socially fair transition
A competitive transition
A green transition

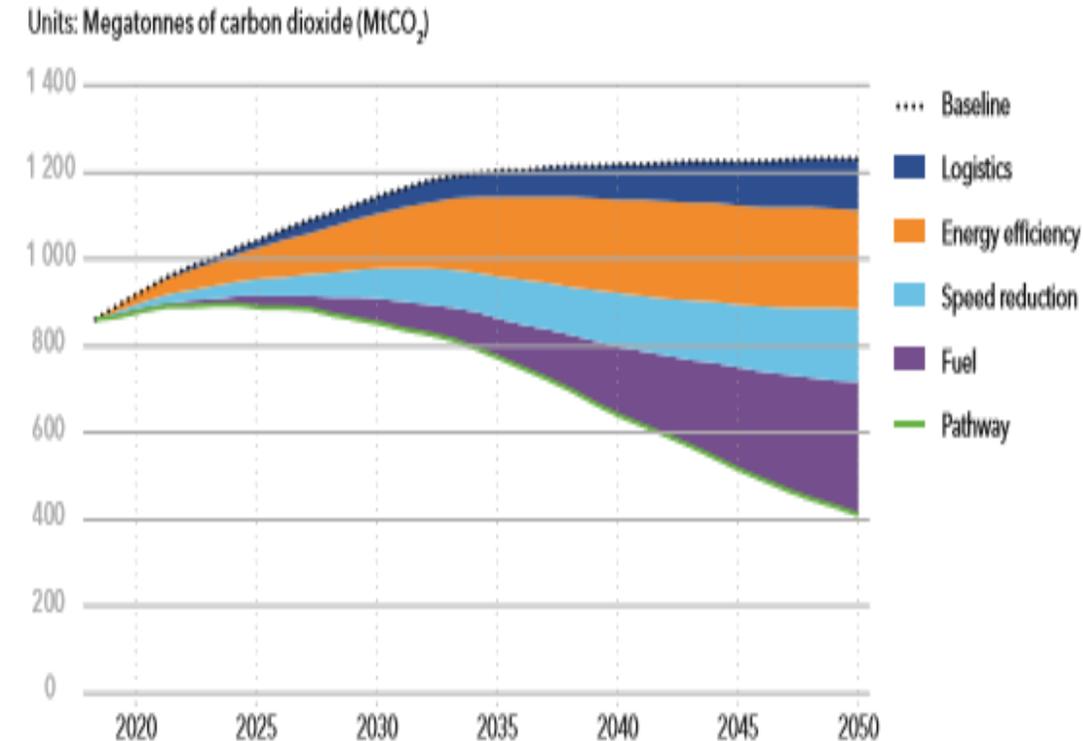


The European Climate Law of 30 June 2021

- Union-wide climate-neutrality objective 2050
- New 2030 target of at least 55% net greenhouse gas emissions reduction
- Recognition of the need to enhance the EU's carbon sink

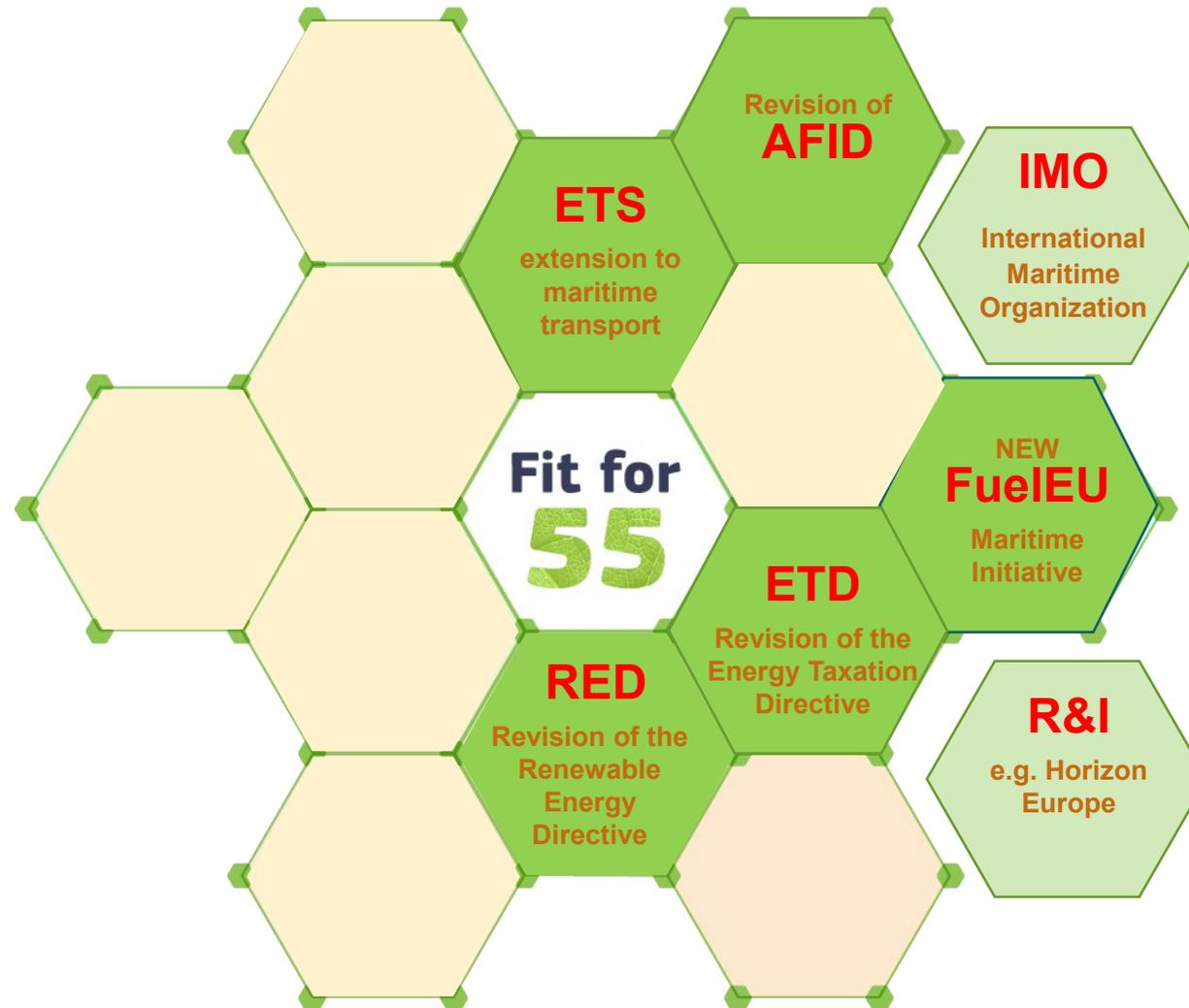
Key objectives for the maritime sector

- Ensure maritime transport **contributes** to EU climate efforts and to the **Paris Agreement commitments** → **reduce maritime emissions by around 90%**
- Abating maritime emissions requires:
 - Improving energy efficiency → **using less fuel**
 - Using renewable and low carbon fuels → **using cleaner fuels**
- Various market and regulatory obstacles addressed via a **'basket of measures'**
- **Coordination** at global level



DNV-GL (2019) | Maritime
Forecast to 2050

Initiatives that concern waterborne transport (“basket of measures”)



MARITIME

ETS – the basics

➤ 'Cap-and-trade' system:

- Puts a **quantity limit (cap)** on emissions for installations under the ETS
- The cap is **reduced** each year
- a fixed number of ETS **allowances** is issued
- ETS participants have to monitor their emissions and surrender enough allowances to cover all their annual emissions

➤ Key benefits:

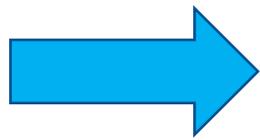
- Capping and reducing GHG emissions
- Price signal
- Flexibility and cost-effectiveness
- Generate revenues to tackle climate change

Challenges

- To reach the climate targets in 2050, maritime sector should use close to 90% of renewable and low-carbon fuels. **Today: fossil fuels over 99% of the fuel mix**
- Not a single technological option for the large variety of ship types and trades. Operators are trapped in a **“wait-and-see attitude”**
- **Coordination failure between supply, distribution and demand.** Need to address all relevant aspects – fuel production (Renewable Energy Directive); fuel distribution (Alternative Fuel Infrastructure Regulation) and fuel demand – to break the chicken-and-egg issue
- **Obligations must be imposed on demand** not only to promote investments in supply and distribution, but also to avoid carbon leakage
- **Long lead times** for fuel supply chains and fleet renewal: need for immediate, yet gradual action

Approach

- Focus on **fuel** and on **demand** (but other aspects are covered elsewhere!)
- **Technology-neutral approach:** maritime operators will need to use an increasing proportion of zero and low carbon sustainable fuels, without obligation to use a specific technology



Article 4 sets limits on the **yearly average GHG intensity of the energy used on-board** (CO₂eq/MJ)

Maritime targets on the limits on greenhouse gas intensity of the energy used on-board compared to 2020



- Inclusion of **CO₂, methane and nitrous oxide** on a full **well-to-wake** calculation: allows fair comparison of fuels and is in line with the approach proposed in IMO
- Obligation on **yearly average** instead of single voyage: provides flexibility

Supporting instruments

- Connecting Europe Facility II
- Alternative Fuels Infrastructure Facility
- InvestEU
- Recovery and Resilience Facility
- Innovation Fund
- Horizon Europe and Zero Emission Waterborne partnership
- Renewable and Low Carbon Fuels Alliance



IMO - GHG discussions and EU priorities

2018 Initial IMO GHG Strategy to be reviewed by Spring 2023:

- Current level of ambition is to achieve a 50% reduction in GHG emissions from shipping by 2050
- Revised level of ambition under discussion

Short-Term Measures (adopted):

- EEXI: technical energy efficiency measure for existing ships
- Carbon Intensity Indicator: operational energy efficiency measures

Mid-Term Measures (under discussion):

- Technical standard: Low GHG Fuel Standard
- Market-based measure / carbon pricing: ETS or levy



Thank you!

