Brussels,
July 2025

European Shipowners | ECSA position paper on the Sustainable Transport Investment Plan (STIP)

Main Recommendations

- **An internationally competitive European shipping sector is a prerequisite for a strong maritime industrial cluster in Europe**. Investments in clean technologies and fuels should be encouraged to make the maritime industrial cluster more competitive internationally.
- **The price gap** between conventional fuels and low- and zero-carbon fuels **should be bridged by using public and private funding, notably the EU ETS revenues to de-risk the necessary investment**.
- **The production of low- and zero-carbon fuels for shipping** should be fostered by strengthening the provisions of the FuelEU Maritime Regulation and of RED III by introducing a mandate on fuel suppliers to produce in the EU at least 40% of the maritime fuels needed to comply with the FuelEU Maritime targets.
- **A requirement to direct the national ETS revenues from shipping in the maritime sector should be introduced in EU law, as long as the shipping sector continues to pay for its emissions under the EU ETS**. National ETS revenues should be invested in the uptake of clean maritime fuels and technologies.
- **Priority access to low- and zero-carbon fuels should be given to shipping**. Therefore, no further incentives for the use of additional quantities of advanced biofuels and e-fuels in road transport should be introduced.
- **Develop energy hubs and delivering on safety**, by establishing a European maritime industrial strategy covering the production of low- and zero-carbon fuels for the shipping sector.

Introduction

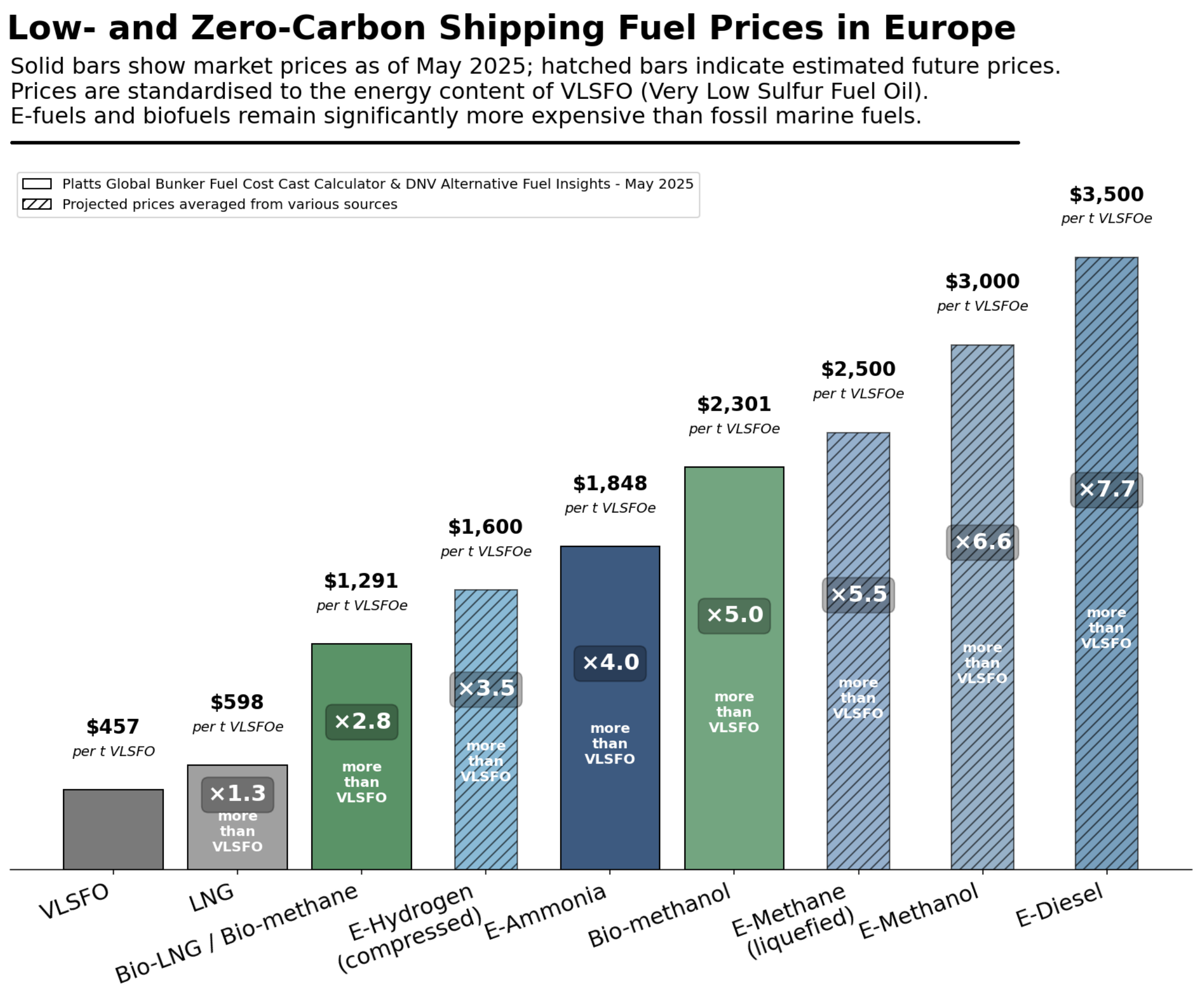
The ‘Fit for 55’ package and the recent IMO net-zero framework on the reduction of greenhouse gas emissions from ships have set clear targets for shipping, making its energy transition not a question of ‘if’ but a question of ‘how’. The critically important package of new greenhouse gas (GHG) emissions reduction regulations – the “IMO net-zero framework” – will help ensure international shipping’s transition to net zero.

European Shipowners welcome the “IMO net-zero framework” agreed by the International Maritime Organization (IMO) in April. Shipping requires one regulatory framework at international level and full harmonisation of the EU legislation with the IMO climate agreement. Once the IMO agreement is adopted, the Commission must as a matter of priority initiate a simultaneous and coordinated review of FuelEU Maritime and EU ETS to ensure a full harmonisation with the IMO measures considering the high ambition of the IMO agreement. In this regard, avoidance of double regulation and double payment for the same greenhouse gas emissions must be ensured under FuelEU Maritime and EU ETS.

Shipping will be the first sector to have a globally agreed binding carbon pricing mechanism. The transition of international shipping to net zero is expected to create demand for low- and zero-carbon fuels at international level. Thus, the IMO measure will be an opportunity for the European energy producers to make these fuels available in the market as long as the necessary investments are made. To achieve the European climate objectives, and ensure the shipping industry remains internationally competitive, European Shipowners call on the Commission to **prioritise investments in the production, distribution, and uptake of clean, safe and affordable maritime fuels to decarbonise this hard-to-abate sector in its upcoming Sustainable Transport Investment Plan.**

The Draghi report recognises that shipping together with aviation, are the most difficult sectors to decarbonise. Investment needs for shipping alone will be around 40 billion each year from 2031 to 2050. The report mentions the EU ETS revenues and affirms that funding for the green transition in the EU is complex to access, fragmented, and CAPEX-focused. To support investment to reduce emissions in the transport sector, the report proposes that the EU should de-risk investment in clean fuels, ensure continuity and expand existing funding mechanisms for refuelling and recharging infrastructure, as well as launch dedicated sectoral calls under the Innovation Fund for the first deployment of decarbonisation solutions, possibly even per technology.

The energy transition of the shipping sector will require immense quantities of low- and zero-carbon affordable fuels, but the current lack of availability risks blocking its timely deployment. Low- and zero-carbon shipping fuels can currently be up to eight times more expensive than conventional fuels.



Investment to bridge the low- and zero-carbon fuels price gap

Europe's potential leadership in green fuels and technologies provides a unique opportunity to build a supply chain that enhances energy security, creates jobs and advances climate goals. However, **large-scale green fuel projects face significant uncertainties that deter private investment**. These include technological risks and high upfront capital requirements that disadvantage first movers – amongst producers, financiers, or end-users.

Additional obstacles include the high production costs of clean fuels and a mismatch of business models between producers, who seek long-term contracts at high prices, and users, for whom shorter-term commitments for smaller fuel volumes bear less risk. Furthermore, shipping companies active in the bulk/tramp sector cannot conclude such agreements, due to the nature of their activities where port calls are usually unknown in advance. Finally, it is difficult for SMEs to enter into such agreements. These factors create high financial risks and uncertainty that may be insurmountable without more tailored public support than what the current EU Hydrogen Bank and ETS Innovation Fund schemes provide.

Decarbonising shipping will require access to public funding and private finance. With increasingly stricter banking capital requirements and many European banks scaling down their ship finance activities, it is essential to reverse this trend in ship financing whilst at the same time to look at financing tools that are best suited for the decarbonisation of the shipping industry.

Furthermore, as long as the shipping sector continues to pay for its emissions under the EU ETS, the EU ETS revenues, which feed into EU funds, the EU budget as well as Member States' national budgets, should be used to support the uptake of low- and zero-carbon fuels, while ensuring a level playing field and not leading to market distortions. In this regard, a requirement to invest the national ETS revenues from shipping in the maritime sector should be introduced in EU law. National ETS revenues should be invested in the uptake of clean maritime fuels and technologies.

The deployment of clean fuels and technologies should be funded, and not only state-of-the-art projects.

European Shipowners recommend that:

- The **Sustainable Transport Investment Plan (STIP)** should be harnessed in line with the Competitiveness Compass, to **de-risk investments** needed to swiftly ramp up the **production** and distribution of scalable **renewable fuels** for shipping.
- This could be achieved by investing the revenues of the EU ETS on energy transition-related activities to decarbonise the shipping sector at the EU and the Members States' levels. **A requirement to direct the national ETS revenues from shipping in the maritime sector should be introduced in EU law, as long as the shipping sector continues to pay for its emissions under the EU ETS.** National ETS revenues should be invested in the uptake of clean maritime fuels and clean maritime technologies.
- The earmarked revenues for the maritime sector under the **Innovation Fund** should be used as soon as possible to foster the decarbonisation of the sector and **bridge the price gap between conventional and low- and zero-carbon shipping fuels**. Administrative burden should be limited to ensure that SMEs, which are the backbone of the shipping sector, can apply to the Innovation Fund calls and access this support.
- Using the experience it gained from the European Hydrogen Bank pilot auction, the Commission should tailor **dedicated mechanisms**, to scale-up the production of low- and

zero-carbon fuels **for the shipping sector** and establish a European industrial base. This should especially address the uncertainty arising from the high production costs of these fuels, long-term offtake commitments required, the difficulty for market players to connect and market volatility, which are currently hindering projects in Europe from delivering large volumes of low- and zero-carbon fuels, especially hydrogen-based fuels.

- Under the 2023 European Hydrogen Bank pilot auction, the Commission introduced a new mechanism called "**Auction-as-a-Service**". It allows Member States to use their EU ETS national revenues to top up EU auctions to fund projects which were eligible but could not be funded due to a lack of EU funds. An equivalent system was introduced under the 2024 general Innovation Fund call ("**Grant-as-a-Service**"). **The Commission should continue to use these mechanisms for any upcoming Innovation Fund calls** and Member States should use this opportunity to multiply the Innovation Fund effects.

- In terms of private finance, **the prudential regulation and risk weight requirements should be reviewed and designed** considering the distinctive features of shipping and needs, to enable the banking sector to finance the sustainability of the sector. European ship financing opportunities should be enhanced through a diversity of financing and funding tools involving capital markets and private investors to enable better risk sharing of innovative and transitional projects.

Fostering the production of low- and zero-carbon fuels for shipping

European Shipowners | ECSA welcome the strong commitment of the Commission, in its Clean Industrial Deal and its communication on the 2040 climate target, to prioritise support and address barriers to the deployment of low- and zero-carbon fuels for shipping. The Draghi report identified the development of a supply chain for clean fuels as a priority for the EU, warning that otherwise the costs of meeting its climate targets will be significant.

The provisions of the FuelEU Maritime Regulation and of RED III should be strengthened to foster the production and availability of affordable low-and zero-carbon fuels for the shipping sector.

Current regulatory framework

The **FuelEU Maritime Regulation** introduced a fuel standard for ships. However, it does not make the EU fuel suppliers responsible for meeting the fuel GHG reduction targets.

The **Renewable Energy Directive** (RED III) includes a binding combined sub-target of 5.5% for advanced biofuels and RFNBOs in the share of renewable energies supplied to the whole transport sector. For shipping, it gives the possibility to Member States with maritime ports to introduce a sub-target of 1.2% for the supply of RFNBOs to shipping.

Fuels complying with the FuelEU Maritime targets, including advanced biofuels and e-fuels, are included in the list of net-zero technologies of the **Net Zero Industry Act** (NZIA). NZIA provides a benchmark for the Commission and the EU Member States to match 40% of the deployment needs for low- and zero-carbon fuels for shipping with production capacity.

European Shipowners | ECSA recommends that:

- A **mandate on fuel suppliers to produce in the EU at least 40% of the maritime fuels needed to comply with the FuelEU Maritime targets**, including advanced biofuels and e-fuels, should be introduced. This would ensure that fuel suppliers produce fuels compliant with the FuelEU Maritime's targets in sufficient quantities. It would also align the FuelEU Maritime Regulation with NZIA.

- Member States should make the **sub-target of 1.2% for the supply of RFNBOs to shipping** provided for in RED III legally binding.

- **NZIA should be swiftly implemented** in the national climate plans of the Member States to ensure that its 40% benchmark for the manufacturing of low- and zero-carbon fuels for shipping in Europe is translated into immediate action. This is key to scale up the production of low- and zero-carbon fuels for shipping and strengthen the value chain under the EU industrial strategy.

- **Priority access to low- and zero-carbon fuels should be given to shipping**. Therefore, no further incentives for the use of additional quantities of advanced biofuels and e-fuels in road transport should be introduced.

Developing energy hubs and delivering on safety

As a prerequisite to the decarbonisation of the shipping sector, port infrastructure and maritime energy hubs should also be developed to make fuels available across the EU.

The full implementation of the Alternative Fuels Infrastructure Regulation (AFIR) will be key to **ensure that fuels refuelling infrastructure and onshore power supply are available for ships**. While no major infrastructure changes are necessary for the storage and refuelling of biofuel blends, other fuels, such as e-fuels, will require investments as well as new strict safety requirements for their storage and refuelling. However, AFIR does not include any requirements for these fuels.

European Shipowners | ECSA recommends that:

- The **40% benchmark of NZIA for advanced biofuels and e-fuels for shipping** should be translated into concrete requirements for port infrastructure, as well as investments to turn major European ports into energy hubs. AFIR should be revised to include provisions on the deployment of storage and refuelling infrastructure for e-fuels.

- The EU should establish a **maritime industrial strategy covering the production of low- and zero-carbon fuels for the shipping sector** to ensure that it can meet the EU and IMO targets.

- New strict **safety requirements** should be developed for low- and zero-carbon fuels for shipping and in particular for advanced biofuel blends and e-fuels.

The energy transition of the maritime sector is vital to Europe's climate goals and industrial leadership. We look forward to working with policymakers to **implement a Clean Industrial Deal and a Sustainable Transport Investment Plan** that drive competitiveness and ensures a sustainable future.

For further information
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