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European Shipowners
ECSA | European Community Shipowners' Associations

ES|ECSA's high-level principles on the use of the EU ETS revenues for the uptake of sustainable fuels and technologies

The European Industrial Maritime Strategy underlines the need to focus on the energy transition and proposes the use of the national ETS revenues for the uptake of sustainable fuels and technologies for shipping. It is essential to invest the EUR 9 billion paid by shipping companies to the EU ETS to support production and availability of sustainable fuels for shipping at least in Europe. The energy transition of the shipping sector will require immense quantities of affordable sustainable fuels. These fuels can currently be on average four times more expensive than conventional fuels.

European shipowners lead the global orderbook for sustainable fuel-powered ships

- European shipping is leading the race for the energy transition. European shipowners are investing significantly in sustainable fuel-powered ships, representing **44% of the global orderbook.**
- Within the European orderbook, 54% of ships are designed to operate on sustainable fuels.
- This level of investment is not matched by availability of sustainable fuels.

But Europe is falling behind in fuel availability

- European shipping leads the global orderbook of sustainable fuel-powered ships. But where are the fuels?
- Europe is falling behind on fuel production – Asia leads with 74% of fuel production projects, while Europe accounts for just 10%.
- Shipping contributes EUR 9 billion a year in ETS revenues. Investing this money in the production of sustainable shipping fuels in Europe is not only key for the energy transition but a matter of energy security.

Therefore, the EU ETS revenues should be invested in the energy transition of the shipping sector via a simple, transparent and easy-to-access mechanism. Administrative burden should be limited for all segments of shipping, as the European fleet is competing on the global stage. 90% of European companies control fewer than 10 ships, and SMEs should have proper access to this support.

Without prejudice of the existing ES|ECSA's high-level political points in relation to the latest IMO developments and the EU legislation on shipping decarbonisation, European Shipowners put forward the following high-level principles concerning the use of the EU ETS revenues for the uptake of sustainable fuels, and in particular to bridge the price gap between conventional fuels and sustainable fuels.

1. The EU and national ETS revenues should be used to foster the uptake of sustainable fuels and technologies for shipping, in particular to bridge the significant price gap with sustainable fuels, which are currently on average four times more expensive.

2. ES|ECSA supports specific mechanisms to use the EU ETS revenues at the EU and national level to allow for the uptake of sustainable fuels and technologies.

3. Any mechanism to use the EU ETS allowances, including Sustainable Maritime Fuel allowances:

    - should be fit-for-purpose for all shipping segments and operating modes, taking into account the shipping sector's multi-entity operating models, to ensure a level-playing field and to avoid any market distortions in all regions;

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- should not interfere with and should not undermine the principle of cost recovery, as provided for in Article 3gc of the current EU ETS Directive;
- should be fuel- and technology-neutral in line with the FuelEU Maritime;
- should invest in emissions reductions and/or energy efficiency measures;
- should be based on robust methodology taking into account the price gap between conventional and sustainable fuels, as well as the EU ETS carbon price, to avoid any market distortions;
- should be in place as long as shipping is subject to the ETS, with enough resources, to ensure long-term investment certainty.

4. EU Member States should be allowed and encouraged to top-up the mechanism with their EU ETS national revenues.

5. A legal requirement for EU Member States to earmark at least part of the ETS revenues for the uptake and availability of sustainable fuels, as well as sustainable technologies, should be introduced in the review of the EU ETS Directive.

For further information

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