

Lowering the 5000GT threshold for maritime in Fit for 55: Making sure the whole shipping sector can contribute to decarbonisation

The maritime industry has an essential role in Europe's economy through its role in the EU supply chain and as an important employer. The sector also offers sustainable solutions such as engines certified for sustainable fuels or methanol engines. Because of this essential role for the EU industry, the signatories of this paper are committed to addressing the climate crisis.

In this context, the signatories welcome the maritime-related elements of the Fit for 55 Package, namely the inclusion of maritime emissions into the EU ETS and the FuelEU Maritime proposal to decarbonise the shipping sector. However, to ensure the environmental integrity of the proposals, we believe that one important element is the reconsideration of their limited scope of included ships.

The gross tonnage threshold and the inclusion of other ship types must be reconsidered.

The current exemptions for ships under 5,000 Gross Tonnes (GT) and ship types not carrying cargo or passengers are set to exempt 15.1 million tons (Mt) of CO₂. As well as being environmentally unsound, this poses the serious risk of creating a two-tier market and an incentive to sail with (more) smaller ships.

Furthermore, companies are increasingly asking for sustainable solutions for all ships including for smaller ones. There is also a growing group of shippers that are in favour of cleaner transport and that ask for sustainable ships on certain trades. We acknowledge that the GHG intensity limits proposed in this regulation may increase the availability of sustainable fuels at EU ports in general, making them also available for smaller ships. However, this increased availability is not enough of an incentive to decarbonise the propulsion systems of these smaller ships.

In addition, decarbonisation of the shipping sector requires significant amounts of sustainable maritime fuels and technologies. In order to ramp up these fuels and technologies fast enough, demand needs to be pushed. Smaller ships are often easier converted to be able to use such fuels and technologies and can therefore play an important role in pushing market demand.

We therefore believe that GT is not the best parameter to determine the scope of legislation, and that a ship's carbon emissions should be decisive for its inclusion in legislation to decarbonise shipping, rather than its size. **We propose to address this outstanding issue and to create clear incentives for the decarbonisation of all kinds of ships.**

This should be done by extending the scope of this regulation to ships as of 400 GT. In order to include smaller cargo and passenger ships below the proposed 5,000 GT threshold, the threshold of the Monitoring, Reporting and Verification (MRV) Regulation should be moved to 400 GT for cargo and passenger carrying ships. Then, all ships above this size would report their emissions. This would avoid market distortion for ships above 5,000 GT, accelerate decarbonisation of smaller ships and cover 15.1 million tons more emissions than the current proposals.

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The administrative burden for shipowners with smaller ships will not increase significantly by this, since they already measure the emissions of their vessels to understand their performance, to have a dialogue with financing parties, and to decide what technology to invest in. Therefore, the assumed administrative burden is by no means a burden for the shipowner. A burden would be to demotivate shipowners with smaller vessels to invest in sustainable technologies since they are not rewarded for supporting sustainable transport solutions over water.

Ships and maritime activities that are currently not under the scope of EU MRV (e.g. offshore, marine constructing vessels, etc.) should be introduced at a later stage after a phase in period. The phase in period should be used to establish an appropriate EU MRV which fits for these specific maritime activities, since they do not operate between two ports and have a different operational profile compared to cargo and/or passenger trade. Ship types that do not compete internationally, and which operate solely in EEZ waters of a Member State, could be excluded.

Signatories:

