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CONTRIBUTION

From:	General Secretariat of the Council
To:	Working Party on Shipping
N° Cion doc.:	10327/21 ADD 1-3
Subject:	Proposal for a Regulation of the European Parliament and of the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC - comments by the Netherlands

Delegations will find attached comments by the Netherlands on the above subject.



In preparation of SWP on the 29th of September 2021, comments by the Netherlands on:

Proposal for a Regulation of the European Parliament and of the Council on the use of renewable and low-carbon fuels in maritime transport and amending Directive 2009/16/EC

General

The Netherlands welcomes the FuelEU Maritime proposal. We expect that the proposal could contribute to the stimulation and demand for renewable and low-carbon fuels in maritime shipping. However, we have concerns with the limited ambition for the years 2025 and 2030. Our concerns are related to the limited incentive it could give for incentivizing sustainable fuels, especially with regards to a timely introduction of advanced biofuels, renewable fuels of non-biological origin and zero-emission technologies.

Article 4

We would like to address the cumulative impacts of the FF55-package on the uptake of sustainable fuels and the incentivisation of zero-emission fuels and -technologies.

On the fuel demand side, based on our own studies, we expect for FuelEU Maritime no or little incentive by 2025 (at or close to BAU), and for 2030 only a limited impact. This is largely due to the possibility for the industry to comply via existing LNG ships and LNG ships already on order, and the “pooled compliance” option.

On the fuel supply side, it is our estimation that the RED reduction target (including maritime and aviation) of 13% will increase supply of renewable fuels, but largely exceed the demand incentive from FuelEU Maritime. A concern with the RED reduction target is that of bunkering outside of the EU. This is largely due to the RED reduction leading to higher bunker prices, without sufficient demand incentivisation from FuelEU Maritime. This could especially impact the EU member states with a high share of delivery of bunkers to maritime shipping compared to delivery of fuels to other transport sectors, including but not limited to The Netherlands.

For ETS we see that at the current ETS-price, the sector will mainly pay for emission reduction in other sectors (instead of investing in greening shipping). Nonetheless, EU-ETS and FuelEU Maritime could further add to the risk of re-routing of ships and bunkering outside of the EU.

We see several risks:

- FuelEU Maritime not being ambitious enough for the years 2025 and 2030.
- A mismatch between supply (revision of the RED) and demand (FuelEU Maritime) in 2030.
- An early lock-in of certain technologies (for example LNG), and a very limited effect on the uptake of new zero-emission technologies.

We thus have three questions:

- Could the Commission reflect on the 2% 2025 and 6% 2030 target in FuelEU Maritime, and how this matches with the 13% reduction target in the RED?
- Could the Commission reflect on how the 2% 2025 and 6% 2030 target could help prevent an early lock-in into (LNG) technologies, taking into account the cumulative effects of EU-ETS, the Revision of the RED and FuelEU Maritime?
- Could the Commission reflect on the possibility of rerouting because of changing bunkering patterns, taking into account the cumulative effects of EU-ETS, the Revision of the RED and FuelEU Maritime?