CLECAT
European Association for Forwarding, Transport, Logistics and Customs Services

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POSITION PAPER

Boosting the Uptake of Sustainable Aviation & Maritime Fuels

CLECAT is the European Association for Forwarding, Transport, Logistics and Customs Services. CLECAT members, operating at EU and global level, utilise all modes of transport, including road, rail, air, maritime and inland waterways, as well as intermodal solutions.

CLECAT appreciates that the legislative initiatives on the 'FuelEU Maritime – Green European Maritime Space' and the 'RefuelEU Aviation – Boosting the Production and the Uptake of Sustainable Aviation Fuels' were announced in the context of the 2020 Commission Work Programme.

Emphasising the needs and objectives of European freight forwarders and logistics service providers, this paper provides some further vision to the CLECAT responses to the ongoing public consultations on these initiatives.

Background

Over the last couple of years, CLECAT has called on the international carriers in the maritime and aviation sectors to take their responsibility for setting and delivering a clear target for reducing carbon emissions at global level. In view of the lack of progress, we appreciate that the European Commission may seek to impose a binding carbon reduction target to ensure that a 90% reduction in transport emissions across all transport modes, needed to achieve climate-neutrality by 2050, can be achieved.

For doing its part, CLECAT has been encouraging its members to make the accurate measurement and reporting of GHG emissions a priority, in view of improving the carbon performance of their operations, as the clients of our members – shippers – are under increasing pressure to respond to the climate change challenge. They must understand, monitor and report the carbon footprint of their supply chains. It is for this reason that the freight forwarders want to be heard in the debate on measurements at regional and global level. Accordingly, CLECAT has been involved in numerous initiatives, including the development of an ISO standard for quantification and reporting of GHG emissions of transport operations, based on the GLEC Framework.

Production & deployment of sustainable alternative fuels

- CLECAT welcomes the European Commission's intention to ramp up the production and deployment of sustainable alternative fuels, which is essential for reducing European transport sector's dependency on the fossil-based energy, as well as for mitigating the environmental and societal impacts of transport. Sustainable alternative fuels emit substantially less CO2 emissions than conventional fuels, and, depending on the fuel, produce less harmful air pollutants. Such fuels are especially important given that electric batteries might not be currently suited for all modes of transport, in particular aviation and long-haul shipping.

- In deep-sea shipping, sustainably sourced hydrogen, ammonia and methanol, which can be used as fuel in internal combustion engines and also in fuel cells, could be considered as zero-carbon alternatives to heavy bunker fuel, although commercial and technical limitations to their use remain. Such alternatives as biofuels and green methanol, as well as bio-LNG/CNG, which are already used on some short-sea services, could be a suitable option for compliance with the more stringent global sulphur regulations. However, the fossil fuels, including LNG and CNG, should only be regarded as transition fuels – although they will remain necessary in the near future, they are not the solution in the long term.

- In aviation, the air cargo industry is contributing to CO2 emissions reductions through investments in biofuel programmes and R&D programmes for cleaner fuels (e.g. synthetic kerosene). However, at the moment, the production and use of sustainable aviation fuels (SAFs) is negligible, mainly due to the high cost of the fuel compared to conventional kerosene and the lower demand resulting thereof. CLECAT believes that the EU legislative framework providing incentives for the production and use of SAFs, e.g. through multipliers, is relevant and should be reinforced. Imposing an obligation on the fuel industry to produce a certain share of SAF, coupled with an obligation on airlines to use a certain share of SAF, could be considered. Due to the inherent complexity, CLECAT would recommend a coordinated intervention at the EU and the International Civil Aviation Organisation (ICAO) level.

- CLECAT equally supports calls for more funding to accelerate research and innovation efforts regarding the development and deployment of sustainable alternative fuels, thus aiming to enable their use in the maritime and airfreight sectors. This should also take into account any new fuels and technological solutions, developed in a technology-neutral way.

Refuelling / recharging infrastructure for sustainable alternative fuels

- The lack of infrastructure to supply sustainable alternative fuels and onshore power to vessels is a major obstacle for waterborne transport to replace heavy bunker fuel. The bunkering and storage infrastructure for sustainable alternative fuels such as bio-LNG, green methanol and green hydrogen, as well as shore-side electricity, must therefore be facilitated across the maritime and inland ports in the EU. For instance, short-sea shipping can only further develop if sufficient alternative bunkering infrastructure in ports is deployed, with a possibility to quickly adapt to changes in fuels used. The safety concerns must also be ensured with regards to bunkering and storage of certain alternatives such as hydrogen, ammonia or LNG.

- The SAFs used in aviation are ‘drop-in fuels’. This means that they can be safely mixed with convention jet fuel, as the chemical and physical characteristics of SAFs are almost identical to those of conventional kerosene fuels. Thus, in contrast to the maritime sector, the storing of SAFs does not require a separate refuelling infrastructure. As a result, neither the supply infrastructure nor the aircraft themselves require any adaptation to SAFs. However, extending the airports’ infrastructure for dedicated SAF storage facilities can be a way to improve their uptake.

- Accelerating the deployment of alternative fuels infrastructure is essential to ensure the market uptake of latest fuelling technologies in the aviation and maritime sectors. Efforts should also be increased with respect to shore-side electricity supply for inland and maritime shipping, as well as complimentary dedicated infrastructure for the storage of alternative fuels at airports. This could

be done by setting binding national deployment targets for the alternative fuels infrastructure and onshore power solutions in ports and airports across the TEN-T Core Network and beyond.

Market-based incentives for the industry uptake of sustainable alternative fuels

- Economic incentives are needed to increase the demand and accelerate the industry uptake of sustainable alternative fuels in the aviation and maritime sectors. However, it should be noted that a CO2 tax or charge may not necessarily lead to the reduction efforts of carriers, as they will simply pass on the additional costs to the users. Imposing the CO2 costs on the forwarders, albeit indirectly, puts the incentive in the wrong place, because the forwarders have very little influence over the measures that carriers take to reduce CO2 emissions.

- CLECAT also takes note of the ambition of the Green Deal to extend the EU Emissions Trading System (EU ETS) to the maritime sector and reduce free allowances for airlines. We are willing to further comment on these measures once the Commission has developed instruments to make this possible. At the same time, CLECAT is pleased to see that, although aviation is not directly embedded within the Paris Climate Agreement, the ICAO has agreed on an ambitious plan – the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) – to reduce aviation emissions.

- Eventually, the equal treatment of energy supplies must be secured, so as to prevent hampering the investments in and the uptake of cleaner fuel technologies. It is therefore up to the Member States to incentivise the uptake of carbon-friendly alternative fuels and to remove disparities in energy taxation, while respecting the principle of technology neutrality.

Public and private funding & investment needs

- Substantial investments required to enable a switch to sustainable alternative fuels, including from private funds, must be acknowledged. The Commission should therefore provide legal certainty and reassurances for companies that industry investments will be beneficial in the long-term. The Commission should also guide private investors willing to invest in cleaner technologies.

- Appropriate public funding is equally needed to support private investments in the sustainable alternative fuels and in particular the related refuelling/recharging infrastructure. CLECAT therefore argues that the Connecting Europe Facility (CEF), the dedicated funding instrument of the EU designed to facilitate the realisation of European transport infrastructure policy, offers the best guarantee to deliver high EU added-value in the aviation and maritime sectors under the next Multi-Annual Financial Framework (MFF). The use of other EU funding instruments, such as the InvestEU or the NextGenerationEU, should be encouraged to help reduce the investment risks associated with the production of sustainable alternative fuels, as well as to bridge the price gap between the alternative and conventional fuels to support their deployment.

Conclusions

The freight forwarding and logistics industry is fully committed to ambitious EU decarbonisation goals contained in the European Green Deal and is willing to actively contribute to the substantial reduction of GHG emissions from its transport and logistics operations.

CLECAT therefore calls for the EU- and national-level support for the gradual industry uptake of sustainable alternative fuels to decarbonise airfreight and maritime shipping, while emphasising the need to accelerate the production and deployment of these fuels. Sustainable alternative fuels for aviation and maritime will have to be made available in sufficient quantities, while deploying accessible refuelling/recharging infrastructure will be crucial for their uptake.

CLECAT however recognises that there is no single solution and that all the sustainable alternative fuel options must be pursued in a technology-neutral way, focusing on the specific needs of each transport mode. It must also be noted that conventional fuels will still be needed in the foreseeable future until the demand can be met in full by the alternatives, the necessary infrastructure is put in place and the safety concerns are met.

Most importantly, CLECAT stresses that appropriate funding, both public and private, is key to realise the proposed measures and support investments in sustainable alternative fuels and infrastructure solutions, as part of the negotiations on the CEF and MFF, without which the ambitions of the Green Deal will not be reached.

It should also not be forgotten that the consequences of the COVID-19 crisis are still being felt across the freight forwarding and logistics industry. CLECAT therefore notes that the Commission will need to ensure that the pre-crisis assumptions in combination with the recovery steps taken are still realistic and can be used for the impact assessments that will support its upcoming legislative proposals, including on sustainable alternative fuels and infrastructure.

CLECAT remains at the disposal of interested parties for any further information.

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