

Including maritime transport emissions in the EU's greenhouse gas reduction commitment

General Information	
<p>Are you answering as an individual or on behalf of an organisation or institution? -single choice reply-(optional)</p>	<p>I am answering on behalf of an organisation or institution (company, NGO, public authority, ...)</p>
<p>Please select the option which is the best description of your organisation (1 choice only). -single choice reply-(optional)</p>	<p>company / professional association</p>
<p>Please enter the name of your organisation. Please briefly describe which stakeholders (or members) you represent. -open reply-(optional)</p>	
<p>CLECAT CLECAT was established in 1958 in Antwerp, it is now located in Brussels and it represents the interests of 20 national organisations of European freight related service providers. Multinational, medium and small freight forwarders and Customs agents are all part of CLECAT's structures, thus making it the most representative structure of its kind. Our members voice the interests of more than 19.000 companies employing in excess of 1.000.000 staff. In rough figures European freight forwarders and Customs agents clear 95% of all goods in Europe and handle 65% of the cargo transported by road, 95% of the cargo transported by air and 65% of the maritime. CLECAT also plays a major role in rail and inland waterways. Intermodal transport, extensive use of IT and dedicated terminals and warehouses are the main tools our members use to address customers' requirements.</p>	
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<p>Please enter an email address for contact purposes (to be used in case of clarification questions only): -open reply-(optional)</p>	<p>info@clecat.org</p>
<p>Responses, together with the identity of the contributor, may be published on the Commission's website. If requested, your response could be published in an anonymous form. How do you want your contribution to be published? -single choice reply-(optional)</p>	<p>This contribution can be published under the name indicated (by selecting this option you give consent to publish all information in your contribution on the Commission's website, where it will be publicly accessible; and also you declare that no information contained in your contribution is under copyright restrictions that prevent it from being published on the Commission's website).</p>
General context	

Do you consider that the maritime sector should contribute to European emission reduction efforts as other sectors? -single choice reply-(optional)	No
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Please substantiate your answer.
-open reply-(optional)

CLECAT acknowledges the importance of climate change for our society and recognises the responsibility users of transport services have in helping to reduce their GHG emissions. However CLECAT, like many other stakeholders in the maritime industry, would prefer a global solution at IMO level to the challenge of cutting CO2 emissions. Maritime transport is a global industry, therefore regional solutions are prone to conflicts and lack of acceptance from non-EU vessel operators. Nonetheless it is important not to exclude any mode of transport in the EU's CO2 reduction efforts. The technology for CO2 abatement is available, albeit not always affordable, especially for smaller operators. A solution to reduce the emissions from maritime shipping must avoid leading to a distortion of competition intra EU, but also in relation to non-EU vessels.

Do you consider that revenues should primarily be used to support investments to reduce emissions in the maritime sector? -single choice reply-(optional)	Yes
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Do you consider that revenues should primarily be used for international climate change finance? -single choice reply-(optional)	No
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Do you consider that revenues should be use for other purposes? -single choice reply-(optional)	No
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Please substantiate your answer.
-open reply-(optional)

In the view of CLECAT the potential revenues raised through a regular tax should be used for the abatement of CO2 emissions in the medium to long term. Only by earmarking will the industry have an incentive and be able to develop cleaner technology. In addition, without earmarking there is a risk that there is no urgency to lower the externalities. It will just create another source of income for Member States for other purposes (e.g. to fill holes in the general budget).

Definition of the scope

Routes covered

Do you think that routes related to search and rescue, fire fighting or humanitarian operations authorised by the appropriate competent authority should be excluded from the scope ? -single choice reply-(optional)	Yes
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Do you think that routes performed exclusively for the purpose of scientific research or for the purpose of checking, testing or certifying vessels or equipment should be excluded from the scope ?	Yes
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-single choice reply-(optional)	
Do you think that routes performed in the framework of public service obligations in accordance Council Regulation (EEC) N° 3577/92 of 7 December 1992 applying the principle of freedom to provide services to maritime transport within Member States (maritime cabotage) should be excluded from the scope ?	
-single choice reply-(optional)	
Do you think that routes performed from or to a <u>Least Developed Country</u> as defined by the United Nations should be excluded from the scope ?	No
-single choice reply-(optional)	
Do you consider that any other routes should be considered for exclusion ?	No
-single choice reply-(optional)	
Please substantiate your answer.	
-open reply-(optional)	
CLECAT considers that the scope of exemptions should be limited. We acknowledge that humanitarian catastrophes and emergencies may make it feasible to grant an exemption, however this may only represent negligible percentage of voyages. We would also like to stress the importance of conducting research into how to reduce pollution etc, which should be done at the lowest possible cost, because it will bring economic benefit to manufacturers based in the EU and the wider public. We are under the impression that routes from or to LDC's do not need to be exempted as transport to these countries is unlikely to be negatively affected by a small increase in costs, if the additional costs are uniformly applied to all routes. Regarding the coverage we would like to stress the problem of avoidance, where vessels call shortly outside the Union or shortly before entering. This is a problem that should receive sufficient attention in terms of monitoring (verifying the last port of call before entr	
Do you have any other remarks on the routes covered? -single choice reply-(optional)	No
Please substantiate your answer.	
-open reply-(optional)	
Type of ships covered	
<hr/>	
Do you see reasons for excluding any particular ship category?	Yes
-single choice reply-(optional)	
If yes, which one(s). Please substantiate your answer.	
-open reply-(optional)	
We would suggest that vessels such as warships and coastguard cutters should be excluded. Such vessels are relatively small in number and engaged in activities where their crews lives are in danger or in an activity for the good of the wider community.	
Are there other categories than those mentioned above which should be included ?	No

-single choice reply-(optional)

Reliance on shipping

Do you consider that the reliance on shipping at a local or regional level should be taken into account?

No

-single choice reply-(optional)

Evasion / avoidance

Please provide us specific examples, analysis, data, etc. on this potential issue. Please note that any additional study, example, analysis, etc. can be uploaded or sent to clima-eccp-ships@ec.europa.eu -open reply-(optional)

CLECAT does not possess any studies or analyses to confirm the issue. We are however convinced that evasion will be one if not the major problem for the implementation of a regional solution to address the challenge of CO2 emissions from the maritime sector. The mechanism to avoid evasion is most likely burdensome. We also refer to the background document 'Avoiding Avoidance' which was presented by DG CLIMA for the second ECCP and which correctly summed up the potential difficulties and problems of evasion. The best way we see how to prevent evasion is to come up with a global scheme, which is applicable to all ships.

Compensation fund

Who should manage a compensation fund? Please substantiate your answer.

-open reply-(optional)

CLECAT does not believe that a compensation fund would be the optimal solution. But if this would be implemented it should preferably be run by a neutral body, a regulator or an intergovernmental organisation.

Do you think that several compensation funds could be feasible?

Yes

-single choice reply-(optional)

Please substantiate your answer.

-open reply-(optional)

In order to give flexibility to the maritime sector and to build on existing partnerships or cooperation, several compensation funds could be set up, even if implementing several compensation funds might increase the administrative burden for the public authorities (for compliance reasons). Administrative burdens for the industry should however be avoided. Nonetheless additional funds only make sense if they build upon existing schemes that can therefore be utilised without adding too much additional costs.

Option 1 : Contribution-based approach

Do you consider that contributions to a compensation fund should, in the initial years of a system, be limited? -single choice reply-(optional)

If you consider that contributions to a compensation fund should, in the initial years of a system, be limited, should this contribution be initially reduced by reference to contributing a percentage of a certain carbon price?

-single choice reply-(optional)

<p>If you consider that contributions to a compensation fund should, in the initial years of a system, be limited, should this contribution be initially reduced by pre-set levels of contribution in financial terms?</p> <p>-single choice reply-(optional)</p>	
<p>In the event that revenues are needed for international climate finance, how long should a transition take to full contribution (please specify a year)? -open reply-(optional)</p>	2025
<h2>Option 2 : Target-based approach</h2> <hr/>	
<p>How can compliance be ensured?</p> <p>-open reply-(optional)</p>	
<p>CLECAT would like to see an incentive based approach that benefits those that comply with the rules.</p>	
<p>Do you consider that option 1 could achieve the emission reduction required effectively and efficiently? -single choice reply-(optional)</p>	Partially disagree
<p>Do you consider that option 2 could achieve the emission reduction required effectively and efficiently ?</p> <p>-single choice reply-(optional)</p>	Partially disagree
<h2>Mandatory emission reductions per ship</h2>	
<p>Do you consider that option 1 could achieve the emission reduction required effectively and efficiently ?</p> <p>-single choice reply-(optional)</p>	Partially disagree
<p>Do you consider that option 2 could achieve the emission reduction required effectively and efficiently?</p> <p>-single choice reply-(optional)</p>	Partially disagree
<p>Please substantiate your answer.</p> <p>-open reply-(optional)</p>	
<p>The implementation of a mandatory EEDI limit value in EU ports may lead to a situation where ship owners and operators shift their fleet in such a way that only compliant ships visit the EU ports.</p>	
<p>Do you consider that the target can be set on an other basis?</p> <p>-single choice reply-(optional)</p>	No
<p>Please substantiate your answer. -open reply-(optional)</p>	
<p>Do you consider that a mechanism that rewards</p>	Yes

early movers should be explored -single choice
reply-(optional)

If yes, what kind of mechanism could be implemented? -open reply-(optional)
CLECAT could envisage different mechanisms that could be used, for example to grant monetary compensation for early adoption. That could take the form of tax cuts or subsidies for investments in the newest CO2 abatement technology.

Do you consider that a mechanism that creates incentives to go beyond the mandatory emission reduction should be explored? -single choice reply-(optional)

Yes

If yes, what kind of mechanism could be implemented? -open reply-(optional)
It would be beneficial to support every company that is committed to further reducing its CO2 footprint. The target may be difficult to meet, therefore any improvements in addition to the ones that are absolutely necessary should be fostered.

Emission trading system

Do you consider that financial support (either directly as free allowances or some of the revenue generated from allowances) should be given during a transitional period? -single choice reply-(optional)

Yes

If yes, and in the event that revenues are needed for international climate finance, how long should a transition take? -open reply-(optional)

2025

Should shipping be able to acquire emission reductions from other sectors? -single choice reply-(optional)

Yes

Should shipping be able to sell emission reductions to other sectors? -single choice reply-(optional)

Yes

Please substantiate your answers -open reply-(optional)
The European ETS is interconnected and regulates the trading of emission certificates. It is acceptable that certificates can be bought/sold across industries, as the aim, the EU wide reduction of CO2 emissions, will still be achieved.

Do you consider that an ETS could achieve the emission reduction required effectively and efficiently? -single choice reply-(optional)

Partially disagree

Please substantiate your answer -open reply-(optional)
The shipping sector often passes new costs on to its customers as non-transparent surcharges. The same could happen with the ETS, as it does not make the user aware of the GHG emissions of the different ships if they were to be reflected in differential pricing strategies. If ETS were chosen it should be a global scheme, or else there might be a distortion of trade and create a competitive advantage for non-participating countries. It would be necessary to extend other comparable ETS schemes to all transport/industry in order to prevent further distortion of competition. The rules may need to be aligned: e.g. allocation of allowances must reflect same principles and market prices. An ETS scheme would need to consider whether to base the application upon routes or geographical

regions. Companies may choose to locate in countries where the rules are less stringent or an ETS was not implemented. Increased demand for quota/allowance permits by shipping companies could raise the quota price

Tax

Tax on fuel

Do you consider that the evasion risk can be avoided when setting a tax on bunker fuel?
-single choice reply-(optional)

No

Do you consider that a tax on fuel could achieve the emission reduction required effectively and efficiently?
-single choice reply-(optional)

Partially disagree

Please substantiate your answer.

-open reply-(optional)

While we agree that a fuel tax could help to decrease emissions, we do not think that it is the appropriate method to address the challenge. As mentioned before the shipping industry has a long tradition of passing-through cost to the end customer via surcharges. Passing on the carbon costs to their customers via a bunker levy would remove the accountability of the shipping industry without reducing carbon emissions. Ships may re-fuel in non-EU ports; no legal jurisdiction exists to claim a fuel-related emissions tax on fuel bought in another country. Also some ship operators and their customers may tranship at neighbouring ports to avoid the tax altogether. It would become an administrative burden determining where ships had arrived from and what cargo was loaded where en route. National variations in the rate of tax or the levy could distort competition. Non-participating port states and their industries would gain a competitive advantage.

Tax on emissions

Do you consider that a tax on emissions could achieve the emission reduction required effectively and efficiently?
-single choice reply-(optional)

Partially disagree

Please substantiate your answer -open reply-(optional)

Similar to a fuel tax we also do not think that an emission tax is the appropriate method to address the challenge. Passing on the carbon costs to their customers would remove the accountability of the shipping industry without reducing carbon emissions.

Choice of policy options

Compensation fund -single choice reply-(optional)

3

Mandatory emission reduction per ship -single choice reply-(optional)

2

Emission trading system -single choice reply-(optional)

3

Tax -single choice reply-(optional)

3

Environmental effectiveness (ensure effective emission reduction in line with the 2°C

1

objective) -single choice reply-(optional)	
Maintain the competitiveness of the EU -single choice reply-(optional)	2
Maintain competitiveness of the EU maritime sectors, while giving them the first mover advantage, by providing incentives to increase fuel efficiency before the rest of the world adopt specific measures -single choice reply-(optional)	2
Enforceability (Ensure appropriate monitoring, reporting and verification while keeping administrative burden to the minimum) -single choice reply-(optional)	2
Consistency with the related EU policies -single choice reply-(optional)	3
Vulnerability: Exposure to/Risk of evasion -single choice reply-(optional)	3
Timeliness (Consistency with timing of application of measures and interaction with policy progress in international fora) -single choice reply-(optional)	2
Should other criteria be used? -single choice reply-(optional)	No opinion

Please substantiate your answer. -open reply-(optional)

CLECAT considers that the main objective of the EU policy is related to the capability to significantly reduce CO2 emissions from shipping, while ensuring the competitiveness of the European maritime industry (especially in the Mediterranean Sea, but also vis-à-vis other parts of the world). We nonetheless think that negotiation and successful conclusion at IMO level needs to remain the primary goal, possibly by incorporating any progress made at EU level in an IMO proposal. We would like to stress that the EEDI and the SEEMP (Ship Energy Efficiency Management Plan) are steps in the right direction that demonstrate the ability of the IMO to act.

Regardless of the option proposed, should the maritime sector be in principle authorized to use international credits (e.g. from the Clean Development Mechanism) for its compliance ?
-single choice reply-(optional)

Yes

Should the maritime sector be authorized to use international credits subject to quantitative and qualitative limits, along the same lines as for other sectors?
-single choice reply-(optional)

Yes

General comments

Please feel free to give any additional comments. -open reply-(optional)

CLECAT would prefer an incentive-based system, rather than a punitive one, which is simple to administer and transparent to all parties, while not requiring universal agreement or implementation to begin. To avoid creating a distortion in competition all ships should be involved in schemes with differentiated pollution reduction targets. The objective is to reduce transport's contribution to GHG emissions, not to raise revenue. Industry is already contributing to GHG emission reduction programmes in many parts of the world (e.g. under the

EU ETS). Raising the costs of shipping will drive transport buyers to alternatives, the net effect of which may result in even more emissions of GHGs, not less. Incentives for reducing emissions need to be given to shipowners and operators rather than penalising their current practices. Transport users can invest in transportation which have less impact on the environment, but only if one can measure their effect and benefit. Collaborative initiatives between stakeholders should aid the development and sharing of knowledge and experience about best practices, which yield economically viable environmental benefits. Additional support should be given towards the promulgation and promotion of such practices. Policy makers working with other stakeholders should work together in determining and facilitating the most effective ways of doing this. To reiterate, benefits of an incentive-based scheme, CLECAT's preferred option, over other schemes, are: limited administrative costs, owners and operators financially encouraged to invest in GHG reduction measures, slow steaming left as a market-driven option and no additional costs for owners or operators or shippers.