

PRESS RELEASE

European Parliament misses opportunity to put shipping on a sustainable course

European Parliament seeks to make shipping more sustainable – but squanders opportunity to leverage the potential of climate-neutral synthetic fuels.

Brussels/Berlin, 19 October 2022: On Wednesday, 19 October, the European Parliament voted on the new FuelEU Maritime regulation, which aims to reduce CO₂ emissions from shipping by 2050 by setting limits for the greenhouse gas intensity of the used energy. At the same time, the MEPs also set a quota for the use of renewable fuels of non-biological origin (RFNBOs) – i.e. climate-neutral synthetic fuels (eFuels) – in shipping. The Parliament also adopted a blending quota of 2 per cent from 2030. However, an increase of the quota to 6 per cent beginning in 2035 was not approved. The eFuel Alliance is critical of this step, as it fails to fully establish the security of investment needed by the industry.

Dr Monika Griefahn, Chairwoman of the Board of the eFuel Alliance, expressed disappointment in the decisions, saying: “Given its complexity, the shipping industry needs clear guidelines for the use of synthetic fuels at an early stage. This is the only way that it can reconcile sustainability and competitiveness. Although the quota now adopted is a necessary step, it is not enough to decisively spur on the transition to climate-neutral shipping. Without rising blending volumes, there will also be a lack of long-term security of investment for producers of eFuels.”

The eFuel Alliance is also sceptical about the limits adopted for reducing the greenhouse gas intensity of the energy used by a ship. Although the European Parliament has spoken out in favour of limits that are stricter than those in the Commission’s proposal, the targets are not in line with the EU’s plans to achieve climate neutrality by 2050. As these lower targets for CO₂ reductions can be partly met by the use of fossil fuels (e.g. LNG) without significant sub-quotas for eFuels, they do not provide sufficient incentives to invest in non-fossil technologies such as eFuels.

In addition to the meagre blending quotas, the European Parliament has made another decision that weakens the sustainability goals of the shipping industry: an exemption was approved whereby shipping companies with three or fewer ships do not have to comply with the specified quantities of renewable fuels until the end of 2034. Dr Monika Griefahn criticised this decision, saying: “At present, more than 60 per cent of the companies active in the market fall into this category. With pooling, a flexibility mechanism already exists whereby companies that exceed the quota can team up with companies that have not reached the quota. Instead of utilising these kinds of existing instruments, this regulation runs the risk of fragmenting the market. As a result, efforts for more sustainability and a faster market uptake of synthetic fuels have been significantly slowed.”

However, the eFuel Alliance welcomes the MEPs’ decision regarding financial support. Both the fines imposed for non-compliance with the new targets and a portion of the revenues from European emissions trading are to be used to financially assist the maritime industry’s efforts to transition from fossil fuels to sustainable fuels. Especially given the shipping industry’s immense importance to European trade and prosperity, financial support will be essential to bolster the industry’s global competitiveness during its transition.

Overall, the eFuel Alliance views the European Parliament’s decisions as being inconsistent and not going far enough. In the context of the upcoming trilogue with the Council and the Commission, whose positions do not include sub-quotas for eFuels, one can expect to see more watering down.

>>>The eFuel Alliance e.V.<<<

The eFuel Alliance is an interest group committed to promoting the political and social acceptance of eFuels and to securing their regulatory approval. We represent more than 180 companies, associations and consumer organisations operating at different levels of the eFuel production value chain. We stand for fair competition and equal competitive conditions for all relevant emission-reduction solutions. We are firmly committed to further climate change mitigation and seek recognition

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for the significant part eFuels can play in sustainability and climate protection. Our aim is to create the conditions for the industrial production and widespread use of CO₂-neutral fuels from renewable sources of energy.

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