

HOW TO SOLVE THE CHICKEN-AND-EGG DILEMMA?

European policy makers have been trying to find a way to enhance the uptake of sustainable alternative fuels in the maritime sector, writes **Isabelle Ryckbost**, secretary general, ESPO

On the one hand, shipping lines have said that they cannot shift to clean fuels if the adequate infrastructure in ports is not in place. On the other hand, ports are naturally reluctant to invest in clean fuel infrastructure if they do not have clients who will use the infrastructure. The issue of what must come first, supply or demand, has characterised every debate about greening the shipping sector. The question is whether this so-called “chicken-and-egg” dilemma can be solved and if so, who should solve it and how?

Lately, this discussion has become very timely and topical. The Commission is currently drafting a legislative proposal to enhance the demand for sustainable alternative fuels. This proposal will be followed next year by a proposal to review the Alternative Fuels Infrastructure Directive from 2014, which regulates the supply of clean fuel infrastructure. It obliges, amongst others, Europe’s core TEN-T ports to have adequate LNG refuelling infrastructure by 2025. By then, ports should also have shore side electricity infrastructure in place unless there is no demand and unless the costs are disproportionate to the benefits, which include potential environmental benefits.

However, much has changed since the entry into force of the 2014 Directive: in 2018, the IMO Initial GHG Strategy set global targets for greening the shipping sector by 2050. Last December, Europe set out clear Green Deal ambitions, which should make Europe the first carbon-neutral continent in the world by 2050 and should achieve zero pollution over time. As a part of the European Green Deal, it is to be expected that the current European system for emission trading will be extended to the maritime sector. Moreover, different other zero-emission propulsion technologies are under development. These include larger-scale green hydrogen, which enjoys strong support by European policymakers, as evidenced by the recently published EU Hydrogen Strategy.

In light of the new context created by these various policy developments, European ports have been contemplating the way forward.

The European Sea Ports Organisation (ESPO) welcomes Europe’s ambition to be the world’s first net zero emission area by 2050 and believes that the greening of shipping is undoubtedly a priority to deliver on this ambition. There is no time to waste.

Since there is currently no silver bullet to reduce shipping emissions, we believe that a goal-based and technology-neutral approach is best placed to facilitate the deployment of promising potential technologies, allow for innovation as part of a multifuel future and avoid stranded assets which can be the result if we put all eggs in one basket.

And what can legislation do? We believe that new legislation should facilitate the uptake of a variety of clean fuels that can deliver on the Green Deal ambitions by taking away the financial and non-financial barriers to enhance the use of certain technologies. The review of the Energy Taxation Directive must in that context provide for a permanent and EU-wide tax exemption for all clean fuels and clean sources



“ In light of the new context created by these various policy developments, European ports have been contemplating the way forward

■ Isabelle Ryckbost,
secretary general,
ESPO

of energy. Other financial incentives include providing dedicated funds under new and existing instruments for investing in both clean fuel infrastructure for shipping, the creation of clean energy hubs in port areas and clean energy grid connectivity. The deployment and use of infrastructures could also be encouraged using revenues generated by forthcoming market-based measures for shipping. At the same time EU legislation should aim at accompanying and encouraging promising technologies by stimulating innovation through investments in R&D.

Such a stimulating and innovative legislative framework can only work if it is based on setting clear and ambitious goals, pushing the different stakeholders involved (shipping lines, ports, energy providers and cargo owners) to work together to achieve the emissions reduction targets.

The current crisis will not overshadow the environmental ambitions of ports, but it will require ports to make the most effective investment choices to reach the goals. There is no room for investments that look nice and green but create stranded assets. We must avoid a situation where prescriptive and restrictive rules forces the uptake of a single technology everywhere, without engagements from the user, as well as avoiding a scenario where each port has to provide infrastructure for all technologies, even if only one is used. Overcoming the current impasse created by the chicken-and-egg-dilemma will require suppliers and users to engage together.