



## **Fishing industry response to the Inception Impact Assessment on the proposal for a directive on CO2 emissions from shipping – encouraging the use of low-carbon fuels**

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### **1. Background**

The European Commission launched in 2019 the European Green Deal with an emphasis on accelerating the transition to a low-emission and climate-neutral economy. The proposal for a directive on 'CO2 emissions from shipping – encouraging the use of low-carbon fuels' is forming part of a wider package of measures to deliver on this ambition.

Even though, this proposal does not directly address the fishing industry, it is meant to be interlinked with other policy reforms, such as the revision of the Energy Taxation Directive. Moreover, the main objective outlined in the Inception Impact Assessment is the reduction of the emissions from maritime transport with a view to contributing to the EU 2030 targets and climate neutrality by 2050. This, alongside global effort to limit emissions led by the International Maritime Organisation (IMO). IMO adopted in April 2018 an initial strategy to reduce greenhouse gas emissions from merchant ships. The strategy defines an emission reduction objective of at least 50% reduction by 2050 compared to 2008 annual emissions coupled with a vision for the decarbonisation of the sector.

Therefore, the EU fishing industry represented by Europêche and EAPO, being aware of the importance of contributing to a more sustainable way of maritime navigation, welcomes the possibility to provide feedback on the European Commission's consultation.

### **2. Europêche/EAPO position**

First of all, the EU fishing industry is always looking for more sustainable options to operate, whether that is environmentally, socially or economically, and has the numbers to back this up (see hereunder). At all times these three pillars of sustainability should be achieved in a balanced manner. Therefore, this proposed Directive should not come at the expense of the competitiveness of the sector nor the achievement of a level playing field between European and third country operators. Nonetheless, this proposal is, as quoted from the Inception Impact Assessment, *"likely to create additional costs e.g. the use of more expensive energy sources and, when necessary, the retrofitting of vessels, which might affect competitiveness and jobs"*. And such, the initiative aims to use the revision of the Energy Taxation Directive to achieve more targeted tax incentives to promote the use of alternative fuels, hence potential higher costs of fuel. Despite not automatically meaning that the industry is becoming greener, it has vast socio-economic implications as described hereunder.

First of all, it must be noted that the fishing industry cannot be treated in the same manner or assimilated to the 'shipping sector'. Historically, the shipping industry has benefited from fuel tax exemptions to ensure international level playing field, and so has fisheries. There are, however, two major differences between the fishing sector and the other one.

Firstly, as a primary sector, fisheries ensure healthy food supply to EU citizens and contribute to the livelihood of many coastal communities across the Union.

Secondly, The EU fishing industry has been reducing its global emissions and lowering the consumption of fuel over the years (see Annex I) for many reasons, including strong fishing effort reduction, the improvement of fish stocks (increase of catches per unit of effort), the development and use of more fuel-efficient fishing gear and engines. In fact, both, despite the EU's enlargement, the number of EU vessels has strongly decreased (in 2018 it was 81 644 compared to 103 834 in 1996, meaning 22 000 fishing vessels less in 20 years<sup>1</sup> and further only 65 400 vessels remaining active with a majority below 12-meters length), and the energetic efficiency (ton of fish / litter of fuel) has increased tremendously over the years thanks to the above-mentioned developments.

Many facts and figures illustrate and support that the large reduction of emissions of the EU fishing sector has been achieved. The GHG emission inventories the Member states report for their fishing sector under the United Nations Framework Convention on Climate Change (UNFCCC) indicate that, taken all together, the GHG emissions of the EU fishing vessels that are bunkered in the European Union have been reduced sharply (by almost 40%) since 1990 (which is the true reference year used in the Kyoto protocol and in the Paris agreement). In Spain alone, according to the National Tax Agency, in 2009, 432 million litres benefitted from de-taxation schemes, compared to only 276 million in 2015 (36% reduction in just six years). The French industry (UAPF) started by the end of 2019 a new study on the evaluation of the trend of GHG emissions of the French fishing flag since 1990 including those of the vessels that are bunkered in France, in other Member states and outside EU; First results confirm that the objectives set by the IMO for the shipping sector are almost met, since the GHG emissions from the fishing sector have almost halved since 1990.

Therefore, it is clear that de-taxation fuel schemes in Europe (and outside) have not led to overcapacity of the EU fishing fleet, at least, nor to higher rates of fuel consumption.

In the EU, the fishing sector is committed to continue decreasing its greenhouse gas emissions in the future years. However, the Inception Impact Assessment overlooks one barrier to the uptake of gas and renewable fuel in the fishing industry. In our sector, the transition to new propulsion technologies clashes with current capacity limitations for fishing vessels set in the Common Fisheries Policy and with a present impossibility to adapt the technologies available for the shipping vessels to the fishing vessels. It is therefore clear that there are no feasible energy alternatives for the fishing industry today, and we fear a scenario that requires a leap of faith on this point, as they have been heralded for years and none has been operationally viable as of yet.

The Inception Impact Assessment recognises that measures already exist at the International level through the IMO. This body adopted in April 2018 a strategy to reduce GHG emissions from ships. The strategy defines an emission reduction objective of at least 50% reduction by 2050 compared to 2008 annual emissions coupled with a vision for the decarbonisation of the sector. IMO roadmap on reduction of GHG from shipping does not cover fishing vessels. The fishing sector would like to

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<sup>1</sup> [https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/pcp\\_en.pdf](https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/pcp_en.pdf) (page 10)

reiterates that it is at that level that regulation should be brought forward, but with modalities different from those foreseen for the shipping sector

Unlike what it stated in the Inception Impact Assessment, any measure restricting the use of conventional fuel for shipping will create an unfair competition with third countries benefitting with lower fuel prices and taxes, putting the EU industry in disadvantage. EAPO and Europêche welcome the proposal to implement a “flag neutral” approach. However, this will not prevent all carbon leakage and competitive disadvantage as fishing vessels with large fuel tank will still be able to refuel in third countries. The market level playing field would certainly be distorted.

Unlike what is stated in the Inception Impact Assessment, fuel prices greatly impact profitability and even threaten the survivability of the fishing sector. This has been clear in the past when fuel prices increased to the point that fishing operations were economically unviable. It should be reminded that fuel costs may represent up to 40% of the operational company costs. Therefore, prescriptive requirements on the use of alternative fuels could result in an unprecedented large-scale bankruptcy of many fishing firms, and consequently lead to a high number of job losses, with potential serious repercussions on local fishing communities. Ending the de-taxation of fuel would heavily increase European seafood prices, particularly for fresh products, creating market and trade disruptions to the point that fish could become a product prohibitive to EU consumers. It would also create huge trade disruptions since 1.8 million tonnes of EU produced fish (out of 5 million) is exported annually and almost 10% in value is exported to developing countries in Africa<sup>2</sup>. Hence, taxation of fuel would not only create a competitive disadvantage for our operators but would also deprive local markets in Africa from one of their basics needs, cheap and nutritious (sea)food.

For all of these reasons, EAPO and Europêche think that the only viable option to achieve the goals of the Green Deal is to develop support measures for sustainable alternative fuels. Any prescriptive requirement or goal-based solution applying to the fisheries sector would have a very low impact in terms of ecological benefit and a large negative socio-economic impact for the fishing companies, including fish supply and employment. Many companies would be condemned to disappear for not being able to meet the expenses generated for the increase in the cost of fuel.

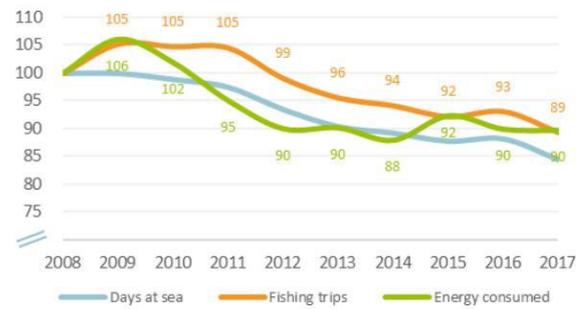
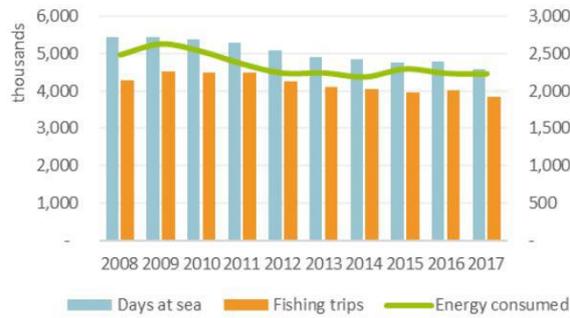
Finally, as explained in the feedback given on the revision of Energy Taxation Directive, the fishing sector would like to remind that offering sustainable low carbon animal protein is essential for achieving the climate objectives of the EU Green Deal. Fisheries provide the EU consumers with local animal protein with the lowest carbon footprint while maintaining the highest sustainability standards. ‘Energy security’ should not come at the price of low GHG food security and fishermen their livelihoods.

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<sup>2</sup> [https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/pcp\\_en.pdf](https://ec.europa.eu/fisheries/sites/fisheries/files/docs/body/pcp_en.pdf) (pages 33 and 35)

## Annex I: Trends and variations on fishing effort and fuel consumption (based on 2008 = 100)

Data source: MS data submissions under the 2019 Fleet Economic data call (MARE/A3/ACS (2019))



Data source: MS reports under UNFCCC

