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EU climate-protection package: VDR welcomes publication of legislative proposals

German shipowners offer to engage in constructive dialogue / Measures should be practicable and IMO-compatible / Revenues for fuel research

Today, the European Commission unveiled its long-awaited package of six regulations and six directives aimed at achieving the agreed target of an even more stringent reduction of CO2 emissions for Europe, from 40 to 55 percent by 2030 compared to 1990. The measures are quite a game changer for shipping and will have a significant impact on ships serving ports in Europe.

In response to these proposals, which are part of the European Green Deal, German Shipowners' Association (VDR) President Alfred Hartmann said: "With its legislative package, the EU is setting an ambitious course to cut shipping's CO2 emissions steeply and quickly. As much as we would prefer to have a global regulation with the same ambition, we nevertheless welcome the fact that, after a long phase of opacity on the part of the EU-Commission concerning the details of its climate plans for shipping, concrete proposals from Brussels are finally on the table. We offer to now engage in a constructive dialogue with the EU Commission, the European Parliament and all Member States and stakeholders on the details of how to best align Commissions strict climate protection ambitions with realities in shipping."

The financial burden of the proposals on shipping companies sending ships to Europe is expected to be quite severe and comparable to the costs of the introduction of the global upper limit on the sulphur content of ships' fuel back in 2020. "The cost implications on shipping will be quite a challenge. However, we do share the same goal as the European Commission: Shipping needs to decarbonise, the sooner the better. We believe a levy on fossil fuels would be a better tool to set shipping on course to steeply cut its CO2 emissions," Hartmann emphasised, adding: "However, it is essential that the European co-legislators now work together with the industry to ensure that all measures have a positive impact on the climate while at the same time remaining feasible and manageable, especially for small and medium-sized shipping companies."

Regarding the planned revision of the EU Emissions Trading System, the VDR President said: "We urge the EU to design its regional system in such a way that it is scalable without major adjustments to a globally applicable system that the IMO will foreseeably adopt." Hartmann added: "Instead of a volatile Emissions Trading System, which would entail significant administrative burdens for smaller shipping companies to participate in, we would prefer a



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fixed charge per tonne of fuel, as this would ensure a much-needed price stability and thereby enable companies to plan ahead.”

The VDR also calls for fully applying the so-called “polluter pays” principle, according to which, as in all other sectors under the EU Emission Trading System, the party directly responsible for the emissions bears the prime responsibility and all costs for removing and managing such emissions. “Whoever buys the fuel and determines the speed and course of the ship should logically also be the one primarily responsible for reducing its CO2 emissions and pay any related climate surcharge,” Hartmann argued. “The responsibilities need to be clearly allocated in the new laws and not be left to contractual agreements.”

At the same time, the VDR President warned against using the revenues from emissions trading to plug other holes in the EU budget. “That will help neither the climate nor a rapid decarbonisation of shipping. Instead, we call for the revenues from an Emissions Trading Scheme to go into a fund for the research and development of market-ready alternative non-fossil fuels,” Hartmann said. “After all, without alternative fuels, shipping will not be able to achieve its goal of becoming carbon-neutral as quickly as possible.”

Finally, the shipowners’ association has called for improvements to be made to the so-called “FuelEU Maritime” proposal: “Regarding mandatory carbon-intensity criteria for maritime fuels, we believe it is wrong to hold shipping responsible for such fuel standards,” Hartmann said. “That would be like having to check the quality of the fuel at the petrol station before filling up your car. The fuel supplier is responsible for meeting fuel and fuel quality standards for good reasons, and this must also apply to shipping.” The European Union should set fuel standards that suppliers in the EU must adhere to, Hartmann continued, adding: “This would boost demand for such fuels – which, of course, should be the aim of this initiative.”

About the German Shipowners’ Association

The German Shipowners’ Association (*Verband Deutscher Reeder, VDR*) is responsible for representing the common business and social policy interests of German shipping companies at federal and state government level as well as in relation to European and international bodies. Founded in 1907, the VDR merged with the Association of German Coastal Shipowners in 1994. With a membership of around 200, the VDR represents the majority of Germany’s merchant fleet. For more details, visit www.reederverband.de.

Press photographs of Alfred Hartmann: <https://www.reederverband.de/en/press/press-images.html>

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