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Diarienummer I2021/ 02042

The Swedish 2030-secretariat comments on the regulation on the use of renewable and low-carbon fuels in maritime transport

August 2021

Please note that the general comments of the Swedish 2030-secretariat's comments on the Fit for 55 Package are to be seen as an introduction to the detailed comments on this directive. We need to see the full picture to comment on individual directives.

**Nedan följer 2030-sekretariatets kommentarer på enskilda förslag till ändringar i direktiv, förordningar med mera som är del av EUs Fit for 55 paket.**

**2030-sekretariatet fokuserar på de förslag som har en direkt påverkan på transportsektorn. Här utgår vi från de svenska 2030 målet, och eftersom de beslut som tas i EU skall införas i svensk rätt är de av avgörande betydelse.**

**Vi kommer att frånga gängse remiss struktur, och inleda alla enskilda remisskommentarer med en gemensam del, dessutom allt på engelska. Skälet till den gemensamma övergripande strukturen att EUs Fit for 55 paket måste ses som en helhet, och där olika förslag delvis motverkar varandra. Det är även viktigt att se till helheten när de olika delarna kommenteras, inte minst i skuggan av Sveriges betydligt mer ambitiösa klimatkrav för transportsektorn. Vi skriver på engelska för att EU kommissionen har samtliga förslag på konsultation, och att samma kommentarer kan användas.**

The Fit for 55 package is the most comprehensive environmental review in the history of the European Union. The Climate law increased the ambitions, and now more than 13 directives and regulations are amended, revised, or presented as new directives.

We comment on each of the transport connected proposals below, but first some general points for the overall package.

1. The ambitions for the transport sector are far too low and not ambitious enough to contribute to the targets of the Paris agreement or to put the EU on track for reaching the 2050 net zero target. The ambition to decrease greenhouse gas emissions (GHG) by 13% by 2030 is the same as allowing 87% of fossil carbon dioxide emissions to continue to pollute the atmosphere. In a decade where the climate target of many industries often is more ambitious, and countries like Finland, Sweden and the UK go far beyond, it is not acceptable that the commission takes this passive

position. The recent IPCC [Working Group I contribution to Sixth Assessment Report](#) and the IEA [Net Zero by 2050](#) clearly outlines the need to start now, and use all available low carbon technologies.

2. It is good that GHG reduction targets are introduced as a rule, as this is a fundament for a technologically neutral approach. However, the commission is not applying the same way to determined emissions across the board. In some directives, like the FuelEU Maritime directive, the concept of Well-to-Wake is introduced. It is a life cycle approach that incorporates all aspects of fuel/ energy production and combines it with the efficiency of the vessel/vehicle. The Commission must, to allow for prioritization of the most cost-effective way to transition to a net Zero society, allow for life cycle reviews of all forms of energy for transport.
3. The CO<sub>2</sub> targets for vehicles and trucks have been instrumental in incentivizing the vehicle industry to decrease emissions. However, the CO<sub>2</sub> measurements are done with a tailpipe approach, not considering the life cycle of the fuels, nor the vehicle power train. Electric vehicles are given a zero-emission status, when the fossil fuel content of producing the electricity determines climate impact. Likewise, biofuels are not given any advantages, despite GHG reduction of up to 90%. Indeed, with biogas made from manure, the GHG savings are higher than 100% due to the avoided methane leaking from the manure.
4. It is good that there are up to date requirements of electricity provided for electric vehicles, and to produce renewable fuels of non-biological origin (RFNBO). We need similar requirements for all types of energy, i.e., a threshold for when the type of energy is deemed sustainable, and a GHG reduction factor to be used when calculating the benefit of the type of energy. By doing that for all fuels, we have a level playing field, and society can prioritize.
5. We are strongly in favour of basing the taxation of energy for transport on the energy content rather than volume. We are also supportive of phasing in taxation for maritime and aviation fuels. Again, it creates a level playing field. The reduction quotas suggested for these latter fuels are interesting and will give industry a long-term direction. We do however note that the ambitious targets are set post 2030 – why not directly?
6. Cohesion is key. The many suggested revisions and amendments span over a huge area of transport related initiatives. It is crucial that the initiatives are connected through similar determinations of GHG reductions, and through similar approaches to types of energy. This is not the case. The “newer” directives, for instance maritime and Aviation, contain some novel approaches, but they are often negated through antiquated approaches from older directives.
7. The Aviation and Maritime directives represent new thinking in challenging sectors. We note that the Commission still is determined to censor the largest supply of biofuels on the market, despite sometimes 80-90% GHG reduction potential. We are however encouraged by the introduction of a Well-to-Wake approach for emissions from energy supplied to shipping. We also note the quota for biofuels in the aviation sector. We do however recommend a GHG reductions quota rather than a volume based on a sustainable aviation fuel (SAF) quota.

The Fit for 55 package consists of:

Proposal	Pro's	Con's
Revision of the renewable energy directive	Good with GHG target focus Demands on renewable electricity Union database	Too low ambition. Biased evaluation of energy sources. Different demands on different fuels based on terminology, not GHG reduction.
Revision of the energy tax directive	Much needed revision of the 2003 directive. Will be hard to pass as it needs consensus. Good suggestions on taxation based on energy content.	Still not a fully technological approach – should build on GHG reduction (life cycle). Fails to incentivize faster GHG reduction that set out in RED.
Revision of the directive on the deployment of alternative fuels infrastructure	Very important directive. Important requirements of transparency. Good structure on progress reports.	Misses focus on biofuels, the most prominent source of fossil carbon reduction in place today. By 2030, 90% of vehicles on the roads will be combustion engine – will need biofuels.
Amendment of the regulation setting CO2 emission standards for cars and vans	Has been important and has proven effective. We strongly support continued sharpened requirements, but from a well-to-wheels basis.	Zero emission vehicles do not scientifically exist. The measurement of CO2 needs to be revised to allow a technologically neutral approach.
ReFuelEU Aviation for sustainable aviation fuels	Very interesting proposal, good with a Europe wide reduction quota.	Again, arbitrary method used to censor some energy sources with high GHG reduction. Quota should be set by GHG reduction level. Need to be more ambitious. Strange to disqualify crop based fuels.
FuelEU Maritime for a green European maritime space	Interesting proposal that introduces a Well-to-Wake approach, a life cycle assessment of fuels and vessels. Good GHG related target.	Strange limitations of most biofuels on the market. Late and low introduction of GHG reduction targets. Strange to disqualify crop based fuels.
A carbon border adjustment mechanism	Important, but of less direct importance to transport. Important to counter the high emission of CO2 by using polluting technologies in other countries.	
Revision of the EU emissions trading system (EU ETS), including its extension to shipping, revision of the rules for aviation emissions and establishing a separate Emission Trading System for road transport and buildings	Good to keep transport in the burden sharing.	
Recast of the energy efficiency directive	Important, of less direct importance to transport.	
A social climate fund	Naturally important as there is a risk of negative reactions as the cheaper fossil fuels are replaced. However, the fossil fuels come	

	with a great negative impact on society through climate impact.	
Revision of the effort sharing regulation on member states' reduction targets in sectors outside the EU ETS	Important that transport remains, as it will force the member states to set national requirements higher than RED.	
Revision of the regulation on the inclusion of greenhouse gas emissions and removals from land use, land use change and forestry (LULUCF)	Important, of less direct importance to transport. However, the proposal risk to limit raw material to be used for energy for the transport sector.	
EU forest strategy	Important, of less direct importance to transport. However, the proposal risk to limit raw material to be used for energy for the transport sector.	

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The maritime sector dominates world trade. It is an energy efficient means of transport, but the scale of operations makes it a large contributor to global emissions. Historically shipping in international waters have been tax exempt.

The European Commission has historically enforced sustainability targets like the introduction of SEKA zones. It has been very successful and has been followed globally in the US and China. This directive is a welcome continuation of this development.

We are encouraged that the directive discusses the transition to renewable and low carbon fuels. We share the belief that we should keep this focus, and incentivize fuels based on the GHG reduction potential. The FuelEU Maritime directive goes even further and recommends a Well-to-Wake approach in preamble point 17: *The well-to-wake performance of renewable and low-carbon maritime fuels should be established using default or actual and certified emission factors covering the well-to-tank and tank-to-wake emissions. The performance of fossil fuels should however only be assessed through the use of default emission factors as provided for by this Regulation.*

This initiative is extremely important and welcome.

It is therefore a surprise that the directive in preamble 12 suggests: *Indirect land-use change occurs when the cultivation of crops for biofuels, bioliquids and biomass fuels displaces traditional production of crops for food and feed purposes... This risk is particularly serious in connection with a potentially large expansion of production determined by a significant increase in demand. Accordingly, no feed and food crop-based fuels should be promoted.*

It is true that there are biofuels with sustainability concerns, but it is likewise true that there are sustainable biofuels, also from food and feed crops, with a 90% GHG reduction. The directive should, in keeping with a technologically neutral approach, allow for developments of both technology and sustainability.

In the directive the text continues: *Research has shown that the scale of the effect depends on a variety of factors, including the type of feedstock used for fuel production, the level of additional demand for feedstock triggered using biofuels and the extent to which land with high-carbon stock is protected worldwide.*

It is true that biofuels produced where tropical jungle is cut down, opening land with high carbon stocks to erosion, has a high direct climate impact. These raw materials are regulated in the high ILUC risk delegated act, and in fact in RED. Those “bad” biofuels should not be used as an excuse to ban good biofuels.

The Aviation directive discusses this with regards to synthetic aviation fuels in preamble point 19: *When produced from renewable electricity and carbon captured directly from the air, synthetic aviation fuels can achieve as high as 100% emissions savings compared to conventional aviation fuel.*

Absolutely right, with renewable electricity and the best form of carbon capture, the emission savings is high. But the other side of the coin is that with coal power electricity, and fossil-based carbon, the synthetic aviation fuel would be a disaster.

As the scale of maritime transport and its energy consumption is large, the directive rightly points out that: *The development and deployment of new fuels and energy solutions requires a coordinated approach to match supply, demand and the provision of appropriate distribution infrastructure.* This requires a long-term strategic approach, tied into the Industrial strategy where suppliers of sustainable biofuels with a high GHG reduction are given opportunities to expand and develop.

We see the opportunity to finance this development through the penalties for non-compliance. We urge the Commission to look at the Norwegian NOx fund, that has for many years steered revenues from ship with high emissions directly to emission abatement investments on ships. This fund is an independent body to minimize bureaucracy.

In preamble (40) the Commission is suggested to be tasked with (delegated act): *in respect of amendment of the list of well-to-wake emission factors, amendment of the list of the applicable zero-emission technologies or criteria for their use, to establish the rules on conducting the laboratory testing and direct emissions measurements, adaptation of the penalty factor, accreditation of verifiers, adaptation of the penalty factor, and modalities for the payment of penalties.* This is a tall order, that goes to the core of emission testing, evaluation of emission from energy sources and setting penalty levels. We are hesitant if it is wise to give this important task to a commission who singles out favourites among energy supply without considering the technologically neutral approach needed. The EU Maritime directive, however, signals a new approach, among other introducing a well-to wake approach that is viable.

Article 1 outlines GHG intensity targets. Good. It provides cohesion with most of the new and revised directives and regulations in Fit for 55.

Article 2 defines the scope, which we support.

Article 4 set out the time plan. We note that is very impact heavy from 2045 onwards, but with a slow start. We would like to see higher initial levels, providing that the directive opens for more sustainable biofuels with high GHG reduction.

While we understand the reasons for phasing in the requirements, we also note the the Paris Agreement demand faster emissions reduction. We believe that the European industry would rise to the challenge, and both provide technologic and sustainability development.

In article 5 the Commission defines what is already the practice in many ports. Those ports should be consulted as the directive moves forward, and there should be room for member countries to adapt practice from the successful example of the ports.

Article 9 in reality bans the majority of the biofuels used today, in spite of some of then having GHG reduction levels of 80-90%.

*biofuels and biogas that do not comply with point (a) or that are produced from food and feed crops shall be considered to have the same emission factors as the least favourable fossil fuel pathway for this type of fuel;*

If the commission takes sustainability seriously, it is not advisable to limit the potential at the outset of a green revolution in the transport sector.

We agree that there must be stringent sustainability demand but would like to see them based on science rather than terminology.

Finally, a note on the Annexes. Annex II lacks several of the alternatives available as DME, and several crop-based alternatives.

Annex III discusses zero emission fuels in a directive mandating Well-to-wake.

We need to look at all non-fossil fuels in a similar way, and base our priorities on the well-to-wake perspective.