

To: Mr. Mart Vörklaev, Minister of Finance

Brussels, 23 April 2024

**Subject: Concerns related to the Review of the Energy Taxation Directive for international shipping**

Dear Minister Vörklaev,

We are writing to you on behalf of the European Community Shipowners' Associations (ECSCA), InterFerry, Cruise Lines International Association (CLIA). We would like to draw your attention to our strong concerns as per below regarding the current compromise proposal of the Belgian presidency in Council on the revision of the Energy Taxation Directive. We would like to kindly request you to ensure that the Energy Taxation Directive upholds the exemption on maritime fuels and electricity provided to ships at berth.

European shipping is a geopolitical asset and a success story for Europe. European companies control almost 40% of the global fleet, enabling the EU to remain connected to global trade and a leader in the international supply chains. European shipping operates in a highly competitive global market whilst at the same time it is a cornerstone of Europe's economic and energy security.

We welcome the increased climate ambition of the 'Fit for 55' climate package, recognising that the climate crisis is one of the greatest economic and environmental challenges our societies are facing. The inclusion of shipping in the Emission Trading System puts a price on carbon emissions and the FuelEU Maritime targets pave the way for the industry towards decarbonisation.

However, removing the current tax exemption for fuel for maritime navigation as put forward under the current compromise proposal on the revision of the Energy Taxation Directive, will undermine the competitiveness of the European shipping industry and other EU-based industries such as fuel suppliers and cargo owners. Non-EU neighbouring countries have had in place a similar tax exemption for marine fuels and a possible change of the European tax regime will be detrimental for the competitiveness of the European industry at large.

In particular, we would like to draw your attention to our concerns regarding the current compromise proposal for the review of the Energy Taxation Directive as follows:

- **International Legal Context and Global Competitiveness:** Although the compromise proposal differs significantly from the initial European Commission proposal in 2021, the arguments supporting the exemption – as expressed in Recital 22 of the ETD currently in force – for fuel for navigation under article 14.1.c remain valid. The unchanged international legal context and the necessity for global competitiveness of the European shipping sector



**ECSCA**

European Community Shipowners' Associations



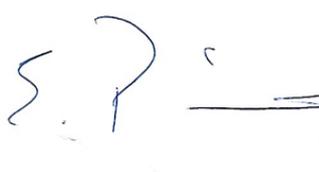
make it imperative to retain this exemption. It is, and always has been, standard practice all over the world for ships to be able to obtain their fuels duty-free. This international norm is reflected in the International Convention on the Simplification and Harmonisation of Customs Procedures (the Kyoto Convention) of 1999.

- **Consistency and Technology Neutrality:** The shipping industry considers that a revised Directive should take a technology neutral approach given the fact that clean alternative fuels are still under development. It is essential to ensure equal treatment of energy supplies to the shipping industry, irrespective of the fuel type.
- **Fiscal Implications and Environmental Efficiency:** Refuelling outside Europe will lead to decreased fiscal income and negligible improvements in environmental efficiency. This concern is well substantiated by the [CE Delft study](#) on the phasing-out of excise tax exemption for maritime fuels at global, European and national level, commissioned by the Dutch Government.
- **Lack of Impact Assessment:** The original Commission proposal lacks an impact assessment on both the economic and environmental aspects specifically for maritime fuels. Given the strategic importance of the shipping industry for the EU, a comprehensive impact assessment is crucial before deciding on the removal of the tax exemption.
- **Tax Exemption for All Energy Carriers:** The Directive should include a tax exemption for all energy carriers to bridge the cost gap between traditional maritime fuels and clean alternative fuels and electricity. The revised text should focus on closing this gap, which currently impedes investments in and the uptake of cleaner technologies and fuels.
- **Adverse modal shift from sea to road:** Modal shift to short sea shipping (maritime transport between European ports) has been identified as one of the policies contributing to the decarbonisation of the transport sector. In addition, the most recent discussions on the competitiveness of the European economy and the European Single market recognise that short sea shipping operations also fulfil a strategic role *"in safeguarding the connectivity of islands, peripheral, and remote maritime regions. European ports remain critical infrastructure, serving as gateways to the Single Market"* ([Enrico Letta, Much More Than A Market Report, 2024](#)). However, the current compromise proposal of the ETD will risk leading to an adverse modal shift from sea to road, by undermining the competitiveness of short sea shipping operations.

In light of the aforementioned concerns, we would like to kindly request you to consider the shortcomings of the current compromise proposal and to ensure that the Energy Taxation Directive upholds the exemption on maritime fuels and electricity provided to ships at berth. The policy goals of EU-ETS and FuelEU Maritime to promote decarbonisation of the shipping sector are more fit for purpose in this respect and should be taken into account. The European policies should promote environmental sustainability, and foster investments in cleaner technologies by providing the current tax exemption for fuel and energy carriers (such as electricity used on board) for maritime navigation. For further explanation we attach our position paper.

We very much look forward to your prompt action and we are available for further discussions or clarifications you may require.

Yours sincerely,



Sotiris Raptis

Secretary general

ECSA



Marie-Caroline Laurent

Secretary General

CLIA Europe



Johan Roos

Director Regulatory Affairs

Interferry

The **European Community Shipowners' Associations (ECSA)** is the voice of the European shipping industry. Founded in 1965, ECSA promotes the interests of 21 member associations of the EU and Norway, representing 39.5% of the global fleet. ECSA strives for a regulatory environment that fosters the international competitiveness of European shipping.

**Cruise Lines International Association (CLIA)** is the world's largest cruise industry trade association, providing a unified voice for the industry as the leading authority of the global cruise community, with a membership comprising 55 cruise lines, including 294 ocean going cruise ships, representing 95% of the cruise sector. On behalf of its members, affiliates and partners, the organization supports policies and practices that foster a secure, healthy, and sustainable cruise ship environment, promoting positive travel experiences for millions of travellers who cruise annually. This year, CLIA forecasts that annual the number of passengers will reach 35 million passengers. The CLIA community includes the world's most prestigious ocean, river, and specialty cruise lines; a highly trained and certified travel agent community; and a widespread network of stakeholders, including ports & destinations, ship development, suppliers, and business services. For further information, please visit [cruising.org](http://cruising.org) or [europe.cruising.org](http://europe.cruising.org)

**InterFerry** is a highly respected shipping association representing the ferry industry world-wide. There are currently more than 260 member companies, representing more than 1,000 individuals from 40 countries. Our members include ferry operations of all types and sizes including RoPax, RoRo, Cruise Ferries, Fast Ferries, and Passenger-only Ferries.