



EUROPEAN PARLIAMENT

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Committee on Transport and Tourism

2011/0190(COD)

31.10.2011

DRAFT OPINION

of the Committee on Transport and Tourism

for the Committee on Environment, Public Health and Food Safety

on the proposal for a directive of the European Parliament and of the Council
on the prevention of pollution from ships: sulphur content of marine fuels
(amend. Directive 1999/32/EC)
(COM(2011)0439 – C7-0199/2011 – 2011/0190(COD))

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SHORT JUSTIFICATION

In 2008 the International Maritime Organisation (IMO) agreed new maximum values for the sulphur content of marine fuel. For Sulphur Emission Control Areas (SECAs), the maximum was reduced from 1.5% to 1% from 1 July 2010 and 0.1% from 1 January 2015. In the EU, the Baltic Sea, North Sea and English Channel are SECAs.

The limit for other sea areas will come down from 4.5% to 3.5% as of 1 January 2012 and 0.5% as of 1 January 2020. The start of the 0.5% limit could be delayed by five years if a review scheduled for 2018 found that there was an imbalance between the supply and demand of suitable fuels.

Passenger ships on regular service currently need to meet the SECA limits whether or not they are travelling in these areas. The Commission proposes that these ships would be subject to the 0.1% limit from 2020. The five year delay relative to SECAs is to avoid potential problems with fuel availability.

International Obligations

It seems clear that, EU Member States having supported the tightening of IMO limits and the designation of the three European SECAs, Union legislation needs to be aligned with its international obligations. Failing to do so would not only create legal uncertainty but would weaken Union negotiators' credibility, both in the IMO and in other international fora, when seeking to persuade third countries to adopt and implement international standards.

Health Benefits

In addition, the lower sulphur limits should lead to significant improvements in European citizens' health. The cost-benefit analysis undertaken for the Commission suggests that a 0.1% limit in the SECAs would avoid more than 17 000 premature deaths per year in 2020. There would also be substantial reductions in respiratory illnesses.

As passenger ships on regular service are normally travelling close to the coasts, applying the 0.1% limit would have a significant impact on air quality in coastal regions and therefore seems justified.

Indeed, the extent of the health benefits raises the question of whether the lower sulphur limit should not apply to other European seas.

Fair Competition

Extending the geographical scope of the 0.1% limit would also address concerns about different limits applying in different European coastal waters. It can be argued that this places shipping firms operating in SECAs at a competitive disadvantage both relative to those in other areas and relative to land transport.

The EU could restrict emissions up to a certain distance from the coast without requiring IMO endorsement. However this would risk diverting traffic from European ports to those in North Africa. While the US and Canada have fixed a 200 nautical mile limit, they did seek IMO

designation for this.

Member States and the Commission should therefore seek to promote the designation of other European sea basins as SECAs by the IMO.

Maintaining Sea Transport's Competitiveness

Parliament has consistently supported the objective of encouraging sea transport in view of its reduced environmental impact. If lower sulphur limits were to cause goods currently being transported by sea to be moved on trucks (so-called “modal back shift”), this would be very undesirable in terms of environmental damage (particularly in terms of greenhouse gases) and increased congestion.

Different studies have produced widely varying estimates of the likely impact of the new limits on the proportion of goods being transported by sea. However what seems clear is that effect will vary according to the product being shipped and the route. Products with relatively high volume to value ratios (for example wood or metal ores) could be more severely affected than industrial goods. Targeted assistance may therefore be appropriate.

The IMO agreement and the Commission proposal already help to limit the impact on shipping's competitiveness by allowing abatement methods (so-called “scrubbers”) or the mixture of fuel and liquefied natural gas (LNG). This will allow shippers to choose the most economical means of meeting the limits, taking account of the vessel's age and size as well as the routes it is expected to serve.

While ship owners and equipment suppliers differ about the availability and reliability of scrubbers, delaying the introduction of the 0.1% limit would reduce incentives to undertake the necessary research and development. In addition, everyone would wonder whether the new deadline might be postponed once more. This would further undermine the case for investment in this technology.

Those considering using LNG are faced with a chicken and egg situation: ship owners do not want to equip vessels so they can use LNG without an assurance that supplies will be available in sufficient ports while ports are equally reluctant to invest in view of uncertainties about demand. Support from state aid, TEN-T and/or Marco Polo could help to unblock this situation.

A new code for LNG and similar fuels is currently under development at the IMO. It should be introduced in 2014 together with the next revision of the Safety Of Life At Sea convention. Given that LNG is a clean fuel which virtually eliminates sulphur dioxide emissions, Member States should pay particular attention to ensuring that sufficient LNG fuel is available and that safety requirements, including the possibility of refuelling whilst passengers are embarking or disembarking, can be met.

Conclusion

Notwithstanding the challenges the new limits will pose for ship owners, operators and ports, the EU has to fulfil its international obligations and introduce the 0.1% limit from 2015. Given that half the preparation time for this limit has already passed, the key now is for the

Commission to further develop the tool box of accompanying measures and for industry to take advantage of the flexibility offered by the options of low sulphur fuel, scrubbers or LNG.

AMENDMENTS

The Committee on Transport and Tourism calls on the Committee on Environment, Public Health and Food Safety, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a directive - amending act Recital 6

Text proposed by the Commission

(6) The revised Annex VI to MARPOL introduces, inter alia, stricter sulphur limits for marine fuel in SECAs (1.00% as of 1 July 2010 and 0.10% as of 1 January 2015) as well as in sea areas outside SECAs (3.5% as of 1 January 2012 and, in principle, 0.50% as of 1 January 2020). Most Member States are obliged to require ships to use fuel with maximum 1.00% sulphur content in SECAs as of 1 July 2010 based on their international commitments. In order to ensure coherence with international law as well as to secure proper enforcement of new globally established sulphur standards in the Union, the provisions of Directive 1999/32/EC should be aligned with the revised Annex VI to MARPOL. ***In order to ensure a minimum quality of fuel used by ships either for fuel or technology based compliance, marine fuel the sulphur content of which exceeds the general standard of 3.5% by mass should not be allowed for use or placing on the market in the Union.***

Amendment

(6) The revised Annex VI to MARPOL introduces, inter alia, stricter sulphur limits for marine fuel in SECAs (1.00% as of 1 July 2010 and 0.10% as of 1 January 2015) as well as in sea areas outside SECAs (3.5% as of 1 January 2012 and, in principle, 0.50% as of 1 January 2020). Most Member States are obliged to require ships to use fuel with maximum 1.00% sulphur content in SECAs as of 1 July 2010 based on their international commitments. In order to ensure coherence with international law as well as to secure proper enforcement of new globally established sulphur standards in the Union, the provisions of Directive 1999/32/EC should be aligned with the revised Annex VI to MARPOL.

Or. en

Justification

Final sentence would be moved to Recital 6 b (new) so as to improve clarity and avoid any suggestion that this 3.5% limit would affect the transport of high sulphur fuel by ship.

Amendment 2

Proposal for a directive - amending act Recital 6 a (new)

Text proposed by the Commission

Amendment

(6a) In view of the health benefits of lower sulphur emissions the Commission should consider extending the 0.10% limit to other seas bordering on Member States' landmass or extending this limit so as to cover a fixed distance from the Union coastline.

Or. en

Justification

An evaluation study for the Commission suggests that lowering the sulphur emission limit to 0.1% in the Baltic, North Sea and Channel could avoid more than 17 000 premature deaths per year in 2020. Applying this limit to other seas or adopting a limit based on distance from the coast (the Canadian and US limits apply up to 200 nautical miles from the coast) could save more lives and help Member States meet air quality requirements.

Amendment 3

Proposal for a directive - amending act Recital 6 b (new)

Text proposed by the Commission

Amendment

(6b) In order to ensure a minimum quality of fuel used by ships either for fuel or technology based compliance, marine fuel the sulphur content of which exceeds the general standard of 3.5% by mass should not be allowed for use or placing on the market in the Union. This limit should apply only to fuel being used to power ships and not to fuel being transported by ship.

Or. en

Justification

The use of fuel with excessively high sulphur content could lead to the discharge of waste water that would cause a negative impact on the marine environment. However it is important to be clear that the limit imposed by Article 3a only applies to fuel that is used to power ships. The transport of high sulphur fuel by ship should not be affected by this Article.

Amendment 4

Proposal for a directive - amending act Recital 8 a (new)

Text proposed by the Commission

Amendment

(8a) Enforcement of the 0.1% limit in the years immediately following 2015 should take account of uncertainty about the availability of low sulphur fuel and differing views on the effectiveness and reliability of abatement technology. In particular the Commission and Member States should refrain from acting against firms which are making genuine efforts to comply with the rules.

Or. en

Justification

While the limits resulting from the revised annex VI to the Marine Pollution agreement are international obligations that have been endorsed by the Member States, it is important that, in the years immediately following 2015, enforcement takes account of the availability of appropriate fuel and technology. A certain tolerance should be shown towards firms who are seeking to obey the rules but encountering practical difficulties.

Amendment 5

Proposal for a directive - amending act Recital 11 a (new)

Text proposed by the Commission

Amendment

(11a) Preventing modal backshift is particularly important given that an increasing share of goods being transported by road would run counter to the Union's climate change objectives and

increase congestion.

Or. en

Justification

Average CO₂ emissions per tonne kilometre from road haulage are more than seven times that of marine transport. As a result, measures should be taken to avoid this Directive causing goods to move from sea transport to the road as a result of higher fuel costs for ships. Increased road transport would also cause congestion and higher noise levels both of which are already serious problems for European citizens.

Amendment 6

Proposal for a directive - amending act
Recital 11 b (new)

Text proposed by the Commission

Amendment

(11b) Modal backshift is of particular concern in the Baltic Sea area in view of certain industries' heavy dependence on sea transport. The Commission should make full use of existing instruments such as Marco Polo and TEN-T to provide targeted assistance so as to minimise the risk of modal backshift.

Or. en

Justification

Higher shipping fuel costs are a particular concern for goods that have a high volume to value ratio including paper and ores. While projects to support the deployment of Liquefied Natural Gas (LNG) or scrubber technologies are already eligible for funding from Marco Polo or the TEN-T Motorways of the Sea programme, this support needs to be sustained and enhanced if modal backshift is to be minimised.

Amendment 7

Proposal for a directive - amending act
Recital 12 a (new)

Text proposed by the Commission

Amendment

(12a) The use of Liquefied Natural Gas (LNG) virtually eliminates sulphur

emissions. A new code for LNG fuelled ships is expected to be introduced in 2014 together with the next revision of the Safety Of Life At Sea (SOLAS) Convention. Member States should pay particular attention to the need to ensure the safety and availability of LNG powered ships while preventing the revised SOLAS Convention from creating unnecessary barriers to the use of this fuel.

Or. en

Justification

It is important to take account of the experience when revising Annex VI to the Marine Pollution (MARPOL) convention (agreed in 2008 but with the Commission proposal only arriving almost three years later and some Member States subsequently questioning what had been agreed). As IMO Members, unlike the Commission, Member States should ensure that the new LNG code encourages the use of this cleaner fuel source without compromising safety standards.

Amendment 8

Proposal for a directive - amending act

Article 1 – point 6 - point c

Directive 1999/32/EC

Article 4a – paragraph 1a – point a a new

Text proposed by the Commission

Amendment

(aa) 2 % as of 1 January 2015;

Or. en

Justification

In order to extend the health benefits of lower sulphur limits to more European citizens and to avoid any distortion of competition, the sulphur limit for non-SECA areas should also be reduced at the same time as the SECA limit moves to 0.1%.

Amendment 9

Proposal for a directive - amending act

Article 1 – point 6 - point e

Directive 1999/32/EC

Article 4a – paragraph 4 – point c a new

Text proposed by the Commission

Amendment

(ca) 0.5 % as of 1 January 2015;

Or. en

Justification

Under the Commission proposal, the limit for passenger ships operating on regular services (currently aligned with the SECA limit) should be reduced to 0.1% in 2020, five years later than the SECA limit reaches that value. While this is justified in terms of ensuring the availability of sufficient low sulphur fuel, as these passenger ships typically operate close to the coast, there would be significant health benefits in reducing the limit to an intermediate value in 2015.

Amendment 10

Proposal for a directive - amending act

Article 1 – point 10 - point c

Directive 1999/32/EC

Article 7 – paragraphs 2 and 3

Text proposed by the Commission

Amendment

(c) paragraphs 2 and 3 are deleted.

(c) paragraph 2 is replaced by the following:

'2. Within [three] years of the entry into force of this Directive the Commission shall submit a report to the European Parliament and to the Council based, inter alia, on:

(a) annual reports submitted in accordance with paragraph 1;

(b) observed trends in air quality, acidification, fuel costs and modal shift;

(c) progress in reducing emissions of sulphur oxides from ships through IMO mechanisms following Union initiatives in

this regard;

(d) a new cost-effectiveness analysis, including direct and indirect environmental benefits, of measures contained in Article 4a(4) and of possible further emission reduction measures; and

(e) the possible use of economic instruments to complement lower sulphur limits; and

(f) the implementation of Articles 4c, 4d and 4e.

The Commission shall give particular consideration to proposals for the designation of additional SO_x Emission Control Areas. The report shall be accompanied, if appropriate, by a legislative proposal.'

(ca) paragraph 3 is deleted.

Or. en

Justification

This amendment is based on Article 7 paragraphs 2 and 3 of the existing Regulation. Given uncertainty about the availability of suitable fuels and developments in technology, as well as the need to keep the designation of additional sulphur limits under review, the Commission should make a further report to the Legislative Authority so as to provide updated information on these points.