

Possible EU Shipping Measures

The CO₂ Fuel Tax Option

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The Road Fuel Tax Situation

- T&E work focus on all transport modes/fuels
- Average road fuel tax in EU is 48 cents/litre
 - EU road tax revenues €170bn
- ETD revision split into CO₂ and energy parts
- Min CO₂ tax €20/tonne – 4/5 cents/litre
- Aviation and marine fuels exempt from tax
- No reason to exempt marine fuel
- Trucks like ships are a mode of transport
 - they pay average 44 cents/litre diesel

Upstream marine CO₂ fuel tax paid by refiners/suppliers

Advantages

- Ships; nothing to do
- No tracking of individual ship emissions
- Out with MRV!
- No tracking bunker fuel notes
- No auctions
- No emissions baselines
- Predictable cost
- Simple!

Disadvantages

- No cap
- No access to cheap offsets
- Less focus on fuel burn
- Potential for evasion

Scope

- Coastal, intra-EU
- If the CO₂ tax varied between EU ports
- Ships might divert to secure cheaper fuel
- EU bunkering by barge limited to territorial seas
- Fuel tax for oceangoing ships wont work
- San Diego experience
- Limit fuel tax to ships not leaving EU seas
- Need complementary ocean-going measure
- Red and Blue ships

Blue ships would only buy taxed fuel

- Domestic shipping
- Intra- EU shipping
- Fishing vessels
- Ferries etc
- Pleasure craft
- Inland waterway vessels
- Kyoto requires mitigation
- Not ocean-going making multiple stops
- This sector needs inclusion
- Include ferries
- Include pleasure craft
- Can we include?

Separating Blue from Red

- Ship category
- Eg fishing, service vessels, pleasure
- Inland
- EU registry?
- Tonnage limit/ eg 400GT
- Represents 1.5% global shipping emissions
- Any “red” ships < limit need evidence to purchase untaxed fuel

Inland waterways

- Not covered by any climate measure
- Mannheim Convention (Rhine) and Danube Commission
- Regulate inland navigation
- “No duty based solely on navigation” may be levied on vessels”
- Does this rule out CO₂ tax or levy?

Revenues and levels

- Retained by member states
- Provided no fuel tourism
- Tax revenues reflect today's bunker sales
- If necessary revenues redistributed via key
- Emission cut levels – to be calculated

Revenues

Bunker Sales in EU-15 countries						
Country	International navigation		Domestic navigation (inland and coastal)		Total	% of Total
	Austria	N/A		0.00		
Belgium	4.52	11%	0.27	5%	4.79	10.30
Denmark	1.31	3%	0.12	2%	1.43	3.08
Finland	0.57	1%	0.13	2%	0.70	1.51
France	2.94	7%	0.49	8%	3.44	7.40
Germany	2.10	5%	0.30	5%	2.39	5.14
Greece	3.16	8%	0.88	15%	4.04	8.69
Ireland	0.17	0.1%	0.04	1%	0.21	0.45
Italy	2.43	6%	0.22	4%	2.65	5.70
Luxembourg	N/A	-	0.00	-	0.00	0.00
Netherlands	12.94	32%	0.66	11%	13.6	29.25
Portugal	0.60	0.1%	0.04	1%	0.64	1.38
Spain	6.02	15%	1.58	27%	7.60	16.35
Sweden	1.55	4%	0.14	2%	1.69	3.64
UK	2.33	6%	0.99	17%	3.32	7.14
Total EU-15	40.63		5.86		46.49	

Source Beicip-Franlab 2002

Other issues

- Tax level close to blue ship carbon price
- Regularly adjusted
- legal basis – EU Directive harmonising EU27
- No reference to IMO
- Unanimity to revise ETD and agree tax level
- If you find a fuel tax attractive
 - all alternatives will by comparison be a hassle
- Key is to agree a threshold/definition of blue