

FEEDBACK FROM THE INLAND WATERWAY TRANSPORT SECTOR ON THE PLATFORM ON SUSTAINABLE FINANCE DRAFT REPORT ON PRELIMINARY RECOMMENDATIONS FOR TECHNICAL SCREENING CRITERIA FOR THE EU TAXONOMY

The Platform on Sustainable Finance submitted a draft on which it seeks the feedback by involved sectors.

In line with the Taxonomy Regulation the technical screening criteria should ensure that relevant economic activities within a specific sector can qualify as environmentally sustainable and are treated equally if they contribute equally to one or more of the environmental objectives laid down in this Regulation. To avoid overly burdensome compliance costs on economic operators, the Commission should establish technical screening criteria that **provide for sufficient legal clarity, that are practicable and easy to apply**, and for which compliance can be verified within reasonable cost-of-compliance boundaries, thereby avoiding unnecessary administrative burden. Technical screening criteria could require carrying out a life-cycle assessment where sufficiently practicable and where necessary. (48) To ensure that investments are channeled towards economic activities that make the greatest positive impact on the environmental objectives, the Commission should give priority to the establishment of technical screening criteria for the economic activities that potentially contribute most to the environmental objectives.

Besides the Regulation and its Delegated Acts should be in line with relevant other EU policies.

Observations from the IWT sector

Inland Waterway Transport (IWT) welcomes the objectives of the European Green Deal. In line with the Green Deal Inland Waterway Transport being a low emitter and sustainable mode of transport is considered to play a major role by substantially increasing its modal share. To cope with the challenges of the new EU policy in terms of emission reduction and increasing its share, the IWT sector needs investments to realise the energy transition.

IWT is a major enabler to shift freight from road which is considered as sustainable contribution to climate change mitigation and adaptation of the Taxonomy regulation (EU) 2020/852. Roughly a reduction of 25-30 kg/ton CO₂ in road haulage to 5 to 14 kg/ton CO₂ including also the WTT emissions and the additional pre-/end haulage is possible. This means a reduction in the range of 50% to 80% of CO₂ emissions. Moreover, the Global Logistics Emissions Council provided more recent figures. For IWT these are based on a report by STC-NESTRA made for GLEC/Smart Freight Centre^[1]. From this report It can be concluded that per tonkilometre **a saving can be reached of**

^[1] <https://www.smartfreightcentre.org/pdf/GLEC-report-on-GHG-Emission-Factors-for-Inland-Waterways-Transport-SFC2018.pdf>

70% on Green House Gas emissions when shifting cargo from road to inland waterways along the Rhine corridor using containers.”

A first delegated act on sustainable activities for climate change adaptation and mitigation objectives was formally adopted on 4 June 2021 for scrutiny by the co-legislators. A second delegated act covering mainly the remaining environmental objectives 3-6 (as well as some additional criteria for the environmental objectives 1-2) will be adopted in the first half of 2022 for which the Platform has delivered recommendations to the Commission on TSC for the second draft delegated act on sustainable activities for the environmental objectives 3-6.

However, the criteria as laid down in the TR, the Delegated Act coping with objectives 1 and 2 of the TR as well as the new draft report of the PSF are neither practicable and easy to apply nor in line with the transition pathway towards zero emissions. They do not reflect the sector’s needs and challenges and should be aligned with the other policy objectives and set a realistic timeframe.

In general we do have strong concerns/objections regarding the following technical screening criteria related to manufacturing, vessels, infrastructure and waste management due to the fact that they are inadequate, do not provide for sufficient legal clarity, are impracticable and not easy to apply.

Concrete concerns/remarks on the proposed criteria referring to Inland freight water transport under chapter 8.5.

1. “Activity is not related to the transportation of fossil fuels and fossil fuel bunkering”

It is not possible to apply this criterium for inland vessels for the following reasons:

- First of all, the different terms are not defined. For instance, does it address liquid fossil fuel only, in which case this criterion is relevant only to tanker vessels? Does it address coal as well in which case this criterion is relevant to dry cargo vessels as well. Does it cover hydrogen from fossil origin? Electricity from fossil origin? Should it be understood as a fuel whose use emits GHG emissions?
- Second of all, it is simply NOT an adequate criterion as fossil fuel vessel does not exist. For instance, an IWT vessel could transport petrol or diesel on one day and then on the next, after being cleaned it could transport chemical products.
- Therefore, this criterion “related to the transport of fossil fuel” could, depending on how fossil fuel is defined, make the entire inland freight transport activity as non-taxonomy eligible.

2. Zero tailpipe direct emissions fleet (SOx, NOx, PM) during navigation, operations and at berth

- Zero emission technologies are being developed for inland freight water transport, however study shows that they will not be ready for deployment by 2025, but rather towards 2035 (source: CCNR study on the energy transition of the IWT sector towards zero emission in 2050: <https://www.ccr-zkr.org/12080000-en.html>).
- Given the above a longer transition period is needed.

- Moreover, the AFIR regulation draft (currently under negotiations) on the deployment of alternative fuels infrastructure, sets first targets in 2025 and 2030. The objectives set by the AFIR regulation therefore does not make it possible to ensure the implementation of a supply network in bunkering stations providing zero emission fuels (electricity, hydrogen) to meet the needs of fleets of electric or hydrogen vessel
- In line with our comment on the first 2 environmental objectives as laid down in the first delegate act this criterion cannot be met based on the current technology available and when excluding certain renewable fuels.

The above concerns are of equal relevance to the manufacturing parts of the report/consultation as referred to under 2.16.

3. The activity complies with the following operational requirements

- The **slow steaming requirement defined as a median speed of 15 km/h at all times during the navigation operation** is not practicable in inland waterway transport. Contrary to maritime transport inland navigation takes place frequently on free flowing rivers with different characteristics and requirements for navigation. Imposing a median speed at all times during the navigation operation might cause dangerous situations on these free flowing rivers.
Inland Waterway Transport along the European waterways is supported by River Information Services allowing the most efficient way of sailing and speed that also takes into account the ecological situations of the rivers.
- The **requirement of ISO 14001 standard certification** to verify correct operation of abatement technologies onboard, compliance with relevant environmental policies and procedures as well as legal compliance is considered an unnecessary administrative burden on top of all other legal obligations that have to be met by the vessel owners.

4. criteria related to waste:

- The production of waste and emission of pollutants into water are already substantially reduced or eliminated on waterways in Belgium, Germany, the Netherlands, part of waterways in France, Luxembourg and Switzerland thanks to the application of rules of the Convention on the collection (CDNI convention), deposit and reception of waste generated during navigation on the rhine and other inland waterways. Those elements should be reflected and reconsidered in the delegated act in particular footnotes 451, 453, 454.
- In particular, some criteria are unrealistic in practice and erroneously describe the available techniques, such as the *“Zero oil discharge from bilge waters or other sources. Vessels are equipped with storage tanks to be emptied in ports facilities, or if no ports are equipped with relevant facilities in the region, vessels are equipped with appropriate treatment systems to reach 0 ppm oil residue in water discharge. The use of mobile reservoirs stored on deck as reservoirs for the collection of used oil is not included/accepted.”*

Concrete concerns/remarks on the proposed criteria referring to Inland passenger transport under chapter 8.6.

It is unclear why cruise passenger vessels would be excluded from the description of the activity. They pay a significant contribution to the greening of the tourism sector.

Regarding the criteria for air and water pollution the same concerns apply as under section 8.5. freight transport.

Although not within the scope of this consultation we would like to recall our concerns and objections which should be reconsidered with regard to the climate mitigation and adaptation criteria as laid down in the first delegated act.

Inland Passenger and Freight water transport:

5. The exclusion of vessels purchased or operated dedicated to **transport fossil fuels** even when fulfilling the sustainability criteria is in conflict with the modal shift goal of the Green Deal. Fossil fuels will not be banned from the European society and industry in the coming decades. An exclusion of such transport will endanger the supply in Europe. Besides it is counterproductive to consider the good as sustainable investment criteria rather than the carrier. Besides it is unclear – as definitions are missing – what is understood by “dedicated to”. **This exclusion needs to be deleted in the delegated act (both in the manufacturing and transport paragraphs) to enable the carriage of fossil fuels with sustainable inland vessels which are a major supplier of the European society and industry (Annex I, par. 3.3., 6.8. and 6.9.)**
6. **The criteria for climate change mitigation activities as described under 1. a) and b) in section 3.3., 6.7., 6.8. and 6.9. are not considered adequate.** The proposed options of zero direct tailpipe CO₂ emissions exclude the use of renewable and low carbon fuels. Such fuels will provide a significant decrease of GHG emissions during the transition and may be produced from waste, bio matter or even directly from water and air using renewable energies. **We propose a further option allowing equipment that operates on fuels meeting at least such a GHG saving requirement to be included in the Taxonomy.**
7. **The Reference to heavy duty vehicles** is unclear (point 6.8 of Annex 1) and the application of thresholds of another transport mode (HDVs) to evaluate whether IWT activities are “green” seems inadequate and could be misleading. **We therefore call for a revision of the delegated act in line with article 19 sub 5 of the Taxonomy regulation (EU) 2020/852 at the earliest convenience in order to include classification criteria tailored for this sector.**



In summarising we call upon the Commission to

- Integrate Inland Waterway Transport in the list of sustainable economic activities (SEA) according to the green taxonomy, which is key to identify the sector as a sustainable market to redirect investment towards a carbon neutral economy
- Invite the representatives of the sector asap to participate in the relevant working groups such as the Platform on Sustainable Finance
- Take the above mentioned amendments into consideration for allowing the sector to cope with the Taxonomy provisions and guaranteeing its **future access to financing and funding**.

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EBU www.ebu-uenf.org

ESO www.eso-oeb.org

European IWT platform www.inlandwaterwaytransport.eu