

Position Paper Alfaport Chamber of Commerce- Call for a realistic EU Green Deal

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The European Commission published the European Green Deal on 12 December 2019 – a roadmap for making the EU's economy sustainable. This new growth strategy for a competitive economy has very ambitious objectives: reduce emissions by at least 50% by 2030 and zero net emissions of greenhouse gases by 2050.

The port of Antwerp is responsible for approximately 16% of Belgium's CO₂ emissions¹. The total emissions of approximately 18 million tonnes CO₂-eq (excluding shipping) originate from energy, industry, oil refining, storage and transshipment and transport. In the port approximately 80% of total greenhouse gas emissions are covered by the ETS. Emissions from sectors such as transport, construction, waste treatment and the non-ETS industry are not covered by the ETS system (Sustainability Report Port of Antwerp, 2019).

Climate ambition

Alfaport Chamber of Commerce appreciates the European long term strategy for climate neutrality. A right balance between ambition and efficient and effective measures are crucial for achieving this aim with all stakeholders, especially as we move towards a post-COVID19 modus operandi. The key factors for success will be; regulatory framework, legal certainty for private investments and financial instruments to implement the ambitious action plan. Support of the first movers, innovation and digital transformation will have an important role during this process to a competitive and climate neutral Europe.

For a sector like the port, which has an especially global impact and outreach, a level playing field with other regions of the world is the basic requirement where cost effective actions are taken at the right - European or global – level, and a cost-benefit analysis is taken into account. The boosting of the competitive position of our logistics sector combined with the transition to becoming more sustainable, should have top priority. And local actions should align with the international initiatives. We agree that the logistics sector has major challenges ahead to become more sustainable but we are absolutely confident that the port and logistics sector is also a big part of the solution for sustainable economic growth, together with a better integrated transport system. Therefore the sector should be supported in its challenges to energy transition and climate neutrality, without increasing taxes or amendments to the energy bill.

Climate neutrality is the objective of the proposed EU climate law. The law is immediately binding in all Member States with the aim to make climate neutrality 'irreversible', for businesses and all citizens

¹ Total net emissions for Belgium (2017): 114,280.49 CO₂-eq kT (source: National Inventory Submissions, UNFCCC)

alike. If one of them does not comply with the regulation, they risk judicial consequences. Countless legal proceedings and carbon leakage should not be the intention of this law.

Alfaport Chamber of Commerce supports the joint press release (11 February 2020) of the 15 organizations from the European transport sector where they call for a bold and realistic European Green Deal (annex 1).

To a climate neutral Port of Antwerp

It is important to mention that the Antwerp port community already had a sustainability agenda prior to the release of this European green deal. In other words, the Antwerp port and its businesses have a good base to start from. The port community – both private and public - has taken several energy-efficiency measures in past years to reduce their impact on the climate. The Chamber of Commerce will release an Energy Efficiency program in the autumn of 2020 to guide logistics and production companies towards a more efficient energy management. Renewable energy has increased in recent years from 112.6 MWe in 2009 to 262.83 MWe in 2018 . Wind energy made the biggest contribution (57.0% of the installed power in 2018), followed by solar power (21.5%), biomass (16.6%) and biogas (4.9%) (Sustainability Report Port of Antwerp, 2019). Port areas are particularly suitable for the production of green energy but these initiatives are sometimes in conflict with other objectives, like for example; mobility or nature conservation objectives. A holistic and area oriented approach is preferred with a development in balance with the port's growth plans and nature development plans, where the total added value is considered. The Port of Antwerp is committed to a further roll-out of renewable energy production, focusing on both wind and solar energy.

The Port of Antwerp calls for an adequate grid infrastructure and a workable regulatory and technical framework to boost the wind turbines capacity, in balance with nature conservation. Unnecessary restrictions on diameter or shaft height limit the increase in wind production in the port area.

Further investigation is needed around how to increase acceptable solar energy investment cases for companies in the port area. Energy consumption at the warehouses is low and the taxes for putting the produced electricity on the grid are high. As a result, it is not financially advantageous enough for logistics companies to install solar panels if they cannot fully use the electricity produced themselves, in real time.

New collaborations and integrated innovative systems have been set up to develop heat grids and CO₂ infrastructure together with the industrial, logistics & maritime companies. ECLUSE is the first network of steam and condensate pipes between the thermal processing plants and a number of companies.

Sustainable and smart mobility

Per tonne-kilometre, shipping is one of the lowest emitting freight transport options around. Its inland geographical location allows the port of Antwerp to benefit from this, as a larger part of the journey can be done by maritime transport, limiting the higher emitting last mile in comparison to its competitors.

Nevertheless, being located at a crossroads of European transport corridors, the port of Antwerp faces also a number of challenges, such as congestion. As a result, a sustainable and smart mobility system has been top-of-mind in the port of Antwerp for many years, to fulfil customers' expectations regarding

the port's accessibility. This is in line with the objective of the Green Deal; to obtain a significant modal shift towards rail and inland navigation. However, we want to avoid quantitative objectives on an European level, as the feasibility of the different transport modes is highly affected by local contexts, such as geography, transport distances (rail is more feasible for longer distances), etc.

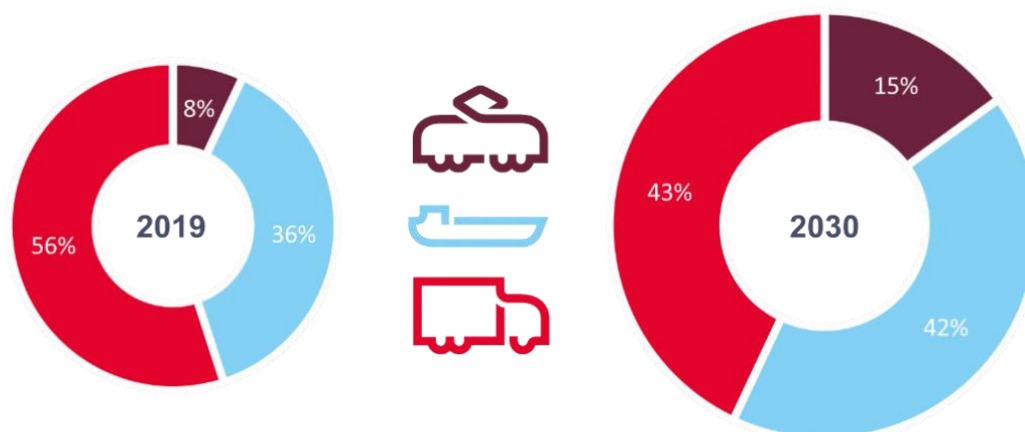


Figure 1: Modal split in the port of Antwerp: 2019 – 2030 (objective)

Already 36% of all freight transport to and from the port is done by inland navigation. To further reinforce this, an inland navigation action plan has been launched. Digitalization, planning and cooperation, and clustering of volumes are the three main pillars.

Rail transport holds an even greater challenge- to increase the current share of 8% . Increasing the competitiveness of rail transport on medium and long distances can only be realized by aligned European efforts. Several initiatives already exist, such as the Railway Packages, but efforts need to be intensified and accelerated. For cross-border transport in the rail sector, the main barrier is the lack of interoperability, including lack of compatibility of infrastructure standards and lack of harmonization of rules and timetables. Furthermore, to adapt the railway network to the specific needs of the rail freight sector, infrastructure investments need to be significantly raised (both on European and local levels), such as network adaptations to allow for longer trains, facilities for an efficient last mile, and eliminating missing links. Within the port, the main challenge is to organize the last mile in an efficient way. To achieve this, Alfaport Chamber of Commerce, essencia, SLBC and the Antwerp Port Authority have set up Railport. Several terminals and other companies in the port are working together to achieve more transparent agreements with railway operators, promote cooperation between the railway operators to bundle transport volumes and to establish a Rail Traffic System, a digital platform for capacity allocation and track-and-tracing of goods transported by rail.

Alfaport Chamber of Commerce supports that the Green Deal clearly states that the price of transport must reflect the impact it has on the environment and on health, with road pricing as an effective instrument. In Belgium, freight transport is already subject to a kilometer charge. Since 2016, the usage of trucks is being taxed. The cost of infrastructure is billed in a fair way including the environmental effects by differentiating by euro-norm. However, only 20% of all vehicles in the Antwerp region are trucks (and even less in the rest of Belgium), the remaining 80% are passenger vehicles that are exempt

from this kilometer charge. To fairly account for the environmental impact of ALL transport, Alfaport Chamber of Commerce calls for the expansion of the current road pricing instrument to include passenger transport.

Achieving a carbon neutral transport sector

The Port Authority works together with the port community (bunkering companies, agents, terminals, etc.) to develop the Port of Antwerp as a MultiFuel Port, where alternative fuels (including LNG, methanol, hydrogen gas and electrical energy) are bunkered by shipping and inland navigation companies.

To achieve climate-neutral inland shipping some concrete initiatives have been taken. Thanks to the monitoring of emissions on board in the European project CleanInland Shipping, proposals will be made by the international consortium on European policies on inland navigation by 2021. Belgian inland waterway operators are guided in the greening of their operations by a consulting system called “Sustainable Inland Navigation”.

To reduce the environmental impact of the railway sector, the usage of electric locomotives should be further increased, as they emit less CO₂, Nox and particulates than diesel locomotives. This requires investment in electrification of the main freight routes, not only on the main long distance corridors but also on the main routes within ports. An alternative is the transformation of diesel engines to hydrogen powered engines. CMB-tech, the innovation and development division of the Antwerp based maritime company CMB, is specialized in pioneering and developing hydrogen combustion engines and systems. Their hydrogen powered engine technology fits perfectly within standard locomotives.

The revision of the Energy Taxation directive should exempt cleaner fuels and onshore energy supplies from energy taxation. An adequate transition period before any tax exemption is abolished is necessary for specific types of port equipment running on diesel as retrofits are not always technically possible. Companies need time to replace their existing fleet. A technology-neutral approach and an open mind for alternative solutions is essential to cut emissions from different transport modes. It is counterproductive to reject all fossil subsidies at once because alternatives are not yet available and marketable on a large scale. In some cases, fossil fuels with a better environmental footprint such as LNG, are considered as the best short- or medium-term solution. In the Port of Antwerp, investments in infrastructure have been made based on this assumption. Cooperation between the stakeholders and transparency is essential for the greening of the shipping industry.

The maritime industry is fully committed to reduce its Greenhouse Gas emissions according to the IMO initial strategy of April 2018. By 2023 the Member States to the IMO will have to decide how shipping will improve its energy efficiency (expressed in g.CO₂/ton.km) by 40% compared to 2008 levels. The final aim is a 50% reduction in GHG emissions by 2050 compared to 2008 levels, with a strong emphasis on zero emissions by the end of the century. This will ultimately align emissions from shipping with the Paris Agreement.

The Royal Belgian Shipowners’ Association (RBSA), a member federation of Alfaport Chamber of Commerce, is moving ahead on this target. They have managed to lower their CO₂ emissions between

2008 and 2018 through enhanced ship energy efficiency measures. However, much more can and needs to be done.

Massive research will be needed in the EU, to the benefit of the whole maritime cluster and of society. R&D spending has to increase considerably and technologies will have to be mature before they can be applied. Deep sea shipping being no exception. To achieve this all maritime stakeholders must work towards these goals.

Therefore, an EU strategy for a clean and competitive maritime industry must involve all segments of the maritime cluster. Ships will need to be either newly built or retrofitted with new technologies to provide them with the power needed to continue to sail and trade. As such, the whole maritime industry needs supporting measures to shift away from conventional fuels and to incentivise a swift transition to climate neutrality.

The EU has a unique opportunity to serve as test and demonstration centres for development and deployment of new fuel types. All with a view to be up scaled to a global level. This will have the potential to give the EU a competitive advantage in new green technologies, creating opportunities for job and value creation.

Shifting to smart and safe zero-emission shipping is possible but requires a radical change throughout the whole maritime industry and its supply chain, from fuels producers to the engineers on board. The shipping industry embraces these environmental challenges and is also ready to financially contribute to these long term goals, through the dedicated maritime R&D fund. The RBSA supported the recent proposal from the shipping industry to the IMO to establish a maritime R&D fund, financed by the shipping industry via a surcharge on the bunker fuels.

Furthermore, a recent study² by UMAS has shown that the majority of investments will be needed at the land based side, to ensure the production and supply of the alternative low carbon fuels, which make up around 87% of total investments. We encourage the Commission to evaluate the roll out of infrastructure for delivery of alternative (non- fossil) fuels in key European network ports, including electricity (shore power), as foreseen for 2025 by directive 2014/94/EU on the deployment of alternative fuels infrastructure.

In the Port of Antwerp, the Port Authority, terminal operators, shipping companies and grid operators are working on a business case to provide shore power for the seagoing vessels. Potential locations are being mapped. There is a need for transparency and clear agreements with all the actors who will take on the financing and associated risks. The Port Authority is providing the space for shore power to be provided for new infrastructure projects and renovations. 25 public shore power cabinets are already in operation for barges in the Antwerp port area.

Finally, as shipping is a global industry, the environmental regulations for shipping itself should be set at the international level. We welcome the commitment at EU level to lead the way in the fight against

² <https://www.globalmaritimeforum.org/news/the-scale-of-investment-needed-to-decarbonize-international-shipping>

global warming as we are convinced that EU initiatives can contribute to the global rulemaking process and strengthen the competitive position of the EU shipping industry and the EU maritime cluster.

Providing legal certainty to early movers

Private investors demand legal certainty. The Port of Antwerp rewards early movers in the shipping industry. Green ships that go beyond the legal obligations on air emissions obtain a reduction in their port charges. The Antwerp based shipowner CMB pioneers environmentally friendly shipping with their hydrogen-powered passenger vessel Hydroville. The next step is building a tug powered by hydrogen for the Port of Antwerp.

Mobilizing funding for research and dissemination of innovative solutions

The logistics and maritime sector also need to continue investing in research and development and innovative concepts. The criteria for financing and allocation of the funding should be transparent and should not put port areas with high added value at a disadvantage. The Port of Antwerp is set to accommodate an experimental site for pilot projects on circular chemicals and sustainable fuels. With this experimental site the Port of Antwerp wants to attract demonstration units and pilot projects that concentrate on the development of innovative technologies for the chemicals or fuel sector. The experimental site will facilitate companies to test new technology and scale up in the Port of Antwerp. The opening of the Maritime Campus Antwerp, the beating heart of maritime Europe, is planned in 2023. MCA is an active community and an innovative campus with R&D facilities, labs, workshops, co-working, co-creation and meeting areas, offices, ..., with one-stop-shop support and services. This initiative is widely supported by many companies in the port of Antwerp and will boost numerous innovations in the broad maritime industry.

Digitalization and innovation are the key to a climate neutral maritime and logistics transport sector. The sector urgently wants to get rid of the paper bill of lading and CMR. Innovative solutions for data sharing in a digital standardized platform on an international level will lead to more efficient processes and a more resilient network. Connecting to an international standardized data sharing platform will become easier when the EU takes the necessary steps in facilitating and optimizing this process. Some bottlenecks in the GDPR legislation need to be solved so that an optimal data exchange with inland shipping operators can be possible. In the Port of Antwerp, NxtPort's main goal is to unlock the potential of sharing existing data amongst the port's players. The NxtPort Data Utility Platform allows faster, more cost-effective, as well as more efficient, transfers of data between the different players. Communities are empowered by Nxtport and work on business cases like ECLIC, a digital collaboration platform for chemical logistics stakeholders to exchange data in real time. The manual and paper driven logistics processes have been replaced by integrated, standardized and digitalized processes. The BRUCLOUD community is the open data sharing platform for the air cargo industry. The solution for the digitalization of breakbulk activities are developed in the BULKCHAIN community. Under Nxtport, several applications have been developed, like DOCKFLOW for sharing shipping information. GLOBFLOW is a powerful integration solution that allows you to build data flows between the cloud applications and databases and the logistics partners such as Nxtport. LOGIT ONE data translates data into real-time insights and provides high-quality insight into global end-to-end shipment. It integrates

the Green Lights, Next Mode of Transport, Terminal Events and Vesselstay into one view. The increase of transparency and operational efficiency will accelerate the shift to smart and sustainable mobility. This should be implemented on a European level where the ports collaborate better together.

Industrial development in balance with nature conservation

The Port of Antwerp seeks a good balance between economic growth and nature conservation. A considerable part of the industrial port area is in the Birds and Habitats Directive area, for which specific conservation objectives have been approved for a number of species. That requires special efforts. In recent years the development of new natural areas in the port has stagnated, due to long processes, legal procedures, legal uncertainties and development delays.

Different initiatives on, for example; green energy, infrastructure or nature conservation, are at times in conflict because there is no holistic or area-oriented approach where the total added value is considered. These conflicts are made more likely due to the small surface area of Belgium.

Further, the Birds and Habitats Directive make it impossible to create temporary nature at industrial sites in or nearby Natura2000. Removal of temporary nature at an industrial site with a negative assessment on Natura2000 is impossible. The rules for an exemption in exceptional circumstances are unachievable for a private project.

There is a need to study the legal concept of pro-active nature conservation in parallel with industrial development. For example, habitat banking should be considered where there is no net loss and it forms part of a considered, global vision. Conservation objectives need to be evaluated based on either scientific progress, technical progress, or evidence from similar projects (for example predation in other countries).