



EUROPEAN COMMISSION
IMPACT ASSESSMENT BOARD

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Opinion

Title

Impact assessment on amending Directive 1999/32/EC on the sulphur content of certain liquid fuels

(draft version of 28 January 2011)

(A) Context

The main rationale for revising the Directive 1999/32/EC related to sulphur content of certain liquid fuels is to incorporate the new standards from the International Maritime Organisation (MARPOL Annex VI). Additionally, the IA examines a number of issues related to the implementation of the current Directive, such as environmental standards for passenger ships, introducing new NOx emissions control areas, or introducing the possibility of complying with emissions standards by applying abatement technology.

(B) Overall assessment

Given that most of the Member States, as parties to the MARPOL convention, are legally bound to implement the new MARPOL environmental standards, the report should better demonstrate the necessity and value added of transposing them into EU law. This should be done by strengthening the analysis of existing implementation and enforcement problems and by showing more clearly how effectively the proposed changes will address them. The report should also be clearer on where the proposed measures go beyond what would be required by a simple alignment to the new MARPOL standards, and should provide the corresponding additional costs and benefits. Similarly, overall costs and benefits need to be presented with greater clarity. The intervention logic should be strengthened by better aligning and reducing the number of objectives and options, and by a stronger focus on ensuring compliance. Finally, the report should discuss in more depth the impacts on the competitiveness of short sea shipping, and the risk of a modal shift towards road transport.

(C) Main recommendations for improvements

(1) Prioritise problems related to the implementation and enforcement of the existing EU law. The report should identify the most acute compliance problems and clarify the underlying drivers (e.g. lack of legal clarity allows infrequent checks by local port authorities). It should also outline which of the compliance difficulties are likely to be amplified if the more demanding new MARPOL standards are applied at the EU level.

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(2) Specify in which areas the proposal would go beyond the MARPOL requirements and improve the justification for doing so. In particular, the report should provide clearer argumentation for applying environmental standards imposed in Sulphur Control Emission Areas (SECAs) also to passenger ships operating outside these areas. This should include an explanation of the human health impacts of sulphur emissions in port areas, and the expected cost and benefits of extending SECA requirements to the passenger ships operating outside these areas, substantiating the stated conclusions about expected impacts on consumers.

(3) Provide a clear overview of costs and benefits of the retained policy package. The IA report should provide a transparent overview of the cost and benefits of the preferred set of policy measures and compare them to the baseline scenario in order to better demonstrate its value added. Any uncertainties about estimates should be clearly indicated. The report should also analyse in more depth the potential negative impacts resulting from applying scrubber technology instead of combusting cleaner fuel, thus diverting emissions from air to water.

(4) Strengthen the intervention logic and better present the policy options. The report should review the number of specific objectives and link them more directly to the identified problems, in particular those related to insufficient compliance. Similarly, it should make clear how each policy option contributes to the objectives. The report should consider reducing the number of policy options by presenting them in more coherent packages, so as to allow for easier comparison. The report should also clarify which practical measures are foreseen to improve compliance, and include an assessment of their effectiveness. Finally, the report should further elaborate on the potential for alternative fuels in the medium and long term (in particular LNG) and clarify the impact the preferred policy options may have on their uptake.

(5) Deepen the analysis of a potential modal shift towards road transport and better describe potential mitigating measures. The report should explain price formation mechanisms in maritime transport, both for passenger and freight traffic, and subsequently specify the role of the fuel price in transport choices and indicate the (regional/route-specific) impacts on modal shift. The report should provide greater clarity about the scale of the risk of increased compliance costs in the maritime transport diverting demand to road transport, for instance by providing illustrative examples. The report should describe in more detail the envisaged compensatory measures for short sea shipping, including support from the EU budget via structural funds.

(D) Procedure and presentation

The report should be shortened by moving more technical background information to the annexes. A comprehensive summary table should be provided when comparing the costs and benefits of the preferred option with the baseline.

(E) IAB scrutiny process

Reference number	2008/ENV/008
External expertise used	No
Date of Board Meeting	23 February 2011.