



HELLENIC REPUBLIC
THE PRIME MINISTER

Athens, 19 October 2021

~~Dear President,~~

Dear Ursula,

As you know the green transition is at the heart of my government's agenda. Over the past two years Greece has raised its level of ambition and enacted decisive reforms in this regard. Thanks also to your continued support, we have shown that it is possible to combine decarbonisation with robust economic growth and safety nets for the most vulnerable.

The availability of the suitable technology has also been key: renewable energy sources have become the most cost-effective option for electricity generation and, thus, for much of the energy demand.

This is, however, not the case in maritime transport, where a technology that can deliver substantial decarbonisation does not yet exist. The need to make progress in this respect is urgent, given that maritime transport is of paramount importance to the EU as a whole, as well as Greece, and a strategic asset for a more global and geopolitical EU - rightly identified by the Commission as a core priority.

To contribute to this critical endeavour, I attach to this letter Greece's detailed proposal for the green transition in maritime transport. This proposal was developed with the close involvement of the Greek shipping industry and reflects the joint position of the government of Greece and the country's shipping community.

Her Excellency,

Ms Ursula von der Leyen

President of the European Commission

As is the case with all economic activities, maritime transport needs to contribute its fair share of reduction in greenhouse gas emissions (GHG) within the context of the European Green Deal. And like in every other sector, the decarbonisation of maritime transport comes with its own, individual challenges.

Two features inherent to maritime transport, in particular, raise the stakes for EU policies in this area. First, the long life-cycle of fleets and the sheer scale of the technological transformation required, which imply a slower green transition in maritime transport compared to other sectors. Second, the global nature of maritime transport and its pivotal role in international trade, which could precipitate significant side-effects to EU citizens and our international partners alike. In sum, our policies for decarbonising maritime transport are subject to an even smaller margin for error.

However, these same features also create the conditions for EU leadership, which Greece is both uniquely placed and determined to spearhead. The Greek-owned merchant fleet accounts for 58% of the EU-owned and nearly 20% of the global merchant fleet. In addition, Greece maintains excellent relations with the International Maritime Organisation and its members, including the United States and China, which will be critical in pushing for a global agenda.

In summary, the proposal contains the following two elements:

First and foremost, the post-2030 path towards decarbonising shipping is, at the moment, unknown. Decisive reductions in GHG emissions in maritime transport will not be feasible in the absence of mature and available-at-scale technological solutions. Therefore, there is an imperative and immediate need to support research and innovation, hence, our proposal for an EU Research Centre for Alternative Marine Fuels and Technologies.

The purpose of the centre will be to coordinate the in and out-of-sector stakeholders involved in the development of alternatives, and possibly co-finance investment in research, development and deployment through the Innovation Fund.

At the end of the day, the centre will deliver a technical blueprint, including timelines, for the green transition in maritime transport.

Second, the extension of the EU Emissions Trading System (ETS) to maritime transport needs to be fair and proportionate. Specifically, the allocation of EU ETS revenues generated by the extension should be proportional to the Member States' shares in total EU maritime emissions and mainly used to support the decarbonisation of maritime transport.

Moreover, the extension of the EU ETS needs to be designed in alignment with the "polluter pays" principle and without distorting within-sector competition, particularly for SMEs, rendering the ship commercial operator responsible for its GHG emissions as a general rule. Last, but not least, the extension of the EU ETS to maritime transport must be accompanied by measures that ensure tight enforcement and safeguards to maintain a level-playing field for shipping in the EU, both vis-à-vis other jurisdictions and other modes of transport.

I believe that, with your help and support, we can ensure a win-win formula, promoting the decarbonisation of maritime transport and preserving the competitiveness of the EU shipping industry.

That is why I would appreciate if the Commission's services could engage at the earliest with the Greek authorities and with the shipping community, in order to find realistic and constructive solutions to incorporate our proposals and concerns in the overall "Fit for 55" legislative package.

Yours sincerely,



Kyriakos Mitsotakis