



Guidelines on State aid for climate, environmental protection and energy 2022

POSITION PAPER – VOIES NAVIGABLES DE FRANCE

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Voies navigables de France is the French navigation authority responsible for the maintenance, operation and development of the majority of France's inland navigation network. VNF is therefore a key player in promoting and operating French waterways.

Voies navigables de France has 3 main public service missions: the promotion of river logistics, assistance in regional development and comprehensive water management.

1. WHO WE ARE



VNF, as IWW manager, is more than any other transport infrastructure manager (road or rail) aware of the climate and environmental imperatives. Through its mission of transport and water management, VNF directly faces climate risks: floods, water deficit, weakening ecosystems, threats to biodiversity.

As a result, VNF fully subscribes to the objectives of the **Green Deal** and the **Sustainable and Smart Mobility Strategy**, in particular:

- decarbonisation of transport, which must involve a significant modal shift from road to the river;
- efforts to mitigate the effects of climate change.

To this end, VNF, as a public body, has been supporting inland waterway transport through two main funding programmes, which were both notified to the European Commission:

■ **SA.48332 PLAN D'AIDE AU REPORT MODAL (PARM)**

- PARM promotes modal shift by reducing the costs of logistics chains, including inland waterway transport. The scheme consists in providing financial aid for feasibility studies, trials and equipment purchase that incentivizes the creation of- or the increase in inland waterway traffic.
- PARM has three sub-programmes covering a period of 5 years, from 2018 to 2022 :
 - Sub-programme A: financing of modal shift feasibility studies (EUR 1.25 m)
 - Sub-programme B: financing of river experiments (EUR 3,75 m)
 - Sub-programme C: financing of transshipment tools (EUR 15 m)

■ **SA.48804 Prolongation du PLAN D'AIDES A LA MODERNISATION ET A L'INNOVATION (PAMI)**

- PAMI supports inland waterway operators in adapting their fleet to transport needs and reducing environmental and climate impacts.
- PAMI has four sub-programmes covering a period of 5 years, from 2018 to 2022:
 - Sub-programme A: Improving environmental performance (GBER, Art. 36, 38 and 41 => no notification)
 - Sub-programme B: Better integrating the inland waterway link into supply chains (EUR 5 m notified)
 - Sub-programme C: Supporting the incentive schemes for the development of new services (EUR 1,2 m notified)
 - Sub-programme D: Promoting the emergence of innovative solutions (GBER, Art 25 and 49 => no notification)

Following a constant case-law, these programmes had been assessed on the basis of **Article 93 TFEU**. The latter provides for compatibility of aid that meets the needs of coordination of transport. According to the Court of Justice, this Article "*acknowledges that aid to transport is compatible with the Treaty only in well-defined cases which do not jeopardise the general interests of the Community*"¹. **The Commission approved both programmes recognizing their contribution to EU objectives.**

¹ Judgement of the Court of Justice of 12 October 1978, Case 156/77 Commission v Belgium [1978] ECR 1881, paragraph 10

2. NEED FOR CONSISTENT ENVIRONMENTAL AND COMPETITION POLICIES REGARDING EU INLAND WATERWAYS

Inland waterway transport (IWT) is the second greenest transport mode after rail². It will decarbonise even further as it **shifts to cleaner energy sources**. However, the sector faces challenges such as the current lack of market-ready zero-emission technologies, long life cycle of vessels, and the required investment in refuelling equipment and infrastructure. VNF is fully committed to tackle these issues and supports the EU's objectives of decarbonising transport while maintaining technology neutrality across all modes.

As stated in the recent NAIADES III Communication³, "*a significant barrier to the uptake of inland waterways remains the lack of a level playing field across transport modes when it comes to their environmental performance*".

In 2016, the European Union adopted Regulation [2016/1628](#) (NRMM) setting out ambitious pollutant emission limits for engines of different power ranges and applications for non-road mobile machinery, including river vessels. It should lead to reducing PM emissions by 1000% and NOx emissions by 600%.

Mostly small and medium size enterprises operate inland waterway transport. VNF had to convince manufacturers to pursue investments in a niche market where margins are tight. In the coming years, manufacturers will be able to sell engines complying with NRMM Regulation. But such engines might cost 100% more than the current generation. **VNF, mainly through its PAMI programme, supports the renewal of the fleet.**



- **VNF calls on the EU to define a long-term vision for decarbonising the inland waterway transport industry.** In particular, the EU should set long term criteria per category of vessels and category of engines/sources of energy. These are necessary to incentivise the market to invest. Indeed, average life cycle of inland waterway engines is 15-20 years. Investing in a more sustainable solution should not be a risk for operators.
- **Decision regarding emissions should not lead to a reduction of vessels capacity.** At the moment, zero-emission engines are not powerful enough for the largest vessels. Shrinking vessel size would go against the modal shift promoted by the Sustainable and Smart mobility strategy.
- To this end, **state aid rules need to ensure the compatibility of the programme for the future.**
- In addition, the market needs regulatory certainty.

²[Inland waterway transport](#) produces up to 5 times less emissions than road which leads to the avoidance of 290 kilotons of CO2 per year ; external costs of waterway transport represent only 0.019 € / t.km. Source: <https://op.europa.eu/en/publication-detail/-/publication/e021854b-a451-11e9-9d01-01aa75ed71a1>

³ Communication from the Commission to the European parliament, the Council, the European economic and social committee and the committee of the regions NAIADES III: Boosting future-proof European inland waterway transport, 24.6.2021

3. STATE AID REVIEW SHOULD BE GLOBAL

VNF recognises the **importance of state aid rules** to ensure a well-functioning internal market. VNF also welcomes the adoption and regular revisions of the GBER, the De Minimis Regulation and the sectoral guidelines to help Member States to comply with those rules.

The necessary **twin transition** requires adapting the EU framework to encourage Member States to invest in the green and digital transition.

To that end, VNF welcomes the current modernisation of state aid rules.

However, VNF recalls that the inland waterway transport industry leans on long term life cycles (infrastructure and vessels). Therefore, the revision of State aid rules, including guidelines on State aid for climate, environmental protection and energy 2022 and GBER, should contribute to those objectives while **simplifying procedures**. Moreover, this revision should be in line with the EU strategy for decarbonising transports but also with international strategies such as the 2018 Mannheim Declaration⁴.



- VNF calls the European Commission to ensure **the alignment of regulations and guidelines to secure long-term investments**.
- As stated above, state aid rules as the overall EU environment policy should be consistent with a **long-term strategy for technology development** taking into account each **defined category of vessel/engine**.
- VNF highlights the importance of the GBER and its exemptions to notify aids. **Existing state aids benefitting from the GBER should not be bound to be notified in the future.**
- VNF stands ready to contribute to the upcoming revision of the GBER.

4. VNF'S VIEWS ON THE DRAFT COMMUNICATION

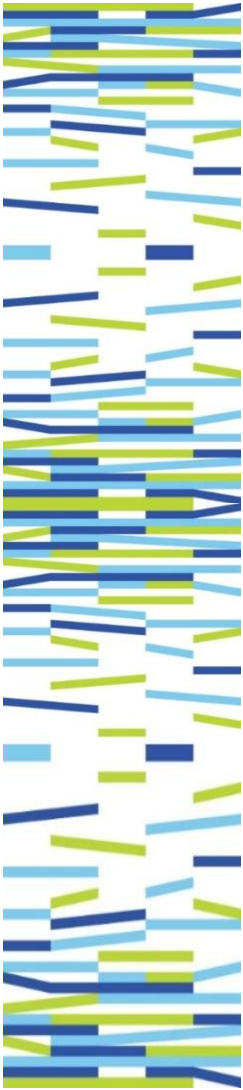
Regarding the draft guidelines on State aid for climate, environmental protection and energy 2022, VNF welcomes the inclusion of a specific section on clean vehicles.

However, as stated above, VNF is already managing the PAMI to support the renewal of the inland waterway fleet. The environmental sub-programme A has been assessed under Art. 36 of the GBER and was consequently not notified.

Considering the Green Deal, **VNF would see it as counterproductive to require a notification for such a programme**, even if compatibility with state aid rules can be ensured under guidelines.

Coming back to the draft Guidelines, VNF insists on the points below, as regards aid for the acquisition and leasing of clean transport vehicles and clean service equipment and for the retrofitting of vehicles:

⁴ [Mannheim Declaration](#) "150 years of the Mannheim Act – the driving force behind dynamic Rhine and inland navigation", 17 October 2018



- §18 (20): **Definition of "clean transport vehicle"**
 - Until 31 December 2025, hybrid or dual fuel fret inland vessels should be eligible. Zero-emission vessels have few chances to be market-ready by 2025. But, new fossil fuel engines have a better environmental performance. State aid rules should not limit the roll out of such engines as long as electric/hydrogen vessels are not affordable.
 - VNF wonders why pollutants other than CO2 are not taken into account.
- Section 4.3 **Aid for clean mobility**
 - VNF calls on the European Commission **not to apply the same rules for all transport modes**. Their markets and supply chains are very different from one to the other. For instance, electric cars can be rolled out in the short term but electric inland vessels cannot.
- §140: VNF welcomes the **eligibility of aid granted for the leasing** of clean vessels.
- §151-§154: **Eligible costs**
 - In line with the point above on §18, VNF calls for a clarification of the objective of other pollutant reductions and the eligibility of costs necessary to reach this objective in addition to CO2 reduction. Indeed, especially for inland waterway transport, local pollutants are the first issue, in particular in urban areas.
 - VNF recommends clarifying the condition of eligibility for the retrofitting of vessels and how to demonstrate the expected environmental benefits.
 - VNF calls for clarification of the assessment methodology for the negative impact on the environment or on competition.
 - As stated above, VNF considers diesel engines as the only short-term solution to improve the environmental performance of the inland waterway fleet. Fossil fuels should not be incompatible with state aid rules before affordable solutions are made available.