



Revision of the General Block Exemption Regulation as regards alignment with the Green Deal

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.

2. OUR STATE AID PRACTICE

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)

■ SA.58995 Régime cadre exempté de notification relatif aux aides à la recherche, au développement et à l'innovation (RDI) pour la période 2014-2023

- This aid framework covers a wide range of support for research and innovation activities, including support for SMEs.
- VNF uses it to promote sustainable and smart solution for inland waterway transport.

Following a constant case-law, part of 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

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 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 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 transport but also with international strategies such as the 2018 Mannheim Declaration².



- VNF calls the European Commission to ensure **the alignment of regulations and guidelines to secure long-term investments**. It is crucial to cover, at least, all existing schemes through one text or another.
- 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. On the contrary, the GBER should be extended to new aid categories such as aids supporting clean and zero-emission vessels and modal shift from road to inland waterway transport.**
- VNF stands ready to contribute to the upcoming revision of the GBER.

² [Mannheim Declaration](#) "150 years of the Mannheim Act – the driving force behind dynamic Rhine and inland navigation", 17 October 2018

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

Inland waterway transport (IWT) is the second greenest transport mode after rail³. 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 Communication⁴, *"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 10 and NOx emissions by 6.

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.
- In addition, the market needs regulatory certainty.

³[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>


⁴ 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

5. VNF'S VIEWS ON THE PROPOSAL FOR A REGULATION

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 a positive evolution to simplify rules and create a dedicated exemption for clean vessels.**

Coming back to the proposal, 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 and suggests amendments to the proposals:

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- Art. 2, point 102septies: **Definition of "clean transport vehicle"**
 - Clean and zero-emission vessels have few chances to be market-ready by 2025. Therefore, VNF suggest allowing State aids for diesel vessels when a reduction of emissions is demonstrated. Such solutions are market ready, affordable and make a future retrofitting cheaper and easier. To this end, in its next generation of the PAMI programme, VNF intends to include an obligation to provide an **energy assessment** before investing.
 - VNF is investing a lot of resources to promote emission reduction, including through new diesel engines, but also digital tools to encourage eco-navigation.
 - **Cutting aids in the short term may discourage operators to invest** before it will be necessary for legal or operational reasons. VNF favours a progressive reduction of emissions starting soon, rather than a shift to zero-emission technology in the long term, without any improvement before.
 - VNF wonders why pollutants other than CO2 are not taken into account.
 - Art. 36bis:
 - VNF welcomes the **eligibility of aid granted for the leasing** of clean vessels. However, VNF draws the European Commission's attention to the unnecessary red-tape resulting from a net present value (NPV) approach for leasing.
 - Considering thresholds to apply to EU funding, **VNF calls the European Commission not to set any lower limit for State aids.**
 - VNF also calls for the eligibility of the retrofitting of vessels allowing them to use **shore-side electricity supply installations.**
 - Art. 38:
 - VNF calls the European Commission to **clarify the eligibility of the Energy Efficiency measures** to goods and services other than building. In particular, VNF considers that existing Art.38.(3).a is relevant for investments in goods and services other than building. Therefore, proposed Art. 38(3)f should not be limited to building.



■ Art. 49:

- VNF welcomes the proposal to **increase the aid intensity** for small undertaking for studies and consultancy services on environmental protection and energy matters

6. SUGGESTIONS FOR AMENDMENTS

Amendment 1

Proposal for a regulation

Article 1, paragraph 1(z) (Article 2, paragraph 102(f), point (d) and (e) of the existing Regulation)

Text proposed by the Commission

(d) until 31 December 2025, an inland vessel for passenger transport that has a hybrid or dual fuel engine deriving at least 50 % of its energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for its normal operation;

(e) until 31 December 2025, an inland vessel for freight transport with direct (tailpipe) emissions of CO₂ per tonne kilometre (g CO₂/tkm), calculated (or estimated in case of new vessels) using the International Maritime Organization Energy Efficiency Operational Indicator (EEOI), 50 % lower than the average reference value for emissions of CO₂ determined for heavy duty vehicles (vehicle subgroup 5- LH) in accordance with Article 11 of Regulation (EU) 2019/1242;

Amendment

(d) until 31 December ~~2025~~**2035**, an inland vessel for passenger transport that has a hybrid or dual fuel engine deriving at least ~~50~~**5025** % of its energy from zero direct (tailpipe) CO₂ emission fuels or plug-in power for its normal operation;

(e) until 31 December ~~2025~~**2035**, an inland vessel for freight transport with direct (tailpipe) emissions of CO₂ per tonne kilometre (g CO₂/tkm), calculated (or estimated in case of new vessels) using the International Maritime Organization Energy Efficiency Operational Indicator (EEOI), ~~50~~**5025** % lower than the average reference value for emissions of CO₂ determined for heavy duty vehicles (vehicle subgroup 5- LH) in accordance with Article 11 of Regulation (EU) 2019/1242 **or an inland vessel that complies with Regulation 2016/1628 (Stage V) and has zero direct (tailpipe) CO₂ emissions at berth ;**

Justification

Given the structure of the inland waterway transport market and the maturity of technologies, VNF draws the attention of the European Commission to the risk of a status quo in terms of reducing emissions if no investment aid is allowed for immediately available bridging solutions.

VNF wishes to continue its support to the sector by helping the purchase and retrofit of vessels using latest generation diesel engines. These partly reduce greenhouse gas emissions, but also have a strong impact on reducing air pollutants (in the best scenarii, Nox emissions can be cut from 13gNox/kW to 2gNow/kW). Reducing air pollutants is a priority for inland transport as the average external cost for air pollutants is twice to five times higher than for GHG⁵⁶.

VNF suggests a phasing in based on engine power.

Tables below show that the reduction of air pollutant emissions after retrofitting

NOX		Retrofitting		
		Stage 5	Hybrid (50%)	Zero-emission
Engine in operation	Before CCNR	84.6%	92.3%	100%
	CCNR 1	77.8%	88.9%	100%
	CCNR2	66.7%	83.3%	100%

PM		Retrofitting		
		Stage 5	Hybrid (50%)	Zero-emission
Engine in operation	Before CCNR	97.9%	99.0%	100%
	CCNR 1	97.2%	98.5%	100%
	CCNR2	92.5%	96.0%	100%

Amendment 2

Proposal for a regulation

Article 1, paragraph 23 (Article 36b, paragraph 2 of the existing Regulation)

Text proposed by the Commission

2. Aid shall be granted for the purchase or the leasing for a duration of at least 12 months of clean vehicles or zero-emission vehicles for road, railway, inland waterway and maritime transport powered at least

Amendment

2. Aid shall be granted for the purchase or the leasing for a duration of at least 12 months of clean vehicles or zero-emission vehicles for road, railway, ***inland***

⁵ Handbook on the external costs of transport, European Commission, 2019

⁶ Référentiel méthodologique pour l'évaluation des projets de transport, Direction générale des Infrastructures, des Transports et de la Mer, France, 2019

partially by electricity or by hydrogen and for the retrofitting of vehicles allowing them to qualify as clean vehicles or zero-emission vehicles.

~~waterway~~ and maritime transport powered at least partially by electricity or by hydrogen and for the retrofitting of vehicles allowing them to qualify as clean vehicles or zero-emission vehicles.

Justification

Inland vessels may meet the criteria for a clean vehicle set out in Article 1, paragraph 1(z) of this proposal (see Amendment 1) without systematically using electricity or hydrogen. The principle of technological neutrality should guide State aid rules. The initial proposal may restrict the possibilities for innovation and the use of other alternative fuels and technologies, in particular biofuels, LNG, bio-methane, ammonia or methanol, which may be of particular interest for the reduction of CO2 emissions and air pollutants.

Amendment 3

Proposal for a regulation

Article 1, paragraph 23 (Article 36b, paragraph 3, point (d) new of the existing Regulation)

Text proposed by the Commission

Amendment

d) for investments consisting in the retrofitting of vessels allowing them to use shore-side electricity supply installation.

Justification

VNF suggests allowing aid for investments to help operators to adapt their fleet in order to use shore-side electricity supply installation. The Alternative Fuel Infrastructure Regulation proposal requires inland port to provide at least one installation by 2025 for TEN-T Core ports and by 2030 for TEN-T Comprehensive ports. Supporting the modernisation of the fleet will enhance the impact of the regulation.

Amendment 4

Proposal for a regulation

Article 1, paragraph 23 (Article 36b, paragraph 6, point (a) of the existing Regulation)

Text proposed by the Commission

Amendment

- (a) 100 % of the eligible costs for the purchase or the leasing of zero-emission vehicles or the retrofitting of vehicles allowing them to qualify as zero-emission vehicles;

- (a) 100 % of the eligible costs for the purchase or the leasing of zero-emission vehicles or the retrofitting of vehicles allowing them to qualify as zero-emission vehicles ***or to use shore-side electricity supply installation;***

Justification

VNF suggests allowing aid for investments to help operators to adapt their fleet in order to use shore-side electricity supply installation. The Alternative Fuel Infrastructure Regulation proposal requires inland port to provide at least one installation by 2025 for TEN-T Core ports and by 2030 for TEN-T Comprehensive ports. Supporting the modernisation of the fleet will enhance the impact of the regulation.

Amendment 5

Proposal for a regulation

Article 1, paragraph 25 (Article 38, paragraph 3 of the existing Regulation)

Text proposed by the Commission

Amendment

- (f) Where the investment consists in a clearly identifiable investment solely aimed at improving energy efficiency in the building, for which there is no less environmentally-friendly counterfactual investment, the eligible costs shall be the total costs related to environmental protection.

- (f) Where the investment consists in a clearly identifiable investment solely aimed at improving energy efficiency ***in the building,*** for which there is no less environmentally-friendly counterfactual investment, the eligible costs shall be the total costs related to environmental protection.

Justification

VNF considers that existing Art.38.(3).a is relevant for investments in goods and services other than building. Therefore, proposed Art. 38(3)f should not be limited to building.