THE E-SUSTAINABLE MARINE FUELS EARLY MOVERS INITIATIVE (E-SMF EMI): ENABLING EUROPE TO SCALE CLEAN SHIPPING FUELS NOW

To: The European Commission and European national governments

Public investment in Europe's clean shipping fuel supply and offtake is necessary to safeguard industrial competitiveness, build resilient, diversified supply chains and deliver on the Sustainable Transport Investment Plan (STIP).

This is why the 30 signatories of this letter, in line with the objectives and ambitions of the EU STIP, call upon:

1.) In the short term, European national governments to commit funding to a double-sided auction for the early production and offtake of clean shipping fuels (e.g. as pioneered by H2Global) within an e-SMF Early Movers Coalition, and;

2.) In the long term, the European Commission to set-up an EU-wide intermediary to conduct further tenders to ensure the scale-up of clean shipping fuels and infrastructure funded through recycled EU ETS revenues from the maritime sector.

Clean shipping fuels secure Europe's resilience and competitiveness

Europe's shipping sector underpins security of supply, carrying 76% of EU external trade including essential energy, food and goods. Yet future clean fuel demand will increasingly rely on imports. Without diversified supply chains, Europe risks repeating fossil fuel dependencies, exposing it to the consequences of geopolitical shocks and price volatility.

At the same time, Europe risks falling behind globally. While strong in innovation, it lags in deployment, with China holding around 65% of global electrolyser capacity. Without scaling domestic production and infrastructure, Europe could lose industrial leadership and deepen external dependencies.

Finally, high costs remain a core barrier: clean shipping fuels are significantly more expensive than conventional options, and investment is constrained by uncertain demand and misaligned market incentives. Without targeted policy support to de-risk early markets, large-scale adoption will remain slow.

Clean shipping fuels are not scaling yet

Producers need long-term revenue certainty to get their projects to final investment decision (FID). Buyers are reluctant to commit to long-term contracts in immature clean fuel markets that carry a green premium. Governments need a way to bridge the price gap between clean and fossil fuels in a highly catalytic manner – in times of constrained public budgets and multiple crises.

The double-sided auction (DSA) mechanism resolves current market failures through a highly efficient use of public capital as pioneered in H2Global auctions

At the core of the double-sided auction (DSA) mechanism is a market intermediary that purchases clean fuels through long-term contracts. This provides revenue certainty that enables projects to reach FID. It then resells volumes to offtakers through shorter-term contracts, allowing buyers (e.g. bunker suppliers, ship owners or operators) to manage price risk as markets mature. Public support covers the gap between production costs and the market price—paid only upon verified delivery of volumes. Since buying and selling are both conducted through competitive auctions, the public funding required is minimised. This ensures performance-based, fiscally disciplined support. More information on the specifics of a shipping tender concept is available in H2Global's Shipping Insight Brief.

The intermediary concept has been pioneered by H2Global with over EUR 7 bn being committed, earmarked or actively discussed by governments across the world to cover the cost gap via H2Global auctions for various sectors. The first price signal from an H2Global supply auction has already emerged from a long-term contract awarded to Fertiglobe's ammonia project in Egypt with a net price of EUR 811/ton of e-ammonia.

The 30 signatories of this letter call for European national governments and the European Commission to jointly set up a double-sided auction for shipping

Facing shared challenges, the EU and its member states are required to step up. The EU Industrial Maritime Strategy and Ports Strategy explicitly recognise shipping as vital to Europe’s economic security and sovereignty. The 30 signatories of this letter call for the creation of an e-SMF Early Movers Coalition by European national governments to explore funding commitments to a double-sided auction to scale clean shipping fuel production and offtake – similarly to the e-SAF Early Mover Coalition, announced in the STIP. Additionally, this can be complemented by the recycling of a share of the EUR 8+ bn of EU ETS revenues to an EU-wide intermediary to sustain annual funding for future shipping tenders. The revision of the EU ETS this year proves an opportunity to test feasibility and operationalize efficient, proven support instruments for the shipping industry. Together, Europe can create business cases for early movers while delivering on key policy objectives incentivized by pivotal regulation such as FuelEU Maritime, the Clean Industrial Deal or the Industrial Accelerator Act.

Next steps: EU Transport Council in June offers timely opportunity for European leadership

The time to act is now. In the absence of a fully harmonised international framework, H2Global offers governments a practical tool to act at European level to build resilient, diversified clean shipping fuel supply chains. A joint H2Global shipping tender can strengthen Europe’s industrial ecosystem by stimulating investment in European and global clean fuel production and offtake, port infrastructure, among others. Thereby, it can secure Europe’s relevance in a global economy where other geographies such as China have made clean fuel production a strategic priority and key pillar to strengthen their energy independence.

Announcing the launch of the e-SMF Early Movers Coalition at the EU’s Transport Council Meeting in June will send a strong signal to all market participants. While we acknowledge that shipping is a genuinely global industry, we believe that Europe can lead by example: By closing the price and risk gap, public investment unlocks the private financing needed to bring clean shipping fuels to market at scale, both in Europe and globally.

SIGNATORIES

Ammonia Europe · BERGEBULK · CMB.TECH · C2X · DFDS · eFuel alliance · Elyse
European Energy · France Hydrogène · F. LAEISZ · Green Hydrogen Organisation · Havila Voyages · Höegh Autoliners
HPA Hamburg Port Authority · Hydrogen Europe · Hy five · Hy24 · HX Expeditions · H2Global Foundation
moeve · H2V · MGH energy · MPC Container Ships · NABU · Renewable Hydrogen Coalition
Samskip · SASHA Coalition · T&E · The Decarb Hub · Yara Clean Ammonia