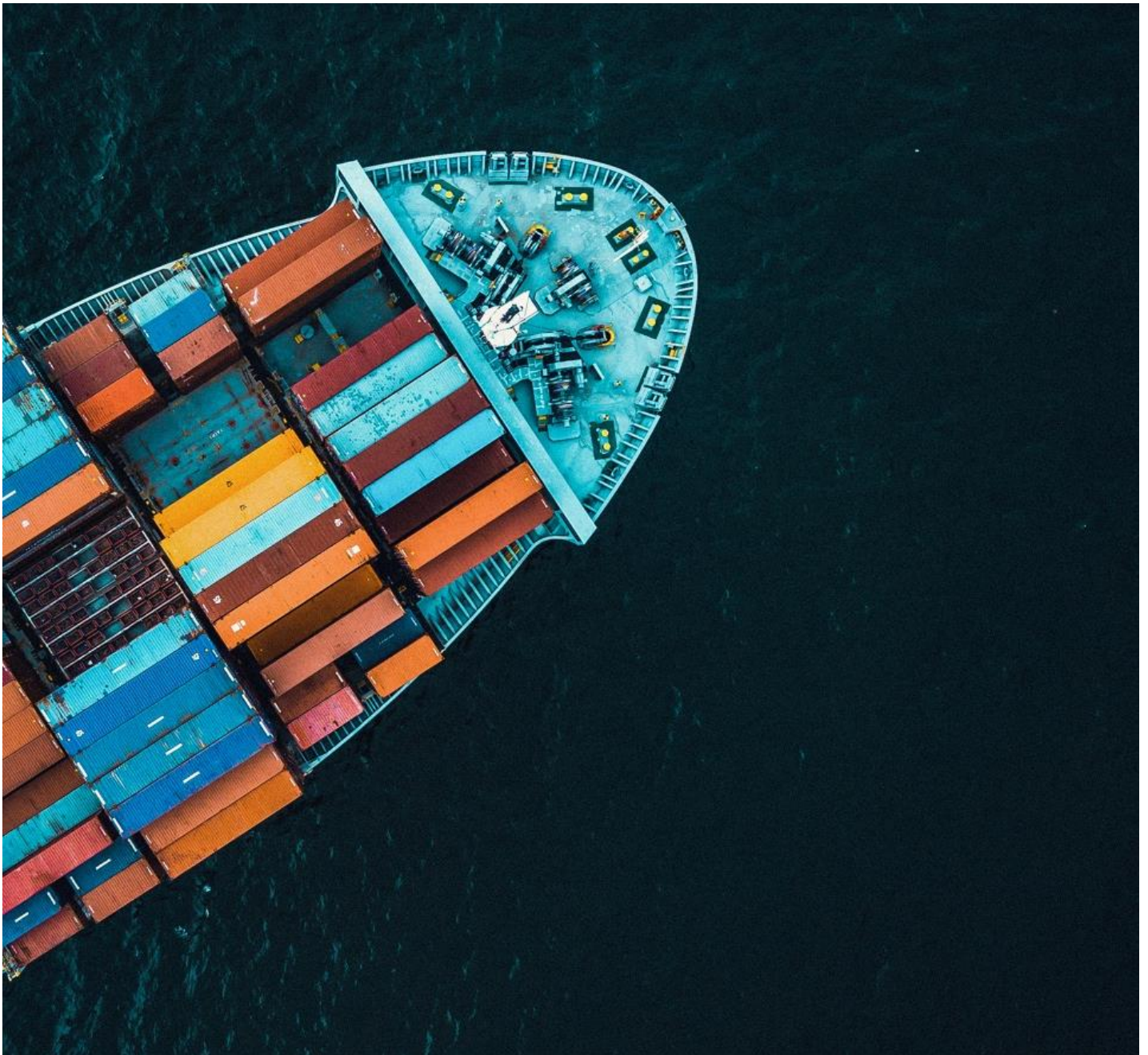


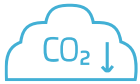
# Addressing the climate crisis requires a strong regulatory framework

The next meeting of the Marine Environment Protection Committee (MEPC80) under the International Maritime Organization (IMO) will take place the first week of July, and it will be pivotal to accelerate the efforts to phase out GHG emissions from shipping. At Maersk, we have

set our own ambitious decarbonization targets, but we urgently need a strong, global regulatory framework and signal to the international shipping sector's energy value chain to secure decarbonization.



# The following elements are core to secure the urgent energy transition of maritime transport:



## 1. Ambitious targets to secure pathway for decarbonization:

The IMO strategy needs to be amended to reflect the climate urgency which is thoroughly proven by science. As a minimum, the IMO must align with other UN bodies and adopt a **net zero target for 2050**. Such a target is not a mere number but must serve as a basis for the pathway to develop a solid regulatory framework that triggers the use of new technologies and fuels that end the use of fossil fuels in shipping. This should also include a clear, ambitious end year for phasing out shipping emissions in order for the shipping industry, customers, fuel producers, policymakers etc. to work towards a common goal. We also support strong intermediate targets in 2030 and 2040, which are ambitious enough to accelerate fuel transition in the short term. At Maersk, we have made a commitment to reach net zero by 2040 and we hope for the IMO to get as close as possible to this target.



## 2. Timeline for measures to create more certainty:

Maersk calls for IMO Member States to agree on a basket of strong **mid-term measures**. Measures must target emissions on a well-to-wake basis in order to ensure that shipping emissions are not shifted to other sectors outside of the shipping energy value chain. To ensure climate impact and swift transition.

### **These measures should from Maersk's perspective include:**

- A global **GHG price** in order to close the competitiveness gap between green and fossil fuels. Maersk has proposed USD 150 per ton CO<sub>2</sub> equivalent, which together with other measures, could close the price gap
- A global **fuel standard** (GHG intensity of fuel) to secure the production and use of new green shipping fuels. For compliance with such a standard, it must be possible to 'pool' compliance of various vessels from the same or different companies. This will encourage investment into low GHG vessels
- **A phasing-out of the production of fossil fueled only vessels.** The IMO EEDI could determine that as of 2030 all new ships must be dual-fueled and capable of sailing on green fuel.

IMO Member States are not expected to make a conclusive agreement on any measures at MEPC 80, but Maersk urges IMO Member States to prioritize the further work on selected measures and adopt an ambitious timeline for their entry into force. **Such a timeline** is crucial to create certainty around when shipping demand of green fuels, and the production of those fuels, will ramp up. As such, the relevant measures **must enter into in force by the beginning of 2028** - at the very latest - in order to have needed impact to mitigate the urgent climate crisis.

The United Nations Conference on Trade and Development (UNCTAD) has also pointed to the fact that the longer the green transition is delayed, the more expensive it will be.

Moreover, all measures need to secure a **just and equitable transition**. Consequently, there is a need to earmark a substantial amount of funds for developing nations' energy transition and climate adaptation. For Maersk, this means that we do not expect that revenue from a revenue-generating measure will be returned to shipowners. By supporting both green maritime projects and climate related projects in a broader sense in developing countries, the decarbonization of shipping would be directly and indirectly supported. As an example, revenue could support establishing or expanding green electricity infrastructure in developing nations. This could support development in such nations while also supporting production of cost-competitive green fuels for shipping.



### 3. Better data to secure measure with real climate impact:

Maersk encourages IMO Member States to progress the revision of the **IMO Data Collection System (DCS)** in order to include all relevant and granular data. At present, the IMO DCS includes data on fuel oil consumption, hours underway, and distance travelled for a ship, and is based on a ship's deadweight tonnage (DWT) as a proxy for cargo.

Maersk believes that to calculate emissions, provide an accurate metric for ships efficiency, and incentivize cargo optimization, it is necessary to include data on actual cargo carried by a ship or actual TEU carried. Moreover, Maersk hopes for final adoption on the IMO Lifecycle Assessment (LCA) Guidelines so that the actual greenhouse gas footprint of all relevant fuels for shipping can be taken into account in IMO regulation.

