

## OUR VIEW

Danish Shipping believes that the IMO, as the only global regulator of shipping, is the appropriate authority to ensure effective regulation for reducing the sectors GHG emissions.

Any possible regional measure should drive emissions down and serve the purpose of strengthening the global regulation.

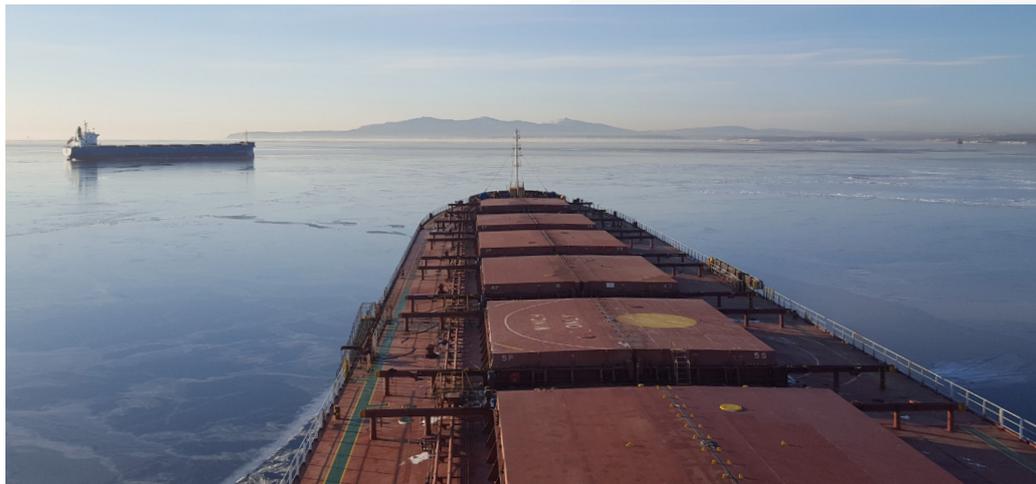
Regulatory measures agreed by IMO should be flag neutral, acknowledge investments made by early movers and not least be enforceable.

To drive the decarbonisation of shipping, regulatory measures should encourage shipowners to engage in innovation and deploy ships with performances which exceed their annual reduction targets.

IMO regulation must address both technical and operational performance.

Evaluation of energy efficiency should be calculated based on actual cargo carried.

# Climate Policy



Denmark is one of the largest maritime nations and we have a responsibility to make the most of our influence at global level. Following this, Danish Shipping has a clear climate ambition consisting of two targets:

- Climate neutrality by 2050 without the use of climate compensation.
- The first ocean-going zero emission vessel must be in commercial operation by 2030.

Danish Shipping's ambition clearly goes beyond the Greenhouse Gas Strategy of the International Maritime Organization, IMO. Notwithstanding, while showing commitment to take global leadership, it also indicates that the transition to climate-neutral shipping will take place at different paces. It is not possible to transform neither the Danish nor the global fleet from one day to another due to the lifespan of the ships, which may be up to 25-30 years. For this reason, Danish Shipping fully supports the objectives of IMO's GHG Strategy and its objectives and will work to support its implementation.

## CRUCIAL ADOPTION OF SHORT-TERM MEASURES

Consequently, Danish Shipping will continue to contribute constructively to IMO's development, adaptation and implementation of short-term measures towards 2023.

In our view, emission reductions should be pursued through commercial, operational as well as technological solutions. A strong cooperation between all partners in the logistics chain (e.g. ports and charters) is essential to reduce greenhouse gas emissions from international shipping e.g. through port and speed optimisation.

Danish Shipping supports the development of technical and operational

requirements for both existing and newbuilt ships to incentivize the uptake of energy efficiency measures. Accordingly, any regulation must be enforceable and provide the shipowner with the flexibility to decide on how to achieve the reduction targets and thereby choose the most appropriate measures.

The deployment of low- or zero carbon fuels and zero emission vessels are fundamental to achieving the long-term goal of decarbonization of shipping. Therefore, it is imperative to incentivize performance which exceeds the annual reduction targets. Danish Shipping supports providing shipowners with the option to achieve compliance at fleet-level.

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Danish Shipping supports the strengthening of the EEDI requirements for future new build ships.

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Danish Shipping supports the establishment of the International Maritime GHG Reduction Research and Development Fund.

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This option will have to ensure that an equivalent emission reduction is delivered, and takes into account potential challenges for some shipowners e.g. smaller shipping companies with smaller fleets.

In addition, it is of utmost importance that the efficiency of ships is calculated in the most precise manner from the outset. Danish Shipping firmly believes that actual cargo carried, as opposed to a proxy or nominal figure, is the only way to accurately reflect the global fleet's energy efficiency.

### **RESEARCH AND DEVELOPMENT ARE KEY**

To become climate neutral by 2050 and to deploy a zero-emission vessel by 2030 entail a technological quantum leap where traditional fuels are completely replaced by new sustainable and climate neutral fuels. In practice, this means that the industry must develop and test a whole new technological paradigm in collaboration with stakeholders from other sectors and make it commercially viable in ten years.

Subsequently, the technology needs to be scaled up and the energy systems on land adapted so that enough new fuels can be supplied to the merchant fleet worldwide.

This transition will require substantial research, development and test efforts. To this end, Danish Shipping supports the establishment of the International Maritime GHG Reduction Research and Development Fund to bring forward the new technologies as proposed by the international shipping industry organisations. The fund should be financed by the industry via a mandatory contribution per tonne of marine fuel purchased for consumption. Further, Danish Shipping will actively pursue innovation and research opportunities at national and EU level to support the transition of international shipping.

Danish Shipping supports the introduction of a stringent international measure for shipping to support the uptake of new fuels and phasing out of non-climate neutral fuels at an appropriate time.

## **THE CLIMATE PARTNERSHIP FOR BLUE DENMARK**

As part of the Climate Partnership for Blue Denmark, Danish Shipping fully supports the Danish government in reaching the 70 % reduction of national CO<sub>2</sub> emissions by 2030 compared to 1990. Meanwhile, 95 % of all activities take place outside Danish waters and the Partnership has therefore had a strong focus on global action and possible reductions.

The Climate Partnership for Blue Denmark has developed six initiatives, which the industry is ready to invest in under the current conditions. In addition, the Climate Partnership has put forward fifteen recommendations for government action in order to obtain further reductions.

In April 2018, IMO adopted a strategy for reduction of greenhouse gas emissions (GHG) from ships which establishes concrete CO<sub>2</sub> reduction targets:

- Carbon intensity of the ship to decline through implementation of further phases of the energy efficiency design index (EEDI) for new ships;
- Reduce CO<sub>2</sub> emissions per transport work, as an average across international shipping by at least 40 % by 2030, pursuing efforts towards 70 % by 2050, compared to 2008;
- Greenhouse gas emissions from international shipping to peak as soon as possible and the total annual GHG emissions to be reduced by at least 50 % by 2050 compared to 2008 whilst pursuing efforts towards phasing them out as soon as possible in this century.