

ICS welcomes legally binding agreement to significantly improve the carbon efficiency of shipping

23 October 2020:

The International Chamber of Shipping (ICS) welcomes the comprehensive package of additional CO₂ reduction measures for the existing global fleet, agreed today by an overwhelming number of governments from across the world after an intensive week-long virtual meeting at the UN International Maritime Organization (IMO).

The agreement includes legally binding measures to ensure a 40% reduction of carbon intensity across the global fleet by 2030, compared to 2008, and is a key stepping stone in achieving 100% decarbonisation as soon as possible after 2050.

ICS is confident this new package of technical and operational regulations will be formally agreed by the IMO Marine Environment Protection Committee (MEPC) in November 2020, for entry into force in 2023.

Importantly, the IMO agreement includes a mandatory A-E rating system that will greatly incentivise shipowners to improve their carbon efficiency – ships' charterers being far more likely to offer business and pay a premium for highly rated ships, while ships with a D or E rating will face serious negative consequences unless they improve their performance.

The IMO agreement follows publication, in August 2020, of the 4th GHG study which shows that carbon intensity of international shipping improved by about 30% between 2008 and 2018. Total GHG emissions from shipping in 2018 dropped by 7% compared to 2008, despite a 40% growth in maritime trade over the same period.

The new agreement demonstrates the ability of IMO, as the industry's global regulator, to achieve binding targets to reduce ship emissions in line with the Paris Agreement. The shipping industry is a global industry requiring global rules, any alternative would produce a chaotic patchwork of conflicting regional and national CO₂ reduction regimes, which would derail continuing negotiations to eliminate the sector's global emissions via a global regulatory framework.

Speaking after the conclusion of today's IMO meeting, ICS Secretary General, Guy Platten, said:

"This agreement made by governments demonstrates to the world that the shipping industry is firmly on track to meet the ambitious IMO CO₂ reduction targets and ultimately being a zero emissions sector.

"The willingness of governments to cooperate and achieve consensus in the very difficult circumstances of a virtual meeting is to be applauded, and we are pleased that the proposals supported by ICS, in co-operation with a wide range of governments on all sides of the debate, forms a central part of the agreement.

"Industry needs certainty, and this agreement provides a clear signal about the investments we need to make to further reduce our emissions, and ultimately becoming a zero emissions sector.

"ICS is fully committed to a zero-carbon future. While today's important agreement is about helping ensure that the existing fleet meets the 2030 target, ICS is also committed to 100% decarbonisation as soon as possible after 2050. This is why ICS, in co-operation with other shipowner associations, has submitted a detailed proposal to IMO for a USD5bn Fund, to be financed by the industry, to accelerate the research development of zero-carbon technologies, and why decarbonisation will continue to be a key focus of ICS regardless of the disruption caused by COVID-19."

The new IMO agreement provides a global regulatory framework for a suite of technical and operational CO₂ reduction measures supported by a system of global enforcement via amendments to Annex VI of the MARPOL Convention:

- The Energy Efficiency Existing Ship Index (EEXI), a goal-based technical measure similar to the Energy Efficiency Design Index (EEDI) which has been mandatory for new ships since 2013.
- The 'Super SEEMP' concept, originally proposed by ICS in 2019, whereby use of the already mandatory Ship Energy Efficiency Management Plan will be subject to rigorous external audit and statutory certification. Similar to the philosophy of the International Code for the Safe Management of Ships and Pollution Prevention (ISM Code) – which has been mandatory throughout the industry for the past 20 years – ships will be required to demonstrate that everything possible has been done, as set out in the SEEMP, to improve operational fuel efficiency.
- Agreement to develop Carbon Intensity Indicators (CIIs) for the different types and sizes of ship, as a complement to the EEXI and the 'Super SEEMP', using an A-E rating system of operational efficiency that will be applied to existing ships from 2023.

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Notes to Editors:

About ICS

The International Chamber of Shipping (ICS) is the principal international trade association for merchant shipowners and operators, representing all sectors and trades and over 80% of the world merchant fleet.

The Intersessional Working Group on Reduction of GHG Emissions from Ships was held virtually by the London-based United Nations body the International Maritime Organization (IMO) from 19-23 October. This meeting was the culmination of 2 years negotiation by governments following the approval of the IMO GHG strategy in 2018.

ICS will be hosting a high level webinar on the decarbonisation of the shipping industry on Wednesday, 28 October, details [here](#).