

Shipping industry puts forward 'fair and equitable' R&D funding proposals to help decarbonise shipping in developing countries

- Latest proposals for US\$5bn R&D fund seek to further increase support for developing countries.
- Approval of IMO Maritime Research Fund would see US\$500 million added to existing IMO GHG reduction initiatives over the next ten years, funded entirely by industry.
- International Chamber of Shipping calls on EU states to stop delaying approval of the Fund and the support it will provide to the most climate vulnerable countries.

Tuesday 15th March 2022. Representatives of the global shipping industry, supported by governments, have laid out proposals on how a planned global R&D fund can be tailored to support developing economies.

Updated proposals submitted to the UN International Maritime Organization (IMO) outlined how a planned \$5bn IMO Maritime Research Fund (IMRF), which will accelerate the development of zero-carbon technologies and fuels, could also be used to support the maritime decarbonisation efforts of developing countries.

Led by the International Chamber of Shipping and eight other international shipping associations which collectively represent the global merchant fleet, the modified proposal envisages allocating about 10% of the Fund to greenhouse gas (GHG) reduction projects in developing countries, including climate vulnerable small island states.

The updated proposals respond to questions raised by developing countries about ensuring access to the money raised by the R&D fund. The IMRF aims to raise US\$ 5 billion via a US\$2 levy per tonne of marine fuel consumed, to be paid for entirely by industry at no cost to governments.

The submission to IMO builds on the comprehensive proposal put forward last year by the shipping industry, in conjunction with major shipping nations such as Denmark, Greece, Japan and Singapore, and which now enjoys the support of 30 IMO Member States. Co-sponsors of the latest proposal include Liberia, Nigeria and Palau.

Simon Bennett, Deputy Secretary General of the International Chamber of Shipping, commented:

“Developing countries are experiencing the worst of the climate crisis. Industry wishes to earmark some \$50 million per year to support greenhouse gas reduction projects in developing and climate vulnerable countries, including Small Island Developing States. This would be a significant investment and a major boost to the IMO’s existing programmes to ensure that the global net zero transition is fair and equitable.”

Industry has also called on those governments who have so far sought to delay the immediate approval of the IMRF to reconsider their position at the next round of IMO discussions in May.

Bennett continued: “We are concerned that the European Commission may wish to delay the IMRF by combining it with separate discussions about carbon pricing. Although we also want an IMO market-based measure as soon as possible, this will likely take several more years to negotiate. Meanwhile, the need to drastically accelerate R&D is becoming ever more urgent if a net zero target by 2050 is to be plausible.”

Other elements in the revised proposal include encouraging funding for joint R&D projects between developed and developing countries, a formula for co-funding of projects to ensure differential treatment for companies and institutions in developing countries, and new provisions to assuage concerns raised by governments about intellectual property rights.

Last year, ICS announced the formation [of the Just Transition Taskforce](#) at COP26, to protect workers and their communities through the transition to green shipping. It provides policy recommendations to ensure an equitable, people-centred transition, focusing in particular on developing economies.

Bennett concluded: “The IMRF is the only proposal ready to go to accelerate decarbonisation across the sector. Opposition to its adoption will not only frustrate the rapid acceleration of R&D that is needed to support shipping’s net zero target for 2050, but also prevent a fair and equitable transition.”

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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.

A final decision on whether to approve the establishment of the IMRF is expected to be taken by the IMO Marine Environment Protection Committee in June 2022, following further consideration of the proposal by an IMO working group meeting in May.

The original proposal (Denmark et al) considered by IMO last year can be found [here](#).

The latest proposal (Liberia et al) can be found [here](#).

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