

# Climate Policy

Shipping must deliver its fair share of global CO<sub>2</sub> reductions. As a contribution to the debate, the Danish Shipowners' Association proposes an ambitious CO<sub>2</sub> approach for the global shipping sector, based on the findings in a new study.

## From EEDI to the Paris Agreement

In 2011, the IMO adopted the first mandatory CO<sub>2</sub> regulation for ships with the Energy Efficiency Design Index (EEDI) requiring new-built ships to become increasingly energy efficient. First step was 10% improved efficiency from 2015, increasing to a 30% improvement in 2025. The EEDI is an important step towards more energy efficient ships, but these improvements are not sufficient to deliver the needed reductions in the long term. Expected increase in shipping due to growth in world trade will increase shipping's total emissions, if no further measures are applied<sup>1</sup>.

With the UN Paris Agreement entering into force on 4 November 2016, the ambition level of the global CO<sub>2</sub> discussions increases dramatically. More than 90 countries, including major players like the US and China, have ratified the agreement, which contains the ultimate aim of reaching net zero global emissions by the second half of this century. The agreement sends a clear message that all sectors of the economy must contribute to reaching this goal.

## Shipping's share of global CO<sub>2</sub> reductions

Shipping accounted for 2.2% of global CO<sub>2</sub> emissions in 2012<sup>2</sup>. DSA believes that shipping has a responsibility to reduce its emissions in pace with the rest of the

global economy. In other words, shipping's emissions should be reduced sufficiently to ensure that the sectors share of global emissions is kept below 2.2%, thereby contributing to the Paris Agreement's goal of staying below 2°C temperature rise.

DSA believes that the IMO, as the only global regulator of shipping, is the appropriate authority to ensure effective regulation for reducing the sector's CO<sub>2</sub> emissions. Regional regulation is neither in the interest of the industry nor the climate, since it would not cover the entire world fleet.

In October 2016, IMO took an important step in the right direction with the adoption of a roadmap for development of an IMO Greenhouse Gas Reduction Strategy. The IMO has thus shown willingness to take responsibility for reducing emissions. However, the roadmap does not address the establishment of the ambition level for shipping's CO<sub>2</sub> emissions. DSA believes that this issue must be the next immediate focus for IMO.

DSA is keen to be a part of this debate within the IMO, addressing both specific reduction targets and reduction measures, since these should go hand in hand. As a contribution to the debate, DSA puts forward a study on shipping's CO<sub>2</sub> emissions, with solid data and specific proposals for reductions.

## Key results - CO<sub>2</sub> study

DSA has commissioned a study titled: "CO<sub>2</sub> Emissions from Global Shipping - possible reduction targets and their associated pathways"<sup>3</sup>. The CO<sub>2</sub> study offers specific proposals for reduction targets for global shipping that are both ambitious and realistic. Using the best available science, the study proposes specific reduction targets which can ensure that shipping reduces its absolute emissions<sup>4</sup> in pace with the rest of the economy, while pursuing the Paris Agreement's objective of staying below 2°C temperature rise. The study concludes that:

- ▶ Shipping's absolute CO<sub>2</sub> emissions are recommended to peak no later than 2025, and should be reduced to approximately 400 megatons by 2050, which equals approximately 50 % of current emissions.
- ▶ Within the second half of the century emissions should reach net zero. These are the reductions needed in order for shipping to deliver its share of the global economy's efforts to meet the Paris Agreement's goal of keeping the temperature rise below 2°C.
- ▶ Reductions can to some extent be achieved through further technical and operational improvements, and through the introduction of market based measures.
- ▶ A shift to low carbon fuels will be a necessity to meet the long term targets.

<sup>1+2</sup> 3rd IMO Greenhouse Gas Study (2014).

<sup>3</sup> The study has been undertaken by the consultancy agency UMAS (University College of London Energy Institute and MATRANS). Read the full study and an executive summary [here](#).

<sup>4</sup> 'Absolute CO<sub>2</sub> emissions' are the total CO<sub>2</sub> emissions of the entire shipping sector. The term 'relative emissions reductions', which is often used in the CO<sub>2</sub> debate, refers to better efficiency – i.e. lowering the amount of CO<sub>2</sub> emitted for each ton of cargo transported a certain distance. Thus, if there is a large increase in cargo transported by ships, the sectors absolute emissions could still rise, despite better CO<sub>2</sub> performance of the individual ships.

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## OUR VIEW

International shipping must reduce its absolute CO<sub>2</sub>-emissions in pace with the rest of the world economy to contribute with its "fair share" in meeting the 2°C target of the Paris Agreement.

To do this, the IMO must establish ambitious and time dependent CO<sub>2</sub> reduction targets.

The targets must ensure that shipping's emissions are reduced sufficiently to keep the sector's share of global emissions below 2.2%.

Following the establishment of reduction targets, the IMO must adopt effective technical, operational and economic reduction mechanisms.

DSA supports a fuel levy as part of the solution. Some of the funds generated should be used within the sector for research and investments in greenhouse gas reductions.

Only international, flag neutral regulation can effectively reduce emissions.

Any reduction mechanism should use 2008 as baseline year and must ensure that early movers are not penalized.



Danish  
Shipowners'  
Association