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Shipping sector proposes USD 5 billion R&D board to cut CO2 emissions Initiative by leading international shipowner associations is welcomed by VDR

The global maritime transport industry has submitted a proposal to form the world's first collaborative shipping R&D programme to help eliminate CO2 emissions from international shipping. The proposal includes core funding from shipping companies across the world of about USD 5 billion over a 10-year period. It is amongst others presented by the International Chamber of Shipping (ICS), where the German Shipowners' Association (Verband Deutscher Reeder, VDR) is a member.

Highlights of the proposal:

- A new non-governmental Research & Development organisation to pave the way for decarbonisation of shipping.
- Core funding from shipping companies across the world of about USD 5 billion over a 10-year period.
- To accelerate the development of commercially viable zero carbon-emission ships by the early 2030s.

International maritime transport carries around 90 percent of global trade and is currently responsible for approximately 2 percent of the world's anthropogenic CO2 emissions. To achieve the Paris Agreement's climate change goals rapid decarbonisation is vital – also for international shipping. It is shipping's global regulator, the UN International Maritime Organization (IMO), which has responsibility for regulating the reduction of CO2 emissions by international shipping which cannot be attributed to individual countries.

The industry-wide move to accelerate R&D is necessary to ensure the ambitious CO2 reduction targets agreed to by IMO Member States in 2018 are met. These ambitious IMO targets include an absolute cut in the sector's total greenhouse gas emissions of at least 50 percent by 2050, regardless of trade growth, with full decarbonisation shortly after. The 2050 target will require an efficiency improvement of up to 90 percent, which is incompatible with a continued long-term use of fossil fuels by commercial shipping.

Meeting the IMO GHG reduction goals require the deployment of new zero-carbon technologies and propulsion systems, such as green hydrogen and ammonia, fuel cells, batteries and synthetic fuels produced from renewable energy sources. These do not yet exist in a form or scale that can be applied to large commercial ships.

Speaking on the announcement, Esben Poulsson, Chairman of ICS, said: "The coalition of industry associations behind this proposal are showing true leadership. The shipping industry must reduce its CO2 emissions to meet the ambitious challenge that the International Maritime Organization has set. Innovation is therefore vital if we are to



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develop the technologies that will power the 4th Propulsion Revolution. This proposal is simple, accountable and deliverable and we hope governments will support this bold move.”

Speaking on behalf of Germany's shipping community, Alfred Hartmann, President of the VDR, said: “The shipping industry wants to meet or where possible even exceed the climate goals set by the IMO. Therefore, we need a technological revolution. The aim of our R&D programme is to accelerate this.”

In detail, the shipping industry is proposing the establishment of an International Maritime Research and Development Board (IMRB), a non-governmental R&D organisation that would be overseen by IMO Member States. Importantly, this will be financed by shipping companies worldwide via a mandatory R&D contribution of USD 2 per tonne of marine fuel purchase for consumption by shipping companies worldwide, which will generate about USD 5 billion in core funding over a 10-year period. This USD 5 billion is critical to accelerate the R&D effort required to decarbonise the shipping sector and to catalyse the deployment of commercially viable zero-carbon ships by the early 2030s.

Although the R&D scheme and its funding is an initiative of the leading international ship owners' associations, which collectively represent all sectors and trades and over 90% of the world merchant fleet. These are:

- BIMCO
- CRUISE LINES INTERNATIONAL ASSOCIATION
- INTERCARGO
- INTERFERRY
- INTERNATIONAL CHAMBER OF SHIPPING
- INTERTANKO
- INTERNATIONAL PARCEL TANKERS' ASSOCIATION
- WORLD SHIPPING COUNCIL

Additional stakeholders' participation is welcomed. In a proposal to the UN IMO, the industry has set out specifics for governance and funding of the coordinated R&D programme, which it says can be put in place by 2023 via amendments to the existing IMO Convention for the Prevention of Pollution from Ships (MARPOL). The shipping industry's proposal will be discussed by governments in London at the next meeting of the IMO Marine Environment Protection Committee in March 2020.

Here you can find more information: <http://www.ics-shipping.org/>

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