



The climate deal



Position

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#Sustainability


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Background

In the summer of 2023, the 175 member states of the **IMO**  reached a historic agreement to reduce greenhouse gas emissions from international shipping. During the 80th meeting of the Marine Environment Protection Committee (**MEPC**) , it was decided that, "in or around" 2050, net zero greenhouse gas emissions should be achieved on a "well to wake" basis. This establishes shipping as the first global sector with a climate deal committed to the phase-out of greenhouse gases.

In addition to the greenhouse gas phase-out, two interim "checkpoints" with reduction targets were agreed upon. By 2030, the goal is to achieve a 20% reduction in absolute emissions compared to 2008 levels, and by 2040, a reduction of at least 70% compared to 2008.

The use of low-carbon and carbon-free fuels and energy sources should reach at least 5% by 2030, with a target of 10%. To meet these and other targets, further measures related to fuels will be developed and discussed over the next 1.5 years. These may include a fuel standard complemented by an economic measure, such as a fuel levy. The entry into force for these measures is set for spring 2027, according to the agreements made.

To achieve these reduction targets, the IMO's strategy has been further tightened, and additional regulations have been in place since January 1, 2023. Since then, the IMO Strategy to reduce **GHG**  emissions from ships consists of the following components:

IMO Strategie vermindering GHG uitstoot:

Energy Efficiency Design Index (EEDI): Requires an indication of the expected performance of a new ship in terms of energy efficiency.

EEXI



Energy Existing Ship Index (EEXI): Requires an indication of the expected energy efficiency performance of an existing ship in technical terms.

CII



Carbon Intensity Index (CII): Requires the calculation of a ship's annual operational carbon intensity and energy requirements. Based on the results, the ship is assigned a rating label ranging from A to E (A = Very Good, E = Very Poor). A ship that receives a D or E score for its CII over three consecutive years must include corrective actions in its plan to improve its CII score in the future.

SEEMP



Ship Energy Efficiency Plan: This document consists of four parts:

- 1 The methodology used to calculate the CII score;
- 2 The annual operational and required energy requirements;
- 3 An implementation plan detailing how the annual operational and required energy requirements will be met;
- 4 A self-assessment and improvement plan.

State of affairs

Challenge

To achieve the ambitious yet realistic reduction targets, it is crucial that all stakeholders take responsibility. Shipowners are partly dependent on other parties within the logistics chain. While

they provide the ships, it is often the client of the maritime transport (e.g., a shipper or charterer) who determines how efficiently a ship operates.

In addition, significant efforts are underway to develop alternative fuels and new propulsion technologies. Progress to reduce and eventually phase out CO₂ and other emissions is becoming more concrete or is already being implemented. However, the challenge with these innovations lies in their availability on a large scale and for various ship types and sizes. Additionally, the investment required from shipowners is substantial.

Global measures should be practical to implement, ensuring that safety is maintained and that there is a balanced approach between reducing greenhouse gases and managing the associated costs. However, it has been found that not all regulations are easily implementable. In some cases, they are financially unfeasible or fail to work as intended during implementation.

Furthermore, global measures must prevent market distortions between ships of different flags, varying ship types, and a potential shift to other modes of transport. If shipping becomes unattractive due to laws and regulations, the alternative could be a shift to more CO₂-intensive modes of transport. This must be avoided.

State of affairs - November 1, 2024

The KVNOR office is engaged in ongoing discussions with various relevant parties (government, technical suppliers, banks, ports, and shippers) to explore how the shipping industry can further reduce CO₂ and other greenhouse gas emissions. It is essential to identify what each party can contribute to achieve this goal.

To facilitate this, the KVNOR organizes and participates in regular roundtable discussions with ports and shippers. These talks focus on jointly improving the carbon footprint of shipping, with the aim of establishing concrete partnerships and putting them into practice, as demonstrated by the Maritime Master Plan.

As part of this effort, one of the KVNOR's objectives is to quickly identify which alternative fuels and energy carriers are suitable for different ship types and submarkets (such as coastal versus intercontinental shipping). Increased efforts to scale up the availability of alternative fuels and/or energy carriers should accelerate the energy transition in our sector. An international maritime sustainability fund could help achieve this by introducing a climate levy on shipping fuel, where the polluter pays and the greener options are rewarded. A global level playing field is essential to ensure the effectiveness of such measures.

Expert and press contact

Author





Nick Lurkin
CLIMATE AND ENVIRONMENT

+31 (0)6 4731 3751
lurkin@kvnr.nl



Press contact



Nathan Habers

DIRECTOR COMMUNICATIONS AND EXTERNAL AFFAIRS

+31 (0)6 5200 0788
habers@kvnr.nl



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