Policy Paper
2026

OUR VIEW

The Shipping sector needs to deliver on the IMO GHG Strategy by reaching net-zero GHG emissions by or around 2050.

A competitive global climate regulation is required to ensure a level-playing field for a global sector such as shipping.

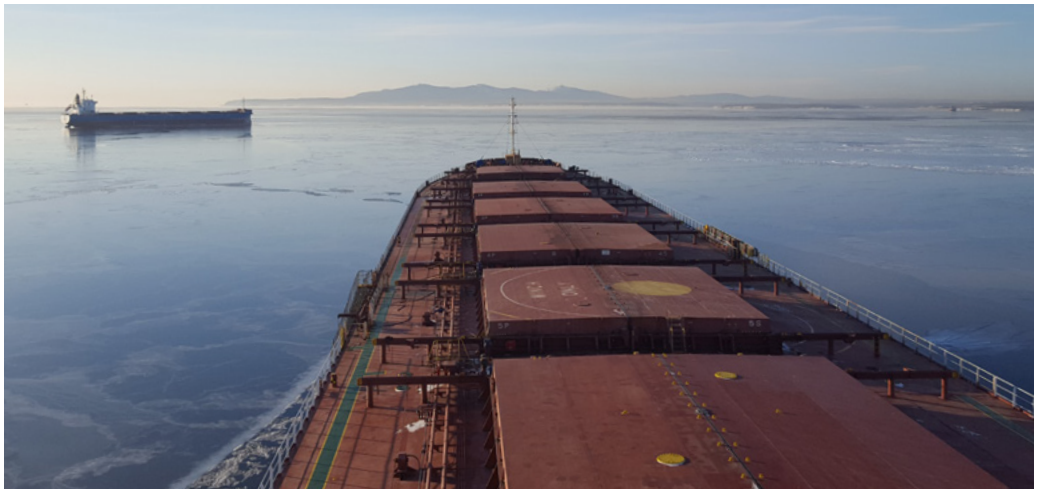
Binding global regulation is crucial to de risk the massive long-term investments required for the decarbonisation of shipping and to unlock private capital at scale.

Global regulation must reflect a fuel standard covering a fuel's entire climate footprint building on a life cycle assessment.

The European Commission must show clear political commitment that EU shipping measures will be withdrawn once a comprehensive and effective global IMO agreement is adopted.

Continued

Climate Policy



Global Climate Regulation

The Danish shipping sector is deeply committed to driving the sustainable transition of shipping. The shipping sector must deliver on the IMO GHG Strategy that was agreed in 2023 setting a zero or near-zero emission target by or around 2050. To this end it is crucial to ensure accessibility to renewable fuels, which again requires huge investments in developing and deploying renewable fuels.

Airtight and stringent IMO regulations and guidelines will provide the stepping stones for derisking investments, by sending a clear off take signal to fuel producers.

The IMO GHG Strategy provides a clear pathway for what is needed and expected by the sector.

2026 stands up as the crucial year, where IMO must agree on a clear pathway to adopt the necessary regulations, that must enter into force by 2030.

The regulation must set the standards for renewable fuels taking into account a fuel's entire climate footprint. This must be done by taking emissions from production to combustion into account (well-to-wake). The regulation must incentivise the uptake of renewable fuels, which will be more expensive than fossil fuels, and it must create the right conditions for the full spectrum of solutions, including e-fuels, biofuels, energy efficiency measures, electrification, onboard carbon capture, etc.

Besides contributing to bridging the gap between the fuels, the regulation must also provide funding for the development and deployment of renewable fuels and a just and equitable transition for Least Developed Countries and Small Islands Developing States.

Renewable fuels are three to four times more expensive than fossil fuels, and production is at a very low level, including in Europe. However, renewable fuels are expected to offer new business opportunities for countries with considerable renewable energy resources such as solar and wind.

Global and European frameworks must support large-scale production and deployment of renewable and low-carbon fuels for shipping such as e-fuels, biofuels, ammonia, ethanol and methanol, alongside energy efficiency solutions and new propulsion technologies. Policies should remain technology- and fuel-agnostic, enabling the most effective solutions to emerge while ensuring that shipping companies can meet regulatory requirements and maintain competitiveness.

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Shipping is a substantial financial contributor to the overall green transition, notably through its participation in the EU ETS. More sources of finance to support the scale up of green fuels in particular, and the green transition of shipping in general are needed. Especially in the current investment climate, which is marked by uncertainty.

EU Climate Regulation

The European Commission must commit to global regulatory alignment by clearly stating that EU shipping climate measures will be withdrawn once an ambitious global agreement is adopted at IMO level, ensuring legal certainty and a level playing field.

The revision of the EU ETS for shipping and FuelEU Maritime must fully reflect IMO initiatives and establish a coherent legal framework that avoids double-counting, double payment, and double reporting.

As long as shipping is covered by the EU ETS, revenues generated at EU and Member State level must be transparently earmarked and reinvested in the maritime sector's decarbonisation, including electrification, energy efficiency, zero- and near-zero-emission fuels, infrastructure, and clean technologies.

FACTS

- International shipping accounts for approximately 3% of the global GHG emissions – corresponding to all German emissions.
- Around 80-90% of the volume of international trade in goods is carried by sea.
- The shipping sector alone would require the totality of today's wind capacity to produce sufficient quantity of e-fuels.
- The World Bank has estimated the market for renewable fuels to more than one trillion USD.

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