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Konu : Sıfır Emisyonlu Denizcilik Fonu Hk.

Sirküler No: 133

Sayın Üyemiz,

Uluslararası Deniz Ticaret Odası (International Chamber of Shipping-ICS) tarafından Odamıza gönderilen, Ek'te sunulan yazıda;

ICS, Bahamalar Topluluğu ve Liberya Cumhuriyeti tarafından, Birleşmiş Milletler Uluslararası Denizcilik Örgütü'ne (International Maritime Organization-IMO), 2050 yılına kadar net sıfır emisyon hedefine geçişi hızlandırmak üzere Sıfır Emisyonlu Denizcilik Fonu (Zero Emission Shipping Fund-ZESF) için detaylı bir öneri sunulduğu, ZESF ile sıfır sera gazı emisyonlu denizcilik yakıtlarının ve teknolojilerinin hızlı üretimi ve küresel düzeyde ticari olarak kullanılabilmesinin teşvik edilmesi ile gelişmekte olan ülkelerdeki geçişi desteklemek için milyarlarca dolar tutarında kaynak oluşturulmasının hedeflendiği belirtilmektedir.

Bu kapsamda, Sıfır Emisyonlu Denizcilik Fonu hakkında ayrıntılı bilgilerin yer aldığı basın bülteni ve Türkçe tercümesi ile ICS'in ZESF Sunumu Ek'te sunulmaktadır.

Bilgilerinize arz/rica ederim.

Saygılarımla,

*e-imza*İsmet SALİHOĞLU
Genel Sekreter**Ek:**

- 1- ICS'in Yazısı (1 sayfa)
- 2- Basın Bülteni Türkçe Tercümesi (3 sayfa)
- 3- Basın Bülteni (3 sayfa)
- 4- ICS'in ZESF Konulu Sunumu (39 sayfa)

Dağıtım:

Gereği:

- Tüm Üyeler (WEB sayfası ve e-posta ile)
- İMEAK DTO Şube ve Temsilcilikleri
- Türk Armatörler Birliği

Bilgi:

- Yönetim Kurulu Başkan ve Üyeleri
- İMEAK DTO Şube YK Başkanları

Bu belge, 5070 sayılı Elektronik İmza Kanuna göre Güvenli Elektronik İmza ile İmzalanmıştır.



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- S.S. Armatörler Taşıma ve İşletme Kooperatifi
- GİSBİR (Türkiye Gemi İnşa Sanayicileri Birliği Derneği)
- VDAD (Vapur Donatanları ve Acenteleri Derneği)
- TÜRKLİM (Türkiye Liman İşletmecileri Derneği)
- KOSDER (Koster Armatörleri ve İşletmecileri Derneği)
- ROFED (Kabotaj Hattı Ro-Ro ve Feribot İşletmecileri Derneği)
- Yalova Altınova Tersane Girişimcileri San.ve Tic.A.Ş.
- GEMİMO (Gemi Makineleri İşletme Mühendisleri Odası)
- Türk Uzakyol Gemi Kaptanları Derneği

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01 February 2024

COMMUNICATIONS(24)06

TO: COMMUNICATIONS LEADS

**COPY: BOARD MEMBERS
LONG-TERM MEASURES WORKING GROUP**

PRESS RELEASE: Zero Emission Shipping Fund proposal submitted to UN to deliver on shipping's net zero targets

Action Required: Comms leads are kindly asked to take note and distribute the information to your stakeholders of the press release titled 'Zero Emission Shipping Fund proposal submitted to UN to deliver on shipping's net-zero targets.'

Please kindly see attached the final press release of 'Zero Emission Shipping Fund proposal submitted to the UN to deliver on shipping's net zero targets' that has been shared with the media.

There has been one amendment to the original release as we are pleased that the Commonwealth of The Bahamas are also cosponsors of the proposal with the Republic of Liberia and this has been highlighted in the release.

- The International Chamber of Shipping (ICS), the Commonwealth of The Bahamas, and the Republic of Liberia submit a detailed proposal to the UN IMO for a Zero Emission Shipping.
- Fund to accelerate the transition to net zero by 2050.
- The fund will incentivise accelerated production and uptake of zero GHG marine fuels and technologies and provide billions of dollars to support transition in developing countries.
- Governments urged to approve fit-for-purpose proposals to meet their commitment to adopt a maritime GHG emissions pricing mechanism in 2025.

Please find the full press release attached in **Annex A**.

[COMMUNICATIONS\(24\)06 -Annex A - Press Release - Zero Emission Shipping Fund proposal submitted to UN to deliver on shipping net zero targets](#)

Katerina Dimitropoulos
Communications Manager

Sıfır Emisyonlu Denizcilik Fonu Teklifi, Denizciliğin Net Sıfır Hedeflerine Ulaşması İçin Birleşmiş Milletlere Sunuldu.

- Uluslararası Deniz Ticaret Odası (International Chamber of Shipping-ICS), Bahamalar Topluluğu ve Liberya Cumhuriyeti, 2050 yılına kadar net sıfıra geçişi hızlandırmak amacıyla Birleşmiş Milletler (BM) Uluslararası Denizcilik Örgütü'ne (International Maritime Organization-IMO) Sıfır Emisyonlu Denizcilik Fonu için ayrıntılı teklif sundu.
- Söz konusu Denizcilik Fonunun, sıfır emisyonlu denizcilik yakıtları ve teknolojilerinin üretimini ve küresel düzeyde ticari olarak kullanılabilmesini teşvik edeceği, ayrıca gelişmekte olan ülkelerde yeşil dönüşümü desteklemek için milyarlarca dolarlık finansman sağlaması öngörülmektedir.
- 2025 yılında denizcilikten kaynaklanan sera gazı emisyonları fiyatlandırma mekanizmasını benimseme taahhütlerini yerine getirmek için amaca uygun tekliflerin onaylanmasına yönelik çağrıda bulunmaktadır.

Uluslararası Deniz Ticaret Odası, deniz taşımacılığının küresel ölçekte düzenleyici kuruluşu olan Uluslararası Denizcilik Örgütü için uygun ve hedefe yönelik bir öneri olan Sıfır Emisyonlu Deniz Taşımacılığı Fonu (Zero Emission Shipping Fund-ZESF) için detaylı bir öneri sunmuştur.

Dünya çapındaki armatörler iddialı net sıfır hedeflerine ulaşmak için uygulanabilir çözümlerle ilerlemenin aciliyetinin bilincinde olarak yılda milyarlarca dolar toplamak amacıyla gemilerin sera gazı (Green House Gases-GHG) emisyonlarına yönelik zorunlu katkı sağlamayı kabul etmiştir. Küresel ticari denizcilik filusunun 2050 yılına kadar net sıfır emisyonu geçiş sürecini hızlandırmak ve gelişmekte olan ülkelerin denizcilik faaliyetlerinden kaynaklanan sera gazı azaltma çabalarını desteklemek amaçlanmaktadır.

Denizcilik sektörünün güncellenmiş bahse konu teklifi, gros tonaj cinsinden dünyanın en büyük bayrak devleti idarelerinden olan Bahamalar ve Liberya tarafından ortaklaşa desteklenmektedir. Söz konusu teklif, Japonya tarafından önerilen kendi kendini finanse eden bir ücret ve indirim sistemi olan "Fon ve Ödül (Feebate)" konseptine ve Avrupa Birliği'ne üye ülkelerin IMO'nun sabit oranlı vergiye dayalı "levy-based" küresel katkı sistemine verdiği desteği temel almaktadır. Güncellenen teklife, gelişmekte olan ülkelerde kullanılmak üzere tahsis edilecek fonlar da dahil olmak üzere, toplanan milyarlarca dolar finansman tutarının kullanımına ilişkin şeffaflık ve sorumluluk için bir yapı eklenmiş olması önem arz etmektedir.

ICS Genel Sekreteri Guy PLATTEN; "*Net sıfır emisyonlu deniz taşımacılığına küresel ölçekte geçiş sağlanmalıdır. Aksi takdirde başarılı olamayacaktır. IMO'nun deniz taşımacılığı için kabul ettiği net sıfır emisyon hedefi ICS tarafından tamamen desteklenmektedir. Ülkelerin Sıfır Emisyonlu Denizcilik Fonu'nun kurulması için gereken düzenlemeleri geliştirmek üzere çalışmalar yapması durumunda 2050 yılı hedefine ulaşılabilir. Deniz taşımacılığı için küresel ölçekte bir sera gazı fiyatlandırma mekanizmasının acilen önümüzdeki yıl üzerinde anlaşmaya varılması gerekmektedir. Bu mekanizma, sıfır sera gazı emisyonlu denizcilik yakıtlarına yatırım riskini ortadan kaldıracak ve gelişmekte olan ülkeleri desteklemek için milyarlarca dolar tutarında fon sağlayacaktır.*"

Bahamalar ve Liberya ile küresel denizcilik sektörü, dikkatle düşünülmüş, adil, şeffaf ve basit bir mekanizmayla öne çıktı. IMO'nun 2030 hedefine altı yıldan az bir süre kaldı. 2030 yılına kadar sıfır sera gazı emisyonlu denizcilik yakıtlarının üretimi ve küresel düzeyde ticari olarak kullanılabilmesinde bir ivme sağlayamazsak 2050 yılında net sıfır emisyona ulaşmak mümkün görünmemektedir.

Temel çalışmalar yapılmış olup mevzuat dikkatlice hazırlanmıştır. Bu amaca uygun çözümü hızlı ve etkili bir şekilde uygulamak için ülkelerin siyasi iradesine ihtiyaç duyulmaktadır.” açıklamasında bulunmuştur.

Sıfır Emisyonlu Denizcilik Fonu ve “Fon ve Ödül” mekanizması, IMO'ya üye ülkeler tarafından Mart 2024 ayında gerçekleştirilecek sera gazı toplantılarında değerlendirilecektir. Mevcut durumda ülkeler, 2025 yılına kadar uluslararası deniz taşımacılığı için sera gazı fiyatlandırma mekanizması geliştirme konusunda taahhütte bulunmuştur. Ülkelerin kabul etmesi durumunda ZESF, IMO'ya üye devletler tarafından benimsenen iddialı sera gazı azaltımına uygun olarak 2050 yılı veya buna yakın bir tarihte deniz taşımacılığı faaliyetlerinden kaynaklanan net sıfır sera gazı emisyonu hedefine ulaşılmasına yardımcı olmak için gelecek yıl onaylanacaktır.

Teklif kapsamında, salınan CO₂ eşdeğeri emisyon tonu başına gemilerden alınan katkılar, sıfır sera gazı emisyonlu yakıtlar ile geleneksel yakıtlar arasındaki önemli maliyet farkını azaltmak için kullanılacak olup söz konusu yeni denizcilik yakıtlarının kullanılmasıyla engellenen sera gazı emisyonları için gemilere mali ödüller sağlanacaktır.

Şeffaf ve açıklanabilir olarak sunulan teklif, sıfır veya sıfıra yakın denizcilik yakıtlarının üretimine ve gelişmekte olan ülkelerin dünya çapındaki limanlarında yeni yakıt ikmali altyapısının kullanıma sunulmasına yönelik desteğin yanı sıra yeni yakıtların güvenli kullanımına ilişkin eğitimin desteklenmesini de içerecektir.

Clarksons Research araştırma kuruluşu tarafından ICS için yapılan detaylı etki değerlendirmesi çalışmasında, ton başına tüketilen yakıtta 20 ile 300 ABD Doları arasında maliyet ekleyen bir katkı oranının, teslim edilen yük fiyatları açısından ulusal ekonomiler üzerinde orantısız bir olumsuz etki yaratmayacağı belirtilmektedir.

Sıfır Emisyonlu Denizcilik Fonu, fosil yakıtlara tamamen bağımlı olan ve şu anda çok az miktarda sıfır karbon emisyonlu yakıt kullanan denizcilik sektörünün, amonyak, hidrojen, sürdürülebilir biyoyakıtlar, sentetik metanol ve sentetik LNG gibi daha pahalı “yeşil” yakıtların kullanımında bir “başlangıç noktası”na ulaşmasını sağlayacaktır.

Sıfır Emisyonlu Denizcilik Fonu

Denizcilik sektörünün dekarbonizasyonuna yardımcı olmak için milyarlarca dolarlık fon sağlamayı garantileyen, gerekli düzenleyici yapıyı ayrıntılı olarak belirten ve bir “Fon ve Ödül (Feebate)” mekanizması kullanan Sıfır Emisyonlu Denizcilik Fonu, şu anda IMO nezdinde denizcilikten kaynaklanan GHG emisyonlarının fiyatlandırılması mekanizması hakkındaki tek öneridir. Ayrıca bu fon ile milyarlarca dolar tutarında kaynak sağlanarak gelişmekte olan ülkelerin desteklemesi de hedeflenmektedir.

ZESF, küresel çapta kolayca uygulanabilecek bir mekanizma olup, 2023 Temmuz ayında Deniz Çevresini Koruma Komitesi'nin 80'inci Oturumu'nda (Marine Environment Protection Committee-MEPC 80) kabul edilen IMO 2023 GHG Stratejisi'nde belirtilen

hedefler çerçevesinde, 2025 yılı başlarında düzenlenecek MEPC 83'te anlaşmaya varılmak üzere nihai hale gelmesi öngörülmektedir.

Uluslararası Deniz Ticaret Odası tarafından, Uluslararası Denizcilik Örgütü'ne detaylı bir etki değerlendirmesi sunulmuştur. Bu değerlendirmede, ton başına tüketilen yakıt üzerine 20 ile 300 ABD Doları arasında değişen bir maliyet ekleyen katkı oranının, teslim edilen kargo fiyatları açısından ulusal ekonomiler üzerinde orantısız bir olumsuz etki yaratmayacağı belirtilmektedir.

ICS, denizcilik sektöründe kullanılan enerjinin 2030 yılına kadar %5-10'unun sıfır veya sıfıra yakın GHG emisyonlu kaynaklarından elde edilmesi hedefini gerçekleştirmeye yönelik, alternatif yakıtlar ile konvansiyonel yakıtların maliyeti arasındaki farkı azaltmak ve kullanımını hızlandırmak için yıllık 5 ile 10 milyar ABD Doları tutarında bir kaynak gerektiğini ortaya koymaktadır.

ICS, yıllık 5 ile 10 milyar ABD Doları tutarında kaynak oluşturmak için gemilerin Sıfır Emisyonlu Denizcilik Fonu'na tüketilen her 1 ton yakıtı karşılık 20 ile 40 ABD Doları arasında katkı yapmasını önermektedir. Ancak, IMO'ya üye ülkelerin, gelişmekte olan ülkeleri desteklemek için ayrı bir IMO GHG Denizcilik Sürdürülebilirlik Fonu (IMO GHG Maritime Sustainability Fund-IMSF) aracılığıyla toplamayı kararlaştırdıkları fon miktarına bağlı olarak ZESF gerçek katkı oranının daha yüksek olacağı öngörülmektedir.

Zero Emission Shipping Fund proposal submitted to UN to deliver on shipping's net zero targets

- The International Chamber of Shipping (ICS), the Commonwealth of The Bahamas, and the Republic of Liberia submit detailed [proposal](#) to UN IMO for a Zero Emission Shipping Fund to accelerate transition to net zero by 2050.
- The fund will incentivise accelerated production and uptake of zero GHG marine fuels and technologies and provide billions of dollars to support transition in developing countries.
- Governments urged to approve fit-for-purpose proposals to meet their commitment to adopt a maritime GHG emissions pricing mechanism in 2025.

01 February 2024, London: The International Chamber of Shipping (ICS) has submitted a detailed, fit-for-purpose [proposal](#) to shipping's global regulator, the UN International Maritime Organization (IMO), for a Zero Emission Shipping Fund (ZESF).

In recognition of the urgency to move forward with workable solutions to meet ambitious net zero targets, shipowners globally have agreed to mandatory contributions on ships' greenhouse gas (GHG) emissions to raise billions of dollars annually. The purpose is to accelerate transition by the global commercial shipping fleet to net zero emissions by 2050 and support the maritime GHG reduction efforts of developing countries.

The shipping industry's updated proposal is co-sponsored by the Bahamas and Liberia (two of the world's largest flag State administrations, measured in gross tonnage). The proposal builds on the "feebate" concept put forward by the Government of Japan and support from EU States at IMO for a flat rate "levy-based" global contribution system. Significantly, the updated proposal adds a structure for transparency and accountability for how the billions of dollars raised will be used, including those funds to be allocated for use in developing countries.

Guy Platten, ICS Secretary General, explained:

"The transition to net zero shipping must be truly global. Otherwise, it will not succeed. ICS fully supports the net zero goal which IMO has agreed for shipping. The 2050 goal will only remain plausible if government negotiators now roll up their sleeves to develop the regulations needed to establish the Zero Emission Shipping Fund. A global GHG pricing mechanism for shipping urgently needs to be agreed on next year, which will de-risk investment in zero GHG marine fuels and provide billions of dollars of funds to support developing countries."

"The Governments of Bahamas and Liberia and the global shipping industry have come forward with a carefully thought-out mechanism, which is equitable, transparent and simple. The first IMO target for 2030 is less than six years away. If we don't achieve a take-off point in the production and uptake of zero GHG marine fuels by 2030, it's hard to see how net zero will be achieved by 2050."

“The groundwork has been done and the regulatory architecture has been carefully laid out. All that is needed is political will from governments to implement this fit-for-purpose solution quickly and effectively.”

The Zero Emission Shipping Fund and the “feebate” mechanism will be considered by IMO Member States at their next round of GHG negotiations in March. Governments have already unanimously committed to developing a GHG pricing mechanism for international shipping by 2025. If governments agree, the ZESF will be approved next year to help achieve net zero GHG emissions from shipping by or close to 2050, in line with the ambitious GHG reduction targets adopted by IMO Member States.

Under the proposal, contributions from ships per tonne of CO_{2e} emitted will be used to reduce the significant cost gap between zero GHG fuels and conventional fuel oil, providing financial rewards (“feebates”) to ships for the GHG emissions prevented by use of these new marine fuels.

The transparent and accountable proposal will include support for the production of zero/near-zero marine fuels and the roll-out of new bunkering infrastructure in developing countries’ ports worldwide, as well as supporting training in the safe use of new fuels.

A detailed impact assessment has already been conducted by Clarksons Research for ICS that highlights that a contribution rate which adds a cost in a range between US\$20 to \$300 per tonne of fuel oil consumed would have no disproportionately negative impacts on national economies in terms of delivered cargo prices.

The Zero Emission Shipping Fund will allow the hard-to-abate shipping sector, which is completely dependent on fossil fuels and where the current use of zero GHG fuels is virtually zero, to achieve a “take-off” point in its use of more expensive ‘green’ fuels, such as ammonia, hydrogen, sustainable biofuels, synthetic methanol and synthetic LNG.

For the full proposal, please click [here](#).

Ends

Notes to Editors

Zero Emission Shipping Fund

The Zero Emission Shipping Fund (ZESF), using a Fund and Reward (Feebate) mechanism, is currently the only proposal in the IMO negotiations about a maritime GHG emissions pricing mechanism which sets out in detail the necessary regulatory architecture that can guarantee the billions of US dollars of funding needed to help the shipping industry decarbonise, including billions of dollars to support developing countries.

The ZESF will be simple to implement globally and can realistically be finalised by governments for agreement by the IMO Marine Environment Protection Committee in early 2025 (MEPC 83) as required by the 2023 IMO GHG Strategy, which was agreed by MEPC 80 in July 2023.

ICS has provided IMO with a detailed impact assessment, which demonstrates that a contribution rate which adds a cost in a range between US\$20 to \$300 per tonne of fuel oil consumed would have no disproportionately negative impacts on national economies in terms of delivered cargo prices.

ICS calculates that to reach the IMO target for 5-10% of the energy used by shipping to come from zero/near-zero GHG sources by 2030, the cost of reducing the cost gap with conventional fuel oil and rewarding the accelerated uptake of alternative fuels would be between US\$5 to US\$10 billion per year.

ICS suggests that generating US\$5 to US\$10 billion per year might require a contribution by ships to the Zero Emission Shipping Fund equivalent to between about US\$20 and US\$40 per tonne of fuel oil consumed. However, the actual contribution rate will be higher, depending on the amount of funds which IMO Member States decide to collect via the ZESF for the separate IMO GHG Maritime Sustainability Fund (IMSF) to support developing countries.

The proposal to establish the Zero Emission Shipping Fund was endorsed last week by the ICS Board of Directors, which comprises representatives of the world's national shipowners' associations in Asia, the Americas, Africa and Europe, which collectively represent all sectors and trades and over 80% of world merchant shipping tonnage.

The full proposal from ICS and the Governments of Bahamas and Liberia, which is being considered by the IMO Marine Environment Protection Committee, can be seen [here](#).

About ICS

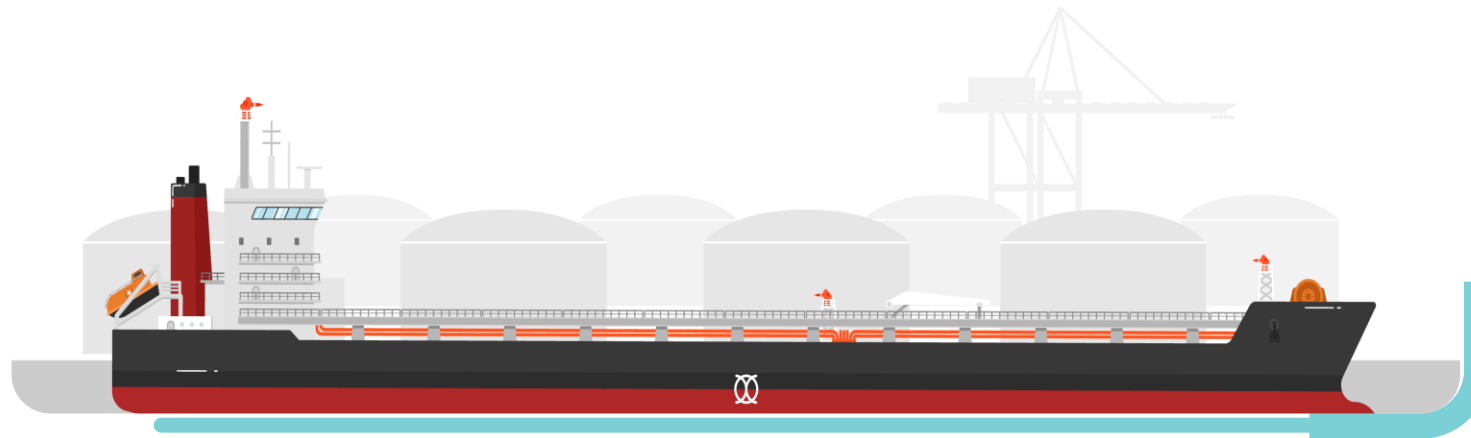
The International Chamber of Shipping (ICS) is the principal international trade association for merchant shipowners and operators, representing all sectors and trades and over 80% of the world's merchant fleet - www.ics-shipping.org.

Zero Emission Shipping Fund

Accelerating transition to net zero



International
Chamber of Shipping



Powering vessels with Green Fuels

Brief for IMO Member States



Zero Emission Shipping Fund

Accelerating transition to net zero



International
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Agenda

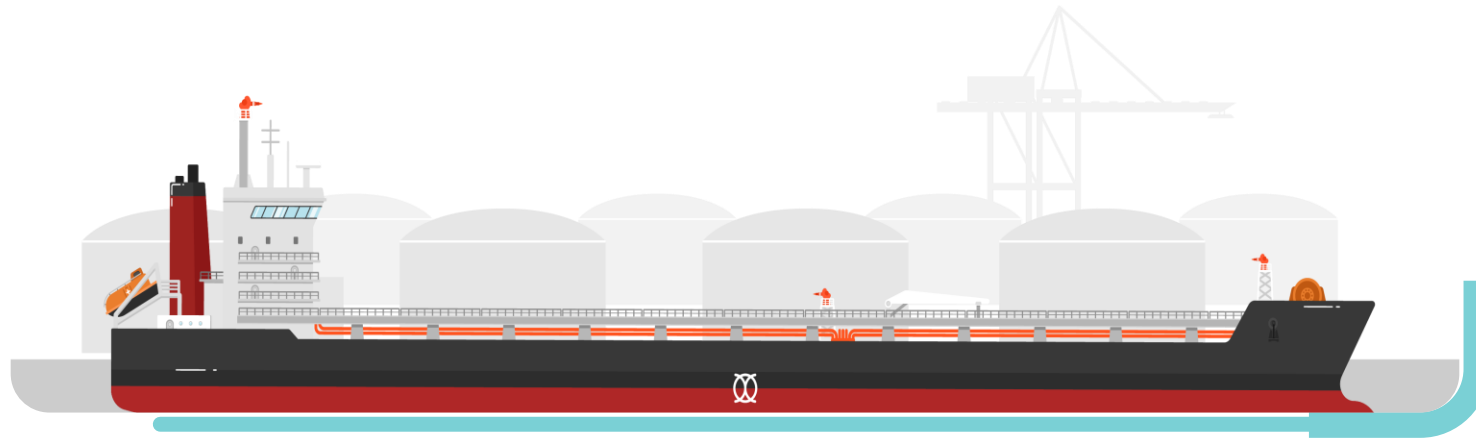
- Overview of Fund and Reward (Feebate) mechanism
- Why feebate mechanism is urgently needed to successfully implement the 2023 IMO GHG Strategy
- Key advantages of feebate mechanism
- Contribution and reward rates, and economic impacts
- Governance of ZESF and IMSF
- Conclusions and action requested of IMO Member States
- *Demonstration of ZESF contribution system prototype*

Zero Emission Shipping Fund

Accelerating transition to net zero



International
Chamber of Shipping



Powering vessels with Green Fuels

1. Overview of Fund and Reward (Feebate) mechanism

Zero Emission Shipping Fund

Accelerating transition to net zero



International
Chamber of Shipping

Overview

- 2023 IMO GHG Strategy requires **maritime GHG emissions pricing mechanism** to be adopted in **2025**. Imperative that MEPC starts work now on developing regulatory text to amend MARPOL Annex VI
- Building on concept proposed by Japan, ICS (with Bahamas and Liberia support) has set out comprehensive proposal for **Fund and Reward (Feebate)** mechanism with complete package of suggested draft regulations and supporting Guidelines for implementation and enforcement

Zero Emission Shipping Fund

Accelerating transition to net zero



International
Chamber of Shipping

The proposal: IMO to establish Zero Emission Shipping Fund (ZESF)

- Ships to make **annual** mandatory contributions per tonne of CO₂e emitted to ZESF using verified data already used for IMO Fuel Oil Data Collection System
- Ships using eligible **zero/near-zero GHG fuels** will receive **rewards for CO₂e emissions prevented** compared to combusting conventional fuel oil – based on agreed CO₂e conversion factors and energy density of these fuels, as determined by LCA Guidelines

Zero Emission Shipping Fund

Accelerating transition to net zero



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To make transition global, ZESF has two main purposes:

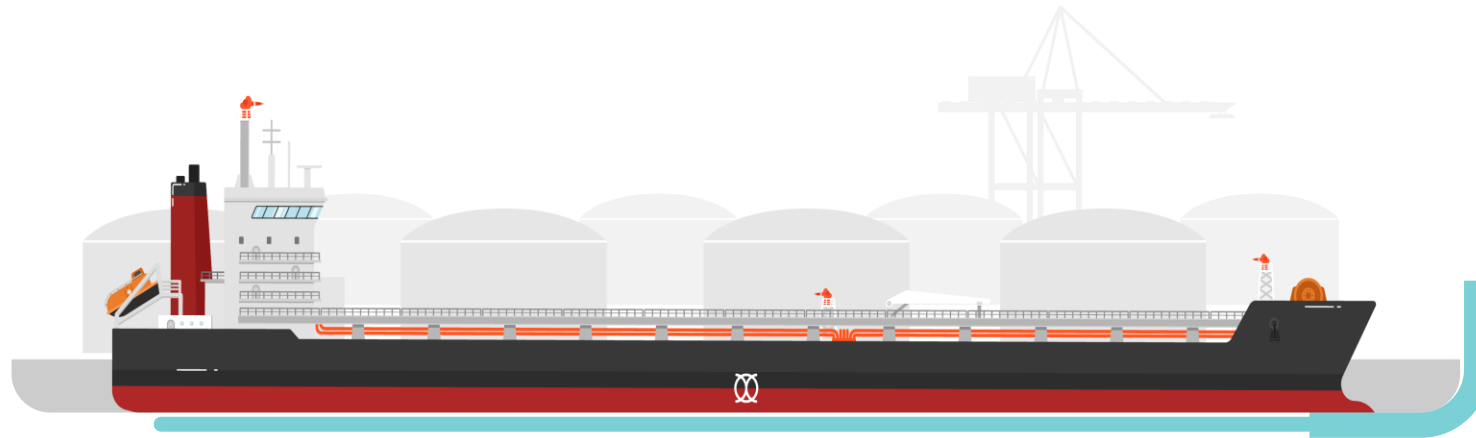
- Provide rewards (feebates) to ships using zero/near-zero GHG fuels (and technologies) to reduce the cost gap and incentivise the accelerated uptake of new fuels to achieve a **“take-off” point by 2030** on a pathway to net zero, and de-risk investment decisions which are urgently required
- Provide billions of US dollars to support maritime GHG reduction programmes in **developing countries** via a separate **IMO (GHG) Maritime Sustainability Fund (IMSF)**, including production of new fuels and bunkering infrastructure in ports

Zero Emission Shipping Fund

Accelerating transition to net zero



International
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Powering vessels with Green Fuels

2. Why feebate mechanism is urgently needed to successfully implement 2023 IMO GHG Strategy

Zero Emission Shipping Fund

Accelerating transition to net zero



International
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Implications of 2023 IMO GHG Strategy

- Net zero goal for 2050 is very ambitious, as is the goal to cut GHG emissions by 70-80% by 2040, regardless of trade growth
- To make this possible, **production and uptake** of new fuels must be **rapidly accelerated** to achieve new IMO target for **5-10%** of energy used by shipping to come from zero/near-zero energy sources by 2030 – which is less than 6 years away
- Current production and uptake of zero/near-zero GHG fuels is virtually zero

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Reaching a “take-off” point

If the 2023 IMO GHG Strategy is to succeed, shipping must reach a “take-off” point in production and uptake of zero/near-zero GHG fuels by 2030



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Global Fuel Standard alone will not achieve net zero, without a separate economic measure to incentivise uptake of zero/near-zero GHG fuels

- 5 to 10% cut in GHG intensity of marine fuels in 2030 *might* be achieved with biofuel blends (and more ships using LNG)
- But this will not achieve a “**take-off point**” in use of new fuels, such as **ammonia, hydrogen and synthetic methanol/LNG**, which will be vital to achieve the IMO 2040 goal of a 70-80% cut in absolute emissions

NB: ICS fully supports a Global Fuel Standard as a technical measure which complements an economic measure – see ISWG-GHG 16/2 (ICS and IBIA)

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Global Fuel Standard alone (even if it includes some kind of economic element) will **not** generate **billions of US dollars of guaranteed** funding to support GHG reduction efforts of **developing countries**, including 'green' fuel production and port infrastructure required to meet **2040** and **2050** IMO GHG goals



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To ensure net zero for 2050 remains plausible, IMO urgently needs to implement the **ZESF Fund and Reward (Feebate)** mechanism to reach a **“take-off”** point, **incentivising** and **de-risking** a rapid **acceleration** in the production and uptake of zero/near-zero GHG marine fuels by 2030 to keep a pathway to net zero open

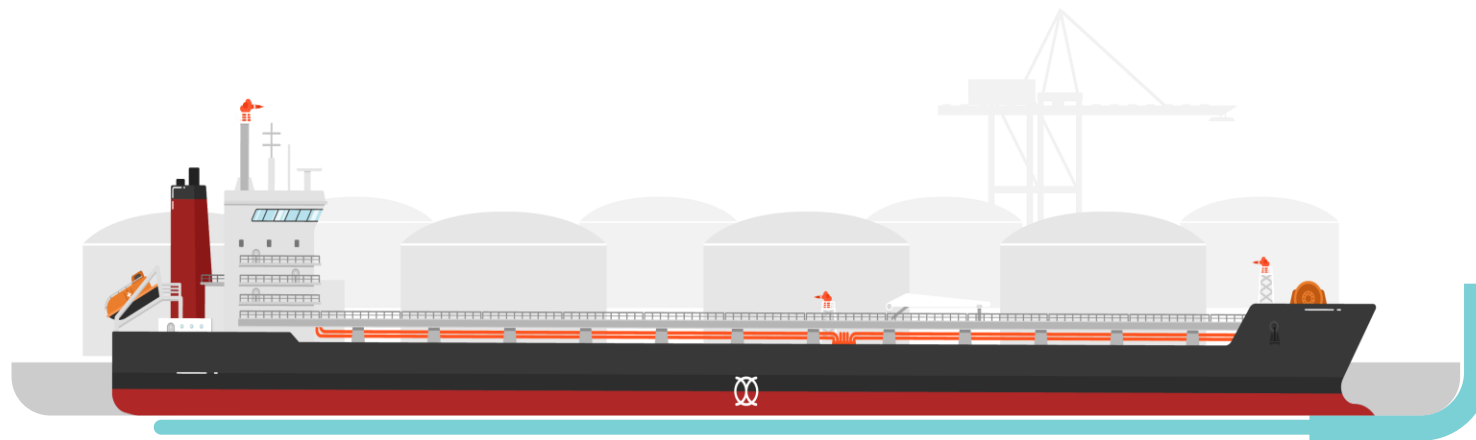


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3. Key Advantages of Feebate mechanism

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Key Advantages of Fund and Reward (Feebate) Mechanism

- **Reward element** will **multiply** the effect of the contribution rate on reducing the **cost gap**, so the contribution rate per tonne of CO₂e can be set at a level which **avoids** disproportionately negative economic impacts on IMO Member States
- If the cost gap, for example, is determined to be US\$600 per tonne of fuel oil, the contribution rate does **not** need to be set at a rate equivalent to US\$600 per tonne of fuel oil to close the cost gap – a much lower contribution rate should be sufficient

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Minimal administrative burden for Member States (or for IMO)

- The ZESF contribution system will be a **fully automated web-based system**: calculating, collecting/dispersing contributions and rewards. No money passes via governments
- ZESF will provide evidence to ships that the required annual contributions have been made, which ships can present to their flag State (or designated Recognized Organizations)
- Only role of flag State is to issue annual **Statement of Compliance** which ship can present to Port State Control for enforcement purposes

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Certainty: Contribution rate will be fixed for 5 years – not variable/volatile

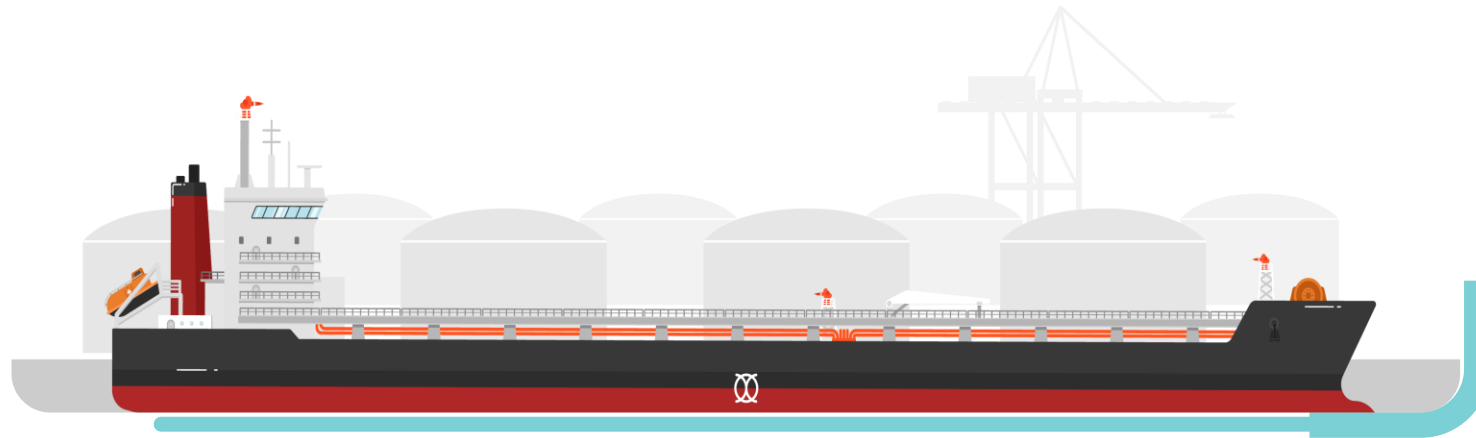
- Reward rate for uptake of zero/near-zero GHG fuels is **guaranteed** for 5 years, so energy producers and shipowners can **de-risk** investment decisions in new fuels and technologies
- Fixed contribution rate means IMO can calculate ZESF funds that will be generated with **confidence**, while separate IMO GHG Maritime Sustainability Fund will have **guaranteed revenue stream** (billions of US dollars) for GHG reduction programmes in developing countries
- Impact on bunker costs on different routes and national economies easy to assess (see Clarksons Research analysis – ISWG-GHG 16/2/2)

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4. Contribution and Rewards for CO₂e emitted/prevented, and economic impacts

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Agreeing on the contribution rate to be made by ships to ZESF

- ICS takes **no view** on what the contribution rate **per tonne of CO₂e** should be, which will take account of the IMO Comprehensive Impact Assessment (CIA) of proposed measures (as initiated by MEPC 80)
- But the contribution rate should be sufficient to meet the objectives of the measure, avoid disproportionately negative economic impacts on States, and be politically acceptable

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Contribution rate per tonne of CO₂e emitted

- To be fixed by MARPOL for a 5 year period, with review of contribution rate to begin two years after entry into force of measure
- Contribution rates **per tonne of fuel** consumed to be set out in separate Guidelines, with some fuels types having lower or zero contribution rates per tonne consumed than “liquid fuel oil”, based on CO₂e conversion factors and energy densities of fuels, as determined by IMO Life-Cycle Assessment (LCA Guidelines)

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Taking account of life cycle emissions

- Ships would not pay for life-cycle emissions for which other sectors, such as energy producers, are responsible
- But life-cycle emissions of zero/near-zero GHG fuels (as determined by LCA Guidelines) to be taken into account by lower or zero contribution rates per tonne of fuel consumed
- Measure to be consistent with 2023 GHG Strategy by not increasing emissions of other sectors

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Setting the contribution rate per tonne GHG emitted

- This will take account of Comprehensive Impact Assessment and what is politically acceptable to Member States
- But updated analysis by Clarksons Research (ISWG-GHG 16/2/2) suggests contribution rate equivalent to range between US\$20 and US\$300 per tonne of fuel oil would have no disproportionately negative impacts on States

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Reward rate for zero/near zero fuels per tonne of CO₂e prevented

- Determined following Comprehensive Impact Assessment, but sufficient to **narrow cost gap** between zero/near-zero fuels and conventional fuel oil (without closing cost gap completely, to avoid unfair competition)
- Reward rates **per tonne** of zero/near zero GHG fuels consumed to be set out in separate Guidelines, taking account of life-cycle emissions prevented and energy density of these fuels
- Use of technologies, such as carbon capture, would also be eligible for rewards for CO₂e emissions prevented

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To achieve objectives, contribution rate per tonne of CO₂e must:

- Be sufficient to fund rewards for uptake of zero/near-zero fuels to achieve of IMO goal for **5-10% energy** used by shipping to come from zero/near-zero sources in 2030
- Provide levels of funding required for separate IMO (GHG) Sustainability Fund (IMSF) to support GHG reduction programmes in developing countries

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Funding rewards

- If 5-10% of energy used by shipping in 2030 comes from zero/near-zero GHG sources, with a reward rate set at (e.g.) US\$100 per tonne of CO₂e prevented, the cost of rewarding this accelerated uptake of new fuels would be between **US\$5 to US\$10 billion per year:**

*5-10% of 300 million tonnes of fuel oil consumption per year =
15-30 million tonnes x 3.2 (CO₂e cf) x US\$100 reward per tonne of
CO₂e prevented = US\$5 to US\$10 billion per year for rewards*

- To fund rewards, this might require a contribution by ships to ZESF equivalent to between about US\$20 and US\$40 per tonne of fuel oil consumed (US\$6.25 to US\$12.5 per tonne of CO₂e emitted)

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Total contribution rate by ships

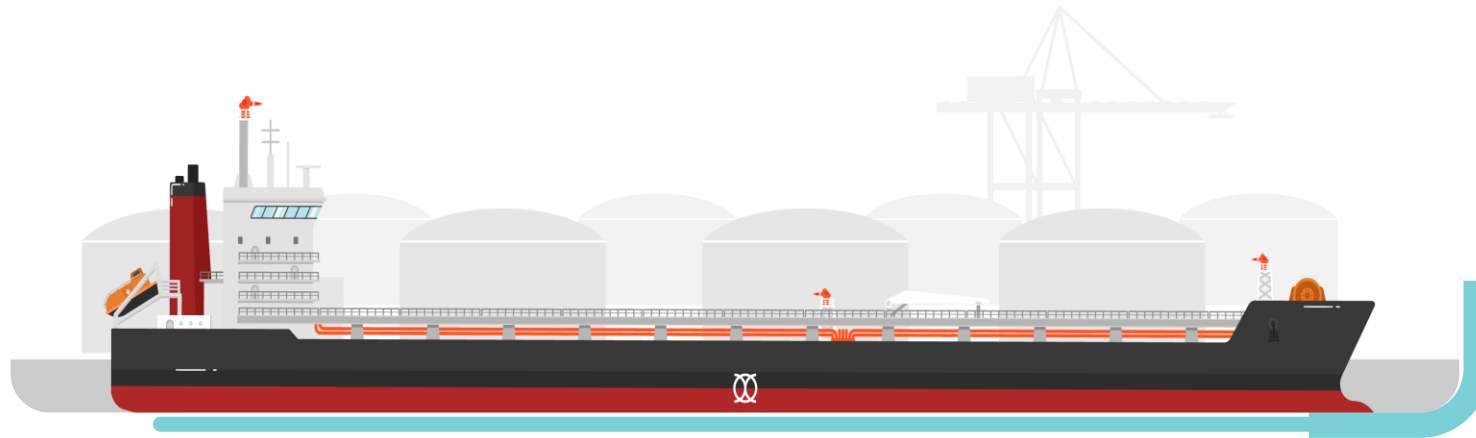
- To achieve objectives, contribution rate would need to be **higher** than US\$20-US\$40 per tonne of fuel oil
- **Most importantly, the actual contribution rate will depend on the amount of funds (billions of US dollars) which IMO decides to collect via the ZESF to support maritime GHG reduction programmes in developing countries**
- The reward rate may also need to be higher than US\$100 per tonne of CO₂e prevented to be sufficient to meaningfully narrow the cost gap between zero/near-zero GHG fuels and conventional fuel oil

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6. Governance of ZESF and IMSF

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Governance of Zero Emission Shipping Fund (ZESF)

- To be overseen by MEPC
- Details, including management of funds, set out in suggested amendments to MARPOL Annex VI and supporting Guidelines
- But the fully automated contribution and reward system can be administered by IMO Secretariat because no 'policy' decisions are required about the use of ZESF funds which will be set out in the regulations

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Governance of IMO (GHG) Maritime Sustainability Fund (IMSF)

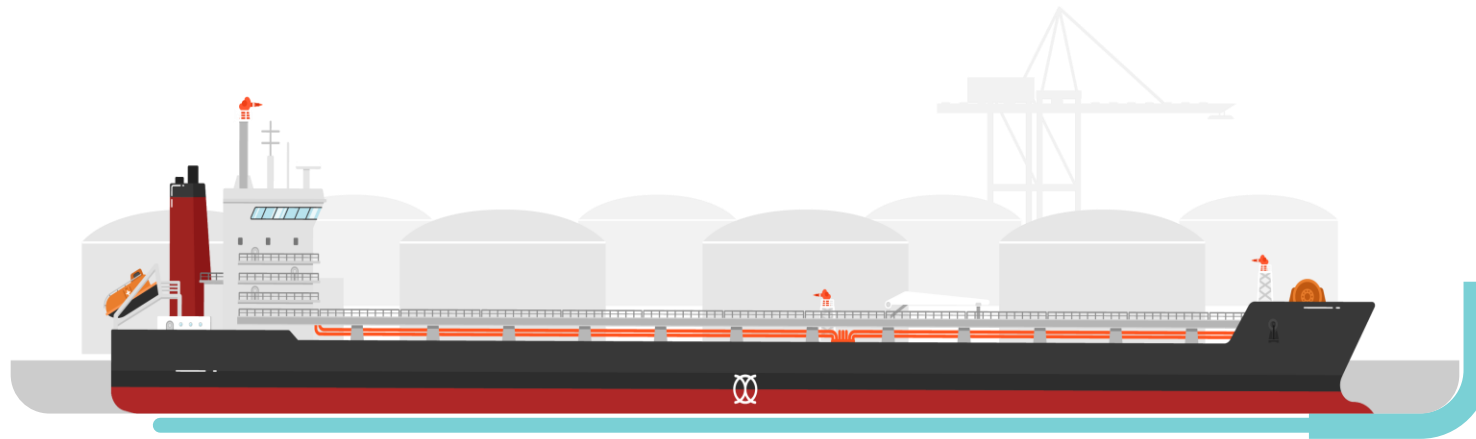
- **Setting priorities** as to how billions of US\$ of IMSF funds (transferred from ZESF) will be used, to support GHG reduction efforts of developing countries to achieve goals of 2023 IMO GHG Strategy, will be determined by **Steering Committee** comprising State Parties
- Decisions about programmes and projects IMSF will fund, plus conduct and oversight, can be delegated to other UN agencies
- Detailed **Terms of Reference** for Steering Committee to be finalised after measure is adopted – **immediate priority is to establish regulatory architecture of ZESF contribution system to ensure funding for IMSF**

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5. Conclusions and action requested of IMO Member States

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Conclusions

- The ZESF and Feebate mechanism is the only comprehensive proposal which will guarantee the billions of US dollars required for a truly global transition, including billions of dollars to support developing countries
- Document ISWG-GHG 16/2/3 sets out complete package for the regulatory architecture which can realistically be finalised for approval as a maritime GHG emissions pricing measure at MEPC 83, as required by 2023 IMO GHG Strategy
- **For MEPC 83 to be able to approve a measure, work needs to start on new MARPOL Annex VI regulations immediately**

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Conclusions: Feebate mechanism will accelerate “take-off” point for production and uptake of zero/near-zero GHG marine fuels, so that 2040 and 2050 goals remain achievable

- The mechanism achieves this by **reducing cost gap** and **de-risking** urgent investment decisions, funding rewards for CO₂e emissions prevented by the use of zero/near-zero GHG fuels and technologies
- **Billions of US dollars will also be provided to support developing countries’ production of ‘green’ fuels and bunkering infrastructure in ports, which contributions by ships to ZESF will provide via the separate IMO (GHG) Maritime Sustainability Fund (IMSF)**
-

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Conclusions: The feebate mechanism will:

- Due to the **reward** element, **multiply** the effect of the contribution rate to significantly reduce the cost gap, with **minimal economic impacts** on IMO Member States
- Involve minimal administrative burden for Administrations
- Help deliver IMO goal for **5-10%** of the energy used by shipping to come from zero/near-zero GHG sources by **2030** – but also leaving open a pathway to a 70-80% cut in absolute emissions for 2040, so that reaching net zero, by or around 2050, remains **achievable and plausible**

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Key advantage of Fund and Reward (Feebate) mechanism is:



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Certainty as to amount of funds to be raised

Certainty as to rewards to incentivize, de-risk and accelerate transition

Certainty as to guaranteed billions of US dollars of funding for developing countries

Certainty as to how the ship complies

Certainty as to potential economic impacts on fuel costs and States

Certainty for Administrations and Port States as to minimal administrative burden and how the requirements will be enforced

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And finally....



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Key advantage of Fund and Reward (Feebate) mechanism is:

“Beautiful simplicity”



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Action required by Member States

- A Fund and Reward (Feebate) mechanism should be taken forward as a maritime GHG emissions pricing mechanism, as required by the 2023 IMO GHG Strategy
- This should be prioritised by MEPC 81 for development and adoption as **a separate economic measure** by 2025, as part of a basket of mid-term measures that also includes a Global (GHG) Fuel Standard as a separate technical measure
- In view of the urgency, ISWG-GHG 17 should be instructed to develop necessary MARPOL amendments for submission to MEPC 82

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Demonstration of ZESF web-site based contribution system prototype, developed by ICS

Please click link below (please allow a few moments to load)

[▶ Combined sets - ZESF Prototype 2024 \(figma.com\)](#)

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Thank you

