

## A.P. Moller - Maersk position paper

# A tailwind for decarbonisation

### Key Facts

- *Maersk is investing in new, oceangoing container vessels that can operate using carbon-neutral methanol fuel.*
- *An industry first, the vessels will offer Maersk customers climate neutral transportation at scale on the high seas.*
- *A price on greenhouse gas emissions should encourage vessels that operate carbon-neutrally.*



Decarbonising logistics is a strategic imperative to A.P. Moller - Maersk. As an industry leader, and with the resources available to us, we have an obligation to do everything in our power to ensure that A.P. Moller - Maersk runs carbon-neutral business operations as fast as possible.

The transition towards climate-neutrality takes time, and appropriate, strong regulatory frameworks to accelerate the process are vital. However, policy frameworks should not only secure that low performers are held accountable, but also reward first-movers for the risks taken on behalf of the whole industry.

A.P. Moller - Maersk welcomes the 'Fit-for-55' Package presented by the European Commission in July 2021. The Package is a cornerstone in the European Union's efforts to combat climate change. A key element of the Package is the extension of the Emissions

Trading System (ETS) to include maritime transport, thereby introducing a cost-incentive to reduce GHG emissions. More information on the ETS can be found [here](#).

A.P. Moller - Maersk supports the ETS proposal, and suggest the two following changes to the framework to provide a tailwind for the decarbonisation of maritime transport:

### **I. More greenhouse gases should be included**

CO<sub>2</sub> is the primary greenhouse gas emitted through human activities, but it is not the only one. The introduction of new fuels in maritime transport presents new challenges in the form of emissions of other greenhouse gases. Methane (CH<sub>4</sub>) and nitrous oxide (N<sub>2</sub>O) are other potent greenhouse gases with a higher global warming effect than CO<sub>2</sub> in the short term, where the impact matters the most. The proposed ETS for maritime transport

only puts a price on emissions of CO<sub>2</sub>. For the regulatory framework to be fit for future fuels, the ETS should also put a price on all greenhouse gases.

## II. New fuels require new methods of assessment

New technologies and new fuels will require that the regulatory framework goes beyond its narrow focus on the CO<sub>2</sub> coming out of the stack of the ship. The framework needs to expand to consider the emissions based on a life cycle analysis. Some new fuel types can be produced in more than one way, either using renewables or fossil feedstocks. A framework that only considers direct emissions would encourage the use of fuels that have significant emissions during production but no emissions when used onboard.

In other words, it simply shifts emissions from combustion to production. For the regulatory framework to encourage the use of renewable and low carbon fuels, the ETS must base itself on a life cycle analysis that considers emissions from production and transportation.

### The steppingstone to a global measure

Approximately 85% of GHG emissions from shipping occur in areas, where EU legislation does not apply. This emphasises the need for global cooperation in achieving global solutions.

The EU ETS extension to maritime transport seeks to address this by including half of the emissions from the last/first voyage of a vessel before arriving/departing at a port under EU jurisdiction. While we understand the appeal of bringing as many emissions as possible into the ETS, we worry that the diplomatic repercussions from an extraterritorial application will alienate trading partners that are crucial in reaching a global policy framework to decarbonise shipping.



An ETS that starts by applying to voyages between the EU Member States would not risk alienating trading partners. The European Union has a unique opportunity to demonstrate to the world the advantages of the ETS and how it can promote decarbonisation of shipping without introducing new trade barriers or significant increases in consumer prices. In the long run, the EU ETS would lay the foundation for a global framework.

Leading by example is never easy – it takes commitment and courage to convince others to follow, but we believe that a futureproof ETS has the potential to inspire a truly global measure for shipping in the International Maritime Organisation.

Maersk looks forward to supporting and engaging with EU and non-EU stakeholders on the EU ETS. If done right, this initiative could chart the course for sustainable shipping.

For further information please email [policy@maersk.com](mailto:policy@maersk.com)

**A.P. Moller - Maersk** is an integrated container logistics company connecting and simplifying trade to help our customers grow and thrive. With a dedicated team of over 95.000, operating in 130 countries; we go all the way to enable global trade for a growing world.