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INTERCARGO Statement on IMO Decarbonisation Ambitions, Medium-Term Measures and Carbon Intensity Indicators

INTERCARGO continues to fully support the ambition to achieve net zero emission shipping by 2050. It is important to stress, however, that this goal can only be achieved by providing the shipping industry with alternative zero carbon fuels.

The responsibility for decarbonisation cannot be placed solely on the shoulders of the ship operator at the end of the line – it is a challenge that must be dealt with holistically by the entire shipping industry.

It is essential that appropriate policies are included in the Revision of the International Maritime Organization (IMO) GHG Strategy to ensure that green fuels are secured as well as the necessary infrastructure to ensure availability and bunkering in ports around the world. Unfortunately, these aspects are not sufficiently discussed and addressed despite their critical role.

INTERCARGO's position is that a combination of core elements of previous proposals on medium-term measures is the best way forward, and therefore welcomes the ICS revised proposal (paper ISWG-GHG 13/4/9).

Specifically, INTERCARGO believes that a flat rate contribution per tonne of CO₂ emitted on a Tank-to-Wake (TtW) basis - and subject to the outcome of the ongoing discussions at IMO on fuel emissions' Life-Cycle Assessment (LCA) - should be combined with an International Maritime Sustainability Funding and Reward (IMSF&R) mechanism where ships of 5,000 GT and above will make an annual contribution per tonne of CO₂.

Under such a scheme only ships that use 'eligible alternative fuels' would receive a reward for CO₂ emissions prevented.

A combination of technical and economic measures should be accompanied by appropriate policies and commitments from the Member States, in order for fuel suppliers to secure the required alternative fuels in ports around the world in sufficient quantities.

On CII (Carbon Intensity Indicators)

INTERCARGO believes that the current Carbon Intensity Indicator (CII) framework should not be used as a benchmark for IMO's medium-term measures.

During the Association's recent deliberations during its semi-annual meetings, INTERCARGO members expressed their belief that CII cannot be used to achieve the desired decarbonisation goals as under real life operating conditions it will not deliver equitable, transparent and non-distorting emissions' reductions.

A number of factors can have a significant adverse impact on a vessel's CII rating, most of which are outside the vessel's control. Examples include adverse weather, voyage distance, port waiting times, port infrastructure, and charterers orders. Paradoxically when considering voyage distances and port waiting times, vessels with longer travel distances can produce more emissions but have a better CII rating when compared to vessels travelling shorter distances and producing less emissions.

INTERCARGO does not therefore believe that CII, in the current format, would achieve the desired decarbonisation goals or targets. While generally supportive of the operational short-term measure, there are significant flaws that need to be addressed in order to make CII fit for purpose.

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About INTERCARGO: International shipping is vital for the global economy and prosperity as it transports approximately 90% of world trade. The dry bulk sector is the largest shipping sector in terms of number of ships and deadweight. Dry bulk carriers account for 43% of the world fleet (in tonnage) and carry an estimated 55% of the global transport work. Please view our latest [Dry Bulk Shipping video: Sustainably serving the world's essential needs¹](#).

The International Association of Dry Cargo Shipowners (INTERCARGO) unites and promotes quality dry bulk shipping, bringing together more than 240 forward thinking companies from 30 countries, among which more than 150 owners/managers/operators controlling over 40% (in dwt) of the global dry bulk fleet. INTERCARGO convened for the first time in 1980 in London and has been participating with consultative status at the International Maritime Organization (IMO) since 1993. INTERCARGO provides the forum where dry bulk shipowners, managers and operators are informed about, discuss, and share concerns on key topics and regulatory challenges, especially in relation to safety, the environment, and operational excellence. The Association takes forward its members' positions to IMO, as well as to other shipping and international industry fora, having free and fair competition as a principle.

¹ <https://www.intercargo.org/video-2021/>