7 May 2025

Letter: The EU must plug the gap in IMO regulations to cut shipping emissions and build clean maritime competitiveness

Addressed to:

Teresa Ribera
Executive Vice-President for Clean, Just and Competitive Transition

Apostolos Tzitzikostas
European Commissioner for Sustainable Transport and Tourism

Wopke Hoekstra
European Commissioner for Climate, Net Zero and Clean Growth

Dariusz Klimczak
European Union Presidency, Minister of Infrastructure

Dear Executive Vice-President Teresa Ribera, Commissioners Apostolos Tzitzikostas, Wopke Hoekstra, and Minister Darius Klimczak,

We are writing as an alliance of non-profits and industry coalitions, collectively representing 82 clean maritime and green hydrogen industry stakeholders, to urge the EU to adopt stronger policies to support the shipping industry in its pursuit of meeting climate goals and cultivating a global competitive edge in the wake of the inadequate measures agreed recently at the International Maritime Organization (IMO).

April 11th marked an indisputably historic moment for the shipping industry and the climate alike. Member States of the IMO in London agreed on measures to cut greenhouse gas (GHG) emissions from the international shipping industry.

However, the final agreement leaves much to be desired. Despite the EU's support for more ambitious options, including a universal GHG levy and stringent fuel standard, the measures ultimately agreed are not strong enough to align international shipping with either the 1.5°C Paris temperature goal or the IMO's own targets agreed in its 2023 Strategy.

The regulations fail to price enough of shipping's total GHG emissions to ensure the maritime energy transition goes fast and far enough, and is just and equitable. The pricing mechanism agreed fails to put penalties on close to 90% of emissions, weakening the incentive to shift away from fossil fuels, and limiting the availability of funds to drive the transition. The upshot is that the sector is set to miss its 2030 goals, and will cut at most 10% of shipping emissions by 2030, a far cry from the IMO's 2023 Strategy target of 30%.

The IMO agreement also fails to adequately promote green hydrogen fuels, which have the lowest lifecycle GHG emissions. Green hydrogen and e-fuels, such as e-ammonia and e-methanol, provide the shipping industry with the only credible alternative fuel pathway to net-zero, alongside other non-fuel technologies, energy solutions and efficiency measures. But these fuels face high barriers to accessing the investment needed to develop, scale production and reduce prices. The IMO measures will give some boost to e-fuels via demand signals and rewards for early adopters of zero and near-zero (ZNZ) fuels, but not enough. They may also give even greater help to unsustainable liquified natural gas (LNG) and biofuels.

The IMO measures are therefore limited by two major flaws: weak emissions pricing and inadequate incentives for green hydrogen fuels' development and uptake.

The EU Commission must seize the opportunity to plug these gaps and advance its Clean Industrial Deal competitiveness goals. Europe has a green hydrogen and clean maritime industry-in-waiting, with a potential shipping e-fuel production capacity as great as 1.06 million tonnes of oil equivalent in shipping e-fuels by 2030, enough to meet FuelEU Maritime targets. Europe is poised to take advantage of a global competitive edge in these sectors, but is hamstrung by a lack of enabling policy.

Before the IMO measures come into practical effect in 2028, we recommend the EU Commission pursue the following policy roadmap to unlock this potential:

1. **2025 — Sustainable Transport Investment Plan (STIP): introduce financial support mechanisms for e-fuel producers.**

   Create financial support mechanisms for e-fuel producers, using revenues from the ETS, to establish the enabling regulatory environment needed to de-risk investment and unlock finances for scaling production.

2. **2026 — ETS maritime review: expand ETS and dedicate revenues to funding e-fuel development.**

   Expand the EU ETS to ships under 5,000GT, and dedicate a portion of additional available funding to advancing the maritime energy transition with industry-sourced revenues rather than using public funds, in line with the polluter pays principle.

3. **2027 — FuelEU Maritime review: strengthen targets and make them legally binding.**

   Amplify the limited demand signal for e-fuels the IMO measures send by further affirming maritime end-uses of e-fuels and green hydrogen with more ambitious and binding FuelEU Maritime mandates.

4. **Urgently push for more ambitious regulation at the IMO in line with the objectives of the Clean Industrial Deal.**

   This should include working towards (1) a more stringent ZNZ emission fuels definition, (2) a targeted reward mechanism for e-fuel adoption, and (3) a robust lifecycle analysis methodology that accounts for all climate impacts, including from indirect land use change (ILUC) in biofuel production.

On behalf of the signatories below, we look forward to working with you to maximise the benefits that decarbonising the EU's maritime sector offers, and welcome the opportunity to meet to discuss the issue further.

Yours sincerely,

The SASHA Coalition

Zero Emissions Ship Technology Association (ZESTAs)

NABU, The Nature And Biodiversity Conservation Union

Carbon Market Watch

The Green Hydrogen Organisation

ZERO – Associação Sistema Terrestre Sustentável

The views expressed in this letter do not necessarily represent the views of the signatories' entire memberships or signatories, either individually or collectively.