

## Report on Supply Chain Compliance Volume 2, Number 2. January 25, 2019

### UN and Maersk lead initiative to dramatically lower shipping fuel emissions by 2050

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In December 2018, Danish shipping giant A.P. Moller – Maersk A/S (also known simply as Maersk) announced an ambitious plan to completely decarbonize its fleet by the year 2050. The plan calls for carbon neutral vessels to be commercially viable by 2030, requiring a dramatic acceleration of research and development into new technology. The announcement coincides with efforts by the U.N.'s International Maritime Organization (IMO) to halve the shipping industry's greenhouse gas emissions by 2050 (compared to 2008 levels) and dramatically reduce the sulfur content of maritime fuels via a "sulfur cap." The industry, according to the IMO, carries around 80 percent of global trade and accounts for 2.2 percent of CO<sub>2</sub> emissions.

"The only possible way to achieve the so-much-needed decarbonization in our industry is by fully transforming to new carbon neutral fuels and supply chains," says Soren Toft, Chief Operating Officer at Maersk. "The next 5-10 years are going to be crucial. We will invest significant resources for innovation and fleet technology to improve the technical and financial viability of decarbonized solutions. Over the last four years, we have invested around USD 1 billion and engaged 50 plus engineers each year in developing and deploying energy efficient solutions. Going forward we cannot do this alone."

The task requires an incredible investment of time and resources, as well as cooperation with a host of partners ranging from refineries to government actors. The shift toward carbon neutral fuels requires the development of new cargo ships and the supply chains to not only build the ships, but provide the fuel for the future. Additionally, governments and port authorities around the world may be roped into enforcement (as with the sulfur cap) due to IMO requirements that member states police their own waters and ports. That may also result in revamped regulations and procedures for the various industries.

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