

ANNOUNCEMENT

October 14, 2025

Subject: Urgent Appeal to EU Member States to Reject the Proposed International Maritime Organization (IMO) Net-Zero Framework (NZF)

The Cyprus Union of Shipowners (CUS) urges the Member States of the European Union, and in particular the Government of the Republic of Cyprus, to vote against so as to allow more time for wider consensus in relation to the proposed Net- Zero Framework (NZF) of the International Maritime Organization (IMO), scheduled for adoption at the MEPC ES.2 session (14–17 October).

As currently drafted, the NZF poses a serious threat to the European shipping, economy, and energy security, and also represents a grave danger to small and medium-sized enterprises (SMEs), which form the backbone of European shipping. In essence, it represents a multi-billion-euro tax that does not reduce emissions but instead shifts the cost to end-consumers fueling inflation across the European Union.

1) Lack of any meaningful environmental benefit

- The NZF imposes exorbitant charges despite the current lack of realistic technologies or infrastructure to ensure compliance.
- It relies on so-called “green” fuels — methanol, ammonia, hydrogen, and synthetic LNG — which are not available at industrial scale and consume more renewable energy in production than they yield.
- Rather than reducing emissions, the framework diverts critical financial resources away from genuine technological and energy innovation, thereby slowing the transition to cleaner solutions.

2) A fiscal measure with socially unjust consequences

Shipping transports over 90% of global trade. Any additional cost imposed on ships will inevitably be passed on to the prices of all goods and services — from food and medicines to raw materials and energy.

The result will be broad-based price increases, a higher cost of living and intensified inflation.

3) A threat to fleet viability and the global supply chain

The NZF's implementation would lead to a supply shortage, at a time when there are no mature or scalable alternatives to fill the supply gap. As a result, the SMEs, being the backbone of EU shipping, will face competitive challenges resulting in a setback for the EU as a whole. Such an outcome would entail:

- A permanent strategic setback for Europe, resulting in the loss of its global maritime leadership.
- Severe ecological damage, as the premature dismantling and replacement of ships would generate massive waste and additional emissions.
- Destabilization of global supply chains, with delays, product shortages, and higher transport costs.
- Accelerating inflation and loss of purchasing power throughout Europe and, by extension, globally.

4) Implications for Europe's energy security

Europe remains heavily dependent on LNG imports. Currently, imported LNG reaches Europe, already more than double the U.S. domestic price. Under the NZF, this cost is projected to rise further, triggering energy price surges, further inflationary pressure and a deepening energy crisis — with disproportionate effects on households and industry.

5) Shipping is already leading in emissions reduction

International shipping is the most efficient and environmentally sustainable mode of transport. Through technological innovation, operational optimization and continuous investment, the industry has achieved significant emission reductions, even as transport volumes have multiplied.

6) Cyprus and Europe have a duty to protect their shipping industries

Shipping is a pillar of the Cypriot economy and a strategic sector for Europe as a whole. Cyprus, as a major maritime nation, must support the European consumer and the creation of a global and decarbonization incentive scheme whose funds are re-invested amongst others in the

shipping industry, whilst at the same time rejecting unfair, ineffective, and damaging multi-billion taxation schemes (whether regional or not) with no experience or clear procedures over how such funds are utilized.

The Cyprus Union of Shipowners supports global policies of genuine environmental progress under the auspices of the IMO — and to that end, calls upon the Government of the Republic of Cyprus and all EU Member States to vote against the current IMO's Net-Zero Framework (NZF) in order to allow more time for consensus by major stakeholders. Any solution should be founded on research, technological innovation, and realistic, science-based solutions that safeguard people, the economy, environment, and the industry, without crushing economies and consumers.

Sincerely,

Executive Committee of Cyprus Union of Shipowners