



## Position Paper on Carbon Capture, Utilisation and Storage

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### Main Recommendations

ECSCA calls on the Commission to:

- **Accelerate the implementation of the Net-Zero Industry Act**, in particular the establishment of a single market for CO<sub>2</sub> and guidelines for maritime transport of CO<sub>2</sub> as well as accelerate the work on carbon credits.
- **Support the work to scale up Europe's manufacturing capacity for net-zero technologies** and products by securing access to funding within the Innovation Fund, TEN-T, TEN-E and AFIR frameworks.
- **De-risk CCUS investments** and improve the conditions for investment in secure and resilient cross-border infrastructure for carbon capture, utilisation, and storage (CCUS) and transport.

### Introduction

European shipowners are committed to contributing to the EU's goal of becoming the first carbon-neutral continent by 2050. The implementation of the legislation of the 'Fit for 55' climate package is key to achieving the 2030 climate goals and contributing to the decarbonisation of the shipping sector. CO<sub>2</sub> capture, utilisation, storage, and transport are part of a new industrial sector that will contribute to reach the ambitious EU climate targets and will be a driver of economic growth and employment through new maritime activities, technology and specialised CO<sub>2</sub> vessels. This position paper therefore outlines ECSCA's position on CCUS and proposes regulatory recommendations. It is accompanied by another ECSCA position paper on Onboard Carbon Capture and Storage (OCCS).

### Implementation of the Net-Zero Industry Act and a single market for CO<sub>2</sub>

The Net-Zero Industry Act has a target to annually store at least 50 million tonnes of CO<sub>2</sub> in the EU by 2030<sup>1</sup>, and it is expected that approximately 280 million tonnes would need to be captured by 2040 and around 450 million tonnes per annum (mtpa) by 2050<sup>2</sup> for the EU to become a carbon-neutral continent. To

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<sup>1</sup> [Regulation - EU - 2024/1735 - EN - EUR-Lex](#)

<sup>2</sup> Based on the modelling of the impact assessment for EU's 2040 climate target Communication ([SWD\(2024\) 63](#))



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ensure that these targets are met, a phased implementation plan with milestones for infrastructure, regulatory alignment and technology deployment is needed.

To this end, **European shipowners call for the establishment of the necessary European storage, utilisation, and transportation capacity, as well as an internal CO<sub>2</sub> market with carbon credits to ensure ambitious and well-coordinated policies at EU level, as enshrined in the Industrial Carbon Management strategy<sup>3</sup>**. Without capacity building, innovation, infrastructure, and the establishment of a single market for CO<sub>2</sub> in Europe, the number of operational large-scale industrial carbon management projects in Europe will remain limited, not least because of the technical challenges, such as designing and operating liquid CO<sub>2</sub> (LCO<sub>2</sub>) carriers, ensuring safety during transport and handling CO<sub>2</sub>. European shipowners are ready to play a crucial role in the CCUS process, with particular emphasis on safe and reliable transportation of CO<sub>2</sub> and to support policy makers towards an EU-wide comprehensive framework.

## Shipowners as a key partner in cross-border transport of CO<sub>2</sub>

Shipowners are essential in the cross-border transport of CO<sub>2</sub> for geological storage and utilisation within the EU/EEA. To streamline this process, a single market for CO<sub>2</sub> transport must be established, replacing the current reliance on bilateral agreements under resolution LP.5(14) to the London Protocol<sup>4</sup>. In this respect, there is significant benefit for the parties to the London Protocol that have not yet ratified the 2009 amendment (i.e. resolution LP.3(4)) to do so at the earliest opportunity, thereby enabling much wider scale transboundary movement of CO<sub>2</sub> for purposes of sequestration. Finally, the European Commission should continue to support the IMO's regulatory developments on OCCS and integrate future IMO provisions into the EU framework. European shipowners urge the Commission to act swiftly in providing legal clarity and integrating CO<sub>2</sub> transport into the broader Industrial Carbon Management Strategy.

Shipping's role is crucial in transporting captured CO<sub>2</sub> to storage and utilisation facilities and can also assist in unlocking the potential for Onboard Carbon Capture and Storage (OCCS), as well as hard to decarbonise industries near shore or in industrial clusters not connected to pipelines. **ECSA welcomes the broadened scope of the Innovation Fund to cover carbon capture, utilisation, storage, and transport as laid down in Article 10a, paragraph 8 of the revised EU Emission Trading System (ETS) Directive<sup>5</sup>. Simultaneously, access to funding within the TEN-T, TEN-E and AFIR frameworks is necessary to scale up CCUS in shipping.** Furthermore, ECSA awaits the report of the Commission in 2026, which will cover, among others, the question of the

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<sup>3</sup> [Communication - 2024/62 - EN - EUR-Lex](#)

<sup>4</sup> [International Maritime Organisation \(IMO\) Resolution LP.5\(14\)](#)

<sup>5</sup> [Directive - 2003/87 - EN - EUR-Lex](#)



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potential inclusion in the scope of the EU ETS of emissions removed from the atmosphere and safely and permanently stored.

In the meantime, **infrastructure improvements, such as storage facilities at ports and terminals, must be prioritised** to handle large CO<sub>2</sub> volumes, ensuring shipping's full potential is used. Key policies should include verification of vessels, CO<sub>2</sub> removal certification and integration in the EU MRV and EU ETS systems to avoid carbon leakage. This also includes supporting point-source capture (PSC-CCS route) for permanent underground storage and carbon capture and utilisation (CCU route), where synthetic, carbon-neutral fuels are produced using CO<sub>2</sub> as feedstock. It is equally important that the use of such carbon-neutral fuels is properly acknowledged within the EU ETS and FuelEU Maritime frameworks to prevent double counting of the embodied carbon emissions. Finally, trading chemically bound CO<sub>2</sub> from carbon capture for utilisation in other industries should be equally considered. Shipping's role in the transport chain is crucial to the success of the EU's carbon strategy.

### **Ambitious targets and policies will stimulate investments in the necessary technology**

Considering the significant capture and storage potential, efforts should be made to set a higher European target, with the premise that the technology can be established and expanded under market conditions. European governments should aim to deliver their national contribution to the European target of at least 50 million tons of CO<sub>2</sub> storage annually by 2030. This will also help secure the necessary infrastructure for interim storage and export (maritime transport) to European ports. **Ambitious targets must come together with progressive policies on how to stimulate cross-border CO<sub>2</sub> transport.**

To create the best conditions for cross-border competition and investment in CO<sub>2</sub> transport, it is also important to align EU and UK ETS schemes. UK emitters storing their CO<sub>2</sub> in a UK site are exempted from the need to surrender allowances under the UK ETS. Emitters in the EU ETS storing their CO<sub>2</sub> in a site located in the EU are also exempted from surrendering allowances under the EU ETS. It is unclear however, which rules apply when an emitter in one ETS area stores CO<sub>2</sub> in the other ETS area, e.g. when industrial facilities located in the EU want to export their CO<sub>2</sub> to the UK for permanent storage in the North Sea. **Mutual recognition of CO<sub>2</sub> storage and utilisation under both regimes** would provide clear financial incentives to CO<sub>2</sub> emitters and transporters and create a CO<sub>2</sub> transport and storage network with greater economies of scale, lower costs, and enhanced innovation.

### **Securing a solid infrastructure to meet European and international demand**



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Risks must be effectively mitigated to kickstart the CCUS industry, alongside the development of robust, resilient cross-border infrastructure for CCUS and its transportation across Europe. Currently, CAPEX investment risks are too high, whether it involves storage, transport, or capture. To ensure the development of a European CCUS industry, **the European Commission should reduce the risk for market players during a transitional period until commercial agreements can be established, enabling a sustainable market.** To meet national and international demand for CO2 capture and transport, infrastructure and terminals need to be constructed. Support should be provided for building new supply chains for CO2 utilisation, tailored to market needs, as they contribute to a circular economy. **Simultaneously, adequate funding support should be provided to ensure necessary investments.** For such investments, an analysis must be conducted to identify optimal locations along with the required size of infrastructure and facilities for each location to support Member States in securing necessary investments.

## Contact

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