Multi-year Expert Meeting on Transport, Trade Logistics and Trade Facilitation:

Third Session: Small Island Developing States: Transport and Trade Logistics Challenges

24 – 26 November 2014

International Shipping: Challenges and Opportunities of Relevance to SIDS

Presentation by

Mr. Simon Bennett
Director Policy and External Relations
International Chamber of Shipping (ICS)

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International Shipping: Challenges & Opportunities of Relevance to SIDS

UNCTAD, Geneva, 24 November 2014

Simon Bennett,
Director Policy & External Relations
International Chamber of Shipping (ICS)
Agenda Today

- Brief introduction to shipping
- SIDS and international maritime regulation
- New environmental regulations
- CO$_2$ reduction issues (including UNFCCC Green Climate Fund)
Lifeblood of World Trade

Containerships
Tankers

Cruise Ships (and Ferries)
Global Rules for a Global Industry

IMO in session in London

Role of SIDS at IMO

- Port States and Flag States
- Top 6 flag states include: Bahamas, Marshall Islands
- Many other SIDS have established open registers – but this entails serious obligations
Flag State Performance

See www.ics-shipping.org

IMO Technical Assistance
Shipping Faces Enormous Economic Challenges

Too Many Ships Chasing Too Few Cargoes

Global Orderbook

Source: Clarkson Research Services
The Shipping Downturn Continues

Dry Cargo Freight Indices 2008-2014

Avalanche of New Environmental Rules
US$ 500+ Billion Cost of New Rules

IMO Ballast Water Management Convention

$US 100 billion cost over next five years
CO$_2$ Charging?

Impact on SIDS of Competition Rule Changes?

- 2008 EU Abolished Liner Conferences – reducing scope for co-operation on service levels
- Other jurisdictions may follow
- Pacific SIDs – APEC Guidelines on Maritime Competition Rules
Shipping is a Driver of ‘Green Growth’

Shipping is most *carbon efficient* form of commercial transport

IMO agreement on technical regulations will reduce ships’ CO₂

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<th>Regulations</th>
<th>EED requires new ships to meet agreed efficiency targets</th>
<th>New ships must improve efficiency 10%</th>
<th>New ships must improve efficiency up to 20%</th>
<th>New ships must improve efficiency 50%</th>
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<td>Ship-Energy Efficiency Management Plan (SEEMP): mandatory implementation for all ships</td>
<td>20% CO₂ reduction per tonne/km (Industry goal)</td>
<td>50% CO₂ reduction per tonne/km (Industry goal)</td>
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<th>2013</th>
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Latest IMO GHG Study (2014)

- CO$_2$ emissions have reduced 10% between 2007 and 2012
- 2.2% of global CO2 (2.8% 2007)
- But in part achieved with slower speeds – making remote SIDS ‘further away’

CO$_2$ Charging

- IMO debate about carbon levy for ship, pending outcome of UNFCCC Climate Conference in 2015
- Debate about reconciling CBDR principle with global regime
If IMO develops market based measure, possibility of shipping contributing to UNFCC Green Climate Fund

But controversial…

Shipping is Not a Cash Cow!
Thank you