Shipping Industry Approach to Sustainable and Resilient Transport

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Simon Bennett
International Chamber of Shipping (ICS)
International Chamber Shipping

- Global trade association for ship operators
- Represents shipping at IMO, ILO, UNFCCC etc.
- 37 national shipowners’ associations, over 80% of world merchant fleet
Agenda Today

- Environmental Sustainability, (Key challenges)
- Response to Paris Agreement
- UNCLOS Implementing Agreement
UN Sustainable Development Goals and Shipping
UN ‘Rio + 20’ Summit (June 2012)

‘Poverty eradication is the greatest global challenge and indispensable to sustainable development.’

Statement by Heads of State
Key Shipping Message at ‘Rio + 20’

90% carriage of world trade facilitates economic growth and spread of prosperity
Maritime Trade Will Continue to Expand (along with Global GDP and Population)

Sources: IHS, OECD, UN
Shipping is a Driver of ‘Green Growth’

Shipping is the most carbon efficient form of commercial transport.

Comparison of CO₂ emissions between different transport modes
Source: Swedish Network for Transport and the Environment

- Cargo vessel over 8,000 dwt: 15 grams per tonne-km
- Cargo vessel 2,000-8,000 dwt: 21 grams per tonne-km
- Heavy truck with trailer: 50 grams per tonne-km
- Air freight 747-400: 1,200 km flight = 540 grams per tonne-km
But Cost Efficient Maritime Transport Should NOT Be Taken for Granted….

New environmental regulation should be subject to full cost benefit analysis…. 
The Three Pillars of Sustainability and Shipping
Environmental Sustainability

Shipping committed to continuous improvement though IMO MARPOL Convention (and other instruments)
Reduction in Oil Spills

REDUCTION IN MAJOR OIL SPILLS

Average number of major oil spills per year (over 700 tonnes)

Source: ITOPF
Hundreds of *Billions* of US Dollars in Environmental Improvements
Reduction in Shipping’s CO$_2$

10% total reduction (2007-2012)
IMO agreement on technical regulations will reduce ships' CO₂
MARPOL Annex VI, Chapter 4 adopted July 2011

<table>
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<tr>
<th>Year</th>
<th>Regulations enter into force for over 90% of world fleet</th>
<th>EEDI 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 30%</th>
<th>50% CO₂ reduction per tonne/km (industry goal)</th>
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Switch to Low Sulphur Fuel

- 50% price increase
- Expected cost to industry over US$50 Billion a year
- Major impact on economic sustainability of shipping
IMO Ballast Water Management Convention

Treatment equipment – $US100 Billion
Economic and Environmental Sustainability are *Equal* Priorities

Shipping must be *commercially viable* to deliver the *billion dollar investments* in environmental improvements sought by regulators and society.
Responding to the Paris Agreement
Developing Nations’ Share of Maritime Trade

DEVELOPING COUNTRIES’ SHARE OF GLOBAL SEABORNE TRADE (BY VOLUME)

% of global goods loaded/unloaded at developing countries’ sea ports

- 1990
- 2000
- 2010
- 2013
- 2014

Goods loaded
Goods unloaded

Source: UNCTAD Review of Maritime Transport 2015
ICS Has Proposed that IMO Develops:

An *Intended IMO Determined Contribution* to reduce CO$_2$

(mirrors UNFCCC INDCs)
A Market Based Measure (MBM) to Reduce CO$_2$?

**If** IMO develops an MBM

Preference of Shipping is for Fuel Levy
Reconciling CBDR with IMO global rules?

Fuel Levy could be used to support projects in developing countries to satisfy CBDR, e.g. climate resilience of ports.
Question

Adaptation or Mitigation?
New UNCLOS Implementing Agreement?

Recommendation for tools such as ‘High Seas’ Marine Protected Area

Care needed with respect to current balance of flag, coastal and port State rights & obligations
Thank you