

Ad Hoc Expert Meeting on

**Climate Change Adaptation for
International Transport:
Preparing for the Future**

16 to 17 April 2019

International Chamber of Shipping

Presentation by

Simon Bennett
Deputy Secretary General
International Chamber of Shipping (ICS)



International Chamber of Shipping

Shaping the Future of Shipping

Simon Bennett
Deputy Secretary General

International Chamber of Shipping

- ➔ Global trade association for shipowners
- ➔ Members comprising **national shipowner associations** from 38 nations covering over 80% of world merchant fleet
- ➔ Represents collective voice of all sectors and trades at bodies impacting shipping
- ➔ This includes industry's global regulator, London-based **UN International Maritime Organization (IMO)**



Adaptation to Climate Change

- ➔ Great importance to shipowners and ship operators
- ➔ Changes to frequency of bad weather, ocean currents and wave height could have significant impact on future operations, ship design and trade patterns
- ➔ Changes in sea level and impact on operation and location of world's ports also of great interest to shipping...

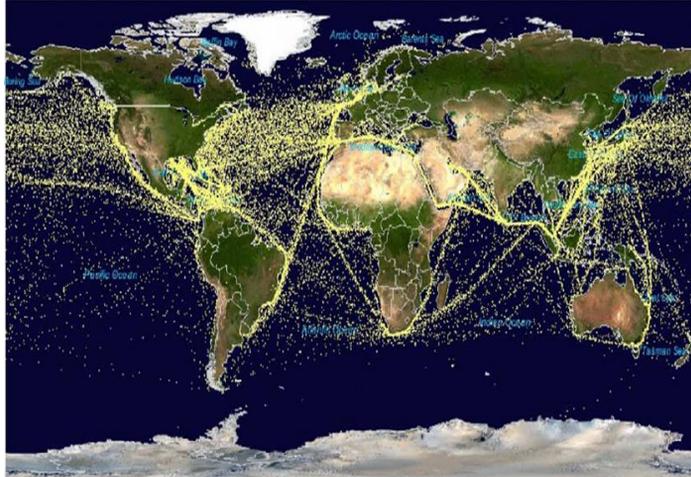


Adaptation to Climate Change (2)

- ➔ In reality these are long term issues for shipowners
- ➔ Shipping has track record of rapidly adapting to changing circumstances:
 - Globalisation
 - Containerisation
 - Larger ships
 - Environmental regulation
- ➔ Changing location and character of ports is not new
- ➔ Major ports today are different to those 50 years ago



Shipping is a large global industry



Shipping and CO2

- ➔ International shipping's GHG emissions about **2%** of global total (2014 IMO GHG Study), comparable to large economy like Germany
- ➔ About 90% of global trade is transported by sea
- ➔ Industry fully recognises its responsibility, but currently very dependent on fossil fuels
- ➔ About 60% of global shipping now serves exports and imports of developing nation economies (UNCTAD 2018)
- ➔ We are global industry requiring global solutions



Shipping and UNFCCC

- ➔ International shipping is covered by Kyoto Protocol and 2015 Paris Agreement
- ➔ But shipping (and aviation) not covered by INDC commitments made by governments for their national economies
- ➔ Ship emissions cannot be attributed to any particular country
- ➔ **Responsibility for regulating GHG reduction of international shipping rests with UN International Maritime Organization (IMO)**



Shipping already has good story to tell

- ➔ Sector's total CO₂ emissions are already about **10% lower than in 2008**, despite 25% increase in maritime trade (shipping now moving over a billion tonnes of cargo a year)
- ➔ IMO has already agreed new rules that mean that all ships built **after 2025** must be at **least 30% more carbon efficient** than ships delivered in 2013, with further improvements to follow
- ➔ But new IMO GHG Strategy – fully supported by industry – is even more ambitious



Industry is focussed on IMO GHG Reduction Strategy (Agreed 13 April 2018)



The IMO Strategy GHG reduction goals

- To phase out CO₂ emissions completely this century
- To improve **efficiency** by **40%** by **2030** compared to 2008 (*average across world fleet, not individual ships*)
- To cut sector's **total** GHG emissions by **50%** by **2050** (*regardless of growth in maritime trade*)

*(In practice this possibly means **90% efficiency** improvement which means a large proportion of fleet must use zero CO₂ fuels by 2050)*



The IMO Agreement

- ➔ Demonstrated IMO can deliver 'A Paris Agreement for Shipping' outside UNFCCC
- ➔ Targets apply to sector as a whole
- ➔ New regulations will be flag blind (only 'cognizant' of UNFCCC CBDR-RC principle)
- ➔ Targets are genuinely ambitious (*hopefully discouraging unilateral action e.g. by EU*)
- ➔ But (**most important**) targets are (just about) **realistic/within realms of possibility** – *assuming we are serious about eventual 100% decarbonisation?*



What do the IMO goals mean for shipping?

2030 goal (40% efficiency)

Probably achievable with current technology

But will increase pressure for **immediate** development of new IMO regulations for implementation before **2023**

2050 goals (50% total cut)

Only possible with arrival of 'zero CO₂' fuels (hydrogen/ammonia, fuel cells, batteries etc.)



The ICS narrative...

- ➔ 2050 targets only achievable with '**zero CO₂**' fuels and propulsion systems, whose **research & development** should be IMO's top priority
- ➔ Targets are consistent with Paris Agreement **1.5 degree** climate goal (important to governments)
- ➔ IMO deal **far more ambitious** than **aviation's**, or commitments made for rest of the world economy under **Paris Agreement**
- ➔ **But ICS (and industry) ready to support further technical regulations before 2023 and has already made proactive proposals to IMO**



IMO Strategy Includes List of **Possible** Candidate Measures

- ➔ 'Nothing ruled in, nothing ruled out'
- ➔ These are now being debated by IMO MEPC and special GHG Group – next meeting is May 2019
- ➔ 2019 – Current priority is short term operational technical measures
- ➔ 2020 – Long Term Measures (*possibly including Market Based Measures, although very controversial*)
- ➔ Package to be in place by 2023

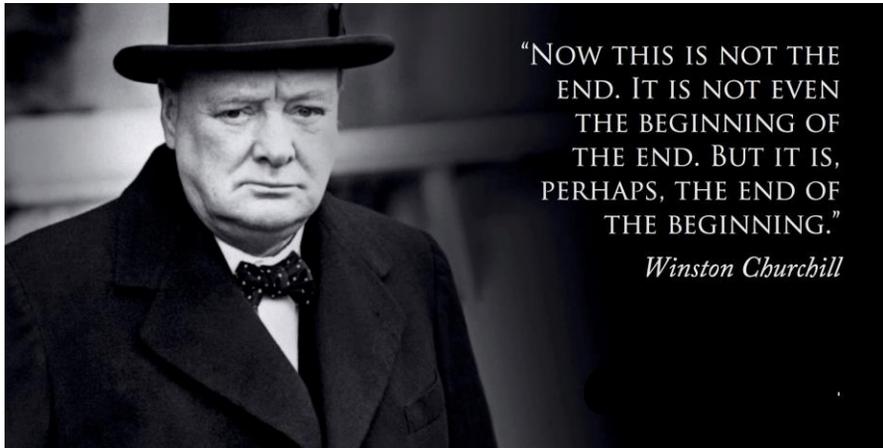


Mandatory R&D contributions?

- ➔ Zero CO2 Fuels will be critical to achieving 2050 IMO target, and this will require massive R&D funding. IMO Strategy includes concept of possible **International Maritime Research Board**
- ➔ One idea - **R&D contribution per tonne of fuel** to be paid by all ships into an **International Maritime GHG Reduction R&D Fund** that could be used to accelerate research and early roll out of 'zero CO₂' fuels
- ➔ Possible political attraction is that Fund could be set up with industry help relatively quickly, i.e. by 2023
- ➔ Discussions ongoing behind the scenes, but achieving consensus is not easy!



We have only just started...



"NOW THIS IS NOT THE END. IT IS NOT EVEN THE BEGINNING OF THE END. BUT IT IS, PERHAPS, THE END OF THE BEGINNING."

Winston Churchill

GHG reduction will preoccupy industry for next 20 to 30 years!



