

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

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# International Chamber of Shipping

Shaping the Future of Shipping

Simon Bennett  
Deputy Secretary General

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## 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...

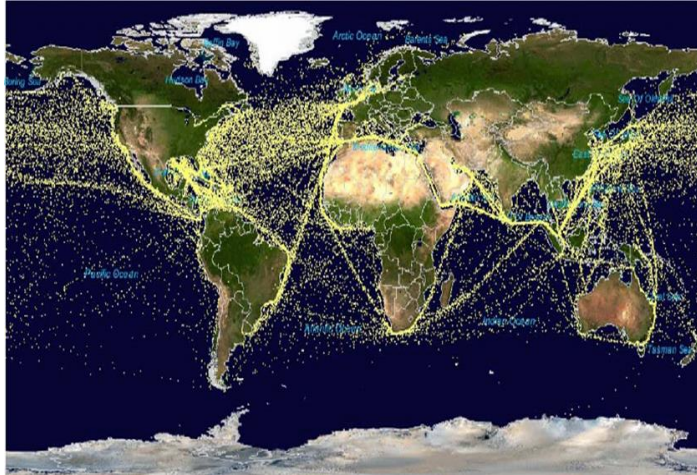


## Adaptation to Climate Change (2)

- ➔ 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub> 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 CO<sub>2</sub>' fuels (hydrogen/ammonia, fuel cells, batteries etc.)



## The ICS narrative...

- ➔ 2050 targets only achievable with '**zero CO<sub>2</sub>**' 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



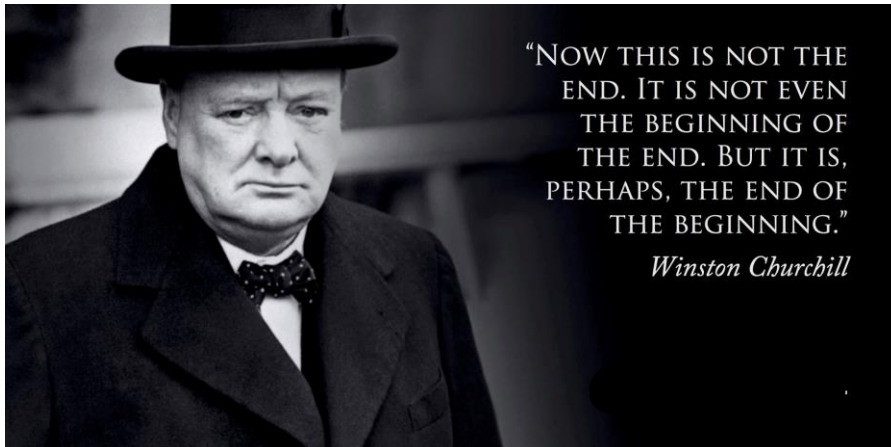


## Mandatory R&D contributions?

- ➔ Zero CO<sub>2</sub> 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 CO<sub>2</sub>' 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...



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



