4th Oceans Forum
on trade-related aspects of Sustainable Development Goal 14:
A shift to a sustainable ocean economy:
Facilitating post-COVID-19 recovery and resilience
Sustainable and resilient maritime supply chains
Sustainable and resilient maritime supply chains

10 a.m.–12 p.m. (CEST), 8 April 2022
SESSION 4, DAY 3

Sustainable and resilient maritime supply chains

Co-organizers: UNCTAD-I01

Discussion themes:
- What are the main causes and impacts of the ongoing maritime supply chain crisis?
- What lessons can be learned for future challenges, including resilience building and preparing for the decarbonization of maritime transport?
- How can UNCTAD help developing countries to ensure that port and shipping services of the future are cost effective and accessible, especially for the most vulnerable economies such as SIDS and LDCS?
- How can effective adaptation action for critical transport infrastructure be better supported and how can access to affordable infrastructure finance be accelerated?

Introduction: Mr. Jan Hoffmann, Head, Trade Logistics Branch, Division on Technology and Logistics, UNCTAD

Keynote: Mr. Kasper Søgaard, Global Maritime Forum

Panelists:
H.E. Mr. Alfredo Suescum, Ambassador and Permanent Representative, Permanent Mission of Panama to the WTO
H.E. Mr. Colin Murdoch, Ambassador and Permanent Observer, Organisation of the Eastern Caribbean States (OECS)
Ms. Mwanauli Issa, Director, Trade Facilitation and Policy Harmonisation, Intergovernmental Standing Committee on Shipping (ISCS), Kenya
Mr. Arsenio Dominguez, Director, Marine Environment Division, International Maritime Organization (IMO)
Mr. Awni Behnam, Honorary President, the International Ocean Institute (IOI)
International maritime trade, world gross domestic product (GDP) and maritime trade-to-GDP ratio, 2006 to 2021 (percentage annual change and ratio)
Short-term outlook for maritime trade is positive, however, risks are manifold and uncertainty remains

- Covid-19 pandemic
- Uncertainty
- Congestion in ports
- Supply chain disruption
- Change in globalization patterns
- Transport costs

UNCTAD expects world maritime trade to recover by

+4.3% in 2021

Growth in maritime trade volumes expected to moderate and expand at an annual rate of

+2.4%

between 2022 and 2026
Shanghai Containerized Freight Index (SCFI)

weekly spot rates. 18 December 2009 to 18 March 2022

Source: UNCTAD, based on data from Clarksons Research
SIMULATED IMPACT OF CONTAINER FREIGHT RATE SURGES
Hardest hit will be SIDS

Simulation assumption:
Sustained increase in container freight rates

Simulation results:
Increase in global import price levels

Increase in consumer price levels by country groupings

+243%

+11%

+7.5%

+0.6%

+1.5%

+2.2%

LLDC

World

LDC

SIDS

Chapter 3  Freight rates, maritime transport costs and their impact on prices  Review of Maritime Transport 2021
Emissions from shipping

The share of shipping emissions in global anthropogenic emissions has increased from 2.76% in 2012 to 2.89% in 2018.

The greenhouse gas emissions — including CO2, methane and nitrous oxide — of total shipping (international, domestic and fishing) have increased from 977 million tonnes in 2012 to 1,076 million tonnes in 2018 (9.6% increase).

Carbon dioxide emissions by vessel type, monthly, million tons, 2011–2021

Source: UNCTAD, Review of Maritime Transport 2021, based on data provided by Marine Benchmark
Emissions from global shipping continued to grow in 2021.

High demand for commodities and gas made emissions from shipping increase by 4.8 percent last year, according to analyst firm. Thus, pollution was higher then in 2018, prior to Covid-19.
Carbon dioxide emissions by flag state, annual, 2011–2020, million tons

Source: UNCTAD, Review of Maritime Transport 2021, based on data provided by Marine Benchmark
Who is paying the price today?

- Coastal populations in Bangladesh whose lands are flooded
- Investors in the Bahamas whose properties are devastated by more frequent hurricanes
- Farmers in Mali whose crops fail after another dry season
- Families on Pacific islands whose homes are disappearing
- Swiss ski resorts left without snow
Who should pay the price?

The polluter should pay.
And the polluter should be given three options:

1. **Don’t pollute / pollute less:**
   Go slower, use clean fuel, near-source, …

2. **Clean up and help adapt:**
   Filter, build flood walls, invest in ports, construct hurricane resilient cranes, …

3. **Compensate:**
   Help those who are negatively affected
A levy on CO2?

Marshall Islands demands $100 tax on shipping emissions

Lloyd’s List

The Marshall Islands and Solomon Islands have made a landmark proposal to the International Maritime Organization to charge by 2025 shipping companies $100 per tonne of CO2 equivalent their vessels emit.

CARBON LEVY EVALUATION

Could a carbon levy on shipping be an effective way to help the IMO achieve its goal of reducing greenhouse gas emissions by 2050?

TRATIGUKA

Global Carbon Price

A global carbon price needed to be implemented that would influence ship owners to make decisions that reduce their emissions.

INTERNATIONAL CHAMBER OF SHIPPING

Shipping sector proposes USD 5 billion RED fund to cut CO2 emissions

Dec 10, 2019

The global shipping industry has submitted a proposal to the IMO to establish a USD 5 billion RED (Resource, Efficiency, Decarbonisation) fund to help maritime stakeholders reduce CO2 emissions.

WEARING

SHIP TECHNOLOGY

The International Chamber of Shipping (ICS) and Intercooperation (ICS) have proposed a new method to monitor and measure CO2 emissions from ships, including small vessels.

REUTERS

The money collected would go into a climate fund that would be used to deploy technologies that will cut emissions.
7. Maritime Emissions: We recognize the critical importance of shipping to our states and to prioritize and support all efforts to advocate for this sector. We call upon further urgent discussion, study and work of the IMO for establishing a mandatory GHG levy on international shipping to ensure that IMO emission measures are fully aligned with a 1.5°C pathway following IPCC AR6. We recognize the need for the shipping transition to next generation vessels and fuels to be equitable and benefit all states. We support that the majority of the levy’s revenues be employed as additional financial support for urgent climate actions, particularly by the vulnerable developing countries. We urge members to consider adopting ambitious targets in domestic maritime emissions for a transition to zero emissions that leaves no one behind.
Impact?

• From our impact assessment of short term measures:

Aggregate global impacts of the proposed IMO short-term measure on maritime logistics costs can be considered small when compared to typical market variability of freight rates. Also, the global impact on GDP and trade flows can be considered small when compared to the long-term impact of other disruptions such as a pandemic or climate change factors.

However, for some countries, the negative impacts of the IMO measure assessed in this report are relatively higher than for others. Aware of the resource constraints of some developing countries, including SIDS and LDCs, UNCTAD expects that some countries will likely require support to mitigate the increased maritime logistics costs and alleviate the consequent negative impact on their respective real income and trade flows.

Source: UNCTAD
• How to set today the rules for the future of maritime transport?

Technological progress will never be as slow as today.
Opportunity:

The maritime industry has the historical opportunity to be ahead of the curve, as it can shape one global multilateral framework.
Thank you!
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