

# How aviation flew past shipping on emissions



Poor regulation and a failure by lobbyists have thrust shipping into an uncomfortable position in the public eye

For a sister publication looking at fuels and lubes published earlier this month we surveyed 100 owners and managers and asked them if they felt shipping had been unfairly targeted for its emissions compared to other industries, such as aviation. Perhaps unsurprisingly, 68% of the hard pressed owners and managers felt that they had indeed been treated more harshly than others by regulators.

Basile Aloy, founder of Belgian dry bulk shipping line Ebe, is one of the 32% of owners and managers polled who vehemently believes shipping has failed to enact green initiatives, and is only now starting to realise the power of public opinion.

"If anything I feel we've been given free rein for the last years, this push should have started earlier," Aloy says in a frank admission for a shipowner.

When *Splash Extra* took the question to a wider audience, responses became far more heated.

"Unfairness doesn't come into it," argues *Splash* columnist Neville Smith. "Aviation

was much nimbler and better organised at lobbying so got itself a sweeter offsetting deal. In general shipping preferred to rely on being non-Kyoto, didn't foresee Paris and preferred to moan about being unappreciated."

Perception is indeed key, something not lost on Russell Barling, founder of Scripto Communications.

"Aviation has been on the front foot about changing the perception of its contribution to global warming," he says. "It is seen as a progressive industry; whereas shipping is seen as an industry that has to be forced to do the right thing. The problem lies in the structure of the IMO. Shipping regulates itself, reluctantly."

## The victim complex

Wang Qian Li, chief liaison officer at electromagnetic technology firm Elektro-Dynamik, reckons it's only with the advent of new media channels that shipping has finally been thrust into the limelight, and it does

not like the bright lights shining its way.

"Owners have been flying - or sailing - under the radar for centuries, and are now experiencing the mighty power of public opinion regardless of how asinine it may be," he says. "Due to recent technical advances every Tom, Dick and Harry with a computer can see where vessels are and what they are doing, there is little or no hiding anymore. And that has taken owners by surprise, which is the reason why they feel victimised these days."

*"We were an easy target, fragmented and were pushed into the public eye"*

This victim complex suggestion is something also picked up by Ned Molloy, a consultant in the fields of shipping, oil markets and environmental regulation.

*Continued on page 9*



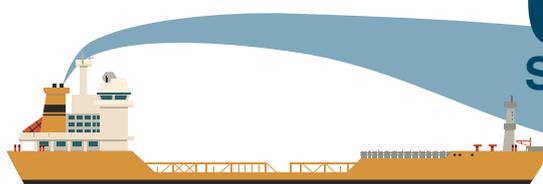
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“One of the key themes coming out of industry conferences recently has been the idea that we as an industry are being unfairly targeted by regulators,” he says.

At the last Posidonia in Athens, shipping’s big biennial bash, Theodore Veniamis, president of the Union of Greek Shipowners, claimed that shipping was “held disproportionately responsible for meeting environmental standards compared to other industries”.

“If you feel that the EU MRV and IMO’s fuel consumption database are being forced in too soon,” Molloy says, “bear in mind that many of your customers – shippers – have been monitoring and reporting their carbon emissions for almost two decades under the Greenhouse Gas Protocol, which in 2011 was broadened to ‘Scope 3’ emissions, meaning those from the company’s wider supply chain, including maritime transport.”

Cargo owners, unlike shipowners, are caught within national government targets on climate change.

## In plane sight

Julien Dufour, CEO of Verifavia, is well placed to comment on the topic as he works in both aviation and shipping. Verifavia is a worldwide independent environmental verification, certification and auditing body for aviation and maritime transport.

“Shipping is actually a lot behind aviation in terms of emissions regulations,” he argues, pointing out how since 2012, all airlines flying to and from the European Union have had to monitor, report and verify their CO<sub>2</sub> emissions, and they have to surrender carbon allowances covering their intra-European emissions. In addition, ICAO – the IMO sister organisation for aviation – has implemented a Carbon Offsetting & Reduction Scheme for International Aviation (CORSIA) covering CO<sub>2</sub> emissions from international aviation emissions.

“From 2021, the aviation sector will achieve post-2020 neutrality by offsetting their emissions using qualified carbon offsets. Shipping is still a very long way from any of this,” Dufour reckons.

Alisdair Pettigrew, managing director of BLUE Communications, and a former senior advisor to the Carbon War Room Shipping Operation, contends that shipping was not targeted unfairly at all.

“Like aviation, when shipping was left out of the Paris COP 21 agreement, it was always going to have come under intense scrutiny from the ‘outside world’, not least

because of the projections of shipping’s relative contribution versus other sectors in terms of its manmade carbon emissions through to 2050,” Pettigrew says, adding: “If anything, shipping has escaped the fervour of criticism that aviation has witnessed. As a comparison – and given shipping and aviation broadly account for the same carbon emissions – because it is a consumer-facing industry, aviation is far more scrutinised.”

Since the IMO’s decision to see a 50% reduction in carbon by 2050 in April 2018, there has been less criticism. While the agreement does not align with Paris’s ambitions, nor come even close to 1.5 degrees, it has been deemed a ‘good start, but more can be done’ from non-shipping media, environmentalists and progressive businesses.

“I would imagine – and support the notion – that Maersk’s recent 100% carbon reduction 2050 announcement will see the ‘outside’ take a more quizzical analysis of the ambition of the IMO’s targets going forward,” Pettigrew presumes.

Last month, the International Chamber of Shipping (ICS), the top global shipowning lobby group, made an important admission, saying the industry will need to wean itself off fossil fuels in the coming decade to meet the decarbonisation goals set for 2050.

## Cargo efficiency tale mistold

“Shipping has a beautiful story to tell on its inherent cargo efficiency but is losing that asset by the poor, reluctant and sketchy regulation,” suggests Rolf Stiefel, vice president at Winterthur, Wärtsilä’s two-stroke main engine licensing business. Stiefel cites next year’s sulphur cap as a good example, something likely to reduce one pollutant but increase others such as CO<sub>2</sub> and washwater. “The technology, ideas and concept are available to be more ambitious. It’s a question of will,” he says, warning that shippers

and public opinion could drive shipping regulations in the future unless our industry becomes far more proactive.

For Manish Singh, a well-known maritime investment professional, all these attacks on shipping are missing the point, shipping needs to be supported, not targeted, as there’s no other way of moving goods around the world in such a green way.

“I feel the green credentials or the true environmental performance of shipping is not adequately understood by the wider global stakeholder groups,” Singh says, admitting that it should face scrutiny, without being targeted unfairly.

Quite so, agrees Bjorn Hojgaard, CEO of shipmanager Anglo-Eastern, who tells *Splash Extra*: “It’s important to recognise shipping for all the good that it has done for humanity. Shipping has become so much more efficient in the past 50 years and this efficiency has enabled trade between countries and continents, which in turn has enabled raising income levels, in particular in the developing world.”

Khalid Hashim, who heads up Thai dry bulk owner Precious Shipping, says our industry is good at compliance, not necessarily being proactive in touting green legislation.

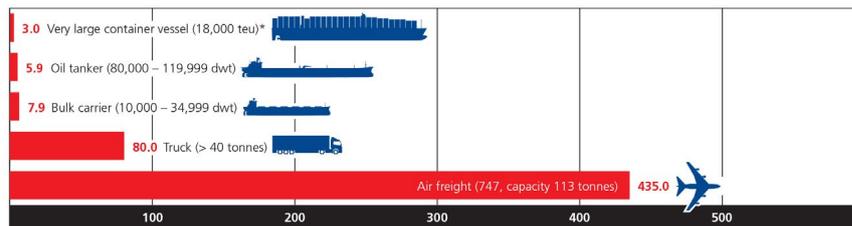
“Shipping has always had this attitude of let’s just get along and comply with the legislative environment,” Hashim says.

Ian Claxton, president and CEO of Philippine shipping concern, Magsaysay Shipping & Logistics, feels like many others surveyed for this article that shipping’s lobbyists have failed the industry.

“Per tonne mile we have a smaller footprint than most if not all forms of freight and passenger transport,” Claxton says, adding: “We were an easy target, fragmented and were pushed into the public eye. Association marketing and communications could have been a lot better to have reduced the victimisation.” ●

## COMPARISON OF TYPICAL CO<sub>2</sub> EMISSIONS BETWEEN MODES OF TRANSPORT

Grams per tonne-km



Source: IMO GHG Study, 2009 (\*AP Moller-Maersk, 2014)