

## WHAT ARE WE DEALING WITH?

Having just returned to Glasgow from foreign parts, and missed all the COP26 fun, other than on TV and media, it is time to look at what the summit has achieved for our shipping and marine industry. Shipping is only one aspect of meeting the Paris Agreement and hitting net zero by 2050, but it is an important one and as other industries improve, so shipping must too or it will climb the table of higher polluting industries.

Operating worldwide, COP26 was the perfect opportunity to agree some principles and delegate actions to the International Maritime Organisation (IMO) to define the workings and codes. Was erecting a tented town, disrupting infrastructure and bringing in decision makers and hangers-on from around the world the answer to achieving a worthy result?

The costs of changes in shipping technology are high, machinery is large, relatively low volume and only replaced every 20 years or so. If you get this wrong, you have a poor ship for a further 20-30 years - a risky prospect when implementing unproven technology. The result is that some of the common drivers for improvement are less powerful in the shipping world. If we want to get near the Paris 1.5 degrees limit legislation is essential.

## WHAT WAS DONE?

The Global Maritime Forum unveiled the latest instalment of their "Getting to Zero" campaign to reduce greenhouse gas emissions from shipping by 50% by 2050. An ambitious aim, requiring plenty of planning, calls government to action. It is well supported by industry members but not yet by government policy or international agreement.

The international Chamber of Shipping and the IMO met with the Green Climate Fund to discuss a plan to accelerate R & D into zero-carbon shipping. The IMO is now considering a mandatory contribution of \$2 per tonne of fuel burnt from shipowners to create the \$5 billion fund to be overseen by the IMO. This would be an ideal fund for developing ideas to achieve more economically and environmentally viable solutions. To achieve the amount proposed, shipping would need to burn 2.5 billion tonnes of fuel over the next 10 years - a less attractive headline.

The 10<sup>th</sup> of November 2021 saw the Clydebank Declaration launched with 22 signatory nations. The declaration is to support the establishment of at least 6 green shipping corridors by the middle of this decade. These will be zero emission maritime routes between ports representing a considerable step-up from the low emission zones currently working in some high-density shipping areas. The concept may encourage ship owners to progress technology change more quickly on these routes. My reservation is the voluntary participation: how long would it be before the new zero emission ships outnumber the much cheaper fossil fuel ships on these routes without economic or regulatory encouragement? Would it come close to reaching the Paris target?

The maritime industry groups and strategy committees have roadmaps, plans and goals. The industry is agreeing that something has to be done and we will know in a week or two if the IMO fuel contribution will be carried forward. However, will shareholders agree to building a higher CAPEX, higher OPEX, technically more risky ship, to trade against the others who decided to stick with fossil fuels for the moment?

## ARE WE NEARLY THERE YET?

It was agreed at COP26 to keep the 1.5 degree target, without change it will be realised in mid 2029. To meet net zero by 2050 developed countries must be carbon negative, offsetting for less developed countries who cannot afford the change. By one-third of the way to 2050 we aim to have more than six voluntary shipping corridors worldwide. Is that an emergency response? Each country is to develop individual policies by the end of 2022 to speed up the process. They must be more rigorous to get the industry moving quickly enough to see a result, not just the launch by 2050. This may be an area where our industry agrees a fair and achievable regulatory framework to benefit the progressive operators and the world in general.

The IMO \$2/tonne seems the most progressive proposal on the table to encourage reduced fuel burn by any means. Designers, owners and operators can develop solutions to that aim; low resistance hulls, a mix of propulsion systems, alternative fuels, or steaming more slowly will all reduce the number of \$2 to be paid. The sooner we start, the sooner the benefits for shareholders and the environment.

Simon Cormack CEng MRINA