

# OPINION

## Time for the industry to 'take it on the chin'

Simon Brown

Chairman of the NOx Working Group and the NOx Technical Code Revision Committee at the IMO and Director of Business Development, Martek Marine

The Second Intersessional Meeting of the IMO's Working Group on Greenhouse Gas Emissions (GHG) from Ships met at the IMO in mid-March to develop and finalise the Energy Efficiency Design Index for new ships as well as consider the revised Interim Guidelines on the Energy Efficiency Operational Index. The Working Group will submit a report of its discussions to the 59th session of the IMO's Marine Environment Protection Committee (MEPC), which will meet from 13 to 17 July 2009.

But as observers to the GHG debate will concur, unless agreement is reached on reducing green house gas emissions from ships before an international conference on revising the Kyoto agreement is held in December in Copenhagen, there is every danger that the IMO's authority as the international rule making body in this regard could be severely damaged or, indeed, possibly even disappear. Some more pessimistic observers say shipping could also find itself hit with an unfair fuel tax or more controversially a CO<sub>2</sub> tax which would irreversibly damage shipping's cost base and its ability to compete.

"The IMO thinks it has sorted out NOx now and that it will sort out ECAs and it hopes everyone will work within the framework. But the real problem is that we have the Copenhagen meeting which is a scary time for IMO because the IMO is trying to say it wants shipping to stay outside of the Kyoto framework and regulate itself but trying to get people to agree considering the politics at the IMO is very difficult," Simon Brown told *SMI*.

As Chairman of the IMO's NOx Working Group and the NOx Technical Code Revision Committee, Brown knows his stuff. He is also fully aware of the political machinations that can mean the difference between success and failure. But when it comes to CO<sub>2</sub> emissions the stakes are a lot higher because the world will not stop to allow the IMO to finally exercise its authority.

"It is alright for IMO to say it will regulate shipping but the Chinese will be told by the Chinese government that the first thing they do is put their board up and say that they like everything the IMO is doing but then object to the proposal. Then you will get 50 other countries all saying they agree with the Chinese. So the IMO will struggle to get any agreement on greenhouse gases and the moment it goes to Copenhagen - where Kyoto is going to be revised - there will either be a fuel tax or a CO<sub>2</sub> tax slapped on shipping," he added.

"One way or another, it will happen in the next couple of years and if it does, it will tear the IMO apart," he said. Harsh words, indeed, especially if you consider that Europe is already stating that if the IMO fails in its challenge, then it will go it alone with regard to GHGs. Simon Brown again: "IMO will not be able to, in a million years, agree to anything on CO<sub>2</sub>. It is a real worry for the IMO but on the other hand, what can the IMO do? It may then have to say that for engines and emissions, it is not the regulatory body."



Simon Brown's concerns were echoed by DNV COO Tor Svensen, who told *SMI*: "There is a big issue surrounding shipping's part in the Kyoto Protocol which will be raised

in Copenhagen later this year. Shipping is exempt but it is unlikely that shipping can argue for further exemption beyond 2012, because there is such a big issue with CO<sub>2</sub> and greenhouse gas emissions.

"Shipping must provide some answer to its own environmental challenges, and I think it will be difficult to argue anything else other than accepting a cap for shipping - especially as it is the most environmentally-friendly form of transport. We need to encourage shipping activity as the most energy-efficient sector, but at the same time shipping must accept the cap and be able to bring down its footprint of emissions per unit for cargo transport."

So in Simon Brown's opinion, is shipping being unfairly targeted on the environment? "Personally I do think so but you can't have your cake and eat it. We can't operate as an industry outside what everybody else is doing. The problem we have had is that for the last 10 years the industry has enjoyed very good times and perhaps now is the time not to invest in new tonnage for the sake of new profit, but maybe it is the time for investing in sustainability for the industry.

"People are making the effort onshore and while there are a lot of initiatives around like Skysails etc, the industry has to look at how can it reduce its emissions' footprint. With the NOx and SOx it has done pretty well but now we have GHGs which is why the IMO came up with Operational Indexing where the CO<sub>2</sub> output is worked out on a per quota basis of product. This way shipping is hugely efficient when compared to any other form of transport."

Simon Brown added: "One of the big worries IMO has is that if the tax on fuel or CO<sub>2</sub> got too high, then the larger containerships would get to Suez or Turkey and would then offload all the containers to be trucked across Europe because it would be cheaper to truck them even though this form of transport is five to six times the carbon footprint of shipping. So the industry has to take something on the chin. The shipping industry is pleading poverty and it says it is efficient. But yes, it needs to concede somewhere because market forces will determine if it is cheaper to move cargo by truck then it will do it. People will always take the cheapest option. It will be bad if the shipping industry is punitively punished even though shipping is five to six times more environmentally friendly than any other form." ■