



International Chamber of Shipping

Shaping the Future of Shipping

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PRESS RELEASE

BUNKER SUPPLIERS MUST PREPARE FOR THE DEATH OF FOSSIL FUELS IN SHIPPING

Marine bunker suppliers should anticipate that there may no longer be significant demand for fossil fuels from shipping within as little as 25 years, if not sooner, and that the sector is now on an inevitable trajectory towards a future of zero CO₂ emissions.

This was the message that the International Chamber of Shipping (ICS) delivered to the Platts' Mediterranean marine bunker fuel conference in Athens today.

ICS is representing the world's national shipowner associations at the UN IMO negotiations on CO₂ reduction.

'Addressing an audience of bunker fuel suppliers about the imminent transition to zero carbon fuels is perhaps like Henry Ford addressing suppliers to horses and carts.' said ICS Director of Policy, Simon Bennett.

'Henry Ford remarked that if, in say 1890, you had asked someone in the street what they wanted, they would have asked for a faster horse.'

He added:

'Governments need to recognise that many ships will remain dependent on fossil fuels probably at least until around 2050, just as some people in developed nations were still using horses in 1920. But the momentum created by the Paris Agreement on climate change means that the wholesale switch to alternative fuels and propulsion systems will be relentless and inevitable.'

'This will happen as soon as the technology and bunkering infrastructure permits, which ICS is confident it eventually will, whether using fuel cells or batteries powered by renewable energy, technologies such as hydrogen or some other solution we can't yet anticipate.'

Commenting on the development by IMO Member States of a comprehensive strategy for addressing CO₂ emissions from shipping, scheduled to be adopted in April 2018, Mr Bennett said there was already broad consensus among governments

that the goal was zero CO₂ emissions and that IMO had already drawn up a list of possible short, medium and longer term candidate CO₂ reduction measures for helping shipping to achieve this.

ICS says that the most challenging area in the ongoing IMO negotiations is agreement on the levels of ambition for CO₂ reduction, by the sector as a whole, before zero CO₂ fuels become widely available.

This is the process of managing the transition to alternative fuels, which has to be set against projections for increased demand for maritime transport (over which the industry has no control) due to massive global population growth, plus increasing prosperity and economic development which international shipping directly facilitates.

The shipping industry, including ICS, has therefore proposed that IMO Member States should agree that the initial goal should be to hold the entire sector's total CO₂ emissions below 2008 levels.

'This is actually very ambitious', said Mr Bennett, 'as the CO₂ emissions from the rest of the world economy are predicted by the UN to continue increasing until the 2030s, even taking account of the commitments governments have made under the Paris agreement. But the industry has also proposed that IMO should agree upon a percentage by which the sector's total CO₂ emissions should reduce by the middle of the century, for example in 2050.'

However, ICS asserts that if IMO is to reach agreement on an ambitious mid-century goal before zero carbon fuels are viable and globally available, the percentage cut agreed upon must also be technically and politically realistic.

ICS says that if IMO is to succeed, its strategy must also take account of the legitimate concerns of emerging economies such as China, India and Brazil about the potential impacts on global trade and their economic development, consistent with the UN Sustainable Development Goals.

On the controversial question of the possible development of a Market Based Measure to help reduce CO₂ emissions from shipping, Mr Bennett said that an MBM - most likely a fuel levy - was likely to go forward as a possible candidate measure as part of the initial UN IMO strategy to be agreed next April.

However, regardless of the political momentum behind a fuel levy, he said the industry remained deeply sceptical about the ability of MBMs to further incentivise meaningful reductions in fuel consumption.

'Fuel is already by far shipping's greatest cost, and we already expect a truly massive increase in bunker costs as a result of the switch to low sulphur fuels required by the IMO global sulphur cap that comes into effect in January 2020.' said Mr Bennett.

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