

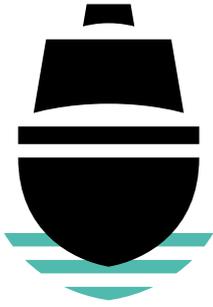
# ICS LEADERSHIP INSIGHTS

Monthly insights from the International Chamber of Shipping's global leadership community



**‘Green is  
good’**

Emanuele Grimaldi on  
environmental investments



## In this issue...

### 2-3 Decision maker

Green strategies are good for business, says Emanuele Grimaldi

### 4 ICS in action

Round up of ICS news

### 5 News focus

Emissions forecast's impact on shipping's goal; LNG report row

### 6 Analysis

As shipping faces tighter GHG curbs, what can shipping learn about MBMs from other industries?

### 7 Strategic thinking

Tanker owners reveal their priorities when planning long-term fleet development

### 8-9 Global agenda

Canadian shipping plans joint environmental plans with US as COVID shows sharp contrasts

### 10 Facts & figures

Shipping's VLSFO underpins global fuel oil demand; Supply chain executives rank their disruption fears

DECISION MAKER: EMANUELE GRIMALDI

# Environmental strategies are good for business at Grimaldi

Family ownership still demands corporate-level governance standards for long-term profitability

Environmental strategies are not add-on luxuries, says Emanuele Grimaldi, Managing Director of the Grimaldi Group of shipping companies. They are the only way to survive, he told *ICS Leadership Insights* and the money he has spent on environment-friendly technologies "are the best investments I have ever made in my life," he said.

At the time of our interview he was awaiting the arrival from China of *Eco Savona*, the fourth of 12 Grimaldi Green fifth-generation (dubbed **GG5G**) ro-ro vehicle carriers. It had been delivered by China's Jinling shipyard on 12 March and, as he spoke, was rounding the Cape in its delivery voyage before joining its three sisters on Grimaldi's regular ro-ro service linking Italy and Spain from 21 April.

At 67,311gt, these are the among the largest ro-ro units in the world for short-sea shipping and are fitted with a catalogue of energy-saving systems, which include high-capacity

batteries that enable it to stop its engines for eight hours during port visits.

Grimaldi is proud of his ships, saying: "Over the past two decades I have never planned or invested in a vessel that was like any that I had before. I make sure they have much better environmental performance, consume much less fuel and are more efficient. All these strategies have a positive impact on the bottom line and shareholders can only be happy about that."

### Grimaldi governance

That may seem an odd remark, given Grimaldi's family-ownership structure. Yet even though there are no external shareholders to please, Grimaldi insists that the group's governance can match any listed company's ambitions. As if to prove his point, he said that when one of its acquisitions, Finlines, was de-listed in 2016, its share price was nearly six times what it had been when Grimaldi first got involved.

### Grimaldi Green 5<sup>th</sup> generation (GG5G) ro-ro ships

Length	238m
Beam	34m
Gross tonnage	67,311gt
Capacity	7,800 lane-m
Service speed	20.8kts
Main engines	2 x MAN 9S50ME-C9.6
Output	2 x 12,780kW

### Energy-saving features:

- 5MWh battery capacity
- 350m<sup>2</sup> solar panels
- 2 x Promas Lite prop/rudder bulb
- Air bubbling system
- Silicon-based paint
- Shore power connection
- Scrubbers
- Waste heat recovery and storage

*Eco Valencia*, the first of 12 GG5G hybrid ro-ro ships (image: Grimaldi)





Finnlines' value was ramped up when the Grimaldi Group got involved (image: Bilbao Port)

“When we have to take a decision to invest billions of euros, it could be done over lunch”

His father – who founded the company in 1947 – had made it clear that “only if we were fit would we make the top of the company”. And that journey started at the bottom: Grimaldi’s first role was to deliver post in an agency office in Liverpool in the UK.

Later in his internship he was managing a 1,000-car vehicle carrier and he recalls that its fuel consumption and speed was about the same as the new ECO-class. Yet the latter have seven times the capacity: a simple comparison that shows that “you can have remarkable results if you work very hard” and apply a range of energy-saving technologies. Even compared with some modern ships, “the economies that we have made [improve by] more than 50% over some of the best ships around”, he said.

Reaching this point has taken many years but making the decision to start such a long-term and costly project can sometimes be done quickly in a family company, Grimaldi revealed. “Decision making is easier, because when we have to take a decision to invest billions of euros, it could be done over lunch,” he said.

It may also help that the three managing directors hold different areas of responsibility: Emanuele Grimaldi is mostly responsible for the company’s European operations while his brother Gianluca takes care of deepsea trades and his brother-in-law Diego Pacella is Chief Financial Officer.

### War on COVID

There have been some significant decisions across the Grimaldi portfolio during the past year as COVID-19 cut deep into its revenues. But Grimaldi’s reaction was swift: “I called all my managers as soon as the pandemic started and told them that I was expecting we would lose €500 million [in turnover]. I said that this is like a war and we had to become more efficient and competitive and that we had to stay safe.”

In fact, 2020’s revenue was down €400 million compared with 2019 – a slightly better result thanks to some drastic decisions. Some ships were put into warm lay-up and 10 chartered vessels were paid off. Four ships were scrapped. Its hardest-hit sectors were automotive transport and passenger shipping, although the latter contributes only about 10% of the company’s revenue and profits.

With fewer passengers, crewing was reduced on those ships, but none was dismissed, Grimaldi said. “I did everything that had to be done, together with my managers. We demonstrated that we were ready and the result was good.” Low oil prices during April-June 2020 provided “the biggest help we had”: because Grimaldi does not buy its bunkers forward, it could benefit from the savings those reductions brought.

Grimaldi himself was not so fortunate. He caught COVID-19 and spent 15 days in intensive care; “I consider myself lucky that I survived,” he said. But he reflected on a remarkable irony in his situation: at the start of the pandemic, the charitable Grimaldi Foundation [provided funds](#) and practical support to hospitals and other healthcare organisations and Grimaldi attended the inauguration of the facilities at one hospital. “The last thing I thought was that I also had to test them,” he said, yet that equipment saved his life.

### Security upgrades

Security is one of Grimaldi’s current priorities, against both physical and cyber attacks. Probably the highest profile incident was in July 2019, when 4.5 tonnes of cocaine was found by German customs officials in a container on Grimaldi’s *Grande Benin*; they had probably been loaded in Montevideo, where the ship’s voyage began.

By then, the company was already building a security department, prompted by cyber attacks on high-profile shipping companies and Grimaldi called on long-standing friends. “Once you have been four years in a military school, you are like brothers and I asked them to join me,” he said. And they did: he now has a team that includes ex-generals, a former colonel and inspectors recruited from the army and police, plus a professor of cyber security.

In commercial terms, cyber security is especially important for passenger operations, he pointed out. Much of that business is booked online, so “an attack on the computer hardware and software would put the company in a very delicate state”, he said.

Stowaways are also a security problem and the operator has been fined in the past when they have been found onboard so Grimaldi has invested in equipment to detect intruders.

Supported by his team of school friends, Grimaldi trusts those close to him. But especially his family: “I was told that we are a bit of an exception, but we are famous for our agreement, not for disagreement,” he said.

## UN agencies urge crew vaccinations

Five UN bodies have called for seafarers to be prioritised for COVID-19 vaccinations after co-ordinated lobbying by ICS and other organisations.

In [a joint statement](#) issued 26 March, the World Health Organization, International Labour Organization, International Maritime Organization and other UN bodies strongly encouraged all Member States to take urgent action to vaccinate crews and address the crew change crisis.

Guy Platten, ICS Secretary General, said, "ICS and other organisations have been lobbying hard to get this recognition for seafarers and we urge governments across the globe to heed the call from the United Nations and recognise the fact that successful vaccination programmes will rely on those hidden heroes who deliver the vaccines and PPE around the world. Seafarers are a vital part of the vaccine roll out and need to be vaccinated themselves, and not forgotten."



Calls for leaders to speed up MBMs for shipping came ahead of US President Biden's Leader's Summit on Climate (image: jlhervas/Flickr)

The growing need for the consideration of MBMs at the global level, along with research and development to create the technology needed for ocean going-ships to switch to new fuels, is too urgent to ignore, the industry bodies said.

IMO member states and industry have already [put forward a plan](#) to create a US\$5 billion research and development fund to help create the technologies needed to decarbonise the industry.

"Fair MBMs are a viable policy option to transition to the new fuels and technologies that will be necessary to phase-out GHG emissions in the sector," the industry bodies said.

● See also *Analysis*, page 6

## Shipping calls for world leaders to expedite MBMs

Industry bodies including the International Chamber of Shipping, BIMCO, CLIA, and WSC have [submitted a proposal](#) to the IMO, calling for it to bring forward discussions around market-based measures (MBMs) by several years. These measures will be critical to incentivise the transition of the global fleet to new fuels and technologies.

The submission was issued ahead of President Biden's two-day climate summit in April as part of a call on world leaders to start deliberations on how mandatory MBMs could be implemented for shipping. The US-hosted summit is seen as a vital precursor to COP26 and the IMO's MEPC 76 where decisions on cutting CO<sub>2</sub> emission in shipping will be made.

## Industry appeal delays Panama Canal rate hike

The Panama Canal Authority (ACP) has delayed the "significant increase" of its canal transit fees following a joint letter sent by the International Chamber of Shipping, Asian Shipowners' Association (ASA), and European Community Shipowners' Association (ECSA).

ACP will [postpone the new fees](#) until 1 June 2021. The joint letter expressed concerns that the original date of 15 April did not give industry enough time to prepare.

The proposed changes represent a minimum cost increase per transit reservation of US\$20,000 (up 57%) and a maximum cost increase of US\$58,500 (up 167%).

ICS Secretary General Guy Platten said the delay would give industry time to prepare and added: "We look forward to establishing a productive dialogue with the ACP to develop a long-term pricing strategy to provide industry with predictability on transit cost."



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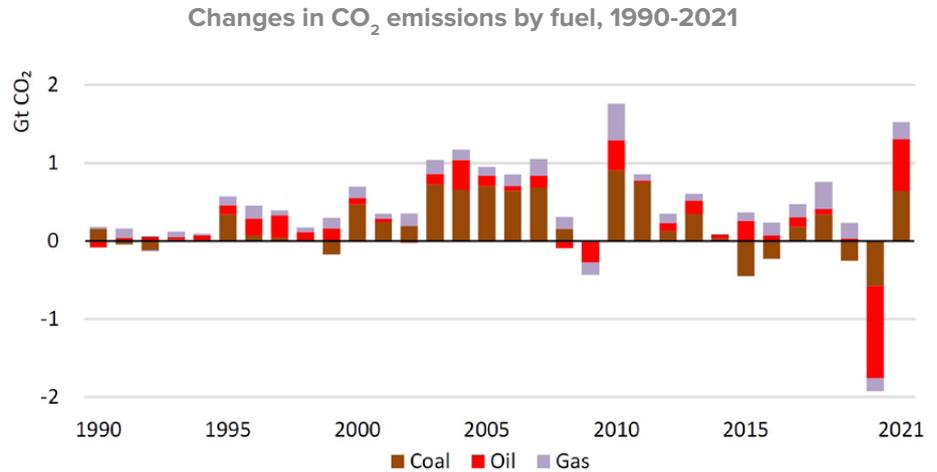
# Energy demand risks GHG targets

Global energy-related CO<sub>2</sub> emissions are on course to surge by 1.5 billion tonnes in 2021, compared with 2020, “driven by a strong rebound in demand for coal in electricity generation,” predicts the International Energy Agency (IEA) in its latest [Global Energy Review](#), published on 20 April.

Dr Tristan Smith, Associate Professor in Energy and Transport at University College, London, is concerned that this increased demand for energy, coupled with the wider impact of global trade catching up after the past year’s disruption, will prompt a knock-on increase in shipping activity and its own emissions. “Public spending at trillions has a habit of creating demand for transport,” he told *ICS Leadership Insights*.

“This is a point we have made repeatedly at IMO to little effect – that the 2030 40% target will not prevent an increase in emissions.” IMO, he warned, “needs to look at all the ambition statements ... otherwise it will preside over another decade of increasing [shipping’s] absolute emissions”.

Demand growth for coal, and thus for shipping capacity, can be gauged from the report’s finding that the power sector



Year-on-year variations in global CO<sub>2</sub> emissions (Source: IEA Global Energy Review 2021)

accounted for less than 50% of the drop in coal-related emissions in 2020 “but it accounts for 80% of the rebound, largely due to rapidly increasing coal-fired generation in Asia”.

The total rise in emissions would be even more this year if transport – par-

ticularly aviation – were to recover to pre-pandemic levels. That would “push oil-related emissions above 2019 levels and increase global CO<sub>2</sub> emissions by over 1.5%, well above 2019 levels,” the report states.

● See also *Facts & Figures*, p10

## World Bank sparks row over LNG’s role in tackling emissions

A report published by the World Bank rules out LNG as playing a key role in the decarbonisation of shipping, stating its benefits are diminished or “even entirely offset” by unburnt methane – methane slip – due to the high potency of the greenhouse gas.

“Over 20-year and 100-year time horizons, methane is respectively 86 times and 36 times more potent a GHG than CO<sub>2</sub>,” [the report](#), published mid-April, said.

The bank acknowledged that LNG could offer “important reductions in atmospheric pollution” because of its lower SOx, NOx and particulate matter emissions than HFO. In addition, its lower carbon content “allows for a theoretical reduction

in GHG emissions”, it notes. However, these potential benefits are not enough to warrant large scale uptake of LNG as a bunker fuel, the bank concluded.

The report has drawn criticism from the industry group SEA-LNG, whose members include ship operators, ports, class societies, engine makers and others.

Its Chairman, Peter Keller, told *ICS Shipping Insights*, “The bank’s views are damaging to the speed of shipping’s decarbonisation, now and in the decades ahead.” He said the organisation encourages informed debate, but discussions should be “based on objective lifecycle analysis of current data rather than theoretical speculation”.

In a response to the bank, SEA-LNG said that although methane slip is an issue that must be addressed it “does not impact LNG’s GHG reduction potential to the extent that the World Bank report claims”. It based its assertion on [a study](#) it had jointly commissioned with the Society for Gas as a Marine Fuel, from the sustainability consultant Sphera, published two days before the bank’s study.

SEA-LNG said its findings show that well-to-wake GHG reductions of up to 23% are achievable using LNG, depending on the technology used. Engines are currently operating with minimal methane slip and “manufacturers are on a pathway

to continue to reduce methane slip even further”, the organisations said.

In addition to methane slip concerns, the World Bank report notes that “additional capital expenditures, the risk of stranded assets as well as a technology lock-in” mean that LNG is “unlikely to play a significant role in decarbonising maritime transport”. The report considers other alternative fuels and concluded that ammonia and hydrogen offer the best prospects for zero-carbon bunker fuel and considers the capacity of developing economies to develop the vital bunkering infrastructure that will be required for the adoption of ammonia or hydrogen options.

# Can MBMs meet Kerry's climate challenge to shipping?

John Kerry, the US United States Special Presidential Envoy for Climate, set a challenge to shipping's regulators on 20 April: [he committed](#) the US to "work with countries in the IMO to adopt the goal of achieving zero emissions from international shipping by 2050".

At present, IMO's 2050 targets are to 'pursue efforts towards' reducing CO<sub>2</sub> emissions per tonne-mile by 70% and to reduce GHG emissions by at least 50%, both compared with 2008. Kerry said it will require "ambitious measures" to achieve his goal.

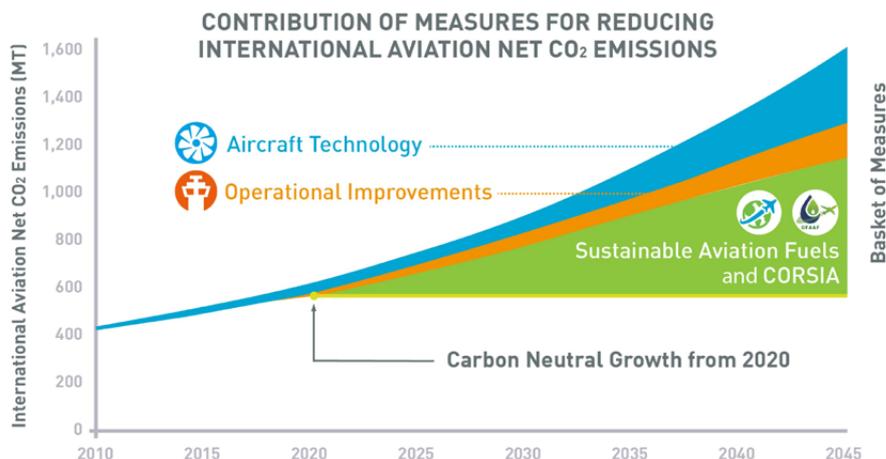
ICS and other shipping bodies also [issued a call](#) in April for world leaders to support "the shipping industry's desire to eliminate the 2% of all global CO<sub>2</sub> that the sector emits" and submitted a proposal to IMO's Marine Environment Protection Committee urging discussions around market-based measures (MBMs) to be brought forward by several years. This, they said, must be done in tandem with funding for research and development to ensure shipping has the viable fuels and technologies needed to decarbonise by climate deadlines.

At such a pivotal stage we look at how some other sectors have approached the challenge with their own emissions reduction schemes.

The aviation sector has been included in the European Emission Trading Scheme (ETS) which since 2012 has effected intra-European flights, while the International Civil Aviation Organization (ICAO; aviation's equivalent of IMO) developed an alternative, the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

That came into effect on 1 January this year on a voluntary basis; 88 states are taking part, representing more than 80% of total aviation emissions. Initially, its goal was to maintain emissions based on an average of 2019 and 2020 levels, but in view of the impact of the pandemic, the baseline has been reset to 2019.

CORSIA is an emissions-offsetting, rather than a reduction, scheme but William Raillant-Clark, Communications Officer for ICAO's Secretary General Dr Fang Liu, said that is a part of [a basket of measures](#) to reduce emissions from aviation [with] the emphasis very much on reduction".



An ICAO-managed scheme to offset and reduce emissions came into effect on 1 January but with a revised 2019 baseline (image: ICAO)

However, despite nearly a decade of the aviation sector's efforts to cut emissions, sustainable aviation fuel (SAF) still costs around [four times](#) the level of convention jet fuel and could take a further decade until production rates prompt price drops. According to industry group International Air Transport Association (IATA), despite aviation predictions that SAF could make up 1% to 5% of the industry's fuel supply by 2020, it has been used in fuel for just 250,000 flights since 2016, most commonly mixed with regular jet fuel, which can be done up to as much as a 50/50 split.

IATA says the biggest problem right now is 'scale'; regulation, incentives and investment to develop the fuel in the numbers required is needed to ensure wider take-up of SAF.

## Profiting from ETS

Stefano De Clara, International Policy Director at the International Emissions Trading Association told *ICS Leadership Insights* the cement industry's use of emissions trading activities became a tool to weather a market downturn in recent years. "You can make a profit out of an ETS if you are more effective than others in reducing emissions," he said.

Companies are issued with emission allowances that they can sell if they do not need them and a number of indus-

“You can make a profit out of an ETS if you are more effective than others in reducing emissions”

tries have done this during the COVID-19 pandemic, he explained.

Economic activity and thus emissions fell, leaving many companies with spare allowances for sale. Their increased supply reduced their value but De Clara sees this as positive: "having an MBM means the price can adapt to changes in circumstances", he said.

Many commentators suggest that the EU ETS scheme had 'become political' and that prices had collapsed. De Clara accepted that early on prices had fallen to about €5/tonne. Following changes to the system, prices sit at more than €40/tonne, a level "that can deliver significant abatement", he said.

"Once you know that you need to ... start aligning your sectoral growth with the objectives of the Paris Agreement, then carbon markets are the most cost-effective way to do so," he said.

## Expect the unexpected

When the US lifted its ban on oil exports in December 2015, it took some people by surprise, including Erik Hånell, President & CEO of Stena Bulk. “We did not see it coming,” he told *ICS Leadership Insights* in an exclusive interview. “That was something that would never change, but then it suddenly did.”

An analysis last October by the US Government Accountability Office found that the policy change lifted US crude exports from less than 0.5 million bbl/day in 2015 to almost 3 million bbl/day in 2019. This resulted in reduced demand for US tanker operators serving domestic trades while boosting business for international tanker operators.

They include Stena Bulk, but Hånell cited that experience to illustrate not only the value of anticipating changes in international trading patterns, but also to put their importance in perspective: although the US is now “definitely a major player”, all that really matters to a tanker operator is the growth in its total tonne-miles of cargo carried.

It is with that parameter in mind that he reviews countries’ short- and long-term plans. China’s are simple to discern, since they issue five-year plans “and they actually live up to most of what they say”, Hånell has found.

Other regions may be more difficult to read, but their policies do not change drastically within a 5-10 year timescale, he said, and Stena Bulk’s strategy is based on its own analysis of available data. Whether that is right or wrong, “remains to be seen [and] we are we are definitely not alone in [having] those questions,” he said.

Collaboration and partnerships with customers provides additional input to improve its analysis, he said, because this “creates a lot of additional value for both parties”.

These are most apparent in its technical development. For many years, Stena Bulk has been well known for its innovative ship concepts, most recently its [InfinityMAX concept](#), unveiled in March. In a statement at the time, Hånell predicted that it could be in service between 2030 and 2035 but said that to achieve this, “a collaborative spirit between industry and technology leaders is a necessity.”



Industry collaboration is essential to bring future concepts to reality, believes Stena Bulk CEO Erik Hånell (image: Stena Bulk)

## Tanker owners’ priorities: Output, funds and rules

Violent swings in oil prices and freight rates, such as those seen in 2020, make short-term headlines but do not help tanker owners and operators make long-term strategy. So, what should shipping leaders factor in when assessing long-term investment decisions in the tanker market?

Clearly, oil supply predictions are a key factor. The International Energy Agency’s latest [World Energy Outlook](#) predicts that, based on its ‘stated policies scenario’, fuel oil production will be higher in 2040 than currently, “underpinned by a rise in the oil price to \$75/bbl by 2030,” the report notes. “That is a key indicator when going to the bank asking for a loan” for a tanker newbuilding, said Peter Sand, BIMCO’s Chief Shipping Analyst, about their significance.

Hugo De Stoop, chief executive of VLCC operator Euronav, said oil production is also among his top considerations. He expects ‘peak’ crude consumption will be reached in the next five-10 years – if it has not happened already. “This should not, and does not, cause alarm but allows us to focus on a more rational and consolidated industry to manage this challenge,” he said.

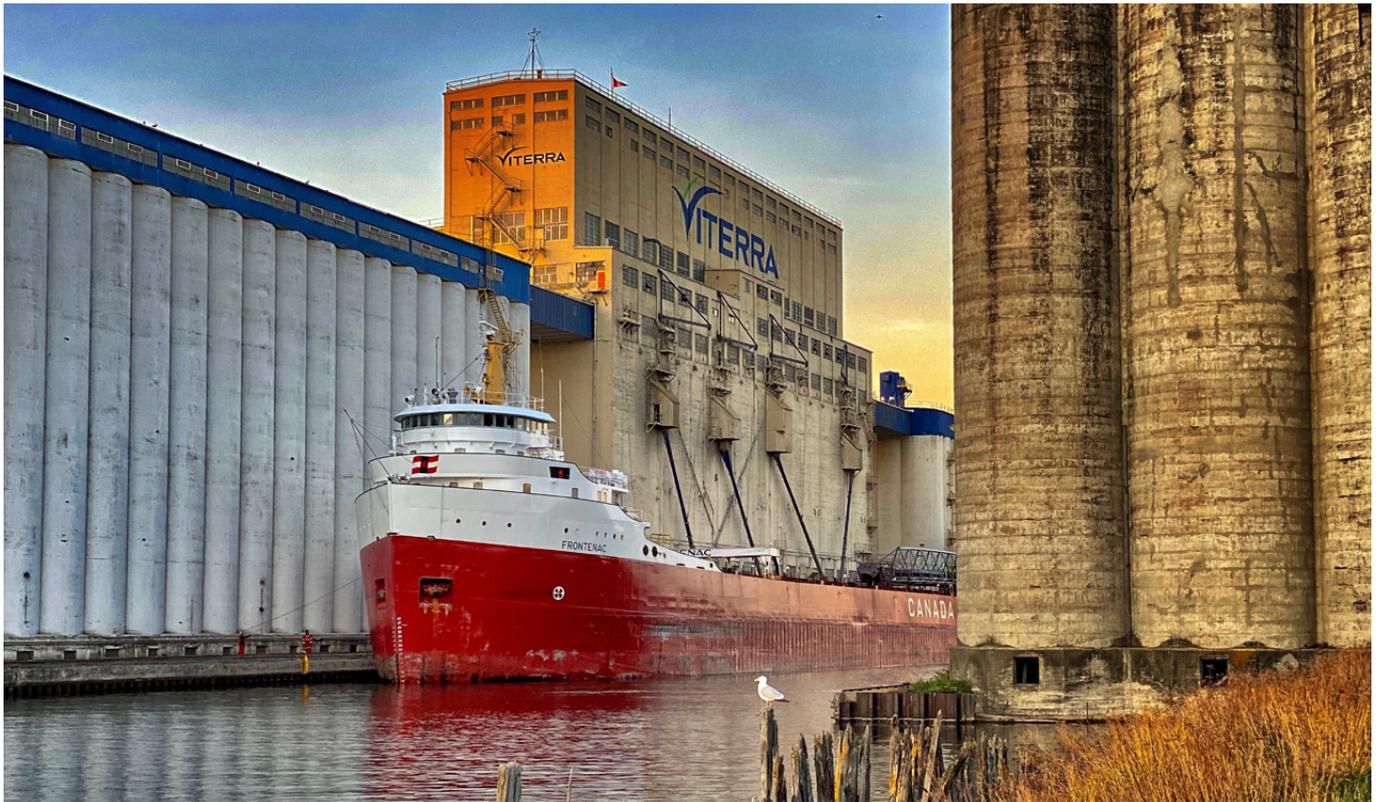
He also reflected on finance, not just in terms of availability but also its cost, saying that “Euronav is keen to have as much optionality and access to as many providers of capital as possible”, including bonds, equity and ESG (Environmental, Social and Governance) finance.

At Stena Bulk, its President & CEO Erik Hånell also addressed environmental influences on finance, such as those set out in the [Poseidon Principles](#), but he said the impact of environmental financing is not yet clear and wondered “how firm banks will be in their approach”. He is also concerned about variations in attitudes to environmental financing: European banks might take a different approach from Asian banks, he suggested.

Any threat to global standards is a significant parameter for De Stoop. “Euronav tracks developments in this sphere very closely,” he said, and uses its findings to shape its policy developments. “The shape and impact of regulation has altered greatly for tanker shipping in the past three years,” he said. “This is likely to evolve further with the EU Green Deal and challenges to the primacy of IMO.”

Future regulations are equally critical at Stena Bulk. It has not taken delivery of any ships since 2018, Hånell remarked, hinting that uncertainty about future regulations is one reason for that pause.

For the shipping market as a whole, he offered this caution: “our worst enemy is ourselves. As soon as the market takes off, we order a bunch of ships and kill the market for the next few years.” To avoid this, he said, it is vital to be close to oil and energy trends and to be alert to any changes. “It’s very difficult right now,” he said.



Canada's grain trade enjoyed a significant boost and sent more by ship during the COVID-19 pandemic (image: Michael Hull)

# Canadian shipping sees a Biden boost for its green agenda

Biden, ballast and billions: Bruce Burrows, president and CEO of Canada's CMC, spoke to *ICS Leadership Insights*

President Biden's election has delivered "a tremendous opportunity" for Canada to work with the US on climate-change-related issues, "which were all *persona non grata* under Trump", Bruce Burrows, president and CEO of Canada's [Chamber of Marine Commerce](#) (CMC), told *ICS Leadership Insights*.

In particular, CMC's ambitions on protecting the climate, as well as safety and the efficiency of marine transportation, were made clear last July when it published [nine measures](#) it said the Canadian government should take.

One of these measures is a call for R&D investment and government support for alternative fuel and new propulsion technologies. Burrows linked this call with the ICS-backed proposal for a global R&D fund to develop new fuels and other technology, supported by a proposed levy on bunker fuel, which is projected to raise US\$5 billion over 10 years.

Its success depends on whether IMO member states support its journey through the Marine Environment Protec-

tion Committee and the CMC is in contact with Transport Canada, the federal department responsible for the nation's transport policies, to secure its support. "We have to sit down with them and have a good roll-up-our-sleeves discussion," Burrows said.

## Emissions-reducing initiatives

There is a "tremendous public concern about too many trucks on the road," Burrows said, so he is enthusiastic about [a container feeder service](#) that was started in March by Ontario-based Doornekamp Lines from Halifax on the east coast to Picton, on the northern shore of Lake Ontario. CMA CGM is among the operators expected to use the service, which is [due to be extended](#) to Duluth at the western end of Lake Superior.

Meanwhile, some operators are exploring new [fuel options and ship designs](#). For example, Montreal-based CSL Group is planning biofuel trials on eight ships this year following a pilot project on two ships in 2020. Burrows is

hopeful that CSL's experience will support talks with the government to create "a system of incentives for ship operators to use, and fuel suppliers to provide, more biofuel-based fuel".

### Common environmental rules

CMC represents all facets of the marine logistics chain, from shipowners to ports and marine customers, including US members, and its two predecessor organisations date back to 1904 and 1959, when the St Lawrence Seaway opened. The waterway's geography now provides a backdrop to a shared US/Canada view that ships trading in the bi-national Great Lakes- St Lawrence region should operate under common environmental rules.

Funding R&D to develop technology able to cope with ballast treatment difficulties also forms part of CMCs nine-point plan.

US and Canadian vessels operate under different ballast management requirements, "yet we have the same organisms so from an environmental perspective, it doesn't make much sense", Burrows said. Its water also presents technical challenges: it is cold, turbid and fresh, and "we have a lot of sediment at most of the ports and the equipment just doesn't work", he added.

So he is critical of the approach taken by Transport Canada, which proposes to require all large vessels to fit a ballast water management system by 8 September 2024, in line with the IMO Ballast Water Management Convention, of which Canada is a signatory.

Yet the US, which is not party to the convention, takes a different view: its Environment Protection Agency is not planning to impose any installation deadline for ships operating exclusively in the Great Lakes-St Lawrence region. Burrows [supports that position](#) because "these vessels ... pose zero risk of introducing new invasive species and minimal risk as a pathway for spreading within the region".

### Infrastructure investment

The CMC has also urged the federal government to reinvest in its Can\$2.3 billion (US\$1.8 billion) [National Trade Corridors Fund](#) to support infrastructure projects. It was depleted even before COVID, Burrows said, so he welcomed a commitment by finance minister Chrystia Freeland in her budget on 19 April to invest Can\$1.9 billion in the fund over four years, starting in 2021–22. He hopes some of this cash will be used to respond to climate change: "we've had a big problem with high water levels," he said.



Vancouver's Canada Place terminal will not see its usual cruise activity until February 2022 (image: Vancouver Fraser Port Authority)

“ We have to sit down with [Transport Canada] and have a good roll-up-our-sleeves discussion

”

Burrows said that CMC's nine priorities fall into three 'buckets': infrastructure, R&D and digital, with that last category including improvements to the interface between ports and ship operators, including traffic control. This would help ports that might suffer from some congestion: at the moment, he said, "ships rush to port and then anchor. It's highly inefficient".

Navigation in the St Lawrence River could also be improved by digital solutions, he said. It is narrow and has many shoals that he believes should be marked by electronic buoys.

### Pandemic fallout

COVID-19 has had an impact on Canada's shipping, with two sectors standing in marked contrast. Cruise ships have been [banned from Canadian waters](#) until 28 February 2022 so some tour operators are planning imaginative

alternatives using flights, rather than ships, to visit the sights.

In contrast, the grain trade "has been a wonderful story", Burrows said, as it recorded volumes via the St Lawrence Seaway up 27% year-on-year in 2020 thanks to larger harvests in both Canada and the US coupled with increased global demand.

He also pointed to growth in domestic demand for grain to make pasta, specifically to meet a spike in demand for products such as macaroni and cheese [made by Kraft](#) in Montreal. "They probably doubled their output," he said.

With increased planting planned this year, a strong grain market is not the only thing he hopes will remain post-COVID: he sees the renewed US interest in the environment as an opportunity to forge "a new partnership and cooperation and build on some of the momentum that we saw before COVID".

Member of Parliament Vance Badawey, Chair of the government's Standing Committee on Transport, Infrastructure and Communities, agreed: "The Great Lakes-St Lawrence River waterway ... will play a key role in the post-pandemic recovery of Ontario and the rest of Canada," he told *ICS Leadership Insights*. "Continuing binational collaboration between Canada and the US will be essential if we are to make the most of the opportunities to strengthen and sustain our collective, international trade performance."

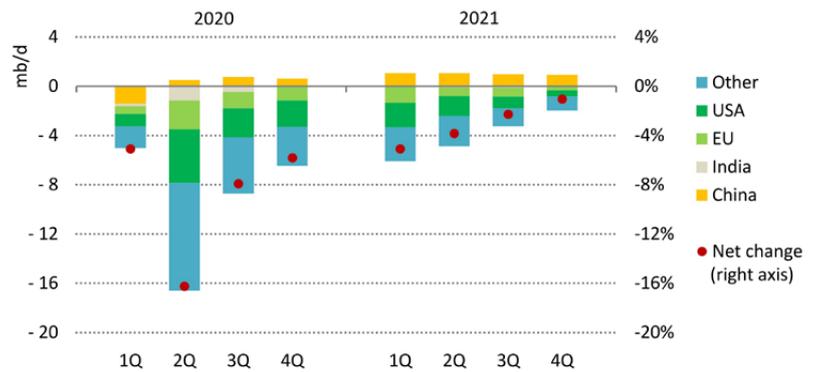
## Shipping's VLSFO underpins 2021 oil demand increase

Global oil demand is recovering from its low in Q2 2020, but China is the only region that has shown growth compared with 2019 data, according to the International Energy Agency's [Global Energy Review](#), published on 20 April.

IEA predicted that fuel oil demand will continue to recover this year (see graph) and that most of the growth this year "will be for the new, very low sulphur fuel oil introduced by IMO regulations".

This will contribute to a total increase of nearly 0.3 mb/d (4.5%) that will also be boosted by higher industrial activity but "softened by a sluggish aviation sector". IEA expects total oil demand for transport across the year to be 3.2% below 2019 levels and that, apart from international aviation, demand is expected to return to 2019 levels in the last months of the year.

● See also *News Focus*, p5



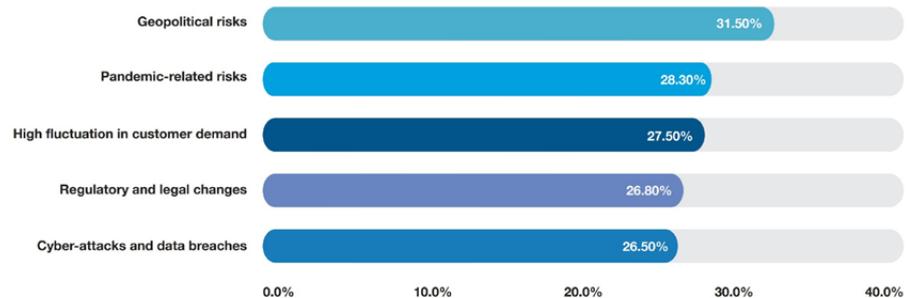
Changes in quarterly oil demand in 2020 and 2021 relative to 2019 levels (Source: IEA Global Energy Review 2021)

## The top five external risk factors most likely to impact supply chains up to 2025

Senior executives expect supply-chain disruption to continue beyond the end of the pandemic, according to a survey published in April by the Economist Intelligence Unit (EIU). This graph identifies the Top Five disruptive forces that they believe will contribute to that disruption, based on the percentage of respondents that named them as concerns.

Over half of the executives surveyed (54%) acknowledged that they must make significant changes to effectively manage supply-chain disruptions over the next five years while 51% also believe they need greater visibility and control over their supply chains.

The senior executives surveyed

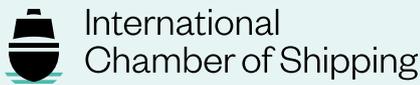


Source: [Economist Intelligence Unit](#)

"anticipate uncertainty and disruption to continue". To address this, "effective supply-chain leaders are ... opting to work more closely with a smaller number

of select suppliers", it said.

● The EIU questioned 400 supply-chain and procurement executives in the US and seven European countries.



ICS is the principal international trade association for merchant shipowners and operators, representing all sectors and trades and over 80% of the world merchant fleet.

For more ICS contacts:  
[www.ics-shipping.org/contact-us/](http://www.ics-shipping.org/contact-us/)

### Contact us

International Chamber of Shipping  
38 St Mary Axe, London EC3A 8BH  
+ 44 20 7090 1460  
info@ics-shipping.org  
www.ics-shipping.org

### ICS contacts

Tanya Blake,  
ICS Communications Manager  
tanya.blake@ics-shipping.org  
+44 (0) 7498 871353

Paul Gunton, ICS Newsletter Editor  
paul.gunton@ics-shipping.org  
+44 (0) 7776 441192

### Design and layout

Phil McAllister Design  
phil@philmcallisterdesign.com  
+44 (0) 1273 737481

### Press and Communications

Duncan Bray,  
Woodrow Communications  
+44(0) 797 222 4445

### Sales

Richard Emsley  
richard.emsley@ics-shipping.org  
+44(0) 7730 289 459

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