

In this together

by Fitzwilliam Scott

By now, nobody could fail to realise that the decarbonisation of shipping is not a choice for the industry but a necessity. However, shipowners are faced with a bewildering array of impending regulations and must make some critical operational decisions to prepare their fleets for the future. Still, it would be a mistake to place responsibility for meeting the International Maritime Organization's (IMO) zero-emission targets fully on the shoulders of the shipping industry, believes Kostas Gkonis, Secretary General of INTERCARGO, the global association representing the world's dry bulk shipowners, managers, and operators.

The association is at the heart of the sector's drive towards decarbonisation, working closely with IMO, governments, and industry bodies to develop a pathway towards the sector's global decarbonisation ambitions. "We are fully committed to IMO's strategy and ambition to reduce greenhouse gas emissions from ships, but global challenges require global solutions. However, it must be remembered that the commercial development of these solutions is within the direct control of other stakeholders and not our shipowners," says Gkonis.

INTERCARGO believes that to build a realistic pathway and address the challenges posed by the transition, responsibility for decarbonisation cannot be placed solely on the ship operator at the end of the line – it is a challenge that must be dealt with holistically by the entire shipping industry. "The target of zero-emission shipping by

2050 requires a drastic and urgently needed acceleration in the commercial development of the technologies, fuels, propulsion systems and related infrastructure required to achieve this aim," states INTERCARGO's Secretary General.

He further explains, "All stakeholders in the maritime venture should bear the costs of the decarbonisation transition and play their role. This is not about just shipowners and operators, it concerns charterers, fuel suppliers, ports, shippers and cargo receivers. And one step back from these players are other stakeholders like financiers, insurers, shipbuilders, engine and equipment makers. Simply solely regulating the owner is not going to achieve the desired effect."

The (plausible) target

INTERCARGO continues to fully support the ambition to achieve net

zero-emission shipping by mid-century. Still, Gkonis emphasises that this goal can only be checked off by providing the shipping industry with alternative zero-carbon fuels. In his view, the answer must be for governments to take steps to accelerate research & development of zero-carbon technologies and expedite their deployment.

The way to do this is to ensure that appropriate policies are included in the revision of the IMO GHG Strategy to ensure that green fuels are secured, as well as the necessary infrastructure is in place to confirm availability and bunkering in ports around the world. Unfortunately, Gkonis believes these aspects are not sufficiently discussed and addressed despite their critical role, "The net-zero target will only be plausible if governments take the necessary action to achieve this at IMO. This is why INTERCARGO supported the



industry proposal for the establishment of an International Maritime Research and Development Board and an IMO Maritime Research Fund.”

His association also believes that a global lifecycle emissions assessment for all fuels is fundamental and that there is a need for a worldwide levy- & market-based measure to assist low- and zero-carbon fuels in becoming a competitive option for shipping. This needs to take place alongside policies on land to scale up green fuel production.

The association has been actively participating in the IMO deliberations and correspondence groups, expressing the views of its members on the measures being developed by IMO and the challenges associated with these, including both short-term solutions such as the Energy Efficiency Existing Ship Index or the Carbon Intensity Indicator (CII), and the lifecycle greenhouse gas emission (GHG-E) assessment of marine fuels. “We have established an internal working group that has been tasked with assessing the technical aspects of short- and mid-term measures,” explains Gkonis. “Shipping must be allowed to fulfil global needs for food and other key commodities while operating on a level playing field and without market distortion.”

Balancing the approach

Whilst INTERCARGO continues to assess and support the technical and operational measures adopted to reduce GHG-E, Gkonis also emphasises that safety cannot be ignored. “In addition to the very real safety issues, there are other technical and operational challenges that the industry will have to overcome.” INTERCARGO’s

position is that combining core elements of previous proposals on medium-term measures is the best way forward. It has supported the International Chamber of Shipping’s revised proposal to IMO, which suggests a balanced approach.

Specifically, the association believes that a flat rate contribution per tonne of CO₂ emitted on a tank-to-wake basis – and subject to the outcome of the ongoing discussions at IMO on fuel emissions’ lifecycle assessment – should be combined with an international maritime sustainability funding and reward mechanism where ships of GT 5,000 and above will make an annual contribution per tonne of CO₂. “Under such a scheme, only ships that use ‘eligible alternative fuels’ would receive a reward for CO₂ emissions prevented,” says Gkonis.

The association is of the opinion that a combination of technical and economic measures should be accompanied by appropriate policies and commitments from the IMO Member States for suppliers to secure the required alternative fuels in ports around the world in sufficient quantities.

Fit for purpose?

Meanwhile, Gkonis expresses concerns over using the current CII framework as a benchmark for IMO’s medium-term measures. “At our last semi-annual meetings, our members were very clear that CII cannot be

used to achieve the desired decarbonisation goals under real-life operating conditions. They do not believe that CII will deliver equitable, transparent and non-distorting emission reductions.”

Several factors can significantly and negatively impact a vessel’s CII rating, and Gkonis explains that most of these are outside the vessel’s control. He cites adverse weather, voyage distance, anchorage, port infrastructure, and charterer orders. “Paradoxically, when considering voyage distances and port waiting times, vessels with longer travel distances can produce more emissions but have a better CII rating when compared to vessels travelling shorter distances and producing less emissions.”

INTERCARGO’s formal position is that it does not believe that CII, in the current format, would achieve the desired decarbonisation goals or targets. While generally supportive of the operational short-term measure, significant flaws need to be addressed to make CII fit for purpose.

Gkonis sums up, “Without the concrete actions we have discussed, it will be premature to revise intermediate targets for 2030 or indeed for any subsequent year beyond. At the same time, of course, it must be stressed that INTERCARGO fully supports IMO in meeting the shared, global challenge of delivering on the shipping industry’s decarbonisation agenda.”



The International Association of Dry Cargo Shipowners (INTERCARGO) unites and promotes quality dry bulk shipping, bringing together more than 240 forward-thinking companies from 30 countries, among which more than 150 owners/managers/operators controlling over 40% (in deadweight) of the global dry bulk fleet. Go to [intercargocom](https://www.intercargocom) to see more.