To be (more) precise

by Andrei Radchenko, *Global Marketing Manager, Youredi*

International shipping, which carries over 80% of the world merchandise trade by volume, accounts for approximately 3% of total greenhouse gas (GHG) emissions worldwide. While this contribution may not be the largest relative to other sectors, the growing global consciousness surrounding environmental issues has thrust the shipping industry into the forefront of discussions on decarbonization and environmental responsibility. Consequently, new emission reporting requirements and regulations are emerging, reshaping the landscape for stakeholders within the domain.

Let us then delve into the challenges faced by the stakeholders from across the global shipping domain and explore the opportunities that arise for those who can differentiate themselves by having precise carbon emission data on hand.

No longer sufficient

That 3% figure might sound like a small impact, but it is not. Governments, industry bodies, and consumers are calling for businesses to take action and push the seaborne cargo transportation sector's decarbonization to lower levels.

In response to these pressures, along with a personal recognition of the need for sustainable practices to safeguard our planet for future generations, shippers started gradually migrating to the camp of environmentally conscious logistics service buyers.

Some cargo owners are already actively seeking logistics service providers (LSPs) that go beyond industry-standard estimations and offer actual emission data for their freight. As a result, the common industry practice of relying on historical or generic data to calculate cargo carbon footprints will no longer suffice.

This marks a significant shift from the industry's traditional, outdated practices to a higher standard of using actual CO_2 emission data. Only by taking this new approach can shippers accurately assess the true environmental impact of their supply chain and transportation activities.

That said, shippers must not undertake the journey towards decarbonization alone. The process requires collaboration across the entire domain, from carriers to LSPs and even logistics technology (LogTech) providers, who often play a critical role in connecting the stakeholders mentioned above.

The path is clear

The future of the shipping industry hinges on the collective efforts of all players involved, as they are dependent on each other. However, each party has its own challenges and opportunities regarding emission report data.

Because more and more shippers want to use actual CO_2 emission data to accurately assess the true environmental impact they make on global GHG levels, it's paramount for them to look toward business partners such as carriers, LSPs, and LogTech solutions that align with the latest trends and regulatory demands, providing the data that cargo owners need. Admittedly, achieving this goal requires time and dedication – and perhaps dramatic changes in case the current business partners or software do not match the new requirements. Nevertheless, the path forward is clear and straightforward.

Navigating this transition is undeniably more intricate for the LSP segment. Relying on industry averages and calculations is no longer tenable. To distinguish themselves as frontrunners in terms of implanting environmentally responsible practices, LSPs have two options: get emission data from modern LogTech solutions (like transportation management systems and visibility/booking platforms) or directly from carriers.

While leveraging innovative solutions to uphold accuracy and transparency in emission reporting sounds like the easiest option, this approach entails a heightened responsibility in terms of data provision. As a rule, data obtained through these avenues is accurate but still perceived as another estimation if the solution provider does not directly receive CO_2 data from carriers. Consequently, providing this data to the shippers creates additional unwanted responsibility for LSPs.

In contrast, carriers with ship fleets hold all the requisite information to conduct precise calculations and furnish the data to their partners. As a result, the most reliable method to acquire 100% accurate information is to request it from asset-owning carriers – the party that is sitting in the driver's seat in this regard.

However, not all carriers share this information by default, and those who do share it do so in a way that is convenient

Photo: Canva

for them. As there is no such thing as an industry-standard data-transfer protocol or data format for emission-related data, businesses will have to deal with anything from an Excel sheet sent via email to a devoted message sent via API or EDI, depending on how sophisticated the carrier's IT capabilities are. To obtain a full picture of the workload one might face when working with carriers, multiply the received emission report by the number of carriers you work with and the freight volume you expect to move with them.

LogTech solution providers are another stakeholder group that might benefit from this shift. They, depending on the situation, can provide solutions for any of the aforementioned parties. For the business they're active in, this industry-wide change could be a great chance to stand out from the crowd, but – again! – only if they can provide actual CO_2 emissions data. This is because the market is currently saturated with countless solutions that offer artificial intelligence-powered calculations and industry average indexes. The challenge here is the same as for LSPs – obtaining actual CO_2 emission data from carriers. The only difference is that the process will be more complex and resource-intensive, as it's necessary to be able to build connectivity with any existing carrier to satisfy customers who might want to work with parties that are not yet part of the ecosystem.

A bright and sustainable future

The shift towards sustainability, while presenting new opportunities, also places a significant burden on industry stakeholders, demanding sufficient resources and knowledge to keep pace with these changes.

In response to these challenges, businesses are turning to innovative solutions like Youredi's Carrier Emission Report Connectivity service. This comprehensive solution, designed to enhance emission reporting capabilities, offers actual data from carriers, enabling companies to accurately assess their environmental impact and stay ahead of regulatory requirements.

Leveraging this service emerges as a strategic imperative for businesses seeking growth in a market in which environmental responsibility is non-negotiable. By adopting this solution, whether as a shipper, freight forwarder, or LogTech solution provider, you can ensure a bright and sustainable future for your organisation.

As a part of the international shipping domain, it's crucial to remember that overcoming the CO_2 emission data challenge is not just about staying on top of industry trends but about leading the charge toward genuine environmental accountability. By embracing solutions such as Youredi's, one can set their business apart as the go-to choice for companies that are committed to sustainability while making a meaningful impact in shaping a greener future for the industry.

Go beyond

With new emission reporting requirements on the horizon, shippers are gravitating towards environmentally conscious business partners who provide more accurate data and go beyond industry-standard estimations. For organisations aiming to grow in a market where environmental responsibility is a core value, embracing this shift is no longer a choice as much as a strategic imperative.