



6-8 April 2022

# 4th Oceans Forum

on trade-related aspects of Sustainable Development Goal 14:

A shift to a sustainable ocean economy:  
Facilitating post-COVID-19 recovery and resilience



# Sustainable and resilient maritime supply chains



10 a.m.–12 p.m. (CEST), 8 April 2022

SESSION 4, DAY 3

## Sustainable and resilient maritime supply chains

**Co-organizers:** UNCTAD-IOI

**Discussion themes:**

- What are the main causes and impacts of the ongoing maritime supply chain crisis?
- What lessons can be learned for future challenges, including resilience building and preparing for the decarbonization of maritime transport?
- How can UNCTAD help developing countries to ensure that port and shipping services of the future are cost effective and accessible, especially for the most vulnerable economies such as SIDS and LDCs?
- How can effective adaptation action for critical transport infrastructure be better supported and how can access to affordable infrastructure finance be accelerated?

**Introduction:** **Mr. Jan Hoffmann**, Head, Trade Logistics Branch, Division on Technology and Logistics, UNCTAD

**Keynote:** **Mr. Kasper Søgaard**, Global Maritime Forum

**Panelists:**

**H.E. Mr. Alfredo Suescum**, Ambassador and Permanent Representative, Permanent Mission of Panama to the WTO

**H.E. Mr. Colin Murdoch**, Ambassador and Permanent Observer, Organisation of the Eastern Caribbean States (OECS)

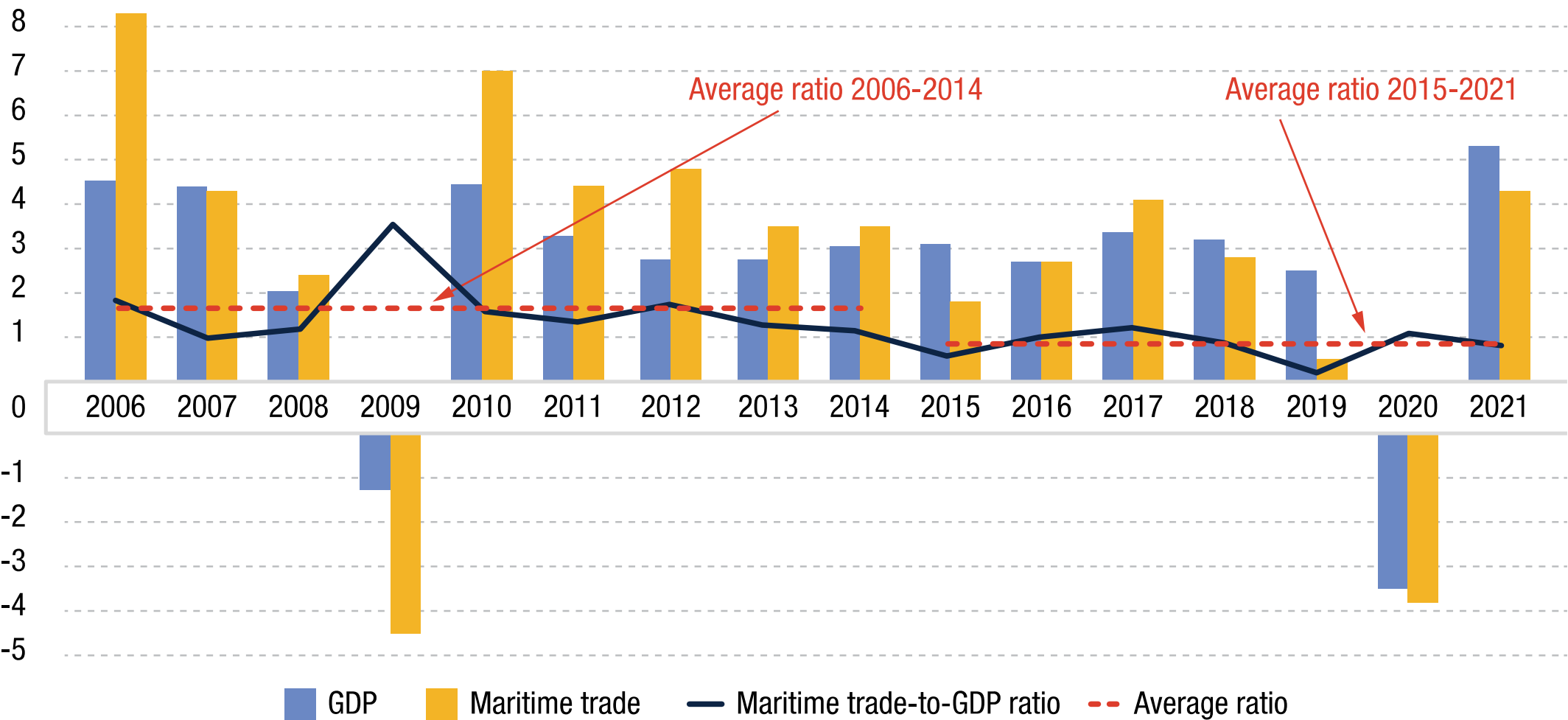
**Ms. Mwanulu Issa**, Director, Trade Facilitation and Policy Harmonisation, Intergovernmental Standing Committee on Shipping (ISCS), Kenya

**Mr. Arsenio Dominguez**, Director, Marine Environment Division, International Maritime Organization (IMO)

**Mr. Awni Behnam**, Honorary President, the International Ocean Institute (IOI)

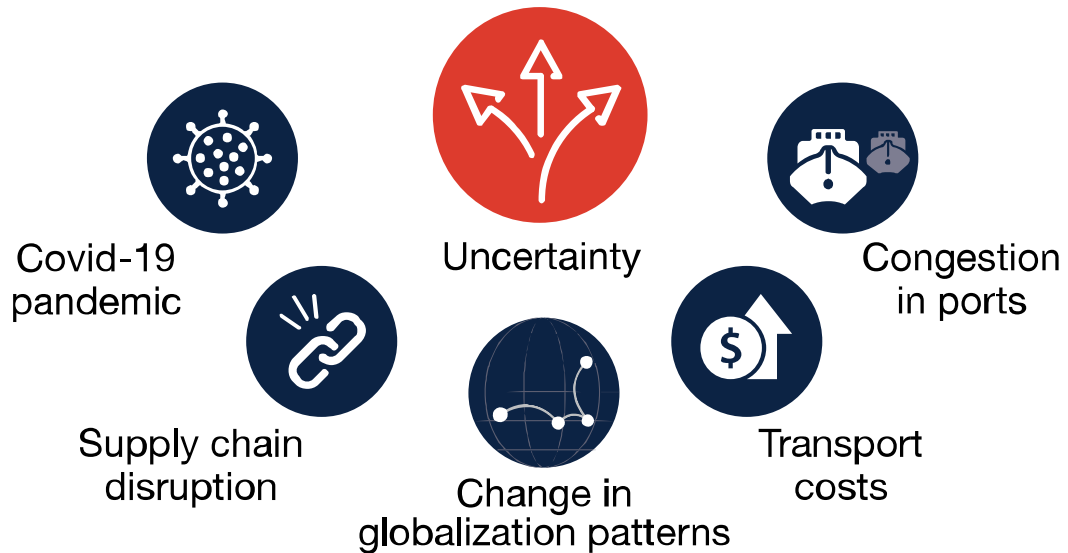


International maritime trade, world gross domestic product (GDP) and maritime trade-to-GDP ratio, 2006 to 2021  
(percentage annual change and ratio)



# OUTLOOK

Short-term outlook for maritime trade is positive, however, risks are manifold and uncertainty remains



UNCTAD expects world maritime trade to recover

by

**+4.3%** in 2021

Growth in maritime trade volumes expected to moderate and expand at an annual rate of

**+2.4%**

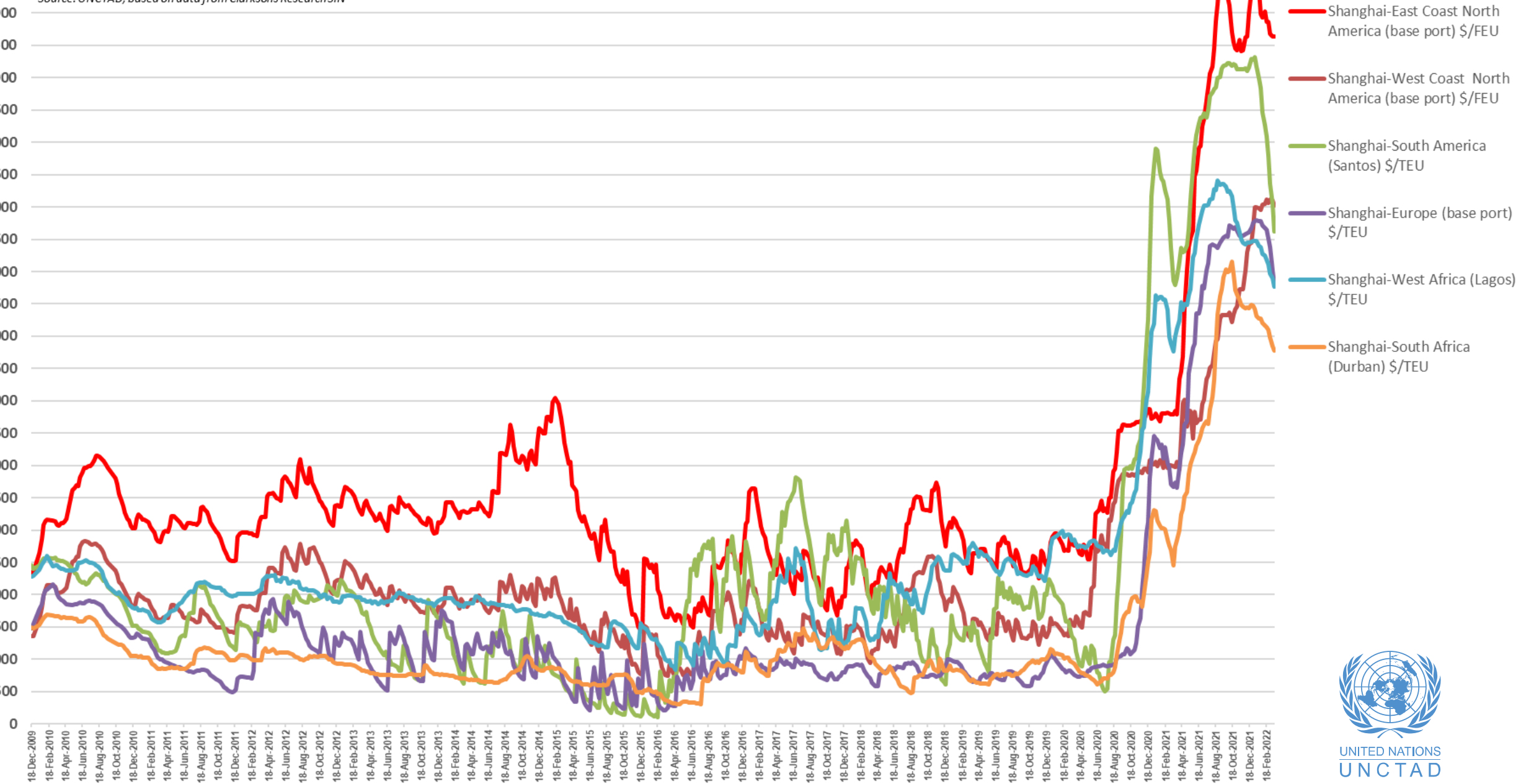
between 2022 and 2026



# Shanghai Containerized Freight Index (SCFI)

weekly spot rates. 18 December 2009 to 18 March 2022

Source: UNCTAD, based on data from Clarksons Research SIN

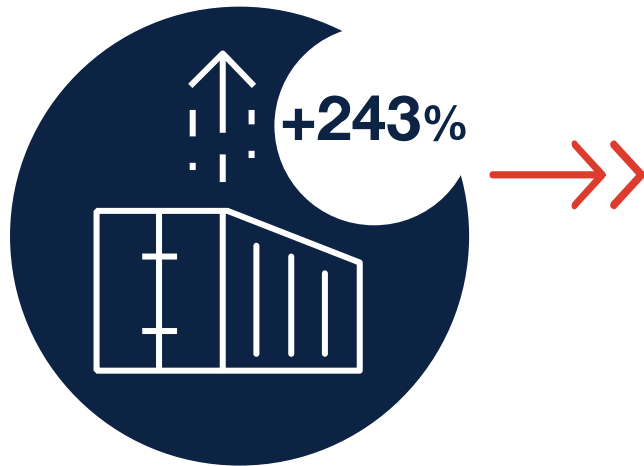


# SIMULATED IMPACT OF CONTAINER FREIGHT RATE SURGES

Hardest hit will be SIDS

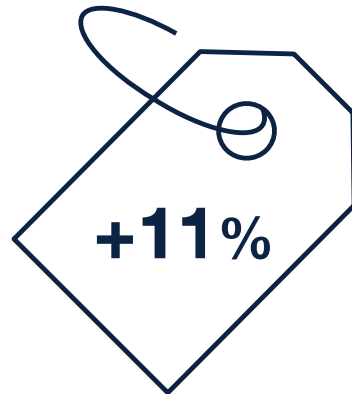
## Simulation assumption:

Sustained increase in container freight rates

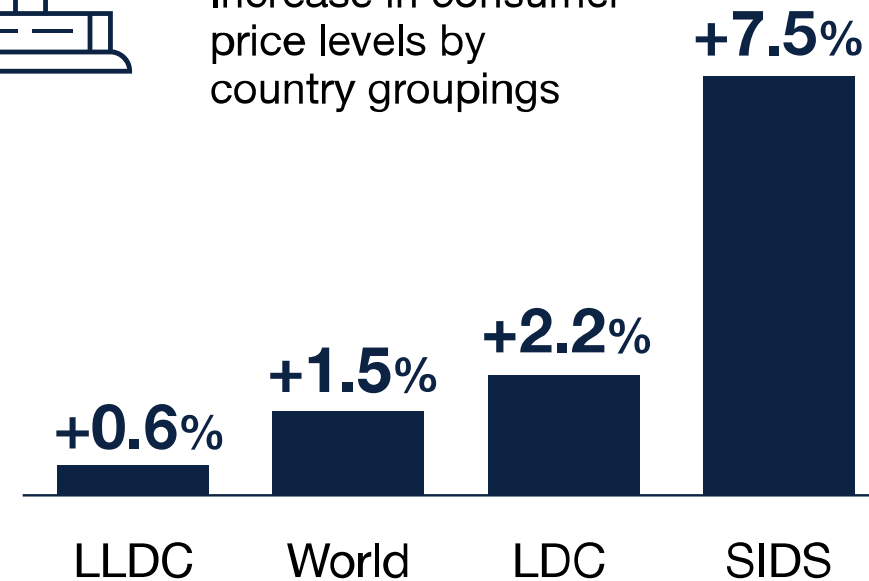


## Simulation results:

Increase in global import price levels



Increase in consumer price levels by country groupings



# Emissions from shipping

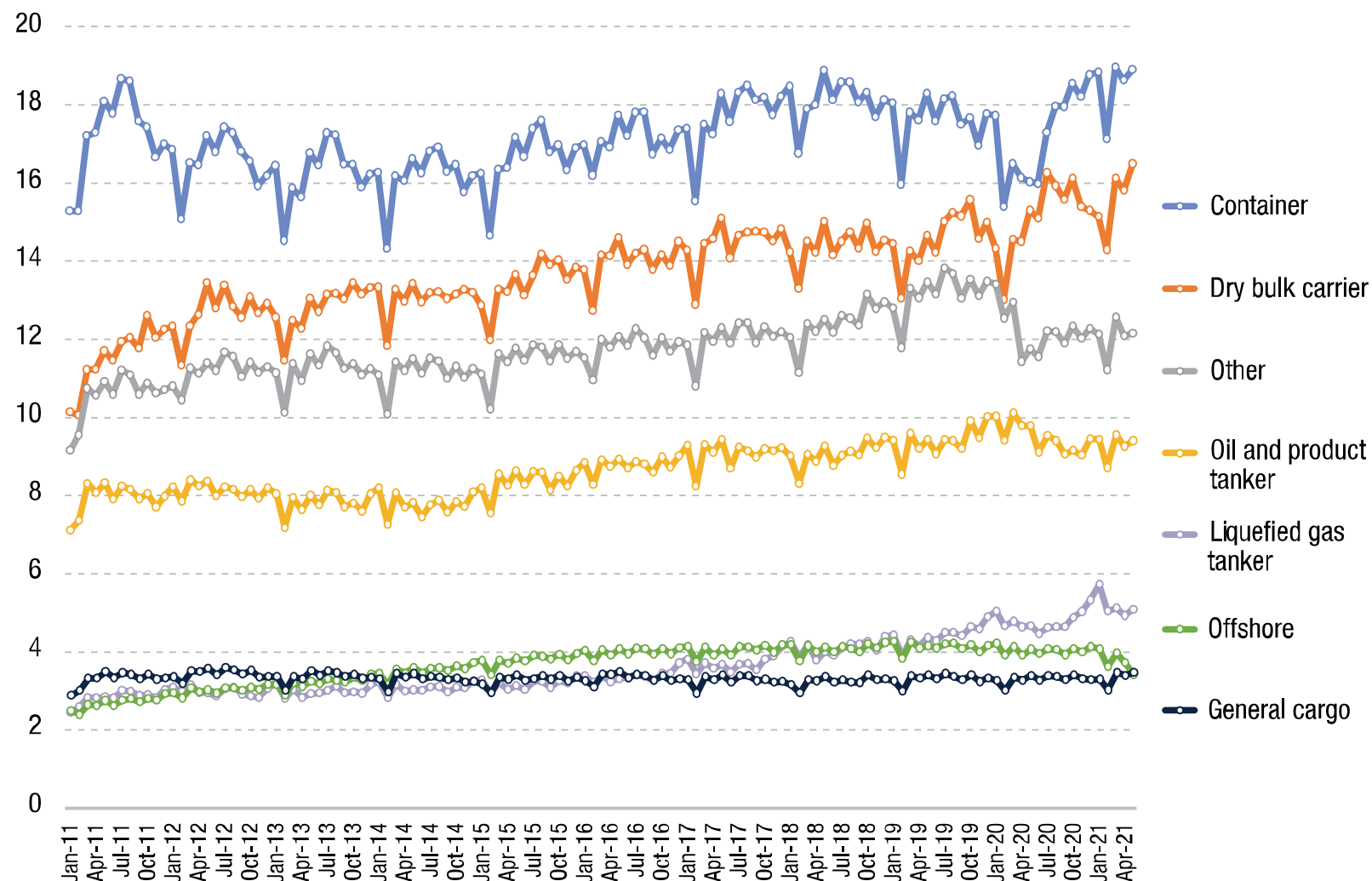
The share of shipping emissions in global anthropogenic emissions has increased from 2.76% in 2012 to **2.89%** in 2018.

The greenhouse gas emissions — including CO<sub>2</sub>, methane and nitrous oxide — of total shipping (international, domestic and fishing) have **increased** from 977 million tonnes in 2012 to 1,076 million tonnes in 2018 (9.6% increase).





# Carbon dioxide emissions by vessel type, monthly, million tons, 2011–2021



Source: UNCTAD, Review of Maritime Transport 2021, based on data provided by Marine Benchmark

# SHIPPINGWATCH

Carriers

Suppliers

Offshore

Ports

Logistics

Regulation



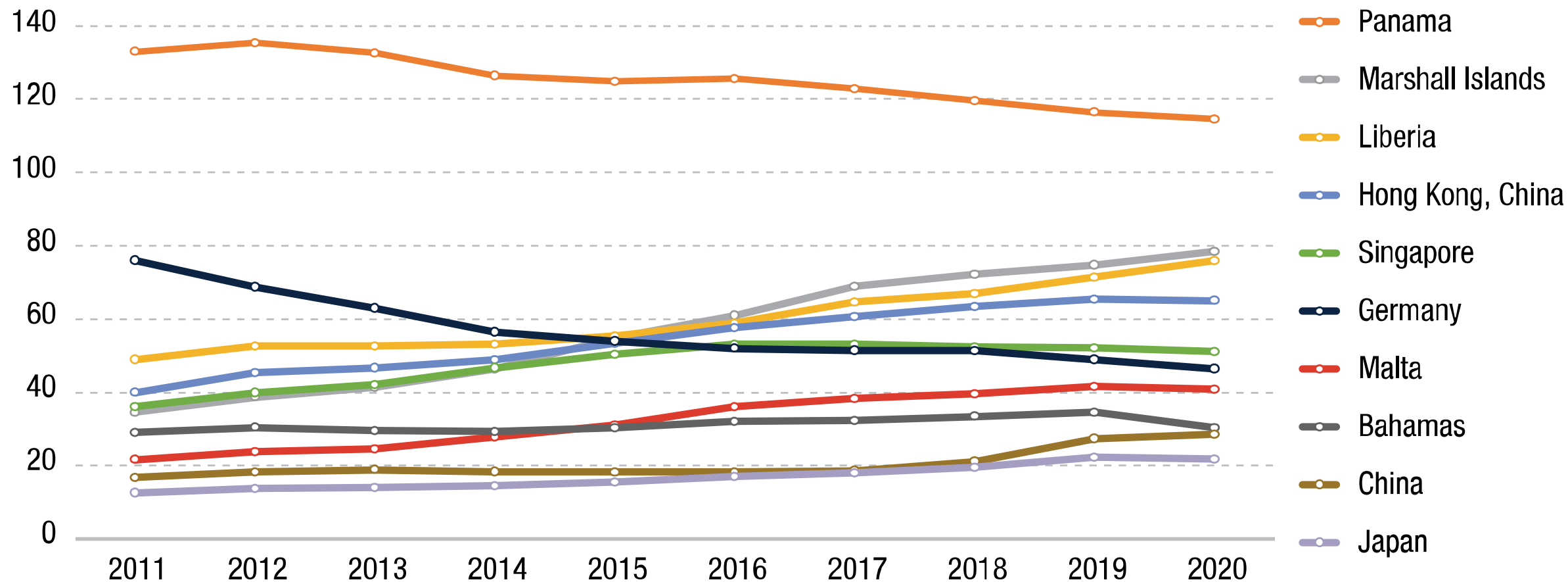
Danish

## Emissions from global shipping continued to grow in 2021

High demand for commodities and gas made emissions from shipping increase by 4.9 percent last year, according to analyst firm. Thus, pollution was higher than in 2019, prior to Covid-19.



## Carbon dioxide emissions by flag state, annual, 2011–2020, million tons



Source: UNCTAD, Review of Maritime Transport 2021, based on data provided by Marine Benchmark



# Who is paying the price today?

- Coastal populations in Bangladesh whose lands are flooded
- Investors in the Bahamas whose properties are devastated by more frequent hurricanes
- Farmers in Mali whose crops fail after another dry season
- Families on Pacific islands whose homes are disappearing
- Swiss ski resorts left without snow





# Who should pay the **price**?

The polluter should pay.

And the polluter should be given three options.

**1. Don't pollute / pollute less:**

Go slower, use clean fuel, near-source

**2. Clean up and help adapt:**

Filter, build flood walls, invest in ports, construct hurricane resilient cranes, ...

**3. Compensate:**

Help those who are negatively affected



# A levy on CO2 ?

## A proposal for an IMO-led global shipping industry decarbonisation programme

### Marshall Islands demands \$100 tax on shipping emissions

A levy on greenhouse gas emissions would be the first market-based measure ever imposed on the shipping industry

11 Mar 2021 | NEWS

Lloyd's List

The Marshall Islands and Solomon Islands have made a landmark proposal to the International Maritime Organization to charge by 2025 shipping companies \$100 per tonne of CO2 equivalent their vessels emit

BHP

BW

DNB

DNV GL

International Chamber of Shipping  
Shipping the future of shipping

NEWS KEY ISSUES SUBMISSIONS FREE RESOURCES PUBLICATIONS ABOUT ICS

## Shipping sector proposes USD 5 billion R&D board to cut emissions

Dec 18, 2019

The global maritime transport industry has submitted a proposal to form the world's first collaborative shipping R&D programme to help eliminate CO2 emissions from international shipping. The proposal includes a USD 5 billion R&D board to cut emissions



World Shipping Council

## Global Carbon Price

A global price on carbon combined with dependable and broad-based "buy down" programmes that effectively level the playing field among newer low and zero GHG ships and the tens of thousands of ships that will still be burning conventional fuels. This will play a large role in making it possible for companies to put zero GHG ships on the water and to operate them competitively.

by International shipping

The industry-wide move to accelerate R&D is necessary to ensure the ambitious reduction targets agreed to by IMO Member States in 2018 are met.

These ambitious IMO targets include an absolute cut in the sector's total greenhouse gas emissions of at least 50 percent by 2050, regardless of trade growth, with full decarbonisation shortly after. The 2050 target will require a carbon efficiency improvement of up to 90 percent, which is incompatible with a continued long-term use of fossil fuels in commercial shipping.

Meeting the IMO GHG reduction goals will require the deployment of new zero-carbon technologies and propulsion systems, such as green hydrogen and ammonia, fuel cells, batteries and synthetic fuels produced from renewable energy sources. These do not yet exist in a form or scale that can be applied to large commercial ships, especially those

## SHIP TECHNOLOGY

Dr Kostas Gkonis, secretary general of the International Association of Dry Cargo Shipowners (INTERCARGO) believes that closer investigation of the environmental impact of slow steaming is also necessary. "When it comes to GHG emissions, one would need to factor in the extra emissions from the shipbuilding activity for constructing these ships. More emissions would also result from steel production, but also mining and transporting coal for the shipbuilding purposes," he says.

"Imposing a tax on fuel would be a better way to encourage "environmentally friendly and efficient slow steaming"

It's the idea of imposing speed limits with which he doesn't agree. "The absence of 'speed limits' allows a ship to speed up during boom market periods. This is desirable, otherwise the market would necessitate extra shipping capacity by building more ships in a wasteful and inefficient way," he says.

For the first time, the International Chamber of Shipping (ICS) and Intercargo jointly proposed a levy based on mandatory contributions for each tonne of CO2 emitted from ships exceeding 5,000 gross tonnes and trading globally.

REUTERS

The money collected would go into a climate fund that would be used to deploy bunkering infrastructure in ports around the world to supply cleaner fuels such as hydrogen and ammonia, according to the proposal.

"What shipping needs is a truly global market-based measure like this that will reduce the price gap between zero-carbon fuels and conventional fuels," ICS Secretary General Guy Platten said.

## CARBON LEVY EVALUATION

Could a carbon levy in shipping be an effective way to help reach the IMO greenhouse gas reduction goals?

October 2019

TRAFIGURA



# A levy on CO2 ?



DHAKA-GLASGOW DECLARATION OF THE CVF



**7. Maritime Emissions:** We recognize the critical importance of shipping to our states and to prioritize and support all efforts to advocate for this sector. We call upon further urgent discussion, study and work of the IMO for establishing a mandatory GHG levy on international shipping to ensure that IMO emission measures are fully aligned with a 1.5°C pathway following IPCC AR6. We recognize the need for the shipping transition to next generation vessels and fuels to be equitable and benefit all states. We support that the majority of the levy's revenues be employed as additional financial support for urgent climate actions, particularly by the vulnerable developing countries. We urge members to consider adopting ambitious targets in domestic maritime emissions for a transition to zero emissions that leaves no one behind.

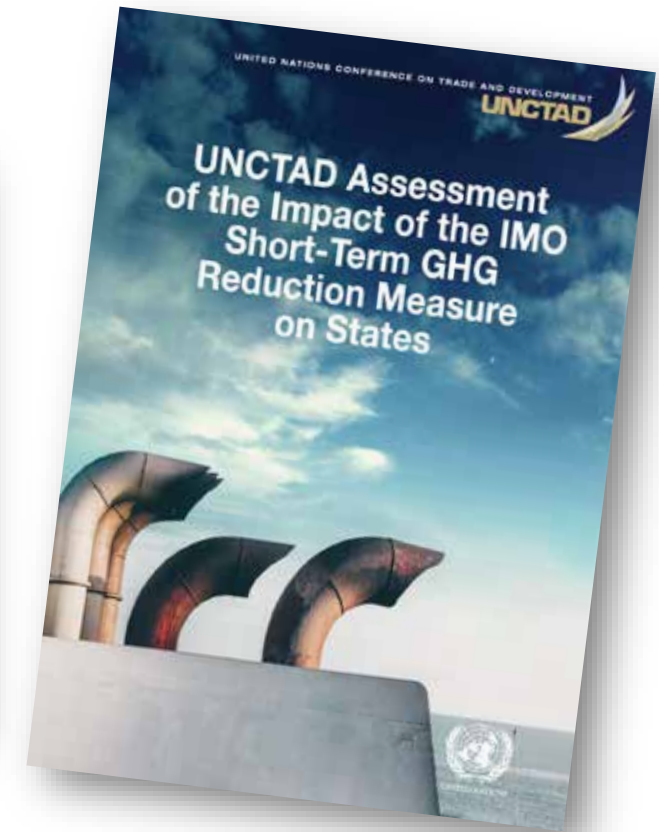
Afghanistan, Bangladesh, Barbados, Benin, Bhutan, Burkina Faso, Cambodia, Colombia, Comoros, Costa Rica, Democratic Republic of the Congo, Dominican Republic, Eswatini, Ethiopia, Fiji, the Gambia, Ghana, Grenada, Guatemala, Guinea, Guyana, Haiti, Honduras, Kenya, Kiribati, Lebanon, Liberia, Madagascar, Malawi, Maldives, Marshall Islands, Mongolia, Morocco, Nepal, Nicaragua, Niger, Palau, Palestine, Papua New Guinea, Philippines, Rwanda, Samoa, Saint Lucia, Senegal, South Sudan, Sri Lanka, Sudan, Tanzania, Timor-Leste, Tunisia, Tuvalu, Uganda, Vanuatu, Viet Nam, Yemen.

# Impact?

- From our impact assessment of short term measures:

Aggregate global impacts of the proposed IMO short-term measure on maritime logistics costs can be considered small when compared to typical market variability of freight rates. Also, the global impact on GDP and trade flows can be considered small when compared to the long-term impact of other disruptions such as a pandemic or climate change factors.

However, for some countries, the negative impacts of the IMO measure assessed in this report are relatively higher than for others. Aware of the resource constraints of some developing countries, including SIDS and LDCs, UNCTAD expects that some countries will likely require support to mitigate the increased maritime logistics costs and alleviate the consequent negative impact on their respective real income and trade flows.



Source: UNCTAD

<https://unctad.org/news/vulnerable-countries-need-help-adjust-carbon-cuts-maritime-transport>



- How to set today the rules for the future of maritime transport?

Technological progress will never be as slow as today



# Opportunity:

The maritime industry has the historical opportunity to be ahead of the curve, as it can shape one global multilateral framework





# Thank you!







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