

## Sinking under a big green wave

*Shipowners face an onslaught of new environmental laws*



PREVENTING pollution was one of the original aims of the International Maritime Organisation (IMO), when it was set up in 1948. But its environmental rule-making has intensified in recent years. It has turned its attention to such things as the gases ships belch from their funnels and the invasive foreign species they pump out of their ballast-water tanks when they call at ports. The shipping industry now faces the cost of complying with a deluge of new rules. To make matters worse, it is in the middle of a slump caused by too many ships chasing too little trade.

As the deadlines for all these rules approach, shipping bosses are firing off distress flares. Masamichi Morooka, chairman of the International Chamber of Shipping (ICS), a lobby group, lamented on March 19th that the cost could run into "hundreds of billions" of dollars. He begged regulators to take into account the dire state of shipping firms' finances.

One of the first big expenses will be for cleaner fuel. Ships used to burn the cheap, unrefined crud, laden with sulphur and other nasties, that is left over when oil is refined. The fine soot that such fuel gives off can cause premature deaths from asthma and heart attacks. So in 2005 the IMO started to limit the sulphur content of maritime fuel, especially in "emission-control areas" along heavily populated coasts in North America and Europe. These limits are set to be tightened drastically (see chart). Ships will have to start burning better grades of fuel, similar to diesel.

Such fuels currently cost about 50% more than unrefined "residual" grades, and their prices will surely rise as ship operators scrap with car owners and airlines for the limited amounts that refineries can turn out. The ICS is pleading with the IMO to conduct a study of whether there will be enough of the fuel to go around.

Shipping firms are also under pressure to cut their emissions of carbon dioxide and other greenhouse gases. The IMO reckons that ships cause about 2.7% of total man-made emissions, a bit more than planes but a lot less than cars and trucks. Under a convention it has brought into force this year, ships will have to introduce fuel-economy measures with the aim of reducing their emissions by 20% by 2020 and 50% by 2050.

But that may be just the start. The IMO is looking at further "market-based" measures, such as making ship operators buy tradable permits to emit CO<sub>2</sub>. The European Union was until recently considering imposing such a scheme on shipping. But it has backed off for now,

following the hostile response by other governments to its attempts to make airlines buy permits.

The IMO is also pressing on with planned new rules on cleaning up ships' ballast water. These may come into effect this year, once enough national governments have signed up for them. A study last year in the *Journal of Marine Engineering and Technology*\* reckoned that around 60,000 ships worldwide would need refitting with one or more cleansing units, costing up to \$1.7m each. In that case, shipping firms could be whacked with a bill of the order of \$50 billion. How they will persuade banks to lend them the money for this is unclear: whereas measures to cut CO<sub>2</sub> emissions produce a return in the form of lower fuel bills, there is no such payback on ballast-water equipment.

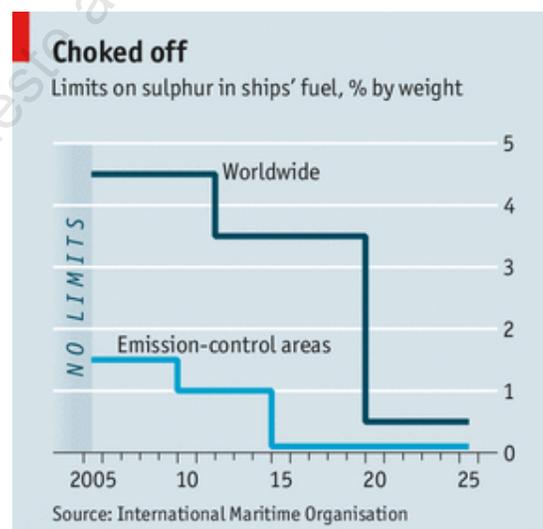
New proposals to make shipping greener, and push it further into the red, keep popping up. This week the European Parliament's environment committee backed proposals for recycling levies on vessels calling at EU ports. This would pay for safer scrapping of old ships, which can contain asbestos and other toxic materials.

As they contemplate the cost of all this, shipping bosses are realising that they have not been very good at arguing their corner. At a conference in Athens recently John Platsidakis, a Greek shipping boss who chairs an association of bulk-cargo operators, grumbled: "We carry 90% of world trade and we emit only 2.7% of the CO<sub>2</sub> but still we are treated as if we are acting with indifference to the environment."

Philip Roche, a solicitor at Norton Rose who advises transport industries on regulatory matters, says that airlines, for example, have lobbied more shrewdly than shipping firms. But then again, he notes, the shipping industry is bigger and more fragmented than aviation, making it harder for it to present a united front. Many small, family-owned shipping firms have publicity-shy bosses and lack the sophisticated public-relations machines that giant firms deploy.

### Grime of the ancient mariner

Nevertheless, says Craig Eason, technical editor of *Lloyd's List*, a shipping daily, some sort of consolidation, or at least better co-operation, among shipping associations would make sense. Especially since they are so thinly staffed: the ICS seeks to represent the entire global merchant-shipping fleet with just 20 people. The industry's sluggish lobbying has meant that rules get passed before it has a chance to object to them. And once they are passed, it is much harder to get them changed.



Fonte: *The Economist*, London, v. 406, n. 8828, p. 69, 23 a 29 Mar. 2013.