



# The Carbon War Room

Transport | Shipping | Operation Shipping Efficiency



October 2011

## The Situation

Maritime shipping handles over 85% of the world's goods, so despite being the relatively most efficient method of transporting cargo, the sector's pollution is a substantial contributor to climate change.

At over 1 billion tons of CO<sub>2</sub>e emissions, the global shipping fleet is the equivalent to the 6<sup>th</sup> largest emitting country in the world. Business as usual projects emissions growth of 250% by 2050 (IMO, 2011), leaving the industry on a trajectory to 18% of global emissions. It is also worth noting just 15% of the fleet accounts for 50% of emissions.

The opportunity to cut emissions and long run costs is significant - just 30% efficiency savings through the uptake of technologies and operational measures at current bunker fuel market prices would equate to a **\$70 billion saving across the industry** (ICCT, CE Delft, Navigistics 2010). The last IMO study on the subject (GHG study, 2009) pointed to up to 75% fuel efficiency potential.

Key market inefficiencies hinders realization of the potential. Relatively poor information on relative vessel efficiency and split incentives: 70% of the fuel in the shipping industry is paid for by the cargo-owner not the ship-owner, structurally hampering the incentive to invest.

To accelerate progress to maximum emission (and fuel) saving, the Carbon War Room in consultation with many of the industry's experts has identified three leverage points:

**Increased Information Flows and Transparency** – Ubiquitous, freely available, accurate information pertaining to the relative efficiency of vessels in the international fleet.

**Demand Side 'Pull Through'** – Those that pay for the fuel, run ports, & buy/sell ships incorporating the data into everyday decision-making

**Unlocking Capital** – Aligning economic and environmental interests is then crucial to facilitating necessary capital flows.

## Our Objective

Shipping, as a rapidly growing percentage of manmade CO<sub>2</sub>e emissions has an important role to play in solving climate change; and importantly has significant, profitable, latent efficiencies to access.

*Operation Shipping Efficiency's* success will be defined by irreversible momentum towards a successful, healthy transition to an efficient and clean global shipping fleet within five years. Evidence of success will be new investment flowing to the solutions identified. This will be **triggered by use of efficiency labeling** by several major shippers, ports, banks and brokers to create a 'tipping point' for ubiquitous use within 3 years.

The transformation we seek will be self-financeable by the industry and will lead to decreased operating expenses. The 2020 fleet could save **CO<sub>2</sub>e emissions by over 0.5 billion tons annually**, putting it on a path to reductions of over one billion tons a year by 2050.

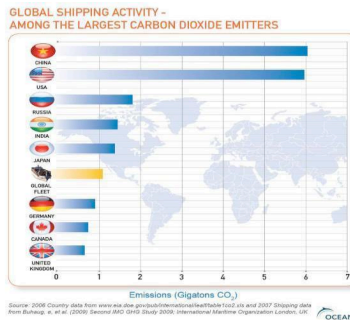


Fig. 1 – Shipping emissions vs. Country Emissions

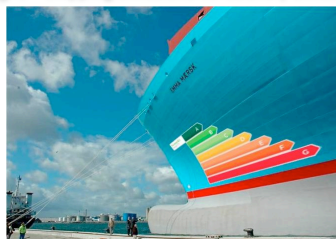


Fig. 2 – The Future of Efficiency Labelling?

## Our Strategy

Over the last 18 months, we have been building a strong and growing global group of ship-owners, technology providers, port authorities, financiers, NGOs, and industry experts. By working together, we will accelerate capital flows to upgrade the fleet by increasing widespread adoption of efficiency standards; triggered less by regulation; rather a drive for better profitability. There are five critical components in our approach:

**Generating more and better information and transparency** – until the Carbon War Room launched [www.shippingefficiency.org](http://www.shippingefficiency.org), there was **no readily accessible way to compare the energy efficiency** of the international shipping fleet. As the information, indices and methodology improve, the “demand side” can check and call for more efficient and economical vessels. The Carbon War Room and partners are also mobilizing for this call for efficiency data across stakeholder groups (see [shippingefficiency.org](http://shippingefficiency.org))

**Research** – as better information becomes available, the variance in energy efficiency and relation to **costs** for the shipping industry is being evaluated. Analysis will also be made available on what technologies are surfacing as most promising in different classes of vessel.

**Finance and Capital** – Convening, informing and supporting facilitation at the **confluence of ‘demand side’ stakeholders**: ship-owners, shipyards, banks / investors and clean technology companies

**Communication** – Ensuring that the shipping industry and its wider stakeholders **understand the huge opportunity and solutions** to unlocking the 25% to 75% latent efficiency locked within the shipping market, via trade, business and mainstream consumer media.

**Legal / Policy Innovation** – **Accelerate the adoption and enforcement of international regulations** on shipping efficiency. As appropriate, advise on potential innovation in agency contracts; charter party agreements; local, national and international policy; embedding efficiency as a crucial metric.

## Our Team

Senior Advisor [Alisdair Pettigrew](mailto:Alisdair.Pettigrew@blue-comms.com) [alisdair@blue-comms.com](mailto:Alisdair.Pettigrew@blue-comms.com) Project Assistant [Kate Astley](mailto:Kate.Astley@carbonwarroom.com) [kastley@carbonwarroom.com](mailto:Kate.Astley@carbonwarroom.com)  
 Research Executive [Catherine McMillan](mailto:Catherine.McMillan@carbonwarroom.com) [cmcmillan@carbonwarroom.com](mailto:Catherine.McMillan@carbonwarroom.com) CWR C.O.O. [Peter Boyd](mailto:Peter.Boyd@carbonwarroom.com) [pboyd@carbonwarroom.com](mailto:Peter.Boyd@carbonwarroom.com)

## Our Consulted Experts and Partners

Representatives from: Blue Communications | AP Moller- Maersk | [Jonathan Porritt](mailto:Jonathan.Porritt@forumforthefuture.org) - Forum for the Future | Teekay Shipping Corporation | Wallenius Wilhelmsen Logistics | [Simon Walmsley](mailto:Simon.Walmsley@wwf.org) – Head of Marine, WWF | [Hans Otto Kristensen](mailto:Hans.Otto.Kristensen@tekniskollegiet.dk) – Technical University of Denmark | [Tristan Smith](mailto:Tristan.Smith@ucl.ac.uk), Research Associate – University College London | [Elena Craft](mailto:Elena.Craft@airqualityspecialist.org), Air Quality Specialist - Environmental Defense Fund | [Rich Kassel](mailto:Rich.Kassel@nrd.org), Senior Attorney & Director - National Resources Defense Council | [Jorn Winkler](mailto:Jorn.Winkler@dkgroup.com), Founder DK Group |

The Carbon War Room is a global, independent, implementation-focused NGO and registered US 501(c) iii

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 Phone +1 (202) 717 8448; Head Office 1150 Connecticut Avenue NW, Suite 620, Washington DC 20036