

GREENTECH 2013

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Guest Speaker

Responding to the Sustainability Challenge

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Ladies and Gentlemen Good morning,

Shipping has a history and a tradition that few others can match. This remains as relevant to the modern world as it ever has been – perhaps even more so. We might not have the glamorous consumer adverts and snazzy uniforms of the airline world, we might not get the press publicity like rail, but the latest figures prove that shipping is worth more to the global economy than aviation and rail.

With shipping efficiently serving more than 90% of global trade, meaning that the world economy cannot do without it, further shipping contributes significantly to the other two pillars of sustainable development – social and environmental. It facilitates global commerce and the creation of wealth and prosperity among nations and peoples, creating a wide variety of jobs aboard ships and ashore, with beneficial impacts, both direct and indirect, on the livelihoods of others.

But to achieve sustainable development in shipping, it is important to establish a coordinated and integrated approach to maritime policies. With more than half the world's population living near the coast, the importance of integrated coastal zone management, including port

development and the protection of coastal and marine resources, is also of particular importance to sustainable development.

Twenty + years ago, the 'Agenda 21' included a set of recommendations related to shipping and the role of IMO. IMO's responses have been both multifaceted and robust. Shipping and IMO have made significant progress in Environmental Protection since the Earth Summit.

The establishment of a sustainable maritime transportation sector is essential to the development and growth of the world's economy. Indeed, without shipping, we cannot really think about the future of the global economy.

Let us examine the facts. First on economy. International shipping transports about 90 per cent of global trade, by sea, to peoples and communities all over the world. Shipping is the most efficient and cost-effective method of international transportation for most goods; it provides a dependable, low-cost means of transporting goods globally, facilitating commerce and helping to create prosperity among nations and peoples.

On the social side, as the delivery mechanism for global trade, shipping supports and sustains a huge number and range of wealth-creating and poverty-alleviating activities in both developed and developing countries. Shipping provides job opportunities to people in developing countries. More than 1.5 million people are employed as seafarers and

the vast majority is from developing countries. If world economy continues to grow, we need more highly trained and qualified seafarers.

To meet the demand of growth, we need to provide more than 50,000 seafarers every year. Related activities such as shipbuilding, ship repair and ship recycling provide more jobs to people in developing countries and have contributed towards the achievement of the Millennium Development Goals.

For the environment, shipping is continuously improving its environmental performance with IMO measures. Accident rate and input of oil and harmful substances to marine environment is continuously declining. We have now established 14 Particularly Sensitive Sea Areas with stringent protective measures. Global regime for greener and safer ship recycling and mechanism to stop invasive species through ballast water were firmly established and we are looking for global implementation as soon as possible. Global standards to reduce CO2 emissions and fuel consumption were developed and shipping industry is implementing them from the 1st of January this year.

Shipping is an essential component of any programme for sustainable development. The world relies on a safe, secure and efficient international shipping industry, and this is provided by the comprehensive regulatory framework developed and maintained by IMO.

The regulatory regime developed by IMO, provides a blueprint for countries to develop their maritime transport infrastructure in a safe, efficient and environmentally sound manner.

In this context IMO Secretary-General's long-term goal is to move towards sustainable maritime development, through the development of Sustainable Maritime Development Goals. IMO will undertake this effort in parallel with the development of the Sustainable Development Goals by the UN, as part of the outcome of the 2012 Rio +20 Conference.

The development of Sustainable Development Goals for the maritime industry will focus on eight pillars:

1. safety culture and environment stewardship;
2. energy efficiency;
3. new technology and innovation;
4. maritime education and training;
5. maritime security and anti-piracy actions;
6. maritime traffic management;
7. maritime infrastructure development; and
8. the adoption and implementation of global standards by IMO.

The development and implementation, through IMO, of global standards covering maritime safety, environmental protection, maritime security and the facilitation of maritime traffic, will underpin green and sustainable shipping and confirm IMO's ability to provide the appropriate institutional framework for sustainable maritime development.

Having put in detailed perspective the IMO's vision and action in relation to the sustainability challenge it is fair also to say that one has to

understand that the industry also deserves a regulatory regime that is fair, global and benefits shipping too.

The uniquely international nature of shipping provides an irresistible argument in favour of a framework of international standards to regulate the industry – standards, which can be adopted by all and accepted by all. It is only through such a common approach that ships, complying with these standards, can perform their trade around the world while countries receiving foreign ships in their national ports can be confident that, in allowing them in, they do not place their safety, security and environmental integrity at an unreasonable risk.

Over many decades, shipping has actually become safer and cleaner, not to mention more cost-effective. Indeed, you could argue that it is something of a testimony to the ever-improving safety and environmental record of the industry that it is able to go about its business so quietly and even so many can argue that it is becoming more and more difficult to operate where the regulatory framework becomes an obstacle to improvement.

International rules and regulations in relation to the Safety of Life at Sea or Safety in general have been traditionally developed and implemented with great success improving the safety of the ship but also minimized the loss of life at sea. Oil spills have been reduced to minimum showing also that the focus placed in the 90s on this type of problem was fruitful.

The civil society though still demands ships to be environmentally friendly and require the industry to develop and implement measures that minimize the pressure exerted from shipping to the environment.

Unfortunately while there are measures to control and reduce pressures and threats on the marine environment, they have been developed in a sector by sector approach resulting in a patchwork of policies, legislation, programmes and action plans at national, regional and international level.

This tendency can often create a burden without benefit. It also creates huge uncertainty and uncertainty is the enemy of business. Sustainability can only be achieved if there is a coordinate and targeted effort how to address Environmental concerns.

Therefore Regulators must clearly define their goals so that the industry can well ahead estimate the cost in order to strategically plan its recovery, so that profitability is sustained. While protection of the environment is paramount we shall also at the same time have a controlled Balance between safety and economies of scale.

In addition these are tough times for shipowners – well, they are tough times for everyone, if the truth be told. Newspapers and TV screens bring us daily a grim litany: a seemingly never-ending economic crisis, social and political unrest, riots and demonstrations, natural disasters, global warming and climate change, famine and humanitarian disaster.

All of these have an impact on shipping, either directly or indirectly, and it is in difficult times like these that the industry needs certainty at least in its regulatory framework that has to be global.

The time is high to achieve environmental protection without the loss of operability, efficiency and above all retain shipping as the most economical transport mode for commodities and raw materials. While striving for sustainability and long term viability it is important to see a number of incentives given to the Industry so that technology uptake is becoming a norm and efficient and cost effective operations are no longer the temporary actions but again the norm.

It is important to stress here that Non – Compliance is not an option.

Having set the scene in relation to today's challenges posed by the regulatory framework it is time to turn to the actual actions taken by IMO in relation to the regulatory landscape.

The most challenging and highly politically fused environmental issue today for shipping is GHG emissions. The Global regulator for shipping has addressed the problem for the new generations of ships by establishing a mandatory construction standard aiming to more efficient ships in the future. This is in my opinion a mandatory technology uptake. Something unique and we should be proud of our selves that we managed that, in such a short time.

This is not the end of the story I am afraid, the Climate Change issue is not something that needs to be addressed at a later stage many argue that shipping has to act immediately and will take action by themselves if IMO does not address the existing fleet as soon as possible.

It is therefore prudent for the industry to initiate proactive action so that the eventual regulatory regime reaches the industry in a soft way and in a manner that is expected by the industry, so that the industry benefits

from it. Voluntarily apply Operational Measures over and above of those required, voluntarily calculate your fleet's Carbon Foot Print; and assess your Vessels Efficiency. These are some but important things to be done by you now so you can shape the future of GHG emitted from ships.

The issue of the transferring of unwanted aquatic organisms via the ships water ballast still remains a problem for the shipping industry which needs to be addressed and resolved immediately. The IMO has adopted the relevant convention in 2004 unanimously and, since then, all the fourteen sets of required guidelines for its implementation have been adopted. To date, 28 ballast water management systems have been granted Type Approval by their respective Administrations, and dozens of other systems are in various stages of development. The tools for effective implementation of the BWM Convention are, therefore, in place.

If you have ships that fall under the provisions of the Convention, you need to install ballast water management systems in accordance with the timeline stipulated in the Convention. And, today, there is ample choice of systems and the implementation dates of the D-2 standard are known.

This is particularly true for newbuilds. They will need a ballast water treatment system, sooner or later. It is surely better to start now, as retrofitting will be more expensive.

Concerns have been raised about whether there is sufficient shipyard capacity for installing systems on thousands of ships. Timely action from you, the shipowners, will alleviate this concern; postponing action will simply increase it.

The possibility of unilateral action from certain countries is also emerging as a source of concern for many. Entry into force of the BWM Convention would, to a large extent, reduce this concern, as there would be one set of international regulations in place, i.e. those of the Convention.

It must be recognized that the BWM Convention was adopted before we had sufficient practical experience of managing ballast water aboard ships, in particular in terms of using treatment systems. Now we have more experience we will be able to effect amendments to the convention if necessary so by bringing it into force we can improve it.

Ship-owners can take leadership in this important issue by encouraging flag Administrations to ratify the Convention and work with them to identify from now improvements to the convention that can be proposed to IMO, this will remove many of the associated uncertainties.

In conclusion, Ladies and Gentlemen,

Responding to the sustainability challenge requires a concerted effort by all involved, owners, operators and regulators.

Regulators need to have clear targets for environmental legislation and aim at creating a consolidated approach of tackling the problem.

The industry needs to be given incentives to achieve the Environmental aspirations of the Regulators and at the same time to use synergies that will lead to cost effectiveness and efficiency improvements.

Realities such as climate change will strain the industry more in the future and therefore proactive planning and action by the industry is highly recommended.

Working all through the IMO and its vision, goals and global regulatory regime is the answer to the challenge.

Thank you

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