

Leadership Insights

Insights from the global leadership community

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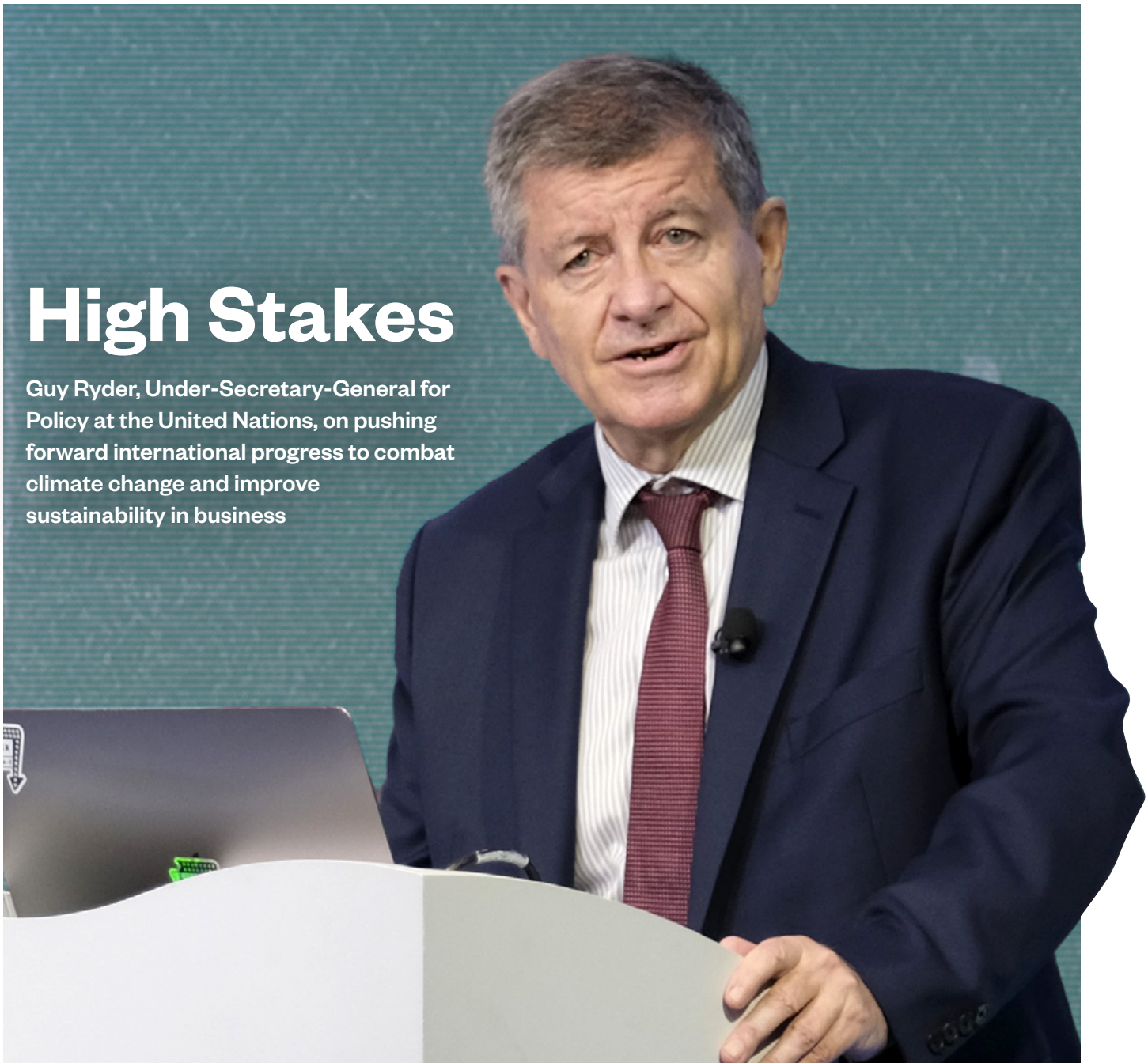
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High Stakes

Guy Ryder, Under-Secretary-General for Policy at the United Nations, on pushing forward international progress to combat climate change and improve sustainability in business





Ryder on the storm

Under-Secretary-General for Policy at the United Nations, and former Director-General of the International Labour Organization, Guy Ryder, shares his thoughts on accelerating the SDGs, combating climate change, negotiating labour conflicts and sustainability in businesses.

Q What progress have we made towards achieving the targets of the UN Sustainable Development Goals (SDGs)?

A The Sustainable Development Goals (SDGs) really are the compass for the work of the international community, bringing people together at a time where there are many tensions and divisions in the international community. We are at the halfway point from when the 2030 Agenda for Sustainable Development was adopted in 2015, and the bad news is that we're not doing very well: only 12% of targets are being met.

In some areas, such as working to end the threat of AIDS and HIV we are doing well, but in other areas, such as jobs and social protection, it is alarming to feel like we are going backwards. While COVID and the war in Ukraine can be seen as factors, we were off target before those things happened - so we need to have a much more fundamental examination of why we're not doing well. I don't think that this is because people don't believe in the SDGs, but the fact of the matter is that we are not delivering and so we must change.

Q What areas do your findings indicate need urgent focus?

A International finance is a vital area of focus since the investment agenda plays a role not only in climate change - which is an area where we really cannot afford not to do better - but also education, health and social protection. In the maritime industry, you are already aware that financing the decarbonisation transition is a big issue. We need to see how the international financial system is working, and make it work for delivery of the SDGs.

When the 2030 agenda was adopted, we talked extensively about the resources needed to make it happen. This is not a free agenda; it needs investment. Regrettably - and I think the UN Secretary General is really quite outspoken about this - the way the system functions today doesn't deliver sufficient resources for the development process, particularly in the developing world, where it can be very, very difficult to raise resources on international financial markets.



Equity is the key! If some people think they've been asked to take on an unfair share of the burden, change won't happen. We need just transition to carbon neutrality or the transition is likely to be blocked

Q How can we bridge the gap between environmental and business imperatives?

A One of the biggest obstacles to effective climate action comes when people think that doing the right thing on climate is going to lose them their job or source of food, or deny them their legitimate ambition for development and a better life. If that happens, popular support and licence for climate action can be withdrawn. Equity is the key! If some people think they've been asked to take on an unfair share of the burden, change won't happen. We need just transition to carbon neutrality or the transition is likely to be blocked.

This is a big ask and sometimes a difficult discussion. We are working with industry, including stakeholders such as International Chamber of Shipping (ICS), to determine how business models and incentives for private investment can be adjusted to generate nec-

essary financing for decarbonisation. The Just Transition is not simply the right thing to do but needs to be an inherent part of a successful business model in the sector. This is about combining the environmental, economic and social dimensions of sustainable business and it is essential.

Q How do you think maritime business leaders should best implement the sustainability agenda?

A It is important to remember that there are opportunities embedded in the climate change agenda. We can move to something new and potentially better. You need the right regulatory environment to set parameters which meet the business logic of travelling the road to carbon neutrality.

Defining the business rules of the decarbonisation agenda needs to ensure that enterprises become competitive by being green rather than being disadvantaged. I think the financial markets and investors will be pressing for this- and that it requires transparency to be effective. It's very important that investors and the people who use your services are able to verify that you're actually walking the carbon neutrality talk. This cannot simply be part of the discourse of business leaders. It must be in their actions.

This also implies building confidence that a decarbonised sector will generate decent jobs and secure livelihoods. And the best way to do that is through dialogue between the two sides of the industry – workers and employers.

Q During your time at the International Labour Organization you worked on updates to the Maritime Labour Convention and dealt with minimum wage talks. How would you recommend that business leaders navigate increasing labour strikes?

A We're living in a world where dialogue is becoming quite difficult in all respects. We're seeing quite a lot of industrial action, probably on a scale we haven't seen for quite a long time. The most obvious reason for this is high inflation, which puts pressure on living standards and wage-fixing processes.

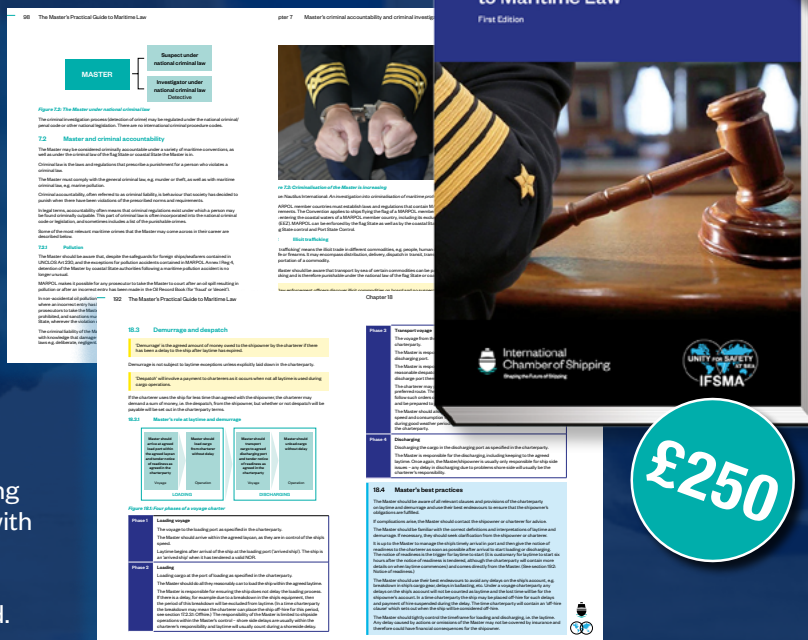
In my view, it's really important to rediscover a sense of common purpose between workers and employers to make working conditions and pay fair. I know from my time working at the International Labour Organization that conversations between employers and workers can't be a zero-sum game. There are 'win-win' options available here. I've sat in and around the minimum wage fixing in the international maritime industry, so I've seen how it's done. It sometimes gets a little heated, but you get the job done. We need to get that spirit of dialogue back in action across our economies.

The Master's Practical Guide to Maritime Law

First Edition

This first edition of *The Master's Practical Guide to Maritime Law* is a comprehensive, easy to follow guide written specifically for Masters.

When something goes wrong on board, legal issues often arise, and it is the Master's responsibility to react appropriately. This guide bridges the gap between theory and practice by exploring practical real-world scenarios commonly encountered by Masters, whether in port or at sea. It offers valuable guidance on how to approach legal issues effectively, highlighting best practices, and providing expert advice on managing legal risks with particular emphasis on the commercial aspects that form a significant part of every Master's responsibilities on board.



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Industry reacts to end of block exemption

The European Commission (EC) will terminate the Consortia Block Exemption Regulation (CBER) for shipping in April 2024. This change won't eliminate Vessel Sharing Agreements (VSAs), but industry concerns about increased costs and administrative complexities may reshape how VSAs are conducted.

CBER, introduced during the 2009 financial crisis and extended in 2014 and 2022, exempted liner shipping consortia from EU antitrust regulations. The EC determined that it "no longer promotes competition" in shipping after a review launched in August 2022.

John Butler, President & CEO of World Shipping Council, anticipates "uncertainty for carriers" as they adapt to new regulations, which could deter participation in VSAs, potentially harming efficiency and service levels.

The EC acknowledges that VSAs remain legal and enhance efficiencies, but Butler noted the need for clear messaging on its continued support for VSAs.

Rico Luman, a senior economist at ING Research, suggests that container line cooperation and VSAs may become "more difficult" due to compliance and administrative burdens, which could cause container liners to "reconsider their focus".

Bud Darr, Executive Vice President of Maritime Policy and Government Affairs for MSC Group, warns of legal uncertainty and increased costs without CBER, fearing the decision is "poorly founded" and may be applied by other jurisdictions.

The International Chamber of Shipping (ICS) notes that the EU's decision puts it "out of step" with other jurisdictions but appreciates the DG Comp recognition of the benefits of liner shipping consortia and VSAs for economies of scale, space utilisation, and efficiency. Read more [here](#).

Renewables sector faces components shortage

Supply of core components for renewable energy projects could become a major obstacle to the global energy transition and the availability of green fuels for shipping, according to recent analyses. Reports identify potential upcoming shortages in the high-voltage DC cables that connect offshore energy projects to land and in the production of electrolyzers needed to convert electricity to hydrogen.

CRU Group's data reveals the supply of high-voltage cables may become a bottleneck for the rollout of offshore wind energy projects. In 2022, just 0.5% of global energy cable facilities could produce submarine cables, with European manufacturers fully booked, with multiple-year backlogs, CRU Group head of wires and cables Chenfei Wang told ICS *Leadership Insights*.

Highlights from a forthcoming report for the [Global Wind Energy Council](#) (GWEC),

shown to ICS *Leadership Insights* ahead of publication, predict a 12% annual demand growth for array cables, which connect individual turbines together, and export cables, which connect offshore substations to an onshore grid location.

Geopolitical factors have historically influenced cable supplier choices, leading to intra-regional supply chains. However, as production capacity tightens, higher levels of global collaboration "is imperative" to meet decarbonisation goals, says Wang.

The International Energy Agency (IEA) cites a similar challenge with electrolyzers, a key component for green fuel production. Current capacity falls short of IEA's Net Zero 2050 scenario projections. While announced projects aim to reach 136 GW by 2030, there remains a 40% capacity gap. When considering projects with finalised investment decisions, the gap exceeds 90%. Read more [here](#).

As production capacity tightens, higher levels of global collaboration "is imperative" to meet decarbonisation goals

Maritime transport to return to growth in 2023

UNCTAD's latest [Review of Maritime Transport](#) anticipates a 2.4% growth in maritime trade volume for 2023, recovering from a 0.4% contraction in 2022. Seaborne trade is expected to surge by almost 4% on a ton-mile basis driven by geopolitical events.

Dr. Jan Hoffmann Chief, Trade Facilitation Section, UNCTAD told ICS *Leadership Insights* the most surprising trend in the report is of cargo travelling longer distances by sea over decades, contrary to the concept of near-shoring.

Container shipping is an exception, with trade distances decreasing since 2020, reflecting more intra-regional supply chains.

On decarbonisation, the report notes challenges faced by shipowners, ports

and terminals alike; uncertainty remains on future fuels and regulations for industry, yet immediate action is needed to meet global and sectoral decarbonisation targets.

Emissions from the shipping sector have increased over the past decade as trade growth has outpaced shipping's greater efficiencies on a ton-mile basis. CO₂ emissions from vessels' main and auxiliary engines have risen by over 20% between Q1 2013 and Q1 2023.

UNCTAD's policy recommendations include reducing regulatory uncertainty to stimulate new ship investments, promoting information sharing, supporting developing nations, and incentivising investments in alternative fuels and green technologies for ships. Read more [here](#).

Unlocking the promise of new nuclear

Nuclear power may be becoming technically viable for commercial shipping, but policy frameworks and perhaps even shipowning business models will also have to change.

In early October, US energy provider Southern Company announced that it had started the first operational tests on a new nuclear power plant, TerraPower's molten chloride fast reactor (MCFR). The tests, which are non-nuclear at this stage, mean observing operations as liquid salt is pumped around the plant as a coolant. With the subsequent addition of nuclear material, the chloride solution will become both fuel and coolant. The relatively low cost and ease of deploying such reactors, labelled 'new nuclear' in contrast to more expensive and unwieldy traditional reactors, could finally make nuclear power viable in commercial shipping.

The case for nuclear power in shipping is clear: nuclear reactors generate truly near-zero carbon energy. They need refuelling rarely, with molten salt reactors such as TerraPower's needing nuclear material to be reprocessed every four to seven years, according to the World Nuclear Association. Those benefits translate to shipping as instant emissions compliance and bunkering intervals measured in years rather than weeks.

Core Power, which participated in the Southern Company test and has already designed a marinated, modular molten salt reactor is trying to bring those benefits to commercial maritime. According to its chairman and CEO Mikael Boe, shipowners are catching on fast to the potential. He identifies companies responsible for around 4,000 vessels as having already invested in researching and developing

nuclear solutions. That interest tallies to the roughly 10% of respondents to the latest [ICS Maritime Barometer Report](#) that anticipated nuclear propulsion in commercial use within the coming decade.

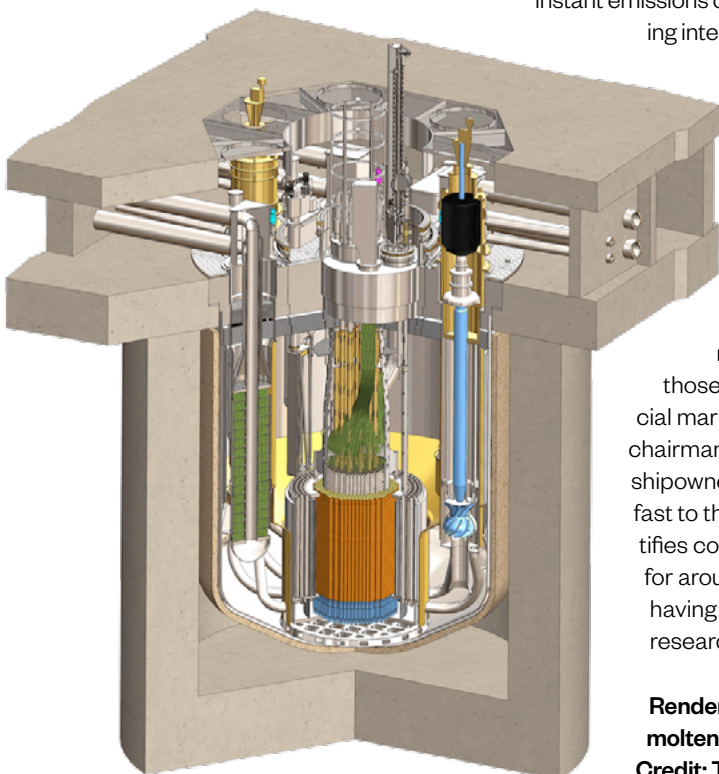
"New nuclear is the only true zero emission energy for the lifetime of ships," he tells *ICS Leadership Insights*. "Every capesize bulk powered by new nuclear will prevent 1.5 million tonnes of carbon dioxide from being emitted in dry cargo transportation. If you multiply that up the fleet, the impact is substantial."

Those figures correlate with a [2010 academic](#) paper identifying fuel-related carbon dioxide emissions from larger panamax bulkers at just over 1.5 million tonnes. On a lifecycle basis, though, nuclear propulsion does not totally eliminate greenhouse gas emissions, with the Intergovernmental Panel on Climate Change placing nuclear on a par with electricity generated from offshore wind, at 12gCO₂e/kWh.

If the upsides of nuclear power are clear, so too are the challenges. They include concerns about safe operations, environmental unknowns around disposal of radioactive materials and lack of public policy frameworks - due in large part to public perception of nuclear risk.

Companies promoting the technology are tackling those historic safety concerns. Core Power's reactor is designed to operate in a mobile environment, including 'passive safety' features that allow the reactor to be shutdown even in the event of a failure in auxiliary power. There are signs of a shift in public policy too, with Sweden and the UK among the countries bringing the International Maritime Organization's (IMO) non-mandatory Nuclear Code into national legislation.

Insurance is another important consideration. According to Neil Roberts, head of



Rendering of TerraPower's molten chloride fast reactor. Credit: TerraPower

marine and aviation at the Lloyd's Market Association, nuclear commercial vessels are insurable in principle, although no such projects exist at the moment. He says that fresh 'risk-by-risk' assessment will be needed in each case and, perhaps more impactful for potential pilot projects, "not all [insurance] carriers will have the appetite to begin with".

But the implications of commercial nuclear power go far wider than tweaking legal and policy frameworks. According to class society DNV in its latest *Maritime Forecast*, the underlying business model of ship powering may need to change. When aiming to compare annual cost and net present value for nuclear commercial propulsion, the company had to assume that shipowners would lease the reactor and associated systems and services. "This is because CAPEX for nuclear propulsion is uncertain but thought likely to be up to twice the cost of the ship itself," the report noted.

That shift from built-in to leased power alone would be a radical change in shipping. But according to Christopher Wiernicki, CEO and Chairman of class society ABS, even if shipping does not immedi-



The Ymal nuclear-powered icebreaker pictured in Sabetta, Tyumen region, Russia, March 2021. Credit: Shutterstock

We see nuclear energy as an enabler for producing clean energy and clean fuels

Christopher Wiernicki,
CEO and Chairman, ABS

ately move towards nuclear as a direct power source, there is still good reason to prepare for a new nuclear age. Arguably

of greater importance is the role that new, affordable nuclear solutions can play in generating clean fuels that can be used in more conventional ship designs.

"We see nuclear energy as an enabler for producing clean energy and clean fuels and as a power source for ship propulsion," he says. "Modern nuclear and renewable-based energy systems extend our line of sight of solutions to achieve net zero by 2050."

Tanker Safety Guide (Liquefied Gas)

The Tanker Safety Guide (Liquefied Gas), fourth edition, is the definitive industry guide to support gas carrier operators conduct safe and efficient operations. This comprehensive guide, a carriage requirement under the national regulations of many flag States, has been fully updated to align with the latest edition of the International Safety Guide for Oil Tankers and Terminals.

All content included in this latest edition has been developed and reviewed by senior industry experts with direct experience in the field and has been presented in a user-friendly and modernised format, with a significant upgrade in the visual representation of technical information, including infographics and flow diagrams.

Fourth Edition

£470

LIKELIHOOD OF OCCURRENCE	RISK RATING			
	High	Medium	Low	Very Low
Highly unlikely	1	2	3	4
Unlikely	2	3	4	5
Unlikely	3	4	5	6
Very likely	4	5	6	7
Highly likely	5	6	7	8

ICS in Action

A round-up of ICS news and activities over the last month

ICS is the principal international trade association for merchant shipowners and operators, representing all sectors and trades and over 80% of the world merchant fleet.

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ICS opens new representative office in Shanghai

A new ICS representative office was officially opened in Hongkou District, Shanghai on 22 September 2023. Located within the offices of the China P&I Club, the office was inaugurated during the North Bund Forum, an annual high-level maritime event jointly held by China's Ministry of Transport and the Shanghai Government.

Edward Liu, Principal Representative ICS (China) liaison office in the Hong Kong SAR, and for the Shanghai office said; "It is less than one year since the China Shipowners' Association became a full ICS Member, and I am delighted that ICS is now opening an office here in Shanghai."

ICS has welcomed the [New Zealand Shipping Federation \(NZSF\) as a full member](#) on 11 October. The move from affiliate to full membership will enhance collaboration between the ICS and NZSF and increase the geographical distribution of ICS Board members, helping to ensure a balanced view of the international shipping landscape.

Master's Guide to Maritime Law available soon

ICS is launching the 1st edition of *The Master's Practical Guide to Maritime Law* to assist Masters responding to legal issues arising from an incident board, both in port or at sea.

Developed with the International Federation of Shipmasters' Associations (IFSMA), the guide covers criminal and commercial law. The practical and easy to follow guidance is designed to help Masters protect themselves and assist in protecting the shipowner's interest and other crew members, within the international legal framework. Preorder in print or digital [here](#).

The ICS [International Medical Guide for Seafarers and Fishers](#) has now been approved for use by Panama, the Marshall Islands and the Bahamas and has been recommended it be included in the approved publications list for use on board. The guide was also discussed at the [16th International Symposium of Maritime Health](#).

Upcoming events

The industry will come together with ministers at COP28 for a series of events in Dubai. The flagship maritime summit – [Shaping the Future of Shipping: Delivering a Net Zero World Summit](#) will take place on the 10 December at the Museum of the Future.

Ahead of this ICS Chairman, Emanuele Grimaldi will be speaking at the high-level [World Ports Conference](#) on the 2 November in Abu Dhabi, focusing on 'What can ports and shipping deliver to COP28?'. ICS Deputy Secretary General Simon Bennett will be attending the [IBIA Annual Convention](#) in Dubai on the 7-9 November and speaking on 'The changing landscape of maritime regulations'. Later in the month, ICS Secretary General Guy Platten will be giving the keynote address at the [Joint IMO/ILO Conference on Work at Sea](#) on 13 November in London. Finally, on 15 November, Guy Platten will moderate a panel of four trade and shipping experts who will discuss the key findings of the United Nations Conference on Trade and Development's (UNCTAD), [Review of Maritime Transport 2023](#). Find out more and register for the webinar [here](#).