



Carbon Brief – Step by Step to Green Shipping and Beyond?

Considering that more than 90% of global goods are transported by cargo ships and that this transport accounts for about 3% of global greenhouse gas (GHG) emissions, it has become essential to take the necessary measures for greener shipping in the global arena.

For more detailed information on the current regulations, please refer to our previously published bulletin [Carbon Brief – Current Regulatory Landscape](#).

Current issues arising from these regulations

However, there are some problems that may arise from the regulations developed to pave the way for greener shipping.

- Harmonisation with the EU ETS and other incentives may lead to increased operating costs for ship owners and charterers. The need to purchase emission allowances or invest in cleaner technologies can be administratively and financially burdensome, especially for small operators.
- The volatile prices of the carbon market may create a new layer of financial risk, making budgeting and long-term planning more difficult for shipping companies.
- Another potential problem is the need to accurately monitor, report and verify emissions. This will impose a significant administrative burden, requiring expertise or investment in IT programmes, potentially leading to compliance difficulties.
- Accurate reporting is vital in order to fully fulfil the responsibilities imposed by the regulations. A number of support companies, like [VesselBot](#), claim that accurate emission measurement and reporting will help to make environmentally friendly decisions and reduce the use of greenhouse gas emissions.
- The regulations will encourage parties to seek more green fuels. Recent research from Oxford University shows that green ammonia could decarbonise 60% of global shipping when offered in just ten regional fuel ports, such as in Australia, Chile, and the southern Arabian Peninsula. However, considering the demand and need for green fuels, this will cost more than the fuels used in the past, so the parties

should set the conditions well in their contracts for the problems that may arise.

What measures can be taken?

- When using alternative fuels such as LNG, hydrogen, and biofuels, which have a lower carbon footprint compared to traditional bunker fuel, there will be an enhanced need to ensure that the terms in all direct and related contracts are clear and cover potential issues that may arise.
- Reduce cruising speeds to decrease fuel consumption and emissions. Although this extends travel times, it can significantly lower the carbon footprint per voyage.
- Use advanced navigation tools and weather routing software to find the most fuel-efficient routes and avoid conditions that lead to higher fuel consumption.
- Engage in carbon offset programs by investing in projects that reduce emissions elsewhere, such as reforestation or renewable energy projects, to compensate for the emissions produced.
- Invest in onboard technologies and software for accurate fuel consumption and emissions monitoring to ensure compliance with reporting requirements.
- Incorporate the potential impact of carbon pricing and other regulatory measures into the company's risk management framework.

LA Marine comments

The journey of the shipping industry towards becoming more sustainable fuel is filled with obstacles yet offers considerable benefits. Rules such as the EU ETS highlight the crucial part this sector plays in reducing worldwide emissions. In fact, having these arrangements recognised and legislated by governments would provide greater confidence to the parties and help to synchronise them across the sector in terms of enforceability.

Precise measurement of emissions goes beyond mere compliance; it is essential for the strategic planning of shipowners and charterers. Through the adoption of innovative solutions, investments in environmentally friendly technologies, and skilful manoeuvring through the carbon market, the maritime industry has the potential to transform emission reduction challenges into benefits for competitive positioning, thereby aiding in the advancement of a more sustainable global trading system.

For further insights or assistance related to the LA Marine Carbon Brief, please contact our [shipping and logistics](#) law specialists at online.enquiries@la-law.com.