

Sjöfarten ska gå på batterier, gas och segel [Shipping should go on batteries, gas and sails]

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DEBATE. As part of the green transition, Swedish shipping now presents a roadmap for fossil-free competitiveness. The solutions include new fuels such as biofuels and electricity, as well as more efficient and filled vessels, writes Svante Axelsson, national coordinator for Fossil-free Sweden, and Rikard Engström, CEO of Svensk Sjöfart.

The report from the UN Climate Panel, IPCC, is crystal clear. If we are to have any chance of limiting climate change to less than two degrees, all industries must participate in the conversion away from fossil fuels. Shipping is facing major challenges on this journey, but with the right instruments it can also be a big part of the solution.

Therefore, the industry organization Svensk Sjöfart within the framework of Fossil-Free Sweden is now drawing up a roadmap for fossil-free competitiveness that shows how national shipping can become fossil-free.

The Riksdag has decided that domestic transport should reduce greenhouse gas emissions by 70 percent by 2030. A challenging but not impossible goal to achieve. The challenge is double because freight transport is expected to increase by 50% by 2030. Although more truck transport will be needed, much of this increase in freight transport will have to be trains and shipping that have plenty of available capacity.

Shipping does not require as much investment in new infrastructure as ports, ships and fairways are already in place. The problem is that, despite its advantages, shipping is not fully utilized.

However, there is a clearing on the horizon. The new freight strategy shows a high political ambition, with, among other things, the eco-bonus for shipping traffic, which the policy has recently developed is a good step along the way. It is important for both the climate and the Swedish competitiveness.

Transporting goods by sea is energy efficient. Global shipping accounts for 90 per cent of all freight transport and about 2 per cent of total greenhouse gas emissions. Like the airline, it is not included in the Paris agreement and, internationally, climate work has been neglected. In the spring, the UN Maritime Organization (IMO) agreed on the goal of reducing greenhouse gas emissions by at least 50 per cent by 2050, which is insufficient but may be counted as a success in view of the opposition from large countries such as Brazil, Saudi Arabia and the United States.

Swedish shipping companies have long worked with environmental and climate issues and today lead the development in the world. Just last year, we see many brand new ships delivered that are adapted for climate-smart solutions such as battery operation, gas operation and even sails.

Today, Swedish shipping companies have some 50 vessels on order at an order value of approximately SEK 25 billion. The fact that the vessels are at the forefront of sustainability issues costs extra SEK 5 billion. This spring we also saw the first bunkering of biofuels in the world to a Swedish Maritime member's member company.

The industry organization Svensk Sjöfart has since 2015 a vision of zero emissions from 2050. To be able to change national shipping to the year 2045 and thereby show the way for global shipping, a number of new measures are required and therefore a road map for fossil-free competitiveness is now being taken.

Solutions will be the replacement of fuels with alternative fuels such as biofuels and electricity, as well as more efficient and filled vessels. Without an active policy, a changeover is not possible. Therefore, here we present seven proposals that have led to political goal fulfillment, but which also impose demands on politically broad agreements:

- Setting up a carbon dioxide fund. Create incentives for transport buyers to choose green transports. Investigate, for example, opportunities to create a carbon dioxide fund, which is wholly or partly financed by the industry itself, to support investments in technology to reduce the climate impact of shipping.
- Increase environmental differentiation in fairway fees. The government's instruments and measures that can promote the use of shipping must be more effective. Here it is clear that the Swedish Maritime Administration's design of the new fairway fee, needs to be differentiated more to become more climate and environmental management and possibly needed new money is added to the system to achieve even greater climate benefit. The fee structure, which will also affect many ports' charging systems, must be differentiated so that vessels wishing to switch to alternative fuels are rewarded.
- Increase production of domestic renewable fuels. Create an incentive structure that stimulates the production of renewable fuels in Sweden where the quota obligation is a good start.
- Tax exemption from electricity. Introduces tax exemption for shore-connected electricity in port for vessels with gross tonnage below 400 and for charging batteries for electrically powered vessels and for directly transferred electricity to reduced electric ferries.
- Increase the state research and innovation funds. Ensure shipping gets increased earmarked state funding to meet the need for a special research and innovation program for energy-efficient and fossil-free shipping.
- Quantity discount on calling. In order to get more of the goods to go on the lake, the marginal cost of calling at ports and collecting more goods should also decrease. Both the harbor tax and the fairway fee make it unprofitable today to enter ports if, for example, "only" stands 20 containers in the harbor and waits. Therefore, there should be a quantity discount so that the vessels only pay for the first two calls and that it is then free when further loading the cargo.
- In order to create more equitable conditions between the different modes of transport, icebreaking and piloting should be part of the state infrastructure in the same way as the snow removal of roads is paid by society. This cost should be taken by the state. The state should also take responsibility not only for the planned purchase but also the operation of new icebreakers.

The shipping roadmap for fossil-free competitiveness is one of the roadmaps that follow the nine roadmaps from other industries that were handed over to the government this spring and are an important piece of puzzle for other industries to achieve their goals.

A more optimized transport system with increased collaboration between truck, train and shipping, where the means of steering provide incentives for reduced greenhouse gas emissions benefits both Swedish industry and the climate. With a functioning national team for efficient and fossil-free transport, Sweden can become one of the world's first fossil-free welfare countries.

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