



Taking Action on Operational Efficiency

Context

The decarbonisation challenge is driving an extraordinary transformation of the shipping industry, requiring urgent action and unprecedented collaboration across value chains. The International Maritime Organization's (IMO) recently revised greenhouse gas strategy calls for full decarbonisation of the sector by around 2050 and sets indicative checkpoints that strive for a 30% absolute emissions reduction by 2030 and an 80% reduction by 2040 compared to 2008. Achieving those ambitions will require new ways of working while forgoing some inefficient behaviours and capturing the benefits of deeper industry collaboration.

Vessel operations are inextricably linked to their fuel consumption and emissions, and operational efficiency provides an opportunity to significantly reduce both immediately through existing technologies. Research suggests that optimising operational efficiency has the potential to reduce annual fuel costs by 20-25% while reducing annual emissions by more than 200m tonnes of CO₂¹. Adopting optimisation strategies not only reduces immediate emissions and costs but will also increase future savings on more expensive zero-emission fuels.

In the current shipping environment, operators are often incentivised to 'steam fast then wait' (SFTW), causing congestion at ports and driving increased emissions from higher speeds, consistent with the terminals' desire to have vessels available at anchorage to avoid terminal downtime. These behaviours are driven by split incentives that have long been built into contracts between owners, charterers, shippers, and receivers. Working together with others across the value chain, we can start a conversation about how to tackle this issue, align incentives, and adjust contracts to share the benefits of systemic uptake of operational efficiency.

While much can be done by the industry itself, regulation also plays a key role and is starting to drive transparency through the IMO Carbon Intensity Indicator and shipping's inclusion in the EU Emissions Trading System. Meanwhile, the new IMO Guidelines for Harmonized Communication and Electronic Exchange of Operational Data for Port Calls and Guide Nautical Data are examples of standards that are port and trade agnostic, but need broader adoption. National authorities can make this happen by encouraging their uptake.

Optimising shipping operations does not require high capital investments or complex regulatory leaps. Rather, it requires bold leadership, changing mindsets, and a willingness to embrace existing solutions that will minimise the environmental impact of operations in a commercially viable way.

Our Ambition

We, the undersigned companies, recognise five action areas to rapidly improve operational efficiency. We will diligently assess our maturity in these five areas and willingly engage in collaborative dialogue, taking action above and beyond regulatory compliance, where possible, and reporting annually on our progress across one or more of the following areas:

- 1. Data collection & transparency:** The availability of data today is a major enabler of the transparency and trust needed to increase the uptake of operational and technology-enabled efficiency. We support the use of technology to optimise our vessels and voyages as well as increased validation and standardisation of data collected. We support increased transparency, for instance through broader participation in industry initiatives, for example the Sea Cargo Charter and Poseidon Principles.
- 2. Contractual changes:** We support changing charterparty contracts when possible, so that they benefit both contracting parties, as well as our shared maritime industry goals. Recognising the dominance of

¹ Energy efficiency with the application of Virtual Arrival policy
https://www.researchgate.net/publication/316909495_Energy_efficiency_with_the_application_of_Virtual_Arrival_policy



standard contracts for over a century, we are dedicated to modernising contracts, for example via clauses that enable and encourage operational efficiency.

3. **Pilots:** Running pilots can help the industry learn firsthand about how to bring efficiency opportunities to life, revealing obstacles to be removed and best practices to spread. We support the role of pilots, where possible, and the sharing of practical learnings that they bring.
4. **Ports, terminals, & value chains:** Bringing scalable solutions to life will require collaboration along value chains to enhance trust, collaboration, and optimisation across shipowners, charterers, shippers, ports and terminals. We support addressing inefficiencies together with our value chains, for example through digitalisation, arrival sequencing, and the use of virtual arrival and virtual notice of readiness.
5. **Culture & leadership:** All these changes require a mindset shift at all levels of our companies as well as collectively with our trading partners and customers. We will support this shift through internal initiatives, change management, and mutual education, and we will communicate our efforts and hold each other accountable in our collective action.

To capture the significant potential of operational efficiency, the maritime industry must plan to overcome the inertia of hundreds of years of tradition. We believe that this is possible through demonstrated commitment and leadership. Actions are needed, and we must assess opportunities for improvement and find the right path for our organisations to contribute to making fuel and emission optimisation the norm rather than the exception.

Finally, without collaboration, there is no decarbonisation. The Global Maritime Forum provides a platform for collaboration that brings together all the actors needed to address and improve operational efficiency. We are deeply committed to leveraging this platform to optimise operational efficiency now, and we encourage our peers and others across the value chain to join us.