



SEMAPHORE

Newsletter of the Maritime Law

Association of Australia and New Zealand



IMO EEXI May Force Slow Steaming

Slow steaming may have to be implemented by some vessels in the global shipping fleet in order to comply with the International Maritime Organization (IMO) Energy Efficiency Existing Index (EEXI), raising concerns over the impact on the global supply chain.

At the time of penning a July 22 [blog](#), cargo analyst Joey Daly of the market intelligence firm, VesselsValue, stated only one-quarter of the global fleet would current comply with the regulation, which is due to come into force on January 1 next year.

“The IMO’s attempts at curbing the emissions of Shipping have been in the headlines for nearly a decade,” outlined Mr Daly.

“Their flagship policy, EEDI (Energy Efficiency Design Index), has laid the way for a host of acronymic additions to its regulatory roster, including EEXI, CII (Carbon Intensity Indicator) and SEEMP (Ship Energy Efficiency Management Plan).

“The EEXI will be introduced in 2023 and is calculated using a modification of the formula used for EEDI. Unlike EEDI, however, EEXI will apply retrospectively to already existing vessels that may not have been built with sustainability and energy efficiency in mind.

“VesselsValue data shows that, prior to any efficiency modifications, more than 75% of the fleet – bulkers, tankers and containers – will not be compliant, raising the question: what needs to be done to bring these vessels into line with the regulations?”

Delving into the options, Mr Daly noted that some vessels will require an engine power limitation (EPL) or a shaft power limitation (ShaPoLi).

“An EPL or ShaPoLi will reduce the range of speeds that a vessel can travel at and, most importantly, will likely reduce the ship’s operational speed. This means that less-fuel-efficient vessels could be forced by the regulation to slow steam.

“This is not only a vital consideration for the shipowner, but also for the world cargo fleet, which could experience an overall drop in average operational speed if a significant number of owners decide to implement EPLs/ShaPoLis.”

In direct response to that reportage, *gCaptain* founder Captain John Konrad was prompted to author “[Shipping’s New ESG \[environmental, social and governance\] Rules Could Starve Millions](#)”.

Mr Konrad quoted a global security analyst as stating: “IMO decarbonisation targets will cause ships to slow down, delaying food shipments and people will starve. How many people will die as a result of the IMO’s ESG efforts is unknown at this time. I don’t think most shipowners even understand the severity of the EEXI threat but it could be millions of lives.”

Local Perspective

New Zealand Council of Cargo Owners chair Ant Boyles believes there is at least a “reasonable chance” of slow steaming being deployed as a means of carriers complying with EEXI.

“With vessels going slower, the capacity will be impacted – and there may be less vessels calling at New Zealand, so that will potentially have some cost impact if there is more demand for the space available,” he said.

Mr Boyle said shippers are therefore seeking clarification as to:

- which vessels in the current global fleet might not meet the standards of the new efficiency tests
- of those, which will stay in service but under changed operational management – “one of the possibilities being slow steaming” – and which may be scrapped altogether

“And if the vessels are slowed down and the rotations of the lines are altered for argument, so they are not calling with the same frequencies, is that going to be the outcome or are the lines going to put more vessels in to maintain the frequencies that they have currently?”

“There could be unintended consequences if the latter happens – we could actually have more ships, potentially leading to more emissions!”

Mr Boyle emphasised that his members support drives to improve the global shipping sector’s emissions footprint.

“But we do just need to be mindful that we are a long way from our markets. If slow steaming does come to pass, it will have an impact on shippers getting product to market [particularly] with our exports heavily agriculturally-slanted.”

New Zealand-based International Container Lines Committee (ICLC) chair Mark Scott confirmed that EEXI is very much front of mind for his members.

“At this stage carriers will still be assessing how this may affect their own individual service networks,” he said.

“This will take some time despite regulations coming into force from January 1, 2023.

“However, it’s important to note that slow steaming may only be one possible mitigation measure. Other compliance options will be no doubt be available and indeed many vessels will also already be compliant.”

September 2022

