

A decade on the 'green' front line

Care of the marine environment has been a fundamental ethic of Wallenius Wilhelmsen Logistics since its formation in 1999, and the company says it will continue to be an environmental forerunner. WWL talked to Bunkerworld about its outlook on environment issues.

The global car carrier Wallenius Wilhelmsen Logistics (WWL) has every intention of retaining its reputation as a 'green champion' in the maritime industry. Formed in 1999 from the merger of the operating activities of Wallenius Lines of Sweden with Wilh. Wilhelmsen Lines of Norway, the original WWL shareholder agreement included clauses on minimising the firm's environmental impact.

Among WWL's first actions to reduce the environmental impact of its shipping operations was, in 2001, to introduce a voluntary low-sulphur fuel policy. Its aim was to reduce the sulphur content of the fuels used in its main engines to 1.5%, well ahead of International Maritime Organization (IMO) regulations restricting sulphur content in bunker fuel to 4.5% globally and to 1.5% in designated sulphur emission control areas (SECAs).

Low-sulphur target

In 2004, WWL signed a series of contracts with marine fuel suppliers for low-sulphur fuel oil (LSFO), helping it to meet about 60% of its low-sulphur fuel target for that year. The remaining 40% of LSFO it would buy on the spot market.

Its actions meant that all its vessels, including those on long-term charters, were able to meet or exceed the 1.5% sulphur target by the end of 2004. Contracts signed in 2004 included a deal with Shell Marine Products to purchase 1.0% sulphur bunker fuel in Bremerhaven, Gothenburg and Hamburg, with ExxonMobil for the supply of 1.0% sulphur fuel in Southampton and with BP in Singapore for the supply of fuel with 1.5% sulphur content.

Today, WWL gets the majority of its LSFO through contracts with several suppliers to guarantee that its ships get the quantity and quality of fuel they need, according to Melanie Moore, WWL's Global Head of Environment and Quality.

The earlier teething problems experienced by the company when using LSFO due to quality issues appear to have been resolved, as have availability issues.

"We have a good supply chain and appropriate quality now," Moore told Bunkerworld.

Moore explained that WWL gets different qualities of LSFO from suppliers around the world and is able to optimise its purchasing strategy based on quality, price and quantity. It took the company 6-7 years to get to this stage through contracts with suppliers in Asia, Europe and the United States.

Emission savings

Between 2001 and 2008, WWL cut its sulphur dioxide (SO₂) emissions by a dramatic 121,293 tonnes, representing a whopping 35% reduction by using lower

sulphur content fuel compared to the industry average. The figure is one and half times as much SO₂ as London, a city of 7.2 million, emitted over a similar period, WWL says. The extra cost to WWL runs into millions of dollars.

In addition, WWL has reduced its nitrogen oxides (NO_x) emissions in 2008 by 20.8% since 1999. 2008 also saw WWL cut carbon dioxide (CO₂) emissions in grams per tonne kilometre (g/tkm) by 6.9% compared to 2007 and an 18.2% reduction since 2004 - well in advance of industry standards.

The sulphur limit in the SECAs will drop from 1.50% to 1.00% in July 2010, when SECAs will be renamed as emission control areas (ECAs) under the IMO's revised MARPOL Annex VI. WWL will meet the lower limit within the ECA, but will continue to observe its self-imposed

American ECA will be in place by 2015.

There have been conflicting messages and uncertainty about the impact of various solutions, Moore noted, including from refineries about supply. As for exhaust gas cleaning systems, or 'scrubbers', Moore said some systems may have a fuel penalty or other unwanted environmental side effects that needed to be taken into account. The next five years will be "very exciting" with regards to technology developments, she observed.

CO₂ and customers

WWL has long been talking to its customers about how they might cooperate to provide a more environmentally friendly service. The idea of 'slow steaming' to save on fuel and thereby emissions has been a 'hard sell' in the car carrier industry, where prior to the 2008 financial crisis cus-

tomers are interested in the CO₂ aspect of shipping. This gives WWL more scope to communicate to customers how they can help cut shipping emissions with measures such as rationalising port calls, maybe use slow steaming, as well as introducing more fuel-efficient ships.

The environmental group Oceana said in a report in 2008 that shipping, if viewed as a country, would rate as the world's sixth biggest CO₂ emitter.

Under the Kyoto protocol, developed Annex I countries are asked to cut their CO₂ emissions, but allow developing nations to increase their share of global emissions. Moore therefore expects that shipping will be viewed as an 'Annex I' country by politicians negotiating a successor to the Kyoto protocol at the United Nations Framework Convention on Climate Change (UNFCCC) conference in Copenhagen in December.

"I therefore imagine our industry will get quite strict reduction targets," she said.

WWL subscribes to the IMO's principles on the use of market based instruments (MBIs) to help cut CO₂ emissions from shipping. It has not formed an opinion on whether a levy on bunker fuel or a cap and trade system would be the best way forward, according to Moore, but the company does believe global MBIs should be introduced for the shipping sector. What is certain is that "there will be cost pressures on shipping" whatever measures or MBIs are used to cut CO₂ emissions.

Other measures

It is not only with regards to cutting harmful air emissions that WWL goes above and beyond current environmental regulations. WWL is fitting new ships with ballast water treatment systems to stem the spread of invasive marine species, and has been running an experiment to track the amount of life in the oceans and assess the risk posed by invasive species. In 2008, 66% of WWL's vessels met the company's objective of 5 parts-per-million (ppm) pump oil in bilge water - the IMO requirement is 15 ppm.

It also banned TBT in 2000 and all its ships now use alternative antifouling paints, Robert Minton-Taylor, Global Media Relations Manager for WWL told Bunkerworld.

From 2010 some of the world's most environmentally sustainable RoRo vessels - Mark V - will be joining the WWL fleet. They feature a new hull design to cut fuel consumption by up to 15%, and will use energy derived from their exhaust gases to drive all the ships' energy needs, he added.

In 2008, WWL launched the Orcele Fund, named after its ground-breaking concept ship Orcele that would use no fossil fuels and release no harmful emissions into the sea or air. This fund was set



Wallenius' operations are truly global.

global 1.50% sulphur limit elsewhere, according to Melanie Moore, WWL's Global Head of Environment and Quality.

"Meeting the 1.00% sulphur limit is a small step-change," Moore told Bunkerworld. The company's eyes are on 2015, when the ECA sulphur limit falls to just 0.10%. It will take "a lot of energy" to meet this target, she said.

WWL "will be in compliance" and is looking at mixture of approaches to meeting the 2015 ECA sulphur limits. These include securing low-sulphur fuel supplies, addressing technical and operational challenges, and exploring potential technical solutions to lowering sulphur emissions.

"We need to keep our minds open about how to meet this target," Moore said.

She said one important factor will be where the company can secure supply of low-sulphur fuel, especially as there could be more ECAs in the future. Currently there are two in force in Europe, and it looks likely that a proposed North

tomers demanded fast deliveries. The weak market situation in 2009, however, has to some extent opened the door to slower steaming as one of the methods for optimising vessel use.

"The future is about talking to customers about optimising their supply chain," Moore said. WWL is only responsible for the ocean leg of that supply chain. Port infrastructure and land transport are also important parts.

Moore was optimistic about the prospect of putting environmental issues on the agenda with customers.

"Our customers are also under pressure to cut CO₂ emissions," she noted. "Now we have nine customers asking for the carbon footprint compared to three some three years ago."

Some of them are also asking more broadly about other things WWL does for the environment, but the CO₂ issue is very much in focus. That means nine out of the 30 top potential customers for the car car-

up to supports "crazy ideas" for environmental solutions that would likely struggle to get support or seed funds elsewhere. Minton-Taylor said the Orcelle Fund continues to support the development of alternative energy ideas, and Moore said there are still a couple of grants available for this year.

Tough times

The 2008 financial crisis has affected WWL, too, and has led to some drastic measures.

"WWL has been working to reduce our costs across the whole organisation for some time now. We are doing all we can to reduce our operational costs, reverting to normal service speed, redelivering chartered vessels, optimising cargo allocation together with our sister companies and idling vessels," Minton-Taylor told Bunkerworld.

The company has also put about a quarter of its fleet into cold lay-up.

"Since we do not predict any significant up-turn in the market until 2010, putting vessels in cold lay-up is the best way to reduce our costs," Minton-Taylor explained. He said the company has chosen the vessels with the highest running costs and highest environmental impact in comparison with its newer tonnage for cold lay-up.

"We are keeping a very close eye on market developments, and will be adjusting our capacity in response to this as market conditions improve," he noted.

Many would think the difficult economic climate in 2009, when many compa-

nies are struggling to stay afloat, would push the environmental agenda down the list of priorities.

But according to Moore, 2009 has been a "good environmental year". All factors that can help cut back on cost such as fuel have been "under critical focus," which in turn benefits the environment, she said. This has allowed WWL to put more work into optimising its fleet and cargo movements, along with measures such as weather routing systems and scrutinising its fuel supply logistics to cut back on fuel



Melanie Moore.

consumption.

But big investments on technical innovation, for example, have been "difficult" this year, Moore said. "There is cost pressure in the industry, but we also see that customers are more interested in carbon reporting," she observed.

She said being able to prove to customers that WWL has a comparatively light 'carbon footprint' might not be enough to clinch the deal now, but thinks it could form part of customers' decision basis in the future.

Sustainable future

WWL is happy that more companies have become interested in the environmental agenda and are pushing the boundaries with new innovations. Moore said there have been seen some exciting developments on new ship designs, both actual ships and more conceptual designs like WWL's own 'Orcelle' ship of the future.

Shipping will need to make a "quantum leap" to be able to meet future challenges, according to Moore.

She also highlighted the role of environmental non-governmental organisations (NGOs), saying they play an important role in making the shipping industry understand the future risks of ignoring the environment. WWL cooperates closely the World Wide Fund for Nature (WWF) and has been a sponsor of WWF's High Seas Conservation Programme for the past five years.

WWL's special relationship with WWF "helps us to plan for the future," Moore

commented. She said WWF understands that the future is about growing global trade, but that it must be sustainable growth.

WWL talks pride in its green credentials, and believes it will benefit the company in the long term.

"Our intention is to be an environmental forerunner, and we will continue to be so," Moore told Bunkerworld. "For our customers it's about sustainability," Moore said when asked what were the benefits of 'going green'. Ultimately, if WWL cannot maintain its green status, its customers might go elsewhere, she suggested.

Another benefit is that WWL employees take pride in the work of its company and its values, Moore noted.

"We are convinced that sustainable business development is crucial for the future of our company. We believe 'lean and green' go together, where a lean supply chain is also the most environmentally efficient," Arild B Iversen, CEO of WWL commented recently.

Moore also stressed the importance of being recognised as an environmentally responsible operator for a global company like WWL. She believes it will help to keep doors open in existing markets, and can open doors in new markets at a time when a good environmental record will increasingly become part of the criteria for welcoming shipping companies in ports around the world. ■

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