

Commissioner Mario Cordero
Federal Maritime Commission
Remarks at the Biogas USA West Conference 2011
Post-Conference Seminar (Biomethane for Transportation)
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Thank you for the kind introduction.

Here in California, there has been significant activity in the area of environmental reform, to include advocating use and development of alternative fuels. My association on this policy issue stems from my past experience as a Commissioner at the Port of Long Beach, by all accounts a global leader not only in containerization, but a leader as a Green Port.

While many of us may be disappointed on the slow pace of development of alternative fuels, I suggest we do have reason for optimism in referencing the present scope of the environmental agenda. My view today is now from a perspective as a Commissioner on the Federal Maritime Commission, as many of you may know, it is an independent regulatory agency that is responsible for regulating oceanborne transportation in the foreign commerce of the United States. My remarks today are my personal views and do not necessarily represent the views of the FMC.

As a point of reference, the international ocean shipping industry accounts for approximately 3% of global greenhouse emissions. This percentage would translate for the industry, if it was a country, to rank 7th in world emissions. From a policy perspective, I believe the industry leaders are sensitive to their commitment to address carbon emissions and on this note, I will cite some examples. This mindset has been accelerated by the belief by many that oil will be an increasingly scarce commodity. Clearly, everyone in the industry would agree that

there is a continued high cost of diesel fuel including the lowest grade used by the international carriers – bunker fuel.

On the international maritime front, let me identify two leaders who have made clear their interest for the maritime industry to address best practices as to the environmental issue. In April of this year, the Federal Maritime Commission presented the Chairman’s Earth Day Award for innovation and environmental leadership to Maersk Line, one of the largest ocean carriers. Maersk Line’s CEO Eivind Kolding identified in June of this year three areas to address based on customer demands, one of which was best environmental performance. Specifically, Mr. Kolding said:

“What if the shipping industry was known as beating environmental expectations – not struggling to meet them?”

In furthering Maersk’s commitment toward environmental performance, Senior Vice President of Maersk Line North America, Bill Woodhour, on accepting the FMC Chairman’s Earth Day Award on behalf of Maersk, noted “Our goal is to drive toward zero sulfur emissions while cutting carbon dioxide by at least 25 percent per container between 2007 and 2020.”

One of the world’s largest container port operations, the Port Authority of Singapore, stated a clear commitment to reduce its carbon footprint at the Green Technology Asia Conference 2011. Lam Yi Young, Chief Executive of the Port Authority, announced the implementation of the Maritime Singapore Green Initiative promoting clean and green shipping. The program includes incentives for ships to reduce fuel consumption and carbon dioxide emissions. The above examples of leadership on the environmental agenda will translate to the use and availability of LNG fuel in the maritime industry in the years to come. It should be noted that 90% of global trade is by sea and thus furthering a policy for the use of LNG fuel by

international carriers is not only paramount in reducing the carbon footprint by the industry, but clearly would have a global impact which requires present day commitment by the various stakeholders.

In regard to the specific issue of fuel usage by international transport carriers, LNG is making progress as a credible fuel alternative. At present, the major drawbacks center of course on availability and cost of LNG as a fuel source for the maritime industry. Use of LNG as a ship fuel was discussed in the past year at a maritime conference in Hamburg, Germany. Sweden's Wallenius Marine is one company that is presently studying the use of LNG as a maritime fuel. Again, there are challenges of balancing the cost effectiveness of LNG fuel and the positive impact on the environment. Thus, LNG usage as a fuel is not just a dialogue; it is a technology that is being placed into practice in the maritime industry. As reported in *Pacific Maritime Magazine* (August 2010), Per Tunell, the head of environmental management for Wallenius opined as to the use of LNG fuel by Wallenius as a "step closer to its vision of having emission – free vessels. We see LNG as a stepping stone to running ships on biogas in the future".

There are many examples I can give regarding the present day commitments in the maritime community, including port authorities in the United States. Despite the challenges; however, there is a vision that many have embraced as to biogas, in large part due to the hard work and advocacy by stakeholders and policy groups like Biogas West. This vision includes making this a better world by promoting technology and fuel usage to lower the carbon footprint and not only to reduce harmful emissions, but to strive toward zero emissions. On this note, the Federal Maritime Commission can be a partner in the promotion of best practices in furthering environmental progress and enhancing carbon emissions transparency as well as be an advocate for the use of sustainable shipping practices.