



All kinds of labels

Opinion

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#Sustainability

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What is the CII Label?

Nowadays we put a label on everything. Almost all groceries now come with a Nutri-Score, and my TV, washing machine, refrigerator, and even my house have an energy label. The maritime industry doesn't escape this trend either; since 2023, cargo ships over 5000 GT 🟡+ have their own energy label: the Carbon Intensity Indicator (CII).

Thanks to all these labels, it's easier for consumers to choose the sustainable or healthier option. However, I question the accuracy of the so-called CII label for comparing sea ships. Where I know that a chocolate bar with a lot of sugar is 'bad for me' and the red E is therefore very appropriate, it's a bit more complicated for ships.

But first, a further explanation of this CII label. The CII is meant to provide more insight into the energy efficiency of a ship. To calculate this energy efficiency, a formula has been created. When we simplify this formula, one could say that a ship's emissions are divided by the distance traveled by that particular ship. A high emission per distance traveled is a bad score, and a low emission per distance traveled is a good score.

The ships are assigned a letter on the basis of the outcomes within the CII formula. From A to E, where A is the highest achievable, and everything below letter C is basically considered a fail.

It's important that ships, just like with the Nutri-Score, are only compared with similar ships. So, where the Nutri-Score uses different standards for chocolate spread than for oatmeal, tankers and container ships also have different target values in the CII.



A failing grade, what now?

A sea ship with a (too) low CII label not only gets a slap on the wrist. Shipowners who own ships with a D or E label are required to develop a plan in which the relevant shipowner ensures that the ship scores at least a C label the following year. This action plan must be drawn up and implemented one year after achieving an E score or if a ship scores a D for three consecutive years.

Should you come out positive in the test in 2024 and proudly own ships with a C or higher, that does not mean you are safe for 2025. The calculation becomes stricter each year. Your ships with a C could easily fall from a passing grade to a failing grade (D or E) the following year. This way, the CII label ensures that shipowners are required to keep their ships energy-efficient.

But there's a catch...

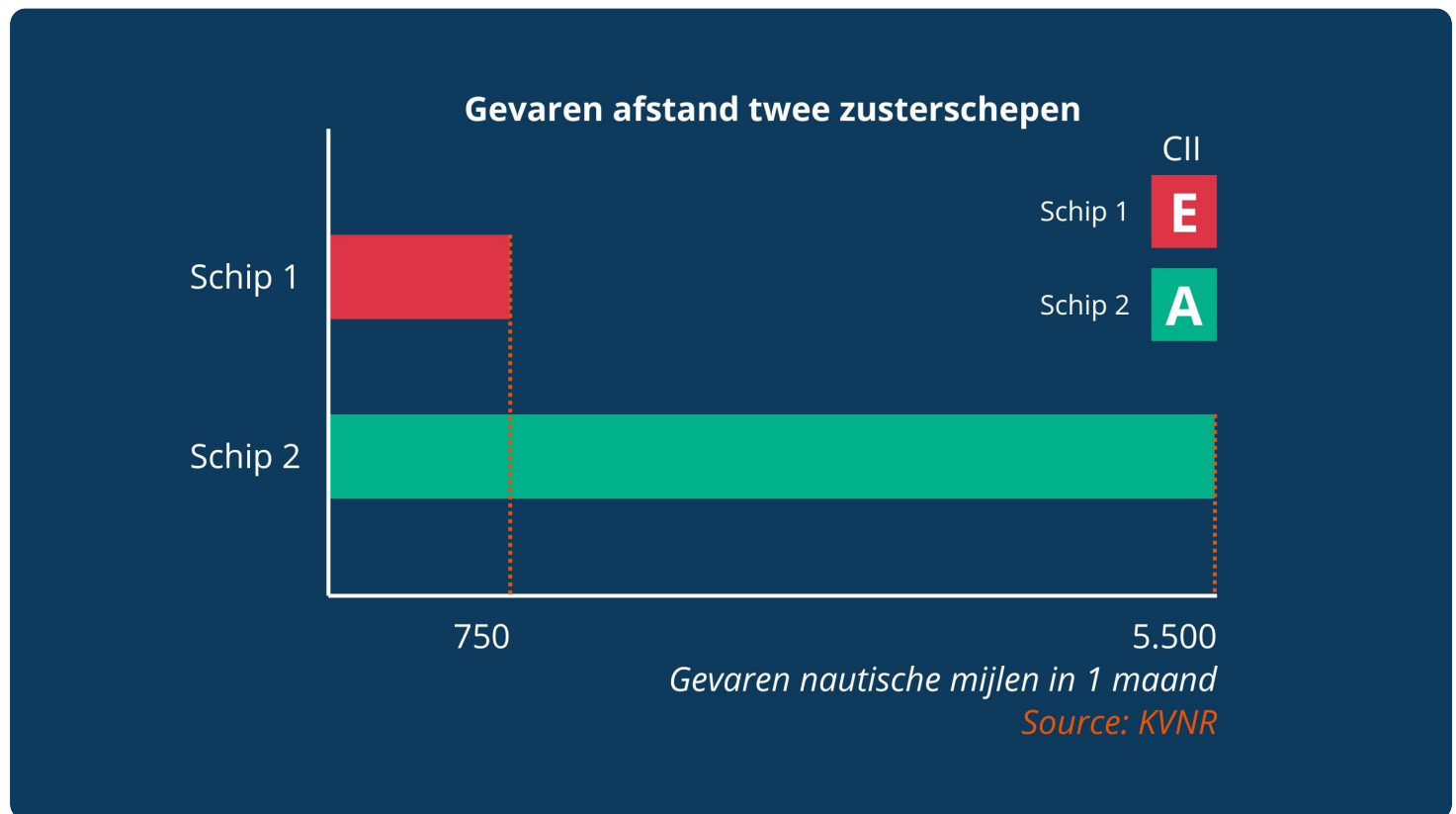
Now I hear you thinking: "That CII label sounds pretty good so far." Then it's time to expose the catch.

The current formula behind the CII label unfortunately doesn't match reality. Right now, ships with exactly the same build often receive different CII labels. One ship gets an A score, while an identical ship scores an E.

This is because the current formula mainly looks at CO₂ emissions per mile traveled. Ships that cover long distances are thus by definition more sustainable according to the CII label, while ships that cover shorter distances quickly score poorly. Being stationary in the port or at anchor is

disastrous for the eventual CII score. The emissions in ports are included, but miles are not made since the ship is stationary.

The majority of Dutch maritime transport consists of short-sea shipping, which makes relatively short trips compared to deep-sea intercontinental maritime transport. Many Dutch shipowners already score worse because they visit relatively many ports, which is inherent in the market they are in: maritime transport over relatively short distances. A CII label where miles traveled play a prominent role certainly doesn't work for these markets.



A recent example where the dangers of distance impacted two sister ships

Realistic CII is needed!

Commercial parties such as financial institutions, charterers, and customers look at and inquire about the CII scores of shipowners and their ships. There are known cases where these parties were very critical of shipowners and were financially disadvantaged because a ship received a D or E label due to less cargo being allocated to the relevant shipowners.

I'm not calling for all ships to get an A label, but the formula behind the CII needs to be revised to give a more realistic picture of reality. Short-sea maritime transport cannot be disadvantaged compared to inefficient ships that travel longer distances.

Yes, ships also emit emissions when they are in the port. Something that shore power will hopefully end soon. Still, in my opinion, it's strange that these emissions during downtime are included in the formula.

Just like with my TV or washing machine, will account for viewing time or wash cycles in their energy labels. Whether or not to use a product shouldn't impact the product's sustainability. Or should I now also set my heating to the highest setting every morning before leaving for the office to improve my house's energy label?

The emissions from ships in ports, anchorages, and during major maintenance are relatively limited compared to the emissions when a ship is sailing. It would therefore make more sense to only consider the time the ship is en route in the CII formula. This way, ships are actually assessed on the sustainability of the ship and not on how the ship performs when stationary. Shipowners have no impact on the availability of loading and unloading places or berths.

Formule Berekenen CII

$$CII = \frac{[Jaarlijks\ brandstofverbruik] \times [CO2\ emissiefactor]}{TransportWork : [Gevaren\ afstand] \times [Capaciteit]}$$

A recent example where the dangers of distance impacted two sister ships

Hope and stay on course for a better CII

I wish the IMO member states much success and wisdom and hope that they keep the above in mind during discussions about the revision of the CII, where specific characteristics of certain ship types such as reefers with underdeck refrigerated cargo are also considered! Here's my contribution to the CII discussion to stay on course for a more realistic CII that does not detract from its goal and also contributes to a reduction in emissions in absolute terms!

Contact...

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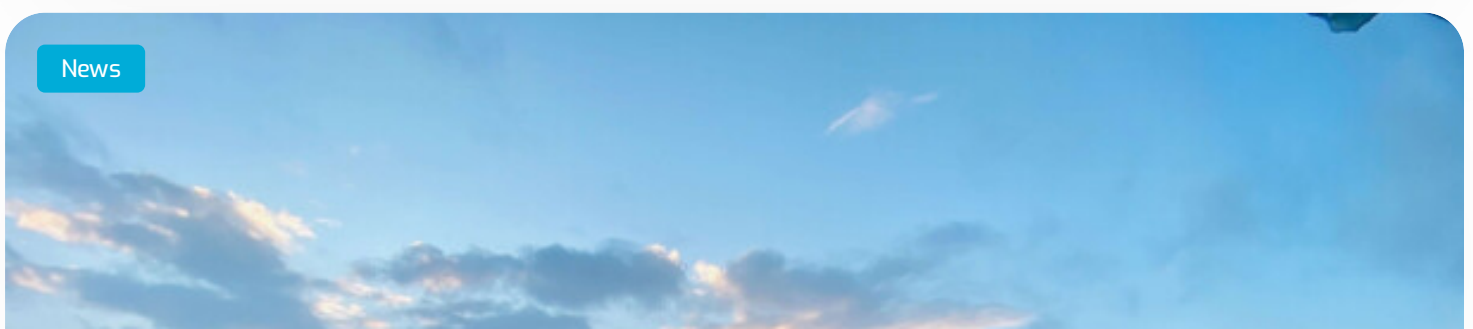
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