

## What are the shipping industry trends to look out for in 2024?



Richard Johnson-Brown, marine and shipping partner at Keystone Law

**The EU's Emission's Trading System for shipping, the resurgence of piracy, and electronic trade documentation are all trends to keep a watchful eye on in the new year according to Keystone Law.**

Richard Johnson-Brown, marine and shipping partner at Keystone Law | Jan 02, 2024

The shipping industry has faced multiple challenges over the past year with global conflict (with the added cost and supply chain disruption that this causes), a greater push for sustainability, and a gradual (and sceptical) adoption of technological advancements. These will continue to gather pace and affect the shipping industry in 2024.

### **EU Emissions Trading System**

From 1 January 2024, ship operators will need to purchase carbon credits on the EU Emissions Trading System (EU ETS), where the ship calls in at least one EU port. To start with, operators will need to buy credits reflecting 40% of the ship's emissions on the voyage, but this percentage will increase year on year until 2027, when operators will in some cases need to buy credits reflecting 100% of the ship's emissions on the voyage. Operators will also have to monitor and report on their ships' emissions.

**Related:** [Chartering under EU ETS demands full emissions visibility](#)

In charterparties, owners are responsible for purchasing these credits, but they may effectively pass the cost of these on to charterers as they arise from the charterers' employment of the ship. Disputes may arise between owners and charterers under time charterparties where the number and cost of the credits required for a voyage allegedly appear from not only charterers' employment of the ship, but also from the poor condition of the ship – these may factor, for example, in off-hire and underperformance disputes (assuming also that the carbon credits purchased reflect the ship's actual emissions).

## **The UK Electronic Trade Documents Act 2023**

Another modernising and decarbonising measure is the adoption of electronic bills of lading. The UK Electronic Trade Documents Act 2023 seeks to pave the way for a transition from the use of paper bills of lading (in addition to other related shipping documents) to electronic ones. There is, unfortunately, a chicken and the egg scenario. Given the risk of hacking and other related cybercrimes, the Act requires a "reliable system" to be in place to ensure the security of the e-bill. A number of e-bill platforms/systems have existed for some time but what constitutes a "reliable system" according to the Act will be clarified by the English courts in due course as and when disputes arise about the reliability of any such systems. This will take time and the interim uncertainty may well slow the adoption of e-bills – although generally operators may not oppose the transition to e-bills as a matter of principle, certain operators may

prefer to wait until the parameters of a “reliable system” have been defined in more detail by the courts and legal frameworks for e-bills are codified in other jurisdictions. However, if systems are not tried and tested by operators, they cannot be tested by the courts.

## **Resurgence of piracy**

A challenge that has arisen towards the end of 2023 and will continue into 2024 will be the resurgence of piracy in the Red Sea. Already, many well-known operators are choosing to sail around the Cape of Good Hope instead of sailing through the Red Sea and the Suez Canal (adding significant time and cost to the voyage). Whilst the safety of crews should be of paramount importance when making routing decisions, given the added time and cost of re-routing ships, disputes may arise between owners and charterers about when (and with what added protection/assistance) it may be safe to sail through the region.

Shipping companies need to be prepared and have frameworks in place to navigate these challenges in 2024 but also to take advantage of opportunities that are brought by advancing technology.

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