

# The Potential and Limits of Environmental Disclosure Regulation: A Global Value Chain Perspective Applied to Tanker Shipping



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This article seeks to explain the potential of mandatory environmental disclosure to reduce greenhouse gas emissions from ship operations, as well as potential weaknesses associated with this approach. In particular, the research study's the effectiveness of the European Union's (EU) monitoring, reporting and verification (MRV) regulation which mandates the disclosure of greenhouse gas emissions for ships calling at EU ports.

## **APPROACH:**

Research for this article involved three data sources: semi-structured interviews with Nordic shipping managers, reviewing publicly available data from various shipping associations, NGOs and shipping newspapers, and non-participant ethnographic observation onboard a product tanker in spring 2018.

## **MAIN FINDINGS:**

- The authors conclude that the current trend of mandatory public disclosure of environmental information from business operators is insufficient in promoting environmental upgrading.
- Current approaches such as the EU's MRV focus too much on shipowners and technical ship managers while failing to reflect existing power relations and incentives associated along the entire value chain in shipping. In particular, the role of oil majors as charterers and their influence over the commercial factors that underlie a ship's fuel use is not impacted by current approaches to environmental disclosure.
- To mitigate climate change, the authors suggest that the MRV should expand its scope and address all stakeholders involved in the value chain that influences a ships fuel consumption and emissions, particularly oil majors or other charterers who hold significant influence on ship operations.
- Regulators aiming to reduce emissions need to expand their focus beyond the unwanted behaviors of providers of services to also address the incentive structures and demands placed on them by global buyers.