

Euronav chief backs ‘gradual’ carbon levy

Hugo De Stoop tells Lloyd’s List he expects the crude tanker owner to finalise a plan for reducing its emissions over the next decade by the end of 2020

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- INTERVIEWS

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De Stoop believes a carbon levy on shipping fuels that increases gradually is more likely to be agreed on than a more aggressive one that will face an immediate backlash. He also explains why Euronav is not committing today to carbon neutrality in 2050

A CARBON levy on fuels for shipping should increase gradually to ensure it is successful, according to the head of one of the largest crude oil tanker companies.

Euronav chief executive Hugo De Stoop sees a carbon levy on ships as a future enabler of shipping’s green transition, which will require trillions of dollars in spending on new technologies and fuels.

“I think everyone agrees that if you want a level playing field you need a carbon levy,” Mr De Stoop said in an interview.

He warned that if the levy was a tax whose revenues were spent outside of the shipping sector, it would likely be ineffective in achieving its original goal as it would mean there was less money available to spend.

The funds from a carbon levy should instead be kept within the sector and help power shipping’s green transition, particularly helping to accelerate the development of the necessary infrastructure.

Commodity trader Trafigura last week proposed that the International Maritime Organization impose a [levy of between \\$250 and \\$300 per tonne of CO2 equivalent](#) based on a carbon intensity baseline that experts would develop for this purpose.

Mr De Stoop praised Trafigura, a major tanker charterer, for the initiative and said he hoped that the discussion over this proposal would not be dragged out for years to come.

He said that aside from having all companies follow the same rules, it was equally important to apply a carbon levy gradually and not to immediately demand the maximum level.

“That is very, very bad for the transition” on imposing an upfront high carbon levy, he said.

An inflated levy would be very hard for regulators to agree on and would likely end up being dismissed, according to Mr De Stoop. Starting at a lower point with an agreed formula for the future- such as doubling the levy each year- is likely to be better received.

“You want to have the least degree of resistance in the beginning. But you want to have a path which is very clear where people know what they will get in 10 years so people can adapt,” he said.

Pushing for a \$300 levy from the start would face such a high degree of resistance that it would be unlikely to be implemented, Mr De Stoop added.

Euronav, which trades in the New York and Brussels public markets, is one of the leading members of the Global Maritime Forum, the international non-governmental organisation that has been behind some of the most significant decarbonisation initiatives of the past couple of years.

The company has been disclosing its annual greenhouse gas emissions since 2017. Its 2019 scope 1 emissions, those coming directly from its ships, amounted to 3.13m tonnes of CO2 equivalent.

Mr De Stoop acknowledged that unlike a few other major shipping companies with a strong voice in the environmental arena, Euronav has not committed to a decarbonisation target.

“It would be so easy for me to say that by 2050 we will be carbon-neutral,” he said.

That pledge, though, would likely be hollow, as Mr De Stoop does not expect to be there in 30 years’ time to assume responsibility for it and it would not have to come with a roadmap today demonstrating how Euronav plans to get there.

Euronav is formulating a decarbonisation plan for the next decade, focused especially on how it plans to meet the IMO’s target of reducing carbon

intensity by at least 40% by 2030. He expects that plan to be finalised by the end of this year.

The company is also this year under review by CDP, a UK-based NGO that runs a global “environmental disclosure system” and rates annually the environmental efforts of companies and cities.

Yet as a transporter of oil, Euronav, like other tanker companies, can also be looked down on as an enabler of climate change.

Mr De Stoop admitted that being a tanker company, there are times where Euronav are made to feel like “criminals”.

People are too quick to judge, he argued, and overlook just how significant crude oil is for powering the world today.

“The more you treat those people as criminals, the more you will have criminals doing it,” he said.

The notion that investors should shut the tanker market out completely, is “ridiculous” he warned, as oil will continue to be a key commodity for decades to come, he explained, even if global oil demand is projected to decline.

Investors should instead be selective in choosing which tanker companies they back, Mr De Stoop said.

“That will be much, much more clever. You are accelerating the transition and making it as cheap as possible,” he said.