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Media release

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Shipping's falling market share is making greenhouse emissions worse: New Report

A new report released today by the Australia Institute shows coastal shipping is a greenhouse friendly transport mode and that the drift away from shipping in the domestic freight market is contributing to rising greenhouse gas emissions.

The report, *Climate Change and Australian Coastal Shipping*, by Institute Deputy Director Andrew Macintosh found that coastal shipping has the lowest emission intensity of the three major freight transport modes (road/rail/ship). When the modes are broken into subgroups, it ranks second behind private rail as the most energy efficient mode.

“Shipping is an energy efficient and green transport mode, yet it is losing market share to less efficient modes, which is ultimately increasing freight emissions,” Mr Macintosh said.

Shipping's share of the non-urban freight market has fallen from 37 to 26 per cent over the past 15 years. A large proportion of the market share lost by shipping has gone to road transport, which is the most inefficient of the three major modes.

“When operating in non-urban markets, trucks have emission intensities that are at least four to five times higher than those associated with shipping,” Mr Macintosh said.

“Road transport accounts for less than 40 per cent of the total domestic freight task, but is responsible for over 80 per cent of freight emissions. In comparison, shipping accounts for 22 per cent of the freight task and only four per cent of emissions.”

The report found that the introduction of a moderate price on greenhouse gas emissions via a carbon tax or emissions trading scheme is unlikely to result in a large increase in shipping's share of the domestic freight market.

“Due to shipping's competitive position, it is unlikely that the imposition of a moderate carbon price will lead to a rebound in shipping's market share,” Mr Macintosh said.

“In the short- to medium-term, achieving a substantial reduction in freight emissions will require significant improvements in the emission intensity of road transport and/or aggressive government intervention to encourage the transfer of freight from road to either rail or ships.”

The report is available on the Institute's website - www.tai.org.au