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SUSTAINABILITY IN YACHTING

Sustainability is, and will continue to be, a key focus of the shipping industry for the foreseeable future. Whilst there is perhaps more shareholder pressure on well-established key players in the commercial shipping industry, there is also an expectation that the yachting industry will continue to improve its sustainability.

In previous articles, we have touched on initiatives created by the Water Revolution Foundation (including the YETI tool) and also the work being undertaken by the Yachts for Science team, where idle yachts are used for scientific research when they are not otherwise in use. Whilst it remains incredibly important to make the existing fleet of yachts more sustainable (given the number of existing yachts and their collective lifespan), sustainability must also be considered and prioritised at the beginning of each yacht's construction.

Sustainability in terms of construction relates to the choice of materials and extends to the type and manner of fuel consumption. There is a growing consciousness around the sourcing of materials, with some owners choosing to move away from synthetic materials towards the use of materials which reduce a yacht's carbon footprint.

For example, some builders are using recycled carbon fibres to reduce waste in the building process, whilst maintaining high levels of performance – and certain owners are choosing to use synthetic teak, or more sustainably harvested wood, as an alternative to a traditional teak wood finish (although it difficult to imagine teak being superseded, given it is always in high demand and is synonymous with a luxury finish).

The industry is also seeking to find new, and more sustainable, fuels to power yachts, as is the case with many other global transportation industries.

Certain established names have been tasked with promoting sustainability through fuels, such as the Yacht Club de Monaco's SEA Index and Yachts for Science. However, to achieve a widespread adoption of one alternative fuel is very challenging – as difficulties surrounding availability and the distribution network of that fuel make this a practical and logistical problem that may override other environmental considerations.

One fuel that could be the catalyst for a change is hydrotreated vegetable oil (HVO). It is significantly more sustainable as a liquid fuel and cleaner as well – producing far fewer emissions, whilst retaining the same power output as traditional fossil fuels. It could therefore be a comprehensive solution. HVO has been endorsed by engine representatives as being beneficial for engines and making an engine more efficient, due to the fuel's cleanliness.



A key difference between the commercial shipping industry and the yachting industry is that commercial shipping is largely governed by profit margins, business requirements and stakeholder pressures. Ultimately, a commercial shipping business needs to balance the cost of sustainable fuels with the profitability of their ships. Whereas yachts are typically personal projects of passion, status and indulgence for the owners and owners therefore have the freedom (and, often, the desire) to adopt premium solutions.

Given that yachts are high performance vehicles, which are meticulously designed to meet their owner's needs, it follows that an owner would want their yacht to run on the highest quality fuel and in the most efficient manner possible. This is an important distinction between the two industries, and highlights why it is likely that members of the yachting industry may be willing to pay a premium price for the best quality fuel. Yet, as with any new fuel, there are problems with availability of HVO and the establishment of a robust distribution chain.

Hybrid propulsion systems are also becoming increasingly popular, giving owners the advantages of both diesel engines and electric motors. These systems significantly reduce fuel consumption and emissions whilst providing quieter operation, which enhances comfort on board. One common type of hybrid system is the diesel/electric system, which can operate on battery power at lower speeds to minimise fuel use. Another innovative concept is regenerative propulsion, which enables a yacht to generate energy from its own movement and convert this into electrical energy, allowing a yacht to recharge its batteries whilst at sea.

A key reason that owners may seek to increase their yacht's sustainability is because this can factor into the considerations of yacht financiers, as financiers are increasingly focused on sustainability criteria when considering which yachts to finance.

Olivier Blanchet, Head of Yacht and Jets Finance at BNP Paribas, commented at the Superyacht Investor Conference 2024 in London that BNP Paribas only finances around 5 yachts out of every 100 enquiries that they receive, making this a ratio of only 5%. One of the aspects that BNP Paribas does focus on, in determining which yachts make

the cut for financing, is the environmental profile of that particular yacht.

Given all of these factors, it is evident that the yachting industry is becoming more environmentally conscious, taking proactive steps to create innovative solutions and improve sustainability. However, genuine and lasting change will only be possible if all cross-sectors of the yachting industry work in unison to make that change happen, whether that change stems from an owner's desire to be more environmentally conscious or from external pressures.

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