

MARINE ENVIRONMENT PROTECTION  
COMMITTEE  
71st session  
Agenda item 7

MEPC 71/7/14  
12 May 2017  
Original: ENGLISH

## REDUCTION OF GHG EMISSIONS FROM SHIPS

### Important first steps for a successful Interim GHG Strategy

Submitted by Greenpeace International, WWF, Pacific Environment and CSC

#### SUMMARY

*Executive summary:* In this document the co-sponsors stress the importance of quickly agreeing a long-term target and reduction pathway for GHG emissions from international shipping that is consistent with the goals of the Paris Agreement, the urgent need to identify and implement immediate near-term measures that will result in early peaking of emissions, the importance of including within the GHG strategy an overhauled EEDI consistent with decarbonization of the fleet in the second half of the century, and the need to assess the impacts on vulnerable States in parallel with the consideration of final measures

*Strategic direction:* 7.3

*High-level action:* 7.3.2

*Output:* 7.3.2.1

*Action to be taken:* Paragraph 18

*Related documents:* MEPC 71/7, MEPC 71/7/1, MEPC 71/7/2, MEPC 71/7/3, MEPC 71/7/4, MEPC 71/7/5, MEPC 71/7/6, MEPC 71/7/7, MEPC 71/7/8, MEPC 71/7/9, MEPC 71/7/10 and MEPC 71/INF.35

#### Introduction

1 This document is submitted in accordance with the provisions of paragraph 6.12.5 of the document on *Organization and method of work of the Maritime Safety Committee and the Marine Environment Protection Committee and their subsidiary bodies* (MSC-MEPC.1/Circ.5) and comments on documents MEPC 71/7, MEPC 71/7/2, MEPC 71/7/6, MEPC 71/7/7, MEPC 71/7/8 and MEPC 71/7/9.

2 The co-sponsors are pleased that, after many years of discussion, IMO is now prioritizing work on tackling the climate impacts of international shipping. The allocation of significant meeting time and the agreement at MEPC 70 to develop a comprehensive IMO strategy on the reduction of GHG emissions from ships suggests serious intent and will create expectations in the wider world. The implications of the Paris Agreement for international shipping are profound. GHG emissions from ships must not be allowed to undermine the collective global push to keep warming below dangerous levels.

3 Nevertheless, significant differences of opinion persist on key issues and they will need to be bridged if progress is to be made. The co-sponsors would like to reflect here on some of those issues and provide their own perspective on what needs to be done if the initial strategy agreed in 2018 is to be a success.

### **The importance of quickly agreeing the right level of ambition**

4 Identifying and communicating quickly and clearly what a carbon constrained world will mean for the shipping industry is essential to ensure that all those involved in the transition know as soon as possible the direction of travel and the scale of the task. Regulations can take a long time to develop. Ships have long working lives. Decisions taken today and tomorrow will have impacts far into the future. Shipowners making decisions about new ships, and IMO members trying to identify the right measure for the job, must be under no illusions as to the scale or urgency of what has to be achieved. Clarity at the start will be key to a successful strategy that avoids the danger of creating assets that are subsequently stranded by unavoidable climate action or that sees time and effort lost on actions that are not fit for purpose. Above all, a firm and binding decision on an overall target and reduction pathway for emissions from the shipping industry is essential to frame the whole process.

5 Regarding the level of ambition, we support both the logic of document MEPC 71/7/8 and the recommendations in the UMAS study for the Danish Shipowners Association annexed to document MEPC 71/7/7. It is right and fair to take the goal of the Paris Agreement and its implications for emissions trajectories and apply them to emissions from the shipping sector. Absolute emissions from international shipping must start declining soon, reduce by at least 50% by 2050, and fall to zero early in the second half of the century.

6 An efficiency-based target without any absolute cap, as suggested in documents MEPC 71/7 and MEPC 71/7/6, would keep open the possibility of ship emissions continuing to rise in the future and as such be impossible to reconcile with decarbonization trajectories consistent with the Paris Agreement goals. A binding global target clearly indicating what reductions have to be achieved is an essential element of the initial strategy.

7 An emissions reduction target and pathway consistent with the remaining carbon budget and defined in percentage terms (e.g. X% reduction by 2050 compared to a 2010 baseline) could, contrary to the views expressed in document MEPC 71/7, be set without reference to individual or aggregate operational ship emissions data and would thus not be held up by the Data Collection System process.

8 Aspirational goals will be insufficient. IMO needs to make a clear commitment on behalf of the sector. Environmental NGOs and industry, including the ship registries, should contribute to the discussion, but the final decision on a global emissions target and reduction pathway should be enshrined in MARPOL, the traditional home for measures regulating the climate impact of shipping, and agreed between the Parties.

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## **The urgent need to peak emissions and adopt near-term measures**

9 An emissions trajectory consistent with the goal of the Paris Agreement means ship emissions must peak early. The later they peak, the steeper the subsequent reduction pathway and the more painful the transition. Peaking earlier means industry will face a shallower emissions reduction pathway and have more time to decarbonize. Given the scale of the decarbonization task and the likely time needed to deploy new technologies, alternative fuels and zero emission vessels, it is vitally important that emissions peak as soon as possible.

10 To achieve this, the early identification and implementation of measures that have the potential to reduce emissions significantly in the short term should be prioritized. This suggests looking firstly at operational measures, e.g. the regulated management of ship speed, and the removal of barriers to the uptake of more energy efficient technologies and practices. IMO should seriously reconsider how it can improve the availability and transparency of information about individual ship efficiency and resolve the question of split incentives. Those using shipping services need to have full information about the design and operational efficiency of the ships they are chartering. Transparency of ship efficiency will also be essential to the consideration of reduction measures.

## **Long-term decarbonization of the sector**

11 Peaking emissions early is one important element of an achievable emissions trajectory for shipping. That emissions have to fall to zero (i.e. the fleet has to decarbonize) early in the second half of the century is another. This has fundamental implications for the EEDI and its review that need to be addressed immediately.

12 The MEPC 70 decision to delay further the EEDI review process is regrettable, especially in the context of the same meeting's decision to agree to develop a comprehensive ship GHG strategy. There now needs to be a more fundamental review of the EEDI and this should be integrated into the strategy's work plan. EEDI phases and requirements must be consistent with an emissions pathway that results in a decarbonized sector by the second half of the century. The long design life of ships means this work is not something that can be left to a later stage but must be undertaken immediately and reflected in the initial strategy.

13 The Clean Shipping Coalition has set out separately in document MEPC 71/5/16 the concern that new analysis of ships entering the fleet in 2016 suggests that the average design efficiency of new ships has started to fall, and that the EIVs of a surprisingly large number of new ships remain well above the reference line. We urge the Committee to take immediate steps to address this issue as part of a comprehensive review of the EEDI.

14 Unfortunately, IMO's EEDI database as currently constituted will shed little light on the situation and a comprehensive review of the EEDI must also revisit what the database contains, the obligations to provide data, and the transparency of data collected. Without this essential detail, the Committee will be unable to take informed decisions about the actual state of new ship design efficiency when determining its GHG strategy.

15 Research on better ship design and abatement technologies will be critical to delivering on the emissions reduction pathway. Regional R&D channels should be strengthened and proposals to expand such work be seriously considered by IMO members. This work should be adjunct to reduction measures and not delay decisions on a global target and reduction pathways.

**Mitigating impacts on developing countries**

16 Discussions on shipping's contribution to efforts to prevent climate change will inevitably lead to concerns about impacts on small and isolated developing countries with long lines of communication to major markets. These concerns need to be taken seriously and, as suggested in document MEPC 71/7/9, studied further to get a better understanding of locations, scale and ways to mitigate. Again, this should not hold up decisions on a long-term target and emissions pathway, as these do not in themselves involve costs. As suggested in document MEPC 71/7/9, ways to mitigate impacts on developing nations are best considered when looking at possible measures to achieve targets, their design and when assessing costs and impacts.

17 While the arguments have been rehearsed many times in this Committee, we nonetheless welcome the very clear explanation in document MEPC 71/7/2 of why measures must apply to all ships. Impacts on vulnerable States should be properly assessed and mitigated in the design of measures, possibly through such ideas as the "value transfers" mentioned in document MEPC 71/7/9, but measures must apply to all ships if the integrity and effectiveness of the reduction strategy is not to be hopelessly compromised.

**Action requested of the Committee**

18 The Committee is invited to take the proposals above into account when developing the initial strategy, and in particular the need for the outcome to include:

- .1 a global emissions target and reduction pathway consistent with the objectives of the Paris Agreement;
  - .2 immediate near-term measures that will result in early peaking of emissions;
  - .3 a comprehensive review and strengthening of the EEDI that will help drive the sector towards decarbonization in the second half of the century; and
  - .4 transparency and provision of the right data on the operational and design efficiency of ships.
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