

TO	:	Pacific diplomatic missions
DATE	:	14 June 2016
SUBJECT	:	<b>Post-MEPC 69 update on shipping emissions</b>

### **Purpose**

1. To update Pacific diplomatic missions on the outcomes of the deliberation on international shipping emissions resulting from the 69<sup>th</sup> Session of the Marine Environment Protection Committee (MEPC 69), which was held at the International Maritime Organization (IMO) in London, United Kingdom from 18-22 April 2016.

### **Background**

2. The International Maritime Organization (IMO) held the 69th session of its Marine Environment Protection Committee (MEPC 69) from 18–22 April 2016 in London, United Kingdom. This meeting was of great importance to many Pacific Island countries as they, together with other concerned IMO member states, sought firm commitment from IMO to ensure that international shipping contributes its fair share to the international community's efforts to curb greenhouse gas (GHG) emissions. Solomon Islands and Marshall Islands co-sponsored the paper MEPC 69/7/2 with Belgium, France, Germany and Morocco, inviting IMO to develop a work plan to define this fair share.
3. Three other papers were submitted on the issue of GHG reduction targets, all of which aligned to the submission MEPC 69/7/2 but differed slightly in the approach to achieve the common goal:
  - (i) Paper 69/7/1 (International Chamber of Shipping): advocates development of an Intended IMO Determined Contribution on CO<sub>2</sub> reduction for the international shipping sector
  - (ii) Paper 69/7/3 (Clean Shipping Coalition): supports the proposed 'fair share' discussion
  - (iii) Paper 69/7/4 (World Shipping Council, Cruise Lines Industry Association, INTERTANKO and International Parcel Tanker Association): supports the proposed 'fair share' discussion and proposes a number of principles for the consideration of international shipping's 'fair share'.

### **Outcome**

4. On behalf of all the co-sponsors of the paper MEPC 69/7/2, H.E. Mr Moses Kouni Mose, Ambassador of Solomon Islands to the Kingdom of Belgium, introduced the paper to the plenary on 21 April 2016.
5. The deliberation involving Agenda item 7 'Reduction of GHG Emissions from Ships' took place in two main phases: (i) overall deliberation on the four documents that were submitted; and (ii) deliberation on the Chairman's sum-up and proposal on the next steps.
6. Of 171 IMO member states, 100 states were represented at MEPC 69. Out of 100 member states, 58 intervened during the first round of discussions on submitted documents – resulting in 31 expressing full support for starting a process to define a shipping GHG reduction target, 7

supporting in principle, 20 not supportive and 42 abstaining. In response to the Chairman's sum-up and proposal on the next steps, 45 member states made interventions, out of which 30 expressed support and 15 were not supportive. 55 member states abstained.

7. Opposition varied in terms of degree, with the strongest opposition coming primarily from the BRIC states and the Cook Islands. The majority of opposing countries referred to the adoption of the 3-phased data collection approach as a priority for IMO. Other points for argument included the transport cost impacts on remote and developing countries, the CBDR (Common But Differentiated Responsibilities) issue, completion of the 3-phase data collection first, implementation of energy efficiency measures being the right approach and the difficulties associated with running two complex negotiations (data collection and GHG reduction) simultaneously at future sessions of MEPC.
8. The extensive debate in this session ended with the consensus of member states present as they supported the Chairman's proposed next steps and *"agreed to establish a working group under this item at MEPC 70, with a view to an in-depth discussion on how to progress the matter, taking into account all documents submitted to this session and comments made, and any further related proposals."*
9. A draft summary report on the outcomes of the agenda item 7 debate at MEPC 69 is attached as [Annex 1](#).

#### **Oceania outcome**

10. There are 13 countries in the Oceania region that are member states of IMO: Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu. With the exception of Kiribati and Samoa, 11 countries from the Oceania region attended MEPC 69.
11. Five out of 11 represented Oceania countries (Australia, Fiji, Marshall Islands, New Zealand and Solomon Islands) supported the submissions, while three supported in principle (Palau, Tuvalu and Vanuatu), one opposed (Cook Islands) and two abstained (PNG and Tonga).
12. The key concern of member states that supported the submission in principle was the impact that any new GHG reduction measures might have on trade and economic development, including potential increase in transport costs. Member states that opposed the motion were of the firm view that IMO's priority was the 3-phased data collection system and any further initiatives could only be considered during the last phase of this process.

#### **Next steps**

13. MEPC 70 will take place from 24–28 October 2016 in London, United Kingdom, where a working group will be formed to progress the matter.
14. Discussions have already commenced among various stakeholder groups on the next steps that need to be taken, including any further submissions that need to be made at MEPC 70 in order to ensure that a workplan is adopted by IMO later this year, which would help define international shipping's fair share of GHG reduction.
15. PIDF is planning to organise another talanoa session – date yet to be confirmed – in order to facilitate comprehensive discussion on the outcomes of MEPC 69 and seek PICs' views and

concerns in this area, including how they wish to advance this matter at MEPC 70. PIDF will provide space and support at the Pacific Leaders' Summit in Honiara in July for members to further consider this issue.

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**Annex 1: Analysis and summary report of the agenda item 7 discussion on ‘Reduction of GHG Emissions from Ships (21 April 2016) at the 69th Session of Marine Environment Protection Committee, International Maritime Organization**

**Summary**

The International Maritime Organization (IMO) held the 69<sup>th</sup> session of its Marine Environment Protection Committee (MEPC 69) from 18–22 April 2016 in London, United Kingdom. Of 171 member states, 100 member states were represented at the meeting. The session on agenda item 7 – Reduction of GHG Emissions from Ships – took place on Thursday 21 April 2016. This report analyses the responses of member states under agenda item 7 based on the: (i) initial discussion on the submitted documents; (ii) Chairman’s sum-up and proposal on the next steps; and (iii) outcome of the session.

Out of 100 member states, 58 intervened during the first round of discussions on submitted documents – resulting in 31 expressing full support, 7 supporting in principle, 20 not supportive and 42 abstaining. In response to the Chairman’s sum-up and proposal on the next steps, 45 member states made interventions, out of which 30 expressed support and 15 were not supportive. 55 member states abstained.

Greatest support (excluding support in principle) for submissions was noted from European countries (17 countries out of 31 supporting countries), followed by Oceania (5 countries), Africa (4 countries), America (3 countries) and Asia (2 countries).

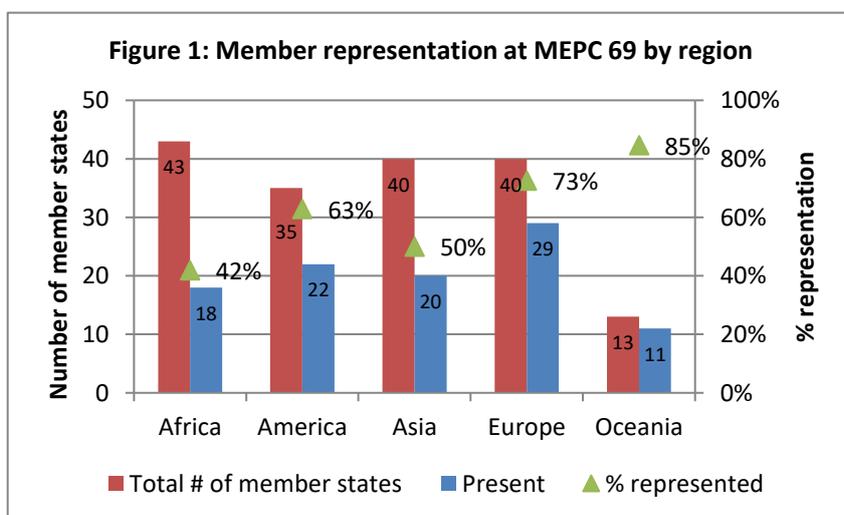
The extensive debate in this session ended with the consensus of member states present as they supported the Chairman’s proposed next steps and “*agreed to establish a working group under this item at MEPC 70, with a view to an in-depth discussion on how to progress the matter, taking into account all documents submitted to this session and comments made, and any further related proposals.*” MEPC 70 will take place from 24–28 October 2016 in London, United Kingdom.

**Representation at MEPC 69**

Of 171 IMO member states, 100 states were represented at MEPC 69. A breakdown of the total number of member states, by geographical region<sup>1</sup>, and those represented at MEPC 69 is provided in Figure 1.

The Oceania region was well represented with 85% member attendance, followed by Europe with 73%, America 63%, Asia 50% and Africa 42%.

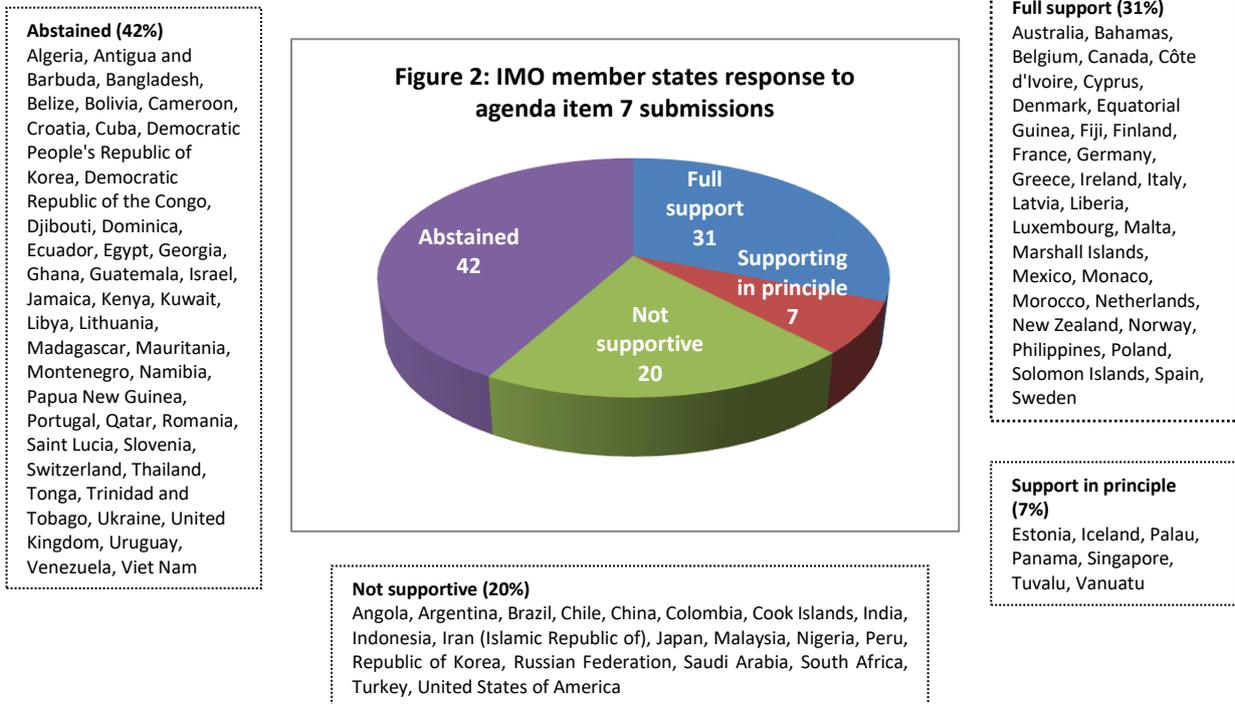
A full list of IMO member states and those present at MEPC 69 is attached in Annex 1a.



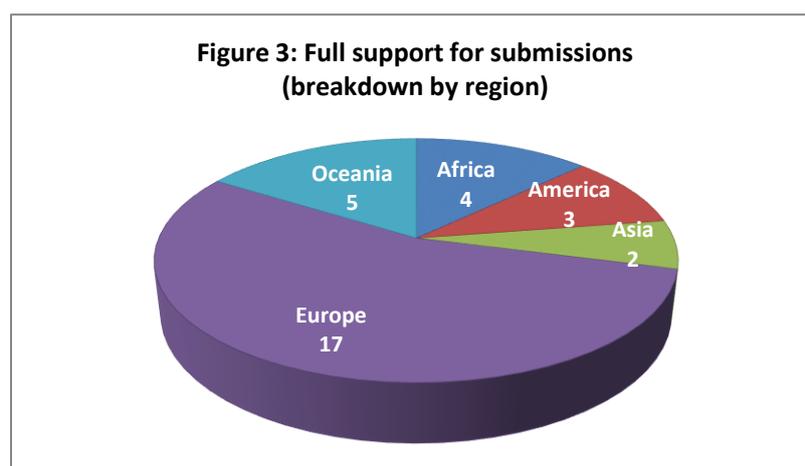
<sup>1</sup> Categorisation based on the United Nations Statistics Division grouping system (<http://unstats.un.org/unsd/methods/m49/m49regin.htm>)

## Response to submissions

Out of the 100 member states present at MEPC 69, 58 intervened during the first round of discussions on submitted documents – resulting in 31 expressing full support, 7 supporting in principle, 20 not supportive and 42 abstaining. See Figure 2 for breakdown of responses.



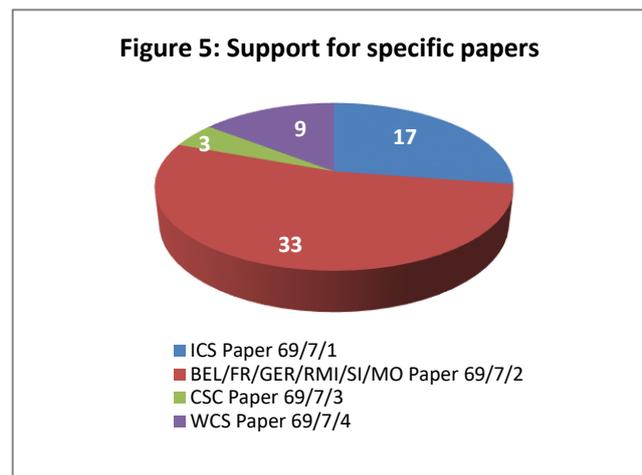
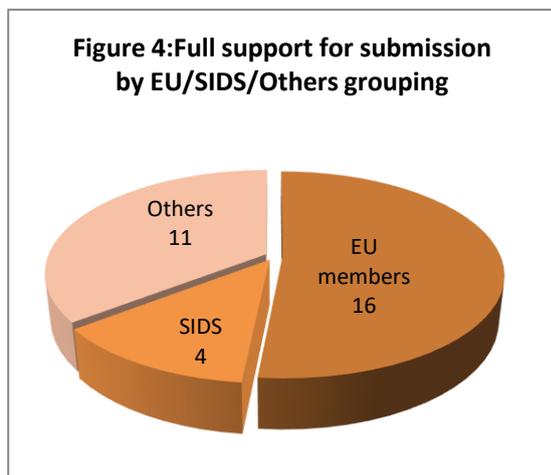
Greatest support (excluding support in principle) for submissions was noted from European countries (17 out of 31 supporting countries), followed by Oceania (5 out of 31 supporting countries), Africa (4 countries), America (3 countries) and Asia (2 countries). See Figure 3 for number of countries per geographical region that fully supported the submissions (excluding support in principle).



The European Union (EU) members showed overwhelming support with 16 out of 23 members (70%) present showing full support. Only 4 out of 18 SIDS (22%) present showed full support. Figure 4 gives a breakdown of the full support for submissions (excluding support in principle) by EU/SIDS/Others grouping.

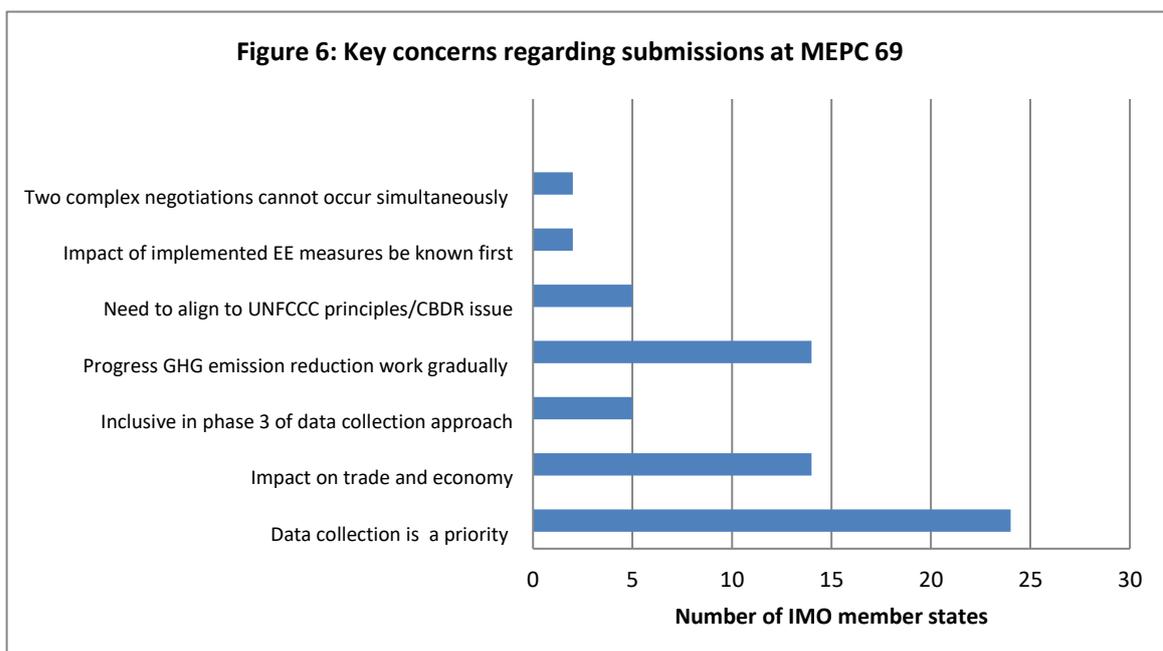
The combined registered tonnage of the supporting countries (inclusive of support in principle) is just over 70% of the world’s total tonnage. Eight of the ten largest flag states were either supportive or supportive in principle.

Of the four papers submitted for consideration of MEPC 69, greatest support was noted for MEPC Paper 69/7/2, which was co-sponsored by Belgium, France, Germany, Marshall Islands and Solomon Islands. A total of 33 countries supported this paper (including countries supportive in principle). Figure 5 contains a breakdown of member support per paper.



### Key concerns regarding submissions

Member states that were not supportive of the submissions backed up their case with a number of concerns and arguments, which are listed in Figure 6. It was also noted that a number of members who supported the submissions, particularly those that supported in principle, also raised concerns regarding data collection being a priority and the impact any new GHG reduction measures might have on trade and economic development, in particular in terms of transport costs.



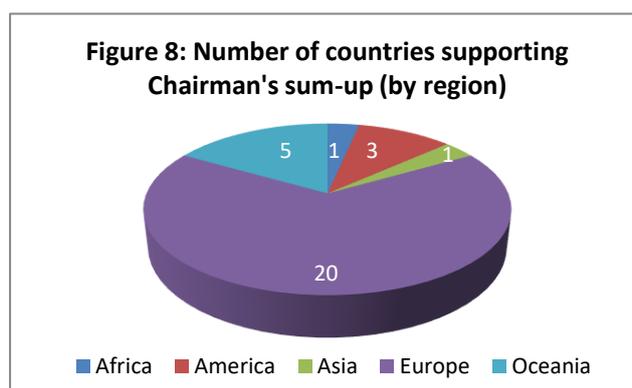
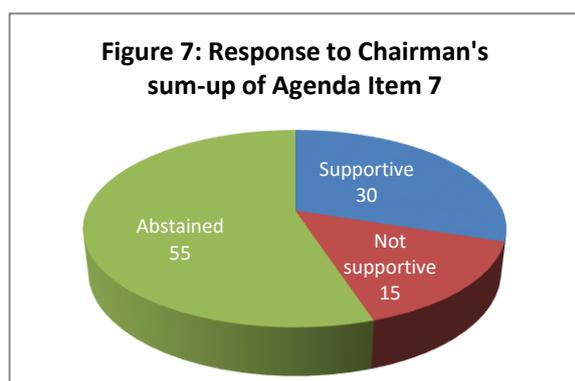
## Response to Chairman’s sum-up and proposed next steps

In response to the Chairman’s overall summing up and proposal on the next steps (attached as Annex 1b), 45 member states made interventions, out of which 30 expressed support (ie. 75% of total interventions) whereas 15 were not supportive. 55 member states abstained (note that some countries had already stated their positions in the initial discussion on submissions and chose not to intervene in this segment). A breakdown, by geographical region, of the number of countries supporting the Chairman’s sum-up is given in Figure 8.

The member states that did not support the sum-up had problems with the last two of eight points proposed initially by the Chairman, which were:

- The development of a workplan for an appropriate long term objective for the organisation should be properly structured to consider issues raised in this extensive debate.
- Details of a workplan to be further considered at MEPC 70 with the establishment of a working group taking into account all documents submitted to this session and invitation to further proposals for such analysis.

The strongest opposition came from the BRICS and Cook Islands as they argued on the basis of the CBDR issue, transport cost impacts on remote and developing countries, completion of the 3-phase data collection, implementation of energy efficiency measures being the right approach and the difficulties associated with running two complex negotiations (data collection and GHG reduction) simultaneously at future sessions of MEPC.



## Outcome of session

The extensive debate in this session ended with the consensus of all member states present as they supported the Chairman’s proposed next steps and *“agreed to establish a working group under this item at MEPC 70, with a view to an in-depth discussion on how to progress the matter, taking into account all documents submitted to this session and comments made, and any further related proposals.”*

MEPC 70 will convene in London from 24–28 October 2016, leaving interested parties a tight timeframe to consult and prepare further submissions on the matter. In addition, the terms of reference for the working group has not been defined yet and is likely to be a subject of considerable debate at MEPC 70 even before the working group starts its work.

## Annex 1a List of IMO members

Table 1: List of IMO member states per geographical region and their attendance status at MEPC 69

Region	IMO member states (present at MEPC 69 marked in bold)
Africa	<b>Algeria, Angola, Benin, Cameroon, Cabo Verde, Comoros, Congo, Côte d'Ivoire, Democratic Republic of the Congo, Djibouti, Egypt, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea-Bissau, Kenya, Liberia, Libya, Madagascar, Malawi, Mauritania, Mauritius, Morocco, Mozambique, Namibia, Nigeria, Sao Tome and Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe</b>
America	<b>Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia (Plurinational State of), Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, United States of America, Uruguay, Venezuela (Bolivarian Republic of)</b>
Asia	<b>Azerbaijan, Bahrain, Bangladesh, Brunei Darussalam, Cambodia, China, Cyprus, Democratic People's Republic of Korea, Georgia, India, Indonesia, Iran (Islamic Republic of), Iraq, Israel, Japan, Jordan, Kazakhstan, Kuwait, Lebanon, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Oman, Pakistan, Philippines, Qatar, Republic of Korea, Saudi Arabia, Singapore, Sri Lanka, Syrian Arab Republic, Thailand, Timor-Leste, Turkey, Turkmenistan, United Arab Emirates, Viet Nam, Yemen</b>
Europe	<b>Albania, Austria, Belgium, Bosnia and Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Ukraine, United Kingdom of Great Britain and Northern Ireland</b>
Oceania	<b>Australia, Cook Islands, Fiji, Kiribati, Marshall Islands, New Zealand, Palau, Papua New Guinea, Samoa, Solomon Islands, Tonga, Tuvalu, Vanuatu</b>

## Annex 1b Chairman's sum-up and proposed next steps

The Chairman's first sum-up and proposed next steps to the session under agenda item 7 were as follows:

- 1) This committee welcomes the Paris climate change agreement and acknowledges the major achievement of the international community in concluding that agreement.
- 2) We also underline the current efforts and those already introduced by IMO to enhance energy efficiency are highly recognised and commended.
- 3) Furthermore, it is widely recognised that further appropriate enhancement of shipping sector can and should be pursued.
- 4) The IMO commitment and contribution in relation to the Paris Agreement is recognised.
- 5) There is a common understanding that approval at this session and subsequent adoption of the data collection system is the priority of the Committee.
- 6) We furthermore acknowledge the 3-step approach of data collection, analysis and decision-making.
- 7) The development of a workplan for an appropriate long term objective for the organisation should be properly structured to consider issues raised in this extensive debate.
- 8) Details of a workplan to be further considered at MEPC 70 with the establishment of a working group taking into account all documents submitted to this session and invitation to further proposals for such analysis.

Following interventions, the above points were further revised by the Chairman and presented as follows:

- 9) This committee welcomes the Paris climate change agreement and acknowledges the major achievement of the international community in concluding that agreement.
- 10) We also underline the current efforts and those already introduced by IMO to enhance energy efficiency are highly recognised and commended.
- 11) Furthermore, it is widely recognised that further appropriate enhancement of shipping sector can and should be pursued.
- 12) Recognises the IMO role in mitigating the impact of greenhouse emissions from international shipping.
- 13) Agrees to the common understanding that approval at this session and subsequent adoption of the data collection system is the priority of the Committee.
- 14) Reiterate its endorsement to the three-step approach of data collection, analysis and decision-making.
- 15) Acknowledges the development of a workplan for an appropriate long term objective for the organisation, which should be properly structured to consider issues raised in this extensive debate.
- 16) To establish a working group at MEPC 70 taking into account all documents submitted to this session and comments made and invites further proposal with a view for an in-depth discussion on how to progress this item.