

## **70<sup>th</sup> Session of Marine Environment Protection Committee, International Maritime Organization**

Agenda Item 7: Reduction of GHG Emissions from Ships (24-28 October 2016)

### **ANALYSIS AND SUMMARY REPORT**

#### **Summary**

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The International Maritime Organization (IMO) held the 70<sup>th</sup> session of its Marine Environment Protection Committee (MEPC 69) from 24–28 October 2016 in London, United Kingdom. Of 172 member states, 97 member states were present at the meeting. The plenary debate on agenda item 7 – Reduction of GHG Emissions from Ships – took place on Tuesday 25 October 2016 and was followed by in-depth discussions in a dedicated working group which met from 25-27 October 2016. The draft report of the working group was discussed on Friday, 28 October 2016.

This report analyses the responses of member states and observer organisations under agenda item 7 based on the: (i) 12 documents submitted under agenda item 7 and discussion in plenary thereof; (ii) discussion in the working group on agenda item 7; and (iii) adoption of the working group report.

Out of the 172 IMO member states, 65 participated in the plenary debate on agenda item 7, either through the submission of documents prior to MEPC 70, through interventions or through both. All of these 65 member states were present at MEPC 70. The highest levels of support were voiced for documents MEPC 70/7/6 by Antigua & Barbuda et al., MEPC 70/7/5 by Norway and the United States, MEPC 70/7/8 by BIMCO et al. and MEPC 70/7/4 by Angola et al. The majority of participating delegations were in favour of developing a work plan or roadmap and many spoke in favour of developing a GHG emissions reduction target or objective and/or a GHG emissions reduction strategy.

The ensuing discussion in the working group resulted in the development of a draft roadmap for developing a comprehensive IMO strategy on reduction of GHG emissions from ships which foresees the adoption of an initial strategy in 2018 and of a revised strategy including measures in 2023. The working group also recommended to hold several intersessional meetings between 2017 and 2023 in order to work on the elements contained in the roadmap and develop the strategy.

MEPC 70 adopted the roadmap and agreed to hold an intersessional meeting back-to-back with MEPC 71. The intersessional working group is scheduled for 27-30 June and MEPC 71 for 3-7 July.

#### **Representation at MEPC 70 and participation in agenda item 7 debate**

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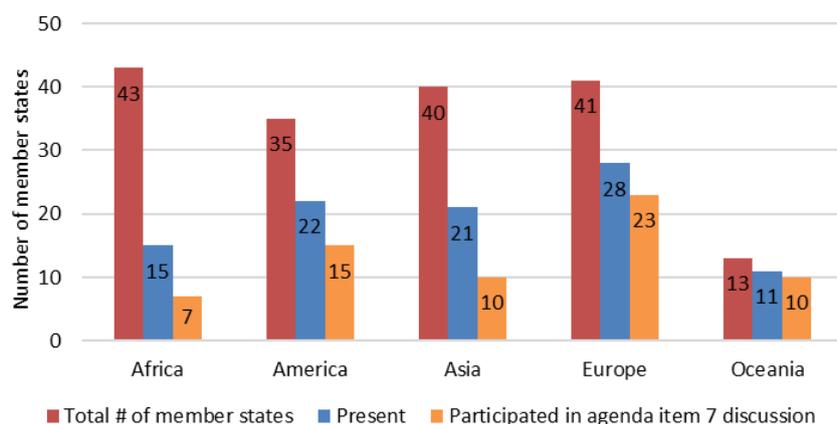
Of 172 IMO member states, 97 states were represented at MEPC 70 out of which 65 participated in the plenary debate on agenda item 7, either through submitting documents prior to MEPC 70, by intervening from the floor or through both. All member states participating in the debate were also present at the meeting.

A breakdown of the total number of member states, by geographical region<sup>1</sup>, those represented at MEPC 70 and those participating in the agenda item 7 debate is provided in Figure 1.

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

**Figure 1: Member representation and participation at MEPC 70 by region**



The Oceania region was well represented with 85% member attendance, followed by Europe with 68%, America 63%, Asia 53% and Africa 35%. The same order can be observed when comparing the participation of present member states in the agenda item 7 debate: the participation rate was highest for Oceania at 91%, followed by Europe 82%, America 68%, Asia 48% and Africa 47%.

A full list of IMO member states and those present at MEPC 70 is attached in Annex 1.

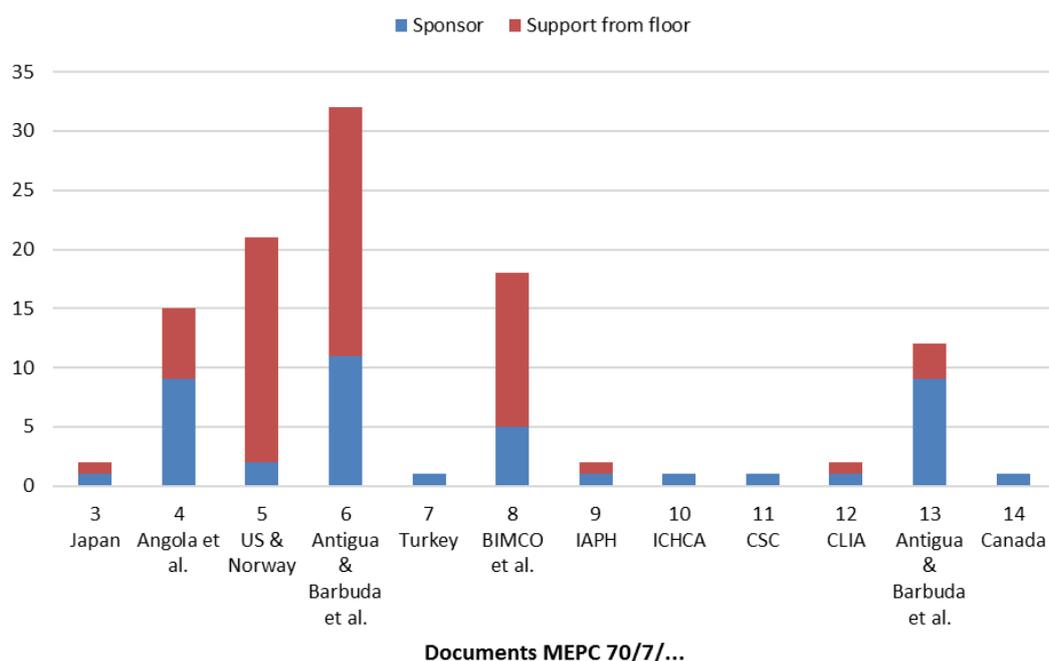
In addition to IMO member states, 10 observer organisations participated in the debate.

### Response to submissions

MEPC 69 decided to establish a working group on agenda item 7 at the next session. The MEPC Chair therefore invited comments and ideas on how to structure the work of this group after the introduction of the 12 submitted documents. Some delegations offered comments and ideas related to the working group, others made statements on the submitted documents.

Figure 2 shows the level of support for the 12 documents submitted under agenda item 7, both in terms of level of sponsorship and support from the floor.

**Figure 2: Level of support expressed per document submitted under agenda item 7**



The highest levels of support were voiced for the following documents:

- **MEPC 70/7/6 by Antigua & Barbuda et al.** (11 sponsors, 21 supporters): this document reiterates the need for IMO to define the fair share of international shipping in the global effort to limit the increase of global average temperature, underlines that the concept is open for debate, that it is complimentary to the three-step approach, and that the fair share does not imply in itself a transport costs increase.
- **MEPC 70/7/5 by Norway and the United States** (2 sponsors, 19 supporters): this document proposes developing a long-term strategy to address GHG emissions from international shipping.
- **MEPC 70/7/8 by BIMCO et al.** (5 sponsors, 13 supporters): This documents proposes that MEPC should develop a road map to determine a possible IMO fair share contribution, which initially focuses on the development of a timeline, consistent with the three-step approach.
- **MEPC 70/7/4 by Angola et al.** (9 sponsors, 5 supporters): this document invites MEPC to develop a roadmap for further enhancing the energy efficiency of international shipping.

IMO member states and observers also expressed support for a number of ideas contained in the submitted documents (see also **Error! Reference source not found.**):

- **Work modalities:** Even though it had already been decided to establish a working group on agenda item 7 at MEPC 69, 14 delegations at MEPC 70 argued that GHG emissions should only be discussed once phase 3 of the so-called three-step approach is reached, whereas 38 delegations were of the opinion that discussions should take place in parallel with the three-step approach. Related to procedural issues, the Cook Islands introduced the idea of establishing a stand-alone group dedicated to all issues related to GHG emissions<sup>2</sup>, an idea that was supported by some of the delegations.
- **Work plan, roadmap, targets:** The majority of participating delegations (62) were in favour of developing a work plan or roadmap, however it should be noted that the purpose of this work plan or roadmap differed, with some wanting a work plan/roadmap for further enhancing the energy efficiency of shipping, others for specifying shipping's contribution to global efforts to reduce GHG emissions and others for developing a long-term strategy to reducing shipping's GHG emissions. Many delegations also spoke in favour of developing a GHG reduction target or objective (46) and/or a GHG emissions reduction strategy (34).
- **GHG emission reduction:** In order to reduce GHG emissions, 14 delegations were of the opinion that an approach based on energy efficiency would be most appropriate and 16 delegations expressed that IMO should promote the uptake of alternative fuels. 23 stated that GHG emission scenarios and benefits should be assessed, as well as emission reduction opportunities and obstacles to taking advantage of these.
- **Impact on states:** Many of those delegations that favoured GHG emissions to be discussed during the last phase of the three-step approach brought attention to the potential impact that such work might have on international shipping and trade in general, arguing that in order to understand this potential impact better, actual data derived from the IMO's incoming Data Collection System would need to be analysed first. 25 delegations recognised the need for further work on transport costs and 29 brought attention to the special needs of Small Island Developing States (SIDS) and Least Developed Countries (LDCs).
- **UNFCCC matters:** 22 delegations considered it very important for IMO to show progress in time for and contribute to the 2018 UNFCCC facilitative dialogue to take stock of Parties' collective efforts. 13 delegations argued that any further work on GHG emissions conducted at IMO would

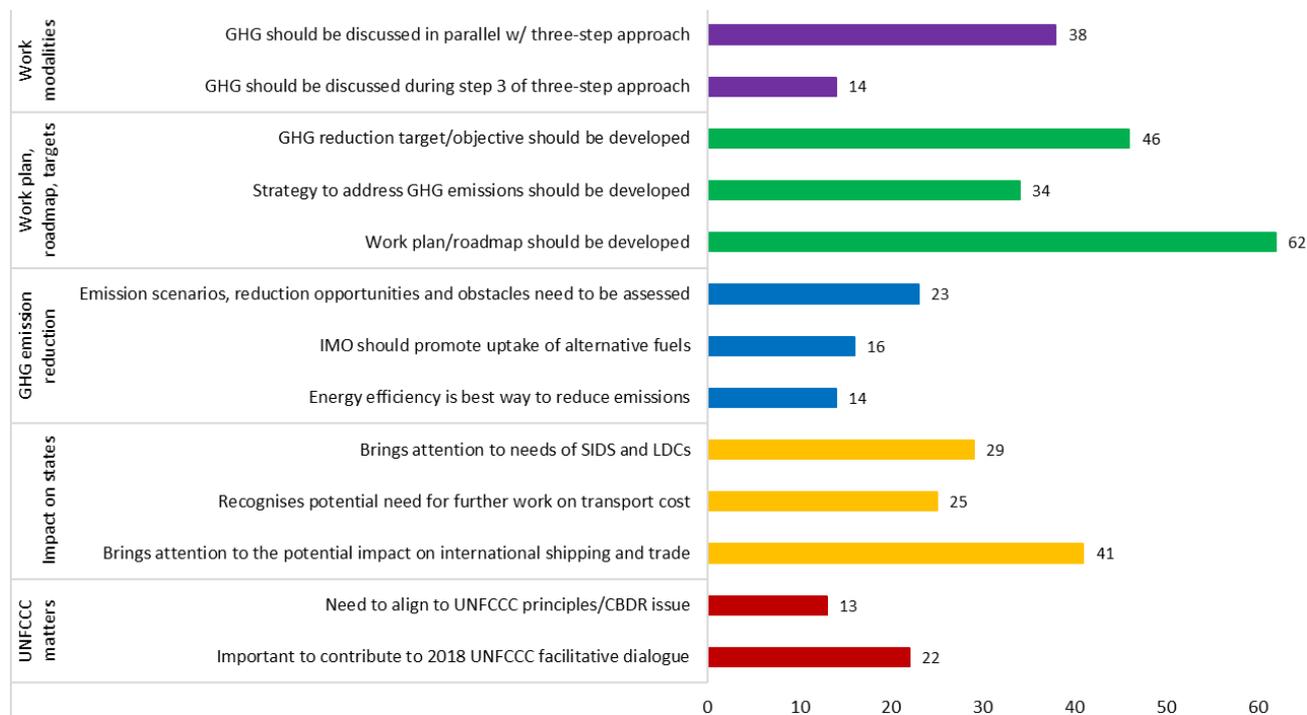
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<sup>2</sup> IMO (2016) Report of the Marine Environment Protection Committee on its seventieth session, Annex 22: Statements by delegations and observers, MEPC 70/18/Add.1

need to be aligned with the UNFCCC principles, specifically referring to the principle of Common but Differentiated Responsibilities and Respective Capabilities (CBDR-RC).

Some of these issues were further deliberated in the ensuing working group discussions.

**Figure 3: Level of support expressed for ideas contained in documents submitted under agenda item 7**



## Working group

Following the plenary debate, the working group on reduction of GHG emissions from ships was formed with the instructions to:

- consider how to progress the matter of reduction of GHG emissions from ships and advise MEPC as appropriate; and
- submit a written report to plenary by Friday, 28 October 2016.

Under the chairmanship of Mr. H. Saito (Japan), the group met from 25-27 October 2016 and was attended by representatives from 46 member states (Europe: 15; Asia: 11; America: 9; Oceania: 8; Africa: 3), one associate member, the UNFCCC, the European Commission and 11 observer organisations.<sup>3</sup>

Over the three days, the group developed a draft roadmap for developing a comprehensive IMO strategy on reduction of GHG emissions from ships (“the strategy”) and considered the modalities for intersessional work.

In developing the roadmap and deciding which issues it should cover (for the full roadmap, see Annex 2), the group debated, inter alia, timelines, the role of the data collection system and the three-step approach, guiding principles, impacts on developing countries, SIDS and LDCs and emission reduction targets or objectives.

- **Timeline:** The roadmap foresees adoption of an initial strategy in 2018 and adoption of a revised strategy in 2023 which will include short-, mid- and long-term further measure(s), as required, with implementation schedules. The strategy revision was deemed necessary in order to

<sup>3</sup> IMO (2016) Report of the working group on reduction of GHG emissions from ships, MEPC 70/WP.7

incorporate and build upon data and information on ships' fuel consumption obtained through the IMO Data Collection System.

- **Data collection system and three-step approach:** The roadmap schedules data collection to start in January 2019, data analysis to begin no later than autumn 2020 and the final decision step on further measures (if any) to commence in spring 2022. While bringing the dates for phase 2 and 3 of the three-step approach forward was debated, several delegations argued that these two phases should only commence after adequate data had been collected, highlighting the need for IMO to base decisions on concrete data rather than emission estimates. On the point of data, the group agreed that further IMO GHG Studies should be undertaken every five years, starting with a fourth study to be initiated at MEPC 74 (tentatively scheduled for spring 2019), covering the years from 2012-2018 and thus bridging the gap between the Third IMO GHG Study and the Data Collection System.
- **Guiding principles:** Several delegations raised the issue of principles, including those of CBDR-RC, no more favourable treatment and the non-discriminatory principle. Other delegations suggested that this issue had been addressed through IMO's technical cooperation work, noting in particular resolution MEPC.229(65) on technology transfer. The group extensively discussed the need to consider principles for the strategy and concluded consideration at this stage would be premature as it had only been tasked with developing a roadmap and timeline. The group decided to recommend that consideration of the guiding principles for the strategy begin during intersessional work before MEPC 71.
- **Impacts on developing countries, SIDS and LDCs:** There was a lengthy and divisive debate on how the strategy should address the impacts of any further GHG reduction measures on developing countries, SIDS and LDCs. While some delegations (in particular some Asian and South American countries) suggested that the impacts on developing countries should be explicitly addressed considering that these countries form a special category in the context of UNFCCC and the Kyoto Protocol, other delegations argued that there is no such consideration in the context of IMO's work which focuses only on SIDS and LDCs. In the end, the group reached a consensus in the form of considering the impact on States, taking into account IMO's High-Level Action Plan (resolution A.1098(29))<sup>4</sup>.
- **Emission reduction targets or objectives:** Another lengthy debate unfolded over the inclusion of emission reduction targets or ("fair share") objectives in the strategy. The inclusion of such language proved to be unacceptable to some states, unless the roadmap made specific reference to the CBDR-RC principle which in turn was unacceptable to others. This issue was contentious to a point where even reference to such a discussion having taken place within the working group was contested. This is why this debate is not mentioned in the working group report. Instead, it states: *"The group also discussed the inclusion into the roadmap of the level of ambition and decided that this would be discussed intersessionally before MEPC 71 to possibly include it in the strategy."*<sup>5</sup> This outcome is particularly interesting considering that the majority of delegations (46 out of 65 participating member states) had voiced support for the development of a GHG emissions reduction target/objective during the plenary discussion or through their submissions.

In addition to the roadmap itself, the group also considered how and when to conduct the work entailed in the roadmap. From the outset, the group agreed that due to the urgency, importance and complexity

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<sup>4</sup> Resolution A.1098(29) contains several High-level Actions that refer specifically to developing states, SIDS and LDCs, including:

- 3.2.1 Mobilize and allocate financial or in-kind resources including the promotion of technical and economic cooperation among developing countries (TCDC and ECDC)
- 3.4.1 Identify the emerging needs of developing States in general and the developmental needs of SIDS and LDCs in particular
- 9.0.1 Identify and address the special shipping needs of SIDS and LDCs

<sup>5</sup> IMO (2016) Report of the working group on reduction of GHG emissions from ships, MEPC 70/WP.7

of the topic, there would be a need for significant intersessional work and considered the modalities of such work. In this context, the group considered the proposal by Cook Islands to establish a fixed-term stand-alone subsidiary body to progress work on the reduction of GHG emissions from ships, but concluded that at this point, there were insufficient details on the practicalities and implications of such a concept to recommend it for adoption. This option could, however, be considered for the mid- and long-term based on concrete proposals. Pending a final decision on this matter, the group agreed to request the holding of intersessional meetings during the implementation of the roadmap, the first of which it requested to be held back-to-back with MEPC 71. The group also discussed the scope of work for this first intersessional meeting and agreed on a list of topics, as contained in the roadmap in Annex 2.

## Outcome of session

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On Friday, 28 October 2016, the Chair of the working group introduced the group's report to plenary. It was commented on by 13 member states and one observer organisation.

The Cook Islands - supported by a number of Pacific SIDS - expressed concern over the lack of an explicit reference to consideration of the special needs of SIDS and LDCs in the draft roadmap. Responding to this concern, the working group Chair and several delegations explained that after extensive deliberations, the group had agreed on referring to the High-Level Action Plan as it not only highlighted the special needs of SIDS and LDCs, but also captured the concerns of other States and was thus inclusive of all special categories of countries. The Cook Islands furthermore criticised that the working group had not adopted its proposal of a stand-alone subsidiary body dedicated to all issues related to GHG emissions, arguing that an opportunity had been lost for IMO to consider approaches that would ensure both progress and inclusiveness of member states.<sup>6</sup>

More criticism was voiced by an observer organisation which was alarmed by the lack of a reference to a GHG emissions reduction target or objective, despite widespread member state and industry support shown in the submitted documents and during the plenary debate.

Despite these concerns, MEPC approved the *Roadmap for developing a comprehensive IMO strategy on the reduction of GHG emissions from ships*, as set out in annex 2, and agreed to establish an intersessional working group on the reduction of GHG emissions from ships, instructed to:

- consider how to progress the matter of reduction of GHG emissions from ships and advise the Committee as appropriate; and
- submit a report for consideration at MEPC 71.

The intersessional working group is scheduled to take place from 27-30 June, the week before MEPC 71 will convene.

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<sup>6</sup> IMO (2016) Report of the Marine Environment Protection Committee on its seventieth session, MEPC 70/18

## Annexes

### Annex 1: List of IMO member states per geographical region and their attendance status at MEPC 70<sup>7</sup>

Region	IMO member states (present at MEPC 70 marked in bold)
Africa	<b>Algeria, Angola</b> , Benin, Cabo Verde, <b>Cameroon</b> , Comoros, Congo, <b>Côte d'Ivoire</b> , Democratic Republic of the Congo*, Djibouti, <b>Egypt, Equatorial Guinea</b> , Eritrea, Ethiopia, Gabon, Gambia, <b>Ghana</b> , Guinea, <b>Guinea-Bissau, Kenya, Liberia, Libya</b> , Madagascar, Malawi, Mauritania, Mauritius, <b>Morocco</b> , Mozambique, Namibia, <b>Nigeria</b> , Sao Tome and Principe, Senegal, Seychelles, <b>Sierra Leone</b> , Somalia, <b>South Africa</b> , Sudan, Togo, Tunisia, Uganda, United Republic of Tanzania, Zambia, Zimbabwe
America	<b>Antigua and Barbuda, Argentina, Bahamas</b> , Barbados, <b>Belize, Bolivia (Plurinational State of), Brazil, Canada, Chile, Colombia</b> , Costa Rica, <b>Cuba, Dominica</b> , Dominican Republic, <b>Ecuador</b> , El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, <b>Jamaica, Mexico</b> , Nicaragua, <b>Panama</b> , Paraguay, <b>Peru, Saint Kitts and Nevis, Saint Lucia</b> , Saint Vincent and the Grenadines, Suriname, <b>Trinidad and Tobago, United States of America, Uruguay, Venezuela (Bolivarian Republic of)</b>
Asia	Azerbaijan, Bahrain, <b>Bangladesh</b> , Brunei Darussalam, Cambodia, <b>China, Cyprus, Democratic People's Republic of Korea, Georgia, India, Indonesia, Iran (Islamic Republic of)</b> , Iraq, Israel, <b>Japan</b> , Jordan, <b>Kazakhstan, Kuwait</b> , Lebanon, <b>Malaysia</b> , Maldives, Mongolia, Myanmar, Nepal, Oman, <b>Pakistan, Philippines, Qatar, Republic of Korea, Saudi Arabia, Singapore, Sri Lanka</b> , Syrian Arab Republic, <b>Thailand</b> , Timor-Leste, <b>Turkey</b> , Turkmenistan, United Arab Emirates, Viet Nam, Yemen
Europe	Albania, Austria, Belarus, <b>Belgium</b> , Bosnia and Herzegovina, Bulgaria, <b>Croatia</b> , Czech Republic, <b>Denmark, Estonia, Finland, France, Germany, Greece</b> , Hungary, <b>Iceland, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal</b> , Republic of Moldova, <b>Romania, Russian Federation</b> , San Marino, Serbia, Slovakia, Slovenia, <b>Spain, Sweden, Switzerland</b> , The former Yugoslav Republic of Macedonia, <b>Ukraine, United Kingdom of Great Britain and Northern Ireland</b>
Oceania	<b>Australia, Cook Islands, Fiji</b> , Kiribati, <b>Marshall Islands, New Zealand, Palau, Papua New Guinea</b> , Samoa, <b>Solomon Islands, Tonga, Tuvalu, Vanuatu</b>

<sup>7</sup> Categorisation based on the United Nations Statistics Division grouping system (<http://unstats.un.org/unsd/methods/m49/m49regin.htm>). Information on attendance based on IMO (2016) List of Participants, MEPC 70/INF.1

**Annex 2: Roadmap for developing a Comprehensive IMO Strategy on Reduction of GHG Emissions from Ships (contained in document MEPC 70/WP.7)**

In order to build upon, and bring together, the various streams of activity that have already been taking place in IMO in relation to the reduction of GHG emissions from international shipping, including the technical and operational measures (EEDI and SEEMP) in force since 2013, the adoption of the data collection system at MEPC 70 and various technical cooperation activities and major projects, the Organization has agreed on the roadmap for developing a Comprehensive IMO Strategy on Reduction of GHG Emissions from Ships, set out below.

October 2016 (MEPC 70)	<ul style="list-style-type: none"> <li>– Adoption of Data Collection System</li> <li>– Voluntary data collection and submission begins</li> <li>– Approval of Roadmap</li> </ul>
Week before MEPC 71	<ul style="list-style-type: none"> <li>– Intersessional meeting to start discussions on a comprehensive IMO strategy on reduction of GHG emissions from ships, taking into account inputs such as: (1) Third IMO GHG Study; (2) submissions on the elements below and on existing activities related to GHG emissions reductions by States and stakeholders; and (3) a technical paper by the Secretariat compiling a list of existing IMO activity related to reducing GHG emissions in the shipping sector. The discussions should include but not be limited to the elements below: <ul style="list-style-type: none"> <li>• Levels of ambition and guiding principles for the strategy;</li> <li>• Emissions scenarios;</li> <li>• Assessment of the projected future demand for shipping;</li> <li>• Parameters/indicators on energy efficiency of ships (current status and long-term potential);</li> <li>• Emission reduction opportunities (near-, mid- and long-term actions), including alternative fuels;</li> <li>• Costs and benefits;</li> <li>• Capacity building and technical cooperation;</li> <li>• Barriers to emissions reductions and how to overcome them;</li> <li>• Priority areas for R&amp;D, including in relation to technology;</li> <li>• Impact of EEDI;</li> <li>• Impacts on States, taking into account the HLAP (resolution A.1098(29)); and</li> <li>• Impacts of other regulations on GHG emissions</li> </ul> </li> </ul>
MEPC 2017 (MEPC 71)	– Discussion continues <sup>8</sup>
September 2017	– Intersessional meeting
Week before MEPC 72	– Intersessional meeting
Spring 2018 (MEPC 72)	– Adoption of initial IMO Strategy <sup>9</sup> , including, inter alia, a list of candidate short-, mid- and long term further measures with possible timelines, to be revised as appropriate as additional information becomes available
January 2019	– Start of Phase 1: Data collection (Ships to collect data)
Spring 2019 (MEPC 74)	<ul style="list-style-type: none"> <li>– Discussion continues</li> <li>– Initiation of Fourth IMO GHG Study using data from 2012-2018</li> </ul>
Summer 2020	– Data for 2019 to be reported to IMO
Autumn 2020 (MEPC 76)	<ul style="list-style-type: none"> <li>– Start of Phase 2: data analysis (no later than autumn 2020)</li> <li>– Discussion continues</li> <li>– Publication of Fourth IMO GHG Study for consideration by MEPC 76<sup>10</sup></li> </ul>
Spring 2021 (MEPC 77)	<ul style="list-style-type: none"> <li>– Initiation of work for adjustments on Initial IMO Strategy, based on DCS data</li> <li>– Secretariat report summarizing the 2019 data pursuant to regulation 22A.10</li> </ul>
Summer 2021	– Data for 2020 to be reported to IMO
Spring 2022 (MEPC 78)	<ul style="list-style-type: none"> <li>– Phase 3: Decision step</li> <li>– Discussion continues</li> <li>– Secretariat report summarizing the 2020 data pursuant to regulation 22A.10</li> </ul>
Summer 2022	– Data for 2021 to be reported to IMO
Spring 2023 (MEPC 80)	<ul style="list-style-type: none"> <li>– Adoption of Revised IMO Strategy, including short-, mid- and long-term further measure(s), as required, with implementation schedules</li> <li>– Secretariat report summarizing the 2021 data pursuant to regulation 22A.10</li> </ul>

<sup>8</sup> Modality of further intersessional work after MEPC 71 to be considered based on written submissions.

<sup>9</sup> Initial IMO Strategy is subject to revision based on DCS data during 2019-2021 and does not prejudice any specific further measures that may be implemented in phase 3 of the 3-step approach.

<sup>10</sup> Every five (5) years, to publish updated IMO GHG study, as to be decided by the Committee, and to review Strategy (including further measures).