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| TO | : | Pacific diplomatic missions |
| DATE | : | 5 April 2016 |
| SUBJECT | : | Update on submission of 'Reduction of GHG Emissions from Ships' paper |

Purpose

1. To update Pacific diplomatic missions on the status of co-sponsorship of the shipping emissions paper and its submission to the International Maritime Organization (IMO) for consideration of the 69th Session of the IMO Marine Environment Protection Committee (MEPC), to be held in London from 18–22 April 2016.

Background

2. The Pacific Islands Development Forum (PIDF) organised a Talanoa session/consultative meeting on 20 January 2016 to update Pacific Island governments and other stakeholders on the shipping emissions paper that was proposed for submission to MEPC 69.
3. On 18 February 2016, the paper was officially submitted by the Marshall Islands, Solomon Islands, Belgium, Germany, France and Morocco as MEPC 69/7/2.

Current level of support

4. As of 4 April 2016, the following countries have pledged to support the motion from the floor at MEPC 69:
 - Canada
 - Vanuatu
 - Netherlands
5. It is expected that there will be many others in support, and these positions will clarify in the run-up to MEPC.
6. On 6 April, EU Member States will meet to discuss and coordinate their approach to MEPC 69/7/2 at IMO. Further EU support may emerge from this meeting.
7. Early indications suggest some opposition from the United States as they believe it interferes with the discussions on the global data collection system, yet it is unknown whether they will openly oppose the document in plenary.
8. Three other papers have been submitted on the issue of GHG reduction targets, all of which are aligned to the submission MEPC 69/7/2:
 - (i) 69/7/1 (International Chamber of Shipping)
 - A proposal similar to MEPC 69/7/2 has been submitted by the International Chamber of Shipping (ICS), the principal international trade association for the shipping industry representing over 80% of the world merchant fleet. This proposal advocates that IMO develop an Intended IMO Determined Contribution on CO₂ reduction for the international shipping sector as a whole ([MEPC 69/7/1](#)).

- In the paper, the ICS also aligns itself with RMI’s proposal at MEPC 68, stating: *“Now that work on the global CO₂ data collection system is almost complete, and in expectation of its mandatory application by 2018, ICS supports in principle the request by the Marshall Islands at MEPC 68 (MEPC 68/5/1), supported by other IMO Member States that the Committee should discuss the establishment of IMO commitments for CO₂ emission reduction on behalf of the entire international shipping sector.”*
 - It is the first time ICS has called for IMO commitments on shipping CO₂ emissions and signifies a shift in the organisation’s stance on GHG reductions. The submission was received with great media interest and has been welcomed by environmental organisations.
- (ii) 69/7/3 (Clean Shipping Coalition)
- This paper is supportive of the proposed ‘fair share’ discussion. “... welcomes Member State (MEPC 69/7/2) and shipping industry (MEPC 69/7/1) recognition of the need for ship GHG emission reductions to contribute towards keeping global warming “well below” 2 degrees Celsius...
 - They also recognise the connection and appropriateness relative to the previous GHG target paper “... such a move would also be an entirely appropriate response to the Marshall Islands’ call for target setting at MEPC 68.
- (iii) 69/7/4 (World Shipping Council, Cruise Lines Industry Association, INTERTANKO, International Parcel Tanker Association)
- This paper is supportive of the proposed ‘fair share’ discussion “...international shipping would benefit from the structure of a process such as that described in document MEPC 69/7/2...”
 - In addition, a number of principles are proposed that might be included for the consideration of international shipping’s ‘fair share’.

Other GHG-related discussions at MEPC 69

9. Two GHG-related topics are expected to get a lot of attention at MEPC:

- (i) EEDI Review:
- In July 2011, the IMO agreed on a design efficiency standard (called Energy Efficiency Design Index or EEDI) for all new ships built from 2013 onwards. Every five years, the energy efficiency design requirements become more stringent resulting, in principle, in increasingly fuel efficient ship designs.
 - Phase 2 of the EEDI (2020-2024) is currently under review at MEPC to see whether the stringency of the regulation should be retained or amended. A sub-group reviewing the EEDI has recommended MEPC to end the review at this month’s session, despite the findings of an independent study¹ that the EEDI so far has not encouraged the uptake of new technologies and that many of the ships launched in 2015 already overshoot the requirement for 2020 without using innovative new technologies.

¹ Faber et al. (2016) Historical Trends in Ship Design Efficiency - The Impact of Hull Form on Efficiency, CE Delft.

- If MEPC end the review process, the Phase 2 requirements would remain unchanged, with the next opportunity for a review being in six years' time. Furthermore, this may signal the international shipping community that energy efficiency standards will remain low and unambitious and therefore that ships' energy efficiency and GHG emissions are not a major regulatory concern.

(ii) Data collection system:

- MEPC is currently working on the development of a global framework for the collection and reporting of data on the fuel consumption of ships. This was initially proposed by the United States in a submission to MEPC 64, outlining a three phase scheme consisting (roughly) of 1) data collection, 2) data analysis and 3) mandatory energy efficiency requirements.
- While there is widespread support for a global data collection system, there are still some unresolved issues which are expected to be discussed and finalised with a view to adopting the system at MEPC 69.
- A risk stemming from the debate on the global data collection system is that it may provide an argument to GHG target opponents that energy efficiency standards and targets will already be covered under the data collection system, hence require no further discussion.

10. These two topics may take up a lot of time in the plenary and with a packed agenda, this may risk postponing the discussion on GHG reduction targets to MEPC 70 or to an unspecified future date and thereby further delaying progress.

Preparing for MEPC 70 and beyond

11. With the position of many delegations on MEPC 69/7/2 still unclear or undecided, various outcomes of the discussions are possible. As there is only little time between this month's meeting and MEPC 70 in October, it is worth preparing ahead and starting to devise strategies on how to deal with different outcomes.

(i) Outcome 1 - favourable discussion at MEPC 69, work plan is adopted:

- Identify and review methodologies to define the fair share of maritime transport
- Develop and agree on a position on which methodology is most suitable
- Identify suitable time horizon (reference years, annual or aggregated objectives)
- Develop strategy for discussing and dealing with issues around impacts on transport costs and economic growth as well as on the principle of 'Common but differentiated responsibilities' (CBDR)
- Acquire funding capacity for the above activities

(ii) Outcome 2: semi-favourable discussion at MEPC 69, discussion of adopting a workplan postponed to MEPC 70:

- Continue gathering support for MEPC 70
- Think further about how to unblock arising obstructions
- Start working on some of the action points under (i) Outcome 1

(iii) Outcome 3: unfavourable discussion, rejected or indefinitely postponed adoption of workplan

- This would require a full rethink on strategy with other nation partners

Next steps

12. Work will continue on rallying further support for the discussions at MEPC 69, including assessing documents, commenting on group MEPC 69 submissions as well as other related submissions and preparing arguments.
13. Work will commence on devising strategies to deal with various MEPC 69 outcomes.
14. PIDF will continue to provide regular updates on pre-MEPC 69 developments to all Pacific diplomatic missions and stakeholders as information becomes available.
15. The shipping emissions paper will be tabled for deliberation at MEPC 69 in London from 18–22 April 2016.

For further information, please contact:

Pacific Islands Development Forum
56 Domain Road, Suva, Fiji
Tel: (679) 3311 518, (679) 3311 525
Fax: (679) 3311529, (679) 3311535
Email: secretariat@pacificidf.org
Website: www.pacificidf.org