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REDUCTION OF GHG EMISSIONS FROM SHIPS

International shipping's share in international efforts to limit the rise of global average temperature – further clarifications

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SUMMARY

Executive summary: Responding to the outcome of the debate at MEPC 69, 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. It 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.

Strategic direction: 7.3

High-level action: 7.3.2

Output: 7.3.2.1

Action to be taken: Paragraph 22

Related documents: MEPC 68/5/1; MEPC 69/7/1; MEPC 69/7/2, MEPC 69/7/4 and MEPC 69/21

Background

1 The International Maritime Organization (IMO) has been addressing the climate impact of international shipping for many years. In July 2011, the Organization adopted the mandatory Energy Efficiency Design Index (EEDI) for new ships and the Ship Energy Efficiency Management Plan (SEEMP). Furthermore, the Marine Environment Protection Committee (MEPC) has approved a mandatory data collection system that will provide information on the development of emissions and energy efficiency from international shipping at ship level.

2 The Third IMO GHG Study 2014 projects a considerable increase in greenhouse gas (GHG) emissions from international shipping, ranging from 50% to 250% by 2050 in a Business as Usual scenario (depending on economic development and climate policy in other sectors). The co-sponsors believe that IMO should consider further action to address these increases in GHG emissions in case, as forecast in the Third IMO GHG Study 2014, existing measures prove not to be sufficient to halt the increase.

Outcome of UNFCCC COP 21

3 On 12 December 2015, the international community agreed in Paris to make all necessary efforts to limit the global average temperature to "well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels" and in line with this long-term temperature goal, committed to "aim to reach global peaking of greenhouse gas emissions as soon as possible" and "to undertake rapid reductions thereafter", "so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century", in accordance with best available science (Article 2.1 (a) and 4.1. of the Paris Agreement). There are at present 180 signatories to the Paris Agreement. According to the current best available science, if other countries respond as indicated in Paris through a series of Intended Nationally Determined Contributions (INDCs), and the shipping sector continues increasing its emissions, there is a high probability that this goal will not be attained. International shipping should therefore do its 'fair share' to decrease GHG emissions; this document is a first step to identify what that fair share should be.

Outcome of MEPC 69

4 Following the Marshall Islands' submission (MEPC 68/5/1) and the Paris Agreement, MEPC 69 discussed among other things two new concepts: shipping's fair share (MEPC 69/7/2) and Intended IMO Determined Contribution (MEPC 69/7/1). Document MEPC 69/7/2 principally requested the Committee to "...agree that international maritime transport needs to define its share in the global efforts to reduce GHG emissions in accordance with the objectives of the UNFCCC Paris Agreement..." and "...to develop a work plan with an associated timetable to define that fair share..." The Committee "...widely recognized and agreed that further appropriate improvements related to shipping emissions can and should be pursued 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 invited parties for further related proposals (MEPC 69/21)..."

5 At MEPC 69, many delegations expressed themselves as being in favour of defining a fair share or contribution for international shipping in order to participate in "...the global response to the threat of climate change..." (Paris Agreement, Article 2.1). However, the co-sponsors also noted that further explanation of the concept of fair share would be useful. In particular, the link with the three-step approach needs to be clarified. Also, questions were raised about the possible impacts on sustainable development and trade. The intention of this paper is to clarify 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.

Why the work on fair share should start now and be carried out in parallel with work on data collection

6 The best available science from the Intergovernmental Panel on Climate Change (IPCC) shows the need to imminently peak GHG emissions from all sources, including from international shipping, and this science was fully committed to in the Paris Agreement.

7 Further to this scientific justification, the co-sponsors believe that progressing the identification of shipping's fair share will reaffirm IMO as the competent organization to mitigate further GHG emissions from international shipping, and help IMO to continue to communicate its activity in forthcoming dialogue between the IMO and UNFCCC. An important step in that dialogue will come in 2018 when the Conference of Parties (COP) will undertake a "facilitative dialogue" that will take stock of collective efforts in relation to progress towards the long-term goal. The facilitative dialogue is part of a global stocktake of collective efforts in relation to the Paris Agreement objectives. Participation in the stocktake dialogue and process by all sectors and countries (including shipping) can help maximize its efficiency and efficacy. In the opinion of the co-sponsors, it is essential for IMO to show progress and prove leadership in this issue in time for that 2018 date.

How could the fair share for the shipping sector be considered?

8 The main purpose of the co-sponsors' proposed work plan is to enable an open debate leading to the specification of shipping's fair share. That is: the identification of the nature, scale and speed of the change in the sector's CO₂ or GHG emissions, both in the short-term and long-term, which could be considered to be a fair recognition of the Paris Agreement.

9 The method(s) to determine the fair share could be based on many different concepts, and incorporate consideration of a number of issues (for example those issues raised in document MEPC 69/7/4). This document does not propose a particular approach, but suggests that approaches could consider:

- .1 the economic effort to reduce GHG emissions in the shipping sector;
- .2 the technical and operational GHG abatement potential in the sector; and
- .3 a fair share similar in ambition to (I)NDCs from a country or group of countries.

Any method should recognize the overall emissions reductions that are required to achieve the objectives of the Paris Agreement.

What data would be needed?

10 Depending on the stage of discussion of fair share relative to the three-step approach, data from different sources and potentially with different levels of accuracy could be used. Preliminary discussion of shipping's fair share could be facilitated using currently available data (e.g. from IMO's GHG studies), with further refinements and calculations informed using data obtained from IMO's data collection system. In this way, the fair share discussions can be informed by and benefit from IMO's three-step approach, but can progress immediately to enable some work to be completed consistent with the urgency articulated in paragraphs 6 and 7.

On the relationship between three-step approach and fair share

11 At MEPC 65, several initiatives were presented to the Committee to drive improvements in the energy efficiency of new and existing ships that could result in cost savings to ship-owners and operators as well as significant reductions in GHG emissions. The assertion that energy efficiency improvements were feasible was subsequently backed by the results of the Second IMO GHG Study 2009. After a few rounds of discussions, the Committee decided to pursue the work on further measures to increase operational and technical energy

efficiency with a phased approach. The three phases are: data collection (phase I), data analysis (phase II), followed by a debate on whether decision-making on further technical and operational measures for enhancing the energy efficiency of international shipping were needed and, if so, what measures (phase III). No decision was made at that time on whether to pursue further measures.

12 The development of and the majority of discussion on the three-step approach pre-date the Paris Agreement and therefore cannot incorporate that Agreement's increase in ambition (well below 2°C, aiming for 1.5°C), urgency and broad-based political obligations to action. The fair share work plan is intended to provide a framing and UNFCCC interface for the three-step approach discussion, not to compete with the three-step approach.

13 An example of a timeline for the definition of international shipping's fair share, carried out in parallel to and informed by the three-step approach, is given in the annex to the document. By inputting a consideration of fair share into the Committee's deliberations, the co-sponsors aim to assist the discussion about the extent and level of ambition of any further measures to enhance energy efficiency and address GHG emissions from international shipping.

Further measures

14 The identification of a fair share may lead to a discussion on further measures. The identification of a fair share in itself is not intended to be or to become a measure to reduce GHGs. Any discussion in the Committee subsequent to the definition of a fair share on the subject of measures should take into account the work in the three-step approach.

Fair share and transport costs

15 Undertaking an open debate to identify a fair share for the international shipping sector does not in itself increase transport costs. It is suggested that the debate does not presuppose a measure or transport cost impact. Nevertheless, further work is needed to understand this important topic and it may be difficult to evaluate before considering any measures. The co-sponsors are of the opinion that transport costs should be carefully considered in any future discussion of measures.

Conclusions

16 Since international shipping contributes to global GHG emissions, it needs to do its share in the global effort to mitigate them.

17 The concept of "fair share" is not pre-defined, but instead open for discussion and should be tackled with an open mind.

18 The "fair share" concept is complementary to the three-step approach already endorsed by the Organization.

19 The "fair share" concept can be developed in parallel to the three-step approach. Even whilst awaiting the data from the data collection system, it is possible to define this concept and develop preliminary fair share options with currently available data. IMO should by that time have defined how much shipping can objectively contribute to the global climate efforts so that these options can be compared with the actual emission data as collected by IMO.

20 Where other countries will review their commitments in 2018 and 2020, the three-step approach alone would not permit IMO to reach any outcome before 2021-2023 but a combination of the two concepts will allow the Organization to show progress and prove leadership in this issue.

21 The definition of a fair share does not presuppose in itself an increase in transport costs, but the important topic of transport cost needs further work and consideration – should the defined fair share and work done in the three-step approach prove that further measures are necessary.

Actions requested of the Committee

22 The Committee is invited to consider the above reasoning and task a working group with further exploration. Specifically, the co-sponsors propose to:

- .1 agree that international shipping needs to define its share in the global efforts to reduce GHG emissions in accordance with the objectives of the Paris Agreement; and
- .2 develop a work plan with an associated timetable to define that fair share.

ANNEX

POTENTIAL TIMELINE FOR FAIR SHARE AND ITS FIT TO THE THREE-STEP APPROACH

Timeline	Fair share	Three-step approach <i>(to develop further technical and operational measures for enhancing the energy efficiency and address GHG emissions from international shipping)</i>
October 2016 (MEPC 70)	<ol style="list-style-type: none"> 1. Discussion of the concept of "International shipping's fair share" 2. Establish intersessional work plan 	<p>Phase 1: Data collection <i>Adoption of Data Collection System</i></p>
May 2017 (MEPC 71)	<ol style="list-style-type: none"> 3. Exploration and evaluation of all possible methods to define the "fair share" 4. Discussion of time horizon (reference years, annual or aggregated objectives) 5. Discussion of scope (GHGs to be considered) 6. Intersessional work: Application of the methodology to define provisional shipping's fair share 	<p><i>28/08/2017: Tacit acceptance to establish a data collection system</i></p> <p><i>February 2018: Potential entry into force of Data Collection System</i></p>
April 2018 (MEPC 72)	<ol style="list-style-type: none"> 7. Selection of method 8. Identification of a provisional fair share and discussion of any further work/steps that this implies 	
October 2018 (MEPC 73)	<ol style="list-style-type: none"> 9. Preparation of a report/statement to the facilitative dialogue on UNFCCC stock take 	<p><i>1st January 2019: Ships starting to collect data</i></p>
2019 (MEPC 74) and later		
2021-2022	<ol style="list-style-type: none"> 10. Revision or updating of any estimated fair share, pending data collected in the three-step approach. 	<p>Phase 2: Analysis</p>
20XX		<p>Timeline to be continued, including Phase 3</p>