

Multi-year Expert Meeting
On Transport and Trade Facilitation:

**Maritime Transport and
the Climate Change Challenge**

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Latest GHG Considerations Within IMO

Note by the International Maritime Organization (IMO)



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LATEST GHG CONSIDERATIONS WITHIN IMO

Outcome of the fifty-eighth session of Marine Environment Protection Committee

Background

1 Shipping is probably the most international of all the world's industries, carrying up to 90 per cent of global trade by weight in a cost and energy efficient way around the world. IMO, as the UN's specialized agency responsible for the global regulation of all facets pertaining to international shipping, plays a key role in ensuring that lives at sea are not put at risk and that the environment is not polluted by ships' operations - as summed up in IMO's mission statement: **Safe, Secure and Efficient Shipping on Clean Oceans.**

2 The issue of GHG emissions from ships has been considered by IMO's Marine Environment Protection Committee (MEPC) since 1997.

Latest GHG considerations within IMO - Outcome of MEPC 58

3 The fifty-eighth session of the MEPC (MEPC 58) was held in London, from 6 to 10 October 2008. MEPC 58 continued to consider follow-up actions to resolution A.963(23) on "IMO Policies and Practices related to the Reduction of Greenhouse Gas Emissions from Ships". The resolution was adopted by the twenty-third session of the IMO Assembly in December 2003 and, recognizing CO₂ as the main greenhouse gas (GHG) emitted by ships, urges MEPC to identify and develop the technical, operational and market-based mechanisms needed to achieve limitation or reduction of GHG emissions from international shipping.

The first Intersessional meeting of the Working Group on GHG Emissions from Ships

4 MEPC 58 considered the outcome of the first Intersessional Meeting of the Working Group on Greenhouse Gas Emissions from Ships, held in Oslo, Norway, in June 2008. The week-long session had further developed the CO₂ Design Index for new ships; continued the review of the CO₂ operational index; and addressed best practices for fuel efficient operation of ships, as well as possible market-based measures to reduce GHG emissions from ships.

IMO GHG Study

5 During its deliberations, MEPC 58 noted with appreciation, the findings of Phase 1 of the updated 2000 IMO Study on GHG emissions from ships, which has been submitted in a separate document.

Application of reduction measures

6 Throughout the debate at MEPC 58 on application of measures and matters of principle and policy, many delegations spoke in favour of the principle of common but differentiated responsibility (CBDR) under the UNFCCC. In their view, any mandatory regime aiming to reduce GHG emissions from ships engaged in international trade should be applicable exclusively to the countries listed in Annex I to the UNFCCC. Many other delegations expressed the opinion that, given the global mandate of IMO, as regards safety of ships and the protection of the marine and atmospheric environment from all sources of ship pollution, including emissions, the IMO regulatory framework on GHG emissions should be applicable to all ships, irrespective of the flags they fly.

Technical and operational GHG measures

7 MEPC 58 agreed to change the terms “Design CO₂ Index” to “Energy Efficiency Design Index”; and “Operational CO₂ Index” to “Energy Efficiency Operational Index”.

8 During the session, MEPC 58 maintained its momentum and made substantive progress in further developing technical and operational measures to address GHG emissions from ships, including:

- .1 development of the **Energy Efficiency Design Index (EEDI)** for new ships, together with Interim Guidelines on the method of calculation of the EEDI for trial purposes, with a view to further refinement and improvement. MEPC 58 invited delegations and industry observers to disseminate the Interim Guidelines on the EEDI to the maritime community at large, so that adequate experience could be gained on their adequacy as a tool to improve energy efficiency for new ships;
- .2 continued review of the **Energy Efficiency Operational Index (MEPC/Circ.471)** and established an intersessional correspondence group co-ordinated by Japan to further advance the work with a view to finalization at MEPC 59 in July 2009; and
- .3 further development of the basis for a fuel efficiency management tool, including finalization of **Guidance on best practices for fuel-efficient operation of ships** to be used in conjunction with the ship’s **Energy Efficiency Management Plan** under consideration.

Market-based Measures

9 Considerable debate was undertaken by the Committee on a possible Emission Trading Scheme, a global levy on fuel and other hybrid market-based schemes for ships in international trade. The majority of delegations that spoke on the matter opposed the development of any market-based measures intended for the reduction of GHG emissions from ships as long as the issue of “Common but differentiated responsibility” was not resolved in full recognition of article 2.2 of the Kyoto Protocol. Other delegations were of the view that the issue on market-based measures was still at a preliminary stage and further information and studies were needed on such a highly complex matter.

10 The Committee agreed to dedicate sufficient time to hold an in-depth discussion at MEPC 59 and requested delegations to provide as much information as possible with a view to facilitating a focused debate.

The Second Intersessional GHG Meeting

11 In view of the tasks still outstanding, MEPC 58 agreed that the GHG Working Group should be re-convened intersessionally to carry out further work before MEPC 59. The Committee approved the following Terms of Reference for the meeting that will be held at IMO Headquarters from Monday, 9 March to Friday, 13 March 2009:

“Taking into account the outcome of MEPC 58:

- .1 regarding the Energy Efficiency Design Index for new ships, consider, towards finalization:
 - .1 the Energy Efficiency Design Index formula, taking into account any trial application of the Index by calculation;
 - .2 the regulatory text using annex 6 to document MEPC 58/4 as a basis, including baseline (MEPC 58/4/8 and MEPC 58/4/34);
 - .3 the verification procedure; and
 - .4 any necessary associated guidelines;
- .2 consider, towards finalization, the review of the interim guidelines on the Energy Efficiency Operational Index (MEPC/Circ.471);
- .3 consider, towards finalization, the introduction of a management tool for all ships, taking into account the Ship Efficiency Management Plan considered during MEPC 58;
- .4 consider, towards finalization, the guidance on best practices and other voluntary operational measures including reference text to be incorporated in the regulatory framework;
- .5 consider possible impacts on the shipping sector from the measures envisaged; and
- .6 present a written report to MEPC 59.”

Correspondence Group on GHG Related Issues

12 MEPC 58 noted that the Intersessional Correspondence Group on Greenhouse Gas Emissions from Ships (co-ordinated by Australia and the Netherlands) would continue working with the following Terms of Reference:

“Taking into consideration available relevant information, the Intersessional Correspondence Group on Greenhouse Gas Emissions from Ships is instructed to:

- .1 prepare detailed proposals on the measures identified in the Correspondence Group report (MEPC 57/4/5 and MEPC 57/4/5/Add.1), which have not been identified for further consideration by the GHG Working Group; and
- .2 present a final report to MEPC 59.”

GHG Module in GISIS

13 The GHG module is now available in GISIS (Global Integrated Shipping Information System) to collect CO₂ indexing data and make it available to Member States and the industry to enable further research work (<http://gisis.imo.org/Public>).

Distribution by flag of the world merchant fleet

14 It may be noted that, in accordance with Lloyd’s Register Fairplay’s database, as at 1 March 2008, the distribution by flag of the world merchant fleet of registered ships above 400 GT was as follows:

	Number of ships	GT	DW
Annex I flag States	20,872 (33.42%)	209,015,681 (26.08%)	263,820,104 (22.82%)
Non-Annex I flag States	41,119 (66.58%)	593,330,359 (73.92%)	892,384,249 (77.18%)
Total	61,862	801,346,040	1,156,204,353

Shipping and sustainable development

15 Shipping is a crucial force in maintaining sustainable development, as it makes a massive contribution to global prosperity with only a marginal negative impact on the global environment. Both the poor and the rich benefit from seaborne trade. Moreover, due to the nature of shipping, developing countries can, and do, become major participants in the industry itself and, by so doing generate income and create national wealth.

The way ahead

16 The next session of the IMO's Marine Environment Protection Committee, MEPC 59 (July 2009), will continue work in accordance with its GHG work plan that culminates at that session. MEPC 59 is expected to agree to a package of measures aimed at increasing fuel efficiency of ship design and operation based on the outcome of the second intersessional meeting of the Working Group on Greenhouse Gas Emissions from Ships, as well as on submissions by member States and observer organizations. This first package will comprise technical and operational measures that most probably will include a finalized Energy Efficiency Design Index for new ships, a finalized Energy Efficiency Operational Index for all ships (new and existing) and guidance on best practices on fuel efficient ship operation for all stakeholders in the shipping industry.

17 Based on the report of the Intersessional Correspondence Group on Greenhouse Gas Emissions from Ships and other relevant submissions, the Committee will also continue considering possible market-based measures aimed at reducing GHG emissions from ships engaged in international trade.

18 The Committee will report the outcome of its considerations of follow-up actions to resolution A.963(23) on "IMO Policies and Practices related to the Reduction of Greenhouse Gas Emissions from Ships" to the twenty-sixth session of the IMO Assembly that will be held in November/December 2009.

19 The Secretary-General of IMO will submit a position paper to the United Nations Climate Conference to be held in Copenhagen, Denmark in December 2009 (COP 15) informing the Conference of the outcome of IMO's work on limitation and reduction of greenhouse gas emissions from ships engaged in international trade.

20 IMO will continue its endeavours to reduce any environmental impacts from international shipping, a transport industry that is vital to world trade and sustainable development.
