

INTERSESSIONAL MEETING OF THE
WORKING GROUP ON REDUCTION OF
GHG EMISSIONS FROM SHIPS
2nd session
Agenda item 2

ISWG-GHG 2/2/1
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**FURTHER DEVELOPMENT OF THE STRUCTURE AND IDENTIFICATION OF CORE
ELEMENTS OF THE DRAFT INITIAL IMO STRATEGY ON REDUCTION OF GHG
EMISSIONS FROM SHIPS**

**Comments on the draft structure and suggested draft text for
possible inclusion in the initial Strategy**

Submitted by ICS, BIMCO, INTERCARGO and INTERTANKO

SUMMARY

Executive summary: The co-sponsors comment on the draft outline for the structure of the initial IMO Strategy and suggest some draft text for possible inclusion

Strategic direction: 7.3

High-level action: 7.3.2

Output: 7.3.2.1

Action to be taken: Paragraph 26

Related documents: MEPC 71/7; ISWG-GHG 2/1; MEPC 70/7/8, MEPC 70/18, MEPC 70/18/Add.1; MEPC 71/7/12, MEPC 71//17 and MEPC 71/WP.5

Introduction

1 The co-sponsors reassert that if IMO is to maintain its leadership addressing the reduction of CO₂ emissions from international shipping, it is vital that ISWG-GHG 2 makes significant progress in developing the initial Strategy, including draft text that can be further considered by ISWG-GHG 3.

2 MEPC 71 developed a draft outline for the structure of the initial IMO Strategy and invited ISWG-GHG 2 to further develop the structure and draft text for inclusion in the initial Strategy. In order to expedite discussions, the co-sponsors wish to make some further remarks, including some suggestions for possible draft text.

Preamble/introduction/context including emission scenarios

3 The co-sponsors suggest that the Chair and Secretariat could be invited to develop a draft preamble and introduction, for consideration at ISWG-GHG 3, which could take account of what is agreed at ISWG-GHG 2.

4 The introduction should make clear that the focus of the Strategy should be on reducing CO₂ emissions, although a general reference should be made to GHG emissions.

5 To address concerns raised by a number of delegations, the introduction might include the following suggested text:

"The Paris Agreement does not include legally binding requirements for State Parties concerning the delivery of the CO₂ reduction commitments (Nationally Determined Contributions) which they have made, and there are no legal consequences for State Parties that accompany any under or over performance. This initial Strategy applies the same approach with respect to the level of ambition identified on behalf of international shipping."

6 With regard to possible text about emission scenarios, and taking account of discussion at ISWG-GHG 1 (see MEPC 71/WP.5, paragraph 14) the co-sponsors suggest the following:

"All estimates of emissions from international shipping contain uncertainty due, for example, to the uncertainty about the future demand for shipping and technological developments. While this initial Strategy takes full account of the Third IMO GHG Study 2014, new estimates of emissions from international shipping have been developed that identify a reduction in business as usual (BAU) estimates for the period 2012-2050 in comparison to the Third IMO GHG Study 2014. The Organization has also agreed that there will be a need for future IMO GHG studies to estimate the GHG emissions from international shipping, in particular CO₂ emissions, especially in the period prior to the data collection system for fuel consumption coming into effect."

Vision

7 The co-sponsors strongly concur with the majority of delegations which spoke at ISWG-GHG 1 that a vision should be included in the Strategy, but suggest a modification to the text suggested by the Bahamas (MEPC 71/WP.5 paragraph 20), as follows:

"IMO is committed to the decarbonisation of international shipping within the second half of the century."

8 The intention of this small change ("within" not "by") is to make clear that full decarbonisation would not be expected before 2050, consistent with the objectives/goals proposed by several delegations, including those proposed by the co-sponsors in MEPC 71/7/12 which are reiterated below.

Levels of ambition

9 The co-sponsors emphasize the importance of the initial Strategy including some ambitious CO₂ reduction objectives, for the sector as a whole, in order to demonstrate to the wider global community that international shipping is fully committed to reducing its CO₂ emissions, matching the ambition of the Paris agreement.

10 The co-sponsors reiterate that any objectives/goals included in the initial Strategy should establish a baseline year for the early peaking of CO₂ emissions from international shipping, as well as setting out some serious long-term aspirations for cutting the sector's CO₂ emissions by the middle of the century.

11 At ISWG-GHG 1 (see MEPC 71/WP 5, paragraphs 16.28 and 16.33) many delegations stated that the objectives/goals proposed by Japan and ICS et al. "could be used as a basis for going forward", and there was also "support for an evidence-based approach in line with the three-step approach and the aspirational objectives set out by ICS" et al.

12 The co-sponsors repeat that the term "Aspirational Objectives" is chosen deliberately to reflect the possibility that they might not be fully achievable within the time frame agreed and – consistent with the language used in the Paris Agreement, and concerns raised by a number of delegations at ISWG-GHG 1 – that they should have a non-binding character.

13 However, the co-sponsors are open to considering an alternative term to "Aspirational Objectives", provided that the principle is accepted that any CO₂ reduction objectives/goals agreed for the sector as whole, which contain numbers and dates, should be non-binding in character.

14 To be clear, while the co-sponsors firmly assert, consistent with concerns raised by a number of delegations at ISWG-GHG 1, that any CO₂ reduction objectives/goals agreed for the sector as a whole must be non-binding, this does not mean that the industry is opposed to the Organization potentially developing additional mandatory measures in order to help deliver the Strategy.

15 The co-sponsors suggest the following specific text for inclusion under "Levels of ambition" in the initial Strategy:

"Levels of Ambition

The initial Strategy is intended to deliver the following (provisional) aspirational objectives:

Objective 1 – to maintain international shipping's annual total CO₂ emissions below 2008 levels;

Objective 2 – to reduce CO₂ emissions per tonne-km, as an average across international shipping, by at least 50% by 2050, compared to 2008; and

Objective 3 – reduce international shipping's total annual CO₂ emissions by an agreed percentage by 2050, compared to 2008, as a point on a continuing trajectory of CO₂ emissions reduction."

Guiding principles

16 In view of the vital importance of international shipping to the sustainable development of the world economy, and recognizing shipping's current dependence on fossil fuels, the initial Strategy should set out some guiding principles governing the level of ambition, for which the co-sponsors suggest the following text:

"Principles

The level of ambition and objectives for CO₂ reduction by international shipping identified in this initial Strategy do not imply any kind of commitment or intention to place a binding cap on either the international shipping sector's total CO₂ emissions or the CO₂ emissions of individual ships.

The adoption of any objectives in the final strategy (2023) should be consistent with the three-step approach. The objectives adopted as part of initial Strategy are therefore only provisional in the sense that they might be adjusted by the Organization after 2018, taking account of analysis of data from the IMO Ship Fuel Oil Consumption Database and the next IMO GHG Study, prior to the final agreement of these objectives as part of the final IMO Strategy in 2023.

The final Strategy should include an analysis of whether or not the proposed objectives are likely to be achievable with technical and operational measures alone.

Following their agreement as part of the final IMO Strategy to be adopted by 2023, any objectives should be subject to periodic review by IMO. In particular, these objectives should be subject to a comprehensive review 10 years after their final adoption (i.e. in 2033)."

List of candidate short-, mid- and long-term further measures with possible timelines and their impacts on States

17 IMO's strategy should be for international shipping to move towards a decarbonized future as quickly as the delivery of economically viable alternative fuels and new propulsion technology will allow, while in the interim taking advantage of other efficiency-enhancing technologies as and when they become available and economically viable. Therefore, the co-sponsors believe that, when considering additional measures to reduce international shipping's CO₂ emissions, the Strategy should build on the new IMO Ship Fuel Oil Consumption Database, as well as the EEDI and SEEMP.

18 However, in the longer term, truly ambitious CO₂ reduction objectives, matching the ambition of the Paris Agreement, will almost certainly only be achievable following the development of more energy efficient propulsion technologies and alternative marine fuels (such as hydrogen, other fuel cells powered by renewable energy, other ultra-low carbon fuels or carbon neutral biofuels). These new technologies and alternative fuels are not yet fully available or commercially feasible for use by international shipping, although the industry is confident that they will become so in the not too distant future.

19 Importantly, the final Strategy should include an analysis of whether or not the level of ambition and objectives identified in the initial Strategy are likely to be achievable with technical and operational measures alone.

Barriers and supportive measures; capacity building and technical cooperation; R&D

20 It is emphasized that, based on current projections for long term trade growth, significant cuts of total CO₂ emissions from international shipping might only be achievable with the global availability of economically viable alternative fuels and new ship propulsion technology.

21 The industry co-sponsors therefore wish to highlight the vital need for substantial and sustained international research and development efforts whose stated purpose should be to develop and bring to commercial application new propulsion technology and alternative marine fuels that would allow the industry to substantially decarbonize.

22 Importantly, the final Strategy, for adoption in 2023, should therefore include a plan to promote and actively assist the development of alternative fuels and new propulsion technologies. The intention to develop such a plan to encourage the development of alternative fuels, propulsion technologies and associated bunkering infrastructure as part of the 2023 strategy should also be highlighted in the initial Strategy.

Follow-up actions towards development of the revised Strategy

23 The Organization should prepare a plan for the development of any additional measures, to be finalized and agreed by 2023, in order to assist delivery of the levels of ambition identified in the initial Strategy.

Periodic review of the Strategy

24 If ambitious objectives are to be established by IMO, the industry co-sponsors repeat that this should be accompanied by an agreement to conduct a comprehensive review of progress made towards delivery of the agreed objectives, 10 years after the adoption of the final strategy (i.e. in 2033). This should include inter alia a review of progress with respect to the development of alternative fuels and new propulsion technology. The IMO Strategy should also include an understanding that the objectives agreed in 2023 might need to be adjusted in the 2030s as a consequence of this comprehensive IMO review.

25 The intention to conduct such a review in 2033 should be clearly identified in the initial Strategy.

Action requested of ISWG-GHG 2

26 The Group is invited to consider the comments above and to decide as appropriate.
