

MARINE ENVIRONMENT PROTECTION
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AIR POLLUTION AND ENERGY EFFICIENCY

Establishing a mandatory global system for monitoring and reporting fuel consumption, taking account of the United States proposal to enhance energy efficiency in international shipping

Submitted by the International Chamber of Shipping (ICS)

SUMMARY

Executive summary: ICS recognises the need to establish a system for collecting accurate figures on annual CO₂ emissions using the 'bottom up' approach agreed at MEPC 65, and supports the development by the Committee of MARPOL amendments for the monitoring and reporting of individual ships' fuel consumption as soon as possible. With important qualifications, ICS believes it could be appropriate for this system to take account of the United States proposal (MEPC 65/4/19) but with an initial focus on developing 'Phase 1', i.e. monitoring and reporting of CO₂ emissions only, on the understanding that the possibility of further measures (such as 'Phases 2 and 3' as proposed by the U.S.) might be revisited after the adoption of any amendments to MARPOL and the completion by the Organization of analysis of data submitted by ships via flag States.

Strategic direction: 7.3

High-level action: 7.3.2

Planned output: 7.3.2.1

Action to be taken: Paragraph 20

Related documents: MEPC 59/INF.10; MEPC.215(63); MEPC 63/23; MEPC 64/23; MEPC 64/5/6; MEPC 65/4/19; MEPC 64/4/30.

General Remarks

1 Important amendments to MARPOL to further improve energy efficiency in international shipping came into force in January 2013. These make shipping the first industrial sector to have a binding global regime in place to reduce its CO₂

emissions. The immediate priority for ICS is to help encourage the full and effective implementation of those technical and operational measures that have already been adopted by the Organization, including the application of the Energy Efficiency Design Index (EEDI) to new ships, and the use of Ship Energy Efficiency Management Plans (SEEMP) across the entire world fleet.

2 ICS notes that the Organization has already commenced work on an update of the 2009 GHG Study. MEPC 65 has already agreed that this work will include a 'bottom up' approach using fuel consumption or CO₂ emissions data collected from individual ships. It therefore seems obvious to ICS that the Committee has already tacitly agreed to the monitoring and reporting of individual ships' CO₂ emissions in order to enable correlations to be made with the results of future studies on the CO₂ emissions of ships. The next task therefore is for the Committee to agree upon the mechanism and means by which the fuel consumption or CO₂ emissions of individual ships should be monitored and reported to IMO.

3 ICS believes that the monitoring and reporting of individual ships' fuel consumption data should be performed on a mandatory basis across the world fleet. Subject to the important qualifications explained below, ICS respectfully suggests that the development of amendments to MARPOL - i.e. amendments that initially address only the monitoring and reporting of fuel consumption and CO₂ emissions - should be the Committee's immediate priority.

4 ICS recognises that there is a growing expectation amongst several Member States that the Organization should develop additional measures that go beyond monitoring and reporting due to their belief that this might facilitate a further improvement of fuel efficiency by ships.

5 ICS is acutely aware that in the absence of IMO making immediate progress on the question of monitoring and reporting, there is a danger that the industry will be confronted with unilateral regional legislation that will threaten the primacy of the global regulatory framework provided by IMO, which shipping needs in order to operate efficiently.

6 However, ICS is also acutely aware of the political sensitivities of many Member States with respect to the adoption of measures that might prejudice their positions in other discussions taking place outside of the Organization. ICS recognises that it is important that these concerns are fully appreciated by the Committee if the Organization is to make progress as soon as possible towards the adoption of further amendments to MARPOL, especially bearing in mind the danger of unilateral regional legislation as referred to above.

7 In line with previous submissions by the United States, including most recently MEPC 65/4/19, it is understood that several Member States now favour a 'three phase' approach to the development of additional measures. ICS suggests that these three phases might best be described as follows:

- **Phase 1** (Data Collection Phase and Analysis following amendments to MARPOL)
- **Phase 2** (Possible Development and Pilot Phase of Additional Measures to Facilitate Efficiency)
- **Phase 3** (Possible Implementation Phase of Additional Measures to Facilitate Efficiency).

8 However, it is also understood that a number of Member States understandably remain extremely cautious with respect to the mandatory energy efficiency indexing of individual ships (as proposed by the U.S. for Phase 3) especially when the ultimate purpose of such an exercise is unknown. This caution is fully shared by ICS.

9 Nevertheless, in the interests of making progress at IMO and maintaining a global approach to this important issue, ICS suggests the following as a possible way forward.

Support for the ‘three phase’ approach

10 ICS suggests that the Committee supports the ‘three phase’ approach for the *possible* development of additional measures, as set out in paragraph 7 above, **on the clear understanding that no definite decisions about next steps are taken until ‘Phase 1’ has been completed** i.e.:

- (i) Until a mechanism for the monitoring and reporting of fuel consumption or CO₂ emissions has been agreed by the Committee in the form of amendments to MARPOL, together with any associated guidelines on implementation that the Organization might decide to develop; and
- (ii) Until the results of this major exercise have been carefully reviewed and analysed by the Organization.

11 In order to allow Phase 1 to be implemented as soon as possible, the Committee might also invite IMO Member States to consider applying the requirements on a voluntary basis to ships entitled to fly their flag, in advance of any MARPOL amendments concerning monitoring and reporting entering in force.

Phase 1 (Data Collection Phase)

12 To reiterate, ICS believes that the submission by the United States (MEPC 65/4/19) represents a very constructive contribution to the debate with respect to data collection and analysis.

13 Without prejudice to any further detailed comments that ICS may have on the U.S. proposal, or any other alternative proposal, ICS would like to make some general remarks on the possible way forward.

- 14 ICS supports the establishment, as soon as possible, of a mandatory system of data collection from individual ships, provided compliance by shipping companies will be simple to administer and:
- (i) Be based, primarily, on data derived from existing sources already required by MARPOL such as Bunker Delivery Notes (BDN) and entries in oil record books;
 - (ii) Data should be submitted to the flag State which the ship is entitled to fly using a common format to be developed by the Organization;
 - (iii) The only form of enforcement of compliance with the initial new MARPOL requirement (under Phase 1) should be:
 - A requirement by the flag State for companies or ships to submit data in line with the format agreed by the Organization
 - The possibility of verification by port State control that BDNs or oil record book entries correspond with data submitted to the flag State.
 - (iv) Within a specified time frame, flag States will send the data to IMO in two forms:
 - Aggregated data for MARPOL ships registered with their flag for use in future updates of the GHG study
 - Individual ship data, in an anonymous format that does not identify the names of ships or companies, to be submitted to IMO for analysis with respect to the **possibility** of the Committee subsequently developing additional proposals to facilitate fuel efficiency;
 - (v) The data submitted by flag States to IMO should be used:
 - To assist future updates of the GHG Study
 - For use in analysis related to the possibility of the Committee developing additional proposals relevant to energy efficiency (while noting the reservations that ICS, and IMO Member States, may have with respect to Phases 2 and 3 as currently proposed by the United States); and
 - (vi) Both aggregated flag data and individual ship data should be held securely by the Organization on a confidential basis. The storage of this information should not be connected to GISIS and should not be available in the public domain or to other IMO Member States. Any analysis of data relating to particular ships should

maintain the anonymity of both the ship and the company. This is in order to protect the commercial confidentiality of shipping companies and to avoid inappropriate conclusions being made about the comparative efficiency of different national fleets or individual ships. It is emphasised that these aspects will require very careful consideration.

Data to be submitted by individual ships

15 In order to ensure that the process is simple to administer, and that the data management resources required of flag States (and the Organization) are reasonable, it is suggested during Phase 1 that the following data is collected from individual ships:

- (i) Total fuel consumption
- (ii) Total distance travelled.

16 It is suggested that this information is submitted to the flag State for each ship annually, but that it is also compiled and recorded on board the ship on a voyage by voyage basis. This will assist with any PSC enforcement and will also help the ship to measure and refine its own energy efficiency improvements in conjunction with the SEEMP already required by MARPOL.

17 However, to avoid disproportionate administrative burdens, ICS also suggests that any regulations concerning records on a voyage by voyage basis will need to allow flexibility for certain ships such as ferries, offshore support vessels, small ships, and many other ships engaged in trades that may complete multiple voyages within short periods. For example, a suitable compilation of voyage data for a specified period should be allowed and ships should be granted flexibility with respect to the means they choose to record such data (ICS may elaborate on this point in a further submission).

18 It is acknowledged that several Member States might wish ships to report additional data that takes account of work done in the movement of world trade (sometimes described as 'transport work'). However, it should be recognised that this is a very complicated matter in view of the different characteristics of ship types, trade routes, cargoes and various other factors. This matter will therefore require very careful consideration and extensive debate by the Committee that might risk slowing down progress towards the early adoption of initial amendments to MARPOL and the collection and analysis of data. The Committee might therefore wish to decide to defer consideration of these complex technical matters until after the initial amendments to MARPOL have been adopted.

Conclusion

19 The Committee is invited to take account of the remarks above, in particular:

- (i) The relevance of the 'bottom up' approach that has been already been agreed in order to help update future IMO GHG Studies;
- (ii) The suggestion in paragraph 3 above that the Committee should agree to develop amendments to MARPOL for the monitoring and reporting of individual ships' fuel consumption as soon as possible;
- (iii) The suggestion in paragraph 10 above that the Committee should initially focus on Phase 1 (Data Collection Phase following amendments to MARPOL) on the understanding that the **possibility** of further measures might be revisited by the Committee after the adoption of any initial amendments to MARPOL and the completion by the Organization of appropriate review and analysis of the fuel consumption data submitted by ships via flag States;
- (iv) ICS's comments in paragraph 14 above concerning the issues that should be addressed by any initial new MARPOL amendments;
and
- (v) ICS's comments in paragraph 15 -18 above with respect to the data to be submitted to flag States by individual ships, as might be required by any initial new MARPOL amendments.

Action Requested by the Committee

20 The Committee is requested to consider the remarks above and to take action as appropriate.