

INTERSESSIONAL MEETING OF THE
WORKING GROUP ON REDUCTION OF
GHG EMISSIONS FROM SHIPS
1st session
Agenda item 2

ISWG-GHG 2/X
12 May 2017
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**CONSIDERATION OF HOW TO PROGRESS THE MATTER
OF REDUCTION OF GHG EMISSIONS FROM SHIPS**

**Elements for inclusion in the IMO strategy including ‘Aspirational Objectives’
Submitted by ICS, BIMCO, INTERCARGO and INTERTANKO**

SUMMARY

Executive summary: The co-sponsors wish to share some ideas on the elements for inclusion in the IMO strategy for CO₂ reduction, and the initial strategy to be adopted in 2018, including some ambitious ‘Aspirational Objectives’ that the Organization might consider on behalf of international shipping. The co-sponsors emphasise that any objectives agreed should be non-binding in character and must not imply any kind of commitment or intention to place a binding cap on the sector’s total CO₂ emissions, or on the CO₂ emissions of individual ships.

Strategic direction: 7.3

High-level action: 7.3.2

Output: 7.3.2.1

Action to be taken: Paragraph 29

Related documents: ISWG-GHG 1/1; MEPC 70/18 and MEPC 70/18/Add.1

Introduction

1 The international shipping industry (as represented by ICS, BIMCO, INTERCARGO and INTERTANKO) welcomes the approval at MEPC 70 of the Roadmap for the reduction of GHG emissions by international shipping (i.e. that part of the shipping industry which is not covered by the Intended Nationally Determined Contributions (INDCs) already committed by Parties to the UNFCCC Paris Agreement) and that this will include the adoption by IMO of an initial CO₂ reduction strategy in 2018.

2 The co-sponsors strongly support IMO's leadership in taking necessary action to address GHG emission reductions from shipping. To this extent, the co-sponsors assert that it will be vital that decisions taken in 2018 will demonstrate to the wider global community that international shipping is fully committed to reducing its CO₂ emissions, matching the spirit and ambition of the Paris Agreement.

3 Taking into account that IMO Member States have a finite amount of time in which to make the progress that will be necessary to ensure that IMO remains in full control of how GHG emissions from international shipping should best be addressed, the industry stakeholders co-sponsoring this paper have proactively consulted throughout the shipping industry in order to provide some concrete suggestions on how the strategy for CO₂ reduction might be developed.

4 These intensive consultations are continuing, but the co-sponsors wish to share some preliminary ideas on the elements which the industry believes should be included in the strategy, including the initial strategy to be adopted in 2018.

General Remarks

5 One important observation is that the Paris Agreement does not include legally binding requirements for State Parties concerning the delivery of the CO₂ reduction commitments (INDCs) which they have made, and there are no legal consequences for State Parties that accompany any under or over performance. The same approach should be adopted by IMO with respect to developing CO₂ reduction objectives on behalf of international shipping.

6 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. 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.

7 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 technology and alternative marine fuels (such as hydrogen, fuel cells powered by renewable energy or carbon neutral biofuels). These 'fossil-free' fuels are not yet available, although the industry is confident that they will become so in the not too distant future.

8 The industry co-sponsors therefore 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.

9 The IMO strategy needs to take account of the valid and legitimate concerns of many IMO Member States regarding the potential impact of ambitious CO₂ reduction objectives on trade and sustainable development. Therefore, the strategy should not restrict the industry's ability to provide services to a growing world economy that will continue to rely on shipping as the most carbon efficient form of commercial transportation.

10 The development of the final IMO CO₂ reduction strategy has to be consistent with the 'three step process' that has been agreed by the MEPC and which has the full support of the industry.

Aspirational Objectives

11 The co-sponsors suggest that, as part of the initial strategy to be adopted in 2018, IMO should adopt some Aspirational Objectives.

12 In particular, it is proposed that these Aspirational Objectives should establish a baseline year for peak 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.

13 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 – that they will have a non-binding character. The co-sponsors emphasise that acceptance of this point by IMO Member States when developing the IMO strategy will be very important.

14 In view of the vital importance of international shipping to the sustainable development of the world economy, and recognising shipping's current dependence on fossil fuels, the IMO strategy should make clear that the agreement of Aspirational Objectives does not imply any kind of commitment or intention to place a binding cap on the international shipping sector's total CO₂ emissions, or the CO₂ emissions of individual ships. The co-sponsors assert that acceptance of this point by IMO Member States when developing the strategy will also be very important.

15 These Aspirational Objectives should initially be provisional in the sense that they might be adjusted by the Organization after 2018, consistent with the 'three step process', taking account of data from the soon to be established IMO Ship Fuel Oil Consumption Database and the next IMO GHG Study, prior to the agreement of these objectives as part of the final IMO strategy in 2023.

16 Following their agreement as part of the final IMO strategy to be adopted by 2023, these Aspirational Objectives should be subject to continuous review. In particular, these Aspirational Objectives should be subject to a comprehensive review ten years after their final adoption.

17 To facilitate debate, the co-sponsors propose the following (provisional) **Aspirational Objectives**:

- **Aspirational Objective 1 - to maintain international shipping's annual total CO₂ emissions below 2008 levels**
- **Aspirational Objective 2 - to reduce CO₂ emissions per tonne-km, as an average across international shipping, by at least 50% by 2050, compared to 2008**

18 In addition, the initial IMO strategy, to be adopted in 2018, should prepare a plan for the development of any additional measures, to be finalised and agreed by 2023, in order to assist delivery of the Aspirational Objectives.

19 Importantly, the development of the initial strategy for adoption in 2018 should include an analysis of whether or not the proposed Aspirational Objectives 1 & 2 can be achieved with technical and operational measures alone.

20 A final decision by IMO on whether or not to agree these Aspirational Objectives and any additional measures to assist their delivery can be made by the Organization as part of the final strategy to be adopted in 2023. Consistent with the 'three step process', this should take account of a full analysis of the data from the new IMO Ship Fuel Oil Consumption Database (which should be populated by 2019) and the revised projections for CO₂ growth from the sector identified by the next IMO GHG Study to be conducted in 2019.

21 In addition to the Aspirational Objectives proposed above, it is suggested that the Organization should consider an additional long term objective as part of the final strategy to be adopted in 2023 and that reference to this work should be made in the initial strategy adopted in 2018 as a positive signal to the global community of the sector's aspirations.

22 It is suggested that this additional Aspirational Objective could be to **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.

23 Consistent with the 'three step process', the level of ambition of this additional Aspirational Objective would need to be carefully assessed by the Organization, taking account of data from the IMO Ship Fuel Oil Consumption Database and the next IMO GHG Study – as well as *inter alia* the possible impacts on trade and sustainable development – prior to possible inclusion in the final IMO strategy to be adopted in 2023.

24 It is emphasised 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 widespread availability of alternative fuels, and new ship propulsion technology which is economically viable. This reality must be recognised when considering the adoption of such an ambitious Aspirational Objective as part of the final IMO strategy.

Review of Progress in 2033

25 If ambitious Aspirational Objectives are to be established by IMO, the industry co-sponsors propose this should be accompanied by an agreement to conduct a comprehensive review, ten years after the adoption of the final strategy (i.e. in 2033) of progress made towards delivery of the agreed objectives. 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 Aspirational Objectives agreed in 2023 might need to be adjusted in the 2030s as a consequence of this comprehensive IMO review.

26 The intention to conduct such a review in 2033 should be identified in the initial 2018 strategy.

Plan for Development of Alternative fuels

27 Importantly, the final strategy, for adoption in 2023, should also include a plan to promote and actively assist the development of alternative fuels.

28 The intention to develop such a plan to encourage the development of alternative fuels and associated bunkering infrastructure as part of the 2023 strategy should also be highlighted in the initial 2018 strategy.

Action Requested of the ISWG

29 To give consideration to this proposal for the establishment in 2018 of some ambitious Aspirational Objectives and the other suggested elements that might form part of the initial CO₂ reduction strategy to be agreed in 2018.