

The International Chamber of Shipping (ICS) – the worldwide trade association for shipowners – has made an important written submission to the United Nations International Maritime Organization (IMO) suggesting a possible way forward with respect to complex discussions about additional global regulations to further reduce CO2 emissions from merchant ships.

In particular, ICS wishes to ensure the primacy of a global IMO framework for addressing the reduction of shipping's CO2 emissions in the face of proposals by the European Commission for unilateral regional regulations that will apply to international shipping trading to the EU.

In a carefully worded 'political' paper, ICS has suggested that IMO Member States should initially focus on developing regulations for the mandatory reporting of fuel consumption and CO2 emissions by internationally trading ships, deferring further discussions on how the information collected might subsequently be used to develop additional efficiency measures.

The latter include politically controversial proposals for developing tools to measure and benchmark the operational efficiency of individual ships, or even the development of Market Based Measures through which ships might be charged depending on how efficient they are deemed to be.

ICS hopes that if governments can agree to approach their work in distinct stages, IMO Member States can proceed towards the early adoption of mandatory CO2 monitoring and reporting measures that would be enforced worldwide.

ICS suggests this could be done relatively quickly, and might be acceptable to those governments that may not yet be ready to commit to more radical CO2 reduction measures for shipping such as efficiency indexing. ICS believes that focusing on monitoring and reporting measures now would not prejudice the positions of such countries at the high-level United Nations climate change talks on a replacement for the Kyoto Protocol, which are not scheduled to be completed by UNFCCC until 2015.

ICS argues that if IMO can make further progress one step at a time – the so called 'three phase' approach which has already been proposed by the United States – this will have little negative impact on the industry's efforts to continue reducing CO2 emissions. CO2 emissions reductions are already very incentivised by the unprecedented high cost of marine fuel, which is expected to increase further due to the introduction of separate IMO requirements to burn low sulphur fuel. This is already the industry's largest variable operating cost, typically now amounting, over a ship's life, to about three times the capital cost of the ship itself.

"The recent impasse at IMO on making further progress is due to difficulties unconnected with shipping and imported from the UNFCCC" explained ICS Secretary General, Peter Hinchliffe. "However, IMO is now confronted by the danger of unilateral action by the European Union which is already considering a draft Regulation on monitoring and reporting of ships' emissions which risks destroying the possibility of a global approach towards shipping and CO2."

ICS's main objection to the draft EU Regulation (as currently proposed by the European Commission) is not so much with the objective as with the timing and the level of detail which it contains. If the EU measures on monitoring and reporting ships' CO2 emissions are adopted in advance of IMO developing its own global measure, it may be impossible to have a global regime that will be compatible with the EU approach. "Unless the EU expects the rest of the world to follow its unilateral approach to the letter?" said Mr Hinchliffe.

If there is no uniform global regime on monitoring and reporting of CO2 emissions from ships it is difficult to see how IMO can develop other global measures on CO2 for shipping. "Quite a lot is therefore at stake" said Mr Hinchliffe.

The ICS submission, which has involved several weeks of negotiations between ICS member national shipowners' associations, is therefore intended to suggest a possible way forward so that IMO can demonstrate that it is indeed making progress to ensure that a global approach is maintained towards this critically important issue.

"We are a global industry requiring global rules," said Mr Hinchliffe. "Otherwise we have chaos and inefficiency."

—ends—