



MARINE ENVIRONMENT PROTECTION  
COMMITTEE  
58th session  
Agenda item 4

MEPC 58/4/18  
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## PREVENTION OF AIR POLLUTION FROM SHIPS

### Proposal for a “solution outline” for the GHG emissions from ships

Submitted by Cyprus

#### SUMMARY

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| <i>Executive summary:</i>   | This document outlines a possible way to move forward the work in IMO on GHG emissions from ships. It focuses on ship construction and operation including technical cooperation which is in line with the principles agreed at the last session of the Committee and its acceptance should not construe precedence for similar negotiations in other fora |
| <i>Strategic direction:</i> | 7.3  |
| <i>High-level action:</i>   | 7.3.1  |
| <i>Planned output:</i>      | 7.3.1.3  |
| <i>Action to be taken:</i>  | Paragraph 9  |
| <i>Related document:</i>    | MEPC 58/4  |

#### Introduction

1 MEPC 56 encouraged Member States and observers to put forward concrete and practical proposals for technical, operational and market-based mechanisms to address Green House Gas (GHG) emissions from international shipping at its fifty-seventh session. Several Member States and NGOs have followed on this request and have submitted concrete proposals at MEPC 57.

2 MEPC 57 debated at length the proposals submitted and in order to make substantial progress on the issue had agreed to an intersessional meeting of the working group on GHG in Oslo, in June this year.

3 In the view of Cyprus, the progress achieved in Oslo, was a manifestation of the willingness of the Member States and the maritime community at large to progress this issue within IMO and be able to meet the target dates agreed by the Committee. The momentum created should be maintained.

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4 Cyprus, believes that the Committee is required to make substantive progress at this session, so that the outcome of MEPC 58 is submitted to the UNFCCC Conference of Parties planned in Poznan, Poland, in December of 2008. Subsequently, and based on the outcome of MEPC 59 in 2009, a position paper would be agreed to demonstrate to the UNFCCC Conference of Parties meeting in Copenhagen, in December of 2009, that a satisfactory regime to limit, or reduce, greenhouse gas emissions from marine bunker fuels would be in place, thanks to IMO's strenuous efforts at the initiative of the maritime community.

5 Having reviewed the outcome of the Oslo meeting, we believe that the Committee reached the point where demonstrable progress needs to be made. Demonstrable progress can be achieved if the Committee continues to debate the final product and finalize the debate on the form or the structure of the solution. Therefore a "solution outline" should be agreed.

6 A "solution outline" that achieves the goal of limitation or reduction of GHG emissions from marine bunker fuels, focusing on ship construction and operation including technical co-operation, so that evasion is avoided, is desirable. A "solution outline" of this kind will not require further action by other fora in the areas of construction, operation/management and will demonstrate that IMO proactively shapes the international policy on GHG emissions from ships. It is noted that an agreement by the Committee for the proposed "solution outline" does not construe precedence for similar negotiations in other fora. Further the "solution outline" shall include measures for new ships and existing ships. It goes without saying that the Committee will continue discussion on other interrelated measures such as market-based solutions.

7 Taking into account the above, Cyprus in this paper proposes a CO<sub>2</sub> Design index, mandatory for new ships, a voluntary operational index, a set of best practises to be voluntarily followed by ships whenever possible and practicable and the creation of a fund that will contribute to finance activities, programmes and measures relating to climate change in the area of Maritime Transport and to which the benefactors will be developing States.

## **The Proposal**

8 The proposal includes three (3) elements as follows:

### **.1 Element 1:**

A mandatory CO<sub>2</sub> design index under MARPOL Annex VI, the basis for discussion regarding this design index shall be the CO<sub>2</sub> design index developed by the Intersessional Working Group in Oslo, as shown in annex 6 of document MEPC 58/4.

Adoption of the CO<sub>2</sub> design index under MARPOL Annex VI, will accomplish effective contribution to the reduction of total global GHG (Principle 1)<sup>1</sup>, cost-effectiveness (Principle 3), limitation, or at least, effective minimization of competitive distortion, (principle 4), sustainable environmental development without penalizing global trade and growth (principle 5), a goal-based approach and not a prescriptive specific method (principle 6), promotion and facilitation of technical innovation and R&D in the entire shipping sector (principle 7); and accommodation of leading technologies in the field of energy efficiency (principle 8).

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<sup>1</sup> The principles mentioned in brackets are the principles agreed at MEPC 57, par. 4.73 of document MEPC 57/21.

**.2 Element 2:**

A voluntary CO<sub>2</sub> operational index which will promote a voluntary CO<sub>2</sub> emission indexing, will enable shipowners, operators and managers to evaluate the performance of their fleet with regard to CO<sub>2</sub> emissions. As the amount of CO<sub>2</sub> emitted from a ship is directly related to the consumption of bunker fuel oil, this CO<sub>2</sub> indexing will also provide useful information on a ship's performance with regard to fuel efficiency.

The CO<sub>2</sub> emissions indexing, if combined with appropriate best practices for fuel-efficiency operation of ships, will create a broad operational management tool to be used by owners, managers and operators. The Committee can request the Member States, through their National Legislation, to promote the implementation of this operational management tool onboard the ships entitled to fly their flag. Member States may implement this either voluntarily or mandatory. The work carried on this issue by the intersessional WG meeting is relevant and should be taken into consideration.

**.3 Element 3:**

The establishment of a new fund, probably called the IMO-GHG Special Fund to finance activities, programmes and measures, relating to climate change in the area of Maritime Transport. Benefactors of the fund will be only developing Countries.

The fund would provide technical co-operation assistance to developing countries to build, develop, strengthen, enhance, and improve their capabilities to achieve the objectives of the other two elements of the package and allow their effective participation in the IMO's effort to tackle the problem of the GHG emissions from ships.

The Committee, at this stage, can agree that the financing of the IMO-GHG Special Fund will come from voluntary contributions by the Members, with an additional financing from net annual surplus in the Printing Fund. It is suggested that, 30% of the 75% of the net annual surplus of the Printing Fund which is now distributed to the Technical Co-operation fund as per Assembly resolution 25/Res.991 is distributed to the IMO-GHG Special fund on a yearly basis. Based on the figures given in the aforementioned Assembly resolution, this 30%, if it was to be applied in the year 2009, is estimated at £977,820.

Although financing such a fund from the printing fund net annual surplus does not create a new financing mechanism, it creates though a specific fund which will solely be used for technical co-operation assistance to developing countries to build, develop, strengthen, enhance, and improve their capabilities to achieve the objectives of the other two elements which might not be always possible through the existing Technical Co-operation Fund. Further a number of States prefer to donate money for a specific purpose rather than donating money on a general TC Fund and the creation of the IMO-GHG Special Fund will cater for it and might be used as an incentive to enhance overall contributions.

The Committee **may also** agree that at a later stage, it will re-examine the financing of the IMO-GHG Special Fund so that a further percentage of its funding is resulting from other sources. A possible future source for this special IMO-GHG fund might be a further compulsory contributions based on the ability of a State to pay. In this way, the IMO will expect contribution by those Member States with more resources and not from those less endowed and more vulnerable.

#### **Action requested of the Committee**

9 The Committee is invited to consider the above proposed “solution outline” for the GHG emissions from ships and decide as appropriate. In doing, so the Committee is reminded that the proposed “solution outline” is in line with the principles agreed at its last session and its acceptance should not construe precedence for similar negotiations in other fora.

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