



EUROPEAN COMMISSION

MEMO

**MEMO: 72<sup>nd</sup> session of the Marine Environment Protection Committee (MEPC 70) at the International Maritime Organization (IMO)**

Brussels, 13 April 2018

*The 72<sup>nd</sup> session of the Marine Environment Protection Committee (MEPC 72) took place between 9 and 13 April 2017 at International Maritime Organization (IMO)'s headquarters in London.*

**What are the International Maritime Organization and the Marine Environment Protection Committee?**

The [International Maritime Organization](#) is a specialized agency of the United Nations responsible for regulating the safety, security and environmental performance of international shipping. It is composed of 173 Member States.

The [Marine Environment Protection Committee](#) is one of the five main committees of the International Maritime Organization. It is responsible for all matters within the scope of IMO related to the prevention and control of pollution and emission from ships.

**What are the key outcomes of the 72<sup>nd</sup> meeting of MEPC?**

The [72<sup>nd</sup> meeting of the Marine Environment Protection Committee](#) of the International Maritime Organization met in London between 9 and 13 April, with the following outcome:

1. Adoption of the initial IMO strategy on reduction of GHG emissions from ships which includes: the objective to peak GHG emissions from international shipping as soon as possible and to reduce the total annual GHG emissions by at least 50% by 2050 compared to 2008, whilst pursuing efforts towards decarbonising the sector as soon as possible in this century. To this end, it is accompanied by a comprehensive list of possible emission reduction measures, including short-term measures.
2. Approval, with a view to adoption at MEPC 73 (22-26 October 2018), of draft amendments to MARPOL Convention Annex VI prohibiting the carriage of fuel oil non-compliant with the sulphur content limit.

**1. Reduction of greenhouse gas (GHG) emissions from ships**

**1.1 IMO Strategy to reduce GHG emissions from international shipping**

In 2016, following the adoption and entry into force of the Paris Agreement, the MEPC agreed on a roadmap for developing a comprehensive IMO strategy on reduction of GHG emissions from ships which envisaged the adoption of an initial IMO strategy in spring 2018. The adoption of a revised IMO strategy is planned for spring 2023.

MEPC 72 delivered on the first milestone and set the initial framework for further emission reduction work at the IMO. The initial strategy defines an emission reduction objective of at least 50% reduction by 2050 compared to 2008 annual GHG emissions coupled with a vision for the decarbonisation of the sector, and a list of possible short-, mid- and long-term further measures to achieve such objectives. In addition, the strategy acknowledges certain guiding principles and the need to assess the impact of any emission reduction measure on States. It identifies supportive measures, including capacity building, technical cooperation and research and development.

The successful outcome of the two-week long and difficult negotiations was facilitated by the active involvement of the Secretary General of the IMO and the chair of the IMO Working Group, the encouragement of the shipping industry and the support of the majority of developing countries, especially small islands developing states, as well as the readiness to send a clear signal of the commitment of the maritime world to contribute to the GHG reduction efforts.

Commissioner Violeta Bulc was present in London for talks with stakeholders and kept close contact with the Secretary General of the IMO during the negotiations. Also a delegation of members of the ENVI Committee of the European Parliament attended and was active in outreach to third country delegations and industry.

### **What is the significance of shipping sector's strategy to reduce GHG emissions from ships?**

International shipping now represents between 2 to 3 % of global GHG emissions, which puts the sector in the list of the top ten emitters. In addition, this share is likely to increase significantly in the coming years and decades if no bold action is taken to curb these emissions. The strategy adopted by MEPC 72 is part of the sector's contribution towards meeting the objective of the Paris Agreement of limiting global temperature increase well below 2°C, and pursuing efforts to stay below a 1.5 degrees increase. It should be recalled that all States and all sectors, including international ones such as international maritime transport, are expected to contribute their fair share to the necessary efforts. Urgent and bold action is expected by all, and latest science has again made a compelling case about the need for further and swift action.

The shipping sector is characterized by a significant emission reduction potential, allowing for emission reductions already now with existing technologies, while bringing important energy cost savings.

Setting an emission reduction objective is essential to guide discussions on concrete measures necessary to achieve the reductions and to drive innovation and investments of the industry in new technologies and low-carbon or zero-carbon fuels. Also, having a comprehensive list of possible short-, mid- and long-term measures provides a solid basis for the assessment of their feasibility for the sector as well as their impacts on states. The IMO will start work on these measures still this year. The EU expects them to be swiftly discussed and agreed, with a view to be operational before or by 2023.

### **Is the EU satisfied with the GHG emissions reduction strategy adopted by the IMO?**

The EU agreed on a higher level of ambition in terms of emission reduction objective, namely between 70 to 100 % by 2050 compared to 2008 levels. Against this, the strategy adopted at MEPC 72 represents a promising first step the contribution of the international shipping sector to the global efforts to fight climate change in the framework of the Paris Agreement, with a need to review and up-grade the emission reduction objective, in the light also of the commitment of the IMO to achieve zero emissions as soon as possible in this century. This is important in order to set the sector on the path towards full decarbonisation. The emission reduction objective set in the strategy will be reviewed and adjusted as part of the revised strategy of 2023 taking into account data on actual levels of emissions to become available in the next years. One key priority of the IMO now should be the development and implementation of short-term measures that can reduce emissions also before 2023 as well as work to begin on the development of other candidate measures aiming for agreement by 2023.

## **What is the EU doing to ensure that 'no country is left behind' in implementing the IMO strategy to reduce GHG emissions from ships?**

The European Union recognises that many developing countries, especially small developing islands states (SIDS) and least developed countries (LDCs) are concerned about the possible impacts of emission reduction measures to be developed as part of the IMO strategy to reduce GHG from ships. The EU takes these concerns seriously and for this reason it already financed the "[Capacity Building for Climate Change Mitigation in the Maritime Shipping Industry](http://gmn.imo.org/mtcc/)" project. This €10 million project is implemented by the IMO since 2015 and will last until 31 December 2019. The project aims to help developing countries, especially LDCs and SIDS, in five target regions – Africa, Asia, the Caribbean, Latin America and the Pacific - to limit and reduce GHG emissions from their shipping sectors through technical assistance and capacity building. Further information on this project is available at <<http://gmn.imo.org/mtcc/>>.

The EU could consider further technical assistance and capacity building measures and is encouraging third countries to launch similar projects.

### **1.2 Further work on energy efficiency requirements**

In 2011 the IMO adopted a mandatory minimum efficiency standard for new ships (the 'Energy Efficiency Design Index' or 'EEDI') and established the obligation to carry ship energy efficiency management plans ('SEEMP') on board all ships. Since 1 January 2013, following an initial two-year phase zero, new ship design needs to meet the reference level for their ship type. The level is tightened incrementally every five years, in three phases. Reduction rates have been established until the period 2025-2030 when a 30% reduction is mandated for applicable ship types calculated from a reference line representing the average EEDI value for ships built between 2000 and 2010.

Regulation 21.6 of MARPOL Annex VI requires that a review of EEDI is carried out in order to take into account the status of technological developments relevant to implementing phase 2 (2020-2025) of the EEDI regulations. At MEPC 70, the Committee agreed to maintain the phase 2 requirements for ship types other than roll-on roll-off ('ro-ro') cargo and ro-ro passenger ships and to start the review of EEDI phase 3 requirements and consider their early implementation (possibly as of 2022), as well as the possibility of establishing a phase 4.

MEPC 72 adopted draft amendments to Regulation 21 of MARPOL Annex VI regarding the EEDI requirements for ro-ro cargo and ro-ro passenger ships.

## **What are the next important steps in further improving the energy efficiency of ships?**

MEPC 73 in October 2018 is expected to consider the time period and reduction rates for EEDI phase 3 requirements and consider a possible introduction of EEDI phase 4 requirements with associated time period and reduction rates. It is essential that the current review of the EEDI is finalised in time for adoption of the necessary amendments to MARPOL Annex VI with a view to early implementation of phase 3 in 2022, possible strengthening of requirements for certain ship types and the possible introduction of a phase 4 as soon as possible.

The current EEDI review is an opportunity for IMO to demonstrate leadership on short-term measures as part of the strategy to reduce GHG emissions that was just adopted at the IMO.

### **1.3 Mandatory data collection system for fuel oil consumption of ships**

The MARPOL Convention amendments making mandatory the data collection system for fuel oil at the IMO entered into force on 1 March 2018.

Under this global data collection scheme ships over a certain threshold capacity (5,000 gross tonnage and above) will be required to collect consumption data for each type of fuel they use as well as data relevant to energy efficiency of ships (such as distance travelled, service hours at sea and the design cargo capacity for cargo ships) starting with the calendar year 2019.

### **How and when will the IMO data collection system be implemented?**

Aggregated annual data for each of the ships falling under the scope of the MARPOL amendments will be reported to the flag state after the end of each calendar year. Having determined that the data has been reported in accordance with the requirements, the flag state (or a recognised organisation, on its behalf) will issue a statement of compliance to the ship. Flag states will be required to subsequently transfer this data to an IMO ship fuel consumption database. IMO will be required to produce an annual report to the Marine Environment Protection Committee (MEPC) of the IMO summarizing the data collected. Data will be anonymized so individual ship data will not be identifiable.

### **Will the EU monitoring, reporting and verification (MRV) scheme be aligned to the IMO data collection system regarding carbon dioxide emissions from maritime transport and, if so, when?**

The European Union adopted its own [data collection system already in 2015](#) via the Regulation on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport (the "MRV Regulation"). It started applying to ships above 5000 gross tonnage, regardless of their flag, calling at EU ports, as of 1 January 2018. It requires the reporting of a range of data, which includes, *inter alia*, the elements required under the IMO scheme. One key objective of the Regulation is to allow for transparency at ship level so as to encourage the up-take of energy efficient technologies and operations. The data reported under the EU scheme on a per ship basis every year will be published by the Commission to provide robust efficiency information to the relevant markets and will not be anonymised. The data collected in 2018 will be published by 30 June 2019.

The MRV Regulation contains a clause whereby the Commission will review the EU Monitoring, Reporting and Verification scheme and, if appropriate, propose amendments in order to take into account international agreements. The Commission has started the assessment of the appropriateness of the possible alignment of the two schemes and is expected to come up with a proposal later this year.

### **Are accredited verifiers under the EU MRV Regulation allowed to verify data under the IMO data collection scheme?**

Under the EU MRV Regulation, an accredited verifier is authorised to issue to ship companies that appoint it as a verifier a document of compliance stating that the requirements set out in the EU MRV Regulation have been met for a specific ship.

Under the IMO data collection system (governed by MARPOL, Annex VI, Regulation 22A), the verification obligation falls on the flag administration (not the ship companies). Flag administrations have the obligation to verify the reported data either themselves or using recognised organisations (as such term is defined under the IMO framework) using verification guidelines developed by the IMO. Following such verification, the flag administrations issue a Statement of Compliance confirming that the requirements of MARPOL Annex VI Regulation 22A are met by the respective ship.

Under the EU law (i.e. Article 3(2) of [Directive 2009/15/EC](#) on common rules and standards for ship inspection and survey organisations and for the relevant activities of maritime administrations), the flag administrations representing EU Member States deciding to authorise organisations to undertake fully or in part inspections and survey related to statutory certificates issued on its behalf in accordance with international

conventions have to use for such purposes only 'recognised organisations' as the term is defined under EU law (namely, under Article 2(g) of Directive 2009/15/EC).

This means that EU Member States can authorised only organisations recognised in accordance with [Regulation \(EC\) No 391/2009](#) to undertake fully or in part inspections or surveys related to the verification of the data reported by ships flying their flags under the IMO data collection system as well as to issue or renew Statements of Compliance on their behalf under this system.

## **2. Implementation of the IMO 2020 limit on sulphur content in marine fuels**

### **Why is important to ensure uniform implementation and enforcement of the 0.50% sulphur limit in marine fuels as of 2020?**

The 0.50% limit on sulphur in fuel on board ships (outside designated emissions control areas or ECAs, where the limit is 0.10%) will come into effect on 1 January 2020 globally. The MEPC approved, with a view to adoption at MEPC 73, draft amendments to MARPOL Annex VI to prohibit the carriage for combustion purposes of non-compliant fuel oil. Following adoption in October, these amendments will enter into force on 1 March 2020. It means that for ships which are not fitted with an approved "equivalent arrangement" to meet the sulphur limit (an exhaust gas cleaning system or so-called "scrubber"), the sulphur content of any fuel oil used or carried for use on board must not exceed 0.50%.

IMO's Sub-Committee on Pollution Prevention and Response (PPR) is currently developing guidelines to support the consistent implementation of the 2020 sulphur limit which are expected to be adopted at MEPC 73. MEPC 72 approved intersessional work to complete with high urgency the comprehensive process to facilitate the preparation to the global sulphur cap, addressing enforcement, operational and fuel quality aspects

A sound IMO implementation process of the 0.50 limit is essential in preserving a level playing field for all ships trading globally and avoiding delays in the implementation and in the achievement of health and environmental benefits.

### **What is Europe doing to address sulphur enforcement in the EU and globally?**

At the EU level, the Commission will shortly present a report on the implementation of the [Directive on Sulphur Content of Marine Fuels](#), highlighting the success of the Emission Control Areas (ECAs) in the EU waters in significantly reducing Sulphur Oxides (SOx) from shipping. Further information on the report will be available [here](#) next week.

### **Some maritime stakeholders are concerned that 0.50% compliant fuels may be unavailable at local level when the "global sulphur cap" will enter into force in 2020. How is Europe preparing to manage this and minimise concerns ahead of 2020?**

It is essential to minimise concerns regarding fuel availability by preparing ahead of the 2020 deadline of entry into force of the 0.50% requirement. The Commission is working with EU Member States to help develop a robust and coherent reporting system at the IMO level which would allow ships to address any local lack of availability of 0.50% compliant fuels in the first months of 2020.

### **Some maritime stakeholders are concerned that the 0.50% compliant fuels available in the market in 2020 may have different features (e.g. different levels of viscosity, stability, compatibility, etc.). This could cause operational concerns on ships bunkering from different global suppliers. What is Europe doing to preempt such difficulties in 2020?**

Marine fuel quality is regulated broadly at IMO level, not under EU rules. The Commission understands that most suppliers have now undertaken investments to secure – at latest as of 2020 – the delivery of new 0.5% compliant fuels at a quality that ensures safe and optimal operation. This is the outcome of an open dialogue with the maritime community which the Commission has initiated over recent years within the European Sustainable Shipping Forum (ESSF). Industry stakeholders have shared within the EESF their experience on managing on-board fuels, precisely with a view to developing best practice and avoiding or minimising any operational issues in relation to the use of different fuel quality specifications.

It is very useful that, in the IMO context, standardisation organisations are also addressing fuel quality specifications to ensure optimal coherence with the legal and technical frameworks of the International Convention for the Prevention of Pollution from Ships (MARPOL).

**In 2020 some ships will use still high sulphur fuels in conjunction with after-treatment systems ("scrubbers"). These are an alternative to using 0.50% low sulphur fuels to comply with the IMO regulation. What will be the impact of the IMO global ban on the carriage of high sulphur fuels on their market availability?**

The Commission welcomes the IMO global ban. It is a clear signal to the maritime community that the upcoming sulphur rules must be respected as part of the transition to cleaner fuels and sustainable maritime transport. Studies indicate that in 2020 around 95% of ships will comply using 0.50% compliant fuels.

Some industry stakeholders that have invested in "scrubbers" have expressed concern about a possible lack of high-sulphur (i.e. non-compliant) fuels in 2020. This would impact the economic case underpinning their investments choice – which was based on very low prices for high-sulphur fuels.

The Commission is of the view that these concerns were addressed by allowing the use of non-compliant fuels by ships equipped with scrubbers. The ban was also not designed to impede the global trade in high-sulphur fuel and high sulphur fuel costs for ships equipped with scrubbers are expected to be very low. The market transition to 0.50% compliant fuels and the phase-out of high-sulphur fuels will be gradual while keeping the operational advantage of not dealing with potential fuel compatibility issues.

### **3. Heavy fuel oil in Arctic shipping**

**Should the use and carriage of heavy fuel oil be banned in Arctic waters?**

The International Code for Ships Operating in Polar Waters (the "[Polar Code](#)") recommends that the ban on the use and carriage of heavy fuel oil (HFO) that applies in the Antarctic under MARPOL Annex I regulation 43 is applied in the Arctic as well. Various proposals were made to MEPC on what type of measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships should be developed. One submission (co-sponsored by several EU Member States) contained a proposal to ban the use and carriage of HFO as fuel on ships in Arctic waters. MEPC instructed its Sub-Committee on Prevention of Pollution (PPR6) to start work on such measures at its next meeting in early 2019.

Measures to reduce the risks of use and carriage of HFO as fuel by ships in Arctic should be given full consideration and support at the IMO. This is in line with the [Council conclusions of 20 June 2016](#) which recognised the need for urgent global action to reduce and prevent the significant risks posed by climate change and environmental impacts in the Arctic region caused notably by global activities.

### **4. Marine Litter**

**Why is important to start addressing the issue of marine plastic litter from shipping?**

IMO's decision to include as a new high priority output on its agenda the investigation of further global actions to ensure full compliance with the MARPOL Annex V prohibition of the discharge of plastic from all ships reflects an acknowledgment of the ever growing problem of marine litter and the contribution of the sea-based sources to this problem.

With the [proposal for a new directive on Port Reception Facilities](#), the Commission seeks to address this problem by maximising the delivery of garbage or waste from ships to

suitable waste reception facilities in ports. This comes also in the context of the adoption of the [European Strategy for Plastics in a Circular Economy](#) in January this year.