

Raising ambition levels at the IMO for 2050

An overview of the key issues at stake at MEPC 80

KEY FINDINGS

The briefing provides an overview of the key positions taken ahead of the 80th session of the Marine Environment Protection Committee (MEPC 80) of the International Maritime Organisation (IMO), with a focus on both the setting of ambitious greenhouse gas (GHG) targets under the revision to the IMO GHG Strategy and the further discussion of the basket of mid- to long-term measures needed to deliver this enhanced level of ambition.

It is evident from the series of interviews that contributed to this briefing that expectations are high ahead of MEPC 80 as there is an urgent need for the IMO to send out a clear signal to the market that fossil fuels will be phased out rapidly and replaced with alternative fuels.

However, there is a lot that needs to be resolved with regards to the level of ambition, the scope of emissions covered and agreeing upon a basket of measures in the mid- and long-term that can credibly deliver the GHG emission reductions required in the maritime sector.

The divergent views across the key issues at stake ahead of MEPC 80 will require a considerable level of compromise by all Member States in order to reach a consensus on the final wording of the revised IMO GHG strategy.

The progress achieved at MEPC 80 will influence overall views on the ability of the IMO to bring about the transition required in a timely fashion, however there is a growing appreciation that the IMO will require active engagement and ambition from Member States in order to fully decarbonise the maritime sector.



Introduction

According to the Fourth IMO GHG study, GHG emissions – including carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O), expressed in carbon dioxide equivalent emissions (CO₂e) – of total shipping (international, domestic and fishing) have increased from 977 million tonnes in 2012 to 1,076 million tonnes in 2018 (9.6% increase). The share of shipping emissions in global anthropogenic emissions has increased from 2.76% in 2012 to 2.8% in 2018. This increase in GHG emissions occurred despite improvements in the carbon intensity of international shipping that varied between being 21% to 32% better than in 2008 depending upon the methodology applied. Significantly, methane emissions increased by around 150% between 2012-2018 due to the increase in use of LNG as a fuel. GHG emissions are projected to range from 90-130% of 2008 emissions by 2050 for a number of “plausible long-term economic and energy scenarios.”¹ It was deemed too early by the IMO to assess the impact of Covid-19 on emission projections, but depending upon the recovery trajectory, emissions may be a few percent lower than projected over the next decades.



The initial IMO strategy, which was adopted at the MEPC 72 in 2018, affirms that GHG emissions from international shipping should peak as soon as possible and fall by at least 50% by 2050 relative to 2008 levels with continuing efforts to phase them out entirely. The initial IMO strategy envisages a strengthening of the energy design requirements for new ships and also by reducing the carbon intensity of international shipping (average CO₂ emissions per unit of transport work) by at least 40% by 2030 and aiming at 70% by 2050, relative to 2008. The focus of this briefing will be on the revision of the IMO GHG Strategy as it is due by 2023 and is expected to be negotiated and hopefully agreed at the MEPC 80 meeting in July (refer to Figure 1).

Figure 1 Timeline for the adoption of the revised IMO GHG Strategy

Streams of activity	2018	2019	2020		2021	2022		2023
	MEPC 73	MEPC 74	MEPC 75	MEPC 76	MEPC 77	MEPC 78	MEPC 79	MEPC 80
<i>Candidate short-term measures (Group A) that can be considered and addressed under existing IMO instruments²</i>	Invite concrete proposals	Consideration of proposals	Consideration and decisions on candidate short-term measures that can be considered and addressed under existing IMO instruments e.g. further improvement of the existing energy efficiency framework with a focus on EEDI and SEEMP, ITCP ³					
<i>Candidate short-term measures (Group B) that are not work in progress and are subject to data analysis</i>	Invite concrete proposals	Consideration of proposals	Consideration and decisions on candidate short-term measures that are not work in progress and are subject to data analysis, consistent with the Roadmap ³					
<i>Candidate short-term measures (Group C) that are not work in progress and are not subject to data analysis</i>	Invite concrete proposals	Consideration of proposals	Consideration and decisions on candidate short-term measures that are not work in progress and are not subject to data analysis e.g. National Action Plans guidelines, lifecycle GHG/carbon intensity guidelines for fuels, research and development ³					
<i>Candidate mid-/long-term measures and action to address the identified barriers</i>	Invite concrete proposals	Consideration of proposals including identification of barriers and action to address	Progress made and timelines agreed on the development of mid- and long-term measures					
<i>Impacts on States⁴</i>	Invite concrete proposals	Finalization of procedure	Measure-specific impact assessment, as appropriate, consistent with the Initial Strategy, in particular paragraphs 4.10 to 4.13					
<i>Fourth IMO GHG Study</i>	Scope	Initiation of the Study	Progress report	Final report				
<i>Capacity-building, technical cooperation, research and development</i>	Development and implementation of actions including support for assessment of impacts and support for implementation of measures							
<i>Follow-up actions towards the development of the revised Strategy</i>		Ship fuel oil consumption data collection pursuant to regulation 22A of MARPOL Annex VI (DCS)			Initiation of revision of the Initial Strategy taking into account IMO DCS data and other relevant information			Adoption of revised Strategy

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The level of ambition in the initial IMO strategy is insufficient as it is not yet aligned with the goals of the Paris Agreement as it is estimated by the International Council on Clean Transportation (ICCT) that the emission trajectory for maritime shipping will overshoot a 1.75°C pathway by between 65% and 150%.² As a consequence, enhancing the level of ambition in the revised IMO GHG Strategy so that it is aligned with the Paris Agreement will involve in-depth negotiations, not only on the timing and scale of decarbonisation in the maritime sector but also the nature of the emission reduction, as so much regarding the actual scope of the targets to set is not yet resolved.

Beyond the setting of targets, the briefing will also cover the ongoing parallel discussions on the measures required to achieve the substantial emission reductions from ships in the short, medium and long term. Given that the short term measures³ have already been adopted by the IMO and a review of their implementation is due only in 2026, it is expected that making further progress on the basket of measures for the mid and long-term will take up more time in the MEPC 80 negotiations. It is of vital importance that there is a credible approach on how any long-term targets that are to be included in the revised IMO GHG Strategy will ultimately be achieved.

Key issues that remain unresolved with regards to energy efficiency, the prevention of air pollution and marine litter will be outlined with reference to recent IMO submissions from several Member States, before finally summarising the views of the EU, environmental NGOs and private actors on the overall progress achieved so far in the IMO negotiations.

Agenda items adopted for MEPC 80

The agenda adopted for MEPC 80 (refer to MEPC 80/1/1) includes item 7 that focuses specifically on the reduction of GHG emissions from ships and the Committee will be invited to consider the following topics:

- Finalization and adoption of the 2023 Strategy on reduction of GHG emissions from ships;
- Proposals on candidate mid-term measures in the context of Phase II and Phase III of the Work plan for the development of mid- and long-term measures;

- Finalization of the guidelines on life-cycle GHG intensity of marine fuels and way forward for future work; and
- Proposals related to onboard CO₂ capture.

Item 6 of the agenda adopted for MEPC 80 (refer to MEPC 80/1/1) relates to the energy efficiency of ships and will consider the following topics:

- Revision of the IMO ship fuel oil consumption Data Collection System (DCS);
- Implementation of the short-term measure and proposals for the conduct of the review of the short-term measure; and
- Matters related to the Energy Efficiency Design Index (EEDI).

Under item 5 of the agenda adopted for MEPC80 (refer to MEPC 80/1/1), the Committee will be invited to consider issues covering air pollution prevention focusing in particular on:

- The implementation of the global 0.50% sulphur limit, including matters related to exhaust gas cleaning systems (EGCSs); and
- Matters relating to biofuel blends.

Under item 8 of the agenda adopted for MEPC 80 (refer to MEPC 80/1/1), the Committee will also be invited to further discuss the prevention of marine litter from ships.

The following sub-sections provide an overview of the submissions prepared ahead of the 15th Intersessional Working Group on Reduction of GHG Emissions from Ships (ISWG-GHG 15) meeting, which takes place in London on the 26th until the 30th of June, 2023. This meeting will provide the last opportunity to progress the negotiations ahead of the MEPC 80 meeting that is scheduled to subsequently start on the 3rd of July and continue until the 7th of July 2023.

Key issues at stake at MEPC 80

In order to identify the key issues at stake from the agenda adopted in advance of MEPC 80, interviews were conducted with experts representing government, NGOs and industry. Given the sensitive nature of the discussions, the outcome of the interviews were mainly for the identification of key topics. The insights provided in these interviews were then supplemented with further desk-based research that focused on:

- Official IMO submissions (i.e. especially documents related to the ISWG-GHG 14 meeting and preparations for the ISWG-15 and the MEPC 80 meetings);
- Position papers from key stakeholders on both the outcomes of the MEPC 79 and ISWG-GHG 14 meetings and their expectations for the ISWG-GHG 15 and MEPC 80 meetings (i.e. Member States, NGOs and industry).

The following sub-sections discuss the key issues that are deemed to be at stake at the upcoming ISWG-GHG 15 and MEPC 80 meetings.

1. Reduction of GHG emissions

a. Revision of the IMO GHG Strategy

All of the experts that were interviewed for this briefing agreed that the main expected outcome from MEPC 80 will be the revision of the IMO GHG Strategy and that this will most likely take up a large part of the negotiating space.

Det Norske Veritas (DNV) remarked that there was “limited convergence”⁴ in the positions of the Member States that were expressed at MEPC 79 on either the vision or levels of GHG reduction ambition. There was a notable divergence on the level of ambition of GHG reductions with views ranging from full decarbonisation by 2050 to views that only called for further assessments on the feasibility to achieve such an ambition and the potential impacts on Member States. A lack of consensus was also evident in the positions taken on the need for intermediate GHG reduction targets being set for 2030 and 2040. The challenge for the MEPC 80 meeting will therefore be to find a suitable compromise to reach an agreement on the timing and nature of the decarbonisation target for 2050, as well as the interim targets for 2030 and 2040.

With regards to the headline target for 2050, negotiating positions range from the “aim for net zero GHG emissions preferably around mid-century and before the end of this century” (supported by China, Argentina and India in their ISWG-GHG 14/2/10 submission) to the more ambitious timing of phasing out GHG emissions from international shipping “by no later than 2050” (supported by the EU in their ISWG-GHG 15/2/2 submission). It is possible that a compromise text on timing may be found by, for example, replacing “2050 at the latest” with “around 2050” during the MEPC 80 negotiations. The definition of zero could be open to interpretation depending on whether it refers to a full GHG reduction from shipping or whether it refers to net-zero allowing the possibility of offsetting part of the GHG emissions from reductions or removals from outside of the sector via the purchase of carbon credits.⁵ However, the quality of carbon credits is mostly rather low today⁶ and their use in shipping therefore questionable. Furthermore, the experts that were interviewed agreed that it is unlikely that offsetting would be accepted by the majority of Member States in the negotiations.

The inclusion of an intermediate target for 2040 is strongly supported by the EU and the bloc advocates an ambitious GHG reduction target of 83% by 2040 compared to 2008 levels (ISWG-GHG 15/2/2). However, there remains some reluctance from certain Member States for the inclusion of intermediate targets. An often advanced argument is that as long as the mid- to long-term measures are not yet agreed, it is simply not possible to set a credible pathway for emission reductions. The counter argument to this is that without sufficient ambition being set ahead of time, the correct signals to the market may not be transmitted and this will ultimately undermine the capacity of market players (i.e. suppliers of alternative fuels) to contribute in a timely fashion to the transition. On the table are currently a range of interim targets for 2040: the lowest being a 50% GHG reduction target below 2008 levels proposed by Japan (ISWG-GHG 15/2/1) and the most ambitious being a 96% GHG reduction target submitted by Fiji, Marshall Islands, Solomon Islands and Vanuatu (ISWG-GHG 14/2/4). The experts interviewed considered the 50% target proposed by Japan to be more achievable but the EU hopes that the ambition for the 2040 target can be shifted upwards with sufficient political will.

The inclusion of an absolute 2030 target taken from the SBTi pathway⁷, which would correspond to a 37% GHG reduction relative to 2008 levels, will be an option to consider at the ISWG-GHG 15 meeting along with an opposing option to not change the 2030 target from what was originally proposed in the initial GHG strategy (i.e. no absolute target, only at least a 40% reduction in carbon intensity relative to 2008 levels). The likelihood of setting an ambitious absolute intermediate target for 2030 is, however, very low simply due to the lack of time available and a lack of confidence that it could be feasibly achieved. Still, the EU MSs and Commission advocate for a 29% GHG reduction by 2030 (ISWG-GHG 15/2/2) with the hope that this could bring a new dynamic to the negotiations. According to the views of the experts interviewed the likely movement at MEPC 80 will be on the adoption of a target for the proportion of the international shipping fleet’s fuel consumption that comes from low/zero emission fuels, based on a definition that will most likely rely on the outcomes of the IMO’s Life-cycle Assessment (LCA) Guidelines. This would provide a first good signal to the market to build up the capacity to supply alternative fuels.

The level of ambition of the 2030, 2040 and 2050 targets will be influenced in parallel by ongoing discussions regarding the scope of the emission reductions, i.e. whether they should be defined as well-to-wake or tank-to-wake⁸ and whether they should refer to only CO₂ emissions or more broadly to GHG emissions or even CO₂e, which could also include black carbon. The extent to which the targets take into account well-to-wake GHG emissions remains open in the negotiations.

- The EU position is outlined in ISWG-GHG 15/2/2 that levels of ambition should represent the well-to-wake GHG emissions of marine fuels as addressed in the Guidelines on life-cycle GHG intensity of marine fuels (LCA guidelines).
- China has expressed a different position to the EU arguing that it is not appropriate to include well-to-wake emissions within the scope of these targets (ISWG-GHG 14/2/10).

The ongoing lack of clarity with regards to the scope of the targets may even be intentional in order to allow for more of a landing zone for an eventual agreement. However, this could result in the targets sounding less stringent than they appear on first reading.

b. Mid- and long-term measures to reduce GHG emissions

MEPC 76 has adopted a work plan (MEPC 76/15/Add.2, Annex 14). Phase II (Assessment and selection of measure(s) to further develop) ends at this MEPC. Phase III is the Development of (a) measure(s) to be finalized within (an) agreed target date(s). The crucial decision to be made at MEPC 80 is which measures to select for Phase III to be further developed as a priority.

The experts interviewed were in agreement that there is more consensus amongst the Member States concerning the design of the technical measure(s) with most now in favour of a GHG fuel standard, although there still remains divergence on its design and implementation. In support of a GHG fuel standard, the EU argues that an important advantage of the technical measure “is that it has the capacity to phase out GHG emissions from shipping in line with the levels of ambition to be set in the Revised Strategy” (ISWG-GHG 15/3/1). There is an understanding though that, due to limitations on the availability of low carbon fuels at the outset, it will be necessary to combine the use of a GHG fuel standard with a voluntary flexibility mechanism in order to minimise any possible disruption to trade, whilst ensuring the environmental integrity of the scheme.

Less progress has so far been achieved on reaching an agreement on the economic measure(s) with several competing proposals yet to gain widespread support. The EU will continue to push for the adoption of a levy (i.e. “where an explicit price is placed on CO₂e, or alternatively imposed through other costs that imply a carbon price.”)⁹ to accompany a GHG fuel standard (ISWG-GHG 15/3/1). In contrast, the International Maritime Sustainable Fuels and Fund (IMSF&F) mechanism proposed by China (ISWG-GHG 15/3/4) does not see the need for an independent levy suggesting that the incentives provided through their own flexibility mechanism to transition away from fossil fuels would be sufficient. It is hoped that the MEPC 80 meeting will result in progress on defining the economic element of the basket of measures but it is expected to be challenging to achieve.

Based upon the interviews conducted, it seems unlikely that we will see a lot of movement on reaching an agreement on the design and implementation of the technical and economic elements of the mid-to long-term measures. Instead, it is more realistic to expect that the measures will be simply listed within the basket of measures to be adopted as part of the revised IMO GHG Strategy. While the workplan for the negotiation process has undoubtedly been a success, the lack of clear description for the development of mid- and long-term measures from Phase II to Phase III may leave next steps open to interpretation. For example, what does “the selection of measures to be developed” actually mean in practice? Does this simply refer to listing the measures to be adopted or could it actually mean that certain proposals for the technical and economic measures are accepted as the reference document for future rounds of negotiation? The EU is preparing on the basis that the former interpretation is more likely and that Member States at MEPC 80 will simply agree that the basket of measures should include a GHG fuel standard. Then, the more pressing challenge for the negotiations will be to find wording that allows for a consensus to be reached on the economic measure. The EU currently deems the prospect of agreeing upon the use of a levy as the economic measure as being unlikely and in the end it might be necessary to first agree on what the economic measure should achieve and to then start the process of defining it over time.

It will also be important to have a clear target date for the adoption of the mid- and long-term measures by the IMO. The EU has proposed to aim for adoption by 2025 with the entry into force at least 18 months later. This

time schedule is however regarded by the interviewees as very optimistic given the likely delays in adoption and the further delays that may occur when national governments try to pass legislation for any new economic measure to enter into force.

c. Life-cycle GHG/carbon intensity for marine fuels

The importance of defining the scope of life-cycle emissions was discussed previously in the briefing and more clarity will be needed if the ambition level of the revised IMO GHG Strategy is to be sufficiently high. The interaction between the development of the draft life-cycle assessment (LCA) guidelines and achieving more ambition can be observed in the submission below:

A joint submission (MEPC 80/7/9) by India, Liberia, Norway, ICS (International Chamber of Shipping), CLIA (Cruise Lines International Association) and IPIECA (International Petroleum Industry Environmental Conservation Association) contains a draft MEPC resolution on biofuel “that is certified to conform to the sustainability aspects in the LCA guidelines being assigned a CO₂ emission conversion factor (CF) as zero for use in IMO DCS and CII (Carbon Intensity Indicator) regulations and thus facilitate the uptake of biofuels and the reduction of GHG emissions.”

The expectation is that the draft MEPC resolution will be discussed at MEPC 80 and it will be at the centre of efforts to increase the overall ambition of the revised IMO GHG strategy by trying to ensure that the scope does not limit the potential uptake of biofuels if their environmental integrity can be demonstrated in a transparent and consistent manner.

d. Proposals related to onboard CO₂ capture

Onboard CO₂ capture is becoming an abatement option of interest for international shipping for several reasons:

- the supply of e-fuels is not likely to meet the expected demand in the short term;
- continuing constraints expected on the use of biofuels; and
- increasing interest of shipowners to become independent of fuel markets due to a volatility in fuel prices.

Following the interviews with experts, it was suggested that onboard CO₂ capture could be financially viable with a supportive carbon pricing framework. However, even if this is true, challenges still lie ahead before the potential of the abatement option could be fully utilized. For example, the logistics of handling and storing CO₂ is very uncertain. How would the CO₂ captured onboard a ship be delivered to a CO₂ storage site? Indeed, would individual shipowners even have access to such sites and, the relevant infrastructure required, if CO₂ storage capacity was limited, at least in the short term? A brief discussion was held at MEPC 78 on provisions for considering on-board CO₂ capture and storage in GHG regulations under the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI and this is expected to be considered further at MEPC 80.

If the international shipping sector is to fully decarbonise without the use of out-of-sector offsets, an expert interviewed suggested that the deployment of onboard CO₂ capture is likely to be necessary in order to overcome the limitations that exist with many of the other leading abatement options.

2. Energy efficiency

It was the general opinion of the experts interviewed that the issues on the agenda for the MEPC 80 meeting under energy efficiency are lower down the list of priorities to reach agreement on.

a. Revision of the Data Collection System (DCS)

A discussion is expected to continue on the revision of the DCS with proposals submitted in advance of MEPC 80 advocating the following improvements:

- EU proposes (refer to MEPC 80/6/9) to amend the current anonymization rules of the IMO DCS so that the data collected is available to the wider maritime stakeholder community;
 - Brazil's submission emphasises the inconsistency and imprecision related to the calculation of the Energy Efficiency Operational Indicator (EEOI) and calls for a feasibility study into its future use in response to a previous EU submission (ISWG GHG 14/4) to change the compulsory information regarding consumption that must be sent to the DCS in order to improve data quality on the cargo actually reported;
 - China proposes (refer to MEPC 80/6/4) "that the Secretariat provide a standard tabular format and add a convenient function for bulk import of data into the GISIS Ship Fuel Oil Consumption Database Module."
- b. [Implementation of the short-term measure and proposals for the conduct of the review of the short-term measure;](#)

The Secretariat's submission (MEPC 80/6/7) provides considerations on how the review of the short-term measure could be conducted in an effective and efficient way for further consideration.

c. [Matters related to the EEDI](#)

A discussion is expected to continue on matters related to the EEDI with proposals submitted in advance of MEPC 80 advocating the following:

- The US consider in their submission (MEPC 80/6/2) the "use of an overridable shaft/engine power limitation as a strategy to improve ship energy efficiency and proposes modifications to the EEDI calculation methodology to incorporate this concept."
- Germany advances in their submission (MEPC 80/6/10) that shaft power limitation for the EEDI "is only relevant for two stroke slow speed engines in direct drive application and for the minimum required propulsion power for vulnerable ship types, meaning bulk carriers and tankers."

The experts that were interviewed expressed doubts that there will be sufficient negotiating time for there to be an agreement on the introduction of Phase IV of the EEDI. However, further in-depth discussions are likely to further progress understanding of different positions.

3. [Prevention of air pollution](#)

It was the general opinion of the experts interviewed that the issues on the agenda for the MEPC 80 meeting under the prevention of air pollution will be lower down the list of negotiating priorities.

a. [The implementation of the global 0.50% sulphur limit, including matters related to EGCSs](#)

Member States remain divided on whether the discharge water from EGCSs should be deemed a source of pollution and as a consequence whether or not the continued use of EGCSs should be accepted. Two main positions that have already been outlined in advance of MEPC 80 include:

- The EU has submitted (MEPC 80/5/5) a proposal for draft regulatory amendments to MARPOL Annex VI to enable IMO Member States to be able to regulate discharge water from EGCSs, which are used to comply with the MARPOL Annex VI requirements on the global sulphur limit, in sea areas under their jurisdiction.
- Japan suggests in their submission (MEPC 80/5/7) that the lack of international rules and standards regarding the prohibition of EGCS discharges makes them hesitant to support the amendments to MARPOL Annex VI as proposed by the EU.

Following any further discussions of positions at MEPC 80, proposals are expected to be forwarded to the PPR 11 sub-committee meeting (Spring 2024) for consideration.

b. Matters relating to biofuel blends

Given the expected future uptake in the use of biofuels for marine fuel, India has submitted (MEPC 80/5/2) interim guidelines on the use of biofuels and blends of biofuels as fuels and specifying within that “biofuels should be certified as a sustainable fuel, as per recognised international standard in accordance with International Sustainability and Carbon Certification Scheme (ISCC) and the relevant certificate should also be provided by the fuel supplier to the ship.” This interim guidelines proposed are expected to be discussed further at MEPC 80.

4. Marine litter

In February 2022, at the fifth session of the United Nations Environment Assembly, “a historic resolution (5/14) was adopted to develop an international legally binding instrument on plastic production, including in the marine environment with the ambition to complete the negotiations by the end of 2024.”¹⁰

With regards to the latest progress, the second session of the Intergovernmental Negotiating Committee (INC) on Plastic Pollution ended on the 3rd of June, 2023. A further three sessions are planned in Kenya, Canada and South Korea in order to agree upon a legally binding treaty by the end of 2024. Importantly, the second session of the INC secured a mandate for the INC Chair to prepare a first draft of the treaty in advance of the next meeting in Kenya on the 13th until the 18th of November, 2023. This draft text will reflect the State’s views that were gathered on the future agreement’s institutional architecture, including:¹¹

- “the financial mechanisms for implementation;”
- “the cooperation arrangements between the future States parties; and”
- “the framework for assessing global and national progress on achieving the future objectives.”

It was previously agreed at MEPC 79 to revise the terms of reference for the IMO study on marine plastic litter from ships and it is expected that discussions on this topic will continue at MEPC 80 so that the IMO can positively contribute to the ongoing UN negotiations on a global treaty to address plastic pollution.

Views on the overall progress at the IMO

The following views on overall progress reflect discussions with experts and supplemented with secondary desk-based research, where necessary to provide further perspectives.

The EU view is that, in the past, progress at the IMO has been slow, indeed we are already at “five past midnight” and as a consequence it is very unlikely that we will be able to reach an ambitious emission level for international shipping by 2030 that is aligned with the SBTi pathway. However, process has picked up speed and now IMO bodies are working at the load limit. The EU has already adopted several regional measures (see below) to reduce its own emissions from shipping and to contribute to its “Fit for 55 package”, which sets the EU the target of reducing net greenhouse gas emissions by at least 55% relative to 1990 levels by 2030 as a necessary step towards reaching climate neutrality in 2050 as set out in the European Green Deal:

- *Extension of the EU ETS to shipping* will limit the bloc’s maritime transport emissions as part of the overall ETS cap, creating a carbon price that will act as an important signal to encourage the uptake of abatement options to facilitate the transition away from fossil fuels.¹²
- *The FuelEU Maritime regulation* has been provisionally agreed between the European Council and Parliament to accelerate the maritime industry’s decarbonisation through the adoption of renewable and low-carbon fuels and technologies, by applying goal-based reduction of GHG energy intensity from 2025.



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It is still hoped that ambitious domestic action on the reduction of GHG emissions from ships will encourage the IMO to proceed at a faster pace with the adoption of more ambitious targets to address the emissions of international shipping. However, it has now reached a sensitive point, where if the EU were too aggressive in advocating for their own domestic measures to be replicated internationally, the EU could inadvertently block progress. The EU has most likely now reached a limit on how much pressure they can exert on the IMO through unilateral action. For example, it would not be easy to increase the coverage of extra-EU voyages under the EU ETS to 100% - as this would simply reinforce the criticism that the EU is using the EU ETS as a financial instrument just to collect revenues from external partners and would most likely have a negative impact on the negotiations. For the credibility of the EU we cannot let developing countries be left behind. So, it is not only about being ambitious, but it is also about taking care of each other. As a consequence of the Covid-19 pandemic, more frequent video calls between Member States have been normalised and are helping to build trust and to understand different positions that may ultimately lead to faster progress in the negotiations.

Based upon the views expressed by Bryan Comer (Marine Program Lead) from the ICCT, there is an urgent need to limit the cumulative emissions of international shipping between now and when the sector achieves zero life-cycle (well-to-wake) emissions. The best way to achieve this will be through the adoption of a “fuel standard on a well-to-wake basis” that reduces in a predictable way. Comer believes that the IMO will agree to a GHG fuel standard but expressed limited faith, however, that the IMO has the ability to deliver strong near-term reduction targets for well-to-wake fuel intensity, which is why the market has not yet moved to supply alternative fuels. Separately, to enable the most ambitious mid-term measures, the IMO needs to show that any revenues raised by the measures will benefit countries that are currently reluctant to commit. Outside of IMO, more progress is needed in all major countries rather than just relying upon EU to “drag the IMO along” and hold the organisation accountable. For example, the US is currently far behind the EU in terms of the collection of data (i.e. the EU has led the way with the implementation of MRV regulation for shipping) that is an essential first step to eventually enable the adoption of ambitious national legislation on reducing GHG emissions from ships. However, passing

national legislation is difficult and unfortunately the Clean Shipping Act of 2022,¹³ which calls for zero well-to-wake fuel emissions by 2040 is not likely to pass through both the House and the Senate in the US at this time.

The ICS which represents around 80% of the world's merchant tonnage through membership by national shipowner's associations,¹⁴ made the below comment following the conclusion of the ISWG-GHG 14 meeting:

*"We are disappointed by the lack of progress on setting new levels of ambition for GHG reductions to provide shipping with a clear net zero target for 2050. But we remain optimistic that a deal can still be struck at the crucial MEPC 80 meeting in July."*¹⁵

In an interview with Tore Longva (Senior Principal Consultant) of DNV, which provides certification and consultancy services to the maritime industry, he regards progress at the IMO as being "slow but effective" as it is based on consensus and underpinned by a solid framework. The rate of progress on regulating the GHG emissions from international shipping should be a global discussion and not for the IMO alone to address. There remains an interaction between different actors within the broadened climate policy framework. Indeed, it was only after the adoption of the Paris Agreement at the UNFCCC that further progress was achieved at the IMO on the data collection system and the road map for short term measures. However, the ambitious policies of the EU have undoubtedly led to more urgency for progress at the IMO and it will be important for the revised GHG strategy to be sufficiently strengthened at MEPC 80, to send a clear signal that ships will demand low carbon fuels by the end of this decade.

Conclusion

In conclusion, the briefing has provided an overview of the key positions taken ahead of MEPC 80 with a focus on both the setting of ambitious GHG targets under the revision of the IMO Strategy and the further discussion of the basket of mid- to long-term measures needed to deliver this enhanced level of ambition. It is evident from the series of interviews undertaken that there are high expectations ahead of MEPC 80 with an urgent need for the IMO to send out a clear signal to the market that fossil fuels will be phased out and replaced with alternative fuels. However, there is a lot that needs to be resolved with regards to the level of ambition, the scope of emissions covered and agreeing upon a basket of measures in the mid- and long-term that can credibly deliver the GHG emission reductions required in the maritime sector. The divergent views across the key issues at stake ahead of MEPC 80 will require a considerable level of compromise by all Member States in order to reach a consensus on the final wording of the revised IMO GHG strategy. The progress achieved at MEPC 80 will influence overall views on the ability of the IMO to bring about the transition required in a timely fashion, however there is a growing appreciation that the IMO will require active engagement and ambition from Member States in order to fully decarbonise the maritime sector.

- ¹ <https://www.imo.org/en/ourwork/Environment/Pages/Fourth-IMO-Greenhouse-Gas-Study-2020.aspx>
- ² <https://theicct.org/publication/the-international-maritime-organizations-initial-greenhouse-gas-strategy/>
- ³ Ships are required to calculate both their Energy Efficiency Existing ship Index (EEXI) and their annual operational Carbon Intensity Indicator (CII) and associated CII rating to act as a stimulus to reduce their carbon intensity and contribute to the 2030 intensity target outlined in the initial IMO strategy.
- ⁴ <https://www.dnv.com/news/imo-update-marine-environment-protection-committee-mepc-79-237141>
- ⁵ <https://www.u-mas.co.uk/wp-content/uploads/2023/03/ISWG-GHG-14-overview-UMAS-.pdf>
- ⁶ https://climate.ec.europa.eu/system/files/2017-04/clean_dev_mechanism_en.pdf
- ⁷ A metric known in shipping as the Energy Efficiency Operational. Index (EEOI) put in place on a voluntary basis by the IMO.
<https://sciencebasedtargets.org/resources/files/SBTi-Maritime-Guidance.pdf>
- ⁸ Carbon-free fuels like hydrogen or ammonia do not emit CO₂. Thus, if the 2050 target is set only for tank-to-wake, these fuels have an advantage (even though they could have significant well-to-tank emissions depending on their production). If the 2050 target is set for the full life-cycle (well-to-wake), then all fuels are comparable and also e-fuels and biofuels make sense for compliance because their GHG emissions from tank-to-wake are compensated by well-to-tank removals.
- ⁹ [Could-a-carbon-levy-in-shipping-be-an-effective-way-to-help-reach-the-IMO-greenhouse-gas-reduction-goals-DNV-BW-BHP-DNB.pdf \(globalmaritimeforum.org\)](#)
- ¹⁰ <https://www.unep.org/about-un-environment/inc-plastic-pollution>
- ¹¹ <https://uk.ambafrance.org/We-must-end-plastic-pollution-by-2040-President>
- ¹² The extension includes all emissions from ships calling at an EU port for voyages within the EU (intra-EU) as well as 50% of the emissions from voyages starting or ending outside of the EU (extra-EU voyages), and all emissions that occur when ships are at berth in EU ports.
- ¹³ <https://www.congress.gov/bill/117th-congress/house-bill/8336?s=1&r=21>
- ¹⁴ About ICS | International Chamber of Shipping ([ics-shipping.org](https://www.ics-shipping.org))
- ¹⁵ International Chamber of Shipping's comment following the conclusion of the IMO ISWG-GHG 14 | International Chamber of Shipping ([ics-shipping.org](https://www.ics-shipping.org))

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