

Elephant in the Room.

The Paris agreement and Kyoto Protocol operates on completely different principles to the IMO. They apply the common but differential responsibilities and respective capabilities (CBDR) and recognises many countries such as China and Russia as developing and thus deserving help e.g. exemption from carbon tax or financial assistance.

The IMO operates on the principle of non discrimination and no more favourable treatment and offers assistance to developing countries through technical cooperation

The guiding principles of the IMO agreed strategy takes cognizance of CBDR. However when we get to discussing market based e.g. carbon taxes, may be a major source of future dispute.

Any carbon tax exemptions or subsidies paid to FOC ships may also lead to an exodus from national flags.

Marine Environment Protection Committee, MEPC 72

Greenhouse Gas Emissions

After many years of debate the IMO announce the adoption of an initial strategy to allow the IMO to work on climate change This strategy and plan is a compromise that falls short of the more ambitious targets of many flags, the EU and environmental organisations. The target agreed is of 40% improvement on ship efficiency by 2030 compared with 2008 and 50% to 70 % by 2050 **at least.** Whilst this is ambitious, it falls below the 100% improvement and total decarbonisation by 2050 required in the Paris agreement to limit climate warming to 1.5 degrees.

Ship Owners

BIMCO has described the agreement as a landmark achievement and ICS described the targets as achievable. Many flag states have been reticent to agree targets that are not evidence driven as they consider there are too many variables such as future trade, technology and the availability of new clean alternative fuels. Alternative clean fuels for example hydrogen or ammonia could be a solution but these fuel cells have yet to be fully developed and have their own safety problems at this time.

It has been suggested that there will have to be financial initiatives to ensure all ship owners comply and make funds available for least developed countries and small island states. Studies indicate this could be around \$100 carbon tax per tonnes of fuel but could be substantially more .This combined with increased requirements from 2020 for more refined fuels below 0.5% sulphur could generate significantly increased fuel costs.

The ship owners have generally supported the implementation of the 0.5% sulphur limit in 2020. However a number of flags have called for a delayed transition based on concerns that the low sulphur fuel is not available worldwide. New legislation has banned the carriage of fuels above 0.5% sulphur on ships that do not have exhaust gas scrubbers. It assessed that of a global fleet of 60,000 vessels, in excess of 40,000 do not have scrubbers fitted and the manufacturers consider they could only fit 3,000 in the year remaining. This indicates the demand for low sulphur fuels will be heavy and some ship owners could be caught out not

only with availability but also ensuring there is no contamination of the new fuels from high sulphur in tanks and system.

Energy Efficiency Design Index (EEDI)

The discussion on the energy efficiency design index (EEDI) continues with the environmental groups calling for further reduction in ships power and speed. This is seen by the purists as the simple and quick solution to emissions. The first two stages of EEDI reduction were seen to achieve the desired ship efficiency and emission reductions 'too easy' with new builds being well within the new required limits. However two further stage reductions give concern to many in the industry regarding safe manoeuvring of vessels in adverse weather conditions. This is particularly a problem with large bulk carriers and some tankers. Currently we are supporting the ICS in their work on identifying safe minimum power. There is general acceptance that we must consider manoeuvrability in weather of force 9 but we are less than happy with an identified minimum required speed of 2 knots in these conditions.

Legal Committee,

Unmanned Ships

The Legal Committee have agreed for a new work programme to scope the revised regulations and amendments for partially or fully unmanned ships. They will work in conjunction with the MSC but only deal with the legislation that is the purview of the Legal Committee unless specifically requested by the MSC. There are significant legal questions that include umbrella requirements of UNCLOS, that the committee needs to give opinion on and we will be required to identify these issues through MSC working group.

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