

Ships poised for new CO2 measures in 2022

IMO regulators will convene in London next month to discuss familiar proposals about how to reduce emissions in the short term. Two of those will take centre stage and timelines suggest ships will have to start complying as early as January 1, 2023

18 Feb 2020 **NEWS**



Anastassios Adamopoulos [@Anastassios_LL](#) Anastassios.Adamopoulos@informa.com

Once again, the IMO will discuss measures to reduce carbon intensity for ships next month, with proposals indicating that ships will have to start complying with at least one new piece of red tape in 2023



THE INTERSESSIONAL ON GHG EMISSIONS AND THE MEPC CONVENE FROM LATE MARCH TO EARLY APRIL.

SHIPS will likely have to comply with new global emissions-cutting measures as early as 2022, as regulators deliberate proposals next month under intense pressure to deliver on the International Maritime Organization's initial greenhouse gas emissions strategy.

The detail is open for negotiation, but with one proposal for a technical measure now widely backed and a proposed operational measure also now in the running, the industry faces the near certainty of at least one new measure coming into force in a couple of years' time, primarily geared towards the IMO's target of reducing carbon intensity of vessels by at least 40% by 2030 compared with 2008.

The proposals, seen by Lloyd's List, will come under discussion at IMO at the end of March during an inter-sessional meeting on greenhouse gasses. This is a preparatory meeting at which much of the tedious yet highly significant negotiations will happen. No finalised decisions are made at this stage, but it is a low-profile forum that often generates policy ideas that have big consequences.

The Marine Environment Protection Committee, which makes all final decisions and meets the week after, often uses the outcome of the inter-sessional to craft policy.

Though refined and enhanced, the measures on the table are hardly novel ideas; they were first proposed to the IMO a year ago and regulators have already discussed them in meetings throughout 2019.

IMO member states are aiming to agree a new measure by 2023. But the organisation has come under criticism for [dragging out talks during its last few environmental meetings](#).

The sudden increase in volume from apparatchiks in Brussels wanting more rules imposed on shipping have augmented that pressure, with the European Commission and the Parliament [pushing for the EU to regulate emissions](#) — much to the astonishment of a shipping industry that has been caught off guard — beginning perhaps even before the IMO's short-term measures come into effect.

Japan rallies industry-wide support

Panama, Norway, [Greece](#) and other influential actors are co-sponsoring a proposal originally tabled by Japan to curb the carbon intensity of existing ships through efficiency targets, in a major push for the highly publicised proposal.

Japan had tabled the first version of this proposal last year, and the latest version is also co-sponsored by the International Chamber of Shipping, BIMCO and Intertanko, three of the most significant associations in the sector.

They want existing ships to meet specific energy efficiency targets, based on ship type and size, a target they call the Energy Efficiency Existing Ship Index.

The philosophy is grounded in the energy efficiency design index, the IMO requirement that dictates how much more efficient newbuilds have to be.

The proposal uses the EEDI reference line to calculate exactly what each ship group's targets should be.

While the rules would enter into force in 2022, the co-sponsors have left it up to regulators to decide when compliance would start, dependent on certification renewals. But based on the timelines and the options they suggest, the first ships would begin complying as early as March 2022, while the last ones would fall into line in the late summer of 2024.

The latest version of the proposal is based on negotiations among an informal group of 11 countries, including Australia, the United Kingdom and the United States, as well as seven formal organisations.

To reconcile voices that were calling the targets too high or low, the co-sponsors proposed the IMO review the regulation and its impact by the end of either 2026 or 2027.

Despite emphatic support from influential shipping interests, the EEXI concept has also come under tight scrutiny and criticism in the past few months.

The International Council on Clean Transportation called into question its effectiveness; the NGO argued shipowners would favour engine power limitations to meet the EEXI, and [estimated that those EPLs would have to be aggressive](#) if they were to have a meaningful impact on decarbonisation.

Japan [responded](#), stressing that its proposal is a target-based measure and does not mandate the use of EPLs.

A Danish proposal...with Chinese backing?

The apparent popularity of the Japanese proposal, a technical measure, does not preclude the adoption of an operational measure as well; the IMO could go for both a technical and an operational measure.

Denmark, France and Germany are calling in their own proposal for each ship to have individual carbon intensity targets, leaving operators to choose how they will get there. The measure would come into force in mid-2022 and would take effect from January 1, 2023.

Each ship would have an annual required carbon intensity reduction factor based on a 2008 baseline called the carbon intensity indicator. The targets are enshrined in energy efficiency certificates that last a maximum of five years and that will be audited annually.

“A combination of effective enforcement by flag state verification audits and port state control would safeguard against inappropriate compliance strategies and the challenge of charterers for ships engaged in voyage and time charters,” they said.

The proposal envisages that a ship could effectively miss its annual target by a maximum of 5%, but it would have to showcase how it would meet the targets of the following years and would also need to comply with additional reductions.

The co-sponsors noted that they had been collaborating with China towards developing an operational measure. But they claimed physical and online collaboration was made difficult due to European and Chinese holiday seasons, as well as the outbreak of the coronavirus.

“The time and work constraints result in no agreement on a common proposal before the submission deadline for ISWG-GHG 7. Nevertheless, co-ordination of work took place in a constructive and solutions-oriented spirit,” they said.

Last year, France was a staunch supporter of speed limits. The last inter-sessional meeting in November 2019, however, effectively [closed the book](#) on direct speed limits as a potential method of cutting emissions, leading to the abandonment of the idea by its supporters.