INTERNATIONAL MARITIME ORGANIZATION

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WORKING GROUP ON REDUCTION OF
GHG EMISSIONS FROM SHIPS
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Agenda item 2

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FURTHER CONSIDERATION OF CONCRETE PROPOSALS TO IMPROVE THE OPERATIONAL ENERGY EFFICIENCY OF EXISTING SHIPS, WITH A VIEW TO DEVELOPING DRAFT AMENDMENTS TO CHAPTER 4 OF MARPOL ANNEX VI AND ASSOCIATED GUIDELINES, AS APPROPRIATE

Initial impact assessment of candidate short-term measures and the importance of an energy efficiency indicator for existing ships

Submitted by Brazil

SUMMARY

Executive summary:	This document provides an analysis of the initial impact assessment of the proposed short-term measures contributing to the reduction of GHG emissions from international shipping and highlights the importance of an energy efficiency indicator for existing ships
Strategic direction, if applicable:	3
Output:	3.2
Action to be taken:	Paragraph 13
Related documents:	MEPC.1/Circ.885 and MEPC/Circ.471

Introduction

1 The *Initial IMO Strategy on reduction of GHG emissions from ships* (the Initial Strategy) sets the level of ambition for GHG emission reductions from international shipping and establishes candidate short-term measures, which will be finalized and agreed by the Committee between 2018 and 2023.

2 The Marine Environment Protection Committee, at its seventy-fourth session, considered a number of candidate short-term measures, including the adoption of energy efficiency indicators for existing ships.

3 MEPC 74 approved the *Procedure for assessing impacts on States of candidate measures* (MEPC.1/Circ.885), which establishes procedures for assessing the measures before they can be considered as appropriate for implementation.

Analysis of initial impacts of candidate short-term measures

4 In accordance with paragraph 8 of the annex to MEPC.1/Circ.885, an initial impact assessment should pay particular attention to the needs of developing countries, especially SIDS and LDCs and, inter alia, geographic remoteness of and connectivity to main markets; cargo value and type; transport dependency; transport costs; food security; disaster response; cost-effectiveness; and socio-economic progress and development.

5 The candidate short-term measures to improve the energy efficiency of ships are a positive step forward; however, if some of these measures are incorrectly implemented they could have a negative impact on the global maritime industry, and mainly for developing countries.

6 Brazil is of the opinion that shipowners should be allowed to choose and implement, among the goal-based short-term measures to be yet established by the IMO, the most cost-effective and appropriate measures to meet the energy efficiency levels, as established by MEPC/Circ.471 on *Interim Guidelines for Voluntary Ship CO_2 Emission Indexing for Use in Trials* (Carbon Dioxide Transport Efficiency Index: ratio of mass of CO_2 per unit of transport work).

7 To reduce CO_2 emissions per deadweight-mile (dwt-mile), several short-term measures can be implemented, such as:

.1 ship construction innovations (new-builds or retrofitting);

.2 onboard technical innovations (e.g. energy saving devices, batteries, digitalization, etc.);

.3 introduction of operational change, e.g. just-in-time voyage planning, improved network and route design, cargo loading to optimize trim and drag, onboard energy management, fuel-efficient operations like speed reduction and optimization, etc.; and

.4 development and introduction of low-carbon or zero-carbon fuels.

8 Brazil understands that measures to be implemented by IMO should take into consideration the different economic, social and environmental aspects. The adoption of measures, such as the simple taxation of marine fuel consumption or any other measure that does not include the items listed in paragraph 7, may increase the costs of maritime transport, and may not necessarily contribute to the improvement of efficiency and/or mitigation of CO_2 emissions.

9 The pure and simple taxation of fuel consumption can lead to higher freight costs and consequently to higher product prices in the ports of destination. It can also increase the capital cost, which, for developing countries with a significant share of their economy based on maritime exports (the most efficient transport mode), could have a negative impact difficult to measure and could encourage the use of other high consumption and low efficiency modes of transportation, contrary to the strategies defined by IMO.

10 It is important to highlight that the adoption of measures without considering the specificities of the maritime trade and of IMO Member States may adversely affect emerging economies far away from the main markets.

Indicators for measuring the energy efficiency of ships

11 Brazil believes that energy efficiency indicators applied to existing ships combined with aspects of heterogeneity of IMO Member States are fair criteria for the development of effective measures on the reduction of GHG emissions from international shipping.

12 Indicators shall be established in such a way that the shipowners are free to choose a single or a combination of indicators in order to meet energy efficiency requirements. Shipowners should be able to decide based on the type and size of the ship and also on the routes where the ships will operate.

Action requested of the Working Group

13 The Group is invited to consider the information provided above, and to take action as appropriate.