

Executive Committee
4 October 2019

Meeting Notes on Agenda item 3: **AIR EMISSIONS**

Sulphur limit on fuels from 1 January 2020

This section comprises:

- **Upcoming / current developments**
- **Past developments / background information**

UPCOMING / CURRENT DEVELOPMENTS

Symposium on IMO 2020 and Alternative Fuels (IMO, 17-18 October 2019)

INTERCARGO and our Chairman along with the Round Table leaders recently highlighted in a Media Release (you may see [here](#)¹) the following concerns:

- With less than four months to go until the introduction of the new limits on sulphur emissions from shipping, there is still significant uncertainty about the worldwide supply of permissible fuels and concern about the safety and compatibility of fuel options.
- all parties, including charterers, bunker suppliers and nation states should double their efforts to ensure a smooth transition.
- urgent need for fuel standards to be put in place ahead of 1 January 2020.

The much awaited **ISO Publicly Available Specification (PAS) 23263** was finally made available in second half of September 2019 – you may see a preview and purchase at <https://www.iso.org/standard/75113.html>.

INTERCARGO had already raised its **concerns** in relation to **Safety** and a **smooth transition** in an earlier Media Release you may see [here](#)².

The below **IMO correspondence groups** are currently running with the participation of INTERCARGO:

- on data collection and analysis **on the Enhanced implementation of Regulation 18 of MARPOL Annex VI** and on **Fuel Oil Safety**

Following the adoption of the amendments to MARPOL VI (global limit of 0.5% sulphur in ships' fuel oil from 1 Jan 2020 and the carriage ban of non-compliant fuel for use by ships from 1 March 2020), various organisations (industry associations, member States, Class Societies, etc), including INTERCARGO, have worked together or individually to produce guidelines aimed to assist with their implementation. **Guidance and useful information** can be found [here](#)³ (login required).

¹ <https://www.intercargo.org/round-table-leaders-set-their-sights-on-the-future/>

² <https://www.intercargo.org/2020-global-sulphur-limit-implementation-intercargo-raises-safety-concerns/>

³ <https://www.intercargo.org/sulphur-cap-2020-guidance-and-useful-info/>

PAST DEVELOPMENTS / BACKGROUND INFORMATION

INTERCARGO did not cosponsor after all the “Joint Industry Guidance for Supply and Use of 0.50% S Marine Fuel”.

IMO Maritime Safety Committee: MSC 101 (5-14 June 2019)

An account of the outcome of MSC 101 and of **INTERCARGO’s interventions / positions** can be found at <https://www.intercargoo.org/intercargoo-brief-on-the-outcome-of-msc-101/> (login required). In summary:

- **MSC 101 agreed** to adopt an **MSC Resolution** on Recommendations on interim measures **to enhance the safety of ships relating to the use of fuel oil**; this Resolution (non-mandatory) recommends, inter alia, **that member States**:
 - Report confirmed cases when fuel suppliers have supplied fuel that does not meet flash point requirements and take action against them;
 - Report confirmed cases when fuel suppliers have supplied fuel that jeopardized the safety of the ship/personnel or adversely affected the machinery
- **MSC 101 agreed** to endorse an **action plan** for measures to enhance the safety of ships relating to the use of fuel oil, which provides a timeline of fuel safety related tasks that are to be performed by MSC in 2020 and 2021, and includes **consideration of development of**:
 - mandatory requirements for the reporting of cases when fuel suppliers have supplied fuel that does not meet flash point requirements
 - mandatory requirements to ensure member States take action against fuel suppliers that have supplied fuel that does not meet flash point requirements
 - possible measures related to fuel oil parameters other than flashpoint.
- **MSC 101 agreed** to develop a **platform on IMO GISIS** for reporting non-compliance of flashpoint requirements and to establish a **Correspondence Group** to consider further measures to enhance the safety of ships relating to the use of fuel oil.

IMO Marine Environment Protection Committee: MEPC 74 (13-17 May 2019)

An account of the outcome of MEPC 74 and of **INTERCARGO’s interventions / positions** can be found at <https://www.intercargoo.org/intercargoo-brief-on-the-outcome-of-mepc-74/> (login required). In summary:

- **Enhanced Implementation Of MARPOL Annex VI Regulation 18 (“Experience Building Phase”): INTERCARGO co-sponsored** papers *MEPC 74/5/20 Enhanced implementation of regulation 18 of MARPOL Annex VI: proposed plan for data collection and analysis* and *MEPC 74/5/21 MEPC Circular related to the enhanced implementation of regulation 18 of MARPOL Annex VI* and **made also two verbal interventions. MEPC 74 agreed** to establish a correspondence group on data collection and analysis under reg. 18 of MARPOL Annex VI.
- **Appendix 6 of The Scrubber Guidelines: MEPC 74 agreed** to a draft Guidance on indication of ongoing compliance in the case of failure of a single monitoring instrument and recommended actions to take if the ECGS fails to meet the provisions of the 2015 guidelines MEPC 259 (68).
- **Bunker supplier Licensing Scheme: INTERCARGO co-sponsored** paper *MEPC 74/5/4 Bunker Supplier Licensing Schemes* which proposed such a mandatory scheme and made a **verbal intervention. MEPC 74 did not unfortunately agree** to a mandatory scheme.

An account of previous developments can be found in this document [here](#)⁴ (login required).

⁴ https://www.intercargoo.org/wp-content/uploads/2019/02/ExCom-notes_Agenda-Item-3.pdf

GHG Emissions

This section comprises:

- **Upcoming / current developments**
- **Past developments / background information**

UPCOMING / CURRENT DEVELOPMENTS

GHG reduction short-term measures

- **6th Session of IMO' Intersessional Working Group on the Reduction of GHG Emissions: ISWG-GHG 6 (11-15 November 2019)**

Proposals expected to be submitted to the above meeting (for due consideration/approval by MEPC 75) are to include among other:

- **prescriptive Power limitation** proposals
- **prescriptive speed limitation** proposals
- **goal-based EEXI** proposals
- **goal-based hybrid framework of equivalent measures'** proposals such as:
 - A hybrid "super SEEMP" framework / proposal Of Mandatory Amendments To Strengthen The Ship Energy Efficiency Management Plan (SEEMP)
A latest draft on this proposal is available at the below link as document "**Paper GHG– Short term SEEMP**": <https://www.intercargo.org/excom-october-2019/> (login required).

Main points of this proposal are:

- a potential synergy between the "Super SEEMP" and EEXI, with two parallel streams a shipowner could choose from
- SEEMP Scheme A – emissions reduction demonstration using performance monitoring and ship type specific Carbon Intensity Indicators (CIIs)
- SEEMP Scheme B – pre-certification of a ship's technical efficiency; the EEXI proposal (originally by Japan) would provide an alternative mechanism
- Mandatory external auditing of either Scheme under the ISM Code or by amending the IEEC survey regime: demonstrating that objectives have been achieved e.g. using CIIs as a principal requirement of such audits, but also taking into account instances where an objective has not been achieved because of factors outside the control of the shipowner (operating in prolonged periods of poor weather or operating in ice conditions etc.)

Additional key papers will be posted under the above paper at the above link if they become available before the meeting.

GHG reduction long-term measures

- **Long-term measure proposal paper submission by Dec. 2019 for MEPC 75.**
- Several industry associations are currently considering a proposal / paper submission on an "**International Maritime GHG Reduction Research And Development Fund (IMRF)**".
- Also in parallel to the above paper, a **Charter "of the International Maritime Research and Development Board (IMRB) and the International Maritime Research Fund (IMRF)"** is under preparation on the implementation of the above proposal.

Industry advocates of the scheme bring forward the below points:

- IMRB is described as a 'non-governmental R&D organisation' overseen by the IMO

- An investment level of about 500 million USD per annum would be needed from shipowners / a modest yet mandatory R&D proposed contribution of USD2 per tonne of fuel purchased
- For those shipowners operating in the tramp trade, the charterers can be expected to assume the costs of the contributions
- the shipping industry to provide finance for major R&D programmes totalling about USD5 billion (over ten years), with an expectation that funding should also come from other stakeholders in the marine fuel supply chain
- enormous political momentum for immediate action is growing worldwide and can only be expected to intensify ; the proposal enables the industry to assert leadership in the IMO debate; otherwise the industry would be exposed to a far greater risk of unilateral or regional action outside IMO
- “If EU Member States sought to increase the size of the contribution to an unacceptable amount, most other IMO Member States could be relied upon to block this.” / “large developing nations, that have concerns about ‘disproportionate impacts’ on trade can be relied upon to resist any such future move”
- A **relevant paper by ICS et al.** (ISWG-GHG 5/4/4) was submitted to the 5th Session of IMO’ Intersessional Working Group on the Reduction of GHG Emissions (see background information below); you may view it at the below link as document “**Paper GHG– Long term IMRB**”: <https://www.intercargo.org/excom-october-2019/> (login required)

PAST DEVELOPMENTS / BACKGROUND INFORMATION

IMO Marine Environment Protection Committee: MEPC 74 (13-17 May 2019)

An account of the outcome of MEPC 74 and of **INTERCARGO’s interventions / positions** can be found [here](#)⁵ (login required).

Also **the 5th Session of IMO’ Intersessional Working Group on the Reduction of GHG Emissions (ISWG-GHG 5)** met the week before (May 7-10). You may refer to INTERCARGO’s brief [here](#)⁶ (login required). In summary:

- **INTERCARGO had co-sponsored** the paper: ISWG-GHG 5/4/9 “Proposal to strengthen the Ship Energy Efficiency Management Plan (SEEMP)” advocating for strengthening the SEEMP as a short-term measure.
- **MEPC 74 agreed to the “streamlining of”** proposals on candidate GHG reduction short-term measures for consideration in **two Intersessional meetings by next MEPC 75 (April 2020)**, after considering proposals on candidate measures and a collation of information regarding candidate short-, mid- and long-term measures
- **MEPC 74 also agreed** a Procedure for assessing the **impacts on States** and an **MEPC circular** on Procedure for assessing impacts on States of candidate measures

An account of previous developments can be found in this document [here](#)⁷ (login required), where the programme of follow-up actions of the Initial IMO Strategy on reduction of GHG emissions from ships up to 2023 is also set out.

⁵ <https://www.intercargo.org/intercargo-brief-on-the-outcome-of-mepc-74/>

⁶ <https://www.intercargo.org/imo-intersessional-working-group-on-the-reduction-of-ghg-emissions-iswg-ghg-5/>

⁷ https://www.intercargo.org/wp-content/uploads/2019/02/ExCom-notes_Agenda-Item-3.pdf