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Uncertainty after Copenhagen: What now for ship emissions?

Hopes were running high ahead of climate change talks in Copenhagen that the maritime industry would get clear signals. But the absence of a bunker deal means the battle over key areas is set to continue.

The 15th Conference of the Parties (COP15) under the United Nations Framework Convention on Climate Change (UNFCCC) took place in Copenhagen in December 2009.

Despite huge momentum building up, with the 'bunker fuels' issue gaining significant attention in discussions amongst countries leading up to COP15, nothing tangible has come out of the talks.

The Copenhagen Accord, the only high-level political agreement from COP15, makes no mention of the shipping and aviation sectors, hence the big questions faced by the industry were no further advanced.

Disappointment

There was a sense of disappointment at the International Maritime Organization (IMO) after Copenhagen.

"The first week of negotiations on shipping was very positive," Eivind Vagslid, Head, Chemical and Air Pollution Prevention Section at the IMO's Marine Environment Division told Bunkerworld.

During that first week, the 'Bunkers Drafting Group', managed to whittle seven options in the negotiation text put forward to the Copenhagen meeting to just one "nearly agreed text," Vagslid said. There was "only some disagreement" about the single text and it recognised a clear role for the IMO and would "let the IMO to do its job," according to Vagslid.

Other observers have commented, however, that the final draft text of the bunkers working group secured no consensus in several key areas. Even if it had, however, political wrangling saw the Copenhagen talks deadlocked and struggling to move

forward on even the broadest political goals.

"There were so many heavy discussions at the higher level that the bunkers text never made it to these discussions," Vagslid explained.

The lack of consensus from COP15 has left the IMO in an uncertain position.

Key principles

COP15 and the final draft text on bunkers failed to reconcile the conflict between global sectorial measures on carbon dioxide (CO₂) emissions from shipping and the 'common but differentiated responsibilities' (CBDR) principle.

The CBDR principle, enshrined in the Kyoto Protocol, calls for developed Annex I countries to cut their CO₂ emissions, but allow developing nations to increase their share of global emissions. It runs contrary to the IMO's founding principles of uni-

versal regulations for all ships to ensure a level playing field and not distort competition.

The IMO argues that a CBRD approach would likely make more owners migrate to flags outside Annex I countries, negating any environmental benefit of global shipping GHG regulations. CBRD has proved a formidable political obstacle during discussions of GHG regulations at the IMO's Marine Environment Protection Committee (MEPC), preventing it from agreeing on any binding instruments to control shipping's CO₂ emissions to date.

Prior to the Copenhagen talks, Miguel Palomares, Director of the Marine Environment Division of IMO, said the IMO would be "ready to act" on GHG as soon as COP15 "takes the decision that cannot be taken in this forum."

Representatives for developing countries have been unwilling to forego the CBRD principle at the IMO as they fear it could be seen as setting a precedent for other United Nations instruments, in particular the UNFCCC.

No targets

The final draft from COP15 did not include a defined emissions reduction target for shipping and aviation, despite heavy pressure from the European Union (EU).

The EU had proposed 10% cut for aviation and 20% for shipping over 2005 levels.

It also remains unclear if a target will be set by the UNFCCC or by the IMO. A Norwegian proposal, supported by the US, Canada, Japan and potentially Australia, wanted no mention of targets in Copenhagen, calling instead for 'ambitious' medium and long term goals to be set by the IMO and its aviation equivalent.

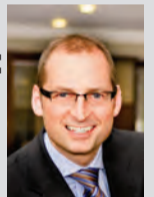
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Shipping was on the agenda at Copenhagen but did not make it into the final agreement.

The IMO had signaled that its role would not be undermined if targets were set at Copenhagen, as long as the IMO was entrusted with achieving those targets.

Bunker funding

Climate change mitigation funding was discussed and to some extent agreed in Copenhagen, but it was not decided whether there would be a contribution from shipping, or how big it would be.

There is little doubt, however, that bunkers fuel funding remains on the agenda as a one of several alternative sources of finance. There were attempts to include text in the bunkers draft about how potential revenue from bunkers should be distributed, but reports say the United States was blocking any mention whatsoever of climate finance in the bunkers context.

Meanwhile, the discussion is set to continue about whether bunker funding would come from a global levy on fuels, or through some kind of carbon emissions trading scheme (ETS). So far, support for one or the other principle have split the shipping community and those countries that have expressed an opinion. In the latest move, Japan said it will submit details of its proposal prior to the next MEPC meeting in March.

"Our scheme is a levy, but it includes a system to pool money to be used to help reduce emissions and refunds for environment-friendly ships," said Akihiro Tamura, deputy director at the Ministry of Land, Infrastructure, Transport and

Tourism's safety and environment policy division. "It would encourage research and development for ships powered by renewable energy and support developing countries."

Japan said last year that it backed a bunker levy as a way of putting pressure on the global shipping industry to reduce its CO2 emissions. The latest details

The EU is in favour of a global regime to regulate CO2 emissions from shipping, but is preparing to act alone. "Emissions [of CO2] need to peak in the next decade," Mark Major, Director-General, Environment at the European Commission (EC), told a conference in November. He said there were doubts the IMO could deliver an effective global regime

CO2 emissions can be part players toward or within a global action plan.

New IMO push

The IMO is ready to test the political will to make progress on a global framework for controlling GHGs from ships in March 2010, when the MEPC meets for its 60th session. MEPC 60 is due to dis-

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- Akihiro Tamura, Ministry of Land, Infrastructure, Transport and Tourism

of the Japanese proposal, quoted by Reuters at the end of January, said ships that improved their fuel efficiency, and new ships that exceed efficiency requirements, would be offered partial refunds on the levy.

Unilateral measures

Many believe the lack of progress at a global level will lead to unilateral action at national or regional level.

The shipping industry, represented by bodies such as the International Chamber of Shipping (ICS), has warned against it, saying: "Such unilateral measures would likely result in serious market distortions and - most importantly - be far less effective in ensuring the reduction of CO2 emissions by the global shipping sector as a whole."

within that time-frame.

EU legislation approved in June 2009 says the EC shall make a proposal if the IMO or the UNFCCC have not agreed on a global action plan by the end of 2011. That would allow EU measures controlling shipping's CO2 output to enter into force by 2013, according to Major.

Background work was already being done in preparation for that eventuality. Policy options under consideration by the EU include an ETS and some form of tax regime with a hypothetical revenue generation, and mandatory efficiency measures.

Major said an EU regulatory framework was not meant to be an alternative to global measures. "We need global action," he said, but suggested that regional solutions to controlling shipping

cuss a joint proposal coming from Japan, Norway and the United States that will seek to make the Energy Efficiency Design Index for new ships mandatory. It is currently a voluntary measure, agreed MEPC 59 in July 2009.

Japan's Tamura said it would prevent inefficient vessels being built. New vessels with lower fuel efficiency than agreed standards would eventually be banned from sale, it was reported.

Discussions on this proposal could prove a real test case for whether it will be possible to move beyond the CBRD principle and gain consensus on a mandatory global measure. ■

Unni Einemo



There may now be national or regional actions to curb ship emissions.

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