Net zero ambition

impact and industry readiness

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Lloyd's Register

What actually happened at MEPC ES.2

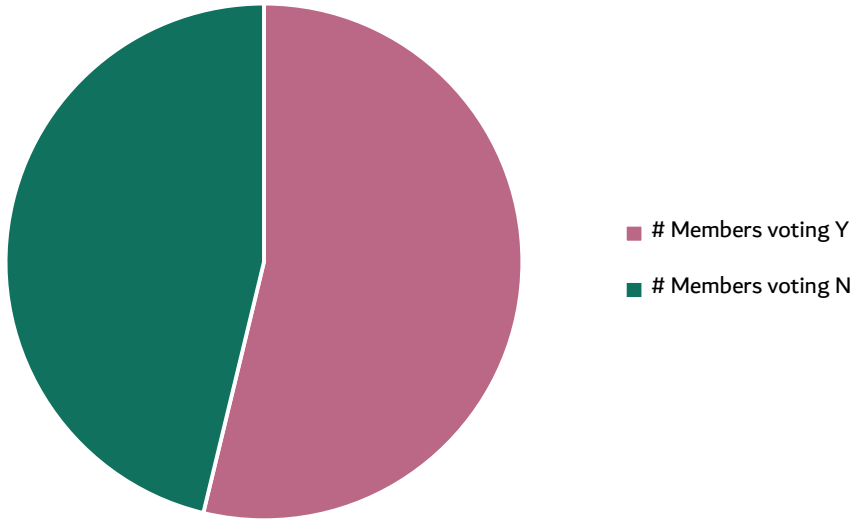
MEPC **did not adopt** the Revised MARPOL Annex VI.

- **Politics** and concerns over **lack of technical clarity** dominated the discussions.
- Friday morning, Saudi Arabia called for a **vote** to answer the question:

"Should MEPC ES.2 be adjourned for 1 year?"

- The vote needed a majority to pass - i.e. more than 50% of Member States voting **Yes** or **No** (abstentions do not count towards the outcome)

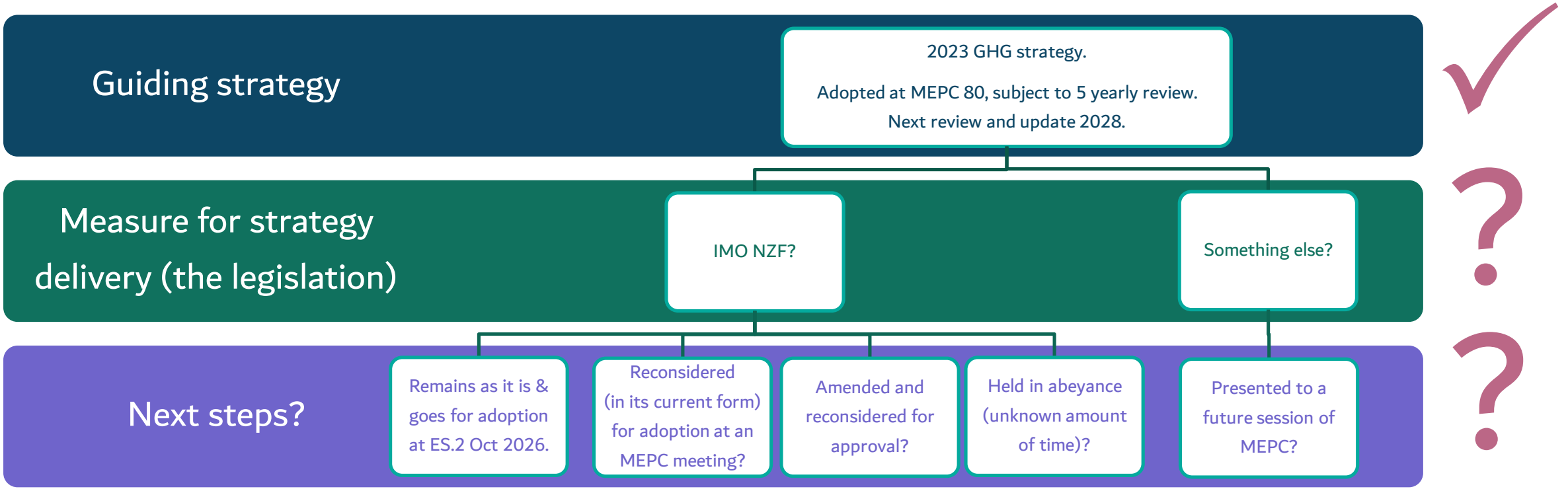
	Number (#)	Note
Eligible Member States	135*	
Members voting Yes	57	e.g. China, Liberia, Panama
Members voting No	49	e.g. most EU, Singapore, Marshall Islands
Abstentions	21	e.g. Cyprus, Greece, Japan, Korea, A&B
Members not present	8	



* This is the total # of Member States that had a vote at MEPC ES.2

What happens now?

Uncertainty: How will IMO fulfil the levels of ambition of the IMO 2023 GHG strategy?



Tacit acceptance procedure vs. explicit acceptance procedure (Subject to further discussion)

Tacit Acceptance

(Standard procedure for MARPOL amendments to enter into force)

Entry into force is automatic by the stipulated date unless ...

1/3 Parties to MARPOL VI

OR

Sufficient Parties to MARPOL VI with ≥ 50% of global gross tonnage (GT)

Explicitly say they **object** within a period not less than 10 months

Explicit Acceptance

(Available but never used for MARPOL amendments to enter into force)

Entry into force only happens when...

2/3 Parties to MARPOL VI

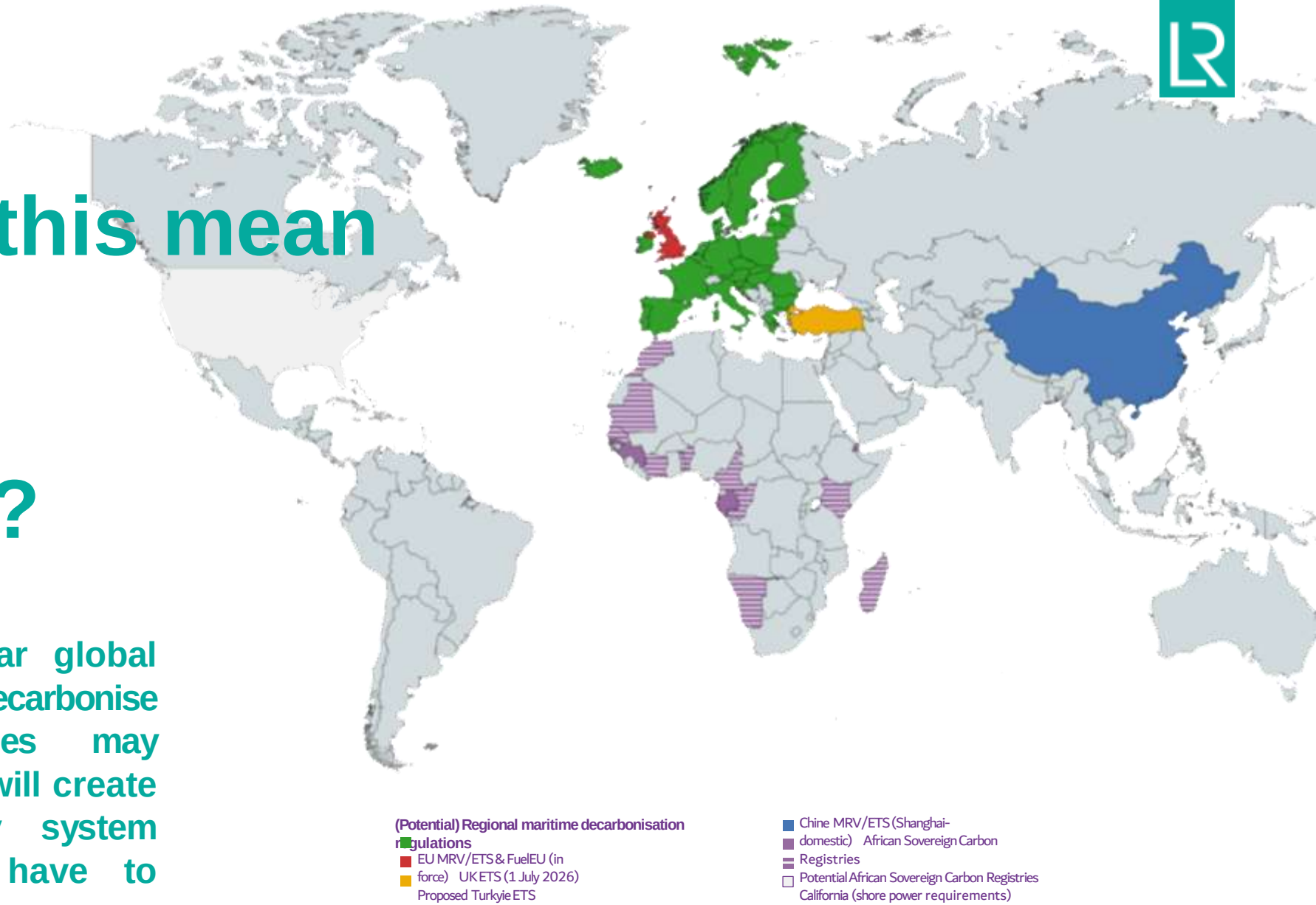
AND

with ≥ 50% of global gross tonnage (GT)

Explicitly say they **will** accept the amendments

What does this mean In terms of regional regulations?

In the absence of a clear global policy framework to decarbonise shipping, regional policies may continue to fill the gap. This will create a fragmented regulatory system shipowners/operators will have to comply with.



Review

FuelEU Maritime Regulation,EU ETS vs UAE Proposal

EU ETS Directive – Article 3gg

2. In the event that the IMO does not adopt by 2028 a global market-based measure to reduce greenhouse gas emissions from maritime transport in line with the objectives of the Paris Agreement and at least to a level comparable to that resulting from the Union measures taken under this Directive, the Commission shall submit a report to the European Parliament and to the Council in which it shall examine the need to apply the allocation of allowances and surrender requirements in respect of more than fifty percent (50 %) of the emissions from ships performing voyages between a port of call under the jurisdiction of a Member State and a port of call outside the jurisdiction of a Member State, in light of the objectives of the Paris Agreement. In that report, the Commission shall, in particular, consider progress at IMO level and examine whether any third country has a market-based measure equivalent to this Directive and assess the risk of an increase in evasive practices, including through a shift to other modes of transport or a shift of port hubs to ports outside the Union.

Where appropriate, the report referred to in the first subparagraph shall be accompanied by a legislative proposal to amend this Directive.

FuelEU Maritime – Article 30

2. By 31 December 2027, and every five years thereafter at the latest, the Commission shall report to the European Parliament and the Council the results of an evaluation as regards the functioning of this Regulation, including possible impacts of market distortions or port evasion; as regards the evolution of the zero-emission technologies in maritime transport and their market, as well as the evolution of the technologies and market for renewable and low-carbon fuels and for OPS, including at anchorage; as regards the use of revenue generated by the FuelEU penalties; and as regards the impact of this Regulation on the competitiveness of the maritime sector in the Union.

In that report, the Commission shall consider, inter alia:

(a) the material and geographical scope of this Regulation, as regards decreasing the gross tonnage threshold referred to in Article 2(1) or expanding the share of energy used by ships in voyages to and from third countries referred to in Article 2(1), point (d);

UAE proposal to MEPC.ES2

The Proposal

This delegation believes that this matter would have to be addressed within the draft resolution and therefoe, it is suggested to the inclusion of the following:

1. **in preambular paragraph** as follows:

"Recognizing that IMO Net-zero framework is the only mid-term measure for international shipping"

2. **in operative paragraph** as follows

"Determines that the IMO Net-zero framework, once enters into force, is the only global maritime mid-term measure for international shipping so as to avoid a possible patchwork of duplicative State or regional measure".

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Thank you