



# The Environment as it relates to Shipping – a Copenhagen perspective

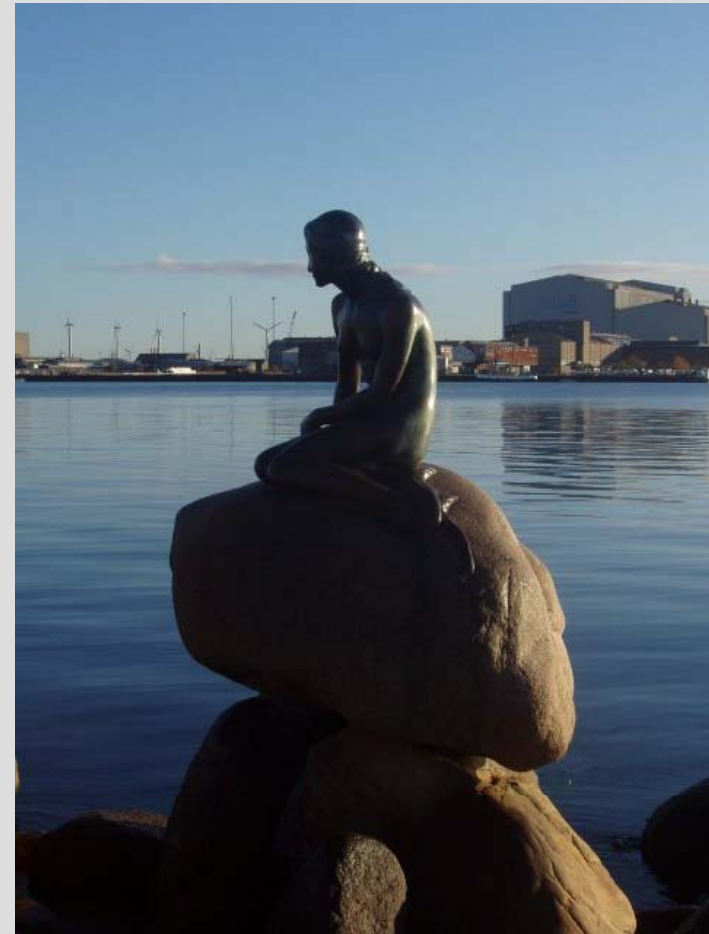
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The Environment as it relates to Shipping:  
a Copenhagen perspective  
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## Caveat

- The Copenhagen meeting has yet to conclude
- This presentation aim to 'predict' the outcome for marine bunker fuels
- Any discussion needs to be seen in the overall discussion at Copenhagen
- This is politics

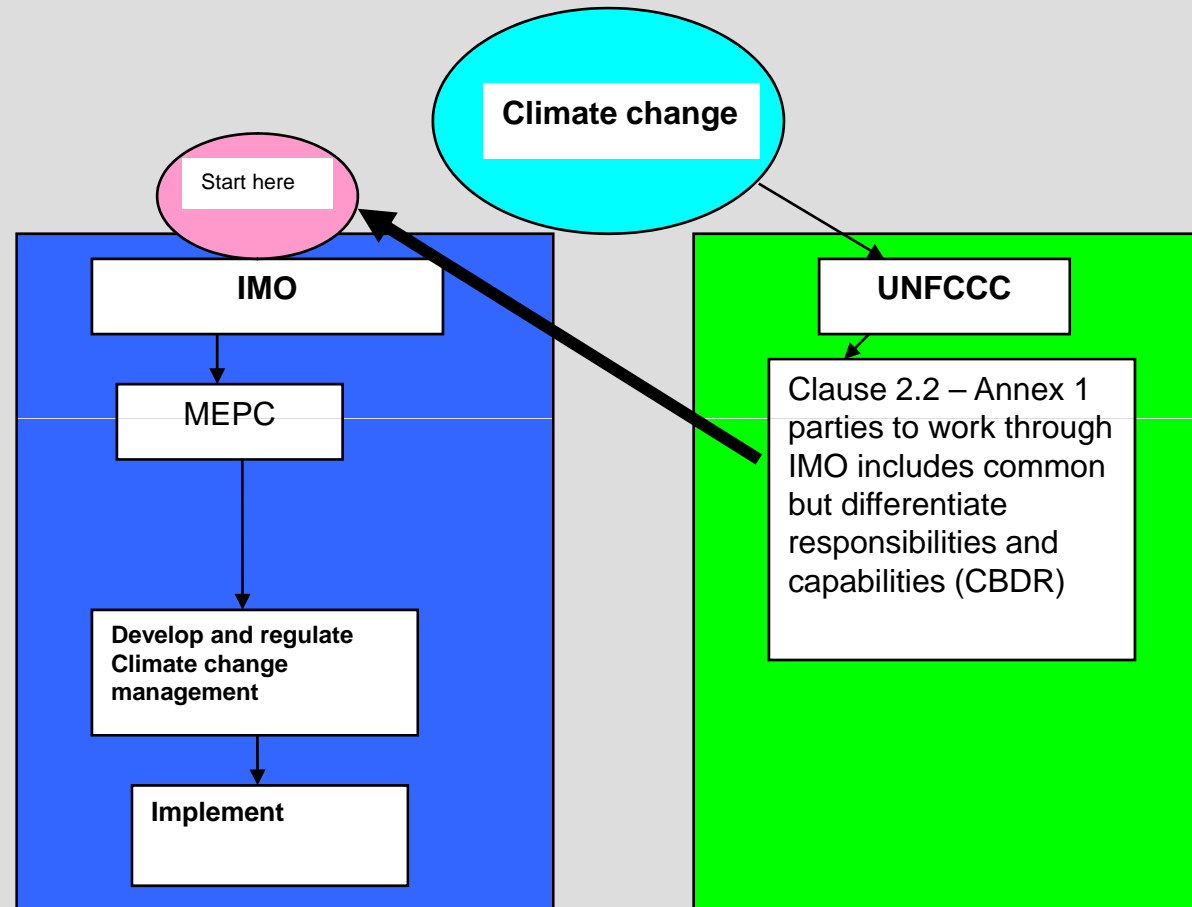


## Scene setting - mitigation

- The world needs to achieve an 80% reduction in GHG emission by 2050 to maintain the 2 degree temperature increase and the 450ppm
- Emission expected to be capped across the world at 18,000 million tonnes (Mt) in 2050
- IMO second GHG study concludes that:
  - GHG emissions from international shipping was 870 Mt in 2007
  - Predicted to rise to 1,114 to 1,345 Mt in 2020
  - Predicted to rise to 2,449 to 3,595 Mt in 2050.
- The 2007 international ship emissions are the same as the total emissions for Germany.
- The price of carbon will become one of the parameters that is part of the normal decision making process.

## The marine bunker fuel world historically

- IMO and UNFCCC are independent UN organs
- The Kyoto Protocol made IMO responsible bunker fuel emissions



## The 'Road to Copenhagen' (I)



### Where is marine bunker fuel in the order?:

- *Commitment by developed countries*
- Funding – *'the big elephant in the room'*
- Developing countries *NAMAs and its MRV*
- *Sector schemes* to input to developing country issues – where ?
  - Power, oil and gas, cement,
- *Forestry and deforestation*
- *Technology transfer*
- *Review of CDM* – clean development mechanism
- *Bunker fuels* (aviation and maritime)

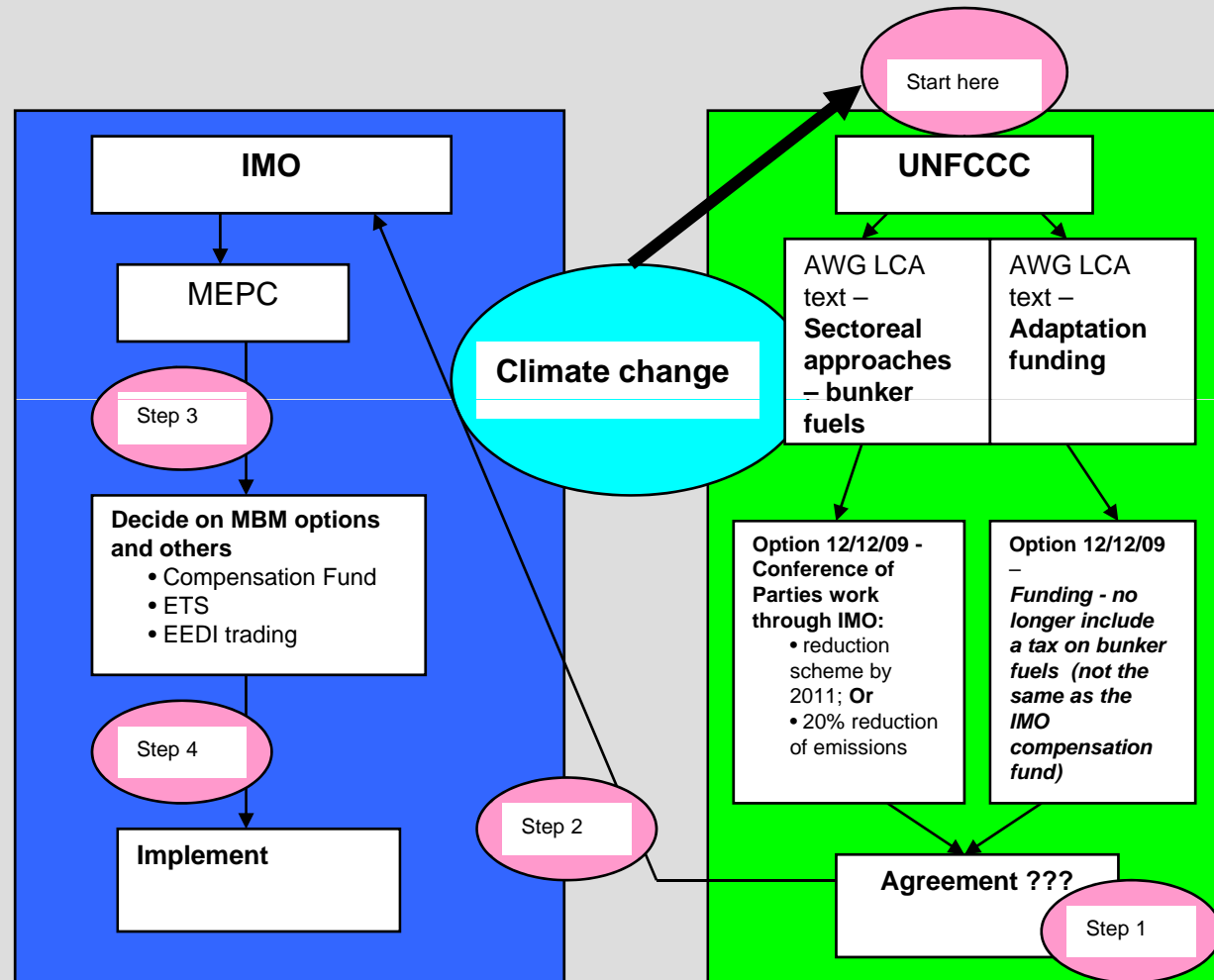
## The 'Road to Copenhagen' (II)



- Predicting the way forward is like crystal ball gazing
- The following looks the likely outcome.
  - Result in a framework agreement covering most of previous issues – it may not include detailed actual emissions reduction commitments, if so these would come in 2010.
  - It is likely to include shipping and aviation
  - Deal known when? - '2 minutes to midnight'
  - Dates - 7 to 18 December

# Why UNFCCC? Is this not for IMO?

- IMO and UNFCCC are independent UN organs
- The Kyoto Protocol made IMO responsible bunker fuel emissions
- **Because the current process at UNFCCC is a 'renegotiation' of the Kyoto Protocol then.....**



## Possible agreement at UNFCCC



### *Framework agreement*

- leave it to IMO to develop the regulation using ‘equal treatment for all ships’
- probably a cap set by UNFCCC
- IMO develop the convention and process for achieving the cap.

## And IMO follow on?

**Best estimate** - would be using a two stage process.

1. initially making the energy efficiency design index (EEDI) mandatory and set a limit – this could come into force quickly (approx 2 years and will be done using an existing convention).
2. second stage would be the development of a new convention related to a market based measure (MBM), either one of the existing or a new approach. It would take approx 10 years for it to come into force.

### *Time lines:*

Work on both stages would start at MEPC 60 and proceed in parallel. It is envisaged that the EEDI piece will be finalised at MEPC 60 (March 2010) and the MBM discussion at MEPC 61 (Oct 2010) possible MEPC 62 (2011)



## Opportunities

- Gaining benefit from the GHG challenges and new developments:
  - Understand and manage the GHG emissions of relevance
  - Input to the debate on MBM
  - Prepare for MBM and ensure fuel management is 'state of the art'
  - Add management of carbon to strategy
- A switch to other forms of propulsions, change in charter contracts and discussion on better management of port infrastructure etc
- Oversupply of vessels – scrapping may increase
- Manage increasing stakeholder pressure - which are broader than climate change



And to remind us

*“Necessity is the mother of invention”*

*and*

*“The impossible only takes a little longer”*



# Thank you

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