



International Chamber of Commerce

The world business organization



Prepared by the ICC Commission on
Transport and Logistics

ICC recommendations on CO₂ reduction for ships

ICC calls upon governments to formally adopt a draft package of technical and operational measures proposed by the International Maritime Organization (IMO) that will improve energy efficiency and reduce shipping's CO₂ emissions. Only agreements by governments developed at the IMO can ensure that any measures adopted are applied on a uniform and global basis for all international shipping thus avoiding the possibility of "carbon leakage" that could occur if CO₂ emissions from shipping are regulated nationally and/or regionally. This is particularly critical as most shipping companies have the freedom to register their ships with the nation of their choice.

Shipping as a global industry requires global rules. Regulations governing the environmental performance of ships, including CO₂ emissions, need to be the same at both ends and throughout the voyage. Otherwise, there is a great risk of market distortion and serious inefficiencies in an industry that is responsible for the transport of about 90% of all world trade.

International shipping does not lend itself to inclusion as part of national or regional emission reduction targets as most shipping companies have the freedom to register their ships with the nation of their choice. For example:

- A ship may be registered in one country while the beneficial owner of the ship may be located in another;
- The cargo carried by the ship will be of economic benefit to a variety of different importing and exporting nations;
- Fuels may be purchased from any of a variety of potential sites.

This is why the achievement of meaningful CO₂ reductions by shipping can only be achieved if nations agree that the measures for doing so should be directed on a uniform global basis by governments at the IMO. Any regulation that is only applied to ships registered in some nations and not others would result in gross market distortions and the hemorrhaging of vast amounts of tonnage to the flags of those nations not affected.

As a global, multi-sectoral business organisation, ICC believes that a comprehensive and global agreement on shipping at the IMO is of utmost importance. Otherwise CO₂ emissions from ships could be dealt with in a differentiated and ultimately environmentally ineffective manner by either the UNFCCC as part of future international agreement on climate change, or through other differing regional approaches. Adoption of a package on CO₂ emissions by the IMO will also be necessary to prevent unilateral regional measures affecting shipping.

NOTES

The IMO Marine Environment Protection Committee (MEPC) agreed on a draft package of technical and operation measures to reduce shipping's CO₂ emissions in October 2010, as draft amendments to MARPOL Annex VI governing atmospheric pollution. These measures include the Energy Efficiency Design Index (EEDI) for tankers, bulk carriers and containerships, and the use by companies of bespoke Ship Efficiency Management Plans (SEEMP). ICC hopes that with the agreement of a majority of governments, these will formally be adopted by the IMO at the next MEPC meeting in July 2011. Using the IMO 'tacit amendment' procedure, these amendments can then enter into force relatively quickly, possibly in the 16 months following their adoption.

The UNFCCC is the United Nations Framework Convention on Climate Change, which will hold its next United Nations Conference of the Parties in Durban, in December 2011.

The International Chamber of Commerce (ICC)

ICC is the world business organization, a representative body that speaks with authority on behalf of enterprises from all sectors in every part of the world.

The fundamental mission of ICC is to promote trade and investment across frontiers and help business corporations meet the challenges and opportunities of globalization. Its conviction that trade is a powerful force for peace and prosperity dates from the organization's origins early in the last century. The small group of far-sighted business leaders who founded ICC called themselves "the merchants of peace".

ICC has three main activities: rules-setting, dispute resolution and policy. Because its member companies and associations are themselves engaged in international business, ICC has unrivalled authority in making rules that govern the conduct of business across borders. Although these rules are voluntary, they are observed in countless thousands of transactions every day and have become part of the fabric of international trade.

ICC also provides essential services, foremost among them the ICC International Court of Arbitration, the world's leading arbitral institution. Another service is the World Chambers Federation, ICC's worldwide network of chambers of commerce, fostering interaction and exchange of chamber best practice.

Business leaders and experts drawn from the ICC membership establish the business stance on broad issues of trade and investment policy as well as on vital technical and sectoral subjects. These include financial services, information technologies, telecommunications, marketing ethics, the environment, transportation, competition law and intellectual property, among others.

ICC enjoys a close working relationship with the United Nations and other intergovernmental organizations, including the World Trade Organization, the G20 and the G8.

ICC was founded in 1919. Today it groups hundreds of thousands of member companies and associations from over 120 countries. National committees work with their members to address the concerns of business in their countries and convey to their governments the business views formulated by ICC.



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Policy and Business Practices

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