



The Global Voice of Cargo Owners

IMO Marine Environment Protection Committee Meeting (MEPC 82)  
30 September - 4 October 2024  
IMO HQ, London

Report of the ICHCA Delegation

The 82<sup>nd</sup> meeting of IMO's Marine Environment Protection Committee (MEPC 82) took place from 30 September to 4 October 2024 at the IMO Headquarters in London. ICHCA was represented by James Hookham, Secretary General of Global Shippers Forum, who on the final day was accompanied by Mr Sean van Dort, Chair of GSF, who was visiting the UK.

The committee's agenda covered a wide range of subjects but those of particular interest to ICHCA and GSF members were:

- A. Measures for the reduction of greenhouse gas emissions from ships.
- B. Measures to address loss of plastic pellets from ships when carried as cargo.

The principal item of interest was the on-going development of new mandatory measures for the reduction of greenhouse gas (GHG) emissions from ships, now termed the *IMO Net Zero Framework*. Despite some progress, there was no agreement on any of the final measures, leaving nearly all of the key decisions to be made at the next meeting of MEPC in April 2025. Frustratingly for Industry, it is still not possible to establish reliably the scope or the detail of these measures, less than a year before they are supposed to be adopted as binding legal requirements.

The committee also instructed further work to be carried out on the development of mandatory measures to address losses of plastic pellets from ships when carried as cargo, despite objections, although it is likely to be several years before any new measures are adopted and brought into effect. An IMO Circular offering recommended safe practices was issued in May 2024.

#### **A. REDUCTION OF GHG EMISSION FROM SHIPS**

MEPC 82 continued the intensive negotiations over the numerous proposed measures intended to reduce greenhouse gas emissions from ships in line with the revised IMO GHG strategy, adopted in June 2023. These were considered by a dedicated working group and reported to the Committee.

#### **Comprehensive Impact Assessment**

At previous meetings MEPC had commissioned a series of Comprehensive Impact Assessments of the various proposed measures to assess their likely effects on the shipping industry and on trading nations. These extensive reports were reviewed by a Steering Committee and four summary reports prepared for consideration by MEPC 82:

1. A literature survey
2. An assessment of the impacts on ship owners/operators
3. An assessment of the impacts on States
4. An assessment of the impacts on Stakeholders, including entities trading in goods and commodities transported by sea.

The key finding of the assessment on the shipping fleet was that the costs of shipping could be expected to rise significantly as a result of the implementation of a fuel levy/carbon tax and the proposed global fuel standard. The precise impacts depend on the measures eventually adopted and the various proposals were modelled under a wide range of different assumptions and scenarios. The following range of increases in the costs of operation were reported and are summarised in Table 1.

**TABLE 1: Estimated Increases in Ship Operating Costs (Business as Usual, Low Growth scenario)**

	By 2030	By 2040	By 2050
Transport costs	+17 - 25%	+58 - 77%	+77 - 85%
Shipping time	+2 - 10%	+12 - 15%	+15 - 18%

The analysis assumes that these costs are passed on to shippers in the form of new or higher surcharges and Bunker Adjustment Factors. These findings therefore also indicate the real increases in shipping costs that can be expected over the next 25 years.

The assessment of the impacts on stakeholders estimated the effects of the measures under the same range of scenarios. The range of effects on the gross domestic product (gdp) of different types of economies were reported and are summarised in Table 2.

**TABLE 2: Estimated change in real GDP of States**

	By 2030	By 2040	By 2050
Developed economies	-0.003 to -0.5%	-0.07 to -0.11%	-0.1 to -0.12%
Developing economies	-0.10 to 0.20%	-0.15 to -0.20%	-0.20 to -0.22%
Least Developed Countries	-0.07 to -0.11%	-0.22 to -0.32%	-0.30 to -0.34%
Small Island Developing States	-0.11%	-0.29 to -0.32%	-0.4%

MEPC 82 adopted the reports of the Comprehensive Impact Assessment, although several delegations entered reservations on the methodology used to assess the impacts on states.

The potential impact of the levy on less developed countries and on small island developing states is especially sensitive, as these are most vulnerable to the impacts of rising sea levels but are also the most dependent on maritime transport for their essential imports and export trade. In recognition of this, MEPC 82 agreed to the further work on the impact of these measures on food security and on 'Net Food Importing Countries'. This will be conducted rapidly and considered at a meeting of the Expert Workshop that compiled the original CIA, prior to them being considered by MEPC 83.

## Global Fuel Standard

This is the principal measure by which a reduction in the GHG emissions from ships will be achieved. It is expected to work by requiring the GHG emissions from each ship to be calculated each year and compared to a target level that is calculated using a methodology in the GFS. The target level will be progressively reduced each year at a rate that achieves the intermediate targets that have been set for 2030 and 2040, and the net-zero target by 2050.

The calculations will need to be reported by ship owners/operators to a central GFS registry (probably hosted by IMO) where the compliance of each ship with the mandated standards will be assessed and reported. Mechanisms for the enforcement of this measure remain unclear.

Critical decisions remain to be taken on the functioning of the Global Fuel Standard, including:

- Whether the GHG Fuel Intensity attained by a ship needs to take into account the emissions arising during the production and distribution of the fuel (the 'Well to Tank' emissions), or just those emitted when the fuel is used on board ship (the 'Tank to Wake' emissions).
- Whether the level of reduction to be achieved by each ship is defined as a 'target' or a 'required' reduction (i.e. whether it is mandatory or advisory).
- The rate at which the permitted carbon intensity of fuels is reduced from current levels to net zero levels, by 2050.

## Life Cycle Assessment (LCA) Framework

The methodology for calculating the carbon intensity of marine fuels over their life cycles was adopted at MEPC 81. This provides a consistent, global methodology by which the 'green' credentials of marine fuels can be established. A series of further refinements will be considered by the Joint Group of Experts on the Scientific Aspects of Marine Environmental Protection (GESAMP).

## Economic measures

MEPC 82 made no conclusive decisions regarding the mechanism for levying, collecting and re-distributing an 'economic measure' (i.e. a fuel levy or carbon tax) intended to incentivise shipowners to switch to lower- or zero-carbon fuels. The purpose of this measure has also become confused, with many countries expecting the transfer of collected funds to support them through the transition to net-zero shipping. This is the least developed aspect of the Net Zero Framework.

Most of the proposals before the committee consist of an additional charge (referred to as a 'levy' or 'fee') being added to the price of all marine fuels based on their carbon content that will be paid in the first instance by ship owners and operators. The amount of the levy will be dependent on the carbon content of the fuel, thus conventional bunker fuels will attract a much higher levy than fuels with a lower or zero carbon content. Payment is likely to be made annually to a central agency, probably IMO, rather than collected through fuel suppliers and distributors.

There remains much to be resolved if the plan to implement the levy and other measures from 2027 is to be achieved, including:

- The precise basis on which the levy is applied
- The rate at which it is set and the rate that it increases in the future

- Whether a different rate is applied for ships calling at ports in developing countries
- The administrative and auditing arrangements for the collection, accounting and re-distribution of the funds raised.
- Which entities pay the levy and to whom
- Use of the collected funds and the basis of allocation to other parties

There appears to be a consensus that any funds raised will be re-distributed to:

- Shipping lines that achieve or exceed their reduction targets
- Developing countries, to offset the expected economic impact of the levy on the costs of their imports and exports
- The IMO, to oversee, administrate and account for the funds raised

### Legal instruments

The measures eventually adopted by MEPC will be incorporated into the *International Convention for the Prevention of Pollution from Ships* (MARPOL). MEPC 82 considered the first draft text of a new Chapter 5 in Annex VI of MARPOL that will be binding on all states that have signed the Convention. This text is now termed the 'IMO Net Zero Framework'.

The current draft contains numerous versions of the proposed measures, with a wide range of options still under consideration. It will be a significant task to resolve all these issues in the course of the next MEPC meeting so two meetings of an intersessional working group on GHG emissions were approved to resolve outstanding disagreements and prepare agreed texts for consideration by MEPC 83.

### Timeline

The target date for implementation of the Net Zero Framework is early 2027 and for this to be achieved, the legal texts will need to be formally adopted by IMO about 15 months before then. IMO has announced that a special meeting of MEPC will be held for this purpose in September or October 2025, but this assumes that the text will be finalised and agreed at the next meeting of MEPC in April 2025 (MEPC 83). The scheduled meetings at which the amendments to the MARPOL Convention are expected to be finalised, agreed and adopted are shown in Table 3.

**TABLE 3: Timeline for the adoption of the IMO Net Zero Framework**

Date	Meeting	Purpose
8 January 2025	GSF Scope 3 Emissions WG	To determine GSF position on the IMO Net- Zero Framework
17-21 February	IMO ISWG-GHG 18, London.	To finalise & agree the text for MARPOL Annex VI.
<i>February/March</i>	GHG-EW 6	To assess the impact of the Net Zero Framework on food security and 'Net food-importing states'.
31 March - 4 April	ISWG-GHG 19, London	To finalise & agree the text for MARPOL Annex VI.
2 -4 April	ISWG-APEE 1, London	To propose amendments to the IMO GHG short-term measures.

7-11 April	MEPC 83, London	To approve the amended text of MARPOL Annex VI.
<i>October 2025</i>	Special MEPC meeting, London	Formal adoption of the IMO Net Zero Framework as amendments to MARPOL, Annex VI.
<i>December 2025</i>	Deposition of the amended MARPOL convention at the UN.	Commencement of a 12-month implementation period for IMO member states.
<i>March 2026</i>	MEPC 84	
<i>September 2026</i>	MEPC 85	
<i>1 January 2027</i>		Target date for implementation of the IMO Net Zero Framework.

ISWG = Intersessional Working Group

Dates in italics to be announced

## **B. MEASURES TO ADDRESS LOSS OF PLASTIC PELLETS FROM SHIPS WHEN CARRIED AS CARGO.**

The need to address losses of plastic pellets from ships when carried as cargo was referred to the Sub Committee on Pollution Prevention and Response (PPR) by MEPC 77, following the impact of such losses from the *MV X-Press Pearl* off the coast of Sri Lanka in May 2021. PPR10 had agreed a two-stage approach:

1. The development of a Circular containing recommendations for the carriage of plastic pellets as cargo in containers. This was adopted by MEPC 81 and published as MEPC.1/Circular 109 on 24 April 2024 (see Appendix).
2. Development of amendments to appropriate legal instruments, to mandate further changes.

At MEPC 82, some delegations argued that mandatory regulation of plastic pellets fell under the jurisdiction of other international instruments and therefore outside the scope of IMO and the MARPOL Convention. Furthermore, there was no action item on plastic pellets authorising this work under the sub-committee's wider *Action Plan on Marine Plastic Litter from Ships*.

Notwithstanding these objections, MEPC 82 instructed PPR to:

1. develop text for such an action item and include it in its Action Plan
2. continue its consideration of which international legal instruments could be the basis for mandatory provisions and to report its findings to a future MEPC meeting with a view to the Committee deciding which mandatory instrument is to be amended.

MEPC 82 invited member states and international organisations to submit to PPR information and experiences gained from implementation of Circular 909, and further proposals on appropriate legal instruments and the implications of potential mandatory measures.

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30/12/2024

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MEPC.1/Circ.909  
19 April 2024

**RECOMMENDATIONS FOR THE CARRIAGE OF PLASTIC PELLETS\*  
BY SEA IN FREIGHT CONTAINERS**

1 The Marine Environment Protection Committee, at its eighty-first session (18 to 22 March 2024), approved the following recommendations for the carriage of plastic pellets by sea in freight containers, as the first step in a two-stage approach aimed at reducing the environmental risks associated with the carriage of plastic pellets in packaged form by sea, pending the Committee's consideration of future mandatory measures for the carriage of plastic pellets in freight containers:

- .1 Plastic pellets should be packed in good quality packaging which should be strong enough to withstand the shocks and loadings normally encountered during transport. Packaging should be constructed and closed so as to prevent any loss of contents which may be caused under normal conditions of transport, by vibration or acceleration forces.
- .2 Transport information should clearly identify, as an addition in the cargo information required by SOLAS regulation VI/2, those freight containers containing plastic pellets. In addition, the shipper should supplement the cargo information with a special stowage request requiring stowage as outlined in paragraph 1.3 below.
- .3 Freight containers containing plastic pellets should be properly stowed and secured so as to minimize the hazards to the marine environment without impairing the safety of the ship and persons on board. Specifically, freight containers containing plastic pellets should be stowed:
  - .1 under deck wherever reasonably practicable; or
  - .2 inboard in sheltered areas of exposed decks.

2 Member States are invited to use these recommendations and bring them to the attention of shippers, manufacturers, terminal operators, shipowners, ship operators, charterers, shipmasters and all other parties concerned, requesting that additional care and appropriate action be taken during maritime transport of plastic pellets in packaged form.

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\* *Plastic pellets* means a mass of pre-formed moulding material, having relatively uniform dimensions, used as feedstock in plastic product manufacturing operations. Plastic pellets are transported in various forms, including flakes, granules and powders, and can be referred to as resin or nurdles.