



WSC Hails IMO Results on Vessel Air Emissions

April 4, 2008 – The World Shipping Council today expressed its full support for the International Maritime Organization (IMO) Marine Environmental Protection Committee's (MEPC) development and approval of new rules that will effectively address vessel air emissions.

The IMO has succeeded today in achieving two very important results, which deserve both recognition and strong support. First, the IMO has developed a new regime that will be environmentally effective in addressing this important issue. Second, the IMO has succeeded in achieving this result through an international regulatory regime, which will avoid the confusion, inconsistency and litigation that would result from different nations or local governments trying to regulate this issue.

From Los Angeles to Hamburg to Tokyo, the liner shipping industry has recognized the need for new, environmentally effective, international regulations for vessel air emissions, particularly SO_x, NO_x and particulate matter emissions. The World Shipping Council and its liner shipping member companies demonstrated their commitment to achieving such a result by endorsing the U.S. government's proposal on this subject to the IMO in June of 2007. The U.S. government proposal also received the endorsement of the California Air Resources Board, a number of U.S. environmental interests, the Pacific Merchant Shipping Association, the American Association of Port Authorities, and various individual ports concerned about vessel air emissions.

Subsequently, a number of governments made proposals in the IMO – all with a shared objective of creating a regime that would be internationally respected and adopted.

In order to achieve this result, all recognized that an IMO solution needed to be environmentally effective if it were to be accepted by trading nations around the world. The IMO has succeeded in this effort.

The final product agreed today by the MEPC in London differs in some respect from every proposal previously made in the MEPC, but the result is a focused, specific and effective response. That is a hallmark both of a successful negotiation, and of the ability of the IMO to be an effective international leader and regulator of the maritime industry. The MEPC plan will be scheduled for formal adoption at the next MEPC meeting in October.

The new plan will require ships to use low sulfur fuel in designated Emission Control Areas – first reducing permissible sulfur levels to 1.0% in 2010 and then dropping the permissible sulfur level to 0.1% in 2015 – an Emission Control Area sulfur level that California, the European Commission, the U.S. government, and others had advocated to address air quality issues in near-shore population centers.

The agreed proposal goes beyond the U.S. government proposal and reduces the sulfur content in global marine fuels used outside Emission Control Areas over time as well, reducing the current standard of 4.5% to an interim standard of 3.5% by 2012 and dramatically dropping to 0.5% sulfur content for global application by 2020. This standard will replace the current 4.5% global standard. This new limitation could be met either by use of such low sulfur fuel or by ships' installation and use of emission treatment technology that achieves the same result as the use of such low sulfur fuel.

The changes that will result from these new IMO standards, which include reduction in Nitrogen Oxide emissions as well as sulfur, are substantial. They will address the role and responsibility of the maritime industry in improving air quality, especially in urban port areas that have air quality problems. These low-sulfur fuels, however, are considerably more expensive and will raise the cost of ocean transportation. In addition, the oil refining industry around the world will be tasked with producing a huge amount of product to meet these new standards. The IMO recognized the time and enormous capital investments the refining industry will need to make to produce adequate supplies of these fuels in the time required.

While some questioned whether the IMO would be able to effectively address this challenge, the organization and its member states have removed those doubts. The IMO Marine Environment Protection Committee has produced a result that the World Shipping Council believes should be supported by port communities, maritime interests, and governments around the world.

In the United States, it is now essential that the Congress promptly adopt the pending legislation that will allow the U.S. to implement these good results. The U.S. Senate gave its advice and consent to the relevant IMO Convention on this subject (MARPOL Annex VI vessel air emission treaty) on April 7, 2006, but the Congress has yet to enact the necessary legislation that will allow the U.S. to formally ratify the treaty and implement these new rules. The good faith and good work of the IMO and the international community on this issue now require the U.S. Congress to show similar resolve and action, and to enact this necessary implementing legislation.

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