

WSC statement following MEPC 81

Over the past two weeks, IMO member states and organisations have collaborated to align and organise the work towards mid-term measures to decarbonise the shipping industry. MEPC 81 was an important opportunity for all parties to review and discuss the many proposals on the table. The MEPC has agreed on a framework for the mid-term measures including a fuel standard and an economic measure, as well as set up the necessary expert groups, laying the foundation for an agreement that will deliver on the target of net-zero by 2050.

The WSC Green Balance Mechanism, an innovative approach to GHG pricing designed to bridge the price gap between fossil fuels and green fuels, has been very positively received. The constructive input received both at the intersessional and MEPC meetings are invaluable as we further develop the mechanism.

As we all prepare for the MEPC 82 meeting in September, it is essential that the work on technical and financial measures is undertaken with a clear focus on how they will deliver on our shared target of decarbonization.

A fuel standard must be carefully tailored to align with emission targets using a full lifecycle perspective, providing a clear pathway to ensure it drives meaningful change rather than locking in interim solutions.

A financial measure, or GHG pricing mechanism, needs to bridge the price gap between fossil fuels and green fuels to enable their use in the world's fleet and incentivize investment in green fuel production. Renewable fuel plants will only be built by energy providers if there is a clear demand for green fuels, and simply narrowing the price gap will not be enough to create a viable market.

We look forward to the MEPC 82 in September and are eager to progress the development of a fuel standard and a financial measure, ensuring that regulations are approved as scheduled in 2025, with implementation slated for 2027.