

## **Speaking Note**

**By**

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**Topic: ‘Decarbonisation opportunities and challenges in the Ocean economy’**

### **Context/IMO/MEPC (2023 Revised GHG Strategy-July 2023)**

The IMO, as the specialized UN Agency for a safe, secured and environmentally sound shipping is responsible for ensuring international shipping contributes to the implementation of the 2015 Paris Agreement. To this end, the IMO is expected to revise its *2018 Initial GHG Strategy* in July this year at MEPC 80. The revised 2023 GHG strategy is expected to have increased level of ambition to phase out CO<sub>2</sub> by 2050 or mid-century.

At present, the IMO ongoing works include:

1. The Revision of the Initial Strategy
2. Development of Life Cycle GHG Guidelines
3. Development of Safety Regulations for low-carbon marines fuels
4. Further enhancement of the IMO Mandatory Fuel Consumption Reporting (MRV), and

5. Development of mid-term GHG reduction measures- including possible economic measures.

## **Opportunities**

The adoption of a 2023 Revised GHG Strategy would open up opportunities in the Blue Economy in general, and in particular for the international shipping sector. It would require the availability of alternative fuels on the one hand, and building of new vessels using green technologies on the other. This will have significant impact on the global economy as a whole given that 80% plus of world trade relies on maritime transport. For example, it is reported that “**a successful net-zero transition is expected to see banking financing reach \$68 trillion globally by 2030**” (Choi Jung-Kiu in the Korea Times, Thursday, June 15, 2023).

Some opportunities include:

- Alternative fuels, i.e., biofuels, ammonia, solar/wind; hydrogen, etc) as ships and ports will have to move away from fossil fuels;
- Green Shipping Corridors between ports across regions;

This presents massive opportunities for public and private sector investments in technologies for alternative fuels; infrastructures for alternative fuels; building of vessels using new green technologies, technology transfer/sharing/ capacity building both in developed and developing countries; the training of seafarers in new skill-set to manage the new vessels; etc

## **Challenges to greening the Blue Economy**

The availability of alternative fuels in sufficient quantity to meet global demand is amongst the top challenges to greening the global economy. The good news

is, studies have shown that this is possible provided there is the needed *'regulatory certainty'*. Talking about regulatory certainty, the industry players are waiting for the IMO to give the signals for an increased level of ambition and adopted mid-term and long-term measures with definite time line, i.e. 2050 for example, when the international shipping industry aims to phase-out CO<sub>2</sub> or discontinue the use of fossil fuel. This is what they want to see in the 2023 Revised GHG Strategy. And as would be expected, this would not be straight forward considering issues like *'impact of measures on states;'* technology availability/ transfer/access; capacity building and funds to mitigate impacts or fund green and renewable technologies and infrastructures in developing countries.

Hence, the **main challenge** is "How can the IMO or do I say, the Blue Economy ensure the transition to decarbonising the blue economy in the International shipping subsector occur without leaving any country behind?" How do we ensure the transition is "just, fair and equitable?"

These challenges can be placed on what are call the **"Spectrum of Divide"** towards decarbonisation in international shipping: *The Cautious Approach* versus the *'Ambitious Approach.'* The *'Cautious Approach* are those to the left of the spectrum who want the transition to proceed cautiously to gather the available data and facts while being mindful of potential disruptions in the economies of nations. The *Ambitious Approach* are those that want urgent actions now to reign in the ever-increasing CO<sub>2</sub> in the earth's atmosphere to address climate crisis. For these people, nature is not waiting for us. It is acting ferociously as can be seen by the climate crisis we are facing today - floods; wide fires; melting glaciers; rising sea levels; droughts; etc.

## **Conclusion**

Between these two extremes, is what I call the “*Climate Reality*”. The recent 2023 IPCC AR6 Synthesis report paints a dire climate crisis. It predicts we will not meet the 1.5<sup>0</sup>C climate goal of the Paris Agreement if humans, including the international shipping sector continues business as usual. The various variations in our weather patterns and the attendant consequences of floods, wide fires, sea level rise, droughts; etc is the reality. With that, the question is, “*what should we do as humans?*” Act or wait for nature to fight back with more devastating consequences? I will recommend we take advantage of the opportunities now without “leaving any country behind”. This, I am hopeful, the IMO will do in July 2023 and beyond.