

MARINE ENVIRONMENT PROTECTION
COMMITTEE
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Agenda item 9

MEPC 73/9
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**DEVELOPMENT OF MEASURES TO REDUCE RISKS OF USE AND CARRIAGE OF
HEAVY FUEL OIL AS FUEL BY SHIPS IN ARCTIC WATERS**

**Report of the informal Correspondence Group on the determination of an appropriate
impact assessment methodology**

Submitted by Canada and the Russian Federation

SUMMARY

Executive summary: This document provides the progress report of an informal correspondence group convened to provide guidance on the process of conducting an impact assessment on Arctic communities and economies of a proposed ban on heavy fuel oil (HFO), including a summary of discussions and description of remaining issues

Strategic direction, if applicable: 6

Output: 6.11

Action to be taken: Paragraph 16

Related documents: MEPC 71/14/4; MEPC 72/11, MEPC 72/11/1, MEPC 72/11/2, MEPC 72/11/3, MEPC 72/11/4, MEPC 72/11/5, MEPC 72/11/6, MEPC 72/17, MEPC 72/INF.14, MEPC 72/INF.18, MEPC 72/INF.20 and MEPC 73/INF.19

Introduction

1 At its seventy-first session, the Marine Environment Protection Committee (MEPC) agreed to include a new output on "Development of measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters" in the 2018-2019 biennial agenda of the Committee. The Pollution Prevention and Response Sub-Committee (PPR) was assigned to complete the work on the development of such measures, starting at its next session (PPR 6). MEPC invited the submission of concrete proposals on what type of measures should be developed, including the scope of the work on the new output, to MEPC 72 for consideration, with a view to giving clear instructions to PPR 6 to start the work.

2 MEPC, at its seventy-second session, considered several documents¹ on the development of measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters with the view to determining the scope of work to be undertaken by the PPR Sub-Committee. The Committee approved the following scope of work for the PPR Sub-Committee (MEPC 72/17, paragraph 11.9):

- .1 develop a definition of HFO taking into account regulation 43 of MARPOL Annex I;
- .2 prepare a set of Guidelines on mitigation measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters, taking into account document MEPC 72/11; and
- .3 on the basis of an assessment of the impacts, develop a ban on HFO for use and carriage as fuel by ships in Arctic waters, on an appropriate timescale.

3 Several delegations expressed the view that it would be important for the Committee to agree on an appropriate impact assessment methodology to enable the PPR Sub-Committee to undertake its work. Canada volunteered to coordinate an informal correspondence group with the view to sharing information and combining efforts to develop a more informed proposal for MEPC 73. This proposal would provide guidance on the process of conducting an impact assessment on Arctic communities and economies of a ban on HFO, taking into account the experience and reality of the various countries affected.

4 Representatives from six Member States as well as one observer participated in the Group.

Method of work

5 The informal Group coordinator circulated document MEPC 71/14/4 on Measures to reduce risks of use and carriage of heavy fuel oil as fuel by ships in Arctic waters, which was used as the basis of discussion (round 1). Participants were requested to provide feedback and comments on paragraph 12, which included the following elements:

- .1 type and size of ships operating in Arctic waters;
- .2 structural conditions of ships including existing fuel oil tank protections;
- .3 nature of voyage including ships resupplying remote communities, research, tourism, commercial transportation, mineral extraction and other voyages;
- .4 duration of voyage in Arctic waters and distance from nearest land or fast ice;
- .5 ships engaged exclusively in trade between ports or terminals of a State;
- .6 ships routinely making voyages between specified ports or locations;
- .7 local or regional shipping versus trans-Arctic shipping;
- .8 anticipated availability of different types of marine fuels; and

¹ MEPC 72/11, MEPC 72/11/1, MEPC 72/11/2, MEPC 72/11/3, MEPC 72/11/4, MEPC 72/11/5 and MEPC 72/11/6, along with MEPC 72/INF.14, MEPC 72/INF.18 and MEPC 72/INF.20.

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- .9 operating areas including lower risk voyages (e.g. the use of established routes, proximity of pollution response resources, quality and accuracy of navigational charts and aids to navigation, availability of ice information, marine communications, and traffic monitoring and control).

6 With respect to the above list, the following questions were submitted to the Group:

- .1 Would you modify this list by adding/removing elements and if so, which ones?
- .2 Can you provide suggestions of metrics that could be used to assess each of the elements above?
- .3 Are you aware of existing impact assessment methodologies that could be applied to elements associated to the nature of voyages or services delivered?

7 Document MEPC 73/INF.19, annex 2 contains the full set of comments submitted to the coordinator, collated and presented in tabular form.

8 Using the input provided by the informal Correspondence Group participants, the coordinator then developed a proposal for an impact assessment methodology and submitted it to the informal Correspondence Group participants for comments (round 2). Document MEPC 73/INF.19, annex 4 contains the full set of comments on the proposal submitted to the coordinator, presented in tabular form.

Outputs of the informal Correspondence Group

9 Participation to round 1 was limited, as only four Member States provided input on both what an impact assessment methodology could be comprised of and what metrics could be used in assessing such impacts. One participant suggested adding to the impact assessment a quantification of the economic and social impacts as well as the environmental and health benefits of a possible future ban on the use of HFO as fuel in the Arctic.

10 The proposal submitted for discussion for round 2 included three steps: 1) define the issue and establish the context; 2) identify the options with their associated economic, environmental and social impacts; and 3) determine the economic, social and environmental impacts on Arctic communities of the impacts of a spill. These were based on both methodologies that were submitted in round 1 and metrics provided by the participants were included under each of the above steps. The original proposal submitted for comments can be found in annex 3 of document MEPC 73/INF.19.

11 Round 2 elicited more comments, mainly about specific elements of the proposal. Under Step 1, there were proposals to include additional elements, such as local shipping and fishing operations. Several participants also suggested including information about the number of vessels using HFO out of the total number of vessels sailing into the Arctic. As well, the description of the relationship between the cost of fuel and the cost of the goods shipped generated several comments both about pricing mechanisms and whether it should be included at this stage of the assessment.

12 The discussion under Step 2 on the identification of the options, with their associated economic, environmental and social impacts, elicited comments mainly in terms of what should be considered as a mitigation measure and their preventive/reactive nature, along with the mandatory or voluntary character of those. There were also a number of comments with respect to the economic impacts of the implementation of a ban on HFO, both in terms of evaluating the impacts for the region and the methodology to be used to assess fuel costs.

13 Step 3 was originally framed as "Determine the economic, social and environmental impacts on Arctic communities of the impacts of a spill". However, one participant suggested that it be renamed as "Determine the economic, social and environmental impacts of the use and carriage for use of HFO on Arctic communities", and included elements suggesting that the impacts of the use and carriage for use of HFO as fuel are broader than the potential impacts of a spill for Arctic communities. One participant suggested adding elements on identifying spill response for marine fuel(s) used, including effects on economic activities and non-monetary social and cultural costs to Arctic and indigenous communities. Another participant suggested that the approach to the risks and losses resulting from a spill needs to incorporate the health and wellness of communities and that the most significant impacts cannot be quantified as a monetary figure.

14 One participant raised concerns with respect to the next steps once the impact assessment had been completed. In particular, the questions of who should perform and review the assessment and what criteria would be used to make any decision based on the results of the assessment were raised. As well, one element brought forward by several participants was the impact of the implementation of the global sulphur cap entering into force in 2020. It was noted that it would substantially change fuel properties and market prices, and the suggestion was made that any impact assessment should take this into consideration.

15 In summary, it was noted that several elements brought forward could be discussed in further detail, including additional work on an appropriate impact assessment methodology, and would benefit from more time and more participants. The co-sponsors look forward to working with other delegations ahead of PPR 6 to further this work.

Action requested of the Committee

16 The Committee is invited to note the discussions of the informal Correspondence Group on the determination of an appropriate impact assessment methodology and take action as appropriate.
