Reducing GHG emissions from EU-related maritime transport

Towards the setting of GHG emissions reduction objectives and the extension of the EU ETS to maritime transport

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IMO projections of CO2 emissions from international maritime transport and preliminary IMO target for 2050

Sources: IEA 2014, IMO 2009, IMO 2014, IMO 2018
Policy background: GHG mitigation activities under IMO

- **Energy Efficiency Design Index (EEDI)** sets compulsory energy efficiency standards for new ships built after 2013,
- **Ship Energy Efficiency Management Plan (SEEMP)** requires ships to monitor and possibly improve their energy efficiency,
- **Data Collection System (DCS)** requires ships to collect and report data on fuel consumption from 2019 onwards and report it to their flag state;
- **Market based policies** were discussed 2007-2010 including an emissions trading system and a global greenhouse gas fund, but no agreement reached
Projected emissions from international bunkers and the EU target path

Policy background: GHG mitigation activities under IMO II

Adoption of IMO’s initial strategy on the reduction of greenhouse gas emissions from ships in April 2018 which includes

- **long-term goal** ‘to peak greenhouse gas emissions from international shipping as soon as possible and to reduce the total annual greenhouse gas emissions by at least 50% by 2050 compared to 2008 whilst pursuing efforts towards phasing them out’.

- a list of candidate short-, mid- and long-term policies. Short term policies to be agreed by latest 2023, focus on improvement existing measures, efficiency, speed optimization, port infrastructure, research, technical cooperation, national action.

- **Revision of strategy** envisaged for 2023.

Source: [https://unfccc.int/sites/default/files/resource/250 IMO%20submission_Talanoa%20Dialogue_April%202018.pdf](https://unfccc.int/sites/default/files/resource/250 IMO%20submission_Talanoa%20Dialogue_April%202018.pdf)
Policy background
European Union

- Apart from implementing the Monitoring regulation (2015/757)130, the EU has so far focused on international action under the IMO.
- New drive with revision of ETS directive and Green New Deal
  - Plan to step up climate target for 2030 to -50/55% and climate-neutrality target for 2050
  - Extend the EU ETS to shipping
  - Review of the Energy Tax Directive (ETD)
- Action both at European level and within the IMO needed.

Including maritime transport into the EU ETS

- Inclusion of additional sectors to the ETS environmentally sound if it is expected to lead to reductions in the sector itself and/or in sectors with little or no CO2 taxation, such as maritime transport.
- 32% EU share of emissions from global seaborne transport: international waters
- Monitoring: distance of cargo travelled, last trip or *period prior to port call*. EU shipping MRV system provides a good basis
- Legal assessment: neither UNCLOS nor MARPOL or GATT poses serious hindrances
- Economic impact: many low-cost abatement activities, demand relatively inelastic

Source: UBA 2011
Including shipping into the EU ETS

- Interaction with current oversupply in the stationary ETS should be considered
- Cap, eventually one-way trade
  - No allowances for shipping since the EU ETS is oversupplied?
  - In line with EGD: -50/-55% below [1990/2015] by 2030
- Allocation
  - Benchmarking while phasing out free allocation by 2030
  - Auctioning, revenues to be used for promoting innovative technologies such as e-fuels

Source: UBA 2011, Sitra 2019
A market based measure for shipping compatible with developments in IMO?

To consider when designing

• IMO compatibility would be an asset
• IMO excluded offsets – could be reflected by a closed system
• Better avoid schemes with international financial flows to international bodies (likely to lead to a deadlock).
• Distribution of funds is always highly contested.
• Ensuring that the money stays within the sector is more difficult when finance ministries are involved.
Key messages

• Increased climate ambition is necessary
  • Energy efficiency crucial but not enough
  • Vision: Zero fossil fuels by 2050
• EU should push for more climate action at IMO level
  • Use the revision process of IMOs GHG reduction strategy in 2023
  • Promote additional measures under IMO e.g. on slow steaming, efficiency and fuels from renewables
• EU should move forward in the meantime
  • Tackle potential inclusion of Maritime Transport into the EU ETS
  • Further development of the MRV regulation towards a policy for reducing operational GHG emissions of existing ships
Thank you for your attention!

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