

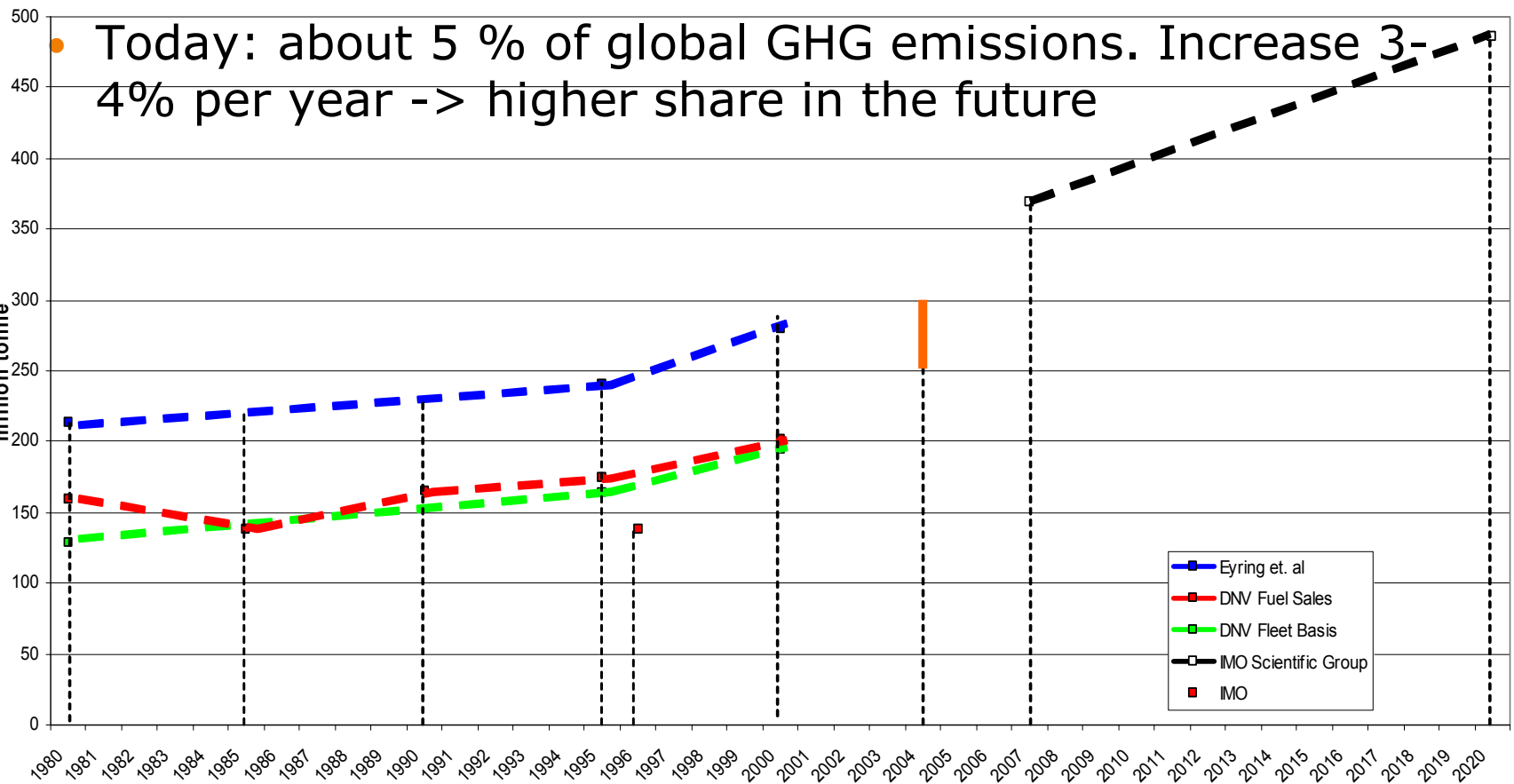
**Roundtable AWG KP  
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**International aviation and maritime  
transport**

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# International aviation and maritime transport

- Only GHG-emitting sectors not covered by Annex I Party commitments



# The Kyoto Protocol

- Article 2.2:

Annex I Parties shall **pursue** limitations or reductions of GHG from international aviation and marine bunker fuels working through ICAO and IMO

- Important to respect principles of non-discrimination (ICAO)/no more favorable treatment of ships (IMO) -> global coverage
- No regulations to reduce GHG emissions are in place in IMO or ICAO, no targets agreed: Art 2.2 has so far not resulted in reduced or limited GHG emissions
- There is a need for stronger commitment and leadership by UNFCCC on this issue:
  - Targets for emissions from international aviation and maritime transport should be included in the KP
  - Aviation and maritime transport should be considered separately

# International Maritime Organization - IMO

- 9 Principles agreed by the majority at MEPC 57 in April

A coherent and comprehensive future IMO regulatory framework on GHG emissions from ships should be e.g.:

- Effective in contributing to reductions in total GHG
  - Binding and equally applicable to all ships in order to avoid evasion
  - Cost effective
- Intersessional meeting in Oslo 23-27 June. ToR, work on:
    - A mandatory CO<sub>2</sub> design index + review existing operational CO<sub>2</sub> -index
    - Market-based measures, including hybrid mechanism/global levy and emissions trading schemes and/or CDM
    - Resolution on voluntary mechanisms/best practices
- Shipping truly global
    - Most ships registered in developing countries (85% of emissions), but owned by companies in developed countries

# IMO regulation of GHG

- Market-based system needed. Two possible options: cap-levy-and-trade (hybrid) or emissions trading
- IMO should establish a legally binding instrument, which includes the cap and target period defined by UNFCCC
- Legal responsible subject for payment of the levy/allowances must be defined -> the ship
- Flag state obligation to ensure that all ships pay levy/surrender allowances for all emissions and provide documentation
- Port State Control of all ships based upon certificates of payment of levy/allowances for emissions
- International administrative entity needed. Tasks: auctioning allowances/receiving levy revenue, purchase CO<sub>2</sub>-credits, allocate revenues, keeping allowance/levy accounts etc
- International maritime GHG fund should be established: E.g. supporting the Adaptation Fund, other recipients/tasks not excluded

# Emissions Trading scheme

- Establishment of a cap on CO<sub>2</sub>: in line with UNFCCC-decision
- Party obligation: ensure that all ships of the Party surrender allowances for all CO<sub>2</sub>- emissions, based on fuel consumption
- Port State control of all ships: allowances delivered according to emissions, necessary documentation available
- Initial auctioning of allowances to ship responsible (ship owner, -operator, charterer) – open system
- Establishment of entity responsible for auctioning allowances
- Establishment of an international fund with revenue from the auction
- Support adaptation projects in developing countries

# Cap-levy-and-trade scheme (hybrid)

- Establishment of a cap on CO<sub>2</sub>: in line with UNFCCC-decision
- Party obligation: ensure that all ships of the Party pay levy to e.g. an administrative entity based on documented fuel consumption
- Port State control of all ships: checking the accounts of the ship whether levy has been paid for all fuel consumed
- Establishment of an international Maritime GHG fund:
  - Adaptation projects in developing countries -> Adaptation Fund
  - CO<sub>2</sub>-credits, including from CDM to offset emissions above the cap
  - IMO Technical Corporation Programme: capacity building on GHG reductions in developing countries
- Levy level sufficient to cover the obligations of the fund

# Conclusion

- Global sectoral approach preferable - > AWG LCA
- Or: establish target/cap for emissions from international maritime transport -> Art.2.2 KP
- Target: In line with the long term goal
- Request IMO to establish regulatory framework to ensure the target is met
- Market based system should be implemented
- Cap-levy-and-trade (hybrid) or emissions trading system
- Possibility for Joint Implementation projects