REPORT FOR TALANOA ON SHIPPING GREENHOUSE GAS (GHG) EMISSIONS REDUCTION

Date: Thursday 3rd August, 2017  Venue: PIDF Secretariat, 56 Domain Road, Suva, Fiji  4pm-6pm
Introduction

Dr. Peter Nuttall welcomed everyone to the Talanoa Session and introduced the guest speaker, Ms. Isabelle Rojon – a Research Associate at University College London (UCL) who lead the presentation on shipping sector GHG emissions. UCL has been looking at evidence of recent trends in shipping efficiency and emissions, as well as researching on how the future of shipping emissions look globally and in the Pacific. In 2014, a Memorandum of Understanding was signed between UCL and the University of the South Pacific (USP) and they have been working together to answer fundamental questions such as (i) what will it take for the shipping industry to decarbonize and (ii) what will the fuel mix and propulsion technology look like? Discussions at the International Maritime Organisation (IMO) took place at the end of June/start of July, thus, this Talanoa also discussed what is currently happening at that level. Dr. Nuttall and Alison Newell took the floor after her. A copy of their presentation material is Annex 1 to this report, and the participant list is Annex 2.
Summary of Discussions

Below is the summary of the discussions that took place at the Talanoa Session:

1. The emissions between 2007 and 2012 need to be understood:
   a. www.shipmap.org tracks all the maritime transport routes globally;
   b. Since 1990, maritime transport services have increased by around 70%, and in 2012, 796 million tonnes of CO$_2$ were estimated from the shipping sector – which is 2.3% of global emissions;
   c. Regulatory oversight for the shipping industry rests with IMO, and is dealt with in the Marine Environment Protection Committee (MEPC);
   d. The following regulations are being worked upon and will apply to all ships over 400 gross tonnes:
      i. Energy Efficiency Design Index;
   e. Business as usual (BAU) scenario shows emissions to increase by 50-250% by 2050 – and this is inclusive of current IMO regulations – which are not stringent enough – and the fact that future transport demands will increase considerably.

2. Paris Agreement goals to limit increase to 1.5 degrees Celsius and the need for emissions to peak as soon as possible demands a transformative shift in the shipping industry, amongst all others.

3. Global carbon budgets mandate a 620Gt (Gigaton) release of CO$_2$ to stay under 1.5 degrees Celsius; 1,250Gt for 2 degrees Celsius (at a 50% chance of staying within the temperature threshold). Essentially, we need to decarbonize by 2040 to stay under 1.5 degrees Celsius and for the shipping sector, this means:
   a. 18Gt carbon budget to achieve 1.5 degrees, and
   b. 33Gt carbon budget to achieve 2 degrees.

4. The scale of the current industry projections show untenable increases.

5. If we look at the 2 degree Celsius scenario only, a 60-90% decrease in fleet average carbon intensity is necessary. Energy Efficiency alone will not achieve this. Energy sources and propulsion methods need to shift. (Note that 1 ship generation lasts roughly 30 years)
6. IMO GHG strategy includes:
   a. Roadmap adopted in October 2016;
   b. Adoption of initial strategy in 2018;
   c. 3 meetings:
      i. June/July 2017: 1st Intersessional and MEPC 71;
      ii. October 2017: 2nd Intersessional; and
      iii. April 2018: 3rd Intersessional and MEPC 72.
   d. Adoption of revised strategy in 2023 at MEPC 80.
      i. Review Data Collection Systems; and
      ii. Conduct fourth IMO GHG Study.

7. 1st Intersessional and MEPC 71
   a. 34 proposals submitted, 11 of which were co-sponsored by Pacific Island States;
   b. Many encouraging signs:
      i. Calls for ambitious GHG reduction targets;
      ii. China’s & India’s strategy in line with 1.5 and 2 degree goals;
      iii. Industry support;
      iv. Importance of low-carbon energy and fuels recognized;
      v. This whole process was initiated by the Republic of Marshall Islands (RMI).

(Participants at the Talanoa Session)
8. Outcome of the structure of the initial strategy:
   a. Preamble/introduction/context including emission scenarios;
   b. Vision;
   c. Levels of Ambition/ Guiding principles;
   d. List of candidate short-, mid-, and long-term further measures with possible timelines and their impacts on States;
   e. Barriers and supportive measures, capacity building, technical cooperation and R&D;
   f. Follow-up actions towards the development of the revised strategy;
   g. Brazil, Saudi Arabia, and the Cook Islands disrupted the process;
   h. Periodic review of the Strategy;
   i. Positive indicators from the process included Bahamas’ proposal of a vision statement to decarbonize by the 2\textsuperscript{nd} half of the century;
   j. Coalition of Pacific Island States and European States has been joined by Canada, and others;
   k. South Americans are breaking away from Brazil to find common ground;
   l. Meetings with wider group of countries to include Japan, China, Singapore, Argentina, Chile, and others.

9. Important to keep up pressure – there will be resistance.

10. Need to ensure high level of ambition and early adoption of measures.

11. Work on submissions have begun.

12. Outreach to other countries is crucial.

13. High Ambition Coalition has involved frequent correspondence but again, wider cooperation requires outreach and talking to other countries.

14. Majuro Declaration > Suva Declaration > RMI submission in 2015:
   a. Fiji, Solomons, Tuvalu, Kiribati, Tonga all in support of RMI;
   b. Registries of Palau, Vanuatu, and Cook Islands are participating in IMO;
   c. Samoa is also involved;
   d. New Zealand and Australia are now coming into the discussion.
15. High Ambition Coalition for Ships (HAC 4 Ships)
   a. Alliance between EU and the Pacific member states of IMO;
   b. “Buddy System” set up for making sure Pacific countries partner up to support each
      other through cooperation (Fiji-France, Netherlands-Tonga, for instance).
      Belgium/Solomons working to partner. Kiribati-Sweden and Tuvalu-U.K.
      arrangements under pursuit. outreach to other Pacific IMO members such as Samoa is
      needed. Solomon Islands and Belgium hosted a Pacific/Caribbean lunch attended by
      all the Pacific IMO representatives and most of the Caribbean delegations as well as
      Secretary of State for Belgium.
   c. Pacific represented by, amongst others, Ministers from Tuvalu, Kiribati and RMI and
      Ambassador Solomon Islands, plus High Commissions for Fiji and Tonga as well as
      technical officers. Ministers and Ambassador’s statements had impact in MEPC 71.
   d. New partners;
   e. PIDF facilitation & regional outreach;
   f. EU/PIFS financial support has been instrumental for getting delegates to IMO;
   g. UCL/USP technical support – drafting submissions/answering technical questions and
      addressing transport issues.
16. Bahamas approached PICs for additional conversation – RMI, Solomons, and Bahamas
drafted the Vision statement.
   a. Bangladesh, Malta, and Greece have come in as supportive;
   b. Solomons and Belgium hosted a lunch for Pacific Islands States.
17. 22\textsuperscript{nd} of September is the deadline for the 2\textsuperscript{nd} Intersessional meeting submissions – drafting
    process is underway.
18. Pacific Participation needs to be further refined:
   a. regional technicians workshop needs to be arranged for officials;
   b. Report back on 1\textsuperscript{st} Intersessional Working Group (ISWG) & MEPC 71
   c. Pacific Position Paper needs to be endorsed by Leaders.
19. PNG student was at IMO – asking why PNG was not engaged yet.

20. Pacific Position Paper:
   a. If RMI had not acted at MEPC 68, with Minister Tony deBrum leading the charge, the interest of PICs would have been absent. Solomon Islands has stepped into the space despite not having a shipping registry and no vested interest except as a trade recipient, but it has helped make an impression. The HAC4Ships is the most logical and best collaborative effort to make an impact.
   b. Technical backstopping is necessary for supporting the national efforts of the HAC4Ships. RMI & Solomons came to USP & PIDF to arrange a Pacific Position Paper:
      i. Leaders need to endorse this despite postponement of upcoming Honiara PIDF Leaders’ Summit;
      ii. A compressed timeframe at IMO means drafting/ratification process requires rapid response and streamlined process. (Every 8 months for the next 8 years).

21. Mr. John Tunidau informed that:
   a. At the Pacific Ministers Forum Meeting, a paper was put forward to support HAC which was supported by all PICs.
   b. There are 4 new attendants to IMO – Pacific voice was absent previously.

22. Mr. Mark Borg questioned:
   a. Why are Brazil and Cook Islands being disruptive? (Saudi Arabia is expected)
i. Response from floor was that Brazil is suspected to be influenced by their mining interests. They are worried about costs of shipping to China (compared to other mining countries like Australia and South Africa), which will make them less competitive;

ii. IMO publishes a list of participants and Brazil had 5 from the mining company (VALE), and 2 from the fuel company (PETROBRAS);

iii. IMO is unlike other UN bodies – the industry has a disproportionately influential role and it is not just a single delegate representing each country;

iv. Marshalls’ flag industry is worth over $100m per year, but RMI receives around $5m per year – Fiji/Solomons have never maintained open registries, and Kiribati, Tuvalu, Vanuatu, and Cook Islands are all influenced by their registries. Flags and Registries underpin issues in the IMO. PICs must reshape their role in the industry to create transparency.

b. As for the Cook Islands:

i. Official reason is transport costs despite the fact that all research available today shows the transition to low carbon sea transport reduces costs, and of course environmental damages;

ii. Technology exists to cut transport fuel use.

23. Ms. Aimee Kerr questioned if there are concerns over transitioning to new types of energy supply:

a. Energy transitions dealt with in the past have happened because there was an economic dividend for the world in making the change;

b. Pacific is in a unique position due to long distances and small scales;

c. Fuel discussion was prevalent, but the discussion was not very open (LNG as transition fuel for short time – electricity came up, but no one mentioned nuclear);

d. Land-based transitions are seeing policy signals at a national level, but sea transport is a trans-boundary issue, and domain of control is complicated. Perception is the change needs to be mandated by the IMO.
e. The other option is to take it off the IMO and put it into the UNFCCC Agreement – but then, how do we utilize this debate to become a useful point at COP23?

f. Europe already has a strategy in place – if IMO doesn’t meet the roadmap, its strategy comes into effect – Pacific can take that approach as well.

24. Suggestions from Mr. Taholo Kami:
   a. Look at the legacy of what Fiji can bring to and get out of COP23;
   b. Oceans;
   c. High-Level Coalition on Sustainable Transport (3-5 year plan):
      i. Tie national transport issues to commitments;
      ii. Put pressure on the IMO;
      iii. Can Fiji launch this at COP23?

25. Dr. Nuttall replied that the coalition already exists in an embryonic form:
   a. Barrier in Fiji is the poorly conceived NDC, as well as all PICs beside RMI;
   b. Fiji needs to actually review its NDC target and look for a transport goal to devise.
      UCL, Manchester Tyndall and USP are all supportive.
   c. Willingness to do this is present now – the discussion and funding of a revision across the region to strengthen the national commitments is there;
   d. Private sector needs to be tied into this process.

26. Mr. Mark Borg commented that NDC isn’t necessary for sustainable transport road map.

27. Ms. Alison Newell commented that:
   a. Other developing states can be brought into the discussion at COP23;
   b. We must also consider how to get countries like Brazil on our side.
28. Ms. Katerina Syngellakis commented that the Pre-COP23 could be the ideal space for these discussions, building relationships and ensuring the specific needs of the Pacific region;

29. Mr. Albon Ishoda informed everyone that:
   a. Conversations are already happening but there is a need to enhance that discussion and explore the opportunities involved;
   b. A facilitative dialogue is expected out of Fiji’s COP23 Presidency. How do we ratchet up ambition?
   c. The IMO presents an opportunity to meet the 1.5 degree limit and highlight this issue at a global level beyond the IMO battleground but the holdout countries control that discussion;
   d. The nature of these conversations means the region needs to be more coordinated to push a better conversation through at COP23;
   e. RMI is the Chair of the Climate Vulnerable Forum Chair.

30. Dr. Peter Nuttall commented that:
   a. The advantage here is that RMI enjoys the support of independent diplomats to build HAC4Ships;
   b. Pre-COP at Sheraton should include spearheading the HAC4Ships and put immediate pressure on Brazil for 2nd intersessional;
   c. There’s much better media coverage in EU and America than in the Pacific. There are journalists following Pacific actions within the IMO and one such person is Ed King.
d. Ed King is doing a media outreach drive in Europe – the Pacific is getting credit globally for the push, but this is not present in local media.
e. Ed needs more stories on the transport dialogue in the Pacific.

31. Ms. Isabelle Rojon reiterated that IMO is a very technical organization:
   a. Many country representatives do not have climate division dealing with IMO;
   b. Shipping and climate change are not being tied together in the public eye.
   c. The Climate Vulnerable Forum is an opportunity for RMI to highlight the role and get support from other countries highly impacted by climate change.

32. Ms. Katerina Syngellakis agreed with Ms. Rojon and said that:
   a. People do not connect the shipping emissions with climate change;
   b. This is the same issue with the energy sector – it’s about services on the ground every day for the general population.
   c. Shipping services need to be tied in and it’s a development issue;
   d. Uto ni Yalo journey was about impact on the ocean itself

33. Mr. Andrew Irvin suggested that Sectoral Pricing needs to be analysed.

34. Mr. Taholo Kami put to the floor the following questions:
   a. Is there value in Fiji’s COP23 Presidency to raise the bar for all of these issues?
   b. How do we work with Fiji Government to prepare for the event?
   c. How do we add value to the sustainable shipping/transport agenda?

35. Mr. Mark Borg commented that the Paris Process on Mobility and Climate (PPMC) Partnership is already in existence – how do we tie it in?

36. Dr. Peter Nuttall responded by saying that:
   a. USP is willing to join this working party to assist; and
b. They already aware of strong international research networks that can dovetail into these discussions.

37. Ms. Alison Newell commented that:
   a. Distances are a concern for shipping routes;
   b. Transport cost issues need to be addressed alongside the regulatory realities and emission targets;
   c. And what are these regulations going to mean for Pacific Island states?

38. Ms. Katerina Syngellakis commented that the inaccessibility of data on fuel is a huge issue for properly calculating the NDC – the fundamental information is not there.

39. Mr. Albon Ishoda remarked:
   a. Look at how much countries are spending on transport – addressing the point of “what are the actual benefits actually being received on the ground?”
   b. Research into statistics and technology is vital.
c. Global budget shows the huge expenditures in the sea transport sector – it’s an abstract issue, hidden from the people who own the flags represented in the IMO;
d. Before COP21, one of the few conversations had in the HAC4Ships was debating the 1.5 degree threshold and the 5 year review – and, transport was a point of compromise.
e. The discussions are happening, but the challenge is to put the right message together and connect all the dots and get messages together for communities.

40. Ms. Alison Newell, referring to the earlier discussion around the RMI/Solomons/Bahamas vision statement – i.e. the decarbonisation by 2050 goal:
   a. Do you need everyone to agree to these points and where do you draw the line?
41. Dr. Peter Nuttall reiterated that:
   a. The science demands we decarbonize shipping before 2045;
   b. Constant fleet rotation is part of the business – what is the next generation of ships and how do we create a long-term solution to re-fleeting?
42. Ms. Katerina Syngellakis responded with a question – since Pacific doesn’t build the ships, what are the market signals?
43. Dr. Peter Nuttall said that it’s policies. We need to set the policy for what governments want for the transport sector.
44. Mr. Taholo Kami commented:
   a. What if we say we have this 2045 deadline, and we need technology from the market to do this?
   b. There’s a real time issue to put things in place with the live networks preparing before COP23 – Fiji commitments need to be established now – who does Fiji need to send invitations to? What are the alliances that need to be formed?
   c. If it doesn’t go in to the COP23 negotiations, it can happen at the Fiji Pavilion.
45. Dr. Peter Nuttall commented:
   a. Hypocrisy sets in if we do not establish targets that show we are prepared to make the market shift;
   b. Groundwork has been done – we do not need to start from scratch on this;
   c. Solid science indicates the maritime sector needs to decarbonize.

46. Ms. Alison Newell informed that:
   a. China & India suggested for NDCs for shipping to be set at a national level;
   b. Shipping is one of the few sectors that can be decarbonized with existing technological options (as opposed to, for example, the Aviation Industry. They will struggle with decarbonizing);
   c. One of the easiest ways to reduce emissions is to regulate speed of vessels – huge immediate impact on fuel use and therefore emissions will be seen. (Example, have a Pacific Speed limit across EEZs)

47. Mr. John Tunidau complemented Alison’s points:
   a. Ship Captains are reducing speed and using few engines to save fuel;
   b. Hull cleaning is absolutely crucial to reduce drag;
   c. Many measures can be put into place to improve performance;
   d. Fiji had fossil fuel before with the ships – they are using light diesel oil since it’s reducing their costs from the medium/heavy diesel oil;
e. We need to fight to get rid of fossil fuels by 2045;
f. Ship operators for domestic market – need to look at the three fuel importers and
disaggregate the fuel uses.

48. Ms. Isabelle Rojon commented that:
   a. It’s important to voice to the agencies that fund these studies upon which decisions
      are made as it will not just be focused on land transport, but maritime too. Maritime is
      often overlooked.
   b. During financial crisis, ships slowed down, but they’ve sped up again, and the market
      barriers in place are prohibiting changes from sticking – regulation is necessary

49. Discussions concluded, and Dr. Peter Nuttall thanked Isabelle for her presentation and
everyone’s input into the Talanoa Session.

LIST OF ANNEXES TO THE REPORT

Annex 1 – Presentation by Ms. Isabelle Rojon, Dr. Peter Nuttall and Ms. Alison Newell

Annex 2 – Participants List