

TO	:	Pacific diplomatic missions
DATE	:	28 July 2016
SUBJECT	:	<b>Briefing on two shipping emissions papers suggested for submissions to IMO MEPC 70</b>

### Purpose

1. To brief Pacific diplomatic missions on the developments that are underway at the International Maritime Organization (IMO) to address the issue of reducing greenhouse gas (GHG) emissions from the international shipping sector.
2. The consultation process, organised by the Pacific Islands Development Forum (PIDF) on 28 July 2016, aims to seek the views of Pacific Island governments and other stakeholders with regards to the shipping emissions papers that are proposed for submission to the 70<sup>th</sup> Session of the IMO Marine Environment Protection Committee (MEPC) in October 2016.

### Background

3. In recent years, a number of European Union (EU) member states and Pacific Island Countries (PICs) have been working diligently towards achieving a common goal of getting international shipping to shoulder its responsibility of reducing GHG emissions. The issue has been subject to intense debate in key international forums such as the United Nations Framework Convention on Climate Change (UNFCCC) 21<sup>st</sup> Conference of Parties (COP21) in December 2015; and IMO's 68<sup>th</sup> (May 2015) and 69<sup>th</sup> (April 2016) MEPC sessions.
4. A major step was taken by the Republic of Marshall Islands (RMI) in May 2015 when it submitted a paper (MEPC 68/5/1)<sup>1</sup> to MEPC 68 advocating that IMO adopt an ambitious target for its future GHG emissions trajectory and agree the measures necessary to achieve that target. The paper was presented in the meeting by the RMI Foreign Affairs Minister Tony de Brum and supported by the governments of Solomon Islands, Tuvalu and Vanuatu from the Pacific Islands region and many other IMO member states, primarily from Europe, but ultimately the decision to progress the paper's suggested action was postponed to an unspecified future date. This was mainly due to the uncertainty on the Paris outcome, and the need for MEPC to finalise the data collection system proposal that had been under debate at IMO for several meetings.
5. Emissions from the international shipping sector were then considered but ultimately dropped from the Paris Agreement, despite calls from the Pacific (reinforcing the Suva Declaration), many EU countries and the shipping industry, who all thought that a clear signal from UNFCCC to IMO would accelerate progress on this sector's GHG emission reduction.
6. From Paris, the negotiation platform shifted to MEPC 69 (April 2016) where a coalition of countries consisting of the Solomon Islands, Marshall Island, Belgium, France, Germany and Morocco co-sponsored a paper (MEPC 69/7/2)<sup>1</sup> calling for the development of a work plan to define shipping's 'fair share' in reducing its GHG emissions. Three related paper were submitted by industry organisations, all of which advocated that IMO begin work to define what shipping's contribution to global efforts to reduce GHG emissions should be.

<sup>1</sup> These and other MEPC papers are available on the IMO website [www.imo.org](http://www.imo.org) under IMODocs

7. Despite overwhelming support for the GHG reduction initiative at MEPC 69, the proposals put forth by the papers were not adopted but neither were these rejected in total. MEPC 69 took a consensus-based decision to establish a working group for more in-depth discussion on the topic at the next session scheduled to take place from 24-28 October 2016. The main counter-arguments raised were that the 'fair share' debate would be incompatible with the three-phased approach the IMO is about to adopt (1) collect fuel consumption data, 2) analyse it and 3) decide if, and if so which, further measures are needed) and that it would lead to higher transport costs and therefore have negative repercussions on economic development.

#### **Continuation of 'fair share' initiative at MEPC 70**

8. In order to keep up the momentum of the 'fair share' initiative and ensure in-depth discussion in a working group, it is pivotal to provide further input to MEPC 70 in the form of paper submissions. Furthermore, it is important to take the concerns raised by opposing delegations at MEPC 69 into account to promote a positive discussion at the next meeting. Against this background, IMO leads from Belgium, Germany and France have drafted two documents proposed for submission to MEPC 70:
  - (i) **Submission 1** outlines how the proposed 'fair share' work plan relates to and complements the three-phase approach of the global data collection system, and vice versa. It for example explains that sufficient data is already available to define shipping's level of ambition in reducing GHG emissions, so there is no need to wait for the outcome of the data collection phase. The decision-making on further measures in the third phase would need to be informed of the IMO's ambition on climate change, so defining this level of ambition is indeed a prerequisite for fruitful discussions in the third phase. Submission 1 also proposes an updated work plan associated with a timeline.
  - (ii) **Submission 2** highlights important aspects which need to be taken into consideration when defining shipping's 'fair share'. Based on fairness principles used in international climate change negotiations, it proposes different methodologies to define shipping's fair share. It clarifies that the definition of this share itself does not have an impact on transport costs, but measures to reach it may. Such undesired changes in transport costs could however be addressed in many different ways to avoid potential negative repercussions on the sustainable development of remote economies and small island states in particular.

#### **Why a Pacific-EU alliance is critical**

9. Since the submission of MEPC 68/5/1 by the Republic of the Marshall Islands, the initiative to define shipping's level of ambition in reducing its GHG emissions has gained a lot of ground and was supported by a clear majority at MEPC 69. However, pronounced disapproval from a number of countries prevented further progress (i.e. agreeing on the development of a work plan to define shipping's contribution to reducing global GHG emissions). It is likely that these countries may continue to be vocal at the next session, which may affect the outcomes desired of the working group and slow down the process of adopting the proposed work plan. It is therefore pivotal to keep up the momentum for the 'fair share' initiative and continue to strengthen support for it.
10. The support from PICs is crucial for a number of reasons:

- (i) First, it was a PIC – the Republic of the Marshall Islands – that brought the topic back on the IMO agenda with the submission of document MEPC 68/5/1. The bold move of then RMI Foreign Minister Tony de Brum is well remembered by IMO delegations and was referenced a number of times during the MEPC 69 debate. PICs continuing to champion the debate provides for a good continuation of previous efforts and demonstrates their resolution to fight for this initiative.
- (ii) Secondly, being highly vulnerable to the effects of climate change, the PICs can demand decisive mitigation action with high moral authority – something which was very eloquently done by the Solomon Islands Ambassador Moses Kouni Mosé when introducing the paper to MEPC 69. Furthermore, the PICs’ persistence led to the forging of the Coalition of High Ambition in Paris in December 2015, which eventually resulted in the adoption of the objective to pursue efforts to limit the temperature increase to 1.5°C – a similar success at IMO can only be replicated with the strong voices of PICs.
- (iii) Thirdly, the coalition between European and PICs unites the voices of developed and developing countries in one common ask: the protection of the global climate. The divergent perspectives of developed and developing countries have in the past led to a deadlock in GHG debates at IMO, freezing discussions on market-based measures. Through true and meaningful collaboration, the coalition can come up with answers and solutions to issues that may arise, such as how to address sensitivities of remote economies and small island states in a meaningful way, how to mitigate any potential impacts on transport costs, and others. The European co-sponsors have confirmed that they are willing to tackle these issues, but can only do so in collaboration with their Pacific partners. It is believed that such collaboration has great potential to result in proposals that are perceived as credible and fair, which will increase the likelihood of acceptance and adoption at IMO.

### **Requested actions**

#### 11. Actions requested:

- (i) Indicate the possibility of your country’s co-sponsorship for the MEPC 70 papers.
- (ii) Give suggestions as to any other countries that may be interested to support.
- (iii) Make any suggestions for modification to the content of the two draft papers.