



Council of the
European Union

Brussels, 26 February 2018
(OR. en)

6580/18

CLIMA 42
ENV 136
MAR 26
MI 111
ONU 20

NOTE

From: General Secretariat of the Council
To: Delegations
Subject: Developments regarding shipping and the IMO
– Information from the Commission

Delegations will find in the Annex an information note from the Commission on the above subject, to be dealt with under "Any other business" at the Council (Environment) meeting on 5 March 2018.

Developments regarding shipping and the IMO**- Information from the Commission -**

International shipping, like all other emitting sectors, needs to urgently and fairly contribute to the objectives of the Paris Agreement with a view to hold the increase in the average temperature to well below 2 °C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C.

Latest science further calls for urgent action by all States and all sectors. While international shipping presently contributes to 2 to 3 % of global GHG emissions (among the 10 largest emitters), projections for the coming years and decades show that this will be growing sharply, in particular in the face of increased international trade and shipping needs.

If no further action is taken swiftly, and while other sectors are reducing their emissions, the share of shipping emissions could rise to as much as 10 % of total global GHG emissions by 2050.

Economic circumstances since 2008, including lower demand and higher fuel prices, as well as IMO design requirements for new ships have allowed for efficiency improvements. However, and while welcome, this remains far too modest compared to what is expected and possible in terms of emission reductions. There is considerable potential for further efficiency gains in the sector, including with existing technologies, and a lot of this is cost effective in view of associated fuel cost savings. For the longer term (post 2030), there is potential for zero emission technologies and fuels provided that the right incentives are put in place for their further development.

This is the context in which the International Maritime Organization (IMO), the UN body in charge of international shipping, is expected to agree on an initial GHG reduction strategy at the Marine Environment Protection Committee (MEPC) meeting on April 9-13.

For the strategy to be meaningful, it needs to be based on an adequate and ambitious emission reduction objectives and an associated pathway, consistent with the temperature goals of the Paris Agreement. These are crucial elements to guide discussions on concrete measures to be developed and adopted, in the short term but also later. This is also the signal needed from IMO to drive innovation and investments of the shipping industry in new technologies and fuels.

For the EU it is also essential that the strategy includes a list of candidate measures for the short, mid, and long term, to enable the achievement of adequate emission reductions, and that a work plan is agreed to start and organize the work, including on short term measures so that no time is lost. This is also in line with the expectations of the European institutions reflected in the revised EU ETS Directive that calls for international shipping to contribute its fair share to the efforts needed and action from the IMO or the EU to start from 2023 including the preparatory work on adoption and implementation. Furthermore, the European Commission is requested to keep progress under the IMO under regular review and to report annually on progress achieved.

The EU should call for an absolute emission reduction objective of 70-100% by 2050 (2008 level) and a pathway to achieve this objective, while remaining open to discussion and concerns from a number of our international partners. In addition, the EU should show openness to investigate, on the basis of a sound methodology, possible disproportionate impacts of measures on States, in particular SIDS and LDCs.

While remaining negotiating time is extremely short and negotiations challenging, an ambitious EU position and active outreach to IMO parties and stakeholders are thus of the utmost importance to convince the silent majority or those having concerns in the IMO that it cannot afford failing, especially after the progress achieved in International Civil Aviation Organisation last year as regards international aviation.

A couple of months before the next UNFCCC Conference of the Parties, the stakes are therefore high for IMO to deliver a successful outcome this April.