

Generating offsets through a sector-based MBM

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IMO - Market-Based Measures

Currently 11 MBM proposals under consideration at IMO

MBM proposals with the potential to generate revenue:

- **International GHG Fund**
 - Proposed by Cyprus, Denmark, Liberia, Marshall Islands, Nigeria, Republic of Korea and International Parcel Tankers Association (IPTA)
 - Supported by a number of other countries and industry organizations
- **Emission Trading Scheme**
 - Proposed by Norway, France and Germany



International GHG Fund - rationale behind the proposal

- Long life of ships
- Growth in international shipping
- Contributions from all sectors
- Offsetting GHG emissions



International GHG Fund – Key elements

- Bunker fuel contribution:
 - Mandatory registration of bunker fuel suppliers
 - Based on the Bunker Delivery Note as evidence
 - Collection by registered bunker fuel suppliers
 - Direct transfer to the International GHG Fund
 - Ships in international trade – all marine fuels
 - Port State Control
- A global, binding, separate legal entity – a new IMO Convention



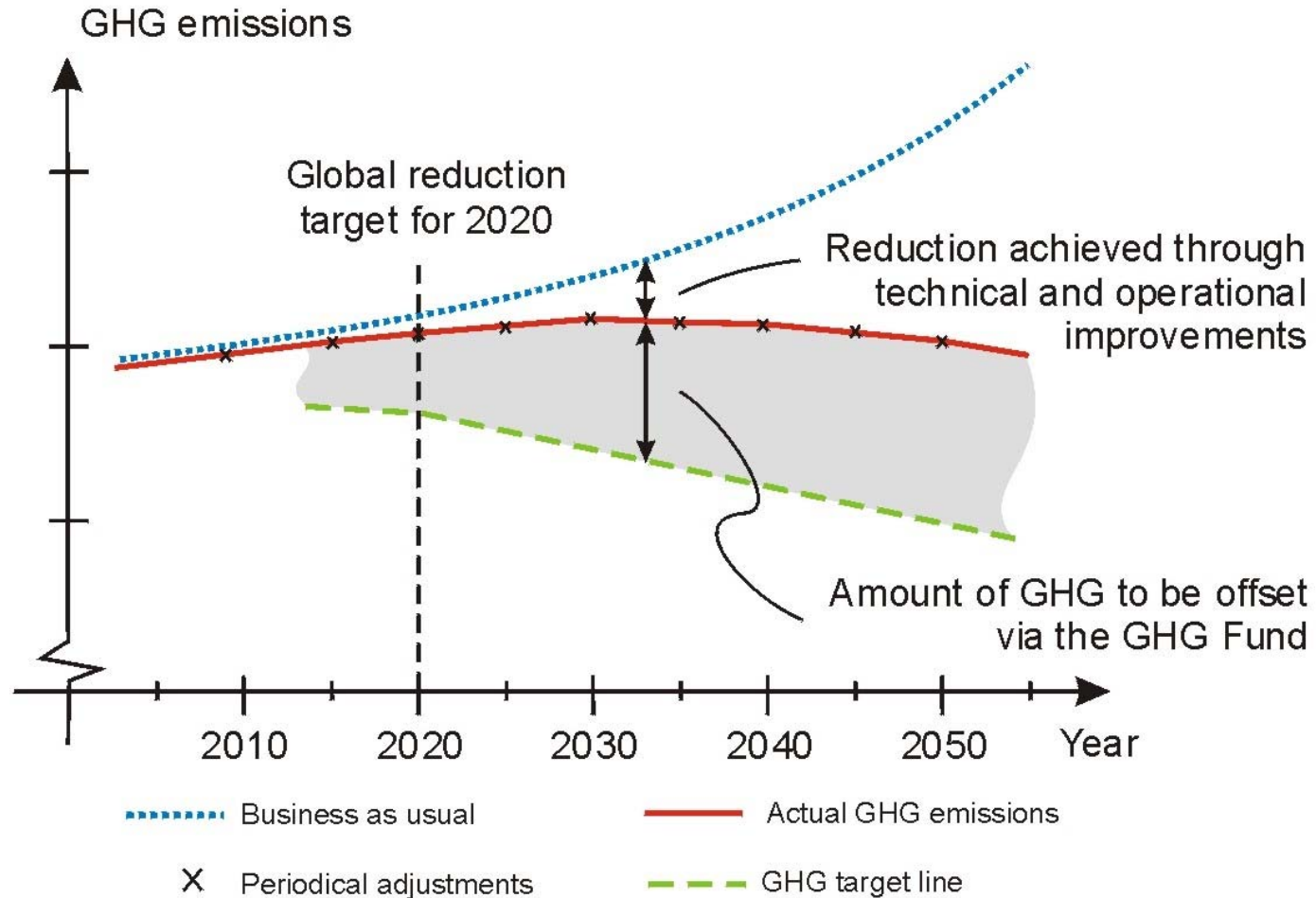
Allocation of Potential Revenues



- Shipping industry should be credited for the sector's contributions through out-off-sector offsets.
- Revenues should be allocated for purposes consistent with the objectives in the UNFCCC and be compatible with the financial architecture of a future global climate change agreement
- Mitigation and Adaptation – emphasis on Least Developed Countries (LDCs) Land Locked Developing Countries (LLDCs) and Small Island Developing States (SIDS)



Offsetting of GHG emissions



GHG offsetting through GHG Contributions - 2020

Expected growth in shipping and GHG emissions	Low Growth	High Growth
GHG emission base year 2007	870	870
GHG emissions 2020	925	1058
Assume 15% reduction – technical measures	139	159
Total emissions 2020	786	899
Allowed emission 2020 – 15% reduction target	740	740
GHG emissions to be offset 2020	47	160

Million tonnes GHG



GHG offsetting through GHG Contributions - 2020

Revenues to the International GHG Fund (million USD)

	Low Growth	High Growth
GHG emissions to be offset	47 million tonnes	160 million tonnes
CDM price 15 USD	701	2,397
CDM price 30 USD	1,403	4,794
CDM price 45 USD	2,104	7,191

Size of GHG contribution (USD per tonne fuel)

	Low Growth	High Growth
GHG emissions to be offset	47 million tonnes	160 million tonnes
CDM price 15 USD	3	8
CDM price 30 USD	5	16
CDM price 45 USD	8	24

