



The State of Play ETS and shipping

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Overview

- **No regulation of CO2 from shipping**
- **Not included in Kyoto targets**
- **COM 2002 595**
- **European Council – March 2007**
- **Now = Working towards international solution in IMO – but progress is slow**
- **Now = Evaluating policy options for EU action**



Some figures (2002)

- **Global CO₂ from shipping 463 Mt**
- **2-3% of Global CO₂ Emissions**
- **98% is CO₂**
- **EU “share” 25% - 41%**
- **35% = 162 Mt**
- **90% EU trade is by sea**

Figures are approximations from a variety of sources – not official EC figures

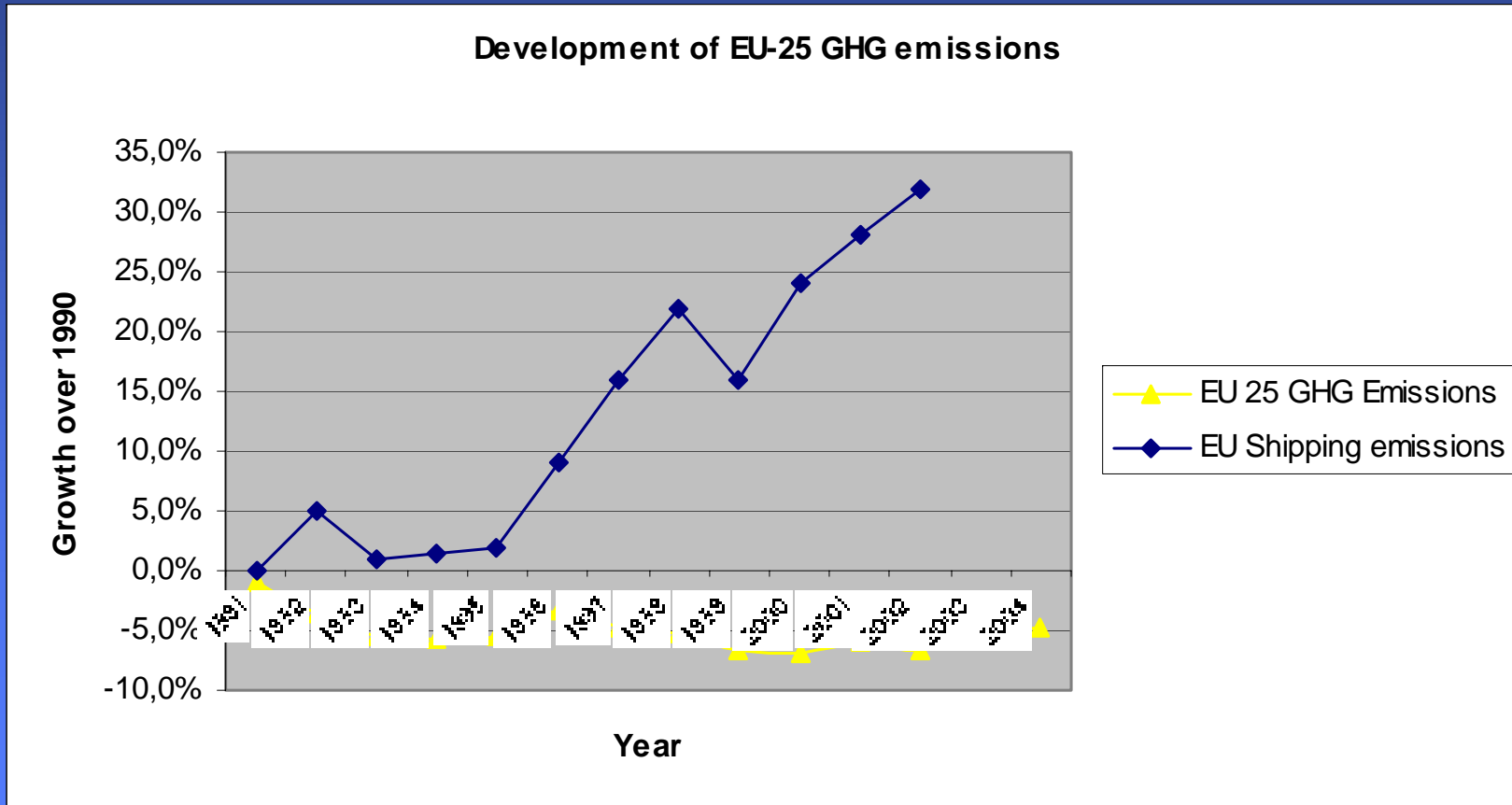


EU Policy Options

- **Actively examining unilateral EU action**
 - **Option 1 – Include shipping in EU ETS**
 - **Option 2 - Variation in harbour dues**
 - **Option 3 - Mandatory CO₂ index limit**
 - **Others.....**

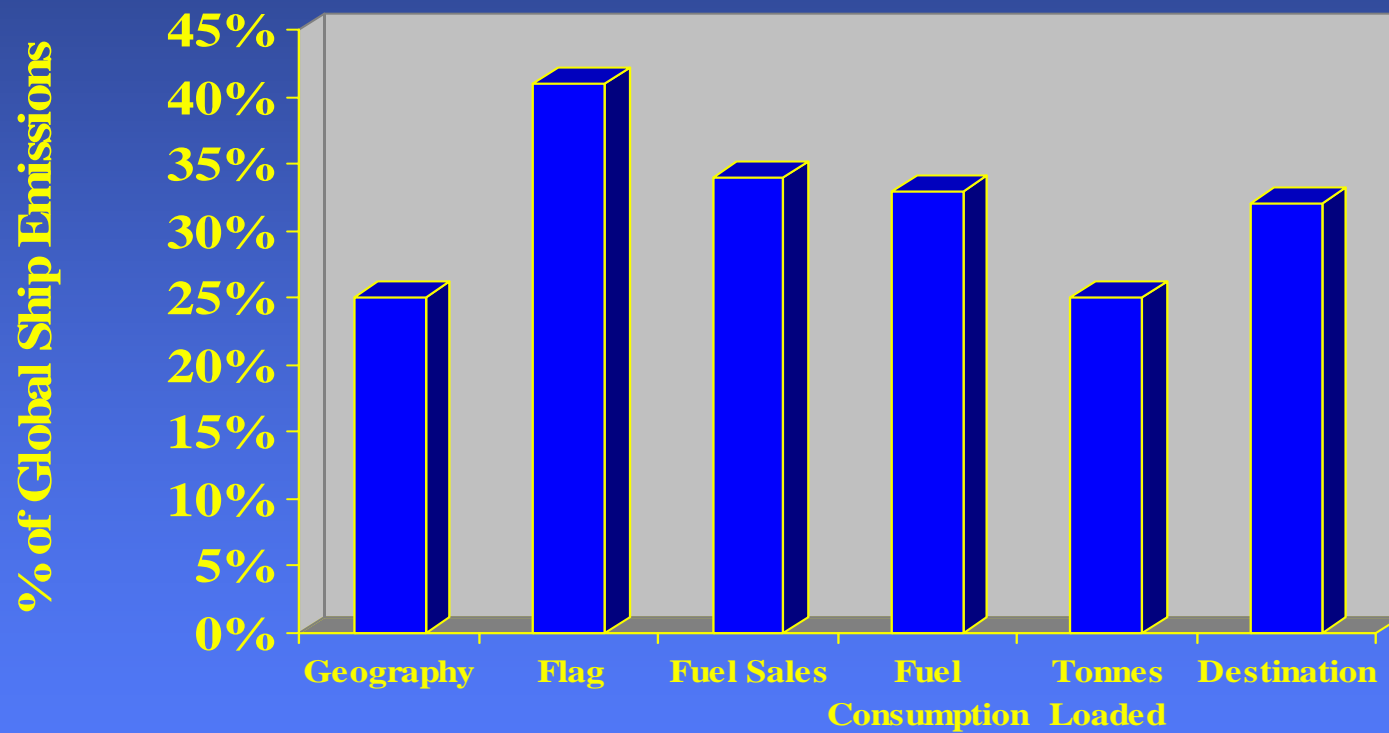


EU shipping emissions growing





EU 'share' of Global Shipping Emissions?





How do shipping GHG emissions compare to emission from other ETS sectors?

Combustion installations	1350
Installations for the production of cement clinker in rotary kilns or lime in rotary kilns or in other furnaces	170
Mineral oil refineries	147
Installations for the production of pig iron or steel	133
Industrial plants for the production of (a) pulp from timber or other fibrous materials (b) paper and board	30
Other	87
Total	1917
<i>For comparison:</i>	
<i>Shipping emissions from fuel sold in the EU</i>	ca. 162
<i>Aviation emissions from fuel sold in the EU</i>	ca. 144

Source: Verified 2005 emissions for ETS installations by category of installation (mio tonnes of CO₂).



Advantages of ETS for shipping

- **Established model**
- **Revenue for shipping?**
- **Economically efficient**
- **Simplicity and equity**
- **Expands ETS**
- **EU is a major player**



Disadvantages of ETS for shipping

- **Data (quality, volume)**
- **Diversity of ships and operations**
- **Evasion**
- **Allocation problems**
- **Change (owners, routes)**
- **Impact on ETS**
- **Administrative load**
- **UNCLOS – legal limits**



Next steps

- **Continue to pursue international action (IMO, UNFCCC etc.)**
- **Study EU policy options**
- **Consult stakeholders**