MICRONESIAN CENTER FOR SUSTAINABLE TRANSPORT

MEDIA RELEASE

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Its finally time for a price on GHG emissions from international shipping.

At next week's negotiations at IMO, Fiji, Marshall Islands, Solomon Islands, Tuvalu and Vanuatu seek agreement to an entry price of at least $100 per tonne of CO_2-equivalent by 2025 for international shipping.

The Revised IMO Strategy on the reduction of Greenhouse Gases (GHG) emissions from ships needs to drastically speed up the transition to zero-emission shipping. There is now agreement that an economic instrument is needed in the basket of measures to be adopted by IMO this July. In 2020, the Marshall and Solomon Islands called for an entry price on GHG emissions of at least $100 per tonne of CO_2-equivalent by 2025 for a 1.5°C commensurate transition. This is the minimum price needed to send a clear signal to market that this shift away from fossil oil is real and irreversible. The proposal calls for the price to be reviewed and ratcheted upwards at five yearly intervals.

Such a levy would not only bring the price of scalable zero emissions fuels (SZEF) into parity with fossil fuels, it would also raise significant revenue. The Pacific proposal is valued at $60-80 billion p.a., other proposals are not as ambitious but would still raise large sums, the Japanese call for a $56 entry price is estimated at $40billion p.a. for example. The World Bank confirms that such sums are more than the cost of transition to the industry. The Pacific is arguing that a majority of these revenues is owed to the climate most vulnerable States. At question is how to provide an equitable transition, one that leaves no State behind.

While all have agreed so far with the Pacific's call for none to be left behind, a wide range of terms like "just", "fair" and "inclusive" are now being used. To aid delegations in the choice of wording for use in the IMO's Revised Strategy, Fiji, Marshall Islands, Solomon Islands, Tuvalu and Vanuatu have provided a proposal to the forthcoming Intersessional Working Group on GHG meeting.

"Equitable transition" signifies the commitment to addressing climate mitigation and adaptation. The challenge of this commitment is requiring IMO member States to agree to adopt a differential treatment between States based on need in the disbursement of revenues on two

counts. Firstly, IMO needs to develop a framework to distribute the revenues to ensure that shipping's transition, new fuels and technologies, are equitably available to all States. Secondly, IMO member States need to agree on their collective responsibility to directly assist the most vulnerable States suffering the worst effects arising from shipping's historical, current and future pollution that they have not contributed to and are unable to adequately respond to with their internal resources.

The five Pacific countries insist that alignment with a 'no more than 1.5°C' temperature limit is the first and most fundamental requirement to securing an equitable transition, but also that other aspects are critical as well. The transition needs to be:

- Procedurally fair. Developing countries, particularly Small Island Developing States (SIDS) and Least Developed Countries (LDCs), shall be ensured to have equitable participation in all decision-making related to the transition to zero-emission shipping and the implementation of the Revised Strategy. This includes ensuring equitable representation on any bodies established by the IMO to implement the Revised Strategy, the achievement of its objective, vision, levels of ambition and guiding principles, or any short-, mid-, or long-term measures adopted by IMO.

- Equitable in relation to maritime mitigation. The research, development and deployment of fuels, technologies and infrastructure for zero-emission shipping on a Well-to-Wake basis should allow all States to access strategic and sustainable development opportunities in the new energy and fuels markets created by the transition.

- Equitable in responding to climate impacts. Recognizing the responsibility of the shipping industry for climate impacts attributable to its past, present, and future GHG emissions, a majority of any resources generated by the pricing of international shipping emissions shall be dedicated to responding to climate impacts in developing countries, particularly SIDS and LDCs, on a permanent and ongoing basis.

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