

MICRONESIAN CENTER
FOR SUSTAINABLE
TRANSPORT



A joint collaboration
between RMI Government
and USP



What is THE 1.5 tax
for Shipping?

The MCST Board have asked us to answer 3 questions?

1. What is **THE** 1.5 tax for Shipping? = today's talanoa
2. What would we have to trade with who to get it?
3. Who will decide?

Majuro
high tide



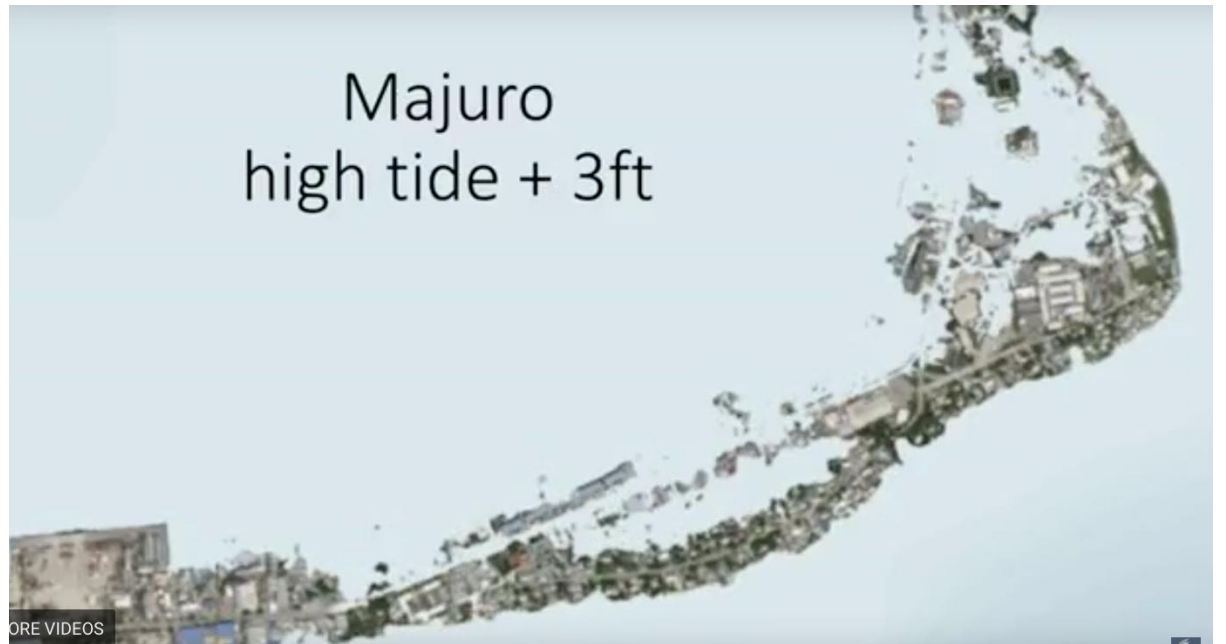
Majuro
high tide + 1ft



Majuro
high tide + 2ft



Majuro
high tide + 3ft





Mr Warri said a group of about 60 people at Londar in south Pentecost was lucky to have survived the cyclone.

"They hid under the church and it flew away. All the other houses had flown so the men stood around in a circle and the women and children stood in the middle.

They stood there until the morning in the rain and the wind."



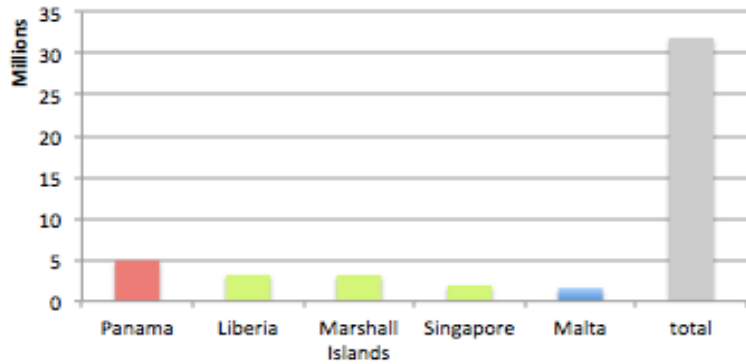
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Ideally a consensus and ultimately a majority of IMO members states participating in MEPC Plenary and, if necessary, Council.

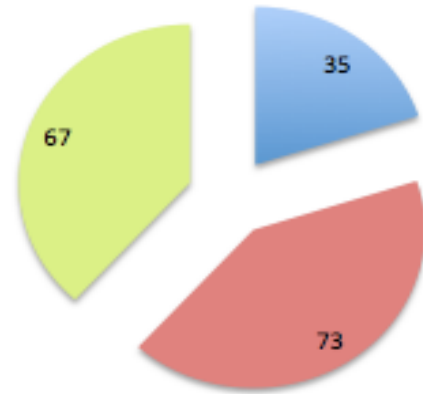
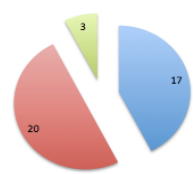
The Level Playing Field? Who will formally debate MBMs at IMO?

IMO Assessed Member Contributions in £ (top 5) 2018

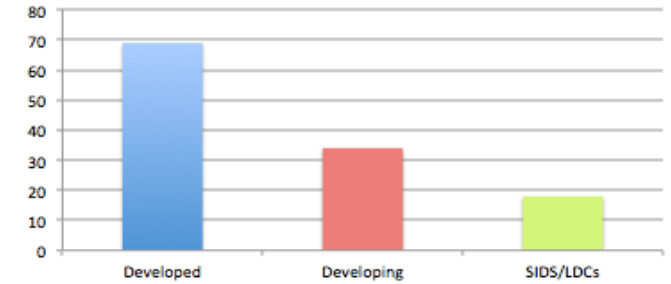


IMO Assembly Membership

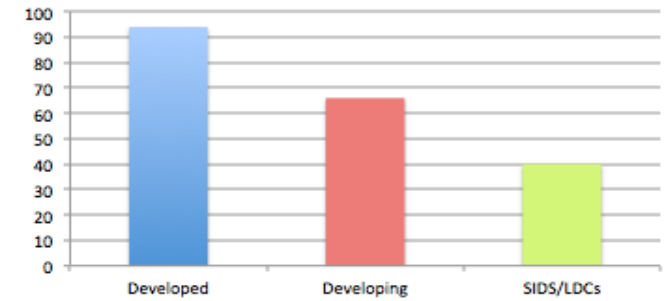
IMO Council membership



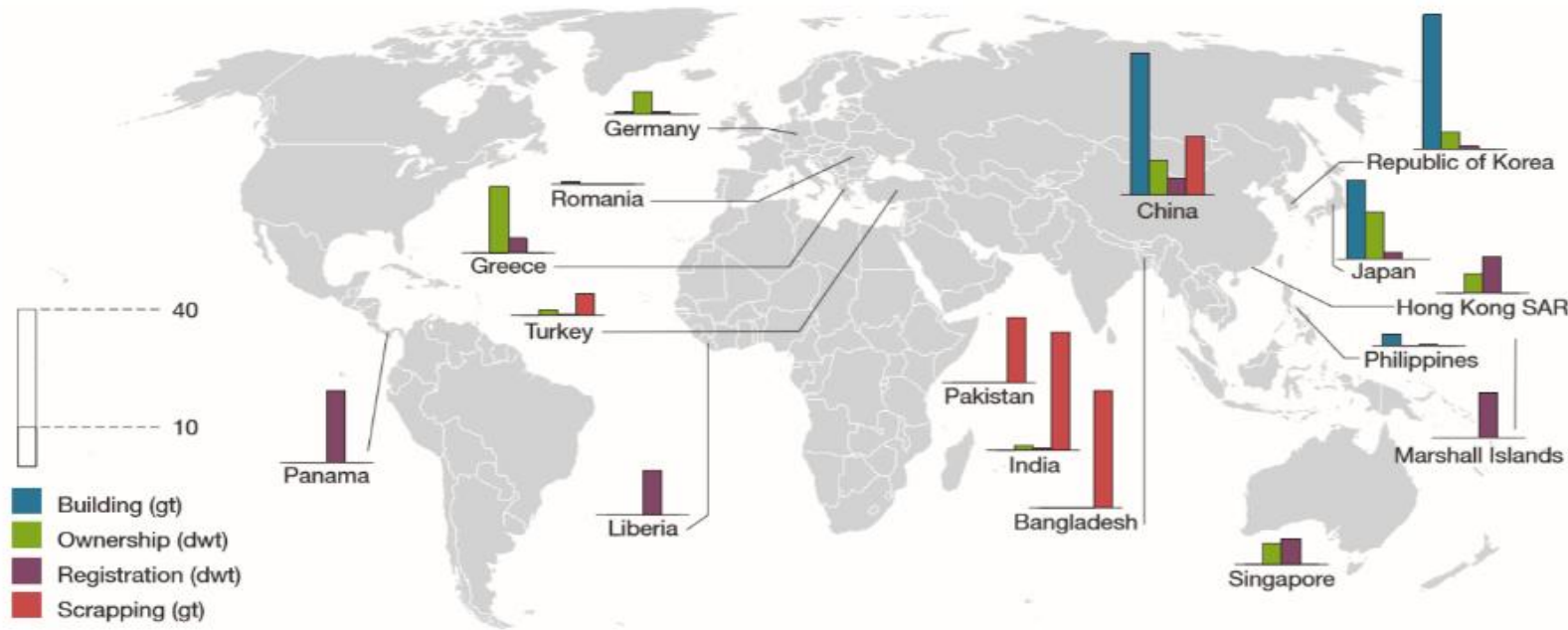
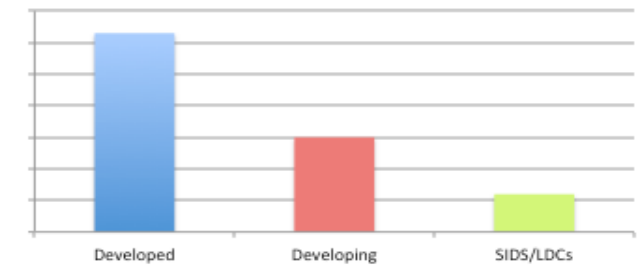
% of members participating in ISWG GHG 6



% of members participating in MEPC 74



% of members participating in MEPC 74 GHG working group



1. What is THE 1.5 tax for Shipping? = today's talanoa

ASSUMPTIONS

- The level of ambition in the revised Strategy must be increased – ‘not less’ than 100% by 2050’
- MBMs are an essential measure in the basket
- A tax is the best MBM – it must be **just** and **equitable**
- Tax [levy]
- Polluter Pays
- Mandatory and universally applied on all fuel
- Awards the most efficient shipping the most
- Impacts can't be avoided, hard to remedy - leaves us mitigation
- Revenue generating

1. Why a 1.5 tax on shipping?

Agreed by most commentators

- reducing or “levelizing” the additional cost of alternative fuels
- incentivizes real GHG emission reduction efforts through technological and/or operational solutions

Alluded to by some commentators

- compensation from the polluters to the most affected and most vulnerable

$$\text{1.5 TAX} = \text{Carbon/GHG Pollution tax} + \text{R\&D subsidy} + \text{administration costs}$$



UNFCCC (GCF, GEF, etc) **IMO/IMRB** **???**

When will IMO formally debate MBMs? What will they debate? Who will debate? What guidance is given to answer these questions?

MBMs are a possible MTM or LTM unless ICS et al proposal is an MBM, in which case MBM negotiations start with STMs.

Candidate mid-term measures

4.8 Measures can be categorized as those the effect of which is to directly reduce GHG emissions from ships and those which support action to reduce GHG emissions from ships. All the following candidate measures represent possible mid-term further action of the Organization on matters related to the reduction of GHG emissions from ships:

- .3 new/innovative emission reduction mechanism(s), possibly including Market-based Measures (MBMs), to incentivize GHG emission reduction;

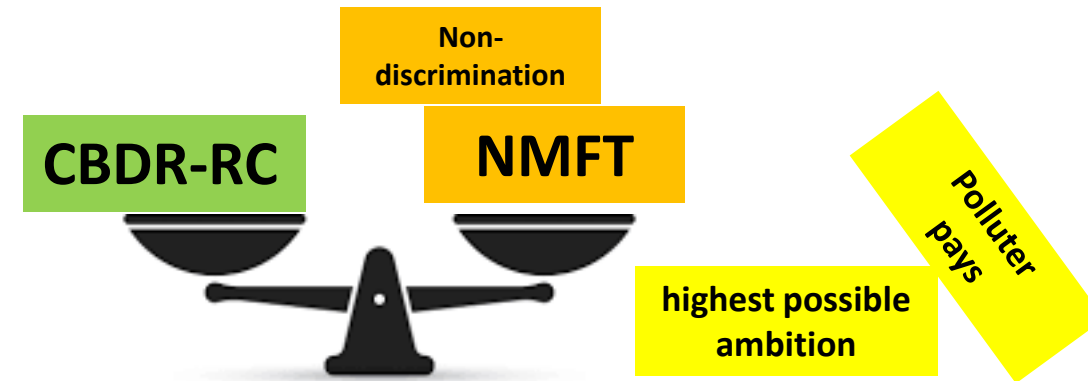
Initial Strategy principles

3.2 The principles guiding the Initial Strategy include:

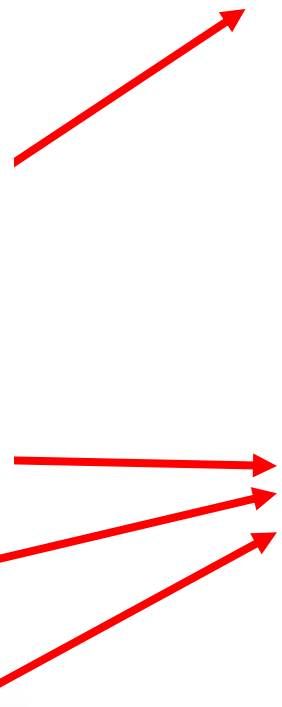
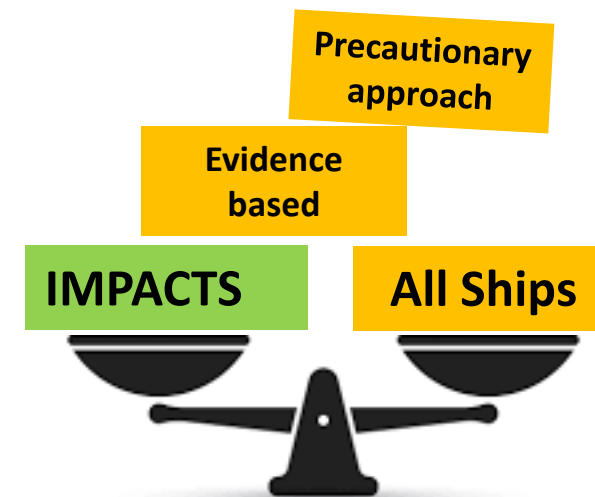
- .1 the need to be cognizant of the principles enshrined in instruments already developed, such as:
 - .1 the principle of non-discrimination and the principle of no more favourable treatment, enshrined in MARPOL and other IMO conventions; and
 - .2 the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances, enshrined in UNFCCC, its Kyoto Protocol and the Paris Agreement;
- .2 the requirement for all ships to give full and complete effect, regardless of flag, to implementing mandatory measures to ensure the effective implementation of this strategy;
- .3 the need to consider the impacts of measures on States, including developing countries, in particular, on LDCs and SIDS as noted by MEPC 68 (MEPC 68/21, paragraphs 4.18 to 4.19) and their specific emerging needs, as recognized in the Organization's Strategic Plan (resolution A.1110(30)); and
- .4 the need for evidence-based decision-making balanced with the precautionary approach as set out in resolution MEPC.67(37).

The Guiding Principles

'enshrined in instruments already developed'



the 'other' principles



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UNFCCC (GCF, GEF, etc) IMO/IMRB ???