

International shipping: a missed opportunity to reduce emissions

by Chell Lyons

21 July 2023



At the IMO meeting held 3-7 July
Photo Credit: *International Maritime Organization/Facebook*

Despite concerted efforts from Pacific Island countries, the **International Maritime Organization (IMO) negotiations** that concluded on 7 July fell far short of the ambition needed to rapidly decarbonise the international shipping industry.

The **talks ended with agreement** to reach net zero emissions “close to 2050” with indicative checkpoint targets of “at least 20%, striving for 30%, by 2030” and “at least 70%, striving for 80%, by 2040”. These targets are not legally binding and do not align with the temperature goals of the Paris Agreement.

To a certain extent, these weak targets are unsurprising, given the IMO was only able to reach an initial agreement on emissions reductions for the international shipping sector in 2018, several years after the Paris Agreement. Even then, this initial IMO agreement was less ambitious than the Paris Agreement, and sought only to “cut annual greenhouse gas emissions from international shipping by at least half by 2050”.

Delegates at the recent meeting were unable to agree on the mechanisms to reach the enhanced emissions reduction targets, other than issuing a broad statement recognising the need for a technical element, such as a global fuel standard mandating a phased reduction of marine fuel’s emission intensity, and an economic element, in the form of a pricing mechanism.

International shipping comprises approximately 3% of global emissions, largely from the combustion of heavy fuel oil, known as bunker fuel. More than 80% of the world’s trade goods are moved by sea, and emissions from the sector are projected to increase over coming decades. Decarbonising the shipping industry is more complex than some other emissions sectors, because the technologies needed are at an earlier stage of the innovation cycle. Nevertheless, **progress is being made**.

Pacific Island countries played a leading role in the negotiations, trying to encourage parties to adopt more ambitious emissions reduction targets. The Marshall Islands,

the world's third largest shipping nation, tried to ensure the adoption of a US\$100 per tonne carbon tax for all shipping, however these efforts were thwarted by China, Russia and a number of developed countries concerned about the impacts on global trade.

China, which has a significant state-owned shipping industry and is the eighth largest shipping nation globally, issued a diplomatic note to developing countries which stated that “an overly ambitious emission reduction target will seriously impede the sustainable development of international shipping, significantly increase the cost of the supply chain and will adversely impede the recovery of the global economy”.

So, what does the outcome of the IMO meeting tell us about future global climate change ambition? There are four main takeaways.

First, the outcome is another example of weak international progress on climate change, and means the **international shipping sector will exceed its emissions budget** for the 1.5°C temperature target of the Paris Agreement. In a month where global temperature records are being broken almost daily, and the world heads back into an El Niño cycle, this is a genuinely disturbing prospect.

Second, it is unclear if the IMO outcome reflects rising geopolitical tensions translating into lower levels of global cooperation, or if it is merely an extension of the IMO's previous weak efforts on emissions reduction. What is clear is that any reduction in international cooperation will make global **efforts to decarbonise more expensive**, and developing countries will suffer the worst impacts of inaction. Crucially, it will slow the rate of emissions reduction progress when there is no room for delay.

Third, without **Pacific intervention** the outcome would have been weaker. Despite the overall failure of the talks, the final outcome reinforces that Pacific Islands are constructive climate negotiators. Their nomination to jointly host the 31st UNFCCC Conference of Parties (COP31) with Australia is an opportunity to make significant gains on global climate ambition. Effective UNFCCC COP presidencies make a genuine difference to conference outcomes, as we saw in Paris in 2015.

Finally, the IMO outcome makes the UNFCCC negotiations to develop a **loss and damage fund** more complex. A **tax on international shipping emissions** was one option for funding loss and damage being considered through the UNFCCC transitional committee, and the lack of agreement on its form and implementation at the IMO means it is now effectively off the table, at least in the short term. Once again, the pace of international climate action is falling short of what the science –

and humanity – requires.

Disclosures:

The author's research is supported by the Australian government. The views are those of the author only.

Author/s:

Chell Lyons

Chell Lyons is a Sir Roland Wilson PhD candidate at the Crawford School of Public Policy, Australian National University, and a part-time climate change research fellow at the Lowy Institute.

Link:

<https://devpolicy.org/international-shipping-a-missed-opportunity-to-reduce-emissions-20230721/>