

Global but Differentiated Principle

for international shipping and climate change

Draft 1.2

Principle

- 1 **Any market-based instrument** to address Greenhouse Gas Emissions (GHG) from international maritime transport **shall be both global** (as per the IMO) **and differentiated** (as per the UNFCCC).
- 2 The proposed principle is called **global but differentiated**.
 - .1 It is for market-based schemes and instruments only, and therefore it does not apply to technical and operational measures.
 - .2 It does not prescribe any specific policy or instrument. Instead, it enables identification of the most appropriate instrument by **unlocking the current multilateral impasse**.

Global but differentiated *policy* is viable

- 3 A differentiation *policy* based on cargo imported is proposed. It is to apply to all ships, irrespective of flag or nationality.
- 4 Only two destinations are defined:
 - .1 Annex-I countries, and
 - .2 Non-Annex I countries.
- 5 Destinations are treated as per climate change regime in force. Currently it means:
 - .1 Annex I destinations are included fully.
 - .2 Non Annex I destinations are not included.
- 6 A ship transporting goods to both Annex I and non-Annex I countries is partially included.
 - .1 It is included in proportion to the ship's share of goods unloaded in Annex I countries (destined to Annex I for transshipments).
 - .2 This means that only the Annex I's share of ship's CO2 emissions is in scope.
- 7 Worldwide, the Annex I share of unloaded goods is 60%. Therefore on day one of a scheme driven by such a policy 60% of maritime emissions will be covered.

Advantages

- 8 There are three major advantages of the proposed policy:
 - .1 It will deliver on the nine principles proposed at the IMO for global approach to GHG emissions;
 - .2 It is compliant with the current and future climate change regimes;
 - .3 Environmental results will be very high as the goal may be more ambitious as it applies to Annex I only.