

OECD Working Party on Shipbuilding (WP6)

**Workshop on Green Growth in Shipbuilding
Paris, 7 July 2011**

DG Climate Action



- EU CO₂ emissions down 16% from 1990 levels in 2009
– by around 900 Mt
- International maritime emissions up 400 Mt over the
same period
- Science requires that global emissions peak by around
2020 and are cut by -50% by 2050 compared to 1990
- All sectors should contribute to emission reductions

- **Roadmap to a Single European Transport Area - Towards a competitive and resource efficient transport system**

- 40 concrete initiatives for the next decade to build a competitive transport system that will increase mobility, remove major barriers in key areas and fuel growth and employment.
- Reduce Europe's dependence on imported oil
- Reduce carbon emissions in transport by 60% by 2050.

- By 2050, key goals include:
 - No more conventionally-fuelled cars in cities.
 - 40% use of sustainable low carbon fuels in aviation
 - **At least 40% cut in EU shipping emissions – 50% if feasible**
 - A 50% shift of medium distance intercity passenger and freight journeys from road to rail and waterborne transport.

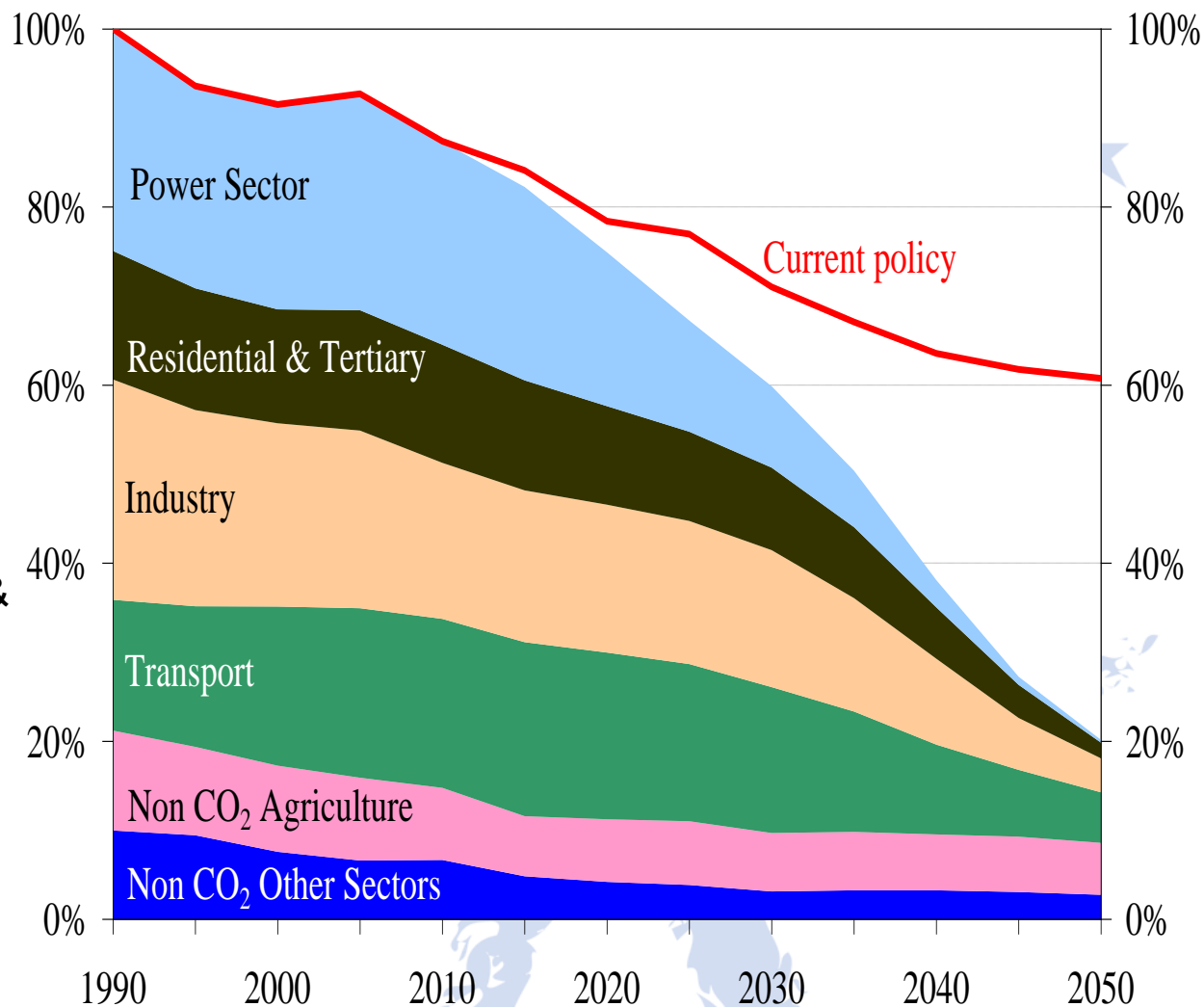
A cost-efficient pathway for the EU to 2050

An EU 80% domestic reduction in 2050 is feasible

- with currently available technologies
- with behavioural change coming through appropriate pricing
- If all economic sectors contribute to a varying degree & pace.

Efficient pathway:

- 25% in 2020
- 40% in 2030
- 60% in 2040



Call for a possible Commission proposal

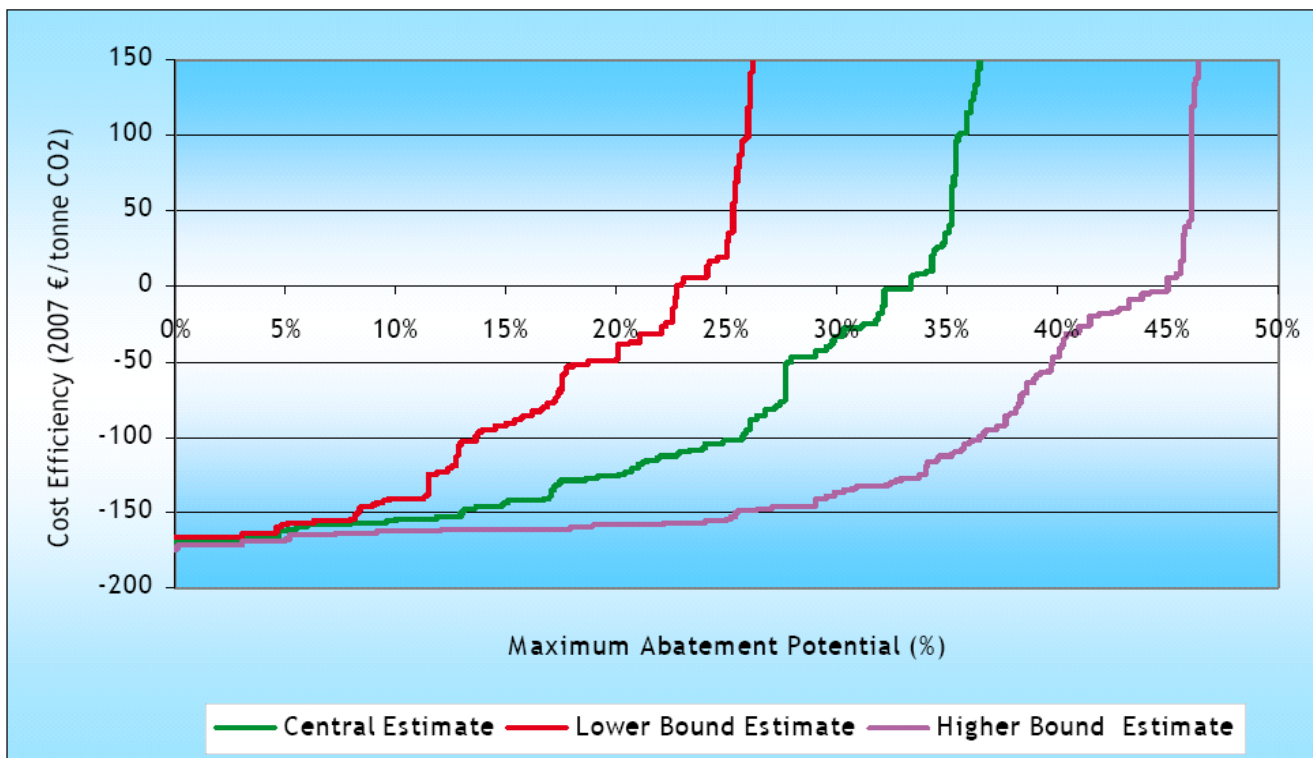
- Climate and Energy legislation (5/6/2009)
 - In the event that no international agreement which includes international maritime emissions in its reduction targets through IMO / UNFCCC has been approved by the 27 Member States by 31 December 2011, the Commission should make a proposal.
 - Measures should enter into force by 2013.
 - Such proposal should minimise any negative impact on EU competitiveness, taking into account the potential environmental benefits

- For a global sector such as maritime transport only a global solution through the IMO will be the most environmentally effective and make the most economic sense
- EU committed to continued efforts to achieve a global solution.
- Will work together with other countries, regions and organisations to tackle challenge successfully without delay

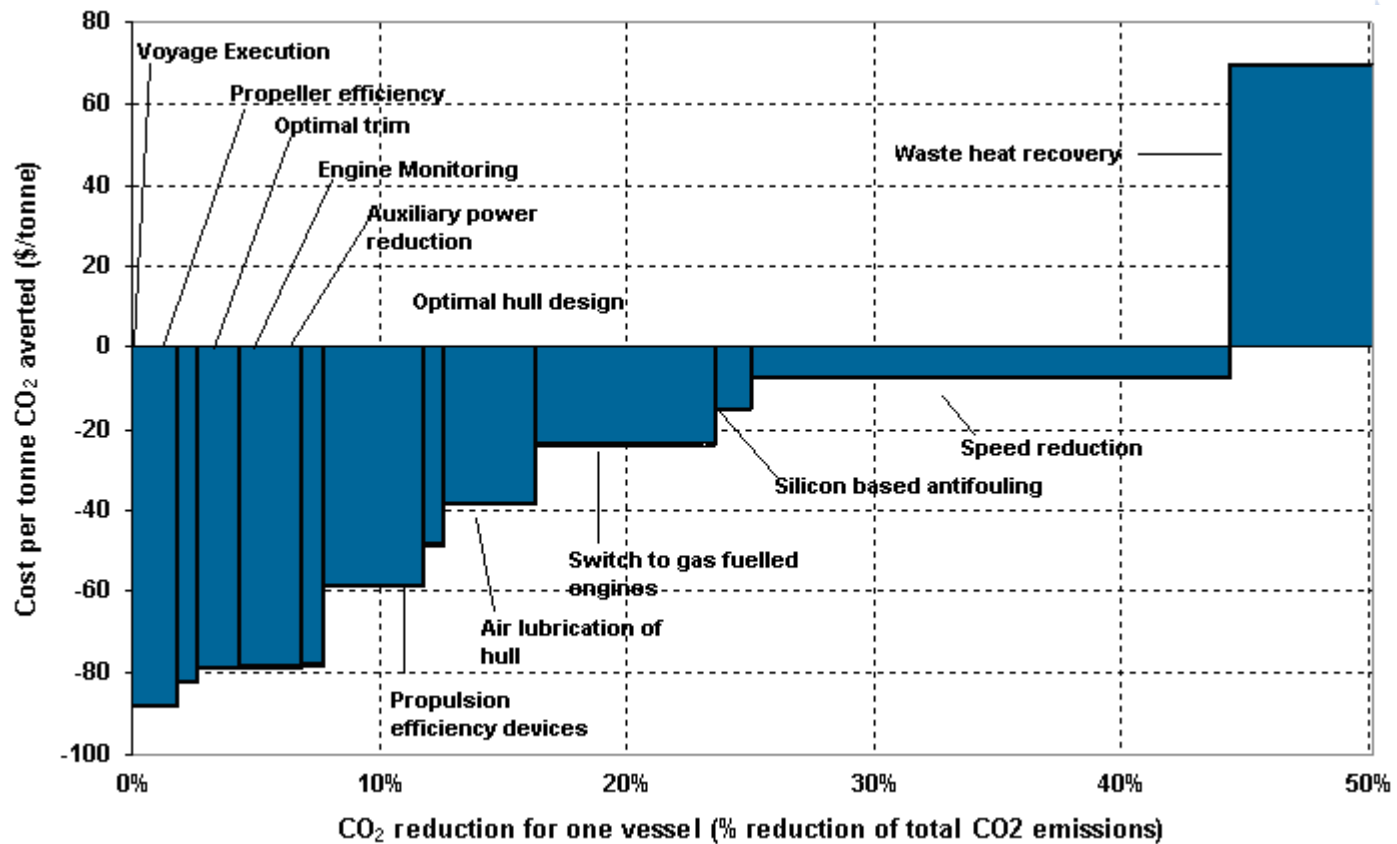
- Hedegaard: It is high time for an agreement in the International Maritime Organization
- EEDI will not deliver the required reductions
- Should the Commission be forced to present a European system, it will remain committed to a global solution

Reduced emissions = cost savings

Marginal CO₂ Abatement Costs for the Maritime Transport Sector in 2030 relative to frozen-technology scenario, Range of Estimates, US\$ 700/tonne fuel, 9% Interest Rate



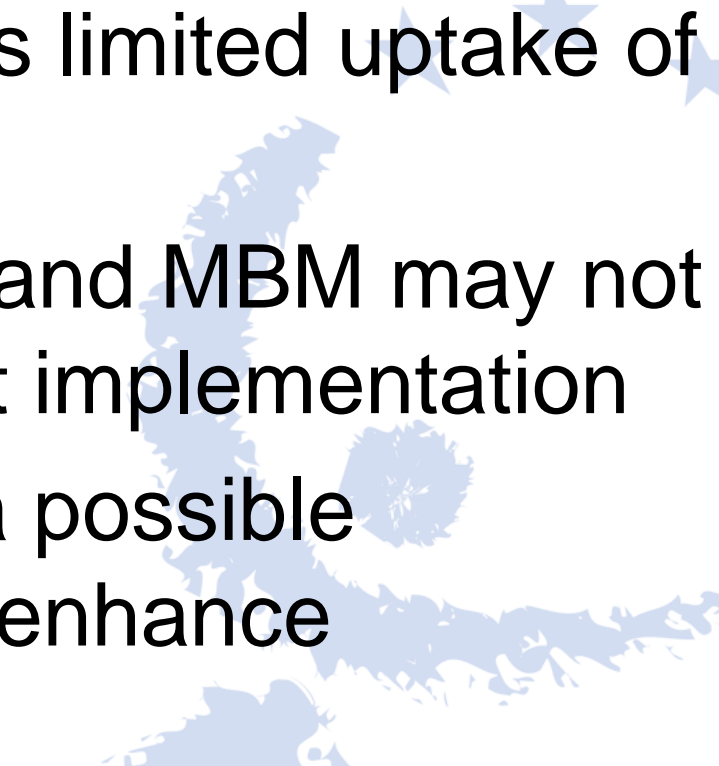
MACC Marginal CO2 reduction cost per measure



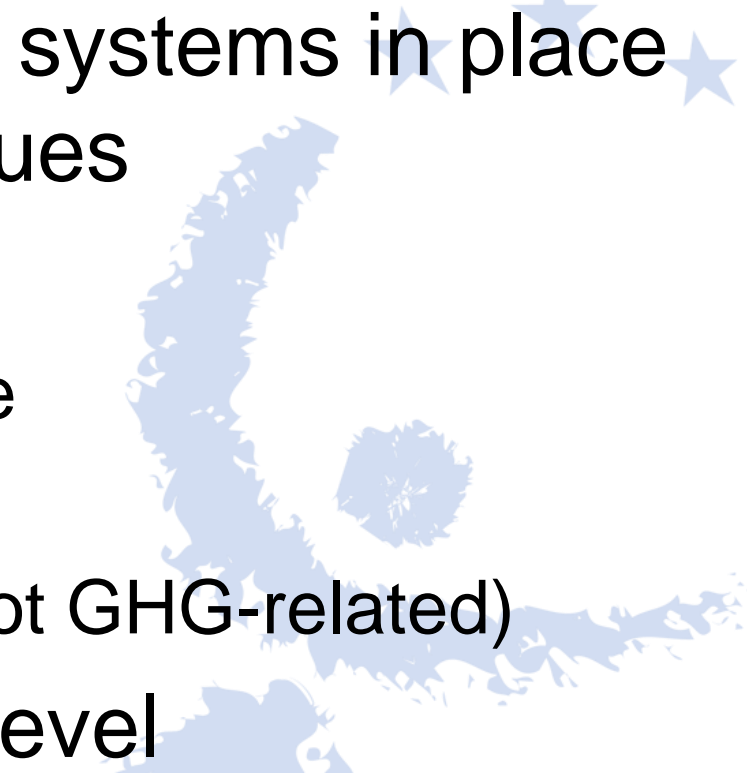
- **Tenders:**

- Impact Assessment – call closed, under evaluation
- Market Barriers - call closed, under evaluation
- Ships and Ports study – draft report

- However, known technical and operational measures are not enough
- New technology must be developed, and
- Additional measures necessary to
 - Effectively cut emissions, and
 - Give incentives to use new technology

- Actors complain there is limited uptake of new technology
 - Actors miss incentives and MBM may not be enough for sufficient implementation
 - Use of revenues from a possible European system may enhance implementation
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- EU ETS generates substantial revenues
- MBM for shipping could potentially generate several bn € annually
- ETS directive (2003/87/EC) art 3d and 10 listing purposes for use of revenues

- National and European systems in place for distribution of revenues
 - At national level
 - German Climate Initiative
 - Greek Green Fund
 - Norwegian NOx Fund (not GHG-related)
 - NER 300 at European level
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- € 4-5 bn generated by sale of 300 m allowances from EU ETS
- Allocated to co-fund:
 - Demo projects on carbon capture and storage
 - Innovative renewable technologies (RES)
- Could also include shipping
- Encourages investors and EU MS to invest in commercial low-carbon demo projects

Possible purposes under a regional system for shipping

- Mitigation and adaptation as today?
- Support to vulnerable developing countries?
- Research and development – maritime focus?
- Management of revenues?
- Support for a global agreement?

- Support to maritime industry?
 - Facilitating shift to low-carbon/low-emitting technology?
 - Bringing new technology forward and into use?
 - Supporting e.g. fleet renewal, retrofitting incl. renewable energy generation/propulsion, alternative fuel infrastructure, port electrification, renewable energy generation in ports, climate adaptation of vessels

- In developing new technology – and taking it into use
 - Ship yards,
 - Marine equipment manufacturers, other suppliers
 - Ship owners and operators,
 - Class societies and finance institutions
 - Research institutionscould play a vital role



- If the European Commission presents a regional measure
 - Committed to engage with our partners
 - Find acceptable solutions for a global sector
 - While effectively reducing emissions
- No global solution is no reason not to act

Thank you for your attention

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