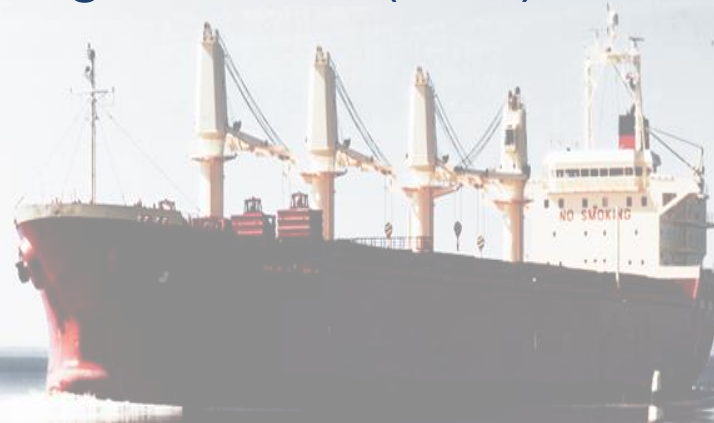


# Comprehensive impact assessment of the basket of IMO mid-term measures

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## 2023 IMO GHG Strategy

### Vision

IMO remains committed to reducing GHG emissions from international shipping and, as a matter of urgency, aims to phase them out **as soon as possible**, while promoting, in the context of this Strategy, **a just and equitable transition**.

### Net-zero target

To reach **net-zero GHG emissions** from international shipping **close to 2050**, taking into account different national circumstances

### Well-to-Wake

Targets take into account the **well-to-wake GHG emissions** of marine fuels

# 2023 IMO GHG Strategy: identifying the pathway to net-zero emissions

## Levels of ambition

- Further **strengthen energy efficiency design requirements** for ships.
- **2030**: reduce **carbon intensity by at least 40%**, compared to 2008.
- **2030**: have **at least 5%**, striving for 10%, of the energy used by international shipping to be **zero or near-zero** GHG emission.

## Indicative targets

- **2030**: reduce the **total annual GHG emissions** from international shipping by **at least 20%**, striving for 30%, compared to 2008;
- **2040**: reduce the **total annual GHG emissions** from international shipping by **at least 70%**, striving for 80%, compared to 2008;

## 2023 IMO GHG Strategy: commitment to adopt measures by 2025 which will ensure achieving the levels of ambition

### Candidate measures

IMO to develop a **basket of mid-term** measures delivering on the reduction targets comprising of both:

- **Technical element**, a goal-based marine fuel standard regulating the phased reduction of the marine fuel's GHG intensity; and
- **Economic element**, on the basis of a maritime GHG emissions pricing mechanism
  - Candidate economic elements to be assessed observing specific criteria in the comprehensive impact assessment

### Basket of measures

- Promote **energy transition of shipping**
- Provide the world fleet with a **needed incentive**
- Contribute to a **level playing field** and a **just and equitable transition**

# Comprehensive impact assessment

## Measures matrix = technically possible combinations

|                              |     |   |                                     | Economic measure / element [on the basis of maritime GHG pricing mechanism]          |   |      |       |   |                           |                                       |                            |                      |       |                          |
|------------------------------|-----|---|-------------------------------------|--|---|------|-------|---|---------------------------|---------------------------------------|----------------------------|----------------------|-------|--------------------------|
|                              |     |   |                                     | a  | b   | c    | d     | e                                       | f                         | g                                     | h                          | i                    | j     | k                        |
|                              |     |   |                                     | SRUs*  | Sustainable Shipping Fund through RUs* for in-sector purposes |      |       | GHG pricing on all GHG emissions / Levy |                           |                                       |                            |                      |       | Feebate                  |
| Disbursement of any revenues |     |   |                                     | No revenues generated, but addresses/ reduces price gap and incentivise first movers | Capacity building and negative impact mitigation              | RD&D | Admin | RD&D                                    | Reward for eligible fuels | General GHG mitigation and adaptation | Address DNI as appropriate | Equitable transition | Admin | Reward for eligible fuel |
|                              | I   | Goal-based fuel Standard                                  | Sustainability [criteria] framework |  |   |      |       |   |                           |                                       |                            |                      |       |                          |
|                              | II  | Goal-based fuel standard                                  | FCUs and GRUs*                      |  |   |      |       |   |                           |                                       |                            |                      |       |                          |
|                              | III | Goal-based fuel standard [placeholder for another option] |                                     |  |   |      |       |   |                           |                                       |                            |                      |       |                          |

\* Some consider the flexibility element of the goal-based fuel standard to be a part of the technical element, others consider it an economic element

### List of abbreviations:

DNI: Disproportionately Negative Impacts.  
 FCUs: Flexible Compliance Units.  
 GRUs: GHG Remedial Unit.  
 RD&D: Research Development and Deployment.  
 RUs: Remedial Units.  
 SRUs: Surplus Reward Units.

### Combinations

| Combination number | Technical element | Economic elements |
|--------------------|-------------------|-------------------|
| 1                  | I                 | a,b,c,d           |
| 2                  | III               | e,f,g,h,i,j       |
| 3                  | II                | h,i,j,k           |
| 4                  | II                | b,c,d             |
| 5                  | II                | e,f,h,i,j         |
| 6                  | II                | e,f,g,h,i,j       |
| 7                  | I                 | a,b,c,d,k         |

## Guidance for the conduct of the assessment

- MEPC 80 identified the **parameters to set up various scenarios** for the CIA illustrating how different designs of the combinations could influence the impacts.

### Example:

#### Parameters for combination 2

|   |
|---|
| GFI pathway                             |
| Level of the levy                       |
| Distribution of revenue for e,f,g,h,i,j |
| Prioritization of revenue use           |

- CIA should ensure consistency with regards to the maritime activity and BAU emissions scenarios and take care that emission reduction scenarios are consistent across scenarios, and in line with the 2023 IMO GHG Strategy, to **form the information basis for MEPC 81 (March 2024) in its final selection of the combination of measures.**

# Elements to be assessed within the Comprehensive Impact Assessment

- .1 geographic remoteness of and connectivity to main markets;
- .2 cargo value and type;
- .3 transport dependency;
- .4 transport costs;
- .5 food security;
- .6 disaster response;
- .7 cost-effectiveness; and
- .8 socio-economic progress and development.

## \*\*Additional guidance as per MEPC 80\*\*

- Net-zero GHG emissions will be reached by 2050
- Quantify the impact in terms of countries' trade and GDP change

**Methodological guidance for CIA = MEPC.1/Circ.885**

## Structure of the Comprehensive Impact Assessment

The comprehensive impact assessment should comprise of at least the following five distinct but interrelated tasks:

- Task 1      Literature review;
- Task 2      Assessment of impacts of the measure on the fleet;
- Task 3      Assessment of impacts of the measure on States;
- Task 4      Complementary qualitative/quantitative stakeholders' analysis, including relevant illustrative case studies; and
- Task 5      Identification of areas of missing data, quality assurance and quality control (QA/QC), uncertainty and sensitivity analyses and integration between various tasks.



# Comprehensive impact assessment of basket of measures

## Establishment of the Steering Committee

1

**September 2023:**  
Establishment of a Steering Committee to oversee the assessment of possible impacts on States of the basket of measures  
(25-26 September)

## Identification of consortium

2

**Autumn 2023:**  
The Steering Committee to identify a consortium of partners to conduct assessments of impacts on fleet and States

## Interim results of the impact assessment

3

**Early 2024:**  
MEPC 81 (March)  
Initial findings of the impact assessment  
Identify adjusted scope/focus area of further assessment based on initial results

## Final report of the impact assessment

4

**Autumn 2024:**  
MEPC 82 (September)  
Consideration of the final report of the comprehensive impact assessment

# Timeline for development and finalization of the basket of measures

**Approval of  
amendments to  
MARPOL Annex VI**

**5**

**Spring 2025:**

MEPC 83

In parallel: review of the short-term measure to be completed by 1 January 2026

**Adoption of  
amendments to  
MARPOL Annex VI**

**6**

**Autumn 2025:**

Extraordinary MEPC session

**Entry into force**

**7**

**2027:**

Entry into force of basket of measures following acceptance period (16 months after adoption)

Thank you for your attention



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