

# *IMO. What else?*

**COP15 Copenhagen,  
Denmark 7-18+ December 2009**

Lessons learned from a lose-lose-lose situation?

International dimension of the EC's Integrated  
Maritime Policy at stake



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The official name of the event in Copenhagen was “*The 15<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change*” or COP15 for short. Real and self-acclaimed world leaders, environment ministers and officials from 192 countries had been attending the conference. The COP15 summit was meant to reach an agreement on actions and targets for the second (post-Kyoto Protocol) commitment period under the UNFCCC (United Nations Framework Convention on Climate Change).

Ironically enough a bitter chill was settling in across Southern Scandinavia when more than 15000 delegates were discussing global warming in freezing Copenhagen.

After two weeks of discussions without any concrete results – COP15 simply imploded.

# Lessons learned from a lose-lose-lose situation?

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## **Loser No. 1**

### **The United Nations and the world's elites**

Copenhagen was the largest gathering of heads of state and government in the history of the United Nations. 119 world leaders attended the meeting which ended on the 19<sup>th</sup> of December 2009 with an agreement by a limited group of countries to cap the global temperature rise by committing to significant emission reductions, and to raise finance to kick-start action in the developing world to deal with climate change. At the meeting, world leaders agreed the “*Copenhagen Accord*” which recognizes the scientific view that an increase in global temperature below 2 degrees is required to mitigate the worst effects of climate change (compared with pre-industrial times).

To make it clear – the deal is not more than a letter of intent! No details were provided on how such a target would be achieved or the source of the income to fund it!

No legal bindings, no targets, no commitments, no control mechanisms! But open doors for fraud and abuse! Rationally quite understandable. The format of the consultations at the UN level, in which every member state can exercise veto power, holds no promise for any success.

### **UNFCCC and the Kyoto Protocol**

With 194 parties, the United Nations Framework Convention on Climate Change has a really universal membership and is the parent treaty of the 1997 Kyoto Protocol aimed at combating global warming with the goal of achieving stabilization of greenhouse gas concentrations in the atmosphere. The Protocol was initially adopted on 11 December 1997 in Kyoto, Japan and entered into force on 16 February 2005. The target agreed upon was an average reduction of 5.2% from 1990 levels by the year 2012. As of November 2009, 187 states have signed and ratified the protocol.

It should be made clear – Kyoto Protocol emission limits do not include emissions from international civil aviation and maritime transport! Reduction obligations were left to the special agencies of the UN responsible for regulating both industries, namely the International Civil Aviation Organization (ICAO) and the International Maritime Organisation (IMO), respectively.

UNFCCC has been unable to agree a clear mandate for the shipping industry's regulator IMO, on how to build upon the considerable work already undertaken by IMO on a package of technical, operational and economic measures for reducing shipping's emissions on a global basis.

### **Annex I countries**

37 industrialized (developed) countries-called "Annex I countries"-committed themselves under the Kyoto Protocol to a reduction of four green house gases (CO<sub>2</sub> carbon dioxide, CH<sub>4</sub> methane, N<sub>2</sub>O nitrous oxide, SF<sub>6</sub> sulphur hexafluoride) and two groups of gases (HFCs hydro-and PFCs perfluorocarbons).

## **Loser No. 2**

### **The European Union, the Member States, the host country Denmark and Connie Hedegaard the COP15 President**

The European Union, stubbornly insisting on leading the world in the fight against climate change in the pre-Copenhagen era, and naively convinced of its major role and booster function during the Copenhagen Summit, did not reach a single of its high praised goals during the COP15. The reason – European policy makers did not accept that in reality the only two countries that matter in global affairs are the PR of China and the United States of America.

As a consequence the EU was

- neither assisting successfully the UN in laying the foundations for a new world order
- nor defining binding emission reduction targets for and setting up financing commitments by the developed countries in exchange for sustainable development plans from the largest emitters i.e. the PR of China and the USA
- nor quantifying legally binding carbon intensity reduction targets for emerging economies
- nor reaching an all encompassing global agreement to replace the Kyoto Protocol on climate change, before the first commitment period 2008 – 2012 comes to an end, urging rapidly developing countries such as the PR of China and India to take on their share of responsibility in reducing GHG green house gases
- nor addressing integrated OECD "cap-and-trade" regimes or other tradable permit regimes and off-sets in both direct and indirect taxation
- nor creating growth and jobs thereby battling an economic and financial crisis second to none. It has become evident that the European Commission was pushing

the climate hype so strikingly hard not only for ecological concerns but also in order to tackle recession as Europe's industry is in the process of sliding into stagnation and losing massively ground. It seems to be more than appropriate to assess the prospects for the Lisbon Agenda (leadership, growth and jobs) to be dead.

- nor reforming the CDM Clean Development Mechanism, an arrangement of the Kyoto Protocol
- nor establishing measures to control aviation and shipping emissions

The new European Commission will have to abandon the quixotic vision of exerting strong influence in the international arena on maritime affairs in order to achieve global governance of the oceans and the seas! The EU's climate policy may bring some economic improvement and innovation benefits but when it comes to tackling climate change, it must not continue to follow the idea of unilateral legislation! This would accelerate the process of Europe's marginalisation in international affairs!

## Loser No. 3

### The International Maritime Organisation and the shipping industry

#### IMO

The International Maritime Organisation has been constantly engaging itself in the fight to protect and preserve the environment – both marine and atmospheric. The regulatory arena is IMO's main field of competence and responsibility. Addressing the climate challenges is far from easy, as there are many difficult and complex issues involved, not just from a technical point of view, but also from a political perspective. The IMO failed in the latter case.

The Secretary-General of IMO Efthimios E. Mitropoulos should be quoted in the context of climate change:

*“To achieve the desired goals in the fight against climate change, the solutions the IMO will opt for need to be realistic, pragmatic, workable, cost-efficient and, above all, well-balanced implemented through mechanisms that are clear, practical, transparent, fraud-free and easy to administer”*

and Mitropoulos continues

*“If the solutions proposed are to be truly effective in combating climate change, they must be universally applied – and for this to be achieved, there is a need for global involvement and endorsement by consensus”*

This is the message rather of a technocrat than a politician whose regulatory work and personal character is stamped by the principle of “lessons learned”. It also seems to be the explanation for the unique success of IMO to achieve repeatedly consensus among 169 member governments over the past 52 years.

International shipping-unlike land-based industries-which are regulated mainly through national legislation, requires global regulations if it is to function. It is this peculiarity of shipping, as a global industry requiring global standards, that makes it imperative that its regulation should, without exception, be the responsibility of an international body exclusively dealing with maritime matters, one that can understand how the industry operates and has the specialized knowledge, skills, track record, experience and expertise to work out the best solutions to safeguard fundamental issues affecting international maritime transport, such as safety, security and environmental protection.

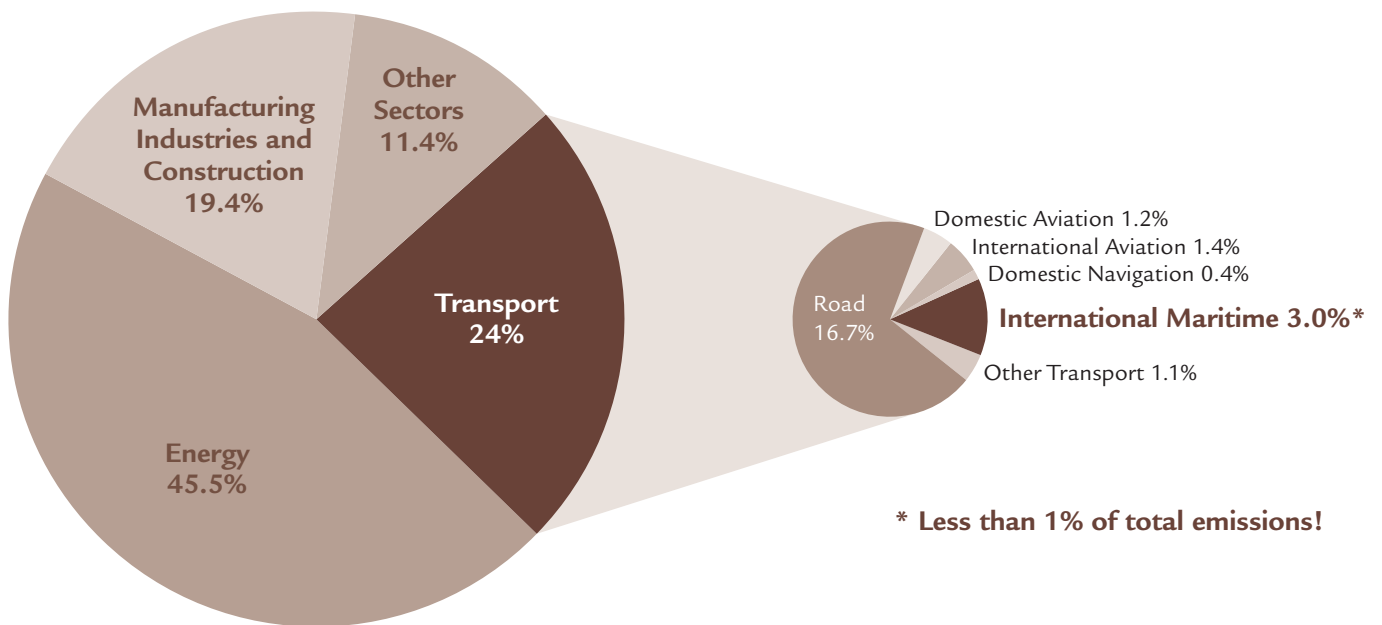
23 out of the 51 IMO treaty instruments address the prevention and control of pollution directly, a fact that bears testimony of the Organization’s commitment – through its Marine Environment Protection Committee MEPC, to the protection and preservation of the environment – both marine and atmospheric – from any adverse impacts caused by shipping operations. IMO has a successful track record of delivering environmental standards for ships that are enforced worldwide, as for example the IMO agreement to reduce ships’ sulphur (SO<sub>x</sub>) emissions and nitrous oxides (NO<sub>x</sub>) dramatically and on a global basis.

### **MEPC Marine Environment Protection Committee**

In the light of the mandate given to IMO in the Kyoto Protocol to address the limitation or reduction of greenhouse gas emissions from ships, the MEPC has disseminated a package of interim and voluntary technical and operational measures to reduce GHG emissions from international shipping. The agreed measures in conjunction with a work plan for proposed market-based instruments are intended to be used for trial purposes until the Committee’s sixtieth session (MEPC 60) in March 2010 when they will be refined, if necessary, with a view to facilitate decisions on their scope of application.

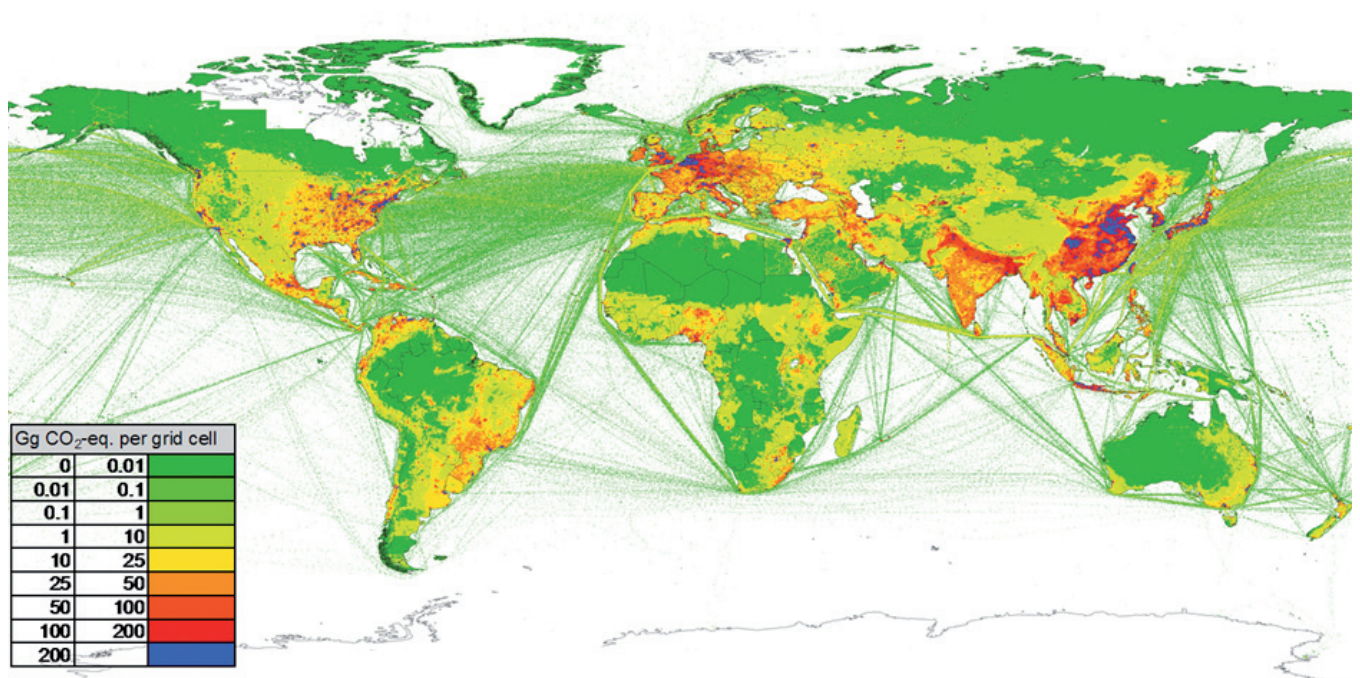
The MEPC was assisted in its deliberations by the outcome of the Second IMO GHG Study 2009 *“Prevention of air pollution from ships”* which is the most comprehensive and authoritative assessment of its kind. The Study estimated that ships engaged in international trade in 2007 contributed about 870 million tonnes or 2.7 per cent of the world’s anthropogenic CO<sub>2</sub> emissions and stated that emission reductions are feasible through technical and operational measures as well as through the introduction of market-based reduction mechanisms. A total share of 3.3 per cent in GHG emissions, including 0.6 per cent for domestic shipping and fishing, accompanied by detailed technical measures obviously turned out to be not attractive enough for being seriously recognised by the world’s leaders during the Copenhagen Conference.

## Graphs



**Figure 1: Emissions of CO<sub>2</sub> from shipping compared with global total emissions**

Source: IMO/MEPC 59/4



**Figure 2: Global shipping lanes and greenhouse gas emissions (CO<sub>2</sub>, CH<sub>4</sub>, N<sub>2</sub>O, SF<sub>6</sub>, PFCs and HFCs) in the year 2005**

Source: EC-JRC/PBL.EDGAR version 4.0, 2009

<http://edgar.jrc.ec.europa.eu/background.php>

## **Shipping**

However, the shipping industry's firm call for global measures and even target setting was communicated in Copenhagen stressing among others the fact that most ships spend their working lives travelling between different countries, different continents, and different legal jurisdictions, very often far away from the country of their register.

Since greenhouse gas emissions (carbon in particular) and fuel efficiency are directly linked, following the principle – the less fuel burned, the smaller the volume of emissions, shipping has a huge potential to reduce fuel consumption by more than 10 percent. Taking the massive slow down of world trade and transport into account, shipping has almost automatically reduced its emissions by a minimum of 10 percent in 2009. The fiasco of COP15 has its good side too – the shipping industry has gained a bit of time. This will enable IMO, actively assisted by stakeholders from the industry – shipping, shipbuilding, marine equipment manufacturing – to present COP16/17 well founded, concrete results.

## **Aviation and shipping emissions**

Shipping is not part of the Kyoto Protocol, nor does it have any reduction obligations under EU law, despite of global CO<sub>2</sub> emissions in the range of 2.7%.

The outcome of the Copenhagen conference proved to be extremely disappointing with regard to international aviation and shipping emissions. A number of developing countries signalled that the EU's proposal to cut aviation emissions by 10% and shipping by 15% over 2005 levels was too steep. COP15 failed in setting global, legally binding targets for international aviation and shipping emissions as it proved impossible to bridge the continuing differences.

## **Financing and funding**

The two competing principles of equal treatment of aircraft (ICAO) and ships (IMO) and the UNFCCC principle of CBDR (Common But Differentiated Responsibilities) climate negotiations still prevail. Copenhagen made no progress on the question of global measures versus CBDR, as it missed the chance to use the wider negotiations to resolve the issue and interpret CBDR in the bunkers context. The result of COP15 is clear – no decision regarding shipping!

# International dimension of the EC's integrated Maritime Policy at stake

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The Copenhagen climate summit has given a clear proof of the EU's weakness on the international political stage. The European Union was punched below its weight and all the statements in advance of COP15 about the EU leading the negotiations and setting the pace look unreal in the aftermath of the Conference. The President of the European Council Herman van Rompuy, the Swedish Presidency under Fredrik Reinfeldt and the President of the European Commission Jose Manuel Barroso ended up largely isolated. The host country's premature praised protagonist Connie Hedegaard, Denmark's Minister for Climate and Energy, finally stepped aside as president of the Conference and was seeking a "port of refuge" in heading up a new General Directorate on Climate Action, an offshoot of DG Environment.

Europe was far away from speaking with one voice during this international conference in Copenhagen weakened by the fact that Eastern and Central European Member States, extremely affected by terrible economic hardships to their economies, had radically opposed views on GHG emissions and ecology and were not willing to accept the dictate of Western Europeans in the European Union. They were not prepared at all to contribute to EU funds.

## **BASIC (Brazil, South Africa, India, China) and the US**

It took US President Barack Obama less than seven hours to bridge the gap between rhetoric and reality, Congress and Copenhagen. He simply followed "BASIC Instinct". Eventually Obama was cutting a deal with the BASIC group, firmly determined to defend the sovereignty of the United States and prioritising the country's ailing economy and the public health issue.

When President Barack Obama did the deal with China, India, Brazil and South Africa, European leaders were caught by surprise and ended up as paralyzed spectators.

## **BASIC – Brazil, South Africa, India, China**

Unlike at earlier UN Conferences, emerging economies constituting the informal BASIC group played an absolute key role in Copenhagen. After the basic draft of the four governments was diluted several times it finally was given President Barack Obama's consent and presented on a take-it-or-leave-it basis to the other 180 plus nations.

While Copenhagen won't end the UN process of addressing climate change, it marks a shift to decision making by smaller groups of powerful nations. But Copenhagen also marks a significant shift of global power from the Atlantic to the Pacific. The interests of the US foreign policy have definitely taken a turn to the East.

The face-saving Copenhagen Accord was not a culmination of the efforts of the Danish host but of BASIC and the US. All other blocks, the European Union included, remained excluded from the final deal making efforts. What has emerged out of Copenhagen was the strength that China and India demonstrated in the course of the deal making, and the presence of President Obama. The Copenhagen Accord helped US political interests to preserve their role as a global player, while Europe's diminishing influence was evident. The positions of the PR of China and India were strong from the very beginning sharing the common goal of not to save the world but to protect the right to develop their economies. Finally the host country and the European Union were left with a sense of relief that the largest and highest-level conference in UN history had not come to an end in total disaster.

As the text of the Accord is silent on the treatment of international shipping in the delivery of further CO<sub>2</sub> emission reductions, there is an inherent risk that some groups or countries will develop unilateral measures to regulate at national or regional level the CO<sub>2</sub> emissions of ships trading internationally. Such unilateral measures would likely result in serious market distortions – and most importantly – be far less effective in ensuring the reduction of GHG by the global shipping sector as a whole!

# Conclusion

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The new European Commission would be well advised in the wake of Copenhagen to abandon the plan of global leadership/governance in maritime affairs in general, and the debate on emission reductions of maritime transport in particular!

As long as the devastating consequences of the financial/banking crisis are not recognized, as long as the international monetary and financial institutions are malfunctioning, as long as large scale currency and commodity speculations are not tamed, a system of global distribution of funds for regional projects will bear the inherent risk of fraud and other abuse!

Let IMO and the sovereign UN Member States do their professional work, admittedly slow but steady, in a democratic way, free from wishful thinking and shallow unrealistic dreams!

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