



FOR IMMEDIATE RELEASE

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An EU ETS for Shipping Would Undermine a Global GHG Solution

Today the World Shipping Council published a paper highlighting serious concerns for maritime trade and global efforts to reduce greenhouse gas emissions if the EU expands its Emissions Trading System (ETS) to include international shipping. The WSC paper focuses on a critical threshold issue for application of the EU ETS to shipping: geographic scope. The most-discussed geographic application of the EU ETS to shipping is to mirror the scope of existing EU legislation on Monitoring, Reporting and Verification (MRV) of carbon emissions.

The EU ETS has been described as a “regional” system, but bringing international shipping into that system using the MRV scope would regulate the operation of ships on several of the world’s seas and oceans, including on the high seas and in waters adjacent to non-EU nations.

“This question of the geographic scope of any ETS system for shipping must be addressed before the European Commission can turn to the many technical details that would be involved in creating such a system. If the current MRV geographic scope is used, a majority of the emissions covered by the system would occur outside EU waters, in many cases from voyages extending thousands of miles across the globe,” said WSC President and CEO John Butler. Butler continued: “The cargo concerned is not just EU imports and exports; it is also the imports and exports of the EU’s trading partners. This will create trade tensions and raise legal and diplomatic concerns about the geographic reach of a unilaterally imposed emissions charge. The EU would be well advised to avoid extraterritorial application of the ETS.”

If the geographic scope is the same as the MRV GHG reporting regime, the system would also cover significant cargo volumes that are not part of EU trade at all, but are trans-shipped through EU ports. This would include numerous less-developed countries (LDCs) that would face an extra charge on their trade simply because their goods are routed through the EU. A charge would be levied first on the cargo as it sails into an EU port and then again as the same cargo leaves the EU on another vessel to its ultimate destination.

Equally troubling, the international tensions and disruption caused by an EU ETS with extraterritorial effect would harm the prospects for a comprehensive global solution through the International Maritime Organization. “Ironically, far from galvanising efforts in the IMO to implement global measures to curb CO₂ emissions, an EU ETS is more likely to prevent a global solution. It is unlikely that a government that has set up its own revenue-generating emissions system will dismantle it in favour of a global one,” Butler observed. Butler

concluded: “The EU wants to lead the effort to decarbonize shipping, and that leadership needs to be channelled through the IMO, which is the only place where a global solution can be reached.”

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View or download the WSC’s discussion paper: [“Shipping in the EU Emissions Trading System \(ETS\): An Evaluation of Regional Regulations Applied on an Extraterritorial Basis”](#)

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ABOUT THE WORLD SHIPPING COUNCIL: The World Shipping Council (WSC) is an association of liner shipping companies, with offices in Brussels, Singapore and Washington, D.C. and whose members carry approximately 90 percent of international containerised trade and a substantial share of the world’s roll-on/roll-off cargoes. The World Shipping Council’s goal is to provide a coordinated voice for the liner shipping industry in its work with policymakers and other groups interested in international transportation issues. For more information about the World Shipping Council and the liner shipping industry, please visit www.worldshipping.org .

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