

## **International Shipping and Aviation: Building Support for Emissions Reductions and Public Climate Finance**

There is global agreement on the need to dedicate significant resources to help developing countries confront the climate crisis. At the Cancun climate talks in December 2010 (referred to as COP 16), governments reaffirmed their commitment to jointly mobilize \$100 billion per year by 2020 to help countries adapt to the impacts of climate change and mitigate greenhouse gas emissions. As stipulated in the Cancun Agreements, this funding will come from a variety of sources, both public and private.

It is essential to build a serious conversation about potential public funding mechanisms and outline a strategy to advance agreed-upon sources of public finance. . While there are a number of options for generating public climate finance—a tax on carbon or on financial transactions as just two examples—none, at this moment, has political support from the United States government.

One option, however, that has potential for US support in the near-term, and which already has support from a number of developed and developing countries, is setting up an emissions trading system or a tax within the international shipping and aviation sectors. According to the High Level Advisory Group on Climate Finance (AGF), mechanisms in the shipping and aviation industries could generate up to \$24 billion per year (up to half of which would go to climate finance in the AGF scenario).<sup>1</sup> Mechanisms in the shipping and aviation sectors are particularly attractive as they can be structured not only to generate finance but also to reduce emissions from fast-growing and currently unregulated industries.

The details of any shipping mechanism would be negotiated at the International Maritime Organization (IMO) and of any aviation mechanism within the International Civil Aviation Organization (ICAO). However, negotiations within these specialist organizations are unlikely to conclude without agreement in the United Nations Framework Convention on Climate Change (UNFCCC) on the broad principles of any mechanism, including that emissions reductions are achieved in a way that also generates finance for climate change. The linkages between the IMO, ICAO, and the UNFCCC broaden the range of institutional actors that we need to influence.

Furthermore, despite the endorsement of shipping and aviation mechanisms in the AGF report, there is a lack of high-level political momentum towards enacting any measure, and debates are characterized by countries defending well-worn positions. The G20 in 2011 is well positioned to advance the debate on innovative sources, potentially by commissioning studies to address knowledge gaps such as the trade impacts of shipping measures. Buy-in from Finance Ministers and Heads of State would greatly advance technical negotiations on shipping and aviation mechanisms at the IMO, ICAO, and UNFCCC.

---

<sup>1</sup> *Report of the High-level Advisory Group on Climate Change Financing.*  
<http://www.un.org/wcm/content/site/climatechange/pages/financeadvisorygroup/pid/13300>

Clearly, the role of the US Administration is crucial in all these fora. Currently, the US supports mechanisms for these sectors that would address emissions, but not raise finance. As addressing both finance and emissions is critical to breaking the historical deadlock between developed and developing countries in ICAO and IMO, changing the US position is crucial. Targeted joint advocacy and campaigning from the US climate community is needed in order to advance the debate on all fronts.

In order to fulfill a significant knowledge gap in the US advocacy community on international transport mechanisms, and in order to devise a clear strategy for joint advocacy on shipping and aviation in 2011/12 across all relevant negotiating bodies, the co-sponsoring organizations are proposing a one-day workshop and strategy session in May 2011. The workshop would be attended by advocates interested in working on international climate finance and emissions from international transport.

Specifically, our goals for the workshop are as follows:

1. Gain a deeper understanding of the design, implementation, and political landscape and dynamics surrounding different shipping and aviation mechanisms (bringing in relevant experts). Specifically, we will:
  - a. Present information on the design and implementation of shipping and aviation mechanisms;
  - b. Map out the political landscape in 2011 – 2013 in the shipping and aviation sectors;
  - c. Map out the current political dynamics across developed and developing countries regarding proposals in these sectors; and
  - d. Highlight political opportunities and US-relevant targets for work on both aviation and shipping.
2. Come to a collective agreement on which proposals we most want to advocate for and begin to design a clear strategy for joint advocacy/campaigning to secure US support for revenue-raising shipping and aviation mechanisms at or by the Durban, South Africa climate summit in December 2011 (COP 17). Looking beyond COP 17 we should design a strategy that would lead to adoption of shipping and aviation mechanisms at the 2013 Assemblies of the IMO and ICAO and endorsement by the UNFCCC Parties at the December 2013 climate summit.
3. Develop a clear workplan (with roles established for different organizations) and form a Steering Committee that will work to carry forward the strategy.