

NEW IMO PROJECT SEEKS TO IMPROVE AVAILABILITY OF MARITIME TRANSPORT COSTS DATA IN THE PACIFIC REGION IN THE CONTEXT OF SHIPPING DECARBONIZATION

The project will help support future assessments of the possible impacts on States of future IMO GHG reduction measures

Background

International shipping plays a central role in global trade, carrying as it does 70% of that trade by value and more than 80% by volume. However, It is also a significant source of global GHG emissions, accounting for around 2.89% of global GHG emissions according to the IMO [Fourth GHG Study \(2020\)](#).

The International Maritime Organization (IMO) is a United Nations specialized agency developing global regulations for shipping in areas such as safety, security, and prevention of pollution, including air pollution, from ships.

In April 2018, IMO adopted an [Initial Strategy](#) on the reduction of GHG emissions from ships, setting out a vision which confirms IMO's commitment to reducing GHG emissions from international shipping and to phasing them out as soon as possible. The Strategy is due to be revised and strengthened in 2023.

The Initial Strategy contains a number of candidate GHG reduction measures and recognizes that the possible impacts on States of these measures should be assessed and taken into account as appropriate before their adoption. Particular attention in these impact assessments should be paid to the needs of developing countries, especially Small Island Developing States (SIDS) and Least Developed Countries (LDCs).

The Initial Strategy also identifies several parameters to be used for assessing possible impacts of a candidate GHG reduction measure on States, such as, cargo value and type, transport dependency and transport costs.

Transport costs are particularly important in the Pacific region which contains some of the States most vulnerable to climate change and who are already facing relatively high shipping and trade costs, being largely dependent on shipping for trade, including imports of essential goods.

The *Procedure for assessing impacts on States of candidate GHG reduction measures* is set out in [MEPC.1/Circ.885](#). According to this procedure, any proposal to the Marine Environment Protection Committee (MEPC) for a candidate GHG reduction measure should be accompanied by an Initial Impact Assessment. Following consideration, the MEPC may require a Comprehensive Impact Assessment, before adoption of the measure.

In 2020, MEPC 75 approved a short-term measure combining technical and operational requirements in the International Convention for the Prevention of Pollution from Ships (MARPOL) with a view to reducing the carbon intensity of operational shipping by at least 40% in 2030, compared with 2008. In considering the draft amendments to MARPOL Annex VI, many delegations highlighted that, before adopting the short-term measure, it was essential to undertake a comprehensive assessment of its impacts on States. Consequently the impact assessment was initiated in accordance with the approved terms of reference and a Steering Committee established.

UNCTAD was invited to carry out Task 3 of the Workplan setting out steps for a quantitative and qualitative comprehensive assessment of the possible impacts of the IMO measure on

States. IMO and UNCTAD, as members of the UN family, have a long-standing collaborative relationship. This collaboration has been particularly close during this assessment.

The final report of the comprehensive impact assessment of the short-term measure suggested possible considerations for future impact assessments of mid- and long-term GHG reduction measures for shipping, in particular (1) to review and determine the availability, reliability, and level of granularity of data and identify main gaps relating to transport cost data pertaining to developing countries, in particular SIDS and LDCs; (2) and to identify capacity-building needs to improve impact assessments, including building the capacity of developing countries, in particular SIDS and LDCs to collect relevant data.

In considering the outcomes of the comprehensive impact assessment, the seventy-first session of the IMO Technical Cooperation Committee (TC) noted the advice from the Secretariat that a number of IMO projects might be of assistance in providing analysis and data, for example the Global Maritime Technology Cooperation Centres (MTCCs) Network, many delegations also supported the strengthening of MTCCs globally and their possible involvement in the delivery of IMO's technical cooperation activities.

Objective of the project

In response to the observations of MEPC and TC, the IMO Secretariat initiated a project aiming to improve the availability of relevant maritime transport costs data for the Pacific SIDS/Pacific Region with a view to facilitating future assessments of the possible impacts on States of potential GHG reduction measures in shipping, including, as appropriate, carbon pricing instruments. To assist in this, the project aims to establish interim baselines and to initiate the modelling of the impact on Pacific SIDS of a hypothetical increase in transport costs or change in connectivity patterns. Central to the project's success will be its ability to identify the foundation of a system of continued monitoring and collection of data on maritime transport costs in the Pacific region.

Implementation

The activity will be implemented by MTCC-Pacific, a centre of expertise established by IMO as part of the Global MTCC Network (GMN), and hosted by the Pacific Community (SPC) and the Secretariat of the Pacific Regional Environment Programme (SPREP).

To ensure that the outcomes of the project are transparent and not policy prescriptive, a broad range of organizations, institutions and resources with relevant experience and expertise, including UNCTAD, will to be involved.

Expected outcomes of the project and its deliverables

The main outcome of this project will be a Study on maritime transport costs data in the Pacific region which is to be submitted to the IMO Secretariat by 1 October 2022.

It is also expected that the project will identify and initiate a possible permanent partnership or structure for the ongoing collection and sharing of maritime transport costs data and other relevant statistics for Pacific SIDS. The project is also expected to enhance the understanding of the determinants of maritime freight rates in the Pacific region.

The project is funded by the IMO [GHG-TC Trust Fund](#).

Interested stakeholders are invited to liaise with the IMO Secretariat (ghg@imo.org) for more information.
