

Carbon, and the competitiveness of shipping

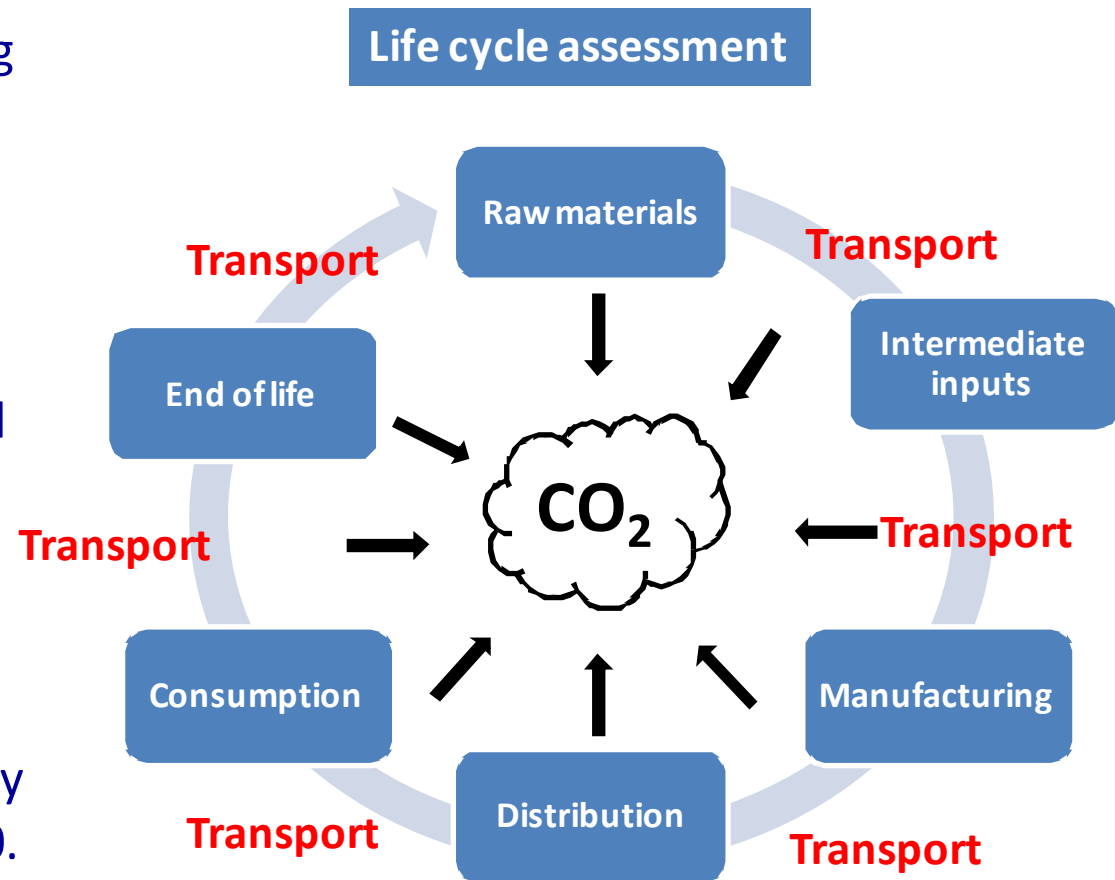
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Carbon footprint of products

- ❑ Transports = one third of EU ghg emissions (EEA, 2010)
- ❑ Continue to grow
- ❑ Concern for climate change and focus on **carbon footprint**
- ❑ **MAERSK-NIKE partnership**
 - Cut Nike's CO₂ emissions from factory-distribution transport by 30% below 2003 levels, by 2020.

Source: Maersk's sustainability report 2009



A source of competitive advantage

- ❑ Carbon intensity (CO₂/ton/km) an argument in the comparison and commercial choice of alternative modes of transport?

- ❑ Shipping has the lowest carbon intensity of freight: 10-15g/tkm,
 - rail (19-41g/tkm)
 - trucking (51-91g/tkm)
 - aviation (673-867g/tkm).

- ❑ A high price on carbon might raise a competitive advantage

- ❑ Reinforced by growing regulations and concern for climate change

□ Difficulty to set up a global action on climate change (Copenhagen 2009...)

➡ Unilateral actions by countries

➡ Different prices of CO₂ across countries

➡ Fear of carbon leakage and loss of industrial competitiveness of energy intensive sectors

Border carbon adjustment (1/2)

- Demand for trade measures to compensate for differences in price of CO₂
 - Ex: Sarkozy-Berlusconi call, april 15, 2010

- BCA most credible option (WTO consistent)
 - Waxman-Markey bill (06/2009): International reserve allowance program
 - Directive 2009/29/EC which revises the EU ETS. Mentions BCA for energy intensive sectors

Border carbon adjustment (2/2)

Principle:

- Importer has to deliver carbon allowances (or pay carbon tax) according to the carbon content of product.
- Exemption/rebate for exporter

Key issue: assessing the carbon content of imported goods

- Use of a product-specific benchmark based on domestic production process (European Commission)

Could consider also transports and use a transport-specific benchmark for imported/exported goods

Would encourage low carbon-intensity transport modes.