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Response from the Danish government to Commission consultation on "Including maritime transport emissions in the EU's greenhouse gas reduction commitment".

The most ideal way to regulate maritime CO2 emissions would be to agree a global flag neutral market based instrument in the International Maritime Organisation (IMO) while a global reduction target should be agreed upon in UNFCCC consistent with the 2 degree target. In the IMO, Denmark, with the support of Asian, African, European Countries and the industry, is proposing an international greenhouse gas fund where a contribution will have to be payed when buying bunker fuel and where the revenue is used for buying offsets to meet a certain predefined goal to reduce greenhouse gas emissions. Parts of the revenue may also be used as an innovative source of climate finance, which could for example be directed to the Green Climate Fund.

A global agreement building on the nine IMO principles and covering all international shipping would be more effective than a European scheme, and would more easily be designed to secure the principle of flag neutrality, minimizing competitive distortions and for avoiding evasion. It is important that the EU and Member States continue to support a global solution. Lack of international progress will require alternative avenues such as an EU scheme. It should be considered carefully how such a system could ideally be designed so that it follows the nine<sup>1</sup> IMO principles, particularly so that it

-is effectively contributing to the reduction of greenhouse gas emissions,

-is cost-effective, minimizes competitive distortion and does not penalize global trade and growth while supporting technical innovation and energy efficiency,

-minimises risks of evasion,

-is practical, transparent, fraud free and fairly easy to administer,

-is in line with international law,

-can be adapted in case an international scheme is implemented.

Yours sincerely,

Martin Lindgreen, Head of Department

<sup>1</sup> IMO's 9 principles:

2. Binding and equally applicable to all flag states in order to avoid evasion

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Side 2

<sup>1.</sup> Effective in contributing to the reduction of the total global greenhouse gas emissions

<sup>3.</sup> Cost-effective

<sup>4.</sup> Able to limit - or at least - effectively minimize competitive distortion

<sup>5.</sup> Based on sustainable environmental development without penalizing global trade and growth

<sup>6.</sup> Based on goal-based and not prescribe specific methods

<sup>7.</sup> Supportive of promoting and facilitating technical innovation and R&D in the entire shipping sector

<sup>8.</sup> Accommodating to leading technologies in the field of energy efficiency

<sup>9.</sup> Practical, transparent, fraud free and fairly easy to administer