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Economic Incentives to Reduce Shipping Emissions

This presentation will review the status of global sulphur emissions from shipping as well as the mechanisms that are in place to reduce harmful sulphur emissions. Policy mechanisms to control emissions include command and control methods such as Emission Control Areas (ECAs), as well as economic incentives such as differentiated fairway fees and sulphur trading schemes to encourage environmental compliance. Given the status of the Panama Canal as a high-volume shipping route that is likely to see increased shipping pressure post-expansion, it is important to control sulphur emissions in the region. This presentation will explore the potential use of incentives such as differentiated transit tariffs in Panama to reduce emissions to ECA-like levels.