



EUROPEAN SHIPPING MRV REGULATION

CONSULTATION ON INCEPTION IMPACT ASSESSMENT

ALIGNMENT EU MRV REGULATION WITH IMO CO2 DATA COLLECTION SYSTEM

SHIPPING INDUSTRY RESPONSE

(07 July 2017)

The European Community Shipowners' Associations and the International Chamber of Shipping - in conjunction with the Asian Shipowners' Association, BIMCO, INTERCARGO, INTERFERRY, INTERTANKO and the World Shipping Council welcome the revision of the EU Shipping MRV Regulation undertaken for the purpose to align the EU MRV with the global IMO Data Collection System (IMO DCS).

The shipping industry is encouraged by the positive statements from the European Commission which acknowledge the significant progress made by IMO Member States towards addressing GHG emissions from international shipping.

With the full support of the industry, IMO Member States have agreed inter alia to develop a comprehensive strategy for the further reduction of GHG emissions from shipping. Importantly, this will include an initial strategy, for adoption in 2018, which we are confident will include CO2 reduction objectives for the entire global sector consistent with the spirit of the Paris Agreement. This initial IMO strategy will then be further refined using data from the IMO CO2 data collection system, also adopted at MEPC 70 and completed with guidelines at MEPC 71, and which will provide data on the CO2 emissions of ships throughout the global fleet.

As stated with Recital 34 of the EU MRV Regulation, *the EU MRV system should serve as a model for the implementation of a global MRV system. A global MRV system is preferable as it could be regarded as more effective due to its broader scope. [...] Where an agreement on a global MRV system is reached, the Commission should review the Union MRV system with a view to aligning it to the global MRV system.*

In this respect, our position implies the European Commission should ensure to the full extent the establishment of a single efficient and effective collection system serving the final goal of reducing CO2 emissions from international shipping in accordance with the Paris Agreement.

Such a full alignment would not only serve the purpose of creating an internationally unified reliable data base for ships CO2 emissions, it would also be in line with the better regulation agenda of the European Commission, which aims for targeted regulation in order to achieve its objectives and bring benefits at minimum cost to the European economy.

The aim of a full alignment exercise of the EU MRV Regulation with the IMO Data DCS is to have global regulatory uniformity in order to minimize the additional burden in particular for small and medium-sized shipping companies and avoid any dual systems.

The **full alignment and harmonisation** of the EU MRV with the IMO DCS means that:

- The EU MRV Regulation is amended to provide for reporting of the same data monitored under the IMO system; and
- The data reported under the EU MRV Regulation will not be published; and
- The verification procedures under the IMO DCS will be used within the EU MRV Regulation; and
- The monitoring plan templates and reporting formats, procedures and systems are identical.

Whilst the '**No alignment**' policy option (Option A. under the Inception Impact Assessment) is inappropriate as regard the burdensome and ineffective double monitoring and reporting requirements it will entail, any '**Partial alignment**' policy sub-options (option C.) will not serve the purpose of avoiding any double requirements. In particular, the following unilateral requirements should be considered as jeopardizing a fair competition for the international shipping industry:

- **Metrics** - The metrics which the EU requires ships to report (including non-EU flag ships calling at EU ports) are far more detailed than required under the IMO regime. Apart from the administrative burden created, there is a concern among many IMO Member States that the next step may be for the EU to use this data to develop a unilateral operational efficiency index, which in turn might be used to penalise individual ships unfairly, using abstract metrics that have no relation to the ship's actual carbon efficiency or CO2 emissions.
- **Verification** - The EU verification system requires the use of verifier bodies authorised by national accreditation bodies associated with the EU Emissions Trading System, rather than Recognized Organizations (primarily classification societies) authorised to work on behalf of Flag Administrations under IMO Conventions.

- **Publication of Data** - The EU MRV Regulation requires the European Commission to publish the data received complete with company and individual ship identifiers, so that it can be used by third parties with the specific intent of affecting the commercial market. Under the IMO system, the information from ships submitted to IMO via the flag State is anonymous to third parties. The purpose of the IMO regime is simply to establish the total CO2 emissions of the international shipping sector, to facilitate further policy decisions and consideration of additional GHG reduction measures. But the EU wishes to publish detailed (and commercially sensitive) data about individual ships visiting EU ports, which may be misused, resulting in the unfair penalisation of ships, and leading to market distortion as a consequence.

In conclusion, the EU MRV has to be 100% aligned to the IMO data collection system with verification carried out according to IMO rules and that reported information covering voyages from and to EEA ports will not be published. The use of the existing IMO mechanisms from the Flag State Administrations for enforcement and implementation, under a single and functional global fuel consumption data collection system, is required.

A signal from the Commission confirming that it is taking the necessary steps to align the EU regime with the IMO data collection regulation would be most helpful to avoid polarisation at the next round of discussions at IMO, stimulating further progress towards the ambitious global solution that the Commission is also seeking, and which the global and EU shipping industries fully support.

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