



European Economic and Social Committee

NAT/616
Maritime transport emissions

Brussels, 16 October 2013

OPINION

of the

European Economic and Social Committee

on the

Proposal for a Regulation of the European Parliament and of the Council on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport and amending Regulation (EU) No 525/2013
COM(2013) 480 final - 2013/0224 (COD)

Rapporteur: **Mr Back**

On 16 July 2013, the Council and, on 4 July 2013, the European Parliament decided to consult the European Economic and Social Committee, under Articles 192(1) and 304 of the Treaty on the Functioning of the European Union, on the

Proposal for a Regulation of the European Parliament and of the Council on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport and amending Regulation (EU) No 525/2013
COM(2013) 480 final - 2013/0224 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 1 October 2013.

At its 493rd plenary session, held on 16 and 17 October 2013 (meeting of 16 October), the European Economic and Social Committee adopted the following opinion by 134 votes to one with 9 abstentions.

*

* *

1. **Conclusions and recommendations**

- 1.1 The EESC welcomes the proposal for a Regulation on a system for monitoring, reporting and verifying (the MRV system) CO₂ emissions from shipping in the EU (the Proposal), as a first step towards implementing the measures to reduce CO₂ emissions from shipping set out in the 2011 White Paper on Transport Policy¹.
- 1.2 The EESC welcomes the MRV system as a first step in a staged approach towards reaching an International Maritime Organisation (IMO) agreement on mandatory measures for reducing CO₂ emissions from shipping and takes favourable note of the improved energy efficiency and reduced emissions that are expected as a result of its implementation².
- 1.3 The EESC appreciates that while the Proposal as such is insufficient for implementing these objectives, it nevertheless goes as far as would seem reasonable in terms of the measures that may be taken at national or regional level with regard to third countries. The EESC considers that the Proposal has struck the right balance in this respect.

¹ COM(2011) 144 final, EESC Opinion on *Roadmap to a Single European Area*, [O.J. C 24 of 28.1.2012, pp. 146-153](#), particularly points 1.2, 3.7, 3.8 and 3.11.

² COM(2013) 480 final.

- 1.4 The EESC welcomes the fact that the Proposal's cost to benefit ratio is favourable for the ship operators involved. The EESC expects the Commission to monitor the outcome of the implementation of the Proposal on this point and to take the appropriate initiatives if, for instance, the predicted costs and benefits turn out to have an adverse impact on competitiveness.
- 1.5 The EESC questions the need for and the added value of the additional operational information that goes beyond the scope of fuel consumption and emissions, which is to be monitored and reported under the Proposal, as set out in Articles 9 (d) – (g), 10 (g) – (j) and Annex II, particularly as at least part of this information is considered to be commercially sensitive by the shipping industry and views seems to diverge as to the value of its availability in an aggregated form.
- 1.6 The EESC draws attention to the Blue Belt initiative by the Commission for alleviating administrative burdens on short sea shipping and takes the view that this approach should also apply with regard to this proposal³.
- 1.7 The EESC takes note that there is a need for further measures in order to achieve the objectives set out in the White Paper and considers that it is extremely important that such measures are taken within the IMO to avoid the risk of conflict with non-EU Member States and /or a negative impact on the competitiveness of EU shipping.

2. Introduction

- 2.1 Emissions from international maritime transport today account for 3% of global greenhouse gas (GHG) emissions and 4% of EU GHG emissions. Forecasts predict a global share of 5% going forward to 2050 and considerable increases at EU level, where figures vary between 51 and 86% depending on the base year chosen (2005 and 1990, respectively)⁴.
- 2.2 The EU 2008 Energy and Climate package, the EU 2020 Strategy⁵ and the 2011 White Paper on transport policy all set out ambitious aims for GHG reductions. The overarching EU aims are a 20% reduction relative to 1990 values, which will increase to 30% in the event of a global agreement⁶. In the area of international shipping, the White Paper on transport policy sets a 40% reduction target for 2050 relative to 2005 levels.

³ COM(2013) 510 final – *Blue Belt, a single Transport Area for shipping*.

⁴ COM(2013) 479.

⁵ COM(2010) 2020.

⁶ COM(2013) 479.

- 2.3 There is, however, no legal obligation for the shipping sector to reduce its GHG emissions, with the exception of the IMO sulphur regulation, which was transposed into EU law through Directive 2012/33/EU. International maritime transport is the only transport sector not included in the EU GHG emission reduction commitment.
- 2.4 Nevertheless, the European Council and the European Parliament have both made statements to the effect that all sectors should contribute to the reduction of emissions.
- 2.5 In the transport sector, targets have been set with respect to civil aviation, which has been included in the EU Emission Trading Scheme (ETS), and which also applies to flights to and from EU airports. Implementation of this measure has, however, been temporarily deferred with respect to non EU flights to smooth the way for a global agreement in the ICAO⁷.
- 2.6 In the area of shipping, no binding aims have been defined at EU level as it was considered more appropriate to wait for globally coordinated measures in the IMO.
- 2.7 Nevertheless, according to a 2009 statement by the Council and the Parliament, the fact that no international agreement in the IMO was approved by the EU or its Member States by 31 December 2011 means that the Commission should make proposals for the inclusion of international maritime emissions in the Community's reduction commitment, which would enter into force by 2013, designed in a way that would minimise any negative impact on the Community's competitiveness⁸. These statements were followed up by a Commission statement in October 2012.
- 2.8 While the IMO has not delivered an international agreement in response to the 2009 statement, decisions have been taken to improve the energy efficiency of new ships and further proposals have been put forward to improve energy efficiency, where monitoring, reporting and control of emissions could be a first step. Against this background, the Commission considers that the on-going work in the IMO could lead to decisions on market based measures for the reduction of emissions. The commitment to act at regional EU level should therefore be implemented in a way that supports the continued work in the IMO. The Commission has expressed a strong preference for a global approach led by the IMO and will continue to act accordingly, despite the slow progress in terms of the IMO's action in this area. The Commission will continuously monitor progress and consider all future action in the context of the United Nations Framework Convention on Climate Change (UNFCCC) and the IMO.
- 2.9 The introduction of a system for the monitoring, reporting and verification of emissions (MRV) should represent the first step in this direction. This would make it possible to monitor developments and to promote improved energy efficiency at company level which could

⁷ Directive 2008/101/EC and Decision 377/2013/EU.

⁸ Recital 2 of Decision 406/2009/EC and Recital 3 of Directive 2009/29/EC.

therefore reduce costs above and beyond the costs of running the MRV system. Experience may be drawn from existing company level systems. A regional EU MRV system should be implemented in cooperation with the IMO which could be adapted to possible future IMO measures along the same lines. It could also be a first step in a stepwise approach towards including maritime transport GHG emissions in emission reduction commitments at EU or international level through energy efficiency requirements and/or Market Based Measures (MBM).

3. The European Commission's proposal

- 3.1 The Commission has proposed a Regulation which provides a framework for a MRV system for CO₂ emissions from ships of over 5000 gross tons (GT). The system covers all traffic in and between EU ports and between an EU port and the first non EU port of destination or the last non EU port of departure. It applies to all ships, irrespective of their flag, with the exception of warships, state craft and pleasure craft. The Proposal estimates that the tonnage threshold excludes about 40% of the fleet but only 10% of CO₂ emissions.
- 3.2 For the reasons indicated in Section 2 above, the system is to be implemented in close cooperation with the IMO and other international organisations and it will be possible to adapt it in line with possible future IMO concepts.
- 3.3 The MRV system proposed by the Commission provides a framework for ensuring the collection by ship owner/operators of relevant data for each ship and each journey falling under the Regulation, including movements inside ports. Annual reporting will also take place. Reporting will be approved by accredited verifiers and approved annual reports will be submitted to the Commission and the flag state. Annual reporting will be published and conformity documents issued by the verifiers are to be kept on board ships covered by the system. Conformity will be checked by the flag state and through the port state control system. Failure to comply will be sanctioned, in certain cases by the expulsion of a ship, i.e. a ban on its entry to EU ports until the compliance problem has been resolved.

4. General comments

- 4.1 The EESC takes note of the strategic aims behind the Proposal that are ambitious and go far beyond the content of the proposal by seeking to establish a factual basis for further negotiations and further progress towards measures that will significantly reduce CO₂ emissions from shipping. The EESC welcomes these strategic aims and takes favourable note of the Commission's approach which is to gain control of the situation regarding CO₂ emissions and their evolution in a transparent and credible manner through the reporting and verification system which would be created under the proposed regulation. It also shares the belief that this knowledge base could help to bring forward the on-going work within the IMO to reach agreement on the mandatory measures for reducing CO₂ emissions from maritime

transport. In this context, the EESC also refers to its opinion⁹ on the proposal for a Regulation on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and union level relevant to climate change and repealing Directive No 280/2004/EC, since adopted as Regulation 525/2013.

- 4.2 The EESC also takes favourable note of the Proposal's partial bottom up approach whereby the information to be collected at company level is expected to encourage measures to improve energy efficiency at company level, which would lead to reduced fuel consumption and reduced emissions per transported unit, at a rate of 2% per year. It would also reduce net costs by EUR 1.2 billion per year by 2030, according to the impact assessment accompanying the proposal, taking into account the cost of implementing the MRV system, which will largely be borne by the shipping industry.
- 4.3 The EESC nevertheless stresses the importance of continuously monitoring the accuracy of the assessment of the Proposal's cost to benefit ratio for the shipping industry and society. It also urges the Commission to immediately propose corrective measures should it transpire that the requirements imposed on the shipping industry under the future MRV system represent a burden for the shipping industry, which would have a negative impact on its competitiveness.
- 4.4 The EESC has doubts regarding the proposal to extend monitoring and reporting duties to cover commercial and operational aspects as well. The EESC adds that the proportionality of this additional information requirement is questionable as it goes beyond the primary aim of the Proposal, which is to collect information on CO₂ emissions. Moreover, its usefulness has been questioned by the shipping industry and the information in question may also be commercially sensitive. Against this background, the imposition of additional administrative obligations would also seem to be at variance with the drive for simplification, which is such a key feature of the Commission's Blue Belt initiative to facilitate sea transport in the EU. In this context, the EESC also takes note that an obligation to provide this kind of information would be particularly burdensome for short sea shipping involving short journeys and multiple destinations.
- 4.5 The EESC also agrees with the assessment that the emissions reduction level which the Proposal is expected to provide will still fall far short of what is needed to achieve the targets set for the maritime sector under the 2011 White Paper on transport policy. Further and more efficient measures are needed as a matter of urgency.

⁹ EESC opinion on *Sulphur content of marine fuel*, [OJ C 68 of 6.3.2012, pp. 70-74](#).

- 4.6 In this context, the EESC also recalls earlier opinions¹⁰ on maritime transport policy and environmental requirements, in which the EESC consistently maintained a line welcoming initiatives that improve the environment, yet also argued that, given the global nature of maritime transport, such measures should be taken at a global level, within the IMO.
- 4.7 In this context, the EESC recalls that the proposal will also apply to ships flying the flag of non-EU countries. While this does not pose a problem for intra EU transport operations, problems may well arise in the case of transport between EU and non EU ports. The EESC considers that this may represent a practical and political rather than a legal problem in view of the potential risk of retaliation or complications arising from the existence of several parallel systems of this kind. The EESC expresses the hope that the planned system will prove to be sufficiently attractive to those falling under its ambit and that, unlike the ETS system in civil aviation, no difficulties will arise with regard to third country operators.
- 4.8 The EESC shares the view that mandatory measures to reduce CO₂ emissions which go beyond the content of the Proposal should be agreed within the IMO in order to improve the chances of them being successfully implemented. It also considers that regional EU regulation is more likely to encounter various implementation difficulties, particularly with respect to third countries.
- 4.9 The EESC takes note that the impact assessment relating to the Proposal concludes that MBM are the most efficient measures for achieving an adequate reduction in CO₂ emissions to a level that will make it possible to achieve the emissions targets for maritime transport, as set out in the 2011 White Paper on transport policy.
- 4.10 The EESC also draws attention to the risk that regional mandatory measures to reduce emissions, especially MBM, may have a negative impact on the competitiveness of European shipping.
- 4.11 The EESC therefore also welcomes the obligation set out in the Proposal for the Commission to keep in close touch with the IMO and other pertinent international organisations regarding the implementation of an EU MRV system for maritime CO₂ emissions as well as the Commission's readiness to adapt the EU system to a future MRV system agreed within the IMO.
- 4.12 The EESC encourages the Commission and Member States to maintain their pressure within the IMO for prompt decisions on adequate, preferably MBM based, measures to reduce CO₂ emissions from maritime transport.

¹⁰ *Sulphur content of marine fuels*, [OJ C 68 of 6.3.2012, pp. 70-74](#); *Blue Growth : Opportunities for marine and maritime sustainable growth*, [OJ C 161 of 6.6.2013, pp. 87-92](#); *EU's maritime transport policy until 2018*, [OJ C 255 of 22.9.2010, pp. 103-109](#); *ETS in aviation*, [OJ C 133 of 9.5.2013, pp. 30-32](#); *Monitoring and Reporting Greenhouse Gas Emissions*, [OJ C 181 of 21.6.2012, pp. 169-173](#); *Integrated Maritime Policy for the EU*, [OJ C 211 of 19.8.2008, pp. 31-36](#); *The Greening of Maritime Transport and Inland Waterway Transport*, [OJ C 277 of 17.11.2009, pp. 20-24](#).

- 4.13 The EESC takes note that while the Commission attaches great importance to a solution involving the IMO, it does not exclude regional measures at EU level, should current developments in the IMO not lead to any results. The EESC welcomes the fact that no time limit appears to have been set for such regional measures and warns against taking measures that could prove to have little effect in terms of reducing emissions yet which might come at a higher cost in terms of reduced competitiveness or which could generate problems in relation to third countries to the extent that such measures affect ships flying their flag, at least in non EU waters.
- 4.14 The EESC also approves the link established between the sectorial MRV and the general monitoring system for GHG emissions established under Regulation 525/2013¹¹.

5. Specific comments

- 5.1 The EESC takes note that the concept chosen for the MRV system places most of the burden for the implementation of the system on ship-owners or ship operators and on the accredited verifiers while the Member States, the Commission and the EMSA will mostly carry out supervisory functions and receive reporting. This is intended to make it possible to profit from existing company level experience and to reduce the administrative burden on the EU institutions.
- 5.2 The EESC considers that, to improve the quality of emission reporting, relevant specific information such as the ice class of a ship or the presence of pertinent navigational conditions, such as winter navigation, should be recognised in the reporting.
- 5.3 The EESC takes the view that some aspects of the proposed MRV system are unnecessarily complex and resource consuming. It is, for instance, difficult to understand why a formal verification report must be drawn up for the annual reports given that a conformity certificate will be issued for approved annual reports, and that the main elements of that certificate will also be published. The EESC is of the opinion that a conformity certificate should be sufficient, possibly with a motivated verification report in cases where a conformity certificate has been refused.
- 5.4 While it is certainly useful to also communicate reporting under the Proposal to the Commission bodies responsible for implementing Regulation 525/2013 on monitoring and reporting of GHG emissions, it is difficult to understand why the Member States should be required to send a separate report to the Commission, adapted for the purposes of this Regulation, given that all the relevant information could simply be included in one report which could then be communicated to all those concerned.

¹¹ Regulation EU 525/2013 on a mechanism for monitoring and reporting greenhouse gas emissions and for reporting other information at national and Union level relevant to climate change and repealing Decision No 280/2004/EC.

- 5.5 The EESC also questions whether the scope of the expulsion sanction stipulated in Article 20 (3) of the Proposal is reasonable, since it would appear to prevent a ship from entering any EU port, including those of its flag state. It would seem reasonable to provide for some sort of port of refuge, which would provide an opportunity to resolve compliance problems.
- 5.6 The EESC questions whether the time limits provided for implementation are not unnecessarily long and whether it might not actually be possible to shorten the timeframe by one year. For instance, while it is foreseen that the Proposal should enter into force on 1 July 2015, monitoring plans to not need to be communicated to the Commission until 30 August 2017 whereas the monitoring process itself will not actually begin until 1 January 2018. This represents a transition period of about 2.5 years, which the EESC considers to be rather long, bearing in mind that a number of delegated acts and implementation acts will also need to be adopted.
- 5.7 The EESC also considers that the planned European Sustainable Shipping Forum may be a good focal point for a number of questions on implementation issues.
- 5.8 The EESC has also noted a number of technical points regarding the Proposal. In Article 14(1) both "company" and "ship operator" are mentioned, whereas according to the definitions in Article 3, the word "company" covers both owners and operators. Both Article 15(5) and 16(3) delegate powers to the Commission to issue delegated acts regarding inter alia "methods of accreditation of verifiers". The EESC suggests taking out the reference to "methods of accreditation" from Article 15(5) which deals with verification procedures and to retain it in Article 16 which deals with the accreditation of verifiers.

- 5.9 Article 23 provides for a very broad delegation to supplement and amend the provisions of Annexes I and II through delegated acts to take into account a number of elements, including scientific evidence, relevant data available on board ships, international rules and internationally accepted standards "to identify the most accurate and efficient methods for the monitoring of emissions and to improve the accuracy of the information requested". The EESC takes the view that this delegation goes far beyond adaptations to technical development and appears to authorise changes, such as the identification of monitoring methods, which are essential to the proposal. The EESC therefore takes the view that a delegation with this scope may be contrary to Article 290 TFEU. A similar question mark arises regarding the delegation in Article 15(3) for verification procedures.

Brussels, 16 October 2013

The President
of the
European Economic and Social Committee

Henri Malosse
