



**COUNCIL OF
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NOTE

from: General Secretariat
to: Delegations

Subject: System for monitoring, reporting and verification (MRV) of GHG emissions from international maritime transport
- Information from the Commission

Delegations will find attached an information note on the above, submitted by the Commission, to be dealt with under "other business" at the meeting of the Council (Environment) on 14 October 2013.

**Proposal for the monitoring, reporting and verification of carbon dioxide emissions
from maritime transport**

Information note by the Commission

In June 2013, the Commission presented a proposal for setting up a system to monitor, report and verify (MRV) CO₂ emissions from maritime transport. The proposal was accompanied by a Communication setting out a vision for integrating maritime transport emissions in the EU's greenhouse gas reduction policies – in line with the White Paper on Transport.

The Commission sees the setting up of the MRV system as a first step in a staged approach to reduce CO₂ emissions from maritime transport. As outlined in the accompanying Communication, this should be complemented by a debate on the necessary reductions to be achieved by the sector (targets) and the most appropriate measures in doing so (efficiency standards and/or market-based measures).

The Commission has also confirmed its strong preference for a global approach lead by the IMO,. A strong role for the EU and its Member States in these discussions is a pre-requisite to the success of these negotiations in line with EU's ambitions.

The Commission proposal covers all ships above 5000 GT involved in EU-related trade, from their last port of call before an EU port to their first port of call after leaving an EU port. The proposal focuses on MRV of CO₂ emissions and on relevant information to allow the calculation of ships' energy efficiency. The latter aspects have been included in order to ensure a close link between the ongoing EU discussions and those taking place internationally.

CO₂ emissions would be calculated on an annual basis based on the ship-specific fuel consumption and fuel type, while ships' efficiency would be calculated based on data on fuel consumption, distance travelled, cargo carried, and the technical characteristics of each ship.

The Commission proposal aims to secure robust results while reducing to a minimum the related administrative costs. It does, therefore, propose to use existing documents and structures specific to the shipping sector to facilitate its implementation.

The Impact Assessment carried out in preparation of the Commission's proposal identified positive environmental (2% emission reduction compared to business-as-usual) and economic (net costs savings of annually up to €1.2 billion) impacts related to MRV.

The Commission has initiated an international dialogue between key partners to develop a common understanding and approach towards developing further measures to complement the 2011 IMO agreement on the establishment of an Energy Efficiency Design Index for new ships.

The IMO has been debating different options for market-based measures for several years, but the discussions have been heavily impacted by discussions on the possible application of the Common But Differentiated Responsibilities and Respective Capabilities (CBDR-RC) principle. To avoid a blockage, a new approach has been put forward – continue to further improve the efficiency of shipping, by using the tremendous potential to reduce energy consumption by up to 75%, of which important parts even being at negative or no costs.

The Commission and a large number of EU Member States have been engaging informally with other countries to seek a common framework for doing so. This has led to specific proposals being put forward which will continue to be discussed in the coming year by the IMO. Some of these proposals also specifically foresee the need for setting up a system for MRV of relevant data. A close reflection of the discussions in the EU will be necessary also in the IMO.

The Commission will keep all Member States informed on the advancement of these discussions. The Commission will also bring forward proposals for lines of action ahead of the relevant IMO meetings, in the context of the coordination process.