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From: General Secretariat of the Council

To: Delegations

Subject: 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 (MRV)

- Information from the Presidency on the state of play

Delegations find in Annex an information note from the Presidency on the above-mentioned subject, which will be dealt with under "other business" at the Council (Environment) meeting on 12 June 2014.

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 (MRV)

Information from the Presidency on the state of play

I. Background

On 1 July 2013, the Commission presented a proposal¹ for setting up a system to monitor, report and verify (MRV) CO₂ emissions from maritime transport. The setting up of the MRV system is seen as a first step in a staged approach to reduce CO₂ emissions from maritime transport.

The proposal covers all ships above 5000 GT that arrive at, travel within or depart from an EU port. The proposal focuses on MRV of CO₂ emissions and on relevant information to allow the calculation of the energy efficiency of ships.

Emissions for each ship would be calculated on a per-voyage and an annual basis based on the ship-specific fuel consumption and fuel type. Other parameters to be taken into account include data on fuel consumption, distance travelled, cargo carried, and the technical characteristics of each ship. Particularly with regard to the monitoring of fuel consumption, the proposal offers the choice between four different monitoring methodologies.

In order to facilitate the implementation of the MRV system, specific rules for verification and the accreditation of verifiers are introduced. It is also proposed to use existing documents and structures specific to the shipping sector, as a means to ensure accuracy of the data reporting while keeping administrative burden at a minimum.

¹ 11851/13

Finally, the proposal includes specific reference to international cooperation, as well as a number of amendments to 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.

II. State of Play

Discussions on the proposal and its impact assessment began in the previous semester during meetings of the Working Party on the Environment (WPE) in July, September, October and November 2013. On 13 December 2013, the Council had an exchange of views on the Commission proposal on the basis of two questions prepared by the Lithuanian Presidency², which also prepared a first Presidency text. The WPE continued the intensive work on the proposal between January and May. Five Working Party meetings were held, to explore in depth all key issues, and two revised Presidency texts were prepared by the Presidency with the aim of improving and clarifying a number of the draft Regulation's provisions. The latest Presidency text is set out in document 10600/14, reflecting the current state of discussions within the Council's preparatory bodies.

In general, delegations welcomed the Commission proposal and, in their vast majority, agreed with the proposed scope (the 5000GT threshold and the focus on CO2 emissions). All delegations, however, reiterated their preference for a global agreement within the International Maritime Organisation (IMO). Furthermore, a significant number of delegations raised consistently concerns related to a number of technical aspects of the proposed Regulation, and expressed their wish to establish a system which would remain flexible, while ensuring a minimum level-playing field and minimising administrative burden.

On the basis of discussions in WPE but also of the numerous and detailed written contributions received from delegations, a number of major changes and clarifications were introduced by the Presidency to the Commission proposal, reflecting the various concerns and suggestions and with the aim of achieving progress on all issues.

² 16460/13.

More specifically, a new compromise text was proposed by the Presidency on the following aspects of the draft regulation, which were discussed in particular detail:

- the list of definitions, which was expanded, with new definitions added and others being further specified;
- the content of, and modifications to, the monitoring plan, including the detailed provisions in Annexes I and II;
- the monitoring of emissions, where a particular exemption was introduced to monitoring on a per-voyage basis; the possibility to monitor and report on a voluntary basis additional information items was also included;
- the various aspects of verification activities, with a view to clarifying the sequencing of actions and simplifying the procedure;
- the structure and content of compliance and the mechanism for penalties, together with the possible links to Directive 2009/16/EC on port-state control;
- a number of clarifications with regard to international cooperation;
- the links, if any, to Regulation (EU) No 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.

While the Presidency suggestions on the above aspects of the draft Regulation seem to be generally acceptable to the majority of delegations, further work will still be needed on a number of issues, namely in relation to the exact scope of the exemption from monitoring on a per voyage basis; the specific conditions relating to the expulsion order; the type of information to be published by the Commission, relating both to CO₂ emissions and the companies' compliance with the Regulation; the scope of Annex II where a possible differentiation between different types of ships could be further detailed; and, the (extent of the) recourse to delegated acts.

The European Parliament voted its position at first reading on 16 April 2014 and adopted 84 amendments to the proposed Regulation³.

The work undertaken under the Greek Presidency on this proposal will continue in the next months. On the basis of previous discussions within the Council and of the outcome of the European Parliament's first reading, the incoming Italian Presidency will sound the perspectives of negotiations with the European Parliament on this file.

³ 8671/14.