



Ms Violeta Bulc, Commissioner for Transport
Mr Miguel Arias Cañete, Commissioner for Climate Action and Energy
Mr Karmenu Vella, Commissioner for Environment and Maritime Affairs
European Commission
Wetstraat 200
1049 Brussels

Per post and email

Brussels / London / Singapore, 16 January 2017

Dear Commissioners Bulc, Cañete and Vella,

ALIGNMENT OF EU MRV REGULATION WITH IMO CO₂ DATA COLLECTION SYSTEM

On behalf of the national shipowners' associations that comprise the European Community Shipowners' Associations and the International Chamber of Shipping - in conjunction with the Asian Shipowners' Association, INTERCARGO and INTERTANKO - we are writing following the outcome of the 70th Session of the IMO Marine Environment Protection Committee (MEPC 70).

Representing the global and EU shipping industries, we are 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.

As a sign of its serious commitment, the IMO Council in December approved three additional inter-sessional meetings of IMO Member States specifically to make progress on this issue by 2018.

This initial IMO strategy will then be further refined using data from the IMO CO₂ data collection system, also adopted at MEPC 70, and which will provide data on the CO₂ emissions of ships throughout the global fleet.

However, as you will be aware, the EU Regulation on the Monitoring, Reporting and Verification (MRV) of ships' CO₂ emissions has already been adopted by the EU and its Member States.

We recognise that the Commission is currently working out the full details of how the EU Regulation will be implemented, but in addition to complying with the IMO system, all ships calling at EU ports - including non-EU flag ships - will soon have to comply and send data about their ships directly to the European Commission. Some of the requirements under the EU Regulation actually have to be complied with during 2017.

The following is a simple analysis of three areas where significant differences currently exist between the IMO and EU regimes:

- **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 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.

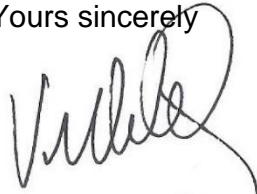
In view of the significant progress which is being made at IMO, we encourage the Commission to examine ways in which the requirements of the EU MRV Regulation can be aligned with the global system that has been adopted by IMO Member States.

Apart from the need to have global regulatory uniformity and avoid dual systems, we believe it will be timely for the EU to send an early signal to other IMO Member States that it intends to achieve a single CO₂ data collection system for international shipping.

With encouragement from the industry, developing nations have been persuaded to accept the IMO 'three step' process and the adoption of the CO₂ data collection system, as a precursor to consideration of additional measures, but with the understanding that this would help to prevent unilateral action.

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.

Yours sincerely



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Peter Hinchliffe
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Copy to: Mr Kitack Lim, Secretary-General, International Maritime Organization