



**COUNCIL OF
THE EUROPEAN UNION**

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INFORMATION NOTE

From: European Commission
To: Council
Subject: GHG emission from shipping
- Information from the Commission

Delegations will find annexed an information note from the Commission on the above mentioned subject, which will be dealt with under "Any Other Business" at the meeting of the Council (**Transport**, Telecommunications and Energy) on 31 March 2011.

TTE COUNCIL (TRANSPORT) 31 March 2011 Brussels**Information note from the European Commission****Greenhouse gas emissions from shipping****1. INTRODUCTION**

On 30 October 2009, the European Council concluded that there is a strong need for appropriate global regulation of greenhouse gas emissions from maritime transport, and that the International Maritime Organisation (IMO) is the right forum to develop an appropriate global framework to achieve a flag-neutral, non-distortive coverage to avoid carbon leakage.

The IMO has been working on possible solutions to reduce greenhouse gas (GHG) emissions from shipping for over a decade, but progress has been slow. The IMO has achieved significant progress with technical measures, with an Energy Efficiency Design Index proposal to apply to all new built ships submitted for approval at the Maritime Environment Protection Committee (MEPC) meeting in July. However, very little progress has been achieved on market-based measures for which there are several proposals. The blocking factor is the opposition of developing countries led by China and Saudi Arabia which refuse to take any commitments.

Meanwhile, the EU agreed that shipping should be included in its own reduction commitments should progress towards a global solution not be achieved by 31 December 2011.

2. STATE OF PLAY

The Member States have been actively contributing to the development of technical, operational and market-based instruments by the IMO, against the strong opposition of developing countries. These countries refuse to take commitments for all ships, invoking the principle of Common but Differentiated Responsibility and capabilities (CBDR) of States agreed under the UNFCCC. The EU is in favour of taking into account the principles and provisions of the UNFCCC in the use of potential revenues, in line with the Council Conclusions of 14 March 2011.

- Energy efficiency design index (EEDI)

The adoption of the EEDI will lead to significant emission reductions from shipping for new build ships. Also on the agenda of the MEPC meeting is the adoption of a Ship Energy Efficiency Management Plan. However, the vote on the EEDI is still uncertain, due to opposition by developing countries which oppose any measure (inc. market-based measures) to reduce GHG emissions applicable to all flags in IMO.

A majority of two-thirds of the parties to Annex VI of the MARPOL convention is necessary to approve the EEDI. Among the Member States, several have yet to deposit their ratification instrument, to allow them to participate in the vote. Participation of all Member States able to vote is crucial.

- Market-based measures

Progress is very slow on finding agreement on a market-based measure. Several proposals are tabled with the IMO, including two European proposals - an Emissions Trading Scheme (ETS) and an International Greenhouse Gas Fund. Some countries, including the USA, do not support either of the European options. At this stage, the proposals on the table have been examined by a group of experts set up by the IMO Secretary General in 2010. Based on this work an intersessional working group is currently meeting in order to try and narrow down the list of possible measures, in preparation of the discussion at the MEPC meeting due to take place in July.

3. CONCLUSION

Vice-President Siim Kallas intends to draw the Ministers' attention to:

- a) The need to make every effort to achieve a positive vote on an EEDI at MEPC62;
- b) The need for a pragmatic strategy to keep up momentum in the negotiations on market-based measures at the IMO, including, if need be, convergence of the EU Member States on one common proposal, in full cooperation with international partners.