

PARLIAMENTARY DEBATES

HOUSE OF COMMONS
OFFICIAL REPORT

Sixth Delegated Legislation Committee

DRAFT MERCHANT SHIPPING (MONITORING,
REPORTING AND VERIFICATION OF CARBON
DIOXIDE EMISSIONS) (AMENDMENT)
(EU EXIT) REGULATIONS 2018

Wednesday 17 October 2018

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The Committee consisted of the following Members:

Chair: MR CLIVE BETTS

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| † Afolami, Bim (<i>Hitchin and Harpenden</i>) (Con) | † Jayawardena, Mr Ranil (<i>North East Hampshire</i>) (Con) |
| † Brown, Alan (<i>Kilmarnock and Loudoun</i>) (SNP) | † Kerr, Stephen (<i>Stirling</i>) (Con) |
| Coffey, Ann (<i>Stockport</i>) (Lab) | † Metcalfe, Stephen (<i>South Basildon and East Thurrock</i>) (Con) |
| † Cooper, Rosie (<i>West Lancashire</i>) (Lab) | † Pursglove, Tom (<i>Corby</i>) (Con) |
| Creasy, Stella (<i>Walthamstow</i>) (Lab/Co-op) | † Spelman, Dame Caroline (<i>Second Church Estates Commissioner</i>) |
| † Donelan, Michelle (<i>Chippenham</i>) (Con) | † Turner, Karl (<i>Kingston upon Hull East</i>) (Lab) |
| † Foxcroft, Vicky (<i>Lewisham, Deptford</i>) (Lab) | Laura-Jane Tiley, Zoe Grunewald, <i>Committee Clerks</i> |
| † George, Ruth (<i>High Peak</i>) (Lab) | † attended the Committee |
| † Ghani, Ms Nusrat (<i>Parliamentary Under-Secretary of State for Transport</i>) | |
| † Heald, Sir Oliver (<i>North East Hertfordshire</i>) (Con) | |
| Huq, Dr Rupa (<i>Ealing Central and Acton</i>) (Lab) | |

Sixth Delegated Legislation Committee

Wednesday 17 October 2018

[MR CLIVE BETTS *in the Chair*]

Draft Merchant Shipping (Monitoring, Reporting and Verification of Carbon Dioxide Emissions) (Amendment) (EU Exit) Regulations 2018

8.55 am

The Parliamentary Under-Secretary of State for Transport (Ms Nusrat Ghani): I beg to move,

That the Committee has considered the draft Merchant Shipping (Monitoring, Reporting and Verification of Carbon Dioxide Emissions) (Amendment) (EU Exit) Regulations 2018.

It is a pleasure to serve under your chairmanship, Mr Betts. We are debating regulations that will amend EU regulation 2015/757 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport. The effective monitoring and reporting of carbon dioxide is an important step on the road to achieving a more environmentally sustainable shipping sector. We expect that the emissions data gathered will help the international community to develop more effective measures to reduce greenhouse gas emissions from ships. The EU regulation established rules for monitoring, reporting and verifying CO₂ emissions from ships above 5,000 tonnes that make voyages that start or finish in a port in an EU member state. The EU regulation has direct effect in UK law.

Shipping companies have already prepared monitoring plans and have been collecting data since 1 January 2018. Ships within scope are required to carry a valid document of compliance from 30 June 2019. The EU regulation applies only to ships visiting ports that are under the jurisdiction of an EU member state. It would therefore cease to have effect when the UK leaves the European Union. The changes made in the regulations are therefore necessary to ensure that the monitoring, reporting and verification requirements of the EU regulation continue to apply to ships serving UK ports. If the UK failed to correct the EU regulation, ships that call at EU ports would still need to report under the EU system. However, those trading between the UK and non-EU ports would not need to report. That would create an uneven playing field between companies, and the evidence on greenhouse gas emissions would be weakened.

The UK is a strong supporter of global action to tackle climate change. In April this year, we helped lead the high ambition coalition to secure agreement at the International Maritime Organisation on an initial strategy on greenhouse gas emissions. That includes an historic first emission reduction target for ships of at least 50% by 2050, which is an important step forward in tackling emissions from international shipping—the last major sector not to have an emissions reduction plan. The International Maritime Organisation has also produced its own system for monitoring CO₂ emissions from ships. Its data collection system has a similar objective to the EU MRV regime, but will be effective from 1 January 2019, a year later than the European system.

Robust information on emissions from ships is important when taking action to reduce such emissions, and that is what the EU regulation aims to provide. If we did not ensure that the regulation continues to have effect, we would be weakening the evidence base on which the development of effective and appropriate measures depends.

As well as amending the EU regulation, the instrument makes a number of other changes, mainly technical and operational in nature, to ensure that the system continues to work. Those changes are to Commission implementing regulation 2016/1927 on templates for monitoring plans, emissions reports and documents of compliance, and the Merchant Shipping (Monitoring, Reporting and Verification of Carbon Dioxide Emissions) and the Port State Control (Amendment) Regulations 2017. The latter regulations provide an enforcement mechanism for the EU regulation in the United Kingdom.

In addition to ensuring that the same regulatory requirements continue to apply to UK-registered ships, the amendments ensure that UK regulators are able to enforce those standards against foreign vessels in UK waters, including EU vessels. The amendments replace references to “an EEA state” with references to “the United Kingdom” to ensure that legislative requirements continue to apply within the UK when it is no longer a member state; amend the certificate of compliance to include a reference to a certificate of compliance issued by an EU member state; repeal a provision about the expulsion order; and amend Commission implementing regulation 2016/1927, which provides ship owners with the templates needed for their monitoring plans and emissions reports, and the template for the documents of compliance that is used by the verifier.

The regulations before the Committee are intended to ensure that all ships visiting UK ports are subject to the same reporting requirements and that the UK continues to play its part in international action on greenhouse gas emissions from shipping. They are fully supported by the Government, and I commend them to the Committee.

9 am

Karl Turner (Kingston upon Hull East) (Lab): It is always an absolute pleasure to serve under your chairmanship, Mr Betts. The Opposition are entirely supportive of the regulations, but I would be grateful if the Minister could answer some questions. They are particularly technical, so I do not expect answers today; I hope that the Minister can put them in writing.

First, paragraph 5 of article 21 of EU regulation 2015/757 calls for a regular two-year assessment of “the maritime transport sector’s overall impact on the global climate...through...emissions or effects.”

The Government propose to remove that, which would leave the existing schedule in the 2017 regulations for reporting or reviewing every five years in the shipping industry. The 2017 regulations also require the first review to be undertaken by 2022. I would be grateful if the Minister could confirm whether the Government are adhering to the original schedule, or is it being extended to 2023 in the new regulations?

Secondly, in reference to paragraph 3 of article 22 of EU regulation 2016/1927, the Government propose to omit the words following “Regulation”. That could undermine the subsequent agreements at the IMO about

the targets for reductions in greenhouse gas and CO₂ emissions from shipping. In April, the IMO agreed an initial strategy for carbon reductions from shipping by 2050. That includes a target for the shipping industry to reduce total annual greenhouse gas emissions by at least 50%, compared with 2008 levels, by 2050. This amendment appears to undermine the monitoring, reporting and verification regime that the UK will have in place to oversee the industry's progress in meeting future internationally agreed greenhouse gas and CO₂ reduction targets. Can the Minister provide clarification on that in due course?

Regulation 4 refers to Thetis monitoring, reporting and verification. Can the Minister clarify what the implications are for the Maritime and Coastguard Agency of the UK's sole responsibility for monitoring, reporting and verification of international shipping's carbon emissions in UK ports?

I look forward to the Minister's answers in due course.

9.3 am

Alan Brown (Kilmarnock and Loudoun) (SNP): It is a pleasure to serve under your chairmanship, Mr Betts. I have just a few comments. As the Minister said, collaborative working with other countries is the only way we will reduce carbon emissions worldwide; we certainly welcome those comments and that sentiment. Replicating the regulation shows how important the EU has been in bringing countries to the fore and particularly the UK. We well remember that the UK was deemed the "dirty man of Europe". It was European regulations that forced previous UK Governments to start to clean up their act.

I do not have technical questions in the manner of those asked by the hon. Member for Kingston upon Hull East, but given that this statutory instrument is supposed to be part of preparations for Brexit and particularly no deal, which would come into effect in March, how many other statutory instruments are estimated to be required from the Minister's Department to facilitate no deal and allow progress to continue and the UK to function on the day after Brexit? How much consultation has been undertaken on this SI, and has consideration been given to improving even further the environmental regulations?

9.4 am

Ms Ghani: I thank members of the Committee for an interesting debate. It has been notable for me as the first affirmative debate with which my Department has been involved in respect of an EU exit regulation.

It is clear that the Committee recognises the importance of monitoring CO₂ emissions from ships. There might be some debate about which system is best—the European or the international regime—but there should be no dispute about the need to control CO₂ emissions if we are to meet the IMO's target of reducing emissions from ships by at least 50% by 2050.

I will now take a moment to respond to the comments of the hon. Members for Kingston upon Hull East and for Kilmarnock and Loudoun. I am grateful to be allowed to write in detail about the technical questions posed, but I will briefly cover some of the issues. On article 22, the omission of the words in paragraph 3 is not intended to preclude full compliance under IMO requirements. I am happy to give that assurance in writing.

On the valid point about the schedule of monitoring and reviewing, we are committed to reviewing every five years, but that does not preclude us from undertaking an earlier review. If the Commission reviews the regulations, we will review our regulations also. It is important to note that when we gained our historic agreement at the IMO for the minus 50%, we were one of the countries to lead the high ambition coalition, so there is a huge responsibility on us to get it absolutely right.

The MRV regime is already well established, and ships travelling between the UK and EU ports would need to comply with the EU regime whatever the UK does after we leave the EU. In order to minimise the burden on shipowners and maintain clarity, the Government want to retain the existing MRV regime. That will ensure that the same regulatory requirements continue to apply to UK-registered ships and that the UK is able to enforce the standards against foreign vessels in UK waters.

Ideally, we would like to see the alignment of both the European and international CO₂ monitoring systems. The European Commission is currently reviewing the MRV to consider how to further align the two systems. We expect it to publish its draft proposals before the end of this year. Whatever the outcome might be, our aim is to make sure that our regime is effective and minimises the burden on shipowners post-Brexit.

On the point about how many EU exit SIs we have in the Department, we have approximately 66, and for maritime 13. I look forward to seeing everyone in this room in the near future.

Question put and agreed to.

9.7 am

Committee rose.

