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Submitted by	Russia
Reference	Outcome of HELCOM 40-2019, paragraph 3.4

Background

Referring to the decision by HELCOM 40-2019 (para 3.4) this document contains comments by Russia to the draft revised HELCOM Recommendation 28E/13, including an annex with the full text of the revised Recommendation with proposals by Russia, as set out in document 3-22 of HELCOM 40-2019.

Action requested

The Meeting is invited to consider the comments by Russia to the draft revised HELCOM Recommendation 28E/13 on Introducing Economic Incentives as a Complement to Existing Regulations to Reduce Emissions from Ships.

In accordance with the implementation the decision of HELCOM 40/2019 (para 3.4) the Russian Federation would like to inform about the following.

1. Justification of proposed changes.

General comment

It will be better to use the same wording, namely or "illegal discharge" (second and last paras of Preamble) or simple "discharge" (forth and six paras of Preamble)

3rd sentences

- add the word "Convention", namely "MARPOL Convention" – this is IMO language;
- to delete "emission" and add "pollution" – draft Recommendation deals not only with emission but also with discharge (sewage, oil, oily water, etc)

Thus, this sentence is proposed in the form: «ACKNOWLEDGING the importance of MARPOL Convention and other international measures to reduce pollution emissions from ships».

4th sentences

- propose in the wording: "STRESSING the need for introducing additional economic incentives new and effective solutions to curb airborne emissions from ships as well as other pollutants and illegal discharges", because such wording is clear reflected the title of Recommendation.

Under the IMO activities it has been developed many new mandatory regulations for last years and under the consideration other important decisions. We haven't reason to write that there are "need for introducing new and effective solution..." because all decision of IMO are rather effective.

Guidelines, Chapter 4

- first para (page 3) - to delete sentences "to add an emission fee with subsequent differentiation on top of their present system", because in essence, this is a new financial burden for ship owners, not an additional incentive to reduce emissions.
- last para (page 4) – to delete "grey water and other types of wash water produced on board for different purpose".

There are no any mandatory regulation in context of grey water.

The wording "other types of wash water produced on board for different purpose" create misunderstanding even for non-mandatory Guidelines. It can be interpreted in different ways by countries around the Baltic Sea.

2. Interpretation of the title of the draft Recommendation.

We consider that additional economic incentives is considered as complement only to existing regulation which have already put into force by mandatory tools by IMO, such as MARPOL Convention, etc.

We could not apply the above incentives to any substances if it's not included in the mandatory regulation, namely when it doesn't recognized as really harmful for marine environment. Because in this case we outgo and create the precedent, which could be further as argument for decision-maker in developing the new mandatory regulation.

In principle, all anthropogenic activities could affect to environment. Only scientific approved knowledge, concerning the real harmful effect, could be base for adoption any regulation concerning the discharge of any substances.

HELCOM 40-2019, document 3-22, Annex

Proposal for revision of HELCOM Recommendation 28E/13

Adopted 15 November 2007 and amended **xx yy**,
having regard to Article 20, Paragraph 1 b) and Annex II
of the Helsinki Convention

INTRODUCING ECONOMIC INCENTIVES AS A COMPLEMENT TO EXISTING REGULATIONS TO REDUCE POLLUTION FROM SHIPS**THE COMMISSION,**

BEING AWARE that potential pollution from shipping has negative impacts on the sensitive marine environment of the Baltic Sea,

ACKNOWLEDGING that, although there has been general substantial progress achieved in improving the protection of the marine environment of the Baltic Sea, as well as strengthening of regulatory measures to reduce pollution from shipping there is still a need for further reduction of airborne emissions from ships as well as illegal discharges,

ACKNOWLEDGING the importance of MARPOL Convention and other international measures to reduce ~~emissions-pollution~~ from ships,

~~**STRESSING** the need for introducing new and effective solutions to curb airborne emissions from ships as well as other pollutants and illegal discharges,~~

or

STRESSING the need for introducing economic incentives to curb airborne emissions from ships as well as other pollutants and discharges

RECOGNISING the need to evaluate and implement additional alternatives to the existing regulatory measures to reduce pollution from shipping,

RECALLING Annex II to the Helsinki Convention **AND NOTING** that the promotion and use of Best Environmental Practice and Best Available Technology can be triggered by the application of economic instruments to activities, products and emissions in the Baltic Sea Area and may constitute an effective means to reduce airborne emissions from ships as well as other pollutants and discharges,

NOTING FURTHER that economic incentives can serve as complements to regulatory measures and thereby may lead to a larger reduction of pollution compared to that achieved by traditional regulations and can stimulate technological improvements and innovations as well as achievement of environmental results at lower costs,

BEING CONVINCED that sub-regional co-operation is of crucial importance also when the desire is to effectively use economic instruments,

RECOMMENDS that the Contracting Parties investigate and, when appropriate, introduce feasible and effective economic instruments as a complement to existing regulations to further reduce pollution from shipping,

RECOMMENDS FURTHER that the Contracting Parties take into consideration the attached **Guidelines** when introducing economic incentives schemes to reduce airborne emissions from ships as well as other pollutants and illegal discharges.

Guidelines for introducing economic incentive schemes as a possible complement to existing regulations to reduce pollution-from ships in the Baltic Sea Area

These guidelines are intended to give advice to the Contracting Parties to the Helsinki Convention regarding introduction of incentive schemes to reduce emissions and other pollutants from ships calling upon Baltic Sea ports.

1. Introduction

As one of the most important means of transportation of passengers and goods, shipping should take its responsibility in a manner equal to society at large when it comes to take action to protect the environment. According to several projections, emissions from shipping, such as NO_x and CO₂, continue to be a concern for human health and the environment. HELCOM and its Contracting Parties have already made significant progress, most notably through the adoption of new international regulations at IMO and the HELCOM Maritime Working Group was awarded the Baltic Sea Fund Prize for its work to reduce pollution from maritime traffic in the Baltic Sea. While national and regional efforts are important, due to the international nature of shipping, it is important to continue taking active part in global actions initiated within the IMO to reduce pollution from ships. These measures form the international baseline, but there often is room for regions, nations or other actors, to introduce non-discriminatory economic incentives which provides an important means to further reduce pollution from ships within their jurisdiction. Pollution may include both emissions to the atmosphere, discharges from ships as well as other pollutants.

2. Definitions of Economic Incentives

Economic incentives defined broadly are instruments that use financial means to motivate actors to reduce health and environmental risks posed by their facilities, processes, or products. These incentives provide monetary rewards for those polluting less and impose costs of various types for those polluting more, thus supplying the necessary motivation of change to polluters. This approach provides an opportunity to address sources of pollution as well as providing a reason for polluters to improve their performance in addition to existing regulatory requirements.

3. Existing financial instruments

Economic instruments to support environmentally friendly shipping beyond the existing legislation have been introduced in some countries and ports to encourage ship owners to reduce their pollution. These include e.g. differentiated port fees and fairway dues, differentiated taxation of marine fuels and on-shore power supply. Environmentally differentiated port fees are often based on the environmental ship indexes. Additionally, EU and national level co-funding instruments exist to support environmental investments and port infrastructure investments.

4. Proposed financial structure for introducing economic incentives

All countries around the Baltic Sea have some kind of financial system that enables provision of services to shipping, infrastructure investments, dredging, lighthouse and fairway maintenance, icebreaking, hydrological surveys, etc. Taking into consideration the diversity of financial systems applied in the Baltic Sea countries and to allow some flexibility in introducing economic incentives, this proposal allows the Contracting Parties to consider the introduction of economic incentives to reduce emissions and other pollutants from shipping in addition to local financial systems. There may be various options for introducing economic incentives that Contracting Parties may choose between, such as:

- to introduce a system of environmentally differentiated fairway dues;
- to modify an existing charging system to allow environmental differentiation of dues;
- ~~[to add an emission fee with subsequent differentiation on top of their present system.]~~

There are, however, some requirements that could be followed regardless of which incentive scheme is considered or subject to be implemented. An incentive scheme may have the following prerequisites:

- It should support actions that are taken in addition to existing regulations;

- It should support the best possible protection of the environment, including the reception and the treatment of the waste until the moment it is not considered to be waste anymore;
- It should provide no encouragement for ships to discharge their waste at sea;
- It should cover all important aspects (management, design/equipment, ship operation);
- Emission charges are suitable for ships of all flags, 400 GT and above, visiting Baltic ports;
- The system should support measures to protect the environment and be reliable and easy to implement;
- Evidence of compliance should be simple;
- Expenses for the operators of the system should be low;
- When appropriate, an incentive scheme should make use of existing and accepted databases and calculation methods, including IMO instruments and other market and legislative systems
- Ports and other stakeholders, including authorities should support the shipping industry improving the environmental performance, including providing adequate PRFs for those waste streams included in an incentive scheme (when in their remit), and facilitating proper recycling of waste; and
- It should be coordinated with the users and communicated to the maritime sector, for instance via local/regional stakeholder consultations and the appropriate groups within HELCOM.

It is important that the level of charge is accurately set. When introducing an incentive scheme, the following measures may be considered:

- Which pollutants should be included in the incentive scheme. Examples are NO_x, CO₂, PM, SO_x, garbage, sewage, [grey water,] and other types of wash water produced on board for different purposes, chemicals, oils and oily waters. Incentives for each pollutant should go beyond the existing regulations for both new and existing ships. Port states shall ensure that ports provide adequate Port Reception Facilities, if required;
- Establishing criteria for each pollutant that will be included in the incentive scheme. The criteria could be developed by the responsible part/parties of the incentive or by using an existing index;
- Incentives, including tax exemptions for on shore power supply for vessels as well as on-shore power investments and charging battery-powered vessels in a port, depending on national legislation.
- A revenue-neutrality resulting in higher dues for more polluting ships and rebates depending on environmental performance, investments in emission abatement technologies and/or other reduction measures.
- A minimum fee based on gross tonnage or installed engine power (might differ for different categories of ships);
- By what means the ship that applies for revenues should prove its environmental performance, and if validation by a third party is needed;
- Number of calls subject to dues.