

IMO decision on Sulphur in Marine Fuel

In the English channel, North Sea and Baltic Sea (Emission Control Area)

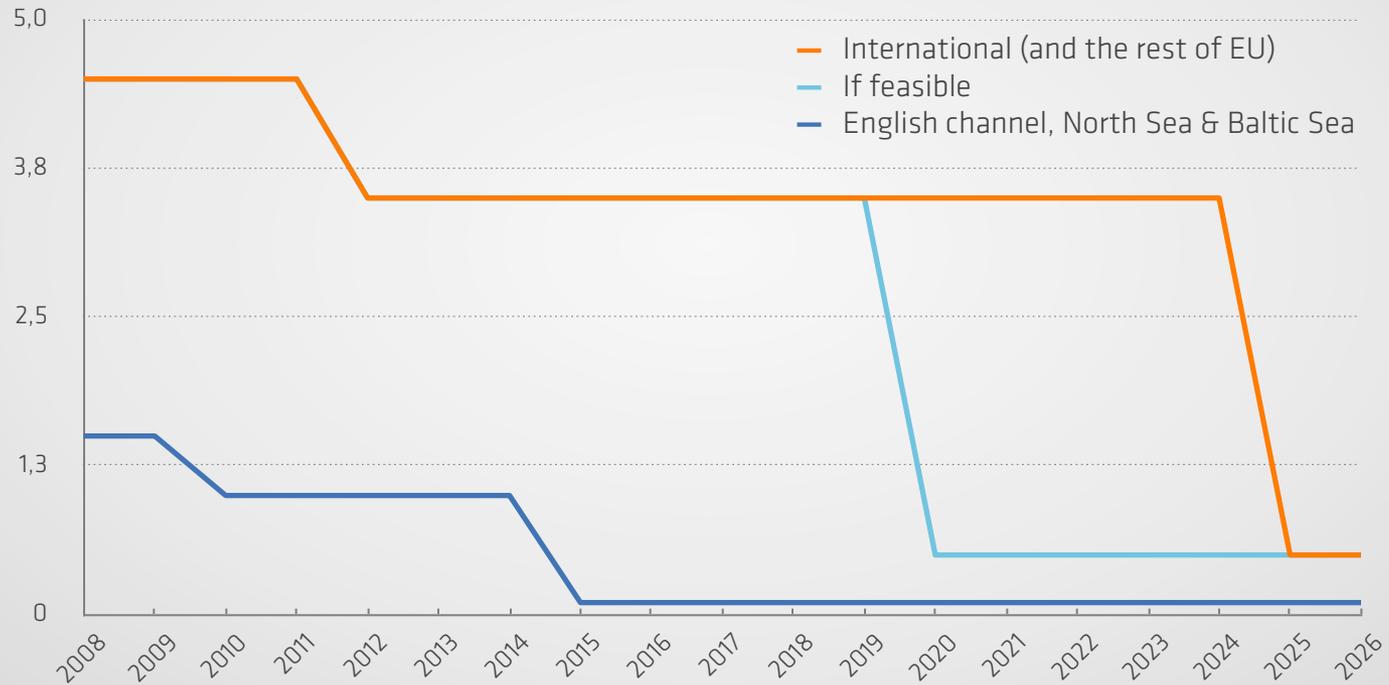


Swedish Shipowners' Association



Suomen Varustamot
Rederierna i Finland
Finnish Shipowners' Association

Sulphur regulations for Marine Fuel



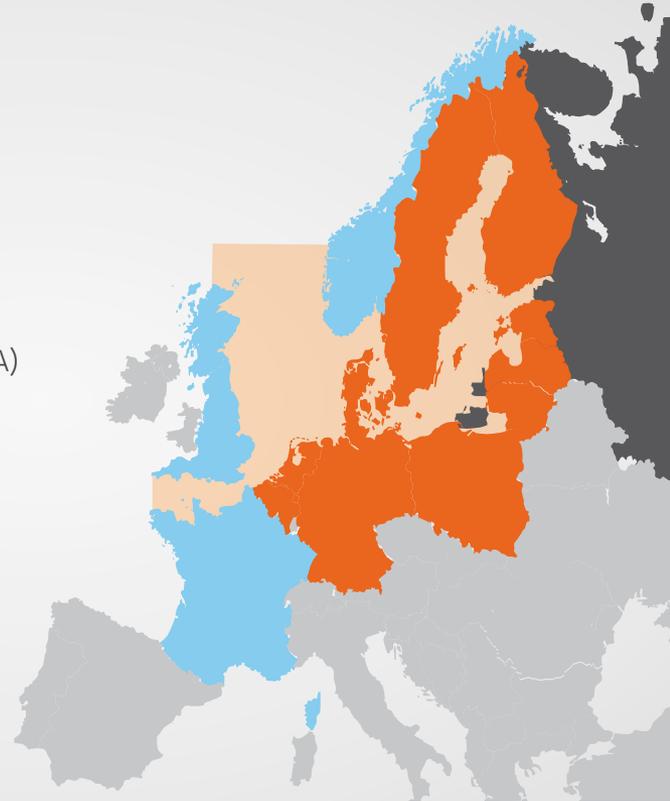
Swedish Shipowners' Association



Suomen Varustamot
Rederierna i Finland
Finnish Shipowners' Association

Geographical area of the IMO sulphur regulation

-  The Sulphur Emission Control Area (SECA)
-  Countries with water only in SECA
-  Countries with part of the coast in SECA
-  Countries without coast in SECA
-  Has not signed the Marpol convention

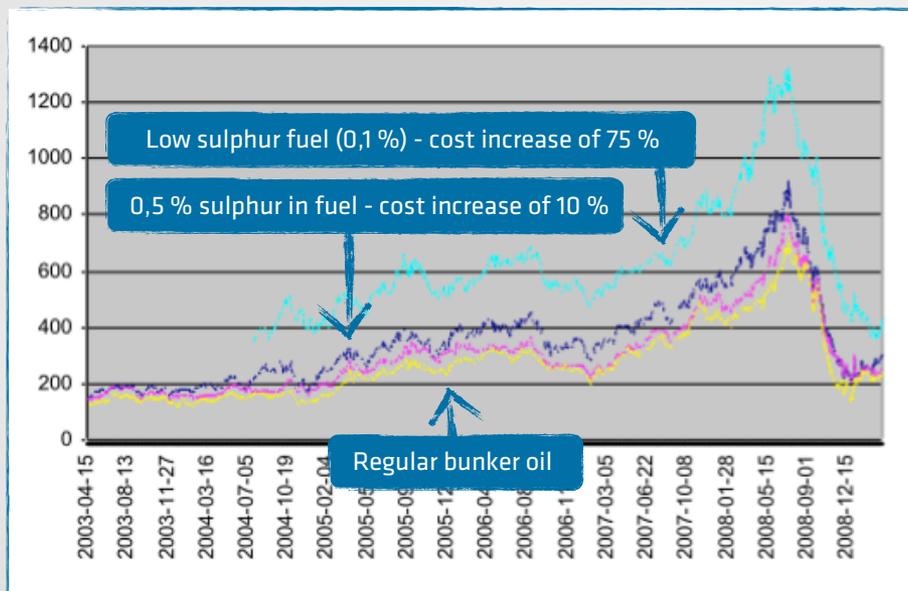


Swedish Shipowners' Association



Suomen Varustamot
Rederierna i Finland
Finnish Shipowners' Association

The IMO decision on sulphur will give a substantial cost increase



Source: Preem

The light blue line is marine fuel with a 0,1-0,2 % sulphur content and the yellow line is bunker oil, the marine fuel used world wide today.

Even though price varies over time the price difference between low sulphur fuel and bunker oil is almost always around 250-300 USD/tonne. Dark blue line is 0,5 % sulphur content in marine fuel.

Studies

Sweden: Consequences of the IMO's new marine fuel sulphur regulations.

Finland: Sulphur content in ships bunker fuel in 2015.

ECSA: Analysis of the Consequences of Low Sulphur Fuel Requirements.



Conclusions: Severe negative impact for the land based industry within ECA. Modal back shift.

Several of studies are now conducted within EU and member states.



Swedish Shipowners' Association



Suomen Varustamot
Rederierna i Finland
Finnish Shipowners' Association

Impacts

- Cost increase of marine fuel by 50–80 % - average 75 %
- Sea transport cost increase with 30–45 %
- Modal back-shift to road and rail
- Changed logistics flow in Europe to ports not included in the area (for example Le Havre or Marseille in France)
- Principle of EU inner market! ? Distortion of competition for the Baltic Sea Region in particular

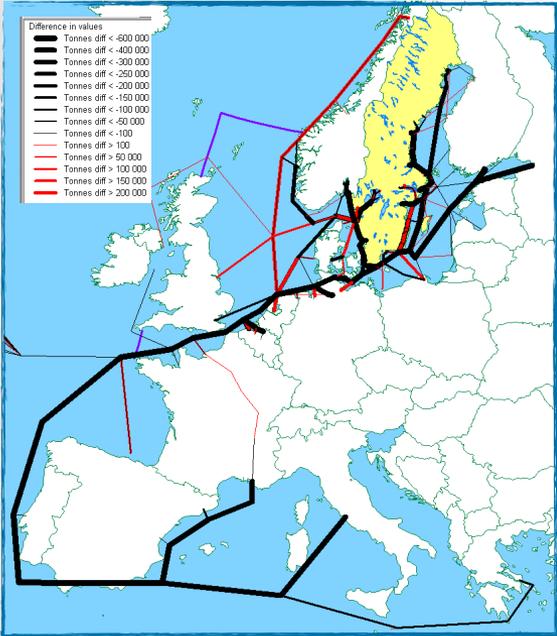


Swedish Shipowners' Association

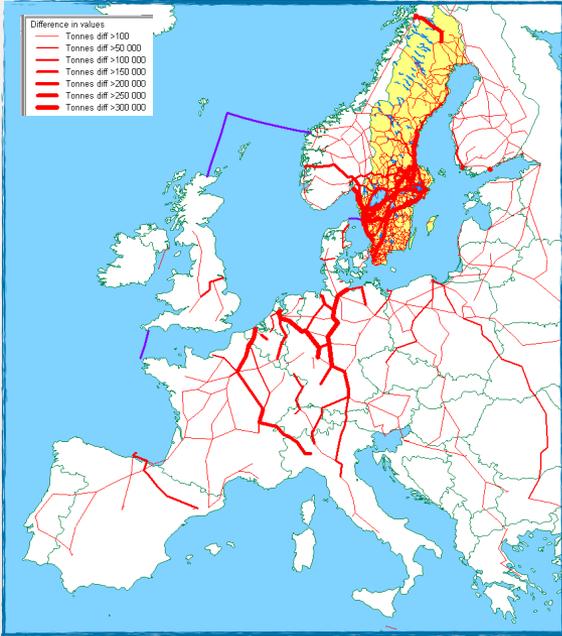


Suomen Varustamot
Rederierna i Finland
Finnish Shipowners' Association

Modal back-shift from sea to road - not in line with EC goal on motorways of the sea



Sea transports



Sea transports

- Reduced transports
- Increase transports

These maps only show modal back-shift of Swedish products (from a report by the Swedish Maritime Administration). The effect will be much larger when all countries are included in the calculations.

Actions and objective

The Finnish and Swedish land based industry and shipping industry have agreed to work together. There is a wish to increase the “Industry group” with organisations from other countries within Baltic Sea Region and ECA.

Distortion of competition and modal back shift, due to the new IMO sulphur regulation is unacceptable.

Next meeting will be held in Brussels on October 27.



Swedish Shipowners' Association



Suomen Varustamot
Rederierna i Finland
Finnish Shipowners' Association