

Preparing for the Global Sulphur Cap



IMSF 2017, Geneva

The IMO Decision

- ➔ 1 January 2020 **0.5%** global sulphur cap (outside ECAs)
- ➔ (2025 option set aside)
- ➔ Decision made by IMO MEPC in October 2016 (after IMO fuel availability study completed)



Agenda Today

- ➔ Implications of IMO decision
- ➔ Potential costs
- ➔ Implementation issues
- ➔ Alternative compliance options



Costs of Compliant Fuel?

- ➔ **Distillate** currently about 50% more than residual
- ➔ But increased demand means cost of low sulphur fuel could also spike
- ➔ Shipowners' costs per tonne of fuel likely to exceed 2014 peak
- ➔ Collective industry cost of compliance – **US\$100 billion per year?**



IMO Decision (October 2016)

- ➔ Based on Fuel Availability Study
- ➔ ICS careful not to express view on date
- ➔ ICS did press for early decision



2020

A Political Decision



IMO in action



Preparing for Implementation in 2020



What Type of Compliant Fuel Will be Available in 2020 ?

0.5% or 0.1%



Implementation Issues to be Addressed by 2020

Industry paper to IMO PPR Sub Committee (January 2017) to be taken forward at MEPC in July



Implementation Issues Being Addressed by IMO (at industry request)

Preparatory and transitional measures; Impact of fuel and machinery systems; Verification and control issues; Guidance to Member States and industry; ISO standards; Consequential amendments?



Alternative Compliance Options

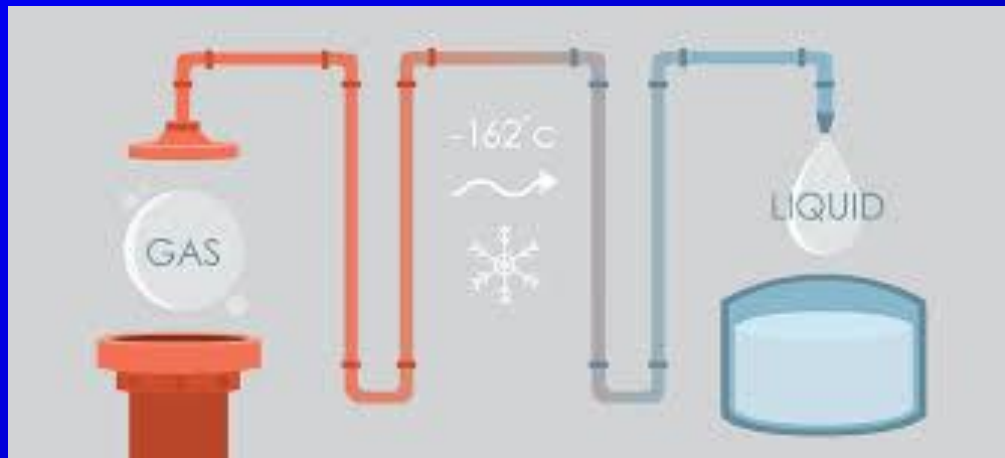
General Considerations



Uptake of SOX Scrubbers?



LNG?



Conclusion?



Thank you

