

IMO 2020 Watch™

As of April 2018, PKVerleger LLC will post summaries of relevant articles focusing on the International Maritime Organization's coming imposition of the 0.5-percent sulfur limit on marine bunker fuel. We anticipate maintaining this service until the end of 2019. It may end sooner, however, if the IMO decides to revise its mandated restriction on marine-fuel sulfur content.

(Note: Right-click on links to open in a new browser window.)

April 20, 2018

Ahmad Ghaddar and Libby George, Reuters

[INTERVIEW-Sulfur scrubbers "no silver bullet" for shipping industry-Wartsila](#)

According to a spokesperson for Wartsila Marine Solutions, a manufacturer and installer of marine scrubbers that strip sulfur from high-sulfur fuel oil, "shipping industry hopes that so-called sulfur scrubbers are a quick-fix solution to compliance with drastic emissions reduction demanded by 2020 are somewhat misguided."

April 19, 2018

S&P Global Platts

[Feature: Future of scrubbers still shrouded by dark clouds ahead of IMO 2020 rule](#)

"Scrubbers will not save us in 2020." So says the head of the Baltic and International Maritime Council (BIMCO). Platts notes that fewer than 1,100 ships will have scrubbers by 2020 and that the stringent carbon emissions rules and pricing economics will likely "impede widespread adoption."

April 13, 2018

Reuters

[IMO moves forward with ban on vessels carrying high-sulfur fuels](#)

On April 13, the IMO approved "an amendment that would ban ships unequipped to strip sulfur from carrying high-sulfur fuel from 2020" unless the fuel is cargo and not being burned for propulsion. This approval is the organization's second-to-last step in formalizing its ban on carrying fuel oil. The amendment still needs to be formally adopted at the IMO meeting in October.

April 12, 2018

S&P Global Platts

[Feature: Technical issues loom over VLSFO bunker fuel in 2020](#)

Shipowners may be challenged by the lack of a standard very-low-sulfur fuel oil when the IMO's global sulfur cap comes into force. Problems may include fuel compatibility issues, rising insurance premiums

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because of the risk of engine damage, and no ISO spec becoming available until late 2019. Owners are concerned about fuel stability and compatibility. If a fuel separates over time and under particular conditions or when mixed with another fuel, sludge can form at the bottom of a bunker tank that can block filters and lead to engine failure.

April 12, 2018

Jack Jordan, S&P Global Platts

[Fuel oil forward curve not fully pricing in 2020 IMO impact: Platts Analytics](#)

Jordan reports that the forward market is “not adequately reflecting sharp changes in fuel oil and middle distillate prices expected in 2020.” According to a Platts Analytics spokesperson, “This is going to be the most disruptive change to hit the refining industry in history.” The current forward curve for high-sulfur fuel oil shows the discount to Brent widening to \$20.50 per barrel in 2020. But Platts’ analysis finds that “oil traders should expect a more pronounced price collapse than that in 2020.” “The market has not appreciated yet the degree and scope of these changes,” said another expert from Platts Analytics.

April 11, 2018

Libby George, Reuters

[Shipping fuel costs to spike 25 percent in 2020 on sulfuric cap: WoodMac](#)

George notes that consultants Wood Mackenzie believe “global shipping costs are likely to rise by a quarter, or \$24 billion, in 2020 when new rules limiting sulfur kick in.” Given the expense of switching to marine gasoil (MGO), the WoodMac analysts also expect shipping costs to rise around \$1 per barrel. They also think that just two percent of the world’s cargo fleet will have scrubbers by 2020. Last, they noted that “the world’s refiners need to gear up to churn out the lower sulfur fuels that vessels will need, and even the primary spots for refueling ships could shift based on where lower sulfur fuels are available.” China could be one of the countries to benefit in this respect.

April 10, 2018

Chris Dupin, American Shipper

[Hyundai Merchant Marine ordering 20 ships](#)

Dupin reports that Hyundai will order 20 “eco-friendly” mega containerships. Hyundai says the new ships “will have scrubbers or use liquefied natural gas (LNG).”

April 10, 2018

Surabhi Sahu, S&P Global Platts

[Compliance to the IMO 2020 rule to be “quite high” post-2020 despite concerns: MECL MD](#)

According to Platts, Robin Meech, Managing Director of Marine and Energy Consulting Limited, believes compliance with the global sulfur cap rule will “settle around 85%-90% in the initial years after 2020.” Meech describes the bunker industry as “resilient,” and he expects it to adapt to the change. He thinks

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“global bunker fuel demand will be a little over 300 million mt in 2020, with the majority to be met by 0.1%-0.5% sulfur bunker fuel oil.” Among other encouragements for compliance, Meech cited “shipper pressure, increased public awareness, growing enforcement, and imposing larger fines and penalties.”

April 9, 2018

Ship&Bunker

[Drewry IMO2020 Survey: Only 66% of Shipowners Believe 0.50% Sulfur Cap Will Be Enforced as Planned from 2020](#)

According to the Drewry survey, “one third of shipowners responding...indicated they are still not convinced a global 0.50% sulfur cap on marine fuel will come into effect as planned from January 1, 2020.” Also, one-quarter of the total respondents “thought the regulation would need to be extended due to lack of readiness.” The article notes that Saudi Arabia and others are “still pushing...for a formal delay to the start of the new cap.”

April 5, 2018

Reuters Staff

[Norway targets IMO to halve global shipping emissions by 2050](#)

Norway’s government and shipowners’ association are calling on the IMO to cut greenhouse gas emissions in half by 2050. Norway ships, among other goods, offshore, gas, chemicals, car vessels, dry bulk, crude, crude products, and containers. Norway’s trade minister told reporters at a news conference that “we need international rules...our base line is the same as the Norwegian Shipowners (to cut emissions by 50 percent towards 2050).” A spokesperson for the association said its vision is to have shipping be emissions free in 2100.

April 4, 2018

The Load Star

[Survey – shipowners shun scrubbers in advance of 2020 low-sulfur rules](#)

A survey of shipowners by the independent marine research firm Drewry found that “two thirds are preparing to bunker their ships with more expensive low-sulfur fuel oil (LSFO) when the IMO’s 0.5% sulfur cap is introduced in January 2020.” Respondents cited the exorbitant cost of fitting scrubbers—\$5 to \$10 million—but also concerns that scrubber may be outlawed at some point. As another factor, the article cited the shipowners’ belief “that the higher fuel costs – at around \$600 per tonne, LFSO is some 60% more expensive than existing heavy fuel oil (HFO) – are the ‘charterers’ problem’ since fuel costs are usually for their account.”

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April 4, 2018

Ship&Bunker

[Attractive Time to Secure Bunker Saving Tonnage Ready for IMO2020: Torm](#)

Torm advises that the time is right to “secure bunker saving vessels ahead of 2020 when the global sulfur cap on marine fuels falls to 0.5%.” Ship&Bunker calculates that the premium for marine gasoil (MGO) over IFO380 is now 70% but some expect the spread to widen considerably by 2020. “With the majority of vessels expected to switch to distillate bunkers to comply with the new cap, operators are expected to see a considerable increase in their bunker bills once the new rule comes into effect.

April 4, 2018

Ship&Bunker

[IBIA Releases Bunker Suppliers’ Best Practice Guide](#)

The International Bunker Industry Association (IBIA) has released the first edition of a bunker suppliers’ best-practice guide. The guide covers areas such as quality control; cargo transport, storage, and transfer; delivery to ship; and representative sampling. The guide’s purpose is “to ensure the quality of bunkers delivered to ships meets the agreed purchase specifications and applicable global and local regulations.”

April 4, 2018

Hellenic Shipping News

[Dubai trader plans Fujairah fuel oil treatment, storage capacity to cope with IMO 2020 rules](#)

HSN reports that Dubai-based Wealth Energy will build a 360,000-cubic-meter fuel storage and treatment facility at the port of Fujairah. The firm plans to build 12 to 15 storage tanks. The treatment facility will handle up to 12,000 barrels per day of fuel to reduce sulfur content. The facility is slated for completion at the end of 2019 or the second quarter of 2020.

HSN also notes that “several companies have planned to invest in new storage facilities ahead of the IMO’s 0.5% global sulfur cap for marine fuels. It is expected to spur demand for bulk storage for liquids, particularly for blending activity, industry sources said.”