

## The top 5 certainties of IMO 2020

Antwerp XL guest speaker, Pablo Rodas-Martini, Shipping Emissions expert and author of *IMO 2020: A Regulatory Tsunami*, lists his top 5 impacts of the IMO 2020 fuel sulphur cap ahead of his talk on the subject at the Main Deck Conference on 22 April...

### 1. IMO 2020 will be enforced on all the main shipping routes

How can IMO 2020 be enforced when the IMO itself does not have a single ship (apart from the massive sculpture in front of its headquarters in London), and while the high seas remain a relatively wild territory in which overfishing, oil dumping, piracy and even slave trading still occur with frightening regularity?

First, I am referring to the main shipping routes, not to waters across all the oceans. Second, it's the maritime or port authorities of the member countries that carry out the enforcement. Any ship plying US territorial waters, for example, knows that either it respects the rules imposed by the IMO (and those by the US as well), or it will risk huge fines and maybe even imprisonment for some members of the crew, due to active Coast Guard enforcement.

### 2. There will be enough compliant fuel globally, but not necessarily locally

The results of the study commissioned by IMO "Assessment of Fuel Oil Availability" were conclusive: even assuming high demand, the refineries could supply VLSFO without affecting any other sectors. I quote the most relevant sentence from the study: "The main result of the assessment is that in all scenarios the refinery sector has the capability to supply sufficient quantities of marine fuels with a sulphur content of 0.50% m/m or less and with a sulphur content of 0.10% m/m or less to meet demand for these products, while also meeting demand for non-marine fuels." The study triggered the date for that implementation—January 1, 2020.

Of course, the fact that refineries produce enough compliant fuel does not mean that there will be enough in every port of the world. Most ports across the globe will have VLSFO, but there will doubtless remain a significant number of smaller ports that will not have it, at least not initially, in some cases because of temporary logistical problems and in others due to a more permanent lack of the new fuel. I therefore foresee a price problem for smaller ports in emerging and developing countries.

### 3. Freight rates will increase

This does not require a lengthy explanation: shipping companies will be buying more expensive fuel or installing costly scrubbers. They will pass the bill to the shippers as bunker adjustment factors, and further on until it reaches the consumer.

### 4. IMO 2020 will be an invaluable learning experience for the decarbonization of the shipping industry

IMO 2020 and the challenge to decarbonize the shipping industry are a 100-meter race and a marathon respectively.

IMO 2020 was triggered in August 2016 at the same MEPC session in which the study on fuel availability was released. From that moment on, IMO 2020 had a clear deadline. In the beginning, there were expectations that the IMO was going to delay bringing the regulation into force, but at the beginning of 2019, it was clear that the deadline was definite and not movable. IMO 2020, therefore, has been forcing companies to decide between VLSFO or scrubbers.

It is challenging, but when compared with the challenge of decarbonization it's relatively simple: two options, some additional millions of euros per ship, some risks that may be avoided by adequately training the crew, a date of entering into force, and then sailing under the new rules of the game.

To confront climate change the costs will be several times higher, there will not be two options to make a ship carbon neutral, but many, and shipping companies will be put under tremendous pressure not only by the IMO but also by their flag government, investors, customers, and environmental groups.

## **5. There will be reduced mortality in cities near ports or towns relatively close to the main shipping routes**

That is the ultimate reason for IMO 2020. Even if there is non-enforcement by a good number of emerging and developing countries for the cabotage services along their coastlines and in their rivers, and therefore not all 685,000 lives are saved but only 500,000 or 400,000, the core certainty is that there will be less morbidity and mortality due to SO<sub>x</sub>. There is no need to say more about this: as the world has invested hundreds of billions of euros through history to combat the Anopheles mosquito, carrier of malaria, the world will now invest tens of billions of euros yearly to fight another airborne threat to our health: SO<sub>x</sub>.

**Pablo will be exploring IMO 2020 in more depth at the Antwerp XL Main Deck conference. To find out more and book your ticket, visit [www.antwerpxl.com](http://www.antwerpxl.com).**

**This article was adapted from Chapter 3 of his book, *IMO 2020: A Regulatory Tsunami*, which is available for purchase on Amazon.**