



Canadian Fuels
ASSOCIATION



ISRAELI INSTITUTE
OF ENERGY AND ENVIRONMENT

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Statement of the Marine Fuels Platform

Background

In October 2016, the International Maritime Organization (“IMO”) confirmed the implementation of the 0.50 % wt. global sulphur limit as of 1 January 2020. This represents an unprecedented challenge for the industry, as it will result in a very significant change in global marine fuel requirements. Around 200 Mt/y or about 4 million barrels per day will need to be made available as compliant fuel.

The **Marine Fuels Platform**¹ “MFP” considers of utmost importance that measures aiming at implementing the cap worldwide shall be applied in a consistent and effective manner creating a level playing field for marine fuel suppliers in all regions. Furthermore, all such measures to be decided at IMO level in the coming months should come into force as early as possible to allow industry actors (e.g. shippers, bunker supplier and refiners) to plan and make respective investment decisions.

The objective of the present statement is to raise awareness of the interested parties by describing the options that fuel suppliers have to produce and supply compliant marine fuels. It furthermore offers the industry’s views on a number of key questions of interest for the wider stakeholder community.

Will compliant fuels be available in sufficient quantity?

The introduction of Sulphur Cap will result in significant changes to fuel demand, which will vary, based on method and technology used by the Shipping Industry to comply (i.e. low sulphur fuel oils, distillates, LNG or exhaust gas systems).

The refining industry will keep investing based on global market conditions and regulatory outlook, and it will respond to market forces, although those may not become evident until after implementation. Indeed, decisions on making refinery adjustments to produce 0.50% S fuels or 0.50% S fuel components or on the refining capabilities remain fully under the responsibility of the individual fuel suppliers. Since it is strictly forbidden to promote any form of compliance strategy, the MFP shall not discuss any items that are sensitive from a competition law perspective like future supply capacity or promotion of products.

Will compliant fuels be safe and fit for purpose on board the ship?

Maintaining an “open specification” for 0.50% S fuels increases the options for refiners to respond to market developments. Consequently, the availability of different fuel formulations will entail some challenges.

The MFP members commit themselves to address those challenges related to the fuel quality. For instance, stability, cold flow properties or compatibility properties could be impacted. The MFP will work with appropriate marine fuel quality, standards and testing organizations as well as global and regional industry associations to support the development of improved methodologies to evaluate fuel quality, stability and compatibility, as well as handling guidelines for both fuel suppliers as well as ship owners and operators.

¹ See website: <https://www.marinefuels2020.com/>

Will compliant fuels be available at competitive price?

As a platform of regional or national trade associations, the MFP cannot and will not develop any forecasts on future fuel prices.

However, raising awareness of the stakeholders of the numerous options which each individual refinery may choose to adjust in response to market developments can be helpful in understanding the order of magnitude of the required changes and investments:

- Fully integrated operation starting from crude oil
- Primary operation: distillation to segregate different oil fractions
- Hydrodesulphurization units remove sulphur
- Conversion units (FCC, hydrocracker, Coker) can convert heavier streams to lighter products
- Petroleum products characterized by their distillation range
- Some overlap in distillation range between products
 - Refiners have some leeway to route molecules boiling in these overlapping ranges to one or another product – provided they continue to meet all product specifications
 - Refiners may adjust “cut points” in response to market evolution to optimize their operation

Implementation measure to be encouraged

In order to encourage a consistent implementation of the Sulphur cap and in view of facilitating a global compliance in a transparent manner, an effective reporting system for fuel oil non availability shall uniformly be applied. In particular, ships that unsuccessfully attempted to be supplied with compliant fuel should file their cases supported by unequivocal justification. As an example, the MFP support the extension of the use of FONAR system. FONAR is not a waiver, but a statement of non-compliance with IMO fuel regulation.

About us

The main scope of the platform would be to underline the importance of a consistent and effective implementation of IMO’s decision in all regions of the world.

Global compliance with IMO’s decision on the implementation of a global sulphur limit in marine fuels is needed to avoid competitive distortions that may result from uneven implementation of the global sulphur cap. In addition, there may be reputational risks for the relevant industries. A platform amongst associations supplying marine fuel to the market is an adequate way to create awareness and to address advocacy messages to the issue in the different parts of the world.

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Note: Full members of the platform: [API](#), [ARA](#), [Canadian Fuels Association](#), [FuelsEurope](#), [IIEE](#), [Sapia](#).
Supporting members of the platform: [Concawe](#), [IPIECA](#), [JPEC](#).