

BALTIC UPDATE

FONASBA

Gothenburg

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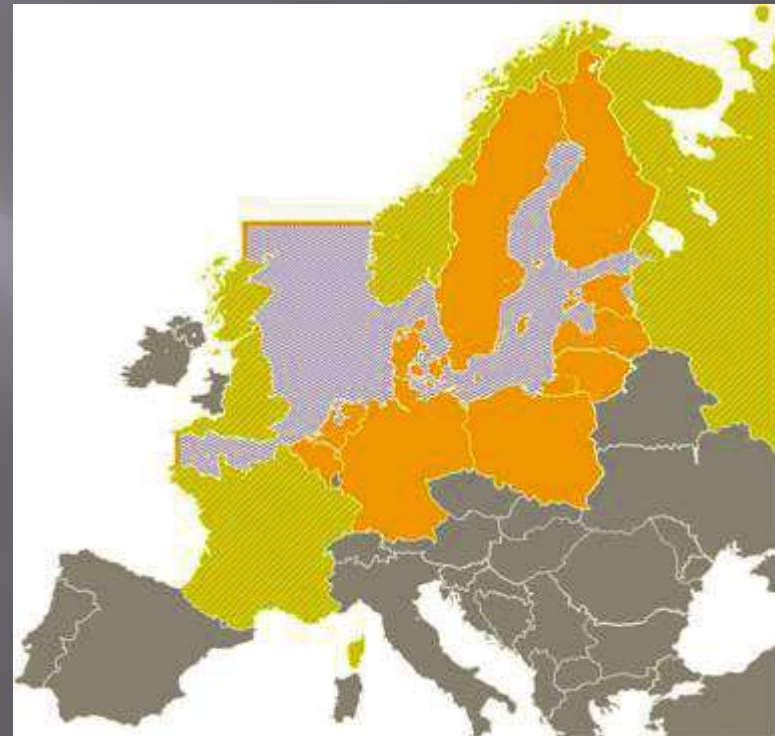
The Finnish Shipbrokers Association

Background

IMO MARPOL ANNEX VI

- From 1.5 % to 1 % as of July 1st, 2010 within the SECA in Baltic Sea and North Sea
- From 4.5 % to 3.5 % globally from January 1st, 2012
- 1 % also in the North American SECA1 from August 1st, 2012
- 0.1 % in SECA from January 1st, 2015
- 0.5% in European waters outside SECA from 2020 (by EU decision Sept. 11th, 2012)
- 0.5 % globally either in 2020 or 2025

SECA AREA



How to reach the 0,1 % emission limit

LNG

- A solution for new buildings.
- Distribution.
- Not enough terminals. Several under construction and planning.
- Transportation from terminal to ships.
- Problems with transporting by tanker trucks. Tunnels and dwelling areas.

Definitely a good alternative in the future but not for 2015

How to ...

Scrubbers

- Can be used in only 30 – 40 % of all vessels
- HFO / HBO can be used if the scrubber is actually working
- Installation cost 1,0- 2,0 milj. €

- Producing toxic / problem waste. Ports not prepared to take it ashore.
- A temporary solution. Not for new buildings as worldwide 0,5 % will make the use of them less profitable as fuel prices level up.

- Finnish Government has granted 30,0 milj € for installations and modifications. 24 vessels (total number of vessels visiting Finland is around 1800).

Scrubbers will not solve the problem

How to...

MGO / MDO

- The only solution for all vessels.
- Only small modifications necessary.
- Dual fuel (LNG / MGO) systems available

- Price of MDO / MGO is still not clear, but estimated to be 30 - 40 % higher than HFO.
- Supply? No surveys done to ensure that there are enough MDO available.

Only option 1.1.2015 for most vessels. Will lead to higher freight costs.

Consequences of SECA (Finland)

- Increased costs for the industry.
- Annual increase 3-400 milj.€. Unemployment increasing as export companies move their production closer to end markets and even outside SECA area.
- Will lead to modal shift down. More cargo moved to Europe by trucks.

What is the Government doing?

- Fairway dues are reduced by 50 %. Now annually 100 milj €, 2015 – 17 around 50 milj €
- Support to Finnish ship-owners (30 milj € (2014))

Too little – too late.

What if...

- Only 2 – 3 % of all vessels are checked by Port State Control.
- "Sniffers" installed in planes and helicopters. Sniffers on the Belt Bridge between Sweden and Denmark.
- What will happen when it storms, rains and snows? Good luck with sniffing!!

Enforcement & Sanctions

- All sanctions are based on national laws. No co-ordination between SECA countries. Different sanctions within Eu.
- Who is responsible? In Sweden the prosecutor decided not to press charges as it was difficult to determinate who actually was responsible.

Dark clouds on the horizon

NOX / NECA

- IMO Tier I and II now in use
- HELCOM tried to form a NECA / Tier III for Nitrogen
- Covering the Baltic Sea and Denmark's eastern sea area.
- For new buildings starting from 2016
- Did not succeed as Russia was against it.
- A lot of problems with Sulphur / Nitrogen scrubbers. Expensive to use as it requires a lot of urea to work and you also have a waste problem with used filters

Stopped for the time being, but still on HELCOM agenda, but probably not compulsory before 2020 / 2025

Dark clouds...

Ballast Water

- The International Convention for the Control and Management of Ship Ballast Water and Sediments (IMO's BWM Convention 2004)
- Will enter into force when it has been ratified by 30 states which represent at least 35% of the world's merchant fleet.
- Ports are facing a big problem. Vessels should pump the ballast water ashore, but the ports don't have the needed facilities to receive. Can't be pumped into the sewage system as it may contain toxic substances.
- Investment to on board handling systems expensive.

Thank You !