



MARINE ENVIRONMENT PROTECTION
COMMITTEE
59th session
Agenda item 4

MEPC 59/4/6
2 April 2009
Original: ENGLISH

PREVENTION OF AIR POLLUTION FROM SHIPS

Assessment of fuel availability and quality

Submitted by ICS, OCIMF, BIMCO and INTERCARGO

SUMMARY

<i>Executive summary:</i>	This document proposes the establishment of an MEPC correspondence group, tasked to investigate appropriate mechanisms for studying, on an annual basis, developments in the supply and demand for bunker fuels compliant with the revised MARPOL Annex VI
<i>Strategic direction:</i>	7.3
<i>High-level action:</i>	7.3.1
<i>Planned output:</i>	7.3.1.3
<i>Action to be taken:</i>	Paragraph 6
<i>Related document:</i>	MEPC 58/23

Background

1 Significant revisions to MARPOL Annex VI were adopted at the fifty-eighth session of the Committee, to unanimous acclaim, and the timescale for their introduction is given in Appendix 1. The revised Annex VI introduces the phased reduction of the global sulphur cap from 4.50% to 0.50% and the concept of the “Emission Control Area” (ECA). The ECA can impose controls on SO_x, NO_x or PM, or any combination of the three.

2 Some Member States and observer organizations, whilst welcoming the stringent controls to improve air quality, nevertheless expressed some concern with the ability of the refining industry to provide sufficient compliant fuel to meet the demand. Recognizing this concern, a review clause was incorporated into the revised MARPOL Annex VI to the effect that supply availability would be determined by 2018 with respect to the introduction of the global sulphur cap of 0.5% in 2020. In the event that an adequate supply of the appropriate quality fuels could not be assured, then the implementation date would be deferred from 2020 until 2025.

For reasons of economy, this document is printed in a limited number. Delegates are kindly asked to bring their copies to meetings and not to request additional copies.



3 As the recent downturn in the global economy underlines, forecasting fuel supply and demand is not straightforward. In order to prepare thoroughly for the 2018 review, it is essential to both the refining and shipping industries that the supply situation should be monitored in the years leading up to each of the phased implementation dates to facilitate an orderly transfer to the new compliance regime. The co-sponsors take the view that the mechanism to undertake this review needs to be assessed well before the formal review date. Only by determining at an early stage how the review will be conducted and by assessing the earlier phased introduction of new sulphur limits, can a successful outcome be expected.

4 The co-sponsors propose the establishment of an MEPC correspondence group at the fifty-ninth session of the Committee to develop a review mechanism. Further to this task, it will also be necessary to make recommendations on the appropriate date for the review to start and on how the phased limits can be monitored. The co-sponsors feel that the earlier a mechanism is defined and set to work, the more likely it is that both industries will be able to prepare responsibly for the successive implementation dates.

Draft Terms of Reference

5 The correspondence group will, *inter alia*, consider how to establish a monitoring and reporting programme for global marine fuel availability and quality in the context of the requirements of MARPOL Annex VI. The purpose of this initiative is to:

- .1 assess likely availability of any required product (both in terms of the global cap and ECA regions) by the dates required in the revised MARPOL Annex VI;
- .2 consider how to utilize the supply/demand models developed by the IMO Secretary-General's Expert Working Group on MARPOL Annex VI, updated to reflect the latest amendments to Annex VI, and any new ECAs, thus providing a first pass assessment of potential supply pinch points;
- .3 consider how to track changes in fuel demand and supply against the original forecast produced by the IMO Expert Group. Unless a more accurate method of assessing actual bunker consumption can be established, the "bottom up method", using ship numbers, sizes and types, developed by the Expert Group, could be used to update demand forecasts. There may be factors that influence the accuracy of longer term supply forecasts, however, by carrying out the review annually, trends should be identifiable and the iterative nature of the process will result in improving accuracy as the 2018 review date is approached;
- .4 consider how to forecast changes to marine fuel availability due to:
 - the addition of new ECAs;
 - changes in global bunker supply and demand as a result of economic or other activity; and
- .5 develop a consistent reporting mechanism with regards to the above, which should include an annual report to the Committee, highlighting progress and challenges.

Action requested of the Committee

6 The Committee is invited to consider the foregoing information to establish the proposed correspondence group and take action as appropriate.