



IMO 2020

Unite to End the Blame Game

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SCALING THE HURDLES REQUIRED to comply with the International Maritime Organization's (IMO) 2020 ruling is far from smooth sailing. Clarity just over how the market will and should respond to the 0.5% sulfur cap, down from 3.5%, remains elusive. Energy stakeholders' calls for transparency across the board – refineries, ports, shipowners, traders, the IMO and others – largely ends with more finger pointing. The blame game must cease as D-day is the 1 January 2020, just a year away.

Can the UAE's Port of Fujairah, the world's second largest bunkering hub, leverage IMO 2020 as another step in its ladder to

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The percentage of respondents in a GIQ Industry Survey that said ports should take the lead in managing IMO 2020 compliance.

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greater influence on the global energy stage? Absolutely. The UAE is a signatory to IMO, we have representatives at the IMO table and we are vocal supporters of compliance. Blessed by geographic fortune – at the crossroads of integral east-west trade routes – and home to the storage of more than 18 million barrels of oil products, the port can carve out a positive template for others to follow.

THE MORE sulfur-constrained world of post-2020 will have huge implications; high sulfur fuel oil (HSFO) was used for approximately 70% of the world's bunker fuel in 2016. Unsurprisingly, a rise in scrubbers, low sulfur fuel oil (LSFO) volumes and LNG bunkering is anticipated, amongst other changes. But that is where the sureness – albeit with rough edges – ends. IMO 2020 has fallen into the age-old trap of the chicken and egg argument; which goes first? It is not just the energy market in need of firm signposts; insurers and bankers urgently need more accuracy too.

Nearly a third of respondents (32%) to a GIQ Industry Survey said ports should take the lead in managing IMO 2020 compliance. Is this fair? Industry has many answers to what seems a simple question; an illustration of the market's confusion. Our answer is that joint responsibility is key; ports cannot become global policemen. The culture of 'let's wait and see what happens' must end. The IMO can also enhance its role in accelerating progress by elaborating on how it envisages the value chain readjusting for 2020.

70%
The approximate percentage of bunker fuel HSFO was used for in 2016. A rise in scrubbers, LSFO volumes and LNG bunkering is anticipated, amongst other changes.



18m
The Port of Fujairah has storage for 18 million barrels of oil products. Through its position as the world's 2nd largest bunkering hub, and at the crossroads of east-west trade routes, the port can carve out a positive template for others to follow.

The Port of Singapore, the world's biggest bunkering hub, recently issued a mandate for all the stakeholders within their ecosystem to deliver a plan on their post-2020 strategy. Fujairah may consider rolling out a similar program to identify the sweet and weak spots. It would complement a survey recently conducted with 626 ship owners who frequent the Port of Fujairah; approximately 42% of those approached responded. Half of those could not confirm their post-2020 plans.

HOW seamlessly the 2020 transition goes will depend on preparation today. The sooner we fill in today's black holes of information, the more time and money it will save us all later on. A realistic and positive outcome would be a six to nine-month adjustment period with some teething issues in 2020 followed by relatively seamless operations in the fourth quarter and beyond. Clearly, this result is what the vast majority want.

Instead of an economic curse, let us work together to leverage IMO 2020 as a new chapter of openness and communication. We can achieve so much more if we put our fingers down and open our ears. ■