

## Position Paper

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### EUROPIA Position on the proposed Directive amending Directive 1999/32/EC as regards the sulphur content of marine fuels – COM (2011) 439, July 15, 2011

November 2011

With regards to the adoption of international rules to reduce harmful emissions from ships through the revised MARPOL Annex VI, EUROPIA stresses the need to ensure that EU legislation on marine fuels remains fully compliant with the requirements of MARPOL Annex VI, to avoid distortion of competition in global markets.

**EUROPIA therefore believes that the Commission Directive, which is intended to align EU legislation with the 2008 revision of MARPOL Annex VI, should not exceed the MARPOL Annex VI requirements. It has the following points of concern regarding the current Commission proposal:**

#### 1. Maximum sulfur content in marine fuel

In view of the potential impact on the Refining industry in terms of competitiveness and the particular context of International maritime transport, it is essential that rules concerning shipping emissions be adopted at IMO level. Full alignment between international conventions and EU legislation, together with associated emission levels should be maintained.

Should the Commission's decision concerning the **date of entry into force of the 0.50% sulphur limit** (2020 or 2025) differ from IMO conclusions, EU standards will result in market distortions. EU conclusions should therefore follow and comply with IMO on this point. This principle should be an essential element of the Directive, and the use of Delegated Acts should be restricted to actions necessary to align the EU legislation with anticipated future IMO decisions.

Moreover the Commission's proposal foresees, in addition to the ban in the utilization of > 3.5 % sulphur fuel, **a ban on the sale of such fuels**. This provision, not included among IMO/MARPOL's requirements, represents a competitive disadvantage for EU fuel suppliers (refiners, blenders, traders), as in other regions marine fuels with > 3.5% S can be sold for use on board ships equipped with an Exhaust Gas Cleaning System. Moreover, EU fuel suppliers shall be allowed to sell marine fuel blendstock with sulphur content higher than 3.5%, for use after blending with lower sulphur component.

**Recommendation:**

- Ensure that the decision on the date of entry into force of the new sulphur limits (article 4a) is made in accordance with the assessment and the conclusions by the IMO of the availability of marine fuel to comply with the maximum sulphur content of fuel of 0.50% by mass, referred to in Regulation 14(8) of Annex VI of MARPOL.
- Remove the proposed ban on the sale of marine fuels if their sulphur content exceeds 3.5% by mass.

## 2. Emission abatement methods

**The requirements proposed by the Commission in Annex 2.2 go beyond IMO resolutions**, in particular with regard to the request for documentation at the ship level on the risk to human health and environment. By complying with the IMO Resolution mentioned in the Annex 2.1, ships are already required to comply with a set of measured parameters and to continuously measure wash waters when scrubbers are used in port, harbours and estuaries for pH, PAH, turbidity and temperature. Concerning wash water residues, the IMO Resolution foresees that these should not be disposed of at sea or incinerated. In addition, the limits contained in the IMO Resolution should be revised as soon as more data will be available. In order to avoid market distortions, it is necessary that full alignment of EU requirements with Marpol Annex VI is maintained.

**If amendments to the Annexes are required**, these should also be adopted strictly in accordance with the relevant instruments and standards of the International Maritime Organisation to avoid competition distortion. Use of delegated acts should be limited to those acts necessary to make EU requirements compliant with any future IMO resolutions on the use of Exhaust Gas Cleaning Systems.

**Recommendation:**

- The use of emission abatement methods as an alternative to using marine fuels that meet the requirements of 'article 3a has the potential to provide significant emission reductions at a low cost and with low overall CO<sub>2</sub> emissions. Imposing supplemental requirements over and above those required by IMO could become an impediment to the development of such methods.
- No additional requirement under Annex 2.2 regarding the documentation on the risk to human health and environment until updated IMO rules are adopted.
- Ensure that future amendments to the Annexes are fully aligned with IMO rules.

### 3. Use of 0.10% S fuel by passenger vessels as from 1 January 2020

The Impact Assessment shows that the compliance costs for using low sulphur fuel are in the same order as the expected benefits. It also points to the fact that the need for additional gasoil would further impact the current and future gasoline / gasoil imbalance faced by the European refining industry. Only through the use of on-board emission abatement methods, costs may be lower. It therefore appears premature to impose a 0.1 % S limit, in particular in light of the expected reduction of the global sulphur limit to 0.50% in 2020 or 2025.

#### **Recommendation:**

- Remove the proposed requirement for passenger ships to use fuels with < 0.10% sulphur by mass as from 1 January 2020.
- Ensure the alignment of standards for passenger ships with future IMO decisions.

### 4. Sampling guidelines

Article 6 includes provisions to align sampling and checking of fuel with IMO requirements. However it also foresees that the Commission can modify these requirements through delegated acts. Modifications however should be limited to maintaining compliance with IMO.

#### **Recommendation:**

- Ensure that implementing acts regarding sampling guidelines comply with the requirements of this Directive and with future revisions of Annex VI and/or applicable IMO circulars.

EUROPIA, the European Petroleum Industry Association, is the single voice the European Refining & Marketing Industry, the downstream sector of Europe's oil industry.

EUROPIA is a non-profit organisation and whose 17 members account for more than 80% of EU petroleum refining capacity and some 75% of EU motor fuel retail sales.

EUROPIA as a leading Industry Association aims at contributing pro-actively and constructively to the development of policies to safeguard the secure and sustainable manufacturing, supply and use of petroleum products by providing competent and expert advice to the EU Institutions, Member State Governments and the wider community.

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