

# Most ALMC panellists sceptical scrubber use can meet 2020 sulphur cap

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PANELLISTS HEARD FEEDBACK FROM THE SHIPPING INDUSTRY THAT THE TECHNOLOGY USED BY SCRUBBERS WAS NOT EFFECTIVE.

PANELLISTS were broadly sceptical about the use of scrubbers amid upcoming emissions regulations stipulated by the International Maritime Organization, during an exchange of views at a seminar at the Asian Logistics and Maritime Conference in Hong Kong.

The sole proponent of the technology, Navig8 Group chief operating officer Andrew Hoare, said that ahead of the IMO's 0.5% sulphur cap for bunker fuels effective from 2020, shipping companies should take the opportunity to install scrubbers and benefit from the lower-priced bunker fuel.

His view was that refineries and oil companies will be keen to sell off the residue fuel oil over the next few years, as the industry shifts towards cleaner or renewable fuel sources. And their biggest customers are in the shipping community, consisting of some 50,000 merchant vessels.

Mr Hoare took the view that because cleaner-burning fuels are expensive and the dirty fuel oil will be relatively cheaper owing to the sell-off by the refineries, investment in installing scrubbers would help owners gain money, even including the cost of installing scrubbers.

He added that the price of retrofitting scrubbers on a very large crude carrier has now dropped to \$2m-\$2.5m, half the price seen in previous years.

"For newbuildings, it's a no brainer. When considering retrofit, many owners have to get their head around that [they will have] to do this in the next two years." he said. "So scrubbers are in."

However, Valles Steamship executive director Willington Koo begged to differ.

"As a shipowner, I'll definitely say no to scrubbers."

Mr Koo, whose family business owns a fleet of 10 aframax, medium range and long range two tankers, believes the price for low-sulphur fuel sources will drop as supply catches up.

An IMO study noted there will be sufficient fuel supplies that meet the sulphur cap requirement by 2020, he added.

"If they are accurate, then why do you need to install scrubbers?"

Domenik Nizet, a senior vice-president of shipping at DVB Bank, said he had received feedback from shipowners that they did not like scrubbers either.

“The scrubbers which have been installed do not really work. Owners have issues with the waste on the ships, for example. It’s simply not the solution.”

In a recent report, Bank of America-Merrill Lynch forecast that shipowners will turn to distillates to meet the sulphur limits in the initial post-2020 period and abandon high-sulphur fuel oil.

Martin Stopford, president of Clarkson Research Services, was also sceptical about Mr Hoare’s view.

He said the refinery sector, like any other sophisticated industry, will watch market developments and respond to the changes.

Thus the logic of refineries gathering up remaining fuel oil supplies and selling them cheap to ship owners simply did not stand.