

Protection of Marine Environment in the SOMS: *Marine Pollution, Preparedness and Response* Addressing Low Sulphur Bunker Fuel 2020

**CONFERENCE ON
Low Sulphur Bunker Fuel 2020:
Assessing Readiness of Malaysian
Ports to Become Leading
Bunkering Hub**

20 August 2019
DoubleTree by Hilton Kuala Lumpur, Malaysia

Event hosted by

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Centre for Coastal and Marine Environment

**12th COOPERATION FORUM (CF) UNDER THE COOPERATIVE MECHANISM ON THE STRAITS OF MALACCA
AND SINGAPORE (SOMS)**

Semarang, Indonesia
30 September – 1 October 2019

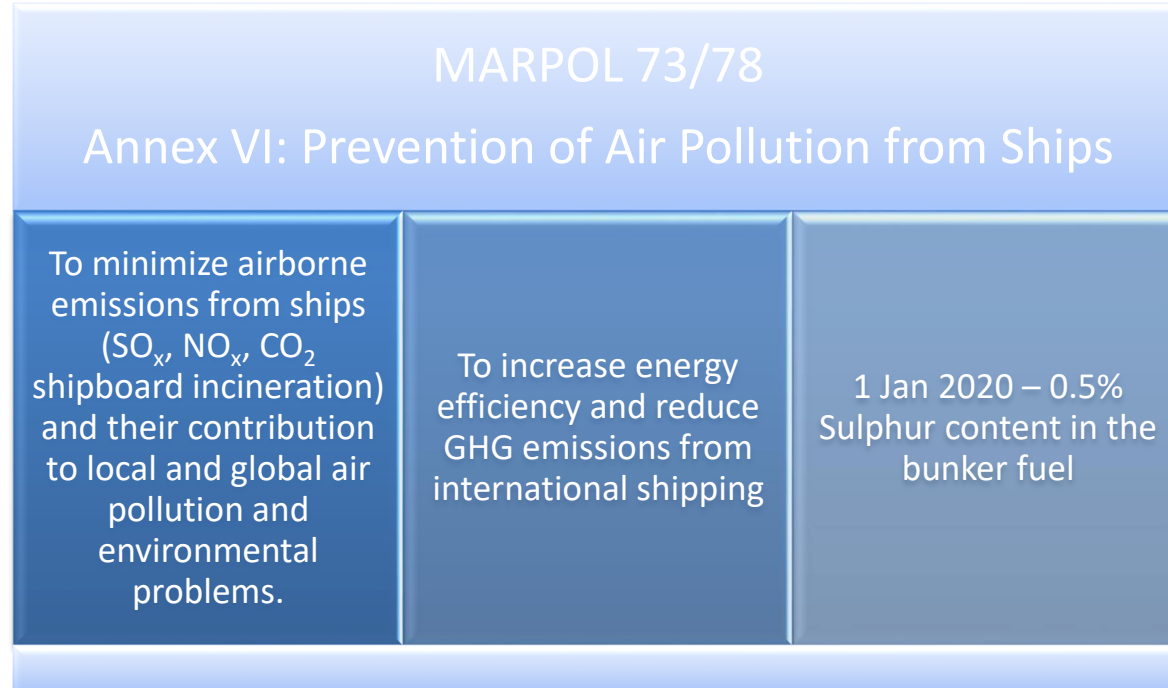
Outline

- Introduction
- Highlights from the forum
- Regional and national perspectives
- Discussions and way forward

Introduction

- The IMO regulation to reduce sulphur oxide (SOx) emissions from ships first came into force in 2005 under the International Convention for the Prevention of Pollution from Ships (MARPOL) Annex VI – progressive reductions have been effective since then.
- Sulphur limits in fuel oil used by ships operating outside designated emission control areas (SECA) will be further reduced to 0.5% m/m effective 1st January 2020, in effort to promote health and environmental benefits for populations living in port and coastal areas.
- In view of the impending enforcement, the Conference aimed to raise awareness and facilitate compliance and implementation of the requirements.
- The discussions addressed impacts of the global sulphur cap, and issues related to fuel oil availability, handling of new fuels, sampling and verification procedures, compliance challenges, mitigation of safety aspects as well as enforcement.

- Some 280 participants attended the conference.
- Featured speakers were policymakers and representatives from the industry and the bunkering sector, as well as port and shipping experts both local and international.
- The conference provided an opportunity for participants to exchange views on challenges and preparations for the IMO requirements.





Highlights from the event..

The Ministry of Transports (MoT) Malaysia:

- Intensive work is in progress involving relevant stakeholders on several fronts, including the identification of issues related to bunker supply and demand, licensing of service providers, integrity aspects including quality and quantity of fuel, competency of personnel in the bunkering industry, and construction and operational standards of bunker vessels.
- Equal emphasis will be given to formulating government policies that will spur and stimulate the industry given the huge economic spin-offs that can be derived from the bunkering industry.
- All feedback and outcome of consultations with stakeholders will be useful to embark on improvement and changes that will launch the bunkering industry towards greater excellence and complement the role of ports to better serve the shipping industry.

Port Klang Authority (PKA):

- Emphasised the need for port authorities to satisfy economic demands and industrial activities in line with sustainable developments, compliance with rules and regulations, and risk reduction.
- Malaysian ports aims to promote safety, health, and environmental agendas in its day-to-day operations. At the same time, a better working environment is being established that will benefit both port workers and their customers.
- Ports also aspired to have more interactions and to educate surrounding communities regarding port operations and environmental programmes through the implementation of sustainable practices.
- Stressed the need for ports to provide recent and reliable information regarding its sustainable development in order to enhance international competitiveness and fulfil national obligations to the IMO requirements for safe, secure, and efficient shipping on clean oceans.

Regional and national perspectives

- Major highlights included updates from the recent IMO's Marine Environment Committee (MEPC) meetings and requirements, as well as challenges and opportunities from the IMO 2020 global sulphur cap and the way forward for Malaysia.
- The conference consisted of three sessions:
 - In the first session, an overview was provided by speakers from the national and regional platforms including the Malaysian Marine Department, INTERTANKO, Maritime Port Authority (MPA) Singapore, representatives from related agencies, as well as a video presentation from the IMO.
 - Session Two focused on stakeholders' perspectives, which included presentations from industry players, encompassing both national and regional overviews on the subject area.
 - The last session was a panel discussion addressing the way forward on low sulphur bunker fuel 2020 requirements.

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August 2019

by Hilton Kuala Lumpur, Malaysia

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Assessing Readiness of Malaysian Ports to Become Leading Bunkering Hub

20 August 2019
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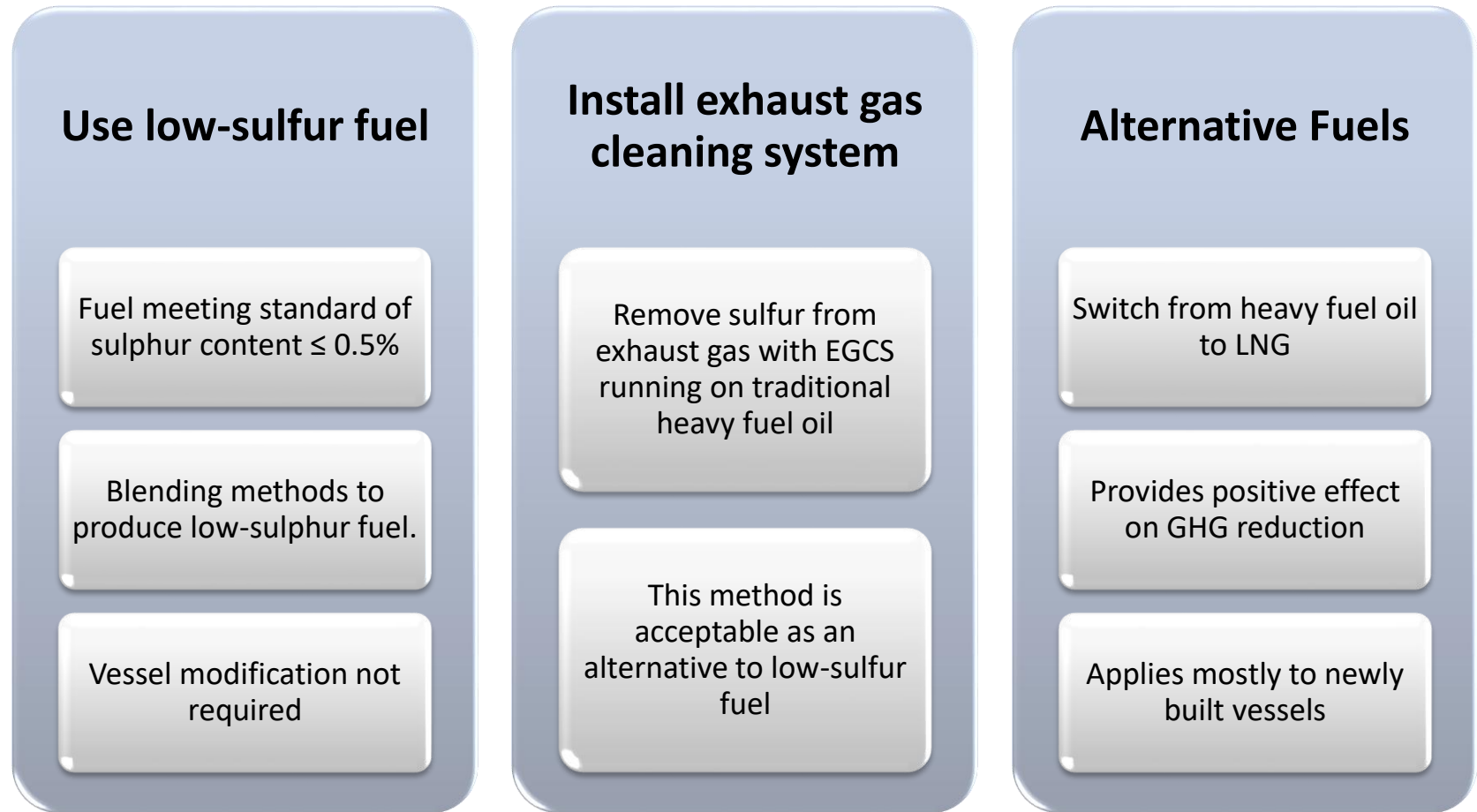


Low Sulphur Bunker Fuel 2020: Assessing Readiness of Malaysian Ports to Become Leading Bunkering Hub

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Kuala Lumpur



Discussions and the way forward



Methods provided by IMO:

- 1) Bunker and compliance fuel, or
- 2) Install scrubber systems (open loop, closed loop or hybrid loop), or
- 3) Alternative fuels

Further consultations are in progress...

- Hybrid and closed loop can be operated.
- However, ship using scrubber system with open loop type are allowed to beyond 12 nm. For those entering the Malaysian ports and within Malaysian waters, ships shall use 0.5% m/m sulphur content.
- Malaysian registered vessels operating in the national waters can continue using non-compliant fuel not more than 3.5% m/m sulphur content for a period of 2 years from 1st Jan 2020.

Note: *Above suggestions are preliminary and still under discussions with the stakeholders. These have not been finalised as yet. Further consultations at the national level are being carried out to meet the IMO sulphur requirements.*

- Malaysia Shipping Notice will be issued accordingly by the Marine Department Malaysia.

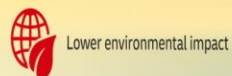
WHAT THE REGULATION MEANS



Increase in freight transportation costs



Uncertainty over monitoring, compliance and enforcement standards



Lower environmental impact



WHAT SHIPPERS CAN CHOOSE TO DO



Switch to IMO-compliant fuels with lower sulfur content



Install scrubbers on ships to reduce sulfur oxide emissions



Use LNG or other alternative fuels

Challenge: Increased fuel cost and operational challenges.

Availability of compliant fuel

Enforcement from 2020: Robust enforcement is of the utmost importance to secure a level playing field

- In terms of enforcement, steps identified by Malaysia consistent with the MEPC.1/Circ.884 - GUIDANCE FOR BEST PRACTICE FOR MEMBER STATE/COASTAL STATE.
- In order to promote the availability of compliance fuel, to communicate with KPDNHEP with cooperation with oil major company to ensure that availability of fuel compliance are enough to cater market demand.
- Also to further update:
 - the industry with the latest and upcoming requirement related to the bunker activities;
 - registration process;
 - status of the bunker standard need to be complied with;
 - process of inspection & sampling of non-compliance fuel consisting of i.e., documentation checking; indicative fuel oil analysis (portable fuel oil sulphur content measurement tool); and detailed fuel oil analysis (sampling for laboratory test); as well as update with the requirement and action to be taken for off-loading and non availability of compliance fuel.

Thank you

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