

Scandinavian duo seek 'uniform and fair enforcement system' for 2020

Danish and Swedish shipping association heads urge owners to act quickly and governments to enforce fairly as emissions deadline looms

Roderick Craig
Donso

Swedish Shipowners' Association (SSA) managing director Pia Berglund and her counterpart at Danish Shipping, Anne H Steffensen, insist there is no time to lose as the International Maritime Organization (IMO)'s global 0.5% sulphur cap deadline approaches.

The SSA has been urging owners internationally to get solutions in place quickly, ready for the January 2020 enforcement.

"Don't delay it," Berglund said. "You need time to prepare — not only the technical issues but also thinking about providers of low-sulphur fuels."

Steffensen says the industry has already made a lot of headway. Some owners have opted to start building up fleets of LNG-powered vessels. Others, particularly short-sea operators, have been installing scrubbers. Other fuel alternatives are being explored.

Both bosses call for urgency on the part of the regulators. New-buildings in the works today will arrive in one or two years and last for decades.

Pia Berglund:
We need a system in place that favours the good guys and penalises the bad guys

"We need to know now. Tell us about carbon dioxide, ballast water, etc," Steffensen said.

"Certainty, enforcement and fair competition help us."

Uncertainty and the regulatory delays do not.

Berglund and Steffensen are on the board of the International Chamber of Shipping (ICS) and can see that other nations are worried.

"The Northern European shipping cluster is already working together because the North Sea and Baltic are SECAs [sulphur emission control areas]. Since 2015 we have lots of experience," said Berglund.

There has been debate among

owners, but she said the industry has to adapt.

"If society requires us to be more environmentally friendly, that's what we have to do," she said.

Berglund says concerns beyond Europe are fair enough. "But two years post-SECA, we can tell them we survived," she added.

The issue remains as to how the sulphur cap will be effectively enforced.

Steffensen says Danish Shipping has sought to constantly put that question on the ICS agenda to be sure of making an impact at the IMO.

"Secondly, we've tried to build alliances globally," she said. "Colleagues elsewhere need to be on the same page, otherwise we'll never have a level playing field globally."

Berglund says port state control and flag states need to get cracking, given that North America is already a SECA and China soon will be.

"We need a system in place that favours the good guys and penalises the bad guys," she said.

Berglund and Steffensen agree high fines are necessary.



HEAD TO HEAD: Danish Shipping managing director Anne H Steffensen (left) and Swedish Shipowners' Association managing director Pia Berglund

Photos: Roderick Craig

"Serious owners don't want to get fined. It's not only money but also your reputation at stake," Berglund said. Deterrents could include loss of contracts or action by insurers.

Steffensen says penalties must be proportionate to the savings an

owner could make by not being in compliance.

She adds that the Danish authorities have so far caught 17 ships not in compliance with SECA rules, with fines ranging from DKK 370,000 (\$59,765) down to DKK 30,000. The big fines



STERN MESSAGE: Mika Anttonen of Finnish energy company ST1 spoke at the Donso Shipping Meet

THE ONLY WAY TO CUT EMISSIONS IS TO CUT DEMAND FOR CRUDE

Mika Anttonen, founder of Nordic clean energy group ST1, has a hard-hitting message on carbon dioxide — that it is imperative to cut crude oil demand. It has ramifications for shipping.

"To cut carbon dioxide emissions, it is not good enough to cut gasoline and diesel consumption," Anttonen told the Commercial Meet audience. "We need to cut crude oil demand."

Anttonen believes there is no viable renewable fuel for shipping yet but agreed with fellow speaker, Skangas chief executive Kimmo Rahkamo, that LNG is the best option for cutting carbon dioxide emissions.

Rahkamo says there is good availability and sound technology in place for LNG. Around half the LNG ships being built are dual-fu-

el, representing "good insurance", he adds.

With available existing reserves equal to 50 years of demand, Rahkamo says LNG and gas prices should be more stable than oil.

Anttonen's ST1 is now the largest fuel retailer in its home market of Sweden, Norway and Finland. It has one refinery in Sweden and its renewables business includes a wind joint venture, and the production of biofuels from waste.

He sees ST1 as a "carbon dioxide-aware energy producer and seller", but explaining his vision to hydrocarbon industry peers is not easy. "I could see in their eyes: what is this guy talking about? We're in the oil business," he said.

His message is that the oil business needs to make the

renewables story possible by providing cash flow for research and development "to try to make the world a better place".

Jet-fuel demand cannot grow 50% while petrol and diesel consumption falls 50%, he argues. The distillation curve dictates that producing more jet fuel requires more crude at the bottom.

"As long as we like to fly and drive around in [very powerful] cars we aren't really addressing the problem," Anttonen added.

He proposes lifestyle changes including limiting the power of car engines to maximum-speed limits and banning flights under an hour.

Rahkamo says it is necessary to "take a view" with a 20-year to 30-year horizon despite the fact no one can predict what the world will look like then.



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CORALIUS LNG BUNKERING VESSEL IS STAR OF THE SHOW IN DONSO HARBOUR

The rise of LNG propulsion was on display at Donso Shipping Meet (DSM) with the presence of Sirius Shipping's 5,800-cbm LNG bunkering vessel **Coralius** (built 2017) making its debut in the harbour.

The ship was developed together with Skangas and Dutch shipowner Anthony Veder.

LNG was one of the topics of discussion highlighted by the event's delegates alongside electrification, hybridisation, big data, ship automation, integration, the 2020 sulphur cap and its impact on marine fuels, among others.

Stena chief executive Dan Sten Olsson summed up the central challenge facing shipping.

"Despite the fact that shipping is the most environmentally

friendly mode of transport, in the long term we still have to reduce greenhouse-gas emissions. In the future, we have to focus on the entire life cycle [of vessels] from the very beginning to exhaust gas and propeller," he said in his opening speech.

Avic International Ship Development chairman Sun Yan told Studio DSM that the Chinese shipbuilder shares the same spirit as Donso owners.

"It is critical in China, so we share the same approach to new technology and to pioneering these kinds of new equipment," he said, highlighting Terntank's series of newbuildings fitted with two-stroke, dual-fuel engines.

Sun said Avic's strategy is to focus on niche markets, specif-

ically chemical tankers at its Dingheng yard and ropax tonnage at Weihai, including river cruise-ships. He said the big potential in those segments reflects consumption patterns in China and increased leisure time.

The **Coralius** slipped away in the early evening as a record 1,800 people sat down to dine in a giant banqueting tent on the Donso waterfront.

Sirius chief executive and DSM foundation chairman Jonas Backman welcomed guests from 35 countries. Some 90 shipowners and 260 exhibitors attended.

"Two years ago at the start, we said there will be 1,800 people on the island of Donso, and today we are 1,800 people. It's fantastic," he said.



GAS GIANT: The *Coralius* dwarfs other craft in Donso harbour

should perhaps be bigger while smaller ones should accurately reflect the extent of non-compliance, she says.

"I've only one dream: that we have in place in 2020 a uniform and fair enforcement system that all port state controls around the

world agree on and will enforce," Steffensen said.

Berglund believes 99.8% of her constituents will be compliant in 2020.

"It is possible. It's good for the environment. Be prepared," she urged.



PACKED PEWS: Donso Shipping Meet saw a full house in the island's mission church

Photo: DSM/Alice Johnsson



SIMILAR ANGLE: Preem executive vice-president Anders Malm (left) spoke alongside Mika Anttonen

Photo: DSM/Alice Johnsson

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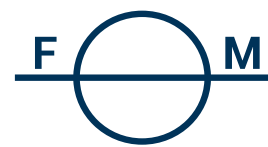
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