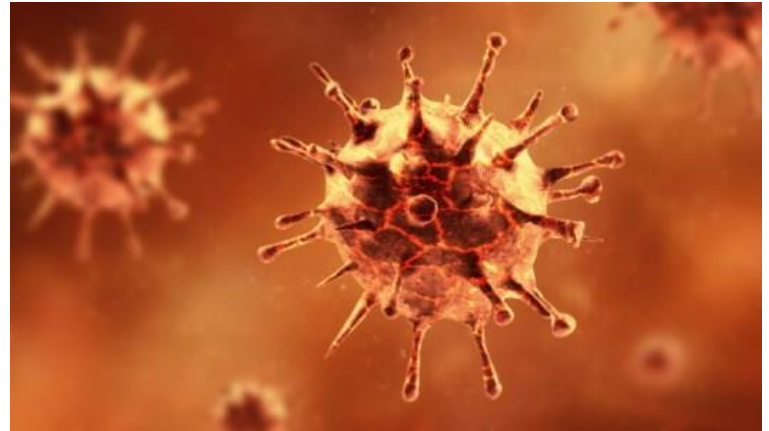


Unni Einemo
Director




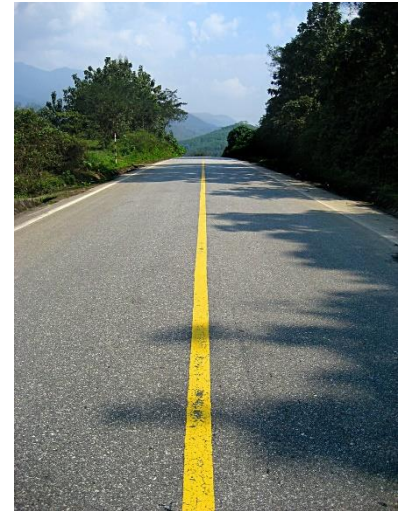
**COVID-19 impacts on
markets and IMO 2020
compliance**



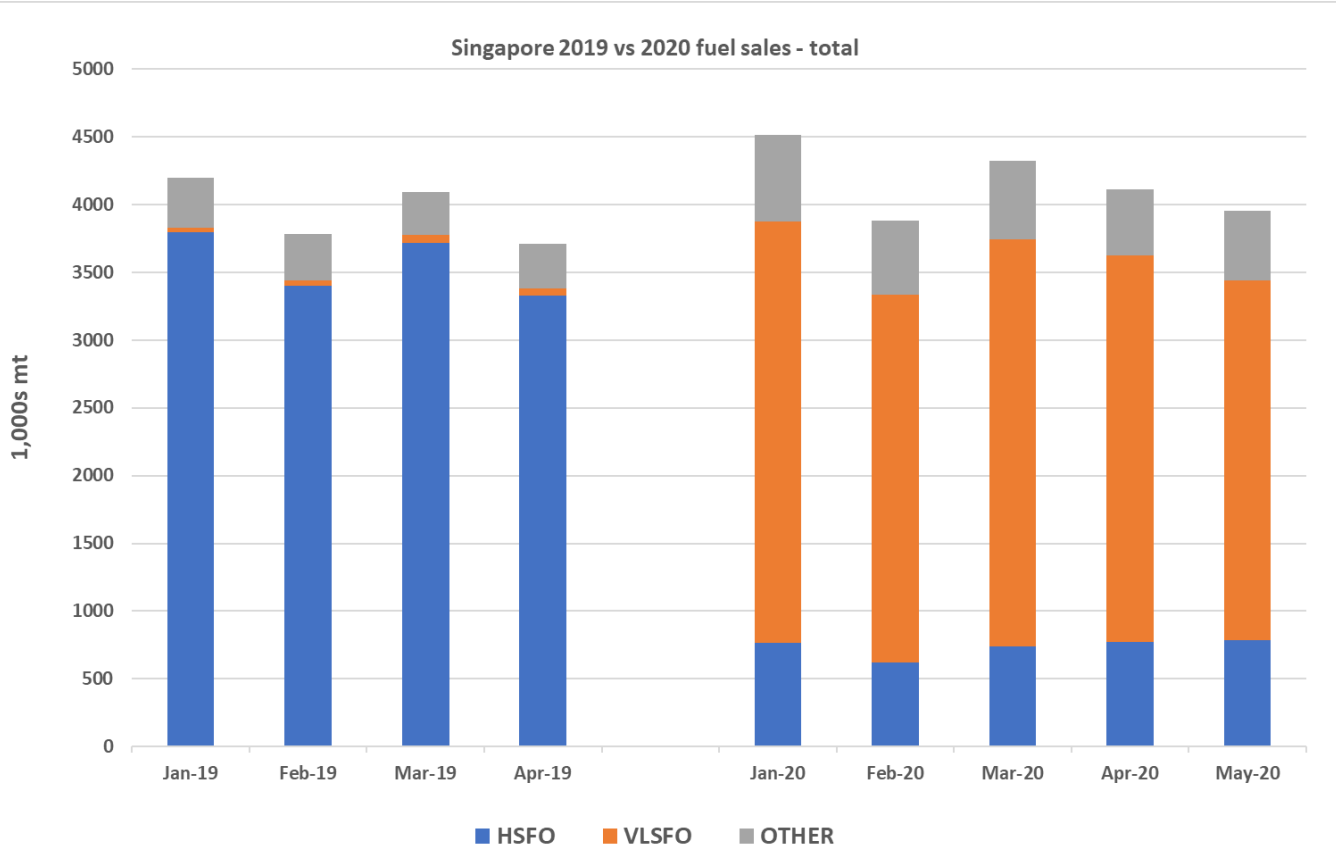
**APM on Demand webinar
June 24, 2020**

COVID-19 market impacts

- Oil demand destruction, primarily aviation and road transport fuels
- Demand for bunkers has been resilient in major ports, variable elsewhere
- Falling oil prices  lower bunker prices and lower VLSFO/HSFO differential
- Scrubber installations have been delayed at yards
- Some owners have cancelled or postponed contracted scrubber installations for various reasons



Singapore bunker sales – total*



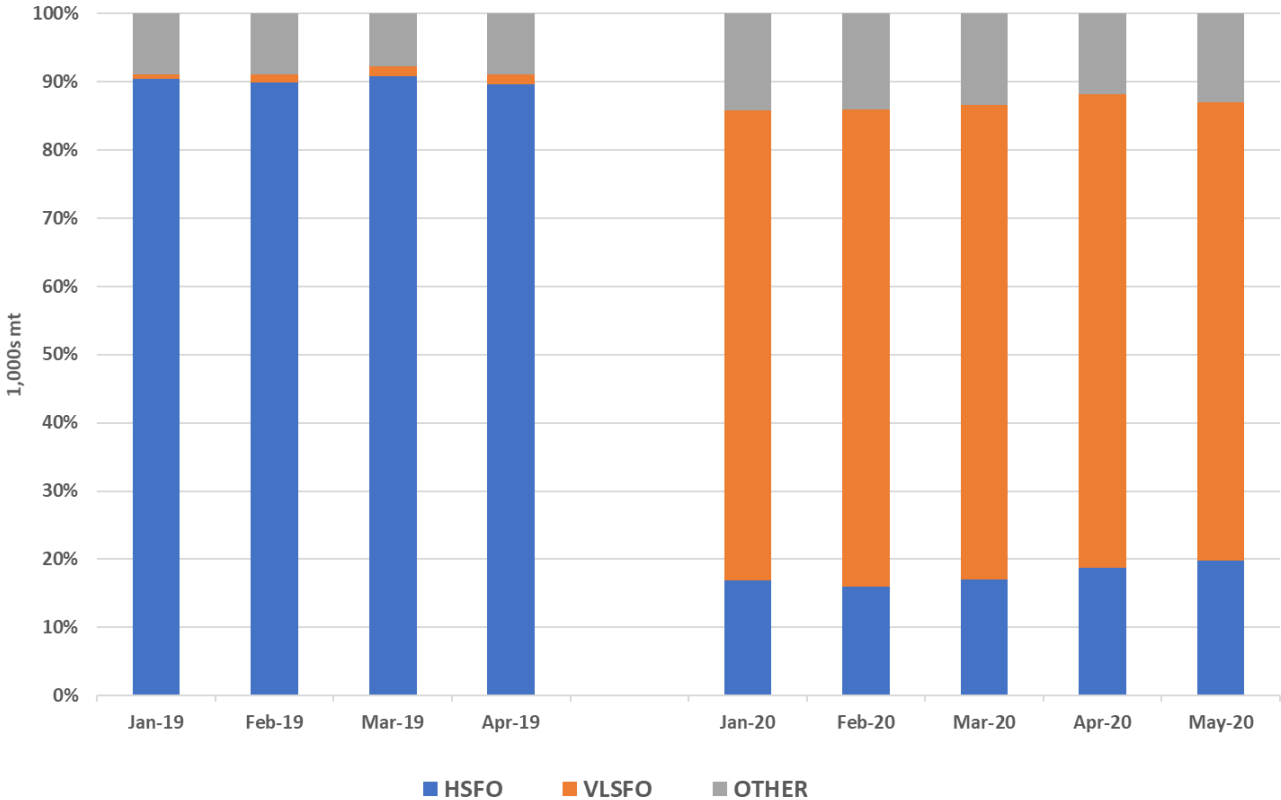
OTHER
MGO/MDO, LSMGO,
ULSFO & OTHER

*Based on MPA statistics

Singapore bunker sales - %



Singapore 2019 vs 2020 fuel sales in %



■ OTHER
MGO/MDO, LSMGO,
ULSFO & OTHER

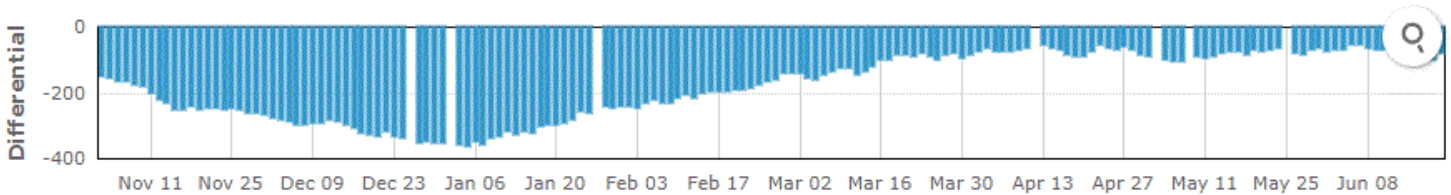
*Based on MPA statistics

Singapore HSFO/0.50% price spread



bunkerworld

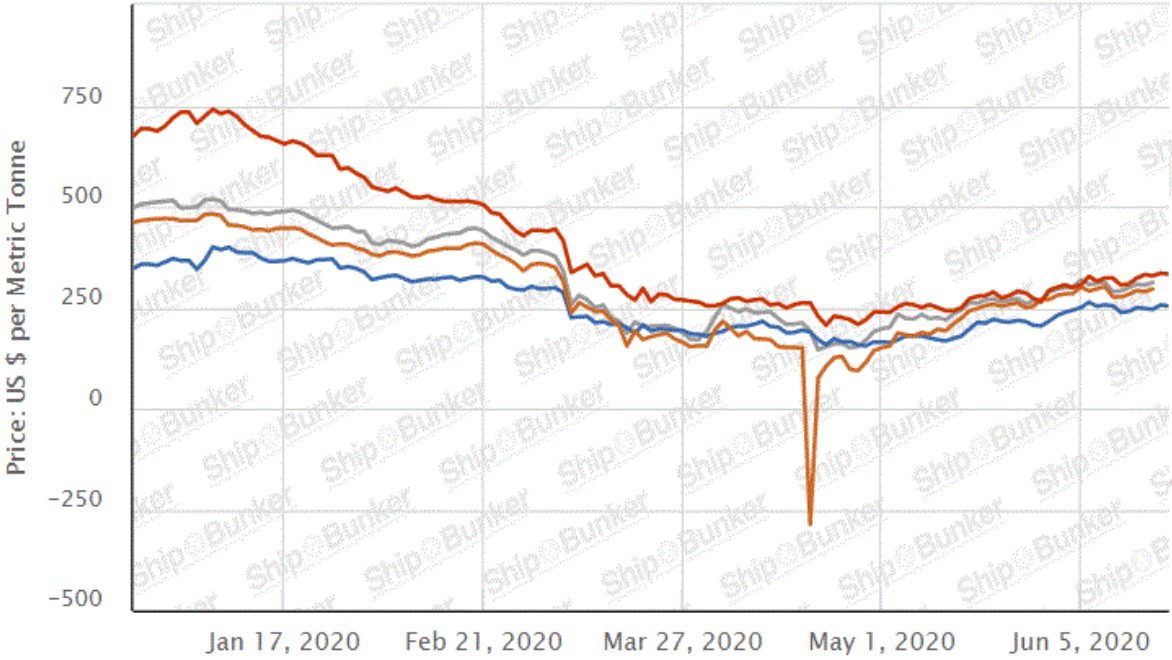
**1 Nov 2019 to
18 June 2020**



**Max: \$361
Min: \$50
Average: \$173**

Source: S&P Global Platts - Bunkerworld

Singapore VLSFO/Brent/WTI/HSFO



Dec 23, '19 - Jun 22, '20	High	Low
Singapore - VLSFO	\$741.00	\$206.50
Brent - Brent	\$518.89	\$145.55
Singapore - IFO380	\$400.00	\$155.50
WTI - WTI	\$482.12	-\$286.74

Source: Ship & Bunker

COVID-19 impact on IMO 2020 compliance

COVID-19 hindering detailed PSCO inspections

- Likely to be low priority in most ports while social distancing measures are in place
- Suspension of PSC inspections confirmed in UK late March
- UK's Maritime and Coastguard Agency said it may nevertheless inspect vessels "as a result of reviewing information sent to us"
- BDNs should show if a ship has lifted non-compliant fuel

Real impact hard to assess, but:

- Availability of HSFO has been shrinking
- Lower VLSFO/HSFO differential = less incentive to cheat
- Delayed scrubber installations has affected compliance strategy for some
- HSFO carriage ban in place since 1 March, enforcement has been reported

FONAR reports to IMO as of mid-May:

January - 6 MGO / 42 HFO = 48 total

February - 2 MGO / 10 HFO = 12 total

March - 20 MGO / 10 HFO = 30 total

April - 10 MGO / 9 HFO = 19 total

MARPOL Annex VI requirements



Information to be included in the BDN: A declaration signed and certified by the fuel oil supplier's representative that the fuel oil supplied is in conformity with regulation 18.3 of this Annex and that the sulphur content of the fuel oil supplied does not exceed:

- the limit value given by regulation 14.1 of this Annex;
- the limit value given by regulation 14.4 of this Annex; or
- the purchaser's specified limit value of _____ (% m/m), as completed by the fuel oil supplier's representative and on the basis of the purchaser's notification that the fuel oil is intended to be used:

.1 in combination with an equivalent means of compliance in accordance with regulation 4 of this Annex; or

.2 is subject to a relevant exemption for a ship to conduct trials for sulphur oxides emission reduction and control technology research in accordance with regulation 3.2 of this Annex

*Ships with scrubbers
must have IAPP
supplement showing
it has an approved
equivalent means*

Concluding observations

- COVID-19 has created unexpected oil market volatility and disruption, but impact on oil market and scrubber uptake is temporary
- Short term reasons for postponing or cancelling scrubber installations vary: delays at yards, freight market considerations, saving CAPEX
- Longer term the key business case concern is HSFO/VLSFO price spread which will be driven mainly by oil market fundamentals
- COVID-19 does not appear to have had a major impact on compliance with IMO 2020 as the market had prepared for, and adapted to, the 0.50% sulphur limit before it struck





**Working with our members to
keep the global marine fuels
industry on course**

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Thank you for your attention!

Contact me: unni@ibia.net

