

LP BULLETIN

Friday 03 August 2007

Bulletin 536 - 08/07 - North Sea SECA in force 11 August 2007 - Europe

Since the adoption by IMO in 2005 of MARPOL Annex VI, ship operators have been aware of the obligations placed on them with regard to controlling air pollution emitting from their vessels.

The initial implementation in May 2005 of Annex VI, Regulation 14 required that the sulphur content of any marine fuel does not exceed 4.5% mass/mass (m/m).

This was the first step in a series of ever more stringent regulations designed to reduce harmful air emissions from ships. Following the initial global limit, a SO_x Emission Control Area (SECA) was implemented in May 2006 which encompassed the entire Baltic Sea. Vessels operating within a SECA are required to burn marine fuel with a sulphur content that does not exceed 1.5% m/m unless an approved exhaust gas system is fitted.

The Baltic SECA will be effectively extended by the introduction in 2007 of the North Sea SECA. The new joint SECAs will cover almost all Northern European waters. Under MARPOL VI the new SECA will enter force on 21st November 2007 but the European Union (EU) requires that it be implemented from 11th August 2007. **It is expected that all EU member states that border the new North Sea SECA will commence monitoring and enforcement from 11th August 2007.**

Consequences of Regulation

As a result of this much extended SECA and the huge numbers of vessels it will affect, there are likely to be a number of issues that may arise and cause potential problems for ship operators.

1) Ensuring adequate stocks of compliant fuel

- There are commercial and legal consequences for owners and time charterers, who will have to ensure vessels obtain sufficient supplies of compliant fuel before transiting a SECA or calling at an EU port. It is worth bearing in mind that because of the number of vessels that will be affected by the new SECA some industry analysts are anticipating supply and demand problems.
- If a vessel is unable to stem compliant bunkers at her load port or at a port en route to the SECA then she must remain outside of the SECA until compliant fuel has been taken on and the ship's fuel systems are switched over to low sulphur fuel and the emissions comply at the point of entry into the control zone.
- Charterers who have been previously accustomed to having extensive load or discharge port options may also require changes in their Charter parties and/or bills of lading.
- In order to ensure compliance with Annex VI, ship owners are incorporating appropriate clauses in their bunker supply contracts and Charter parties. Both BIMCO and INTERTANKO have produced recommended clauses which are available on their web sites.

2) **Tougher monitoring by coastal states**

Following the introduction of the North Sea SECA it is certain that those states who border the new SECA will conduct a rigorous inspection regime and the Baltic States are likely to come under increased pressure from other EC countries to improve their inspection rates. There are several approved ways in which compliance with Annex VI can be monitored:

- Sampling of marine fuels for onboard consumption while being delivered to ships following IMO guidelines (ISO method 8754 (1992) or Pr EN ISO 14596 for HFO & Marine Fuels), and analysis of its sulphur content
- Sampling and analysis of the sulphur content of marine fuel for on board consumption contained in tanks, where feasible, and in sealed bunker samples on board ships
- Inspection of ship's log books and bunker delivery notes
- Remote sensing of ships exhausts from fixed or mobile monitoring stations
- Hand held test kits that now allow inspectors to test fuel on the spot using a very small sample of the product (120ml). The analytical results are available within 10-15 minutes of the test taking place.

3) **Penalties for non-compliance**

- The EU recommends member states to set penalties at a level which is proportionate and dissuasive
- The penalties for breach of Annex VI are the same as those for other breaches of MARPOL and are enforced against both the master and the shipowner
- In the United Kingdom the offence is punishable with fines up to level 5. Currently this is equivalent to a fine of GBP50,000. For making false or misleading entries in the Oil Record Book an individual can be, upon conviction, sent to jail for up to 2 years
- In other EU states and the USA the courts are permitted to impose very substantial fines and/or imprisonment as punishment for pollution offences.

Shiptalk.com in conjunction with leading maritime law firm Clyde & Co. have produced a handy sized reference guide to Annex VI – SECAs & SOx. The guide provides clear and concise information on how ship operators and crews can stay on the right side of these new environmental laws. For more information visit www.shiptalkshop.com

Future Regulation

There is a widespread realisation that whilst the moves already underway are steps in the right direction the shipping industry needs to continue to reduce harmful emissions. The EU and the USA are considering much stricter rules for vessels in their waters.

- The EU has directed its member states to take steps to ensure that from 1st January 2008 MGO does not have a sulphur content of more than 0.1%. There are exemptions for the Canary, Madeira and Azores Islands
- After 1st January 2010, all ships berthed in EU ports must use low sulphur fuel of less than 0.1%. Vessels may be exempted from this requirement if they connect up to shore power whilst alongside (cold-ironing)
- From 1st January 2010 the sale of MGO with a sulphur content of more than 0.1% will be banned in EU member states

- The US Congress is currently considering the Marine Vessels Emissions Reduction Act 2007. This Act will adopt MARPOL Annex VI. In addition to the regulations contained in Annex VI, the new Act will require all vessels (both foreign and domestic) calling at its ports to burn fuel with a maximum sulphur content of 0.1% by 2010. This will match the levels that the EU is moving towards implementing
- It is possible that the USA will introduce an interim level of 0.2% before 2010.

As a result of the tougher rules proposed by the USA and EU the IMO is currently considering amending Annex VI to further reduce the allowable sulphur content of marine fuels.

Web links for further information:

- Shiptalk Legal Guide: SECAs & SOx – What you need to know! www.shiptalk.com
- For Charter Party Clauses: www.bimco.org | www.intertanko.com

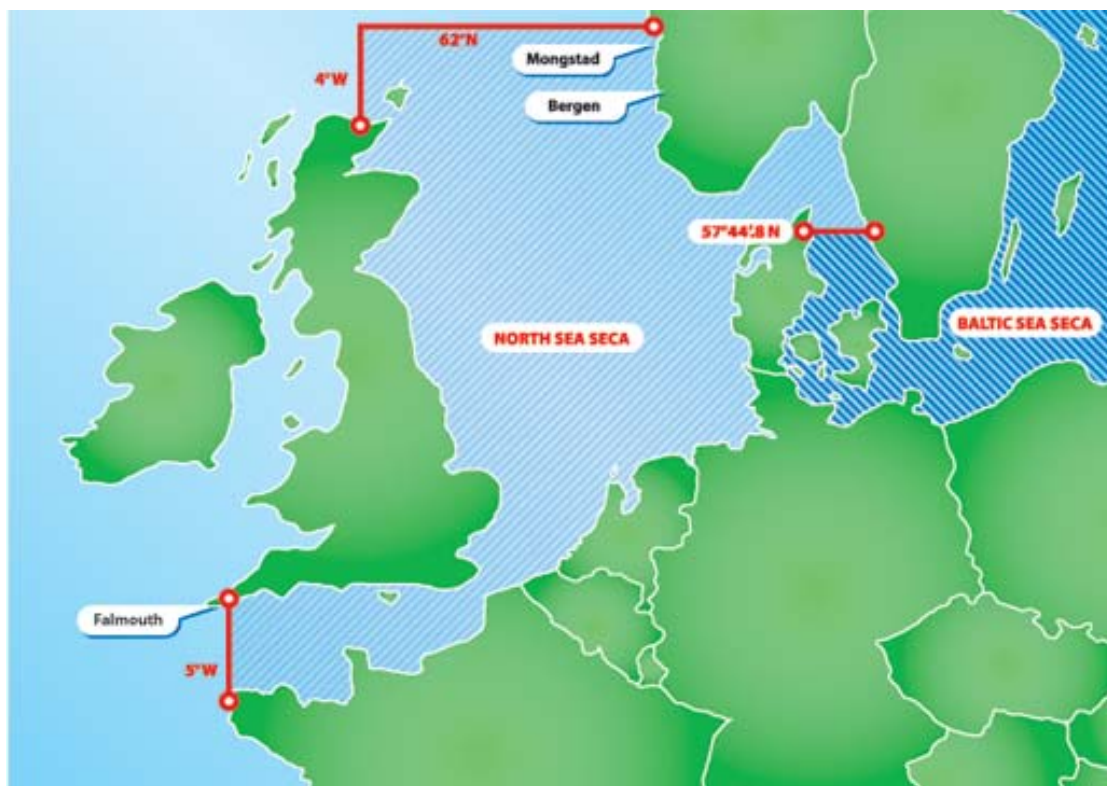


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