

Think of consequences

Baltic Ports Organization on new sulphur regulations



In the last issue, BTJ presented the new regulations introduced by the International Maritime Organization, regarding the level of sulphur emissions. We talked with Julian Skelnik, Chairman of the BPO, about the new law's consequences for the Baltic region.

■ **What's positive about the new IMO sulphur regulations?**

The most positive issue is that IMO is willing to take care of the environment. However, I'm afraid there's more negative than positive consequences both for the SECAs (Sulphur Emission Control Areas), and for the Baltic maritime economy. Certainly, the regulations are implemented in order to lower the emission of sulphur dioxide. Nevertheless, we need in-depth research whether the environment won't suffer because of that – the regulation will certainly cause loads of cargo to move from sea to road. It is estimated that 30% of containers carried by sea will be moved to overland transport, especially roads, which can be more damaging to the environment than current solutions. We have to take into account that about 30% of shipping lines will be closed.

■ **Apart from the modal shift, what consequences will the regulations bring?**

The cost of ship fuel will rise significantly and costs of freight for short sea shipping and feeder lines will follow. Export volumes of items sensitive to transport costs will be reduced, which can cause major negative consequences, for example for the Swedish

and Finnish paper industry. This phenomenon will be strengthened by increasing volumes of paper import from other parts of the world, such as Brazil.

Another consequence will be a large cash outflow from the Baltic Sea region, caused by the necessity to rebuild engines for thousands of ships. Moreover, fuel of higher standards will need to be bought – and this fuel is not only expensive, but also scarce.

■ **What will all of this lead to?**

As a consequence both ship owners and ports will serve less cargo, which naturally will cause a worse economic situation. Baltic ports will face a reduction in incomes and gains, which in turn might cause a worse economic situation of countries in the Baltic Sea region. Beneficiaries of that will be car and truck operators, ports of the Mediterranean and Black Sea, Far East shipyards as well as, possibly, fuel producers and suppliers.

■ **When will the Baltic Sea region start feeling the changes?**

Assuming that the regulations won't change, the critical moment will be January 1, 2015. The changes connected with adaptation to the new rules will be seen months earlier.

Investment decisions in ports are being re-analysed already.

■ **Why are other regions not included as SECAs?**

Similar regulations apply in the USA. Regarding Europe, this situation reduces the competitiveness of the Baltic ports. The ports of the Black and Mediterranean Sea will certainly take advantage of the situation. Let's not forget that there are many areas serving as a joint hinterland for the Baltic, Mediterranean Sea and Black Sea ports.

■ **Do you think that the whole EU should then be subject to similar regulations?**

A situation where all EU ports need to deal with the same law would be just, but let's be honest – it's not realistic. For example, Mediterranean ports are competing with the ports of North Africa – I don't believe they would agree to such an idea.

■ **What should international organizations do in order to counteract the regulation?**

BPO has examined the issue and announced a statement on that. We will keep track of the newest research, dealing with consequences of the regulations for the region and inform the broad public about our opinion. European Sea Ports Organization (ESPO) has decided to tackle the problem as well.

■ **What about the European Commission?**

The problem is very serious, therefore, it is being discussed in the European Commission as well. However, we need to remember that the regulation will be implemented because the IMO members agreed to do so. This means IMO member states are willing to implement the new law. Therefore, the EC itself will not rather take a stand, but the member countries will. I think we will soon experience a lively discussion among the EU members on the sulphur regulations.

■ **Is the current EU law on sulphur emissions in line with the new IMO regulations?**

The IMO regulations contradict rules of the EU, which widely promotes and generously finances the policy of shifting traffic from roads to sea and rail. EU policy is based on non-discrimination of the countries' sustainable development. IMO regulations are not in accord with that. My biggest fear is that the change will turn out a bigger burden on the environment than today's solutions.

Martyna Bildziukiewicz

BPO Statement on IMO regulations

Speaking with one voice

On March 17 the European Parliament saw its members, Baltic ports and shipping lines as well as the European Commission representatives meet to discuss the consequences of the new IMO sulphur regulations. The debate was organized by the Baltic Ports Organization in cooperation with Mrs. Anne E. Jensen, Member of the European Parliament and Member of the Transport and Tourism Committee. List of speakers at the seminar included Antti Saurama from Centre for Maritime Studies, Carl Carlsson from the Swedish Shipowners' Association as well as John Steen-Mikkelsen from Scandlines Denmark.

Among other guests of the debate there were Dimitrios Theologitis, Member of European Commission, as well as Members of European Parliament: Jan Kozłowski, Jarosław Wałęsa and Dirk Sterckx. Theologitis explained that at the moment chances for changing the established rules are highly unlikely. Nevertheless, there is a need, or even an obligation, to demonstrate stands of all the interested parties on the international arena. Additionally, in the opinion of representatives of the Baltic transport sector, the European Commission should take an active participation in the matter and use its influence in order to expose Baltic actors' unequivocal view on the case.



Dimitrios Theologitis, Head of Maritime Transport & Port Policy in the European Commission

The seminar ended with announcing the BPO Statement on IMO sulphur regulations, which will be sent to several international, governmental organizations, including IMO, HELCOM, European Parliament and European Commission and many more. The statement is available on BPO website: www.bpoports.com.

Baltic Ports Conference 2010

Where will you be September 9-10?

If you're a representative of a Baltic port, terminal, shipping line or research institution, the answer should be clear for you. September 9-10 are the days of Baltic Ports Conference, taking place in Tallinn. One of the main topics of the conference will be Baltic-Asia transit and its development potential. Changes and challenges for the Baltic ports after the economic crisis will be discussed as well. Among

the invited speakers are Siim Kallas, freshly appointed EU Commissioner responsible for transport, Ain Kaljurand, CEO Port of Tallinn and Patrick Verhoeven from ESPO. The conference is organized jointly with the Port of Tallinn and will be assisted by BPO General Assembly. More information can be found at www.bpoports.com. You can also directly contact BPO Secretariat at bpo.office@actiaforum.pl.

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