LNG in the Baltic ports

Interview with Bogdan Ołdakowski, Secretary General of the Baltic Ports Organization

Baltic ports have proposed a significant and mature action in response to the 2008 revision of IMO rules regarding sulphur emissions from shipping. The ports wish to develop a network of LNG infrastructure in the BSR, serving as objects of reference to ports in the Baltic and other EU regions.


Photo: BPO

■ ***There has been intense lobbying of the shipping and port sectors as well as industries that rely heavily on them to delay the 0.1% sulphur limit in the Baltic and North Sea ECAs beyond 2015. Has the outcome of this lobbying been positive for the Baltic ports so far?***

The unfortunate aspect of this lobbying is that it already started after the MARPOL Annex VI revision. One of the matters that we have been highlighting was positioning of the BSR ports and shipping lines in a disadvantageous situation, leading to unfair competition in the EU internal market. There is no doubt that the same regulations should concern the whole maritime transport market in the European Union. We're carefully observing the works of the Commission as far as the proposed changes to the EU Sulphur Directive, unifying it with the 2008 revision of MARPOL Annex VI, are concerned. And we are seeing how increasingly the voice of the Baltic ports is heard. European Parliament's Environmental Committee in its proposed changes goes beyond IMO's regulation in certain areas, as in the case of a general standard of 0.1% sulphur content in marine fuels to the '12-mile-zone' along all EU coasts. If these propositions are approved by the European Parliament, it will be welcomed by the Baltic ports. BPO focuses on promoting sea transport in the Baltic as well as environmental management in the ports, to contribute to the sustainable development of the BSR. And sustainable means well balanced, we don't want it to lead to a situation where the competitiveness of our region is compromised, as we do compete with other European regions for the same market.

■ ***Maritime transport in the Baltic Sea will face a significant cost increase and almost inevitably a modal shift from sea to land. What will these regulations bring to the ports?***

These new rules will have a crucial impact on the whole Baltic market. We can expect some of the shipowners and shipping lines to recalculate their businesses (costs and prices), certainly at the beginning, and it may lead to less business for seaports. In a long term perspective Baltic ports need to answer the question of how to face this challenge and develop along with the new circumstances, since the port sector has to play a vital role in this new reality. Therefore, BPO is supporting LNG, seeing it as the fuel of the future. The sector has to ensure the proper infrastructure for the LNG bunkering, so this idea can become a reality. We are not ready for it today as a whole region, though some of the ports are almost there, but we're actively working on it. The Baltic Ports Organization has initiated the project "LNG in the Baltic Sea Ports", which was delivered last year to TEN-T EA for co-financing by the European Commission within the TEN-T/MoS Program.

■ ***What are the project's objectives?***

The project in general is aimed at making it possible to use LNG as fuel for the shipping industry within the Baltic, in order to decrease emissions to the atmosphere and make sea transport more environmentally-friendly. It will result in jointly developed operational ship bunkering installations in ports, which can serve as a reference to other seaports in the BSR and to other EU regions. It is divided into 11 different activities, one of which is the Stakeholders' Platform. The idea behind it is to gather the key actors from the Baltic and from outside the region around the same table, securing a dialogue process and distribution of the project results. The key in the discussion about LNG as the fuel of the future is to talk to all actors involved in the supply chain – shipowners, shipping lines gas operators, bunkering companies, and others. It is crucial to debate with the market, since it's e.g. the shipping lines that will or will not be adapting their fleet to the LNG fuel. The participating ports are: Aarhus, Copenhagen, Malmö, Stockholm, Helsingborg, Turku, Helsinki, Tallinn and Riga. Additionally, other ports supported by many industry organizations are involved as well.

■ ***And how far along is the project?***

The initiative was very well received by the TEN-T Financial Assistance Committee. A decision has already been taken and at present we're establishing how it will be managed. This discussion takes place between the ports and TEN-T Executive Agency, which manages TEN-T projects on behalf of the EC. The first phase involving pre-investment studies in the participating ports will officially be launched the moment the Commission issues the final decision of its co-funding, although some of the ports have already started the works. The EU support is one great aspect of this project, but more importantly is the fact that leading Baltic ports and natural competitors have decided to work together in order to develop the idea of LNG infrastructure in the Baltic. All those seaports have slightly different plans, resources and expectations, but are aware of the importance of cooperation. The project is to be finalized in 2014, when the ports are ready for concrete investments. One of its outcomes will be the LNG Guidebook on how to develop Liquefied Natural Gas infrastructure in a seaport to be used by any other port within the EU.

Lena Lorenc

BPO Lunch Debate 2012

Baltic transport market after 2015

On 20th of March 2012 within the halls of the European Parliament a consecutive BPO Lunch Debate took place. The meeting was devoted to the theme of year 2015 and its far-reaching consequences for the competitiveness of the Baltic Sea region.

Maria Bruun Skipper, advisor at the Danish Shipowners' Association (DSA), stated that DSA welcomes the IMO decision to tighten emission requirements. However, major challenges to the short sea shipping sector will arise – an 80% increase in fuel price, high risk of modal back shift and that alternatives (scrubbers and LNG) are still immature. In light of this, concrete solutions must be tabled – i.e. "Amendment 33" should apply to all vessels of all flags, including vessels whose journey begin outside the Union, without prejudice to exemptions contained in Annex VI to MARPOL. However, during the debate doubt was shed on the reality of a modal back shift, because most of the BSR's seaborne cargo traffic is prone, both in terms of economics and time, to go exactly via sea and not by other means of transport.

Mogens Schrøder Bech from the Danish Maritime Authority, also in opposition, outlined the topic of liquid natural gas and its development as a viable maritime fuel. In his opinion the most vital condition for LNG to become successful is the setting up an LNG supply chain – both "hard" (maritime filling stations) and "soft" (law, industry standards, etc.). The European Commission along with BPO supports such an approach.

Anne E. Jensen, a member of the European Parliament and a host of the meeting, underlined the unjust treatment of north (North Sea, BSR, English Channel) and south (the Mediterranean) regions, in which the latter won't be subjected to such restrictive regulations. She also pointed out that the ecological way of thinking should be exported to the south, in favour of what BPO has been evoking for a long time. And as a matter of fact, the discussion within the EU Environmental Committee drifts towards enacting similar rules to SECA's encompassing all EU coastal zones. ■

Przemysław Myszka

Photo: Wikipedia

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