

# IMO 2020: ARE YOU READY?

Maritime transport is essential to the global economy. The International Maritime Organization (IMO) estimates over 90% of the world's trade is carried by sea, given its cost-effectiveness in moving goods and raw materials around the world.

In January 2020, IMO regulation will alter demand along the oil and gas value chain, sending ripples across the energy and petrochemicals industries.

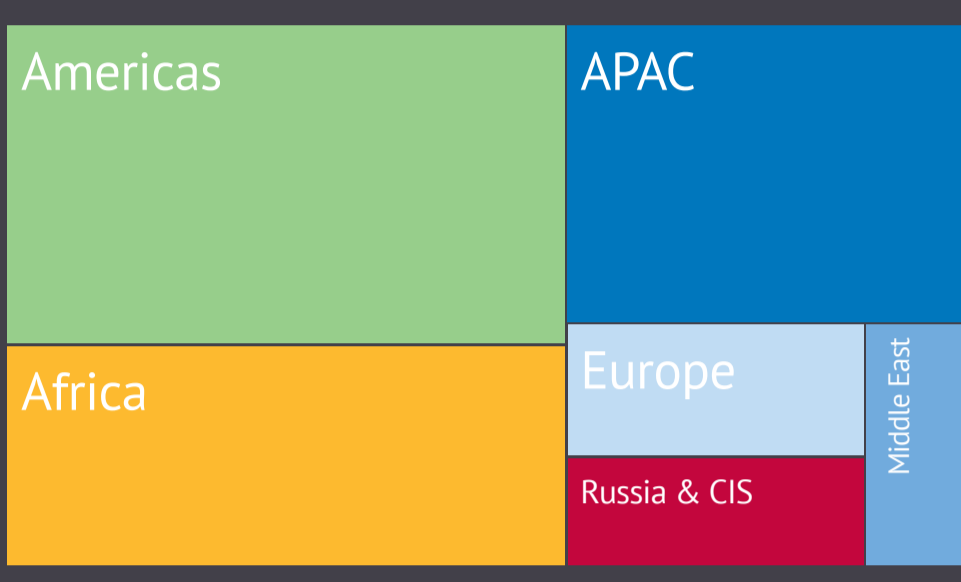
## COUNTRIES WITH PROPOSED OPEN-LOOP SCRUBBER RESTRICTIONS

Many shippers have been looking to open-loop scrubber installations as a relatively cost-effective way to compliance for certain vessels. This technology, which uses seawater's natural alkalinity as a neutralising agent to "scrub" the sulphur oxide from engine exhaust, has come under increasing scrutiny, with a growing number of ports restricting or altogether banning its use.



Different regions will be in a better or worse position to produce low sulphur fuels, depending on the crude oil grades and local refinery configurations. This leaves some ports in differing positions of strategic strength.

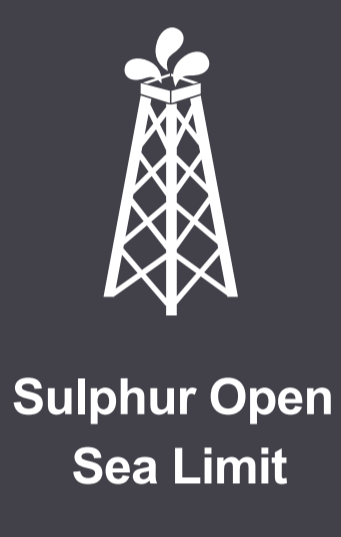
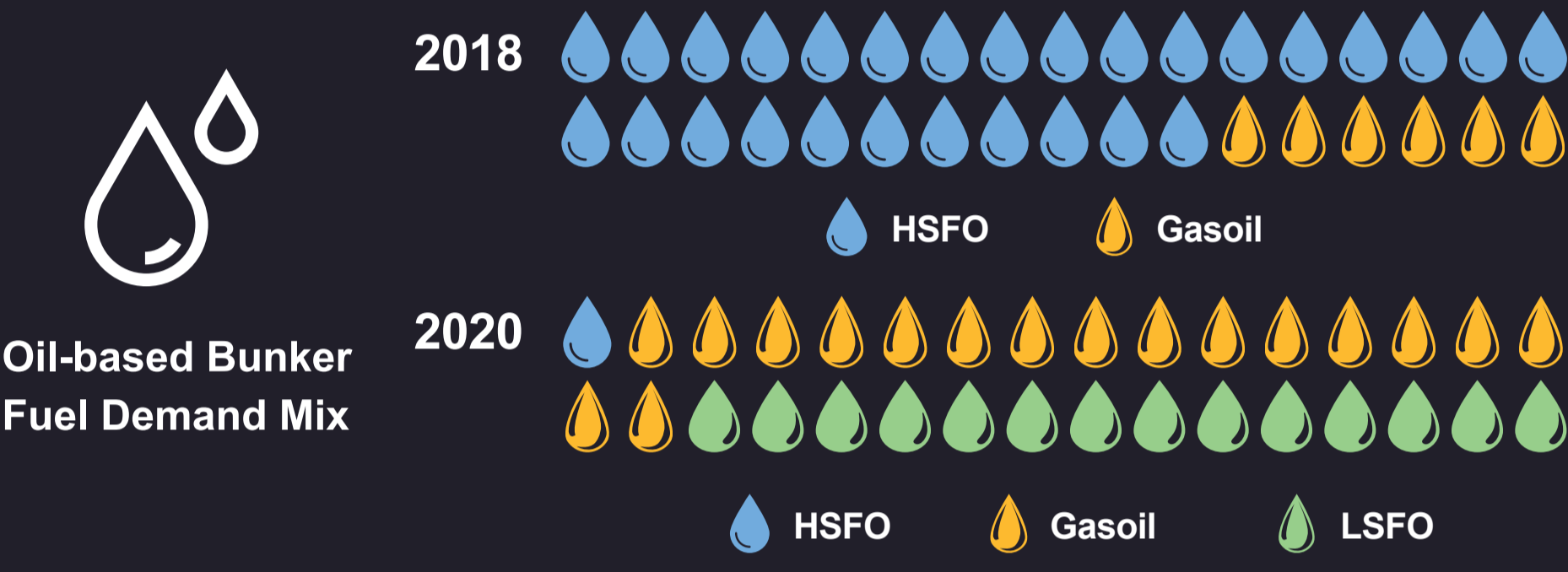
## Sweet Crude Oil Production by Region



N.B. Refers to crude oil production with sulphur content less than 0.5% Source: Eni, World Oil Review 2018

- Major ports
- Countries with proposed open-loop scrubber restrictions

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## BREAKDOWN OF ALTERNATIVE FUELS AND TECHNOLOGIES\*

Hydrogen, Methanol & LPG: 0%	
LNG: 8%	Scrubber: 79%
LNG Ready: 4%	Battery: 9%



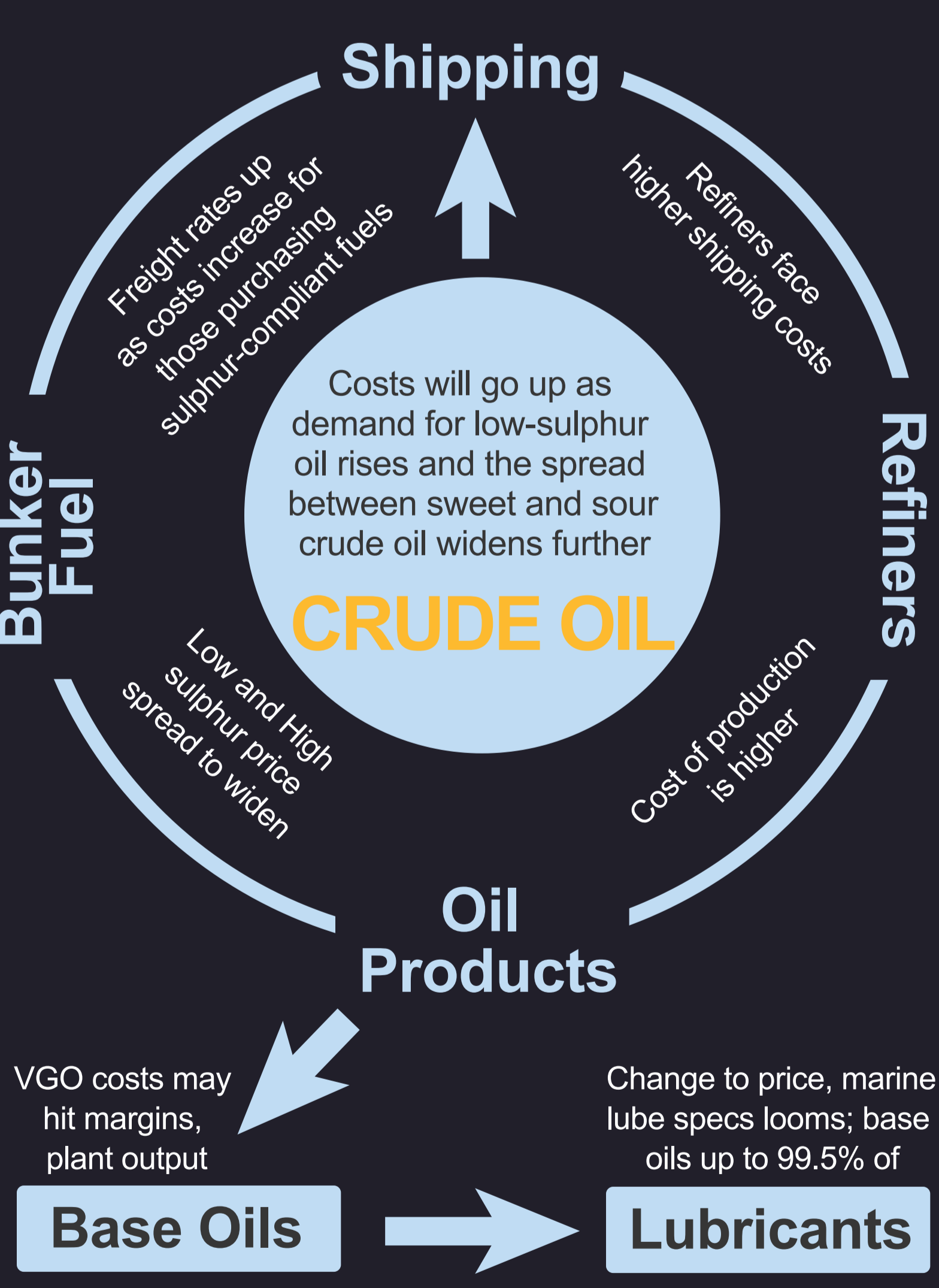
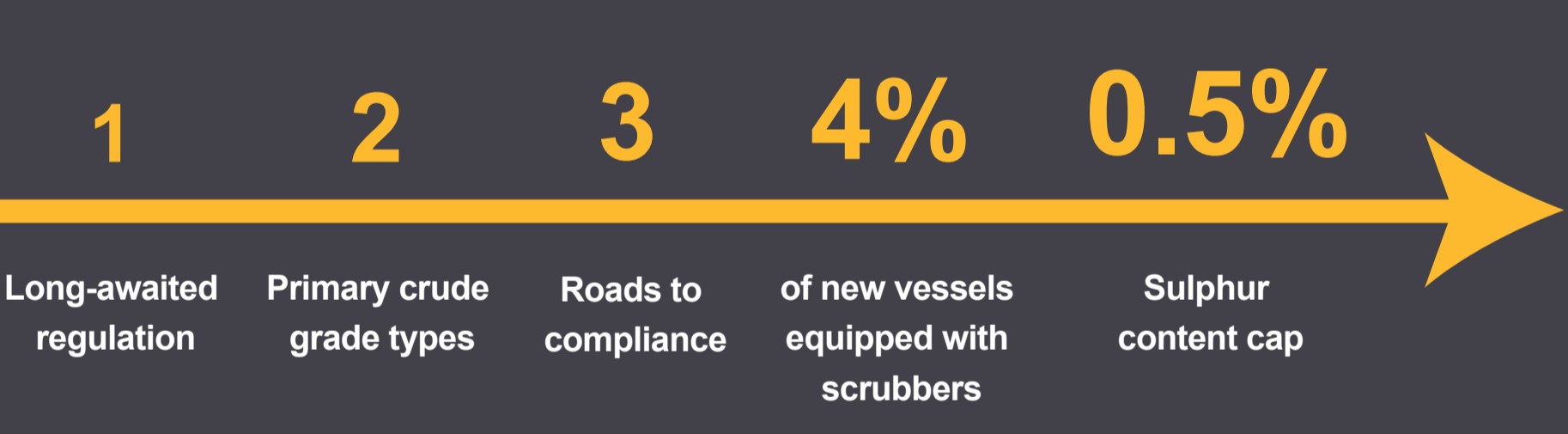
Source: DNV-GL Alternative Fuels Insight

\*This diagram only refers to those vessels employing alternative fuels and/or technologies.

"A year or two ago, ship owners would not order an LNG-powered vessel without first having a [supply] contract in place. I think that is changing."

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European ship owner



VGO costs may hit margins, plant output

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Source: ICIS, DNV-GL, and Eni

By Sophie Udubasceanu, Ally Kirk, Richard Price, Robert Songer and Vicky Ellis

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