

PositionPaper

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Review of the Sulphur Directive: the need for postponement to be acknowledged

The European Commission adopted on 15 July a new legislative proposal¹, bringing the European Union's regulation on marine fuel sulphur content in line with international requirements set out under the international maritime convention on pollution prevention known as MARPOL. The objective of this measure is to address the problem of air pollution from maritime transport by lowering sulphur emissions. In a previous position paper², **the European paper industry expressed its support to the International Maritime Organisation efforts to address the problem of air pollution from maritime transport at global level by lowering sulphur emissions.** Some European paper companies have even been in the forefront to reduce voluntarily sulphur emissions since the 1990s.

However, **in the 13 EU Member States bordering the SECA³, the competitiveness and the jobs of the paper industry, like many other industry sectors, will be significantly affected by more stringent requirements for sulphur limits in marine fuels.** Sulphur limit in marine fuel will be reduced from 1.0% to 0.1% by 2015 in the SECA, while in other sea areas in Europe and the rest of the world the sulphur content will be 3.5% and will not come to 0.5% before 2020. The concerns of the paper industry relate to an estimated increase in shipping costs of 20-45% further to a 50-80% price increase in marine fuels⁴. These rules will, as trade barriers do, disturb substantially supply chain management and trade flows and further distort competition within the EU. Furthermore, it will put the companies located in the SECA at a competitive disadvantage versus companies located in third countries such as Brazil or China. This would represent an average pulp and paper price increase of up to 10 €/tonne, which would be extremely difficult for companies to pass on to their customers due to the tough competition and the crisis context. Thousands of direct jobs will be put at risk, without mentioning numerous indirect jobs.

The problem is the too tight time schedule. It does not allow industry enough time to have enough quantities of low sulphur fuel available and develop and exploit technologies⁵ that lead to actual reduction of sulphur emissions more cost-efficiently. The potential problem of low sulphur fuel availability is actually acknowledged by the EU Commission, which proposed

¹ Proposal for a directive of the European Parliament and of the Council amending Directive 1999/32/EC as regards the sulphur content of marine fuels.

² "Marine fuel: Lowering sea transport emissions requires pragmatism and flexibility", CEPI, November 2010.

³ The Sulphur Emission Control Area includes the Baltic Sea, North Sea and English Channel, i.e. Finland, Sweden, Norway, the Baltic States, Poland, Germany, Denmark, the Netherlands, Belgium, and to some extent United Kingdom and France.

⁴ Heavy fuel oil would have to be replaced by distillates (diesel). The ENTEC "Study To Review Assessments Undertaken Of The Revised MARPOL Annex VI Regulations" (July 2010) compiles the findings of all the main impact assessment studies carried out to date.

⁵ It will take many years and require large investments to have the scrubber technology and Liquefied Natural Gas technology ready for mass production and implementation.



to delay the introduction of the stricter fuel standard for passenger ships operating outside the SECA. It will simply lead to “sulphur leakage”. It is a fundamental requisite to ensure efficient technological options are available on time before putting into action any such strict and costly changes to fuel requirements.

Simultaneously, **the environmental benefits of substituting 0.1% to 1.0% sulphur fuel in the SECA will be limited or even negative** due to increased greenhouse emissions at refinery level and higher maritime transport costs leading to a modal shift back to transportation by road and subsequent higher GHG emissions⁶. This stands in direct contrast to the recently released EU White Paper objective of reducing road transport and GHG emissions.

*Efforts to increase low sulphur fuel supply and develop cleaner technologies should be considered as a top priority **if the sulphur emissions from maritime transport are to be reduced significantly in the near future. Combined with solutions to minimise any compliance costs, it is the only way to deliver real environmental and health benefits at an affordable cost.***

We urge the Members of the European Parliament and the Member States to agree on a postponement of the implantation of the stricter requirements in the SECA (0.1% limit beyond 2020 instead of 2015) in European legislation. This would allow low sulphur fuel and performing abatement technologies to be available at a large scale and the level playing field to be restored.

CEPI - The European pulp and paper industry:

- It is composed of 700 companies and 1,000 mills
- It has a turnover of 81 billion Euros and a value added of 16 billion Euros
- It employs some 225,000 people directly and provides indirect employment to 1.8 million people
- It produces some 96 million tonnes of paper and 12 million tonnes of market pulp
- It represents 24% of the world production
- It exports 17 million tonnes of paper, around 17% of its production
- Some 69% of the paper and board consumed is recycled
- It is part of the Forest-Based Industries, which has a turnover of 375 billion euros, i.e. 6.5% of the European manufacturing industry's turnover

EMCEF - The European Mine, Chemical and Energy Workers' Federation:

- is a member of the European Trade Union Confederation (ETUC) and works in line with International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM)
- organises members in a wide range of industrial areas: Energy - Mines - Chemical - Pharmaceutical - Rubber - Plastics - Glass - Pulp and Paper
- today organises 2.5 million blue and white collar workers in 35 countries and 128 national trade unions
- represents about 122,000 workers in the paper sector, in 15 countries and 25 trade unions

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⁶ Institute of Shipping Economics and Logistics' study "Die weitere Reduzierung des Schwefelgehalts in Schiffsbrennstoffen auf 0,1% in Nord- und Ostsee im Jahr 2015: Folgen für die Schifffahrt in diesem Fahrtgebiet", September 2010.