

# **Compliance and monitoring of the more stringent sulphur requirements in marine fuels**

English summary



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Civil Aviation and Maritime Department

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## English summary

### Governmental commission

When the Sulphur Directive's<sup>1</sup> more stringent regulations enter into force on 1 January 2015, the maximum sulphur content of marine fuels in the SO<sub>x</sub> Emission Control Areas (the Baltic Sea, the North Sea, the English Channel and the North American coastal areas) will be reduced to 0,10 % by mass. In view of this, in June 2013 the Swedish Transport Agency was commissioned by the Government to describe how to effectuate an effective supervision of the compliance with the more stringent regulations. As part of the commission, the Swedish Transport Agency was also tasked to describe the needs for revision of the existing system of sanctions, as well as to analyse prerequisites and measures, related to sets of rules and regulations, for the shipping industry to be able to comply with the sulphur regulations in a cost-efficient and competitively neutral way<sup>2</sup>.

### The Swedish Transport Agency's assessment

The Swedish Transport Agency's assessment is that the financial incentives to infringe the regulations will be strong, since low sulphur fuel is considerably more expensive than high sulphur fuel. Secured compliance and, thereby, competitive neutrality in the SO<sub>x</sub> Emission Control Areas is possible by implying effective supervision and a functioning system of sanctions.

### Prerequisites for compliance

The possibility of national regulation is limited. In addition, national regulation may affect competitive neutrality in a negative way. To make compliance with the sulphur regulations possible, Sweden should facilitate adoption of international legislation promoting alternative technologies. This includes development of sets of rules and regulations regarding alternative fuels, as well as clarification of the set of rules and regulations governing the use of scrubbers. This means that Sweden has to continue pursuing issues and encourage discussion, especially within Helcom, the EU and the IMO.

### More effective inspection arrangements

The monitoring of compliance with the more stringent sulphur regulations implies new demands on the Swedish Transport Agency as responsible authority. By 1 January 2015, the Swedish Transport Agency has to develop new supervisory

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<sup>1</sup> Council Directive 1999/32/EC of 26 April 1999 relating to a reduction in the sulphur content of certain liquid fuels, as amended by 2005/33/EC and 2012/33/EU

<sup>2</sup>Näringsdepartementet, "Uppdrag att utreda tillsynen av efterlevnaden av de skärpta reglerna för svavelhalten i marint bränsle", 13 juni 2013, N2013/3050/TE

(Swedish Ministry of Enterprise, Energy and Communications, "Commission to investigate the supervision of the compliance with the more stringent regulations regarding the sulphur content of marine fuels", 13 June 2013, registration number N2013/3050/TE)

arrangements, primarily for extended inspections on board. In addition, methods for inspection of scrubbers etc must be developed. Furthermore, the Swedish Transport Agency proposes an increase of the number of fuel oil samples, from today's approximately 200, to approximately 400 oil samples annually, to begin with. Sweden may also need to adapt the scope and methods of inspections to future decisions made in the EU.

An important step, towards more effective inspections, is the transition to a more risk based approach. This transition is under development at the Swedish Transport Agency.

To introduce a more risk based system for inspections and monitoring, the Swedish Transport Agency needs to continue investigating other methods of monitoring than those applied today. Initially this will mean introducing new relatively simple methods, such as portable equipment to check the sulphur content of fuel used onboard and the possibility to use fuel temperature data to indicate which type of fuel is being used. However, the need and the possibilities to apply more advanced methods, such as emission monitoring by aerial surveillance or land based facilities placed in strategic places such as bridges, ports and lighthouses along fairways and routes, should also continue to be furthered investigated.

### **Proposal to introduce an air pollution fee**

The Swedish Transport Agency observes that the existing system of sanctions for infringements of the sulphur regulations is problematic. The existing system makes it almost impossible to go all the way to prosecution and conviction following an infringement, especially when it comes to foreign ships. This undermines the system. Without effective sanctions, inspections and monitoring will be toothless measures.

By scrutinizing the existing system of supervision and sanctions, the Swedish Transport Agency suggests to the Government that the type of sanctions used today should be replaced by a system based on administrative sanctions. It is suggested that infringements of the sulphur regulations result in an "air pollution fee" being charged. This fee shall be determined by means of a standard calculation. The amounts shall be high – with the double aim of acting as deterrents and eliminating the possibility to make a profit. This sanction fee must be decided upon and introduced promptly if it is to be applied from January 1, 2015. It should also be investigated whether public announcements and "black lists", may be complementary to other sanctions.