

GEIR Update:

Will the cleaner bunker fuel ruin waste oil regeneration?



The clock is ticking for the bunker fuel industry as the implementing date for the new cap on sulphur content on marine fuels is looming. Indeed, the International Maritime Organisation (IMO) mandated that as of 1 January 2020 the percentage of sulphur content in marine fuels will be reduced to 0.5 percent – from the actual 3.5 percent. The impact on shipping companies is real – forcing them to either buy low-sulphur fuels or install scrubbers to achieve cleaner emissions. Both options have high incremental costs.

This regulatory change raises the question of the supply of these low-sulphur fuels – what solution will the bunker fuel industry adopt to produce them? And what would it entail for the waste oil regeneration industry which is 100 times smaller?

Waste oils' sulphur content varies from 0.3 to 0.6 percent – theoretically enabling the bunker fuel

industry to dilute other high-sulphur fuels through their mix. This would however be questionable as such a mix is forbidden – at least if waste oils are considered as waste. No such ban exists however when they pass distinct distillation processes and regain their product status. One could argue on the contrary that used oils are not an interesting product to mix highly polluting fuels with since their own sulphur content already nearly reaches the IMO limit.

The first scenario will be particularly detrimental to the waste oils sector as it will create higher demand and therefore increase prices for a feedstock that The European Waste Oils Regeneration Industry (GEIR) cannot replace. In any case, we cannot expect that the bunker fuels industry's quivering will leave the other subsequent markets unaffected. But we can look carefully at the heavy metal content in the bunker fuel, if waste oil derived products are used and the priority of regeneration is neglected. Time will tell.

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