**SUMMARY**

**Executive summary:** This document provides comments on document MEPC 68/3/3 containing the report on the work of the Correspondence Group on Assessment of Availability of Fuel Oil under MARPOL Annex VI with the aim to highlight elements of the assessment that will be essential to provide the necessary information to the Parties in line with regulation 14.10 of MARPOL Annex VI.

**Strategic direction:** 7.3

**High-level action:** 7.3.2

**Planned output:** 7.3.2.1

**Action to be taken:** Paragraph 7

**Related documents:** MEPC 68/3/3 and MEPC 59/4/42

**Introduction**

1. This document is submitted in accordance with paragraph 6.12.5 of the *Guidelines on the organization and method of work of the Maritime Safety Committee and the Marine Environment Protection Committee and their subsidiary bodies* (MSC-MEPC.1/Circ.4/Rev.3), and presents comments on document MEPC 68/3/3 (United States) covering the report on the work of the Correspondence Group on Assessment of Availability of Fuel Oil under MARPOL Annex VI.

2. IPIECA and OCIMF have contributed to the work of the correspondence group and are grateful to the coordinator of the Group, Mr. Wayne Lundy of the United States, for his leadership of the work and for accurately reflecting all considerations raised during the deliberations of the group in the report. With this document, the co-sponsors want to highlight...
some elements of the fuel availability review that will be essential to ensure to provide the necessary information to the Parties in line with regulation 14.10 of MARPOL Annex VI.

**Key considerations for the review**

3 Refining is a fully integrated business and production of marine fuels cannot be seen independent from other refinery products. Any fuel availability study undertaken as part of the review must thus assume that projected demand of petroleum products in all sectors should be met. It is equally important that the model reflects that all products produced by the refineries correspond to a market demand. This is reflected in paragraphs 6.2.1 to 6.2.4 of the draft terms of reference for the assessment of fuel oil availability, included in the annex to document MEPC 68/3/3. This same principle will need to be respected when considering alternative assumptions as referred to in paragraph 6.3.3 of the draft terms of reference.

4 While new fuel formulations may be considered over time by some fuel suppliers, the fuel availability study should be based on the use of proven fuels that will be suitable for use across the fleet. This consideration is relevant to paragraph 6.2.1 of the draft terms of reference.

**Confidential business information**

5 Paragraphs 17 to 19 of the report of the correspondence group discuss the option for an early review of refining supply capabilities that would include collection of information that is not yet publicly available. In this context, the co-sponsors would like to remind the Committee of the restrictions imposed by competition law on the refinery industry on the exchange of information related to future business plans. Details on such restrictions have been provided in document MEPC 59/4/42 (IPIECA). Furthermore, the 2020 fuel availability should be evaluated on the basis of firm refinery investment plans, i.e. projects that are either in detailed engineering or construction phase. Major refinery investment and upgrade projects will typically become known publicly some 3 to 4 years prior to completion and start-up. There is hence no need to collect confidential business information regarding refinery projects in their early phase of development and such data would not be reliable due to the high uncertainty associated with projects in their early stages of development and the difficulty to verify data for completeness and consistency as only aggregated data could be reported.

**2020 fuel volume projections**

6 Paragraph 5.4 of the draft terms of reference refers to the definition of a base case for the 2020 fuel volumes with high and low demand scenarios as sensitivities. This base case and sensitivities will need to be realistic and the assumptions made should be clearly stated by the contractor for review with the Steering Committee (or Group of Experts). This should also apply to the assumptions with respect to the demand projections for other petroleum products referred to in paragraph 6.2.4 of the draft terms of reference.

**Action requested of the Committee**

7 The Committee is invited to consider the above comments and take action as appropriate.