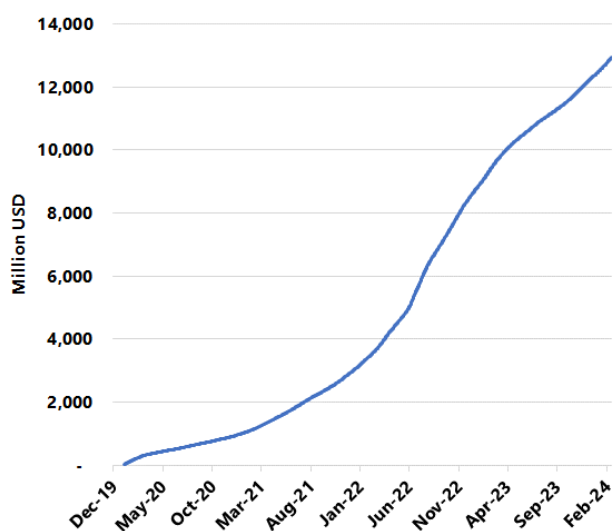## Scrubber savings reach 13 billion USD

To preface this for people who are not familiar with the IMO2020 regulations; these mandated the use of fuel oils with a sulphur content of less than 0.5%, such as Very Low Sulphur Fuel Oil (VLSFO), or an approved equivalent means of compliance such as exhaust gas cleaning systems i.e., scrubbers. The latter then allows shipping lines to run fuels oils with a higher sulphur content (IFO380), which is also cheaper.

Fig. 1: Fuel price saving due to scrubbers

An increase in scrubber installations (which is what we are currently seeing) would mean an increasing share of vessels that are capable of the cost savings potential of buying cheaper regular fuel instead of the more expensive low-sulphur VLSFO. For reference, the current price premium on VLSFO is 166 USD/ton. Using a model to roughly calculate the per day global fuel consumption across the entire sector, the shipping lines have so far saved a cumulative 13 billion USD due to the use of scrubbers since the implementation of IMO2020.

This development is an indication that the shipping industry is indeed motivated by regulatory initiatives which costs them money. However, it also shows that the monetary motivation may not always lead to the outcome some proponents of regulation believe. Instead of switching to low sulphur fuel, it is more cost-effective to use regular fuel in combination with scrubbers – a solution that is fully compliant with the regulations.

It then raises the question related to regulations targeted towards CO_2 emission reductions. Financially motivated regulations are indeed coming into effect, such as the EU's ETS carbon taxation on shipping. What remains to be seen, is to which degree the industry will find other ways to abide by the regulation in letter, but not necessarily in spirit.

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