

# Shipping industry sails into the unknown with new pollution rules

REUTERS, London

Faced with imminent new global marine pollution rules, shipping companies and insurers are puzzling over the risks.

To reduce emissions of toxic sulphur that cause premature deaths, shipowners who have long relied on the dirtiest residues of oil extraction will have to either switch to low-sulphur fuel or install exhaust gas cleaning systems from Jan. 1.

Neither option has been fully tested for long, and some problems have already been reported, both with the more expensive new fuels and with devices known as scrubbers which extract the sulphur on board.

Interviews with key players in the industry show varying levels of alarm at potential risks, which they say range from unexpected fires or collisions due to engine failure to liability for inadvertently flouting the rules.

The container shipping industry alone is having to invest \$10 billion to adhere to the new rules, analysts say, and is concerned about extra costs were things to go wrong.

If different types of the new, cleaner fuel are mixed, for example, they may produce a residue which could eventually clog up an engine and, in a worst-case scenario, damage or break it.

Several large ship owners said handling the new fuels correctly and making sure the scrubbers were properly deployed would minimize danger, but that if care was not taken, problems could arise.

"The big guys are going to be serviced by the right people... there is bigger risk for the smaller ships," Hugo De Stoop, chief executive of leading Belgian tanker operator Euronav, told Reuters.

Euronav has bought the



A bird's-eye view of ships along the coast in Singapore.

equivalent of almost six months' supply of compliant fuel and is storing it in a megatanker off Malaysia. If a ship is too far away and has to buy fuel, it will try to buy a single type, or, if only a blend is available, ask to see the seller's lab tests.

"We don't always believe that people have done the test, been diligent about it," he said.

Khalid Hashim, managing director of one of Thailand's largest dry cargo ship owners, Precious Shipping, said it had not allowed co-mingling of marine fuel, also known as bunker fuel, for over five years and required all of it to be sample tested.

"Of course this costs us annually around \$100,000, but we prefer that cost than to use untested bunker oil based solely on the Bunker Delivery Receipt and find that we have a massive problem on our ship," he said.

The company had taken measures to reduce its ships' fuel

consumption to offset some of the extra costs and had installed extra compartments for the tanks on board to avoid mixing, he said.

"That way we would have future-proofed our ships for the IMO 2020 regime," Hashim said, referring to the U.N. International Maritime Organization's rules, agreed by more than 90 countries in hopes of saving more than half a million lives by 2025 alone.

Around 172 ships have avoided the problem because they are powered by sulphur-free liquefied natural gas (LNG), data from Norwegian risk management and certification company DNV GL showed, but this in an expensive option.

Some ship owners have balked at paying for the new 0.5 percent sulphur fuel, which is quoted at more than twice the price of the 3.5 percent high-sulphur grade in northern Europe at the moment.

More than 3,000 ships - around 5 percent of the global fleet - will

have scrubbers fitted by 2020 so they can clean the exhaust gas and so continue using existing fuel, the DNV GL data showed.

Some ports have banned one type of scrubber, the open-loop version which empties washwater residues into the sea, and insurers have reported cases of fires or corrosion with the devices.

Norwegian ship insurer Gard cited a few cases where sparks from welding or cutting fell into a scrubber through uncovered openings: in one case it spread to the engine room through glass reinforced epoxy piping.

If corrosion was legally deemed to be inevitable, underwriters might try to deny related claims, said Stephen Harris, senior vice president with insurance broker Marsh.

"Whether underwriters adopt this line or not could depend on how frequent and how big the problem becomes next year."

Roger Strevens, VP of global sustainability with Norwegian shipping company Wallenius Wilhelmsen, said its experience with scrubbers had shown risks could be minimized if done properly. "If you buy cheap, you'll pay twice," he said.

Nautilus International, a union which represents over 20,000 workers in shipping, said the use of new fuel types would place extra strain on crews, who have reported incidents including power loss when changing fuels, filter problems and leaks.

"These are complex requirements," Nautilus professional and technical officer David Appleton said, calling for comprehensive training and protection in cases of inadvertent infringements.



Abdul Wahed, chairman of Matin Spinning Mills Ltd, presides over the company's 17th annual general meeting on its factory premises in Gazipur's Kashimpur yesterday. The company approved 15 percent cash dividend. MA Jabbar, managing director, was present.

# Qatar lists 'blockade' busting dairy farm on market

AFP, Doha

Baladna farms, which has led Qatar's charge for food self-sufficiency following a regional economic embargo, listed on Doha's stock exchange Wednesday after raising \$390 million for three-quarters of the company.

When the Saudi-led boycott began in June 2017, Qatar responded with sweeping measures like liquidating a quarter of its cash reserves to steady the economy and its currency. Meanwhile, Baladna also flew in hundreds of Holstein cows.

The Riyadh-led alliance has accused Doha of backing Islamist groups and Tehran, issuing a raft of terms Qatar must accept before it will lift the embargo that includes a ban on direct air, land or sea trade.

Doha strongly denies the allegations and has refused to meet the demands that also stipulate the closure of its flagship state-run broadcaster Al Jazeera.

The new Baladna herd was part of a plan to establish food security in the event that import routes were blocked - concerns that saw supermarket shelves emptied in the opening days of the embargo.

Baladna now meets more than 90 percent of the country's fresh dairy needs from its farms 55 kilometres (35 miles) north of Doha.

"This is really a proud day for Qatar, it proves that their strategy they envisioned a couple of years ago - especially after the blockade - was sound," Baladna chief executive Kamel Abdallah told AFP after a bell-ringing ceremony to mark the start of trading.

"It's a reflection of success, of resilience... to execute a very challenging project in record time." The opening price hovered between the initial sale price of one riyal (\$0.27) per share and 1.04 QAR in the first 15 minutes of trading after 9:30 am (0630 GMT).

The event was dwarfed by neighbouring Saudi Arabia's stock market listing of oil giant Aramco, also on Wednesday, but represents an important landmark for Qatar's fledgling food industry.

Abdallah also announced that the company had reversed an earlier decision not to pay a dividend in 2019 and would in fact be paying around 2.5 percent per share.

# Finance private sector through stock market to attain SDGs: experts

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Responding to a question, Wendy Werner, country manager of International Finance Corporation for Bangladesh, Bhutan and Nepal, said a benchmark was needed for issuing bonds in the international arena.

"So if you have more data of onshore bond market, instruments and secondary trading, it will improve your position to offer a bond at a lucrative price in the international market," she added.

Majedur Rahman, former managing director and chief executive officer of Dhaka Stock Exchange (DSE), said Bangladesh's capital market was not serving well the interests of achieving the SDGs.

In the past five years, the DSE formed many platforms for bond trading, raising capital for small companies and trading

alternative products, he said.

Unfortunately, these initiatives have not borne fruit for a lack of assistance from the regulatory regimes, rules and regulations and several setbacks caused by different stakeholders, he added.

Nguyen Phi Van, chairwoman of Vietnam Angel Network, said the importance of the participation of the private sector in achieving SDGs cannot be underestimated and they should get finance to flourish.

Venture capital and impact investment can play a role in accelerating the SMEs and start-ups but those need the suitable ecosystem and environment, she added.

Tissa Jayaweera, managing partner of TJ Associates and former chairman of ICC Sri Lanka, also spoke at the event.



Hasan Mahmood Raja, chairman of United Hospital and United Group, presides over the hospital's 34th annual general meeting in Dhaka on Wednesday. Faridur Rahman Khan, managing director, was present.

# Strong global, regional partnership to help achieve SDGs

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The issues include innovative policy and regulatory frameworks; capital market development and establishment of bond market; financing infrastructure development and public-private partnerships (PPPs); scaling up private sector investment, trade finance and cross-border trade and investment promotion; climate and disaster finance; and access to finance for SMEs.

"These are only possible through the North-South and South-South cooperation," Rahman said.

The multi-stakeholder dialogues will help the Asia-Pacific countries promote investment and enhance financing for sustainable growth and development, he said.

However, engaging the private sector as the development partner of the governments is key to minimising the gap of financing in the region, he said, adding that every year \$1.5 trillion was required to achieve the SDGs by 2030.

"Without engaging the private sector, it is not possible to manage such a big amount of funds only by the governments in this region."

On the conference, Rahman said it has enhanced knowledge sharing and suggested many best practices among the participants.

It also brought some new policies and innovative ways to cooperate effectively at the regional level to help mobilise financial resources, he said.

The conference emphasised the need to improve the level

of national governance and resource management to develop infrastructure and provide quality public services through good selection, allocation, design and implementation of associated actions and activities, aligned with economic, social and governance frameworks.

The panelists suggested development partners continue supporting countries in Asia and the Pacific to enhance private investment, strengthen the banking sector, and improve SMEs' access to finance.

The conference requested the development partners to provide assistance to the countries in the region to enhance financial flows through new and innovative financial modalities, such as climate, green and blue bonds,

capital market development, public private partnership, blended finance, fintech, supply chain finance, and digitised remittance.

Some 800 participants from different governments in the Asia-Pacific region, representatives from the United Nations organisations, international organisations, multilateral development banks, private sector associations and businesses, civil society organisations and eminent experts attended the seminar.

The finance ministry of Bangladesh was the patron of the event, which was inaugurated by President Md Abdul Hamid. The conference also celebrated ICC Bangladesh's 25th anniversary and the 100th of the ICC.

# Coal imports surge on rising demand for bricks

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"We will have no objection if the government bans the use of clay bricks after a certain period and makes the use of unburn block bricks compulsory," he said.

A total of 98 tunnel and Hybrid Hoffman Kilns dubbed as cleaner and more efficient kilns are also in operation, said BN Dulal, secretary general of the Bangladesh Auto Brick Manufacturers Association.

He said the total number of brick kilns would be 10,300 and 62 percent of them are zigzag. The rest are traditional fixed chimney kilns, which release large quantities of carbon dioxide and other environmental pollutants into the atmosphere.

Dulal said tunnel kilns consume 8-10 tonnes of coal to burn one lakh pieces of bricks and the amount of carbon emission from auto kilns is not excessive.

"We use warm carbon to dry green bricks in our kilns. As a result, we have no excess carbon

emission," he said.

Both Babul and Dulal said there are many traditional brick kilns that are using firewood to burn bricks.

BCCIA President Hassan said the use of coal would increase if the use of firewood is stopped fully.

Currently, most of the coals are imported from Indonesia and South Africa.

Stakeholders suggested controlling imports of coals with high sulphur contents to cut pollution.

A senior official of the DoE said they are working with the commerce ministry to regulate the import of coal with high sulphur content.

Import of the fuel is expected to rise once the coal-fired power plants come into operation, said Matin of the Bangladesh Poribesh Andolon. "Coal is known as the worst fuel for the environment and its increasing import is going to add further woes to the already polluted environment."



Md Sanaulah Shahid, a director of Shahjalal Islami Bank, opens the bank's 131st branch at Mirsarai in Chattogram yesterday. M Shahidul Islam, managing director, was present.



Anita Haque, chairman of Paramount Textile Ltd, presides over the company's 13th annual general meeting at Spectra Convention Centre in Dhaka recently. The company approved 7 percent cash and 9 percent stock dividends for the year ending on June 30, 2019. Shakhawat Hossain, managing director, was present.