



**Opening Statement
Full Committee Hearing on IMO 2020
Chairman Lisa Murkowski
December 10, 2019**

Good morning, everyone. The Committee will come to order.

We are here this morning to examine the implementation of the International Maritime Organization’s new global sulfur standard for marine fuels – this is known as “IMO 2020.” This new standard will formally take effect on January 1, 2020, just about three weeks from where we are today.

IMO 2020 has been years in the making, decades in the making, so this is really no surprise that we are up against this implementation date, but I still think for some it’s like, where did this come from. Well, there’s a little bit of history out there. Its purpose, of course, is to reduce air pollution from shipping around the world. It accomplishes that purpose by limiting the sulfur content of marine fuel – which is, how much sulfur is in the diesel that ships use to move across the ocean – and limiting that amount to 0.5 percent by mass.

Those sulfur reductions will bring global health benefits that all of us should welcome and support. At the same time, I think we can be proud that in the United States, the sulfur content of marine fuel is already limited to 0.1 percent by mass. As is true on so many different environmental issues, our nation is leading the way here, and that’s a good thing.

Over the last several years, the global shipping industry has been preparing to comply with IMO 2020. Three primary options to do that appear to be:

- (1) Using low sulfur diesel fuel,
- (2) Installing exhaust scrubbers, or
- (3) Switching to liquefied natural gas, which emits virtually zero sulfur.

No matter which method is chosen, I think we recognize it takes time and it takes money. Whether a ship installing a scrubber, a refinery making an upgrade to produce low sulfur fuel, or a company buying or converting to an LNG-powered vessel – we all know it just takes time and of course it takes money.

It is generally agreed that the U.S. refining industry is uniquely positioned to benefit from IMO 2020. The investments have been made. Refineries are optimized. All of that supports good-paying jobs and will help mitigate potential impacts to domestic and global fuel prices.

There is still some disagreement over what those exact impacts will be. But I'm glad to see a consensus – or, at least something resembling a consensus – among many analysts that the impacts of IMO 2020 will be less than what was projected just a year ago. We had a hearing back in February, and I remember asking at that point in time, “are we ready for this,” and there was some criticism – like wow is Murkowski backpedaling on this saying that we don't need to do it – but I was asking a perfectly legitimate question. Are we going to be ready. And, I think that we do appear to be in a better place today than we were back then.

What's critical now, with implementation just a few weeks away, is for compliance to continue at full speed. There is no stopping IMO 2020, and I certainly hope that no one will construe this oversight hearing was an effort to do that.

With that said, it is also important for us to be vigilant. I come from a state that as you all know pays some of the highest prices for energy in the country, so I have been paying very close attention to what IMO 2020 could mean for Alaskans – especially for those who live in rural and remote areas where shipping prices are already very high and truly the cause of economic hardship for so many.

I had written the Administrator, Dr. Capuano, who is with us today, we appreciate you being here. But, I had written asking that EIA closely monitor implementation. I will enter that letter for the record, and your response, Dr. Capuano, in today's hearing record. So, I thank you for that.

I welcome the panel that has joined us– to share with us what you've seen in the markets and what may be coming soon. I think we recognize that even while we've known that this is coming, there's some complexities here, so we appreciate you being here to share your expertise with us.

Senator Manchin?

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