

## TANKERS

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Team Tankers chairman Morten Arntzen is hopeful decarbonisation regulations will help ease over supply in the tanker market. Photo: Ernest McCreight/TradeWinds Events

# Decarbonisation rules set to bail out tankers predicts finance guru Arntzen

'Regulatory relief is coming' says Team Tankers executive as new rules are set to ease over supply

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By [Adam Corbett](#) in [London](#)

Ship finance specialist Morten Arntzen is predicting that measures to decarbonise the shipping industry will actually aid recovery in the moribund marine oil transportation markets.

The Team Tankers executive chairman and Macquarie Bank shipping advisor said upcoming regulations like the Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Index (CII) would help remove inefficient tankers, and reduce tonnage supply.

Arntzen comments were made at a podcast hosted by recycling cash buyer GMS.

Arntzen said the International Maritime Organization's decarbonisation regulations, scheduled to kick in from next year, would eventually accelerate scrapping.

"I don't see change coming quickly, but regulatory relief is coming, and it's going to really help the tanker market because it needs it," Arntzen said.

He pointed out that some supply fundamentals are already working in the favour of the tanker market, with a limited newbuilding orderbook which amounts to only 7% of the fleet. Tanker tonnage amounting to more than double the orderbook, he pointed out, is now of scrapping age.

"More than half the tanker fleet is going to have to do power limitation to comply with the EEXI numbers, and it'll be a handicap because they'll have to make investments in new hull paints and fuel-efficient ducts," he said.

Arntzen said current high demolition prices would make the decision on whether to scrap tankers, or invest in improving fuel efficiency, easier for tanker owners.

"I think the decision becomes really easy because you're talking about \$30m today for a VLCC for scrap, against the uncertainty and the regulatory hurdles you're going to get in front of you — and they are coming — they're not going to get rolled back," Arntzen said.

The EEXI requires ships to attain minimum technical efficiency standards or take action such as power limitation. The CII ranks ships based on their fuel and transport efficiency over one year.

### Fully recover

Arntzen said demand factors such as a growth in US oil exports, along the lines of the growth in gas exports, might also be needed to help the tanker market fully recover.

Another potential decarbonisation regulation tanker owners are facing is the European Union's Emissions Trading Scheme (ETS). He said that VLCC owners could be facing up to \$15,000 a day in carbon tax, which is more than even the most environmentally friendly tankers are currently earning. The final bill would have to be passed onto cargo owners he predicted. "There is no way owners can bear that cost, so it will get passed on," Arntzen said. ([Copyright](#))

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