



November 8, 2019

Greg O'Brien, Senior Oceans Policy Advisor
Bureau of Oceans, Environmental and Scientific Affairs
United States Department of State
2201 C Street, NW
Washington, DC 20520

Dear Mr. O'Brien:

As you know, the International Marine Organization (IMO) has imposed regulatory changes with regards to emissions for marine engines which are scheduled to take effect on January 1, 2021. This regulatory action is expected to have a significant impact on US boat manufacturers and associated businesses that produce boat models that fall under this regulatory change. It is also expected to result in the loss of thousands of U.S. manufacturing, sales, engineering and service jobs. Given the looming deadline and lack of available technology specific to this sector and necessary to comply, many companies will be forced to eliminate significant portions of their product lines and forego future sales in this segment in both the domestic and international markets. The deadline for this important issue requires a revised proposal to be submitted by 30th December 2019 for inclusion for discussion at the IMO MEPC 75 meeting scheduled to take place on March 30 to April 3, 2020. We believe it is necessary for the United States Government to fully understand the pending impacts that will befall on U.S. boat builders if some accommodations for our industry are not granted.

IMO Tier III and EPA Tier 3 are not the same. EPA has Tier 4 standards which mirror IMO TIII in their NOx limit. EPA has specific provisions for recreational vessels. In 2008, after finalizing the EPA rule, the U.S. proposed its limits to IMO to be applicable to foreign flagged vessels realizing their domestic rules would not apply to vessels trading in U.S. ports. For reasons unknown, the proposal omitted provisions for leisure vessels as applied within U.S. domestic rule. The IMO Tier III applies to all engines of 130kW output or higher, commercial as well as recreational, with provisions exempting recreational vessels with a load-line length of 24 meters (78 feet) and larger. Any of these vessels in the waters of U.S. and Canadian Eastern and Western seashores, waters surrounding Hawaii and U.S. Caribbean, the Baltic Sea, and the North Sea including the English Channel must comply. Other regions are expected to follow, too.

Specifically, new vessels built after 2021 would be forced to install Selective Catalytic Reduction (SCR) systems in their engine rooms, the only technology available to our sector and engine type used. Chemical and thermodynamic rules based on the fuel type and exhaust flow limit the ability of engineers to develop SCR systems small enough to leave no implementation challenges on recreational sportfish and cruiser boats. While SCR technology is broadly

established in land-based and commercial marine applications, engine manufacturers that supply engines for these vessels have indicated that they do not expect to have the necessary SCR technology developed, certified and fully field tested before 2022. In addition, only during the development process of Tier III compliant applications for yachts, did specific obstacles to their implementation of these vessels arise, such as Ammonia slip which if emitted in small quantities, due to its malodor potentially renders our products unsellable to the client.

IMO Tier III SCR would also have a substantial impact on the yachts' purchase and operating costs. In addition, SCR compliance would add significant weight, and therefore increase fuel consumption (as well as greenhouse gas emissions) and compromise performance. Furthermore, engine-room accessibility for service would be a challenge, compromising safety. Finally, the systems need additional ventilation and tankage thereby compromising the engineering integrity of the vessel.

In summary, it is demonstrated that NOx reductions applied to yachts above 24m below 500 gross tons deliver a very low NOx reduction at a disproportionate compliance cost and in contrast a significant increase in Greenhouse Gas Emissions. We are looking forward to working with the U.S. and other member states to look at viable options for NOx reduction such as committing to US EPA Tier 3 compliant engines in addition to committing to determining a route to reduce CO2 emissions for instance by the use of hybrid technologies.

The U.S. boat manufactures are already adhering to strict emissions standards as per the U.S. Environmental Protection Agency, however, the technological advancements to meet IMO Tier III emissions standards are simply not available in a form compatible with recreational use vessels. That being said, we respectfully ask you to consider a mandate for co-sponsoring sector initiatives led by the organization representing the marine leisure sector at IMO (ICOMIA) seeking to mitigate the detrimental effects the rule is expected to have on the sector. While the latter initiative will focus on viable NOx reductions, combined with expected future Greenhouse Gas reductions, with time being tight until the January 2021 deadline, we believe the sector should initially be given more time in order to address better regulation rather than simply applying regulations that work for ships, but pose an existential threat to yacht manufacturers.

We are asking two things; that the United States be a cosponsor of ICOMIA initiatives to mitigate the effects of the rule and a request for more time, considering the looming 2021 compliance date.

Regards,

VIKING YACHT COMPANY



Patrick J. Healey
President and CEO