

## BEMA Members' Poll Assesses Impact to Business Due to COVID-19

Ballast water treatment manufacturers have great resilience when it comes to external impacts to their industry. Although none could have predicted the source, many manufacturers undoubtedly were leery as the global implementation cycle of ballast water management systems (BWMS) required to meet the IMO's D-2 discharge standard for ballast water commenced last September. But it is exactly this resiliency that was on display recently as more than 70% of the Ballastwater Equipment Manufacturers' Association (BEMA) survey respondents reported that they had suffered no, or minimal, short-term impacts to their ability to deliver systems as scheduled. However over 40% have seen impacts due to the lack of orders for future systems.

BEMA is an independent trade organization representing vendors, suppliers, and key partners in the ballast water treatment industry that provides coordinated, technical, non-commercial guidance to the market, including the regulating community, ship owners, and the testing community about how ballast water treatment systems work, how they are designed, and what the reasonable expectations are in regard to their performance. The purpose of BEMA is to provide manufacturers and industry stakeholders in the ballast water equipment market leadership and a unified voice at the International Maritime Organization, the United States Coast Guard, the US EPA and other regulatory bodies, as well as with the general public. In this position as the unified voice of the industry, the Association decided to poll members about the effects that COVID-19 was having on their business to provide accurate feedback to the numerous media and regulatory agency requests for data.

The qualitative poll showed that over seventy percent of survey respondents have suffered no, or minimal, disruption to current installation schedules that were in progress prior to the emergence of the pandemic (Figure 1), while over eighty percent of respondents have not had any cancellations to orders that were already in place. However, forty percent of respondents have reported difficulties being able to sell their products and meet with customers, or had a loss of pending orders due to the pandemic, citing ability to meet with clients as a chief concern due to the global nature of the industry and the unpredictable spread of the COVID-19 virus around the world.

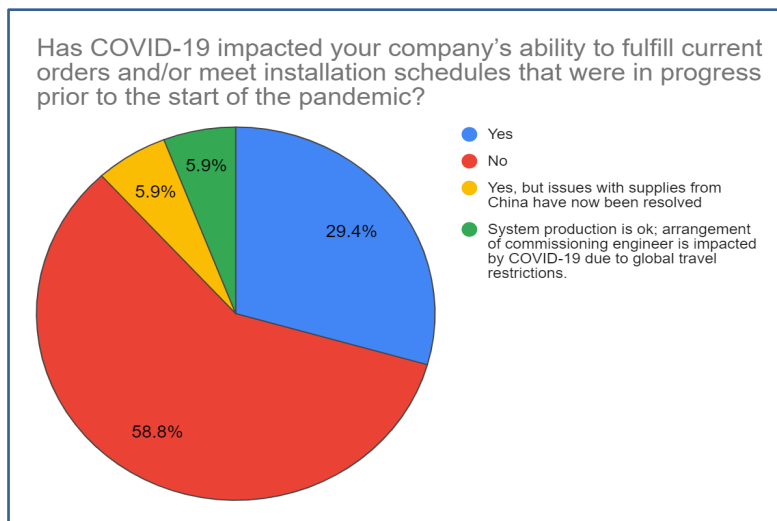


Figure 1 - COVID-19 Impacts to Installation Schedules

“The results of the poll were not surprising, but instead confirmed our own experience,” said Mark Riggio, President of the Association. “Manufacturers have been ready for this moment for years and are used to adversity. We all quickly adapted to the new safety requirements and were ready for business as usual in a very short time.”

To quantitatively assess COVID-19 impacts across the manufacturing industry, BEMA gathered data from both BEMA members and non-Members. Data submitted by the survey respondents showed that 87% of systems were installed on time, and 12% reported that installations were delayed or cancelled by the vessel. Just 1% of the respondents indicated that systems were not delivered by the manufacturer (Figure 2).

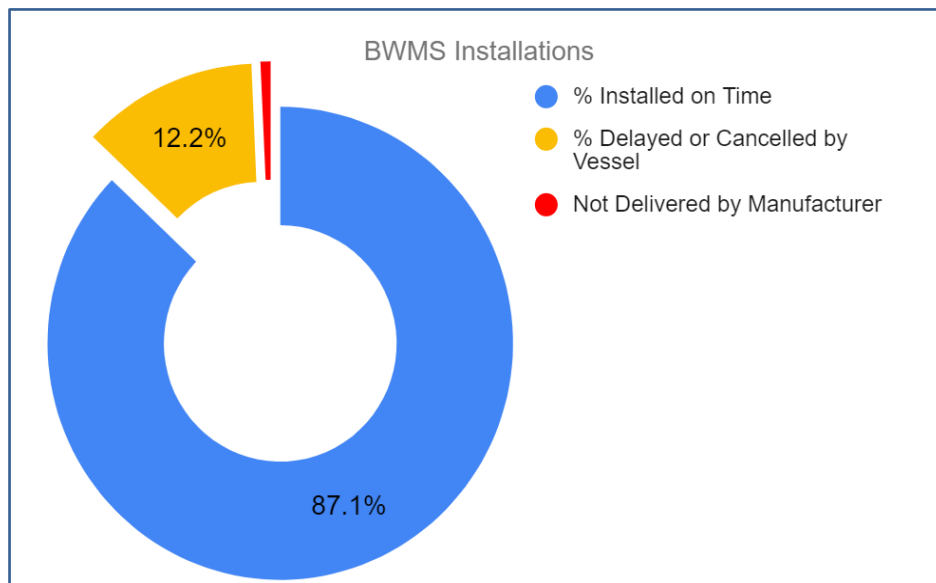


Figure 2 - BWMS Installation Performance during COVID-19

The COVID-19 pandemic has created several challenges for the marine industry, largely stemming from the lockdown orders implemented by nations across the world. This restriction has inhibited travel by personnel, prevented crew changes, closed dry docks and impacted the transport of the equipment needed for operators to bring their vessels into compliance with ballast water regulations. Social distancing requirements have also had an impact on the workforce. In acknowledgment of these challenges, the United States Coast Guard has recently issued a Marine Safety Information Bulletin (MSIB 14-20) outlining the procedures for requesting an extension for up to twelve months for any operators to bring their vessels into compliance with Ballast Water Management Regulations.

Per the MSIB, “...the Coast Guard will extend all compliance dates up to 12 months upon request. There is no need to provide any supporting documentation, however the vessel owner or operator will need to identify the vessels in order for the Coast Guard to adjust the necessary documentation. It should be understood that this is not an interim extension, and additional time to accommodate operational or regulatory schedules should not be expected. For ships that undergo a credit drydock but cannot complete installation of a BWTS, owners and operators are encouraged to complete as much work as possible during the credit drydock to avoid the need for future drydock availability.”

The results of BEMA's industry surveys show that, despite the unprecedented nature of the COVID-19 virus and the worldwide response to combat it, the disruption to BWMS production has been minimal and manufacturers have successfully managed and overcome the initial obstacles. "The biggest problem our members have now is securing future orders to keep their manufacturing pipelines full," said Riggio. "A lot of ship owners will have yard periods in the second half of the year and many of them have yet to order [a BWMS]."

While the United States Coast Guard has announced it will grant an extension of a vessel's compliance date for up to twelve months upon request, the International Maritime Organization has not announced any similar extensions. In addition, since installation of a BWMS typically occurs in a drydock, extensions for only twelve months may prove to have a minimal impact on ship owners. Vessels taking advantage of this off dry dock schedule extension may face additional costs or delays to take a vessel out of service for an installation or to have to pay for an expensive mid-period docking.

For more information about BEMA and our mission, please visit our website at [www.bwema.org](http://www.bwema.org).

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