



February 4, 2019

Honorable Larry Kudlow
Director, National Economic Council
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Larry:

ConservAmerica represents thousands of conservatives, Republicans, and Independents who are dedicated to creating and supporting practical solutions for today's environmental, energy, and conservation challenges. Our core belief is that a strong economy results in a cleaner environment.

We are writing today to express our concerns about efforts underway in the International Maritime Organization (IMO) to impose rules that could unnecessarily harm American working families. While we wholeheartedly endorse the goals of the IMO (everyone supports cutting maritime sulfur pollution, which is a nasty threat to health and the environment), ConservAmerica views the IMO's hasty deadlines as a potential looming train wreck that could cause fuel shortages and price shocks.

IMO requires ship owners to reduce fuel sulfur content to 0.5%, down from the current 3.5%, overnight, starting in January 2020. In order to comply by 2020, ship owners have two commercially viable options: install onboard "scrubbers" and keep burning cheaper high sulfur fuel or switch to more expensive, low sulfur fuel.

Unfortunately, the Obama administration's negotiating team, which signed off on the final agreement a month before President Trump's election, did not provide nearly enough lead time for industry to invest in equipment to smoothly start in 2020. Three years is not nearly enough time for refiners to plan, permit, and build fuel upgraders or for shippers to install scrubbers on tens of thousands of vessels.

With demand for low sulfur marine fuel set to skyrocket, desperate ship owners will have no choice but to bid up low sulfur fuel that is currently being used by homeowners, truckers, and farmers. This price spike may be significant; the International Energy Agency has estimated the IMO rule will cause diesel prices to rise by 20-30% in 2020.

We recognize that it may be too late to delay the implementation plan that President Obama negotiated, but we believe there are pragmatic ways, including flexible enforcement and tailored compliance, that could avoid or soften the negative impacts on consumers and working families while still obtaining crucial environmental and health benefits. We hope the administration will spring to action before it is too late.

Sincerely,

Nan Hayworth

Nan Hayworth, M.D.
Chairwoman