

Simplifying Asian Supply Chains

TRANSTAR



November 2019

CUSTOMER INFORMATION

IMO 2020

Shipping carriers will be implementing a new Low Sulphur Surcharge from the 1st of December 2019.

From the 1st of January 2020, The International Maritime Organisation (IMO) will be implementing new regulations to limit the sulphur content in fuel used by ocean carriers.

This new regulation will see marine fuel sulphur emissions capped at 0.5%, which is a significant reduction on the previous allowed amount of 3.5%. Shipping carriers operating vessels will need to use higher quality fuel in order to comply with this new IMO 2020 emissions cap.

Overall, this will mean an increase in vessel operating costs. For a better understanding, the average price for 3.5% sulphur content fuel in 2019 was USD 318.5/mt and at present, the only available fuel which meets the new regulation standards (containing 0.1% sulphur) is priced at USD 594/mt. Therefore, an additional USD 276 in fuel cost for every metric ton of fuel used.

In order to be compliant with this new regulation by the 1st of January 2020, shipping carriers will begin transitioning higher quality fuel into their vessels from the beginning of December to ensure they will be operating with 100% compliant low sulphur fuel by the beginning of the New Year.

To be financially viable, shipping carriers will be implementing a new Low Sulphur Surcharge from the 1st of December 2019.

This surcharge will vary amongst the carriers and be dependent on the type of container shipped, the distance the vessel will be travelling, and whether it is an import or export shipment.

All increases will be charged according to outlay from shipping carriers and we are currently waiting on final confirmation from them as to what surcharge they will be implementing. We will be sure to communicate all surcharges as soon as this information becomes available to us.

Transtar fully supports this initiative to improve the environment and limit the impact our industry has on this planet!

CUSTOMER SERVICE