

# 2020 SULPHUR CAP



## LOW SULPHUR - 2020 SCENARIO

The UN International Maritime Organization requires that from 1 January 2020, Sulphur content in the fuel used for international shipping must be limited globally to 0.5%, compared with the current standard of 3.5%, in order to minimize emissions of Sulphur oxides from ships.

In specific Emission Control Areas (ECAs), defined by the UN IMO or other government bodies, the limit is already 0.1%



Global 0.5%

ECAs 0.1%

## PREPARING FOR THE 2020 SULPHUR CAP

Low-Sulphur fuel is expected to be substantially more expensive than traditional marine fuel oil.



We believe it is essential to segregate transparently the rising burden of fuel costs, so these costs may be visibly passed on throughout the supply chain.



## FORMULA FOR THE FUEL RECOVERY CHARGE (FRC)

As from December 2019, the fuel of reference will be LSFO 0,5%, replacing the HSFO 380 CST reference.

## FORMULA FOR THE FUEL RECOVERY CHARGE (FRC)



From December 2019, LSFO 0,5% will be used in order to be ready for 2020

Coefficient = fuel consumption per round trip ÷ TEUs carried per round trip

- From December 2019, LSFO 0,5% will be used in order to be ready for 2020.

## VARIATION BY TRADE



- A Trade Factor coefficient may change depending on modifications to the size, number of ships & container imbalance on any given trade
- The Trade Factor coefficient is one of the elements described above used to calculate the FRC
- FRCs will be updated monthly and communicated accordingly