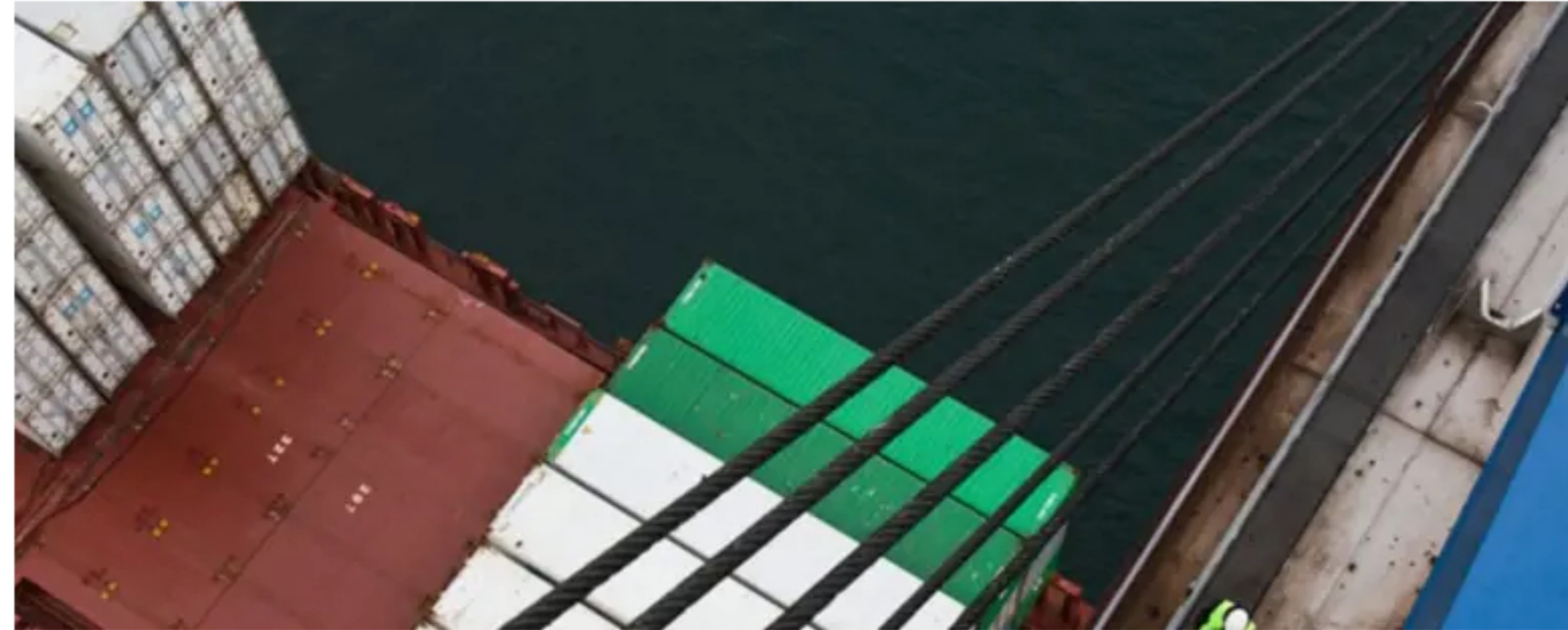


News

The ocean freight market is changing - An IMO 2020 regulation will affect bunker management

24 Jan, 2019 | [Share](#)



As a result of a new directive issued by the International Maritime Organization, a fundamental and drastic change regarding the regulation of low sulphur emission will take effect January 1st 2020.

This initiative stems from a strong ambition of drastically reducing vessel-induced marine oil pollution.

How will the industry be affected?

As a consequence, ocean container carriers will need to invest in new technology as well as lowering the use of sulphur marine gas oil or alternatively use LNG (Liquid Natural Gas).

These investments are in progress and will result in a great increase in transportation costs for all ocean container carriers and thus an increase in the variability on bunker costs.

Due to the increased variability, all ocean container carriers will in 2019 introduce a floating bunker component, which will aim to take both bunker fluctuations as well as low sulphur oil prices into consideration when they offer rates. In other words, these changes will significantly change the all-in fixed pricing, which our industry has been used to for many years.

A SGL BAF formula

The situation is complex due to the fact that ocean container carriers are applying a different terminology combined with the fact that there are significant differences as to how the actual floating bunker component is calculated and adjusted.

We wish to communicate that as we enter 2019, a floating bunker component will be introduced on selected trades where it is not present today. This will ensure a fair and market relevant adjustment to the offered ocean freight rates.

Due to the fact that ocean container carriers have introduced significantly different adjustment models, we aim to introduce a SGL BAF formula. This will take the different models into account in combination with having a simple and user-friendly design. We will naturally keep you updated on further developments including the SGL bunker model once this is ready to be implemented.

Should you have any questions, don't hesitate to reach out to you SGL contact person.



Get in touch

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