

News

IMO 2020 – So far so good!

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One of the main concerns in the logistics business during 2019 was how disruptive the IMO 2020 regulations would be? One month into 2020 the overall conclusion so far, so good!

All Ocean Carriers have implemented the new regulations without major service disruptions irrespective of Ocean Carriers using scrubber technology or purchasing and using new Low Sulphur 0.5 % fuel. Until now, we have only seen a couple of incidents where the IMO regulations have been violated, however overall it is considered that this was to be expected given the magnitude of the change for the industry.

We expect that the industry slowly, but surely will get the new regulations fully integrated as the standard way of doing business. After all, there is no alternative.

Cost impact

Most if not all Ocean Carriers apply BAF models as well as IMO 2020 surcharge models that vary significantly both in terms of logic as well as they differ in terms of actual cost baseline.

Zooming in on a major trade-lane as Far East-Europe the cost increase in isolation for IMO 2020 is in the range of USD 125-150 TEU and this naturally subject to future development of bunker prices.

To mitigate the increased complexity we have invested further in market intelligence tools allowing us to follow the market closely and similarly we have made it a principle to conduct all rate benchmarking on all-in pricing, and focus less on the actual IMO 2020 or BAF surcharge component. We thereby ensure to filter differences if formulas and cost baselines, ensuring we at any given time offer competitive rates to our Customers.

We will continue to keep you updated on this important topic as some uncertainty remains in the market in terms of Low Sulphur oil price development as well as how carrier will imbed IMO 2020 in their pricing.

WEBINAR

If you missed our webinar about IMO 2020, you can get the recording [here](#), the [presentation](#) and the [Q&A](#) from the webinar.

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