

IMO 2020

On 1 January 2020, the new „International Maritime Organization 2020” rule becomes effective. This rule means that the limit for sulphur in fuel oil used on board ships will be reduced to 0.50% – the current limit outside designated emission control areas (ECAs, i.e. Northern Europe, US West- and East Coast) is 3.50%. This rule will reduce the sulphur emissions of global shipping by 85%, with very significant benefits for human health and the environment.

Which impact will this new rule have on my transports?

It is to be expected that the new fuel oils will be more expensive than the currently used fuel. At this stage, however, it is too early to quantify the exact cost increase. The different shipping companies use different models to determine the expected surcharge. We will thus wait with quantifying the surcharge until reliable data is available.

When will the surcharge be effective?

The shipping companies will introduce the surcharge on **1 December 2019**. First ships will be or have been changed over to the new IMO2020 compliant fuel oils in Q4 2019, or have started to use these fuels already.

Which options exist to reduce the on-cost?

Currently, no options exist to reduce the on-cost. The surcharge will be levied independently of the type of the reduction of sulphur emissions. So there will be no differentiation of the surcharge, whether a ship is using very low sulphur fuel oil (VLSFO), Liquid Natural Gas (LNG) or has scrubbers installed.

The surcharge will either cover the cost of the new fuel or the cost to fit scrubbers on the ships.

How does this surcharge affect existing contracts/offers?

The surcharge will be added to existing offers and be shown separately, or will be shown in our invoices as a separate position.

We at alpha trans are highly interested in an environmentally sustainable execution of our transports. To ensure that ocean freight continues to be the most environmentally friendly and lowest emission mode of transport, we welcome every measure that improves the protection of the environment.

Your team of alpha trans