

customer advisory

IMO 2020 – Sulphur Cap Tariff adjustment

Dear valued Customers,

As you are aware, as of January 1st, 2020, the International Maritime Organization (IMO) will implement a new regulation for a 0.5 % global sulphur cap for marine fuels. Under the new cap, ships will have to use marine fuels with a sulphur content of no more than 0.5 % (VLSFO – Very Low Sulphur Fuel Oil) against the current limit of 3.5% (IFO380 – Intermediate Fuel Oil) in an effort to reduce the amount of sulphur oxide. The Emission Control Areas (ECAs) will remain at the 2015 standard of 0.1% sulphur content.

While we all can look at the bright side of this regulation – the intention to make the industry greener – at the same time we also have to be aware that also in 2020, there probably will be a significant price difference between the IFO380 and the new VLSFO. As an indication: The actual difference between IFO380 and VLSFO is around 200 USD / mt (average August 2019/Rotterdam).

Since there is no doubt that this new regulation will increase freight rates at least at a temporary stage, please kindly be aware that we will have to make adjustments in our tariffs as of January 1st, 2020 accordingly.

Since some carriers announced a calculation with the new VLSFO already for quarter 4, our tariff adjustments are possible in quarter 4/2019 accordingly which will be announced separately when applicable.

For any further information please contact your local SACO Shipping Team.

