



*We take it personally*

14 December 2019



IAT20-01

## **ANNOUNCEMENT**

### OOCL's Bunker Recovery Approach Intra-Asia

Dear Valued Customer,

All ocean-going vessels are required to use marine fuel with new Sulphur of 0.5% (from 3.5%) by International Maritime Organization's (IMO), as of January 2020. It is expected to result in approximately 85% reduction of Sulphur emissions.

OOCL's fleet of vessels is committed to use compliant marine fuel and is confident to be able to secure Low Sulphur Fuel of 0.5% (LSF) for our fleet and comply with the IMO 2020 mandatory requirement as we approach the deadline.

Currently, the cost LSF is significantly higher than High Sulphur Fuel (HFO) and is expected to continue to be higher than the traditionally used HFO as marine fuel by all ocean-going vessels.

OOCL will be introducing two new surcharges, the **FUEL COST RECOVERY (FCR)** and **LOW SULPHUR ADJUSTMENT (LSA)** as bunker costs recovery. This is based on OOCL's bunker formula that will better reflect the costs changes in marine fuel used by ocean going vessels of our industry. The bunker formulae have taken into consideration various factors including the different fuel types being used, fuel price fluctuations, ship size and capacity, and vessel utilization levels.

With effect as of the 1<sup>st</sup> of December 2019, Low Sulphur Adjustment (LSA) shall apply for spot and short-term contracts (equal or less than 3 months validity); except for those in the Trans-Pacific & Trans-Atlantic Trades where LSA is a bunker costs recovery based on the fuel price difference between LSF 0.5% and HFO 3.5% base price to calculate and will be binding until further notice. Fuel Cost Recovery (FCR) shall apply for long-term contracts (more than 3 months validity) and uses the LSF 0.5% price to calculate and will be binding until further notice.

The LSA and FCR tariff will be reviewed monthly if the fuel price fluctuation is more than USD 25 per ton, please check OOCL website on a monthly basis in respect of further notices on change (if any) on LSA and FCR tariff.

The LSA and FCR surcharges set out in this notice (as Appendix I) are valid until further notice (unless otherwise specified) and governed by and subject to carrier's prevailing tariff(s) published on [www.oocl.com](http://www.oocl.com).

Please use the webpage link to [Tariff & Rate Enquiry](#) for full price (including base rate, bunker related charges, security related charges and additional charges and surcharges reflecting high demand, such as Peak Season Surcharges) on [www.oocl.com](http://www.oocl.com). Local surcharges and contingency charges may apply.

For further information, please kindly contact our local Sales Representatives at (02) 8554-8080.



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Appendix I



**Intra-Asia FCR (Fuel Cost Recovery) and LSA (Low Sulfur Adjustment) Quantum for January 2020**

Scope		MID Bahrain, Iraq, Iran, Kuwait, Oman, Qatar, UAE, Saudi Arabia (Dammam, Jubail)		RS Jordan, Egypt (Sokhna), Saudi Arabia (Jeddah), Yemen (Aden), Sudan, Eritrea, Djibouti		ISC India, Pakistan, Bangladesh, Sri Lanka		N.Asia from/to S.E.Asia Japan, China, Taiwan, Hong Kong, Korea	Intra N.Asia & Intra S.E. Asia Thailand, Philippines, Singapore, Malaysia, Indonesia, Cambodia, Vietnam, Myanmar
		WB (from PHL)	EB (to PHL)	WB (from PHL)	EB (to PHL)	WB (from PHL)	EB (to PHL)	NB&SB	All Bound
FCR	20'GP	336	71	395	125	416	134	211	122
	40'GP	672	142	790	250	832	268	422	244
	40'HQ	672	142	790	250	832	268	422	244
	45'HQ	672	142	790	250	832	268	422	244
	20'RF	504	107	593	188	624	201	317	183
	40'RQ	1,008	213	1,185	375	1,248	402	633	366
LSA	20'GP	132	28	155	49	163	53	83	48
	40'GP	264	56	310	98	326	106	166	96
	40'HQ	264	56	310	98	326	106	166	96
	45'HQ	264	56	310	98	326	106	166	96
	20'RF	198	42	233	74	245	80	125	72
	40'RQ	396	84	465	147	489	159	249	144