

19 November 2019

IAT19-14

ANNOUNCEMENT

OOCL's Bunker Recovery Approach Asia

To Our Valued Customers:

All ocean-going vessels must meet the International Maritime Organization's (IMO) new Sulphur cap regulation by January 2020. With this new Sulphur cap on marine fuel lowering from 3.5% to 0.5%, approximately 85% of Sulphur emissions is expected to be reduced.

Burning compliant fuel will be OOCL's main strategy to meet the IMO 2020 requirement. OOCL has been working with a number of bunkering companies and we are confident that we will be able to secure the amount of clean fuel we need for our fleet and to comply with the IMO 2020 requirements as we approach the deadline.

Since the cost in the use of Low Sulphur Fuel (LSF) is expected to be significantly higher, OOCL will be introducing the **FUEL COST RECOVERY (FCR) and LOW SULPHUR ADJUSTMENT (LSA)** charges for bunker recovery and they are based on a floating bunker formula that will better reflect the changes in the industry environment. This approach will take various factors into account, including the different fuel types being used, fuel price fluctuations, ship size and capacity, and vessel utilization levels.

Effective from December 1, 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. LSA is based on the fuel price difference between LSF 0.5% and HFO 3.5% base price to calculate. Fuel Cost Recovery (FCR) will be implemented for long-term contracts (validity is more than 3 months) by using the LSF 0.5% price for calculation.

The LSA & FCR tariff will be reviewed monthly if the fuel price fluctuation is more than USD 25 per ton.

Should you have further inquiries, feel free to contact our sales department at (02) 8554-8080.

Please be guided accordingly. Thank you.



We take it personally



FCR (Fuel Cost Recovery) and LSA (Low Sulfur Adjustment) Quantum for December 2019

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