

25 November 2019

AUT19-1

ANNOUNCEMENT

OOCL's Bunker Recovery Approach Asia to/from Australia & New Zealand

To Our Valued Customers:

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 1st 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. 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. Local surcharges and contingency charges may apply.

For further information, please kindly contact our local Sales Representatives at (02) 85548080. Thank you!

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

Scope		AUSTRALIA (AEA+AAA)		NEW ZEALAND	
		SB (from PHL)	NB (to PHL)	SB (from PHL)	NB (to PHL)
FCR	20'GP	253	119	269	199
	40'GP	506	238	538	398
	40'HQ	506	238	538	398
	45'HQ	506	238	538	398
	20'RF	380	179	404	299
	40'RQ	759	357	807	597
LSA	20'GP	110	52	118	87
	40'GP	220	104	236	174
	40'HQ	220	104	236	174
	45'HQ	220	104	236	174
	20'RF	165	78	177	131
	40'RQ	330	165	254	261