

## Emergency Fuel Adjustment Factor (EFAF)

In light of heightened geo-political tensions as well as contributing macro-economic developments the fuel price in 2018 has increased by 45% versus the 2017 average reaching a level of USD 440 per ton (Basis IFO 380 / Rotterdam). This significant and sudden upward development in shipping's largest single cost component means that it is no longer possible for Hamburg Süd to sustain its services without an adjustment to its fuel cost recovery.

As a result, Hamburg Süd sees no other option but to introduce an **Emergency Fuel Adjustment Factor (EFAF)** as a necessary step to ensure a continued sustainable and quality service to our customers.

The EFAF will be applicable to all cargo globally except for export shipments from China. The surcharge will be effective 1<sup>st</sup> June 2018 for non-FMC corridors and from 1<sup>st</sup> July 2018 for FMC corridors.

The surcharge tariff is as follows:

Equipment Type <sup>1</sup>	20' DRY	40' DRY/HQ/NOR	20'RF	40'RF
In USD per unit	USD 60	USD 120	USD 90	USD 180

In light of the fact that all active Reefer shipments consume fuel both on the underlying vessel system as well as for the auxiliary engines powering the reefer cooling units the EFAF for active Reefers is higher by a factor of 1.5x as compared to the DRY shipments.

### Tariff adjustment mechanism:

The EFAF tariff outlined above is based on a bunker price of USD 440 (Basis: IFO380 / Rotterdam). The EFAF tariff is subject to change as per the below trigger points:

- Should the bunker price (IFO380 / Rotterdam) increase to a level of USD 530 per ton, then the EFAF tariffs will be multiplied by a factor of 2x.
- Should the bunker price (IFO380 / Rotterdam) decrease to a level of USD 370 per ton, then the EFAF surcharge will be withdrawn.

For your reference and in compliance with EU regulations we have included below the rates **including the EFAF** on a sample corridor ex Asia to Europe valid from 1<sup>st</sup> JUN 2018 until further notice:

**Asia to North Europe trade:** from Tanjung Pelepas to North Europe base ports<sup>2</sup> as follows:

- US\$ 960 per 20' standard container (UK surcharge US\$ 25/50/50)
- US\$ 1,820 per 40' standard container (UK surcharge US\$ 25/50/50)
- US\$ 1,870 per 40' high cube container (UK surcharge US\$ 25/50/50)

The above amounts refer to the base rates, are including BAF and EFAF and are subject to:

- LSS (ECA), Security related charges and surcharges (respectively applicable at the Port of Origin and the Port of Destination), Terminal Handling Charges (respectively applicable at the Port of Origin and the Port of Destination), additional charges and surcharges reflecting foreseeable high demand (such as Peak Season Surcharges), and all other applicable surcharges, such as local charges and contingency charges, valid at the time of shipment.
- Above rates are applicable for all cargo on board vessels with ETD 1<sup>st</sup> June 2018 onwards and until further notice. Other corridors, commodities and container types (including reefers) that are not listed above may also be subject to increases.

For all rate related information please visit the Hamburg Süd Line website under the following link:

[https://ecom.hamburgsud.com/ecom/en/ecommerce\\_portal/tariffs\\_and\\_surcharges/gri\\_announcement/griannouncment.xhtml?lang=EN](https://ecom.hamburgsud.com/ecom/en/ecommerce_portal/tariffs_and_surcharges/gri_announcement/griannouncment.xhtml?lang=EN)

Thank you for your understanding in this challenging situation and your continuous support of our services. If you have any questions, please feel free to reach out to your local sales or customer service representative. You will find contact details of our local offices on [www.hamburgsud-line.com](http://www.hamburgsud-line.com).

<sup>1</sup> 20' and 40' FR and OT containers are subject to the same levels as DRY containers

<sup>2</sup> Felixstowe, Southampton, Hamburg, Bremerhaven, Wilhelmshaven, Rotterdam, Antwerp, Le Havre