
CUSTOMER ADVISORY

IMO 2020: Update on Bunker Adjustment Factor (BAF) and new Environmental Fuel Fee (EFF)

Dear customer,

From 1st January 2020, a new regulation will come into force to reduce air pollution from ships globally. Whereas today ships can use fuel with up to 3.5% sulphur content (outside Emission Control Areas), the new global sulphur cap will be 0.5%. The cost of compliance with the new regulation will be significant, so the cost of shipping will increase.

Update on Bunker Adjustment Factor (BAF)

As previously communicated, our revised Bunker Adjustment Factor (BAF) is designed to adjust contract rates within the duration of a contract, based on fluctuations in fuel-related costs. It applies to contracts with validity longer than 3 months. In 2019, we have used the fuel price for high-sulphur fuel (3.5% sulphur) to calculate the BAF. From 1st January 2020, the BAF tariff will be calculated based on the fuel price for 0.1% sulphur gasoil with a fixed deduction of 50 USD/ton.

New Environmental Fuel Fee (EFF)

Effective from 1st December 2019, Maersk will introduce a Environmental Fuel Fee (EFF) on all trades, which will apply to all spot business and contracts with validity up to 3 months. The EFF tariff will be trade-specific and reflect the fuel-related cost increases that result from compliance to the IMO 2020 regulation (calculated as the price difference between high sulphur fuel and low sulphur fuel multiplied by a trade factor). The EFF tariffs will only be reviewed in case of significant fuel price fluctuations (more than 50 USD/ton). The EFF tariffs applicable from 1st December 2019 will be announced end-October 2019.

Please do not hesitate contacting your local Maersk representative if you have any questions on the impact on your business of the IMO 2020 regulation.

We want to thank you for your business and look forward to continuously serving your global transportation needs.

Best regards,
Maersk

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