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IMO 2020 / Low Sulphur  
Implementation

# What is IMO2020 & LOW SULPHUR?



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The International Maritime Organisation is an agency of the United Nations, responsible for the safety and security of the shipping industry and regulating the environmental impact of ships.

The IMO has set a regulation to limit Sulphur content in oil to less than 0.5% effective the 1<sup>st</sup> of January 2020. The current global limit for Sulphur content in fuel oil is 3.5%.

# Implementation



Shipping lines have the following options available to them in order to be compliant:

1. Use compliant fuel (0.5%)
  - Maximise FO 0.5%
  - - No investment but it is more expensive
2. Clean the Emissions from Sulphur
  - Install Scrubbers(Expensive to install)
  - Use high Sulphur FO 3.5%
3. Find an Alternative Fuel Oil
  - Use LNG
  - Needs Investment, still at the beginning of technology
  - For newly built vessels, retro-fitting existing vessels not economically viable

**\*\*Estimated cost to the shipping industry is USD 60 billion\*\***

# Stockwell's Approach



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Stockwells will continue to inform our customers of changes to the industry and continue in making them aware of the potential impacts.

Customers must be aware that the increased costs associated with these measures will be passed on, starting with the Carriers themselves, in order to recover the costs throughout the entire shipping and supply industry.

Several major carriers (shipping lines) have already been implementing a Low Sulphur Surcharge (LSS) out of NEA for almost a year at a cost of around \$40-80 USD/TEU.

There are multiple options for the carriers to recover the increased fuels costs, such as:

- Higher All-In freight rates
- Low Sulphur Surcharge
- Current or Similar BAF mechanism with an upwards revision

Implementation and compliance are estimated to see an increase in costs of USD\$160/TEU.





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Thank You

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