

Reducing Greenhouse Gas Emissions

IMO 2020

What is IMO 2020?

The International Maritime Organisation (IMO) has ruled that from 1 January 2020, marine sector emissions in international waters be slashed.

The marine sector will have to reduce sulphur emissions by over 80% by switching to lower sulphur fuels. The current maximum fuel oil sulphur limit of 3.5 weight percent (wt%) will fall to 0.5 wt%. IMO 2020 regulations will see the largest reduction in the sulphur content of a transportation fuel undertaken at one time.

Why is everyone talking about a fuel specification?

The marine sector, which consumed 3.8 million barrels per day of fuel oil in 2017, is responsible for half of global fuel oil demand. IMO sulphur regulations therefore have the potential to be highly disruptive to the pricing and availability of compliant fuels.

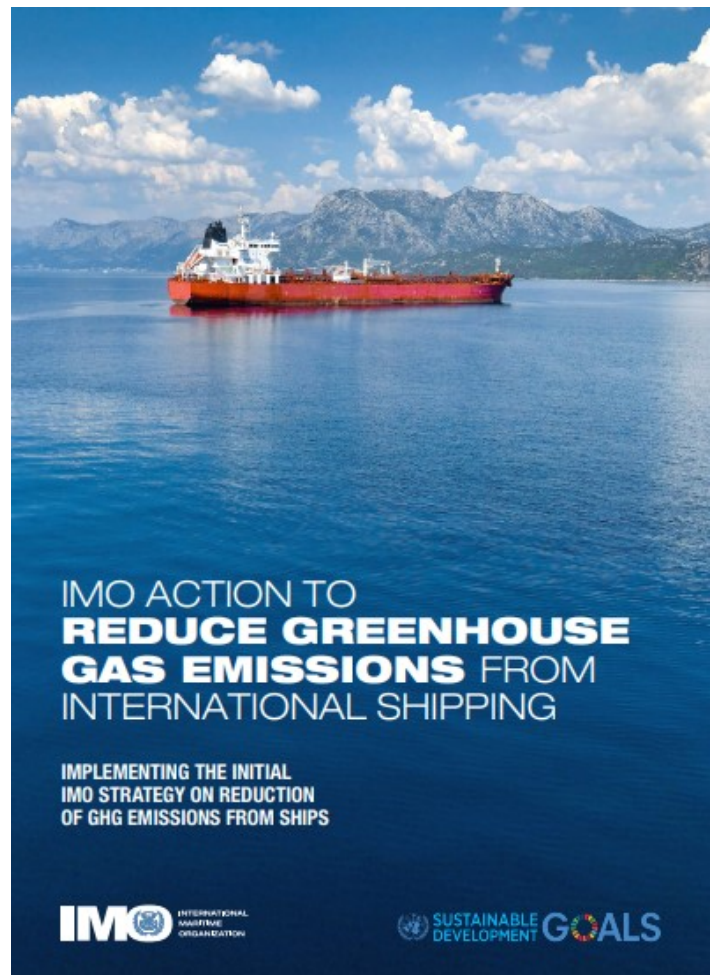
Who will be affected by IMO 2020?

The costs of ocean freight will increase as the marine sector uses more costly fuels, which has wide reaching consequences across the global economy. The impact has been felt from late-2019 onwards and will last for a few years, as the refining and shipping sectors adapt to this new requirement.

What does IMO 2020 mean for my business with Charles Kendall?

Each ocean carrier has adopted their own pricing method of dealing with IMO surcharges. Some will show as a separate line item, others have rolled it into existing fuel surcharges (BAF), others have combined into one marine fuel recovery charge. We will therefore show on our quotations or freight invoices a separate line item for IMO 2020, or in the event the carrier has rolled it into another surcharge, we will highlight the difference to you at time of quotation/booking.

If you have any questions, please feel free to contact your local CKF office or email our expert team at compliance@charleskendall.com.



IMO have produced this useful illustrative public report: www.imo.org/en/MediaCentre/HotTopics/Pages/Reducing-greenhouse-gas-emissions-from-ships.aspx