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Press release

Maersk to change fuel adjustment surcharge ahead of the 2020 sulphur cap

Copenhagen, 17 September 2018. New Bunker Adjustment Factor (BAF) surcharge enables customers to predict, plan and track how changes in fuel price impact the shipping freight rate.

The new BAF surcharge aims at recovering the Maersk Line costs of compliance with the global sulphur cap which enters into force on 1 January 2020. This regulation has been developed and adopted by the International Maritime Organisation (IMO), a specialised agency under the United Nations (UN). Whereas today ships can use fuel with a sulphur content of 3.5%, the new sulphur cap will be 0.5%.

To become compliant shipowners will have to invest in compliant fuels, LNG or scrubber technology. This is expected to lower global shipping's sulphur emissions, a known source for respiratory disease and acid rain, by more than 80%.

"We fully support the new rules. They will be a significant benefit to the environment and to human health", says Vincent Clerc, Chief Commercial Officer, A.P. Moller - Maersk A/S. "The 2020 sulphur cap is a game changer for the shipping industry. Maersk preparations to comply are well underway and so are our customers' efforts to plan ahead. The new BAF is a simple, fair and predictable mechanism that ensures clarity for our customers in planning their supply chains for this significant shift."

The regulation will bring increases and uncertainty to fuel costs for shipping. The BAF surcharge is designed to recover increases in fuel related costs. It will be charged separately from Maersk Line's freight rate.

According to industry estimates, more than 90% of the global vessel fleet will be relying on compliant fuels when the sulphur rules step into force on 1 January 2020. This will also be the case for the Maersk Line fleet, despite a recent investment in a limited number of scrubbers.

Based on expected differences in price between current 3.5% bunker fuel and compliant 0.5% fuel, external sources estimate the additional cost for the global container shipping industry to comply could be up to USD 15 billion. Maersk Line expects its extra fuel costs could exceed USD 2 billion.

Two key elements to give predictability

The BAF replaces Maersk Line's current Standard Bunker Adjustment Factor (SBF) surcharge and consists of two key elements; the **fuel price** which is calculated as the average fuel price in key bunkering ports around the world, and a **trade factor** that reflects the average fuel consumption on a given trade lane as a result of variables like transit time, fuel efficiency and trade imbalances between head haul and backhaul legs.

Combining the two factors give customers full predictability of their costs at any given fuel price both before and after 2020.

To allow customers to familiarise with the changed formula, Maersk Line's BAF surcharge will be introduced on 1 January 2019.

More info in customer advisory and FAQ [here](#).



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EXAMPLES only of BAF tariffs (USD/FFE) for standard (dry) containers at different fuel prices (USD/ton), for selected trades

Trade	USD 400	USD 450	USD 500	USD 550	USD 600	USD 650	USD 700
North Europe to Far East	280	315	350	385	420	455	490
Far East to North Europe	480	540	600	660	720	780	840
Mediterranean to Far East	280	315	350	385	420	455	490
Far East to Mediterranean	480	540	600	660	720	780	840
Far East to USWC	390	439	488	536	585	634	683
USWC to Far East	90	101	113	124	135	146	158
US to North Europe	120	135	150	165	180	195	210
North Europe to US	520	585	650	715	780	845	910
Europe to ECSA	350	394	438	481	525	569	613
ECSA to Europe	600	675	750	825	900	975	1050

For further information please contact:

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About A.P. Moller - Maersk

A.P. Moller - Maersk is an integrated container logistics company working to connect and simplify its customers' supply chains. As the global leader in shipping services, the company operates in 130 countries and employs roughly 76,000 people. With simple end-to-end offering of products and digital services, seamless customer engagement and a superior end-to-end delivery network, Maersk enables its customers to trade and grow by transporting goods anywhere - all over the world.