

IMO 2020

A brief overview of what you
need to know.

Explaining new maritime fuel regulations
and what it means for your business.



IMO 2020



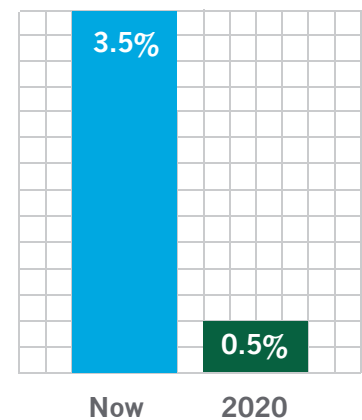
Everything you need to know about IMO 2020.



WHAT IS IMO 2020?

The International Maritime Organization (IMO) is changing the rules that govern emissions. Beginning in 2020, sulfur content allowed in marine fuels is decreasing to 0.5% - a significant drop from the existing 3.5% limit. All carriers must comply with the IMO regulation by January 1, 2020.

SULFUR CONTENT



**CARRIERS HAVE THREE OPTIONS TO COMPLY.
EACH BRINGS ADDITIONAL OPERATING EXPENSES.**



SWITCH TO LOW SULFUR FUEL

New low-sulfur fuels are cleaner, but could be ~25% more expensive than traditional fuels



INSTALL SCRUBBERS

Installing scrubbers puts a vessel out of service for 30-40 days and costs \$3M-\$5M per vessel



LIQUEFIED NATURAL GAS

Infrastructure to use LNG is still in its infancy. Costs \$25M-30M per ship and best suited for new builds

IMO 2020

What does this mean for your supply chain?

POTENTIAL IMO 2020 EFFECTS ON THE INDUSTRY

- Freight rates will increase as fuel costs increase
- Longer routes will cost more due to greater fuel consumption
- Could experience tighter capacity because weight & density of cargo factor into fuel needs
- Longer transit times may be in store if steamships start slow steaming
- Trucking rates may increase if cost of diesel surges due to shifting oil market demands



NEXT STEPS

While there are many uncertainties at this point, UWL is committed to providing you with proactive and transparent updates. We expect the industry will begin to feel the effects of these changes by early October.

If you have questions, please reach out to our team. We are committed to keeping you informed on the roll-out of IMO 2020.

Phone: 440-230-3436
Email: sales@shipUWL.com
shipuwl.com



THERE IS GOOD NEWS

Implementing IMO 2020 is projected to result in an 85% global reduction in sulfur emissions - meaning better air quality and positive environmental effects.



UNCERTAINTIES EXIST AT THIS POINT

Shipowners need to determine how to best comply, while refiners need to change processes & production to meet new market demands.



NEW PRICING MODELS FROM CARRIERS

Most carriers plan to remove fuel price from base rate and move to a new fuel surcharge that includes all bunker-related adjustments in one.



GLOBAL TRANSPORTATION COSTS WILL INCREASE

The price of fuel for ocean carriers may increase an estimated 20-50%.

Sources Consulted:

Bunker News Team. (2018, April 12). IMO2020: Shipping's Bunker Fuel Bill to Rise by a Quarter. [Retrieve here](#).

Catlin, J. (2018, September 19). 2020 Sulfur Cap: Scrubbers Gain Favor - But Should They? [Retrieve here](#).

George, L. (2018, April 11). Shipping fuel costs to spike 25 percent in 2020 on sulfuric cap:... [Retrieve here](#).

IMO 2020 - impact on upstream producers, LNG and bulks. (2019, May 7). [Retrieve here](#).

Liang, L. H. (2019, May 29). Scrubber uptake for containerships reaches 16% of global fleet: Alphaliner. [Retrieve here](#).

Robins, J. (2018, September 28). Majority of vessels could see 2020 fuel bills double. [Retrieve here](#).

The dilemma of fitting scrubbers. (2018, August 14). [Retrieve here](#).

Domm, P. (2019, March 1). The biggest change in global fuel regulations since leaded gas went away could cause price shocks. [Retrieve here](#).

