



IMO 2020

As of 1/1/2020, new Sulphur regulations will require all vessels to emit less Sulphur oxides.

This is a global UN (IMO) regulation that all steamship lines will have to comply by starting 2020. There are a few ways that shipping lines can comply which include:

1. Low Sulphur Fuel (.5%)
2. Installation of Scrubbers on Board which clean exhaust gas
3. Use Liquified Natural Gas

Present Allowed: 3.54%

2020 Allowed: 0.5%

What does this mean for Ocean Shipping?

The fuels which are compliant with IMO 2020 regulation (max. 0.5% Sulphur) are significantly more expensive than current standard fuel (3.5% Sulphur). While supply of compliant fuels will be sufficient, the industry will be forced to use a mix of compliant fuels (0.1% Sulphur gas oil, 0.5% Sulphur gas oil, 0.5% Sulphur fuel oil) with different properties and different price points.

We expect increased price volatility and greater geographic fuel price fluctuations going forward.