

How to book and negotiate best freight rates

How to establish freight contracts

How to work in partnerships in logistics

How to sell freight effectively







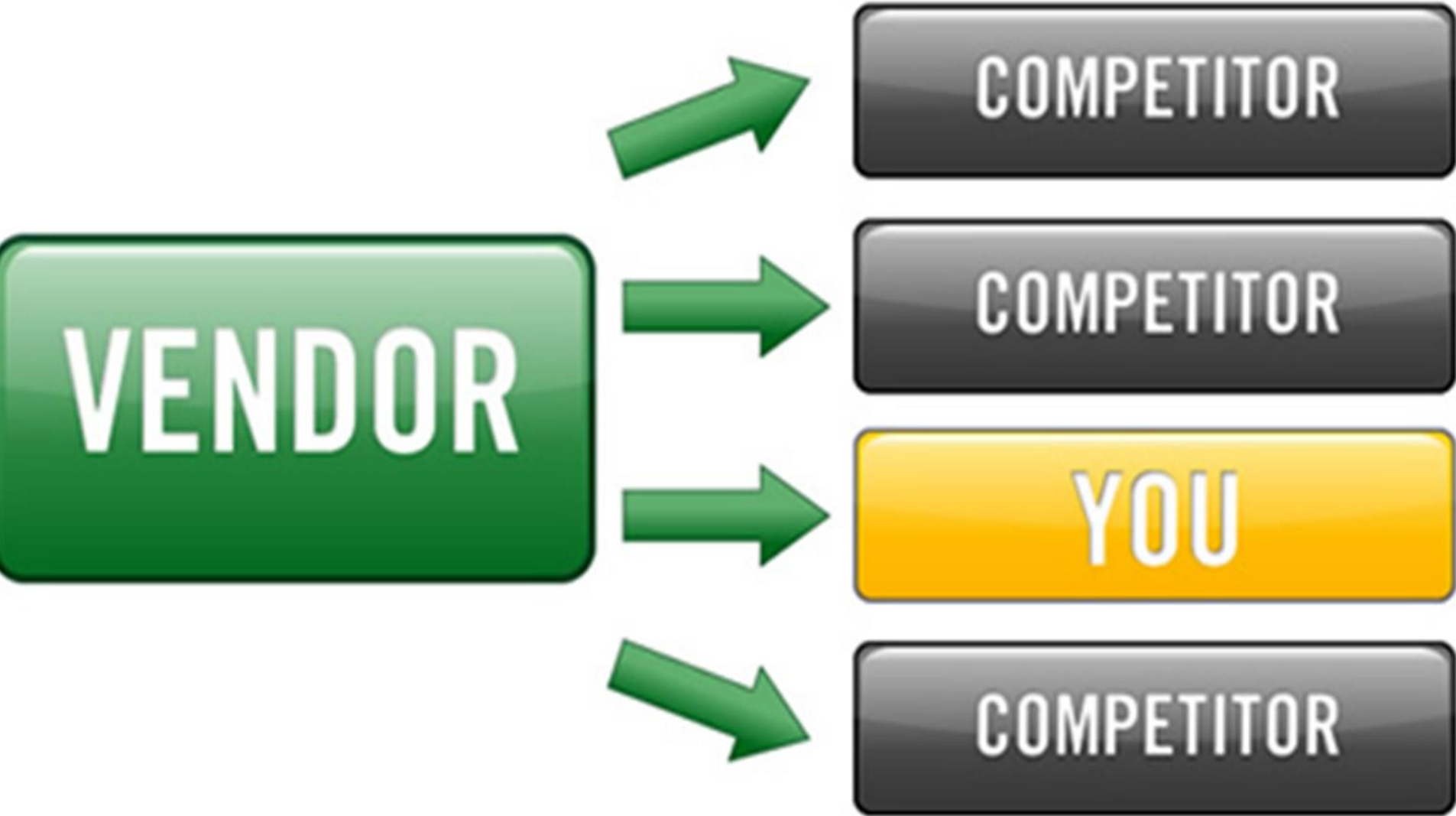


It is a thousand times better to have common sense without education than to have education without common sense. ~Robert G. Ingersoll



- One of the best ways to improve your corporate bottom line is to get supply chain costs under control,
- If one is in international trade such as being an exporter, importer or a trader, the cost of logistics in the supply chain may break or make a business deal possible

Changing economic/social landscape



Effective and efficient freight manager



What were your past experiences with freight forwarders?

What is the environmental impact?

Which new and/or existing developments require logistical support?

What are your service requirements?

What security aspects are to be considered?


How can flow and processes be optimized in order to run more efficiently?

What levels of control and management do you need?



4 main International trade contracts

The Deal



Sellers

Buyers

4 main International trade contracts

- Sales Contract- Between buyer and seller

Guiding Document: ICC Incoterms

- Contract of Carriage- Between Transporter/Logistic operator and Buyer / Seller

Guiding Document: Hamburg/ HV rules

- **conventions of transport modes**

- Payment contract- seller/buyer and bank

- **Guiding Document: UCP 600**

- Liability contract- seller/buyer and insurance

- **Guiding Document: Lloyds Marine policy**

What is freight?

- Goods transported in volume between two locations

BY

- Truck, train, ship, or aircraft

OR BY

All four modes

which can be bulk, containers, liquid

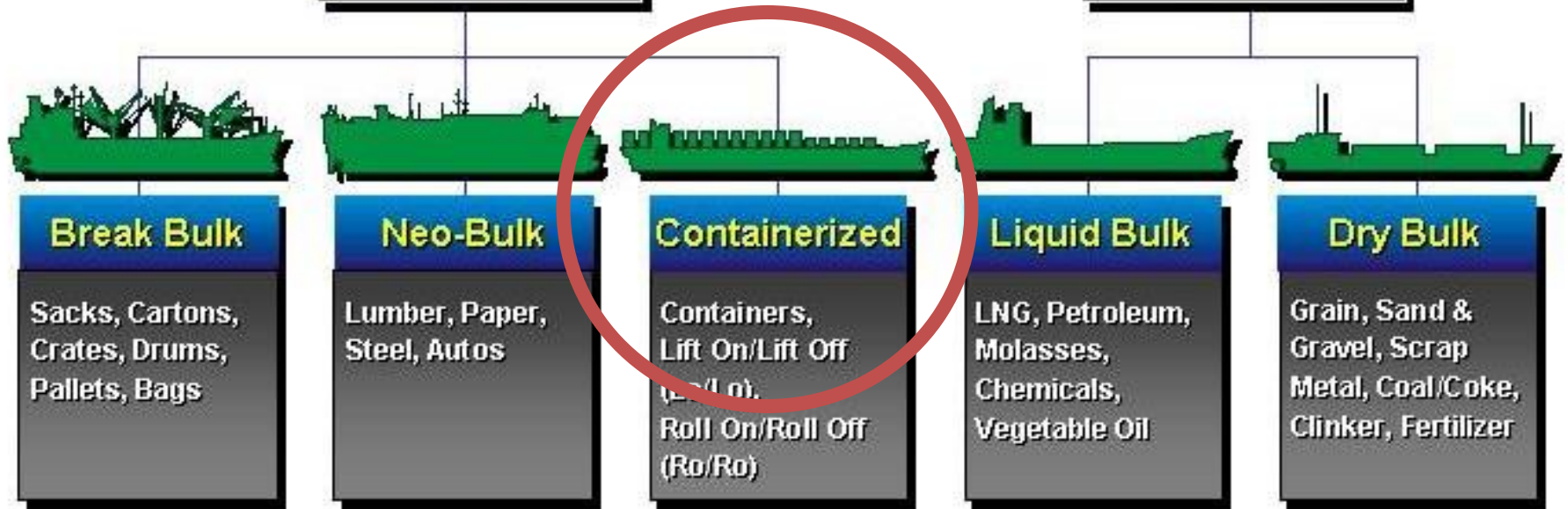


Functional Classification of Maritime Cargo:

All Maritime Cargo

General Cargo

Bulk Cargo



What is a freight rate ?

What is a freight rate ?



Freight rate is simply the price at which a certain cargo is delivered from one point to another. Traditionally that's where the simplicity ends, as the calculations involved in producing these prices can depend on the mode of transport (road freight, air freight or sea freight), the nature and form of the cargo (loose cargo, containerised cargo etc) the weight or volume of the cargo, and the distance to the delivery destination.



Sri Lanka Exchange Control Tariff 1996

Definition of freight

Chapter 1

Outward and inward containers & transshipment vessel discharging or loading on liner terms

Regulation specifies freight as

"The definition of freight for the purpose of charging agency commission should be " Full freight adjusted for currency adjustment factor(CAF) with no deduction other than bunker surcharges(BAF). All other surcharges should be considered as part of full freight for determining full freight"

Who books freight?

Shippers!

Seller, buyer, exporter, trader, freight forwarders

Who is a shipper?

Shipper

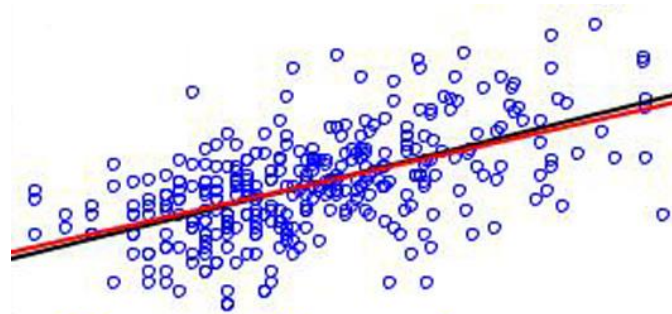
- Shippers represent the owner of goods being transported by any mode of transport, whether consignors (the traditional meaning of shipper) or consignee.
- The definition of shipper has changed in line with the nature of international trade and transport: in today's global economy shippers may contract third party logistics providers or freight forwarders to procure and manage their freight shipments; they will be responsible for arranging and managing that contract.
- A shipper – as owner of the goods will have the ultimate responsibility for the goods in their control or in transit and compliance with the **relevant national** and international rules of trade and commerce
- By virtue of the decisions a shipper makes in choices of service provider, types-length, number and style of contracts, **he or she is in effect is a risk manager for the company's supply chain.** Decisions made by the shipper could have profound impacts on the business

How to book freight?



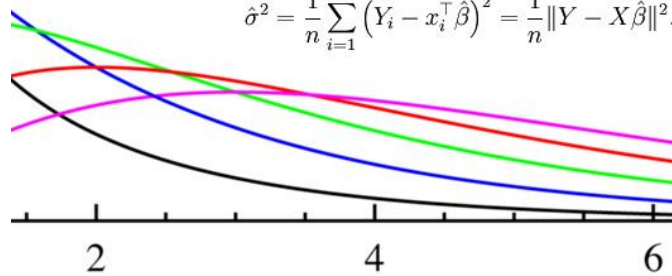


Information

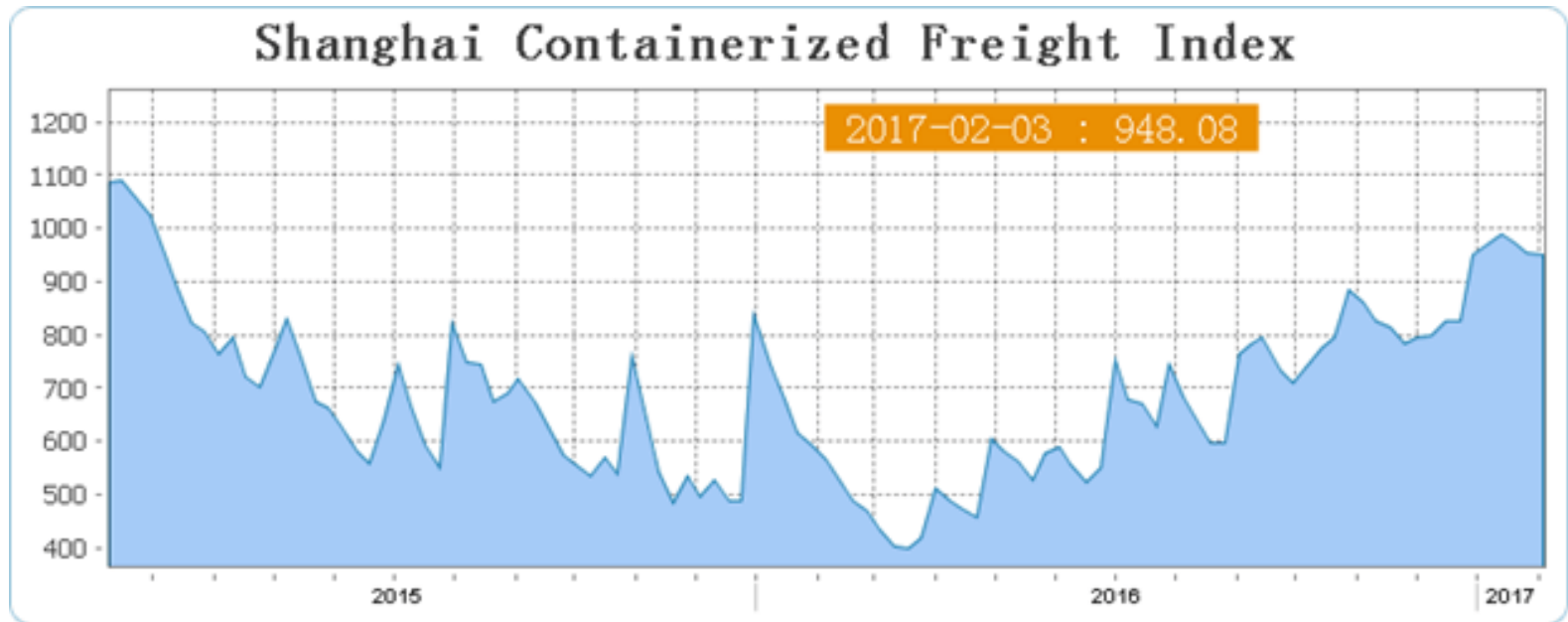


Statistics

$$\hat{\sigma}^2 = \frac{1}{n} \sum_{i=1}^n (Y_i - x_i^\top \hat{\beta})^2 = \frac{1}{n} \|Y - X\hat{\beta}\|^2.$$



Freight market



**Know your sales
contract**

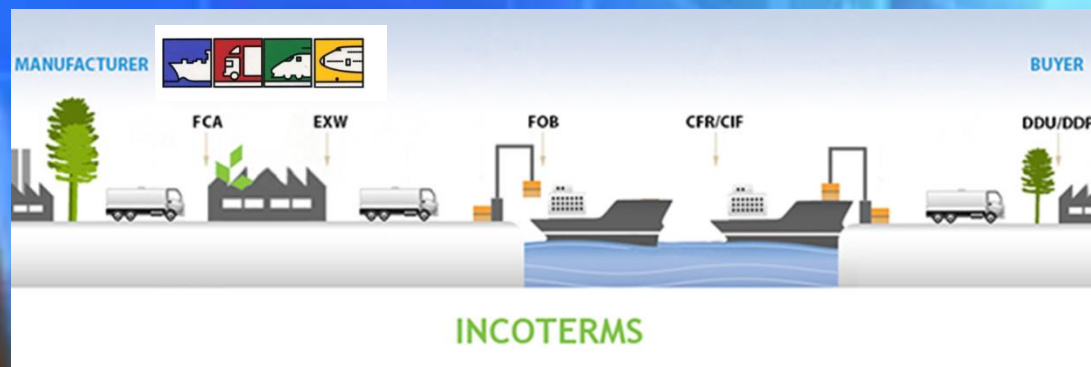


WHAT
MODE OF
TRANSPORT?

KnowThis.com - Modes of Transportation Summary

Mode	Product Options	Speed	Accessibility	Cost	Capacity	Intermodal Capability
Truck	Very Broad	Moderate	High	Moderate	Low	Very High
Railroad	Broad	Slow	Moderate	Low	Moderate	Very High
Air	Narrow	Fast	Low	Very High	Very Low	Moderate
Water	Broad	Very Slow	Moderate	Very Low	Very High	Very High
Pipeline	Very Narrow	Very Slow	Low	Low	Very High	Very Low
Digital	Very Narrow	Very Fast	Very High	Very Low	Moderate	Very Low

UNDERSTANDING THESE TERMS IS CRUCIAL



THE TERMS & FREIGHT PAYMENT

Sales contract requirements on freight



PURCHASE AND SALES AGREEMENT

Contract Number: AFG012

As amended and approved by CBI on February 2008

PURCHASE AND SALE AGREEMENT dated as of _____ 2008 between:

Cooperative Business International, Inc (CBI) acting as agent for The Islamic Republic of Afghanistan (Ministry of Finance); and

_____, (Buyer), who has an address of: _____ and a telephone number of: _____.

RECITALS

- A. Pursuant to an agreement between the Government of the United States of America (USG) and CBI as agents for The Islamic Republic of Afghanistan, the USG has donated 102,060 cartons of vegetable oil (the Oil) to be sold in Afghanistan. Proceeds from such sales will be allocated to agricultural development projects as agreed to between the USG and The Islamic Republic of Afghanistan.
- B. CBI, a U.S. corporation with an office in Afghanistan and the USG, and will be managing the sale of the Oil on behalf of their principal "The Islamic Republic of Afghanistan, Ministry of Finance".
- C. The Buyer has received a copy of the Bidding Documents dated prepared and distributed by CBI that details certain aspects of these arrangements. These details require that the Buyer certify that the Oil purchased under this agreement will only be used for wholesale, resale or the production of human food consumables in Afghanistan.
- D. The Buyer has agreed to purchase a portion of the Oil, subject to the terms and conditions of this Agreement.

AGREEMENT

NOW THEREFORE, Seller and Buyer agree as follows:

Buyer agrees to buy and Seller agrees to sell the refined U.S. origin vegetable oil (the Oil) as described here below under the terms set forth in this agreement.

1. **Price:** The total purchase price for the Goods shall be US\$ _____.
2. **Delivery period:** The Oil shall be delivered to the Seller's warehouse in Kabul, Afghanistan. Based on the current shipping schedules provided by the shipping companies responsible for delivery of the Oil to Afghanistan under this USG donation, the estimated time of arrival of the Oil in Afghanistan at the Seller's warehouse is (March 1, 2008 and April 15, 2008). *However, the parties mutually agree that the date of the delivery of the Oil under this agreement is the date that the Oil is actually delivered to the Seller's warehouse in Afghanistan. (Delivery delays caused by the weather, by war, by terrorism, by the shipping company or by*



The logic of the Incoterms 2020 rules

The eleven rules are divided into two main groups

Rules for any transport mode

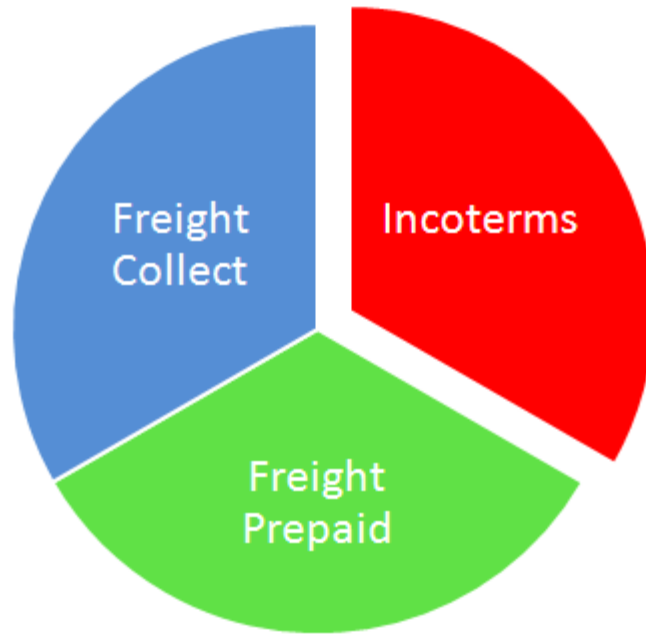
- Ex Works EXW
- Free Carrier FCA
- Carriage Paid To CPT
- Carriage & Insurance Paid to CIP
- Delivered At Terminal DAT
- **Delivered At Place Unloaded DPU**
- Delivered Duty Paid DDP Rules for sea & inland

waterway only

- Free Alongside Ship FAS
- Free On Board FOB
- Cost and Freight CFR
- Cost Insurance and Freight CIF

In general the “transport by sea or inland waterway only” rules should only be used for bulk cargoes (e.g. oil, coal etc) and non-containerised goods, where the exporter can load the goods directly onto the vessel. Where the goods are containerised, the “any transport mode” rules are more appropriate.

A critical difference between the rules in these two groups is the point at which risk transfers from seller to buyer. For example, the “Free on Board” (FOB) rule specifies that risk transfers when the goods have been loaded on board the vessel. However the “Free Carrier” (FCA) rule specifies that risk transfers when the goods have been taken in charge by the carrier.



NEW! ICC GUIDE ON TRANSPORT + INCOTERMS 2010 RULES

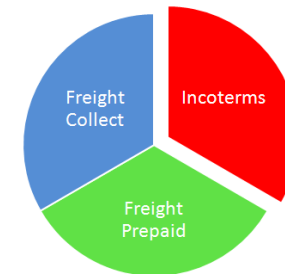
Freight under incoterms

3-F Terms -
7- C & D Terms-
1-E Term -

Collect
Prepaid
Either

Any mode

EXW, FCA, CPT, CIP, DAT, DAP, DDP



Sea and inland waterways

FAS, FOB, CFR, CIF

INCOTERMS® 2020 RULES

CHART OF RESPONSIBILITIES AND TRANSFER OF RISK

	Any Transit Mode		Sea/Inland Waterway Transport				Any Transport Mode				
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works	Free Carrier	Free Alongside Ship	Free On Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered at Place	Delivered at Place Unloaded	Delivered Duty Paid
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Charges/Fees											
Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Security Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance						Seller		Seller			



Made Easy Incoterms® 2010

5 Main Changes for International Traders

Consolidator/freight forwarder Shipping line /port ship and buyer

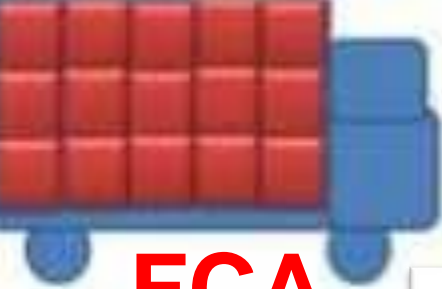
Container Packing Depot

Container Terminal/ Wharf

"On Board" Vessel

LCLCFS

FCLCY



FCA

FCA

CFR

CIF

FOB



SELLER



Movement from CFS/CY @ Port



**Can a seller negotiate and obtain freight for buyer to pay
Or the other way around?**

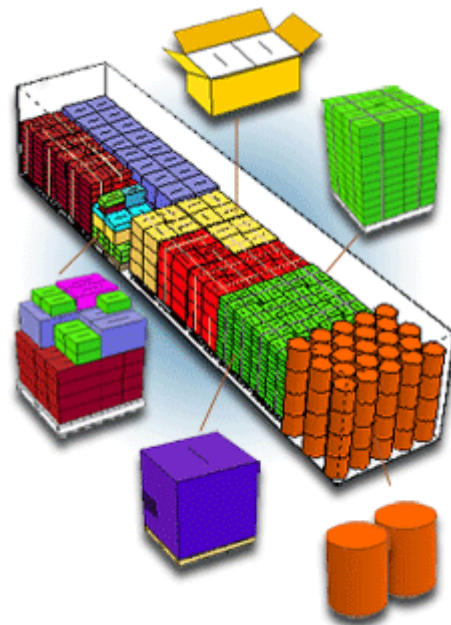


How to get about

Know your freight & requirements!

PLAN FIRST!

Weight/ Volume, Cargo type, Packing ,etc.



Equipment type



DRY VAN



REEFER



TANK o CISTERNA



FLEXITANK



OPEN SIDE

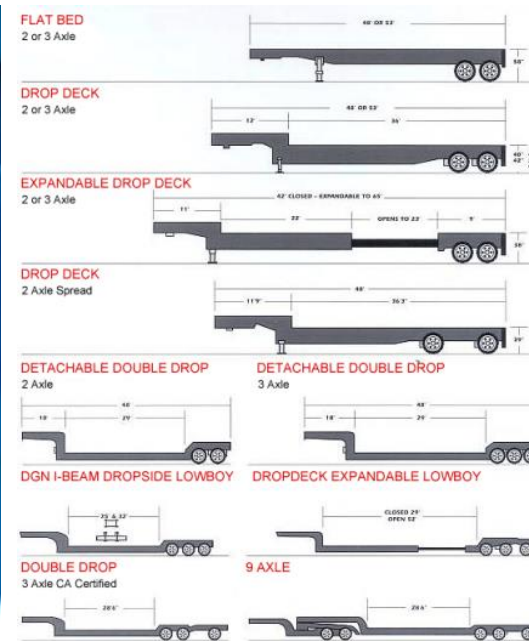


OPEN TOP



FLAT RACK

Country restrictions/laws



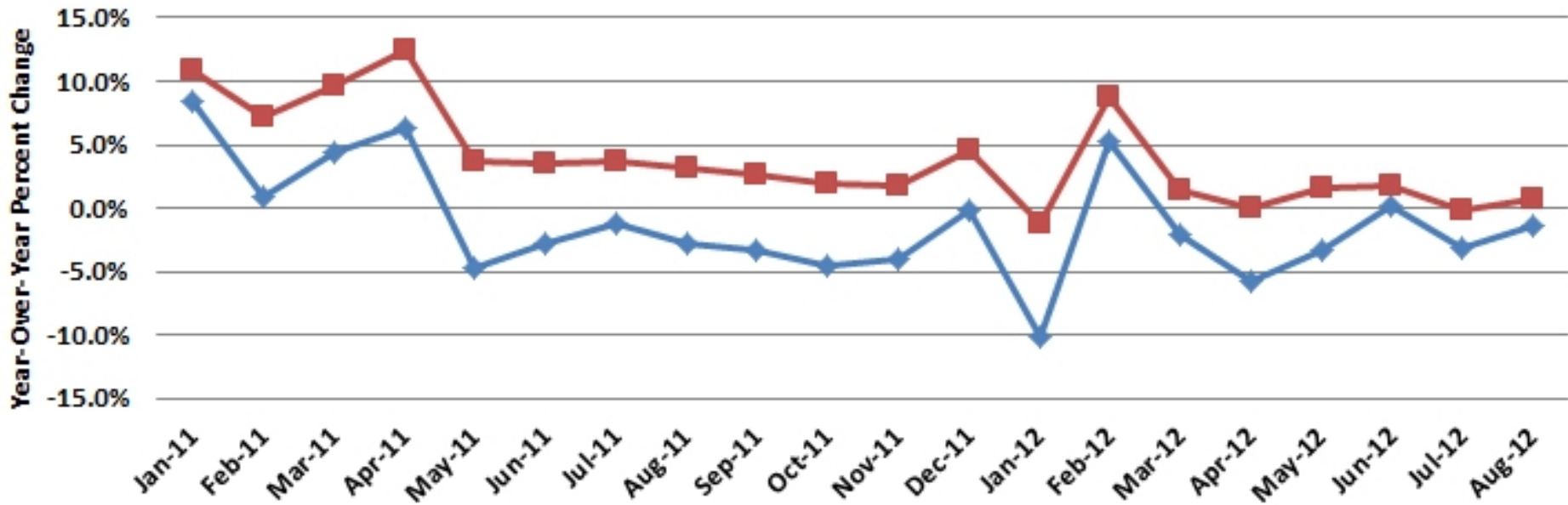
Schedule and Sailing times



Merchandise demand circle

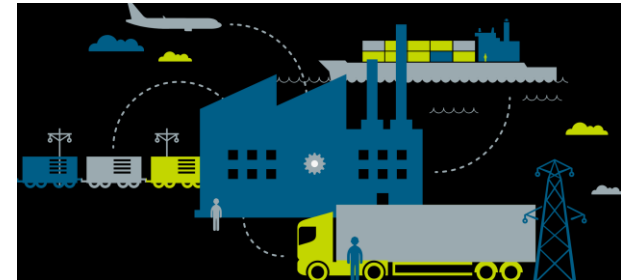


Peak season



Choosing a service provider

LCL
CONSOLIDATION

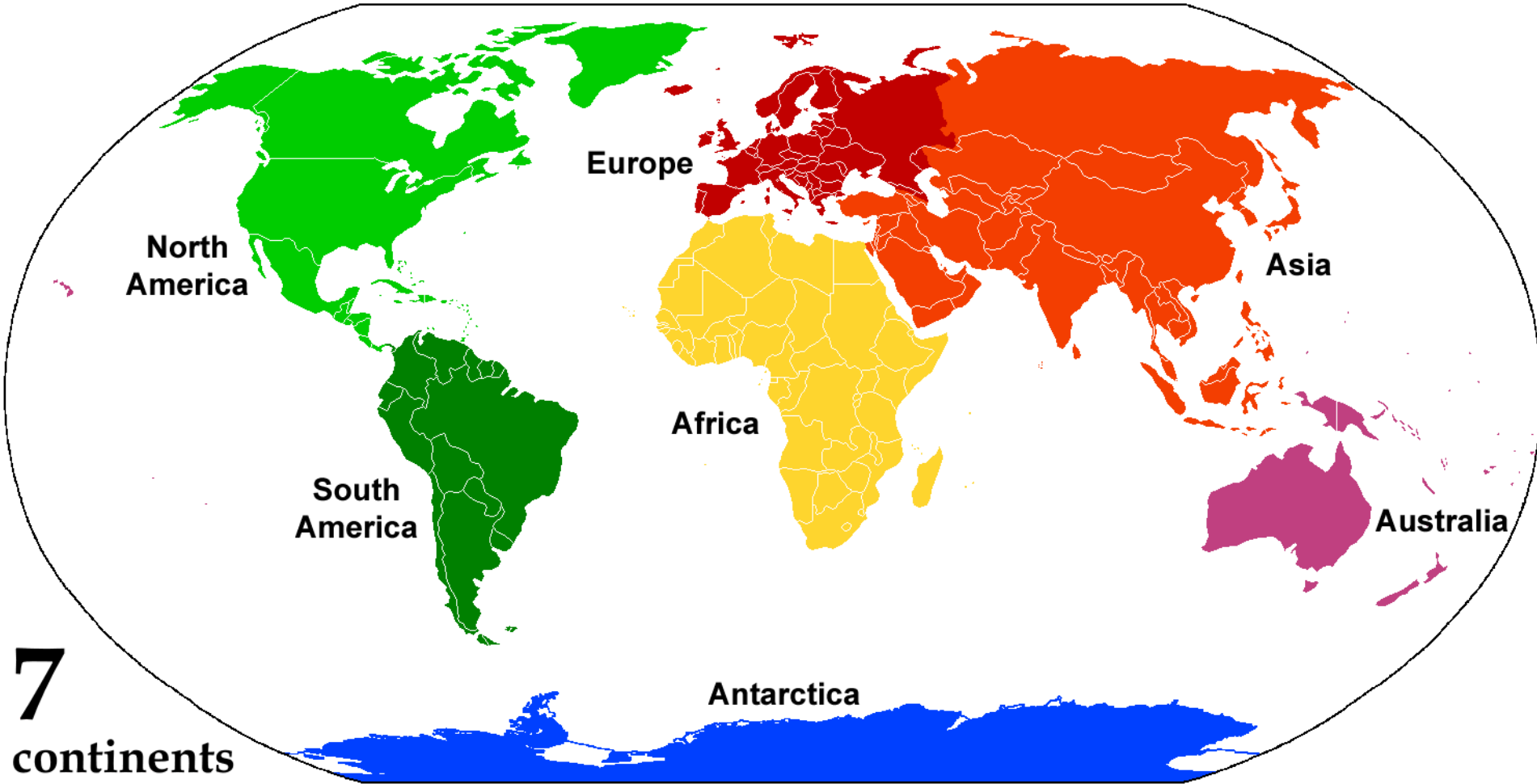


Look at each others (your and his)



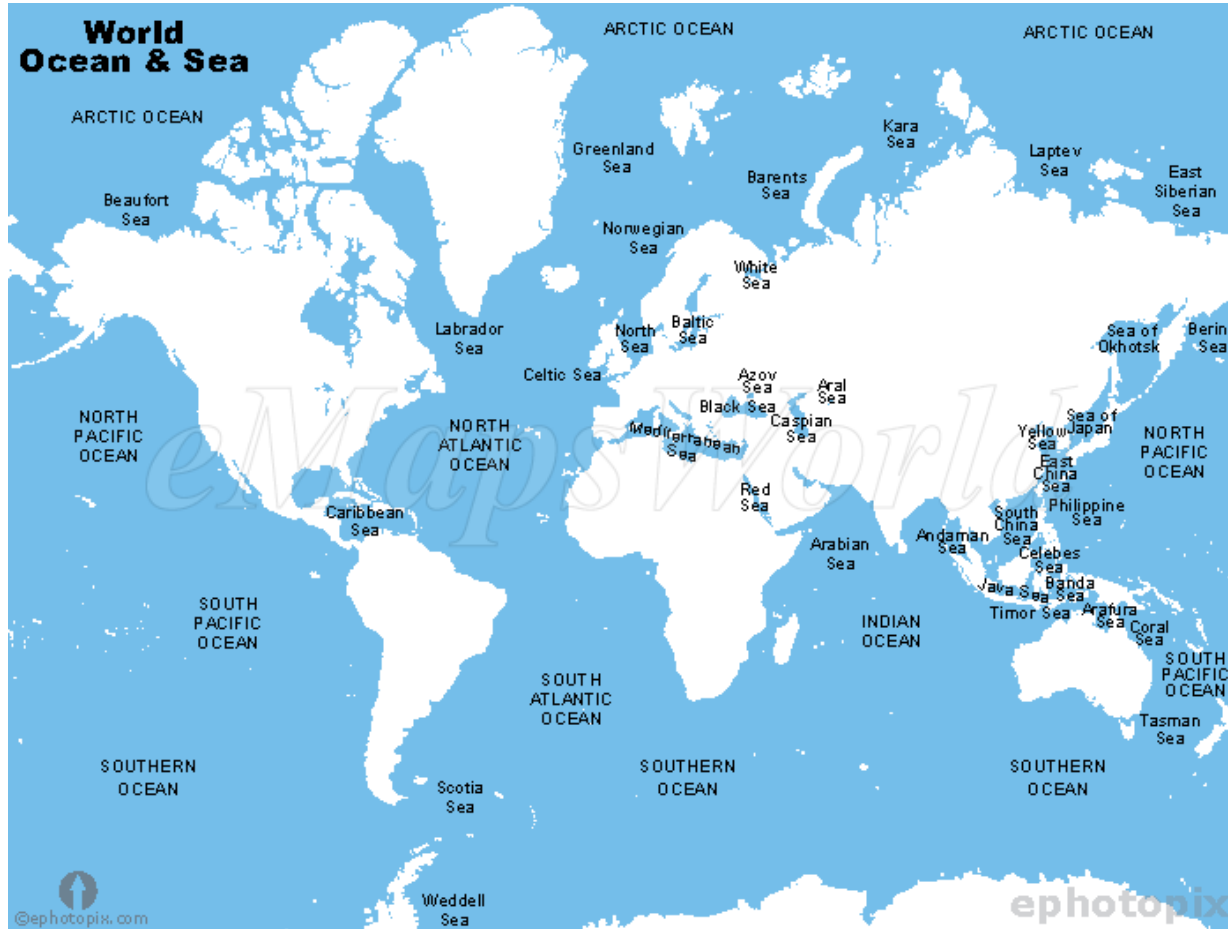
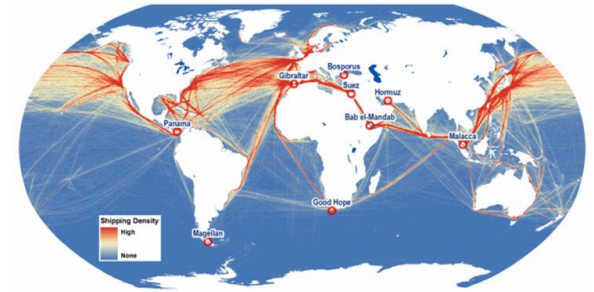


Continental Geography



Countries , cities, services available, multimodal corridors

Maritime Geography



Maritime routes, ports, transshipment ports, transit times, congestion

GLOBAL FIGURES



6.047 ACTIVE SHIPS
including 5.188 fully cellular



21.509.940 TEU
21.101.369 TEU fully cellular



264.039.795 DWT

RANK	2M ALLIANCE	SHARE
	CAPACITY 7.641.759 TEU	35.5%



RANK	OCEAN ALLIANCE	SHARE
	CAPACITY 6.084.542 TEU	28.2%

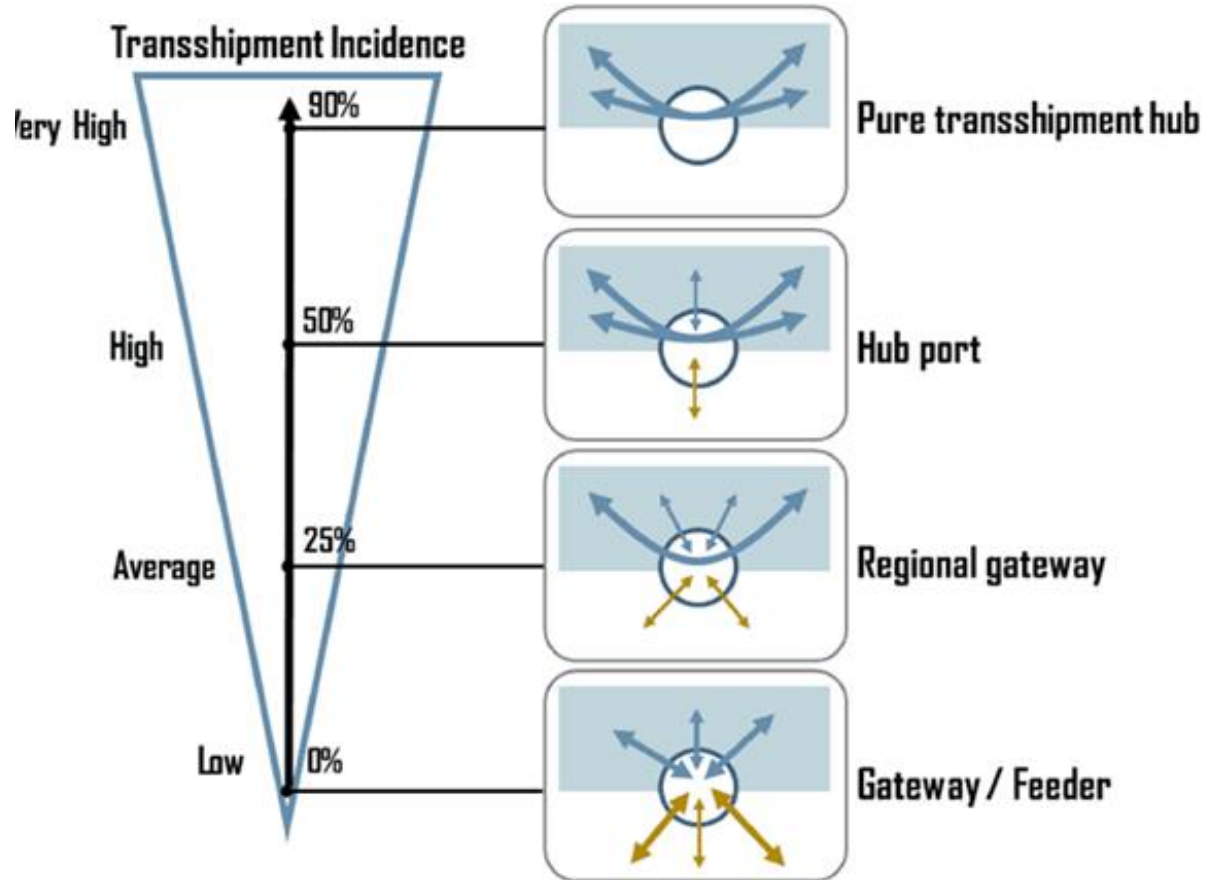


RANK	THE ALLIANCE	SHARE
	CAPACITY 3.627.032 TEU	16.9%

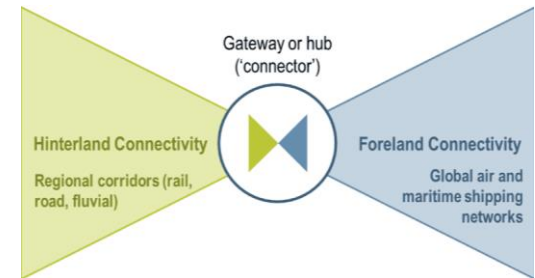
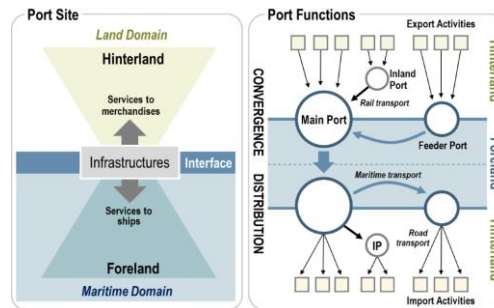
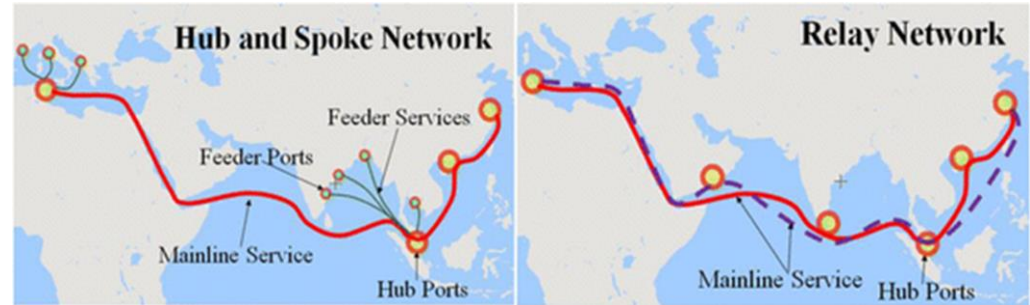


Source: Alphaliner TOP 100, January 2019 (TEU: Twenty-foot Equivalent Unit)

Identifying your port -Levels Transshipment Incidence



Types of shipping networks



Booking freight



What are you looking for?

Dealing with a service provider



So how can you avoid paying too much for movers?

Simple — Get free moving quotes. After that, try contacting some companies to see what their prices are. Make sure you ask the right questions, so that you know the price you get is accurate.

ask!

WHO
WHERE
WHY
WHAT IF
WHAT
HOW
WHY NOT
WHEN

Beyond the negotiated freight

Would you accept GRI as and when announced?

Should you accept rate restoration under a free market?

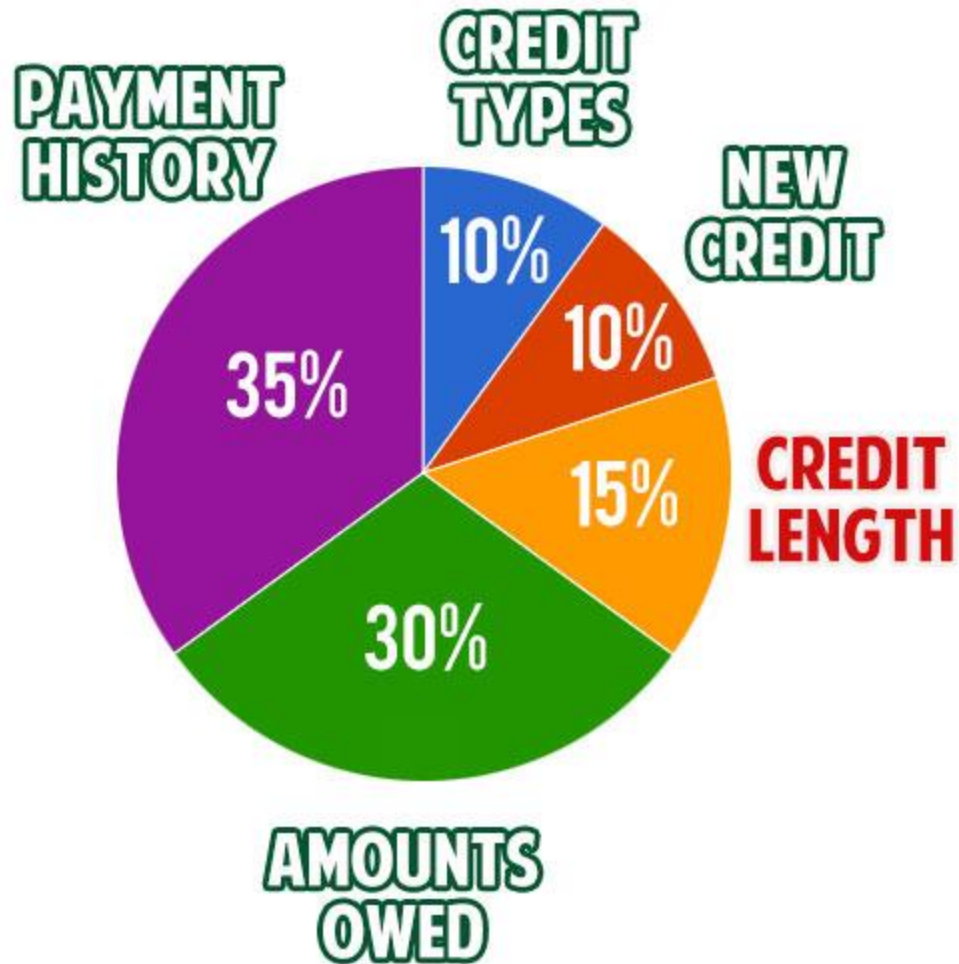
Is a Peak season surcharge justified?

What about BAF/CAF?

Do you know of general average/salvage and the BL?

Shouldn't lines give notice of adjustments?

Should you ask/give for credit



Booking freight with a service provider

How do you Book?



JUST ONE CLICK AWAY



FOLLOW US ON



QUOTE

BOOK

MANAGE

TRACK



Login

 Username

[Forgot username?](#)

 Password

[Forgot password?](#)

Remember my username

LOG IN

INSTRUCTIONS

HELP
ME
HELP
YOU

When Booking always have a Standard format

- Should reflect the shipping instructions
- Commodity
- Tick off requirements
- Tick of time and date
- Vessel voyage
- Rate agreed
- Status of cargo
- Delivery points
- Volume, weight
- Use electronic means and request confirmation

Bid Management



MAKE
THE
RIGHT
DECISION



Service Contracts

SERVICE CONTRACT RISK EXPOSURE TO THE PARTIES



Spot rate or fixed short-term rates

Spot rate

In finance, a spot contract, spot transaction, or simply spot, is a contract of buying or selling a commodity, security or currency for settlement on the spot date, which is normally two business days after the trade date. The settlement price is called spot price. ...in shipping its for voyage, but can go up to 2-3 weeks

Fixed short term

Usually locking a rate on forecast without committing minimum volume

1- 3 months depending on the carrier



Aims of the Carrier

- Lock a substantial volume to ensure regular business week on week
- Close the contract with a decent freight rate that hedges long term controllable cost components of the carriage.
- Maintain the un controllable costs, unexpected costs out of the contract terms – Float with tariff.



Aims of the Shipper/Customer

- Lock a space and the freight for a substantial volume of business to ensure no or minimum fluctuation of the transportation cost.
- Close the contract with a decent freight rate that hedges long term controllable cost components of the carriage.
- Minimize the uncontrollable costs, unexpected costs that create business risk, profit erosion.



Risks concerning the carrier

- Variation of the weekly (per vessel) volume from the client.
- Opportunity Cost - Increase demand for other cargo / other regions on higher freight rates. (Need for a GRI, space Cut)
- Uncontrollable cost increase such as congestion, bunker, container imbalance



Risks concerning the Shipper/Customer

- Demand variance from the buyer
- Market rate drop making the competitor prices looks better
- Space restrictions of the carrier
- Container shortage
- Delivery schedule interruption
- Congestions causing additional direct cost as surcharges and indirect costs as shipment delay disrupting on time delivery to the buyer who in turn demand concessions



Action points to minimize risk factors of both parties

- Agree on blocking space every week – Every month – commitments.
- Agree on a variance adjustments of the unexpected costs - BAF
- Proactive monitoring and communications on the exceptions by the carrier



To become a good negotiator

Learn to read the other party's needs...remember the objectives...visualize possible gains and losses ...and talk your priorities

Be ethical and reasonable

Be professional, select options, be prepared to compromise, determine your strategy, bargain with rationality, agree and define each others responsibility

Can lines charge container deposit?

Yes for imports as agreed with importer after customs clearance of the containers

Lines can deduct container damages and detention from deposits

SUBJECT TO PROOF

Can they charge cleaning charges from importer

NO

Only as a part of freight from the party booking the freight from origin to destination



WORLD SHIPPING COUNCIL
PARTNERS IN TRADE

World Shipping Council members operate approximately 90 percent of the global liner ship capacity

Container cleaning charges: Uniform surcharges or freight charges for cleaning of containers were unilaterally imposed by carriers. The WSC acknowledged recently in ILO/IMO/UNECE discussions that the carrier was responsible for the provision of a clean and structurally sound container. The carrier/container lessee was ultimately responsible for cleaning the container

The United Nations Economic Commission for Europe-2013



NEW LAWS

Crux of the matter

- Unbundling of international freight to avoid market changes and to fix prices
- Corrupting the acceptance / delivery points avoid proper cost risk demarcation and use the same to add charges
- Introduce charges which are non negotiable components and permanent surcharges
- Charge all such charges from non contracting parties in international supply chain

What is the new shipping regulation about?

The government intention and objective

1. Work with the legally contracted parties in financial dealings

To ensure financial transactions are only between legally contracting parties in international transportation, which may either be between the buyer and service provider or the seller and the service provider

Who ever who enters into a such legal contract for transpiration and handling of cargo from point of acceptance to delivery should negotiate the freight in full, (all inclusive)

What is the new shipping regulation about?

The government intention and objective

2. To eliminate anticompetitive practices

The government believes that transparency and accountability in financial dealings should be based on free market practices where supply and demand would determine the best price/service and give the best choice to the consumer. Indirect price control and fixing by service providers should not be allowed to harm the interest of Sri Lankan exporters /importers, buyers and the consumer.

However government will not intervene in the number of components and will not determine prices of those components .

GOSL will only introduce a process, for transparency and accountability, which will be regulated

What is the new shipping regulation about?

The government intention and objective

3. Establish clarity in international transaction in terms of delivery

The law requests parties to clearly define the acceptance and delivery points in containerized cargo and make parties more responsible for cargo in their custody and to be accountable for such costs when the goods are freighted from point A to point B.

It also requires on all commercial transactions, the B/L to indicate if the freight is to be pre paid or collect.

Irrespective of cost being ocean , land based or transshipped, the party booking freight and giving instructions to the service provider will have to bear such costs as per contract of freight and handling.

What is the new shipping regulation about?

The government intention and objective

4.To identify full freight

Manipulation of the market driven freight through unbundling of freight can harm the interest of traders (buyers and sellers) and the trading revenue could be leaked out by 3rd party effectively making trade expensive or uncompetitive.

As a result export expenses could be artificially inflated and imports could be undervalued for customs duty purposes.

Government also intends to set up a competition authority under Director of Merchant Shipping by amending the laws

Does the law interfere in commercial terms?

NO

- In fact it reinforces ICC position on INCOTERMs for container cargo.
- Highlights the fact that buyers and sellers have to use the correct commercial term in the sales contract

What is happening when buyer nominates agent to receive cargo from manufacturer?

- Seller obliges on his commitments at origin – Cargo under his custody, he will,
- Pay port dues
- Pay customs charges
- Arrange transport to seller nominated logistics provider
- Arrange all documents
- Arrange inspection and clear cargo for exports

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The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 1842/16 - 2013 දෙසැම්බර් මස 27 වැනි සිකුරාදා - 2013.12.27

No. 1842/16 - FRIDAY, DECEMBER 27, 2013

(Published by Authority)

PART I : SECTION (I) — GENERAL

Government Notifications

**THE LICENSING OF SHIPPING AGENTS, FREIGHT FORWARDERS, NON-VESSEL OPERATING
COMMON CARRIERS AND CONTAINER OPERATORS ACT, No. 10 OF 1972**

REGULATIONS made by the President under Section 10 of the Licensing of Shipping Agents, Freight Forwarders, Non-Vessel Operating Common Carriers and Container Operators Act, No. 10 of 1972 read with Article 44(2) of the Constitution of the Democratic Socialist Republic of Sri Lanka

MAHINDA RAJAPAKSA,
President.

Colombo,
26th December, 2013.

For whom is the regulation?

1. These regulations may be cited as the Shipping Agents, Freight Forwarders, Non-Vessel Operating Common Carrier and Container Operators regulations 2013 and shall come into operation with effect from January 6, 2014.
2. (1) Every licensed Shipping Agent, Freight Forwarder, Non-Vessel Operating Common Carrier and Container Operator (hereinafter referred to as the "licensed service provider") who carries on the business of a shipping agent, a freight forwarder, a non-vessel operating common carrier, a container operator or a consolidator of cargo shall issue a clean bill of lading which specifies the consignment of goods as a "Pre-Paid Freight" or "Freight Collect".

(2) No Bill of Lading shall specify the consignment of goods as "Zero Freight".

Covers any possible service provider who may issue a B/L subject to the banks' acceptance of the B/L for negotiations

How should freight be shown?

1. should be on the B/L as "Freight Collect" or "Freight Prepaid". As agreed/or as arranged
2. bill of lading can show " zero freight" in commercial shipments
Either the seller or the buyer will have to show the freight paid in the import documents (invoice) for Customs

What should be in the all inclusive freight rate?

3. (1) All charges on containerized cargo which cover entire cost of the carriage of goods referred to in the transport document from the origin to destination, shall be included in the all-inclusive freight specified in the Bill of Lading which shall be recovered only from the party who is contractually bound to pay the same.
- (2) The “all inclusive freight” referred to in Sub-section (1) shall necessarily include :
 - (a) Charges on full container load ;
 - (b) Terminal handling charges ;
 - (c) Charges for the issuance of bill of lading or forwarders cargo receipt ;
 - (d) Charges on less than container load cargo (if applicable).



This Gazette Extraordinary can be downloaded from www.documents.gov.lk.

1A

The all inclusive rate should be quoted from point of acceptance of cargo to point of delivery i.e CY/CY. CFS/CFS/ or a combination

Party contractually bounding to pay has to make all such payments (buyer or seller who makes a booking for pick up or deliver goods to/from Sri Lanka in containerized cargo)

2.A . Means :

All charges referring to providing equipment, transportation, handling, documents, internal movements, port charges between the point of acceptance to point of delivery i.e CY/CY. CFS/CFS/ or a combination

If freight is to be specified either as agreed or the amount, it should be the “all inclusive” rate as collect or prepaid

What is origin and destination as per Regulation?

2A

I කොටස : (I) ඡේදය - ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ අති විශේෂ ගැසට් පත්‍රය - 2013.12.27

PART I : SEC. (I) - GAZETTE EXTRAORDINARY OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA - 27.12.2013

- (3) For the purposes of these regulations “origin to destination” in relation to the carriage of containerized cargo means the carriage of goods from -
- (a) container yard to container yard ; or
 - (b) container freight station to container freight station ; or
 - (c) container yard to container freight station ; or
 - (d) container freight station to container yard.

When cargo is accepted or delivered from any of the above points, either from the seller or the buyer, that point is considered origin or destination (either for exports and imports) where the actual transfer of goods take place after Customs clearance)
Party contracting and booking freight for such delivery/acceptance will
Have to pay all charges as an all inclusive freight rate to the service provider

What can be charged from an importer in Sri Lanka?

4. No licensed service provider shall charge from an importer in Sri Lanka, any charge other than the all-inclusive freight, where the importer is contractually liable to pay, subject to regulation 3(1) for the carriage of goods from the origin to destination as specified in the Bill of Lading ;

Provided however, any licensed service provider may charge a delivery order fee from the importer which shall be payable in Sri Lankan Rupees.

5. (1) Where a delivery order fee is being charged by a licensed service provider, the amount of delivery order fee so charged shall be informed to the Director of Merchant Shipping (hereinafter referred to as the "Director") by such licensed service provider, for purposes of record.
- (2) If any licensed service provider intends to increase the amount of delivery order fee, an application in that behalf shall be made to the Director together with the documentary evidence supporting such increase.
- (3) The Director may -
 - (a) accept the proposed increase of delivery order fee upon verification of supporting documents ; or
 - (b) reject the proposed revision of delivery order fee ; or
 - (c) propose an alternative increase of the delivery order fee which he deems reasonable, after persual and where deemed necessary having made inquiry.
- (4) The decision of the Director shall be communicated to the relevant licensed service provider within forty-five (45) working days from the date of receipt of the application referred to in paragraph (2), with reasons for such decision which shall be binding on such licensed service provider.

Only D/O fee that was charged to importer by the service provider who worked with the importer, which was filed or active prior to 6th January 2014

Not multiple D/O charges and no cartel fixed DO rates

What can you charge from an exporter?

6. No licensed service provider shall charge from an exporter in Sri Lanka, any charge other than the all-inclusive freight, where the exporter is contractually liable to pay, subject to regulations 3(1) for the carriage of goods from the origin to destination as specified in the Bill of Lading or Forwarder's Cargo Receipt.

Nothing else other than all inclusive freight from –origin to destination

IMO 2020 AT A GLANCE

A NEW REGULATION ENFORCING A 0.5% GLOBAL SULFUR CONTENT CAP FOR MARINE FUELS, DOWN FROM THE CURRENT 3.5% LIMIT

WHAT THE REGULATION MEANS



Increase in freight transportation costs



Uncertainty over monitoring, compliance and enforcement standards



Lower environmental impact



WHAT SHIPPERS CAN CHOOSE TO DO



Switch to IMO-compliant fuels with lower sulfur content



Install scrubbers on ships to reduce sulfur oxide emissions



Use LNG or other alternative fuels

IMO 2020



Taking bold action to clean up shipping emissions by reducing the sulphur content in ships' fuel oil



HOW?

- 0.50%** reduced from 3.50% – significantly less sulphur permitted in ships' fuel oil
- 77%** drop in overall SOx emissions from ships – annual reduction of approximately 8.5 million metric tonnes of SOx



WHEN?

- From **1 January 2020**



AIR POLLUTION & HEALTH



- Premature deaths avoided
- Significant reduction in shipping's negative effect on human health through air pollution



Reductions in:

- stroke
- asthma
- cardiovascular disease
- lung cancer
- pulmonary disease



Cutting sulphur emissions helps prevent acid rain, which means:

- less harm to crops, forests and aquatic species
- tackling ocean acidification



WHERE?

- Health benefits felt globally
- Strongest in coastal communities
- Major impact in vulnerable areas

#IMOSulphurLimit

#BreatheLife

#BeatAirPollution

Revised: Directorate of Oceans and Shipping, January 2019. "IMO 2020: Impact Assessment Study (Date of MARPOL 13-Annex 6/Regulation 13-Annex 6) presented to the IMO Council 2019"



90% transport SO₂ emission occurs during marine shipping

Top 15 large vessels emit more SO₂ and NO_x than all vehicle combined worldwide

Air pollutant emissions
One cruise vessel = 1 million vehicles

Planning for compliance to IMO 2020

2020

0.5% sulphur cap is implemented along with Test and Treat™ programme to ensure smooth operations

Compliant and reduced operating costs

Vessels in treatment

Bunker tanks ready to accept IMO 2020 compliant fuel

2019

Sludge-free bunker tanks

2018

Vessels should start treatment to reduce sludge



Thank You !