



# IMO 2020:

## All you need to know about the new sulphur regulation

In an effort to reduce marine pollution, the International Maritime Organization (IMO) has mandated the new Sulphur regulation “IMO 2020”, which comes into effect on January 1, 2020. Although MACS supports the decision for a healthier environment, the compliance with “IMO 2020” will have a major impact on the entire maritime sector, us and our customers.

### What will “IMO 2020” implement?

The global sulphur cap on fuel will drop from the current 3.5 percent to a maximum of only 0.5 percent. This regulation applies to all sizes of ships. For further and detailed information please visit the IMO website: <http://www.imo.org/en/mediacentre/hottopics/pages/sulphur-2020.aspx>

Note: The standard of 0.1 percent in Emission Control Areas (ECAs) from 2015 remains.

### What options do shipping companies have to meet the new requirements?

**Use compliant fuels such as:**  
Marine Gas oil (MGO 0,1%),  
very low sulphur fuel oil (VLSFO  
0,5%), or Ultra low sulphur fuel oil  
(ULSFO 0,1%)

**Convert to alternatives such as**  
liquefied natural gas (LNG) or  
liquefied petroleum gas (LPG)

**Continued usage of HSFO**  
in conjunction with an exhaust gas  
cleaning system (scrubber)

### How will MACS proceed to comply with the new requirements?

Like most ship operators, we have opted to use compliant fuel and will therefore supply our fleet with VLSFO as of October 2019, if available. We have decided to use compliant fuels, because it means no technical changes to our existing vessels. Costs of a switchover to gas alternatives or installation of scrubbers are estimated at several million Euros per vessel.

Furthermore, such scrubbers will dispose the residual sulphur either at sea or ashore and we are not certain that this will be acceptable in the long run.

**Important:** Our vessels will start refueling with VLFSO 0.5% in October 2019 in order to fully comply with “IMO 2020” as from January 1, 2020. As supply problems are expected for this type of fuel at least during the initial period, we may be forced to buy ULSFO or MGO, which are more expensive. Prices used for the calculation of surcharges and adjustment factors will be obtained accordingly to current bunker market prices.

### Will freight rates be affected by this new regulation?

Yes. Customers should prepare for an inevitable rise. Fuel prices are a substantial part of a ship’s operational costs and play a significant role in the calculation of freight rates. We therefore believe it is important to be in dialogue with our customers. We are happy to answer your questions about this important topic.