



**Re: Implementation of IMO2020 global legislation**

**17<sup>th</sup> October 2019**

Dear Valued Customers,

Neptune Pacific Line (NPL) wish to advise, in order to comply with the IMO2020 directive, which requires ships to use fuel with a lower than 0.5% content of Sulphur (Low Sulphur Fuel Oil or LSFO), NPL vessels will commence using LSFO during November, 2019 voyages.

The exact LSFO price per ton, is unknown, but is forecasted to be approx. US\$180 per ton higher than the current Heavy Fuel Oil (HFO) we use today. In order to help recover the increased costs of compliance, NPL will be changing our Bunker recovery mechanisms, or BAF's.

- **Methodology** – Quarterly revision based on LSFO average stem price during monitoring period. Going forward we intend to roll existing BAF and EBR into the Ocean Freight in order we have a clean freight component in which the LSFO surcharge will then be applied (details to follow).
- **Implementation** – a LSFO surcharge will apply effective 1<sup>st</sup> December 2019 then reviewed quarterly throughout 2020 commencing 1<sup>st</sup> January then 1<sup>st</sup> April, 1<sup>st</sup> July and 1<sup>st</sup> October.
- **Bands of USD 25** – for visibility and planning we have set up below LSFO bands for teu and break bulk (revenue ton or RVT)
- **Low Sulphur Fuel Oil** – based upon the average price of LSFO per ton a surcharge, representing the difference in fuel cost between HFO and LSFO will be applied as below;

LSFO per ton range (USD)	Australia to / from South Pacific Islands		Australia to / from Norfolk Island		New Zealand to / from South Pacific Islands	
	TEU	RVT	TEU	RVT	TEU	RVT
	\$538 - \$562	\$19	\$1.36	\$19	\$1.36	\$13
\$563 - \$587	\$38	\$2.71	\$38	\$2.71	\$26	\$1.86
\$588 - \$612	\$57	\$4.07	\$57	\$4.07	\$39	\$2.79
\$613 - \$637	\$76	\$5.43	\$76	\$5.43	\$52	\$3.71
\$638 - \$ 662	\$95	\$6.79	\$95	\$6.79	\$65	\$4.64
\$663 - \$687	\$114	\$8.14	\$114	\$8.14	\$78	\$5.57
\$688 - \$712	\$133	\$9.50	\$133	\$9.50	\$91	\$6.50
\$713 - \$737	\$152	\$10.86	\$152	\$10.86	\$104	\$7.43
\$738 - \$762	\$171	\$12.21	\$171	\$12.21	\$117	\$8.36
\$763 - \$787	\$190	\$13.57	\$190	\$13.57	\$130	\$9.29
\$788 - \$ 812	\$209	\$14.93	\$209	\$14.93	\$143	\$10.21
\$813 - \$837	\$228	\$16.29	\$228	\$16.29	\$156	\$11.14

**Note:**

Reefers: to be applied at a trade coefficient of 1.5 / teu of dry

Thank you in advance for all your support and understanding, should you have any points of clarity please don't hesitate to contact your regional Customer Service Team.

Kind regards, Neptune Pacific Agency

[www.neptunepacific.com](http://www.neptunepacific.com)

**Australia**

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