



October 28, 2019

Dear Valued Customer,

Implementing new Low Sulphur Surcharge (LSS) for 2020 IMO Regulation

The International Maritime Organization (IMO) will implement a new Sulphur regulation for marine fuel oil starting 1st January 2020, to reduce Sulphur Oxides (Sox) emissions from the current limit of 3.5% to 0.5% from ships under the new global limit.

In all ocean carriers are obliged to consume the low Sulphur fuel, these carriers will surcharge to reflect LSS, Low Sulphur Surcharge to customers as LSS or NBAF (new Bunker Adjustment Surcharge) due to both safety operation and technical adjustment concerns from existing machineries on board the ship. Most of Chinese, Korean, and Taiwanese ocean carriers will apply the surcharge from 1st November 2019 basing on ETD at port of loading as preparation for the compliance with the new regulation as a following.

Please note the cost and name of new additional surcharge are different from each ocean carrier and regions and areas. The following table indicates average market price for LSS.

■ Low Sulphur Surcharge (LSS) (from 1st November 2019 based on ETD)

Region 1 (R1): USD45/20F USD90/40F/HC

Region 2 (R2): USD75/20F USD150/40F/HC

POD	JAPAN	N.CHINA	S.CHINA	KOREA	TAIWAN	HONGKONG	THAI	VIETNAM	MALAYSIA	SINGAPORE
POL	JP	NPRC*(CN)	SPRC*(CN)	KOR	TW	HK	TH	VN	MY	SG
JP		R2	R1	R1	R1	R1	R2	R2	R2	R2
NPRC*(CN)	R2			R1			R2	R2	R2	R2
SPRC*(CN)	R1			R1			R2	R1	R2	R2
KOR	R1	R1	R1		R1	R1	R2	R2	R2	R2
TW	R1			R1			R2	R1	R2	R2
HK	R1			R1			R2	R1	R2	R2
TH	R2	R2	R2	R2	R2	R2		R1	R1	R1
VN	R2	R2	R1	R2	R1	R1	R1		R2	R1
MY	R2	R2	R2	R2	R2	R2	R1	R2		R1
SG	R2	R2	R2	R2	R2	R2	R1	R1	R1	

We thank you for your continued support. If you have any questions, please feel free to contact our salesperson for further information.

Sincerely,

Japan Logistics Corporation