

Rate announcements

Implementation of the Inland Fuel Adjustment Factor

14 October 2022

Inland Services

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At A.P. Moller – Maersk, your partnership remains of the utmost importance to us. We aim to give you overview and transparency in your logistics network, so you can streamline your end-to-end supply chain moves. As your integrated logistics partner, we work to ensure that your cargo moves with agility, connectivity, and ease, meeting the overall goal of ensuring the highest level of efficiency in your logistics operations.

Recent global developments have impacted the logistics industry in multiple ways. For Inland Transportation services, the global increased inflation, major fluctuations of currencies and the disruption of crude oil supply chain have directly contributed to the rise of fuel price volatility.

To give you more visibility and understanding of fluctuations of fuel costs, we have reviewed the rate structure of Inland Rates for Ocean transportation contracts. Therefore, as a feedback to the quote requests received from today's date, 14th October 2022, the Inland Rates will be presented as a combination of an 'Inland Haulage' charge 1 and 'Inland Fuel' charge 2 as per the below example:

Changing from:

	Amount
Inland Haulage Export (IHE)	\$650,00

To:

	Amount
Inland Haulage Export (IHE)	\$500,00
Inland Fuel Adjustment Factor (FAF)	30,0%
Inland Fuel Export (IFE)*	\$ 150,00
Total	\$650,00

(*) Calculated based on FAF% applied over Inland Haulage Export (IHE)

The Inland Haulage charge¹ remains fixed throughout the contract's validity*, and the 'Inland Fuel' charge² will be adjusted quarterly, based on reviews of Inland Fuel Indexes³ variations. While we aim to have the new Fuel Adjustment Factor model in place globally, there are a few locations where the current inland rate structure will remain valid until further notice. In order to identify Inland corridors on which the new model applies, please refer to the quote feedback document from your sales representative. The FAF model applies on all corridors where fuel charges export or import (IFE/IFI respectively) are indicated in the document.

Please note that FAF is not an additional surcharge but a change of inland rate structure, providing a more descriptive explanation of our Inland rates on your billing.

The above shall not apply to contracts that have commenced prior to the 14th October, unless otherwise agreed between the parties.

All of the elements of fuel charge review (calculation method, charge review calendar and the compilation of fuel indexes adopted) will be published on Maersk.com.

Should you need further clarification on the FAF model – or how it may impact you and your business with us – please reach out to your commercial partner or one of our customer service and commercial teams at Maersk, Sealand or Hamburg Sud.

We thank you for your trust and loyalty, and hope the introduction of the FAF helps you streamline and continue to expand your supply chain abilities. We look forward to continuing to assist you on all matters pertaining to your logistics needs.

*Special terms may apply for rates validity under multiyear agreements.

- Inland Haulage charges variation: Inland Haulage Export (IHE), Inland Haulage Import (IHI) and Inland Landside Haulage (ILH)
- Inland Fuel charges variation: Inland Fuel Export (IFE), Inland Fuel Import (IFI) and Inland Fuel (ILF)
- Fuel indexes are defined on a Country basis and applied based on inland service execution location.

Customer Q&A in connection with the Inland Fuel Adjustment Factor

What is the FAF?

FAF stands for **Inland Fuel Adjustment Factor**. The Inland Fuel Adjustment Factor (FAF) is an index-based mechanism to calculate and incorporate the fuel cost variation into Inland prices and helps facilitate contractual rates review. This is **not** an implementation of a new surcharge, but the review of the rate structure of Inland rates, transitioning out from the current “inland haulage with fuel inclusive” price model towards the split of inland rates into a combination of two price components: Inland Haulage charge and Inland Fuel charge. We believe doing this will give our customers more clarity and visibility on how they are being billed. The Inland Haulage charge component is fixed throughout the contract's validity¹ , and the Inland Fuel charge component will be adjusted **quarterly**, based on reviews of Inland Fuel Indexes variations.

¹Special terms may apply for rates validity under multiyear agreements.

Why is the FAF being implemented?

The FAF is being implemented to simplify your Inland transportation billing experience. Recent global developments have impacted the logistics industry in many ways. On Inland Transportation services, the global increased inflation, major fluctuations of currencies and the disruption of crude oil supply chain have directly contributed to the rise of fuel price volatility. To give you the most visibility and understanding of fluctuations to fuel costs, we have reviewed the rate structure of Inland Rates, as part of Carrier Haulage contracts, and have decided to implement the FAF. Please note that this is not an additional surcharge but a more descriptive explanation of the rate.

Is the FAF a surcharge? Is it an add on to the Inland Emergency Energy Surcharge?

No, the FAF is **not** a surcharge. It is **not** an add-on to the Inland Emergency Energy Surcharge.

The FAF is a more descriptive explanation of the rate, including two components now: Inland Haulage charge and Inland Fuel charge.

How is it being implemented?

As of 14th October 2022, Inland Rates (for Ocean SD moves) will be presented as a combination of an 'Inland Haulage' charge (IHE/IHI/I) and 'Inland Fuel' charge (IFE/IFI/ILF) on your invoices. While the Inland Haulage charge remains fixed throughout the contract's validity , the 'Inland Fuel' charge will be adjusted quarterly, based on reviews of Inland Fuel Indexes variations. Customers also have access to the global fuel indexes [insert link] which are defined on a country-specific basis and are applied based on the inland service execution location.

When will Maersk be implementing the FAF?

The FAF will be implemented globally on 14th October 2022.

While we aim to have the new Fuel Adjustment Factor model in place globally, there are a few locations where the current inland rate structure will remain valid until further notice. In order to identify Inland corridors on which the new model applies, please request the quote feedback document from your sales representative. The FAF model applies on all corridors where fuel charges export or import (IFE/IFI respectively) are indicated in the document.

Which contracts will be affected?

The FAF will be implemented on all new ocean service contracts or those up for renewal (containing inland transportation). Active contracts (agreements that have commenced prior to 14th October 2022) will **not** be impacted by this change, unless otherwise agreed by the parties.

On which carriers will the FAF be applicable?

It will be applicable for all brands: Maersk, Sealand and Hamburg Sud.

What about the EEI/EEE (Emergency Energy Surcharge)?

EEE/EEI will not be applicable to contracts using the FAF Model. This is because fuel price fluctuations will be adjusted by FAF quarterly reviews. For contracts that are not using the FAF Model, the EEE and EEI are still applicable.

Is the FAF country specific?

Yes. Fuel prices can rise and fall in line with a combination of factors (see list below), with many being strongly influenced by country-level/local decisions:

- Changes in international benchmark prices
- The value of the EURO (€) relative to the US dollar
- Pricing decisions by wholesalers and retailers
- The cost of crude oil
- Refining costs and profits
- Distribution and marketing costs and profits
- Taxes
- Supply and demand

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