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# New BAF on Asia-North Europe & Mediterranean trades

PRICE AND SURCHARGE UPDATES

Bunker is one of the most important costs for a container shipping line. IFO 380 price has shown strong fluctuations in the previous months. On top of the above a new IMO (International Maritime Organization) low sulphur regulation will be applicable to all container shipping companies as from 1st of January 2020. It will set a maximum sulphur content threshold of 0.5% for marine fuels over 100% of the sea distance for any maritime services, including between Asia and Europe.

To be compliant with this new regulation, CMA CGM will use low sulphur fuel (LSFO) and the cost per ton is expected to be significantly higher than IFO 380.  
In order to ensure the sustainability & reliability of our services in this volatile environment, **CMA CGM will introduce a new quarterly Bunker Adjustment Formula (BAF) for long term contracts starting from 1st of January 2019.**  
You will find here below all the key elements of this BAF:

**Methodology:**

Quarterly revision, based on IFO 380 bunker average price or LSFO depending on contract duration.

**Implementation:**

This new quarterly BAF will be applied for all contracts with a minimum validity of 6 months starting as from January 1st, 2019.

**BAF quantums:**

Based on the average tonnage of fuel consumed on Asia / North Europe & Mediterranean trades, the following quantums will be applied depending on the fuel price fluctuation.

Below table is only given as an **example** of BAF quantums per container size. Official BAF tariffs for Asia-North Europe & Mediterranean trades will be communicated later on as per applicable regulations.

BAF Quantum in USD			
IFO 380 per Ton range	20ST	40ST	40HC
\$300 - 325	200	400	400
\$326 - 350	215	430	430
\$351 - 375	230	460	460
\$376 - 400	245	490	490
\$401 - 425	260	520	520
\$426 - 450	275	550	550
\$451 - 475	290	580	580
\$476 - 500	305	610	610
\$501 - 525	320	640	640
...	...	...	...

*\*Above figures are based on CMA CGM Fleet deployment on Asia – Europe Trade as of Q3 2018.*

**Bunker reference:**

IFO 380 price is the reference for Asia – North Europe & Mediterranean Bunker Adjustment Formula. CMA CGM is using one single IFO 380 reference for all trades, below is the weight of each port worldwide: 40% Rotterdam IFO 380, 50% Singapore IFO 380, 10% Houston IFO 380.

Following links can be used to monitor IFO 380 variation:

- <https://shipandbunker.com/prices/emea/nwe/nl-rtm-rotterdam>
- <https://shipandbunker.com/prices/apac/sea/sg-sin-singapore>
- <https://shipandbunker.com/prices/am/usgac/us-hou-houston>

**Bunker reference change (from IFO 380 to LSFO):**





As from the second half of 2019, to be compliant with the IMO regulations effective on 01-jan-2020, CMA CGM will start bunkering the new LSFO 0,5% sulfur at a cost that is unknown for time being. The adjustment falling into 2020 will therefore be based on the variation between the average cost of one ton of IFO and the average cost of one ton of LSFO 0.5% at the date of review.

Should you need any clarification please do not hesitate to contact us.

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