



## Environmental Fuel Factor (EFF) for Malaysia Domestic Business

16 December 2019

From 1st January 2020, a new regulation will come into force to reduce air pollution from ships globally. Whereas today ships can use fuel with up to 3.5% sulphur content (outside emission control areas), the new global sulphur cap will be 0.5%.

The cost and timeline for compliance with the new regulation is significant, which we are experiencing already now.

As such, effective from 1st January 2020, Sealand - A Maersk Company Asia will introduce an Environmental Fuel Fee (EFF), which will apply to all businesses moving within Malaysia to Malaysia scope.

The EFF tariff will be calculated as the price difference between high-sulphur fuel (IFO380) and low sulphur fuel at Singapore bunkering port, multiplied by a trade factor of 0.5 (same formula used for BAF). The EFF tariff for reefer containers will be the EFF tariff for standard (dry) containers multiplied by a factor of 1.5.

The EFF tariffs will be reviewed monthly in case of significant fuel price fluctuations (more than USD50D/ton).

The initial EFF tariff effective 1st January 2020(based on price calculation date) is as below:

Scope	20'DRY	40'DRY/ H DRY	45' DRY	20' REEF	40' REEF
<b>West Malaysia to East Malaysia</b>	MYR 100	MYR 200	MYR 240	MYR 150	MYR 300
<b>East Malaysia to West Malaysia</b>	MYR 100	MYR 200	MYR 240	MYR 150	MYR 300

Please do not hesitate to contact your local Sealand – A Maersk Company Asia representative if you have any questions on the impact on your business of the IMO 2020 regulation.

Best Regards,

**Sealand – A Maersk Company Asia**  
Singapore-Malaysia Cluster