



## FIRST BIMCO 2020 BUNKER CLAUSE FAST TRACKED FOR OCTOBER

### Overview

BIMCO will produce several clauses dealing with specific issues related to 2020, as making one clause to fit all concerns was deemed unworkable. The first 2020 clause – focused on compliance – may be published as soon as end October.

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Not one all-encompassing 2020 clause, but several clauses dealing with specific issues. That's the approach that BIMCO's expert group tasked with developing charter party solutions for 2020 has decided to take. The series of 2020 bunker clauses will be rolled out by BIMCO over the next few months, completing early 2019.

It became apparent at the initial meeting of the group on 19 September at BIMCO House that a "one clause fits all" approach is unworkable. There are still a number of "unknowns" to factor into the transition from residual fuels to 0.5% sulphur content fuels, but the group expects the picture to become clearer in the months to come. The plan is to divide the 2020 bunker issues into four distinct projects dealing with compliance after 1 Jan 2020; transitional period leading up to and immediately after 1 Jan 2020; scrubber related issues; and culminating with a possible review of BIMCO's existing suite of time charter bunker clauses to adapt them for post-2020, if needs be. If there are other types of contracts that need to be looked at in the context of 2020, the same group of experts will examine those to ensure a consistent approach.

On 19 September the group produced a draft "compliance clause" setting out a time charterers' obligations and liabilities in providing fuel of the required sulphur content post-2020. Fuel management remains the responsibility of the owners. The new clause, which BIMCO expects to become a standard component of time charters in the future, will be reviewed by the Documentary Committee using its "Fast Track" procedure and may be published as soon as end October. The new clause has been named the BIMCO 2020 Global Marine Fuel Sulphur Content Clause for Time Charter Parties.

### Transitional clause

The second clause in the series will address the "transitional period" leading up to and immediately after 1 January 2020. As this is essentially a one-off event, it makes sense to deal with this as a separate issue to general compliance. Work on this clause will begin in October. The expert group will examine issues such as quantities of residual fuel on board at redelivery; tank cleaning costs; and disposal of residual fuel (which most likely will need to be done within the first quarter of 2020). It's likely that the clause will need to address the final bunkering of the ship by the charterers prior to redelivery to ensure that residual fuels are close to the safety margins on redelivery. There will also need to be sufficient 0.5% sulphur content fuel on board at redelivery to allow the ship to reach the next bunkering port where compliant fuel is available. As this will be a "bridging" clause it will need to be added to time charters that end immediately prior to 1 Jan 2020 as well as those where the ship redelivers soon after the coming into force date. The "transitional clause" will be reviewed by the Documentary Committee at its meeting in November and should be ready for publication in January/February 2019.

### Scrubber clause in Q1

Scrubbers will be the focus of the third 2020 clause. As only a relatively small percentage of the world fleet is expected to fit scrubbers to their ships, this clause has been given a slightly lower priority than the two previously mentioned clauses which will apply to all ships. The main issue that the scrubber clause is likely to address is possible cost sharing between owners and charterers of the installation of a scrubber. Estimates for the payback time for a scrubber are in the region of 18 months to two years, depending on the actual price differential between residual fuels and 0.5% sulphur content fuel, in the years immediately following the introduction of the global cap. The clause could provide a cost sharing formula based on the expected life of the scrubber versus the duration or remaining duration of a time charter. Dealing with scrubber breakdowns could be another issue as it may require that the ship carries a reserve of 0.5% sulphur fuel to avoid off hire. The scrubber clause will be developed during the first quarter of 2019 and published in March/April.

BIMCO has a suite of bunker-related clauses for time charter parties covering a whole range of contemporary bunkering issues such as operations and sampling; quality and liability; fuel testing; and types and quantities on redelivery. These are designed to supplement the existing provisions of older standard forms of time charter. As the final phase of the 2020 bunker clause project, BIMCO's Documentary Committee may give the mandate for these important clauses to be reviewed and, if necessary, adapted to meet the needs of the new global sulphur cap era. This task will be done during mid-2019.

## BIMCO 2020 Bunker Clauses Timeline



Feedback or a question about this information?

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By [Grant Hunter](#)  
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