

**PROPOSED DRAFT OF CIRCULAR TO TRADE RE BAF (APPLICABLE ON AND AFTER 15
NOVEMBER 2019)**

ASIAN FEEDER DISCUSSION GROUP (AFDG)

NOTICE TO TRADE

BUNKER ADJUSTMENT FACTOR (BAF)

This is an Advisory Note issued by the Asian Feeder Discussion Group (AFDG) on the application of BAF.

As the implementation date of the IMO 2020 Low Sulphur Cap fuel draws nearer, the issue of cost recovery for the low sulphur fuel is becoming more critical for all feeder operators. The situation of sufficient supply for such fuel remains uncertain and prices are expected to be volatile.

In order to enable Members to recover such unprecedented increase in cost, Members have proposed to review the BAF as follows:

With effect from 15 November 2019, AFDG will use the bunker prices of MGO of the preceding month to calculate the BAF applicable for the following 30 days effective from the 15th day of the month.

In other words, for the BAF applicable from 15 November 2019 to 14 December 2019, AFDG will use the average bunker prices of MGO for the month of October 2019.

AFDG will continue to use the existing formula and Bunker Table to determine the BAF applicable for the period up to 14 November 2019

After 15 November 2019, BAF will be reviewed on a monthly basis and shall continue until such time when bunker prices become stable.

For your reference, we append below the Bunker Table showing bunker prices up to the range of USD 811.99 / MT. This Table will be revised as and when necessary to reflect bunker prices.

BUNKER TABLE

BUNKER PRICE RANGE (bunker prices)		BAF		
FROM	TO	Group AA	Group BB	Group CC
USD/MT	USD/MT	USD/TEU DRY GP	USD/TEU DRY GP	USD/TEU DRY GP
232	251.99	-15.00	-28.00	-52.50
252	271.99	-12.50	-24.00	-45.00
272	291.99	-10.50	-20.00	-37.50
292	311.99	-8.50	-16.00	-30.00
312	331.99	-6.50	-12.00	-22.50
332	351.99	-4.00	-8.00	-15.00
352	371.99	-2.00	-4.00	-7.50
372	391.99	0.00	0.00	0.00
392	411.99	2.00	4.00	7.50

412	431.99	4.00	8.00	15.00
432	451.99	6.50	12.00	22.50
452	471.99	8.50	16.00	30.00
472	491.99	10.50	20.00	37.50
492	511.99	12.50	24.00	45.00
512	531.99	15.00	28.00	52.50
532	551.99	17.00	32.00	60.00
552	571.99	19.00	36.00	67.50
572	591.99	21.00	40.00	75.00
592	611.99	23.00	44.00	82.50
612	631.99	25.00	48.00	90.00
632	651.99	27.00	52.00	97.50
652	671.99	29.00	56.00	105.00
672	691.99	31.00	60.00	112.50
692	711.99	33.00	64.00	120.00
712	731.99	35.00	68.00	127.50
732	751.99	37.00	72.00	135.00
752	771.99	39.00	76.00	142.50
772	791.99	41.00	80.00	150.00
792	811.99	43.00	84.00	157.50

NOTE: The above BAF are for Dry GP Containers. For Reefer Containers, BAF shall be at 1.2

times of the applicable BAF for Dry GP.

Members of this Agreement have adopted voluntary policy guidelines and have reached a non-binding consensus in applying the above.

MEMBERS OF AFDG

Date: [xx] July 2019