

How To Fulfil Charterers Demands – The Difficult Road Containership Owners Have To Go

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Extended Summary

The Offen Group is a Hamburg-based shipping company and one of the world's biggest tramp owners with a fleet of container ships and bulkers. The group has about 3.000 employees at sea and 150 employees based in the head office. We offer high quality service to our charter clients and professional ship management for 111 of own and third-party ships. CPO Containerschiffreederei (GmbH & Co.) KG is a subsidiary of the Offen Group.

As of 1st January 2020, in accordance with MARPOL Annex VI, the sulphur content of fuel oil utilised on vessels outside Emission Control Areas (ECA) must not exceed 0.50% m/m. The worldwide reduction of the sulphur content from the present limit of 3.50% m/m to 0.50% m/m will require a proper planning for the fuel providers (mainly the charterers) and the fuel users (tonnage providers). Additionally, vessels without exhaust cleaning systems (ECS) are prohibited to carry fuel for use with a sulphur content of more than 0.50% m/m after the 1st of March 2020. Due to this fact shipping companies shall consume the existent supplies of high sulphur fuel oils (HSFO) as exact as possible toward the turn of the year to avoid burning too early the more expensive low sulphur fuel oils (LSFO) and furthermore require to dispose with cost remaining stocks after the 1st of January 2020.

Already in January 2019 a project-team for the "Sulphur Cap 2020" was established within the CPO Containerschiffreederei and a technical Superintendent solely for the tasks was nominated. We started weekly technical - and respectively monthly meetings in an extended circle with our subsidiaries (CPO Bulker, BBG) and other department like purchasing, controlling, operating and crewing. In those meetings the work orders were distributed and results communicated.

We initialised the project by asking the engine and boiler manufacturers, fuel and lubricating oil suppliers for their recommendations. The technical specifications of the fleet e.g. fuel capacities, tank arrangements, fuel cleaning systems were aggregated. Charter parties and shipmanagement contracts were analysed for the respective clauses. We then decided on the responsibilities and lines of communication. The aggregated data of the fuel system and applicability for different fuels were compiled in a "bunker ability card". In addition we checked the heating and dumping capacity of the steam systems. Not to forget the different cleaning methods for the tanks were discussed and tenders towards cleaning companies sent.

Meanwhile, we are in exchange with the different liner companies and owners of our fleet. The tank cleaning is in progress and a permanent control is established.

A cost effective change to the low sulphur fuels which is also conforming to the law can only be achieved when the liner companies, ship owners and ship managers agree on a joint plan, tackle problems and discrepancies together and find a common basis for the risk of too high bunker cost (early switch) against too high disposal cost (late switch). The communication between the different stakeholders, including the vessel crew must be defined and competencies clearly regulated.

The sulphur cap and the significant task of planning the related tasks are big challenges. In our case there are 18 charter companies and a handful of vessel owners involved. Naturally there are different policies and therefore variable approaches inevitable.