

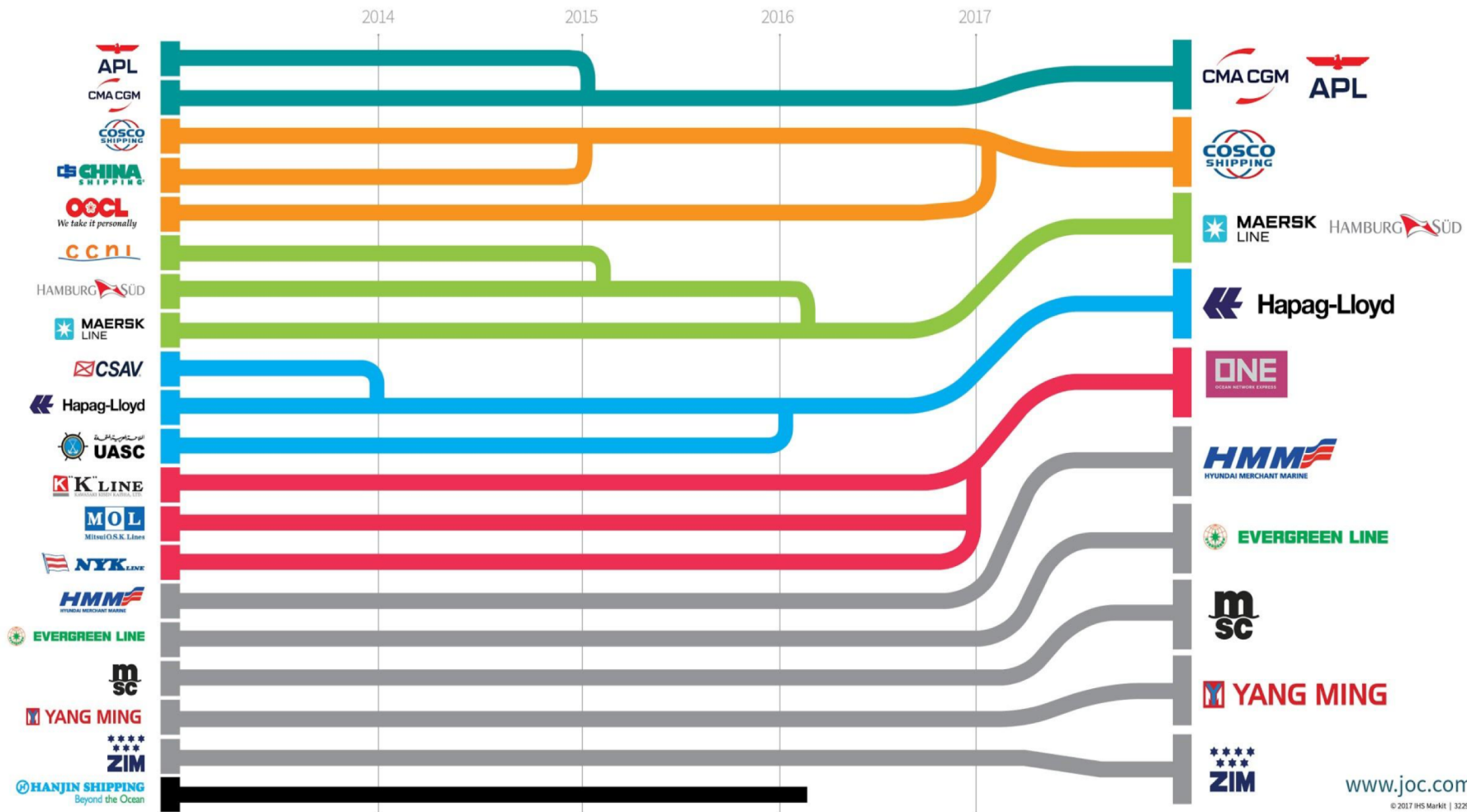


# Low-sulfur rule and container shipping: Rocky waters ahead

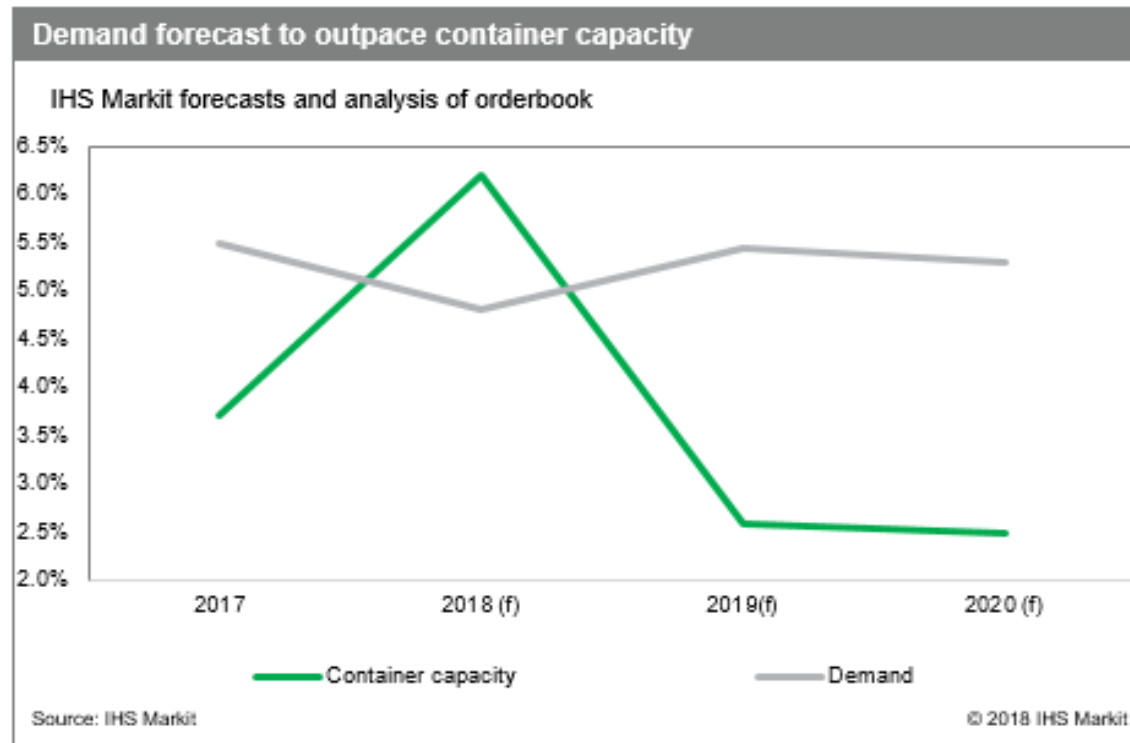
Presented by

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# Rapid consolidation transforms container shipping

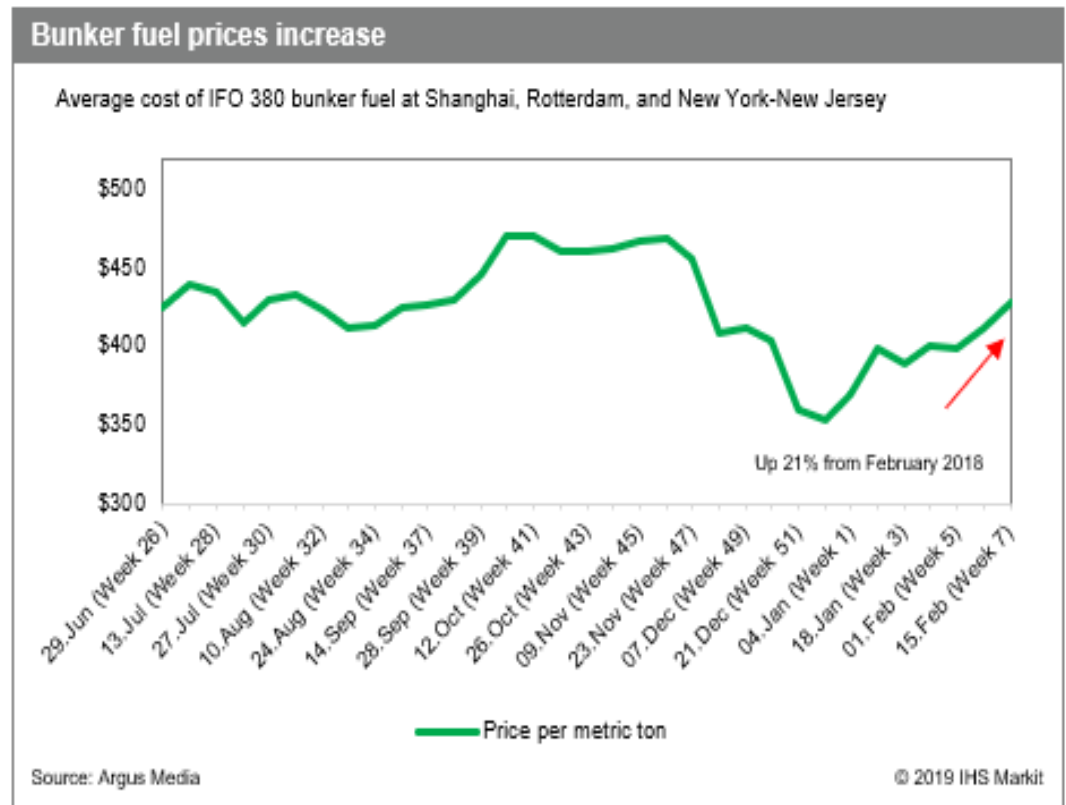


## Container supply-demand imbalance finally improving

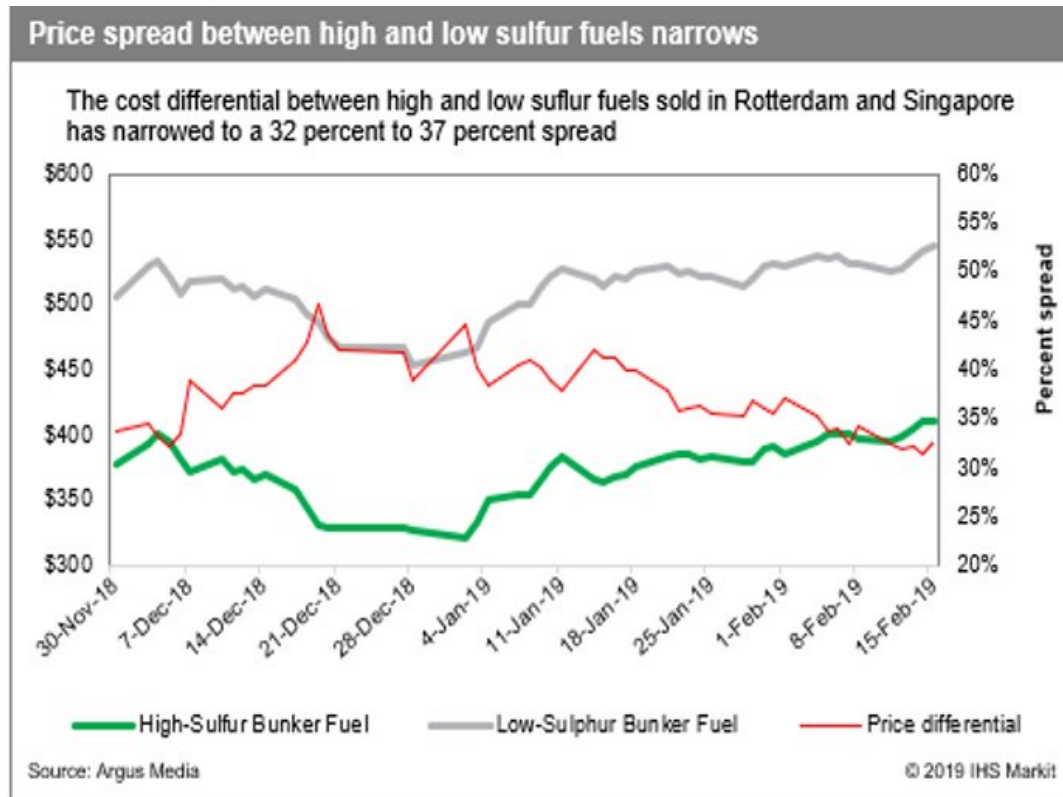


## Higher bunker fuel rates ahead

- \$13 billion- \$15.7 billion in additional annual cost.
- Emergency bunker fuel surcharges fumble.
- Different routes to meet but no clear winner.
- Industry's spotty record in recouping higher costs.
- IHS Markit expects six-month 'scramble period'



## Costs to shippers come into view



- Add \$150-\$200 per TEU to trans-Pacific moves from Asia to West Coast. Could be as high as \$600 to East Coast.
- JOC shipper survey: Half expect fuel cost to rise 10-30% in contracts.
- Compliance and fuel integrity concerns linger.
- Carriers will withdraw capacity if costs aren't recouped.