

Dear Partners and Customers

You may be aware that new EU legislation; the **Sulphur Directive IMO Marpol**, will come into force from 1st January 2015 limiting sulphur content in marine fuels used by Shipping Lines operating on the North Sea, the Baltic Sea and on the English Channel. The current maximum allowed sulphur content in marine fuels is currently 1.0%, but this will be reduced to **0.1%** within the Sulphur Emission Control Areas.

Shipping Lines operating in SECA are working on various solutions in order to limit sulphur emissions, currently the main options are;

- Change to cleaner and considerably more expensive marine fuel with the lower sulphur content of 0.1%.
- Install purification techniques such as “Scrubbers” to remove sulphur from exhaust gases on ships.
- Invest in new ships with alternative fuels, such as LNG or Methanol.



Irrespective of the solution introduced by the various Shipping Lines, shipping costs on the North Sea, the Baltic Sea and on the English Channel will increase due to the substantial additional costs imposed on the Shipping Lines as from January 1st, 2015 which in no doubt will influence the entire transport chain.

Increased Transport Costs

Consequently, this new legislation will have severe consequences for the transport industry and transport costs will increase as a result of above directory to and from markets where it is necessary to use Shipping Lines operating on the North Sea, the Baltic Sea and the English Channel.

The purpose of this communication is to make you aware that increases in freight rates must be introduced compensating the increased shipping costs from 1st January 2015 and we would like to emphasise that this development is completely outside our control in Nordic Chain.

We will come back to you with more detailed information as soon as we know how these costs will influence our prices. In the meantime, we would ask you to make provisions for increased transport costs in your 2015 budget preparation.

Should you have further questions please do not hesitate to get in touch with your normal contact at Nordic Chain.

Best Regards

Nordic Chain