

2nd December 2014

Sulphur Emission Control Area 1st January 2015

From 1st January 2015 vessels must comply with reduced sulphur emission regulations whilst sailing within the North Europe Emission Control Area (ECA), which includes the Baltic Sea, North Sea and English Channel. Sulphur emissions are to be reduced from the current 1% level to 0.1% in accordance with EU legislation. This may be achieved in a number of ways, but currently the most economic and practical solution is for vessels to burn fuel with reduced sulphur content i.e. Marine Gas Oil. All lines will therefore face an increase in fuel costs for vessels sailing within the ECA, together with one off conversion costs.

To offset the additional costs that Borchard Lines Ltd will face, a Low Sulphur Surcharge (LSS) will be introduced from 1st January 2015. The LSS will apply to all cargoes discharging at Felixstowe, Rotterdam or Antwerp on or after this date and all cargoes loading from Felixstowe, Rotterdam or Antwerp on Rio Cadiz v1409, Seago Istanbul v1421 and all subsequent sailings.

As a result of the Low Sulphur Surcharge, some UK inland destinations, currently served via Felixstowe, may be served more competitively via Liverpool utilising the Borchard UK West Coast Service.

Borchard Lines' UK West Coast Service serves Liverpool and Dublin direct and without transshipment via ECA ports. Cargo to/from Liverpool, Dublin, Belfast and Cardiff will therefore not face any Low Sulphur Surcharge. These ports are currently regulated by the same emission controls that apply to Mediterranean ports.

We summarise the surcharge levels for the affected trades as follows:

Effective from 1st January 2015

From	To	USD per TEU*
Felixstowe / Rotterdam / Antwerp	Med ports	40
Med Ports	Felixstowe / Rotterdam / Antwerp	40
Liverpool / Dublin / Cardiff / Belfast	Med Ports / Leixoes	0
Med Ports / Leixoes	Liverpool / Dublin / Cardiff / Belfast	0
Leixoes	Med Ports	0

Please note that the Low sulphur surcharge calculation is based upon the spread between the High sulphur fuel and SECA compliant fuel and is therefore subject to adjustment.

*N.B. Payments of the LSS may be made in currencies other than USD converted at the applicable ROE for the vessel/voyage.