



Yes, it's possible!

New rules on maritime fuel:
-a short guide to the impact on you



Imminent environmental legislation will limit fuel sulphur emissions from all ships operating in Northern Europe and the coastal areas of the United States. The cost implications will impact on oceanliners, ferry companies and feeder operators and ultimately their freight customers. Here we explain the background.

The legislation

In force from 1 January 2015, the new Sulphur Directive requires a drastic cut in sulphur emissions from all vessels operating in the Baltic Sea, the North Sea, the English Channel and the coastal areas of the United States.

In these so-called Sulphur Emission Control Areas (SECA's), ships must use fuel with a maximum of just 0.1% sulphur content – down from the current 1% limit – or adopt alternative solutions that achieve an equivalent effect.

Why is this?

Ships are a prime source of sulphur dioxide (SO²), which is produced by burning fossil fuels containing sulphur. SO² is a major air pollutant that is toxic to humans, plants and animals as well as being the main cause of acid rain. Recognising this, the International Maritime Organization and the European Union have been working on the legislation for several years.

Solutions and Corrective actions

Vessel operators have several options to comply with the new directives. One can adopt to new technology, use alternative fuels or invest in emission prevention equipment, so called scrubbers. Whatever solutions are chosen, the action taken will lead to cost increases which more than likely will be passed on to customers.



Further consequences

The liner and ferry industries are highly competitive and low margin shipping sectors, so the problems may go well beyond higher operating costs and price increases to customers.

Several major liner and ferry operators in Northern Europe are conducting feasibility studies on the viability of continuing to run certain services within the SECA's. This could result in route closures – notably on long distance and/or low volume trades - and reduced frequency on marginal routes. This may lead to increased leadtimes and higher cost not only when shipping goods by sea, but also in The North European road transportation sector who is heavily dependent on the ferry industry.

In conclusion

It's clear that the new EU legislation on maritime sulphur emissions will have a knock-on effect far beyond shipping companies.

The full impact and cost implications for the transport sector and its customers cannot be quantified until the vessel operators confirms its revised price structure and network capabilities.

We will, of course, not only keep you informed but also work closely with you to continue providing the optimum solutions for your requirements.