

Monday, December 01, 2014

Re: Low Sulphur Fuel (LSF) – Surcharge.

Dear Valued Customer,

As a European based shipping company with operations to and from the Pacific region – Swire shipping is committed to comply with the international environment regulations in order to maintain our environment sustainability.

From the 1st of January 2015, Swire Shipping will comply with the implementation of the new Low Sulphur Fuel Policy set by the International Maritime Organization (IMO) in which the new policy requires every ship operating within the Emission Control Areas (ECAs) to use fuel with a maximum allowed Sulphur content of **0.1%** (current limit: 1.0%). To comply with this policy, we will be introducing a Low Sulphur Surcharge (LSF) applicable to all Southbound cargo movements as of the 01st of January 2015.

Emission Control Areas in Europe (ECA)

Presently ECA's exist in North Europe (including the Baltic Sea, North Sea and English Channel).



Europe ECA

The Europe ECA zone includes the North Sea and the Baltic Sea, which are North Sea southwards of the latitude 62° N and eastwards of longitude 4° W; Skagerrak, the southern limit of which is determined east of the Skaw by latitude 57° 44.8' N; and the English Channel and its approaches eastwards of longitude 5° W and northwards of latitude 48°30' N.

Environmental Impact

Under the Low Sulphur fuel policy, Sulphur Dioxide (Sox) emissions from ships will be reduced in the dark shaded ECA area above.

The International Maritime Organization provides extensive background information on the new Low Sulphur fuel policy and ECA's on their website: www.imo.org

Swire Shipping - Low Sulphur Fuel levels ex Europe as of 01st January 2015

Southbound	Euro Tariff Surcharge	
	Per TEU	Break Bulk
<u>Europe – Pacific Trades</u>		
North European Base ports within the Europe ECA	€43	€2.6 w/m
<u>Out ports</u>		
Scandinavia, Baltic countries & Russian ports	€ 86	On Request
Ports on the Atlantic coast of Spain & Portugal	€ 86	On Request
Irish ports	€ 86	On Request
U.K. Out ports other than Southampton and Felixstowe	€ 86	On Request

Southbound	US\$ Tariff Surcharge	
	Per TEU	Break Bulk
<u>Europe – Pacific Trades</u>		
North European Base ports within the Europe ECA	US\$ 54	US\$ 3.2 w/m
<u>Out ports</u>		
Scandinavia, Baltic countries & Russian ports	US\$ 107	On Request
Ports on the Atlantic coast of Spain & Portugal	US\$ 107	On Request
Irish ports	US\$ 107	On Request
U.K. Out ports other than Southampton and Felixstowe	US\$ 107	On Request

- The above surcharge is per TEU (20 foot equivalent unit) and will be apply to dry vans, special equipment and reefer containers as well.
- The Low Sulphur Surcharge is in addition to the Bunker Adjustment Factor (BAF) charge as per monthly circulated trade notices.

We will keep you updated of any periodic changes in the level of LSF applied and we would greatly appreciate your support and cooperation regarding this important environmental initiative.

Yours sincerely.

Swire Shipping Europe.