

# CMA CGM Group Sulphur regulation's impacts

Central Business Intelligence

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# New Sulphur Regulation as from January 1<sup>st</sup>, 2015

Major SOx limit reduction

MARPOL Annex VI regulations for the prevention of Air Pollution from ships settles Sulphur Oxides (SOx) Emission Control Areas (ECA) with more stringent controls on sulphur emissions.

Stricter regulations covering the sulphur content of fuel oil will be strengthened by local regulators (European Union, USA, Canada).

## SOx regulation The world in 2015



0.1% Sulphur in 2015

### ECA SOx regulation application :

Baltic Sea, the Channel and North Sea

North America and Caribbean seas

As from **January 1<sup>st</sup>, 2015**, this directive will require ships to use fuel with a **maximum allowed sulphur content of 0.1%** in the ECA.

Year	Outside ECA Limit % SOx	Inside ECA Limit % SOx
2007	4.5%	1.5%
2010	4.5%	1.0%
2012	3.5%	1.0%
2015	3.5%	<b>0.1%</b>
2020	0.5%	0.1%

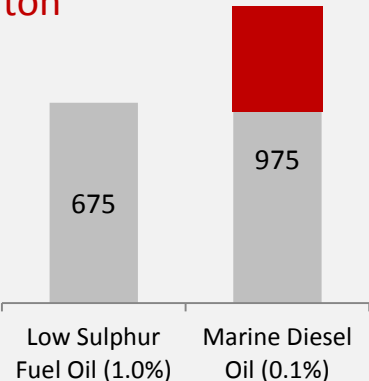
IMO MARPOL Sulphur Limits

# Impacts of SOx limit reduction on shipping lines

## Extra costs

Fuel with no more than 0.1% Sulphur content is Marine Diesel fuel, more expensive than Low Sulphur Fuel Oil (with 1.0% sulphur content)

→ Average extra cost differential is about **USD 300 per ton**



Indicative market prices in USD per ton. Subject to market variation.

The higher price of Marine Diesel fuel (as illustrated on the graph) will represent an additional cost of **more than USD 100 million** every year for CMA CGM, inflating the total amount of fuel consumption.

Furthermore, technical issues when running main engine with DO, such as temperature, viscosity or the size of DO tank, will generate extra costs to upgrade some of our vessels so as to meet this new rules.

As a consequence :

- CMA CGM will implement a **Low Sulphur Surcharge** as from January 1<sup>st</sup>, 2015.
- CMA CGM will communicate as from early Q4 2014 on a Low Sulphur Surcharge up to USD 150/40’\* depending on the trade.
- Our experts keep on working on technical innovation to fit with LSF regulation.

\* To be updated depending on worldwide fuel market price evolution

Impact CMA CGM

Impact Customers



Thank you

