

Brussels, June 2011

Dear Commissioner Barnier,

In the light of the discussions at the Maritime Stakeholder event of 1 June 2011, the undersigned European trade associations representing the majority of cargo-owners and shipowners in Europe are writing to you to share their common views with regard to the revision of the Sulphur Directive 1999/32/EC.

As the College debate on the revision of the Sulphur Directive is drawing near we would like to bring to your attention industry's serious concerns on the proposed legislation.

Whereas we support the adoption by IMO to reduce sulphur limits to 0.5% globally by 2020 or, depending on the situation regarding the supply of such fuel, at the latest by 2025, the requirement to reduce the sulphur limits to 0.1% in the North European SECA from 2015 remains highly controversial.

The concerns of the industry relate to a possible 65 % increase in fuel costs as a result of the imposed 0.1% sulphur limit. Large price increases of sea transport will lead to modal back shift from sea to road transport and put the industries in SECA-countries at an expensive logistical disadvantage. The environmental gain is very limited between the global 0.5 % and North European SECA 0.1 % sulphur limits.

Numerous studies clearly show that a modal back shift of up to 46% on specific routes could materialise. The Compass study, a study commissioned by DG Environment, is the only study at odds with this view, suggesting a small 1-9% modal shift would result from the limits. However, the assumptions used in this study do not reflect actual circumstances and important costs elements of shipping, and the study underestimates the costs of sea transport compared to land transport.

Also the model used by the consultants assumes that a company's total transport budget is fixed and that any price increase for short sea shipping would merely result in a decreased budget available for road transport: these assumptions are completely wrong.

The Commission has informed us that it has developed a package of accompanying measures to help ship-owners and operators comply with the stricter low sulphur limits applying in SECAs. Such measures comprise promotion of green ship technology, infrastructure and alternative fuels, and clarification of state aid rules.

We urge the Commission to make sure that these suggested measures are realistic for the industry, taking into account factors such as the thousands of ships effected by the 0,1% requirement by 2015, the pace of fleet renewal and technical and safety limits to retrofitting new technology.

In view of the time-lines necessary to approve and fit sulphur 'scrubber' technology, clear legislative clarity is needed. Further time is also needed for testing the technology, production management, entering and evolving markets, arranging the necessary investments, and finally

installing the technology into ships within a carefully managed maintenance programme in collaboration with the shipyards and their available capacity.

LNG engines represent a parallel solution to the problem, but only for new ship buildings. This could represent a viable solution as and when old tonnage is replaced with newbuilds in the coming decades. Bunkering infrastructure should also be developed in line with the increased demand for LNG fuels that would result from LNG powered newbuilds.

It is a fundamental requisite to ensure realistic technological options are available before putting into action any such strict and costly changes to fuel requirements. If the current proposal on sulphur limits goes ahead as it is now the EU will have to face a lack of low sulphur fuel supply.

Therefore, we believe that more time is needed: we advocate implementation of the 0,1% requirement between 2020 and 2025, or else the maximum sulphur content in 2015 will have to be reconsidered. This would allow industry time to develop and exploit technologies that lead to reduction of sulphur emissions more cost-efficiently and leads to a better environmental outcome for the total transport chain.

We urge the Commission once more to look carefully into the various impact assessments to find the most cost efficient ways to improve the environmental performance of shipping while maintaining its competitiveness.

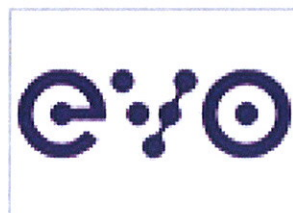
Thanking you for taking these views into consideration,



Nicolette van der Jagt  
Secretary General, European Shippers' Council



D. van den Broek Humphreij  
Algemeen directeur, EVO/ Dutch Shippers' Council



Cc: Commissioners  
Head of Cabinets



A handwritten signature in black ink, appearing to read "Philippe de Buck".

Philippe de Buck, Director General



Confederation of Finnish industries

A handwritten signature in black ink, appearing to read "Mikko Pukkinen".

Mikko Pukkinen, Director General



Confederation of Swedish enterprise

A handwritten signature in blue ink, appearing to read "Annika Lundius".

Annika Lundius, Vice President



Estonian Forest and Wood Industries Association

Ott Otsmann, Managing Director



European Confederation of Iron and Steel Industries

A handwritten signature in black ink, appearing to read "Gordon Moffat".

Gordon Moffat, Director General



Lithuanian Confederation of Industrialists

Gediminas Rainys, Director General

**METALLINJALOSTAJAT**  
Association of Finnish Steel and Metal Producers

Association of Finnish Steel and Metal Producers

Mika Nykänen, Managing Director

 Finnish Forest Industries

Finnish Forest Industries

Timo Jaatinen, Director General



Belgian Shipper's Council

Nik Delmeire, Planning Manager



Suomen Satamaliitto

Markku Mylly, Managing Director

The Federation of Finnish  
**Technology  
Industries**


The Federation of Finnish Technology Industries



Jorma Turunen, Director General

**SveMin**

SveMin, employers and industry association for mines  
and mineral and metal producers in Sweden

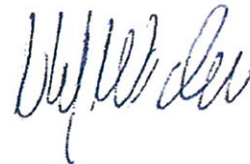


Tomas From,  
Vice Managing Director



Suomen Varustamot  
Rederierna i Finland  
Finnish Shipowners' Association

Finnish Shipowners' Association



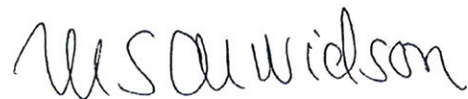
Olof Widén, Managing Director



The Swedish Shipowners' Association SSA



Swedish Forest Industries Federation



Marie S. Arwidson,  
Managing Director of Skogsindustrierna





**TÖÖANDJATE KESKLIIT**  
ESTONIAN EMPLOYERS' CONFEDERATION

Estonian Employers' Confederation, ETTK

Tarmo Kriis, Director General

*Näringslivets Transportråd*  
- för transportköpare

Swedish Shippers Council

**NÄRINGSLIVETS TRANSPORTRÅD**

Stig Wiklund  
Ordförande

Stig Wiklund, Ordförande



Employers' Confederation of Latvia

Employers' Confederation of Latvia, LDDK

Elīna Egle, Director General

**Lewiatan** 

Polish Confederation of Private Employers

Lech Piławski, Director General



Royal Association of Netherlands Shipowners

T. Netelenbos, President



Association des Utilisateurs  
de Transport de Fret, AUTF

Philippe Bonnevie, Secretary General



Verband Deutscher Papierfabriken e.V.  
German Pulp and Paper Association

Dr. Thomas Moldenhauer, Manager,  
Business Administration, Taxes and  
Transportation



Royal VNP  
Royal Netherlands' Paper and Board Association

Gerrit Jan Koopman,  
Managing Director



Association of Polish Papermakers, SPP

Janusz Turski,  
Managing Director



Confederación Española  
de Organizaciones Empresariales

A handwritten signature in black ink, appearing to read 'Jose Maria Lacasa'.

Jose Maria Lacasa, Secretary General



Confederation of European paper industries

A handwritten signature in black ink, appearing to read 'Teresa Presas'.

Teresa Presas, Managing Director



Confederation of paper industries

A handwritten signature in blue ink, appearing to read 'David Workman'.

David Workman, Director-General