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Mary Nichols, Chair California Air Resources Board 1001 I Street, PO Box 2815 Sacramento, CA 95812

Re: Support for Santa Barbara County Air Pollution Control District Proposal to Use Cap-and-Trade Auction Funds for a Vessel Speed Reduction Incentive Program

Dear Chair Nichols, and Members of the California Air Resources Board:

Maersk Line is pleased to express support for the proposal by the Santa Barbara County Air Pollution Control District ("the District")to establish a Vessel Speed Reduction ("VSR") incentive program using cap-and-trade auction funds.

Maersk Line is the world's largest container shipping line. We are committed to reducing our environmental footprint, and since 2007 have reduced our CO2 emissions by 25% on a per container per kilometer basis. In 2006 Maersk Line pioneered the use of cleaner fuels in California ports to reduce criteria air emissions, and we still use fuels significantly cleaner than required by the OGV Fuel Rule. We have also implemented similar programs in Hong Kong, Singapore and Gothenburg Sweden.

Vessel speeds have very significant impacts on vessel fuel consumption and the resulting emissions. Since 2008, Maersk Line has led the move to "slow steaming" globally in order to reduce fuel consumption and the resulting CO_2 and SOx/NOx/PM emissions. We have been participating in the successful Vessel Speed Reduction incentive programs at the Ports of LA and Long Beach, and would anticipate participating in such a program (depending on final requirements).

More details on our environmental performance are covered in our annual sustainability progress reports which can be downloaded atwww.maerskline.com. Our 2013 progress update will be published on March 18, and the AP Moller-Maersk Sustainability annual report is available at <u>www.maersk.com</u>.

I first met with the District and other stakeholders in Santa Barbara in February 2012 to share information from the shipping industry perspective and learn more about their concerns on greenhouse gas emissions, criteria pollutants and protecting whales. Since then I have spoken with District staff several times to assist them in development of a workable program. We will continue to work with the District to provide insights and input as this program develops.

I will be happy to discuss vessel operations or answer other questions. Please feel free to contact me.

Sincerely,

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