



JANUARY 25, 2010

CIRCULAR NO. 05/10

TO MEMBERS OF THE ASSOCIATION

Dear Member:

REGULATIONS OF THE PEOPLE'S REPUBLIC OF CHINA ON THE PREVENTION AND CONTROL OF MARINE POLLUTION FROM SHIPS

Members were advised in Circular No. 24/09 of November 4, 2009 that the new Regulations of the People's Republic of China (PRC) on the Prevention and Control of Marine Pollution from Ships ("the Regulations") (promulgated by the PRC State Council on September 9, 2009) are due to take effect on March 1, 2010.

The earlier Circular drew attention to the wide range of issues covered by the Regulations, such as the discharge and reception of oil pollutants; dumping of waste and permissions for dumping; oil pollution response planning; oil spill clean-up arrangements, reporting and emergency handling of pollution incidents; investigation and compensation of pollution incidents; supervision of the loading, lightening and discharging of the polluting hazardous cargoes; a compulsory insurance regime for all vessels (except those that are less than 1,000 gross tons and not carrying oil cargoes) to cover claims arising from oil pollution damage, and penalties for contravening any of the Regulations' requirements.

Requirement to contract with an approved local clean up contractor

The Regulations will require the "operators" of any vessel carrying polluting and hazardous cargoes in bulk or of any other vessel above 10,000 gross tons to conclude a pollution clean up contract with an MSA approved pollution response company before entering a PRC port.

The International Group (IG) understands that the PRC's Maritime Safety Agency (MSA) has been approving contractors in the various PRC ports, with a view to issuing further complementary regulations which would cover both the response contracts that would need to be concluded by operators and the contractors which had been approved by the MSA.

Following contact with the MSA it is the IG's understanding that it is likely that this process will not be completed by the effective entry into force date of the Regulations, namely March 1, 2010, and that this date for operators to pre-contract with an approved pollution response contractor will probably be postponed. The IG understands that the Ministry of Transport will issue a formal notice if there is an extension to the entry into force date of these specific provisions in the Regulations.

The IG will continue to engage with the PRC MSA in this regard and a further update to members will be provided in due course.

Members should continue to work on the basis that the other provisions of the Regulations will become effective on March 1, 2010.

Yours faithfully,


Joseph E.M. Hughes, Chairman & CEO
Shipowners Claims Bureau, Inc., Managers for
THE AMERICAN CLUB

All Clubs in the International Group of P&I Clubs have issued similar circulars.