



JULY 31, 2012

CIRCULAR NO. 20/12

TO MEMBERS OF THE ASSOCIATION

Dear Member:

MARPOL ANNEX VI – IMPLEMENTATION IN THE NORTH AMERICAN EMISSION CONTROL AREA (ECA) - AUGUST 1, 2012

Background

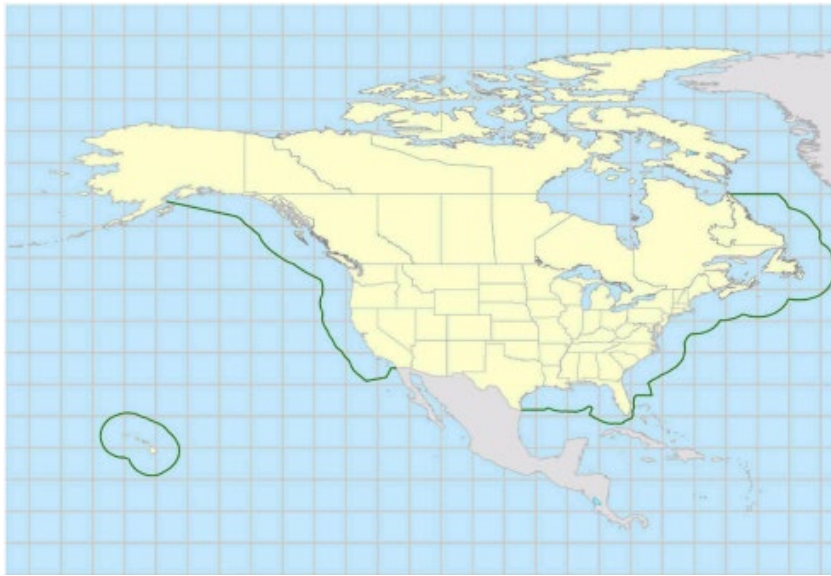
MARPOL Annex VI is implemented in the United States through the Act to Prevent Pollution from Ships (APPS). Under the authority of APPS, the US Environmental Protection Agency (EPA), in consultation with the United States Coast Guard (USCG), has promulgated regulations which incorporate by reference the full text of MARPOL Annex VI. See also 40 C.F.R. § 1043.100(a)(1).

Compliance with the MARPOL Annex VI air emission standards, including the fuel oil sulfur standards, will significantly reduce emissions from foreign and domestic vessels that affect U.S. air quality.

On August 1, 2012, the North American Emission Control Area (ECA) will be established under MARPOL Annex VI. Under this regime, vessels will be required to demonstrate compliance with the applicable sulfur oxide (SO_x) and nitrogen oxide (NO_x) standards. The geographical limits of the North American ECA can be found in Appendix VII of MARPOL Annex VI and MEPC.1/Circ.723 *“Information on North American Emission Control Area (ECA) under MARPOL Annex VI”*. Further details can be found on the EPA website under the heading **“Designation of North American Emission Control Area”**.

The USCG and EPA have now released their guidelines for compliance and enforcement in the US.

Transport Canada has also recently released its guidelines for compliance and enforcement in their **Ship Safety Bulletin 03/2012**.



Area of the North American ECA

Applicability

With few exceptions, all vessels which operate in the North American ECA are required to be in compliance with the Annex VI ECA fuel oil sulfur standard.

Actions Required

When operating in the ECA, ships must utilize low sulfur fuel oils that meet the current standards in the table below, or employ exhaust gas cleaning technology that will meet the emission requirements.

Fuel Sulfur Standard (Maximum Percentage by Weight)			
Global Sulfur Cap		ECA Sulfur Cap	
On and after Jan. 1, 2012	3.50%	On and after Aug 1, 2012	1.00%
On and after Jan. 1, 2020	0.50%	On and after Jan. 1, 2015	0.10%

Enforcement in Canada

Transport Canada has announced in its [Ship Safety Bulletin 03/2012](#) that it has not yet provided the required national regulations to implement the ECA. The regulations are expected to be completed near the end of 2012. In the interim, Canada will continue to enforce the “*Vessel Pollution and Dangerous Chemical Regulations*” and is requesting ships to voluntarily comply with the low sulfur fuel oil standards of the ECA.

Enforcement in the United States

The USCG and the EPA have entered into an agreement assigning roles for the enforcement of the ECA. The USCG will board ships to confirm compliance. The EPA and USCG will share responsibilities for investigating non-compliance and subsequent enforcement actions.

On June 26, 2012, the EPA approved its “[Interim Guidance on the Non-Availability of Compliant Fuel Oil for the North American Emission Control Area](#)”. This document addresses how the US will implement fuel oil availability provisions for ship owners and operators unable to obtain fuel oil that meets the sulfur standards of the ECA.

On July 25, 2012, the USCG approved [CG-CVC Policy Letter 12-04](#) “Guidelines for Compliance and Enforcement of the Emission Control Areas Established Within the United States Jurisdiction as Designated in [MARPOL Annex VI Regulation 14](#)”. At the same time the USCG released its “[ECA Job Aid](#)” providing guidance to boarding officers who will inspect for compliance with the ECA.

Possible Exemptions

Within the guidelines, the USCG identifies four possible reasons for non-compliance:

1. **Non-availability of Compliant Fuel Oil for Purchase (MARPOL Annex VI, Regulation 18)**
2. **Compliance through Equivalent Controls (MARPOL Annex VI, Regulation 4)**
3. **Ship Operators Seeking Exception and/or Exemption (MARPOL Annex VI, Regulation 3.2)**
4. **Equipment Casualty or Failure (MARPOL Annex VI, Regulation 3)**

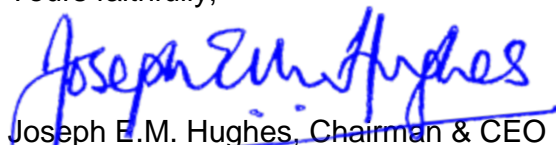
Each of these non-compliances requires special reporting to the USCG and/or EPA. For further details please refer to the USCG and EPA documents noted in this circular.

References

- Transport Canada Ship Safety Bulletin 03/2012
- EPA “Interim Guidance on the Non-Availability of Compliant Fuel Oil for the North American Emission Control Area”
- CG-CVC Policy Letter 12-04 “Guidelines for Compliance and Enforcement of the Emission Control Areas Established Within the United States Jurisdiction As Designated In MARPOL Annex VI Regulation 14”
- USCG ECA Job Aid
- Environmental Protection Agency Website

Should Members have any questions or concerns in regard to the above, they are invited to contact the Managers’ Loss Prevention department.

Yours faithfully,



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