MEMBER ALERT

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EMISSION CONTROL AREAS (ECAs) IN THE PEOPLE'S REPUBLIC OF CHINA

Reference is made to <u>Circular No. 44/15</u> of December 15, 2015 entitled *The People's Republic of China: Designation of Emission Control Areas (ECAs)*, informing Members that local maritime authorities in the People's Republic of China (PRC) may require ships to use fuel with a sulfur content of no more than 3.5% during berthing, and may also implement other, more stringent, measures than the current emission control standard. The Circular also notes that some ports may impose a limitation of 0.5% by way of sulfur emission requirement.

Your Managers have recently become aware (through Messrs. Hai Tong & Partners, (who provide legal assistance in the PRC to the International Group) that the Maritime Safety Administrations (MSAs) in Hebei Province and Tianjin Municipality have both reportedly penalized a foreign ship for use of fuel with sulfur content over 0.5%. It is not clear at this stage how the vessel was penalized.

It has been reported that, in conducting the supervision and inspection survey of the foreign vessel that arrived at Tianjin Port, the MSA officer suspected that the vessel was using non-compliant fuel. Sampling results showed that the sulfur content of the fuel of that ship was 0.866%, which exceeded the maximum content of 0.5%m/m.

This is the first reported case of the usage of non-compliant fuel in the PRC since the second and more stringent stage of control measures was implemented on January 1, 2017. The latest control measure requires ships to use fuel with a sulfur content of no more than 0.5% during berthing at key ports (excluding 1 hour after anchorage and 1 hour before departure).

Following the above referenced publicly reported case, there have been at least two other foreign flagged vessels that have been penalized by the MSA for allegedly using non-compliant fuel.

Your Managers understand that all of the 11 core ports¹ in the applicable ECAs have started to implement the latest low sulfur content control measure and that local MSAs will strengthen inspections of ships berthing in port waters. Given these recently reported developments, it seems clear that the MSAs will continue to enforce the PRC ECA regulations and requirements vigorously.

Members are urged to comply with the latest low sulfur content requirement to avoid any detention or other penalty. Your Managers will provide any further updates as they become available but, in the meantime, should Members have any further questions or should require further assistance, the Managers will be pleased to assist.

¹ Shenzhen, Guangzhou, Zhuhai, Shanghai, Ningb-Zhoushan, Suzhou, Nantong, Tianjin, Qinhuangdao, Tangshan, and Huaye.