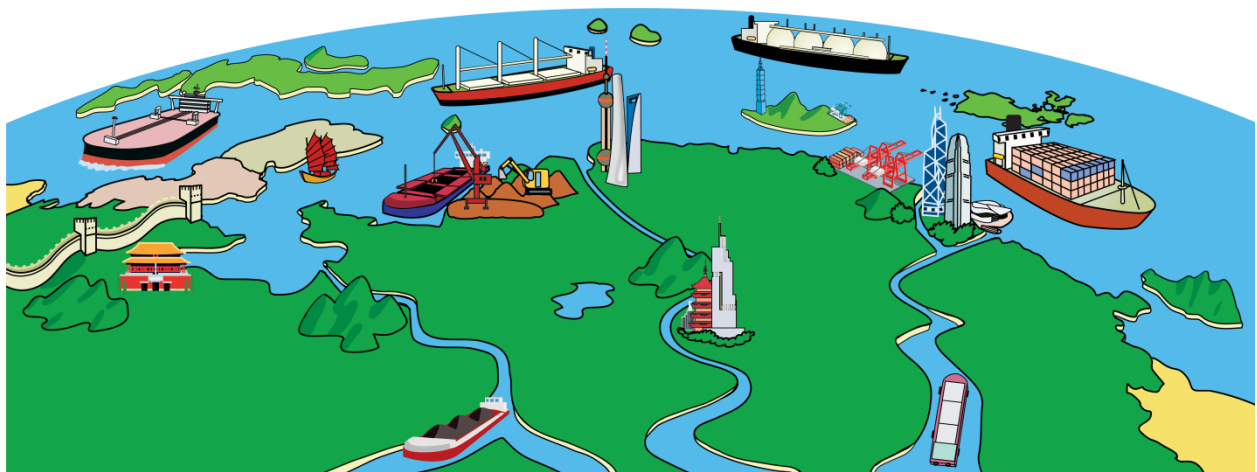




WELCOME TO GREATER CHINA!

A shipowner's guide to regulatory compliance



MAY, 2018

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Welcome to Greater China!

A shipowner's guide to regulatory compliance

Introduction

The American Club is pleased to present the attached summaries of key regulations of which shipowners should be aware when trading to and from the People's Republic of China, Hong Kong and Taiwan. This document focuses on issues of safety, maritime security and marine environmental protection which are unique to locations in Greater China. Members should also note that, in regard to most of these requirements, the Club also provides additional guidance, materials and services to assist them in achieving compliance. These are noted in the appropriate places herein.

Members are urged to liaise with their local agents in advance of trading to the People's Republic of China, Taiwan and Hong Kong for detailed guidance and assistance as to the rules which may apply to them. In addition, Members are invited to contact the Managers who will, as always, be pleased to help.

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Table: Regulatory Regime for Greater China

|  PEOPLE'S REPUBLIC OF CHINA | | | |
|---|---|--|--|
| Subject | Summary | American Club guidance/references | Other relevant guidance/references |
| ENVIRONMENT Designated Emission Control Areas (ECAs) | <p>Specifies ECAs for PRC coastal regions. In the ECAs, to reduce the emission of sulfur oxides, nitrogen oxides (NOs) and particulate matter into the air, ships are required to use designated low fuel with no more than designated amounts as specified by the PRC's designated Maritime Safety Administration's jurisdictions or take alternative measures to the equivalent effect.</p> | <p>A summary of the requirements for compliance with PRC emission control areas can be found at the American Club website at:</p> <ul style="list-style-type: none"> • Member Alert dated 21 December 2016 • Club Circular No. 44/15 • Member Alert dated 3 March 2016 • Member Alert dated 17 March 2017 • Member Alert dated 9 August 2017 • Member Alert dated 1 September 2017 • Member Alert dated 29 November 2017 • Member Alert dated 22 December 2017 | <p>More information can be found at the website of the China's Marine Safety Administration (MSA) at: http://en.msa.gov.cn/.</p> |
| ENVIRONMENT Regulations of the PRC on the Prevention and Control of Marine Pollution from Ships: Pollution clean-up contract | <p>This requirement applies to owners/operators must enter into a pollution clean-up contract with a Maritime Safety Agency (MSA) approved ship pollution response company (SPRO) before the ship enters a PRC port if the vessel meets the following criteria:</p> <p>(a) any ship carrying polluting and hazardous cargoes in bulk; or</p> <p>(b) any other ship above 10,000 GT.</p> <p>These requirements do not apply to Hong Kong, Macau or inland waterways in China PRC except the seaports of Nantong.</p> | <p>Please refer to the following Club circulars regarding the MSA's SPRO requirements:</p> <ul style="list-style-type: none"> • Circular No. 25/15 (New requirements for SPROs) • Circular No. 36/14 • Circular No. 39/12 (IG recommended spill contract) • Member Alert dated 2 May 2018 | <p>The list of MSA approved SPROs can be found at: http://en.msa.gov.cn/marineEnvironmentProtection/index.ihtml</p> |



PEOPLE'S REPUBLIC OF CHINA (cont.)

| Subject | Summary | American Club guidance/references | Other relevant guidance/references |
|--|---|---|--|
| <p>ENVIRONMENT Asian Gypsy Moth</p> | <p>Vessel departing from Asian Gypsy Moth affected area (including Japan, Korean, China and far eastern Russia) to NAPPO member countries (including U.S, Canada, Mexico) shall acquire a "Certification of Freedom from Asian Gypsy Moth Onboard" before departing the affected countries.</p> <p>The China Certification and Inspection Group is the only certified agent to provide "non AGM onboard certificates". Members should correspond with their agents to acquire the required certificate.</p> | <p>See the Club's Currents publication, The Asian Gypsy Moth Season is Upon Us.</p> | <p>Concerns regarding the Asian Gypsy Moth for the People's Republic of China apply to all ports in northern China, including all ports north 31° 15' from 1 June 2015 to 30 September 2015.</p> <p>Further information can be found here.</p> |
| <p>ENVIRONMENT Garbage and sludge disposal for ocean going ships</p> | <p>As of 13 December 2016, sludge and garbage disposal are no longer mandatory for ocean going vessels before they leave port, including all ports within the Bohai area.</p> | <p>Please refer to Member Alert dated 13 February 2017 for further information.</p> | <p>X</p> |
| <p>ENVIRONMENT Disposal of solid wastes</p> | <p>As of 31 December 2017, the PRC has issued stricter regulations to prevent and control pollution, including greater control on the importation of solid waste.</p> | <p>Please refer to Member Alert dated 5 February 2018 for further information.</p> | <p>The full list of solid wastes that are banned from discharging in China can be found here.</p> |
| <p>ENVIRONMENT Discharging water borne pollutants from ships</p> | <p>As of 1 July 2018, the PRC has issued new "Discharge Standards" for the discharge of water pollutants from ships.</p> <p>The Discharge Standard applies to all ships (excluding military ships) in territory waters and waters under the jurisdiction of the PRC.</p> | <p>Please refer to Member Alert dated 23 February 2018 for further information.</p> | <p>English translations of the Discharge Standard for Oily Wastewater (Form 1) and the Limit for Oily Wastewater from Machinery Space under the Discharge Standard (Form 2) can be accessed by clicking here.</p> |



PEOPLE'S REPUBLIC OF CHINA (cont.)

| Subject | Summary | American Club guidance/references | Other relevant guidance/references |
|---|---|---|--|
| <p>HEALTH & SAFETY Zika Virus</p> | <p>The Zika virus is transmitted in tropical regions to people through the bite of an infected Aedes mosquito. This virus has been linked to cases of babies born with neurodevelopmental disorders resulting in reduced head circumference and Guillain-Barré syndrome, a rapid onset of muscle weakness because of damage to the peripheral nervous system.</p> | <p>Please refer to the following American Club documents/links for more information:</p> <ul style="list-style-type: none"> • Member Alert dated 30 August 2016 summarizing requirements for vessels calling the PRC • Circular No. 06/16 providing general information on the Zika Virus • American Club website at: http://american-club.com/page/infectious_diseases. | <p>See the section “Infectious Diseases” at the American Club website at: American Club website at: http://american-club.com/page/infectious_diseases for guidance, a summary of where to find additional information and periodic updates on the spread and control of this infectious disease.</p> |
| <p>MARITIME SECURITY Vessel Notice of Arrival or Departure (NOAD)</p> | <p>The operator of a vessel, or her agents, shall submit an application of vessel calling at a Chinese port and report required information to local marine security authority 7 days before arrival or from departing another Chinese port. Vessels must depart the Chinese port within 24 hours after received clearance.</p> <p>NOAD details can be arranged through the vessel's local agent.</p> | <p style="text-align: center;">X</p> | <p style="text-align: center;">X</p> |
| <p>MARITIME SECURITY Security inspection requirements in Qingdao</p> | <p>As of 1 May 2017, new special security inspection requirements are in effect for vessels that are non-PRC flagged.</p> | <p>Please refer to Member Alert dated 1 May 2018 for further information.</p> | <p style="text-align: center;">X</p> |



PEOPLE'S REPUBLIC OF CHINA (cont.)

| Subject | Summary | American Club guidance/references | Other relevant guidance/references |
|---|--|---|---|
| MARITIME SECURITY Tianjin port thefts onboard ships | Reporting of an increased number of vessels have been reporting incidents of theft in the port of Tianjin. | <ul style="list-style-type: none"> • Member Alert dated 22 December 2016 | X |
| MARITIME SECURITY Dangerous goods (DGs) cargoes | Vessels carrying DGs to, through, or out of Chinese ports shall report to local maritime security authority 3 days before arrival/loading. This must include a DG cargo manifest listing of the DG commodity name, nature of cargo, quantity of cargo and cargo stowage plan. These declarations for carriage of DG cargoes can be made through the vessel's agent. | X | Further information on requirements for carriage of dangerous good and the form of TRANSPORT DOCUMENT FOR GOODS BY SEA (PACKAGE) can be found by clicking here . |
| MARITIME SECURITY & SAFETY Pilotage requirements | Vessels entering or exiting port, or shifting locations within the port, are required to do so with the assistance of a pilot to be assigned by the port superintendence administration. Pilotage arrangements can be scheduled through the vessel's agent. | X | As per the <i>Maritime Traffic Safety Law of the People's Republic of China</i> , Article 13 states that vessels of foreign nationality entering and leaving a harbor of the People's Republic of China, navigating or shifting berths in the harbor area, or approaching or leaving mooring points or loading spots outside the harbor must be navigated by a pilot designated by the competent authorities. The full text of the <i>Maritime Safety Law of the People's Republic of China</i> can be read by clicking here . |



HONG KONG

| Subject | Summary | American Club guidance/references | Other relevant guidance/references |
|---|---|--|--|
| <p>ENVIRONMENT Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation</p> | <p>Ocean going vessels of 500 GT or greater must burn 'compliant fuel' that meets any of the following requirements while at berth in Hong Kong:</p> <p>(a) low sulfur marine fuel, i.e. marine fuel with sulfur content not exceeding 0.5% by weight;</p> <p>(b) liquefied natural gas; or</p> <p>(c) any other fuel approved by the Director of Environmental Protection (DEP) on the grounds that its use can achieve SO₂ reduction at least as effectively as the use of low sulfur marine fuel.</p> | <p>Reference to burning low sulfur fuel at berth in Hong Kong can be found at Member Alert dated 10 July 2015.</p> | <p>FAQs regarding the Air Pollution Control (Ocean Going Vessels) (Fuel at Berth) Regulation can be found at: http://www.epd.gov.hk/epd/english/environmentinhk/air/prob_solutions/guide-air-pollution-control-ocean-going-vesselsfuel-berth-regulation.html.</p> <p>A vessel may be exempted from using compliant fuel if that vessel uses technology which can reduce SO₂ reduction at least as effectively as using low sulphur marine fuel or the compliance with the fuel switch at berth requirement will pose a risk to the safety of the vessel.</p> <p>Application for exemption must be in writing in a specified form with supporting documents to the Environmental Protection Department at least 14 days in advance as follows:</p> <ul style="list-style-type: none"> • Application form 6 1a • Application form 6 1b |
| <p>MARITIME SECURITY & SAFETY Pilotage requirements</p> | <p>Pilotage is compulsory in Hong Kong and all vessels over 3,000 gross tons (GT) must have a pilot onboard when navigating in the port. Vessels over 1,000 GT which are carrying dangerous goods are also required to carry a pilot. The pilotage service is available 24 hours a day.</p> | <p>X</p> | <p>More information can be found regarding pilotage requirements within Hong Kong waters at: http://www.mardep.gov.hk/en/pub_services/ocean/pilot.html.</p> <p>The pilotage booking forms for Hong Kong, as well as other forms for other port formalities can be accessed at http://www.mardep.gov.hk/en/forms/home.html.</p> |
| <p>SAFETY Typhoons and ships at berth</p> | <p>In the event of typhoons, vessels must leave the berths at the port.</p> | <p>X</p> | <p>Vessels can apply for the use of Hong Kong typhoon shelters. The application forms for entering typhoon shelter permits for Hong Kong, as well as other forms for other port formalities can be accessed at http://www.mardep.gov.hk/en/forms/home.html.</p> |
| <p>SAFETY Port formalities</p> | <p>A summary of all port related requirements for Hong Kong is summarized.</p> | <p>X</p> | <p>A summary of Hong Kong port formalities is found at: http://www.mardep.gov.hk/en/forms/home.html.</p> |



REPUBLIC OF CHINA (TAIWAN)

| Subject | Summary | American Club guidance/references | Other relevant guidance/references |
|---|--|-----------------------------------|--|
| <p>ENVIRONMENTAL PROTECTION Sulphur cap requirements for air emissions in Kaohsiung</p> | <p>As of 1 February 2018, the Taiwan's Ministry of Transportation and Communications will subsidize vessels with compliant fuel. The subsidy equivalent to approximately US\$ 172 will apply to vessels entering Kaohsiung ports between 1 February 2018 and 31 December 2018 unless the available funding runs out before then.</p> | <p>X</p> | <p>X</p> |
| <p>SECURITY Regulations Governing the Approval and Administration of Direct Cross-Strait Sea Transport Between the Taiwan Area and the Mainland Area</p> | <p>Taiwanese regulations prohibit ships from trading navigating directly between ports in Taiwan and Chinese mainland areas.</p> <p>Fines between TW\$ 3 to 15 million will be levied to the shipowners for any violation to this regulation. If shipowners have any doubt relating to direct sailing regulation, they should check with their agents.</p> | <p>X</p> | <p>The regulation details can be found by clicking here.</p> |