Circular Ref No.: PNI1510

Date: 11 Dec 2015

Dear Sir or Madam,

Subject: Ministry of Transport of P.R. China Issued a New Regulation on Setting of Three Emission Control Areas ("ECA") in Pearl River Delta, Yangtze River Delta and Bohai-rim Waters

Dear Sir or Madam,

In order to reduce the emission of air pollutants from ships in key areas of P.R. China, and in line with the Law of the People's Republic of China on Prevention and Control of Atmospheric Pollution, on 02 Dec 2015, the Ministry of Transport issued a regulation to set three ECAs in China, namely, in Pearl River Delta, Yangtze River Delta and Bohai-rim Waters. In the ECAs, the fuel used by ship should meet with the required limit in terms of sulfur content, or take alternative measures with equivalent effect such as connecting shore power, using clean energy, arranging after-treatment of exhaust, etc.

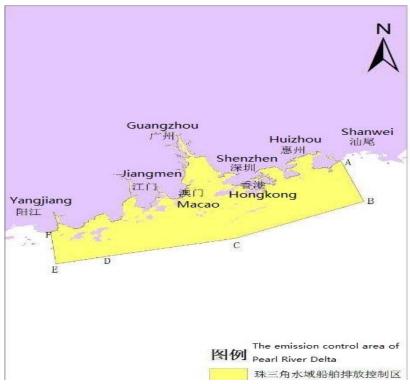
Applicable Ships

This regulation applies to all ships which are sailing, anchoring or operating in the ECAs, excluding ships or crafts to be used for military or sporting purpose and fishing boats.

Geographical Boundaries of ECAs

Under this new regulation, three ECAs, namely, Pearl River Delta ECA, Yangtze River Delta ECA and Bohai-rim Waters ECA are established. The geographical boundaries of the ECAs including sea boundaries, inland water areas and key ports are clearly set out.

(1) Pearl River DeltaECA



 Sea boundaries: the sea area within the lines connecting the points of A, B, C, D, E and F (excluding the waters of Hong Kong and Macau) as sketched above.

Point A: The Shoreline junction point of Huizhou and Shanwei

Point B: 12 nautical miles away from Zhentouyan

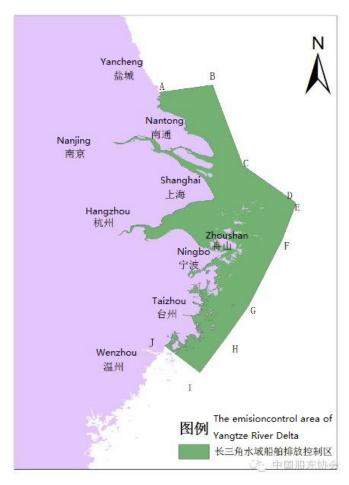
Point C: 12 nautical miles away from Jiapeng Archipelago

Point D: 12 nautical miles away from Weijia Island

Point E: 12 nautical miles away from Dafanshi Island

Point F: The Shoreline junction point of Jiangmen and Yangjiang

- Inland water areas: navigable inland waters under administrative jurisdiction of 9 cities including Guangzhou, Dongguan, Huizhou, Shenzhen, Zhuhai, Zhongshan, Foshan, Jiangmen and Zhaoqing.
- Key ports: Shenzhen, Guangzhou and Zhuhai.
- (2) Yangtze River Delta ECA:



 Sea boundaries: the sea area within the lines connecting the points of A, B, C, D, E, F, G, H, I and J.

Point A: The Shoreline junction point of Nantong and Yancheng

Point B: 12 nautical miles away from Wai Ke Jiao Island

Point C: 12 nautical miles away from Sheshan Island

Point D: 12 nautical miles away from HaiJiao

Point E: 12nautical miles away from Southeast Reef

Point F: 12nautical miles away from Two Brothers Reef

Point G: 12 nautical miles away from Yushan Archipelago

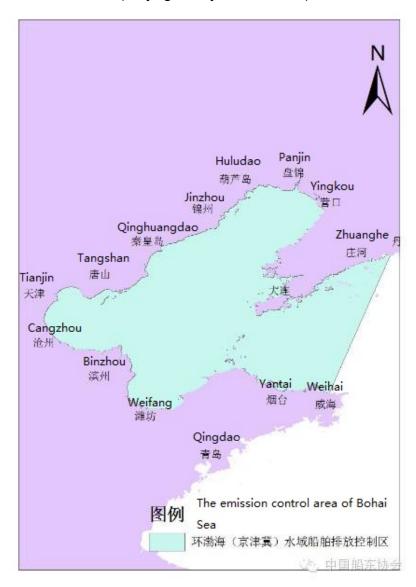
Point H: 12 nautical miles away from Taizhou Islands (2)

Point I: 12 nautical miles away from junction point of shoreline of Taizhou and shoreline of Wenzhou

Point J: Junction point of shoreline of Taizhou and shoreline of Wenzhou

- Inland water areas: navigable waters under the administrative jurisdiction of 15 cities including Nanjing, Zhenjiang, Yangzhou, Taizhou, Nantong, Changzhou, Wuxi, Suzhou, Shanghai, Jiaxing, Huzhou, Hangzhou, Shaoxing, Ningbo, Zhoushan and Taizhou.
- Key ports: Shanghai, Ningbo-Zhoushan, Suzhou, Nantong.

(3) Bohai-rim Waters ECA (Beijing, Tianjin and Hebei):



- Sea boundaries: the sea area within lines connecting the junction point of shorelines of Dandong, Dalian and shorelines of Yantai, Weihai.
- Inland water areas: navigable inland waters under the administrative jurisdiction of 13 cities including Dalian, Yingkou, Panjin, Jinzhou, Huludao, Qinghuangdao, Tangshan, Tianjin, Cangzhou, Binzhou, Dongying, Weifang, Yantai.
- Key ports: Tianjin, Qinhuangdao, Tangshan and Huanghua.

Timetable for Implementing the Requirements on Fuel Sulfur Content

Time	Sulfur Content	Applicable Area
	Requirement	
from	current standard as	All areas. Local ports in ECAs may in
2016.1.1 to	stipulated in	view of its own situation exercise its
2016.12.31	international	discretion to raise higher
	conventions and	requirements than current standard,
	domestic laws remain	such as requiring ships to use fuel
	unchanged (*see	with sulfur content of ≤0.5% during
	remarkbelow)	berthing. (*see remark below)
from	≤0.5%m/m	Geographical area: key ports in
2017.1.1		ECAs
to		Time period: berthing period
2017.12.31		excluding 1 hour after berthing
		and 1 hour before departure
from	≤0.5%m/m	Geographical area: all ports in
2018.1.1		ECAs
to		Time period: whole berthing
2018.12.31		period
from	≤0.5%m/m	Geographical area: whole area
2019.1.1		of ECAs
to		> Time period: whole period when
2019.12.31		the ship is in the ECAs

*Remark: China is a contracting state to Marpol 73/78 and Annex VI came into effect from 23 Aug 2006 in China. The current Marpol limit in terms of Sox is: (1) outside ECAs: 3.5%m/m since 01 Jan 2012; (2) within ECAs:0.1% as from01 Jan 2015.

*Remark: Having checked with the key ports in the ECAs, we understand that most of the port authorities don't have the intention to adopt higher requirement than the current standard in 2016, except Shanghai. We understand that it is likely Shanghai MSA will start to require the calling ships to use fuel with sulfur content≤0.5%m/m during berthing excluding 1 hour after berthing and 1 hour before departure in 2016, however an accurate timetable is still under consideration now. We shall keep an eye on development in this respect and update our readers timely.

Before 31 Dec 2019, the government will evaluate the effect of the above requirements in order to determine whether to take the following steps in the future: (i) when entering the ECAs, ship shall be required to use fuel with the sulfur content of no more than 0.1% m/m; (ii) enlarge the geographical scope

of ECAs; (iii) other further measures.

According to the regulation, MSA shall enhance inspection of IAPP certificate, oil record book, fuel supply document and check of fuel quality, etc. to ensure implementation of the relevant requirements.

Hope the above is assistance. Should you have any query, please feel free to let us know.

Sincerely yours,

Cui Jiyu Vice President