



CHINA RE

华泰保险经纪有限公司

HUATAI INSURANCE AGENCY & CONSULTANT SERVICE LTD.

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.

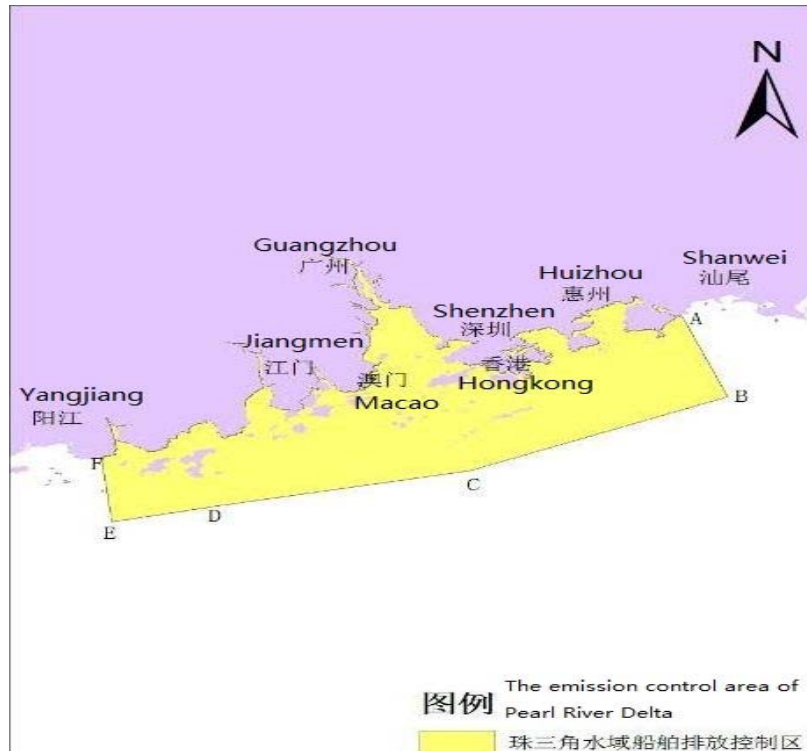
Applicable Ships

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

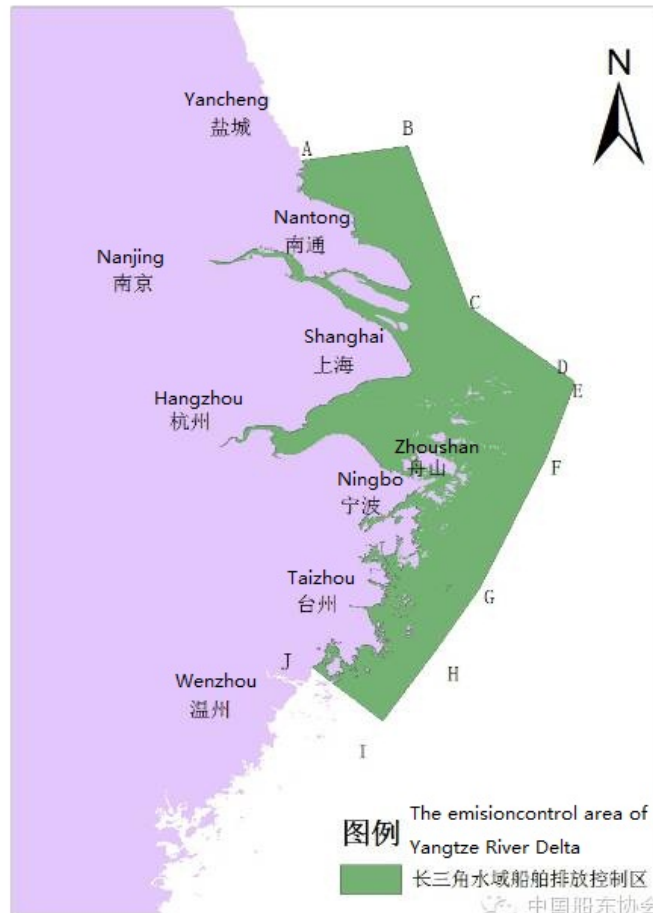
Under this new regulation, three ECAs, namely, Pearl River Delta ECA, Yangtze River Delta ECA and Bohai-rim Waters ECA are established. The geographical boundaries of the ECAs including sea boundaries, inland water areas and key ports are clearly set out.

(1) Pearl River Delta ECA



- 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:

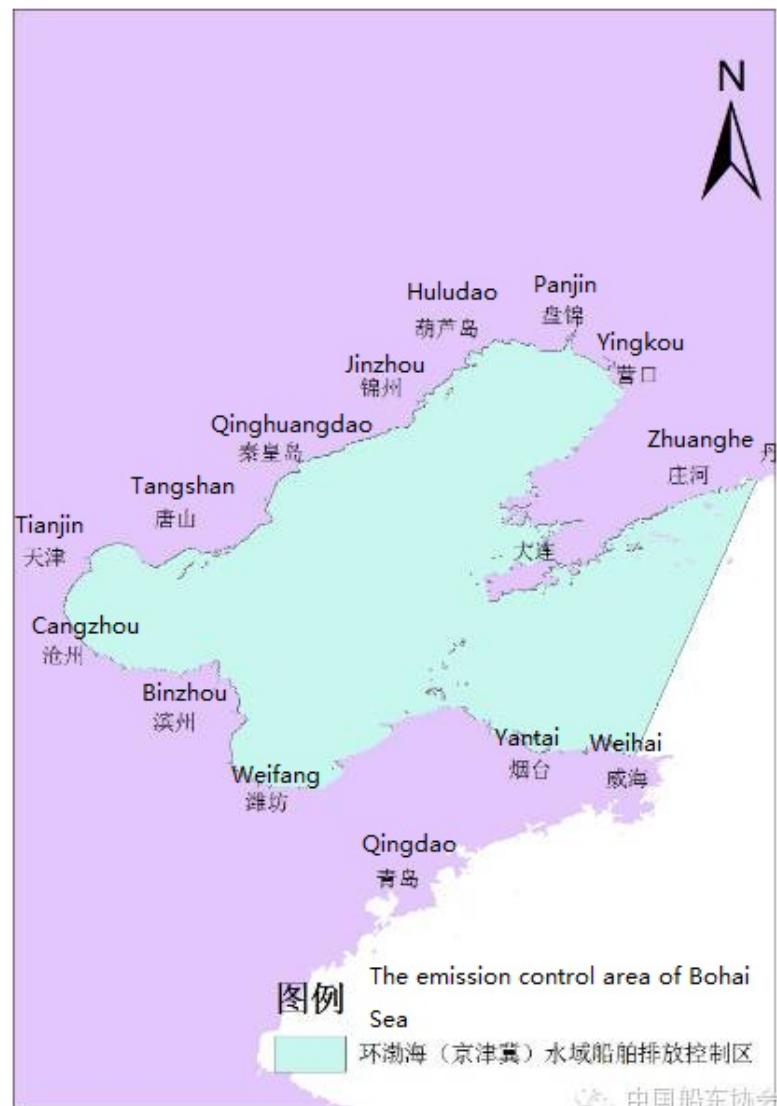


- Sea boundaries: the sea area within the lines connecting the points of A, B, C, D, E, F, G, H, I and J.
 - Point A: The Shoreline junction point of Nantong and Yancheng
 - Point B: 12 nautical miles away from Wai Ke Jiao Island
 - Point C: 12 nautical miles away from Sheshan Island
 - Point D: 12 nautical miles away from HaiJiao
 - Point E: 12 nautical miles away from Southeast Reef
 - Point F: 12 nautical 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, Qinghuangdao, Tangshan and Huanghua.

Timetable for Implementing the Requirements on Fuel Sulfur Content

Time	Sulfur Content Requirement	Applicable Area
from 2016.1.1 to 2016.12.31	current standard as stipulated in international conventions and domestic laws remain unchanged (*see remark below)	All areas. Local ports in ECAs may in view of its own situation exercise its discretion to raise higher requirements than current standard, such as requiring ships to use fuel with sulfur content of $\leq 0.5\%$ during berthing. (*see remark below)
from 2017.1.1 to 2017.12.31	$\leq 0.5\% \text{m/m}$	<ul style="list-style-type: none"> ➤ Geographical area: key ports in ECAs ➤ Time period: berthing period excluding 1 hour after berthing and 1 hour before departure
from 2018.1.1 to 2018.12.31	$\leq 0.5\% \text{m/m}$	<ul style="list-style-type: none"> ➤ Geographical area: all ports in ECAs ➤ Time period: whole berthing period
from 2019.1.1 to 2019.12.31	$\leq 0.5\% \text{m/m}$	<ul style="list-style-type: none"> ➤ Geographical area: whole area of ECAs ➤ Time period: whole period when 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: $3.5\% \text{m/m}$ since 01 Jan 2012; (2) within ECAs: 0.1% as from 01 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 $\leq 0.5\% \text{m/m}$ 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 $0.1\% \text{m/m}$; (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