

CIRCULAR

SETTING THE STANDARD FOR SERVICE AND SECURITY

TO ALL OWNER AND MEMBERS

27 January 2010

Dear Sirs

REGULATIONS OF THE PEOPLE'S REPUBLIC OF CHINA ON THE PREVENTION AND CONTROL OF MARINE POLLUTION FROM SHIPS

Owners and members have previously been advised by the club's circular dated 9 November 2009 that the new Regulations of the People's Republic of China (PRC) on the Prevention and Control of Marine Pollution from Ships ('the Regulations') (promulgated by the PRC State Council on 9 September) are due to take effect on 1 March 2010.

The previous circular drew attention to the wide range of issues covered by the Regulations, such as the discharge and reception of oil pollutants; dumping of waste and permissions for dumping; oil pollution response planning; oil spill clean-up arrangements, reporting and emergency handling of pollution incidents; investigation and compensation of pollution incidents; supervision of the loading, lightening and discharging of the polluting hazardous cargoes; a compulsory insurance regime for all ships (except those that are less than 1,000 gt and not carrying oil cargoes) to cover claims arising from oil pollution damage, and penalties for contravening any of the Regulations' requirements.

Requirement to contract with an approved local clean-up contractor

The Regulations will require the 'operators' of any ship carrying polluting and hazardous cargoes in bulk or of any other vessel above 10,000 gt to conclude a pollution clean-up contract with an MSA approved pollution response company before entering a PRC port.

The International Group (IG) understands that the PRC's Maritime Safety Agency (MSA) has been approving contractors in the various PRC ports, with a view to issuing further complementary regulations that would cover both the response contracts that would need to be concluded by operators and the contractors that had been approved by the MSA.

Following contact with the MSA it is the IG's understanding that it is likely that this process will not be completed by the effective entry into force date of the Regulations, namely 1 March 2010, and that this date for operators to pre-contract with an approved pollution response contractor will probably be postponed. The IG understands that the Ministry of Transport will issue a formal notice if there is an extension to the entry into force date of these specific provisions in the Regulations.

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The Standard Steamship Owners' Protection and Indemnity Association (Asia) Limited

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Managers: **Charles Taylor Mutual Management (Asia) Pte. Limited**

Registered office: 140 Cecil Street, #15-00 PIL Building, Singapore 069540. Registered in Singapore No. 199703244C

Telephone: +65 6506 2896 Fax: +65 6221 1082 E-mail: p&i.singapore@ctcplc.com

CTC
CHARLES TAYLOR
CONSULTING



The IG will continue to engage with the PRC MSA in this regard and a further update to owners and members will be provided in due course.

Owners and members should continue to work on the basis that the other provisions of the Regulations will become effective on 1 March 2010.

All clubs in the International Group of P&I Clubs have issued similar circulars.

Yours faithfully

Alistair Groom
Chairman
Charles Taylor Mutual Management (Asia) Pte. Limited

Direct Line: +44 20 3320 8899
E-mail: alistair.groom@ctcplc.com