

Circular From GARD

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Chinese ECAs - Sulphur Requirements for Marine Fuels

China further strengthens the requirements covering emissions of air pollutants from ships operating within its three domestic emission control areas (ECAs). From 1 October 2016, ships calling at Shenzhen Port in the Pearl River Delta ECA must use fuel with a sulphur content not exceeding 0.50 per cent whilst berthed.

In September 2015, China's Ministry of Transport released its *Ship and Port Pollution Prevention Special Action Plan (2015-2020)*, a five-year programme that aims to reduce sulphur and nitrogen oxide emissions by up to 65 per cent in some of China's major ports. The subsequent publication of a Chinese regulation designating the Pearl River and Yangtze River Deltas, and Bohai-rim Waters as domestic "emission control areas" (ECAs) places a cap on the sulphur content of fuel oil in the ECAs at 0.50 per cent and is considered an important step to achieve these pollution prevention goals.

Key facts about the new Chinese regulation

- 1) The regulation applies to all ships navigating, anchoring and operating within the ECAs with the exception of military ships, fishing boats and ships/boats used for sporting purposes.
- 2) Eleven ports within the ECAs are designated "key ports":
 - Shenzhen, Guangzhou and Zhuhai in the Pearl River Delta
 - Shanghai, Ningbo-Zhoushan, Suzhou and Nantong in the Yangtze River Delta
 - Tianjin, Qinhuangdao, Tangshan and Huanghua in the Bohai-rim Waters
- 3) From **1 January 2017** ships calling at the eleven key ports must use fuel with a sulphur content not exceeding 0.50 per cent whilst berthed. Ships must switch to compliant fuel within one hour of arriving at their berth and burn compliant fuel until not more than one hour prior to departure. From **1 January 2018** the requirement will be extended to all ports located within the ECAs.
- 4) The eleven key ports are, however, permitted to enforce the regulation before 1 January 2017 on a voluntary basis. The requirement to use fuel with a sulphur content not exceeding 0.50 per cent whilst berthed has therefore been enforced for ships calling at key ports in the Yangtze River Delta since **1 April 2016** and will be enforced for ships calling at Shenzhen Port in the Pearl River Delta ECA from **1 October 2016**. According to Gard's correspondent Huatai Insurance Agency & Consultant Service Ltd., other key ports in the Pearl River Delta will not enforce the requirement until 1 January 2017 as per the regulation.
- 5) From **1 January 2019** ships must use fuel with a sulphur content not exceeding 0.50 per cent while

operating within the ECAs. Any fuel change-over operation must be completed prior to the entry into or commenced after exit from an ECA.

- 6) We understand the Chinese authorities will accept alternative compliance methods that are at least as effective in terms of emissions reduction, e.g. use of shore power, scrubbers for exhaust gas cleaning and clean fuel (LNG).
- 7) Although the three regions are designated domestic ECAs there is no direct link between the Chinese regulation and the MARPOL Annex VI requirements for ECAs.
- 8) The current regulation applies to emissions of sulphur oxides only and there are no requirements covering the emissions of nitrogen oxides at this time.
- 9) Towards the end of 2019, the Chinese government will determine if stricter fuel quality requirements should be imposed in future. Under consideration is a further reduction of the sulphur limit to 0.10 per cent.

See our correspondent's circulars [PNI 1510](#) of 11 December 2015, [PNI 1601](#) of 29 January 2016 and [PNI 1607](#) of 23 August 2016 for additional details.

Guidelines on implementation

The China Maritime Safety Administration (MSA) has issued [guidelines](#) on the implementation and supervision of ECAs that detail how they will verify compliance with emission control measures. The methods of verification are in line with those set out in MARPOL Annex VI and include:

- for ships using low sulphur fuel, check of bunker delivery notes, fuel change-over procedures, engine room logbook records and fuel oil quality/samples; and
- for ships using alternative measures, such as shore power, LNG or exhaust gas scrubbers, check of the International Air Pollution Prevention (IAPP) Certificate/Record and engine room log book records.

Penalties are imposed for non-compliance, including warnings, instructions to rectify violations, detention of ships, and/or monetary fines in accordance with the Law of the People's Republic of China on the Prevention and Control of Air Pollution, Article 106.

See our correspondent's circulars [PNI 1602](#) of 22 February 2016 and [PNI 1605](#) of 11 April 2016 for additional details.

Recommendations

Members and clients are advised to note the above and instruct ships calling at Chinese ports accordingly. In order to avoid any delay or penalty being incurred by the ship, it must be ensured that:

- bunkering strategies and fuel change-over procedures are revisited to ensure compliance with the new Chinese requirements;
- dates and times of the ship's arrival and departure in a Chinese port, and of the commencement and completion of fuel change-over operations, are recorded as soon as practicable after each occurrence and that such records are kept onboard readily available for inspection;
- the quality of fuel purchased can be documented, e.g. by obtaining and retaining onboard bunker delivery notes (BDNs) and representative samples of the low sulphur fuel oil delivered; and
 - the applicable port requirements at any given time are verified with the local agent or port authorities well before arrival since local cities and relevant authorities continue to evaluate the implementation of the new regulation and the control measures to be taken.

Similar requirements entered into force in Hong Kong on 1 July 2015, see our [Gard Alert of 23 March 2015](#), and in the European Union (EU), ships have since 1 January 2010 been required to use marine fuel with a sulphur content not exceeding 0.10 per cent while berthed in a port. Our Gard Alert "[Fines for burning non-compliant fuel in EU ports](#)" of 5 September 2013 highlights some of challenges faced by ships trading on EU ports after the EU regulations were implemented and offers advice that may be considered useful also to those trading on ports in the new Chinese ECAs.

This Gard Alert replaces previously published Gard Alerts of [14 December 2015](#) and [27 January 2016](#).

Source of Information: Gard P&I Club