



STEAMSHIP MUTUAL

To the Members

January 2011

Dear Sirs,

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

We refer Members to previous circulars on the new Regulations of the People's Republic of China (PRC) on the Prevention and Control of Marine Pollution from Ships ("the Regulations"), and the postponement of the requirement that owners/operators of (a) any ship carrying polluting and hazardous cargoes in bulk or (b) any other vessel above 10,000 gt enter into a pollution clean-up contract with a Maritime Safety Agency (MSA) approved pollution response company before the vessel enters a PRC port.

These requirements were postponed pending additional rules to be issued by the MSA. The International Group understands that additional rules (the PRC Regulation on the Emergency Prevention and Handling of Marine Pollution) have now been agreed and are due to be issued in the near future with an accompanying Implementation Notice and, further, that this Notice will indicate the date on which owners/operators will be required to comply and contract with an approved spill responder. There will therefore be a "grace" period before enforcement of the requirement to contract with an approved spill responder. The International Group also understands that the list of approved responders in each Chinese port will be issued either with the Notice or shortly thereafter and that the list of responders will be issued for the first year by the China MSA and in future years by the individual local MSAs.

We also refer Members to the previous recommendation not to enter into contractual arrangements with a spill response organisation for the purposes of ensuring compliance with the Regulations for the time being, that is, until the implementing Notice and the list of approved responders are issued. Moreover, even then it is recommended that Members discuss matters with their Club before entering into any such contracts because, although the entering in to such contractual arrangements will be mandatory, the International Group has still to review the final version of these contracts to ascertain whether they will conform with the International Group guidelines concerning oil spill response contracts.

The International Group will continue to engage with the MSA and will provide a further update to Members as soon as the implementing Notice is issued.

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

Yours faithfully,

THE STEAMSHIP MUTUAL UNDERWRITING
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Authorised and Regulated by the Bermuda Monetary Authority and the United Kingdom Financial Services Authority
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