



STEAMSHIP MUTUAL

To the Members

August 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 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.

Members were previously informed that the MSA Notice issued on 20 May 2011 stated that the lists of level 2, 3 and 4 contractors would be issued by the MSA by 31 August 2011 and the list of level 1 contractors issued during the course of the year¹.

The International Group has maintained contact with the MSA and now understands that the lists of all approved contractors will be issued in October 2011. The requirement to contract with an approved clean up contractor will still be enforced in all Chinese ports from 1 January 2012. There will therefore be a relatively short period of time for operators to contract with an approved spill responder.

Members have also previously been advised that the term "operator" for the purposes of concluding and signing the contract with a clean-up contractor is defined by the MSA as the owner, manager or actual operator of a ship. In respect of those operators not domiciled in China, the International Group now understands that the ship's agent in port, Club correspondent, local law firm or another legal entity located in mainland China (not Hong Kong, China or Macau, China) may sign the contract on behalf of the operator if authorised by the operator to do so. The International Group understands that the Master may also sign the contract, which may be necessary in certain circumstances, for example where speed is necessary; although an authorisation would still be necessary for the Master to sign on behalf of the operator.

The International Group is considering the development of a standard form authorisation letter for overseas operators for this purpose and is also continuing to consider the development of supplemental and amending clauses for inclusion in the contract.

A further update to Members with detailed guidance on the contract will be provided in the near future.

¹ Approved clean up contractors will be categorised by the MSA in accordance with their qualifications and response capabilities and will be assigned level 1, 2, 3 or 4 status. Operators will need to contract with an approved clean up contractor in accordance with the size and type of vessel.

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

Yours faithfully,

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ASSOCIATION (BERMUDA) LIMITED

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