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Oasis Circular No. 1904

Subject: Penalties Are Imposed by MSA for Breach of Low-sulphur Fuel Requirement in ECA in China

As is widely known, according to relevant regulations issued by Ministry of Transportation, P. R. China, the sulphur content of the fuel oil used by ships shall not exceed 0.5%*m/m* when they enter into the Emission Control Areas in China since 01 Jan 2019. In recent months, we have seen reports of cases in Guangzhou, Shanghai, Qingdao and some other ports, where local MSA offices strengthened supervision and inspection in this respect, and imposed penalties on ships which were found to be in breach of the relevant requirements, in order to ensure the above regulation is adhered to.

Usual Procedures of Inspection

Currently, some local MSA offices use UAV (Unmanned Aerial Vehicle) as well as equipment installed on the bridge of shore crane to monitor exhaust gas from ships both at sea and at berth within ECA.



(UAV with exhaust gas testing device)



(Detecting device installed on shore crane)

In case of any suspected breach, MSA officers will attend on board and check the sulphur content of fuel oil with the assistance of rapid sulphur testing devices to obtain a preliminary quick result. If the quick result shows that the sulphur content is likely to exceed 0.5%, fuel oil sample will be taken for further testing in shore laboratories. If lab testing confirms that the content of sulphur exceeds the standard, the ship will then be subjected to penalty imposed by the local MSA.

Because the lab testing will usually take a few days, the local MSA will either push the lab to complete the testing before the vessel's departure if at all possible, or will allow the vessel to appoint the local agent or P&I correspondent to deal with the penalty issue when the test result is available after the ship's departure. Therefore, if it is handled smoothly, the ship's schedule will usually not be affected.

It is worthwhile to mention that the low-sulphur fuel requirement applies not only to ships that are berthing at the ports in ECA, but also to ships that are passing through ECA. In some of the reported cases, vessels that are sailing through ECA were found to be using high-sulphur fuel by monitoring equipment and then ordered to stop in anchorage to accept MSA investigation in Shanghai port. It turned out that these vessels had shifted to high-sulphur fuel oil after they departed from the berth but before leaving ECA, and hence faced the penalty.

Amount of Penalty

As per Article No. 106 of the Law of Prevention and Control of Atmospheric Pollution in P. R. China, administrative penalty for such breach ranges from RMB 10,000 to RMB 100,000. The amount of penalty in each particular case depends on the circumstantial facts and is subject to MSA's discretion.

Additional Reminder

During our research, we noted that in some cases, vessels were fined due to lack of fuel supply record and fuel samples on board. According to Regulation on Prevention and Control of Ship Oil Pollution of China, the record of fuel supply shall be kept on board for three years and the fuel sample shall be preserved for one year. Failing to comply with this requirement, the vessel may be fined for RMB 6,000 to RMB 10,000.

Suggestions

In view of the above, we have the following suggestions:

- 1) In order to avoid the penalty and possible delay of schedule, vessels are recommended to follow the relevant requirements and use low-sulphur fuel oil not exceeding 0.5%*m/m* in Emission Control Areas in China. Shifting to low-sulphur fuel should be completed before ships enter into ECA and switching back to high-sulphur fuel should be done after they are out of ECA. Ships are also recommended to keep record of the switching time, ship position, fuel sulphur content before and after switching, low-sulphur fuel consumption, etc. in engine logbook.
- 2) If a vessel cannot obtain or use the required low-sulphur fuel oil for special reasons, she may apply to local MSA for exemption with supporting evidences 24 hours before arrival.

We hope the above is of assistance. Any query, please feel free to contact us.

Best regards,

Oasis P&I Services Company Limited