



## **Sulphur cap ahead!**

**\*\*Updated 5 February 2019\*\*** While all eyes are on 2020 and the introduction of the IMO's global sulphur cap, Hong Kong, Taiwan and Mainland China have already toughened their emission regulations by implementing a local 0.50% sulphur cap from 1 January 2019.

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## The 2020 global sulphur cap

When the IMO Marine Environment Protection Committee's 73rd session (MEPC73) ended on 26 October 2018, so did all speculations about a potential delay of the global 0.50% sulphur cap. The rules apply from 1 January 2020 - and they will be enforced.

To ensure a consistent implementation and enforcement, the MEPC73 also adopted the 'carriage ban', a complementary MARPOL amendment that will prohibit the carriage of fuel with a sulphur content of more than 0.50% for combustion purposes for propulsion or operation on board a ship - unless the ship is equipped with an exhaust gas cleaning system, such as a [SOx scrubber](#). The carriage ban is expected to enter into force on 1 March 2020 but does not alter the 1 January 2020 deadline for the 0.50% sulphur cap.

Meanwhile, ship operators, in their preparations for the global sulphur cap, must not overlook the designated areas in which different sulphur limits already apply. Come 1 January 2020, the 0.10% sulphur limit continue to apply inside the [North American, US Caribbean, North Sea and Baltic emission control areas](#) (ECAs) designated under MARPOL Annex VI, as does the 0.10% sulphur limit for ships at berth in type: asset-hyperlink id: c7c5cd57fd874ee8b284fafb4e1af106. China has designated its own domestic ECAs and implemented more stringent emission requirements in these areas. Hong Kong and Taiwan have moved in a similar direction and have implemented a 0.50% sulphur cap one year ahead of the IMO.

Other governments and port authorities may also choose to implement local air pollution regulations that are stricter than the IMO requirements. One example is [California](#) and the California Air Resource Board's enforcement of very stringent environmental regulations in the state's waters and ports.

In addition, ships that operate exhaust gas cleaning systems, scrubbers, as a means to reduce sulphur emissions must beware of local restrictions before discharging washwater from scrubbing.

### Hong Kong

Hong Kong's "[Fuel at Berth Regulation](#)" requiring ships to burn fuel with a sulphur content not exceeding 0.50% while at berth has now been replaced by one that extends the standard to ships operating in Hong Kong waters. In a [press release](#) dated 26 October 2018, Hong Kong's Environmental Protection Department (EPD) notified the industry of its approval of the new "type: asset-hyperlink id: 85a4ca32e727425687143e75f7641d7b". The new regulation became effective on 1 January 2019 and requires ships not fitted with scrubbers to burn fuel with a sulphur content not exceeding 0.50% within Hong Kong waters, irrespective of whether they are sailing or at berth.

We would also like to highlight the fact that if a ship intends to use "technology", i.e. scrubbers, to meet the sulphur cap requirements, its owner/master must apply to the Hong Kong authorities for an exemption from using compliant fuel. The exemption application must be made at least 14 days prior to a ship's first visit to Hong Kong after 1 January 2019 and will be granted for a maximum of three years at a time. For details of the exemption application process, please refer to Sections 7 to 11 of the new regulation.

### Taiwan

Taiwan's Ministry of Transport and Communication (MOTC) has also implemented a 0.50% sulphur cap one year ahead of the IMO. According to Gard's local correspondent, Taiwan Maritime Services Ltd., there are no designated domestic ECAs in Taiwan but from 1 January 2019, ships not fitted with scrubbers have been required to burn fuel with a sulphur content not exceeding 0.50% when entering Taiwan's international commercial port areas.

In its original notice, the MOTC stated that the 0.50% sulphur cap applies to ships entering Kaohsiung, Taichung, Keelung, Taipei, Hualien, Suao, and Anping international commercial ports. The extent of these international commercial port areas can be found by following the hyperlinks included below and the correspondent explains that the areas within the red dotted line must be regarded as the commercial port areas in which the 0.50% sulphur cap applies.

Chinese: <https://www.twport.com.tw/chinese/Form.aspx?n=3FDB9008DF19C02B>

English: <https://www.twport.com.tw/en/cp.aspx?n=24926B8167A3C236>

However, Taiwanese ports other than the seven ports listed above are also following the MOTC's emission regulation. According to our correspondents, the two industrial ports Mailiao and Hoping have both stated the 0.50% sulphur cap applies within their port area marked by a boundary measured 12 nautical miles outwards from the port's breakwater.

*We are grateful to Taiwan Maritime Services Ltd. for providing this information.*

## **China Mainland**

In September 2015, China designated the Pearl River and Yangtze River Deltas, and Bohai-rim Waters as domestic ECAs and announced a [plan](#) for implementing a 0.50% sulphur cap in these areas. 1 January 2019 marked the final step in [China's ECA timeline](#) and from this date ships not fitted with scrubbers have been required to burn fuel with a sulphur content not exceeding 0.50% while operating anywhere within these ECAs.

However, in November 2018, China's Ministry of Transport (MOT) announced a further expansion of the geographic scope of its domestic sulphur ECAs. A new Coastal ECA was designated, which includes all sea areas and ports within China's territorial sea, and the 0.5% sulphur cap was implemented in this Coastal ECA from 1 January 2019. See our alert "[China expands its sulphur emission control areas](#)" of 17 December 2018 for details.

In December 2018, China's MOT also announced a prohibition on the discharge of washwater from ships' open loop scrubbers. The prohibition became effective on 1 January 2019 and applies to ships operating in parts of the Yangtze River and the Xi Jiang River as well as in the Bohai Bay. See also our [alert of 4 February 2019](#) for details.

## **Recommendations**

Members and clients with ships trading to Asia Pacific should plan for compliance with the local 0.50% sulphur cap that entered into force in Hong Kong, Taiwan and Mainland China on **1 January 2019**, and ensure that proper procedures have been implemented onboard and that the crew is familiar with them. Shipowners and operators should:

- emphasise that a ship's fuel changeover operations must be completed prior to the entry into or commenced after exit from a designated area;
- in order to avoid contamination, ensure that the written changeover procedure allow sufficient time for the fuel oil service system to be fully flushed of all fuel oils exceeding the applicable sulphur content prior to entry into the designated area;
- highlight the importance of correctly completing ships' log books, by including items such as the time when fuel changeover operations are performed, the volume of low sulphur fuel oils in each tank, as well as the date, time, and position of the ship when any fuel oil changeover operation has been completed prior to the entry into the designated area or commenced after exit from such an area;
- ensure that 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

- verify the applicable sulphur emission requirements, as well as scrubber washwater discharge requirements, at any given time with the local agent or port authorities well before arrival as local cities and relevant authorities continue to evaluate the implementation of the new regulation and the control measures to be taken.

We also take this opportunity to remind Members and clients that, with less than 11 months left until the global sulphur cap enters into force, it is particularly important to start preparations now. And - although it is not a mandatory requirement - we support the IMO's recommendation to develop ship implementation plans (SIP). A SIP will help shipowners and operators to plan and demonstrate the steps taken by ships to prepare for compliance with the 0.50% sulphur limit on **1 January 2020**, and should include items such as:

- risk assessment and mitigation (impact of new fuels);
- fuel oil system modifications and tank cleaning (if needed);
- fuel oil capacity and segregation capability;
- procurement of compliant fuel;
- fuel oil changeover plan (conventional residual fuel oils to 0.50% sulphur compliant fuel oil); and
- documentation and reporting.

An IMO guidance on the development of a SIP was approved during MEPC73 and has been issued as type: asset-hyperlink id: 027564f910264dbeba56b17ab6a3117e. The [guidelines](#) prepared by International Chamber of Shipping should also be taken into account.