



# International Chamber of Shipping (China) Liaison Office

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## **Circular of ICS (China) Liaison Office for SPC Meeting on 3 February 2025**

### **Introduction**

The circular from the International Chamber of Shipping (China) Liaison Office provides updates and regulatory notifications from Chinese maritime authorities.

It highlights two key topics, with the first part addressing the Section 301 Investigation Report released by the Office of the United States Trade Representative on China's dominance in the maritime, logistics, and shipbuilding sectors. The Section 301 report claims that China's efforts to dominate these sectors burden or restrict American commerce, prompting discussions on taking responsive actions.

In response, the Chinese Ministry of Commerce, Ministry of Foreign Affairs, China Shipowners' Association, and China Association of the National Shipbuilding Industry have strongly opposed these claims, citing unfounded accusations and unilateralism. They advocate for fair treatment, adherence to multilateral rules, and the cessation of the investigation to avoid further harm to the global maritime industry.

The second part of the circular addresses China MSA's Reporting Requirements in Emergency Situations and the Usage of Shore Power in Chinese Ports, focusing on regulatory compliance and safety measures within China's maritime industry. Additionally, insights are provided into China MSA's nine-month inspection campaign, emphasizing safety protocols within ships' enclosed spaces to mitigate risks and ensure regulatory adherence during operations.

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### **US Section 301 Investigation: China's Responses**

The Office of the United States Trade Representative released the Section 301 Investigation Report on China's Targeting of the Maritime, Logistics, and Shipbuilding Sectors for Dominance on 16 January 2025. The report contends that: (1) China's intention to dominate the maritime, logistics, and shipbuilding sectors is unreasonable; (2) China's efforts to dominate these sectors burden or restrict American commerce. Consequently, the report suggests that "these investigation findings provide a basis for taking appropriate responsive action."

To date, the Chinese Ministry of Commerce, Ministry of Foreign Affairs, China Shipowners' Association and China Association of the National Shipbuilding Industry have responded to the "Investigation Report" as follows:

#### ***1. Response from the Chinese Ministry of Commerce***

The Chinese Ministry of Commerce issued a response this morning, which embodies the following

implications:

- (1) Overall Attitude: China expresses strong dissatisfaction and firm opposition.
- (2) The accusations in the "Investigation Report" against China are unfounded: "The U.S.'s Section 301 Investigation Report is full of unfounded accusations against China. Historically, the decline of the U.S. shipbuilding industry has nothing to do with China. Even before the rise of the Chinese shipbuilding industry, the U.S. shipbuilding industry's global market share was minimal. In reality, the development of China's shipbuilding industry is absolutely not based on so-called 'non-market practices', but rather on a complete industrial system, well-trained engineers and industrial workers, and an open business environment. The Chinese shipping market has always been open to the global market and has never adopted discriminatory policies against foreign ships or foreign companies. China's industrial policies are mainly guiding rather than mandatory, treating Chinese and foreign companies equally."
- (3) The obvious irrationality of U.S. laws, policies, and practices: "Conversely, the Biden administration provides huge subsidies to domestic industries through the 'Inflation Reduction Act' and 'Chip and Science Act', many of which are discriminatory subsidies. These related policies and practices seriously undermine the effectiveness and authority of WTO rules and are truly non-market-oriented practices".
- (4) The illegality and impropriety of the "Investigation Report": "China emphasizes that the relevant investigation is clearly unilateral and protectionist... The U.S. 301 investigation is driven by domestic political needs and the suppression of China's development, seriously undermining the multilateral trading system and international trade rules."
- (5) Demanding the withdrawal and cessation of the investigation: "China urges the Biden administration to respect facts and multilateral rules, adhere to market economy and fair competition principles, address the legitimate concerns and just demands of enterprises in both countries, and stop shifting domestic industrial development issues onto China."
- (6) China's response if the U.S. continues the investigation: "China will closely monitor U.S. actions and take necessary measures to defend its legitimate rights and interests."

## **2. Response from the Chinese Ministry of Foreign Affairs**

The response from the Chinese Ministry of Foreign Affairs refers to the response from the Chinese Ministry of Commerce and explicitly states, "The development of relevant industries in China is the result of enterprise technological innovation and active participation in market competition, benefiting from its own complete industrial manufacturing system and huge domestic market. The Biden administration attributing its own issues to China lacks factual basis and goes against economic common sense. We urge the U.S. to respect facts and multilateral rules, immediately cease erroneous practices, and return to a rules-based multilateral trading system. China will closely monitor the progress of the investigation and take all necessary measures to firmly defend its own rights".

## **3. Response from China Shipowners' Association**

- (1) CSA's statement highlights the shock and strong opposition to the report's conclusions, which it believes overlook the historical development of the global shipbuilding and shipping industries.
- (2) CSA emphasizes that China's shipping industry has evolved in a market-oriented and internationalized manner, following principles of openness, fairness, and transparency while abiding by international trade regulations. It attributes the industry's growth to increased demand resulting from global trade expansion after China's WTO accession. The assertion that Chinese policies hinder the U.S. maritime, logistics, and shipbuilding sectors is deemed illogical.
- (3) Disputing the U.S. Trade Representative's findings, CSA urges fair treatment and consideration of global maritime and shipbuilding industry feedback, advocating for a conducive policy environment to stabilize the global supply chain and reduce trade costs. It warns against unilateral actions disrupting the shipping market, raising logistics expenses, and harming American stakeholders.
- (4) As the voice of Chinese shipowners, CSA pledges to collaborate openly with all parties, including the U.S., to align with international shipping trends, foster global shipping sustainability, and uphold mutual economic prosperity and trade harmony.

#### **4. Response by the China Association of the National Shipbuilding Industry**

- (1) The statement emphasizes that "the development of China's shipbuilding industry is entirely the result of adhering to market-oriented, internationalized approaches, strictly abiding by international trade regulations, collaborating with global partners for mutual success, persisting in technological innovation, management reform, and quality improvement, and the diligent efforts and outstanding work of China's shipbuilding practitioners." Faced with the challenge of the international maritime industry's green transformation and the urgent demand for green vessels, the Chinese shipbuilding industry actively responds to the strategic deployment of the International Maritime Organization. Through strong collaboration with the global maritime industry, bold innovation, and the delivery of a large number of high-performance, cost-effective green equipment, it has become a cornerstone force in the green development of the international maritime industry, a driver and contributor to the green transformation of the international maritime industry, and has contributed Chinese wisdom and strength to global climate governance.
- (2) Building on this, the statement points out that "the Biden administration irresponsibly initiated the Section 301 investigation into China's maritime, logistics, and shipbuilding industries, drawing erroneous conclusions based on flawed investigations filled with lies and distortions. This is baseless accusations and malicious smearing of China's shipbuilding industry development. The China Shipbuilding Industry Association strongly expresses dissatisfaction and firm opposition to this."
- (3) The statement expresses the hope that the U.S. Trade Representative's Office will correctly perceive the development of China's shipbuilding industry, correct its erroneous actions promptly, and prevent further harm to the global maritime industry.

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## **China MSA's Announcement on reporting requirements for foreign-flagged ships entering the internal waters of the PRC in Emergency Situations**

According to *the Maritime Traffic Safety Law of the People's Republic of China*, foreign-flagged ships shall make an urgent report to the maritime administrations when entering the internal waters of the People's Republic of China in emergency situations.

For detailed announcement and Emergency Report Form, please see attached **Appendix I**.

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## **Requirements for the Use of Shore Power in Chinese Ports**

### **Summary**

Members may remember in last SPC meeting the Office reported the use of shore power for ships in port as imposed by Chinese ports. The circular aims to further notify ships calling at Chinese ports of the mandatory use of shore power to avoid penalties.

Ships installed with shore power systems must utilize shore power when docked for specified durations at berths with such facilities. Records of shore power usage must be kept for two years, including berth details, ship information, usage times, electricity consumption, and any malfunctions.

Failure to use shore power under the specified conditions can result in fines ranging from CNY10,000 to CNY500,000. Exemptions exist for malfunctions, compatibility issues, emergencies, and use of clean energy alternatives. Voltage and frequency standards for shore power systems vary across Chinese ports, necessitating ships to carry shore connection cables.

Suggestions include pre-checking with local agents on shore power feasibility, applying for its use when required, and promptly reporting any impracticability or issues to local maritime authorities. Compliance with shore power regulations is crucial to avoid penalties and ensure environmental responsibility during port calls in China.

### **Applicable ships and the specific requirements**

According to Article 11 of the "*Measures for the Administration of Port and Ship on the Shore Power (amended in 2021)*", ships (except tankers) that are installed with shore power system and stayed for more than 3 hours at berths with shore power facilities in coastal ports, or for more than 2 hours at berths with shore power facilities in Chinese inland river ports, if no effective alternative measures are taken, shall use shore power.

The above requirement applies to ships that are installed with shore power system staying at berths with shore power facilities in Chinese ports. If the ship is not installed with shore power system, or the berth is not equipped with shore power facilities, or the ship stays at berth for fewer hours than provided above, use of shore power is not compulsory.

Ships are required to make a record of the usage of shore power and retain it for at least 2 years. The record shall include the berth name, the ship's name, ship's arrival and departure time, the time of use, the electricity consumption, etc. In case of malfunction, the exact time, the details of malfunction, and the time of repairing shall also be recorded.

### **Violation and possible penalty**

Ships may be fined by the local maritime authorities if all the following conditions are met simultaneously, unless the exemptions mentioned above apply:

1. Ships are not using clean energy (electricity, LNG and other clean energy);
2. Ships are equipped with shore power system;
3. Ships are staying at berths with shore power facilities; and
4. Failure to use shore power in accordance with relevant laws and regulations.

Ships may be subject to a fine of between CNY10,000 and CNY100,000, and in case of serious violations, a fine of between CNY100,000 and CNY500,000.

### **Ships may be exempted from penalty under below conditions**

1. Malfunctioning of shipboard devices which results in ship's failure in using shore power. Record should be made and repair was carried out timely by the ship.
2. Ships cannot use shore power due to ship-shore devices are not compatible with each other, or other reasons attribute to the port side. In that scenario, ships shall record the situation in detail and report to local maritime authorities in time.
3. Emergency situation occurred that makes the use of shore power impracticable. For instance, adverse weather, accident etc.
4. Ships are using electric energy, LNG, and other new and clean energy as power when berthed at a port. Alternately, turn off the auxiliary engine or take other equivalent measure when berthed.

### **The voltages and frequencies of shore power system are not unified currently among Chinese ports**

As far as the Office is aware, the voltage and frequency of the shore power system (shore-based devices) at various Chinese ports are not unified at present. In the meantime, ships shall be equipped with shore connection cable for using the shore power.

### **Suggestions**

1. When calling at Chinese ports, ships are recommended to check with the local agents in advance on whether the use of shore power is practicable and provide the technical parameters of the shipboard devices to the port for reference.
2. Ships shall apply to use shore power if applicable if she stays at a berth for more than 2 hours (for inland river ports) or 3 hours (for coastal ports).

3. In case the usage of shore power is not practicable at certain ports, such as the power capacity of shipboard devices and onshore devices are not compatible with each other, equipment malfunctions, weather conditions, etc., ships shall report to local maritime authorities immediately and properly record the situation in detail.

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## **China MSA launches a nine-month inspection campaign on ships' enclosed spaces**

### **Summary**

China MSA has recently launched a nine-month inspection campaign focusing on ships' enclosed spaces, running from 15 January to 14 October 2025. It highlights the risks associated with entering enclosed spaces, such as asphyxiation, poisoning, fire, and explosion, along with work-related injuries.

Key points of the inspection include verifying crew awareness of risks, controlling access to enclosed spaces, maintaining lists of spaces, ensuring proper marking, testing atmosphere devices, and checking emergency rescue equipment. The inspection emphasizes documentation checks, structural and equipment inspections, crew competency assessments, and practical operations evaluations.

Suggestions for shipowners and managers include establishing safety management systems, improving emergency plans, conducting relevant training, managing visitor boarding, and conducting self-checks. Crew members are advised to strictly follow operational standards, conduct necessary tests, wear appropriate equipment, and monitor operations carefully before entering enclosed spaces.

### **The definition and typical locations of ship's enclosed spaces**

Ship's enclosed spaces refer to the spaces that meet any of the following conditions:

1. Restricted entry or exit;
2. Insufficient ventilation;
3. Not designed for continuous human occupancy.

Ship's typical enclosed spaces include but not limited to the following places: cargo hold, double bottom tank, fuel tank, ballast tank, cargo pump room, cargo compressor room, empty isolation compartment, chain locker, empty compartment, box keel, protective interlayer space, boiler, engine crank box, engine scavenging box, sewage tank, and adjacent unventilated space not used for the storage of cargo but which may have the same air environment characteristics as the ship's enclosed spaces.

### **Key points of MSA's inspection**

1. Are crew members responsible for enclosed spaces entry aware of the associated risks?
2. Are measures in place to control visitors' and crew members' entering into enclosed spaces?
3. Is there a complete list of enclosed spaces?
4. Are the enclosed spaces marked and for authorized personnel only?
5. Are the atmosphere testing devices regularly checked and calibrated?

6. Are the emergency rescue equipment for enclosed spaces entry in good condition?
7. Are the personnel familiar with the safe entry and risk assessment procedures for enclosed spaces?
8. Are the personnel familiar with the operation of safety protective equipment and devices?
9. Is the enclosed spaces entry and rescue drill in accordance with SOLAS Chapter III, Regulation 19.3.3?
10. Is the SMS related to enclosed spaces operations effectively implemented on board?

### **Focus of the MSA's inspection**

#### *Documentation and records check*

Ship's enclosed spaces should be regularly identified and assessed, and a corresponding list should be established. Ships are required to develop emergency rescue plans for operations in enclosed spaces, safety procedures for entering enclosed spaces, and emergency response procedures for evacuation and accident rescue.

Before entering an enclosed space, records of risk assessment, entry permits, authorization from the master or designated person in charge, adequate ventilation, and air testing using calibrated gas detection equipment must be maintained. Competent personnel should receive safety training for enclosed spaces operations.

Crew members responsible for rescue and first aid should keep a record of regular training, and ships engaged in international navigation should maintain records of enclosed spaces entry and rescue drills.

#### *Ship structure and equipment inspection*

The mechanical and natural ventilation equipment of the enclosed space ventilation system must be in good condition. Entrance doors, manholes, passages etc. in the enclosed spaces shall maintain structural integrity and can be well sealed.

Internal facilities in the enclosed spaces inclusive of ladders, lighting, and water level detectors should be in good condition. Gas detection and monitoring equipment must be in good order with an accompanying operation manual. The fixed gas monitoring system should also be in normal condition.

Emergency rescue and protective equipment, such as personal protective equipment, communication devices, and rescue equipment, must all be in good condition.

#### *Crew member's competency and practical operations check*

Crew members should be familiar with the locations of ship's enclosed spaces and can fully evaluate the potential risks as well as being familiar with the safety procedures of entering into enclosed spaces.

Crew members responsible for gas detection should be proficient in operating detection instruments. Responsible crew members should be familiar with the operation of safety protection equipment and training. Crew members responsible for rescue and first aid should fully understand

the corresponding procedures. Entry and rescue drills for enclosed spaces must comply with the requirements of conventions, regulations, and standards.

### **Suggestions**

1. Shipowners and/or managers shall establish safety management systems for entering enclosed spaces, improve emergency plans, conduct relevant training, and strengthen their supervision and inspection. Collect cargo information to confirm whether the ship is carrying dangerous cargo that may produce toxic or flammable gases, or non-dangerous goods that may cause the risk of oxygen deficiency. Ascertain whether the ship has operations involving entry into enclosed spaces, such as tank cleaning or gas freeing operations.
2. Ships shall effectively manage and control visitors boarding the ship, such as conducting registration and information verification in advance. Strengthening the inspection and maintenance of the ship's hull structure, re-identify ship's enclosed spaces and mark them clearly. Promptly eliminate any corrosion for damage to cargo hold bulkheads and other parts of the ship. Conduct targeted emergency drills and exercises to enhance emergency operation skills. Ships are also suggested to conduct self-check based on the attached checklist.
3. Crew members shall strictly follow the operational standards. Before entering an enclosed space, ensure adequate ventilation is carried out. Conduct oxygen level testing and measurement of harmful gas content in a standardized manner. Properly wear the relevant equipment, use safety belts (ropes) as required, and arrange other crew member to monitor the whole operation.

Yours faithfully,

*Edward Liu*

**Edward Liu, MH**

Principal Representative

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