



CHINA RE

华泰保险经纪有限公司

HUATAI INSURANCE AGENCY & CONSULTANT SERVICE LTD.

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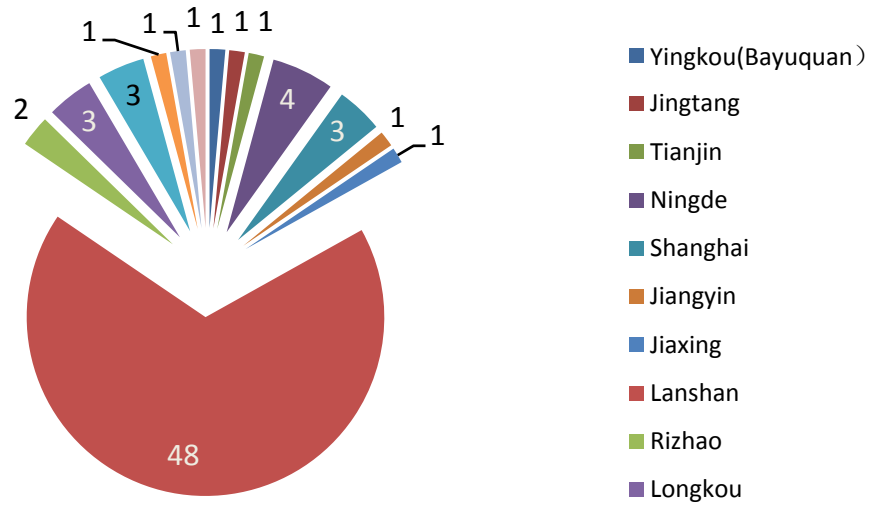
Dear Sir/Madam,

Subject: Fishery Farm Claims in China

Reference is made to a series of our previous circulars on fishery farm claims at Lanshan, China, updating the situation and development there. In order to help our clients to understand the current local situation to further prevent claims of this kind and to draw their attention to similar claims in other areas in China, we have prepared this circular.

To start with, we note that we have handled overall 71 fishery farm entry claims in China in 2017, among which Lanshan (Shandong province) accounted for over half---48 claims, and Ningde (Fujian province) came second with 4 claims, followed by Shanghai, Longkou (Shandong province) and Laizhou (Shandong province), each having 3. Only being able to analyze the cases we have handled, the statistics may not be exhaustive, but nevertheless representative, since we are listed correspondent for 12 IG Clubs and most of other P&I insurers in the world.

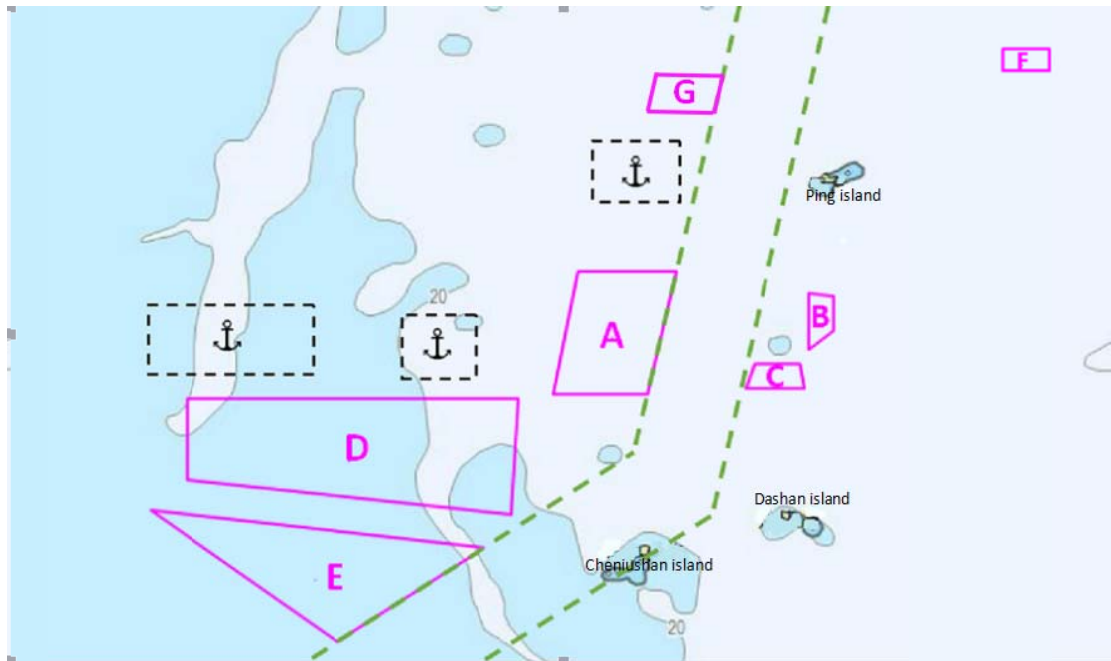
Table 1: Fishery Farm Claims We Handled in China in 2017



To help owners further understand the current situation and minimize risks of breaking into fishery farms in these accident-prone areas, our local offices (Huatai Qingdao and Huatai Xiamen) have conducted special investigation at Lanshan and Ningde, and would update as follows for your reference.

Fishery Farm Claims at Lanshan, Shandong Province

According to our record, in 2017 there have been about 48 accidents of claimed entry into the fishery farms off Lanshan port, China, among which more than half occurred in area A and about 6 accidents occurred in area B. Locations of area A and B are illustrated below.



Area A was the fishery farm that just appeared since last year, and the information available to the local MSA and the ship's agent is still very limited, so that it hasn't drawn sufficient attention from pass-by vessels.

In order to help improve the situation for the sake of safe navigation of the ships, we have recently made further investigations with local MSA, Oceanic and Fishery Bureau, as well as the village committee of the local fish farmers, and hereby update the situation as follows:

1. In the end of 2017, it is noted from the accidents we handled that a new fishery farm came into existence, which is marked as Area F in the above map with coordinates as follows:

F1: 35°11'23.43"N, 119°59'36.03"E

F2: 35°10'52.35"N, 119°59'36.03"E

F3: 35°10'52.34"N, 120°00'54.73"E

F4: 35°11'23.43"N, 120°00'54.74"E

2. The local government is planning to remove some of the fishery farms located within the port area and obstructing the navigation. Area D mentioned in our previous circular is within the scope to be removed in the future as per the plan, and there is no plan to remove the other

fishery farms for now. Meantime, as substantial fund is needed for the removal, no detailed schedule has been made so far.

3. Local MSA published warnings and notices for the accident-prone fishery farms on their website, but none of these fishery farms notified on MSA website was marked on the Chinese charts and/or nautical charts **saving for Area G**. Furthermore, as some fishery farms are far from the coastline and outside the VTS cover area of MSA, MSA is unable to carry out real time monitoring over the vessels passing by such areas. In addition, there aren't obvious warning marks around the scattering fishery farms close to the navigation channel.
4. The fishery farms off Lanshan are located nearby the boundary of Shandong province and Jiangsu province, and there have been certain disputes between these two provinces over the regions under their respective jurisdiction. Most of the fishery farms off the Lanshan port are near the VTS baseline of Rizhao MSA, but Rizhao MSA has no actual jurisdiction over this area. This area is administratively under the jurisdiction of Lianyungang MSA, but is physically far from Lianyungang. In short, administration on safe navigation in this area is not well organized.

Furthermore, the Oceanic and Fishery Bureau is responsible for supervision of the sea area use and marine aquaculture, and MSA is in charge of supervision of marine traffic and navigation safety. Under two different administration organizations, fishery farms have been approved to be located near the channel, fairway and anchorages, though with threat to navigation safety nearby.

5. Generally speaking, the local fish farmers hold valid Sea Area Use Certificates and Farming Licenses so that their farming activities are legally sound. However, as certain fishery farms were entered by the passing-by vessels for more than once in a certain period, during our claims handling, we have successfully rejected some duplicate claims of the fish farmers by retrieving ships' navigation data within this area during this period.

It is worth mentioning that the fishery farms are widespread, and each fishery farm is divided into numbers of small areas, with the length of each small area at more than 1000m, and width at more than 500m. Therefore, though different vessels entered into the same fishery farm asynchronously, as the location of entry and damaged scope was not exactly the same, it does not necessarily follow that the second claim brought by the same fishery farm within a short period is invalid and repetitive. Each case needs to be examined carefully.

6. We are now discussing and coordinating with the MSA, Ministry of Transport, the chart publishing authority, and some other relevant organizations, urging them to plot the fishery farms on the chart, so as to alert the passing-by vessels to avoid break-in accidents.

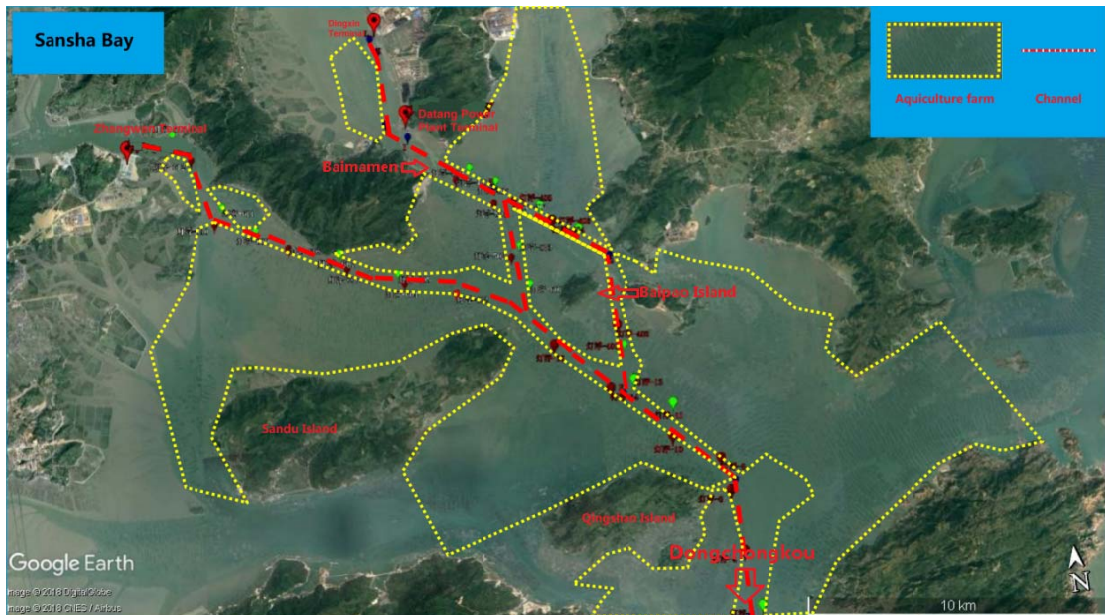
In the meantime, we have the following recommendations to ships calling or passing Lanshan port with view to minimizing fish farm claims:

1. In route planning, kindly take into account the fishery farms described in our circulars, with special attention and caution to area A. In addition, before the ship's arrival at Lanshan port, kindly check with the local agent about the route to enter the anchorage and the port, as well as the distribution of the fishery farms.
2. The vessels shall maintain a proper lookout, and keep close contact with the VTS center and the pilot station. In addition, the Master shall not blindly follow the recommended route of the VTS and pilot station before the pilot attending on board. The Master shall in light of the available information, carefully observe the surrounding sea area, and pay particular attention to the boats ahead affecting the navigation (there might be fishery farms nearby the boats), and then make the correct decision, as the Master shall be responsible for the safe navigation.
3. Should you have any query, please feel free to contact our Qingdao Office:
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Fishery Farm Claims at Ningde, Fujian Province

Aquaculture farms are observed near Ningde Port channel and anchorage. According to relevant information, the main terminals which the foreign ships and ships \geq DWT 50000 tons may call are the Datang Power Plant Terminal, Dingxin Terminal and Zhangwan Terminal. After the ship enters Sansha Bay via Dongchongkou, the ship may choose to berth at Datang Power Plant and Dingxin Terminal after passing through the 50000t channel and Baimamen, or the ships may choose to berth at Zhangwan Terminal after passing through the 50000t channel, Baipao Island and the channel of Zhangwan operation area. Based on the past site survey records and satellite maps, it can be seen that the relevant waterways entering and leaving the Sansha Bay are surrounded by the asparagus and kelp aquaculture areas, and some part of channels are even occupied by the farms.



The main anchorage of Sansha Bay area for foreign ships and large ships is the pilot/quarantine anchorage which is out of the Dongchongkou, but this anchorage is small and is almost always occupied by small coastal ships. Under normal circumstances, when a ship inquires about anchoring position with the local ship agent, the agent will not give an accurate

anchoring position, instead, they will suggest the ship to find a suitable position out of the Dongchongkou to drop anchor, and then report the anchor position to the agent and Ningde VTS. Considering the fact that the kelp culture area of Dongchongkou (near the Xiyang Island) are expanding to the deep water year by year, and there are many set-net fishery farms in this area, the ship should try to avoid entering this area or anchoring during poor visibility or at night. Furthermore, the anchoring position shall be as far as possible from the shore side, and the ship shall strengthen lookout of the waters around the ship.



According to site survey of previous cases, ships' entering into the aquiculture farms mainly occurred at two positions, including the east channel of Qingshan Island and the channel near Baipao Island, as shown in the above map as area A and B. The causes of ships' entering into aquiculture farms are listed as follows:

The current in the aforesaid two channels is strong as high as 3 ~ 5 knots; meantime the channel is narrow and the turning angle is large. During tide rising or ebbing, the rudder effect is poor due to the tidal current.

There are many fishery auxiliary boats and fishing boats crossing the channel so that the space for ship avoidance is very limited.

There are dense aquiculture farms spreading around the main channel and even in the channel at some parts. Therefore, if the ship fails to return to the main channel timely after avoiding other ships, she can easily enter into the aquiculture farms around the main channel.

To cope with the situation, we have following recommendations:

Before arrival at the port, the ship shall be familiar with situation of the channel and port via local agent or authorities, formulate a proper voyage plan and avoid anchoring in this area during night.

After pilot is onboard, the master shall fully communicate with the pilot to understand the navigation method of the main channel and pay attention to controlling the ship speed.

Before entering the port, the ship shall arrange the lookout at the forecastle, prepare the double anchors (Drop the anchor out of hawse pipe, perpendicular to the water surface, ready for use).

If the ship inevitably enters the aquiculture farm, she should immediately stop the engine and drop the double anchors to stop the ship, and call the local agent or authority to apply for assistance.

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

Best regards,



Yu Limin

President