



HNS TANKER OWNER'S DUTY IN JAPAN

- SINCE APRIL 1ST, 2008 -



Maritime Disaster Prevention Center

Please note that the definition is arranged as follows.

DEFINITIONS

[In case of this brochure]

- * Oils: According to the Japanese domestic law, "Oils" were divided into two categories such as "persistent oils" and "non-persistent oils"
- * Persistent oil (= specific oil) includes crude oil, heavy oil, lubricating oil and etc.
- * Non-persistent oil includes gasoline, kerosene, light oil, oil refuse and refined products etc.
- * Noxious liquid substance includes any substance referred to in MARPOL73/78 Annex (=Regulations for the control of pollution by noxious liquid substance in bulk) regulation 1.(6)
- * Hazardous and Noxious Substances (HNS) includes Non-persistent oil and Noxious liquid substance.
- * HNS tanker includes a ship constructed or adapted primarily to carry a cargo of HNS in bulk.
- * "materials and equipment" includes gas detector, removal materials, or vessel with capability to squirt water(ex Fire fighting boat), oil boom, oil skimmer etc,
- * Experts means the ship officers with 4th grade or more who are licensed to engage in the operation and also completed courses in Fire Fighting, Shipboard Safety Methods and Pollution Prevention and Control and other related maritime subjects stipulated in the Minister of Land, Infrastructure and Transport of Japan and Noxious Liquid Substances Pollution Prevention Manager Course.
- * Maritime Disaster Prevention Center (MDPC) is the only legitimate organization set forth by the Law to carry out prevention and elimination operation to response with any Oils and HNS spill incidents, including marine fire fighting, associated with shipboard disasters of HNS tankers along the Japanese coastal line, entrusted by the ship owner of the tanker and instructed by the Japan Coast Guard. MDPC was established in 1976.
- * Emergency Response Service : In the event that an HNS spill incident actually occurs or is anticipated, MDPC will immediately respond to the incident site at the request of the captain or ships owner, and take initial pollution prevention and elimination measures including putting out the fire or preventing the spread of the fire, or any other actions against potential danger. (Cost of treatment charged separately)

Outline of the Amendment

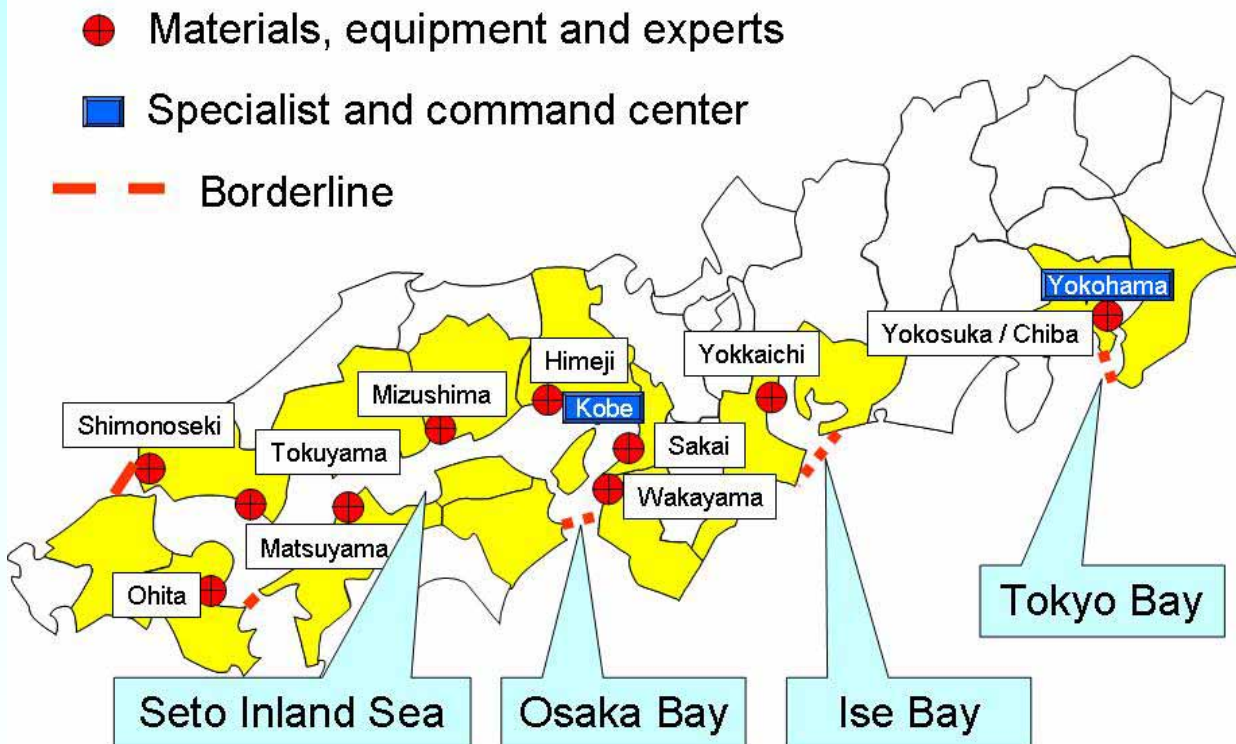
In Japan, the domestic law relating to the Prevention of Marine Pollution and Maritime Disaster was revised in 2006 due to accession to the Protocol on Preparedness, Response and Co-ordination to Pollution Incidents from Hazardous and Noxious Substances, 2000” (OPRC-HNS Protocol). The following is a part of the provision of this revised law.

Since April 1st 2008, when the owner of HNS tankers of more than 150GT sails in specified areas (Tokyo-bay, Ise-bay and Seto-inland sea) while carrying HNS, the owner has to keep onboard appropriate accident response materials, equipment and experts necessary for removal of the said HNS, and be able to reach the site with such materials, equipment the location of the said vessel within approximately two hours.

Depending on the characteristic of the HNS, it is necessary to keep the removal materials, or vessel with capability to squirt water, oil boom, oil skimmer etc, and keep the experts.

When the owner of the vessel, is sailing in the specified areas when carrying cargoes of HNS, the owner has to have the certification of accident response materials, equipment and experts.

Specified Areas and MDPC Stockpile Base



Dear, ship-owners of HNS tankers:

<p>It has become mandatory to ensure that materials, equipment and experts will be readily available in the event of an HNS</p>

1. Outline of the revised Law

In June, 2006, the Law relating to the Prevention of Marine Pollution and Maritime Disaster (“the Law” hereafter) was revised. As of April 1, 2007, prevention and elimination of Hazardous Noxious Substance (“HNS” hereafter) became mandatory. In addition, starting April 1, 2008, it also becomes compulsory for HNS tankers, when it sails within specified areas (Tokyo bay, Ise bay, Seto Inland Sea including Osaka bay), to secure materials, equipment and experts necessary for the prevention and elimination of HNS spills at the location near the voyage route where help can reach quickly in the event an incident does occur. When this obligation is not fulfilled, there is a penalty up to 500,000 yen.

(Reference 1: Contents of “Article 39-5, the Law relating to the Prevention of Marine Pollution and Maritime Disaster”)

2. Response by the Maritime Disaster Prevention Center

MDPC is the only legitimate organization set forth by the Law to carry out prevention and elimination operation to deal with any HNS spill incidents associated with shipboard disasters of HNS tankers along the Japanese coastal line, entrusted by the ship owner of the tanker and instructed by the Japan Coast Guard.

In response to the latest revision of the Law, MDPC established a disaster response system that can provide materials, equipment, especially in order to offer ship owners of HNS tankers, the necessary materials, equipment and experts that MDPC possesses in the specific ocean areas at a reasonable price.

At the same time, starting April 1, 2008, MDPC will offer an emergency prevention and elimination measures service (hereafter “HNS Materials, Equipment and Experts, and the Emergency Response Service”) that will rush to the incident site in the event an HNS spill incident happens.

This unique service contributes to corporate social responsibility, especially to the obligation to comply with legislation. At the present time, there is no other organization who can offer this service other than MDPC.

(Reference 2:Relationship diagram of “HNS Materials, Equipment and Experts, and the Emergency Response Service”)

3. How the service works

(1) Contents of the service

An outline of the provision of “HNS Materials, Equipment and Experts, and the Emergency Response Service” can be found in the reference 2. More specific contents including the customer agreement will be uploaded on our web site (<http://www.mdpc.or.jp>) as they become available.

(2) Issuance of the Certificate

The owner of the HNS tanker or local agents, operator and others in Japan should apply online for HNS resources, equipment and experts’ placement and for provision of emergency response after agreeing with the agreement on the web site, and deposit the fee (can used “¥” only) to the MDPC’s bank account. MDPC confirms the receipt of the payment and sends “The HSN Materials, Equipment and Experts’ Placement Certificate” (hereafter “the Certificate”) by emails to the ship owners or others to prove that availability of HNS materials, equipment and experts in the specified areas is guaranteed by us on behalf of the ship owner.

(3) Types of Certificate

Depending on the length of validity, there are 3 different types of certificates;

- i) Annual Certificate; this certificate's valid from April 1st until March 31st of the next year.
- ii) Limited Annual Certificate ; this certificate's valid from the beginning of the year to the mid year, or from the mid year to the end of the year, and a monthly certificate. It is presumed to be used in combination with an Annual Certificate.
- iii) Specified Period Certificate; this certificate's valid for the multiple duration of 14 days.

(Reference 3: Procedure for "HNS Materials, Equipment and Experts' Placement Certificate Issuance")

(4) Effects of the Certificate

To the HNS tankers that obtained the Certificate;

- i) MDPC certifies to the Japan Coast Guard that MDPC had secured availability of materials, equipment and experts to response with HNS spills in the specified areas on behalf of the ship owner.
- ii) In the event that an HNS spill incident actually occurs or is anticipated, MDPC will immediately respond to the incident site at the request of the captain of the ship, and take initial pollution prevention and elimination measures including putting out the fire or preventing the spread of the fire, or any other actions against potential danger. (Cost of treatment charged separately)

4. Service fees

Issuance fees for “The HNS Materials, Equipment and Experts’ Placement Certificate” are listed below:

Class		Annual	Specified Period
150GT and above	under 300GT	¥215,000	¥35,000
300GT	500GT	¥258,000	¥43,000
500GT	750GT	¥301,000	¥50,000
750GT	1,000GT	¥322,500	¥53,000
1,000GT	3,000GT	¥365,500	¥60,000
3,000GT	5,000GT	¥387,000	¥64,000
5,000GT	10,000GT	¥451,500	¥75,000
10,000GT	15,000GT	¥494,500	¥82,000
15,000GT	20,000GT	¥602,000	¥100,000
20,000GT and above		¥623,500	¥103,000

Note 1: The fee does not include tax. However, tax is exempted for foreign trading ships.

Note 2: Issuance of Specified Period Certificate is charged a 3,000 yen handling fee (plus tax).

Note 3: Limited Annual Certificate fee is equal to the monthly installment of the Annual Certificate fee.

Note 4: Following the examples of IMO (restorative force of a ship is proportional to the length of freeboard, rather than the volume), the fee ratio for each GT category is the cubic root ratio (length) of a tanker’s average tank volume.

Note 5: Emergency issuance fee:

In case of Annual Certificate= Annual Certificate fee × 10% (plus tax)

In case of Specified Period Certificate=Specified Period Certificate fee × 50% (plus tax)

(2 days before the start date of validity period)

Note6: Certificate name change handling fee is 6,000 yen / case.(plus tax)

Reference 1

The contents of “Article 39 – 5, The Law Relating to the Prevention of Marine Pollution and Maritime Disaster”

(Resources for the prevention and elimination of oil other than specified oil and hazardous and noxious substance)

[The Law Article 39-5]

The owner of a vessel registered with the Ministry of Land, Infrastructure and Transport, carrying oil (excluding specified oil hereinafter in this Article) or hazardous and noxious substance, when traveling loaded with oil or hazardous noxious substances as cargo in the area, based on the geography, tidal current and other natural conditions, which the Ministry of Land, Infrastructure and Transport specified as the area where oil or HNS spill could have a detrimental impact on the marine environment, shall ensure that necessary resources, machine, equipment and workers with sufficient knowledge for prevention and elimination of the spilled oil (excluding the specified oil spills) are available at the location easily accessible to the incident site quickly as stipulated in the regulations by the MLIT.

(Relevant Penalty)

[The Law Article 57]

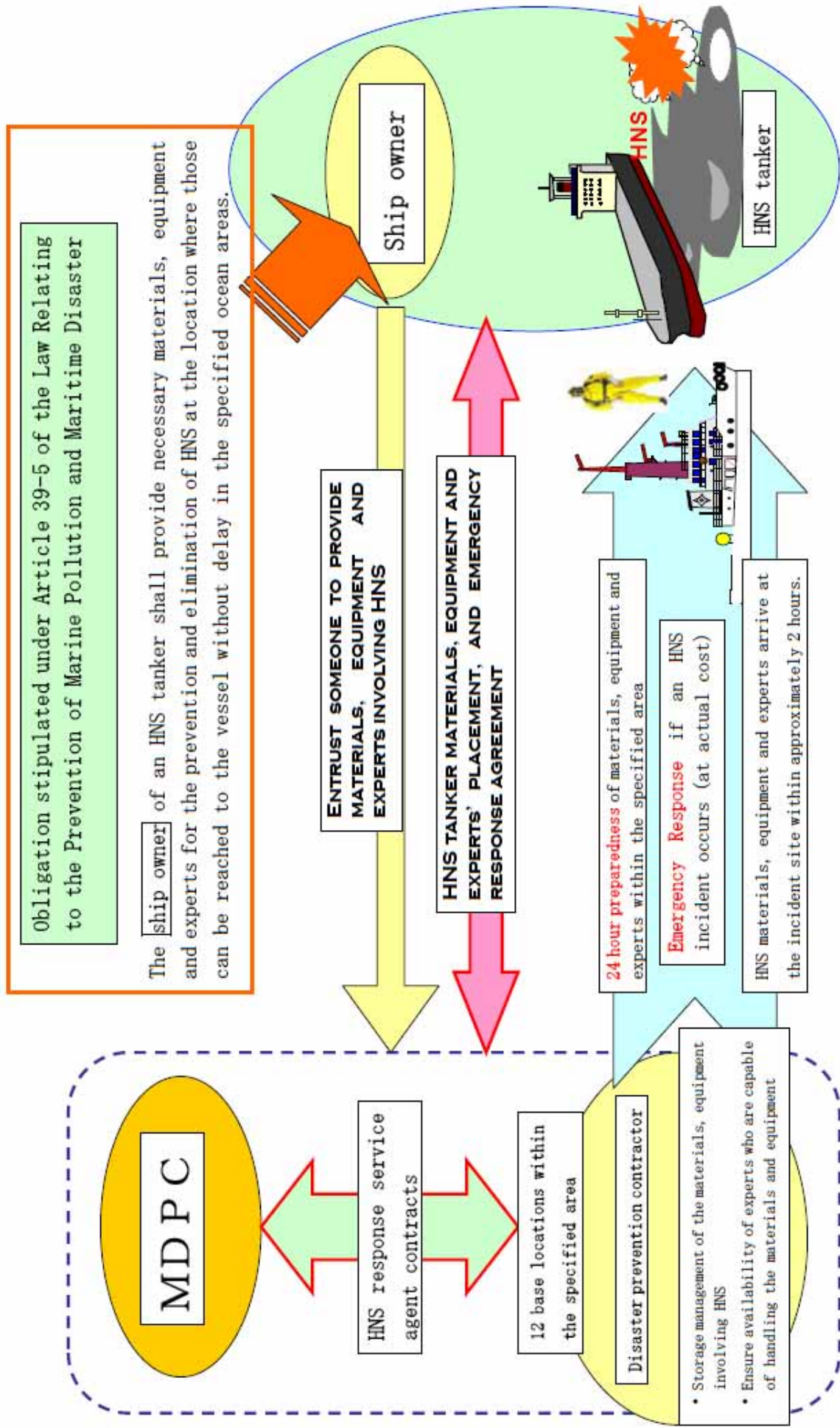
Any party that is applicable to the following items shall be punished by penalty up to 500,000 yen.

- | | |
|------|--|
| 1-10 | Omitted |
| 11 | Offense against Article 39-4-1 or Article 39-5 |

Relationship Diagram of

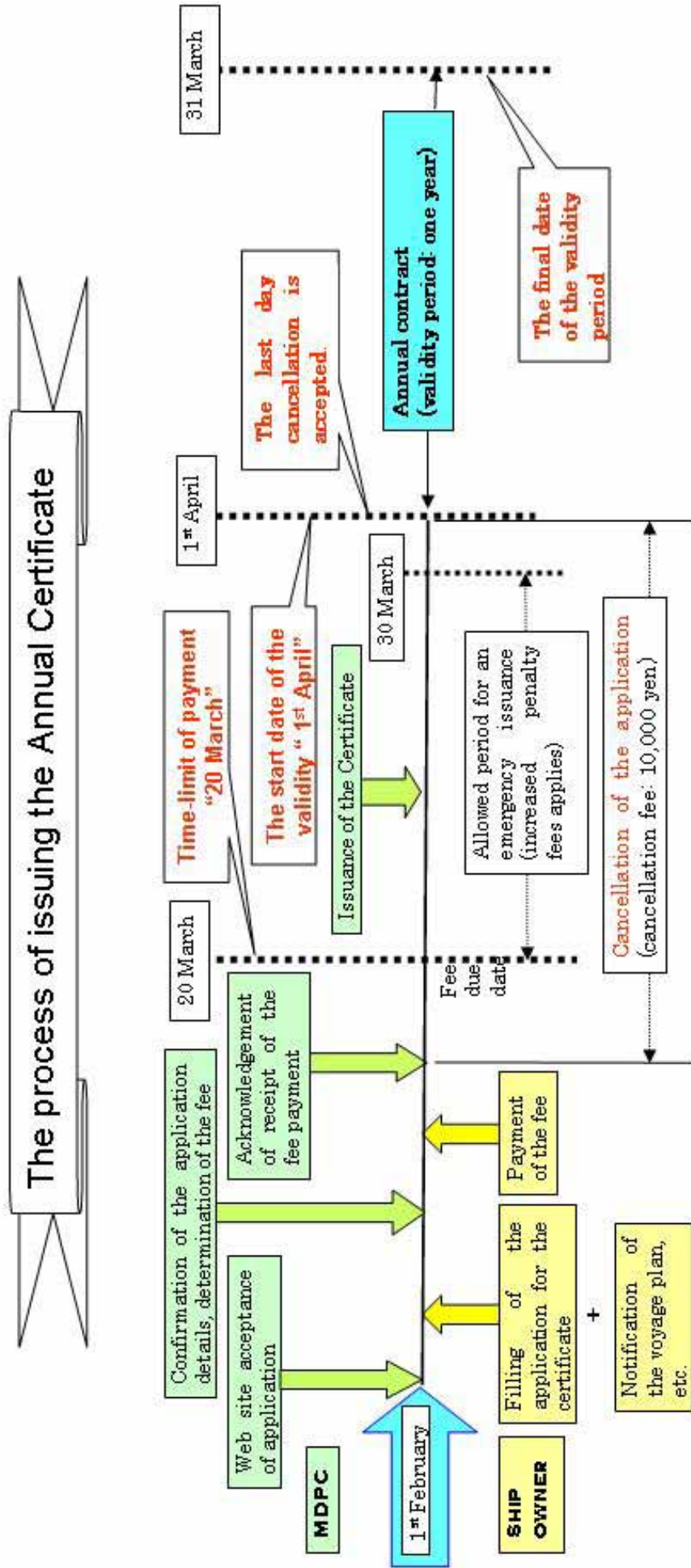
"The HNS Materials, Equipment and Experts' Placement, and Emergency Response"

[Reference 2]



ISSUANCE PROCESS OF THE PREPAREDNESS CERTIFICATE FOR HNS MATERIALS, EQUIPMENT, AND EXPERTS

Reference 3-1

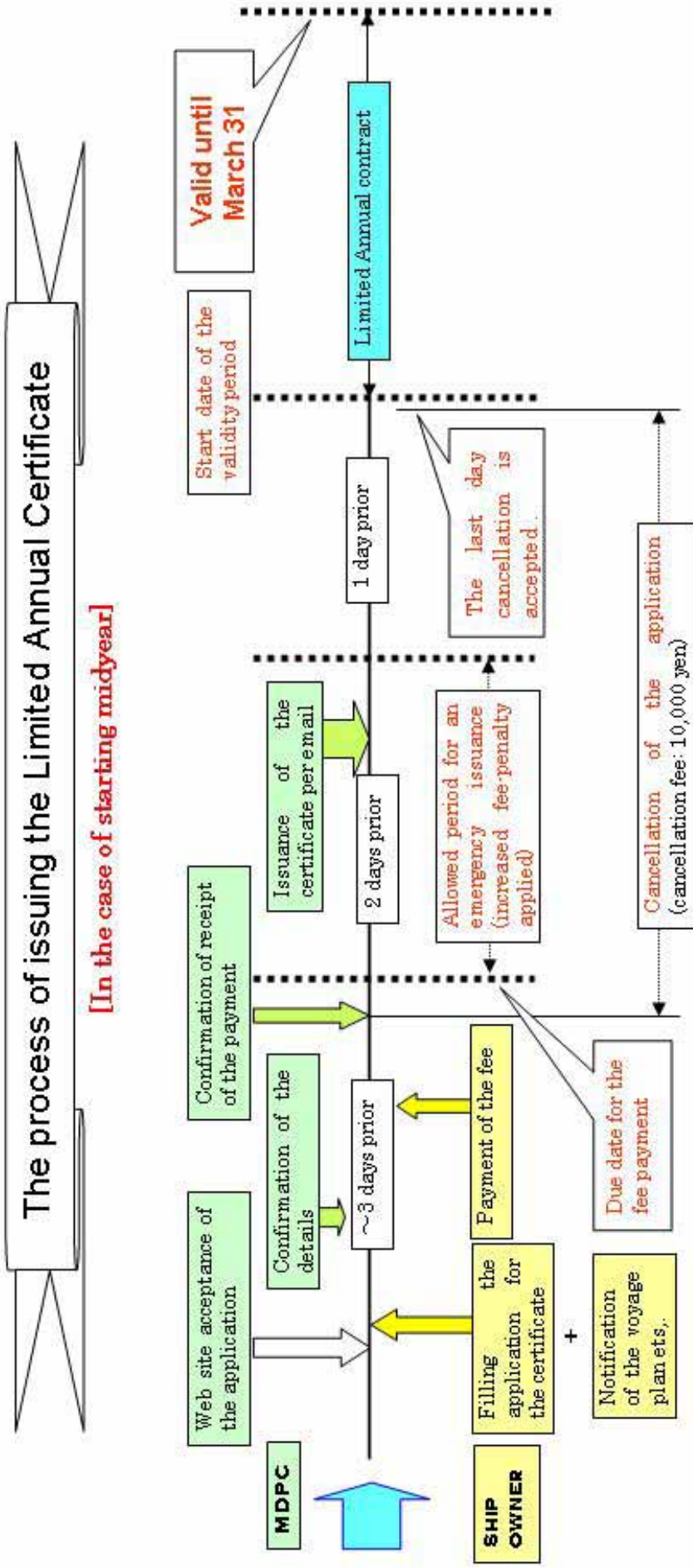


Note: In the event that either 20 March 20 or 30 March falls on a bank holiday, it shall be one bank business day earlier, respectively.

Note2: Emergency issuance fee = Annual Certificate fee × 10% (plus tax)

**ISSUANCE PROCESS OF THE PREPAREDNESS CERTIFICATE
FOR
HNS MATERIALS, EQUIPMENT, AND EXPERTS**

Reference 3-2

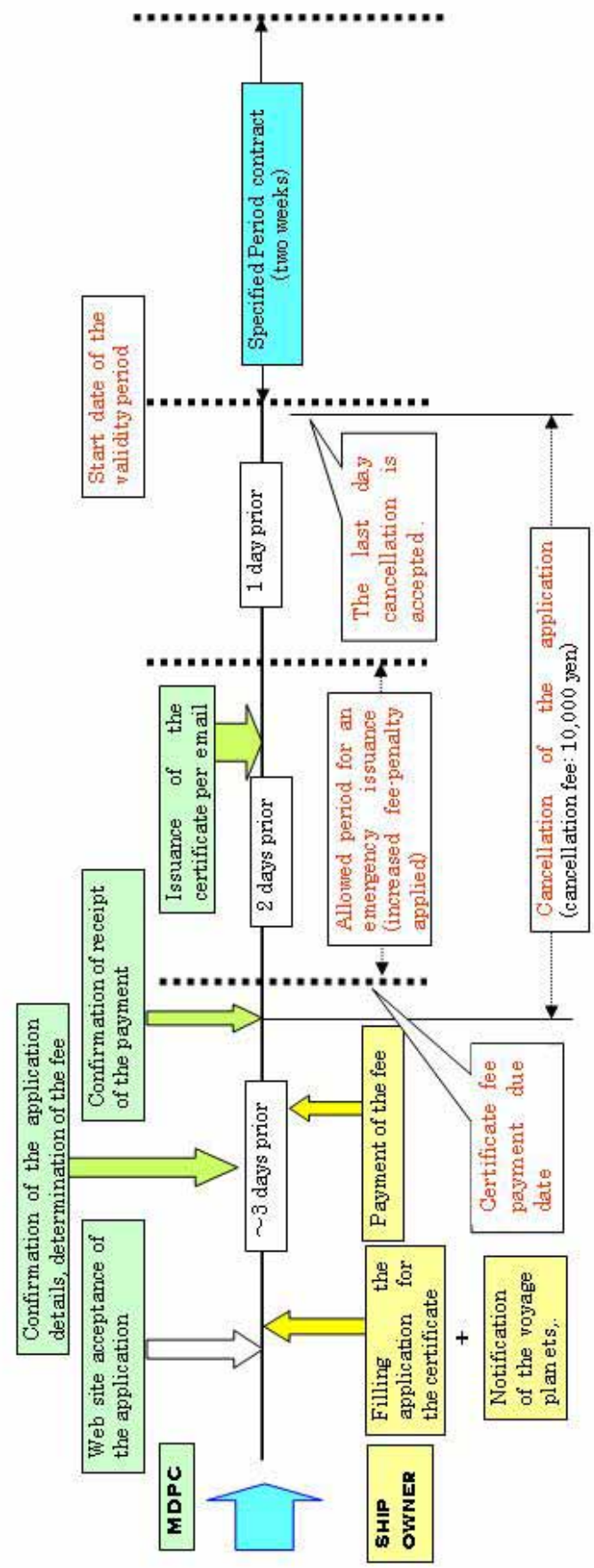


- Note 1: 3 days prior, 2 days prior, and 1 day prior, refer to the numbers of bank business days (excluding December 29 and 30).
- Note 2: Limited Annual Certificate Fee, Computation of the monthly fee will be determined by a method to be decided upon separately
- Note 3: Emergency issuance fee = Limited Annual Certificate fee × 10% (plus tax)

**ISSUANCE PROCESS OF THE PREPAREDNESS CERTIFICATE
FOR
HNS MATERIALS, EQUIPMENT, AND EXPERTS**

Reference 3-3

The process of issuing the Specified Period Certificate



Note1 : 3 days prior, 2 days prior, and 1 day prior, refer to the numbers of bank business days (excluding December 29 and 30)
 Note2: After the start of the validity period of the certificate, there is no refund of any paid certificate fees.

Note3: Emergency issuance fee = Specified Period Certificate fee x 50% (plus tax)