



THE CHINA NAVIGATION CO. LTD.

Friday 7th March 2008

TO WHOM IT MAY CONCERN IN HONG KONG'S MARITIME COMMUNITY

Swire's China Navigation Company Works on Cleaner Air in Hong Kong

I write to advise you that The China Navigation Company ("CNCo")¹ decided, with effect from January 2008, to burn only low sulphur Marine Diesel fuel (containing less than 1% sulphur) on its owned vessels calling at Hong Kong and within the Pearl River Delta region.

As you will no doubt be aware, deep-sea vessels customarily burn heavy fuel oil (with sulphur content of up to 4.5%) in their main propulsion engines at sea, in ports, and while entering and leaving harbour. Heavy fuel oil is a significant contributor of Respirable Suspended Particulates (RSP) and Nitrogen Oxides (NO_x) in its exhaust to the air after being burned. Research² has shown marine air emissions to be a significant contributor to reduced air quality in Hong Kong, with locally generated marine and vehicle emissions combined being the primary contributor one-third of the time.

This initiative, which we have committed to for a minimum period of two years pending any industry-wide action in the interim, started with the call of CNCo's vessel *Tasman Provider* to the ports of Hong Kong and Mawan (in Shenzhen) between Saturday 26th and Wednesday 30th January 2008 inclusive. CNCo vessels spend an average of 48 port-days in Hong Kong and the Pearl River Delta annually. This action is unusual in nature, as one being taken by the owner, rather than the operator (who is usually responsible for the supply of bunkers), of the ship.

As a signatory of the Hong Kong General Chamber of Commerce's Clean Air Charter, we are making proactive commitments despite the additional cost to us. We also lend full support to collective efforts between the industry, government and NGOs to find a consensual long-term solution to this problem.

We hope this unilateral action and our other supportive efforts, although minor in themselves, will provide additional impetus within the industry to enhance the maritime sector's contribution to improved air quality for our communities here in Hong Kong and in the Pearl River Delta.

C R Kendall
Managing Director

¹ CNCo controls and directly operates 19 dry bulk and multi-purpose vessels between 13,400 and 164,000 deadweight tonnes each. Its subsidiaries, Swire Shipping and Tasman Orient Line, operate between them 45 vessels in liner shipping trades connecting ports within, to and from the Pacific region, including Hong Kong. CNCo is a wholly-owned subsidiary of London-based John Swire & Sons Ltd., and is affiliated through its parent to the Swire Pacific Limited group.

² Alexis K. H. Lau, Andrew Lo, Joe Gray, Zibing Yuan and Christine Loh, *Relative Significance of Local Vs Regional Sources: Hong Kong's Air Pollution*, Hong Kong: Civic Exchange, 2007, <http://www.civic-exchange.org/publications/2007/airmarch.pdf>.

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