

U.S. Department of
Homeland Security

United States
Coast Guard



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AUG - 8 2013

Michael Kaczmarek
Vice President, Shipbuilding
Carnival Corporation & plc
3655 NW 87th Avenue
Miami, FL 33178

Dear Mr. Kaczmarek,

This letter is in response to the request made by Carnival Corporation & plc (Carnival) seeking the conceptual views of the United States Coast Guard (USCG) and the Environmental Protection Agency (EPA) regarding a Carnival trial program under Regulation 3.2 of Annex VI to the International Convention for the Prevention of Pollution from Ships (MARPOL), in which Carnival's flag States would exempt 32 Carnival ships from the fuel sulfur requirements of the North American and Caribbean Emission Control Areas (ECAs).

Both the USCG and EPA, as U.S. Government Port State representatives for the North American and Caribbean ECAs, support the development of exhaust gas cleaning technology as a method for complying with the fuel sulfur limits applicable in the ECAs. The USCG and EPA have had a series of cooperative discussions with Carnival over the past several months, which have resulted in progress towards developing a feasible conceptual approach for Carnival to develop an exhaust gas cleaning system trial program for selected ships. Given the information provided by Carnival on their planned development program, and how it will be implemented in an aggressive timeframe across a variety of engine types and configurations, USCG and EPA can support the concept as meeting the spirit of a trial program for ship emission reduction and control technology research, as outlined in MARPOL Annex VI, Regulation 3.2, and subject to the further discussion as described below.

Under the proposed trial program, Carnival will install exhaust gas cleaning systems for engines on 32 vessels that operate in the ECAs, and those systems will help enable the vessels to meet or exceed the sulfur emission levels required within the ECAs. We understand that Carnival will install sufficient exhaust gas cleaning capacity on each of the ships to meet or exceed the 2015 ECA fuel sulfur requirements. Additionally, these exhaust gas cleaning systems will be installed during vessel drydocks on the following schedule: 9 ships in 2014, 16 ships in 2015, and 7 ships in the first half of 2016. Once installed, the exhaust gas cleaning systems will be employed while the ship is operating in the ECA. During the period of the exemption, Carnival will also limit the sulfur content of heavy fuel oil used in these ships. Based on the geographic area that the fuel is purchased, we understand the cap on average fuel sulfur used may range from 2.4 to 3.1 percent. Lastly, we understand that Carnival intends to use shore power, or marine gas oil with a fuel sulfur content no greater than 0.1 percent, for each ship while at berth during the period of the exemption from the Regulation 14 fuel sulfur standards.

Under the proposed trial program, the fuel sulfur exemption for the ships scheduled for drydock in 2014 and 2015 (25 vessels in total) will begin as soon as the permit for each ship is approved by the

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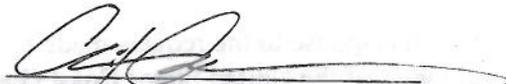
appropriate flag State. For ships scheduled for drydock in 2016, the exemption will begin no sooner than January 1, 2015.

We recognize there are a number of details that still need to be addressed before we can provide a final assessment of, and comment on, the trial program. These details include, among other things, the appropriate monitoring, recordkeeping, reporting, termination and verification provisions which must be specified in any permit approved by the flag States for the affected vessels. Both the USCG and EPA look forward to continued coordination with Carnival to develop these provisions as expeditiously as possible.

Sincerely,



J. C. Burton
Captain, U.S. Coast Guard
Director of Inspections and Compliance



Christopher Grundler
Director, Office of Transportation and Air Quality
U.S. Environmental Protection Agency



Cc: Thomas M. Dow, Vice President Public Affairs, Carnival North America LLC
Paul Topping, Marine Safety and Security Transport Canada