

Environmental and Social Review Summary

Container Berth Expansion Project at Jingtang Port

This Environmental and Social Review Summary (ESRS) is prepared by MIGA staff and disclosed in advance of the MIGA Board consideration of the proposed issuance of a Contract of Guarantee. Its purpose is to enhance the transparency of MIGA's activities. This document should not be construed as presuming the outcome of the decision by the MIGA Board of Directors. Board dates are estimates only.

Any documentation which is attached to this ESRS has been prepared by the project sponsor, and authorization has been given for public release. MIGA has reviewed the attached documentation as provided by the applicant, and considers it of adequate quality to be released to the public, but does not endorse the content.

Country:	China
Sector:	Infrastructure
Project Enterprise:	Jingtang Port International Container Terminal Co. Ltd.
Environmental Category:	B
Date ESRS Disclosed:	May 20, 2009
Status:	Due Diligence

A. Project Description

The proposed project involves the expansion, modernization and management of two berths (No. 10 and 11) in the Jingtang Port by Jingtang International Container Port Co., Ltd (“The Project Company”), a JV of Dragados, Tangshan Port Investment Co., Ltd, and Beijing Golden State Engineering and Technology Co. In 2005, Dragados S.P.L. received MIGA guarantees for an investment which consisted of installing cranes and related container-handling equipment on the two existing berths (10 and 11) and upgrading computerizing cargo management systems. The proposed project will construct three additional container bridges, a new container yard (170,000 square meters), and corresponding auxiliary facilities (office buildings covering 3,000 square meters). Measures to support water supply and drainage, power supply and heating will also be undertaken.

The Jingtang Port facility has been in existence for about 10 years, and is part of the 44-km² Tangshan Sea Port Development Zone, which has become a major industrial city 80 km to the southeast of Tangshan. The port currently has 26 operational terminals. The Project Company has owned and operated berths 10 and 11 since 2005. The two berths are at the east coastline of Basin 2 at Jingtang Port Area in Tangshan, with an annual capacity at 200,000 twenty-foot equivalent units (TEUs). Due to rapidly increasing demand the Company has decided to expand its existing container yard to reach 500,000 TEU capacity per annum. MIGA’s political risk insurance has been sought by Dragados S.P.L. to guarantee its additional investment in this project.

B. Environmental and Social Categorization

The project has been classified as a Category B under MIGA's Policy on Social and Environmental Policy and review procedures. This is based on the nature of the project's predicted adverse impacts, which are/can be readily addressed via well understood mitigation measures.

C. Applicable Standards

While all Performance Standards are applicable to this investment, our current information indicates that the investment will have impacts which must be managed in a manner consistent with the following Performance Standards:

- PS 1: Social & Environmental Assessment and Management Systems
- PS 2: Labor & Working Conditions
- PS 3: Pollution Prevention & Abatement
- PS4: Community Health, Safety and Security

PS5 (Land Acquisition and Involuntary Resettlement) does not apply as no land acquisition is needed. PS7 (Indigenous Peoples) does not apply as there are no indigenous communities potentially affected by this project. There are no cultural relic preservation sites, scenic spots, revolutionary and historical relics. However, PS 8 (Cultural Heritage) may apply if any artifacts are inadvertently uncovered during construction. PS6 (Biodiversity Conservation & Sustainable Natural Resource Management) is not relevant to this project. Drinking water sources and other environmentally sensitive areas are not potentially impacted by the project. The nearest environmentally sensitive area, the Jinyintan Bathing Beach, is 4,500 meters away. The proposed project site complies with the development plan for the Tangshan Port Development Zone and will not cause any significant impacts on the surrounding environments.

D. Key Documents and Scope of MIGA Review

The documents reviewed by MIGA:

- Environmental Impact Assessment Report (July 2008)
- Back to Office Report (July 2007) of the monitoring mission visit by MIGA's environment specialist.
- Definitive Application

E. Key Issues and Mitigation

PS 1. Social and Environmental Assessment and Management Systems

The Environmental Impact Assessment Report (EIA) (July 2008) on both the existing investment and the proposed expansion was approved by the Ministry of Environmental Protection. The key social and environmental issues are: workers' rights, occupational health and safety; waste water treatment; solid waste management; noise and dust. The project itself will not cause significant increase to air and water pollution as it consists of the modernization and expansion of only two out of the 26 berths of the Jingtang Port, and the investor is committed to implementing the necessary mitigation measures consistent with MIGA's Performance Standards on Social and Environmental Sustainability as well as national regulations. The EIA refers to the rapid growth of industries at the port development zone which would have caused a negative cumulative impact on the surrounding air and water quality. Under the government of City of Tangshan the highest governmental authority in charge of the port development zone is the Administrative Commission. The environment protection department of the Administrative Commission oversees environmental issues related with the port development zone.

MIGA requires an Environmental and Social Management Plan (ESMP) be in place for the construction phase and for the operation phase presenting (i) detailed mitigation measures to address the project impacts (including management of solid, liquid and gas wastes, and management of traffic within and outside the project area), (ii) emergency response measures; (iii) occupational health and safety, and workers' relations; (iii) a monitoring system, (iv) timeline for ESMP with specific responsibilities assigned; and (v) defined follow-up actions.

PS 2. Labor and Working Conditions

The permanent labor force is 95 persons. Management staff works only during daytime, while workers at the terminal and the depot operations divided into 4 groups, and work by shift once every 8 hours. Berths will operate 335 days a year, and depots will operate 350 days a year. An additional labor force of 80 will be recruited.

MIGA requires the project sponsors to comply with MIGA's PS2 (Labor and Working Conditions) as well as the national laws regarding occupational health and safety, working conditions, management of worker relationship (including terms of employment, workers' organizations, non-discrimination and grievance mechanism for workers to express themselves in relation to terms of employment and working conditions). A health and safety plan including (i) all major health and safety issues related to the project, (ii) health and safety training programs for all employees, (iii) auditing of health and safety practices and assessment of health and safety awareness, (iv) ensuring all workers are fit for work through a pre-employment medical examination and annual medical reevaluations with counseling, (v) ensuring access to adequate health care

facilities for all employees, will be a part of the ESMP for both construction and operation phases.

PS 3. Pollution Prevention and Abatement

There are a number of key areas requiring management in relation to pollution prevention for both the construction and operational phases.

Construction for the expansion project include foundation treatment, construction of container yard, roads and office building, as well as facilities for water supply and drainage, fire-fighting, lighting. Pollution sources during the construction period consist of mechanical noise, engineering dust, wastewater and solid waste.

Pollutions on ambient air by the proposed expansion project include dust from surface leveling at the construction site, movements of trucks and other vehicles, (un)loading of construction materials, earthwork and temporary piling of spoils. Engineering dust may increase particulates content in the air at certain parts within the area, and may also be transported to neighboring areas by wind, thus affecting livelihood and working of employees of adjacent entities. Sponsors are committed to take proper measures to minimize such adverse impacts on ambient air. Measures to be taken during the construction period include, enclosure walls with a height of 2 meters or above around the construction site; using enclosed spaces for storing and mixing construction material such as cement, lime powder and soil; covering such materials during loading and unloading; a water ditch with its width at 3.5 meter, length at 10 meters and depth at 0.2 meter shall be made at the exit to and from the construction site, in which crushed stones with a diameter at 50 millimeters will be laid to reduce the amount of earth on tires of trucks; covers will be made on materials transported or they will be transported by enclosed vehicles, routes of transportation vehicles shall avoid residential quarters and other environmentally sensitive areas, and vehicle speed shall also be limited. In addition, exhaust gas from machinery and vehicles may increase concentration of carbon monoxide and other pollutants in the air of certain parts of the area, however that will not affect workers' quarters at 2km distance from the project site; furthermore, as such exhaust gas is emitted at intervals, will completely disappear upon completion of the proposed project.

Wastewater from the proposed project during construction period mainly includes wash water for engineering equipment and water from concrete maintenance. However their quantity is insignificant, and not considered as significant pollutants. A simplified sedimentation tank shall be built on the construction site, through which, the engineering wastewater may be collected and settled, and then be used for site sprinkling to reduce fugitive dust. Domestic wastewater (by about 70 construction workers), of which the main part is washing waste will be discharged into the existing wastewater system of the port.

Noise sources come from engineering machinery and vehicles. Mitigation measures include, using advanced engineering equipment and technologies of low noise. This will

be a principal criterion for selecting contractors. Also percussion by piling machine or pneumatic hammer will not be allowed, and working hours will be limited between 06:00 and 22:00 hours.

Solid wastes will consist of construction refuse and domestic refuse. Solid waste from the engineering process will be collected by cleaning and hygiene teams of the municipality and transported to an outside solid waste disposal site. Domestic refuse of insignificant amount by construction personnel will be collected conveyed to landfill site for land-filling.

Operation: The key causes of pollution include: (i) waste water; (ii) air emissions (phosphate, sulfur) through the heavy machinery; (iii) liquids that may spill or leak from trucks; (iv) storage and handling of hazardous material; and (v) solid waste.

Waste water: The existing project is equipped with a rainwater and wastewater separation system. Domestic wastewater from the existing project in the amount of 5.6m³/d and from docked vessels in the amount of 6.0m³/d are discharged into Jingtang Port Wastewater Treatment Station for further treatment. Oily wastewater is currently in the amount of 4.6m³/d collected and transported to Jingtang Port Co., Ltd. Machine and Voyage Repair Branch Company (designated by Hebei Provincial Administration for Maritime Safety to take vessel residual oils) for further treatment. The Branch Company has a treatment capacity up to 80 t/d, and its actual running capacity at present is 40 t/d.

After the expansion the project will produce wastewater (in the amount of 9.8 m³/d) from flushing mobile machinery, mechanic repair and vessels, which would lead to petroleum-based pollutants (concentration at 200 mg/L). Wastewater will continue to be collected and transported to Jingtang Port Co., Ltd. Machine and Voyage Repair Branch Company for treatment in a pre-separation—flotation—high efficiency separation process, then oily water will be transported to the Tangshan treatment plant for further treatment. Tangshan treatment plant is a fully operational, new modern plant with a high treatment capacity. Quality of waste water discharged reaches grade A.

It is estimated that after the expansion, the project will generate 21.6 m³/d domestic wastewater (concentration of COD is at 400 mg/L with NH₃-N (ammonia nitrogen) concentration at 30 mg/L). After treatment by the Jingtang Port Wastewater Treatment Station, COD concentration is reduced to 210 mg/L and NH₃-N concentration is reduced to 25 mg/L, both of which are in compliance with Grade B Standards Integrated Wastewater Discharge Standard., but fails to meet grade A standard. After treatment by the septic tank, domestic wastewater goes to the Tangshan waste water treatment plant for further treatment.

Air emissions during operation include dust, NO_x, carbon monoxide and hydrocarbons from vehicles. Mitigation measures include, ensuring a steady speed of vehicles within the project area, regular maintenance of vehicles.

Solid waste includes domestic refuse, vessel refuse and waste oils from mechanic repair.

The existing project generates domestic waste and vessel refuse in the amounts of 15t/a and 17t/a respectively. After the expansion, the project is estimated to generate domestic refuse and vessel refuse in the amount of 30 t/a and 35 t/a respectively. Domestic and vessel refuses are collected separately and transferred to landfill sites by the environmental hygiene authorities. Refuse from a vessel from an epidemic area is disposed by the hygiene quarantine authorities. Waste oils from mechanic repair (2t/a) is considered as hazardous materials according to the *National Catalog of Hazardous Wastes*. It is recycled and disposed by Jingtang Port Co., Ltd. Machine and Voyage Repair Branch Company after collection.

PS 4: Community Health and Safety

The nearest community (about 20,000 people) is at 5km distance, and workers' quarter is at 2km distance from the project. A traffic management plan both within and outside the project area is required as part of the Environment and Social Management Plan to mitigate traffic risks to communities close to public roads used by vehicles/trucks serving the project, and workers within the project area.

Project's security measures consist of armed security guards and cameras in restricted areas. Security personnel will be deployed in compliance with the requirements of PS4. The project sponsors also plan to meet the requirements of "SOLAS" (international treaty on security measures for commercial harbors).

PS 8. Cultural Heritage

A 'chance finds' procedure should be developed to ensure that any artifacts inadvertently uncovered during construction will be dealt with in a culturally appropriate manner.

F. Environmental Permitting Process and Community Engagement

The project was assessed and approved by the Environmental Protection Bureau of Tangshan City on July 17th 2008. The project is not anticipated to require additional permitting.

G. Availability of Documentation

[Environmental Impact Assessment Report](#) (July 26, 2008) – English translation as well as in Chinese ([Vol. 1](#), [Vol. 2](#) and [Vol. 3](#)) is available electronically as PDF attachments to this ESRS.