

INTERCARGO

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BULLETIN

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DRY BULK NEWS IN BRIEF

IMO supports Formal Safety Assessment (FSA) proposal for bulk carriers IMO's 70th Maritime Safety Committee (MSC 70) met in London in early December and has backed the FSA proposal made by the United Kingdom. *More inside*

Great Lakes - Winter starts on 22 December Winter surcharges will be imposed 2 days later than normal this year and surcharge exemptions are likely to be offered for transits after this date. 1998 has seen 2,740 transits of the Lakes system since the season opened on 26 March. In 1997 that figure was 2,422 transits. The temperature of Lake Erie is the warmest it has been for 72 years - only 3 of those 72 years have seen Erie remain ice free.

US Steel imports set to decline in 1999 The American Institute for International Steel is forecasting that this year US steel imports will be 39.3 Million tonnes, a record 25% increase over 1997. However the Washington based organisation is predicting a decline in 1999 imports of around 8%. Japanese steel exports to the US have risen 147% in the first 9 months of 1998 compared with the same period in 1997. As a result anti-dumping suits were filed by US steel companies shutting down Japanese and Russian hot rolled steel coil shipments. A final decision on the adoption of protective measures is due soon. In the meantime US companies looking for cheap steel are targeting other countries such as Brazil.

New Bulk Index debut on 21 December The Baltic Exchange will introduce the new Panamax only index. This will help traders reduce basis risk elements in the futures market. The Baltic Freight Index is composed of Capesize as well as Panamax routes; the BFI dropped the handysize weighting some years ago and a decision concerning the continuation of the BFI will be made at a future date. Brokers SSY provide a Capesize only Index split up into Atlantic and Pacific trades.

Former IACS Chairman appointed President of COSCO Hong Kong Dong Jiufeng has moved from COSCO America to the top job in Hong Kong. Mr. Dong was Chairman of IACS in 1997. Having completed his term as Chairman he rejoined COSCO, the company he first joined as a seafarer in 1963.

New Safety Culture Seminar Bruce Farthing of **INTERCARGO** was present at the Quality Shipping Conference held in London on 14 December. William O'Neil Secretary General, IMO and EC Transport Commissioner Neil Kinnock headed the 150 leading shipping industry figures involved in the one day event. *See comment*

LR - fatigue cracking in modern bulk carriers Lloyds Register has reported a number of cases of shell and bottom longitudinal fatigue induced cracks on capesize and panamax bulk carriers.

All the ships involved were recently built. Many of the ships involved spent much of their time in the North Atlantic; topside and hopper tanks were connected; and higher tensile steel longitudinals were fitted. (LR Marine bulletin, Number 18/Issue 3, 1998)

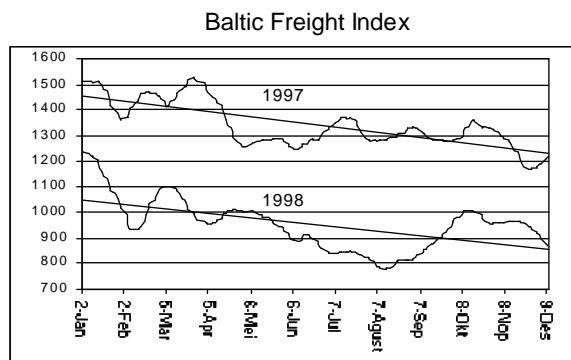
Guide to solving Millennium Bug Problems Lloyds Register has warned shipowners and operators that they must accept the possibility of failures occurring as a result of the year 2000 problem and that the consequences might be serious or even catastrophic. More information on Y2K is available from the Ship2000 website a joint venture between LR and the UK P&I Club - (<http://www.Ship2000.com>)

IACS considers new action to draw attention to sub-standard vessels After its recent London Council Meeting IACS announced that it was considering a range of measures regarding transparency of information, these included: making available on the internet the names of all ships leaving IACS societies; developing a central database of all known PSC detentions, including comments by IACS.

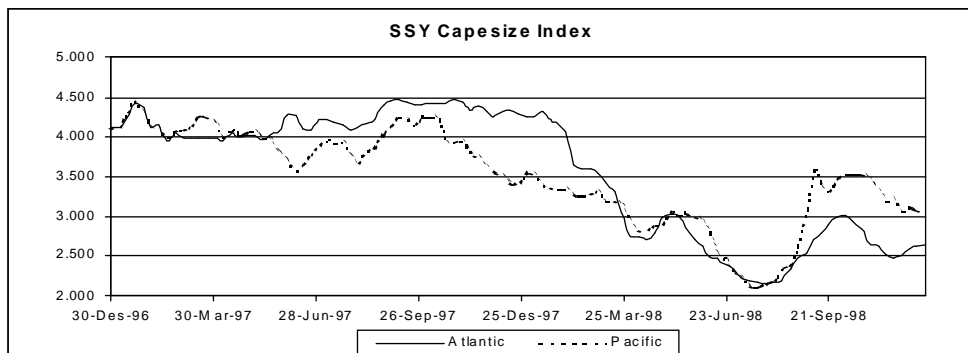
ITF to target national flag ships The ITF, in its 'Delhi' Policy adopted at the ITF Congress intends to address issues of pay and conditions on non-open register tonnage. This indicates a move away from the traditional ITF focus on FOC's. The ITF in its 'From Oslo to Delhi' statement also envisages the growing use of publicity tactics other than industrial action - such tactics might include Greenpeace style publicity manoeuvres with inflatable boats.

Nordstrom & Thulin pulls out of the dry bulk sector NTA the company formed by the merger between N&T and Argonaut has announced plans to divest itself of dry bulk operations and tonnage to concentrate on the tanker trades

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The Quality Trail

OECD Round Table: follow up

Since reference to this subject in the October Bulletin, the OECD Maritime Transport Committee (MTC) has endorsed the 'action plan' developed on the basis of the Chairman's Summary following the Round Table meeting in Paris on the 30th September. The main elements of this were set out in Bulletin No.156, P.7. The 'action plan' now forms part of the MTC's work programme for the year ahead.

The indications are that various industry groups, including **INTERCARGO**, are likely to be approached in the New Year to see in what ways they can help in, for example, providing information about quality schemes already in place or under consideration. The Association's assistance may well be sought also in other ways.

New Safety Culture Seminar 4th December

A further step was taken in pursuing quality initiatives at a Seminar in London on the 4th December under the title 'New Safety Culture'. This was organised by the Institute of Marine Engineers and the UK Maritime and Coastguard Agency (MCA). The Seminar was opened by the UK Shipping Minister and there were sessions on the STCW, ISM and Formal Safety Assessment (FSA). The undersigned was the last speaker following Patrick Quirk (Australian Maritime Safety Agency) and Frank Iarossi (ABS) in a session devoted to developing a new safety culture. Delegates were told about **INTERCARGO's** role and steps it had taken to ensure that membership of the Association was synonymous with Quality. The following points were also made:-

- substandard shipping was not new but recent developments had resulted in it being highlighted. It subsisted because it was enabled to do so by other substandard interests and, in the short term, - as shown by an OECD study - could be commercially beneficial.

- private sector initiatives to eliminate substandard operators included quality schemes, action by Class Societies, Insurance interests and Ports and Terminals. Cargo interests also had to play their part.
- government initiatives, subscribed to by the Association included PSC, the ISM code, STCW and Flag State Implementation. Formal Safety Assessment was a new concept but the Association would be monitoring its development and assisting where appropriate.
- stress was placed on the fact that 'Quality' could only be achieved if all elements of the industry played their part, including in particular cargo interests
- for the future there must be a partnership between the private sector and government with aims to include better flag state implementation, a refocusing of PSC, the avoidance of 'knee jerk' reactions to incidents and most importantly a regime where quality owners gained commercial benefit.

The published text of the above address is available on request.

International Seminar: 14th December

Yet a further step was taken when the UK Government convened an International Seminar in London on the above date. **INTERCARGO** was again represented by the undersigned. The event was opened by Glenda Jackson, the UK Shipping Minister and the key note address was by William O'Neil, IMO's Secretary-General. Neil Kinnock, the European Commissioner for Transport made a major contribution giving 'a View from Europe' in which he recognised the need for a fully international approach to shipping but pointed out that regional bodies had a part to play.

The proceedings of this lengthy seminar will be available in due course. Meantime during the panel discussions covering a range of issues various points emerged which will be of particular interest to members.

- Both the UK Minister and the EU Transport commission stated that quality should be good business and provide a profitable operation
- in the Paris MOU Region some 1,500 ships were inspected for compliance with ISM in a 3-month period following its introduction. This resulted in an overall detention rate of a little over 5% with bulk carriers having the highest detention rate at 8%.
- in the Asia/Pacific MOU Region the overall detention rate was 3.6%
- there was considerable emphasis on the need for greater transparency. In this context there was an obvious undercurrent enquiring "why cannot the dry bulk sector develop a similar system as SIRE (in the tanker trades) and CDI (for chemical carriers)". Attempts by the European Commission and the French Administration to develop a "European Quality Shipping Information System" (EQUASIS) are also relevant. The project is in its early stages but aims to provide "all relevant information on the quality of ships" and to be available to all interested parties - charterers, brokers, insurers, ports, terminals, PSC authorities and so on. A feasibility study is scheduled to be completed by early next year with a prototype being announced at the Amsterdam Conference next June. One of the principles is that the information supplied should be factual "allowing users to form their own opinion and available through one source".
- Julian Parker (Nautical Institute) reflecting what he had said at **INTERCARGO's** October Seminar emphasised the difficulties for ships masters today - "they cannot" he said "do their jobs with integrity" because of the unreasonable demands made on them nowadays.
- As from 10th December this year Paris MOU nations are providing monthly bulletins on their web site about detentions. Experience in this office is that the Australian Safety Authority provides much better and clearer information.

Perhaps the most important aspect of the whole event was that it brought together, almost for the first time, all players in the maritime scene and that they all seemed to accept that each had some responsibility for quality in shipping.

Another was the proposal by Commissioner Kinnock for a 'Maritime Industry Charter on Quality-Principles'. Whilst a consultation document at this stage its elements are as follows:-

1. Each link in the maritime responsibility chain shall make safety considerations an integral part of its business transactions;
2. Industry participants shall take reasonable care to ensure that the ships with which they are dealing are of good standards of quality, and, accordingly, shall avoid using, servicing, supplying or otherwise doing business with ships which do not meet internationally applicable requirements.
3. Industry associations shall reflect the principles stated herein in their respective charters and/or codes of conduct. They shall make their membership conditional upon the observance of those principles and shall take measures to ensure that such observance is maintained by their members at all times.
4. Each industry association shall endeavour to share with public authorities and the other associations all information related to the observance by its members of the internationally applicable requirements that is permissible under relevant laws and regulations.
5. Industry associations shall monitor the effect of measures adopted under this Charter and shall evaluate progress at regular intervals.

The Future

The next major event in the above series will be a Policy Forum with the title 'A Decisive Dialogue on Economic Incentives for Quality

Shipping' organised by the Dutch Ministry of Transport in Amsterdam next June. There is a suggestion that this may be followed by an event in S.E.Asia but where in the region and when has yet to be decided.

Safety Forum

The Maritime Safety Committee - 70th Session

The 70th session of the Maritime Safety Committee was held from 7-11th December 1998. It was attended by delegations from 87 marine administrations and observers from 41 organisations. One of the principle items for discussion was bulk carrier safety.

The Committee approved new training requirements for deck officers in the handling and stowage of bulk cargoes. The amendments to the STCW Code should come into effect on 1st January 2003. It remains to be decided how seafarers trained prior to this date will be affected.

A Formal Safety Assessment (a risk based analysis of all known hazards) into bulk carrier safety is to be undertaken jointly and collaboratively by a number of administrations and non-governmental organisations, including **INTERCARGO**. The UK will act as project manager. The scope and strategy of the study have yet to be finalised but it is intended to be so structured that priority issues can be dealt with early on in the proceedings. The application of FSA in the regulatory process is as yet untried and untested, and its use on particular ship types has never been attempted before. The Committee, therefore, agreed that the study would not be linked directly with any particular amendments to the Conventions in mind.

New conditions on the damage survivability of new and existing bulk carriers, contained in Chapter XII of the SOLAS Convention, come into effect on 1st July 1999. A number of Administrations believe that the application of this Chapter should be expanded to include: new double-side skin bulk carriers; bulk carriers of less than 150m in length and existing single-side skin bulk carriers carrying solid bulk cargoes having a

density of less than 1,780 kg/m³. However, the Committee decided to postpone a decision on these proposals until they had been investigated in the FSA study.

A decision on what the minimum distance should be between the inner and outer shell of a double-skinned carrier was left to the next session. The general view at the moment seems to be that while 760 mm would be acceptable for the smaller bulk carrier a minimum of 1000 mm is necessary for the larger vessels.

There was some discussion on whether new bulk carriers should be equipped with a 'safe haven' which would float free if the vessel were to sink, and for existing bulk carriers to be retro-fitted with free-fall lifeboats. A detailed case supporting this proposal is to be submitted to the next meeting but some delegations are already on record opposing any such application to existing ships.

On the question of what action to take on, the strength of hatch covers and coamings, minimum freeboard and bow height, reserve of buoyancy at the fore end; reduction of loads on the foreward structure and on forward hatch covers and safe access to the fore deck and fore end spaces, the Committee decided that the Sub-Committee on Stability and Load Line and on Fishing Vessel Safety should deal with them within its current review of the 1966 Load Line Convention. The Sub-Committee is also required to take into account operational procedures when weighing structural solutions. In particular, it is to consider a paper from Greece pointing out the value of prudent seamanship and sound operational practices, and recommending that a ship specific "Seakeeping Information Booklet" should be issued to bulk carriers describing the ship's operational envelopes with respect to seaways, sea states, speed, wave height and heading

The Committee postponed discussions too on tank sounding systems, bilge alarms, emergency pumping, fore deck hatches and lighting until IACS has completed its hazard identification study addressing all these issues.

A Working Group will be convened at the next session of the Committee to review progress on these different strands of action.

Other Matters

Chairmanship

As previously announced Frederick Tsao, Chairman IMC Shipping of Singapore takes over the Chairmanship of **INTERCARGO** on 1st January 1999.

All members will wish to thank Sverre Tidemand, Belships, Oslo for all his work for the Association since taking over the Chairmanship from Spyros Polemis. An opportunity will be taken in 1999 formally to thank him.

Office Opening Times

The **INTERCARGO** office will be open on all days during the Christmas and New Year Period other than 25th and 28th December and 1st January 1999.

May we take the opportunity of wishing members and their staff, both afloat and ashore, a Happy Christmas and a more Prosperous New Year.

INTERCARGO Diary	
December	
4	Bruce Farthing at 'New Safety Culture' Seminar in London organised by the Institute of Marine Engineers and the UK Maritime Coastguard Agency
8	E.A.Gibson Reception
7-11	IMO Maritime Safety Committee
9	Class NK Reception
14	Quality Shipping Conference Queen Elizabeth Centre Evening: meeting of CEO's of BIMCO, ICS/ISF, INTERTANKO and INTERCARGO under Bruce Farthing's Chairmanship to discuss improved co-ordination and co-operation
16	Tsavliris Reception London
Some events in 1999	
March	
2	Meeting of CEO's of BIMCO, ICS/ISF, INTERTANKO and INTERCARGO
20-21	Bruce Farthing speaking at Dubai Seminar on International Developments in Maritime Transport
22-24	CMA - Connecticut Maritime Association - Shipping 1999
30	Meeting of Assessors for Seatrade Annual Awards
May	
24	Seatrade Awards
June	
7	INTERCARGO AGM Oslo
7-11	Norshipping 1999 Oslo
21-22	Mare Forum Quality Shipping Dialogue, Amsterdam

Bruce Farthing
Consultant Director