

# INTERCARGO

INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

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## BULLETIN

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### ASSOCIATION NEWS BRIEFING

- ❑ ★ **Better Casualty Investigations needed in the shipping industry** ★  
*Regulators and class need to do more – see inside feature (4)*
- ❑ **Chairman to lead delegation to Washington D.C.**  
*INTERCARGO Chairman Frederick Tsao will be visiting the US Capital on 15,16 & 17 March with members. Key personnel in the US Coastguard will be visited as well as administrators and politicians.  
See inside (1)*
- ❑ **Mississippi Towage – shipowners need to persuade Regulators that their interests are being harmed** *Story inside (3)*
- ❑ **IACS** - In the wake of the *Erika* the International Association of Classification Societies held a special meeting in Hamburg (8)
- ❑ **H. Clarkson launches impressive new internet service – Shipping Intelligence Network**

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### **GM (Genetically Modified) Cargo**

**Owners are advised to seek assurances from charterers**

In late February a Greek owned Panamax bulk carrier, *Iolcos Grace*, was boarded by Greenpeace activists as the ship waited to enter Liverpool. The activists were protesting at the GM nature of the Soyabean cargo being carried by the ship and chained themselves to parts of the ship's structure. Once the protesters were cut free the ship, on time charter to Cargill, seemed to be diverted to another destination although press reports indicate that it may be re-trying to discharge in Liverpool. Owners are now advised to seek some form of indemnity in their charter parties to protect them from such an incident. A full indemnity should be supplied by the charterer if a GM cargo is to be loaded – when the vessel is operated on a voyage basis this becomes particularly critical. Shipbrokers should be aware of the issues at stake and be able to guide accordingly.

## 1. Delegation to Washington D.C.

The **INTERCARGO** Chairman, Secretary General, Roger Holt and Mike Shuker, Chairman of the Safety, Technical and Environmental Committee as well as representatives from members Cosco Bulk and CCS,

- ❑ Appointments have been made to visit Congressmen and Senators interested in maritime affairs as well as the Federal Maritime Commission.
- ❑ A full day of meetings has been scheduled with the US Coast Guard to discuss dry cargo safety and operational issues including ballast water management, port state control and bulk carrier safety.

## 2. Connecticut Maritime Association

### Shipping 2000 'Getting our Bearings'

As usual CMA's annual conference and trade show will be held in Stamford, Connecticut on 20,21 & 22 March. Frederick Chavalit Tsao will be a keynote speaker on Tuesday 21<sup>st</sup> March. **INTERCARGO** will have a stand in the trade show. Capt. Mike Shuker (Ceres Hellenic), the **INTERCARGO** CASTEC Chairman, will be moderating a discussion session on *Ballast Water Management and the Next Environmental Challenges*. Other sessions include *Marketing through the Internet, and Maritime Labour: The Changing Face of the Industry Labour Equation*. The CMA Commodore this year will be Per Heidenreich, President of Heidenreich Marine. For further information contact the organisers on +1 203 406 0109, the website, [cmaconnect.com](http://cmaconnect.com) or [Tcavaliero@intmarketingstrategies.com](mailto:Tcavaliero@intmarketingstrategies.com)

## 3. Mississippi Towage – update

**INTERCARGO** members' interests are being harmed by the developments on the Mississippi that have seen terminals insist on using their nominated towage contractors. Owners will be out of pocket and serviced by tugs the quality or number of which may be beyond their control. The worry that costs will continue to rise will be a constant fear. Oil terminals on the Mississippi River have not followed the lead of the grain terminals although it appears that they had considered doing so: It may be surmised that the oil terminal operators retained the status quo because they were so concerned by the potential liabilities that could be laid at their door if their nominated sub-contractor was found to be liable for an oil spill. The Federal Maritime Commission in Washington has heard the case and decided not to act in the absence of protests from shipowners. It is imperative,

therefore, that if members want this case pursued they assist the secretariat in putting together a case demonstrating that the new terminal policies operate at the expense of shipowners and may also have safety implications.

Members are asked to provide the secretariat with comparisons of their towage costs under 'free market' conditions and the costs to which they are now exposed by terminal nominated tugs.

## 4. **INTERCARGO** writes to leading classification societies regarding 'structural' detentions

**INTERCARGO** reported in last month's bulletin that it had written to classification societies regarding structural deficiencies found on bulk carriers by the Paris MOU concentrated inspection campaign. Of the 79 ships inspected 8 (10%) were detained for structural deficiencies. The classification societies of the detained ships were LR (4), NKK (2), BV (1) and DNV (1). **INTERCARGO** requested further information and the societies' views, if forthcoming, of the detentions. Replies so far have been received from Class NK and DNV. LR have reported that they will revert with a response in due course.

One of the Class NK vessels was considered to have been deficient due to heavy weather encountered shortly before the inspection - deficiencies found included cracks on deck and hatch coamings. The other NK vessel was cited as having cracked transverse beams under the main decks and cracked frames inside topside tanks. The DNV vessel was detained for cleats on the cargo hatch covers being partly unusable, their foundations being rotten.

## 5. China to cap shipbuilding capacity

CHINA is taking steps to curb excessive expansion in its shipbuilding capacity, said sources at the newly-designated industry watchdog, the State Commission of Science, Technology and Industry for National Defence. The decision aims to save the industry from the fate of other sectors, such as steel and coal, which are suffering from excessive production, said Huo Rusu, a deputy director at the commission. Huo said the government would not approve new projects, including those using foreign investment, for shipbuilding and repair or for technical upgrading. During the Tenth Five-Year Plan (2001-2005), shipbuilding projects will require high-level approval. Banks will not provide loans for unapproved projects.

China's annual building capacity exceeds 4M tonnes. Experts predict capacity could surge to 13M tonnes if expansion is not capped, which would hurt existing yards.

## 6. Investigations into marine casualties – the need for proper reporting

**INTERCARGO** has long been concerned with the safety of bulk carriers. The association publishes its annual Bulk Carrier Casualty Report detailing losses to bulk carriers in the preceding year and the years since 1990. A new report for losses in 1999 is due to be published in April. In the report published last year for 1998 losses **INTERCARGO** stated that a major problem when compiling casualty statistics and in trying to understand why bulk carriers have been lost is the lack of good information and the absence of proper investigations into the causes of marine casualties. This is true for both total and partial losses. Vivally, more may be learned from those vessels that suffered major damage but were lucky enough to survive. It is far more difficult (as we have seen in the case of the *Derbyshire*) to reconstruct events when the vessel's remains lie scattered on the ocean floor.

The case of the motor tanker *Erika* has catapulted many issues concerning the regulation of the shipping industry into the spotlight in a way that, for instance, the sinking of a bulk carrier (in the very same waters) has not: The handysize bulk carrier *Albion Two* was lost with all of its 25 crew just off Brittany in 1997. Although it was almost certainly lost due to structural failure, the full circumstances of the loss remain unknown. There were no lives lost in the *Erika* but the beaches of France were heavily tarred. It has taken this environmental scare for inadequacies in the industry's approach to marine safety and casualty investigation to be questioned. The loss of seafarers lives does not strike the same chord with the western media and public as the sight of oily birds, distressed seals and black beaches. Moreover dry cargo charterers do not have the same liabilities or consumer anguish to contend with should a ship under their charter party sink taking men and material to the bottom of the sea – the litter of ores, coal, steels and seafarers' lives have had a rather more modest impact on public and industry opinion.

**INTERCARGO** was interested to note Intertanko and very recently Bimco commentary in the press concerning the need for proper investigations into casualties. These comments reflect **INTERCARGO's** published opinion that better casualty information needs to be made available and full reporting by involved parties – particularly flag and class - must be made mandatory.

There can be no doubt that flag states have not been reporting effectively on the causes of vessel losses. There are reporting systems at IMO but they are poorly followed. International law is not very helpful in this respect. Under regulation I/21 of the SOLAS Convention and articles 8 and 12 of the MARPOL Convention each administration undertakes to conduct an investigation into any casualty occurring to any one of its ships *when it judges that such an investigation may assist in determining what changes in the present regulations may be desirable, or if such a casualty has produced a deleterious effect upon the environment*. Only in that event, is it required to supply the Organisation with pertinent information concerning the findings of such investigations. Article 94 of UNCLOS also requires a flag State to cause an inquiry to be held, by or before a suitably qualified person or persons, into certain casualties or incidents of navigation on the high seas. This duty is modified by Article 2 of UNCLOS, which recognises the right of a coastal State to investigate the cause of a casualty if it occurs in its territorial sea or internal waters.

In short flag states could and should do much more.

Classification societies are also in a very strong position to take a lead in casualty investigation – and not just when ships sink.

**INTERCARGO** will be writing to class concerning total losses in 1999 where structural failure may be the a cause and would certainly appreciate wider and freer access to information concerning problems that have been handled by Class. Class is the pre-eminent repository of technical experience and information on casualties and should be able to contribute much more to our understanding of casualties. These issues are on the agenda at the next meeting of the **INTERCARGO** Safety, Technical and Environmental Panel (CASTEC – 8<sup>th</sup> March). A recent letter to Lloyd's List said, 'The reality is that behind every structural failure of a sub-standard ship is a sub-standard survey.'

**The major issue specific to bulk carriers and where information is most needed is that related to structural failure.** Both bulk carriers and tankers are prone to structural failure but the acute problem for bulk carriers is that, due to their design and the nature of their cargoes, they can sink very quickly making the safe evacuation of the crew difficult or impossible, particularly when (as is so often the case) the weather conditions are poor. So that lessons may be learned from ships still trading it is vital that Class shares information on structural problems. Better understanding of structural failure, presumably, will lead to better prevention and fewer losses. Insurers also can help by pooling figures on partial losses.

Losses to bulk carriers where structural failure is the primary cause of loss are concentrated in bulk carriers over twenty years of age. There can be no doubt that structural failure is related to the erosion of a ship's structural strength as it ages and that this reduction in strength is particularly marked in ships that have been poorly maintained. Good maintenance is essential towards retaining structural strength, particularly in the lighter, high tensile steel ships built in the mid-eighties; the worry now is that there may be increasing incidents involving vessels built from 1980-85 onwards.

The industry still has a long way to go towards making information accessible in a way that will enable us to learn from shipping casualties. It is time we started to make a real effort and for straight talking on safety. After the *Erika* IACS called an emergency meeting, ahead of which, ABS publicly called for the tightening of classification standards: Frank Larossi said it was imperative that Class acts quickly. Making no apologies for any failure of Class in this case, he says. 'Apologies will not help. Rather we all need to rationally search for meaningful improvements in the safety infrastructure. 'IACS have indicated that they intend to make a provision for casualty investigations in future. **INTERCARGO** will be monitoring developments at IACS with a keen interest (see article 7) and will be repeating, at the next industry meeting with IACS (scheduled for late April / early May), the Association's hopes that Classification Societies will be in a position to make available casualty information in future.

The knowledge and experience of classification societies will be vital in preventing casualties and their expertise should help us better understand marine casualties. Owners may have to be prepared to face increased inspection costs as an investment in future safety.

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## 7. Union of Greek Shipowners and Greek Shipping Co-operation Committee - Election Results

John C. Lyras was re-elected President of the Union of Greek Shipowners on 10<sup>th</sup> February. A good number of **INTERCARGO** members were elected to the committee including Executive Committee member George Dalacouras (Dalex Shipping Co. S.A.).

Epaminondas G. E. Embiricos was elected Chairman of the Greek Shipping Co-operation Committee the London based Greek owners grouping.

**INTERCARGO** Executive Committee members Spyros Polemis (a former **INTERCARGO** Chairman), was re-elected as one of the Vice Chairman, and Alkiviadis Goulandrakis was re-elected as a board member.

**INTERCARGO** looks forward to continuing to cooperate with both organisations in the future.

### New Head for Korean Shipowners

HYUNDAI Merchant Marine chairman Hyun Won-young has been elected chairman of the Korea Shipowners Association (KSA), Fairplay reports. The 73-year-old father-in-law of Hyundai Group chairman Chung Mong-hun served as KSA vice-chairman from 1970-1992. 'The role and the stance of the KSA should change amid the ever-changing maritime environment' Hyun said in his inaugural speech.

## 8. IACS

Following *Erika* casualty with its attendant publicity, The International Association of Classification Societies (IACS) held an Extraordinary Council Meeting in Hamburg on February 16.

It was announced by the Council that it is to strengthen what it calls its self-policing policy in a number of respects. In particular, bulk carriers of 15 years of age and older are to be subjected to significantly amended procedures when they change class. They are to undergo a special or an intermediate survey, whichever comes first. Class records, including thickness measurement reports supplemented by optional photos, will be maintained in computerised form and be transferred from the losing to the gaining society. Vertical contract audits of old ships changing class will be undertaken in significant numbers.

Intermediate surveys of bulk carriers of 15 years and older will be enhanced to the scope of special survey, with the exception of the dry-docking requirement. And an exclusive surveyor will monitor thickness measurements more closely. In addition IACS is to make provision for an Investigation Board, which in

case of a serious casualty would make available the expertise represented in IACS to the flag State concerned.

## 9. EQUASIS

Roger Holt attended the first meeting of the Equasis editorial board in Brussels on 15 February. Equasis is the EC sponsored database being designed as a source of information for those involved in international shipping. The prime focus of the database is to make available to charterers, port state control and any other relevant parties, information that relates to vessel quality thus enabling informed ship selection decisions to be made.

Participation in Equasis has now been expanded beyond the EC to include Singapore and, in time, the US Coast Guard and Japanese authorities. Initial funding has been provided by France but no decision has yet been made regarding long term funding of Equasis – two options remain: either a user fee or for participating nations to underwrite the project. It does appear that the consensus is in favour of nations paying for the project.

Equasis will comprise factual, objective information including ship design characteristics and port state control data. This information will be provided primarily by Port States, IACS and the International Group of P&I Clubs. Other organisations such as the ITF may be able to provide information on specific areas. Additionally the SIRE and CDI databases will be made available to feed the safety section of Equasis.

The history of ships shown in the system will go back three years. If a shipowner or other user complains about any available data then the information in question will be marked 'under investigation'.

The anticipated launch date for Equasis is June 2000.

## 10. Conclusions of the IMO/Industry Meeting on Multiple Inspections

The meeting emphasised the need for transparency in making available information on the condition of ships in the context of safety and environmental protection.

In the main, improvements could be made by simplifying the Port State Control inspection procedures and ensuring better co-operation and harmonisation of inspection regimes across the various MOUs and that action should be taken at IMO to ensure that this is carried out. Better co-ordination should reduce the number of inspections and enable PSC to better target sub-standard tonnage.

IMO is to organise a meeting late in the year with a view to discussing the possibilities for harmonising PSC practices.

It was recognised that greater participation by charterers and shippers should be established. It was agreed that efforts must be made to strengthen trust in classification societies' inspections whilst recognising that class had a vital role to play.

**INTERCARGO** will continue to monitor this issue.

### **11. Clarkson positioned as 'prime mover' in fight for web based shipping information**

On 2 March associate member H. Clarkson launched a new online Shipping Intelligence Network (SIN) at their head office in London. The web based system is the most sophisticated of its type available to date and heralds a new future in the provision of shipping information.

Dr. Martin Stopford, introducing the new product, explained that impetus to develop the service came from the realisation that lack of time was one of the most pressing problems in business today. SIN was designed to ensure rapid and easy retrieval of vital information including the world fleet register. Building on Clarkson's substantial research resources and the information generated by 150 brokers, SIN is a very powerful source of market, regulatory and shipping news.

Next in line for online shipping business from Clarksons will be Forward Freight Agreements (FFA) traded over the internet. Clarksons are also able to adapt SIN to create tailor made INTRANETS for companies enabling a focus on information required for the business. Needless to say Clarkson's share price jumped on the news. For more information contact: [Sales.crs@clarksons.net](mailto:Sales.crs@clarksons.net) or +44 (0)20 7552 0330

### **12. IMO SUB-COMMITTEE on Dangerous Goods, Solid Cargoes and Containers: 5<sup>th</sup> Session**

The 5<sup>th</sup> session of the Sub-Committee on Dangerous Goods, Solid Cargoes and Containers met between 7<sup>th</sup> and 11<sup>th</sup> February 2000. It was attended by delegations from 49 administrations and observers from 22 non-governmental organisations. One of the principal items on the agenda for **INTERCARGO** was a review of the Code of Safe Practice for Solid Bulk Cargoes (The BC Code).

The Sub-Committee began a review of the Bulk Cargo Code last year. At this meeting it confirmed there would be no change to the present categorisation of solid bulk cargoes (bulk materials

which may liquefy; bulk materials possessing chemical hazards, and bulk materials which are neither liable to liquefy nor to possess chemical hazards). However, the layout of the Code is to be structured differently. All the information relevant to a commodity will be listed according to its bulk Cargo Shipping Name (BCSN) or, in the case of dangerous goods, its Proper Shipping Name (PSN). Each entry is to contain all the information pertaining to that commodity, which are now scattered across the appendices in the present Code. (So that the entry would contain: name, description characteristics, hazard, stowage and segregation, hold cleanliness, weather precautions, loading, precautions, ventilation, carriage, discharge, clean up and emergency procedures). In that way it is thought the difficulties in establishing the proper name of a material would be avoided, as would the need to consult several appendices to obtain the relevant information about a particular cargo. Further development of the Code is to continue intersessionally by correspondence.

### **13. Gander – Safer Seas from Satellite Surveillance – Open day, University of Surrey, Guildford, UK**

Nicholas Brown attended this seminar / presentation given by Satellite Observing Systems at the University of Surrey in England. The seminar was intended to explain a new system designed to give accurate measurements of significant wave heights world-wide. Shipping industry and other relevant personnel were invited to make a short presentations reflecting their interest in the GANDER project. **INTERCARGO**, The Institute of Underwriters Associations, The Salvage Association, Ocean Routes, Shell Trade & Transport and others made short presentations. GANDER would see the launching of up to 16 low earth orbit satellites to monitor wave heights. The uses to which this information could be put in the medium to long term are extensive – the two main ones would be a better understanding of wave behaviour and heights over time as well as better ship routing. Shell Transport & Trading have expressed a strong interest in the project. A better understanding of wave heights may prove important data for designers of ships and other structures. The problem for GANDER at present is to find immediate funding for the project – before they can do that the promoters need to articulate more clearly the precise product and its market potential to persuade investors of the financial viability of the project. There is a strong chance of receiving funding from the British National Space Centre but they need matching private investment. GANDER is a joint venture between Satellite Observing Systems and Surrey Satellite Technology Systems.

### **14. Diary and reminder....overleaf**

<b>INTERCARGO 2000</b>		<b>Diary</b>
<b>February</b>		
4	Gander – Safer Seas from Satellite Surveillance – Open day <i>University of Surrey, Guildford, UK</i>	
9	Multiple Inspections – IMO Convened Meeting <i>London</i>	
15	EQUASIS Editorial Meeting <i>Brussels</i>	
<b>March</b>		
3-5	Asian Briefing Meeting for Executive Committee Members <i>Kunming, China</i>	
8	CASTEC Committee Meeting – Asian Section <i>Hong Kong</i>	
15-17	<b>INTERCARGO</b> Chairman and Executive Committee Members to visit US Coast Guard shipowners, shipping organisations and regulators <i>Washington D.C.</i>	
20-22	Connecticut Maritime Association (CMA) – Frederick Tsao to speak <i>Stamford, Conn., USA</i>	
22	European Briefing Meeting for Executive Committee Members <i>Paris</i>	
21-23	Asian Pacific Heads of Maritime Agencies Forum <i>Singapore</i>	
24-25	MareForum – <b>INTERCARGO</b> sponsored <i>Seoul</i>	
29	London Committee <i>London</i>	
<b>April</b>		
14	Marine Money / American Marine Advisers <b>Ship Finance Asia</b> Seminar – <b>INTERCARGO</b> sponsored <i>Hong Kong</i>	
<b>May</b>		
9	Baltic Exchange Centenary Celebration <i>London</i>	
11-12	Seatrade SeaFinance Conference <i>Monaco</i>	
15	Seatrade Awards <i>London</i>	
18	Asian Shipowners' Forum <i>Singapore</i>	
31	<b>INTERCARGO</b> Commercial Panel <i>Athens</i>	
<b>June</b>		
1	<b>INTERCARGO</b> Executive Committee Meeting & Commercial Panels <i>Athens</i>	
2	Seatrade / Posidonia Congress – Frederick Tsao to speak <i>Athens</i>	
5-9	Posidonia <i>Athens</i>	
<b>November</b>		
To be confirmed	<b>INTERCARGO</b> Executive Committee Meeting & Commercial Panels <i>China</i>	

#### **Pilotage : request from previous bulletin**

Members are again asked to inform the secretariat of their experiences with: -

- a) Pilotage in the **Panama Canal** – are members happy with the standard of the pilots and management of their transits?
- b) Have members any comments regarding the standard of pilots in the **St. Lawrence Seaway** and have they noticed any significant differences in style or quality between the US and Canadian pilot services.