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INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

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BULLETIN

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ASSOCIATION NEWS BRIEFING

- ❑ ★ **Mississippi Towage - Submission to Federal Maritime Commission** ★
INTERCARGO inter alia submits position paper to Federal Maritime Commission (1)
- ❑ **'Leader L'** No new developments (2)
- ❑ **5th May Meeting with IACS** A second industry partners meeting following the first held in December 1999

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INTERCARGO Executive Committee, AGM & Commercial Panel Meetings

Athens 31 May / 1 June

INTERCARGO's Executive Committee will meet in Athens on 31 May, the AGM will follow at 1800 hrs at the Athens Chandris Hotel. The AGM will be followed by a reception for members and invited guests at the same hotel.

Members are encouraged to attend the AGM. Business to be voted on, subject to the recommendations of the Executive Committee will include revisions to the *INTERCARGO* fee structure.

On 1 June the *INTERCARGO* Commercial Panel will meet to discuss market issues, relationships with charterers, the development of better charter parties and the impact of new e-commerce.

The *INTERCARGO* Chairman is speaking at the Posidonia Congress, organised by Seatrade on Friday 2nd June. The Posidonia exhibition opens on 5th June.

1. Mississippi Towage

In April Washington D.C. attorneys Shea & Gardner submitted a position paper on behalf of a number of interested organisations including **INTERCARGO** concerning, 'Exclusive Tug Contracts on the Lower Mississippi River'.

Those submitting the paper alongside **INTERCARGO** were FONASBA, BIMCO, Institute of Chartered Shipbrokers, Steamship Association of Louisiana and the Association of Ship Brokers and Agents. The paper was, additionally, supported by the Columbia River Steamship Operators Association, Intertanko and the Puget Sound Steamship Operators' Association.

Towage on the Mississippi River is an issue of great concern to **INTERCARGO** and the organisations listed above.

In 1999 and 2000 a trend towards closing terminal berths to the free market in towage services accelerated considerably. The bulk terminals have forced shipowners to use tug boat companies with exclusive contracts to serve particular berths. This has now left very few berths on the river that are not 'closed' to all but a terminal nominated towage contractor. From now on, upwards of 89% of all dry cargo visits will be made to 'closed' terminals.

INTERCARGO is extremely concerned that the exclusive towage contracts are anti-competitive and increase the costs for ship operators. Moreover, by forcing shipowners to use towage contractors with whom they may have no relationship and little control over tugboat quality, the terminals are prejudicing a ship's operational and navigational control. This raises grave safety concerns and in the event of a casualty there are concerns that shipowners may be required to take out extra insurances to protect their interests. The position paper prepared by Shea & Gardner makes all these points and it is hoped will persuade the Federal Maritime Commission to consider urgently the legal, safety and economic implications of developments in the Mississippi River. The practices undertaken there have now spread to the US West Coast and the association is concerned that they will spread further.

This submission follows the recent **INTERCARGO** delegation's visit to the US capital and the **INTERCARGO** Chairman is likely to follow this up with further meetings in Washington in late May.

2. 'Leader L'

Most shipping industry observers and particularly those in the dry cargo sector will be aware that the 'Leader L', a Panamax bulk carrier, sank with the loss of thirteen lives in late March. **INTERCARGO** has

INTERCARGO Diary	
April	
5	Inter Secretariat Meeting, INTERCARGO, Bimco, Intertanko, ICS London
14	Marine Money / American Marine Advisers Ship Finance Asia Seminar – INTERCARGO sponsored email:info@marinemoney.com <i>Hong Kong</i>
May	
5	IACS Industry Partners Meeting <i>London</i>
8	Maritime London commences
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>Seoul</i>
31	INTERCARGO Executive Committee Meeting, AGM and Reception <i>Athens</i>
June	
1	INTERCARGO Commercial Panel <i>Athens</i>
2	Seatrade / Posidonia Congress – Frederick Tsao to speak <i>Athens</i>
5-9	Posidonia – official opening on 5 th June <i>Athens</i>
November	
To be confirmed	INTERCARGO Executive Committee Meeting, Commercial Panels <i>China</i>

called for full investigations to be conducted by the flag state (Panama) and the classification Society (Polski Register). IACS announced that it would conduct its own investigation into the loss and it is hoped that its findings will be made publicly available.

The Polish Register has responded to a letter from **INTERCARGO** with the assurance that they are taking the matter very seriously and are making their own investigations. **INTERCARGO** will remain in contact with the Polish Register to monitor their progress.

INTERCARGO is currently completing its 1999 bulk carrier casualty report. This, incorporating ten years of data on bulk carrier losses, will be presented at IMO during the next Maritime Safety Conference / 72 (17-26 May). One of **INTERCARGO**'s concerns, as stated in the report, is the inadequacy of casualty reporting by flag and class.

3. IACS Industry Partners Meeting

INTERCARGO has been invited to participate in the IACS Meeting on 5th May. The proposed Agenda for the Meeting indicates the intention by IACS to explain the actions agreed by the IACS Council in response to the 'Erika' incident at its Extraordinary Meeting held in Hamburg on 16th February. However this will also be an opportunity for the Industry to discuss the role of classification societies in the future and for concern to be expressed about the implementation of IACS Rules and Self Regulation.

Whilst IACS has agreed to investigate class-related aspects of an accident, there has been no detailed statement on the role, scope and mechanism of these investigations. There is no basis for the Industry to be able to appeal and to react to the investigations.

Issues involving Common standards of New Building, Quality of Steel, Mandatory Coating of Cargo/Ballast Tanks, Unification of Class Rules, Transfer of Class and Liability and Responsibility are just a few of the topics which are likely to be raised.

Overall the view taken by the Industry is that Class is an essential part of the business of setting and maintaining standards but that much stricter controls are required to make sure that the Classification Societies themselves adhere to their own rules.

4. E-Commerce news

The impact on the shipping industry of business conducted on the internet is an area that **INTERCARGO** will be monitoring and will form a significant part of the discussion at the forthcoming Commercial Panel Meeting in Athens on 1 June in Piraeus.

There will be a major conference and exhibition in New York on 20-21 June devoted to the challenge of developments in information technology and implications for the shipping industry. Transport Internet World can be reached at +203 406 0108 or info@transportinternetworld.com. Transport Internet World is being organised by the same people who are arranging ShipFinance New York on 20-21 June and the second day of the internet programme merges with the finance conference under the titles, Dot Com Shipping: Evolution or Extinction; Financing the Dotcom Revolution; Business Models for the New Economy; and Industry Adaptation: Matching Technology with Transportation. For the ShipFinance show contact Peder Bogen at +203 406 0106.

5. Executive Committee, Annual General Meeting and Commercial Panel

The Executive Committee, Annual General Meeting and Commercial Panels will meet in Athens on 31 May and 1 June. Important business for the AGM includes the election of new Directors of **INTERCARGO** and a decision on raising the association's annual dues. The current fee structure, it was agreed by the Executive Committee in December 1999, is not sufficient for the Association to effectively promote and protect the interests of its members. The Executive Committee will be agreeing a new fee structure for presentation at the Annual General Meeting taking place at 6.00pm, 31 May at the Athens Chandris Hotel.

The Commercial Panel is taking place at the offices of Dalex Shipping Co. SA in Piraeus. Amongst other items on the agenda will be the impact of e-commerce on the shipping industry.

6. Chinese Environmental Protection Law

Revisions to Chinese law came into force in April 2000. These include:

- ❑ Compulsory reporting to the Maritime Safety Administration of any accident causing pollution or threatening to do so.
- ❑ Dumping of waste in the territory or waters within the PRC's jurisdiction is forbidden unless a specific dumping permit from the National Maritime Administration is in force.
- ❑ Discharges of all pollutants including ballast water, garbage, or other toxic material are forbidden. Penalties of up to \$24,000 may be levied (**INTERCARGO** is clarifying the position regarding ballast water).
- ❑ Vessels intending to carry out tank cleaning, washing, degassing, discharge of ballast water, oily water, oil residues, derusting, outboard painting, use of chemical dispersants, washing decks contaminated with pollutants, toxic or harmful material, lightering operations involving oil or hazardous and noxious substances in bulk must report to the authorities for prior approval.
- ❑ Vessels in a casualty situation, causing or likely to cause serious pollution to the sea and the environment may be ordered to take measures to mitigate pollution damage. Failure to do so will result in fines being imposed.

These laws apply to all vessels and there is no definition of pollutant. It is unclear whether the sea areas governed by these laws will be limited to the territorial sea or whether it would extend to the exclusive economic zone. Some of the provisions are somewhat vague and require further clarification. (With thanks to the UK P&I Club)

7. IMO News

The Sub-Committee on Ship Design and Equipment met from 10th to 14th April 2000. It was attended by delegations from 47 administrations and 19 non-governmental organisations. A number of items discussed are of interest.

Overheating of belt rollers on self-unloading bulk carriers

The Sub-Committee was asked to look into the circumstances of a fire on board a self-unloading bulk carrier in December 1994. The fire broke out in the cargo conveyor belt system and continued for several hours before it was finally extinguished; leaving the vessel considerably damaged. Part of the problem was the delay in detecting the fire - the atmosphere in the enclosed space containing the discharge belt system was laden with heavy dust making it impossible for the crew to monitor the situation.

There have been, it would appear, eight other similar casualties since 1975. When the same information was presented to the Sub-Committee on Fire Protection last month it deferred action until Canada reported on the research it was undertaking on fire-fighting systems used in the tunnels of self-unloading bulk carriers. This Sub-Committee, however, decided that it needed more information before it could discuss the problem meaningfully.

Asbestos

In view of the hazards posed by asbestos it has been accepted in principle that the SOLAS Convention will be amended to specifically prohibit the use of asbestos on new ships and on any new installation in existing ships. At the meeting the Sub-Committee decided to go further and develop guidelines for dealing with asbestos on board ships in service. The guidelines are not, however, to encourage unnecessary exploratory work or to duplicate work already covered by other international organisations such as the International Labour Organisation and the World Health Organisation.

Oil discharge monitoring and control systems and oil filtering equipment

This equipment controls the overboard discharge of oily water from cargo holds and machinery spaces. The specifications covering their design and operation were adopted in 1985 and 1992 and they are in need of updating. In the case of the Specification which deals with bilge water from machinery spaces (Resolution MEPC.60(33)), there is evidence that it is ineffective in a number of areas (for instance in tackling emulsions, in encouraging innovative designs and in providing for recording and security of operation). A correspondence group was set up to deal with the revision of this Resolution. It will prepare revised specification for discussion at the next meeting of the Sub-Committee.

Guidelines for ships operating in Arctic Polar waters

Ships operating in Polar regions (including, it is thought, some bulk carriers) are exposed to a number of unique risks. IMO has decided that guidelines promoting safe navigation and the prevention of pollution in these waters should be developed. The Sub-Committee has been tasked with co-ordinating this work for the Arctic. Guidance for ships operating in Antarctic waters is being developed separately.

The guidelines will not be mandatory and should apply only to those ships that operate in ice-free waters within the geographical area that is the Arctic. They will address only those requirements which go beyond existing SOLAS provisions to take into account the special climatic conditions encountered in those waters in order to meet appropriate standards of maritime safety and pollution prevention.

Longitudinal strength of the hull structure of oil tankers (and bulk carriers)

The enhanced programme of inspections during periodical, intermediate and annual surveys (Resolution A.744(18)) is mandatory for bulk carriers and oil tankers. Vessels over five years of age are required to have on board a complete file of the survey reports, including the results of scantling measurements, and a condition evaluation report containing conclusions on the structural condition of the ship.

The Guidelines were amended in 1997 to require, among other things, that the maximum allowable diminution of all deck plating, bottom shell plating and side shell plating are included in reports of thickness measurements, together with actual levels measured. This was to permit a comparison to be made between gauged thickness and what it should be. But experience has shown that this comparison does not go far enough since it only provides information on local structure. To assess the hull structure, as a whole requires, instead, an assessment of the longitudinal hull strength calculated on gauged thickness against some established criteria.

To this end, the Sub-Committee agreed to amend the Guidelines to require the longitudinal strength of all oil tankers of 130m in length or more and over ten years of age to be evaluated using the thickness of structural members measured (after renewal or reinforcement if applicable) during the renewal survey. Any diminution of the transverse sectional area of deck or bottom flanges of the ship's hull girder found to be greater than 10% has to be made good by renewal or reinforcement.

These changes are meant to apply only to oil tankers but the Sub-Committee decided that there might be some read across to bulk carriers and the amendments are to be referred to the Working Group on bulk carrier safety for its evaluation.