INTERCARGO

INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

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ASSOCIATION, POLICY & INDUSTRY NEWS

Bulk Carrier casualties

As far as the dry cargo industry is concerned, 2001 was memorable for all the wrong reasons.

Irrespective of trading conditions, the year end was notable for the sinking of the Bulk Carrier *Christopher* with the loss of 27 lives. Formal explanations are awaited (see below) but a robust Intercargo campaign in the press has put over the message that the industry must work closely and speedily together to resolve issues connected with all Bulk Carrier casualties.

In particular, Intercargo has made it clear through a measured and sustained press campaign which utilised the input of individual Intercargo members, that a four year delay – to give but one example, between the loss of a bulk carrier and the subsequent release of the flag state report to IMO is unacceptable. Knee-jerk reactions to casualties do not contribute to good regulation but the time has surely come to address lengthy and unnecessary delays in making information available which would assist the cause of safety.

Similarly, the message which Intercargo has promoted strongly in the media is that charterers must place greater emphasis on differentiating between good and bad tonnage using widely acceptable tools such as the EQUASIS database.

Finally, the 2001 Intercargo Casualty Report -which will be circulated free of charge to Intercargo members in the late Spring- will provide a statistical commentary on all 2001 bulk carrier casualties.

Dry cargo : a year end 2001 audit

To ensure that Intercargo has a reliable picture of the dry cargo sector, we would like to thank our numerous Associate Members who directly or indirectly provide us with statistical information. Work is now being undertaken to revise the Intercargo website to carry a summary of statistical information which might interesting or useful to the industry, press or general public.

As an example :-

- During 2001, approximately 288 bulk carriers were delivered compared with 177 sent to the scrapyards;
- Analysing 2001 port State control detention records of the Paris, Tokyo and USCG MoUs, only 8% relate to vessels entered with Intercargo (interim figure);
- Vessels entered with Intercargo have an average age of just over 10 years; and
- Panama remains the most statistically significant register for bulk carriers over 10,000 dwt with approximately 23% (interim figure) flying this particular flag.

Association news

Membership visit to Greece

Roger Holt travelled to Piraeus in November at the request of Intercargo Associate Member DNV to deliver an address on bulk carrier safety. Rob Lomas followed to visit Intercargo members and to inform potential members about association activity.

Dialogue with Terminal Operators and the US Coast Guard

At the request of the EMO terminal, Peter Kidman visited Rotterdam to discuss various issues connected with safety and cargo related damage on bulk carriers; an informal lunch took place with US Coast Guard officials during IMO Council meeting and meetings / seminars were attended on ISM and Engine Room fire matters.

Hong Kong : membership matters

Roger took the opportunity to visit a number of members and potential members in Hong Kong when chairing a session of the "Dry Bulk Review 2001" conference.

USA, European Parliament and IACS

In early December, Roger visited New Orleans to address local bulk transportation delegates and Peter went to Brussels to support Intertanko's safety initiative with Members of the European Parliament. He later participated in a conference on port State control matters. Also in December, a meeting of IACS / Industry partners was held which is reported elsewhere in this Bulletin.

Executive & Commercial Committee

The Intercargo Executive and Commercial Committees will meet in Singapore on 1-2 February to discuss policy on matters including Intercargo role and direction, Mississippi Exclusive Towage, maritime security and flag state issues.

Round Table : Piracy & Shipyard Capacity

The Executive Committee will be followed by a very important meeting of the maritime association Round Table comprising Chairmen / Secretary-Generals of Intercargo, Intertanko, BIMCO and the International Chamber of Shipping. Piracy and shipyard capacity are the main agenda items and as required, the meetings will benefit from input from the Chinese, Japanese and Korean Shipbuilder Associations together with the "local" classification societies : CCS, NKK and KRS. High-level regional and international organisations have likewise been invited to contribute to the debate on piracy.

The significance of the Round Table is that it is able to harness the powers of all the international associations to identify and propose a common solution to significant issues such as future availability of shipyard capacity and piracy.

- a united shipping front in action !

IACS / Industry Associations working party

Following concerns within the industry that individual IACS members were making unilateral proposals relating to bulk carrier safety, industry leaders

including Intercargo met with IACS Council members on 5 December. We are pleased to report that agreement was reached at that meeting to establish a small working group of experts from IACS and the industry to review relevant dry cargo issues. Intercargo welcomes this approach as a method of meeting a long standing criticism that industry figures are insufficiently represented in the IACS process.

Greenpeace

As an update, Greenpeace have :-

1. Responded to the IMO that they believe that the safety of life at sea and the protection of the marine environment is of paramount importance. The IMO will next review the status of Non-Governmental Organisations (NGO's) in their 2003 session; and

2. Outlined on their website, a list of 50 ships destined for breaking which they have invited the public to report on their status and whereabouts. Two bulk carriers and an ore carrier are on this list.

The latter point is linked with Greenpeace's campaign to ensure that vessels are de-contaminated prior to scrapping. However, it should be noted that owners / operators have also been active in this matter and Bulletin 182 contained a copy of the Industry Associations (including Intercargo) Code of Practice on re-cycling issued during the summer of 2001.

Corporate Governance

Although not specifically shipping related, the European Commission has recently consulted on whether a European framework on corporate social responsibility (CSR) should be developed. This is defined as how a company can contribute to a better society by also considering social and environmental concerns.

Issues raised in the consultation paper include :-

- The need for socially responsible management styles vis-à-vis employees (including health and safety issues and consultation)

- Building lasting relationships with other supply chain parties and

- Introducing Codes of Conduct to complement national and international legal requirements

Daiicho Chuo Kisen Kaisha

Please be advised that the contact information contained in the Intercargo Annual Review is incorrect. The correct address is :-

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International Bulk Journal

In a recent visit to the Intercargo office, the editor of the IBJ has offered complimentary copies of this monthly publication to all Intercargo members.

Anyone member not wanting to take up this free offer is asked to let Rob Lomas know.

EQUASIS

Members are asked to keep the Secretariat informed about additions / deletions from your fleetlist of Intercargo entered ships.

As a reminder, vessels entered with Intercargo are also flagged as "Intercargo member" on the EQUASIS database of port State control records.

OPERATIONAL ISSUES

Bunkers

The International Chamber of Shipping has written to members urging them to include the following statement of intent in Safety Management System (SMS) Safety and Environmental Policy sections under ISM :-

"Bunker fuel oil should, wherever possible, be selected with the aim of minimising potentially harmful elements in engine exhaust gas emissions. If bunker fuel oil is available with a sulphur content less than the IMO requirement applicable in the area of operation, then it should be preferred."

The ICS also recommends that the following procedures should be included in the SMS :

1. When ordering and specifying bunker fuel oil, the attached specification should always be in accordance with ISO 8217 (1996) as amended or CIMAC Recommendation No 11 (Recommendation regarding fuel requirements for diesel engines (199) as revised;

2. Supplies should only be selected when they are able to deliver the specified quality and furthermore are prepared to verify, by means of a bunker delivery note, the quality of the bunker fuel oil supplied including the sulphur content."

US Ballast Water Management

Clarification is being sought from the US Coast Guard whether practical information and guidance is now available to assist owners with US BWM policy - rules having apparently been amended with effect from 21 December. Forms must now be submitted at least 24 hours in advance of arrival in US Ports but clarification is being sought as to whether the existing voluntary requirements (including numerous US State-specific reporting regimes) have been officially amended to become mandatory.

US and International Maritime Security issues

IMO developments

There have been a number of significant developments to report.

At the November 2001 IMO Assembly, delegates unanimously agreed to a resolution entitled "A review of measures and procedures to prevent acts of terrorism which threaten the security of passengers and crews and the safety of ships".

Following this resolution, IMO will organise a one week intersessional MSC Working Group meeting on Maritime Security which will :-

1. Start work on a review to look at the existing legal and technical measures to see whether new or

amended policies are required to improve security aboard and ashore;

2. Provide security related input to the IMO's Maritime Safety Committee (MSC), Legal and Facilitation Committees;

3. Consider concrete proposals and information on maritime security issues submitted by Member Governments and international organisations; and

4. Prepare a work plan.

Industry associations including Intercargo will be meeting to discuss an industry-approach to the forthcoming intersessional at a meeting convened by the ICS.

Although Maritime Security is listed as an issue for discussion at the forthcoming Intercargo Executive Committee meeting, **member's views on security including the four US work areas listed below, would be warmly welcomed.**

US Security

Further to the IMO intersessional detailed below, the US has announced its intent to bring forward proposals relating to the following :-

1. Installation of Automatic Identification Systems (AIS) on ships;

2. Security Plans for ships and port facilities;

3. The need for identification verification and background security checks for seafarers; and

4. Container security issues.

A number of other "Homeland Security" issues are also brought to member's attention :-

a) The St Lawrence Seaway has introduced a 96 hour in advance pre-entry information requirement bringing it into line with other US ports;

b) The US Customs is attempting to bring together the supply chain in a grouping entitled "Trade Partnerships Against Terrorism". Supply chain participants unwilling to co-operate in TPAT may be subjected to additional security / verification measures; and

c) Individual ports and terminal security measures relevant to the crews / owners of vessels calling at US Ports may be found on the appropriate part of the US Coast Guard website. Alternatively, details about how to report in on the newly required 96 hours in advance basis may be found on www.nvmc.uscg.gov

COMMERCIAL ISSUES

Grain loaded in Romania

Intercargo Associate Member, the North of England P&I Club has issued a warning that grain which has been inadequately protected against moisture damage has been loaded in Romanian ports. Extreme care is suggested when accepting cargoes as suitable for shipment.

US matters

Mississippi Exclusive Towage

Intercargo members should be aware that Roger Holt was served with a subpoena when visiting New Orleans recently to deliver a speech to local dry cargo transportation interests.

The latest situation is that although Intercargo as an association has not formally intervened in this matter, Mr Holt is now required to travel to Washington – expenses paid, to provide a deposition under the Discovery Order.

To meet the advice of Intercargo's legal representatives, further information on this event will be given to members in due course. Suffice to say that there have been companies which have unilaterally decided to provide additional evidence to the Discovery process and that Intercargo remains appreciative of the significant moral support which clearly exists within the dry bulk industry for the resolution of this matter.

Pilotage

News has reached Intercargo that the Mississippi River Pilots payrise from USD 220,000 to USD 314,000 has been thrown out because "opponents were not allowed to participate fully in the proceedings".

Enforcement of the ISM Code

Although bulk carriers are classified as Phase 1 vessels which already have to comply with ISM requirements, Capt Sarubbi of the US Coast Guard has written to Intercargo to remind us that Phase 2 vessels must comply with the Code by 1 July 2002.

The formal enforcement policy after 30 June 2002 for Phase 1 and Phase 2 vessels is defined as follows :-

"…vessels entering US waters that are not in compliance with the ISM code will be denied entry. Any vessel found in port not in compliance will be detained and prohibited from conducting cargo operations. In addition, civil penalty action will be initiated against the vessel and the flag administration will be notified. Upon completion of a thorough PSC examination to attest to the vessel's material condition, it will be ordered to leave port and banned from further US port calls until the US Coast Guard receives evidence of compliance with the ISM Code."

Australian towage operations

We have been advised through the local offices of Intercargo Associate Member, Eastern Shipping Associates based in Sydney, that sole towage provider, Adstream, intends to increase towage costs in the Brisbane, Sydney, Melbourne and Adelaide areas by between 13.1 and 26.2 % depending on the port.

Local organisations have complained about the increases to the Australian Competition and Consumer Commission (ACCC) but at first glance, increases of this magnitude appear to hit bulk interests as hard as liner operators. Comments would therefore be appreciated by the Intercargo Secretariat.

Food Aid

The International Grains Council and the Food Aid Committee have forecasted that 2002 wheat trade is expected to show an increase on the previous year and that overall, the level of grains production compared to consumption would lead to a fall in international stockholdings. 2002 wheat production is anticipated to be 590m tons - up 15m tons on the previous year.
Food aid shipments administered by the UN Food Aid Committee during the 2000/01 were noted as 10.4m tons (wheat equivalent) : an increase of 1.5 m tons on the previous year.

Credit vetting

Although clearly geared to liner operations, credit checking is now potentially available at the push of a button !

ITIC, whose parent is Intercargo Associate Member, Thomas Miller, provides a service to its members where a ship or a company name on its database can be checked to see if it has outstanding files or comments listed against it. Although a commercial initiative aimed at its own client base, interested parties can find out more from the ITIC website, www.itic-insure.com

TECHNICAL NEWS AND IMO NEWS

Terminal Reporting Forms

Following on from our pleas for increased numbers of terminal reporting forms, a special thanks to Intercargo members who have responded accordingly.

STCW

Reading the shipping press at the moment, it is clear that the flag state administrations responsible for revalidating seafarers documentation prior to the 1 February 2002 deadline (the ending of the transitional arrangements for STCW 95) are facing many challenges in processing the mountain of last minute applications. Extensions to the deadline are not widely anticipated and we therefore trust that members are finding adequate levels of service from their appropriate administrations in issuing the required documentation.

Australian Cargo trimming

The Australian Maritime Safety Authority – AMSA, have issued a Marine Notice explaining the safety requirements associated with the discharge of solid bulk cargoes.

Available from their website, www.amsa.gov.au, the notice recommends the regular trimming of cargo to avoid risk of injury to stevedores together with other safety related procedures.

EU Directive on the safe loading and unloading of bulk carriers

Directive 2001/96/EC of the European Parliament and the Council of 4 December 2001 establishing harmonised procedures for
the safe loading and unloading of bulk carriers" was published in the Official Journal on 4 December 2001.

This means that the Directive will enter into force in 20 days (5 February 2002), and that Member States must transpose the Directive by 5 August

2003. Terminals and ships must apply the provisions by 1 March 2004, as outlined in the text, with exception of the Quality Management System for existing terminals, that must be in place one year later(5 February 2005) and certified the following year.

The practical effect is that the IMO BLU Code including a requirement to agree a loading plan between the ship and the terminal, will now be required at all EU Ports – irrespective of the flag of the ship.

A copy of the Directive has been posted on the Intercargo Bulletin Board.

IMO Assembly

Intercargo's representative at the IMO Assembly reported back that the IMO Workload for the foreseeable future includes :-

- Measures on the better enforcement of international legislation;
- Amendments to the Collision Regulations;
- The safety of bulk carriers;
- Air pollution;
- Measures to prevent acts of terrorism and
- The treatment of persons rescued at sea.

Intercargo will, of course, be contributing fully to the IMO process within the coming year.

For further information

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