



INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

BULLETIN No. 192
November 2003

INTRODUCTION

The summer of 2003 has indeed been a momentous one for the Industry in general and Intercargo in particular.

Favourable market conditions have brought improved trading conditions for many (but not all) bulk carrier owners with many press articles speculating on the length and heights to which the market will go. Naturally, it is not Intercargo's role to add to this speculation – our role, as ever, is to achieve the Direction Paper ideals of a safe, high quality and adequately remunerated industry.

Turning to internal matters, all members will be aware that September's Executive Committee and Annual General Meeting in London unanimously endorsed the four primary principals of the Intercargo / Intertanko synergy proposal, namely :-

- A strategy based on the Direction Paper, noting that this will be progressed, amended or discussed via the input of the respective members within the structures of Intertanko, Intercargo and the Round Table;
- The creation of a single secretariat structure
- The establishment of a unified leadership of the administrative structure and

- The retention of separate Intercargo and Intertanko identities.

Practically speaking, Intercargo members will in the near future, see a positive improvement in the way that membership services are delivered but the main advantage will undoubtedly be a more closely aligned strategic direction between the maritime associations. "Pulling together" is the theme of this strategic development for Intercargo and both Intercargo and Intertanko look forward to continuing to serve their respective memberships for many years to come.

One other aspect is of course, that Intercargo has now moved to new offices which we share with Intertanko. We hope you will have an opportunity to visit us (see invitation to a Drinks Reception on 14 November below).

Contact details for Intercargo are mentioned on the Intercargo website (www.intercargo.org) but please note that Intercargo is now equipped with Direct Dial telephones – the numbers of which are :-

Roger Holt – Secretary General +44 (0) 207 977 7035

Rob Lomas – Intercargo Manager +44 (0) 207 977 7036

Xianyong "Joe" Zhou – Technical Manager +44 (0) 207 977 7037

The switchboard number is +44 (0) 207 977 7030 and the fax number is +44 (0) 207 977 7031.

Members seeking further information on the Intercargo / Intertanko synergy are invited to contact Roger Holt or Rob Lomas.

1. ASSOCIATION POLICY & INDUSTRY NEWS

1.1 Invitation to an informal Drinks Reception at the new shared offices

As an informal way of marking the opening of the new London offices, all members – both full and associate, are cordially invited to a combined Intercargo / Intertanko Drinks Reception on the Ninth Floor of 30/33 Minories London on Friday 14 November at any time between 1200 and 1700. Please let adele.garnett@intertanko.com know if you can come. We look forward to seeing you there.

1.2 New Intercargo PSC Guide

Extensively revised with considerable amounts of new information, the second edition of the Intercargo / North of England P&I Association – a guide for cargo ships” can be found on the Members area of the Intercargo website, under “Publications” and contained as a hard copy in the mailing of this envelope.

Focusing on describing routine port State control practice and giving advice on how to manage inspections and what to do when things go wrong, the book will assist sea-going and shore-based staff in managing this all important area of safety. It replaces the first edition of this book and once again, the publication costs have been generously met by Intercargo’s associate member, the North of England P&I Club for distribution on a gratis basis to Intercargo members.

Although stocks are limited, members wanting extra copies of this Guide should contact Joe Zhou at Intercargo. Non-members can purchase these

Guides direct from the North of England P&I Club.

1.3 Tripartite – Shipbuilding

The Seoul Round Table meeting from 29 September to 1 October brought together BIMCO, the International Chamber of Shipping, Intercargo, Intertanko, IACS, the Oil Companies International Marine Forum and shipbuilders from Japan, China and South Korea.

Intercargo chairman Fred Tsao who chaired the Shipbuilding Group, said the period had witnessed “a new level of political intervention in the regulatory process” with IMO preparing “to assume a role in developing goal-based design standards”.

Participants agreed that better definition of the goal-based approach advanced by Bahamas and Greece at IMO’s Maritime Safety Committee would be helpful. The industry’s starting point would be the term “fit for purpose”, which ensured “operational flexibility, ease of maintenance and environmentally conscious construction from construction to demolition”. Goal-based standards would include extending design life which in turn involved corrosion margins, fatigue life and relevant wave loads. However, the group made clear its view that IACS common rules would provide the technical requirements to achieve these goals.

The group also supported the goal of providing safe means of access to areas of the ship requiring close-up inspections – so called Permanent Means of Access (PMA) issues, stating that the industry was “concerned over the extent and detail of the prescription adopted by IMO in its technical

requirements”. Political and Technical discussions on PMA matters are continuing to promote the shipowners views’.

1.4 Intercargo Membership news

Intercargo is delighted to welcome as an Associate Member, Rutter Technologies from Canada – specialists in Voyage Data Recorders and other Marine Technology.

Intercargo’s contact is Mr Gerry Olscamp and contact details for this company may be found on their website – www.ruttertech.com

1.5 Intercargo AGM & Executive Committee meeting – summary outcomes

A successful AGM & Executive Committee meeting in London in September saw consideration and endorsement of the Paper on Intercargo / Intertanko synergy as the issue of greatest importance on the agenda.

Other issues covered :-

AGM

1. Intercargo Accounts for the year ended 31.12.02 were adopted. These showed that the association returned a small operating surplus of approximately GBP 6,000.
2. Frederick Chavalit Tsao was re-elected as Chairman for a further term of two years.

Excomm

1. Consideration was give to potential new members and

greater engagement within the Executive Committee.

2. The role of terrorism insurance cover was discussed
3. Benchmarking and the extension of the Chemical Distribution Institute Ship Inspection Reports to Bulk Carriers were referred to CASTEC for comments.

1.6 Bulk Carrier Port State Control performance

Intercargo continues to perform well in the ongoing analysis of Port State Control detentions recorded against 10,000+ dwt bulk carriers in the Paris MoU, Tokyo MoU and US Coast Guard regions.

In the first half of 2003, Intercargo entered vessels accounted for just 4.70% of the 255 detentions compared to 8.29% in the comparable period in 2002.

1.7 Ship / Port Interface

Intercargo was pleased to participate as a panellist at the AGM of the International Dry Bulk Terminals Contact Group in Ireland in September.

A number of issues will be of interest to shipowners within the context of the Ship/Port Interface (SPI).

- The IMO Bulk Loading and Unloading Code (BLU) continues to be an issue for terminal representatives. The overall perception from the terminals is that the BLU Code does little to address the concerns of the terminal-side operations.

- Terminal interests are concerned that disparate unilateral ballast water management regimes could co-exist alongside “IMO” structures and
- As a means of addressing the terminal safety issues, the DBTG tabled a draft “Guidelines for Terminal Representatives at the Ship/Shore Interface”. Any member interested in seeing an e-mail attachment of this draft document and possibly giving feedback to Intercargo should contact Rob Lomas.

Also in SPI matters, Intercargo continues to participate in an informal forum – the Inter-Industry Shipping and Ports Contact Group, which discusses technical and commercial matters affecting the ship / port interface.

1.8 International Dry Bulk Review

This commercially organised Conference takes place in Shanghai, from 3-4 December. Please see www.abc-asia.com for further details.

Intercargo has a limited number of 10% discount vouchers for our members for this conference. Please contact Rob Lomas if interested.

2. OPERATIONAL ISSUES

2.1 Panama Canal

The following issues may be found on the Panama Canal website.

- a) Display of Panamanian Flag
Flag to be displayed in domestic waters.
- b) Charges for Daylight Transit

Special charges for daylight restrictions came into effect from 1 October.

See elsewhere for the Panama Canal SOPEP issue.

2.2 Australian seafarer documentation requirements

From 1 November, foreign seafarers on ships entering Australian waters must have a valid passport (and visa – as necessary) plus a company I.D document linking that holder to employment on the vessel concerned. This repeats the information carried in the previous edition of the Bulletin.

2.3 Flag – Industry Guidelines on Flag State Performance

Contained within the mailing envelope is a gratis copy of the Shipping Industry Guidelines on Flag – produced by ICS in association with the Round Table of maritime associations, including Intercargo (see Previous Bulletins for reports on the development of these Guidelines).

The key to this document which also contains much useful information on the roles and responsibilities of flag states, is the provision of data which gives shipowners an opportunity to research the performance of flag states. In spreadsheet format, each flag is identified with measurable negative attributes. From this, 12 flags have been identified as having significant “negative performance indicators”:

Albania, Belize, Bolivia, Cambodia, Costa Rica, Democratic Republic of Congo, Honduras, Jordan, Madagascar, Sao Tome & Principe, Suriname and Syrian Arab Republic.

No Intercargo entered vessels are registered with these flags which are used by only 61 Bulk Carriers over 10,000 dwt out of a population of around 5,700 vessels.

2.4 Disposal of cargo residues in Australia

AMSA have issued a marine notice referencing SOLAS V, stating that dry bulk cargo residues via deck and hold washing, is banned from within 12 nautical miles of Australian “land” including the Great Barrier Reef and part of the Torres Straits.

COMMERCIAL ISSUES

3.1 Mississippi Exclusive Towage

During early October, it was announced that one of the Marine Terminal Operator parties – St James Stevedoring Company would effectively legally withdraw from this matter BUT would adhere to any eventual decisions arising from the Federal Maritime Commission / Bureau of Enforcement legal rulings. This strategy is deemed advantageous to the St James Stevedoring Company but 11 other respondents are continuing to take the traditional legal route.

3.2 Clarkson’s Guide to the Panamax Market

Clarksons Research have produced a report on the Panamax sector – see www.clarksonresearch.com

3.3 Overstating cargo problems

Intercargo is grateful to the North of England for bringing to our attention the ongoing requirement for the Master to

check – wherever possible, the condition of the cargo as it comes on board and to clause the mate’s receipts with their perceptions. However, the clauses must not imply that the cargo is in a worse condition than it actually is.

3.4 General Average

The attention of Intercargo members is drawn to the ongoing debate within the industry on possible revisions to the 1994 York Antwerp Rules covering General Average. This issue, under the custodianship of CMI, will be discussed at their meeting in London on 17 November. Possible revision of the YAR was mentioned at a recent presentation to the Round Table associations in London on 6 November when representatives of the insurers operating under the auspices of IUMI, put forward their case for reforming YAR. The Shipping Industry feels that on balance, the case for reforming GA has not been proved.

4. TECHNICAL NEWS AND IMO NEWS

4.1 CASTEC (Technical Committee)

Intercargo’s Technical Committee Meeting (CASTEC) met on 23 October 2003 in London to discuss a number of issues including

- IMO and IACS requirements for new ships including DSS (double side shell) considerations, PMA (Permanent Means of Access) of cargo holds, IMO and IACS requirements for existing ships including IACS UR S31 and Z10.2, water ingress alarms
- Maritime Security and

- Ballast Water Management and other current industry concerns.

Minutes will be circulated to CASTEC members in due course.

4.2 Terminal Reporting Form

CASTEC congratulated those members who continue to supply the industry with vital information on terminals throughout the world.

1. Please bring to the attention of your Masters, the existence of a “new” Terminal reporting Form showing Intercargo’s New Fax number (+44 207 977 7031). This can be downloaded from the Intercargo website (under “Publications”)
2. The interim results to date can be obtained from Joe Zhou but broadly, it would be appreciated if the following feedback could be given to your Masters / Technical / Operational Divisions.
 - No operational damage was recorded in 81% of port visits
 - Hold fittings / ladders / pipes were those areas most likely to incur damage
 - 91% of terminal calls showed use of an IMO approved (or equivalent) ship/shore safety checklist
 - 4.6% of reports noted “excessive loading rates”
 - In 89% of the cases, the ship’s loading / unloading plan was accepted by the terminal and the plan was complied with in 43% of the cases.

- Ship/Terminal communications were deemed satisfactory in 85% of the forms
- 4.4% of the forms reported improper freeing of hung cargo

4.3 IMO Meetings

Reports on the recent IMO meetings will be placed on the members area of the website in the next few days. Issues of concern include :-

IMO Legal Committee

- Draft Convention on Wreck removal
- Places of refuge and
- Designation of a Western European Particularly Sensitive Sea Area.

IMO Sub Committee on Dangerous Goods and Solid Cargoes

- Review of the Code of Safe Practice for Solid Bulk Carriers and
- A ban on bulk carriers practicing alternate hold loading.

4.4 Ship Security – are the ports and shipowners doing enough ?

Helmepea

The pace of organisations providing services increases day by day. Alongside the work already undertaken by the ICS reported in the previous Bulletin, HELMEPA, the Hellenic Marine Environment Protection Association has developed a model Ship Security Plan and instituted training programmes for Company Security Officers and Ship Security Officers.

ICS

A leaflet on the ICS Model Ship Security Plan may be found inside the

Flag State Performance Guidelines contained in this mailing.

US Coast Guard

A letter received by Intercargo from the USCG outlining their requirements in respect of Security Plans has been placed on the “recent news” area of the Intercargo website. **However**, it appears that the US Maritime Transportation Security Act (MTSA) may well be amended to clarify that owners and operators will have to submit security plans to the USCG in order to permit entry into US Ports. Clarification on this apparent contradiction is being sought.

4.5 Panama Canal Shipboard Oil Pollution Emergency Plans

Members have raised concerns over the issue of Panama Canal Shipboard Oil Pollution Emergency Plans and these concerns have been raised with the proper authorities.

The Panama Canal Authority has recently announced modifications to regulations concerning vessel contingency plans for oil spills in Canal waters to take effect from January 2004. A vessel transiting the Canal will have primary responsibility for implementing its Panama Canal SOPEP through an agreement with an Oil Spill Removal Organisation (OSRO). Members are encouraged to visit the website of PCA for further information of the implementation of the PCSEPOP.

4.6 Optimum Bulk Carrier

On behalf of CANSI and CSNAME, Mr Xu Ziqiu gave a presentation and briefly introduced the development of the Optimum Bulk Carrier (OBC) Project

on 30 Sept 2003 during the Tripartite meeting in Seoul.

The OBC Project was formally established at a committee meeting of Intercargo representatives in Shanghai in November 2002 although the concept had been under consideration since 2001. The intention is to produce designs for bulk carriers which could be used as a form of benchmarking against which other designs could be measured.

4.7 Permanent Means of Access (PMA)

An IACS/Industry JWG (joint working group) is working on a draft interpretation of SOLAS Regulation II-1/3-6 and Resolution MSC.133(76) with regard to means of access to and within spaces in oil tankers and bulk carriers. This will be with a view to adoption as IACS Unified Interpretations and for possible submission to IMO DE 47 in March 2004.

The draft is expected to be finalised by the end of the year.

4.8 Australia PSC

A reminder that until 30 November, Australian PSC inspectors – as part of the wider Tokyo MoU region, will undertake a concerted campaign concentrating on bulk carriers over 12 years old. Bulk carriers with a negative record on structural issues will be targeted.

4.9 IACS / URS 31

IACS UR S31 ‘Renewal Criteria for Side Shell Frames and Brackets in SSS Bulk Carriers not Built in according

with UR S12 Rev.1' for existing bulk carriers will enter into force from 1st Jan 2004. Requirements will affect the side shell frames and brackets of cargo holds bounded by the single side shell. Ships subject to these requirements are to be assessed for compliance with the requirements and steel renewal, reinforcement or coating is to be carried out with the following schedule:

≥ 15 years on 1 Jan 2004 by the due date of the first Intermediate Survey or Special Survey;

≥ 10 years on 1 Jan 2004 by the due date of the first Special Survey;

<10 years on 1 Jan 2004 by the date on which the ship reaches 10 years of age.

It is believed that IACS will revise its Z10.2 to reflect the inspection requirements of S31.

FOR FURTHER INFORMATION :

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RL : 7.11.03