

BULLETIN No. 194
February 2004

INTRODUCTION

With the Intercargo and Industry work programme now firming up for the coming year, Intercargo is pleased to announce that the first Executive Committee meeting of 2004 will take place in Shanghai on and around 25-27 April. Agendas and programmes will be sent out in the near future but we would like all members – both full and associate, to make a note of these dates now.

The industry has much to discuss. The regulatory impact of UR S31 covering the renewal of side-shell frames is, we believe, beginning to have a significant impact on the industry but we await further feedback from our members to our earlier e-mail to confirm that this is the case. Looking towards the future, two IMO meetings – Design and Equipment and the Maritime Safety Committee will discuss potentially significant issues related to the Double Side Skin of Bulk Carriers. Intercargo will naturally be present at both of these meetings.

In terms of casualty information, Intercargo is in the process of drawing up its regular Annual Casualty Report which has been favourably remarked upon by the new Secretary General of IMO. Procedurally, the draft report will be presented to the next meeting of CASTEC in Dubai (see news item 1.6) before printing for the IMO, the members and other interested parties.

Elsewhere, with 1 July nearly upon us, the new Secretary General of IMO, Mr Mitropoulos, has written to Intercargo to ask for monthly progress reports relating to the dry cargo sector on ISPS compliance. **Please note the important news item under Operational Issues (2.6) for which we will seek your monthly feedback after Round Table discussions aimed at avoiding duplication of reporting.**

Finally, some of our Associate Members have expressed an interest in discovering a little more about the current and future structure of the industry. To this extent, we have enclosed a short summary of the anticipated construction programme for bulk carriers over the next few years which we hope will be of interest. Also relating to service provision, the Chairman has asked for the preparation of a members' questionnaire covering the provision of Intercargo services. This will be included in the next Bulletin – future editions of which will now be produced on a monthly basis.

1. ASSOCIATION POLICY & INDUSTRY NEWS

1.1 Intercargo / Intertanko Joint Secretariat effective 1.1.04

On 1st January, the joint Intercargo / Intertanko secretariat came into being in line with the principles agreed by the Council and Management Committee of Intertanko and Intercargo's Annual General Meetings respectively in September 2003

The joint secretariat embraces all of the staff in their shared offices in London as well as those in Oslo, the USA and Singapore, with the aim of using our combined resources more effectively, through information sharing and the avoidance of unnecessary duplication,

while at the same time retaining the independence of both Associations. Contact details for the organisations and individual staff contacts remain as per the post 1-October office moves.

1.2 Conferences

Three conferences that may be of interest to Intercargo members are :-

March 17-18 : BIMCO's "Practical Shipping Matters" Conference in Seoul, promoted in co-operation with Intercargo's Associate Member, DLA;

March 22-24 : the Connecticut Maritime Association (CMA) event in Stamford, USA – the premier gathering of North American shipping interests, where Intercargo will have a presence; and

April 29-30 : the Lloyds List Bulk Shipping & Transport Conference 2004 in Melbourne, where Roger Holt will give the keynote address.

1.3 New Members

Intercargo is pleased to report that applications have been made by :-

- a) Chartworld of Greece and
- b) The International Salvage Union, where Intercargo will be recognised as a reciprocal member.

During the first quarter of 2004, the Intercargo secretariat has embarked on a membership drive, targeting high-quality potential full members on an international basis. Country managers and other full members are cordially invited to send details of any potential members to Rob Lomas.

1.4 Benchmarking of Classification Societies

On 27 January, Andrew Cherrett from the UK MCA gave a short presentation at IMarEST in London on the MCA's techniques for risk assessing the six classification societies recognized by the UK administration.

The MCA's risk based protocols are those that are in generally common usage within the marine industry, namely :- formulation of assumptions which are then tested using approved statistical probability techniques, research based on publicly available data; use of Formal Safety Assessment (FSA) tools and techniques including the Equivalent Fatality Rate (EFR); production of a verifiable audit trail and the use of actual outcomes where the availability of subjective or "near miss" data is non-existent or statistically invalid.

This approach to identifying the risk-weighting of the MCA's six RO's addresses four main areas :-

What is EFR representing the loss of life potential ?

What is the Economic Risk potential representing the ship and other property loss ?

What is the risk to the environment from any future pollution incident ? and
What is the risk to the reputation of the MCA & other stakeholders from an incident?

As some of the data collected by the MoUs, P&I Clubs and the insurance industry is unusable or withheld for reasons of commercial sensitivity, some extrapolation of the data is necessary in order to produce the Analytical Hierarchy Process establishing the ranking and rating of the previously mentioned four risk categories.

Naturally, the weighting applied to the

EFR is higher than the other three categories but interestingly, the “reputation” aspect is ranked marginally higher than the risk of economic loss.

After completion of the statistical work which largely focuses on the port State control detention and deficiency data, the resultant rankings and weightings enable the MCA to target high risk vessels and to allocate internal resources in accordance with their perceived risk of monitoring the individual classification society. For obvious reasons, the MCA does not identify the individual classification society rankings.

1.5 In the news....

Intercargo’s Executive Committee have in the past, asked for a short summary of Industry issues to be posted on the Intercargo website for general research and interest purposes. Pending a major re-development of our website, developments up to 6 February were :-

Casualties – two deaths from coal gas fumes; 18 die on Rocknes accident in Norway; sub 10,000 dwt cement carrier sinks with the loss of 15 crew; EU to press for full and timely accident investigations (an ongoing Intercargo aim).

Commercial / Financial – some KG institutions believe there is investor ignorance about shipping; KG equity take up likely to rise despite recent German tax changes.

Company News – Iranian Shipping to invest in dry; Rutter Technologies launch new VDR products; US Apex Marine to concentrate on bulkers; China’s Glory Wealth may move to shipowning from operating; Graig to

build Diamond 53 bulkers in Vietnam and Vroon buys bulker.

EU – IMO Secretary General promotes internationalism to European Parliament; European Maritime Safety Agency draws up work programme;

Environmental – French authorities on stop and fine pollution mission

IACS – IACS Goal based standards work (bulker standards and fatigue life) continues

Industry Associations – ICS republishes Piracy Guidelines; Asean owners should participate more in international maritime fora (FASA), ISMA visit Intercargo. ISMA subsequently promotes “vision” and improved transparency.

Manning – consolidated ILO maritime conventions to be ready for discussion in September

Markets – Clarksons report on “remarkable” 2003; more long-distance demand for coal, steel and grain; port congestion impacts on demand and supply equation; Chinese steel demand expected to continue rising for at least 6 years / Chinese iron ore imports up 33% in 2003.

P&I / Insurance – Japan may deny under-insured ships from ports; re-insurance costs soften.

Port State Control – Intercargo and Round Table urge resolution of Tokyo MoU data input; Paris MoU to introduce “quality” operator benefits and name charterers. Tokyo MoU pressed to review appeals procedure

Shipbuilding – Greek owners ordered 45 bulkers in 2003; Clipper to build

handies in India; Graig to build in Vietnam

Technical – BV announce DSS designs.

1.6 CASTEC meeting in Dubai

The next meeting of Intercargo's CASTEC (Technical Committee) will be in Dubai 26-28 March. The special feature will involve the first joint session with Intertanko's ISTE (Technical) Committee on common issues such as – protection of bunker tanks and the Permanent Means of Access. Bulk Carrier specific issues will include Double Hull standards, IACS Common Rules and URS 31

CASTEC would like to broaden membership. Any Full Member who would like to participate in its work by participating in meetings or attending the Dubai event, is invited to contact Xianyong.zhou@intercargo.org as soon as possible.

2. OPERATIONAL ISSUES

2.1 Disposal of dry cargo residues in Great Lakes waters

The U.S. Coast Guard has announced that incidental discharges of dry cargo residues into the Great Lakes must cease on September 30, 2004. Legislation will need to be enacted and procedures will be announced in due course.

2.2 Piracy

Piracy continues to be a major scourge with political action being taken at high level to address the situation.

In December, the Federation of Asean Shipowners Associations (FASA) representing the shipowners associations of the Philippines, Indonesia, Malaysia, Myanmar, Singapore, Thailand and Vietnam, formally wrote to high level regional political contacts pledging their support and expertise in helping to stamp out this problem.

2.3 Slovenia - developments

Intercargo's Slovenian Associate Member, Centralog of Koper, has informed us that all ships visiting Slovenian ports must comply with the regulations on reporting formalities including the use of the standard IMO FAL forms. In the event of uncertainty, appropriate local advice should be obtained.

In addition, a new tariff – designated in the Euro currency, came into effect at the Port of Koper with effect from 26 January.

2.5 US International Carriers Bond

Members trading to the US should have received notification from their agents as to new requirements which will come into effect from 4 March. Succinctly, Customs must be pre-advised electronically about the ship and its cargo. We understand that the role of an operator in making this declaration has yet to be assessed by the US Customs.

2.6 Important - Security Questionnaire for the IMO

As reported in the introduction, at the request of the IMO Secretary-General, industry feedback is being requested as to the progress that is being made on the

implementation of the International Ship and Port Facility Security Code (ISPS) measures.

The Round Table associations are currently discussing a protocol to avoid companies being asked by more than one organisation for information and Intercargo will then inform members directly by e-mail in the next few days as to whether they are required to provide this information or not. For information, the data that will be requested will be :-

1. The total number of ships to which the report applies;
2. The number of Ship Security Assessments (SSAs) approved by the designated authority (DA)
3. The number of Ship Security Plans submitted
4. The number of SSPs approved by the DA and
5. The number of International Ship Security Certificates (ISSCs) issued.

The information will be required on a monthly basis – on/around the first of each month.

Please await further instructions before submitting the first report.

3. COMMERCIAL ISSUES

3.1 Mississippi Exclusive Towage

On the 4 February, the Marine Terminal Operator, Peavey Company had a motion to require certain overseas companies to provide charter parties and other documentation, denied by Administrative Law Judge Kline. ALJ Kline later concluded that Peavey's application should be denied as "there was no basis for granting its request to

circumvent the time limits on discovery through the use of section 15 orders".

Peavey were demanding the release of C/P details in their defence to the claim that they were providing services to Common Carriers as defined in the Shipping Act.

4. TECHNICAL AND IMO NEWS

4.1 UK M-Notice on safe loading / unloading of bulk carriers

The UK MCA has published a booklet entitled "Safe Unloading and Loading of Bulk Carriers" to comply with an EC Directive which came into force in 2002. The booklet is being given legal "clout" by the Merchant Shipping (Safe Loading and Unloading of Bulk Carrier Regulations) 2003 which will implement the European Directive by way of UK law with effect from 1 March 2004. In effect, the booklet and the legislation will refer to the increasingly well known IMO BLU Code.

4.2 Compliance with the IMO Bulk Code

The IMO has formally reminded all supply chain participants that certain bulk carrier incidents had been caused by a lack of adherence to the IMO's Code of Safe Practice for Solid Cargoes (BC Code) - the carriage of Ilemenite Clay being one problem recorded by the IMO Committee Dangerous Goods Sub Committee.

The Sub Committee repeated that :-

- Shippers must provide the relevant information on the cargo to the Master in

accordance with the BC Code and SOLAS;

- The BC Code should be consulted prior to the transport of solid bulk cargoes;
- Shippers and Masters should check the suitability of holds and equipment prior to shipment & loading should only commence once the safety criteria in the BC Code had been met; and
- Training in BC matters should be integrated into ISM procedures.

Furthermore, the Panama Canal has reminded the industry that they must provide technical names of the cargo in accordance with the Code of Safe Practice for Solid Bulk Cargoes (BC Code) in item “G” of the Ship Due Form.

4.3 Panama Canal SOPEP

The “recent news” section of the Intercargo website advises members that following strong “Round Table” interventions, the Panama Canal Authority has agreed to revised SOPEP requirements including a reversal of its previously advertised Oil Spill Response Organisation requirements. Members will presumably welcome the fact that the existing “ISM” Designated Person can now be used in the SOPEP process as opposed to the creation of a new tier of responsibility.

4.4 IMO meetings – on the horizon

A great deal of the joint Secretariat resources remain committed to the coverage of IMO issues. Intercargo has always been aware that regulations can have a significant impact on its members and such interventions and submissions – whether individual or increasingly as part of a Round Table

approach, must take account of measured and costed proposals. Some of the issues which fall under the remit of Intercargo’s CASTEC Committee which will be discussed at forthcoming IMO meetings include :-

w/c 9 February : Ballast Water Management – CASTEC members have already discussed and advised on this issue

w/c 16 February : COMSAR (search and rescue) : Round Table colleagues ICS have submitted papers relating to the treatment of persons rescued at sea; Japan has submitted a paper on a “Simplified- Voyage Data Recorder”; and the US will lead discussions on the long-range identification and tracking of ships.

25 February onwards DE 47 (Design and Equipment) :

- Revision of IACS Unified Requirements Z10.1 and Z10.2;
- discussion of measures to prevent accidents with lifeboats;
- protection of bunker fuel tanks including input from BIMCO and Intertanko;
- a submission from a number of industry associations relating to the strength and operation of anchoring mooring and towing equipment on vessels (CASTEC members have been advised on this matter);
- a UK paper proposing the fitting of water ingress alarms in single hold ships of less than 80 meters in length;
- a consolidated text of IACS Unified Interpretations
- Draft SOLAS structural standards relating to the alternate hold loading ban on bulk carriers (reported in previous bulletins) :

- a submission by BIMCO, ICS and Intercargo
- SOLAS standards relating to mandatory double hull arrangements – submitted by ICS;
- Suggested SOLAS revisions pertaining to the Permanent Means of Access : submitted by BIMCO, ICS, Intercargo, Intertanko and OCIMF

w/c 15 March FSI (Flag State Implementation) – a summary will appear in the next Bulletin on this meeting.

4.5 Reports of IMO meetings

A library of reports will soon be placed on the revamped Intercargo website.

Meanwhile, the only issue of note arising from last months' IMO meetings (Fire Protection and STW) was a renewed IMO Commitment to a safety culture and the human element made at STW35. There was also endorsement of a draft paper covering the need for early abandonment of bulk carriers.

4.6 Industry/IACS discussions

Intercargo and its other industry partners continue to enjoy challenging and yet cordial discussions with IACS on a number of bulk carrier related issues. A report of recent meetings covering the following issues in detail has been sent to CASTEC :-

- Permanent Means of Access
- UR Z10.5 – survey requirements of double side skin bulk carriers (see IACS website for further details)
- IACS thoughts on DSS to be submitted to DE47

- Anchoring and mooring and
- float free freefall lifeboats

4.7 Port Reception Facilities

As input to the Intertanko Port Reception Facilities Forum, Intercargo representatives on the panel have been invited to collect any information on inadequate facilities at any terminal or port. Any member with this information is invited to contact Xianyong.zhou@intercargo.org before 13 February. Names of respondents and their companies will be omitted in the Intercargo report to this forum.

4.8 California – Ballast Water Management Fee increase

Vessels arriving in Californian ports after 1 February will be faced with an increase in California State Lands Commission charges from \$200 to \$500 per qualifying voyage.

FOR FURTHER INFORMATION :

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RL : 6.2.04