



INTERCARGO

INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

BULLETIN No. 197

July 2004

INTRODUCTION

With discussions on Double Side Skin barely concluded at IMO, the next big event for bulk carrier owners is the issue of “Common Rules”.

Members have taken every opportunity to tell us their hopes and fears concerning this matter.

On one hand, we are operating under an exceptionally tight deadline to comply with the comments timetable requested by IACS and the authors of the respective Joint Bulk Project (and Joint Tanker Project) reports. On the other hand, members we have spoken to genuinely feel that Common Rules – successfully implemented on a sound technical basis, will be of great benefit to the industry in removing the risk of interpretation between the various Classification Societies.

As a result of the rolling programme of presentations in Europe and Asia, most members will be aware of what happens next – that the JBP Report will become publicly available on 13 July, and that the industry will then need to set aside considerable time during the normally quiet European summer to read and comment on the 300 plus pages of detailed technical information bearing in mind that the Bulker Rules must also be harmonised with the Tanker Rules. What must remain at the forefront of owners minds will be contained in the ramifications section of the document – for example, “What practical problems

such as increased steel weight will arise as a result of the Common Rules ?”

All four Round Table associations are already considering the Comments Process to ensure that you – the member, will be able to comment in as informed and an effective way as possible. We are sorry to say that there are few shortcuts in this exercise. CASTEC will manage and co-ordinate the process and we will use our pool of dedicated experts to provide positive feedback and comments within a united front but please offer whatever assistance you can to ensure that this vitally important development is treated with the seriousness it deserves.

Intercargo Executive Committee and Annual General Meeting

We have had to change the dates of our next meeting to avoid some European Public Holidays. The date of the next meeting (including our Annual General Meeting open to all Full and Associate members) is therefore changed to **Athens on 2-3 November**. We will investigate starting a little later on 2 November to assist members from countries which have a Public Holiday on the preceding day.

1. ASSOCIATION POLICY & INDUSTRY NEWS

1.1 Recent Industry news

Casualties – “Cape Africa” salvage operation ongoing; “Spring Drake” grounded as San Francisco Navigation Buoy had moved; “Rocknes” investigation looking at loading arrangements; “Global Winner” (180nm off Singapore) and “Kiran Pacific” (off Iceland) salvaged.

Commercial – Nippon Steel and Rio Tinto to “share” a Capesize; softening of charter rates may provide opportunity for Forward Freight Agreements

Europe – EC Port Waste Directive entered into force on 1 May; Chairman of Greek Shipping Co-operation Committee critical of EU Shipping Policy; EU Transport Ministers vote to criminalise accidental sea pollution*; changes to EC Competition Law to influence anti-competitive behaviour

*** Executive Committee members will be contacted separately on this matter.**

Environment – Round Table members critical of SoX Emission Control Area deliberations; Hoegh fined \$3.5m for deliberate by-pass of oily water separator

Intercargo/Round Table – Intercargo releases 2003 Casualty Report; Mr Carsten Melchior to replace retiring Mr Truls l’Orange of BIMCO in 2005; Intercargo stresses significance of Asian element in international shipping

Legal – “Lantau Peak” ruling provides restitution for unfair Port State Control inspections; US Court opines owner, not the charterer is responsible for filing automated US manifests

Markets - price of steel affecting cost of newbuildings; Chinese steel demand expected to remain strong; Clarksons claim tighter supply in 2H2004 will see rate rises; better demand for smaller vessels ?

Piracy – Indonesia, Malaysia and Singapore to carry out joint patrols

Policy – Singapore launches concept as International Maritime Centre; IMO Head says Industry must improve its image

PSC – Paris MoU to release data on class performance but data on charterers is still very difficult to obtain

Safety – Shipping entering Blame Culture era

Shipbuilding – K Line to develop zero ballast water containership; ITF critical over IMO DSS rulings

1.2 Intercargo 2003 Casualty Report

Further to last month’s Bulletin containing a gratis copy of the Intercargo Casualty Report for 2003, we would be grateful if members and associates could informally mention this publication to potential interested parties. Sales of this publication (at GBP 30 including postage : apply info@intercargo.org) assists our income.

1.3 Port State Control detention records – targeting on age and company records ?

An analysis of the Bulk Carrier detention records from the Paris MoU, Tokyo MoU and US Coast Guard areas during 1Q2004 points to a steady bulk carrier performance with once again, Intercargo entered ships out-performing their market share.

Intercargo analysis detected 158 detentions in 1Q2004 on 155 dry bulk ships from a total fleet of 5,771 vessels. This compared with 151 detentions in the same period in 2003.

There were 23 “serious” structural detentions during 1Q2004 (1Q2003 – 20). The average age of the vessels detained for serious reasons – typically beams, frames or floors corrosion, was around 24 years. Detentions listed against Intercargo entered ships was consistently low – less than 7% of the overall total.

Targeting using the criteria available on the publicly accessible MoU websites is evidently having an impact on PSC processes with inspectors apparently emphasising age, flag and overall company PSC performance as the main grounds for selecting ships for inspection.

The latter criteria – the inspection of other vessels within a fleet following the detention of one vessel, underscores comments made at Intercargo’s recent meeting in Shanghai that owners should always consider PSC Appeals Processes for blatantly unfair detentions given that MoU banning orders are now imposed for vessels subjected to multiple detentions. Anecdotal evidence of owners “accepting” unfair detentions to avoid delays or subsequent commercial impact must be considered against the possibility of meeting with future unfair detentions and a possible banning order. Needless to say, the imperative to challenge detentions only applies in cases where the detention is unfair. Further general information on the appeal process may be found on page 21 of the Intercargo / North of England P&I book : “Port State Control – a Guide for Cargo Ships” circulated on a gratis basis to members last year.

1.4 Thanks to Members : ISPS and Terminal Reporting Forms

Needless to say, membership activity in the last month has been largely directed

to securing compliance with the ISPS Security Code. In the run-up to 1 July, it became clear that the vast majority of bulk carriers would hold an ISSC on implementation day with others completing the process shortly afterwards. As ever, the Round Table Associations provided both practical advice and guidance – our thanks to Intertanko for producing a generic report on this which was e-mailed to all Full Members in the run up to 1 July and also to other Associations (including Intercargo) who worked with the press to accurately record the situation in a non-sensationalist way, which at the time of writing this Bulletin accurately reflects the business-like way that shipowners went about complying with international regulations. To date, there appear to have been few, if any, problems pertaining to bulk carriers although admittedly, these are early days.

We are most grateful to members in keeping us apprised of their ISPS implementation status – this information helped IMO to record industry progress in the run-up to 1 July.

Similarly, we have noticed a very significant increase in the return of the new Bulk Carrier Terminal Reporting forms (which also contain a mechanism for reporting back on any ISPS problems encountered). Next month’s Bulletin will contain a short interim report on overall terminal performance together with any specific problems identified. We would be grateful if you could provide our grateful thanks to your seagoing staff for completing these reports.

2. OPERATIONAL ISSUES

2.1 Louisiana : Mississippi River Pilotage

For many years, the international shipping community has voiced criticism over the high pilotage fees demanded for compulsory river pilotage on the Mississippi – fees having multiplied by many times the rate of inflation over the last few years.

Intercargo would not wish to comment on the complex political and operational issues surrounding the continuation of this 150+-year old system, but the high pilotage costs : are obviously not beneficial to competitiveness. Reforms now entering the Louisiana State process suggest that as early as 1 January 2005, reforms could be in place which will have a positive effect on fees and independent participation on Pilotage Commissions. Updates will be reported in future Bulletins.

2.2 US Automated Manifest System

A reminder that with effect from 6 July, all vessels entering US ports must now comply with all requirements of the U.S. Customs and Border Protection (CBP) AMS Rules. Essentially, bulk cargoes must be reported 24 hours prior to arrival, vessel agents can be designated by the carrier to fulfill this function and information must now be provided electronically as opposed to other methods such as paper. The Frequently Asked Questions area of the CBP website contains information on the requirements – including, as a reminder, the CBP definition of “carrier”.

3. COMMERCIAL ISSUES

3.1 Mississippi Exclusive Towage - Update

Further to previous e mails, Administrative Law Judge Kline’s initial decision on the Mississippi Exclusive Towage issue has now been deferred until 31 October 2005.

One other element to report :-

Peavey’s application to obtain further information on the Common Carrier status of vessels – originally denied, has been formally reconsidered and denied a second time.

3.2 US Ship Brokers and Agents – minimum membership criteria

Intercargo congratulates the US organisation, ASBA – the Association of Ship Brokers and Agents, for their recently introduced professional certification process which will mean that from 2005, ASBA members must meet certain professional criteria in matters such as segregation of funds, proof of liability insurance and competency of knowledge standards.

Further information on www.asba.org

4. TECHNICAL AND IMO NEWS

4.1 CASTEC agenda

CASTEC members have been advised that the next meeting of our Technical Committee will be in conjunction with our Executive Committee / AGM in November in Athens. If you are a Full Member of Intercargo and would like to see a copy of this agenda with a view to participating in this meeting, please contact Xianyong.zhou@intercargo.org

4.2 BLU Manual

As advance notice, Intercargo is currently formulating views on the Terminal Loading and Unloading Guidelines, which will be discussed at the September meeting of the IMO DSC Committee.

Further information on this matter may be obtained from
Xianyong.zhou@intercargo.org

4.3 US Ballast Water Management : financial penalties for not-filing a report / Californian Pollution control

Although companies using US Terminals on a frequent basis will already be well aware of the US Coast Guard requirements regarding the submission of ballast management report forms, shipowners making less frequent use of such terminals should be aware that as from 13 August, strict daily penalties will be introduced for vessels which fail to submit these reports.

On another US environmental matter, California – admittedly not a very significant area of dry bulk activity, has increased the numbers of Compliance checks undertaken by their “Fish & Game, Office of Spill Prevention and Response” Department. Requirements which will be required include a California Certificate of Financial Responsibility and evidence of on-board emergency procedures drills undertaken in advance of a Californian port call. As ever, local knowledge is best sought well in advance of fixing a vessel to call at a Californian Port.

FOR FURTHER INFORMATION :

rob.lomas@intercargo.org www.intercargo.org

RL :8.7.04