



INTERCARGO

INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

BULLETIN No. 199
December 2004

Although somewhat obsolete in the era of modern electronic communication, the production of an occasional paper-based Bulletin appears from membership feedback to fulfil a need for updating busy Chief Executives overwhelmed by e-mails. This edition, our 199th, comes on the eve of 2005, when Intercargo will celebrate its 25th anniversary following our founding by the late Antony Chandris. It seems very fitting that our 25th Anniversary AGM in September will therefore take place in Greece – home of a strong and growing membership base within our organisation.

Looking back at our first Bulletin produced 21 years ago this month, Intercargo's chief activities of the time concerned the need to liaise with the emergent Chinese / Hong Kong dry bulk shipowners, engage with Korean Shipbuilders, consider flag issues, warn against the (then) European Economic Commission's proposals to de-list Bulk Shipping from liner-pooling arrangements and invite feedback on any anti-competitive trades between the US and the then USSR. Aside from the latter, the issues of 1983 will be remarkably familiar to the Intercargo member of today although thankfully, the market is somewhat better today than it was then !

2004 of course was remarkable in many ways, with strong trading conditions leading to an excellent year for most sectors of the dry bulk industry. Internally, Intercargo's participation both within the Round Table and with

the Intercargo/Intertanko secretariat is beginning to pay off in terms of promoting the Direction Paper objectives that we must and will achieve. The Dry Bulk industry has achieved much in the past year to promote and support the world economy – a message we hope to promote through the www.shippingfacts.com website and our own measures.

But to get to the high level policy objectives to ensure that we collectively benefit from a safe, environmentally friendly and profitable shipping industry, Intercargo has undertaken a great deal of intensive (and often unseen) work in the Regulatory Fora at IMO and IACS. 2004 has been our busiest yet, as a quick check of the members area of the website will prove, in terms of regulatory activity and you may be assured that we will maintain this presence on your behalf in the coming year. We thank all of our members who have contributed to our efforts in terms of Committee representation and other feedback.

With every good wish for a safe and profitable 2005.

1. ASSOCIATION POLICY & INDUSTRY NEWS

1.1 New Members

Intercargo is delighted to welcome :-

Goldenport Shipmanagement Ltd
Kristen Marine S.A,
And Ranger Marine of Greece

Contact details for these members may be found on the "Intercargo Members" area of the Intercargo website.

1.2 Recent Industry news / What's in the Members Area of the Website.

When time permits, please take a look at the Members Area of the Intercargo website.

An index of information which may be found in this facility is included with this Bulletin.

1.3 Intercargo Executive Committee and Annual General Meeting

Intercargo spent a very productive and interesting time in Athens at our November meeting, taking the opportunity to meet with the Greek Shipping Minister to discuss issues relevant to the dry bulk industry – a third of which is Greek owned or controlled. One point which was made and reciprocated was that the international development of the bulk sector will benefit from the input and experience of those Greek companies who are committed to quality and safety.

A précis of the CASTEC and Executive Committees involving the kind support of Mr George Dalacouras of Dalex Shipping and Mr John Platsidakis of Anangel, may be found on the Intercargo members area of the website. We also appreciate the support and efforts of our speakers at the post AGM presentations.

1.4 Dry bulk statistics

As is customary, within the first few weeks of the New Year, Intercargo will post a summary of industry statistics and benchmarking parameters covering safety and general industry data on the public and members area of the Intercargo website.

In the case of the latter, the Intercargo database suggests that the trading fleet of dry bulk vessels stands at nearly 6,000 vessels with a net addition during 2004 of some 250 bulk carriers.

1.5 Flag – Round Table takes action

Contained in the mailing list for this Bulletin is an updated flag state performance league table, mentioning that 11 flags have attracted attention from the Round Table as having a significant number of negative performance indicators.

We believe that less than 50 bulk carriers fly the flag of these countries – none of which belong to Intercargo members.

2. OPERATIONAL ISSUES

2.1 Great Lakes – discharge of dry cargo residue

A reminder that the U.S. Coast Guard is continuing to enforce its policy relating to the discharge of dry cargo residues in the Great Lakes system. Please take heed of local advice from agents and advise ship staff accordingly.

2.2 Security in US ports

As covered on the Members Area of the website, the U.S. Coast Guard has announced that ships which have called at the following list of countries within their five previous port calls may be subject to enhanced port state control measures when calling at US ports unless the ship has taken additional measures such as providing a higher security level during the port call.

Albania, Benin, Democratic Republic of the Congo, Equatorial Guinea, Guinea, Guinea-Bissau, Kiribati, Lebanon, Liberia, Madagascar, Mozambique, Nauru, Nigeria, Serbia and Montenegro, Sierra Leone, Solomon Islands, and Suriname.

2.3 Operational experiences in ports

A reminder that the Members Area contains a précis of the operational experiences of many dry bulk ports – as recorded through the Terminal Reporting forms returned to us by many of our members.

One particularly worrying report names a Red Sea port where a member was faced by a Port State Control officer who demanded excessive gratuities, with an implicit threat to greatly inconvenience the vessel if the cash was not paid.

3. COMMERCIAL ISSUES

3.1 Mississippi Exclusive Towage

Members may now be aware that the Intercargo Executive Committee discussed the options available for further intervention in the long-standing issue regarding Exclusive Towage on the Mississippi.

In general terms, the remaining terminals have disappointingly concluded settlements. Members will be updated accordingly in the January Bulletin when they will be asked to consider a range of options.

4. TECHNICAL AND IMO NEWS

4.1 IMO meetings

a) Past meetings

An extensive series of discussions took place at the last IMO Maritime Safety Committee relating to bulk carrier safety – new SOLAS Chapter XII and related measures, maritime security, lifeboat safety, goal based new ship construction standards (GBS) and dry cargo related safety measures and incidents information.

Further reports on the meeting are available on the Members Area of the Intercargo website www.intercargo.org.

b) What's coming up

Intercargo and its Round Table partners will maintain a presence at all relevant IMO meetings during 2005 with reports being made available of all dry bulk relevant issues.

One of the first meetings during 2005 concerns lifeboats and lifeboat safety, which will be discussed at the IMO STW meeting – CASTEC having previously debated its concerns about the safety of lifeboat operations, especially those under test.

4.2 IMO issues advice on the hazard potential of certain dry bulk cargoes

Responding to bulk carrier incidents, IMO has issued circulars relating to the carriage of **zinc ingots, recycled aluminum and hot briquetted iron/direct reduced iron (HBI/DRI) fines**. The BC Code (the Code of Safe Practice for Solid Bulk Cargoes) will be amended and made mandatory.

4.3 Goal based standards (GBS) – what’s next ?

There were 27 submissions on GBS new ship construction standards submitted to the 79th session of IMO’s Maritime Safety Committee held this month. A Working Group on GBS spent several days on the difficult task of developing the concept but there was no unanimous understanding of how to develop GBS.

The two schools of thought are a) to establish GBS on a more prescriptive manner (pre-set values for the design life, coating life, fatigue life, etc.) and b) the GBS is developed through a risk-based exercise using Formal Safety Assessment as a tool. MSC 80 in May 2005 will continue the discussions.

MSC79 also addressed the relationship between goal-based standards and the development of prescriptive regulations. In addition, it considered an holistic approach in the development of a goal-based regulatory framework for ship construction standards and further explored the role of FSA methodology in the development of a goal based regulatory framework for ship construction standards.

Having considered the limitations of FSA, it was agreed that the two subjects, i.e. goal-based standards and formal safety assessment should be kept separate. While it was recognized that FSA will help in developing GBS, there was agreement that it should be applied for this purpose only at a later stage.

Goal Based Standards have implications for operation and maintenance. MSC79 agreed to consider the specific application of human element principles and goals to the development and application of such construction standards and tasked the Joint MSC/MEPC Working Group on

Human Element to assist in the development and implementation of a structured approach to considering the human element.

4.4 ISM Code

Intercargo is playing its part in an IMO Group of Experts initiative to assess the impact and effectiveness of IMO regulations.

Further information will be made available after the next meeting of the Group in late January.

4.5 MARPOL Annex 6 – NoX pollution from Marine Diesel engines

Intercargo is grateful to its Associate Member, Martek Marine, for an opportunity to remind the owners and operators of possibly one sixth of the bulk carrier fleet – i.e those vessels built after 1.1.2000, that under soon-to-be introduced MARPOL regulations, vessels must be able to verify that NoX emissions must be within certain prescribed limits.

Issues relating to the two possible techniques for measurement including one board NoX verification systems and Parameter Check Monitoring will be outlined in the next Bulletin, listing pros and cons related to engine efficiency and performance specifications and where owners will be allowed to source their engine spares in the future.

FOR FURTHER INFORMATION :

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RL 23.12.04