



INTERCARGO

INTERNATIONAL ASSOCIATION OF DRY CARGO SHIPOWNERS

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Although our reflections on 2004 were largely covered in Bulletin 199, it is probably relevant to draw attention to some post-Publication issues. Our year has been very mixed – on one hand, the tight trading conditions has resulted in beneficial financial performances for our members; but tempered by some loss of life within our sector. This year's Casualty Report is being expanded to include additional relevant benchmarking data to assist owners in making sense of relevant safety trends,

We must also reflect on the recent Asian Tsunami and the subsequent appeal by the IMO Secretary General for funds to assist in the UN's work and reconstruction efforts. Please contact Rob Lomas if you need a further copy of the e mail containing the IMO Tsunami Fund Bank Account details.

Finally, please find enclosed in this mailing, a copy of the **Intercargo 2005 desk-calendar**. We thank all our Associate Members and other supporters who self funded this initiative.

1. ASSOCIATION POLICY & INDUSTRY NEWS

1.1 What's new on the Members Area

- Tripartite meeting in Yokohama, 7-9 November 2004.
- Full report on IMO MSC 79

- The first set of statistics defining our perceived number of dry bulk vessels as at 1.1.05. This will be closely followed by age profile information, statistics related to Flag and similar characteristics and PSC detention / bulk carrier incidents other than casualties.

1.2 Grain – future prospects

The International Grains Council based in London issued a press release in early December, reviewing trends.

The excellent harvests in 2004 – especially in the Northern Hemisphere would lead (under demand and supply) to lower prices, with other negative influences being the higher freight rates and the “China” effect. World trade in wheat will rise in 2005/06 with the Grains Council Food Aid Committee suggesting that total uplift in areas requiring Food Aid in 2004/05 would be likely to match the previous years' total.

2. OPERATIONAL ISSUES

2.1 Panama Canal SOPEP

As previously advised, a Shipboard Oil Pollution Emergency Plan (PCSOPEP) regulation applicable to all vessels with more than 400 tons of bunkers on board, came into effect on 1 January. Our Round Table partners, the International Chamber of Shipping, has produced PCSOPEP guidelines, available from your National Shipowner Association, or failing that, direct from the ICS.

2.2 Adequacy of Port Waste Reception facilities

CASTEC has invited all Intercargo Members to report inadequate port

reception facilities for oily water, cargo residuals, sewage (MARPOL Annex IV), ozone-depleting substances and exhaust gas cleaning system residues (MARPOL Annex VI).

Intercargo will be represented at the next Port Reception Facilities Forum in Antwerp on 31 March. CASTEC members are encouraged to join the Intercargo team and attend the Forum.

2.3 Torres Strait

Australia and Papua New Guinea have proposed the extension of the current associated protective measure of pilotage within the Great Barrier Reef to include the Torres Strait (the current system of pilotage of the Great Barrier Reef is included in IMO resolution Marine Environmental Protection Committee MEPC.45(30)).

Concerns have been raised at previous IMO sessions regarding the compulsory pilotage proposals for the Torres Strait. The legality of compulsory pilotage in international waters under UNCLOS has been questioned, and also the periods of work and rest required to be undertaken by the pilots on these long pilotages. It was agreed at the last session that the MEPC resolution would read:

"RECOMMENDS" that governments recognise the need for effective protection of the Great Barrier Reef and Torres Strait and inform ships flying their flags that they should act in accordance with Australia's system of pilotage for merchant ships 70m in length and over or oil tankers, chemical tankers and gas carriers irrespective of size when navigating the inner route of the Great Barrier Reef and the Torres Strait and great north east

channel; between Booby Island and Bramble Bay.

It was agreed that the changes would be incorporated into a new MEPC 53 Resolution.

2.4 Tokyo MOU Detention Review Panel

The Tokyo MOU (Memorandum of Understanding) on Port State Control has established a Detention Review Panel to scrutinise specific detentions – in a non binding way and without prejudice to compensation. Requests must be put forward by flag states or a Recognised Organisation.

3. COMMERCIAL ISSUES

3.1 Mississippi Exclusive Towing

As reported in the Bulletin 199, the terminals have been given the green light by the FMC to conclude exclusive tug service agreements under their own terms.

The secretariat will shortly be sending out a proposal to all Members suggesting the use of a lobbyist to effect a change in Louisiana legislation whereby these exclusive tug contracts would be barred.

There is concern locally that the Mississippi River is becoming an unpopular place in which to operate.

3.2 Australian Withholding tax

This issue continues to haunt the industry and Intercargo is in regular contact with interested parties which are working with the Australian Tax Office (ATO).

One of the specific issues identified by the ATO is the extent to which existing Income Tax legislation (ITAA36) applies to freight, time charter hire and other payments. Another issue of particular concern, is the prospect of retrospective application.

This is an extremely complex issue which potentially could be very damaging to ship owners and ship operators whose principal place of business is outside Australia and where such payments are made in respect of goods shipped in Australia.

Intercargo will endeavour to track developments and assist where possible with the discussions with the ATO.

4. TECHNICAL AND IMO NEWS

4.1 Tripartite Meeting

The 3rd Tripartite Meeting took place in Yokohama, 8/9 November 2004 and was attended by 80+ participants.

These meetings which are held annually are organised by the Round Table to promote an open and frank dialogue between Shipbuilders, Class and Shipowners. CESA (Community of European Shipyards' Associations) attended for the first time as an observer. A full report can be viewed on the Members Section of the Website under 'Technical Issues'.

The next meeting will be in Shanghai, 7/8 November 2005.

4.2 IMO meetings – on the horizon

10-14 Jan STW36 – Standards of Training and Watchkeeping

- Maritime Security

- Lifeboat safety (also DE48)
- Training requirements for ballast water management

21-25 Feb, DE48 – Ship Design and Equipment

- Enhanced Survey Programme
- Ballast Water Management
- Protection of fuel tanks
- Anchoring, mooring and towing equipment
- Inspection and survey requirements for accommodation ladders
- Revision of the Code on alarms and indicators
- Performance standards for **protective coatings**

(At MSC78 on 28 May 2004, it was decided that IACS and the industry would be requested to consider developing a draft for protective coatings in DSS spaces of bulk carriers and to submit their proposal to DE48.)

Intercargo participated in the development of the draft coating performance standard for ballast spaces. A draft Performance Standards for Protective Coatings was developed by the Industry/IACS joint working group and submitted to IMO DE48 for consideration. As the first step, the draft is generally acceptable to the shipping industry but further input will be made at DE48.)

7-11 Mar, FSI13 –Flag State Implementation

- Reception facilities
- Ballast Water Management Guidelines
- Port State Control Guidelines

11-20 May, MSC80 – Maritime Safety Committee

- Goal Based Standards
- Formal Safety Assessment

- Maritime Security
- Amendments to SOLAS

4.3 Protection of Fuel Oil Tanks – IMO action from Design & Equipment (DE48) meeting

At the DE 47, an IMO correspondence group was tasked with developing a draft MARPOL regulation on the protection of fuel tanks for new ships.

The draft requirements proposed two approaches:

Descriptive requirement: with double hull width and double bottom requirement based on a vessel's total aggregate oil fuel capacity geometrical ratio.

Alternative requirement: no double hull width and double bottom requirement and based on a probabilistic oil outflow calculation.

4.4 US : Non Tank Vessel Response plans

On 9 August, a US Law made response plans compulsory for – effectively, all vessels over 400 gt. By 8 August 2005, all members should have submitted such plans to the US Coast Guard. As a matter of routine, Industry associations will be looking to minimise differences between federal and state law.

4.5 Early abandonment of Bulk Carriers

The IMO has now published a Circular covering the need for early assessment of hull damage and possible need for abandonment of bulk carriers.

This had previously been discussed and reported through the outcome of earlier IMO MSC meetings.

4.6 Lifeboats

IMO has adopted a SOLAS amendment which refers to the operating crew being on board lifeboats at the time of launching during abandon ship drills. It is scheduled to enter into force 1 July 2006 but Contracting Governments have been urged to seek earlier implementation.

The Committee also urged Member Governments, masters and owners to exercise caution so that ship's crew are not exposed to new or additional risks in accessing or exiting lifeboats once they are deployed/recovered unmanned, and that a safe means of access is provided.

Further advice is on the Members Area of the Intercargo website.

4.7 Automatic Identification System (AIS) requirements in the USA

AIS requirements came into force on 31st December 2004 as per SOLAS regulation 19 and 33 CFR 164.46.

The USCG advises that vessels not in compliance will be granted a short period of time to come into compliance prior to any penalty action and that those vessels which have not already had AIS installed will be recommended to initiate action to get the system installed at the earliest opportunity.

It is noted that the U.S. Coast Guard currently has only ten AIS base station units in place – too few to provide total coverage.

FOR FURTHER INFORMATION :

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