

BULLETIN No. 203
December 2005

Strategic development : 2006

Although many of the readers of this Bulletin will also have received a copy of a covering letter from the Chairman outlining some of the issues that will undoubtedly occupy Intercargo during the coming year, it is worth repeating some of the key issues, namely that :-

- We will continue to place great emphasis on collective action within the Round Table to achieve our aims and objectives
- During 2006, we will be concentrating our resources on issues of significant and direct importance to our members, highlighting :-
 - “Criminalisation” of accidental acts and the consequent defence of international maritime law;
 - The need to provide strong but considered representation on the growing burden of environmental legislation and
 - Taking a proactive stance on the need to create an effective, yet equitable system of port State control appeals. Our benchmarking study which will provide background data to members and non-members alike will assist this debate and this will be sent out early in the New Year once the final data for 2005 PSC has been made available.

Finances - Criminalisation

The Chairman’s letter also highlighted the requirement to create (and spend) a quite

significant sum of money in support of the “Criminalisation” issue.

The Management Committee has discussed this item in some depth and considers this to be of very great significance to the members to the extent that although there is a nil fee increase, the “reserve” created through a supplementary call will be required very promptly to fund intended actions. The supplementary call, which will be levied on Intercargo members at the time of our Annual General Meeting in September 2005, is equivalent to probably no more than two or three pounds per seafarer, or in the case of Associate members, a token GBP 25 – the first time we have had to ask Associate Members for more money since 1999. We hope that such amounts are viewed as justifiable given the subject matter and the need to join with others in some form of collective action.

The supplementary call will fund approximately 80% of what is required, with the Management Committee looking to new forms of funding such as the sale of publications to non-members and other internal cost containment measures to meet the other charges. Any non-member wishing to find out more about Intercargo’s strategy in the area of criminalisation is invited to contact rob.lomas@intercargo.org

2006 Intercargo Meeting Dates

Although subject to final decision making, members may wish to note that the two venues selected for 2006 meeting venues for Intercargo are :-

May 2006 : Japan – week commencing 22 May (any one and a half-two days – possibly towards the end of the week)

October 2006 – London : possibly week commencing 16 October (any one and a half-two days) : incorporating the AGM

Other enclosures with this Bulletin

- Round Table Flag State Performance Guidelines Update as at June 2005

Conferences – 2006

Currently, Intercargo members of staff have agreed to speak at the following events in 2006 :-

- Bulk Terminal Operations Conference : 4-5 April, Rotterdam
www.bulkterminal.com
- 14-15 March : Corporate Social responsibility and Shipping, London (see attached leaflet)
- 3-4 April : Dry Bulk Shipping Market Outlook – London

Seasons Greetings / Office manning arrangements

The secretariat would like to convey greetings and thanks for all the support during the last year to all Intercargo members and contacts and to wish everyone a very safe and prosperous 2006. The Intercargo / Intertanko office will be formally closed from the afternoon of 23 December until 0900 on 3 January although e mails and telephone calls will continue to be dealt with normally.

1. ASSOCIATION POLICY & INDUSTRY NEWS

New Members

Intercargo is delighted to welcome the following new members –

Full members

Teco Ocean Shipping Company – a Tampa, Florida based operator of three US flagged Bulk Carriers. Our contact will be Mr Craig T Doty (www.tecoocean.com)

Associate members

Gray Page Limited – security based systems for shipping based in the UK. Our contact is Mr James Wilkes.
www.graypagelimited.com

News about Members

Reciprocal member, the International Ship Managers Association has announced that it will be changing its name to “InterManager” to reflect a wider remit of aims and aspirations.

Opportunities for sponsorship / publications

Bulletin

Intercargo is exploring whether it would be cost-effective to improve the quality of these occasional paper based Bulletins by offering members the opportunity to “sponsor” an edition, with due acknowledgement and an opportunity to offer a short advertising insert in the publication. This may be especially attractive to Intercargo Associate Members given that an opportunity would then exist to advertise in the same mailing as a higher quality Bulletin to around 450 of the 1300 of so Bulk Carrier companies throughout the world. As a matter of policy, Intercargo never makes mailing lists available to any parties – members or non-members and this would continue under this proposed scheme.

Expressions of interest would be welcome (to : rob.lomas@intercargo.org). Costings are for negotiation but would be on the basis of cost recovery and a service to members as opposed to a money-making venture.

Intercargo 25th Anniversary Celebration pictorial record and calendar

A sponsorship opportunity still exists for companies to have their logo and name

incorporated into the above. Please contact Mr Rob Lomas by early January if interested.

2. OPERATIONAL ISSUES

Flag – what are the options ?

In the soon to be released benchmarking exercise, some prominence will be given to the performance of the registers when looking at port State control performance data.

Needless to say, selection of criteria for what flag is, and is not, responsible for is subject to a number of arbitrarily subjective factors, but we are pleased to give some prominence to the enclosed Round Table update detailing the 14 registers which responsible owners would wish to give careful consideration to before accepting as appropriate for their vessels. These registers are :- Albania, Bolivia, Cambodia, Costa Rica, Congo, Georgia, Honduras, Indonesia, Kenya, Madagascar, Mongolia, Sao Tome, Suriname and Syria.

There are NO Intercargo registered vessels under these flags.

On a similar but related matter, you will note that the IMO has made very positive progress on adopting a voluntary Member State Audit scheme, whereby member states are audited to ensure appropriate responses in enacting and providing suitable back-up towards implementing international standards.

Environmental impact – worrying tendencies

Members will be well aware that Intercargo and its Round Table partners are both proactive and responsible when it comes to discussing and agreeing future environmental legislation on behalf of their collective memberships. In many cases, environmental legislation is balanced and sensible and if positively considered in an

international framework, will enhance shipping's credentials as the most environmentally friendly form of transport.

But occasionally, great distrust arises when the shipping industry needs to "accept" well-intentioned legislation which is at best environmentally dubious / technically unfeasible, or at worst, forces owners and masters to choose between environmental and safety concerns. Our Technical Committee, CASTEC, has carefully laid-out what owners, ship designers and financier of new-builds must do to plan for issues such as Ballast Water Management and Low Sulphur Bunkers etc, with such work being widely reported on the members area of the website.

On non-specific issues, it really doesn't help to read in the press that some interest Groups have mooted closing the Great Lakes system to international traders to avoid ballast water problems – a less than sensible solution to an otherwise legitimate concern. You can probably guess where Intercargo stands on these attitudes.....

3. COMMERCIAL ISSUES

"Pooling" - EC and Competition Law

Previous Bulletins have highlighted the likely outcome for this issue so it will come as no surprise to all bulk carrier owners, operators and charterers – wherever they are in the world if they trade to Europe, that the current exemption from European Commission enforcement measures will be ended, with Articles 81 / 82 of the EC Treaty now enforceable against tramp owners.

In itself, this is not likely to make a huge impact on owners – all responsible owners would have been positively or inadvertently following the principles of anti-competitive behaviour anyway, but our small ad-hoc Committee looking at this matter has agreed that what the shipping industry wants most is certainty. Accordingly, we are pleased to note that Guidelines (in the case of tramp, within the next 12 months) will be published enabling the industry to act

within a precise and defined legal framework. Intercargo will be placing its collective membership expertise at the disposal of the drivers of this policy to ensure that internationally acceptable guidelines are eventually produced.

US Freight Tax

Many shipping organisations have highlighted that shipping businesses connected with the US (including those which have had a vessel call at a US port within the fiscal year) should now be taking the appropriate advice in respect of getting a US taxpayer identification number and filing a tax return.

Californian Clean Coast Act

From 1 January 2006, Californian legislation will prevent ships from operating incinerators or discharging oily bilgewater etc within three miles of the Californian coast.

4. TECHNICAL AND IMO NEWS

Common Structural Rules – certainty within sight

The 3rd draft Common Structure Rules for Bulk Carriers (referred to as “Final Draft” on the JBP website) was made available on the JBP website www.jbprules.com from 1 Dec 2005. The Intercargo Working Group on Common Rules started the review of this draft and quickly came up with comments on Table 1 of Chapter 3 Section 3 of the draft. The WG had noted that the pre-draft had reduced the corrosion margins of BC-A and BC-B vessels of 190m and below. Those bulk carriers of BC-A and BC-B below 190m were to have been treated differently and the final draft would therefore have shortened their life span and reduced their robustness.

WG comments were sent to IACS on 6 Dec 2005 with a request that the title be changed back to its original intention.

Further to the above action, Roger Holt, raised this matter at the IACS Council meeting on 13 Dec 2005 and following interventions from our group of experts, Intercargo was able to press for, and IACS agreed to, last-minute to changes which will result in a consensual improvement in conditions for these handymax vessels between 150 and 190 metres.

The IACS press release on 14 Dec 2005 indicated that the Common Structural Rules for Tankers and Bulkcarriers were unanimously adopted by Council for implementation on 1st April 2006.

FOR FURTHER INFORMATION :

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RL 24.12.05