

The dry bulk cargo sector remains buoyant with over 1,000 dry bulk vessels on order to service the strong fundamentals underpinning the dry bulk industry. With this in mind, Intercargo is confident of continuing the debate on quality and sustainability in line with this Regulatory activity at its meetings in Singapore in late April.

“Squaring the circle” of providing industry views to Regulators and keeping members informed about the commercial, operational or technical developments is a complex task. However, it is one which we feel is fundamentally of value to the entire industry of nearly 1,000 companies to whom this Bulletin is addressed and we hope that you will find much of unique interest in this edition.

More reading material inside...

Although most people will be used to the idea of advertising inserts, we would invite you to take a look at some of the informative inserts contained within this Bulletin.

Firstly, you will find the new edition of the Round Table “Flag State Performance” Guidelines including the 2006 Update. This will be invaluable for everyone who sees the need to keep their flag state performance under review.

Secondly, to keep our Membership fees as low as possible, we are keen to attract new members and create alternative sources of revenue. For those who might wish to consider advertising, we have now produced a brochure to show the opportunities available. Distributing this to any personnel within your organisation connected with Public Relations would be greatly appreciated.

Finally, but no less important, please find enclosed sponsorship material from this edition of the Bulletin’s sponsors – Intercargo Associate Member, Ship Equip of Norway. We are also pleased to acknowledge our “logo” sponsor – ABS. Sponsors for the next edition – also to go out on a global distribution basis, are welcome and should contact sally.woulfe@intertanko.com to book their slot.

ASSOCIATION POLICY & INDUSTRY NEWS Calendar

As we have one or two Intercargo calendars left in stock, please find attached a further complimentary copy in the hope that even this far into the year, it may be of use.

Dates of 2007 meetings

Our next meetings...

- April 24 (Singapore) – Executive Committee & presentations

(April 23 – CASTEC). Our venue for the meetings and the presentations which will be open to all members and selected others will be the Four Seasons Hotel. For further information, please contact rob.lomas@intercargo.org

- May 16 (London) – joint Intercargo-Intertanko lunchtime presentation
- July 4 (London) – joint Intercargo-Intertanko lunchtime presentation
- October 8 (Naples) – Annual General Meeting and Executive Committee
- November 16 (London) – joint Intercargo-Intertanko lunchtime presentation

New members

Intercargo is delighted to welcome the following new members - GTR Campbell Marine Consultants Ltd, based in the Bahamas (www.marineconsultants.com); Morgan Marketing and Communications www.morganmarketcomm.com of the USA Vitranschart of Vietnam www.vitranschart.com.vn and Interorient of Cyprus www.interorient.com;

With effect from 1 January 2007, Odysea Carriers SA has taken over the name of Intercargo member, Eurocarriers.

Benchmarking / Technical Briefing publications

To make space for the new editions of the “Benchmarking” Report and the “Technical Briefing”, we have limited stocks of the 2006 published versions for sale at the bargain price of GBP 30 each or GBP 50 for both (including postage and packing). Please contact rob.lomas@intercargo.org.

Commencing with the 2007 edition to be published in May and marketed by Witherby’s booksellers (www.witherbys.com), this year’s “Benchmarking” report allowing owners to Benchmark their Port State Control performance against world averages will also incorporate Intercargo’s Annual Bulk Carrier Casualty Report.

PSC Quality: Bulk Carriers

We are pleased to report that Intercargo’s Port State Control detention performance record in 2006 improved on its previous excellent performance thereby widening the gap with non-Intercargo entered vessels. Otherwise, the trend of bulk carriers detained was up on 2005 but slightly below the long term average. US detentions for ISPS (security) reasons fell again to low levels.



Intercargo is now analysing data for the May 2007 Benchmarking report including a “Deficiencies per Inspection” analysis of how Intercargo entered vessels performed against the global bulk carrier averages. We hope to record an improvement on the 2005 total when the Industry average of 3.57 deficiencies per inspection was bettered by an Intercargo entered vessel average of 2.11 DPI.

Mitigating risk

Intercargo and Intertanko organise regular lunchtime member presentations at their offices to discuss topical issues of interest to both sectors.

February’s full-to-capacity presentation from Mr Ian Maclean of Ince and Co on “Mitigating the Litigation Risk” proved particularly stimulating to owners, lawyers and claims personnel present as some of the common – but understandable, pitfalls of how to properly handle the immediate aftermath of an incident were analysed in detail and alternative strategies were proposed.

Mr Maclean reminded the audience that documents relating to previous incidents which could reflect on an organisation’s Safety Management System were disclosable and should therefore be written in factual, non-speculative and non-emotional style. It should also be borne in mind that personnel records were also disclosable suggesting that the same principles should also be considered.

Masters drafting a Protest Note immediately after the incident were urged to seek immediate P&I / Legal advice to ensure that information listed would be appropriate in any subsequent legal investigations. Statements of Fact were another area where in-house contingency training would often be beneficial to protect the companies interests with the speaker suggesting a number of techniques including the limitation of information to accurately time-stamped details of the event.

Preservation of evidence was another issue recommended by Mr Maclean, including ECDIS and GPS data and any scraps of paper which might record vital evidence and that might ordinarily be discarded.

OPERATIONAL ISSUES

Stowaways

Taking forward an issue at the request of our members, Intercargo and Intertanko have submitted a paper to the March 26 IMO Facilitation Committee meeting asking the National Administrations to consider the establishment of an “IMO Stowaway Focal Point” to assist owners with the timely and humanitarian repatriation of stowaways. For owners unfortunate enough to have had this problem in the past, any romantic notions attributed to stowaways are dispelled by the bureaucratic nightmares represented in the repatriation process and the additional stress and workload imposed on crews.

P&I, the United Nations High Commission for Refugees (UNHCR) and the IMO, work wonders behind the scenes to assist and are nearly always successful in securing an efficient and humanitarian outcome. Our IMO paper aims to build on this expertise by suggesting an “IMO Stowaway Focal Point” (SFP) to address any gaps in the current process. It would act as a facilitator of communications on a Government to Government basis as well as acting as a repository of information and advice.

We hope that the Shipping Industry generally will be receptive to these modest developments aimed at easing the administrative burden for Ships Masters and Crew.

Port State Control – Unprofessional inspections

Another issue which members have asked Intercargo to take forward concerns the problem of unprofessional port State control inspections. We believe there is evidence of a limited numbers of cases where owners have even been asked for ad-hoc payments to secure the lifting of deficiencies.

Intercargo believes that these practices must stop. They degrade the reputation of the overwhelming majority of inspectors whose work is essential to the safe operation of shipping and in many cases, MoU’s are unaware that unprofessional or questionable processes are taking place.

But we have yet to meet a dry bulk owner who would be prepared to jeopardise their reputation by overtly complaining about these processes. We recognise and applaud those PSC MoUs which have created Appeals processes but we feel there should also be a complementary system where any owner – irrespective of Industry Association membership, can give feedback to the relevant MoU without fear of breaching confidentiality. By next month, we hope to promote and announce which trusted third party will be used for this scheme, having pre-advised the 10 world-wide MoU’s of the existence of this scheme.

...Real progress, removing a burden for all owners...

Pilot error related claims

The International Group of P&I Clubs has placed on their website a summary report detailing pilot error related claims over USD 100,000 from 20.2.99 to 20.2.04.

The report suggests that there were 52 incidents per policy year and that the number of claims in this category were not increasing in frequency.

The report went on to analyse the various categories of incidents, suggesting in many cases that improvements in Bridge Team Management training – especially when the pilot was on board, and greater understanding of the critical role played by berth to berth passage planning would give the best safety pay-back.

Salvage trends

With acknowledgement to reciprocal member, the International Salvage Union for their invitation to their Associates Day conference, we note the following statistics relating to the issue of Lloyds Open Forms – 2003: 89; 2004: 91; 2005: 109; 2006: 80.

Also discussed at the event was a debate on the passage of time since salvage tug and equipment rates have been increased, the forthcoming Wreck Removal Convention described elsewhere in this Bulletin, the EU Ship Source Pollution Act (see earlier Bulletins for information relating to the input of Intercargo, Intertanko, ISU and others) and the challenges to the salvage industry arising from increased vessel sizes.

COMMERCIAL ISSUES

Pooling

Following on from the joint Intertanko / Intercargo seminar on European Competition Law changes held in London in November, bulk owners – irrespective of whether they are currently members of a pool or with a physical presence within Europe (but who otherwise trade to Europe), should be aware of some recent developments which might concern them.

Effectively, from 18/10/2006, the exemption tramp shipping enjoyed from certain aspects (but not all) of the European Commission Competition Law requirements disappeared. Guidelines are expected within two years of the lifting of the exemption but owners are cautioned that this does not equate to a period of inactivity for Competition enforcement and that retrospective claims and fines of up to 10% of Worldwide turnover can be imposed back to this October 2006 date.

Late last month, the 472 page European Commission report written by Holman Fenwick & Willan, Fearnley Consultants AS and Global Insight was published on the European Commission website at the following address.

<http://ec.europa.eu/comm/competition/antitrust/legislation/maritime/>

This details the main dry bulk cargo interests together with a list of owners participating in the 12 dry bulk pools. However, most of the report covers the factual position of how the dry bulk market is structured. It also explains the legal situation relating to its current and future structure of the wet, dry and “neo-bulk” pools – the latter case incorporating Open Hatch carriers, Pure Car Carriers, Reefers and Ro Ros.

The report notes that 95.5% of bulk carriers are not engaged in any pool activity. Of those that are, and defining markets as size related based on Handysize, Handymax, Panamax and Capesize, the largest concentration of pool concentrations occurs in the Panamax market, albeit at a negligible 7%. In the neo-Bulk Open Hatch Market, the highest concentration of ships is 8%. From a legal perspective, the

authors of the report conclude that pool agreements usually involve the pool manager having the authority to negotiate contracts and fixed vessels. But clearly, this issue does not lend itself to brief analysis. Subject to member's requests, we may hold further briefing sessions to report these recent developments and to elicit feedback during this critical two year period. Rob.lomas@intercarga.org

Panama Canal Fee Increases

Commercial interests will have seen that the Panama Canal Authority (ACP) has announced higher fees to cover the expansion of capacity. Dry Bulk vessels, which comprise about 24% of transits are expected to face increases of about 9% from this May but discussions will continue between Industry and the ACP to mitigate these increases. Further increases are expected in 2008 and 2009 making an increase of about 28% for bulk carriers over 3 years.

World Trade & Shipping

The United Nations Conference on Trade and Development (UNCTAD) publishes an Annual “Review of Maritime Transport” reminding us of the ultimately vital role that shipping plays in economic trade and development.


Although the figures relate to 2005, the fundamentals underpinning economic trade which in turn power the demand for shipping in general and dry bulk vessels in particular, are plain to see.

World seaborne trade (goods loaded) reached a record high of 7.11 billion tons – a growth rate of 3.8% on the previous year and the ton-miles measure of shipping increased from 27,635 billion in 2004 to 29,045 billion : a 5.1% increase. In 2005, seaborne shipments of the main bulks such as iron ore and coal recorded a 7.2% increase on the previous year.

As a means of explaining to the general public the part played by Bulk Carriers in our day-to-day lives, Intercargo has designed a short leaflet entitled “20 ships you didn't realise you used today”. Copies supplied on request. Rob.lomas@intercarga.org

Wreck Removal Convention

Through the good offices of the International Salvage Union and the clear explanation offered by their speaker, Richard Shaw from the Institute of Maritime Law, University of Southampton at their recent Associates Day meeting, we can report that the Nairobi Diplomatic Conference in May looking at the possibility of agreeing a Wreck Removal Convention may have important consequences for the shipping industry.

It should, of course, be mentioned from the outset that Total Losses are extremely rare. But this meeting will need to consider how to balance the rights and responsibilities of the flag state / owner 

and the “affected” or coastal state when a wreck occurs within the immediate vicinity of their coastline or in their acknowledged Exclusive Economic Area in addition to considering what the “proportionality and reasonableness” test of ordering a wreck removal will be.

TECHNICAL ISSUES

Loading Rates

As a priority item, Intercargo is receiving welcome support from individual Classification Societies in its attempt to analyse the effect of high loading rates on the safety of bulk carriers. A further interim report marrying the extensive views of serving Masters and shore-based Safety Departments will be made at next month’s meeting of CASTEC and the Executive Committee members in Singapore.

Air Emissions

In contributing to this debate, Intercargo greatly appreciates the feedback from its technical members. For the next step of this process, All Intercargo Members, including the relevant Chairmen and Managing Directors, have been asked to revisit and consolidate their thoughts prior to the forthcoming discussions in IMO and elsewhere.

Negative Performance Indicators

As part of the research enabling Intercargo members to successfully risk-assess and target issues of concern, Intercargo has analysed all the Bulk Carrier incidents reported in 2006. The results will be shown in new Benchmarking Report but currently, two issues of concern have been flagged in a short article on the Intercargo Members Area of the website – Groundings: up by c25% on the previous year and Propulsion related problems up by c70%.

Coatings

This is a very significant issue for owners. Coatings – an expensive and safety-significant element of shipping are under the spotlight as Industry debates theoretical and practical issues relevant to a 15 year life on newbuild ships, with IACS’s December 2006 standards pre-dating IMO’s Performance Standards for Protective Coatings.

Intercargo’s Technical Committee – CASTEC, is fully acquainted with the importance of this as an issue and will provide significant input at future discussions involving Class and Shipyards.
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Definition of Bulk Carriers

Why should anyone be bothered about the definition of a Bulk Carrier? The simple answer is that Regulations impact differently on whether a vessel is defined as a Bulk Carrier or a General Cargo vessel, with Open Hatch vessels being a particular issue. Intercargo is currently participating in discussions at IMO’s Design and Equipment Committee aimed at representing owner’s views on safety, certainty and a need for operational flexibility.
roger.holt@intercargo.org

Lifeboats

Intercargo and Intertanko are working with ILAMA (International Life-Saving Appliance Manufacturers Association) to provide a feedback forum that gives end-users (i.e ships’ crews) a means to provide their comments, thoughts and input to the manufacturers of lifeboats and other life saving appliances (LSA) equipment. The aim is to produce feedback and input that will help to improve the design of life saving equipment and enhance safety in the industry.

Currently, the manufacturer’s greatest problem is the lack of feedback from end-users, who are now encouraged to provide comments and suggestions and progressive feedback on how equipment could be improved in order to minimize accidents, enhance safety and improve ergonomic design.

The two associations have asked their members to put the word out about the forum to their crews, All information will be handled in the strictest confidence with the subsequent information fed back to ILAMA for further distribution to the appropriate recipients.

The forum is open to all crews no matter what their ship type. To submit feedback, email it to: lifeboats@intertanko.com

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INTERCARGO

International Association of Dry Cargo Shipowners